

## COVID-19: Cargo movement update<sup>1</sup>

**Date: 30 September 2022**

### 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)	20 366	33 367	53 733	27 995	28 148	56 143	↓4%
Air Cargo (tons)	5 136	3 021	8 157	4 928	2 774	7 702	↑6%

### Monthly Snapshot

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

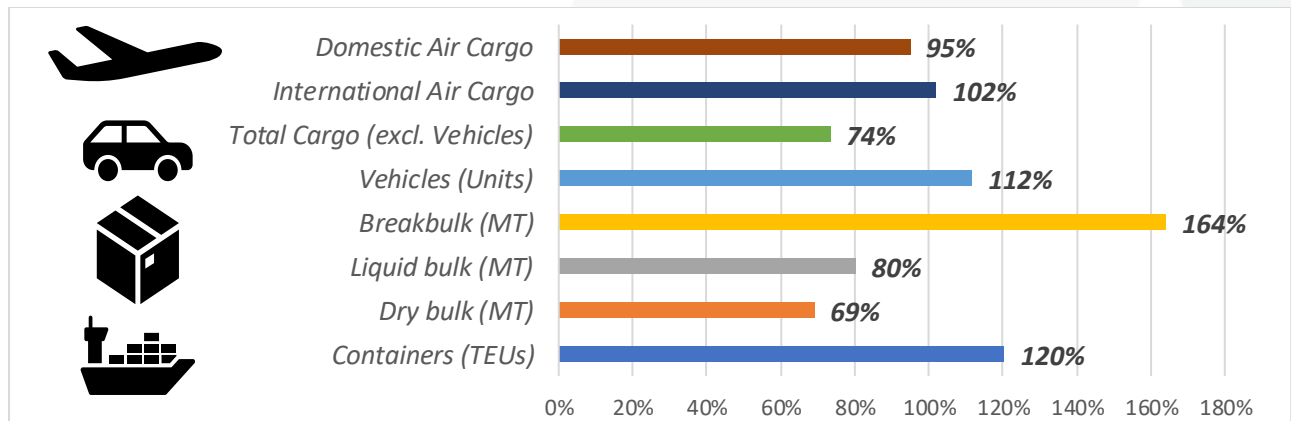
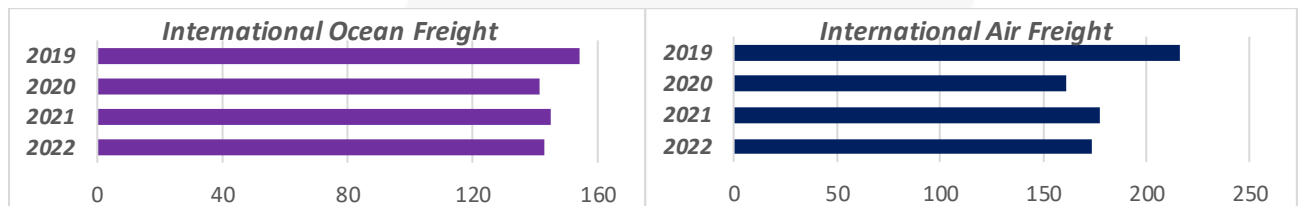


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



### Key Notes

- An average of **~7 676 containers** was handled per day, with **~9 691 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 588 containers**, **↑10%** compared to last week.
- SARS merchandise trade (August): exports (**↓1,0%**, m/m), imports (**↑10,4%**, m/m), resulting in a trade surplus of **R7,18 billion**. YTD: exports **↑11,9%** (y/y), imports **↑44,9%** (y/y), surplus of **R163,36 billion**.
- Cross-border queue times were **↓2,1 hours**, with transit times **↓6,0 hours**, SA borders **~8 hours (↓60%)**.
- The RWI/ISL container throughput index increased **↑0,9** from **126,5** (revised) to **127,4** points in August.
- Liner schedule reliability rose sharply by **↑5,8%** (m/m) to **46,2%**, with average late arrivals at **5,86 days**.
- The "WCI" dropped for the **31<sup>st</sup> consecutive week**, with spot rates down by **↓10% (\$458)** to **\$4 014** per 40ft.

<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 107<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; All cargo: Aug vs Aug.

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

## Executive Summary

This update – *the 107<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this past week were characterised by equipment breakdowns and shortages, congestion, adverse weather conditions, and system interruptions. Furthermore, Durban experienced a very challenging week as a shortage of truck drivers at Durban MPT and RORO terminals disrupted operations. In addition, the ongoing wage dispute between Transnet and its employees is fuelling concerns regarding strike action that could occur soon, although current dialogue indicates that the strike will be averted. Nevertheless, TPT aims to implement an additional "Avoidance of Strike Levy" to Terminal Handling Charges (THC) from 1 October 2022 to 31 March 2023 as an insurance policy against future strikes. Lastly, the MSC Eugenia's estimated arrival time was delayed by one day and is now expected to arrive at Ngqura on 2 October 2022 to deliver the second set of shore tensioners intended for Cape Town. However, these will still have to be transported to Cape Town.

Internationally, the global container shipping industry continues its long march to (albeit a new) normal as the supply chain pressure valve gets lifted slightly. Container throughput numbers indicate that Chinese ports continue to recover from lockdowns, as European ports (especially in Germany) rallied this month despite many challenges, notably with labour. Moreover, despite a weakening world economy (and accompanying weakening of container demand), the industry experienced slight seasonal growth, boding well for the near future – especially in light of further improvements with schedule reliability. Collectively, the most recent numbers on the tripartite of throughput, reliability, and rates are all trending positively – especially for shippers, with the rate index plummeting by 20% in only two weeks. Further developments of note included **(1)** labour issues at major global ports continuing to add to supply chain woes and **(2)** carriers rebalancing capacity amid waning global container demand.

South Africa's international air cargo volume increased slightly this week (**↑6%**), as domestic volumes shot up exponentially at both Cape Town and Johannesburg (**↑34%** - industry-wide). Operationally, the implementation of the IVS system continues as the extended industry gets used to the necessary adaptations.

Internationally, air cargo demand (in general and charter markets) has softened over the past month, bringing down rates, while the weaker market in the broader sector has led to some carriers considering capacity cuts. However, despite air cargo enjoying a competitive edge over ocean freight, the opportunity will not last forever, as the gap between ocean and airfreight pricing is starting to widen. Additional air cargo news included **(1)** the SATS-WFS deal creating the world's largest ground handler, **(2)** MSC taking to the skies, **(3)** Hong Kong has finally scrapped its hotel quarantine rule, paving the way for extra belly-hold cargo capacity, **(4)** Schiphol is going ahead with its plans to cut flights.

This week's central talking point in the road freight sector revolved around TPT's communication on wasted and cancelled slots to the industry, with TPT looking for a "name and shame" policy to reduce the extent of the problem. This matter has already generated some strong reactions, as success is unlikely due to the high numbers of small truckers who are not members of any association and, in many cases, are owner-drivers. The role of shipping lines contracting hauliers to carry out cartage operations has also been called into question. Furthermore, the industry does not have any organised way of communicating with all transporters since engagement is limited to formal trucking associations. But at least this again highlights the need for all role players to take collective responsibility in the effort to maintain fluidity in terminal

operations, ensuring the uninterrupted flow of containers. Regionally, delayed border crossing times were experienced at Beitbridge, Dedza, and Kasumbalesa.

In conclusion, the seemingly averted labour strike at the ports, if it has, in fact, been averted, is one small victory amid several discouraging recent defeats. It is concerning to see how our network's demonstrated capacity is struggling to keep up with the level of trade growth that will be needed to fuel any meaningful economic growth and development. We are losing our capacity to serve key markets and have seen ever-receding service reliability levels. Although some pockets of excellence remain – including latent sources of export competitiveness, as the updated trade stats have shown – our extended supply chain industry is not keeping pace with the rest of the world. Consequently, we need reform – including greater private sector involvement, policies facilitating trade, and shared responsibilities among all stakeholders to maintain a flourishing trade and logistics network. We have been marching in the wrong direction for far too long.

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## 1. Ports Update

This section provides an overview of the flow of containerised cargo through South Africa's 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 24 to 30 September <sup>6</sup>

7-day flow forecast (24/09/2022 – 30/09/2022)		
TERMINAL	NO. OF CONTAINERS <sup>7</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 406	6 026
DURBAN CONTAINER TERMINAL PIER 2:	9 830	14 113
CAPE TOWN CONTAINER TERMINAL:	4 436	7 496
NGQURA CONTAINER TERMINAL:	1 294	5 132
GQEBERHA CONTAINER TERMINAL:	400	600
<b>TOTAL:</b>	<b>20 366</b>	<b>33 367</b>

Source: Transnet, 2021. Updated 30/09/2022.

