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Cargo movement update #161[1]

Date: 3 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)	20 222	26 747	**46 969**	27 311	27 540	**54 851**	↓14%
Air Cargo (tons)	3 394	2 427	**5 821**	3 474	2 623	**6 097**	↓5%

Monthly Snapshot

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

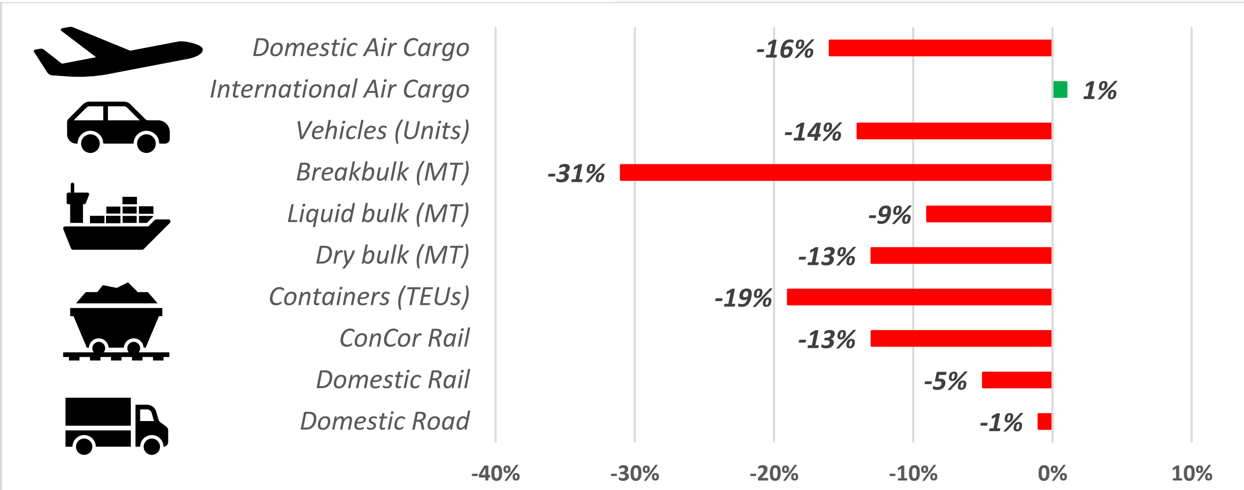
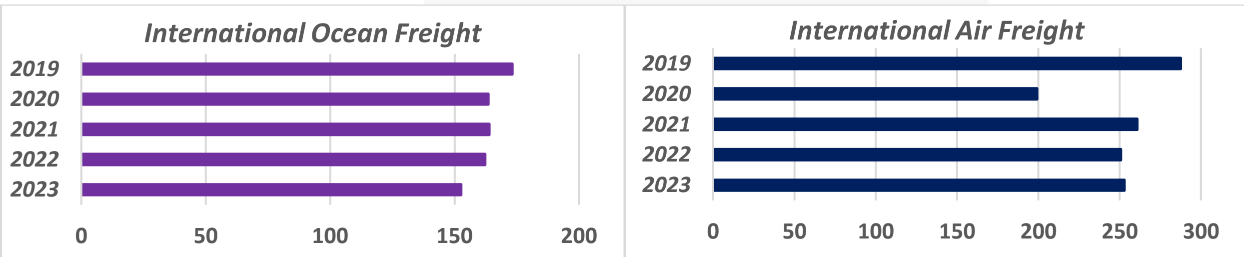


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~6 710 containers** was handled per day, with **~8 408 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 325** containers for the week, **↓5%** (w/w).
- SARS merchandise trade (September): exports **↓3,3%** (m/m), imports (**↓3,8%**); YTD surplus: **R43 billion**.
- Cross-border queue times were **unchanged**, with transit times **↑0,3 hours** (w/w); SA borders increased by **~3,1 hours**, averaging **~13,4 hours** (**↑30%**); Other SADC borders averaged **~8,0 hours** (**↑18%**).
- Global freight rates increased by **↑5%** (or **$64**) to **$1 406** per 40-ft container this week. YTD: **$1 704**.
- Global air cargo is down by **↓1%** (w/w), as rates are up by **↑1%** and trading at **$2,38/kg**.

[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 *161st* 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; All metrics: 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 **6 710 containers** per day, significantly down compared to the **7 836** last week. Port operations in the last week were characterised primarily by adverse weather conditions, equipment breakdowns and shortages, and internal congestion. Strong winds in Cape Town ensured that more than 24 operational hours were lost during the week. Durban is currently the only South African Port on the *"Port congestion Watch"* as more than **60 000 TEUs** were stuck at outer anchorage on Tuesday, 31 October. By the end of the week, Crane 3 at GCT was still with the technical team undergoing hoist rope repairs and should return to service sometime over the weekend. Intermittent cable theft took place on the rail network over the previous weekend, causing some delays.

The TEU-to-GDP multiplier in the container shipping industry has declined, reflecting a weakening trend compared to previous decades, as it's fallen to **0,93x** in the past decade. This reality epitomises the current struggles of the industry. In October, new vessel deliveries exceeded **200 000 TEU** for the fifth consecutive month, intensifying competition among the top seven container carriers, who are anticipating a record number of new ship deliveries. Charter rates have dropped by **↓25%** since June, with Maersk showing a renewed interest in acquiring additional tonnage. Port congestion remains stable but affects around 6% of the industry. Other developments affecting the international market include **(1)** Suez – and **(2)** Panama Canal updates.

In the air freight market, international air cargo outbound from South Africa continues to trend upwards and has reached its highest levels since the pandemic. Inbound cargo is slightly down this week but remains relatively close to pre-pandemic levels. Collectively, the market is around **~95%** of last year's levels. Domestic cargo handled at our commercial airports was up **↑2%** this week but remains down compared to last year (**↓8%**) and significantly down compared to the pre-pandemic level (**~64%**). Internationally, October tonnages track close to last year's levels (much as in South Africa). The pattern in air cargo tonnages is consistent with the previous year, characterised by a mid-month recovery in tonnages following a sharp drop at the beginning of October.

In regional cross-border road freight trade, average queue times were **unchanged**, while transit times increased by approximately **20 minutes** last week. The median border crossing times at South African borders increased by **more than three hours**, averaging **~13,4 hours** (**↑30%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by approximately **an hour and a quarter** and averaged **~8,0 hours** (**↑18%**, w/w). On average, three SADC border posts took more than a day to cross, notably the usual suspects of Beitbridge, Kasumbalesa (again being the worst affected, with crossing taking nearly three days from the DRC side and two days from the Zambian side), and Martins Drift. Further notable developments included **(1)** queues affecting cross-border trade at Groblersbrug, Skilpadshek, and Lebombo, **(2)** Angola, DRC, and Zambia looking to enhance trade corridor by linking Lobito to mining regions, thereby posing a competitive threat to South African ports, and **(3)** updates on the Trans Kalahari Railway.

In summary, the pressure on Transnet to improve performance is coming from all sides – this week from Minister Enoch Godongwana in his MTBPS[6]. The Minister highlighted that the underperformance of rail in South Africa is estimated to have cost up to **5% of GDP** and caused significant losses in the minerals sector alone. The Treasury is working with Transnet to ensure it meets its debt obligations but has stated that

[6] Smit, S. 01/11/2023. Transnet bailout still a possibility but treasury wants to see progress first.

Transnet won't receive bailouts until the government is satisfied that the *Freight Logistics Roadmap* is being adhered to. Transnet's financial state has been strained, and the government aims to address these issues to improve logistics efficiency. However, as often mentioned, Transnet – although a critical player – is not solely accountable for the smooth functioning of the extended logistics industry. This responsibility lies on all users, operators, and logistics providers in the country. The ongoing port congestion must be resolved, as the reality of vessel bypasses – and the **$200/ TEU** congestion charge implemented by Maersk this week, followed shortly after that by MSC – further inhibits the South African economy from growing at desired levels. Consequently, South Africa must get its trade, transport, and logistics network in order, as it is directly involved in 60% of the country's economy.

Contents

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 28 October to 3 November[7]

7-day flow forecast (28/10/2023 – 03/11/2023)		
TERMINAL	NO. OF CONTAINERS[8] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 847	4 221
DURBAN CONTAINER TERMINAL PIER 2:	8 060	9 106
CAPE TOWN CONTAINER TERMINAL:	2 859	5 271
NGQURA CONTAINER TERMINAL:	3 868	6 505
GQEBERHA CONTAINER TERMINAL:	1 588	1 644
TOTAL:	**20 222**	**26 747**

Source: Transnet, 2023. Updated 03/11/2023.

