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Cargo movement update[1]

Date: 28 July 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)	27 242	32 343	**59 585**	26 390	29 366	**55 756**	↑7%
Air Cargo (tons)	3 255	1 823	**5 078**	2 837	1 801	**4 638**	↑10%

Monthly Snapshot

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

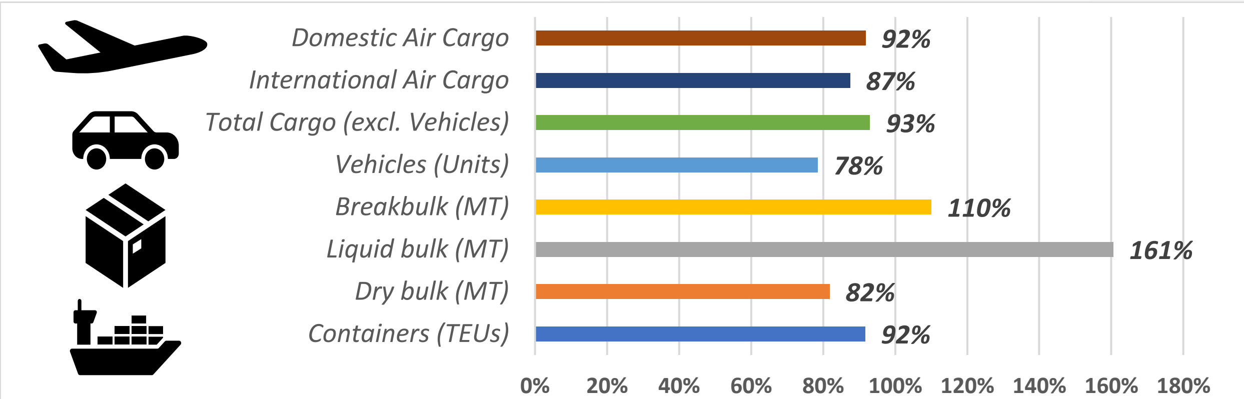
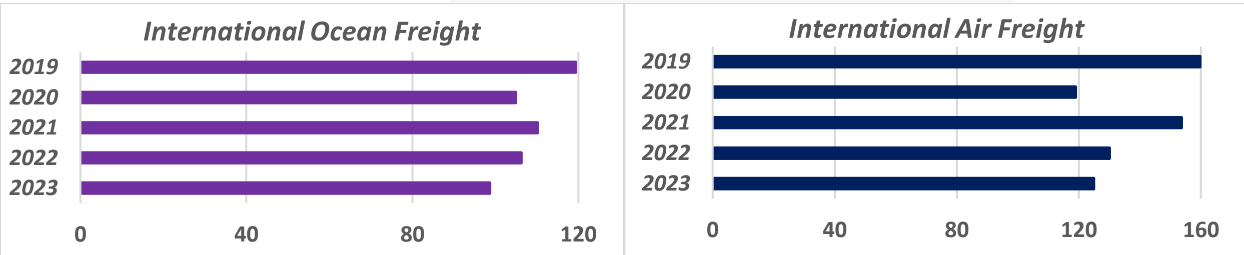


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 512 containers** was handled per day, with **~9 161 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 401** containers, ↑6% compared to last week.
- The latest Ctrack "*Transport Freight Index*" increased by **↑0,4%** end-May (m/m) and is also **↑7,5%** (y/y).
- "*Land Transport Survey*" for May shows that the payload decreased by **↓0,3%** (y/y)—road/rail at **85/15**.
- Cross-border queue times were **↓0,4 hours** (w/w), with transit times **↓2,4 hours** (w/w); SA borders were almost unchanged, averaging **~10,6 hours** (**↑1%**); Other SADC borders averaged **~11,5 hours** (**↓20%**).
- IMF revised global growth upwardly by **↑0,2%** to **↑3%**; SA is also up by **↑0,2%** to **↑0,3%** in 2023.
- Global freight rates followed last week's trend and increased by **↑2,5%** (or **$39**) to **$1 576** per 40ft.
- Global air cargo tonnages slightly decreased (**↓1%**, w/w), with rates slightly down to **$2,28 per kg**.

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

Executive Summary

This update – *the 147th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. In the country's maritime economy, commercial ports managed to handle an average of **8 512 containers** per day – a solid increase from last week but still slightly below the predicted number. Port operations this week were typified by adverse weather, persistent equipment breakdowns and shortages, congestion, and load-shedding. The most prominent delays experienced in Cape Town this week can be attributed to severe vessel ranging and RTG breakdowns, significantly impacting operations. Marine resources at the Port of Durban returned to a full complement of five tugs for most of the week while the port helicopter remained out of commission. According to industry reports, the "*Ruby Ace*" has been at berth for approximately five days this week. TPT states that this prolonged stay could be attributed to a shortage of resources, congestion, and the late arrival of cargo. Additionally, the liquified natural gas (LNG) project for the Port of Richards Bay reached a significant milestone with TNPA this week as they are sourcing a supplier to develop the port common-user infrastructure required to support the LNG terminal. Furthermore, after consecutive weeks of favourable rail activity, intermittent cable theft and power failures returned towards the latter end of the week, resulting in operational disruptions on the rail network.

In the container industry, throughput volumes at Russian ports have experienced a sharp rebound, with a **↑33%** annual increase in Q2, despite the ongoing sanctions against Russia. Despite the geopolitical tensions, the increase in Russian demand has been a positive development for the container shipping market amidst over-capacity that has driven down freight rates across major trades. However, despite challenging market conditions, the MSC fleet has grown by another **560 200 TEU** (**↑12,2%**), compared to an overall growth of **↑3,5%**. Elsewhere, port congestion has increased slightly, and idle capacity has risen, as have freight rates, while the lines continue to withhold capacity to sustain rate hikes. Overall, the container shipping market faces fluctuations and regional disparities as it continues to recover from the impacts of the pandemic and geopolitical factors. Other developments included **(1)** the UPS wage dispute resolved, **(2)** "*peak season*" disappoints in Europe, and **(3)** the K Line car carrier burning off the Dutch coast.

International air cargo to and from South Africa increased significantly in the last week (**↑10%**) – led by overall imports (**↑15%**, w/w) in general but European imports in particular. Internationally, total global air cargo tonnages in the last two weeks came close to their equivalent levels this time last year, down by just **↓2%**, thanks to some recovery of traffic ex-Asia Pacific, ex-Middle East & South Asia, and from Africa. In other air cargo news, the Airports Council International (ACI) World recently released its annual airport ranking, highlighting the remarkable resurgence of international air travel across various hubs in 2022 (**↑24%**, y/y).

In regional cross-border road freight trade, average queue time decreased slightly while transit times were improved by nearly **two and a half hours** compared to last week. The median border crossing times at South African controlled borders were almost unchanged, averaging **~10,6 hours** (**↑1%**,w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased significantly by **two and a half hours** and averaged **~11,5 hours** (**↓20%**, w/w). On average, several SADC land borders took more than a day to cross, including Beitbridge, Kasumbalesa, Katima/Mulilo (again the worst affected, with crossings taking **nearly two days**), and Santa Clara. Further notable developments included **(1)** SARS EDI message bottlenecks are yet to be fully resolved, **(2)** Lebombo volumes decreasing as queues increase, and **(3)** transporters warned of dubious police stops in Zambia.

Lastly, as the IMF has shown this week, there are signs of a gradual recovery in the global economy – primarily from the pandemic and Russia's invasion of Ukraine. The upwardly revised outlook is also accurate for South Africa; however, the concentrations have been on the side of robust services. The jury is still out in the trade, transport, and logistics industry as we struggle with operational constraints and low throughput volumes (particularly evident by the Stats SA numbers this week). Nevertheless, this reality is true across all modalities over the medium – to long-term. Furthermore, this week's news that South Africa fears that the country's continued participation in the AGOA trade pact is under threat is very concerning[6] – further fuelled by DTIC Minister Patel asking for an early extension[7]. As we have often reiterated, some fundamental – non-negotiable – determinants are crucial to achieving success in this industry, notably efficient infrastructure, streamlined regulatory processes, skilled workforce, and effective trade policies to facilitate the smooth movement of goods and services. Unfortunately, many of these factors have moved several degrees of magnitude from the world's best practices in recent years.

[6] Masuabi, Q. 25/07/2023. Confidential document reveals SA fears that AGOA trade pact status is under threat.
[7] Maeko, T. 26/07/2023. EXCLUSIVE: SA asks US for early AGOA extension.

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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 22 to 28 July[8]

7-day flow forecast (22/07/2023 – 28/07/2023)		
TERMINAL	**NO. OF CONTAINERS[9] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 922	5 233
DURBAN CONTAINER TERMINAL PIER 2:	10 640	11 953
CAPE TOWN CONTAINER TERMINAL:	5 434	8 312
NGQURA CONTAINER TERMINAL:	5 129	4 985
GQEBERHA CONTAINER TERMINAL:	1 117	1 860
TOTAL:	**27 242**	**32 343**

Source: Transnet, 2023. Updated 28/07/2023.

Table 3 – Container Ports – Weekly flow predicted for 29 July to 4 August

7-day flow forecast (29/07/2023 – 04/08/2023)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	5 229	5 672
DURBAN CONTAINER TERMINAL PIER 2:	14 740	14 022
CAPE TOWN CONTAINER TERMINAL:	4 913	5 015
NGQURA CONTAINER TERMINAL:	5 386	6 685
GQEBERHA CONTAINER TERMINAL:	867	1 601
TOTAL:	**31 135**	**32 995**

Source: Transnet, 2023. Updated 28/07/2023.