Table 3 – Container Ports – Weekly flow reported for 1 to 7 October

7-day flow forecast (01/10/2022 – 07/10/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 779	5 970
DURBAN CONTAINER TERMINAL PIER 2:	13 021	17 551
CAPE TOWN CONTAINER TERMINAL:	5 715	5 275
NGQURA CONTAINER TERMINAL:	6 175	7 809
GQEBERHA CONTAINER TERMINAL:	793	750
<b>TOTAL:</b>	<b>30 483</b>	<b>37 355</b>

Source: Transnet, 2021. Updated 30/09/2022.

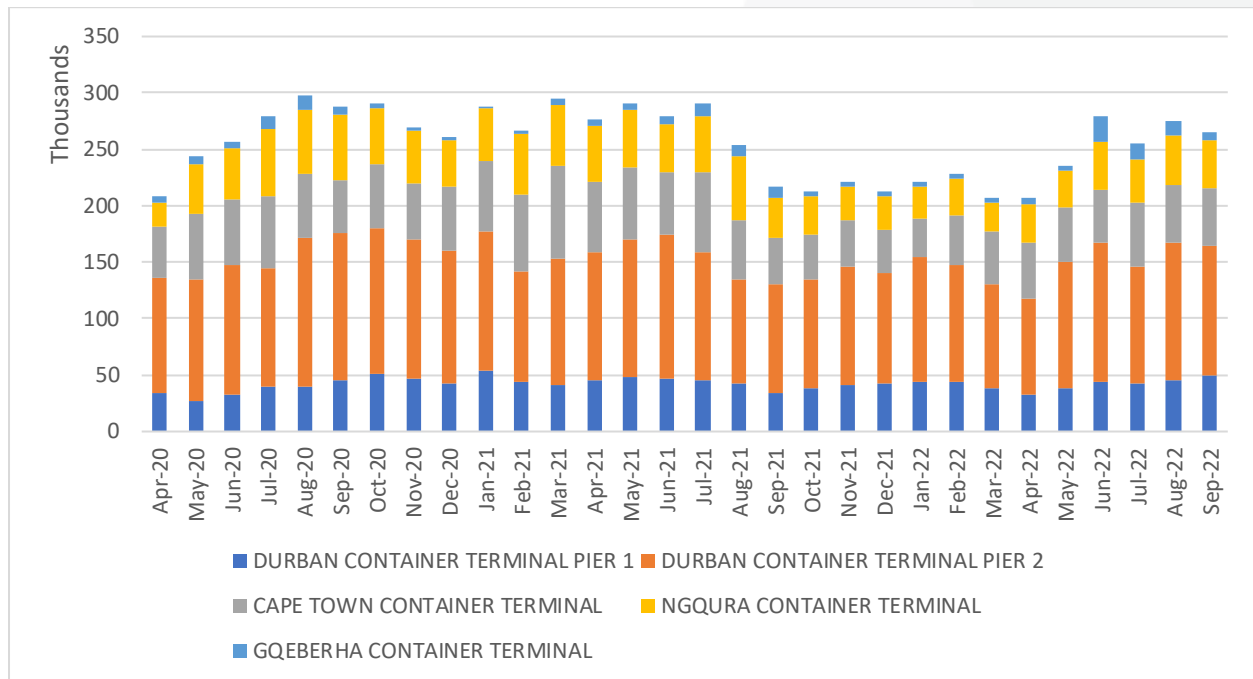
An average of **~7 676 containers** (↓4%) was handled per day for the last week (24 to 30 September, Table 2), compared to the projected average of **~8 997 containers** ↓15% (actual versus projected) noted in last week's report. An increased average of **~9 691 containers** ↑26% is projected to be handled next week (1 to 7 October, Table 3). Port operations this past week were characterised by equipment breakdowns and shortages, congestion, adverse weather conditions, system interruptions, and a shortage of truck drivers at Durban MPT and RORO terminals.

<sup>6</sup> It remains important to note that a large percentage (approximately 38% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transshipments. Due to the ongoing container imbalances, this proportion is fluctuating more than usual and has increased since December 2020. In recent months, empty numbers have dropped, a reflection of an improvement in worldwide container imbalances, but there is the usual sharp increase with the importation of large numbers of empty reefers in preparation for the citrus fruit season.

<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.

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

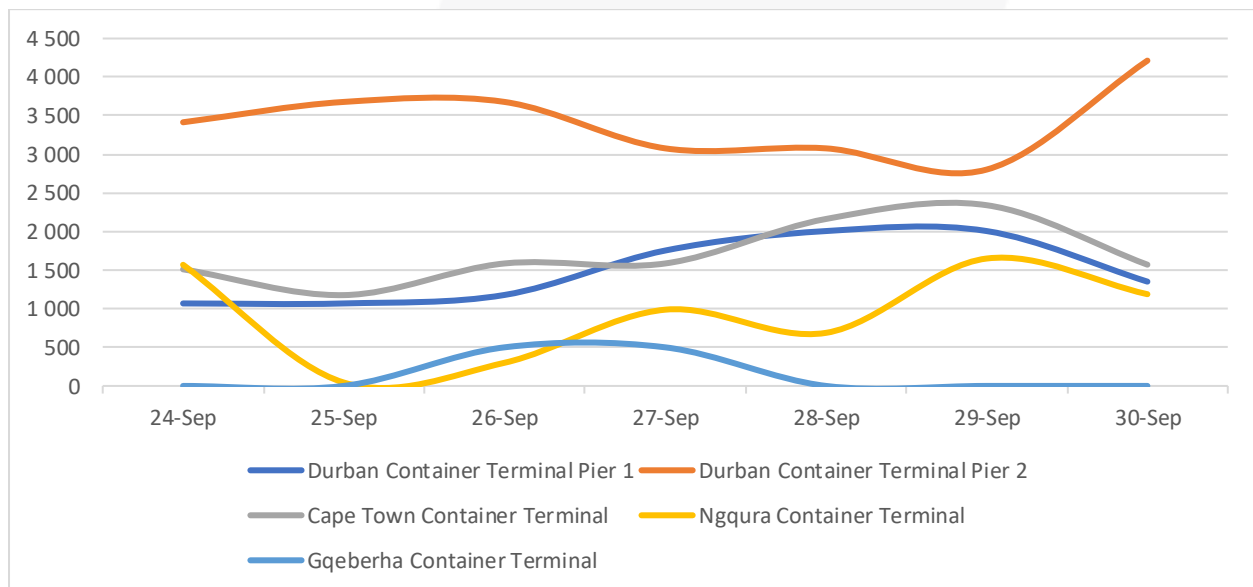
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 30/09/2022.

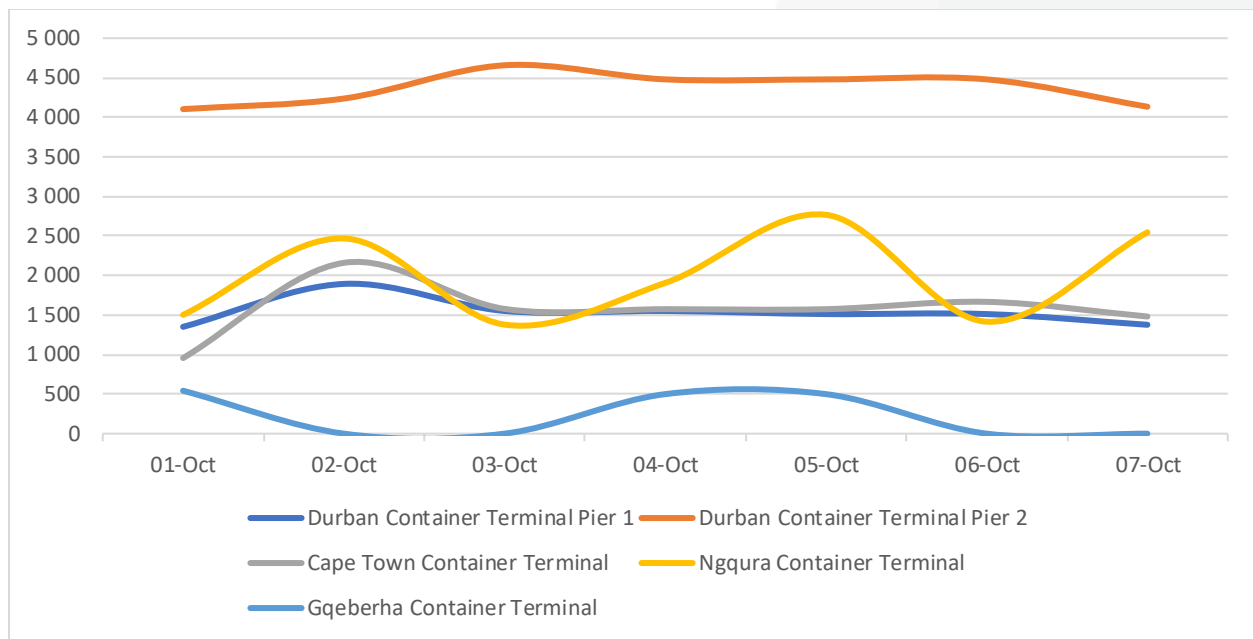
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total container movements (24 to 30 September; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 30/09/2022.

