

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

**Date: 16 September 2022**

### Weekly Snapshot

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

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	23 033	28 628	51 661	26 264	35 388	61 652	↓16%
Air Cargo (tons)	5 166	2 604	7 770	4 575	2 784	7 359	↑6%

### Monthly Snapshot

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

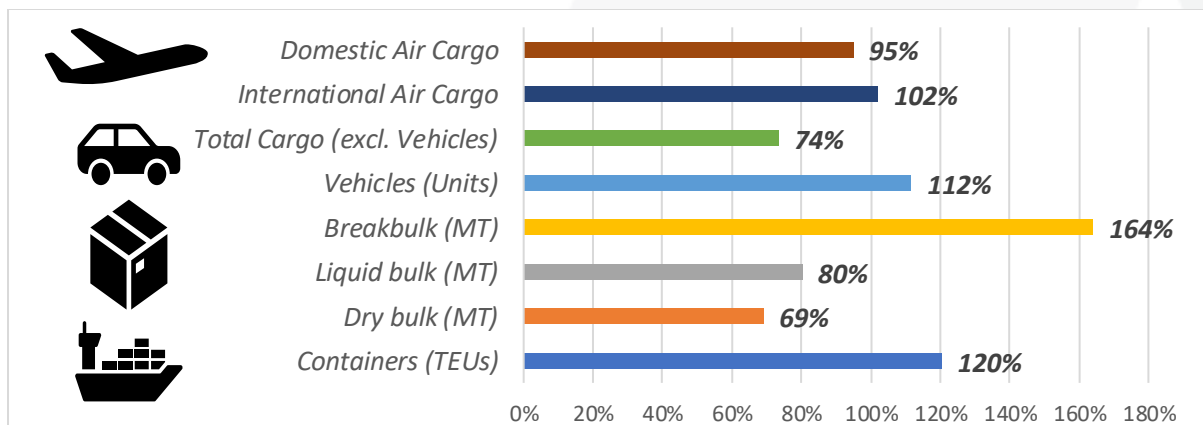
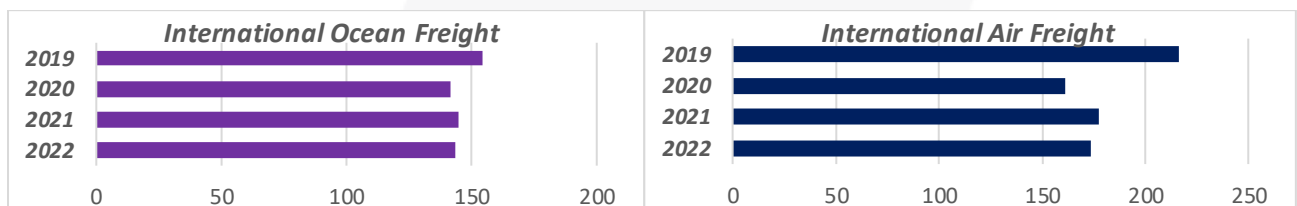


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



### Key Notes

- An average of **~7 380 containers** was handled per day, with **~8 583 containers** projected for next week.
- TNPA port statistics for August: containers are **↑8%** (m/m), and **↑21%** (y/y), but still down YTD (**↓1,3%**). Total cargo handled is **↓33%** (m/m) and **↓26%** (y/y), mainly due to reductions in dry bulk.
- Rail cargo handled out of Durban amounted to **1 703 containers**, **↓0,4%** compared to last week.
- Cross-border queue times were **~↑1 hour**, with transit times **~↑1,8 hours**, SA borders **~7 hours (↓57%)**.
- Global container demand/supply gap closing (**~2%**) as equipment utilisation rallies despite struggles.
- The "WCI" dropped for the 29<sup>th</sup> week in a row, with spot rates down by **↓8%** (**\$387**) to **\$4 492** per 40ft.
- Air cargo rates were stable for August (**↑0,5%**, m/m), but cargo-revenue targets are unlikely to materialise.

<sup>1</sup> This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 105<sup>th</sup> update.

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

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

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

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

## Executive Summary

This update – *the 105<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this past week were characterised by strong winds, fog, equipment breakdowns and shortages, and congestion. For example, the Eastern Cape terminals were windbound at times this week, while Durban also experienced adverse weather conditions. In addition, Durban experienced a crisis week as two more tugs went out of commission, leaving the port with only two operational tugs. In addition, port engineers advised that the second set of shore tensioners at the Cape Town port are expected to arrive around 23 September 2022. Furthermore, regarding the Moormaster system at Ngqura, port engineers anticipate refurbishing the hydraulic cylinders by the end of September and hope to test the system in October 2022.

Internationally, ship calls continue to decrease as port throughput – although currently stable – is expected to decrease, with rising global inflation taking a particular toll on consumer demand. Nevertheless, as with the shipping lines, port congestion has not impacted the financial performance of port operators. However, looking ahead to the next cycle of a few years, the shipping lines are expected to help fund port infrastructure initiatives (such as dredging) to facilitate their cost-effective shifts towards larger vessels and, consequently, increase equipment utilisation to desired levels. However, whether this will provide any benefits to cargo owners remains to be seen. Further developments of note included **(1)** typhoon "Muifa" shutting China ports for the second time in 10 days, **(2)** port congestion remaining despite an improved medium-term outlook, and **(3)** further labour issues disrupting supply chains on the other side of the Atlantic.

South Africa's international air cargo volume increased this week (**↑6%**), as the domestic volumes increased by the same amount (**↑6%**). Operationally, several training sessions were held between the IVS team and SAAFF, SAEPA, and the ACOC. Internationally, air cargo rates are stable, with the expected demand and accompanying revenues not quite materialising for airlines. Nevertheless, the cargo sector continues to perform well amid an uncertain backdrop and remains a steady source of income for the airlines. Further developments of note included **(1)** Maersk officially venturing into air cargo by applying for a foreign air carrier permit and **(2)** Air Belgium awarding a three-year cargo handling contract to WFS in launching their SA-Europe services.

In the road freight sector, the industry has been grappling this week with requirements for obtaining abnormal load exemption permits for loads leaving Durban harbour. Unnecessary administrative delays and bureaucracy are adding up to four additional days to the supply chain and creating havoc downstream. The collective industry pleads with the DOT to rectify this situation and take pressure off the port by moving the requirements downstream. In addition, several border posts, including Chirundu, Lebombo, Kasumbalesa, and Kopfontein, are experiencing significant delays in the cross-border road freight industry. Apart from regional cross-border delays, additional developments of note included **(1)** Problems at the Kazungula weighbridge, **(2)** infrastructure downtime in Namibia, and **(3)** truckers incorrectly told that they couldn't operate in the DRC without a carrier's license.

In conclusion, we must continue to work on correcting the plethora of constraining issues in our industry. These include rail failure, port inefficiency, and logistics bottlenecks throughout the system. Ultimately, logistics can only function optimally in a shared infrastructure with shared responsibilities from all parties. Therefore, we need some system revolutions, including offering attractive third-party access for rail and adopting private-sector participation practices in our port – thereby promoting intra- and inter-port

competition – and enhancing the role of the ports regulator. Unfortunately, the legacy of systemic failure in the last decade is quickly catching up with us. Therefore, we need controlled re-investment in the system and an improvement in performance, competency and skill levels, or else recovery into the next decade will be challenging.

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## 1. Ports Update

This section provides an overview of the flow of containerised cargo through South Africa's commercial ports.

### a. Container flow overview

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

Table 2 – Container Ports – Weekly flow reported for 10 to 16 September <sup>6</sup>

7-day flow forecast (10/09/2022 – 16/09/2022)		
TERMINAL	NO. OF CONTAINERS <sup>7</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 081	5 684
DURBAN CONTAINER TERMINAL PIER 2:	10 595	12 324
CAPE TOWN CONTAINER TERMINAL:	4 924	7 723
NGQURA CONTAINER TERMINAL:	1 790	2 063
GQEBERHA CONTAINER TERMINAL:	643	834
<b>TOTAL:</b>	<b>23 033</b>	<b>28 628</b>

Source: Transnet, 2021. Updated 16/09/2022.

Table 3 – Container Ports – Weekly flow reported for 17 to 23 September

7-day flow forecast (17/09/2022 – 23/09/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 496	6 647
DURBAN CONTAINER TERMINAL PIER 2:	12 612	12 989
CAPE TOWN CONTAINER TERMINAL:	5 873	7 300
NGQURA CONTAINER TERMINAL:	2 956	4 640
GQEBERHA CONTAINER TERMINAL:	620	951
<b>TOTAL:</b>	<b>27 557</b>	<b>32 527</b>

Source: Transnet, 2021. Updated 16/09/2022.

