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Cargo movement update[1]

Date: 1 September 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)	23 677	22 848	**46 525**	24 799	30 732	**55 531**	↓16%
Air Cargo (tons)	3 375	1 983	**5 358**	3 107	1 798	**4 905**	↑9%

Monthly Snapshot

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

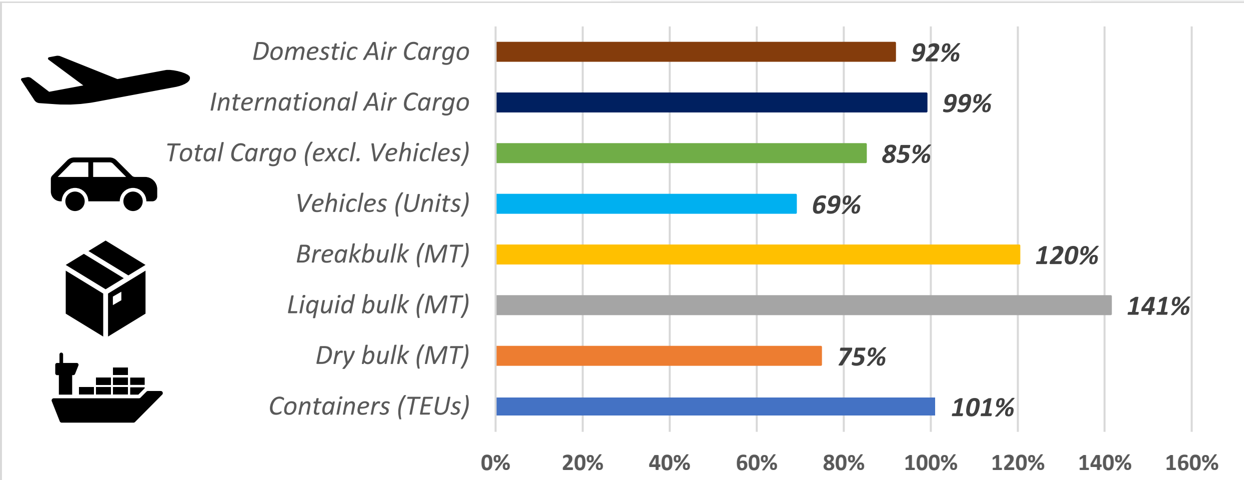
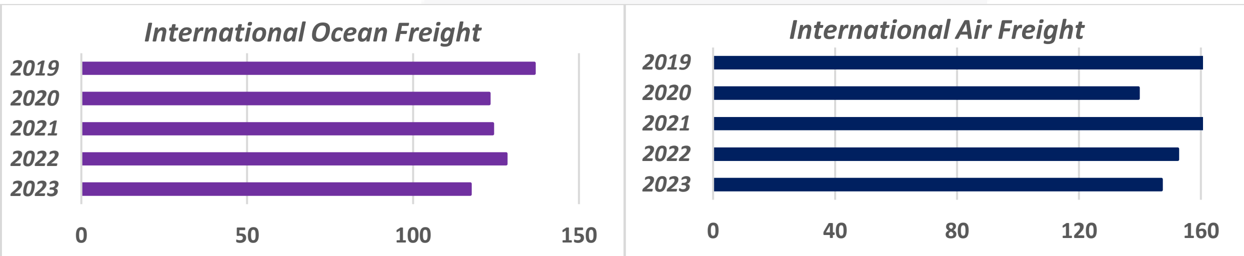


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~6 646 containers** was handled per day, with **~9 082 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 194** containers, ↓6% compared to last week.
- SARS merchandise trade (July): exports (↑4,6%, m/m), imports (↓7,6%); YTD surplus: **R16 billion**.
- Cross-border queue times were **↓1,4 hours** (w/w), with transit times **↑0,1 hours** (w/w); SA borders decreased by ~**20 minutes**, averaging **~9,9 hours** (**↓3%**); Other SADC borders averaged **~8,0 hours** (**↑3%**).
- Global freight rates decreased by **↓1,6%** (or **$28**) to **$1 740** per 40-ft container, as GRIs will likely end.
- Global air cargo (CTKs) is down by **↓3,4%** (y/y) in June 2023 and continues to narrow the deficit gap.

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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 *152nd* update.
[2] '*Current*' means the last 7 days' (a week's) worth of available data.
[3] '*Previous*' means the preceding 8-14 days' (a week's) worth of available data.
[4] '*Monthly*' means the last months' worth of available data compared to the same month in the previous year; All metrics: July vs July.
[5] For ocean, total Jan-Jul cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-Jul cargo to and from ORTIA is used.

Executive Summary

This update – *the 152nd of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. In the country's maritime economy, commercial ports handled a shockingly low average of **6 646 containers** per day. Port operations were characterised by poor weather conditions, frequent equipment breakdowns and shortages, and congestion. Operational performance took centre stage in Cape Town this week as import collections were seized for an entire day. At the same time, equipment availability in Durban proved to be a significant stumbling block to operations on the landside. The Durban and Richards Bay helicopters remain out of commission, while the floating crane in Durban was still unavailable for bookings this week. Crane QC1 at NCT received an estimated time of return of 07 September 2023, while the shore tensioner and the Mooring master were in operation at berths D100 and D101 for most of the week. Additionally, a massive change has recently been implemented for over-border rail containers, as declarations now need to be submitted to customs, leading to increased dwell times.

The global economy is shifting towards a survival-of-the-fittest trade approach as major economies depart from post-World War II rules, favouring restrictive tactics. Despite warnings, the US maintain unilateral actions like illegal tariffs as the dysfunction of the WTO appellate body allows vetoing of rulings. The decline in filed trade disputes is observed as countries opt for unilateral measures. US and China's increased restrictive trade policies contribute to doubling such policies compared to the past decade. The proposed **↑10%** global tariff proposal could harm the US economy if President Trump gets elected for a second non-consecutive term. Efforts to restore dispute settlement face scepticism due to power struggles between the US and China, risking a **$4,4 trillion** global output reduction. Consequently, effective international trade governance is crucial.

In the global maritime industry, freight rates were relatively stable as the 1 September rate GRIs balanced against the general trend. Nevertheless, the overall market sentiment remains poor, with global rate indices giving up all of their gains in August in a repeated pattern of early month rate gains followed by rate cuts as the month progresses. Net container capacity increases have already toppled **1,2 million TEUs** this year, with additional deliveries far from finished as liner supply increases in 2023 are hovering around **6%** of the global fleet. Other developments included Hapag-Lloyd being frozen out of the HMM purchase.

International air cargo to and from South Africa increased significantly in the last week (**↑9%**) and is at a similar magnitude greater than the corresponding level last year (**~109%**). Domestic cargo recovered this week and increased by **↑46%** (w/w) after registering very low levels last week and is now similar to last year (**~102%**) but still somewhat down on pre-pandemic levels (**~88%**). Internationally, IATA shows that air cargo demand faced a milder decline than overall global trade, with year-to-date CTKs until June reaching **115,8 billion**, narrowing the gap from **↓11,2%** at Q1's end to **↓8,1%** at Q2's end versus 2022. Air cargo capacity exceeded pre-pandemic levels in Q2, boosted by restored passenger belly-hold capacity, as international capacity approached a 50-50 balance, with no passenger freighters globally in Q2 for the first time in years. Overall, international CTKs in June were **↓2%** lower than in January 2020. In other air cargo news, technical challenges affect 1 500 UK flights.

In regional cross-border road freight trade, average queue time decreased by **an hour and a half,** while transit times were approximately similar to last week. The median border crossing times at South African controlled borders decreased by **about 20 minutes**, averaging **~9,9 hours** (**↓3%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by the same magnitude – **about 20 minutes** – and averaged **~8,0 hours** (**↑3%**, w/w). On average, two SADC land borders took more than a day to cross, namely Kasumbalesa (the worst affected from the Zambian side, although the queues are worse from the DRC side) and Beitbridge. Further notable developments included **(1)** regional customs challenges this week at Nakonde – with staff disparities in Zambia and Tanzania, and **(2)** Zambian restrictions imposed on maise grain and mealie meal movements.

Finally, equipment challenges at TFR and TPT again came under the spotlight this week, with both SOEs struggling to maintain an equipment complement to service industry demand. Consequently, Finance Minister Godongwana is considering revitalising Transnet's rail operations with an **R18 billion loan** from the NDB – commonly known as the BRICS bank[6]. The move aims to stimulate economic growth and increase tax revenue, where the yearly opportunity cost of inaction on the coal line alone is more than the quoted R18 billion. The loan is earmarked to upgrade locomotives, with government guarantees, despite Transnet's financial struggles. Government exposure to Transnet's debt is already at R3,5 billion. If appropriated correctly, the financial stimulus will hopefully improve performance in an industry moving the same freight volume as ten years ago, as we must move cargo from road to rail. The drive will hopefully emulate that happening in Europe, as European governments are on a rail spending spree – Germany and Italy have announced significant investment and subsidies to move freight from road to rail[7].

Indeed, the same is needed at TPT, with Durban, in particular, continuing to operate with a sub-optimal number of straddle carriers – going a distance in explaining the below-average container throughput of late. As many role players in the industry – especially TPT's core clients, the shipping lines, have reiterated often – a near-full straddle complement must be maintained at all times, including operating a 24/7 workshop to attend to the high number of breakdowns. Ultimately, there is no room for error – industrial equipment is essential for meeting throughput demand in container terminals and freight rail.

[6] Mahlaka, R. 28/08/2023. Eskom blackouts and Transnet troubles imperil public finances, warns Godongwana.
[7] Whiteman, A. 15/08/2023. Germany and Italy splash out in a bid to shift more cargo from road to rail.

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1. Ports Update

This section provides an overview of the flow of containerised cargo through our commercial ports.

a. Container flow overview

The following tables indicate the container flows reported for the last seven days and projections for the next seven days.

Table 2 – Container Ports – Weekly flow reported for 26 August to 1 September[8]

7-day flow forecast (26/08/2023 – 01/09/2023)		
TERMINAL	NO. OF CONTAINERS[9] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 786	4 563
DURBAN CONTAINER TERMINAL PIER 2:	9 127	9 894
CAPE TOWN CONTAINER TERMINAL:	4 381	3 451
NGQURA CONTAINER TERMINAL:	5 758	3 640
GQEBERHA CONTAINER TERMINAL:	625	1 300
TOTAL:	**23 677**	**22 848**

Source: Transnet, 2023. Updated 01/09/2023.

