

CFR FREIGHT – WEEKLY TRADE SUMMARY **WEEK 30**

GENERAL

The South African market was dominated by the Transnet alleged cyber attack and IT system disruptions which were reported on the 22nd of July. Updates received during the week advised of manual systems by Transnet, SARS and shipping lines to process both inbound and outbound containers, as well as vessel scheduling. The requirement of hard copy CN1's to be presented together with hard copy CTO's proved a challenge for all groupage operators and consolidation containers, due to the nature of Customs entry requirements. Export stacks were not nominated for general cargo during the week, with only reefer containers being accepted. Transnet reported that NAVIS system was operational in all terminals as at the 27th July, however EDI links and other operational systems were not functional. We did see some container movement in Durban on Wednesday the 28th July, with Zacpak successfully retrieving a small number of import containers from the Durban terminals. Thursday the 29th July saw some movement of import containers in Durban; with updates received from Cape Town that there was some progress on the NAVIS system. However, release of containers in Cape Town was hampered by the port going windbound in the morning of the 29th. Minimal import containers were retrieved in both Durban and Cape Town on Friday 30th July. Statement issued by Transnet in the afternoon on Friday the 30th July advised system restoration in Coega and Port Elizabeth ports. Expectation of nomination of export stacks around the country from late Friday afternoon into the weekend.

The situation with Transnet remains fluid. CFR Freight and Zacpak are working closely with the terminals, shipping lines, SA Customs, SAAFF and transporters to move containers, both import and export, as soon as possible. For information and updates on individual containers, please liaise with your local CFR branch.

Cargo Lead Times and Transit Times

On all trades, we continue to experience volatile freight rates; carrier capacity constraints, extended transit times, transshipment hub delays and erratic carrier schedules.

Please be advised that carrier schedules are very erratic at this time, with blanked sailings being announced by shipping lines; especially on the Asia Pacific trade. Carriers are amending schedules mid voyage, vessels are being phased into and out of services and we are seeing cases of unscheduled container transshipments as a result of vessel schedule amendments.

Carrier capacity is severely limited out of Asia and with peak season approaching; the current situation is expected to worsen.

With the recent disruptions along the South African coast, carriers have amended schedules, port rotation and port omissions have been announced. We recommend close tracking of containers, as we are seeing unscheduled container transshipments, as well as extended delays in transshipment hubs around the globe.

As Liftings Fall, Ocean Carriers Still Earning More Bucks With Less Bang

Source: The Loadstar 28 July 2021

Port congestion and other network disruptions mean ocean carriers now need more ships to transport the same amount of cargo than they did pre-pandemic.

However, despite the significant extra costs of the additional tonnage, net earnings for shipping lines continue to be turbo-charged by soaring freight rates, a consequence of tight supply and demand growth.

A survey of carrier cargo liftings in the first quarter by Alphaliner shows volumes took a surprise dip after the surge of the second half of last year. The consultant said only Zim recorded quarter-on-quarter growth in Q1, while HMM and Cosco reported reductions of around 10%.

“Excluding Zim, liftings for the top container lines now closely resemble volumes for Q4 19”, said Alphaliner, the last quarter before the impact of the pandemic skewed demand.

“The trend may come as a surprise, given the rates enjoyed by the industry, which have soared to such an extent that liner shipping is now attracting anti-trust attention,” said Alphaliner, adding that carriers were expected to break profitability records for Q2 when they publish those results next month.

Indeed, carriers are riding the crest of a massive wave of profitability with, for example, spot rates on the Asia-North Europe tradelane spiking by over 500% since November – on top of which, equipment and space guarantee fees can easily add \$4000-\$5000 per 40ft to the final bill for shippers.

The hopes of shippers for rates to return to some form of normality this year have been repeatedly dashed by a series of supply chain disruptions, such as the Suez Canal blockage in March, the Covid outbreak in Yantian in May-June and increased “vessel incidents”.

The knock-on effect is increased congestion at destination ports, as delayed ships pile up and landside operations become overwhelmed, which in turn results in the bunching of vessels further along the schedule.

The only instruments in a carrier’s toolbox to overcome the schedule delays are either to blank a sailing, or more common at the moment, to allow a vessel to ‘slide’ on its schedule by one week.