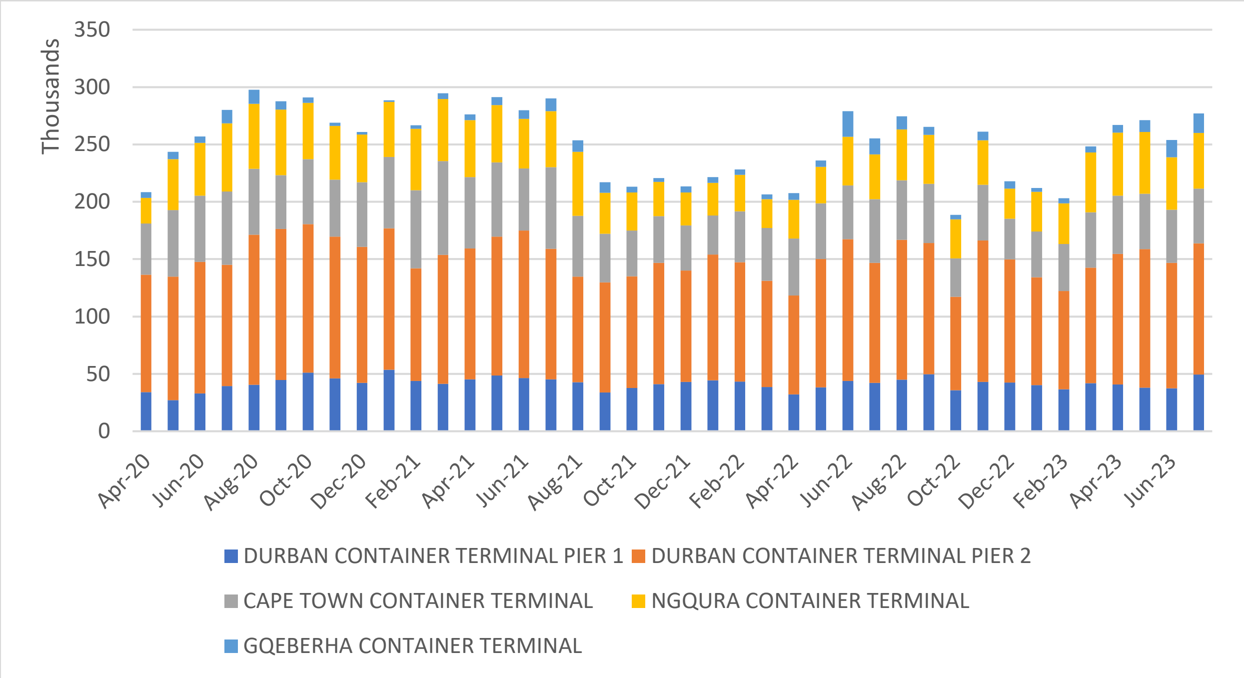
An average of **~8 512 containers** (↑7%) was handled per day for the last week (22 to 28 July, *Table 2*), compared to the projected average of **~9 570 containers** (↓11% actual versus projected) noted in last week's report. For this week, an increased average of **~9 161 containers** (↑8%) is predicted to be handled (29 July to 4 August, *Table 3*). Several familiar operational constraints inhibited peak port performance this week, primarily adverse weather, persistent equipment breakdowns and shortages, congestion, and load-shedding.

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.

[8] 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.

[9] As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container 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.

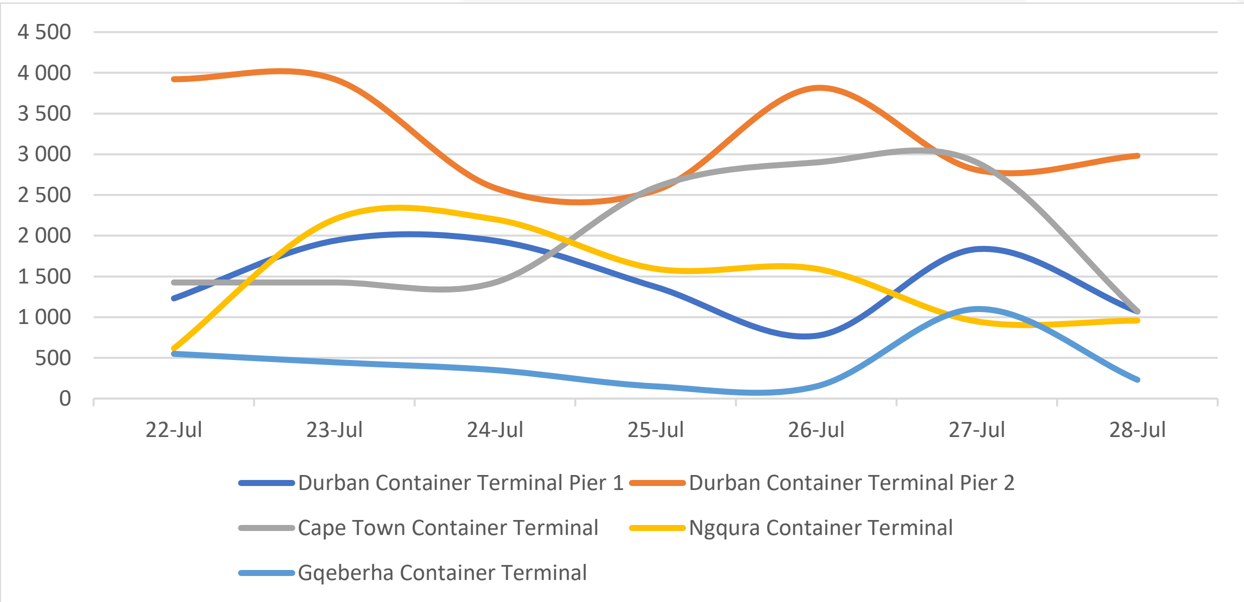
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 28/07/2023.

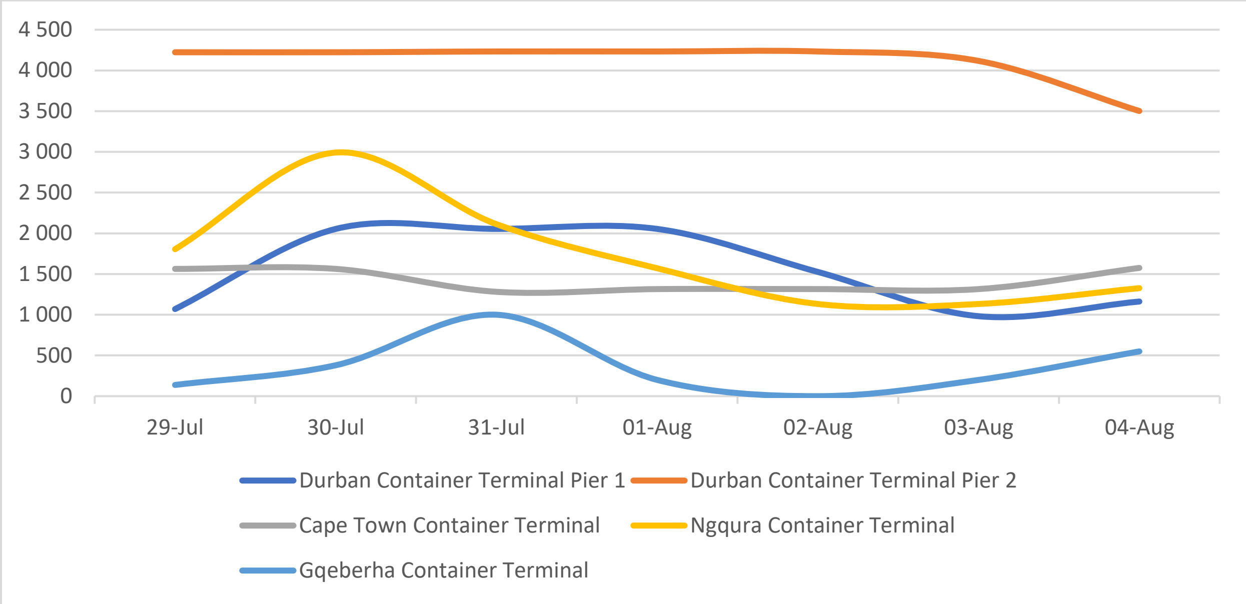
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (22 to 28 July; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 28/07/2023.

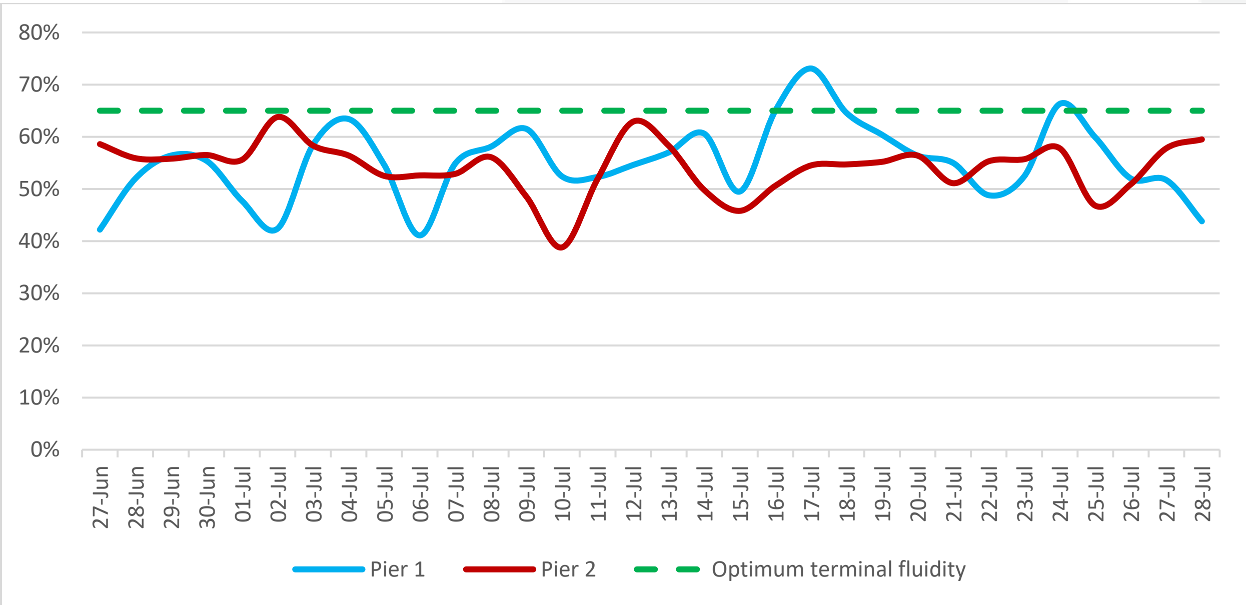
Figure 5 – 7-day forecast reported for total container movements (29 July to 4 August; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 28/07/2023.

