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Cargo movement update[1]

Date: 5 May 2023

Weekly Snapshot

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

Flows	Current[2]			Previous[3]			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	25 208	32 013	**57 221**	23 976	32 181	**56 157**	↑2%
Air Cargo (tons)	3 170	1 885	**5 055**	2 703	1 860	**4 563**	↑11%

Monthly Snapshot

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

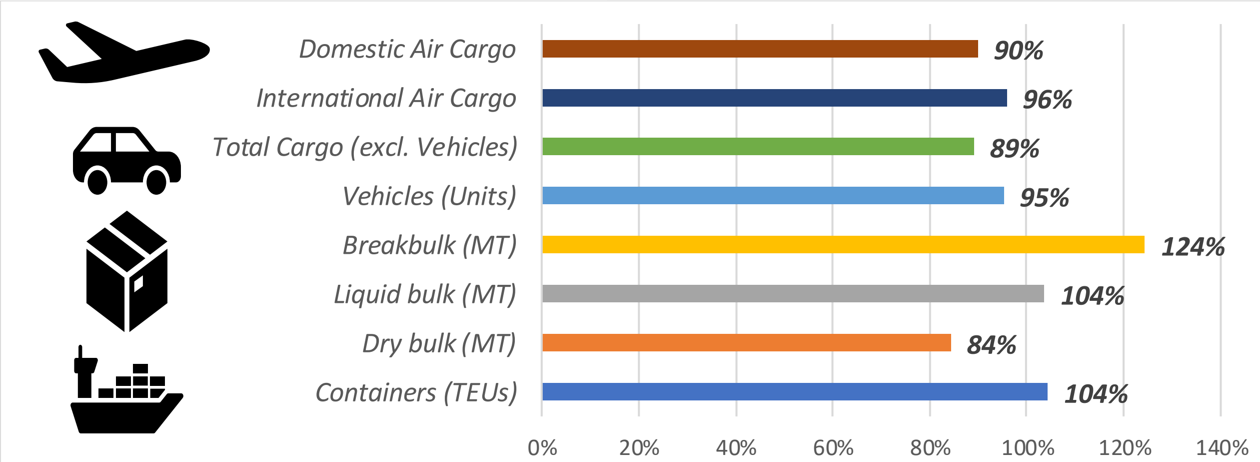
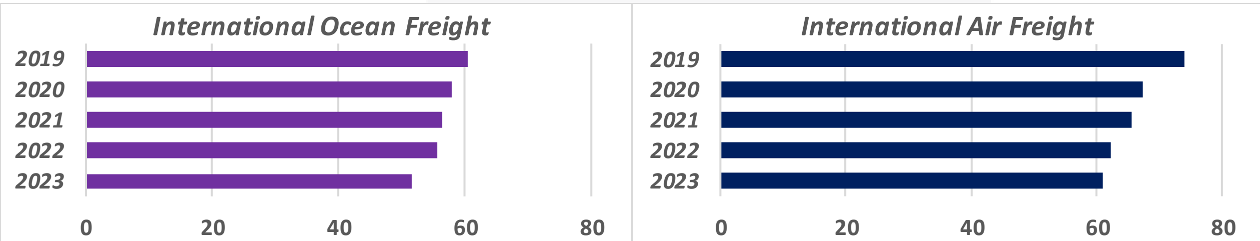


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 174 containers** was handled per day, with **~8 784 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 711** containers, **↓26%** compared to last week.
- The latest Ctrack "*Transport Freight Index*" increased by **↑3,3%** in March (m/m) and is also **↑3,3%** (y/y).
- Cross-border queue times were **↑0,3 hours**, with transit times **↓1,7 hours**, SA borders **~11,6 hours** (**↓1%**).
- SARS merchandise trade (March): exports (**↑27%**, m/m), imports (**↑32%**); YTD deficit: **R6,2 billion**.
- Global container freight rates increased slightly by **↑1%** (or **$23**) to **$1 763** per 40 ft this week.
- Global air cargo demand decreased in March, with (CTKs) falling by **↓7,7%** (y/y).

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1 This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the *135th* update.
2 '*Current*' means the last 7 days' (a week's) worth of available data.
3 '*Previous*' means the preceding 8-14 days' (a week's) worth of available data.
4 '*Monthly*' means the last months' worth of available data compared to the same month in the previous year; all metrics: Mar vs Mar.
5 For ocean, total Jan-Mar cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-Mar cargo to and from ORTIA is used.

Executive Summary

This update – *the 135th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this week picked up after a languid start due to the long weekend. Delays were experienced thanks to adverse weather, continuous equipment breakdowns and shortages, load-shedding, roadshows, and congestion. Fortunately, backlogs have been cleared at the Port of Cape Town, and vessels berthed on arrival this week. On the road, the ATDF trucker protests in Durban caused some stoppages, as employees and transporters were blocked from entering and exiting the port. Equipment challenges – especially at Pier 2 – ensured that the number of bookings made available was inadequate to service the demand from the industry. The ports of Ngqura and East London are sharing marine resources as one of the East London tugs went out of commission, causing concern amongst industry participants. Furthermore, on Wednesday, there were 29 loads on the container corridor held up due to major cable theft incidents throughout the week.

In the global maritime industry, several macroeconomic constraints, namely **(1)** a cooling global economy, **(2)** rising interest rates, **(3)** and escalating trade tensions between the US and China, continue to inhibit the industry from breaking the shackles and kicking on after a slow start to the year. As a result, the numbers speak volumes, as global sea freight rates have fallen by about **↓16%,** and container volume declined **↓5%** in February, led by a **↓31%** drop in Asia-to-North America routes. However, it is possible that the shipping industry could see some positive momentum due to improvements in China's consumer and industrial sectors. Nevertheless, it remains unclear when container volumes will return to levels more in line with consumer demand. As several indicators show this week, supply chain pressures have eased globally, meaning that the industry is conducive to a robust and concerted recovery should demand increase in the short term. Other developments included **(1)** FMC charges reaching **$1 million** and **(2)** Multi-purpose Time Charter Index continuing to decline in April.

International air cargo volumes to and from South Africa bucked the global trend – increasing nicely by **↑11%** despite the two public holidays over the weekend. Nevertheless, the volumes remain way below pre-pandemic levels – currently around **~74%** versus 2019. Domestic volume did not fare so well because of the holidays and was down by **↓27%** this week. Internationally air cargo demand continues to struggle; however, at a slower rate than in February and January. This reality reflects a continued trend of improvement compared to the steep annual decline of **↓16,8%** observed in January and double-digit decreases in earlier months.

In regional cross-border road freight trade, average queue and transit times increased marginally this week. South African border crossing times remained largely unchanged this week, averaging **~11,6 hours** (**↓1%**, w/w) for the week. In contrast, the greater SADC region (excluding South Africa) decreased by almost two hours, averaging **~9,1 hours** (**↓17%**, w/w). Despite the overall decrease, some of the busiest border posts experienced a substantial increase. As a result, congested SADC borders this week included Beitbridge, Kasumbalesa (the worst affected – at around **a day and a half**), Katima/Mulilo, and Oshikango. Further developments of note included the shutdown started by the ATDF on Friday, affecting routes such as the N2, N3, and the N12 near Bloemhof. Regionally, FESARTA visited Beitbridge last week, with the main issues currently revolving around **(1)** manual entries, **(2)** agents paying in foreign exchange, and **(3)** ongoing issues at Condep.

In concluding this edition, the latest SARS trade stats show that trade value continues to be high; however, trade volume – as reported weekly – continues to dwindle. Ongoing high inflation remains one of the core drivers of the value drive; however, when delving into the volume numbers, there is a significant cause for concern. South Africa is set to only grow by ↑**0,1%** in 2023, which is way too low to kickstart any sector of the economy – including trade, transport, and logistics – which remains robust, as shown by the latest Ctrack index. A strong effort is required from each role player and sector to boost the economy in the face of multiple obstacles of which load-shedding stands out as the main one.

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 29 April to 5 May [6]

7-day flow forecast (29/04/2023 – 05/05/2023)		
TERMINAL	NO. OF CONTAINERS[7] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 541	5 244
DURBAN CONTAINER TERMINAL PIER 2:	11 525	14 353
CAPE TOWN CONTAINER TERMINAL:	3 233	5 464
NGQURA CONTAINER TERMINAL:	5 008	5 802
GQEBERHA CONTAINER TERMINAL:	901	1 150
TOTAL:	**25 208**	**32 013**

Source: Transnet, 2023. Updated 05/05/2023.

Table 3 – Container Ports – Weekly flow predicted for 6 to 12 May

7-day flow forecast (06/05/2023 – 12/05/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 794	6 065
DURBAN CONTAINER TERMINAL PIER 2:	10 698	12 440
CAPE TOWN CONTAINER TERMINAL:	4 166	8 755
NGQURA CONTAINER TERMINAL:	5 372	5 917
GQEBERHA CONTAINER TERMINAL:	737	1 544
TOTAL:	**26 767**	**34 721**

Source: Transnet, 2023. Updated 05/05/2023.

An average of **~8 174 containers** (↑2%) was handled per day for the last week (29 April to 5 May, *Table 2*), compared to the projected average of **~9 514 containers** ↓14% actual versus projected) noted in last week's report. An increased average of **~8 784 containers** (↑7%) is predicted to be handled next week (6 to 12 May, *Table 3*). Port operations were hampered by the usual suspects of adverse weather, all-too-frequent equipment breakdowns and shortages, load-shedding, roadshows, and congestion.

