

COVID-19: Cargo movement update¹

Date: 11 November 2022

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)	26 143	30 228	56 371	26 199	25 629	51 828	↑9%
Air Cargo (tons)	5 225	3 500	8 725	5 799	3 773	9 571	↓9%

Monthly Snapshot

Figure 1 – Monthly⁴ cargo volume levels, year on year (100% = baseline)

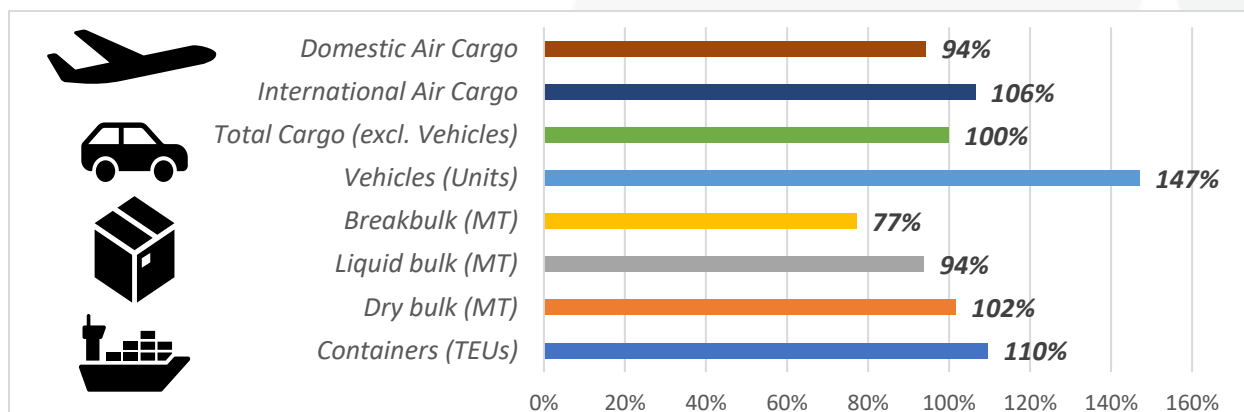
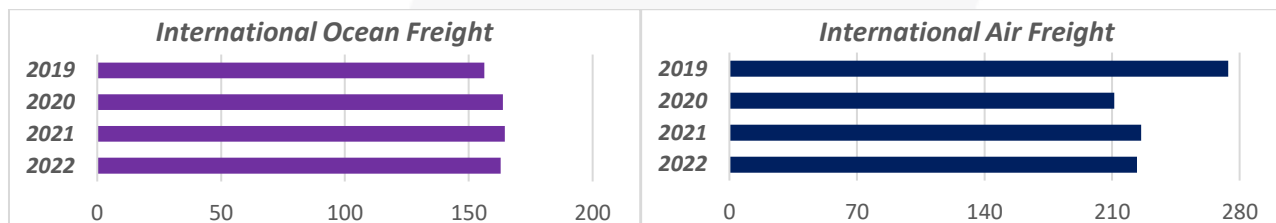


Figure 2 – Global year-to-date flows 2019-2022⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 053 containers** was handled per day, with **~8 558 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 850 containers**, **↑84%** compared to last week.
- Cross-border queue times were **↑1,5 hours**, with transit times **↓8,4 hours**, SA borders **~7,2 hours (↑3%)**.
- CTS container throughput (dry & reefer) is down by **↓9,5%** (m/m) and by **↓8,6%** (y/y) for September.
- Global port congestion is currently trending at **10,5%** of capacity (up by **↑0,6%** w/w).
- Container capacity utilisation continues to decrease, as cancelled sailings remain high, this week at **13%**.
- The "WCI" decreased for the **37th consecutive week**, with spot rates down **↓9%** (\$277) to **\$2 773** per 40ft.
- Air cargo has decreased by **↓1,5%** (w/w) and a massive **↓10,6%** (y/y) in September amid weak demand.

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 113th 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: Sep vs Sep, Air: Oct vs Oct.

⁵ For ocean, total Jan-Sep cargo in metric tonnes, as reported by [Transnet](#) is used, while for air, Jan-Oct cargo to and from ORTIA is used.

Executive Summary

This update – *the 113th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this past week were typified by equipment breakdowns and shortages, adverse weather conditions, backlogs, and congestion. Concerns regarding the cranes at south key at berth 108 in Durban were revisited this week as multiple cranes remain on extended outages, halting operational performance at the berth. In addition, Durban experienced another challenging week on all fronts as a dry bulk vessel at the Island View terminal was delayed for 12 hours due to adverse weather conditions. Elsewhere, NCT also experienced a challenging week as the terminal was windbound on multiple occasions throughout the week, with the most substantial delay occurring on Wednesday for approximately ten hours.

In the global shipping industry, container volumes have plummeted from last month, as the global merchandise landscape is shaping towards a massive economic lull, further providing setbacks for the shipping industry. Furthermore, freight rates continued to fall sharply, with Drewry's index slipping by a further **↓9%** this week as the strategic capacity deployment still cannot halt rates. Indeed, capacity utilisation has weakened across all key routes out of China, with the Middle East trade remaining the only exception. The West Coast of North America has been particularly weak, with all the blanked sailings in October and the withdrawal of 10 services since September still insufficient to match the sharp fall in demand as utilisation has fallen to its lowest levels since 2020.

Consequently, demand is expected to remain weak through the fourth quarter, although full-year growth forecasts remain positive. Containership charter rates and fixture periods are still dropping, but demand has remained robust as carriers are still unwilling to pull capacity out in any meaningful manner. Nevertheless, analysis this week still shows how capacity utilisation has changed out of Asia. Additional developments of note included **(1)** the South African government pressing ahead with national shipping line plans, **(2)** Arise launching a dedicated pan-African shipping company, and **(3)** Liverpool dock workers finally reaching an agreement.

In the airfreight sector, we continue to post good numbers, as international air cargo volume is slightly down for the week (**↓9%**, w/w) but remains comparatively high, as domestic volumes also continue to perform well (**↑6%**). However, air cargo activity internationally experienced a slight decline in September, with most macro indicators trending into negative territory. Elsewhere, in other cargo news, **(1)** Emirates agreed to buy five freighter aircraft from Boeing, and **(2)** warnings of softening demand despite continuing passenger-to-freighter conversions.

In the cross-border road freight industry, several regional borders continue to experience crossing times in excess of a day, including Beitbridge, Kasumbalesa, Katima, and Zobue. Locally, the Public Servants Association of South Africa (PSA) planned strike action that threatened to impact cargo movement – particularly at the border posts – but fortunately, there was no adverse effect on operations. Other regional constraints this week included **(1)** domestic protest action, **(2)** minor network challenges at Beitbridge, and **(3)** parked trucks blocking movements to the DRC.

In summary, the primary transport modalities are starting to feel the full force of the prevailing global economic conditions as the demand for goods continues to subside. As a result, ocean and air freight volumes have entered negative territory and are expected to stay there in the short term. Perhaps the opportunity exists to reset the global supply chain and restore some much-needed service reliability;

unfortunately, several cross-currents continue, none more so than the strategic deployment of container capacity. Therefore, we are unlikely to experience any increased levels of certainty over the short term; however, the outlook is not all doom and gloom, as demand is expected to return early in the new year.

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1. Ports Update

This section provides an overview of the flow of containerised cargo through South Africa's 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 5 to 11 November⁶

7-day flow forecast (05/11/2022 – 11/11/2022)		
TERMINAL	NO. OF CONTAINERS ⁷ TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 774	5 902
DURBAN CONTAINER TERMINAL PIER 2:	13 507	14 836
CAPE TOWN CONTAINER TERMINAL:	4 519	4 258
NGQURA CONTAINER TERMINAL:	2 490	3 698
GQEERHA CONTAINER TERMINAL:	853	1 534
TOTAL:	26 143	30 228

Source: Transnet, 2021. Updated 11/11/2022.

Table 3 – Container Ports – Weekly flow reported for 12 to 18 November

7-day flow forecast (12/11/2022 – 18/11/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 533	7 293
DURBAN CONTAINER TERMINAL PIER 2:	9 641	13 541
CAPE TOWN CONTAINER TERMINAL:	7 136	5 346
NGQURA CONTAINER TERMINAL:	2 558	7 867
GQEERHA CONTAINER TERMINAL:	800	1 190
TOTAL:	24 668	35 237

Source: Transnet, 2021. Updated 11/11/2022.

