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Cargo movement update #171[1]

Date: 2 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)	25 280	27 268	**52 548**	22 025	25 562	**47 587**	↑10%
Air Cargo (tons)	2 740	1 794	**4 534**	2 474	1 610	**4 083**	↑11%

Monthly Snapshot

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

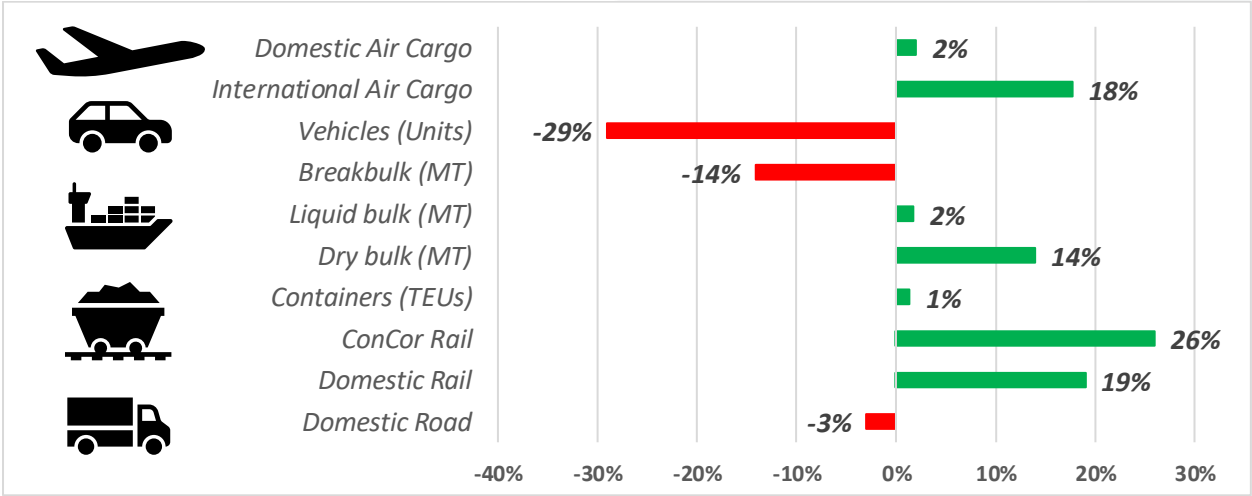
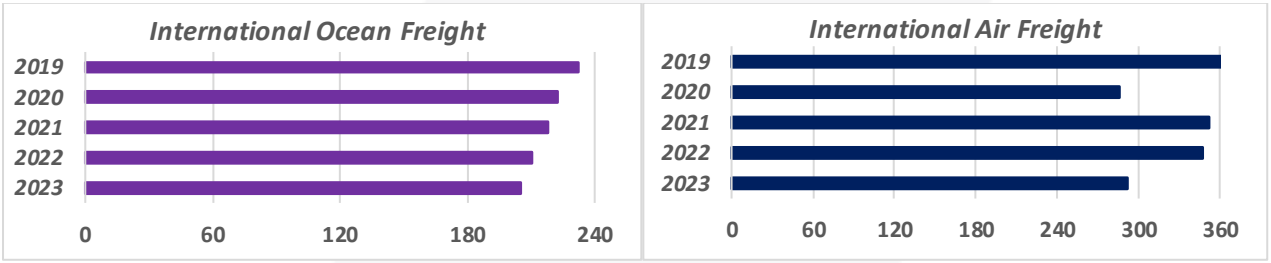


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 507 containers** was handled per day, with **~8 593 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 441** containers, up ↑7% from last week.
- Cross-border queue times were **↑0,2 hours** (w/w), with transit times **↓2,4 hours** (w/w); SA borders decreased by **~1,1 hours**, averaging **~10,9 hours** (**↓9%**); Other SADC borders averaged **~6,3 hours** (**↓29%**).
- Global schedule reliability decreased by **↓5,0%** (m/m); the average delay for late vessel arrivals is **5,35 days**.
- Global freight rates have again decreased by **↓3,5%** (or **$140**) to **$3 824** per 40-ft container.
- Global air cargo traffic saw a notable annual increase of **↑10,8%** in December – the most since 2021.

[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 *171th* 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; All metrics: 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 **7 507 containers** per day, up from the **6 755** containers last week. Port operations this week were mainly characterised by equipment breakdowns and shortages, adverse weather conditions, and system challenges. The Port of Cape Town went windbound for more than 22 hours towards the end of the week, while equipment breakdowns and network challenges proved to be the main operational constraints in Durban. Plausibly, TPT announced that the import-free storage days at DCT Pier 2 will be extended to **4,25 days** from 1 February until 31 March 2023 for vessels with a discharge volume greater than 2 000 containers. The Port of Ngqura's original pilot boat remains out of service; however, an outsourced pilot boat is being used in the interim to service waterside activities. Furthermore, a derailment occurred between Pier 1 and the back of the port over the weekend, which impacted operations accordingly.

In the global shipping industry, port congestion rose by **↑15%** this week, affecting **1,71 million TEUs** (**5,3%** of the total fleet) due to increasing demand leading into Chinese New Year. The idle containership fleet is at **0,4%**, with **283 000 TEU** added in the last 30 days, mainly through new deliveries. Despite January's expected **300 000+ TEU** deliveries, demand outpaces supply, maintaining a bullish Linerlytica market. Second-hand container vessel sales declined in 2023 due to new tonnage and IMO's Carbon Intensity Indicator regulation, affecting older, less efficient ships. About **30%** of the global fleet is impacted by the Red Sea crisis, prompting route adjustments and increased traffic via the Cape of Good Hope, raising industry costs. The industry's reliability dropped by **↓5,0%** in December 2023 to **56,8%**, worsened by round-of-Africa sailings, with average late vessel arrivals delayed by **↑0,30** days to **5,35 days**. CO^2 emissions may increase significantly due to extended sailing distances, with no viable mitigation strategies identified.

In the air freight space, both inbound and outbound cargo to and from South Africa is up by **↑11%** (w/w). Despite the increases, the market remains relatively subdued for now, and optimism is not precisely correlated to the international market. Internationally, global air cargo traffic increased by the most significant percentage over the last two years, as the annual average surged to within **1,9%** of the traffic seen in 2022. In the regular metrics, global air cargo tonnages continued to build in the final full week of January, ahead of the Lunar New Year (LNY) on 10 February. In the coming weeks, the increase in air cargo demand caused by disruptions in sea freight is expected to persist beyond LNY, driven by ocean container shortages at origin ports, leading to rising air cargo rates on specific trade lanes.

In regional cross-border road freight trade, average queue times were almost unchanged and increased by **approximately 12 minutes**, while transit times decreased by **nearly two and a half hours** from last week. The median border crossing times at South African borders decreased by **an hour**, averaging **~10,9 hours** (**↓9%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by **nearly three hours** and averaged **~6,3 hours** (**↓29%**, w/w). On average, four (down from seven last week) SADC border posts took more than a day to cross, including Beitbridge, Chirundu OSBP, Kasumbalesa, and Tunduma OSBP (the worst affected at around **two days** to cross). Other developments this week included **(1)** road works between Beitbridge and Chirundu have begun, and **(2)** Zambian borders are only accepting cash during network downtime.

In concluding this week's report, the increased port throughput is encouraging, although still falling slightly short of our best-case projections. Hopefully, with the continued efforts of the recovery plan, the backlog will be cleared at all ports by the end of February as the continued efforts to turn the massive ship around

slowly begin to bear some fruit. Despite many positive developments in recent weeks (including the work of the NLCC, the Freight Logistics Roadmap approved by Cabinet, and the ongoing Transnet recovery plan (see the overview provided by Prof Havenga[6]), other developments such as allegations around corruption and mismanagement involving yet another senior Transnet executive[7] curtails optimism. Collaborative efforts between South Africa's public and private sectors are making strides in addressing the logistics crisis, but they must be intensified[8]. Although progress has been made, the journey ahead is challenging and time-consuming, and the problems will not disappear overnight. South Africa possesses the capability to rectify logistical problems and blockages, enhance its infrastructure, and leverage this situation to reinforce its leadership role regionally, continentally, and globally in supply chain management. The demand for efficient alternative routes and trade partners due to geopolitical and climate-induced congestion underscores the urgency for proactive measures in the development of partnerships between the public and private sectors.

[6] Havenga, J. 29/01/2024. Transnet needs 'the right, permanent management, quickly'.
[7] Mahlaka, R. 29/01/2024. Another Transnet executive falls — this time, the head of ports infrastructure.
[8] Maree, J. 01/02/2024. Logistics crisis: Reaching the point of turnaround.

