

## Cargo movement update<sup>1</sup>

**Date: 11 August 2023**

### Weekly Snapshot

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

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	24 310	32 570	56 880	23 557	24 975	48 532	↑18%
Air Cargo (tons)	3 115	1 586	4 701	3 069	1 776	4 845	↓3%

### Monthly Snapshot

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

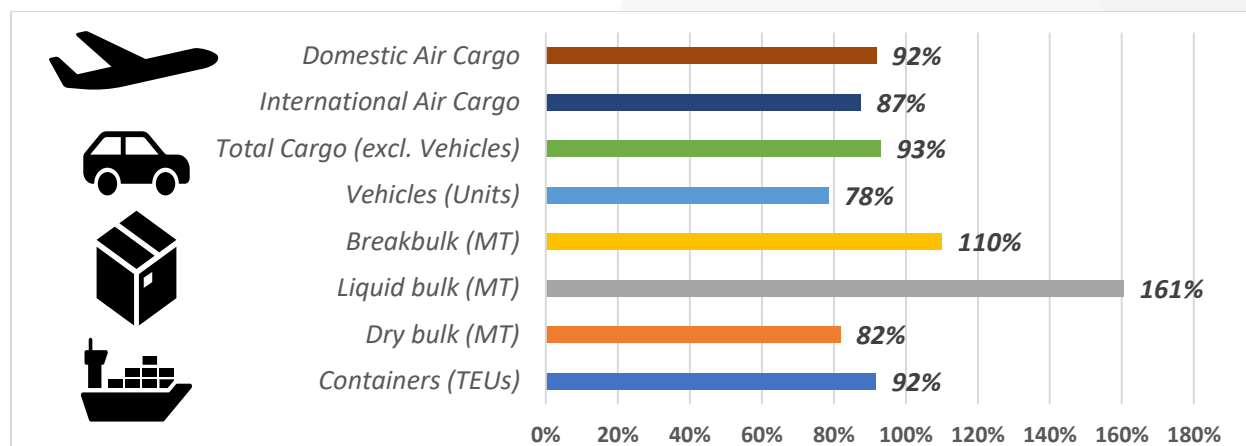
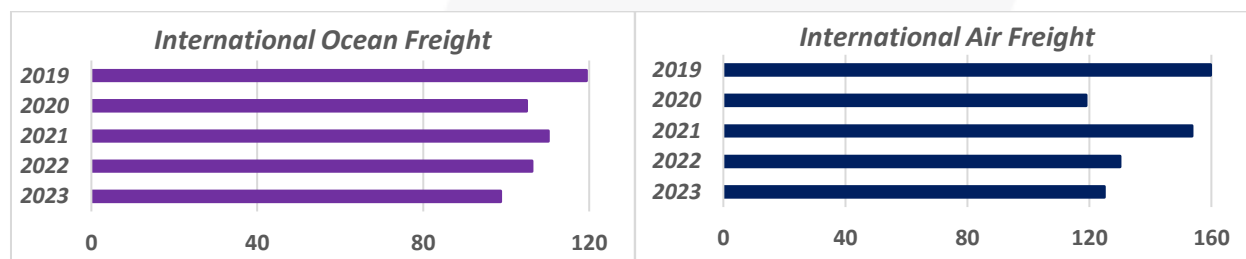


Figure 2 – Global year-to-date flows 2019-2023<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



### Key Notes

- An average of **~8 126 containers** was handled per day, with **~10 041 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 329 containers**, **↑18%** compared to last week.
- Cross-border queue times were **↓1,1 hours** (w/w), with transit times **↓3,2 hours** (w/w); SA borders decreased by **three hours**, averaging **~9,6 hours** (**↓30%**); Other SADC borders averaged **~7,5 hours** (**↓32%**).
- CTS container throughput in June (dry & reefer) is down by **↓1,0%** (m/m) and down by **↓1,4%** (y/y).
- Global freight rates increased again this week and are up by **↑1,7%** (or **\$30**) to **\$1 791** per 40ft.
- Total worldwide reefer cargo declined to **137,5 million tonnes** in 2022 – a fall of **↓0,7%** (y/y).
- Global air cargo demand fell by **↓3,4%** (y/y) in June, while capacity is still up by **↑9,9%** (y/y).

<sup>1</sup> 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 149<sup>th</sup> update.

<sup>2</sup> 'Current' means the last 7 days' (a week's) worth of available data.

<sup>3</sup> 'Previous' means the preceding 8-14 days' (a week's) worth of available data.

<sup>4</sup> 'Monthly' means the last months' worth of available data compared to the same month in the previous year; Air: June vs June, Ocean: June vs June.

<sup>5</sup> For ocean, total Jan-May cargo in metric tonnes, as reported by [Transnet](http://Transnet) is used, while for air, Jan-Jun cargo to and from ORTIA is used.

## Executive Summary

This update – *the 149<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. In the country's maritime economy, commercial ports handled an average of **8 126 containers** per day – slightly less than predicted but a decent increase versus the last few weeks. This week, port operations were characterised by adverse weather conditions, continuous equipment breakdowns and shortages, the SANTACO strike, and severe congestion. Operational performance at the Port of Cape Town was overshadowed by the SANTACO strike action this week, while the Eastern Cape ports, unfortunately, could not escape the clutches of adverse weather during the early stages of the week.

Elsewhere, the Port of Durban returned to the "*Port Congestion Watch*" earlier this week with more than 24 000 TEUs stuck at outer anchorage while the port helicopter still has not returned to service. Industry reports suggest that DCT should anticipate high reefer volumes over the next two weeks as citrus exporters will rush to feed EU markets before they close for oranges and other citrus products. The repairs on the Mooring master at NCT were completed earlier this week; however, no updates have been received yet regarding the testing of the units. Additionally, during the earlier stages of the week, a new area on the rail network was targeted as cable theft and vandalism occurred on the line near Capital Park in Pretoria. Similarly, the Container Corridor was impacted by two major cable theft incidents, specifically in the Jonkershoek and Sentrarend areas.

Container throughput remains stable as **15,1 million TEUs** were handled in June, slightly less than the **15,3 million TEUs** during the same period last year. Most major sub-regions saw varying volume increases in June, notably with North American exports down by **↓8,7%** (m/m), while Australasia and Oceania imports increased by **↑4,8%** (m/m). Sub-Saharan African trade followed a similar trajectory to global trends, with exports and imports down by **↓2,8%** in June. Ocean carriers maintained their August GRI gains in the transpacific and Asia-Europe trade lanes, halting spot rate erosion on the transatlantic. Carriers in the Asia-North Europe trade lane were cautious in capacity management, with some voided sailings. The industry's service reliability improved, with around **95%** of ships expected to sail as scheduled in the next five weeks. Port congestion minimally affected the global fleet, and the idle fleet remained low as the overall improvement in the industry continued in an albeit subdued peak season. Other developments included **(1)** reefer shipping remains resilient despite 2022 trade contraction, **(2)** Panama Canal draught restrictions sparking liner surcharges, and **(3)** five Korean firms showing interest in a takeover of HMM.

International air cargo to and from South Africa decreased in the last week (**↓3%**) – mainly because of overall exports (**↓11%**). Domestic cargo is slightly down (**↓1%**) versus last week but remains significantly down on pre-pandemic levels (**~58%**) – especially at OR Tambo. Internationally, global air cargo demand has shown the smallest decline since Feb 2022, as year-to-date cargo tonne-kilometres (CTKs) were **↓8,1%** lower than last year. Despite this, available cargo capacity (ACTKs) grew at a slower **↑9,7%** annual rate in June, in contrast to double-digit growth in preceding months. The leading indicators signalled further air cargo demand contraction but noted that improved inflation in major economies might boost the global economy and demand. Some trade lanes recovered, while recent data indicated stable global rates. In other air cargo news, **(1)** the closure of Niger's airspace will have a knock-on effect on cargo flows, and **(2)** aircraft passenger-to-freighter (P2F) conversions are continuing at a stable rate, but fears of an oversupply scenario exists.

In regional cross-border road freight trade, average queue time decreased by around **an hour**, while transit times were more than **three hours** compared to last week. The median border crossing times at South

African controlled borders decreased by **three hours**, averaging **~9,6 hours** (↓30%, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by even more – **three and a half hours** – and averaged **~7,5 hours** (↓32%, w/w). On average, two SADC land borders took more than a day to cross, including Kasumbalesa (with queues also taking nearly eight days to reach the border) and Zobue/Mwanza. Further notable developments included **(1)** challenges persisting at Lebombo, **(2)** taxi violence in Cape Town ends, and **(3)** the Kasumbalesa queue out of DRC reached 100km this week.

This week, the ongoing detrimental reality of cable theft and vandalism on our rail network is highlighted. Indeed, wherever one looks, our logistics industry faces a crisis requiring immediate attention and innovative solutions. Along with the **(1)** energy crisis, **(2)** fighting crime and corruption (which is also valid for trade, transport, and logistics), and **(3)** logistics crisis has been emphasised as the most critical aspects to kickstart our economy and fast track a return to the economic growth path desperately needed. For rail, especially, this means at the very least **(1)** increasing rail access (including PSP) to increase density and automatically combat theft and vandalism, **(2)** creating fencing yards, substations, and relay rooms, **(3)** identifying safe zones for the staging of trains, **(4)** replacing copper-based overhead traction equipment with tiger wire to discourage cable theft, and **(5)** installing closed circuit television cameras to improve site monitoring in buildings, substations, and relay rooms. These measures will go a long way to restore rail to its former glory (which still shows some pockets of excellence, notably our export lines) and ensure that the holistic logistics network will be improved. As often mentioned, our logistic network is an integral part of the economy and plays a crucial role in the growth and development of our nation. South Africa desperately needs it to work.