Table 3 – Container Ports – Weekly flow predicted for 4 to 10 November

7-day flow forecast (04/11/2023 – 10/11/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 024	4 467
DURBAN CONTAINER TERMINAL PIER 2:	9 947	9 585
CAPE TOWN CONTAINER TERMINAL:	5 876	6 916
NGQURA CONTAINER TERMINAL:	5 532	6 127
GQEBERHA CONTAINER TERMINAL:	2 830	2 550
TOTAL:	**29 209**	**29 645**

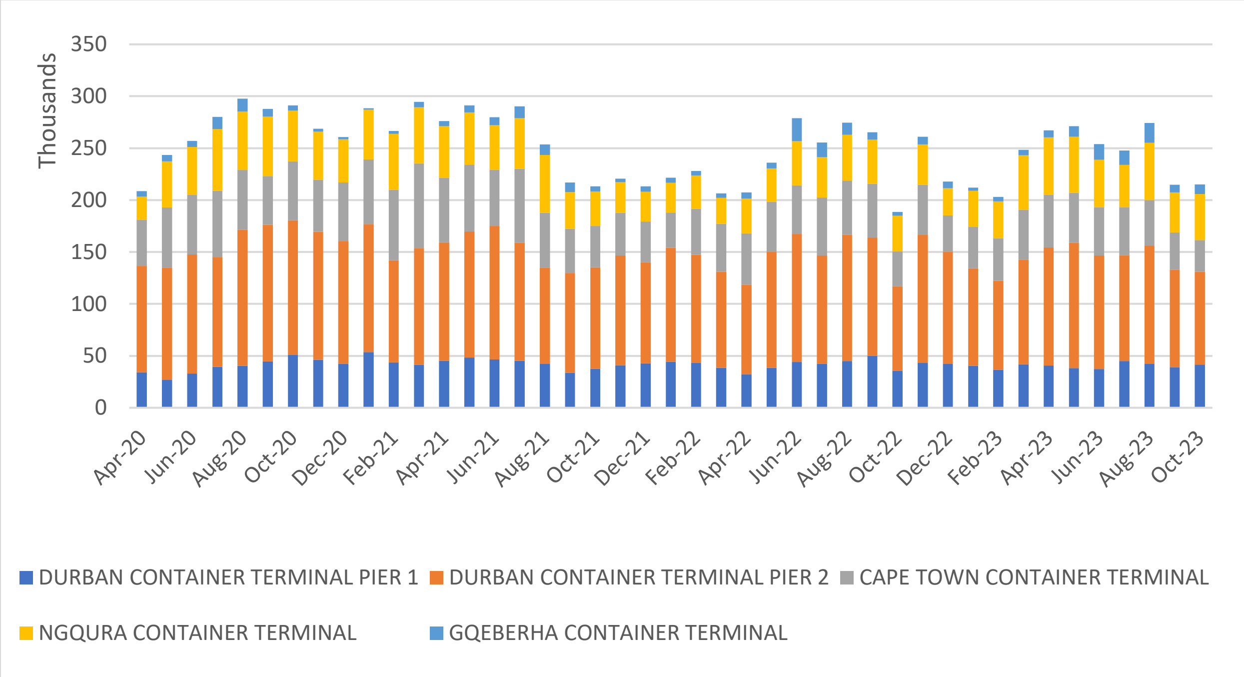
Source: Transnet, 2023. Updated 03/11/2023.

An average of **~6 710 containers** (↓**14%**) was handled per day for the last week (*28 October to 3 November*, *Table 2*), compared to the projected average of **~8 378 containers** (↓**20%** actual versus projected) noted in last week's report. For this week, an increased average of **~8 408 containers** (↑**25%**) is predicted to be handled (*4 to 10 November*, *Table 3*) next week as our commercial ports continue to tackle the backlog. Port operations in the last week were characterised primarily by adverse weather conditions, equipment breakdowns and shortages, and congestion.

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. What is disturbing is that volumes are as low, and in some cases lower, than anything recorded during the pandemic.

[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.

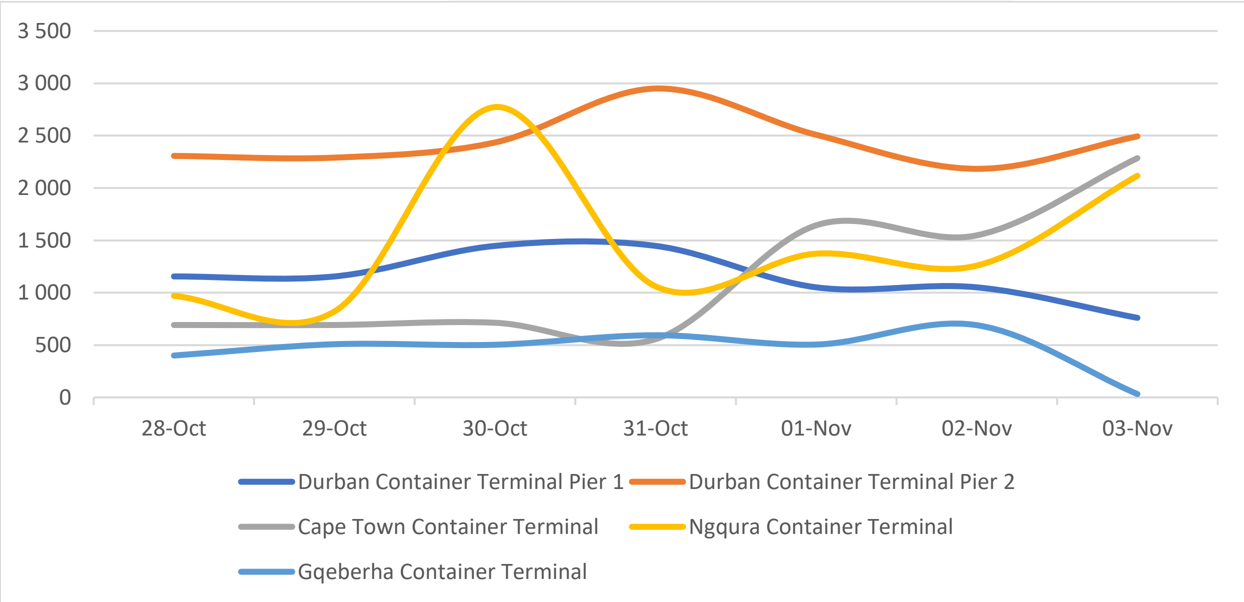
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 03/11/2023.

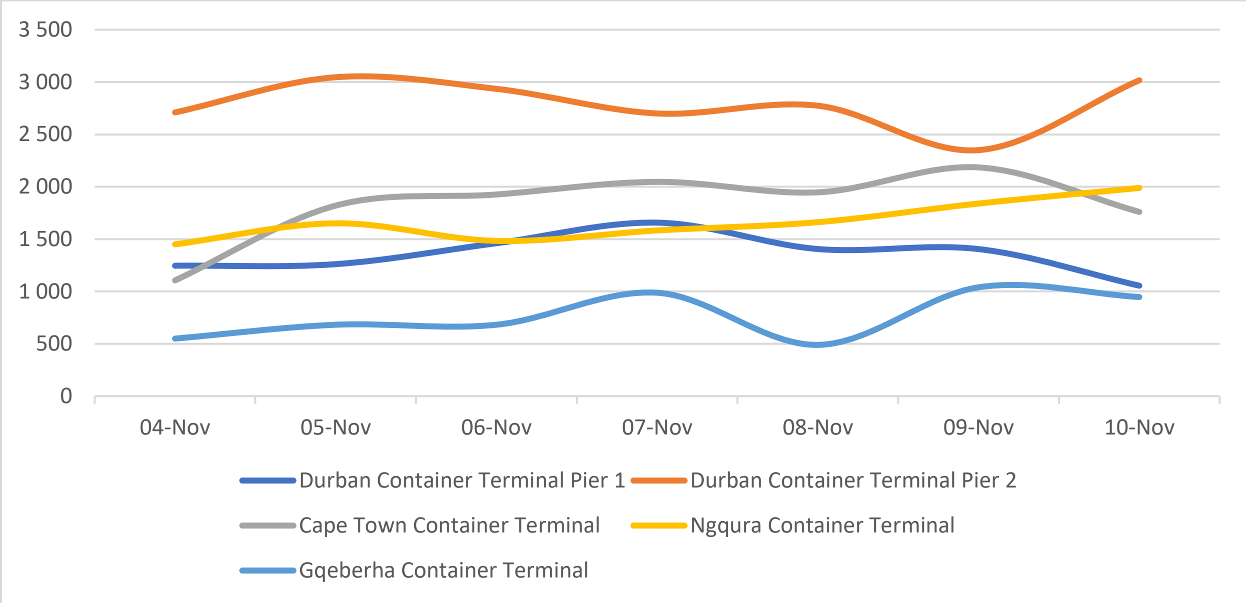
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (28 October to 3 November; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 03/11/2023.