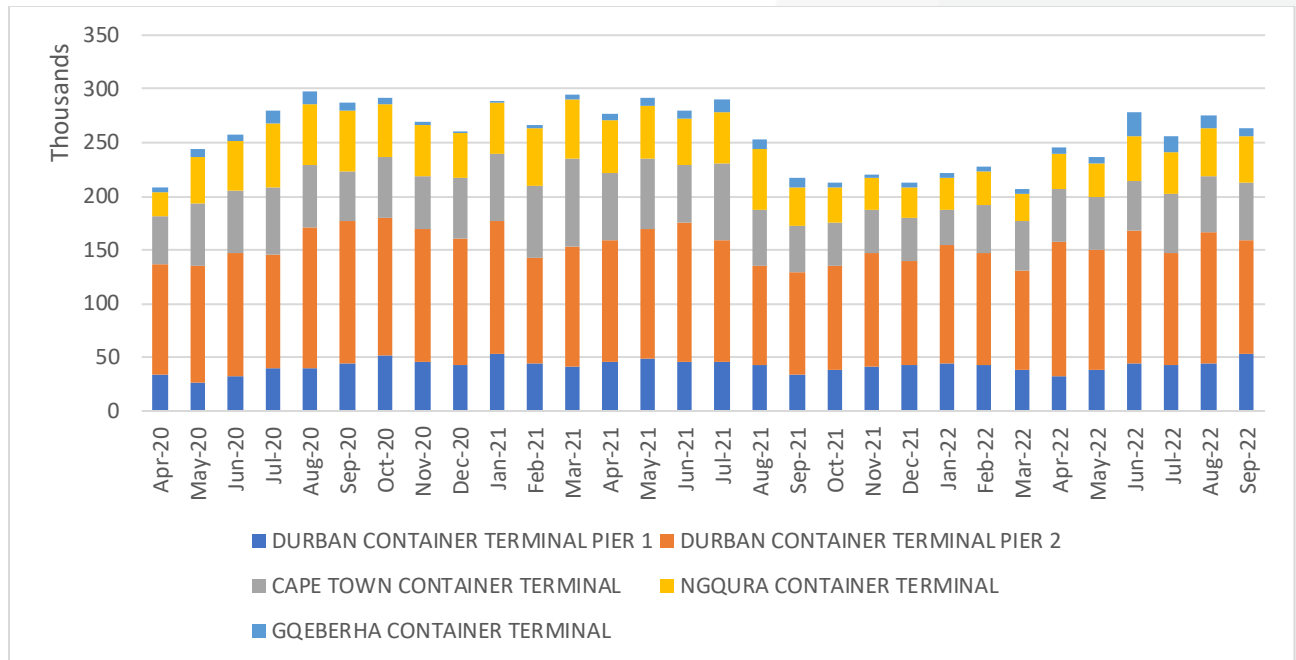
An average of **~7 380 containers** (↓11%) was handled per day for the last week (10 to 16 September, Table 2), compared to the projected average of **~8 952 containers** (↓18% actual versus projected) noted in last week's report. An increased average of **~8 583 containers** (↑16%) is projected to be handled next week (17 to 23 September, Table 3). Port operations this past week were characterised by strong winds, fog, equipment breakdowns and shortages, and congestion.

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

<sup>6</sup> It remains important to note that a large percentage (approximately 38% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transshipments. Due to the ongoing container imbalances, this proportion is fluctuating more than usual and has increased since December 2020. In recent months, empty numbers have dropped, a reflection of an improvement in worldwide container imbalances, but there is the usual sharp increase with the importation of large numbers of empty reefers in preparation for the citrus fruit season.

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

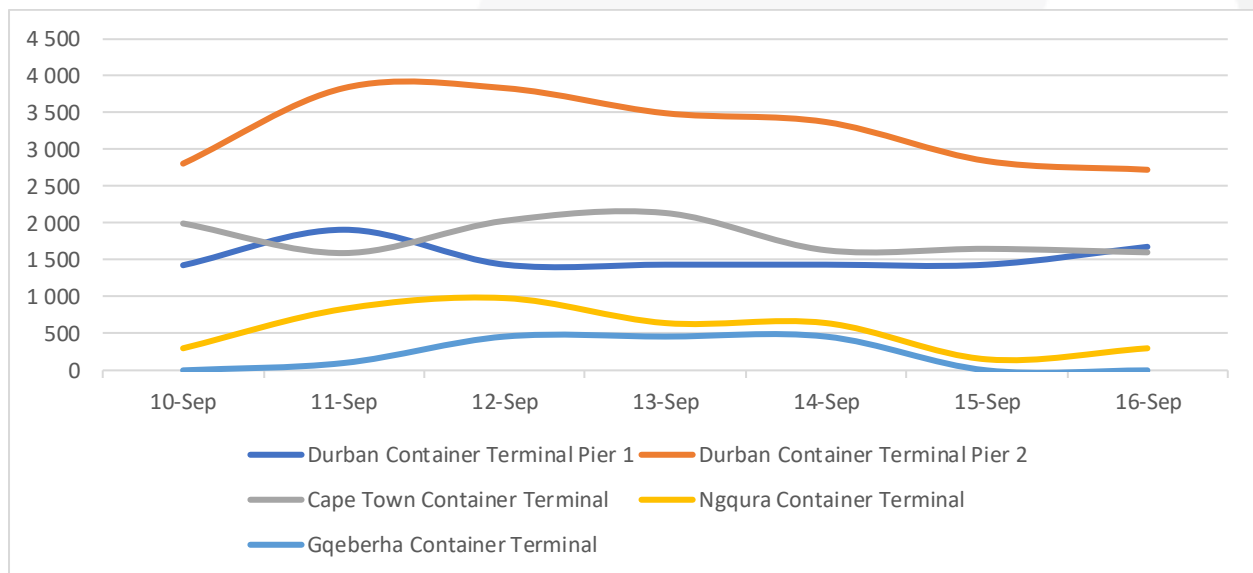
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 16/09/2022.

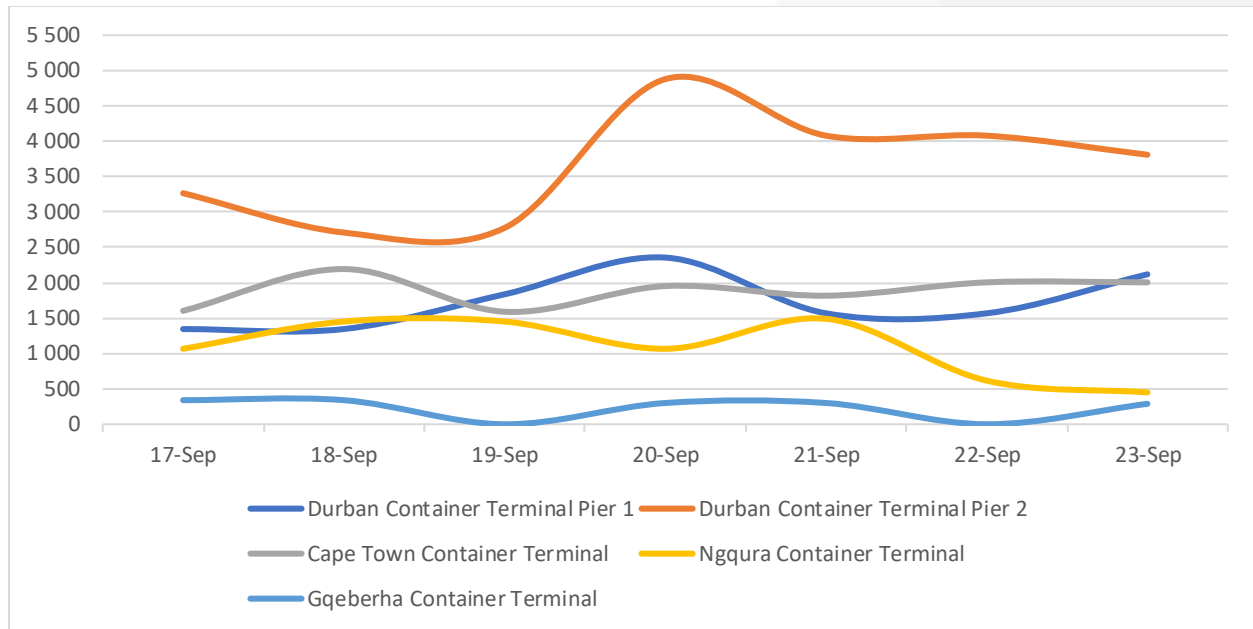
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total container movements (10 to 16 September; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 16/09/2022.

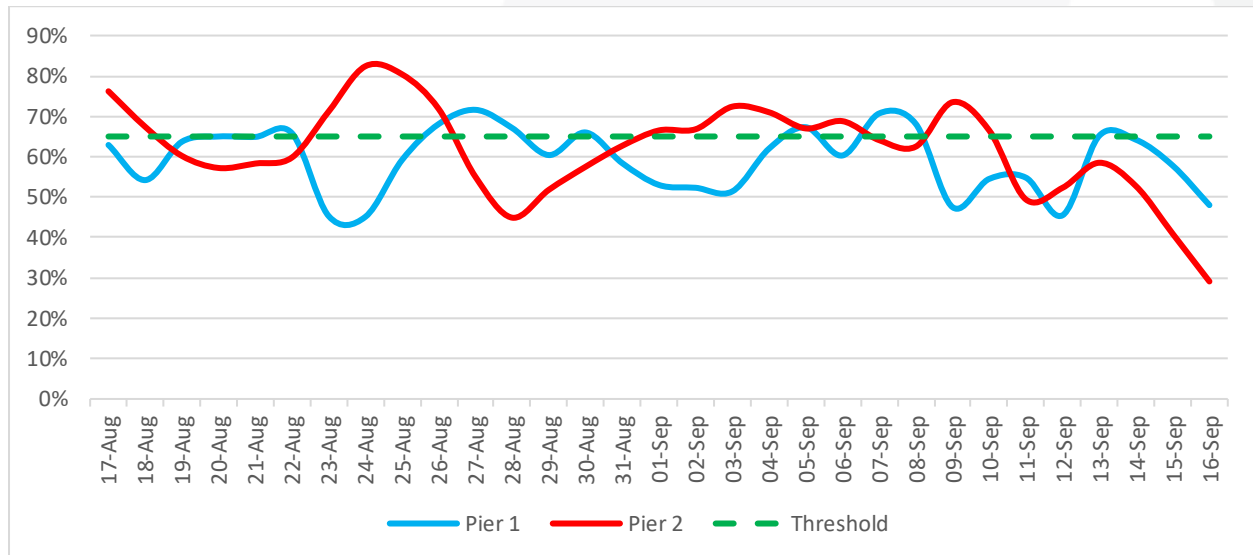
Figure 5 – 7-day forecast reported for total container movements (17 to 23 September; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 16/09/2022.

