Authored by:
www.saaff.org.za

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Cargo movement update #162[1]

Date: 10 November 2023

Weekly Snapshot

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

Flows	Current[2]			Previous[3]			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	29 894	28 411	**58 305**	20 500	26 987	**47 487**	↑23%
Air Cargo (tons)	3 535	2 238	**5 773**	3 394	2 427	**5 821**	↓1%

Monthly Snapshot

Figure 1 – Monthly[4] cargo volume, year on year (% growth)

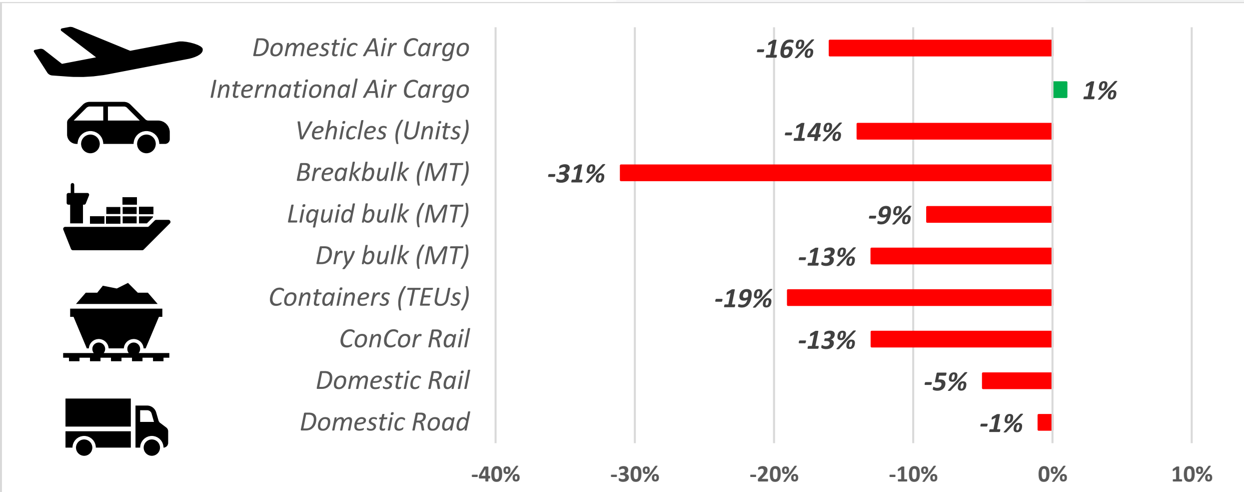
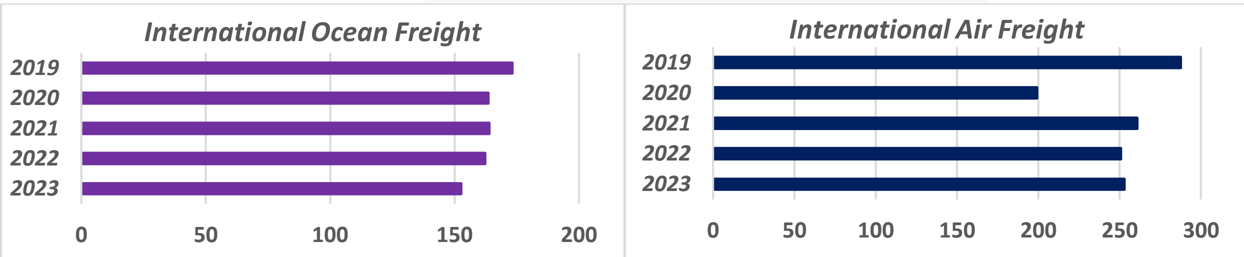


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 329 containers** was handled per day, with **~8 120 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 636** containers for the week, ↑13% (w/w).
- Cross-border queue times were **unchanged** (w/w), with transit times **↑2,0 hours** (w/w); SA borders decreased by **~3,7 hours**, averaging **~9,7 hours** (**↓28%**); Other SADC borders averaged **~5,8 hours** (**↓28%**).
- CTS container volume in September (dry & reefer) is down by **↓0,9%** (m/m) but up by **↑12,8%** (y/y).
- Global freight rates are up by another substantial **↑7%** (or **$98**) to **$1 504** per 40-ft container this week.
- Global air cargo is up by **↑1,9%** (y/y) but and remained down versus the pre-pandemic era (**↓1,3%**).

[1] This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the *162nd* update.
[2] '*Current*' means the last 7 days' (a week's) worth of available data.
[3] '*Previous*' means the preceding 8-14 days' (a week's) worth of available data.
[4] '*Monthly*' means the last months' worth of available data compared to the same month in the previous year; Air: Oct vs Oct; Rest: Sep vs Sep.
[5] For ocean, total Jan-Sep cargo in metric tonnes, as reported by 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 **8 329 containers** per day, significantly up from the **6 710** reported last week. Port operations in the last week were characterised by improved throughput levels, but productivity concerns still remain and are exacerbated by the ongoing congestion, poor weather conditions, and equipment breakdowns and shortages. Vessel ranging and strong winds were the primary sources of operational delays in Cape Town. Durban's port congestion remains a concern, with more than **70 000 TEUs** at berth, potentially causing significant delays in containerised cargo processing. CMA CGM has followed the Maersk and MSC by becoming the next shipping line to implement a "*Port Congestion Surcharge*" on all dry and reefer cargo shipments en route to South Africa. Several incidents of equipment challenges further persisted at Pier 2 as the terminal had 53 straddle carriers in operation towards the end of the week. Fortunately, on the rail front, the last seven days were positive, as minimal delays and incidents of cable theft and vandalism were reported on our rail network.

Container throughput for September decreased at a more negative rate than expected. Despite this monthly reduction, annual throughput increased by a substantial **↑12,8%** compared to September 2022. The global fleet of cellular vessels aged 20 years or more, comprising about 1 200 ships with a total capacity of around **2,9 million TEUs**, presents an opportunity for scrapping to address industry overcapacity. In September 2023, global schedule reliability increased by **↑1,2%** to **64,4%**, with Maersk and Hamburg Süd leading in reliability among the top 14 carriers. In the bulk industry, El Niño events are anticipated to impact crop yields on at least a quarter of global croplands, leading to significant changes in seaborne gas and oil trading patterns. The droughts are already affecting the Panama Canal crossings, as the queue has increased by **↑13%** from Thursday to Friday. Other developments affecting the international market include **(1)** HHLA directors recommending MSC's offer to shareholders and **(2)** ONE consolidating its port terminal network.

In the air freight market, international air cargo to and from South Africa continues to perform well, with volumes up to levels similar to those registered last year. Inbound cargo this week was up by **↑4%**; however, outbound has dropped this week and is down by **↓8%**. Internationally, IATA shows that global air cargo tonne-kilometres were slightly up in September, as air cargo capacity surged by **↑12,1%** (y/y), driven by robust international belly cargo capacity in the Asia Pacific, Latin America, and the Middle East. Despite the decreased trade trend (**↓3,8%** in August), airlines in the Asia Pacific, Latin America, Middle East, and North America regions reported annual growth in international cargo. However, African figures showed a slight reduction in CTKs (**↓0,1%**) and a more modest increase in capacity (**↑2,7%**).

In regional cross-border road freight trade, several regional border crossing times have significantly decreased this week, including Mutukula OSBP, Nakonde, Hora-Hora, and Kasumbalesa. The average queue times were **unchanged**, while transit times decreased by approximately **two hours** last week. The median border crossing times at South African borders decreased by **more than three and a half hours**, averaging **~13,4 hours** (**↓28%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by approximately **two hours and a quarter** and averaged **~5,8 hours** (**↓28%**, w/w). On average, two SADC border posts took more than a day to cross, notably the usual suspects of Beitbridge and Kasumbalesa (taking around a day and a bit from both the DRC and Zambian sides). Further notable developments included **(1)** the ongoing driver strike in DRC, Zambia, Tanzania and surrounding, **(2)** truck processing at Kopfontein halted due to insufficient parking on the Botswana side, and **(3)** Namra system downtime.

In summary, the numbers reported recently continue to trend below long-term averages, with very few green shoots evident. The struggles are akin to the current global reality of weak demand in the merchandise trade space; however, South Africa's shortfall is more pronounced compared to other countries. Furthermore, Transnet's operational shortcomings have been well-documented weekly, as the extended logistics network has not come anywhere close to its demonstrated capacity. Furthermore, Transnet's financial crisis has been well-document in the public space, with the Public Investment Corporation (PIC) announcing it has rolled over **R4,4 billion** of its exposure to the Transnet (TN23) bond that matured on 6 November 2023 into a new short-term commercial paper, maturing in March 2024, and received the balance of more than **R250 million**[6]. Therefore, the PIC gave Transnet only four months' grace as the repayment falls due again on 8 March, indicating that it is wary of bailing out failing state-owned enterprises. On that basis, the focus must be on improving the operational performance of the SOE, which is urgently needed.

[6] Paton, C. 08/11/2023. PIC rolls over for Transnet, but not very far.

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1. Ports Update

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

a. Container flow overview

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

Table 2 – Container Ports – Weekly flow reported for 4 to 10 November[7]

7-day flow forecast (04/11/2023 – 10/11/2023)		
TERMINAL	**NO. OF CONTAINERS[8] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	5 668	4 328
DURBAN CONTAINER TERMINAL PIER 2:	9 125	11 966
CAPE TOWN CONTAINER TERMINAL:	6 265	4 335
NGQURA CONTAINER TERMINAL:	6 683	6 252
GQEBERHA CONTAINER TERMINAL:	2 153	1 530
TOTAL:	**29 894**	**28 411**

Source: Transnet, 2023. Updated 10/11/2023.

Table 3 – Container Ports – Weekly flow predicted for 11 to 17 November

7-day flow forecast (11/11/2023 – 17/11/2023)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	3 255	6 041
DURBAN CONTAINER TERMINAL PIER 2:	11 597	10 869
CAPE TOWN CONTAINER TERMINAL:	5 287	5 919
NGQURA CONTAINER TERMINAL:	6 003	5 929
GQEBERHA CONTAINER TERMINAL:	767	1 170
TOTAL:	**26 909**	**29 928**

Source: Transnet, 2023. Updated 10/11/2023.

A much-improved average of **~8 329 containers** (**↑23%**) was handled per day for the last week (*4 to 10 November*, *Table 2*), compared to the projected average of **~8 408 containers** (**↓1%** actual versus projected) noted in last week's report. For this week, a slightly decreased average of **~8 120 containers** (**↓3%**) is predicted to be handled (*11 to 17 November*, *Table 3*) next week as our commercial ports continue to tackle the backlog, which has added nearly two weeks to the supply chains of many cargo owners. Despite the improved throughput levels, port operations in the last week were characterised by the usual inhibitors of poor weather conditions and equipment breakdowns and shortages.

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.