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## 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 5 to 11 August<sup>6</sup>

7-day flow forecast (05/08/2023 – 11/08/2023)		
TERMINAL	NO. OF CONTAINERS <sup>7</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 129	3 813
DURBAN CONTAINER TERMINAL PIER 2:	11 414	12 621
CAPE TOWN CONTAINER TERMINAL:	2 670	4 304
NGQURA CONTAINER TERMINAL:	4 869	5 994
GQEERHA CONTAINER TERMINAL:	1 228	5 838
<b>TOTAL:</b>	<b>24 310</b>	<b>32 570</b>

Source: Transnet, 2023. Updated 11/08/2023.

Table 3 – Container Ports – Weekly flow predicted for 12 to 18 August

7-day flow forecast (12/08/2023 – 18/08/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 540	5 862
DURBAN CONTAINER TERMINAL PIER 2:	12 393	16 221
CAPE TOWN CONTAINER TERMINAL:	5 366	8 208
NGQURA CONTAINER TERMINAL:	6 867	5 362
GQEERHA CONTAINER TERMINAL:	2 001	2 470
<b>TOTAL:</b>	<b>32 167</b>	<b>38 123</b>

Source: Transnet, 2023. Updated 11/08/2023.

An average of **~8 126 containers** (**↑18%**) was handled per day for the last week (5 to 11 August, Table 2), compared to the projected average of **~9 486 containers** (**↓14%** actual versus projected) noted in last week's report. For this week, an increased average of **~10 044 containers** (**↑24%**) is predicted to be handled (12 to 18 August, Table 3). However, achieving this elevated target is highly unlikely, as our ports have only shown on a few occasions that they can handle over **10 000 containers** daily.

It is worth noting that these predictions are based on the incoming volumes and our demonstrated capacity for them. Therefore, these targets can be seen as reaching excellent performance at each terminal, which the industry should strive to achieve. Incidentally, the average weekly number of containers handled per day for this year currently stands at **~7 571 containers**., which is significantly short of what it could be. Several typical operational constraints continued to inhibit optimum port performance this week, primarily adverse

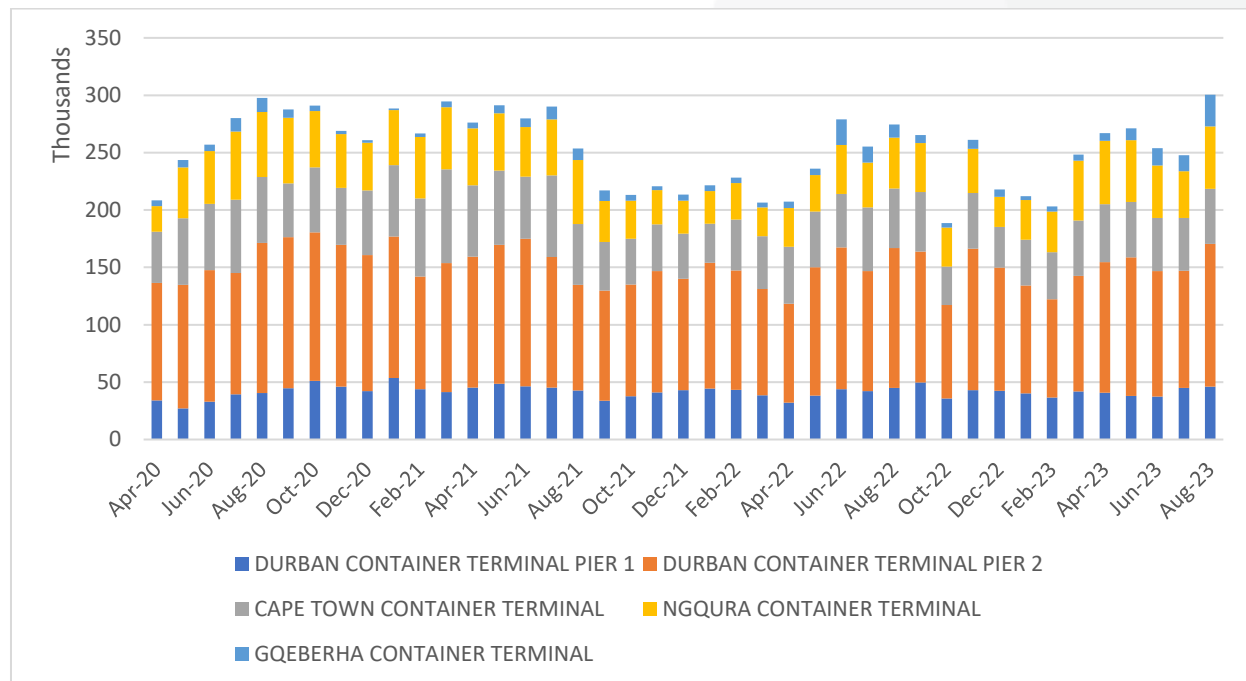
<sup>6</sup> It remains important to note that a large percentage (approximately 37% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transshipments.

<sup>7</sup> 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.

weather conditions, continuous equipment breakdowns and shortages, the SANTACO strike, and severe 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.

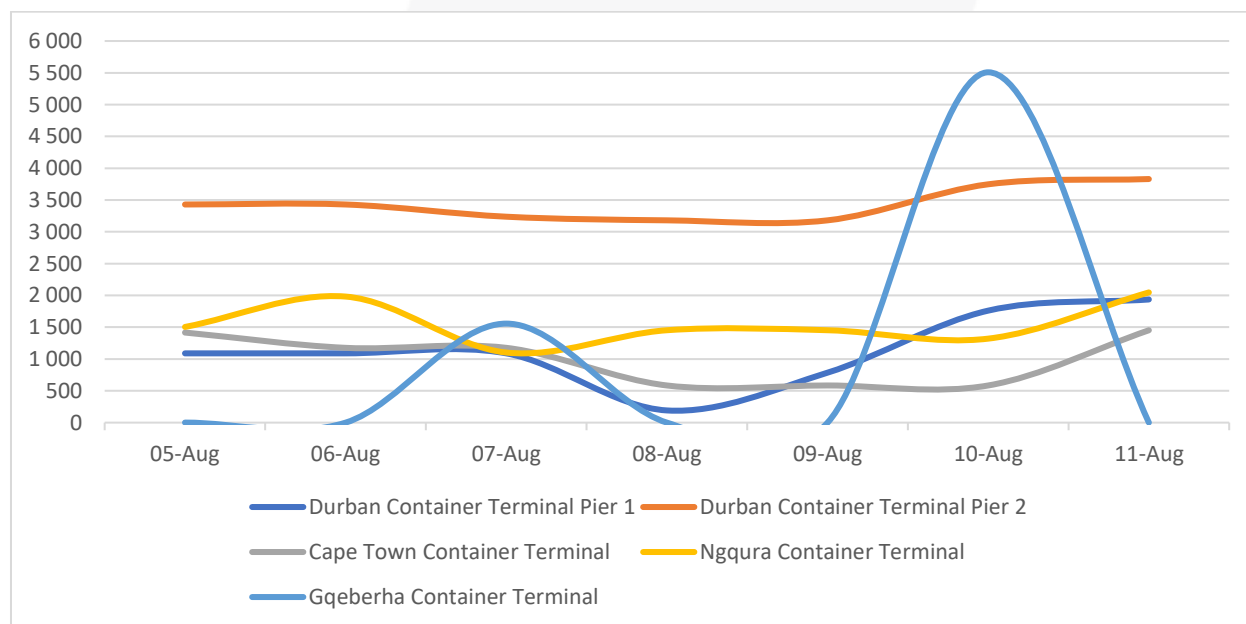
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 11/08/2023.

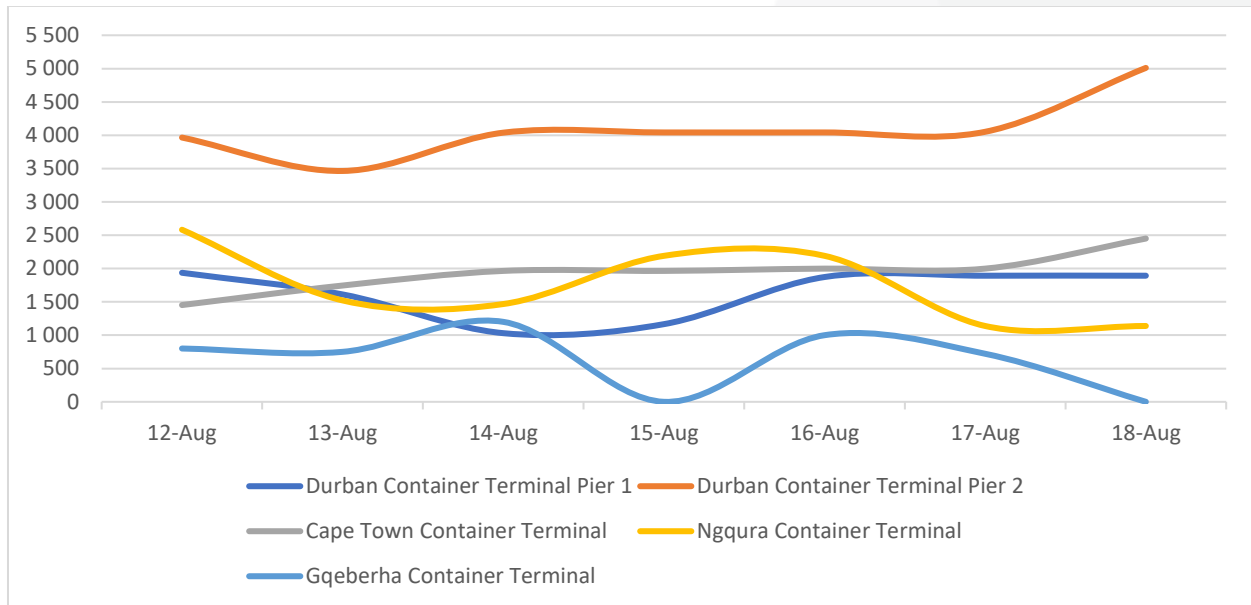
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (5 to 11 August; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 11/08/2023.

