Authored by: www.saaff.org.za

Distributed by: www.busa.org.za

This edition is proudly sponsored by: www.dachser.co.za

# Cargo movement update[1]

## ***Date: 24 February 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)** | 19 769 | 31 001 | **50 770** | 21 166 | 26 702 | **47 868** | ↑6% |
| **Air Cargo (tons)** | 4 459 | 3 037 | **7 496** | 4 100 | 2 711 | **6 812** | ↑10% |

## Monthly Snapshot

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

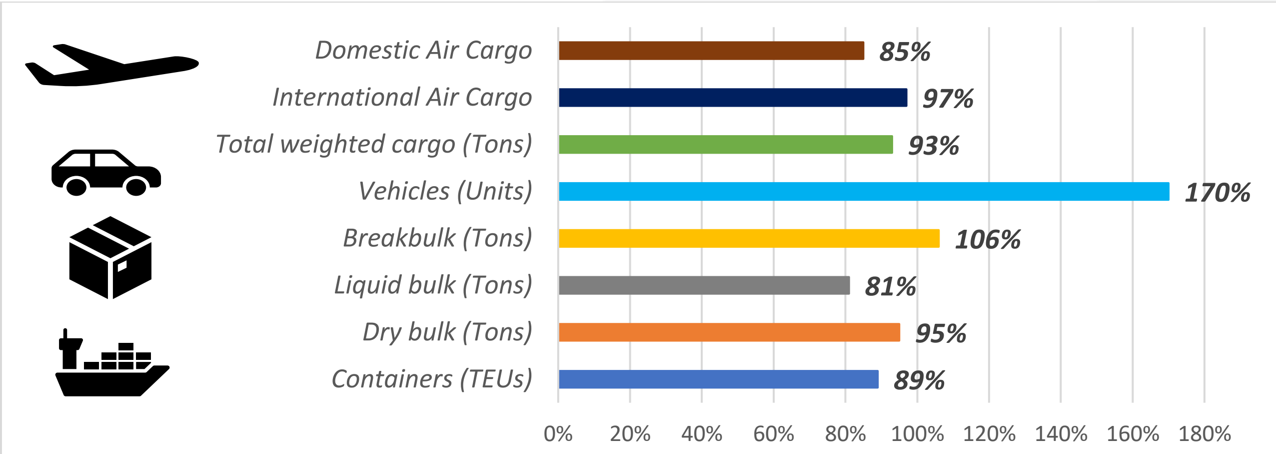
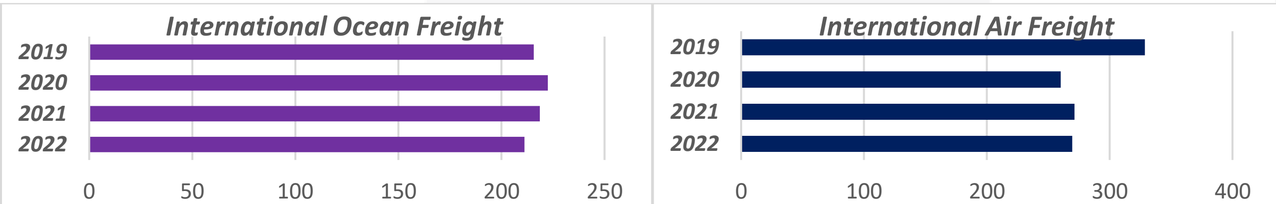



*Figure 2 – Global year-to-date flows 2019-2022[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)*




## Key Notes

- An average of **~7 253 containers** was handled per day, with **~7 824 containers** projected for next week.
- TNPA stats for January: containers are down by ↓7% (m/m) and ↓11% (y/y), whereas total cargo is down by ↓1% (m/m) and ↓7% (y/y). Vehicles trade remains the only bright spot, up by ↑70% (y/y) and is projected to increase by **↑8%** to **380 900** this year.
- Rail cargo handled out of Durban amounted to **1 935** containers, ↓33% compared to last week.
- Cross-border queue times were **↓1,5 hours**, with transit times **↓1,6 hours**, SA borders **~9,9 hours** (**↓12%**).
- Global freight rates continue to fall, as the "*WCI*" is down by **↓3%** (**$57**) this week to **$1 898** per 40 ft.
- Air cargo has stabilised with tonnage (↑3%), capacity (↑3%) and yield (↑2%) all up vs two weeks ago.

[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 125th 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; All metrics: Jan vs Jan.
[5] For ocean, total Jan-Dec cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-Dec cargo to and from ORTIA is used.

# Executive Summary

This update – *the 125th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. This week, port operations were characterised as usual by adverse weather, frequent equipment breakdowns and shortages, power outages, load-shedding, delays, and congestion. The weather situation in Cape Town redeemed itself to some extent this week, as minimal delays were reported due to adverse weather. However, an area-wide power failure accompanied by unfavourable weather conditions took centre stage in Durban and ensured operational delays. In addition, East London reported that there was a continuous struggle with stage 6 load-shedding as the port is only exempted from load-shedding up to stage 5. Finally, several Instances of cable theft were reported throughout the week – especially between Thursday and Friday – which ensured that no trains could convey cargo to and from Durban. Lastly, Stats SA's latest "*Land Transport Survey*" indicated that the split between national rail and road cargo moved further in favour of road (**85/15**) as rail's problems continue unabated.

In the global maritime industry, the sharp drop in transpacific capacity utilisation has weighed down market sentiment as carriers continue to drop rates in response, even on routes where utilisation remains relatively healthy. However, the spread between demand and supply is steadily closing, implying that the market equilibrium between price and quantity (liner capacity) is getting closer. Global demand has fallen away, congestion has eased, equipment is available, and the macroeconomic and geopolitical situations are complex[6]. Elsewhere, charter rates remain relatively firm despite a few isolated cases of charterers' default. There is a very low likelihood that the larger carriers will renege on their charters committed at last year's market peak. Reefer rates also remain stable, as global volatility in that sector in terms of supply, demand, and price is less than in dry goods. Other developments include **(1)** ongoing growth in the reefer market – but highly dependent on technology, **(2)** DP World set to boost Caspian Sea-Africa (South Africa included) trade, and **(3)** Maersk finally exits Russia.

In the air freight market, weekly international trade increased somewhat (**↑10%**), as domestic (**↓2%**) volumes remained very low. Fortunately, though, global international volumes did experience a slight uptick. For air cargo internationally, IATA notes that the industry closed the year with many positive developments, notably international passenger growth and sustained cargo performance in most of the top-10 route areas continuing (Africa – Europe was at **95,2** versus 2019). Nevertheless, high-frequency metrics show that air cargo has stabilised after the tepid start to the year; however, the segment is far from booming, with airlines in for a tough year financially against the backdrop of weak global demand for goods.

Regional cross-border road flows improved somewhat this week. South African land border crossing in the region has averaged **~9,9 hours** (**↓12%**, w/w) for the week, while the greater SADC region (excluding ex-South Africa) decreased by the same magnitude, averaging **~12,7 hours** (**↓11%**, w/w). The most significant change this week comes from Kasumbalesa on the DRC side, as the queue has been reduced from 48 hours to 24 hours (which is still very lengthy). Other congested SADC borders this week included Milange, Kasumbalesa (on both sides), Oshikango, and Santa Clara. Further notable developments included **(1)** local protest action on the N17 and at Kosi Bay, **(2)** an export ban on lithium ex-Zimbabwe, and **(3)** Zimra's payment system finally accepting US$.

---

[6] Bergland, P. 21/02/2023. Ports in China and America point to container shipping's current malaise.

In concluding this week's report, our attention turns to the national budget delivered by Finance Minister Enoch Godongwana[7], where public-private partnership initiatives – especially in infrastructure – were highlighted. For our industry, transport and logistics will spend an estimated **R351,1 billion**, including for SANRAL, to improve the road infrastructure network. However, before the private sector celebrates the fact that the government is seemingly heeding the many calls for PPP initiatives, we know that a long road to full implementation still lies ahead. In the face of this week's analysis, we must keep our logistics networks intact and drive trade growth, which highlights the downward spiral into decay.

[7] Treasury. 22/02/2023. National Budget.

# Contents

**Weekly Snapshot** ........ **1**
**Monthly Snapshot** ........ **1**
**Key Notes** ........ **1**
**Executive Summary** ........ **2**
**Contents** ........ **4**
**1. Ports Update** ........ **5**
a. Container flow overview ........ 5
b. TNPA: January update and comparative economic and trade performance ........ 9
c. Summary of port operations ........ 12
i. Weather and other delays ........ 12
ii. Cape Town ........ 13
iii. Durban and Richards Bay ........ 13
iv. Eastern Cape ports ........ 14
v. Saldanha Bay ........ 15
vi. Transnet Freight Rail (TFR) ........ 15
**2. Air Update** ........ **16**
a. International air cargo ........ 16
b. Domestic air cargo ........ 16
**3. Road and Regional Update** ........ **17**
a. Cross-border and road freight delays ........ 17
**4. International Update** ........ **20**
b. Global shipping industry ........ 20
i. Capacity utilisation and global container freight rates relationship ........ 20
ii. Further developments of note ........ 21
c. Global air cargo industry ........ 22

## 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 18 to 24 February*[8]

| 7-day flow forecast (18/02/2023 – 24/02/2023) | | |
|---|---|---|
| TERMINAL | NO. OF CONTAINERS[9] TO DISCHARGE (IMPORT) | NO. OF CONTAINERS TO LOAD (EXPORT) |
| DURBAN CONTAINER TERMINAL PIER 1: | 3 128 | 4 493 |
| DURBAN CONTAINER TERMINAL PIER 2: | 8 906 | 16 217 |
| CAPE TOWN CONTAINER TERMINAL: | 4 261 | 5 641 |
| NGQURA CONTAINER TERMINAL: | 3 074 | 4 050 |
| GQEBERHA CONTAINER TERMINAL: | 400 | 600 |
| **TOTAL:** | **19 769** | **31 001** |

*Source: Transnet, 2021. Updated 24/02/2023.*

*Table 3 – Container Ports – Weekly flow predicted for 25 February to 3 March*

| 7-day flow forecast (25/02/2023 – 03/03/2023) | | |
|---|---|---|
| TERMINAL | NO. OF CONTAINERS TO DISCHARGE (IMPORT) | NO. OF CONTAINERS TO LOAD (EXPORT) |
| DURBAN CONTAINER TERMINAL PIER 1: | 4 618 | 3 376 |
| DURBAN CONTAINER TERMINAL PIER 2: | 8 799 | 13 424 |
| CAPE TOWN CONTAINER TERMINAL: | 5 980 | 7 863 |
| NGQURA CONTAINER TERMINAL: | 3 888 | 4 983 |
| GQEBERHA CONTAINER TERMINAL: | 538 | 1 300 |
| **TOTAL:** | **23 823** | **30 946** |

