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Cargo movement update #175[1]

Date: 1 March 2024

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)	27 668	26 960	**54 628**	23 276	31 005	**54 281**	↑1%
Air Cargo (tons)	2 765	1 962	**4 727**	2 800	1 719	**4 519**	↑5%

Monthly Snapshot

Figure 1 – Monthly[4] cargo volume, year on year (% growth)

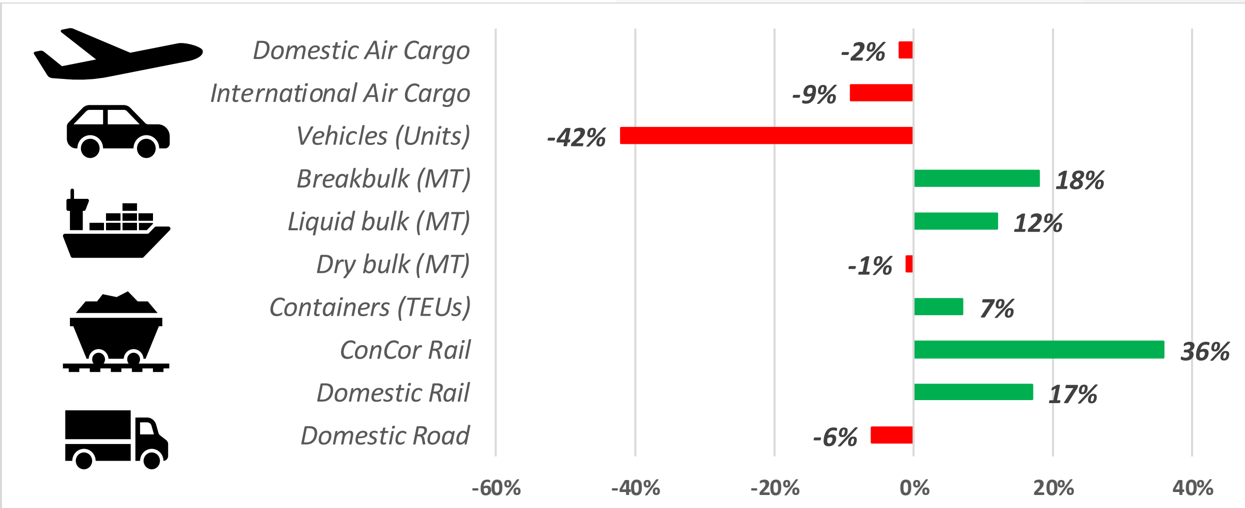
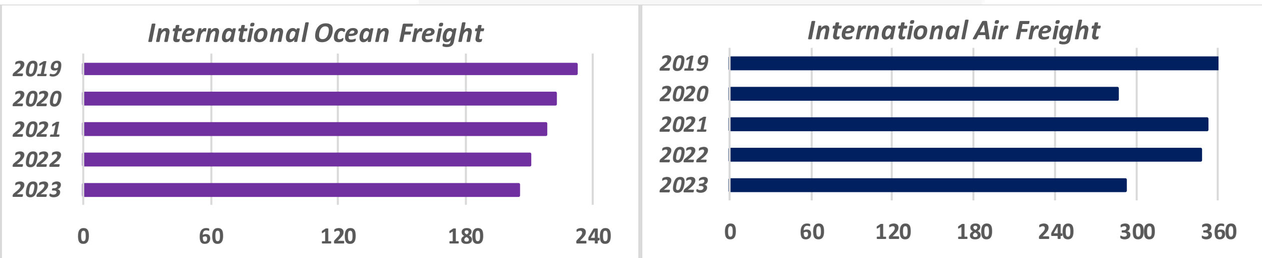


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 804 containers** was handled per day, with **~8 346 containers** projected for next week.
- Cross-border queue times were **↑0,3 hours** (w/w), with transit times **↑4,0 hours** (w/w); SA borders increased slightly by **~0,7 hours**, averaging **~12,7 hours** (**↑6%**); Other SADC borders averaged **~8,5 hours** (**↑102%**).
- SARS trade stats show that South Africa recorded a full-year total trade balance surplus of **R62,2 billion**.
- Global freight rates have again decreased this week – by **↓4,5%** (or **$166**) to **$3 493** per 40-ft container.
- IATA shows total cargo tonne-kilometers reached **67,3 billion** in Q3 of 2023, only **↓0,7%** versus 2019.

[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 *175th* update.
[2] *'Current'* means the last seven days (a week's) worth of available data.
[3] *'Previous'* means the preceding 8-14 days (a week's) worth of available data.
[4] *'Monthly'* means the last months' worth of available data compared to the same month in the previous year. For air and ocean: Jan vs Jan; for domestic road and rail: Dec vs Dec.
[5] For ocean, total Jan-Dec cargo in metric tonnes, as reported by Transnet, is used, while for air, Jan-Dec cargo to and from all airports is used.

Executive Summary

This update contains a consolidated overview of the South African supply chain and the current state of international trade. Commercial ports handled an average of **7 804 containers** per day, slightly down from the **7 754** containers last week. Port operations this week were primarily impacted by severe weather conditions and persisting equipment breakdowns. The Port of Cape Town went windbound for more than 40 consecutive hours at the start of the week, while rain and equipment breakdowns represented the main operational challenges in Durban. NCT was windbound for approximately 15 hours during the early parts of the week, while a vessel movement in Richards Bay was delayed for at least two hours due to the helicopter being out of commission. TNPA in Durban experienced extensive challenges with their tugs earlier this week, as only two tugs were in service for the morning shift on Tuesday, and three of the tugs had engine problems. Towards the end of the week, our rail network fell victim to extensive cable theft for the first time in weeks, which delayed operations for approximately six hours. TFR and JSE-listed Sasol have announced a groundbreaking public-private partnership aimed at enhancing the dependability of South African rail transportation, notably repairing 128 ammonia tankers[6].

In the international maritime industry, as of February 25, the Cape route has seen a surge in containerships, totalling **403 vessels** carrying **5,14 million TEU**, partly due to CMA CGM's redirection of vessels from the Red Sea since 1 February. Despite this, the recent passage of CMA CGM vessels through the Red Sea indicates a policy course alteration, highlighting risks despite increased war premiums. Global trade lane patterns have also shifted significantly due to the drought in the Panama Canal. Smaller carriers like Tailwind Shipping and OVP have contributed to Cape route traffic, with the latter redirecting one vessel from the China - Baltic Russia trade to the Cape route. However, westbound ships are still using the Red Sea. Global port congestion remains stable, affecting around **~4,6%** of the fleet, with Durban showing a queue-to-berth ratio of **0,59**. Idle capacity stands at approximately **~0,4%** of the fleet, with a net addition of **180 000 TEU** in the last month. Cancelled sailings have dropped to around **8%**. Other developments included **(1)** the industry welcomes US FMC ruling on D&D charges, and **(2)** CMA CGM, COSCO, Evergreen, and OOCL will be extending the OCEAN Alliance to 2032.

In the air cargo industry, the daily average volume of air cargo handled at ORTIA the previous week is up by **↑5%**, as we are exceeding January figures – but still significantly below cyclical averages. Inbound cargo is down by **↓1%**, but outbound cargo increased by an impressive **↑14%** this week. Internationally, consolidated figures for 2023 indicate that the airline industry saw cargo tonne-kilometers (CTKs) reaching **67,3 billion**, an **↑8,1%** increase from the previous quarter and a notable **↑7,8%** annual growth, bringing it close to pre-pandemic volumes. In other air cargo news, Ver.di called for a warning strike at Lufthansa Technik, impacting Lufthansa Cargo operations from 28 February to 1 March.

In regional cross-border road freight trade, average queue times remained **relatively unchanged**, while transit times showed a marked increase of **around four hours** from last week. The median border crossing times at South African borders increased by around **45 minutes**, averaging **~12,7 hours** (**↑6%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) **more than doubled** and averaged **~8,5 hours** (**↑102%**, w/w). On average, several SADC border posts took more than a day to cross, including Beitbridge, Kasumbalesa, Katima/Mulilo, Oshikango (the worst affected, taking nearly **two days** to

[6] Creamer, T. 29/02/2024. Cabinet and business praise Sasol and TFR for 'first-of-its-kind' partnership to repair 128 ammonia tankers.

cross), and Santa Clara. Other developments included **(1)** several security-related incidents and fatal collisions and **(2)** SANRAL announcing updates to toll fees and associated discounts effective March 1, 2024.

Ultimately, the ongoing efforts to address the backlog of vessels at Durban Port remain a focal point, as Transnet aimed to clear the backlog by the end of February. However, as of the current assessment, there are still 14 container vesels at anchorage, with nine waiting to berth at Pier 2. While the situation is more manageable, the ultimate goal is to streamline operations to ensure vessels can berth upon arrival and adhere to international schedules, which is critical for the shipping industry's efficiency. This is also essential if our ports are ever to regain their status as first tier ports, instead of suffering from multiple transshipments. Furthermore, congestion surcharges implemented by shipping liners highlight persistent challenges at the port, with factors like weather and late vessel arrivals exacerbating the situation. Worth reiterating is the fact that South African ports have experienced a **↓21,5%** loss in liner schedule connectivity in 2023, attributable to various factors, including Transnet's problems and economic constraints. The latest recovery plan and 100-day rapid response initiative have certainly reduced the number of vessels at anchor, and stakeholders are expressing cautious optimism, notably with Michele Phillips's permanent appointment as Transnet CEO, which the industry has widely welcomed. Nevertheless, challenges such as equipment constraints and infrastructure deficiencies persist, underscoring the need for sustained efforts to restore port operations to peak efficiency. Despite progress, achieving improved throughput volumes and enhancing port systems to boost the economy remain the urgent and overarching goals.

Contents

1. Ports Update

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

a. Container flow overview

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

Table 2 – Container Ports – Weekly flow reported for 24 February to 1 March [7]

7-day flow forecast (24/02/2024 – 01/03/2024)		
TERMINAL	**NO. OF CONTAINERS[8] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 120	4 887
DURBAN CONTAINER TERMINAL PIER 2:	10 579	10 540
CAPE TOWN CONTAINER TERMINAL:	4 918	6 897
NGQURA CONTAINER TERMINAL:	6 269	3 936
GQEBERHA CONTAINER TERMINAL:	1 782	700
TOTAL:	**27 668**	**26 960**

Source: Transnet, 2024. Updated 01/03/2024.

