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COVID-19: Cargo movement update[1]

Date: 20 January 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)	21 930	26 236	**48 166**	21 967	27 493	**49 460**	↓3%
Air Cargo (tons)	3 588	2 639	**6 227**	2 955	1 973	**4 929**	↑26%

Monthly Snapshot

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

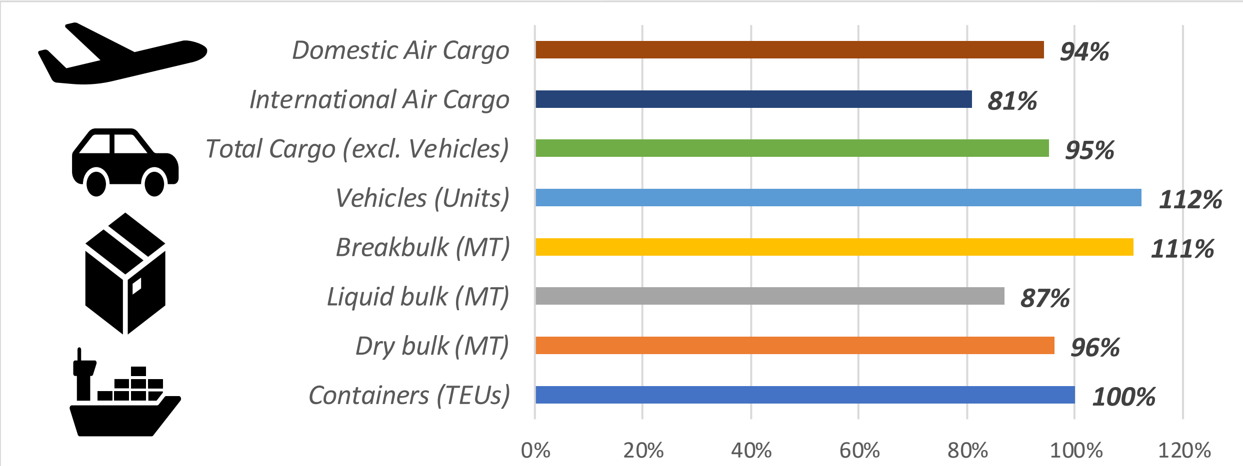
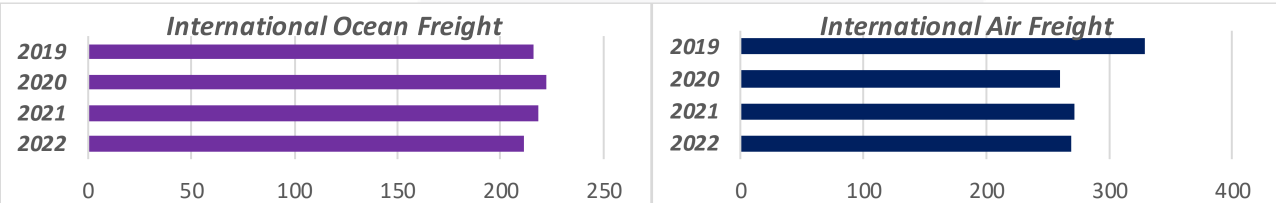


Figure 2 – Global year-to-date flows 2019-2022[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~6 881 containers** was handled per day, with **~7 906 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 416** containers, ↓27% compared to last week.
- Cross-border queue times were **↓0,3 hours**, with transit times **↓1,4 hours**, SA borders **~6,3 hours** (↑16%).
- Blank sailings continue this week, with Alphaliner reporting a **27% cancellation** and Drewry at **25%**.
- Freight rates fell again (**↓3%** or **$53** to **$2 079**), as spot and charter rate drops are expected to continue.
- Air cargo volume is up by ↑19% (w/w, worldwide tonnages) compared, according to World ACD.
- Air cargo rates were stable in December (**↑0,3%**) – after the peaks of a year ago (**↓32,1%**, y/y).

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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 120th 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: 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 120th of its kind and the second for 2023* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this week were characterised by adverse weather conditions, frequent equipment breakdowns and shortages, power outages causing system challenges, and congestion. For example, operations at the Cape Town Container Terminal were frequently delayed throughout the most significant part of the week due to strong winds and dense fog. In addition, equipment challenges were rife in Durban this week as extensive delays were experienced due to a shortage of tugs, while TFR continues to suffer from rampant cable theft. On a more positive note, TNPA in both Durban and Cape Town reported that their ports would be exempt from load-shedding, providing a glimmer of hope for our economy amidst the seemingly intractable energy crisis.

In the global maritime economy, capacity management reigns supreme. The current landscape is characterised by waning global demand, desperate efforts by ocean carriers to stem the tide of free-falling rates, and the largest active cellular fleet since 2020. Despite all this – as with the normalised rates – the industry is returning to more "normal" conditions, with fleets serving many regional trades returning in large numbers after they were redeployed to the more lucrative long-haul trades (mainly to the US East and West coasts). Moreover, the scene is now much more in favour of shippers than carriers, as the latter desperately do everything they can to boost business and solve the supply problem. Other developments of note this week include **(1)** Maersk expects a modal shift from air to sea and **(2)** the first major industrial action of the year hits Calais.

On the air freight front, both our international (**↑26%**) and domestic (**↑71%**) trades saw healthy increases in volume handled, as the market has seemingly warmed up after the summer break. Unfortunately, the same cannot be said of the international market, as prevailing conditions are weak and recovery delayed compared to this time last year, with the near-term outlook balanced but not overly-optimistic. Indeed, there has been a recent drop in chargeable weight with freight rates normalising. Fortunately, the capacity is returning en masse across all regions as the international market hopefully gets into full swing in 2023.

In concluding the *second edition of 2023*, most macro-economic indicators point to the probability that 2023 – at least for the first half of the year – is likely to be as volatile as it was in 2022. Last year was undoubtedly a volatile year with heightened geo-political tensions, inflation, interest rates, and labour market imbalances (especially in the supply chain arena) dominating the business environment[6], making it no surprise that resilience and globalisation are among the major themes being discussed at the WEF's annual meeting at Davos this week, which President Ramaphosa has opted not to attend, choosing instead to remain at home and apply all his energies to finding a solution "*to the ongoing energy crisis*"[7].

Whether the President's focus on ESKOM will make any difference is doubtful at best; but it can justifiably be said that in common with the energy crisis, the extended South African value chain is suffering as a result of years of mismanagement and neglect cascading down to every level of business. There is not one single major fix that will improve logistics performance and efficiency; therefore, we must focus on every single win – no matter how small – we can muster and rebuild the integrated system from the start. South Africa is way too dependent on trade and global integration – despite the insistence on localisation for jobs and industrial growth. The truth is, not only are we de-industrialising at a rapid pace – we are becoming less efficient and less competitive than our global peers – even in industries in which we used to enjoy comparative advantage! To fix the current crisis, we need a unified business, a committed labour force, a

[6] McKinsey. 16/01/2023. 2023, a testing year: Will the macro-scenario range widen or narrow?
[7] Magwenya, V. 15/01/2023. President Ramaphosa cancels trip to World Economic Forum as load shedding crisis deepens.

strong, decisive government, and a collective social compact between all parties. SA Inc can no longer wait for the volatile global economy to calm down; we must first get our own house in order!

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 14 to 20 January [8]

7-day flow forecast (14/01/202 – 20/01/2023)		
TERMINAL	**NO. OF CONTAINERS[9] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 621	4 923
DURBAN CONTAINER TERMINAL PIER 2:	9 470	10 857
CAPE TOWN CONTAINER TERMINAL:	4 398	6 060
NGQURA CONTAINER TERMINAL:	2 833	3 996
GQEBERHA CONTAINER TERMINAL:	608	400
TOTAL:	**21 930**	**26 236**

Source: Transnet, 2021. Updated 20/01/2023.

Table 3 – Container Ports – Weekly flow predicted for 21 to 27 January

7-day flow forecast (21/01/202 – 27/01/2023)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	3 921	6 035
DURBAN CONTAINER TERMINAL PIER 2:	7 739	11 125
CAPE TOWN CONTAINER TERMINAL:	7 344	9 917
NGQURA CONTAINER TERMINAL:	5 249	3 313
GQEBERHA CONTAINER TERMINAL:	300	400
TOTAL:	**24 553**	**30 790**

Source: Transnet, 2021. Updated 20/01/2023.

An average of **~6 881 containers** (**↓3%**) was handled per day for the last week (14 to 20 January, *Table 2*), compared to the projected average of **~6 835 containers** **↑1%** actual versus projected) noted in last week's report. An increased average of **~7 906 containers** (**↑15%**) is predicted to be handled next week (21 to 27 January, *Table 3*). Port operations this week were characterised by adverse weather conditions, frequent equipment breakdowns and shortages, power outages causing system challenges, and congestion.

