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COVID-19: Cargo movement update[1]

Date: 10 February 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)	18 083	29 369	**47 452**	23 166	29 306	**52 472**	↓10%
Air Cargo (tons)	4 211	2 785	**6 996**	3 757	2 230	**5 987**	↑17%

Monthly Snapshot

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

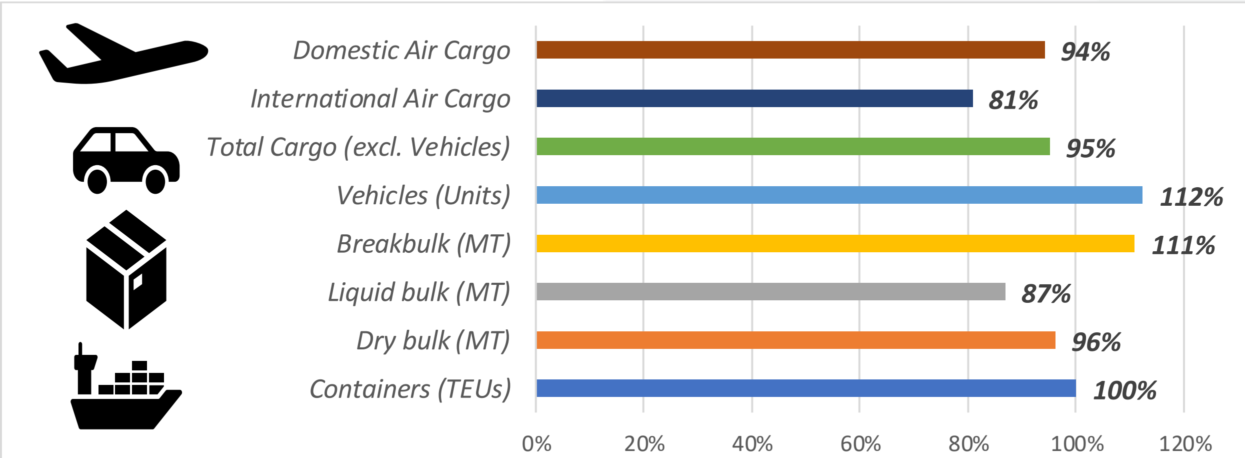
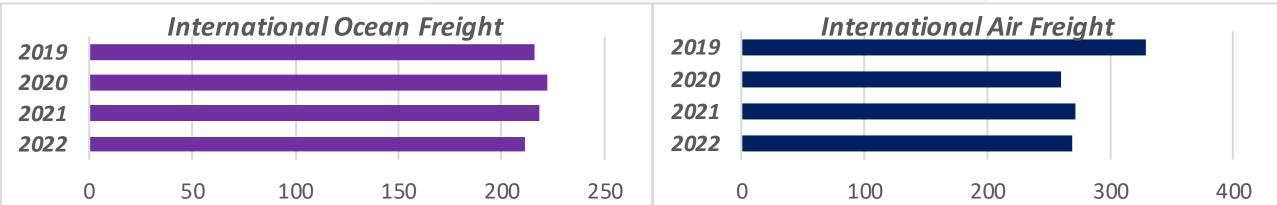


Figure 2 – Global year-to-date flows 2019-2022[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~6 779 containers** was handled per day, with **~7 658 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 655** containers, ↑27% compared to last week.
- Cross-border queue times were **↓0,5 hours**, with transit times **↓5,1 hours**, SA borders **~9 hours** (**↓8%**).
- Global logistics tensions moderated in January, falling to **0,95 standard deviations** above its historical mean.
- Liner schedule reliability improved by **↑0,1%** (m/m) to **56,6%**, with average late arrivals at **5,43 days**.
- Global freight rates break the **$2 000** barrier, as the "WCI" is down by **↓2%** (**$37**) to **$1 997** per 40-ft.
- Global air cargo for the 2022 calendar year is ↓8% below 2021 levels and ↓1,6% below 2019 levels.

[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 123rd update. Note: there was an error in the report last week. SARS imports for the YTD was mentioned as R2 013,62 billion instead of the correct R1 820,34 billion
[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: Dec vs Dec.
[5] For ocean, total Jan-Dec cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-Dec cargo to and from ORTIA is used.

Executive Summary

This update – *the 123rd of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Notable developments in and around our commercial ports included poor weather, frequent equipment breakdowns and shortages, delays, and congestion. More specifically, wind delays were the root cause in Cape Town this week, as more than 40 hours were lost. In addition, the crane situation at Durban's south quay, berth 108, was revisited this week as all but one STS crane went out of commission due to breakdowns on Tuesday. Additionally, the tug situation at Durban TNPA took a turn for the worse over the 24 hours leading to Friday, with the marine fleet going down to only two available tugs from the evening shift. Furthermore, three incidents of cable theft on the Container Corridor line over the 24 hours leading to Friday have raised some concerns among industry participants, while TFR aims to shrink their 20 000 km freight rail network by at least **↓35%** (7 000 km) and shift their focus to handling more profitable cargo on the main network lines.

Globally, supply chain disruptions have eased, mainly owing to waning demand and the consequences of the Chinese New Year. Indeed, the year-to-date containerised statistics indicate a massive drop-off in throughput in the last quarter of 2022 compared to the previous one. The same was true for South Africa during this period. Some positive externalities have, however, come out of the decline in throughput, as schedule reliability and port congestion (although not in Cape Town just yet) has eased globally. Therefore, a certain moderation will likely continue in the next couple of months and even years as capacity continues to be strategically deployed. Ultimately, with the break-up of the 2M alliance, charter vessels will be returned, ageing vessels will be scrapped, and there will be a continued shuffling in the liner market in the near future. Nevertheless, the return to 'supply chain normalisation' is not advantageous for everyone and has led to the container liner industry being hobbled by an estimated surplus of **5 million TEU boxes** piled high on storage quays and in depots around the world[6].

On the air freight front, both our international (**↑17%**) and domestic (**↑8%**) trades saw healthy increases in volume handled. Internationally, major disruptions came from Türkiye, as a significant part of Turkish Airlines' freighter fleet was used in aid operations due to the recent earthquake in Türkiye/Syria. Consequently, the World Bank announced today **$1,78 billion** in assistance to help with relief and recovery following devastating earthquakes and aftershocks in Türkiye. Elsewhere, air cargo improved somewhat post the Lunar New Year; however, the levels remain way below cyclical.

Land border crossing in the region has averaged **~9 hours** (**↓8%**, w/w) for the week, largely owing to the slow crossing into Zimbabwe as the issues at CONDEP persist with Zimra not accepting dollars anymore. Further developments include **(1)** ZRA calling all transporters and agents to ensure all official cross-border routes –. In contrast, the industry cites the lack of proposed rehabilitation on routes through the Mokambo and Sakania borders as the culprit. Also, a driver protest occurred at Kasumbalesa after ZRA only allowed pre-cleared vehicles to cross the border, while un-cleared vehicles had to wait in the queue. Lastly, congested SADC borders this week included Kasumbalesa, Katima/Mulilo (the slowest overall at **~43 hours**), Kazungula OSBP, Oshikango, and Santa Clara, all registering average crossings in excess of 24 hours.

In concluding this week's edition, our attention again focused on Transnet and its rail and port divisions, as we need decisive and drastic corrective action to involve the public and private sectors as best as possible.

[6] Wackett, M. 07/02/2023. Ocean carriers 'boxed in' by 5 million TEU surplus equipment mountain.

Indeed, the focus on rail and our ports were highlighted in the President's SONA speech, notably **(1)** "*the restructuring of Transnet Freight Rail to create a separate Infrastructure Manager for the rail network by October 2023*", and **(2)** "*Transnet and private sector companies will conclude partnerships at the Durban and Ngqura container terminals, to enable new investment in our ports and improve their efficiency*." We have been advocating these necessary changes for a long time. However, it is somewhat puzzling to see that neither Durban's Pier 2 nor CTCT are included; we would have thought that as they are the two biggest terminals, they are also where the most significant improvements might be made.

Our country needs a potent, competent, independent regulator controlling a multi-modal model. Failing to position an independent regulator runs a high-probability risk of the cargo rail system going from a public monopoly to a private monopoly. The public and private sectors must collectively deliver a solution and do this with the utmost urgency. We cannot sufficiently emphasise the need for a functioning and reliable rail system. It is critical to understand the opportunity cost if we fail to cement reform with a sustainable, well-planned, and adequately implemented strategy. South Africa's freight demand is exceedingly high, which mandates a multi-modal approach. In addition, the increasing rate of damage to road networks can be directly attributed to the lamentable performance of the rail system. We need strong leadership and a change in direction in our SOEs, notably Transnet.

Contents

1. Ports Update

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

a. Container flow overview

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

Table 2 – Container Ports – Weekly flow reported for 4 to 10 February [7]

7-day flow forecast (04/02/2023 – 10/02/2023)		
TERMINAL	NO. OF CONTAINERS[8] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	2 640	5 445
DURBAN CONTAINER TERMINAL PIER 2:	8 104	12 139
CAPE TOWN CONTAINER TERMINAL:	3 268	5 116
NGQURA CONTAINER TERMINAL:	3 510	6 299
GQEBERHA CONTAINER TERMINAL:	561	370
TOTAL:	**18 083**	**29 369**

Source: Transnet, 2021. Updated 10/02/2023.

