

COVID-19: Cargo movement update¹

Date: 8 July 2022

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)	25 806	29 359	55 165	30 941	32 976	63 917	↓14%
Air Cargo (tons)	4 785	2 859	7 644	4 993	2 815	7 808	↓2%

Monthly Snapshot

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

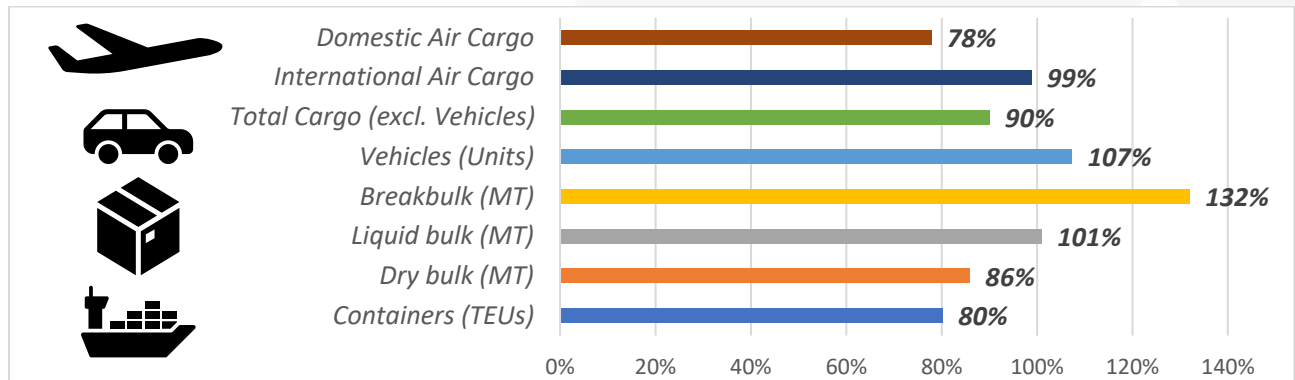
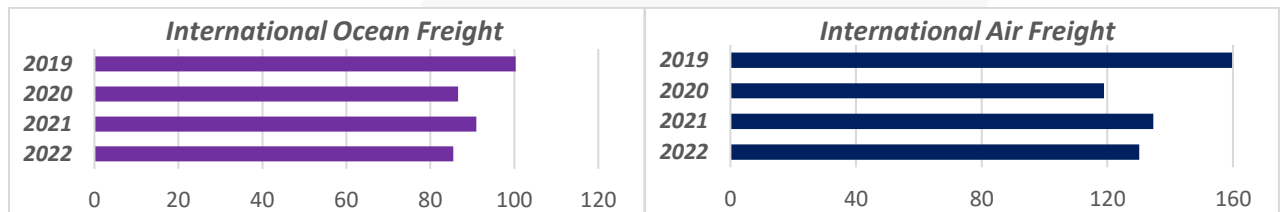


Figure 2 – Global year-to-date flows 2019-2022⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 881 containers** was handled per day, with **~7 560** projected for next week.
- Rail cargo handled out of Durban amounted to **1 405** containers, **↑11%** compared to last week.
- SARS merchandise trade (May): exports (**↑17,8%**, m/m), imports (**↑10,9%**, m/m), resulting in a trade surplus of **R28,4 billion**. YTD: exports **↑11,3%** (y/y), imports **↑38,8%** (y/y), surplus of **R105,9 billion**.
- This week, cross-border queue times **↑0,8 hours**, with transit times **↓0,3 hours** (see [below](#)).
- The WB has downwardly revised most economy's growth forecasts – SA unchanged at **↑2,1%** for 2022.
- The "WCI" declined for the 19th straight week, with spot rates **↓0,2%** (or **\$15**) – to **\$7 051** per 40-ft.
- The world's fully cellular container fleet grew by **↑1,7%** in H1 this year, to around **25,5 million TEU**.
- Air cargo rose slightly in May, up by **↑0,3%** (m/m), but remained way down against 2021 (**↓8,3%**).

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 95th 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 full month's worth of available data compared to the same month in the previous year. Ocean: May vs. May; Air: Jun vs Jun.

⁵ For ocean, total Jan-May cargo in metric tonnes, as reported by [Transnet](#) is used, while for air, Jan-Jun cargo to and from ORTIA is used.

Executive Summary

This update – *the 95th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Newly reported COVID-19 infections declined significantly this week, averaging approximately **399** per day (**↓15%** against last week's average of **469**). South Africa is approaching **4 million⁶** positive cases, with the death toll up to **101 868** this week (up by **75**). Globally, the case tally stands at **554 million** infected by COVID-19, with **6,35 million** deaths recorded. Around **12,14 billion** vaccine doses have been administered globally⁷, with South Africa now at **36,9 million**.

Port operations this past week were characterised by general equipment delays and issues relating to load-shedding and weather delays. Our commercial ports were not generally busy or congested; however, equipment availability remains an issue. Cape Town Container Terminal is still dredging berth 601 while the Eastern Cape begins to make alternative plans to soften the blow of load-shedding, having little or no generator backup. Weather conditions caused minimal delays, and port operations continued as usual.

On the international shipping side, significant supply chain disruptions continue, with the World Bank anticipating global trade growth to slow to **↑4%** in 2022 – citing the war in Ukraine and a shift in global activity toward the less trade-intensive services sector as the main determinants. In addition, some high-volume ports are experiencing congestion six times worse than in 2010, with little to no expectation of a fix this side of 2023. Consequently, the average number of containerships waiting outside major ports is growing, with schedule rotation delays of more than 15 days on some major routes.

Despite the ongoing supply chain struggles, the major shipping lines have not been deterred from adding to their capacity. But it must be said that new research indicates that the market is not as strong as the current consensus suggests, and a softening of rates informs the recent downward trend on the demand side. Further developments of note included **(1)** a further weakening in the MPV sector, **(2)** shipping lines to apply box tracking and telemetry, **(3)** average global D&D on the descent this year, and **(4)** MSC to build a super-transshipment port in Vietnam (see [below](#)).

South Africa's international air cargo handled decreased slightly this week (**↓2%**), while domestic air cargo increased slightly (**↑4%**) but remained significantly down on the same levels last year (**↓22%**). Operationally, the ACOC pleaded to ACSA to provide some clarity regarding the cargo strategy of ORTIA and CTIA, as air carriers are inhibited from any strategic or commercial planning. This reality is driven by a lack of understanding of ACSA's future strategy, which is of grave concern to the industry, as many of our members need to invest in their businesses to satisfy the ever-increasing service-delivery demand, improve operational efficiencies, and maintain a consistent growth path.

Internationally, despite the forecasted impending doom and gloom for the sector, seasonally adjusted cargo volume expanded slightly in the last month. This increase was supported by an expansion in capacity in May, with the load factor also increasing. Regionally, African airlines continue to support the industry and continent, with further good numbers posted for May. Other developments of note include **(1)** labour shortages plaguing operations in Frankfurt and **(2)** softening of the air cargo market expected to result in freight rate reductions.

On the road freight front, cross-border transit times for South African borders averaged around **18 hours** (**↑38%**) this week, as delays continue at Groblersbrug, Kasumbalesa, Kopfontein and Lebombo. Apart from regional cross-border bottlenecks, this week's focus was on significant delays on the N4 corridor due to protests against the massive fuel increases of late. Further developments for road transport included **(1)**



⁶ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

⁷ Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

unprecedented queues leading to Kasumbalesa have reached breaking point, and **(2)** Beitbridge is fully functional after constraints.

The SARS merchandise trade figures again show that the South African economy relies on trade and the smooth facilitation of trade. This need also highlights the necessity of smoothly facilitating trade for South Africa, including coordinated border management with a cohesive approach by all regulatory bodies – something which is often sadly lacking. The delays and constraints on the N4 corridor leading to the Lebombo border post and onto Maputo emphasized the struggles and complexities in which our industry operates. Add the current operating climate internationally (increasing commodity markets, supply chain disruptions, inflation, and financial constraints), and these challenges are magnified. Therefore, as we have often said, we must ensure that the extended supply chain with all its stakeholders (government, labour, and the private sector) work closely together to ensure the smooth functioning of logistics and trade in South Africa. We cannot afford unproductive disputes between role players.

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1. Ports Update

This section provides an overview of the flow of containerised cargo through South Africa's 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 2 to 8 July⁸

7-day flow forecast (02/07/2022 – 08/07/2022)		
TERMINAL	NO. OF CONTAINERS ⁹ TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 177	5 883
DURBAN CONTAINER TERMINAL PIER 2:	12 606	12 665
CAPE TOWN CONTAINER TERMINAL:	4 816	3 670
NGQURA CONTAINER TERMINAL:	3 416	5 146
GQEERHA CONTAINER TERMINAL:	791	1 995
TOTAL:	25 806	29 359

Source: Transnet, 2021. Updated 08/07/2022.

Table 3 – Container Ports – Weekly flow reported for 9 to 15 July

7-day flow forecast (09/07/2022 – 15/07/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 066	5 742
DURBAN CONTAINER TERMINAL PIER 2:	10 193	12 099
CAPE TOWN CONTAINER TERMINAL:	4 681	5 842
NGQURA CONTAINER TERMINAL:	2 637	4 526
GQEERHA CONTAINER TERMINAL:	1 504	1 630
TOTAL:	23 081	29 839

Source: Transnet, 2021. Updated 08/07/2022.