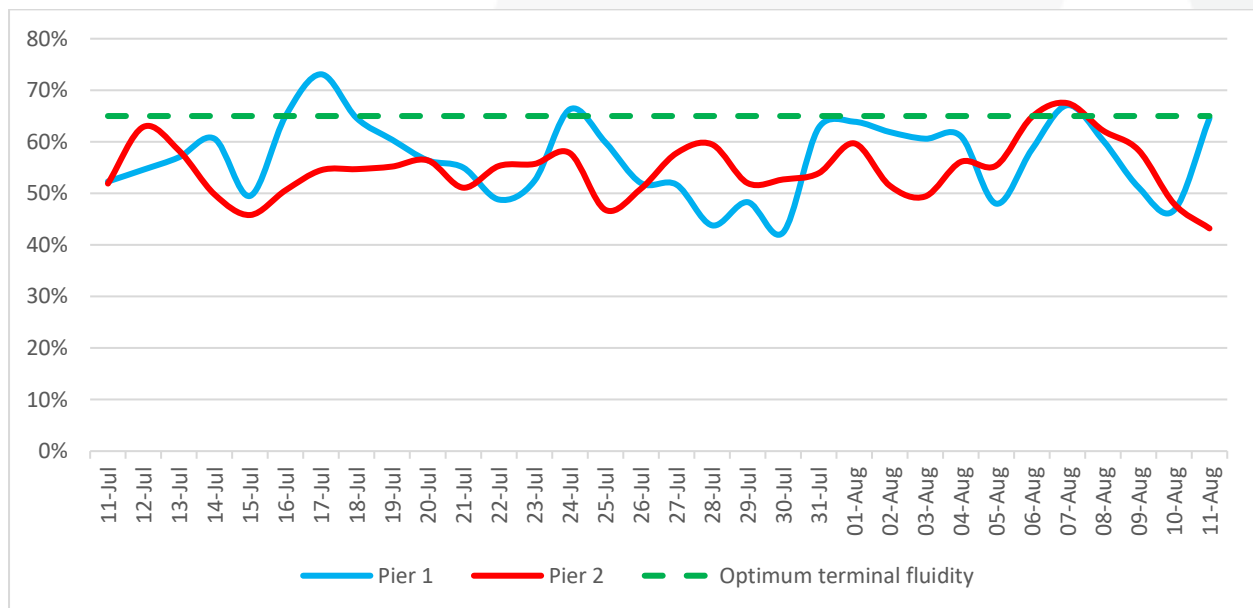
Figure 5 – 7-day forecast reported for total container movements (12 to 18 August; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 11/08/2023.

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 (11 July to present; day on day)

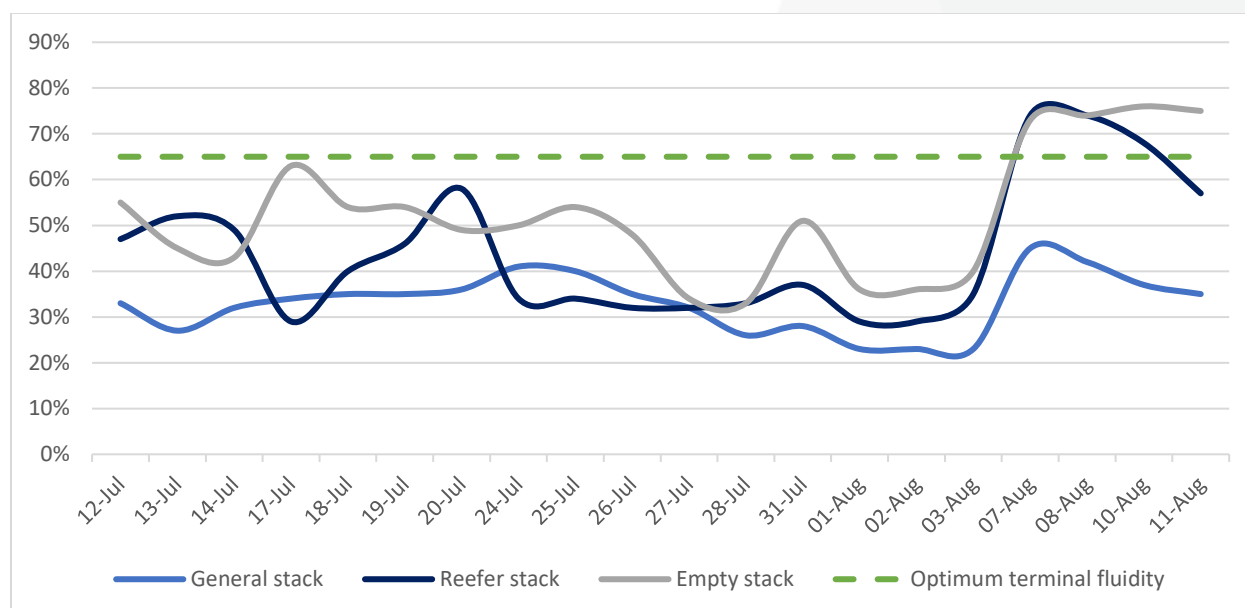


Source: Calculated using data from Transnet, 2023. Updated 11/08/2023.

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 (12 July to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 11/08/2023.

## b. 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

- Operations at the Port of Cape Town were overshadowed by the SANTACO strike action this week.
- This week, the main culprits causing operational delays in Durban were equipment breakdowns and congestion.
- Minimal delays were reported at the Port of Richards Bay, with the most notable disruption being a berth occupied for longer than anticipated.
- Unfortunately, the Eastern Cape ports could not escape the clutches of adverse weather during the early stages of the week.

### ii. Cape Town

On Friday, CTCT recorded three vessels at berth and four at anchor as operations were negatively impacted by severe vessel ranging and the SANTACO strike. Stack occupancy for GP containers was recorded at 35%, reefers at 57%, and empties at 75%. In the latest 24-hour period to Friday, the terminal handled 1 367 TEUs across the quay. 718 trucks were serviced on the landside, while 20 rail export containers were on hand. The Port managed to keep itself off the "Port Congestion Watch" again this week; however, caution must be upheld as the SANTACO strike disrupted operations. At the end of the week, four vessels were waiting at anchor. Additionally, vessel ranging contributed significantly to operational inefficiencies as the shore tensioning units remain seemingly ineffective.

The multi-purpose terminal, on Thursday, recorded no vessels at anchor and one at berth. In the 24 hours leading to Thursday, the terminal managed to service 202 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 572 TEUs were moved across the quay on the waterside. Stack occupancy was recorded at 25% for GP containers, 81% for reefers, and 18% for empties by the end of the



week. Unfortunately, the terminal was also affected by the SANTACO strike, as they only had one operational gang for the most significant part of the week.

The FPT private terminal reported zero vessels at anchorage while servicing four vessels at berth on Friday. During the 24 hours before Friday, the terminal managed to handle 903 pallets of fruit on the waterside while servicing 149 trucks on the landside. During the same period, reefer stack occupancy was recorded at 74%.

### iii. Durban

Pier 1 on Thursday recorded two vessels at berth, operated by five gangs, and two vessels at anchor. Stack occupancy was 47% for GP containers and 29% for reefers. During the same period, 1 071 imports were on hand, with 117 units having road stops and 80 unassigned. The terminal recorded 1 334 landside gate moves, with an undisclosed number of cancelled slots and 130 wasted. The truck turnaround was recorded at ~74 minutes, with an average staging time of ~93 minutes, as the terminal was very congested towards the end of the week. On Friday, slots at block Delta II were suspended until the congestion in the block was alleviated. Additionally, a tiered release approach was followed at blocks Delta III and Bravo II from Friday afternoon in another attempt to alleviate the congestion.

Pier 2 had four vessels at berth and three at anchorage on Friday. In the 24 hours to Friday, stack occupancy was 43% for GP containers and 55% for reefers, with 48% of reefer plug points utilised. The terminal operated with 11 gangs while moving 3 328 TEUs across the quay. During the same period, there were 2 700 gate moves on the landside with a truck turnaround time of ~69 minutes and a staging time of ~47 minutes. Of the landside gate moves, 1 282 (47%) were for imports and 1 418 (53%) for exports. Industry concerns surfaced towards the end of the week as a single transporter wasted 44 slots on Thursday, which is unacceptable. These concerns are subsequently coupled with confusion as it is difficult to understand how one transporter managed to book so many slots in the first place. TNPA and TPT are currently investigating the matter. Additionally, 340 rail import containers were on hand, with 315 moved by rail on Friday.

The Port of Durban returned to the "*Port Congestion Watch*" earlier this week with more than **24 000 TEUs** stuck at outer anchorage, although the queue-to-berth ratio of 0,55 remains far from alarming just yet. Additionally, the port serviced marine operations with a complement of five tugs for the most significant part of the week before one tug went out of commission for planned maintenance. The port helicopter remains out of commission as the technical team is still seemingly procuring the spares required to repair the aircraft. Furthermore, according to the industry, DCT should anticipate high reefer volumes over the next two weeks as citrus exporters will rush to feed EU markets before they close for oranges and other citrus products.

