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Cargo movement update[1]

Date: 18 August 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)	26 718	28 788	**55 506**	24 081	32 380	**56 461**	**↓2%**
Air Cargo (tons)	3 297	1 655	**4 952**	3 115	1 586	**4 701**	**↑5%**

Monthly Snapshot

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

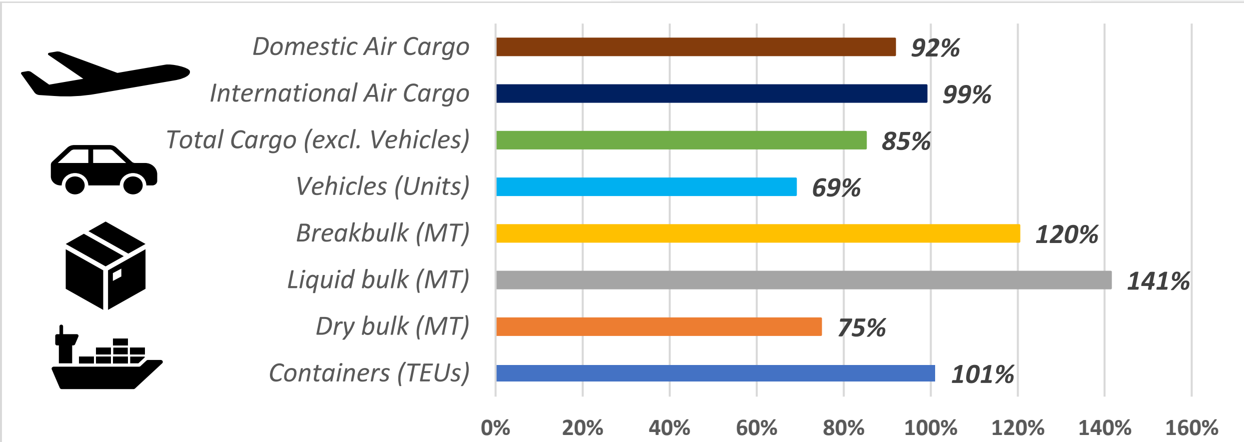
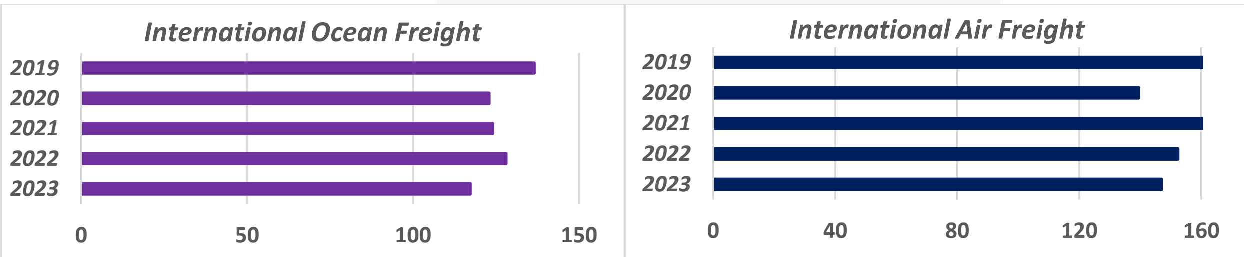


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 929 containers** was handled per day, with **~8 773 containers** projected for next week.
- TNPA stats for July: containers are down by **↓1%** (m/m) but up by **↑1%** (y/y) and down YTD by **↓3,7%** (y/y). Total bulk cargoes are down versus June (**↓6%**) and down by **↓15%** (y/y). Vehicles: **↓31%** (m/m).
- Rail cargo handled out of Durban amounted to **2 226** containers, **↓4%** compared to last week.
- Cross-border queue times were **↑1,8 hours** (w/w), with transit times **↑2,8 hours** (w/w); SA borders increased by **nearly three hours**, averaging **~12,7 hours** (**↑32%**); Other SADC borders averaged **~10,3 hours** (**↑37%**).
- Global freight rates increased again this week and are up by **↑2,3%** (or **$42**) to **$1 832** per 40ft.
- Global air cargo volumes remain at **↓4%**, down from last year, as is capacity at **↑9%** and rates at **↓37%**.

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[1] This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the *150th* update.
[2] '*Current*' means the last 7 days' (a week's) worth of available data.
[3] '*Previous*' means the preceding 8-14 days' (a week's) worth of available data.
[4] '*Monthly*' means the last months' worth of available data compared to the same month in the previous year; All metrics: July vs July.
[5] For ocean, total Jan-May cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-Jun cargo to and from ORTIA is used.

Executive Summary

This update – *the 150th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. In the country's maritime economy, commercial ports handled an average of **7 929 containers** per day – significantly less than predicted and a poor return, primarily explained by the plethora of ongoing struggles this week. This week, port operations were characterised by adverse weather conditions, continuous equipment breakdowns and shortages, severe congestion, load-shedding, and union engagements. Equipment breakdowns and shortages ensured that productivity levels at the Port of Cape Town were recorded at an average of ten container moves per hour this week. Adverse weather conditions in Durban led to no less than ten vessel movements deviating from their respective schedules on Wednesday. Despite Durban TNPA's goal to have six available tugs at the port by August this year, only four tugs remained in operation for the most significant part of the week, while the port helicopter has still not returned to service. Crane QC1 remains out of commission at NCT with a preliminary estimated return time of 31 August 2023. Another cable theft incident occurred on the rail line near Danskraal earlier this week, which delayed operations for approximately four hours, as Transnet makes another plea to authorities to the government to clamp down on cable theft[6].

In the international maritime industry, container volumes have declined after a quiet peak season. Growth in volumes, which had been rising through Q2 after a July peak, has reversed on three of four major trade routes (FE-ECNA, FE-N. EUR, FE-Med). FE-WCNA route still maintains volumes, but with negative growth rates this year, relying on capacity cuts for recent rate increases. Blank sailings have become routine in shipping, constituting **10,8%** of 25 Central China-Europe loops. Port congestion remains low, affecting **5,8%** of the global fleet. Freight rates rose for six consecutive weeks, though peak season volumes are waning, and rates might stabilise below the **$2 000 mark**. Major carriers' Q2 earnings show varied performance but are generally significantly down versus the Q1. Other developments included **(1)** FMC probes alleging that MSC overcharged customers for D&D, **(2)** HMM on top as the most environmentally-friendly carrier, and **(3)** stranded MSC box ship left the Port of Odesa after 18 months.

International air cargo to and from South Africa increased in the last week (**↑6%**) and is now slightly above last year's level for the first time in a while. Domestic cargo is substantially down (**↓24%**) versus last week and remains pointedly down on pre-pandemic levels (**~45%**) – especially at OR Tambo. Internationally, average global air cargo rates have stabilised around the **$2,27** per kg mark in the last five weeks – way down on last year but still **↑33%** above their comparable pre-pandemic levels. On the demand side, the decreasing trend in global tonnages continued into the first week of August and is down by **↓1%** (2w/2w) and around **↓4%** lower than in August 2022. In other air cargo news, thunderstorms halted operations at Frankfurt Airport on Wednesday.

In regional cross-border road freight trade, average queue time increased by nearly **two hours,** while transit times were nearly **three hours** more compared to last week. The median border crossing times at South African controlled borders increased by **three hours**, averaging **~12,7 hours** (**↑32%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased roughly the same magnitude – **around two-and-a-half hours** – and averaged **~10,3 hours** (**↑37%**, w/w). On average, two SADC land borders took more than a day to cross, including Beitbridge, Kasumbalesa (with queues still taking around eight days to reach the border), Katima/Mulilo (the worst affected, with crossings taking nearly two

[6] News24. 17/08/2023. Transnet urges government to crack down on crippling cable theft.

days to reach the border), and Santa Clara. Further notable developments included **(1)** truck protests and torchings, **(2)** dire conditions for drivers at Kasumbalesa because of queues, and **(3)** constraints at Lebombo continuing.

In summary, according to an IMF address this week, the industry continues to battle against the failing logistics network, which, along with the public electricity utility, is prohibiting the economy from growing at **2,5-3%** this year[7]. As reported weekly, our comparative port throughput volumes are often as much as **10% less** than in pre-pandemic times and sometimes even more, as with air cargo. Nevertheless, the worst-performing modality continues to be rail freight, which has been labelled ten times worse than our ports' failings. Consequently, we desperately need to turn things around by fast-tracking the national rail masterplan, right-sizing the network, appointing an infrastructure manager, and opening third-party access at preferential operating terms. For trade to flourish in South Africa, we need a robust and smooth-functioning rail network to do its part in our multi-modal approach to satisfying our high freight demand.

[7] Bloomberg. 15/08/2023. IMF says SA could grow by 3% if Eskom, Transnet are fixed.

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 12 to 18 August[8]

7-day flow forecast (12/08/2023 – 18/08/2023)		
TERMINAL	**NO. OF CONTAINERS[9] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	3 874	3 835
DURBAN CONTAINER TERMINAL PIER 2:	12 397	13 180
CAPE TOWN CONTAINER TERMINAL:	3 118	4 753
NGQURA CONTAINER TERMINAL:	5 274	4 569
GQEBERHA CONTAINER TERMINAL:	2 055	2 451
TOTAL:	**26 718**	**28 788**

Source: Transnet, 2023. Updated 18/08/2023.

