

## COVID-19: Cargo movement update<sup>1</sup>

**Date: 9 September 2022**

### Weekly Snapshot

Table 1 – Port volumes and air cargo flows, week on week

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	26 264	35 388	61 652	20 057	23 227	43 284	↑42%
Air Cargo (tons)	4 575	2 784	7 359	4 882	2 360	7 241	↑2%

### Monthly Snapshot

Figure 1 – Monthly<sup>4</sup> cargo volume levels, year on year (100% = baseline)

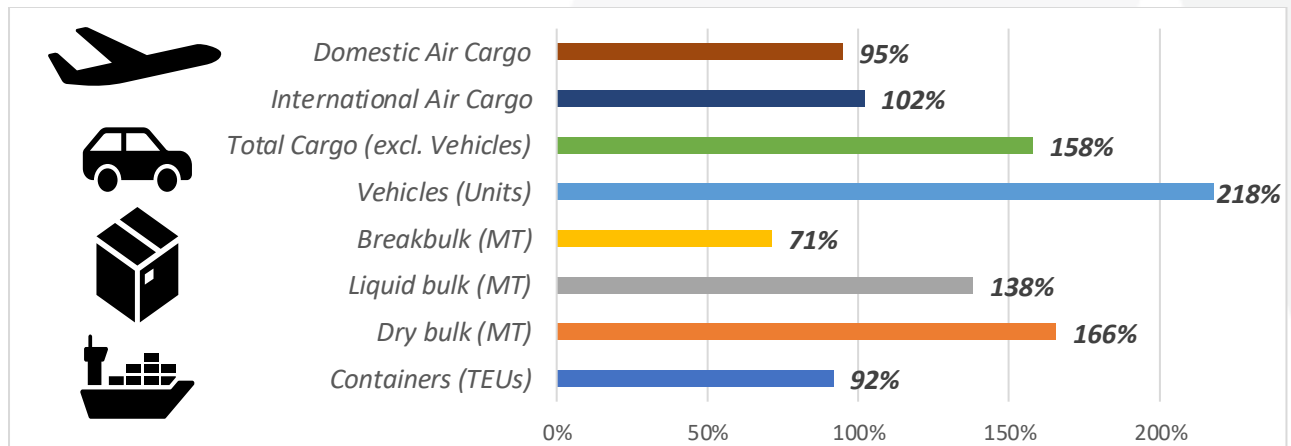
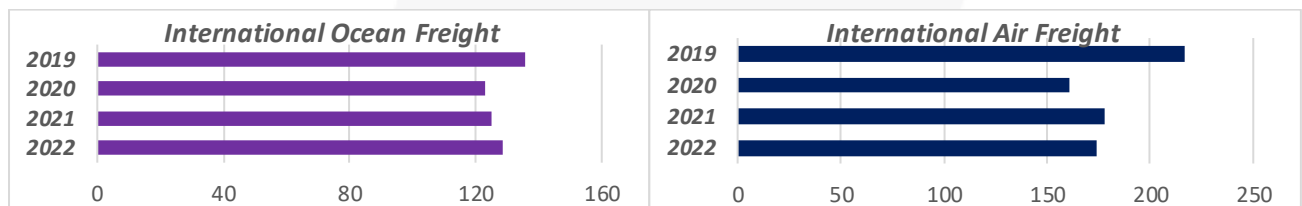


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



### Key Notes

- An average of **~8 807 containers** was handled per day, with **~8 952 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 708 containers**, **↓34%** compared to last week.
- This week, cross-border queue times were the same, with transit times **↑0,9 hours**, SA borders **~16 hours**.
- CTS container throughput (imports & export) is down by **↓2,1%** (m/m), but up by **↑0,6%** (y/y) for July.
- Liner schedule reliability improved by **↑0,5%** (m/m) to **40,5%**, with average late arrivals at **6,15 days**.
- The "WCI" dropped for the 28<sup>th</sup> week, with spot rates down by **↓5%** (\$283) to **\$5 379** per 40ft.
- Air cargo is **↓9,7%** (y/y) but stable versus pre-pandemic times as passenger recovery continues.

<sup>1</sup> 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 104<sup>th</sup> update.

<sup>2</sup> 'Current' means the last 7 days' (a week's) worth of available data.

<sup>3</sup> 'Previous' means the preceding 8-14 days' (a week's) worth of available data.

<sup>4</sup> 'Monthly' means the last months' worth of available data compared to the same month in the previous year; Ocean: Jul vs Jul; Air: Aug vs Aug.

<sup>5</sup> For ocean, total Jan-Jul cargo in metric tonnes, as reported by [Transnet](#) is used, while for air, Jan-Aug cargo to and from ORTIA is used.

## Executive Summary

This update – *the 104<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this past week were characterised by strong winds, vessel ranging, equipment breakdowns, and congestion. For example, in Durban, external truck breakdowns and system downtime caused congestion at the port exit gate, while the port helicopter went out of commission once more due to a service bulletin that needed to be carried out. In addition, TFR advised that the return to service of the second line on the Durban-Cato Ridge railway had been pushed back and was now only expected to return to service on 1 October 2022. Furthermore, Transnet reported that the Eastern Cape port engineers are expected to provide an update on the Moormaster at Ngqura next week, while an update on the second set of shore tensioners in Cape Town is also expected.

Internationally, container port throughput figures for July confirm a reduction in global volumes, as the current situation reflects the heavily disrupted nature of the maritime and supply chain environment of late. Indeed, the container market has not kicked on from the strong response to the massive drops in February caused by the Chinese New Year, the spread of Omicron, and the ongoing effects of Russia's war with Ukraine. As container freight prices continue to plummet, we expect the market to moderate to some extent, given the continued leisurely crawl to improved reliability and reduced delays in the liner market.

On the profit side, analysis indicates that the average carrier earnings of the major carriers are finally starting to fall in the second quarter of 2022, as a combination of tumbling spot rates, rising costs, and weaker shipper demand will likely continue for now. But at the same time, we are still experiencing peculiar circumstances in global shipping, with a two-tier market evident. As we look ahead, the trade-off between capacity, price, and reliability will continue to play a role in freight buying decisions, as shippers are paying a premium for arguably the worst service they have received in living memory. Further developments of note included **(1)** typhoon "Hinnamor" disrupting service in China and South Korea, **(2)** multi-purpose charter sector decline, **(3)** LNG, Crude, and LPG shipping sectors continuing to be resilient, **(4)** UK labour strikes continue and might intensify, and **(5)** global reefer equipment shortages remain.

South Africa's international air cargo volume increased this week (**↑2%**), as did the domestic cargo (**↑10%**) compared with the previous week. Operationally, the industry celebrated some success as, after months and months' worth of deliberations, ACSA has finally accepted the push from the industry to integrate the IVS system with ACSA's Gatebook system. Internationally, air cargo remains resilient despite another contraction in volumes. The passenger market recovery continues its upward trajectory, albeit at a fairly low rate. Looking ahead, IATA notes that the easing of restrictions in China and reduced disruption in global supply chains are likely to support world trade and air cargo volumes in the coming months, while high inflation and rising interest rates worldwide are expected to have a dampening effect on demand. This combination of circumstances indicates that there will be negligible growth in the commercial aviation sector for the time being.

In the road freight sector, cross-border transit times for our borders averaged **~16 hours (↓16% w/w)**, with several border posts, including Cassamatiza, Chirundu, Dedza, Lebombo, Kasumbalesa, Kazungula, and Kopfontein experiencing significant delays. Apart from regional cross-border delays, most additional developments of note concern Zimbabwe and includes **(1)** the DHA has extended the exemption granted to Zimbabwean Nationals by six months, **(2)** Fines from ZIMRA for changing vehicle registration details, **(3)** State visits at borders cause traffic havoc, and **(4)** TIP updates.

In summary, as we come to terms with the reality that the economy is struggling with South Africa's gross domestic product decreasing by **↓0,7%** (q/q) this week, we acknowledge the work being done to turn matters around. Although trade and accompanying industries are contributing admirably, the systemic issue at hand is creating a ceiling to growth. Apart from the transient supply chain challenges experienced, South African ports are beset with operational inefficiencies. For example, at the start of this year, cargo ships entering Cape Town had to wait up to two weeks to berth before customs clearance and offload could commence<sup>6</sup>. We must, therefore, unlock opportunities to improve our logistics network and facilitate trade better. Logistics can only function optimally in a shared infrastructure with shared responsibilities from all parties. Therefore, we must continue to revolutionise, increase collaboration, and build on the small recent wins; otherwise, we will continue to lose out to regional and international competitors.

---

<sup>6</sup> PWC. 30/08/2022. [South Africa Economic Outlook 2022 - August.](#)

## Contents

<b>Weekly Snapshot .....</b>	<b>1</b>
<b>Monthly Snapshot.....</b>	<b>1</b>
<b>Key Notes .....</b>	<b>1</b>
<b>Executive Summary .....</b>	<b>2</b>
<b>Contents .....</b>	<b>4</b>
<b>1. Ports Update.....</b>	<b>5</b>
a. Container flow overview .....	5
b. Summary of port operations .....	8
i. Weather and other delays .....	8
ii. Cape Town.....	8
iii. Durban and Richards Bay .....	9
iv. Eastern Cape ports .....	10
v. Transnet Freight Rail (TFR) .....	10
<b>2. Air Update .....</b>	<b>11</b>
a. International air cargo .....	11
b. Domestic air cargo .....	12
c. Air cargo operations .....	13
<b>3. National Update .....</b>	<b>13</b>
a. Gross domestic product.....	13
<b>4. Road and Regional Update .....</b>	<b>14</b>
a. Cross-border and road freight delays .....	14
<b>5. International Update.....</b>	<b>17</b>
a. Global shipping industry .....	17
i. Global port throughput volume and price index .....	17
ii. Schedule reliability .....	18
iii. Global carrier profits and container freight rates .....	19
iv. Further developments of note .....	22
b. Global air cargo industry.....	23
i. Air cargo rates.....	23

## 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 3 to 9 September <sup>7</sup>

7-day flow forecast (03/09/2022 – 09/09/2022)		
TERMINAL	NO. OF CONTAINERS <sup>8</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 787	5 221
DURBAN CONTAINER TERMINAL PIER 2:	11 775	14 555
CAPE TOWN CONTAINER TERMINAL:	3 001	7 700
NGQURA CONTAINER TERMINAL:	5 509	6 318
GQEBERHA CONTAINER TERMINAL:	1 192	1 594
<b>TOTAL:</b>	<b>26 264</b>	<b>35 388</b>

Source: Transnet, 2021. Updated 09/09/2022.

Table 3 – Container Ports – Weekly flow reported for 10 to 16 September

7-day flow forecast (10/09/2022 – 16/09/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 255	6 692
DURBAN CONTAINER TERMINAL PIER 2:	12 912	15 567
CAPE TOWN CONTAINER TERMINAL:	6 104	8 162
NGQURA CONTAINER TERMINAL:	2 422	3 888
GQEBERHA CONTAINER TERMINAL:	50	615
<b>TOTAL:</b>	<b>27 743</b>	<b>34 924</b>

Source: Transnet, 2021. Updated 09/09/2022.

