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Cargo movement update[1]

Date: 9 June 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)	27 250	37 134	**64 384**	25 679	33 023	**58 702**	**↑10%**
Air Cargo (tons)	3 190	2 001	**5 191**	2 860	2066	**4 926**	**↑5%**

Monthly Snapshot

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

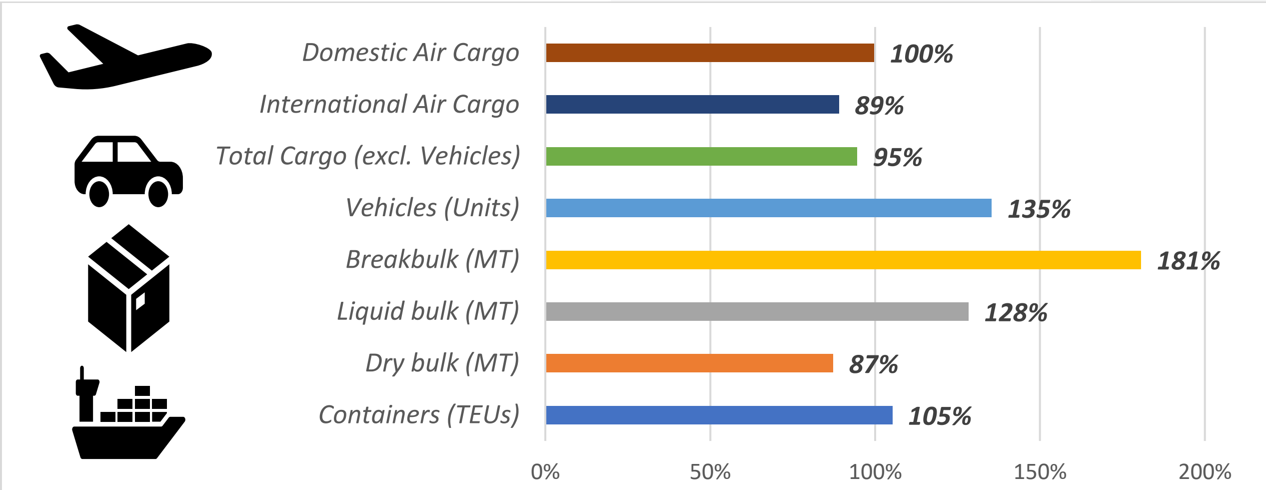
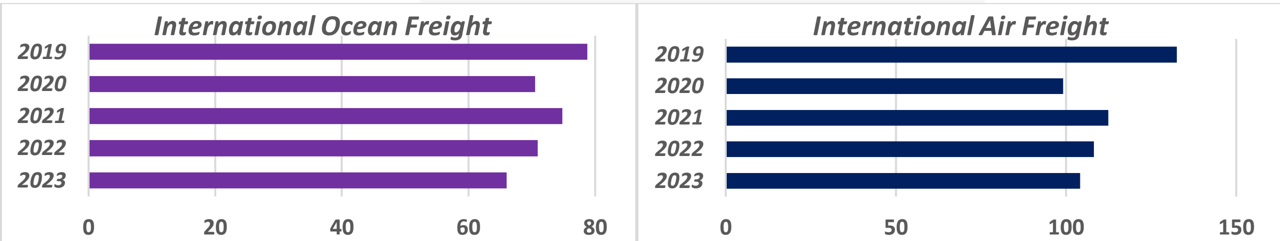


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~9 198 containers** was handled per day, with **~9 677 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 436** containers, **↑7%** compared to last week.
- Cross-border queue times were **↓0,4 hours**, with transit times **↑0,8 hours**, SA borders **~10,9 hours** (**↓11%**).
- CTS container throughput in April (dry & reefer) is down by **↓3,5%** (m/m) and down by **↓0,7%** (y/y).
- Global container rates are almost as last week, falling by **↓0,1%** (or **$1**) to **$1 681** per 40 ft.
- On average, the shipping lines recorded EBIT of **$330/TEU** in 2023 Q1, down by **↓82%** from 2022 Q1.
- Global air cargo decreased by **↓6%** (w/w) and remained **↓7,5%** (y/y) lower than in 2019.

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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 *140th* 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; Air: May vs May, Ocean: Apr vs Apr.
[5] For ocean, total Jan-Apr cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-May cargo to and from ORTIA is used.

Executive Summary

This update – *the 140th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this week were shaped by adverse weather, persistent equipment breakdowns and shortages, vessel ranging and, of course, load-shedding, the SARS system issue and congestion. Over the last fortnight, the Port of Cape Town returned to the *"Port Congestion Watch"*[6] with more than **11 600 TEUs** stuck at anchor. The SARS system issues ensured that road stops at DCTs Pier 1 exceeded the 900 mark on Monday. The latest reports suggest that berth D100 at the Port of Ngqura will be taken out of commission due to persistent vessel ranging and equipment challenges at the berth. Additionally, the shore tensioning units at the port are still not operating due to inadequate staff capable of operating the units. Furthermore, the current rail situation is much improved compared to the previous weeks' depths. However, there were still isolated incidents of cable theft, but these were luckily minor and did not stop trains from moving on the network.

In the global maritime industry, demand has fallen slightly in recent months as the industry remains subdued, with supply through excess capacity outweighing the current demand. The focus remains on freight rates, with the stabilisation of global trends currently showing despite some significant regional variations. Indeed, the container freight market has entered a new era of volatility, with rates on a downward trend that will mirror the 2012-2016 period that culminated in the Hanjin Shipping bankruptcy in August 2016. Other developments included **(1)** drought along the Panama Canal forces changes, **(2)** the FMC has ordered Hamburg Süd to pay a US furniture shipper **$9,8 million** after they refused to honour contracted cargo space, and **(3)** China building Central Asia infrastructure dominance with a new rail plan.

In the air freight space, both international (**↑5%**) and domestic air cargo (**↑1%**) showed slight positive changes in the last week as the market continued to struggle – trending below last year's relative levels. In the international market, IATA this week outlined the broad developments in the airline industry, noting that the ongoing macroeconomic challenges, including labour markets, inflation, and global supply chain disruptions, will continue to exert pressure on the industry. Capacity has increased versus last year (especially in passenger belly-hold space) but remains **↓6,4%** lower than in Q1 2019. A slight majority of international air cargo continues to be carried by dedicated freighters (**51/49**), but this share has decreased from a high of **67%** during the strictest lockdown period of 2020. In other air cargo news, **(1)** IATA takes aim at South Africa for upping airport charges despite 'inefficient' operations (although ACSA has challenged these)[7], (**2**) the airline industry is forecast to return to a net profit position in 2023, at **$9,8 billion**. And lastly, **(3)** the jet fuel price increased by around **↑75%** to **$136/bb** in 2022, reflecting a combination of higher crude oil prices and a wider jet crack spread.

In regional cross-border road freight trade, average queue and transit times decreased significantly this week. South African border crossing times decreased by almost **an hour and a half** – averaging **~10,9 hours** (**↓11%**, w/w). In contrast, the greater SADC region (excluding South Africa) experienced a mirror change in the opposite direction and increased by **an hour and a half** and averaged **~13,5 hours** (**↑10%**, w/w). Several SADC land borders took – on average – more than a day to cross, including Beitbridge, Kasumbalesa, Katima/Mulilo, Oshikango, Santa Clara, and Songwe. Further developments of note included **(1)** SARS, SAPS,

[6] Linerlytica – 08/06/2023 - Port Congestion Watch
[7] Smith, C. 06/06/2023. Aviation head takes aim at SA for upping airport charges despite 'inefficient' operations.

BMA, SAAFF, and the RFA issuing a joint statement to working collaboratively to resolve the challenges at the Lebombo border, **(2)** a new "*Whistleblowing Platform*" to tackle issues at Zimborders, and **(3)** Home Affairs extending Zimbabwean Exemption Permits.

In summary, the annual IMF consultation has released its report warning that SA's economic and social difficulties are mounting, with GDP growth projected at a mere **0,1%** this year and only around an average of **1,5%** over the next few years[8]. The fiscal position is projected to deteriorate due to weakening mineral revenue, the Eskom debt relief arrangement, wage bill pressures and rising debt service. As a result, public debt is not expected to stabilise[9]. In the transport and logistics industry, we have often called for the need for significant reform around **(1)** infrastructure, **(2)** equipment issues, and **(3)** rail/road capacity – and, more importantly, the need for collaboration and a private-public partnership. These topics were revisited week, with the Government-organised business initiative establishing a National Logistics Crisis Committee (NLCC), which was widely applauded by all role players[10]. But it must lead to urgent action with tangible and quantifiable results if the current logistics crisis is to be resolved.

Ultimately, Transnet and the Government cannot go at it alone. Our current ports and rail model is, at best archaic compared to international standards, failing the country's socio-economic growth and development goals. South Africa desperately needs a public-private partnership growth model, which will create jobs and attract much-needed investment in the sector and the economy, which is vital for South Africa Inc. If we share our infrastructure and responsibilities for our network – and close the gap between our current performance and global best practices – we can unlock rapid growth potential for SA Inc and boost our GDP immensely and create sustainable jobs which will further spill over into economic growth and development.

[8] IMF. 06/06/2023. IMF Executive Board Concludes 2023 Article IV Consultation with South Africa.
[9] Paton, C. 06/05/2023. SA's troubles are mounting, IMF warns.
[10] South Africa Government. 07/06/2023. Joint media statement by South African Government and Organised Business establish partnership initiative.

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 3 to 9 June[11]

7-day flow forecast (03/06/2023 – 09/06/2023)		
TERMINAL	NO. OF CONTAINERS[12] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 171	4 877
DURBAN CONTAINER TERMINAL PIER 2:	11 694	18 637
CAPE TOWN CONTAINER TERMINAL:	4 693	6 724
NGQURA CONTAINER TERMINAL:	4 818	5 096
GQEBERHA CONTAINER TERMINAL:	1 874	1 800
TOTAL:	**27 250**	**37 134**

Source: Transnet, 2023. Updated 09/06/2023.

