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Cargo movement update[1]

Date: 2 June 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)	25 679	33 023	**58 702**	25 935	29 542	**55 477**	↑6%
Air Cargo (tons)	2 860	2 066	**4 926**	2 806	2 202	**5 008**	↓2%

Monthly Snapshot

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

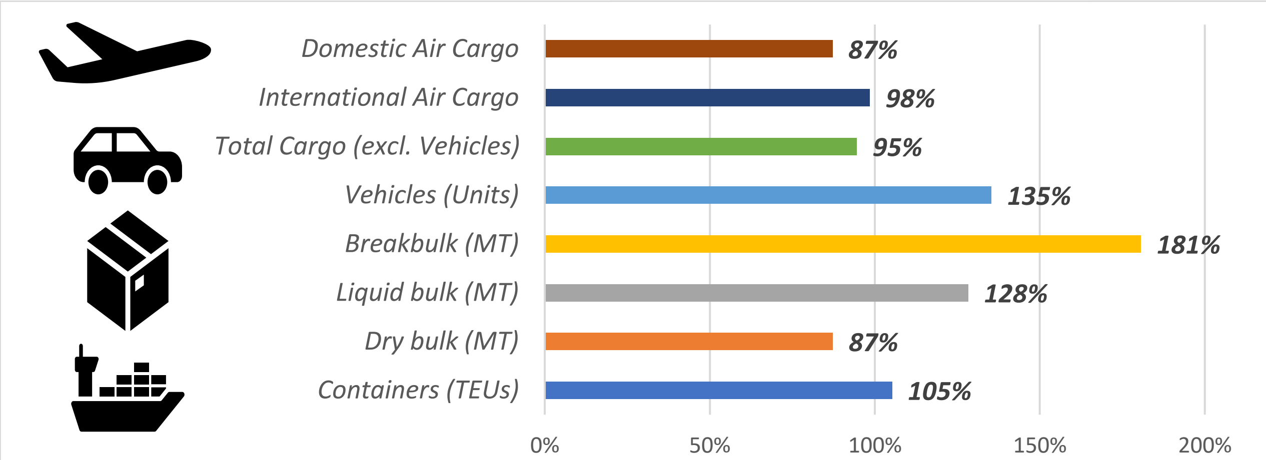
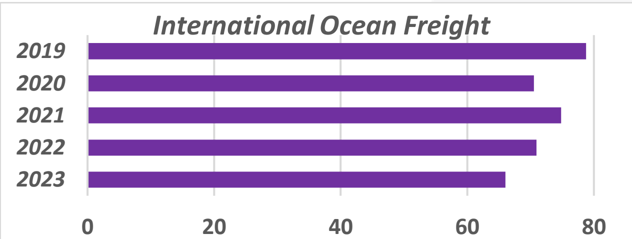
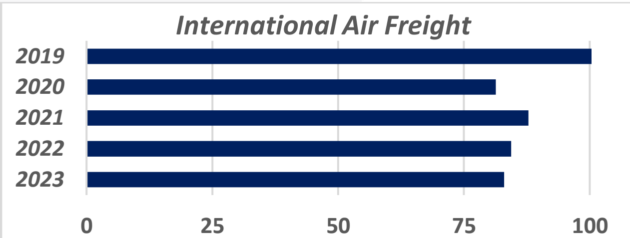


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)





Key Notes

- An average of **~8 386 containers** was handled per day, with **~10 406 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 273** containers, ↑25% compared to last week.
- SARS merchandise trade (April): exports (↓14,5%, m/m), imports (↓13,5%); YTD deficit: **R3,5 billion**.
- Cross-border queue times were **↓1,1 hours**, with transit times **↓15,9 hours**, SA borders **~12,2 hours** (**↓13%**).
- The WTO Goods Trade Barometer Index rose to **95,6** in the latest reading — up from **92,2** in March.
- Global container rates are almost as last week, falling by **↓0,2%** (or **$3**) to **$1 682** per 40 ft.
- The average operating margin for the leading carriers dropped steeply from **↑33,3%** to **↑13,1%** in Q1.
- International air cargo (CTKs) fell by **↓6,6%** (y/y) in April, albeit falling slower than Q1 of 2023.

[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 *139th* 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; Air: Apr vs Apr, Ocean: Apr vs Apr.
[5] For ocean, total Jan-Apr cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-Apr cargo to and from ORTIA is used.

Executive Summary

This update – *the 139th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Operational delays at our ports were shaped by adverse weather, persistent equipment breakdowns and shortages, vessel ranging, load-shedding, and congestion. Weather conditions were unfavourable in Cape Town this week as the port lost over 20 operational hours to strong winds. Equipment challenges and adverse weather conditions persisted in Durban this week, resulting in more operational delays. The latest reports received this week suggest that the Moormaster at Ngqura's berth D100 remains out of commission, while reports on the shore tensioning units were conflicting. No incidents were reported on the rail network for the 24 hours leading to Tuesday, for the first time in the past two to three weeks, which was a welcome and much-needed change. Furthermore, the industry is anticipating a drastic surge in citrus volumes over the next two weeks as the lemon season is about to come into full swing, while CMA CGM is planning to introduce a container deposit fee effective from 1 July 2023.

The global maritime industry might be beginning to rebound after six months of severe drops, but have we reached the bottom? Unfortunately, the rebound has not fully brought the market to the level seen before the drop in September 2022. Still, we are significantly above the lower plateau experienced in September 2022. Therefore, we see the same factors playing out for the time being: added capacity, lower rates, and subdued demand. This week, some interesting analysis shows that South Africa (using Durban) experiences a slight delay of a month or so to follow changes in international freight rate trends, with the typical rates approximately **10-15% less** than the global average (such as the WCI weekly quoted). Other developments included **(1)** supply continues to be high, with blank sailings, congestion, and idle fleet currently low, and **(2)** bunker fuel prices slipping for a third consecutive session.

Concerning air freight, international (**↓2%**) and domestic air (**↑1%**) are similar to last week but continue to trend below last year's relative levels. In the international market, sentiment is also not particularly upbeat at the moment, as the industry looks likely to hit rock bottom within the next couple of months, albeit with some slack remaining in the market through next year. In addition, the market will likely be characterised mainly by surplus belly hold space this summer, so cargo rates will probably trough in the next few months.

In regional cross-border road freight trade, average queue and transit times decreased significantly this week. South African border crossing times decreased by around **an hour and a half** – averaging **~12,2 hours** (**↓13%**, w/w). In contrast, the greater SADC region (excluding South Africa) saw significant decreases of **almost 18 hours** in crossing times this week, averaging **~12,3 hours** (**↓59%**, w/w). Several SADC land borders took – on average – more than a day to cross, including Kasumbalesa, Katima/Mulilo, Oshikango, Santa Clara, and Zobue/Mwanza. Further developments of note included **(1)** operational constraints at Lebombo continues – typified by an 11 km long queue on Sunday, **(2)** network issues at Martins Drift, and **(3)** BMA's takeover of our border continues part by part.

Lastly, some positive news comes to the drive to safely secure the extended supply chain. Accredited traders in Botswana, Eswatini, Lesotho, Namibia and South Africa will benefit from lower trade costs and quicker turnaround times for imports and exports because of a Mutual Recognition Arrangement (MRA) signed today by the five Member States of the Southern African Customs Union (SACU). The MRA was signed this week at a SACU Authorised Economic Operator (AEO) awareness session. Role players in the extended South African supply chain are encouraged to become an AEO by voluntarily meeting a range of criteria work in close cooperation with customs to ensure the common objective of supply chain security.

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 27 May to 2 June[6]

7-day flow forecast (27/05/2023 – 02/06/2023)		
TERMINAL	NO. OF CONTAINERS[7] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 079	4 431
DURBAN CONTAINER TERMINAL PIER 2:	13 223	15 275
CAPE TOWN CONTAINER TERMINAL:	3 314	6 477
NGQURA CONTAINER TERMINAL:	4 079	5 976
GQEBERHA CONTAINER TERMINAL:	984	864
TOTAL:	**25 679**	**33 023**

Source: Transnet, 2023. Updated 02/06/2023.

Table 3 – Container Ports – Weekly flow predicted for 3 to 9 June

7-day flow forecast (03/06/2023 – 09/06/2023)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 171	5 077
DURBAN CONTAINER TERMINAL PIER 2:	13 123	17 643
CAPE TOWN CONTAINER TERMINAL:	5 208	9 086
NGQURA CONTAINER TERMINAL:	8 340	6 263
GQEBERHA CONTAINER TERMINAL:	1 701	2 232
TOTAL:	**32 543**	**40 301**

Source: Transnet, 2023. Updated 02/06/2023.

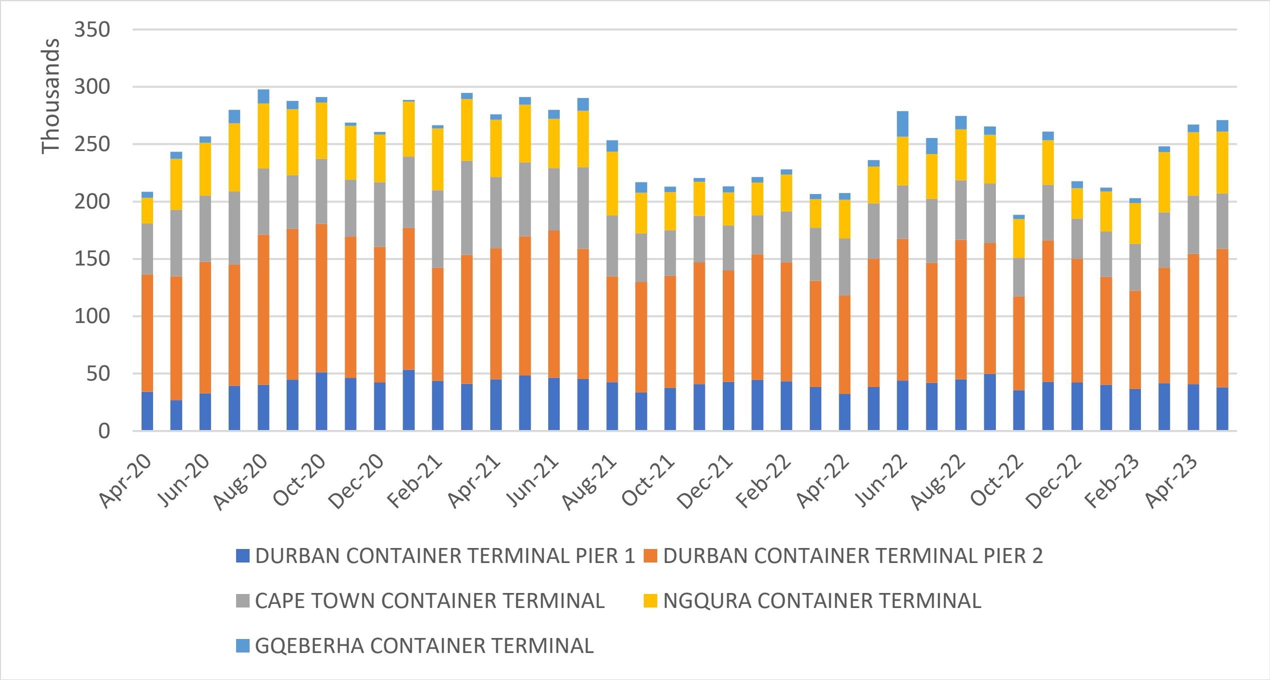
An average of **~8 386 containers** (↑6%) was handled per day for the last week (27 May to 2 June, *Table 2*), compared to the projected average of **~9 064 containers** ↓8% actual versus projected) noted in last week's report. An increased average of **~10 406 containers** (↑24%) is predicted to be handled next week (3 to 9 June, *Table 3*). However, achieving this elevated target is highly unlikely, as our ports have only shown on a few occasions that they can handle in excess of **10 000 containers** a day. As can be seen, the weekly predictions have been consistently over-optimistic since we started issuing these reports, so it is difficult to see whether next week will be any different. Several typical operational constraints inhibited peak port performance, primarily adverse weather, persisting equipment breakdowns and shortages, vessel ranging, load-shedding, and congestion.

