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Cargo movement update[1]

Date: 16 June 2023

Weekly Snapshot

Table 1 – Port volumes and air cargo flows, week on week

Flows	Current[2]			Previous[3]			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	23 658	29 662	**53 320**	27 250	37 134	**64 384**	**↓17%**
Air Cargo (tons)	2 988	2 220	**5 208**	3 190	2 001	**5 191**	**↑0,3%**

Monthly Snapshot

Figure 1 – Monthly[4] cargo volume levels, year on year (100% = baseline; >100% = growth)

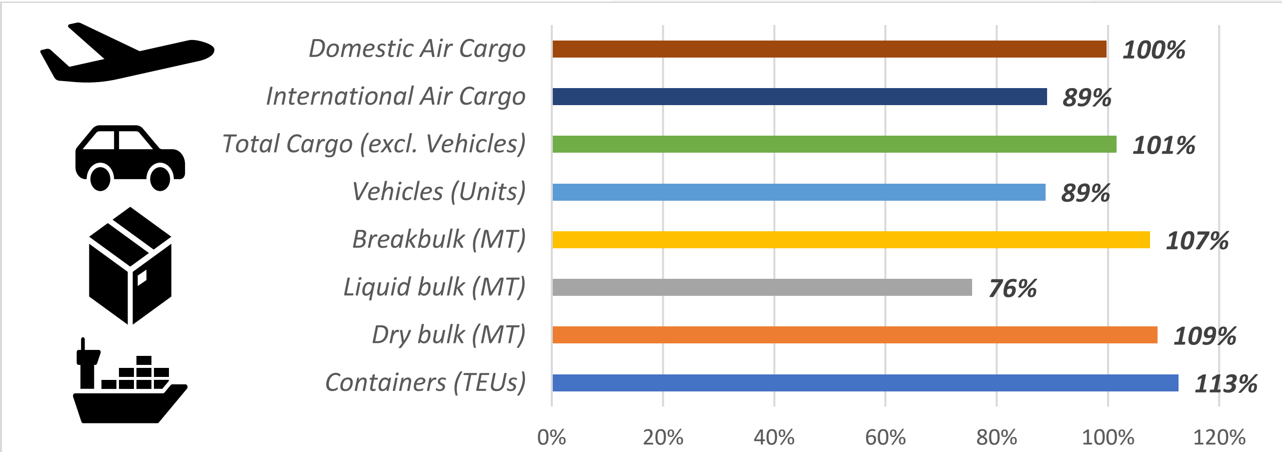
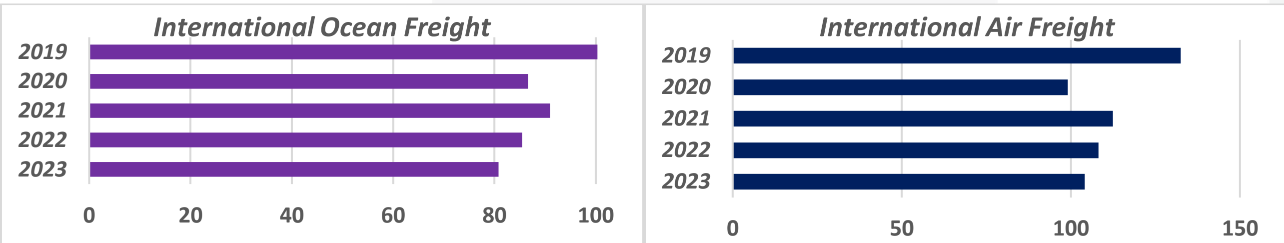


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 617 containers** was handled per day, with **~9 770 containers** projected for next week.
- TNPA stats for May: containers are up by **↑6%** (m/m) and up by **↑12%** (y/y), but down YTD volume by **↓3,5%** (y/y). Total bulk cargo is down by **↓9%** (m/m) and **↓9%** (y/y). Vehicles are down by **↓24%** (m/m).
- Rail cargo handled out of Durban amounted to **2 137** containers, **↓12%** compared to last week.
- Cross-border queue times were **↑1,6 hours**, with transit times **↑3,3 hours**, SA borders **~13,3 hours** (**↑22%**).
- The *GEP "Supply Chain Index"* fell in May to **-0,28** (↓ from **-0,04** in April), its lowest level since May 2020.
- Global container rates decreased significantly this week, falling **↓5%** (or **$89**) to **$1 592** per 40 ft.
- Global air cargo increased by a slight **↑1%** (w/w) but remains down by **↓5%** (y/y) versus 2023.

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[1] This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the *141st* update.
[2] '*Current*' means the last 7 days' (a week's) worth of available data.
[3] '*Previous*' means the preceding 8-14 days' (a week's) worth of available data.
[4] '*Monthly*' means the last months' worth of available data compared to the same month in the previous year; Air: May vs May, Ocean: May vs May.
[5] For ocean, total Jan-Apr cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-May cargo to and from ORTIA is used.

Executive Summary

This update – *the 141st of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this week were characterised by adverse weather, persistent equipment breakdowns and shortages, vessel ranging, and load-shedding. This week, the Port of Cape Town's inclusion on the *"Port Congestion Watch"* continued with just under 18 000 TEUs stuck at anchorage, as poor weather exacerbated the issues. The most significant delay at the Eastern Cape ports was NCT being windbound for approximately 16 hours on Monday. The Durban helicopter remains out of commission, with the technical team still working hard to ensure that the repairs are executed as timely as possible. Additionally, this week, a significant cable theft and vandalism incident occurred for the first time in approximately three weeks near the Ladysmith area. The incident occurred around 21:00 on Wednesday, and the line was taken out of commission at least until the following morning.

The global maritime industry's capacity keeps increasing as rates fell significantly this week. Indeed, the latest supply chain volatility indices show that global suppliers had the most significant spare capacity since the height of the COVID-19 pandemic three years ago. Nevertheless, demand for raw materials, commodities and components weakened broadly as purchasing activity remained deflated – particulate in Europe, with the American trend worsening. The US west coast dock labour dispute remains a distraction with only a minimal impact on vessel operations and latent congestion already easing. At the same time, the Panama Canal draft restrictions failed to stop rates from falling on the east coast with sufficient vessel capacity still available. Capacity utilisation remains too low to support rate increases, with the planned 15 June rate already withdrawn by most of the transpacific carriers, with the next attempt to raise rates deferred to 1 July. Other developments included **(1)** green shoots with increased vessel speeds in some trades, **(2)** carriers cutting fuel surcharges as bunker prices fall, and **(3)** US West Coast labour issues hopefully resolved with a new six-year agreement.

In the air freight sector, international and domestic air cargo remained stable over the short term – but way down over the long term. In the international market, the decrease in global tonnages and rates has unfortunately solidified their downward trends and remains down by **↓5%** compared with the equivalent period last year. In other air cargo news, **(1)** Boeing is bullish again on deliveries to Chinese carriers, as aircraft sales are set to increase after a three-year lull, and **(2)** the airline industry is forecast to return to profitability in 2023, albeit in three regions only: North America, the Middle East and Europe.

In regional cross-border road freight trade, average queue and transit times increased significantly this week. South African border crossing times were up by almost **two and a half hours** – averaging **~13,3 hours** (**↑22%**, w/w). In contrast, the greater SADC region (excluding South Africa) experienced a mirror change, increased by three hours, averaging **~16,7 hours** (**↑25%**, w/w). Several SADC land borders took – on average – more than a day to cross, including Beitbridge, Kasumbalesa, Katima/Mulilo, Oshikango (the worst affected, with crossings taking more than three days!), Songwe, and Zobue/Mwanza. Further delays came in the form of **(1)** Customs network constraints, **(2)** general slow movement to and from DRC, and **(3)** queue at Groblersbrug.

In summary, the latest port throughput figures – coupled with the less than rosy operational overview – once again emphasise the transport and logistics crisis we find ourselves in. The country cannot sustain any significant growth in the sector – whether measured in GDP or jobs – when we are registering the same trade volumes as in 2009. This reality emphasises the desperate need to stitch our logistics network together. The spatial need for goods to flow seamlessly is a prerequisite for economic growth and development anywhere in the world!

Contents

1. Ports Update

This section provides an overview of the flow of containerised cargo through our commercial ports.

a. Container flow overview

The following tables indicate the container flows reported for the last seven days and projections for the next seven days.

Table 2 – Container Ports – Weekly flow reported for 10 to 16 June [6]

7-day flow forecast (10/06/2023 – 16/06/2023)		
TERMINAL	**NO. OF CONTAINERS[7] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 072	4 825
DURBAN CONTAINER TERMINAL PIER 2:	11 321	12 444
CAPE TOWN CONTAINER TERMINAL:	3 668	6 942
NGQURA CONTAINER TERMINAL:	3 590	3 200
GQEBERHA CONTAINER TERMINAL:	1 007	2 251
TOTAL:	**23 658**	**29 662**

Source: Transnet, 2023. Updated 16/06/2023.

Table 3 – Container Ports – Weekly flow predicted for 17 to 23 June

7-day flow forecast (17/06/2023 – 23/06/2023)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 157	4 393
DURBAN CONTAINER TERMINAL PIER 2:	11 989	15 151
CAPE TOWN CONTAINER TERMINAL:	5 499	8 356
NGQURA CONTAINER TERMINAL:	6 078	8 575
GQEBERHA CONTAINER TERMINAL:	2 329	1 860
TOTAL:	**30 052**	**38 335**

Source: Transnet, 2023. Updated 16/06/2023.