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

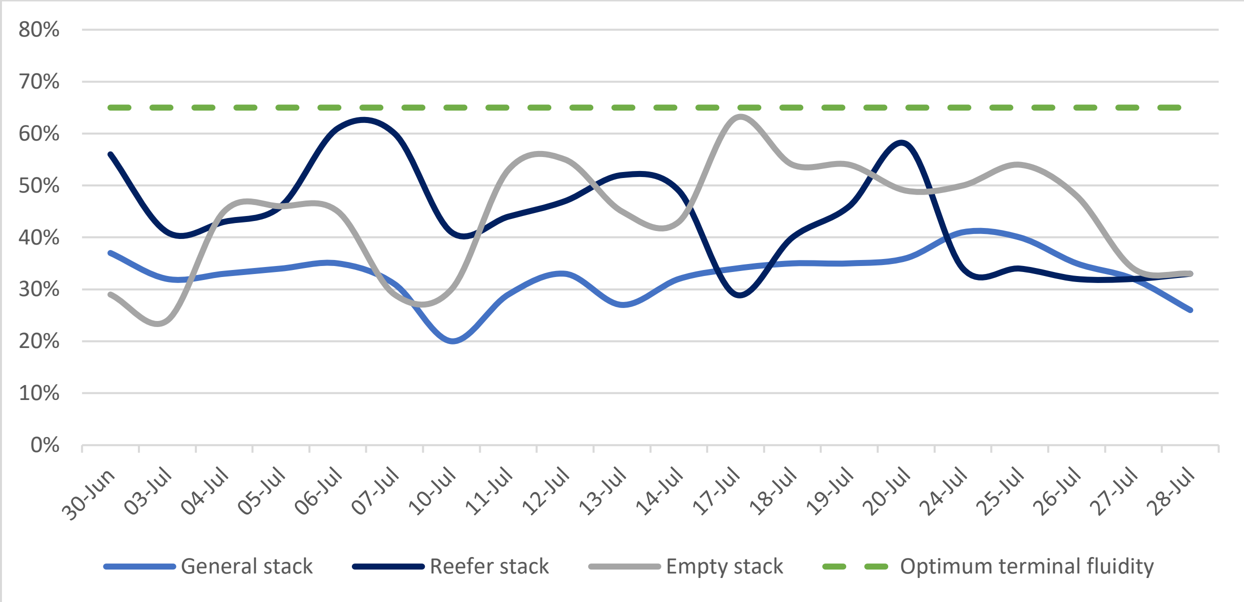
Figure 6 – Stack occupancy in DCT, general-purpose containers (27 June to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 28/07/2023.

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 (30 June to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 28/07/2023.

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

- This week, the most prominent delays experienced in Cape Town can be attributed to severe vessel ranging and RTG breakdowns.
- A total of six vessel movements in Durban were delayed on Tuesday due to adverse weather and occupied tugs.
- The Port of Richards Bay had some rain early on in the week, but it seemingly did not significantly impact operations.
- Weather conditions in the Eastern Cape were more favourable this week as minimal operational delays were reported.

ii. Cape Town

On Wednesday, CTCT recorded three vessels at berth and one at anchor as several RTG breakdowns negatively impacted operations and were further negatively impacted by vessel ranging throughout the week. Stack occupancy for GP containers was recorded at 35%, reefers at 32%, and empties at 48%. In the latest 24-hour period to Wednesday, the terminal handled 2 096 TEUs across the quay. 1 264 trucks were serviced on the landside, while 36 rail import containers were on hand.

The multi-purpose terminal, on Wednesday, recorded zero vessels at anchor and one at berth. In the 24 hours leading to Wednesday, the terminal managed to service 121 external trucks at an undisclosed truck turnaround time on the landside. During the same period, 462 TEUs were moved across the quay on the waterside. Stack occupancy was recorded at 4% for GP containers, 12% for reefers, and 6% for empties by the end of the week. There are serious concerns around the under-utilisation of this terminal, especially in view of the poor performance at CTCT.

The FPT private terminal reported zero vessels at anchorage while servicing one vessel at berth on Friday. During the 24 hours before Friday, the terminal managed to handle 1 158 pallets of fruit on the waterside while servicing 97 trucks on the landside. During the same period, reefer stack occupancy was recorded at 6%.

iii. Durban

Pier 1 on Friday recorded two vessels at berth, operated by four gangs, and one vessel at anchor. Stack occupancy was 44% for GP containers and 64% for reefers. During the same period, 1 069 imports were on hand, with 220 units having road stops and 223 unassigned. The terminal recorded 1 281 landside gate moves, with an undisclosed number of cancelled slots and 59 wasted. The truck turnaround was also recorded at ~64 minutes, with an average staging time of ~44 minutes, representing a significant improvement over last week.

Pier 2 had four vessels at berth and four at anchorage on Friday. In the 24 hours to Friday, stack occupancy was 60% for GP containers and 52% for reefers, with 77% of reefer plug points utilised. The terminal operated with 12 gangs while moving 3 553 TEUs across the quay. During the same period, there were 3 189 gate moves on the landside with a truck turnaround time of ~83 minutes and a staging time of ~80 minutes. Of the landside gate moves, 1 331 (42%) were for imports and 1 858 (58%) for exports. Additionally, 251 rail import containers were on hand, with 261 moved by rail.

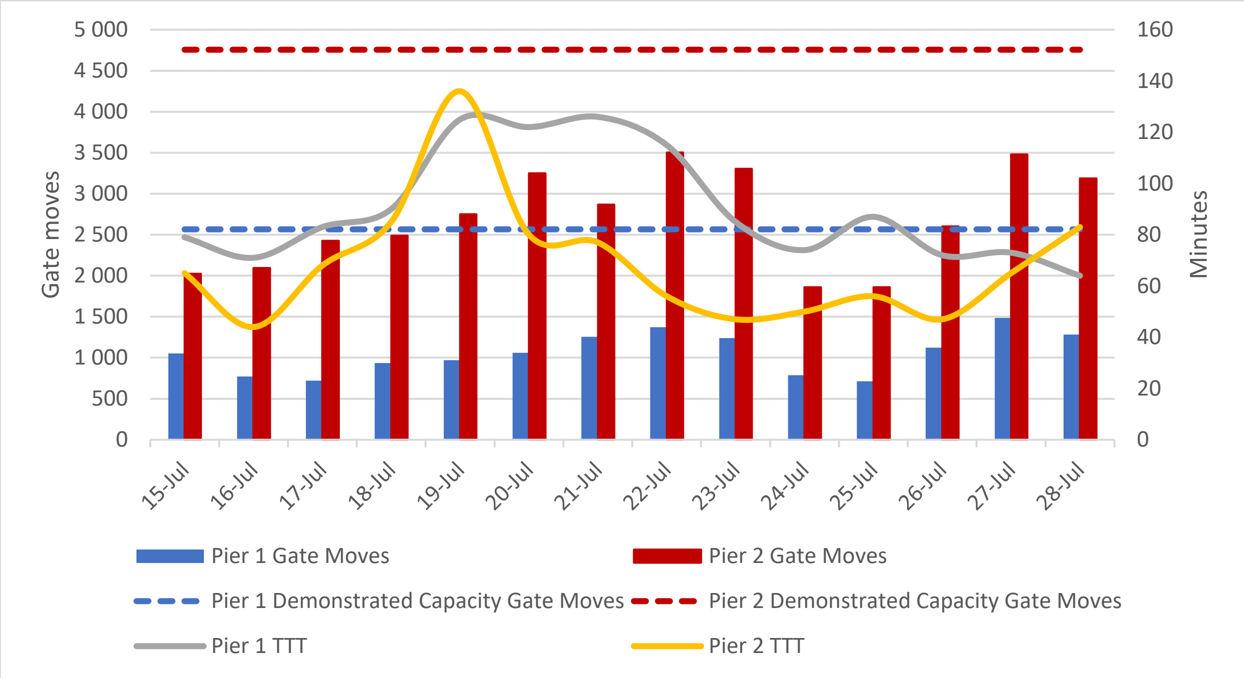
Marine resources at the Port of Durban returned to a full complement of five tugs for most of the week. The port helicopter is still not operating, and no estimated time of return (ETR) is available. The technical team is seemingly awaiting spares to execute repairs, while delays associated with the Ukrainian war are the scapegoat once more. The contingency measure in place involves the utilisation of the Richards-Bay helicopter when required.

Durban's MPT terminal recorded two vessels at berth on Tuesday, with none at the outer anchorage, while handling 235 container volumes and 3 512 breakbulk tons on the waterside. Stack occupancy for breakbulk was 39% during that time, and it was 41% for containers, with 173 reefer plug points available. The terminal managed to handle 634 containers on the landside while servicing 124 breakbulk RMTs translating to 3 826 tons. During the same period, three cranes, seven reach stackers, one empty handler, six forklifts and 17 ERFs were in operation. Additionally, the early forecast for the return of the fourth crane at the terminal remains in mid-September.

On Thursday, the Ro-Ro terminal in Durban recorded three vessels on the berth, with one at the outer anchorage. Over the 24 hours to Friday, the terminal received 770 units and despatched 990. During the same period, general stack occupancy was recorded at 84%, with a composition of 42% for imports, 41% for exports, and 17% for transhipments. Stack occupancy at G-berth was high at 80%, while stack occupancy at QR was recorded at 80%. The terminal had 4 210 import units on hand, 4 158 units destined for export markets, and 1 742 units subject to transhipments. According to industry reports, the Ruby Ace has been at berth for approximately five days this week. TPT stated that this prolonged stay could be attributed to a shortage of resources, congestion, and the late arrival of cargo.