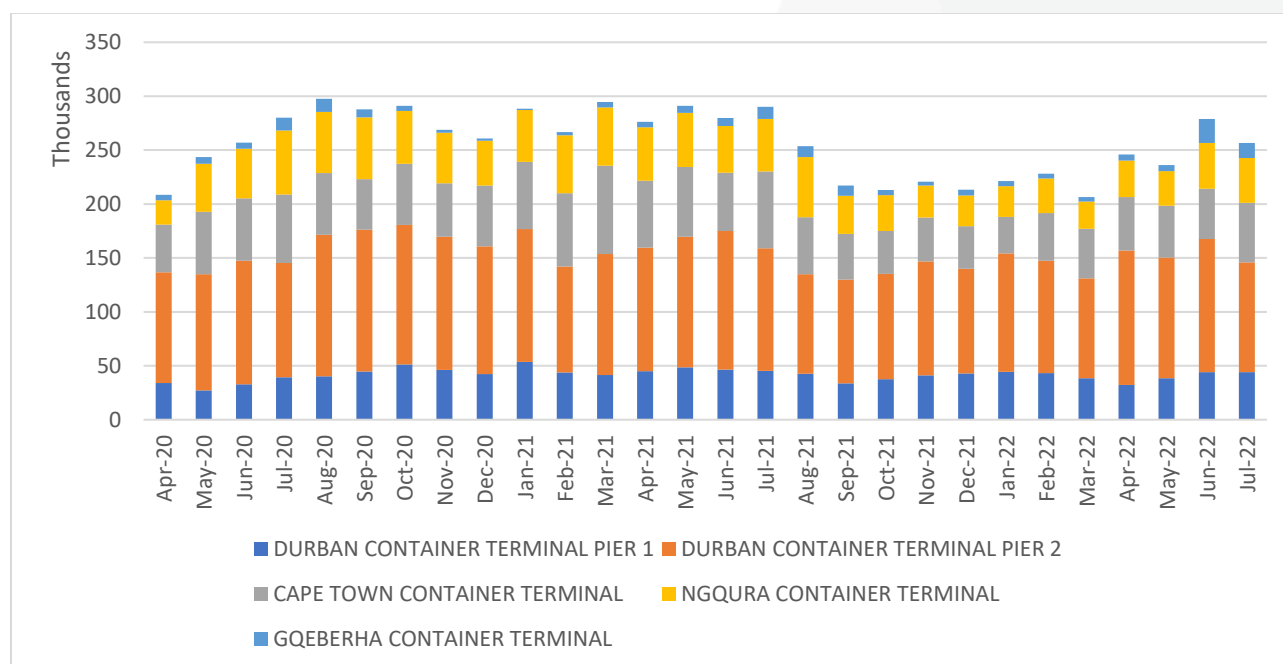
An average of **~7 881 containers** (↓12%) was handled per day for the last week (2 to 8 July, Table 2), compared to the projected average of **~8 915 containers** (↓12% actual versus projected) noted in last week's report. A decreased average of **~7 560 containers** (↓4%) is projected to be handled next week (9 to 15 July, Table 3). Port operations this past week were generally characterised by equipment unavailability and breakdowns, accentuated by load shedding and weather delays (see the more detailed breakdown per port [below](#)).

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

⁸ It remains important to note that a fair percentage (approximately 40% according to the latest year-to-date TNPA figures) of containers are neither imported nor exported, but rather consist of empties and transshipments. Due to the ongoing container imbalances, this proportion is fluctuating more than usual and has increased since December 2020. In recent months, empty numbers have dropped, a reflection of worldwide container imbalances, but there is a sharp increase with the importation of large numbers of empty reefers in preparation for the deciduous fruit season.

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.

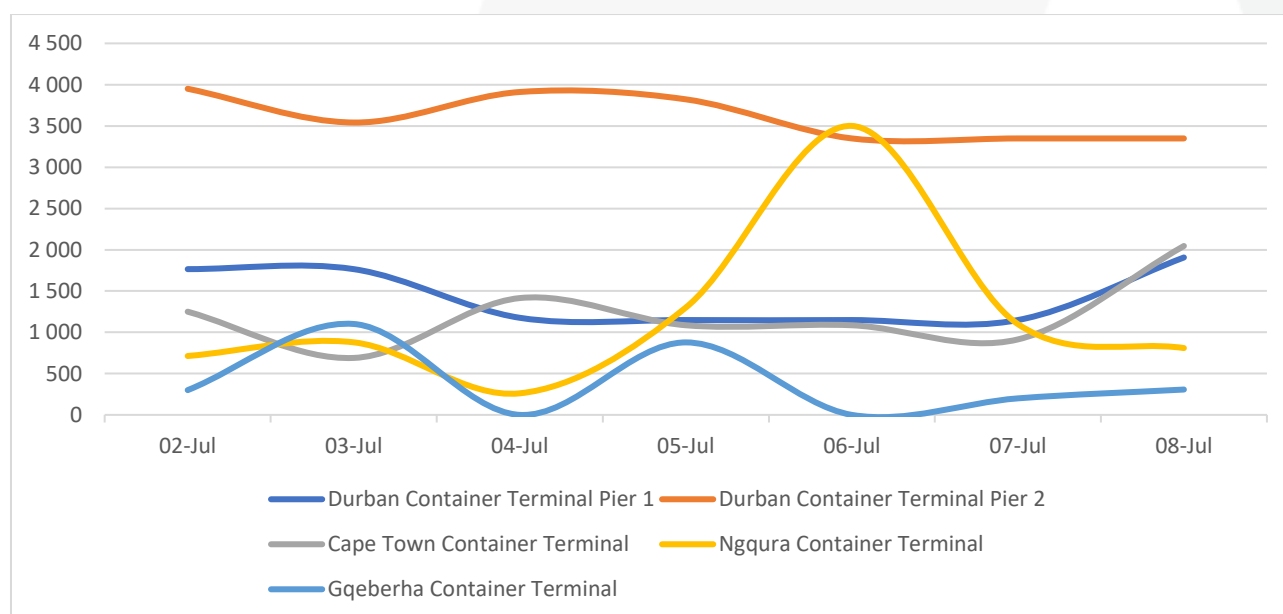
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 08/07/2022.

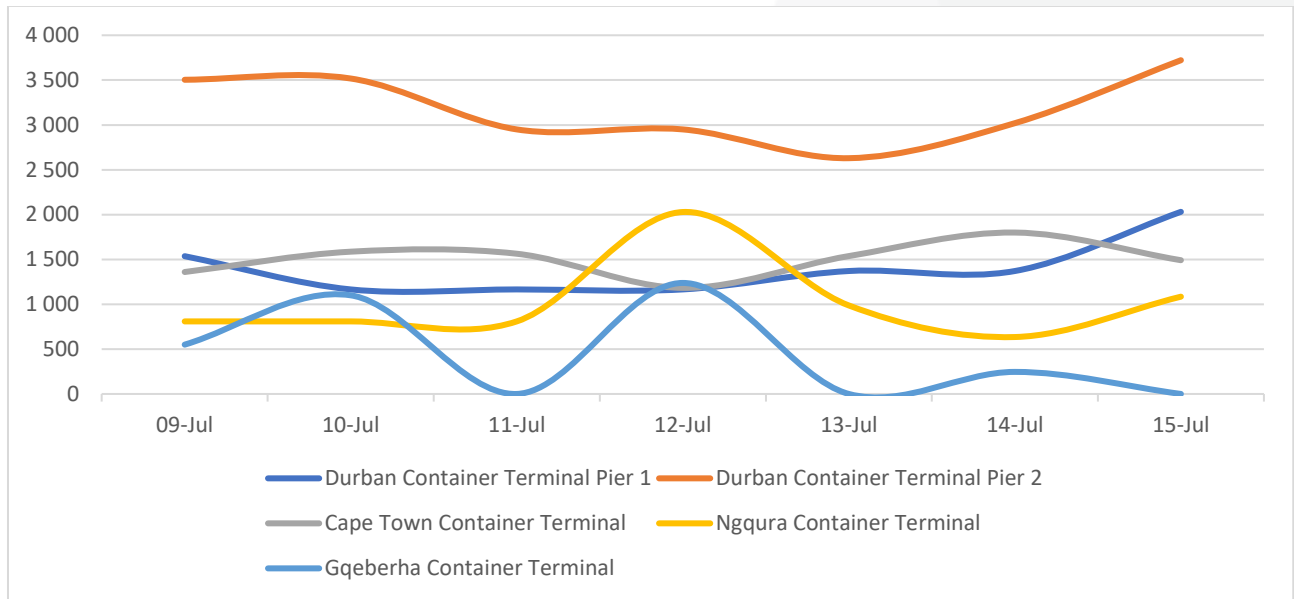
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total container movements (2 to 8 July; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 08/07/2022.

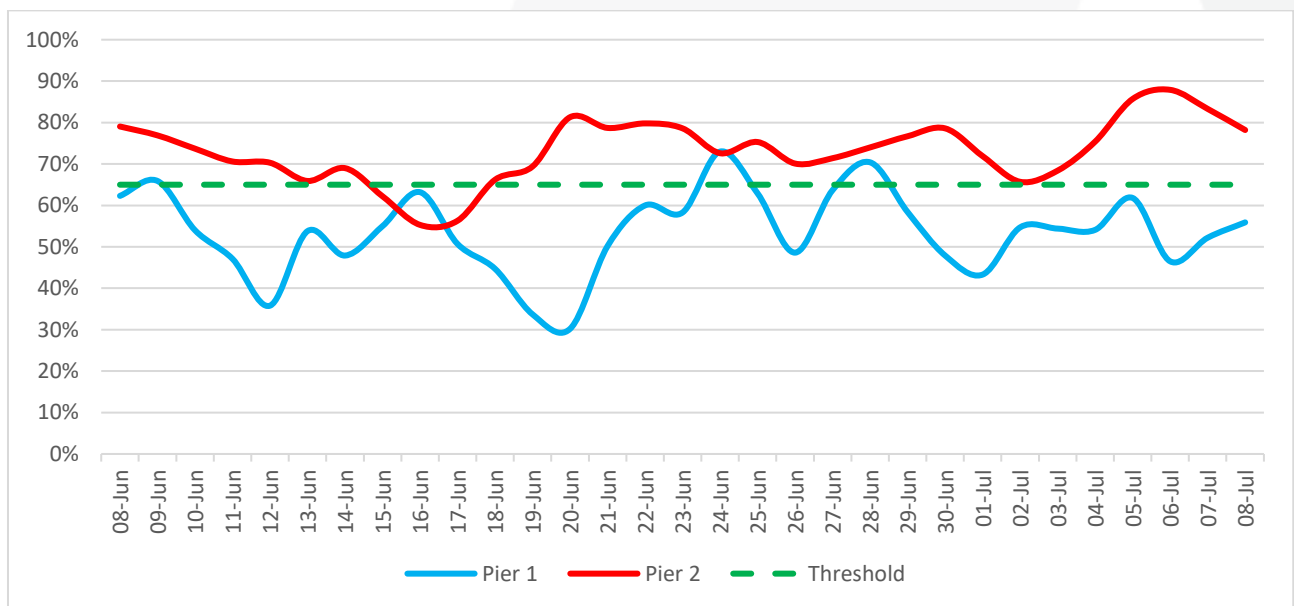
Figure 5 – 7-day forecast reported for total container movements (9 to 15 July; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 08/07/2022.

