

# Cargo movement update #159<sup>1</sup>

**Date: 20 October 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)	21 612	20 829	<b>42 441</b>	26 462	27 290	<b>53 752</b>	<b>↓21%</b>
Air Cargo (tons)	3 347	2 463	<b>5 810</b>	3 654	2 315	<b>5 968</b>	<b>↓3%</b>

## Monthly Snapshot

Figure 1 – Monthly<sup>4</sup> cargo volume, year on year (% growth)

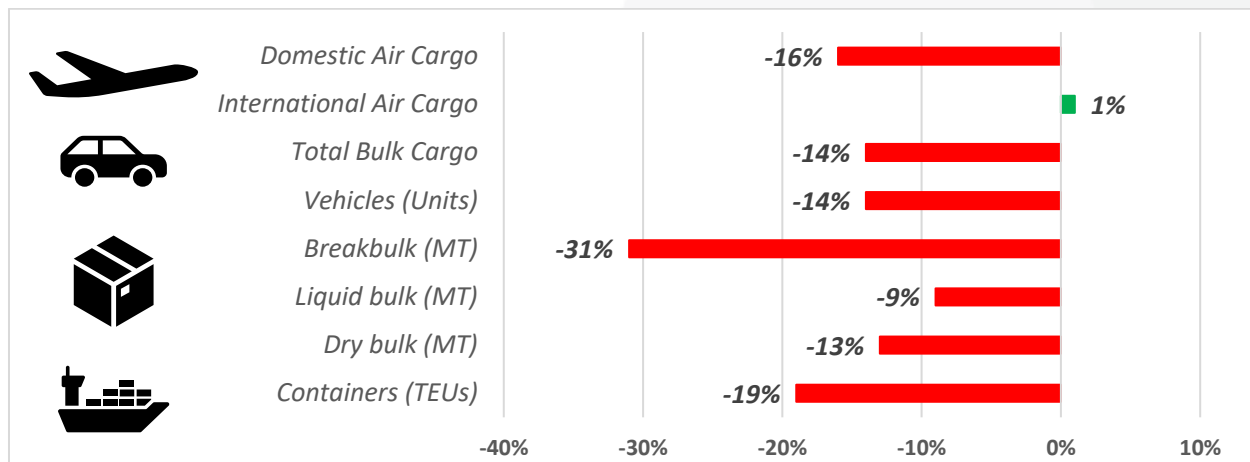
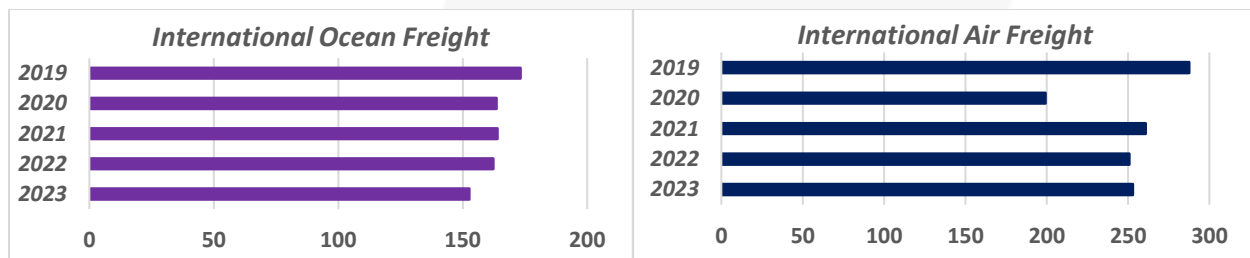


Figure 2 – Global year-to-date flows 2019-2023<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- An average of **~6 063 containers** was handled per day, with **~8 110 containers** projected for next week.
- TNPA stats for September: containers are down by **↓10%** (m/m), **↓19%** (y/y), and **↓5%** (YTD). Total bulk cargoes are down versus August (**↓9%**) and **↓14%** (y/y). Vehicles are down by **↓14%** (m/m and y/y).
- Rail cargo handled out of Durban amounted to **2 160 containers** for the week, **↓14%** (w/w).
- Cross-border queue times were **↓9,2 hours** (w/w), with transit times **↓1,6 hours** (w/w); SA borders increased by **~1,8 hours**, averaging **~12,0 hours** (**↑18%**); Other SADC borders averaged **~8,0 hours** (**↓20%**).
- Global freight rates decreased by a mere **↓0,4%** (or **\$5**) to **\$1 364** per 40-ft container this week.
- Global air cargo shows a **↑2%** increase in tonnages, as rates slipped slightly (**↓1%** - now at **\$2,34/kg**).

<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 159<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; Ocean: Sep vs Sep. Air: Sep vs Sep.

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

## Executive Summary

This update contains a consolidated overview of the South African supply chain and the current state of international trade. Commercial ports handled an average of **6 063 containers** per day, significantly down compared to the **7 679** last week. Port feedback this week primarily revolved around adverse weather conditions, leading to congestion and backlogs. CTCT lost approximately 21 operational hours on Wednesday because of the weather. Waterside delays are of grave concern, which indicated that berthing delays at Pier 1 have reached 12 days while berthing delays at Pier 2 have reached a staggering 19 days. As a result, Pier 2 indicated that import-free storage will be extended to **4,25 days** until 30 December 2023 for containers with a discharge volume exceeding 2 000 TEUs. The same reports further indicated that berthing delays, on average, at Richards Bay MPT stretched between 15 and 27 days. Additionally, the national rail network again fell victim to extensive cable theft this week, with the latest incident delaying operations for approximately 12 hours. Lastly, due to poor weather and frequent equipment breakdowns and shortages, shipping lines adjusted their sailing schedules and bypassed ports to maintain reliability.

Global trade is experiencing sluggish growth, and the Eurozone's economic prospects have diminished, with weakening macroeconomic conditions impacting order books. The outlook remains sombre for Eurozone nations, with Germany being particularly affected. The UK's economy has stagnated, although its more robust services sector has positioned it slightly better than its European peers. China is particularly vulnerable to weakened global demand, with third-quarter activity falling six points below the baseline. The US has also experienced a trade decline, three points below the baseline. While household spending has mitigated the decline, there are concerns that the savings accumulated by US consumers during the pandemic are depleting. The pattern is that global trade is now locally influenced, and nations with inward-focused economic strategies appear more resilient in the short term.

The overall sentiment in the global maritime industry continues to be weak – evidenced by the **\$135 billion drop** in stock valuations of the 11 largest publicly traded container companies. MSC, the world's largest carrier, which is not listed, inadvertently disclosed its financial results while bidding for Italian train operator Italo. Carriers' soaring profits during the freight rate surge had a major impact in contributing to global inflation, with the IMF attributing about **1,5%** of global inflation to shipping. However, when assessed alongside the value of global merchandise trade, these profits had a minor impact on inflation. The expiration of the EU Consortia Block Exemption Regulation (CBER) is unlikely to impact existing alliance arrangements to any great extent. Still, it could affect Asian container carriers more than their European counterparts. Carriers managed to stabilise freight rates, with the first weekly rise since early August. Golden Week holiday blanked sailings lowered capacity availability, enabling carriers to raise rates on secondary long-haul routes. Other developments affecting the logistics market include **(1)** the Israel/Hamas conflict and **(2)** BAL claims terminal \$8,8 million congestion surcharges were 'unfair'.

For air freight, international air cargo to and from South Africa followed last week's bumper week with good throughput registered but reduced slightly by **↓3%** in the last seven days – led mainly by imports (**↓8%**), as exports (**↑6%**) continued to fly. Monthly figures for Cape Town show that international cargo increased by **↑32%** (m/m) and **↑30%** (y/y), while air cargo at Durban increased by **↑35%** (m/m) and **↑35%** (y/y). Domestic figures for September show that cargo handled at Johannesburg (**↓35%**) and Durban decreased (**↓4%**), as Cape Town cargo increased by **↑24%**. Internationally, global air cargo tonnages recovered slightly in the second full week of October compared with the previous week. These developments follow the significant decrease the week before caused by the seasonal effect of China's National Day Golden Week holiday from 29 September to 6 October. In other air cargo news, flights in and out of Israel have decreased due to security concerns.

In regional cross-border road freight trade, average queue times decreased by **more than nine hours** (mainly due to the inclusion of the smaller borders in the Central and Northern corridors slightly skewing results), while transit times decreased by **an hour and a half** compared to last week. The median border crossing times at South African borders increased by **almost two and a half hours**, averaging **~12,0 hours (↑18%, w/w)** for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by approximately **two hours minutes** and averaged **~8,0 hours (↓20%, w/w)**. On average, several SADC border posts took more than a day to cross, notably Beitbridge, Kasumbalesa (the worst affected), Katima/Mulilo, and Machipanda. Further notable developments included **(1)** extended queuing at Lebombo continues to result in slow crossings, **(2)** a National truck driver strike in Malawi finally ending, and **(3)** BURS requesting that northbound trucks at Skilpadshak be halted due to insufficient parking.

In concluding this week's edition, September volumes from TNPA show that Transnet experienced a desperately poor month in terms of throughput performance. Some unforeseen events, such as increased weather delays, were apparent in September. More importantly, the constant reporting of network challenges, frequent equipment breakdowns and shortages, and congestion evident in each weekly report goes a long way towards explaining the poor performance. Moreover, the flurry of "resignations"<sup>6</sup> – as widely predicted<sup>7</sup> – of executives at Transnet also strengthens the perception of poor performance. It is not surprising that the Minister of Public Enterprises is becoming increasingly active in the affairs of Transnet (announcing a new board of directors<sup>8</sup> last week); however, several executives at Transnet (and Eskom) have blamed the "meddling" of this self-same ministry not as being largely responsible for the poor performance of our SOEs<sup>9</sup>.

Nevertheless, as economists and statisticians will know, this kind of analysis is never simple, and there are seldom only a few determinants which explain the bulk of any system's performance, but rather a whole host. And in the case of Transnet's performance, we know that a whole host of problems is present. In light of that, we need to address the primary constraints urgently. And chisel away at solving them, which the NLCC is tasked to do – especially in creating inter – and intra-port competition<sup>10</sup>. A thriving logistics network is critical to economic growth and development. We must turn things around, as the collective industry urgently needs logistics efficiency and improved port productivity to revitalise its foreign trade sectors at the heart of the South African economy.