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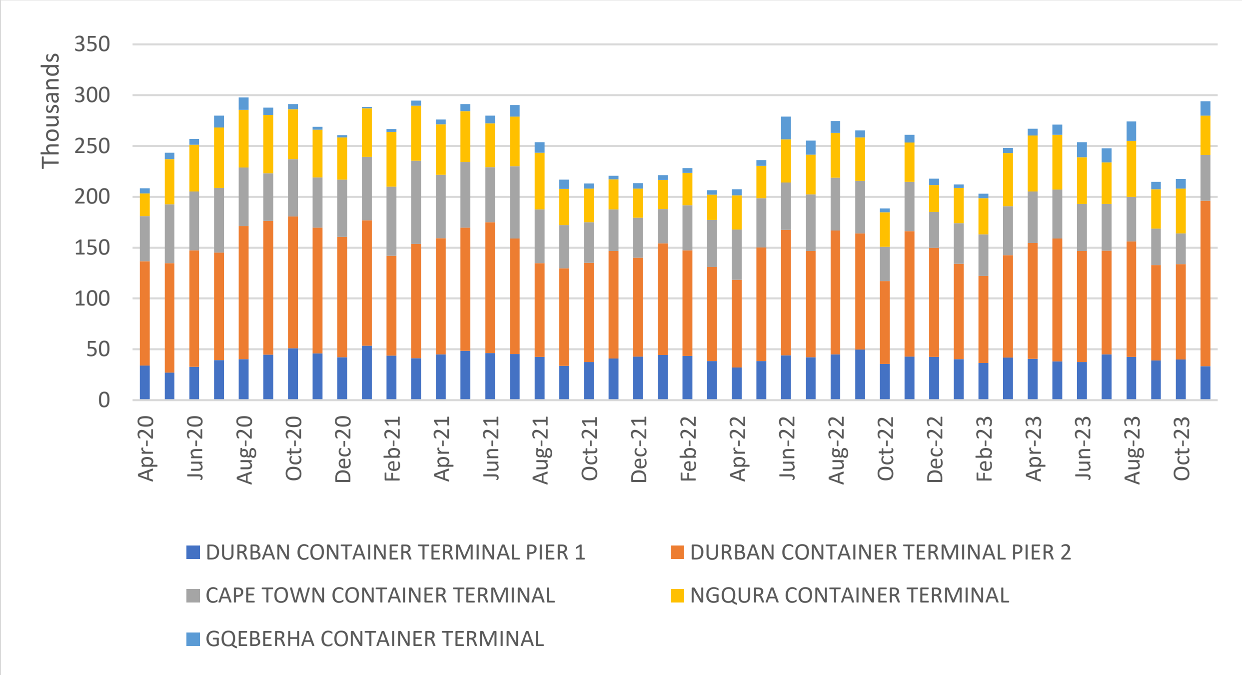
[7] It remains important to note that a large percentage (approximately 35% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.

[8] 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.

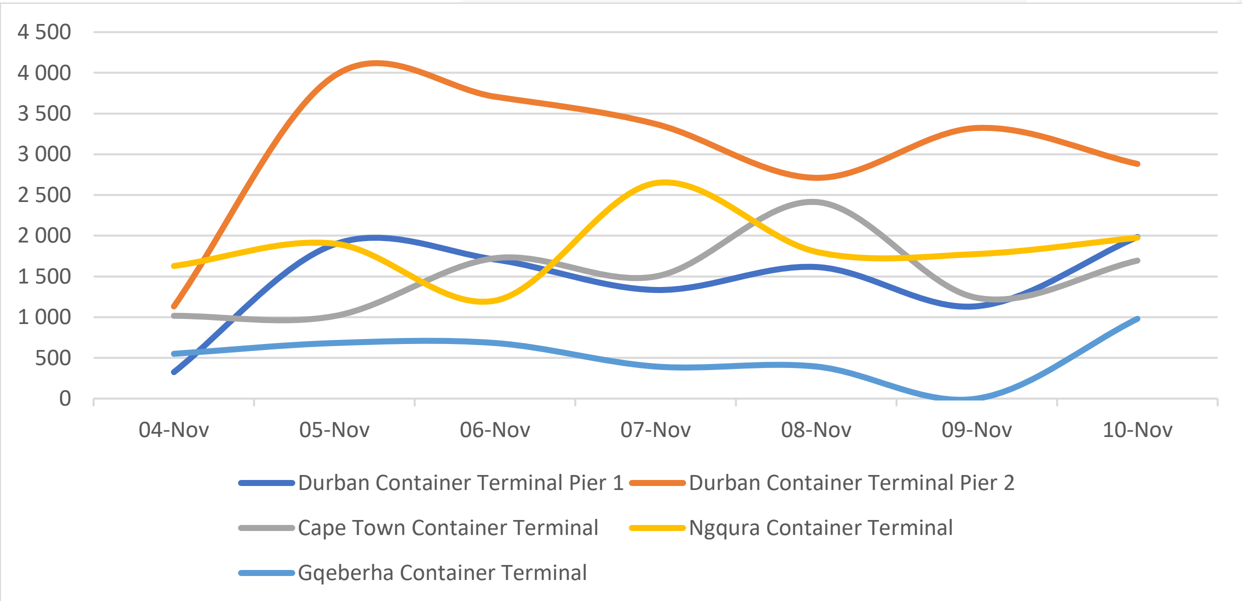
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 10/11/2023.

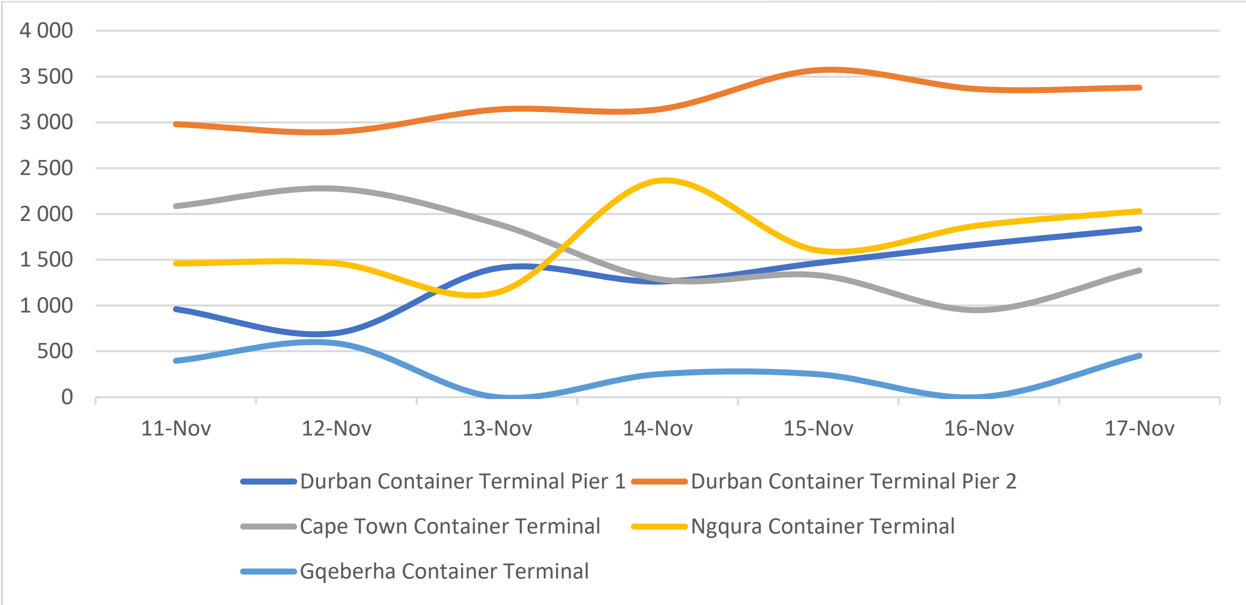
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

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



Source: Calculated using data from Transnet, 2023. Updated 10/11/2023.

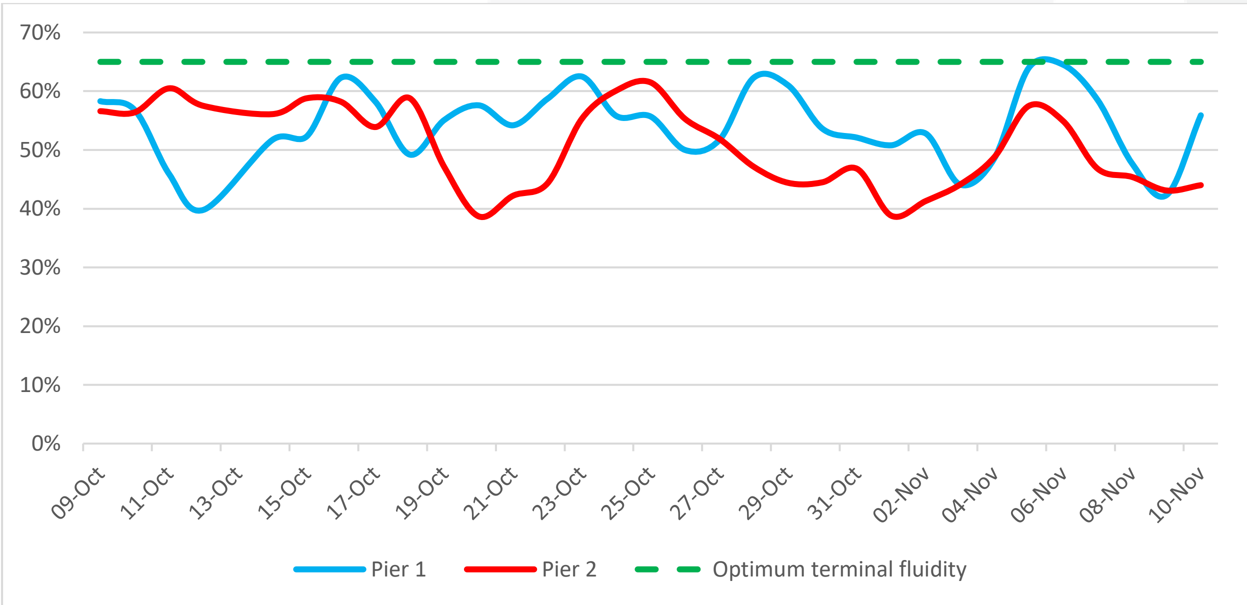
Figure 5 – 7-day forecast reported for total container movements (11 to 17 November; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 10/11/2023.