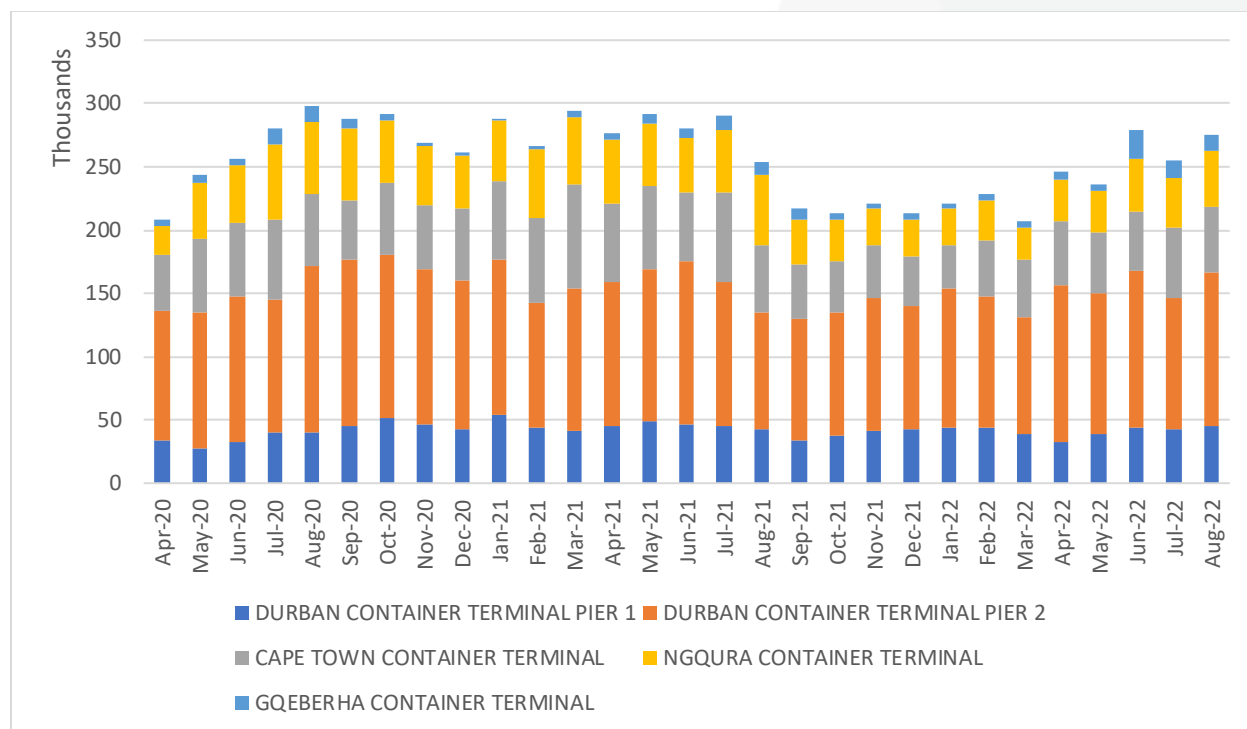
An average of **~8 807 containers** (↑55%) was handled per day for the last week (3 to 9 September, Table 2), compared to the projected average of **~9 626 containers** (↓9% actual versus projected) noted in last week's report. An increased average of **~8 952 containers** (↑2%) is projected to be handled next week (10 to 16 September, Table 3). Port operations this past week were characterised by strong winds, vessel ranging, equipment breakdowns, and congestion.

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

<sup>7</sup> 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. 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 an improvement in worldwide container imbalances, but there is the usual sharp increase with the importation of large numbers of empty reefers in preparation for the citrus fruit season.

<sup>8</sup> 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.

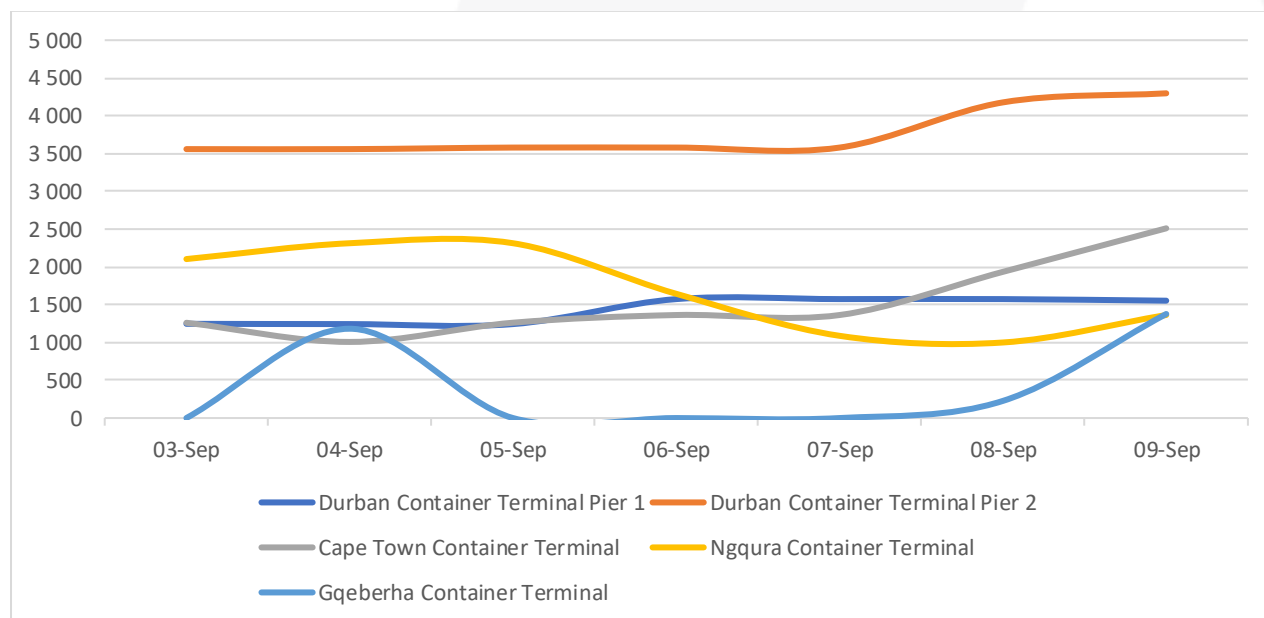
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



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

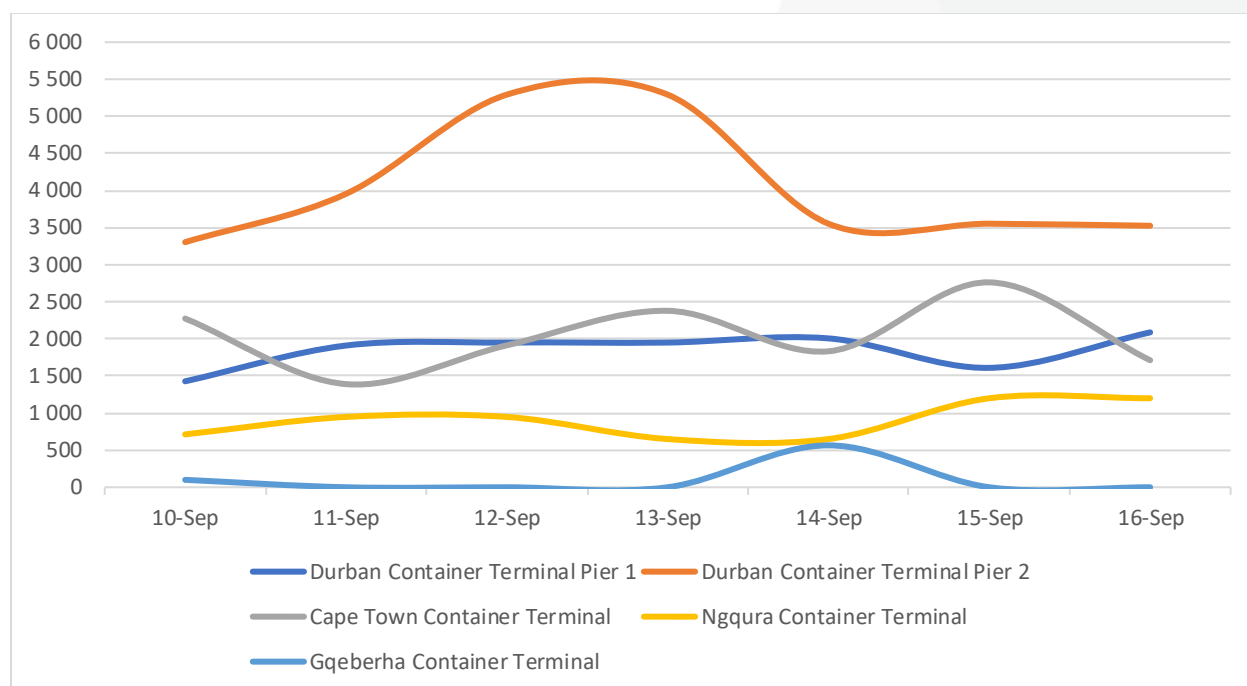
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total container movements (3 to 9 September; per port; day on day)



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

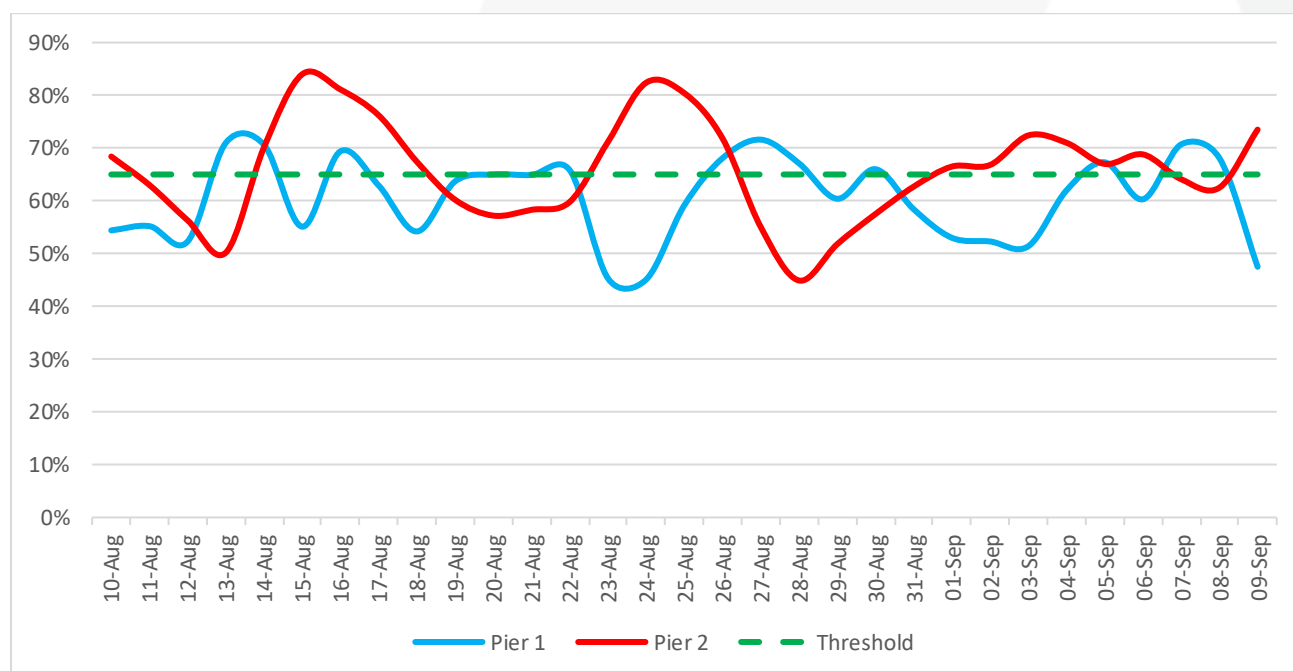
Figure 5 – 7-day forecast reported for total container movements (10 to 16 September; per port; day on day)



