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Cargo movement update #173[1]

Date: 16 February 2024

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)	25 307	29 483	**54 790**	26 021	35 047	**61 068**	↓10%
Air Cargo (tons)	2 597	1 578	**4 174**	2 984	1 617	**4 602**	↓9%

Monthly Snapshot

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

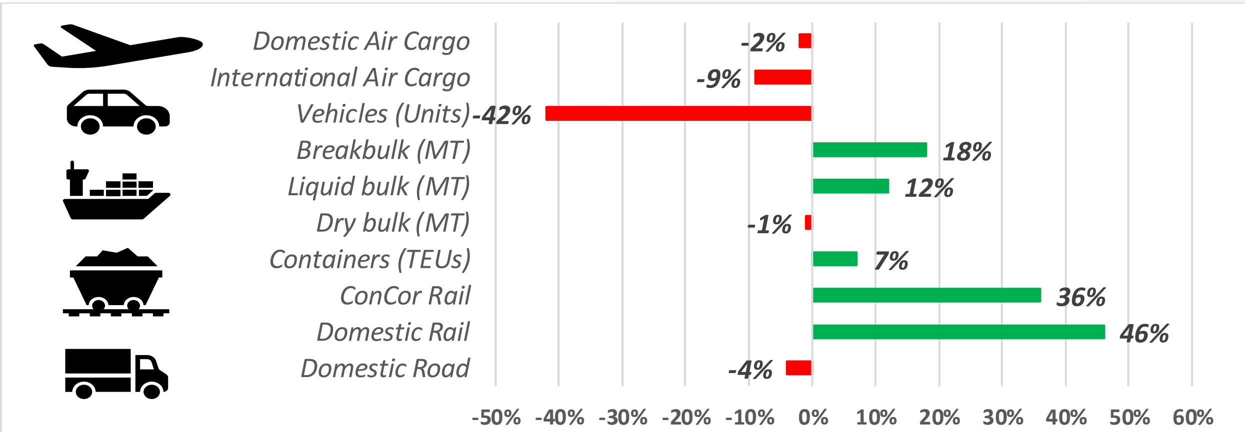
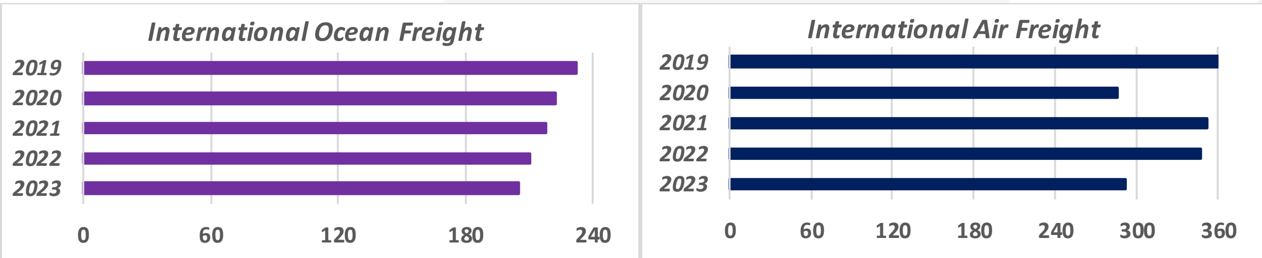


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 827 containers** was handled per day, with **~8 103 containers** projected for next week.
- TNPA stats for January: containers: down by **↓2%** (m/m) but up by **↑7%** (y/y). Total bulk: down by **↓10%** (m/m) and up by **↑1%** (y/y). Vehicles trade is up by **↑8%** (m/m), but down by a massive **↓42%** (y/y).
- Cross-border queue times were **↓1,0 hours** (w/w), with transit times **↓0,7 hours** (w/w); SA borders increased by **~1,2 hours**, averaging **~11,8 hours** (**↑11%**); Other SADC borders averaged **~6,5 hours** (**↑10%**).
- The GEP *Global Supply Chain Volatility Index* increased to **↓0,12** in January from **↓0,44** in December.
- Global freight rates have again decreased this week – by **↓1,4%**, or **$53** to **$3 733** per 40-ft container.
- International air cargo volumes were way down last week (**↓12%**), as rates are up to **$2,39 per kg**).

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[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 *173rd* update.
[2] *'Current'* means the last seven 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. For air and ocean: Jan vs Jan; for domestic road and rail: Dec vs Dec.
[5] For ocean, total Jan-Dec cargo in metric tonnes, as reported by Transnet, is used, while for air, Jan-Dec cargo to and from all airports is 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 **7 827 containers** per day, significantly down from the **8 724** containers last week. Despite another week of some praiseworthy performance by TPT, port operations this week were still constrained by adverse weather conditions accompanied by equipment challenges and shortages. Minimal delays were reported at the Port of Cape Town this week, while continuous equipment breakdowns were the primary source of operational difficulties in Durban. High swells and adverse weather ensured operational delays in the Eastern Cape, while marine equipment challenges ensured extensive operational delays at the Port of Richards Bay. Minimal reports were received from TFR this week; however, the TFR annual shutdown was in full swing this week, with train services between Durban and the Reef resuming on 16 February.

Globally, supply chain volatility increased in January, marking its highest level since April. Despite nine months of excess capacity, the downturn weakened to its lowest point since April, indicating reduced spare capacity globally. Transportation costs surged to a 15-month high due to disruptions in the Red Sea, necessitating longer routes. Safety stockpiling increased slightly, with businesses building higher inventory due to supply or price concerns, albeit lower than post-pandemic levels. Regionally, Asia saw heightened supply chain activity, while North American and European suppliers experienced reduced spare capacity. The UK had subdued demand for the 19th consecutive month as its economy enters a recession. Global manufacturers are seeing increased activity, especially in Asia. Managing supplier price increases is crucial to mitigate inflationary pressures. Global port congestion affects **~6,5%** of the total fleet, with Durban and Cape Town experiencing congestion, though less severe than in late 2023. Maersk reported EBIT losses of **↓$920 million** for its Ocean business in Q4 2023, attributing them to overcapacity, with EBIT margins dropping to **↓12,8%**, lower than its peers. Further developments of note included **(1)** capacity shortages are set to continue in the automotive industry, **(2)** DB Schenker sale, and **(3)** Houthis renew Red Sea attacks.

In the air cargo industry, volumes continue to trend slightly down compared to historical trends, with international inbound cargo to South Africa down **↓13%** and the outbound export cargo down by **↓2%** versus last week. There has not been a significant modal shift from ocean freight, as some commentators have predicted. Domestic volumes remain in decline, as the average air cargo moved last week was **~44 3204 kg** per day, down by **↓13%** compared to the previous week and remains significantly down compared to last year's level (**~77%**). Internationally, the global air cargo industry was also way down last week (**↓12%**, w/w) – in marked similarity to the South African market. These declining volumes can to a large extent be attributed to the start of the "*Year of the Dragon*", as China's air import tonnages dropped sharply in the final few days leading up to the Lunar New Year (LNY) on 10 February.

In regional cross-border road freight trade, average queue times decreased by **approximately an hour**, while transit times increased by **around three-quarters of an hour** from last week. The median border crossing times at South African borders increased by **around 75 minutes**, averaging **~11,8 hours** (**↑11%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by **half an hour** and averaged **~6,5 hours** (**↑10%**, w/w). On average, four SADC border posts took more than a day to cross, including Beitbridge, Kasumbalesa (the worst affected from the Zambian side at around **two days** to cross from both sides), Katima/Mulilo, and Kazungula OSBP. Other developments this week included **(1)** SARS system upgrades, **(2)** Kasumbalesa (DRC) implemented a new TMS system; however, given the **(3)** 25km queues at the border, the TMS system has some challenges, and **(4)** Lobito corridor updates. Lastly, monthly cross-border road figures for January at key border posts show the following changes: Beitbridge is down by

↓**9%**, Skilpadshek is also down by ↓**8%**, Ramatlhabama is up by ↑**25%**, Kopfontein is down by ↓**8%**, and Groblersbrug also down by ↓**12%** (all m/m).

In conclusion, the stakeholder dialogue event held in Cape Town this week provided a platform for robust discussions and knowledge sharing on critical issues facing not only the Port of Cape Town but also the entire port system in the country. Despite a palpable tension because of ongoing challenges and the less-than-ideal performance of the port, the industry (led by Transnet) demonstrated its commitment to assisting the PoCT in stabilising operations and restoring the port to a level of excellence. Moving forward, continued collaboration and proactive engagement among stakeholders will be vital to overcoming challenges and driving sustainable growth in the port sector. As the collective private sector, we must participate in these dialogues and actions, as we need a smooth functioning multimodal logistics network that facilitates the movement of goods and services as best as possible. South Africa's extended logistics network is in desperate need of increased port productivity, backup port facilities, Public-Private Partnership (PPP) models, and fostering collaboration among stakeholders. These events will only take place in collaboration with all parties – public and private.

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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 10 to 16 February [6]

7-day flow forecast (10/02/2024 – 16/02/2024)		
TERMINAL	NO. OF CONTAINERS[7] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 297	4 787
DURBAN CONTAINER TERMINAL PIER 2:	8 718	10 859
CAPE TOWN CONTAINER TERMINAL:	5 335	8 141
NGQURA CONTAINER TERMINAL:	4 781	5 426
GQEBERHA CONTAINER TERMINAL:	2 176	270
TOTAL:	**25 307**	**29 483**

Source: Transnet, 2024. Updated 16/02/2024.