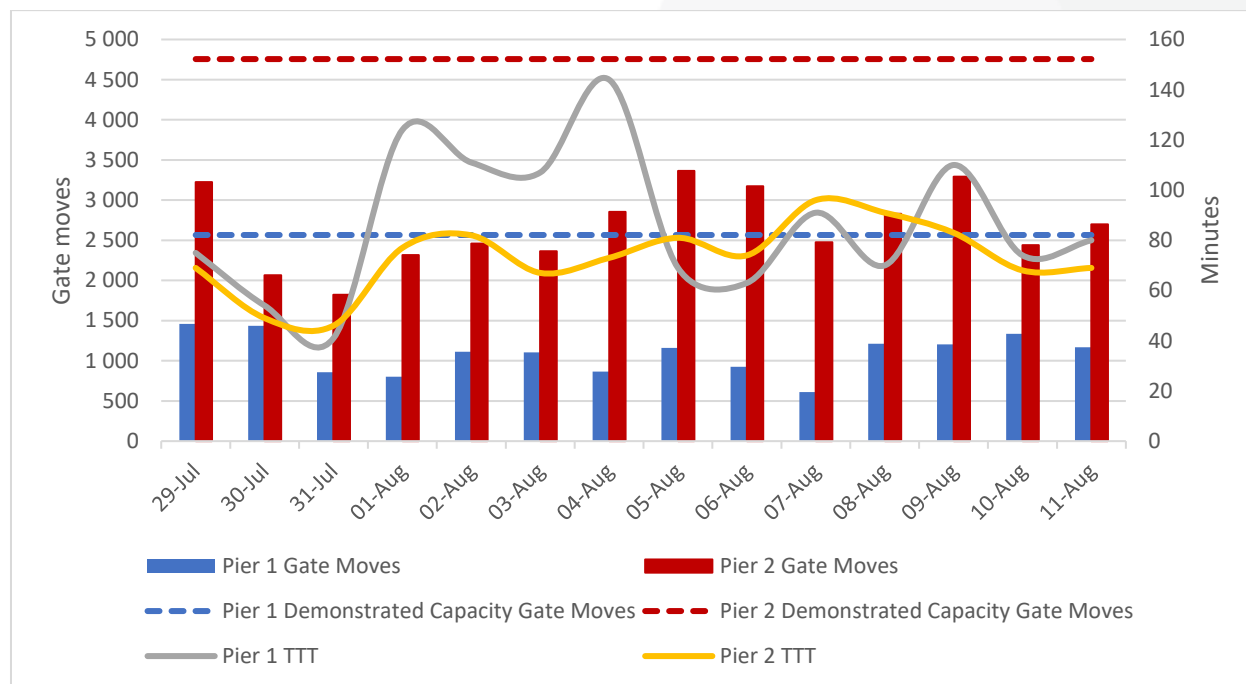
Durban's MPT terminal recorded two vessels at berth on Thursday, one at the outer anchorage while handling 232 container volumes and 4 382 breakbulk tons on the waterside. Stack occupancy for breakbulk was recorded at 55% during that time and at 45% for containers, with no reefer plug points available. The terminal managed to handle 200 containers on the landside while servicing 71 breakbulk RMTs translating to 2 003 tons. During the same period, two cranes, eight reach stackers, one empty handler, six forklifts and 18 ERFs were in operation. Additionally, the third crane went out of commission during the latter stages of the week on a short-term breakdown. The latest reports suggest the crane should return to service by next Friday, 18 August. If history repeats itself, caution should be upheld regarding the estimated time of return, as previous maintenance operations took longer than expected.

On Friday, the Ro-Ro terminal in Durban recorded no vessels on the berth, with none at outer anchorage. Over the 24 hours to Friday, the terminal received 390 units and dispatched 273. Operations were below

average on Thursday due to an accident restricting carriers from entering the terminal. The latest reports from TNPA suggest that congestion should not become a problem at the terminal as most appointments for Friday will be shifted to Saturday to make room for backlogs to be cleared. During the same period, general stack occupancy was recorded at 50%, with a composition of 30% for imports, 63% for exports, and 7% for transhipments. Stack occupancy at G-berth, as well as QR, was high at 60%. The terminal had 1 794 import units on hand, 3 827 units destined for export markets, and 433 units subject to transhipments.

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 11/08/2023.

#### iv. Richards Bay

On Tuesday, Richards Bay recorded 19 vessels at anchor, seven destined for DBT, six for MPT, five for RBCT, and one for the liquid bulk terminal. During the same period, 15 vessels were on berth, translating to seven at DBT, five at MPT, three at RBCT, and none at the liquid bulk terminal. Two tugs, one helicopter, and one pilot boat were in operation for marine resources in the 24 hours leading up to Wednesday. The helicopter remains on standby as a contingency measure should the Port of Durban require assistance on the waterside.

#### v. Eastern Cape ports

NCT on Monday recorded two vessels on berth and three vessels at outer anchorage. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Tuesday. In the same period, stack occupancy was 40% for GP containers, 40% for reefers, and 59% for reefer ground slots. And in that period, 2 336 TEUs were processed at a GCH of ~15 and SWH of ~37. Additionally, 407 reefers were handled across the quay, while 277 trucks were serviced on the landside at a truck turnaround time of ~33 minutes. The repairs on the Mooring master at the port were completed earlier this week; however, no updates have been received yet regarding the testing of the units.

GCT on Wednesday recorded one vessel 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 Thursday. In the same period, stack occupancy was 47% for GP containers, 72% for reefers, and 78% for reefer ground slots. On the waterside, 1 097 TEUs were handled across the quay. Additionally, 170 trucks were serviced on the landside at a truck turnaround time of ~21 minutes.

The Ro-Ro terminal had one vessel on berth and no vessels at anchor on Tuesday. 1 063 units were handled on the waterside in the 24 hours before Wednesday. During the same period, 3 450 units were on hand, leading to a stack occupancy figure of 36%.

On Monday, the Port of East London had two vessels on berth and none at anchor. On the waterside, no containers were moved across the quay, but 68 external trucks were serviced on the landside at a truck turnaround time of ~10 minutes. Stack occupancy on the container side improved somewhat to 80%, which still represents a cause for concern. During the same period, at the Ro-Ro terminal, 548 units were received, while stack occupancy at the car terminal was captured at 68%. 865 bulk tons were handled at a TPH of 110 on the waterside, while 10 RMTs, translating to 344 tons, were serviced on the landside.

#### vi. Saldanha Bay

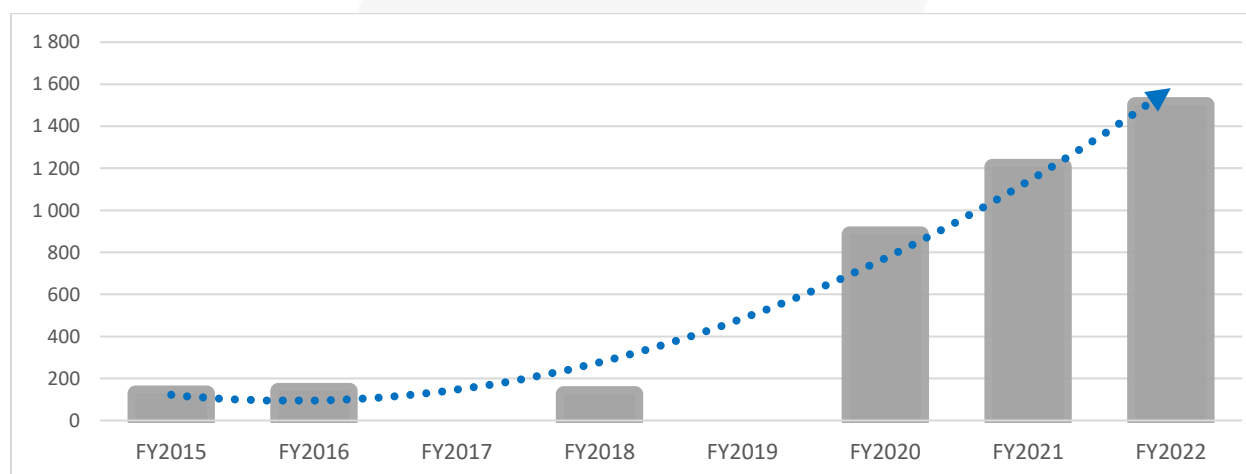
On Friday, the iron ore terminal had one vessel at anchorage and one on the berth, while the multi-purpose terminal also had one vessel at anchor and one on the berth. The vessels at anchor have been waiting outside for approximately 3-4 days, while the vessels in the port have been on berth for around 2-3 days.

#### vii. Transnet Freight Rail (TFR)

During the earlier stages of the week, a new area on the rail network was targeted as cable theft and vandalism occurred on the line near Capital Park in Pretoria. Operations were subsequently disrupted for a few hours. Similarly, towards the end of the week, the Container Corridor was impacted by two major cable theft incidents, specifically in the Donkerhoek and Sentrarand areas. These incidents essentially impacted the movement of trains between the Reef and Durban. No estimated restoration time has been confirmed.

It is perhaps worth emphasising the immense negative impact that theft and vandalism have had on our industry in the last five years. Indeed, more than **1 500km** of cable was stolen in the fiscal year of 2022 (a staggering **↑1096%** increase in the length in the past five years, according to TFR). The following table shows the massive increase in this period:

Figure 9 – TFR: Length (in km) of cable stolen (2015 – 2022, selected years)

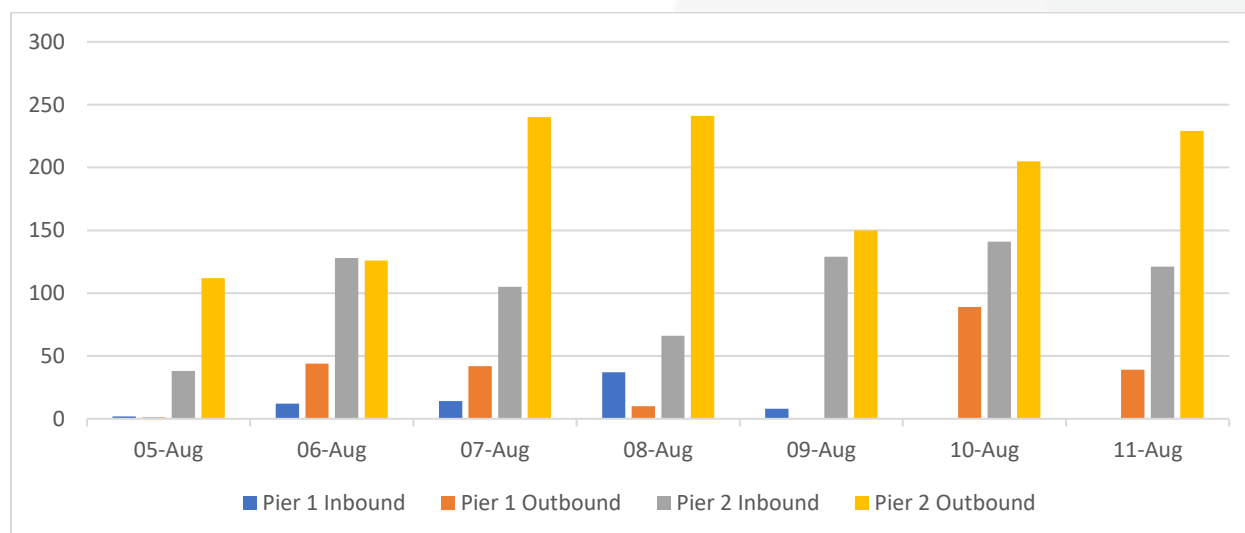


Source: [TFR Annual Report](#), 2022; and selected media clippings.