Table 3 – Container Ports – Weekly flow predicted for 10 to 16 June

7-day flow forecast (10/06/2023 – 16/06/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 629	5 200
DURBAN CONTAINER TERMINAL PIER 2:	13 433	16 429
CAPE TOWN CONTAINER TERMINAL:	4 150	8 285
NGQURA CONTAINER TERMINAL:	5 001	6 795
GQEBERHA CONTAINER TERMINAL:	1 357	2 461
TOTAL:	**28 570**	**39 170**

Source: Transnet, 2023. Updated 09/06/2023.

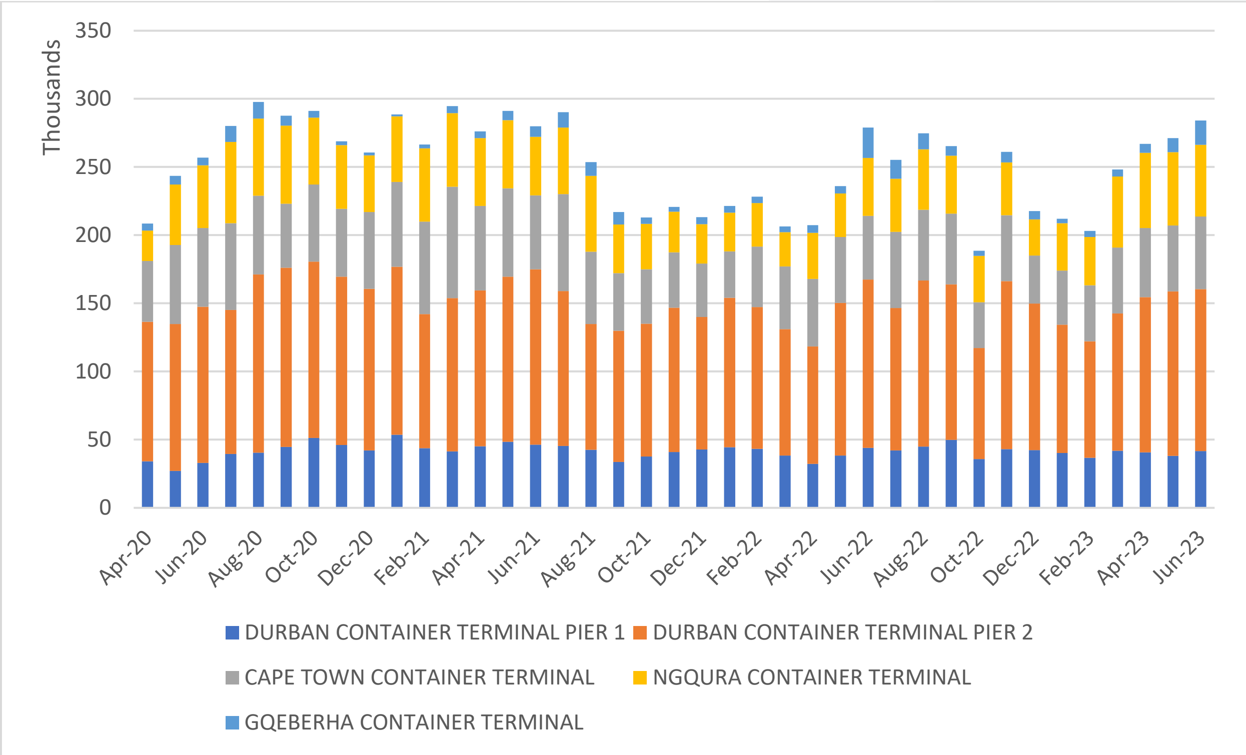
An average of **~9 198 containers** (10%) was handled per day for the last week (3 to 9 June, *Table 2*), compared to the projected average of **~10 406 containers** ↓12% actual versus projected) noted in last week's report. Incidentally, analysing last week's projected numbers, we see that all terminals failed to reach the predicted numbers, with actual versus predicted very similar at Pier 2 (↓1%) and Pier 1 (↓2%). In contrast, the spread at the others was significant, notably at GCT (↓7%), CTCT (↓20%), and NCT (↓32%). For this week, an increased average of **~9 677 containers** (↑5%) is predicted to be handled (10 to 16 June, *Table 3*). Several typical operational constraints inhibited peak port performance, primarily adverse weather, persistent equipment breakdowns and shortages, vessel ranging, load-shedding, the SARS system issue and congestion.

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.

[11] 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.

[12] 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.

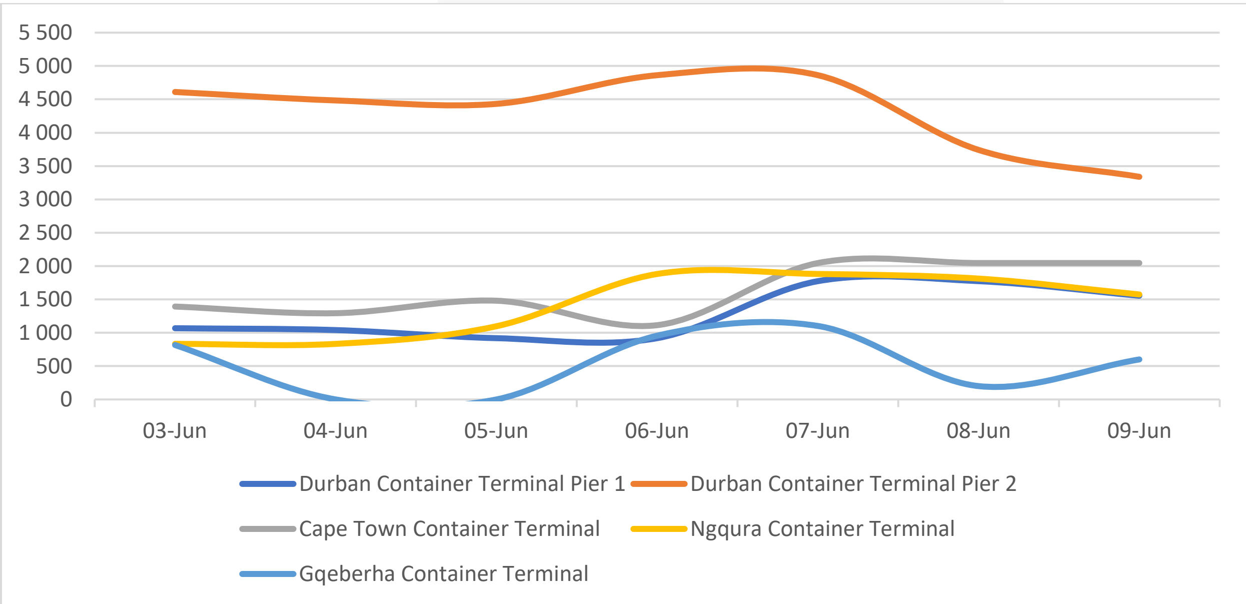
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 09/06/2023.

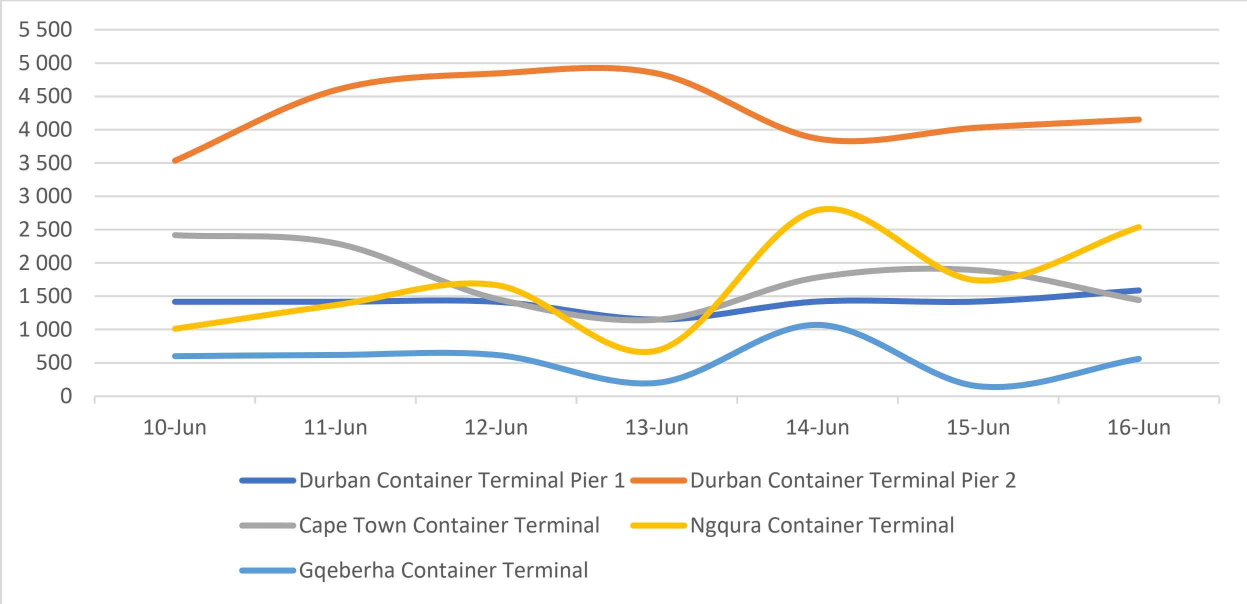
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (3 to 9 June; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 09/06/2023.

