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Cargo movement update[1]

Date: 6 October 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)	26 462	27 290	**53 752**	22 762	24 323	**47 085**	**↑14%**
Air Cargo (tons)	3 271	1 880	**5 151**	2 986	2 103	**5 089**	**↑1%**

Monthly Snapshot

Figure 1 – Monthly[4] cargo volume levels, year on year (100% = baseline; >100% = growth)

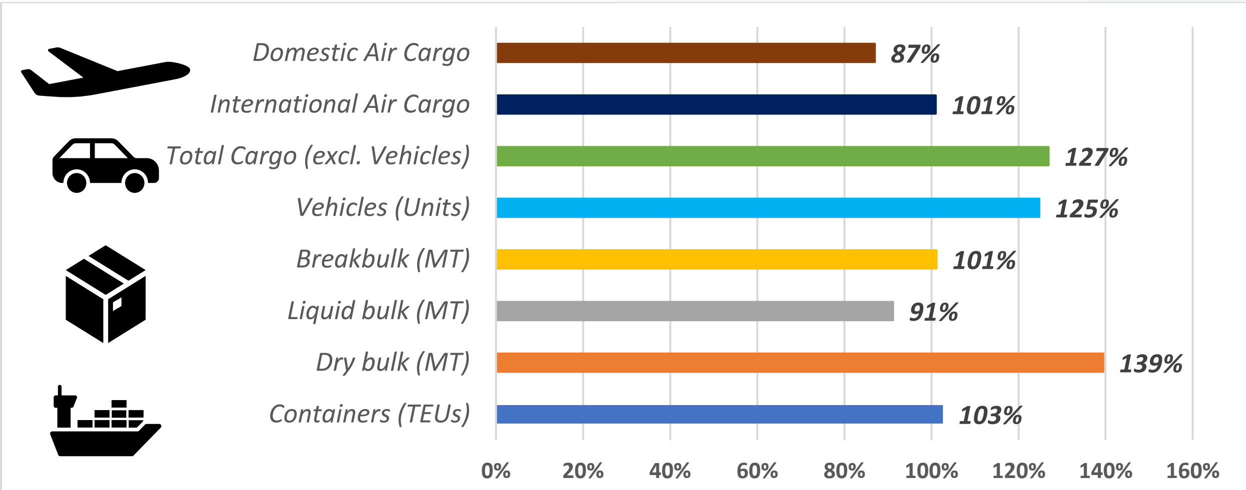
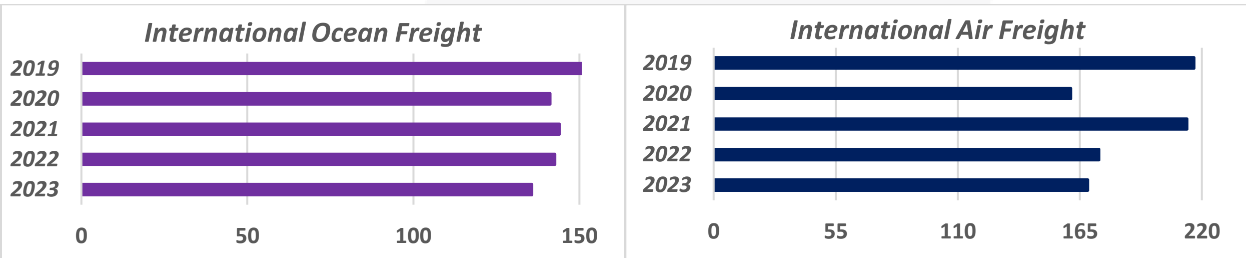


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 679 containers** was handled per day, with **~6 672 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 335** containers for the week, **↓2%** (w/w).
- SARS merchandise trade (August): exports (**↑4,5%**, m/m), imports (**↑6,3%**); YTD surplus: **R32 billion**.
- Cross-border queue times were **↓2,3 hours** (w/w), with transit times **↑0,8 hours** (w/w); SA borders increased by **~1,6 hours**, averaging **~7,6 hours** (**↑27%**); Other SADC borders averaged **~9,7 hours** (**↑10%**).
- Global freight rates decreased by **↓1,1%** (or **$14**) to **$1 390** per 40-ft container this week. YTD: **$1 738**.
- Global cargo tonne-kilometres (CTKs) increased by **↑1,5%** (y/y) in August, as rates moved up to **$2,37/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 *157th* 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; Ocean: Aug vs Aug. Air: Aug vs Aug.
[5] For ocean, total Jan-Jul cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-Aug cargo to and from ORTIA is used.

Executive Summary

This update – *the 157th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Commercial ports handled an average of **7 679 containers** per day – significantly up versus the **6 726** last week. However, several factors still impacted peak port performance this week, notably extensive network challenges, adverse weather conditions, frequent equipment breakdowns and shortages, and congestion. The Port of Cape Town was particularly affected on numerous fronts this week as its performance generally remained sub-par. At the same time, adverse weather conditions and network issues in Durban were the main culprits of operational delays there this week. After picking up an "EDU snag" issue late last week, the Durban helicopter remained out of commission for the entire week. The technical team hoped to return the aircraft to service over the weekend. According to reports received earlier this week regarding the MoorMaster system at NCT, ten units are back online but are not enough to see the machine recommissioned. Additionally, The ConCor line was out of commission for most of Monday due to monthly maintenance.

In the global container shipping industry, carriers hesitate to cut capacity despite declining rates and no cargo roll pools ahead of China's Golden Week. The standoff is expected to continue throughout the year, with capacity increasing despite flat global demand. MSC has extended its lead over Maersk, with its fleet reaching **5,36 million TEU**, while Maersk's operated fleet has shrunk to **4,12 million TEU**. Port congestion remains low, affecting only about **6%** of the industry. Freight rates have decreased, and the industry appears to be settling at low levels, with further declines expected as volumes remain lacklustre. Other developments include **(1)** the FMC throwing out an 'unjustified' congestion charge complaint against MSC, **(2)** Medlog winning the contract to operate a trimodal hub serving Paris, and **(3)** ILWU filed bankruptcy to deal with ongoing litigation with ICTSI Oregon.

On the air freight front, international air cargo to and from South Africa increased marginally in the last week (**↑1%**) – led by imports (**↑10%**). On the domestic front, cargo remains significantly down from last year (**~86%**). Internationally, global air cargo tonne-kilometres increased by **↑1,5%** (y/y), marking the first year-on-year growth in 19 months, but industry CTKs were still **↓1,3%**% lower than their 2019 levels, according to IATA's latest report. Air cargo capacity, measured in available cargo tonne-kilometres, grew by **↑12,2%** (y/y), driven by increased belly capacity during the northern summer. Moreover, while air cargo demand has shown signs of realignment with industrial production and cross-border trade, the ongoing contraction in global trade remains a concern for air cargo demand.

In regional cross-border road freight trade, average queue times decreased by **two and a quarter hours,** while transit times increased by **48 minutes** compared to last week. The median border crossing times at South African borders increased by **an hour and a half**, averaging **~7,6 hours** (**↑27%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by approximately **an hour** and averaged **~9,7 hours** (**↑10%**, w/w). On average, several SADC border posts took more than a day to cross, notably Beitbridge, Kasumbalesa, Katima/Mulilo (the worst affected, taking around two days to cross), and Moyale OSBP. Further notable developments included **(1)** President Cyril Ramaphosa presiding over the BMA launch in Musina and **(2)** the DRC President becoming personally involved in addressing ongoing border and trade issues.

In summary, the turbulent waters at Transnet are evident for all to see, with several high-profile resignations in the last few days[6] - as widely predicted[7]. The struggles of the rail sector have been laid bare in recent years, with much of the daily **R1 billion** that Transnet is costing the economy occurring in the failed railway space. Turning around Transnet and the rail sector requires significant operational and structural reforms, which will not happen simply due to changes in senior management; there must also be some outside involvement. Experienced personnel who opted for voluntary retrenchment must be brought back into the organisation. The private sector is involved in these efforts, including plans to publish a Freight Logistics Roadmap for stabilising operations, attracting private sector investment, and unbundling the transport sector, similar to the changes proposed for the energy sector.

It is evident that Transnet faces a host of challenges, including underinvestment in capital equipment and maintenance, redirecting funds to where they can most effectively be spent, and inviting private sector participation in infrastructure repair through concession arrangements. Structural reforms must continue and involve unbundling Transnet, creating a state-owned infrastructure company, and introducing a transport regulator, allowing third-party operators on the rail network. Despite obvious potential stumbling blocks, the changes initiated by Minister Gordhan are expected to bring substantial and lasting transformations to South Africa's state sector, notably leveraging private sector skills and resources in both energy and logistics – decisively overturning the archaic ideal of mainly publicly-run models. These changes cannot happen quickly enough and must be prioritised by both the providers of spatial infrastructure and operations (i.e., mainly the state) and the users of the logistics network (i.e., mainly the private sector).

[6] Mahlaka, R. 05/10/2023. Transnet leadership exodus continues, with Siza Mzimela the latest to leave.
[7] Paton, C. 03/10/2023. Carol Paton | Huge change lies down the line as heads start to roll at Transnet.

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 30 September to 6 October[8]

7-day flow forecast (30/09/2023 – 06/10/2023)		
TERMINAL	NO. OF CONTAINERS[9] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 603	4 910
DURBAN CONTAINER TERMINAL PIER 2:	10 638	10 148
CAPE TOWN CONTAINER TERMINAL:	5 893	4 469
NGQURA CONTAINER TERMINAL:	5 462	6 434
GQEBERHA CONTAINER TERMINAL:	866	1 329
TOTAL:	**26 462**	**27 290**

Source: Transnet, 2023. Updated 06/10/2023.