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

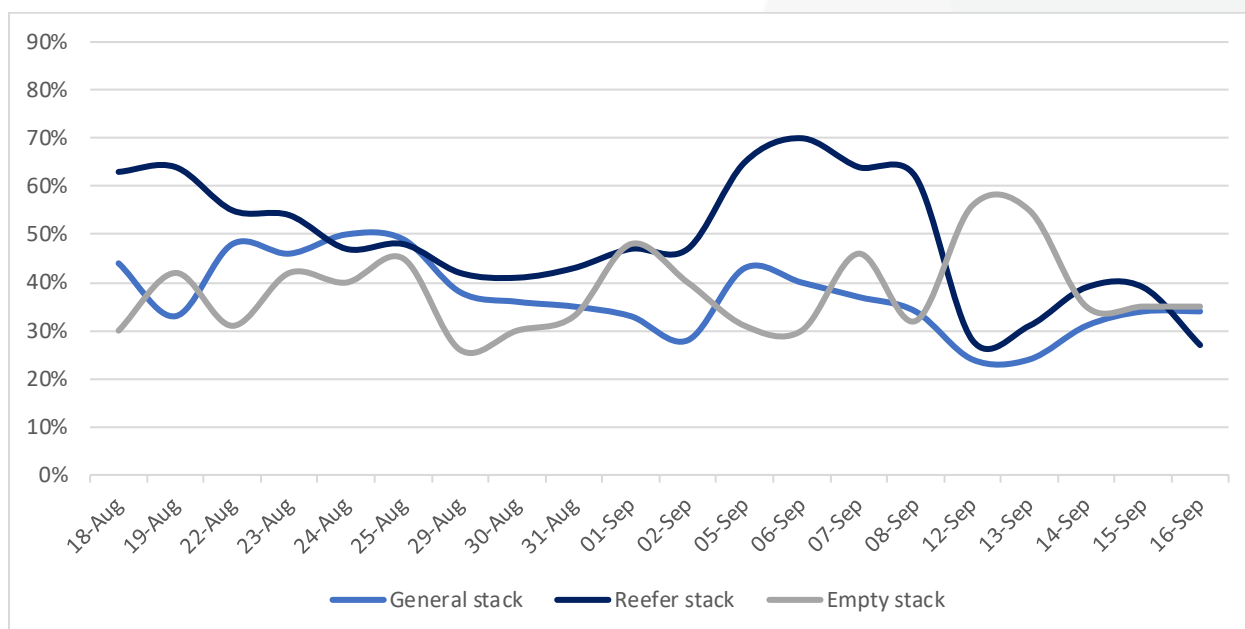
Figure 6 – Stack occupancy in DCT, general-purpose containers (17 August to present; per Pier; day on day)



Source: Calculated using data from Transnet, 2022. Updated 16/09/2022.

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

Figure 7 – Stack occupancy in CTCT, general-purpose, reefer, and empty stack (17 August to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 16/09/2022.

### b. Transnet National Ports Authority: August update

Transnet National Ports Authority (TNPA) has released its consolidated monthly port statistics for August<sup>8</sup>, indicating reasonable container performance but a terrible performance from the dry bulk sector. Compared to July's throughput, the two headline figures show that containerised cargo has increased by **↑8%** (m/m) - driven by a strong export performance – whereas dry bulk experienced a massive reduction and is down by **↓42%** (m/m). Being the primary contributor to growth, the reduction in dry bulk has meant that total cargo is down by a third compared to last month. Apart from the slowdown in international trade, the inability of our inland corridors to serve the bulk terminals also plays a role.

Table 4 – TNPA – Volume and growth: August 2022

	Jul	Aug	Movement	Monthly growth
<b>Containers (TEUs)</b>	<b>371 153</b>	<b>400 847</b>	<b>29 694</b>	<b>8%</b>
Landed	188 732	190 807	2 075	1%
Shipped	182 421	210 040	27 619	15%
<b>Dry bulk (MT)</b>	<b>18 327 187</b>	<b>10 660 495</b>	<b>-7 666 692</b>	<b>-42%</b>
<b>Liquid bulk (MT)</b>	<b>3 096 390</b>	<b>3 344 557</b>	<b>248 167</b>	<b>8%</b>
<b>Breakbulk (MT)</b>	<b>412 153</b>	<b>560 015</b>	<b>147 862</b>	<b>36%</b>
<b>Vehicles (Units)</b>	<b>82 573</b>	<b>70 648</b>	<b>-11 925</b>	<b>-14%</b>
<b>Total cargo (excl. Vehicles)</b>	<b>21 835 730</b>	<b>14 565 067</b>	<b>-7 270 663</b>	<b>-33%</b>

Source: [TNPA](#), updated 13/09/2022.

Cyclically, the growth picture is similar, with the following table showing a comparative overview for August 2022, compared to the same month in 2021 and 2020.

<sup>8</sup> Transnet. 2022. Port statistics. [TNPA](#)



Table 5 – TNPA – Volume and growth: August 2020-2022

	Aug 2020	Aug 2021	Aug 2022	Growth: '21-'22	Growth: '20-'22
<b>Containers (TEUs)</b>	<b>354 015</b>	<b>330 109</b>	<b>400 847</b>	<b>21%</b>	<b>13%</b>
Landed	178 047	182 432	190 807	5%	7%
Shipped	175 968	147 677	210 040	42%	19%
<b>Dry bulk (MT)</b>	<b>14 565 868</b>	<b>15 407 400</b>	<b>10 660 495</b>	<b>-31%</b>	<b>-27%</b>
<b>Liquid bulk (MT)</b>	<b>3 343 442</b>	<b>4 160 245</b>	<b>3 344 557</b>	<b>-20%</b>	<b>0%</b>
<b>Breakbulk (MT)</b>	<b>365 520</b>	<b>341 554</b>	<b>560 015</b>	<b>64%</b>	<b>53%</b>
<b>Vehicles (Units)</b>	<b>41 890</b>	<b>63 277</b>	<b>70 648</b>	<b>12%</b>	<b>69%</b>
<b>Total cargo (excl. Vehicles)</b>	<b>18 274 830</b>	<b>19 909 199</b>	<b>14 635 715</b>	<b>-26%</b>	<b>-20%</b>

Source: [TNPA](#), updated 13/09/2022.

The cyclical figures point to significant growth in several sub-sectors compared to last year, especially containers (**↑21%**, y/y), breakbulk (**↑64%**, y/y), and vehicles (**↑12%**, y/y). However, because of the significant reduction in dry bulk (**↓31%** versus 2021), total cargo moved is down by **↓26%** (y/y) and **↓20%** versus 2020. Once again, the industry experienced a significant boom for export containers (**↑42%**, y/y), which fits neatly within the DTIC's narrative of localisation and export promotion. When removing seasonality, the following table provides a more in-depth year-to-date view of containerised cargo.

Table 6 – TNPA – Volume: YTD January-August 2020-2022: Containerised cargo

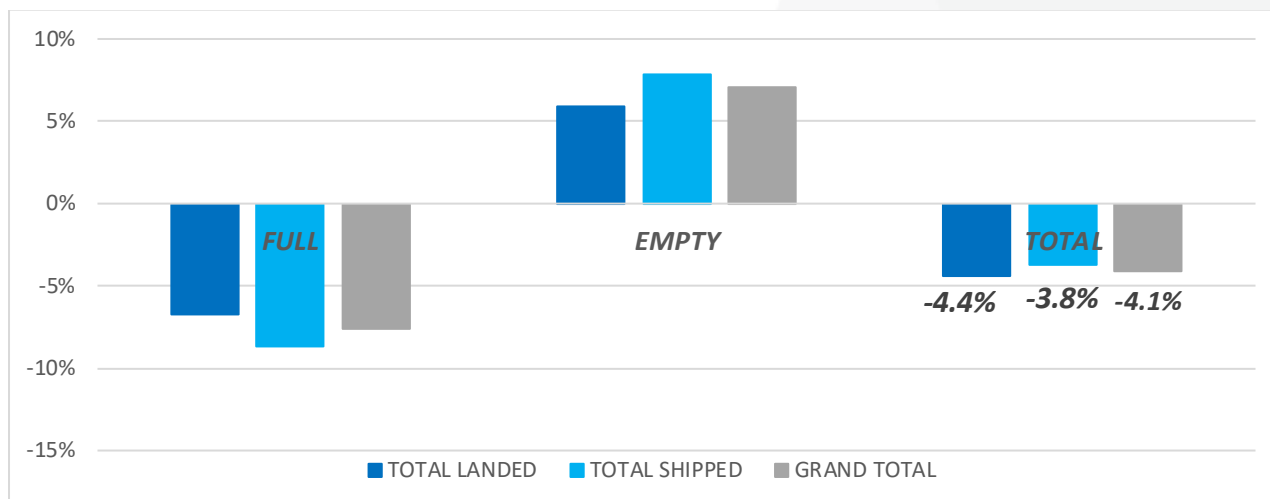
	2020			2021			2022		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
<b>LANDED:</b>									
DEEPSEA	812 856	246 674	<b>1 059 530</b>	964 827	227 638	<b>1 192 465</b>	995 440	218 646	<b>1 214 086</b>
COASTWISE	2 289	26 986	<b>29 275</b>	2 147	24 606	<b>26 753</b>	4 501	32 597	<b>37 098</b>
TRANSHIPPED <sup>9</sup>	173 863	61 295	<b>235 158</b>	199 763	76 309	<b>276 072</b>	186 291	53 748	<b>240 039</b>
<b>TOTAL LANDED</b>	<b>989 008</b>	<b>334 955</b>	<b>1 323 963</b>	<b>1 166 737</b>	<b>328 553</b>	<b>1 495 290</b>	<b>1 186 232</b>	<b>304 991</b>	<b>1 491 223</b>
<b>SHIPPED:</b>									
DEEPSEA	740 124	324 399	<b>1 064 523</b>	768 479	394 677	<b>1 163 156</b>	789 284	397 117	<b>1 186 401</b>
COASTWISE	3 561	23 196	<b>26 757</b>	2 044	24 609	<b>26 653</b>	4 182	22 475	<b>26 657</b>
TRANSHIPPED	174 688	57 556	<b>232 244</b>	184 110	81 131	<b>265 241</b>	156 063	51 126	<b>207 189</b>
<b>TOTAL SHIPPED</b>	<b>918 373</b>	<b>405 151</b>	<b>1 323 524</b>	<b>954 633</b>	<b>500 417</b>	<b>1 455 050</b>	<b>949 529</b>	<b>470 718</b>	<b>1 420 247</b>
<b>GRAND TOTAL</b>	<b>1 907 381</b>	<b>740 106</b>	<b>2 647 487</b>	<b>2 121 370</b>	<b>828 970</b>	<b>2 950 340</b>	<b>2 135 761</b>	<b>775 709</b>	<b>2 911 470</b>

Source: [TNPA](#), updated 13/09/2022.