Table 3 – Container Ports – Weekly flow predicted for 2 to 8 March

7-day flow forecast (02/03/2024 – 08/03/2024)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 811	5 155
DURBAN CONTAINER TERMINAL PIER 2:	10 911	11 218
CAPE TOWN CONTAINER TERMINAL:	3 528	7 745
NGQURA CONTAINER TERMINAL:	6 300	3 514
GQEBERHA CONTAINER TERMINAL:	701	4 540
TOTAL:	**26 251**	**32 172**

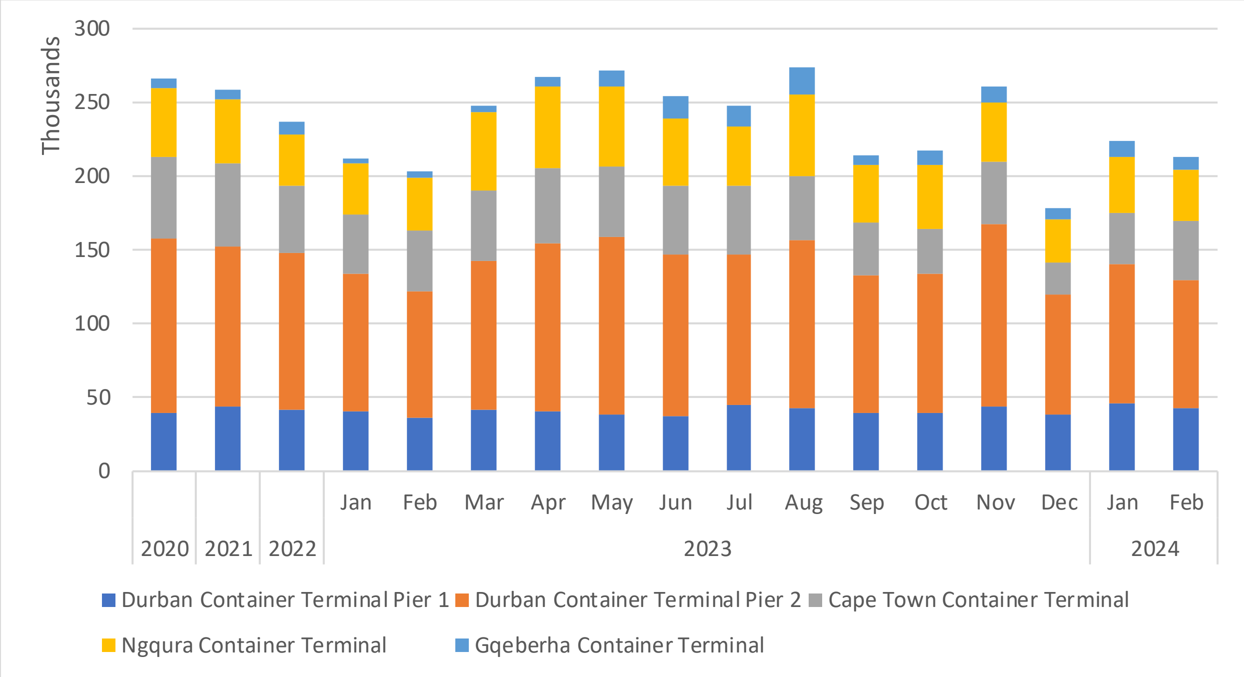
Source: Transnet, 2024. Updated 01/03/2024.

An average of **~7 804** containers (**↑1%**) was handled per day for the last week (*24 February to 1 March, Table 2*), compared to the projected average of **~8 129 containers** (**↓4%** actual versus projected) noted in last week's report. For this week, an increased average of **~8 346 containers** (**↑7%**) is predicted to be handled (*2 to 8 March, Table 3*) in a best-case scenario. Port operations this week were primarily impacted by severe weather conditions and persisting equipment breakdowns.

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

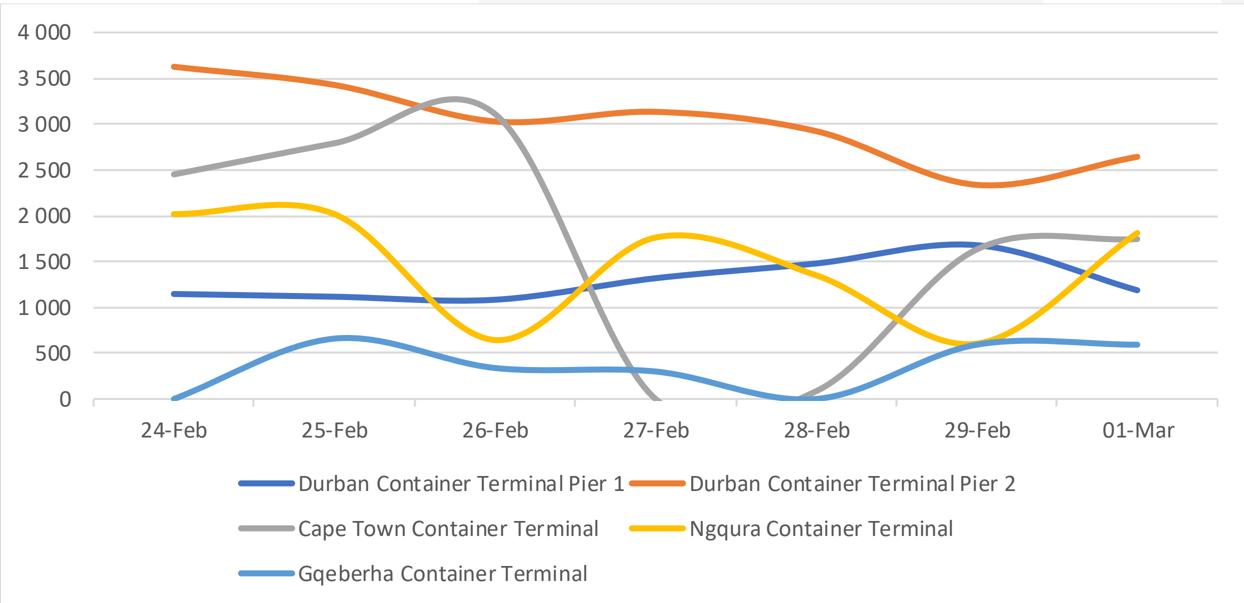
[7] It remains important to note that a large percentage (approximately 35% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported but rather consists of empties and transhipments.
[8] As mentioned before, the measurement is noted as containers (20' and 40'). 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. Elsewhere, the US uses 1,5 to 1,8, depending on the port. The privately operated FPT terminal in Cape Town works on 1,6.

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



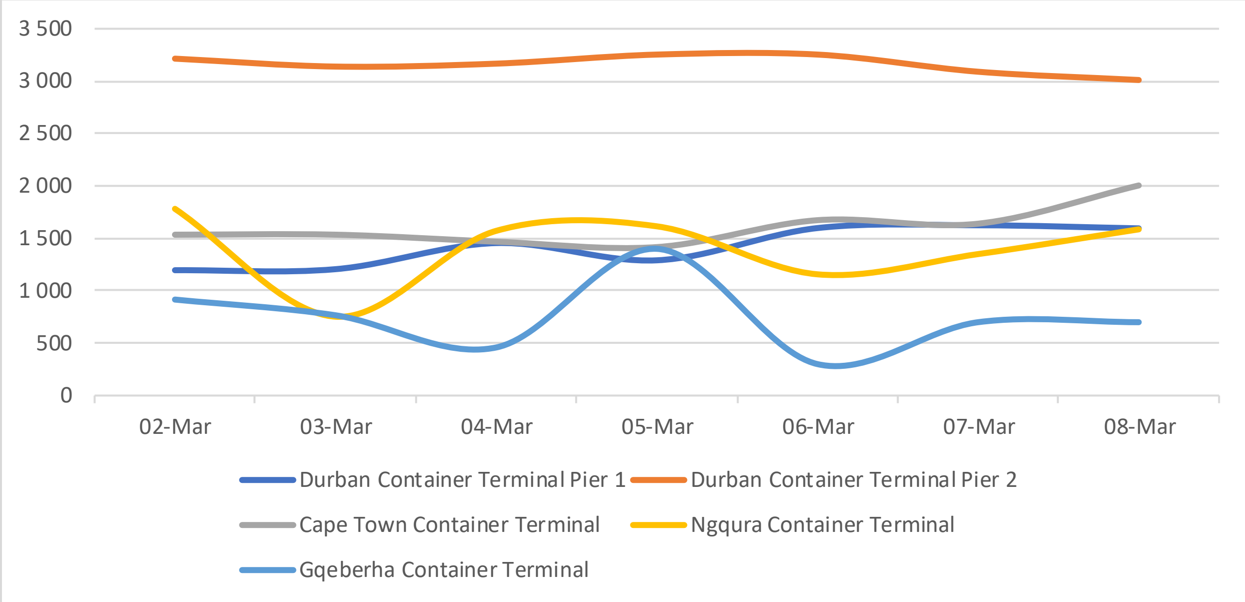
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (24 February to 1 March; per port; day on day)



Source: Calculated using data from Transnet, 2024, and updated 01/03/2024.