Table 3 – Container Ports – Weekly flow predicted for 17 to 23 February

7-day flow forecast (17/02/2024 – 23/02/2024)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 211	6 132
DURBAN CONTAINER TERMINAL PIER 2:	10 536	11 695
CAPE TOWN CONTAINER TERMINAL:	3 270	6 004
NGQURA CONTAINER TERMINAL:	5 516	7 264
GQEBERHA CONTAINER TERMINAL:	640	1 453
TOTAL:	**24 173**	**32 548**

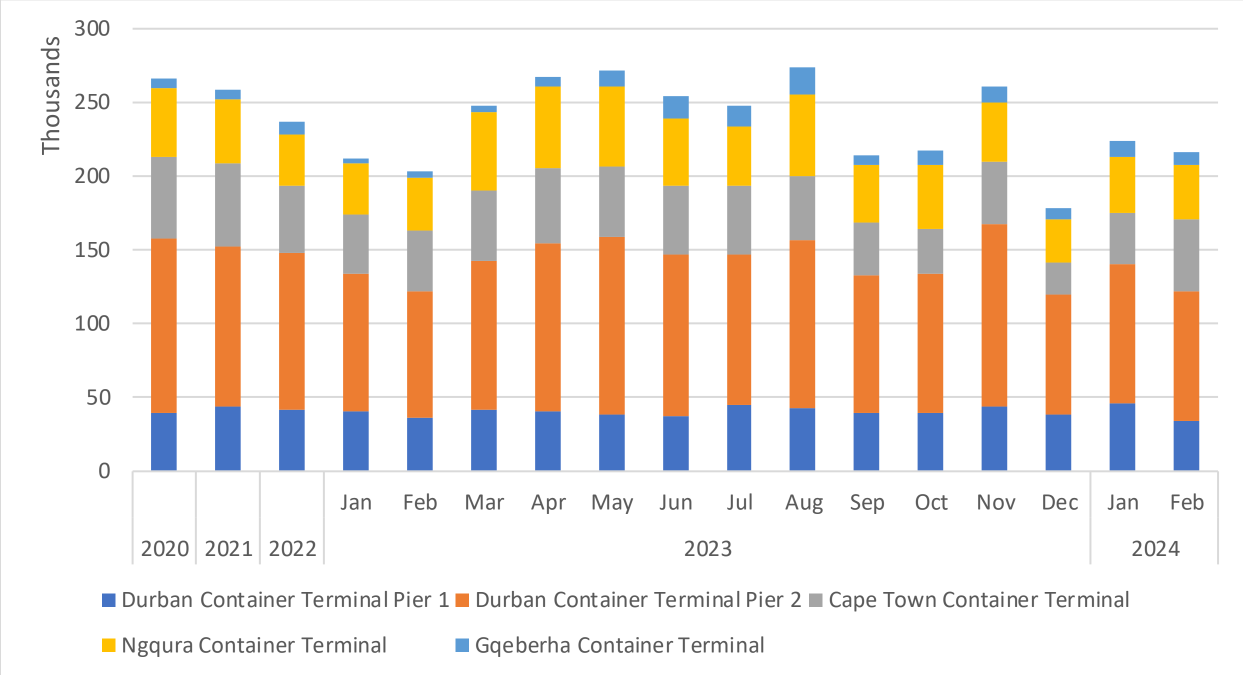
Source: Transnet, 2024. Updated 16/02/2024.

An average of **~7 827** containers (**↓10%**) was handled per day for the last week (*10 to 16 February*, *Table 2*), compared to the projected average of **~8 818 containers** (**↓11%** actual versus projected) noted in last week's report. For this week, an average of **~8 103 containers** (**↑4%**) is predicted to be handled (*17 to 23 February, Table 3*) in a best-case scenario. Despite another week of some improved performance by TPT, port operations this week were still constrained by adverse 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.

[6] It remains important to note that a large percentage (approximately 36% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported but rather consists of empties and transhipments.
[7] As mentioned before, the measurement is 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. Elsewhere, the US uses 1,5 to 1,8, depending on the port. The privately operated FPT terminal in Cape Town works on 1,6.

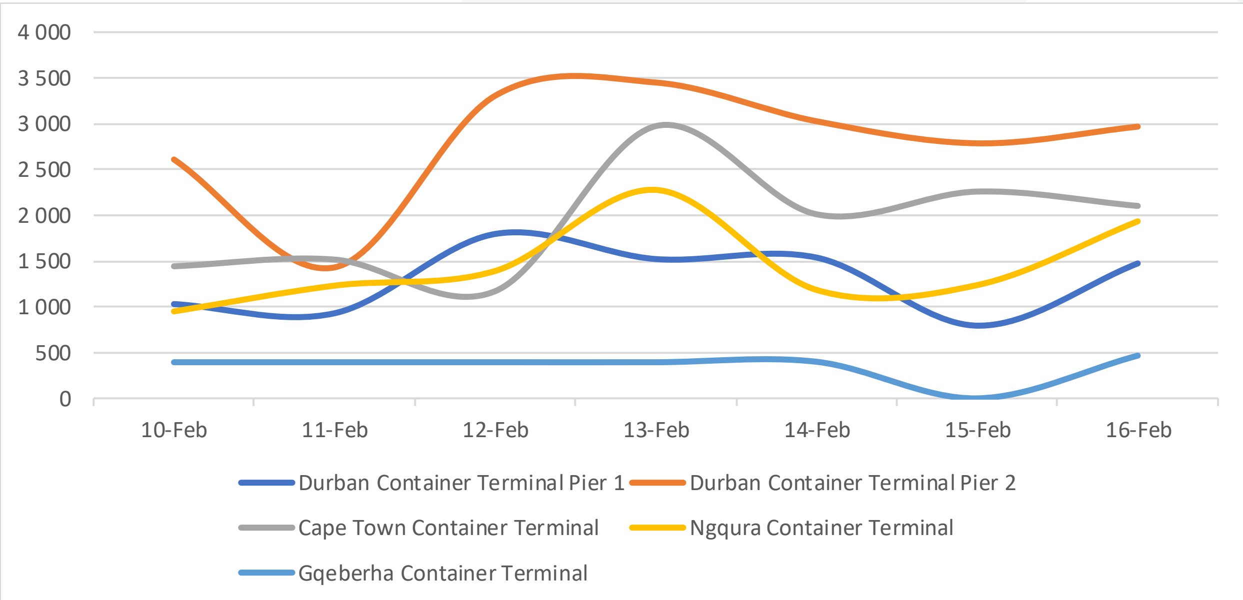
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2024 and updated 16/02/2024.

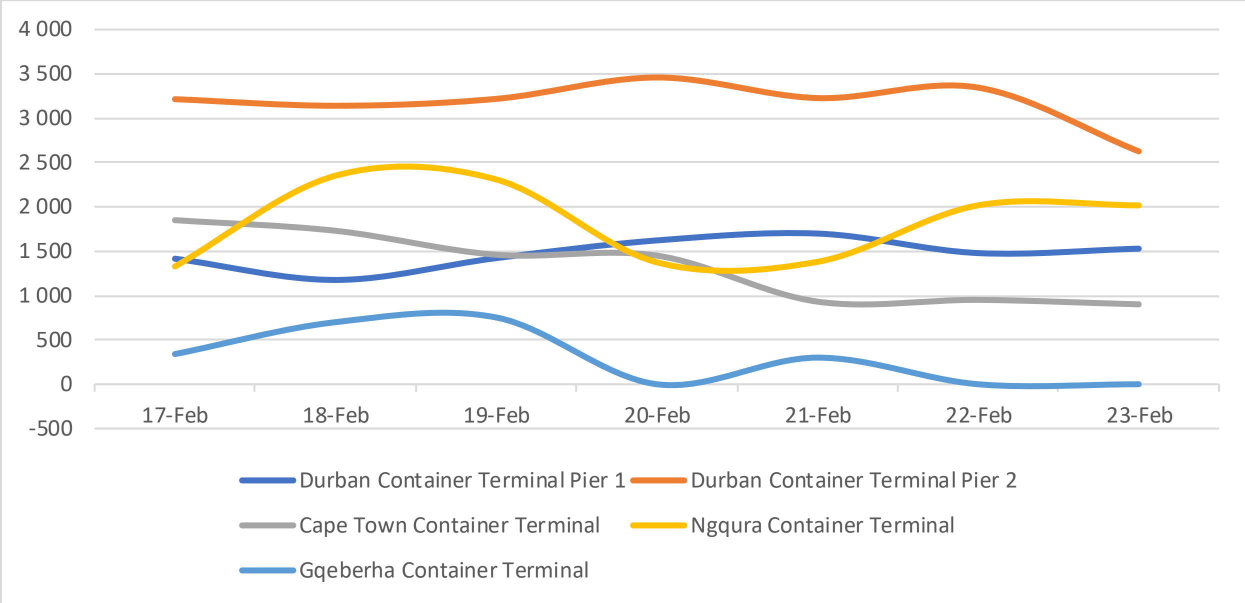
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (10 to 16 February; per port; day on day)



Source: Calculated using data from Transnet, 2024 and updated 16/02/2024.

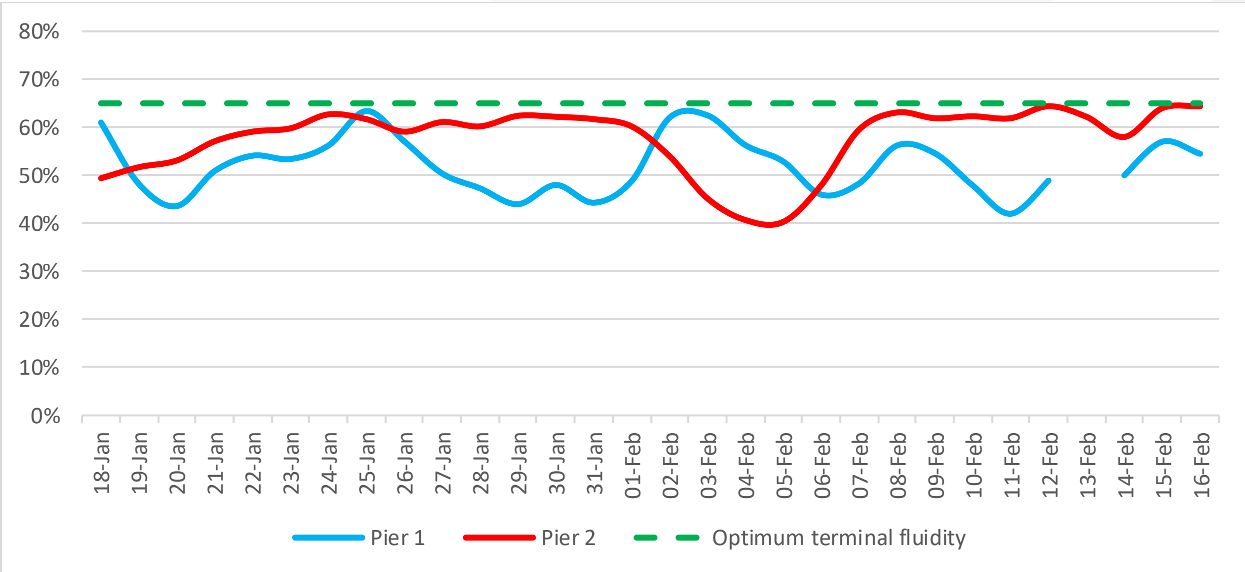
Figure 5 – 7-day forecast reported for total container movements (17 to 23 February; per port; a day on the day)



Source: Calculated using data from Transnet, 2024 and updated 16/02/2024.

