

COVID-19: Cargo movement update¹

Date: 27 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)	24 331	24 262	48 593	21 930	26 236	48 166	↓1%
Air Cargo (tons)	3 928	2 628	6 556	3 588	2 639	6 227	↑5%

Monthly Snapshot

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

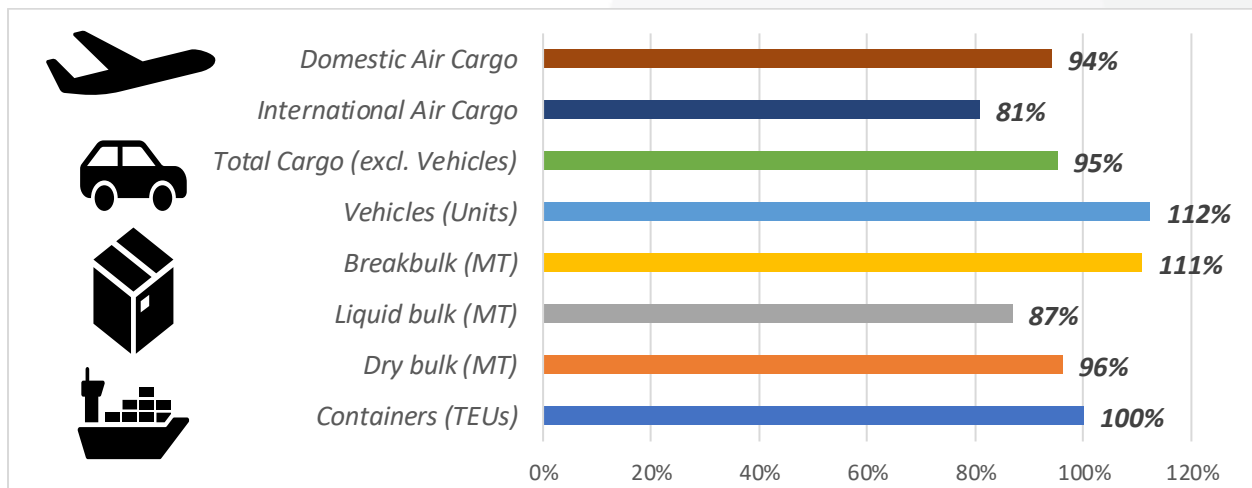
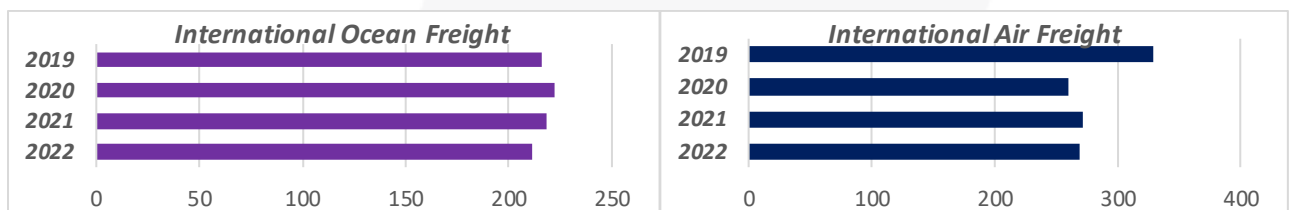


Figure 2 – Global year-to-date flows 2019-2022⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~6 942 containers** was handled per day, with **~9 567 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 255 containers**, **↑59%** compared to last week.
- Cross-border queue times were **↑0,5 hours**, with transit times **↑3,6 hours**, SA borders **~7,3 hours (↑16%)**.
- The UN predicts that global output will decelerate from an estimated **↑3,0%** in 2022 to **↑1,9%** in 2023.
- SA remain reliant on imports (**↑17%**), as the lack of origin diversification threatens further disruptions.
- Freight rates have fallen moderately again this week, with the "WCI" spot rate **↓2%** (\$32) to **\$2 047** per 40ft.
- Global air cargo continues its recovery from the low levels of the new year and has increased by **↑19%**.

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 121st 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](https://www.transnet.co.za) is used, while for air, Jan-Dec cargo to and from ORTIA is used.

Executive Summary

This update – *the 121st of its kind and the third for 2023* – contains a consolidated overview of the South African supply chain and the current state of international trade. This week's port activity was characterised by typical operational delays- weather, equipment breakdowns and shortages, and congestion – even hindering persistent low volumes. Regionally, Cape Town was severely impacted this week, as approximately 30 hours were lost due to adverse weather conditions. Equipment breakdowns were at the forefront in Durban this week as their marine services were down to one tug on multiple occasions throughout the week. Additionally, concerns about the second set of hydraulic shore tensioners in Cape Town were raised this week as the Luanda Express was delayed for approximately 20 hours due to vessel ranging. Furthermore, TFR was once again hit by persistent cable theft throughout the week; however, on Friday, all lines were operational again thanks to swift work by the Transnet engineering team.

In the global maritime economy, weekly container capacity is way down versus the last two years, notably from Asia, where cargo activity has dropped primarily due to the Chinese New Year. Unfortunately, the same is true for South Africa, as the initial indications are that January volumes will be disappointing. This ensured that the incidence of cancelled/ blank sailings remained high (with converse demolitions set to increase after a 17-year low). At the same time, it must be said that blank sailings do not paint the entire capacity management picture, as they do not account for many other service changes, including new services, extra loaders, and vessel capacity upsizing among others. Other developments of note this week include **(1)** The 2M Alliance ends, with analysts believing that Maersk has drawn the shorter straw, and **(2)** The FMC sees an increase in cases after shipping reforms prompt action by aggrieved cargo owners.

On the air freight front, both international (**↑5%**) and domestic cargoes (**↑8%**) keep trending upwards, much in line with the global market. Operationally, the functioning of the IVS Pre-Alert System is running smoothly in Johannesburg but not yet at similar efficiency levels in Cape Town. Agents and couriers are urged to adopt the system as soon as possible. There will be ongoing training sessions to get all role players up to speed. Internationally, cargo volumes and capacity have increased noticeably, but with the rates nearly **\$1 per kg less** than last year, cargo airlines are feeling the pinch as yields are way down versus 2022.

Regional road freight volumes are picking up in earnest. Unfortunately, there has been a corresponding increase in crossing times. This week, the regional transport fraternity learned of a reduced validity for in-transit bills for Zimbabwean clearances from **31 to 5 days**, which appears to be untenable due to persistent slow transit times on both sides of the country. Protests and load-shedding delays were also prevalent.

Finally, the rapidly changing macro-economic indicators point to the fact that our already bleak outlook is assuming crisis proportions – primarily due to load-shedding; and the desperate state of our extended logistics network only exacerbates the situation. In the SARB's latest MPC assessment, the bank now forecasts GDP growth of *only 0,3%* - in stark contrast to the forecasts issued by the UN this week! Given the scale of load-shedding, the SARB estimates that it deducts as much as **2%** from growth in 2023, with forecasts for **0,7%** in 2024 (down from **1,4%**) and **1,0%** in 2025 (down from **1,5%**). These reduced growth forecasts are quickly catching up with the economic reality and, indeed, the more realistic assessment made by others not employed by the state. South Africa is on course to become a failed state by 2030. In logistics and supply chain, we are fighting a battle which is typified by reduced productivity and efficiency, greater cost to do business, and reduced performance across all sectors – highlighted by container and bulk rail this week! We are in for a challenging 2023; the ANC's failed policies have ensured that.

Contents

Weekly Snapshot	1
Monthly Snapshot.....	1
Key Notes	1
Executive Summary	2
Contents	3
1. Ports Update	4
a. Container flow overview	4
b. Summary of port operations	7
i. Weather and other delays	7
ii. Cape Town.....	7
iii. Durban and Richards Bay	8
iv. Eastern Cape ports	9
v. Saldanha Bay	10
vi. Transnet Freight Rail (TFR)	10
2. Air Update	11
a. International air cargo	11
b. Domestic air cargo	11
c. Air cargo operations	12
3. Road and Regional Update	13
a. Cross-border and road freight delays	13
4. International Update	15
a. Global economy and South Africa's performance in the global economy	15
b. Global shipping industry	18
i. Container capacity and cancelled sailings.....	18
ii. Global container freight rates	19
iii. Further developments of note	20
c. Global air cargo industry	21
i. Latest air cargo market trends	21

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 21 to 27 January ⁶

7-day flow forecast (21/01/202 – 27/01/2023)		
TERMINAL	NO. OF CONTAINERS ⁷ TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 506	5 156
DURBAN CONTAINER TERMINAL PIER 2:	9 619	9 716
CAPE TOWN CONTAINER TERMINAL:	4 970	5 771
NGQURA CONTAINER TERMINAL:	5 936	3 219
GQEBERHA CONTAINER TERMINAL:	300	400
TOTAL:	24 331	24 262

Source: Transnet, 2021. Updated 27/01/2023.

Table 3 – Container Ports – Weekly flow predicted for 28 January to 3 February

7-day flow forecast (28/01/202 – 03/02/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 326	4 950
DURBAN CONTAINER TERMINAL PIER 2:	12 825	18 349
CAPE TOWN CONTAINER TERMINAL:	6 798	8 048
NGQURA CONTAINER TERMINAL:	3 387	7 038
GQEBERHA CONTAINER TERMINAL:	97	150
TOTAL:	28 433	38 535

Source: Transnet, 2021. Updated 27/01/2023.