Despite the strong performance in August (monthly and yearly), the annual numbers indicate that we are slightly down on YTD levels compared to 2021 (**↓1,3%**, y/y), with numbers expectantly substantially up from a pandemic-afflicted 2020 (**↑10%**). Nevertheless, the container throughput numbers improved significantly on last month's YTD figures (**↓4,2%**, y/y), which bodes well for the future – even if we can achieve nominal growth this year. However, when we look further back and compare current YTD throughput levels with pre-pandemic levels of 2019, the global reality of equipment shortages and blockages becomes apparent, as the only sustained "growth" currently continues to be in the form of handling empty containers, as illustrated below.

<sup>9</sup> 'Transhipped' means an act of off-loading cargo from one ship (generally at a hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transshipment port for a period.

Figure 8 – TNPA – Growth: YTD January-July 2019 versus January-July 2022: Containerised cargo



Source: TNPA, updated 13/09/2022.

The total YTD comparison shows our containerised segment currently stands at **↓4,1%** compared to 2019. Furthermore, as has been an ongoing constant, the massive increase in empty containers handled continues to dominate, up by **↑7,1%** (but less than the enormous increase of **↑11,2%** last month) since 2019. On the other hand, growth in full containers is down by approximately **↓7,6%** compared to pre-pandemic levels. These numbers emphasise that there has been no real growth since the pandemic hit. The increase in empties (in both directions) speaks to both strong exports (import of empty reefers) and slowing exports (repositioning empties out of SA).

Moreover, the current macroeconomic outlook in South Africa (typified by high inflation, rising interest rates, and electricity insecurity) is turning any 'growth' in the maritime sector into something of a horror show. Unfortunately, the mistakes made over the last decade or so are coming home to roost. The legacy of systemic misappropriation and theft has taken root in our ports, necessitating a critical need for change. Recovery in our maritime sector will be challenging without substantial and controlled re-investment in our infrastructure and related capital equipment, coupled with high levels of executive competency. Therefore, we stress again the urgent need for system revolution, including offering attractive third-party access for rail and adopting private-sector participation practices in our port – allowing for intra- and inter-port competition – and enhancing the role of the ports regulator.

### c. Summary of port operations

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

#### i. Weather and other delays

Cape Town experienced a relatively positive week regarding weather delays, as the only recorded weather-related delay was on Friday morning due to the terminal being fogbound from 04:00 onwards. However, additional delays were experienced throughout the week due to Transnet network challenges halting operations on Tuesday between 19:00 and 21:15, while a Manganese truck tipped over on Monday.

Durban experienced a very challenging week as adverse weather conditions, high swells, and equipment breakdowns caused a number of delays throughout the week. During the early stages of the week, two additional tugs went out of commission, leaving only two tugs operational. Transnet, however, acted swiftly to ensure that five tugs were in commission by the end of the week and aimed to have a sixth tug available at the start of next week. In addition, one of the operational tugs in Durban will be returned to Richards Bay from where it was borrowed to alleviate the challenges experienced.

The Eastern Cape could unfortunately not make it through the week unscathed as both the Gqeberha and Ngqura container terminals were windbound for several periods throughout the week. In addition, both cranes went out of commission at the Gqeberha container terminal on Monday due to maintenance. However, no estimated return time could be provided as a delay was experienced in supplying the necessary spares.

## **ii. Cape Town**

On Wednesday, CTCT recorded three vessels at berth and one at outer anchorage. Stack occupancy for GP containers was 31%, reefers 39%, and empties 35%. In the latest 24-hour period to Thursday, the terminal managed to handle 2 844 TEUs across the quay while servicing 1 593 external trucks and 85 trains on the landside. In addition, one of the port engineers reported that the second set of shore tensioners is expected to arrive around 23 September 2022, although it remains interesting to note that TPT still has not been able to provide the name of the carrying vessel, while the ETA continues to slip.

Cape Town MPT, on Thursday, recorded zero vessels at anchor and two at berth. In the latest 24-hour period to Friday, the terminal managed to service 100 external trucks. Stack occupancy was recorded at 12% for GP containers, 30% for reefers and 0% for empties.

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

Pier 1 on Thursday recorded two vessels at berth, manned by six gangs, and two vessels at anchor. Stack occupancy was 58% for GP containers and 39% for reefers, with 2 126 imports on hand, 404 reefers and 143 unassigned units. The terminal recorded 1 235 gate moves on the landside on Thursday, with 442 cancelled slots and 174 wasted.

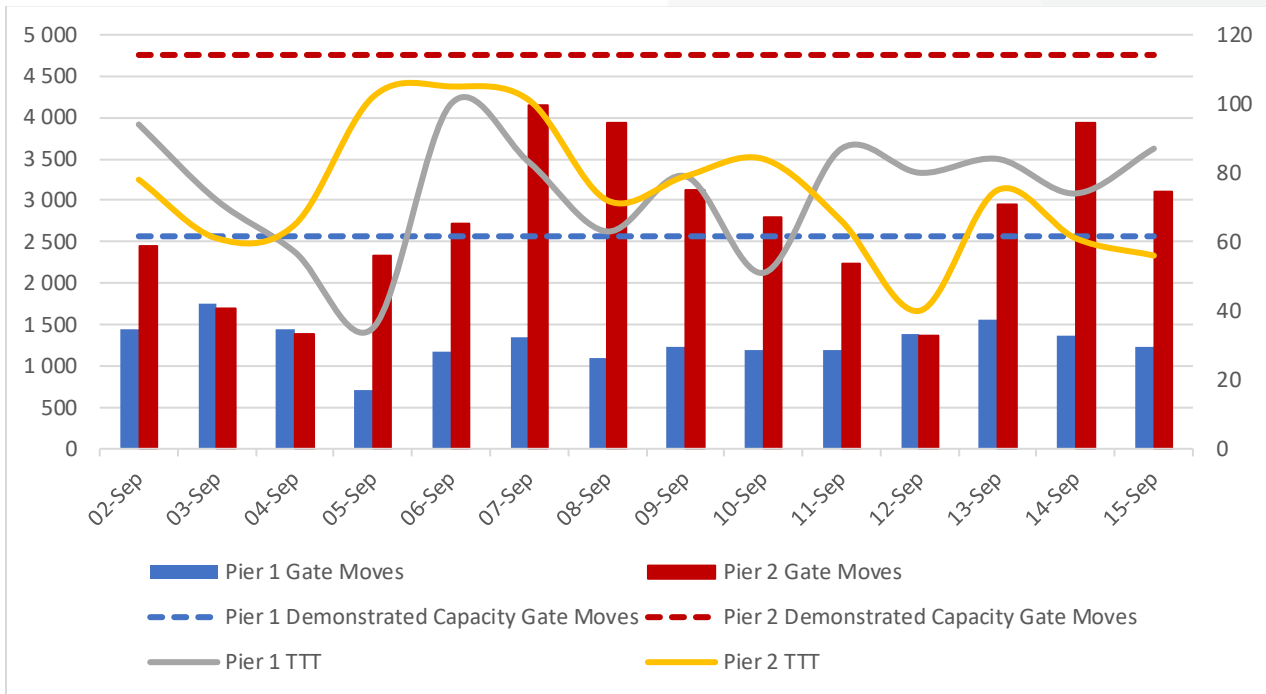
On Wednesday, Pier 2 had four vessels at berth and four at anchorage. In the most recent 24 hours to Thursday, the terminal managed to handle 2 811 TEUs across the quay. Stack occupancy was 53% for GP containers and 88% for reefers. The terminal had between 79 and 86 straddles in operation throughout the week, operated by eleven gangs. On Wednesday, there were 3 927 gate moves on the landside with an average TTT of 61 minutes and a staging time of 57 minutes. A total of 99 rail import containers were on hand, with 109 volumes moved by rail.

In addition, as mentioned above, Durban experienced a crisis this week regarding tug availability, as two tugs went out of commission on Tuesday, leaving merely two tugs operational. One tug had an issue with a cylinder head, while the other tug experienced challenges with its alarm system. Transnet acted swiftly in this regard and sourced a tug from the port of Richards Bay to alleviate the delays experienced. By Tuesday, the port of Durban had three tugs back in commission, and by the end of the week, five tugs were back in commission. Port engineers anticipate a sixth tug to be back in commission early next week after the Richards Bay tug is returned.

Furthermore, this week, crane 522 at berth 108 went out of commission due to problems with the crane's spreader. Concerns regarding the cranes at berth 108 were revisited this week as their age, and frequent breakdowns remain problematic. Transnet reported that the engineering team would assess the damages on the crane, with the crane only set to return once full repairs are completed, and the safety of the crane can be guaranteed.

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

Figure 9 – Gate moves (left axis), and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2022. Updated 16/09/2022.

**iv. Eastern Cape ports**

GCT on Thursday recorded zero vessels at anchorage and one at berth. For marine resources, two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Friday. In the 24 hours leading up to Friday, stack occupancy was 57% for GP containers and 48% for reefers. In addition, GCT serviced 244 external trucks on the landside with a TTT of ~17 minutes.

NCT on Thursday recorded one vessel alongside manned by six gangs and zero vessels at outer anchorage. Marine resources of two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Friday. In the same period, stack occupancy was 32% for GP containers, 54% for reefers, and 74% for ground slots. On Tuesday, 409 TEUs were handled across the quay due to adverse weather conditions experienced. Additionally, 570 trucks were serviced on the landside, with a truck turnaround time of ~32 minutes.