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

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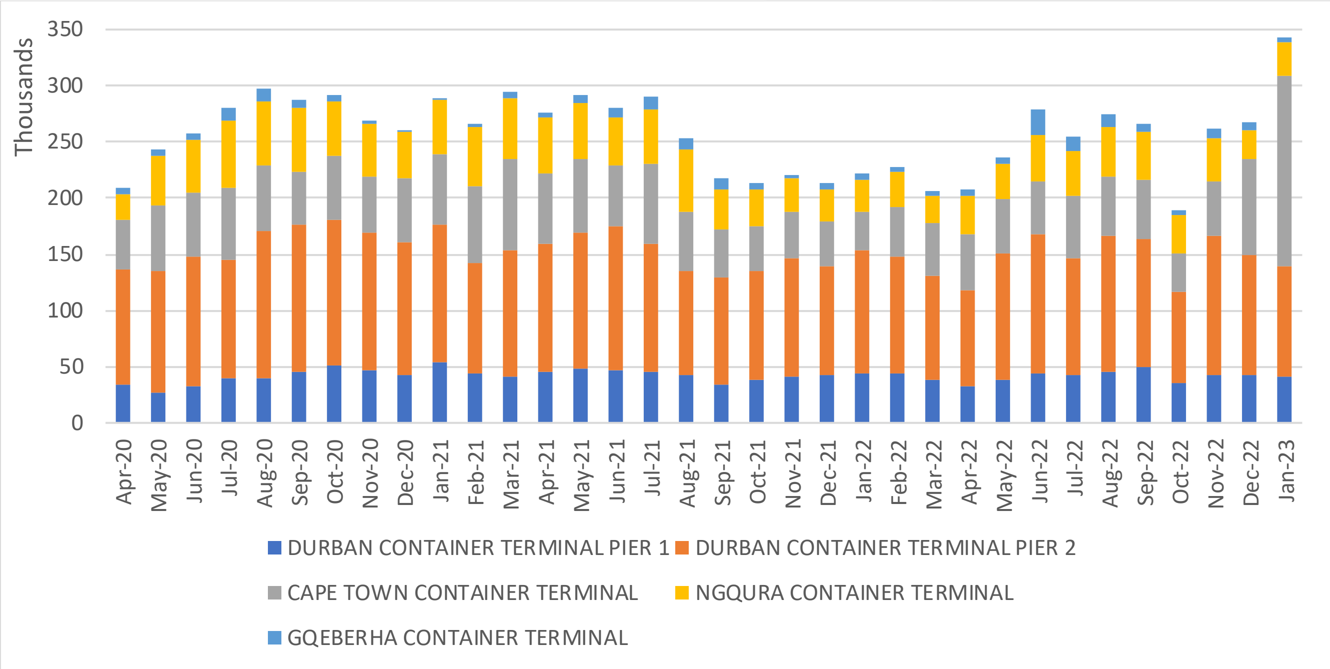
[8] It remains important to note that a large percentage (approximately 39% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.

[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.

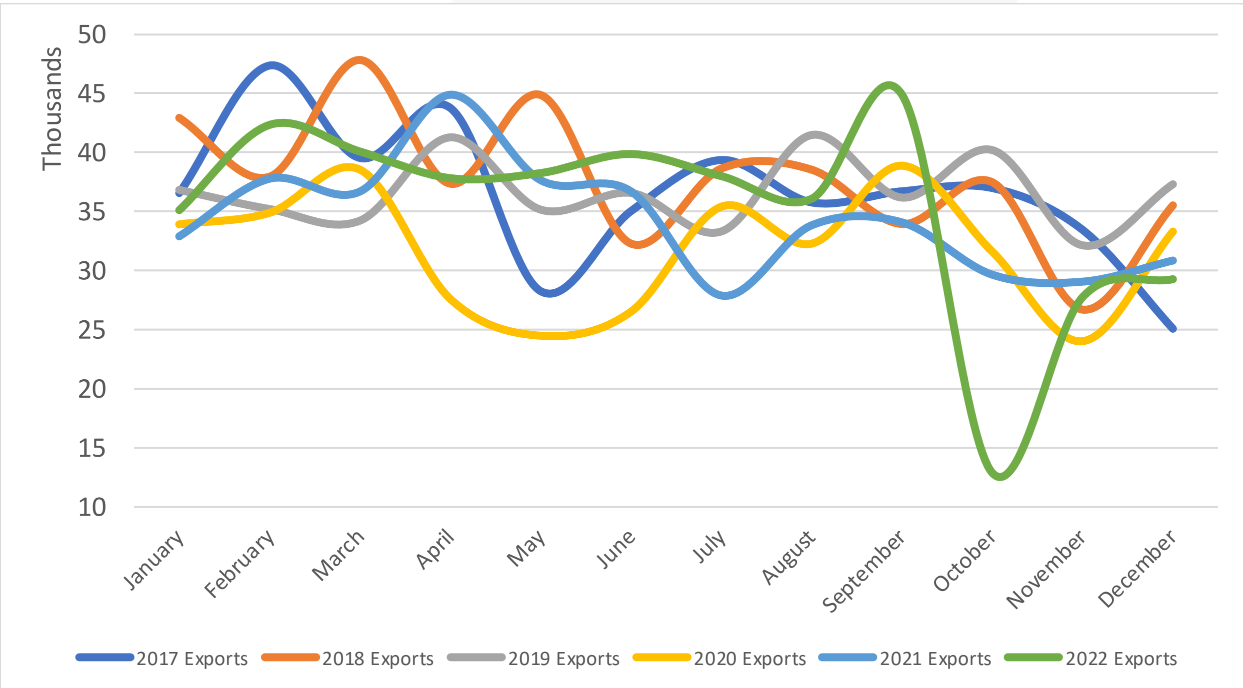
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 20/01/2023.

After realising that South Africa's container market has not grown since 2009, as reported in last week's Cargo Report, we zoomed in on Cape Town's containerised exports this week. From brief viewing, exports have a distinct cyclical nature (which may relate to key agri-export products, especially seasonal fruit types):

Figure 4 – CTCT Exports (TEUs, 2017-2022)

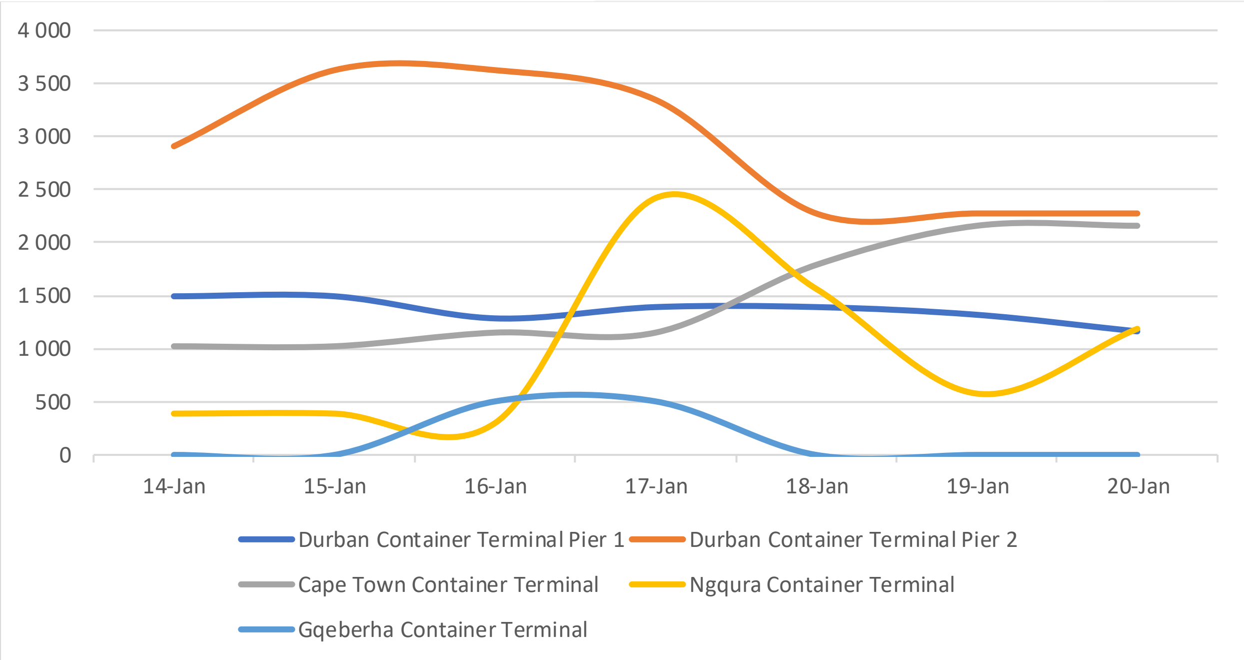


Source: Calculated using data from Transnet, 2022. Updated 20/01/2023.