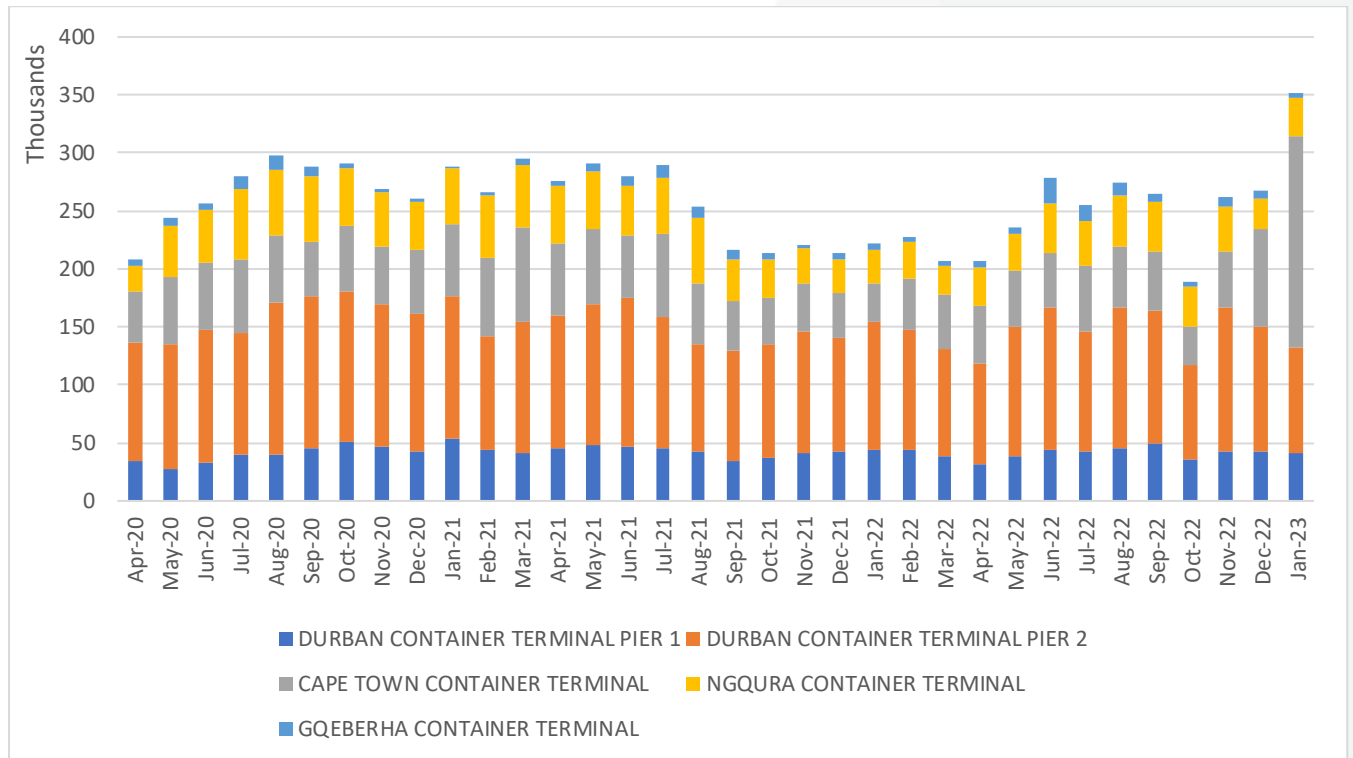
An average of **~6 942 containers** (↑5%) was handled per day for the last week (21 to 27 January, Table 2), compared to the projected average of **~7 906 containers** (↑2% actual versus projected) noted in last week's report. An increased average of **~9 567 containers** (↑38%) is predicted to be handled next week (28 January to 3 February, Table 3). Port operations this week were characterised by adverse weather conditions, frequent equipment breakdowns and shortages, delays, and congestion.

The following figure illustrates the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the nationwide lockdown. January is forecast to be a bumper month, but as we have pointed out each week, projected volumes often fall short of recorded volumes.

⁶ It remains important to note that a large percentage (approximately 39% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transshipments.

⁷ As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container and this figure will probably increase as the shift towards more 40' containers continues.

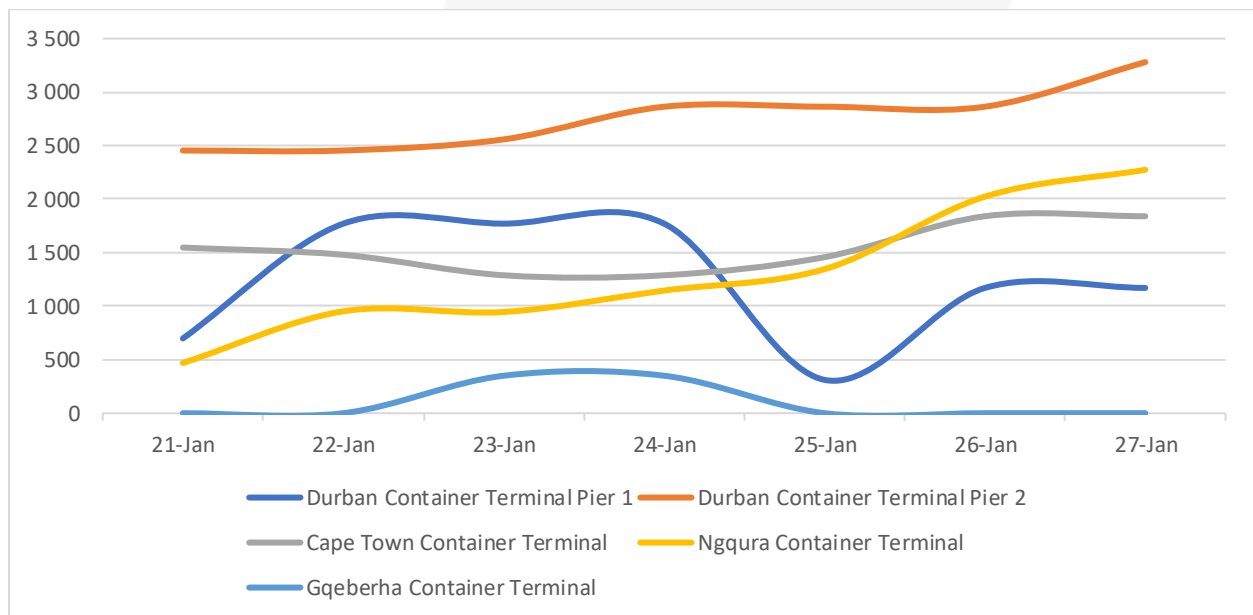
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 27/01/2023.

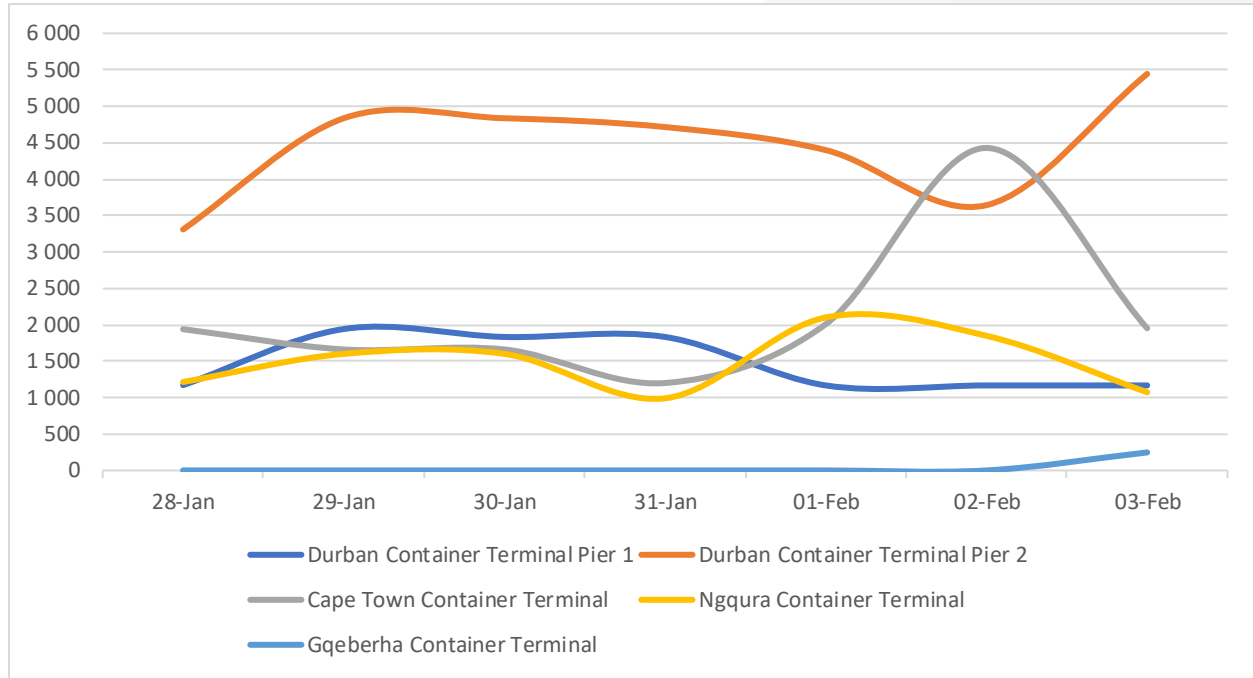
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (21 to 27 January; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 27/01/2023.