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

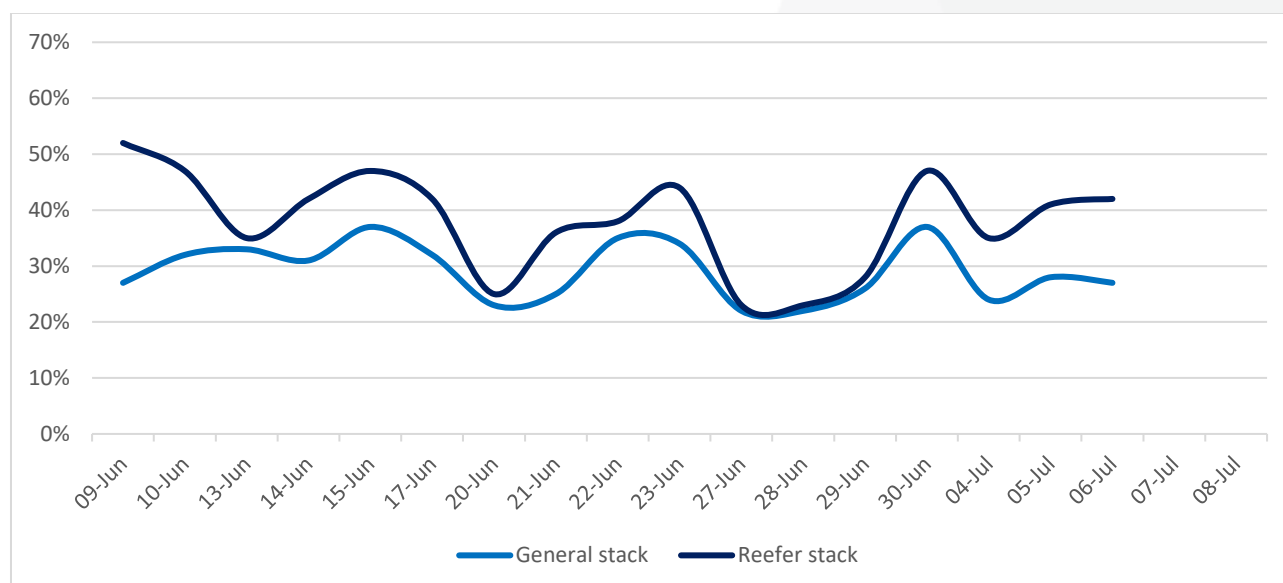
Figure 6 – Stack occupancy in DCT, general-purpose containers (8 June to present; per pier; day on day)



Source: Calculated using data from Transnet, 2022. Updated 08/07/2022.

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

Figure 7 – Stack occupancy in CTCT, general-purpose, and reefer containers (9 June to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 08/07/2022.

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 experienced some high swells on Monday, and the terminal was fogbound briefly on Wednesday. However, there were no reported weather delays in either Durban or the Eastern Cape.

ii. Cape Town

On Tuesday, CTCT recorded three vessels at outer anchorage and two vessels at berth worked by six gangs, six STS cranes, 22 RTGs, and 41 hauliers. Regarding waterside equipment, LC6 is out for fault-finding due to the crane not booming up, and LC2 was used for training throughout the week. Stack occupancy for GP containers was 27%, reefers 41% and empties 37%. In the latest 24-hour period, the terminal managed to handle 2 001 TEUs across the quay. In addition, the terminal serviced 1 211 external trucks on the landside, while 69 containers were moved via rail, with 39 rail containers in the stack. Dredging at Berth 601 is resulting in some delays.

Cape Town MPT on Tuesday recorded zero vessels at anchor, with one container vessel and one bulk rice vessel at berth. In the latest 24-hour period to Friday, the terminal managed to handle 163 truck visits at a truck turnaround time of 15 minutes. Stacks were sitting at 44% for GP containers, 33% for reefers and 10% for empties. Rain caused some delays as the bulk cargo is weather sensitive.

iii. Durban

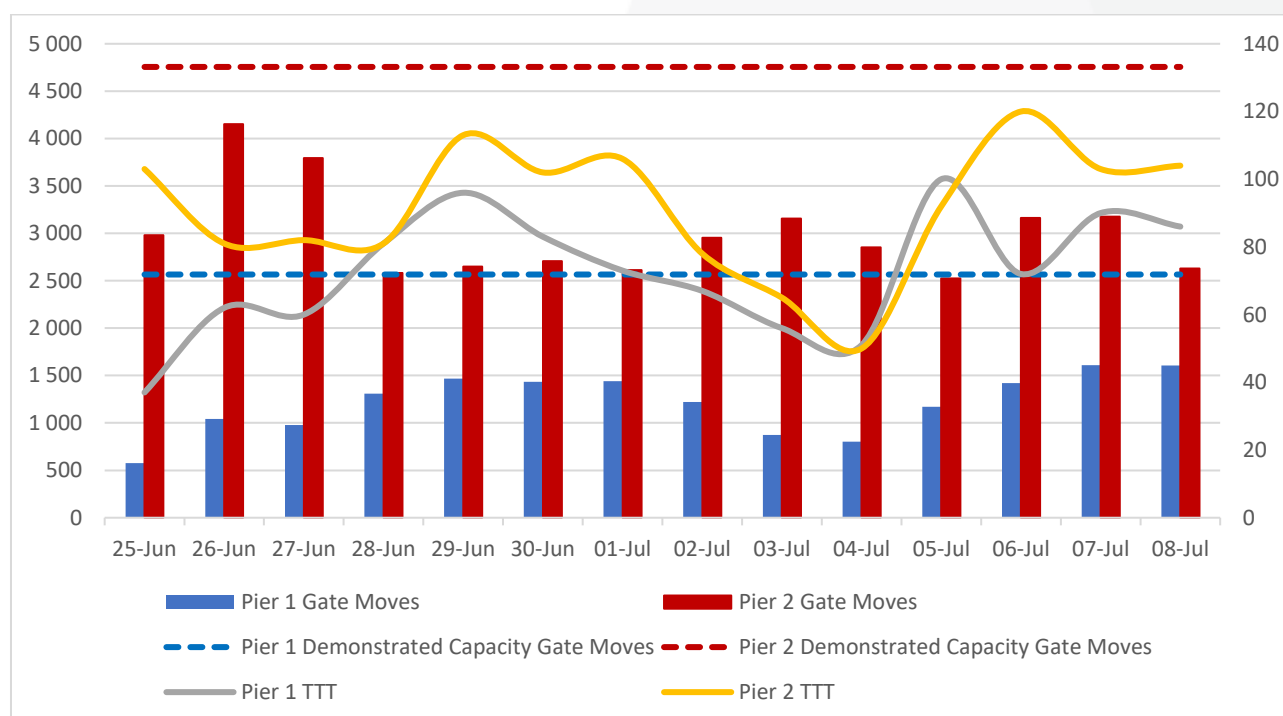
Pier 1 on Tuesday recorded one vessel at berth and none at anchor. Stack occupancy was 62% for GP and 43% for reefers, with 2 131 imports on hand, 580 reefers and 123 unassigned units. The terminal recorded 1 171 gate moves on the landside, with 807 cancelled slots and 152 wasted. 43 TEUs were handled via rail. Over the week, the terminal recorded an average of 15 RTGs available.

On Tuesday, Durban Pier 2 had four vessels at berth and none at anchorage. In the most recent 24 hours, the terminal managed to handle an impressive 4 000 TEUs across the quay. Stack occupancy was 86% overall. The terminal had between 81 and 86 straddles in operation throughout the week, manned by 13 gangs. Cranes 522 and 534 remain on long outages. On the landside, the terminal recorded servicing 2 524 external trucks within an average TTT of 92 minutes and a staging time of 71 minutes. A total of 208 rail import containers were on hand, with 426 TEUs moved by rail.

It is anticipated that there will be a drop in truck visits and stack issues in the Durban Container Terminals following congestion, roadblocks and protests that took place on the N4 leading to Durban.

The following figure summarises the port 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 08/07/2022.

iv. Eastern Cape ports

GCT on Wednesday recorded one vessel at anchorage and one vessel at berth. Regarding performance in the 24 hours to Wednesday, the terminal recorded a GCH of ~19 and an SWH of ~34 while handling an impressive 1 447 TEUs in the 24 hours. Stack occupancy was at 43% for GP containers and 25% for reefers. The terminal recorded 240 external trucks with an average truck turnaround time of 52 minutes. The terminal reported some technical problems with its tugboat, but the tug was repaired and did not cause any noticeable delays.