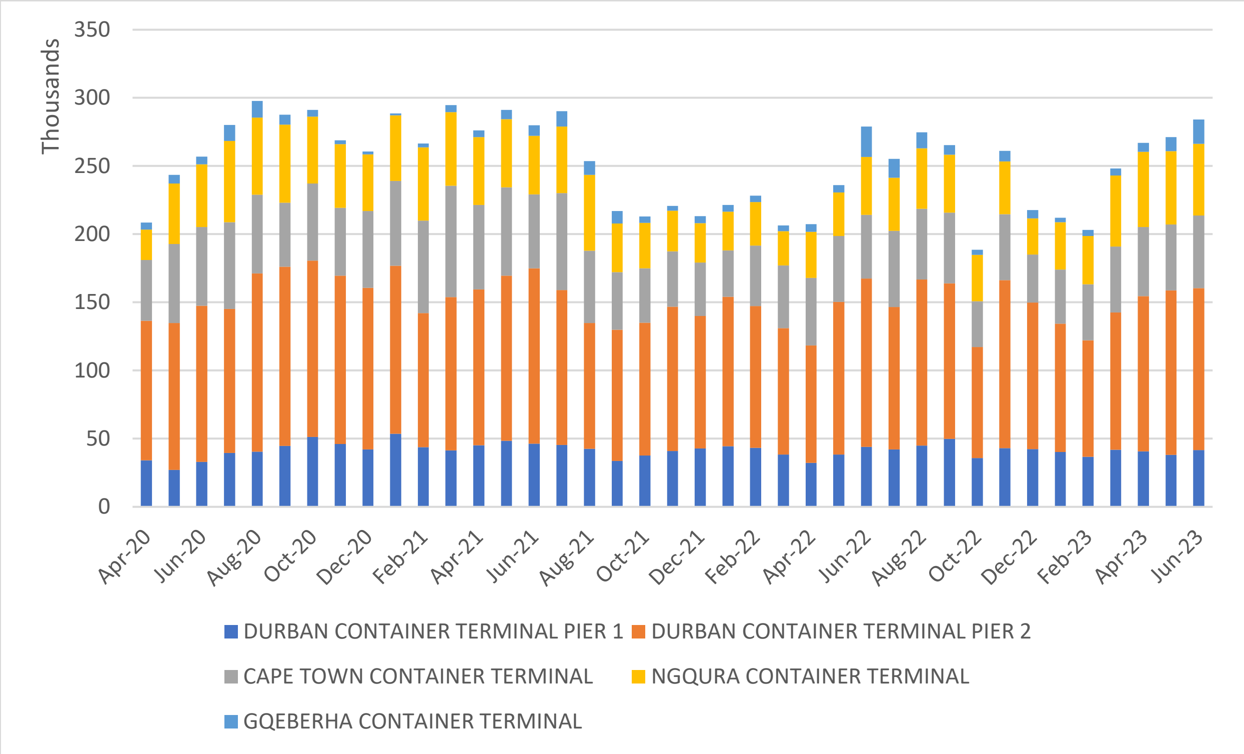
An average of **~7 617 containers** (**↓17%**) was handled per day for the last week (10 to 16 June, *Table 2*), compared to the projected average of **~9 677 containers ↓21%** actual versus projected) noted in last week's report. Incidentally, analysing last week's projected numbers, we see that all terminals failed to reach the predicted numbers – some significantly more than others – with the most significant negative difference at NCT (**↓42%**). For this week, an increased average of **~9 770 containers** (**↑28%**) is predicted to be handled (17 to 23 June, *Table 3*). Several typical operational constraints inhibited peak port performance, primarily adverse weather, persistent equipment breakdowns and shortages, vessel ranging, and load-shedding.

The following figure illustrates the rolling *monthly* average flow of aggregate containerised cargo passing through our commercial ports since our records began during the nationwide lockdown.

[6] It remains important to note that a large percentage (approximately 37% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.

[7] As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as “TEUs”, when it should have been noted as containers (20’ and 40’). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container and this figure will probably increase as the shift towards more 40’ containers continues. Incidentally, the US uses 1,5 to 1,8, depending on the port.

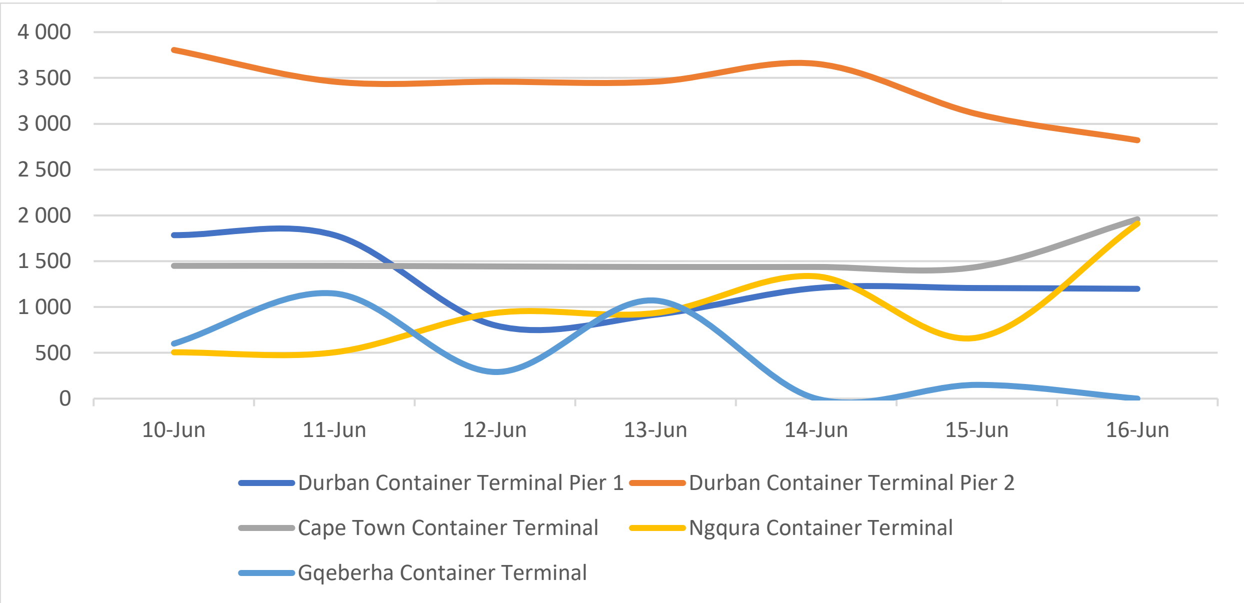
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 16/06/2023.

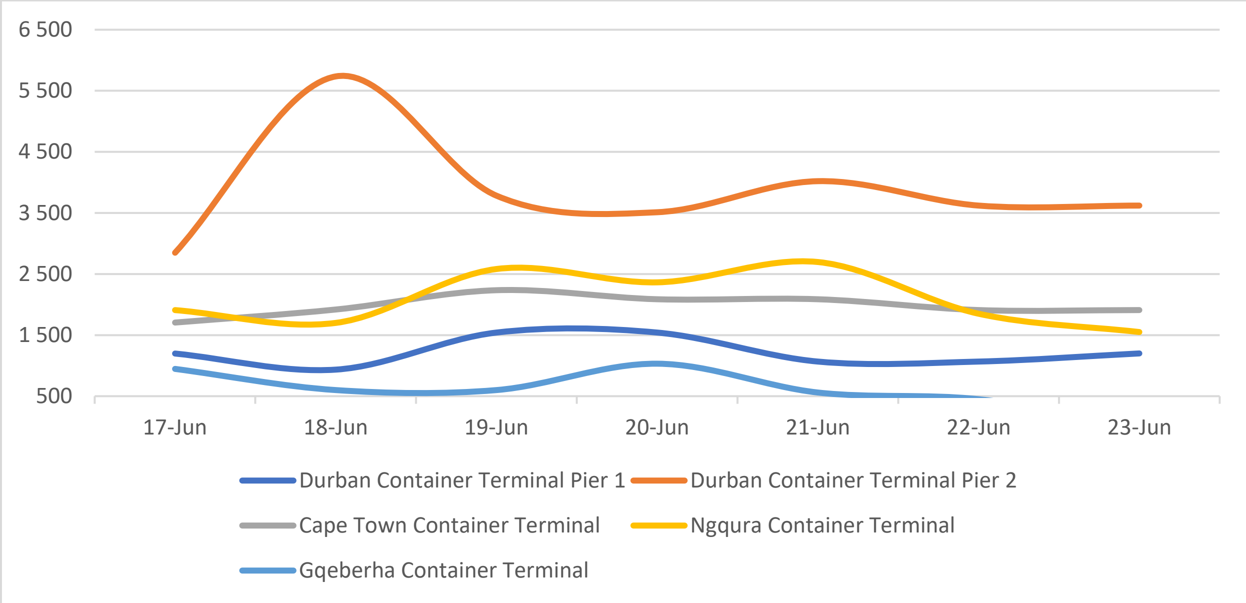
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (10 to 16 June; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 16/06/2023.