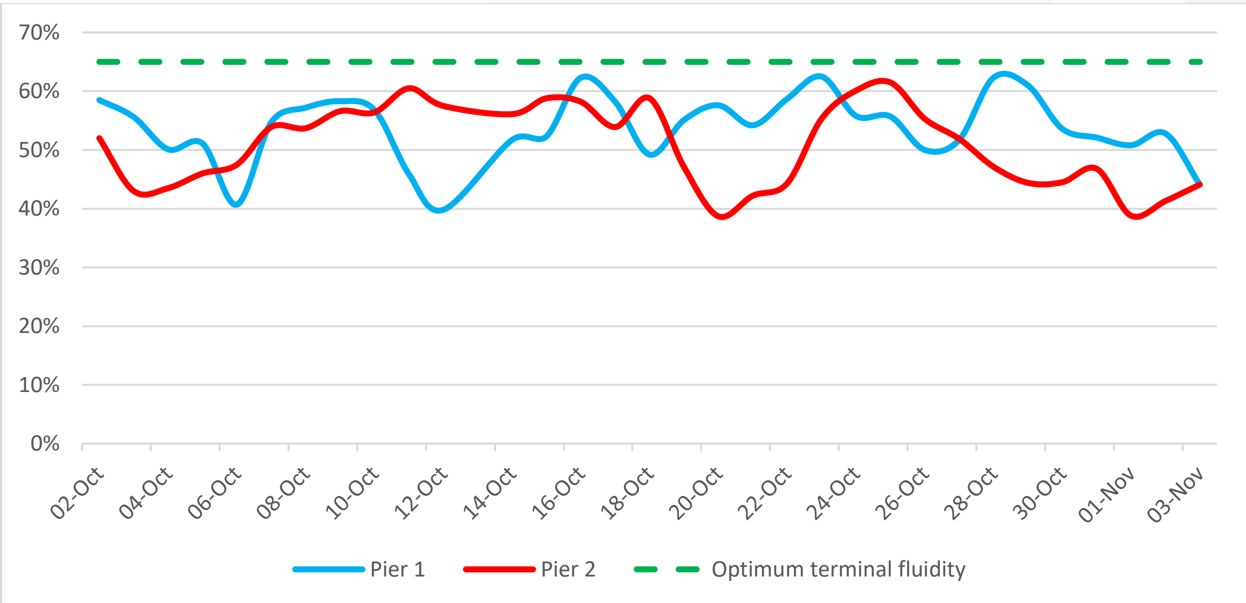
Figure 5 – 7-day forecast reported for total container movements (4 to 10 November; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 03/11/2023.

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

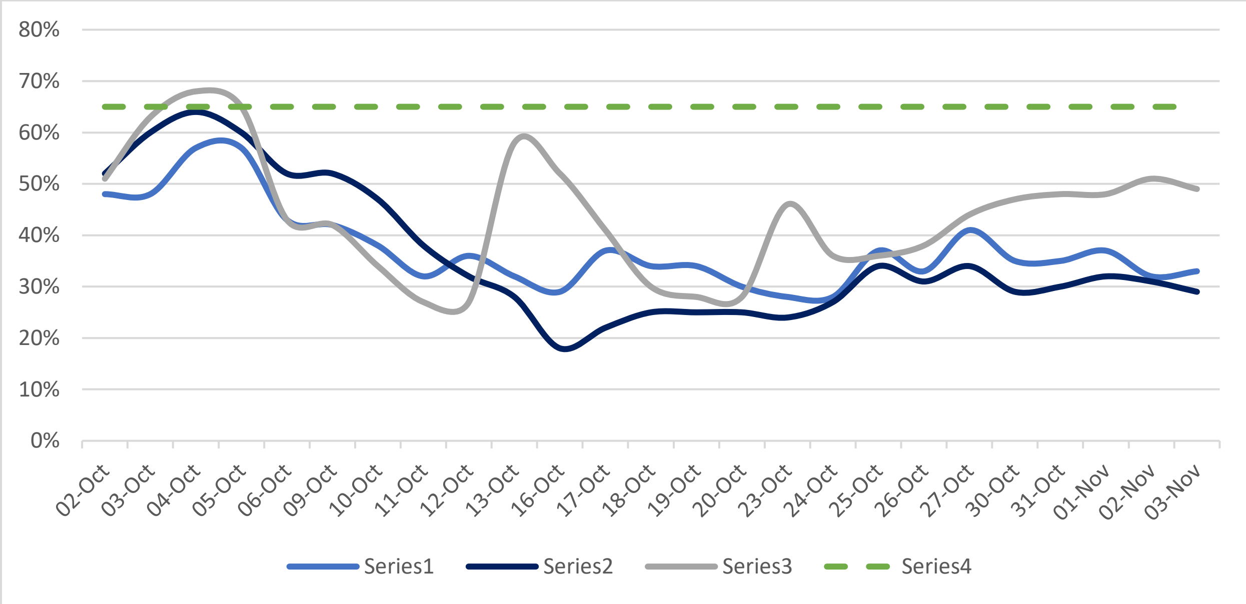
Figure 6 – Stack occupancy in DCT, general-purpose containers (2 October to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 03/11/2023.

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 (2 October to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 03/11/2023.

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

- Strong winds in Cape Town resulted in more than 24 operational hours lost throughout the week.
- Adverse weather in Durban exacerbated the delays and backlogs experienced at the port.
- Inclement weather constituted the majority of delays at our Eastern Cape Ports this week.
- More than 12 operational hours were lost in Richards Bay due to poor weather conditions.

ii. Cape Town

On Friday, CTCT recorded two vessels at berth and two at anchor, with three vessels set to arrive in the 24 hours leading to Saturday. However, in the 24 hours leading to Friday, stack occupancy for GP containers was recorded at 33%, reefers at 29%, and empties at 49%. In this period, the terminal handled 1 285 TEUs across the quay while 1 141 trucks were serviced on the landside. Additionally, equipment woes at the terminal continued this week as Cranes LC1 and LC5 remained out of commission. LC5 is, however, anticipated to return by 18:00 on Friday. Crane LC4 also briefly went out of commission on Friday as the lift wire needed to be replaced. But the bigger problem is with the RTGs, without which no number of cranes will be of much use. Overheating engines afflicted seven or eight RTGs due to a combination of hot weather and long distances travelled. As the temperatures were no higher than those recorded during October in previous years, this seems strange. The fact that it happened immediately after the installation of new engines to some RTGs gives cause for concern. However, units 2 and 21 were expected to return to service during the day.

The multi-purpose terminal recorded zero vessels at anchor and two at berth on Thursday. In the 24 hours leading to Friday, the terminal managed to service 73 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 162 TEUs and 806 tons of general cargo were handled across the quay on the waterside. Stack occupancy was recorded at 8% for GP containers, 4% for reefers, and 6% for empties during the same period.

The FPT private terminal reported zero vessels at anchorage while servicing three at berth on Wednesday. During the 24 hours leading to Thursday, the terminal handled 602 TEUs, 238 tons of breakbulk cargo and 1 969 dry bulk tons on the waterside. On the landside, the terminal managed to service 330 trucks and 24 units on rail. At the same time, reefer stack occupancy was recorded at 16%.

iii. Durban

Pier 1 on Friday recorded two vessels at berth, operated by five gangs, and six vessels at anchor. Stack occupancy is 44% for GP containers and remained undisclosed for reefers as the reefer season is ending. During the same period, 1 288 imports were on hand, with 26 units having road stops and 12 unassigned. The terminal recorded 1 488 gate moves on the landside, with an undisclosed number of cancelled slots and 43 wasted. The truck turnaround time was recorded at ~89 minutes, with an average staging time of ~115 minutes.

Pier 2 had three vessels at berth and 14 at anchorage on Thursday. In the 24 hours leading to Friday, stack occupancy was 44% for GP containers and undisclosed for reefers. The terminal operated with nine gangs while moving 2 493 TEUs across the quay. During the same period, there were 3 041 gate moves on the landside with a truck turnaround time of ~71 minutes and a staging time of ~73 minutes. Of the landside gate moves, 1 034 (34%) were for imports and 2 007 (66%) for exports. Additionally, 1 028 rail import containers were on hand, with 436 moved by rail. The terminal was also quite extensively challenged by inclement weather this week, which directly impacted slot allocation on the landside. During the earlier stages of the week, the terminal went windbound for approximately 11 hours, which added to the extensive backlogs already experienced. The fact that Durban terminal operations tend to stop at wind speeds in excess of 70 km/h gives some cause for concern since Cape Town only stops work when wind speeds exceed 80 km/h. Towards the end of the week, the terminal had 56 straddle carriers in operation, which is far short of the ideal number. Additionally, dredging took place at berth 202 this week. During the sounding operations, some high spots were found, leading to further dredging and sounding needing to take place. Berth 108 is scheduled for dredging on 05 November.