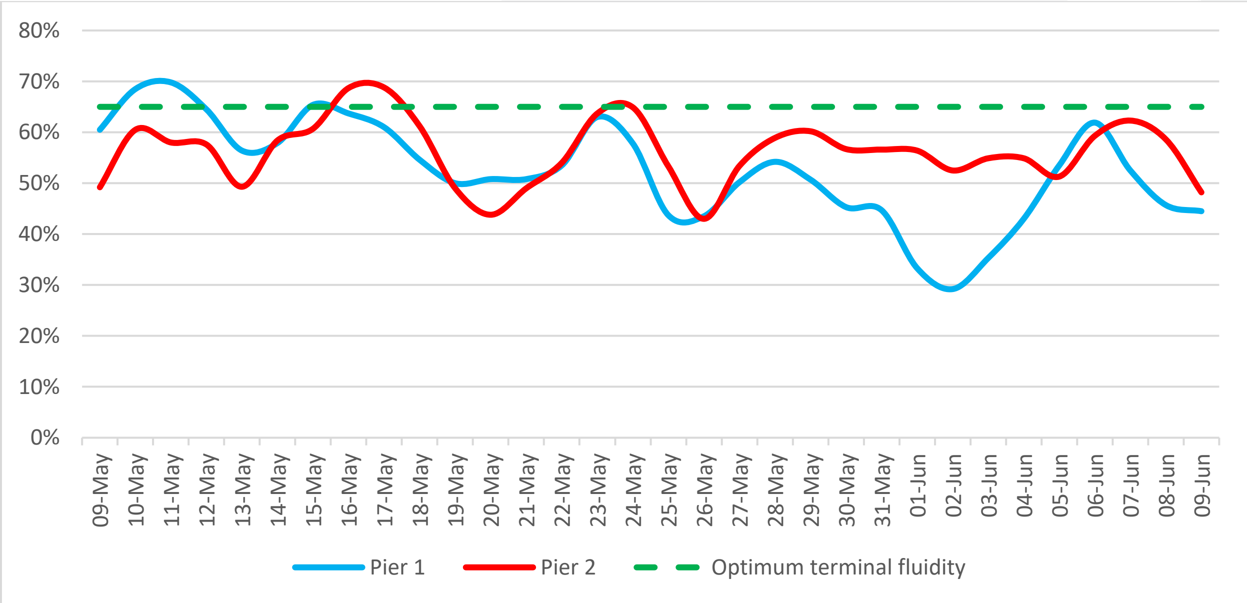
Figure 5 – 7-day forecast reported for total container movements (10 to 16 June; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 09/06/2023.

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

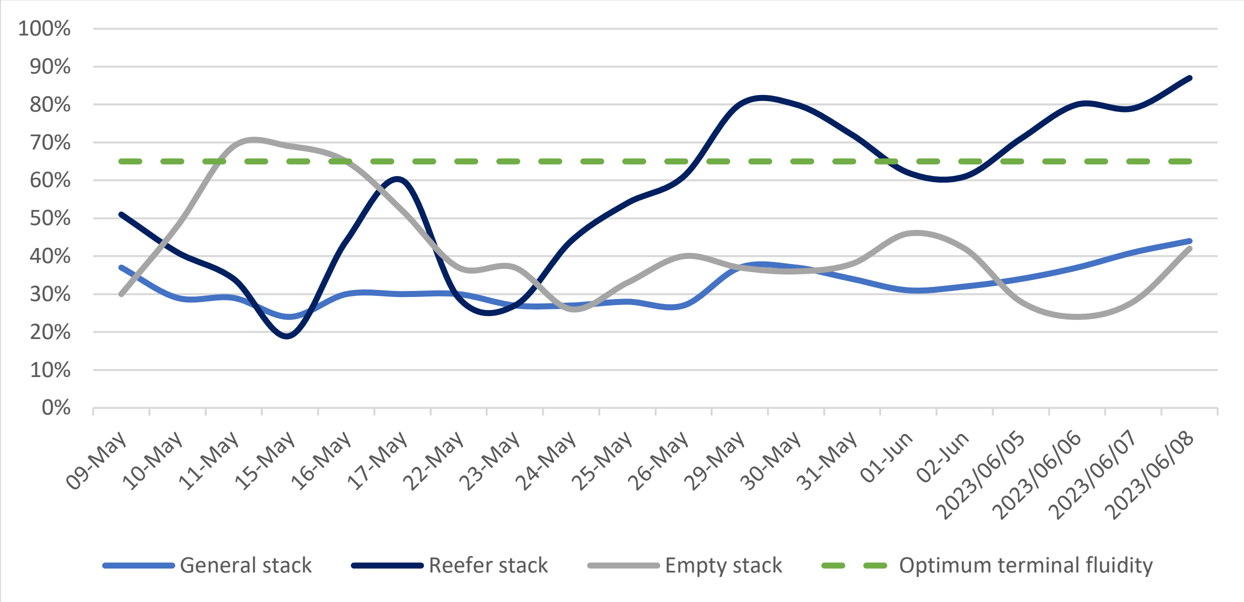
Figure 6 – Stack occupancy in DCT, general-purpose containers (9 May to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 09/06/2023.

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 (9 May to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 09/06/2023.

b. Summary of port operations

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

i. Weather and other delays

- Unfavourable weather conditions were at the forefront of operational delays in Cape Town as the port went windbound several times throughout the week.
- Durban was once more challenged on multiple fronts as the SARS system issue, adverse weather, equipment challenges, and congestion ensured operational delays.
- The Port of Richards Bay seemingly had a good week, as minimal operational delays were reported.
- This week, the main culprits of operational delays at the Eastern Cape ports were adverse weather conditions, load-shedding, and equipment challenges as the shore tensioning challenges at Ngqura persisted.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and four at anchor, as inclement weather conditions and vessel ranging paved the way for a build-up of vessels at anchorage. Stack occupancy for GP containers was 41%, reefers high at 79% with the citrus season ongoing, and empties at 28%. In the latest 24-hour period to Thursday, the terminal handled 2 022 TEUs across the quay. On the landside, 918 trucks were serviced while executing 11 rail moves. During the most recent fortnight, the Port of Cape Town returned to the second page of the *"Port Congestion Watch"*[13] with more than **11 600 TEUs** stuck at anchor. Berthing delays are subsequently increasing, and the queue-to-berth ratio is at **0,36** as of Thursday. We can infer that the port's handling and productivity rates are below par, which is perhaps why they are kept confidential!

[13] Linerlytica – 08/06/2023 - Port Congestion Watch

The multi-purpose terminal, on Thursday, recorded zero vessels at anchor and two at berth. In the 24 hours leading to Thursday, the terminal managed to service 54 external trucks at an undisclosed truck turnaround time on the landside. On the waterside, 479 TEUs were moved across the quay. Stack occupancy was recorded at 20% for GP containers, 88% for reefers and 31% for empties by the end of the week.

The FPT private terminal reported zero vessels at anchorage while servicing four vessels at berth on Wednesday. During the 24 hours before Thursday, the terminal managed to handle 4 455 breakbulk tons, 339 pallets of fruit, and 1 991 dry bulk tons on the waterside while servicing 167 trucks on the landside. During the same period, reefer stack occupancy was recorded at 17%.

iii. Durban and Richards Bay

Pier 1 on Tuesday recorded two vessels at berth, operated by five gangs, and no vessels at anchor. Stack occupancy was 53% for GP containers. During the same period, 1 617 imports were on hand, with 200 units having road stops and 185 unassigned. Chaos ensued earlier in the week as the last 24 hours saw road stops exceed the 900 mark due to the SARS system issues. The terminal recorded 1 253 landside gate moves, with 338 cancelled slots and 95 wasted.

Pier 2 had four vessels at berth and zero at anchorage on Tuesday. In the most recent 24 hours to Wednesday, stack occupancy was 62% for GP containers and 58% for reefers, with 36% of reefer plug points utilised. The terminal operated with 11 gangs while moving 3 776 TEUs across the quay. On Wednesday, there were 2 963 gate moves on the landside with a truck turnaround time of ~103 minutes and a staging time of ~116 minutes. Of the landside gate moves, 1 760 moves (59%) carried import cargo, while the remaining 1 203 (41%) moves were for exports. Additionally, 386 rail import containers were on hand, with 324 moved by rail. The SARS issue experienced this week luckily did not have a significant impact on operations at the terminal.

The helicopter in Durban still has not returned to operation due to the technical team awaiting the spares needed to execute repairs. According to the latest reports, the spares are sourced from Europe and have been delayed by the ongoing Ukrainian war. The spares are anticipated to arrive on Friday, 09 June. Additionally, The Bypass Road in Durban is operational; however, several challenges were experienced last week. These challenges include reckless driving and speeding, motorists and transporters travelling against the allocated traffic flow, and endangering other motorists on the road. Speed bumps have since been installed to alleviate some of the challenges experienced.

The Durban MPT terminal recorded two vessels at berth on Monday, with none at the outer anchorage, while handling 45 containers and 3 118 breakbulk tons on the waterside. Stack occupancy for breakbulk improved this week to 40%, while stack occupancy on the container side was recorded at 30%, with 164 reefer plug points available. On the landside, the terminal managed to handle 94 containers while servicing 87 breakbulk RMTs. On Thursday, two cranes, seven reach stackers, one empty handler, four forklifts and 14 ERFs were in operation. The return of the third crane at Durban's MPT was delayed again as the load-test certification was not completed in time for the crane's anticipated return last week. This week, the certification process focused on ensuring the crane returns as soon as possible. The fourth crane is still anticipated to return to service by the end of August. The repairs needed on the crane are more structural than mechanical, which indicates why repairs are taking so long.