Table 3 – Container Ports – Weekly flow predicted for 7 to 13 October

7-day flow forecast (07/10/2023 – 13/10/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 224	5 045
DURBAN CONTAINER TERMINAL PIER 2:	12 461	7 632
CAPE TOWN CONTAINER TERMINAL:	3 117	3 108
NGQURA CONTAINER TERMINAL:	4 902	4 101
GQEBERHA CONTAINER TERMINAL:	492	625
TOTAL:	**26 196**	**20 511**

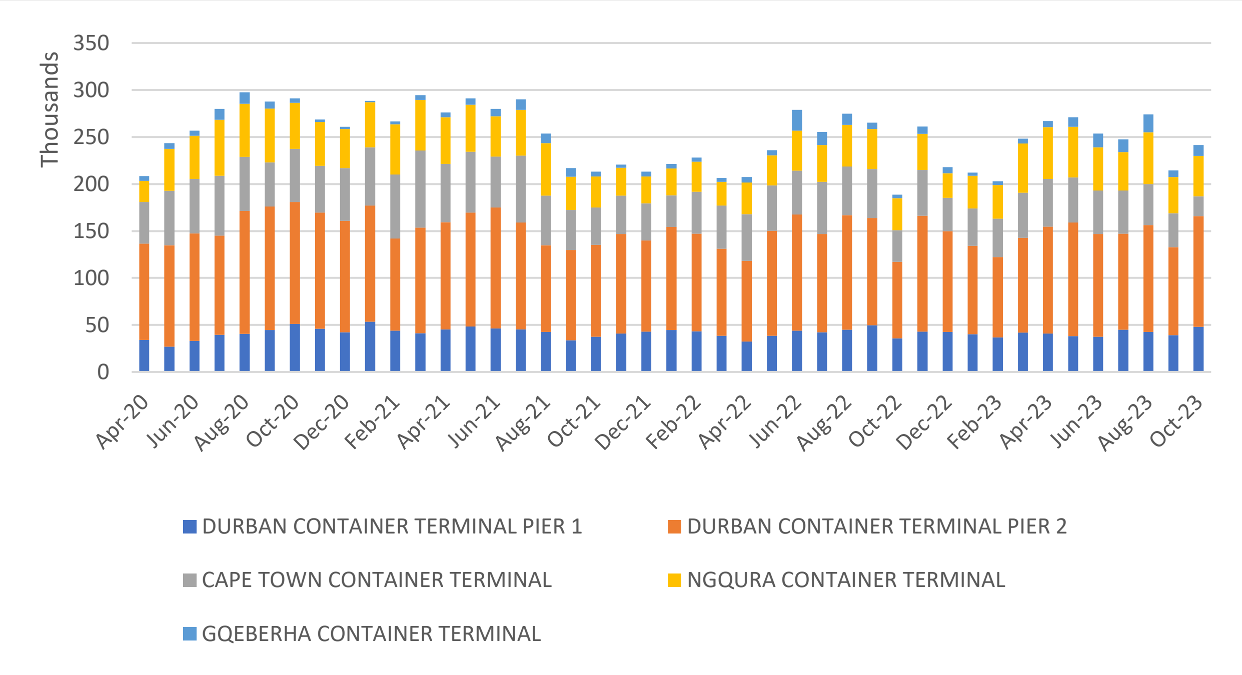
Source: Transnet, 2023. Updated 06/10/2023.

An average of **~7 679 containers** (↑**14%**) was handled per day for the last week (30 September to 6 October, *Table 2*), compared to the projected average of **~7 945 containers** (↓**3%** actual versus projected) noted in last week's report. For this week, a decreased average of **~6 672 containers** (↓**13%**) is predicted to be handled (7 to 13 October, *Table 3*). Port operations were typified by extensive network challenges, adverse weather conditions, frequent equipment breakdowns and shortages, and congestion (primarily due to slow handling rates).

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.

[8] It remains important to note that a large percentage (approximately 37% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.
[9] 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.

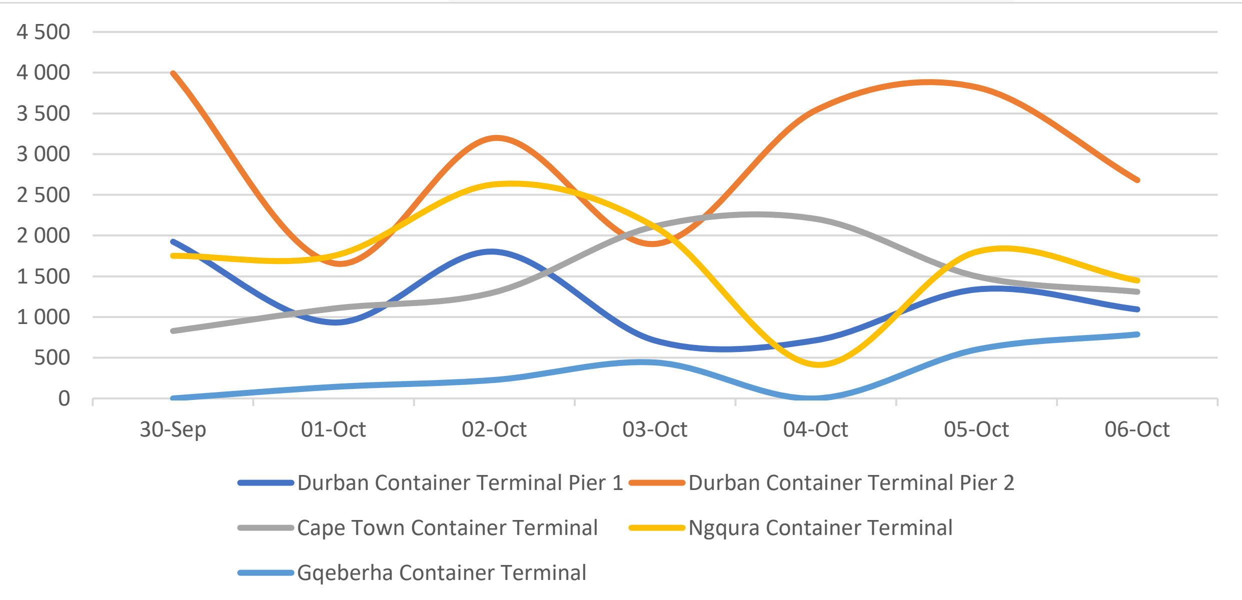
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 06/10/2023.

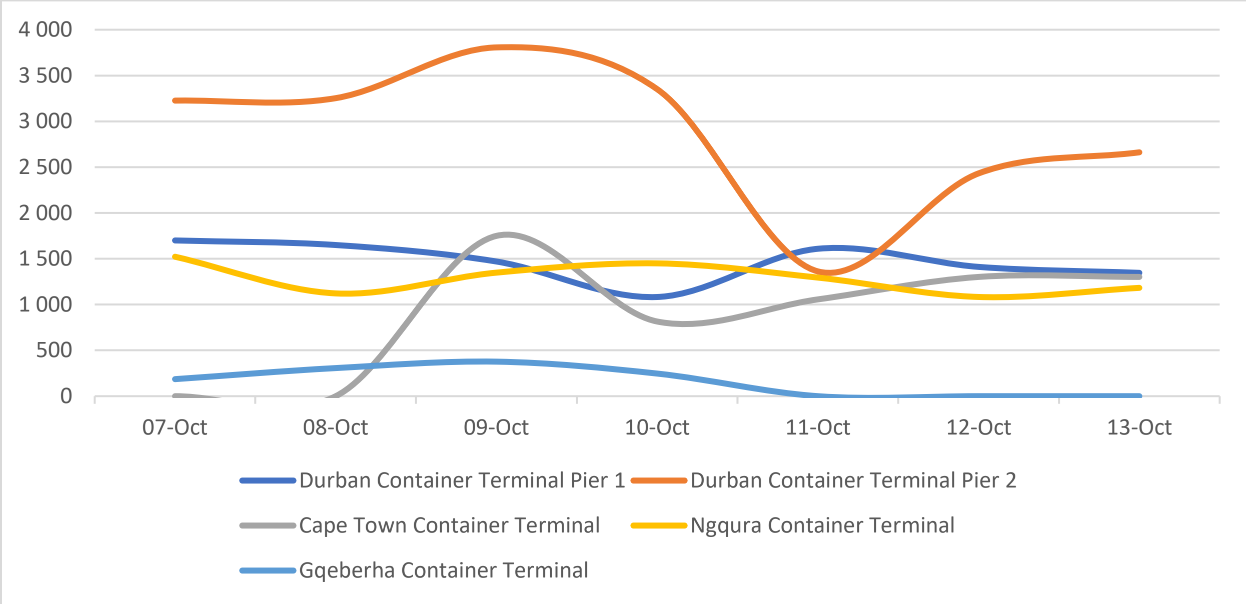
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (30 September to 6 October; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 06/10/2023.