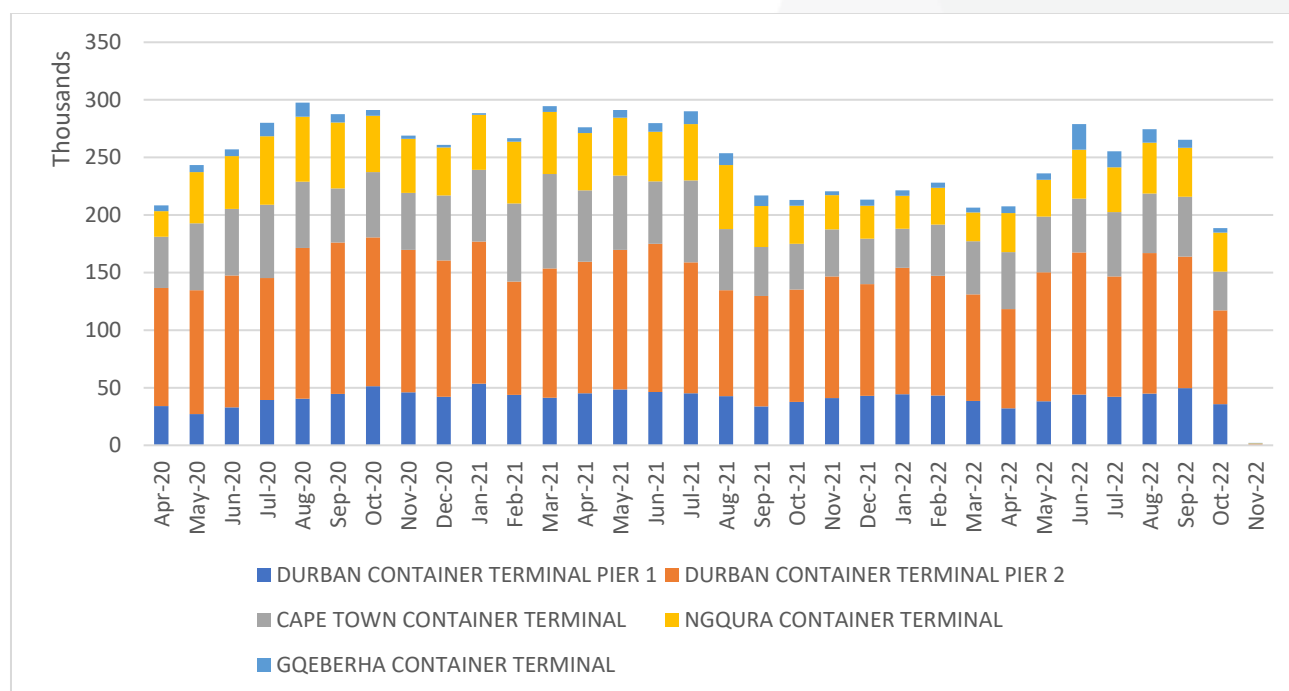
An average of **~8 053 containers** (↑12%) was handled per day for the last week (5 to 11 November, Table 2), compared to the projected average of **~10 183 containers** (↓20% actual versus projected) noted in last week's report. An increased average of **~8 558 containers** (↑6%) is projected to be handled next week (5 to 11 November, Table 3). Port operations this past week were typified by equipment breakdowns and shortages, adverse weather conditions, backlogs, and congestion.

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

⁶ It remains important to note that a large percentage (approximately 39% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transshipments. Due to the ongoing container imbalances, this proportion is fluctuating more than usual and has increased since December 2020. In recent months, empty numbers have dropped, a reflection of an improvement in worldwide container imbalances, but there is the usual sharp increase with the importation of large numbers of empty reefers in preparation for the citrus fruit season.

⁷ 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.

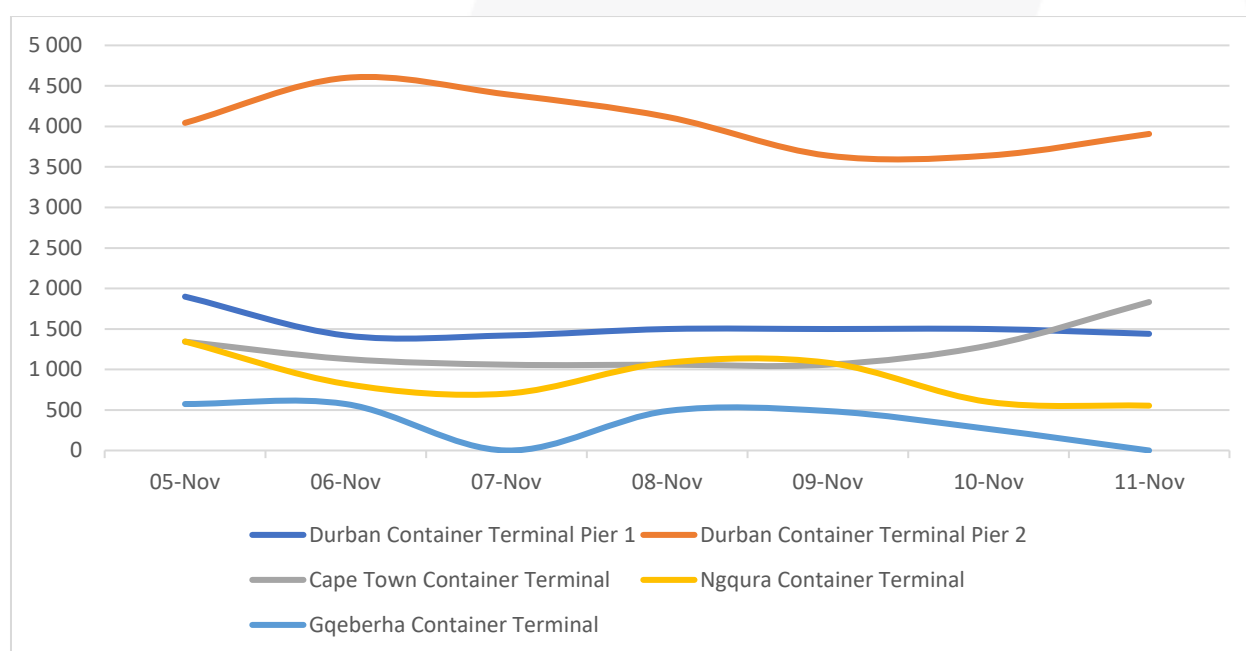
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



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

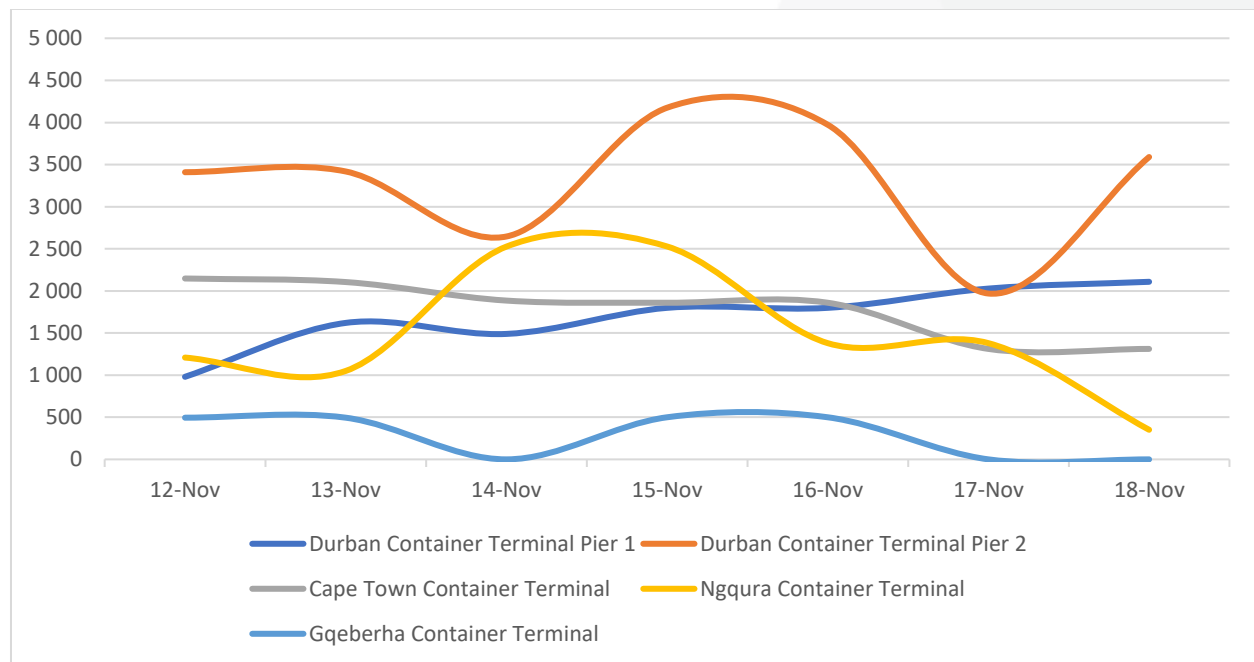
The figures below show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (5 to 11 November; per port; day on day)



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

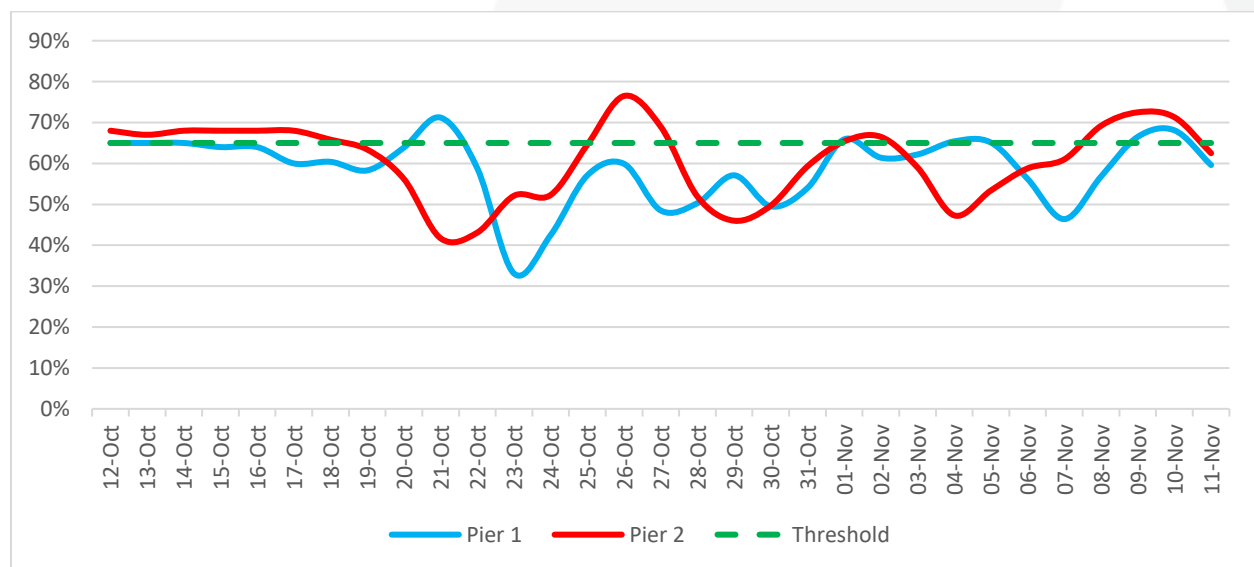
Figure 5 – 7-day forecast reported for total container movements (12 to 18 November; per port; day on day)