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

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

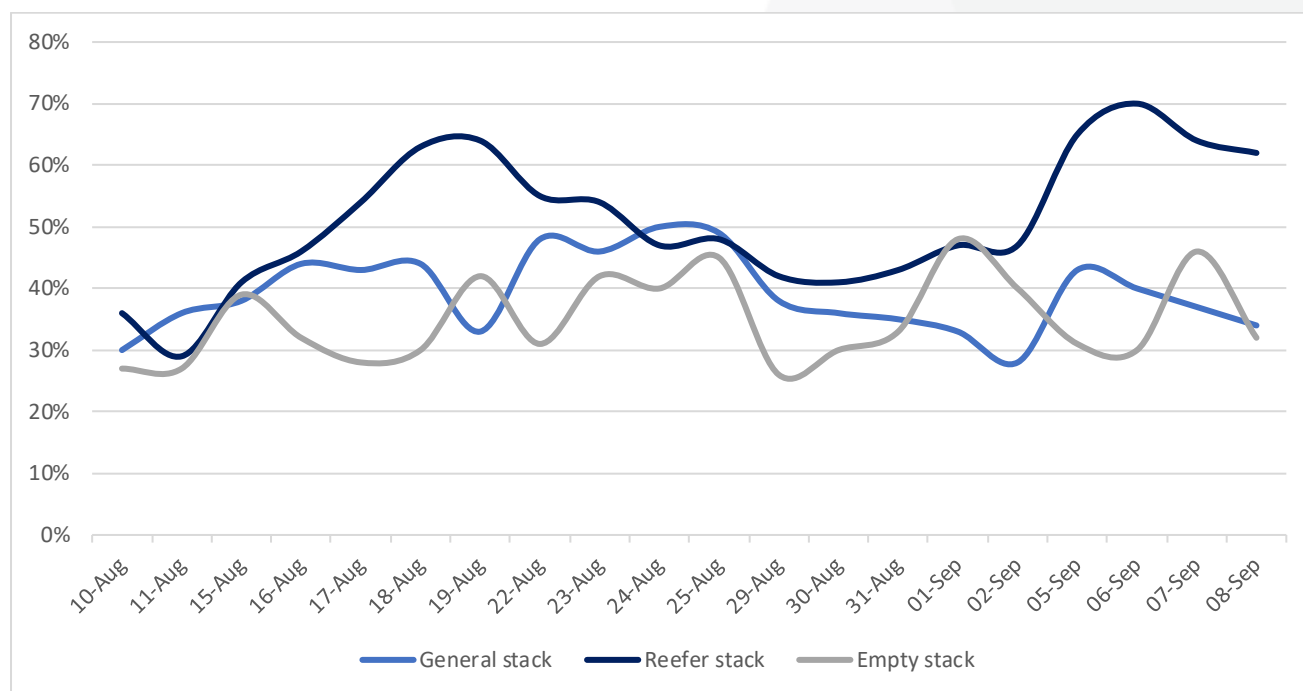
Figure 6 – Stack occupancy in DCT, general-purpose containers (10 August to present; per Pier; day on day)



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

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

Figure 7 – Stack occupancy in CTCT, general-purpose, reefer, and empty stack (10 August to present, day on day)



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

## 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 a relatively challenging week regarding weather and other delays as strong winds persisted over the weekend and into the early stages of the week. A total of eight hours were lost during the early stages of the week due to vessel ranging while one of the cranes at the multi-purpose terminal went out of commission for a routine maintenance service.

Durban experienced an improved week regarding weather delays but was still not spared from strong winds and high swells. During the early stages of the week, strong winds and high swells caused several delays, while truck breakdowns and system downtime led to congestion at the port exit gate for the remainder of the week. In the 24-hour period leading to Thursday, five vessels were delayed due to high swells, agents changing times, and occupied tugs.

The Eastern Cape could unfortunately not make it through the week unscathed as both the Port Elizabeth and Ngqura container terminals were windbound for the most significant part of Monday, while vessel ranging also caused delays.

### ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and one at outer anchorage. Stack occupancy for GP containers was 34%, reefers 62%, and empties 32%. In the latest 24-hour period to Thursday, the terminal



managed to handle 2 235 TEUs across the quay while servicing 836 external trucks and 41 trains on the landside. In addition, no further updates were received this week regarding the arrival of the second set of shore tensioners. We were assured that more information around this will be communicated next week, although it is interesting to note that TPT has been unable to provide the name of the carrying vessel.

Cape Town MPT, on Tuesday, recorded zero vessels at anchor and none at berth. In the latest 24-hour period to Wednesday, the terminal managed to service 40 external trucks with a truck turnaround time (TTT) of 13 minutes. Stack occupancy was recorded at 17% for GP containers, 33% for reefers and 0% for empties. This week it was reported that two cranes were in operation, accompanied by four straddles before one of the cranes went out of commission for a routine maintenance service. It was anticipated that the crane would be back in commission by the end of the week; however, no confirmation was provided in this regard.

### **iii. Durban and Richards Bay**

Pier 1 on Wednesday recorded two vessels at berth, manned by five gangs, and zero vessels at anchor. Stack occupancy was 68% for GP containers and 89% for reefers with 1 791 imports on hand, 877 reefers and 257 unassigned units. The terminal recorded 1 348 gate moves on the landside on Thursday, with 975 cancelled slots and 194 wasted.

On Wednesday, Pier 2 had three vessels at berth and three at anchorage. In the most recent 24 hours to Thursday, the terminal managed to handle an impressive 4 026 TEUs across the quay. Stack occupancy was 67% for GP containers and 75% for reefers, highlighting an improvement at the terminal after the backlogs experienced last week. The terminal had between 79 and 86 straddles in operation throughout the week, operated by twelve gangs. On Wednesday, there were 4 152 gate moves on the landside with an average TTT of 101 minutes and a staging time of 169 minutes. A total of 137 rail import containers were on hand, with 255 volumes moved by rail.

During the latter stages of the week, the Durban helicopter went out of commission once more as a service bulletin needed to be carried out on the helicopter. No estimated return to service time has been provided yet, and no new updates have been communicated regarding night shift operations at the Durban port. In addition, due to a fuel shortage, the Richards Bay helicopter could only conduct limited operations on Tuesday. However, the fuel shortage was resolved speedily, allowing the helicopter to return to full service from Thursday onwards.

Furthermore, the port continued to operate with four tugs this week, with two tugs still at the dry dock undergoing repairs. Transnet advised that the repairs are still on course to ensure that a fifth tug is back into commission next week.

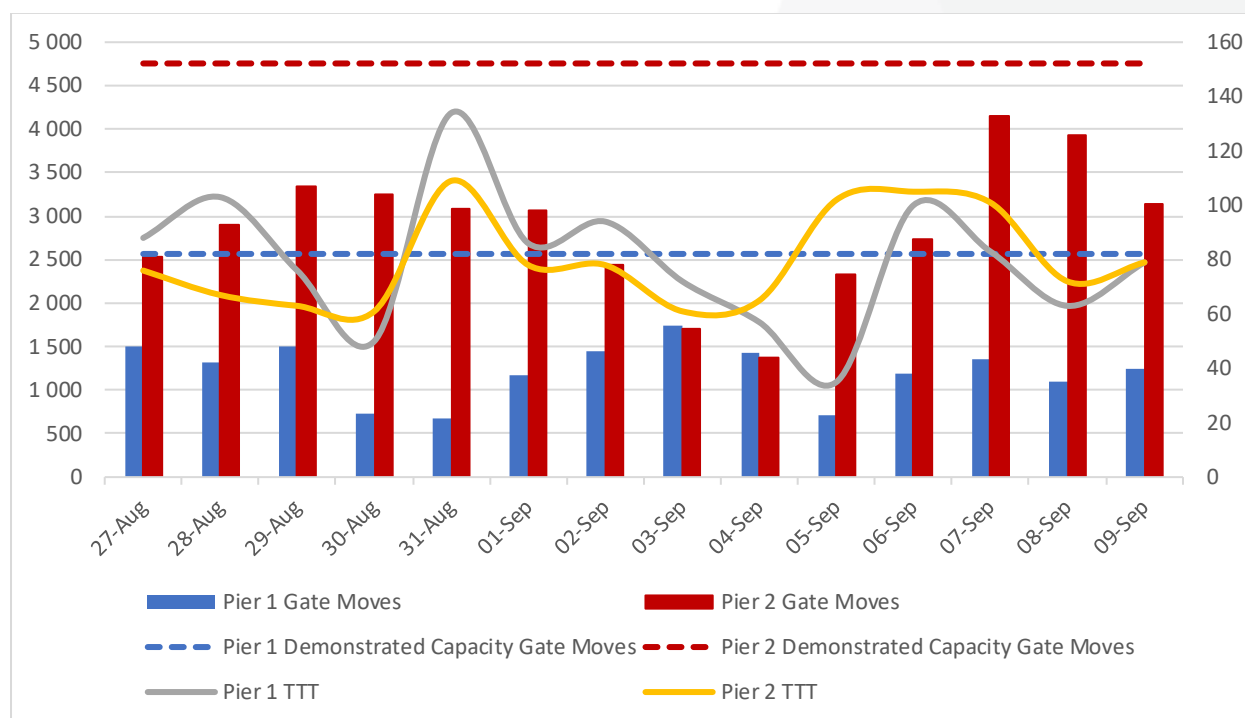
Finally, TNPA has received board approval for its R100-billion *"KwaZulu-Natal Logistics Hub Programme"*, intended to expand the ports of Durban and Richards Bay<sup>9</sup>. The private sector welcomes this long-overdue investment in our ports network and hopes that implementing these projects will alleviate some of our industry's systemic challenges.

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.

---

<sup>9</sup> Lehutso, N. 06/09/2022. [TNPA board backs R100bn expansion plan for KZN ports.](#)

Figure 8 – Gate moves (left axis), and time spent in the terminal (in minutes, right axis)



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

#### iv. Eastern Cape ports

GCT on Tuesday recorded zero vessels at anchorage and one at berth. For marine resources, two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Wednesday. In the 24 hours leading up to Wednesday, stack occupancy was 39% for GP containers and 13% for reefers. In addition, GCT serviced 348 external trucks on the landside with a TTT of ~27 minutes.

NCT on Tuesday recorded two vessels alongside manned by six gangs and one vessel at outer anchorage. Marine resources of 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 38% for GP containers, 32% for reefers, and 55% for ground slots. On Tuesday, 515 TEUs were handled across the quay due to adverse weather conditions experienced. Additionally, 98 trucks were serviced on the landside, with a truck turnaround time of ~37 minutes.