Volumes handled last year were similar to 2017 levels, as the container terminal accounts for **20,2%** of South Africa's containerised cargo – slightly up from the **19%** recorded six years ago. When further delving into the stats, empty containers play a significant role, especially for import containers (which will later be used to export goods). Depending on the demand (and the prevailing season), as much as **50%** of import containers handled at CTCT are empty. For exports, the share is much less, so the total share of traffic for an entire year is more like 30%, although it obviously fluctuates throughout the year. Therefore, a significant portion of total operating time is spent on repositioning equipment. One might wonder if these exported empties might be better utilised for carrying export cargo, but that, of course, would require cargo typically moved in bulk or break-bulk form to be converted to containers. This has been done with some success in the past, but it brings its own problems in terms of additional handling costs and distance from the market

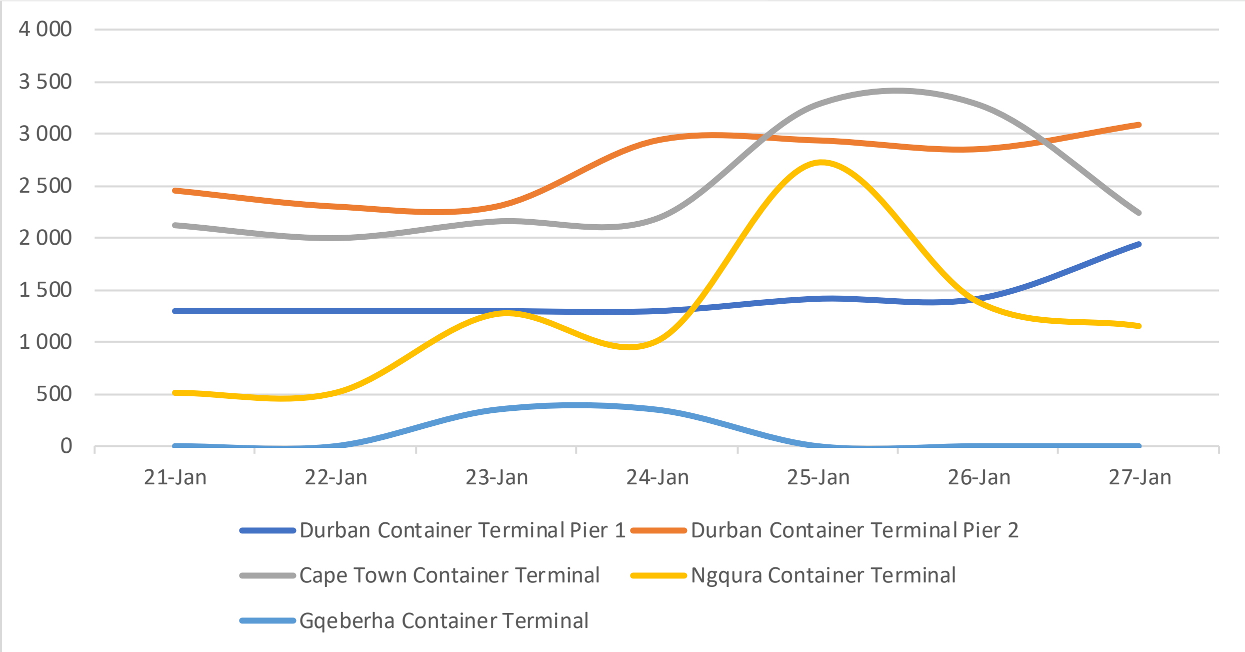
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 5 – 7-day flow reported for total container movements (14 to 20 January; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 20/01/2023.

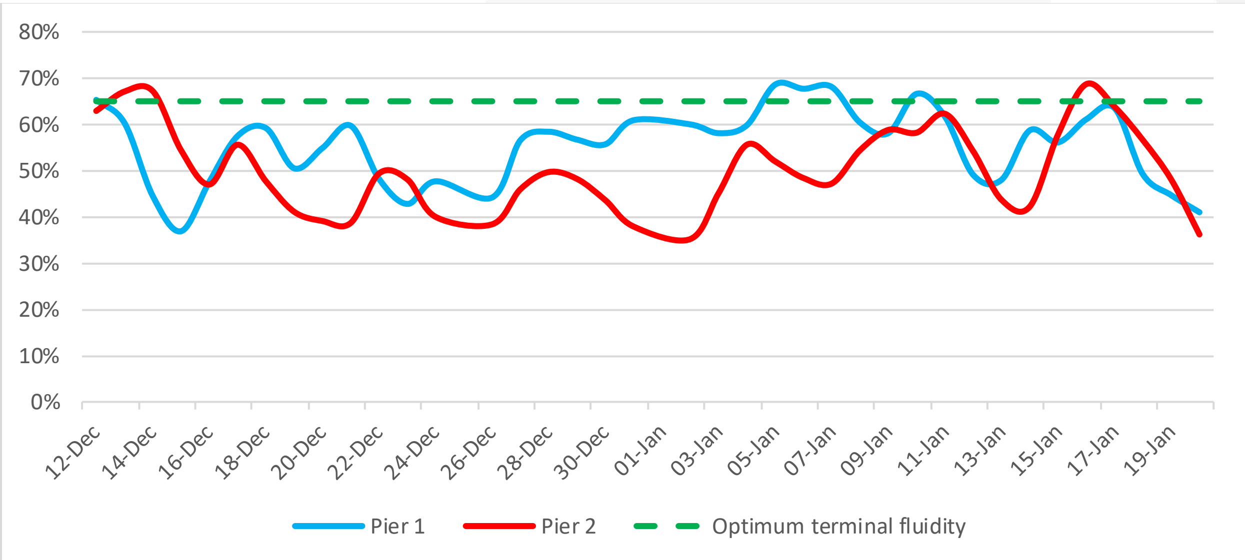
Figure 6 – 7-day forecast reported for total container movements (21 to 27 January; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 20/01/2023.

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

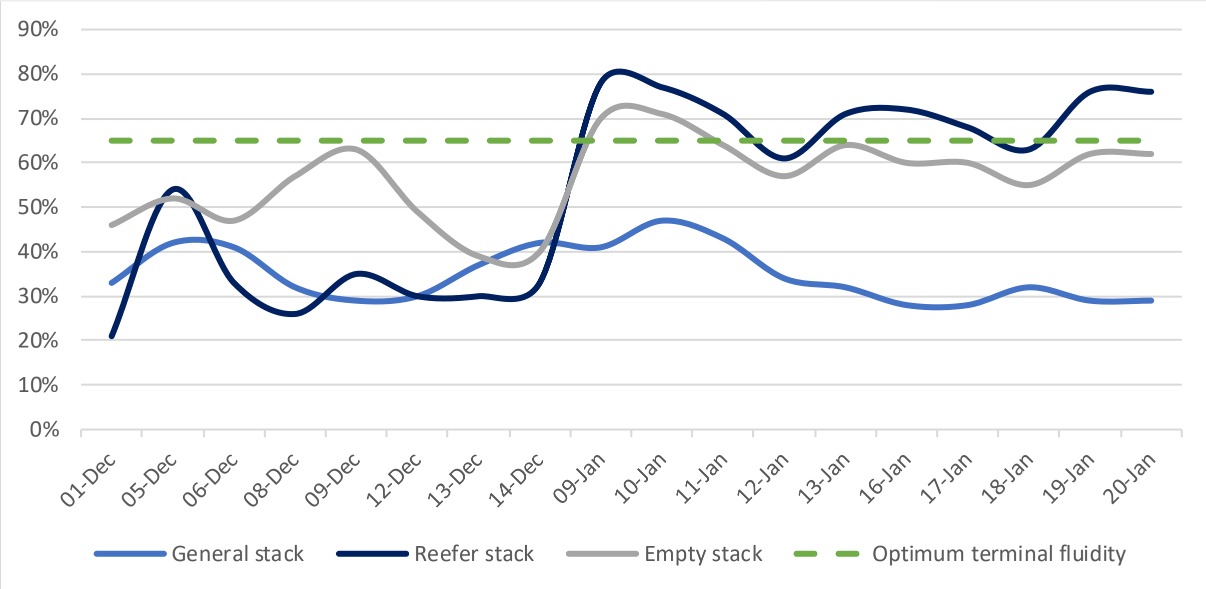
Figure 7 – Stack occupancy in DCT, general-purpose containers (12 December to present; day on day)



Source: Calculated using data from Transnet, 2022. Updated 20/01/2023.

The following figure shows daily stack occupancy in Cape Town over a similar period.