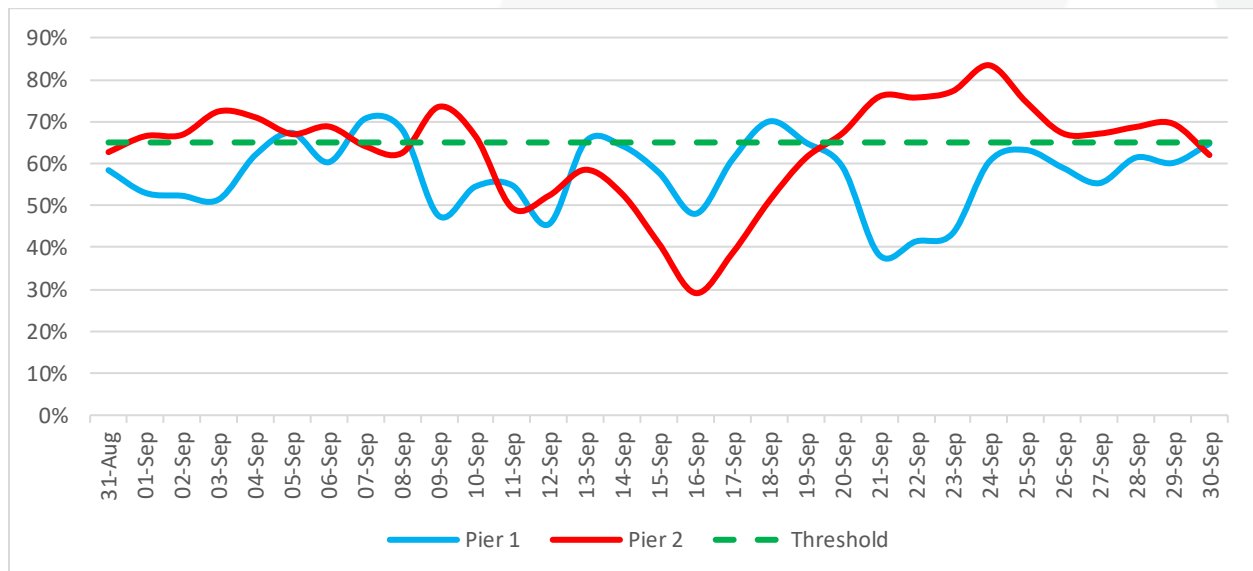
Figure 5 – 7-day forecast reported for total container movements (1 to 7 October; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 30/09/2022.

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

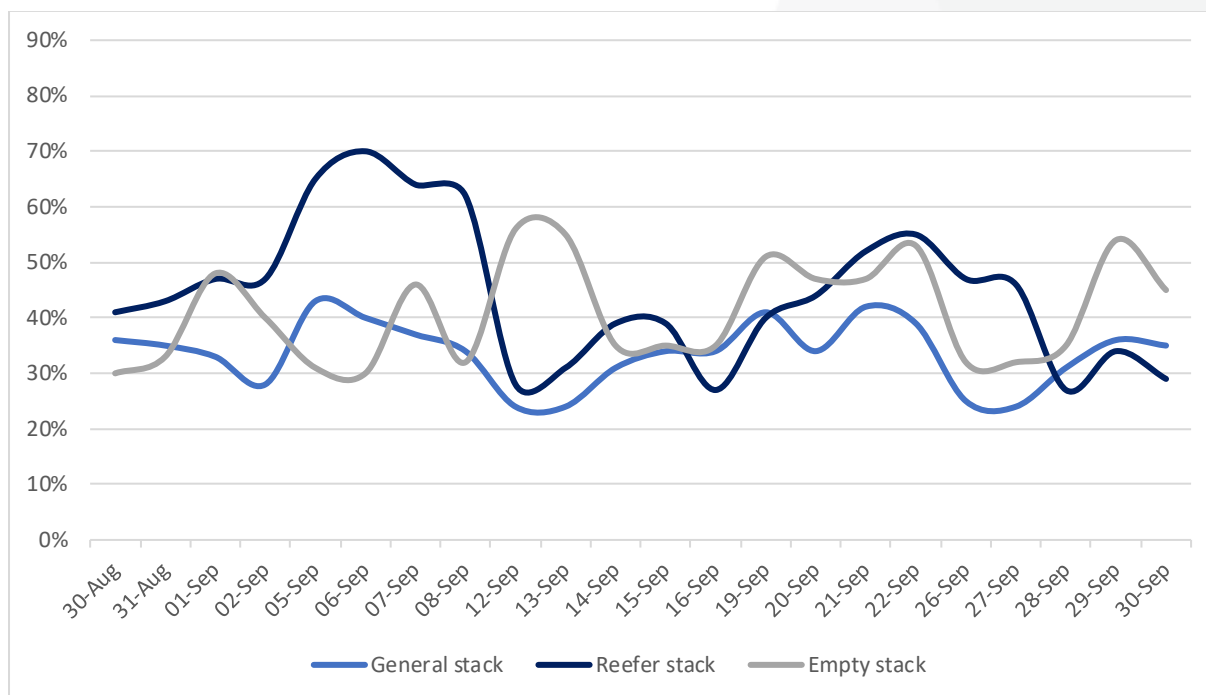
Figure 6 – Stack occupancy in DCT, general-purpose containers (31 August to present; per Pier; day on day)



Source: Calculated using data from Transnet, 2022. Updated 30/09/2022.

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 August to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 30/09/2022.

## 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

Cape Town experienced an improved week compared to last week, with very few weather delays reported until early Friday morning when the port was fog-bound for approximately three hours and 25 minutes.

Durban experienced a very difficult week in terms of weather-related and other delays. Over the weekend, the port experienced adverse weather in the form of strong winds and operating system glitches that could only be cured by a complete system reboot that halted operations for several hours. In addition, approximately seven vessels were delayed during the early stages of the week due to the unavailability of tugs, occupied berths, and slow agent-changing times. Furthermore, a shortage of truck drivers at Durban MPT and RORO terminals added insult to injury by causing more delays during the latter stages of the week. However, the shortage of truck drivers was sustainably and efficiently ironed out by Transnet as they appointed a new driver service provider, increasing the complement by approximately 80 additional drivers.

As with Cape Town, Richards Bay also experienced an improved week with minimal delays reported due to weather and other causes. However, on Wednesday, a vessel was delayed for approximately an hour due to the unavailability of marine services, while another vessel was delayed on Thursday when the terminal was unprepared for the vessel's berth operations.

The Eastern Cape ports did not report any delays or weather-related challenges during the week.



## ii. Cape Town

On Thursday, CTCT recorded two vessels at berth and two at outer anchorage. Stack occupancy for GP containers was 35%, reefers 29%, and empties 45%. In the latest 24-hour period to Friday, the terminal managed to handle 1 961 TEUs across the quay while servicing 1 377 external trucks and 76 trains on the landside. In addition, according to Marine Traffic<sup>8</sup>, the MSC Eugenia is expected to arrive at Coega on 2 October 2022 to deliver the second set of shore tensioners. Cape Town's Port engineers remain hopeful of receiving the shore tensioner between 5 and 9 October 2022.

Cape Town MPT, on Thursday, recorded zero vessels at anchor and three at berth. In the latest 24-hour period to Friday, the terminal managed to service 106 external trucks. Stack occupancy was recorded at 47% for GP containers, 30% for reefers and 7% for empties.