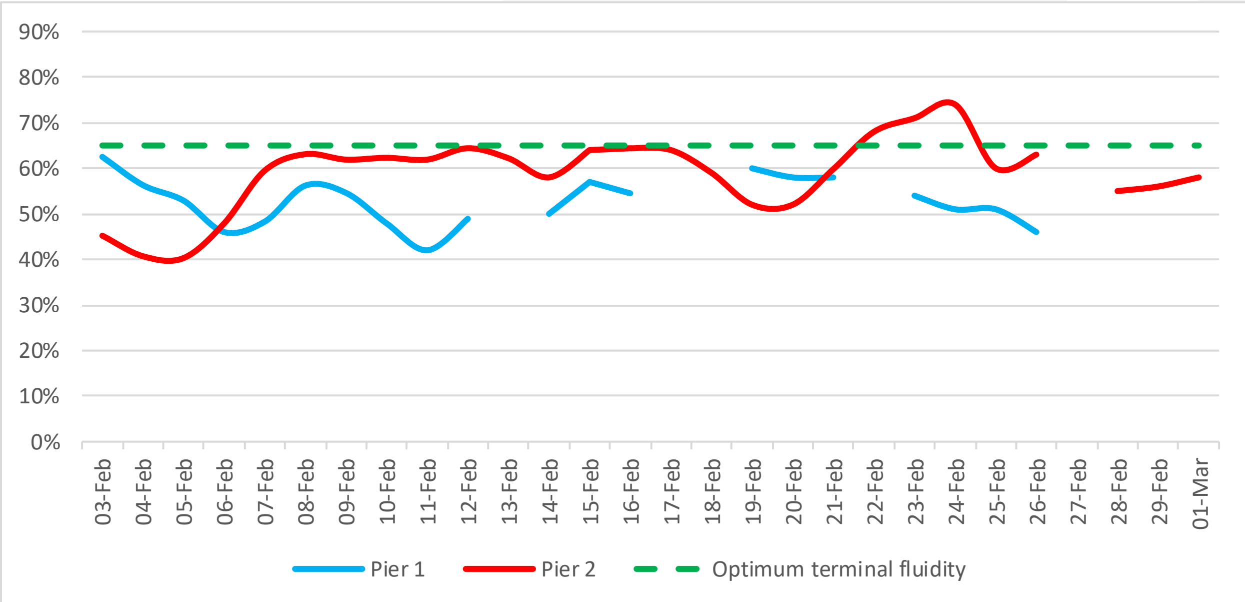
Figure 5 – 7-day forecast reported for total container movements (2 to 8 March; per port; a day on the day)



Source: Calculated using data from Transnet, 2024, and updated 01/03/2024.

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

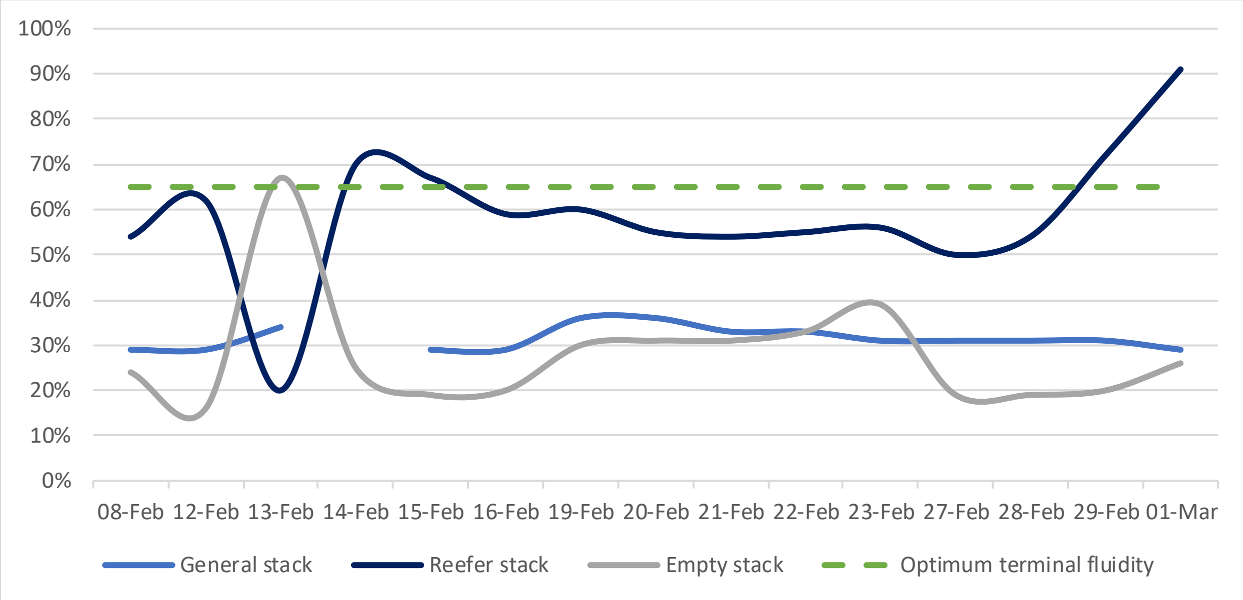
Figure 6 – Stack occupancy in DCT, general-purpose containers (3 February to present; a day on the day)



Source: Calculated using data from Transnet, 2024, and updated 01/03/2024.

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

Figure 7 – Stack occupancy in CTCT, GP, reefer, and empty stack (8 February to present, day on day)



Source: Calculated using data from Transnet, 2024, and updated 01/03/2024.

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

- The Port of Cape Town went windbound for more than 40 consecutive hours at the start of the week.
- Rain and equipment breakdowns represented the main operational challenges in Durban.
- NCT went windbound for approximately 15 hours during the early parts of the week.
- A vessel movement in Richards Bay was delayed for at least two hours due to the helicopter being out of commission.

ii. Cape Town

On Friday, CTCT recorded three vessels at berth and two at anchor as the terminal experienced another challenging week with respect to operational delays. In the preceding 24 hours to Friday, stack occupancy for GP containers was recorded at 29%, reefers at an elevated 91%, and empties at 26%. In this period, the terminal ceased its reefer intake but managed to move 1 091 containers across the quay. On the landside, 1 249 trucks were serviced, while 60 rail import and 48 rail export units were handled. At the start of the week, the terminal went windbound for more than 40 consecutive hours, which severely curtailed operational fluidity. As the week progressed, at least two vessel movements were delayed in Cape Town due to breakdowns on cranes LC3 and LC5. The breakdown of LC3 delayed the berthing of a vessel, while the breakdown of LC5 delayed a sailing.

The multi-purpose terminal recorded zero vessels at anchor and one at berth on Wednesday. In the 24 hours leading to Thursday, the terminal managed to service 283 external trucks at an undisclosed truck turnaround time on the landside. During the same period, CTMPT managed to execute 366 moves across the quay on the waterside. Stack occupancy was 32% for GP containers, 59% for reefers, and 26% for empties during the same period. At the start of the week, the terminal was heavily impacted by severe weather conditions.

During the week of 19 to 25 February 2024, the FPT terminal serviced six vessels comprising one container vessel, two multi-purpose vessels, one dry bulk vessel, and a break bulk refrigerated vessel loading fruit. Berth occupancy during this week was recorded at 61%. During that period, 2 553 TEUs were handled at ~nine containers per hour, as well as 49 tons of breakbulk at ~29 tons per hour. Additionally, 21 951 tons of dry bulk was handled at ~159 tons per hour, and 8 752 pallets of fruit were handled at ~29 pallets per hour. FPT planned to handle seven vessels between 26 February and 3 March, with another seven planned between 4 and 10 March. The late arrival of cargo and transporters – coupled with dense fog – was the source of some of the delays encountered at the terminal this week.

iii. Durban

Pier 1 on Wednesday recorded two vessels at berth, operated by five gangs, and three vessels at anchor. Stack occupancy was 59% for GP containers and remained undisclosed for reefers. During the same period, the terminal recorded 1 408 gate moves on the landside, with 423 cancelled slots and 49 wasted. On Monday, truck turnaround time was recorded at ~91 minutes, with an average staging time of ~47 minutes. Additionally, the terminal had 1 904 imports on hand, with 174 of these units having road stops and 107 units being unassigned. Earlier this week, a truck broke down in block E2, which rendered rows 54 to 65 inaccessible. Furthermore, the technical team in Durban is pushing to reintroduce crane QC2 to operations after a lengthy absence of one year. The crane is anticipated to return to service by the end of next week. Crane QC6 is destined for a lengthy outage due to an incident over the weekend.

Pier 2 had four vessels on berth and nine at anchorage on Friday. In the preceding 24 hours, stack occupancy was 56% for GP containers and undisclosed for reefers. The terminal operated with ten gangs while moving 2 337 containers across the quay. During the same period, there were 1 881 gate moves on the landside with a truck turnaround time of ~85 minutes and a staging time of ~21 minutes. Additionally, 527 rail containers were on hand, with 197 moved by rail. The terminal had a reported 58 straddles in operation. The current availability of straddle carriers in the terminal stands at approximately **~61%**, which is around **↓24%** below the minimum number required to meet industry demand and achieve acceptable terminal performance. Additionally, South Quay went down to one operational crane this week as another crane experienced a breakdown. This crane, however, is anticipated to return to service by Sunday evening 18:00.

TNPA in Durban experienced extensive challenges with their tugs earlier this week, as only two tugs were in service for the morning shift on Tuesday, and three of the tugs had engine problems. The technical team swiftly resolved these problems, as the port had four tugs operational before 09:00. In an attempt to alleviate the ongoing tug availability constraints, TNPA is injecting an R1 billion investment in its marine fleet renewal program through the acquisition of seven tugboats[9]. From this procured tug fleet, the Port of Durban has been allocated five tugboats, and two will go to the Port of East London.

Durban's MPT terminal recorded three vessels at berth on Thursday and three container vessels at outer anchorage while handling 282 TEUs and 4 930 breakbulk tons on the waterside. Stack occupancy for breakbulk was recorded at 28% during that time and at 48% for containers. The terminal handled 272 container road slots, while 15 breakbulk road visits containing 420 tons were facilitated on the landside. During the same period, two cranes, eight reach stackers, one empty handler, seven forklifts, and 14 ERFs were in operation. The third crane was used to facilitate training operations, whereafter it was taken out of commission for planned maintenance. Additionally, the revised ETR for the fourth crane is end of March.

[9] SA Gov News. 28/02/2024. R1 billion investment to boost tugboat availability.

After a five-month delay, the purchase order was awarded to Liebherr last week Friday who have commenced their work on the crane.

