



## Shipping Bottleneck (Notice 18)

July 2nd, 2023

Dear Valued Customers

As a follow-up to my June 25 "Notice 17" email regarding the "shipping bottleneck" caused by motor vehicles caught in a quarantine traffic jam in Australian ports, see the following.

### 1. MOL Vessel Position for July.

- a. MOL has now named July's Mid-Month vessel the COMET ACE (or sub), one of the smallest vessels in their fleet. Loading resumes in Kobe starting July 21, with Kisarazu being the last loading port before departing to NZ on July 26. This vessel will sail directly to NZ and not via Australia, with the estimated arrival time (ETA) scheduled for Sunday, August 09.
- b. MOL has yet to name their End of Month vessel; however, loading will start in Kobe on July 26, only five days after the COMET ACE loads, with Kisarazu being the last loading port before departing to NZ on July 30. This vessel will also sail directly to NZ; their ETA is August 17. As this vessel has yet to be named, there is no indication of the size and allocation volumes, and the possibility of them changing this vessel remains.
- c. The End Month loader has continued services from Auckland onto Wellington, Nelson, and Lyttleton. However, this may change depending on if the MM and EM vessels arrive earlier in Auckland than scheduled.
- d. The coordination of MPI Pre-Shipping Inspection (PSI), given the 10-day cut-off requirement established by MPI, continues to be disruptive, which will only be exasperated when Heat Treatment resumes in September.

### 2. 40ft container vanning services.

- a. Jet Logistics Japan (JLJ) is a professional Freight forwarder and cargo consolidator with expertise in vanning containers for the past 20 years has begun vanning containers in Kobe with Kisarazu to start sometime this week.
- b. Several different stowage combinations were trialed, and it unanimously agreed that the stowage of four cars would allow a minimum of eight forty-foot containers to be loaded or 32-units per day, giving us a wider range of larger vehicle types that we can use so that 160 units per week are shipped totaling a maximum number of 640 units per month that we can deliver.



- c. For us to achieve this result, more equipment is on order, loading ramps and stages modified, and a larger parcel of land nearby of the current operations leased, allowing the increase of container movements in and out of the customs bonded facility not interrupting the current Pre-Shipping Inspection MPI and NZTA operations.
- d. Negotiations with the end-to-end service providers are ongoing, and we aim to reach agreements on better rates with an increase in the extra volume of containers shortly, which we will immediately pass on to you.

- e. Container lines with weekly sailings and 30 days delivery time to Auckland Port compared to the bi-weekly sailings of RORO vessels mean that vessel delivery time from loading is equal. If MOL decides to re-direct their vessels via Australia, delivering via container vanning services is about seven days faster than conventional RORO services.
- f. Jet Logistics NZ (JLNZ) will manage the devanning, customs clearance, and MPI inspections within the ports of Auckland and Lyttleton transitional facilities and trucking to anywhere within the metro area.

### 3. Replacement of Container Surcharges with a "Temporary General Rate Increase" (TGRI)"

- a. From July 02, the following changes to all surcharges are in effect.
- b. The inland trucking rate for units purchased from the Tokai/Nagoya region of JPY10,000/unit to deliver to Kobe for vanning will NO longer apply.
- c. A Container Surcharge (CNS) of NZD374/unit will NO longer apply.
- d. A temporary MPI Surcharge (MPS) of NZD80/unit will NO longer apply.
- e. A Temporary General Rate Increase (TGRI) of NZD250/unit will apply for all vehicles regardless of whether RORO or Containers are shipping them.
- f. Charter vessels may require a surcharge.

### 4. IBC Pre Shipping Inspection (PSI Services) "TGRI" offset.

Once normal RORO services are normalized and the TGRI rate removed, IBC, in cooperation with its service provider Jet Logistics has agreed to reduce the rates for the following PSI services.

#### a. 360 frame surround and sound bite services.

Tariff	JPY15,000 reduced to JPY7,500/unit
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#### b. Electronic 3D Measuring (E3M) services.