The port has fortunately not been affected by the ongoing load-shedding programme, and operations have been able to continue without interruption

## iii. Durban and Richards Bay

Pier 1 on Wednesday recorded two vessels at berth, manned by five gangs, and zero vessels at anchor. Stack occupancy was 60% for GP containers and 18% for reefers with 1 908 imports on hand, 189 reefers and 235 unassigned units. The terminal recorded 1 431 gate moves on the landside on Thursday, with 896 cancelled slots and 101 wasted. Indeed, the central talking point in the road freight industry this week revolved around TPT's Durban communication on wasted and cancelled slots to the industry<sup>9</sup>:

- TPT looks to a "*name and shame*" policy for repeat offenders by sharing the information with the shipping lines.
- TPT noted that it is incumbent on operators to cancel slots a minimum of 30 minutes to two hours in advance to create capacity for business continuity by making the appointment slot available for another user.
- The matter will undoubtedly generate substantial discourse, as success is unlikely due to the high numbers of small truckers who are not members of any association and, in many cases, are owner-drivers. Furthermore, the industry does not have any organised way of communicating with all transporters.

On Wednesday, Pier 2 had three vessels at berth and two at anchorage. In the most recent 24 hours to Thursday, the terminal managed to handle an impressive 3 590 TEUs across the quay. Stack occupancy was high at 70% for GP containers. The terminal had between 79 and 86 straddles in operation throughout the week, operated by eleven gangs. On Thursday, there were 3 349 gate moves on the landside with an average TTT of 99 minutes and a staging time of 151 minutes. A total of 295 rail import containers were on hand, with 369 moved by rail.

This week, two tugs went out of commission once more, leaving the port with only three operating tugs, including the one borrowed from Richards Bay. However, due to swift action from port engineers, one tug was repaired and re-commissioned, allowing the port to resume operations with four tugs. The fifth tug is currently in the dry dock, undergoing repairs to ensure that it is re-commissioned by the start of next week.

The Durban helicopter is still only undertaking day-shift operations, while no new updates have been reported yet regarding possible night-shift operations. Additionally, the helicopter went out of commission during the latter stages of the week for reasons which are still under investigation.

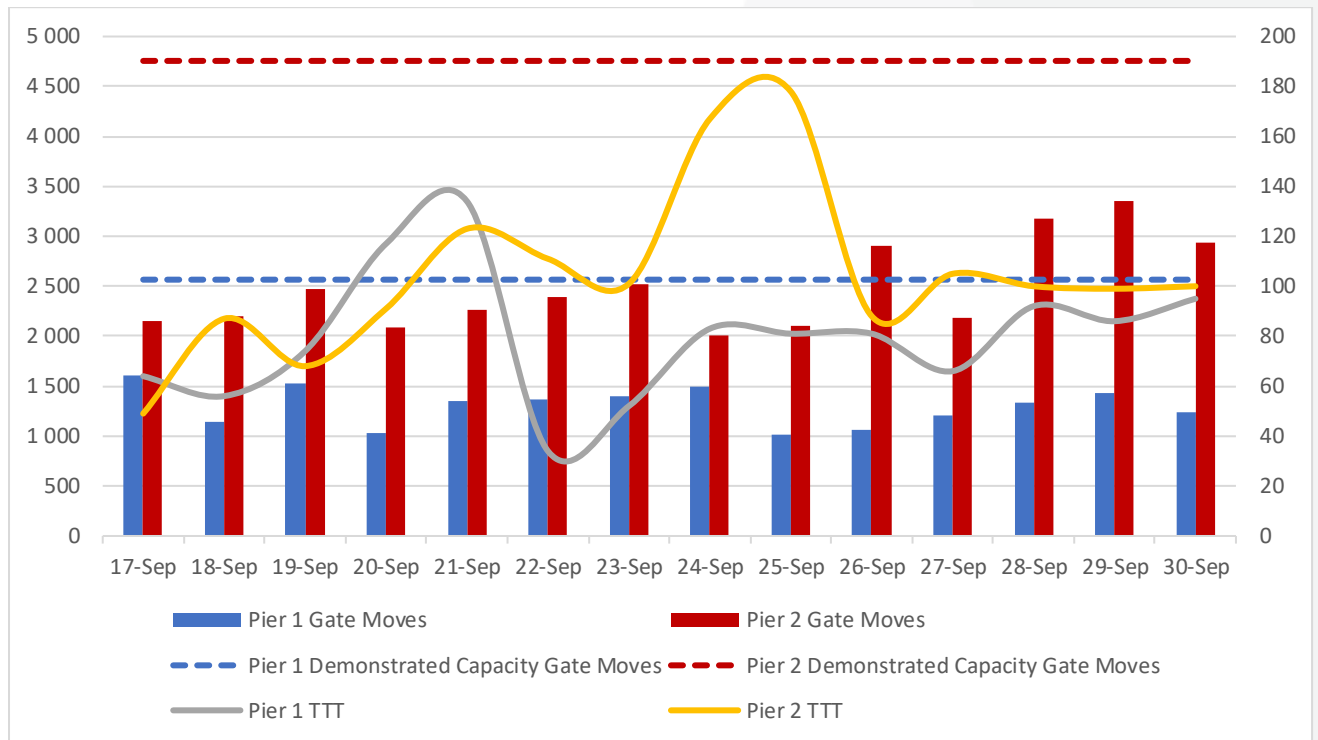
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<sup>8</sup> Marine Traffic. 30/09/2022 – [MSC Eugenia tracker](#)

<sup>9</sup> TPT. 29/09/2022. Pier 1 and Pier 2 wasted slots.

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 30/09/2022.

**iv. Eastern Cape ports**

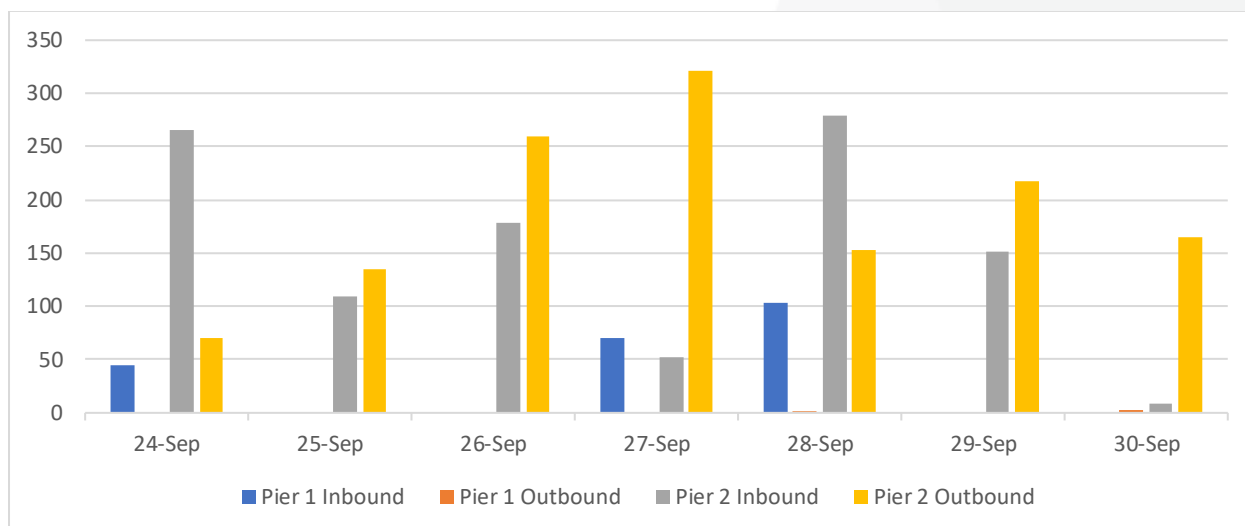
GCT on Thursday recorded zero vessels at anchorage and one at berth. For marine resources, two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Friday. In the same period, stack occupancy was 35% for GP containers and 11% for reefers. In addition, GCT serviced 224 external trucks on the landside with a TTT of ~30 minutes while handling 715 TEUs.

NCT on Thursday recorded two vessels at berth and one vessel at outer anchorage. Marine resources of two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading into Friday. In the same period, stack occupancy was 30% for GP containers, 32% for reefers, and 60% for ground slots. On Thursday, 1 384 TEUs were handled across the quay. Additionally, 636 trucks were serviced on the landside, with a truck turnaround time of ~30 minutes.

**v. Transnet Freight Rail (TFR)**

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

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



Source: Calculated using data from Transnet, 2022. Updated 30/09/2022.

In the last week (24 to 30 September), rail cargo handled out of Durban was reported at **2 588** containers, up by **↑10%** from the previous week's **2 349** containers.