NCT had two vessels at berth and two at outer anchorage on Wednesday. The terminal handled 1 816 TEUs across the quay and recorded a GCH of ~14 and an SWH of ~31. Stack occupancy for GP containers was 39%, with reefers at 36% and reefer ground slots at 77% capacity, with 400 reefers handled during the 24 hours to Wednesday. On the landside, the terminal recorded 567 gate moves with an average TTT of 38 minutes.

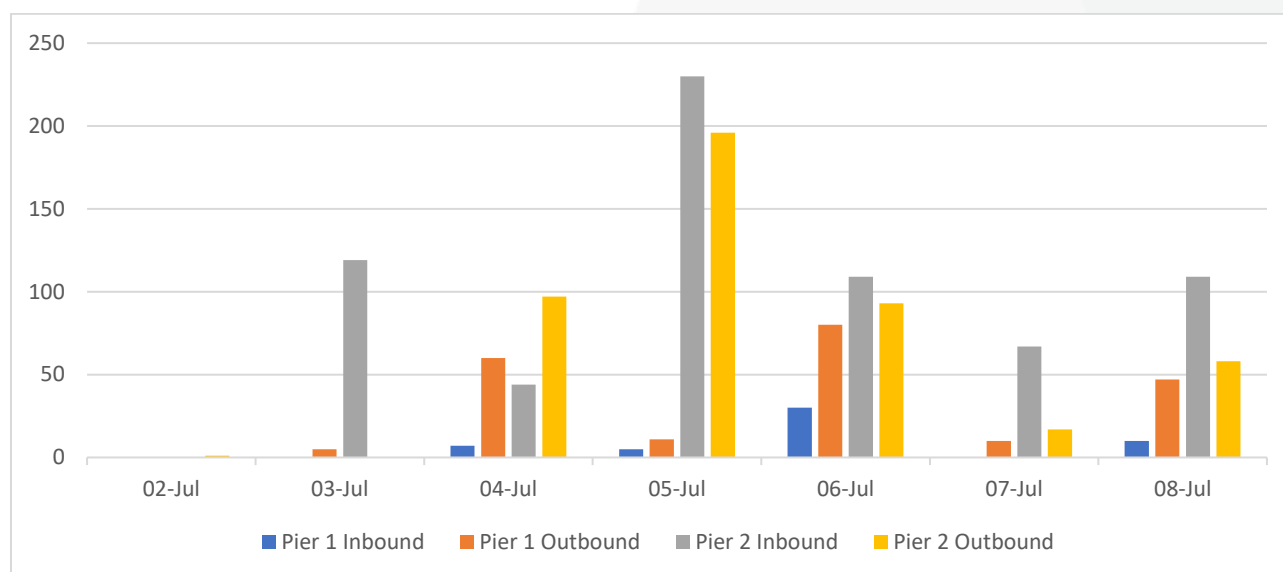
On Wednesday, NCT reported a strike at the main gate by security guards, but this had no significant impact on productivity.

In the Eastern Cape, stage 6 load shedding is becoming a cause for concern, as the respective municipalities have advised that the ports in the Eastern Cape will not be exempt from load-shedding. As a result, customers are urged to consider load shedding schedules when planning port trips, while Transnet works on alternative solutions. Load shedding has caused several delays in the Eastern Cape throughout the week, coupled with delays due to network connectivity issues (unrelated to the load shedding).

v. Transnet Freight Rail (TFR)

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 08/07/2022.

In the last week (2 to 8 July), rail cargo handled out of Durban was reported at **1 405** containers, **↑11%** from the previous week's **1 261** 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 20 June. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in July 2021 averaged **~731 461 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

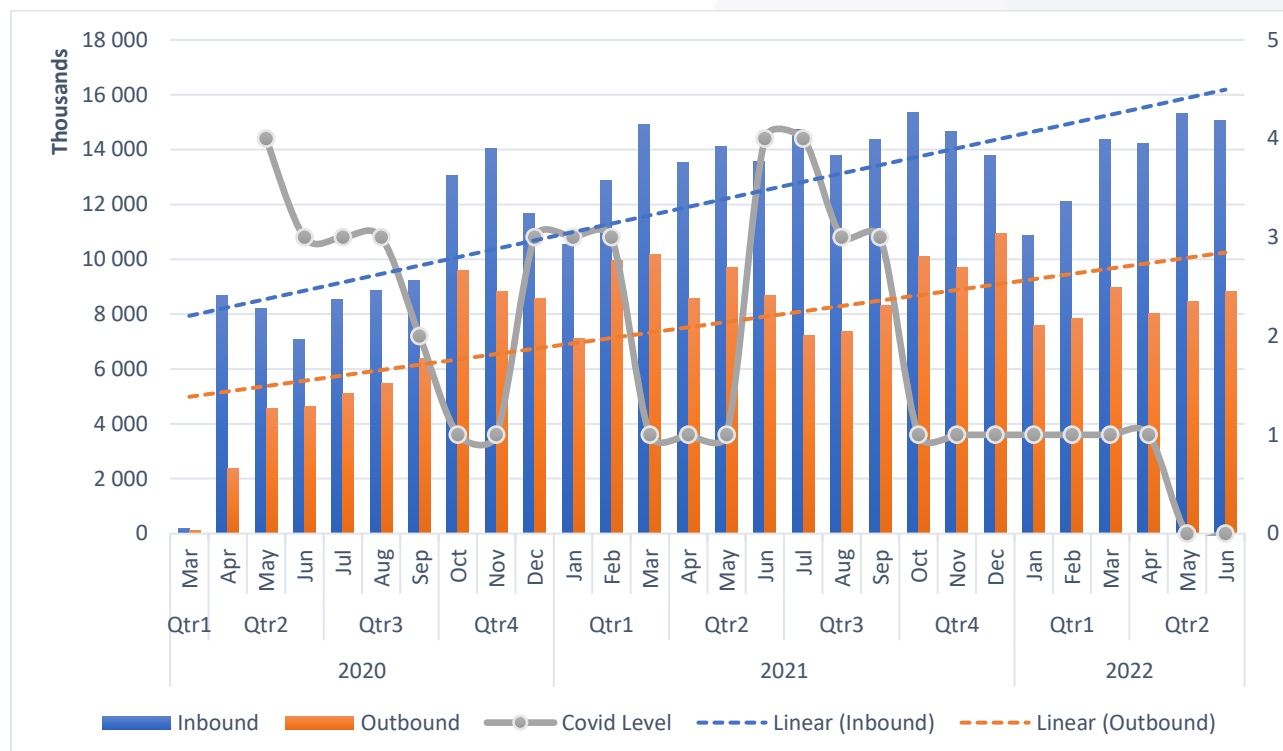
Flows	27-Jun	28-Jun	29-Jun	30-Jun	01-Jul	02-Jul	03-Jul
Volume inbound	560 125	297 424	399 213	448 004	331 708	298 942	1 014 404
Volume outbound	295 898	202 533	228 452	187 182	185 965	277 400	623 604
Total	856 023	499 957	627 665	635 186	517 673	576 342	1 638 008

Courtesy of ACOC. Updated: 04/07/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **478 546kg** inbound and **285 862 kg** outbound, resulting in an average of **764 408 kg** per day or **~94%** compared with July 2021. Also, the level is currently at **~174%** compared with the same period in 2020.

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

Figure 10 – International in – and outbound cargo from OR Tambo (thousands) and lockdown level



Courtesy of ACOC. Updated: 04/07/2022.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the state of disaster period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *July 2021* was **~57 013 kg** per day.

Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
Mar Average	27 325	3 677	3 504	19 611	6 946	3 069	64 131
Apr Average	22 637	2 934	2 787	14 870	5 311	2 627	51 165
May Average	25 622	3 039	2 909	14 743	6 119	2 914	55 346
Jun Average	24 151	2 872	3 122	14 812	6 160	2 931	54 048
Jul Average	16 593	2 012	1 901	9 624	4 133	1 988	36 250
28-Jun-22	45 368	5 396	5 620	26 528	9 271	4 244	96 427

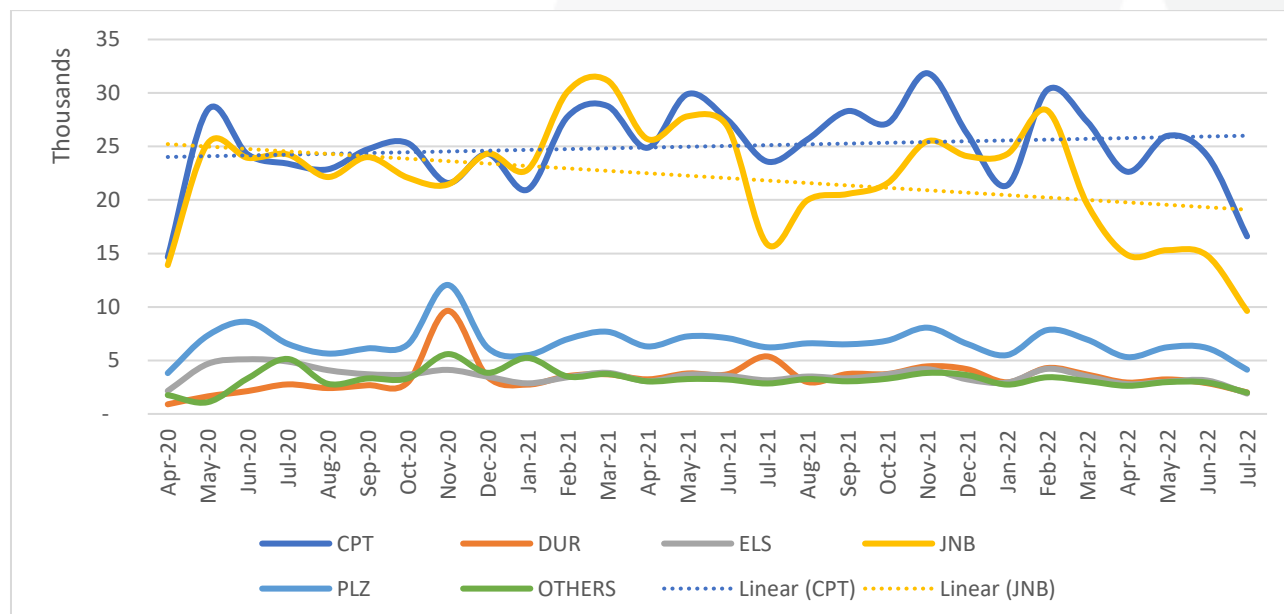
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
29-Jun-22	41 502	4 985	4 566	34 718	8 828	4 291	98 890
30-Jun-22	36 208	3 055	3 529	22 278	9 837	3 933	78 841
01-Jul-22	18 828	3 143	1 870	13 043	5 289	3 018	45 190
02-Jul-22	1 676	195	26	778	117	11	2 802
03-Jul-22	2 634	805	143	283	1 052	581	5 498
04-Jul-22	43 236	3 905	5 563	24 392	10 072	4 341	91 511
Total for 2022:	36 208	3 055	3 529	22 278	9 837	3 933	78 841

Courtesy of BAC. Updated: 06/07/2022.