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

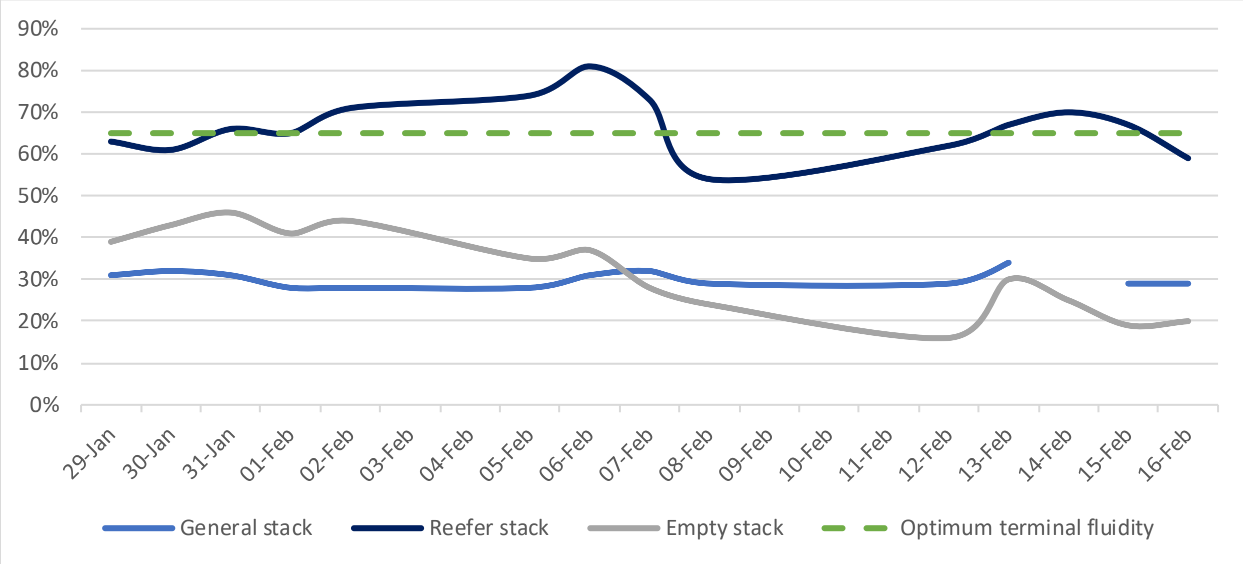
Figure 6 – Stack occupancy in DCT, general-purpose containers (18 January to present; a day on the day)



Source: Calculated using data from Transnet, 2024 and updated 16/02/2024.

The following figure shows daily stack occupancy in Cape Town over a similar period. Pressure on the reefer system is clearly visible.

Figure 7 – Stack occupancy in CTCT, GP, reefer, and empty stack (29 January to present, day on day)



Source: Calculated using data from Transnet, 2024 and updated 16/02/2024.

b. TNPA: January update

TNPA has released consolidated port statistics for January[8]. While certain sectors display discernible outcomes from the recovery plan, the incremental progress observed in these areas contrasts starkly with the broader landscape. For January, the two main sectors show that containers are down by ↓**2%** (m/m), and total bulk cargo shipped is down by ↓**10%**, as the following table shows the respective changes versus December:

Table 4 – TNPA – Monthly volume and growth: January 2023

	Dec	Jan	Movement	Change (%)
Containers (TEUs)	**332 706**	**326 671**	**-6 035**	**-2%**
Landed	163 431	160 774	-2 657	-2%
Shipped	169 275	143 612	-25 663	-15%
Dry bulk (MT)	15 329 320	13 378 905	-1 950 415	-13%
Liquid bulk (MT)	2 973 787	2 987 092	13 305	0%
Breakbulk (MT)	426 756	540 860	114 104	27%
Vehicles (Units)	46 120	49 745	3 625	8%
Total cargo (excl. Vehicles)	**18 729 863**	**16 906 857**	**-1 823 006**	**-10%**

Source: TNPA, updated 13/02/2024.

In total, Transnet Port Terminals handled **16,9 million metric tonnes** of bulk cargo during January, which was similar compared to the average monthly volumes handled in 2023 (**17,1 million**). One could argue that January is typically a slow month as the year operations get up and running for the year; but the throughput is significantly down compared to the 10-year monthly average of **18,4 million** (see *Figure 2* for the comparison across the last five years). And this with a recovery plan in progress. With containers, the cyclical average for January is **~329 600 TEUs** in the eight years, including this. The following table shows the

[8] Transnet. 2024. Port statistics. TNPA

comparative overview for January versus last year, including the view versus the same month in the pre-pandemic year of 2019:

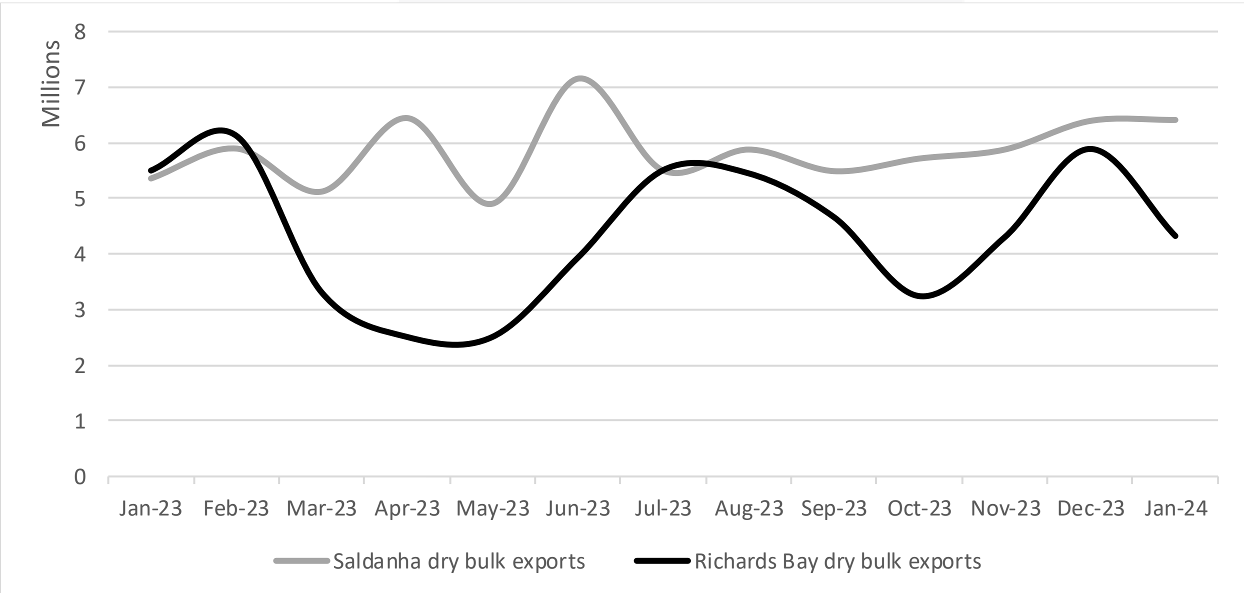
Table 5 – TNPA – Cyclical volume and growth: January 2019, 2023, and 2024

	2019	2023	2024	Growth: '19-'24	Growth: '23-'24
Containers (TEUs)	**348 642**	**304 386**	**326 671**	**-6%**	**7%**
Landed	177 014	160 774	178 257	1%	11%
Shipped	171 628	143 612	148 414	-14%	3%
Dry bulk (MT)	18 448 602	13 545 965	13 378 905	-27%	-1%
Liquid bulk (MT)	3 887 119	2 673 658	2 987 092	-23%	12%
Breakbulk (MT)	555 511	457 230	540 860	-3%	18%
Vehicles (Units)	44 283	85 625	49 745	12%	-42%
Total cargo (excl. Vehicles)	**22 891 232**	**16 676 853**	**16 906 857**	**-26%**	**1%**

Source: TNPA, updated 13/02/2024.

Annual figures for the primary industries show some improvement on last year's December in containers (both landed – **↑11%** – and shipped – **↑3%**), as well as liquid bulk (**↑12%**) and breakbulk (**↑18%**). There has, however, been a slight drop in dry bulk (**↓1%**) and a significant decrease in vehicle trade (**↓42%**). Versus 2019, the picture becomes bleaker, as there has been some improvement in January 2019 figures for containers landed (**↑1%**) and vehicles trade (**↑12%**) sectors. Unfortunately, there has been a slight drop in breakbulk figures (**↓3%**) and a significant decrease in containers shipped (**↓14%**), liquid bulk (**↓23%**), and especially dry bulk (**↓27%**). The worrying decrease in export volumes is abundantly clear. The dry market is a particular concern, as the dry bulk export markets play a pivotal role in the South African economy, serving as significant drivers of revenue generation and economic growth, underpinned by key sectors such as mining, agriculture, and manufacturing while also bolstering foreign exchange reserves and trade balance stability. The following graph highlights the two major dry bulk export ports, namely Saldanha (primarily iron ore and manganese) and Richards Bay (mainly coal and ferro-alloys) since the start of 2023:

Figure 8 – TNPA – Dry bulk exports (metric tons, millions)



Source: Calculated from TNPA, updated 13/02/2024.

As illustrated, there has been some upward trajectory noticeable in the dry bulk exports out of the Port of Saldanha, whereas the cargo going through the Port of Richards Bay has been very volatile – no wonder we continue to see the coal export challenges featuring prominently in our national media, and Transnet's role in that has been well covered. These consolidated figures for January highlight the work that the entire industry has in front of it as the recovery plan and other initiatives (such as the PSP, business unusual process, and rail access) have started to bear some fruit – but we still have a long way to go!