[6] It remains important to note that a large percentage (approximately 37% 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.

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.

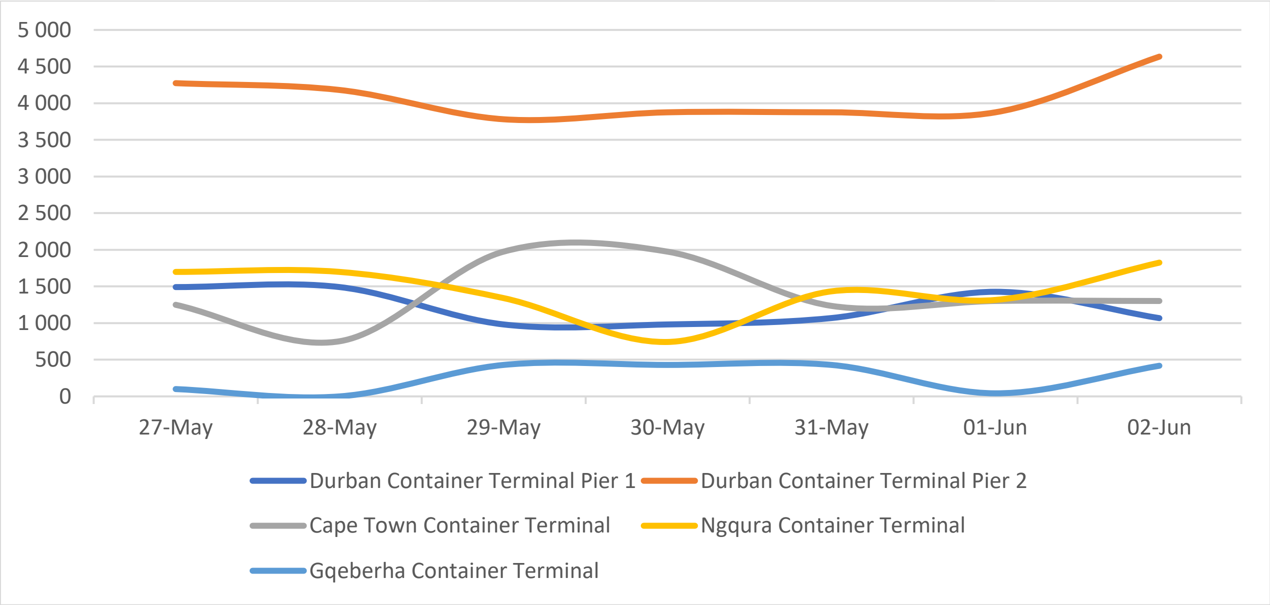
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 02/06/2023.

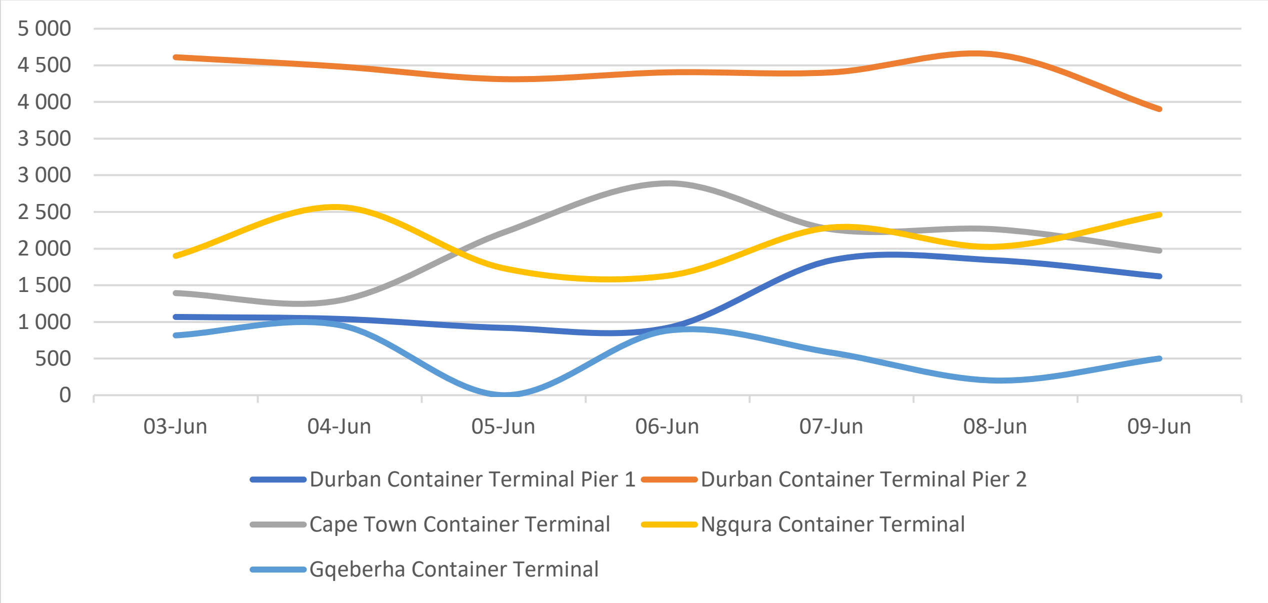
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (27 May to 2 June; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 02/06/2023.

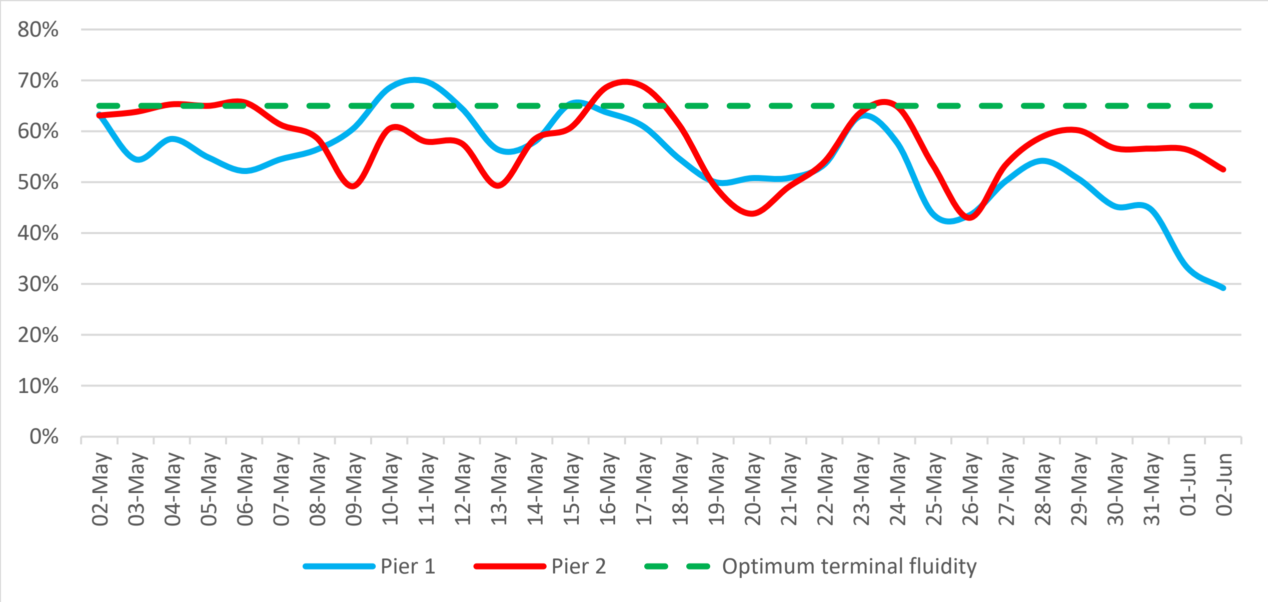
Figure 5 – 7-day forecast reported for total container movements (3 to 9 June; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 02/06/2023.

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

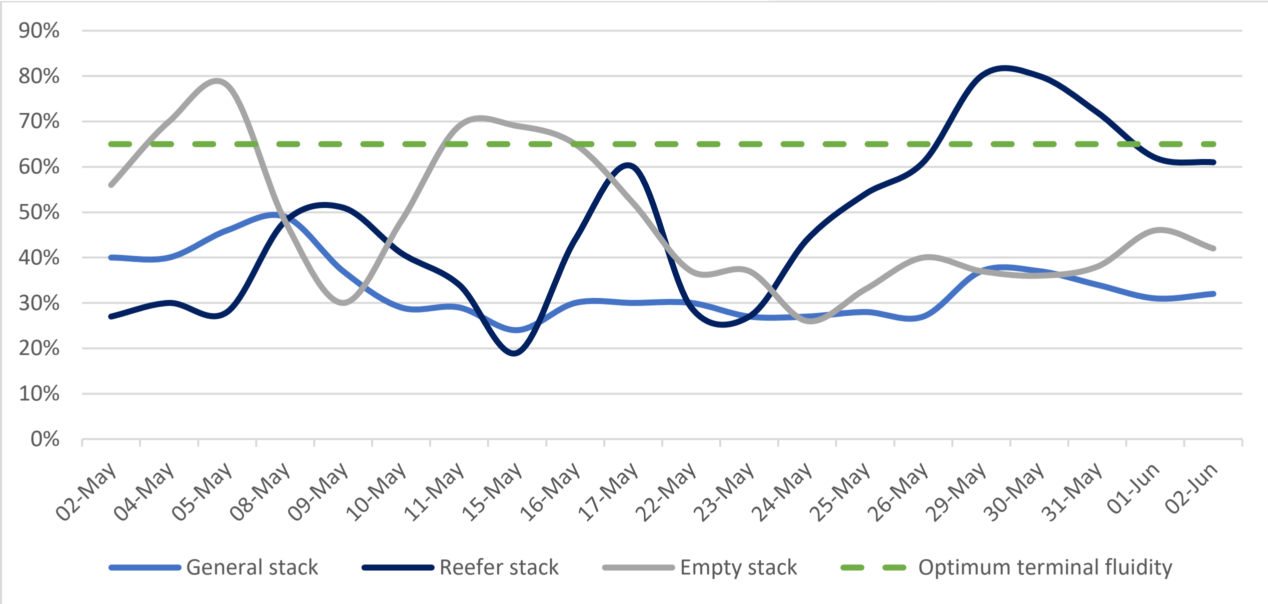
Figure 6 – Stack occupancy in DCT, general-purpose containers (2 May to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 02/06/2023.