Table 3 – Container Ports – Weekly flow predicted for 2 to 8 September

7-day flow forecast (02/09/2023 – 08/09/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 186	5 895
DURBAN CONTAINER TERMINAL PIER 2:	11 041	10 859
CAPE TOWN CONTAINER TERMINAL:	5 874	8 728
NGQURA CONTAINER TERMINAL:	6 189	5 015
GQEBERHA CONTAINER TERMINAL:	1 388	2 400
TOTAL:	**30 678**	**32 897**

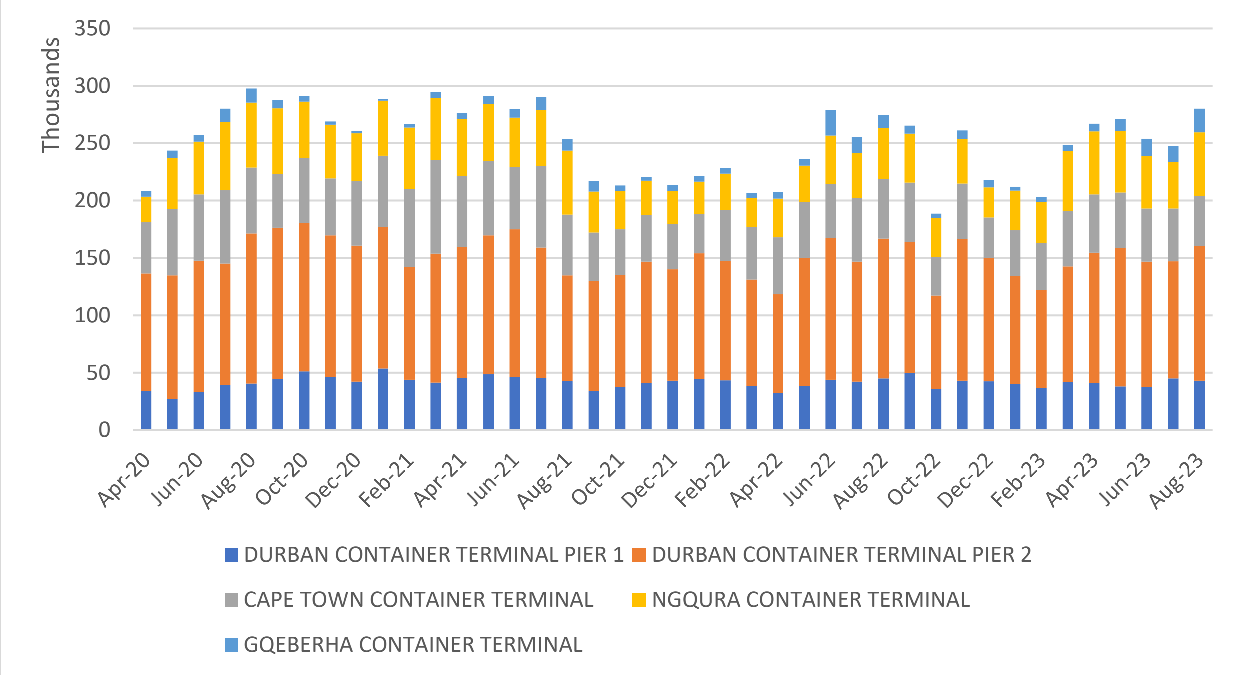
Source: Transnet, 2023. Updated 01/09/2023.

A meagre average of **~6 646 containers** (**↓16%**) was handled per day for the last week (26 August to 1 September, *Table 2*), compared to the projected average of **~8 901 containers** (**↓25%** actual versus projected) noted in last week's report. For this week, an increased average of **~9 082 containers** (**↑37%**) is predicted to be handled (2 to 8 September, *Table 3*). Port operations were characterised by poor weather conditions, frequent equipment breakdowns and shortages, 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.

[8] It remains important to note that a large percentage (approximately 37% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.
[9] As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container and this figure will probably increase as the shift towards more 40' containers continues. Incidentally, the US uses 1,5 to 1,8, depending on the port.

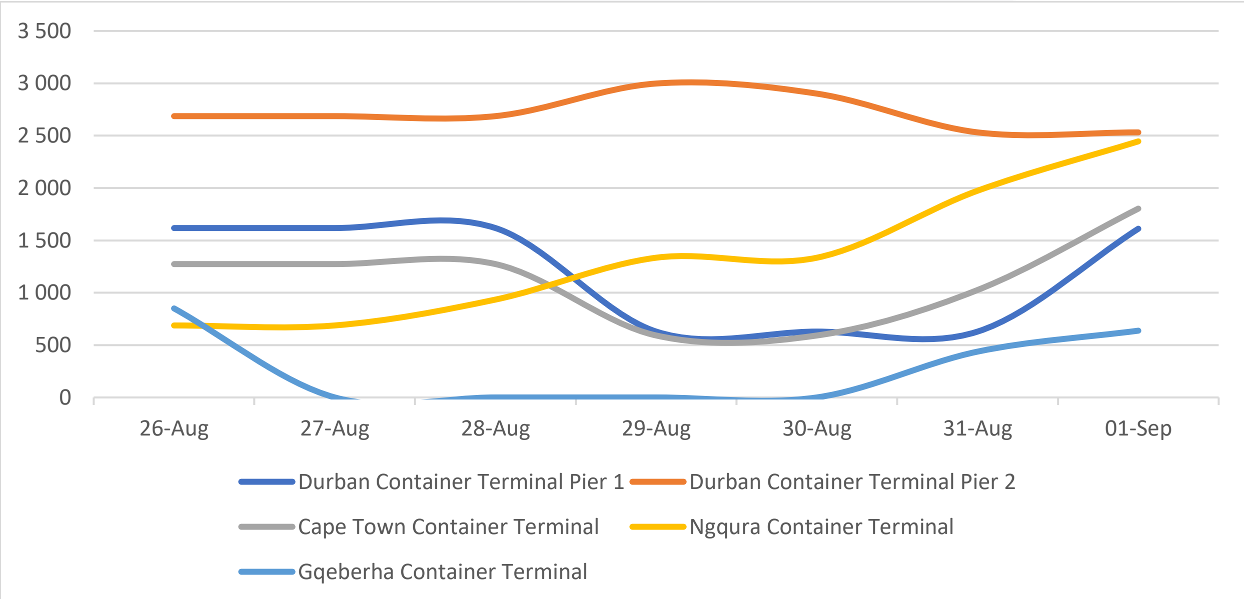
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 01/09/2023.

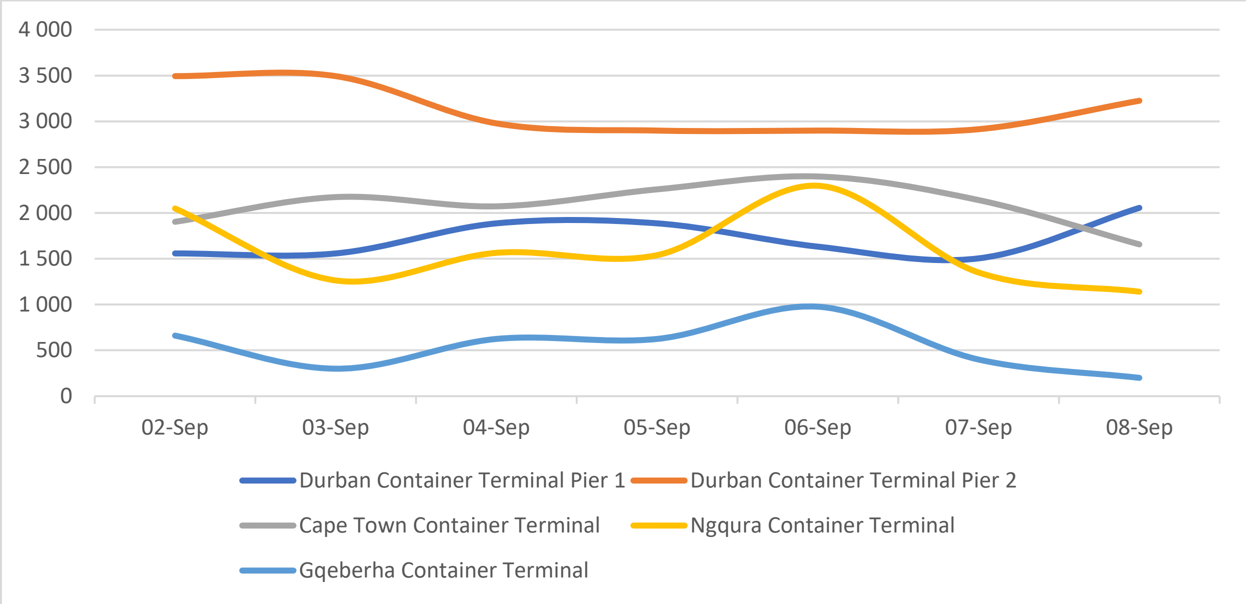
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (26 August to 1 September; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 01/09/2023.

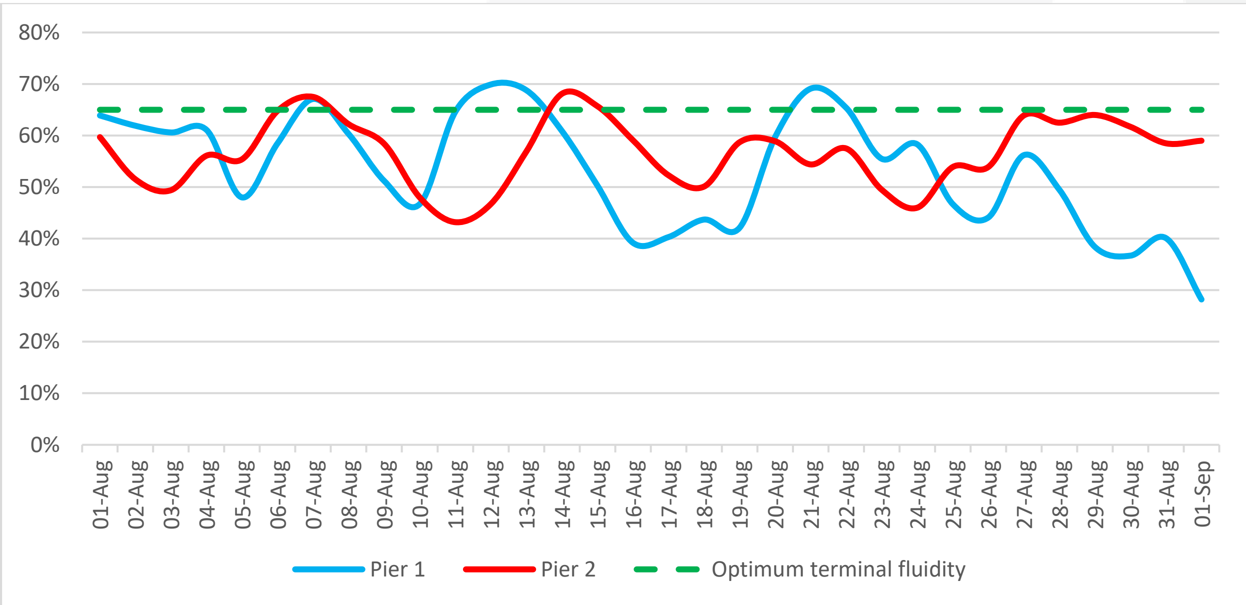
Figure 5 – 7-day forecast reported for total container movements (2 to 8 September; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 01/09/2023.