Table 3 – Container Ports – Weekly flow predicted for 11 to 17 February

7-day flow forecast (11/02/2023 – 17/02/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 120	4 339
DURBAN CONTAINER TERMINAL PIER 2:	9 418	16 288
CAPE TOWN CONTAINER TERMINAL:	4 056	7 736
NGQURA CONTAINER TERMINAL:	4 015	4 574
GQEBERHA CONTAINER TERMINAL:	351	0
TOTAL:	**22 960**	**32 937**

Source: Transnet, 2021. Updated 10/02/2023.

An average of **~6 779 containers** (**↓10%**) was handled per day for the last week (4 to 10 February, *Table 2*) compared to the projected average of **~8 129 containers** (**↓17%** actual versus projected) noted in last week's report. An increased average of **~7 568 containers** (**↑12%**) is predicted to be handled next week (11 to 17 February, *Table 3*). Port operations this week were characterised by the usual suspects of adverse weather, frequent equipment breakdowns and shortages, delays, and congestion.

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

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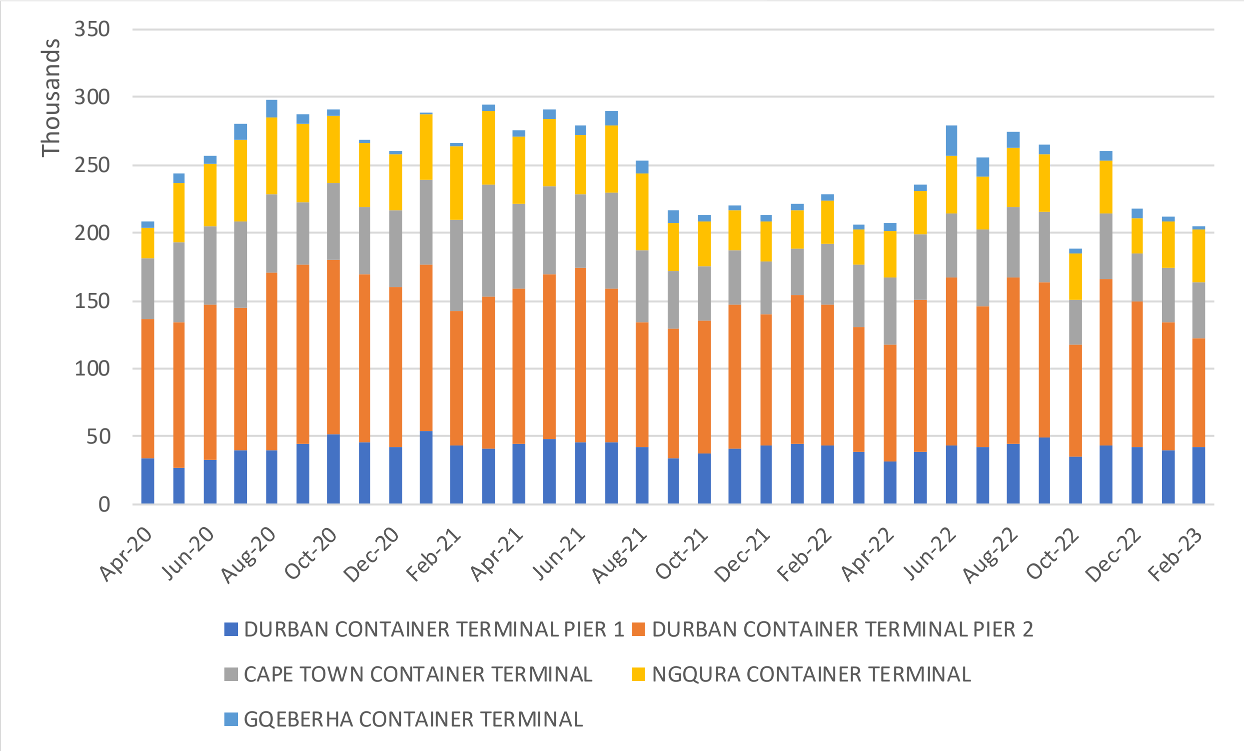
[7] It remains important to note that a large percentage (approximately 39% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.

[8] As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container and this figure will probably increase as the shift towards more 40' containers continues.

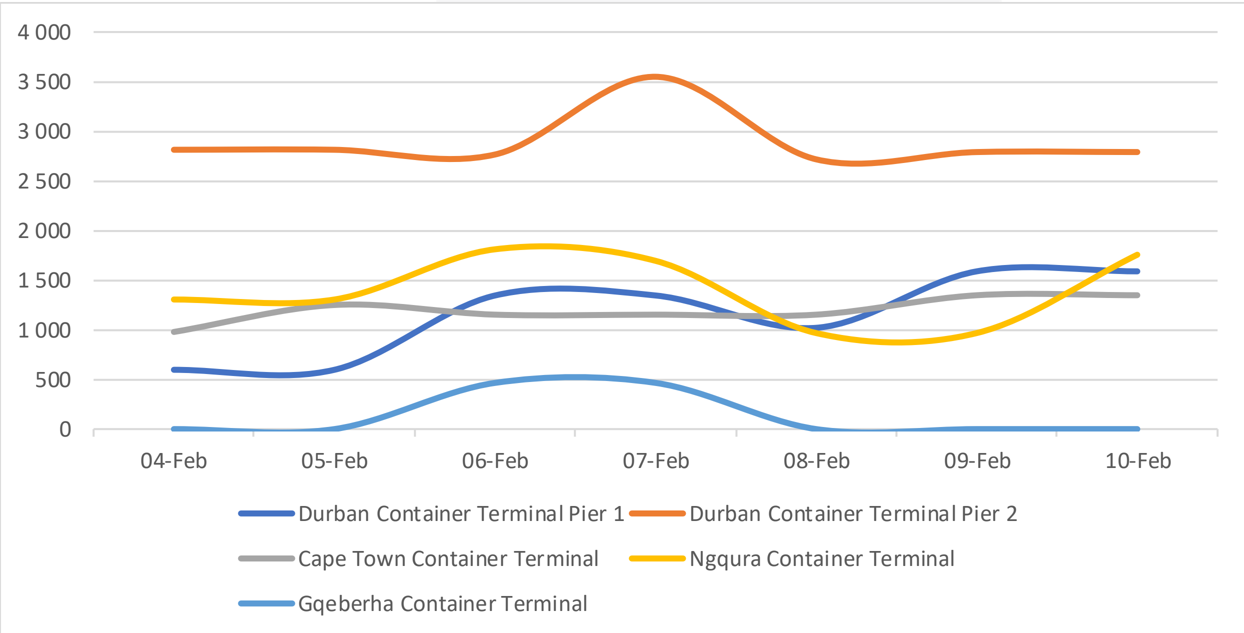
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 10/02/2023.

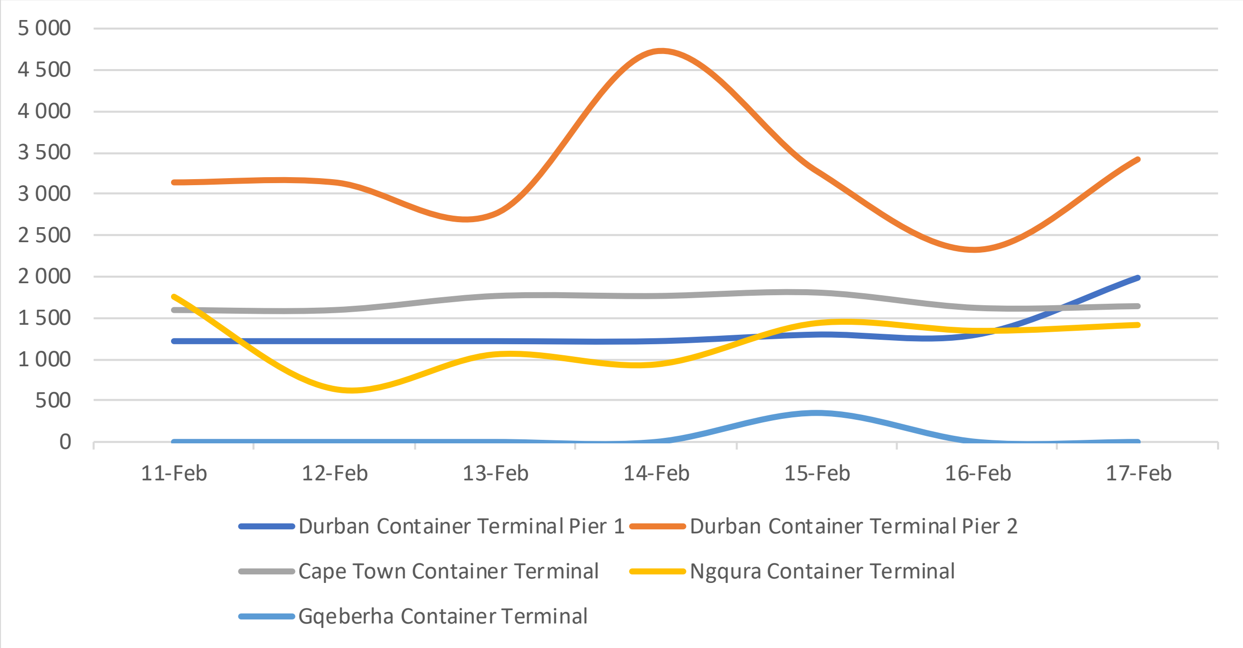
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (4 to 10 February; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 10/02/2023.