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<sup>6</sup> Mahlaka, R. 05/10/2023. [Transnet leadership exodus continues, with Siza Mzimela the latest to leave.](#)

<sup>7</sup> Paton, C. 03/10/2023. [Carol Paton | Huge change lies down the line as heads start to roll at Transnet.](#)

<sup>8</sup> SA Gov. 10/10/2023. [Minister Pravin Gordhan announces appointment of Transnet National Port Authority Board of Directors.](#)

<sup>9</sup> Maklaka, R. 14/10/2023. [Eskom, Transnet ex-board members blame 'meddling' Minister Gordhan for executive exodus at dysfunctional SOEs.](#)

<sup>10</sup> Steyn, L. 17/10/2023. [Transnet ports and rail plan to create competition, not privatisation, government insists.](#)

## Contents

<b>Weekly Snapshot .....</b>	<b>1</b>
<b>Monthly Snapshot.....</b>	<b>1</b>
<b>Key Notes .....</b>	<b>1</b>
<b>Executive Summary.....</b>	<b>2</b>
<b>Contents.....</b>	<b>4</b>
<b>1. Ports Update .....</b>	<b>5</b>
a. Container flow overview.....	5
b. TNPA: September update .....	8
c. Summary of port operations.....	10
i. Weather and other delays .....	10
ii. Cape Town.....	10
iii. Durban .....	11
iv. Richards Bay.....	12
v. Eastern Cape ports.....	13
vi. Saldanha Bay.....	13
vii. Scheduling and anchor delays.....	13
viii. Transnet Freight Rail (TFR).....	14
<b>2. Air Update .....</b>	<b>14</b>
a. International air cargo .....	14
b. Domestic air cargo .....	15
<b>3. Road and Regional Update .....</b>	<b>16</b>
a. Cross-border and road freight delays .....	16
<b>4. International Update .....</b>	<b>19</b>
a. World trade.....	19
b. Global shipping industry .....	20
i. Container industry financials .....	20
ii. The impact of the CBER expiry on the liner shipping market .....	22
iii. Container industry summary .....	22
iv. Global container freight rates.....	23
v. Further developments of note.....	23
c. Global air cargo industry.....	24

## 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 14 to 20 October<sup>11</sup>

7-day flow forecast (14/10/2023 – 20/10/2023)		
TERMINAL	NO. OF CONTAINERS <sup>12</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 840	5 084
DURBAN CONTAINER TERMINAL PIER 2:	9 014	8 426
CAPE TOWN CONTAINER TERMINAL:	3 608	3 366
NGQURA CONTAINER TERMINAL:	3 785	2 658
GQEBERHA CONTAINER TERMINAL:	1 365	1 295
<b>TOTAL:</b>	<b>21 612</b>	<b>20 829</b>

Source: Transnet, 2023. Updated 20/10/2023.

Table 3 – Container Ports – Weekly flow predicted for 21 to 27 October

7-day flow forecast (21/10/2023 – 27/10/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 933	6 171
DURBAN CONTAINER TERMINAL PIER 2:	11 296	10 589
CAPE TOWN CONTAINER TERMINAL:	4 605	5 737
NGQURA CONTAINER TERMINAL:	4 959	6 341
GQEBERHA CONTAINER TERMINAL:	1 142	994
<b>TOTAL:</b>	<b>26 935</b>	<b>29 832</b>

Source: Transnet, 2023. Updated 20/10/2023.

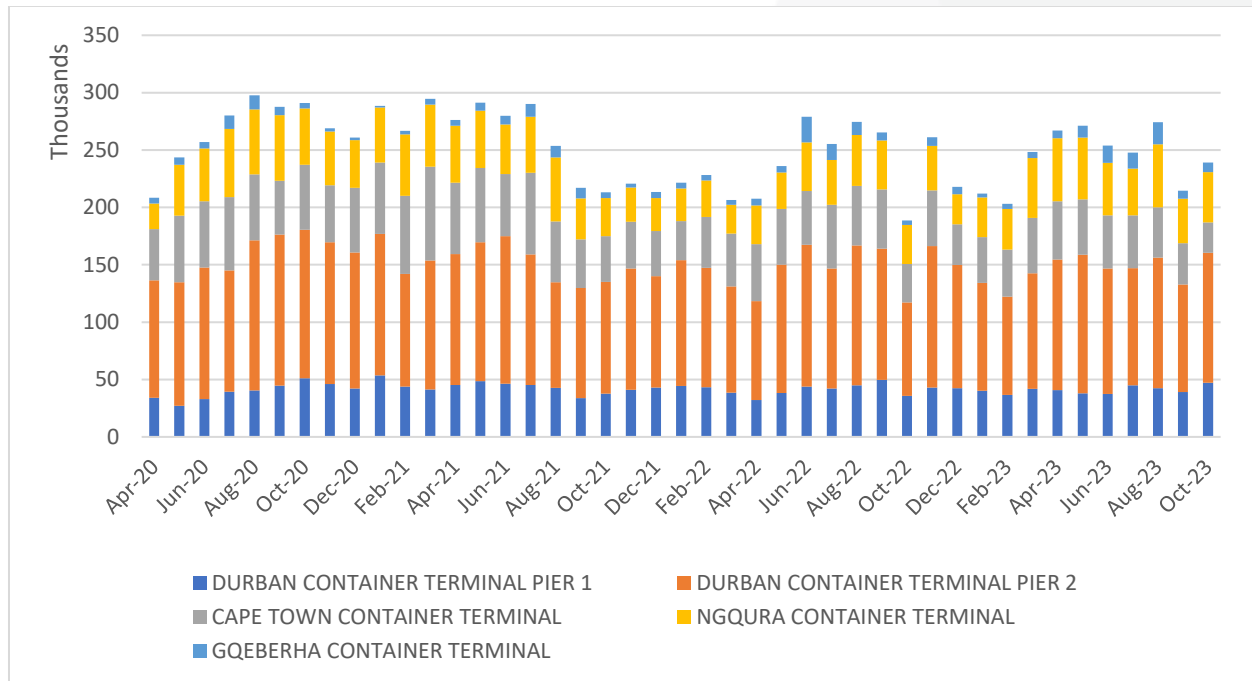
An average of **~6 063 containers** (↓21%) was handled per day for the last week (14 to 20 October, Table 2), compared to the projected average of **~8 232 containers** (↓26% actual versus projected) noted in last week's report. For this week, an increased average of **~8 110 containers** (↑34%) is predicted to be handled (21 to 27 October, Table 3). However, it is interesting to note that this is still less than what was predicted last week, which makes one wonder what happened to the cargo that could not be moved last week. Port feedback this week primarily revolved around adverse weather conditions, leading to congestion and backlogs.

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

<sup>11</sup> It remains important to note that a large percentage (approximately 35% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transshipments.

<sup>12</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.

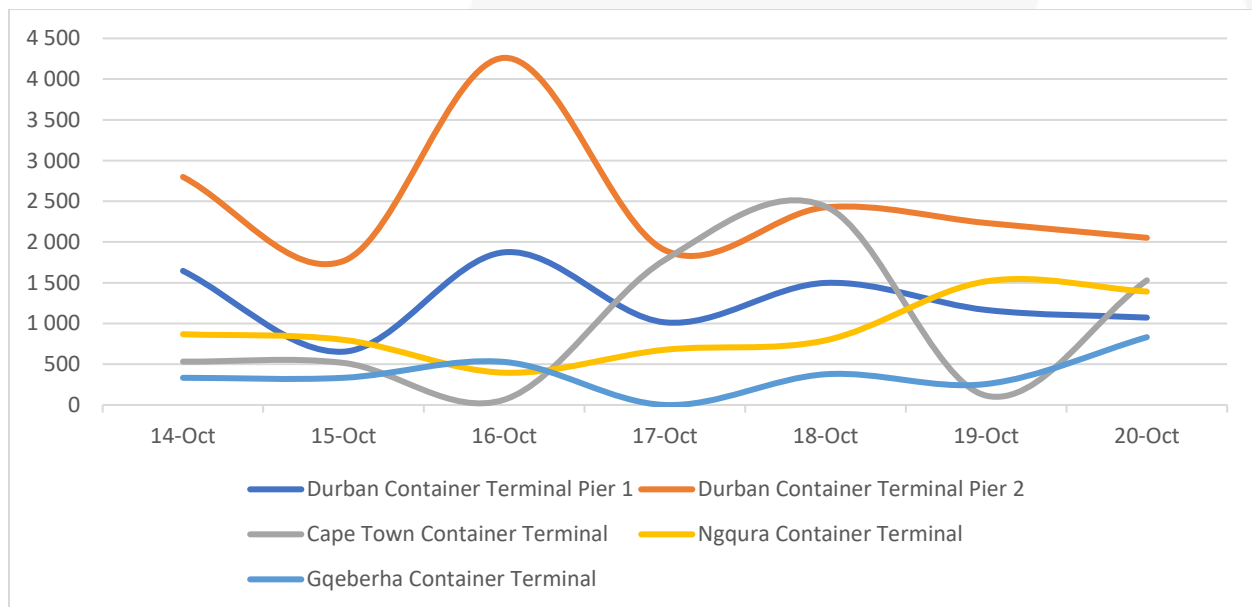
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 20/10/2023.

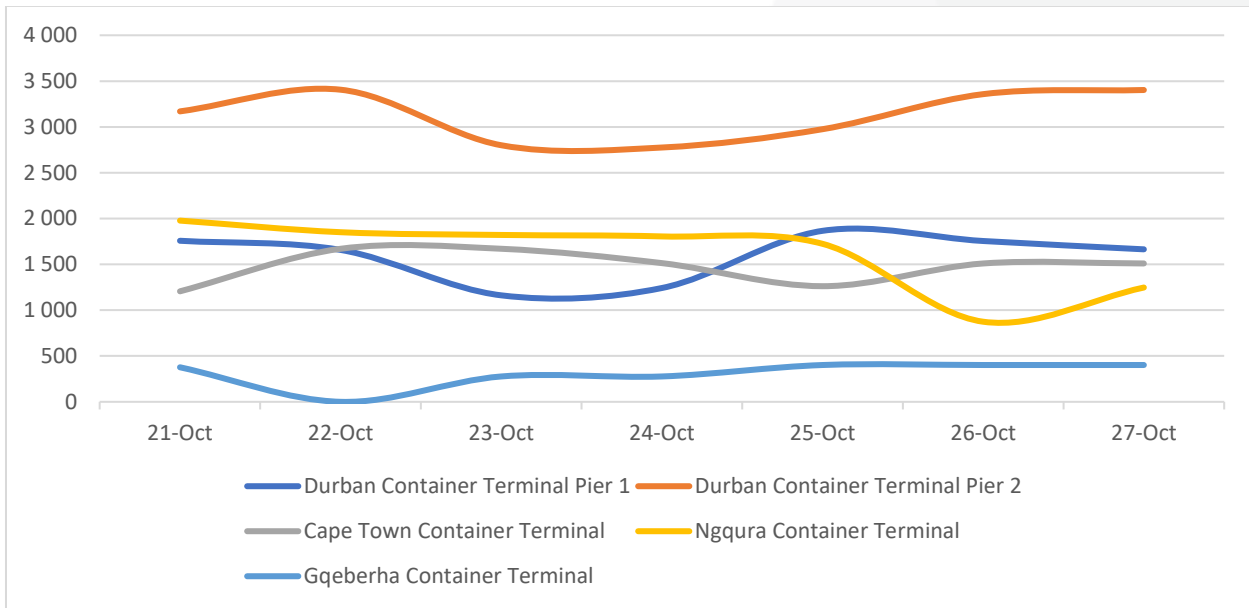
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (14 to 20 October; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 20/10/2023.