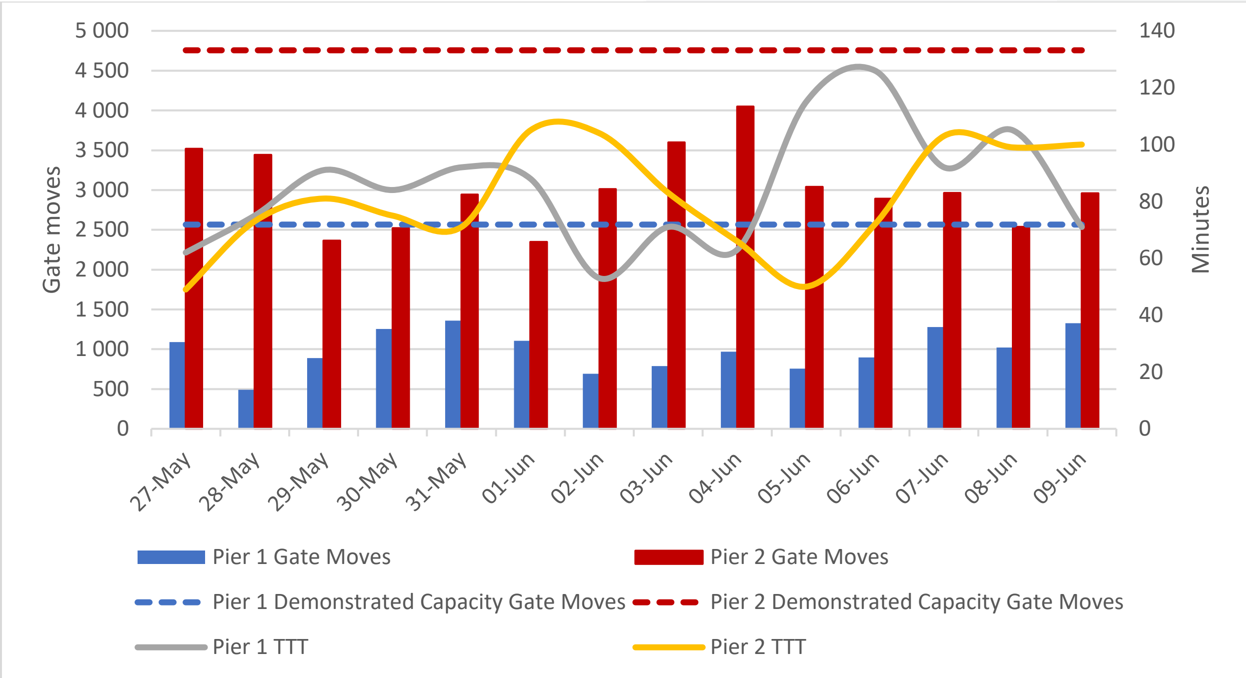
On Monday, the Ro-Ro terminal in Durban recorded one vessel on the berth, with none at outer anchorage. Over the 24 hours to Tuesday, the terminal received 1 104 units while despatching 1 116 units. During the same period, general stack occupancy improved to 46%, with a composition of 21% for imports, 66% for exports, and 7% for transhipments. Stack occupancy at G-berth was 35%, while stack occupancy at QR was

50%. The terminal had 1 436 import units on hand, 3 487 units destined for export markets, and 376 units subject to transhipments.

On Wednesday, Richards Bay recorded ten vessels at anchor, translating to four destined for DBT, three for MPT, two for RBCT, and one for the liquid bulk terminal. There were 15 vessels on berth, six at DBT, five at MPT, three at RBCT, none at the liquid bulk terminal, and one undergoing repairs. Two tugs and one helicopter were in operation for marine resources in the 24 hours leading up to Tuesday.

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 09/06/2023.

iv. Eastern Cape ports

NCT on Tuesday 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 to Wednesday. The port stopped sharing marine resources with the Port of Port Elizabeth. In the same period, stack occupancy was 30% for GP containers and 25% for reefers. And in that period, 1 671 TEUs and 82 reefers were handled across the quay, while 415 trucks were serviced on the landside at a truck turnaround time of ~32 minutes.

The latest reports suggest that berth D100 at the Port of Ngqura will be taken out of commission due to persistent vessel ranging and equipment challenges at the berth. No indication was provided yet regarding when the berth will be returned to commission. Additionally, the shore tensioning units at the port are still not in operation due to inadequate staff ready to operate the units. The same reports suggest that training is ongoing to ensure that allocated employees obtain the needed certification to operate these units. This situation creates concerns among industry participants as the units arrived at the port three to four months ago. And with the port now operating on a two-berth operation, a bottleneck could form if inclement weather conditions persist.

GCT on Wednesday recorded one vessel at outer anchorage and two at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the 24 hours to Thursday. In the same period, stack occupancy was 89% for GP containers and 77% for reefers while moving 1 198 TEUs across the quay and handling 130 reefers. On the landside, 259 trucks were serviced at a very high truck turnaround time of ~51 minutes.

On Tuesday, the Ro-Ro terminal at the Port of Port Elizabeth recorded zero vessels at berth and zero at anchorage. Over the 24 hours leading to Thursday, the terminal had approximately 3 505 units on hand, leading to a stack occupancy figure of 67%.

At the Port of East London on Monday, 718 TEUs were moved across the quay at a GCH of 16, while 115 external trucks were serviced at a truck turnaround time of ~13 minutes on Tuesday. Stack occupancy on the container side was captured at 58% on Tuesday. During the same period, no units were received at the Ro-Ro terminal, while stack occupancy at the car terminal was captured at 79%. On the landside, 43 trucks containing 1 534 tons of bulk cargo were serviced, leading to a stack occupancy of 58%.

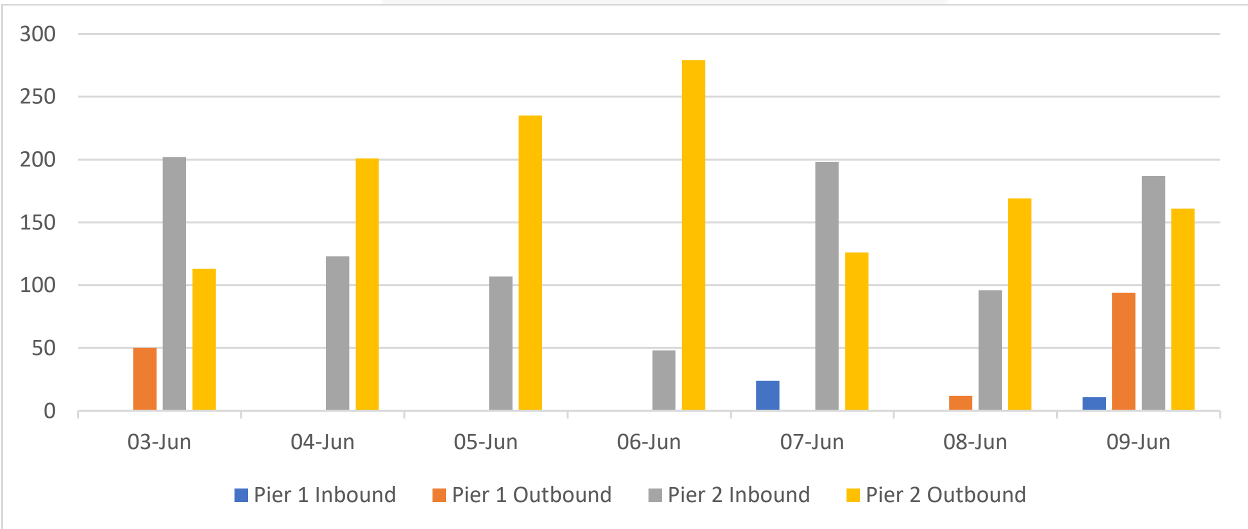
v. Saldanha Bay

On Thursday, the iron ore terminal had four vessels at anchorage and two on the berth, while the multi-purpose terminal similarly had three vessels at anchor and four on the berth. The vessels at anchor have been waiting outside for approximately 2-8 days, while the vessels in port have been on berth for around 2-4 days.

vi. Transnet Freight Rail (TFR)

The current rail situation is much improved compared to the previous weeks' dire situation despite intermittent cable theft persisting on the lines. The latest incidents were luckily minor and did not halt any trains moving on the network. On Wednesday, there were only four trains at the King's Rest marshalling yard, with three destined for City Deep and one reefer train. Additionally, only four trains were staged on the network, representing a significant improvement. During the same period, DCTs Pier 2 had 236 ConCor units with a dwell time of 51 hours and 150 over-border units with a dwell time of 17 days. This number represents a significant improvement on the units on hand seen last week, exceeding the 600 mark.

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



Source: Calculated using data from Transnet, 2022. Updated 09/06/2023.

In the last week (3 to 9 June), rail cargo handled out of Durban was reported at **2 436** containers, up by ↑7% from the previous week's **2 273** containers. Containers.

vii. General

The ports are anticipating a strong surge in citrus volumes over the next two weeks as the lemon season is about to come into full swing, which could cause bottlenecks to form in Durban. Thus, the possibility exists that transporters may find it challenging to obtain booking slots during that period as the demand for slots is expected to be high.

Kuehne + Nagel is expanding its perishables network to and from South Africa, the UK and Kenya by acquiring Johannesburg-based freight forwarder Morgan Cargo[14]. The reefer specialist employs more than 500 staff in South Africa. In 2022 the company handled more than 40 000 tonnes of air freight and more than 20 000 TEU of sea freight globally. Subject to customary closing conditions, including clearance by the competent competition control authorities, the transaction is expected to close in the third quarter of 2023.

Lastly, the latest reports suggest that CMA CGM plans to introduce a container deposit fee effective 1 July 2023. This decision comes at the back of high unpaid detention charges by importers who don't return their empty containers within the stipulated timeframe. The quantum for the refundable container deposit will be $2 500 per 20' container and $3 500 per 40' container. At the current exchange rate, this translates to approximately R50 000 and R70 000, respectively. For the refund to be affected, the shipping line will need proof of delivery (POD) as confirmation that the empty container was returned to CMA CGM's empty depot. Refunds should take between 7 and 14 days.