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

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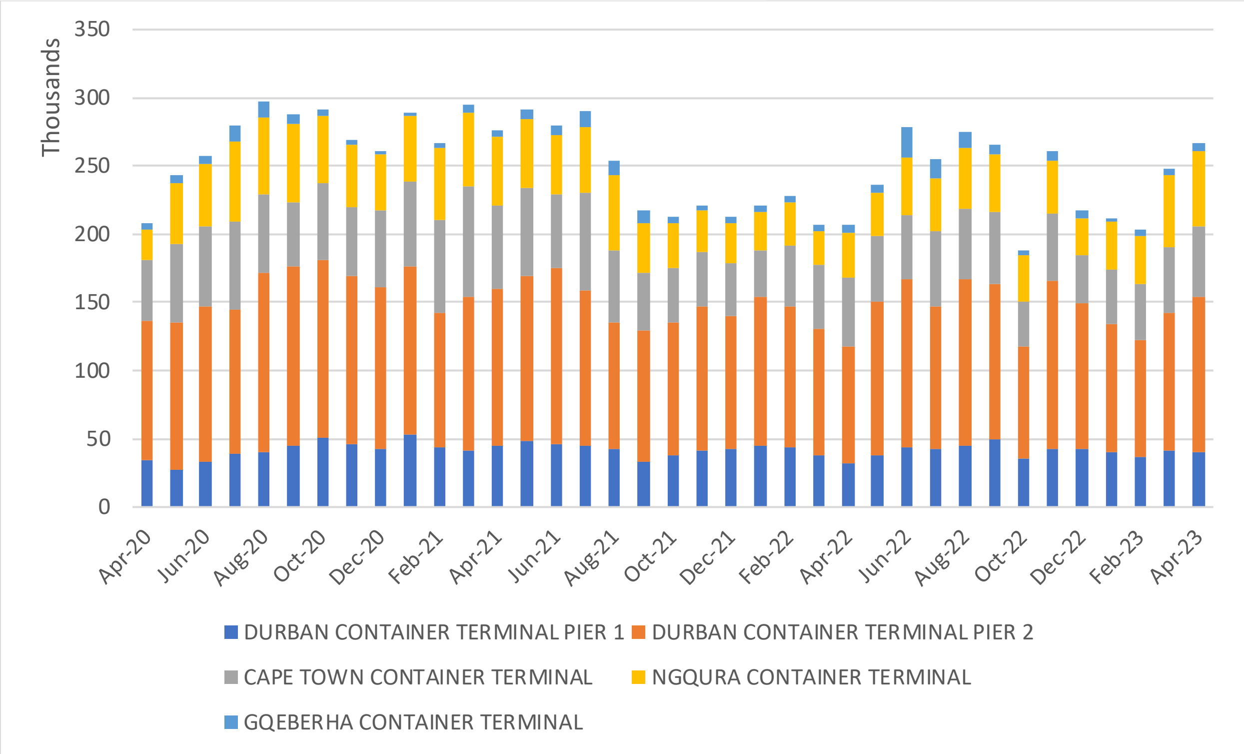
[6] It remains important to note that a large percentage (approximately 35% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.

[7] As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container and this figure will probably increase as the shift towards more 40' containers continues. Incidentally, the US uses 1,5 to 1,8, depending on the port.

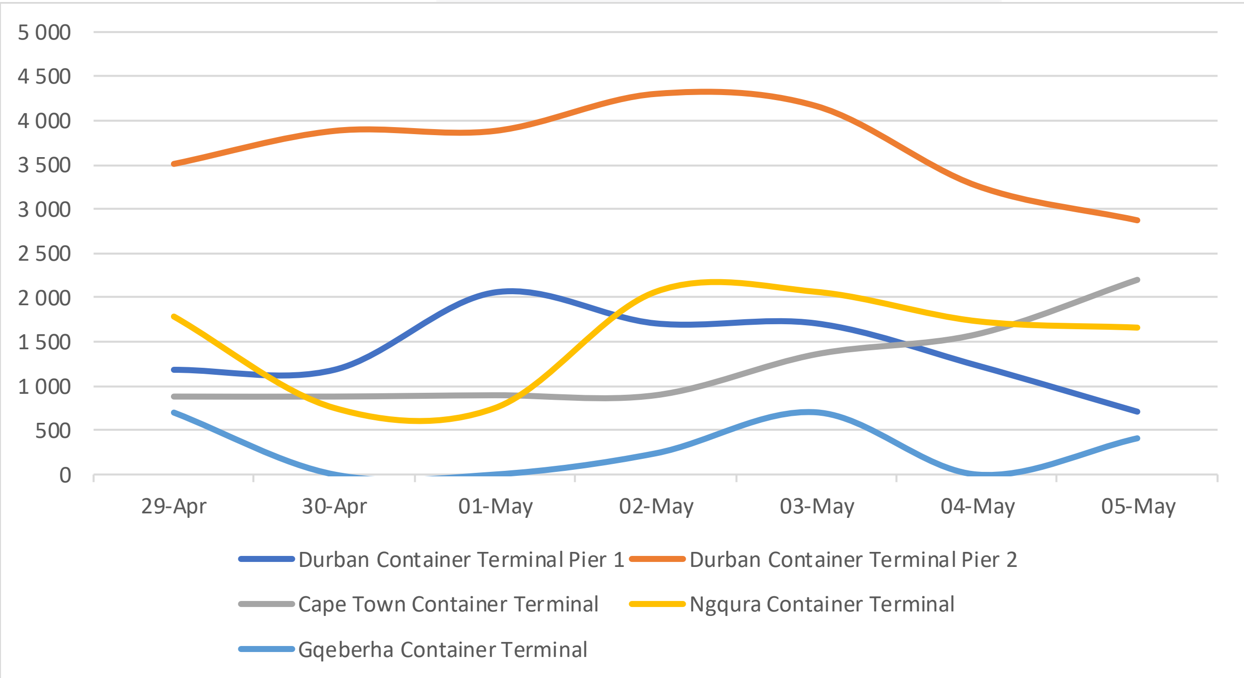
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 05/05/2023.

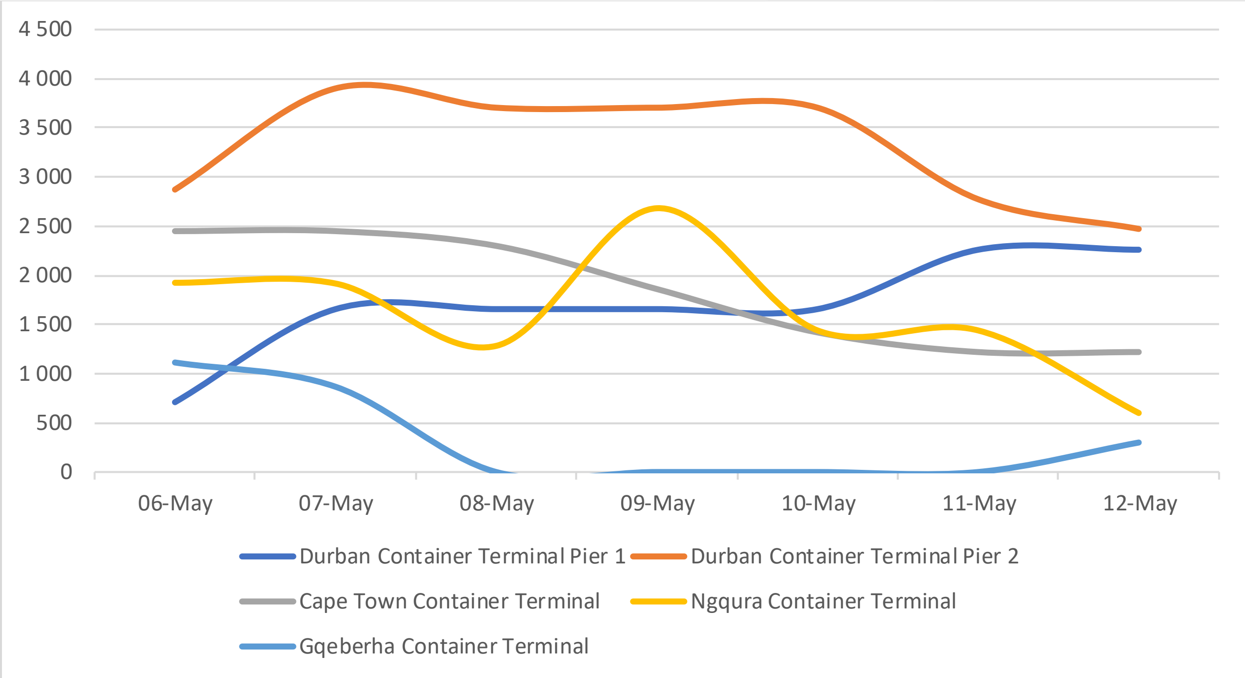
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (29 April to 5 May; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 05/05/2023.

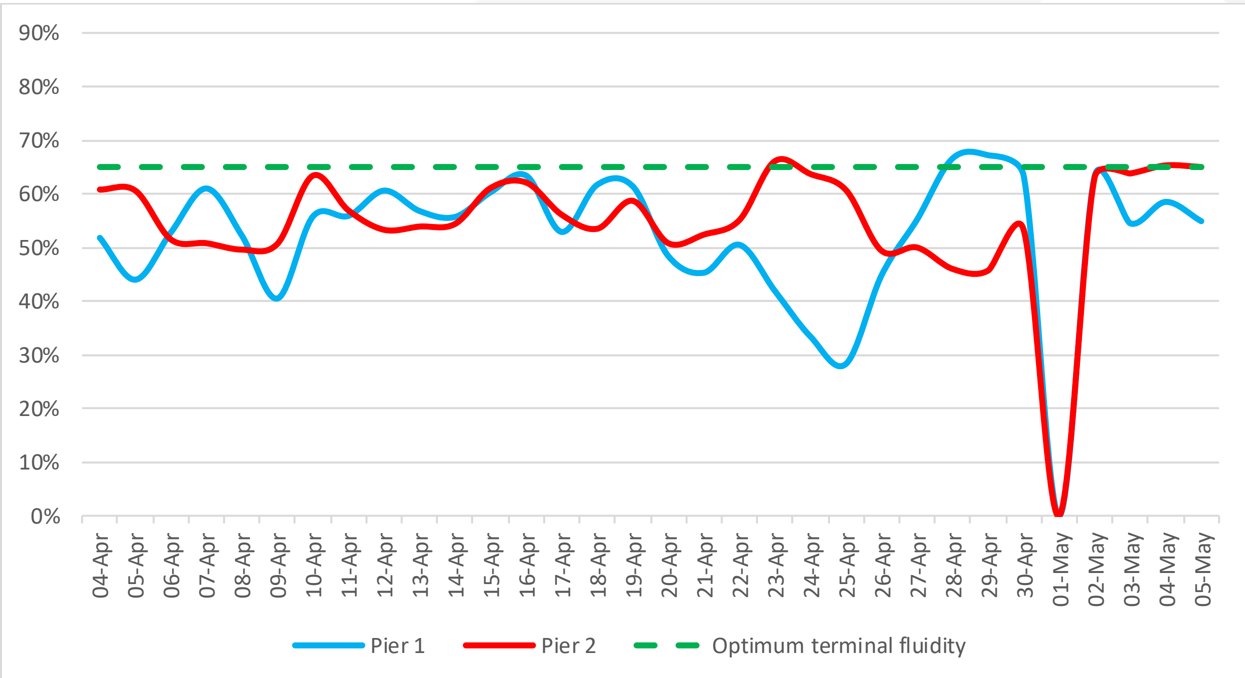
Figure 5 – 7-day forecast reported for total container movements (6 to 12 May; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 05/05/2023.