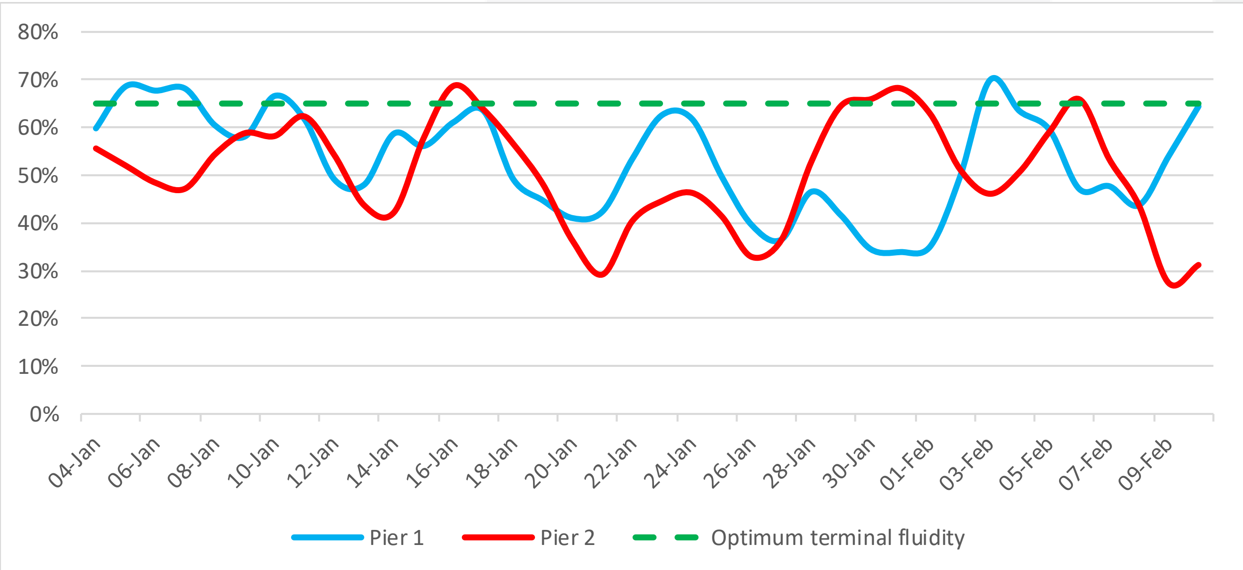
Figure 5 – 7-day forecast reported for total container movements (11 to 17 February; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 10/02/2023.

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

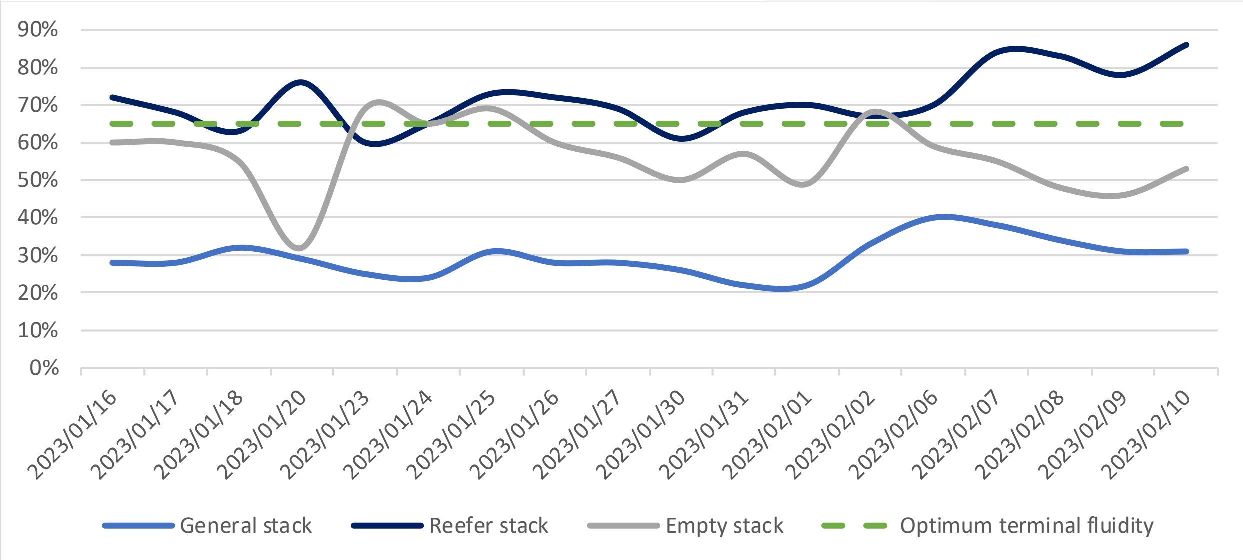
Figure 6 – Stack occupancy in DCT, general-purpose containers (4 January to present; day on day)



Source: Calculated using data from Transnet, 2022. Updated 10/02/2023.

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 (16 January to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 10/02/2023.

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

Cape Town lost 40 hours this week to wind.

The challenges in Durban persisted this week, as the frail and inadequate marine fleet was at the heart of operational delays. Conversely, Richard Bay had another reasonable week, as only one delay of an hour and 36 minutes was reported.

Lastly, the winds buffeting the Eastern Cape ports caused operational delays in excess of 20 hours this week.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and seven at outer anchorage. Stack occupancy for GP containers was 31%, reefers 78%, and empties 46%. In the latest 24-hour period to Thursday, despite being windbound for approximately 14.5 hours, the terminal handled 675 TEUs across the quay. On the landside, 456 trucks were serviced while executing 32 rail moves.

During the week, two cranes were out of commission due to maintenance. Crane LC 9 has a cracked window and is due to undergo a window replacement, while LC 1 had repairs done on the sleeve wheel bearing. The estimated return time for these respective cranes is currently unknown. In addition, concerns were raised this week regarding the availability of space in the reefer stack at the container terminal, and an industry suggestion arose that the multipurpose terminal should avail a section of their reefer plug points to accommodate the increased volumes. Discussions in this regard are still ongoing.

On Tuesday, Cape Town MPT recorded zero vessels at anchor and one at berth. In the 24 hours to Wednesday, the terminal managed to service 31 external trucks at an undisclosed truck turnaround time on the landside. Stack occupancy was captured at 13% for GP containers, 1% for reefers and 41% for empties.

iii. Durban and Richards Bay

Pier 1 on Thursday recorded one vessel at berth, operated by two gangs, and zero vessels at anchor. Stack occupancy was 44% for GP containers, with 819 imports on hand and 102 unassigned units. The terminal recorded 1 513 landside gate moves on Thursday, with 108 wasted slots. In addition, two cranes went out of commission during the early stages of the week with anticipation that they would return to service by the end of the week.

Pier 2 had four vessels at berth and one at anchorage on Wednesday. In the most recent 24 hours to Thursday, stack occupancy was 44% for GP containers and 21% for reefers. The terminal operated with 12 gangs and managed to move 3 320 TEUs across the quay. On Friday, there were 2 911 gate moves on the landside with a truck turnaround time of ~44 minutes and a staging time of ~23 minutes. Lastly, 93 rail import containers were on hand, with 413 moved by rail.

The crane situation at the south quay, berth 108, was revisited this week as all but one crane went out of commission due to breakdowns on Tuesday. Cranes 520 and 522 experienced electronic breakdowns, which led to communication issues with the relative substations, while crane 521 requires new motors to be installed. Crane 523 remained in service; two additional cranes returned to service during the latter stages of the week. Transnet reported that they aim to have three gangs operational at the berth at all times and are looking to deploy more straddle carriers to complement the cranes at the berth.

The tug situation at Durban TNPA took a turn for the worse over the 24 hours leading to Friday, with the marine fleet going down to only two available tugs from the evening shift. It appears that on Friday, there was only one operational tug, with reports that relief was being obtained from Richards Bay and the Eastern Cape, leaving them vulnerable to breakdowns. This situation has caused significant vessel movement delays, primarily affecting Island View and the RORO terminal for the past two shifts.