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

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

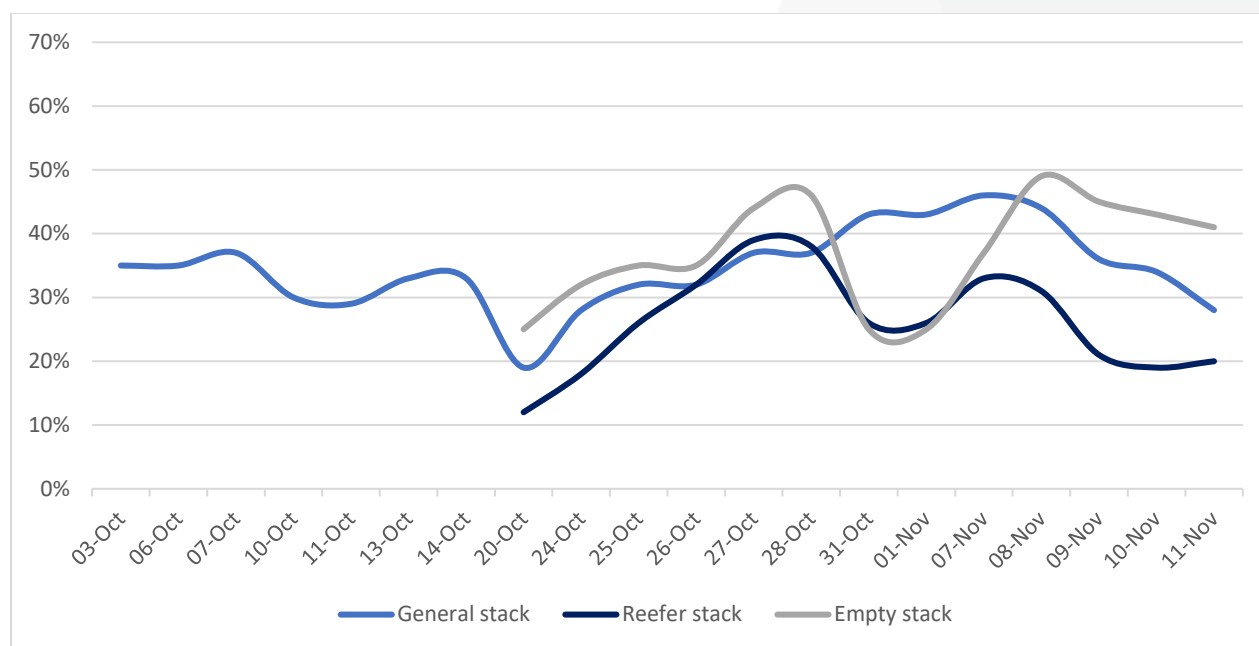
Figure 6 – Stack occupancy in DCT, general-purpose containers (12 October to present; per Pier; day on day)



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

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 (3 October to present, day on day)



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

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

Cape Town experienced an improved week as fewer operational delays were reported due to adverse weather conditions. On Monday, the container terminal experienced fog which halted operations for a lengthy period, while the terminal went windbound for an undisclosed period on Thursday.

Durban experienced another challenging week as equipment breakdowns and adverse weather conditions disrupted port operations. Pier 1 was windbound on Monday from 16:00 to 17:00, while Maydon Wharf experienced delays due to equipment breakdowns. On Wednesday, Pier 2 was impacted by the congestion on Bayhead Road caused by tipper trucks, while slippery surfaces at the terminal slowed operations significantly. On Thursday, a dry bulk vessel at the Island View terminal was delayed for half a day due to adverse weather conditions.

Further north along the coast, Richards Bay, fortunately, did not experience any weather delays.

Our Eastern Cape ports could not make it through the week unscathed, as operations were continuously disrupted by adverse weather. For example, on Monday, operations at GCT were delayed for approximately 96 minutes due to strong winds. In addition, NCT experienced extensive delays as the terminal was windbound on multiple occasions throughout the week, with the most substantial delay occurring on Wednesday for approximately 10 hours.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and three at outer anchorage. Stack occupancy for GP containers was 36%, reefers 21%, and empties 45%. In the latest 24-hour period to Thursday, the terminal managed to handle 2 243 TEUs across the quay while servicing 1 385 external trucks and 51 trains on the landside.

On Thursday, Cape Town MPT recorded zero vessels at anchor and two at berth. In the 24 hours to Friday, the terminal managed to service 155 external trucks. Stack occupancy was low at 4% for GP containers, 17% for reefers and zero for empties.

iii. Durban and Richards Bay

Pier 1 on Friday recorded two vessels at berth, operated by five gangs, and five vessels at anchor. Stack occupancy was 60% for GP containers, with 1 940 imports on hand, 85 reefers and 131 unassigned units. The terminal recorded 1 044 landside gate moves on Friday, with 876 cancelled slots and 126 wasted.

Pier 2 had four vessels at berth and six at anchorage on Friday. In the most recent 24 hours to Friday, the terminal managed to handle a relatively high 4 060 TEUs across the quay. Stack occupancy was 63% for GP containers and 51% for reefers. The terminal had between 79 and 86 straddles in operation throughout the week, operated by ten gangs. On Friday, there were 2 212 gate moves on the landside with an average TTT of 78 minutes and a staging time of 121 minutes. A total of 604 rail import containers were on hand, with 298 moved by rail, highlighting improvements this week regarding the cable theft situation on the container corridor.

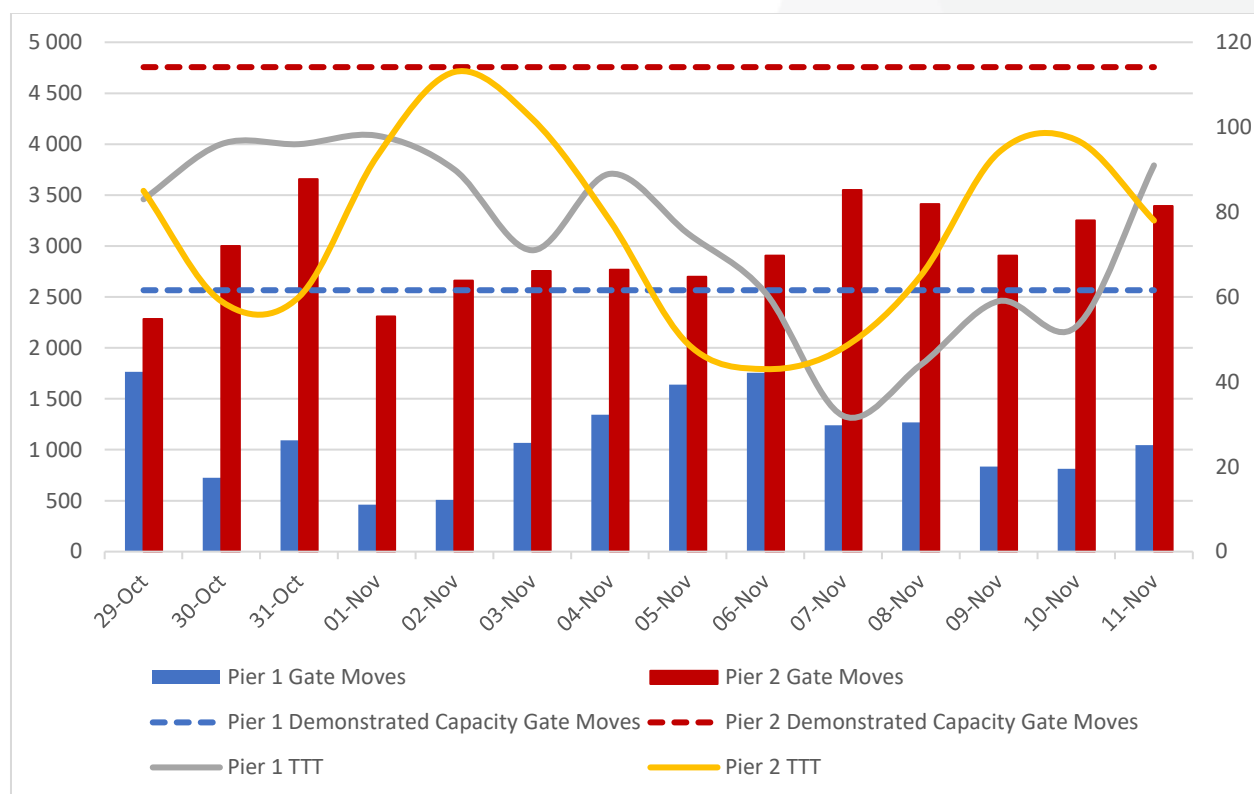
Durban MPT terminal, on Friday, recorded three vessels at berth and four at outer anchorage while handling 298 containers on the waterside. Stack occupancy was high at 80% for breakbulk and 71% for GP containers. On the landside, 31 breakbulk trucks were serviced in the 24 hours leading to Friday, while 383 containers were handled. In addition, three cranes and nine reefer stackers were in operation on Friday, complemented by five gangs operating breakbulk and container operations.