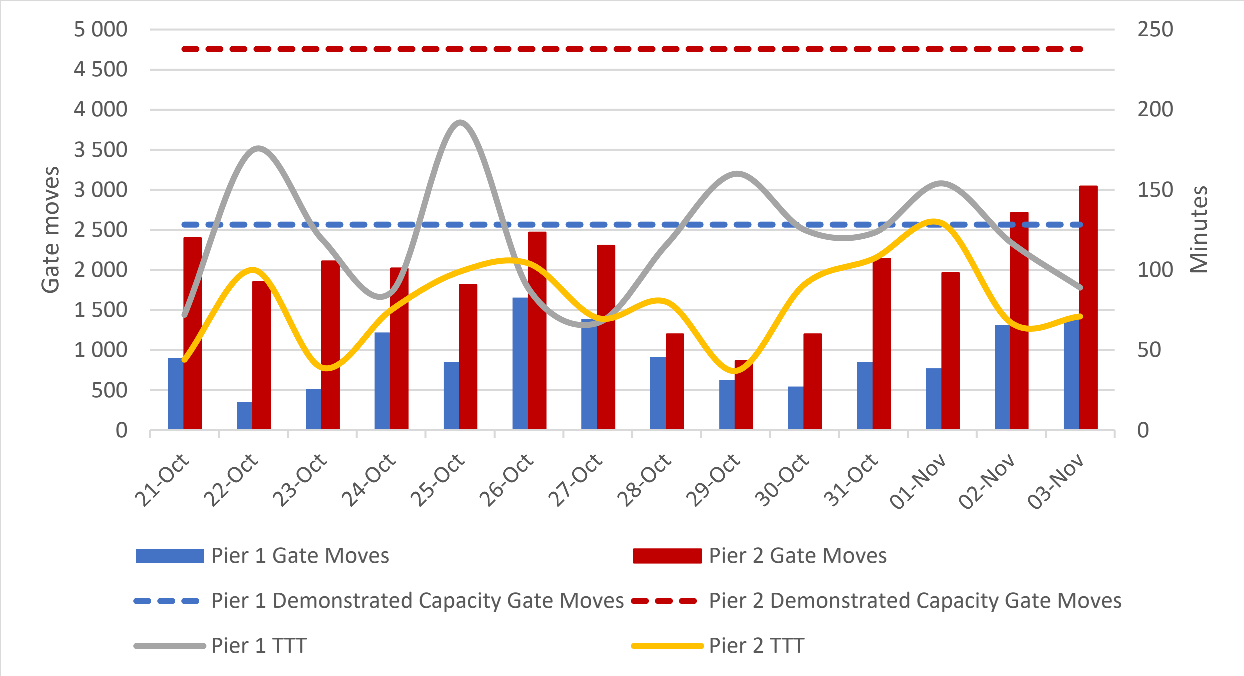
Towards the end of the week, the Palmiet tug went out of commission due to some engine problems, while the Siemens technical team will be working on the floating crane on Monday, 06 November. The Port of Durban currently remains the only South African Port on Linerlytica's *"Port congestion Watch"* as more than **60 000 TEUs** were stuck at outer anchorage.

Durban's MPT terminal recorded three vessels at berth on Friday and five at outer anchorage while handling 282 TEUs and 4 029 breakbulk tons on the waterside. Stack occupancy for breakbulk was recorded at 68% during that time and at 47% for containers. The terminal handled 102 container road slots and 102 breakbulk RMTs containing 2 691 tons on the landside. During the same period, two cranes, six reach stackers, one empty handler, seven forklifts and 18 ERFs were in operation. According to the latest reports, the third and fourth cranes are still on course to return to service this month. The third crane is anticipated to return by next week Wednesday, while the fourth crane is still on course to return by the end of the month.

On Thursday, the Ro-Ro terminal in Durban recorded three vessels on the berth, with one at anchorage. In the 24 hours leading to Friday, the terminal handled 1 825 units on the landside while handling 2 085 on the waterside. During the same period, general stack occupancy was recorded at 65%, comprising 34% imports, 61% exports, and 5% transhipments. Stack occupancy at Q/R was 50%, while the G-berth stack was 70%. The terminal had 2 636 import units on hand, 7 751 units were destined for export markets, and 373 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 03/11/2023.

iv. Richards Bay

On Tuesday, Richards Bay recorded 17 vessels at anchor: four bulk vessels, ten coal vessels, two breakbulk-, and one liquid bulk vessel. Additionally, ten vessels were recorded on the berth, translating to six at DBT, four at MPT, none at RBCT, and none at the liquid bulk terminal. Two tugs and one helicopter were in operation for marine resources in the 24 hours leading to Wednesday while the pilot boat remained out of commission. During the same period, the coal terminal had two vessels at anchor and one at berth while handling 122 429 kilo-tons on the waterside and 15 trains on the landside.

v. Eastern Cape ports

NCT on Thursday recorded two vessels on the berth and zero vessels at the outer anchorage, with six drifting. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Friday. In the same period, stack occupancy was 56% for GP containers and remained undisclosed for reefers, as a total of 2 117 TEUs were processed. Additionally, 302 trucks were serviced on the landside at a truck turnaround time of ~42 minutes. Towards the end of the week, STS crane 6 was on standby due to high tides. The terminal was heavily impacted by strong winds this week, and these winds were expected to continue over the weekend.

GCT on Friday recorded no vessels at outer anchorage but recorded one at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the prior 24 hours. During the same period, stack occupancy was recorded at 71% for GP containers and 68% for reefer ground slots. On the waterside, 32 TEUs were handled across the quay at an undisclosed GCH and SWH. Additionally, 199 trucks were serviced on the landside at a truck turnaround time of ~19 minutes. By the end of the week, Crane 3 at the terminal was still with the technical team undergoing hoist rope repairs and should return to service sometime over the weekend.

The Ro-Ro terminal had one vessel on berth and none at anchor on Friday. 908 units were handled on the waterside in the 24 hours before Friday. During the same period, an undisclosed number of units were on hand, leading to a stack occupancy figure of 41%.

No reports were received for the Port of East London this week.

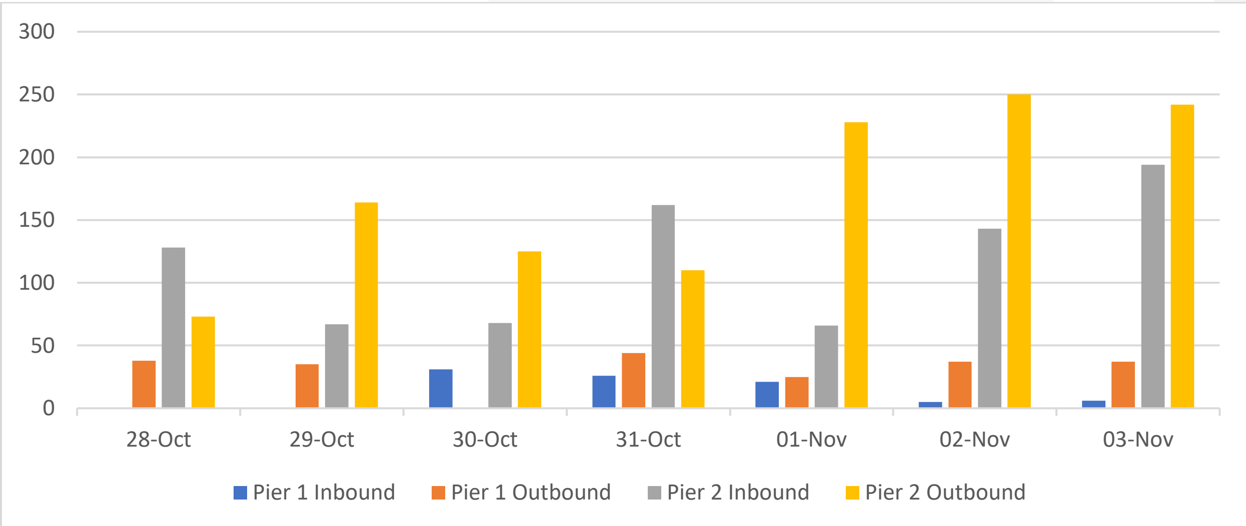
vi. Saldanha Bay

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 3-7 days, while the vessels in port have been on berth for between 3 and 10 days.

vii. Transnet Freight Rail (TFR)

Intermittent cable theft took place on the rail network over the previous weekend and caused subsequent delays. On Wednesday, no cable theft was reported for the prior 24 hours; however, there have been some delays on the Durban line due to some flooding causing slower movements. The latest reports received at the end of the week indicate that DCT Pier 2 had 978 ConCor units on hand with a dwell time of 5 days and 50 over-border units with a dwell time of 69 days. Durban's inability to move this cargo for our northern neighbours must be damaging our competitive position.

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



Source: Calculated using data from Transnet, 2022. Updated 03/11/2023.

In the last week (*28 October to 3 November*), rail cargo handled out of Durban was reported at **2 325** containers, down ↓5% from the previous week's **2 445** 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 23 October. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *October 2022* averaged **~874 163 kg** per day.