For 2022 alone, TFR lists a net impact of **R4,1 billion**. However, as we have learned with the various significant operational stoppage over the last few years, the indirect cost is much greater, estimated at around an opportunity cost of goods not shipped of more than **R30 billion** p/a and unrealised tax revenue collections of more than **R5 billion** p/a.

Besides the unwanted and constant focus on cable theft and vandalism, on Friday, DCTs Pier 2 had 87 ConCor units on hand with a dwell time of 96 hours (4 days) and 213 over-border units with a dwell time of 22 days. The following table shows the number of containers shipped via rail from DCT:

Figure 10 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2022. Updated 11/08/2023.

In the last week (5 to 11 August), rail cargo handled out of Durban was reported at **2 329** containers, up **↑18%** from the previous week's **1 967** 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 31 July. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in August 2022 averaged **~701 602 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo<sup>8</sup>

Flows	31-Jul	01-Aug	02-Aug	03-Aug	04-Aug	05-Aug	06-Aug	Week
Volume inbound	472 240	288 360	363 847	328 920	373 170	319 866	968 481	<b>3 114 884</b>
Volume outbound	239 564	146 229	180 184	168 384	148 058	166 196	537 639	<b>1 586 254</b>
Total	<b>711 804</b>	<b>434 589</b>	<b>544 031</b>	<b>497 304</b>	<b>521 228</b>	<b>486 062</b>	<b>1 506 120</b>	<b>4 701 138</b>

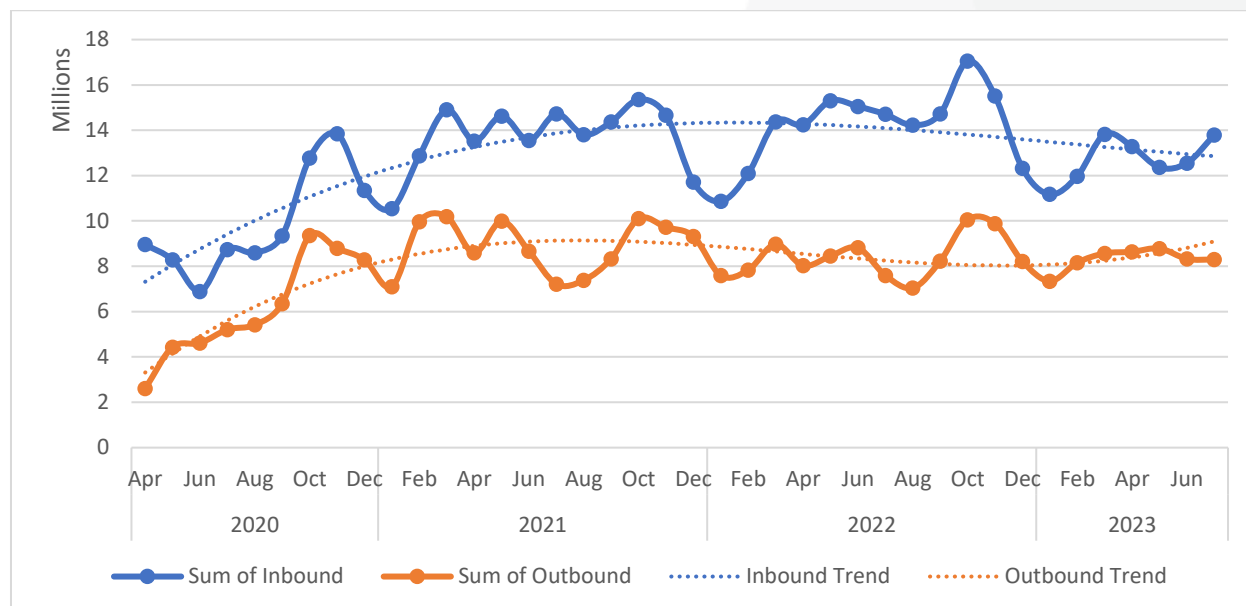
Courtesy of ACOC. Updated: 07/08/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **444 983 kg** inbound (**↑1%, w/w**) and **226 608 kg** outbound (**↓11%**), resulting in an average of **671 591 kg per day** or **~96%**

<sup>8</sup> Only ORTIA's international volumes are shown. ORTIA handles ~87% of international cargo to and from South Africa.

compared with August 2022. However, the level is currently at only ~68% compared with the same period pre-pandemic in 2019.

Figure 11 – International cargo from OR Tambo – volumes per month (kg millions)



Courtesy of ACOC & BAC. Updated: 07/08/2023.

## 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 August 2022 was ~58 961 kg per day.

Table 5 – Total domestic inbound and outbound cargo (average daily)

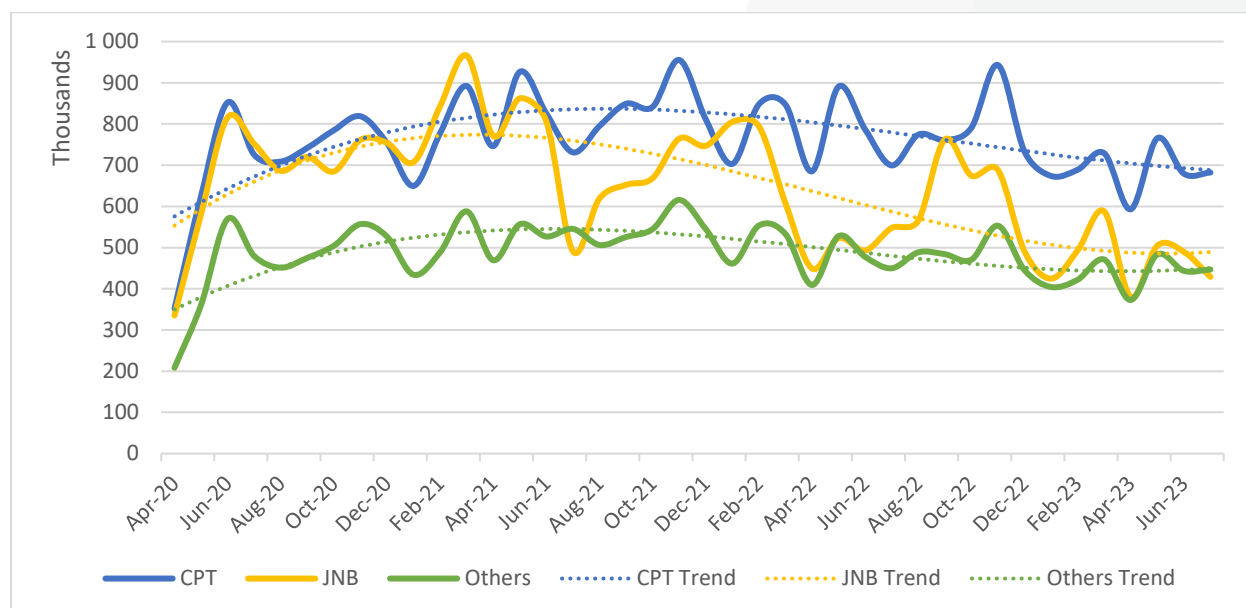
DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Apr-Dec '20 Ave.	22 928	2 514	3 441	21 890	5 818	3 141	59 733
2021 Average	26 852	3 776	3 474	24 379	6 828	3 309	68 619
2022 Average	25 922	3 263	3 232	20 278	6 633	2 909	62 237
Jan-Jun '23 Ave.	22 690	2 770	2 632	15 821	6 177	2 691	52 781
July Ave.	22 006	2 645	2 737	13 836	6 513	2 517	50 255
Aug Ave.	31 489	3 564	3 698	17 775	8 177	3 690	68 392
31-Jul	34 858	3 313	3 844	22 061	9 196	3 619	76 892
01-Aug	40 838	4 275	3 469	21 084	7 929	4 381	81 975
02-Aug	36 517	4 440	4 376	22 378	9 152	3 213	80 077
03-Aug	40 451	3 988	4 411	20 276	10 009	4 876	84 011
04-Aug	14 750	2 048	2 023	12 642	4 300	2 468	38 230
05-Aug	1 377	169	36	561	256	45	2 443
06-Aug	1 603	635	71	164	636	456	3 563
Total for 2023:	5 000 643	607 565	586 096	3 414 900	1 375 255	589 919	11 574 377

Courtesy of BAC. Updated: 07/08/2023.

The average domestic air cargo moved last week was ~52 465 kg per day, down by ↓1% compared to the previous week and remains slightly down compared to last year's level (~89%). However, the level is

currently at *only* ~58% compared with the same period pre-pandemic in 2019, which is quite alarming. Volumes handled at OR Tambo especially have dropped off significantly in the last two years, as illustrated:

Figure 12 – Domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 07/08/2023.