This week, concerns regarding the dire crane situation at berth 108 were raised again as several cranes remain out of commission, causing operations to be operated by ten gangs instead of the planned 13 gangs. According to reports, one of the main reasons for the lengthy outages is that port engineers tried to convert the old cranes to digital operations. As a result, an imbalance between the new and existing technologies was created, resulting in continuous challenges. However, Transnet reported this week that they are awaiting the final sign-off to kick-start their plan of replacing the cranes at berth 108 with new cranes. The first new cranes are expected to arrive and be installed by the end of the 2025/2026 financial year.

Two cranes identified as cranes 520 and 521 at South key, berth 108, are expected to be recommissioned on 21 November 2022 after completing the hoist gearbox replacement on crane 520. In addition, cranes 524 and 531 are currently undergoing maintenance to replace their hoist wires. Their estimated return to service dates has not yet been disclosed.

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 11/11/2022.

iv. Eastern Cape ports

GCT on Wednesday recorded zero vessels at outer anchorage and one at berth manned by two gangs. For marine resources, two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Friday. In the same period, stack occupancy was 28% for GP containers, 14% for reefers, and 30% for reefer ground slots. In addition, an undisclosed number of trucks were serviced on the landside at a truck turnaround time of ~25 minutes, while the terminal managed to execute 169 moves.

NCT on Wednesday recorded one vessel on berth and one vessel at outer anchorage. Marine resources of two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading into Friday. In the same period, stack occupancy was 29% for GP containers and 15% for reefers. On Wednesday, 2 689 TEUs were handled across the quay. Additionally, 451 trucks were serviced on the landside, with a truck turnaround time of ~28 minutes, and one train was serviced.

v. Saldanha Bay

On Monday, Saldanha Bay recorded zero vessels at the outer anchorage and five on the berth. Two tugs, one pilot boat, three pilots, and two VTS staff were operating the one-berth operation at the port for marine resources.

vi. Transnet Freight Rail (TFR)

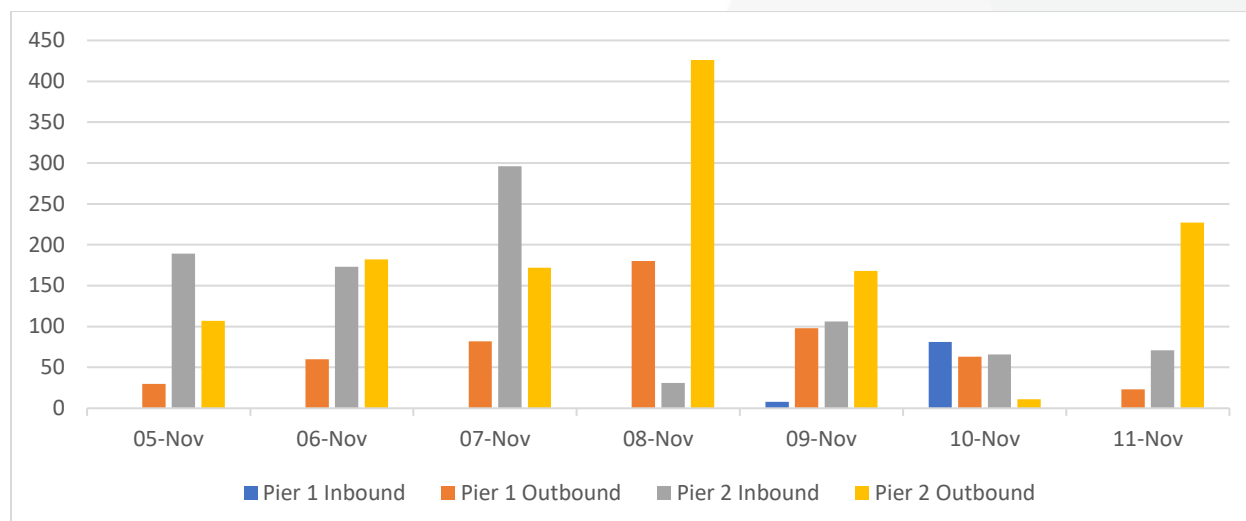
After a train carrying export coal to Richards Bay was derailed near Ulundi on Tuesday, Transnet said it would meet with traditional leaders in the area as it is deeply concerned about disruptions to its operations⁸. It

⁸ 09/11/2022. ['Extremely concerned.' Transnet to meet with amakhosi amid threats, derailment.](#)

seems that some of these derailments have been caused by sabotage. Shockingly, Transnet saw 70 derailments in 2021.

The following figure shows the rail cargo evacuated from DCT in the last week.

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



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

In the last week (5 to 11 November), rail cargo handled out of Durban was reported at **2 850** containers, up by **↑84%** from the previous week's **1 546** 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 31 October. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in November 2021 averaged **~813 045 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

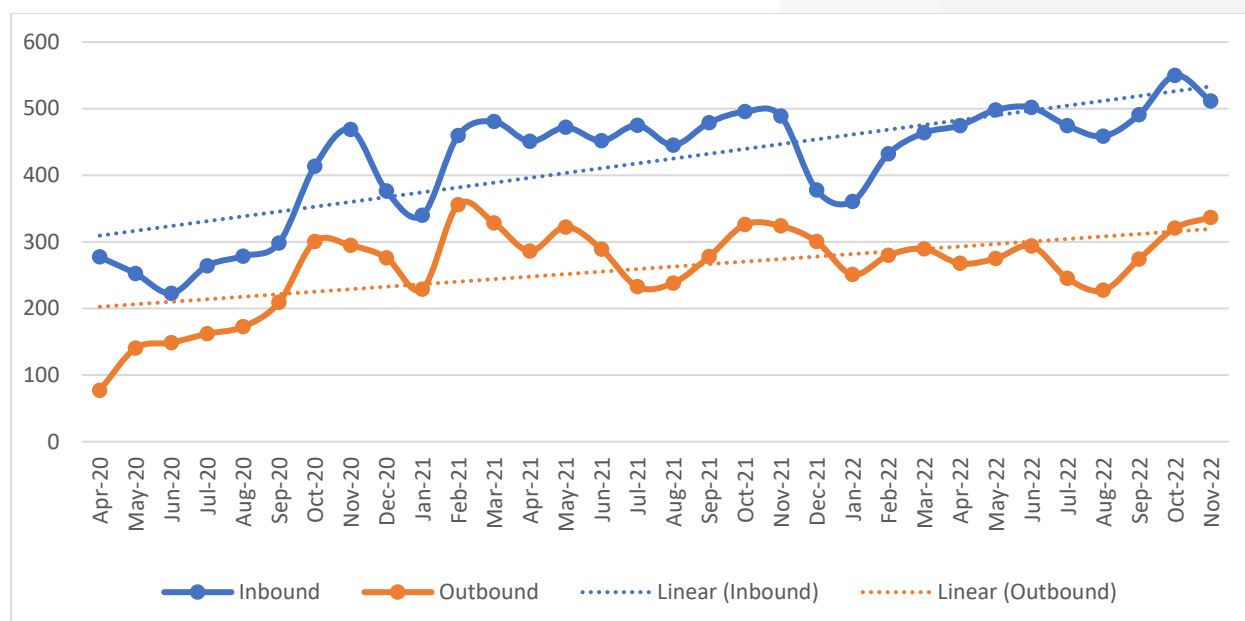
Flows	31-Oct	01-Nov	02-Nov	03-Nov	04-Nov	05-Nov	06-Nov
Volume inbound	589 819	375 903	464 851	441 895	422 773	363 316	999 170
Volume outbound	429 678	257 082	265 146	311 419	274 677	254 911	657 063
Total	1 019 497	632 985	729 997	753 314	697 450	618 227	1 656 233

Courtesy of ACOC. Updated: 07/11/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **522 532 kg** inbound and **349 997 kg** outbound, resulting in an average of **872 529 kg per day** or **~107%** compared with October 2021. Also, the level is currently at **~116%** compared with the same period in 2020. Following the record-high numbers posted last week, the industry continues to register strong cargo volume – almost disproving the global view (see below).

The following figure shows the comparative quarterly global freight movement at ORTIA since the pandemic outbreak.

Figure 10 – International cargo from OR Tambo (millions)



Courtesy of ACOC. Updated: 07/11/2022.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the state of disaster period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in November 2021 was ~77 853 kg per day.