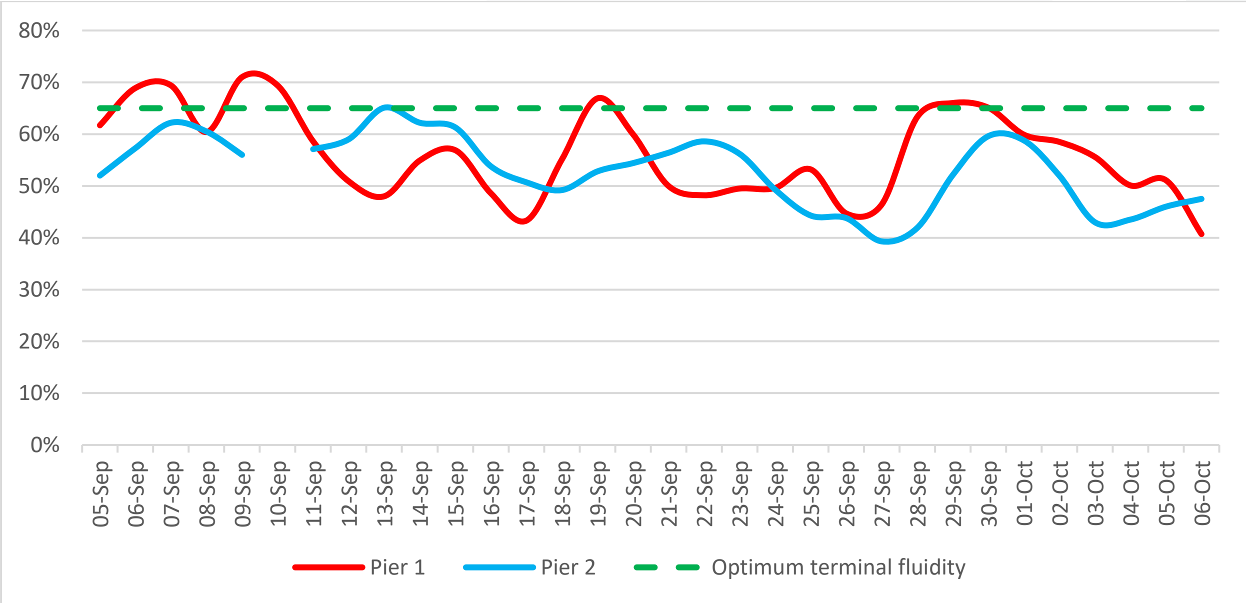
Figure 5 – 7-day forecast reported for total container movements (7 to 13 October; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 06/10/2023.

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

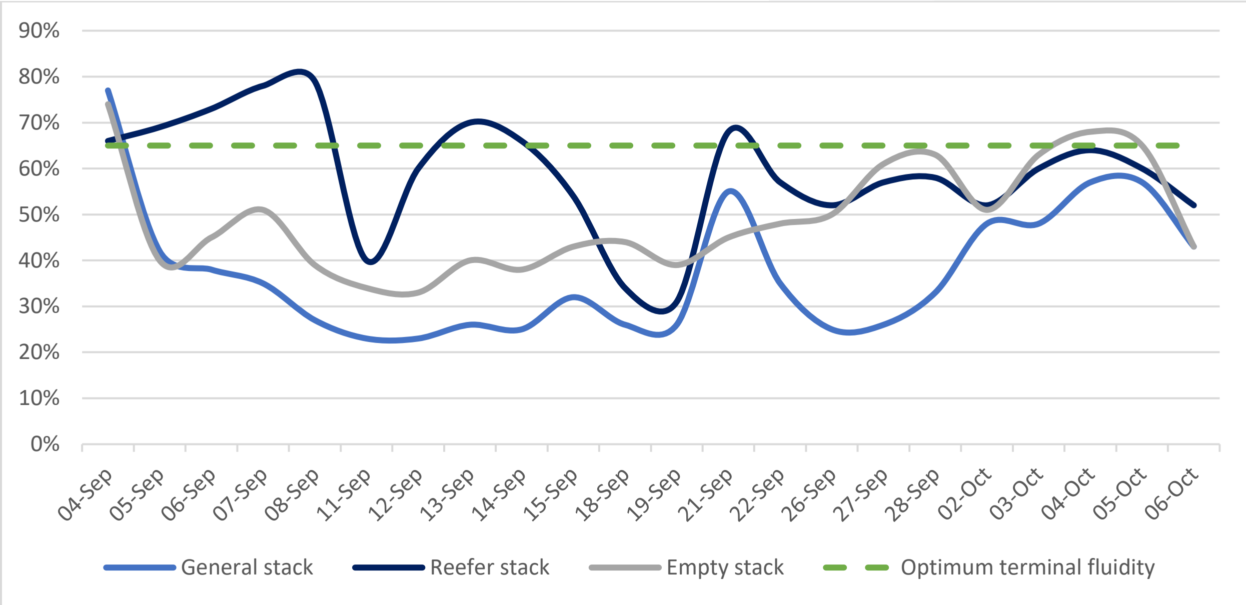
Figure 6 – Stack occupancy in DCT, general-purpose containers (5 September to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 06/10/2023.

The following figure shows daily stack occupancy in Cape Town over a similar period.

Figure 7 – Stack occupancy in CTCT, GP, reefer, and empty stack (4 September to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 06/10/2023.

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

- The Port of Cape Town was challenged on several fronts as port performance remained very poor, quite apart from any impact of the weather.
- Adverse weather conditions and network issues in Durban resulted in operational delays.
- Inclement weather and equipment breakdowns at Eastern Cape ports also impacted cargo flows.
- The main topic of discussion in Richards Bay this week was the fire that broke out in the woodchip plant.

ii. Cape Town

On Friday, CTCT recorded three vessels at berth and one at anchor. The terminal went windbound around 04:50 on Friday, expecting strong winds to persist through Sunday. Stack occupancy for GP containers was recorded at 43%, reefers at 52%, and empties at 43%. In the latest 24-hour period to Friday, the terminal handled 1 427 TEUs across the quay while 862 trucks were serviced on the landside, with 41 rail import containers on hand.

The port was extensively challenged during the early stages of the week, contributing to its poor operational performance. An accident on the N2 delayed the start-up of the afternoon shift on Monday by approximately two hours. During the same period, at block D8, a private truck hit a container, further delaying operations, while a system failure between 20:00 and 21:30 also created some operational challenges. Additionally, crane QC4 remained out of commission for most of the week. The crane was anticipated to return to service by Thursday; however, strong winds prevented final testing to be completed on time. Not that an extra crane will help much, given the alarming shortage of RTGs in the terminal!

The multi-purpose terminal, on Wednesday, recorded zero vessels at anchor and two at berth. In the prior 24 hours, the terminal managed to service 195 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 211 TEUs and 2 608 tons were handled across the quay on the waterside. Stack occupancy was recorded at 29% for GP containers, 38% for reefers, and 2% for empties during the same period.

The FPT private terminal reported zero vessels at anchorage while servicing three at berth Thursday. During the 24 hours leading to Thursday, the terminal handled 382 TEUs, 249 pallets of fruit, and 88 tons of steel on the waterside while servicing 400 trucks on the landside. At the same time, reefer stack occupancy was recorded at 50%.

iii. Durban

Pier 1 on Tuesday recorded two vessels at berth, operated by five gangs, and four vessels at anchor. Stack occupancy was 56% for GP containers and remained undisclosed for reefers. During the same period, 1 465 imports were on hand, with 26 units having road stops and 21 unassigned. Despite losing a few hours to strong winds, the terminal recorded 614 landside gate moves, with 211 cancelled slots and 56 wasted. The truck turnaround time was recorded at ~154 minutes, with an average staging time of ~131 minutes. Additionally, at the start of the morning shift on Wednesday, the terminal started with 13 RTGs but retracted to 12 after one breakdown.

Pier 2 had four vessels at berth and nine at anchorage on Friday. In the prior 24 hours, stack occupancy was 48% for GP containers and 16% for reefers, with 72% of reefer ground slots utilised. The terminal operated with nine gangs while moving 2 680 TEUs across the quay despite losing a few hours to adverse weather and network challenges. During the same period, there were 2 147 gate moves on the landside with a truck turnaround time of ~130 minutes and a staging time of ~162 minutes. Of the landside gate moves, 1 080 (51%) were for imports and 1 063 (49%) for exports. Additionally, 437 rail import containers were on hand, with 320 moved by rail. During the same period, the terminal had 15 out-of-gauge import containers on hand, of which five were for rail and had elevated dwell times. Additionally, at the start of the morning shift on Wednesday, the terminal started the morning with between 60 and 65 straddles; however, due to several breakdowns, this number came down to 58 by the end of the shift.

Towards the end of the week, the Umkhomazi tug went out of commission and is currently at "Shop 24" for repairs. No estimated time of return is available yet. Additionally, the floating crane remains out of service, with feedback expected on Monday. After picking up an "EDU snag" issue late last week, the helicopter remained out of commission for the entire week, with the technical team hoping to bring the aircraft back into service over the weekend.