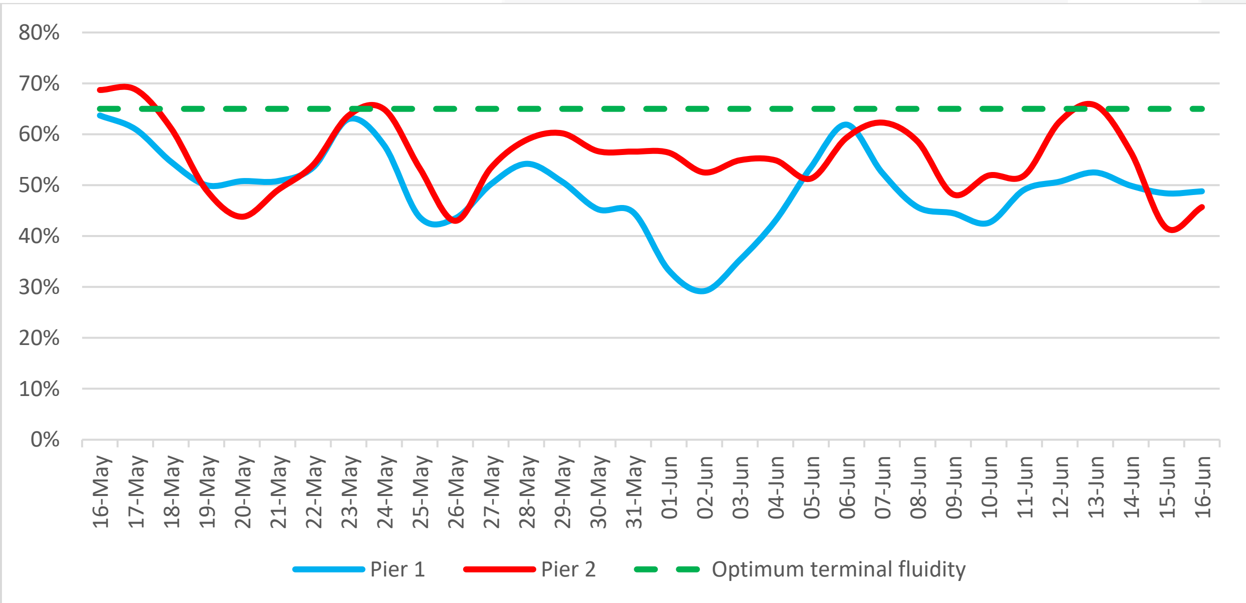
Figure 5 – 7-day forecast reported for total container movements (17 to 23 June; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 16/06/2023.

The following figure shows daily stack occupancy in both Durban terminals over the last five weeks.

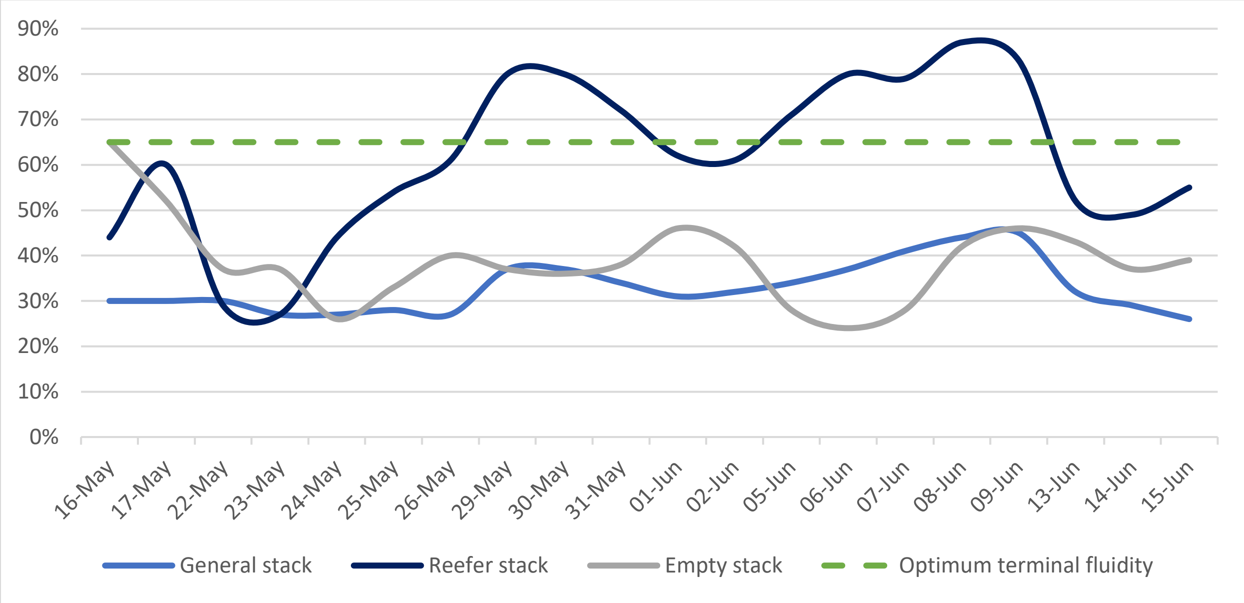
Figure 6 – Stack occupancy in DCT, general-purpose containers (16 May to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 16/06/2023.

The following figure shows daily stack occupancy in Cape Town over a similar period.

Figure 7 – Stack occupancy in CTCT, GP, reefer, and empty stack (16 May to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 16/06/2023.

b. TNPA: May update

Transnet National Ports Authority (TNPA) has released its consolidated monthly port statistics for May[8], with a higher container and breakbulk throughput but significantly less dry bulk and vehicle trade compared to April. The headline figures show that container throughput increased by **↑6%** (m/m) after decreasing significantly in April (**↓12%**). All container terminals bar Ngqura saw increases in throughput, as NCT had a significant reduction in throughput this month (**↓44%**) – returning to the same levels of March (**~27 000 TEUs**). Other main terminals – Cape Town (**↑26%**) and Durban (**↑20%**) – improved significantly. Bulk cargoes, on the other hand, decreased this month – dry bulk down by **↓12%** and liquid bulk down by **↓2%**, which are causes for concern. Here is the respective movement in cargoes handled in May:

Table 4 – TNPA – Volume and Growth: May 2023

	April	May	Movement	Monthly growth
Containers (TEUs)	**331 884**	**351 383**	**19 499**	**6%**
Landed	162 145	176 357	14 212	9%
Shipped	169 739	175 026	5 287	3%
Dry bulk (MT)	11 158 045	9 800 585	-1 357 460	-12%
Liquid bulk (MT)	2 891 948	2 838 592	-53 356	-2%
Breakbulk (MT)	458 702	523 299	64 597	14%

[8] Transnet. 2023. Port statistics. TNPA

Vehicles (Units)	72 071	54 645	-17 426	-24%
Total cargo (excl. Vehicles)	**14 508 695**	**13 162 476**	**-1 346 219**	**-9%**

Source: TNPA, updated 16/05/2023.

Despite the positive change in containers last month, cyclically, May is typically a strong month for containers, with the average handled at around **393 750 TEUs** in the years preceding the pandemic. Consequently, May 2023 is only around **~89%** of pre-pandemic volume, which shows that the monthly increase is not at all as pronounced as initially thought. Other sub-sectors have also fared poorly this month, with vehicle trade dropping after its elevated levels of late. Nevertheless, the concern is not with vehicles; but rather with dry – and liquid bulk, which show deficient levels compared to historically. The issues at TFR – for dry bulk mainly – have contributed significantly to these low levels registered. The following table shows the comparative overview for May 2023, compared to the same month in 2022, 2021 and 2020.

Table 5 – TNPA – Volume and Growth: May 2020-2023

	2020	2021	2022	2023	Growth: '22-'23	Growth: '21-'23	Growth: '20-'23
Containers (TEUs)	**296 103**	**388 990**	**312 465**	**351 383**	**12%**	**-10%**	**19%**
Landed	160 467	193 485	163 435	176 357	8%	-9%	10%
Shipped	135 636	195 505	149 030	175 026	17%	-10%	29%
Dry bulk (MT)	12 209 186	12 854 744	11 043 948	9 800 585	-11%	-24%	-20%
Liquid bulk (MT)	3 637 958	2 975 576	3 004 296	2 838 592	-6%	-5%	-22%
Breakbulk (MT)	272 452	340 791	449 716	523 299	16%	54%	92%
Vehicles (Units)	22 325	57 364	61 567	54 645	-11%	-5%	145%
Total cargo (excl. Vehicles)	**16 119 596**	**16 171 111**	**14 497 960**	**13 162 476**	**-9%**	**-19%**	**-18%**

Source: TNPA, updated 16/05/2023.

Although container trade is up on last year's number (↑**12%**, y/y), the increase is insignificant on the preceding year's throughput (↓**10%** versus 2021). Bulk cargo volumes, unfortunately, remained consistently low on an annualised basis, with the low volumes in May particularly evident when viewed versus the last few years but even more pronounced than typical. As a result, the headline figures for the respective segments show the following changes: total cargo handled (↓**9%**, y/y), dry bulk (↓**11%**, y/y), liquid bulk (↓**6%**, y/y), breakbulk (a healthy ↑**16%**, y/y), and vehicles (↓**11%**, y/y).

Moreover, when looking at containerised cargo from a year-to-date view, the overall picture becomes even bleaker, as our containerised throughput levels are below each of the preceding four years – including against 2020 – with the 2019 baseline also added:

Table 6 – TNPA – Volume: YTD January-May 2019-2023: Containerised cargo

	2019	2020	2021	2022	2023
	TOTAL	**TOTAL**	**TOTAL**	**TOTAL**	**TOTAL**
LANDED:					
DEEPSEA	**728 726**	**652 964**	**734 583**	**711 174**	**699 328**
COASTWISE	**22 976**	**21 956**	**19 998**	**27 928**	**26 242**

TRANSHIPPED[9]	176 274	156 976	150 666	145 534	107 101
TOTAL LANDED	**927 976**	**831 896**	**905 247**	**884 636**	**832 671**
SHIPPED:					
DEEPSEA	689 456	631 535	738 051	684 207	697 532
COASTWISE	16 515	23 452	19 988	21 386	27 498
TRANSHIPPED	177 856	150 016	159 636	134 022	106 448
TOTAL SHIPPED	**883 827**	**805 003**	**917 675**	**839 615**	**831 478**
GRAND TOTAL	**1 811 803**	**1 636 899**	**1 822 922**	**1 724 251**	**1 664 149**

Source: TNPA, updated 16/05/2023.