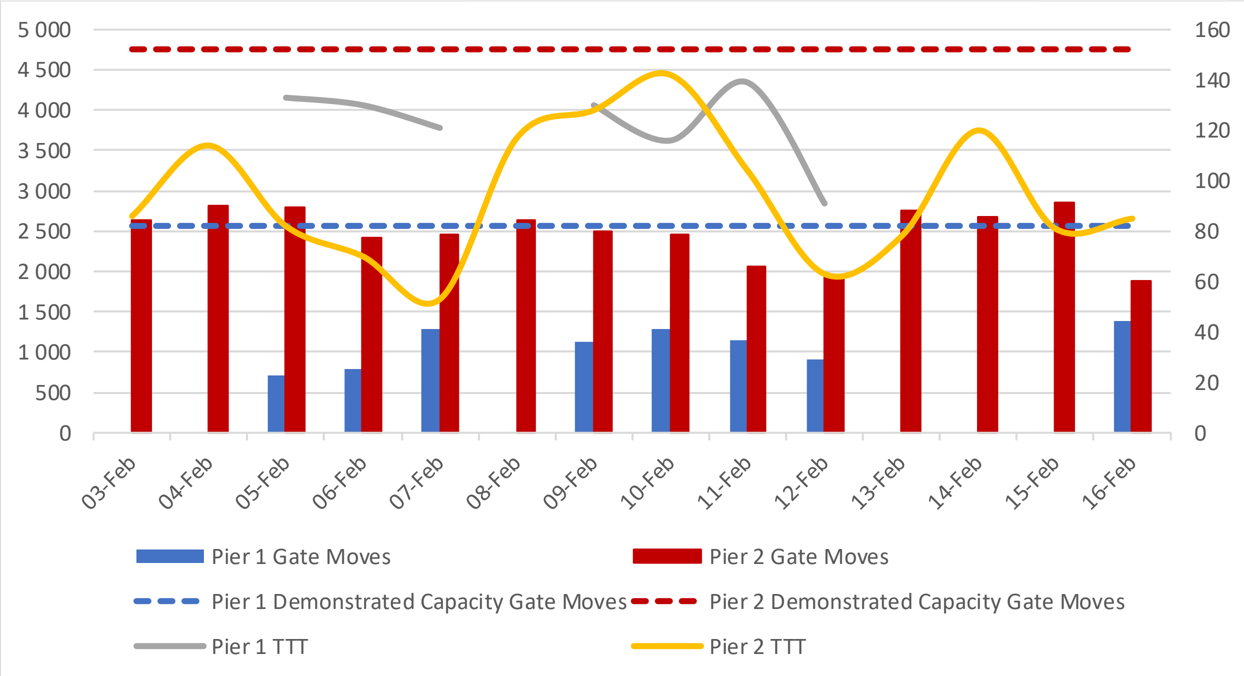
On Tuesday, at the Maydon Wharf MPT, 6 463 tons were handled on the waterside. The terminal also managed to service 39 RMTs containing 1 357 tons on the landside. At the Agri-bulk facility, 2 023 volumes were moved across the quay on the waterside, while 48 trucks containing 1 667 tons were handled.

On Wednesday, the Ro-Ro terminal in Durban recorded one vessel on the berth, with none at anchorage. In the 24 hours leading to Thursday, the terminal handled 1 381 road units as well as 241 rail units on the landside while handling 1 788 units on the waterside. During the same period, overall stack occupancy was recorded at 63% (comprising 32% exports, 33% imports, and 35% transshipments), Q/R was recorded at 5%, and the G-berth stack was at 80%. The terminal had 274 high-and-heavies (abnormal loads) on hand.

Lastly, Transnet announced on Friday that the Board has approved that Transnet proceed to finalise the contract award to the international terminal operator ICTSI, following the conclusion of the financial due diligence[10]. As we have reiterated at significant length, private sector participation (PSPs) in ports is crucial for driving efficiency, innovation, and investment in infrastructure while sharing risks and specialised expertise. It fosters competition, enhances customer service, and generates revenue for governments, ultimately benefiting port operators and the broader economy. Consequently, the apparent change in direction (with PSPs especially) has been welcomed by the industry, and we look forward to improving the functioning of DCT Pier 2.

The following figure summarises the performance of Durban's container terminals for the last two weeks, focusing on gate moves and time spent in the terminals.

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

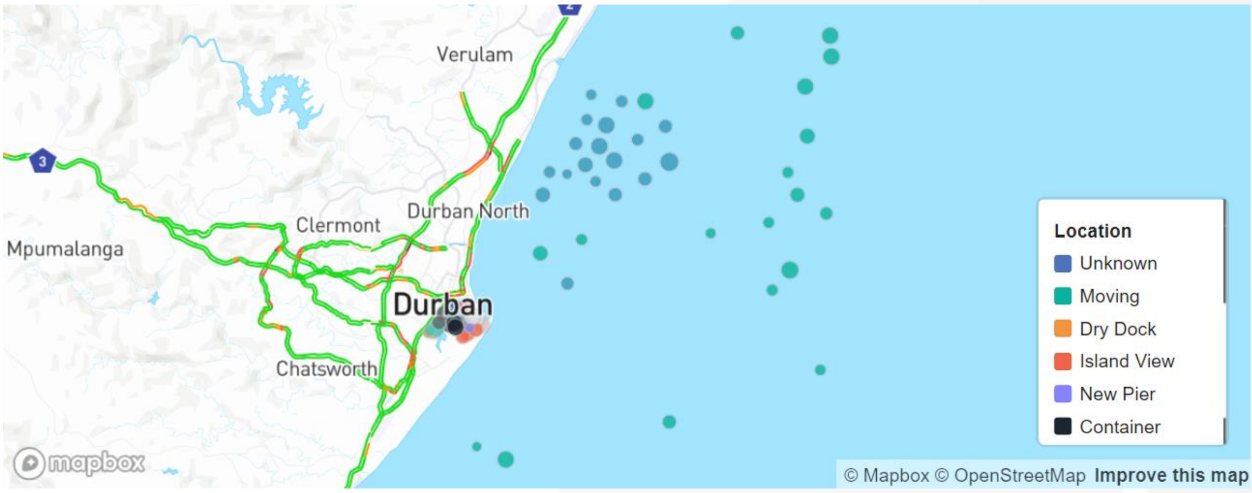


Source: Calculated using data from Transnet, 2024, and updated 01/03/2024.

[10] Transnet Board - Sangqu, A. 01/03/2023. Update on selection of ICTSI as DCT Pier 2 Partner.

The recovery from port congestion continues, as all hands are on deck in an attempt to recover the situation. At midday on Friday, nine vessels were waiting for Pier 2, two vessels for Pier 1, and three for Point terminal, with the following snapshot of the port and vessels waiting to berth:

Figure 9 – Durban vessel view (per vessel group)



Source: Crickmay LMS, 2024. Updated 01/03/2024 at 14:00.

iv. Richards Bay

On Thursday, Richards Bay recorded eight vessels at anchor, comprising four bulk vessels, two coal carriers, one break bulk vessel, and one liquid bulk vessel. A further 13 vessels were recorded on the berth, consisting of five at DBT, six at MPT, two at RBCT, and none at the liquid bulk terminal. Two tugs, one pilot boat, and one helicopter were in operation for marine resources. During the same period, the coal terminal had one vessel at anchor and three at berth while handling 195 293 tons on the waterside. On the landside, 21 trains were serviced. Additionally, a vessel movement was delayed on Wednesday for at least two hours due to the helicopter being out of commission.

v. Eastern Cape ports

On Thursday, NCT recorded one vessel on the berth and two vessels at outer anchorage, with one vessel drifting. Marine resources of two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading up to Wednesday. The 'Tsitsikamma' pilot boat remains out of service; however, the port is utilising the outsourced pilot boat. Stack occupancy was 25% for GP containers, 15% for reefers, and 25% for reefer ground slots, as a total of 1 812 TEUs were processed on the waterside. Additionally, 150 trucks were serviced on the landside at a truck turnaround time of ~25 minutes. Cranes 6, 7, and 8 at the terminal are all out of commission. The ETR for crane 6 is scheduled for 15 March, while the other two cranes are anticipated to return around 22 March.

On Friday, GCT had one vessel on berth and one at anchor. In the preceding 24 hours, the terminal had two tugs, one pilot boat, two pilots, and one berthing gang in operation. On the landside, 284 trucks were processed at a truck turnaround time of 26, while 214 TEUs were handled across the quay on the waterside. Towards the end of the week, several vessel movements at the terminal were delayed due to high swells. At the Ro-Ro terminal, one vessel was recorded on a berth on Thursday, with none at outer anchorage. 1 220 volumes were handled on the waterside, leading to a stack occupancy figure of 26%.

On Thursday, the Port of East London recorded two vessels at berth and none at anchor. In the 24 hours leading to Friday, the terminal handled 642 TEUs at a GCH of ~16 on the waterside. On the landside, the terminal discharged 74 skiptainers and received 73 container trucks at a truck turnaround time of ~13 minutes, resulting in a stack occupancy figure of 66% on the container side. The Ro-Ro terminal received 453 units from MBSA, resulting in a stack occupancy figure of 92%. Stack occupancy on the grain elevator was recorded at 3%. The port operated with three straddles at the start of the week before experiencing a breakdown on one of the machines towards the end of the week.