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

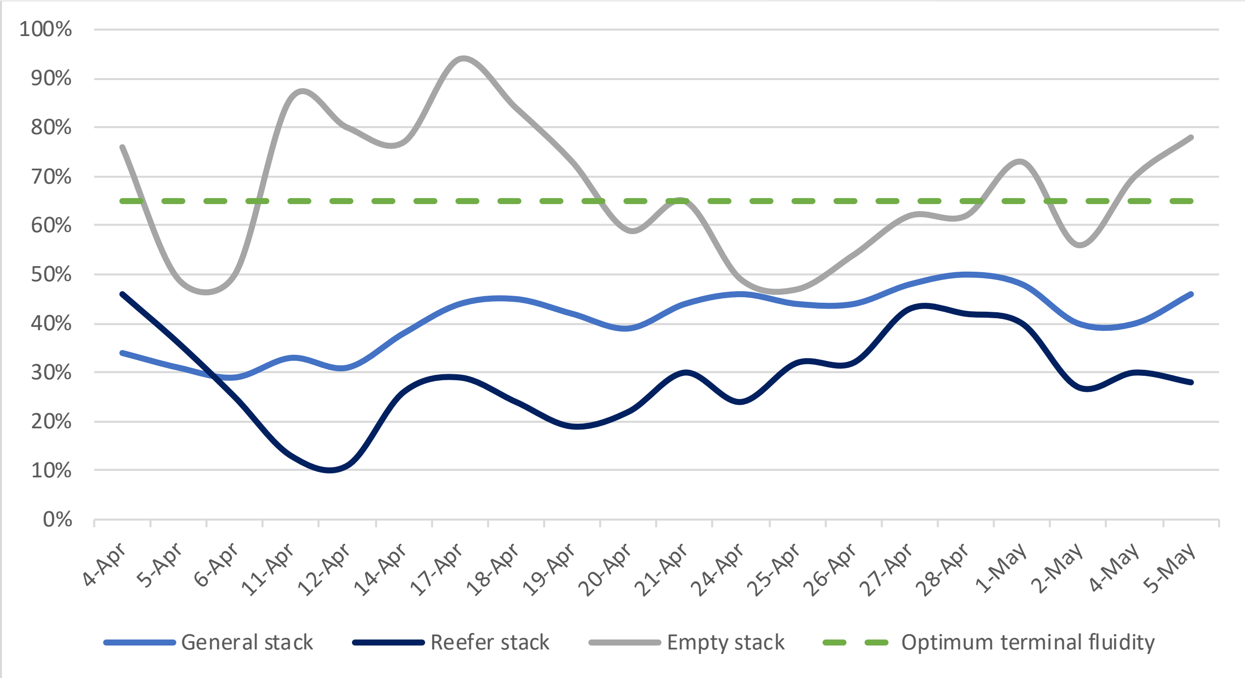
Figure 6 – Stack occupancy in DCT, general-purpose containers (4 April to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 05/05/2023.

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

Figure 7 – Stack occupancy in CTCT, GP, reefer, and empty stack (4 April to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 05/05/2023.

b. Summary of port operations

The following sections provide a more detailed picture of the operational performance of our commercial ports over the last seven days.

i. Weather and other delays

Operational performance in Cape Town is continuing its revival, as minimal delays were reported this week.

Both terminals in Durban experienced extensive challenges this week as frequent equipment breakdowns restricted cargo evacuation from the container terminal. Additionally, seven vessel movements were delayed in Richards Bay on Wednesday due to high swells.

Equipment challenges at the Eastern Cape ports ensured berthing- and sailing delays.

ii. Cape Town

On Thursday, CTCT recorded two vessels at berth and two at anchor as berthing delays continued their resurgence over the week. Stack occupancy for GP containers was 46%, reefers 28%, and empties 78%. In the latest 24-hour period to Friday, the terminal handled 2 411 TEUs across the quay. On the landside, 1 415 trucks were serviced while executing 16 rail moves. After weeks of industry concerns regarding the operational performance in Cape Town, they managed to keep themselves off the "*Port Congestion Watch*" for a third consecutive week. The backlogs have been cleared, and vessels berthed upon arrival this week as adverse weather conditions stayed away.

The multi-purpose terminal, on Thursday, recorded zero vessels at anchor and one at berth. In the 24 hours leading to Friday, the terminal managed to service 137 external trucks at an undisclosed truck turnaround time while handling 163 TEUs on the landside. Stack occupancy was recorded at 43% for GP containers, 62% for reefers and 9% for empties.

iii. Durban and Richards Bay

Pier 1 on Wednesday recorded two vessels at berth, operated by four gangs, and one vessel at anchor. Stack occupancy was 59% for GP containers, with 1 839 imports on hand and 150 unassigned units. The terminal recorded 1 058 landside gate moves, with an undisclosed number of cancelled slots and 138 wasted. The terminal currently has five cranes available, but only deployed four gangs due to crane QC7 being taken out of commission for planned maintenance. The ATDF trucking protests ensured operational delays this week as employees and transporters were blocked from entering and exiting the port.

Pier 2 had four vessels at berth and two at anchorage on Wednesday. In the most recent 24 hours to Thursday, stack occupancy was 64% for GP containers and 60% for reefers, with 30% of reefer plug points utilised. The terminal operated with 11 gangs while moving 4 041 TEUs across the quay. On Thursday, there were 2 582 gate moves on the landside with a truck turnaround time of ~105 minutes and a staging time of ~126 minutes. Additionally, 410 rail import containers were on hand, with 200 moved by rail. Persistent equipment challenges at the terminal caused extensive delays this week as more than 6 000 import units were in the terminal, which needed evacuation. As a result of these equipment shortcomings, the number of slots issued was inadequate to service the demand from the industry. TNPA and TPT reported that additional slots could not be added as only the number of slots required to fully utilise the available handling equipment could be offered. Additionally, one tug went out of commission this week, which reduced the number of available tugs to four.

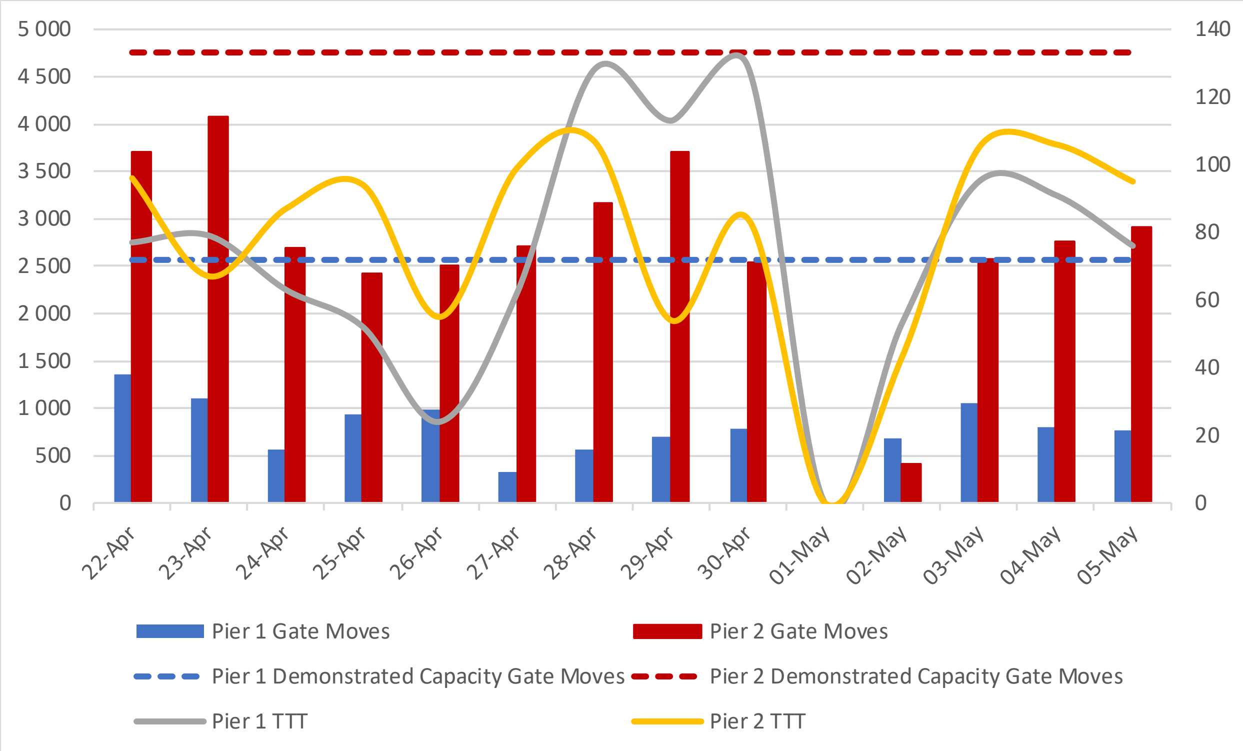
The Durban MPT terminal, on Wednesday, recorded two vessels at berth and none at outer anchorage while handling 250 containers and 1 322 breakbulk tons on -the waterside. Stack occupancy for breakbulk worsened this week to 91%, while stack occupancy on the container side was recorded at 13% with 75 reefer plug points available. On the landside, the terminal managed to handle 67 containers while servicing 42 breakbulk RMTs. On Thursday, two cranes, seven reach stackers, one empty handler, four forklifts and 23 ERFs were in operation. One crane went out of commission this week due to planned maintenance and is expected to return to service by next week, Friday, 12 May 2023.