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

- Minimal delays were reported at the Port of Cape Town this week.
- Continuous equipment breakdowns were the primary source of operational difficulties in Durban.
- High swells and adverse weather ensured operational delays in the Eastern Cape.
- Marine equipment breakdowns ensured extensive operational delays at the Port of Richards Bay.

ii. Cape Town

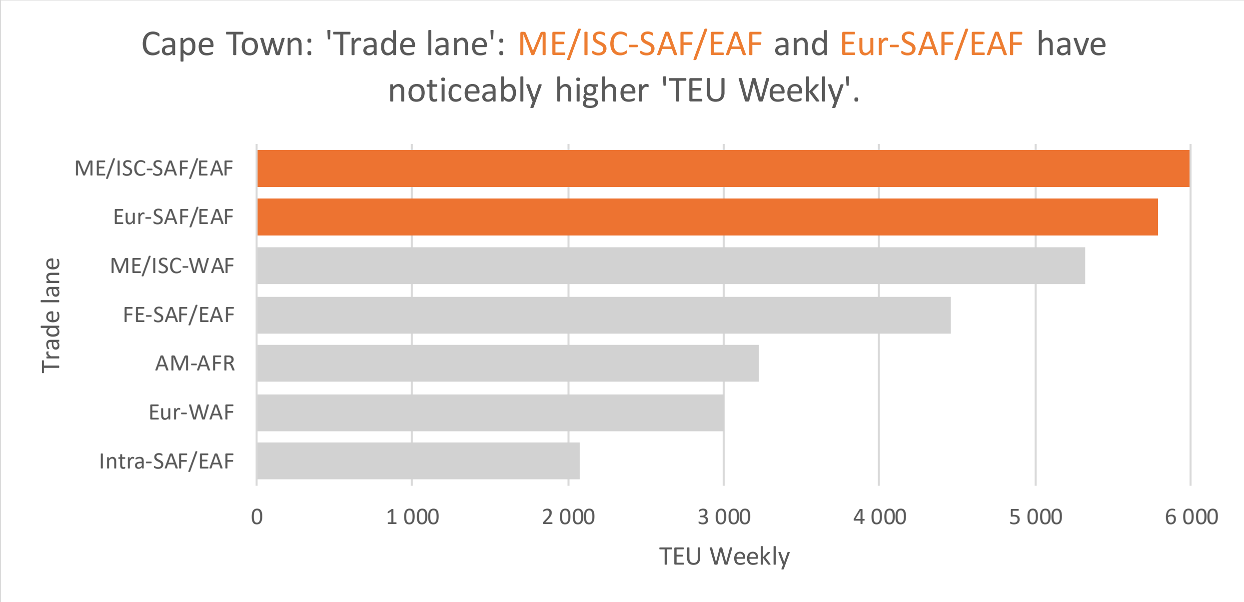
On Thursday, CTCT recorded three vessels at berth and two at anchor as the terminal experienced a relatively typical week with minimal delays. In the preceding 24 hours, stack occupancy for GP containers was recorded at 29%, reefers at a high of 67%, and empties at 19%. In this period, the terminal moved 1 412 containers across the quay while operating with eight STS cranes and 25 RTGs. LC5 remained out of service for the most significant part of the week, while RTG 16 went out of commission on 12 February after being involved in an incident. On the landside, 1 283 trucks were serviced, while 45 rail units were handled. Once again, low productivity, with GCH and SWH figures of 12 and 25 respectively, remained a major concern.

The multi-purpose terminal recorded zero vessels at anchor and one at berth on Wednesday. In the 24 hours leading to Thursday, the terminal managed to service 154 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 121 TEUs were handled across the quay on the waterside. Stack occupancy was only 9% for GP containers, 78% for reefers, and 22% for empties during the same period. Towards the end of the week, a fire broke out on a spreader of one of the cranes. The machine subsequently went out of service, with the technical team assessing the damages.

During the week of 5 to 11 February 2024, the FPT terminal serviced seven vessels comprising three container vessels, three multi-purpose vessels, and a break bulk refrigerated vessel loading fruit. Berth occupancy during this week was recorded at 47%. During that period, 1 829 TEUs were handled at ~9 containers per hour, as well as 218 tons of breakbulk at ~41 tons per hour. Additionally, 2 498 tons of dry bulk was handled at ~192 tons per hour, and 8 076 pallets of fruit were handled at ~24 pallets per hour, with the terminal achieving all but one of its CTOC targets. FPT planned to handle eight vessels between 12 and 18 February, with another six planned between 19 and 25 February. Crane breakdowns delayed multiple vessels at the terminal during this period, bearing in mind that the terminal is reliant on ships' gear, while the late arrival of cargo and adverse weather also created delays.

Lastly, in the week just gone, the Western Cape Department of Economic Development and Tourism on Tuesday held a Port of Cape Town (PoCT) stakeholder dialogue event aimed at addressing critical issues concerning our current port economy. Some of the key themes in driving much-needed change at the PoCT included port productivity, backup port facilities, Public-Private Partnership (PSP) models, and fostering collaboration among stakeholders. The event brought together key players in the trade, transport, and logistics industry to deliberate on strategies for enhancing the port's efficiency and resilience. These events are critical for South Africa to claw back some lost liner connectivity to its trade partners (South Africa's liner connectivity decreased by a massive **↓21,5%** in 2023, the second worst decrease behind only Russia), as Cape Town has seen reduced capacity services our key trade lanes in recent times:

Figure 9 – Port of Cape Town: Liner capacity per trade lanes (TEU, weekly)



Source: Calculated using data from Linerlytica.

Key markets such as the Middle East-India-South Africa (ME/ISC-SAF/EAF) and Europe-South Africa service are still well-represented; however, critical access to the American (North and South)-African services has lost significant capacity in recent months. These changes are well represented in the overall loss of liner connectivity, cutting off critical capacity with the United States, Canada, and the rest of the Americas.

iii. Durban

Pier 1 on Wednesday recorded two vessels at berth, operated by four gangs, and one vessel at anchor. Stack occupancy was 57% for GP containers and remained undisclosed for reefers. During the same period, the terminal recorded 1 472 gate moves on the landside, with an undisclosed number of cancelled slots and 97 wasted. Of these 97 wasted slots, 24 were wasted by a single transporter. TPT indicated that they will address the matter with the transporter concerned. Truck turnaround time was recorded at ~78 minutes, with an average staging time of ~41 minutes. At the beginning of this week, the terminal had 1 245 imports on hand, with 93 of these units being unassigned.

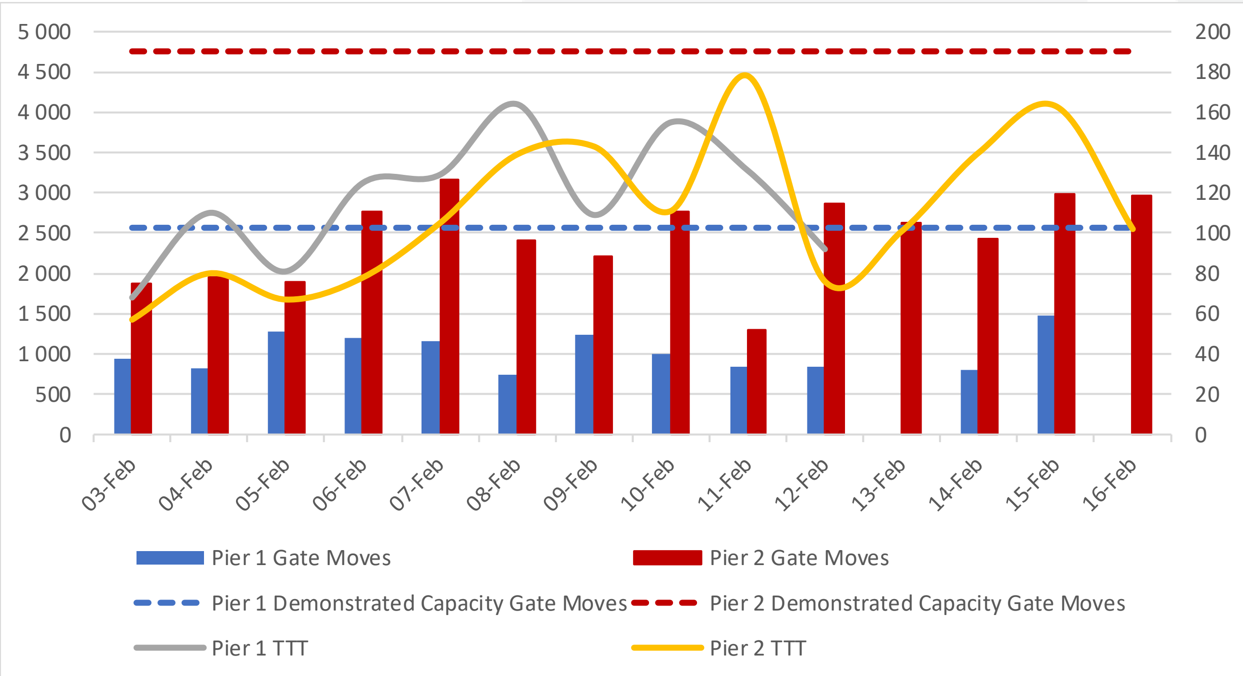
Pier 2 had four vessels on berth and five at anchorage on Thursday. In the preceding 24 hours, stack occupancy was 64% for GP containers and undisclosed for reefers. The terminal operated with 11 gangs while moving 2 786 TEUs across the quay. During the same period, there were 2 980 gate moves on the landside with a truck turnaround time of ~163 minutes and a staging time of ~191 minutes. Additionally, 307 rail import containers were on hand, with 107 moved by rail. Towards the end of the week, the terminal had about 58 straddles in operation but also experienced some breakdowns, which brought this number down. The current availability of straddle carriers in the terminal stands at approximately **~61%**, reflecting a shortfall of around **↓24%** compared to the minimum number required to meet industry demand and achieve acceptable productivity levels.

Durban's MPT terminal recorded three vessels at berth on Friday and none at outer anchorage while handling 203 TEUs and 3 331 tons on the waterside. Stack occupancy for breakbulk was recorded at 60% during that time and at 34% for containers. The terminal handled 149 container road slots, while 198 breakbulk road visits containing 5 734 tons were facilitated on the landside. During the same period, three cranes, five reach stackers, one empty handler, seven forklifts and 16 ERFs were in operation. On Friday, at the Maydon Wharf MPT, 5 500 tons of coal were handled on the waterside. The terminal also managed to service 37 RMTs containing 1 271 tons on the landside. At the Agri-bulk facility, no volumes were moved across the quay on the waterside, as the next vessel is anticipated to arrive on 25 February. Conversely, 42 trucks containing 1 831 tons were handled on the landside.

On Thursday, the Ro-Ro terminal in Durban recorded two vessels on the berth, with none at anchorage. In the 24 hours leading to Friday, the terminal handled 538 road units as well as 138 rail units on the landside while handling 1 496 units on the waterside. During the same period, overall stack occupancy was recorded at 54% (77% exports, 8% imports, and 15% transshipments), Q/R was recorded at 10%, and the G-berth stack was recorded at 10%. The terminal had 209 high-and-heavies (abnormal loads) on hand while despatching 15.

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



Source: Calculated using data from Transnet, 2024 and updated 16/02/2024.