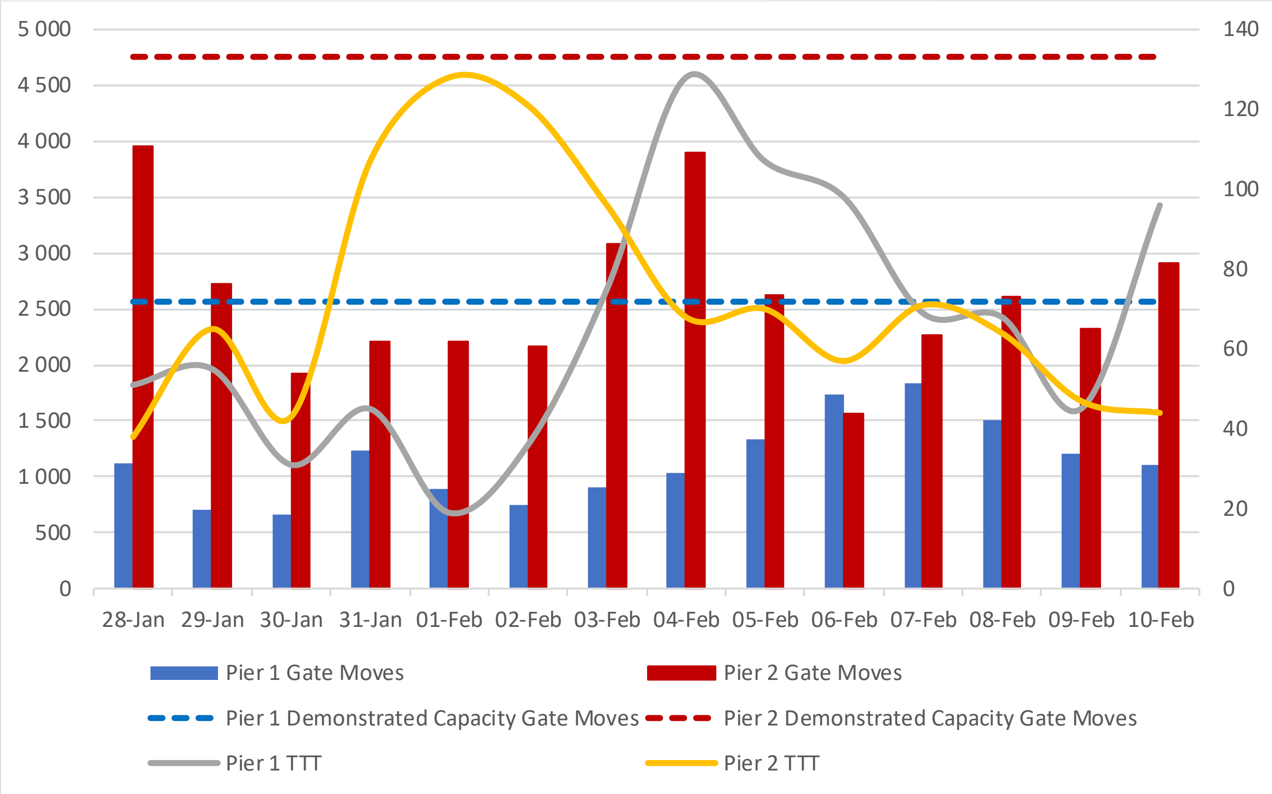
Durban MPT terminal, on Tuesday, recorded two vessels at berth and one at outer anchorage while handling 569 containers on the waterside. During the early stages of the week, stack occupancy for breakbulk remained worryingly high at 87%, while stack occupancy on the container side was recorded at 54%. However, stack occupancy on the container side diminished to the low thirties over the week. In addition, three cranes, nine reach stackers, one empty handler, seven forklifts and 19 ERFs were in operation in the 24 hours leading to Thursday, complemented by seven gangs operating breakbulk and container operations.

As anticipated, the stacks at the RO-RO terminal reached capacity this week and were recorded at 99% on Wednesday morning. However, at the end of the week, the terminal struggled to reach its operational targets as there was a shortage of stevedore drivers, and they were subject to a congested holding yard for large portions of the week.

On Thursday, Richards Bay recorded 20 vessels at anchor, which translates to five bulk, seven coal, five general, two bunkers, and one tanker vessel. On berth, they recorded 11 vessels, five at DBT, six at MPT, none at RBCT, and none at the liquid bulk terminal. For marine resources, two tugs, one pilot boat, and one helicopter were in operation in the 24 hours leading up to Wednesday. In addition, the port serviced nearshore operations with their own helicopter this week after repairs were completed.

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 10/02/2023.

iv. Eastern Cape ports

GCT on Wednesday recorded zero vessels at outer anchorage and one at berth. Waterside operations were thus serviced by one tug, one pilot boat, two pilots, and one berthing gang in the 24 hours leading to Thursday. The port is still sharing its second tug with the port of Ngqura after their one remaining tug was summoned to Durban. In the same period, stack occupancy was 28% for GP containers, 8% for reefers, and 29% for reefer ground slots while moving 1 150 TEUs across the quay. In addition, 186 trucks were serviced at a truck turnaround time of ~28 minutes on the landside.

NCT on Tuesday recorded two vessels on berth and three vessels at outer anchorage. Marine resources of one tug, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading into Wednesday. In the same period, stack occupancy was 25% for GP containers and 9% for reefers. On Monday, 1 665 TEUs were handled across the quay while also handling 52 reefers. Additionally, 321 trucks were serviced on the landside at a truck turnaround time of ~41 minutes.

v. Saldanha Bay

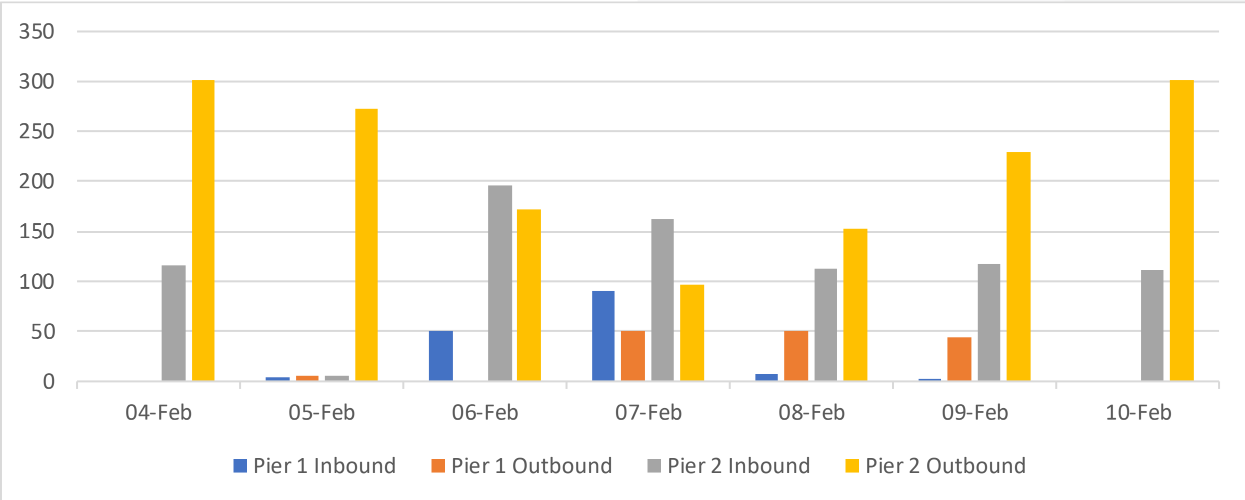
On Tuesday, Saldanha Bay recorded zero vessels at the outer anchorage and eight on the berth. Two tugs, one pilot boat, one pilot, two VTS staff, and two berthing masters were providing marine services at the port.

vi. Transnet Freight Rail (TFR)

Three incidents of cable theft on the Container Corridor (ConCor) line over the 24 hours leading to Friday have raised some concerns among industry participants; however, TFR has recorded low volumes from DCT, which alleviates some of the pressure on the rail line. Additionally, reports emerged this week that TFR aims to shrink their 20 000km freight rail network by at least 35% (7 000km) and shift its focus to delivering more profitable cargo loads. In recent years, Transnet has been crippled by a shortage of locomotive parts, extensive cable theft, and inefficiencies due to a lack of competition. According to Transnet CEO Ms Portia Derby, they can't justify operating something that causes the institution to make a loss which is one of the main reasons there is a revision of certain flows across the network. It is anticipated that this new strategy would avail more locomotives to transport coal on its North corridor route after approximately 164 locomotives in one of Transnet's fleets were out of service during the current financial year.

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

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



Source: Calculated using data from Transnet, 2022. Updated 10/02/2023.

In the last week (4 to 10 February), rail cargo handled out of Durban was reported at **2 655** containers, up by ↑**27%** from the previous week's **2 083** 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 30 January. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *February 2022* averaged **~711 659 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

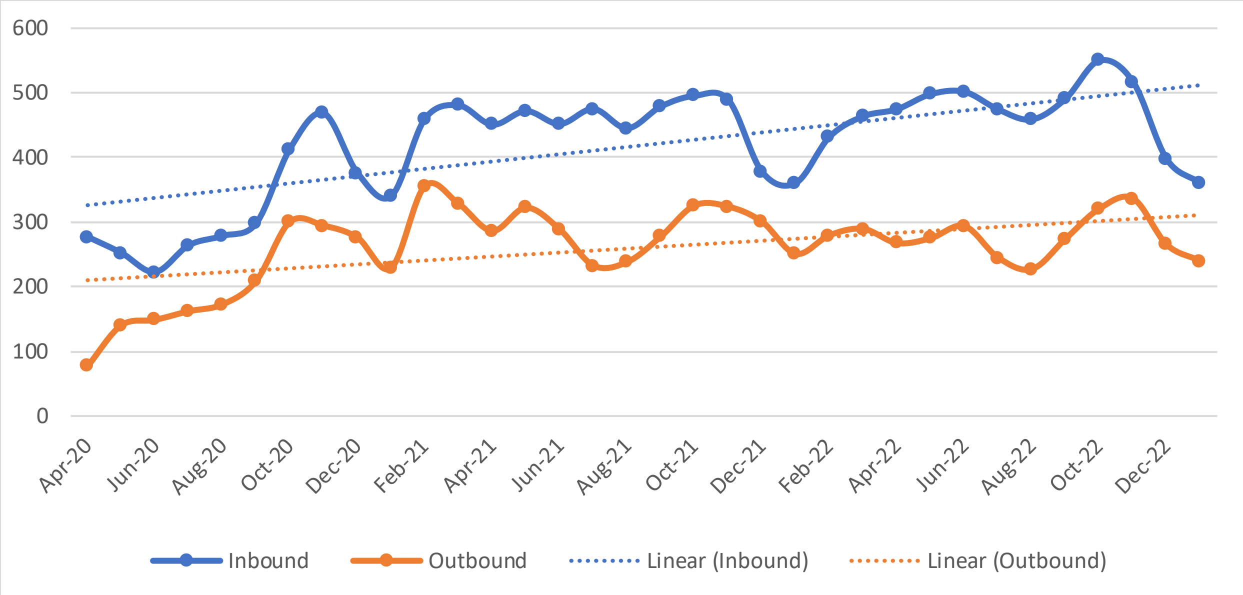
Flows	30-Jan	31-Jan	01-Feb	02-Feb	03-Feb	04-Feb	05-Feb
Volume inbound	610 716	233 621	352 529	285 789	269 395	357 425	838 143
Volume outbound	194 955	189 823	218 264	258 554	247 524	248 483	592 092
Total	**805 671**	**423 444**	**570 793**	**544 343**	**516 919**	**605 908**	**1 430 235**