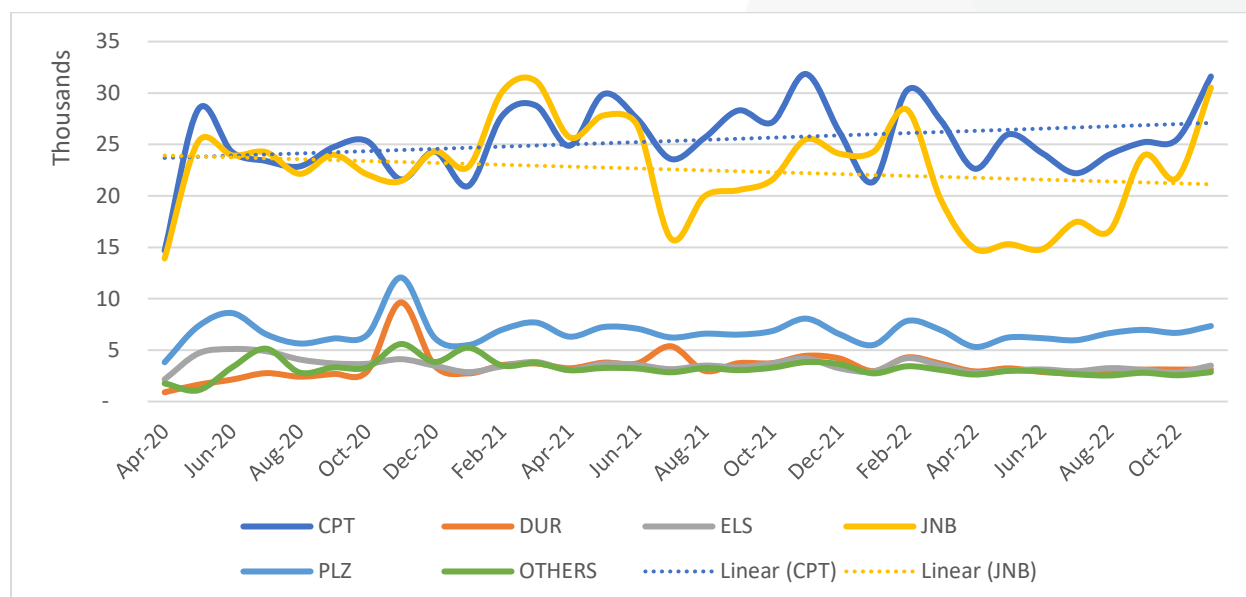
Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan-Jun – 22 Av.	25 230	3 295	3 244	19 449	6 312	2 952	60 480
Jul Average	22 196	2 715	2 943	17 462	5 963	2 650	53 929
Aug Average	24 025	2 854	3 247	16 590	6 646	2 534	55 895
Sep Average	25 212	3 102	3 080	23 913	6 968	2 796	65 071
Oct Average	25 509	3 103	2 841	21 757	6 681	2 554	62 446
Nov Average	31 604	3 124	3 498	30 524	7 342	2 854	78 946
01-Nov-22	51 744	4 823	4 460	45 585	9 573	4 184	120 368
02-Nov-22	44 226	3 576	4 617	51 443	10 933	4 778	119 573
03-Nov-22	46 536	5 341	5 836	39 661	10 411	3 516	111 302
04-Nov-22	24 399	3 634	3 650	38 345	6 420	3 077	79 525
05-Nov-22	3 476	499	11	1 604	1 502	73	7 165
06-Nov-22	2 415	444	123	891	661	102	4 635
07-Nov-22	48 430	3 551	5 787	36 139	11 897	4 249	110 054
Total for 2022:	7 908 753	1 001 145	1 000 587	6 379 469	2 024 692	888 926	19 203 573

Courtesy of BAC. Updated: 08/11/2022.

The average domestic air cargo moved last week was **~78 946 kg** per day, which is **↑6%** compared with the previous week and **~101%** compared to October 2021.

Figure 11 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 08/11/2022.

3. Road and Regional Update

a. Cross-border and road freight delays

This week, the following points are worth mentioning in terms of challenges and delays on roads in South Africa, specifically in and around the SADC region.

- Last week, clearing times at South African borders remained largely unchanged and averaged **~7,2 hours (↑3%, w/w)**.
- Last week, minimal protest action took place, notably the proposed closure of the Zeerust CBD and the route leading to Mafikeng.
- Minor network challenges at Beitbridge delayed gate moves on Friday (4 November) evening.
- Congestion issues at Kazungula have been cleared to a large extent.
- Several parked trucks blocked trucks moving to the DRC, prompting a soldier to fire at a truck. Fortunately, no one was hurt; however, the army detained the driver and confiscated the driver's license and passport.
- Lastly, some positive regional news has been received, as the industry has been notified that the OSBP border post at the Mwami border post between Zambia and Malawi on the Malawian side will be opened on 30 November this year. Also, Mwanza between Malawi and Tanzania is at around 90% completion and set to open in the next few months. Dedza OSBP – linking Malawi and Mozambique – is also nearing completion.
- During the last week, there were no closures of any South African borders. However, we encourage traders to stay abreast of border post communications as per the SARS [website](#).

- Transporters, traders, and cargo owners may still 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](#)⁹, which has arguably achieved much greater success.

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

Table 6 – Delays¹⁰ summary – South African borders

Border Post	Direction	HGV ¹¹ 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	391	06:42	28	7	11 730	2 737
Beitbridge	Zimbabwe-SA	410	03:12	16	3	12 300	2 870
Groblersbrug	SA-Botswana	248	01:30	16	2	7 440	1 736
Groblersbrug	Botswana-SA	157	00:18	1	0	4 710	1 099
Vioolsdrif	SA-Namibia	30	00:18	3	1	900	210
Noordoewer	Namibia-SA	20	00:18	2	1	600	140
Nakop	SA-Namibia	30	00:24	5	2	900	210
Ariamsvlei	Namibia-SA	20	00:18	1	1	600	140
Lebombo	SA-Mozambique	1 552	00:18	6	2	46 560	10 864
Ressano Garcia	Mozambique-SA	133	00:12	3	1	3 990	931
Skilpadshek	SA-Botswana	200	02:30	4	1	4 800	1 400
Pioneer Gate	Botswana-SA	100	00:54	2	1	2 400	700
Average/Sum		274	01:24	7	2	96 930	23 037

Source: TLC, FESARTA, & Crickmay, week ending 06/11/2022.

Table 7 – Delays summary – Corridor perspective

Corridor	HGV Arrivals per day	Queue Time (hh:mm)	Border Time – Best 5% (hh:mm)	Border Time – Median (hh:mm)	HGV Tonnage per day	Weekly HGV Arrivals
Beira Corridor	160	00:06	20:30	05:00	9 600	2 240
Dar Es Salaam Corridor	303	07:05	12:15	01:40	54 570	12 733
Maputo Corridor	843	00:15	04:30	01:30	50 550	11 795
Nacala Corridor	32	00:00	10:30	10:30	3 810	889
North/South	205	03:20	15:45	03:44	98 340	22 946
Trans Caprivi Corridor	58	06:15	27:00	00:30	3 480	812
Trans Cunene Corridor	50	00:36	25:15	04:36	3 000	700
Trans Kalahari Corridor	83	01:53	02:45	01:00	7 920	2 310
Trans Oranje Corridor	25	00:20	02:38	01:15	3 000	700
Average/Sum	188	02:48	12:57	03:25	234 270	55 125

Source: TLC & FESARTA, week ending 06/11/2022.

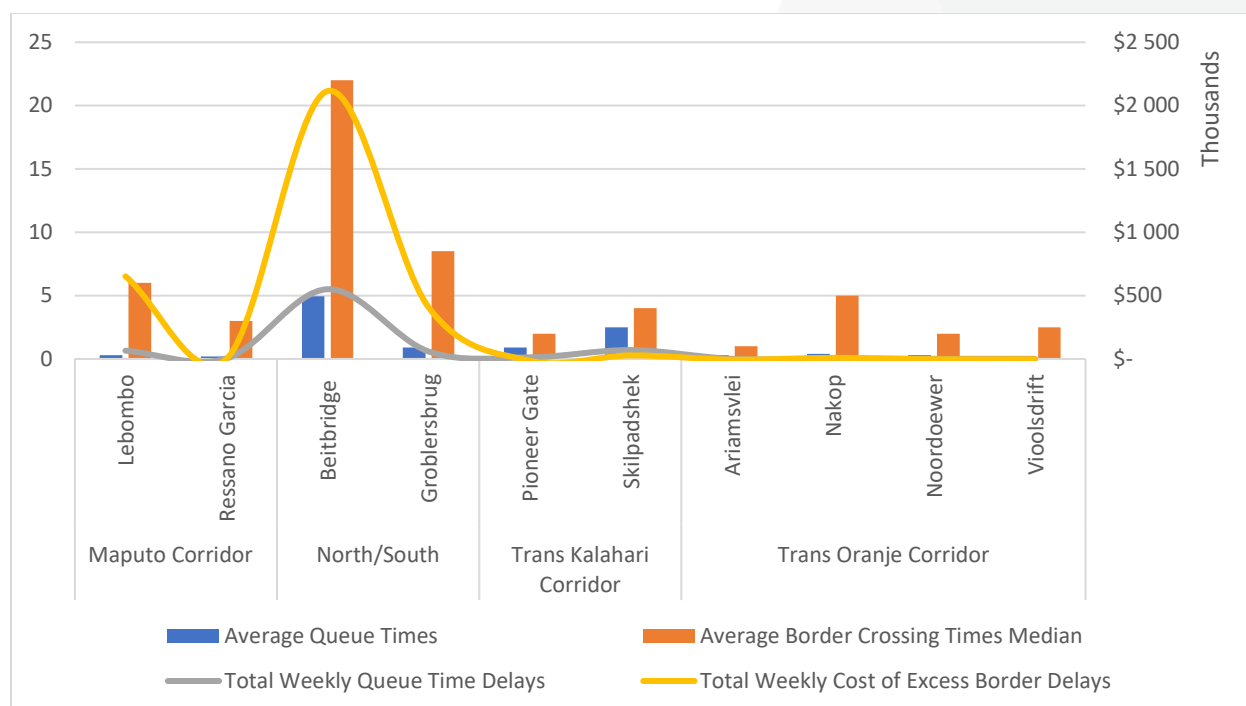
The following graph shows the weekly change in cross-border times and associated estimated costs:

⁹ [FESARTA TRANSIST Bureau](#).

¹⁰ 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.

¹¹ Heavy Goods Vehicles.