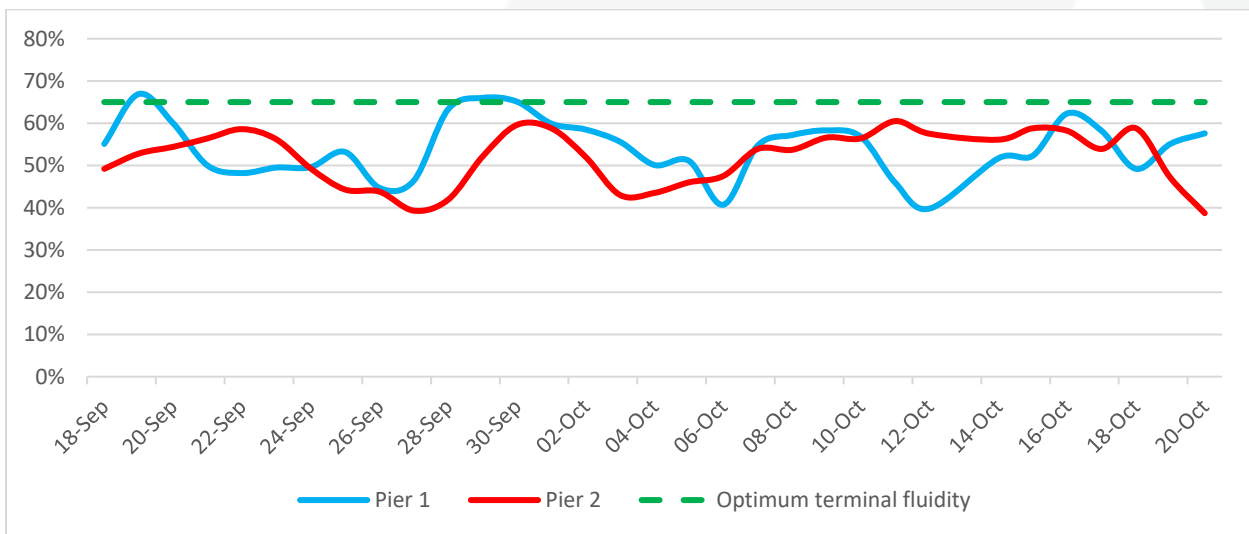
Figure 5 – 7-day forecast reported for total container movements (21 to 27 October; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 20/10/2023.

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

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

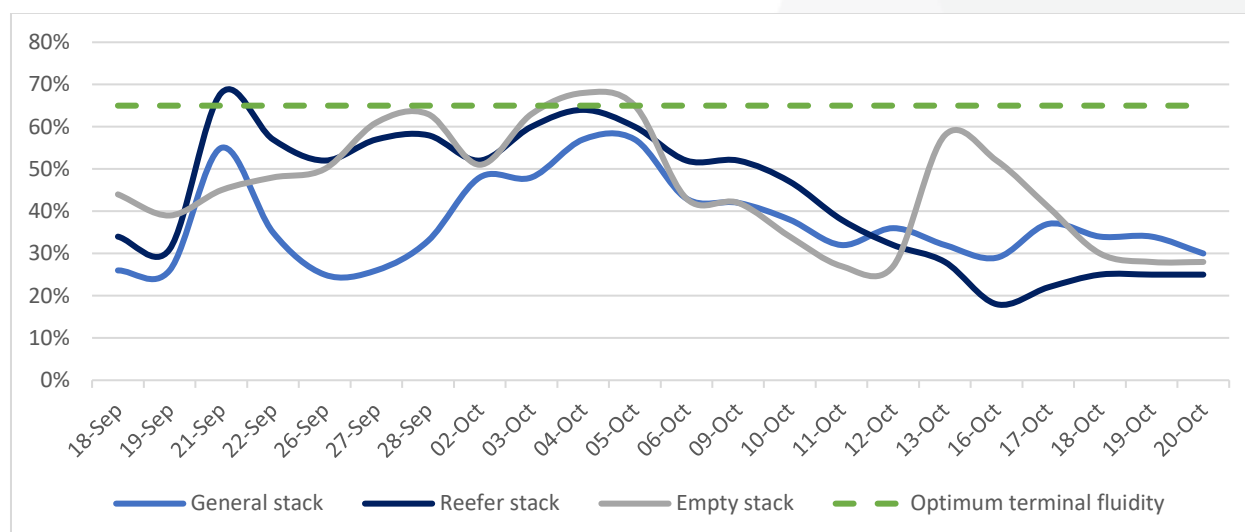


Source: Calculated using data from Transnet, 2023. Updated 20/10/2023.

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 (18 September to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 20/10/2023.

### b. TNPA: September update

TNPA has released consolidated port statistics for September<sup>13</sup>, with the ongoing constraints sadly reported on evident in the dismal numbers, as all sectors are down. Moreover, the reduction is evident in the monthly figures and the yearly and year-to-date figures. And this applies to all ports. We can only hope that a new low has been reached, with some positive returns waiting on the horizon. The headlines show that container throughput decreased by **↓10%** (m/m) – led by exports (**↓17%**), while imports (**↓3%**) were also down. Containers handled per terminal show monthly decreases across the board, with the worst being East London (**↓16%**), followed by Cape Town and Port Elizabeth (both at **↓13%**), Ngqura (**↓10%**), and Durban (**↓9%**). In the bulk segments, the narrative is the same, as total bulk movements are down by **↓9%**, with the most significant drop occurring with breakbulk (**↓44%**), followed by liquid bulk (**↓10%**) and dry bulk (**↓7%**). Vehicle trade was also down at **↓14%** (m/m), as no sector showed any improvement from August:

Table 4 – TNPA – Volume and Growth: September 2023

	Aug	Sep	Movement	Change (%)
<b>Containers (TEUs)</b>	<b>411 327</b>	<b>368 304</b>	<b>-43 023</b>	<b>-10%</b>
Landed	201 783	195 085	-6 698	-3%
Shipped	209 544	173 219	-36 325	-17%
<b>Dry bulk (MT)</b>	<b>14 867 949</b>	<b>13 838 768</b>	<b>-1 029 181</b>	<b>-7%</b>
<b>Liquid bulk (MT)</b>	<b>3 049 996</b>	<b>2 749 079</b>	<b>-300 917</b>	<b>-10%</b>
<b>Breakbulk (MT)</b>	<b>566 605</b>	<b>316 217</b>	<b>-250 388</b>	<b>-44%</b>
<b>Vehicles (Units)</b>	<b>88 147</b>	<b>75 543</b>	<b>-12 604</b>	<b>-14%</b>
<b>Total cargo (excl. Vehicles)</b>	<b>18 484 550</b>	<b>16 904 064</b>	<b>-1 580 486</b>	<b>-9%</b>

Source: [TNPA](#), updated 22/09/2023.

Transnet Port Terminal handled **16,9 million metric tonnes** of bulk cargo during September, roughly similar to the year-to-date averages (**16,95 million**), which remains significantly down on the 10-year monthly

<sup>13</sup> Transnet. 2023. Port statistics. [TNPA](#)



average of **18,3 million** (see *Figure 2* for the comparison across the last five years) With containers, the cyclically average for August is **~418 000 TEUs** in the seven years, including this. Consequently, September 2023 is around **~88%** of the long-term average. The following table shows the comparative overview for September since the pandemic, with 2023 compared to the same month in 2022, 2021 and 2020:

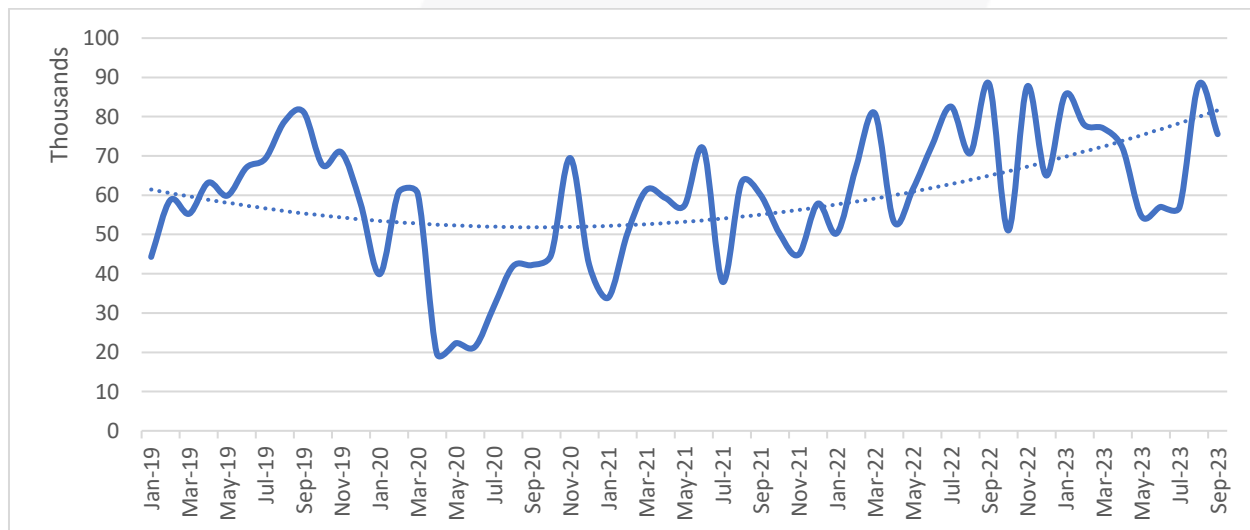
Table 5 – TNPA – Volume and Growth: September 2020-2023

	2020	2021	2022	2023	Growth: '22-'23	Growth: '21-'23	Growth: '20-'23
<b>Containers (TEUs)</b>	<b>370 875</b>	<b>451 310</b>	<b>455 235</b>	<b>368 304</b>	<b>-19%</b>	<b>-18%</b>	<b>-1%</b>
Landed	173 318	227 931	222 745	195 085	-12%	-14%	13%
Shipped	197 557	223 379	232 490	173 219	-25%	-22%	-12%
<b>Dry bulk (MT)</b>	<b>17 517 161</b>	<b>15 597 054</b>	<b>15 858 230</b>	<b>13 838 768</b>	<b>-13%</b>	<b>-11%</b>	<b>-21%</b>
<b>Liquid bulk (MT)</b>	<b>4 388 917</b>	<b>3 858 566</b>	<b>3 361 036</b>	<b>2 749 079</b>	<b>-18%</b>	<b>-29%</b>	<b>-37%</b>
<b>Breakbulk (MT)</b>	<b>489 925</b>	<b>593 044</b>	<b>456 957</b>	<b>316 217</b>	<b>-31%</b>	<b>-47%</b>	<b>-35%</b>
<b>Vehicles (Units)</b>	<b>42 217</b>	<b>60 059</b>	<b>88 328</b>	<b>75 543</b>	<b>-14%</b>	<b>26%</b>	<b>79%</b>
<b>Total cargo (excl. Vehicles)</b>	<b>22 396 003</b>	<b>20 048 664</b>	<b>19 676 223</b>	<b>16 979 607</b>	<b>-14%</b>	<b>-15%</b>	<b>-24%</b>

Source: [TNPA](#), updated 18/10/2023.

Yearly figures for the primary industries also indicate decreases across the board, with the following apparent: containers (**↓19%**, y/y), total cargo handled (**↓14%**), dry bulk (**↓13%**), liquid bulk (**↓18%**), breakbulk (**↓19%**), and vehicles (**↓14%**). More shocking has been the constant decay in the bulk sectors, with our rail constraints among the primary causes, as the mining industry has often reminded us of the massive amounts of bulk cargo that could not be moved to the port in recent years. The preceding three tables distinctly paint the sorry state of South Africa's port economy. Are we surprised we have had to establish a National Logistics Crisis Committee (NLCC)? Fortunately, one of the only shining lights remains the Ro-Ro terminals, as vehicle trade – despite being down this month – continues to trend upwards over the longer term:

Figure 8 – Total vehicles handled at SA Ro-Ro terminals (units, 2019 to present)



Source: [TNPA](#), updated 18/10/2023.