The recovery from port congestion continues, as all hands are on deck to alleviate the situation. At the end of Friday, 18 vessels were at anchorage (consisting of all vessel types), with the following snapshot of the port and vessels waiting to berth:

Figure 11 – Durban vessel view (per vessel group)

Source: Crickmay LMS, 2024. Updated 16/02/2024 at 14:00.

iv. Richards Bay

On Thursday, Richards Bay recorded ten vessels at anchor, translating to four vessels destined for DBT, one for MPT, three vessels for RBCT, and two for the liquid bulk terminal. A further 12 vessels were recorded on berths, consisting of five at DBT, five at MPT, one at RBCT, and one at the liquid bulk terminal. Two tugs and one helicopter were in operation for marine resources, while the pilot boat remained out of service. During the same period, the coal terminal had two vessels at anchor and one at berth while handling 56 978 tons on the waterside. On the landside, 22 trains were serviced. Additionally, marine equipment challenges ensured extensive operational delays at the port.

v. Eastern Cape ports

On Tuesday, NCT recorded two vessels on the berth and four vessels at the outer anchorage, with one vessel drifting. Marine resources of two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Friday. Stack occupancy was 28% for GP containers, 24% for reefers, and 30% for reefer ground slots, as a total of 2 277 TEUs were processed on the waterside. Additionally, 190 trucks were serviced on the landside at a truck turnaround time of ~27 minutes. During this period, high swells caused some berthing delays on the waterside.

GCT on Tuesday recorded one vessel at the outer anchorage with one vessel on the berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the preceding 24 hours. Stack occupancy was recorded at 46% for GP containers, 55% for reefers, and 67% for reefer ground slots. On the waterside, 598 TEUs were handled across the quay. Additionally, 348 trucks were serviced on the landside at a truck turnaround time of ~45 minutes. A straddle carrier breakdown caused some delays on the landside throughout the week.

At the Ro-Ro terminal, on Monday, one vessel was recorded on berth with no vessels at outer anchorage. On the waterside, 1 774 units were handled, leading to a stack occupancy figure of 19%.

On Thursday, the Port of East London recorded three vessels at berth and none at anchor. In the 24 hours leading to Friday, on the landside, the terminal handled 34 entire rail skips and received 73 container trucks at a truck turnaround time of ~10 minutes, resulting in a stack occupancy figure of 47% on the container side. The Ro-Ro terminal received 33 units, resulting in a stack occupancy figure of 96%. 7 611 tons of manganese was handled on the waterside at a TPH of ~470. Stack occupancy on the grain elevator was recorded at 3%.

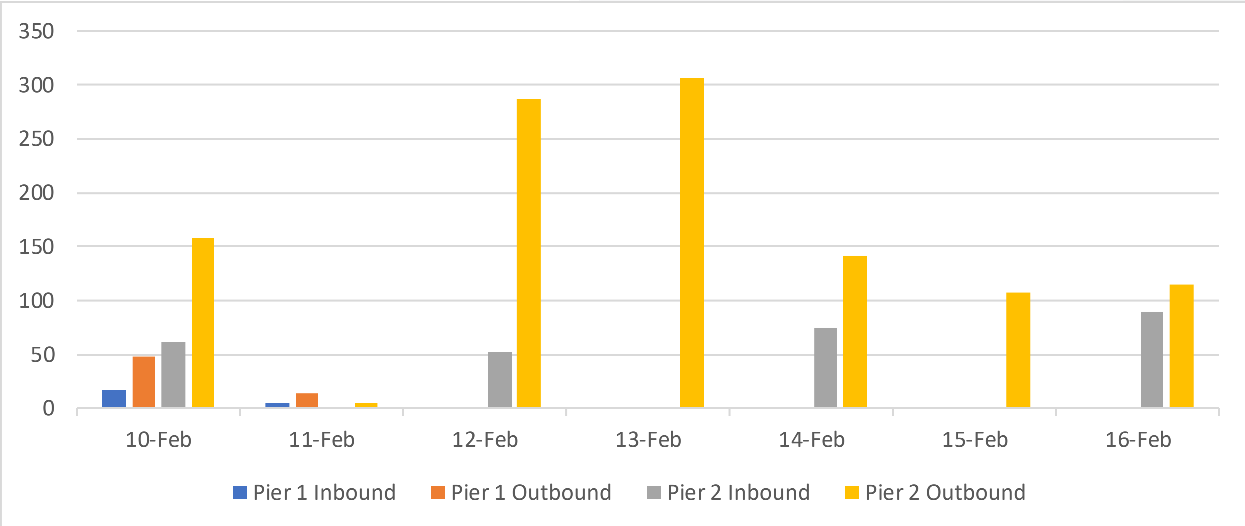
vi. Saldanha Bay

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

vii. Transnet Freight Rail (TFR)

Minimal reports were received from TFR this week; however, the TFR annual shutdown was in full swing this week, with train services between Durban and the Reef resuming on 16 February. The latest reports indicate that DCT Pier 2 had 161 over-border units on hand with a dwell time of 27 days and 71 ConCor units on hand with a dwell time of 160 hours towards the end of the week. Rail containers on hand were split as follows: Pier 1: 36, Pier 2: 263.

Figure 12 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2024. Updated 16/02/2024.

In the last week (*10 to 16 February*), rail cargo handled out of Durban was reported at **1 480** containers (although these numbers do not include Pier 1 figures for the last two days), down by **↓29%** from the previous week's **2 092** 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 5 February. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *February 2023* averaged **~754 516 kg** per day.

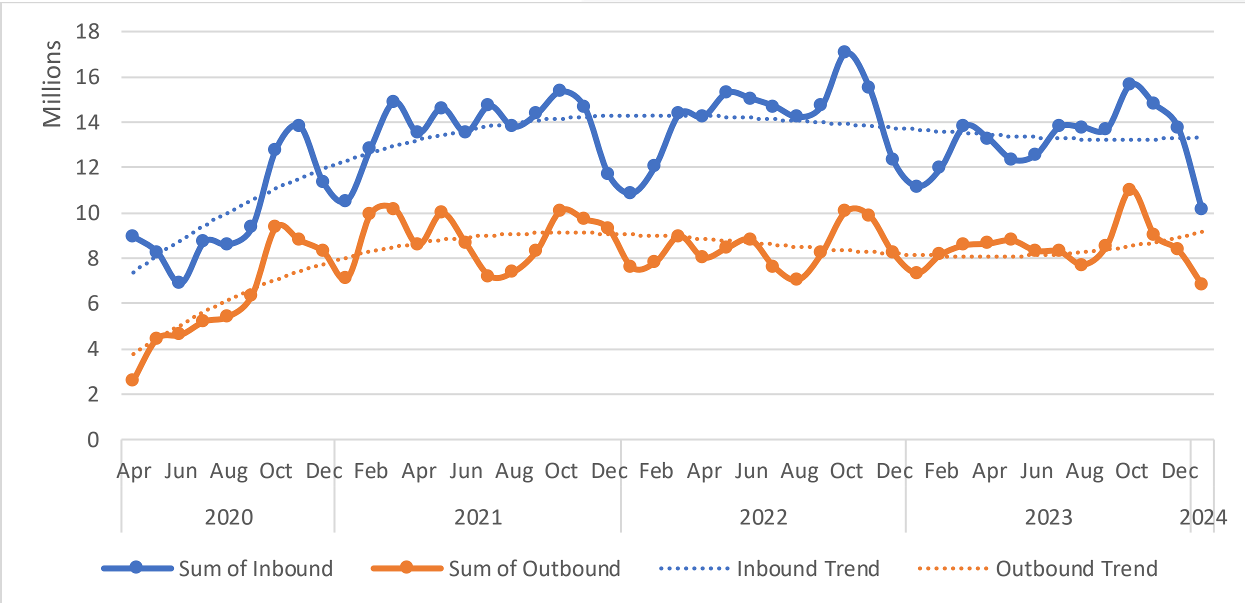
Table 6 – International inbound and outbound cargo from OR Tambo[9]

Flows	05-Feb	06-Feb	07-Feb	08-Feb	09-Feb	10-Feb	11-Feb	Week
Volume inbound	429 562	223 531	257 615	289 582	394 914	273 228	728 176	**2 596 608**
Volume outbound	162 468	179 500	202 947	215 338	196 335	207 158	413 960	**1 577 706**
Total	**592 030**	**403 031**	**460 562**	**504 920**	**591 249**	**480 386**	**1 142 136**	**4 174 314**

Courtesy of ACOC. Updated: 12/02/2024.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **370 944 kg** inbound (**↓13%**, w/w) and **225 387 kg** outbound (**↓2%**), resulting in an average of **596 311 kg per day**. The industry remains well down on cyclical levels (**↓21%** versus February 2023 and an alarming **↓33%** versus February 2019). Moreover, the levels remain far below the pre-pandemic levels of February 2020 (**~74%**). The following graphs show the movement since the pandemic's onset for ORTIA, with the recent drop-off noticeable:

Figure 13 – International cargo from OR Tambo – volumes per month (kg millions)



Courtesy of ACOC. Updated: 12/02/2024.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *February 2023* was **~57 284 kg** per day.

Table 7 – Total domestic inbound and outbound cargo (average daily)

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
2020 Average	**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**

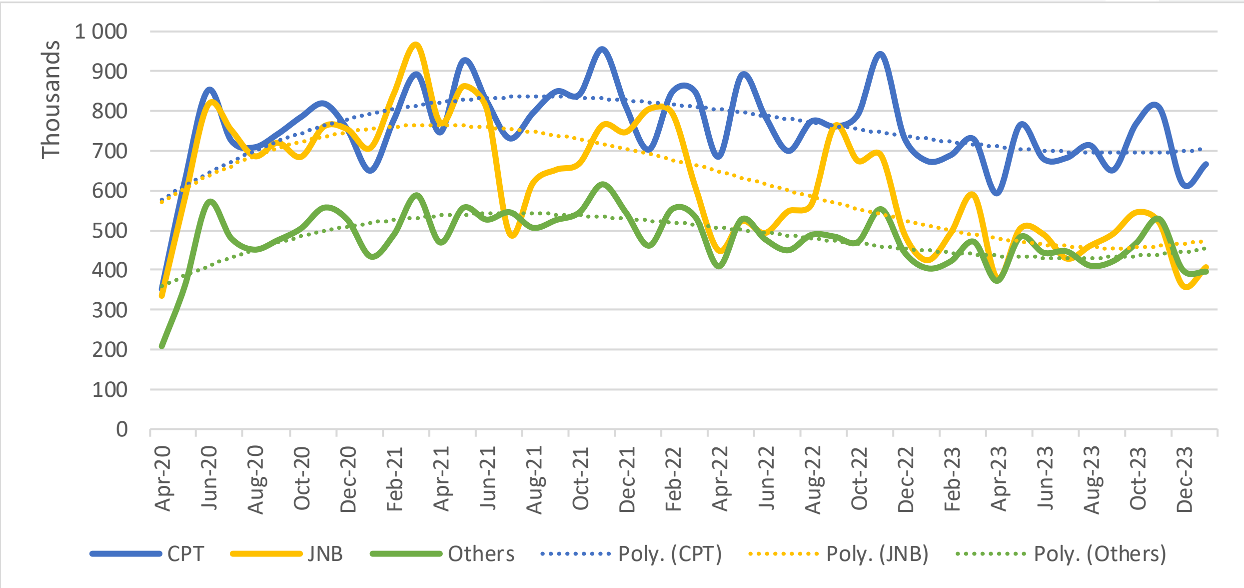
[9] Only ORTIA's international volumes are shown. ORTIA handles ~87% of international cargo to and from South Africa.