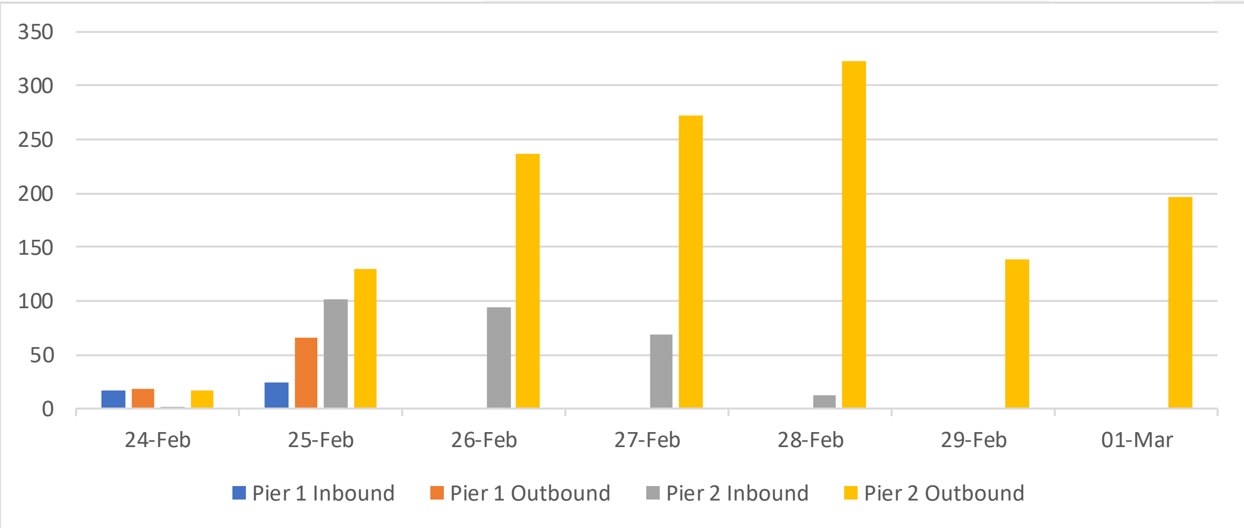
vi. Saldanha Bay

On Thursday, the iron ore terminal had two vessels at anchorage and three on the berth, while the multi-purpose terminal had one vessel at anchor and three on the berth. The vessels at anchor have been waiting outside for approximately 1-2 days, while the vessels in port have been on the berth for between 1 and 6 days.

vii. Transnet Freight Rail (TFR)

Towards the end of the week, our rail network fell victim to extensive cable theft for the first time in weeks, which delayed operations on the Concor line for approximately six hours. Additionally, towards the end of the week, DCT Pier 2 had 204 over-border units on hand with a dwell time of 38 days and 323 ConCor units on hand with a dwell time of 96 hours. TFR and JSE-listed Sasol have announced a groundbreaking public-private partnership aimed at enhancing the dependability of South African rail transportation. In accordance with the terms of the five-year deal, which was revealed on Wednesday, TFR will use a specialised fleet of 128 ammonia tankers to transport ammonia from Sasol's Secunda and Sasolburg facilities to the company's clients. As part of the deal, Sasol will fund Transnet’s maintenance and repair program for the fleet.

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



Source: Calculated using data from Transnet, 2024. Updated 01/03/2024.

In the last week (*24 February to 1 March*), rail cargo handled out of Durban was reported at **1 718** containers (although these numbers do not include Pier 1 figures for the last five days), down by **↓32%** from the previous week's **2 519** 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 19 February. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *February 2023* averaged **~754 516 kg** per day.

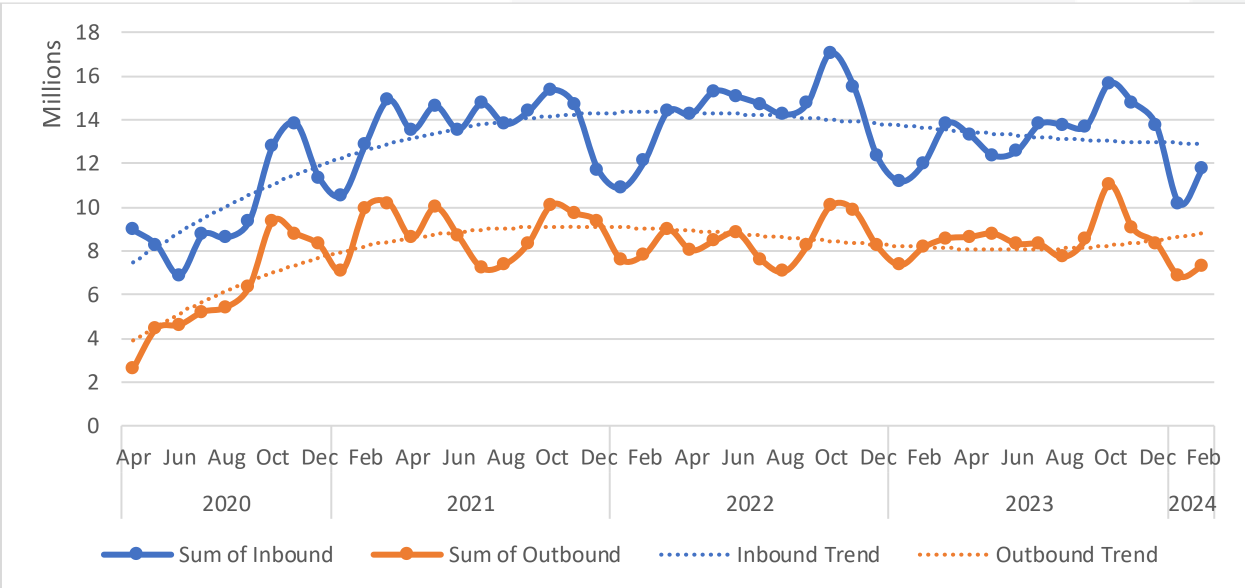
Table 4 – International inbound and outbound cargo from OR Tambo[11]

Flows	19-Feb	20-Feb	21-Feb	22-Feb	23-Feb	24-Feb	25-Feb	Week
Volume inbound	386 352	233 719	320 972	282 378	409 525	258 763	873 699	**2 765 408**
Volume outbound	222 695	211 007	223 784	213 460	228 438	196 434	666 016	**1 961 834**
Total	**609 047**	**444 726**	**544 756**	**495 838**	**637 963**	**455 197**	**1 539 715**	**4 727 242**

Courtesy of ACOC. Updated: 26/02/2024.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **395 058 kg** inbound (**↓1%**, w/w) and **280 262 kg** outbound (**↑14%**), resulting in an average of **675 320 kg per day**. The industry remains well down on cyclical levels (**↓10%** versus February 2023 and an alarming **↓24%** versus February 2020). The following graphs show the movement since the pandemic's onset for ORTIA, with the recent drop-off noticeable – albeit slightly picking up in February:

Figure 11 – International cargo from OR Tambo – volumes per month (kg millions)



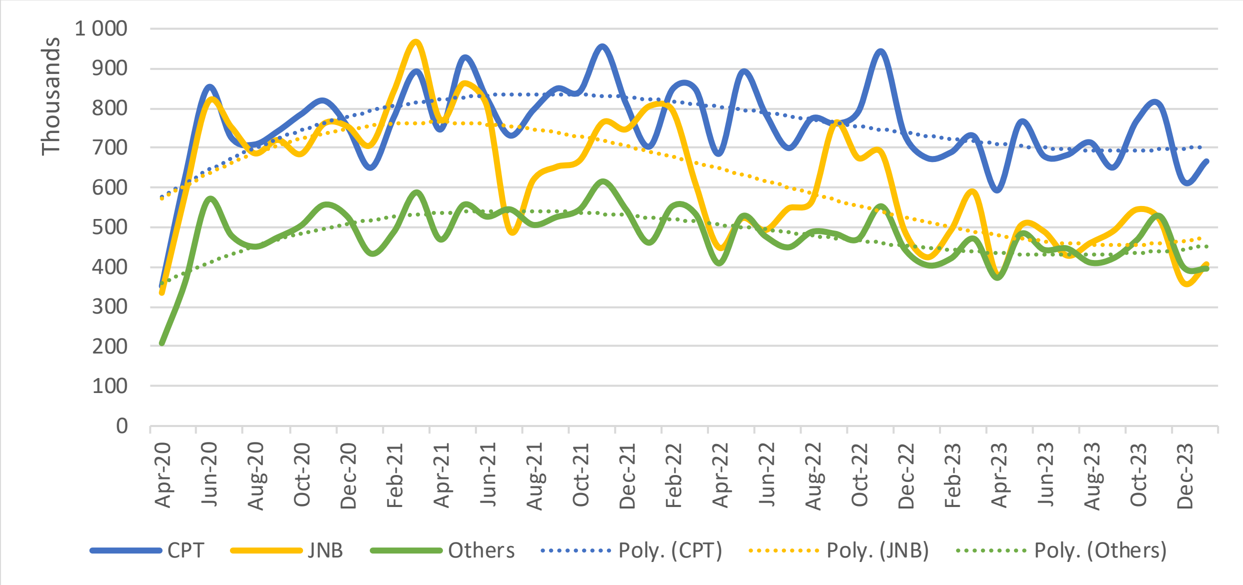
Courtesy of ACOC. Updated: 26/02/2024.

b. Domestic air cargo

The following graphs show the domestic movement at our main airports since the pandemic's onset:

[11] Only ORTIA's international volumes are shown. ORTIA handles ~87% of international cargo to and from South Africa.

Figure 12 – Domestic inbound and outbound cargo (thousands)



Courtesy of ACOC. Updated: 22/02/2024.

3. National Update

a. SARS merchandise trade statistics: January

SARS released its latest "*Merchandise Trade Statistics*" for January[12], with the headline showing a preliminary monthly trade deficit of **R9,4 billion**. Monthly trade shows that exports decreased from December by **↓12,8%** (m/m), while imports increased by **↑2,4%** (m/m). Although the YTD figures show a slight trade deficit of **R9,4 billion**, the figure is a slight improvement from the **R24,4 billion** trade deficit recorded in 2023. Annually, export flows for January 2024 were **↑4,5%** (y/y) higher compared to January 2023, while import flows were **↓5,4%** lower compared to 2023, having decreased from **R162 billion** to **R154 billion** in the current period. Consolidated figures for 2023 show that South Africa recorded a full-year total trade balance surplus of **R62,2 billion** (exports of **R2,04 trillion** and imports of **R1,98 trillion,** constituting a total trade of **R4,02 trillion**).

Regionally, trade with BELN countries for January resulted in a trade surplus from exports of **R14,8 billion** and imports of **R5,7 billion**. Exports to our neighbouring countries decreased by **↓3,5%** (m/m) between January and December, with imports increasing significantly – **↑14,8%** (m/m) – over the same period. The cumulative figures for the year point to a substantial positive trade balance with BELN countries, similar to last year – from **R7,1 billion** in 2023 to **R9,1 billion** in trade balance surplus for 2024.