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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 27 January to 2 February [9]

7-day flow forecast (27/01/2024 – 02/02/2024)		
TERMINAL	**NO. OF CONTAINERS[10] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 821	4 600
DURBAN CONTAINER TERMINAL PIER 2:	9 871	10 351
CAPE TOWN CONTAINER TERMINAL:	4 101	5 863
NGQURA CONTAINER TERMINAL:	5 987	6 116
GQEBERHA CONTAINER TERMINAL:	500	338
TOTAL:	**25 280**	**27 268**

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

Table 3 – Container Ports – Weekly flow predicted for 3 to 9 February

7-day flow forecast (03/02/2024 – 09/02/2024)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	5 302	5 120
DURBAN CONTAINER TERMINAL PIER 2:	12 553	8 578
CAPE TOWN CONTAINER TERMINAL:	5 332	6 496
NGQURA CONTAINER TERMINAL:	6 014	7 171
GQEBERHA CONTAINER TERMINAL:	1 548	2 034
TOTAL:	**30 749**	**29 399**

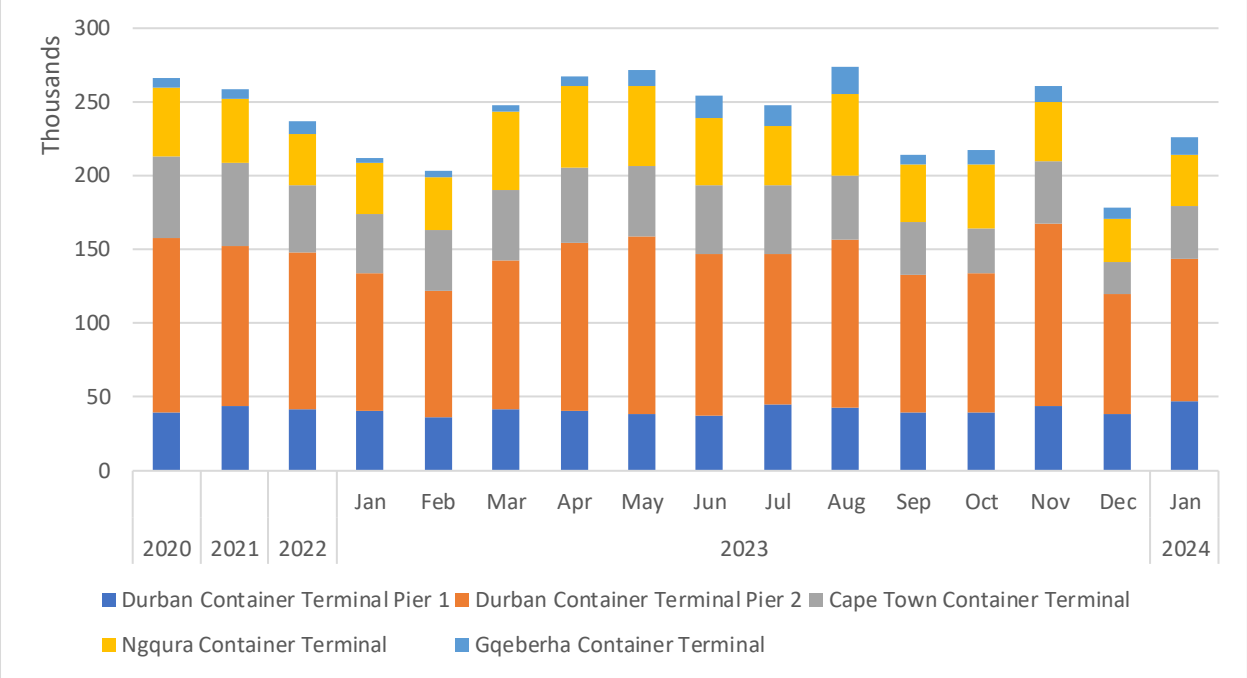
Source: Transnet, 2024. Updated 02/02/2024.

An average of **~7 507** containers (↑**10%**) was handled per day for the last week (*20 to 26 January*, *Table 2*), compared to the projected average of **~8 966 containers** (↓**16%** actual versus projected) noted in last week's report. For this week, an increased average of **~8 593 containers** (↑**15%**) is predicted to be handled (*27 January to 2 February, Table 3*) in a best-case scenario. Port operations this week were mainly characterised by equipment breakdowns and shortages, adverse weather conditions, and system outages.

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.

[9] 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.
[10] 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 continue. 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.

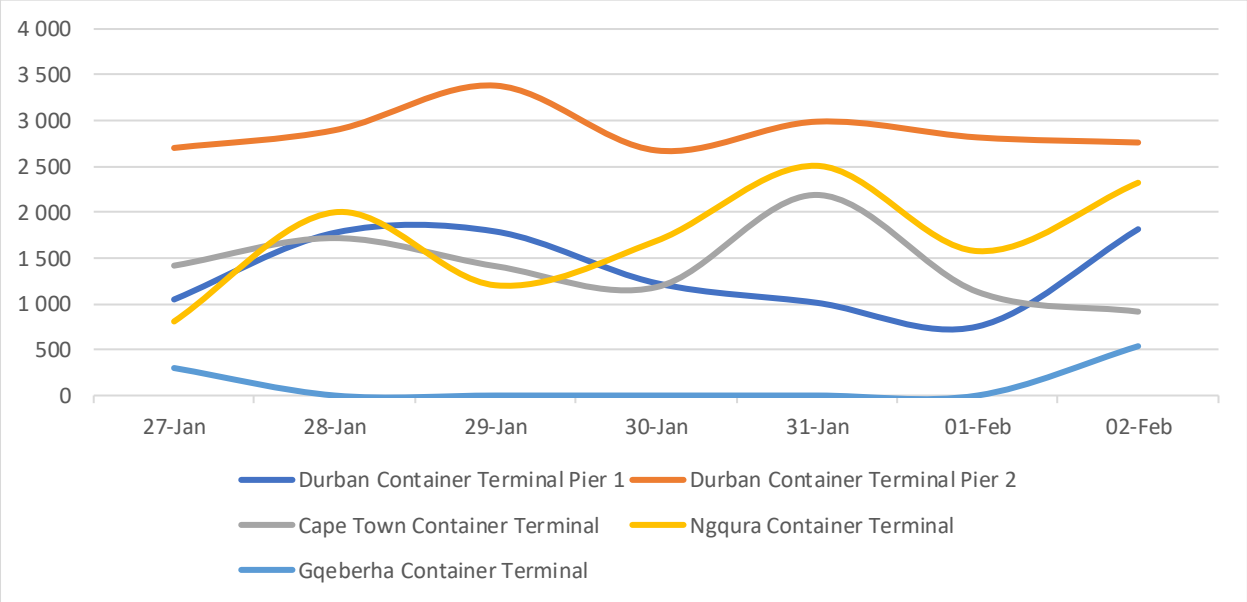
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



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

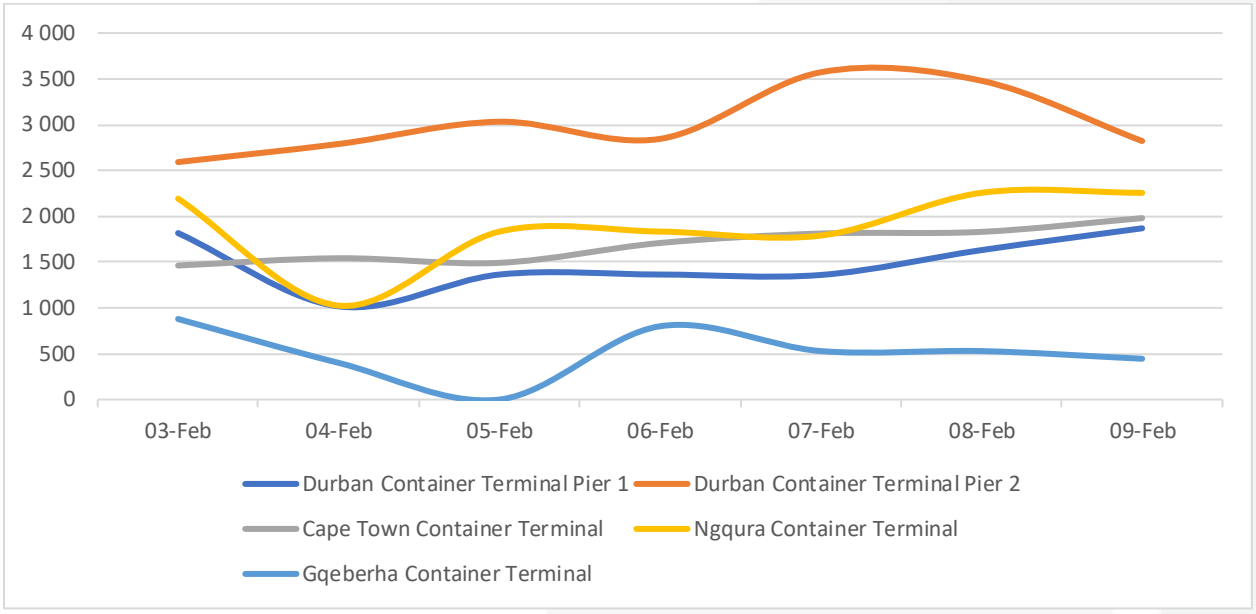
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (27 January to 2 February; per port; day on day)