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 (2 May to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 02/06/2023.

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

- Weather conditions were unfavourable in Cape Town this week as the port lost over 20 operational hours to strong winds.
- Equipment challenges and adverse weather conditions persisted in Durban this week, resulting in more operational delays.
- During the latter stages of the week, Richards Bay also fell victim to adverse weather, which delayed operations for approximately six hours.
- The focal point of delays at the Eastern Cape ports this week was a poor performance from the Moormaster and shore tensioning units that were out of commission, but load-shedding and other power outages also played a part.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and four at anchor, as inclement weather conditions and vessel ranging paved the way for increased vessels at anchorage. Stack occupancy for GP containers was 31%, reefers 62%, and empties 46%. In the latest 24-hour period to Thursday, the terminal handled 1 679 TEUs across the quay. On the landside, 940 trucks were serviced while executing 53 rail moves. The improved execution of rail moves this week can largely be attributed to rail recovery efforts after a few difficult weeks.

The multi-purpose terminal, on Thursday, recorded zero vessels at anchor and none at berth. In the 24 hours leading to Thursday, the terminal managed to service 73 external trucks at an undisclosed truck turnaround time on the landside. No waterside activities took place due to no vessel being on berth. Stack occupancy was recorded at 6% for GP containers, 29% for reefers and 1% for empties by the end of the week.

The FPT private terminal reported zero vessels at anchorage while servicing four vessels at berth on Wednesday. During the 24 hours before Thursday, the terminal managed to handle 29 pallets of fruit and 182 TEUs on the waterside while servicing 87 trucks on the landside. During the same period, reefer stack occupancy was recorded at 76%.

iii. Durban and Richards Bay

Pier 1 on Tuesday recorded two vessels at berth, operated by three gangs, and one vessel at anchor. Stack occupancy was 45% for GP containers. During the same period, 1 532 imports were on hand, with 129 units having road stops and 57 unassigned. The terminal recorded 1 256 landside gate moves, with an undisclosed number of cancelled slots and 130 wasted. Additionally, the terminal had ten over-border rail units on hand and ten units destined for City Deep.

Pier 2 had four vessels at berth and three at anchorage on Wednesday. In the most recent 24 hours to Thursday, stack occupancy was 56% for GP containers and 46% for reefers, with 31% of reefer plug points utilised. The terminal operated with 11 gangs while moving 3 692 TEUs across the quay. On Wednesday, there were 2 349 gate moves on the landside with a truck turnaround time of ~105 minutes and a staging time of ~119 minutes. Of the landside gate moves, 1 334 moves (58%) carried import cargo, while the remaining 1 015 (42%) moves were for exports. Additionally, 682 rail import containers were on hand, with 305 moved by rail. During the early stages of the week, crane 523 at berth 108 went out of commission for planned maintenance but swiftly returned to service. Similarly, during the latter stages of the week, crane 520 went out of commission but also made a swift return to service. Furthermore, on Friday, crane 523 was removed from service and is anticipated to return in time for operations over the weekend.

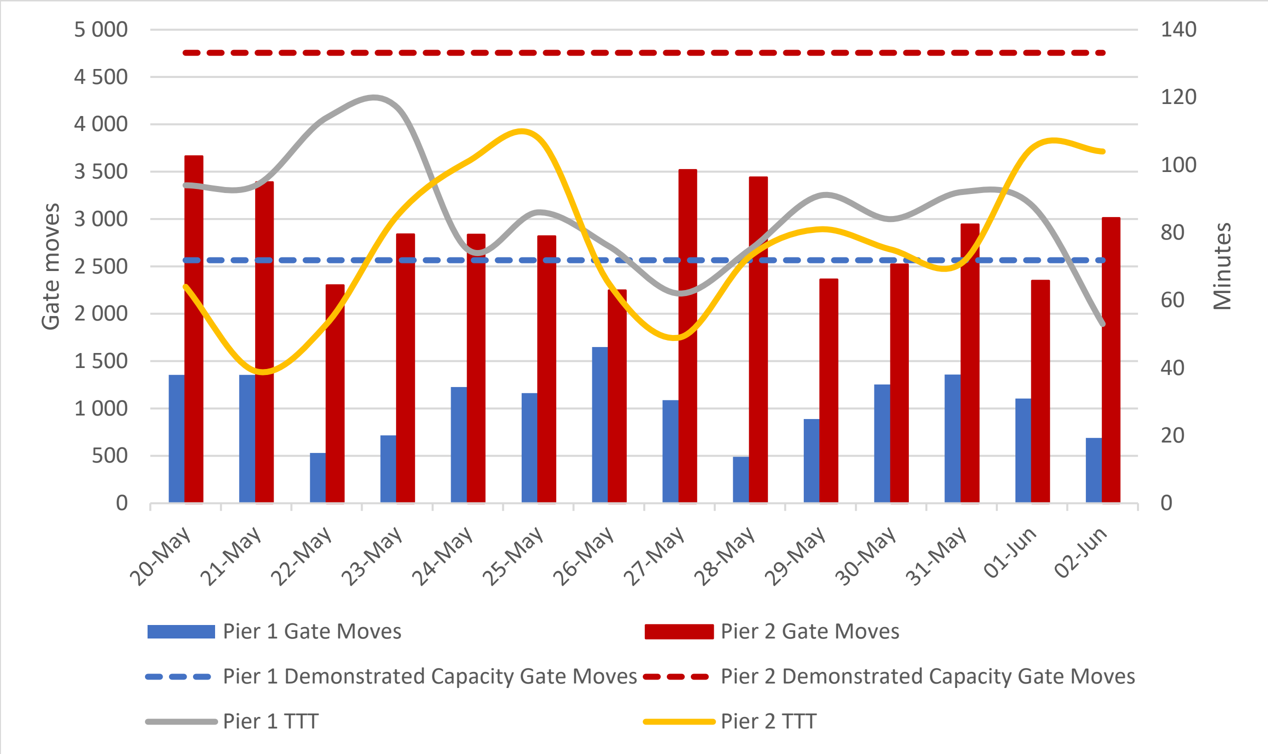
The Durban MPT terminal recorded one vessel at berth on Wednesday, with none at the outer anchorage, while handling 56 containers and 1 493 breakbulk tons on the waterside. Stack occupancy for breakbulk worsened this week to 60%, while stack occupancy on the container side was recorded at 23%, with 165 reefer plug points available. On the landside, the terminal managed to handle 43 containers while servicing 41 breakbulk RMTs. On Thursday, two cranes, eight reach stackers, one empty handler, six forklifts and 13 ERFs were in operation. As anticipated, the second mobile harbour crane returned to service over the weekend, while the third crane is still on course to return on 02 June. The fourth crane is still anticipated to return to service by the end of August. The repairs needed on the crane are more structural than mechanical, which indicates why repairs are estimated to take so long.

On Thursday, the Ro-Ro terminal in Durban recorded zero vessels on the berth, with none at outer anchorage. At the start of the week, the three vessels on berth completed operations by Thursday. Over the 24 hours to Friday, the terminal received 549 units while despatching 1 444 units. During the same period, general stack occupancy increased to 63%, with a composition of 63% for imports, 32% for exports, and 5% for transhipments. Stack occupancy at G-berth was 70%, while stack occupancy at QR was 85%. The terminal had 4 763 import units on hand, 2 416 units destined for export markets, and 391 units subject to transhipments.

On Monday, Richards Bay recorded 11 vessels at anchor, translating to six destined for DBT, 2 for MPT, 2 for RBCT, and one for the liquid bulk terminal. There were 14 vessels on berth, five at DBT, three at MPT, four at RBCT, one at the liquid bulk terminal, and one undergoing repairs. Two tugs and one helicopter were in operation for marine resources in the 24 hours leading up to Tuesday. The port's pilot boat continued to aid marine operations in Durban this week and is anticipated to return once the Durban pilot boat is repaired.

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 02/06/2023.

iv. Eastern Cape ports

NCT on Wednesday recorded one vessel on berth and one vessel at outer anchorage. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Thursday. The port stopped sharing marine resources with the Port of Port Elizabeth. In the same period, stack occupancy was 28% for GP containers and 33% for reefers. And in that period, 2 058 TEUs and 296 reefers were handled across the quay, while 479 trucks were serviced on the landside at a truck turnaround time of ~30 minutes.

The latest reports received this week suggest that the Moormaster at Ngqura's berth D100 remains out of commission, as several of the 11 units still require repairs. In addition, the technical team is awaiting hydraulic oil, which is expected to arrive during the latter stages of the week. Additionally, the reports received this week regarding the shore tensioners are conflicting, as TPT said that the units remain out of commission. At the same time, TNPA stated that they were back in service. One would imagine that TPT, as the equipment operator, would know best!

GCT on Thursday recorded zero vessels at outer anchorage and one 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 51% for GP containers, 45% for reefers, and 57% for reefer ground slots while moving 1 168 TEUs across the quay and handling 114 reefers. On the landside, 392 trucks were serviced at a very high truck turnaround time of ~45 minutes.