This week, Transnet reported that the port engineers are expected to provide an update on the Moormaster system during the course of next week.

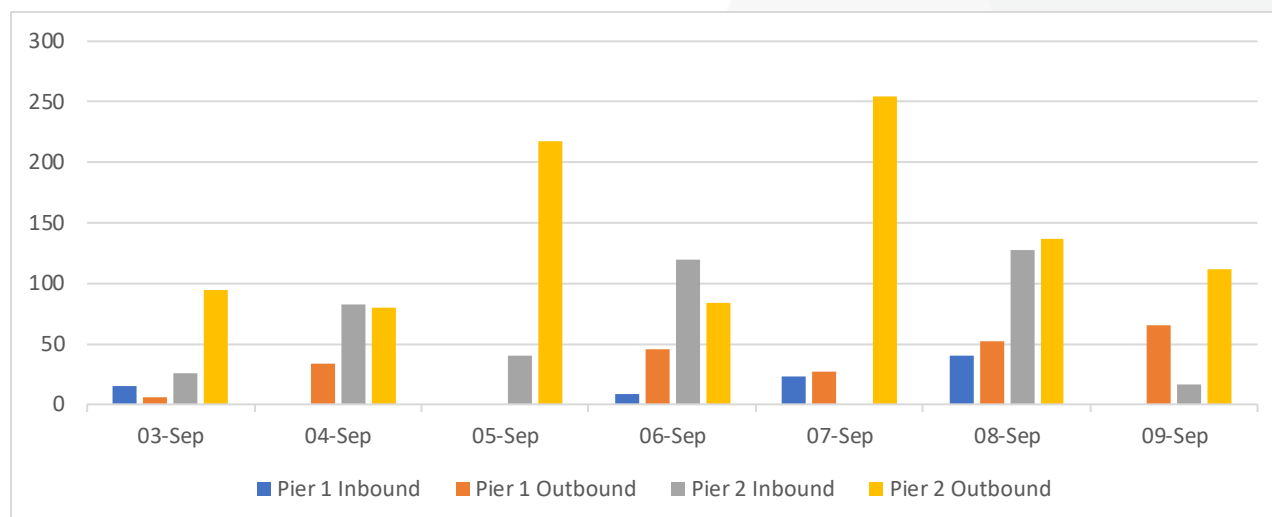
#### v. Transnet Freight Rail (TFR)

Earlier this week, Transnet reported that continuous assessments were being conducted on the Balgovan section of the container corridor between Durban and Johannesburg. Unfortunately, an estimated time for the return to service of the second line could not yet be provided due to the complexity of these investigations. However, TFR reported that they hope to bring the second line back into commission at the same time as the second line on the Durban-Cato Ridge railway. Furthermore, the estimated return time of

the second line on the Durban-Cato Ridge railway, which flooded in April last year, was pushed back and is now only expected to return to service on 01 October 2022.

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 09/09/2022.

In the last week (3 to 9 September), rail cargo handled out of Durban was reported at **1 708** containers, down by **↓34%** from the previous week's **2 587** containers. Although these numbers cannot be used to explain the current industry-wide struggles of rail cargo, they serve as a useful proxy. Consequently, we must identify rail's demonstrated capacity and interdependencies in intermodal connections and "rail-friendly" commodity types. There needs to be an objective evaluation of the current realities and capacity in the rail sector and how it complements the existing supply chains. It is vital to recognise that all transport modes in the supply chains need to be integrated into a seamless, smooth operation. If not, there will be dysfunctions leading to costs that will impact the industry and are not conducive to economic growth. Rail, therefore, needs to be treated as complementary to other modes of transport and not competitive, and the whole ecosystem cannot afford rail, a vital component, to continue to suffer from such erratic performance.

## 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 22 August. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *September 2021* averaged **~713 982 kg** per day.

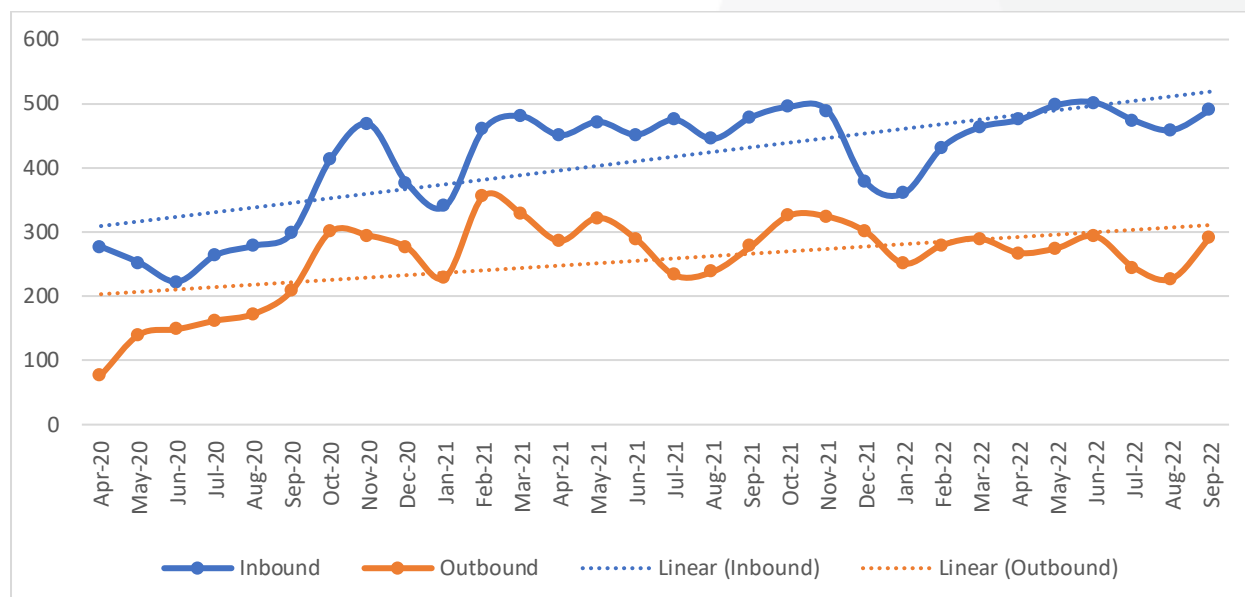
Table 4 – International inbound and outbound cargo from OR Tambo

Flows	29-Aug	30-Aug	31-Aug	01-Sep	01-Sep	02-Sep	03-Sep
Volume inbound	486 230	287 615	469 705	378 918	314 689	281 199	984 215
Volume outbound	309 818	172 393	301 517	181 829	215 170	242 821	525 301
Total	796 048	460 008	771 222	560 747	529 859	524 020	1 509 516

Courtesy of ACOC. Updated: 05/09/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **457 510 kg** inbound and **278 407 kg** outbound, resulting in an average of **735 917 kg per day** or **~97%** compared with September 2021. Also, the level is currently at **~103%** compared with the same period in 2020. 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: 05/09/2022.

## 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 *September 2021* was **~67 572 kg** per day.

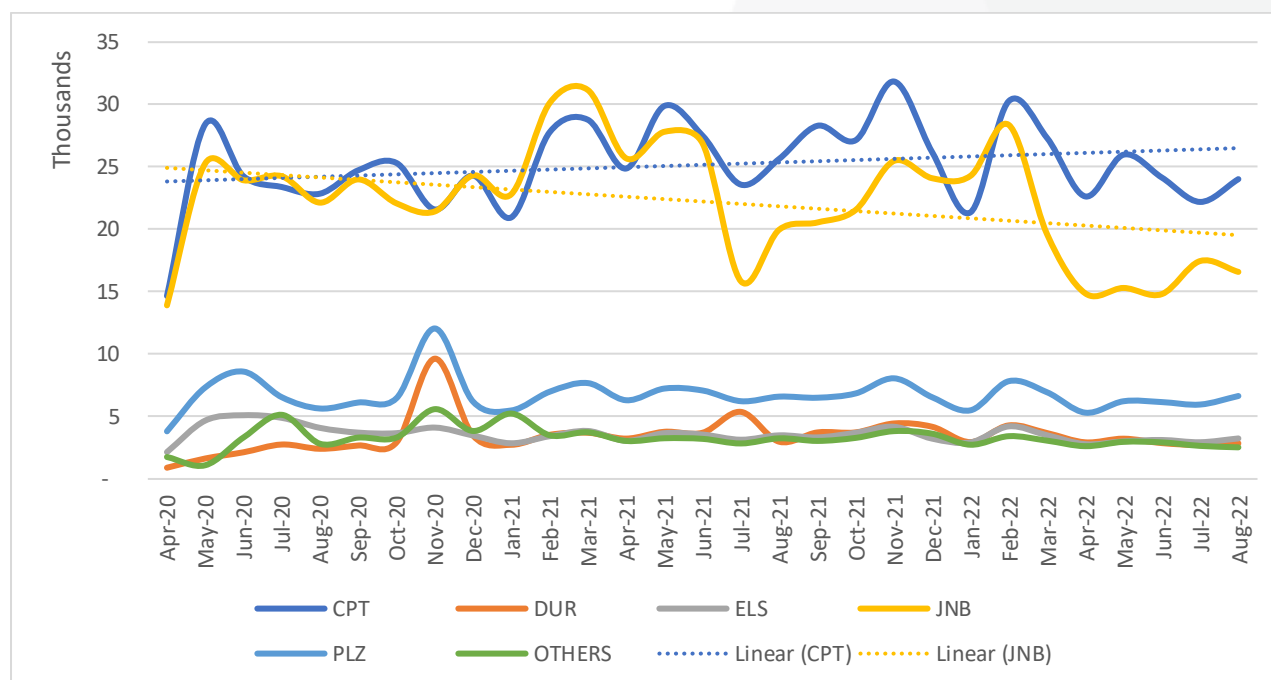
Table 5 – Total domestic inbound and outbound cargo

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-Jun – 22 Av.	25 230	3 295	3 244	19 449	6 312	2 952	60 480
Jul Average	22 196	2 715	2 943	17 462	5 963	2 650	53 929
Aug Average	24 025	2 854	3 247	16 590	6 646	2 534	55 895
30-Aug-22	38 995	4 534	5 327	32 574	10 544	4 143	96 118
31-Aug-22	36 732	3 785	3 845	50 185	9 058	3 021	106 625
01-Sep-22	42 734	4 261	4 187	39 451	9 242	3 792	103 667
02-Sep-22	16 937	3 006	2 033	24 600	4 517	2 209	53 304
03-Sep-22	1 747	250	102	748	161	161	3 168
04-Sep-22	2 066	504	309	154	641	87	3 759
05-Sep-22	45 758	3 989	5 246	24 948	12 325	4 834	97 100
Total for 2022:	6 245 103	800 768	806 116	4 819 019	1 582 330	715 700	14 969 036

Courtesy of BAC. Updated: 06/09/2022.

The average domestic air cargo moved last week was ~66 249 kg per day, which is ↑10% compared with the previous week and ~98% compared to August 2021. The following figure shows our commercial airports' monthly domestic freight movement since the pandemic.

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



Courtesy of BAC. Updated: 06/09/2022.