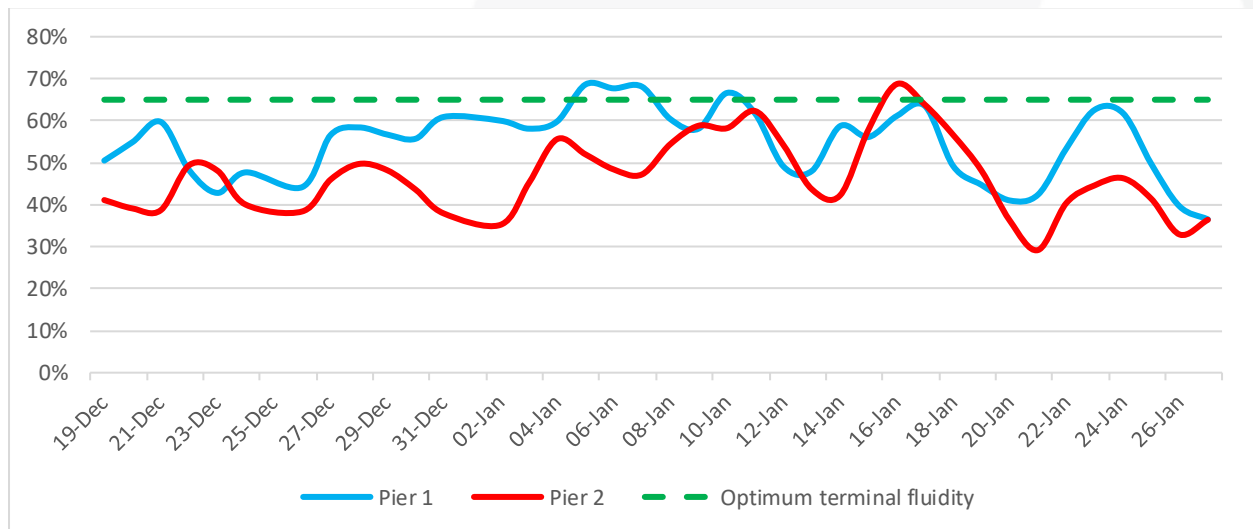
Figure 5 – 7-day forecast reported for total container movements (28 January to 3 February; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 27/01/2023.

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

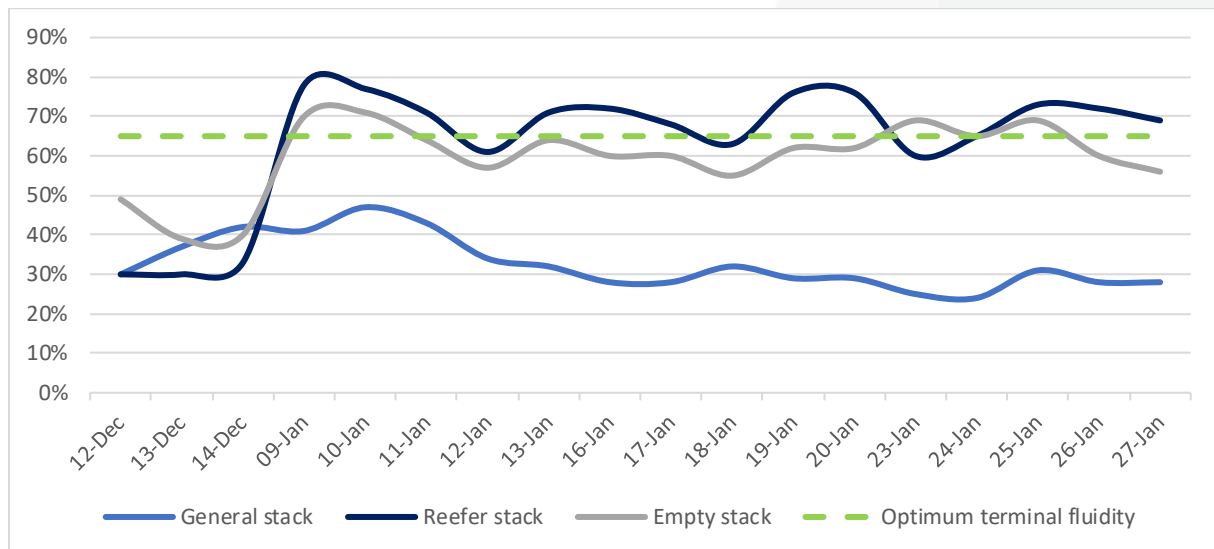
Figure 6 – Stack occupancy in DCT, general-purpose containers (19 December to present; day on day)



Source: Calculated using data from Transnet, 2022. Updated 27/01/2023.

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 (12 December to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 27/01/2023.

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 in Cape Town were severely impacted this week, as approximately 30 hours were lost due to adverse weather conditions, primarily strong southeasterly winds.

Durban had a very challenging week as adverse weather conditions, equipment breakdowns and shortages, load-shedding, and backlogs ensured operational delays. Richards Bay, however, experienced a much better week as no operational delays were reported.

The Eastern Cape ports were dealt a similar fate to their Durban and Cape Town counterparts, as operations were delayed for significant parts throughout the week due to adverse weather conditions.

ii. Cape Town

On Thursday, CTCT recorded three vessels at berth and four at outer anchorage. Stack occupancy for GP containers was 28%, reefers 69%, and empties 56%. In the latest 24-hour period to Friday, the terminal handled 2 373 TEUs across the quay while servicing 1 067 trucks on the landside.

This week, concerns about the second set of hydraulic shore tensioners were raised as the Luanda Express was delayed for approximately 20 hours across two days due to vessel ranging. On the first day, the intention was to deploy the shore tensioner; but this plan did not come to fruition as one of the shore tensioner's ropes got caught in the snatch box. Port engineers attended to the problem, and the shore tensioner was deployed the following day; however, the vessel was delayed for an additional six hours due to the vessel ranging despite the line tensioner being connected. Concerns were thus raised as the unit is brand new and is supposed to stabilise the vessel effectively and efficiently, especially as the port now has two of these units. However, according to the preliminary findings from the port's investigation, the shore tensioner was

connected correctly, and proper training was conducted to ensure the unit was correctly utilised, so the viability of this "solution" must be questioned.

On Thursday, Cape Town MPT recorded two vessels at anchor and one at berth. In the 24 hours to Friday, the terminal managed to service 304 external trucks at a truck turnaround time of ~13 minutes on the landside. Stack occupancy was captured at 24% for GP containers, 38% for reefers and 27% for empties.

iii. Durban and Richards Bay

Pier 1 on Thursday recorded two vessels at berth, operated by three gangs, and zero vessels at anchor. Stack occupancy was 40% for GP containers, with 1 121 imports on hand and 440 unassigned units. The terminal recorded 1 541 landside gate moves on Thursday, with 708 cancelled slots and 290 wasted.

Pier 2 had two vessels at berth and none at anchorage on Thursday. In the most recent 24 hours to Friday, stack occupancy was 33% for GP containers and 34% for reefers. The terminal operated with nine gangs and managed to move 2 311 TEUs across the quay. On Friday, there were 4 366 gate moves on the landside with a truck turnaround time of ~43 minutes and a staging time of ~60 minutes. Lastly, 36 rail import containers were on hand, with 310 moved by rail.

This week was seriously concerning for Durban TNPA on the equipment front as there is a serious shortage of tugs in service on the marine side. On Thursday, Durban TNPA reported that they operated with only three tugs the previous day; however, additional reports from various industry stakeholders stated that only one tug was operational for most of the night shift. This is very concerning to the industry as there is a fleet of 8 tugs in Durban while only three are operational, and that is on an intermittent basis. According to port engineers, three of the tugs have propulsion system issues. These are challenging to resolve as the procurement of spares usually proves difficult because these types are deemed non-essential. Another tug, previously caught in a fire, saw its repair project put on ice due to financial difficulties on the contractor's side. However, in December, plans gained traction to get the project restarted. Finally, there is an agreement between TNPA in Durban and TNPA in the Eastern Cape which will see one tug from the port of Ngqura being made available to Durban. While this agreement aims to bolster the Durban marine fleet, it leaves the Eastern Cape vulnerable with little to no room for error, as the ports of Ngqura and Port Elizabeth will share marine resources once more.

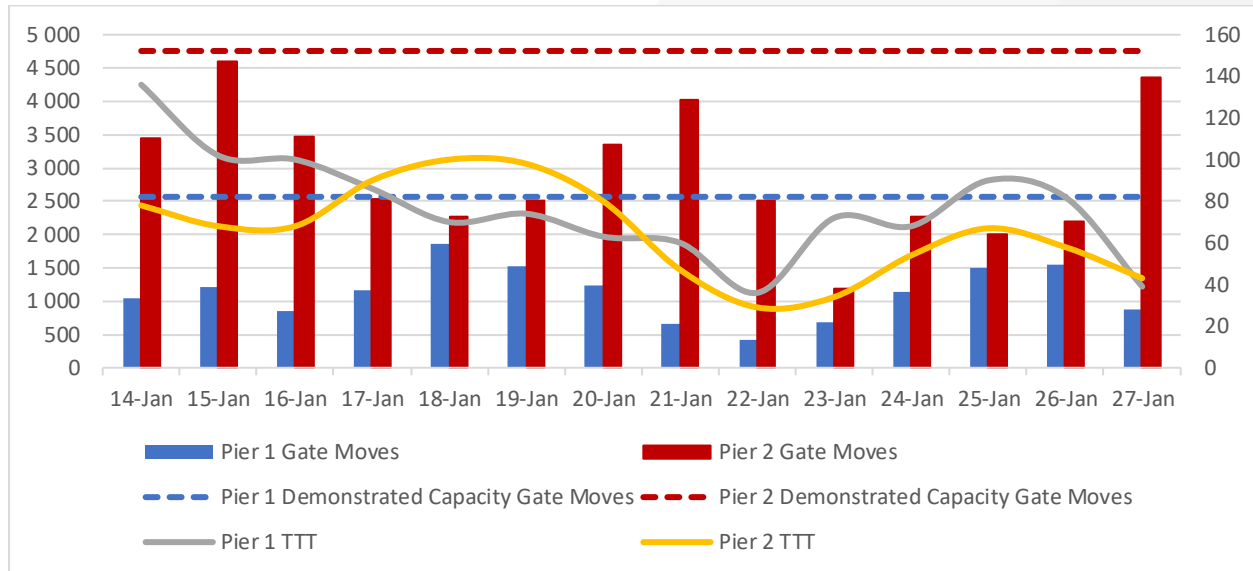
Durban MPT terminal, on Thursday, recorded two vessels at berth and one at outer anchorage while handling 250 containers on the waterside. Stack occupancy for breakbulk improved slightly but remained very high at 82%, while stack occupancy on the container side was recorded at 69%. In addition, three cranes, eight reach stackers, one empty handler, seven forklifts and 19 ERFs were in operation in the 24 hours leading to Friday, complemented by six gangs operating breakbulk and container operations.