The year-to-date figures for containers emphasise this sorry state of affairs, as there has been no tangible and sustainable growth in this sector since the pre-pandemic levels of 2019:

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

	2019	2020	2021	2022	2023
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
<b>LANDED:</b>					
DEEPSEA	1 398 480	1 199 814	1 383 843	1 396 183	1 341 818
COASTWISE	33 245	31 790	29 109	41 584	35 986
TRANSIPPED <sup>14</sup>	328 486	265 677	310 269	276 201	214 894
<b>TOTAL LANDED</b>	<b>1 760 211</b>	<b>1 497 281</b>	<b>1 723 221</b>	<b>1 713 968</b>	<b>1 592 698</b>
<b>SHIPPED:</b>					
DEEPSEA	1 322 094	1 225 692	1 348 029	1 377 131	1 356 325
COASTWISE	22 054	29 254	28 211	33 345	48 930
TRANSIPPED	334 803	266 135	302 189	242 261	199 432
<b>TOTAL SHIPPED</b>	<b>1 678 951</b>	<b>1 521 081</b>	<b>1 678 429</b>	<b>1 652 737</b>	<b>1 604 687</b>
<b>GRAND TOTAL</b>	<b>3 439 162</b>	<b>3 018 362</b>	<b>3 401 650</b>	<b>3 366 705</b>	<b>3 197 385</b>

Source: [TNPA](#), updated 18/10/2023.

Compared to last year, total containers shipped are down by **↓2,9%** (y/y), with containers landed down by a considerable **↓7,1%**. Total container trade down is by **↓5,0%** (y/y). Versus the pre-pandemic year of 2019, the picture becomes bleaker, as total containers shipped are down by **↓4,4%** (y/y), with total containers landed down by **↓9,5%** (y/y), with total container trade down by **↓7,0%** (y/y). Therefore, not only has our industry not grown in the last five years, but we have, in fact, gone backwards – and backwards by a lot!

### c. Summary of port operations

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

#### i. Weather and other delays

- Poor weather continued in Cape Town as CTCT lost around 21 operational hours on Wednesday.
- Adverse weather was also reported in Durban as extensive berthing delays continued.
- The Eastern Cape ports also lost significant time to adverse weather.
- Richards Bay is also afflicted with extensive berthing delays.

#### ii. Cape Town

On Wednesday, CTCT recorded two vessels at berth and six at anchor. The terminal shifted to a two-berth operation on Wednesday due to dredging operations at berth 604. The terminal continued its struggles with adverse weather this week, as more than 40 operational hours were lost. Stack occupancy for GP containers was recorded at 34%, reefers at 25%, and empties at 28%. In the latest 24-hour period to Thursday, the terminal handled 114 TEUs across the quay while 109 trucks were serviced on the landside; these low volumes can be attributed to strong winds, which prohibited operations for around 21 hours during this period. Furthermore, the terminal operated with 15 RTGs for most of the week, with constant breakdowns.

<sup>14</sup> 'Transhipped' means an act of off-loading cargo from one ship (generally at a hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transshipment port for a period.

Terminal users (shipping lines) reported a berthing delay of 12 days, and as a result, several vessels have bypassed the port.

The multi-purpose terminal, on Tuesday, recorded zero vessels at anchor and three at berth. In the 24 hours just before Tuesday, the terminal managed to service 251 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 147 TEUs and 3 430 tons were handled across the quay on the waterside. Stack occupancy was recorded at 12% for GP containers, 43% for reefers, and 44% for empties during the same period. It is quite shocking that the MPT, which is not equipped as a fully-fledged container terminal, achieved better productivity rates than the container terminal itself.

The FPT private terminal reported zero vessels at anchorage while servicing two at berth on Thursday. During the prior 24 hours, the terminal handled 116 TEUs, 64 tons of breakbulk cargo, and 5 850 dry bulk tons on the waterside while servicing 225 trucks on the landside. At the same time, reefer stack occupancy was very low at 7%, but the seasonal nature of the fruit trade can largely explain this.

### iii. Durban

Pier 1 on Tuesday recorded two vessels at berth, operated by five gangs, and three vessels at anchor. Stack occupancy was 58% for GP containers and remained undisclosed for reefers. During the same period, 2 186 imports were on hand, with 129 units having road stops and 38 unassigned. The terminal recorded 739 gate moves on the landside, with an undisclosed number of cancelled slots and 51 wasted. The truck turnaround time was recorded at ~94 minutes, with an average staging time of ~177 minutes. On Monday, Blocks E3 and C2 at the terminal were affected by an RTG breakdown within the terminal.

Pier 2 had three vessels at berth and 11 at anchorage on Wednesday. Berths 108 and 109 were out of commission due to dredging operations but returned to service by the end of the week. In the 24 hours leading to Thursday, stack occupancy was 53% for GP containers and very low at 6% for reefers, with 8% of reefer ground slots utilised. The terminal operated with seven gangs while moving 2 234 TEUs across the quay. During the same period, there were 2 167 gate moves on the landside with a truck turnaround time of ~80 minutes and a staging time of ~43 minutes. Of the landside gate moves, 1 656 (76%) were for imports and 511 (24%) for exports. Additionally, 302 rail import containers were on hand, with 338 moved by rail. Some concerning industry reports surfaced earlier this week, indicating that berthing delays at Pier 1 have reached 12 days while berthing delays at Pier 2 have reached a staggering 19 days. These extensive berthing delays are unacceptable and put the entire South African economy at risk. The same reports indicated that one unnamed vessel arrived at the port around 10 September 2023 and has not yet sailed.

Furthermore, In the wake of the current equipment- and weather challenges faced in Durban, Pier 2 indicated that import-free storage will be extended to 4,25 days until 30 December 2023 for containers from vessels with a discharge volume exceeding 2 000 TEUs. This interim dispensation, however, does not include reefers and IMDG containers. It is interesting to note that the appointment of an acting terminal manager was announced this week.

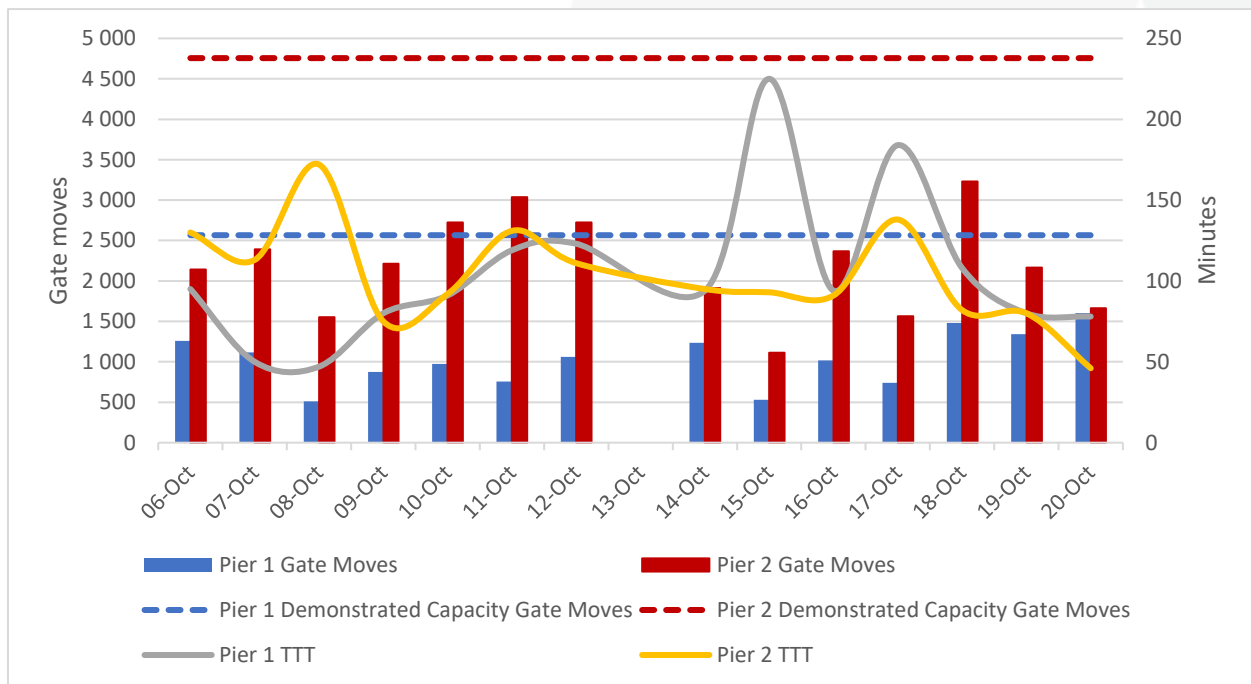
Durban's MPT terminal recorded three vessels at berth on Thursday and three at outer anchorage while handling 493 TEUs and 3 784 breakbulk tons on the waterside. Stack occupancy for breakbulk was recorded at 55% during that time and at 58% for containers. The terminal handled 271 container road slots and 98 breakbulk RMTs containing 3 004 tons on the landside. During the same period, two cranes, six reach stackers, one empty handler, seven forklifts and 15 ERFs were in operation. The latest reports suggest that the estimated return time for the third and fourth cranes has been pushed back to 31 October due to procurement issues for some of the spares. To add insult to injury, one of the two available cranes went out of commission towards the end of the week, leaving only one lonely crane operational at the terminal.

On Monday, the Ro-Ro terminal in Durban recorded two vessels on the berth, with three at outer anchorage. The late arrival of export carriers on the landside, accompanied by adverse weather on the waterside, ensured that operational targets at the terminal could not be met earlier in the week. During the same period, the terminal handled 1 454 units on the landside while handling 2 149 on the waterside. Over the 24 hours leading to Tuesday, general stack occupancy was recorded very high at a fluidity-threatening 89%, comprising 32% imports, 65% exports, and 4% transhipments. Stack occupancy at Q/R was 10%, while the G-berth stack was 45%. The terminal had 3 377 import units on hand, 6 980 units were destined for export markets, and 412 were subject to transhipments.

Lastly, TNPA has called on interested parties to respond to its Request for Proposals (RFP) for a terminal operator to design, develop, finance, construct, operate, maintain, and transfer a multi-purpose terminal for the handling of citrus and other fruit, including break bulk cargo at the Durban's Maydon Wharf Precinct. As readers may know, this has long been a leasehold area with private operators using space there.

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 (without Friday, 13 October's numbers).

Figure 9 – Gate moves (left axis) and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2022. Updated 13/10/2023.

**iv. Richards Bay**

On Thursday, Richards Bay recorded 18 vessels at anchor, 12 destined for DBT and six destined for MPT. Additionally, 14 vessels were recorded on the berth, translating to six at DBT, six at MPT, two at RBCT, and none at the liquid bulk terminal. Two tugs and one helicopter were in operation for marine resources in the 24 hours leading to Friday. The pilot boat remains out of commission. Some industry reports indicated that two unnamed vessels have been at anchorage for over a month at the Port. The same reports further indicated that berthing delays at MPT ranged, on average, between 15 and 27 days.