Compared to last year, total containers shipped are down by **↓1,0%** (y/y), with total containers landed down by **↓5,9%** (y/y), with total container trade down by **↓3,5%** (y/y). Versus the pre-pandemic year of 2019, the picture becomes bleaker, as total containers shipped are down by **↓5,9%** (y/y), with total containers landed down by **↓10,3%** (y/y), with total container trade down by **↓8,1%** (y/y). Ultimately, in our container trade industry, it is of significant concern that in a climate of tumbling volumes, poor port efficiency and productivity continue to hamper the merchandise trade industry in South Africa. Indeed, we are registering the same trade volumes as in 2009, which emphasises the desperate need to stitch our logistics network together and provide a springboard to boost the movement of goods and services and people, as the spatial need for goods to flow seamlessly is a prerequisite for economic growth and development anywhere in the world!

c. Summary of port operations

The following sections provide a more detailed picture of the operational performance of our commercial ports over the last seven days.

i. Weather and other delays

- The most noticeable delays at the Port of Cape Town this week stemmed from adverse weather conditions.
- Similarly, most delays at the Port of Durban this week can be attributed to equipment breakdowns and poor weather conditions.
- Conversely, the Port of Richards Bay seemingly had a good week, as minimal delays were reported.
- The most significant delay at the Eastern Cape ports was the NCT being windbound for approximately 16 hours on Monday.

ii. Cape Town

On Monday, CTCT recorded three vessels at berth and two at anchor as inclement weather conditions and vessel ranging persisted. Stack occupancy for GP containers was 32%, reefers at 52%, and empties at 43%. In the latest 24-hour period to Tuesday, the terminal handled 2 117 TEUs across the quay. On the landside, 1 149 trucks were serviced while 11 rail import containers were on hand. This week, the Port's inclusion on

[9] 'Transhipped' means an act of off-loading cargo from one ship (generally at a hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transhipment port for a period.

the *"Port Congestion Watch"* continued with just under **18 000 TEUs** stuck at anchorage and a queue-to-berth ratio of **0,84**[10].

The multi-purpose terminal, on Tuesday, recorded zero vessels at anchor and three at berth. In the 24 hours leading to Tuesday, the terminal managed to service 189 external trucks at an undisclosed truck turnaround time on the landside. On the waterside, 220 TEUs and 230 tons of fish were moved across the quay. Stack occupancy was recorded at 12% for GP containers, 44% for reefers and 11% for empties by the end of the week.

iii. Durban and Richards Bay

Pier 1 on Tuesday recorded two vessels at berth, operated by five gangs, and no vessels at anchor. Stack occupancy was 57% for GP containers. During the same period, 1 856 imports were on hand, with 213 units having road stops and 178 unassigned. The terminal recorded 1 050 landside gate moves, with 435 cancelled slots and 171 wasted. This week's latest reports suggest that wasted slots dropped by approximately 42% over the last few months, which had a welcome impact on terminal fluidity.

Pier 2 had four vessels at berth and one at anchorage on Thursday. In the most recent 24 hours to Friday, stack occupancy was 42% for GP containers and 66% for reefers, with 33% of reefer plug points utilised. The terminal operated with 11 gangs while moving 3 201 TEUs across the quay. On Friday, there were 3 496 gate moves on the landside with a truck turnaround time of ~61 minutes and a staging time of ~46 minutes. Additionally, 395 rail import containers were on hand, with 236 moved by rail.

The Durban helicopter remains out of commission, with the technical team still working hard to ensure that the repairs are executed as timely as possible. The Russian-Ukrainian war delayed the arrival of the spares as they were sourced from Europe. The spares finally arrived this week after anticipating it would arrive on 09 June 2023.

The Durban MPT terminal recorded two vessels at berth on Wednesday, with none at the outer anchorage, while handling no containers and 1 761 breakbulk tons on the waterside. Stack occupancy for breakbulk worsened significantly to 80% this week, while stack occupancy on the container side was recorded at 56%, with 163 reefer plug points available. On the landside, the terminal managed to handle 233 containers while servicing 88 breakbulk RMTs. On Thursday, three cranes, eight reach stackers, one empty handler, five forklifts and 17 ERFs were in operation. The third crane made its long-awaited and welcome return during the week, while the fourth crane is still anticipated to return by the end of August.

On Monday, the Ro-Ro terminal in Durban recorded two vessels on the berth, with none at outer anchorage. Over the 24 hours to Tuesday, the terminal received 859 units while despatching 747. During the same period, general stack occupancy slightly worsened to 52%, with a composition of 22% for imports, 70% for exports, and 8% for transhipments. Stack occupancy at G-berth was 30%, while stack occupancy at QR was worryingly high at 98%. The terminal had 1 365 import units on hand, 4 393 units destined for export markets, and 531 units subject to transhipments.

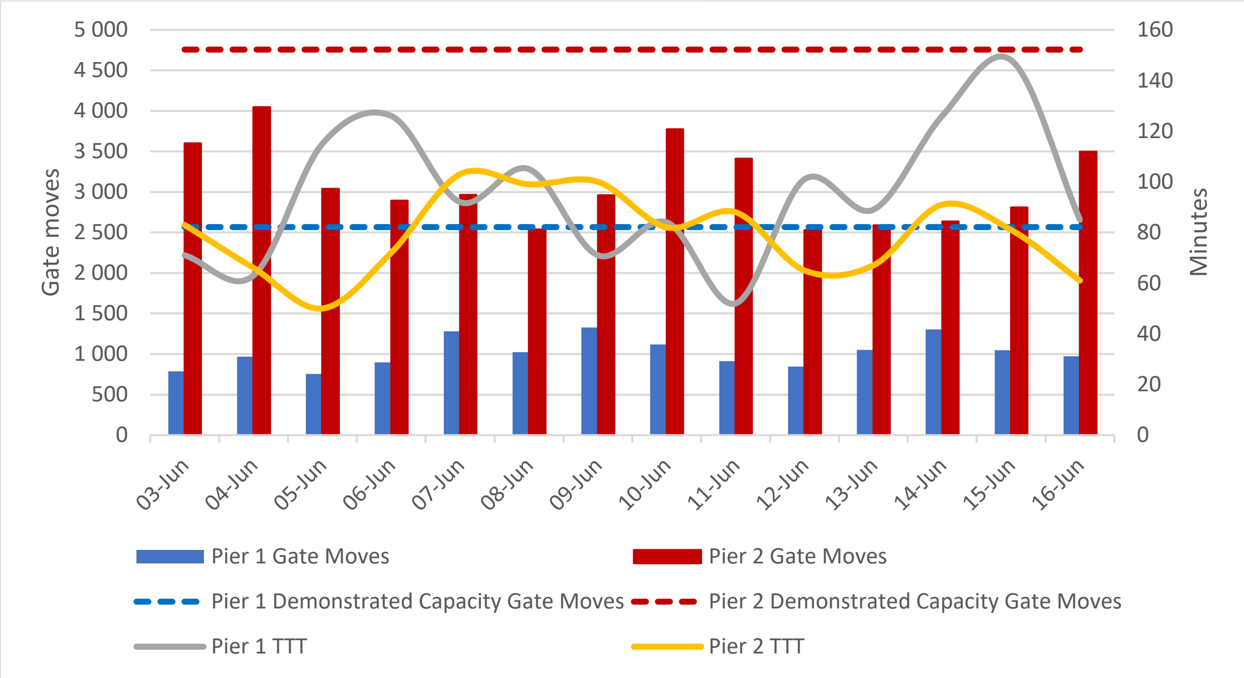
On Tuesday, Richards Bay recorded 11 vessels at anchor, translating to one bulk, seven coal, and three general cargo vessels. There were 13 vessels on berth, five at DBT, five at MPT, three at RBCT, and none at

[10] Linerlytica. 12/06/2023. Port Congestion Watch – 12 June.

the liquid bulk terminal. Two tugs, helicopters, and pilot boats were in operation for marine resources in the 24 hours leading up to Tuesday.

The following figure summarises the performance of Durban's container terminals for the last two weeks, focusing on gate moves and time spent in the terminals.

Figure 8 – Gate moves (left axis), and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2022. Updated 16/06/2023.

iv. Eastern Cape ports

NCT on Wednesday recorded one vessel on berth and two vessels at outer anchorage. Marine resources of one tug, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Thursday. One of the tugs at the port went out of commission this week due to a faulty winch, with no estimated return time available yet. The port may start sharing marine resources with one of the other Eastern Cape ports soon as seven vessels are anticipated to arrive over the next 72 hours. In the same period, stack occupancy was 25% for GP containers and 34% for reefers. And in that period, 146 volumes were processed at a GCH of ~21 minutes and SWH of ~33. Additionally, 83 reefers were handled across the quay, while 77 trucks were serviced on the landside at a truck turnaround time of ~32 minutes.

GCT on Monday recorded zero vessels at outer anchorage and one at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the 24 hours to Tuesday. In the same period, stack occupancy was 46% for GP containers and 61% for reefers while moving 99 TEUs across the quay and handling ten reefers. These very low waterside statistics can be primarily attributed to challenging weather conditions. However, 215 trucks were serviced on the landside at a very high truck turnaround time of ~47 minutes.