*Source: Transnet, 2021. Updated 24/02/2023.*

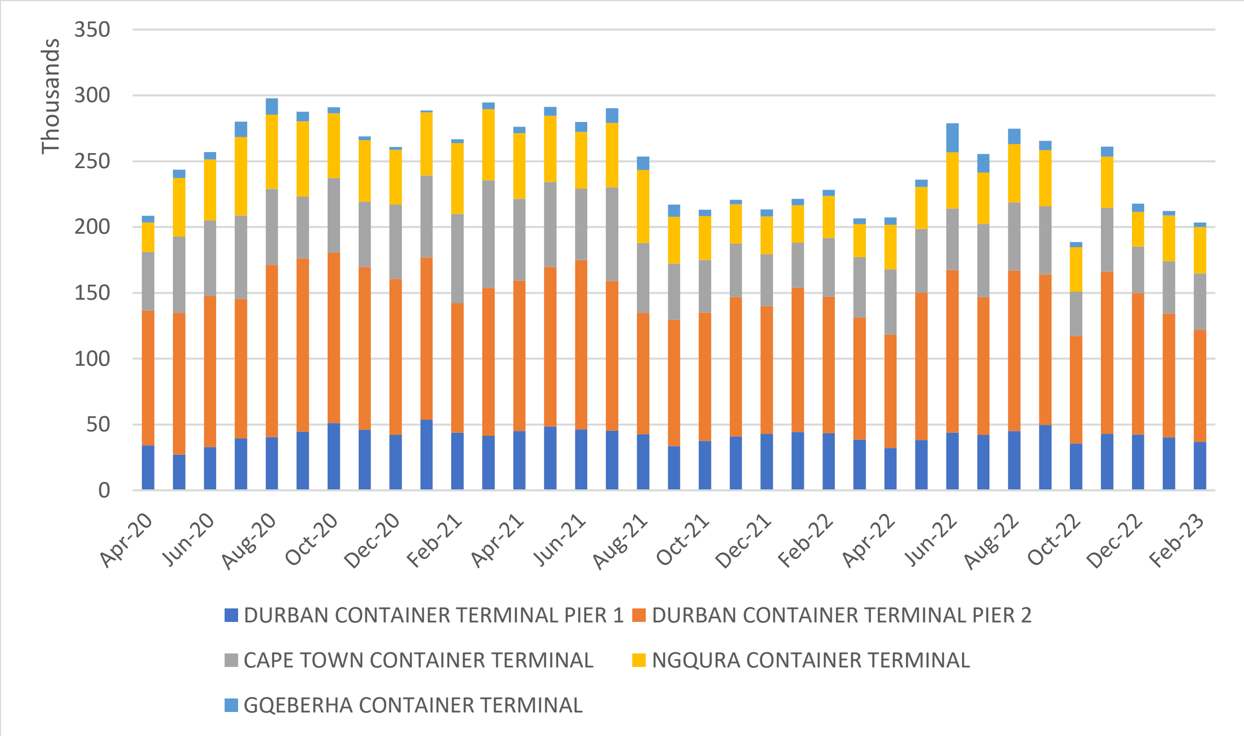
An average of **~7 253 containers** (↑12%) was handled per day for the last week (18 to 24 February, *Table 2*) compared to the projected average of **~8 061 containers** (↓10% actual versus projected) noted in last week's report. An increased average of **~7 824 containers** (↑8%) is predicted to be handled next week (25 February to 3 March, *Table 3*). Port operations this week were as usual impacted by adverse weather, frequent equipment breakdowns and shortages, power outages, load-shedding, delays, and congestion.

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.

[8] It remains important to note that a large percentage (approximately 39% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.

[9] 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.

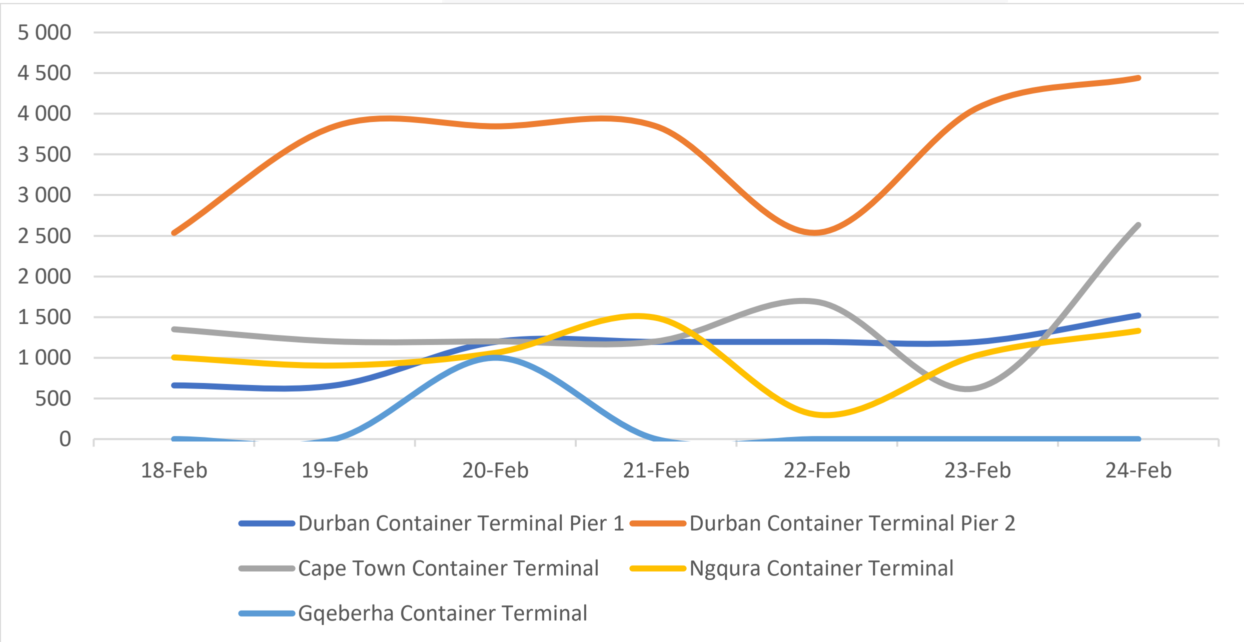
*Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)*




*Source: Calculated using data from Transnet, 2023. Updated 24/02/2023.*

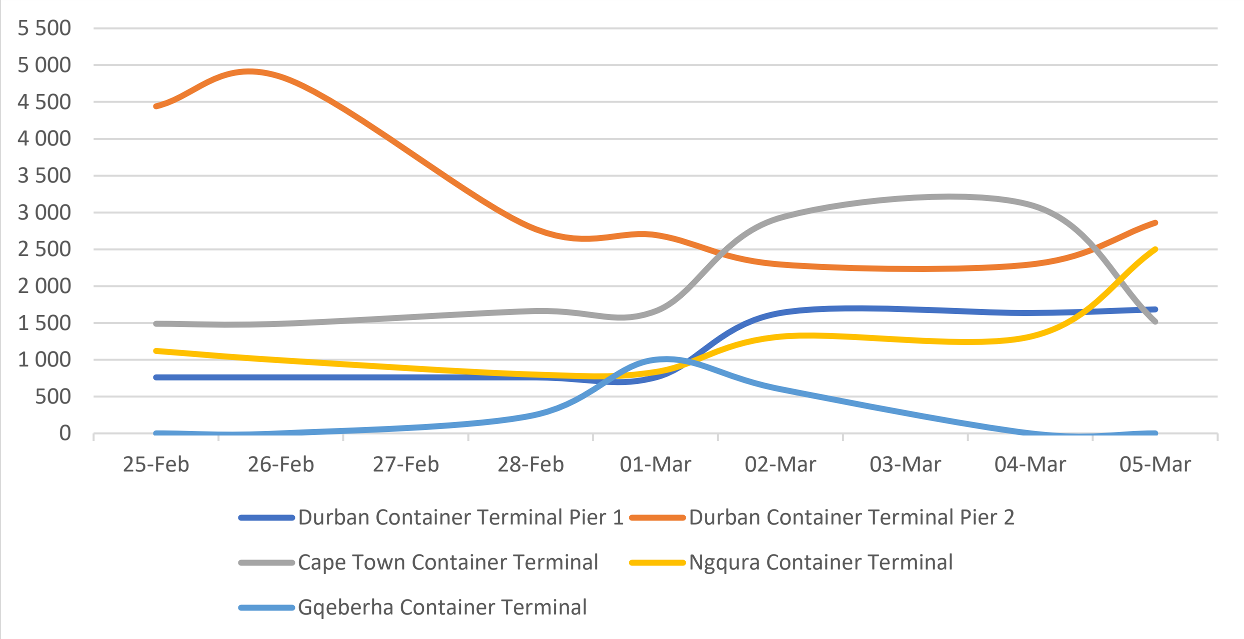
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

*Figure 4 – 7-day flow reported for total container movements (18 to 24 February; per port; day on day)*




*Source: Calculated using data from Transnet, 2023. Updated 24/02/2023.*

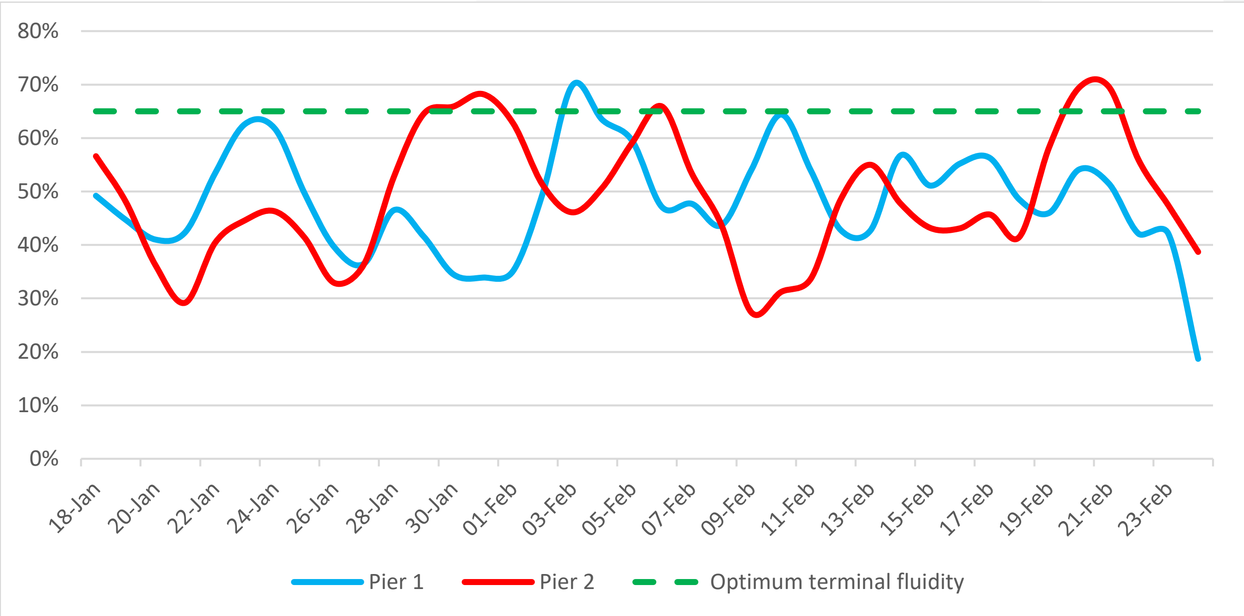
*Figure 5 – 7-day forecast reported for total container movements (25 February to 3 March; per port; day on day)*