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

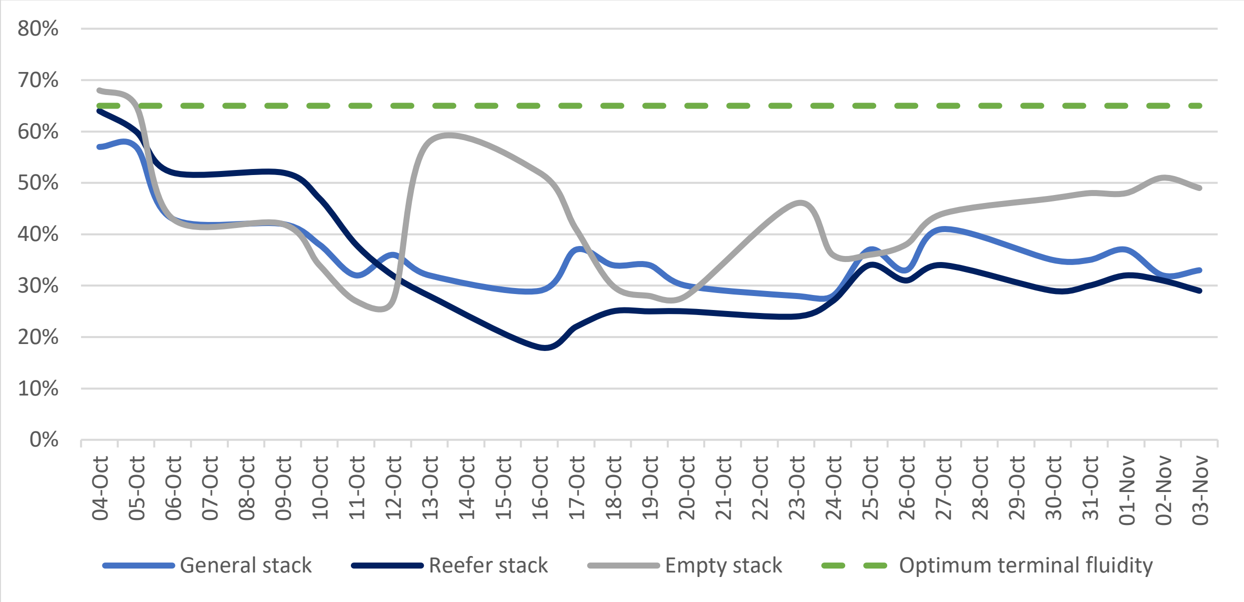
Figure 6 – Stack occupancy in DCT, general-purpose containers (9 October to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 10/11/2023.

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 (4 October to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 10/11/2023.

b. Summary of port operations

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

i. Weather and other delays

- Vessel ranging and strong winds were the core sources of operational delays in Cape Town.
- A minimum of ten vessels deviated from their schedules in Durban.
- Minimal operational delays were reported in Richards Bay this week.

ii. Cape Town

On Thursday, CTCT recorded three vessels at berth and three at anchor, as productivity at the port still leaves a lot to be desired. In the preceding 24 hours, stack occupancy for GP containers was recorded at 50%, reefers at 24%, and empties at 62%. In this period, despite being windbound for seven hours and the APL Houston ranging for three hours, the terminal handled 1 238 TEUs across the quay while 893 trucks were serviced on the landside. Additionally, equipment challenges at the terminal continued this week as Cranes LC1 and LC4 remained out of commission, with LC3 and LC9 giving the technical team some problems. Dredging at berths 601 and 604 was completed at the start of the week, with dredging on berths 602 and 603 to commence soon. The terminal operated with between 15 and 17 RTGs throughout the week as it eagerly awaits the "like new" seven much-required additional RTGs from LA around early December.

The multi-purpose terminal recorded zero vessels at anchor and two at berth on Wednesday. In the 24 hours leading to Thursday, the terminal managed to service 234 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 502 TEUs and 9 450 tons of general cargo were handled across the quay on the waterside. Stack occupancy was recorded at 32% for GP containers, 25% for reefers, and 44% for empties during the same period.

The FPT private terminal reported zero vessels at anchorage while having no working vessels at berth on Wednesday. During the 24 hours leading to Thursday, the terminal handled no volumes on the waterside but managed to service 24 trucks on the landside. At the same time, reefer stack occupancy was recorded at 0%.

iii. Durban

Pier 1 on Wednesday recorded two vessels at berth, operated by four gangs, and four vessels at anchor. Stack occupancy was 48% for GP containers and remained undisclosed for reefers. During the same period, 800 imports were on hand, with 59 units having road stops and 33 unassigned. The terminal recorded 1 757 gate moves on the landside, with an undisclosed number of cancelled slots and 156 wasted. The truck turnaround time was recorded at ~98 minutes, with an average staging time of ~92 minutes. During the same period, the terminal had 14 RTGs in operation, and an additional two machines returned to service.

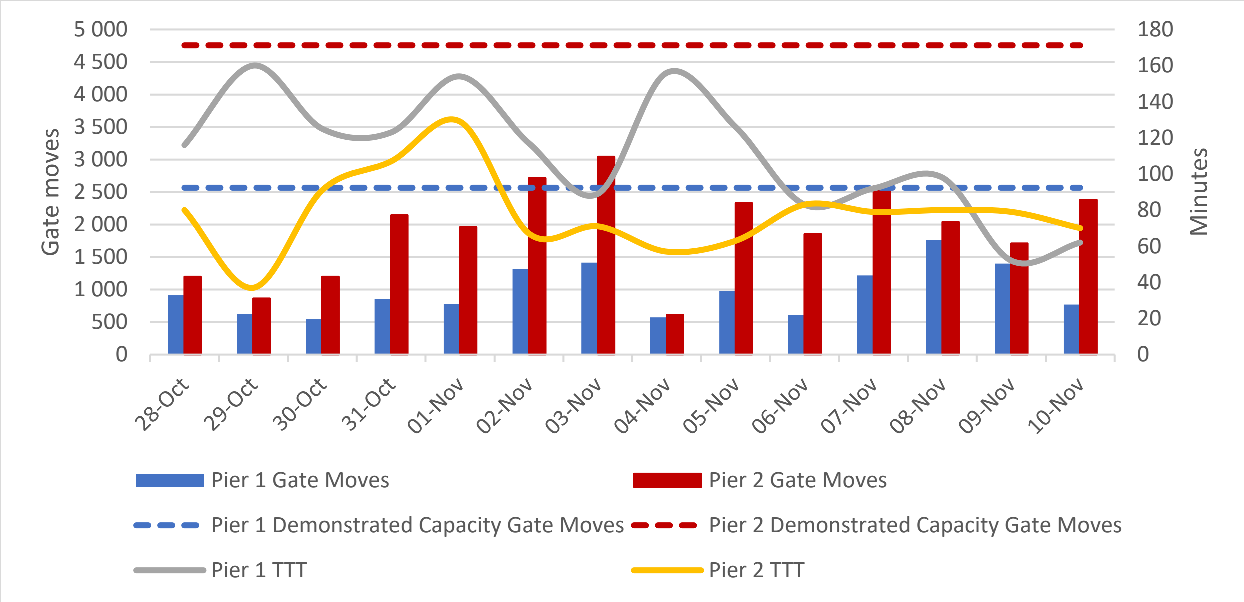
Pier 2 had four vessels at berth and 15 at anchorage on Thursday. In the prior 24 hours, stack occupancy was 43% for GP containers and undisclosed for reefers. The terminal operated with ten gangs while moving 3 323 TEUs across the quay. During the same period, there were 1 710 gate moves on the landside with a truck turnaround time of ~79 minutes and a staging time of ~54 minutes. Of the landside gate moves, 1 350 (79%) were for imports and 410 (21%) for exports. Additionally, 1 014 rail import containers were on hand, with 300 moved by rail. The terminal experienced a much improved week on the weather front as minimal delays were reported due to weather conditions. However, equipment challenges persisted, as the terminal had 53 straddle carriers in operation towards the end of the week. The terminal currently sits on an availability figure of approximately 46% when it comes to their straddles and is currently approximately 34% below the number of machines that would satisfy industry demand. Additionally, cranes 520 and 521 at South Quay are out of commission with an unknown estimated time of return. Crane 520 is out of commission for trolley repairs, while crane 521 is out of service due to updates needed on its drives.

Durban's MPT terminal recorded three vessels at berth on Wednesday and four at outer anchorage while handling 322 TEUs and 1 280 breakbulk tons on the waterside. Stack occupancy for breakbulk was recorded at 85% during that time and at 54% for containers. The terminal handled 326 container road slots and 160 breakbulk RMTs containing 4 310 tons on the landside. During the same period, two cranes, eight reach stackers, one empty handler, seven forklifts and 19 ERFs were in operation. According to the latest reports, the recommissioning date of the third crane has been postponed yet again to early next week. This has become an all too familiar trend where the cranes remain out of service way longer than anticipated due to procurement and repair inefficiencies by the technical team.

On Thursday, the Ro-Ro terminal in Durban recorded two vessels on the berth, with none at anchorage. In the 24 hours leading to Thursday, the terminal handled 1 690 units on the landside, of which ~60% were received, and ~40% were despatched while handling 3 034 units on the waterside. During the same period, general stack occupancy was recorded at 68%, comprising 41% imports, 54% exports, and 5% transhipments. Stack occupancy at Q/R was 70%, while the G-berth stack was 10%. The terminal had 3 351 import units on hand, 4 356 units were destined for export markets, and 402 were subject to transhipments.

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

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



Source: Calculated using data from Transnet, 2022. Updated 10/11/2023.

iv. Richards Bay

On Tuesday, Richards Bay recorded 17 vessels at anchor and 12 vessels on the berth, translating to five at DBT, four at MPT, one at RBCT, and two at the liquid bulk terminal. Two tugs and one helicopter were in operation for marine resources in the 24 hours leading to Wednesday while the pilot boat remained out of commission. During the same period, the coal terminal had no vessels at anchor and one at berth while handling 118 446 tons on the waterside and 17 trains on the landside.

v. Eastern Cape ports

NCT on Tuesday recorded three vessels on the berth and seven vessels at the outer anchorage. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Wednesday. In the same period, stack occupancy was undisclosed for both GP containers and reefers, as a total of 2 646 TEUs were processed. Additionally, 422 trucks were serviced on the landside at a truck turnaround time of ~44 minutes.

GCT on Tuesday recorded one vessel at outer anchorage but none on berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the prior 24 hours. Similar to NCT, stack occupancy remained undisclosed for GP containers and reefer ground slots. On the waterside, no volumes were handled across the quay. Additionally, 68 trucks were serviced on the landside at a truck turnaround time of ~20 minutes.

The Ro-Ro terminal had three vessels on berth and none at anchor on Tuesday. 2 417 units were handled on the waterside in the 24 hours before Wednesday. During the same period, an undisclosed number of units were on hand, leading to a stack occupancy figure of 20%.