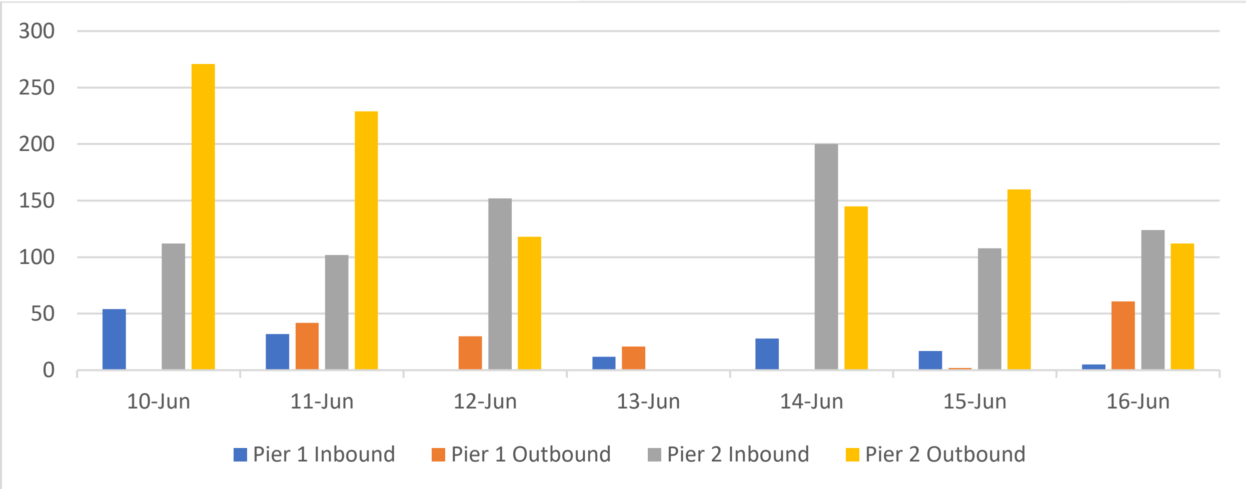
On Tuesday, the Ro-Ro terminal at the Port of Port Elizabeth recorded one vessel at berth and zero at anchorage. Over the 24 hours leading to Wednesday, the terminal had approximately 2 138 import units on hand, leading to a stack occupancy figure of 22%.

At the Port of East London on Thursday, no container volumes were moved across the quay, while 73 external trucks were serviced at a truck turnaround time of ~15 minutes. Stack occupancy on the container side was captured at 47%. During the same period, 281 units were received at the Ro-Ro terminal, while stack occupancy at the car terminal was captured at 89%. A total of 923 units were handled at a UPH of 207. On the landside, 69 trucks containing 2 393 tons of bulk cargo were serviced, leading to a stack occupancy of 16%. On the waterside, 2 786 bulk volumes were processed at a UPH of 169.

v. Transnet Freight Rail (TFR)

This week, a significant cable theft and vandalism incident occurred for the first time in approximately three weeks near the Ladysmith area. The incident occurred around 21:00 on Wednesday, and the line was taken out of commission at least until the following morning. Additionally, TFR experienced some massive delays during the latter stages of the week due to equipment issues at DCTs Pier 1. On Thursday, DCTs Pier 2 had 286 Container Corridor units with a dwell time of 144 hours and 91 over-border units with a dwell time of 9 days.

Figure 9 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2022. Updated 16/06/2023.

In the last week (10 to 16 June), rail cargo handled out of Durban was reported at **2 173** containers, down by ↓**12%** from the previous week's **2 273** containers.

2. Air Update

a. International air cargo

The following table shows the in- and outbound air cargo flows to and from ORTIA for the week beginning 5 June. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *June 2022* averaged **~795 488 kg** per day.

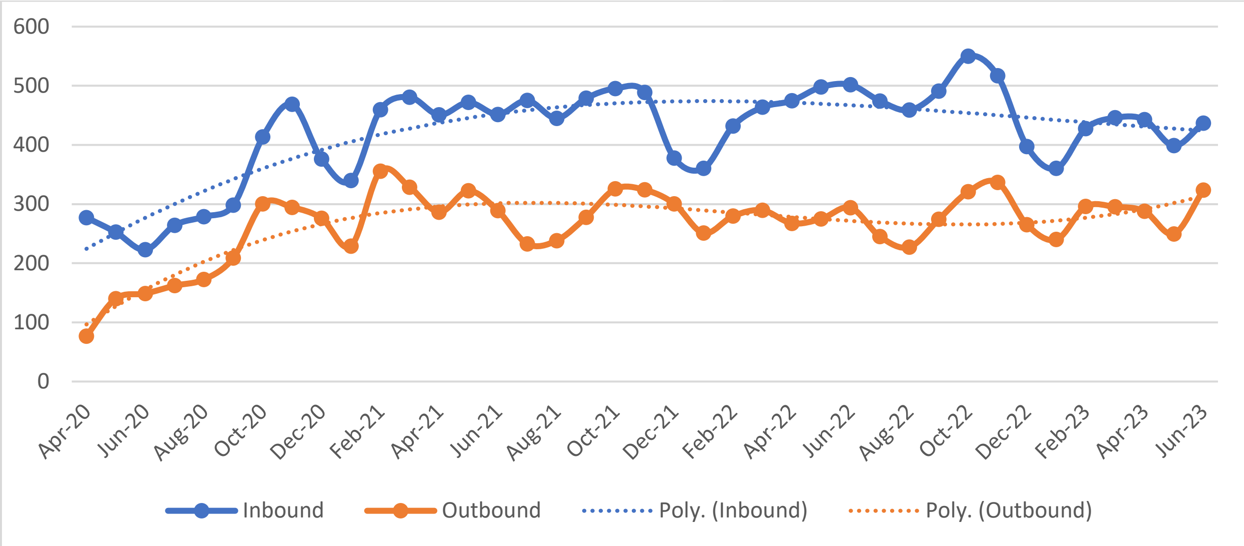
Table 7 – International inbound and outbound cargo from OR Tambo

Flows	05-Jun	06-Jun	07-Jun	08-Jun	09-Jun	10-Jun	11-Jun	Week
Volume inbound	556 005	319 084	335 442	289 419	469 224	316 302	702 350	**2 987 826**
Volume outbound	252 888	217 060	266 849	186 788	232 639	303 969	759 598	**2 219 791**
Total	**808 893**	**536 144**	**602 291**	**476 207**	**701 863**	**620 271**	**1 461 948**	**5 207 617**

Courtesy of ACOC. Updated: 12/06/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **426 832 kg** inbound and **317 113 kg** outbound, resulting in an average of **743 945 kg per day** or **~97%** compared with June 2022. However, the level is currently at only **~82%** compared with the same period pre-pandemic in 2019.

Figure 10 – International cargo from OR Tambo – volumes per month (kg millions)



Courtesy of ACOC & BAC. Updated: 12/06/2023.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *June 2022* was **~54 048 kg** per day.

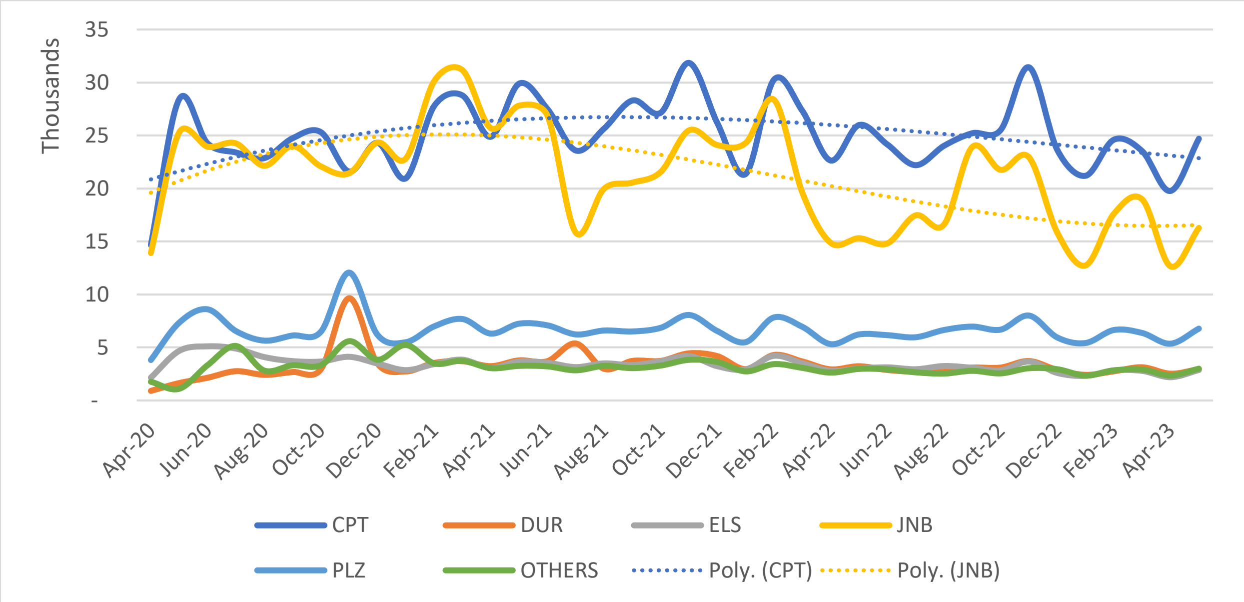
Table 8 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Mar-Dec '20 Ave.	**21 813**	**2 941**	**3 751**	**20 539**	**6 571**	**3 176**	**56 713**
Jan-Dec '21 Ave.	**26 817**	**3 754**	**3 452**	**24 270**	**6 789**	**3 483**	**68 218**
Jan-Dec '22 Ave.	**25 230**	**3 295**	**3 244**	**19 449**	**6 312**	**2 952**	**60 480**
January Ave.	**23 644**	**2 881**	**2 593**	**15 834**	**5 942**	**2 946**	**53 839**
February Ave.	**36 199**	**3 738**	**4 843**	**28 654**	**11 342**	**3 958**	**88 735**
March Ave.	**23 514**	**3 131**	**2 787**	**18 963**	**6 364**	**2 915**	**57 674**
April Ave.	**19 767**	**2 525**	**2 192**	**12 650**	**5 357**	**2 354**	**44 844**
May Ave.	**24 692**	**2 952**	**2 869**	**16 274**	**6 777**	**2 996**	**56 560**
June Ave.	**20 568**	**2 386**	**2 255**	**14 071**	**5 572**	**2 347**	**47 199**
05-Jun	37 916	3 653	5 231	23 575	10 445	4 359	**85 179**
06-Jun	35 491	3 739	3 867	26 632	9 822	4 376	**83 926**
07-Jun	41 293	3 600	4 014	21 912	9 183	3 819	**83 821**
08-Jun	37 045	3 746	3 944	22 398	10 566	3 315	**81 014**
09-Jun	15 778	2 631	1 898	19 699	4 953	2 274	**47 233**
10-Jun	1 700	374	23	479	92	98	**2 765**
11-Jun	1 501	326	138	171	740	454	**3 328**
Total for 2023:	**3 731 869**	**450 634**	**426 626**	**2 584 330**	**1 008 856**	**442 186**	**8 644 500**