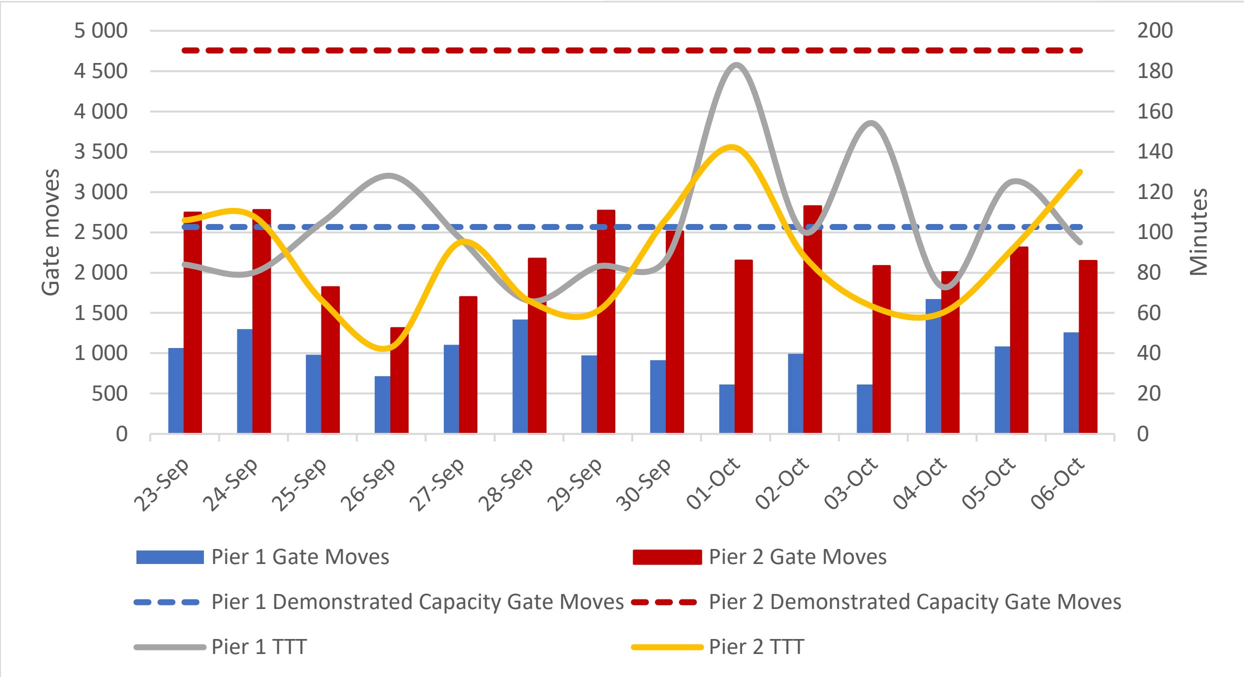
On Friday, the TNPA Port of Durban marine services needed to carry out a tug and tow operation to a Floating Production Storage Offloading (FPSO) vessel. The unique nature of this incoming service required the assistance of the entire port's marine resources to ensure that navigating the vessel to its intended berth was conducted in the safest manner possible. The service to the vessel was anticipated to last for a maximum of 8 hours as the vessel was towed at an average speed of 1,5 knots.

Durban's MPT terminal recorded two vessels at berth on Thursday and two at outer anchorage while handling 382 TEUs and 1 100 breakbulk tons on the waterside. Stack occupancy for breakbulk was recorded at 50% during that time and at 48% for containers. The terminal handled 172 container road slots and 82 breakbulk RMTs containing 2 012 tons on the landside. During the same period, two cranes, eight reach stackers, one empty handler, nine forklifts and 20 ERFs were in operation. The latest reports suggest that the third crane at Durban MPT should return to service by the end of next week, with the fourth crane returning a week after.

On Thursday, the Ro-Ro terminal in Durban recorded one vessel on the berth, with none at outer anchorage. System issues accompanied by slower-than-usual operational performance ensured delays towards the latter end of the week. During the same period, the terminal handled 1 202 units on the landside while handling 1 245 on the waterside. Over the prior 24 hours, general stack occupancy was recorded at 48%, comprising 18% imports, 78% exports, and 4% transhipments. Stack occupancy at Q/R was 10%, while the G-berth stack was 30%. The terminal had 1 004 import units on hand, 4 504 units were destined for export markets, and 219 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 06/10/2023.

iv. Richards Bay

On Friday, Richards Bay recorded 21 vessels at anchor, with 11 destined for DBT, nine destined for MPT, and one for RBCT. Additionally, 14 vessels were recorded on the berth, translating to six at DBT, six at MPT, one at RBCT, and two at the liquid bulk terminal. Two tugs and one helicopter were in operation for marine resources in the 24 hours leading to Saturday. The pilot boat remains in Durban for repairs, with no estimated time of return available yet.

v. Eastern Cape ports

NCT on Tuesday recorded three vessels on the berth and one vessel at the outer anchorage, with three 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 Wednesday. In the same period, stack occupancy was 36% for GP containers, 31% for reefers, and 53% for reefer ground slots. In that period, 2 430 TEUs were processed at a GCH of ~17 and SWH of ~39. These metrics must be improved as a matter of urgency, just as they must at all our ports.

Additionally, 241 trucks were serviced on the landside at a truck turnaround time of ~36 minutes. According to reports earlier this week regarding the MoorMaster, ten units are back online but are not enough to see the machine recommissioned. Additionally, crane QC3 went out of commission earlier this week for energy chain repairs and has not returned to service yet.

GCT on Wednesday recorded one vessel at outer anchorage and one at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the 24 hours to Wednesday. In the same period, stack occupancy was recorded at 48% for GP containers, 22% for reefers, and 54% for reefer ground slots. On the waterside, 299 volumes were handled across the quay at a GCH of ~15 and SWH of ~14. Additionally, 241 trucks were serviced on the landside at a truck turnaround time of ~36 minutes.

The Ro-Ro terminal had one vessel on berth and one vessel at anchor on Wednesday. 1 122 units were handled on the waterside in the 24 hours before Thursday. During the same period, an undisclosed number of units were on hand, leading to a stack occupancy figure of 71%.

At the Port of East London on Monday, no containers were moved across the quay, but 72 external trucks were serviced at a truck turnaround time of ~13 minutes. Stack occupancy on the container was recorded at 37%. During the same period, at the Ro-Ro terminal, 972 units were processed at a UPH of 208, while stack occupancy at the car terminal was captured at 47%. 5 800 tons of manganese were handled on the waterside at a TPH of 435.

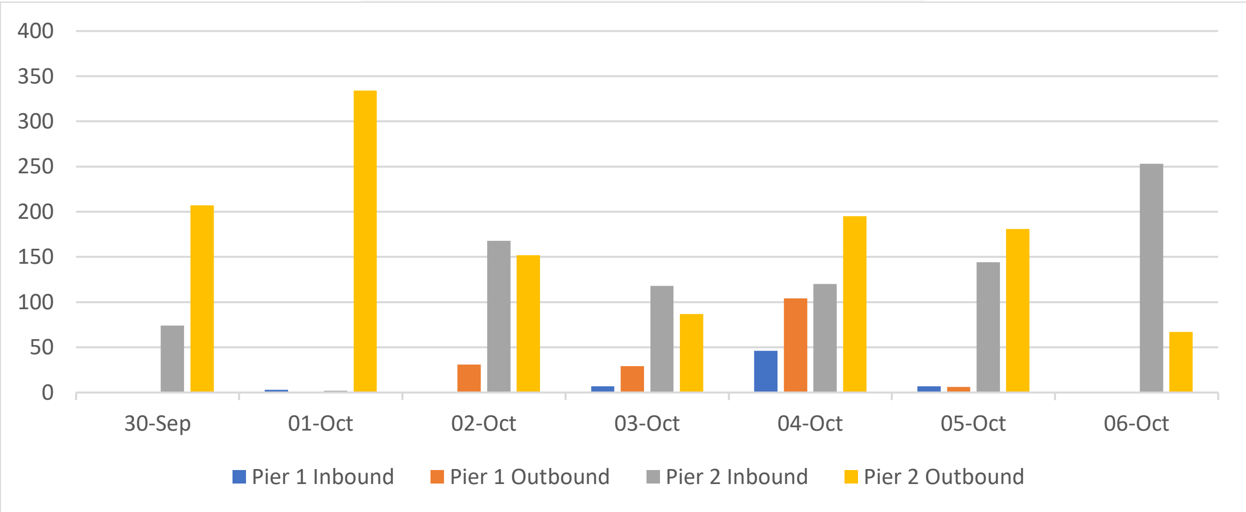
vi. Saldanha Bay

On Thursday, the iron ore terminal had four 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 3-10 days, while the vessels in port have been on berth for around 1-4 days.

vii. Transnet Freight Rail (TFR)

During the week, no significant cable theft and vandalism incidents occurred, resulting in operational delays on the rail network. The ConCor line was out of commission on Monday for most of the day due to monthly maintenance. Additionally, reports towards the latter parts of the week indicated that DCT Pier 2 currently had 221 ConCor units on hand with a dwell time of 36 hours and 215 over-border units with a dwell time of 68 days.

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



Source: Calculated using data from Transnet, 2022. Updated 06/10/2023.

In the last week (*30 September to 6 October*), rail cargo handled out of Durban was reported at **2 335** containers, down ↓**2%** from the previous week's **2 505** containers.

viii. General

It is worth reminding the industry of the new storage charges on "out-of-gauge" containers that took effect on 1 October 2023:

- For import OOG containers, the tariff will be applicable from 00h01 on day four at a cost of R6 693 and on day five at R 10 873 (per container, per day or part thereof). Storage days for OOG will remain at 3,25 days from discharge.
- For the transhipment of OOG containers, storage days will remain at seven days as per the TPT Tariff book. The storage tariff will be applicable from (a) day 8-10 at a cost of R4 106 per day, (b) day 11-14 at a cost of R6 693, and (c) day 15 onwards at R10 873 (per container, per day or part thereof).