The average domestic air cargo moved last week was ~59 880 kg per day, which is ↑4% compared with the previous week and ~105% compared to July 2021. The following figure shows the monthly domestic freight movement at our commercial airports during the state of disaster, with OR Tambo figures trending down in recent months.

The following figure shows the monthly domestic freight movement at our commercial airports during the state of disaster, with OR Tambo figures trending down in recent months.

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



Courtesy of BAC. Updated: 06/07/2022.

c. Summary of air cargo operations

Operationally, the ACOC pleaded to ACSA to provide some clarity regarding the cargo strategy of ORTIA and CTIA, as they are inhibited from any strategic or commercial planning. This reality is driven by a lack of understanding of what ACSA's existing plans and forward strategy are, which is of grave concern to the industry, as many of our members need to invest in their businesses to satisfy the ever-increasing service-delivery demand, improve operational efficiencies, and to maintain a consistent growth path. Unfortunately, as things stand, they cannot do so – business cases will not be considered by their principals if the entities

cannot demonstrate continuity and sustainability based on medium to long-term lease agreements with some security of tenure.

These concerns – shared by our 38 members (comprising airlines, cargo handlers, and affiliate associations) – are inter-alia based on congestion issues, lack of flow, and the constant postponement of current infrastructure upgrades, which are long overdue.

3. National Update

a. SARS merchandise trade statistics: May

On Thursday, 30 June, SARS released merchandise trade stats for May¹⁰. Monthly exports have significantly increased from April (**↑17,8%**, m/m), while imports have also increased (**↑10,9%**, m/m). The current figures result in a positive trade balance of **R28,35 billion** for May. However, despite these healthy numbers posted for May, the trade balance for 2022 is still a deterioration from the surplus of **R52,31 billion** recorded for the same period in 2021. For the YTD figures, the preliminary trade balance of **R105,87 billion** is a deterioration from the **R200,34 billion** positive trade balance for the comparable period in 2021. This change is primarily attributed to a substantial increase in YTD imports, growing at **↑38,8%** (y/y). Exports, in turn, also rose, coming in at **↑11,3%** (y/y). These figures again point to the importance of trade for our economy, highlighting the absolute necessity of smoothly facilitating South Africa's trade. This approach must include coordinated border management with a cohesive strategy by all regulatory bodies, which has been noticeable in its absence.

Regionally, trade with BELN countries for May resulted in a trade surplus of **R10,87 billion**, resulting from exports of **R14,66 billion** and imports of **R3,79 billion**. For the month, trade volumes increased significantly after the poor month of April, with the floods in KZN undoubtedly impacting trade. Consequently, exports to our neighbouring countries increased by **↑16,3%** (m/m) between April and May, with imports also increasing – by **↑7,8%** (m/m) over the same period. With these impressive numbers, we see an improvement in the cumulative figures for the year, indicating a positive trade balance with BELN countries – from **R40,78 billion** in 2021 to **R47,26 billion** trade balance surplus for 2022.

4. Road and Regional Update

a. Cross-border and road freight delays

The following events have caused some delays on roads in and around the SADC region this week:

- For South African borders, clearing times in the last week averaged around **18 hours** (**↑38%** from last week).
- Protesters have blocked the entire N4 highway and ancillary roads by parking trucks to block major roads connecting the city to the border with Mozambique and the port of Maputo. In addition, truck drivers demonstrated against fuel prices rising to a new record¹¹.
- Regionally, the staggering queues leading to Kasumbalesa have reached breaking point, resulting in further pleas to the Zambian Government by FERSATA to prevent a re-occurrence of the 2013 accidents when two fuel tankers collided in a queue.
- Fortunately, to alleviate some of the congestion, Makambo and Sakania have been reopened, and transporters were told they could divert there at no extra charge.
- Also, in Zambia, transporters were advised to be alert to Police fining drivers 300 Kwacha for not displaying company names on truck doors.

¹⁰ SARS. 30/06/2022. [Merchandise trade stats](#).

¹¹ Hill, M. & Siwele, K. 06/07/2022. [Trucks Block South Africa Road to Mozambique as Fuel Costs Surge](#).

- Lastly, Beitbridge is fully functional after problems with the backup generators during load-shedding.
- During the last seven days, there were no closures of any South African borders. However, we encourage traders to stay abreast of border post communications as per the SARS [website](#).
- Transporters, traders, and cargo owners are still encouraged to use the non-tariff barrier (NTBs) [online tool](#) developed by UNCTAD and the AfCFTA Secretariate.

Apart from these developments, investigations continue into cross-border delays experienced at several other SADC border posts in the sub-region, with lengthy queuing times at Groblersbrug, Kasumbalesa, Kopfontein and Lebombo, resulting in ongoing delays.

Table 6 – Delays¹² summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
SA/Zim	Beitbridge	0:00	18:00	943	28 290	6 601	105 616	0
Moz/Zam	Cassacatiza/Mlolo	1:00	21:00	175	5 250	1 225	23 275	1 225
Zam/Zim	Chirundu	0:00	19:00	620	18 600	4 340	73 780	0
Moz/Mal	Dedza	2:00	27:00	50	1 500	350	8 750	700
SA/Bot	Groblersbrug/Martins Drift	24:00	13:00	400	12 000	2 800	30 800	67 200
Zam/DRC	Kasumbalesa	192:00	76:00	750	22 500	5 250	388 500	1 008 000
Zam/Bot	Kazungula	0:00	14:00	240	7 200	1 680	20 160	0
SA/Bot	Kopfontein/Tlokweng	1:00	41:00	100	3 000	700	27 300	700
Moz/Zim	Machipanda/Forbes	1:00	11:00	320	9 600	2 240	20 160	2 240
Moz/Mal	Nakonde/Tunduma	-	2:00	500	15 000	3 500	0	0
Zim/Moz	Nyamapanda	1:00	5:00	100	3 000	700	2 100	700
SA/Moz	Lebombo/Ressano Garcia	10:00	19:00	1 100	33 000	7 700	130 900	77 000
Zam/Zim	Victoria Falls	1:00	2:00	114	3 420	798	0	798
Moz/Mal	Zobue/Mwanza	2:00	21:00	100	3 000	700	13 300	1 400
				5 512	165 360	38 584	869 281	1 159 963

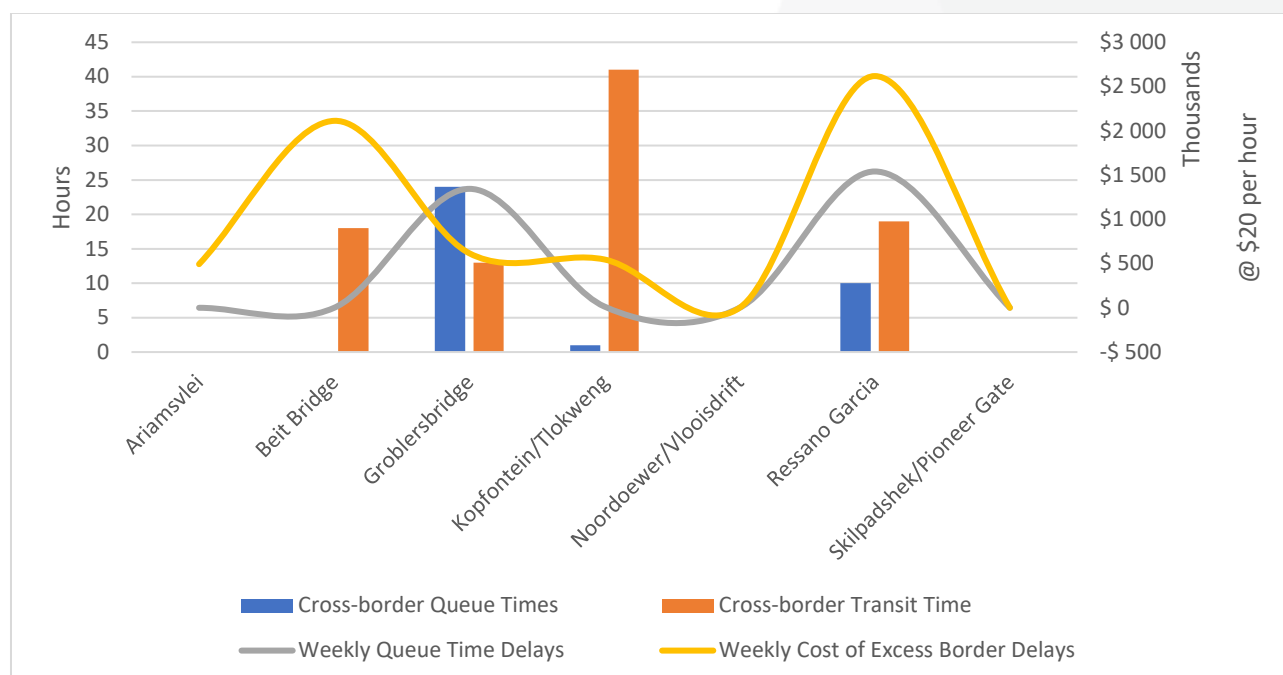
Source: TLC & FESARTA, week ending 04/07/2022.