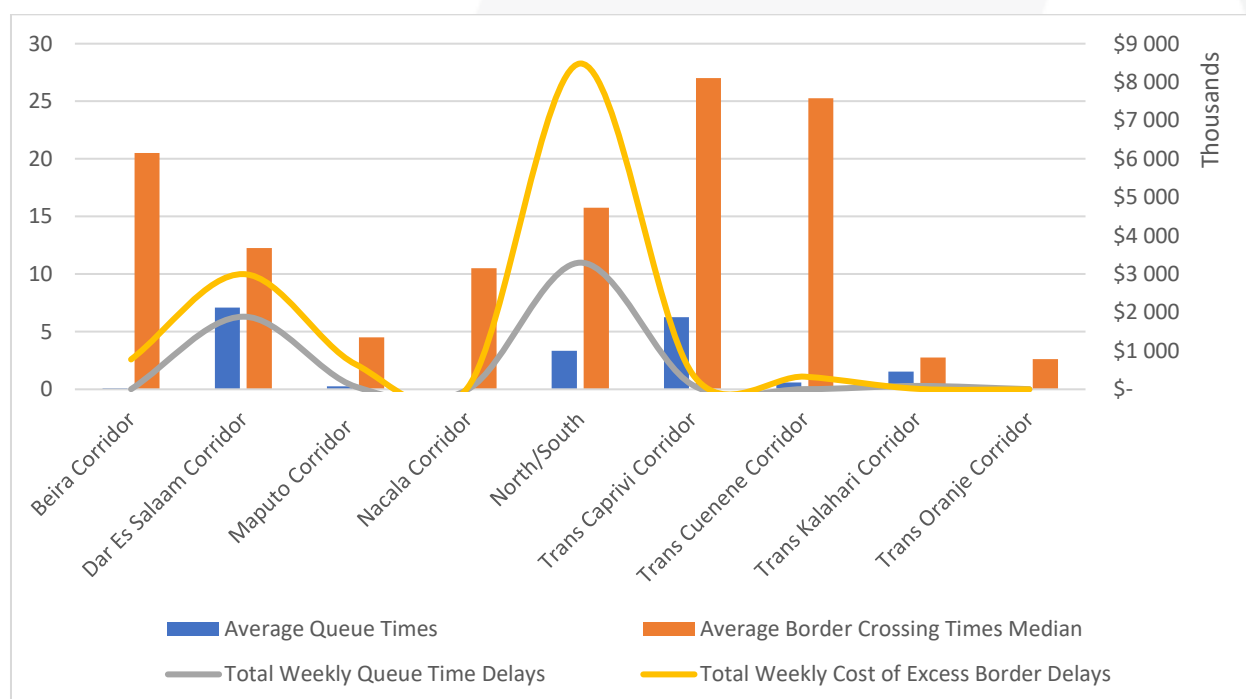
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 06/11/2022.

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 & \$ thousands)



Source: TLC & FESARTA, week ending 06/11/2022.

In summary, cross-border queue time has averaged **~2,8 hours** (up by **~1,5 hours** from the previous week's **~1,3 hours**), costing the transport industry an estimated **\$5 million (R96 million)**. Furthermore, the week's average cross-border transit times hovered around **~12,9 hours** (down by **~8,4 hours** from the **~21,4 hours** recorded in the previous report), costing the transport industry **\$14 million (R241 million)**. As a result, the total cost for the week amounts to an estimated **~R337 million** (down by **~R66 million** or **↓17%** from **R403 million** in the previous report).

4. International Update

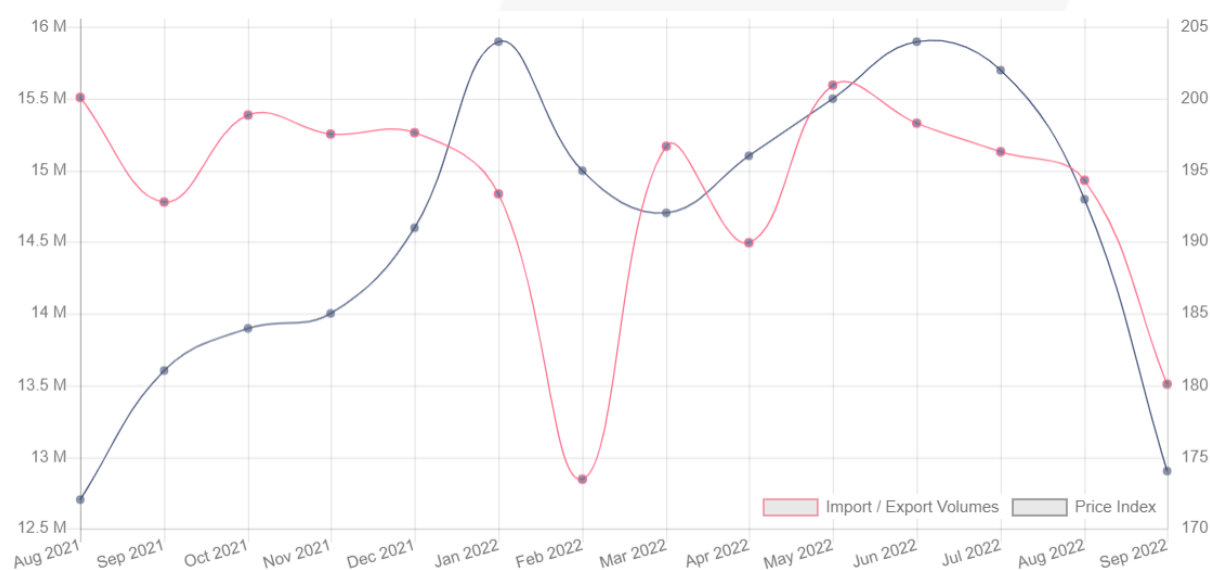
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global shipping industry and **(b)** the global air cargo industry.

a. Global shipping industry

i. Global port throughput volume and price index

The latest container port throughput statistics have confirmed the predicted market decline, as global volumes are down by a massive **↓9,5%** (m/m) according to CTS's latest container throughput volumes for September¹². The significant decline means that levels are similar to February when COVID-lockdowns in China resulted in a substantial reduction in maritime volumes handled. The drop – based on actual comprehensive throughput data – is more significant than the two indices (RWI/ISL and Drewry) we track. The figure below shows the global volume and price index of total container volumes across all trade routes (dry and reefer containers):

Figure 14 – Global container volume (millions of TEU) and price index

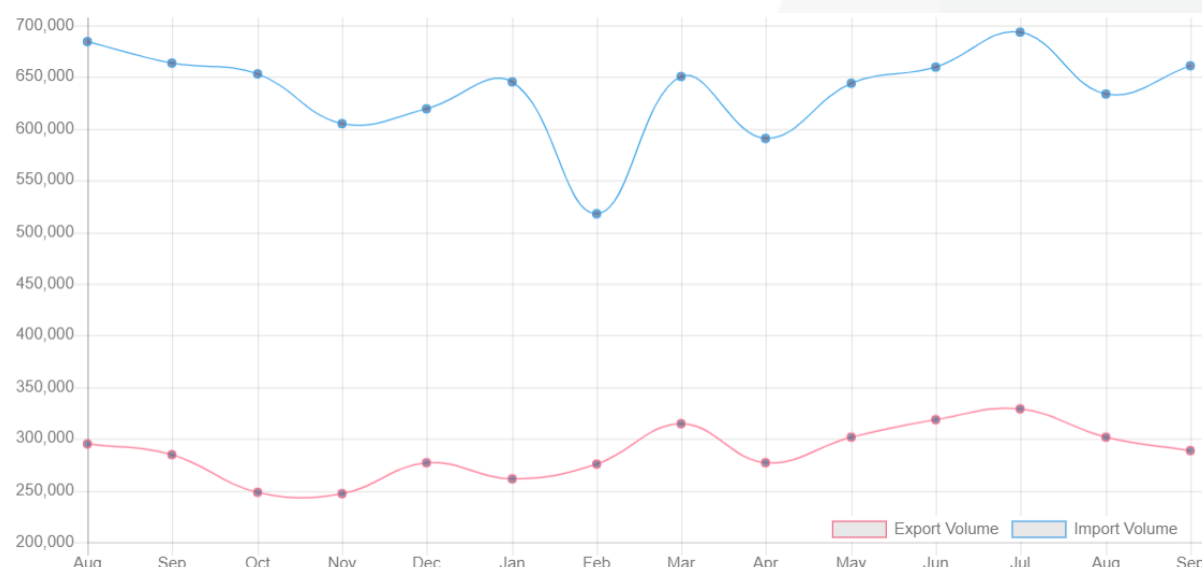


Source: [CTS](#)

As with the monthly change, the annual change is even more pronounced, as container volumes (import and export) have decreased by a substantial **↓8,6%** (y/y). Concerning freight rates, the CTS version of the price index loosely follows Drewry's assessment, with the index dropping by some **↓9,8%** this month and has now finally dropped below the same time last year (**↓4,0%**, y/y). Worth noting is the fact that the CTS index includes dry and reefer numbers and prices. Regionally, for Sub-Saharan Africa, container throughput volume actually increased in September, with imports slightly up and exports slightly down:

¹² CTS. 08/11/2022. [Container throughput volume and price index](#).