This week, port engineers provided a brief update regarding the Moormaster system and reported that repairs on the hydraulic cylinders should be completed by the end of September. They anticipate receiving

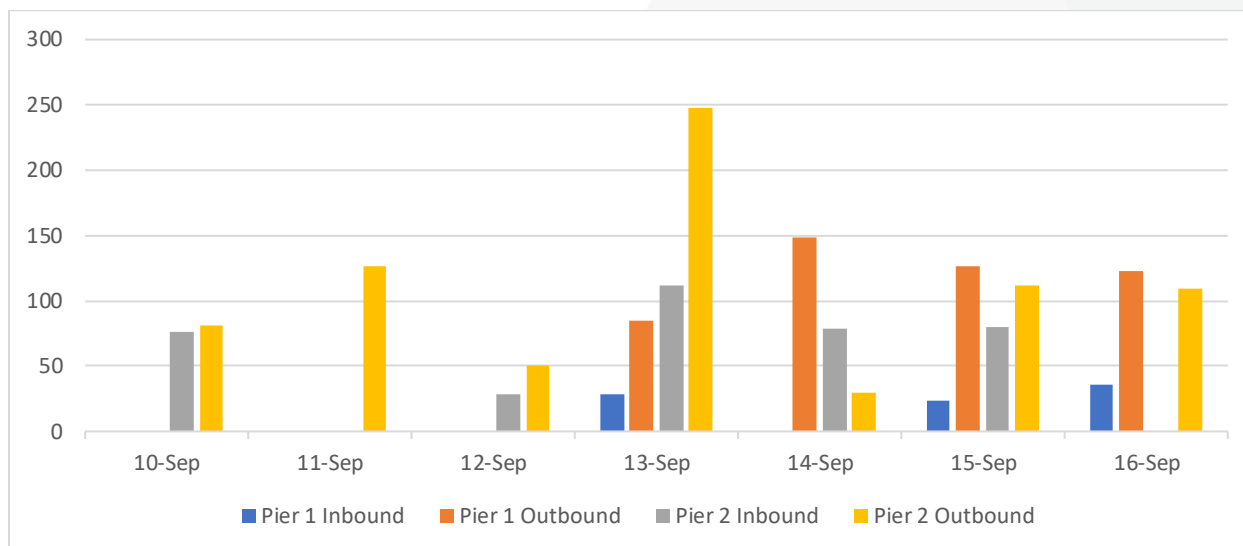
the refurbished cylinders by 7 October 2022 and hope to test the system during the month. The long-term plan is thus to overhaul the entire system.

Furthermore, it is anticipated that the second shore tensioner at Ngqura port should arrive by the end of September in tandem with the second set of shore tensioners at the Cape Town port. They anticipate shore-tensioner training to occur between 3 and 14 October 2022, with live testing of the tensioner by the end of October. If all goes to plan, full use of the tensioner should commence in November 2022.

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

The following figure shows the rail cargo evacuated from DCT in the last week.

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



Source: Calculated using data from Transnet, 2022. Updated 16/09/2022.

In the last week (10 to 16 September), rail cargo handled out of Durban was reported at **1 702** containers, down by **↓0,4%** from the previous week's **1 708** 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 4 September. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *September 2021* averaged **~713 982 kg** per day.

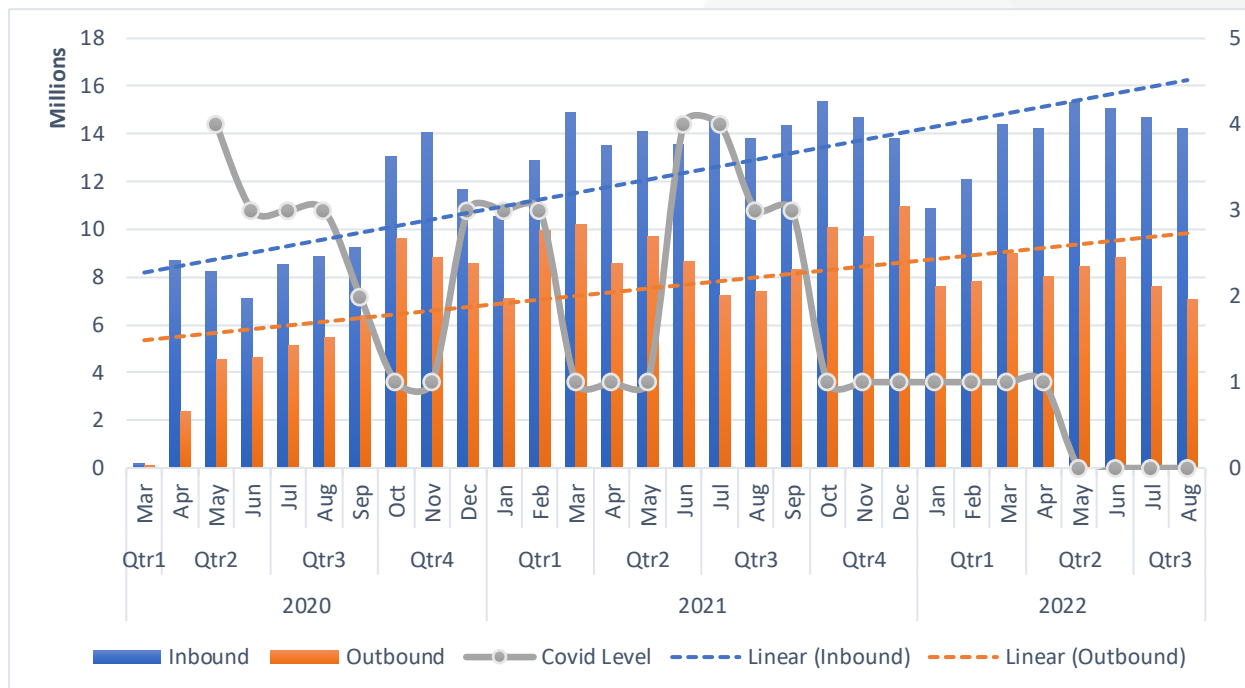
Table 7 – International inbound and outbound cargo from OR Tambo

Flows	04-Sep	05-Sep	06-Sep	07-Sep	08-Sep	09-Sep	10-Sep
<b>Volume inbound</b>	984 215	537 812	407 440	582 356	398 525	294 029	411 555
<b>Volume outbound</b>	525 301	268 835	177 677	196 454	207 110	207 871	239 639
<b>Total</b>	<b>1 509 516</b>	<b>806 647</b>	<b>585 117</b>	<b>778 810</b>	<b>605 635</b>	<b>501 900</b>	<b>651 194</b>

Courtesy of ACOC. Updated: 12/09/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **516 562 kg** inbound and **260 412 kg** outbound, resulting in an average of **776 974 kg per day** or **~103%** compared with September 2021. Also, the level is currently at **~109%** compared with the same period in 2020. The following figure shows the comparative quarterly global freight movement at ORTIA since the pandemic outbreak, with a continued positive trend experienced, notably for inbound cargo:

Figure 11 – International cargo from OR Tambo (millions) and accompanying COVID level



Courtesy of ACOC. Updated: 12/09/2022.

### b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the state of disaster period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *September 2021* was **~67 572 kg** per day.

Table 8 – Total domestic inbound and outbound cargo

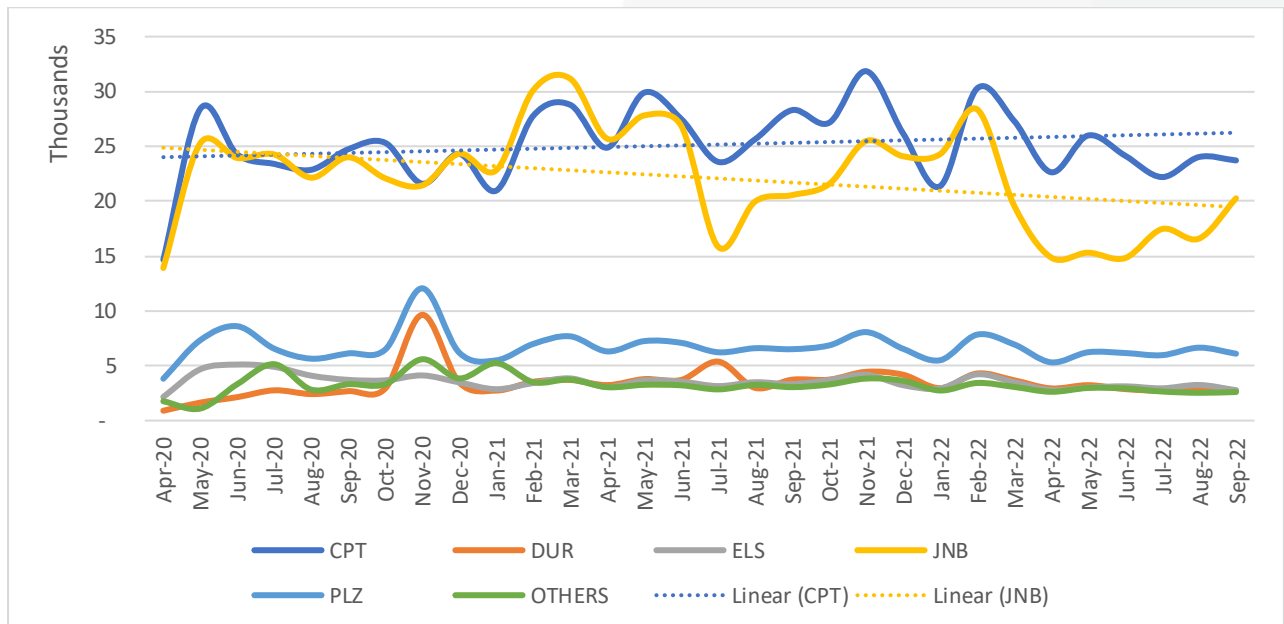
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan-Jun – 22 Av.	25 230	3 295	3 244	19 449	6 312	2 952	60 480
Jul Average	22 196	2 715	2 943	17 462	5 963	2 650	53 929
Aug Average	24 025	2 854	3 247	16 590	6 646	2 534	55 895
Sep Average	23 714	2 727	2 774	20 264	6 096	2 605	58 179
06-Sep-22	45 573	4 017	5 745	47 306	10 124	4 859	117 624
07-Sep-22	35 560	3 971	3 858	35 598	10 160	4 469	93 616
08-Sep-22	36 232	4 505	4 199	33 871	10 100	3 663	92 570
09-Sep-22	16 206	2 709	2 330	12 202	4 640	2 891	40 977

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
10-Sep-22	1 469	292	36	701	64	64	2 625
11-Sep-22	2 627	586	90	955	546	63	4 866
12-Sep-22	37 654	4 628	5 149	22 637	10 632	4 172	84 872
<b>Total for 2022:</b>	<b>6 420 424</b>	<b>821 476</b>	<b>827 523</b>	<b>4 972 288</b>	<b>1 628 595</b>	<b>735 881</b>	<b>15 406 187</b>

Courtesy of BAC. Updated: 13/09/2022.