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 25 September. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *September 2022* averaged **~764 378 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo[10]

Flows	25-Sep	26-Sep	27-Sep	28-Sep	29-Sep	30-Sep	01-Oct	Week
Volume inbound	429 201	390 859	263 626	335 335	471 694	460 566	919 865	**3 271 146**
Volume outbound	202 558	221 624	187 639	233 281	213 798	240 099	581 284	**1 880 283**
Total	**631 759**	**612 483**	**451 265**	**568 616**	**685 492**	**700 665**	**1 501 149**	**5 151 429**

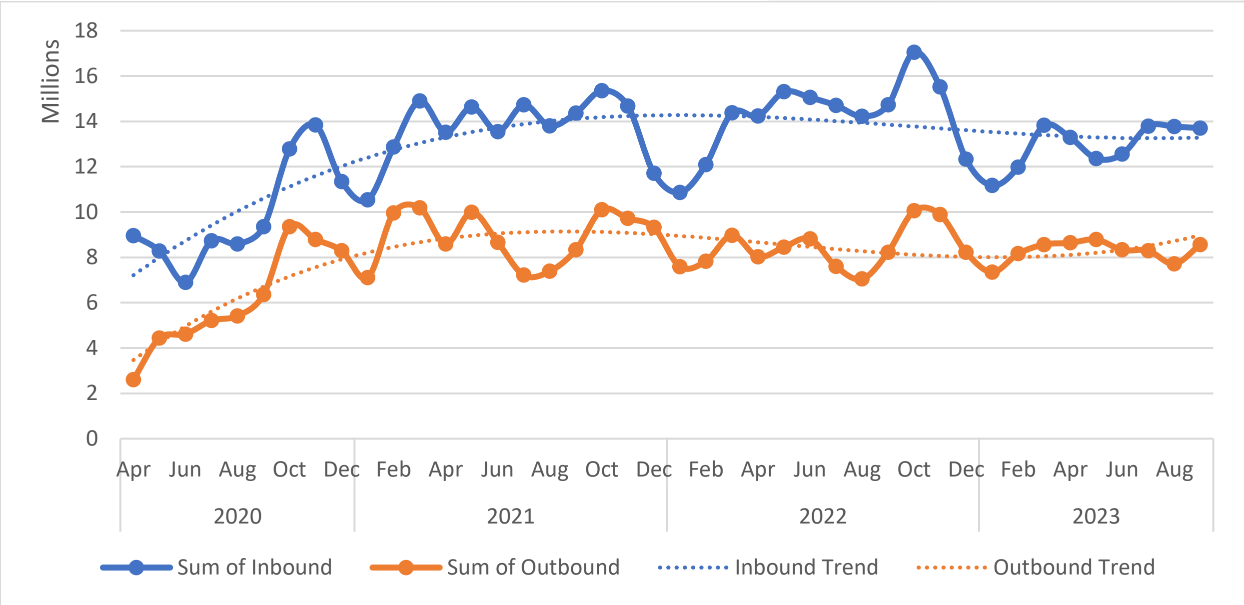
Courtesy of ACOC. Updated: 06/10/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **467 307 kg** inbound (↑**10%**, w/w) and **268 612 kg** outbound (↓**1%**), resulting in an average of **764 378 kg per day** or around **~96%** compared with in September 2022. However, the level is currently at only **~79%** compared with the same period pre-pandemic in 2019.

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

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

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



Courtesy of ACOC. Updated: 06/10/2023.

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 *September 2022* was **~66 903 kg** per day.

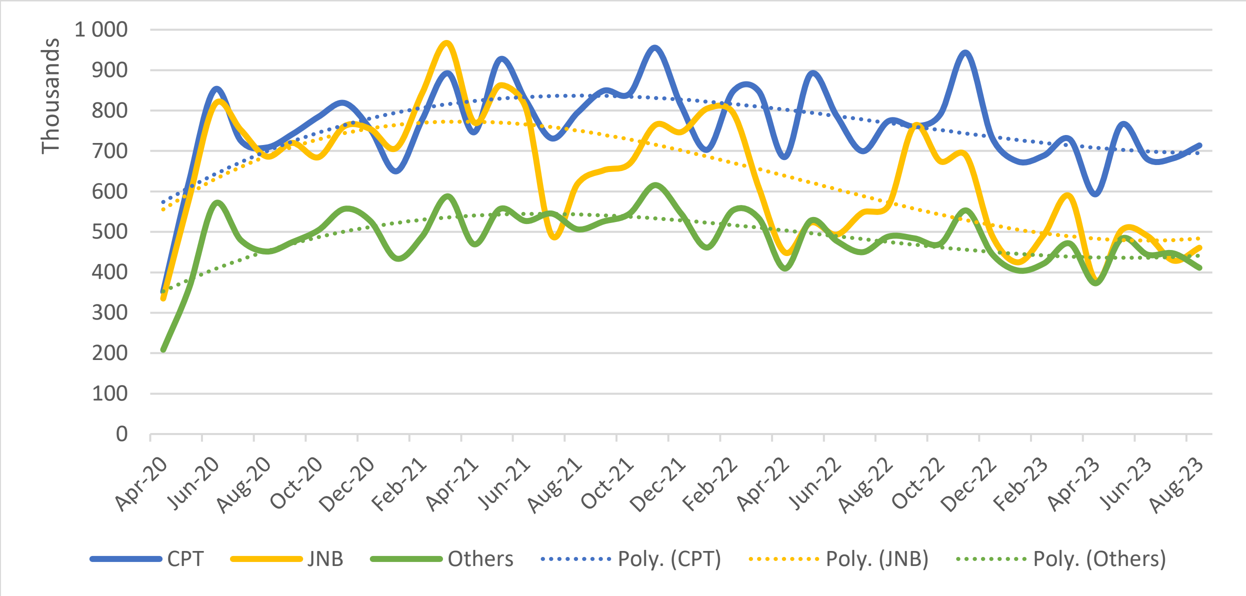
Table 5 – Total domestic inbound and outbound cargo (average daily)

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Apr-Dec '20 Ave.	**22 928**	**2 514**	**3 441**	**21 890**	**5 818**	**3 141**	**59 733**
2021 Average	**26 852**	**3 776**	**3 474**	**24 379**	**6 828**	**3 309**	**68 619**
2022 Average	**25 922**	**3 263**	**3 232**	**20 278**	**6 633**	**2 909**	**62 237**
Jan-Jun '23 Ave.	**22 690**	**2 770**	**2 632**	**15 821**	**6 177**	**2 691**	**52 781**
July Ave.	**22 006**	**2 645**	**2 737**	**13 836**	**6 513**	**2 517**	**50 255**
Aug Ave.	**23 029**	**2 477**	**2 505**	**14 863**	**5 709**	**2 573**	**51 157**
Sep Ave.	**2 226**	**2 544**	**2 322**	**15 659**	**5 787**	**20 730**	**49 268**
21-Sep	36 588	4 568	3 467	27 061	10 433	4 424	**86 540**
22-Sep	12 724	2 840	2 595	12 168	4 649	2 704	**37 680**
23-Sep	2 165	555	211	1 175	432	336	**4 874**
24-Sep	581	434	44	280	83	63	**1 484**
25-Sep	425	321	111	805	487	323	**2 470**
26-Sep	40 807	4 318	3 828	26 956	11 091	5 371	**92 371**
27-Sep	965	471	197	122	619	461	**2 833**
Total for 2023:	**6 075 397**	**731 667**	**704 252**	**4 191 814**	**1 659 421**	**717 552**	**14 080 103**

Courtesy of ACOC. Updated: 06/10/2023.

The average domestic air cargo moved last week was **~32 607 kg** per day, down by **↓42%** compared to the previous week and remains slightly down compared to last year's level (**~49%**). However, the level is currently at **~38%** compared with the same period pre-pandemic in 2019.

Figure 11 – Domestic inbound and outbound cargo (thousands)



Courtesy of ACOC. Updated: 06/10/2023.

3. National update

a. SARS merchandise trade: August

SARS released its latest "*Merchandise Trade Statistics*" for August[11], with the headline showing another healthy preliminary monthly trade surplus of **R13,3 billion**. Monthly trade shows that exports increased from July by **↑4,5%** (m/m), while imports also increased – by **↑6,3%** (m/m). The YTD figures show a slight trade surplus of **R32 billion** but significantly deteriorated from the **R160,5 billion** positive trade balance recorded in 2022. Annually, export flows for August 2023, at **R181,3 billion**, were **↑4,6%** (y/y) higher compared to August 2022, whilst import flows were slightly lower (**↓0,1%**, y/y) compared to 2022, having decreased to **R168 billion** in the current period.

Regionally, trade with BELN countries for July resulted in a trade surplus of **R12 billion** from exports of **R17,7 billion** and imports of **R575 billion**. Exports to our neighbouring countries increased by **↑10,1%** (m/m) between July and August, with imports increasing by **↑4,3%** (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 **R78,8 billion** in 2022 to **R82,5 billion** in trade balance surplus for 2023.

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 **an hour and a half**, averaging **~7,6 hours** (**↑27%**, w/w) for the week. In contrast, the greater SADC region (excluding

[11] SARS. 29/09/2023. Trade Statistics: August 2023.

South African controlled) increased by approximately **an hour** and averaged **~9,7 hours** (**↑10%**, w/w).