On Wednesday, the Ro-Ro terminal at the Port of Port Elizabeth recorded one vessel at berth and zero vessels at anchorage. Over the 24 hours leading to Thursday, the terminal managed to handle 2 304 units at an undisclosed UPH. During the same period, the terminal recorded a stack occupancy figure of 64%

At the Port of East London on Tuesday, 134 TEUs were moved across the quay at a GCH of 15, while 84 external trucks were serviced at a truck turnaround time of ~15 minutes on Tuesday. Stack occupancy on the container side was captured at 46% on Tuesday. During the same period, 378 units were received at the Ro-Ro terminal, while stack occupancy at the car terminal slightly worsened to 57%. On the landside, 14 trucks containing 502 tons of bulk cargo were serviced, leading to a stack occupancy of 42%.

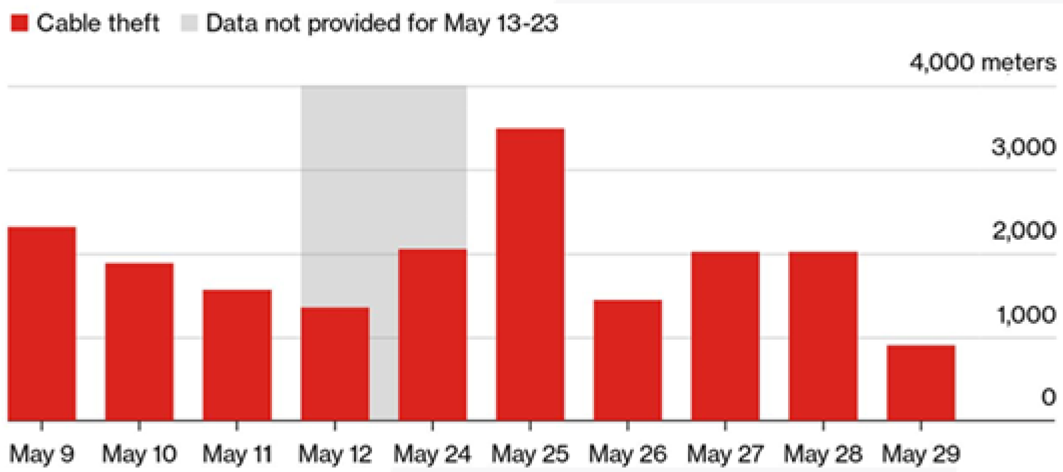
v. Saldanha Bay

On Thursday, the iron ore terminal had four vessels at anchorage and three on the berth, while the multi-purpose terminal similarly had four at anchor and three on the berth. The vessels at anchor have been waiting outside for approximately 2-9 days, while the vessels in port have been on berth for around 2-3 days.

vi. Transnet Freight Rail (TFR)

No incidents were reported on the rail network, for the 24 hours leading to Tuesday, for the first time in the past two to three weeks, which was a welcome and much-needed improvement. As for the remainder of the week, minimal incidents were reported, suggesting that the network's recovery is hopefully on course. Nevertheless, the following figure paints a shocking picture for TFR, as reported in Bloomberg[8] this week:

Figure 9 – TFR cable theft

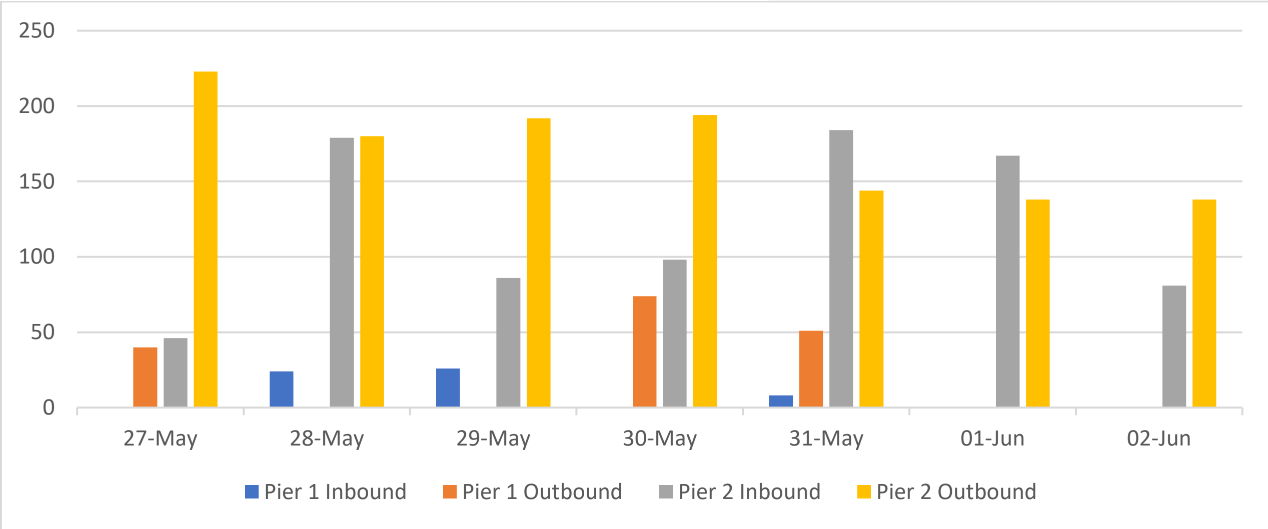


Source: TFR via Bloomberg

Elsewhere, on Tuesday, Six trains remained at the King's Rest marshalling yard, with five destined for City Deep and one for Gaborone in Botswana. On Thursday, DCTs Pier 2 had 514 ConCor units with a dwell time of 408 hours (17 days) and 168 over-border units with a dwell time of 19 days. The following figure highlights the number of containers handled on the Con-Cor in the last seven days.

[8] Sguazzi, A. 30/05/2023. Transnet to Create Unit in October to Enable Private Rail Access.

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



Source: Calculated using data from Transnet, 2022. Updated 02/06/2023.

In the last week (27 May to 2 June), rail cargo handled out of Durban was reported at **2 273** containers, up by **↑25%** from the previous week's **1 819** containers.

vii. General

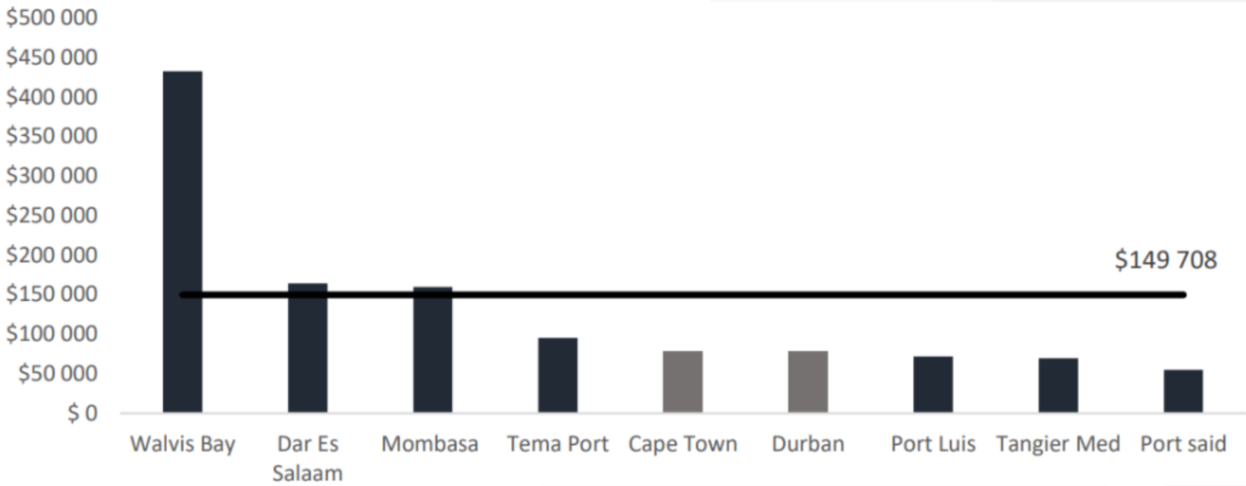
The ports are anticipating a strong surge in citrus volumes over the next two weeks as the lemon season is about to come into full swing, which could cause bottlenecks to form in Durban. Thus, the possibility exists that transporters may find it challenging to obtain booking slots during that period as the demand for slots is expected to be high.

Additionally, the latest reports suggest that CMA CGM plans to introduce a container deposit fee effective from 1 July 2023. This decision comes at the back of high unpaid detention charges by importers who don't return their empty containers within the stipulated timeframe. The quantum for the refundable container deposit will be **$2 500 per 20'** container and **$3 500 per 40'** container. At the current exchange rate, this translates to approximately **R50 000** and **R70 000,** respectively. For the refund to be affected, the shipping line will need proof of delivery (POD) as confirmation that the empty container was returned to CMA CGM's empty depot. Refunds should take between 7 and 14 days.

As reported last week, industry discussions revolving around restows are continuing. TPT has introduced a tiered system to facilitate reefer and export cargo. The first 150 restows will be charged at a standard rate, with moves from 151 onwards charged at double the standard rate. Moreover, TPT reserves the right to charge the double rate for **(1)** any non-essential restows and **(2)** late restows requested by the shipping line within 72 hours before arrival. TPT says that only 49 vessels went past the 150-threshold number in 2022. However, the shipping lines are reluctant to accept this approach, as restows are a normal and necessary aspect of port operations around the world, and the principal focus should be on port efficiency and not on cost, as restows have little impact on port efficiency.

Lastly, a positive note concerning port costs, South African ports remain within international bounds and are cheaper than some regional competitors according to the latest "*Global Pricing Comparator Study 2022/23*" by the Ports Regulator[9]. And this reality is true for both cargo dues and vessel berthing costs. When utilising the standard parcel of containers on the standard vessel used in the study, the SA ports once again rank below the African sample average by 48%. The Port of Walvis Bay in Namibia ranks as the most expensive in terms of cargo dues, with a tariff that is **↑190%** above the African sampled port's average:

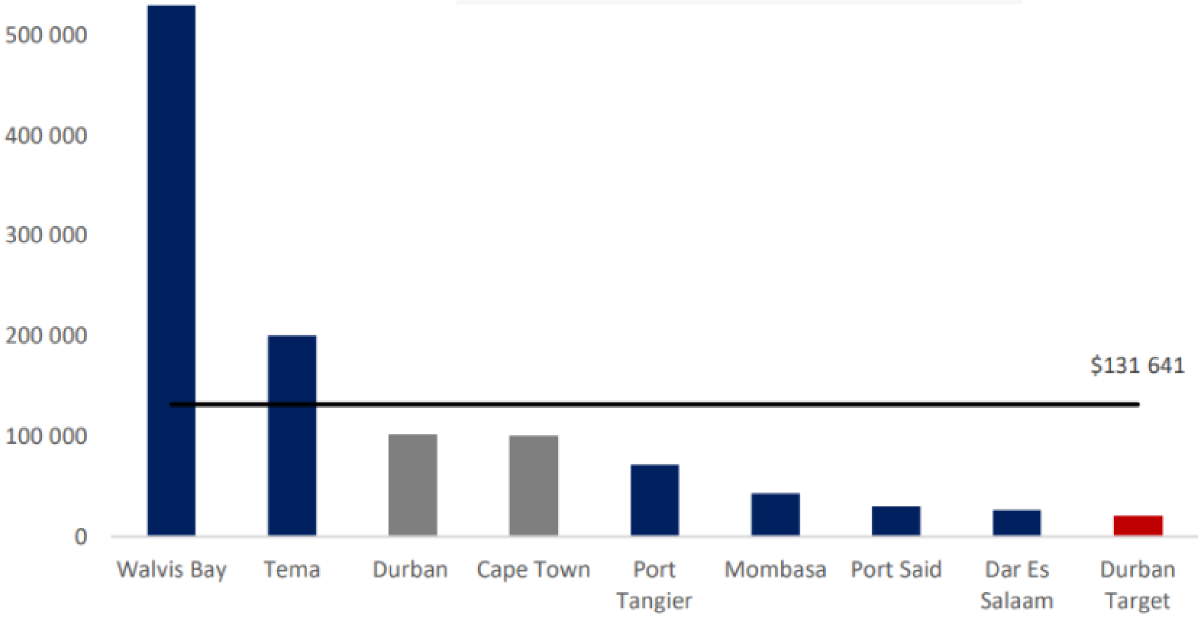
Figure 11 – African Ports Comparator - Cargo Dues ($ per Standard Vessel)



Source: South Africa Ports Regulator.