### c. Air cargo operations

After months and months' worth of deliberations, Airports Company South Africa (ACSA) has finally accepted the push from the industry to integrate the IVS system<sup>10</sup> with ACSA's Gatebook system. Industry role players should therefore ensure that:

1. Training is provided for all personnel to enable them to use the pre-alert IVS system that will eventually replace the email pre-alert.
2. The system is employed successfully to validate all IVS permits on a "live" basis.

All prospective industry users are encouraged to contact the IVS team for the integration phase. ACSA has requested the industry to have everything ready to go live by Thursday, 15 September, for Johannesburg and Cape Town.

## 3. National Update

### a. Gross domestic product

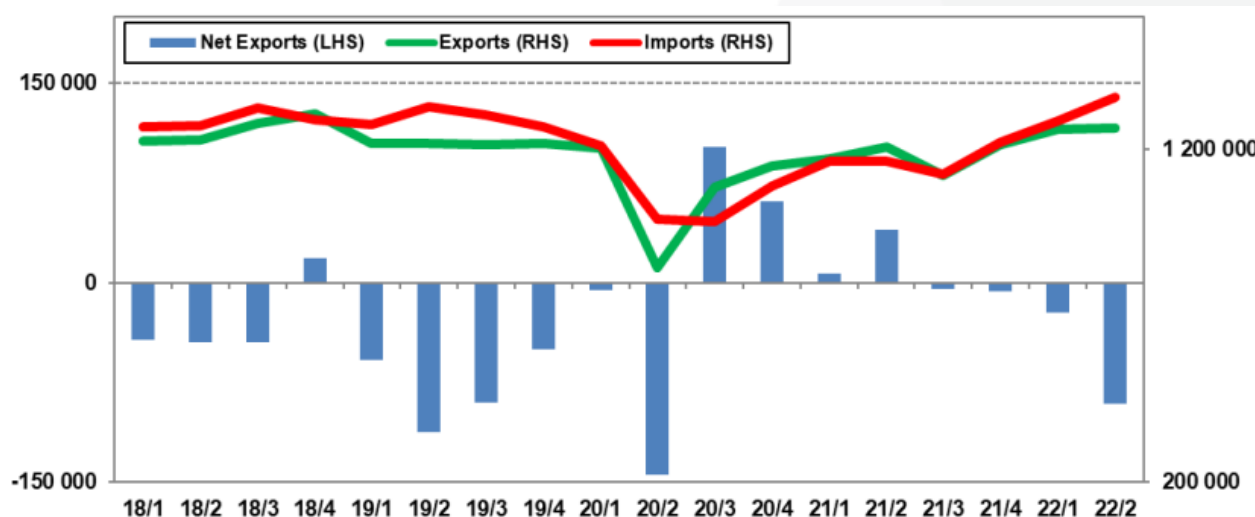
On Tuesday, 6 September, Stats SA published the GDP figures<sup>11</sup> for the second quarter of 2022, with the headline showing that South Africa's real gross domestic product (measured by production) decreased by ↓0,7% (q/q<sup>12</sup>). The movement comes on the back of a ↑1,7% increase in Q1, with seven of the eleven industries decreasing – the most significant being Manufacturing at ↓0,7% (q/q) – in the first quarter. For trade, imports accelerated in Q2, as exports cooled off:

<sup>10</sup> Identification verification system.

<sup>11</sup> Stats SA. 06/09/2022. [Gross domestic product: Q2 2022](#).

<sup>12</sup> Seasonally adjusted.

Figure 12 – Exports and imports of goods and services (ZAR millions, seasonally adjusted and annualised)



Source: [Stats SA](#)

Imports of goods and services increased by **↑5,6%** (q/q), primarily driven by increases in chemical and mineral products. Exports of goods and services, on the other hand, contributed negatively to growth in expenditure on GDP and increased by **only ↑0,3%** (q/q). The movement was mainly influenced by increased trade in pearls, precious and semi-precious stones, precious metals; base metals and articles of base metals; and chemical products.

## 4. Road and Regional Update

### a. Cross-border and road freight delays

For August, the average daily cross-border road freight volume moved through some key South African border posts is summarised below:

Table 6 – Total domestic inbound and outbound cargo

Border	Northbound	Movement (m/m)	Southbound	Movement (m/m)	Total	Movement (m/m)
Beitbridge	409	34%	411	40%	821	37%
Lebombo	1 447	-1%	126	-20%	1 573	-3%
Groblersbrug	242	10%	167	17%	409	13%

Source: TLC & FESARTA, 07/09/2022.

Although volume through Beitbridge increased, it was off a very low base, and these numbers are still below historical trends. Worth noting is that a fair proportion (**~37%**) of movement includes empty trucks, especially on the Southbound leg. The reality talks to South Africa's positive trade balance with Zimbabwe, currently around **R4,1 billion** for July<sup>13</sup>. This week, the following events have caused some challenges and delays on roads in and around the SADC region.

- Last week, clearing times at South African borders averaged **~16 hours (↓16% w/w)**, with several border posts, including Cassacatiza, Chirundu, Dedza, Lebombo, Kasumbalesa, Kazungula, and Kopfontein, experiencing significant delays.

<sup>13</sup> SARS. 2022. [Merchandise Stats](#).



- For many truck drivers (and other workers in the industry), welcome news comes from the DHA, which has extended the exemption granted to Zimbabwean nationals by a further six months to end-June 2023.
- There were reports from Zimbabwe that ZIMRA was issuing fines of \$200 for changing vehicle registration details, which were later retracted.
- Last week, state visits caused havoc at the Beitbridge border on the Zimbabwe side. Traffic was restricted due to a visit from the Zimbabwean President. These diplomatic visits – although sometimes necessary in the view of politicians – often created unintended consequences having a ripple effect downstream with several hours of additional delays on already inefficient supply chain bottlenecks.
- Last week, reports were received from Beitbridge that SARS would reinstate the issuing of TIP for foreign registered vehicles with immediate effect. However, through interactions by the RFA with TIP authorities, additional time was requested to support transporters who were not at the required level. Subsequently, an additional 15 days was granted.
- During the last week, 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 may still use the non-tariff barrier (NTBs) [online tool](#) developed by UNCTAD and the AfCFTA Secretariate. However, given the mixed success of the platform, transporters are encouraged to contact FESARTA and join their [TRANSIST Bureau](#)<sup>14</sup>, which has arguably achieved much greater success.

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 Dedza, Kopfontein, Kasumbalesa, Lebombo, and Trans Kalahari.

Table 7 – Delays<sup>15</sup> 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	11:00	845	25 350	5 915	53 235	0
Moz/Zam	Cassacatiza/Mlolo		22:00	60	1 800	420	8 400	0
Zam/Zim	Chirundu	18:00	21:00	616	18 480	4 312	81 928	77 616
Moz/Mal	Dedza	2:00	29:00	50	1 500	350	9 450	700
SA/Bot	Groblersbrug/Martins Drift	2:00	14:00	362	10 860	2 534	30 408	5 068
Zam/DRC	Kasumbalesa		56:00	750	22 500	5 250	283 500	0
Zam/Bot	Kazungula	0:00	22:00	212	6 360	1 484	29 680	0
SA/Bot	Kopfontein/Tlokweng	1:00	49:00	100	3 000	700	32 900	700
Moz/Zim	Machipanda/Forbes	1:00	11:00	320	9 600	2 240	20 160	2 240
Mal/Zam	Milange	0:00	1:00	30	900	210	-210	0
Moz/Mal	Nakonde/Tunduma		23:00	500	15 000	3 500	73 500	0
Zim/Moz	Nyamapanda	1:00	2:00	100	3 000	700	0	700
SA/Moz	Lebombo/Ressano Garcia	13:00	35:00	1 623	48 690	11 361	374 913	147 693
SA/Bot	Skilpadshek/Pioneer Gate	1:00	2:00	114	3 420	798	0	798
Zam/Zim	Victoria Falls	2:00	24:00	100	3 000	700	15 400	1 400

<sup>14</sup> FESARTA TRANSIST Bureau.

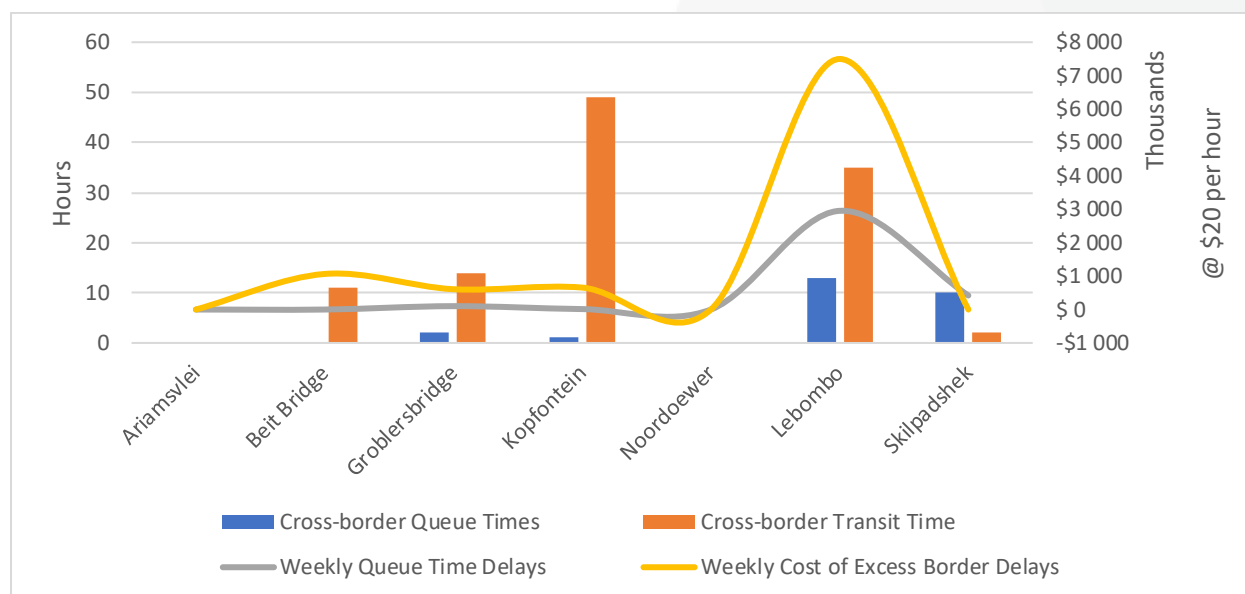
<sup>15</sup> It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the 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.

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
Moz/Mal	Zobue/Mwanza	0:00	11:00	845	25 350	5 915	53 235	0
				<b>6 082</b>	<b>182 460</b>	<b>42 574</b>	<b>1 013 264</b>	<b>257 915</b>

Source: TLC & FESARTA, week ending 05/09/2022.