#### **v. Eastern Cape ports**

NCT on Wednesday recorded two vessels on the berth and zero vessels at the outer anchorage, with seven drifting. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Thursday. In the same period, stack occupancy was 34% for GP containers, 12% for reefers, and 29% for reefer ground slots, as a total of 1 517 TEUs was processed. Additionally, 307 trucks were serviced on the landside at a truck turnaround time of ~34 minutes. STS Crane 3 remained out of commission this week, but its time of return was estimated as 27 October 2023.

GCT on Monday recorded no vessels at outer anchorage but recorded one at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the 24 hours to Tuesday. Towards the end of the week, stack occupancy was recorded at 72% for GP containers, 25% for reefers, and 70% for reefer ground slots. On the waterside, 528 volumes were handled across the quay at an undisclosed GCH and SWH. Additionally, 234 trucks were serviced on the landside at a truck turnaround time of ~22 minutes.

The Ro-Ro terminal had one vessel on berth and none at anchor on Wednesday. 680 units were handled on the waterside in the 24 hours before Thursday. During the same period, an undisclosed number of units were on hand, leading to a stack occupancy figure of 40%.

On Monday at the Port of East London, 528 containers were moved across the quay, but no external trucks were serviced on the landside. Stack occupancy on the container side was recorded at 35%. During the same period, at the Ro-Ro terminal, 765 units were processed on the waterside at a UPH of ~209, but no units were received, while stack occupancy at the car terminal was captured at 84%. Additionally, no bulk trucks were handled, meaning stack occupancy remained unchanged at 35%.

#### **vi. Saldanha Bay**

On Thursday, the iron ore terminal had two vessels at anchorage and two on the berth, while the multi-purpose terminal had three vessels at anchor and two on the berth. The vessels at anchor have been waiting outside for approximately 2-8 days, while the vessels in port have been on berth for between 1 and 6 days.

#### **vii. Scheduling and anchor delays**

As mentioned consistently throughout our reports, our South African ports have recently been badly impacted by performance issues, primarily as a result of adverse weather conditions but also because of shocking port productivity. This has led to significant berthing delays exacerbated by frequent breakdowns of equipment. As a result, shipping lines are adjusting their sailing schedules to maintain reliability and have affected the following schedule changes:

- The Maersk Cabo Verde will skip Durban.
- MSC Meltemi III will not call at Durban.
- MSC NORA III will skip Durban.
- MSC Abidjan ZF343A will replace MSC Magnum VII, starting in Durban in November.
- The Santa Clara will reroute from Cape Town.
- MV MOL Proficiency V234N will not call at Cape Town.
- The APL Santiago 339E will skip Cape Town.
- The vessel Paris II will skip Ngqura.
- MSC Aries won't dock at Ngqura.

These realities further accentuate the dire situation at our ports. Currently, the average anchorage delays at our container terminals are the following:

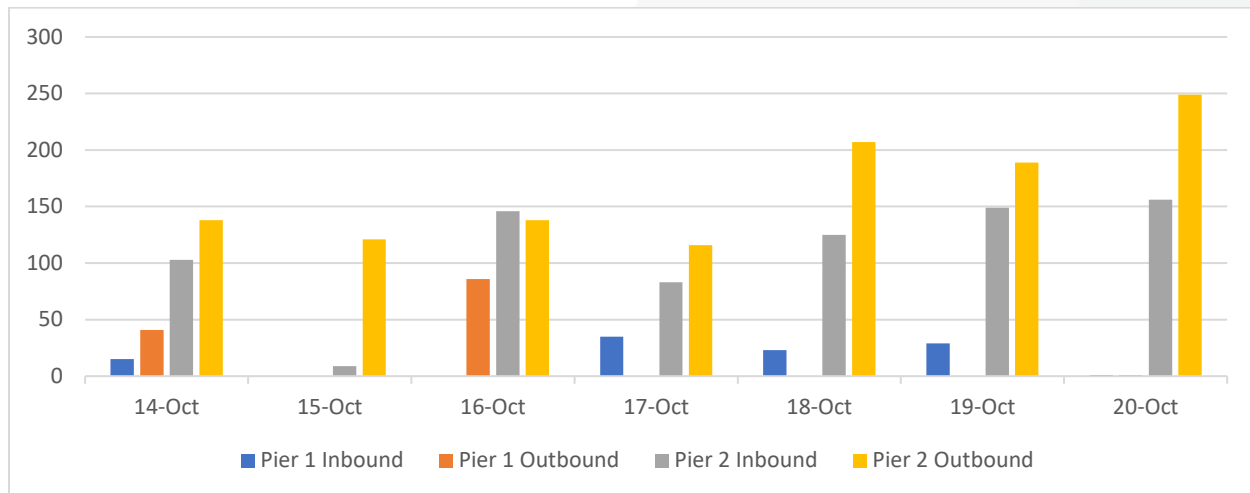


- CTCT: 9,83 days (reported by some carriers to be 12)
- Durban Pier 1: 6,25 days
- Durban Pier 2: 14,4 days
- NCT: 7 days
- GCT: 3 days

### viii. Transnet Freight Rail (TFR)

This week, the national rail network again fell victim to extensive cable theft, with the latest incident delaying operations for approximately 12 hours. Additionally, towards the end of the week, DCT Pier 2 had 177 ConCor units on hand with a dwell time of 24 hours and 125 over-border units with a dwell time of 62 days.

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



Source: Calculated using data from Transnet, 2022. Updated 13/10/2023.

In the last week (14 to 20 October), rail cargo handled out of Durban was reported at **2 160** containers, down **↓14%** from the previous week's **2 499** 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 2 October. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in October 2022 averaged **~798 578 kg** per day.

Table 7 – International inbound and outbound cargo from OR Tambo<sup>15</sup>

Flows	09-Oct	10-Oct	11-Oct	12-Oct	13-Oct	14-Oct	15-Oct	Week
Volume inbound	518 056	362 087	307 253	393 014	536 794	333 093	896 704	<b>3 347 001</b>
Volume outbound	245 777	316 604	287 478	227 368	334 265	249 499	802 065	<b>2 463 056</b>
<b>Total</b>	<b>763 833</b>	<b>678 691</b>	<b>594 731</b>	<b>620 382</b>	<b>871 059</b>	<b>582 592</b>	<b>1 698 769</b>	<b>5 810 057</b>

Courtesy of ACOC. Updated: 16/10/2023.

<sup>15</sup> Only ORTIA's international volumes are shown. ORTIA handles ~87% of international cargo to and from South Africa.

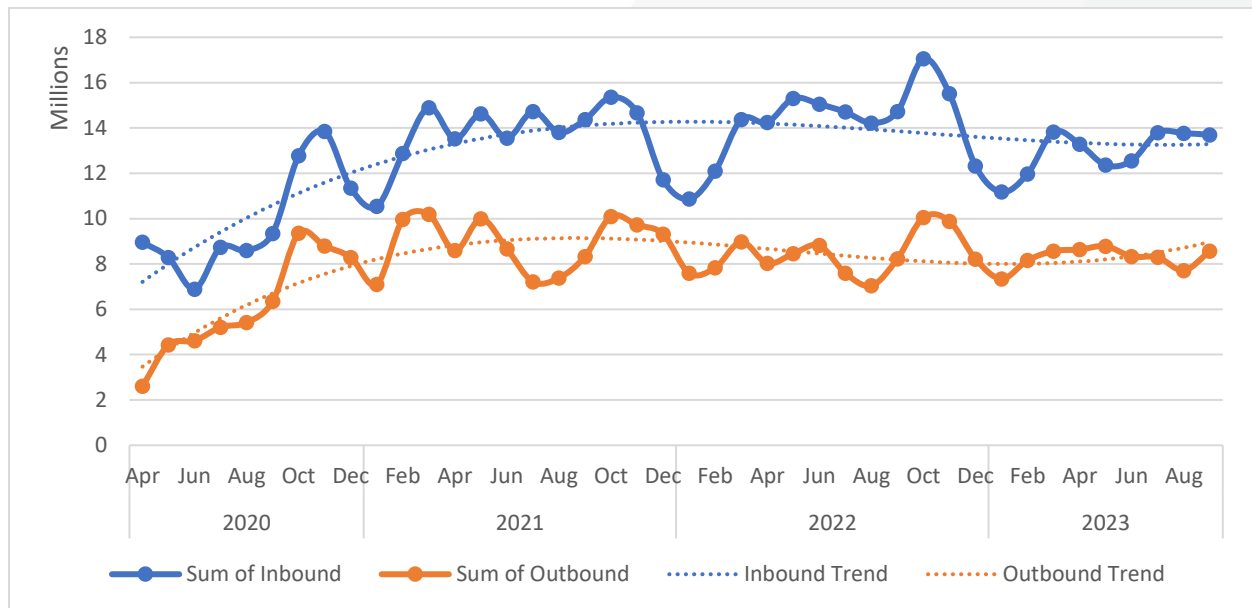
The daily average volume of air cargo handled at ORTIA the previous week amounted to **478 143 kg** inbound (**↓8%**, w/w) and a very healthy **351 865 kg** outbound (**↑6%**), resulting in an average of **852 628 kg per day** or around **~95%** compared with in October 2022. The numbers keep hovering below the pre-pandemic levels (**~88%**) but continue to be the closest the industry has come to these levels for some time.

For the other two international airports, cargo handled in September also mirrors the positive developments in Johannesburg and are as follows:

- Cape Town cargo increased by **↑32%** (m/m) and **↑30%** (y/y).
- Durban cargo increased by **↑35%** (m/m) and **↑35%** (y/y).

The following graphs show the movement since the pandemic's onset for ORTIA:

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



Courtesy of ACOC. Updated: 16/10/2023.

### b. Domestic air cargo

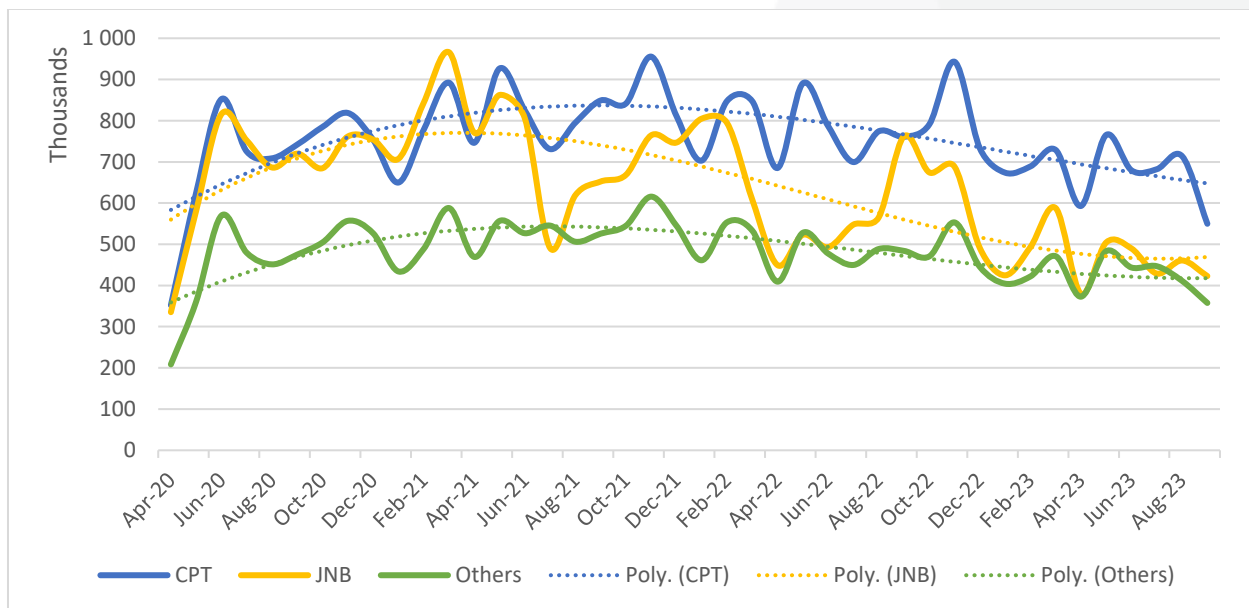
For our three primary airports, domestic cargo handled in September shows the following:

- Johannesburg cargo decreased monthly by **↓32%** (m/m) but increased annually by **↑37%** (y/y).
- Cape Town cargo increased monthly by **↑24%** (m/m) and increased annually by **↑81%** (y/y). It is interesting to note that Cape Town's volumes continue to grow, contrasting with the other airports.
- Durban cargo decreased monthly by **↓4%** (m/m) but increased annually by **↑58%** (y/y).