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

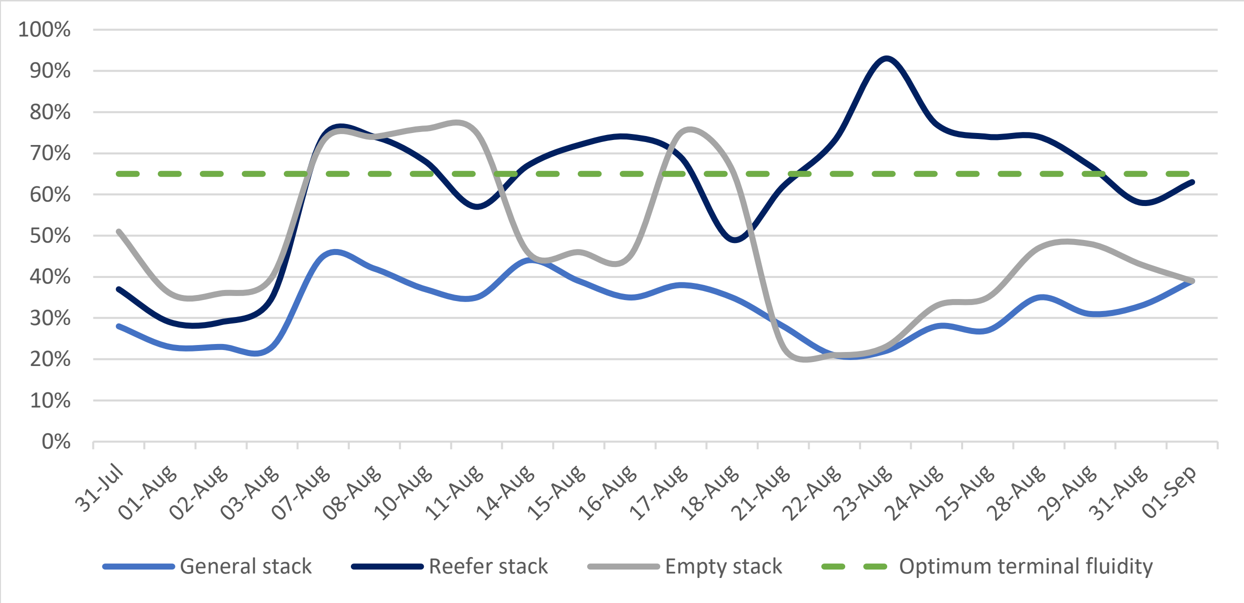
Figure 6 – Stack occupancy in DCT, general-purpose containers (1 August to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 01/09/2023.

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 (1 August to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 01/09/2023.

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

- Import collections were seized for an entire day in Cape Town, causing significant disruptions.
- Landside equipment availability in Durban continued to inhibit operational efficiency.
- Adverse weather in our Eastern Cape ports resulted in operational delays.
- Inclement weather delayed a vessel early in the week at Richards Bay.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and four at anchor as adverse weather and below-par operational performance continued, with the Santa Isabel, for example, stuck at berth for six days. Stack occupancy for GP containers was recorded at 33%, reefers at 58%, and empties at 43%. In the latest 24-hour period to Thursday, the terminal handled 1 499 TEUs across the quay. 282 trucks were serviced on the landside, while 25 rail containers were on hand. Import collections at the Port of Cape Town were closed from 06:00 on Wednesday until 06:00 on Thursday due to higher-than-normal equipment breakdowns and a Women's Day celebration at the port. These celebrations were met with discontent from several industry participants as productivity levels at the port remain dismal, yet they find the time to engage in such activities. TPT advised that the SANTACO strike took place on the holiday (9 August), leading to the celebrations being moved to Wednesday.

The preliminary damage assessments conducted on the shore tensioning unit, which was submerged last week, have been sent to the respective OEMs. However, assessments are not yet completed and are thus still ongoing to establish the full extent of the damages. No estimated time of return is available yet. Additionally, the technical team indicated that two additional shore tensioning units are anticipated to arrive at the port by the end of October to combat vessel ranging at the port effectively.

The multi-purpose terminal, on Tuesday, recorded no vessels at anchor and two at berth. In the prior 24 hours, the terminal managed to service 327 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 420 TEUs and 2 798 tons of wheat were moved across the quay on the waterside. Stack occupancy was recorded at 47% for GP containers, 65% for reefers, and 45% for empties during the same period.

The FPT private terminal reported zero vessels at anchorage while servicing one vessel at berth on Wednesday. During the 24 hours leading to Wednesday, the terminal handled 312 pallets of fruit and 20 TEUs on the waterside while servicing 91 trucks on the landside. At the same time, reefer stack occupancy was recorded at 59%.

iii. Durban

Pier 1 on Thursday recorded two vessels at berth, operated by five gangs, and no vessels at anchor. Stack occupancy was 40% for GP containers and 28% for reefers. During the same period, 716 imports were on hand, with 431 units having road stops and 33 unassigned. The terminal recorded 1 123 landside gate moves, with an undisclosed number of cancelled slots and 175 wasted. The truck turnaround time was recorded at ~80 minutes, with an average staging time of ~56 minutes – stretching to eight hours on Saturday evening (26 August), mainly due to the windbound terminal (see further analysis below on TTT and staging times). The terminal was also impacted by the late arrival of employees during the morning and afternoon shifts due to congestion on Bayhead Road. Additionally, berth 107 went out of commission on Thursday until around 18:00 on Friday due to scheduled dredging.

Pier 2 had four vessels at berth and three at anchorage on Wednesday. In the 24 hours to Thursday, stack occupancy was 59% for GP containers and 43% for reefers, with 59% of reefer plug points utilised. The terminal operated with ten gangs while moving 2 713 TEUs across the quay. During the same period, there were 2 799 gate moves on the landside with a truck turnaround time of ~107 minutes and a staging time of ~141 minutes. Challenges surrounding straddle carrier availability persisted this week, with frequent breakdowns restricting adequate availability. On Thursday morning, the terminal had just over 50 straddles in operation. As a result, the issuance of truck appointments was frequently stopped throughout the week. Of the landside gate moves, 1 778 (64%) were for imports and 1 021 (36%) for exports. Additionally, 486 rail import containers were on hand, with 334 moved by rail on Friday. Of the import units on hand, 191 are destined for the container corridor and have a dwell time of 120 hours, while 295 units have over-border destinations and 32 days.

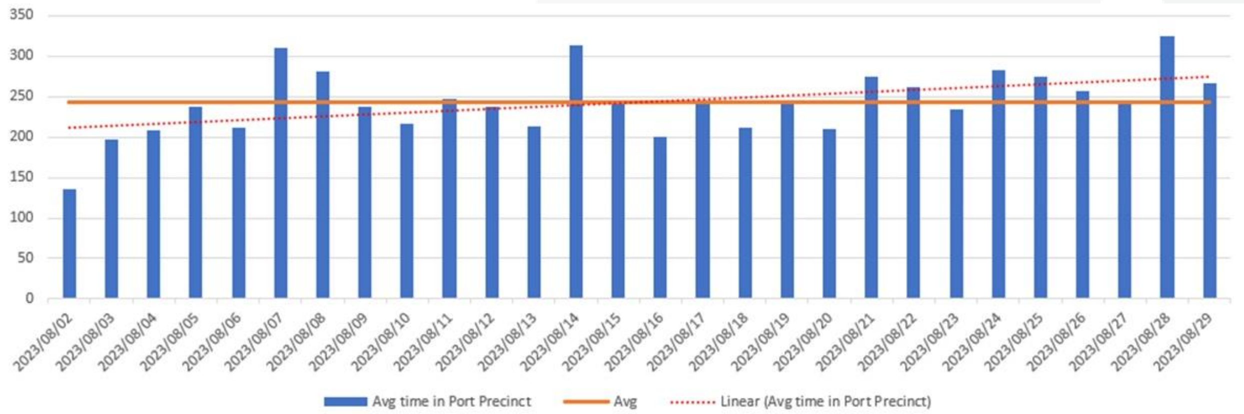
For most of the week, the port operated waterside activities with a complement of five tugs while the port helicopter remained out of commission. Even though the helicopter is of Italian origin, the latest reports suggest that the spares required for the repairs "*are sourced from one of the countries affected by the war*". Additionally, the floating crane was still unavailable for bookings this week due to the crane driver not recovering fully after being hospitalised. At the start of the week, the driver indicated that he still felt unwell and was subsequently hospitalised again later in the week. However, TNPA advised that the two trainee drivers should complete their certification by mid-September and the end of September, respectively, which would hopefully ensure that the port does not find itself in a similar situation in future. The immediate contingency plan is for a certified crane driver from Cape Town to aid the situation in Durban until a trainee driver is certified or until the current certified driver returns to work from the hospital. Additionally, the impact of the floating crane not being in service is minimal for DCT as Point feels the immediate impact of handling breakbulk and abnormal cargo.

Durban's MPT terminal recorded three vessels at berth on Tuesday and none at outer anchorage while handling 385 container volumes and 2 532 breakbulk tons on the waterside. Stack occupancy for breakbulk was recorded at 49% during that time and at 35% for containers, with 80 reefer plug points available. The terminal managed to handle 470 containers on the landside. During the same period, two cranes, eight reach stackers, one empty handler, six forklifts and 20 ERFs were in operation. The third crane at Durban MPT is still being procured and is expected to return to service by next week. The fourth crane is still on course to return to service by early October.

On Monday, the Ro-Ro terminal in Durban recorded two vessels on the berth, with two at the outer anchorage. Over the 24 hours to Tuesday, the terminal received 333 units and despatched 496 while handling 102 rail units. During the same period, general stack occupancy was recorded at 26%, with a composition of 32% for imports, 61% for exports, and 7% for transhipments. Stack occupancy at G-berth was recorded low at 30% and 20% at QR. The terminal had 999 import units on hand, 1 920 units destined for export markets, and 218 units subject to transhipments.