*Source: Calculated using data from Transnet, 2023. Updated 24/02/2023.*

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

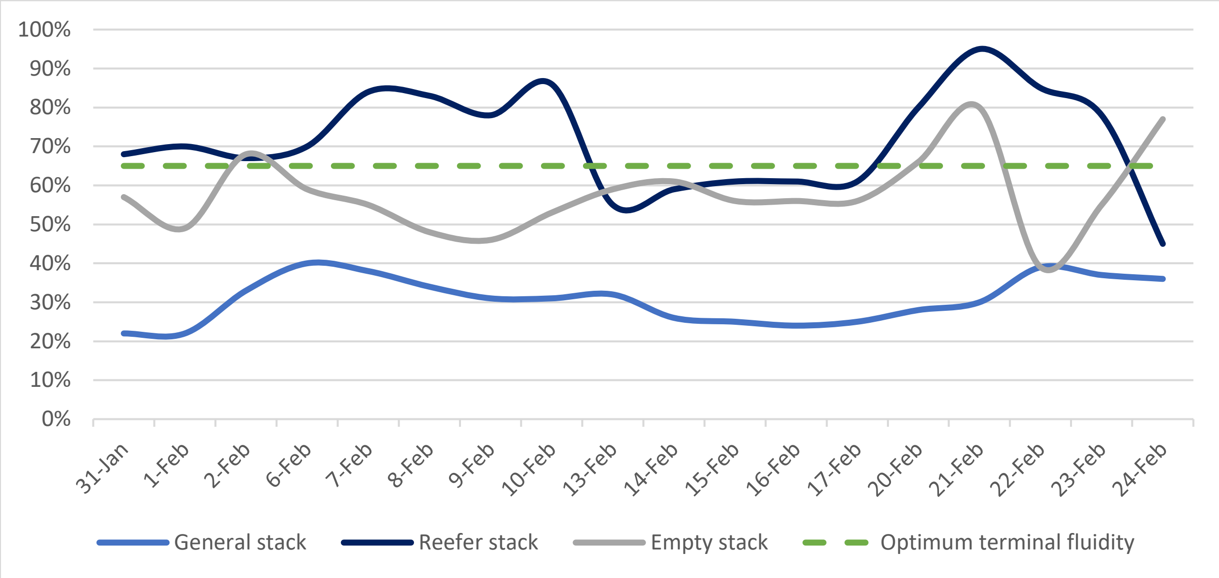
*Figure 6 – Stack occupancy in DCT, general-purpose containers (18 January to present; day on day)*




*Source: Calculated using data from Transnet, 2023. Updated 24/02/2023.*

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

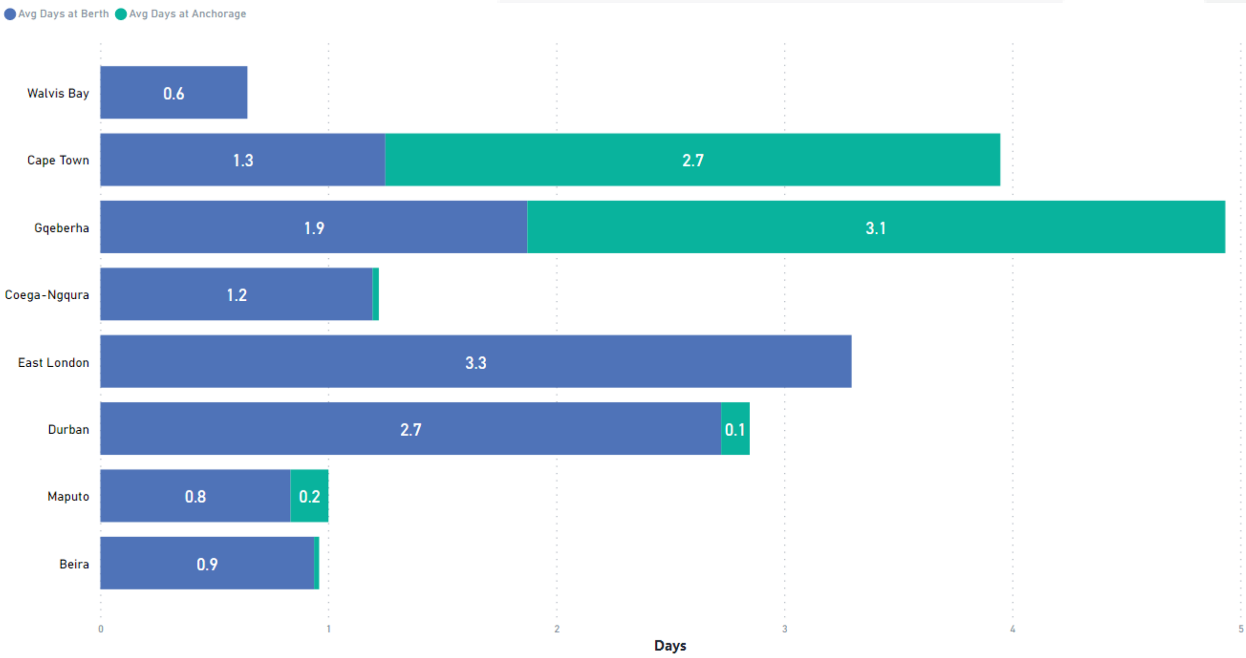
*Figure 7 – Stack occupancy in CTCT, GP, reefer, and empty stack (30 January to present, day on day)*




*Source: Calculated using data from Transnet, 2023. Updated 24/02/2023.*

The following two figures, new additions to the report, show the weekly average days at berth and average days at anchorage for South African and selected regional ports.

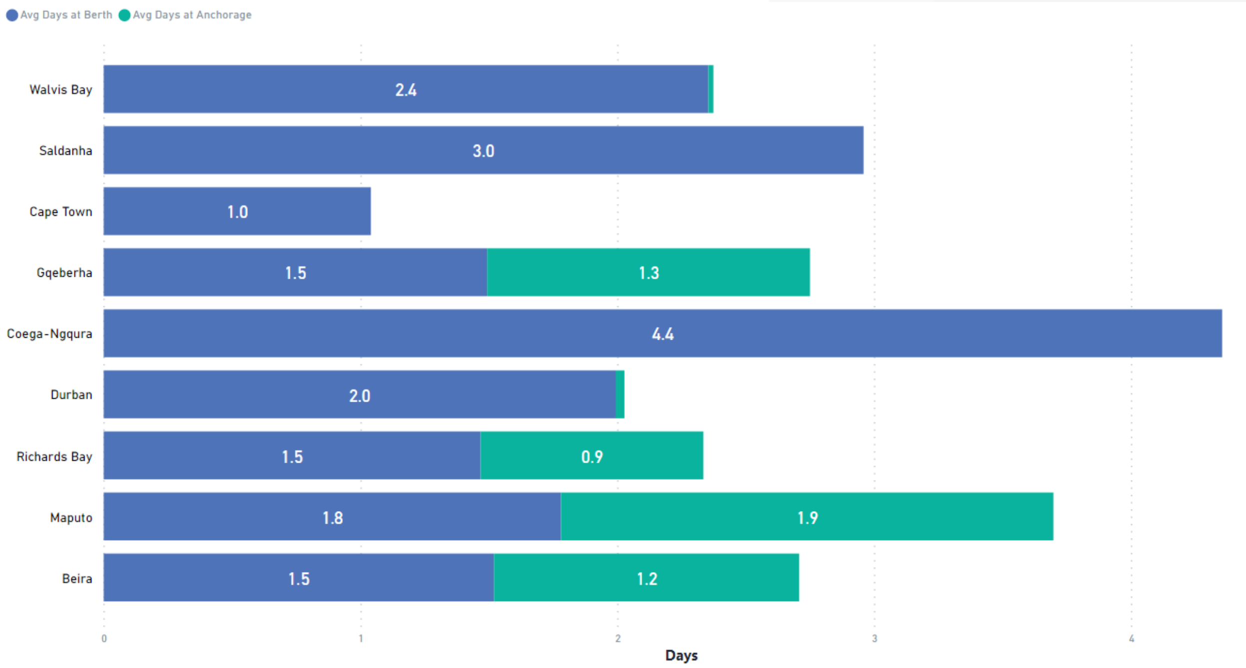
*Figure 8 – Average days at berth and average days at anchorage – Container vessels (18 to 24 February)*




*Source: Powered by the [Crickmay](#) Platform[10]. Updated 24/02/2023.*

[10] These insights – and many others – are part of the development of a Transport Monitoring System between Crickmay and SAAFF. Parties interested in subscribing to the TMS are welcome to contact Crickmay or SAAFF.

*Figure 9 – Average days at berth and average days at anchorage – Bulk[11] vessels (18 to 24 February)*




*Source: Powered by the Crickmay Platform. Updated 24/02/2023.*

## b. TNPA: January update and comparative economic and trade performance

Transnet National Ports Authority (TNPA) has released its consolidated monthly port statistics for January[12], with the headline figures showing that containers are ↓**7%** (m/m) versus December, while total bulk cargo is ↓**1%** (m/m). The following table shows the monthly movement across the various ocean sub-sectors:

*Table 4 – TNPA – Volume and growth: October 2022*

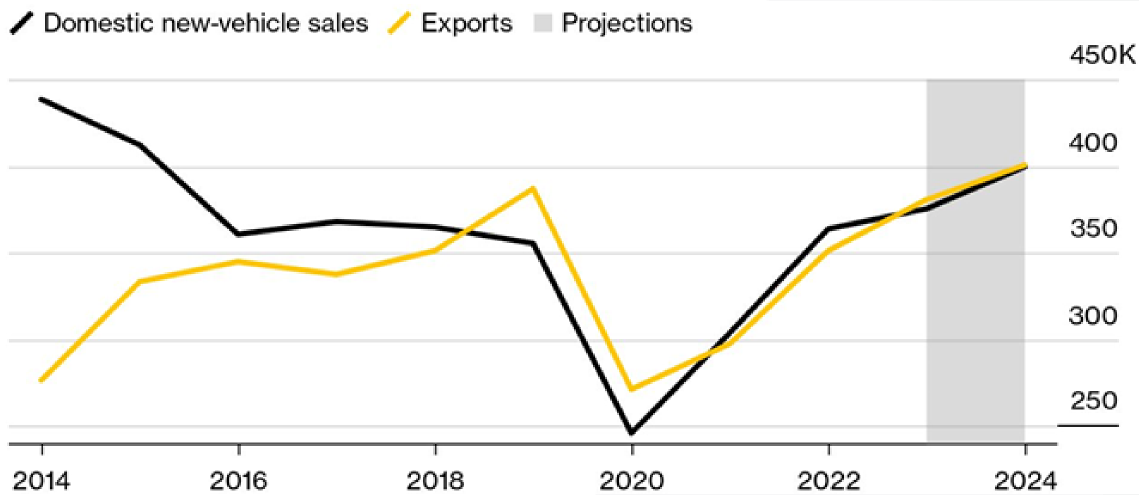
| | Dec | Jan | Movement | Monthly growth |
|---|---|---|---|---|
| **Containers (TEUs)** | **328 285** | **304 386** | **-23 899** | **-7%** |
| Landed | 172 354 | 160 774 | -11 580 | -7% |
| Shipped | 155 931 | 143 612 | -12 319 | -8% |
| **Dry bulk (MT)** | 13 448 464 | 13 545 965 | 97 501 | 1% |
| **Liquid bulk (MT)** | 2 922 805 | 2 673 658 | -249 147 | -9% |
| **Breakbulk (MT)** | 496 750 | 457 230 | -39 520 | -8% |
| **Vehicles (Units)** | 64 995 | 85 625 | 20 630 | 32% |
| **Total cargo (excl. Vehicles)** | **16 868 019** | **16 676 853** | **-191 166** | **-1%** |