The average domestic air cargo moved last week was ~62 450 kg per day, which is ↑6% compared with the previous week and ~92% compared to August 2021. Operationally, several training sessions were held between the IVS team and SAAFF, SAEPA, and the ACOC. The following figure shows our commercial airports' monthly domestic freight movement since the pandemic.

Figure 12 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 13/09/2022.

### c. Air cargo operations

IVS Training was held this week

## 3. Road and Regional Update

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

This week, the following events have caused some challenges and delays on roads in and around the SADC region.

- Last week, clearing times at South African borders averaged ~7 hours (↓57% w/w).
- In the local road freight sector, the industry was badly affected by the cumbersome bureaucratic requirements for applying for abnormal load exemption permits for loads leaving the port Point precinct.

- Since there is only one weighbridge in the harbour area servicing many trucks, transporters are consequently experiencing extended delays.
- Furthermore, the Department of Transport is insisting that the actual weight be declared on the permits. This totally unnecessary requirement has added a further three days to the process.
- The collective industry is desperately pleading with the DOT to rectify this situation. Our supply chains need to move without hindrance, and cumbersome, unnecessary administrative challenges such as these are detrimental to our drive to facilitate trade and accelerate economic growth and development.
- Reports were received of authorities at Kazungula weighbridge refusing to print out weighbridge slips – telling drivers they had to pay P3 500 for each vehicle. Under no circumstances should drivers pay anything until a slip has been printed.
- Reports were received from the DRC with officials telling drivers that trucks could not operate in DRC without a carrier's license, which is untrue but is nonetheless being enforced. Fesarta is currently in talks with Ministers in DRC to rectify the subject.
- Last week, Namra issued a statement warning of infrastructure downtime over the weekend (Saturday, 10 September from 09:00 to 18:00). It was therefore recommended that all 24-hour borders resort to manual processing until the updating process was completed.
- Oil spillage on Van Reenen's Pass on Sunday, 11 September, affected both North and Southbound lanes. This delayed traffic for approximately three hours.
- During the last week, there were no closures of any South African borders. However, we encourage traders to stay abreast of border post communications as per the SARS [website](#).
- Transporters, traders, and cargo owners may still use the non-tariff barrier (NTBs) [online tool](#) developed by UNCTAD and the AfCFTA Secretariat. However, given the questionable effectiveness of this platform, transporters are encouraged to contact FESARTA and join their [TRANSIST Bureau](#)<sup>10</sup>, which has arguably achieved much greater success.

Apart from these developments, investigations continue into cross-border delays experienced at several other SADC border posts in the sub-region, with lengthy queuing times at several border posts and significant delays experienced at Chirundu, Lebombo, Kasumbalesa, and Kopfontein.

Table 9 – Delays<sup>11</sup> summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
SA/Zim	Beitbridge	0:00	15:00	818	24 540	5 726	74 438	0
Zam/Zim	Chirundu	18:00	19:00	616	18 480	4 312	73 304	77 616
Moz/Mal	Dedza	2:00	15:00	50	1 500	350	4 550	700
SA/Bot	Groblersbrug/Martins Drift	2:00	11:00	407	12 210	2 849	25 641	5 698
Zam/DRC	Kasumbalesa	-	40:00	750	22 500	5 250	199 500	0
Zam/Bot	Kazungula	0:00	17:00	212	6 360	1 484	22 260	0
SA/Bot	Kopfontein/Tlokweng	1:00	60:00	100	3 000	700	40 600	700
Moz/Zim	Machipanda/Forbes	1:00	12:00	320	9 600	2 240	22 400	2 240
Zim/Moz	Nyamapanda	1:00	18:00	100	3 000	700	11 200	700

<sup>10</sup> [FESARTA TRANSIST Bureau](#).

<sup>11</sup> It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

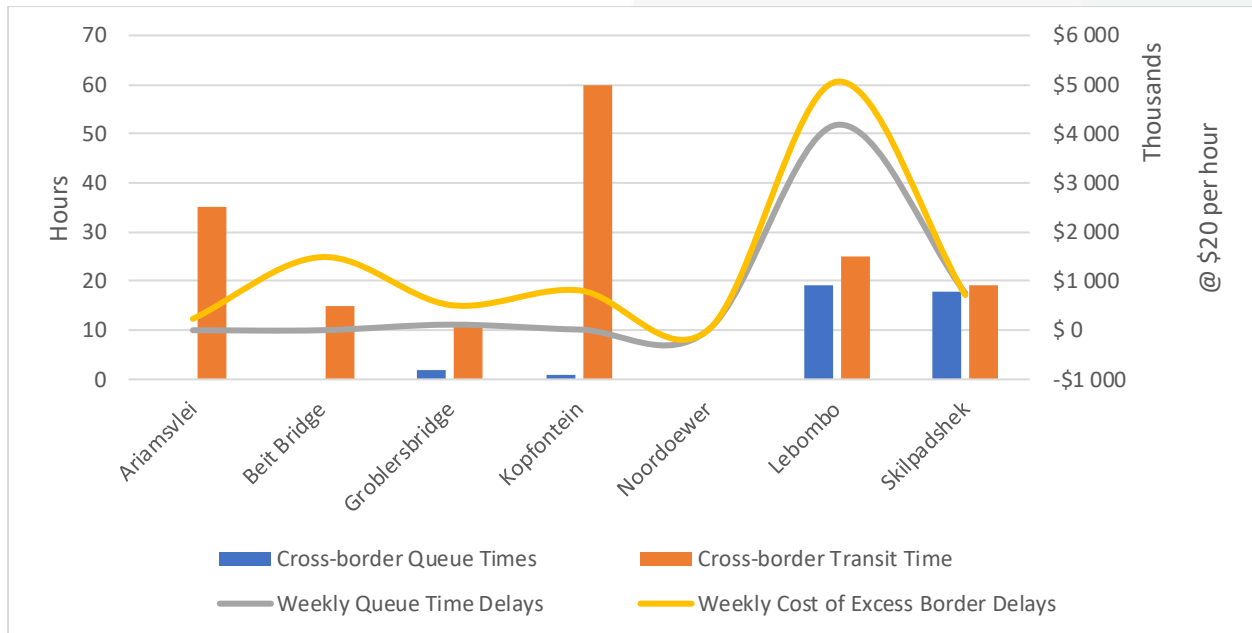


Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
SA/Moz	Lebombo/Ressano Garcia	19:00	25:00	1 571	47 130	10 997	252 931	208 943
SA/Bot	Skilpadshok/Pioneer Gate	18:00	19:00	300	9 000	2 100	35 700	37 800
Zam/Zim	Victoria Falls	1:00	5:00	114	3 420	798	2 394	798
Moz/Mal	Zobue/Mwanza	2:00	22:00	100	3 000	700	14 000	1 400
				<b>5 508</b>	<b>165 240</b>	<b>38 556</b>	<b>790 468</b>	<b>336 595</b>

Source: TLC & FESARTA, week ending 12/09/2022.

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

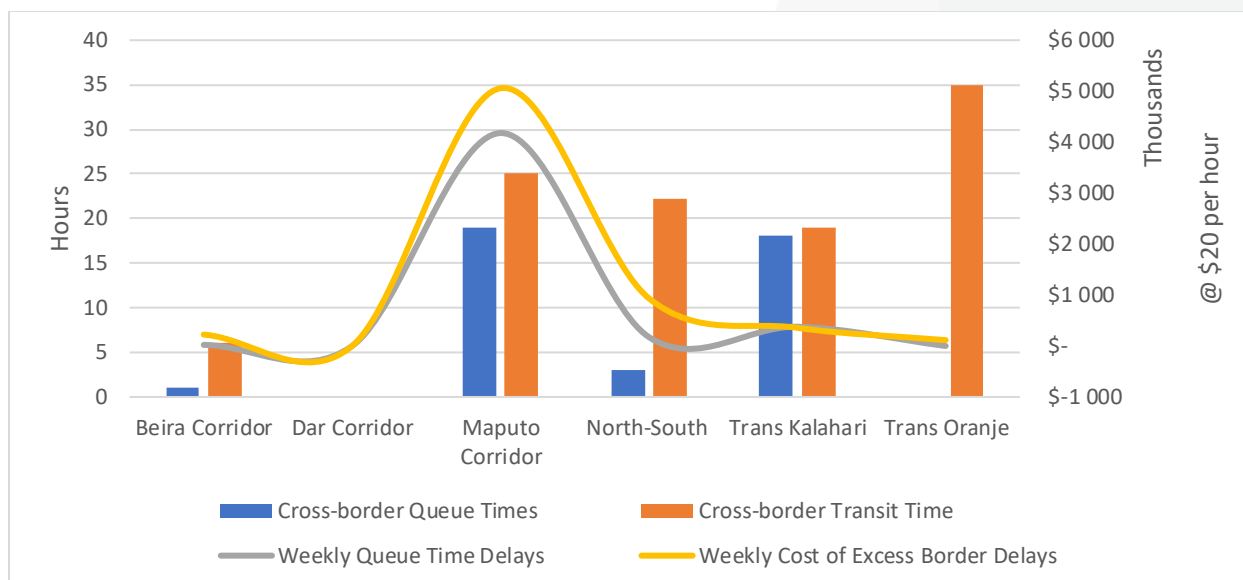
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 12/09/2022.

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

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



Source: TLC & FESARTA, week ending 12/09/2022.

In summary, cross-border queue time has averaged **~4,6 hours** (up by **~1 hour** from the **~3,6 hours** recorded in the previous report), costing the transport industry an estimated **\$7 million (R107 million)**. Furthermore, the week's average cross-border transit times hovered around **~20,9 hours** (up by **~1,8 hours** from the **~19,1 hours** recorded in the previous report), costing the transport industry **\$16 million (R253 million)**. As a result, the total cost for the week amounts to an estimated **~R361 million** (down by **~R46 million** or **↓11%** from **R407 million** in the previous report).