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

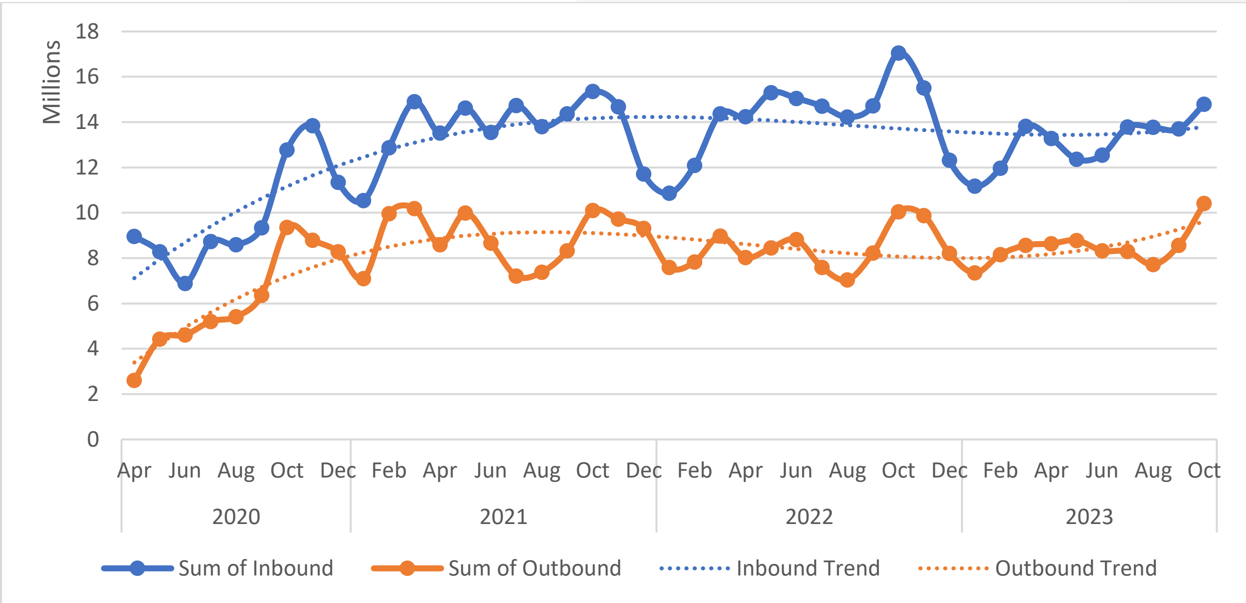
Flows	23-Oct	24-Oct	25-Oct	26-Oct	27-Oct	28-Oct	29-Oct	Week
Volume inbound	484 849	310 687	313 370	341 676	537 532	366 271	1 039 416	**3 393 801**
Volume outbound	296 891	356 766	287 080	260 628	283 101	276 682	665 640	**2 426 788**
Total	**781 740**	**667 453**	**600 450**	**602 304**	**820 633**	**642 953**	**1 705 056**	**5 820 589**

Courtesy of ACOC. Updated: 31/11/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **484 829 kg** inbound (**↓2%**, w/w) and **346 684 kg** outbound (**↓7%**), resulting in an average of **831 513 kg per day** or around **~95%** compared with in October 2022. The numbers keep hovering below the pre-pandemic levels (**~88%**) but are still the closest the industry has come to these levels for some time – especially with outbound cargo.

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: 31/11/2023.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *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

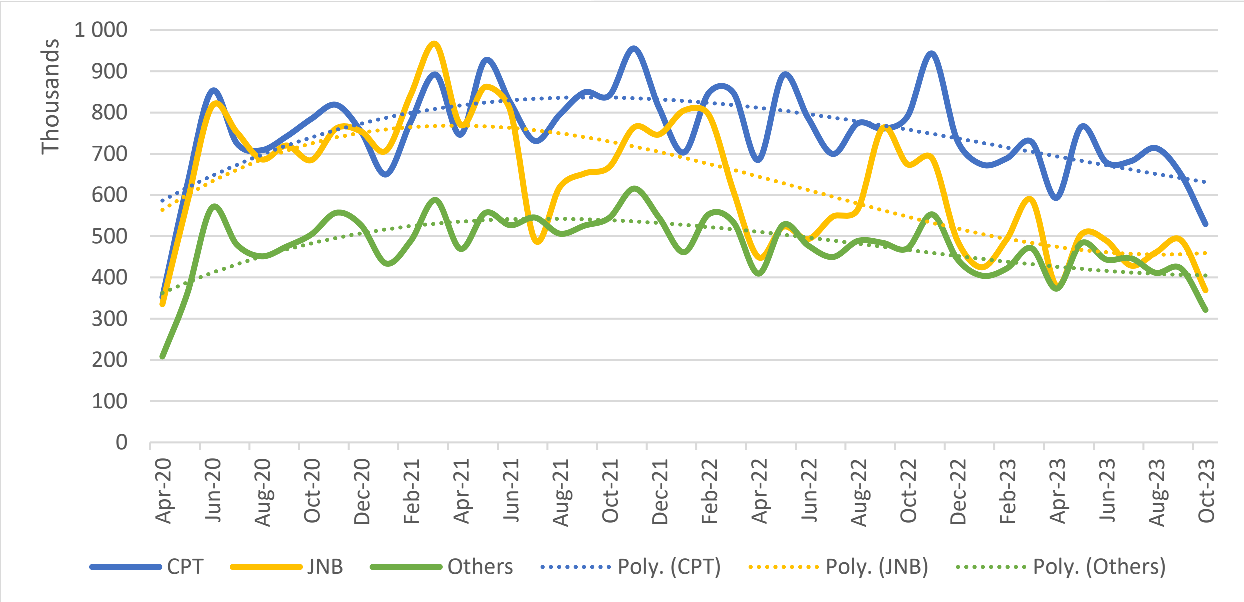
[9] Only ORTIA's international volumes are shown. ORTIA handles ~87% of international cargo to and from South Africa.

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
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 last week was **~57 419 kg** per day, up by **↑2%** compared to the previous week and remains slightly down compared to last year's level (**~92%**). However, the level is currently at **~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. National Update

a. SARS Merchandise trade

SARS released its latest "*Merchandise Trade Statistics*" for September[10], with the headline showing a preliminary monthly trade surplus of **R13,1 billion** – approximately similar to August (but largely attributed to the trade surplus with BELN countries). Monthly trade shows that exports decreased from August by **↓3,3%** (m/m), while imports decreased by **↓3,8%** (m/m). The YTD figures show a slight trade surplus of **R43 billion** but significantly deteriorated from the **R179,9 billion** positive trade balance recorded in 2022. Annually, export flows for September 2023, at **R185,7 billion**, were **↓6,0%** (y/y) lower compared to

[10] SARS. 31/08/2023. Trade Statistics: September 2023.

September 2022, whilst import flows were slightly lower (↓**2,8%**, y/y) compared to 2022, having decreased to **R161,5 billion** in the current period.

Regionally, trade with BELN countries for September resulted in a trade surplus of **R11,7 billion** from exports of **R17 billion** and imports of **R5,3 billion**. Exports to our neighbouring countries decreased by ↓**4,1%** ((m/m) between August and September, with imports decreasing significantly – ↓**7,4%** (m/m) – over the same period. The cumulative figures for the year point to a substantial positive trade balance with BELN countries, similar to last year – from **R89,8 billion** in 2022 to **R94,2 billion** in trade balance surplus for 2023.

When viewing these numbers in conjunction with *Figure 1*, it is clear that we lost some trading ground in September, as trade volumes and values are down, especially when considering the current inflation levels domestically and internationally. Trade remains a significant driver of economic growth and development, which means that the extended trade, transport, and logistics industry must continue to collaborate to facilitate such trade. As often emphasised, trade takes place on a shared infrastructure, with shared responsibilities from all role players.

4. Road and Regional Update

a. Cross-border and road freight delays

This week, the following points should be noted in terms of challenges and delays on roads in South Africa and the surroundings in the SADC region.

- The median border crossing times at South African borders increased by **more than three hours**, averaging **~13,4 hours** (**↑30%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by approximately **an hour and a quarter** and averaged **~8,0 hours** (**↑18%**, w/w).
- More complaints have been received around longer crossing times at Groblersbrug recently.
    - This has been attributed to increased numbers, system issues, and incomplete driver documents.
    - October data shows higher averages compared to September, with a significant daily maximum of 393 HGVs Northbound, up from 304 in September.
- Skilpadshek experiences queues due to a lack of parking on the Botswana side during construction. Processing interruptions were needed to ease congestion during peak times, with the revamp expected to be completed in 2025.
- Angola, Zambia, and DRC want to enhance the trade corridor of Lobito to link to the mining regions, as a joint management has been agreed (more below).
- The Trans Kalahari Railway, which is set to be ready for use in 2025 at 1 500km long, will link Botswana's coal field to Walvis Bay.
- Several reports of overloading at Moamba Weighbridge were received, as queues touching 20km persist at Lebombo.
- 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[11], which arguably provides better and more reliable information.

[11] FESARTA TRANSIST Bureau.

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[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	460	6,1	8,1	30,0	13 800	3 220
Beitbridge	Zimbabwe-SA	416	3,3	3,1	13,4	12 480	2 912
Groblersbrug	SA-Botswana	187	1,1	0,4	2,4	5 610	1 309
Martins Drift	Botswana-SA	263	0,0	8,3	34,0	7 890	1 841
Kopfontein	SA-Botswana	23	0,1	0,2	0,3	690	161
Tlokweng	Botswana -SA	216	1,4	0,6	5,0	6 480	1 512
Noordoewer	Namibia-SA	20	0,4	0,4	2,1	600	140
Vioolsdrift	SA-Namibia	30	1,4	1,1	3,2	900	210
Ariamsvlei	Namibia-SA	20	0,3	0,4	1,2	600	140
Nakop	SA-Namibia	30	2,2	1,2	3,4	900	210
Skilpadshek	Botswana -SA	52	0,6	1,1	2,2	1 560	364
Pioneer Gate	SA-Botswana	235	2,5	2,2	12,5	7 050	1 645
Lebombo	SA-Mozambique	125	0,1	1,0	9,5	3 750	875
Ressano Garcia	Mozambique-SA	1 446	4,4	2,5	10,1	43 380	10 122
Weighted Average/Sum		**3 523**	**1,7**	**2,2**	**9,2**	**105 690**	**24 661**

Source: TLC, FESARTA, & Crickmay, week ending 29/10/2023.