Courtesy of BAC. Updated: 12/06/2023.

The average domestic air cargo moved last week was **~55 324 kg** per day, up by ↑1% compared to the previous week and is slightly up compared to last year (**~102%**).

Figure 11 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 12/06/2023.

3. Road and Regional Update

a. Cross-border and road freight delays

This week, the following points should be noted in terms of challenges and delays on roads in South Africa and the surroundings in the SADC region.

- This week, the median border crossing times at South African borders increased and averaged **~13,3 hours** (**↑22%**,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) experienced a mirror change, increased by three, and averaged **~16,7 hours** (**↑25%**, w/w).
- Slow crossing times in the latest summarised statistics below were mainly caused by Customs' network issues – at least those in and out of South Africa.
    - Because of declaration – (sorted since) and manifest (mainly sorted since) issues, SARS sent Trucks through in batches of 100 at a time.
- The statistics show that cross-border road freight constraints in the DRC have spiralled out of control lately.
    - Less than five years ago, a driver could travel to the DRC from South Africa twice a month. These days it takes 35 days for one trip.
    - As such, transporters are encouraged to continually report NTBs as and when they occur to pressure all parties to improve cross-border efficiencies.
- Groblersbrug has had an almost constant queue lately, with the recent SARS network issues contributing to the slow times.
    - Nevertheless, with the increased cargo flows – as is the case at other border posts (notably Lebombo) – the infrastructure was never designed to handle more than 100 vehicles daily.
- As always, transporters, traders, and cargo owners are encouraged to use the non-tariff barrier (NTBs) online tool developed by UNCTAD and the AfCFTA Secretariat. However, given the

questionable effectiveness of this platform, transporters are encouraged to contact FESARTA and join their TRANSIST Bureau[11], which arguably provides better and more reliable information.

The following table shows the changes in bidirectional flows through South African borders:

Table 9 – Delays[12] summary – South African borders

Border Post	Direction	HGV[13] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	445	7	8	40	13 350	3 115
Beitbridge	Zimbabwe-SA	392	8	3	18	11 760	2 744
Groblersbrug	SA-Botswana	224	24	2	19	6 720	1 568
Groblersbrug	Botswana-SA	136	1	1	3	4 080	952
Vioolsdrif	SA-Namibia	30	0	1	4	900	210
Noordoewer	Namibia-SA	20	0	0	2	600	140
Nakop	SA-Namibia	30	1	2	5	900	210
Ariamsvlei	Namibia-SA	20	0	1	2	600	140
Lebombo	SA-Mozambique	1 602	24	2	9	48 060	11 214
Ressano Garcia	Mozambique-SA	102	1	0	2	3 060	714
Skilpadshek	SA-Botswana	200	2	1	3	4 800	1 400
Pioneer Gate	Botswana-SA	100	1	1	2	2 400	700
Weighted Average/Sum		**3 301**	**6**	**2**	**9**	**97 230**	**23 107**

Source: TLC, FESARTA, & Crickmay, week ending 11/06/2023.

Table 10 – Delays summary – Corridor perspective

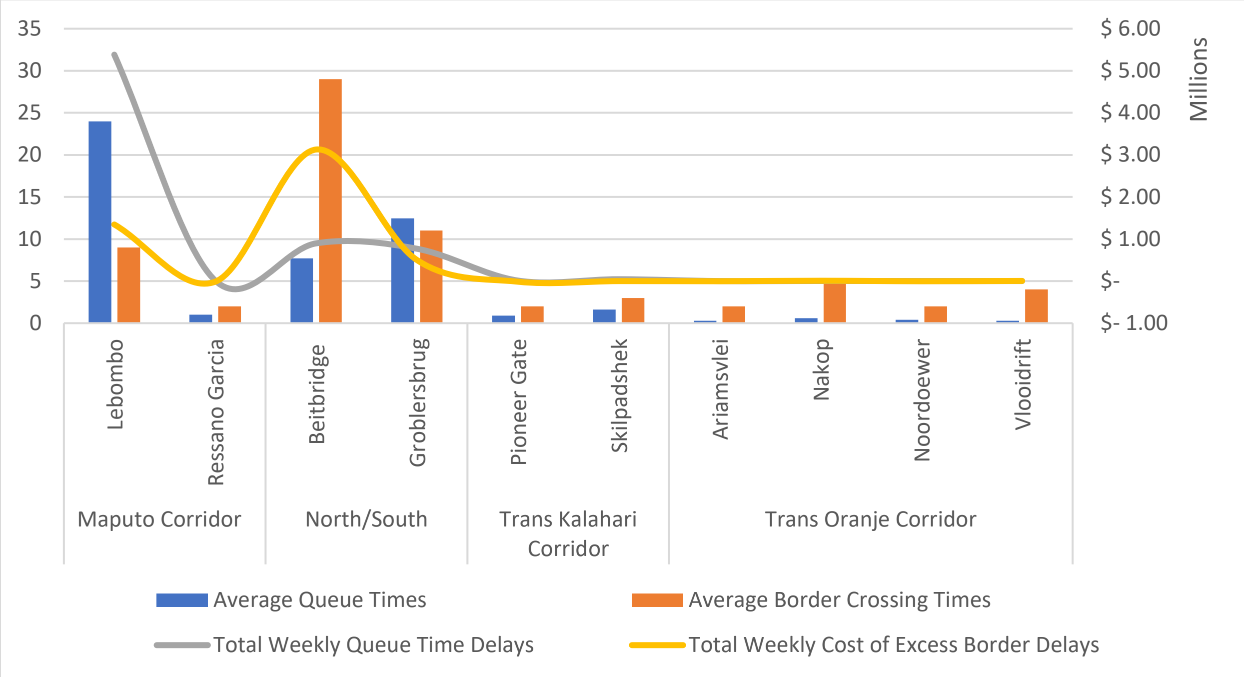
Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Weekly HGV Arrivals
Beira Corridor	320	0	3	17	9 600	2 240
Dar Es Salaam Corridor	1 819	44	3	25	54 570	12 733
Maputo Corridor	1 704	13	1	6	51 120	11 928
Nacala Corridor	127	0	0	0	3 810	889
North/South	3 269	18	4	19	98 070	22 883
Trans Caprivi Corridor	116	1	2	28	3 480	812
Trans Cunene Corridor	100	2	7	58	3 000	700
Trans Kalahari Corridor	330	1	1	3	7 920	2 310
Trans Oranje Corridor	100	0	1	3	3 000	700
Weighted Average/Sum	**7 885**	**14**	**3**	**16**	**234 570**	**55 195**

Source: TLC, FESARTA, & Crickmay, week ending 11/06/2023.