Courtesy of ACOC. Updated: 07/02/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **421 088kg** inbound and **278 528 kg** outbound, resulting in an average of **699 616 kg per day** or **~98%** compared with February 2022. Also, the level is currently at **~79%** compared with the same period pre-pandemic in 2019.

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

Figure 10 – International cargo from OR Tambo (millions)



Courtesy of ACOC. Updated: 07/02/2023.

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 *February 2022* was **~78 412 kg** per day.

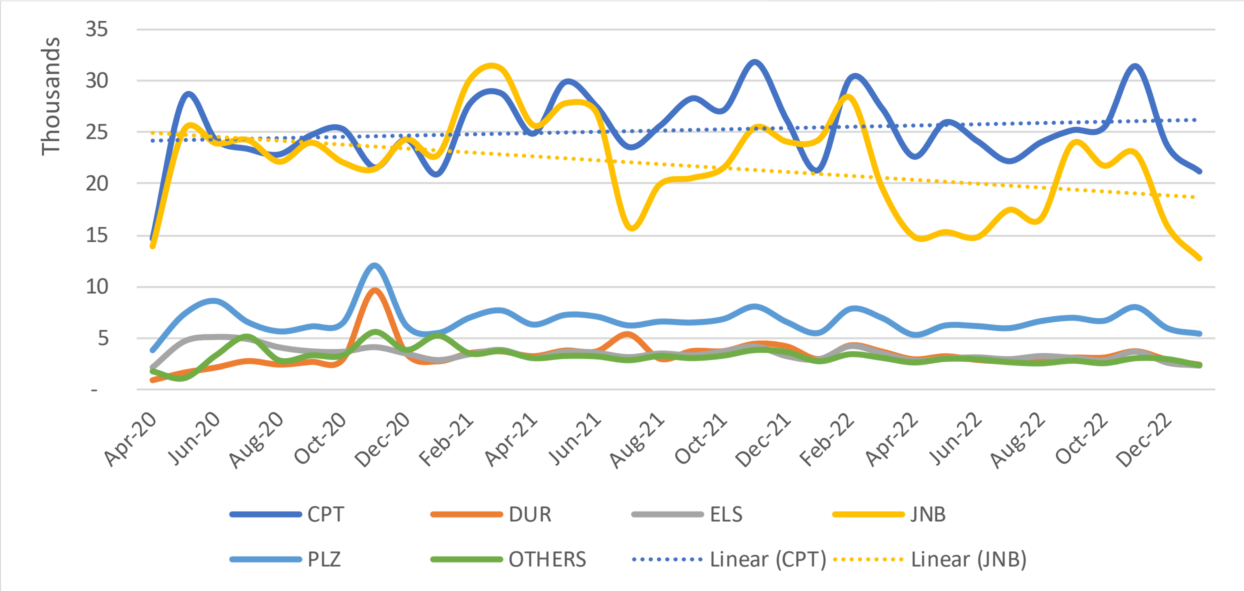
Table 5 – Total domestic inbound and outbound cargo

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.	**22 870**	**2 054**	**2 275**	**13 536**	**5 108**	**2 440**	**48 282**
30-Jan-23	38 587	3 234	4 658	23 229	10 663	4 155	**84 527**
31-Jan-23	34 712	3 371	4 383	30 764	10 492	4 023	**87 746**
01-Feb-23	43 065	4 024	4 804	24 829	10 836	4 452	**92 010**
02-Feb-23	45 658	2 570	4 059	21 669	10 441	3 702	**88 101**
03-Feb-23	21 087	2 813	2 246	20 204	3 645	3 590	**53 585**
04-Feb-23	1 683	542	108	676	78	91	**3 178**
05-Feb-23	2 856	318	159	302	538	365	**4 538**
Total for 2023:	**788 142**	**85 161**	**86 890**	**492 331**	**203 497**	**88 253**	**1 744 273**

Courtesy of BAC. Updated: 07/02/2023.

The average domestic air cargo moved last week was **~59 098 kg** per day, which is ↑**8%** compared with the previous week, but only **~75%** compared to February 2022 as operations pick up for the year.

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



Courtesy of BAC. Updated: 07/02/2023.

3. Road and Regional Update

a. Cross-border and road freight delays

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

- This week, the median border crossing times at South African borders averaged **~9 hours** (**↓8%**, w/w) for the week, largely owing to the slow crossing into Zimbabwe, as further delays were reported at CONDEP on the Zimbabwe side of the Beitbridge border. As reported last week, the root cause remains the abolishment of using US$ as an accepted currency. Consequently, importers have to do manual entries resulting in a day or two delays before transporters' payments reflect in Zimra's system. The change is a significant step backwards, and it is directly reflected in the desperately slow crossing times into Zimbabwe. Fortunately, FESARTA is engaging with Zimra and hopes to alleviate the situation soon.
- Elsewhere, ZRA has called all transporters and agents to ensure that all official cross-border routes and port entries are adhered to so as to reduce the risk of fines. Unfortunately, the reality is that many commercial vehicles get stuck on certain feeder roads, as the proposed rehabilitation of major routes flowing through Mokambo and Sakania has yet to be carried out, forcing transporters to take alternatives.
- Lastly, a driver strike at Kasumbalesa prompted ZRA only to allow pre-cleared vehicles to cross the border, while un-cleared vehicles had to wait in the queue. The industry applauds this move as being a step in the right direction towards compliant, safe, and secure trade. However, we know there is backlash from non-compliant operators who see themselves being jumped in the queue. Consequently, the industry appeals to the compliant behaviour of traders and transporters.
    - The latest FESARTA monthly flows show that Beitbridge volume was significantly down (**↓16,8%** northbound and **↓2,3%** southbound) in January, primarily due to the low numbers flowing through the border in the first week. Moreover, northbound crossing times hovered

around 24 hours for the month, which remains too slow. Other borders of note for December showed the following changes in HGV crossings:
  - Lebombo increased by ↑**14,7%** as traffic continues to increase using the N4 to Maputo as an alternative to Durban. The average crossing times hovered around **~6 hours**, an improvement on the **~11 hours** registered in December.
  - Groblersbrug traffic decreased by ↓**13,8%,** with average crossing times remaining slow, at around **~13 hours**.
- 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[9], which has arguably achieved much greater success.

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

Table 6 – Delays[10] summary – South African borders

Border Post	Direction	HGV[11] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	391	5	5	23	11 730	2 737
Beitbridge	Zimbabwe-SA	410	4	2	10	12 300	2 870
Groblersbrug	SA-Botswana	248	1	2	16	7 440	1 736
Groblersbrug	Botswana-SA	157	0	0	1	4 710	1 099
Vioolsdrif	SA-Namibia	30	0	1	3	900	210
Noordoewer	Namibia-SA	20	0	0	1	600	140
Nakop	SA-Namibia	30	0	2	5	900	210
Ariamsvlei	Namibia-SA	20	0	1	1	600	140
Lebombo	SA-Mozambique	1 552	0	1	5	46 560	10 864
Ressano Garcia	Mozambique-SA	133	0	0	2	3 990	931
Skilpadshek	SA-Botswana	200	2	1	2	4 800	1 400
Pioneer Gate	Botswana-SA	100	1	1	2	2 400	700
Average/Sum		**3 291**	**01:00**	**01:00**	**06:00**	**96 930**	**23 037**

Source: TLC, FESARTA, & Crickmay, week ending 05/02/2023.