On Wednesday, Richards Bay recorded 30 vessels at anchor, which translates to four bulk, 17 coal, six general, two bunkers, and one tanker vessel. On berth, they recorded 11 vessels, two at DBT, five at MPT, three at RBCT, and one 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. Unfortunately, the port helicopter went out of commission earlier this week due to a scheduled service; however, the Durban helicopter is aiding operations in Richards Bay until the service is completed.

Lastly, as quoted in *Business Day* on Friday, coal shipments out of the RBCT are at a 30-year low as the terminal counts the cost of TFR's failure to provide a full service from the coalfields.⁸ As a result, coal exports through the RBCT dropped to about 50 million tonnes in 2022, the worst performance since 1993, when it shipped out 51 million tonnes. The decline was a direct result of cable theft and the low availability of locomotives, which has disrupted TFR's rail service to the terminal. And all this comes at a time when international coal prices increased by about 400%, as mentioned last week.

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 27/01/2023.

iv. Eastern Cape ports

GCT on Tuesday recorded zero vessels at outer anchorage and one at berth. However, marine resources comprising two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Wednesday. In the same period, stack occupancy was 11% for GP containers and 11% for reefers while moving 258 TEUs across the quay. In addition, despite the weather challenges, 22 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 30% for GP containers and 16% for reefers. On Thursday, 2 055 TEUs were handled across the quay. Additionally, 522 trucks were serviced on the landside at a truck turnaround time of ~35 minutes.

An agreement is in place between TNPA in Durban and TNPA in the Eastern Cape to lend one of Ngqura's tugs to the port of Durban to assist them with their equipment crisis. However, the port's engineering team

⁸ 27/01/2023. [Transnet dysfunction hits Richards Bay coal exports back into 1993.](#)

is still awaiting the tug's certification before it can sail to Durban. According to reports, the certification process was dealt a minor blow when electrical systems on the tug failed, resulting in failed certification. Hopefully, these systems will be repaired by the weekend, and the tug will arrive in Durban early next week. Once the tug has sailed, the ports of Ngqura and Port Elizabeth will share tugs to ensure that both ports maintain adequate marine services.

v. Saldanha Bay

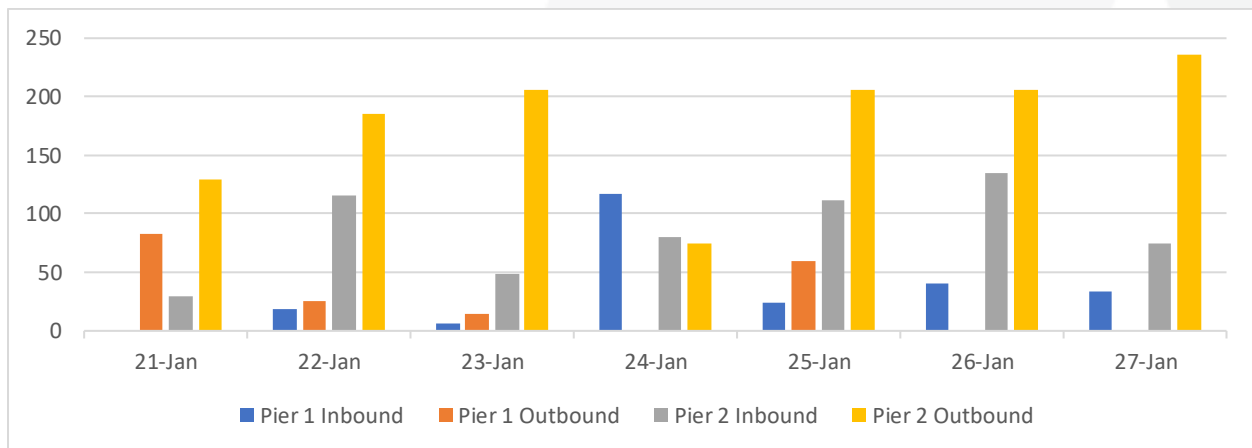
On Tuesday, Saldanha Bay recorded zero vessels at the outer anchorage and six on the berth. Two tugs, one pilot boat, two pilots, two VTS staff, and two berthing masters were providing marine services at the port.

vi. Transnet Freight Rail (TFR)

TFR experienced a very challenging week as persistent cable theft and load-shedding ensured operational delays on various rail corridors. On Wednesday, TFR reported that more cable theft occurred on various rail corridors and that four out of a planned eight trains were not completed. However, on a more positive note, TFR reported that some trains are still arriving at and departing from Durban despite the ongoing cable theft conundrum. Furthermore, all lines had been restored to service by Friday morning.

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 27/01/2023.

In the last week (21 to 27 January), rail cargo handled out of Durban was reported at **2 255** containers, up by **↑59%** from the previous week's **1 416** containers. Incidentally – and shockingly – when comparing these figures with statistics from 2010, the then NATCOR line (now the Container Corridor) handled **312 812 containers** for the year (according to the Transnet Annual Report 2010⁹), corresponding to approximately **6 766** containers per week! Therefore, the rail corridor has been handling reduced volumes by as much as **↓80%** since 2010! We cannot emphasise the need for a functioning rail system enough, as South Africa's freight demand is exceedingly high, which calls for 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.

⁹ Transnet. 2010. [Annual Report – 2010](#).

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 16 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

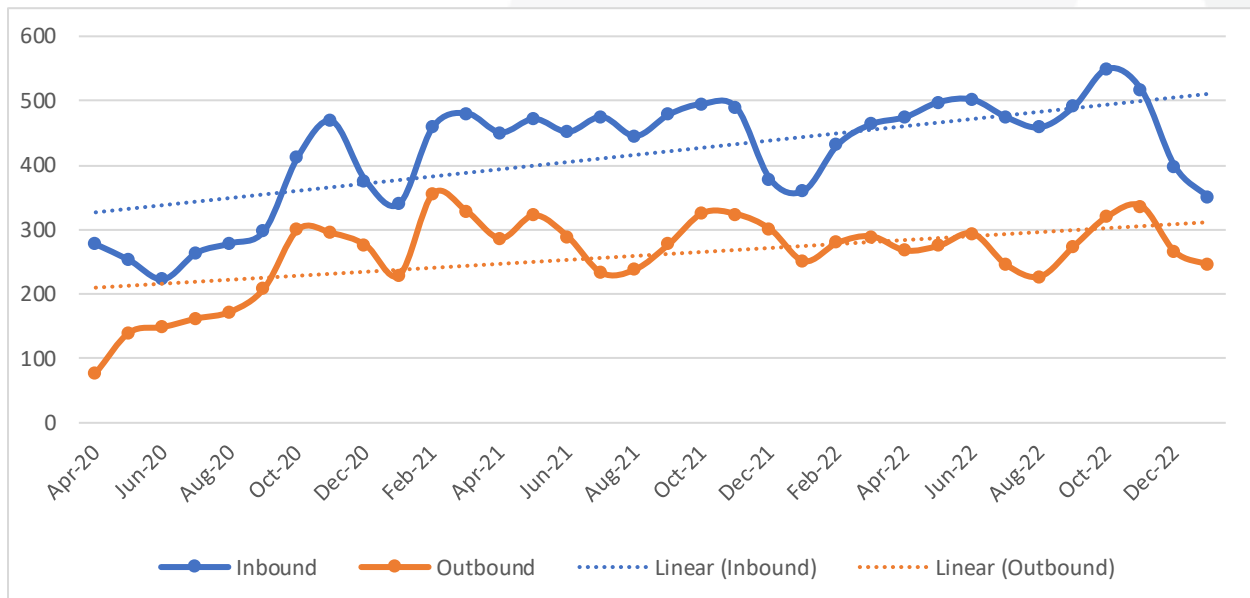
Flows	16-Jan	17-Jan	18-Jan	19-Jan	20-Jan	21-Jan	22-Jan
Volume inbound	494 887	212 210	264 283	286 121	401 900	260 073	829 913
Volume outbound	294 472	202 903	196 431	190 897	186 976	172 281	595 837
Total	789 359	415 113	460 714	477 018	588 876	432 354	1 425 750

Courtesy of ACOC. Updated: 24/01/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **392 770 kg** inbound and **626 828 kg** outbound, resulting in an average of **655 598 kg per day** or ~**107%** compared with January 2022. Also, the level is currently at ~**94%** 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: 24/01/2023.