4. Road and Regional Update

a. Cross-border and road freight delays

This week, the following points should be noted in terms of challenges and delays on roads in South Africa and the surroundings in the SADC region.

[12] SARS. 30/11/2023. Trade Statistics: January 2024.

- The median border crossing times at South African borders increased by around **45 minutes**, averaging **~12,7 hours** (**↑6%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) **more than doubled** and averaged **~8,5 hours** (**↑102%**, w/w).
- In the SADC cross-border road transport industry, recent incidents have highlighted key operational challenges and safety concerns.
  - Incidents include theft targeting breakbulk loads along the Zambian escarpment road to Chirundu, prompting collaboration with Zambian authorities.
  - Additionally, a fatal head-on collision between two trucks occurred at Mokambo, 200km from Lubumbashi, resulting in the tragic loss of both drivers.
  - Another fatal collision happened locally between a copper – and a Shoprite truck.
- Queue times at Sakania, Zambia, have extended to 3km due to one-way traffic management, with Northbound vehicles prioritised in the mornings, followed by Southbound traffic.
  - Moreover, unusual occurrences such as the escape of lions being transported to the DRC through Mokambo and Sakania have been reported, emphasising the need for heightened vigilance among drivers.
- Beitbridge Southbound traffic has experienced delays of up to three hours, prompting calls for expedited processing by Zimra.
  - Meanwhile, SANRAL has announced updates to toll fees and associated discounts effective March 1, 2024, impacting the cost structure for road users.
- Transporters, traders, and cargo owners are encouraged to use the non-tariff barrier (NTB) online tool developed by UNCTAD and the AfCFTA Secretariat. However, given the questionable effectiveness of this platform, transporters are encouraged to contact FESARTA and join their TRANSIST Bureau[13], which arguably provides better and more reliable information.

The following table shows the changes in bidirectional flows through South African borders, with the subsequent table showing the consolidated corridor movements:

Table 5 – Delays[14] summary – South African borders (both directions)

Border Post	Direction	HGV[15] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	Est. HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	379	4,3	8,1	27,0	11 370	2 653
Beitbridge	Zimbabwe-SA	379	4,5	2,6	15,4	11 370	2 653
Groblersbrug	SA-Botswana	236	0,0	3,1	22,4	7 080	1 652
Martins Drift	Botswana-SA	181	0,2	0,4	2,1	5 430	1 267
Kopfontein	SA-Botswana	225	3,2	1,3	9,2	6 750	1 575
Tlokweng	Botswana-SA	15	0,1	0,2	0,4	450	105
Vioolsdrift	SA-Namibia	30	0,1	1,5	4,4	900	210
Noordoewer	Namibia-SA	20	0,0	0,4	2,2	600	140
Nakop	SA-Namibia	30	0,3	1,0	4,1	900	210
Ariamsvlei	Namibia-SA	20	0,2	0,3	1,2	600	140
Skilpadshek	SA-Botswana	214	1,3	2,4	13,4	6 420	1 498

[13] FESARTA TRANSIST Bureau.
[14] 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—data provided by the LMS (Logistics Monitoring System), which Crickmay produces in collaboration with SAAFF.
[15] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly but rather monthly.

Border Post	Direction	HGV[15] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	Est. HGV Tonnage per day	Weekly HGV Arrivals
Pioneer Gate	Botswana-SA	56	0,6	1,0	2,1	1 680	392
Lebombo	SA-Mozambique	1 446	2,3	1,5	8,3	43 380	10 122
Ressano Garcia	Mozambique-SA	125	0,5	1,0	11,3	3 750	875
Weighted Average/Sum		**3 356**	**1,3**	**1,8**	**8,8**	**100 680**	**23 492**

Source: TLC, FESARTA, & Crickmay, week ending 25/02/2024.

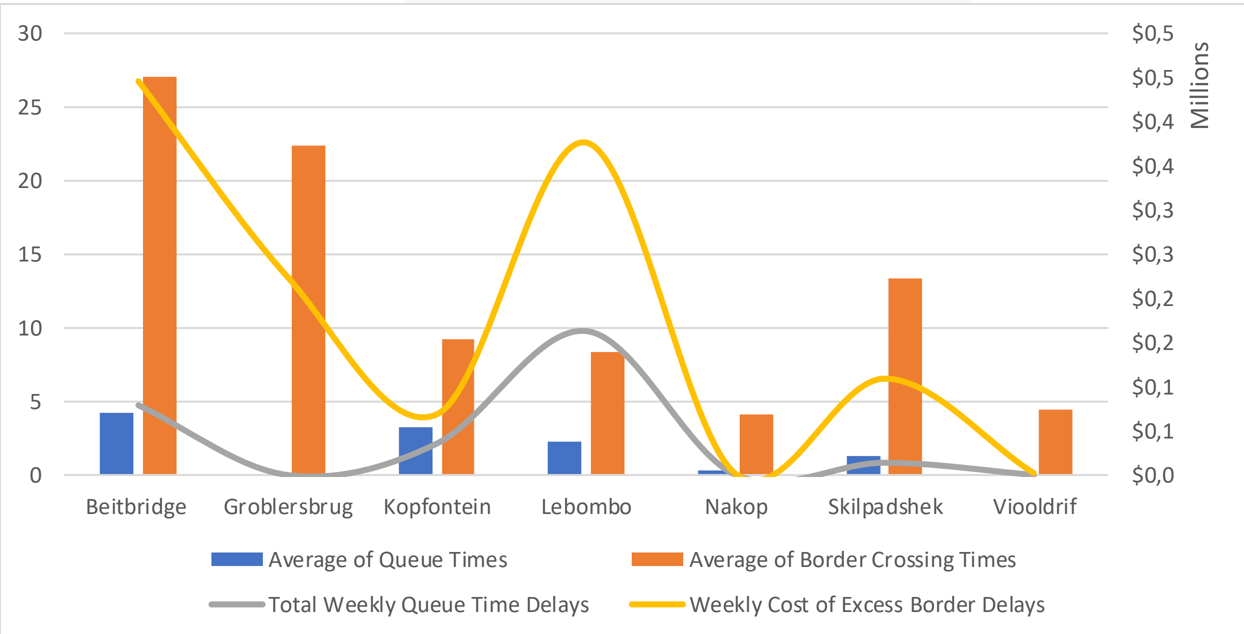
Table 6 – Delays summary – Corridor perspective

Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	Est. HGV Tonnage per day	Monthly HGV Arrivals
Beira Corridor	320	3,5	2,3	12,2	9 600	2 240
Central Corridor	798	0,0	1,0	6,8	23 940	5 586
Dar Es Salaam Corridor	1 819	8,9	1,2	13,8	54 570	12 733
Maputo Corridor	1 571	1,4	1,3	9,8	47 130	10 997
Nacala Corridor	127	0,0	0,0	0,0	3 810	889
North/South Corridor	3 487	4,0	1,6	11,2	104 610	24 409
Northern Corridor	2 817	0,3	0,4	1,9	92 520	21 588
Trans Caprivi Corridor	116	10,5	2,8	32,0	3 480	812
Trans Cunene Corridor	100	0,0	2,9	44,0	3 000	700
Trans Kalahari Corridor	300	0,9	1,1	5,3	9 000	2 100
Trans Oranje Corridor	100	0,2	0,8	3,0	3 000	700
Weighted Average/Sum	**11 555**	**2,4**	**1,1**	**8,9**	**354 660**	**82 754**

Source: TLC, FESARTA, & Crickmay, week ending 25/02/2024.

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

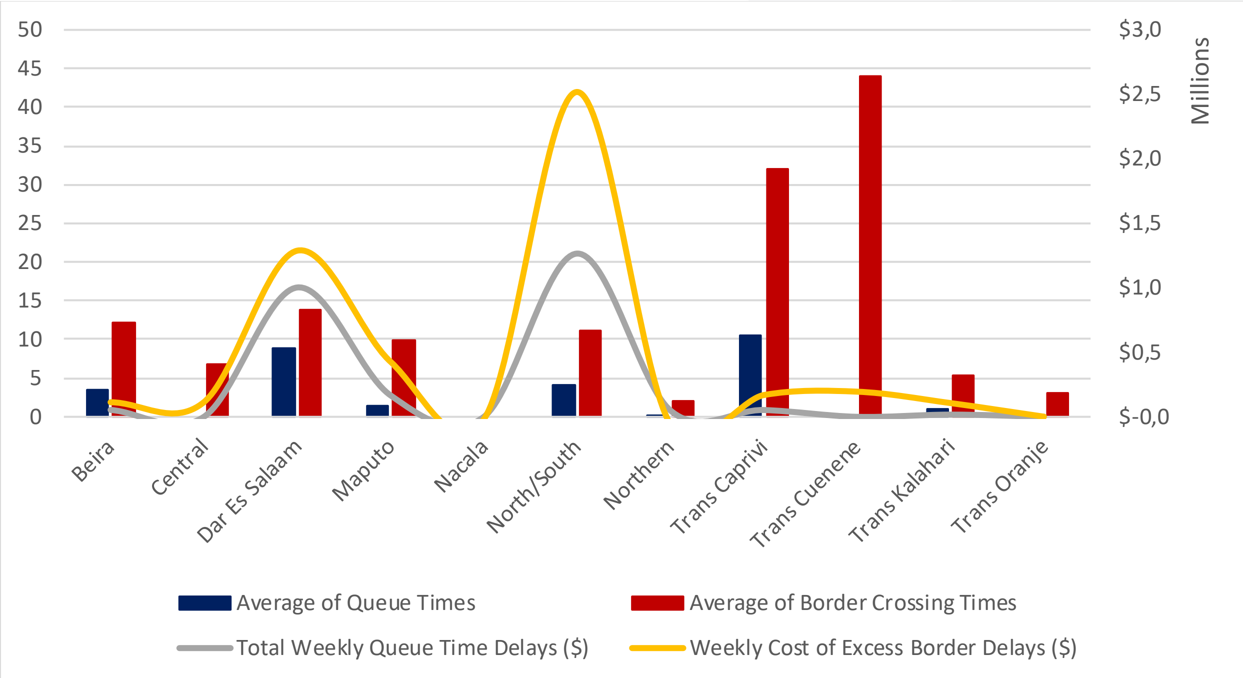
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ millions)



TLC, FESARTA, & Crickmay, week ending 25/02/2024.