Figure 8 – Stack occupancy in CTCT, GP, reefer, and empty stack (1 December to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 20/01/2023.

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

Operations at the Cape Town port were frequently delayed throughout the most significant part of the week due to strong winds and dense fog.

The challenges in Durban persisted this week as equipment breakdowns and shortages, system failures, power outages, and adverse weather ensured operational delays. Conversely, Richards Bay experienced a better week as minimal delays were reported. However, the queueing of coal trucks on the N2 remains a cause of concern.

Lastly, the Eastern Cape ports were subject to equipment breakdowns and adverse weather conditions, ensuring operational delays throughout the week.

ii. Cape Town

On Thursday, CTCT recorded three vessels at berth and six at outer anchorage. Stack occupancy for GP containers was 29%, reefers 76%, and empties 62%. In the latest 24-hour period to Friday, the terminal handled 2 915 TEUs across the quay while servicing 1 246 external trucks on the landside.

The focus was on the waterside performance at the container terminal this week, giving cause for concern. The average anchorage time per vessel was reported at **133,14 hours** – translating to an astounding **5,5 days**. Moreover, the industry received several reports of trucks being fined on Marine Drive because they couldn't get to the terminal. These calamities again speak to deep-rooted structural issues in the system, apart from the obvious poor performance and efficiency of our port and logistics systems (not to mention the dreadful rail sector).

On Tuesday, Cape Town MPT recorded one vessel at anchor and one at berth. In the 24 hours to Wednesday, the terminal managed to service 89 external trucks and one train on the landside. Stack occupancy was captured at 34% for GP containers, 61% for reefers and 50% for empties.

This week, TNPA reported that the port of Cape Town would be exempted from load-shedding beyond stage 8, providing our economy with a glimmer of hope amid a prolonged energy crisis.

iii. Durban and Richards Bay

Pier 1 on Wednesday recorded one vessel at berth, operated by six gangs, and zero vessels at anchor. Stack occupancy was 49% for GP containers, with 2 076 imports on hand and 402 unassigned units. The terminal recorded 1 872 landside gate moves on Wednesday, with 1 018 cancelled slots and 145 wasted.

Pier 2 had three vessels at berth and none at anchorage on Thursday. In the most recent 24 hours to Friday, stack occupancy was 48% for GP containers and 18% for reefers. The terminal operated with 11 gangs and managed to move 3 094 TEUs across the quay. On Friday, there were 3 358 gate moves on the landside with a truck turnaround time of ~80 minutes and a staging time of ~135 minutes. (These figures represent better performance, no doubt, but still fall woefully short of the demonstrated capacity of nearly 4 800 moves per day, as per *Figure 9*). Lastly, 173 rail import containers were on hand, with 217 moved by rail.

In addition, equipment challenges were rife in Durban this week as extensive delays were experienced due to a shortage of operating tugs. For the most significant part of the week, the port operated with a maximum of three tugs, as three tugs went out of commission during the early stages of the week. In addition, one tug experienced a compressor issue and another experienced engine challenges, while the third tug spent its time undergoing repairs at the drydock.

Durban MPT terminal, on Monday, recorded two vessels at berth and four at outer anchorage while handling an undisclosed number of containers on the waterside. Stack occupancy for breakbulk remained very high at 90%, while stack occupancy on the container side improved to 29%. In addition, three cranes, eight reach stackers, one empty handler, and 20 ERFs were in operation in the 24 hours leading to Tuesday, complemented by two gangs operating breakbulk and container operations.

On Wednesday, Richards Bay recorded 28 vessels at anchor, which translates to six bulk, 14 coal, six general, zero bunkers, zero tankers, and two liquid vessels. On berth, they recorded 11 vessels, seven at DBT, four 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 Thursday.

Throughout the week, videos circulated on social media of more than 350 tipper trucks (mostly coal) waiting to turn off to RBCT. Although South Africa has seemingly jumped at the opportunity to export more coal given the global geo-political environment and ensuing energy crisis in the west (not to mention that international coal prices are at record highs and we're losing out big time), one can't help but ask questions given our own energy security, not to mention over-reliance on raw materials. In fact, South Africa has not diversified its exports on any meaningful level since 2009, as raw materials still constitute some **30%** of our export product categories, just as they did 13 years ago[10]. The DTIC's localisation strategies (which the department refers to as "*building local industrial capacity for the domestic market and for export markets*"[11]) for jobs and industrial growth must therefore be questioned. The many success stories (which the department's minister is all too eager to point out) are more than offset by the many tragic stories. Further

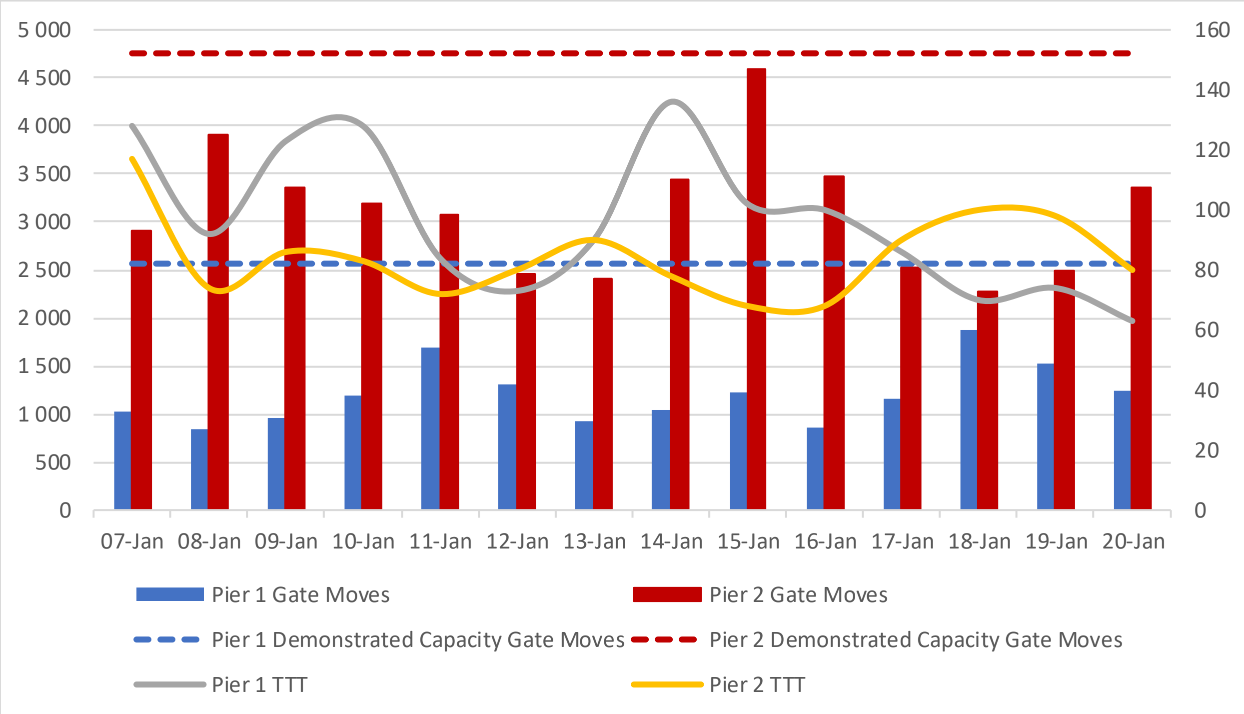
[10] South Africa's share of capital (13% in 2011, 13% in 2020) – and consumer goods (18% in 2011, 19% in 2020) trade as a percentage of exports – as measured by the WB (WITS) – has hardly increased in ten years – the country is still predominantly exporting raw materials and intermediate goods.
[11] DTIC. 18/05/2021. Policy Statement on Localisation for Jobs and Industrial Growth.

clear evidence of this can be found in the fact that there has also been no structural change in our imports share, as our imports are dominated by capital (**31%**) and consumer goods (**35%**).

Elsewhere, some positive news has been communicated by TNPA this week, in that the Durban port will be exempt from load-shedding up to stage 8, which provides our economy with a glimmer of hope amidst a catastrophic energy crisis. Unfortunately, several power outages impacted operations and systems during the week, leading to delays. The most notable was on Tuesday when tower 109 at Pier 2 ceased all operations for most of the day.

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 20/01/2023.

iv. Eastern Cape ports

GCT on Monday recorded zero vessels at outer anchorage and one at berth. For marine resources, two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Tuesday. In the same period, stack occupancy was 8% for GP containers, 9% for reefers, and 8% for reefer ground slots. In addition, 103 trucks were serviced at a truck turnaround time of ~17 minutes, while no trains were serviced on the landside.