Table 3 – Container Ports – Weekly flow predicted for 19 to 25 August

7-day flow forecast (19/08/2023 – 25/08/2023)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	5 443	5 722
DURBAN CONTAINER TERMINAL PIER 2:	11 081	12 828
CAPE TOWN CONTAINER TERMINAL:	4 674	6 728
NGQURA CONTAINER TERMINAL:	6 439	6 702
GQEBERHA CONTAINER TERMINAL:	848	945
TOTAL:	**28 485**	**32 925**

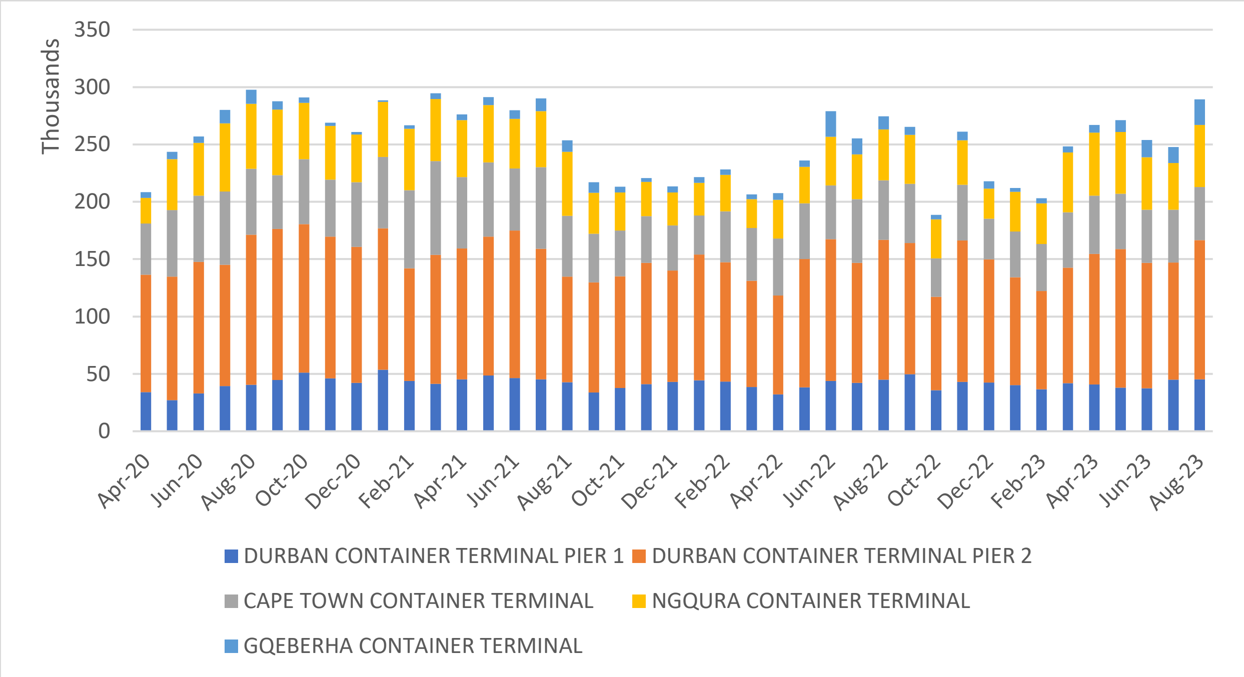
Source: Transnet, 2023. Updated 18/08/2023.

An average of **~7 929 containers** (**↓2%**) was handled per day for the last week (12 to 18 August, *Table 2*), compared to the projected average of **~10 044 containers** (**↓21%** actual versus projected) noted in last week's report. For this week, an increased average of **~8 773 containers** (**↑11%**) is predicted to be handled (19 to 25 August, *Table 3*). This week, several typical operational constraints impeded ideal port performance, primarily adverse weather conditions, continuous equipment breakdowns and shortages, severe congestion, load-shedding, and union engagements.

The following figure illustrates the rolling *monthly* average flow of aggregate containerised cargo passing through our commercial ports since our records 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.

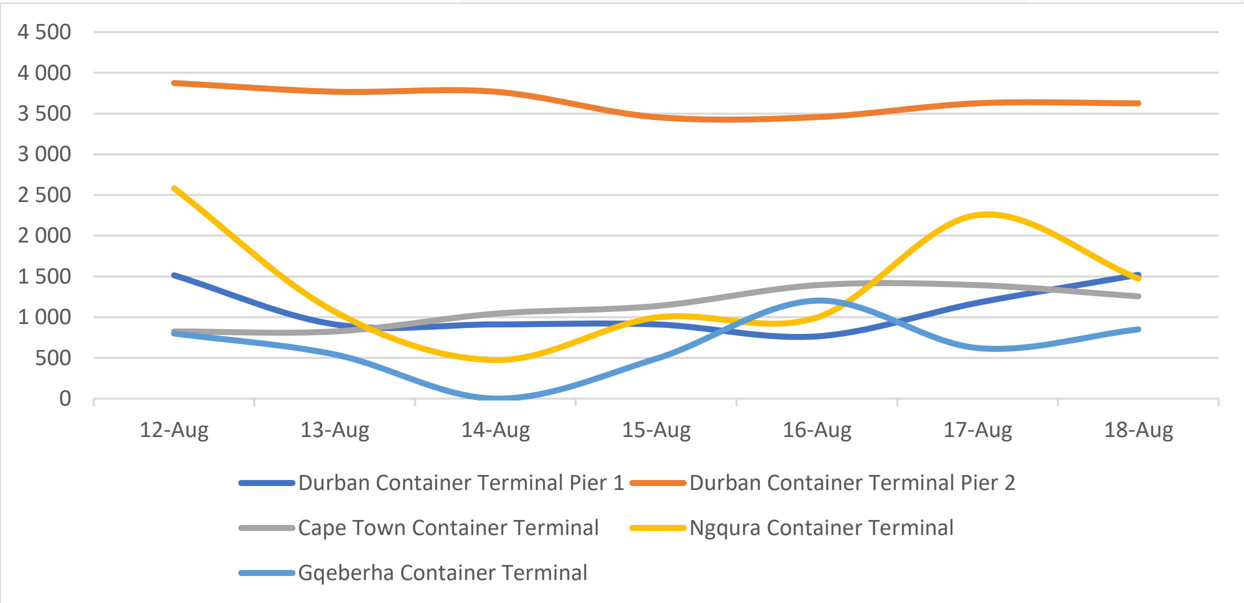
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 18/08/2023.

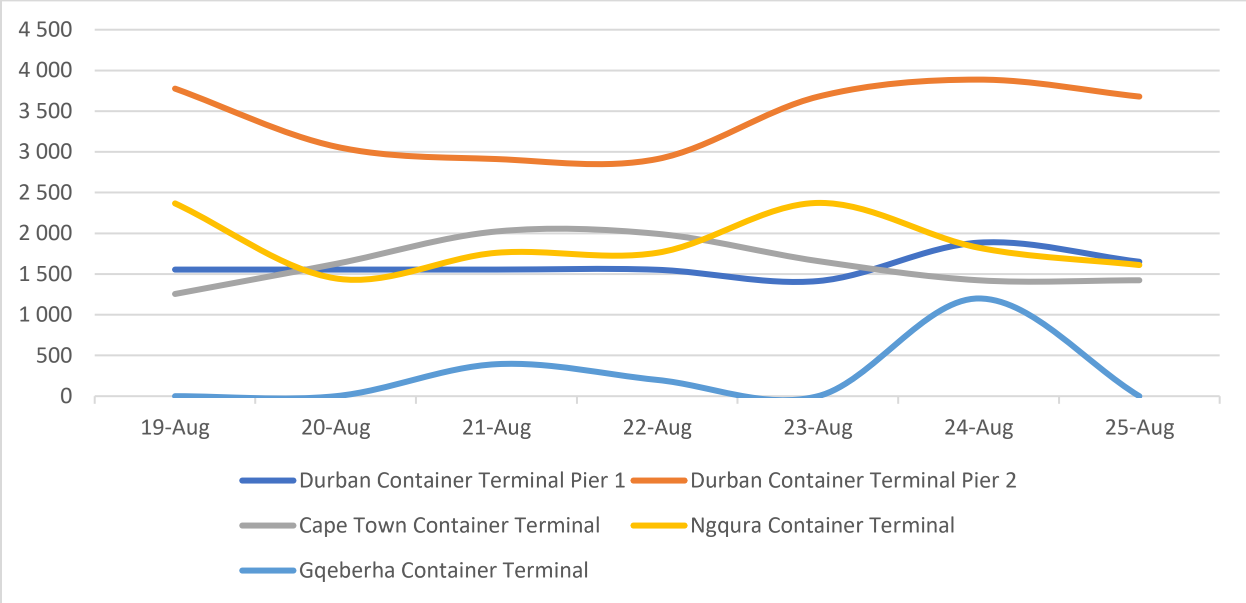
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (12 to 18 August; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 18/08/2023.

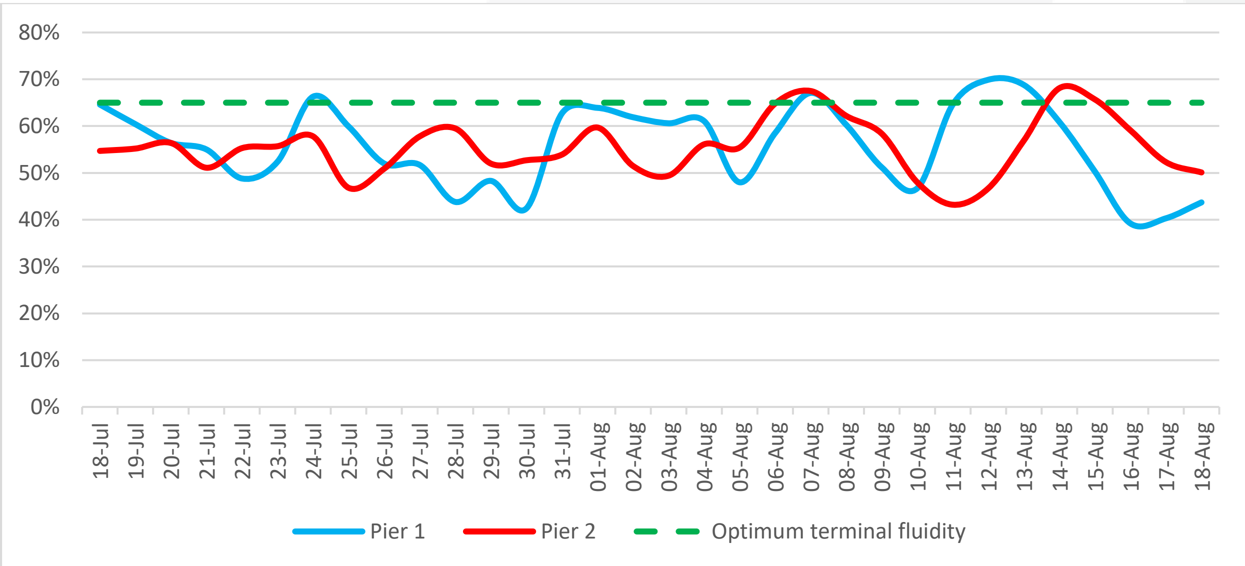
Figure 5 – 7-day forecast reported for total container movements (19 to 25 August; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 18/08/2023.