#### 4. International Update

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

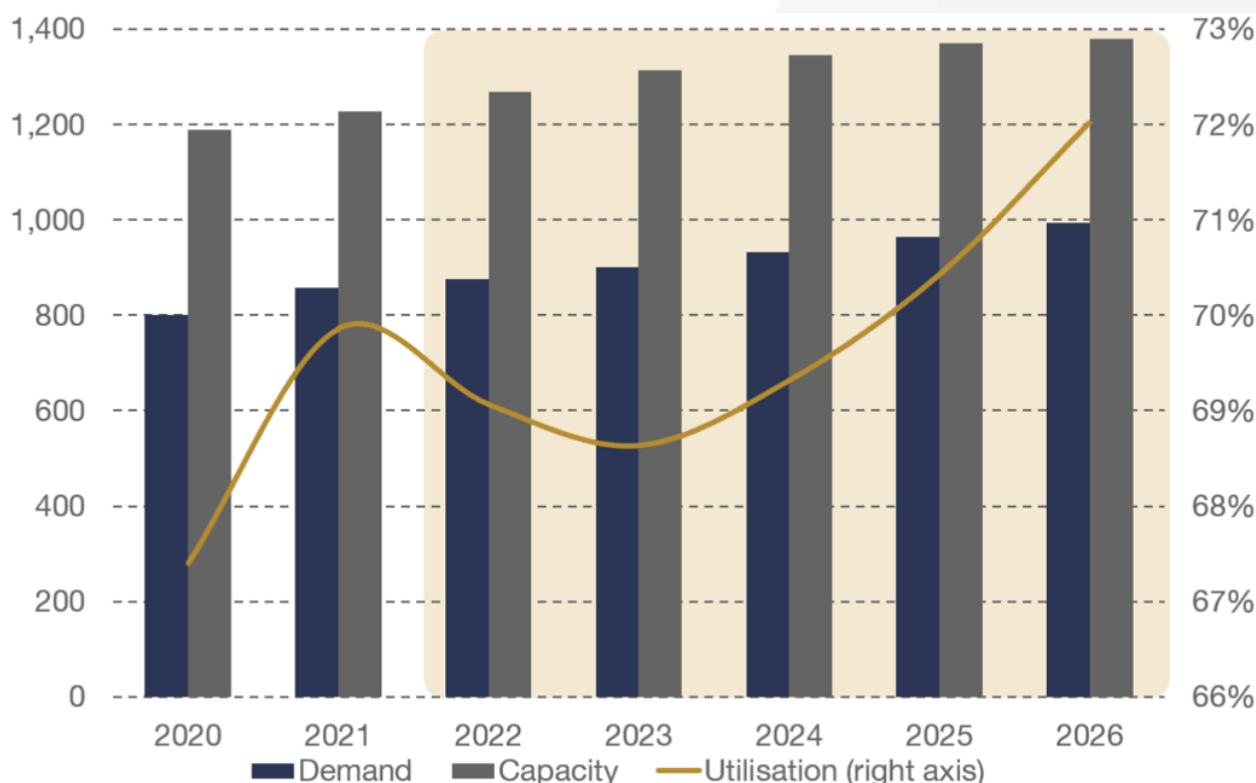
##### a. Global shipping industry

###### i. Global container demand

As mentioned last week, container throughput volumes (import and export) have increased annually by **↑0,6%** (y/y) and would have probably been higher if the demand could have been better satisfied. As a result, global container demand was consistently **↑10%** higher than capacity from November 2020 to January 2022. However, the gap between demand and supply has subsided to below **2%** compared to pre-pandemic levels<sup>12</sup>, as the normalisation can be explained by a large variety of reasons, with the gradual improvements in schedule reliability and vessel delays chief among them. The following side-by-side figures show the comparison between the global fleet availability and utilisation.

<sup>12</sup> Murphy, A. 25/08/2022. [Excess global demand almost eliminated.](#)

Figure 15 – Global container demand, capacity, and utilisation



Source: [Drewry](#)

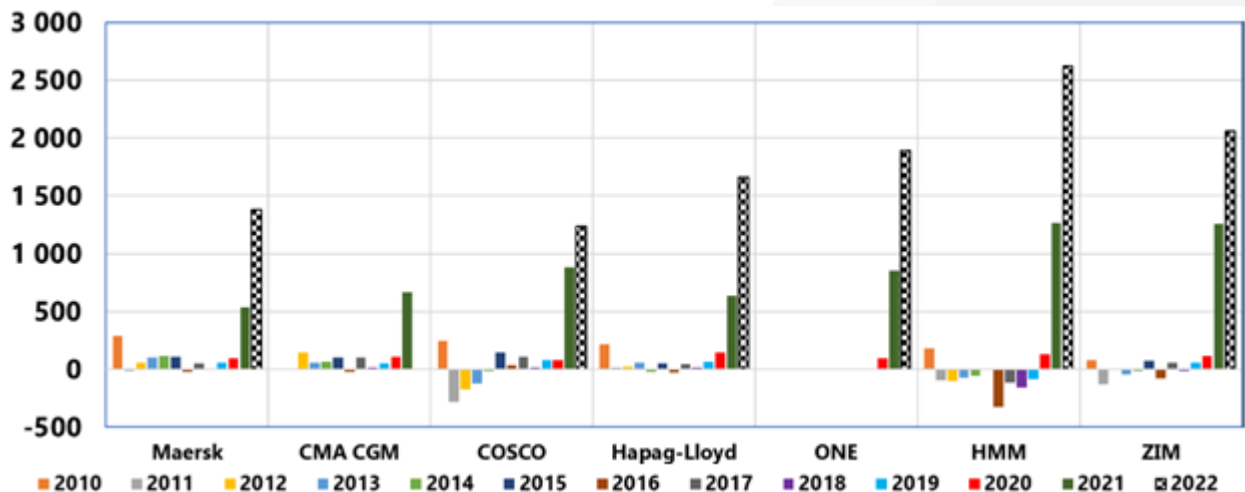
It becomes evident that the extreme strength in favour of the carriers in 2021 is driven by a consistently higher cumulative demand growth than the available fleet. This effect began in July 2020 and has only begun to taper off in recent months. However, the outlook is shaping for a continuation of weaker demand, as economic growth forecasts for Q3 are likely to recede even further. Ultimately, there will be an improvement in scheduling and an alleviation of congestion, but revenue will fall for shipping lines (and perhaps accompanying logistics service providers). In summary, the numbers indicate that the extreme spikes in freight rates in 2021 were driven by a situation where demand suddenly exceeded capacity globally, primarily driven by the unavailability of capacity. The recent trend towards normalisation has been primarily driven by gradual improvements in schedule reliability and vessel delays, as long as improvements continue. Therefore, the container industry should expect the supply/demand balance to continue to decline, and freight rates will be under increasing pressure downwards.

## ii. Carrier profits and global container freight rates

This week, Sea Intelligence provided an update on the carrier earnings before interest and tax (EBIT) and their relationship with container volumes for the second quarter. In summary, the second quarter is likely to become the most profitable quarter in the last decade<sup>13</sup>, as the EBIT/TEU for the carriers that publish both their EBIT and their global volumes show below (although Sea Intelligence notes that the CMA CGM figures are still missing):

<sup>13</sup> Murphy, A. 14/09/2022. [USD 41.6 billion Carrier EBIT in 2022-Q2 \(so far...\)](#).

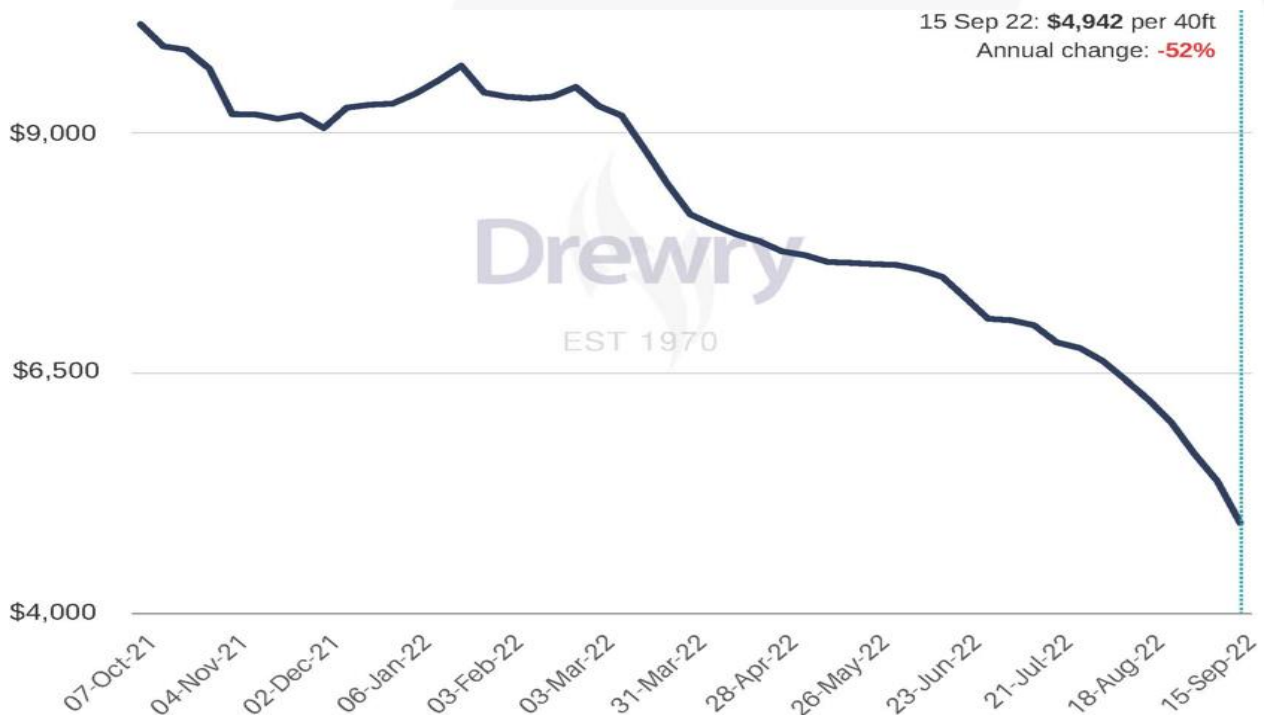
Figure 16 – EBIT for selected shipping lines (\$ per TEU)



Source: [Sea Intelligence](#)

The 2022-Q2 EBIT/TEU figure of these shipping lines dwarfs each of the previous years, with the latter hardly relevant in the context of the excessive EBIT/TEU numbers we are seeing right now. These figures are backed by an annual increase in freight rates in 2022-Q2; however, this profitability level might not continue into Q3 due to the fast-falling freight rates and the slowdown in global demand. Indeed, after the peaks of September last year (\$10 377), container spot rates have been slashed in half, with Drewry referring to the trends as "returning to sanity". The downward trajectory continues now for the 29<sup>th</sup> week in a row, as Drewry's "World Container Index" decreased by a substantial ↓8% (or \$387) – to \$4 492 per 40-ft container this week<sup>14</sup>:

Figure 17 – World Container Index – assessed by Drewry (\$ per 40 ft. container)



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

<sup>14</sup> Drewry. 08/09/2022. [World Container Index](#).