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	6,8	3,3	20,2	2 240	9 600
Central Corridor	798	0,3	0,7	7,2	5 586	23 940
Dar Es Salaam Corridor	1 819	20,1	1,4	15,1	12 733	54 570
Maputo Corridor	1 571	2,2	1,7	9,8	10 997	47 130
Nacala Corridor	127	0,0	0,0	0,0	889	3 810
North/South Corridor	3 637	7,9	3,0	15,3	25 459	109 110
Northern Corridor	2 817	0,2	0,2	1,8	21 588	92 520
Trans Caprivi Corridor	116	0,2	0,5	11,5	812	3 480
Trans Cunene Corridor	100	0,0	0,0	0,0	700	3 000
Trans Kalahari Corridor	317	1,6	1,1	5,5	2 219	9 510
Trans Oranje Corridor	100	1,1	0,8	2,4	700	3 000
Weighted Average/Sum	**11 722**	**4,4**	**1,3**	**8,5**	**83 923**	**359 670**

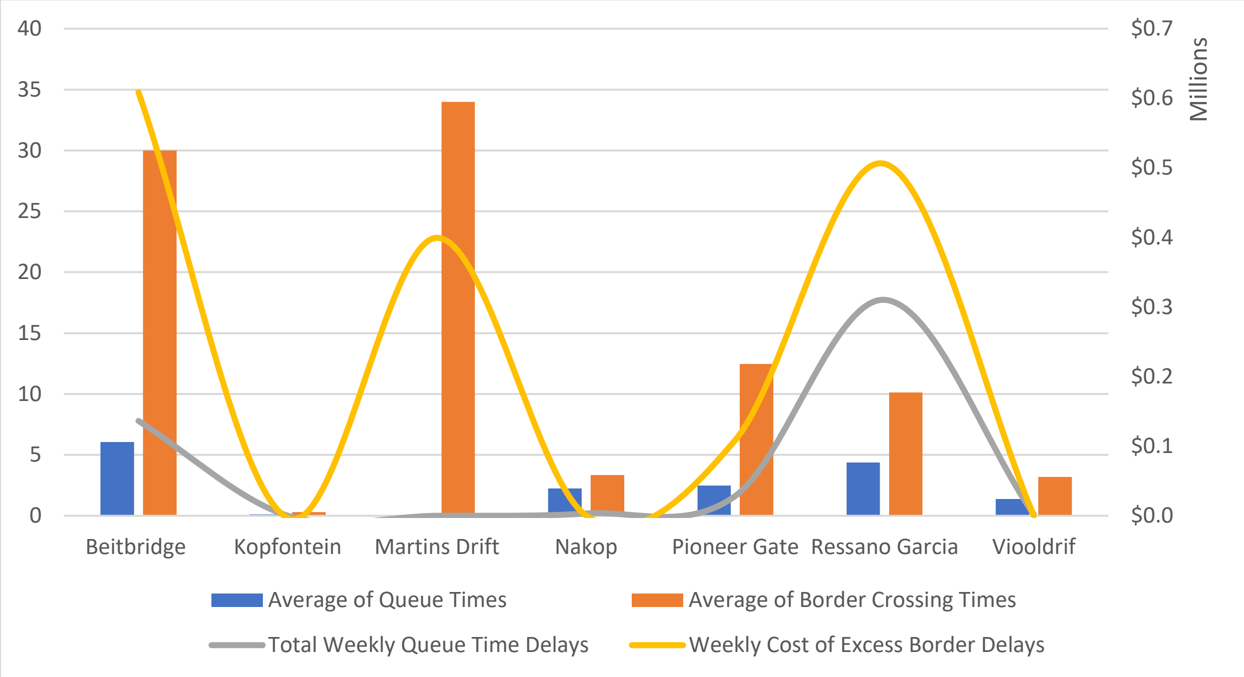
Source: TLC, FESARTA, & Crickmay, week ending 29/10/2023.

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

[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 is produced by Crickmay in collaboration with SAAFF.

[13] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

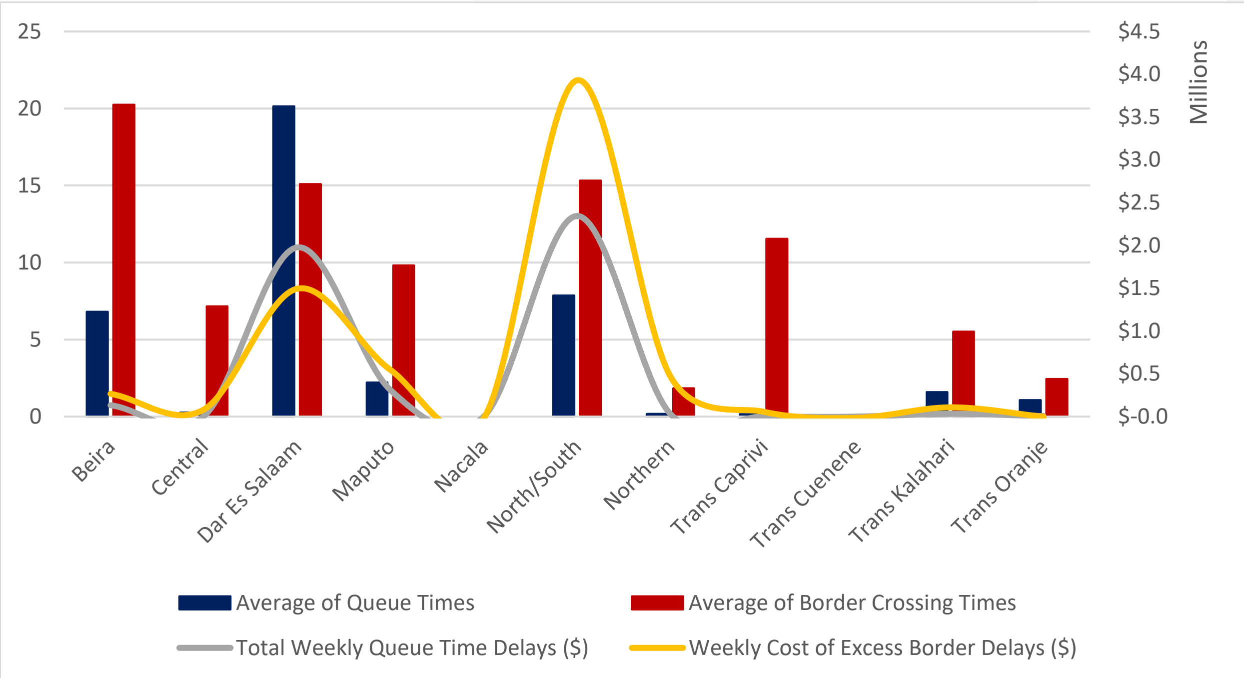
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions)



TLC, FESARTA, & Crickmay, week ending 29/10/2023.

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)



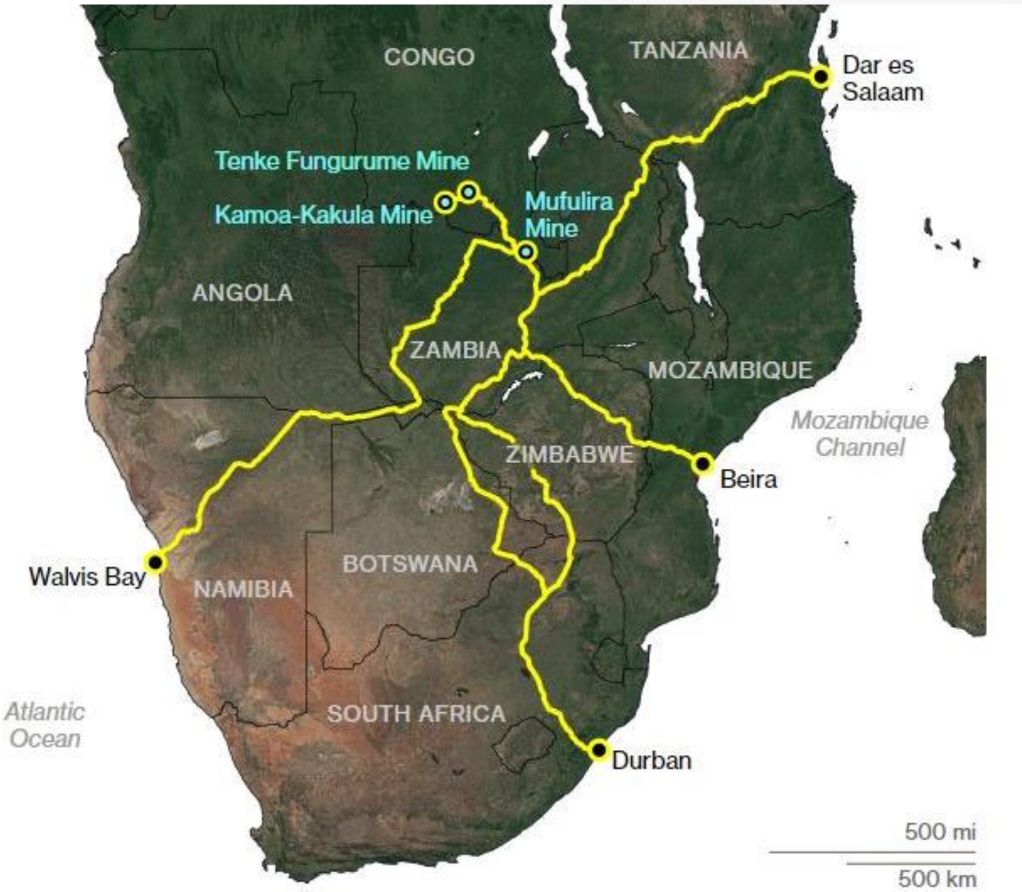
Source: TLC, FESARTA, & Crickmay, week ending 29/10/2023.