Concerning staging and turnaround times for August, the following graph shows the increased time spent in the port precinct, with the general trend showing that time spent is getting progressively more as the month has progressed:

Figure 8 – Average time in port precinct (minutes)

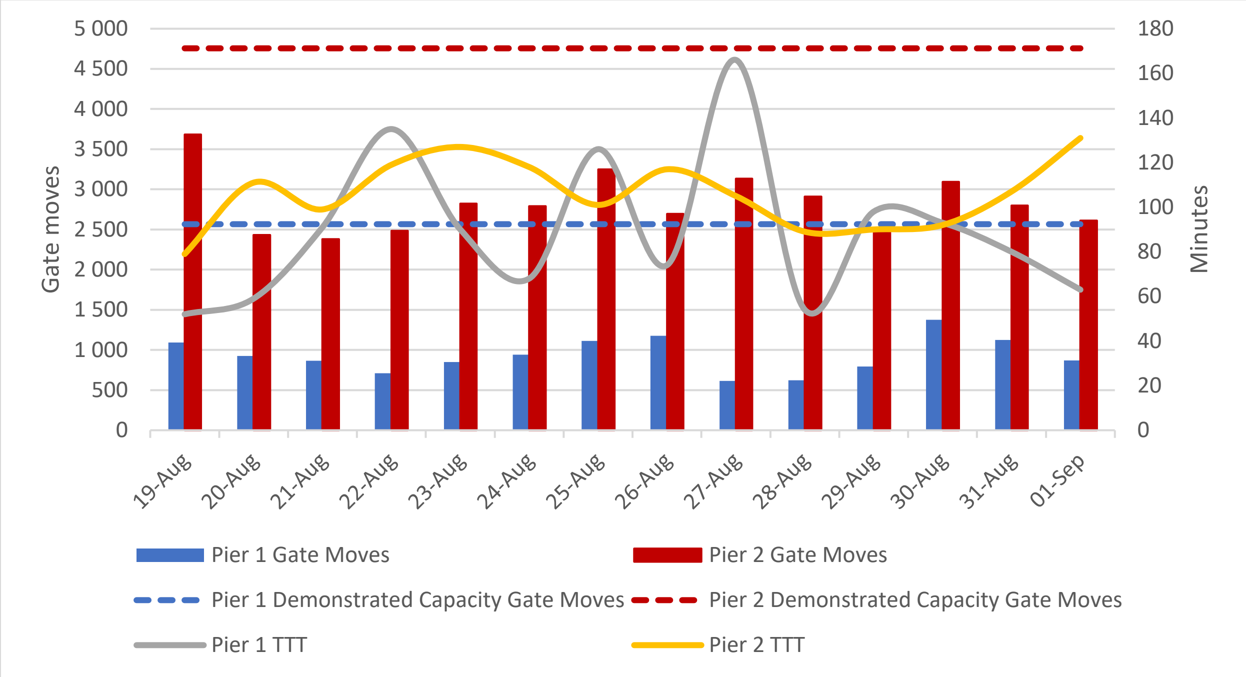


Source: Crickmay, 2023. Updated 30/08/2023.

The average time in the last seven days is approximately 269 minutes compared to the first week at around 225 minutes. Looking at the main roads servicing the container terminal (Bayhead and Langeberg), the average for August is around 16 minutes, with the 90th percentile at 23 minutes. Both roads had around an 18% increase in July – adding to the narrative of reduced vessel arrivals and departures over the last two weeks. The relationship again shows how interconnected the various activities within the port area are and the need for terminal fluidity to be maintained on the waterside, the landside, and the evacuation from the port.

The following figure summarises the performance of Durban's container terminals for the last two weeks, focusing on gate moves and time spent in the terminals.

Figure 9 – Gate moves (left axis) and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2022. Updated 01/09/2023.

iv. Richards Bay

On Thursday, Richards Bay recorded nine vessels at anchor: five destined for DBT, two for MPT, and two for RBCT. The port also recorded 13 vessels on berth, translating to six at DBT, five at MPT, two at RBCT, and none at the liquid bulk terminal. Two tugs and one pilot boat were in operation for marine resources in the 24 hours leading up to Friday. The port helicopter remains out of commission as the technical team awaits spares to execute the needed repairs. Industry fears that the technical team will end up in the same situation as Durban, facing extensive procurement delays.

v. Eastern Cape ports

NCT on Wednesday recorded three vessels on berth and four vessels at outer anchorage. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Thursday. In the same period, stack occupancy was 38% for GP containers, 58% for reefers, and 72% for reefer ground slots. In that period, despite being windbound for five hours, 1 862 TEUs were processed at a GCH of ~15 and SWH of ~36. Additionally, 111 reefers were handled, while 528 trucks were serviced on the landside at a truck turnaround time of ~39 minutes. Additionally, Crane QC1 received an estimated time of return of 07 September 2023, as the technical team is still awaiting the last spares to finalise repairs on the crane. The terminal also operated with six gangs across the three operational berths, while the shore tensioner and the MoorMaster operated at berths D100 and D101, respectively, for most of the week.

GCT on Tuesday recorded one vessel at outer anchorage and one at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the 24 hours to Wednesday. In the same period, stack occupancy was 71% for GP containers, 80% for reefers, and 52% for reefer ground slots. On the waterside, 665 TEUs were handled across the quay. Additionally, 325 trucks were serviced on the landside at a truck turnaround time of ~22 minutes.

The Ro-Ro terminal had one vessel on berth and one vessel at anchor on Wednesday. 905 units were handled across the quay on the waterside in the 24 hours before Wednesday. Operational targets were not met during this period due to space constraints on the vessel. Additionally, 4 887 units were on hand, leading to a stack occupancy figure of 61%.

On Monday, the Port of East London had two vessels on berth and none at anchor. However, minimal operations occurred at the port due to adverse weather conditions. On the waterside, no containers were moved across the quay, but 69 external trucks were serviced on the landside at a truck turnaround time of ~15 minutes. Stack occupancy on the container side was recorded at 51%. During the same period, at the Ro-Ro terminal, 487 units were received, leading to a stack occupancy figure of 64%. No bulk tons were handled on the waterside, while 2 RMTs, translating to 70 tons, were serviced on the landside.

Lastly, MSC announced on Tuesday that the Ingwe Service rotation will be amended effective from the MSC Adu ZA330A (ETA Durban 02/09). Ngqura will be removed from the rotation to improve the service's overall reliability and shorten the overall port stay in South Africa. All Ngqura and Cape Town import cargo will be discharged in Durban for further transhipment to Ngqura.

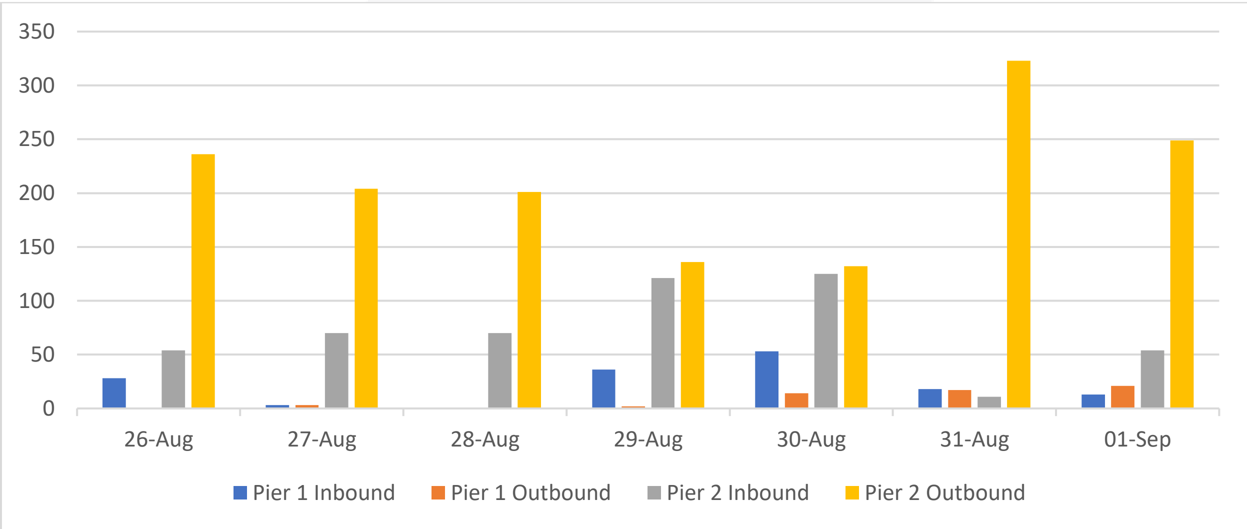
vi. Saldanha Bay

On Friday, the iron ore terminal had one vessel at anchorage and no vessel on the berth, while the multi-purpose terminal had one on the berth and four waiting at anchor. The vessels at anchor have been waiting outside for approximately 2-3 days, while the vessels in the port have been on berth for around 3-6 days.

vii. Transnet Freight Rail (TFR)

Intermittent cable theft occurred near the Pretoria area during the earlier stages of the week, disrupting rail network operations for a few hours. Two major incidents occurred on different sections of the Container Corridor towards the latter stages of the week, which impacted the movement of trains between the Reef, Durban, Danskraal, and Bethlehem for a few hours. The latest reports indicate that DCT Pier 2 had 191 ConCor units on hand with a dwell time of 120 hours (5 days) and 295 over-border units with a dwell time of 32 days towards the end of the week. Additionally, a massive change has recently been implemented for over-border rail containers, as declarations now need to be submitted to customs, leading to increased dwell times.

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



Source: Calculated using data from Transnet, 2022. Updated 01/09/2023.

In the last week (*26 August to 1 September*), rail cargo handled out of Durban was reported at **2 194** containers, down ↓**6%** from the previous week's **2 337** 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 21 August. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *August 2022* averaged **~701 602 kg** per day.

