



# Summary of freight disruptions and future outlook

## Q2 2021

COVID-19 has substantially increased the cost and reduced the availability of sea and air freight. While there is some evidence of improvement, elevated prices and reduced availability are expected to persist for at least the short-term.

### Sea freight before COVID-19

- > Sea freight accounts for between 87 and 90% of the value of Australian agricultural exports.
- > Agricultural exporters use refrigerated and non-refrigerated containers and dry bulk for products such as grains and oilseeds.

### Impact of COVID-19

- > Port disruptions and changed consumer spending habits have made containerised and bulk shipping more expensive and less reliable.
- > The International Grains Council's (IGC) Grain and Oilseed Freight Index, which tracks bulk shipping costs, rose by 194% between 3 June 2020 and 10 August 2021, while global sea freight container costs have more the doubled.

### Sea freight outlook

- > Sea freight prices are likely to stabilise but may remain elevated for several years.
- > Agricultural exporters may be able to pass sea freight cost increases onto importers/consumers. Increased costs and reduced reliability of imported inputs (e.g. machinery and fertilizer) remain a concern.

### IGC Grain and Oilseed Freight Index



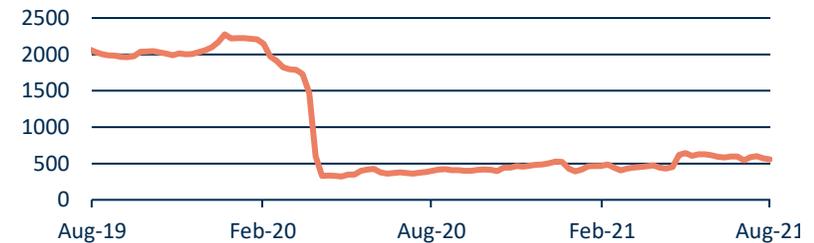
### Air freight before COVID-19

- > Prior to COVID-19, international passenger aircraft carried 82% of Australia's air freight exports.

### Impact of COVID-19

- > Movement restrictions caused the number of outgoing international flights from Australia to fall from 2,120 per week in February 2020 to 334 per week in April 2020.
- > Air freight prices increased between 3.6 and 13 times, depending on the route.
- > The Australian Government's International Freight Assistance Mechanism (IFAM) has helped to stabilise the availability of air freight and has facilitated the export of more than \$3.7b of perishable agricultural products.

### Weekly outgoing international flights from Australia



### Air freight outlook

- > The International Air Transport Association expects low stock inventories and high sea freight costs to increase the global demand for air cargo in coming months.
- > Passenger numbers for some international routes are recovering. However, measures to protect public health continue to limit passenger flights to Australia.
- > Increased cargo demand and limited passenger flights make reduced air freight costs unlikely in the near term.