The following graphs show the domestic movement since the pandemic's onset:



Figure 12 – Domestic inbound and outbound cargo (thousands)



Courtesy of ACOC. Updated: 12/10/2023.

### 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 borders increased by **almost two and a half hours**, averaging **~12,0 hours** (**↑18%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by approximately **two hours minutes** and averaged **~8,0 hours** (**↓20%**, w/w). This does not speak well for the impact of the much-vaunted Border Management Authority.
- Several accidents involving HGVs occurred on national roads this week, including **(1)** on the N3 close to Hammarsdale, **(2)** on the N1 near the Hendrik Verwoerd Tunnels, and **(3)** on the N3 at Eben Nottingham, resulting in delays.
- An extended queue at Lebombo continues to result in slow crossings, with the queue measured at 17,3 km at 15:18.
- The Mkhondo local municipality near the eSwatini border has issued a statement prohibiting truck entry during certain times.
  - These include after 22:00, between 07:00 and 08:00, 13:00 and 14:00, 16:00 and 18:00 on weekdays, and 11:00 and 13:00 on Saturdays, with no restrictions on Sundays.
- On Friday, 13 October, BURS requested northbound truck movement to be halted due to insufficient parking, as more than 150 trucks were queuing on the N4 to cross at Skilpadshek. Interestingly, as volume has increased, many vehicles entering Zimbabwe have diverted to Skilpadshek.
- Since last Friday (13 October), all truck drivers have had an ongoing National strike in Malawi. International and local trucks, since Friday, have not entered or left Malawi's borders, affecting trade seriously, not least because cargo to and from Tanzania is also affected.

- Fortunately, by Thursday, the strike was lifted, as the Truck Drivers' Association resolved the main sticking point of salary increase with the Road Transport Operators' Association. Traffic has since started to flow again, in and out of Malawi and within.
- 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>16</sup>, which arguably provides better and more reliable information.

The following table shows the changes in bidirectional flows through South African borders, with the subsequent table showing the consolidated corridor movements:

Table 8 – Delays<sup>17</sup> summary – South African borders (both directions)

Border Post	Direction	HGV <sup>18</sup> Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	Est. HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	456	4,6	6,5	61,0	13 680	3 192
Beitbridge	Zimbabwe-SA	400	3,4	2,2	17,2	12 000	2 800
Groblersbrug	SA-Botswana	235	0,4	0,6	3,5	7 050	1 645
Martins Drift	Botswana-SA	148	0,0	0,0	0,0	4 440	1 036
Kopfontein	SA-Botswana	28	0,2	0,0	0,0	840	196
Tlokweng	Botswana -SA	217	1,3	0,0	0,0	6 510	1 519
Noordoewer	Namibia-SA	20	0,2	0,0	0,0	600	140
Vioolsdrift	SA-Namibia	30	1,4	0,0	0,0	900	210
Ariamsvlei	Namibia-SA	20	0,3	0,0	0,0	600	140
Nakop	SA-Namibia	30	1,2	0,0	0,0	900	210
Skilpadshek	Botswana -SA	200	0,6	1,2	2,0	6 000	1 400
Pioneer Gate	SA-Botswana	100	6,0	4,4	11,5	3 000	700
Lebombo	SA-Mozambique	125	0,6	1,4	12,6	3 750	875
Ressano Garcia	Mozambique-SA	1 446	5,1	3,3	11,6	43 380	10 122
<b>Weighted Average/Sum</b>		<b>3 455</b>	<b>1,8</b>	<b>1,4</b>	<b>8,5</b>	<b>103 650</b>	<b>24 185</b>

Source: TLC, FESARTA, & Crickmay, week ending 15/10/2023.

Table 9 – Delays summary – Corridor perspective

Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	Est. HGV Tonnage per day	Monthly HGV Arrivals
Beira Corridor	320	5,4	3,7	22,7	9 600	2 240
Central Corridor	798	1,6	1,3	5,8	23 940	5 586
Dar Es Salaam Corridor	1 819	20,7	4,0	17,9	54 570	12 733
Maputo Corridor	1 571	2,8	2,3	12,1	47 130	10 997
Nacala Corridor	127	0,0	0,0	0,0	3 810	889
North/South Corridor	3 556	7,4	2,5	13,4	106 680	24 892
Northern Corridor	2 817	0,5	0,3	2,5	92 520	21 588

<sup>16</sup> FESARTA TRANSIST Bureau.

<sup>17</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.

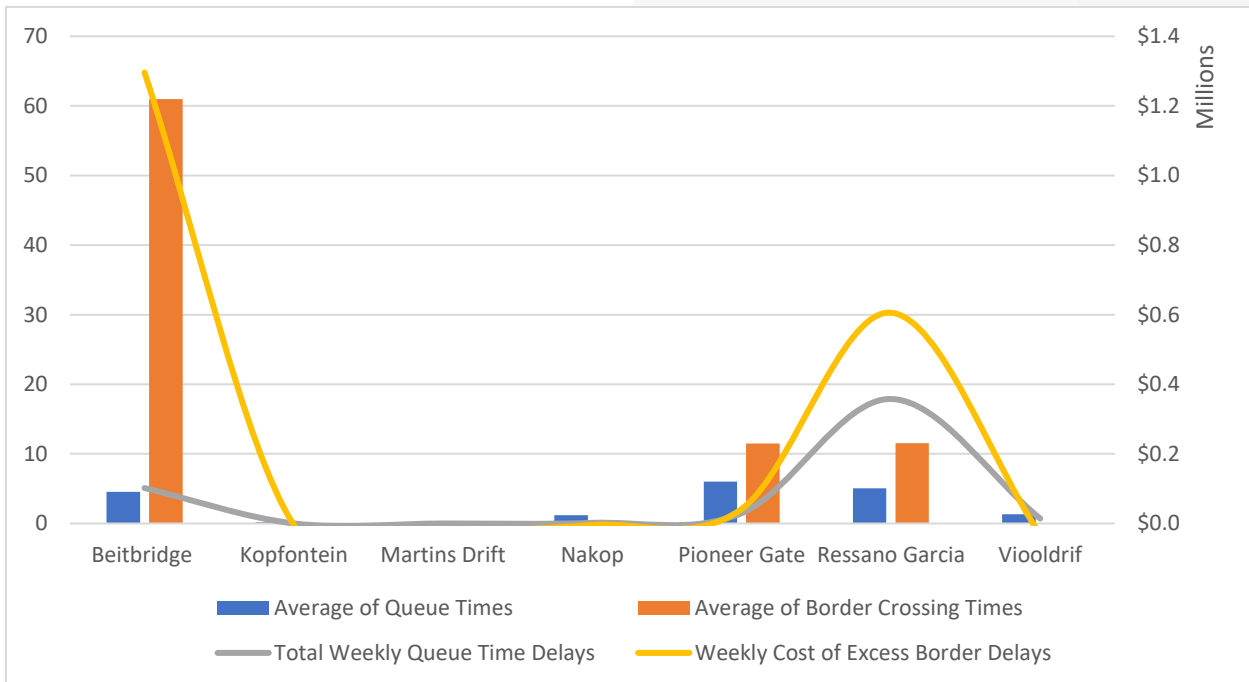
<sup>18</sup> Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	Est. HGV Tonnage per day	Monthly HGV Arrivals
Trans Caprivi Corridor	116	0,0	0,3	21,5	3 480	812
Trans Cunene Corridor	100	0,0	0,0	0,0	3 000	700
Trans Kalahari Corridor	330	2,4	1,8	4,2	9 900	2 310
Trans Oranje Corridor	100	0,8	0,0	0,0	3 000	700
<b>Weighted Average/Sum</b>	<b>11 654</b>	<b>4,6</b>	<b>1,6</b>	<b>8,4</b>	<b>357 630</b>	<b>83 447</b>

Source: TLC, FESARTA, & Crickmay, week ending 15/10/2023.

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>19</sup>)

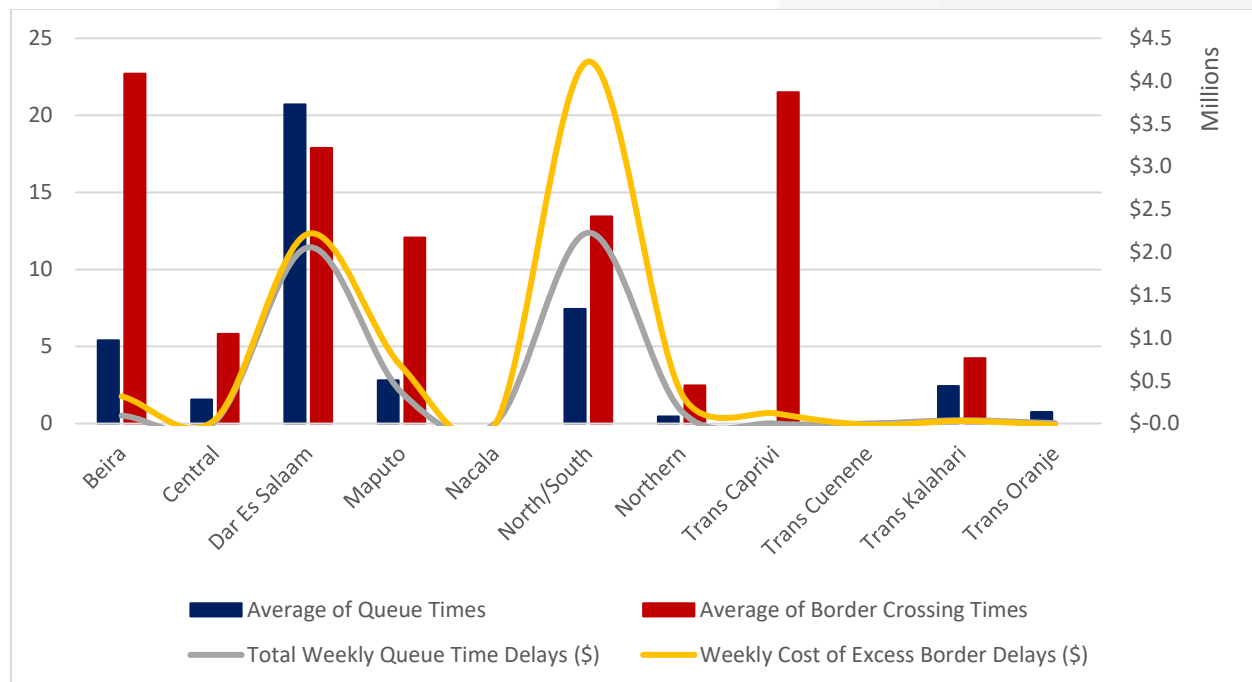


TLC, FESARTA, & Crickmay, week ending 15/10/2023.