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 28/07/2023.

iv. Richards Bay

On Friday, Richards Bay recorded 16 vessels at anchor translating to three breakbulk, 12 dry bulk, and one liquid vessel. During the same period, 16 vessels were on berth, including five at DBT, six at MPT, three at RBCT, and one at the liquid bulk terminal. Two tugs, one helicopter, and one pilot boat were in operation for marine resources in the 24 hours leading up to Friday. The helicopter is on standby as a contingency measure should the Port of Durban require assistance on the waterside. Additionally, the liquified natural gas (LNG) project for the Port of Richards Bay reached a significant milestone with TNPA this week as they are sourcing a supplier to develop the port common-user infrastructure required to support the LNG terminal. The port infrastructure development includes the construction of marine structures such as berths, bollards, fenders, pipe racks and bund walls. At the same time, the project is planned to commence in October 2023 until March 2027, in line with the operationalisation of the LNG terminal.

v. Eastern Cape ports

NCT on Thursday recorded two vessels on berth and two vessels at outer anchorage. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours before Friday. Tug, Shasa, from the Port of East London, sailed to the Port of Ngqura safely over the weekend to aid marine services at the port. In the same period, stack occupancy was 37% for GP containers, 63% for reefers, and 72% for reefer ground slots. And in that period, 2 481 TEUs were processed at a GCH of ~12 and SWH of ~33. Additionally, 498 reefers were handled across the quay, while 599 trucks were serviced on the landside at a truck turnaround time of ~36 minutes.

GCT on Tuesday recorded one vessel 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 Wednesday. In the same period, stack occupancy was 32% for GP containers, 28% for reefers, and 42% for reefer ground slots. On the waterside, 752 TEUs were moved across the quay at a GCH of ~21 and a SWH of ~34. Additionally, 443 trucks were serviced on the landside at a truck turnaround time of ~30 minutes.

The Ro-Ro terminal had one vessel on berth and no vessel at anchor on Tuesday. No units were handled on the waterside in the 24 hours before Wednesday. During the same period, 6 526 units were on hand, leading to a very high stack occupancy figure of 110%.

On Tuesday, the Port of East London had three vessels on berth and none at anchor. On the waterside, 152 containers were moved across the quay at a GCH of ~14, while 59 external trucks were serviced at a truck turnaround time of ~9 minutes. Stack occupancy on the container side worsened substantially to a concerning 98%. During the same period, at the Ro-Ro terminal, 479 units were received, while stack occupancy at the car terminal was captured at a very high and worrying 96%. 2 298 bulk tons were handled on the waterside at a UPH of 221, while 35 RMTs were serviced on the landside.

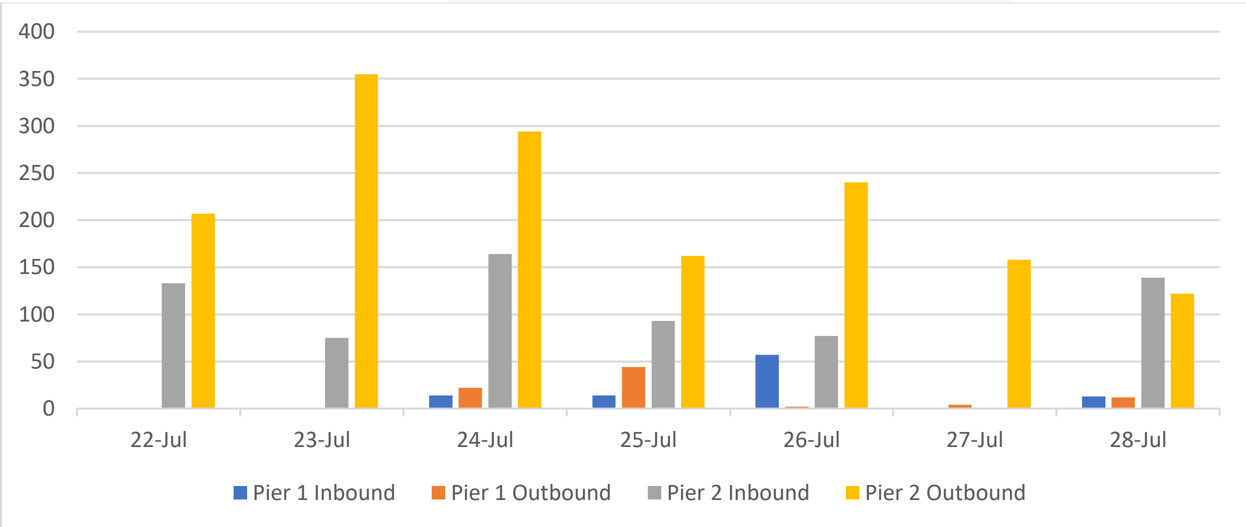
vi. Saldanha Bay

On Thursday, the iron ore terminal had no vessels at anchorage and two on the berth, while the multi-purpose terminal had one vessel at anchor and two on the berth. The vessels at anchor have been waiting outside for approximately 1-3 days, while the vessels in port have been on berth for around 2-4 days.

vii. Transnet Freight Rail (TFR)

After consecutive weeks of improved rail activity, intermittent cable theft and power failures returned towards the latter end of the week, resulting in operational disruptions on our rail network. The disruption caused a delay for the most significant part of Friday. Additionally, the latest reports suggest that ConCor had 92 units on hand with a dwell time of 1,5 days and 121 over-border units with ten days at the end of the week.

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



Source: Calculated using data from Transnet, 2022. Updated 28/07/2023.

In the last week (15 to 21 July), rail cargo handled out of Durban was reported at **2 401** containers, down by ↑6% from the previous week's **2 471** 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 17 July. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *July 2022* averaged **~719 417 kg** per day.

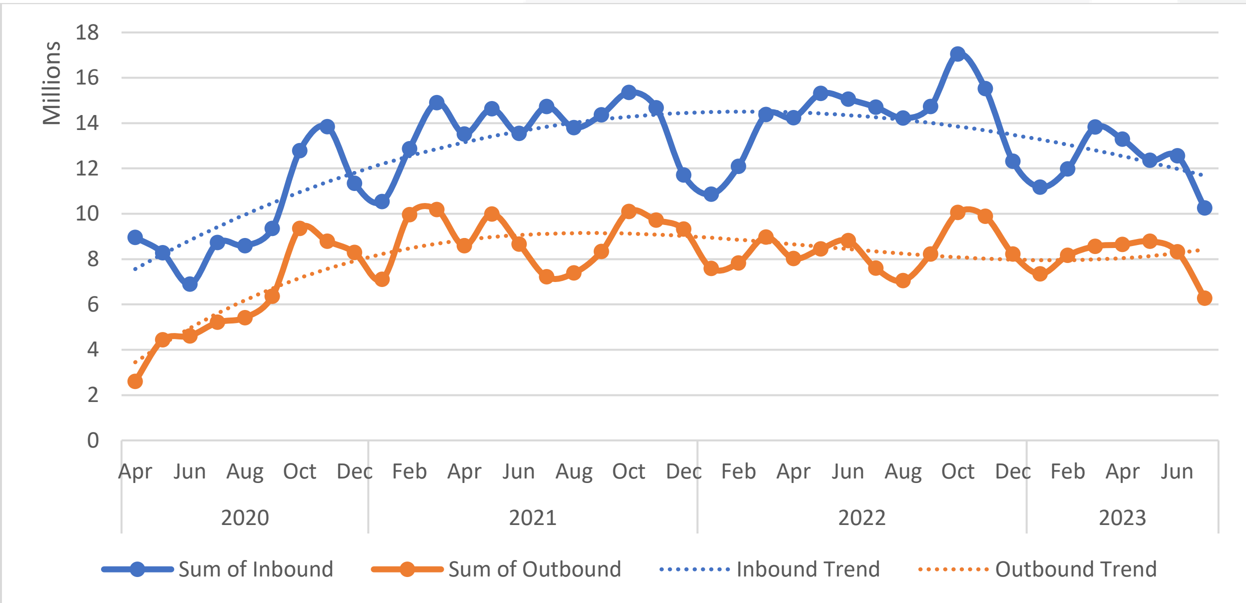
Table 4 – International inbound and outbound cargo from OR Tambo[10]

Flows	17-Jul	18-Jul	19-Jul	20-Jul	21-Jul	22-Jul	23-Jul	Week
Volume inbound	544 799	278 095	392 431	322 120	504 718	277 043	936 012	**3 255 218**
Volume outbound	186 159	180 001	251 734	199 214	236 601	208 945	560 624	**1 823 278**
Total	**730 958**	**458 096**	**644 165**	**521 334**	**741 319**	**485 988**	**1 496 636**	**5 078 496**

Courtesy of ACOC. Updated: 24/07/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **465 031 kg** inbound and **260 468 kg** outbound, resulting in an average of **725 499 kg per day** or **~101%** compared with July 2022. However, the level is currently at only **~86%** compared with the same period pre-pandemic in 2019. Fortunately, imports have recently picked up and may exceed last month's total.

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



Courtesy of ACOC & BAC. Updated: 24/07/2023.

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 *July 2022* was **~54 746 kg** per day.