Figure 15 – Sub-Sahara Africa container volume (imports and exports)



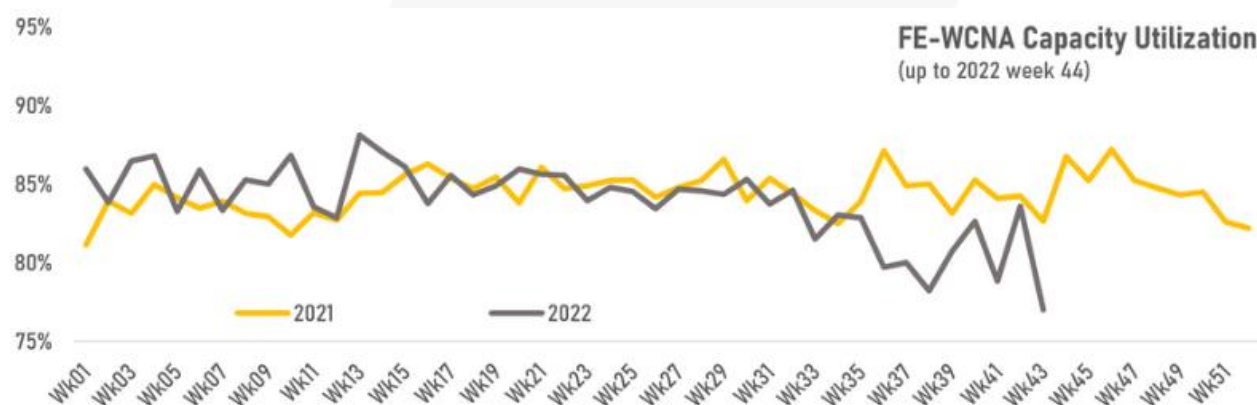
Source: [CTS](#)

For September, import volumes are up by **↑4,2%** (m/m), with exports decreasing by **↓4,5%** (m/m). However, annual throughputs on the import side are slightly down by **↓0,4%** (y/y), whereas exports are slightly up at **↑1,2%** (y/y). Incidentally, when comparing these figures with TNPA's published figures for September¹³, South Africa accounts for more than a third of the imports (**34,4%**) and more than four-fifths (**80,7%**) of the exports, underlining our regional dominance. Nevertheless, comparative numbers for October are set to look much different, given the enormous consequences of the national strike.

ii. Global container capacity utilisation

As global container demand continues to remain weak across all the major routes, carriers have continued to remove capacity from the system. These strategies have been particularly evident on some major routes, with the spotlight this week on the two Far East – North American trade lanes:

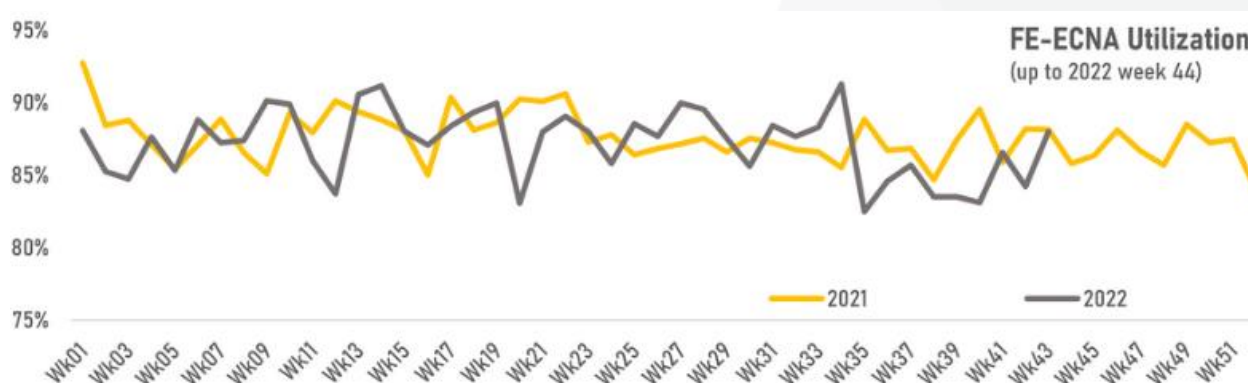
Figure 16 – Capacity utilisation: Far East – North American West Coast (% change, week on week)



Source: [Linerlytica](#)

¹³ TNPA. 2022. [Port Statistics](#).

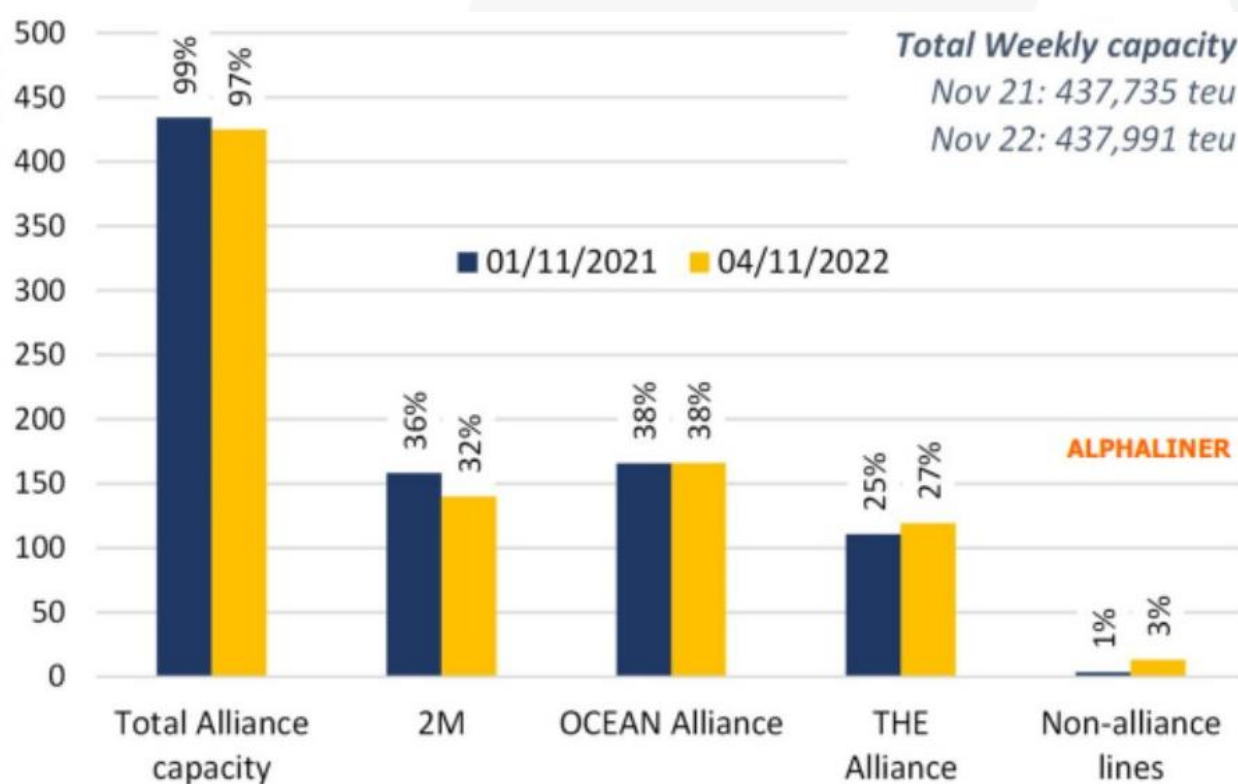
Figure 17 – Capacity utilisation: Far East – North America East Coast (% change, week on week)



Source: [Linerlytica](#)

Capacity utilisation on the FE-WCNA route has dropped sharply since September despite the **↓21%** reduction in average capacity. Furthermore, it appears that the abated congestion and return to a fluid ratio have resulted in under-realised demand. Elsewhere, the FE-ECNA route is holding up comparatively well, with utilisation only falling by **↓1%** while capacity is only reduced by **↓1%** compared to the corresponding period last year. Interestingly, port congestion remains an issue on the East Coast, as waiting times at Norfolk/New York (6 days) and Savannah (10 days) remain high. Globally, Linerlytica puts the current port congestion figure at **10,5%** (up by **↑0,6%** w/w) of capacity¹⁴. Elsewhere, the longer-term trend is also showing to be true in Europe, as the total Alliance capacity out of the Far East has dropped by **↓2%** compared to the same time in 2021:

Figure 18 – Capacity utilisation: Far East – Europe (% change annual, TEU thousands)



Source: [Alphaliner](#)

¹⁴ Linerlytica. 08/11/2022. [Market Pulse – 2022 Week44](#).

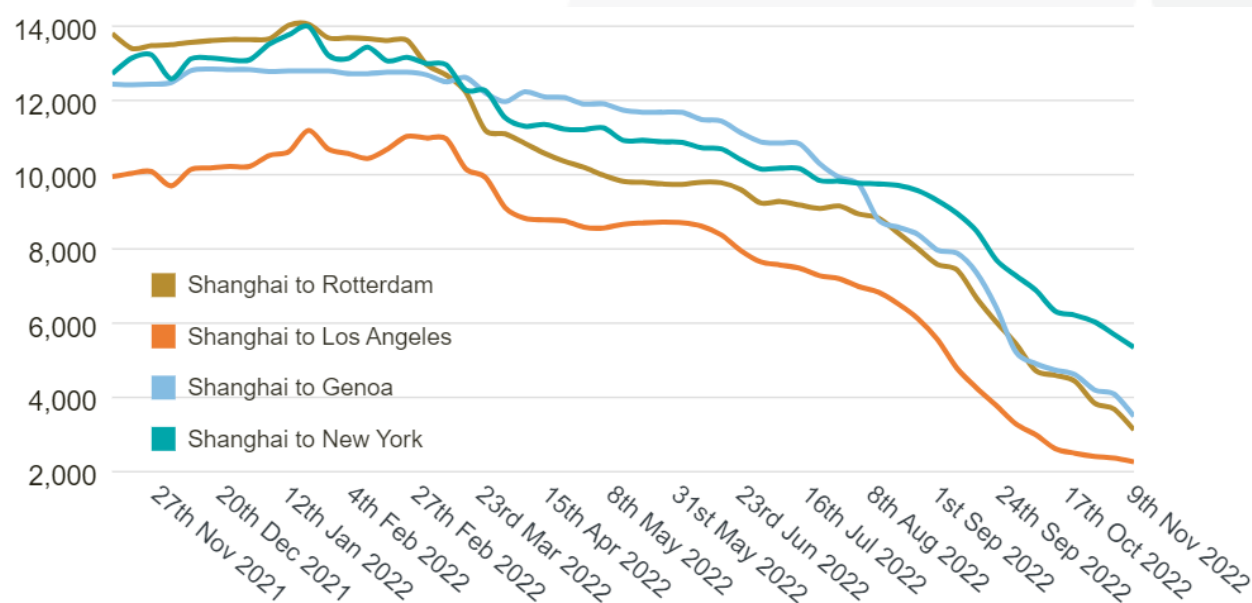
Consequently, what the shipping lines had hoped would be a "normalisation" has turned out to be a "hard landing", as Alphaliner put it¹⁵. Low demand out of China has increased the pressure on spot freight rates on the two big East-West trades in the past two weeks (see again below). Several carriers predicted that spot freight rates on these trade lanes would settle at levels above the pre-pandemic **\$2 000** per 40ft container of early 2020 as operational costs (such as bunker and charter rates) are much higher now.