On Thursday, the Ro-Ro terminal in Durban recorded one vessel at berth and none at outer anchorage while handling 910 units on the waterside. Unfortunately, these waterside volumes did not exceed targets due to the levels of congestion experienced at the terminal. Over the 24 hours to Friday, general stack occupancy was 67%, while stack occupancy at the abnormal QR- and G-berths was worryingly high at 80% and 90%, respectively.

On Wednesday, Richards Bay recorded 16 vessels at anchor, translating to six vessels awaiting berth availability at DBT, four awaiting berth availability at RBCT, four awaiting berth availability at MPT, and two liquid vessels. On berth, they recorded 17 vessels, six at DBT, five at MPT, five at RBCT, and one at the liquid bulk terminal. For marine resources, two tugs, one pilot boat, and one helicopter were in operation in the 24 hours leading up to Thursday. Concerns were raised this week as coal deliveries through the Port of Richards Bay ensured a cascading calamity with staging areas overflowing and unable to handle the number of trucks moving through the area. Several trucks not even destined for the port are using the staging facilities with no management or policing of the situation from TNPA's side. An attempt to resolve the issue has resulted in numerous meetings and promises between interested civic organisations, business bodies and Transnet. However, these interactions confirm that nothing is being done to reduce the number of trucks bringing coal to the Richards Bay area. In addition, the restoration to full capacity of the rail line from Mpumalanga and northern Kwa-Zulu-Natal basin does not seem to be on the agenda. Without a return to full capacity of the coal line, this situation cannot be expected to improve.

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

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



Source: Calculated using data from Transnet, 2022. Updated 05/05/2023.

iv. Eastern Cape ports

NCT on Thursday recorded two vessels on berth and five vessels at outer anchorage. Marine resources of one tug, one pilot boat, two pilots, and one berthing gang were in operation 24 hours leading to Thursday. In the same period, stack occupancy was 22% for GP containers and 18% for reefers. In the same 24-hour period, 1 909 TEUs and 248 reefers were handled across the quay. Additionally, 231 trucks were serviced on the landside, with a truck turnaround time of ~34 minutes, while one train was serviced at a rail turnaround time of four hours. This week, the port sent one of its tugs to the Port of East London to aid operations there as one of its tugs went out of commission. However, industry concerns were raised in this regard as the volumes at the Port of Ngqura are greater than those at the Port of East London and yet the burden was still placed upon Ngqura to alleviate the situation in East London. Reports even suggested that by the end of the week there were no tugs available to assist with berthing movements at the port.

GCT on Thursday recorded one vessel at outer anchorage and none at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the 24 hours to Friday. In the same period, stack occupancy was 30% for GP containers, 37% for reefers, and 46% for reefer ground slots while moving 886 TEUs across the quay and handling 41 reefers. On the landside, 271 trucks were serviced at a truck turnaround time of ~47 minutes.

On Wednesday, 314 TEUs were moved across the quay at a GCH of 14; while 88 external trucks were serviced at a truck turnaround time of ~10 minutes. Stack occupancy on the container side was captured at 54% on Thursday. The Ro-Ro terminal managed to handle 458 units, while stack occupancy at the car terminal was

53%. On the landside, 15 trucks containing bulk cargo were serviced, leading to a stack occupancy of 1%. The port is still borrowing a tug from the Port of Ngqura to aid waterside operations.

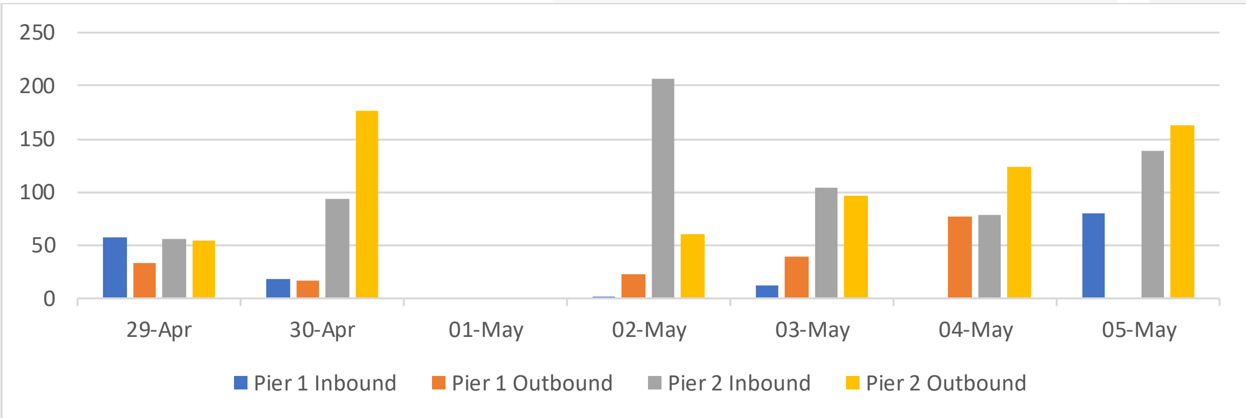
v. Saldanha Bay

Wednesday, the iron ore terminal had two vessels at anchorage and two on the berth, while the multi-purpose terminal also had two at anchor and two on the berth. The vessels at anchor have been waiting at anchorage for approximately 2-4 days, while the vessels at berth have been on berth for around 2-3 days.

vi. Transnet Freight Rail (TFR)

On Wednesday, there were 29 staged loads on the container corridor due to ongoing major cable theft incidents throughout the week. Unfortunately, it seems as if TFR is losing the continuous battle with cable theft as the drone technology deployed is proving ineffective as the hotspot areas are becoming too large. As a result, additional security teams were deployed at the staged loads to reduce the risk of vandalism. During the same period, DCTs Pier 2 had 335 ConCor rail units on hand with a dwell time of 96 hours and 75 over-border units with a dwell time of 5 days. These dwell times increased as the week progressed and was captured at 120 hours on the ConCor line and seven days for the over-border rail loads.

Figure 9 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2022. Updated 05/05/2023.

In the last week (29 April to 5 May), rail cargo handled out of Durban was reported at **1 711** containers, down by ↓**26%** from the previous week's **2 315** 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 24 April. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *April 2022* averaged **~742 194 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

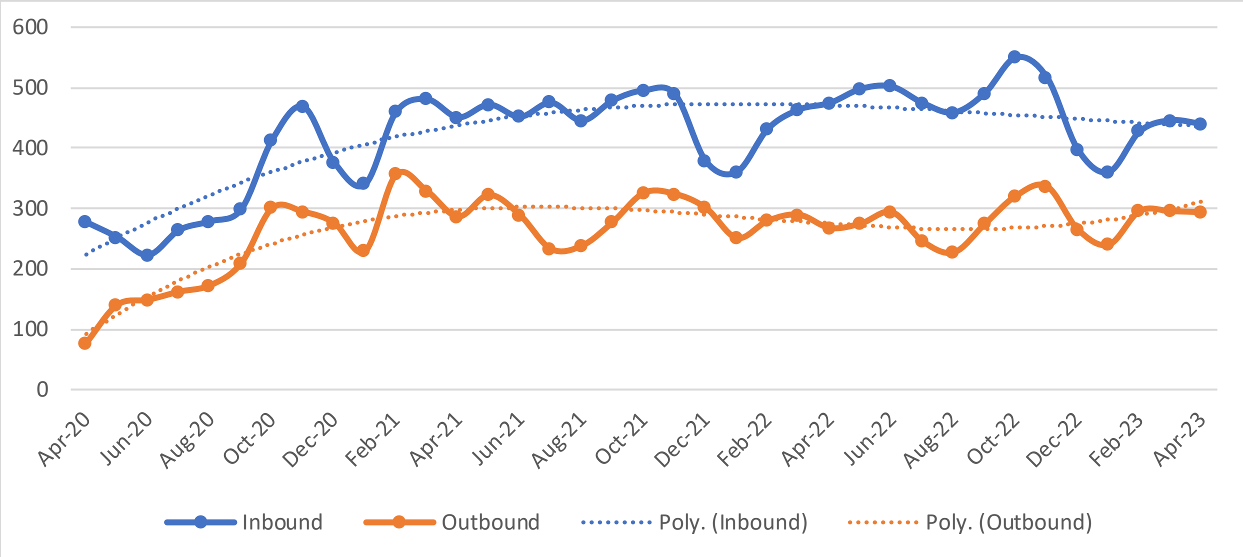
Flows	24-Apr	25-Apr	26-Apr	27-Apr	28-Apr	29-Apr	30-Apr	Week
Volume inbound	732 652	296 373	376 466	242 421	405 768	332 745	783 486	**3 169 911**
Volume outbound	292 013	177 618	202 384	189 613	195 301	151 422	676 846	**1 885 197**
Total	**1 024 665**	**473 991**	**578 850**	**432 034**	**601 069**	**484 167**	**1 460 332**	**5 055 108**

Courtesy of ACOC. Updated: 03/05/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **452 844 kg** inbound and **269 314 kg** outbound, resulting in an average of **722 158 kg per day** or **~97%** compared with April 2022. However, the level is currently at only **~74%** compared with the same period pre-pandemic in 2019.

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

Figure 10 – International cargo from OR Tambo – volumes per month (millions)



Courtesy of ACOC. Updated: 03/05/2023.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *April 2022* was **~51 453 kg** per day.