In fact, Maersk today advised its transpacific customers it was voiding or sliding the schedules of nine Asia-North America voyages through to the beginning of October. And it said the scheduling changes were “on top” of what it had previously announced relating to sailings from Asia to the US west coast.

The carrier said it was making the voyage adjustments “in view of the accumulated schedule delays in the Asia-North America network caused by terminal congestion and vessel incidents”.

A carrier contact told The Loadstar he thought the disparity between the growth in demand post-pandemic and the liners’ disappointing liftings had opened the door for new independent lines.

“We are hearing almost daily of more potential new entrants to the market and, providing they can find the ships and the boxes, they will make some quick bucks,” he said.

However, he warned that shippers should be careful before they commit too much to the new services, which “will be gone in a flash; as soon as the rates start to tumble”.

Global Container Traffic Jam Worsens: Disruption at 116 Ports, over 320 Vessels at Anchor

Source: Splash247.com via ShipcoWeekly No. 29

According to container shipping platform Seaexplorer, global ports continue to face unrelenting and worsening congestion. A growing number of containerships are at anchor, waiting for available berth space. Seaexplorer’s map reported 328 ships idling in front of ports around the world with 116 ports reporting challenges as of July 21, 2021. The same data from Seaexplorer provided a month ago, showed 304 ships idling and 101 ports reporting disruptions.

Maritime consultant Drewry warned in a recent report, “If the recent disruption at Yantian Port is to be considered, port congestions, logjams and a higher freight as an outcome could be a recurring theme until 1H22. While the blockage of the Suez Canal is a rare likelihood, the risk that further outbreaks of COVID close to major hub ports remain ever-present, particularly given the prevalence of new viral variants.”

For the period 2016 to 2019, the share of total containership capacity in port as increased from an average of 29.2% to 31.8% since the start of 2020. As of April 2021, the number reached 33% reported Clarkson Research Services. The extra 0.6m teu or 2.5% of fleet capacity absorbed is equivalent to the entire fleet of Ying Ming, the world's ninth largest liner.

Up until May 2021, containership wait times for berth space has more than doubled since 2019 according to HIS Markit's port performance data. In North America, average vessel wait time was 33 hours in May 2021 versus eight hours in May 2019. Although still unavailable, data for June and July is likely to show a deteriorating situation, factoring in the Yantian fallout and many rail issues in North America and Europe.

"It is concerning to see the situation not yet improving," Turloch Mooney, associate director, maritime and trade at HIS Markit, told Splash. "Schedule reliability is still way down on pre-pandemic levels. Taken together with very high growth in call sizes, many terminal yards at full capacity, and continuing problems with repositioning of equipment, it is difficult to see a meaningful improvement in the situation in the near-term."



Map 1: More than 320 containerships waiting for berth spaces to open up around the world. Source: Seaexplorer via Splash247.com

SA PORTS

SA ports have been dominated by the Transnet alleged cyber-attack. Transnet has issued an advisory, dated the 30th July 2021 – Upliftment of Declaration of *Force Majeure* For Transnet Port Terminals Container Terminals in the Ports of Durban Ngqura Port Elizabeth and Cape Town. Advisory is attached.

DURBAN

Durban terminal berthing times indicated as follows (as at 30th July 2021): Pier 1 at 4 days; Pier 2 at 4 days; Durban Point at 2 days. Winds are expected on 2nd and 3rd August.

CAPE TOWN

Cape Town terminal berthing times indicated as follows (as at 30th July 2021): CT Container Terminal at 4 days; Multi Purpose Terminal at 3 days. Seasonal high winds are expected into the week.

COEGA / PORT ELIZABETH

Berthing times in Port Elizabeth are indicated as follows (as at 30th July 2021): Ngqura Terminal (Coega) at 4 days; Port Elizabeth Container Terminal at 1 day.
Seasonal high winds are expected into the week.

NORAM

Amex (MSC & Maersk)

Port Congestion, chassis shortages and vessel delays continue from North American region. Rail congestion and chassis shortages, extended wait times with the terminals and piers continue to negatively impact the movement of cargo and containers within the US.

High cargo volumes to and from the US Midwest region coupled with labour and equipment shortages has resulted in heavy rail delays and terminal congestion in Chicago; and movement of cargo to and from Chicago is delayed. Increased Port Congestion Surcharge for this region has been announced by our US partners effective 29 August 2021. Chassis shortages and rail ramp congestion will result in delays for pick ups and deliveries as well as container movement. Reports received of vendors closing facilities for multiple days to clear congestion.