Table 7 – Delays summary – Corridor perspective

Corridor	HGV Arrivals per day	Queue Time (hh:mm)	Border Time – Best 5% (hh:mm)	Border Time – Median (hh:mm)	HGV Tonnage per day	Weekly HGV Arrivals
Beira Corridor	320	0	3	12	9 600	2 240
Dar Es Salaam Corridor	1 819	8	3	13	54 570	12 733
Maputo Corridor	1 685	0	1	4	50 550	11 795
Nacala Corridor	127	2	6	6	3 810	889
North/South	3 278	2	5	10	74 739	22 946
Trans Caprivi Corridor	116	10	2	32	3 480	812

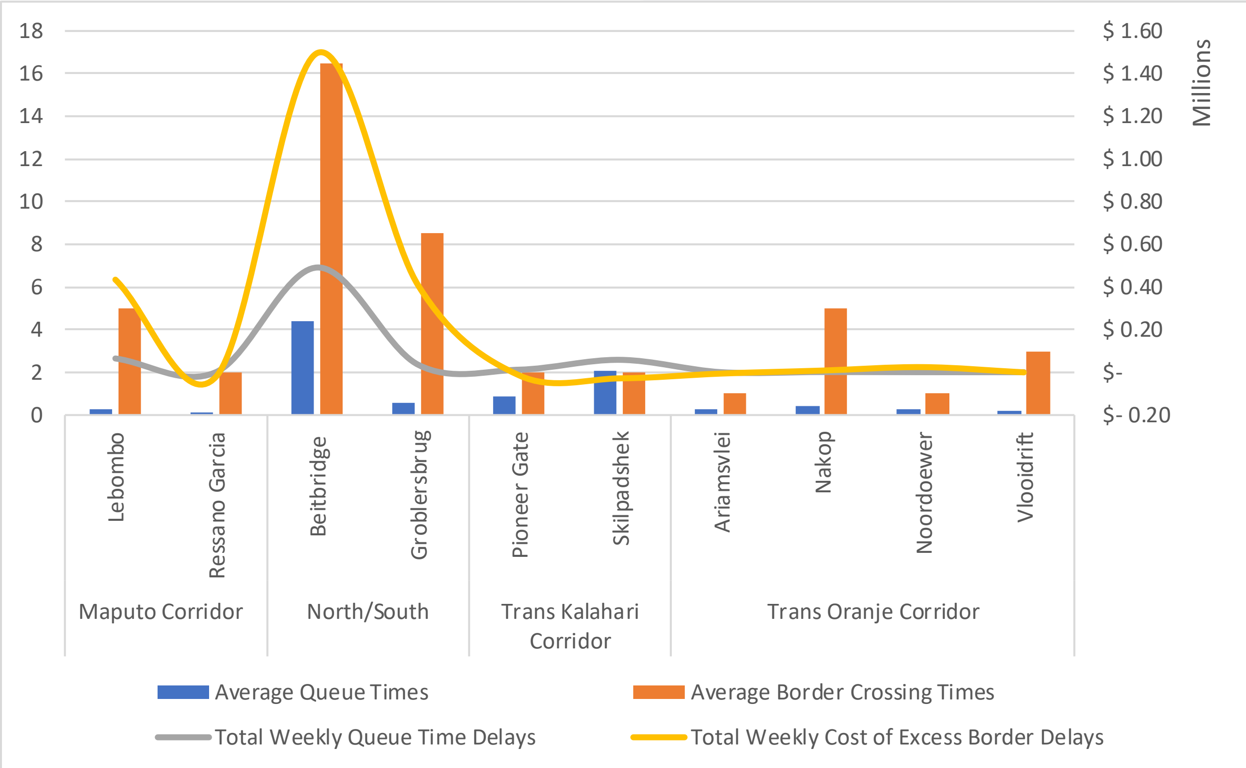
[9] FESARTA TRANSIST Bureau.
[10] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.
[11] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

Corridor	HGV Arrivals per day	Queue Time (hh:mm)	Border Time – Best 5% (hh:mm)	Border Time – Median (hh:mm)	HGV Tonnage per day	Weekly HGV Arrivals
Trans Cunene Corridor	100	0	24	38	3 000	700
Trans Kalahari Corridor	330	1	1	2	7 920	2 310
Trans Oranje Corridor	100	0	1	3	3 000	700
Average/Sum	**7 875**	**03:00**	**04:00**	**11:00**	**210 669**	**55 125**

Source: TLC, FESARTA, & Crickmay, week ending 05/02/2023.

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

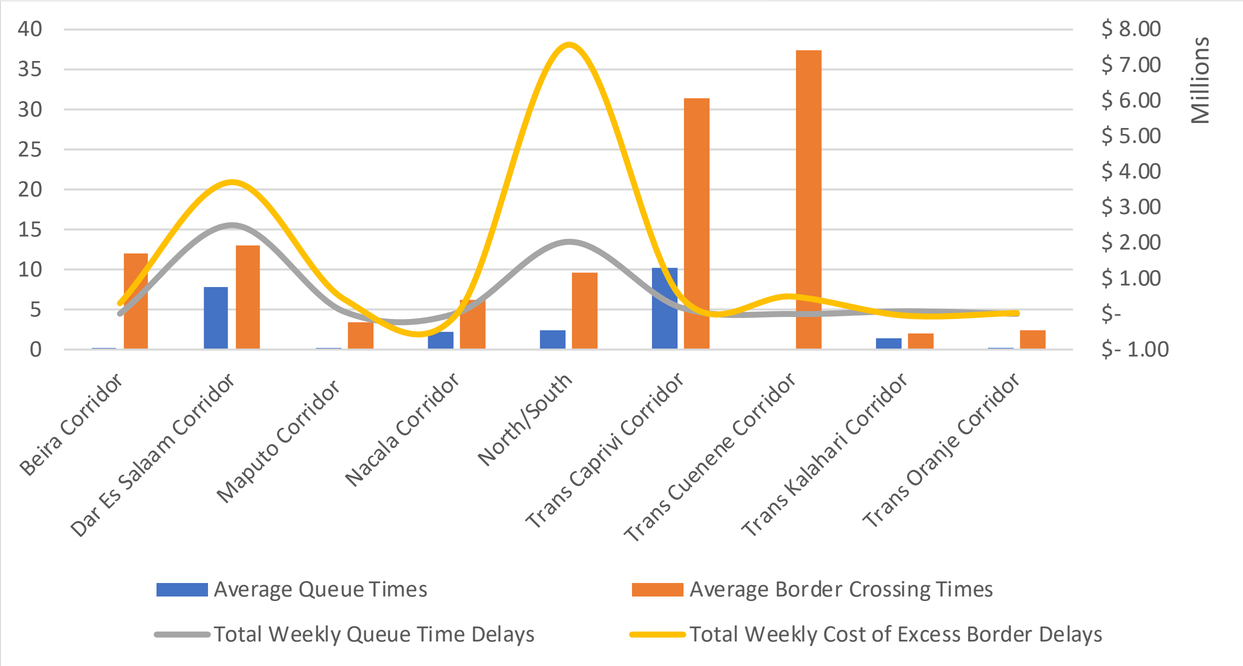
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 05/02/2023.

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 05/02/2023.

In summary, cross-border queue time has averaged **~2,9 hours** (down by **~0,5 hours** from the previous week's **~3,4 hours**), costing the transport industry an estimated **$5 million** (**R86 million**). Furthermore, the week's average cross-border transit times hovered around **~10,6 hours** (down by **~5,1 hours** from the **~15,7 hours** recorded in the previous report), at a cost to the transport industry of **$13 million** (**R230 million**). As a result, the total cost for the week amounts to an estimated **~R314 million** (down by **~R165 million** or **↓35%** from **R479 million** in the previous report).

4. International Update

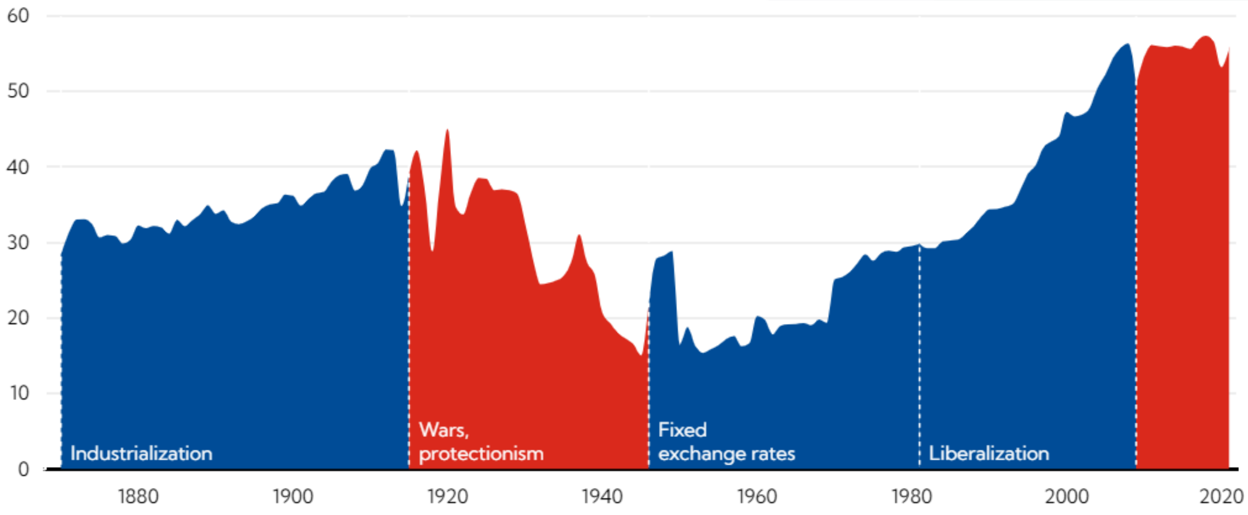
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** globalisation and **(b)** the global supply chain, **(b)** the global shipping industry, and **(c)** the global aviation industry.

a. Globalisation

An interesting graph this week comes from the IMF's latest blog[12], showing how trade openness and subsequent globalisation have slowed in recent years:

[12] IMF. 08/2/2023. Charting Globalization's Turn to Slowbalisation After Global Financial Crisis.