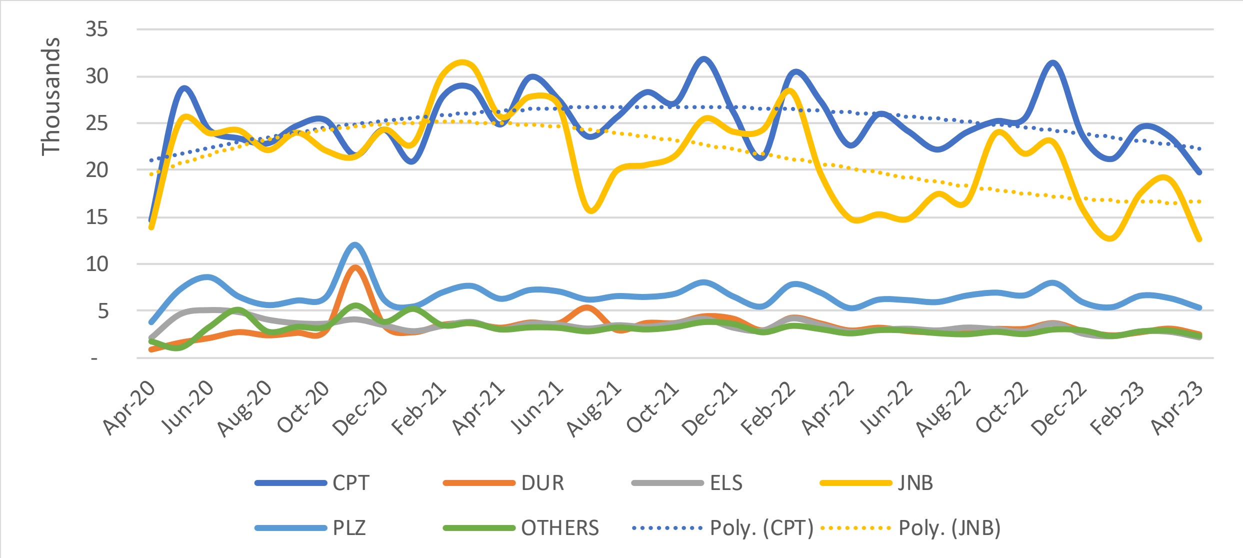
Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Mar-Dec '20 Ave.	**21 813**	**2 941**	**3 751**	**20 539**	**6 571**	**3 176**	**56 713**
Jan-Dec '21 Ave.	**26 817**	**3 754**	**3 452**	**24 270**	**6 789**	**3 483**	**68 218**
Jan-Dec '22 Ave.	**25 230**	**3 295**	**3 244**	**19 449**	**6 312**	**2 952**	**60 480**
January Ave.	**23 644**	**2 881**	**2 593**	**15 834**	**5 942**	**2 946**	**53 839**
February Ave.	**36 199**	**3 738**	**4 843**	**28 654**	**11 342**	**3 958**	**88 735**
March Ave.	**23 514**	**3 131**	**2 787**	**18 963**	**6 364**	**2 915**	**57 674**
April Ave.	**19 767**	**2 525**	**2 192**	**12 650**	**5 357**	**2 354**	**44 844**
24-Apr	37 729	4 322	4 821	26 667	11 431	4 838	**89 808**
25-Apr	46 562	3 060	4 785	25 401	10 168	3 868	**93 845**
26-Apr	24 611	4 746	3 326	14 043	6 389	3 364	**56 480**
27-Apr	3 776	440	153	540	470	275	**5 653**
28-Apr	16 234	2 299	1 557	11 788	4 695	2 049	**38 622**
29-Apr	1 548	101	24	684	110	119	**2 585**
30-Apr	622	377	81	237	349	9	**1 673**
Total for 2023:	**2 684 629**	**324 685**	**307 191**	**1 885 134**	**722 006**	**316 384**	**6 240 029**

Courtesy of BAC. Updated: 03/05/2023.

The average domestic air cargo moved last week was **~41 238 kg** per day, which is down by ↓**27%** compared to the previous week and down compared to last year (**~80%**).

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



Courtesy of BAC. Updated: 03/05/2023.

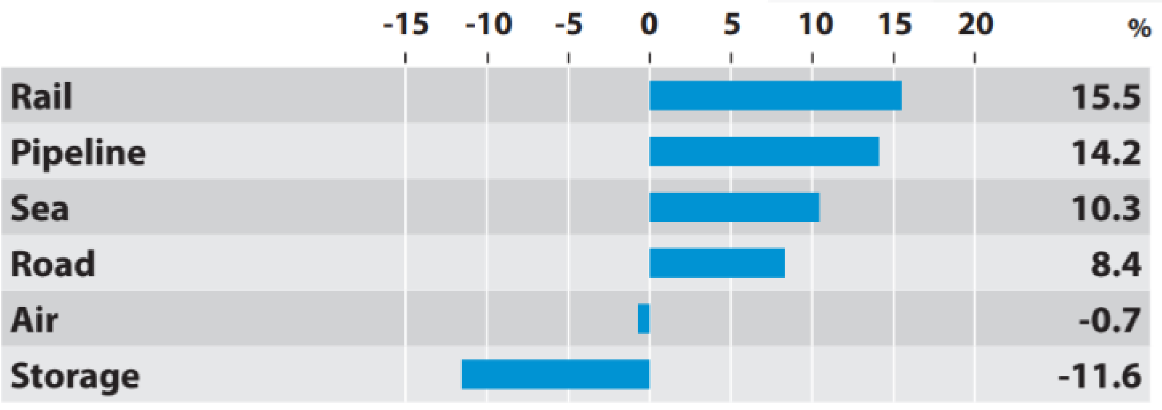
3. National Update

a. Ctrack Transport and Freight Index

In the latest Ctrack "*Transport and Freight Index*" for April, published on Wednesday[8], the headline figure indicates that South African logistics continued its recovery in March. The Ctrack Index reached its highest level since September, the last month before the crippling Transnet strike hit the sector. During March, the Ctrack Transport and Freight Index increased by a notable **↑3,3%**, the third consecutive monthly increase and the highest monthly increase since April 2021, reflective of a synchronised recovery. In addition, five of the six sub-sectors measured by the Ctrack Transport and Freight Index increased on a monthly basis, accelerating much-needed momentum in the sector. Quarterly, the analysis is similar, with strong growth from rail, pipeline, sea, and road:

[8] Ctrack. 02/05/2023. Ctrack transport and logistics index.

Figure 12 – Quarterly growth in sub-components of the Ctrack Transport and Freight Index (%)



Source: [Ctrack]

Collectively, the Ctrack TFI increased by **↑6,6%** (q/q) in the first quarter of 2023. Annually, the Ctrack TFI is tracking **↑3,3%** higher than a year earlier. While this is still only a blip on the graph compared to the annual growth rate of **↑13,6%** recorded as recently as in August 2022, all indications are that the sector is on a firm positive trajectory. Despite the collective drive, the commentary notes the varying discrepancies in the performances of the different sub-sectors, which highlights the sector's resilience.

b. SARS Merchandise Trade Statistics

SARS released its latest "*Merchandise Trade Statistics*" for March[9], with the headline showing a preliminary monthly trade surplus of **R6,9 billion**. Monthly trade shows that exports increased from February by **↑26,9%** (m/m), whereas imports increased by **↑31,7%** (m/m). Despite the surplus in March, the YTD figures show a trade deficit of **R6,2 billion**, a significant deterioration from the **R61,9 billion** positive trade balance recorded in 2022. Nevertheless, export flows for March 2023, at **R192,2 billion**, were **↑3,2%** (y/y) higher compared to March 2022, whilst import flows were a significant **↑30,9%** (y/y) higher, having increased to **R141,5 billion** in the current period – largely explaining the trade deficit.

Regionally, trade with BELN countries for March resulted in a trade surplus of **R12,2 billion** from exports of **R17,5 billion** and imports of **R5,3 billion**. Exports to our neighbouring countries increased by **↑19,8%** (m/m) between February and March, with imports increasing – by **↑4,6%** (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 **R 27,9 billion** in 2022 to **R29 billion** in trade balance surplus for 2023.

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.

[9] SARS. 28/04/2023. [Trade Statistics: March 2023.]

- This week, the median border crossing times at South African borders decreased and averaged **~11,6 hours** (**↓1%**, w/w) for the week. In contrast, the greater SADC region (excluding South Africa) decreased by almost two hours, averaging **~9,1 hours** (**↓17%**, w/w).
- Locally, as mentioned in the port commentary above, the ATDF started another shutdown on Friday, affecting many areas. Transporters are urged to instruct their drivers to pull off and wait till protest action dies down. The affected routes included the N2, N3, and N12 near Bloemhof.
- Regionally, FESARTA visited Beitbridge last week, with the main issues currently revolving around **(1)** manual entries, **(2)** agents paying in foreign exchange, and **(3)** ongoing problems at Condep,
  - Further problems included load-shedding constraints, with power surges remaining an issue. Hopefully, these will soon subside with Zimborders ordering "surge protectors" – to be installed by the end of July.
- As always, transporters, traders, and cargo owners are encouraged to use the non-tariff barrier (NTBs) online tool developed by UNCTAD and the AfCFTA Secretariat. However, given the questionable effectiveness of this platform, transporters are encouraged to contact FESARTA and join their TRANSIST Bureau[10], which arguably provides better and more reliable information.

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

Table 6 – Delays[11] summary – South African borders

Border Post	Direction	HGV[12] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	413	6	14	33	12 390	2 891
Beitbridge	Zimbabwe-SA	387	4	3	15	11 610	2 709
Groblersbrug	SA-Botswana	235	1	5	16	7 050	1 645
Groblersbrug	Botswana-SA	148	0	1	2	4 440	1 036
Vioolsdrif	SA-Namibia	30	0	1	3	900	210
Noordoewer	Namibia-SA	20	0	1	2	600	140
Nakop	SA-Namibia	30	1	2	6	900	210
Ariamsvlei	Namibia-SA	20	0	1	2	600	140
Lebombo	SA-Mozambique	1 610	4	1	12	48 300	11 270
Ressano Garcia	Mozambique-SA	89	1	1	2	2 670	623
Skilpadshek	SA-Botswana	200	0	0	0	4 800	1 400
Pioneer Gate	Botswana-SA	100	0	0	0	2 400	700
Weighted Average/Sum		**3 282**	**1,4**	**2,5**	**7,7**	**96 660**	**22 974**

Source: TLC, FESARTA, & Crickmay, week ending 30/04/2023.