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

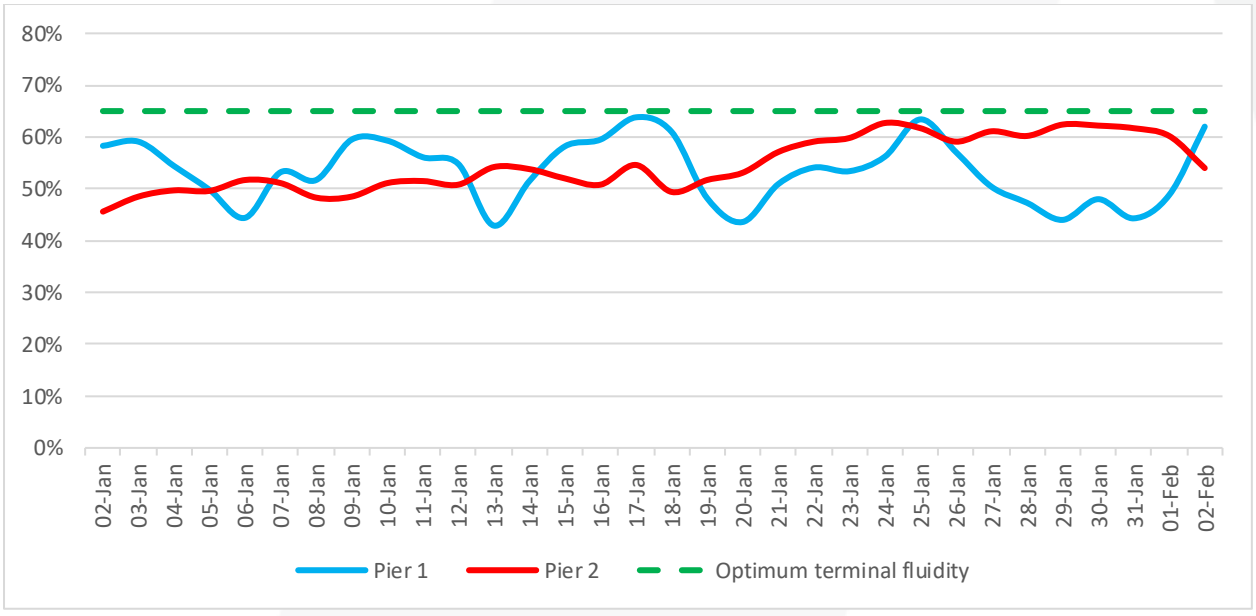
Figure 5 – 7-day forecast reported for total container movements (3 to 9 February; per port; a day on the day)



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

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

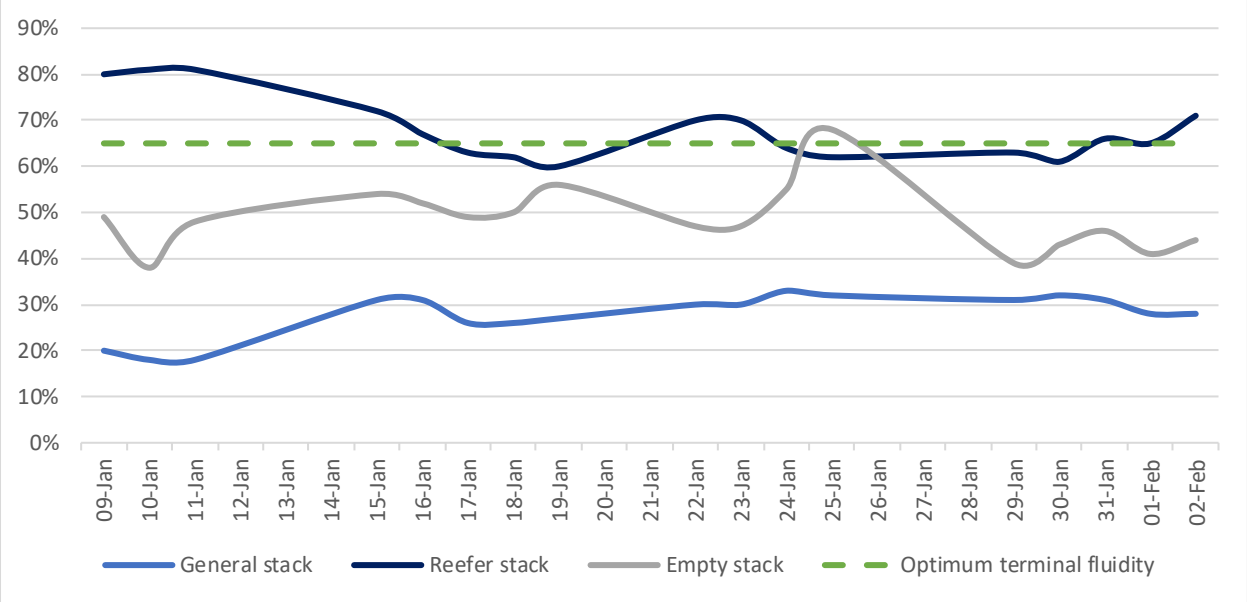
Figure 6 – Stack occupancy in DCT, general-purpose containers (2 January to present; a day on the day)



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

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 (9 January to present, day on day)



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

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

- The Port of Cape Town went windbound for more than 22 hours towards the end of the week.
- Equipment breakdowns and network challenges proved to be the main operational constraints in Durban.
- Fog and strong winds disrupted operations at our Eastern Cape ports this week.
- Some minor weather-related delays were reported from the Port of Richards Bay.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and four at anchor, as vessel ranging disrupted operations for approximately two hours. In the preceding 24 hours, stack occupancy for GP containers was recorded at 31%, reefers at 66%, and empties at 46%. In this period, the terminal moved 1 368 containers across the quay, while operating with eight STS cranes and 25 RTGs. Towards the end of the week, the terminal operated with seven STS cranes, as LC6 and LC9 were out of service. On the landside, despite being windbound for more than 22 hours in mid-week, 323 trucks were serviced, while 40 rail units were handled. Because of the delays, all export reefer stacks were placed on hold as Transnet urgently called on the industry to switch to reefer evacuation to create additional capacity. Lastly, the shore tensioner units have finally been cleared through customs and loaded out from the container. The commissioning date should be confirmed next week.

The multi-purpose terminal recorded two vessels at anchor and two at berth on Thursday. In the 24 hours leading to Friday, the terminal managed to service 303 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 203 container moves and 2 841 tons were handled across the quay on the waterside despite being delayed by strong winds for approximately four hours. Stack occupancy was recorded at 17% for GP containers, 53% for reefers, and 30% for empties during the same period. Earlier

in the week and similar to CTCT, the terminal was affected by wind from around 19:10 on Wednesday evening until at least 09:00 on Thursday morning.

During the week of 22-28 January 2024, the FPT terminal serviced nine vessels comprising three container vessels, four multi-purpose vessels, one breakbulk (fruit), and one bulk (cement) vessel. During that period, 3 283 TEUs were handled at 9,40 containers per hour, as well as 977,43 tons of breakbulk at 49,23 tons per hour. Additionally, 25 188 tons of cement was handled at 115,97 tons per hour, 2 831,40 tons of dry bulk was handled at 142,32 tons per hour, and 6 161 pallets of fruit was handled at 25,56 pallets per hour. The terminal planned to handle seven vessels between 29 January and 04 February and to handle another seven vessels between 05 January and 11 February. Most vessels at the terminal during this period were delayed by strong winds and fog for approximately four hours on average. However, the Ishyka was delayed for approximately 14 hours due to crane breakdowns.

iii. Durban

Pier 1 on Thursday recorded two vessels at berth, operated by five gangs, and zero vessels at anchor. Stack occupancy was 62% for GP containers and remained undisclosed for reefers. During the same period, the terminal recorded 1 097 gate moves on the landside, with an undisclosed number of cancelled slots and 125 wasted. The truck turnaround time was recorded at ~98 minutes, with an average staging time of ~59 minutes. At the beginning of this week, the terminal had 1 689 imports on hand, with 234 having road stops and 157 being unassigned. High traffic volumes at the terminal continued this week as appointments were held back on several occasions on Wednesday. In contrast, appointments at blocks B2 and C1 were ramped up on Friday due to free storage ending.

Pier 2 had four vessels at berth and six at anchorage on Friday. In the preceding 24 hours, stack occupancy was 54% for GP containers and undisclosed for reefers. The terminal operated with 11 gangs while moving 2 817 TEUs across the quay. During the same period, there were 1 860 gate moves on the landside with a truck turnaround time of ~139 minutes and a staging time of ~140 minutes. Additionally, 257 rail import containers were on hand, with 326 moved by rail. The situation regarding the straddle carriers improved somewhat during this period, as the terminal had about 61 straddles in operation. This brings the straddle carrier availability figure in the terminal to about 64%. That is currently approximately ↓20% below the number of machines that would be the minimum to satisfy industry demand; however, these are at least positive developments.

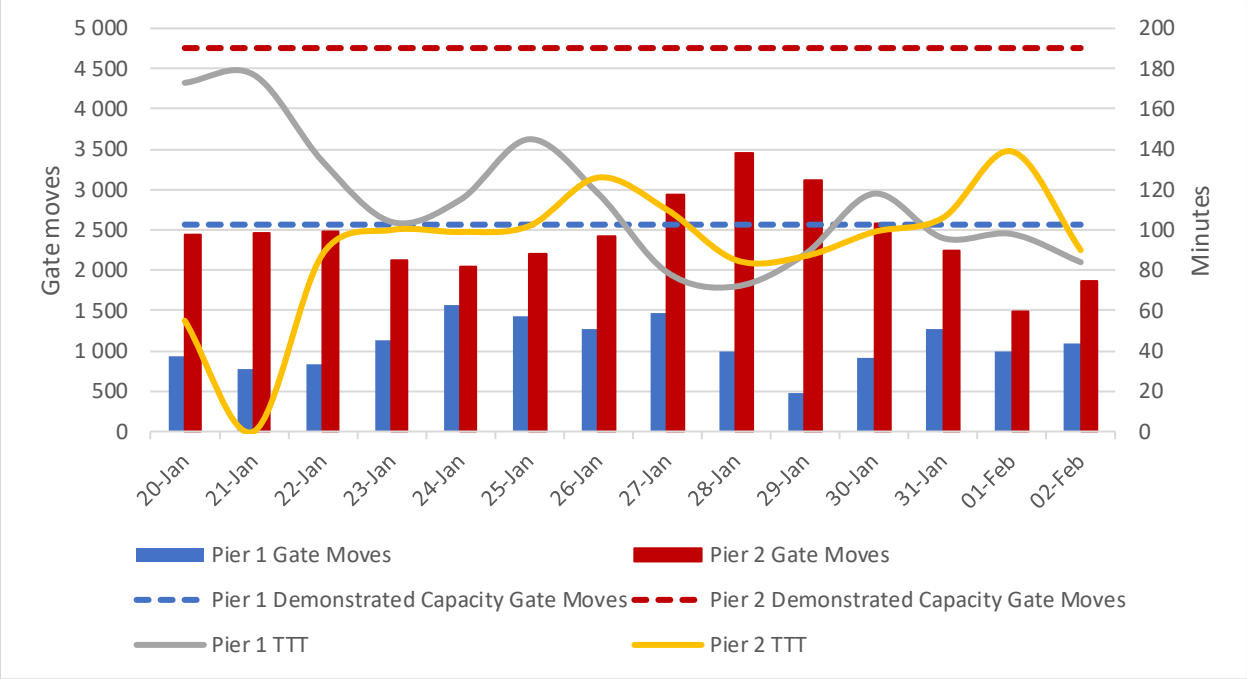
Earlier this week, TPT announced that the import-free storage days at DCT Pier 2 will be extended to 4,25 days from 1 February until 31 March 2023 for vessels with a discharge volume greater than 2,000 containers. The announcement further stated that this interim dispensation excludes IMDGs, which remain unchanged as published in the TPT Tariff book. Export stack date rules remain the same, and the terminal will continue to engage with shipping lines on a case-by-case basis for impacted vessels.