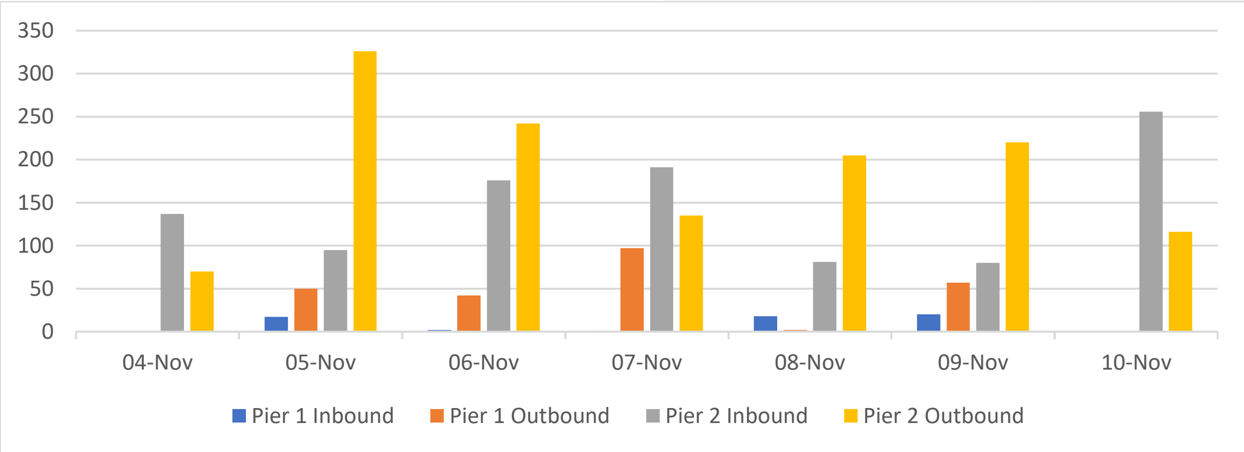
vi. Saldanha Bay

On Thursday, the iron ore terminal had three vessels at anchorage and two on the berth, while the multi-purpose terminal had three vessels at anchor and four on the berth. The vessels at anchor have been waiting outside for approximately 1-8 days, while the vessels in port have been on berth for between 1 and 4 days.

vii. Transnet Freight Rail (TFR)

On Tuesday, no delays were experienced on the rail network other than a shortage of rail resources on the TPT side, which was subsequently alleviated as the day progressed. Fortunately, on the rail front, the last seven days were positive, as minimal delays and incidents of cable theft and vandalism were reported on our rail network. Towards the end of the week, DCT Pier 2 had 55 over-border units on hand with a dwell time of 42 days and 968 ConCor units on hand with a dwell time of 120 hours. Rail containers on hand were split as follows: **Pier 1**: 4, **Pier 2**: 1 048.

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



Source: Calculated using data from Transnet, 2022. Updated 10/11/2023.

In the last week (*4 to 10 November*), rail cargo handled out of Durban was reported at **2 636** containers, up ↑13% from the previous week's **2 325** containers.

viii. Port congestion surcharge (PCS)

As of 8 November, the Port of Durban remained on Linerlytica's "*Port Congestion Watch*" with more than **70 900 TEUs** stuck at outer anchorage. The backlogs and congestion experienced at the port are becoming detrimental to South African stakeholders as shipping lines are starting to impose port congestion surcharges, which are adding unnecessary and unwelcome costs and pressure to South African businesses.

If we consider that ocean transport is the most significant logistics cost for maritime shipping and currently trading around **$1 504 per 40-ft container**, a PCS of around **$200** per TEU represents an additional **$400** per 40-ft container, which, in essence, means that South African cargo owners will pay **27%** more than the global average.

CMA CGM has followed the likes of Maersk and MSC to become the latest shipping line to implement a "Port Congestion Surcharge" on most shipments en route to South Africa. This comes at the back of the congestion currently occurring in South Africa and the need to maintain service quality. The Port Congestion Surcharge will be applicable until further notice, from 3 December, the date of loading. It will also be applicable on all Dry and Reefer cargo shipments from all worldwide ports of loading to all South African ports. The quantum of the surcharge will range from **$200-210/TEU**, payable with freight.

MSC's congestion surcharge (CGS)will apply to cargo from any origin except East and West Africa to all South African ports. As from 3 December 2023 (Bill of Lading date) onwards, the CGS will be charged **$210/TEU** for dry cargoes only. The surcharge from PIL will be **$205/TEU**.

We are indeed in a logistics crisis, which must be addressed as soon as possible. Not only are we shipping the same containerised volumes as in 2009, but we are doing it **~25% less productively** than then, which is deeply concerning. As mentioned by several ministers in the media lately (notably Min. Gordhan & Min. Godongwana in his MTBPS), Transnet must improve its performance, or the South African economy will continue to bleed unnecessarily.

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 30 October. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *November 2022* averaged **~824 751 kg** per day.

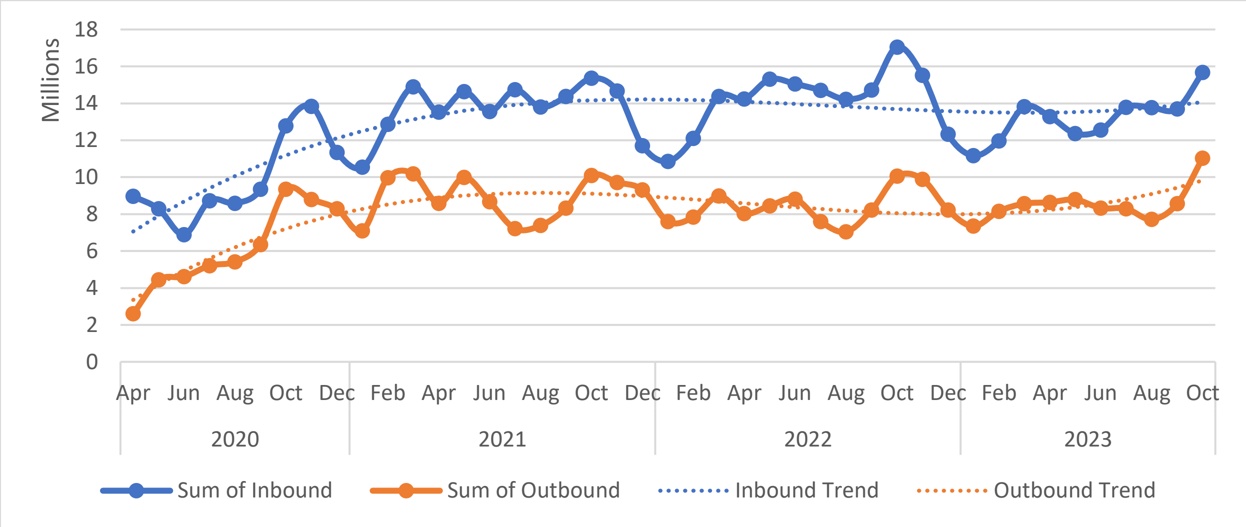
Table 4 – International inbound and outbound cargo from OR Tambo[9]

Flows	30-Oct	31-Oct	01-Nov	02-Nov	03-Nov	04-Nov	05-Nov	Week
Volume inbound	607 912	270 611	357 665	262 585	464 609	318 070	1 253 611	**3 535 063**
Volume outbound	354 589	266 814	300 819	197 317	293 139	256 933	568 583	**2 238 194**
Total	**962 501**	**537 425**	**658 484**	**459 902**	**757 748**	**575 003**	**1 822 194**	**5 773 257**

Courtesy of ACOC. Updated: 07/11/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **505 009 kg** inbound (**↑4%**, w/w) and **319 742 kg** outbound (**↓8%**), resulting in an average of **824 751 kg per day** or around **~100%** compared with November 2022. The numbers keep hovering below the pre-pandemic levels (**~86%**); however, the levels have been increasing in recent times, which is positive for the industry. The following graphs show the movement since the pandemic's onset for ORTIA, with export cargo seeing a very welcome uptick to its highest levels since the pandemic.

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



Courtesy of ACOC. Updated: 07/11/2023.

[9] Only ORTIA's international volumes are shown. ORTIA handles ~87% of international cargo to and from South Africa.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *October 2022* was **~62 446 kg** per day.

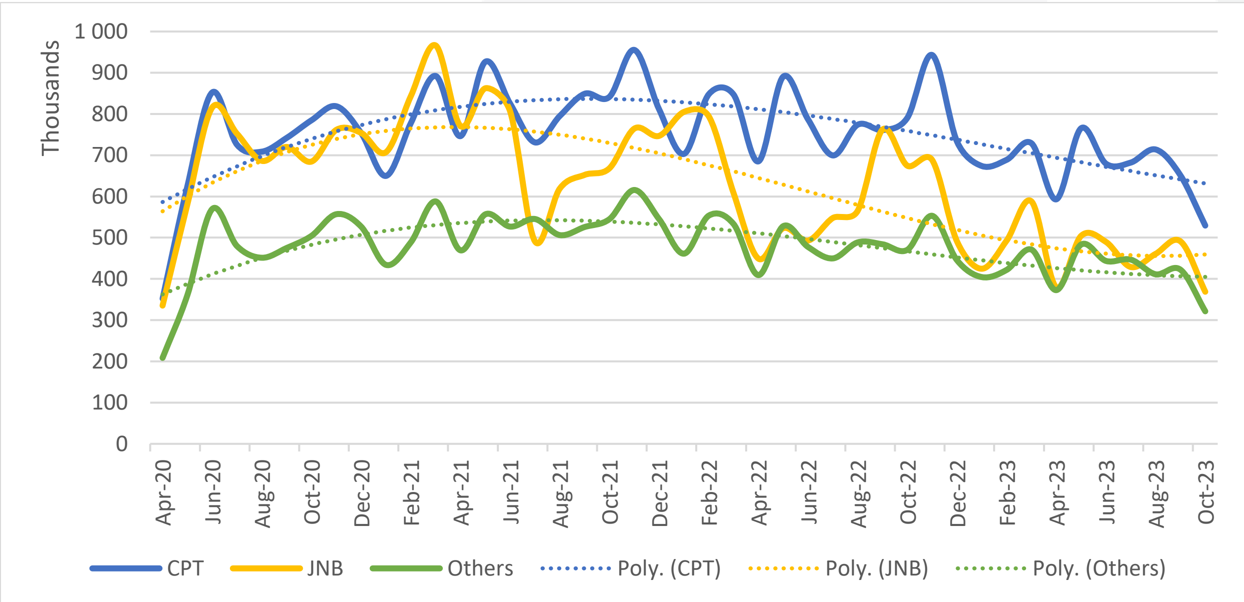
Table 5 – Total domestic inbound and outbound cargo (average daily)

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Apr-Dec '20 Ave.	22 928	2 514	3 441	21 890	5 818	3 141	59 733
2021 Average	26 852	3 776	3 474	24 379	6 828	3 309	68 619
2022 Average	25 922	3 263	3 232	20 278	6 633	2 909	62 237
Jan-Jun '23 Ave.	22 690	2 770	2 632	15 821	6 177	2 691	52 781
July Ave.	22 006	2 645	2 737	13 836	6 513	2 517	50 255
Aug Ave.	23 029	2 477	2 505	14 863	5 709	2 573	51 157
Sep Ave.	21 703	2 789	2 448	16 371	6 158	8 481	57 950
Oct Ave.	22 056	2 574	2 395	15 370	5 782	2 643	50 821
Total for 2023:	6 706 069	808 424	772 489	4 629 025	1 826 673	791 542	15 534 223

Courtesy of ACOC. Updated: 23/10/2023.