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
2022 Average	**25 922**	**3 263**	**3 232**	**20 278**	**6 633**	**2 909**	**62 237**
2023 Average	**22 931**	**2 791**	**2 623**	**15 573**	**6 302**	**2 734**	**52 954**
01-Feb	38 292	4 070	3 664	22 656	9 284	4 095	**82 059**
02-Feb	17 004	2 522	2 485	12 061	4 769	2 543	**41 384**
03-Feb	5 294	283	244	954	952	151	**7 878**
04-Feb	1 053	303	99	753	353	26	**2 587**
05-Feb	33 230	2 942	3 777	20 036	8 790	4 717	**73 493**
06-Feb	42 371	4 993	5 019	22 302	10 639	4 233	**89 558**
07-Feb	4 720	1 608	1 346	3 411	1 434	765	**13 284**
Total for 2024:	**808 199**	**84 160**	**84 877**	**489 301**	**217 076**	**95 947**	**1 779 560**

Courtesy of ACOC. Updated: 12/02/2024.

The average domestic air cargo moved last week was **~44 320 kg** per day, down by **↓13%** compared to the previous week and remains significantly down compared to last year's level (**~77%**). However, the level is currently trending only at **~44%** compared with the same period pre-pandemic in 2019. The following graphs show the domestic movement at our main airports since the pandemic's onset:

Figure 14 – Domestic inbound and outbound cargo (thousands)



Courtesy of ACOC. Updated: 12/02/2024.

3. Road and Regional Update

a. Cross-border and road freight delays

Monthly cross-border road figures for January at key border posts show the following changes:

Table 8 – January cross-border road freight movements – South African borders

Border Post	Northbound	(%, m/m)	Southbound	(%, m/m)	Total	(%, m/m)
Beitbridge	11 241	-16%	11 381	-1%	**22 622**	**-9%**
Skilpadshek	6 307	-5%	1 378	-21%	**7 685**	**-8%**
Ramatlhabama	11 085	25%	1 811	22%	**12 896**	**25%**

Border Post	Northbound	(%, m/m)	Southbound	(%, m/m)	Total	(%, m/m)
Kopfontein	6 357	-9%	523	10%	**6 880**	**-8%**
Groblersbrug	5 542	-24%	5 645	3%	**11 187**	**-12%**

Source: TLC, FESARTA, & Crickmay

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 **around 75 minutes**, averaging **~11,8 hours** (**↑11%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by **half an hour** and averaged **~6,5 hours** (**↑10%**, w/w).
- SAPS issued a statement addressing high levels of inconsiderate driving on the N4, warning of arrests for trucks occupying double lanes and impounding vehicles at SAPS VCIU after two hours
  - A driver was arrested for this offence, with the truck retrieved within 45 minutes; the driver faces a choice of paying R3 000 as an admission of guilt or appearing in the Komatipoort Magistrates Court
- SARS notified of system upgrades for Friday, 16 February, from 18:00 to 21:00 and on Saturday from 14:00 to 16:00.
- Kasumbalesa DRC implemented a new Traffic Management System called ITM, operated by a private sector service provider, replacing the old system "Trafigo".
  - Despite initial glitches, reassurances have been provided that the system change won't disrupt the movement
  - However, Kasumbalesa Zambia reported receiving no prior notice from their DRC counterparts regarding the system transition
- The Northbound queue to Kasumbalesa has extended to 25kms during the week.
  - There is, however, a buffer zone between Chililabombwe and Konkola Toll Plaza, where no trucks are allowed to queue for safety reasons
  - The change from the previous management system to the current one has resulted in some serious problems.
- The Lobito Corridor, launched by US President Joe Biden at the G7 Summit in 2023, aims to integrate the African continent through a trans-African rail line stretching from the Indian Ocean to the Atlantic Ocean, boosting regional trade, expanding export possibilities, and connecting critical mineral-rich regions in the DRC to global markets while reducing carbon emissions[10].
  - The PGI Lobito Corridor Private Sector Investor Forum in Lusaka witnessed significant commitments and partnerships, including a $250 million debt facility from the DFC to the AFC, a feasibility study grant from the USTDA for a solar power project in Zambia, a six-year export shipment term-sheet with a Canadian mining company, and agreements with Congolese and Zambian companies for critical mineral development and cobalt refinery financing respectively.
  - Ivanhoe Mines, which are developing the Kamoa-Kakula copper complex in DRC, have agreed to rail up to 250 000 tons of copper annually along the newly built Lobito Atlantic rail Corridor to the Angolan port of Lobito.

[10] African Review. 12/02/2024. A boost for investment into Lobito Corridor.

- Transporters, traders, and cargo owners are encouraged to use the non-tariff barrier (NTB) 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[11], 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 9 – Delays[12] summary – South African borders (both directions)

Border Post	Direction	HGV[13] 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	351	4,3	8,2	24,0	10 525	2 456
Beitbridge	Zimbabwe-SA	367	6,8	3,3	17,2	11 014	2 570
Groblersbrug	SA-Botswana	179	0,0	2,2	18,3	5 363	1 251
Martins Drift	Botswana-SA	182	0,5	0,5	2,2	5 463	1 275
Kopfontein	SA-Botswana	205	2,2	0,5	7,6	6 152	1 435
Tlokweng	Botswana-SA	17	0,1	0,2	0,4	506	118
Vioolsdrift	SA-Namibia	30	0,0	1,2	5,1	900	210
Noordoewer	Namibia-SA	20	0,0	0,3	1,4	600	140
Nakop	SA-Namibia	30	0,3	1,1	4,6	900	210
Ariamsvlei	Namibia-SA	20	0,2	0,3	1,3	600	140
Skilpadshek	SA-Botswana	203	4,5	3,1	14,5	6 104	1 424
Pioneer Gate	Botswana-SA	44	0,6	1,1	2,2	1 334	311
Lebombo	SA-Mozambique	1 446	3,4	1,5	8,4	43 380	10 122
Ressano Garcia	Mozambique-SA	125	0,5	1,0	13,2	3 750	875
Weighted Average/Sum		**3 220**	**1,7**	**1,7**	**8,6**	**96 590**	**22 538**

Source: TLC, FESARTA, & Crickmay, week ending 11/02/2024.

Table 10 – 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	3,1	2,6	13,2	9 600	2 240
Central Corridor	798	0,0	0,4	0,9	23 940	5 586
Dar Es Salaam Corridor	1 819	10,0	2,6	15,7	54 570	12 733
Maputo Corridor	1 571	1,9	1,3	10,8	47 130	10 997
Nacala Corridor	127	0,0	0,0	0,0	3 810	889
North/South Corridor	3 373	4,4	2,2	12,3	101 183	23 609
Northern Corridor	2 817	0,2	0,1	1,1	92 520	21 588
Trans Caprivi Corridor	116	0,0	1,5	19,0	3 480	812
Trans Cunene Corridor	100	0,0	2,2	9,7	3 000	700
Trans Kalahari Corridor	278	1,9	1,4	5,7	8 337	1 945

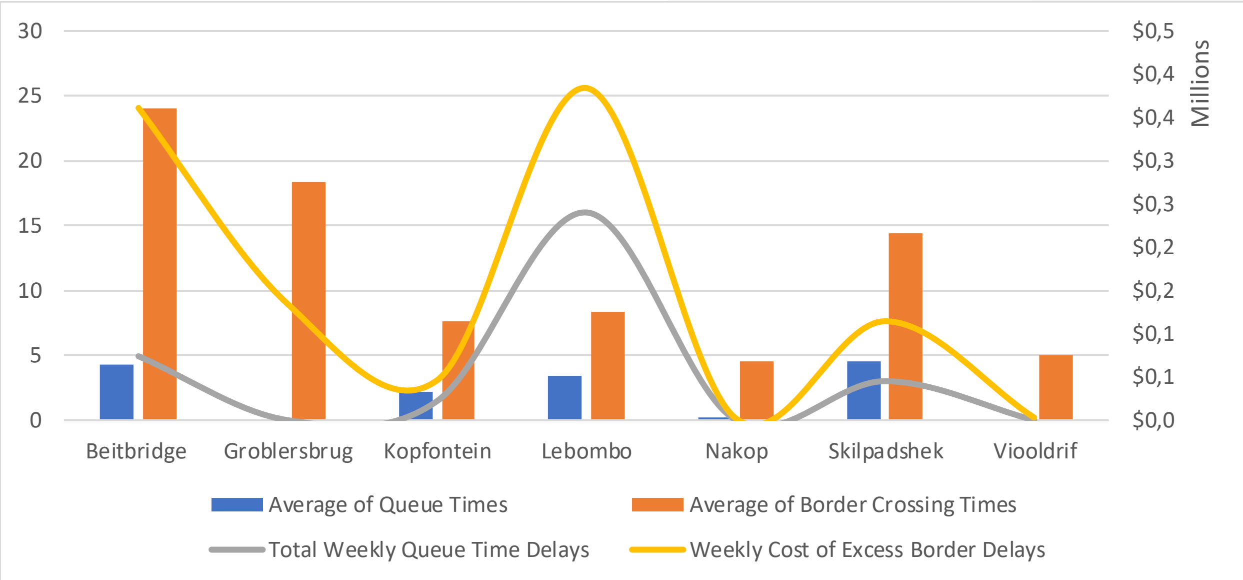
[11] FESARTA TRANSIST Bureau.
[12] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent 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 Crickmay produces in collaboration with SAAFF.
[13] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly but 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 Oranje Corridor	100	0,1	0,7	3,1	3 000	700
Weighted Average/Sum	**11 419**	**2,4**	**1,2**	**7,1**	**350 570**	**81 800**

Source: TLC, FESARTA, & Crickmay, week ending 11/02/2024.