On the US East coast the shortage of available chassis continues, negatively impacting the movement of containers in this region.

The most notable areas experiencing chassis shortages – Long Beach/Los Angeles, New York, Philadelphia, Cleveland, Columbus, Louisville, Nashville, Saint Louis, Atlanta, Chicago and Memphis.

Limited container availability is also noted in Atlanta, Chicago, Cincinnati, Columbus, Detroit, Kansas City, Memphis, Minneapolis, Nashville, Omaha, Seattle and Vancouver.

Vessel berthing wait times are indicated at between 12 to 96 hours at East Coast terminals and from 4 to 7 days at West Coast terminals.

Delays on the east coast of Canada are between 5 to 7 days with yards reported at over 100% capacity.

There has been reports of severe weather across the USA and further bad weather is anticipated for the coming week, with high winds and flooding rainfall to affected large areas across the US Midwest. www.usatoday.com
The severe weather may impact an already congested and delayed US transport system.

Schedule integrity on the Amex service, US – SA – US, has been somewhat erratic in the past week, with vessel sailing delays and changes to port rotations affecting planned departure dates, eta's and container bookings.

- **Maersk Vallvik** – vessel will omit first Port Elizabeth call and proceed directly to Durban. 2nd call will also omit PLZ and vessel will proceed directly from Durban to Cape Town.
- **MSC Jeanne** – vessel will omit Durban – DBN import containers to discharge in PLZ and planned to connect onto the MSC Lilou, subject to change.

LATAM

ONE Line, Hapag Lloyd, MSC

Carrier service changes, vessel delays, equipment shortages and capacity constraints have negatively impacted services from Brazil into SA. Vessels are extremely full ex South America at this time and carrier booking releases are constrained. Schedules are erratic from this region at present; and freight rates continue to remain volatile, in line with available capacity.

Port Elizabeth / Cape Town service is still currently scheduled on the ONE service from Santos into Coega. Last vessel loaded on this service was Seaspan Osprey – ETA Coega 04.08.2021.

Service soon to move onto the MSC service, via Las Palmas. The service is heavily constrained at this time, with carriers advising that the vessels are at capacity.

UK & NWC

SAECS (ONE, DAL, Maersk) & MSC

Erratic schedules, vessel delays, amended port rotations, high volumes as well as congestion continue for this region.

Europe's Short-sea Networks Buckling Under Deteriorating Schedule Reliability

Source: Journal of Commerce via ShipcoWeekly No. 29

European short-sea networks, heavily relied on by importers for the onward relay of containers, are facing increasing pressure because of declining on-time performance by mainline vessels.

Sea-Intelligence Maritime's analysis showed reliability on the Asia-North Europe trade was at 23.8% in May compared with 86.2% in pre-pandemic May 2019. The late arrival of deep-sea vessels, combined with growing container exchanges per port call, is creating volume surges and worsening congestion at European ports.

A Port of Antwerp spokeswoman told JOC.com short-sea services are facing less reliability with smaller ships waiting longer for late deep-sea vessels. Cargo is also staying longer in terminals. At the Port of Hamburg, late ship arrivals have meant the accumulation of thousands of export containers at terminals which have "hit their capacity limits", said Ralf Johanning, a spokesman for Port of Hamburg Marketing.

Martin Gaard Christiansen, chief commercial officer of global feeder services at Unifeeder said the company could not see an end to the port disruption. "The combination of the unreliable schedule of the mainline carriers and the high yard density because of the disrupted container flows is a difficult cocktail. Main lines desperately try to return empties to Asia, which means the traditional supplies of empties to ports in our network is drying up, and that has created uncertainty and ad hoc corridors where we are trying to get empties moving. It is a real concern."

Europe's top 20 ports handled more than 40% of the total short-sea goods shipped in 2019, according to the latest statistics available from the European Commission.