Durban's MPT terminal recorded two container vessels at berth on Thursday and two at outer anchorage while handling 446 TEUs on the waterside. Stack occupancy for breakbulk was recorded at 45% during that time and at 65% for containers. The terminal handled 282 container road slots, while 31 breakbulk road visits containing 762 tons were facilitated on the landside. During the same period, two cranes, six reach stackers, one empty handler, six forklifts and 15 ERFs were in operation. The latest reports suggest that the return of the fourth crane has been delayed until the end of February. On Wednesday, no volumes were handled on the waterside due to no vessels being on berth or at anchor. The terminal managed to service 138 RMTs containing 4 276 tons on the landside. At the Agri-bulk facility, 6 673 tons were moved across the quay on the waterside, but no volumes were handled on the landside.

On Tuesday, the Ro-Ro terminal in Durban recorded one vessel on the berth, with two at anchorage. In the 24 hours leading to Wednesday, the terminal handled 597 road units and 311 rail units on the landside while handling 269 units on the waterside. During the same period, general stack occupancy was recorded at 51%, Q/R was recorded at 70%, and the G-berth stack was recorded at 60%. The terminal had 233 high-and-heavies (abnormal loads) on hand while despatching 14. The late arrival of export carriers and a shortage of wagons ensured that operational targets on the landside were not met.

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, 2024 and updated 02/02/2024.

The recovery from port congestion continues, as all hands are on deck to alleviate the situation. At the end of Friday, 24 vessels were at anchorage (consisting of all vessel types), with the following snapshot of the port and vessels waiting to berth:

Figure 9 – Durban vessel view (per vessel group)

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

iv. Richards Bay

On Friday, Richards Bay recorded ten vessels at anchor, while 13 vessels were recorded on the berth, consisting of four at DBT, six at MPT, three at RBCT, and none 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 three vessels at anchor and three at berth while handling 218 207 tons on the waterside. On the landside, six trains were serviced. Furthermore, traffic authorities are issuing heavy fines to tipper trucks, causing congestion en route to the port, while Reload Logistics acquired a 50 000 square meter bulk sulphur terminal at the port.

v. Eastern Cape ports

On Thursday, NCT recorded two vessels on the berth and one vessel at the outer anchorage, with three vessels 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. The port's original pilot boat remains out of service; however, an outsourced pilot boat is being used in the interim to service waterside activities. Stack occupancy was 33% for GP containers and 66% for reefer ground slots, as a total of 2 323 TEUs were processed on the waterside. Additionally, 433 trucks were serviced on the landside at a truck turnaround time of ~44 minutes. No trains were serviced on the landside.

GCT on Friday recorded zero vessels 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 80% for GP containers, 100% for reefers, and 69% for reefer ground slots. The next vessel to arrive is anticipated to bring some relief to the congested reefer stack. On the waterside, 538 TEUs were handled across the quay. Additionally, 199 trucks were serviced on the landside at a truck turnaround time of ~15 minutes. Strong winds and dense fog challenged the terminal throughout the week.

The Ro-Ro terminal only had one vessel this week, which arrived on 03 February. Reports have yet to be received regarding the performance of the vessel. Additionally, stack occupancy was recorded at 89% towards the latter end of the week.

On Tuesday, the Port of East London recorded zero vessels at berth and anchor. In the 24 hours leading to Wednesday, the terminal received 53 trucks at a truck turnaround time of ~13 minutes, resulting in a stack occupancy figure of 60% on the container side. Three bulk trucks containing 68 tons were also received. The

Ro-Ro terminal had 2 018 units on hand while receiving a further 383 units, resulting in a stack occupancy figure of 40%.

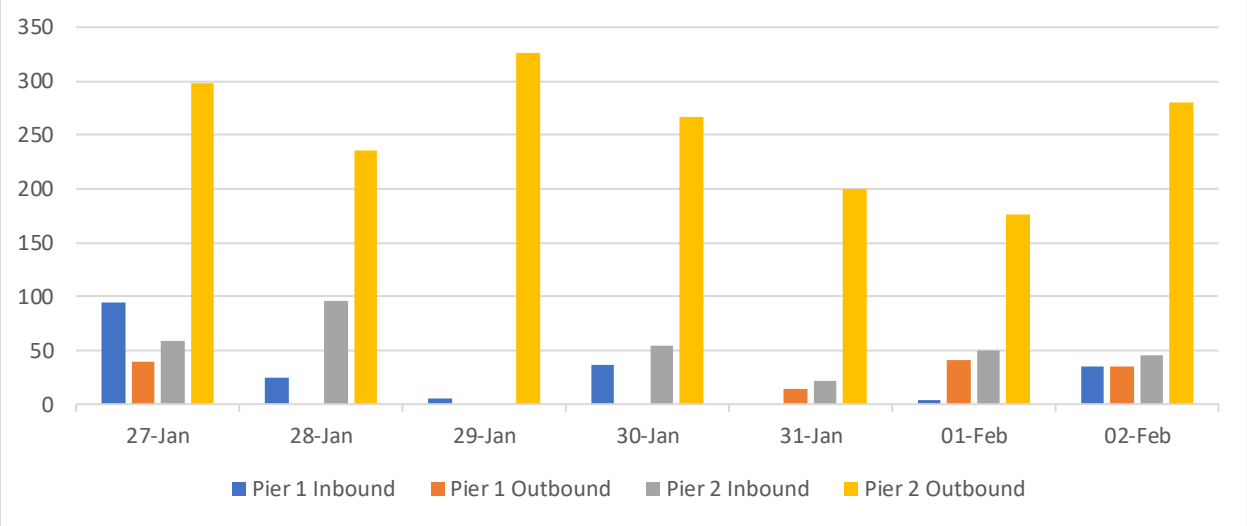
vi. Saldanha Bay

On Friday, 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 one on the berth. The vessels at anchor have been waiting outside for approximately 1-6 days, while the vessels in port have been on the berth for between 1 and 4 days.

vii. Transnet Freight Rail (TFR)

No reports were received from TFR this week; however, a derailment occurred between Pier 1 and the back of the port over the weekend, which impacted operations accordingly. A shortage of rail wagons ensured that operational targets at the Ro-Ro terminal in Durban could not be met on several occasions throughout the week. Towards the end of the week, DCT Pier 2 had 160 over-border units on hand with a dwell time of 21 days and 96 ConCor units on hand with a dwell time of 96 hours. Rail containers on hand were split as follows: Pier 1: 82, Pier 2: 257.

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



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

In the last week (*27 January to 2 February*), rail cargo handled out of Durban was reported at **2 441** containers, up by **↑7%** from the previous week's **2 284** 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 22 January. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *January 2023* averaged **~605 287 kg** per day.

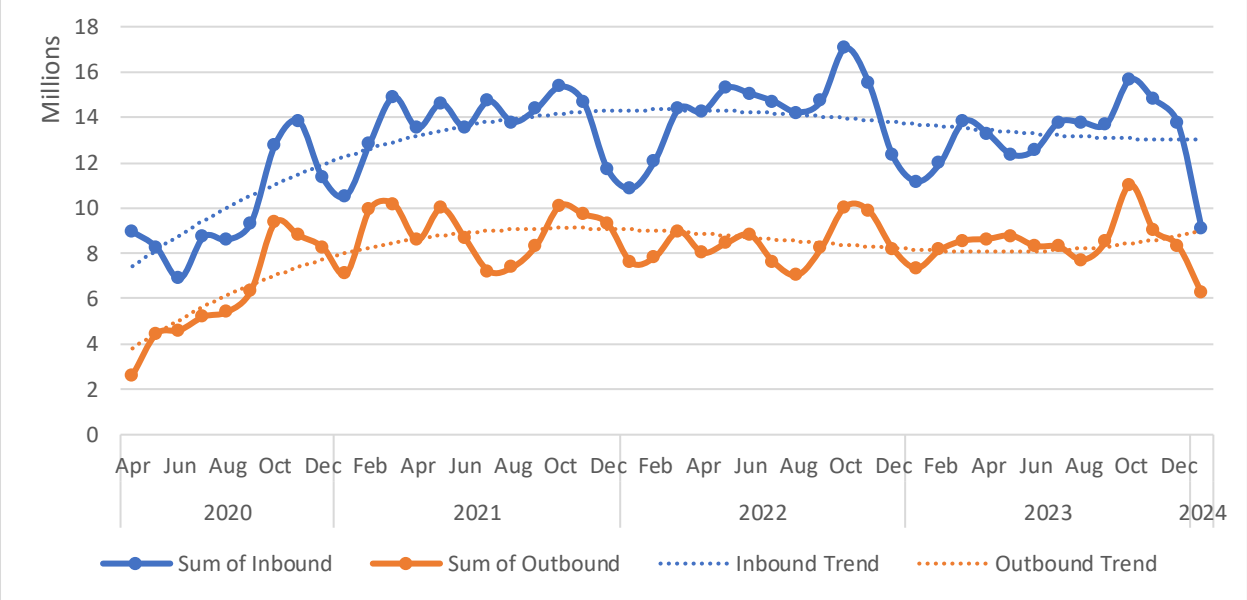
Table 4 – International inbound and outbound cargo from OR Tambo[11]