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

<sup>19</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 15/10/2023.

In summary, cross-border queue time averaged **~4,6 hours** (down by **~9,2 hours** from the previous week's **~13,8 hours**), indirectly costing the transport industry an estimated **\$4,9 million (R94 million)**. Furthermore, the week's average cross-border transit times hovered around **~8,4 hours** (down by **~1,6 hours** from the **~10,0 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$7,9 million (R151 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$12,9 million (~R245 million, significantly down by ~R806 million or ↓76,7% from ~R1,05 billion in the previous report)**.

#### 4. International Update

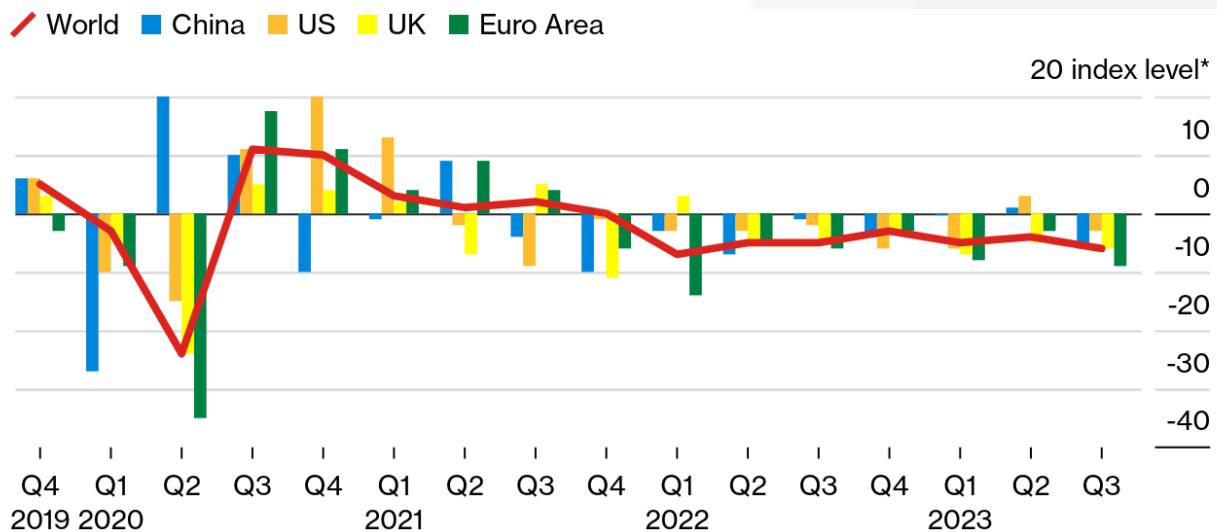
The following section provides some context around the global economy and its impact on trade, including an update on **(a) world trade**, **(b) the global shipping industry**, and **(c) the global aviation industry**.

##### a. World trade

Global trade remains sluggish, and once seen as a strong player, the Eurozone is now lagging and seen as the Achilles' heel of trade. A report by *Tradeshift*<sup>20</sup>, a cloud-based supply chain platform, noted that the deteriorating macroeconomic landscape in the Eurozone is leaving order books empty. Tradeshift's trade activity index for the currency bloc in the third quarter was 9 points below the expected level. Globally, the world trade index is 6 points below the baseline, marking the most significant quarterly loss in 18 months.

<sup>20</sup> Tradeshift. 16/10/2023. [The Tradeshift Index of Global Trade Health Q3 2023](#).

Figure 15 – Transaction volumes - quarter on quarter growth indexed against historical trends (index)



Source: [Trade Shift Index of Global Health](#) via [Bloomberg](#)

The outlook is gloomy for eurozone nations, with Germany mainly affected. The UK's economy is stagnant, with trade activity 6 points below the anticipated level. Still, a more robust services sector leaves it in a slightly better position than its European peers. China is highly susceptible to weakened global demand, and third-quarter activity fell 6 points below the baseline. The US also saw a trade decline, 3 points below the baseline. Household spending has cushioned the fall, but there are concerns that the savings stockpiled by US consumers during the pandemic is dwindling. Tradeshift's interim noted that global trade now has a more localised impact, and nations with inward-focused economic strategies appear better shielded in the short term.

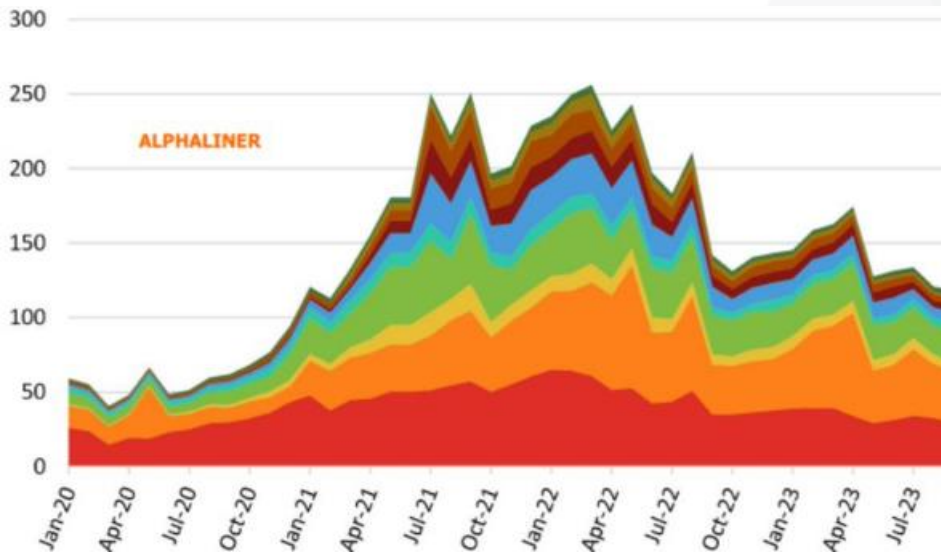
## b. Global shipping industry

### i. Container industry financials

Investors have shaved **\$135 billion** off the stock valuation of the 11 largest publicly traded container lines over the last 18 months, as share prices have continued their inevitable decline, according to Alphaliner<sup>21</sup>. Just three companies have a market capitalisation of more than **\$10 billion**, having been as high as seven in May 2022:

<sup>21</sup> Alphaliner. 18/10/2023. [Number of 'large-cap' carriers shrinks from seven to three.](#)

Figure 16 – Carrier market capitalisation since 2020 (\$ billion)



Source: [Alphaliner](#)

Taiwan's Evergreen, Yang Ming and Wan Hai Lines and Korea's HMM have returned to midcap territory (**\$2 – 10 billion**), where they re-join companies such as SITC and Matson. ZIM is again ranked small-cap (**less than \$2 billion**) after falling below the threshold in June. Hong Kong-listed COSCO Shipping has retained its large-cap ranking. Hapag-Lloyd has held the highest US dollar market capitalisation since January, above its larger competitors Maersk and COSCO. Collectively, the 11 carriers have a combined market capitalisation of just under **\$110 billion** versus **\$243 billion** in May 2022.

Privately-owned MSC – the world's largest carrier – inadvertently revealed its financial results while bidding for Italian train operator Italo<sup>22</sup>. These figures, which MSC typically keeps private, indicate the company made €86,4 billion in revenue, €43,2 billion in EBITDA, €35,7 billion in EBIT, and **€36,2 billion in net profit** last year across its various business activities, including liners, cruises, terminals, rail, and air cargo. The leak also revealed MSC's significant cash reserves of €63 billion and equity of €91 billion. In the liner shipping industry, where MSC holds a leading **19,5% global market share**, profits surpassed \$200 billion last year – dwarfing the tech giants such as Facebook, Amazon, Netflix, and Google.

The massive profits made by carriers during the freight rate surge significantly contributed to global inflation, with the IMF attributing around **1,5%** of global inflation as being caused by shipping<sup>23</sup>. However, Sea Intelligence this week shows that a closer look reveals that carrier profits (and accompanying inflation) are relatively small compared to the value of goods transported<sup>24</sup>. When assessing global inflation rates alongside carriers' profits to the value of global merchandise trade, these profits have a minor impact on inflation. Over the period from 2020 to 2022, global inflation rose by 17,5%, while the cumulative effect of carriers' increased profits was only **0,9%**. The recent decline in carrier profits in 2023 may even contribute to deflationary tendencies in global inflation.

<sup>22</sup> Chambers, S. 13/10/2023. [MSC's financial results leaked](#).

<sup>23</sup> Carrière-Swallow, Y., Deb, P., Furceri, D., Jiménez, D., & Ostry, J. D. 2023. Shipping costs and inflation. *Journal of International Money and Finance*, 130, 102771.

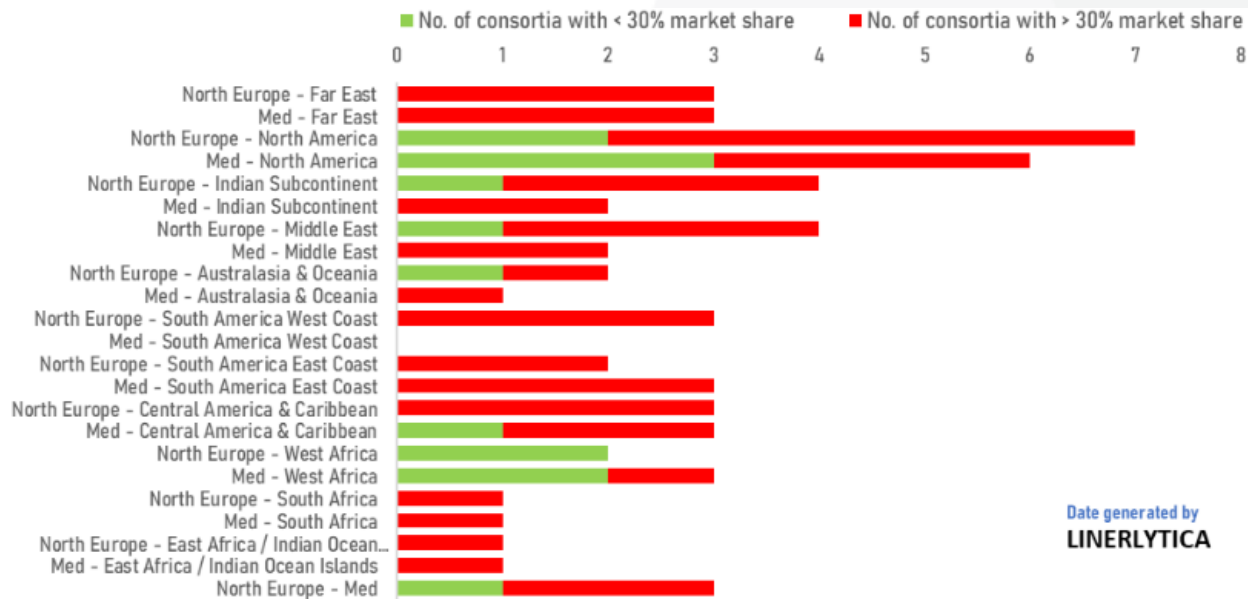
<sup>24</sup> Murphy, A. 18/10/2023. [Carrier profits: limited inflation impact](#).