#### i. General: Union strikes

This week, the United National Transport Union (UNTU) downplayed rumours surrounding possible strike action that reportedly would have taken place from 27 September 2022 in efforts to resolve the ongoing wage dispute with Transnet. **However, the possible strike was not ruled out; they merely stated that the strike action was not going to take place during the week.** The union's executive council has established a Strike Task Team, which is currently still formulating the complete national strike plan, which will be communicated once it has been finalised. As things stand, more than **89%** of the mandates from the branches representing UNTU's members have rejected Transnet's latest wage offer, while more than **83%** of the ballots received from the branches are in favour of industrial strike action. UNTU have subsequently reached out to sister union SATAWU to join forces with them to illustrate to Transnet that their employees are ready to unite in the struggle for decent wages.

In an effort to avert the strike, Transnet is aiming to implement an additional "Avoidance of Strike Levy" to Terminal Handling Charges (THC) to ensure that the strike is avoided at all costs and that the industry and cargo owners specifically are not impacted during this critical time of year. The strike avoidance levy will be implemented from 1 October 2022 to 31 March 2023 at a level of approximately R110 per container unit (with the recently introduced fuel neutrality levy of R38, the total levy over and above the THC tariff will be R148). The strike avoidance levy will be added to the fuel neutrality charge to create a single levy to ease the administration of invoicing. The combined levy will be raised as a separate line-item charge distinct from the current Terminal Handling Charges.

## 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 19 September. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *September 2021* averaged **~713 982 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

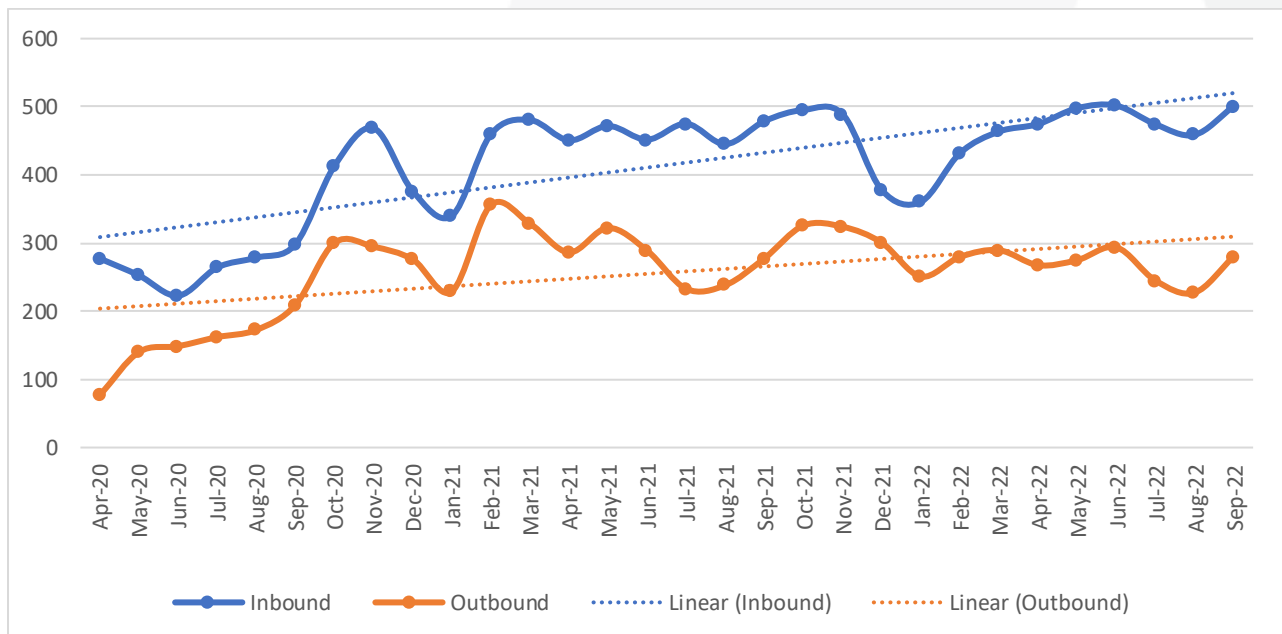
Flows	19-Sep	20-Sep	21-Sep	22-Sep	23-Sep	24-Sep	25-Sep
Volume inbound	631 200	351 371	291 355	537 525	413 702	314 777	1 054 962
Volume outbound	295 193	237 367	225 639	236 885	195 319	290 747	633 843
<b>Total</b>	<b>926 393</b>	<b>588 738</b>	<b>516 994</b>	<b>774 410</b>	<b>609 021</b>	<b>605 524</b>	<b>1 688 805</b>

Courtesy of ACOC. Updated: 27/09/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **513 556 kg** inbound and **302 142 kg** outbound, resulting in an average of **815 698 kg per day** or **~108%** compared with September 2021. Also, the level is currently at **~114%** compared with the same period in 2020.

The following figure shows the comparative quarterly global freight movement at ORTIA since the pandemic outbreak, with a continued positive trend experienced, notably for inbound cargo:

Figure 10 – International cargo from OR Tambo (millions)



Courtesy of ACOC. Updated: 28/09/2022.

### b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the state of disaster period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *September 2021* was **~67 572 kg** per day.

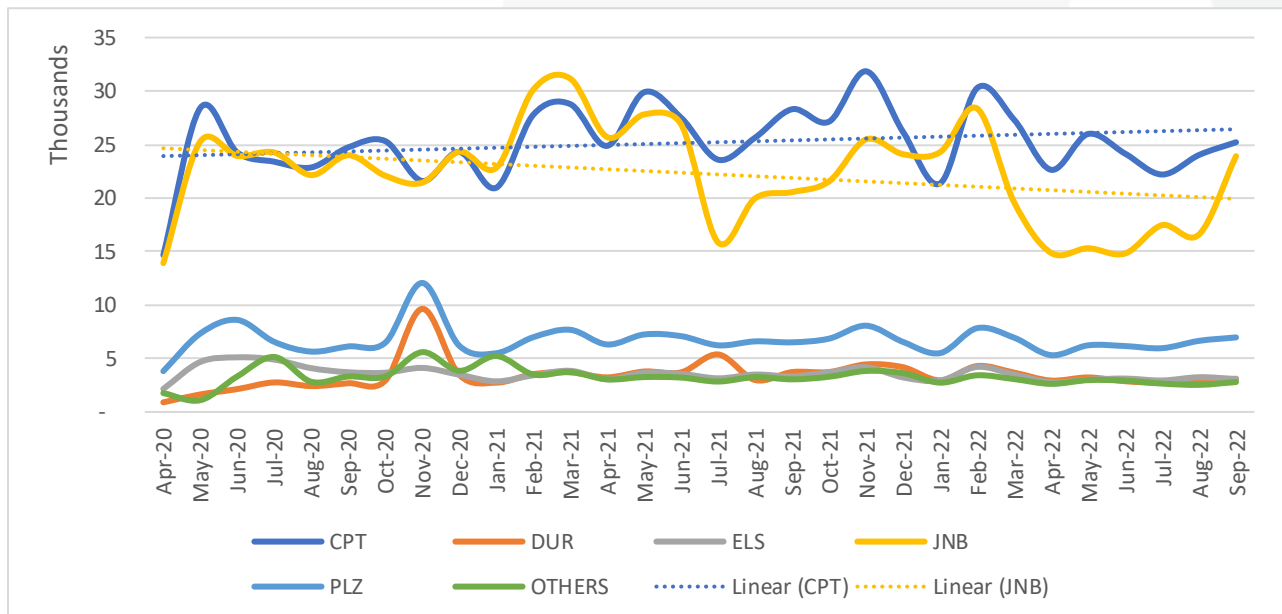
Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan-Jun – 22 Av.	25 230	3 295	3 244	19 449	6 312	2 952	60 480
Jul Average	22 196	2 715	2 943	17 462	5 963	2 650	53 929
Aug Average	24 025	2 854	3 247	16 590	6 646	2 534	55 895
Sep Average	24 034	2 890	2 868	19 122	6 594	2 717	58 224
22-Sep-22	35 455	3 409	4 838	54 604	8 762	3 405	110 474
23-Sep-22	17 463	2 177	2 194	39 113	4 534	2 434	67 914
24-Sep-22	1 249	347	16	13 232	336	42	15 221
25-Sep-22	2 454	500	118	194	650	63	3 980
26-Sep-22	38 467	5 207	6 143	47 777	11 344	3 557	112 495
27-Sep-22	39 772	4 319	5 118	42 229	8 863	4 151	104 452
28-Sep-22	39 210	5 919	5 015	62 975	12 352	4 588	130 059
<b>Total for 2022:</b>	<b>6 841 789</b>	<b>875 611</b>	<b>880 492</b>	<b>5 398 682</b>	<b>1 750 545</b>	<b>782 911</b>	<b>16 530 029</b>

Courtesy of BAC. Updated: 29/09/2022.