Flows	22-Jan	23-Jan	24-Jan	25-Jan	26-Jan	27-Jan	28-Jan	Week
Volume inbound	462 383	247 054	307 140	222 267	413 887	308 964	778 043	**2 739 738**
Volume outbound	177 549	169 730	215 814	179 978	239 196	232 491	579 689	**1 794 447**
Total	**639 932**	**416 784**	**522 954**	**402 245**	**653 083**	**541 455**	**1 357 732**	**4 534 185**

Courtesy of ACOC. Updated: 29/01/2024.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **391 391 kg** inbound (**↑11%**, w/w) and **256 350 kg** outbound (**↑11%**), resulting in an average of **647 741 kg per day**. In accordance with the seasonal trends observed at this time of the year, there continues to be a noticeable increase in the handled volume; however, the industry remains slightly down on historical levels. This week, for example, the total volumes exceeded the comparative period last year (**~107%**) but remain down on the pre-pandemic levels of January 2019 (**~93%**). The following graphs show the movement since the pandemic's onset for ORTIA, with the January[12] drop-off noticeable:

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



Courtesy of ACOC. Updated: 29/01/2024.

3. Road and Regional Update

a. Cross-border and road freight delays

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

- The median border crossing times at South African borders decreased by **an hour**, averaging **~10,9 hours** (**↓9%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by **nearly three hours** and averaged **~6,3 hours** (**↓29%**, w/w).

[11] Only ORTIA's international volumes are shown. ORTIA handles ~87% of international cargo to and from South Africa.
[12] The total figures for January includes the 21 days already captured, as well as a projected volume until the end of the month based on current trends.

- Work on the Shurugwe-Mhanamabwe road between Beitbridge and Chirundu has begun, which will hopefully decongest Harare and cut down the distance to Chirundu by approximately 200km[13].
    - The cost is reported at **$41 million,** and the road will stretch for around 43km.
- The queue to the Sakania border reached 13km on Monday, with transporters reporting as much as two days of standing time.
    - The local Council is charging an additional 100 Kwacha "transit fee" each way.
- There was queueing at Beitbridge this past weekend as the queue stretched back to the Baobab truck park, allegedly caused by Limpopo traffic control measures.
- Zambian borders are now only accepting cash for electronic payments when the network is down, which was not well communicated by Zambian authorities.
- Elsewhere, drivers were forced to pay a fee for not carrying medical kits at a Kafue Checkpoint in Zambia.
- 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[14], 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 5 – Delays[15] summary – South African borders (both directions)

Border Post	Direction	HGV[16] 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	431	11,5	11,2	39,0	12 930	3 017
Beitbridge	Zimbabwe-SA	370	7,4	3,1	19,1	11 100	2 590
Groblersbrug	SA-Botswana	236	0,0	3,1	13,4	7 080	1 652
Martins Drift	Botswana-SA	181	0,5	0,3	1,3	5 430	1 267
Kopfontein	SA-Botswana	225	0,3	0,5	3,2	6 750	1 575
Tlokweng	Botswana-SA	15	0,1	0,2	0,3	450	105
Vioolsdrift	SA-Namibia	30	0,2	1,3	2,5	900	210
Noordoewer	Namibia-SA	20	0,2	0,3	2,5	600	140
Nakop	SA-Namibia	30	0,2	1,1	3,2	900	210
Ariamsvlei	Namibia-SA	20	0,2	0,4	0,6	600	140
Skilpadshek	SA-Botswana	214	1,3	2,1	5,5	6 420	1 498
Pioneer Gate	Botswana-SA	56	0,6	1,1	2,0	1 680	392
Lebombo	SA-Mozambique	1 446	3,0	1,4	9,3	43 380	10 122
Ressano Garcia	Mozambique-SA	125	0,5	0,5	17,0	3 750	875
Weighted Average/Sum		**3 399**	**1,8**	**1,9**	**8,5**	**101 970**	**23 793**

Source: TLC, FESARTA, & Crickmay, week ending 28/01/2024.

[13] Sneha, a. 19/01/2024. Zimbabwe Breaks Ground On 43km Road Project.
[14] FESARTA TRANSIST Bureau.
[15] 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.
[16] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly but rather monthly.

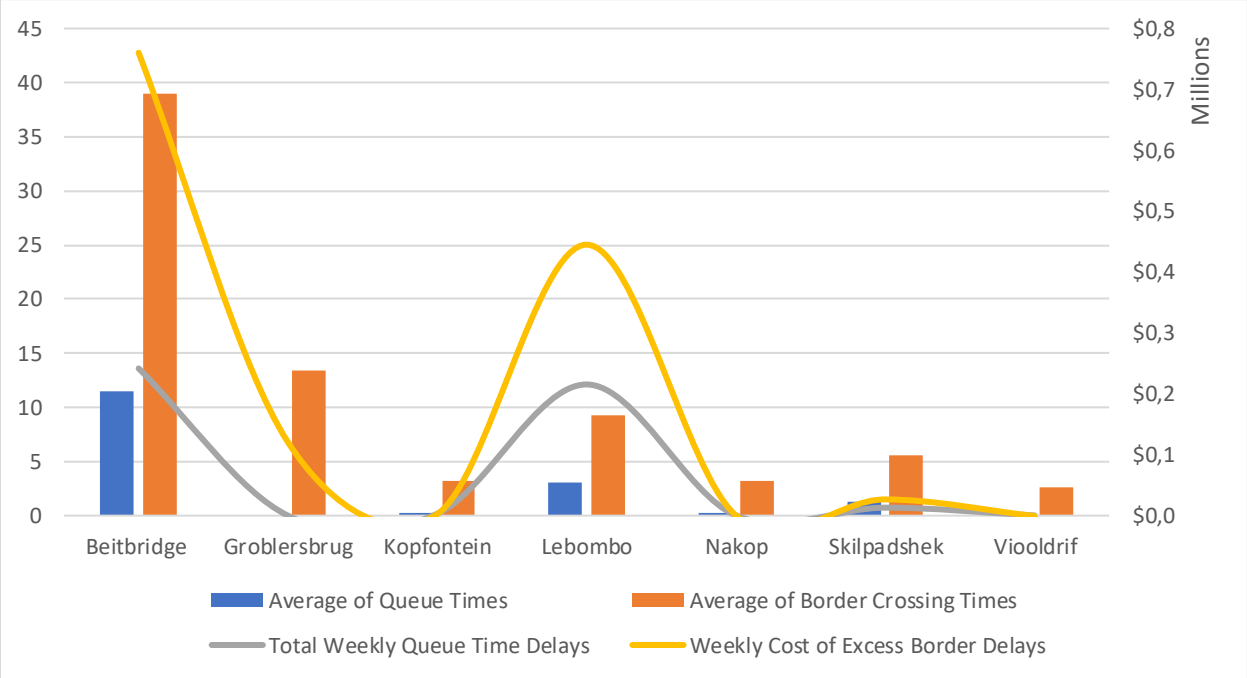
Table 6 – Delays summary – Corridor perspective

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	3,5	2,7	14,3	9 600	2 240
Central Corridor	798	0,0	0,3	3,8	23 940	5 586
Dar Es Salaam Corridor	1 819	9,9	0,9	16,5	54 570	12 733
Maputo Corridor	1 571	1,8	1,0	13,2	47 130	10 997
Nacala Corridor	127	0,0	0,0	0,0	3 810	889
North/South Corridor	3 530	4,5	2,3	12,3	105 900	24 710
Northern Corridor	2 817	0,2	0,0	1,0	92 520	21 588
Trans Caprivi Corridor	116	0,0	0,5	3,1	3 480	812
Trans Cunene Corridor	100	0,0	2,8	4,8	3 000	700
Trans Kalahari Corridor	300	0,8	1,0	2,9	9 000	2 100
Trans Oranje Corridor	100	0,2	0,8	2,2	3 000	700
Weighted Average/Sum	**11 598**	**2,3**	**1,0**	**6,8**	**355 950**	**83 055**

Source: TLC, FESARTA, & Crickmay, week ending 28/01/2024.