*Source: TNPA, updated 20/02/2023.*

An alarming reality shows that most cargo sub-sectors experienced a significant decline in throughput apart from vehicle movements. Indeed, vehicle sales have grown from strength to strength in recent months, as shown by the latest data from NAAMSA:

[11] The regional comparators on the break-bulk side should be read with caution, since ports like Walvis Bay, (in particular), Maputo and Beira tend to handle smaller parcel sizes than our ports, so the time on berth will naturally be less.
[12] Transnet. 2023. Port statistics. TNPA

*Figure 10 – New vehicle sales versus export sales*




*Source: NAAMSA via Bloomberg*

According to projections, vehicle exports from South Africa could exceed domestic sales this year and reach a record in 2024 as high-interest rates and lukewarm consumer confidence suppresses local demand. As a result, total car shipments are projected to increase by **↑8%** to **380 900** this year, while domestic sales are only expected to grow by **↑3%** to **375 000 vehicles**[13]. Although the same cannot be said of the other sub-sectors, the picture is similar to what has been seen over the last few years. The following table illustrates how much we lost cyclically and shows a comparative overview for January 2023, compared to the same month in 2022, 2021 and 2020.

*Table 5 – TNPA – Volume and growth: January 2020-2023*

| | 2020 | 2021 | 2022 | 2023 | Growth '22-'23 | Growth '21-'22 | Growth '20-21 |
|---|---|---|---|---|---|---|---|
| **Containers (TEUs)** | **347 651** | **295 383** | **343 253** | **304 386** | **-11%** | **16%** | **-1%** |
| Landed | 174 955 | 141 451 | 177 765 | 160 774 | -10% | 26% | 2% |
| Shipped | 172 696 | 153 932 | 165 488 | 143 612 | -13% | 8% | -4% |
| **Dry bulk (MT)** | 16 136 610 | 12 330 285 | 14 236 322 | 13 545 965 | -5% | 15% | -12% |
| **Liquid bulk (MT)** | 3 185 728 | 3 563 388 | 3 314 684 | 2 673 658 | -19% | -7% | 4% |
| **Breakbulk (MT)** | 324 765 | 284 665 | 432 040 | 457 230 | 6% | 52% | 33% |
| **Vehicles (Units)** | 39 879 | 33 905 | 50 293 | 85 625 | 70% | 48% | 26% |
| **Total cargo (excl. Vehicles)** | **19 647 103** | **16 178 338** | **17 983 046** | **16 762 478** | **-7%** | **11%** | **-8%** |

*Source: TNPA, updated 20/02/2023.*

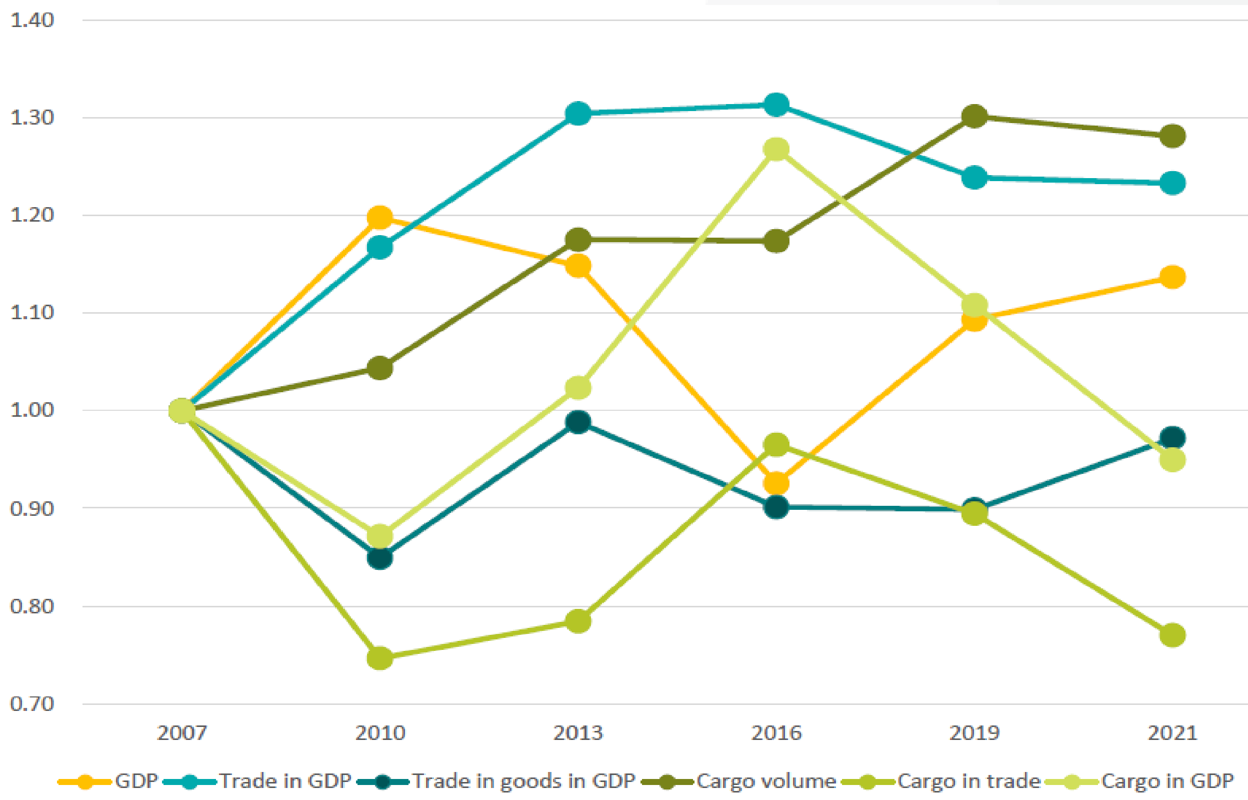
Cyclically, January is typically a poor month for container throughput as operations get back on track after the holidays. This year has not been different, as low numbers were also posted in the preceding three years; however, the additional drop is alarming. This year just further emphasises that South Africa is not growing materially regarding cargo movement whatsoever but actually going backwards. The headline figures show the following changes: containers (**↓11%**, y/y), total cargo handled (**↓7%**, y/y), dry bulk (**↓5%**, y/y), liquid

[13] Vollgraaff, R. 21/02/2023. South African Car Exports Seen Beating Local Sales This Year.

bulk (↓19%, y/y), breakbulk (↑6%, y/y), and vehicles (↑70%, y/y). More alarmingly, it is of grave concern that in a climate of falling volumes, port efficiency and productivity continue to deteriorate.

By looking back further, the following figure shows in a newly created index the marked decline in the trade of goods in a flatlining economy since 2007:

*Figure 11 – GDP, trade, and cargo volume growth since 2007 (index, 2007 = 1)*

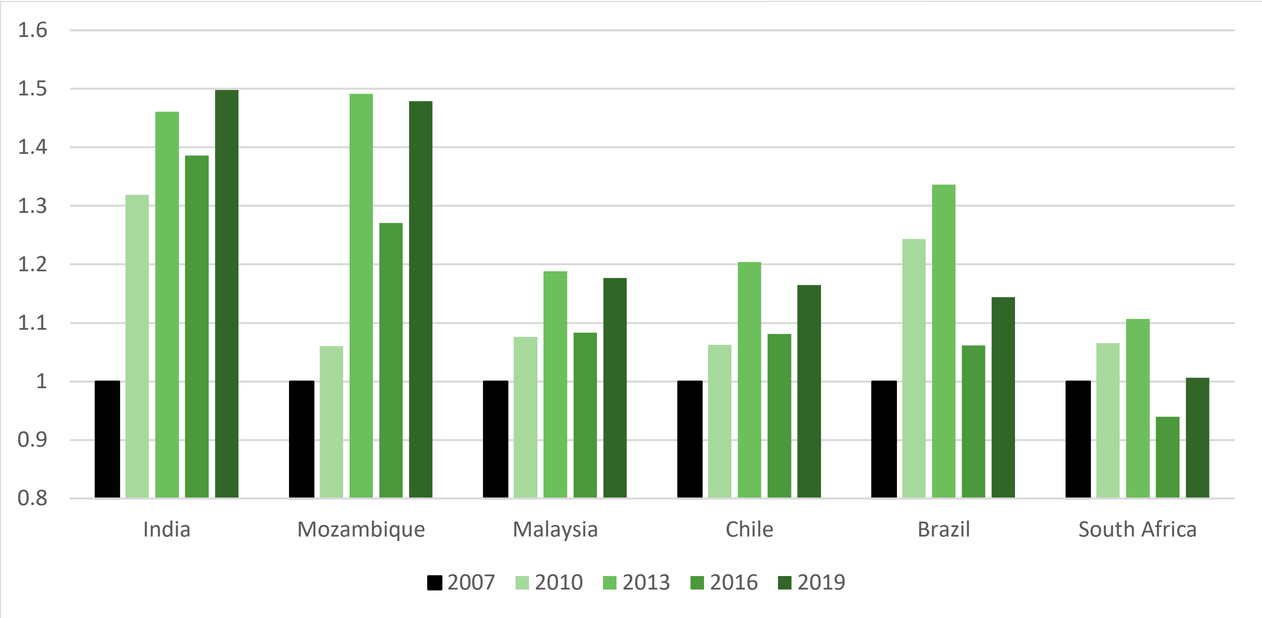



*Source: Eunomix/SAAFF*

The figure above measures the relative growth of six indicators since 2007, namely **(1)** GDP, **(2)** Trade in GDP, **(3)** Trade in goods in GDP, **(4)** Total cargo volume, **(5)** Cargo in trade, which measures the latter's cargo intensity, and **(6)** Cargo in GDP, which measures the latter's cargo intensity. Measured in nominal US$, the data shows a stagnant economy since 2010, where trade has decreased relative to GDP and where despite a very modest **↑30%** rise in cargo volume over 15 years, cargo volumes in trade have declined by **↓20%**. The difference between the trajectories of trade in GDP and cargo in GDP is explained by the modest rise in trade in services. The data confirms South Africa's poor performance regarding cargo volume flows and trade in goods.