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 29 May. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *May 2022* averaged **~766 276 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

Flows	29-May	30-May	31-May	01-Jun	02-Jun	03-Jun	04-Jun	Week
Volume inbound	613 623	410 798	346 498	302 722	475 159	242 033	799 400	**3 190 233**
Volume outbound	246 581	198 230	218 351	205 042	235 949	199 910	697 409	**2 001 472**
Total	**860 204**	**609 028**	**564 849**	**507 764**	**711 108**	**441 943**	**1 496 809**	**5 191 705**

Courtesy of ACOC. Updated: 05/06/2023.

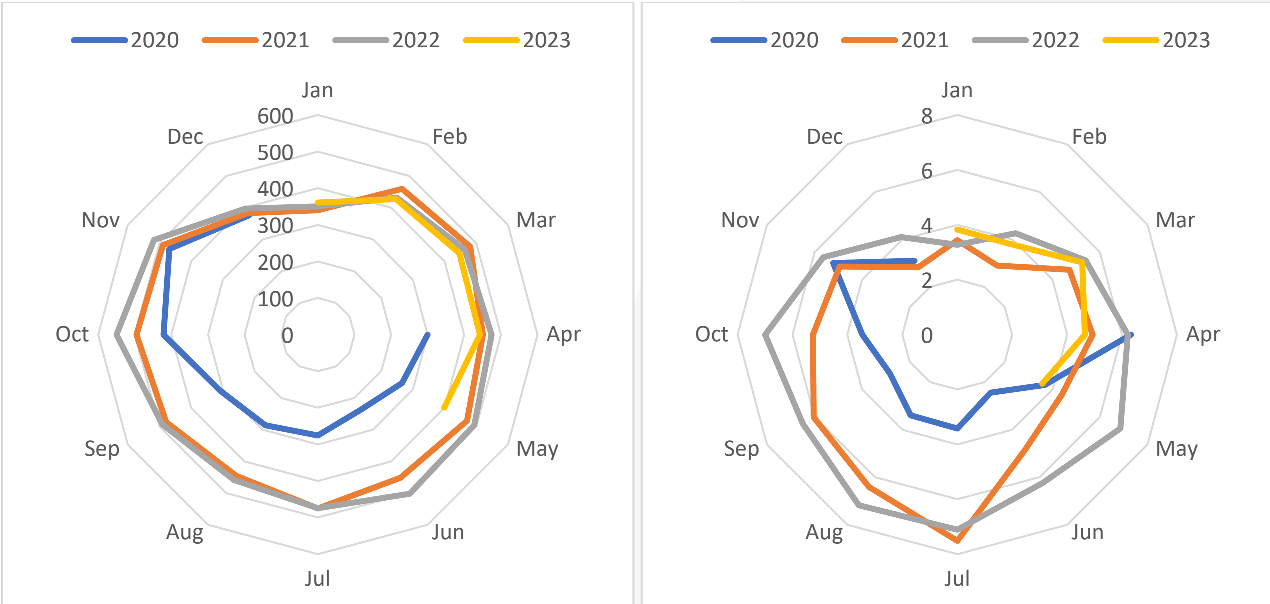
The daily average volume of air cargo handled at ORTIA the previous week amounted to **455 748 kg** inbound and **285 925 kg** outbound, resulting in an average of **741 672 kg per day** or **~96%** compared with May 2022. However, the level is currently at only **~85%** compared with the same period pre-pandemic in 2019.

The following side-by-side figures show the relative monthly in – and outbound deficit freight movement at ORTIA since the pandemic. For the first figure, an outward spiral indicates growth, whereas, in the second figure, an outward spiral indicates a more significant deficit and mirrors imports approximately. As depicted

[14] Ajdin, A. 06/06/2023. Kuehne + Nagel takes over South African reefer specialist Morgan Cargo.

in the figures, the market is – similar to the international market – currently very subdued compared to the highs of 2022 and even 2021:

Figure 10 – International cargo: ORTIA – average monthly in – (kg thousands) – and outbound (kg millions)



Courtesy of ACOC & BAC. Updated: 05/06/2023.

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 *May 2022* was **~56 733 kg** per day.

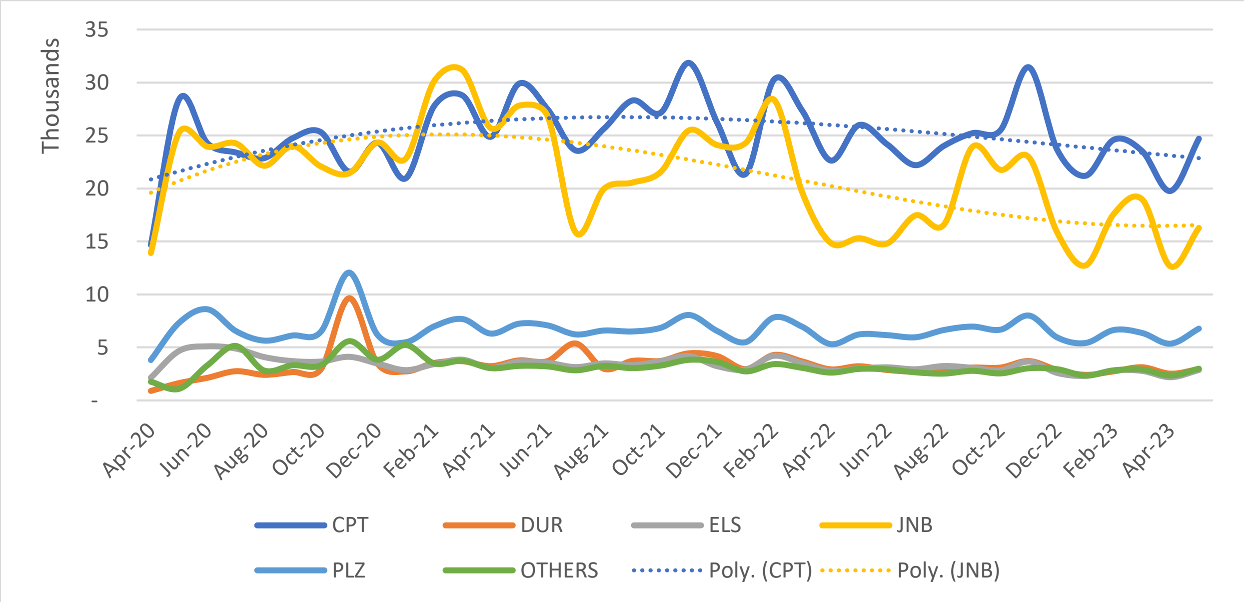
Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Mar-Dec '20 Ave.	**21 813**	**2 941**	**3 751**	**20 539**	**6 571**	**3 176**	**56 713**
Jan-Dec '21 Ave.	**26 817**	**3 754**	**3 452**	**24 270**	**6 789**	**3 483**	**68 218**
Jan-Dec '22 Ave.	**25 230**	**3 295**	**3 244**	**19 449**	**6 312**	**2 952**	**60 480**
January Ave.	**23 644**	**2 881**	**2 593**	**15 834**	**5 942**	**2 946**	**53 839**
February Ave.	**36 199**	**3 738**	**4 843**	**28 654**	**11 342**	**3 958**	**88 735**
March Ave.	**23 514**	**3 131**	**2 787**	**18 963**	**6 364**	**2 915**	**57 674**
April Ave.	**19 767**	**2 525**	**2 192**	**12 650**	**5 357**	**2 354**	**44 844**
May Ave.	24 692	2 952	2 869	16 274	6 777	2 996	**56 560**
29-May	38 196	5 616	3 940	21 742	9 555	3 873	**82 923**
30-May	38 104	3 241	5 889	25 185	10 863	4 343	**87 624**
31-May	34 787	3 872	3 937	23 909	10 118	3 600	**80 223**
01-Jun	36 195	4 340	3 245	21 150	10 134	3 673	**78 738**
02-Jun	16 893	3 030	2 169	18 158	4 432	2 920	**47 602**
03-Jun	1 101	466	20	377	207	89	**2 259**
04-Jun	1 336	348	257	231	714	442	**3 328**
Total for 2023:	**3 505 620**	**424 383**	**401 819**	**2 429 550**	**947 569**	**416 368**	**8 125 308**

Courtesy of BAC. Updated: 05/06/2023.

The average domestic air cargo moved last week was **~54 671 kg** per day, up by **↑1%** compared to the previous week but remains down compared to last year (**~96%**).

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



Courtesy of BAC. Updated: 05/06/2023.

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.

- This week, the median border crossing times at South African borders decreased slightly and averaged **~10,9 hours** (**↓11%**,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) experienced a mirror change in the opposite direction and increased by **an hour and a half** and averaged **~13,5 hours** (**↑10%**, w/w).
- Zambian tanker transport has been halted, with the government and drivers trying to resolve issues.
- Last week, Zimborders notified of a new "*Whistleblowing Platform*" to tackle poor official behaviour.
    - The platform is for transporters, drivers, and other border users and is entirely anonymous.
- After network updates, SARS had huge issues with EDIs, manifest processing, and declarations.
    - As a stopgap, manual processing was instituted in the interim. Fortunately, the problems were resolved on Tuesday evening.
    - SARS implemented Customs Digital Platform upgrades from Friday 20:00 to Saturday 02:00.
- Elsewhere, several key stakeholders – comprising of SARS, SAPS, the BMA, SAAFF, and the RFA – issued a joint statement that they are working collaboratively and with urgency to resolve the challenges that are currently being experienced due to massive congestion at the Lebombo border post on the N4 to restore border processing to normal.
    - The SARS processing issue exacerbates the constraints mentioned last week as the border continues to struggle with the massive increase in cross-border flows to Maputo port.

- Lastly, Home Affairs have extended Zimbabwean Exemption Permits by further six months[15].
- 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[16], which arguably provides better and more reliable information.