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

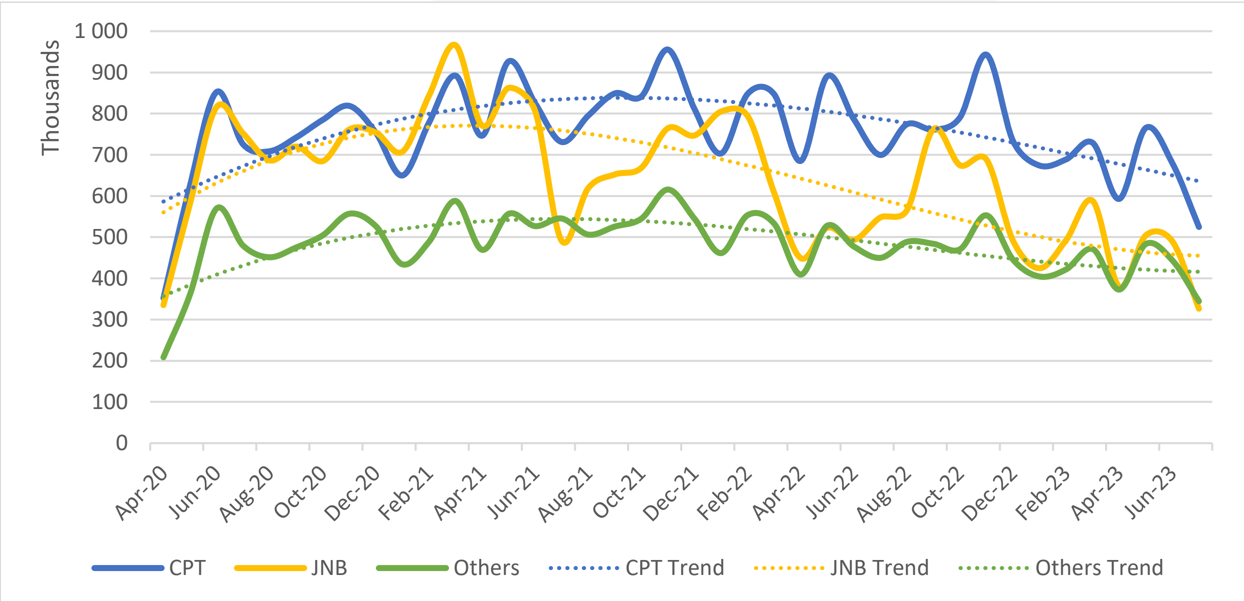
Table 5 – Total domestic inbound and outbound cargo (average daily)

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Apr-Dec '20 Ave.	22 928	2 514	3 441	21 890	5 818	3 141	59 733
2021 Average	26 852	3 776	3 474	24 379	6 828	3 309	68 619
2022 Average	25 922	3 263	3 232	20 278	6 633	2 909	62 237
January Ave.	21 735	2 416	2 436	13 698	5 741	2 453	48 479
February Ave.	24 604	2 750	2 839	17 612	6 646	2 833	57 284
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.	24 692	2 952	2 869	16 274	6 777	2 996	56 560
June Ave.	22 648	2 933	2 764	16 324	6 406	2 684	53 758
July Ave.	21 864	2 584	2 829	13 602	6 402	2 542	49 823
18-Jul	32 911	4 826	4 993	23 610	9 254	4 506	80 099
19-Jul	46 249	3 552	3 788	19 750	9 890	3 449	86 679
20-Jul	31 736	3 843	3 146	21 456	11 404	3 999	75 584
21-Jul	14 551	2 644	1 698	12 202	5 069	3 061	39 225
22-Jul	2 134	210	28	986	123	104	3 584
23-Jul	2 790	978	265	415	743	328	5 519
24-Jul	35 564	4 243	5 300	25 991	11 236	4 047	86 381
Total for 2023:	4 654 265	566 200	546 953	3 205 806	1 277 916	550 754	10 801 893

Courtesy of BAC. Updated: 24/07/2023.

The average domestic air cargo moved last week was **~53 867 kg** per day, up by **↑16%** compared to the previous week and slightly down compared to last year's level (**~98%**). However, the level is currently at only **~64%** compared with the same period pre-pandemic in 2019.

Figure 11 – Domestic inbound and outbound cargo (thousands)



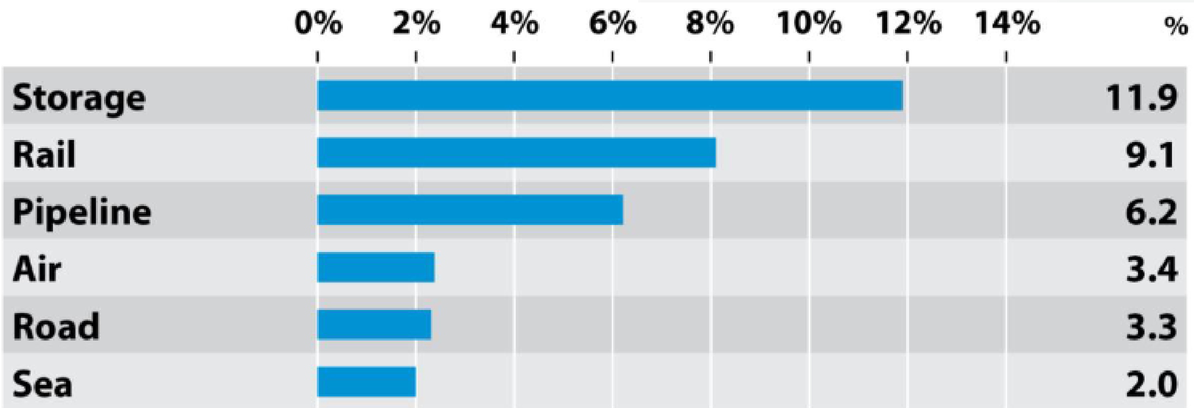
Courtesy of BAC. Updated: 24/07/2023.

3. National Update

a. Ctrack Transport and Freight Index

In the latest Ctrack "*Transport and Freight Index*" (TFI) for the end of May, published last week[11], the South African logistics sector shows continued recovery and growth, as the TFI reached its highest level since August 2022 at **122,2 points** (improving on the **121,7 points** for April). Consequently, the index increased by a notable **↑0,4%**, the fifth consecutive monthly increase, reflecting sustained growth in the transport and freight industry. In addition, the growth has been sustained for the medium term, as all six of the sub-sectors measured by the Ctrack TFI increased quarterly, with the surge propelling crucial momentum in the sector:

Figure 12 – Annual growth in sub-components of the Ctrack TFI (%)



Source: Ctrack

The Ctrack analysis notes that, on an annual basis, three of the six segments have declined, despite the overall index level increasing by a healthy **↑7,5%** versus this time last year. Among the sub-segments, Road freight remains the most resilient, with growth of **↑15,2%** for the year ending in May. Conversely, rail freight continues to be the worst-performing sector (declining by **↓9,6%**). Indeed, a similar narrative on the differing trajectory between the two modalities is true below with the Stats SA analysis, although the overall picture is less rosy. Finally, pipeline transport and air freight were the other poor performers for this period.

b. Stats SA land border survey

In the latest Stats SA "*Land Transport Survey*" for May, published on Monday[12], the headline figure indicates that the volume of goods transported (payload) decreased by **↓0,3%** (y/y) in May 2023. The corresponding income increased by **↑2,2%** over the same period. Seasonally adjusted payload increased by **↑6,8%** in the three months ended May 2023 compared with the previous three months, with the main positive contributors being:

- primary mining and quarrying products (**↑12,9%** and contributing **↑4,2%**)
- 'other' freight (**↑10,6%** and contributing **↑2,1%**); and
- manufactured food, beverages, and tobacco products (**↑6,0%** and contributing **↑0,7%**).

[11] Ctrack. 17/07/2023. The South African logistics sector continued its recovery during May..
[12] Stats SA. 24/07/2023. SA land transport survey – May 2023.

The consolidated three months' performance was weak for the two primary modalities. Rail freight continued its sub-optimal performance and decreased by **↓3,3%** (contributing **↓0,5%**), whereas road freight decreased by **↓4,0%** (contributing **↓3,4%**), leaving total seasonally adjusted payload down by **↓3,9%**. Ultimately, the road/rail split remains lopsided in road transport's favour at the time of writing – currently at **85/15,** which has been the case of late due to the ongoing rail struggles. This reality must be desperately overturned with **(1)** efficiency of our bulk coal, iron ore, and manganese export lines, **(2)** increased rail density on our core network, and **(3)** successfully integrating key feeder lines into the core network, while removing obsolete lines from the network.

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.

- The median border crossing times at South African controlled borders were almost unchanged, averaging **~10,6 hours** (**↑1%**,w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased significantly by **two and a half hours** and averaged **~11,5 hours** (**↓20%**, w/w).
- SARS EDI message hold-ups are yet to be fully resolved, as some delays were reported by transporters in the last week.
    - The systems are mostly running smoothly, with minor hiccups still experienced.
- Crossing at the Lebombo border post is set to increase further into the weekend, with reports of 25-30km queues on Friday. This is an extremely concerning development caused as it is by Richards Bay's inability to handle normal volumes of bulk mineral exports, resulting in a build-up of pressure on the N4 corridor to Maputo to a level that it cannot handle, even at peak efficiency.
    - A month-high **1 929 HGVs** crossed into Mozambique on Tuesday.
    - Wednesday volumes were down by **↓300-400 trucks**, as varying reports list the primary cause as OGAs and/or the Richards Bay shut down by Transnet.
    - The matter will be closely monitored over the weekend.
- Regionally, transporters have reported dubious Zambian police stops, as FESARTA has urged trucks that may have an actual fine for this to please come forward.
- Lastly, the need for harmonisation, aligned regulatory procedures and frameworks, and collaboration between transporters, agents, and customs (including OGAs) have been highlighted in industry engagements this week.
- 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[13], which arguably provides better and more reliable information.

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

[13] FESARTA TRANSIST Bureau.