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 **~8,5 hours** (up by **~0,3 hours** from the **~8,2 hours** recorded in the previous report), at an indirect cost to the transport industry of **$6,9 million** (**R127 million**). As a result, the total indirect cost for the week amounts to an estimated **~$11,7 million** (**~R216 million**, up by **~R5,6 million** or **↑2,7%** from **~R210 million** in the previous report).

b. Lobito corridor update

Several countries – including the US – are working on developing the Lobito Corridor, a new rail line project in central Africa, aimed at creating a trade route for critical minerals used in electric vehicle (EV) production. The project, which involves laying rail track from Zambia's Copperbelt province to an existing line in Angola, is part of the Biden administration's efforts to compete with China. It will facilitate the transportation of essential minerals like copper and cobalt needed for EVs and batteries and improve the efficiency of mineral transportation to global markets[14]. The following image illustrates the route of the existing corridors:

Figure 14 – Routes from copper mines in DRC and Zambia to regional ports



Source: Bloomberg via Google Maps

5. International Update

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

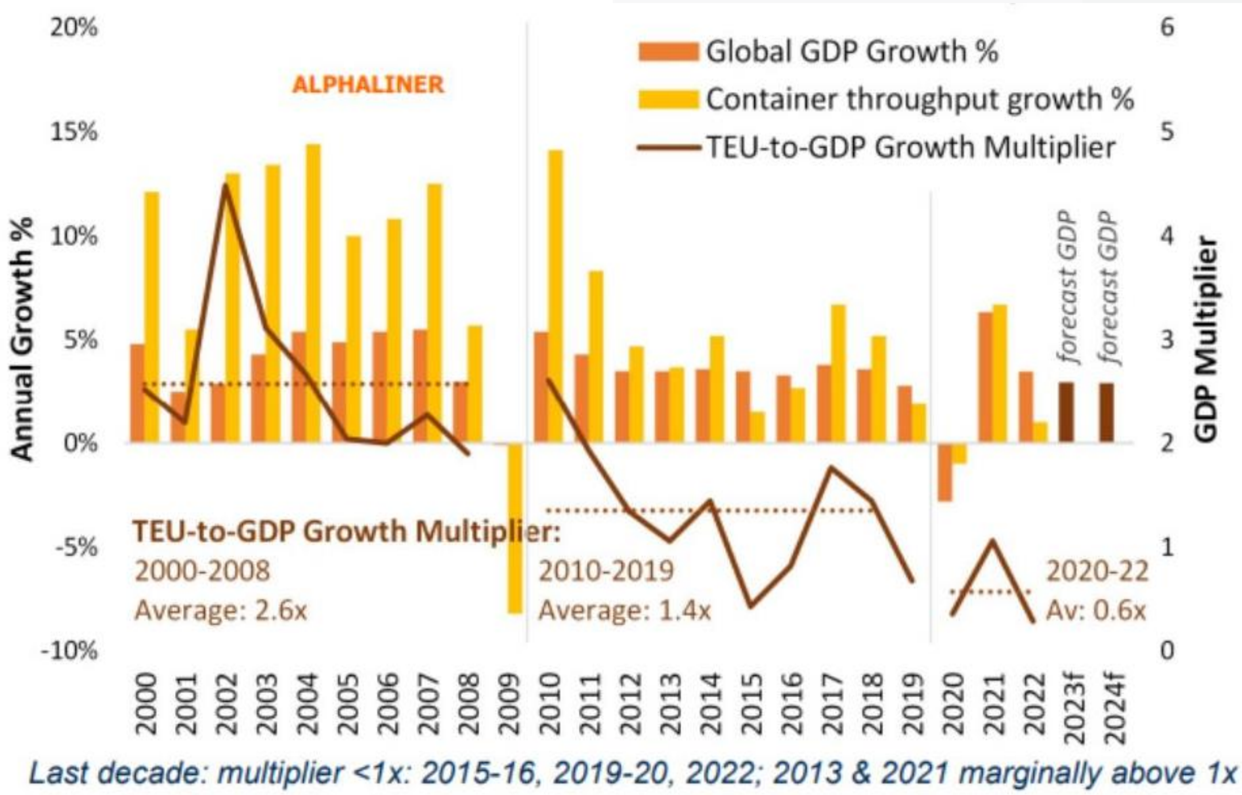
[14] Hill, M. 03/11/2023 The Metals for Your EV Are Stuck in a 30-Mile Traffic Jam.

a. Global shipping industry

i. Container industry summary

The TEU-to-GDP multiplier in the container shipping industry has exhibited a declining trend in the post-pandemic period, representing a sustained weakening compared to previous decades. In the 1990s, this multiplier reached its zenith and remained robustly at 2,6x during the early 2000s. Historically, it served as a dependable metric, signifying that the container trade sector expanded in multiples of GDP growth. However, a fundamental shift has occurred, with the average ratio of container trade growth relative to global economic growth in the past decade decreasing to 0,93x. This decline has only been interrupted by isolated years, such as 2014, 2017, and 2018, which significantly surpassed a multiplier of 1 (1,4x, 1,8x, and 1,4x, respectively).

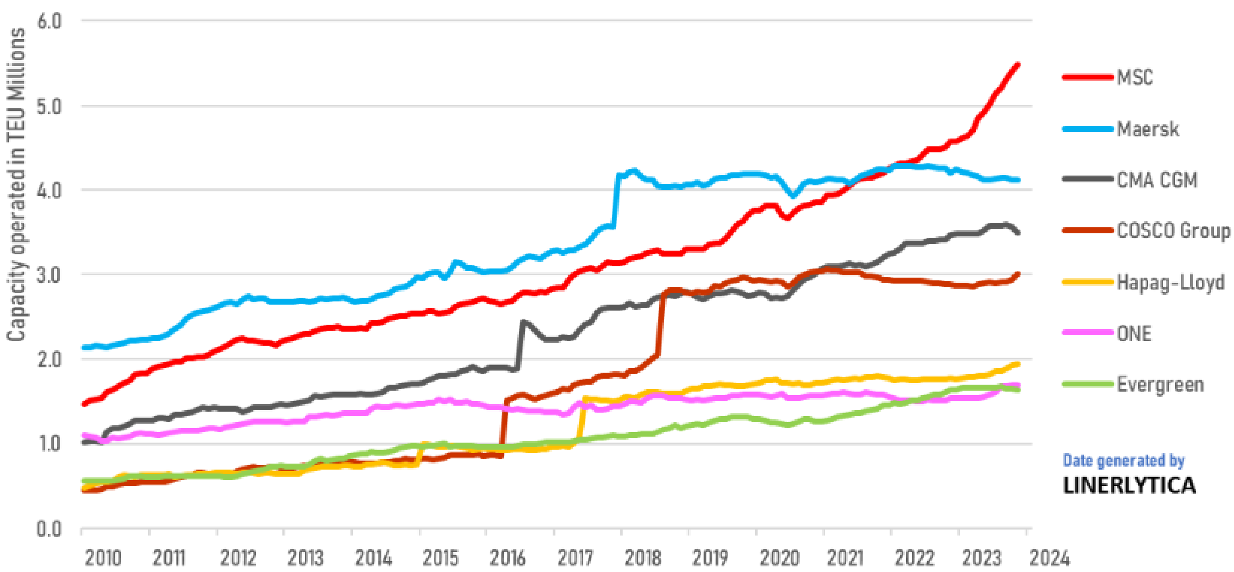
Figure 15 – Evolution of TEU-GDP growth multiplier (2000 – 2024f)



Source: Alphaliner

New vessel deliveries in October surpassed 200 000 TEU for the fifth consecutive month, while ship scrapping remains minimal, with only 22 000 TEU scrapped in the past 30 days. This reality is increasing competition among the top seven container carriers, who are expecting a record number of new ship deliveries in the coming year. Charter rates have already decreased by 25% since June, with Maersk displaying a renewed interest in acquiring additional tonnage. The rivalry among these carriers is set to intensify as 65% of the **3,65 million TEU** of new capacity planned for delivery by December 2024 is designated for these top seven carriers:

Figure 16 – Top seven carriers: Evolution of capacity operated (2010 – 2023)