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

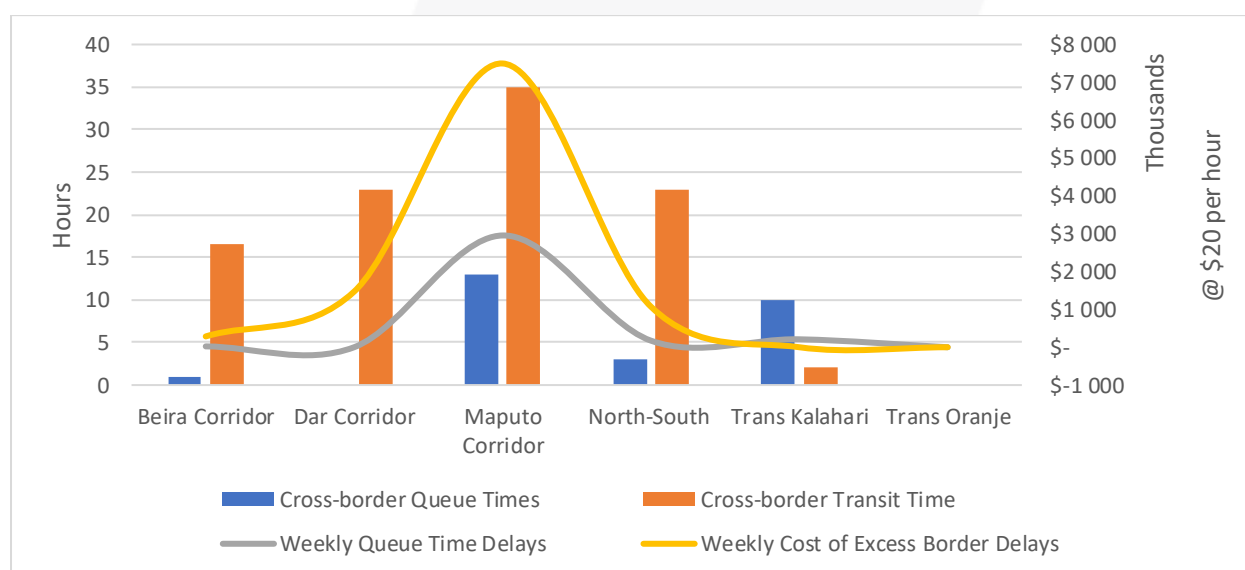
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 05/09/2022.

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

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



Source: TLC & FESARTA, week ending 05/09/2022.



In summary, cross-border queue time has averaged **~3,6 hours** (remaining the same as recorded in the previous report), costing the transport industry an estimated **\$5 million (R82 million)**. Furthermore, the week's average cross-border transit times hovered around **~19,1 hours** (up by **~0,9 hours** from the **~18,2 hours** recorded in the previous report), costing the transport industry **\$20 million (R324 million)**. As a result, the total cost for the week amounts to an estimated **~R407 million** (down by **~R71 million** or **↓15%** from **R478 million** in the previous report).

## 5. International Update

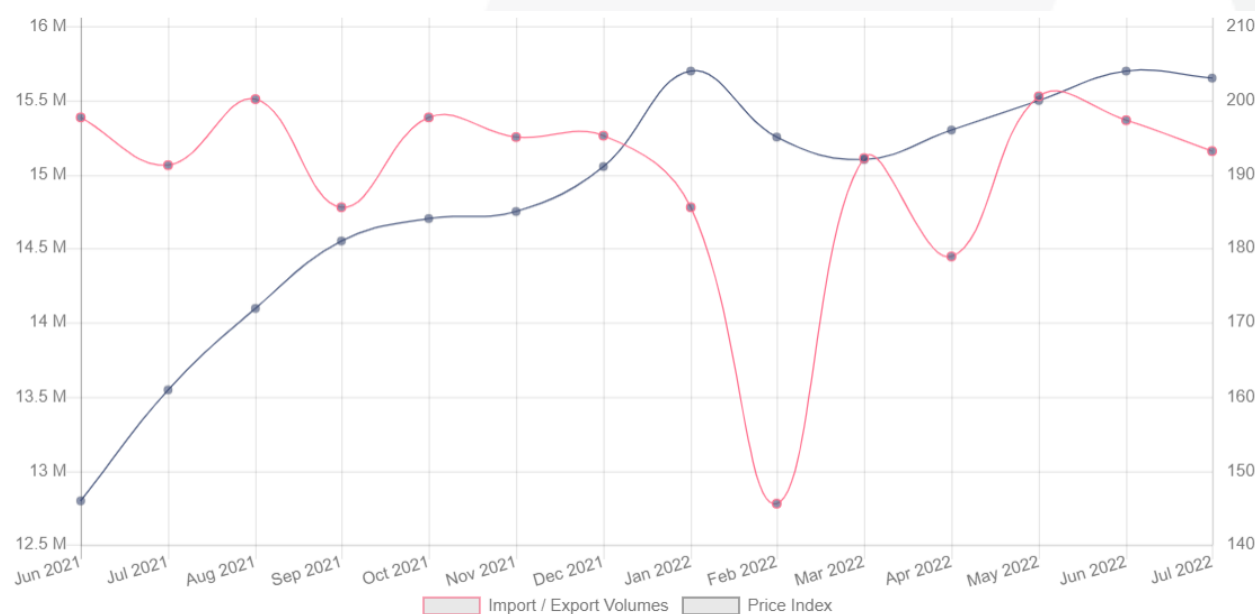
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global shipping industry and **(b)** the global air cargo industry.

### a. Global shipping industry

#### i. Global port throughput volume and price index

After consolidation of container port throughput similar to the previous months in June, the latest figures for July point to a reduction in global volumes. According to CTS's latest container throughput volumes<sup>16</sup>, global volumes are down by **↓2,1%** (m/m), which confirms the exceedingly disrupted nature of the maritime and supply chain environment recently. The figure below, which shows the global volume and price index of total container volumes across all trade routes (dry and reefer containers), is slightly worse than the overview provided by the latest *RWI/ISL*<sup>17</sup> reported last week<sup>18</sup>. Global container throughput has not kicked on from the strong response to the massive drops in February caused by the Chinese New Year, the spread of Omicron, and the ongoing effects of Russia's war with Ukraine, as illustrated below:

Figure 15 – Global container volume (millions of TEU) and price index



Source: [CTS](#)

Despite the monthly reduction in July, container volumes (import and export) have increased annually by **↑0,6%** (y/y). Concerning freight rates, the CTS version of the price index contrasts Drewry's assessment,

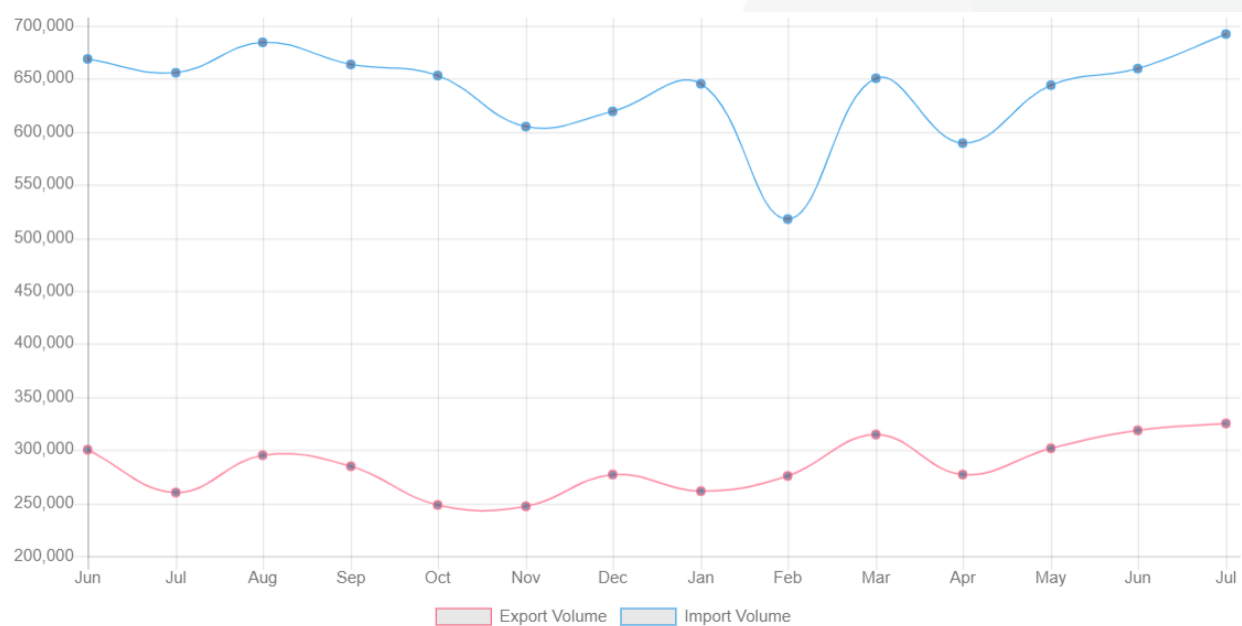
<sup>16</sup> CTS. 09/09/2022. [Container throughput volume and price index](#).

<sup>17</sup> Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL)

<sup>18</sup> RWI/ISL. 30/08/2022. [RWI/ISL Container Throughput Index: Container throughput stagnates](#).

with the index only dropping by some **↓0,5%** this month and down by **↓20,7%** last year. Regionally, for Sub-Saharan Africa, container throughput volume increased in July, with both imports and exports growing:

Figure 16 – Sub-Sahara Africa container volume (imports and exports)



Source: [CTS](#)

For July, import volumes are up by **↑4,9%** (m/m), with exports increasing by **↑3,1%** (m/m). Moreover, annual throughputs indicate even better returns, as imports are **↑5,5%** (y/y), with exports increasing by a substantial **↑25,2%** (m/m), which indicates how the region took longer to get the economy up and running again after the devastating effects of the pandemic. Incidentally, when comparing these figures from TNPA figures for July<sup>19</sup>, South Africa accounts for slightly more than a quarter of the imports (**27,3%**) and **56%** of the exports, showing our regional dominance.

## ii. Schedule reliability

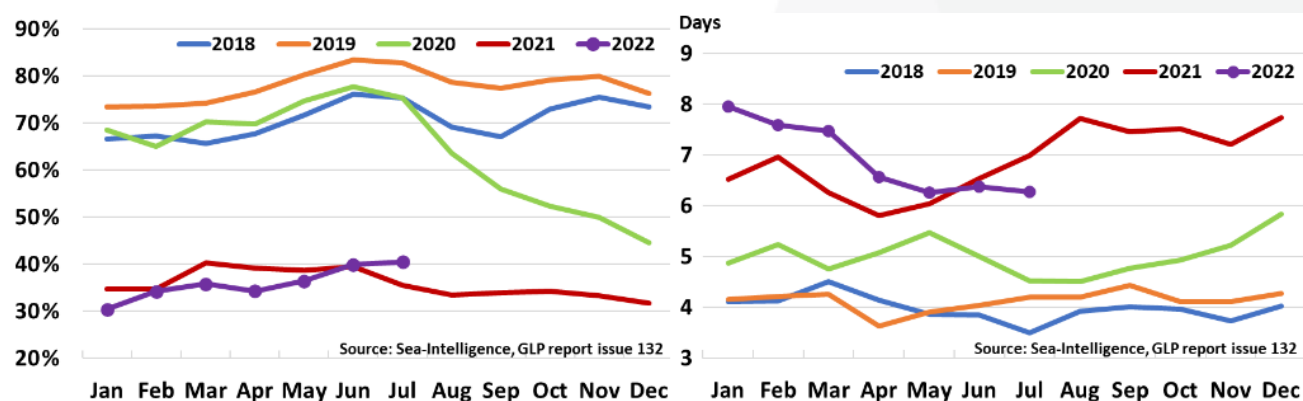
According to the latest July figures published by Sea Intelligence, global liner schedule reliability<sup>20</sup> continues its upward trend, albeit gradually. Schedule reliability rose by **↑0,5%** (m/m) to **40,5%**<sup>21</sup>, which is now the second time since the pandemic that schedule reliability improved annually (**↑4,9%** y/y). Furthermore, the average delay for LATE vessel arrivals has been dropping sharply this year, tapering slightly in the past few months. In July 2022, the average delay improved by **↓0,09 days** (m/m) to **6,15 days** in July, which means that the delay figure is now firmly below the 7-day mark, and an improvement over the respective 2021 number. The following side-by-side figures illustrate reliability and delays in the last five years.