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.

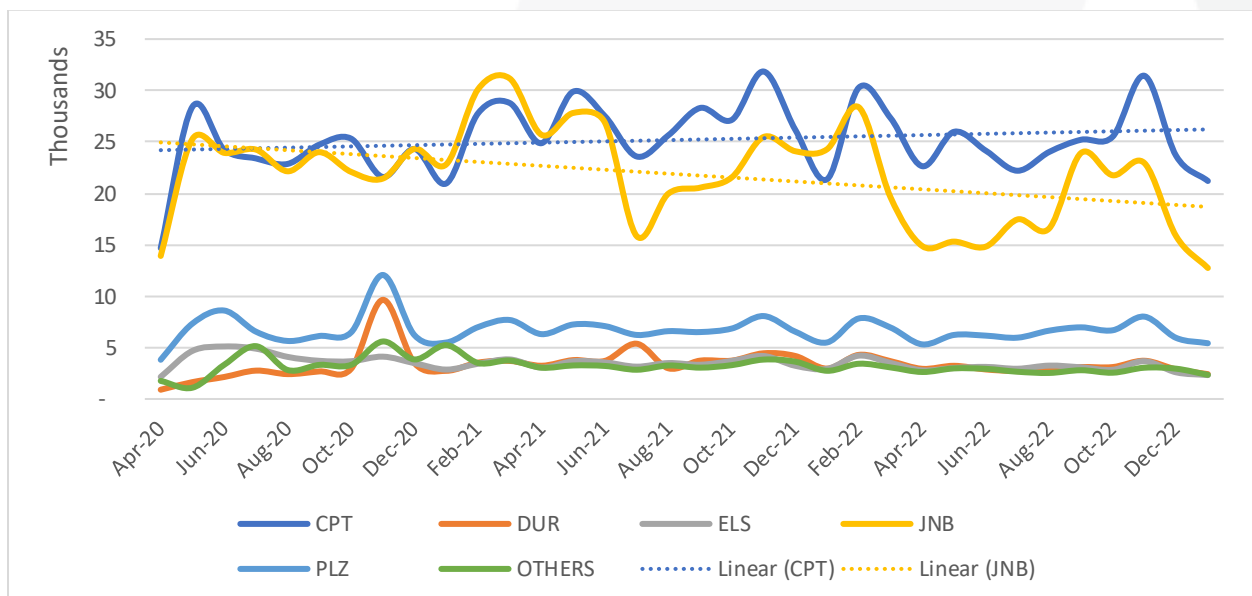
Table 5 – Total domestic inbound and outbound cargo

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.	21 198	2 416	2 323	12 739	5 419	2 345	46 441
17-Jan-23	35 629	4 470	3 641	28 305	8 633	3 362	84 040
18-Jan-23	33 445	4 499	4 016	19 794	9 403	3 627	74 785
19-Jan-22	16 570	3 214	2 386	13 147	5 265	2 472	43 054
20-Jan-22	1 144	180	68	1 166	87	195	2 839
21-Jan-22	2 848	569	127	656	685	406	5 290
22-Jan-22	35 610	3 853	4 525	24 101	9 872	4 661	82 622
23-Jan-22	37 057	4 612	5 715	20 948	11 214	3 728	83 274
Total for 2023:	508 761	57 990	55 745	305 740	130 052	56 289	1 114 576

Courtesy of BAC. Updated: 25/01/2023.

The average domestic air cargo moved last week was ~57 410 kg per day, which is ↑8% compared with the previous week, but only ~90% compared to January 2022 as operations pick up for the year.

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



Courtesy of BAC. Updated: 25/01/2023.

c. Air cargo operations

Airport security at ORTIA is improving and is running efficiently with the adoption of the IVS Pre-Alert System. Unfortunately, the situation is not similar in Cape Town, where many Agents and Couriers are not utilising the Pre-Alert System correctly. Consequently, additional training sessions will be hosted every Tuesday and Thursday at 09:00 until the end of February via the following link:

<https://teams.live.com/meet/944882859034>

Alternatively, we encourage role players to reach out to the ACOC, SAAFF, and other representative bodies.

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 third week of the year, the median border crossing times at South African borders averaged **~7,3 hours (↑16%, w/w)** for the week.
- Assessment of the Zimbabwean transit bills of entry has been reviewed, and the validity time has been reduced from **31 to 5 days**. However, in assessing transit times, transporters wonder whether these times can actually be achieved.
- Because of the ongoing load-shedding problems, delays were experienced at Groblersbrug with faulty generators.
- Protests at several Zeerust entrances caused border closures but fortunately calmed later.
- 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](#)¹⁰, which has arguably achieved much greater success.

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

Table 6 – Delays¹¹ summary – South African borders

Border Post	Direction	HGV ¹² 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	4	4	31	11 730	2 737
Beitbridge	Zimbabwe-SA	410	4	2	13	12 300	2 870
Groblersbrug	SA-Botswana	248	1	3	19	7 440	1 736
Groblersbrug	Botswana-SA	157	0	0	1	4 710	1 099
Vioolsdrif	SA-Namibia	30	0	1	2	900	210
Noordoewer	Namibia-SA	20	0	1	2	600	140
Nakop	SA-Namibia	30	1	2	5	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	0	0	2	3 990	931
Skilpadshek	SA-Botswana	200	1	1	3	4 800	1 400
Pioneer Gate	Botswana-SA	100	1	1	2	2 400	700
Average/Sum		3 291	01:00	01:00	07:00	96 930	23 037

Source: TLC, FESARTA, & Crickmay, week ending 22/01/2023.

¹⁰ [FESARTA TRANSIST Bureau](#).

¹¹ 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.

¹² Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

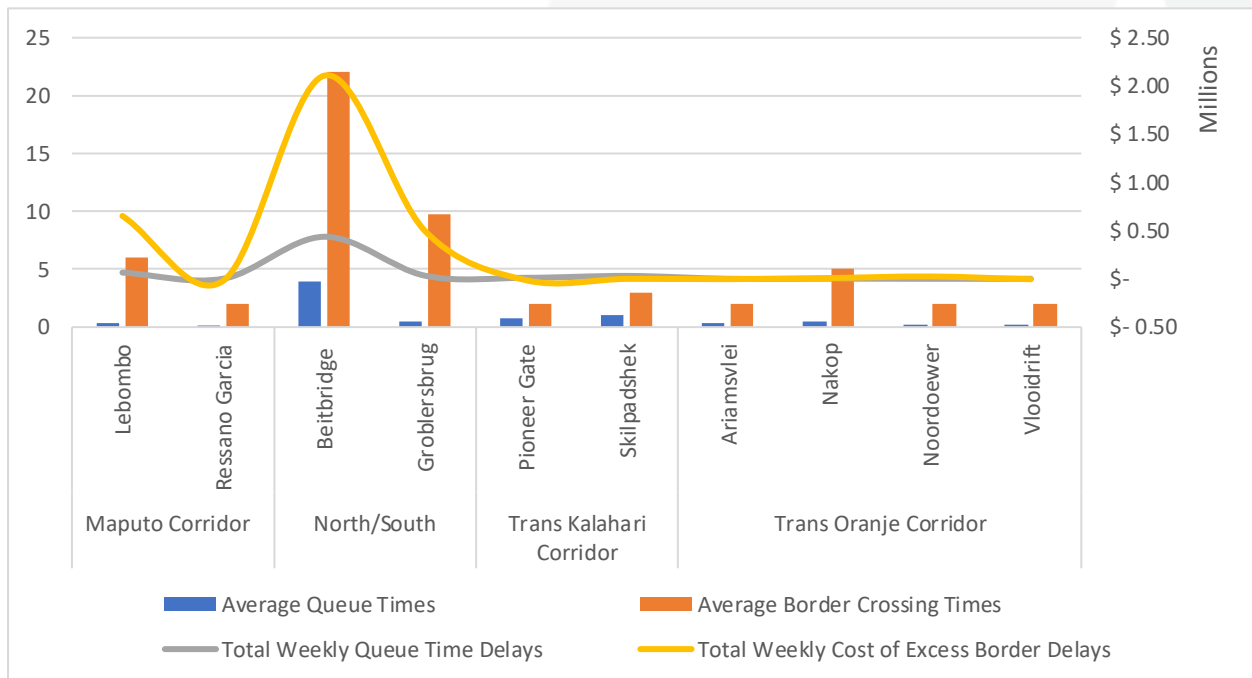
Table 7 – Delays summary – Corridor perspective

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	4	19	9 600	2 240
Dar Es Salaam Corridor	1 819	6	5	15	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	3	4	15	74 791	22 946
Trans Caprivi Corridor	116	1	2	28	3 480	812
Trans Cunene Corridor	100	0	23	43	3 000	700
Trans Kalahari Corridor	330	1	1	3	7 920	2 310
Trans Oranje Corridor	100	0	1	3	3 000	700
Average/Sum	7 875	02:00	04:00	13:00	210 721	55 125

Source: TLC, FESARTA, & Crickmay, week ending 22/01/2023.