NCT on Wednesday recorded two vessels on berth and one vessel at outer anchorage. Marine resources of one tug, one shared pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading into Thursday. In the same period, stack occupancy was 25% for GP containers and 6% for reefers. On Thursday, 3 015 TEUs were handled across the quay. Additionally, 236 trucks were serviced on the landside at a truck turnaround time of ~30 minutes.

v. Saldanha Bay

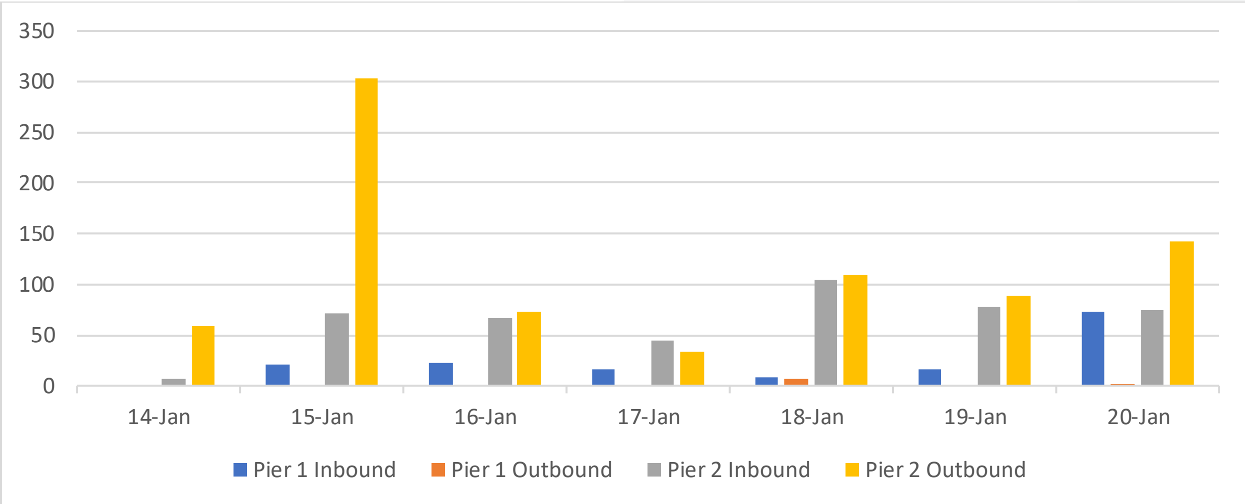
On Friday, Saldanha Bay recorded zero vessels at the outer anchorage and seven on the berth. Two tugs, one pilot boat, three pilots, two VTS staff, and two berthing masters were providing marine services at the port.

vi. Transnet Freight Rail (TFR)

This week, TFR indicated that they are still experiencing widespread cable theft, which led to three load plans being cancelled over the 24 hours leading to Friday. TFR further reported that drone technology is being deployed in hotspot areas in an attempt to mitigate the levels of cable theft experienced.

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

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



Source: Calculated using data from Transnet, 2022. Updated 20/01/2023.

In the last week (14 to 20 January), rail cargo handled out of Durban was reported at **1 416** containers, down by **↓27%** from the previous week's **1 944** 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 2 January. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *January 2022* averaged **~613 769 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

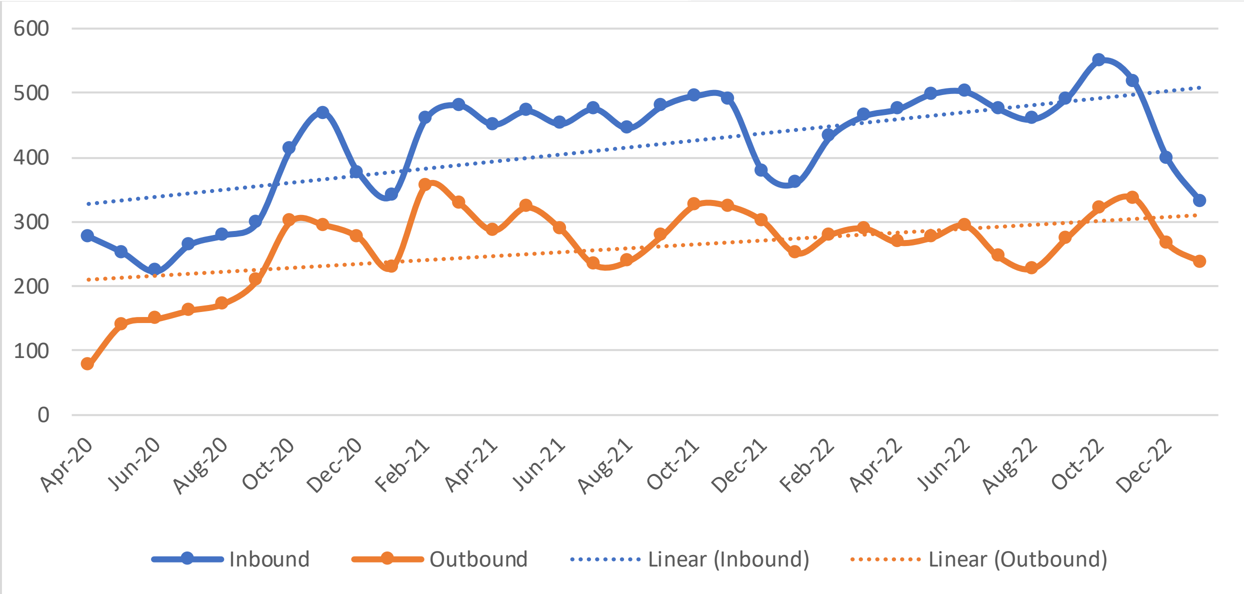
Flows	09-Jan	10-Jan	11-Jan	12-Jan	13-Jan	14-Jan	15-Jan
Volume inbound	418 197	230 750	256 098	209 523	235 483	277 976	883 844
Volume outbound	184 253	142 184	233 441	238 159	248 059	228 621	572 573
Total	**602 450**	**372 934**	**489 539**	**447 682**	**483 542**	**506 597**	**1 456 417**

Courtesy of ACOC. Updated: 17/01/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **358 839 kg** inbound and **263 899 kg** outbound, resulting in an average of **622 737 kg per day** or **~101%** compared with January 2022. Also, the level is currently at **~109%** compared with the same period in 2021.

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

Figure 11 – International cargo from OR Tambo (millions)



Courtesy of ACOC. Updated: 17/01/2023.

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 *January 2022* was **~63 526 kg** per day.

Table 5 – Total domestic inbound and outbound cargo

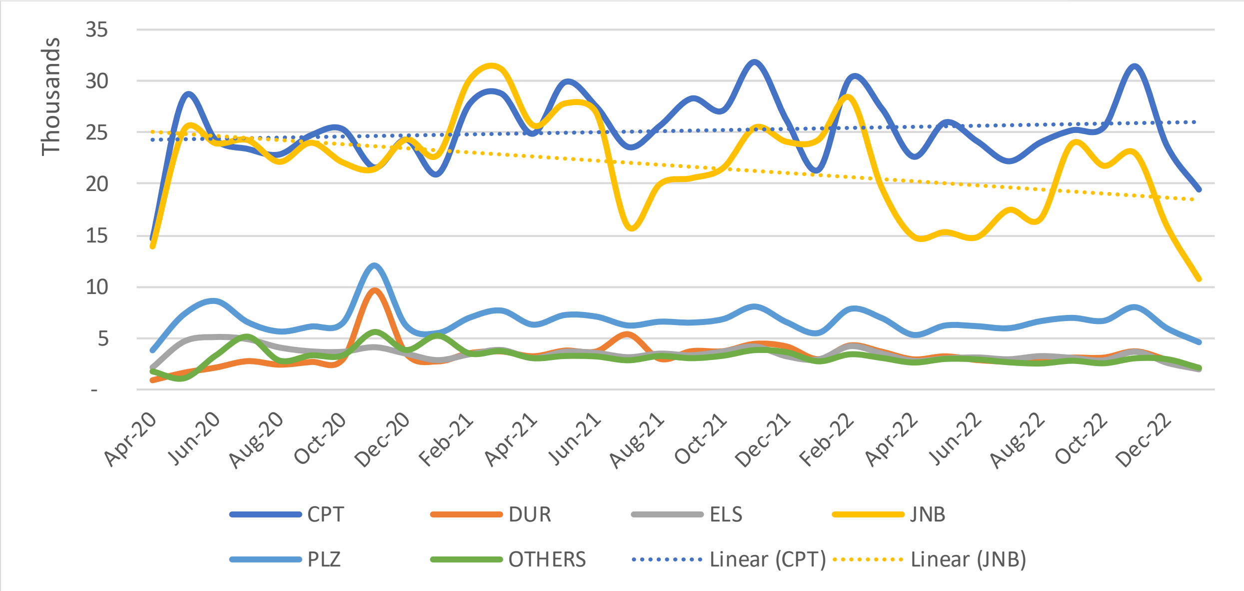
DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Mar-Dec '20 Ave.	**21 813**	**2 941**	**3 751**	**20 539**	**6 571**	**3 176**	**56 713**
Jan-Dec '21 Ave.	**26 817**	**3 754**	**3 452**	**24 270**	**6 789**	**3 483**	**68 218**
Jan-Dec '22 Ave.	**25 230**	**3 295**	**3 244**	**19 449**	**6 312**	**2 952**	**60 480**
December Ave.	**23 644**	**2 881**	**2 593**	**15 834**	**5 942**	**2 946**	**53 839**
January Ave.	19 448	2 089	1 963	10 741	4 600	2 114	**40 956**
05-Jan-23	25 973	2 997	2 888	16 155	6 603	2 562	**57 178**
06-Jan-23	13 668	2 166	1 917	10 784	4 051	2 123	**34 709**
07-Jan-23	1 911	803	30	215	243	41	**3 242**
08-Jan-23	1 014	396	105	116	365	141	**2 136**
09-Jan-23	34 225	2 658	3 782	17 587	8 873	3 714	**70 840**
10-Jan-23	34 116	3 348	3 845	20 663	8 017	3 793	**73 782**
11-Jan-23	39 206	3 985	2 604	19 264	7 397	3 449	**75 904**