Table 6 – Delays[14] summary – South African borders (both directions)

Border Post	Direction	HGV[15] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	445	10,4	7,3	30,0	13 350	3 115
Beitbridge	Zimbabwe-SA	392	5,4	2,4	15,4	11 760	2 744
Groblersbrug	SA-Botswana	224	0,4	2,3	12,5	6 720	1 568
Groblersbrug	Botswana-SA	136	0,3	0,3	2,0	4 080	952
Vioolsdrif	SA-Namibia	30	0,2	1,3	4,1	900	210
Noordoewer	Namibia-SA	20	0,2	0,4	1,4	600	140
Nakop	SA-Namibia	30	0,5	1,2	4,5	900	210
Ariamsvlei	Namibia-SA	20	0,2	0,4	1,5	600	140
Lebombo	SA-Mozambique	1 602	2,5	2,1	9,5	48 060	11 214
Ressano Garcia	Mozambique-SA	102	0,1	0,3	4,4	3 060	714
Skilpadshek	SA-Botswana	200	1,0	1,1	3,2	4 800	1 400
Pioneer Gate	Botswana-SA	100	0,5	0,5	2,2	2 400	700
Weighted Average/Sum		**3 301**	**1,8**	**1,6**	**7,6**	**97 230**	**23 107**

Source: TLC, FESARTA, & Crickmay, week ending 23/07/2023.

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	0,5	2,8	17,0	9 600	2 240
Dar Es Salaam Corridor	1 819	36,3	1,1	12,6	54 570	12 733
Maputo Corridor	1 704	1,3	1,2	6,9	51 120	11 928
Nacala Corridor	127	0,0	1,2	2,6	3 810	889
North/South	3 269	14,6	3,0	12,9	98 070	22 883
Trans Caprivi Corridor	116	1,3	2,8	34,6	3 480	812
Trans Cunene Corridor	100	1,7	2,7	23,5	3 000	700
Trans Kalahari Corridor	330	1,0	0,6	2,7	7 920	2 310
Trans Oranje Corridor	100	0,2	0,8	2,8	3 000	700
Weighted Average/Sum	**7 885**	**11,1**	**2,0**	**11,4**	**234 570**	**55 195**

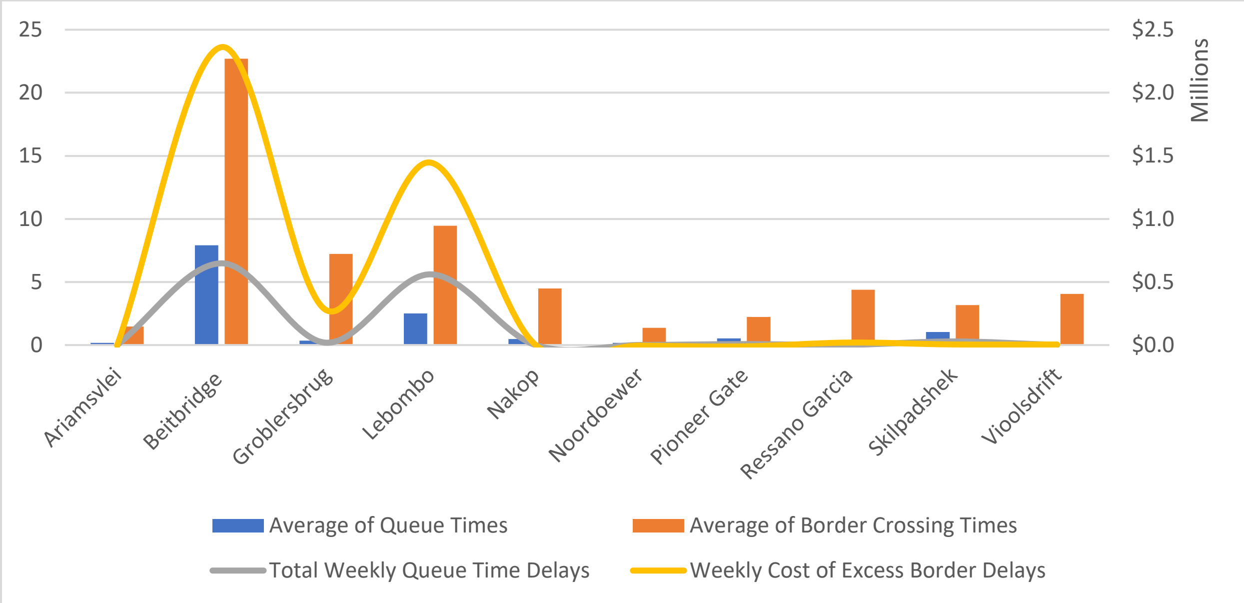
Source: TLC, FESARTA, & Crickmay, week ending 23/07/2023.

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

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

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

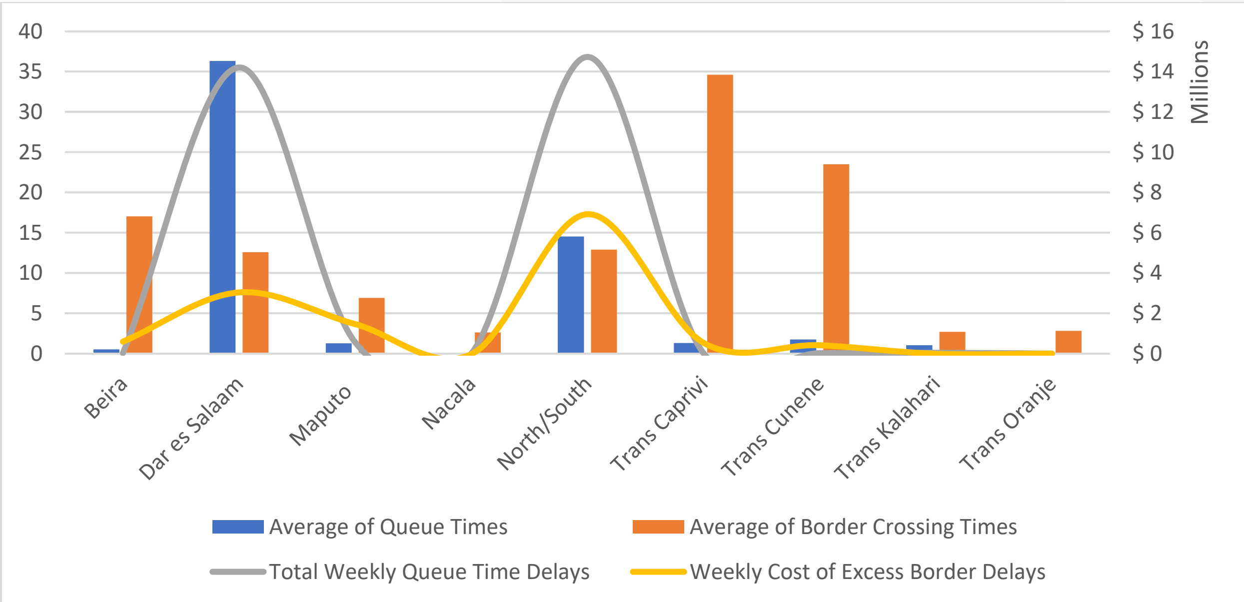
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



TLC, FESARTA, & Crickmay, week ending 23/07/2023.

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 23/07/2023.

In summary, cross-border queue time averaged **~11,1 hours** (down by **~0,4 hours** from the previous week's **~11,5 hours**), indirectly costing the transport industry an estimated **$30 million** (**R524 million**). Furthermore, the week's average cross-border transit times hovered around **~11,4 hours** (down by **~2,4 hours** from the **~13,8 hours** recorded in the previous report), at an indirect cost to the transport industry of **$13 million** (**R229 million**). As a result, the total indirect cost for the week amounts to an estimated **~R753 million** (down by **~R46 million** or **↓6,3%** from **R799 million** in the previous report).

5. International Update

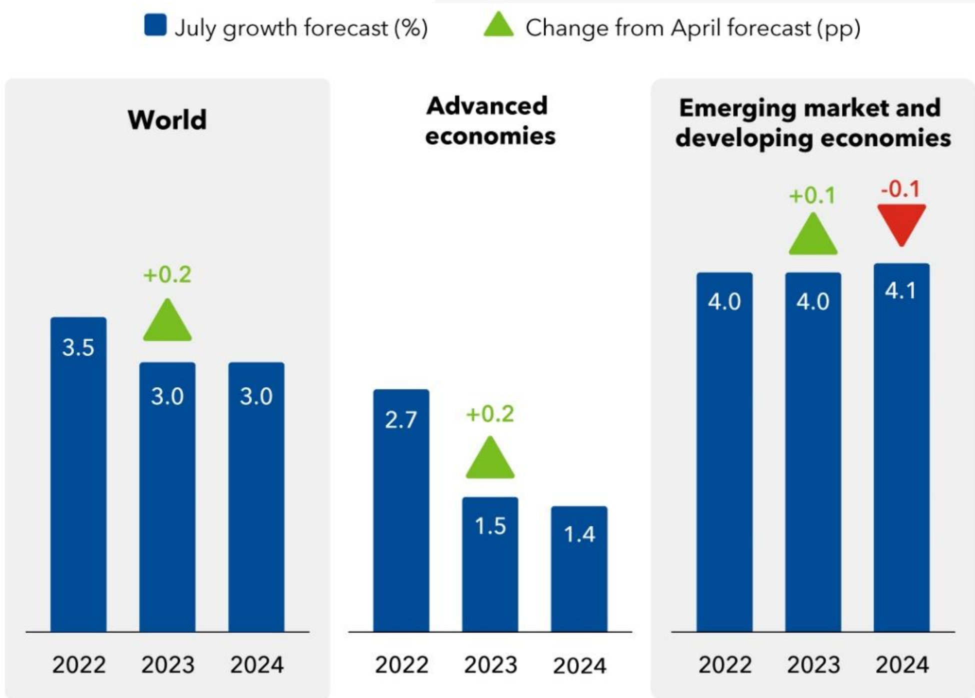
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global economy, **(b)** the global shipping industry and **(c)** the global aviation industry.

a. World economic outlook

The global economy is showing signs of gradual recovery from the pandemic and Russia's invasion of Ukraine, according to the latest "*World Economic Outlook* (WEO)" by the IMF for July[16]. The COVID-19 health crisis is officially over, and supply-chain disruptions have returned to pre-pandemic levels. Economic activity in the year's first quarter remained resilient, supported by strong labour markets. Energy and food prices have decreased significantly from their war-induced peaks, leading to a faster-than-expected easing of global inflation pressures. Additionally, financial instability after the March banking turmoil has been contained due to decisive actions taken by the US and Swiss authorities.