For port authority cost, the study by the South African Ports Regulator has found that Namibia's Port of Walvis Bay, widely perceived as one of the biggest competitors to other ports in the region, is **↑427%** more expensive than its immediate regional rival, Cape Town:

Figure 12 – African Ports Comparator - Port Authority Pricing ($ per Standard Vessel)



Source: South Africa Ports Regulator.

[9] SA Ports Regulator. 2023. Global Pricing Comparator Study 2022/23.

The Port's Authority pricing is a combination of both marine charges and cargo dues. With an average of **$ 131 641** for the sample of African ports, South African ports rank 3rd and 4th amongst the eight ports in the sample, with only the Port of Walvis Bay and the Port of Tema proving to be more expensive (**↑22%** and **↑24%** below the average respectively). Lastly, concerning terminal handling tariffs, the Port of Cape Town and Port of Durban rank second and third of the sample, with terminal handling charges **↓41%** below the average of **$335 755**. Notably, the port of Walvis Bay is ranked the most expensive port concerning terminal handling charges. Despite the seemingly positive outcome, these numbers should be viewed cautiously, as the sample size is very small, and its selection may have been somewhat selective.

2. Air Update

a. International air cargo

The following table shows the in- and outbound air cargo flows to and from ORTIA for the week beginning 22 May. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *May 2022* averaged **~766 276 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

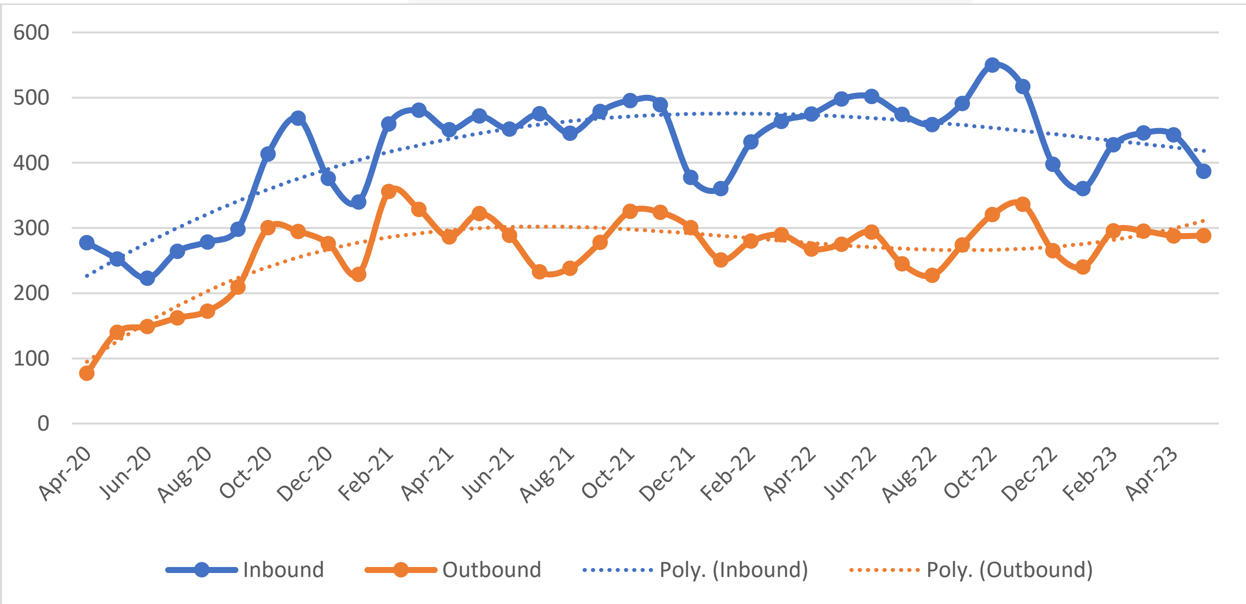
Flows	22-May	23-May	24-May	25-May	26-May	27-May	28-May	Week
Volume inbound	411 109	375 092	312 739	292 829	324 747	393 371	749 858	**2 859 745**
Volume outbound	126 674	291 380	240 335	220 028	211 725	245 890	729 906	**2 065 938**
Total	**537 783**	**666 472**	**553 074**	**512 857**	**536 472**	**639 261**	**1 479 764**	**4 925 683**

Courtesy of ACOC. Updated: 25/05/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **408 535 kg** inbound and **295 134 kg** outbound, resulting in an average of **703 669 kg per day** or **~92%** compared with May 2022. However, the level is currently at only **~75%** 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 13 – International cargo from OR Tambo – volumes per month (kg millions)



Courtesy of ACOC. Updated: 25/05/2023.

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 *May 2022* was **~56 733 kg** per day.

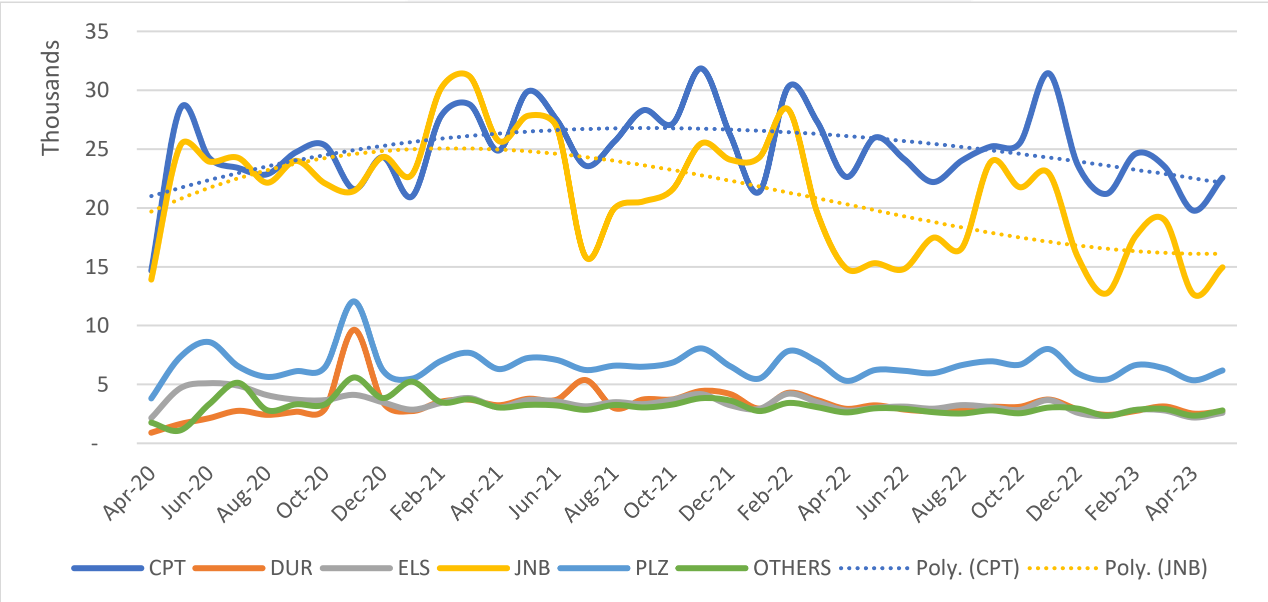
Table 5 – Total domestic inbound and outbound cargo

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**
May Ave.	23 882	2 910	2 728	15 704	6 521	2 928	**54 673**
22-May	37 512	4 786	3 966	22 622	11 397	4 302	**84 585**
23-May	36 945	3 624	3 833	24 030	9 620	4 652	**82 705**
24-May	37 115	4 349	3 594	25 940	9 873	4 495	**85 365**
25-May	36 654	4 642	4 456	22 492	9 233	4 820	**82 298**
26-May	14 044	2 665	1 969	12 570	4 352	2 143	**37 742**
27-May	888	109	322	759	517	44	**2 638**
28-May	764	618	78	553	725	674	**3 410**
Total for 2023:	**3 339 007**	**403 471**	**382 361**	**2 318 797**	**901 546**	**397 429**	**7 742 611**

Courtesy of BAC. Updated: 02/06/2023.

The average domestic air cargo moved last week was **~54 106 kg** per day, up by **↑1%** compared to the previous week but remains down compared to last year (**~95%**).

Figure 14 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 02/06/2023.

3. National Update

a. SARS merchandise trade statistics for April

SARS released its latest "*Merchandise Trade Statistics*" for April[10], with the headline showing a preliminary monthly trade surplus of **R3,5 billion** (significantly less than the **R6,9 billion** surplus in March). Monthly trade shows that exports decreased from March by **↓14,5%** (m/m), whereas imports decreased by **↓13,5%** (m/m). Despite another surplus in April, the YTD figures show a trade deficit of **R3,5 billion**, a significant deterioration from the **R78 billion** positive trade balance recorded in 2022. Nevertheless, export flows for April 2023, at **R163,8 billion**, were **↑7,4%** (y/y) higher compared to April 2022, whilst import flows were a significant **↑17,8%** (y/y) higher, having increased to **R136,1 billion** in the current period.