- President Cyril Ramaphosa presided over the Border Management Authority (BMA) launch in Musina, Limpopo, on 1 April 2023[12].
    - The BMA has been established to create an integrated border management platform in South Africa, with a single command and control structure to ensure secure borders, safe travel, and trade.
    - While the private sector welcomes these updates, there is an ongoing call for collaboration among all stakeholders and the need for the whole border crossing process to function holistically rather than in silos, as has been the case in the past.
    - The need for separating people and cargo, with the South African Revenue Service (SARS) remaining the primary agency for facilitating cross-border trade in goods, is emphasised.
- Container offices in Lualaba, which were used for bridge fee payments, have been demolished, per a transporter's notification. This action was part of the FESARTA MOU (Memorandum of Understanding).
    - All informal toll points (Peages) are being removed, and official toll points are being adequately mapped out.
    - Centralising payments through the corridor is the goal in an attempt to reduce the large number of cash transactions which promote and encourage corruption.
    - Unfortunately, in the Democratic Republic of Congo (DRC), cash is the predominant mode of financial transactions, making credit and other cashless card systems mostly unusable outside airports and hotels.
- The DRC President has become personally involved in addressing border and trade issues.
    - President Felix Tshisekedi made a trip to the border area in the current month and has enlisted the assistance of the Ministers of Trade, Finance, and Transport to address the problem of truck queues at the border.
- Elsewhere in the DRC, an $850 million road project is underway in the DRC and Zambia, aiming to connect copper and cobalt mines to an East African port[13], with obvious negative consequences for the South African ports that currently handle the traffic.
    - The road project will reduce the existing journey by more than 150 miles and includes the construction of a 345-meter bridge over the Luapula River, separating the two countries.
    - GED Africa, backed by Hungarian construction firm Duna Aszfalt, will undertake the construction, with significant works beginning after the upcoming rainy season and expected to take three years to complete.
- 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[14], which arguably provides better and more reliable information.

[12] The Presidency. 05/10/2023. BMA Launch.
[13] Hill, M. 03/10/2023. A New $850 Million Route to Speed Up Congo's Copper Exports.
[14] FESARTA TRANSIST Bureau.

The following table shows the changes in bidirectional flows through South African borders:

Table 6 – 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)	HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	Zimbabwe-SA	456	6.3	6.5	31.0	13 680	3 192
Beitbridge	SA-Zimbabwe	400	5.4	2.4	13.4	12 000	2 800
Groblersbrug	SA-Botswana	235	0.5	0.3	1.4	7 050	1 645
Martins Drift	Botswana -SA	148	13.6	2.6	22.0	4 440	1 036
Ramatlabama	Botswana -SA	39	0.1	0.1	0.4	1 170	273
Ramatlabama	SA-Botswana	126	0.4	0.4	2.5	3 780	882
Kopfontein	SA-Botswana	28	0.1	0.2	0.4	840	196
Tlokweng	Botswana -SA	217	1.2	1.2	7.4	6 510	1 519
Noordoewer	Namibia-SA	20	0.2	0.4	1.6	600	140
Vioolsdrift	SA-Namibia	30	1.4	0.5	2.5	900	210
Ariamsvlei	Namibia-SA	20	0.3	0.4	1.4	600	140
Nakop	SA-Namibia	30	2.2	1.4	6.1	900	210
Skilpadshek	Botswana -SA	200	0.6	1.1	2.1	6 000	1 400
Pioneer Gate	SA-Botswana	100	1.3	2.4	12.4	3 000	700
Lebombo	SA-Mozambique	125	0.6	0.3	2.1	3 750	875
Ressano Garcia	Mozambique-SA	1 446	4.3	1.2	9.0	43 380	10 122
Weighted Average/Sum		**3 620**	**2.4**	**1.3**	**7.2**	**108 600**	**25 340**

Source: TLC, FESARTA, & Crickmay, week ending 01/10/2023.

Table 7 – Delays summary – Corridor perspective

Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Monthly HGV Arrivals
Beira Corridor	320	11.1	2.3	13.8	9 600	2 240
Central Corridor	798	2.0	1.1	7.3	23 940	5 586
Dar Es Salaam Corridor	1 819	46.4	1.2	15.0	54 570	12 733
Maputo Corridor	1 571	2.4	0.8	5.6	47 130	10 997
Nacala Corridor	127	0.0	0.0	0.0	3 810	3 556
North/South Corridor	3 721	15.0	1.6	12.0	111 630	26 047
Northern Corridor	2 817	1.4	2.0	9.0	84 510	19 719
Trans Caprivi Corridor	116	3.9	0.3	21.5	3 480	812
Trans Cunene Corridor	100	39.1	0.0	0.0	3 000	700
Trans Kalahari Corridor	330	1.1	1.1	4.7	9 900	2 310
Trans Oranje Corridor	100	1.0	0.7	2.9	3 000	700
Weighted Average/Sum	**11 819**	**10.5**	**1.3**	**9.1**	**354 570**	**85 400**

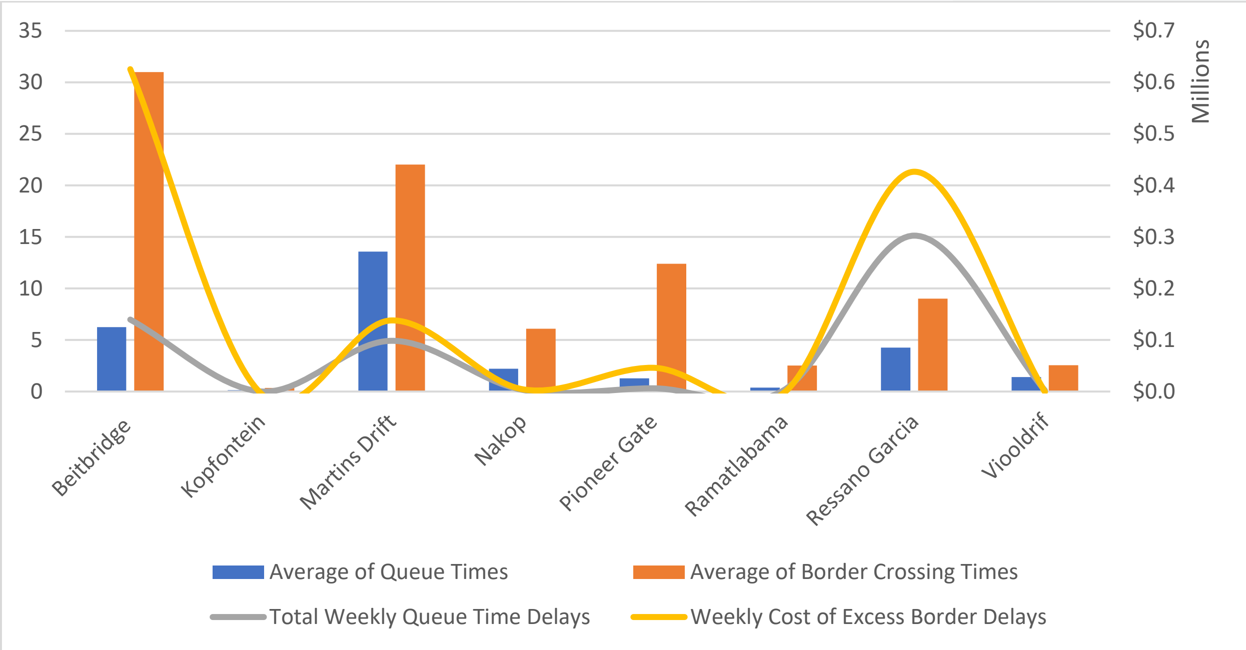
Source: TLC, FESARTA, & Crickmay, week ending 01/10/2023.

[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 is produced by Crickmay in collaboration with SAAFF.

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

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

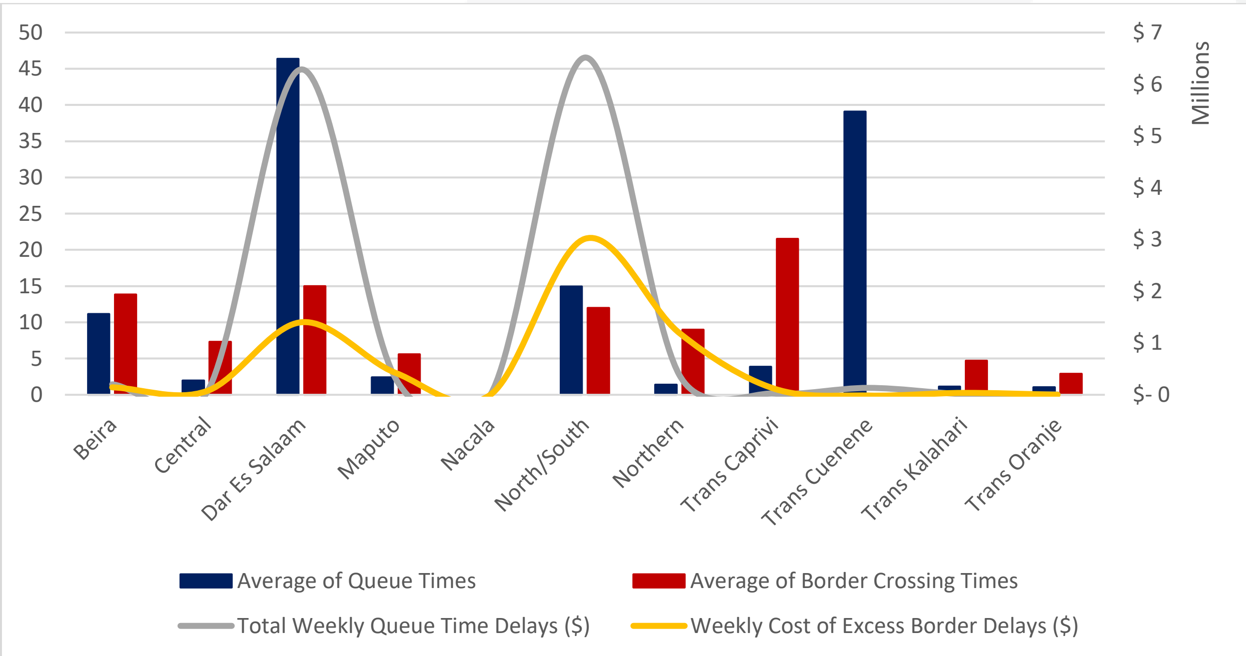
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions[17])



TLC, FESARTA, & Crickmay, week ending 01/10/2023.