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

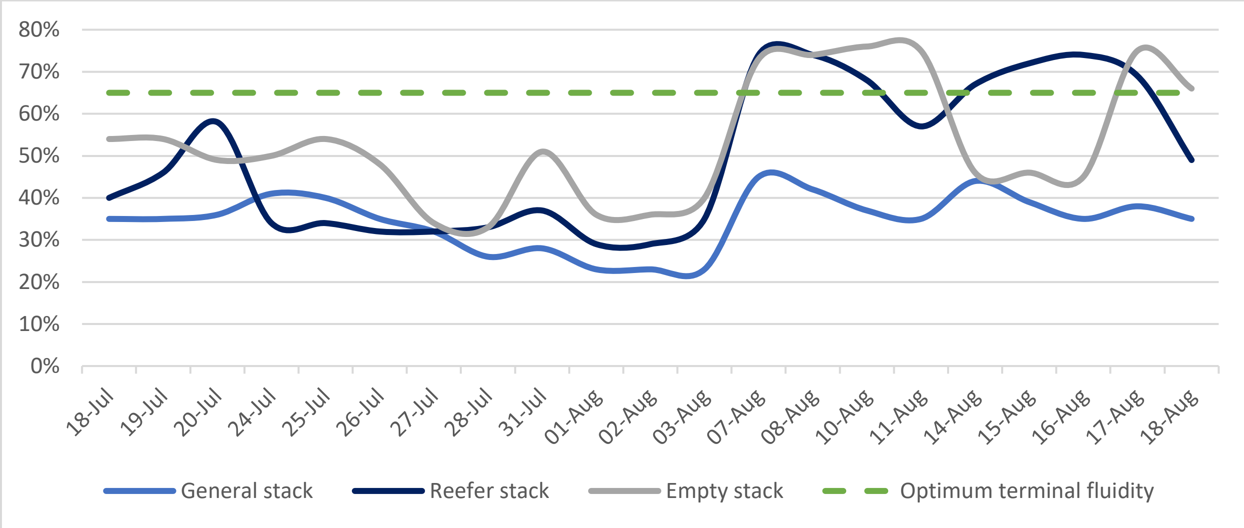
Figure 6 – Stack occupancy in DCT, general-purpose containers (18 July to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 18/08/2023.

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 (18 July to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 18/08/2023.

b. TNPA: July update

Transnet National Ports Authority (TNPA) has released its consolidated monthly port statistics for July[10], with slightly depressed returns registered almost across the board compared to June. The headline figures show that container throughput decreased by **↓1%** (m/m) – led by decreases in imports (**↓1%**), while exports were slightly up versus last month (**↑6%**). Containers handled per terminal show some monthly increases at Cape Town (**↑30%**) and Port Elizabeth (**↑6%**), whereas others were down from June, notably Durban (**↓7%**) and Ngqura (**↓6%**). Indeed, CTCT has continued its see-saw year so far. Total bulk cargo movements are down by **↓1%** (m/m), with the most significant drop occurring with breakbulk cargoes (**↓25%**), whilst dry – and liquid bulk volumes remain low – and both down by **↓5%**. Here is the respective movement in cargoes handled in July:

Table 4 – TNPA – Volume and Growth: July 2023

	Jun	Jul	Movement	Monthly growth
Containers (TEUs)	**378 649**	**374 956**	**-3 693**	**-1%**
Landed	187 299	175 860	-11 439	-6%
Shipped	191 350	199 096	7 746	4%
Dry bulk (MT)	14 421 902	13 706 126	-715 776	-5%
Liquid bulk (MT)	4 613 689	4 378 574	-235 115	-5%
Breakbulk (MT)	661 738	496 126	-165 612	-25%
Vehicles (Units)	57 018	56 984	-34	0%
Total cargo (excl. Vehicles)	**19 697 329**	**18 580 826**	**-1 116 503**	**-6%**

Source: TNPA, updated 17/08/2023.

In summary, Transnet Port Terminal handled **18,6 million metric tonnes** during July, which is **1,1 million metric tonnes** less than in June and roughly similar to the 10-year monthly average of **18,3 million metric**

[10] Transnet. 2023. Port statistics. TNPA

tonnes. With containers, the cyclically average for July is around **384 694 TEUs** in the seven years, including this. Consequently, June 2023 is only around **~97%** of the long-term average. The following table shows the comparative overview for July since the pandemic, with 2023 compared to the same month in 2022, 2021 and 2020:

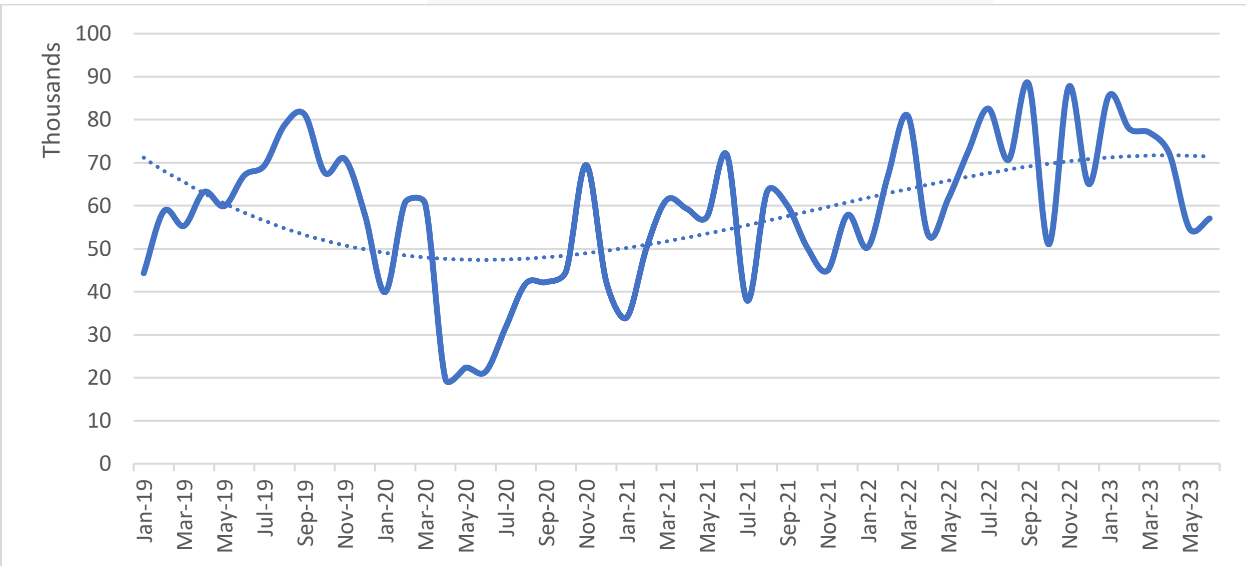
Table 5 – TNPA – Volume and Growth: July 2020-2023

	2020	2021	2022	2023	Growth: '22-'23	Growth: '21-'23	Growth: '20-'23
Containers (TEUs)	**314 293**	**403 268**	**371 153**	**374 956**	**1%**	**-7%**	**19%**
Landed	149 800	197 935	188 732	175 860	-7%	-11%	17%
Shipped	164 493	205 333	182 421	199 096	9%	-3%	21%
Dry bulk (MT)	14 613 308	11 069 769	18 327 187	13 706 126	-25%	24%	-6%
Liquid bulk (MT)	3 108 263	2 242 893	3 096 390	4 378 574	41%	95%	41%
Breakbulk (MT)	271 396	576 638	412 153	496 126	20%	-14%	83%
Vehicles (Units)	31 722	37 928	82 573	56 984	-31%	50%	80%
Total cargo (excl. Vehicles)	**17 992 967**	**13 889 300**	**21 835 730**	**18 580 826**	**-15%**	**34%**	**3%**

Source: TNPA, updated 17/08/2023.

Although container trade is up on pre-pandemic levels, July's throughput is lower than the decent rebound in 2021, similar to last year. Bulk cargo volumes are down versus last year's bumper month of July, way up versus 2021 and are somewhat similar to 2020. Yearly figures for the primary industries indicate the following: containers (**↑1%**, y/y), total cargo handled (**↓15%**), dry bulk (**↓25%**), liquid bulk (a healthy **↑41%**), breakbulk (**↑20%**), and vehicles (**↓31%**). Fortunately, the longer-term trends for vehicle trade are still healthy despite the concerning recent drop-off recently, which might have to do with the capacity constraints in Durban. Indeed, on Friday, Transnet issued a statement warning that the terminal is currently at 95% with **11 446 units** on the ground.

Figure 8 – Total vehicles handled at SA Ro-Ro terminals (units, 2019 to present)



Source: TNPA, updated 17/08/2023.