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
12-Jan-22	40 023	3 740	3 875	20 579	7 682	2 892	**78 791**
13-Jan-22	17 674	3 017	1 655	13 049	4 940	2 587	**42 920**
14-Jan-22	2 097	290	65	465	156	51	**3 124**
15-Jan-22	3 501	202	144	355	1 242	294	**5 737**
Total for 2023:	**311 175**	**33 429**	**31 404**	**171 854**	**73 604**	**33 827**	**655 292**

Courtesy of BAC. Updated: 17/01/2023.

The average domestic air cargo moved last week was **~54 165 kg** per day, which is **↑71%** compared with the previous week, but only **~85%** compared to January 2022 as operations pick up for the year.

Figure 12 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 17/01/2023.

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.

- During the first week of the year, the median border crossing times at South African borders averaged **~6,3 hours** (**↑16%**, w/w) for the week, as HGVs throughput has seemingly returned to the forefront at our borders after the scurry of passengers took centre stage over the holidays.
- 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 has arguably achieved much greater success.

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

Table 6 – Delays[13] summary – South African borders

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	391	6	5	24	11 730	2 737
Beitbridge	Zimbabwe-SA	410	4	3	15	12 300	2 870
Groblersbrug	SA-Botswana	248	1	2	14	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	1	2	600	140
Nakop	SA-Namibia	30	0	2	4	900	210
Ariamsvlei	Namibia-SA	20	0	1	2	600	140
Lebombo	SA-Mozambique	1 552	0	1	6	46 560	10 864
Ressano Garcia	Mozambique-SA	133	1	0	2	3 990	931
Skilpadshek	SA-Botswana	200	1	1	2	4 800	1 400
Pioneer Gate	Botswana-SA	100	1	0	2	2 400	700
	Average/Sum	**3 291**	**01:00**	**01:00**	**06:00**	**96 930**	**23 037**

Source: TLC, FESARTA, & Crickmay, week ending 15/01/2023.

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	19	9 600	2 240
Dar Es Salaam Corridor	1 819	4	3	11	54 570	12 733
Maputo Corridor	1 685	0	1	4	50 550	11 795
Nacala Corridor	127	0	6	6	3 810	889
North/South	3 278	2	4	10	74 791	22 946
Trans Caprivi Corridor	116	3	4	28	3 480	812
Trans Cunene Corridor	100	0	2	22	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**	**02:00**	**03:00**	**10:00**	**210 721**	**55 125**

Source: TLC, FESARTA, & Crickmay, week ending 15/01/2023.

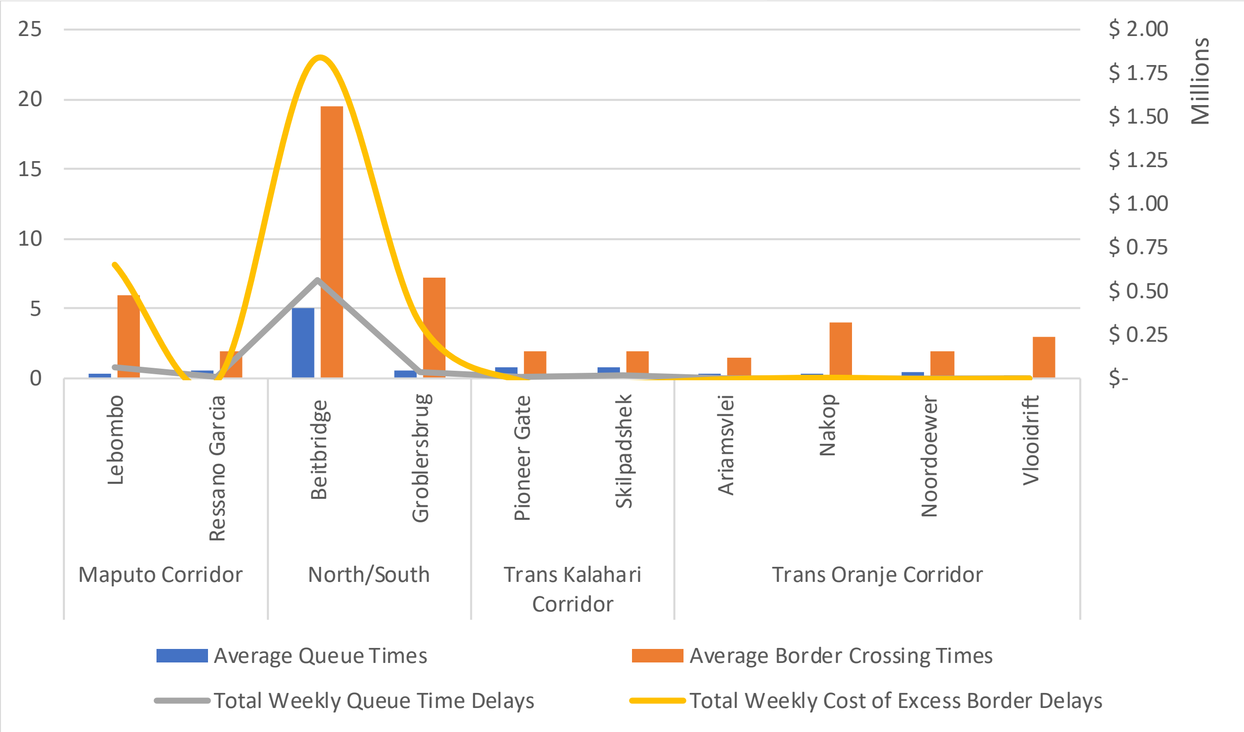
The following graph shows the weekly change in cross-border times and associated estimated costs:

[12] FESARTA TRANSIST Bureau.

[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.

[14] Heavy Goods Vehicles.

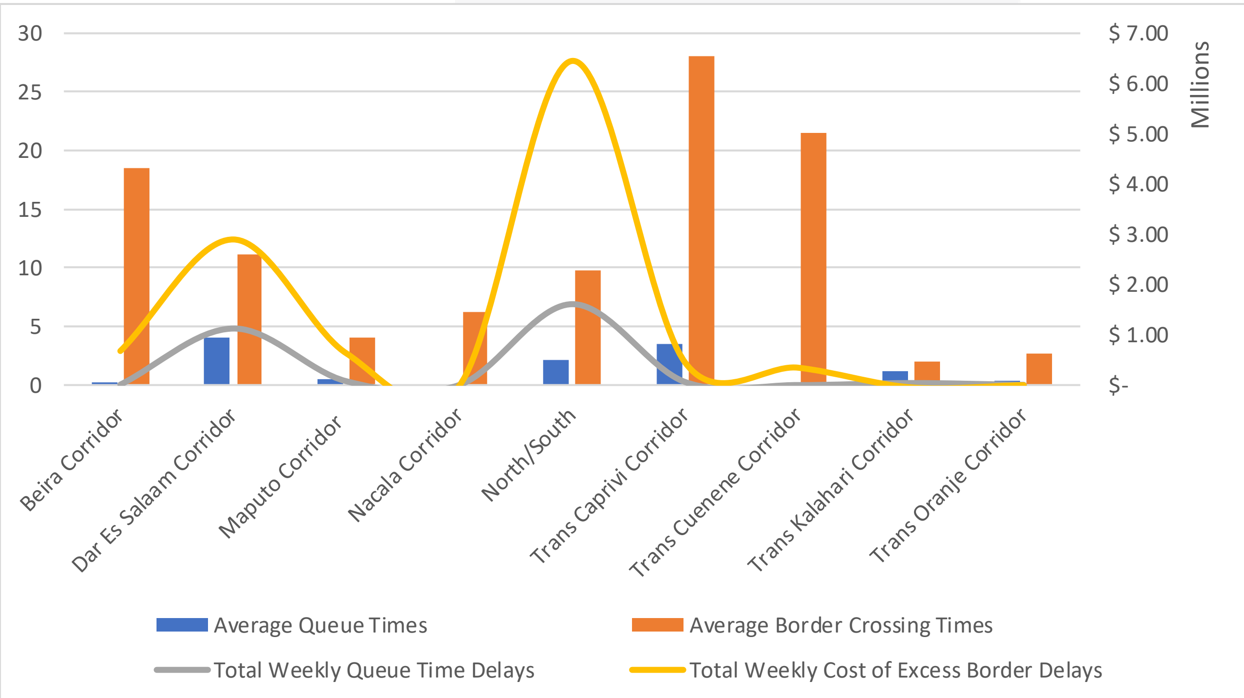
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 15/01/2023.