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 01/10/2023.

[17] Currency adjusted weekly. The prevailing ZAR/US$ exchange rate at noon every Friday is used.

In summary, cross-border queue time averaged **~10,5 hours** (down by **~2,3 hours** from the previous week's **~12,8 hours**), indirectly costing the transport industry an estimated **$13,9 million** (**R268 million**). Furthermore, the week's average cross-border transit times hovered around **~9,1 hours** (up by **~0,8 hours** from the **~8,3 hours** recorded in the previous report), at an indirect cost to the transport industry of **$6,4 million** (**R123 million**). As a result, the total indirect cost for the week amounts to an estimated **~$20,3 million** (**~R392 million**, down by **~R561 million** or **↓58,9%** from **~R953 million** in the previous report).

5. International Update

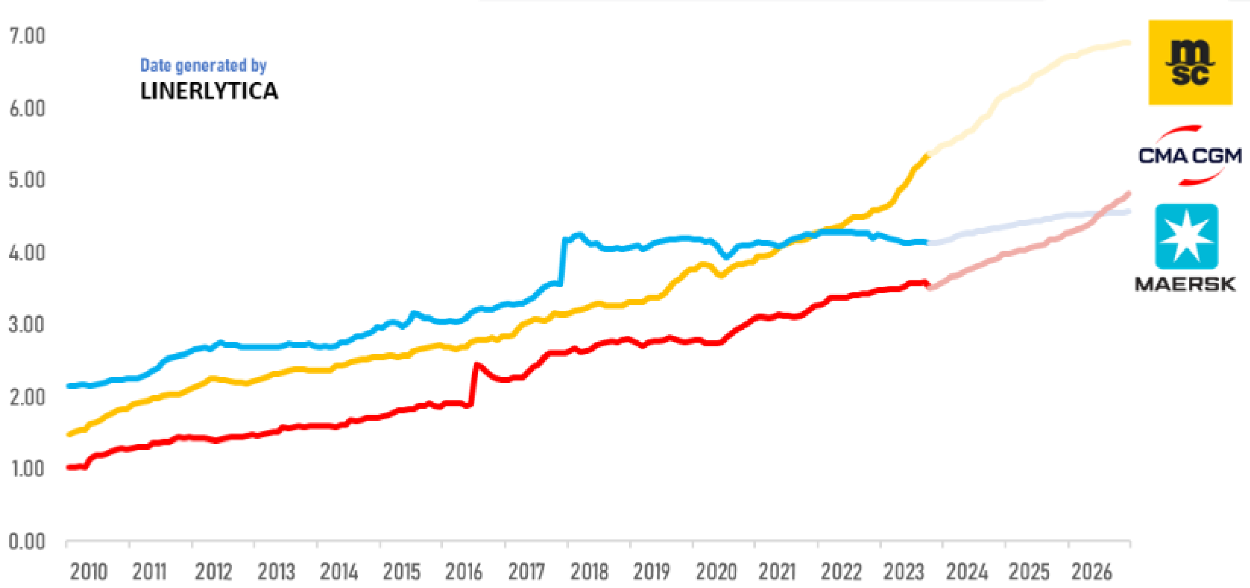
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global shipping industry and **(b)** the global aviation industry.

a. Global shipping industry

i. Container industry overview

Carriers are reluctant to reduce capacity despite declining rates and the absence of cargo roll pools before China's Golden Week in October. The market standoff is expected to continue through the year, with capacity increasing despite flat global demand, with a seeming "race to the top" taking precedence against current market conditions. MSC has extended its lead at the top of the carrier rankings, with its current fleet reaching **5,36 million TEU**, up from **4,61 million TEU** at the beginning of January. New-building deliveries contributed **557 000 TEU** to the increase, with the rest coming from second-hand vessel acquisitions and new charters. MSC has grown at an average rate of **83 000 TEU a month**, with its lead over 2nd place Maersk rising to **1,24 million TEU**.

Figure 14 – Capacity operated (TEU millions)



Source: Linerlytica

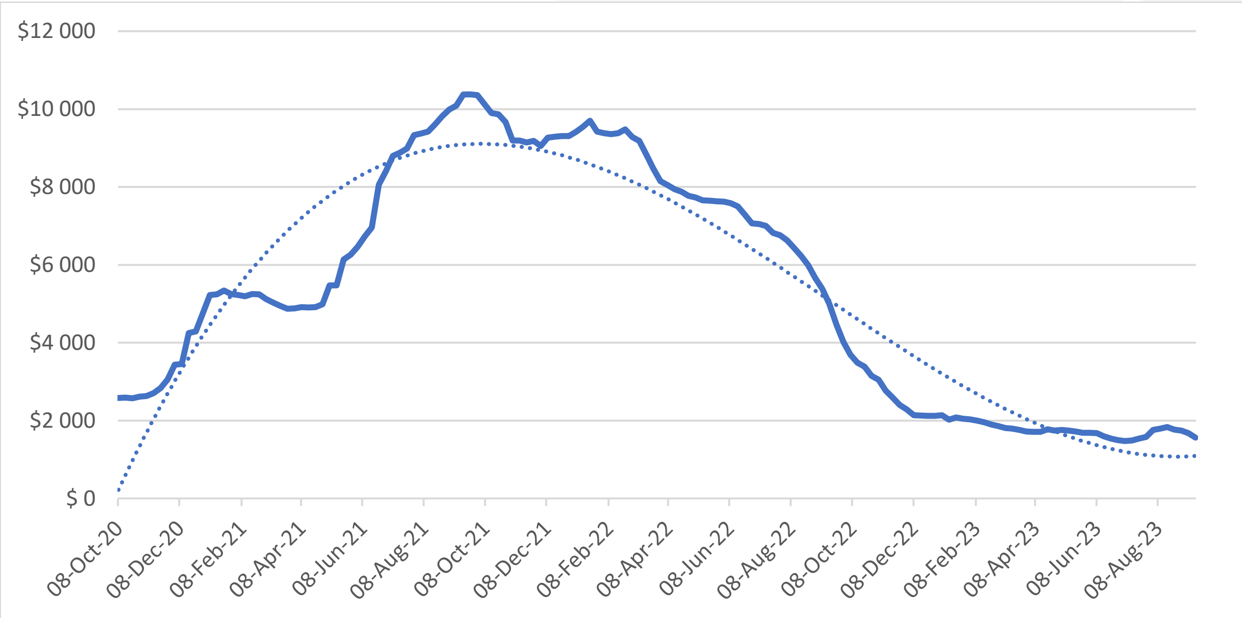
Maersk has seen its operated fleet shrink from **4,21 million TEU** at the beginning of the year to **4,12 million TEU** as it continues to downsize and will relinquish its number two position by 2026 as CMA CGM tries to keep pace with MSC's growth. CMA CGM has added to its new building tally, with a fresh order made last week for eight methanol fuel units of **9 200 TEU** at Shanghai Waigaoqiao. Besides the increased capacity, the idle fleet, at **0,6%** of the total fleet, is insufficient to impact the market, even though it may rise slightly due to blank sailing programs in October (Drewry's "*Cancelled Sailings Tracker*" is settling and now trending at a **10% cancellation rate**[18] this week).

Elsewhere in the industry, port congestion continues to be low, as congestion only affects **~6%** (some **1,61 million TEU**) of the industry. Nevertheless, two South African ports continue to feature in the top 20 congested ports, notably Durban with **38 380 TEU** at anchorage – up by **9 000 TEU** (w/w), with a queue-to-berth ratio of **0,69**, and the joint-Eastern Cape container terminals of GCT and NCT with **19 400 TEU** at anchorage, with an alarming queue-to-berth ratio of **5,97**.

ii. Global container freight rates

This week, the "*World Container Index*" decreased by another **↓1,1%** (or **$14**) to **$1 390** per 40-ft container[19], despite the attempted rate hikes by carriers (several announcements were made this week, notably by Hapag Lloyd and CMA CGM[20]; whilst Maersk continues to give discounts on spot prices[21]). These current rates were last seen in February 2020 before the pandemic turned the shipping industry upside down. The following figure shows the last three years, with the massive see-saw illustrated:

Figure 15 – World Container Index assessed by Drewry (last 12 months, $ per 40 ft. container)



Source: *Compiled from Drewry Ports and Terminal Insights*

The composite index is now **↓63%** lower than the same week last year and has finally dipped below the pre-pandemic average rates in 2019 (**↓2%**), as predicted last week. The year-to-date average continues to subside and is now **$1 738**, significantly lower than the 10-year average of **$2 678**. Regionally, six of the eight major routes experienced a rate decrease, with all routes changing by a mere **0%-2%**, indicating that the industry is seemingly settling at this very low level and rates are close to bottoming out, although Linerlytica expected with further falls in the coming weeks as volumes remain lacklustre[22].