Ultimately, the current narrative remains concentrated on "*average*" and "*similar*", showing that there has been no tangible and sustainable growth. This lack of real growth is particularly evident in container trade when looking at the year-to-date views – starting with the pre-pandemic levels of 2019:

Table 6 – TNPA – Volume: YTD January-July 2019-2023: Containerised cargo

	2019	2020	2021	2022	2023
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
LANDED:					
DEEPSEA	1 043 858	909 800	1 040 934	1 052 798	1 002 138
COASTWISE	25 852	26 658	22 415	32 494	29 031
TRANSHIPPED[11]	261 900	209 458	249 509	215 124	164 661
TOTAL LANDED	1 331 610	1 145 916	1 312 858	1 300 416	1 195 830
SHIPPED:					
DEEPSEA	981 659	919 645	1 038 634	1 009 346	1 033 527
COASTWISE	19 070	25 083	23 734	25 268	37 617
TRANSHIPPED	256 056	202 828	245 005	175 593	150 780
TOTAL SHIPPED	1 256 785	1 147 556	1 307 373	1 210 207	1 221 924
GRAND TOTAL	2 588 395	2 293 472	2 620 231	2 510 623	2 417 754

Source: TNPA, updated 17/08/2023.

Compared to last year, total containers shipped are up by **↑1%** (y/y) – but led by an increase in empties (**↑7,4%**), with total containers landed down by a considerable **↓8,0%** (y/y), with total container trade down by **↓3,7%** (y/y). Versus the pre-pandemic year of 2019, the picture becomes bleaker, as total containers shipped are down by **↓2,8%** (y/y), with total containers landed down by **↓10,2%** (y/y), with total container trade down by **↓6,6%** (y/y). The inefficiency and low productivity of South Africa's container trade industry are negatively impacting its foreign trade amidst declining volumes. While the global market has shown significant recovery compared to pre-pandemic times, South Africa's situation remains bleak due to low volumes and overall poor port performance.

c. Summary of port operations

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

i. Weather and other delays

- Equipment breakdowns and shortages resulted in poor productivity levels at the Port of Cape Town – which recorded **~10 GCH** this week.
- Adverse weather conditions in Durban led to ten vessels deviating from their respective schedules.
- Richards Bay, fortunately, had minimal operations delays, as did our Eastern Cape ports.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and three at anchor as the terminal is still recovering after the SANTACO strike. Stack occupancy for GP containers was recorded at 38%, reefers at 75%, and

[11] 'Transhipped' means an act of off-loading cargo from one ship (generally at a hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transhipment port for a period.

empties at 69%. Due to the high stack occupancy figure, the reefer export stack was closed from 22:00 on Wednesday to 22:00 on Thursday. In the latest 24-hour period to Thursday, the terminal handled 2 160 TEUs across the quay. 1 110 trucks were serviced on the landside, while 36 rail containers were on hand. Industry concerns were raised once more during the earlier stages of the week regarding the productivity levels at the port. These concerns surfaced after reports indicated that two vessels on berth with approximate balances of 468 and 600 TEUs were only anticipated to complete operations by the following day. Each vessel on berth was serviced by two gangs, indicating that the port was executing approximately ten container moves per hour, which is alarming. For the last two weeks, CTCT has averaged less than 1 000 containers handled daily, substantially less than the long-term average.

The multi-purpose terminal, on Tuesday, recorded no vessels at anchor and one at berth. In the 24 hours leading to Wednesday, the terminal managed to service 344 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 291 TEUs were moved across the quay on the waterside. Stack occupancy was recorded at 16% for GP containers, 13% for reefers, and 100% for empties during the same period.

The FPT private terminal reported zero vessels at anchorage while servicing two vessels at berth on Thursday. During the prior 24 hours, the terminal handled 50 pallets of fruit and 225 TEUs on the waterside while servicing 127 trucks on the landside. At the same time, reefer stack occupancy was recorded at 13%.

iii. Durban

Pier 1 on Wednesday recorded two vessels at berth, operated by four gangs, and three vessels at anchor. Stack occupancy was 40% for GP containers and 22% for reefers. During the same period, 1 053 imports were on hand, with 92 units having road stops and 86 unassigned. The terminal recorded 1 292 landside gate moves, with 369 cancelled slots and 99 wasted. The terminal had some issues towards the latter stages of the week with the number of reefer appointments that were booked and ultimately not utilised. Out of the 213 appointments booked, approximately 100 bookings were not utilised. Thus, the terminal encourages transporters to use the virtual gates and ensure they do not make duplicate bookings. The truck turnaround time was recorded at ~106 minutes, with an average staging time of ~111 minutes, as the terminal was very congested towards the end of the week.

Pier 2 had three vessels at berth and three at anchorage on Thursday. In the 24 hours to Thursday, stack occupancy was 52% for GP containers and 36% for reefers, with 39% of reefer plug points utilised. The terminal operated with 12 gangs while moving 2 766 TEUs across the quay. During the same period, there were 2 160 gate moves on the landside with a truck turnaround time of ~125 minutes and a staging time of ~208 minutes. Customers were unsatisfied with productivity levels at the terminal this week as low straddle carrier availability and union engagements prevented adequate productivity at the terminal. For most of the week, an average of 55 and 60 straddles were operating at the terminal. Of the landside gate moves, 1 311 (61%) were for imports and 849 (39%) for exports. The terminal was forced to suspend the issuance of slots on multiple occasions throughout the week due to the congestion experienced. In fact, Durban had more than 45 000 TEUs waiting at anchorage, according to the "*Port Congestion Watch*". Additionally, 248 rail import containers were on hand, with 220 moved by rail on Friday.

Despite Durban TNPA's goal to have six available tugs at the port by August this year, only four tugs remained in operation for most of the week. Two tugs remain out of commission, with the Lotheni tug experiencing winch problems and the Umvoti tug heading to shop 24 for repairs. On Friday, the port started operations with merely three tugs as another tug went out of commission for repairs. However, the Lotheni's winch repairs are almost completed, which should see four tugs in operation once more by the weekend.

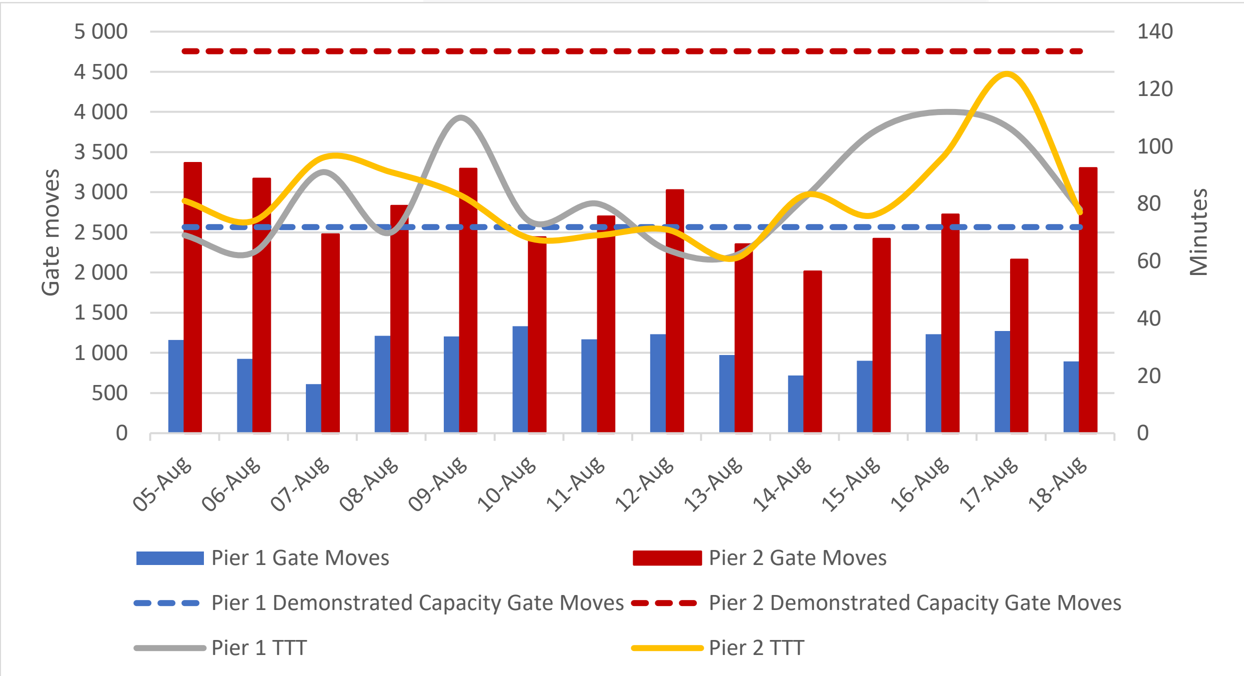
Additionally, the Durban helicopter remains out of commission as some crucial spares are still required for repairs. As a result, the Richards Bay helicopter is working overtime between the two ports, which concerns some industry participants. The latest reports suggest the technical team still awaits spares for the main gearbox and several other aircraft electronic components.

Durban's MPT terminal recorded two vessels at berth on Thursday and one at the outer anchorage while handling 332 container volumes and no breakbulk tons on the waterside. No breakbulk vessel was on berth at the terminal this week. Stack occupancy for breakbulk was recorded at 40% during that time and at 44% for containers, with 80 reefer plug points available. The terminal managed to handle 337 containers on the landside while servicing 20 breakbulk RMTs translating to 1 139 tons. During the same period, two cranes, eight reach stackers, one empty handler, six forklifts and 17 ERFs were in operation. Additionally, the third crane went out of commission during the latter stages of last week on a short-term breakdown, with an anticipated return of Friday, 18 August. The latest indications suggest the crane is ready to work breakbulk cargo but cannot yet handle containerised cargo. The technical team is still working around the clock to repair the crane fully; however, no indication was provided for when these repairs would be completed. Additionally, the fourth crane is now only anticipated to return by mid-October, as the repairs experienced some challenges.