Given the current market conditions, liners will continue to shuffle capacity deployment in the coming months, as the industry has tilted towards the opposite side compared to pandemic times typified by disruptions, congestions, and a lack of capacity. Once again, blank sailings remained high this week, with Drewry's "Cancelled Sailings Tracker" hovering around a **13% cancellation rate**¹⁶.

iii. Global container freight rates

The reduction in global container freight rates has picked up speed this week, as Drewry's *World Container Index* decreased for a 37th consecutive week – down by a substantial **↓9% (\$277)** to **\$2 773** per 40-ft container this week. This continued rate reduction has been across the board, as shown by the freight rates ex Shanghai:

Figure 19 – World Container Index – Trade routes from Shanghai – assessed by Drewry (\$ per 40 ft. container)



Source: [Drewry Ports and Terminal insights](#)

The composite index is now **↓67%** below the corresponding spot price quoted last year and **↓26%** lower than the five-year average of **\$3 759**. Nevertheless, because of the elevated rates earlier in the year, the year-to-date composite index remains high at **\$7 115** per 40ft container – some **↑115%** higher than the 2019 (pre-pandemic) rate of **\$1 420**. As can be seen in the graph, most routes (except for Los Angeles – Shanghai – up by **↑2% w/w**) have decreased in the last seven days. Rates are expected to descend further and will probably breach the psychological barrier of **\$2 000** by the end of the year.

iv. Further developments of note

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

¹⁵ Alphaliner. 11/11/2022. [Far East-Europe trade: 'normalisation' turns into 'hard landing'](#).

¹⁶ Drewry. 11/11/2022. [Cancelled Sailings Tracker - 4 Nov.](#)

1. South African government presses ahead with national shipping line plans:

- a. Pretoria is pressing ahead with creating a national shipping line, which has been on the drawing board since 2017. The Department of Transport has released the first draft of the South African Shipping Company Bill¹⁷, which aims to establish the country's first national carrier, the South African Shipping Company (SASCO)¹⁸.
- b. Crude and chemical tankers, containerships, dry bulk vessels and bunker barges are all being eyed by the government, either newbuild or second-hand. All ships would be flagged in South Africa. *"Despite the country being a cargo-owning nation that generates approximately more than 80% of export cargo, the carriage of cargo is predominantly undertaken by foreign-owned ships,"* the bill states.

2. Arise launches dedicated pan-African shipping company:

- a. Arise, one of the leading pan-African infrastructure and logistics players has launched a dedicated shipping company to provide services for the mining, agricultural and industrial sectors¹⁹.
- b. Arise Shipping and Logistics will primarily provide services that complement the operations of its parent company, Arise Integrated Industrial Platforms (Arise IIP), but it should also build its portfolio of customers. Plans for the new unit include building a fleet of bulk carriers, tankers, specialised vessels and a range of associated logistics services.
- c. Arise IIP is a joint venture between the Abu Dhabi-incorporated Africa Transformation and Industrialization Fund (ATIF) and Africa Finance Corporation (AFC). It has grown from a single project in Gabon in 2010 to deliver a wide range of industrial, infrastructure and port developments in seven African countries. Their portfolio consists of three port assets spread across Gabon and Ivory Coast.

3. Liverpool dock workers finally reach an agreement:

- a. The union representing dock workers at the UK's Port of Liverpool agreed to accept an offer from the trade gateway's operator, potentially ending weeks of pay disputes and periodic strikes²⁰.

b. Global air cargo industry

i. Air cargo market

This week, the International Air Transport Association (IATA) released their latest analysis on the "Air Cargo Market" for September²¹. The headline confirms the recent industry sentiment, as cargo has decreased by **↓1,5%** (w/w) and by a massive **↓10,6%** (y/y). In addition, several other air cargo indicators further point to a weakening in demand, notably export orders, spending habits favouring travel over e-commerce, and other economic headwinds such as high inflation and the war. Regionally, all areas experienced a significant monthly decrease in volume, except for Latin America (**↑13,2%**, y/y) and Africa (**↑0,1%**, y/y). For the industry, the following figure illustrates the downward trend in monthly cargo volumes:

¹⁷ Government. 01/04/2022. [South African Shipping Company Bill: Stakeholder consultation](#).

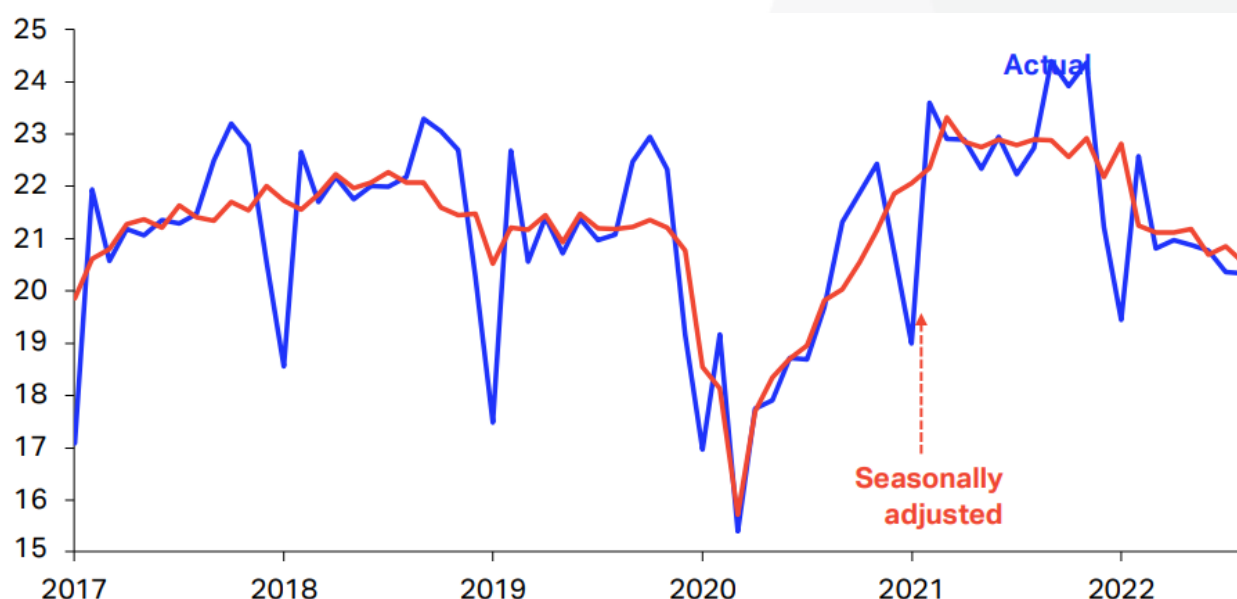
¹⁸ Chambers, S. 04/11/2022. [South Africa presses ahead with national shipping line plans](#).

¹⁹ Ajdin, A. 11/11/2022. [Arise launches dedicated pan-African shipping company](#).

²⁰ Farhat, AE. 08/11/2022. [Liverpool Dockers Union Agrees to Accept Pay Offer, Port Says](#).

²¹ IATA. 07/11/2022. [Air Cargo Market Analysis](#).

Figure 20 – Global CTGs seasonally adjusted (billions per month)



Source: [IATA](#)

Airlines are understandably reluctant to commit to a full schedule, as the decrease in available capacity confirms. The increased available cargo tonne-kilometres (ACTGs) further slowed in September to just **↑2,4%** (y/y), driven by softening air cargo demand. This increase in ACTGs contributed to a **↑1,4%** increase in the average industry cargo load factor compared with August. However, compared with August, industry ACTGs declined by **↓3,8%** (m/m), suggesting that the industry strategically adjusts air cargo capacity to gain higher CLF, in much the same way shipping lines seek to maintain rates by cancelling sailings. As a result, the industry average CLF in September increased to **48,1%** from **46,7%** in August, which is also a **↑1,9%** increase compared with the same month in 2019. The outlook does not appear to be turning around, as we do not expect that there will be any noticeable Christmas peak, even though we are only a few weeks away. Moreover, some analysts believe that the air cargo industry will experience a bumpy few months and (optimistically) expects the market to recover as early as March after the Chinese New Year²².

In other air cargo news, Emirates agreed to buy five freighter aircraft from Boeing, providing a boost for the US manufacturer after months of sustained criticism from the giant carrier over delivery delays²³. However, experts have warned of a potential oversupply against a backdrop of softening demand for air freight as the passenger-to-freighter (P2F) conversions continue, with the Boeing 737-800 dominating the current space²⁴. Lastly, inflated jet fuel prices exert further downward pressure on the air cargo market. This week, IATA's "Jet Fuel Price Monitor" is up by **↑3,7%** at **\$144,3** a barrel²⁵.

²² Lennane, A. 08/11/2022. [Airfreight: a tough few months, but demand could return in March](#).

²³ Jasper, C. 08/11/2022. [Emirates Orders Boeing Freighters Amid Rancor Over Delays](#).

²⁴ Mwanalushi, K. 08/11/2022. [Potential glut of B737 conversions overshadows buoyant air cargo market](#).

²⁵ IATA. 08/11/2022. [Jet Fuel Price Monitor](#).