Moreover, the performance pales against other emerging market competitors. Eunomix and SAAFF have also created a composite measure of the performance of the economy, trade, and logistics that incorporates the growth in GDP, in trade in goods, and the Logistics Performance Index (LPI) since it was first released in 2007:

*Figure 12 – South Africa's Trade and Logistics Performance Index versus selected emerging markets (index, 2007 = 1)*




*Source: Eunomix/SAAFF*

Compared with emerging market countries like India, Mozambique, Malaysia, Chile, and Brazil, South Africa's index returned to its 2007 level in 2019 (no LPI update has been released since then). The figure confirms the country's significant counter-performance, particularly marked since 2013. It is important to note that Eunomix considers that the economy entered a structural crisis around 2013-2015. This new measurement by Eunomix and SAAFF confirms this is true.

Despite the reality of the structural crisis, the data emphasised the poor performance of our tradeable and logistics sectors. Indeed, the summary by famous Turkish economics Dani Rodrik from 2006 stills holds true today: "*the disappointing growth and employment trajectory of the South African economy since its democratic transition is best understood as a consequence of the under-performance of its non-resource tradable sector, and of manufacturing in particular*"[14].

### 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

Cape Town had minimal delays due to the weather this week.

An area-wide power failure accompanied by unfavourable weather conditions took centre stage in Durban and ensured operational delays. In Richards Bay, operational delays were slightly worse than last week, with adverse weather the most prominent culprit.

[14] Rodrik, D. 2006. Understanding South Africa's economic puzzles. *Economics of Transition*, 16(4):769-797.

This week, load-shedding and adverse weather were the leading causes of operational disruptions at our Eastern Cape ports.

### ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and seven at outer anchorage. Stack occupancy for GP containers was 37%, reefers 78%, and empties 55%. In the latest 24-hour period to Thursday, the terminal handled 2 166 TEUs across the quay. On the landside, 1 202 trucks were serviced while executing 44 rail moves. Unfortunately, in the aftermath of last week's monstrous 109 hours lost due to wind, the reefer stack took a tremendous strain and was closed for approximately two consecutive days. However, the stack recovered somewhat towards the end of the week and is anticipated to improve further over the weekend.

On Friday, Cape Town MPT recorded one vessel at anchor and one at berth. In the 24 hours to Friday, despite being windbound for approximately nine hours, the terminal managed to service 350 external trucks while handling 305 TEUs on the landside. It should, however, be noted that this terminal is not nearly as badly affected by wind as CTCT on the other side of the harbour. Stack occupancy was captured at 36% for GP containers, 28% for reefers and 37% for empties. The terminal expects an influx of reefer containers accompanied by strong winds over the weekend.

### iii. Durban and Richards Bay

Pier 1 on Wednesday recorded no vessels at either berth or anchor. Stack occupancy was 30% for GP containers, with 750 imports on hand and 632 assigned units. The terminal recorded 1 157 landside gate moves on Thursday, with 605 slots cancelled and 323 wasted slots. In addition, the high number of cancelled and wasted slots remains an alleged mystery that Transnet is continuously investigating.

Pier 2 had three vessels at berth and one at anchorage on Thursday. In the most recent 24 hours to Friday, stack occupancy was 39% for GP containers and 31% for reefers. The terminal operated with eight gangs while having 1 655 imports on hand. On Friday, there were 3 355 gate moves on the landside with an undisclosed truck turnaround time and staging time. Lastly, 114 rail import containers were on hand, with 253 moved by rail.

The marine fleet in Durban remained stable this week, as five tugs were in operation for most of the week. At DCTs pier 1, two RTGs experienced breakdowns in blocks F3 and G1 during the week, which ensured that operations were delayed. The engineering team thus made reasonable efforts to return the cranes to service swiftly. Crane QC1 is out of commission and anticipated to return on Friday, while crane QC2 is also out of commission and anticipated to return on Tuesday. DCTs pier 2 has three cranes operational at the south quay, berth 108, with crane 521 remaining on an extended outage. No estimated time of return has been communicated yet.

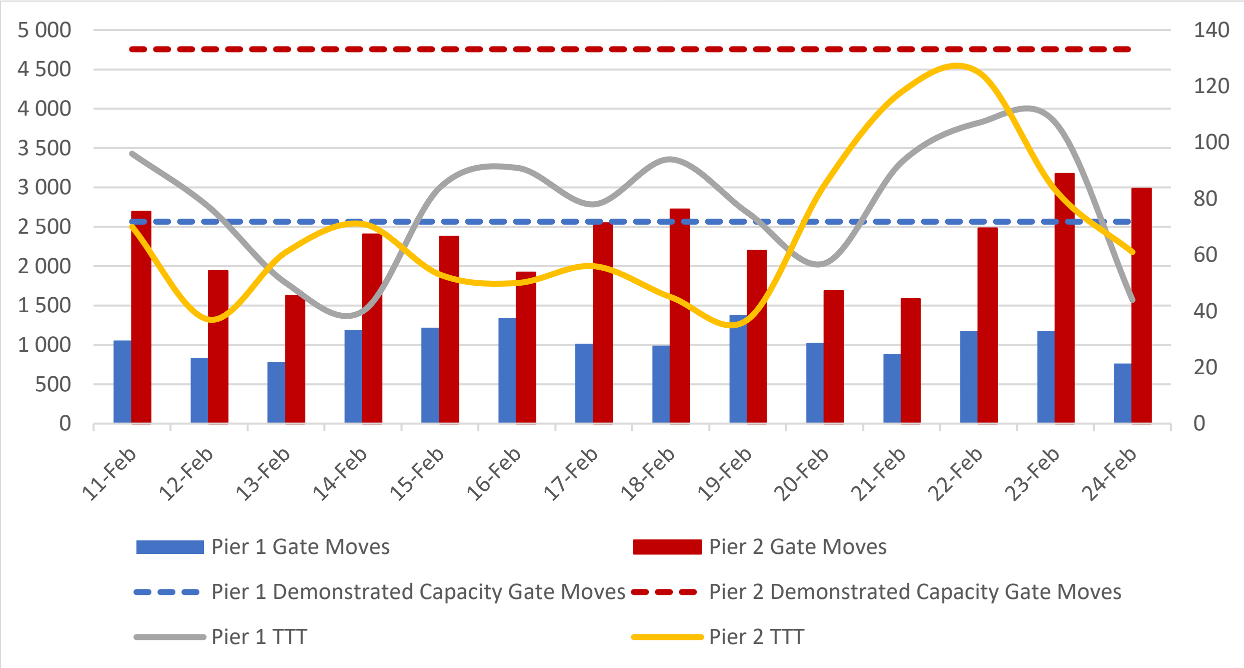
An area-wide power outage in Durban ensured operational delays at all terminals, including TFR, during the early stages of the week. The power outage lasted for approximately two and a half to three hours. DCT reported that the main difficulties experienced were **(1)** rebooting the system, **(2)** starting up electrically powered cranes, and **(3)** extensive network outages disrupting communication. However, despite the area-wide power failure, the container terminal restored power to the reefer plug points within an hour.

Durban MPT terminal, on Wednesday, recorded three vessels at berth and four at outer anchorage while handling 292 containers and 1 766 breakbulk tons on the waterside. Stack occupancy for breakbulk improved this week but remained high at 80%, while stack occupancy on the container side was recorded at 74%. On Tuesday, three cranes, five reach stackers, one empty handler, seven forklifts and 20 ERFs were in operation.

On Monday, Richards Bay recorded 29 vessels at anchor: seven bulk, 12 coal, eight general, one bunker, and one tanker vessel. In addition, there were 12 vessels on berth, five at DBT, five at MPT, one at RBCT, and one at the liquid bulk terminal. Two tugs, one pilot boat, and one helicopter were in operation in the 24 hours leading up to Wednesday.

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. As has been the case lately, throughput figures are way down on the demonstrated capacity shown by the terminals.

*Figure 13 – Gate moves (left axis), and time spent in the terminal (in minutes, right axis)*




*Source: Calculated using data from Transnet, 2022. Updated 24/02/2023.*

### iv. Eastern Cape ports

NCT on Wednesday recorded two vessels on berth with none at the outer anchorage. Marine resources of one tug, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading into Thursday. In the same period, stack occupancy was 27% for GP containers and 11% for reefers. In the same period, 51 reefers were handled with five gangs in operation.

GCT on Thursday recorded no vessels at outer anchorage and none at berth. Available waterside resources were one tug, a pilot boat, two pilots, and one berthing gang in the 24 hours before Friday. The port is still sharing its second tug with the port of Ngqura after their one remaining tug was summoned to Durban. In the same period, stack occupancy was 41% for GP containers, 15% for reefers, and 41% for reefer ground slots while moving 505 TEUs across the quay. In addition, 186 trucks were serviced with a truck turnaround time of ~34 minutes on the landside. East London port reported constant problems with stage 6 load-shedding as the port is only exempt from load-shedding up to stage 5. The port, however, reported that they are tirelessly working towards a solution to the problem. They are continuously liaising with the municipality and are trying to source adequate generators for the port as a backup power supply in the event of load-shedding. In addition, concerted efforts are made nationally to alleviate the disruptions associated with load-shedding. According to reports, TNPA is taking the matter very seriously.

### v. Saldanha Bay

On Tuesday, Saldanha Bay recorded no vessels at the outer anchorage and nine on the berth. Two tugs, one pilot boat, one pilot, two VTS staff, and two berthing masters provided marine services at the port.

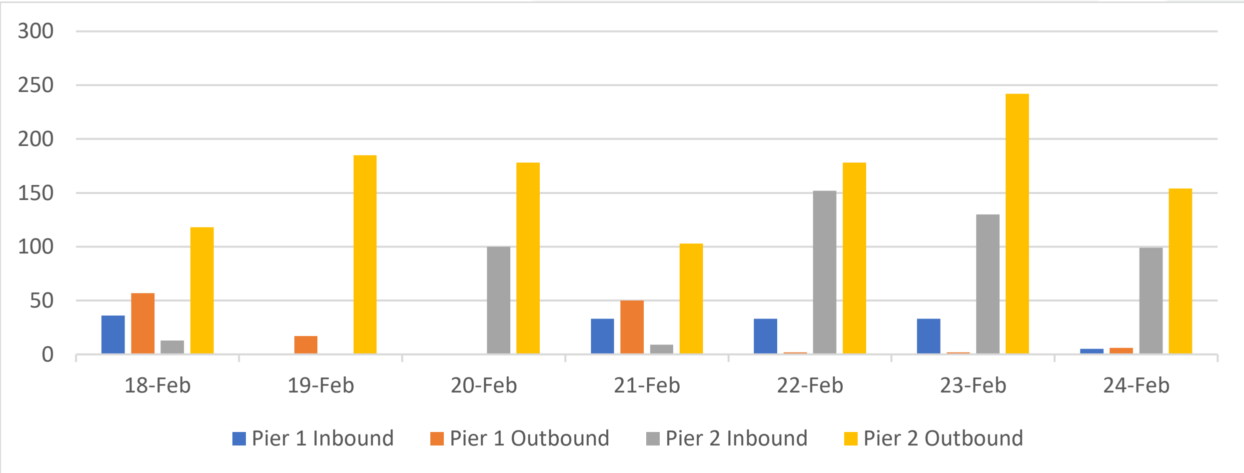
### vi. Transnet Freight Rail (TFR)

Several instances of cable theft were reported, with the most notable instance from Thursday to Friday, which ensured that no trains could convey cargo to and from Durban. In addition, stage 6 load-shedding negatively impacts rail line operations as no trains can run during load-shedding power outages.