Table 7 – Delays summary – Corridor perspective

Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Weekly HGV Arrivals
Beira Corridor	320	0	3	15	9 600	2 240

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[10] FESARTA TRANSIST Bureau.

[11] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles. Data provided by the LMS (Logistics Monitoring System), which is produced by Crickmay in collaboration with SAAFF.

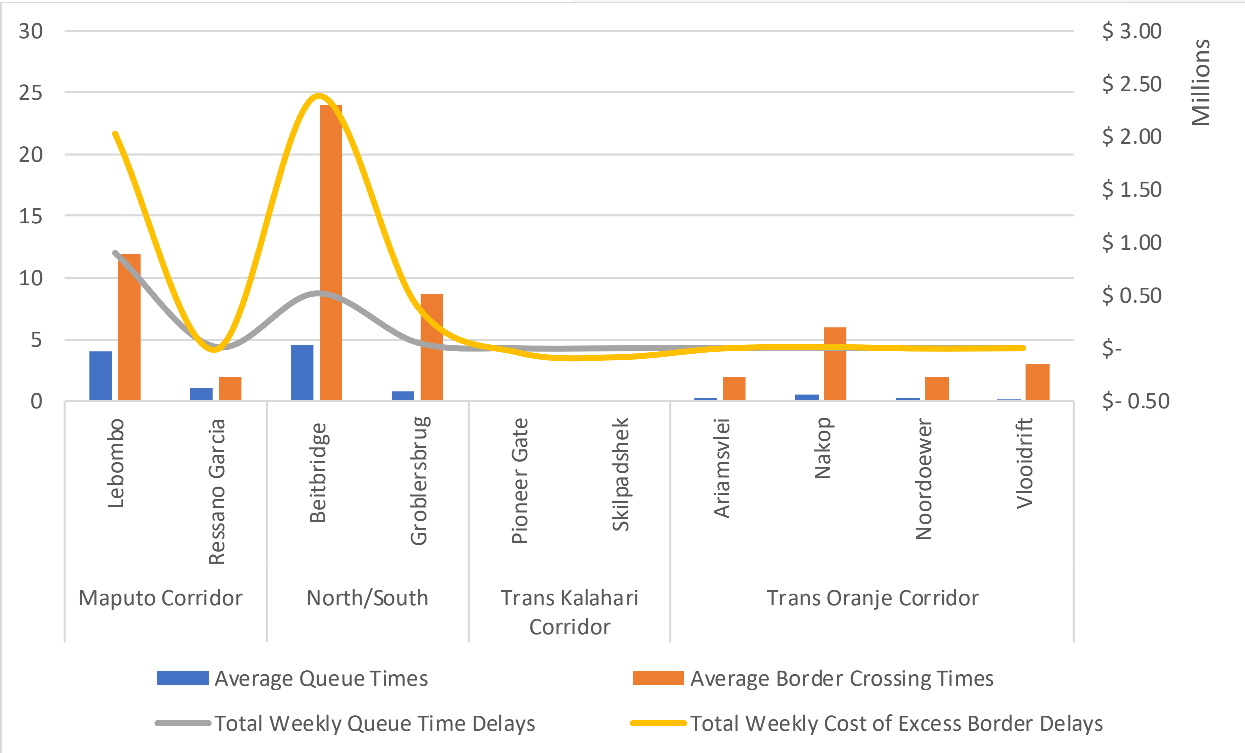
[12] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Weekly HGV Arrivals
Dar Es Salaam Corridor	1 819	34	4	14	54 570	12 733
Maputo Corridor	1 699	3	1	7	50 970	11 893
Nacala Corridor	127	0	0	0	3 810	889
North/South	3 255	13	4	12	74 160	22 785
Trans Caprivi Corridor	116	0	5	15	3 480	812
Trans Cunene Corridor	100	0	3	13	3 000	700
Trans Kalahari Corridor	330	1	1	1	7 920	2 310
Trans Oranje Corridor	100	0	1	3	3 000	700
Weighted Average/Sum	**7 866**	**10,1**	**3**	**9,4**	**210 510**	**55 062**

Source: TLC, FESARTA, & Crickmay, week ending 30/04/2023.

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

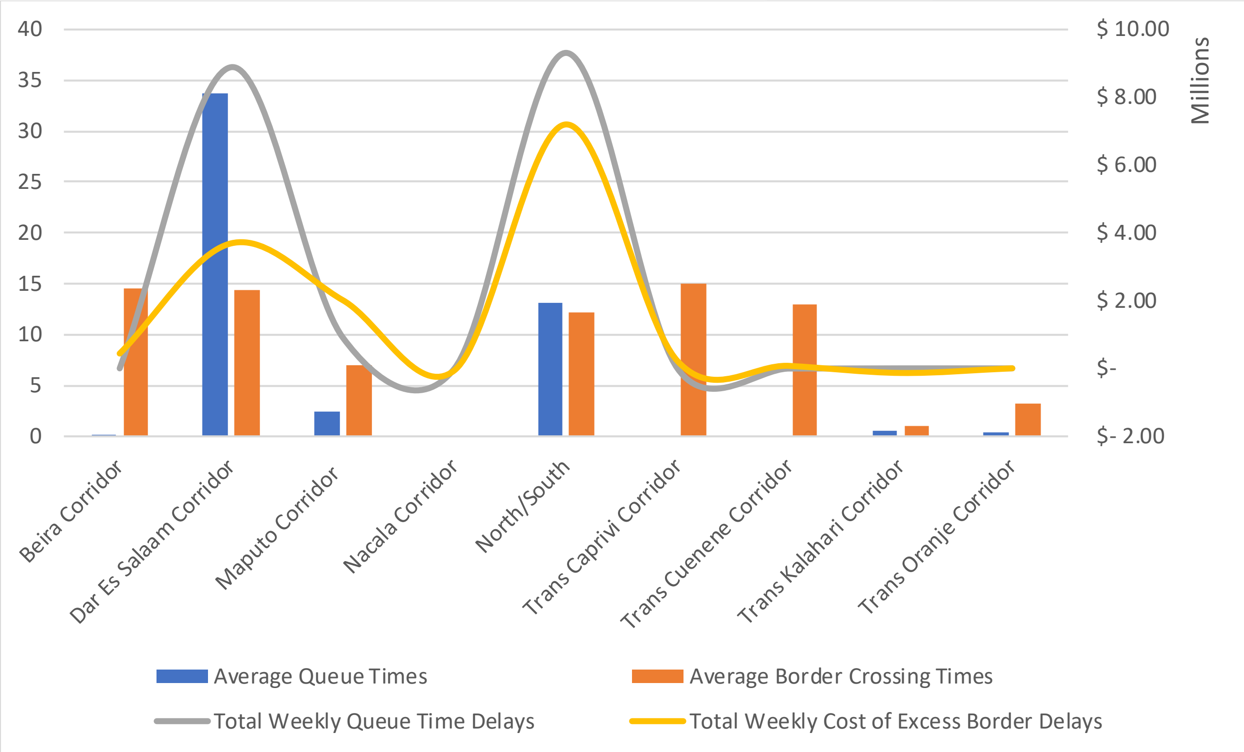
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



TLC, FESARTA, & Crickmay, week ending 30/04/2023.

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

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



Source: TLC, FESARTA, & Crickmay, week ending 23/04/2023.

In summary, cross-border queue time has averaged **~10,1 hours** (up by **~0,3 hours** from the previous week's **~9,8 hours**), indirectly costing the transport industry an estimated **$19 million** (**R336 million**). Furthermore, the week's average cross-border transit times hovered around **~9,4 hours** (down by **~1,8 hours** from the **~11,2 hours** recorded in the previous report), at an indirect cost to the transport industry of **$13 million** (**R237 million**). As a result, the total indirect cost for the week amounts to an estimated **~R573 million** (up by **~R39 million** or **↑7%** from **R534 million** in the previous report).

5. International Update

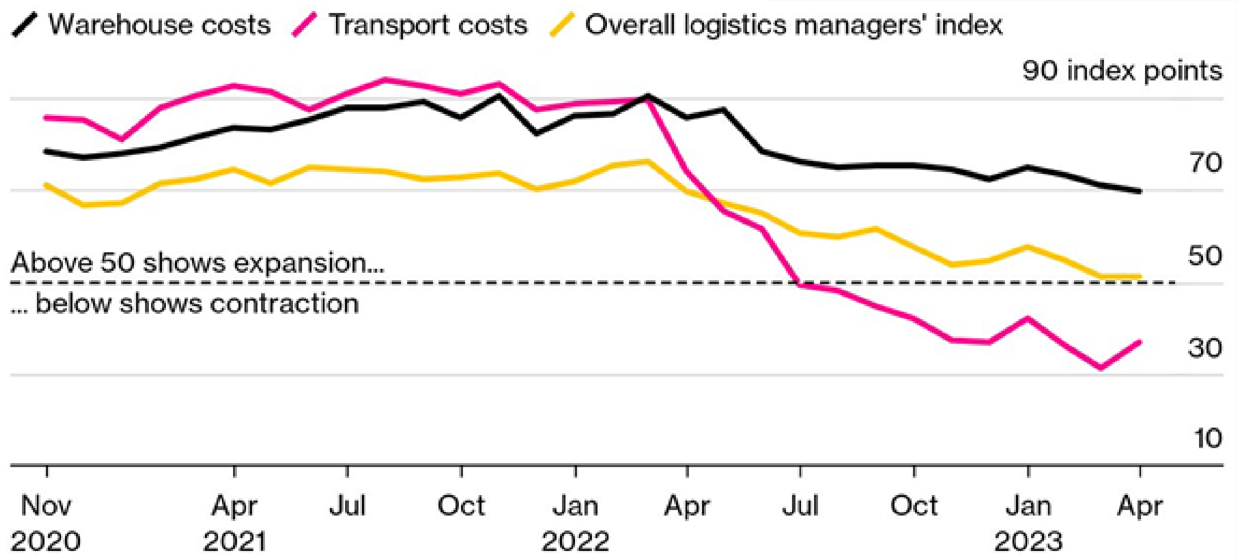
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** global supply chains, (b) the global shipping industry and **(c)** the global aviation industry.

a. Global supply chains

US supply chain pressures have eased to a record low, according to the latest "*Logistics Managers' Index Report*"[13]. The Index fell to **50,9**, the lowest in its six-and-a-half-year history. A dip in inventory levels led to the drop, suggesting that respondents continue to get closer to properly balancing their supply of goods and working through the glut many of them have been saddled with for the last year.