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 & $ millions)



Source: TLC, FESARTA, & Crickmay, week ending 25/02/2024.

In summary, cross-border queue time averaged **~2,4 hours** (up by **~0,3 hours** from the previous week's **~2,1 hours**), indirectly costing the transport industry an estimated **$2,6 million** (**R50 million**). Furthermore, the week's average cross-border transit times hovered around **~8,9 hours** (up by **~4,0 hours** from the **~5,0 hours** recorded in the previous report), at an indirect cost to the transport industry of **~$4,9 million** (**R93 million**). As a result, the total indirect cost for the week amounts to an estimated **~$7,5 million** (**R143 million**, up down by **~R26 million** or **↑22%** from **~R117 million** in the previous report).

5. International Update

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

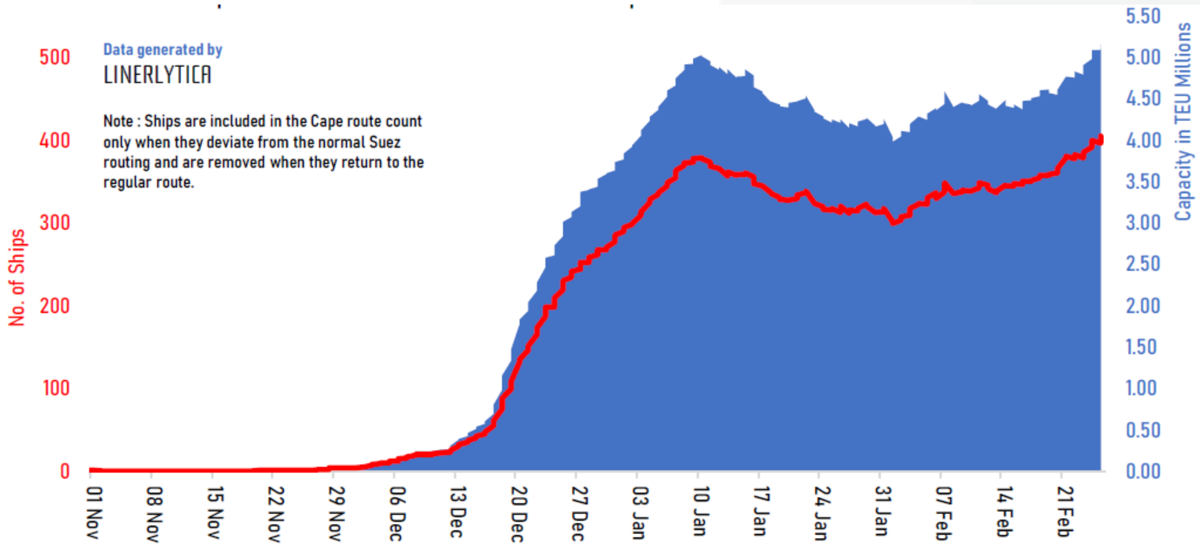
a. Global shipping industry

i. Red Sea Crisis Update

The quantity of containerships opting for the Cape route as an alternative to the Suez Canal has reached an all-time high, totalling **403 vessels** carrying **5,14 million TEU** as of 25 February. This notable surge can be attributed in part to the strategic decision made by CMA CGM to redirect its vessels from the Red Sea starting 1 February 2024. However, it is worth noting that CMA CGM has recently altered its course, evidenced by the passage of the 16 022 TEU CMA CGM JULES VERNE through the eastbound Red Sea route last wee0k. Another vessel, the 14 414 TEU CMA CGM T. ROOSEVELT, is scheduled to follow suit later this week, despite the escalating risks associated with the Red Sea (war risk premiums are up by as much as 900% since the

Houthi attacks on shipping in the Red Sea began[16]). By adding the ongoing drought in the Panama Canal to the overall picture, a significant shift has occurred in global trade lanes, as showcased by this graph:

Figure 15 – Containerships diverted from Suez and Panama to Cape Route (no of ships – red; TEU, millions - blue)



Source: Linerlytica

Furthermore, the escalation in traffic along the Cape route has been bolstered by the addition of vessels from smaller carriers, most notably Tailwind Shipping, which has integrated nine ships into its Asia-Europe service since January. Additionally, the Chinese carrier OVP has diverted one of its eastbound vessels from China to Baltic Russia to the Cape route, marking the first instance of Cape diversion by these niche carriers. However, all of their westbound ships continue to utilise the Red Sea route.

ii. Global container summary

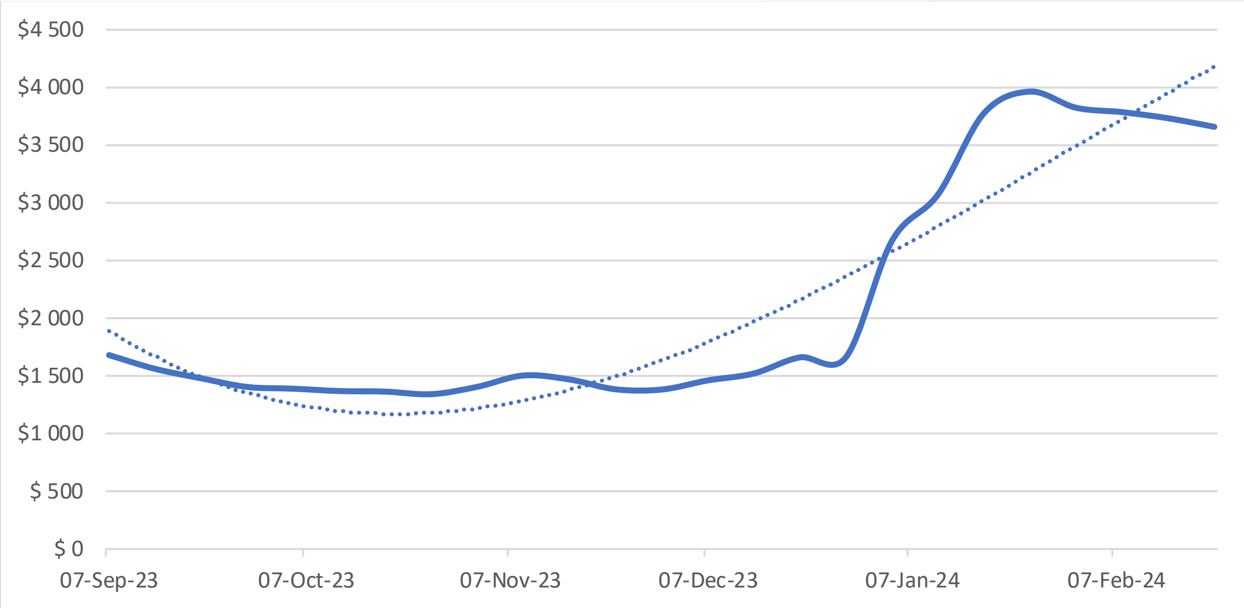
Global port congestion is stable and currently affecting **~4,6%** of the total fleet, with Durban the only South African port featuring on the first page of the "*Port Congestion Watch*" with a queue-to-berth ratio of **0,59**[17] (slightly less than last week). The idle capacity stands at **~0,4%** of the total fleet, as a net **180 000 TEU** has been added to capacity in the last month. Lastly, the "*Cancelled Sailings Tracker*" has dropped again this week and is currently trending at around **8%**[18].

iii. Global container freight rates and carrier profits

Continuing from the last couple of weeks' decrease, global container rates dropped significantly this week, as the "*World Container Index*" is down by **↓4,5%** (or **$166**) to **$3 493** per 40-ft container[19]. The weekly changes mean that the composite index remains up by **↑88%** compared to the same week last year and **↑146%** higher than the average 2019 pre-pandemic rates of **$1 420**. The most significant changes this week came on the Shanghai – Rotterdam (**↓7%**) and Shanghai – Genoa (**↓6%**) trade lanes. The following figure shows the movement of the index in the last six months, with the influence of the Red Sea (and related) crisis evident:

[16] Bartlett, C. 27/02/2024. Attacks drive up Red Sea war-risk insurance premiums 900%.
[17] Linerlytica. 29/02/2024. Port Congestion Watch.
[18] Drewry. 01/03/2024. Cancelled Sailings Tracker.
[19] Drewry. 29/02/2024. World Container Index.

Figure 16 – World Container Index assessed by Drewry (last 12 months, $ per 40 ft. container)



Source: *Compiled from Drewry Ports and Terminal Insights*

In the charter market, rates have continued their upward trend, as the Harper Petersen Index (*Harpex*) is currently trending at ***1 187 points***, up by **↑2,5%** (w/w) and up by **↑13%** (y/y) versus this time last year[20].

iv. Further developments of note

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

1. **Global bodies, associations, and shippers welcome US FMC on D&D charges:**
    a. US FMC Commissioner Carl Bentzel expressed his approval of the Final Demurrage and Detention (D&D) Rule, emphasising its significance in protecting the shipping public from market abuses and ensuring the efficient use of terminal space and containers[21].
    b. He acknowledged the extensive efforts of FMC staff and the substantial input from 191 groups and individuals in shaping the rule. Commissioner Bentzel recognised Commissioner Dye's leadership in initiating the process and addressing concerns raised in Fact Findings 28 and 29.
    c. He highlighted the contentious issue of including both ocean carriers and marine terminal operators (MTOs) in the rule, supporting the decision as essential for its protective intent. However, he expressed reservations about the strength of commercial relationships between parties and urged cooperation for accurate invoicing.
    d. Commissioner Bentzel stressed the need for further examination of MTO billing practices and potential conflicts with ocean carriers. He also emphasised the rule's relevance amid ongoing supply chain challenges and the necessity for improved data transparency and industry cooperation.