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

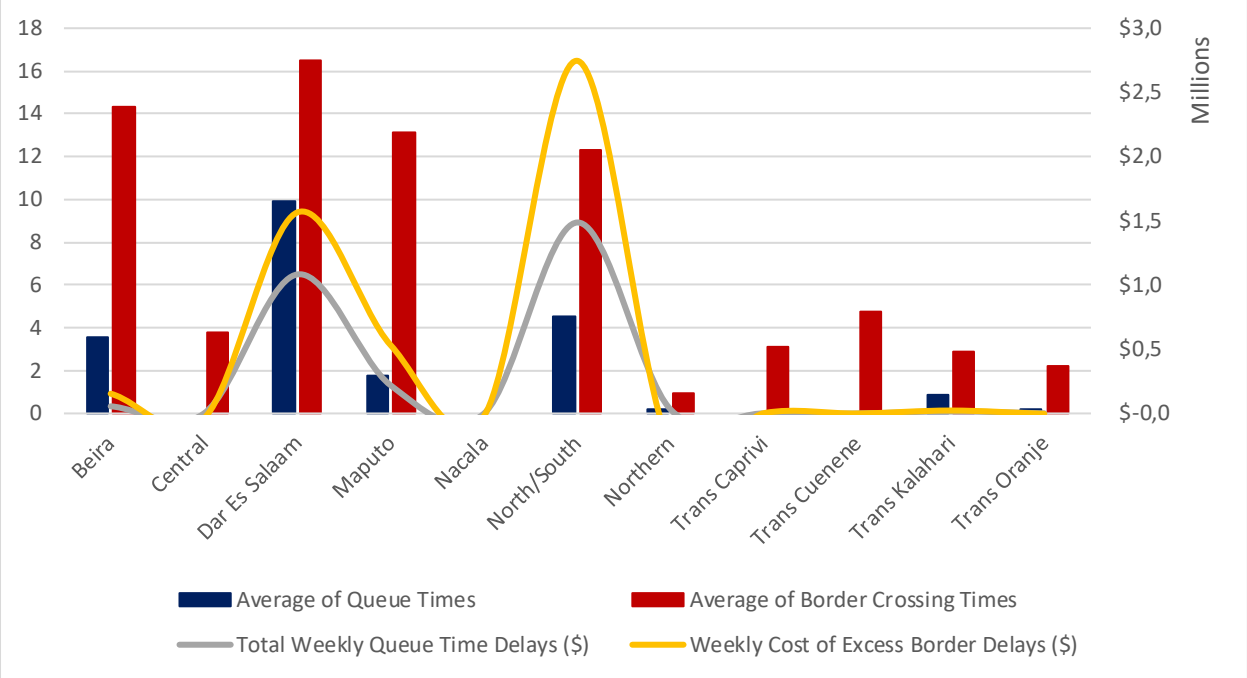
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions)



TLC, FESARTA, & Crickmay, week ending 28/01/2024.

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 28/01/2024.

In summary, cross-border queue time averaged **~2,3 hours** (up by **~0,2 hours** from the previous week's **~2,2 hours**), indirectly costing the transport industry an estimated **$2,9 million** (**R54 million**). Furthermore, the week's average cross-border transit times hovered around **~6,8 hours** (down by **~2,4 hours** from the **~9,2 hours** recorded in the previous report), at an indirect cost to the transport industry of **~$2,9 million** (**R54 million**). As a result, the total indirect cost for the week amounts to an estimated **~$4,7 million** (**R88 million**, down by **~R21 million** or **↓12,8%** from **~R164 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 the **(a)** global shipping industry and the **(b)** global aviation industry.

a. Global shipping industry

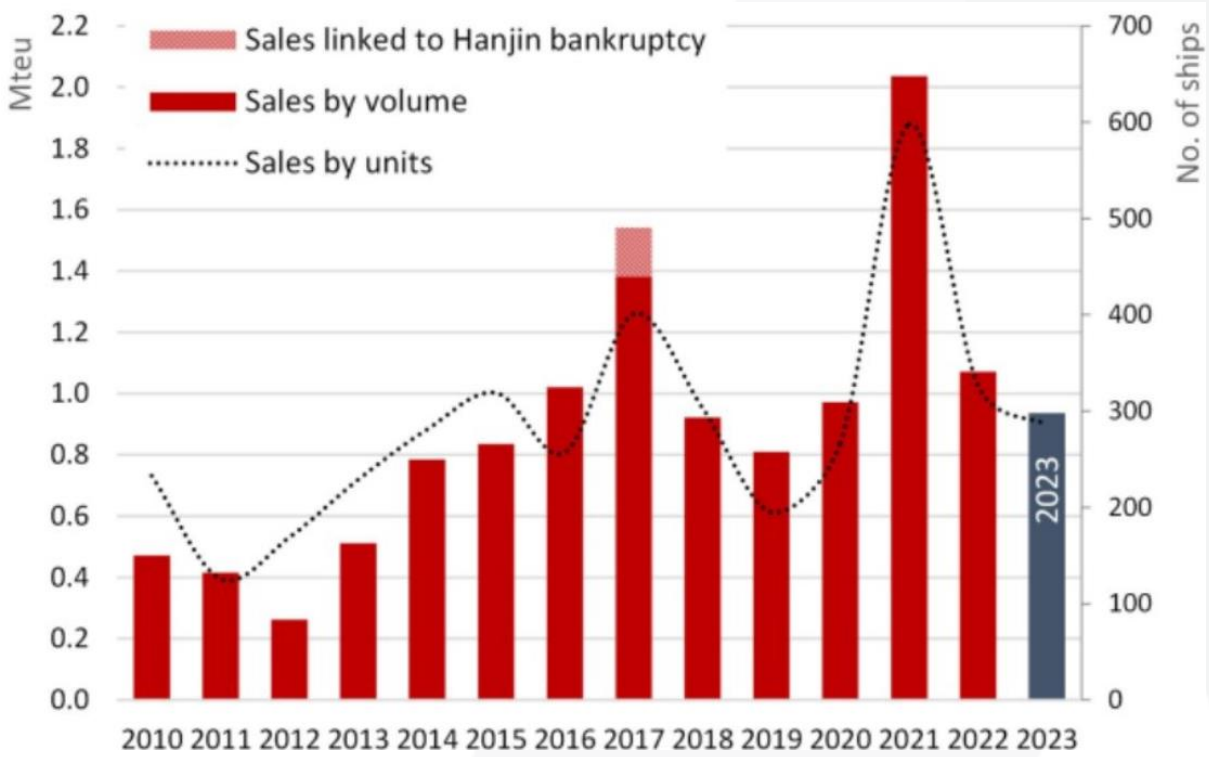
i. Global container summary

Global port congestion has slowly crept up (**↑15%**, w/w) this week and is currently affecting **1,71 million TEUs** (**5,3%** of the total fleet), as global demand is increasing as we head into the Chinese New Year next week. The idle containership fleet currently stands at **0,4%** of the total, as the last 30 days saw a total of approximately **283 000 TEU** capacity being added to the total fleet – mainly in new ship deliveries. Although new ship deliveries in January will exceed **300 000 TEU** with several ships still due to be delivered in the next few days, this has not been sufficient to cater for the increased demand with the current Linerlytica market barometer remaining very bullish[17]. In the second-hand market, the number of container vessels sold in the

[17] Linerlytica. 30/01/2024. Market Pulse 2024 Week 05.

second-hand market declined for the second year running in 2023 to a total of 285 ships of **934 523 TEU** – way less than the boom in 2021:

Figure 14 – Container ships sales in the second-hand market



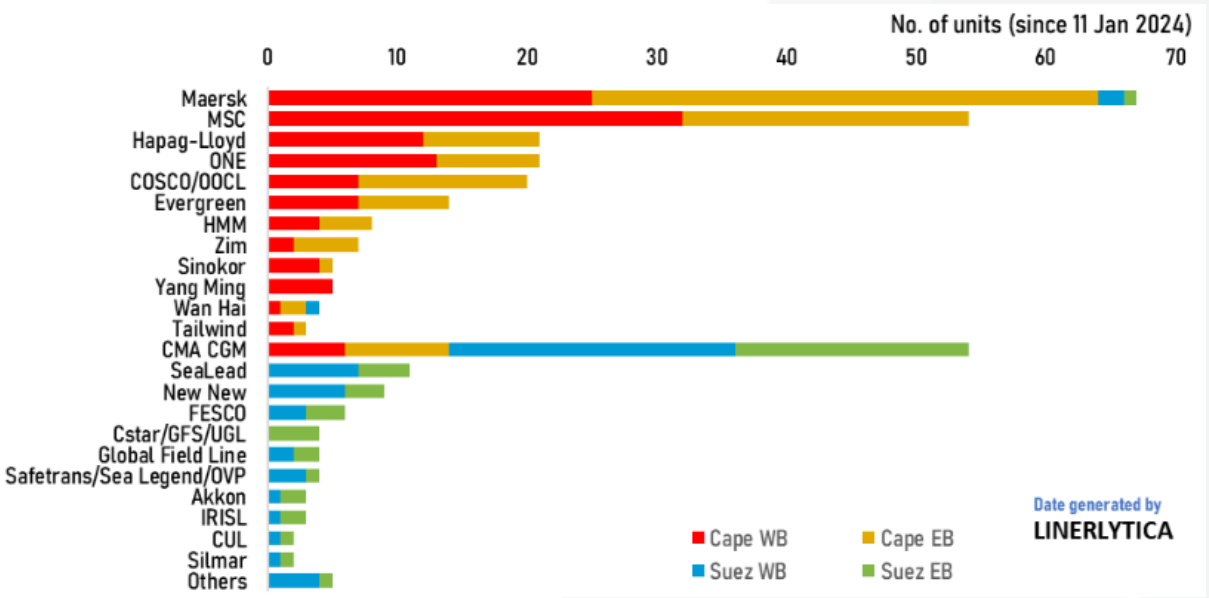
Source: Alphaliner

After a record year for second-hand transactions in 2021, demand from potential buyers has been impacted by the enormous pipeline of new building tonnage, which began in earnest in mid-2023, as well as the implementation of IMO's new Carbon Intensity Indicator (CII) regulation. The latter is expected to render older, smaller and less energy-efficient ships increasingly expensive to operate (note the discussion on cost pressures below), reducing their value and deployment potential.