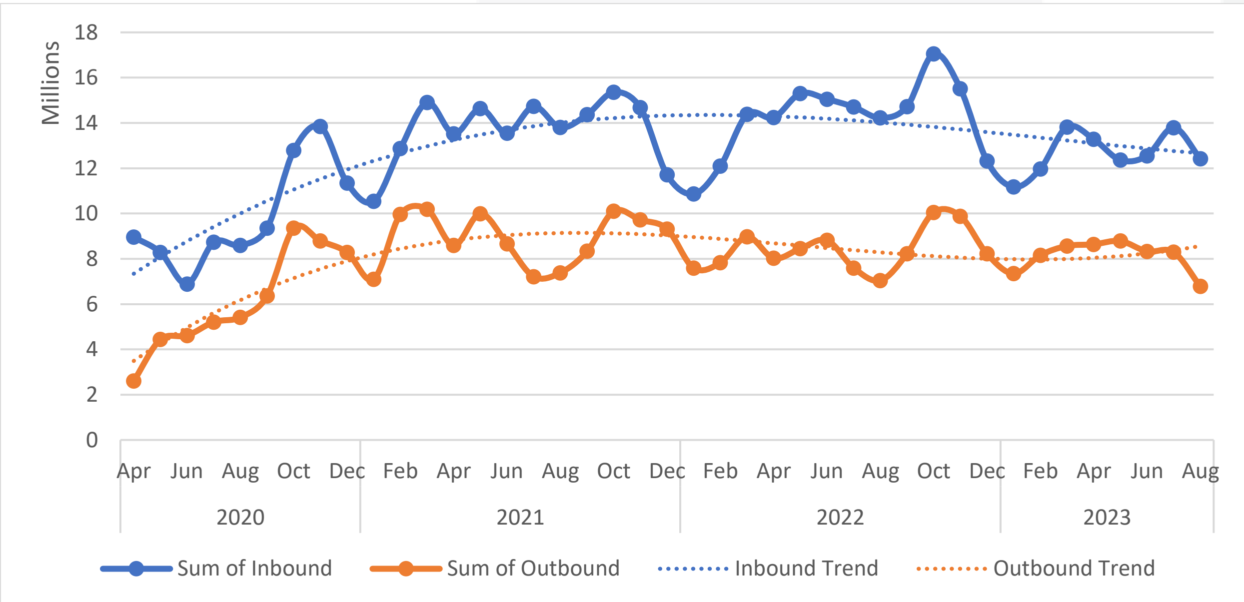
Table 4 – International inbound and outbound cargo from OR Tambo[10]

Flows	21-Aug	22-Aug	23-Aug	24-Aug	25-Aug	26-Aug	27-Aug	Week
Volume inbound	495 968	353 309	404 074	394 785	466 783	252 494	1 007 463	**3 374 876**
Volume outbound	195 923	208 104	238 530	197 660	244 595	191 081	706 959	**1 982 852**
Total	**691 891**	**561 413**	**642 604**	**592 445**	**711 378**	**443 575**	**1 714 422**	**5 357 728**

Courtesy of ACOC. Updated: 28/08/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **482 125 kg** inbound (↑**9%**, w/w) and **283 265 kg** outbound (↑**10%**), resulting in an average of **765 390 kg per day** or around **~109%** compared with August 2022. However, the level is currently at only **~78%** compared with the same period pre-pandemic in 2019 but is trending upwards. The following graphs show the movement since the pandemic's onset:

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



Courtesy of ACOC. Updated: 28/08/2023.

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

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *August 2022* was **~58 961 kg** per day.

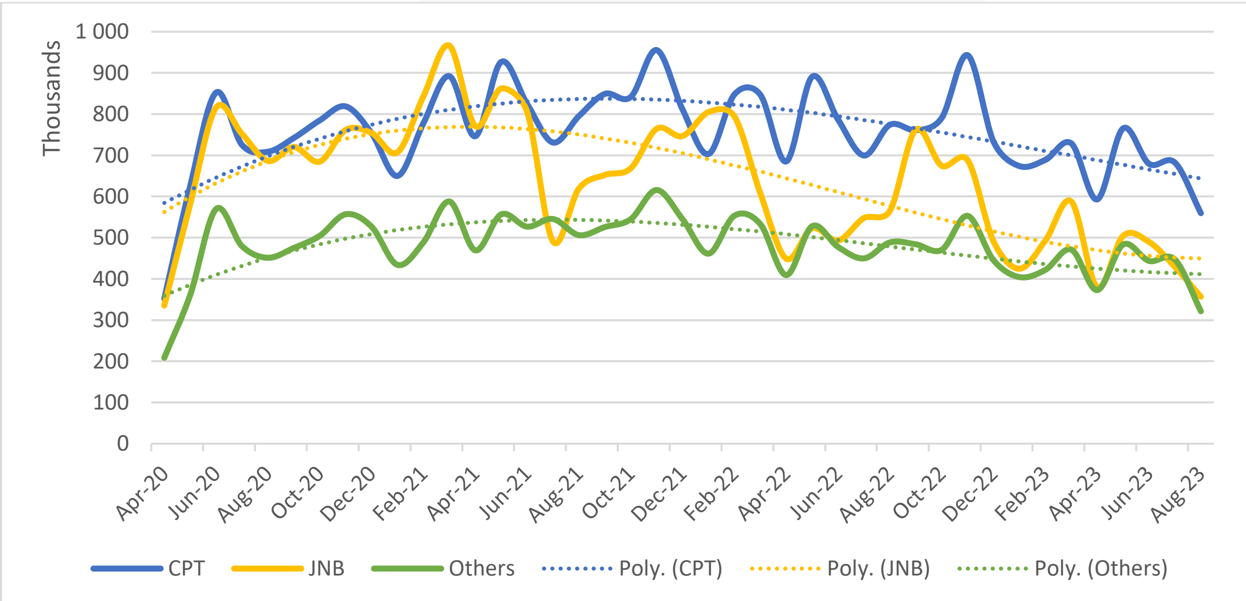
Table 5 – Total domestic inbound and outbound cargo (average daily)

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Apr-Dec '20 Ave.	**22 928**	**2 514**	**3 441**	**21 890**	**5 818**	**3 141**	**59 733**
2021 Average	**26 852**	**3 776**	**3 474**	**24 379**	**6 828**	**3 309**	**68 619**
2022 Average	**25 922**	**3 263**	**3 232**	**20 278**	**6 633**	**2 909**	**62 237**
Jan-Jun '23 Ave.	**22 690**	**2 770**	**2 632**	**15 821**	**6 177**	**2 691**	**52 781**
July Ave.	**22 006**	**2 645**	**2 737**	**13 836**	**6 513**	**2 517**	**50 255**
Aug Ave.	**22 384**	**2 437**	**2 429**	**14 263**	**5 453**	**2 539**	**49 505**
19-Aug	39 014	3 325	3 440	23 942	8 803	2 909	**81 433**
20-Aug	1 509	64	139	68	36	152	**1 968**
21-Aug	12 537	2 238	1 702	9 951	4 256	1 963	**32 647**
22-Aug	32 988	2 791	3 297	19 471	7 777	3 763	**70 087**
23-Aug	37 843	3 040	3 388	25 421	7 041	3 402	**80 135**
24-Aug	39 161	3 704	3 836	22 882	6 774	3 977	**80 334**
25-Aug	34 202	3 698	3 622	22 340	8 125	3 881	**75 868**
Total for 2023:	**5 371 299**	**647 109**	**624 646**	**3 664 827**	**1 462 519**	**631 245**	**12 401 644**

Courtesy of ACOC. Updated: 28/08/2023.

The average domestic air cargo moved last week was **~60 353 kg** per day, up by **↑46%** compared to the previous week and remains slightly up compared to last year's level (**~102%**). However, the level is currently at **~88%** compared with the same period pre-pandemic in 2019.

Figure 12 – Domestic inbound and outbound cargo (thousands)



Courtesy of ACOC. Updated: 28/08/2023.

3. National Update

a. SARS merchandise trade stats

SARS released its latest "*Merchandise Trade Statistics*" for July[11], with the headline showing a preliminary healthy monthly trade surplus of **R16 billion**. Monthly trade shows that exports increased from June by **↑4,6%** (m/m), while imports decreased by **↓7,6%** (m/m). The YTD figures show a slight trade surplus of **R19,5 billion** but significantly deteriorated from the **R154,6 billion** positive trade balance recorded in 2022. Annually, export flows for June 2023, at **R176,2 billion**, were **↓1,2%** (y/y) lower compared to July 2022, whilst import flows were slightly higher (**↑4%**, y/y) compared to 2022, having increased to **R158 billion** in the current period.

Regionally, trade with BELN countries for July resulted in a trade surplus of **R10,6 billion** from exports of **R16,1 billion** and imports of **R5,5 billion**. Exports to our neighbouring countries increased marginally by **↑0,4%** (m/m) between June and July, with imports increasing significantly– **↑11,8%** (m/m) – over the same period. The cumulative figures for the year point to a substantial positive trade balance with BELN countries, similar to last year – from **R67,5 billion** in 2022 to **R70,6 billion** in trade balance surplus for 2023.

4. Road and Regional Update

a. Cross-border and road freight delays

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

- The median border crossing times at South African controlled borders decreased by **about 20 minutes**, averaging **~9,9 hours** (**↓3%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by the same magnitude – **about 20 minutes** – and averaged **~8,0 hours** (**↑3%**, w/w).
- Several updates come from regional customs challenges this week, starting with the Nakonde border requests for more staff, but no response to emails received.
    - Elsewhere, Zambian clearing agents announced work stay away due to insufficient staff, while the Tanzanian side added 50 border staff, exacerbating the disparity.
    - Clearing agents' demands include more staff, lifting company suspensions, removing mobile units on Lusaka Road, efficient document processing, reduced penalties, and fair treatment of drivers.
- Zambian Ministry of Agriculture imposes immediate restrictions on maise grain and mealie movement between districts, with case-by-case assessments for movement to the border; transits are allowed with correct permits.
- 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[12], which arguably provides better and more reliable information.

[11] SARS. 31/08/2023. Trade Statistics: July 2023.
[12] FESARTA TRANSIST Bureau.

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

Table 6 – Delays[13] summary – South African borders (both directions)

Border Post	Direction	HGV[14] 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	413	4,1	6,0	24,0	12 390	2 891
Beitbridge	Zimbabwe-SA	387	3,4	1,5	14,4	11 610	2 709
Groblersbrug	SA-Botswana	235	1,1	2,5	14,1	7 050	1 645
Groblersbrug	Botswana-SA	148	0,6	0,2	1,5	4 440	1 036
Vioolsdrif	SA-Namibia	30	0,3	1,2	2,6	900	210
Noordoewer	Namibia-SA	20	1,4	0,3	1,4	600	140
Nakop	SA-Namibia	30	0,0	0,2	5,5	900	210
Ariamsvlei	Namibia-SA	20	0,4	0,5	1,2	600	140
Lebombo	SA-Mozambique	1 610	4,2	2,2	11,1	48 300	11 270
Ressano Garcia	Mozambique-SA	89	3,5	0,3	6,1	2 670	623
Skilpadshek	SA-Botswana	200	1,0	0,4	2,4	4 800	1 400
Pioneer Gate	Botswana-SA	100	0,5	0,4	1,5	2 400	700
Weighted Average/Sum		**3 282**	**1,7**	**1,7**	**1,3**	**7,1**	**22 974**

Source: TLC, FESARTA, & Crickmay, week ending 27/08/2023.