The average domestic air cargo moved last week was ~77 799 kg per day, which is ↑34% compared with the previous week and ~115% compared to August 2021.

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



Courtesy of BAC. Updated: 29/09/2022.

### 3. National update

#### a. SARS Merchandise Trade Stats: August

On Friday, 30 September, SARS released August's monthly trade statistics<sup>10</sup>, with trade continuing to increase significantly annually – led by substantial increases in monthly and yearly imports. Monthly exports decreased from July (↓1,0%, m/m), while imports increased significantly (↑10,4%, m/m). Despite the short-

<sup>10</sup> SARS. 30/09/2022. [Trade Statistics: August](#).

term reversal of our trade surplus, the current figures still result in a positive trade balance surplus of **R7,18 billion** for August. Consequently, the trade balance for 2022 continues to deteriorate from the surplus recorded for the same period in 2021.

For the YTD figures, the preliminary trade balance of **R163,36 billion** is a deterioration from the **R325,06 billion** positive trade balance for the comparable period in 2021. This change is primarily attributed to a substantial increase in YTD imports, growing at **↑44,9%** (y/y). Exports, in turn, also rose, coming in at **↑11,9%** (y/y). Ultimately, forecasts indicate that we will return to the reality of being a net importer of goods, except if we can adopt labour-intensive export-orientated strategies to open the path to more sustainable development<sup>11</sup>.

Regionally, trade with BELN countries for August resulted in a trade surplus of **R11,35 billion**, resulting from exports of **R16,43 billion** and imports of **R5,08 billion**. Exports to our neighbouring countries increased by **↑6,4%** (m/m) between July and August, with imports also increasing – by **↑3,2%** (m/m) – over the same period. Consequently, we see another improvement in the cumulative figures for the year, indicating a positive trade balance with BELN countries – from **R66,33 billion** in 2021 to **R78,95 billion** trade balance surplus for 2022.

## 4. Road and Regional Update

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

This week, the following events have caused some challenges and delays on roads in South Africa specifically, but also in and around the SADC region.

- Last week, clearing times at South African borders decreased substantially and averaged **~8 hours** (**↓60%** w/w).
- During the last week, there were no closures of any South African borders. However, we encourage traders to stay abreast of border post communications as per the SARS [website](#).
- Transporters, traders, and cargo owners may still 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>12</sup>, which has arguably achieved much greater success.

Apart from these developments, investigations continue into cross-border delays experienced at several other SADC border posts in the sub-region, with lengthy queuing times at several border posts and significant delays experienced at Beitbridge, Dedza, and Kasumbalesa. Incidentally, the data analysis from FESARTA has evolved and will begin to include the analytics expertise of [Crickmay](#)<sup>13</sup>. As the work is ongoing, the following table will showcase the changes on the North-South Corridor, which will now illustrate border delays on northbound and southbound vehicle movements:

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<sup>11</sup> Baissac, C. 06/09/2020. [An essay: South Africa's economic decline in detail – and the narrow path away from failure](#).

<sup>12</sup> [FESARTA TRANSIST Bureau](#).

<sup>13</sup> Some of the audience of the weekly Cargo Movement Report will be familiar with the work of Crickmay and SAAFF in developing the “Transport Monitoring Tool” for the Durban and other South African ports. For more information, please contact SAAFF and Crickmay.

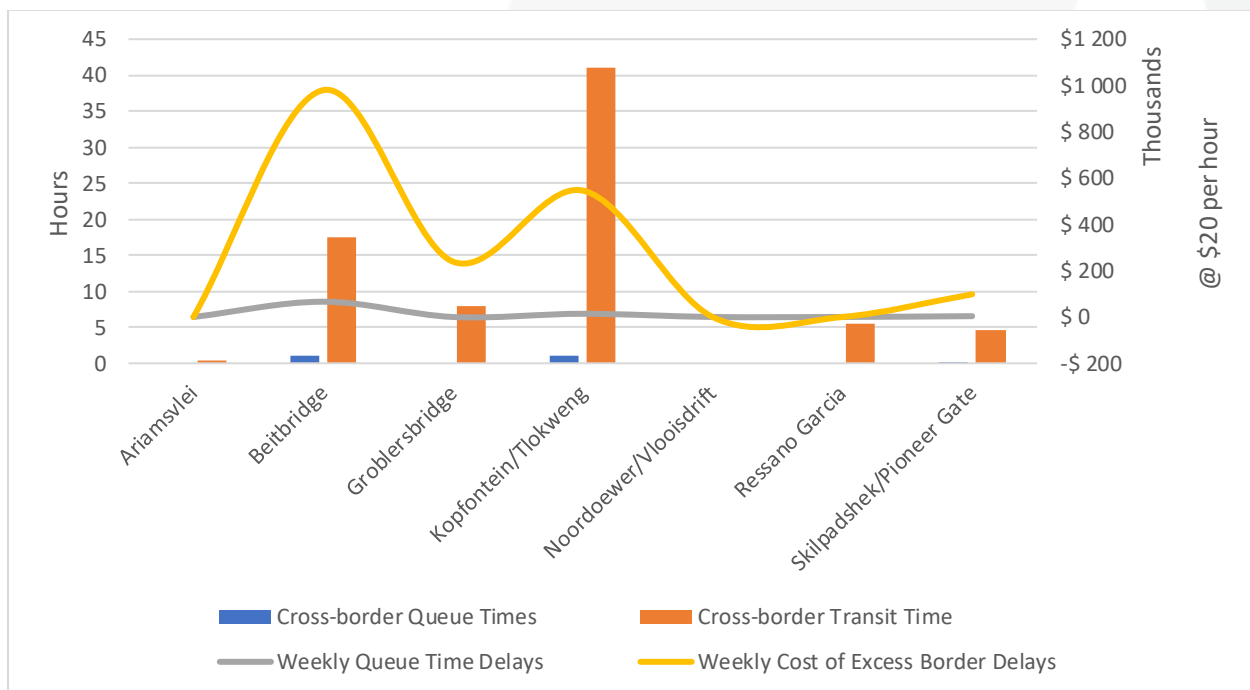
Table 6 – Delays<sup>14</sup> summary – North-South Corridor

Border Post	Direction	HGV <sup>15</sup> 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
Beitbridge	Zimbabwe-SA	410	1:00	3:00	13:00	12 300	2 870
Beitbridge	SA-Zimbabwe	472	1:00	7:00	24:00	14 160	3 304
Groblersbrug	SA-Botswana	238	-	2:00	16:00	7 140	1 666
Groblersbrug	Botswana-SA	166	-	-	-	4 980	1 162
Noordoewer	Namibia-SA	20	3:00	0:02	5:00	600	140
Vioolsdrif	SA-Namibia	30	-	0:08	4:00	900	210
Ariamsvlei	Namibia-SA	20	-	0:05	0:23	600	140
Nakop	SA-Namibia	30	-	1:00	2:00	900	210
Lebombo	SA-Mozambique	1 553	-	1:00	2:00	46 590	10 871
Ressano Garcia	Mozambique-SA	148	-	1:00	9:00	4 440	1 036
Skilpadshek	SA-Botswana	200	0:03	1:00	7:00	4 800	1 400
Pioneer Gate	Botswana-SA	100	0:25	0:01	2:00	2 400	700
<b>Average/Sum</b>		<b>7 971</b>	<b>0:46</b>	<b>1:21</b>	<b>7:02</b>	<b>237 330</b>	<b>55 797</b>

Source: TLC & FESARTA, week ending 26/09/2022.