The following graph shows the weekly change in cross-border times and associated estimated costs:

[11] FESARTA TRANSIST Bureau.
[12] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles. Data provided by the LMS (Logistics Monitoring System), which is produced by Crickmay in collaboration with SAAFF.
[13] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

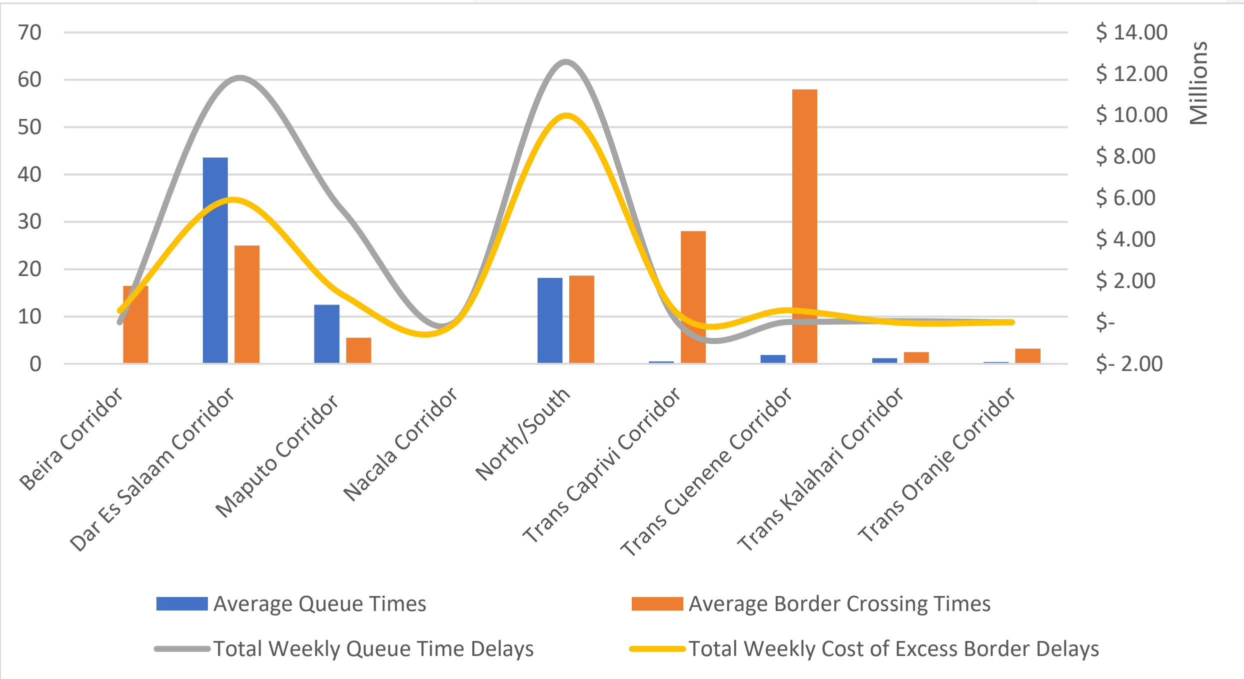
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



TLC, FESARTA, & Crickmay, week ending 11/06/2023.

The following figure echoes those above, this time from a corridor perspective.

Figure 13 – Weekly cross-border delays & est. cost from a corridor perspective (hours & $ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 11/06/2023.

In summary, cross-border queue time has averaged **~14 hours** (up by **~1,6 hours** from the previous week's **~12,4 hours**), indirectly costing the transport industry an estimated **$30 million** (**R524 million**). Furthermore, the week's average cross-border transit times hovered around **~16,4 hours** (up by **~3,3 hours** from the **~13,1**

hours recorded in the previous report), at an indirect cost to the transport industry of **$19 million** (**R330 million**). As a result, the total indirect cost for the week amounts to an estimated **~R854 million** (up by **~R152 million** or **↑15%** from **702 million** in the previous report).

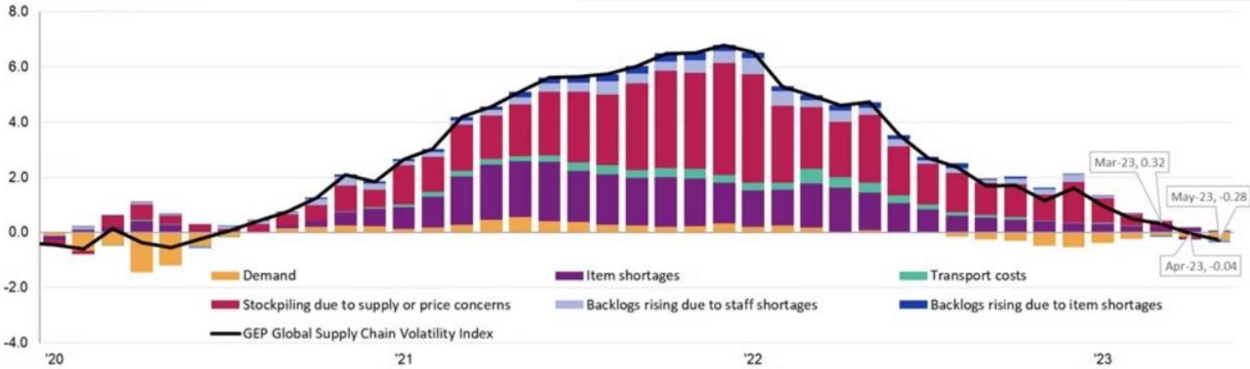
4. International Update

The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global supply chain, **(b)** the global shipping industry and **(c)** the global aviation industry.

a. Global supply chain

The GEP "*Global Supply Chain Volatility Index*" indicates that global suppliers have the most significant spare capacity since the height of the COVID-19 pandemic three years ago[14]. Based on data derived from a monthly survey of 27 000 businesses, the index fell below zero in May to **-0,28**, down from **-0,04** in April, its lowest level since May 2020. The difference compared to a year ago, when the index recorded **4,72** — one of the highest levels of stress on global supply chains in two decades of data — is striking:

Figure 14 – Global Containerised Throughput (TEUs) and price index



Source: CTS

Global demand for raw materials and components worsened during May, especially across Europe, showing fresh signs of economic weakness. Falling demand for raw materials and improved supply have drastically reduced the need for businesses to stockpile items, with companies continuing to de-stock after building up vast excesses of inventory between 2020 and 2022. Most telling, for the first time since August 2020, suppliers in Asia saw the spare capacity rise. GEP's index for Asia had avoided falling below zero until May because of the bump in economic activity following China's reopening. It has since petered out, and suppliers have caught up with their backlogs. In Europe and North America, vendor capacity was underutilised even more than in April.

In summary, the sub-indices show the following:

- **DEMAND:** Demand for raw materials, commodities and components weakened broadly. Purchasing activity in Europe remains the most depressed, although the American trend worsened since April.
- **INVENTORIES:** Global businesses continue to demonstrate their lack of desire to stockpile items, with reports of firms building safety buffers running at historically typical levels.

[14] GEP. 13/06/2023. Sharper deterioration in global demand for raw materials and components sees spare capacity at suppliers rise further in May.

- **MATERIAL SHORTAGES:** Reports of item shortages continue to fall and are now at their lowest level since August 2020, just above their long-term average.
- **LABOUR SHORTAGES:** Staffing capacity across global supply chains is sufficient to cope with current workloads.
- **TRANSPORTATION:** Global transportation costs are running below historically average levels (note the modalities reported below).
- **REGIONAL SUPPLY CHAIN VOLATILITY:** Global supply chain volatility in Europe and North America is falling markedly. Suppliers to Asian markets are seeing spare capacity for the first time since August 2020.

b. Global shipping industry

i. Global container industry summary

Despite the ongoing constraints, there seem to be some green shoots appearing in the global container industry. An indication can be seen in the increase in container vessels' sailing speeds. Liner vessels, which previously registered record-low sailing speeds in Q1 2023 across all vessel segments, are showing some signs of recovery to varying degrees across the different:

Figure 15 – Container vessels' average speeds (knots)

Source: [Alphaliner]

An abysmal cargo demand in Q1 in China caused unusually slow speeds in the previous quarter. Vessel trades have gradually been speeding up along Asia – Europe, and North America since April. Nevertheless, both Far East – ECNA and Far East – WCNA trades are averaging vessel speeds of under **16 knots** well into June. While Far East – Europe vessels' average speed has exceeded **16,3 knots** since mid-May, all three trades still see sailing speeds well below their respective 5-year averages.

Elsewhere in the industry, capacity remains elevated with a low blanking figure still evident, as Drewry's "*Cancelled Sailings Tracker*" continues to trend around the **5% cancellation rate**[15]. Over the next five weeks,

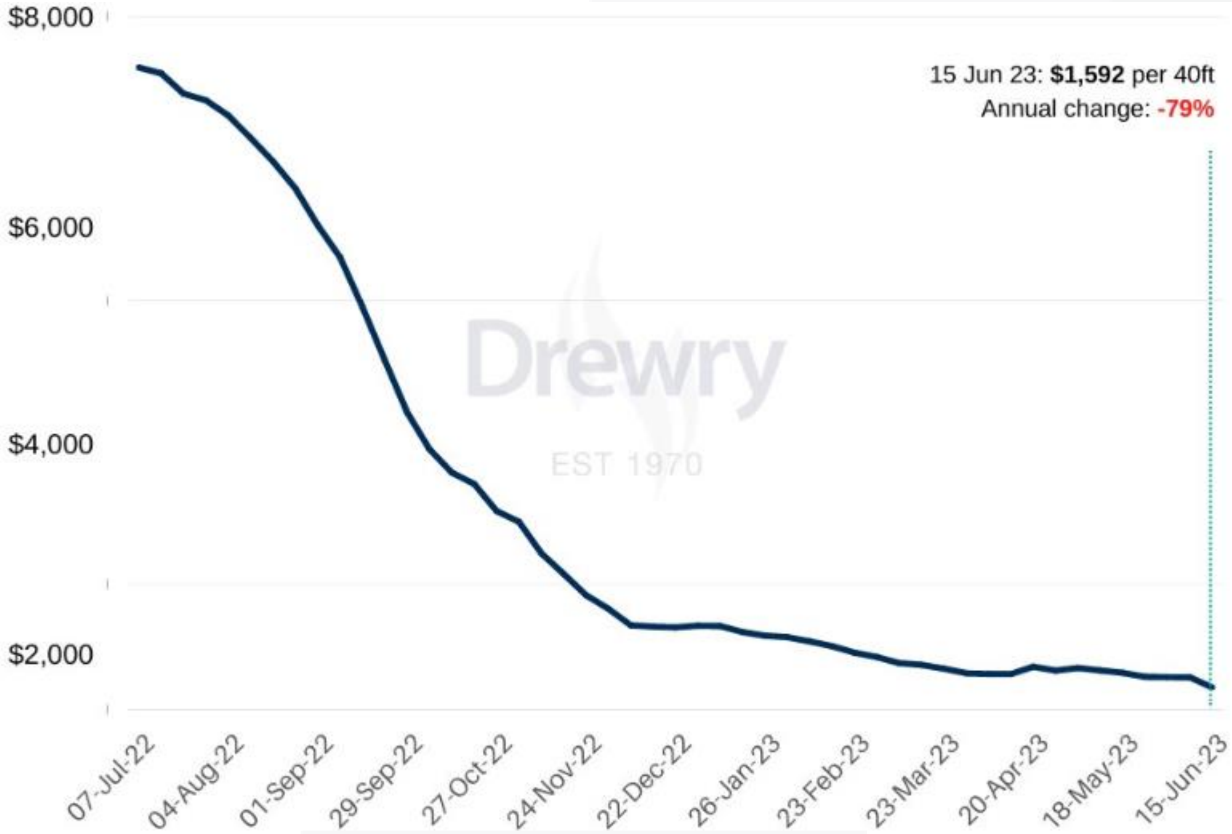
[15] Drewry. 09/06/2023. Cancelled Sailings Tracker - 16 June.