On Wednesday, the Ro-Ro terminal in Durban recorded two vessels on the berth, with one at the outer anchorage. Over the 24 hours to Thursday, the terminal received 1 195 units and dispatched 1 156. During the same period, general stack occupancy was recorded at 84%, with a composition of 36% for imports, 62% for exports, and 2% for transhipments. Stack occupancy at G-berth was recorded at 30% and 10% at QR. The terminal had 3 637 import units on hand, 6 288 units destined for export markets, and 186 units 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 9 – Gate moves (left axis) and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2022. Updated 18/08/2023.

iv. Richards Bay

On Tuesday, Richards Bay recorded 30 vessels at anchor and 17 vessels on berth, translating to five at DBT, five at MPT, five at RBCT, and two at the liquid bulk terminal. Two tugs, one helicopter, and one pilot boat were in operation for marine resources in the 24 hours leading up to Wednesday. The helicopter remains on standby as a contingency measure should the Port of Durban require assistance on the waterside. Concerns regarding the helicopter's workload are justified, as both Durban and Richards Bay could be in serious trouble should the aircraft go out of commission.

v. Eastern Cape ports

NCT on Wednesday recorded two vessels on berth and two vessels at outer anchorage. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Thursday. In the same period, stack occupancy was 25% for GP containers, 32% for reefers, and 52% for reefer ground slots. And in that period, 2 130 TEUs were processed at a GCH of ~14 and SWH of ~37. Additionally, 561 reefers were handled across the quay, while 683 trucks were serviced on the landside at a truck turnaround time of ~34 minutes. The repairs on the Mooring master at the port were completed earlier this week; however, no updates have been received yet regarding the testing of the units. Additionally, the terminal experienced a few crane breakdowns this week, hampered terminal productivity. The latest reports suggest that all cranes returned to service except Crane QC1. The crane remains out of commission as the technical team still awaits spares to execute the required repairs. The preliminary estimated time of return of the crane is 31 August 2023.

GCT on Tuesday 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 53% for GP containers, 45% for reefers, and 71% for reefer ground slots. On the waterside, 976 TEUs were handled across the quay. Additionally, 335 trucks were serviced on the landside at a truck turnaround time of ~38 minutes.

The Ro-Ro terminal had zero vessels on berth and no vessels at anchor on Monday. 894 units were received on the landside in the 24 hours before Tuesday. During the same period, 5 260 units were on hand, leading to a stack occupancy figure of 87%.

On Wednesday, the Port of East London had two vessels on berth and none at anchor. On the waterside, no containers were moved across the quay, but 30 external trucks were serviced on the landside at a truck turnaround time of ~35 minutes. Stack occupancy on the container side improved substantially to 41%. During the same period, at the Ro-Ro terminal, 104 units were received, while stack occupancy at the car terminal was captured at 79%. No bulk tons were handled on the waterside, while 30 RMTs, translating to 1 055 tons, were serviced on the landside. The low volumes handled on Wednesday can largely be attributed to the adverse weather conditions experienced at the port.

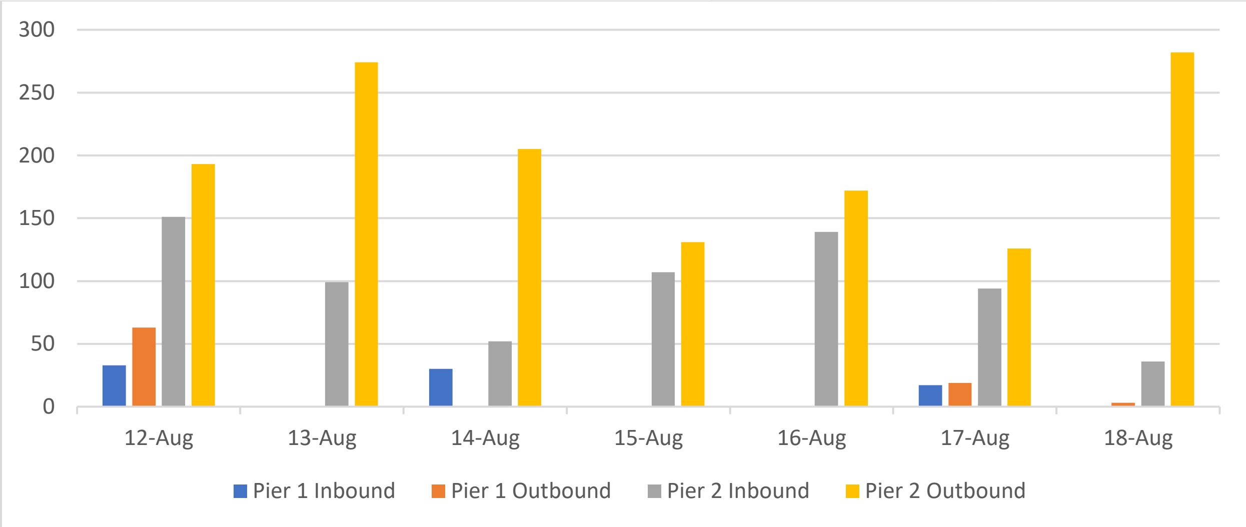
vi. Saldanha Bay

On Thursday, the iron ore terminal had one vessel at anchorage and one on the berth, while the multi-purpose terminal had one vessel at anchor but two on the berth. The vessels at anchor have been waiting outside for approximately 1-2 days, while the vessels in the port have been on berth for around 2-5 days.

vii. Transnet Freight Rail (TFR)

During the earlier stages of the week, another cable theft incident occurred on the rail line near Danskraal, which delayed operations for approximately four hours. Additionally, several overhead power outages disrupted the rail network during the same period. Additionally, the ConCor two-week shutdown is preliminary scheduled for February 2024. The latest reports indicate that DCTs Pier 2 had 56 ConCor units on hand with a dwell time of 56 hours (2,5 days) and 163 over-border units with a dwell time of 3 days by the end of the week.

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



Source: Calculated using data from Transnet, 2022. Updated 18/08/2023.

In the last week (*12 to 18 August*), rail cargo handled out of Durban was reported at **2 226** containers, down ↓**4%** from the previous week's **2 329** 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 07 July. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *August 2022* averaged **~701 602 kg** per day.

Table 7 – International inbound and outbound cargo from OR Tambo[12]

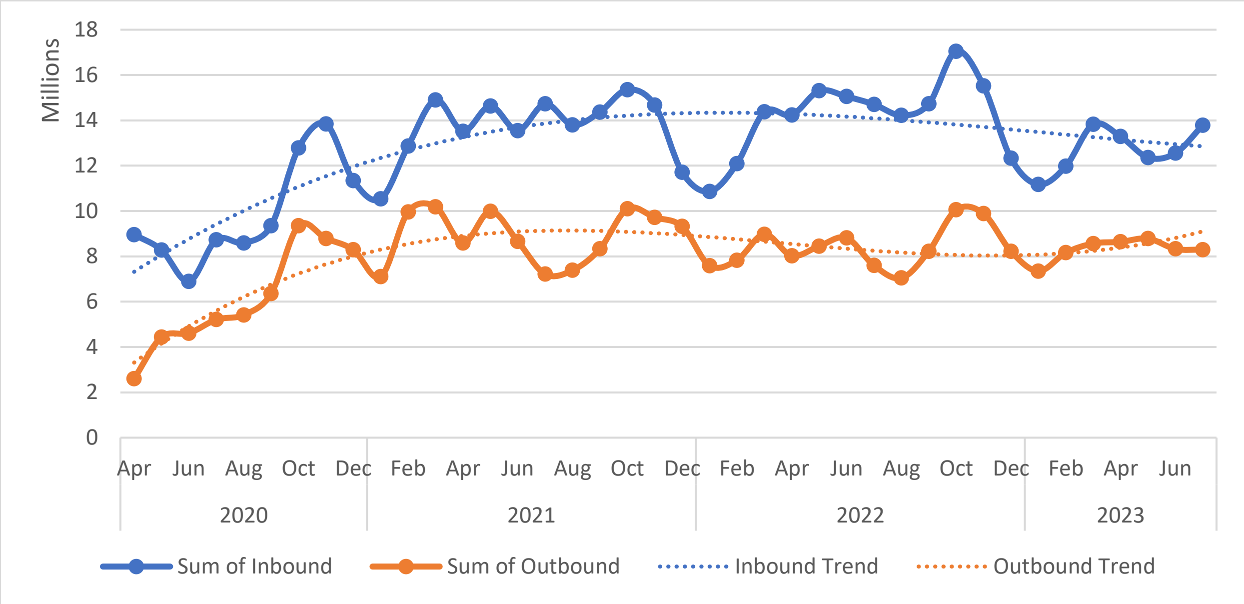
Flows	07-Aug	08-Aug	09-Aug	10-Aug	11-Aug	12-Aug	13-Aug	Week
Volume inbound	437 996	305 988	342 329	299 010	437 009	317 733	1 156 694	**3 296 759**
Volume outbound	95 438	267 411	177 838	154 692	214 659	237 509	507 375	**1 654 922**
Total	**533 434**	**573 399**	**520 167**	**453 702**	**651 668**	**555 242**	**1 664 069**	**4 951 681**

Courtesy of ACOC. Updated: 17/08/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **470 966 kg** inbound (**↑6%**, w/w) and **236 417 kg** outbound (**↑4%**), resulting in an average of **707 383 kg per day** or **~101%** compared with August 2022. However, the level is currently at only **~72%** compared with the same period pre-pandemic in 2019.

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

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



Courtesy of ACOC. Updated: 17/08/2023.

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 *August 2022* was **~58 961 kg** per day.