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	3,5	2,3	12,8	9 600	2 240
Dar Es Salaam Corridor	1 819	47,2	2,0	15,7	54 570	12 733
Maputo Corridor	1 699	3,9	1,3	8,6	50 970	11 893
Nacala Corridor	127	0,0	0,0	0,0	3 810	889
North/South	3 255	18,4	1,9	12,1	74 160	22 785
Trans Caprivi Corridor	116	0,0	0,0	0,0	3 480	812
Trans Cunene Corridor	100	0,0	0,0	0,0	3 000	700
Trans Kalahari Corridor	330	0,8	0,4	1,9	7 920	2 310
Trans Oranje Corridor	100	0,5	0,6	2,7	3 000	700
Weighted Average/Sum	**7 866**	**14,2**	**1,3**	**8,3**	**210 510**	**55 062**

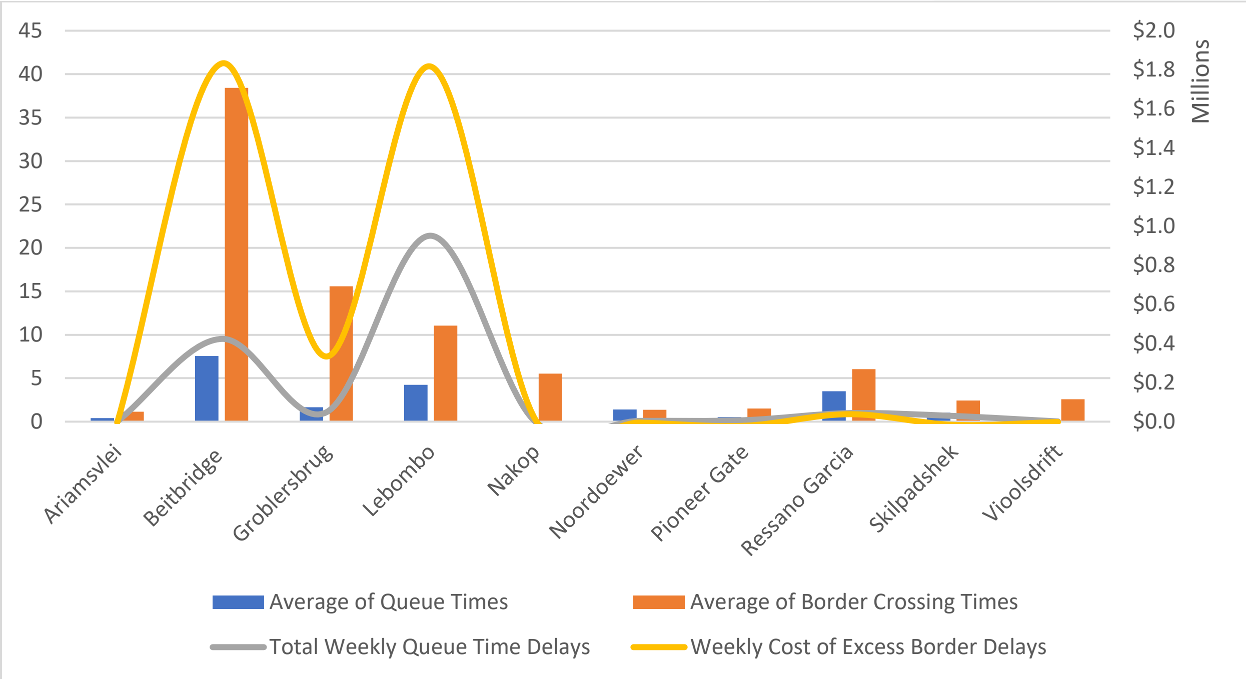
Source: TLC, FESARTA, & Crickmay, week ending 27/08/2023.

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

[13] 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.

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

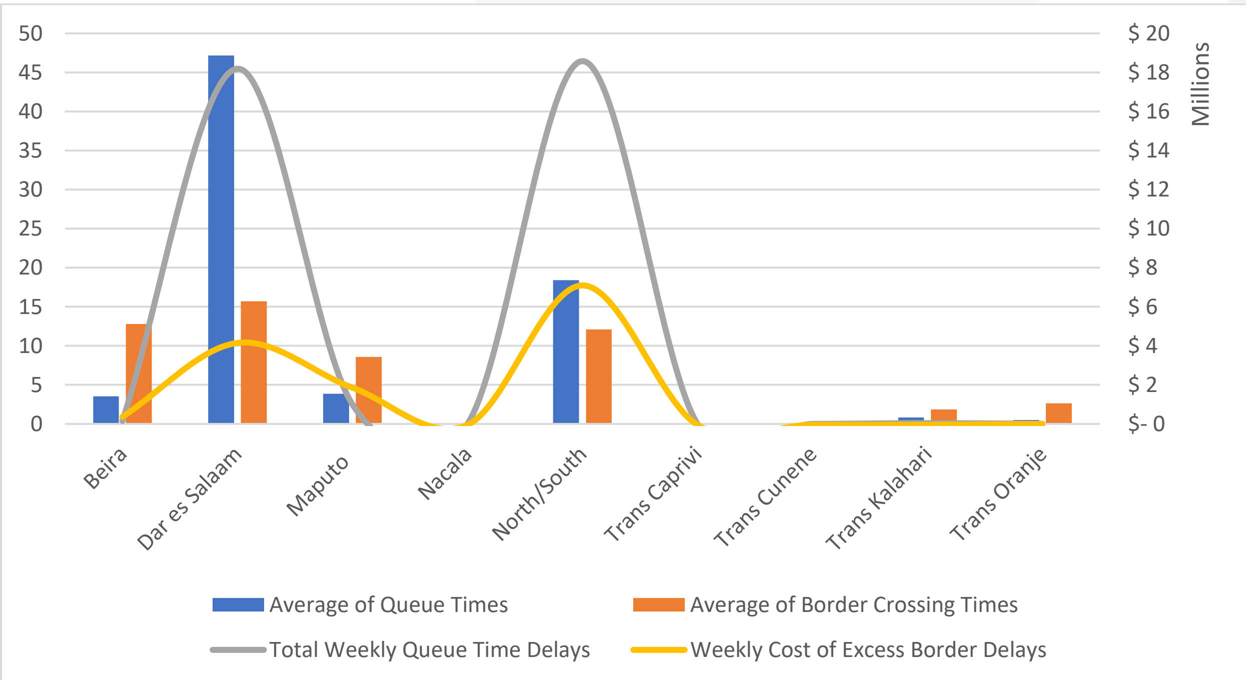
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions[15])



TLC, FESARTA, & Crickmay, week ending 27/08/2023.

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

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



Source: TLC, FESARTA, & Crickmay, week ending 27/08/2023.

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

In summary, cross-border queue time averaged **~14,2 hours** (down by **~1,4 hours** from the previous week's **~15,6 hours**), indirectly costing the transport industry an estimated **$38 million** (**R711 million**). Furthermore, the week's average cross-border transit times hovered around **~8,3 hours** (up by **~0,2 hours** from the **~8,1 hours** recorded in the previous report), at an indirect cost to the transport industry of **$13,3 million** (**R249 million**). As a result, the total indirect cost for the week amounts to an estimated **~$51,3 million** (**R960 million**, up by **~R19 million** or **↑3,9%** from **R941 million** in the previous report).

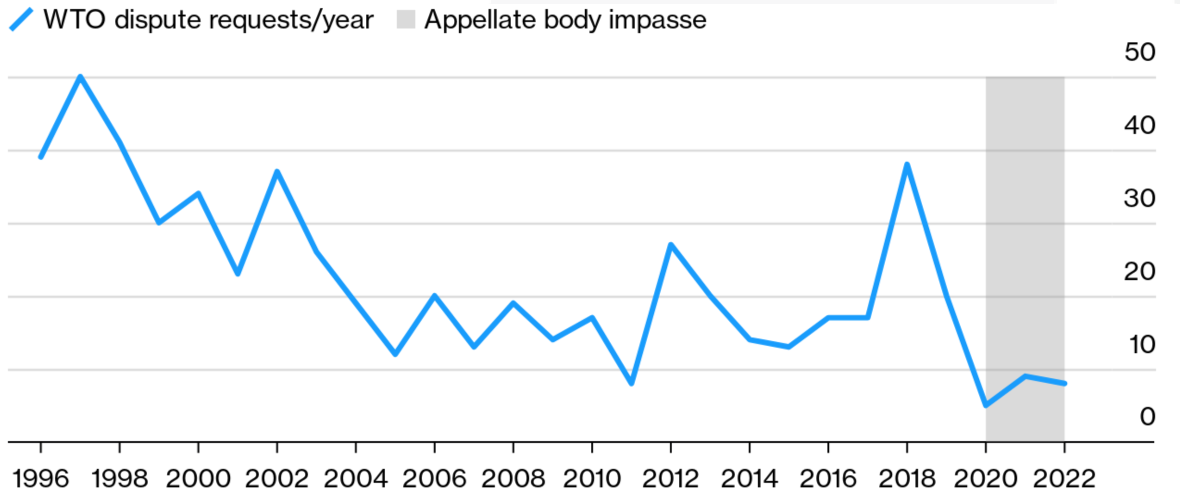
5. International Update

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

a. The current state of international trade

The global economy is increasingly veering towards a survival-of-the-fittest approach in trade, with major economies diverging from the post-World War II trade rules favouring more restrictive and transactional tactics[16]. Despite warnings from former WTO head Roberto Azevedo, who cautioned against disregarding international trade rules, countries like the US under President Joe Biden have maintained illegal tariffs and trade policies favouring unilateral actions. Biden has also perpetuated the dysfunction of the WTO appellate body, rendering it inactive and allowing nations to veto its rulings, as illustrated:

Figure 15 – WTO dispute requests per year

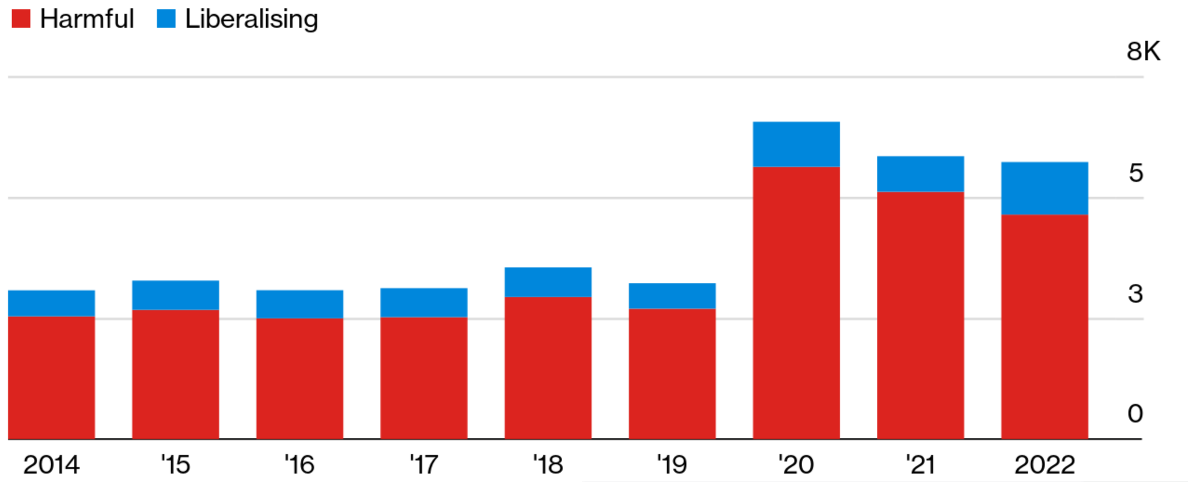


Source: [WTO via Bloomberg]

The diminishing role of the appellate body has resulted in a decline in trade disputes filed at the WTO, as nations opt for unilateral measures rather than navigating the lengthy dispute process. The US and China, among others, have increased their usage of restrictive trade policies to safeguard their markets, contributing to a doubling of such policies compared to the previous decade's average.