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 & $ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 15/01/2023.

In summary, cross-border queue time has averaged **~1,7 hours** (down by **~0,3 hours** from the previous week's **~2 hours**), costing the transport industry an estimated **$3 million** (**R51 million**). Furthermore, the week's average cross-border transit times hovered around **~9,8 hours** (down by **~1,4 hours** from the **~11,2 hours** recorded in the previous report), at a cost to the transport industry of **$11 million** (**R200 million**). As a result, the total cost for the week amounts to an estimated **~R252 million** (down by **~R22 million** or **↓8%** from **R273 million** in the previous report).

4. International Update

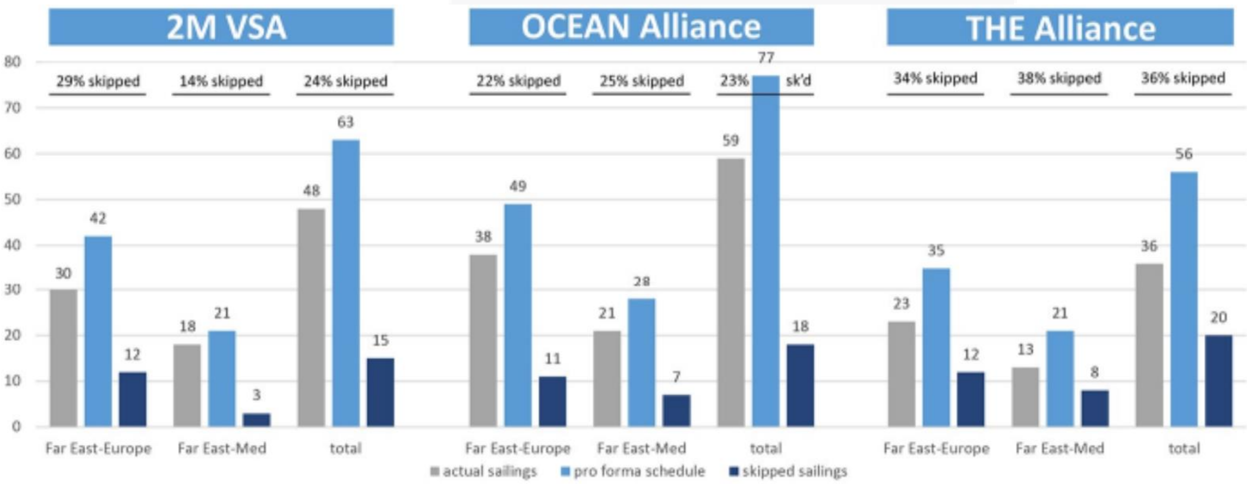
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global shipping industry and **(b)** the global aviation industry.

a. Global shipping industry

i. Cancelled sailings and liner scheduling

The widespread schedule management – due to **(1)** the waning global demand for merchandise goods, **(2)** strategic manipulation of space availability by carriers in their efforts to limit supply to prevent a collapse in rates; and **(3)** the active containership fleet[15] reaching its highest levels since 2020[16] – continues this week, with large numbers of sailings being axed on major routes. For example, 27% of sailings axed in the first seven weeks of 2023 were in the Asia-Europe trade. And the blank sailings were largely implemented by the major alliances[17]. Ultimately, indications are that the three big carrier alliances plan to skip 53 of the 196 sailings originally scheduled between 1 January to 17 February. However, this number could still increase if the carriers decide to blank further sailings after the week-long Chinese New Year Holiday. The actions of the major alliances are key, as Sea Intelligence this week reported that the share of "non-alliance" operations is decreasing[18]. The surplus tonnage cascading to smaller lanes poses a threat to smaller operators[19].

Figure 15 – Major Alliances: Scheduled vs cancelled sailings (1 January to 17 February)



Source: Alphaliner

It has become a general practice for container lines to 'void' sailings in the calm weeks after the Chinese New Year. These sailings will undoubtedly affect service to South Africa, as our numbers have not grown materially for 13 years, as mentioned in last week's report. In contrast to the current global situation, the

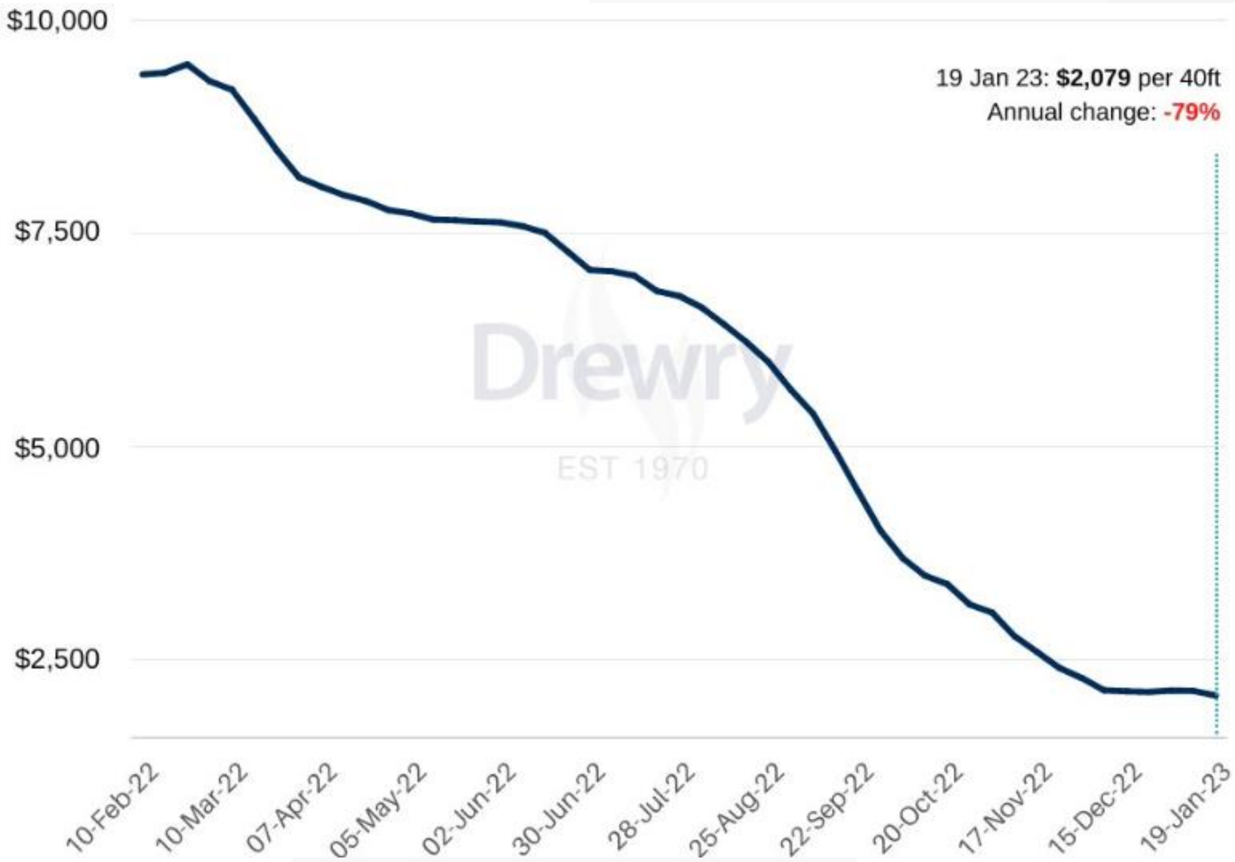
[15] Which is set to increase, as MSC has ordered another 10 - Li, M. 18/01/2023. MSC shops for 10 more box ships, bringing its orderbook to 134.
[16] Linerlytica. 17/01/2023. Market Pulse.
[17] Alphaliner. 18/01/2023. Asia-Europe: 27% of sailings axed in first seven weeks of 2023.
[18] Murphy, A. 19/01/2023. Non-alliance share is reducing.
[19] Wackett, M. 17/01/2023. Surplus tonnage cascading a threat to smaller box ships.