These struggles add to the misery for rail cargo, as Stats SA's latest "*Land Transport Survey*" indicated that the split between national rail and road cargo moved further in favour of road (**85/15**)[15]. Indeed, rail payload decreased by a mammoth **↓18,8%** from October to December 2022 compared to the previous three months. Collectively, seasonally adjusted payload decreased by **↓1,2%** (q/q) in Q4 of 2022 despite road freight increasing by **↑2%**. For rail to get out of this bottomless pit, engagements with the private sector must accelerate rapidly and be conducive to collaboration – and not at the potential expense of current customers, as was reported in the manganese industry this week[16].

The following figure shows the rail cargo evacuated from DCT in the last week.

*Figure 14 – TFR: Rail handled (Pier 1 and Pier 2)*




*Source: Calculated using data from Transnet, 2022. Updated 24/02/2023.*

In the last week (18 to 24 February), rail cargo handled out of Durban was reported at **1 935** containers, down by **↓33%** from the previous week's **2 880** containers.

[15] Stats SA. 20/02/2023. Land Transport Survey.
[16] Steyn, L. 20/02/2023. Transnet blindside sets scene for tough rail contract talks with South32 and other manganese majors.

## 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 13 February. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *February 2022* averaged **~711 659 kg** per day.

*Table 6 – International inbound and outbound cargo from OR Tambo*

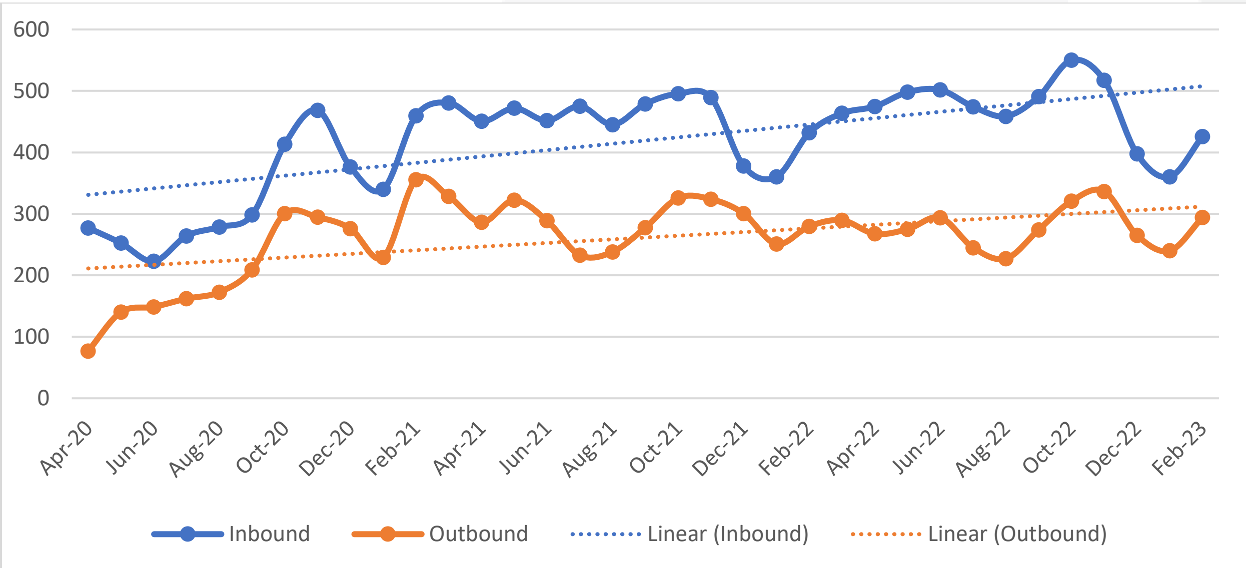
| Flows | 13-Feb | 14-Feb | 15-Feb | 16-Feb | 17-Feb | 18-Feb | 19-Feb |
|---|---|---|---|---|---|---|---|
| **Volume inbound** | 634 174 | 283 990 | 402 717 | 362 267 | 325 767 | 389 419 | 722 979 |
| **Volume outbound** | 302 617 | 209 594 | 247 070 | 222 467 | 262 788 | 208 727 | 672 486 |
| **Total** | **936 791** | **493 584** | **649 787** | **584 734** | **588 555** | **598 146** | **1 395 465** |

*Courtesy of ACOC. Updated: 21/02/2023.*

The daily average volume of air cargo handled at ORTIA the previous week amounted to **445 902 kg** inbound and **303 678 kg** outbound, resulting in an average of **749 580 kg per day** or **~105%** compared with February 2022. Also, the level is currently at **~85%** compared with the same period pre-pandemic in 2019.

The following figure shows the comparative quarterly global freight movement at ORTIA since the pandemic outbreak. The declining trend of exports versus imports is cause for concern.

*Figure 15 – International cargo from OR Tambo (millions)*




*Courtesy of ACOC. Updated: 21/02/2023.*

### 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 *February 2022* was **~78 412 kg** per day.

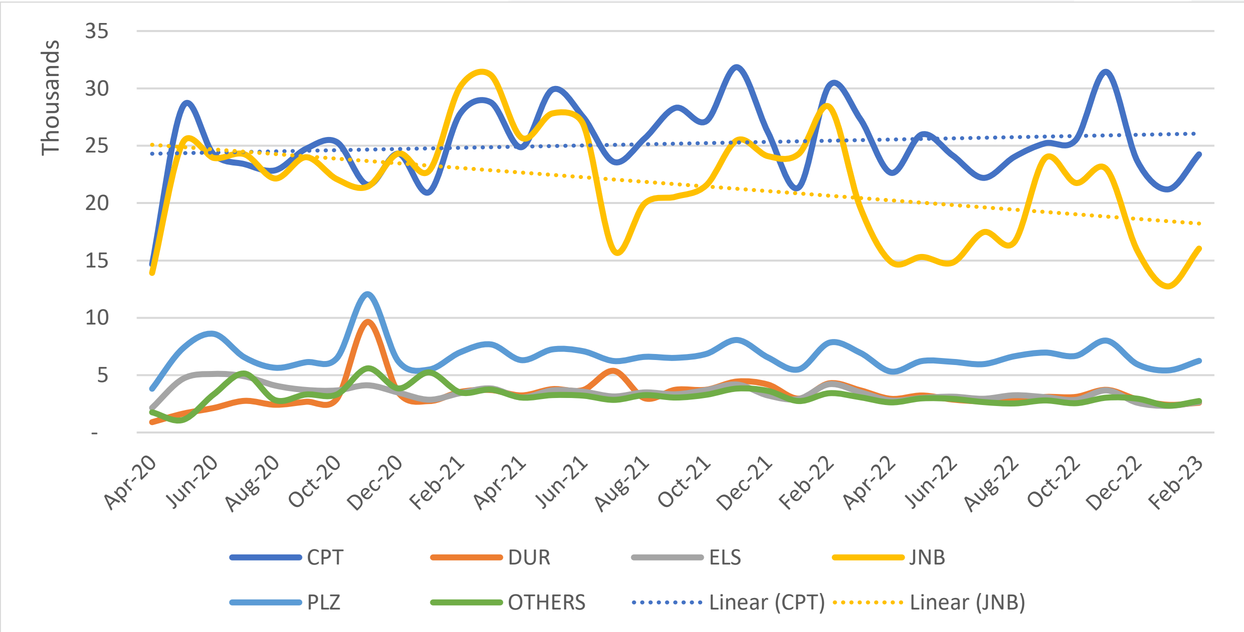
*Table 7 – Total domestic inbound and outbound cargo*

| 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.** | 24 252 | 2 594 | 2 654 | 16 035 | 6 248 | 2 744 | **54 527** |
| **13-Feb-23** | 37 840 | 3 879 | 4 356 | 22 743 | 10 743 | 4 276 | **83 837** |
| **14-Feb-23** | 36 596 | 3 741 | 3 947 | 26 578 | 9 776 | 3 829 | **84 467** |
| **15-Feb-23** | 37 635 | 4 065 | 4 435 | 23 559 | 10 440 | 3 809 | **83 942** |
| **16-Feb-23** | 32 496 | 3 624 | 4 527 | 32 250 | 9 856 | 4 359 | **87 112** |
| **17-Feb-23** | 16 754 | 3 274 | 2 461 | 17 945 | 4 447 | 2 683 | **47 564** |
| **18-Feb-23** | 2 292 | 207 | 184 | 696 | 384 | 109 | **3 870** |
| **19-Feb-23** | 1 184 | 293 | 171 | 349 | 696 | 290 | **2 982** |
| **Total for 2023:** | **1 134 581** | **124 184** | **125 948** | **729 318** | **296 663** | **128 183** | **2 538 878** |

*Courtesy of BAC. Updated: 21/02/2023.*

The average domestic air cargo moved last week was **~56 253 kg** per day, which is ↓**2%** compared with the previous week, but *only* **~72%** of what was moved in February 2022.

*Figure 16 – Average domestic inbound and outbound cargo (thousands)*




*Courtesy of BAC. Updated: 21/02/2023.*

## 3. Road and Regional Update

### a. Cross-border and road freight delays

This week, the following points are worth mentioning 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 decreased somewhat and averaged **~9,9 hours** (**↓12%**, w/w) for the week.
- Protest action delayed trade flows locally along the N17 and at the Kosi Bay border.
- Kasumbalesa DRC side has decreased idle time in the border from 48 hours to 24 hours in another bid to eliminate the long queues
- In Zambia, the Mufulira Council has re-instituted its levies on trucks passing through despite the shocking road conditions to the Sakania border, with rehabilitation yet to commence.
- Zimbabwe has instituted a mineral export ban on lithium to stimulate localisation and see lithium batteries being developed in the country. In a recent statement, the government said that the smuggling of lithium to countries like South Africa and the UAE costs Zimbabwe nearly **$1,8 billion** in lost mining revenue annually[17].
- Zimra's payment system has finally been amended and can now accept payments in dollars.
- 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[18], which has arguably achieved much greater success.