<sup>19</sup> TNPA. 2022. [Port Statistics](#).

<sup>20</sup> Although the metric produced by Sea Intelligence provides a decent overview of the current state of liner service levels, few insights are provided in the methodology used to measure reliability. For example, is it calculated on set schedules determined when a service commences, or is it measured more flexibly considering each consecutive berthing window per port per service?

<sup>21</sup> Murphy, A. 30/08/2022. [Schedule reliability continues on an upwards trend](#).

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



Source: [Sea Intelligence](#)

On an individual carrier level, Maersk was once again the most reliable top-14 carrier in June 2022 at **48,0%** ( $\downarrow 1,5\%$ ), despite a slight deterioration in July. In second place was Evergreen with **44,3%**, as the Taiwanese carrier saw a massive improvement last month. In third place was CMA CGM, the only other carrier with a reliability above **40%**. The bigger picture indicates that liner reliability has improved after the massive slump that commenced last year. However, with ongoing cancelled sailings (Drewry's "*Cancelled Sailings Tracker*" puts the industry figure at **13%** this week<sup>22</sup>) and other supply chain constraints (port congestion, human resources, and equipment shortages), the improvement was not taking place as rapidly as the corresponding deterioration last year.

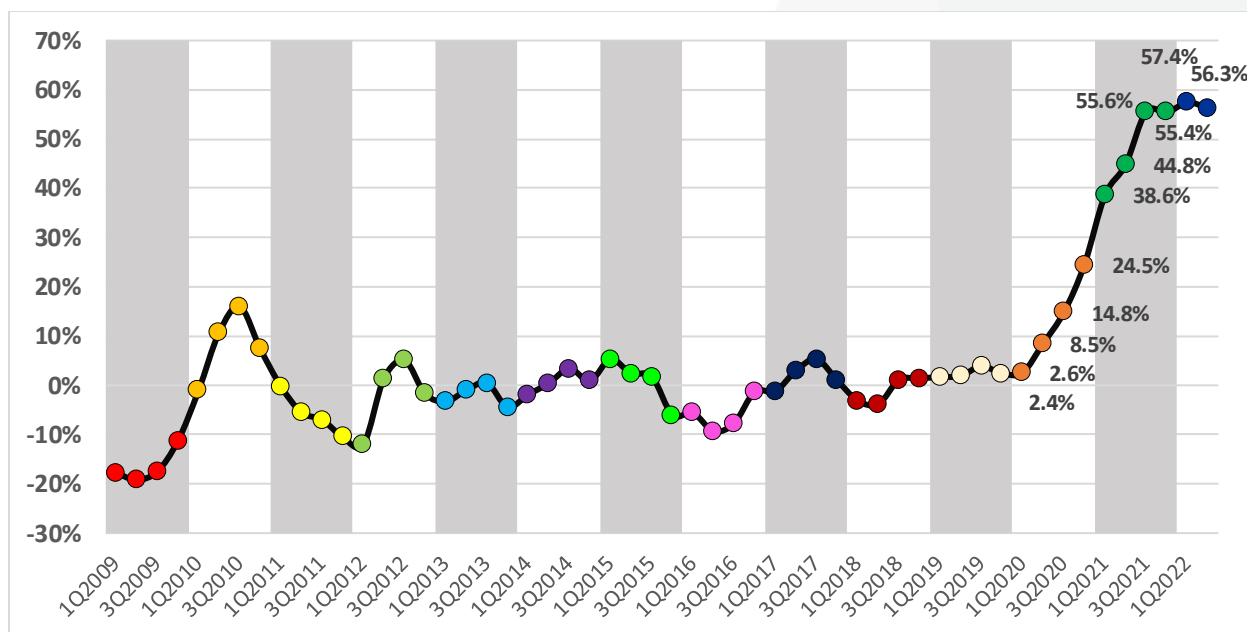
### iii. Global carrier profits and container freight rates

After achieving an average operating margin of  $\downarrow 1,7\%$  for the eleven years between 2009 (including) and 2019, global carrier profits have shot up to stratospheric levels since the pandemic. However, Alphaliner's<sup>23</sup> recent analysis shows how the main carriers' average carrier earnings before interest and tax (EBIT) (see below) have seen operating margins finally starting to fall in the second quarter of 2022. The main determinants explaining the drop included a combination of tumbling spot rates, rising costs, and weaker shipper demand. On average, the industry reported an operating margin of  **$\uparrow 56,3\%$**  for Q2, slightly down from the record  **$\uparrow 57,4\%$**  for the year's first three months.

<sup>22</sup> Drewry. 02/09/2022. [Cancelled Sailings Tracker - 2 September](#).

<sup>23</sup> Alphaliner. 08/09/2022. [Alphaliner](#).

Figure 18 – Main carriers' average<sup>24</sup> core EBIT margin (% , per quarter)



Source: Adjusted from [Alphaliner](#)

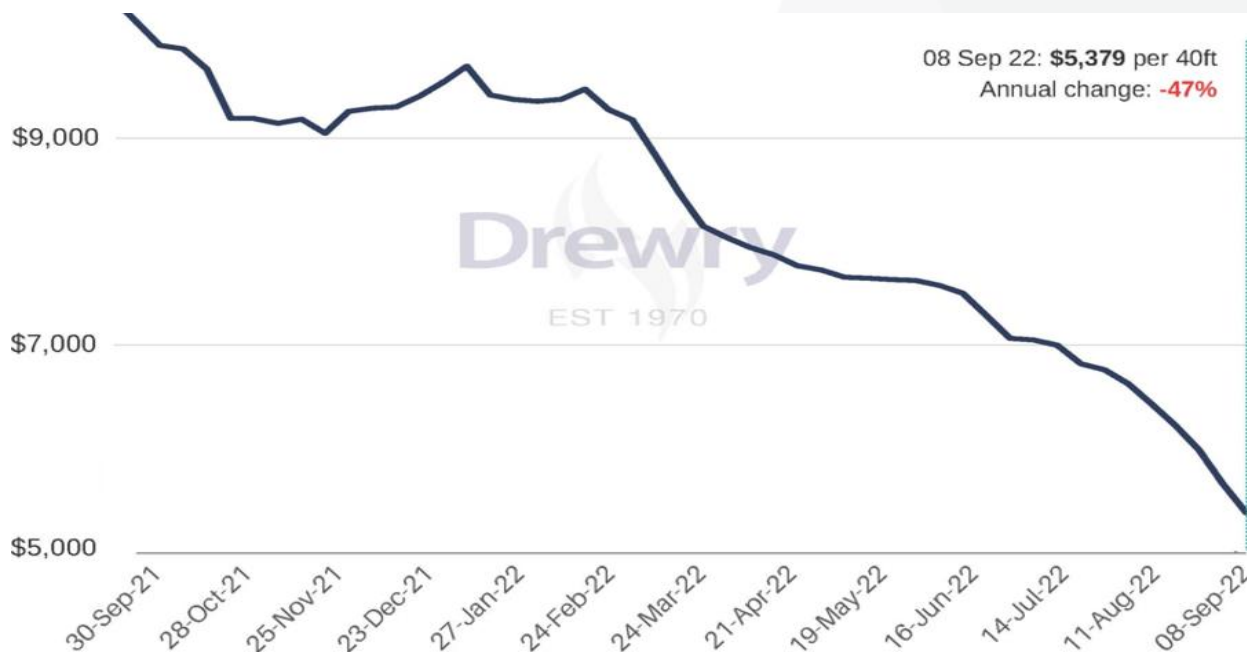
Carrier operating profit averaged around **↑12,6%** in 2020 and nearly **↑50%** in 2021, which makes the margins of the giant retailers, tech companies, and other Wall Street stalwarts look quite meagre. Although it seems that the ceiling has now been reached, we should understand that rates are unlikely to come anywhere near their historic lows, and the market will need to recalibrate to a new normal. It appears that the ocean carriers have undoubtedly realised that, to a large extent, their financial fate is in their own hands, as strategic capacity deployment is set to continue. This reality would impact schedule reliability and transit times, as we have already seen.

For now, though, it appears as if the extraordinary financial boom is over, as global container freight spot rates continued to decline rapidly, with another substantial decrease noted this week and a continuation of the trend – now for the 28<sup>th</sup> week in a row. According to Drewry's "*World Container Index*", the rate decreased by a substantial **↓5%** (or **\$283**) – to **\$5 379** per 40-ft container this week<sup>25</sup>, which is a massive **↓47%** lower than this time last year when rates reached their peak:

<sup>24</sup> Average of CMA CGM (incl APL to 2Q 2016), COSCO (since Q1 2019), CSCL (to 1Q 2016), EMC, Hanjin (to 3Q 2016), Hapag Lloyd (in cl CSAV to 2014), HMM, Maersk, ONE (from 2Q 2018, formerly KL/MOL/NYK), WHIL, YML, Zim.

<sup>25</sup> Drewry. 08/09/2022. [World Container Index](#).

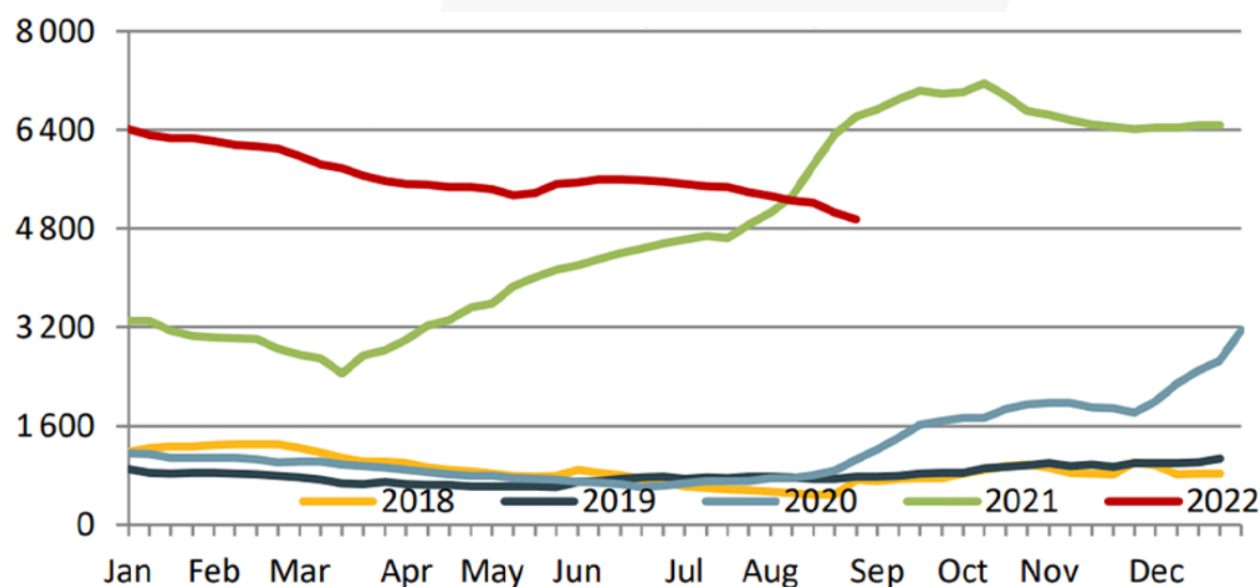
Figure 19 – World Container Index – assessed by Drewry (\$ per 40 ft. container)



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

The composite index is now **↓48%** below the September 2021 peak but remains **↑46%** higher than the five-year average of **\$3 679**. This week, all eight routes fell on the major East-West trade lanes, with a substantial **↓14%** (w/w) drop on the Shanghai – Los Angeles route, which follows three consecutive drops of a similar proportion of **↓8%** (w/w). Spot rates on the Southern African trades are also coming down - but not quite at the rapid pace as the global markets.