ii. Red Sea update

Approximately **30%** of the global shipping fleet continues to be impacted by the crisis in the Red Sea – with varying contingency strategies adopted by major carriers. As of this week, Maersk has withdrawn all of its ships from the Gulf of Aden, including its US-flagged ships on the MECL service connecting India/Middle East with the US East Coast, following rocket attacks on two of its ships on 23 January. Despite the heightened security risks, CMA CGM has retained the Suez/Red Sea routing for its ships on the Asia-Europe/Med route, with only its USEC-Asia and Oceania services currently re-routed to the Cape route:

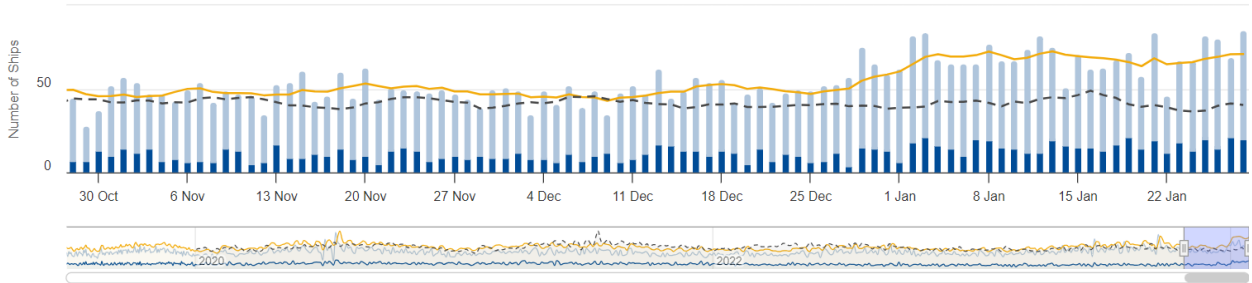
Figure 15 – One in three containerships remain on the Red Sea/Gulf of Aden route



Source: Linerlytica

At least 19 other carriers serving Asia to Med and Baltic trades are maintaining their Suez routing even after US and UK forces launched attacks on Houthi bases on 11 January, accounting for approximately **30%** of all containerships that previously used that route. CMA CGM ships have received French naval escorts, while one Chinese carrier has cited Chinese naval escorts even though the leading Chinese carrier, COSCO, has not sent a single ship on the Red Sea route since December. The traffic around the Cape of Good Hope has increased as follows:

Figure 16 – Cape of Good Hope: Daily transit calls



Source: IMF Port Watch

The divergence of Red Sea vessels around the Cape of Good Hope – needing to steam much faster to maintain schedules – is further putting cost pressures on the industry as demand increases. Sailing via the Cape of Good Hope means unavoidable extra nautical mileage – the distance from Singapore to Rotterdam via the Cape with no other ports in between, for example, is nearly 3 600nm longer than going via the Suez Canal at 8 300nm. Sea Intelligence last week provided some excellent insights into the emissions increases resultant from various factors[18]. In summary, estimates suggest CO^2 emissions could rise by **↑260%** to

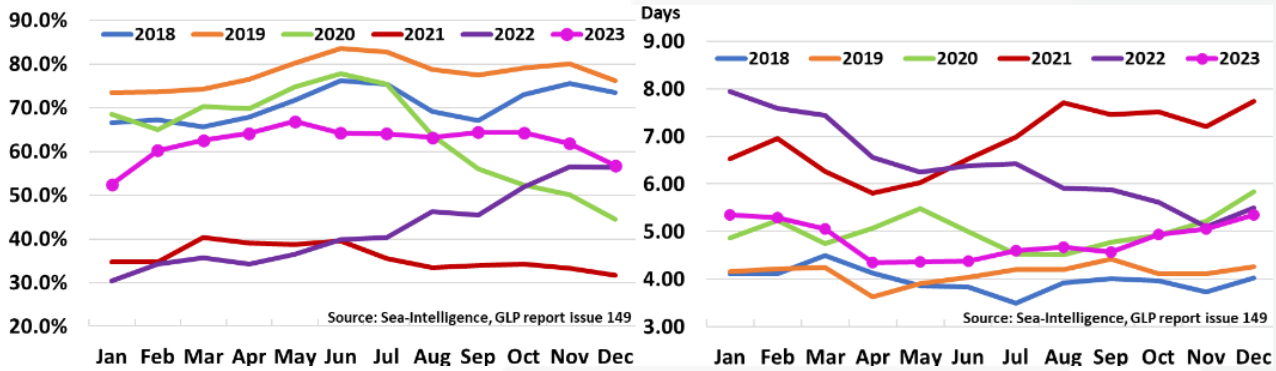
[18] Murphy, A. 24/01/2024. Red Sea Crisis: Increase in CO^2 emissions.

↑**354%** for North Europe and the Mediterranean, respectively, with no viable mitigation strategies for emissions resulting from extended sailing distances.

iii. Global schedule reliability

The ongoing crises in the global shipping industry (not only the Red Sea but also the Panama Canal drought) are not helping schedule reliability. In December 2023, global schedule reliability experienced a significant monthly decline of ↓**5,0%**, reaching **56,8%**, marking the most significant drop since February 2021 and the second-lowest reliability level for 2023. Annually, December 2023's schedule reliability was only marginally higher than that of December 2022 by ↑**0,4%** (y/y). Additionally, due to round-of-Africa sailings, the average delay for late vessel arrivals worsened, increasing by ↑**0,30** days month-over-month to **5,35 days**:

Figure 17 – Global schedule reliability (%) and global average delay for late vessel arrivals (days)



Source: Sea Intelligence

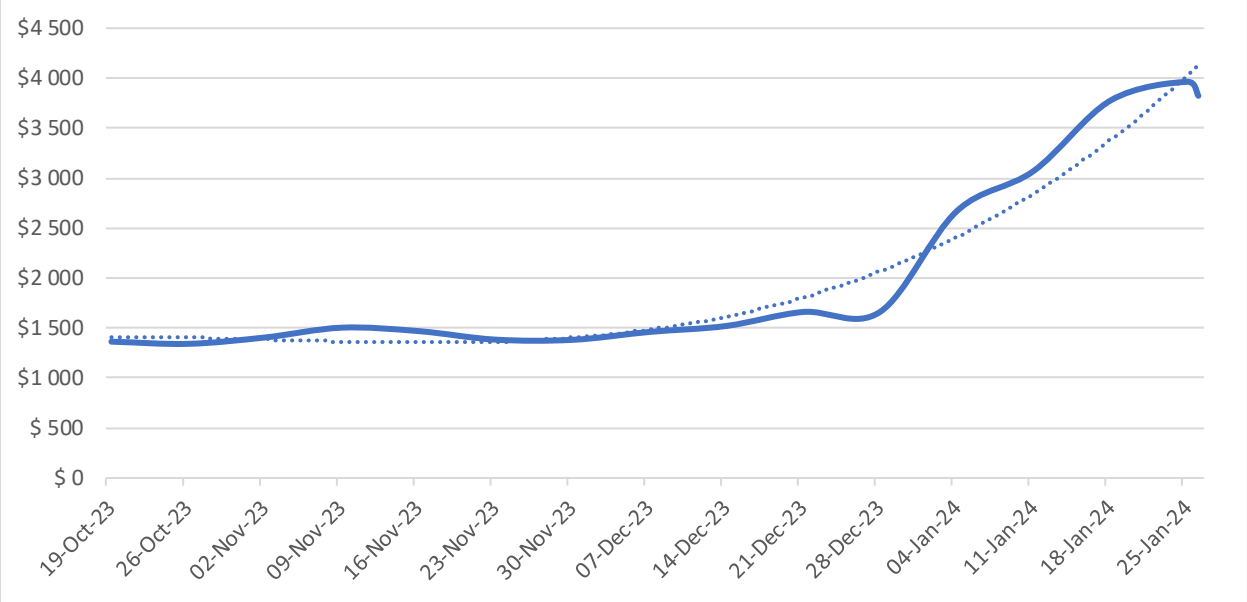
Evergreen emerged as the most reliable among the top 13 carriers, achieving a schedule reliability of **63,6%**, with CMA CGM being the only other carrier to surpass the **60% mark**. Six carriers maintained reliability between **50% and 60%**, while the remaining five carriers fell between **40% and 50%**, with Yang Ming being the least reliable at **45,6%**. None of the top 13 carriers experienced a month-over-month improvement in schedule reliability due to increased transit times around Africa, and only four carriers managed a year-over-year improvement.

iv. Global container freight rates and carrier profits

In the last week, global container rates reached their turning point, as the "*World Container Index*" changed its trajectory after eight weeks and dropped by ↓**3,5%** (or **$140**) to **$3 824** per 40-ft container[19]. Surprisingly, the usual pre-Chinese New Year (CNY) demand seems to be lacking this year, as noted by some analysts[20]. The following figure illustrates the rates since the onset of the Red Sea crisis on 19 October 2023, when Yemen's Houthi movement initiated a series of attacks, targeting Southern Israel and the ships in the Red Sea it claimed were linked to Israel:

[19] Drewry. 01/02/2024. World Container Index.
[20] Wackett, M. 02/02/2024. Spot rates ease as Red Sea diversions become routine.