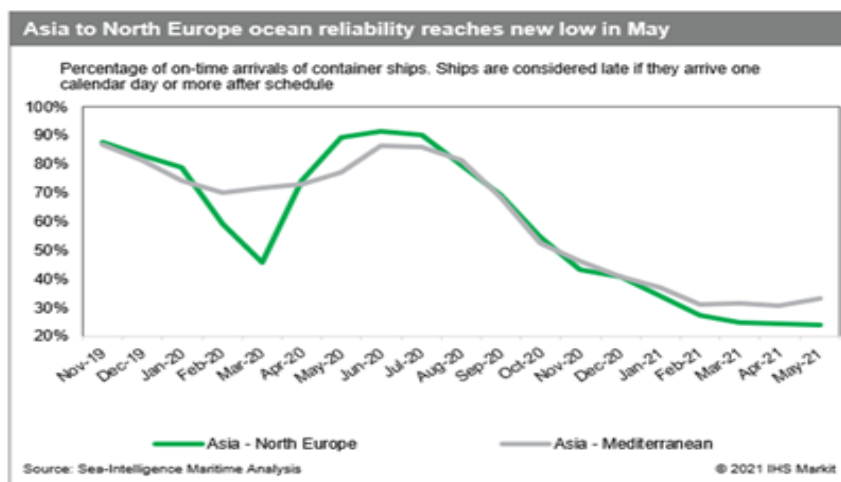


Figure 1: Percentage of on-time arrivals of container ships, 2019-2021.

Source: Sea-Intelligence Maritime via JOC.com

Recent floods in western Europe have impacted inland haulage and cargo transport. This may cause delays in cargo movement.

According to www.severe-weather.eu another severe weather outbreak is expected across parts of central Europe on Sunday 1st August, moving into eastern Europe. Strong winds, giant hail and torrential rainfall is expected.

Very high temperatures (in excess of 40 degrees Celsius) is expected in the Baltics, moving into the Mediterranean regions.

Summer holiday season is starting in Europe, generally from end of July through to beginning of September. Many businesses, including transporters, close for summer vacations. During this time, there is generally restrictions on the movement of heavy trucks throughout Europe. This may impact cargo deliveries and pick ups.

Vessel capacity ex Germany has been very tight as vessel scheduling changes have resulted in mainline vessels omitting port of Hamburg; containers for loading on the mainline vessels for South Africa are being moved by smaller feeder vessels into Antwerp. Equipment shortages continue from the region.

High cargo volumes continue in Germany and our partner CFS is at maximum capacity. Cargo delivery time cut off is at 1:00pm every afternoon and cargo deliveries only accepted within 72 hours of cut off day. Germany export stack dates remain erratic, and our partners, SACO Shipping, do liaise with booking parties and transporters with regards to cargo delivery / cut off days.

As advised by carriers, with a view to improve vessel schedule integrity and improve overall transit times, we continue to see amendments to vessel schedules, with port omissions and changing rotations continuing both in South African ports, as well as various European ports. These vessel changes may affect container loadings. Every effort is made to secure loading between the two main services into South Africa (MSC's NWC service or SAECS service) to maintain loading integrity from our European CFS's.

With poor weather conditions being experienced in SA ports, as well as recent IT and other service disruptions, we are seeing an increase in the number of port omissions and scheduling changes. Please ensure to monitor carrier notifications and Transnet berthing schedules; as vessel port calls and schedule amendments are subject to change

- **Dal Kalahari** – vessel will omit Cape Town southbound call and all containers will remain on board for discharge on the 2nd northbound call. ETA 05.08.2021
- **Cape Tainaro** – vessel will omit CPT on northbound call and proceed from Coega directly to Las Palmas.
- **MSC Sasha** – vessel will omit CPT on southbound call and all containers will remain on board for discharge on the 2nd northbound call. ETA is TBA.
- **MSC Anzu** – vessel phasing in to NWC service in Rotterdam. Vessel will omit London Gateway.
- **MSC Chloe** – vessel has sailed CPT on NB voyage. Will omit Hamburg – all Hamburg import containers to be discharged in Rotterdam and connected with MSC ANZA (ETA RTM 08/08 ETA HAM 10/08)
- **Santa Isabel** – vessel will omit CPT southbound call and all containers will remain on board for discharge on the 2nd northbound call. ETA 19.08.2021.
- **Santa Ursula** – vessel will omit CPT southbound call and all containers will remain on board for discharge on the 2nd northbound call. ETA 19.08.2021.
- **Dal Kalahari** – vessel will omit Coega on northbound call to protect CTOC window in CPT. All import containers for Coega will discharge in Durban and connect onto the Glacier Bay 132N for delivery to PECT.