## ii. The impact of the CBER expiry on the liner shipping market

The impact of the EU Consortia Block Exemption Regulation (CBER) expiry on 25 April 2024 on the liner shipping market has been overplayed by the carriers and their detractors, according to Linerlytica<sup>25</sup>. Of the 43 consortia operating in the European Union in 2020, only 13 qualify for the block exemption, while the remaining consortia exceed the 30% market share ceiling, including each of the three global alliances (2M, OCEAN Alliance and THE Alliance). The removal of the CBER will not impact existing alliance arrangements, and carriers that operate in consortia arrangements outside the CBER will still be required to self-assess for compatibility of their agreements with EU antitrust rules:

Figure 17 – EU CBER per trade lane



Source: [Linerlytica](https://www.linerlytica.com)

The exemption may have a more significant impact on Asian container carriers than their European counterparts<sup>26</sup>. Asian shipping lines have a higher percentage of their slots placed in alliances (70-80%) than European carriers (20-50%). This discrepancy could mean that adjustments in alliance operating conditions, prompted by the EC's decision, could affect Asian operators more. The Asian Shipowners' Association (ASA) expressed disappointment with the EC's decision but noted that cooperation could continue under other block exemption regulations, albeit with some challenges.

## iii. Container industry summary

Carriers were able to stabilise freight rates, with indices registering their first weekly rise since early August. Lower capacity availability due to Golden Week holiday blanked sailings helped carriers raise rates on most of the secondary long haul routes to Australia, the Middle East, Africa, and Latin America, with the US West Coast also enjoying a mini rebound. However, rates to Europe continued to slip. The belated increase in the number of blank sailings from Asia to North Europe has raised the carriers' chances of securing at least part

<sup>25</sup> Linerlytica. 16/10/2023. [Market Pulse – Week 42](https://www.linerlytica.com).

<sup>26</sup> Li, M. 17/10/2023. [Asian carriers will be hit harder by CBER demise than European peers](https://www.linerlytica.com).

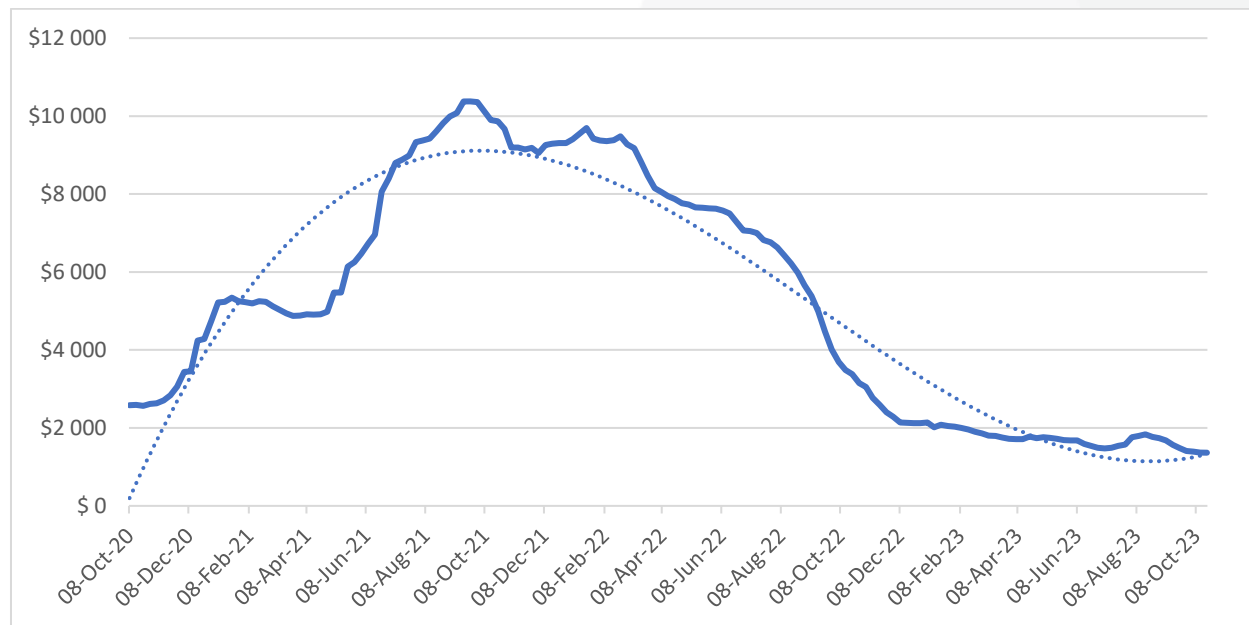


of the rate hikes planned on that route in November (Drewry's "Cancelled Sailings Tracker" is stable and trending at a **7% cancellation rate**<sup>27</sup> this week). However, due to the recent number, the idle fleet has crept up to **1,1%** of the total fleet; however, global port congestion continues to be low and stable, only affecting **~5,4%** (some **1,51 million TEU**) of the industry. However, South Africa's main terminals continue to feature among the 20 most congested ports, reflecting the massive berthing delays currently experienced by the industry, as shown above.

#### iv. Global container freight rates

This week, the "World Container Index" decreased by a mere **↓0,4%** (or **\$5**) to **\$1 364** per 40-ft container<sup>28</sup> and has now become stable at a three-year low as illustrated:

Figure 18 – World Container Index assessed by Drewry (last three years, \$ per 40 ft. container)



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

The composite index continues to decrease and is now **↓60%** lower than the same week last year, trending below the pre-pandemic average rates of 2019 (**↓4%**). The year-to-date average continues to subside and is now **\$1 720**, significantly lower than the 10-year average of **\$2 677**. Regionally, three of the eight major routes experienced a rate decrease, with the four others registering a slight uptick, but none have moved by more than 4% this week. Drewry anticipates East-West spot rates to remain close to current levels. However, carriers plan a wave of sizeable FAK rate hikes across the major east-west trade lanes next month to swivel voyage results back into the black<sup>29</sup>, although it must be said that these plans have not always worked out as planned! In the charter market, rates are seeing sharper drops with the start of the winter slack season, further pushing down market sentiment. At the same time, charter periods are also significantly shortened, with more flexible delivery periods of 1-6 months being reported<sup>30</sup>.

#### v. Further developments of note

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

<sup>27</sup> Drewry. 20/10/2023. [Cancelled Sailings Tracker - 20 October](#).

<sup>28</sup> Drewry. 19/10/2023. [World Container Index – 19 October 2023](#).

<sup>29</sup> Wackett, M. 20/10/2023. [Carriers fight back against sub-economic rates with FAK hikes](#).

<sup>30</sup> Linerlytica. 18/10/2023. [Idles Up, Charter Rates Down](#).

## 1. Israel-Hamas conflict and the impact on the shipping industry:

- a. Carriers have retained their services to Israel and are continuing to accept bookings with the Israeli ports of Haifa and Ashdod remaining open through the week with minor congestion issues reported due to increased security checks and labour shortages<sup>31</sup>.
- b. However, at the Port of Ashdod, MSC has confirmed that waiting times are rising<sup>32</sup>. Also, Evergreen has declared force majeure on the 1 778 TEU *Ever Cozy*, which could not call at Israel's port of Ashdod as scheduled and diverted to Haifa<sup>33</sup>.
- c. Limits have also been placed on the shipment of hazardous goods in Ashdod, including explosives and toxic cargo, with some cargo banned completely. In contrast, other goods remain subject to approval on a case-by-case basis.
- d. Elsewhere, the Port of Ashkelon, the country's biggest oil port, was closed for ships within days and remains shut until further notice as Hamas continues to fire rockets at the surrounding city.

## 2. BAL claims terminal \$8,8 million congestion surcharges were 'unfair':

- a. Bal Container Line has filed a complaint with the US Federal Maritime Commission (FMC) seeking \$8 million in damages from SSA Terminals over alleged "unjust surcharging"<sup>34</sup>.
- b. Bal claims it was charged a \$100 per day per box congestion fee between August and October 2021 under a four-vessel-specific agreement with SSA. The carrier believes the charges were unjustly applied, stating that the congestion fee was "unjust and unreasonable" because it lacked necessary information, and the triggering event for termination was not identified.
- c. The complaint against a terminal operator is relatively unusual for the FMC, which typically handles complaints by shippers against their carrier partners.

## c. Global air cargo industry

In the weekly data from World ACD, global air cargo tonnages recovered slightly in the second full week of October compared with the previous week. These developments follow the significant decrease the week before caused by the seasonal effect of China's National Day Golden Week holiday from 29 September to 6 October. Figures for week 41 (9 to 15 October) show a **↑2%** increase in tonnages and global average rates, compared with the previous week, with capacity slightly down and rates stabilising after several increases lately (now trading at **\$2,34 per kg**):

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<sup>31</sup> Linerlytica. 18/10/2023. [Global Congestion Continues to Ease](#).

<sup>32</sup> Everstream Analytics. 19/10/2023. [Israel-Hamas war continues](#).

<sup>33</sup> Lennane, A. 16/10/2023. [Israel update: force majeure, congestion and war-risk premiums, but carriers still booking](#).

<sup>34</sup> Whiteman, A. 20/10/2023. [BAL claims terminal \\$8,8 million congestion surcharges were 'unfair'](#).

Figure 19 – Global capacity, weight, and yield/rate 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		-1%	+6%		+3%	+1%		+1%	-7%
Asia Pacific		-2%	+29%		-8%	+10%		-0%	-31%
C. & S. America		+0%	-4%		+0%	+3%		-2%	-13%
Europe		-1%	+8%		-5%	-12%		-1%	-32%
M. East & S. Asia		-1%	+11%		-3%	+10%		+5%	-28%
North America		-2%	+7%		-4%	-15%		-0%	-26%
Worldwide		-1%	+10%		-5%	-1%		-1%	-28%

Source: [World ACD](#)

In weeks 40 and 41 of this year, overall global air freight tonnages decreased by ↓5% compared to the preceding two weeks. The biggest tonnage decreases (2w/2w) were recorded in flows from Asia Pacific to the Middle East and South Asia (↓12%), Europe (↓11%), and North America (↓5%), primarily due to China's Golden Week holiday. Global average airfreight rates slipped slightly (↓1%) on a two-weekly basis, with some more substantial decreases in certain regional routes. Year-on-year figures showed a ↓1% decrease in chargeable weight for the same period. While overall capacity increased by ↑10% (y/y), North America and Europe tonnages significantly decreased.

In other air cargo news, flights in and out of Israel have decreased due to security concerns. While some carriers have resumed services, many major international airlines are adjusting their flight schedules on short notice or suspending operations for weeks or months<sup>35</sup>. The situation remains tense, with a backlog of air freight shipments expected to grow at Ben Gurion International Airport if flight limitations persist.

ENDS<sup>36</sup>

<sup>35</sup> Everstream Analytics. 19/10/2023. [Israel-Hamas war continues](#).

<sup>36</sup> **ACKNOWLEDGEMENT:**

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