[13] Drewry. 24/04/2023. Logistics Managers' Index Report - April 2023.

Figure 15 – Logistics Manager's Index



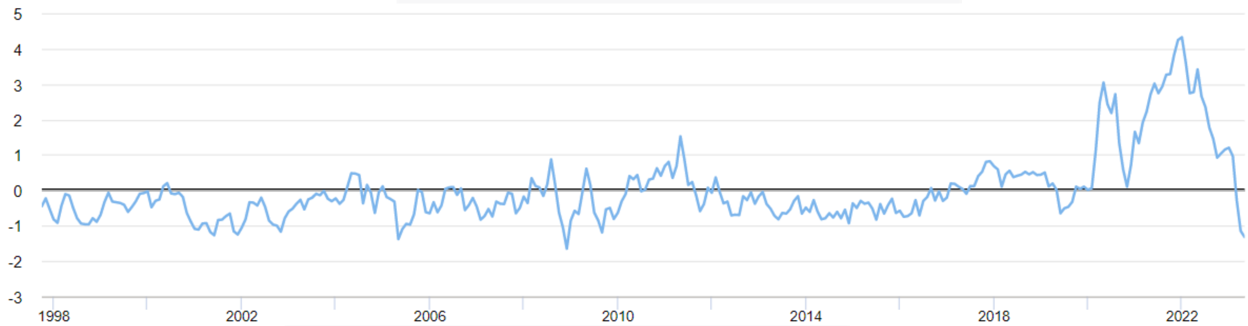
Source: [*LMI via Bloomberg*]

The US index can be used as a decent barometer of supply chain pressures globally, which have mostly eased over the last couple of months. The sub-categories of the Index show the following:

- Growth is increasing at a quicker rate for Transportation Utilisation
- Growth is increasing at a slower rate for Inventory Levels, Inventory Costs, Warehousing Capacity, Warehousing Utilisation, Warehousing Prices, and Transportation Capacity.
- Transportation Prices are decreasing.

Elsewhere, the latest "*Global Supply Chain Pressure Index (GSCPI)*" produced by the New York Federal Reserve – which looks at supply chain pressures internationally, also confirms the easing of logistics bottlenecks[14]:

Figure 16 – Logistics Manager's Index



Source: [*NY Federal Reserve*]

In summary, the following key points are worth noting:

[14] New York Federal Reserve. 04/05/2023. Global Supply Chain Pressure Index (GSCPI) – April 2023.

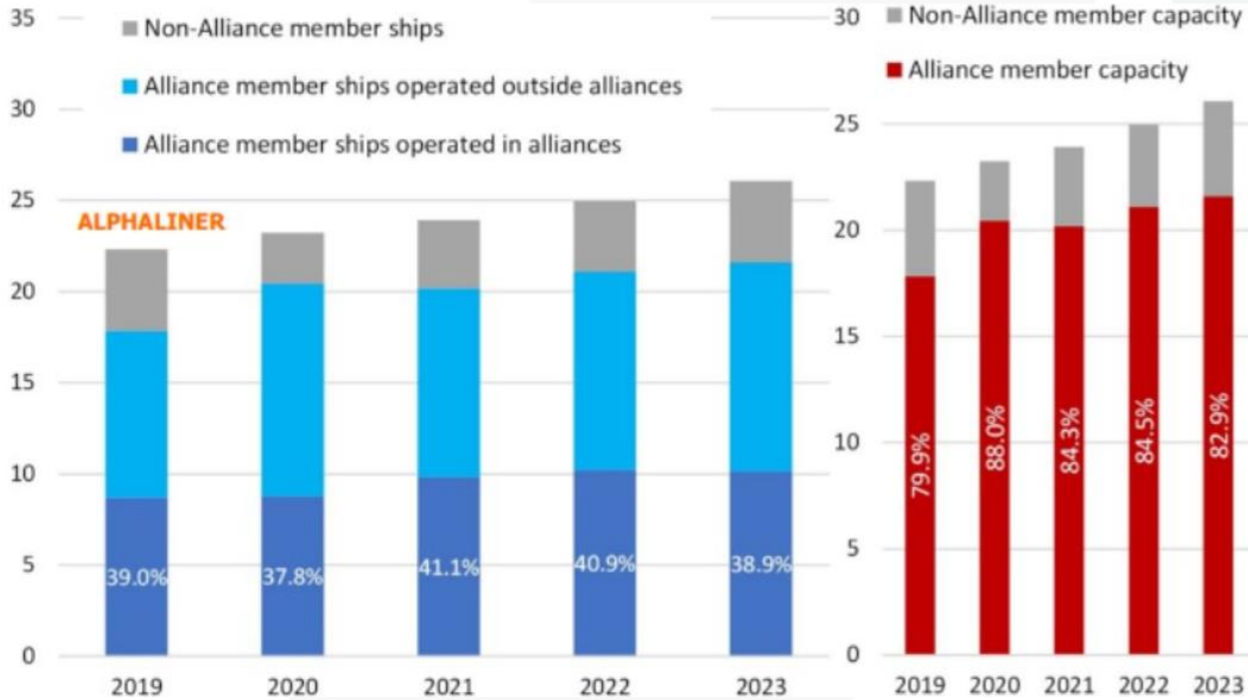
- Global supply chain pressures decreased again in April, falling to **↓1,32** standard deviations below the Index's historical average.
- There were significant downward contributions from Euro Area delivery times, Euro Area stocks of purchases, and Korean delivery times. While the overall Index declined, there was a notable upward contribution from Taiwan stocks of purchases.
- Looking at the underlying data, the GSCPI's recent downward trend has been consistently driven by improvements in Euro Area delivery times.

b. Global shipping industry

i. Global container capacity

Global capacity operated under alliance services drops to **~39%** of the total global container capacity. The amount of container ship capacity operated under alliance agreements reached a three-year low in January of 2023. Despite frequent claims the alliances control **~80%** of the container fleet, an Alphaliner survey[15] shows the nine carriers that form the three major alliances operate the majority of their capacity outside their alliance agreements. The amount of capacity operated under' alliance services' is equivalent to **38%-41%** of the total fleet based on data from the last five years.

Figure 17 – LH: Proportion of world fleet operated in alliance services (%); RH: Alliance member total capacity (%)



Source: Alphaliner

As of 1 January 2023, some **~38,9%** of container capacity was entered into a service operated in conjunction with alliance partners. By contrast, alliance members (MSC, Maersk, CMA CGM, COSCO Group, Evergreen,

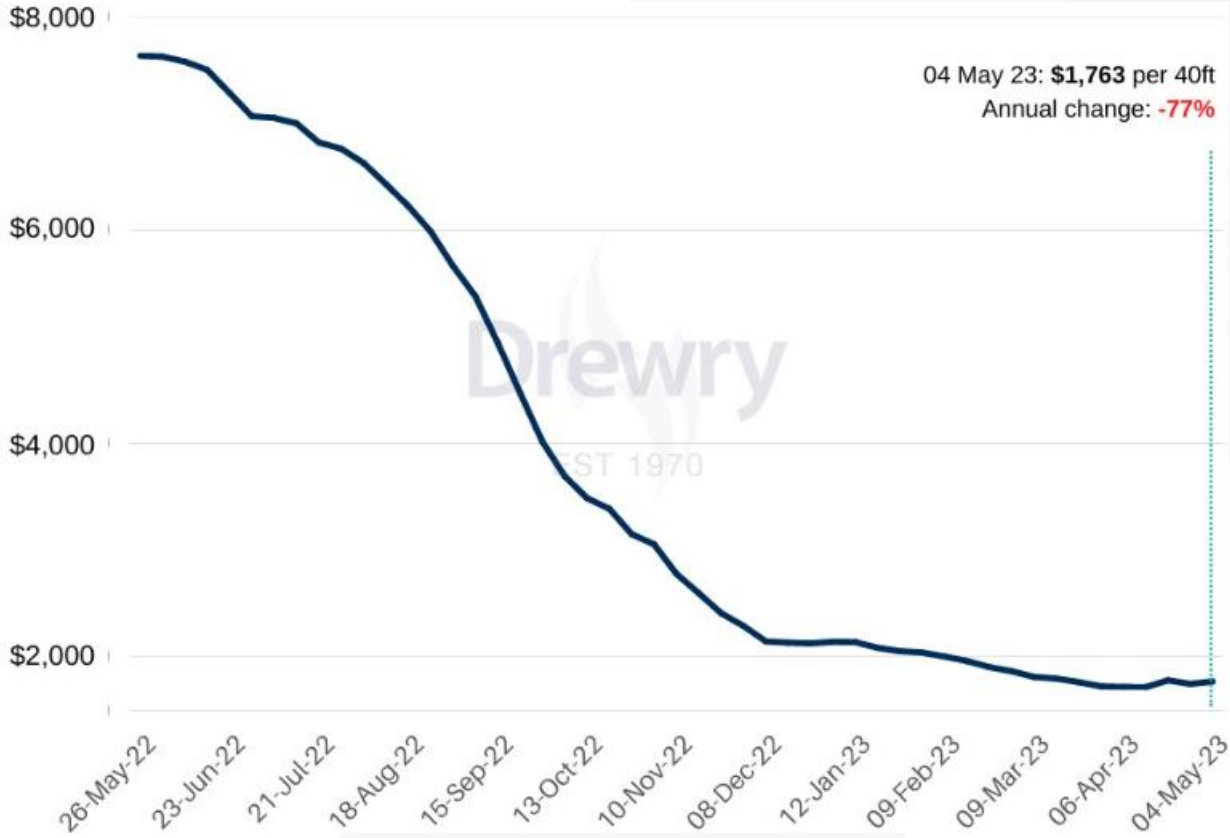
[15] Alphaliner. 04/05/2023. Global container capacity by alliances.