The following graph shows the weekly change in cross-border times and associated estimated cost.

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¹² 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.

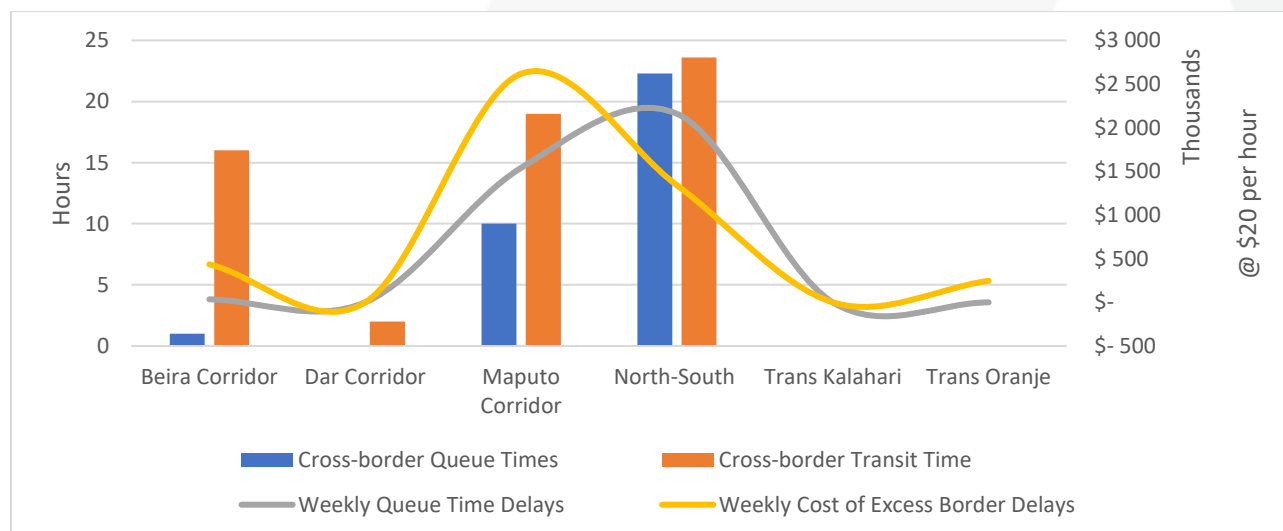
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 04/07/2022.

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, week ending 04/07/2022.

In summary, cross-border queue time has averaged **~15,7 hours** (up by **~0,8 hours** from the **~14,9 hours** recorded in the previous report), costing the transport industry an estimated **\$23 million (R371 million)**. Furthermore, the week's average cross-border transit times hovered around **~18,1 hours** (down by **~0,3 hours** from the **~18,4 hours** recorded in the previous report), costing the transport industry **\$17 million (R278 million)**. As a result, the total cost for the week amounts to an estimated **~R649 million** (up by **~R20 million** or **↑3%** from **R629 million** in the previous report).

5. International Update

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

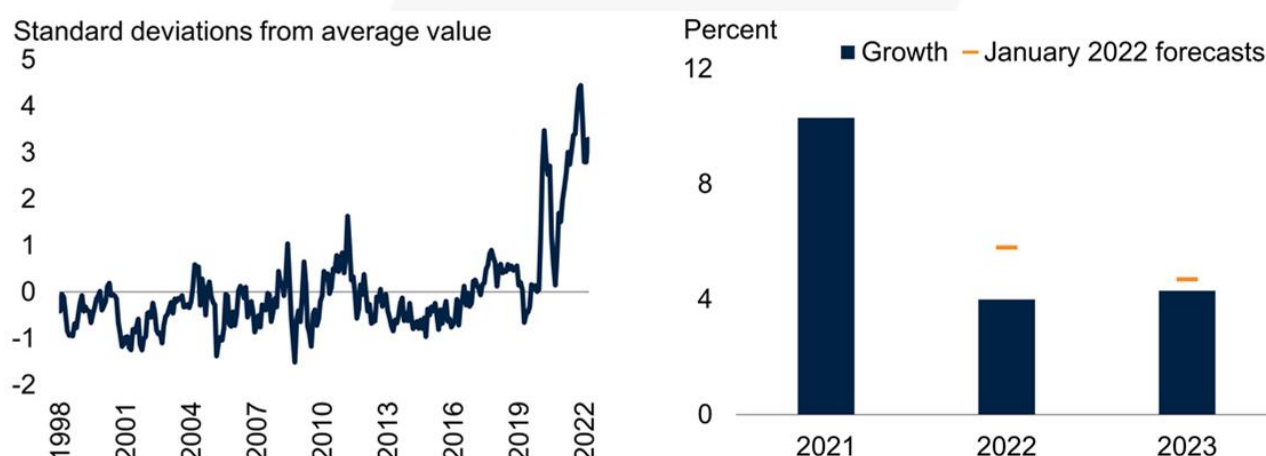
a. Global economy

This week, the World Bank (WB) released its latest *"Global economic prospects"*¹³, largely echoing the warnings made by UNCTAD¹⁴ last week that *"Russia's invasion of Ukraine and its effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth."* As a result, most growth forecasts in the world's major economies have been revised downward, as has global growth, projected at **↑2,9%** for 2022, down from the **↑4,1%** predicted in January.

Interestingly for South Africa, the WB has not revised our growth forecasts downward, with the figures still predicting an increase of **↑2,1%** for 2022 and a forecast of **↑1,5%** and **↑1,8%** for 2023 and 2024, respectively. However, the chronic and persistent Eskom load-shedding, the impact of escalating food and fuel prices, continued local government delivery failures¹⁵, and interest rate escalation, to name but a few, have seemingly not been considered by the Washington-based institution. Indeed, we can see this reality in our sector. When port volumes are so low, and no ships are waiting for berths, that can only mean one thing. This situation also gives a false picture of port efficiency, as noted above, because they're not under pressure.

The WB notes, *"The surge in energy and food prices, along with the supply and trade disruptions triggered by the war in Ukraine and the necessary interest rate normalisation now underway, account for most of the downgrade."* The accelerated energy price increase has been one of the primary countering forces in preventing shipping rates from falling from their stratospheric levels of late. In addition, the WB warns that supply chains continue to be under strain amid new COVID-19 lockdowns affecting major Asian ports and logistical disruptions associated with Russia's invasion of Ukraine. Consequently, global trade growth has been substantially revised, reflecting significant value chain disruptions related to the war. The following side-by-side figure illustrates this troubling scenario and downwardly revised forecasts for trade:

Figure 14 – Global supply chain pressures (std deviation) and global trade forecast (%), versus January forecasts)



Source: [World Bank](#)

Global trade growth is anticipated to slow to **↑4%** in 2022, as the war in Ukraine further disrupts global value chains, global activity gradually shifts back toward the less trade-intensive services sector, and

¹³ World Bank. 04/07/2022. [Global economic prospects: June](#).

¹⁴ UNCTAD. 28/06/2022. [Maritime Trade Disrupted: The war in Ukraine and its effects on maritime trade logistics](#).

¹⁵ Parsons, R. 01/07/2022. NWU Policy Uncertainty Index: Q2 2022.

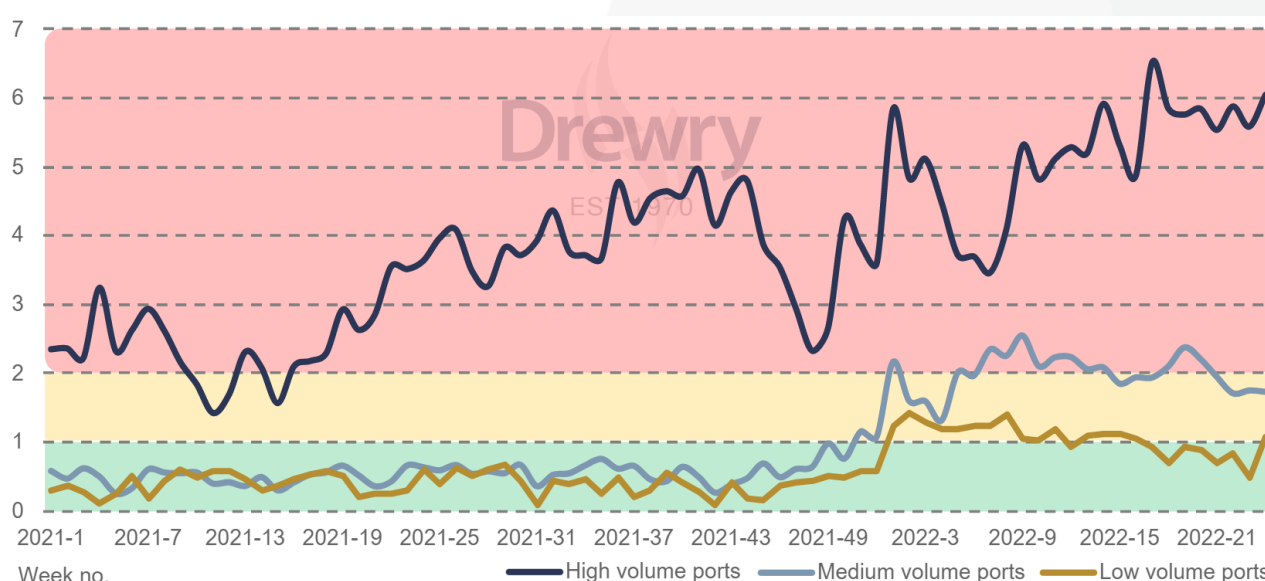
international mobility moves toward pre-pandemic levels only gradually. This change is a substantial downward revision relative to previous forecasts, primarily because of higher transport costs and significant global value chain disruptions associated with the war. For the next couple of years, trade growth is expected to moderate to an average of ~**↑4,1%** in 2023-24, as global demand for tradable goods decelerates.

b. Global shipping industry

i. Global port congestion and container vessel rotation

From the beginning of April 2021, there has been a steep increase in global port congestion, with ports of all sizes feeling the brunt, especially high-volume ports. The massive surge in freight rates ensued a couple of months later. These have seemingly ended (almost – see [below](#)); however, port congestion is getting worse, according to Drewry's latest "Container Forecaster Report"¹⁶. The following figures illustrate the ongoing struggles across all port sizes.