[16] Baschuk, B. 30/08/2023. Paralysis at World Trade Arbiter Sees Protectionism Take Hold.

Figure 16 – The rise of harmful trade policies globally



Source: Global Trade Alert via Bloomberg

Former President Donald Trump has even proposed a 10% global tariff on all imports should he win the 2024 presidential election. Economists caution that such a move and the subsequent backlash could have dire consequences for American consumers, leading to a **↓1,1%** reduction in GDP and risking over 825 000 jobs.

Top trade ministers are set to convene in Geneva in October to discuss restoring a functional dispute-settlement system by 2024. However, optimism for a breakthrough is low, as the Biden administration might hesitate to repair a system that has failed to curb China's trade abuses, especially during a US presidential election year. The resulting power struggle between the US and China could fracture the global trading system into two competing blocks, leading WTO economists to predict a **$4,4 trillion** reduction in global output, equivalent to **5%** of the world GDP. As the global economy faces this precarious situation, the need for effective international trade governance becomes increasingly evident.

b. Global shipping industry

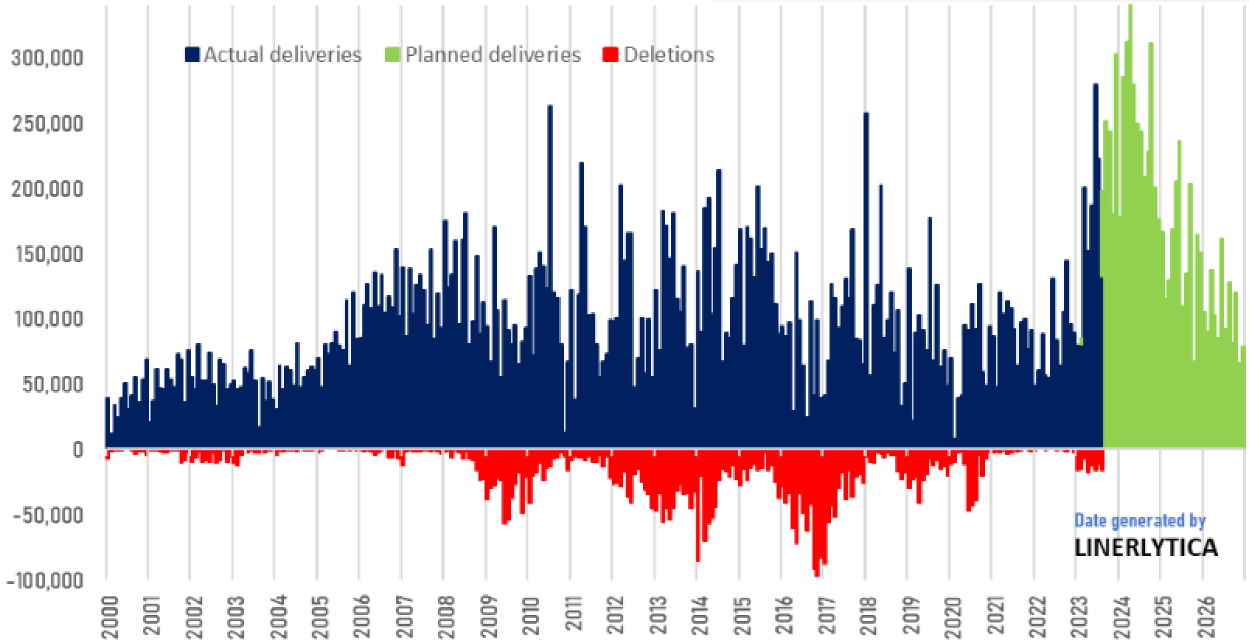
i. Global container industry summary

The global container shipping industry remains lukewarm as the subdued peak season is seemingly ending. Rates are falling ahead of the Golden Week national holiday early next month as weak demand persists during a period usually typified by a spike in bookings before the week-long factory shutdown. Elsewhere, port congestion continues dissipating and only affects **1,37 million TEU** of the global fleet[17]. This figure is at a three-month low despite three South African ports (Cape Town, Durban, and Port Elizabeth featuring in the top 20 globally congested ports this week), with conditions in the three main regions in North America, North Asia and Europe all showing continued improvements according to Linerlytica[18]. According to the latest assessment, Drewry's "*Cancelled Sailings Tracker*" has increased slightly this week and is trending at around a **7% cancellation rate**[19].

[17] Linerlytica. 30/08/2023. Port congestion.
[18] HJ. 29/08/2023. Port Congestion at 3-Month Low.
[19] Drewry. 01/09/2023. Cancelled Sailings Tracker - 1 September.

New ship deliveries so far this month have fallen behind the pace of the previous two months, but the total new capacity to be delivered in August is still expected to reach **200 000 TEU** with three more ULCS units due in the coming week. Vessels scrapped in the first eight months of this year have reached just **112 000 TEU**, compared to total new deliveries of **1 332 120 TEU**:

Figure 17 – New deliveries and deletions by month (capacity in TEUs)



Source: Linerlytica

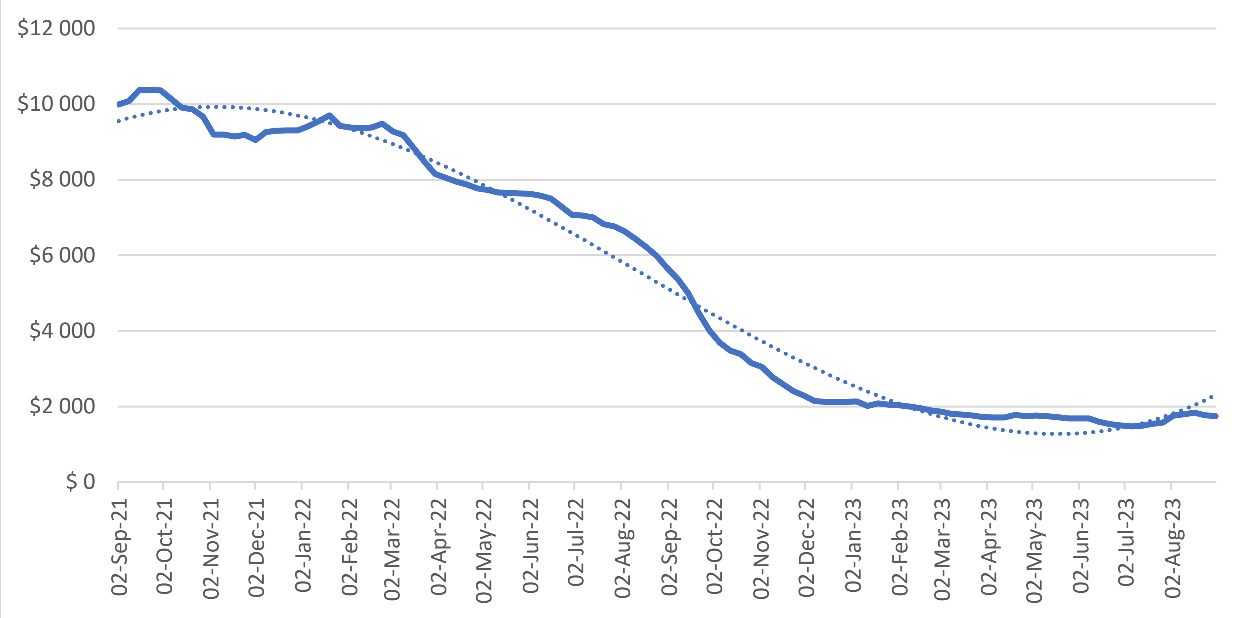
In conjunction with the drop in port congestion that has released more than half a million TEU from anchorages since the start of the year, the global containership fleet has effectively grown by more than 1,7 million TEU or 6% of the fleet this year.

ii. Global container freight rates and carrier profits

Global freight rates received a minor boost from the 1 September rate GRIs this week in some parts but still decreased collectively. Despite pockets of increases, the overall market sentiment remains poor, with global rate indices giving up all of their gains in August in a repeated pattern of early month rate gains followed by rate cuts as the month progresses. The transpacific rate gains have been more resilient than on Asia-Europe routes. However, even there, the momentum is dissipating quickly, with the Panama Canal transit limitations proving to be less disruptive than what has been portrayed. Collectively, the "*World Container Index*" decreased by **↓1,6%** (or **$28**) to **$1 740** per 40-ft container this week[20]:

[20] Drewry. 31/08/2023. World Container Index – 31 August 2023.