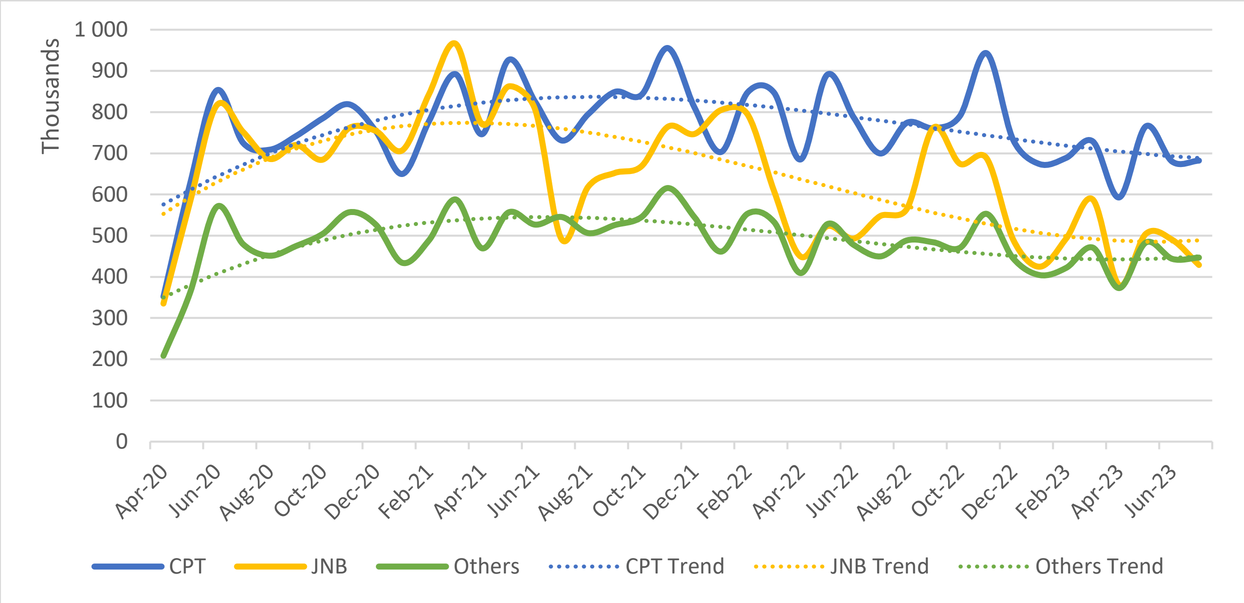
Table 8 – Total domestic inbound and outbound cargo (average daily)

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.	20 993	2 376	2 465	11 850	5 452	2 460	45 595
02-Aug	36 517	4 440	4 376	22 378	9 152	3 213	80 077
03-Aug	40 451	3 988	4 411	20 276	10 009	4 876	84 011
04-Aug	14 750	2 048	2 023	12 642	4 300	2 468	38 230
05-Aug	1 377	169	36	561	256	45	2 443
06-Aug	1 603	635	71	164	636	456	3 563
07-Aug	35 275	2 463	4 221	13 586	9 751	3 451	68 747
08-Aug	17 583	3 040	3 239	15 938	6 584	2 964	49 348
Total for 2023:	5 000 643	1 191 104	586 096	7 401 400	2 421 222	6 116 200	22 716 665

Courtesy of ACOC. Updated: 17/08/2023.

The average domestic air cargo moved last week was **~40 553 kg** per day, down by **↓24%** compared to the previous week and remains slightly down compared to last year's level (**~69%**). However, the level is currently at *only* **~45%** compared with the same period pre-pandemic in 2019.

Figure 12 – Domestic inbound and outbound cargo (thousands)



Courtesy of ACOC. Updated: 17/08/2023.

3. Road and Regional Update

a. Cross-border and road freight delays

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

- The median border crossing times at South African controlled borders increased by **three hours**, averaging **~12,7 hours** (**↑32%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased roughly the same magnitude – **around two-and-a-half hours** – and averaged **~10,3 hours** (**↑37%**, w/w).
- Recent protests involving truck torching because of service delivery demonstrations, with a specific incident occurring on N12 near Eldorado Park.
  - According to the driver, crowds blocked the road, threw stones, and stole personal belongings – including the fire extinguisher – before setting the truck alight.
  - Transporters are urged to be vigilant and look out for such incidents.
- Patrick O'Leary's article highlights dire conditions for drivers, notably at Kasumbalesa, with a **100km+ southbound queue**.
  - Challenges include security, facilities (ablutions, food), and other high transport costs.
- Efforts to address issues at Lebombo are slowly underway, with new procedures introduced recently.
  - Feedback will be provided in more clarity next week.
- 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[13], which arguably provides better and more reliable information.

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

Table 9 – Delays[14] summary – South African borders (both directions)

Border Post	Direction	HGV[15] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	451	4,6	6,5	31,0	13 530	3 157
Beitbridge	Zimbabwe-SA	397	5,5	2,4	13,4	11 910	2 779
Groblersbrug	SA-Botswana	240	1,1	2,6	22,0	7 200	1 680
Groblersbrug	Botswana-SA	167	0,3	0,3	1,4	5 010	1 169
Vioolsdrif	SA-Namibia	30	0,0	1,1	2,5	900	210
Noordoewer	Namibia-SA	20	0,0	0,5	2,4	600	140
Nakop	SA-Namibia	30	2,3	1,3	4,2	900	210
Ariamsvlei	Namibia-SA	20	0,3	0,4	1,4	600	140
Lebombo	SA-Mozambique	1 562	6,6	2,2	13,3	46 860	10 934
Ressano Garcia	Mozambique-SA	96	5,3	0,4	10,4	2 880	672
Skilpadshek	SA-Botswana	200	1,1	0,4	3,2	4 800	1 400
Pioneer Gate	Botswana-SA	100	0,5	0,4	2,2	2 400	700
Weighted Average/Sum		**3 313**	**2,3**	**2,3**	**1,5**	**9,0**	**23 191**

Source: TLC, FESARTA, & Crickmay, week ending 13/08/2023.

Table 10 – Delays summary – Corridor perspective

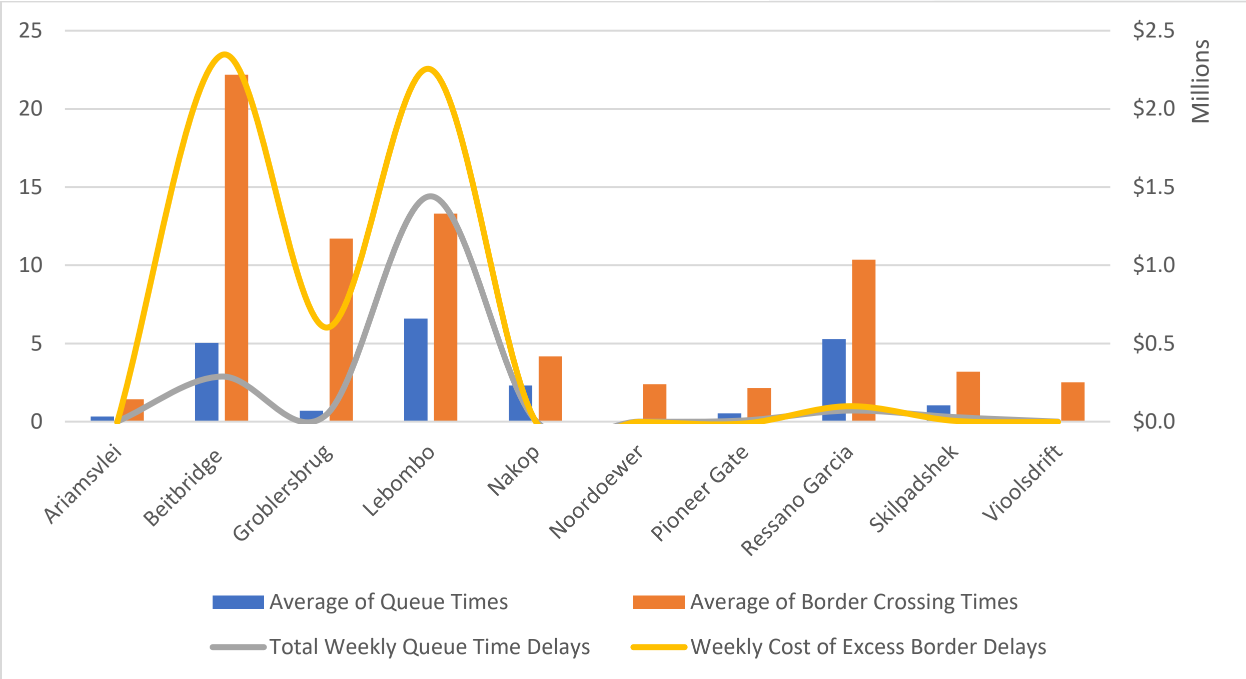
Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Weekly HGV Arrivals
Beira Corridor	320	3,7	2,1	12,9	9 600	2 240
Dar Es Salaam Corridor	1 819	46,2	1,5	13,2	54 570	12 733
Maputo Corridor	1 658	5,9	1,3	11,8	49 740	11 606
Nacala Corridor	127	0,0	0,0	0,0	3 810	889
North/South	3 327	17,6	1,7	12,8	99 810	23 289
Trans Caprivi Corridor	116	0,0	0,9	28,1	3 480	812
Trans Cunene Corridor	100	0,0	3,1	18,5	3 000	700
Trans Kalahari Corridor	330	0,8	0,5	2,4	7 920	2 310
Trans Oranje Corridor	100	0,7	0,8	2,6	3 000	700
Weighted Average/Sum	**7 897**	**13,9**	**1,3**	**10,6**	**234 930**	**55 279**

Source: TLC, FESARTA, & Crickmay, week ending 13/08/2023.