Figure 15 – Global port congestion (average Z-score¹⁷, 2010 = 0)



Source: [Drewry](#)

There is no sign yet that the port bottlenecks are going away. AIS ship tracking data reveals that the number of containerships waiting outside of major ports is growing, while the views of many commentators are that there is little to no expectation of a fix this side of 2023. The congestion keeps a significant amount of capacity "locked in", as turnaround times of sailing schedules remain exceptionally high. With no changes to our expected supply chain recovery timeline, the market will continue to be denied capacity that it otherwise would have had access to. Drewry estimates that effective container ship capacity will be about **↓15%** below potential this year, following a **↓17%** reduction last year.

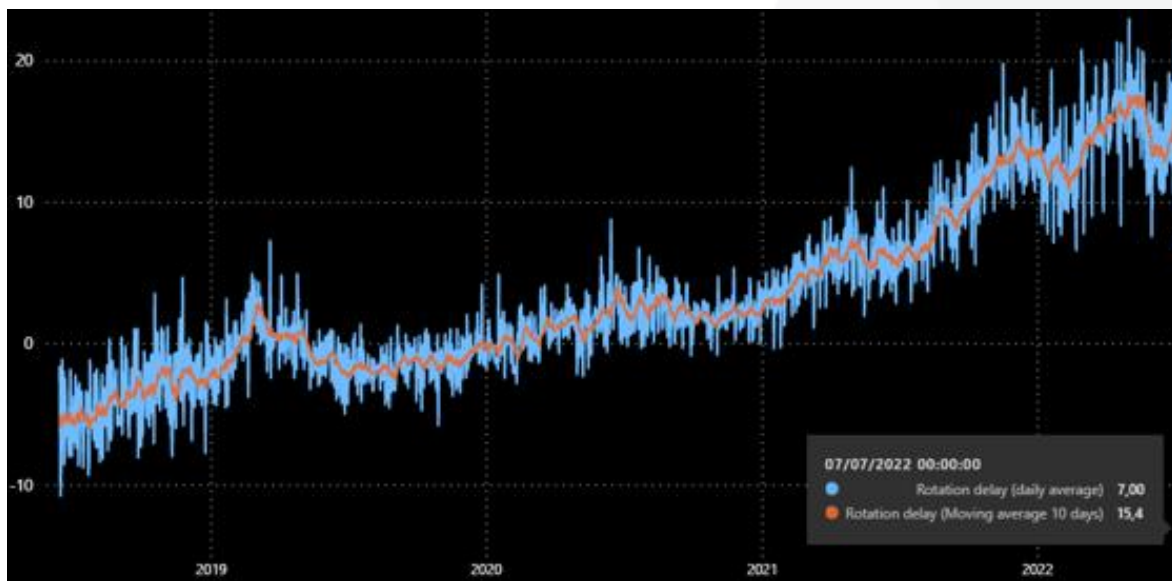
Global port congestion delays are rolling over into the container vessel rotations, as the average delays in the major routes remain exceptionally high:

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¹⁶ Drewry. 30/06/2022. [Container Forecaster Report](#).

¹⁷ Note: Based on the z-score deviation from 2019 averages of the number of ships waiting outside selected ports. Only considers waiting events longer than 4 hours to avoid capturing ships passing through port waiting zones.

Figure 16 – Container vessel rotation delays: Asia to US East Coast (number of days)



Source: [Steel Lux](#), data from [Alphaliner](#)

According to new data by Alphaliner, the current delays in the container market are currently standing at:

- Asia to US West Coast – **11,9 days**
- Asia to US East Coast – **15,4 days** (pictured above), and
- Asia to Europe – **15,7 days**.

These delays create a substantial capacity shortage, as volume is "*stuck in the system*", as mentioned above. Of course, the consequence is that the delays are spilling over to secondary services, such as the China-Africa and Europe-Africa services.

ii. Container fleet capacity gains

Despite the ongoing supply chain struggles, the major shipping lines have not been deterred from adding to their capacity. But, of course, with the booming (albeit softening) freight rates of late (see [below](#)), the carriers have now had the opportunity to expand fleets – unthought of a few years ago due to many financially dry years in the early 2000s. With the month of June now at an end, the following figure shows the net fleet capacity gains (or loses) of the top 10 most voluminous carriers for the first half of 2022:

Figure 17 – Net fleet capacity gains/losses in H1 2022 (TEUs)



Source: [Alphaliner](#)

MSC continues its fleet expansion, leading the way with an increase of **↑4,2%** for the first half of 2022. The ongoing push is significant considering that the Swiss carrier overtook Maersk (**↓0,6%**) as the largest carrier earlier this year¹⁸. Other notable gainers were French carrier CMA CGM (**↑4%**) and Evergreen (**↑5,2%**). In total, the world's fully cellular container fleet grew by **↑1,7%** in the first half of this year, to just under **25,5 million TEU**, with some ocean carriers expanding their capacity much faster than others. Alphaliner noted that container carriers will continue their hunt for additional tonnage as ocean freight rate levels remain high, as, despite the increased pressure on spot ocean freight rates, they are still four times as high as the pre-pandemic levels of early 2020¹⁹.

iii. Global container freight rates

For the 19th straight week, global container freight rates continued their decline, as Drewry's "World Container Index" decreased – albeit only marginally at **↓0,2%** (or **\$15**) – to **\$7 051** per 40-ft container this week²⁰. The composite index is **↓20%** (y/y) compared to this time last year. Although the long-term average remains high – the YTD average at **\$8 370** per 40ft container remains **\$4 858** higher than the five-year average of **\$3 512** – container freight rates are maintaining their welcome decline, as shown here:

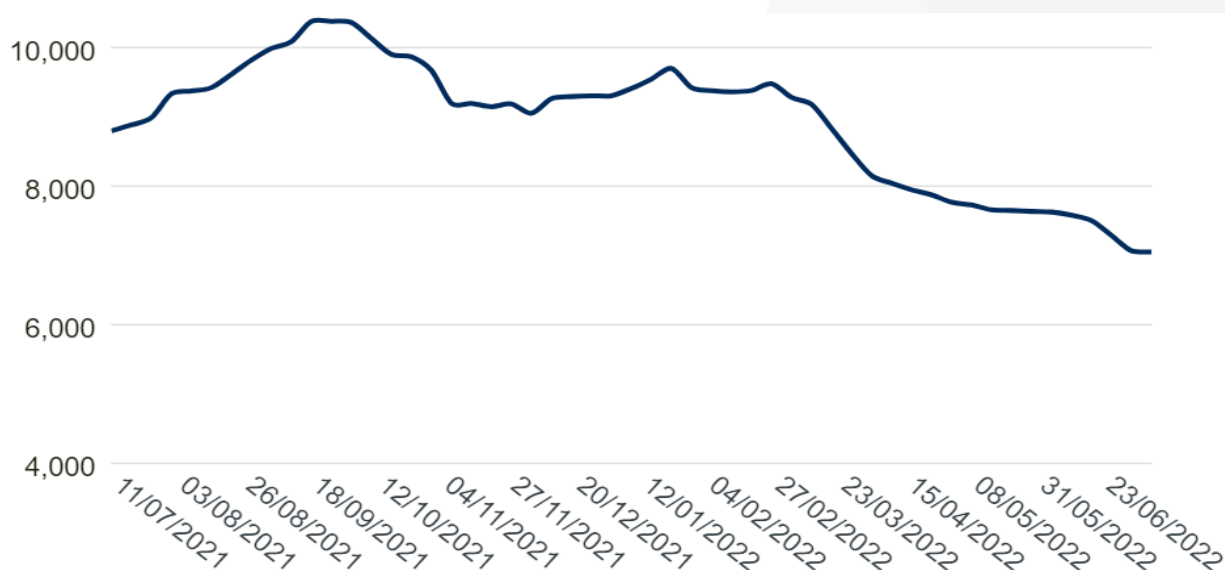
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¹⁸ Tan, H. 06/01/2022. [Maersk is no longer the world's largest container line as MSC takes the top spot.](#)

¹⁹ Wackett, M. 06/07/2022. [Zim and MSC quick to boost capacity, but rivals miss growth opportunities.](#)

²⁰ Drewry. 07/06/2022. [World Container Index.](#)

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



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

On the major East-West trade lanes, only New York – Rotterdam (and the reverse route) remain higher than this time last year, as the market continues to moderate. Interestingly, a recent analysis by Sea Intelligence²¹ has questioned whether the downward pressure on rates is demand-driven or supply-driven. Sea Intelligence notes that the developments are curious for the Asia-North American West Coast trade – a route which has seemingly boomed in recent years – as increased capacity could make a strong case for dropping spot rates.