The average domestic air cargo moved in October amounts to **~50 821 kg** per day, down by **↓16%** compared to 2022. However, the level is currently only around **~64%** compared with the same period pre-pandemic in 2019.

Figure 11 – Domestic inbound and outbound cargo (thousands)



Courtesy of ACOC. Updated: 23/10/2023.

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 decreased by **more than three and a half hours**, averaging **~13,4 hours** (**↓28%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by approximately **two and a quarter hours,** averaging **~5,8 hours** (**↓28%**, w/w).
- Several regional border crossing times have significantly decreased this week, including Mutukula OSBP, Nakonde, Hora-Hora, and Kasumbalesa.
  - However, some of the decrease could be directly related to the ongoing driver strike (in DRC, Zambia, Tanzania and surrounding) instigated by the self-proclaimed leader of the SADC Truck Drivers Association in Zambia, Steven Masunga.
  - Truck drivers in Tanzania are on strike, claiming a non-existent "risk Allowance" from mines, with demands for **$500** per truck for copper cathodes and **$700** for cobalt hydroxide.
  - However, the Tanzanian Truck Owners Association and Reload Logistics refute the existence of such allowances, while discussions with local authorities led to the strike being called off, pending further resolution.
  - Some areas are still blocked, though, with drivers not moving off; many mines are still blocked as well.
- Last week, processing of trucks at Kopfontein was halted due to a lack of parking on the Botswana side, posing a security threat as some drivers had to sleep at the border.
- The Namibian Revenue Agency (Namra) announced upcoming maintenance on the integrated tax administration system (ITAS) and Asycuda World on 11 November, from 07:00 to 23:00, rendering the systems inoperable during this period.
- 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[10], 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 6 – Delays[11] summary – South African borders (both directions)

Border Post	Direction	HGV[12] 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	460	5,0	7,5	28,0	13 800	3 220
Beitbridge	Zimbabwe-SA	415	8,3	3,0	20,2	12 450	2 905
Groblersbrug	SA-Botswana	181	0,5	0,3	1,6	5 430	1 267
Martins Drift	Botswana-SA	258	0,0	14,0	21,5	7 740	1 806
Kopfontein	SA-Botswana	24	0,2	0,2	0,3	720	168
Tlokweng	Botswana -SA	216	3,2	1,2	11,6	6 480	1 512
Noordoewer	Namibia-SA	20	0,2	0,3	1,5	600	140
Vioolsdrift	SA-Namibia	30	2,2	1,0	4,4	900	210
Ariamsvlei	Namibia-SA	20	0,3	0,5	1,2	600	140

[10] FESARTA TRANSIST Bureau.
[11] 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.
[12] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

Border Post	Direction	HGV[12] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	Est. HGV Tonnage per day	Weekly HGV Arrivals
Nakop	SA-Namibia	30	1,5	1,1	3,4	900	210
Skilpadshek	Botswana -SA	52	0,6	1,1	2,0	1 560	364
Pioneer Gate	SA-Botswana	235	1,3	2,4	11,2	7 050	1 645
Lebombo	SA-Mozambique	125	0,5	0,5	10,3	3 750	875
Ressano Garcia	Mozambique-SA	1 446	4,3	2,1	10,1	43 380	10 122
Weighted Average/Sum		**3 512**	**2,0**	**2,5**	**9,1**	**105 360**	**24 584**

Source: TLC, FESARTA, & Crickmay, week ending 05/11/2023.

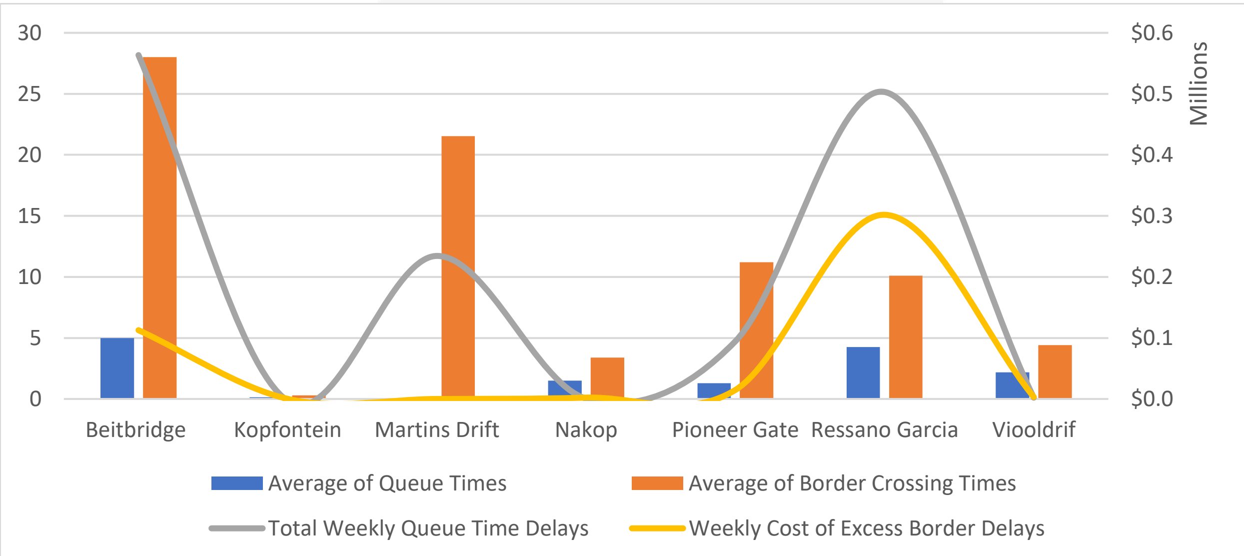
Table 7 – Delays summary – Corridor perspective

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	11,1	3,5	20,9	9 600	2 240
Central Corridor	798	0,3	0,5	4,0	23 940	5 586
Dar Es Salaam Corridor	1 819	20,2	1,8	11,8	54 570	12 733
Maputo Corridor	1 571	2,4	1,3	10,2	47 130	10 997
Nacala Corridor	127	0,0	0,0	0,0	3 810	889
North/South Corridor	3 626	7,4	2,6	11,9	108 780	25 382
Northern Corridor	2 817	0,2	0,2	1,6	92 520	21 588
Trans Caprivi Corridor	116	0,1	0,7	1,8	3 480	812
Trans Cunene Corridor	100	0,0	0,0	0,0	3 000	700
Trans Kalahari Corridor	317	1,4	1,4	5,2	9 510	2 219
Trans Oranje Corridor	100	1,0	0,7	2,6	3 000	700
Weighted Average/Sum	**11 711**	**4,4**	**1,2**	**6,5**	**359 340**	**83 846**

Source: TLC, FESARTA, & Crickmay, week ending 05/11/2023.

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

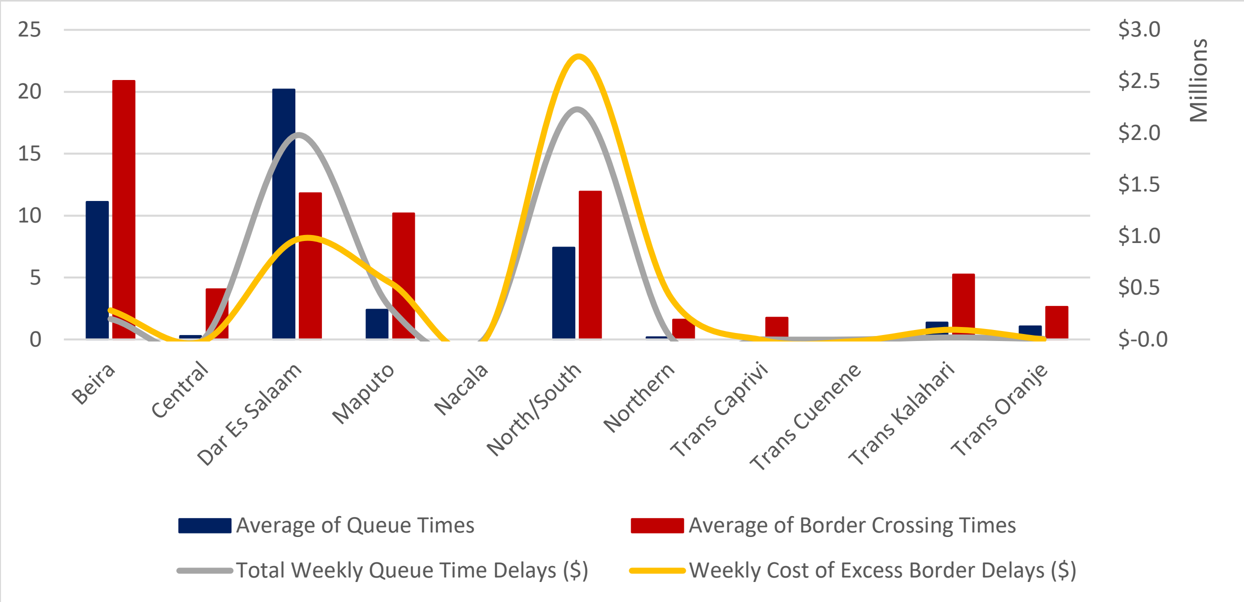
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions)



TLC, FESARTA, & Crickmay, week ending 05/11/2023.

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

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



Source: TLC, FESARTA, & Crickmay, week ending 05/11/2023.

In summary, cross-border queue time averaged **~4,4 hours** (**unchanged** from the previous week's **~4,4 hours**), indirectly costing the transport industry an estimated **$4,8 million** (**R89 million**). Furthermore, the week's average cross-border transit times hovered around **~6,5 hours** (down by **~2,0 hours** from the **~8,5 hours** recorded in the previous report), at an indirect cost to the transport industry of **$5,0 million** (**R93 million**). As a result, the total indirect cost for the week amounts to an estimated **~$9,7 million** (**~R182 million**, down by **~R34,6 million** or **↓16%** from **~R216 million** in the previous report).