Figure 14 – Trade openness (sum of exports and imports as a per cent of GDP)



Source: *IMF*

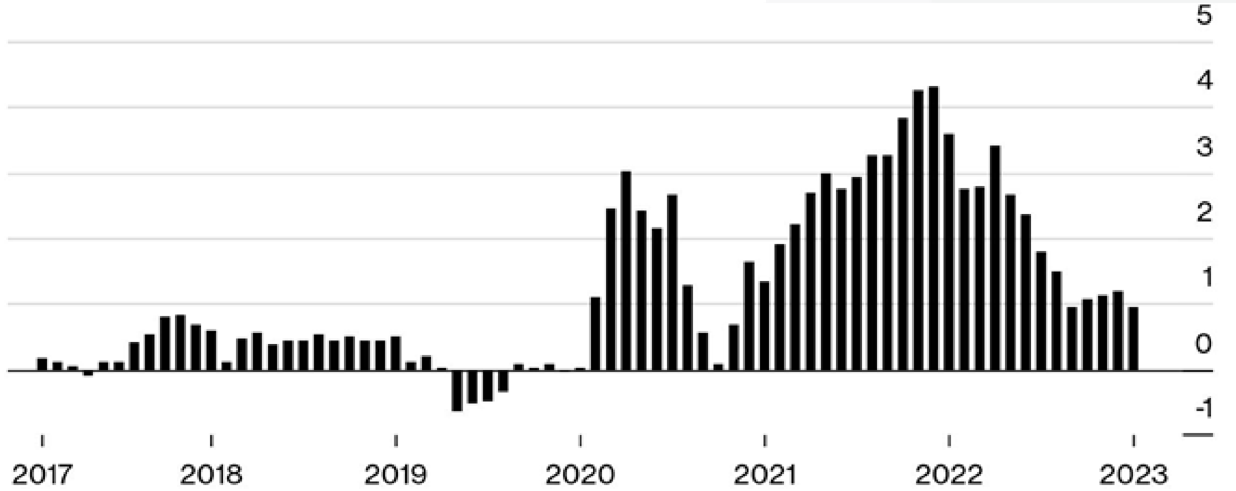
As the chart shows, globalisation plateaued in the decade and a half since the global financial crisis and has been characterised by a prolonged slowdown in the pace of trade reform and weakening political support for open trade amid rising geopolitical tensions. The ongoing war in Ukraine and other geopolitical tensions, notably the trade wars between China and the US, holds fascinating implications for the trade industry in the coming years. Some resolutions have fortunately been made recently, notably with the first coal ship from Australia sailing to China, unwinding an unofficial ban imposed amid fraying bilateral relations two-and-a-half years ago[13].

b. Global supply chain pressures and container throughput

The latest "*Global Supply Chain Pressure Index*" shows that global logistics tensions moderated in January, falling near the levels last seen in 2020. The index declined to **0,95 standard deviations** above its historical mean last month – moving from a **1,19 index** in December. The index peaked at **4,31** in December 2021:

[13] Barrett, J. Hurst, D. 08/02/2023. Australian coal shipment to arrive at Chinese port as unofficial import ban ends.

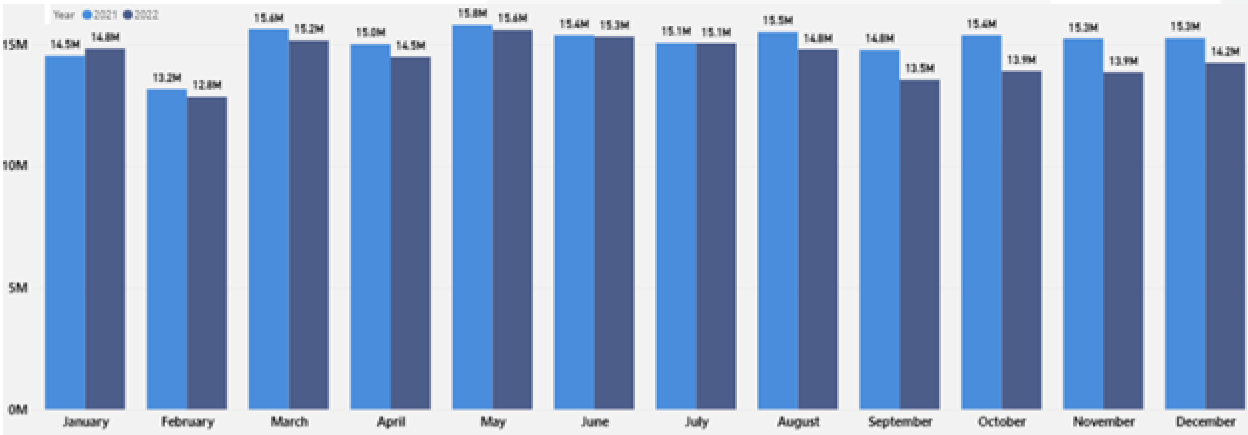
Figure 15 – Global Supply Chain Pressure Index (std dev from average value)



Source: [Federal Reserve Bank of New York via Bloomberg]()

The primary contributing factors to the easing were declines in Korean and Chinese delivery times and smaller Euro-area backlogs. The gauge brings together 27 variables that take the temperature of everything from cross-border transportation costs to country-level manufacturing data in the euro area, China, Japan, South Korea, Taiwan, the UK, and the US. This pressures index shows a marked correlation to the massive drop in container throughput, as collected by CTS:

Figure 16 – Global Containerised Throughput – 2021 versus 2022 (TEUs, millions)



Source: [CTS]()

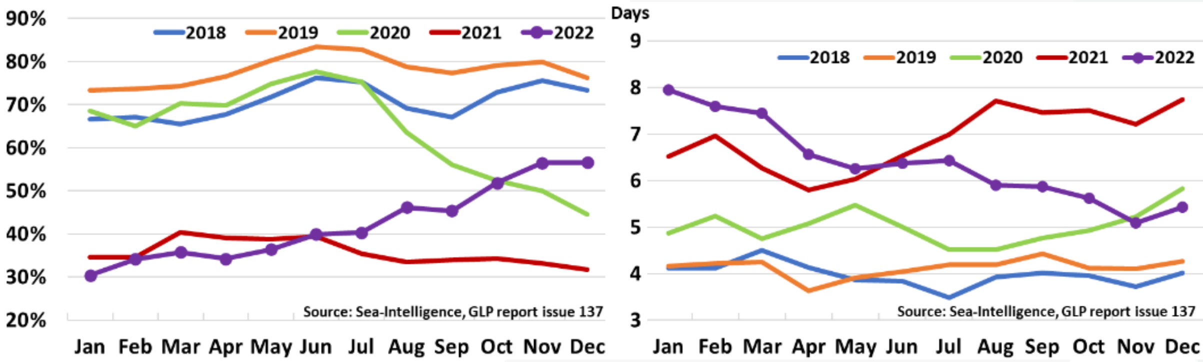
As aptly illustrated, the data for the full year 2022 show the seismic change in cargo volumes moved in the last quarter. CTS notes that the impact was most severe in trades from Asia to Europe and The Americas. South Africa also experienced a cyclical decline during this period, as TNPA statistics indicate a drop of **↓13%** (imports by **↓8%** and exports by a massive **↓18%**) in Q4 2023 versus 2022.

c. Global shipping industry

i. Schedule reliability and cancelled sailings

According to the latest December figures published by Sea Intelligence, global liner schedule reliability continues its recent upward trend, albeit marginally. For the month, schedule reliability rose by **↑0,1%** (m/m) to **56,6%**[14]. On an annual basis, the trend is much more tangible and up by **↑24,8%** (y/y) after the dire constrictions experienced in the global shipping industry, clearly illustrated by the "*Global Supply Chain Pressure Index*" shown above in *Figure 15*. However, despite the slight positive movement in reliability, the average delay for LATE vessel arrivals has crept up marginally by **↑0,34 days** (m/m) to **5,43 days** in December. The following side-by-side figures illustrate reliability and delays in the last five years.