### 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.

- The median border crossing times at South African controlled borders decreased by **three hours**, averaging **~9,6 hours (↓30%, w/w)** for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by even more – **three and a half hours** – and averaged **~7,5 hours (↓32%, w/w)**.
- Lebombo continued to have several challenges resulting in a congested border with slow crossings.
  - These included process amendments entailing that all consignments and trucks will be marked for arrival and exit at the respective canopies and not inside building 310.
  - Therefore, no HGVs will be permitted to enter the cargo bypass on import and export without the relevant documentation.
  - Unfortunately, more videos of the taxi associations that have taken over the around Komatipoort on the N4 have surfaced.
  - Reports have been received in droves, including drivers being beaten, gunshots fired, and tyres deflated.
  - Several industry stakeholders (including SARS, SAPS, CSIR, and the private sector) have collaborated and created a "control room" pilot on the N4 Corridor with Mozambique port linkage to tackle some challenges. Developments will be shared.



- Fortunately, the taxi violence has ended in Cape Town, as stakeholder negotiations have ended positively.
- Last week, SARS stated the gradual implementation of the 13 blocks of the SADC Certificate of Origin (SCO) and transitional arrangements for the smooth phasing-out of the 12 blocks of SCO<sup>9</sup>.
- Last week, the Southbound queue out of DRC at Kasumbalesa was an astounding 100km long, with some reports of HGVs travelling as little as 2km a day.
- 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](#)<sup>10</sup>, which arguably provides better and more reliable information.

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

Table 6 – Delays<sup>11</sup> summary – South African borders (both directions)

Border Post	Direction	HGV <sup>12</sup> 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	413	4,1	6,3	22,1	12 390	2 891
Beitbridge	Zimbabwe-SA	387	4,0	2,1	11,3	11 610	2 709
Groblersbrug	SA-Botswana	235	1,1	1,1	14,4	7 050	1 645
Groblersbrug	Botswana-SA	148	1,1	0,4	2,4	4 440	1 036
Vioolsdrif	SA-Namibia	30	0,2	1,0	2,5	900	210
Noordoewer	Namibia-SA	20	0,3	0,4	1,3	600	140
Nakop	SA-Namibia	30	0,4	1,3	5,1	900	210
Ariamsvlei	Namibia-SA	20	0,2	0,4	6,1	600	140
Lebombo	SA-Mozambique	1 610	4,3	2,0	10,4	48 300	11 270
Ressano Garcia	Mozambique-SA	89	0,1	0,5	6,3	2 670	623
Skilpadshek	SA-Botswana	200	1,2	1,1	3,4	4 800	1 400
Pioneer Gate	Botswana-SA	100	0,5	1,0	2,1	2 400	700
<b>Weighted Average/Sum</b>		<b>3 282</b>	<b>1,5</b>	<b>1,5</b>	<b>7,3</b>	<b>96 660</b>	<b>22 974</b>

Source: TLC, FESARTA, & Crickmay, week ending 30/07/2023.

Table 7 – 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	0,5	2,5	10,7	9 600	2 240
Dar Es Salaam Corridor	1 819	41,0	0,9	7,5	54 570	12 733
Maputo Corridor	1 699	2,2	1,3	8,4	50 970	11 893
Nacala Corridor	127	0,0	1,8	4,1	3 810	889
North/South	3 255	15,8	1,8	10,9	74 160	22 785
Trans Caprivi Corridor	116	0,2	3,8	11,1	3 480	812

<sup>9</sup> SARS. 03/08/2023. [Gradual implementation of the 13 blocks SADC Certificate of Origin \(SCO\)](#).

<sup>10</sup> FESARTA TRANSIST Bureau.

<sup>11</sup> 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.

<sup>12</sup> Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

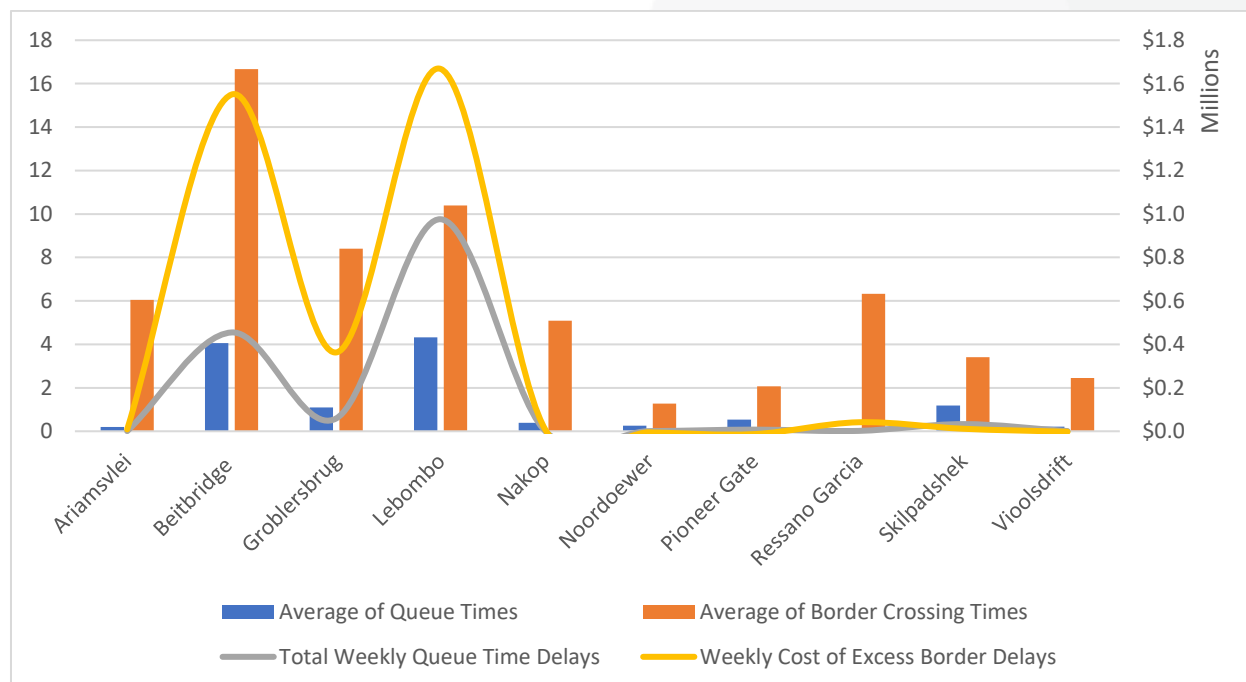


Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Weekly HGV Arrivals
Trans Cunene Corridor	100	0,5	1,2	3,3	3 000	700
Trans Kalahari Corridor	330	1,0	0,8	2,5	7 920	2 310
Trans Oranje Corridor	100	0,3	0,8	3,7	3 000	700
<b>Weighted Average/Sum</b>	<b>7 866</b>	<b>12,1</b>	<b>1,6</b>	<b>7,8</b>	<b>210 510</b>	<b>55 062</b>

Source: TLC, FESARTA, & Crickmay, week ending 30/07/2023.

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

Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ millions<sup>13</sup>)

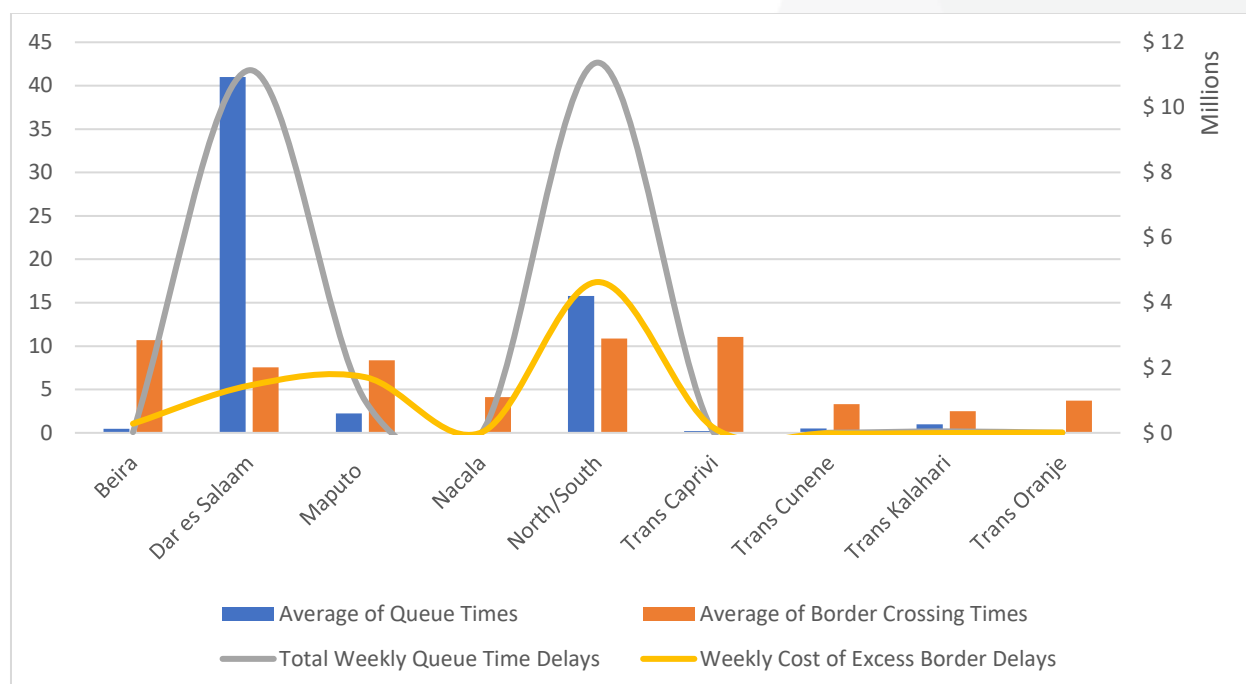


TLC, FESARTA, & Crickmay, week ending 30/07/2023.

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

<sup>13</sup> Currency adjusted weekly. The prevailing ZAR/US\$ exchange rate at noon every Friday is used.

Figure 14 – Weekly cross-border delays & est. cost from a corridor perspective (hours & \$ millions)



Source: TLC, FESARTA, & Crickmay, week ending 30/07/2023.