THE Alliance has announced 13 cancellations, followed by OCEAN Alliance and 2M, with 12 and four cancellations, respectively. However, blank sailings are set to be under scrutiny. Following the **$9,8 million penalty** imposed on Maersk-owned operator Hamburg Süd last week, the US Federal Maritime Commission (FMC) is to revise OSRA 22, itself a revision of the Shipping Act, to give a more precise definition of "*refusal to deal*"[16]. Global port congestion remains relatively low (**1,76 million TEU**, **↑3%**, w/w[17]), with the Port of Cape Town included in the top 20 most congested ports this week as mentioned above. Lastly, the idle container fleet is also very low at only **0,5%** of the total supply.

ii. Global container freight rates

The "*World Container Index*" declined by a significant **↓5%** (or **$89**) to **$1 592** per (or **↓0,1%**) to **$1 681** per 40-ft container this week. Consequently, most of the transpacific carriers have already withdrawn the planned 15 June GRI, with the next attempt to raise rates deferred to 1 July. The overall decrease has been the most profound compared to the small decreases lately:

Figure 16 – World Container Index assessed by Drewry ($ per 40 ft. container)



Source: Compiled from Drewry Ports and Terminal Insights

The average rate has now breached the **$1 600 barrier** for the first time in more than three years, as the massive annual reduction (**↓79%**, y/y) just indicates how the tides shifted compared to last year. The current rate is also **↓41%** lower than the 10-year average of **$2 688** but remains **↑12%** higher than average 2019

[16] Bartlett, C. 13/06/2023. Blank sailings under scrutiny as US maritime commission 'looks for clarity'.
[17] Linerlytica. 12/06/2023. Market Pulse – Week 24.

(pre-pandemic) rates of **$1 420**. Six of the major East-West trades saw reductions this week, with the most notable on the Shanghai – LA and Shanghai – NY trades (both were down by **↓8%** w/w). The regional disparity will continue for the next few weeks; however, the expectations are for overall spot rates to remain stable and then rise again in July.

iii. Further developments of note

Apart from the overview provided above, there were some additional noteworthy developments this week:

1. **Carriers cut fuel surcharges as bunker prices fall:**
    a. Leading container carriers are reducing bunker fuel surcharges in recognition of the significant fall in bunker prices over the past six months[18]. Although some carriers highlighted bunker expenses as a cost factor in recent Q1 results, prices have steadily declined since mid-2022 and are expected to fall further. **IFO380** prices averaged **$454** per ton last week in Rotterdam, down from **$642** a year ago, while **0,5% VLSFO** averaged just under **$545**, an even steeper drop from **$963** seen in the same period in 2022.
    b. Singapore prices showed similar declines. On average, bunker prices are down **↓35%** (y/y) so far in Q2 as concerns over global demand have overtaken the war in Ukraine as a principal factor in determining oil prices. The trend could potentially help carriers in their fight to stay profitable in the new market conditions.
2. **US West Coast labour issues will hopefully be resolved with a new six-year agreement:**
    a. The Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union have finally reached a new six-year labour contract at 29 west coast ports, ending a fraught 13 months of stalled negotiations, walk-outs and cargoes emigrating to alternate locations[19].
    b. The deal was reached with assistance from the acting secretary of Labour, Julie Su, the PMA said, adding that the agreement is subject to ratification by both parties. Despite the positive news, specific details of the agreement have not been revealed yet.
    c. Despite the breakthrough on the West Coast, the situation between labour and port authorities remains turbulent on the North Coast[20].

c. Global air cargo industry

The latest high-frequency World ACD numbers show that the downward trend in global air cargo tonnages has now been solidified despite a minuscule uptick in global air cargo tonnages this week. Figures for week 23 (5 to 11 June) show a slight increase of **↑1%** in tonnages and almost stable average global air cargo prices week on week after tonnages dropped by **↓5%** at the end of May and the beginning of June. Looking slightly further back, the five weeks' trends illustrate evident declines in chargeable weight and rates:

[18] Alphaliner. 15/06/2023. Carriers cut fuel surcharges as bunker prices fall.
[19] Chambers, S. 15/06/2023. Deal struck for new six-year labour contract along the US West Coast.
[20] Lennane, A. 16/06/2023. Calm at US West Coast ports at last – but it stays stormy up north.

Figure 17 – Global capacity, weight, and yield over the last five weeks (%, weekly)

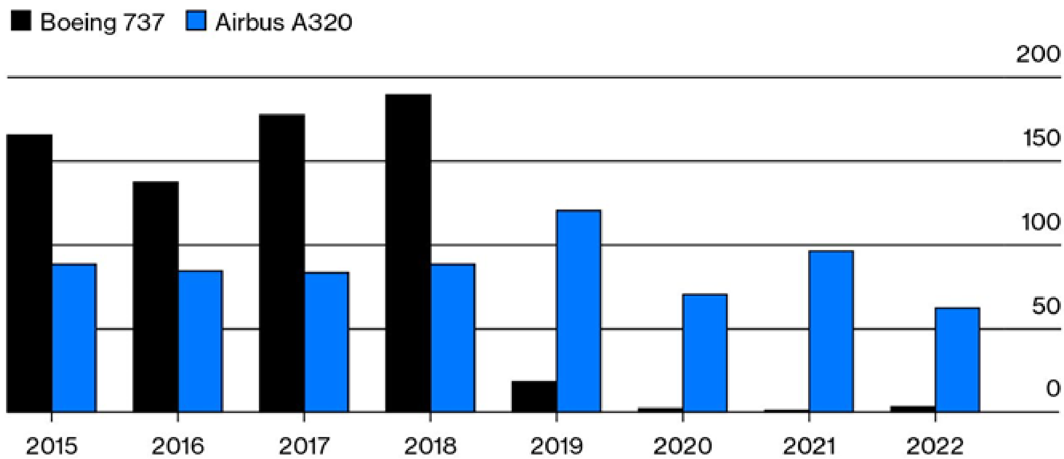
Origin Regions last 2 to 5 weeks	Capacity[1]			Chargeable weight[1]			Yield/rate[1]		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa		-2%	+8%		-7%	+1%		-0%	-16%
Asia Pacific		+2%	+30%		+0%	-2%		+0%	-45%
C. & S. America		-0%	-12%		-7%	-3%		-3%	-14%
Europe		+2%	+10%		-5%	-7%		-3%	-36%
M. East & S. Asia		+2%	+15%		+5%	+8%		-2%	-47%
North America		+2%	+10%		-6%	-17%		-1%	-26%
Worldwide		**+2%**	**+12%**		**-3%**	**-5%**		**-1%**	**-38%**

Source: World ACD

The current rates hover around **$2,41** per kilo in week 23; however, the pinch is evident for air cargo carriers, as average rates are **↓38%** versus 2023. Indeed, the same is true for tonnages, as, comparing the overall global market with this time last year, chargeable weight in weeks 22 and 23 was down **↓5%** compared with the equivalent period last year. Capacity remains elevated over the short-term (**↑2%**) and long-term (**↑12%**), indicating that the space remains available.

Lastly, some optimism out of China predicts that aircraft sales will increase again. After years of anaemic sales, Boeing is bullish again on deliveries to Chinese carriers[21] as the country is currently experiencing an aircraft shortage:

Figure 18 – China narrowbody aircraft deliveries



Source: Bloomberg

In the past few months, Boeing's fortunes in China have turned. In January, the government ended its pandemic restrictions, unleashing a rebound in travel with traffic approaching pre-pandemic levels, and a few weeks later, China allowed the 737 Max to fly again. Even as the US and China spar over trade, tariffs and Taiwan, Boeing executives are increasingly confident that its jets could again wing their way to Chinese

[21] Johnson, J. 12/06/2023. China's Plane Shortage Is Good News for Boeing.

buyers within weeks. As noted last week, the airline industry is forecast to return to profitability in 2023[22]. Financial performance is improving across all regions, but significant differences in the financial results remain, as profitability in 2023 is generated by three regions only: North America, the Middle East and Europe – not China.

ENDS[23]

[22] IATA. 16/06/2023. Regional financial outlooks improve, but differences remain.

[23]**ACKNOWLEDGEMENT:**

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