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

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



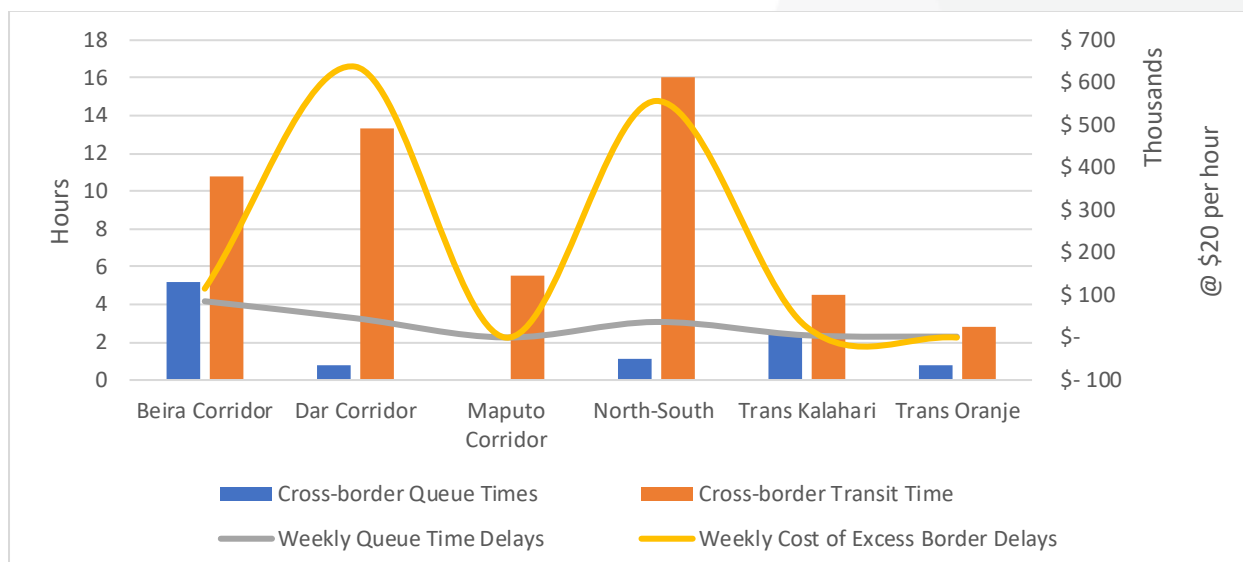
Source: TLC & FESARTA, week ending 18/09/2022.

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

<sup>14</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.

<sup>15</sup> Heavy Goods Vehicles.

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



Source: TLC & FESARTA, week ending 18/09/2022.

In summary, cross-border queue time has averaged **~1,8 hours** (down by **~2,1 hour** from the **~3,9 hours** recorded in the previous report), costing the transport industry an estimated **\$1,36 million (R25 million)**. Furthermore, the week's average cross-border transit times hovered around **~12,3 hours** (down by **~6,0 hours** from the **~18,3 hours** recorded in the previous report), costing the transport industry **\$13,9 million (R251 million)**. As a result, the total cost for the week amounts to an estimated **~R276 million** (down by **~R60 million** or **↓18%** from **R336 million** in the previous report). Note that both the average queue and transit times are substantially less than last week simply because the improved analysis is more comprehensive and includes additional borders – many of whom are smaller and therefore take less time to cross and positively influence the average time regionally.

## 5. 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 air cargo industry.

### a. Global shipping industry

#### i. Global port throughput

The latest *RWI/ISL*<sup>16</sup> figures showed that global port throughput increased slightly to **127,4 points** in August (up by **↑0,9** from July's revised **126,5 points**)<sup>17</sup>. The increased activity was led by container activity in Europe and consolidation of the recovery in China. For example, the North Range Index, an indicator for economic development in northern Europe and Germany, has recorded a remarkable increase for August – from **111,5** (revised) to **115,2**. Moreover, throughput figures in Chinese ports continued to recover further from the lockdowns and increased from **137,1** to **139,5** (although the outlook is not great, with new export orders at their lowest since May<sup>18</sup>).

<sup>16</sup> Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL), which consists of data from 90 international ports, constituting approximately **64%** of global container traffic, and includes the South African ports of Cape Town, Durban, and Ngqura.

<sup>17</sup> RWI/ISL. 30/09/2022. [RWI/ISL Container Throughput Index: Increasing container throughput indicates easing of tension of disturbed supply chains.](#)

<sup>18</sup> Whelan, S. 30/09/2022. [Fewer orders 'bodes poorly' for China's exports as Golden Week looms.](#)



Figure 14 – RWI/ISL Container throughput index (2015 = 100)



Source: [RWI/ISL](#)

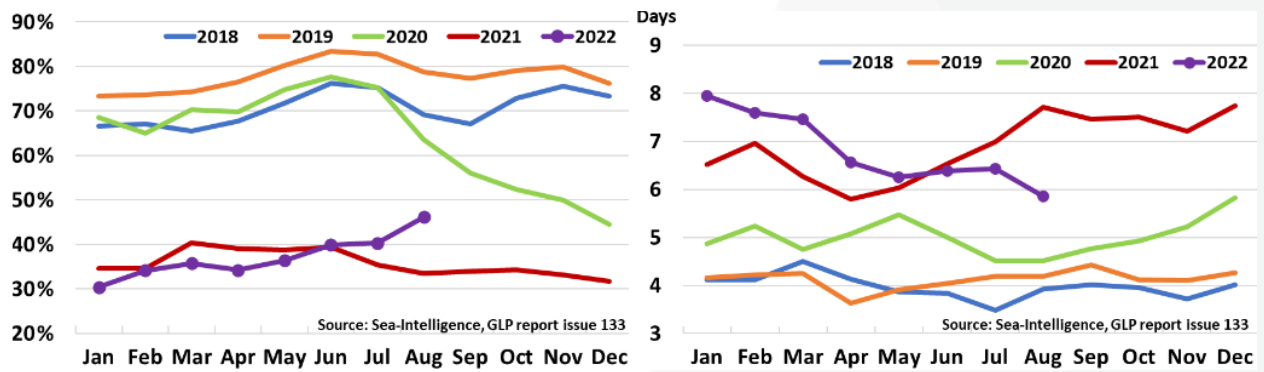
Regarding the development outlook, RWI's head of economic research, Torsten Schmidt, notes that despite a weakening world economy, container throughput in August has increased – especially in European ports. Therefore, despite weakening demand and many challenges, notably with labour, it appears as if the supply chain pressure valve has been lifted slightly. Furthermore, these developments explain the continued decrease in freight rates, and we will closely monitor coincident indicators in the coming weeks.

## ii. Schedule reliability

According to the latest July figures published by Sea Intelligence, global liner schedule reliability improved substantially once again – building on the recent marginal gains across most container industry performance metrics. The latest number shows that liner schedule reliability rose sharply by **↑5,6%** (m/m) to **46,2%**<sup>19</sup> in August. Although liner reliability is still far from average pre-pandemic levels of **~75%**, the trajectory continues to breed optimism after the dismal last 12 months or so. Furthermore, the average delay for LATE vessel arrivals has dropped noticeably, with August down by **0,57** to **5,86 days**. Consequently, August marks the first time since April 2021 when the average delays have dropped below the **6-day mark**. The following side-by-side figures illustrate reliability and delays in the last five years.

<sup>19</sup> Murphy, A. 30/09/2022. [Schedule reliability continues to improve in August 2022.](#)

Figure 15 – Global schedule reliability (%) and average days for late vessel arrivals (days)



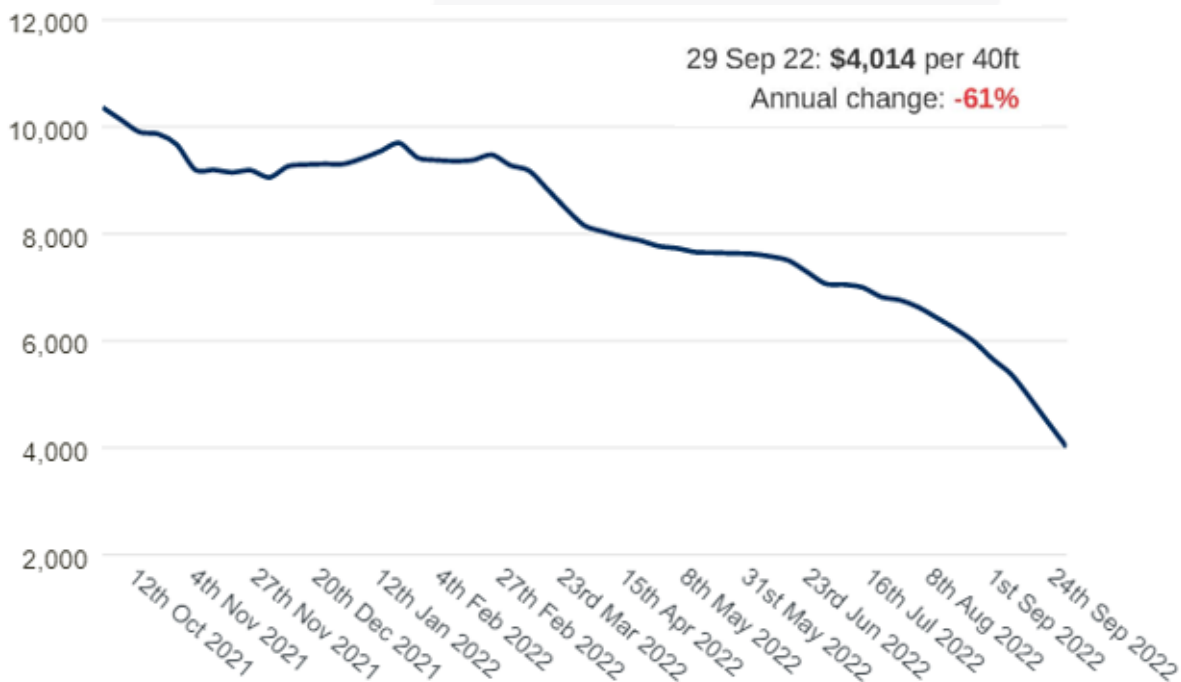
Source: [Sea Intelligence](#)