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

Table 6 – Delays[17] summary – South African borders

Border Post	Direction	HGV[18] 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	445	7	9	28	13 350	3 115
Beitbridge	Zimbabwe-SA	392	6	3	13	11 760	2 744
Groblersbrug	SA-Botswana	224	1	2	12	6 720	1 568
Groblersbrug	Botswana-SA	136	0	1	1	4 080	952
Vioolsdrif	SA-Namibia	30	0	1	3	900	210
Noordoewer	Namibia-SA	20	1	1	2	600	140
Nakop	SA-Namibia	30	0	1	5	900	210
Ariamsvlei	Namibia-SA	20	0	1	1	600	140
Lebombo	SA-Mozambique	1 602	0	2	15	48 060	11 214
Ressano Garcia	Mozambique-SA	102	0	1	2	3 060	714
Skilpadshek	SA-Botswana	200	1	1	3	4 800	1 400
Pioneer Gate	Botswana-SA	100	1	1	2	2 400	700
Weighted Average/Sum		**3 301**	**2**	**2**	**7**	**97 230**	**23 107**

Source: TLC, FESARTA, & Crickmay, week ending 04/06/2023.

Table 7 – Delays summary – Corridor perspective

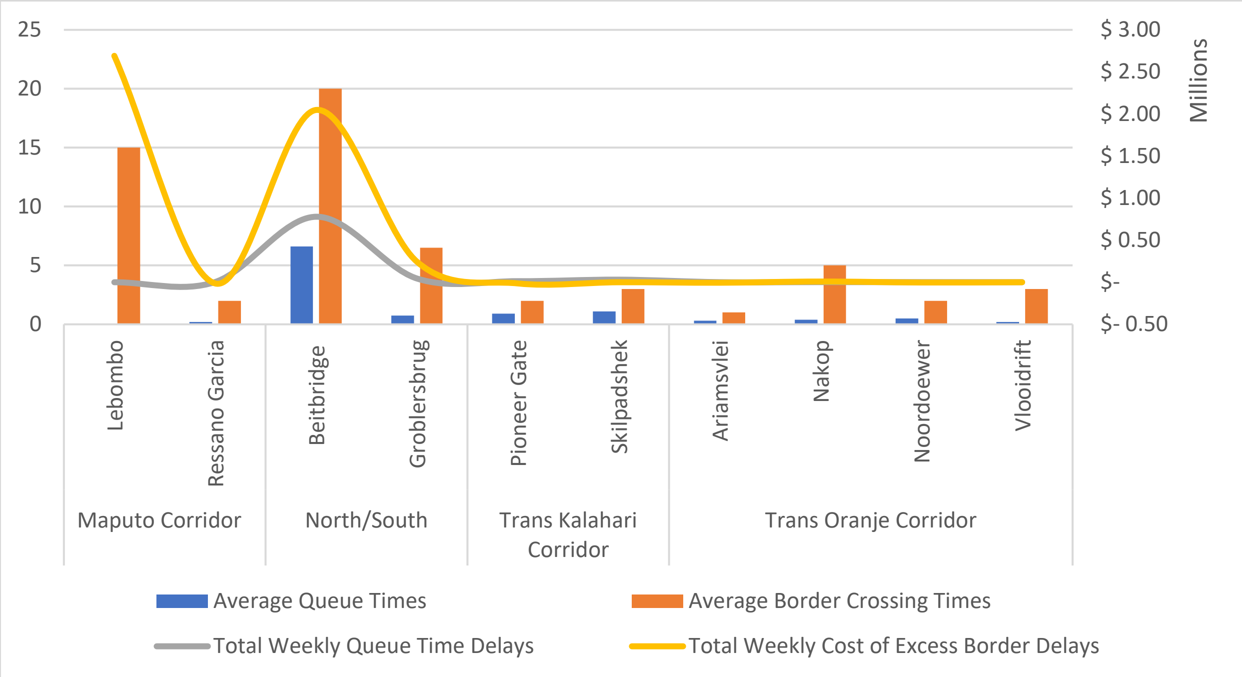
Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Weekly HGV Arrivals
Beira Corridor	320	0	5	20	9 600	2 240
Dar Es Salaam Corridor	1 819	45	2	23	54 570	12 733
Maputo Corridor	1 704	0	2	9	51 120	11 928
Nacala Corridor	127	0	0	0	3 810	889
North/South	3 269	15	3	14	98 070	22 883
Trans Caprivi Corridor	116	0	7	22	3 480	812
Trans Cunene Corridor	100	0	12	38	3 000	700
Trans Kalahari Corridor	330	1	1	3	7 920	2 310
Trans Oranje Corridor	100	0	1	3	3 000	700
Weighted Average/Sum	**7 885**	**12,4**	**3**	**13,1**	**234 570**	**55 195**

Source: TLC, FESARTA, & Crickmay, week ending 04/06/2023.

[15] Washinyira, T. 08/06/2023. Home Affairs extends Zimbabwean Exemption Permits by further six months.
[16] FESARTA TRANSIST Bureau.
[17] 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.
[18] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

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

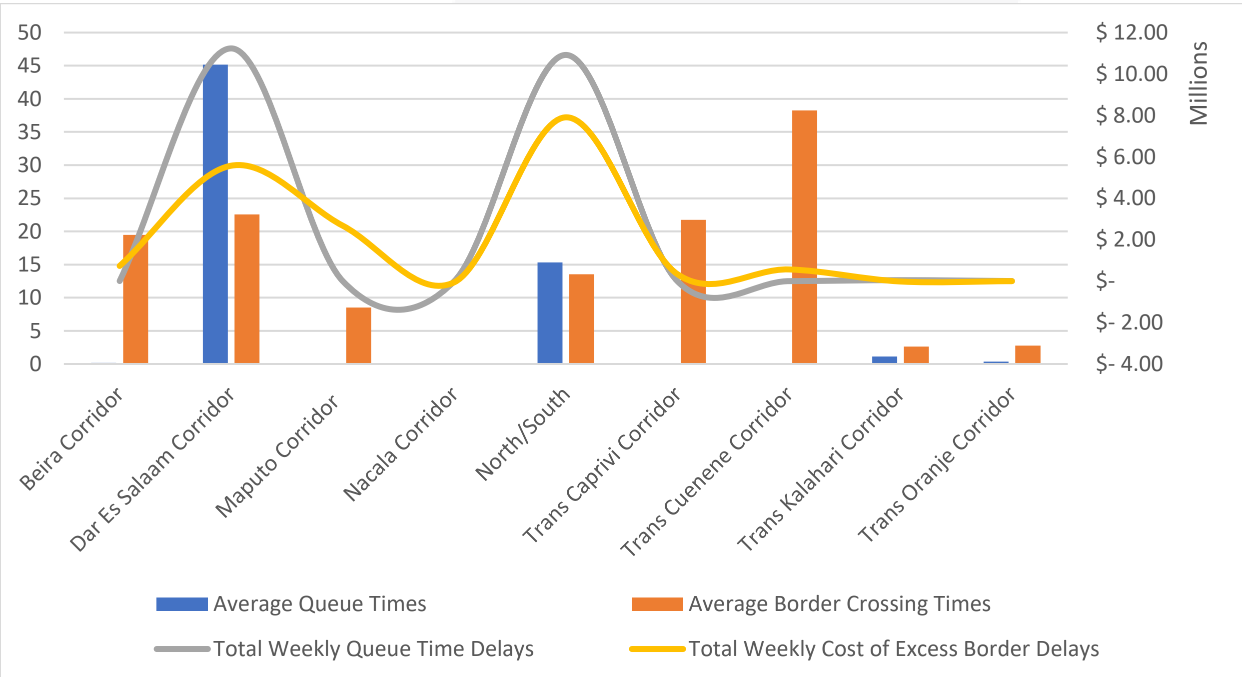
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



TLC, FESARTA, & Crickmay, week ending 04/06/2023.

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

Figure 13 – Weekly cross-border delays & est. cost from a corridor perspective (hours & $ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 04/06/2023.

In summary, cross-border queue time has averaged **~12,4 hours** (down by **~0,4 hours** from the previous week's **~12,8 hours**), indirectly costing the transport industry an estimated **$22 million** (**R391 million**).

Furthermore, the week's average cross-border transit times hovered around **~13,1 hours** (up by **~0,8 hours** from the **~12,3 hours** recorded in the previous report), at an indirect cost to the transport industry of **$18 million** (**R312 million**). As a result, the total indirect cost for the week amounts to an estimated **~R702 million** (up by **~R20 million** or **↑3%** from **R683 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 throughput, capacity and congestion

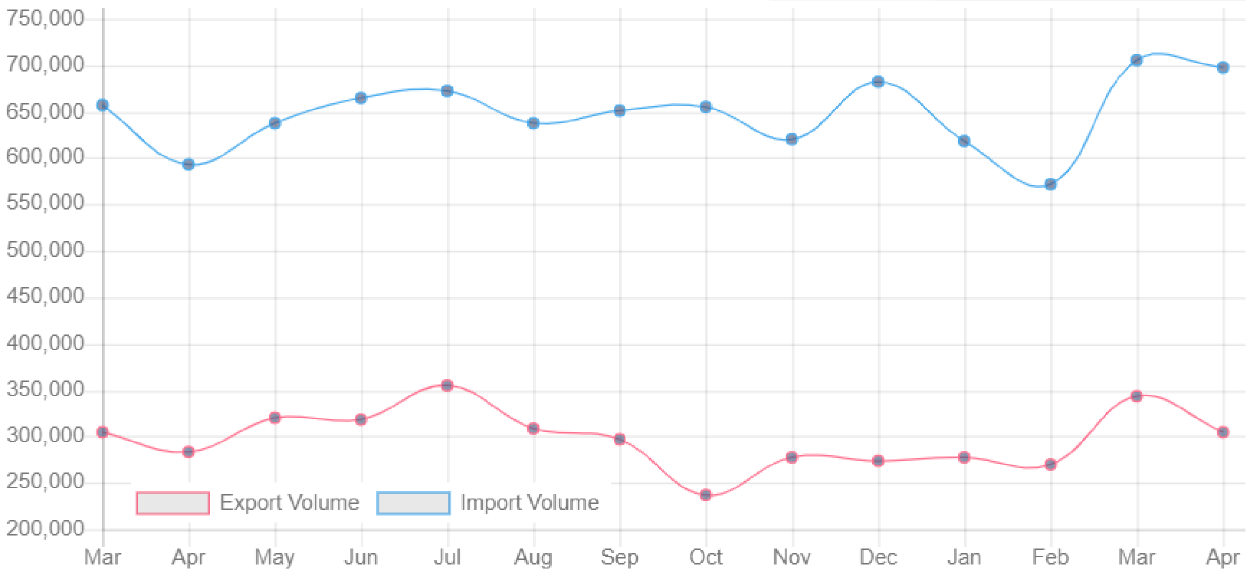
The latest container throughput figures for April from CTS show that volume is down by **↓3,5%** (m/m) after the significant increase last month (**↑24,3%** – revised). The change means the volume remains slightly down annually (**↓0,7%**). Fortunately for shippers –similar to the index reported weekly by Drewry – the price index (reefer and dry) continues to moderate. It is down by **↓7,5%** (m/m) and a considerable **↓56%** (y/y) versus a year ago:

Figure 14 – Global Containerised Throughput (TEUs) and price index

Source: CTS

As illustrated, container throughput experienced a slight cyclical lull in April (also visible for 2022) after it bounced back significantly in March. In total, **14,4 million TEUs** were handled in April, slightly less when compared to the same time last year. Concerning geographical disparity, all seven major sub-regions registered varying decreases in volumes in April, with Sub-Saharan African exports (down by **↓11,1%**, m/m) and Indian Sub-Continent & Middle East imports (down by **↓5,8%**, m/m) showing the most significant changes. These figures indicate a slight stabilisation for the global merchandise trade, as expectations were for a more significant decrease. Nevertheless, the cyclical expectations for a significant increase in May are mute as ongoing macroeconomic headwinds persist. The following figure shows Sub-Saharan Africa imports and exports over the same period:

Figure 15 – Sub-Saharan Africa Containerised Throughput (TEUs)



Source: CTS

As mentioned above, Sub-Saharan African exports were significantly down (↓**11,1%**) for April, while imports were more stable and similar to March (down by ↓**1,3%**, m/m). Yearly trade shows that exports (↑**9,9%**, y/y) and imports (↑**18,1%**, y/y) are significantly more than last year. Incidentally, South Africa accounted for **23,3%** of SSA imports and **55,6%** of SSA exports when measuring these versus TNPA figures.

Elsewhere in the industry, capacity remains elevated with a low blanking figure still evident, as Drewry's "*Cancelled Sailings Tracker*" continues to trend around the **4% cancellation rate**[19]. Global port congestion remains relatively low (**1,71 million TEU**, ↑**7%**, w/w[20]), with the idle container fleet also very low at only **0,7%** of the total supply. However, some regional instances of congestion are showing up, notably in the US, through labour disputes. The US West Coast port disruptions over the weekend continue to be a distraction, with no resolution on a new ILWU contract after more than one year of negotiations. The impact is currently limited with a build-up in US port congestion and USWC volumes down by ↓**15%** YTD, but tensions could worsen. The issues could worsen, with further questions marks over North American ports sprouting in Canada. On Friday, the International Longshore and Warehouse Union (ILWU) Canada will vote on whether to initiate a strike amid contract negotiations with the British Columbia Maritime Employers Association (BCMEA)[21].

ii. Global container freight rates

Global freight rates were stable on average this week; however, there were some regional disparities, as rates from Asia to North Europe remained under pressure this week, while transpacific rates have been boosted by potential supply chain issues linked to US west coast industrial action and Panama Canal draught restrictions (more on this issue below)[22]. Nevertheless, the "*World Container Index*" declined by a mere dollar (or ↓**0,1%**) to **$1 681** per 40-ft container this week – with the disparity in regional trades evident below:

[19] Drewry. 09/06/2023. Cancelled Sailings Tracker - 9 June.
[20] Linerlytica. 05/06/2023. Market Pulse – Week 23.
[21] Putzger, I. 08/06/2023. Strike vote at Pacific ports in Canada sparks fresh worries for BCOs.
[22] Wackett, M. 09/06/2023. North Europe rates still falling, while the transpacific spikes.

Figure 16 – World Container Index assessed by Drewry ($ per 40 ft. container)

Route	Route code	25-May-23	01-Jun-23	08-Jun-23	Weekly change (%)	Annual change (%)
Composite Index	WCI-COMPOSITE	$1,685	$1,682	$1,681	0%	-78% ▼
Shanghai - Rotterdam	WCI-SHA-RTM	$1,530	$1,543	$1,452	-6% ▼	-85% ▼
Rotterdam - Shanghai	WCI-RTM-SHA	$587	$579	$574	-1% ▼	-60% ▼
Shanghai - Genoa	WCI-SHA-GOA	$2,169	$2,175	$2,130	-2% ▼	-81% ▼
Shanghai - Los Angeles	WCI-SHA-LAX	$1,798	$1,782	$1,896	6% ▲	-78% ▼
Los Angeles - Shanghai	WCI-LAX-SHA	$1,023	$1,023	$1,022	0%	-18% ▼
Shanghai - New York	WCI-SHA-NYC	$2,760	$2,833	$2,975	5% ▲	-72% ▼
New York - Rotterdam	WCI-NYC-RTM	$844	$813	$794	-2% ▼	-33% ▼
Rotterdam - New York	WCI-RTM-NYC	$3,969	$3,714	$3,375	-9% ▼	-52% ▼

Source: Compiled from Drewry Ports and Terminal Insights

As in the last three weeks, the average rate remains below the **$1 700 barrier**. However, significant variation is evident on regional routes. Nevertheless, all indices (including the composite index at **↓78%**, y/y) remain significantly down on last year's quotes. For the next few weeks, Drewry expects East-West spot rates to rise again on most routes – even if the composite index remains stable. Ultimately, the present market conditions still show us that there remains space between the current rates and the predicted bottom, which could be as low as **$1 500** per 40-ft container. This week, the pinch for carriers was again highlighted by Sea Intelligence, which shows that the earnings before tax and interest (EBIT) by the major carriers dropped by **↓81%** (y/y) to **$7 billion** in Q1 2023[23]. Furthermore, on average, the shipping lines recorded EBIT/TEU of **$330/TEU** in 2023-Q1, down **↓82%** from 2022 Q1's average of **$1 829/TEU**, but still vastly above the meagre **$53/TEU** average of 2010-2021.

Indeed, Linerlytica reports this week that the container freight market has entered a new era of volatility, with rates on a downward trend that will mirror the 2012-2016 period that culminated in the Hanjin Shipping bankruptcy in August 2016[24]. That rate collapse was triggered by two key decisions by Maersk in 2011 - the Triple-E ships order that resulted in a battle for capacity and the launch of the 'Daily Maersk' service that set off a series of Alliance reshuffles. The 2023-2026 era will be driven by the second wave of new capacity additions and MSC's aggressive capacity expansion that has already resulted in the 2M breakup, with further ramifications still to be played out.

iii. Further developments of note

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

[23] Sea Intelligence. 08/06/2023. 2023-Q1 EBIT drops 81% Y/Y to USD 7bn.
[24] Linerlytica. 05/06/2023. Market Pulse – Week 23.

1. **'Unprecedented drought' forces changes along the Panama Canal:**
    a. "*We could not have predicted exactly when the water shortage would occur to the degree that we are experiencing now*." A stark warning yesterday from Ricaurte Vásquez Morales, the administrator of the Panama Canal, on the worsening drought creating traffic issues for ships transiting the Central American nation likely to be one of the recurring main shipping news stories of 2023. It requires 200m litres of water to allow the passage of a single vessel along the canal, primarily generated from Lake Gatun in the centre of the waterway, which is drying up fast[25].
    b. Last month, further draft restrictions were announced for the canal, whereby some of the larger box ships transiting it will have to do so carrying 40% fewer boxes than usual. Authorities at the canal warned yesterday that global trade ought to brace for further restrictions, especially with the imminent arrival of the El Niño weather phenomenon.
2. **Hamburg Süd must pay $9,8 million after 'retaliation' against US shipper:**
    a. The US Federal Maritime Commission (FMC) has ordered Maersk-owned operator Hamburg Süd to pay US furniture shipper OJ Commerce (OJC) **$9,8 million** after refusing contracted cargo space for its containers[26].
    b. FMC found the carrier in violation of provision 41104(a)(10) "refusal to deal", ruling it unjustly shut out the Florida-based complainant from contract agreements – but awarded the shipper only around 10% of the $100 million compensation it claimed.
    c. The commission reduced the award, finding the "total actual injury" to OJC by Hamburg Süd to be $4,9 million. However, because the carrier ran afoul of the US Shipping Act, it must pay double that.
3. **China builds Central Asia infrastructure dominance with new rail plan:**
    a. Lastly, some international rail news, as China is set to strengthen its dominance of the transport infrastructure in Central Asia with plans to enhance rail connections between the People's Republic and Kazakhstan, Kyrgyzstan, and Uzbekistan[27].
    b. Kazakh president Kassym-Zhomart Tokayev told the Eurasian Economic Forum that developing a new Bakhty-Ayagoz rail link on the border between Kazakhstan and China was underway and would significantly reduce transit times.