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

*Table 8 – Delays[19] summary – South African borders*

| Border Post | Direction | HGV[20] 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 | 391 | 6 | 4 | 24 | 11 730 | 2 737 |
| Beitbridge | Zimbabwe-SA | 410 | 5 | 2 | 13 | 12 300 | 2 870 |
| Groblersbrug | SA-Botswana | 248 | 1 | 2 | 18 | 7 440 | 1 736 |
| Groblersbrug | Botswana-SA | 157 | 0 | 0 | 2 | 4 710 | 1 099 |
| Vioolsdrif | SA-Namibia | 30 | 0 | 1 | 3 | 900 | 210 |
| Noordoewer | Namibia-SA | 20 | 0 | 1 | 2 | 600 | 140 |
| Nakop | SA-Namibia | 30 | 1 | 2 | 7 | 900 | 210 |
| Ariamsvlei | Namibia-SA | 20 | 0 | 1 | 1 | 600 | 140 |
| Lebombo | SA-Mozambique | 1 552 | 0 | 1 | 6 | 46 560 | 10 864 |
| Ressano Garcia | Mozambique-SA | 133 | 0 | 1 | 2 | 3 990 | 931 |
| Skilpadshek | SA-Botswana | 200 | 1 | 1 | 2 | 4 800 | 1 400 |
| Pioneer Gate | Botswana-SA | 100 | 1 | 1 | 2 | 2 400 | 700 |
| | **Average/Sum** | **3 291** | **01:00** | **01:00** | **07:00** | **96 930** | **23 037** |

*Source: TLC, FESARTA, & Crickmay, week ending 19/02/2023.*

[17] Zim Mail. 22/02/2023. Zimbabwe's Lithium: The Future of an ailing economy?
[18] FESARTA TRANSIST Bureau.
[19] 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.
[20] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

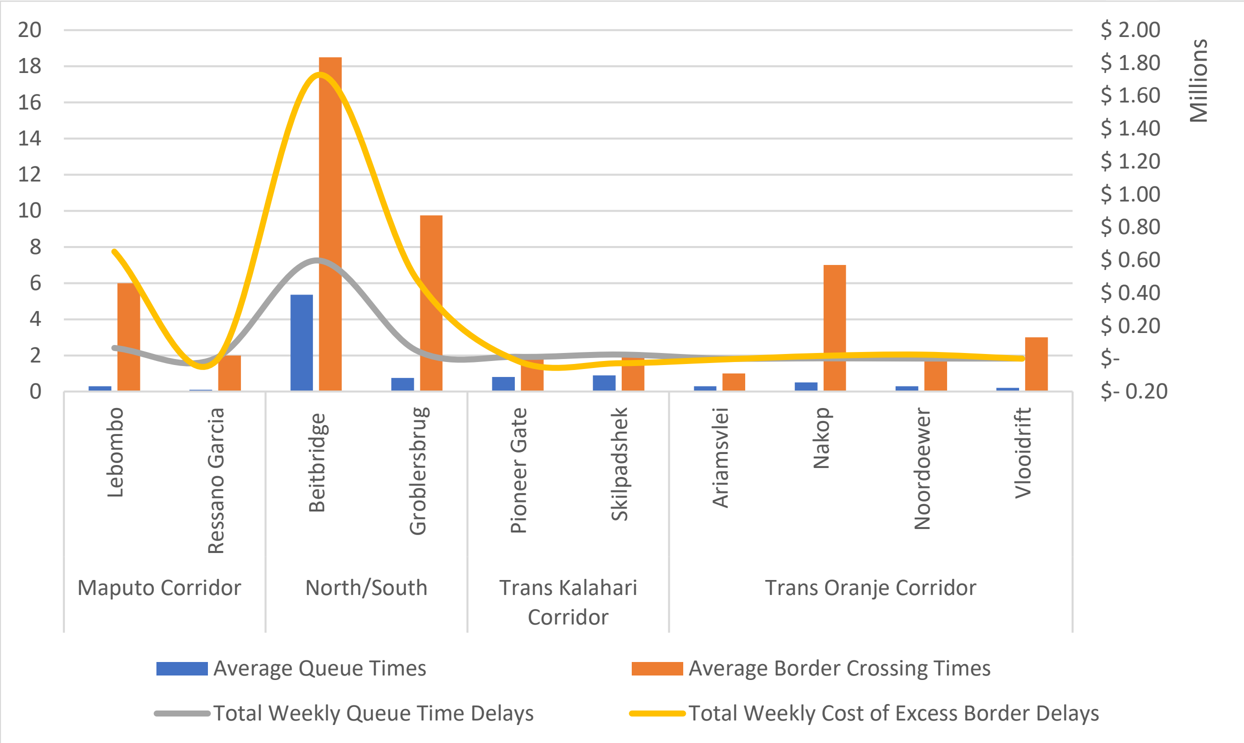
*Table 9 – Delays summary – Corridor perspective*

| Corridor | HGV Arrivals per day | Queue Time (hh:mm) | Border Time – Best 5% (hh:mm) | Border Time – Median (hh:mm) | HGV Tonnage per day | Weekly HGV Arrivals |
|---|---|---|---|---|---|---|
| **Beira Corridor** | 320 | 0 | 4 | 15 | 9 600 | 2 240 |
| **Dar Es Salaam Corridor** | 1 819 | 5 | 5 | 17 | 54 570 | 12 733 |
| **Maputo Corridor** | 1 685 | 0 | 1 | 4 | 50 550 | 11 795 |
| **Nacala Corridor** | 127 | 0 | 6 | 6 | 3 810 | 889 |
| **North/South** | 3 278 | 3 | 4 | 15 | 74 739 | 22 946 |
| **Trans Caprivi Corridor** | 116 | 1 | 2 | 8 | 3 480 | 812 |
| **Trans Cunene Corridor** | 100 | 0 | 4 | 40 | 3 000 | 700 |
| **Trans Kalahari Corridor** | 330 | 1 | 1 | 2 | 7 920 | 2 310 |
| **Trans Oranje Corridor** | 100 | 0 | 1 | 3 | 3 000 | 700 |
| **Average/Sum** | **7 875** | **02:00** | **03:00** | **12:00** | **210 669** | **55 125** |

*Source: TLC, FESARTA, & Crickmay, week ending 19/02/2023.*

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

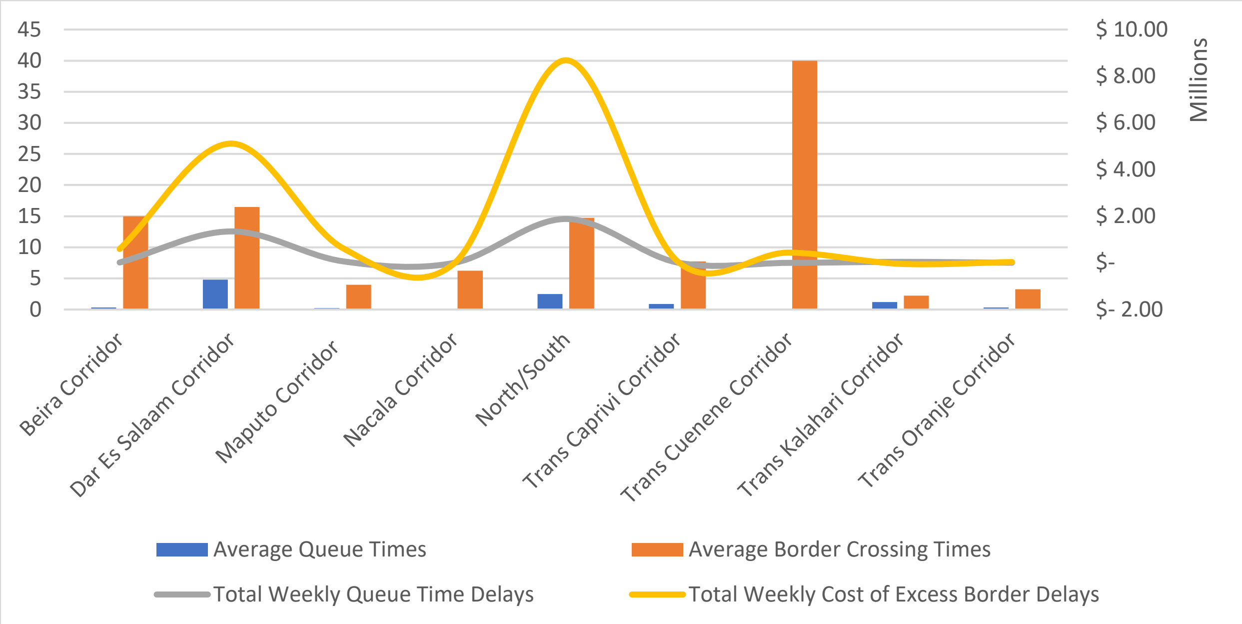
*Figure 17 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)*




*Source: TLC, FESARTA, & Crickmay, week ending 19/02/2023.*

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

*Figure 18 – Weekly cross-border delays & est. cost from a corridor perspective (hours & $ thousands)*




*Source: TLC, FESARTA, & Crickmay, week ending 19/02/2023.*

In summary, cross-border queue time has averaged **~1,9 hours** (down by **~1,5 hours** from the previous week's **~3,4 hours**), indirectly costing the transport industry an estimated **$3 million** (**R60 million**). Furthermore, the week's average cross-border transit times hovered around **~12,3 hours** (down by **~1,6 hours** from the **~13,9 hours** recorded in the previous report), at an indirect cost to the transport industry of **$16 million** (**R273 million**). As a result, the total indirect cost for the week amounts to an estimated **~R332 million** (down by **~R45 million** or **↓12%** from **R378 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 shipping industry and **(b)** the global aviation industry.

### b. Global shipping industry

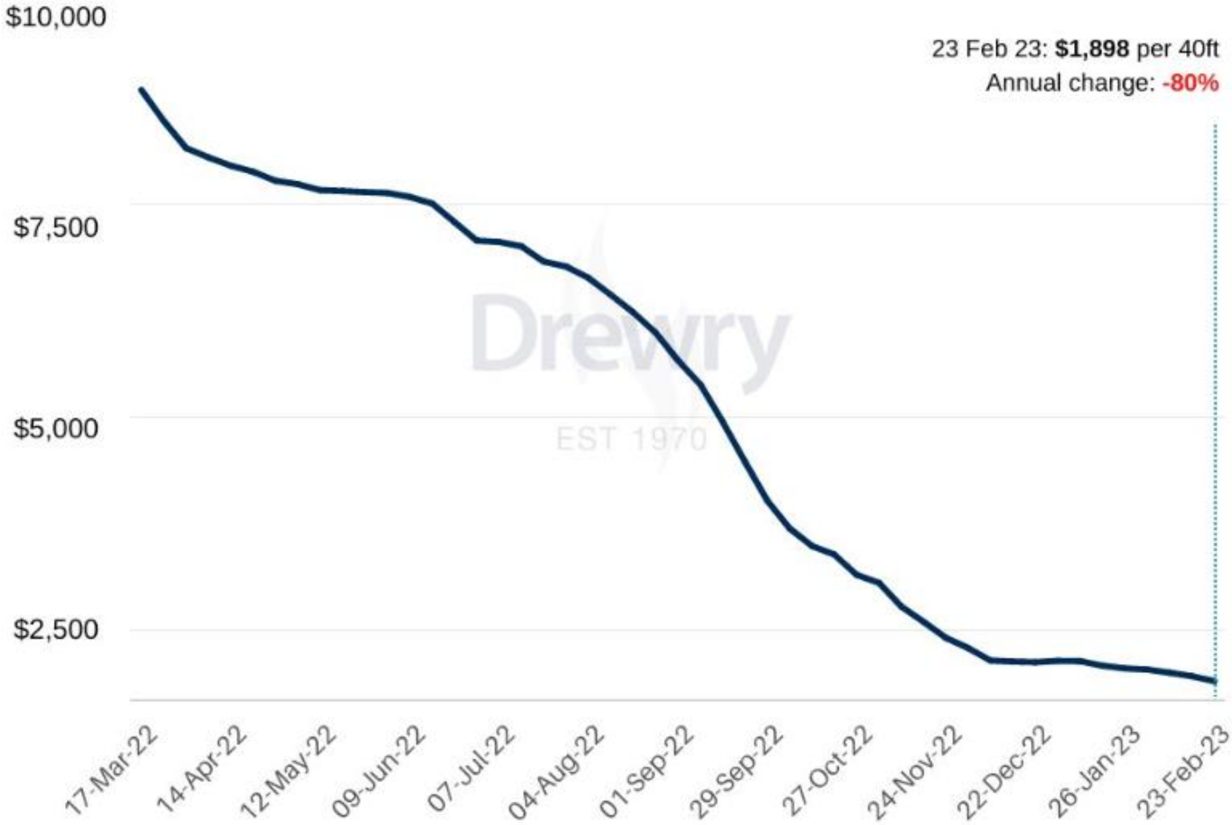
#### i. Capacity utilisation and global container freight rates relationship