Maersk was once again in its usual place as the most reliable top-14 carrier in August 2022 on an individual carrier level, coming in at **53.5%** ( $\uparrow 3.5\%$ ). CMA CGM was second at **46.0%**, with another six carriers with reliability over **40%**. Five carriers were in the **30%-40%** range, with only Yang Ming below that – registering the worst schedule reliability at **29.8%**. Although global liner services continue to be plagued by many constraints (port congestion, human resources, and equipment shortages), the current short-term outlook appears much improved, as all 14 carriers recorded an annual improvement – 11 of those at double-digits.

iii. **Global container freight rates**

Container spot rates have continued their precipitous fall for the 31<sup>st</sup> week in a row, as Drewry's "World Container Index" decreased by a substantial  $\downarrow 10\%$  (**\$458**) to **\$4,014** per 40-ft container this week<sup>20</sup>: With 10% also recorded in the preceding week, it seems that the days of super profits for ocean carriers may be drawing to a close.

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



Source: [Drewry Ports and Terminal insights](#)

<sup>20</sup> Drewry. 29/09/2022. [World Container Index](#).

There were major decreases once more on all trades out of Shanghai, as only the New York – Rotterdam (and reverse) remain costlier than last year. Regional rates are also down, notably intra-Asia<sup>21</sup>; however, discounts have been slower than long-haul lanes. Ultimately, as reported throughout the last few editions, shippers now firmly have the edge regarding contract renewals<sup>22</sup>. This week, the composite index is **↓61%** below the peak levels experienced last year but remains **↑8%** higher than the five-year average of **\$3 714**. The expectations are for the rates to continue to decrease and likely drop below the five-year average in the next couple of weeks. For South Africa – slightly lagging – spot rates out of Asia have dropped below **\$5 000** as the march to normalcy continues.

#### iv. Further developments of note

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

##### 1. Labour issues at major global ports continue to add to the supply chain issues:

- a. Labour negotiations at some of the US and Europe's most important container ports show few signs of progress, adding to concerns that global supply chains may take longer to recover from pandemic disruptions.
- b. In the UK, dockers at the ports of Liverpool and Felixstowe are on strike this week, stalling the movement of goods across wharves that handle about half of the country's seaborne trade. On Wednesday morning, small queues were forming near southern England ports during the work stoppages — three box carriers are anchored outside Felixstowe, four more are waiting outside London Gateway, and another is parked near Southampton.
- c. Peel Ports Group, the owner of Liverpool's container terminals, went on the offensive on Tuesday, issuing a statement that accused the striking dockers of undermining the local economy<sup>23</sup>. From the shipping lines, Hapag-Lloyd said on Wednesday that all lines are calling at Felixstowe *"are looking to divert their vessels to other UK ports during the strike"*<sup>24</sup>. Meanwhile, Maersk has reworked its schedule for its UK-bound ships over the next few weeks to ease any bottlenecks that might form, as demand for carrier haulage is expected to be at very high levels immediately after the strike<sup>25</sup>.

##### 2. Carriers rebalancing capacity amid waning global container demand:

- a. Demand from China to the US west coast had *"significantly reduced"* according to MSC, as the carrier said it would be *"taking certain actions"* to rebalance its capacity, starting with the suspension of an entire service<sup>26</sup>.
- b. Until now, the major ocean carriers have used blanking strategies to take out capacity, but the demand outlook has deteriorated rapidly in the past few weeks, obliging lines to consider axing services.
- c. The Drewry *"Cancelled Sailings Tracker"* shows that across the major trades, 118 cancelled sailings have been announced between weeks 40 and 44 out of a total of 738 scheduled sailings, representing a **16% cancellation rate**<sup>27</sup>.

#### b. Global air cargo industry

As with demand in the general air cargo market, the air cargo charter demand has softened over the past month, bringing down rates, while the weaker market in the broader sector has led to some carriers

<sup>21</sup> Whelan, S. 28/09/2022. [Intra-Asia ocean freight rates on the slide, but still stronger than long-haul lanes.](#)

<sup>22</sup> Wackett, M. 27/09/2022. [Shippers now have the edge when it comes to contract renewal, says Drewry.](#)

<sup>23</sup> Murray, B. 27/09/2022. [Liverpool Port Says Strike to Hurt Region's Gains as Trade Hub.](#)

<sup>24</sup> Hapag-Lloyd. 27/09/2022. [Regional Updates in Europe.](#)

<sup>25</sup> Maersk. 24/09/2022. [Announced strike action at Ports of Felixstowe and Liverpool.](#)

<sup>26</sup> Wackett, M. 28/09/2022. [MSC leads the charge as transpacific container service cuts begin.](#)

<sup>27</sup> Drewry. 30/09/2022. [Cancelled Sailings Tracker – 30 Sep.](#)

considering capacity cuts<sup>28</sup>. These realities are apparent despite air cargo enjoying a cost-competitive edge over ocean freight – at least for now. Consequently, air cargo will continue to benefit from the narrowing of pricing compared with ocean shipping in the next six months despite that difference coming down in recent months<sup>29</sup>. The gap between ocean and airfreight pricing was at its lowest in September last year when port congestion sent container pricing to record highs. At that point, the cost of air cargo was under five times more than ocean shipping, compared with a historical difference of 10-20 times more. The current situation is likely to keep supporting air cargo; however, it is a support that will wane during 2023 in all probability.

In other cargo news, Investment firm Cerberus Capital Management has accepted a takeover bid from Singapore ground handler SATS for air cargo handler Worldwide Flights Services (WFS) in a deal worth **€2,25 billion**<sup>30</sup>. The deal will mean that SATS would become the world's largest ground handler and significantly strengthen its presence outside the Asia-Pacific region. Elsewhere, MSC is following rivals CMA CGM (who has launched a five-times weekly, non-stop 777 freighter service between Paris-CDG and Hong Kong<sup>31</sup>). and Maersk into the air cargo arena and announced on Monday, 26 September that they had signed a long-term deal with Atlas Air for four new 777-200 freighters, with the first arriving before the end of the year<sup>32</sup>. MSC Air Cargo has been under development for months, said the shipping line, and will begin operations early next year. In addition, we are likely to see a boost in air cargo capacity as Hong Kong has finally scrapped its hotel quarantine rule, paving the way for extra belly-hold cargo capacity<sup>33</sup> as the tourist trade recovers. Lastly, the Dutch airport – Schiphol – one of the busiest in Europe, is going ahead with its plans to cut a significant number of flights due to environmental and standard of living pressures, which will result in a further reduction in available capacity<sup>34</sup>.

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<sup>28</sup> Todd, S. 29/09/2022. [Softening air cargo charter market may see carriers 'flexing down' networks.](#)

<sup>29</sup> Brett, D. 27/09/2022. [Air cargo still benefiting from high cost of box shipping.](#)

<sup>30</sup> Van Marle, G. 28/09/2022. [SATS €2.5 billion takeover of WFS will create world's largest ground handler.](#)

<sup>31</sup> Todd, S. 26/09/2022. [Paris-Hong Kong freighter flies five times a week as CMA CGM Air Cargo takes off.](#)

<sup>32</sup> Wackett, M. 26/09/2022. [MSC the latest carrier on the runway – air cargo arm will debut with 777-200Fs.](#)

<sup>33</sup> Whelan, S. 26/09/2022. [A lift for belly capacity on the way after Hong Kong lifts hotel quarantine rule.](#)

<sup>34</sup> Todd, S. 27/09/2022. [Dutch shippers up in arms as Schiphol plans to cut 60,000 flights a year.](#)