Regionally, trade with BELN countries for April resulted in a trade surplus of **R9,1 billion** from exports of **R13,9 billion** and imports of **R4,8 billion**. Exports to our neighbouring countries decreased by **↓20,5%** (m/m) between March and April, with imports decreasing – by **↓9,7%** (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 36,2 billion** in 2022 to **R38,1 billion** in trade balance surplus for 2023.

4. Road and Regional Update

b. SACU members sign MRA

Accredited traders in Botswana, Eswatini, Lesotho, Namibia and South Africa will benefit from lower trade costs and quicker turnaround times for imports and exports because of a Mutual Recognition Arrangement (MRA) signed today by the five Member States of the Southern African Customs Union (SACU)[11]. The Heads of Revenue Administrations in Botswana, Eswatini, Lesotho, Namibia, and South Africa, have agreed to recognise each other's importers and exporters who have been granted the status of an Authorised Economic Operator (AEO). As a result, traders who are AEOs across the SACU region will benefit from fast-tracked controls and reduced administration costs for customs clearance.

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.

- This week, the median border crossing times at South African borders decreased slightly and averaged **~12,2 hours** (**↓13%**,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) averaged almost the same – decreasing markedly (by **more than half a day**) after last week's slow crossings and now averaging **~12,3 hours** (**↓59%**, w/w).
- Operational constraints at Lebombo remain as queues grow longer daily (**~11 km** on Sunday).
  - Indeed, the border infrastructure was not built to handle up to **1 800 HGVs** per day.
  - Consequently, bilateral government intervention and more visible policing are needed.
- The Lesotho Road Fund issued a statement on Friday stating that toll fees into Lesotho will increase.
- Martins Drift continued to battle network issues last week with Feedback from border staff stating that the issues had now been resolved, but the backlog would affect them for a day or so.

[10] SARS. 31/05/2023. Trade Statistics: April 2023.
[11] SARS. 31/05/2023. SACU members sign mutual recognition arrangement.

- In the meantime, the BMA's takeover of our border continues part by part.
- 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[12], which arguably provides better and more reliable information.

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

Table 6 – Delays[13] summary – South African borders

Border Post	Direction	HGV[14] 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	9	7	29	12 390	2 891
Beitbridge	Zimbabwe-SA	387	6	3	15	11 610	2 709
Groblersbrug	SA-Botswana	235	2	5	26	7 050	1 645
Groblersbrug	Botswana-SA	148	0	0	1	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	0	1	5	900	210
Ariamsvlei	Namibia-SA	20	0	1	2	600	140
Lebombo	SA-Mozambique	1 610	5	1	8	48 300	11 270
Ressano Garcia	Mozambique-SA	89	0	1	2	2 670	623
Skilpadshek	SA-Botswana	200	1	1	2	4 800	1 400
Pioneer Gate	Botswana-SA	100	1	1	2	2 400	700
Weighted Average/Sum		**3 282**	**2**	**2**	**8**	**96 660**	**22 974**

Source: TLC, FESARTA, & Crickmay, week ending 28/05/2023.

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
Dar Es Salaam Corridor	1 819	40	1	13	54 570	12 733
Maputo Corridor	1 699	3	1	5	50 970	11 893
Nacala Corridor	127	0	2	4	3 810	889
North/South	3 255	17	2	16	74 160	22 785
Trans Caprivi Corridor	116	8	1	24	3 480	812
Trans Cunene Corridor	100	1	3	31	3 000	700
Trans Kalahari Corridor	330	1	1	2	7 920	2 310
Trans Oranje Corridor	100	0	1	3	3 000	700
Weighted Average/Sum	**7 866**	**12,8**	**2**	**12,3**	**210 510**	**55 062**

Source: TLC, FESARTA, & Crickmay, week ending 28/05/2023.

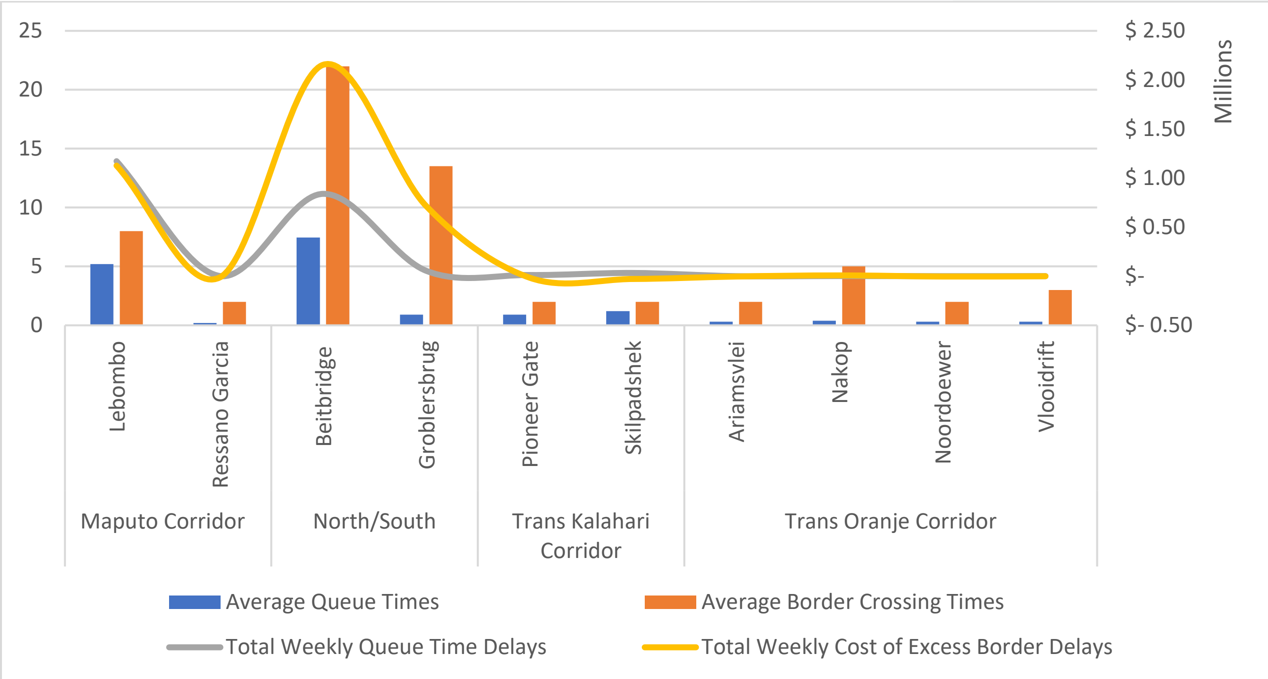
[12] FESARTA TRANSIST Bureau.

[13] 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.

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

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

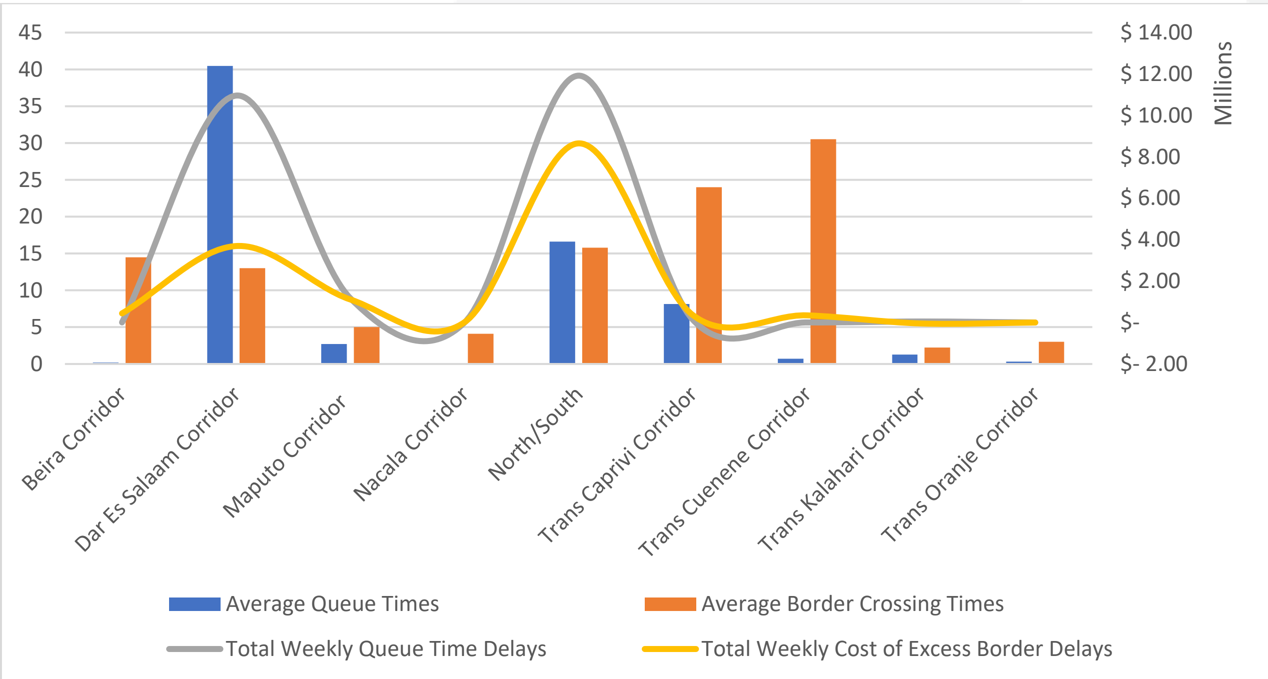
Figure 15 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



TLC, FESARTA, & Crickmay, week ending 28/05/2023.

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

Figure 16 – Weekly cross-border delays & est. cost from a corridor perspective (hours & $ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 28/05/2023

In summary, cross-border queue time has averaged **~12,8 hours** (down by **~1,1 hours** from the previous week's **~11,8 hours**), indirectly costing the transport industry an estimated **$24 million** (**R427 million**).

Furthermore, the week's average cross-border transit times hovered around **~12,3 hours** (down by **~15,9 hours** from the **~28,2 hours** recorded in the previous report), at an indirect cost to the transport industry of **$15 million** (**R256 million**). As a result, the total indirect cost for the week amounts to an estimated **~R683 million** (down by **~R104 million** or **↓13%** from **R787 million** in the previous report).