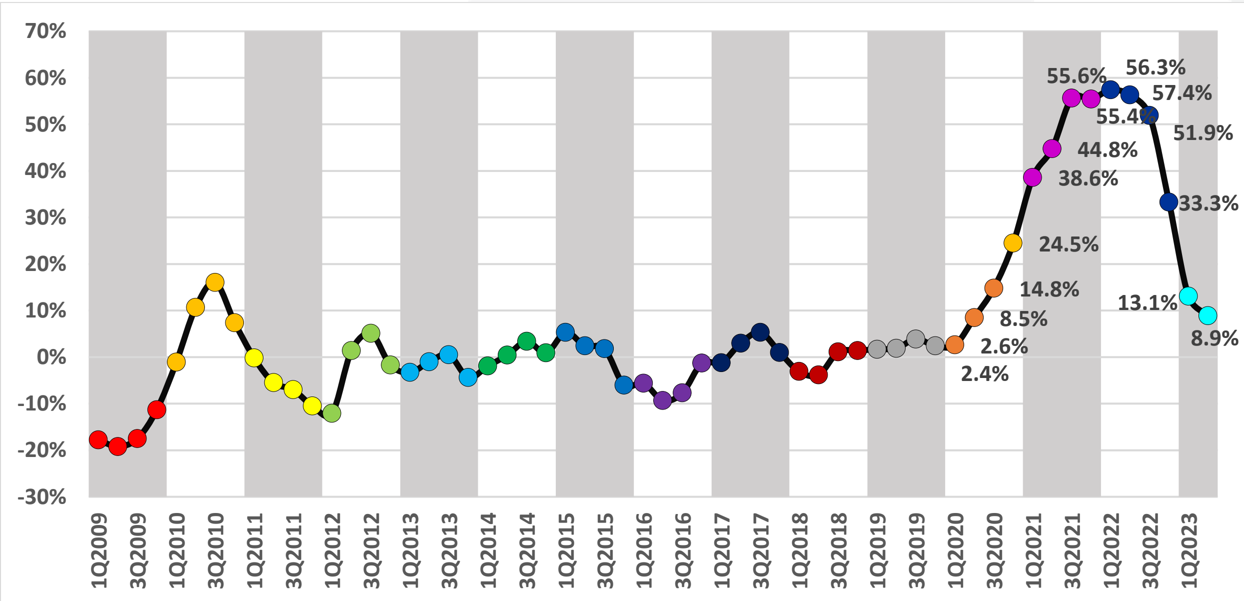
Figure 18 – World Container Index assessed by Drewry (last two years, $ per 40 ft. container)



Source: [Compiled from Drewry Ports and Terminal Insights]

Elsewhere, average operating margins for the leading container carriers fell into the single digits for the first time in three years in the second quarter of 2023, coming in at **8,9%**. The figure compares to an average margin of **13,1%** in the previous quarter and **56,3%** a year earlier:

Figure 19 – Main carriers: average core EBIT margin (%, per quarter)



Source: Alphaliner

Israeli carrier ZIM posted the weakest operating margin among the leading carriers in the period after logging negative earnings before tax and interest of **-$147 million** – equivalent to an operating margin of **11,2%**. However, COSCO showed an unusually strong result in the quarter, becoming the only carrier to significantly improve its finances compared to the year's first three months. COSCO (including OOCL) generated an operating margin of **27,0%** for the quarter, achieving an average margin for the first half of the year of **23,5%**.

iii. Further developments of note

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

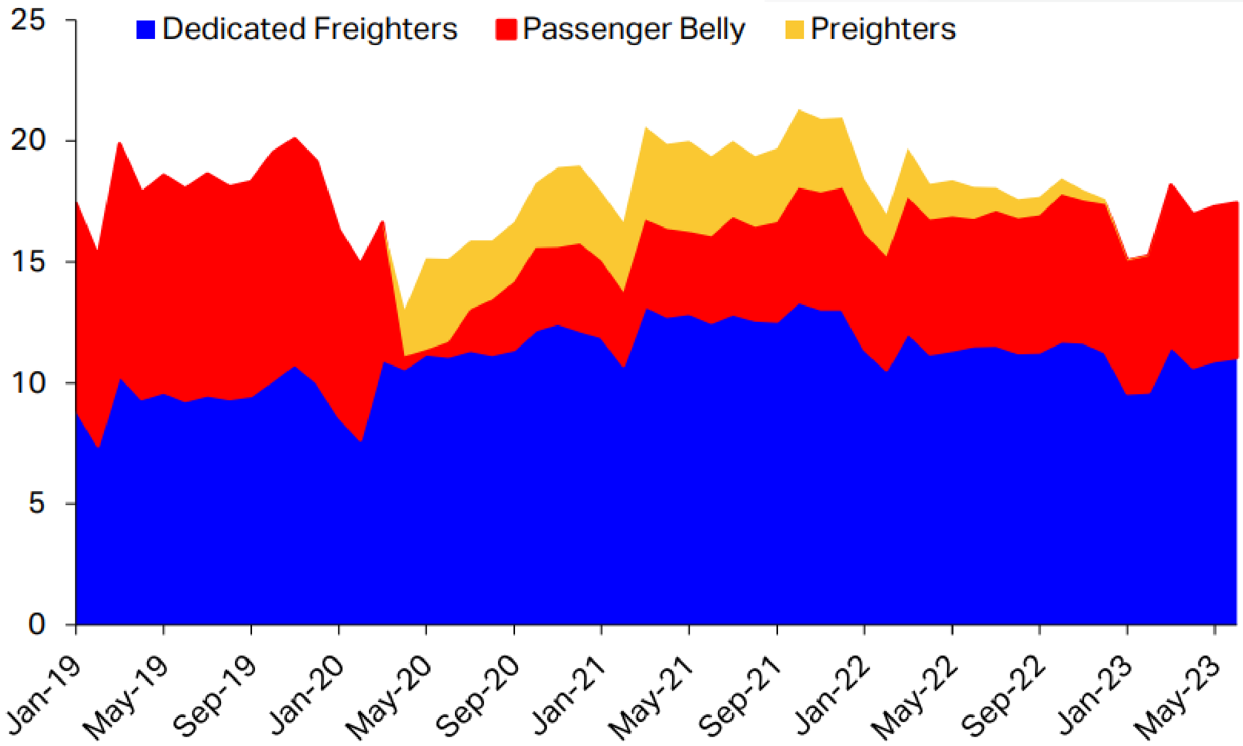
1. **Hapag-Lloyd has been frozen out of the second-round bidding of the HMM sale:**
    a. South Korean authorities excluded Hapag-Lloyd from the second round of bidding for acquiring flagship carrier HMM due to concerns about national security and the potential outflow of crucial assets[21].
    b. Creditor banks Korea Development Bank and Korea Ocean Business Corp rejected Hapag-Lloyd as a potential suitor, favouring domestic firms Dongwon, Harim, and LX Holdings in a three-way battle for the acquisition.
    c. Hapag-Lloyd's interest in HMM was driven by maintaining market share and utilising HMM's box ship fleet as an alternative. However, its exclusion highlights concerns about preserving national assets and know-how.

c. Global air cargo industry

IATA released its quarterly "*Air Transport Chart Book*" on Thursday[22], highlighting the ongoing subdued nature of the industry – mainly because of the ongoing trade headwinds. Global merchandise trade growth is predicted to slow to **↑1,7%** in 2023, down from **↑2,7%** in 2022, evident in Q2's year-on-year contractions. Despite this, air cargo demand declined less, with cargo tonne-kilometres (CTKs) down **↓3,4%** (y/y) in June 2023 compared to June 2022. The year-to-date CTK figures until June reached **115,8 billion**, with the gap narrowing from **↓11,2%** at Q1's end to **↓8,1%** at Q2's end compared to 2022. Air cargo capacity surpassed pre-pandemic levels in Q2 2023, driven by restored passenger belly-hold capacity. The following graph shows the passenger/dedicated freighter split since January 2019:

[21] Whiteman, A. 30/08/2023. HMM sale – Hapag-Lloyd frozen out of second-round bidding.
[22] IATA. 31/08/2023. Air Transport Chartbook – Q2 2023.

Figure 20 – International CTKs by type (in millions)



Source: [IATA]

Airlines added less dedicated cargo capacity in response to weak demand, but year-to-date available cargo tonne-kilometres (ACTKs) through Q2 had already exceeded 2022 levels by **↑9,9%**. Total international capacity trended toward a pre-pandemic 50-50 balance, with no passenger freighters scheduled globally in Q2 for the first time in years. North American and European airlines improved their Q2 2023 international CTK contractions to **↓3,3%** and **↓3,0%,** respectively, while Asia Pacific airlines saw deeper contractions at -**↓7,2%**, reflecting softer demand within the Asian market. Latin American, African, and Middle Eastern airlines exceeded their January 2020 international CTK levels by June 2023, while Europe and Asia Pacific were still below those levels by **↓9%** and **↓5%,** respectively. Overall, international CTKs in June were **↓2%** lower than in January 2020. The sentiment persists, with the industry described as remaining stagnant or slowly recovering at best[23].

In the more frequent data from World ACD, global tonnages increased in the third full week of August at **↑4%**, following a similar pattern as last year, mainly driven by Europe rebounding from the holiday season, while rates remained stable at **$2,27 per kg**.

[23] Todd, S. 29/08/2023. Air cargo through Europe's major hubs still short of pre-pandemic levels.

Figure 21 – Global capacity, weight, and yield over the last five weeks (%, weekly)

Origin Regions last 2 to 5 weeks	Capacity[1]			Chargeable weight[1]			Yield/rate[1]		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa		-1%	+4%		+2%	-5%		+3%	-12%
Asia Pacific		+1%	+25%		-3%	+2%		+0%	-43%
C. & S. America		-0%	-7%		-2%	-3%		+0%	-13%
Europe		-2%	+7%		-10%	-12%		-1%	-34%
M. East & S. Asia		-0%	+12%		-4%	+3%		-0%	-38%
North America		+0%	+5%		-2%	-17%		+0%	-28%
Worldwide		-0%	+9%		-4%	-5%		-0%	-36%

Source: World ACD

Notable decreases in tonnage occurred in inflows from Europe to various regions, particularly Asia Pacific and Central and South America. Prices mainly were unchanged except for a **↑3%** increase in Africa and a **↑6%** rise in routes from Central and South America to Europe. Year-on-year, global tonnage was down **↓5%** – much in line with the IATA figures above – with substantial declines from North America and Europe. Capacity increased by **↑9%** compared to the previous year, mainly from Asia Pacific. Worldwide rates were 36% lower than the previous year but higher than pre-pandemic levels by **↑33%**.

In other air cargo news, over **1 500 flights** (**25%** of total UK flights) were cancelled on Tuesday due to air traffic controllers resorting to manual systems amid technical problems[24]. Thousands of passengers faced disruptions, with some stranded for hours. While the issue was resolved in hours, cancellations persisted due to disrupted schedules, which might take days to resolve. The first major issue in a decade, the problem wasn't believed to be a cyberattack.

ENDS[25]

[24] Young, S. 29/08/2023. UK air traffic failure set to disrupt flights for days.

[25] **ACKNOWLEDGEMENT:**

*This initiative – **The Cargo Movement Update** – was developed collectively by Business at large to provide visibility of the movement of goods during the COVID-19 pandemic. The report is authored by the South African Association of Freight Forwards (SAAFF) and distributed by Business Unity South Africa (BUSA). SAAFF acknowledges the input of several key business partners in compiling these reports, which have become a weekly industry staple. This edition is proudly sponsored by AIMS Global Logistics (AGL).*