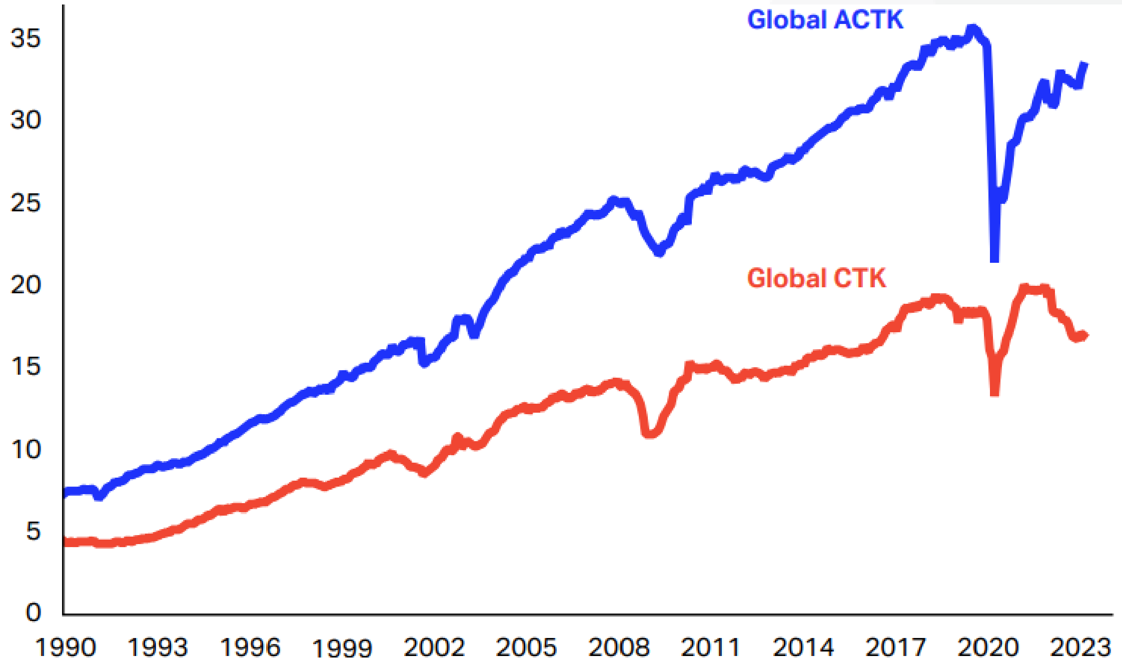
b. Global air cargo industry

In the latest "*Global Outlook for Air Transport* " semi-annual report[28], IATA outlines the broad developments in the airline industry, highlighting the persistent challenges in which airlines operate. For air cargo specifically, the following keynotes can be found:

- A relative lack of buoyancy in air cargo continued into early 2023, with industry cargo tonne kilometres (CTKs) experiencing 13 months of consecutive annual (y/y) declines since March 2022.
- Seasonally adjusted CTKs in Q1 of 2023 were **↓7,5%** lower than in 2019.
- On the other hand, capacity, measured in available cargo tonne kilometres (ACTKs), steadily increased in 2022 and Q1 of 2023.
- Nevertheless, global capacity has still not returned to its pre-Covid levels. In the first quarter of 2023, seasonally adjusted ACTKs were **↓6,4%** lower than in Q1 2019:

[25] Chambers, S. 06/06/2023. 'Unprecedented drought' forces change along the Panama Canal.
[26] Bartlett, C. 09/06/2023. Hamburg Süd must pay $9.8m after 'retaliation' against US shipper.
[27] Whiteman, A. 06/06/2023. China builds Central Asia infrastructure dominance with new rail plan.
[28] IATA. 05/06/2023. Global Outlook for Air Transport - June 2023.

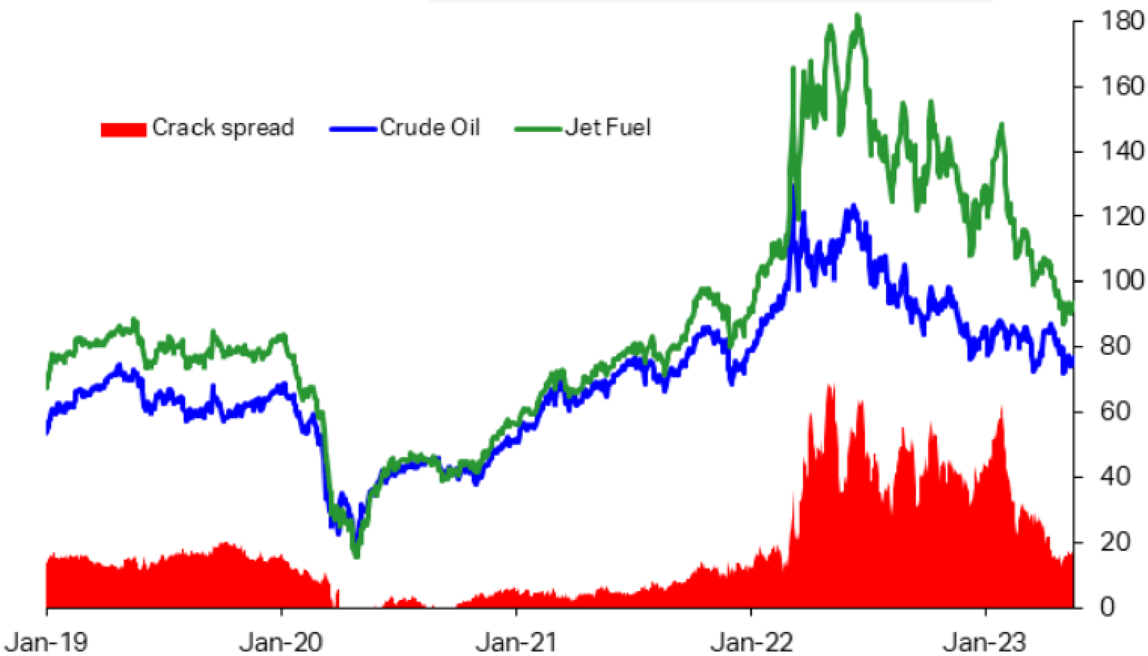
Figure 17 – Seasonally adjusted global ACTKs and global CTKs (billions)



Source: IATA

Despite a return to belly-hold capacity, dedicated freight still carried most international air cargo (**64/36** split). In 2019, the split was much more balance (**52/48**). The available capacity split is currently **51/49** in favour of dedicated freighters, whereas it was **41/59** in favour of passenger aircraft in 2019. Some updates on fuel – the jet fuel price increased by around **↑75%** to **$136/bbl** in 2022, reflecting a combination of higher crude oil prices and a wider jet crack spread. Both of these are expected to pull back from their 2022 highs:

Figure 18 – Oil and jet fuel prices ($ per barrel)

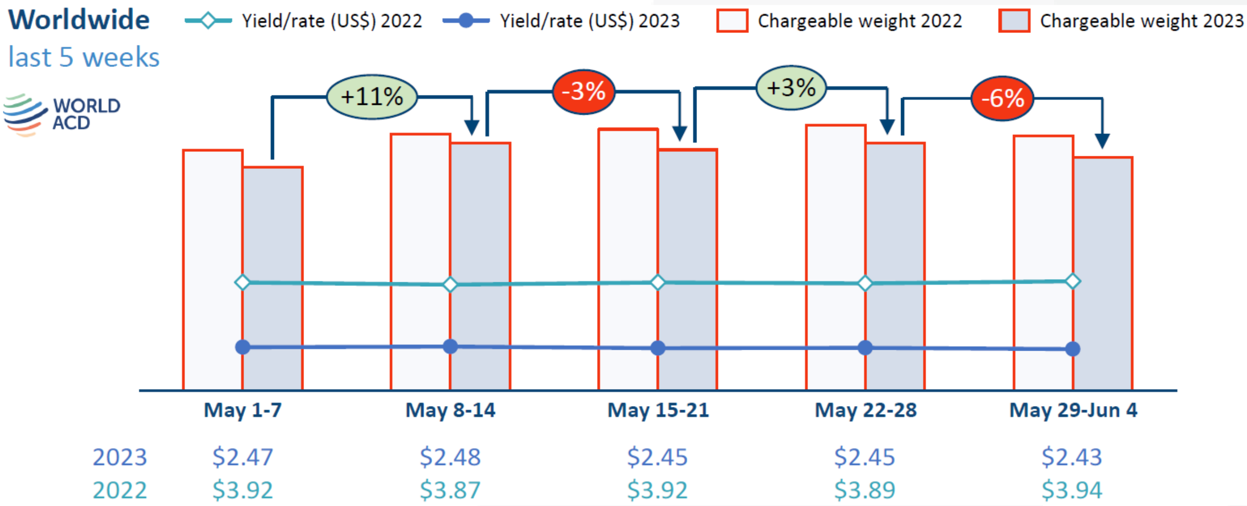


Source: IATA

The price of Brent crude oil is forecast to ease from just over **$100/bbl** in 2022 to around **$80/bbl** this year. The crack spread will likely narrow from **35%** to **23%**, a little above the long-run average. Both of these trends have been apparent in recent outcomes. The jet fuel price is expected to average around **$98** over the course of 2023.

The latest high-frequency World ACD numbers confirm that the downward trend in global air cargo tonnages has continued into early June, with average rates continuing the year-long pattern of slow annual decline. Figures for week 22 (29 May to 4 June) show a decrease of **↓6%** in tonnages and **↓1%** in average global air cargo prices, week on week after tonnages showed an increase of **↑3%** in the last full week of May:

Figure 19 – Global capacity, weight, and yield over the last five weeks (%, weekly)



Source: World ACD

Overall capacity has increased by **↑11%** compared with the previous year, with double-digit percentage increases from all regions except North America (**↑8%**) and Central & South America (**↓12%**). Worldwide average rates are currently **↓38%** below their levels last year, at an average of **$2,43** per kilo in week 22, although they remain significantly above pre-Covid levels.

Lastly, IATA notes that airlines are set to finally show a profit for the first time since the pandemic. The airline industry is forecast to return to a net profit 2023 of **$9,8 billion**. On a per-passenger basis, however, net profitability in 2023 is limited to **$2,20** - roughly the price of half a cup of coffee in Geneva[29].

ENDS[30]

[29] IATA. 09/06/2023. Airlines to show a profit in 2023 - a first since Covid.

[30]**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).*