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

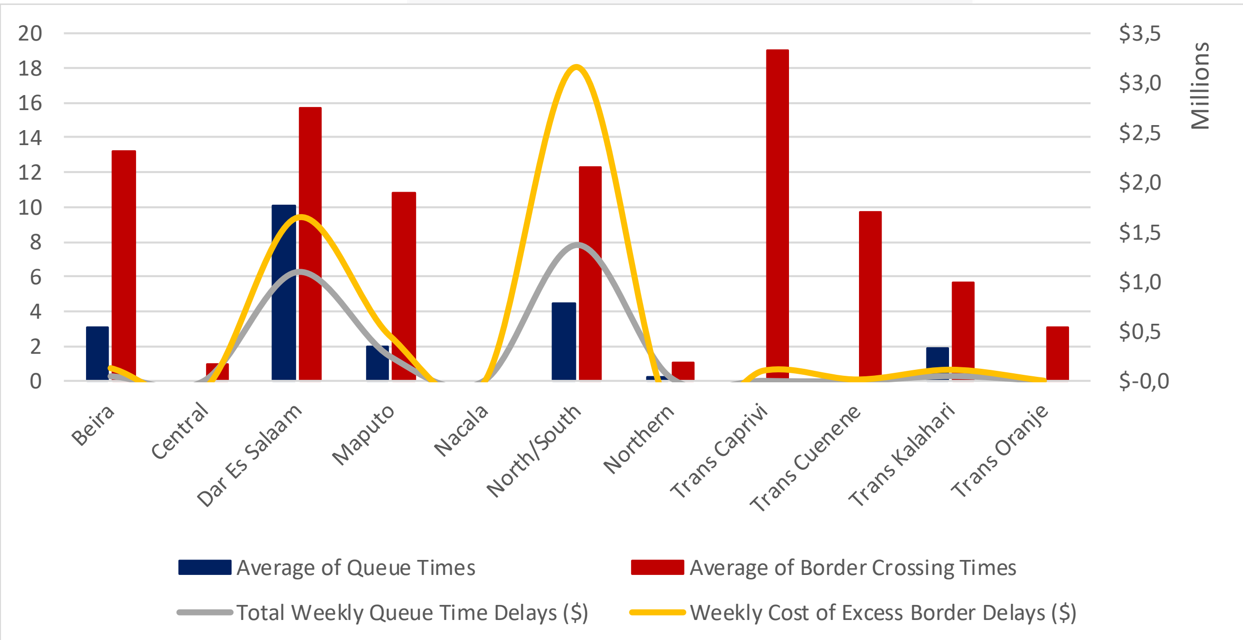
Figure 15 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions)



TLC, FESARTA, & Crickmay, week ending 11/02/2024.

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

Figure 16 – Weekly cross-border delays & est. cost from a corridor perspective (hours & $ millions)



Source: TLC, FESARTA, & Crickmay, week ending 11/02/2024.

In summary, cross-border queue time averaged **~2,4 hours** (down by **~1,0 hours** from the previous week's **~3,4 hours**), indirectly costing the transport industry an estimated **$2,8 million** (**R54 million**). Furthermore, the week's average cross-border transit times hovered around **~7,1 hours** (up by **~0,8 hours** from the **~6,3 hours** recorded in the previous report), at an indirect cost to the transport industry of **~$5,2 million** (**R99 million**). As a result, the total indirect cost for the week amounts to an estimated **~$8 million** (**R153 million**, up by **~R1 million** or **↑0,3%** from **~R152 million** in the previous report).

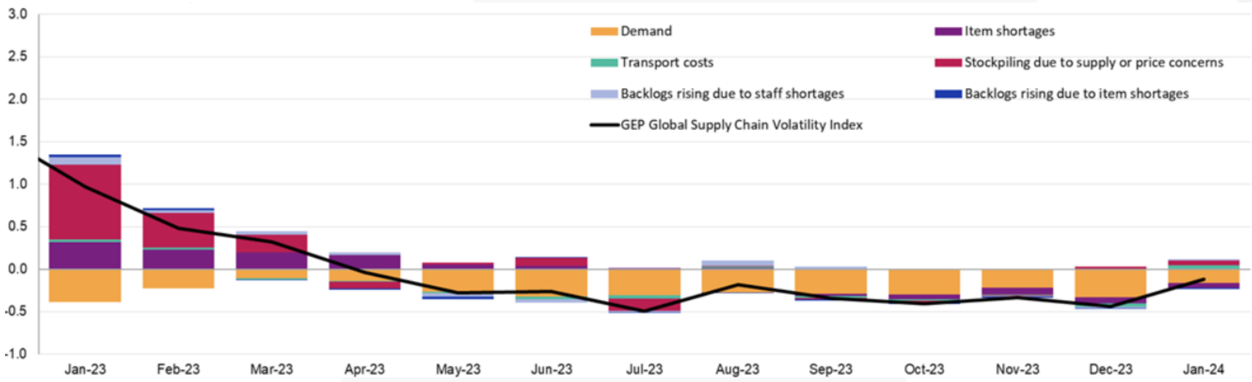
4. International Update

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

a. Global supply chain volatility

The GEP *Global Supply Chain Volatility Index*, a key metric monitoring various supply chain dynamics, increased to **↓0,12** in January from **↓0,44** in December, marking its highest level since last April. Despite nine consecutive months of excess capacity at global suppliers, the downturn has weakened to its lowest point since last April, indicating a notable reduction in spare capacity across global supply chains. Transportation costs surged to a 15-month high in January due to disruptions in the Red Sea, prompting commercial ships to take longer routes. There was also a slight increase in safety stockpiling, with businesses reporting higher inventory building due to supply or price concerns, albeit lower than levels seen during the post-pandemic supply crunch of 2021-2022. The following illustrates the respective movement in the last month:

Figure 17 – GEP Global Supply Chain Volatility Index (+ = stretched, - = underutilised)



Source: [GEP by S&P Global]

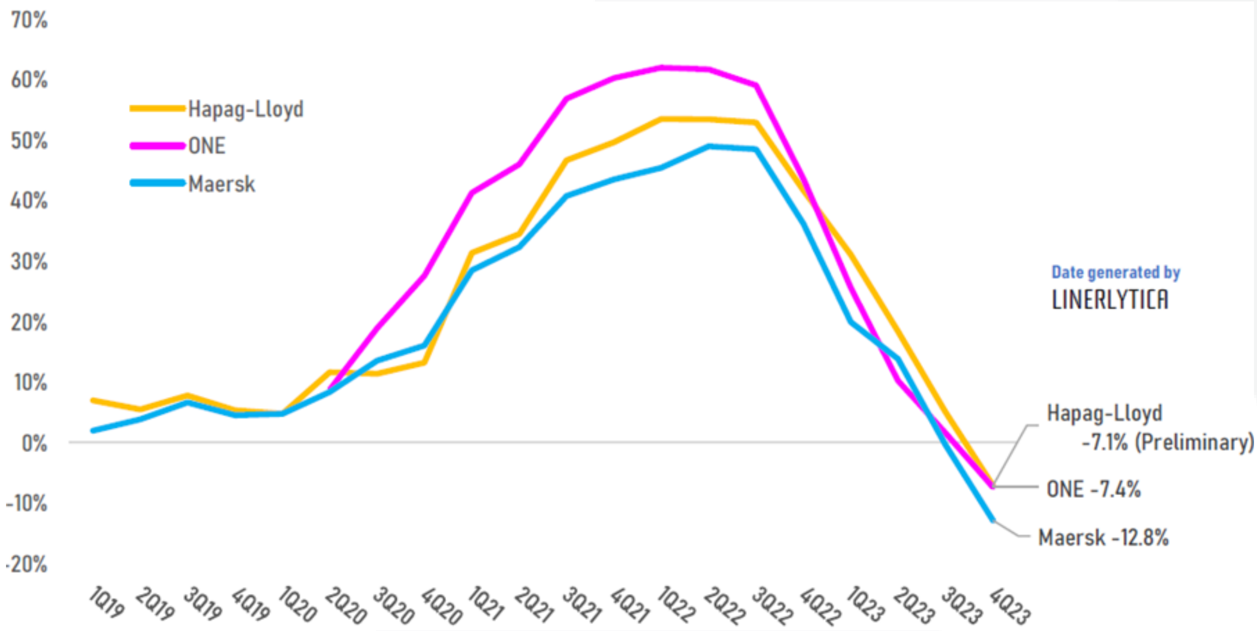
Regionally, Asia experienced heightened supply chain activity, with factory purchasing activity in China, South Korea, and India rebounding, suggesting manufacturers are preparing for growth. North American and European suppliers also saw reduced spare capacity in January, while the U.K. experienced subdued demand for the 19th consecutive month. The analysis noted that global manufacturing clients are seeing increased activity, especially with input demand trending higher in Asia. The GEP emphasised the importance of businesses managing suppliers' price increases to keep inflation trending down. In summary, the data indicates improving underlying trading conditions as recession and inflation concerns wane, with businesses gearing up for a stronger 2024. However, managing supplier price increases remains crucial to mitigate inflationary pressures.

b. Global shipping industry

i. Global container summary

Global port congestion is slowly creeping up and currently affecting **~6,5%** of the total fleet, as both Durban and Cape Town remain on the first page of the "*Port Congestion Watch*" – albeit both with queue-to-berth ratios of **less than one**[14]. This situation contrasts starkly with the peak congestion and backlog experienced around October/November of last year; however, we are still some distance away from vessels berthing on arrival. The "*Cancelled Sailings Tracker*" has dropped this week and is currently trending at around **9%**[15]. Lastly, some carriers' financials have been reported for Q4 2023, as Maersk blamed over-capacity for its record EBIT losses in 4Q, but it failed to mask the fact that Maersk has continuously under-performed the market. Maersk reported EBIT losses of **↓$920 million** for its Ocean business, with EBIT margins dropping to **↓12,8%** in the 4th quarter of 2023, which is more than **↓5%** lower than its liner peers that have announced their latest quarterly results[16]:

Figure 18 – EBIT margin – Container shipping ranked by 4Q 2023 performance



Source: Sea Intelligence

It is uncertain how long Maersk investors will endure the subpar performance, which is projected to persist into 2024, with Maersk anticipating EBIT losses potentially reaching **-$5 billion** in the worst-case scenario. Despite its logistics services only delivering EBIT margins of **↓1,7%** in the fourth quarter, Maersk persists in its pursuit of logistics acquisitions and has substantiated a bid for DB Schenker (see below).