However, various challenges still pose risks to the global economy's recovery. Under the baseline forecast, growth is expected to slow from last year's **↑3,5%** to **↑3%** this year (revised upward by **↑0,2%** since the April 2023 WEO) and the next, with a concentration of the slowdown in advanced economies. Inflation is projected to decline from **8,7%** last year to **6,8%** this year and to **5,2%** in 2024. Although more robust growth and lower inflation are positive developments, several adverse risks persist. Signs indicate that global activity is losing momentum, with monetary policy tightening and slowing credit growth affecting economic conditions in many countries. Core inflation remains above central banks' targets, particularly in advanced economies, highlighting the ongoing struggle to combat inflation.

Figure 15 – Transaction volumes – q/q growth, indexed against historical values



Source: IMF

[16] IMF. 25/07/2023. The global recovery is slowing amid widening divergences among economic sectors and regions.

Labour market developments and wage-profit dynamics are crucial factors in determining inflation's persistence. Therefore, ongoing wage negotiations will be critical. The logistics and transport industry has had to deal with similar struggles, notably in North America of late (see below). Despite strong labour markets, real wages have declined in many economies due to faster price inflation than wage adjustments. However, if labour markets remain robust, real wages may recover, contributing to a decline in price inflation. Fiscal policies are recommended to restore fiscal buffers gradually and put debt dynamics on a more sustainable footing. Additionally, efforts to implement structural reforms and address debt distress are crucial, especially in emerging and developing economies.

Challenges also arise from geoeconomic fragmentation, climate transition progress, and the need for multilateral cooperation to ensure a safe and prosperous global economy for all. The article emphasises the importance of continued vigilance, sound policies, and international collaboration to navigate the complex economic landscape ahead. Lastly, In South Africa, growth is expected to decline to **↑0,3%** in 2023, with the decline reflecting power shortages. However, the forecast has been revised by **↑0,2%** since the April 2023 WEO on account of resilience in services activity in the first quarter. The outlook is somewhat more optimistic than the SARB's growth figures of **↓0,1%** (revised upward from **↓0,2%** in May)[17]. But the stark reality is that we are lagging way behind other emerging markets at an average of **↑4%** for 2023.

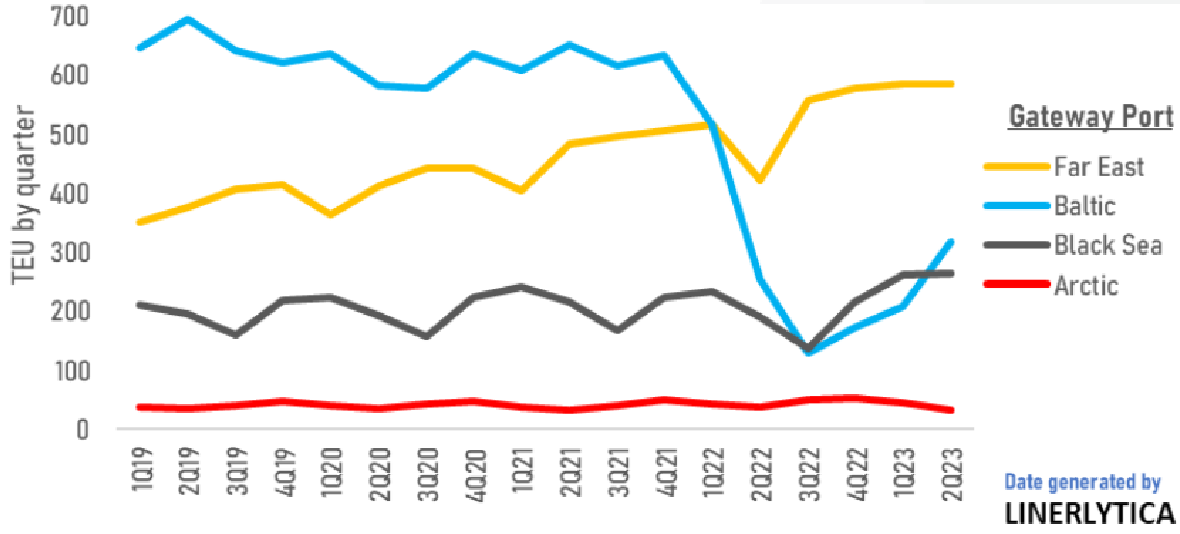
b. Global shipping industry

i. Global container industry summary

While global attention is focussed on Russia's renewed blockade of Ukrainian ports in the Black Sea[18] – significantly threatening global food security[19] – container volumes at Russian ports have rebounded sharply. Since last year, Russian ports have drawn in over **200 000 TEUs** of incremental containership capacity since the end of last year. The strong Russian demand has been one of the few bright spots for the container shipping market this year, with over-capacity driving down freight rates across almost all main trades:

[17] SARB. 20/07/2023. Statement of the Monetary Policy Committee July 2023.
[18] Reiley, L. 21/07/2023. What Russia's exit from grain deal means for wheat prices.
[19] RFI. 19/07/2023. France slams Russia's suspension of Black Sea grain deal as 'blackmail'.

Figure 16 – Russian container volumes by region (per quarter, TEU thousands, 2019-2023)



Source: *Linerlytica*

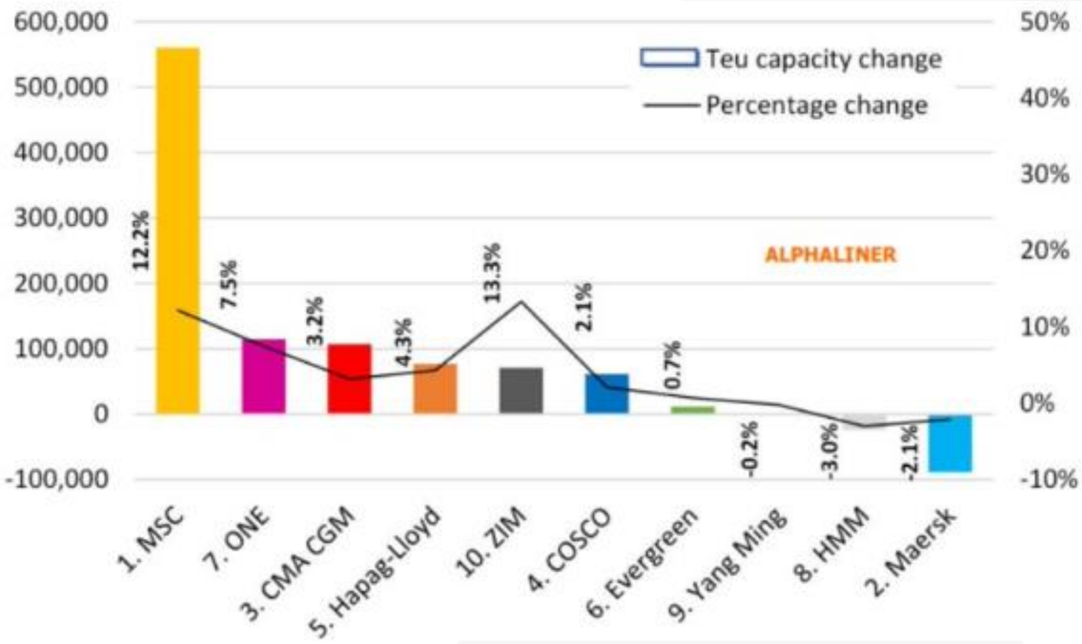
Total container volumes handled at Russian ports rebounded sharply in Q2, with a ↑33% (y/y) gain despite the ongoing sanctions against Russia. Far East gateway volumes through Vladivostok, Vostochny and Nakhodka grew by **↑39%**, while volumes handled at the Black Sea gateway of Novorossiysk increased by **↑40%**. Although the Baltic gateways of St Petersburg, Ust-Luga and Kaliningrad rebounded strongly by **↑25%** compared to a year ago, total Baltic volumes remain at less than half of their pre-Ukraine war levels, with MSC currently the only primary carrier to retain their Baltic feeder links to Russia. The rebound to the Baltic was driven by the launch of new Asia to Baltic Russia services from various carriers, with the growth ultimately helping to absorb more than 100 ships since the end of last year. These are fascinating developments, especially considering the imminent Russia-Africa summit and its potential outcomes for our continent.

Elsewhere in the industry, port congestion this week has inched up slightly but is only affecting **6,7%** (**1,83 million TEU**) of the global fleet but is **↑15%** (w/w) from last week. The idle capacity has also increased this week; however, it only accounts for **0,4%** of the total fleet. More capacity withdrawals are needed to support and sustain the rate hikes before the slack season starts in October[20]. Cancellations have increased this week (Drewry's "*Cancelled Sailings Tracker*" dropped slightly this week, trending around a **7% cancellation rate**[21]), as the ongoing call for a capacity reduction has finally been heeded despite stubbornness by mostly liners. Over the next five weeks, OCEAN Alliance has announced 18 cancellations, followed by THE Alliance and 2M with 13 and 1 cancellations, respectively. During the same period, 14 blank sailings have been implemented in non-Alliance services. Drewry expects a moderate decline in carriers' service reliability compared to previous weeks: On average, **93%** of ships are expected to sail as scheduled over the next five weeks, except for 2M Alliance staying resolute with **99%** over the same period.

[20] Linerlytica. 25/07/2023. Market Pulse – Week 30.
[21] Drewry. 28/07/2023. Cancelled Sailings Tracker - 28 July.