Tariff (with a strip and refit exemption)	JPY15,000 reduced to JPY7,500/unit
Tariff (without a strip and refit exemption)	JPY10,000 reduced to JPY5,000/unit

#### c. Power Station services. (EV & Hybrid battery swap outs, language conversion services)

Tariff rates	20% reduction off tariff
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#### d. MaxCare Services.

Tariff rates	20% reduction off tariff
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### A message from IBC CEO

We are now moving into week 18 since the quarantine issue caused by snails being found on board a vessel discharging cargo in the Port of Melbourne, resulting in over 50 car carriers to anchor offshore, waiting for Australian quarantine services to clear each boat before the car carriers discharged her cargo and rotated back into service.

Shipping with RORO vessels is always our preference; however, the lack of preparation time to inspect and prepare vehicles for loading within the allowed ten-day requirement set by MPI continues to create uncertainty and confusion.

When heat treatment is required from September 01, this will exasperate the problems requiring us to find a solution to restore full buy trip, offers, and iDirect buying services immediately.

Containers ships sail weekly with a 30-day delivery time into NZ. With RORO vessels leaving every bi-week and 21 to 24 days if the boat sails direct to NZ and not via Australia, Fiji, or PNG, the shipping time using containers given their weekly sailing is equal to the time taken to ship your vehicles aboard a RORO vessel. If MOL decides to re-direct their vessels to sail via Australia, this will add another 7 to 10 days of delivery time.

For July, we will limit our vanning to a four-unit stowing method providing certainty that within 30 days of you purchasing your vehicles from us that we can ship them using containers as an "adjustable shipping" option, and when MOL confirms vessel name, voyage number, arrival dates, volume allocation allowing us to ensure quarantine and structural inspections with our PSI service provider is cleared we will reduce the daily number of containers to allow us to ship more vehicles to you via RORO as a priority.

We are confident that this four units' stowage plan will eliminate all and any scuffs or damage that may be caused as results of high seas. If you identify any scuffs upon receipt of your vehicles, please contact your Market Manager who will ensure all costs incurred to repair any vehicles are immediately applied as a credit against your account.

We have scaled up our operations at the Ports of Kisarazu and Kobe, where for July, they will be able to stow a maximum of 640 units using containers as our "adjustable shipping" option.

As the ratio between RORO and Containers increases or decreases and better rates are negotiated with our E2E service providers, we will apply the "adjustable shipping" option for containers so that shipping via RORO shipping is always a priority, allowing us to ship within 30 days of purchasing and no more than 30 days sailing to deliver your cargo.

Negotiations with our E2E service providers are needed for us to provide rates equal to that of RORO so that we can ship any vehicle to you within 30 days of purchasing and a guaranteed shipping time of 30 days from loading. Negotiations with E2E service providers are always tricky as they don't want to give us their best rates until we can guarantee the volumes, often referred to as the proverbial "Chicken before the Egg" syndrome.

From Sunday, July 02, until Saturday, July 08, the "Temporary General Rate Increase" (TGRI) is **NZD250unit**. This TGRI will apply to all vehicles regardless of whether they are shipped via Container or RORO. As the ratio between RORO and Container as our "adjustable shipping" method and the negotiations with our E2E service providers improve, TGRI will reduce until the E2E rates are equal to RORO and then fully removed.

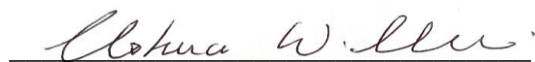
Full iDirect Buying and Buy Trip Services can resume immediately, allowing you to purchase vehicles as per the terms and conditions of your VSA.

We are in this together, and until we can remove the "TGRI" rates, 360FS, Soundbite, and E3M service rates will be reduced by 50%. Further PowerStation and MaxCare services will also be reduced by 20%. Normal tariff rates will apply once the "TGRI" has been removed.

Jet Logistics and I remain active in the charter market, looking for vessels allowing us to ship between 800 and 1500 units.

Please call me directly if you would like to discuss this in more detail. We are here for the next two weeks and look forward to meeting you all.

Kindest Regards



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