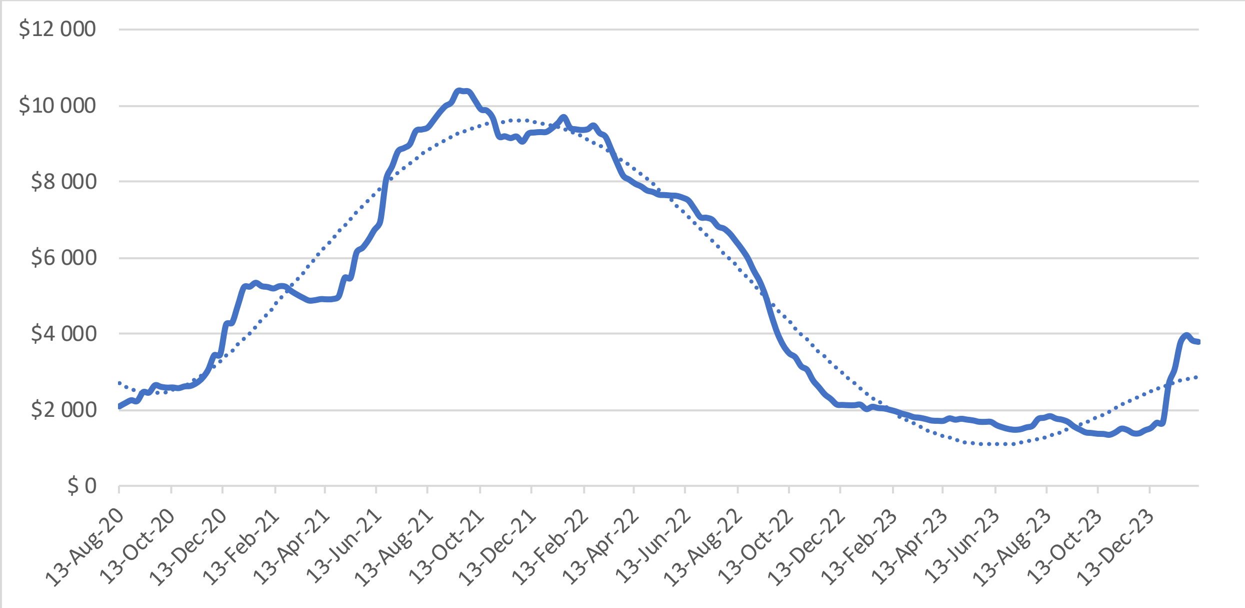
ii. Global container freight rates and carrier profits

Continuing from the last couple of weeks' decrease, global container rates dropped again, as the "*World Container Index*" is down by **↓1,4%** (or **$53**) to **$3 733** per 40-ft container[17]. The weekly changes mean that the composite index remains up by **↑91%** higher compared to the same week last year and **↑163%** higher

[14] Linerlytica. 14/02/2024. Port Congestion Watch.
[15] Drewry. 16/02/2024. Cancelled Sailings Tracker.
[16] Linerlytica. 14/02/2024. Market Pulse – Week 7.
[17] Drewry. 15/02/2024. World Container Index.

than the average 2019 pre-pandemic rates of **$1 420**. The following figure shows the movement of the index since we started tracking it at the genesis of this report:

Figure 19 – World Container Index assessed by Drewry (since August 2020, $ per 40 ft. container)



Source: [Compiled from Drewry Ports and Terminal Insights]

As illustrated, the increase primarily caused by the geopolitical uncertainty and consequent Red Sea crisis was more rapid compared to the increase experienced because of capacity shortages during the height of the consumer boom in the pandemic. Furthermore, the figure provides some anecdotal evidence as to the global standing of the carriers, who have evidently been holding a strong position of late. Nevertheless, as the projections indicate, global freight rates are most likely to moderate in the coming weeks, as the envisaged lack of capacity (because of the ed Sea crisis – note the analysis last week – and other crises) is less than purported. Elsewhere, charter rates continue to creep up and exemplify competitiveness, as the Harper Petersen Index (*Harpex*) is currently trending at ***1 120 points***, up by **↑2,1%** (w/w) and roughly similar to 2023 levels (***1 119 points***)[18] for the first time this year.

iii. Further developments of note

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

1. **Capacity shortages are set to continue in the automotive industry:**
    a. Automotive logistics face ongoing capacity pressures due to near-shoring trends, increasing electric vehicle (EV) production, and persistent supply chain challenges, according to Ceva Logistics[19]. Inflation rates, raw material costs, and semiconductor shortages from 2022-2023 have hindered the automotive sector's recovery from the pandemic, with production levels expected to remain relatively stable in 2024.
    b. The next few years are anticipated to be challenging for finished vehicle logistics, with constraints across deep sea, shortsea, and land-based transportation due to tight capacity.

[18] Harper Petersen Index. 09/02/2024. HARPER PETERSEN Charter Rates Index.
[19] Todd, S. 16/02/2024. Capacity shortage set to continue in automotive logistics warns Ceva.

c. Ceva Logistics is responding to these challenges by deploying four new LNG dual-fuel hybrid vessels with a 7 000-car capacity, marking CMA CGM's entry into the pure car and truck carrier (PCTC) sector.
d. Near-term challenges include the growth of EVs, shifting global trade dynamics, and potential trade tariffs, which could impact automotive manufacturing, transport, and supply chains, leading to adaptations in logistics operations.

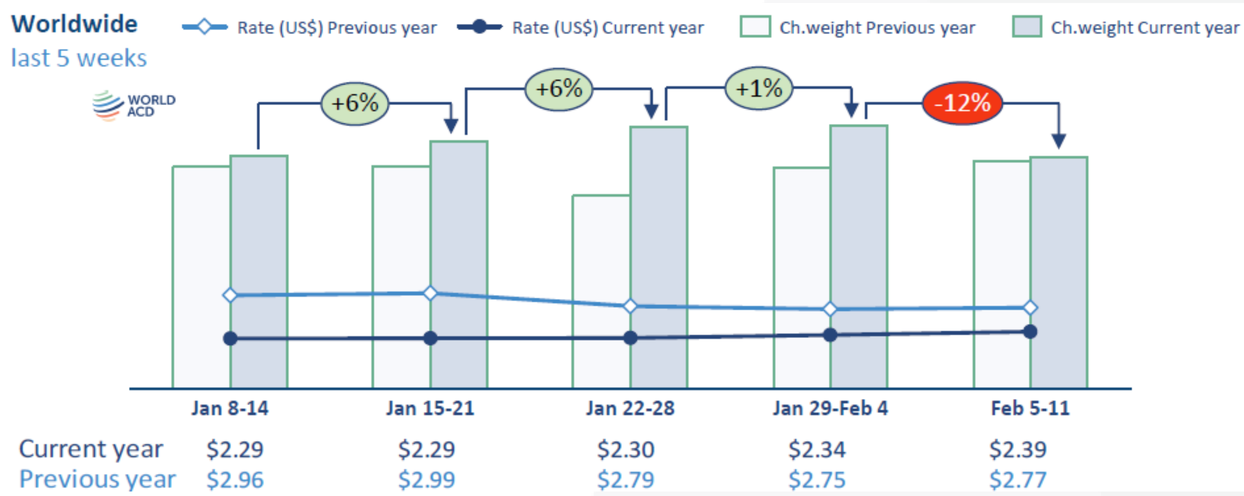
2. **DSV the 'logical buyer' for DB Schenker – it's a step too far for Maersk:**
    a. A leading market analyst views DSV as the primary contender to acquire DB Schenker amid interest from about 20 companies by the February 6 registration deadline[20]. However, he believes that such a move would be too ambitious for Maersk, the ocean shipping giant.
    b. The DB Schenker sale process is expected to progress with Deutsche Bahn narrowing down potential buyers to five candidates. With DSV perceived as the frontrunner due to high synergy potential and low execution risk, analysts anticipate a deal by mid-year, offering around 39% EPS accretion and cost synergies of approximately **$2,2 billion**. However, hurdles such as German government preferences and potential resistance to workforce reductions may still affect the outcome.
3. **Houthis renew Red Sea attacks:**
    a. The recent rocket attack on a British-operated Greek-owned bulker in the Gulf of Aden by Yemen's Houthis marks the 52nd attack on merchant ships since November, as the group aligns with Palestinians in their conflict with Israel, threatening to enforce a blockade on Israeli navigation until a ceasefire in Gaza[21].
    b. The Houthis, backed by Iranian support, continue to pose a maritime security threat, prompting recent US cyberattacks on Iranian military ships gathering intelligence in the Red Sea, illustrating ongoing tensions and efforts to disrupt Houthi operations.

c. Global air cargo industry

In the high-frequency data, the global air cargo industry was way down last week (**↓12%**, w/w) – very similar to the South African market. Much of the volume loss can be attributed to the start of the "*Year of the Dragon*", as China's air import tonnages dropped sharply in the final few days leading up to the Lunar New Year (LNY) on 10 February, notes World ACD Market Data:

[20] Todd, S. 16/02/2024. DSV is the 'logical buyer' for DB Schenker – it's an a step too far for Maersk.
[21] Ajdin, A. 16/02/2024. Houthis renew Red Sea attacks.

Figure 20 – Capacity, chargeable weight and rates (%, weeks two to five)



Source: World ACD

In the analysis of week 6 (5 to 11 February), China experienced a **↓15%** decline in inbound air cargo tonnages, while outbound tonnages decreased by just **↓2%** as the Lunar New Year (LNY) holiday approached. This decline follows a surge in tonnages and rates in the previous two weeks as shippers rushed to ship goods before the holiday period. Both inbound and outbound cargoes are expected to decrease further. Global average rates slightly increased in week 6 (currently trending at **$2,39 per kg**), similar to the pattern observed last year ahead of LNY. However, global tonnages are currently higher than last year's levels. Further analysis comparing this year's patterns with last year's is pending, given the difference in LNY timings. The **↓3%** worldwide tonnage decline was primarily driven by a **↓7%** drop in tonnages from Asia Pacific origins, mainly due to a **↓17%** fall in intra-Asia Pacific traffic. Other intercontinental lanes also saw fluctuations, including drops from Europe to Asia Pacific and increases from Central and South America to Europe.

Annual comparisons show a **↑10%** increase in worldwide tonnages for weeks 5 and 6 combined compared to last year. Average worldwide rates in week 6 are **↓14%** below last year's levels, with regional variations. Despite the decrease in rates compared to last year, average global rates remain significantly higher than pre-pandemic levels (**↑34%** compared to February 2019). Overall, worldwide air cargo capacity remains significantly higher than last year's levels (**↑16%**), with increases across significant regions. In conclusion, while there are fluctuations in air cargo tonnages and rates, the global air cargo industry continues to operate at a higher capacity compared to last year despite the challenges posed by the ongoing pandemic.

ENDS[22]

[22]**ACKNOWLEDGEMENT:**

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