Not only has MSC been reluctant to remove any capacity from the global market, but the Geneva-based carrier has also significantly added to its fleet in the last 12 months – especially its standalone network[22]. Analysis this week by Alphaliner, confirms MSC's undisputed position at the top of the liner tree since overtaking Maersk at the beginning of 2022. Since January, MSC and ZIM are again the fastest growing carriers, with the two top-10 carriers that showed the most growth in 2022, have again this year added the most extra slots to their fleets:

Figure 17 – Capacity changes – top 10 carriers (TEUs, January 2023 – July 2023)



Source: Alphaliner

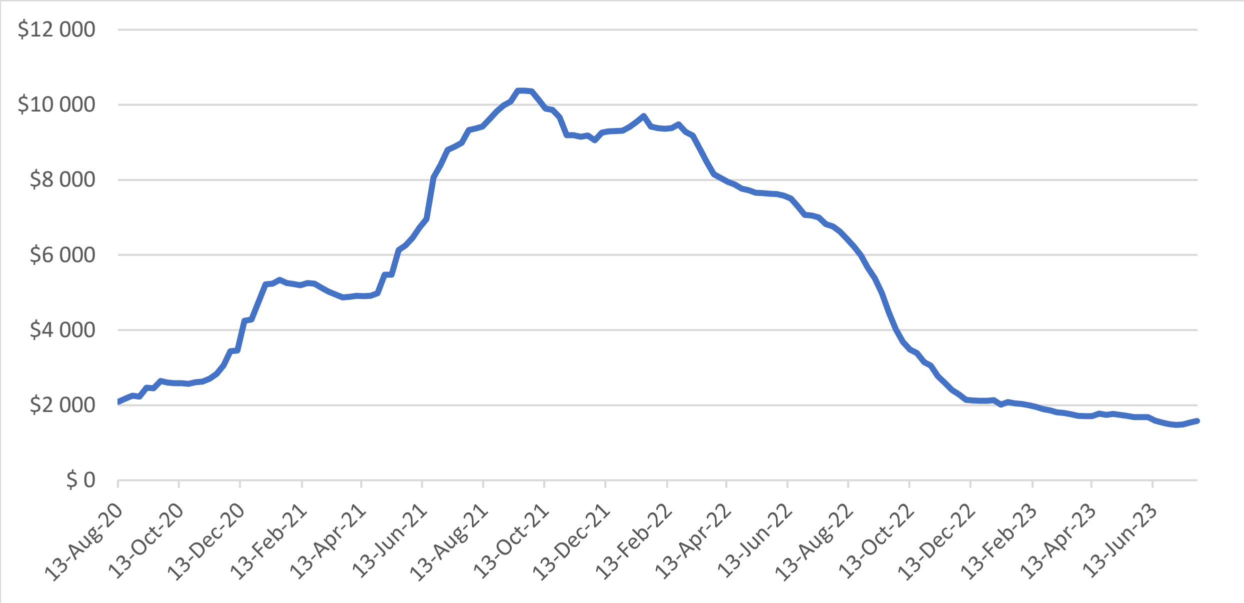
In the first half of this year, MSC has again outperformed all other top-10 carriers by increasing its nominal fleet capacity by another **560 200 TEU** (**↑12,2%**). During this period, only ZIM grew faster (**↑13,3% off a much lower base**) in an increasingly challenging market for liner operators. By comparison, the total cellular fleet has witnessed growth of just **↑3,5%** for H1 of 2023. Alphaliner's latest top 10 still shows the same rankings as at the beginning of 2023, but the fleet evolution of the individual carriers is clearly very different.

ii. Global container freight rates

Against some expectations, the "*World Container Index*" resumed its increase, with global freight rates up by **↑2,5%** (or **$39**) to **$1 576** per 40-ft container this week[23]. The increase means further optimism for the 1 August rate hike, especially on the transpacific, where utilisation has been robust[24]. Nevertheless, as has been the case lately, the changes are far from uniform and remain region-specific. Consequently, rising capacity on the Asia-Mediterranean route has hurt rates while the planned Asia-North Europe rate increase remains on the balance.

[22] Wackett, M. 27/07/2023. MSC beefs up its standalone network as newbuilds arrive.
[23] Drewry. 27/07/2023. World Container Index – 27 July 2023.
[24] Linerlytica. 25/07/2023. Market Pulse – Week 30

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



Source: Compiled from Drewry Ports and Terminal Insights

As has been the case over the last three weeks, the rate increases were again dominated on the Asia-North American routes, as Shanghai to LA and NY are up by **↑6%** and **↑5%,** respectively. Other trades stayed the same; the only change was a reduction of the Rotterdam – NY rate by **↓3%** - similar to last week. Collectively, the composite index continues to hover around **↓77%** (y/y) less compared to the same week last year and **↓85%** below the peak of **$10 377** in September 2021. Drewry expects East-West spot rates to decline marginally on most routes in the next few weeks; however, the dominant increases on the Asia-North American routes might scupper the prediction.

iii. Further developments of note

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

1. **UPS wage deal offers relief for the US supply chain:**
    a. The agreement reached by UPS and the Teamsters is a relief for supply-chain managers worried about renewed shipping hold-ups. Still, an unwelcome development for US employers that hoped upward pressure on wages would be short-lived[25].
    b. The tentative deal announced Tuesday, which contains **$30 billion** of new money from UPS over the life of the five-year contract, still has to be ratified by about **340 000** union members.
2. **"Peak season" disappoints in Europe:**
    a. Yard utilisation levels are below **60%** at some container terminals in Northern Europe – just when they should be brimming with peak season imports[26]. A year ago, it was rare to see a ship-to-shore crane not boomed down at container hubs in the Le Havre – Hamburg range, with several ships anchored outside awaiting a berth.

[25] Black, T. 25/07/2023. UPS Reaches Tentative Labor Deal to Avoid Teamsters Strike.
[26] Wackett, M. 25/07/2023. Box terminal operators feel the pain as peak season disappoints.

b. But 12 months on, the 24 000 TEU ultra-large vessels plying the Asia-North Europe trade lane can virtually secure a berth and work on arrival. The first-half throughput figures at Rotterdam, the busiest container hub in North Europe, saw a decline of **↓8,1%**, compared with the previous year, to **6,7 million TEU**, impacted by the fall in imports from Asia and termination of cargo volumes to Russia.

3. **Burning Ro-Ro vessel off the coast of the Netherlands:**

a. A vessel loaded with vehicles on fire near the Netherlands may burn for days as the Dutch coast guard focuses on keeping the hull from overheating so it doesn't leak fuel or sink[27].

b. The 199m vessel – a car carrier *Fremantle Highway* – had left the German port of Bremerhaven bound for Singapore with almost 3 800 vehicles on board, some of which were made by BMW and Mercedes-Benz. Electric cars – explicitly named as the culprit[28] – and construction vehicles were also among the cargo. K Line has confirmed the death of a sailor after a fire broke out, as 22 crew members have been taken to hospital[29].

c. Global air cargo industry

Total global air cargo tonnages in the last two weeks came close to their equivalent levels this time last year, down by just **↓2%**, thanks to some recovery of traffic ex-Asia Pacific, ex-Middle East & South Asia, and from Africa. However, according to the latest weekly analysis by World ACD Market Data, average rates have continued their gradual descent. Figures for week 29 (17 to 23 July) show a **↓1%** decrease in tonnages compared with the previous week, while average worldwide air cargo prices fell slightly (**↓0,5%**, w/w).

Figure 19 – Global capacity, weight, and yield over the last five weeks (%, weekly)

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%	+5%		+2%	+7%		-1%	-15%
Asia Pacific		+1%	+35%		-0%	+3%		-1%	-46%
C. & S. America		+2%	-6%		+0%	-1%		-1%	-12%
Europe		-1%	+5%		-1%	-7%		-1%	-36%
M. East & S. Asia		-0%	+10%		+4%	+9%		-2%	-44%
North America		+3%	+9%		+5%	-13%		-1%	-28%
Worldwide		**+1%**	**+10%**		**+1%**	**-2%**		**-2%**	**-38%**

Source: World ACD

At a regional level, significant rises in tonnages were recorded (2w/2w) ex-North America to Central & South America (**↑14%**), ex-Asia Pacific to Middle East & South Asia (**↑8%**), and also ex-Europe to Africa (**↑8%**) – led mainly by increases to South Africa, as mentioned above. Moderate decreases were recorded ex-Middle East & South Asia to Asia Pacific (**↓7%**), ex-Europe to Asia Pacific (**↓5%**), ex-Asia Pacific to Europe (**↓4%**), and intra-Asia Pacific (**↓3%**). Total tonnages ex-North America, meanwhile, were up by **↑5%**, on a 2W/2W basis, after declining around the time of US Independence Day festivities on 4 July. As has been the reality over the last couple of weeks, the overall rate continues its downward trajectory – albeit very steadily. It is currently around **$2,28 per kg**, meaning worldwide average rates are **↓38%** below their levels last year, with the gap between the current rates and the average pre-pandemic levels seemingly continuing to close (**↑28%** compared to July 2019).

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[27] Koc, C. & Eckl-Dorna, W. 27/07/2023. Ship Carrying BMWs and Mercedes Still Ablaze Off Dutch Coast for Second Day.
[28] Bartlett, C. 27/07/2023. Fatal Fremantle Highway blaze rendered lifeboats inaccessible.
[29] Lennane, A. 26/07/2023. K Line confirms death after fire breaks out on car carrier.

In other air cargo news, the Airports Council International (ACI) World recently released its annual airport ranking, highlighting the remarkable resurgence of international air travel across various hubs in 2022[30]. Notably, US airports secured the top four positions in total passenger traffic, with Atlanta Hartsfield-Jackson International (ATL) maintaining its first-place position by a substantial margin. Airlines transported **93,7 million** passengers through this global gateway in 2022, up **↑24%** from the previous year.

ENDS[31]

[30] IATA. 21/07/2023. The busiest hour at the busiest airport in the world.

[31] **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 AIMS Global Logistics (AGL).*