Figure 20 – Shanghai Container Freight Index ex-China to South Africa (Durban) (\$ per TEU)



Source: [Shanghai Container Freight Index via Investec](#)

Collectively, we have seen some relief in rate levels across most trades, as the reduced fuel surcharges have also partly contributed to the lower rate levels. However, it is worth reiterating that these are spot rates and have minimal bearing on contract rates, which might irk shippers who have locked in substantial capacity at elevated contractual rates. Consequently, some have mentioned that a "two-tiered" market has developed, with a potential market expansion expected as long as contract rates remain intact<sup>26</sup>. Nevertheless, the trade-off between capacity, price, and reliability will continue to play a role in the decisions, as shippers are paying a premium for arguably the worst service they have received in living memory. For the next few weeks, we expect a further continuation of the declining trend in freight rates, although there may be some temporarily elevated rates in the short term as we approach the Chinese Golden Week<sup>27</sup>.

#### iv. Further developments of note

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

##### 1. Typhoon disrupts ports and airports in China and South Korea:

- a. Typhoon "Hinnamor" has forced the ports of Shanghai, Ningbo, and Busan to close, further disrupting shipping schedules from Asia<sup>28</sup>. Shanghai's container terminals and equipment yards were closed at 16:00 on Sunday, 4 September, after Ningbo's terminals closed two days earlier.
- b. On Tuesday, ship refuelling operations were temporarily halted at South Korea's Busan and Ulsan ports. The halt in operations also pushed spot premiums for low-sulphur bunker fuel offered at these ports this week to about **\$60 per tonne** over Singapore fuel oil quotes, according to some South Korean companies trading in the bunker market. However, the traders said that operations are likely to resume gradually later in the week, though fresh slots for bunkering are only likely to be available from next week onwards<sup>29</sup>.
- c. Some airports have also been impacted, notably concerning the movement of hazardous cargo, with airlines taking a precautionary view.

##### 2. The multi-purpose charter sector continues to decline:

- a. The Drewry "Multipurpose Time Charter Index" continued its decline over August, somewhat faster than Drewry had expected. The index averaged **\$10 650 per day** over the month, a drop of **↓2,5%** compared to July<sup>30</sup>.
- b. The drop is mainly attributed to a much quieter summer than expected, with shippers still adopting a wait-and-see policy, as no one wants to fix tonnage whilst the market is dropping. Couple that with political and economic uncertainties and an inflated market, and a further decrease is almost inevitable into September.

##### 3. LNG, Crude & LPG shipping sectors continue to be resilient amid other volatile maritime sectors:

- a. This week, Drewry<sup>31</sup> notes that the global LNG shipping stocks are resilient despite global economic uncertainties, high inflation, and geopolitical crisis due to the Russia-Ukraine war. Drewry LNG shipping equity index increased by **↑16,0%** YTD as of 15 July 2022, outperforming S&P 500, which declined by **↓18,9%**. High FSRU demand and charters' desire to secure LNG ships amid geopolitical tensions drive LNG shipping demand.
- b. For the LPG market, stock prices of all three LPG companies under Drewry's coverage have strengthened YTD 2022, mainly due to a strong recovery in spot charter rates. As a result,

<sup>26</sup> Savvides, N. 07/09/2022. [Two-tier market emerging as ocean carriers win or lose on spot vs contracts.](#)

<sup>27</sup> Hobson, D. 08/09/2022. [Supply chain pressures easing up, but risks remain.](#)

<sup>28</sup> Whelan, S. 05/09/2022. ['Massive' typhoon disrupts ports and airports in Shanghai, Ningbo, and Busan.](#)

<sup>29</sup> Lerh, J. & Lee, J. 06/09/2022. [South Korea halts ship refuelling at key ports as typhoon Hinnamor hits.](#)

<sup>30</sup> Drewry. 07/09/2022. [Multipurpose Time Charter Index - Sep 22.](#)

<sup>31</sup> Drewry. 07/09/2022. [Model Portfolio - Aug 22.](#)



stocks of BW LPG (BWLPG), Navigator Holdings (NVGS) and Stealth Gas Inc (GASS) surged by **↑44,3%**, **↑17,8%**, and **↑15,2%**, respectively, during this period.

- c. Drewry's crude tanker equity index gained **↑14,3%** in 2Q22 as high spot earning of mid-sized tankers on key routes (the Black Sea and the Mediterranean region) coupled with rising asset prices supported stock prices of crude tanker companies. In addition, Europe's attempt to reduce crude oil imports from Russia led to the rerouting of seaborne trade, which will support demand and freight rates for mid-sized tankers in the second half of 2022.

#### **4. UK labour strikes continue and might intensify:**

- a. Dock workers at the port of Felixstowe are set to be balloted over a second strike, which may be timed to overlap with a walkout at Liverpool<sup>32</sup>.
- b. Port users fear the new action could involve a 15-day walkout, coinciding with a two-week strike at Liverpool starting on 19 September, after unions rejected the port management's proposals over the latest contract renewal<sup>33</sup>.

#### **5. Global reefer equipment shortages remain an issue:**

- a. Shortages of reefer containers and escalating costs are affecting global flows of perishables<sup>34</sup>. As a result, some producers may pivot to domestic markets, but the international growth potential continues to be buoyant – including for South African producers.
- b. Globally, conventional reefer vessels are enjoying a renaissance these days, with time charter rates up in the triple-digit range from pre-pandemic levels and utilisation of vessels close to **100%**.

### **b. Global air cargo industry**

#### **i. Air cargo rates**

This week, the International Air Transport Association (IATA) provided updated cargo and passenger statistics for July in their monthly "*Air Cargo Market Analysis*"<sup>35</sup> and "*Air Passenger Market*"<sup>36</sup>. The headline seasonally adjusted cargo tonne-kilometres (CTKs) faltered in July with a **↓2,3%** (m/m) contraction compared with June, which was flat from May. Compared with a year ago, July CTKs were **↓9,7%** lower, a weakening from the **↓6,7%** decline in June. However, despite a contraction on last year's level, air cargo remains resilient as the passenger market recovery goes on when compared to pre-pandemic levels, as shown here:

---

<sup>32</sup> Whiteman, A. 07/09/2022. [Potential second Felixstowe strike may overlap with Liverpool walkout.](#)

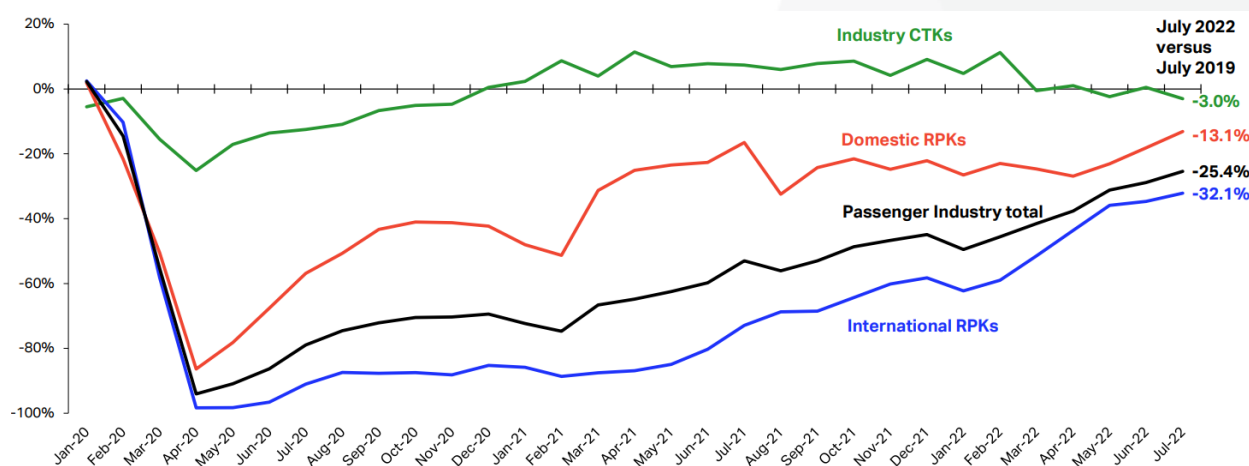
<sup>33</sup> Whiteman, A. 05/09/2022. [Resolute Liverpool dockers will begin two-week strike on 19 September.](#)

<sup>34</sup> Putzger, I. 07/09/2022. [Reefer challenges take a bite out of booming global perishables trade.](#)

<sup>35</sup> IATA. 07/09/2022. [Air Cargo Market Analysis.](#)

<sup>36</sup> IATA. 06/09/2022. [Air Passenger Market Analysis.](#)

Figure 21 – CTKs and RPKs (% change versus the same month in 2019)



Source: [BAI](#)

The following highlights paint the rest of the current picture in air cargo, notably:

- Available cargo tonne-kilometres (ACTKs) increased by **↑3,6%** (y/y), putting downward pressure on load factors in July.
- Although air cargo capacity increased in all regions, available space was down in Africa (**↓3,6%**, y/y), partly reflecting the change in belly capacity as the number of passenger flights continues to recover.
- With capacity outstripping demand, the industry-wide cargo load factor eased further below **50%**. However, June and July cargo load factors have not been seen since early 2020. At 47.2% in July, the industry CLF was **↓6,9%** lower than its level of a year ago.

Looking ahead, IATA notes that the easing of restrictions in China and reduced disruption in global supply chains are likely to support world trade and air cargo volumes in the coming months, while high inflation and rising interest rates are expected to have a dampening effect on demand. Therefore, the prevailing cross-current in aviation will likely result in little growth for now.

In other cargo news, as we celebrate technological uptake in our own industry, airports are pushing mandatory digitalisation through the use of cargo community systems<sup>37</sup>. These were some of the sentiments mentioned at the "Air Cargo Handling & Logistics conference in Athens" this week.

<sup>37</sup> Lennane, A. 09/09/2022. [Airports should enforce digitisation to improve air cargo, say stakeholders.](#)