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

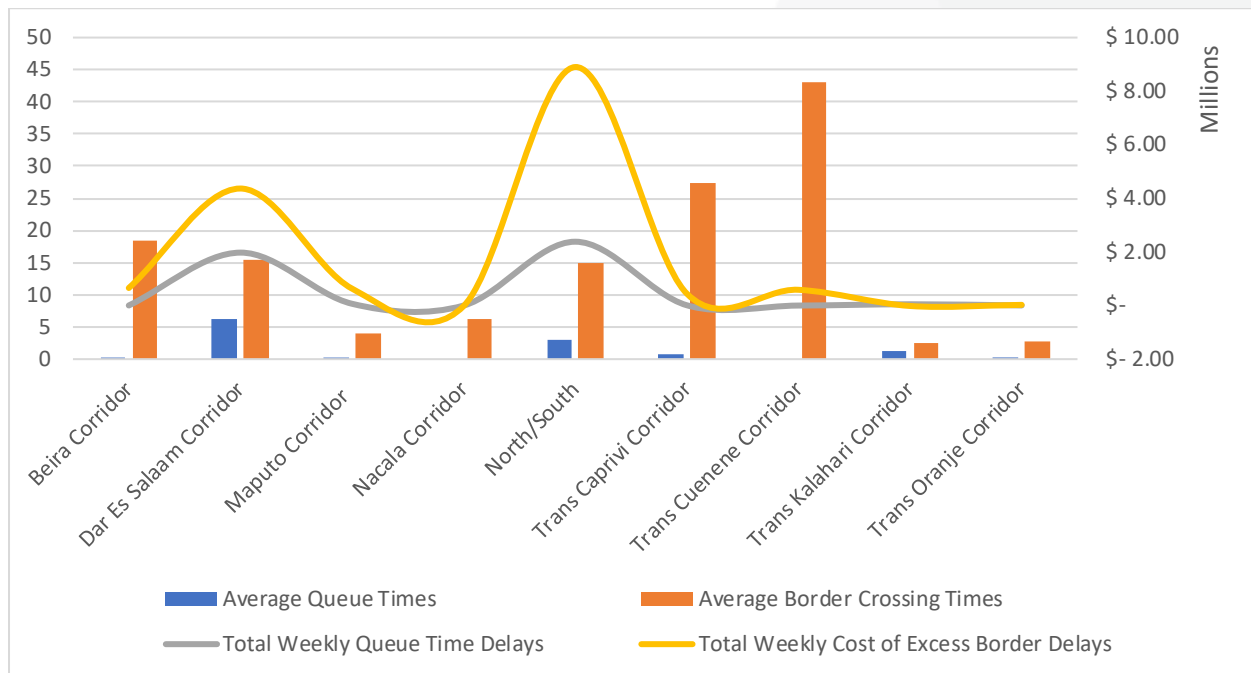
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 22/01/2023.

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 22/01/2023.

In summary, cross-border queue time has averaged **~2,3 hours** (up by **~0,6 hours** from the previous week's **~1,7 hours**), costing the transport industry an estimated **\$4 million (R79 million)**. Furthermore, the week's average cross-border transit times hovered around **~13,4 hours** (up by **~3,6 hours** from the **~9,8 hours** recorded in the previous report), at a cost to the transport industry of **\$16 million (R274 million)**. As a result, the total cost for the week amounts to an estimated **~R353 million** (up by **~R101 million** or **↑40%** from **R252 million** in the previous report).

4. International Update

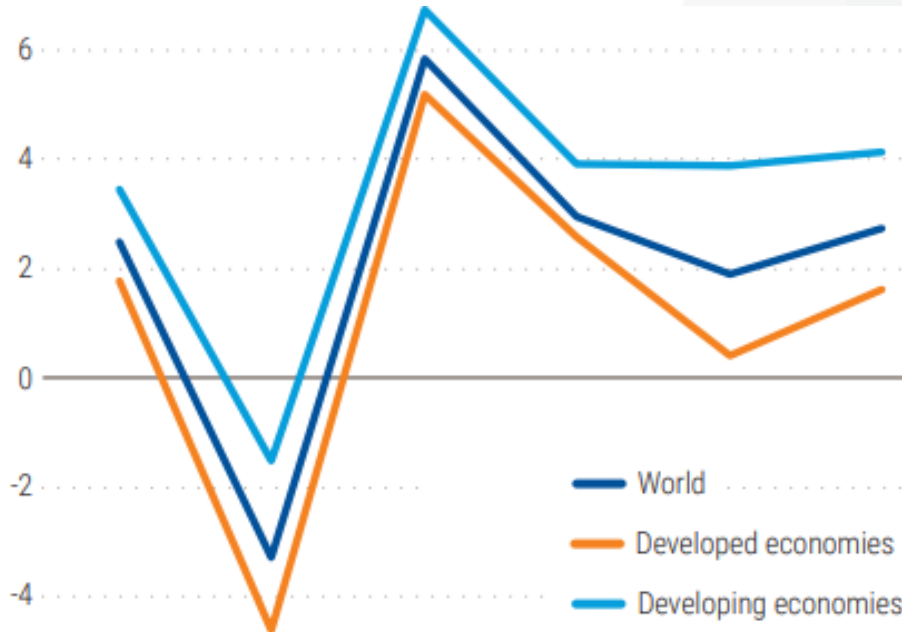
The following section provides some context around the global economy and its impact on trade, including an update on (a) the global economy, (b) the global shipping industry, and (c) the global aviation industry.

a. Global economy and South Africa's performance in the global economy

This week, the UN released some growth estimates for the global economy, with output growth projected to decelerate from an estimated **↑3,0%** in 2022 to **↑1,9%** in 2023, marking one of the lowest growth rates in recent decades¹³. The UN notes that a series of severe and mutually compounding shocks have caused this bleak outlook, most notably the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, and the climate emergency. The following graphs illustrate the gloomy and uncertain economic outlook for the near term, with growth forecasted to pick up moderately to **↑2,7%** in 2024 as some of the headwinds should begin to subside:

¹³ UN. 25/01/2023. [United Nations World Economic Situation and Prospects \(WESP\)](#).

Figure 14 – Growth of economic output in the world, developed and developing countries (%)

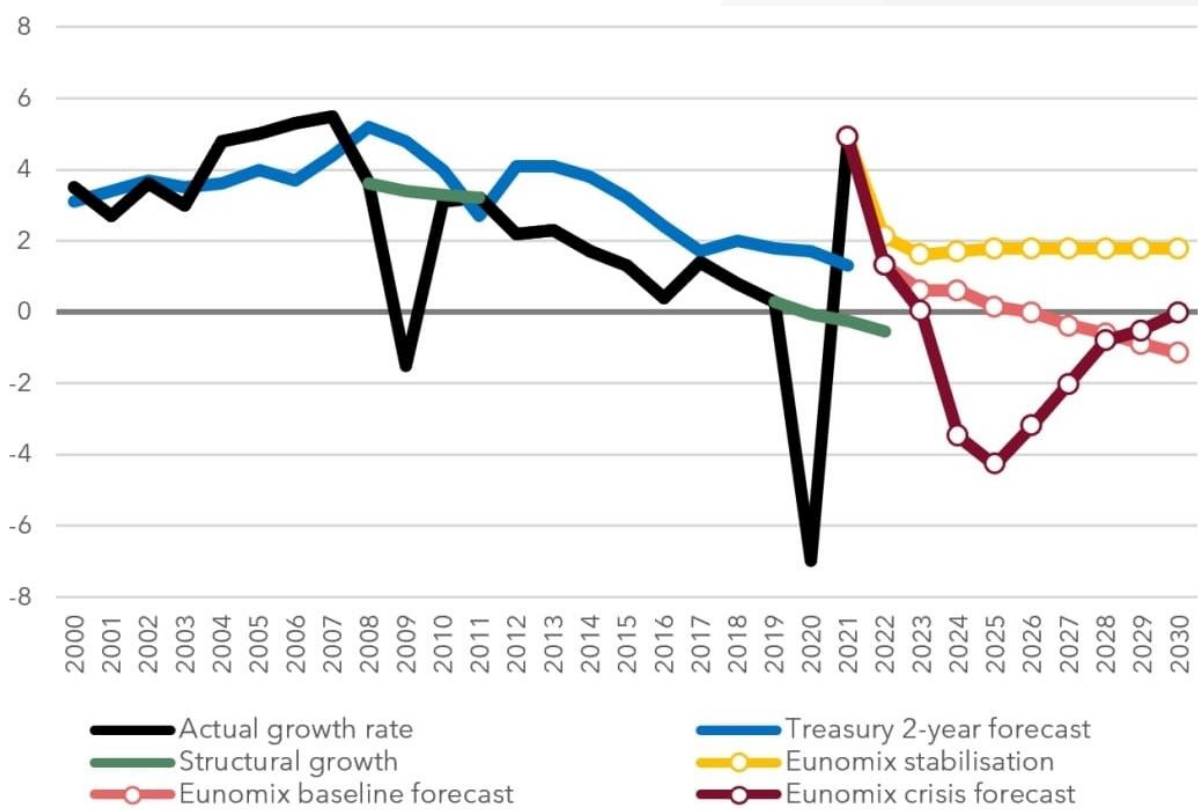


Source: [UN](#)

For South Africa, the UN projects that the country will grow just **↑1,5%** in 2023 (and **↑1,8%** in 2024) as adverse weather and power cuts drag down economic activity, while high unemployment and rising inflation depress household spending. However, the unfortunate reality is that these forecasts are clearly overly optimistic, as has consistently been the case with Treasury's forecasts. The reality was starkly illustrated by this week's first MPC meeting, where the SARB sounded the alarm on the economy and slashed its growth expectations for the next three years. While the SARB Governor said it was premature to predict a South African recession in 2023, the SARB now expects growth of only **↑0,3%** - due mainly to load-shedding. The central bank estimates that without load-shedding, the economy may have expanded by **↑2,3%** this year¹⁴. These inflated estimates have been a fixture for the best part of the last two decades, as aptly illustrated by Eunomix's assessment:

¹⁴ MPC. 26/01/2023. [Statement of the Monetary Policy Committee.](#)

Figure 15 – GDP forecast (actual, structural, Treasury, & Eunomix scenarios)



Source: [Eunomix](#)

The figure illustrates that Treasury's 2-year forecasts have typically been overestimated by more than a percentage point. Six months ago, Eunomix predicted¹⁵ with their baseline forecast that growth will return to structural levels, represented by the pink line, which the SARB now matches. On this baseline, growth is predicted to turn negative by 2025-2026, leading South Africa's GDP per capita to subside to approximately **\$10 000** a year by 2030, mainly similar to levels last seen in the early 2000s. The red line in *Figure 15* Eunomix shows what happens if nothing is done to stop the decline and how things could quickly worsen without urgent action. The country has seven years to functional bankruptcy¹⁶ unless we can utilise the "improbable window of opportunity" over the next fifteen months and win many small, achievable victories, as outlined by de Baissac, that could amount to something great¹⁷.