Figure 18 – World Container Index assessed by Drewry (last six months, $ per 40 ft. container)



Source: Compiled from Drewry Ports and Terminal Insights

The figure is curious for two main reasons, notably that **(1)** disruptions in any of the major trade lanes influence the entire market, and **(2)** the typically delayed onset of disruptions (approximately 60 days – or the typical service length from East to West calling at ten significant ports). All-in-all, the composite index remains up by **↑88%** higher compared to the same week last year and **↑169%** higher than the average 2019 pre-pandemic rates of **$1 420**. Drewry expects rates to continue plateauing as China's factories gear down in February. Charter rates continue to rapidly catch up, as the Harper Petersen Index (*Harpex*) is currently trending at ***1 061 points***, up by **↑5,7%** (w/w) and even surpassing 2023 levels (**↓6,2%**)[21].

v. Further developments of note

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

1. **Australian dock workers end strike:**
    a. DP World and the Maritime Union of Australia (MUA) have settled a four-year agreement, ending a four-month-long strike over pay disputes at Australian ports, which cost the economy an estimated **A$86 million** (**$56 million**) weekly[22]. The agreement addresses fair compensation, safety measures, fatigue management, job security, and work-life balance.
    b. While the strike has ceased, container backlog issues persist across major ports, potentially extending delays and increasing costs into March. Despite the resolution, concerns linger regarding long-term cost implications for industry and consumers due to wage increases above the inflation rate. Approval from employees and the Fair Work Commission is

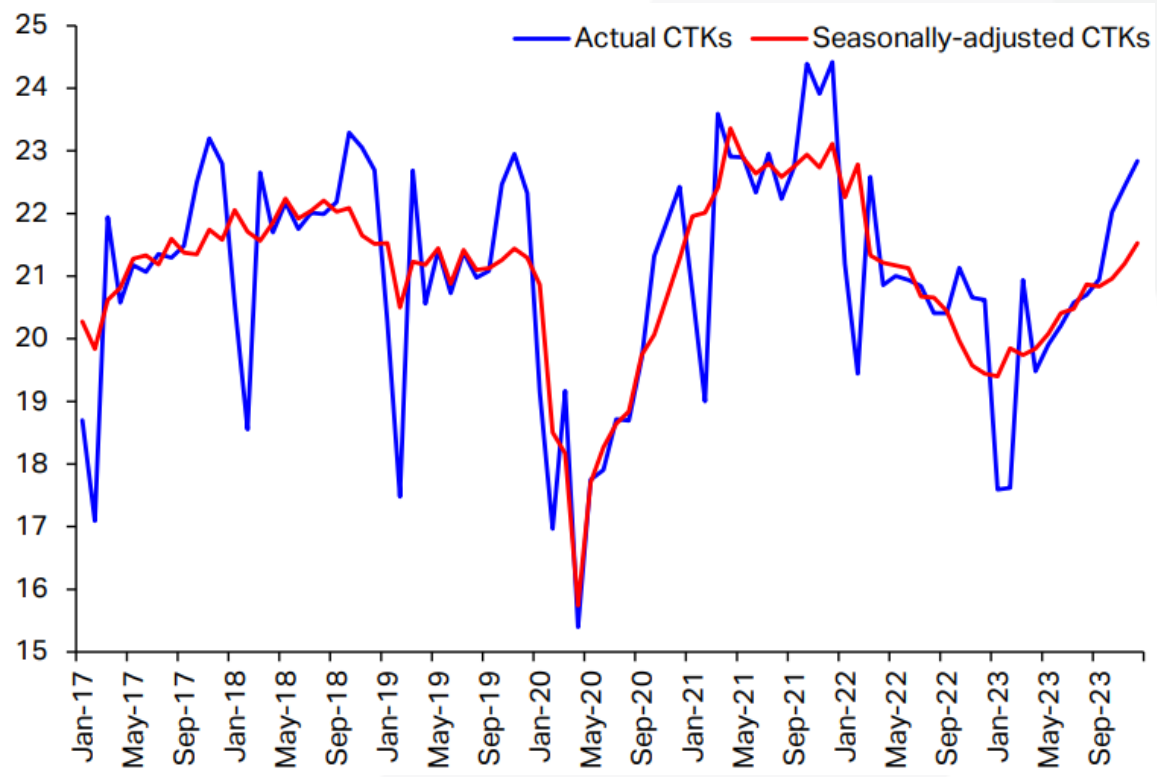
[21] Harper Petersen Index. 02/02/2024. HARPER PETERSEN Charter Rates Index.
[22] Goldstone, C. 02/02/2024. Dock workers down under end strike at DP World.

pending, with the agreement set for a four-year term, signalling mutual satisfaction with the terms.

b. Global air cargo industry

This week, IATA released its latest "Air Cargo Market Analysis" for December, noting how global air cargo traffic saw a notable year-on-year increase of **↑10,8%**, marking the most substantial annual growth in air cargo tonne-kilometres (CTKs) over the past two years[23]. This surge brought the annual average 2023 figures to within **1,9%** of the traffic seen in 2022:

Figure 19 – Industry CTKs (billions per month)



Source: IATA

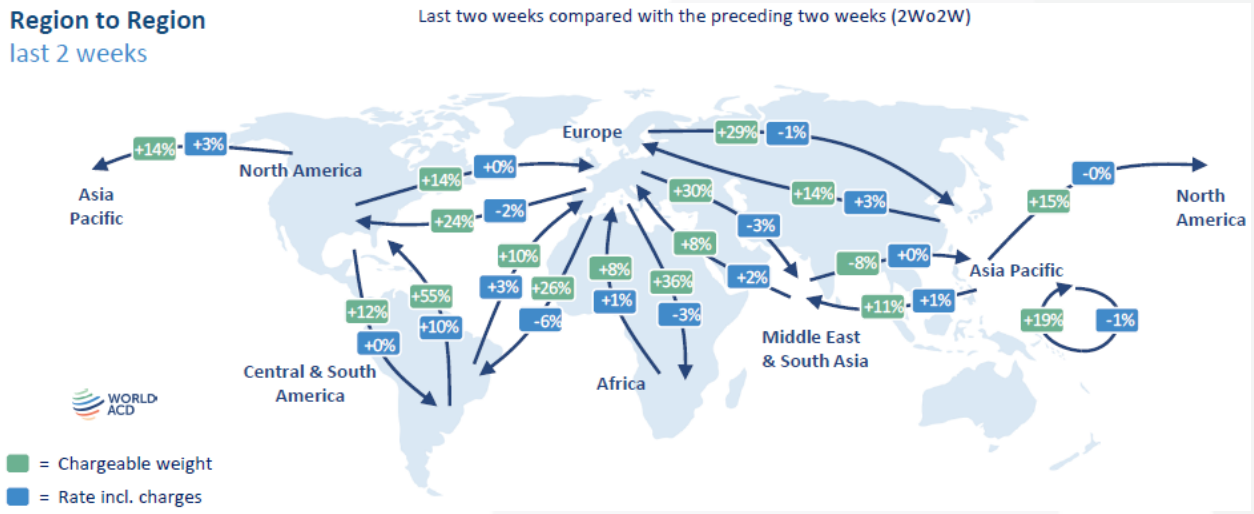
Additional metrics for December showed that global international cargo tonne kilometres (CTKs) surged by **↑11,5%** (y/y), with growth evident across all major trade lanes (Africa was the only poor performer and dropped by **↓1,4%**), bringing the year 2023 to just **↑2,2%** below the international traffic level of 2022. Furthermore, December witnessed record highs in available cargo tonne-kilometres (ACTKs), driven by the expansion of international passenger belly capacity, contributing to a **↑13,6%** (y/y) rise in December's ACTK. Consequently, total air cargo capacity for 2023 expanded by **↑11,3%** compared to 2022. Despite the capacity expansion, cargo load factors experienced a slight decline, ending the year with an average of **44,0%** - which remains historically low.

In the high-frequency data, global air cargo tonnages continued to build in the final whole week of January, ahead of the Lunar New Year (LNY) on 10 February, taking volumes for the last two weeks and for January

[23] IATA. 01/02/2024. Air Cargo Market Analysis – December 2023.

as a whole well above their levels this time last year, according to the latest figures from World ACD Market Data. Preliminary figures for January as a whole show a **↑14%** increase compared with January 2023; however, the figures are somewhat skewed, with the LNY falling on 22 January last year, with the week following LNY typically seeing a significant drop in tonnages ex-Asia Pacific. Nevertheless, there has been an underlying trend of higher year-on-year tonnages for several months, boosted by solid e-commerce traffic demand and modal shifts because of the disruptions to container shipping in the Red Sea. The following figure illustrates the regional changes in the last two weeks, with massive shifts for African cargo:

Figure 20 – Capacity, chargeable weight and yield (%, last five weeks)



Source: World ACD

Initial figures for week 4 (22 to 28 January) indicate that global air cargo tonnages rose by a further **↑5%** compared with the previous week, following a **↑25%** week-on-week (WoW) rise in week two and a further **↑4%** increase in week 3, taking tonnages back up close to their levels in the final weeks of Q4. Average global prices have remained relatively stable throughout January, at an average of **$2,33 per kg**, compared with around **$2,60** in early to mid-December. Expanding the comparison period to two weeks, total combined tonnages for weeks 3 and 4 this year were up by **↑18%** globally, compared with the preceding two weeks (2w/2w), with average rates stable and capacity up **↑3%**. In the coming weeks, the increase in air cargo demand caused by disruptions in sea freight is expected to persist beyond LNY, driven by ocean container shortages at origin ports, leading to rising air cargo rates on specific trade lanes.

In other air cargo news, Germany experienced significant strikes at the German rail service last week, along with the farmer protests that are still ongoing. This week, the industry has been advised of a strike by airport security personnel taking place on the 1 February 2024 at all German airports[24].

ENDS[25]

[24] Reuters. 01/02/2024. Striking airport security staff ground flights across Germany.

[25] **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.*