In summary, cross-border queue time averaged **~12,1 hours** (down by **~1,1 hours** from the previous week's **~13,2 hours**), indirectly costing the transport industry an estimated **\$23,6 million (R446 million)**. Furthermore, the week's average cross-border transit times hovered around **~7,8 hours** (down by **~3,2 hours** from the **~11,0 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$8,2 million (R156 million)**. As a result, the total indirect cost for the week amounts to an estimated **~R601 million** (down by **~R296 million** or **↓34,5%** from **R897 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.

##### a. Global shipping industry

###### i. Global container throughput, capacity, and congestion

The latest container throughput figures for June from CTS show that container volume has declined slightly by **↓1,0%** (m/m) this month after global volume rebounded nicely in May (**↑6,1%**). The monthly throughput change means global volume remains slightly down annually (**↓1,4%**). Fortunately for shippers – similar to the index reported weekly by Drewry – the price index (reefer and dry) continued to moderate in June. It is down by another **↓4,8%** (m/m) and a considerable **↓61,3%** (y/y) versus a year ago. However, as we have seen with the more frequent data, the trends have reversed in July. Nevertheless, the following figure illustrates the global container throughput and price index over the last 13 months:

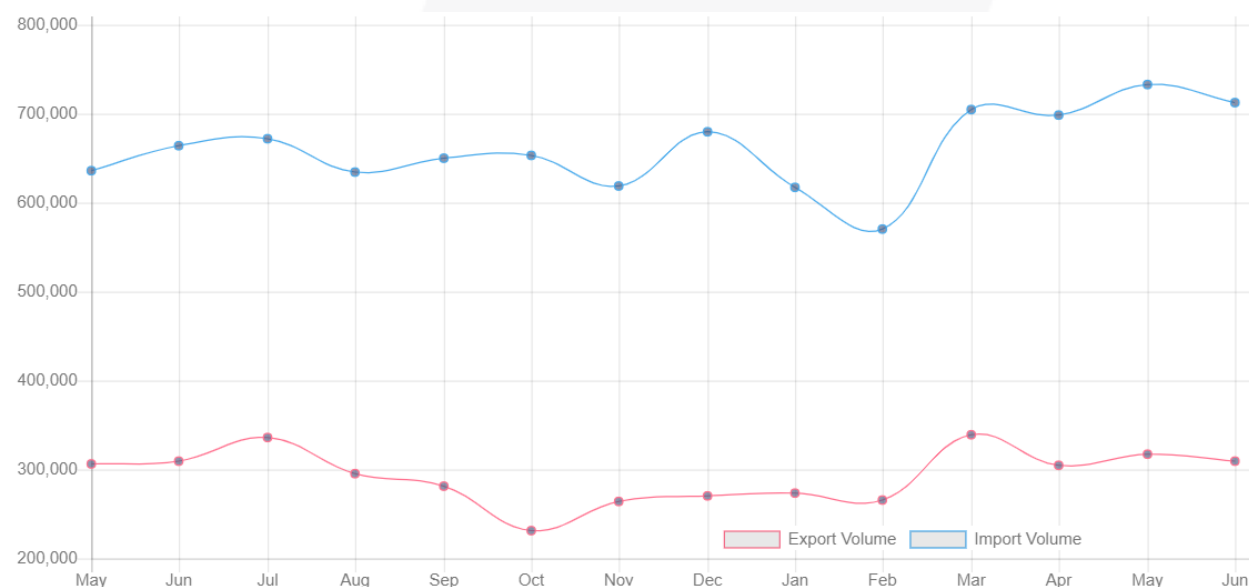
Figure 15 – Global Containerised Throughput (TEUs) and price index



Source: [CTS](#)

As illustrated, container throughput experienced a slight drop in June this year – as was the case in 2022. Consequently, a total of **15,1 million TEUs** was handled in June, slightly less than the **15,3 million TEUs** during the same period last year. Concerning geographical disparity, most of the seven major sub-regions registered varying increases in volumes in June, with North American exports (down by **↓8,7%**, m/m) and Australasia and Oceania imports (up by **↑4,8%**, m/m) showing the most significant changes. These figures suggest that the container industry has made a positive turn against the very low volumes earlier in the year; however, there are little signs of a robust peak season. The following figure shows Sub-Saharan Africa imports and exports over the same period:

Figure 16 – Sub-Saharan Africa Containerised Throughput (TEUs)



Source: [CTS](#)

Sub-Saharan African trade trended similar to that of the rest of the world, albeit slightly more pronounced, as both exports and imports were down by **↓2,8%**, respectively. Yearly trade shows that imports continue to grow (**↑7,8%**, y/y), while exports are down by around **↓3,1%** compared to last year. Incidentally, South Africa accounted for **26,3%** of SSA imports and **61,9%** of SSA exports in June when measuring these versus TNPA figures. However, the share of imports has dropped in the last year, while exports have remained the same.

## ii. Global container industry summary

Ocean carriers appear to have held onto most of their August GRI gains this week on the transpacific and Asia-Europe trade lanes – and have halted the spot rate erosion on the transatlantic<sup>14</sup>. Asia-North Europe carriers are being more cautious in their capacity management, including top-ranked MSC, which has voided the sailing of a standalone relaunched loop for the past two weeks. The pressure on capacity management will continue, as carriers received another **200 000 TEU** of newbuild tonnage last month, following a record **300 000 TEU** delivered in June<sup>15</sup>. And MSC has just announced another ten 10 300 TEU container ships at Zhoushan Changhong International Shipyard<sup>16</sup>. Globally, scheduling cancellations have remained unchanged again this week, as shown by Drewry's "*Cancelled Sailings Tracker*", trending around a **5% cancellation rate**<sup>17</sup>).

Furthermore, Drewry notes that there has been an overall improvement in carrier service reliability. On average, **95%** of the ships are expected to sail as scheduled over the next five weeks, except for 2M Alliance, achieving **98%** over the same period. However, these figures and accompanying methodology Elsewhere in the industry, port congestion this week was similar to last week's level and is only affecting **5,8% (1,56 million TEU)** of the global fleet. The idle fleet has also remained very low at around **0,4%** of total capacity<sup>18</sup>.

## iii. Global container freight rates and carrier finances

Freight rates this week increased again but were much less pronounced than last week. The "*World Container Index*" increased by **↑1,7%** (or **\$30**) to **\$1 791** per 40-ft container<sup>19</sup>, as rates remain "unsustainable" according to carriers – citing the **20-30% increases** in costs versus pre-pandemic times<sup>20</sup>. Indeed, this week, Hapag-Lloyd saw its second-quarter net profit slump **↓77%** on the previous year, to **\$1,1 billion**, despite benefiting from a bottom line boost of **\$212 million** from interest and other financial items. The following figure illustrates the Drewry WCI along with the SCFI for Durban to provide a sense of how international freight rates influence South African rates:

<sup>14</sup> Wackett, M. 11/08/2023. [Carriers get tougher on blankings as earnings tumble, but GRIs hold.](#)

<sup>15</sup> Wackett, M. 09/08/2023. [Flood of mega-newbuilds a real challenge for carrier fleet managers.](#)

<sup>16</sup> Li, M. 09/08/2023. [MSC builds lead with order for ten more LNG neo-panamax.](#)

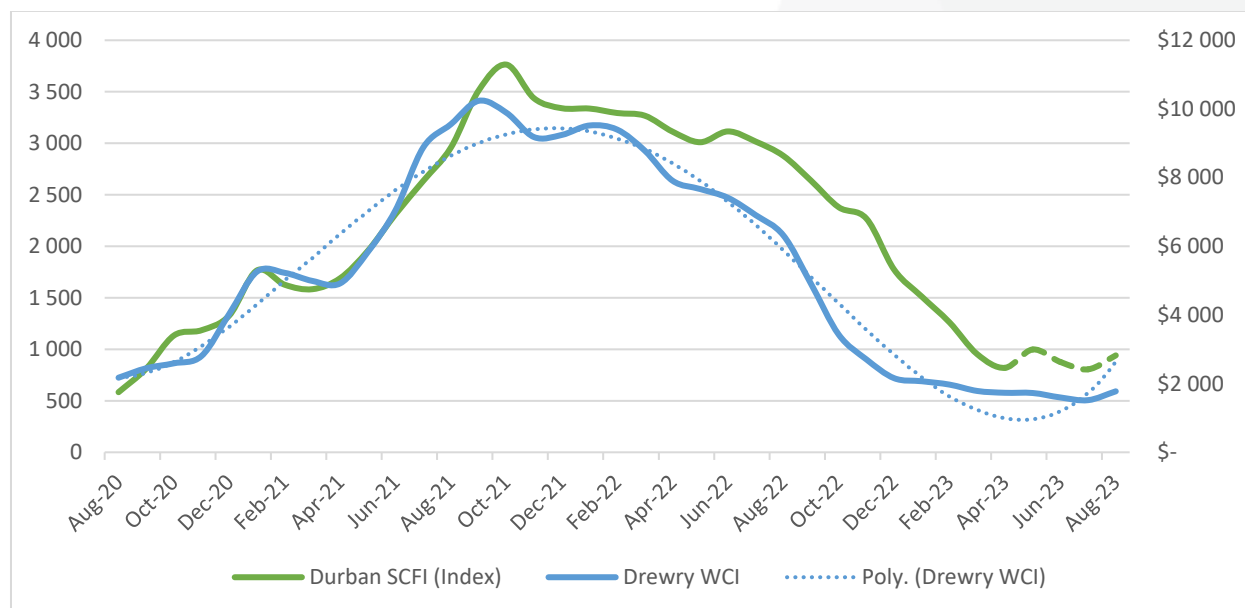
<sup>17</sup> Drewry. 04/08/2023. [Cancelled Sailings Tracker - 11 August.](#)

<sup>18</sup> Linerlytica. 07/08/2023. [Market Pulse – Week 32.](#)

<sup>19</sup> Drewry. 10/08/2023. [World Container Index – 10 August 2023.](#)

<sup>20</sup> Wackett, M. 10/08/2023. ['Look to costs' says Hapag-Lloyd CEO, as freight rates are 'unsustainable'.](#)

Figure 17 – World Container Index assessed by Drewry (last two years, \$ per 40 ft. container)



Source: [Compiled from Drewry Ports and Terminal Insights](#)

As illustrated, South Africa is typically a month or so (lately slightly more) behind the base index. So, with rates just going up internationally, we should see little change over the next few weeks but see some increases by the end of August. Internationally, the recent rate increases ex-Asia have now seemingly settled, as the rest of the market is getting up to speed and "correcting". As such, the most significant change this week was on the New York – Rotterdam route at **↑9%**. All other lanes increased – ranging from as little as **\$2 to \$53**. The recent changes have resulted in significant freight rate disparity between trade lanes and even carriers in the same lanes. Some forwarders have reported as much as a **\$400** disparity within the same routes. Despite the recent volatility, the current rates appear to be a decent bookmark of where the longer-term rates might settle.