From a logistics and trading point of view, these include **(1)** greater visibility between key handover points in our multi-modal logistics network, **(2)** re-consider the structure of Transnet and its various business divisions (with that SOE's creative financial reporting hitting the news this week¹⁸), **(3)** a coordinated approach between regulatory bodies, **(4)** a coordinated approach for our land border posts – and improved bi-lateral agreements with our neighbours, **(5)** to create a logistics model in South Africa fostering better private-public partnerships, and **(6)** growth, employment, and export-friendly policy in sectors where we still enjoy some competitive advantage to off-set the years of de-industrialisation. Sadly, the latest international figures point to a **↑17%** increase in imports and a mere **↑1%** increase in exports during Q3 of 2022¹⁹, which

¹⁵ The figures in the graph are 6-months old, which Eunomix are in the process of updating. However, as predicted the SARB's forecasts have been downwardly revised to coincide with Eunomix's baseline forecast.

¹⁶ De Baissac, C. in Rose, R. 26/01/2023. [ROB ROSE: 'Seven years to bust' – unless Cyril acts.](#)

¹⁷ De Baissac, C. 01/01/2023. 15 Months to Avoid Defeat. A Strategy of Many Small Steps for President Ramaphosa.

¹⁸ Theunissen, G. 26/01/2023. [Transnet to issue dollar bond under new \\$6bn programme.](#)

¹⁹ UNCTAD. 13/12/2022. [Global Trade Update \(December 2022\).](#)

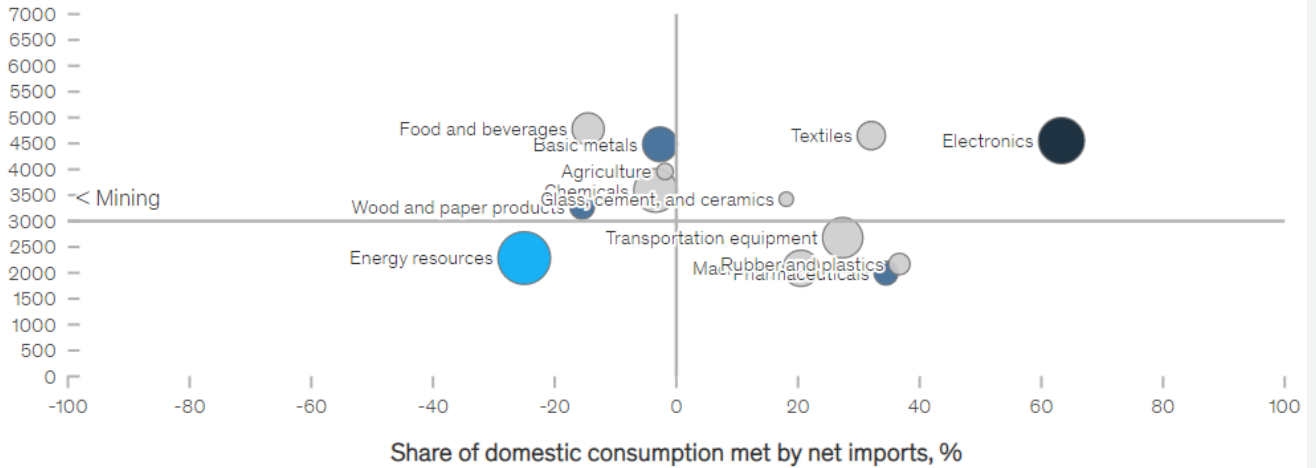
again highlights our reliance on imports – especially on electronics and other high-end consumer goods, as a recent analysis by McKinsey shows:

Figure 16 – Change in concentration of major imports (2016-2021)

Circle size = sector imports as a proportion of total imports for the economy

Change in concentration, 2016-21: ● >10% reduction ● +/-10% change ● 10-25% increase ● >25% increase

Average import concentration, HHI



Source: [McKinsey](#)

McKinsey notes that the largest economies have not systematically diversified the origins of imports, providing anecdotal evidence of the supply chain crisis of the last 18 months. Looking at a range of large economies across regions—Brazil, China, Germany, India, South Africa, and the United States—each has a distinctive "concentration fingerprint." Economies have often been most vulnerable to disruptions in sectors where domestic consumption relies on inputs from a concentrated set of trading relationships. For example, China relies more on concentrated relationships in mining; for Germany, it is energy resources and agriculture; and for Brazil, India, South Africa, and the United States, it is electronics. McKinsey warns that in a world that demands resilience, firms and policy-makers must re-examine supply chains and trade relationships, which requires a granular approach. As the global energy crisis has shown, no country (or trading bloc) can risk being too dependent on a single or dominant supplier. The same is true for South Africa – for many import industries, especially considering how the country has de-industrialised and lost significant competitiveness to its peers.

b. Global shipping industry

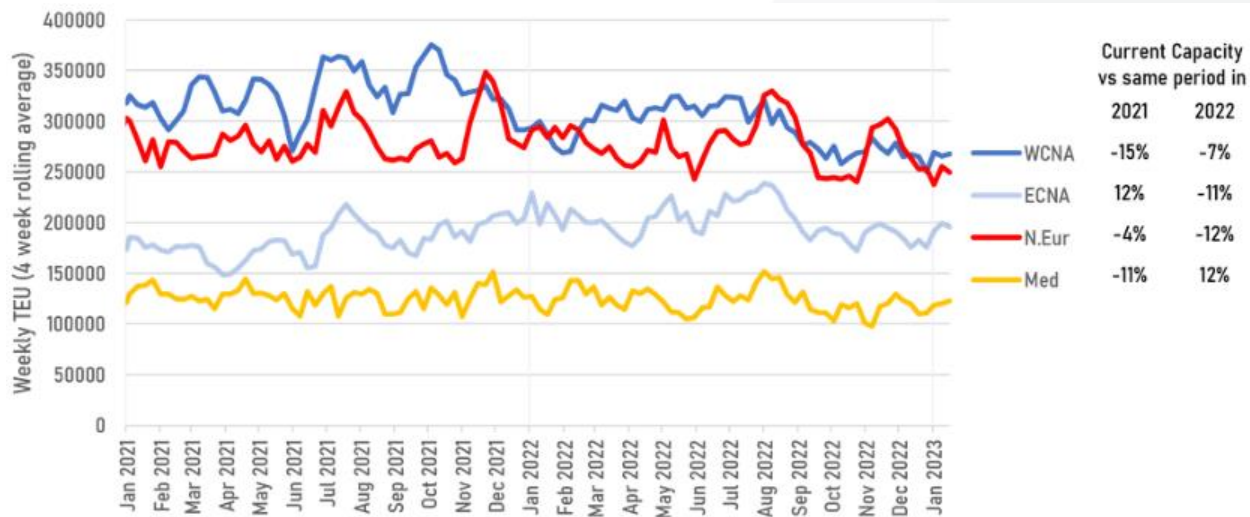
i. Container capacity and cancelled sailings

Liner carriers remain interested in taking out capacity due to the ongoing soft demand; however, the misplaced focus on blank sailings rather than the actual capacity provided has given rise to the misperception that carriers have pulled out more capacity than is the case²⁰. Although Drewry's "Cancelled Sailings Tracker" remains very high and has registered an approximate **19% cancellation rate**²¹ this week, blanked sailings do not account for new services launched, ad-hoc extra loaders, capacity upsizing, vessel sliding and bunching – all of which have the opposite effect of raising the actual capacity available in the market. The following figure shows the outward capacity from Asia over the last 25 months:

²⁰ Linerlytica. 24/01/2023. [Market Pulse – 2023 Week 04](#).