Source: Linerlytica

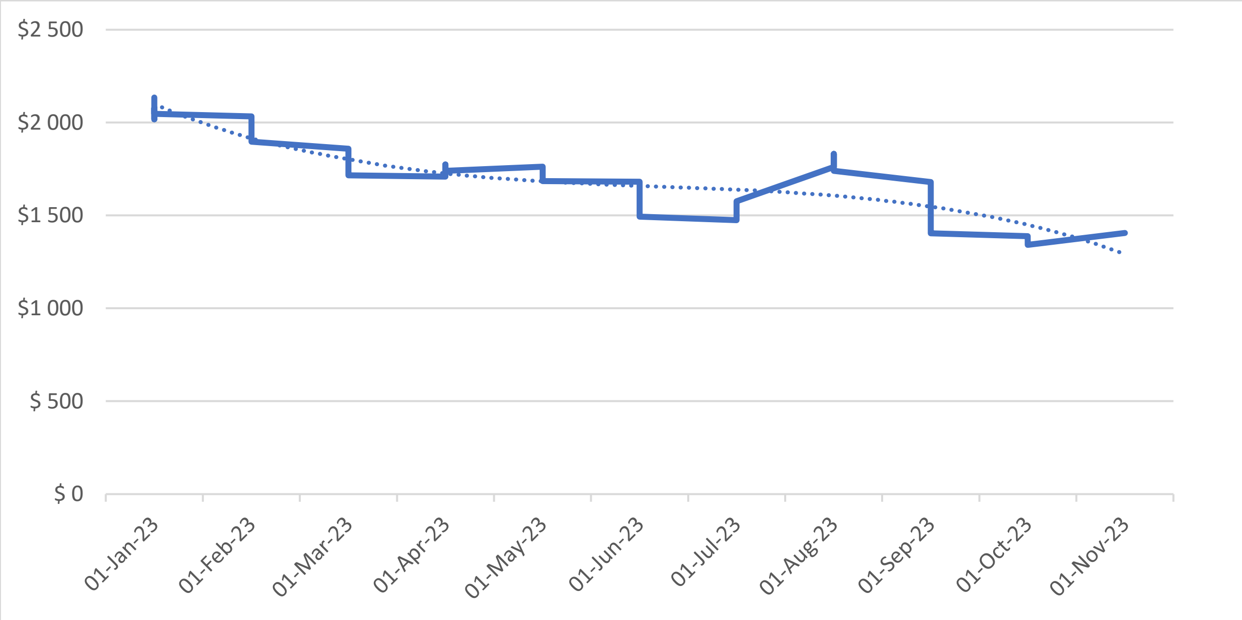
Drewry's "*Cancelled Sailings Tracker*" increased slightly and is trending at an **8% cancellation rate**[15]. In notable contrast to THE Alliance and 2M, the OCEAN Alliance has failed to take any concrete capacity reduction actions, which could trigger an eventual pushback from its rivals[16]. Port congestion continues to be stable, only affecting **~6%** (some **1,66 million TEU**) of the industry. Durban continues to feature among the 20 most congested ports, reflecting the massive berthing delays currently experienced by the industry, with more than **60 000 TEUs** at berth. More than 50 vessels are still awaiting at anchorage, so are we surprised at the congestion surcharges announced? Improvements to our container operations must be expedited as a matter of extreme urgency.

ii. Global container freight rates

This week, the "*World Container Index*" reversed the lengthy recent trend and increased by a substantial **↑5%** (or **$64**) to **$1 406** per 40-ft container[17]. Spot freight rates have rebounded strongly on the back of capacity cuts. However, the sustainability of the rate hikes will be tested over the coming weeks as carriers are still reluctant to remove excess capacity. The following figure shows the monthly average changes, which have seemingly turned a corner for now:

[15] Drewry. 03/11/2023. Cancelled Sailings Tracker - 03 November.
[16] Linerlytica. 31/10/2023. Market Pulse 44.
[17] Drewry. 02/11/2023. World Container Index – 2 November 2023.

Figure 17 – World Container Index assessed by Drewry (year-to-date, $ per 40 ft. container)



Source: Compiled from Drewry Ports and Terminal Insights

Despite the sharp short-term increase, the composite index continues to decrease annually. It is now **↓54%** lower than the same week last year, trending slightly below the pre-pandemic average rates of 2019 (**↓1%**). The year-to-date average continues to subside and is now **$1 704**, significantly lower than the 10-year average of **$2 676**. Regionally, there was a mixed bag, as Shanghai – Rotterdam is up by **↑11%**, whilst New York – Rotterdam is down by **↓7%**. Drewry anticipates East-West spot rates to remain close to current levels – falling short of saying that there might be significant inter-regional variation, as is the case this week.

iii. Further developments of note

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

1. **Suez Canal fee hikes set to add to the pressure on Asia-Europe carriers:**
    a. The Suez Canal Authority (SCA) has announced a 15% increase in fees for northbound transits, effective from 15 January 2023[18]. The rate hikes apply to all vessel types except Ro-Ro ships, which will attract a 5% increase.
    b. Vessels on head haul Asia-Europe and Asia-North America east services are expected to face significant cost increases, which could impact container supply chain dynamics. Carriers operating Asia-North Europe and Asia-Mediterranean routes may need to absorb the higher costs or pass them on to forwarders and shippers, possibly via a new surcharge.
2. **Panama Canal transit delays:**
    a. The Panama Canal is experiencing delays and disruption due to uncharacteristically low water levels during the region's driest October in 73 years[19]. The Panama Canal Authority (PCA) has announced new operational measures and introduced reservation slots until February to manage the situation.

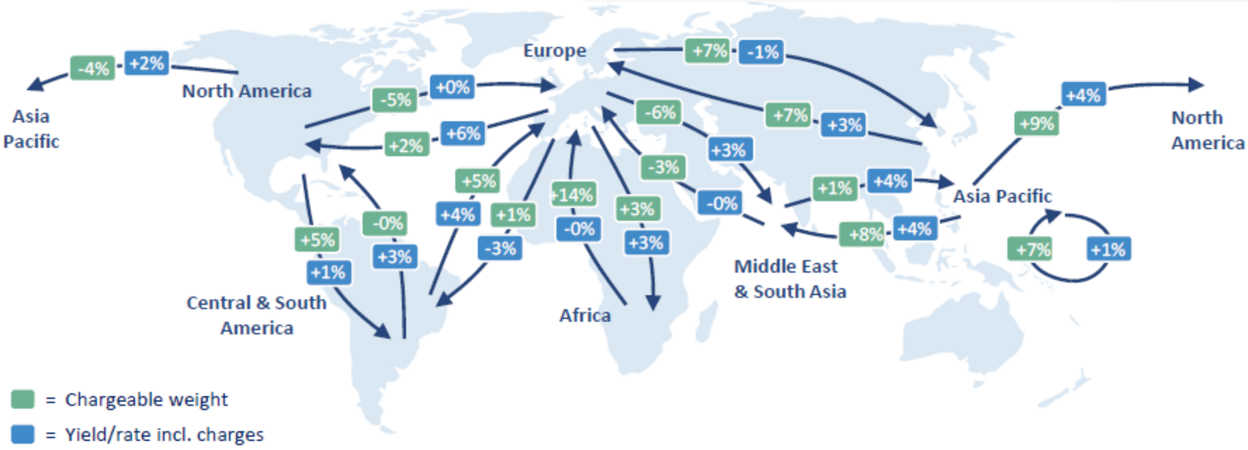
[18] Van Marle, G. 31/10/2023. Suez Canal fee hikes set to add to the pressure on Asia-Europe carriers.
[19] Goldstone, C. 01/11/2023. Book a slot for Panama Canal transit as protests add to low water delays.

b. Anti-mining protests in the region are also impacting canal operations, leading to sporadic blockades and disruptions. The PCA's efforts to mitigate the situation include water re-utilisation basins and cross-filling in the locks, while some carriers are evaluating alternative options to minimise the impact on cargo due to irregular operations.

b. Global air cargo industry

In the weekly data from World ACD, global air cargo tonnages for October 2023 stabilised, with preliminary figures down just **↓1%** compared to October 2022, marking the smallest full-month year-on-year drop for the year. While this indicates a stabilisation compared to the sharp decline experienced in October 2022, it should be viewed as a recovery, not a peak season. Tonnages in 2022 were around **↓6%** below the previous year's figures, and 2023 is expected to remain below last year's levels. The following illustration shows the bi-weekly change in weight and yields/rates. Increases in tonnages were recorded most strongly on flows outbound from Africa to Europe (**↑14%**):

Figure 18 – Region to region: Last two weeks compared with the preceding two weeks (%, bi-weekly)



Source: World ACD

In week 43 (23 to 29 October), preliminary figures show a **↓1%** decrease in air cargo tonnages and a **↑1%** increase in global average rates compared to the previous week. The week 43 pattern is consistent with the previous year, characterised by a mid-month recovery in tonnages following a sharp drop at the beginning of October. Compared to the preceding two weeks, overall tonnages and worldwide rates increased by **↑3%**, while capacity increased by **↑1%**. When compared to the same period last year, chargeable weight in weeks 42 and 43 was down **↓2%**, and overall capacity increased by **↑15%** as passenger air services returned to the market. Worldwide average rates are **↓28%** below last year's levels and trading at **$2,38/kg**; however, they remain **↑36%** above pre-pandemic levels.

ENDS[20]

[20]**ACKNOWLEDGEMENT:**

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