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

[13] FESARTA TRANSIST Bureau.
[14] 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.
[15] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

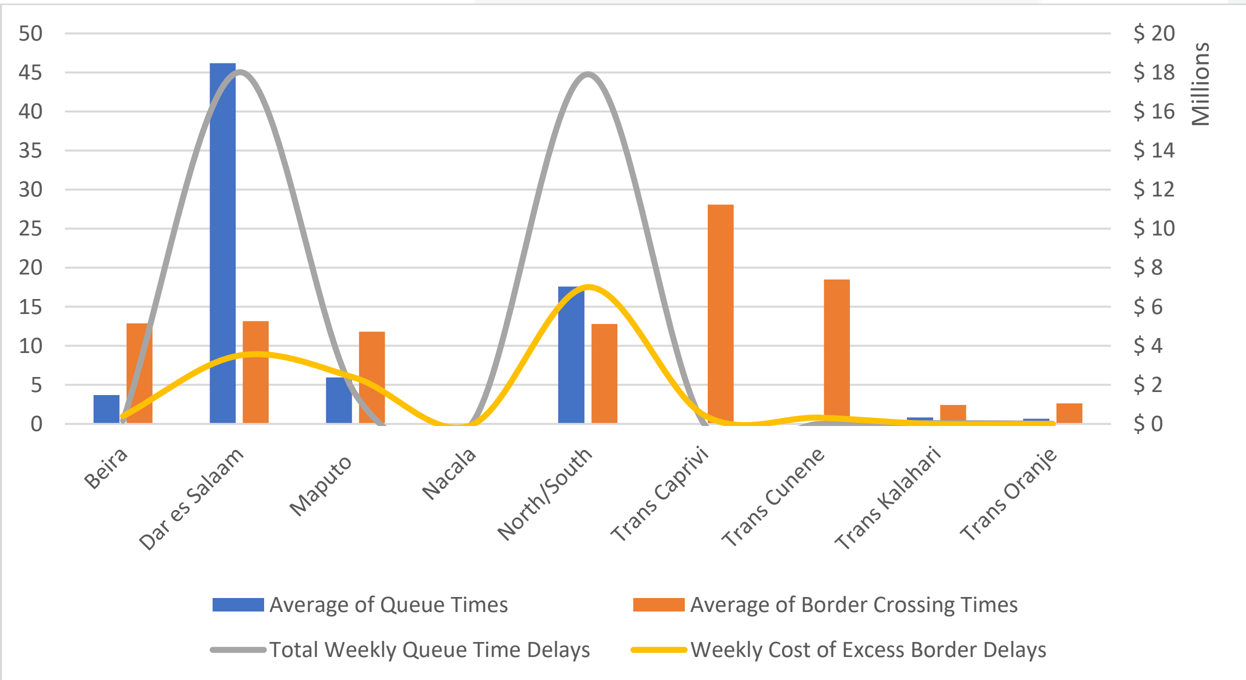
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions[16])



TLC, FESARTA, & Crickmay, week ending 13/08/2023.

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

Figure 14 – Weekly cross-border delays & est. cost from a corridor perspective (hours & $ millions)



Source: TLC, FESARTA, & Crickmay, week ending 13/08/2023.

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

In summary, cross-border queue time averaged **~13,9 hours** (up by **~1,8 hours** from the previous week's **~12,1 hours**), indirectly costing the transport industry an estimated **$37,7 million** (**R714 million**). Furthermore, the week's average cross-border transit times hovered around **~10,6 hours** (up by **~2,8 hours** from the **~7,8 hours** recorded in the previous report), at an indirect cost to the transport industry of **$14 million** (**R265 million**). As a result, the total indirect cost for the week amounts to an estimated **~R979 million** (up by **~R376 million** or **↑62,3%** from **R601 million** in the previous report).

4. International Update

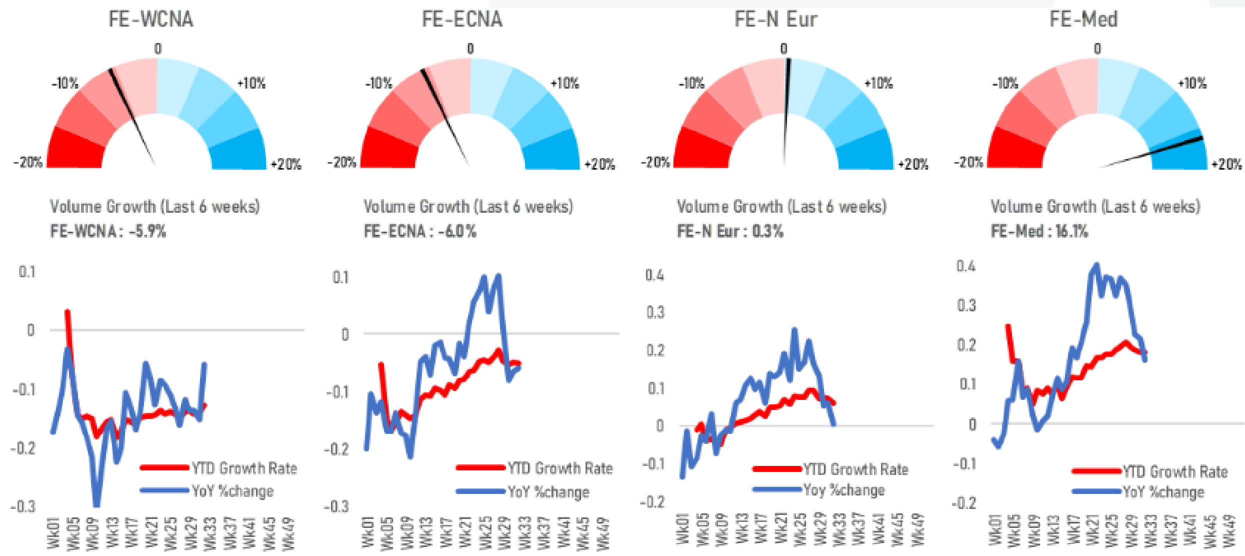
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global shipping industry and **(b)** the global aviation industry.

a. Global shipping industry

i. Global container industry summary

Container volumes have started to decline after a muted peak season, according to the latest figures from Linerlytica. After peaking in July, volume growth has been rising steadily over the 2nd quarter, but the positive trend has reversed on three of the four main trade routes (FE-ECNA, FE-N. EUR, FE-Med). Volumes on the FE-WCNA route are still holding, but growth rates on this route have been negative throughout this year, with support for the recent rate rebound coming solely from capacity cuts. Total capacity on the FE-WCNA route is down by **↓6,8%** (y/y), compared to rising capacity deployed on the FE-ECNA (**↑3,4%**), FE-North Europe (**↑7,7%**) and FE-Med (**↑26,1%**):

Figure 15 – Trade volume indices: Major international trade lanes

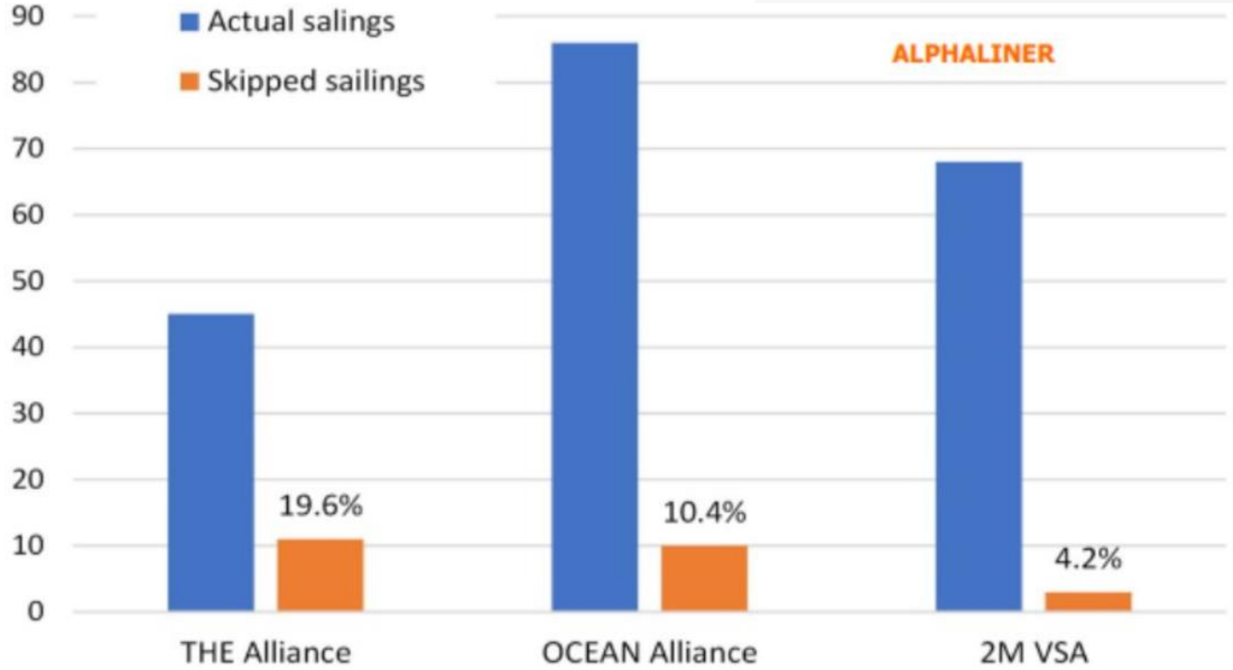


Source: *Linerlytica*

Consequently, blank sailings are continuing and are now part of the normal shipping business routine, according to Alphaliner. Although a few carriers are still issuing customer advisories on blanked sailings, they seem to have become part of the regular shipping business in all trades[17]. In June and July, **10,8%** of all regular sailings out of the 25 Central China — Europe loops offered by the three big alliances were voided:

[17] Wackett, M. 18/08/2023. More blanked voyages and a 'newbuild elephant' approaching the room.

Figure 16 – Alliance sailings ex Central China to Europe in June/July



Source: Alphaliner

This figure was much higher than Drewry's average cancellation rate report (which shows their "*Cancelled Sailings Tracker*" trending around a **5% cancellation rate**[18] this week). Skipping sailings was initially a way to reduce capacity during low cargo demand. During the COVID-19 pandemic, missed sailings resulted from port congestion, with ships arriving too late for a new round voyage. With the influx of new tonnage and sufficient available ships, blanked sailings have become standard practice for a different reason. Even with ONE receiving new ships, THE Alliance had the largest percentage of skipped sailings in June and July.