The sharp drop in transpacific capacity utilisation has weighed down market sentiment as carriers continue to drop rates in response, even on routes where utilisation remains relatively healthy[21]. Moreover, capacity management measures have been entirely ineffective in halting the rate decline (Drewry's "*Cancelled Sailings Tracker*" is back to "normal levels" at an approximate **10% cancellation rate**[22] ), as the expectation of a demand rebound is keeping capacity in the market for longer than required. Consequently, and as expected, the spot rates continue to tumble, as the "*World Container Index*" decreased by **↓3%** (**$57**) this week to **$1 898** per 40-ft container:

---

[21] Linerlytica. 21/02/2023. Market Pulse.
[22] Drewry. 17/02/2023. Cancelled Sailings Tracker - 24 February.

*Figure 19 – World Container Index assessed by Drewry ($ per 40 ft. container)*




*Source: Drewry Ports and Terminal insights*

The composite index is now ↓**80%** below the corresponding spot price quoted last year and ↓**30%** lower than the 10-year average of **$2 692**. The index still hovers some ↑**34%** above the average pre-pandemic rate quoted in 2019; however, the gap is closing steadily, implying that the market equilibrium between price and quantity (liner capacity) is getting closer. Moreover, according to Xeneta, the month-on-month drop in ocean freight rates is now the biggest ever recorded[23]. Overall, the rate developments in the Transpacific and Asia-Europe trades match expectations well if the assumption is a market operating with a close link between supply, demand, and pricing. Incidentally, the freight rates on all eight major East-West trade lanes were reduced this week[24]. The immediate expectations are for rates to decrease steadily, albeit by smaller and smaller margins over the next few weeks. Elsewhere, charter rates remain relatively firm despite a few isolated cases of charterers' default. There is a very low likelihood that the larger carriers will renege on their charters committed at last year's market peak. Reefer rates also remain stable, as the global volatility in supply, demand, and price is less than in dry goods.

### ii. Further developments of note

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

[23] Xeneta. 13/02/2023. Xeneta In the News Week 06, 2023 | Latest Ocean and Air Freight Market Updates.
[24] Murphy, A. 22/02/2023. Utilisation drives rates down – except Atlantic.

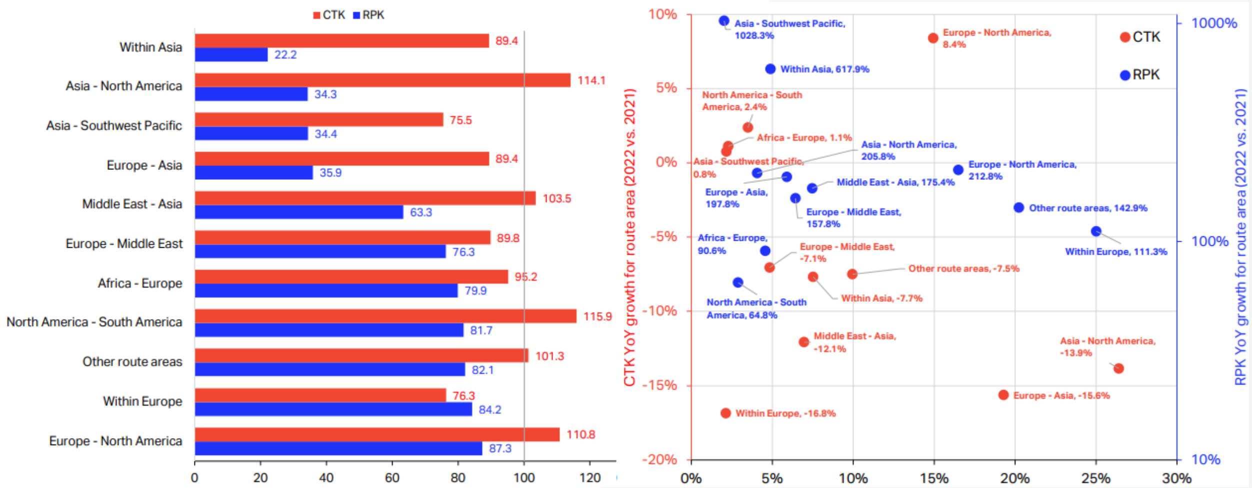
1. **The reefer market will continue to grow, but technology is vital to help manage that:**
   a. Cold supply chains must develop better decision-making through improved communications and data analytics. For example, in a recent paper, reefer lessor Sea Cube said between **↑7%** and **↑15%** of food transported in reefer containers was inedible when it reached its destination[25].
   b. A fluid cold supply chain is critical to feeding the world, and cold chains must be maintained end-to-end and across all modalities. The same is critical for South Africa – being a significant producer and exporter of many agri-sub-sectors. Last week, Berries ZA told Farmer's Weekly that the Transnet strike last year ended up costing the blueberry industry a loss of **R200 000/ha** as export opportunities were lost locally and internationally due to competing produce from Peru and Chile[26].
   c. With the market set to grow at **↑5%** annually through 2025, a more efficient cold supply chain would cut costs and help compensate for shortfalls caused by economic shocks like the war in Ukraine.
2. **DP World seals cooperation deal to boost Caspian Sea-Africa (including South Africa) trade:**
   a. DP World has signed a cooperation agreement with Caspian Container Co (CCCSA) to stimulate trade between Central Asia and parts of Africa. Digitisation of the trades from the Greater Caspian Sea area will allow traders to book and track freight from one region to another using DP World's Sea Rates digital platform[27].
   b. According to DP World, the focus will see trade from Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, and Afghanistan linked to Mozambique, DRC, Nigeria, South Africa, Morocco, Tunisia, Ghana and Kenya.
3. **Maersk leaves Russia entirely with the sale of Russian sites:**
   a. After almost a year, Maersk has sold its last two Russian logistics sites. St Petersburg and Novorossiysk sites were closed on Friday following a deal with IG Finance Development to acquire the facilities[28].

### c. Global air cargo industry

This week, IATA provided an industry-wide review of the most prominent routes for both cargo and passengers[29]. IATA notes that the industry closed the year with many positive developments, notably international passenger growth and sustained cargo performance in most of the top 10 route areas continuing. As such, Air cargo ended the year with more demand than pre-Covid levels for some route areas, including Asia – North America, Middle East – Asia, Europe – North America, and within Americas; Africa – Europe was at **95,2** (below left):

[25] Savvides, N. 23/02/2023. Sea Cube says reefer market will grow, and tech can help manage that.
[26] Botha, L. 15/02/2023. Transnet dumps blueberry industry in deep water.
[27] Savvides, N. 21/02/2023. DP World seals cooperation deal to boost Caspian Sea-Africa trade.
[28] Whiteman, A. 21/02/2023. Sale of logistics sites brings Maersk presence in Russia to an end.
[29] IATA. 7/02/2023. Industry year-end review by route area.

*Figure 20 – Top 10 route areas by RPK and CTK in 2022 (Indexed, 2019 levels = 100) and y/y demand growth*




Source: [IATA](IATA)

Passenger numbers also returned in some numbers, compared with last year's performance; the industry saw remarkable y/y growth of RPKs in the top route areas (top right). In 2022, the route area with the highest share of total passenger traffic was the Europe market, which saw its RPKs increase by **↑111,3%** (y/y). On the other hand, despite the outstanding passenger traffic growth in the Asia-related route areas, these markets are still lagging in recovery to 2019 levels, and their contribution to total traffic remains significantly less than their pre-pandemic share. Africa – Europe RPKs were up by **↑90,6%** (y/y), which also bodes well for cargo since more passenger flights mean more cargo belly capacity.

In the more frequent data from World ACD's analysis[30], worldwide air cargo tonnages and average rates further stabilise over the short term. Nevertheless, long-term indicators show that capacity remains weak across all regions:

*Figure 21 – Global capacity, weight, and yield (%, bi-weekly and annually)*

| Origin Regions last 2 to 5 weeks | Capacity¹ | | | Chargeable weight¹ | | | Yield/rate¹ | | |
|---|---|---|---|---|---|---|---|---|---|
| | Last 5 wks | 2Wo2W | YoY | Last 5 wks | 2Wo2W | YoY | Last 5 wks | 2Wo2W | YoY |
| Africa | | -1% | +16% | | +0% | +9% | | -4% | -11% |
| Asia Pacific | | +21% | +33% | | +20% | -36% | | -2% | -37% |
| C. & S. America | | -8% | +0% | | -17% | +3% | | -3% | -8% |
| Europe | | -0% | +19% | | +1% | -12% | | -1% | -19% |
| M. East & S. Asia | | +5% | +18% | | +3% | -13% | | -1% | -44% |
| North America | | -0% | +13% | | +2% | -19% | | -1% | -9% |
| **Worldwide** | | **+3%** | **+17%** | | **+3%** | **-19%** | | **+2%** | **-26%** |

Source: [World ACD](World ACD)

Figures for week 7 (13 to 19 February) show a slight increase (↑3%) in worldwide tonnages compared with the previous two-week period – this was led by a massive increase in the Asia-Pacific region. Capacity has

[30] World ACD. 17/02/2023. [Worldwide air cargo tonnages and average rates further stabilize](Worldwide air cargo tonnages and average rates further stabilize)

increased by a similar magnitude (↑3%) and is substantially up versus the same period last year (↑17%). Nevertheless, as shown above, airlines' cargo operations continue to struggle financially against the backdrop of weak global demand for goods, as rates are significantly down compared to last year.

**ENDS**[31]

[31]**ACKNOWLEDGEMENT:**

*This initiative – **The Cargo Movement Update** – was developed collectively by Business at large to provide visibility of the movement of goods during the COVID-19 pandemic. The report is authored by the South African Association of Freight Forwards (SAAFF) and distributed by Business Unity South Africa (BUSA). SAAFF acknowledges the input of several key business partners in compiling these reports, which have become a weekly industry staple. This edition is proudly sponsored by DACHSER.*