4. International Update

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

a. Global shipping industry

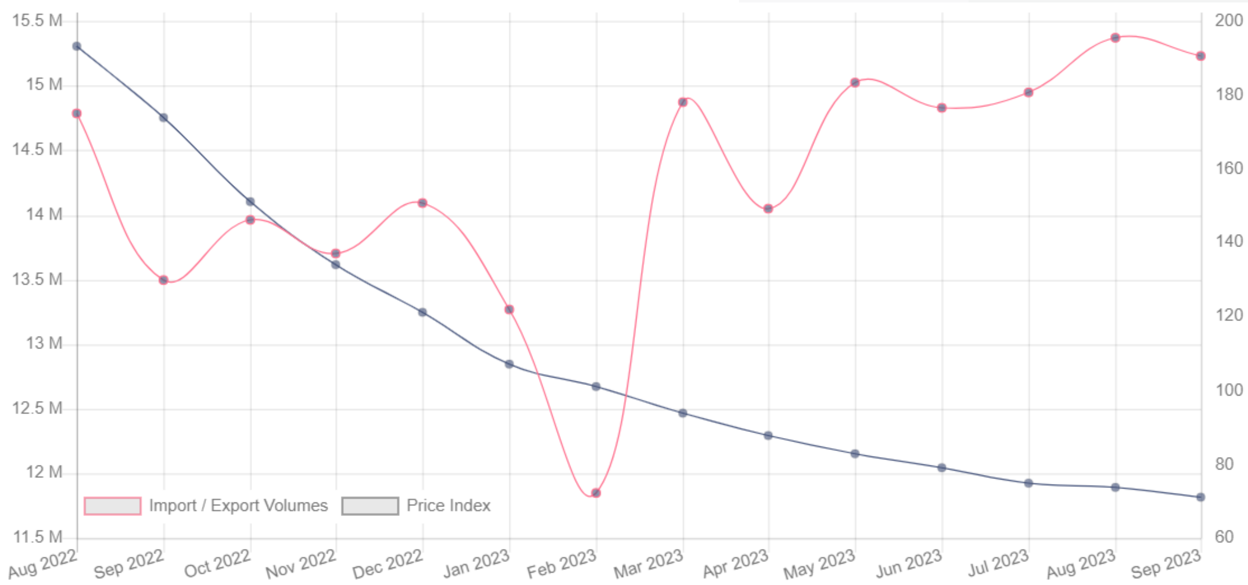
i. Global container port throughput

The latest container throughput figures for September from Container Trade Statistics (CTS) – an online statistics portal measuring global containerised trade – show that container volume has decreased by **↓0,9%** (m/m) this month after global volume increased in August (**↑2,8%**). The change is significantly more negative than initial predictions led to believe, notably those made by Drewry, which expected throughput to increase by **↓1,4%**[13]. Despite the slight monthly reduction, annual throughput is now up by a massive **↑12,8%** (y/y) versus September 2022. Concerning freight rates, the upbeat narrative continues for shippers – similar to the index reported weekly by Drewry – the price index (reefer and dry) continued to moderate over the medium term (despite another weekly increase – see *below*). It is down by another **↓4,1%** (m/m)

[13] Drewry. 23/10/2023. Port Throughput Indices – August 2023.

and a considerable ↓**59,2%** (y/y) versus a year ago – though the speed of change has subsided. The following figure illustrates the global container throughput and price index over the last 13 months:

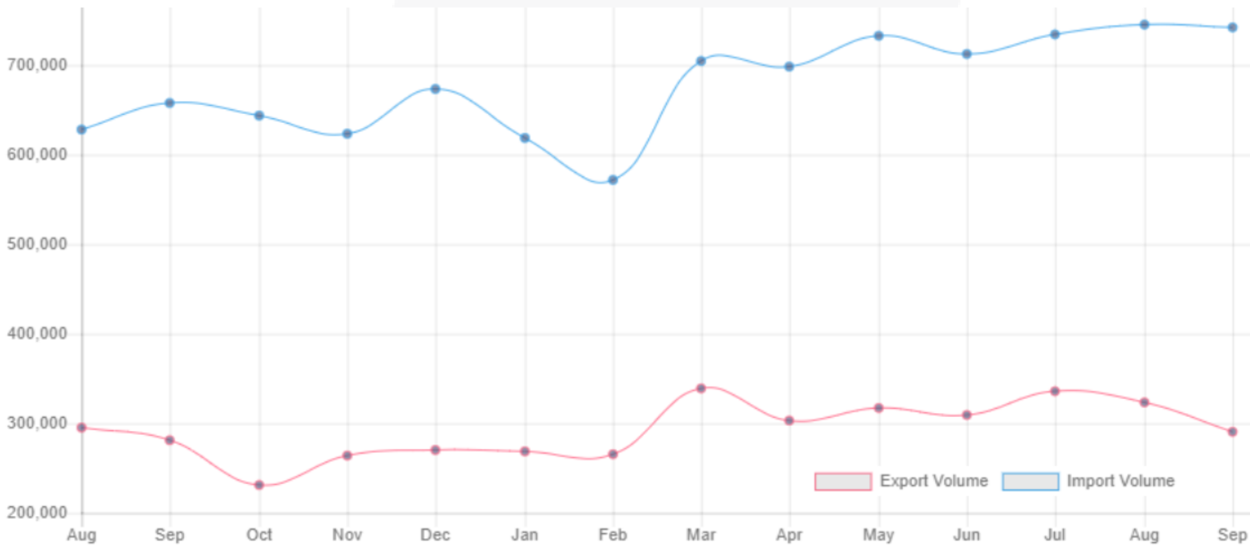
Figure 14 – Global Containerised Throughput (TEUs) and price index



Source: CTS

As illustrated, container throughput has continued its slight downward tendency in the last month after an extended upward curve. The total throughput in September came to around **15,2 million TEUs**, which is close to the record of May last year when global throughput hit **15,6 million TEUs**. Concerning geographical disparity, five out of the seven regions registered decreases in imports, as is the case with exports. The most significant change occurred with Australasia and Oceania imports (as was the case in the last three months – up by ↑**3,7%**). With exports, the most significant change occurred with Sub-Saharan exports – down by ↓**10,2%**. Indeed, for our region, the following figure shows Sub-Saharan African trade over the same period:

Figure 15 – Sub-Saharan Africa Containerised Throughput (TEUs)



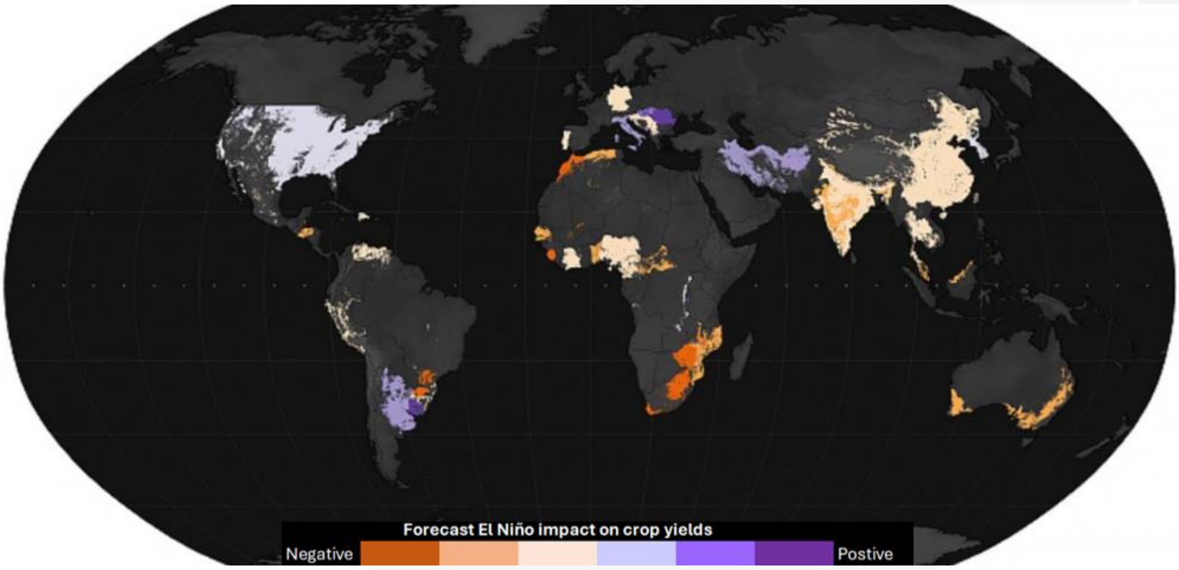
Source: CTS

Sub-Saharan African trade shows a slight decrease in exports (down by **↓0,5%**) but a significant decrease in imports (down by **↓10,2%**) for September. As with overall trade, yearly SSA trade shows that imports continue to grow substantially (**↑12,8%**, y/y), while exports are also slightly up versus September 2022 (by **↑3,0%**). Incidentally, South Africa accounted for **26,3%** of SSA imports and **59,6%** of SSA exports in August when measuring these versus TNPA figures. However, as illustrated last month, the share of South African volumes in the SSA region has continued to decrease, albeit slowly.

ii. El Niño events are expected to affect crop yields and global shipping further

El Niño events are anticipated to impact crop yields on at least a quarter of global croplands, leading to significant changes in seaborne gas and oil trading patterns, according to a report by Greece's Xclusiv Shipbrokers[14]. The low water levels in the Panama Canal, caused by El Niño, are affecting navigation, particularly in the Gatun reservoir, which is crucial for canal transits. Other major shipping rivers, including the Amazon, Mississippi, and Rhine, have also experienced low water levels due to El Niño and climate change. In Brazil, the hottest and driest October in at least a quarter of a century is raising concerns about soybean production, potentially impacting the dry bulk market, as illustrated, with South Africa also affected:

Figure 16 – Forecast El Niño impact on crop yields



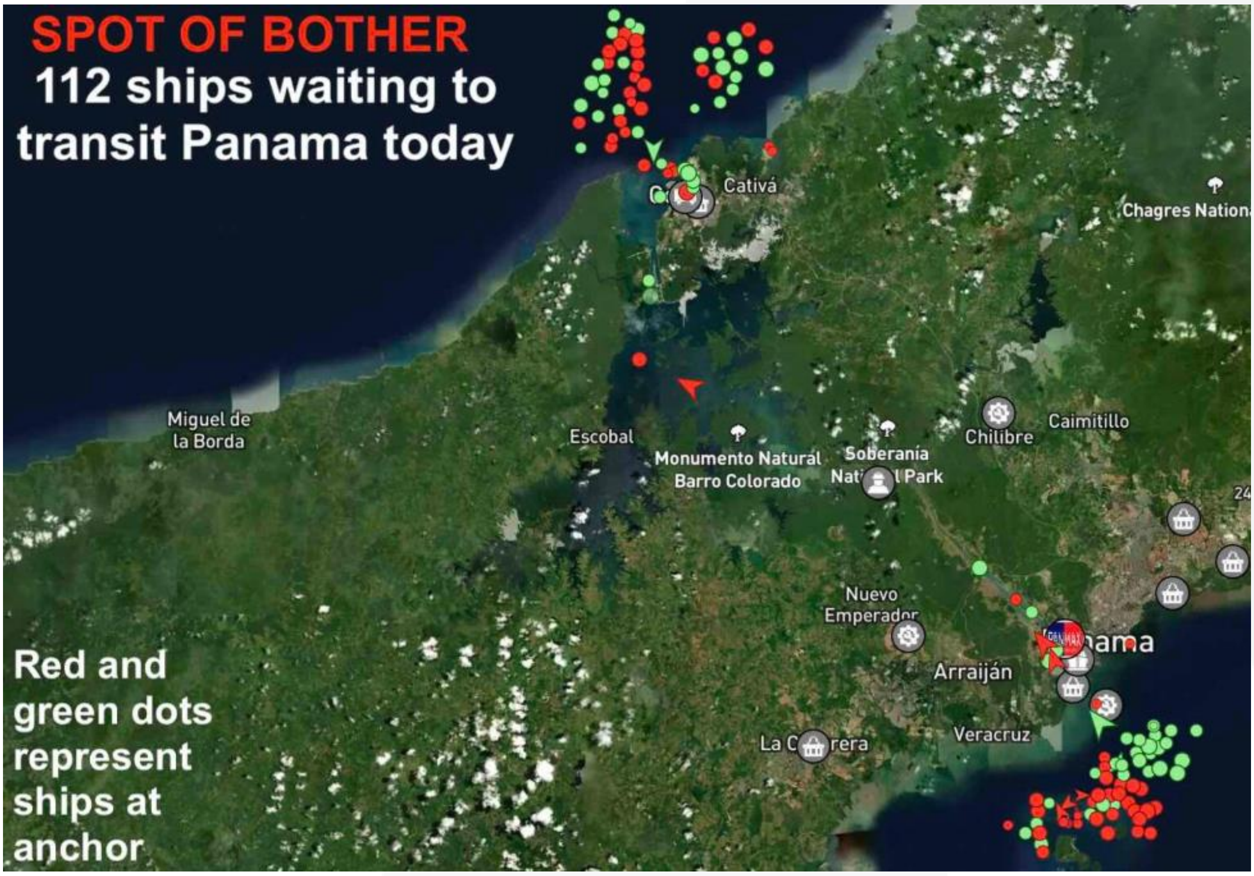
Source: NASA via Splash

El Niño is expected to strengthen through 2023, contributing to food insecurity in various regions, with crop yields in southern Africa, Central America, Australia, and Southeast Asia likely to be affected. In West Africa, there are concerns about a potential shortage of cocoa beans, with the Ivory Coast warning of a possible 25% decline in cocoa exports due to deteriorating weather conditions. The impact on shipping routes is already evident, as the Panama Canal queue has increased by **↑13%** from Thursday to Friday, as drastic transit cuts kick in at the drought-hit waterway that accounts for **3%** of all global maritime trade.

[14] Chambers, S. 07/11/2023. El Niño wreaks havoc on global shipping patterns.

Following the driest year on record, the Panama Canal Authority (ACP) has been implementing daily transit volume cuts and draft restrictions due to water scarcity[15]. Last week, additional significant transit cuts were announced, reducing the number of passages to 18 a day by February, down from a maximum of 40 during normal times. Currently, 112 ships are waiting to transit the canal, up from 99 the previous day, and 22 vessels above the seven-year average of 90. In August, during the height of the drought, over 160 ships were waiting to cross the canal.

Figure 17 – Panama Canal queue (as of Friday, 10 November)



Source: *Marine Traffic via Splash*

iii. Container industry summary

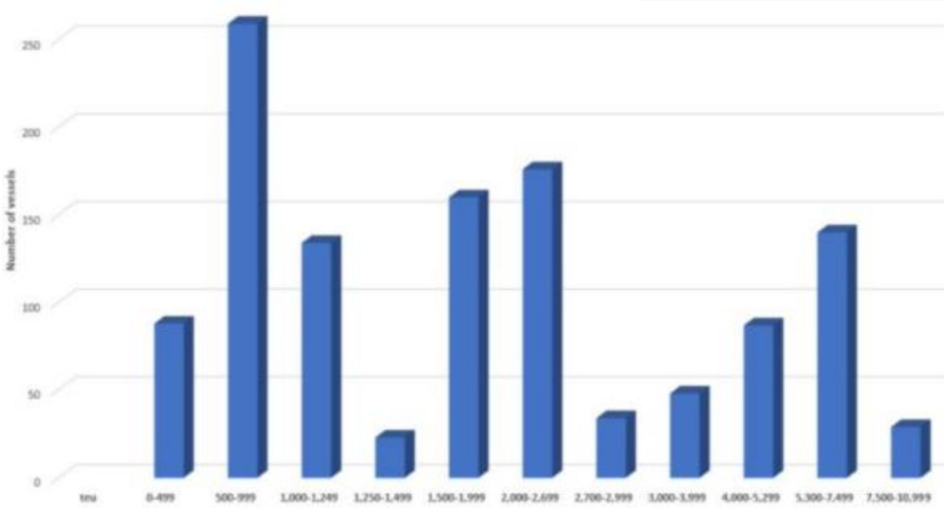
The recent short-term upward trend in freight rates is showing signs of tapering off, marking the conclusion of four consecutive weeks of gains[16]. Spot freight rates are already exhibiting a decline, even as carriers contemplate implementing a new round of rate hikes in December. Despite the diminishing profitability, carriers, including Maersk, have not sufficiently reduced capacity, making it challenging for the heightened rates to be sustained. Maersk, following Zim and Wan Hai, has reported quarterly EBIT losses, contributing to the industry's challenging landscape. Interestingly, Maersk has rekindled its interest in volume growth, attempting to reclaim lost market share over the last two years. However, this strategic shift may not be

[15] Chambers, S. 10/11/2023. Panama Canal queue grows 13% in the space of 24 hours.
[16] Linerlytica. 07/11/2023. Market Pulse – Week 45.

adequate to recover lost ground, mainly as MSC solidifies its lead by surpassing the significant milestone of a total fleet exceeding **5,5 million TEU** this week. Although ten of MSC's vessels are currently idle, five of them are set to return to service in the next two weeks, contributing to the ongoing reduction of the overall idle fleet (currently at around **1%** of the total fleet). Elsewhere, the unravelling of MSC and Maersk's 2M vessel-sharing alliance fleet is continuing ahead of the termination of the east-west trades cooperation, slated for early 2025[17].

Collectively, there remains too much capacity in the system, which has the industry turning its attention to the older fleet this week. The global fleet of cellular vessels aged 20 years or more comprises approximately 1 200 ships, totalling around **2,9 million TEUs** in capacity[18]:

Figure 18 – Cellular container fleet older than 20 years (by pack size in TEU)



Source: Alphaliner

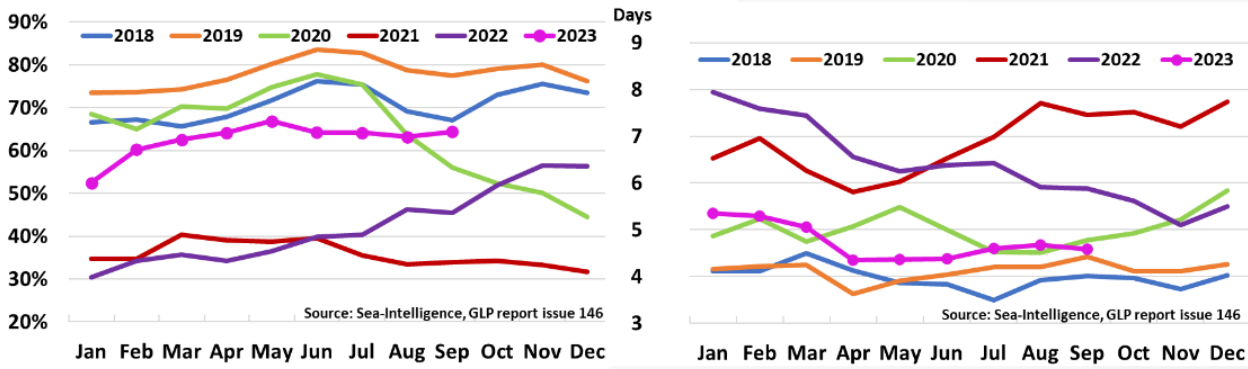
This segment represents slightly over 20% of all cellular ships, with carriers and owners owning approximately 680 and 500 vessels, respectively. While this ageing fleet offers a substantial opportunity for scrapping to alleviate industry overcapacity, its transport capacity accounts for only 10,5% of the global fleet, currently standing at **27,6 million TEUs**. Most of these older ships are relatively small by modern standards, with 314 having capacities of 3 000 TEUs and above and 886 with capacities below 3 000 TEUs. Additionally, the adoption of decarbonisation measures is limited, with less than 100 vessels equipped with exhaust gas scrubbers.

In September 2023, global schedule reliability saw a monthly increase of **↑1,2%** to reach **64,4%**, marking a significant annual improvement of **↑19,0%**[19]. The average delay for late vessel arrivals decreased by **0,09** days (m/m) to **4,58** days, resulting in a remarkable **↓1,30** days (y/y) improvement compared to the same period last year. Maersk and Hamburg Süd led in reliability among the top 14 carriers, achieving **71,3%** schedule reliability, followed closely by MSC at **69,8%**. While ten carriers witnessed a monthly increase, PIL

[17] Wackett, M. 08/11/2023. MSC and Maersk unwind transatlantic fleets as rates hit new low.
[18] Alphaliner. 08/11/2023. World container fleet: three million teu now 20 years or older.
[19] Murphy, A. 02/11/2023. Schedule reliability improves to 64,4%.

recorded the most significant rise of ↑**7,3%**. On a yearly basis, 13 out of the 14 carriers demonstrated double-digit improvements, with Hamburg Süd leading with a remarkable ↑**26,8 %** enhancement.