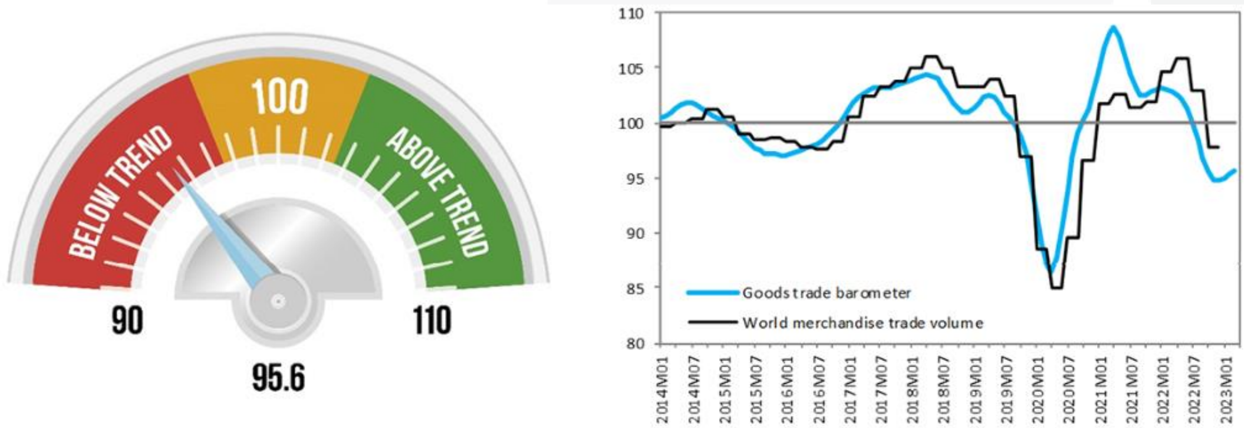
5. International Update

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

a. Global trade

According to the latest "*WTO Goods Trade Barometer*", global goods trade remained depressed in the first quarter of 2023. However, forward-looking indicators point to a possible turnaround in the second quarter[15]. The value of the barometer index rose to **95,6** in the latest reading — up from **92,2** in March — but remained well below the baseline value of 100, suggesting a below-trend stabilisation and the beginnings of an upturn in merchandise trade volumes. Nevertheless, mixed signals in the barometer's component indices suggest that the road to trade recovery may be bumpy.

Figure 17 – Goods trade barometer (index history, trend = 100)



Source: WTO

The volume of merchandise trade in the fourth quarter of 2022 was down **↓2,4%** compared to the previous quarter and **↓0,8%** compared to the same period in the previous year. The Q4 slump was driven by several related factors, including the ongoing war in Ukraine, stubbornly high inflation in advanced economies, and tighter monetary policy globally. These results are broadly consistent with the WTO's most recent trade forecast on 5 April[16], which projects a **↑1,7%** growth in world merchandise trade in 2023. The barometer's component indices are currently mixed. The automotive products index (**110,8**) has risen firmly above the trend on the back of strong sales in the United States and Europe. The highly predictive export orders index (**102,7**) has also returned above trend after a dip following the outbreak of war in Ukraine. In contrast, the indices representing container shipping (**89,4** – which is very low and consistent with the analysis below before the latest increase), air freight (**93,5**) and electronic components trade (**85,2**) all continue to signal weakness. The index of raw materials trade (**99,0**), meanwhile, finished just below the trend. The

[15] WTO. 31/05/2023. Goods barometer stabilizes, indicating possible turning point for trade.
[16] WTO. 05/04/2023. Trade growth to slow to 1,7% in 2023 following 2,7% expansion in 2022.

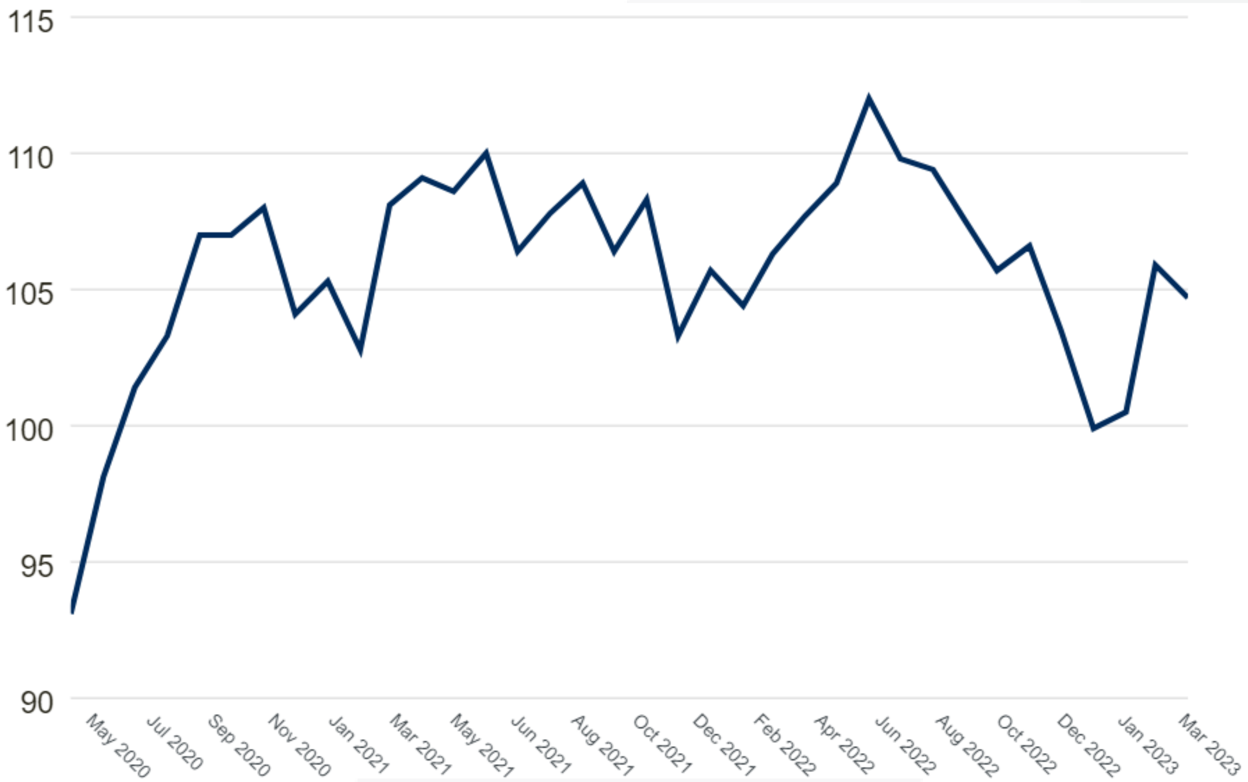
combination of strong positive and negative indicators makes the short-term outlook less confident than usual.

b. Global shipping industry

i. Global container industry summary

The "*Global Container Port Throughput Index*" rose **↑5,4%** (m/m) in March 2023, as global volumes rebounded after the Chinese New Year holidays[17]. As a result, the index reached **105,9** points, just **↓0,3%** below its March 2022 level. The resumption of activity in China helped to power the growth in volumes. Still, weak demand from Western markets tempered this momentum with annual declines in container throughput recorded in North America and Europe:

Figure 18 – Global Container Port Throughput Index (January 2019 = 100)



Source: *Drewry Ports and Terminal Insights*

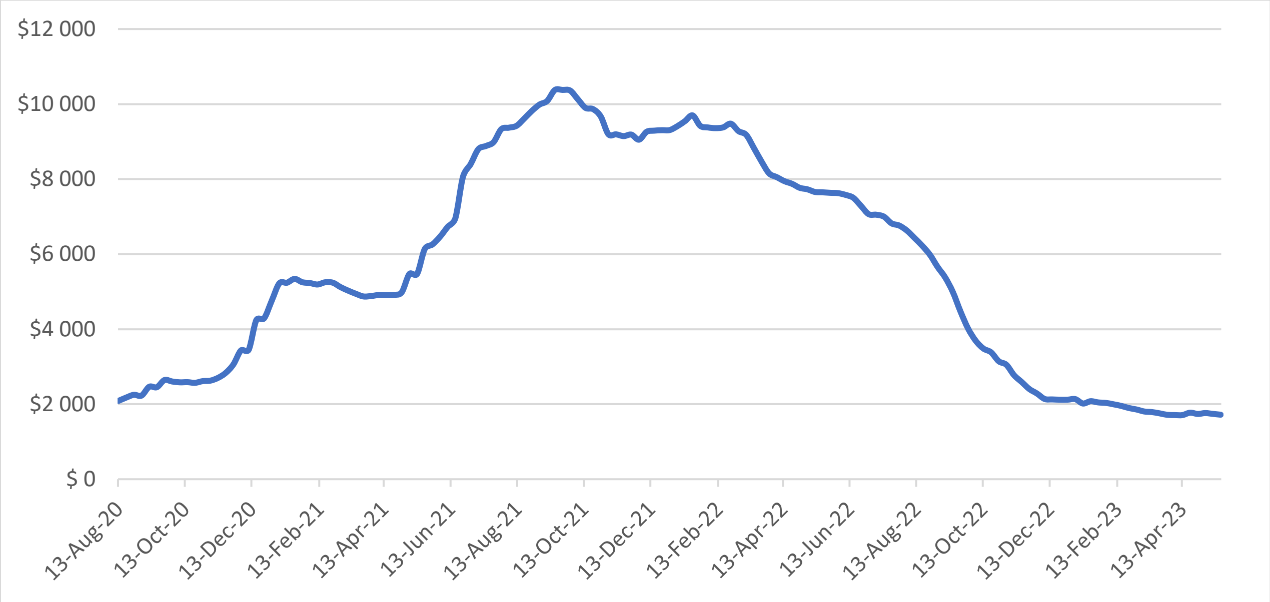
The Greater China index increased **↑11,3%** (m/m) in March 2023 to **108,4 points**, representing a **↑5,6%** (y/y) increase over March 2022. Container throughput in Qingdao reached record levels in March 2023, with **2,4 million TEU** handled – a monthly increase of **↑31%**. Shanghai and Ningbo also reported strong growth in throughput, with volumes rising **↑10%** and **↑25%,** respectively, in March 2023. The African index is also increasing by **↑3,8%** (m/m) and **↑4%** (y/y). Despite the short-term increase, Drewry expects a decrease to follow in April. Elsewhere in the industry, blank sailings remain very low, with Drewry's "*Cancelled Sailings Tracker*" registering a **4% cancellation rate**[18] again this week. Global port congestion remains relatively low (**1,60 million TEU**, **↓5%**, w/w[19]), with the idle container fleet also very low at only **0,6%** of the total supply.