ONE, Hapag-Lloyd, HMM and Yang Ming) control total capacity equivalent to nearly 83% of the global fleet but operate most of this independently. The proportion of global containership capacity operated under alliance services has fallen, partly because MSC is increasingly going it alone. Concerning capacity utilisation, this week, Drewry's "*Cancelled Sailings Tracker*" increased slightly, coming to a **9% cancellation rate**[16] (**↑13%**, w/w). Port congestion has moved in line with the supply chain pressures and decreased significantly, also moderated, with global congestion significantly down by **↓21%** (w/w) to **1,55 million TEU.**

ii. Global container freight rates

The "*World Container Index*" crept up again this week, albeit only slightly, by **↑1%** (or **$23**) to **$1 763** per 40-ft container, as the expected see-saw in rates continues.

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



Source: Drewry Ports and Terminal Insights

The composite Index is still down by **↓77%** (y/y) versus last year, **↓83%** below the peak in September 2021 and **↓35%** lower than the 10-year average of **$2 688**. Regionally, all major East-West trades were either stable or experienced minor increases of **1-3%**. The outlook is for rates to remain stable in the coming weeks.

[16] Drewry. 05/05/2023. Cancelled Sailings Tracker - 5 May.

iii. LNG market

In the latest "*LNG Market outlook*"[17], the headline trends show that the Liquefied Natural Gas market remains strong despite the rate decrease in the first quarter of 2023. Global LNG exports reached 102,9 million tonnes in Q1 2023, up by **↑2%** (q/q) and **↑6,1%** (y/y). Several key drivers are currently impacting the market, most notably milder weather conditions, limited Russian gas supply, and competition with Asia resulting in aggressive purchasing of LNG. Moreover, the expected El Niño effect will likely bring in hotter summers and colder winters. Current market conditions show that industrial demand for LNG is down by **↓25%** (y/y) due to European conservation measures and policies.

Other headlines include the following:

- US LNG exports to the EU are up by **↑121%**; whereas Russian LNG exports to China are up by **↑66%**
- LNGC vessel loading improved in March; however, over-supply concerns remain on subdued demand in Europe and Asia
- LNG spot prices averaged **$13 MMBtu** (million British Thermal Units) in Q1 2023, with spot prices expected to fall further, as are charter rates
- Global LNG capacity is forecast to rise at a CAGR of **↑10,8%**, reaching **798,2 mtpa** (million tonnes per annum) by the end of 2028
- The LNG fleet will expand by **↑6%**, in 2023, with 42 LNGCs expected to be delivered; however, demolitions will also increase.
- There is an expectation for sailing speeds to continue to decrease.

iv. Further developments of note

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

1. **FMC has successfully disputed charges past the $1 million landmark:**
   a. The US Federal Maritime Commission (FMC) said that, in the ten months since the Ocean Shipping Reform Act (OSRA) was passed, more than **$1 million** of disputed charges to shippers and forwarders had been waived or refunded[18].
   b. The OSRA 2022 legislation simplified the process for disputing carrier and port terminal ancillary charges, such as detention and demurrage (D&D). The FMC had said D&D charges should only be applied on containers overstaying at ports when they would help the flow of freight traffic through supply chains rather than be an extra revenue stream for ocean or rail carriers and port operators.
   c. Other ongoing cases include US retailer Bed Bath & Beyond, which last week filed for bankruptcy protection, and has filed a claim of **$37,65 million** against OOCL, alleging exploitative and unjust business practices during the pandemic[19].
   d. Elsewhere, the Dubai Maritime Authority (DMA) has implemented a new rule to combat carrier surcharges[20].
2. **Multi-purpose Time Charter Index continues to decline in April:**
   a. Drewry Multi-purpose Time Charter Index continued to decline in April, albeit at a slower rate; it is now at **$9 069 per day**. This is in line with Drewry's expectations, and this gradual rate of decline is still expected to continue.

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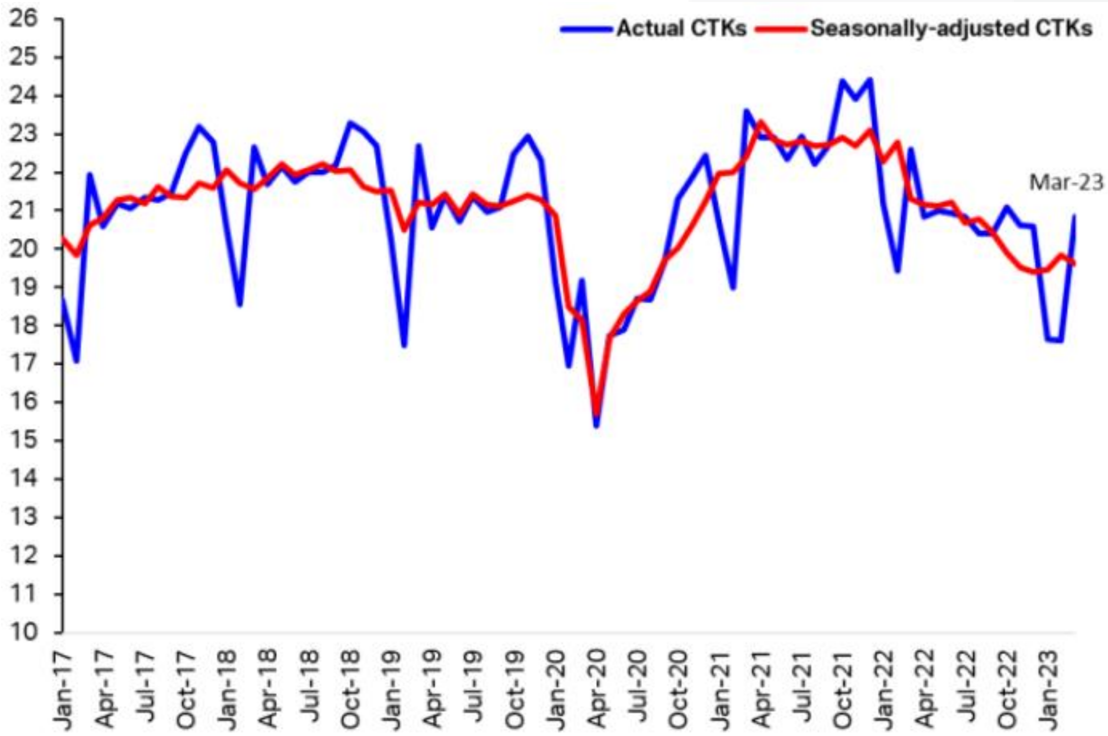
[17] Drewry. 02/05/2023. LNG Market Outlook - May 2023.
[18] Savvides, N. 05/05/2023. FMC says successfully disputed charges pass $1m landmark.
[19] Lennane, A. 02/05/2023. Bankrupt retailer Bed Bath & Beyond sues OOCL for $37.65m.
[20] Mathias, A. 02/05/2023. UAE port authority's new rule takes aim at carrier surcharges.

c. Global air cargo industry

In the latest "*Air Cargo Market Analysis*", IATA shows that international air cargo demand continues to struggle; however, at a slower rate than in February and January[21]. Cargo tonne-kilometres (CTKs) fell by **↓7,7%** (y/y). This reality reflects a continued trend of improvement compared to the steep annual decline of **↓16,8%** observed in January and double-digit decreases in earlier months.

Figure 19 – IATA Air Connectivity Index (2019 = 100)



Source: IATA

Other indicators show the following:

- Air cargo capacity grew **↑9,9%** (y/y), primarily due to the increasing belly-hold capacity offered by passenger aircraft returning to full service. As a result, cargo load factors fell to **↓46,2%**, which is down by **↓8,8** versus last year's load factors.
- The diminished strength of fundamental air cargo drivers, such as trade and manufacturing exports, continued to dampen potential gains in air cargo traffic as global new export orders remained weak for a full year.
- While China's reopening has helped its economic outlook and cargo traffic on Asia Pacific trade lanes, its new export orders retreated in March after a slight improvement in February. Other major economies we track also saw contractions in their new export orders in March compared to February.

[21] IATA. 02/05/2023. Air Cargo Market Analysis.

Concerning high-frequency data, global air cargo tonnages increased slightly this week – by ↑**2%** versus the previous two weeks. Global capacity also increased by ↑**2%**, as the average worldwide rates decreased slightly (↓**1%**).

Figure 20 – Global capacity, weight, and yield (%, bi-weekly and annually)

Origin Regions last 2 to 5 weeks	Capacity[1]			Chargeable weight[1]			Yield/rate[1]		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa		-3%	+14%		-9%	-16%		+3%	-15%
Asia Pacific		+1%	+36%		+1%	-7%		+0%	-43%
C. & S. America		+9%	+7%		+29%	+2%		+6%	-10%
Europe		+2%	+14%		+5%	-1%		-2%	-37%
M. East & S. Asia		+1%	+13%		-13%	-15%		+3%	-46%
North America		+2%	+8%		+1%	-20%		-4%	-27%
Worldwide		**+2%**	**+15%**		**+2%**	**-8%**		**-1%**	**-36%**

Source: *World ACD*

Regionally, for Africa, capacity was down by ↓**2%**, as volume handled was significantly down (↓**9%**), and rates increased by ↑**13%** compared to the previous two weeks. Elsewhere, the most notable development is the exceptional growth in tonnages ex-Central & South America (↑**29%**), especially to North America (↑**52%**), driven by ↑**74%** growth in flower exports ahead of Mother's Day on 14 May.

ENDS[22]

[22] **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. This edition is proudly sponsored by DACHSER.*