Figure 19 – Global schedule reliability (%) and global average delay for late vessel arrivals (days)



Source: Sea Intelligence

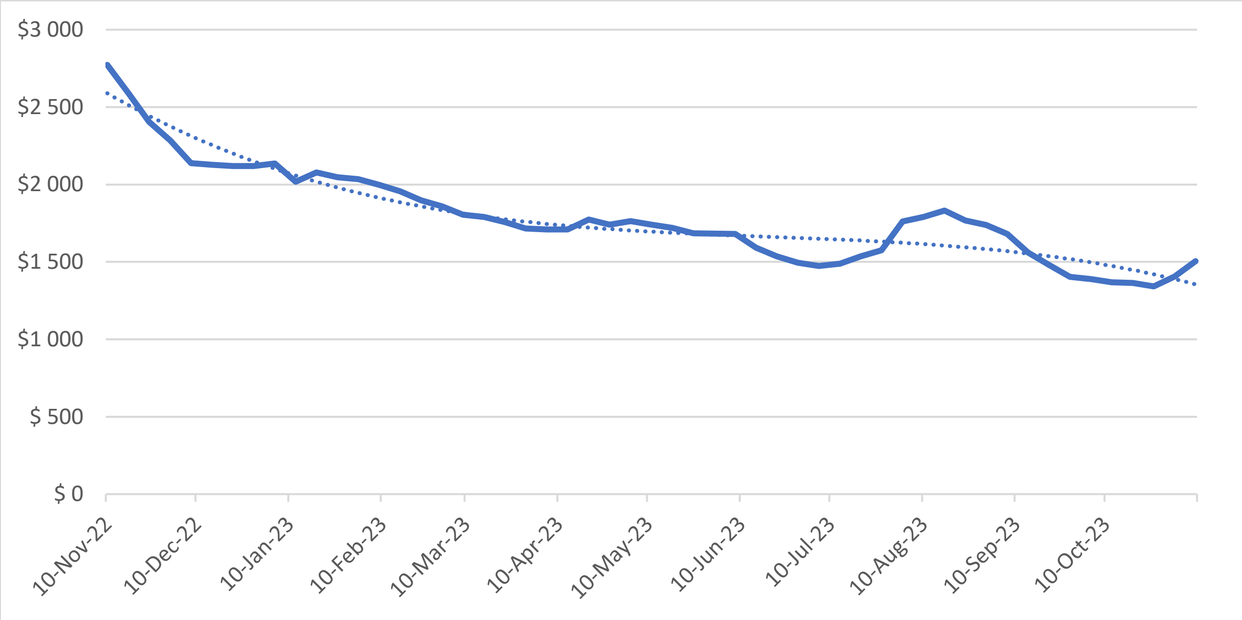
Drewry's "*Cancelled Sailings Tracker*" is stable and is trending at an **8% cancellation rate**[20]. Port congestion continues to be stable, only affecting **~6%** (some **1,60 million TEU**) of the industry; however, Durban's congestion continues to be worrying, with the port now featuring among the five most congested ports, reflecting the massive berthing delays currently experienced by the industry. There are still more than **60 000 TEUs** at berth, which translates to more than eight days' worth of containerised cargo, assuming that the bottlenecks will be addressed at the daily average number of containers handled since January 2022 (**~7 464 TEUs** per day, as calculated from TNPA). At best, the current projections will mean that Durban (and our other ports also) will only be decongested by the end of the year earliest. Ultimately, adding around two weeks' worth of lead time (to MMNEs, especially) to schedules will have a significantly negative impact on our economy.

iv. Global container freight rates

This week, the "*World Container Index*" increased again and is up by another substantial ↑**7%** (or **$98**) to **$1 504** per 40-ft container[21].

[20] Drewry. 03/11/2023. Cancelled Sailings Tracker - 03 November.
[21] Drewry. 02/11/2023. World Container Index – 2 November 2023.

Figure 20 – World Container Index assessed by Drewry (last 12 months, $ per 40 ft. container)



Source: *Compiled from Drewry Ports and Terminal Insights*

The composite index is now ↓**54%** lower compared to the same period last year but ↑**6%** higher than the average 2019 rates, pre-pandemic. The year-to-date average composite index is **$1 700** per 40ft container, **$976** below the 10-year average rate of **$2 676**. This figure keeps on dropping week-by-week; however, it is still influenced by the exceptional pandemic period in 2020-22. Shanghai to Rotterdam rates rose most substantially – by ↑**21%**, while rates on other lanes showed mixed trends. Drewry expects East-West spot rates on non-Asia-to-Europe lanes to remain stable in the coming weeks. The weak spot market has also further dragged down contractual rates in the wake of the start of the Asia-Europe contract negotiating season[22].

v. Further developments of note

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

1. **HHLA directors recommend MSC's offer to shareholders:**
   a. MSC is moving closer to acquiring a **49% stake** in **Hamburg's HHLA terminal** and intermodal operator. After negotiations with HHLA and the major shareholder, the City of Hamburg, the shipping line secured commitments over the future of HHLA, and an acquisition price of **€16,75 per class A** share was deemed "*adequate*"[23].
   b. Commitments include a new equity capital injection of **€450 million** into HHLA, a minimum investment of **€775 million** in container terminals and intermodal networks between 2025

[22] Wackett, M. 06/11/2023. Last-ditch GRI bid by carriers as weak spot rates drag down new contract rates.
[23] Van Marle, G. 08/11/2023. HHLA directors recommends MSC offer to shareholders.

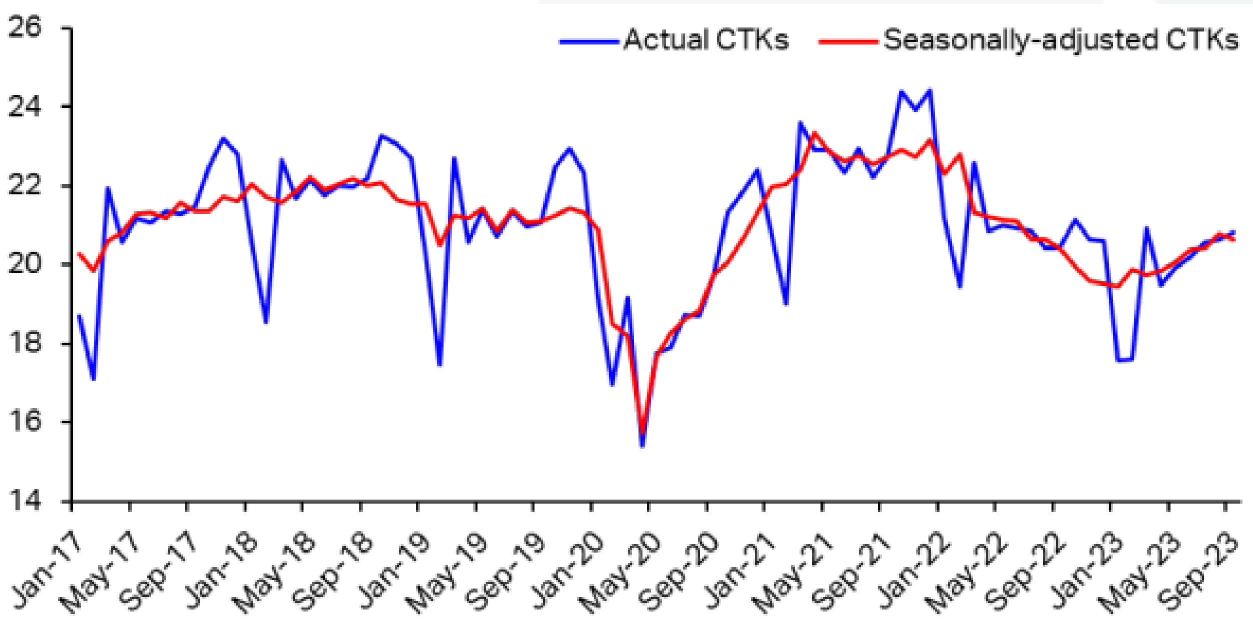
and 2028, the continuation of HHLA as a common user operator, and a commitment to no workforce redundancies for at least five years.

2. **ONE consolidates its port terminal network:**
    a. Japanese container shipping line ONE has acquired a **51% stake** in **TraPac** and **Yusen** terminals in North America and Singapore, as well as a **20% stake** in the **Rotterdam World Gateway Terminal**, consolidating its port terminal network[24].
    b. The move is part of ONE's strategy to invest in operational capacity, with the acquisitions allowing the company to operate terminals in key locations, including the US West Coast, Singapore, and Rotterdam, providing around **4,3 million TEU** of annual handling capacity on the US West Coast. The acquisitions follow ONE's merger of three Japanese carriers, K Line, MOL, and NYK, in 2017.

b. Global air cargo industry

In the latest IATA "*Air Cargo Market Analysis*" for September[25], the headline figure shows that industry cargo tonne-kilometres (CTKs) were up **↑1,9%** (y/y) and remained slightly down compared to the pre-pandemic era at around **↓1,3%** lower:

Figure 21 – Global CTKs (billions per month)



Source: IATA

Air cargo capacity, measured by available cargo tonne-kilometres (ACTKs), witnessed a **↑12,1%** (y/y) increase, primarily driven by robust international belly cargo capacity from airlines in the Asia Pacific, Latin America, and the Middle East regions. August marked the fifth consecutive year of global trade decline, with a **↓3,8%** drop. This decline was evident in the deceleration of global new export orders PMIs across major economies. In the US, inflation remained steady in September, while producer prices showed mixed trends.

[24] Van Marle, G. 06/11/2023. ONE consolidates its port terminal network, east and west.
[25] IATA. 07/11/2023. Air Cargo Market Analysis: September.

The recent upswing in global jet fuel prices contributed to a rise in air cargo yields, marking the first increase since November 2022. Airlines in the Asia Pacific, Latin America, Middle East, and North America regions all reported annual growth in their international cargo tonne-kilometres in September, with Asia Pacific airlines leading in growth. Despite the industry-wide increases, African figures show a slight reduction in CTKs (**↓0,1%**) and a more modest increase in capacity (**↑2,7%**).

In the high-frequency data from World ACD, global air cargo tonnages and global average air cargo rates have maintained stability and displayed a slight seasonal increase in the early days of November despite a week-on-week decline in tonnages (**↓3%**). When considering the last two weeks combined, worldwide tonnages remain relatively consistent compared to the preceding two weeks and the same period last year. However, there is a notable increase in volumes originating from Asia, Africa, Latin America, and the Middle East compared to the equivalent period in the previous year:

Figure 22 – Global capacity, weight, and yield/rate over the last five weeks (%, weekly)

Origin Regions last 2 to 5 weeks	Capacity[1]			Chargeable weight[1]			Yield/rate[1]		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa		+1%	+9%		+1%	+9%		-1%	-9%
Asia Pacific		+2%	+29%		+3%	+8%		+3%	-29%
C. & S. America		+2%	-1%		-4%	+6%		+2%	-12%
Europe		-4%	+5%		-1%	-9%		-1%	-33%
M. East & S. Asia		-0%	+11%		-8%	+8%		-1%	-26%
North America		-5%	+4%		-1%	-12%		-1%	-26%
Worldwide		-2%	+9%		-0%	+0%		+2%	-27%

Source: *World ACD*

While overall tonnages remained flat in the two weeks, rates increased by **↑2%**, and capacity saw a slight decline of **↓2%** compared to the combined total in weeks 41 and 42. Regional variations were notable, with a significant uplift in tonnages on the transpacific route, particularly from Asia Pacific to North America (**↑9%**). However, there were declines in volumes on several lanes, such as an ↓8% drop from Central and South America to Europe. Pricing-wise, there were modest rate increases on key flows, including Asia Pacific to Europe (**↑3%**) and the Middle East and South Asia (**↑3%**). Worldwide average rates are **↓27%** below last year's levels and trading at **$2,41/kg**; however, they remain **↑32%** above pre-pandemic levels.

ENDS[26]

[26]**ACKNOWLEDGEMENT:**

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