[17] Drewry. 30/05/2023. Drewry Container Port Throughput Indices - March..
[18] Drewry. 26/05/2023. Cancelled Sailings Tracker - 26 May.
[19] Linerlytica. 30/05/2023. Market Pulse – Week 22.

ii. Global container freight rates

With global freight rates still trending relatively low compared to recent times, capacity still abundant, and a peak surge not imminent, many shippers are holding back on contractual commitments[20]. For this week, freight rates have remained almost exactly the same, as the "*World Container Index*" decreased by a mere **↓0,2%** (or **$3**) to **$1 682** per 40-ft container. The following figure shows the longer-term trend – which includes the significant pre – and post-pandemic movements:

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



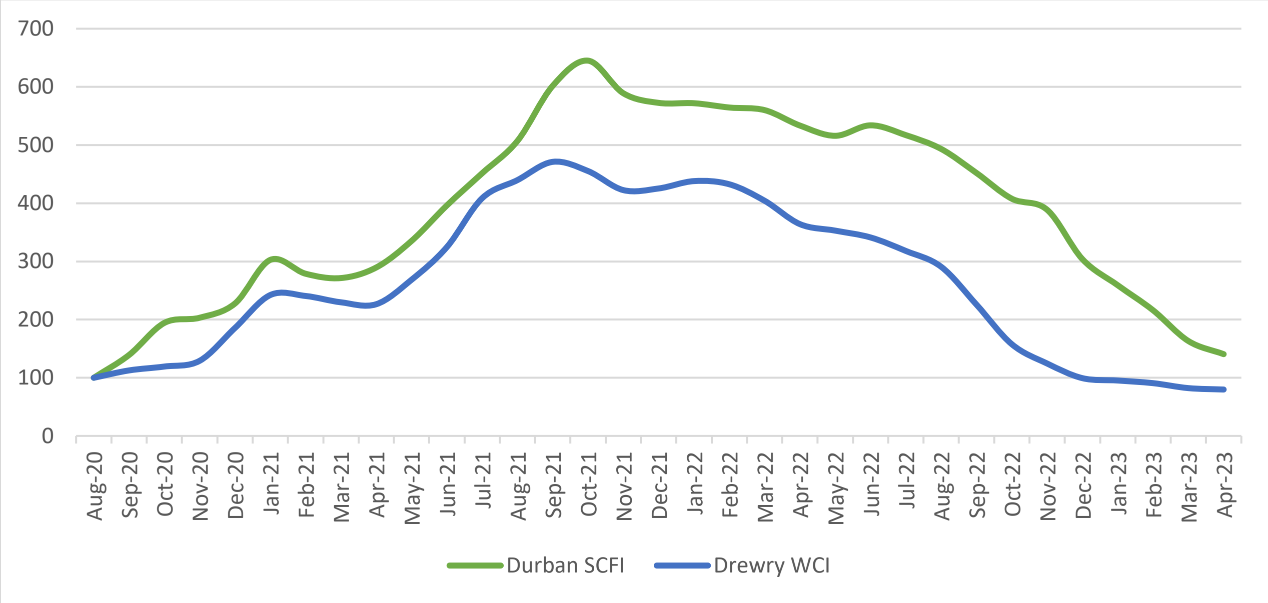
Source: Compiled from Drewry Ports and Terminal Insights

The average rate remains below the **$1 700 barrier**, as the composite index remains down by **↓78%** (y/y), **↓84%** below the peak in September 2021 and **↓37%** lower than the 10-year average of **$2 688**. The average composite index for the year-to-date keeps getting longer and is now **$1 851** per 40ft container, which is much more aligned to recent history bar the pandemic. Regionally, the most significant moves occurred on the Rotterdam – New York (and mirror) route, being down by **↓6%** and **↓4%** this week, respectively. Most other routes remained relatively stable.

For trades into South Africa, we typically experience a slight delay in rate movements (of around a month) compared to the rest of the world. The following figure, which indexes the global freight rates (as measured by the WCI), and the monthly container freight rate index from China to Durban, as per the SCFI, shows the relative movement of our rates to the world:

[20] Putzger, I. 28/05/2023. Shippers hold back on contracts amid uncertainty and ample capacity.

Figure 20 – WCI & Container freight rate index from China to South Africa (August 2020 to April 2023)



Source: Calculated from Drewry & Statista

Globally, freight rates peaked in September 2021, whereas South African rates peaked in October 2021. Furthermore, South African rates have yet to bottom out, as the best guesses point to another $100 reduction by around July/August this year. Typically, South African rates trend approximately **10-15% less** than the global average. Therefore, with this week's **$1 682** per 40' quoted, South African shippers should expect rates between **$1 513** and week's **$1 427** ex China. We will continue to monitor these developments closely.

iii. Further developments of note

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

1. **Carrier profits for Q1 – Hapag-Lloyd comes out on top:**
   a. Hapag-Lloyd has posted the best operating margin among the leading carriers in the first quarter of 2023, with the world's fifth biggest operator of container capacity clocking a return of **↑31,1%**[21].
   b. However, the quarter marked the return of operating losses in the industry following the euphoria of the pandemic years, with two mainstream carriers, ZIM, and Wan Hai Lines, posting negative results. This week, ZIM reported operating losses of **$14 million** on revenues of **$1,37 billion**, yielding a negative margin of **↓1,0%**, its first operating deficit in nearly five years. Taiwan's Wan Hai posted an operating loss of **$109 million**, yielding a negative margin of **↓13,1%**.
   c. As a result, the average operating margin for the leading carriers dropped steeply from **↑33,3%** to **↑13,1%** in the quarter.

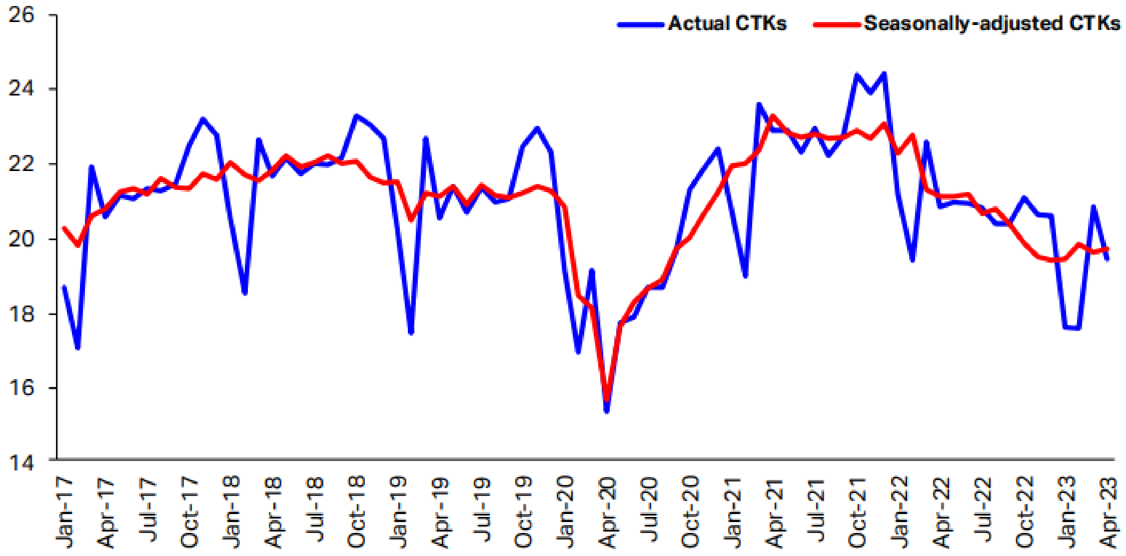
[21] Alphaliner. 29/05/2023. Hapag-Lloyd comes out on top in latest operating margins.

2. **Bunker fuel prices slip for a third consecutive session:**
    a. The trend for all types of traditional fuel is going down. Currently, no drivers in the global bunker market show signs of upward evolution. Therefore, we expect the downtrend to continue in the following weeks.
    b. The G20-VLSFO index of prices across 20 leading bunkering ports fell by **↓$3/MT** to **$574/MT** on Thursday, remaining at the lowest level since May 15[22]. Conversely, the G20-HSFO Index rose by **↑$3/MT** to **$470,50/MT**. At the same time, the G20-MGO Index declined by a considerable **↓$11/MT** to **$745,50/MT**.

c. Global air cargo industry

Sentiment in the global air freight market is not remarkably upbeat at the moment, as the industry looks likely to hit rock bottom within the next couple of months, albeit with some slack remaining in the market through next year. The latest analysis notes the fateful combination of extra summer capacity alongside weak cargo demand. Indeed, the market will likely be most over-supplied with belly space this summer, so cargo rates will likely trough in the next few months, meaning that slack capacity will stick around into 2024[23]. These sentiments are confirmed by the latest IATA "*Air Cargo Market Analysis*" for April[24]. The headline figure shows that global air cargo demand in April continued its annual decline – but at a slower rate than the first three months of 2023 – with cargo tonne-kilometres (CTKs) falling by **↓6,6%** compared to April 2022:

Figure 21 – Global Industry CTKs (billions per month)



Source: IATA

Other key indicators show that:

[22] Ship and Bunker. 02/06/2023. Bunker prices.
[23] Lennane, A. 02/06/2023. 'Alarming signals' as airfreight capacity rises and rates fall.
[24] IATA. 31/05/2023. Air Cargo Market Analysis – April.

- Industry-wide cargo capacity returned to pre-pandemic levels for the first time in three years, with available cargo tonne kilometres (ACTKs) surpassing April 2019 levels by ↑**3,2%**.
- Global cross-border trade and new export orders PMIs, the two critical indicators of air cargo demand, saw annual growth for the first time in several months.
- North American airlines experienced notable declines in international CTKs compared to the previous year, primarily due to decreased air cargo traffic on the North America-Europe and North America-Asia trade lanes.
- On the other hand, African airlines saw the only annual regional increase in volume – up by ↑**0,3%**.

The latest high-frequency World ACD numbers partially confirm this negative outlook but show that global air cargo tonnages moderately recovered in the last whole week of May after having dropped the week before. Tonnages are up by ↑**2%**, as capacity remains stable (↑**1%**):

Figure 22 – 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		-1%	+10%		+2%	-1%		-3%	-16%
Asia Pacific		+4%	+32%		+6%	-7%		-1%	-44%
C. & S. America		-6%	-9%		-14%	-4%		-5%	-12%
Europe		+2%	+10%		+3%	-11%		-2%	-36%
M. East & S. Asia		+3%	+13%		+8%	+8%		-5%	-48%
North America		-1%	+8%		-4%	-22%		-0%	-25%
Worldwide		**+1%**	**+12%**		**+2%**	**-9%**		**-1%**	**-37%**

Source: World ACD

Figures for week 21 (22 to 28 May) show an increase of ↑**2%** in tonnages and ↑**1%** in average global air cargo prices, week on week after tonnages showed a decline of ↓**4%** in the third week of May. At the same time, rates have remained more or less stable throughout the month – at a very low average of **$2,48 per kg**, some ↓**37%** below their levels this time last year.

ENDS[25]

[25] **ACKNOWLEDGEMENT:**

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