[18] Drewry. 06/10/2023. Cancelled Sailings Tracker - 06 October.
[19] Drewry. 05/10/2023. World Container Index – 5 October 2023.
[20] Wackett, M. 05/10/2023. Rate hike hopes, but liners face one of the 'worst slack seasons ever'.
[21] Linerlytica. 03/10/2023. Market Pulse – Week 37.
[22] Linerlytica. 03/10/2023. Market Pulse – Week 37.

iii. Further developments of note

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

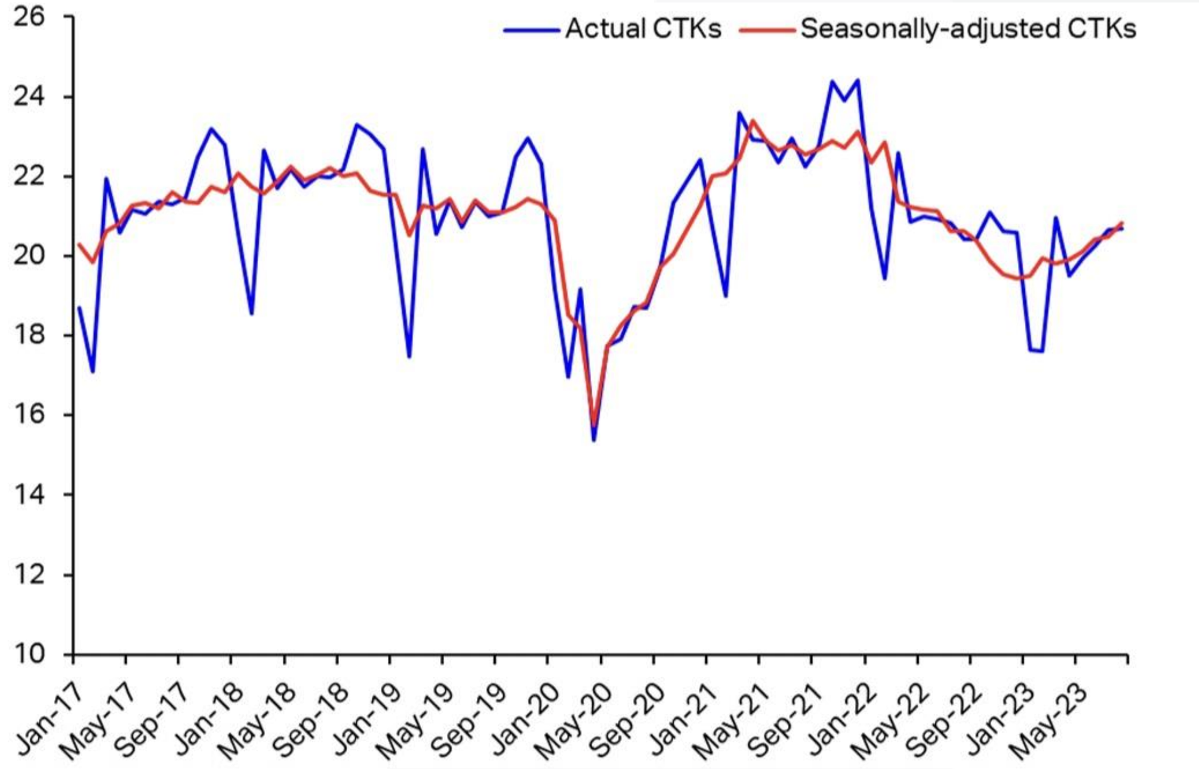
1. **FMC throws out 'unjustified' congestion charge complaint against MSC:**
    a. The US Federal Maritime Commission (FMC) has dismissed a case against MSC, the world's largest container line, brought by SOFi Paper Products over a **$1 000** congestion surcharge[23]. This decision could set a benchmark for other shippers.
    b. MSC argued that it had no legal obligation to justify the congestion surcharge any more than other surcharges, such as fuel surcharges and bill of lading surcharges.
    c. The FMC concluded that the record was insufficient to establish a violation of the Ocean Shipping Reform Act (OSRA) of 2022, highlighting the significance of this ruling for the shipping industry and the standards surrounding charges. The FMC implemented OSRA to address abuses in the shipping system and restore credibility.
2. **MSC's Medlog wins contract to operate trimodal hub serving Paris:**
    a. MSC logistics arm Medlog is developing a trimodal (river, rail, and road) hub in Bruyères-sur-Oise, near Paris, with container traffic as a critical segment[24]. The project aims to increase rail and river traffic, connect the Seine to the Oise rivers, and encourage intermodal transport and last-mile delivery decarbonisation. The hub is set to begin operations in Q3 2024. It will handle various goods, including containers, bulk, swap bodies, and heavy parcels, offering services such as reconditioning food-grade containers and refrigerated container maintenance.
    b. The development is part of a decade-long planning effort by Haropa Port, and it represents a significant investment to strengthen multimodal logistics along the Seine and enhance connectivity within the region. The hub will establish multiple weekly connections between Le Havre and Bruyère-sur-Oise, serving various industries in the Paris region and the national hinterland via rail connections. MSC/Medlog's investment details and traffic volume goals were not disclosed, but the trimodal site aims to accommodate current and future demand.
    c. Elsewhere, MSC has announced a binding agreement to buy a 50% stake in the Italian high-speed passenger rail network *Italo* from infrastructure investment fund Global Infrastructure Partners (GIP)[25].
3. **ILWU filed bankruptcy to address ongoing litigation with ICTSI Oregon:**
    a. The International Longshore and Warehouse Union (ILWU), representing US dockworkers, has filed for Chapter 11 bankruptcy protection to address ongoing litigation with ICTSI Oregon[26].
    b. The bankruptcy filing lists ILWU's assets and liabilities at **$1 million** and **$10 million**.
    c. ILWU aims to use the Chapter 11 process to resolve the litigation and ensure its continued work for members and the community. ICTSI characterised the filing as an attempt to avoid accountability. The union faces a trial over allegations of illegal slowdowns at the Port of Portland.

[23] Goldstone, S. 03/10/2023. FMC throws out 'unjustified' congestion charge complaint against MSC.
[24] Todd, S. 02/10/2023. MSC's Medlog wins contract to operate trimodal hub serving Paris.
[25] Van Marle, G. 03/10/2023. MSC takes 50% stake in high-speed rail network Italo.
[26] Joseph, J. 01/10/2023. International Longshore and Warehouse US dockworkers union files for bankruptcy.

b. Global air cargo industry

On Tuesday, IATA released their latest "*Air Cargo Market Analysis*" for August, noting that global cargo tonne-kilometres (CTKs) increased by **↑1,5%** (y/y) in August[27]. This figure represents the first annual growth in 19 months since February 2022; however, industry CTKs were still **↓1,3%** lower than their 2019 level:

Figure 16 – Global CTKs (billions per month)



Source: IATA

Further highlights from the monthly report include the following:

- Air cargo capacity, measured in available cargo tonne-kilometres (ACTKs), continued its double-digit growth and increased by **↑12,2%** (y/y), driven by the sustained expansion of belly capacity in the summer.
- Air cargo's historic tie with industrial production and cross-border trade trended back to realignment; however, the sustained annual trade contraction remains a worrying signal to air cargo demand.
- Inflation in the US continued to increase for the second month in a row after 13 months of decline. Although China's CPI growth reverted to positive from the July level, the country recorded a negative PPI in August for the 16th consecutive month.
- Airlines in the Asia Pacific, North America, Latin America, and Middle East regions registered annual growth in their international CTKs in August, owing to the improved traffic in major trade lanes.

[27] IATA. 03/10/2023. Air Cargo Market Analysis – August 2023.

- Lastly, the Africa – Asia and within – European markets were the only two major trade lanes that expanded their annual contractions from the July levels.

In the weekly data from World ACD, global air cargo tonnages and average rates have risen in September compared with August, with full-month tonnages rising almost ↑**3%** and rates at the end of September around ↑**5%** higher than at the start of the month.

Figure 17 – Global capacity, weight, and yield/rate over the last five weeks (%, weekly)

Origin Regions last 2 to 5 weeks	Capacity[1]			Chargeable weight[1]			Yield/rate[1]		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa		-0%	+7%		-0%	-4%		+0%	-9%
Asia Pacific		+0%	+30%		+2%	+7%		+5%	-37%
C. & S. America		+0%	-5%		+1%	+3%		-0%	-14%
Europe		-0%	+7%		+4%	-9%		+1%	-33%
M. East & S. Asia		-1%	+10%		+2%	+1%		+2%	-34%
North America		+2%	+9%		+5%	-15%		-0%	-26%
Worldwide		+0%	+10%		+3%	-2%		+3%	-31%

Source: World ACD

Overall, the air cargo market has shown signs of seasonal strengthening after stabilising following a year and a half of decline, trending back towards pre-pandemic supply and demand patterns. In week 39 (25 September to 1 October), global tonnages dropped slightly by ↓**1%** compared to the previous week, while rates increased by ↑**2%**. Regional variations include increased tonnages on various trade lanes, including flows between North America and Central and South America, Europe and North America, and Middle East and South Asia to Asia Pacific. Pricing trends saw average global rates increase by ↑3% (w/w), with notable rises in specific lanes. Nevertheless, average rates are currently ↓**31%** lower than last year but remain ↑**38%** higher than pre-pandemic levels and are trading at around **$2,37 per kg**.

ENDS[28]

[28]**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. This edition is proudly sponsored by AIMS Global Logistics (AGL).*