#### iv. Further developments of note

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

##### 1. Reefer shipping remains resilient despite 2022 trade contraction:

- Reefer container freight rates continue to outperform the dry cargo trade, despite an unprecedented contraction in reefer seaborne trade last year, and this divergence is forecast to continue over the next few years, according to Drewry's recently published "Reefer Shipping Annual Review and Forecast" report<sup>21</sup>.
- The report estimates that total worldwide seaborne reefer cargo declined to **137,5 million tonnes** last year, representing a fall of almost **↓0,7%**, the first time in over 20 years and compared to flatlining trade for dry cargo. Supply chain disruptions, rising input costs and normalisation in perishables cargo demand after the 2021 peaks contributed to the decline. Essential reefer commodities such as meat, bananas and fresh vegetables all took a hit in 2022.

<sup>21</sup> Drewry. 08/08/2023. [Reefer shipping remains resilient despite 2022 trade contraction](#).

## 2. Panama Canal draught restrictions spark liner surcharges:

- a. Due to low-water restrictions, Evergreen's latest addition to its neo-panamax fleet had to offload 1,400 containers to pass through the Panama Canal. The event highlights the problems the vital waterway and its users face<sup>22</sup>.
- b. The Ever Max, capable of carrying 17 312 TEU and delivered to Evergreen in June, had to offload the boxes before entering the canal's neo-Panamax locks. They had to be moved by rail across the isthmus for pick-up at the Atlantic end of the waterway.
- c. The cause was drought restrictions imposed by the Panama Canal Authority (ACP) in response to persistently low water levels from the drought that has hampered transits since May. Rainfall in the first four months of the year brought water levels roughly to par with 2019 – the lowest level in two decades. ACP imposed a draught restriction of 44,5ft from 24 May, which increased to 44ft one week later.

## 3. Five Korean firms showing interest in a takeover of HMM:

- a. Five South Korean corporations are interested in taking over flagship carrier HMM. State-controlled finance institutions Korea Development Bank (KDB) and Korea Ocean Business Corp (KOBIC) invited tenders to acquire their combined 57,87% stake in HMM<sup>23</sup>.
- b. Less than a month before bids close, on 21 August, LX Group, Samra Midas Group, Harim Group, Dongwon Group and Global Sae-A reportedly received a prospectus from Samsung Securities, handling the HMM sale.
- c. KDB and KOBIC are hoping to shortlist a buyer by November. Bidders are expected to work with private equity players to raise funds, as the HMM shares held by KDB and KOBIC are estimated to cost between \$3,8 billion and \$7,6 billion.

### b. Global air cargo industry

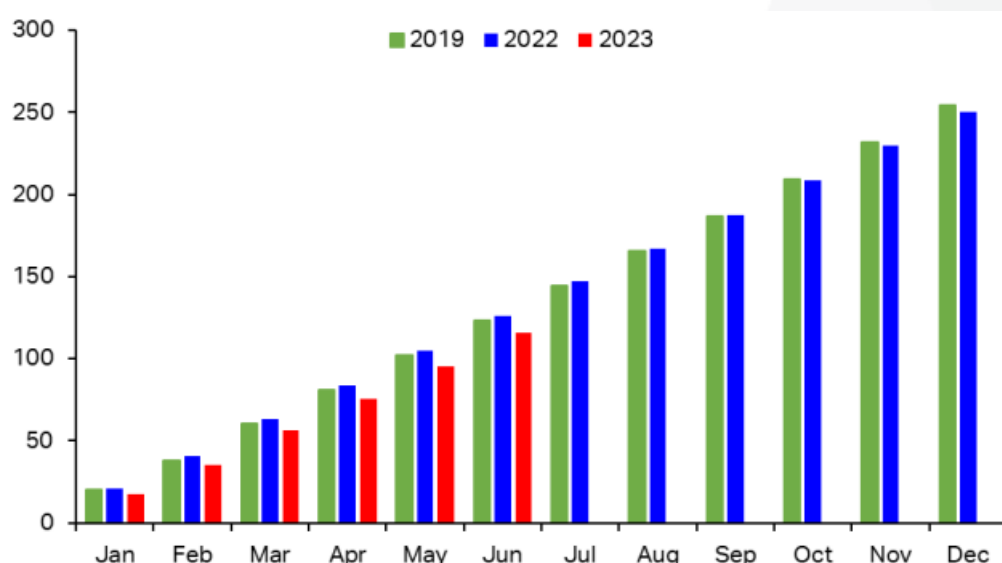
IATA released its latest "Air Cargo Market" analysis for June, with the headline showing that global air cargo demand fell by **↓3,4%** (y/y) in June, the smallest decline since February 2022<sup>24</sup>. Year-to-date cargo tonne-kilometres (CTKs) were **↓8,1%** below last year's level. In contrast, capacity – measured in available cargo tonne-kilometres (ACTKs) – saw a slower annual growth of **↑9,7%** in June, compared to double-digit growth between March and May. Year-to-date ACTKs exceeded 2022 levels by **↑9,9%**, indicating that ample space is still available and that the market is yet some ways from desired equilibrium. The following graphs show the YTD monthly cargo growth versus last year and the pre-pandemic year 2019. Ultimately, the market remains subdued.

<sup>22</sup> Putzger, I. 08/08/2023. [Panama Canal draught restrictions start to bite, sparking liner surcharges](#).

<sup>23</sup> Li, M. 07/08/2023. [Five S Korean firms showing interest in takeover of HMM](#).

<sup>24</sup> IATA. 08/08/2023. [Air Cargo Market Analysis – June](#).

Figure 18 – Year-to-date monthly industry CTKs (billions)





















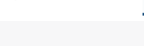
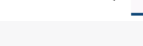

Source: [IATA](http://IATA)

Looking ahead, leading indicators of air cargo demand, including global goods trade, manufacturing PMIs, and inventory-to-sales ratio, continued to point to contractions. However, IATA notes that improvements in inflation in major economies could provide a tailwind to the global economy and air cargo demand. Major trade lanes, including Europe-North America and Asia-North America, experienced smaller annual contractions in international air cargo demand in June, improving by **↑2,1%** compared to May. Regionally, international CTKs on the Africa-Asia trade lane contracted by **↓4,9%**, which contrasts sharply with the strong growth of **↑18%-37%** observed between February and April, albeit from a relatively low base in 2022.

In the high-frequency data from World ACD, the beginning of August saw a continuation of the decreasing tonnages witnessed in recent months, while rates on a global level have stabilised during the last four weeks and are still hovering around the **\$2,28 per kg** mark. Figures for week 31 (31 July to 6 August) show a **↓3%** drop in tonnages compared with the previous week, with the most significant decreases in tonnages recorded ex-North America to Asia Pacific (**↓12%**) and ex-Asia Pacific to Europe (**↓6%**):

Figure 19 – Global capacity, weight, and yield over the last five weeks (% weekly)

Origin Regions  
last 2 to 5 weeks

	Capacity <sup>1</sup>			Chargeable weight <sup>1</sup>			Yield/rate <sup>1</sup>		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa		+0%	+10%		-7%	-3%		+1%	-15%
Asia Pacific		-2%	+31%		-3%	-2%		+1%	-45%
C. & S. America		-0%	-5%		-2%	-2%		-1%	-13%
Europe		+0%	+6%		+0%	-8%		-1%	-35%
M. East & S. Asia		+0%	+11%		+5%	+3%		+0%	-41%
North America		-0%	+5%		-6%	-19%		-1%	-28%
Worldwide		-0%	+9%		-2%	-6%		-0%	-37%

Source: [World ACD](http://World ACD)

Comparing the overall global market with this time last year, World ACD shows similar movements as IATA, with chargeable weight in weeks 30 and 31 down **↓6%** compared with the equivalent period last year, with



strong decreases in tonnages ex-North America (↓19%) and ex-Europe (↓8%). The only increase was recorded ex-Middle East & South Asia (↑3%). Overall capacity is also similar to IATA and has increased by ↑9% compared with last year, with capacity ex-Asia Pacific up by a noteworthy ↑31%.

In other air cargo news, Air France announced on Monday the suspension of flights to Niger, Mali, and Burkina Faso, in West Africa, following the closure of Niger's airspace by the new junta – a move set to have a significant knock-on effect on belly cargo to and from the region<sup>25</sup>. Elsewhere, aircraft passenger-to-freighter (P2F) conversions continue at a stable rate, but fears of an oversupply scenario exist<sup>26</sup>. Aviation advisory firm IBA's latest freighter value analysis shows conversion rates progressing steadily. The B737-800 leads narrowbody conversions, and IBA suggests this could be a record year, perhaps reaching 60 aircraft. Just over 55 B737-800s were converted last year, and it's by far the most popular P2F programme.

ENDS<sup>27</sup>

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<sup>25</sup> Todd, S. 07/08/2023. [Niger putsch restricts air cargo flows to and from West Africa](#).

<sup>26</sup> Mwanalushi, K. 09/08/2023. [Air freighter conversion rate holding steady, but there is a 'risk of oversupply'](#).

<sup>27</sup> **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 [AIMS Global Logistics \(AGL\)](#).*