weeks before the holidays typically saw a small export rush from China, as cargo is shipped out before the factories close, and production comes to a near standstill. However, 2023 numbers do not indicate that the industry will experience this rush. For comparison, Drewry's "*Cancelled Sailings Tracker*" also registered another increase in the share of blank sailings, coming in at an approximate **25% cancellation rate**[20] this week. The ongoing scheduling changes continue to re-order the current state of containerisation, with an apparent "return to normal" evident. For example, total containership capacity employed on the Intra-Far East routes is rising again after a two-year decline, as ships that were redeployed to the more lucrative long-haul trades (mainly to the US East and West coasts) are now returning in large numbers.

ii. Global container freight rates

There has been another decrease in global container freight rates this week, as spot rates are nearing the psychological **$2 000-mark**. The latest Drewry "*World Container Index*" shows a significant decrease this week, as the index is down by **↓3%** (**$53**) to **$2 079** per 40-ft container:

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



Source: Drewry Ports and Terminal insights

The composite index is now **↓79%** below the corresponding spot price quoted last year and **↓23%** lower than the 10-year average. Regionally, all eight major routes are now lower than last year, with Shanghai –

[20] Drewry. 13/01/2023. Cancelled Sailings Tracker - 13 Jan.

Rotterdam nearly half the price. The current reality has forced many carriers to revisit all offerings, including contractual obligations, since many pro forma sailings have been chopped, as mentioned above. Forecasting rates is a dangerous thing to do during the prevailing cross-currents globally, but it is fair to suggest that shippers are set to experience much better conditions. Linerlytica reckons that both freight rates and charter rates will continue to weaken in the next four weeks as activity slows for the extended Chinese holidays, with blank sailings having a little material effect on stopping the rate rot[21].

iii. Further developments of note

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

1. **Maersk awaits a modal shift from air to sea as ocean rates continue to fall:**
    a. Maersk expects to see a modal shift from air to sea this quarter as ocean freight rates continue to fall.
    b. An update to customers said air freight volumes remained low, adding: "*High inflation rates across Europe are continuing to impact disposable income and how much consumers are spending.* "
2. **First major labour action of the year hits Calais:**
    a. Although not trade-related per se, the first major strike action hit Europe this week, as DFDS diverted customers onto its ferries to Dunkirk to mitigate the disruption caused by industrial action in France that forced the closure of the port of Calais[22].
    b. Strikes across France forced DFDS to cancel all its Dover-Calais services and daily Sheerness-Calais crossing, and Ferries to suspend all but two of its sailings between Dover and Calais.

b. Global air cargo industry

i. Latest air cargo market trends

Global air cargo tonnages have shown a strong post-holiday season recovery in the second week of 2023, according to World ACD's latest analysis[23]. The upswing is delayed compared with last year, when tonnages had already begun to recover by the end of the first week. However, when combining the first two weeks of 2023, the recovery is similar in magnitude, the latest preliminary figures from Market Data indicate. Figures show a jump of **↑19%** (up from **↑13%** last year) in worldwide tonnages compared with the previous week:

Figure 17 – Air cargo industry overview – capacity, weight, and yield (bi-weekly & yearly change)

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		-2%	+18%		-11%	-7%		+3%	-4%
Asia Pacific		+3%	+6%		-6%	-27%		-5%	-35%
C. & S. America		+4%	+6%		-4%	-1%		-4%	-4%
Europe		+3%	+6%		-15%	-15%		+5%	-10%
M. East & S. Asia		+3%	+10%		-1%	-14%		-4%	-39%
North America		+5%	+11%		-4%	-25%		+0%	-4%
Worldwide		**+3%**	**+8%**		**-8%**	**-20%**		**-1%**	**-25%**

Source: *World ACD*

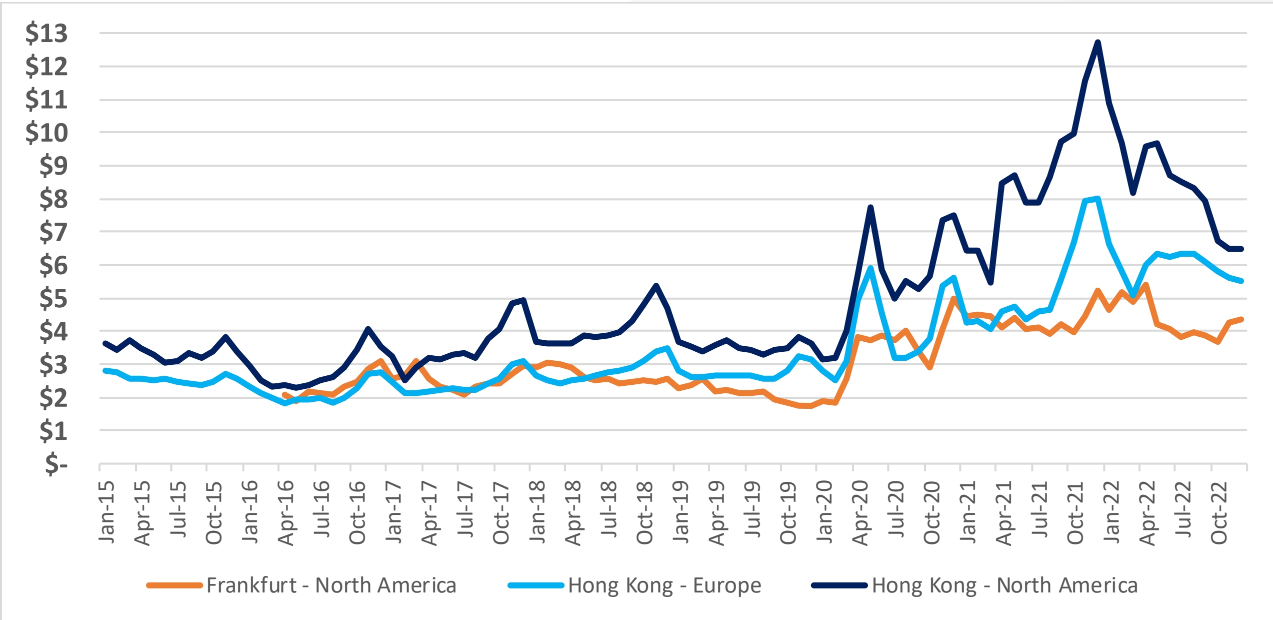
[21] Linerlytica. 17/01/2023. Market Pulse.
[22] Whiteman, A. 19/01/2023. Dover ferry operators divert traffic to Dunkirk as strike closes Calais.
[23] World ACD. 20/01/2023. Delayed post-holiday recovery in demand – World ACD Air cargo trends for the past 5 weeks (week 2).

Despite the strong recovery compared with the previous week, tonnages were still down from all regions in. On a regional level, tonnages outbound from Europe were down to all other regions, on a bi-weekly basis, with the most notable decreases in Africa (**↓23%**). Comparing the overall global market with this time last year, chargeable weight was down **↓20%** compared with the equivalent period last year, at a lower capacity. Nevertheless, overall capacity has increased by **↑8%** (y/y), most notably ex-Africa (**↑18%**).

ii. Air cargo rates

Air freight rates on major routes have mostly normalised, according to the latest "*Baltic Exchange Airfreight*". With factories already closing in China, ahead of next week's new year holiday, airfreight rates on major routes are expected to decline in January:

Figure 18 – Baltic Exchange Airfreight Index ($ per kg)



Source: Adapted from BAI

For December, rates have remained mostly stable monthly but have decreased substantially compared to the same time last year. In summary, worldwide rates are currently **↓32,1%** below their unusually elevated levels this time last year, despite the effects of higher fuel surcharges. Still, they remain significantly above pre-pandemic levels (~**↑92%** higher than in 2019). On the major routes, the prevailing rates are currently:

- Frankfurt – North America is currently trending at **$4,36** per kg – **↑2,6%** (m/m) and **↓16,3%** (y/y).
- Hong Kong – Europe is currently trending at **$5,52** per kg – **↓1,8%** (m/m) and **↓31,0%** (y/y).
- Hong Kong – North America is currently trending at **$6,50** per kg – **↑0,3%** (m/m) and **↓48,9%** (y/y).

ENDS[24]

[24]**ACKNOWLEDGEMENT:**

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