Six major lanes decreased this week, with the other two unchanged. Compared to last year, only two lanes remain more expensive on the spot market. The composite index is **↓52%** below the levels experienced last year but remains **↑34%** higher than the five-year average of **\$3 692**. Indeed, the spot market rates are still **3,5 to 4 times** higher than pre-pandemic levels, and the long-term contracted rates are much higher than the levels of the previous years. Therefore, one must maintain a long-term view to keep perspective:

Figure 18 – Baltic Freight Index (\$ per 40 ft. container)



Source: [Freightos](#)

Ultimately, the liner market has shifted and has become much more competitive for shippers. Nevertheless, many developments will continue to explain the current trajectory of rates, including the pandemic, China's port operations, the consequences of the conflict in Ukraine, labour issues in major hubs, and other supply chain disruptions waiting around the corner.

### iii. Further developments of note

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

#### 1. Global port congestion remains a challenge despite an improved medium-term outlook:

- Global port congestion is currently absorbing some **3,34 million TEU<sup>15</sup>** (about **~13%** of the total fleet) and has increased in key areas compared to last week (**↑0,8%**, w/w), notably China, because of the significant build-up of ships<sup>16</sup>.
- Fortunately, despite the current environment looking pretty bleak, the medium-term outlook sees port congestion improve. Regionally, the main areas currently accounting for global congestion are North Asia (**~23%** of the share), North America (**~39%**) and North Europe (**~16%**).

#### 2. Typhoon "Muifa" closed China ports for the second time in 10 days:

- Another typhoon has prompted the ports of Shanghai and Ningbo to close for the second time in 10 days, with forwarders expecting a ripple effect of shipping delays<sup>17</sup>.
- Although weaker than Typhoon Hinnamor – which saw Shanghai, Ningbo and Busan all suspend operations last week – Typhoon Muifa is on a direct path to hit Shanghai tomorrow, according to the US Joint Typhoon Warning Centre.

#### 3. Global supply chain labour issues abound:

- Strikes, wage negotiations, and widespread labour shortages continue to play a role in global supply chain struggles.

<sup>15</sup> Linerlytica. 06/09/2022. [Market Pulse – 2022 Week 35](#).

<sup>16</sup> Linerlytica. 13/09/2022. [China Port Congestion Up on Typhoon](#).

<sup>17</sup> Whelan, S. 13/09/2022. [Typhoon Muifa to shut China ports for second time in 10 days](#).

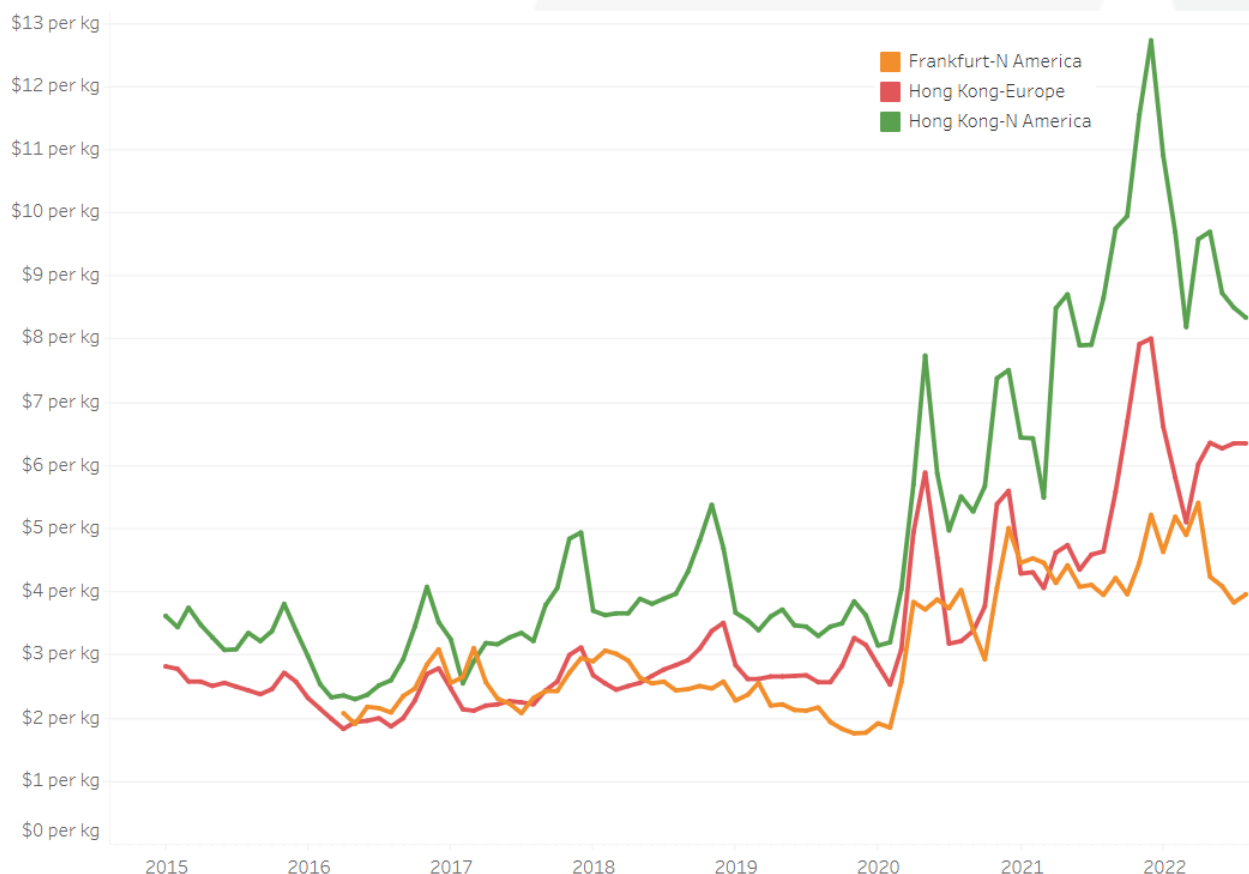
- b. Britain expects another wave of strikes at Felixstowe<sup>18</sup> and Liverpool once the mourning ends after the Queen's funeral on Monday<sup>19</sup>. Also, the rail unions plan to renew action in their demands for better working conditions.
- c. In America, it is also seemingly the turn of rail workers. Chances of an agreement in contract talks between US railways and labour unions appear increasingly slim as carriers prepare for a shutdown amidst calls for Congress to step in and mandate a settlement<sup>20</sup>.

## b. Global air cargo industry

### i. Air cargo revenue and rates

As passenger numbers plummeted, air cargo was a crucial source of revenue for many airlines. In 2021, air cargo revenues reached a record **\$204 billion**<sup>21</sup>, which was more than double the figure reached in 2019 and accounted for some **40%** of total airline revenues in 2021. However, the initial outlook of solid demand (expected to exceed pre-crisis levels by **↑13%** and generate **\$169 billion** in revenue) has not materialised, as the latest IATA figures put cargo growth at **↓2,3%** (m/m) versus June and **↓3,0%** (y/y) versus July 2022. Therefore, the financial performance of airlines will unlikely reach the lofty targets envisaged at the beginning of the year, despite the latest August cargo rates remaining elevated and stable on most routes, as the "Baltic Exchange Airfreight " shows below:

Figure 19 – Baltic Exchange Airfreight Index (\$ per kg)



Source: [BAI](#)

<sup>18</sup> Whiteman, A. 13/09/2022. [Unite confirms new eight-day strike at Felixstowe will overlap Liverpool action.](#)

<sup>19</sup> Murray, B. et. Al. 12/09/2022. [Britain faces another wave of strikes once mourning ends.](#)

<sup>20</sup> Putzger, I. 14/09/2022. ['Catastrophic' US rail strike could begin on Friday, as carriers prepare for shutdown.](#)

<sup>21</sup> Sullivan, B. 15/09/2022. [IATA WCS: strengthening air cargo's post-pandemic prospects.](#)

On the major routes, the prevailing rates are currently:

- Frankfurt – North America is currently trending at **\$3,95** per kg – **↑3,4%** (m/m), and **↑0,3%** (y/y).
- Hong Kong – Europe is currently trending at **\$6,34** per kg – unchanged versus July and still way up on last year at **↑36,9%** (y/y).
- Hong Kong – North America is currently trending at **\$8,33** per kg – **↓1,9%** (m/m) and **↓3,6%** (y/y).

In other cargo news, Maersk is expanding its logistics offerings by venturing into air cargo. The shipping giant has applied to the US Department of Transportation to have the foreign air carrier permit of subsidiary *Star Air* transferred to its new *Maersk Air Cargo* business<sup>22</sup>. Locally, Air Belgium has awarded a three-year contract to Worldwide Flight Services (WFS) to provide cargo handling for the launch of its first services to South Africa. The ground handler will provide cargo handling for the 1 600 tonnes per annum forecast to be carried onboard Air Belgium's twice-weekly Airbus A330-Neo flights connecting Johannesburg and Cape Town with Brussels, which commenced on Wednesday, 14 September<sup>23</sup>. The service is set to meet the demand for increased trade in perishables and pharmaceuticals between South Africa and Europe.

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<sup>22</sup> Brett, D. 15/09/2022. [Maersk Air Cargo starts regulatory process for US flights.](#)

<sup>23</sup> Jeffrey, R. 15/09/2022. [Air Belgium partners with WFS for South Africa air cargo services.](#)