²¹ Drewry. 13/01/2023. [Cancelled Sailings Tracker - 13 Jan.](#)

Figure 17 – Weekly capacity from Asia (weekly TEU average and growth)



Source: [Linerlytica](https://www.linerlytica.com)

Generally, volumes are down for most areas. However, volumes are not falling everywhere, with a significant increase flowing to the US East Coast, as the Ports of New York and New Jersey have been snagging some of the cargo traditionally routed to Southern California and have recently reported handling **9,5 million** units last year, compared with **8,99 million** units in the prior year²². Incidentally, Alphaliner this week reported that planned vessel demolitions have picked up this year²³ (estimated at **350 000 TEU** – and still only around **1,3%** of capacity) after containership demolition sales fell to a 17-year low in 2022 at only **10 904 TEU**. Obviously, as Alphaliner also reports, the main reason for the demolition lull was the highly lucrative charter and freight markets, which prompted both NOOs and liner operators to keep trading their older vessels and steer clear of the recycling scene. However, vessel scrapyards expect an imminent boom, as the current market capacity is way out of balance²⁴.

ii. Global container freight rates

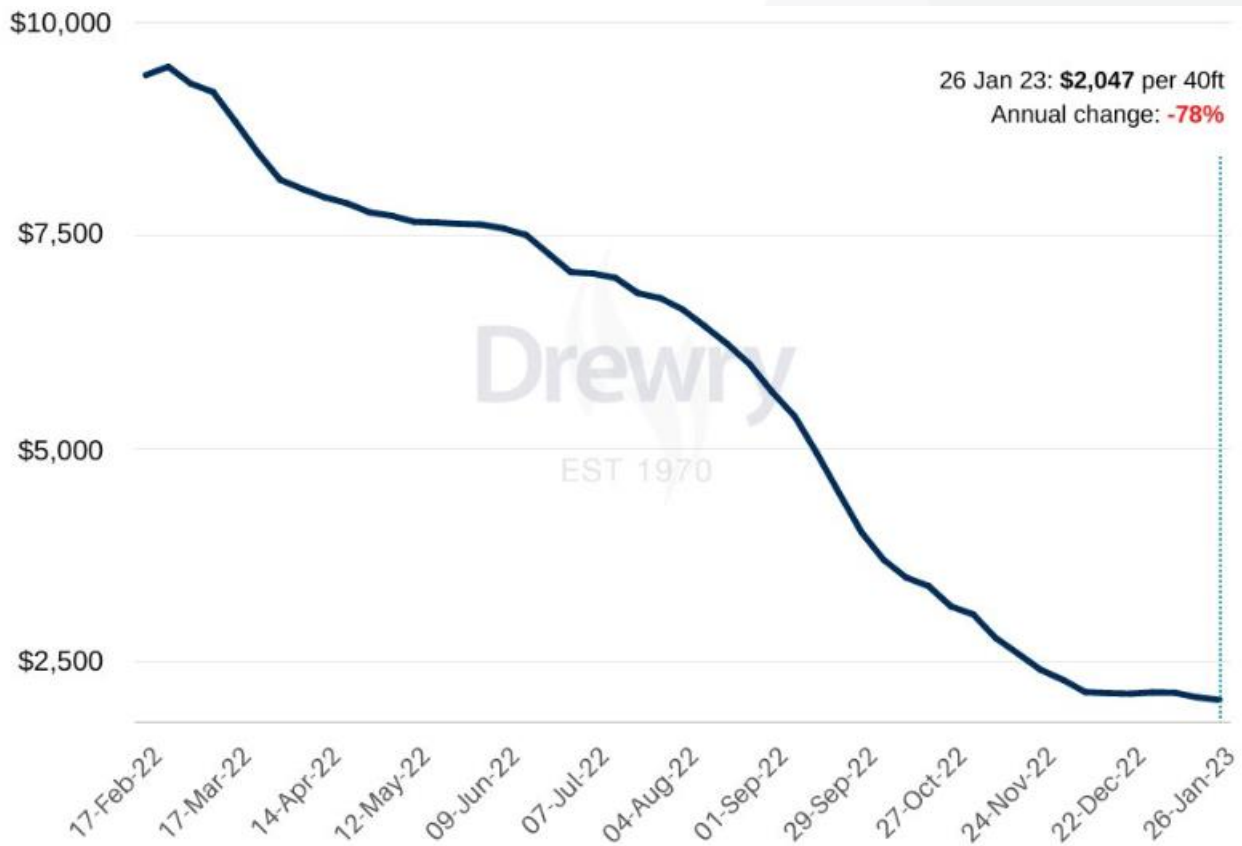
There has been another decrease in global container freight rates this week, with the latest Drewry "World Container Index" down by **↓2%** (\$32) to **\$2 047** per 40-ft container:

²² NY NJ Port Authority. 25/01/2023. [Port Authority Reports Facility Volumes for December and Full Year 2022](https://www.panynj.gov/Port-Authority-Reports-Facility-Volumes-for-December-and-Full-Year-2022).

²³ Alphaliner. 25/01/2023.

²⁴ Bartlett, C. 26/01/2023. [Scrapyards ready for another containership recycling boom](https://www.bartlett.com/news/scrapyards-ready-for-another-containership-recycling-boom).

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



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

The composite index is now **↓78%** below the corresponding spot price quoted last year and **↓24%** lower than the 10-year average. Regionally, some major routes have stabilised; however, three of the eight major routes have dropped by **↓4%** or more this week, indicating that the rate retreat is not yet over. For Africa, rates remain much lower than at peak but still off their pre-pandemic lows, as the delayed cyclical nature holds for now. Elsewhere, the charter market remains active, with rates holding in the smaller sizes while weakening in the larger segments, with more ships coming idle in the **4 000 TEU** and larger sizes²⁵. As a result, rates are likely to remain stable, with the rate of decrease less pronounced than before.

iii. Further developments of note

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

1. 2M partnership to end in 2025:

- a. The world's two largest container lines are ending an eight-year vessel-sharing agreement as the fierce rivalry in the global ocean transport sector intensifies. MSC (Mediterranean Shipping Company) and Maersk, the number one and two carriers in the container shipping industry by volumes, said on Wednesday that they had agreed not to renew their alliance in 2025²⁶.

²⁵ Linerlytica. 24/01/2023. [Market Pulse – 2023 Week 04](#).

²⁶ Milne, R. & Telling, O. 25/01/2023. [World's biggest container shipping lines MSC and Maersk end alliance](#).

- b. The joint statement read: "MSC and Maersk recognise that much has changed since the two companies signed the 10-year agreement in 2015. Discontinuing the 2M Alliance paves the way for both companies to continue to pursue their individual strategies."²⁷
- c. When signed in 2015, the agreement allowed the companies to manage cargo volumes better when the industry faced years of losses and excess shipping capacity. However, the decision is set to leave the two European giants battling it out for the top container position in years to come, as the change will not impact any services for now. However, some believe MSC is the winner of this deal²⁸, as the bullish Geneva-based carriers continue to expand²⁹.

2. USA FMC sees an increase in the number of cases lodged after the recent legal reforms:

- a. Complaints from shippers to the US Federal Maritime Commission (FMC) have continued to roll in following the Ocean Shipping Reform Act (OSRA) implementation in June last year³⁰.
- b. The OSRA authorised the FMC to look into complaints of excess charges, and it is reported that of more than 200 complaints received, over 70 were referred for further investigation.

c. Global air cargo industry

i. Latest air cargo market trends

Global air cargo (measured in chargeable weight) continues its recovery from the low levels on each side of the new year. It has increased by **↑19%** (up from **↓8%** last week) versus the previous bi-weekly period, according to World ACD's latest analysis³¹. Nevertheless, as the figure shows, volume is still way down on this time last year (**↓22%**, y/y), despite capacity being way up bi-weekly and yearly:

Figure 19 – 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		+5%	+21%		+10%	-6%		+4%	-7%
Asia Pacific		+12%	+9%		+17%	-30%		-0%	-33%
C. & S. America		+7%	+10%		+21%	-3%		+0%	-7%
Europe		+5%	+7%		+25%	-17%		+2%	-12%
M. East & S. Asia		+4%	+12%		-0%	-17%		-2%	-39%
North America		+4%	+13%		+26%	-24%		-3%	-7%
Worldwide		+6%	+11%		+19%	-22%		+0%	-24%

Source: [World ACD](#)

Many of these developments can be attributed to the shift in the Chinese New Year – starting on 22 January versus last year on 1 February – delaying the typical January recovery into February and influencing the most recent dynamics. Therefore, ongoing improvement is expected across the industry over the next few weeks. Also, airlines remain financially pressed, as prevailing rates are similar to last year and trading at a worldwide average of **\$3,07 per kg** (versus **\$4,01 per kg**). This reality means that yields are **↓20%**. Regionally, however, African activity and performance are fortunately up on most metrics. Other metrics largely mirror the above assessment, with the TAC Index reporting that its overall Baltic Airfreight Index slipped nearly **↓8%** in the

²⁷ Maersk. 25/01/2023. [Maersk and MSC to discontinue 2M alliance in 2025](#).

²⁸ Bray, J. 26/01/2023. [Container rates are 'like a fighter aircraft that has been shot down'](#).

²⁹ Wackett, M. 27/01/2023. [Bullish MSC continues to strengthen its fleet for life after the 2M](#).

³⁰ Savvides, N. 27/01/2023. [New complaints process after OSRA 22 a success, says FMC](#).

³¹ World ACD. 20/01/2023. [Delayed post-holiday recovery in demand – World ACD Air cargo trends for the past 5 weeks \(week 2\)](#).

past week, making it **↓34%** lower than a year ago. Ultimately, "*anyone that said things would pick up in March was not working on logic, but wishful thinking*³²", confirming the current soft nature of the market.

In other aviation news, IATA reported that 2022 saw the entry of 39 new commercial airline operators globally – with new operators concentrated in Europe³³. This figure brings airline "*births*" back to pre-pandemic levels after a downturn to 29 in 2020, followed by a pronounced recovery in 2021, as births doubled to 58.

ENDS³⁴

³² Lennane, A. 24/01/2023. [Uptick for air freight? 'Wishful thinking – first half looking bleak'](#).

³³ IATA. 20/01/2023. [Europe accounts for half of all new airline "births" in 2022](#).

³⁴ **ACKNOWLEDGEMENT:**

*This initiative – **The COVID-19 Cargo Movement Update** – was developed collectively by Business at large to provide visibility of the movement of goods during the 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 [DACHSER](#).*