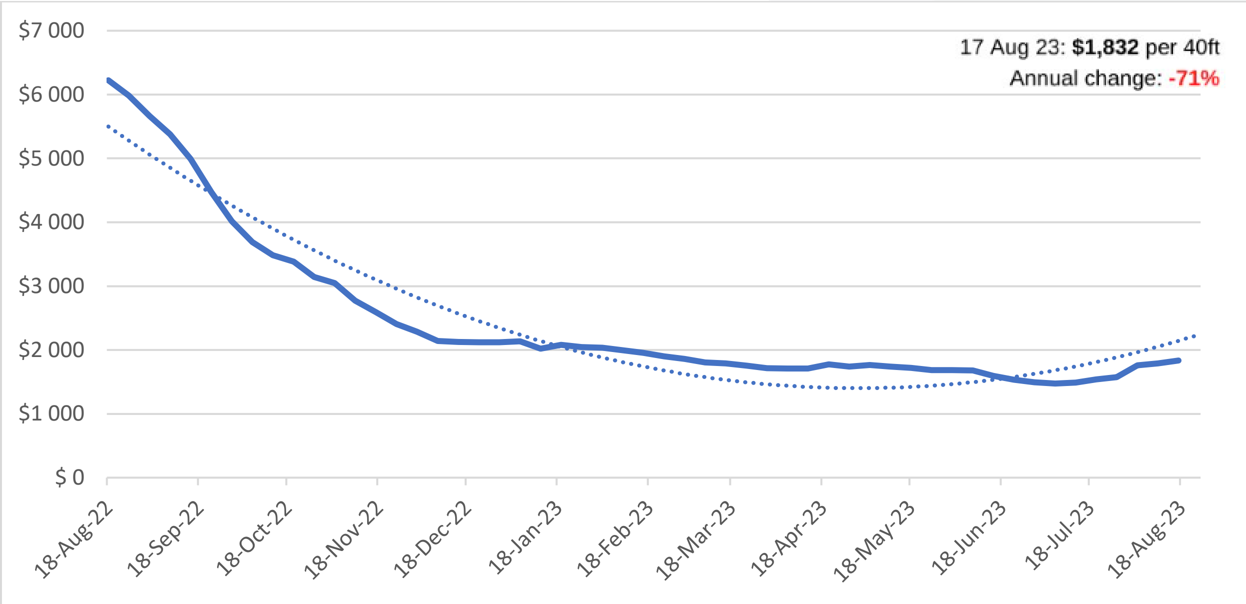
Elsewhere in the industry, port congestion this week was similar to last week's level and is only affecting **5,8%** (**1,56 million TEU**) of the global fleet (but includes Durban in the top 20 at around **45 000 TEU** at anchorage)[19]. Despite widely reported congestion at the Panama Canal, the restrictions have no material impact on the container sector, with priority passage given for regularly scheduled services and no significant delays reported apart from irregular loaders which can be diverted to the Suez route. The idle fleet has also remained very low at around **0,4%** of total capacity.

ii. Global container freight rates and carrier finances

Global freight rates increased for the sixth consecutive week; however, there are signs that peak season volumes are already starting to fade, and the recent rate rebound could soon run out of steam[20]. The "*World Container Index*" increased by **↑2,3%** (or **$42**) to **$1 832** per 40-ft container this week[21], as freight rates are set to settle just under the **$2 000-mark**:

[18] Drewry. 04/08/2023. Cancelled Sailings Tracker - 11 August.
[19] Linerlytica. 14/08/2023. Market Pulse – Week 33.
[20] Linerlytica. 14/08/2023. Market Pulse – Week 33.
[21] Drewry. 17/08/2023. World Container Index – 17 August 2023.

Figure 17 – World Container Index assessed by Drewry (last two years, $ per 40 ft. container)



Source: *Compiled from Drewry Ports and Terminal Insights*

The rate increases were dominated on the Asia-North American routes in recent weeks but have now spilt over to the Asia-Europe routes – this week notably with the Shanghai-Rotterdam route (**↑6%**), as Shanghai-New York continues to increase **↑5%**. In total, the composite index has dropped by **↓71%** (y/y) compared to the same week last year and **↓82%** below the peak of **$10 377** in September 2021. Drewry expects East-West spot rates to remain stable, with small increments likely for now. In the charter space, owners of smaller containerships are settling for much shorter charters and reduced daily hire rates as the market softens[22]. The 'normalisation' of the sector will significantly assist shortsea and feeder operators, which require flexibility in their operating fleets to meet demand peaks and troughs.

On the carrier financial side, several major players reported Q2 earnings this week, with the following highlights:

- Yang Ming led the container liner peers with a **↓13%** (q/q) reduction in OPEX[23].
- Zim's Q2's $**213 million net loss** is four times that recorded in the three months to March ($58m), well off the **$1,3 billion profit** recorded last year[24].
- Following ONE's **↓67%** (q/q) drop in earnings, Hapag Lloyd's 2Q results suffered the second biggest quarterly fall in EBIT, as Transatlantic head haul freight rates fell by **↓50%**[25].
- HMM's liner EBIT fell **↓43%**, broadly in line with the peers, as a fall in freight rates offset the increase in volume on the top line[26]. HMM's volume was up **↑12%** (q/q), similar to CMA CGM and ONE, but is significantly ahead of Maersk and OOCL (**↑7%**) and Hapag Lloyd (**↑4%**).

iii. Further developments of note

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

[22] Wackett, M. 18/08/2023. Relief for shortsea as charterers find themselves back in the driving seat.
[23] Leung, J. 15/08/2023. YMM earning stabilised in 2Q.
[24] Whiteman, A. 17/08/2023. Zim down $1,5bn on Q2 22 and facing overcapacity as new ships arrive.
[25] Leung, J. 15/08/2023. Hapag Lloyd earnings fell but lead peers on EBIT margin and RoE.
[26] Leung, J. 15/08/2023. HMM earnings fall broadly in line with sector average.

1. **FMC probes allege that MSC overcharged customers for D&D:**
    a. MSC faces potential charges over alleged US Shipping Act violations following an investigation by the Federal Maritime Commission (FMC)[27]. The FMC audit revealed that MSC billed over **$2 million** in excess demurrage and detention charges.
    b. The carrier issued identical daily rates for operating and non-operating reefers despite claims to the contrary via its US agent. Despite multiple customer disputes, MSC is accused of failing to rectify this issue, withholding around **$857 944** in extra revenue. This action is seen as part of the FMC's drive to address unfair practices among carriers exploiting shippers during the pandemic, as seen in previous cases.
2. **HMM on top as the most environmentally-friendly carrier:**
    a. HMM has emerged as the 'greenest' North Europe-Far East backhaul line in the latest Xeneta naming and framing, following its victory in the backhaul US-Far East trades in June[28].
    b. In Q2, HMM's CEI score of 78,2 exceeded competitors by 17,4 points, with factors including slower vessel speed (2.6 knots below average) and newer ships (average age 2,8 years). HMM's 21 600 TEU vessels, 78,8% filled, contributed to this lead. The North Europe-Far East trade's overall CEI efficiency improved to 9,6, a 6,8 point rise, due to an increased fill factor at 74,6%. Evergreen was the nearest competitor, some ten points back.
3. **Stranded MSC box ship leaves the Port of Odesa after 18 months:**
    a. Containerships trapped in the Port of Odesa since the Russian invasion of Ukraine last February may finally have a route out – but hopes of trade returning are slim[29].
    b. On Wednesday, the Ukrainian authorities defied threats of Russian attacks on civilian shipping in the Black Sea. They allowed MSC's 9 400 TEU Hong Kong-flagged *Joseph Schulte* to depart with a Ukrainian crew.
    c. Elsewhere, the financial boon of carriers operating on Russian routes is over, as Russian Far East rates now range between **$1 200 - $2 300 per TEU**, down from a high of **$5 700** in March 2022, the month after Russia invaded Ukraine[30].

b. Global air cargo industry

In the high-frequency data from World ACD, average global air cargo rates stabilised in the last five weeks at around **↓37%** below their levels this time last year - still being **↑33%** above their comparable pre-pandemic levels and trending around the **$2,27 per kg** mark. On the demand side, the decreasing trend in global tonnages continued into the first whole week of August and is down by **↓1%** (2w/2w). The following figure captures the recent trend in capacity, weight, and yield:

[27] Whiteman, A. 18/08/2023. FMC probes claims that MSC overcharged customers for D&D.
[28] Bartlett, C. 15/08/2023. HMM 'greenest' carrier again in Xeneta carbon-emission league table.
[29] Whiteman, A. 18/08/2023. Stranded MSC box ship leaves port of Odessa after 18 months.
[30] Li, M. 15/08/2023. Party is over for opportunistic Russia-focused carriers as rates sink.

Figure 18 – Global capacity, weight, and yield 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		-3%	+6%		-6%	+1%		+1%	-14%
Asia Pacific		-1%	+27%		-2%	+2%		+1%	-44%
C. & S. America		-1%	-5%		-3%	-1%		+1%	-12%
Europe		+1%	+8%		-1%	-9%		-1%	-35%
M. East & S. Asia		-0%	+11%		+1%	+4%		+0%	-40%
North America		-1%	+5%		-5%	-17%		-0%	-27%
Worldwide		-1%	+9%		-2%	-4%		+0%	-36%

Source: World ACD

Comparing the overall global market with this time last year, World ACD shows that global chargeable weight in weeks 31 and 32 of this year decreased by **↓4%** compared to the same period last year, primarily due to drops in tonnages from North America (**↓17%**) and Europe (**↓9%**). Notable tonnage increases were seen from the Middle East & South Asia (**↑4%**). Overall capacity increased by **↑9%** (y/y), particularly in Asia Pacific (**↑27%**), Middle East & South Asia (**↑11%**), Europe (**↑8%**), and Africa (**↑6%**), while Central & South America saw a **↓5%** decrease in capacity.

In other air cargo news, dozens of flights were cancelled and diverted as thunderstorms halted operations at Frankfurt Airport on Wednesday evening[31]. Ground handling work stood at a standstill for over two hours, and more than 20 arriving flights had to divert to other airports.

ENDS[32]

[31] Joshni, G. 17/08/2023. Frankfurt Airport flooded and flights cancelled as thunderstorm rolls through.

[32] **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).*