[20] Harper Petersen Index. 01/03/2024. HARPER PETERSEN Charter Rates Index.
[21] US FMC. 23/02/2024. Statement of Commissioner Carl W. Bentzel on the Demurrage and Detention Billing Requirements Final Rule.

e. The rule addresses concerns regarding billing transparency and fairness. Key provisions require carriers and terminal operators to detail charges on invoices, limiting charges to the contracting party or consignee and allowing a 30-day invoicing and dispute period. The rule also mandates NVOCCs to issue invoices promptly. Developed with industry feedback, FIATA's involvement was pivotal, including the release of a toolkit and facilitating industry dialogue with the FMC.
f. The Final Rule aims to enhance transparency, fairness, and efficiency in maritime operations, endorsed by international bodies (such as FIATA and Clecat) as a benchmark for global best practices, encouraging widespread adoption for a more equitable supply chain

2. **CMA CGM, COSCO, Evergreen and OOCL extend OCEAN Alliance to 2032:**
   a. The Ocean Alliance, comprising CMA CGM, Cosco, OOCL, and Evergreen, has extended its vessel-sharing agreement until 31 March 2032[22]. This extension comes amid speculation in the industry that one of the partners might join THE Alliance after Hapag-Lloyd's departure next year.
   b. The CEOs signed a memorandum of understanding in Shanghai to solidify their commitment and reassure customers of stability in the alliance, following Hapag-Lloyd's decision to leave THEA and join Maersk in the new Gemini Cooperation. CMA CGM's chairman emphasised the alliance's dedication to meeting customer needs and enhancing supply chain reliability and sustainability. This extension indicates a clear and positive signal to customers about the alliance's future direction and collaboration.
   c. The OCEAN Alliance, founded in 2017, is the world's largest operational shipping network, driving innovation and agility in international trade, while the CMA CGM Group, committed to achieving Net Zero by 2050, is actively deploying advanced solutions to reduce the environmental footprint of shipping, planning to operate more than 120 containerships with alternative green fuels by 2027[23].

b. Global air cargo industry

IATA this week released its latest "*Quarterly Air Transport Chartbook*" for Q3 2023[24], with several notable developments showing the current state of international air cargo in particular, which includes the following:

- Despite challenges, including inflation, supply chain issues, geopolitical tensions, and inward-focused economies, the air cargo sector experienced a remarkable revival in 2023, ending the year positively with a solid fourth-quarter performance despite weak demand drivers.
- The airline industry saw a significant upswing in cargo traffic in the fourth quarter of 2023, with cargo tonne-kilometres (CTKs) reaching **67,3 billion**, an **↑8,1%** increase from the previous quarter, and a notable **↑7,8%** year-on-year growth, bringing it close to pre-pandemic volumes (only **0,7%** short).
- International CTKs in Q4 2023 reached **58,2 billion globally**, with notable growth in the Middle East (**↑14,7%**), Asia Pacific (**↑9,7%**), and Europe (**↑5,7%**), while Latin America and North America

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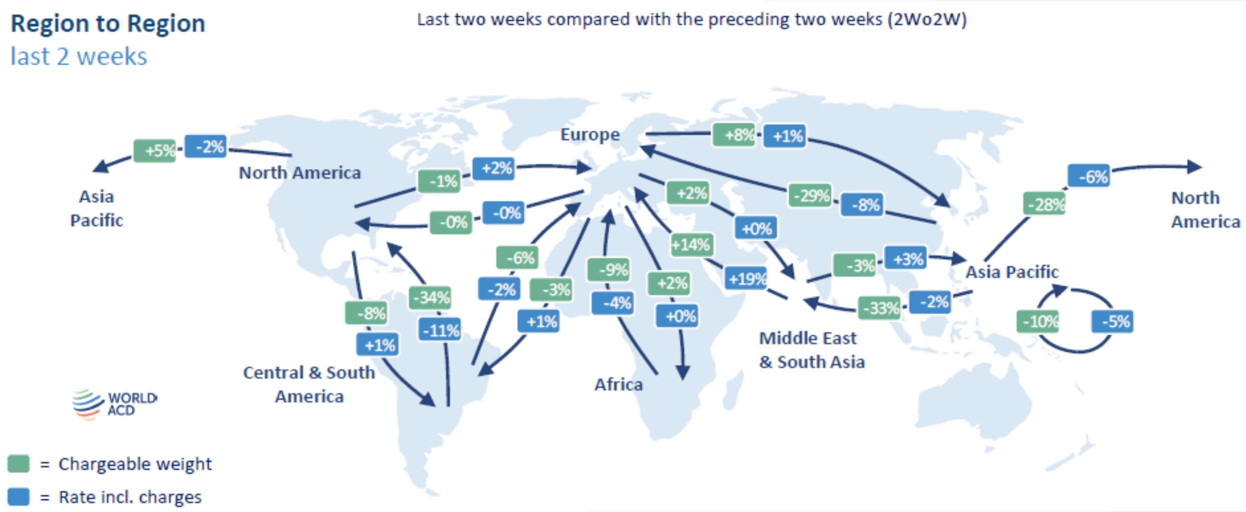
[22] Wackett, M. 27/02/2024. Ocean Alliance carriers kill 'defector' rumours with extension to 2032.
[23] Container News. 27/02/2024. CMA CGM, COSCO, Evergreen and OOCL extend OCEAN Alliance to 2032.
[24] IATA. 28/02/2024. Quarterly Air Transport Chartbook - Q3 2023.

achieved **↑4,6%** and **↑3,4%** year-on-year growth respectively, marking Africa's aviation sector's first annual growth since early 2022, signalling a positive trend for the industry.

- Global air cargo capacity in Q4 2023 reached **146,4 billion** available cargo tonne-kilometers (ACTKs), maintaining double-digit annual growth (**↑13,5%**, y/y), mainly due to the restoration of belly cargo capacity across markets, surpassing Q4 2019 levels by **↑4,3%**, and consistently remaining above pre-pandemic and 2022 levels throughout 2023.
- The strong annual growth in industry-wide air cargo capacity in 2023 was primarily driven by international routes, with a solid **↑12,3%** year-on-year growth in Q4, mainly due to returning international passenger belly-hold capacity, up **↑29,3%** year-on-year, while international capacity on dedicated freighters grew by only **↑1,5%** year-on-year in Q4, marking the first positive annual growth since 2021. Overall, the share of international cargo tonne-kilometres provided by passenger belly capacity increased from **45%** in Q4 2022 to **52%** in Q4 2023, moving closer to the pre-pandemic share of around **60%**.
- The industry-wide air cargo load factor (CLF) rose from **48,1%** in Q3 to **51,5%** in Q4 2023, aligning with pre-pandemic seasonal trends, driven by factors like the holiday season and business year-end transactions.
- Despite PMIs for global manufacturing output and new export orders remaining below 50 in December (at **49,5** and **48,0** respectively), showing declines from the previous month and quarter-end, seasonally adjusted industry cargo tonne-kilometres (CTKs) trended both (y/y) and month-on-month (m/m) upwards throughout the last quarter of 2023.
- The inventory-to-sales ratio, negatively correlated with industry cargo tonne-kilometers (CTKs), remained high in the US throughout 2023, indicating weak demand conditions, with a decrease in annual growth towards the year-end (from **↑6,2%** y/y in Q3 to **↑5,3%** y/y in Q4), influenced by the base-year effect. However, CTKs showed a significant recovery, surpassing the evolution of the inventory-to-sales ratio.
- Merchandise trade in 2023 reflected cooling demand compared to 2022, with a contraction of **↓1,5%** (y/y) in Q4, albeit an improvement from the previous quarter's **↓3,5%** decline. Despite this, air cargo showed resilience, with Q3 marking the first positive relative performance since 2021, intensifying in Q4 with a **↑9,3%** increase. However, the comparison of air cargo growth and global trade must consider base-year effects, as air cargo's annual growth is from a low base in 2022, explaining the seemingly counterintuitive response in air cargo.
- The impact problems in the Red Sea and the Panama Canal have also boosted the growth in air traffic to some extent what's the conversion of cargos from sea to air.

In the high-frequency metrics, global air cargo volumes have rebounded after the Lunar New Year (LNY) dip, with Asia-Europe sea-air hubs experiencing a surge in tonnages due to disruptions in container shipping in the Red Sea. Dubai-Europe air cargo traffic doubled compared to last year, while Colombo-Europe tonnages increased by over **↑80%** year-on-year (y/y) in weeks 7 and 8. Bangkok-Europe volumes also rose, although slightly lower in week 8. The demand surge in these hubs may be influenced by LNY, but sustained strong demand is observed in week 8. The following summary shows the regional changes when comparing the last two weeks with the two weeks before:

Figure 17 – Chargeable weight and rates (2w/2w)



Source: World ACD

Worldwide air cargo tonnages rose by ↑**9%** (w/w) in week 8, recovering from a ↓**10%** drop in the previous two weeks. Annually, there's a ↓**4%** (y/y) decrease in total worldwide tonnages, driven by an ↓**11%** drop ex-Asia Pacific but partially offset by a ↑**27%** increase ex-Middle East and South Asia. Average yield rates in week 8 are ↓**18%** below last year's levels, with rates ex-Europe and ex-North America down by ↓**31%** and ↓**21%**, respectively. However, rates in the Middle East and South Asia are up by ↑9% (y/y). Despite this, average global rates are ↑**26%** higher than February 2019 levels. Worldwide air cargo capacity remains significantly higher (↑**8%**) than last year and is currently trending at **$2,25 per kg**.

In other air cargo news, following on from last week's protests, Ver.di called for a warning strike at Lufthansa Technik, impacting Lufthansa Cargo operations from 28 February to 1 March 2024. The strike affects freighter flights, leading to the acceptance of shipments only with confirmed bookings, with further updates available via the eTracking service; expressing regret for the inconvenience caused.

ENDS[25]

[25] **ACKNOWLEDGEMENT:**

*This initiative – **The Cargo Movement Update** – was developed collectively by Business at large to provide visibility of the movement of goods during the COVID-19 pandemic. The report is authored by the South African Association of Freight Forwards (SAAFF) and distributed by Business Unity South Africa (BUSA). SAAFF acknowledges the input of several key business partners in compiling these reports, which have become a weekly industry staple.*