Figure 17 – Global schedule reliability (%) and average days for late vessel arrivals (days)



Source: *Sea Intelligence*

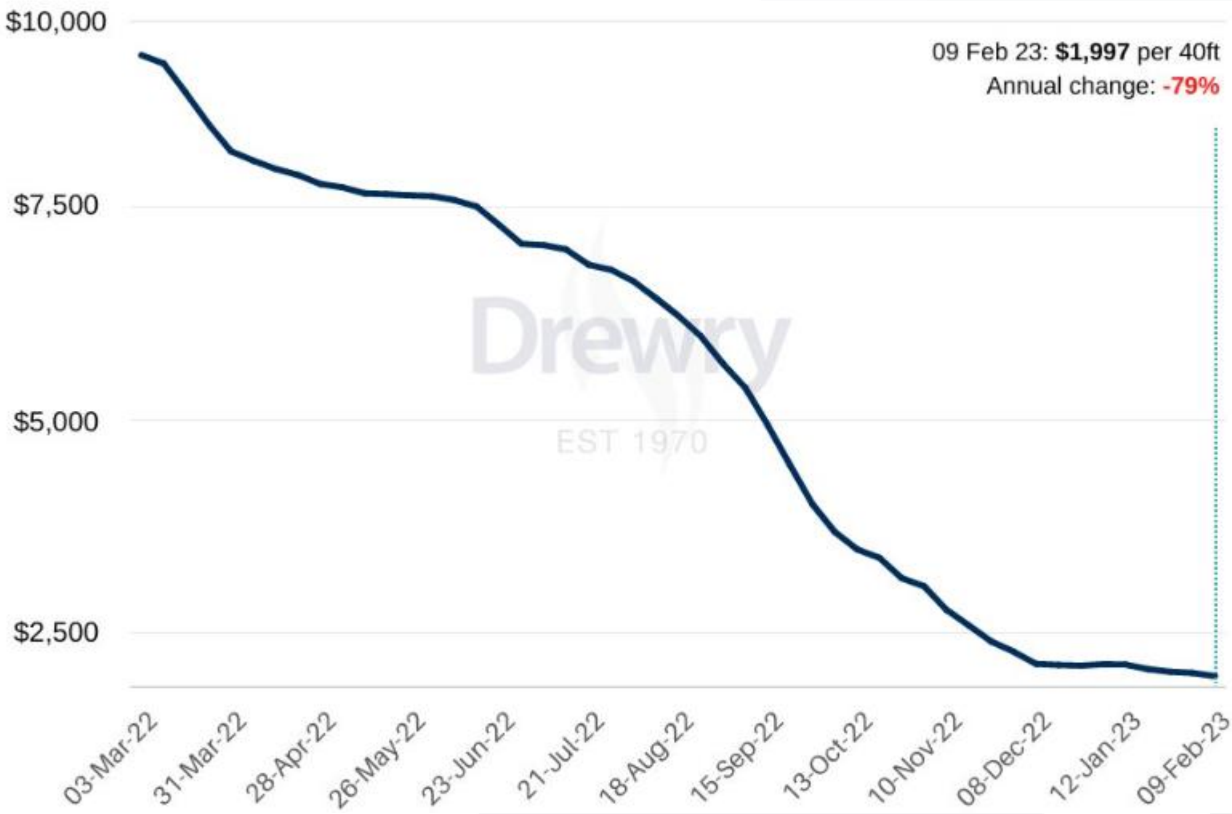
On an individual carrier level, MSC was the most reliable top-14 carrier in December 2022 at **63,3%**. MSC was followed by its 2M-alliance partner, Maersk, at **60,1%**, with the next ten carriers recording schedule reliability between **50%-60%**. Only Yang Ming and ZIM recorded schedule reliability of under 50%, as ten of the top-14 carriers recorded a monthly improvement in schedule reliability in December 2022, while MSC recorded no change, and three carriers recorded a decline. Incidentally, Drewry's "*Cancelled Sailings Tracker*" continues to moderate this week, as the tracker registered an approximate **12% cancellation rate**[15] (**↓2%**, m/m).

ii. Global container freight rates

Another decrease this week saw the "*World Container Index*" break the **$2 000** barrier, as the index went down by **↓2%** (**$37**) to **$1 997** per 40-ft container:

[14] Murphy, A. 07/02/2023. Schedule reliability continues on an upwards trend.
[15] Drewry. 10/02/2023. Cancelled Sailings Tracker - 10 February.

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



Source: Drewry Ports and Terminal insights

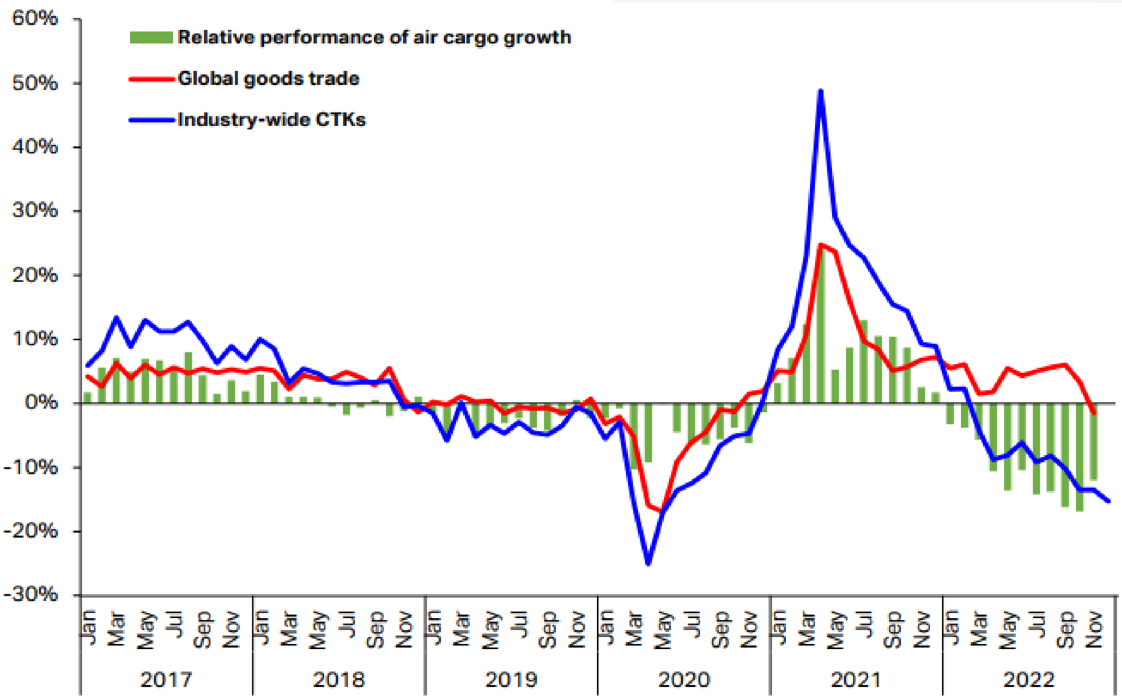
The change means that freight rates are now approximately the same as in August 2020, right before the massive increase started. Although shipping rates have been widely accused of being a significant contributor to global inflation that took off at around the same time, the contribution of shipping has now almost completely subsided. In fact, the composite index is now **↓79%** below the corresponding spot price quoted last year and **↓26%** lower than the 10-year average of **$2 693**. The index still hovers some **↑41%** above the average pre-pandemic rate quoted in 2019; however, if one considers that this rate was even low compared to the 2010s' standard when liner carriers primarily operated at a loss, the increase becomes less meaningful.

Indeed, the 2010s were characterised mainly by low rates, over-supply, and carrier consolidation. With the break-up of the 2M alliance, one wonders whether the international carrier market will return to a similar position soon – especially with the market expected to face further accentuated levels of over-supply. Cargo owners in South Africa are less exposed to global market trends, primarily as we are not as well-connected to the major trade lanes (see the *Liner Connectivity Index*). It follows that our rate changes are delayed and invariably less pronounced than the global market. To use the financial markets as a proxy, freight rates to and from South Africa are almost like a stock's beta measurement of less than one. As is globally the case, we expect South African rates to decrease gradually.

d. Global air cargo industry

Global air cargo tonne-kilometres (CTKs) dropped by ↓15,3% (y/y) in December, according to IATA's latest "*Air Cargo Market Analysis*"[16]. The reduction was also ↓7,4% lower than the CTKs for the same month in 2019. Due to multiple headwinds in the current global economy, the industry did not perform as well as expected in a traditional peak season. For the full 2022 calendar year, industry-wide CTKs were ↓8% below 2021 levels and ↓1,6% below 2019 levels. Cargo capacity also decreased in December, as the available cargo tonne-kilometres (ACTKs) contracted by ↓2,2% – the tenth month of contraction in a row. This change is mainly a result of airlines responding to supply imbalances created by softening demand and the removal of schedules. The measures are similar to those implemented in the maritime sector, as the health of global goods trade keeps deteriorating, as mentioned above. The following figure shows the relative performance of air cargo to international trade in the last six years:

Figure 19 – Growth in goods trade and CTKs (%, y/y)



Source: IATA

In November, global goods trade decreased by ↓1,5% (y/y), down from a ↑3,4% increase in October. Given that global CTKs declined substantially in November (↓13,5%), the change would suggest that air cargo is more affected by the shrinking global trade than maritime transport. Nevertheless, air cargo's relative growth performance compared with maritime improved slightly from ↓16,9% in October to ↓12% in November. Indeed, the more frequent indicators from World ACD's latest analysis[17] shows that global air cargo tonnages recovered at the end of January and the beginning of February, as expected after the early Lunar New Year this year. For example, figures for week 5 (30 January to 5 February) show an increase of

[16] IATA. 06/02/2023. Air Cargo Market Analysis – December 2022.
[17] World ACD. 10/02/2023. Strong demand recovery after Lunar New Year.

↑11% in worldwide tonnages compared with the previous week, following a significant decrease the week before of ↓8%, mainly driven by the Lunar New Year that started on 22 January. However, prices remain well below the levels paid before Lunar New Year.

ENDS[18]

[18] **ACKNOWLEDGEMENT:**

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