However, since the annualised growth of the route is under **↑5%**, the realities tend to suggest that a decrease informs the current downward trend on the demand side. This reality should be quite worrying for the carriers, especially as we are headed into the traditional peak season, as there is an indication that the market is not as strong as expected. Even in Asia-North Europe, both sets of capacity growth figures have been fluctuating around the **0%** mark, indicating that the downwards pressure on spot rates is not supply-driven and rather because the market is not as strong as initially expected for the 2022 peak season. Be it as it may, Drewry expects the index to continue declining gradually in the next few weeks.

iv. Further developments of note

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

1. Multipurpose Time Charter Index weakened further:

- a. The Drewry "Multipurpose Time Charter Index"²² weakened further over June, albeit by just **↓0,6%**, to **\$11 050** per day as spot rates in the competing sectors softened. Moreover, future expectations are for the trend to continue in July, though very slowly, with predictions for rates dropping a further **↓1,4%** to **\$10 900** per day.
- b. The main determinants include:
 - i. Uncertainty for the outlook for the Multipurpose and Heavy lift fleet.
 - ii. COVID restrictions still hamper Chinese exports
 - iii. Weakening European demand due to increasing economic concerns, and
 - iv. Downward pressure due to US inflation and continued supply chain issues at the major ports.

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²¹ Alan Murphy. 06/07/2022. [Downward pressure on rates demand driven?](#)

²² Drewry. 04/07/2022. [Multipurpose Time Charter Index - Jul 22.](#)

- c. On the MPV charter market, the short-sea sector is becalmed with steady rates over much of June in the face of rising fuel costs and continued conflict in Ukraine (and what that means in terms of vessel supply and certain trade lanes).
- d. For the larger, more heavy-lift capable sector, rates have weakened in line with the weakness in the container sector. Nevertheless, rates in the industry are expected to remain way ahead of 2021 levels.

2. Shipping lines to apply box tracking and telemetry:

- a. Industry experts believe cash-rich carriers, now seeing contracting demand, are set to fight over diminishing cargo volumes as the pandemic eases. As a result, carriers will likely resort to finding unique selling points, which could see them turn to track and trace solutions, and other value-adding services.²³
- b. For example, according to some industry figures, Hapag-Lloyd recently began to fit tracking and telemetry to its containers, stealing a march on its competitors and starting a new push among carriers. The developments will be closely followed, as global shipping remains a data-rich but information-poor industry.

3. Average global demurrage and detention (D&D) charges have fallen this year:

- a. With the continued pressure by maritime regulatory authorities on global shipping lines, the average worldwide demurrage and detention (D&D) charges have fallen this year but remain around **↑12%** higher than before the pandemic. These figures were according to a new survey by online equipment trading and leasing platform Container xChange²⁴.
- b. However, the average is skewed by huge D&D fees imposed on shippers in the US, with the recent investigations by the Federal Maritime Commission (FMC) testament to these findings.
- c. By region, D&D charges in May in the US were the highest, at **\$2 692** per container. This figure compares with **\$549** in Europe, **\$482** in India, **\$453** in China and **\$366** in the rest of Asia. Furthermore, the mid-year D&D average at Rotterdam was **\$564** per container, but for customers of ONE, the cost was **↑43%** higher, at **\$809**. No data were provided for South Africa or anywhere on the African continent.

4. MSC to build a super-transshipment port in Vietnam:

- a. The world's most prominent shipping line, MSC, plans to build a new transshipment "super port" in Vietnam. According to local media, MSC-owned Terminal Investment Ltd (TIL) has signed an agreement with Ho Chi Minh City to build a **\$6 billion** port in Can Gio, a district on the city's outskirts²⁵.
- b. The proposed facility would have a **7,2km** wharf, an annual capacity of **15 million TEU** and be capable of handling **24 000 TEU** containerships. Expectations suggest that Can Gio Port is expected to handle up to 80% transshipment and 20% gateway cargo, with the project's backers eyeing Singapore's success.

c. Global air cargo industry

Despite the impending doom and gloom for the sector, seasonally adjusted cargo tonne-kilometres (CTKs) expanded slightly, up by **↑0,3%** in May from April, according to the latest "Air Cargo Market Analysis" from IATA²⁶. Compared with a year ago, May CTKs remain down annually (**↓8,3%**); however, the figure is slightly



²³ Bartlett, C. 06/07/2022. [Shipping lines on starting grid in new 'race' to apply box tracking and telemetry.](#)

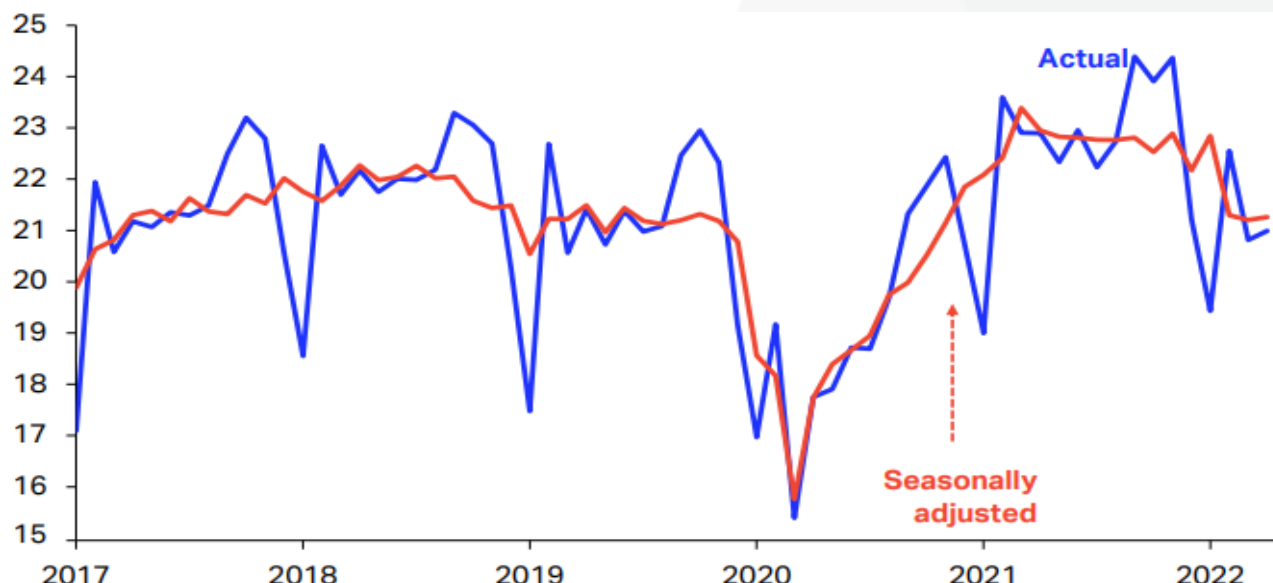
²⁴ Wackett, M. 05/07/2022. [Average global D&D charges fall but are still four times higher in the US.](#)

²⁵ Loadstar. 04/07/2022. [MSC set to build super port in Vietnam, despite 'poor economic justification'.](#)

²⁶ IATA. 07/07/2022. [Air Cargo Market Analysis.](#)

improved from the **↓9,1%** drop in April (y/y). The result has been supported by an increase in available cargo tonne-kilometres (ACTKs) of **↓2,7%** in May.

Figure 19 – Industry CTks (billion per month)



Source: [IATA](#)

Despite ongoing supply disruptions evident in the cargo sector, the situation has improved significantly in the last couple of months. Notably, the lockdowns in China due to the Omicron wave have been eased. IATA notes that the coming months will see, on the one hand, capacity constraints easing as some regions bring capacity online and, on the other hand, downward pressure on demand will likely increase as inflation remains elevated. Other figures of note include:

- The industry-wide cargo load factor (CLF) was 50,4% in May, which is **↓8,3%** (y/y).
- Inflation impacts will affect air cargo, as the general consumer price index for the G7 countries reached **↑7,5%** (y/y) in May.
- Jet fuel (and Brent crude oil) prices remain elevated and continue to pressure the sector.
- Regionally, Africa continues to perform well, with CTks at **↑9%** in May versus pre-pandemic (2019), despite capacity being way down versus the corresponding period (**↓12,1%**).

In other air cargo news, Lufthansa Cargo is re-routing some freighter flights from Frankfurt to Munich this weekend²⁷, as the carrier's central hub continues to be severely affected by labour shortages²⁸. Of course, labour issues have plagued others logistics networks, notably seafarers and port staff in Northern Europe and a massive shortage of truck drivers in the US²⁹. With the air cargo market softening of late (due to (1) Chinese lockdowns, (2) seasonal adjustments, and (3) the expected growth in manufacturing not having come to fruition), there are expectations for rates to decline with potentially more rate renegotiations between carriers and customers³⁰. Overall, rates remain **↑129%** higher than in 2019, but the market is steadily declining, with the North Atlantic region witnessing a fall of **↓30%** over the past three months. This region is typically a precursor to the movement for the rest of the market. Consequently, rates are very close to the peaks of 2020, with demand waning (**↓8%** y/y) and capacity increasing (**↑6%**).

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²⁷ Lennane, A. 07/07/2022. [Lufthansa Cargo reroutes freighters to Munich to avoid Frankfurt congestion](#).

²⁸ Lennane, A. 04/07/2022. ['Limited ground handling' sees Frankfurt 'forced' to cut freighter flights](#).

²⁹ IRU. 16/06/2022. [Driver shortages surge, expected to jump up to 40% in 2022: new IRU survey](#).

³⁰ Lennane, A. 06/07/2022. [As the market softens, expect to see more airfreight rate](#).