Northbound (Exports):

All ports have been severely impacted on the NWC outbound services, with vessel schedule changes

We recommend that schedules, carrier notices and Transnet berthing plans and stack dates be closely monitored.

MEDITERRANEAN

SAECS (ONE, DAL, Maersk) & MSC

These services are subject to container transshipment in either Las Palmas, Algeciras or Sines ports. These transshipment hubs are being impacted by the poor vessel schedule integrity and vessel delays at other ports. Transshipment vessels and connections may be amended or compromised as carriers change vessel schedules and trade services. Increasing congestion is being seen at the ports of Algeciras and Las Palmas. Feeder vessels from the main ports into transshipment hubs are experiencing delays, as well as capacity constraints. Hazardous bookings may be delayed, due to last minute schedule changes by the carriers.

Turkey is severely impacted by equipment imbalances and container shortages. The equipment shortage in Turkey is critical.

Spain is also being affected by the global equipment imbalances. There have been delays with the feeder vessels out of Spain. This may result in bookings being rolled over, but priority loading is in place for all containers.

Italy is being affected by the global equipment imbalances, container shortages, port delays and volatile vessel schedules. Delays and shortage of feeder vessels out of Italy into transshipment hubs may have an impact on container loading. Congestion in the terminals in Italy may affect transshipment cargo as cargo moves from import to transshipment handling for loading.

Italy summer holiday advisory was issued on Friday 27th July; cargo pick ups and deliveries may be delayed during the holiday period between weeks 32 and 34.

Please take note of the vessel scheduling changes under NWC, as this will affect inbound cargo, which transships onto the South African NWC / SAECS service vessels.

MIDDLE EAST

CMA-CGM, Hagag Lloyd, MSC

Vessel capacity constraints and equipment shortages are having a negative impact on the services out of Jebel Ali. Vessel capacity for both inbound service from Jebel Ali and outbound service to Jebel Ali is severely constrained, with carriers advising that vessels are full.

Load planning is scheduled for first available vessel and carriers may change from week to week subject to availability.

A further peak season surcharge has been advised on inbound services from Jebel Ali.

INDIAN OCEAN ISLANDS (MAURITIUS)

MSC

Our offices in Mauritius have advised that carrier capacity is very tight at present and carrier scheduling is problematic. We continue to load as carrier schedules allow and we are maintaining our loading integrity. Export schedules are very volatile at present, with many changes being made to planned vessels.

SUB-CONTINENT

One Line, MSC, Maersk, CMA, GSL

It is monsoon season in the sub continent at the moment – generally seen annually from July to September.

Heavy rains are anticipated during the season and this may impact cargo movement.

The country continues to feel the impact of COVID-19 and restrictions across majority of India remain in place.

There has been no improvement or change to the services ex the Sub-Continent. Port delays as well as transport delays, high cargo volumes, carrier capacity and equipment challenges continue to impact services in India.

Carrier capacity is severely constrained out of the region. Port omissions and blank sailings are also very prevalent. Our containers may load with different carriers from week to week, as our partners, Teamglobal, endeavour to maintain scheduled loadings and services for this trade. Loadings will be planned as per bookings released by the carriers; this may result in cargo being loaded into another CFS in South Africa; as we endeavour to move cargo on first available sailing.

APAC (including OCEANA)

ONE Line, MSC, Maersk, CMA, Evergreen, GSL, Cosco

Typhoon In-Fa wreaked havoc in central China early in the week and severe floods were seen in Henan province. Weather predictions for August indicate an expectation of heavy rainfall in Beijing and Tianjin as well as Hebei and Heilongjiang provinces. Heavy rainfall could bring more flooding into central China as well as northeast and northern regions. www.scmp.com

The situation from Asia remains unchanged, with available space / booking capacity with the carriers and soaring freight rates continuing to deteriorate from the region to all areas globally. Vessels are over-committed and carriers are only releasing limited bookings and equipment; with contracted space allocation being disregarded at this time, in favour of "spot" bookings with priority freight rates being applied. Freight rates continue to increase, as capacity constraints become tighter into August. Carrier rate structures and contract rates are not guaranteeing availability, with additional shipping priority rates being introduced.

As we move into traditional annual peak season, we anticipate that space constraints will become tighter as increase in cargo volumes continues. All cargo is given priority for loading and we endeavour to accommodate all bookings, however we do caution delays at this time, with a view to capacity constraints.

Unscheduled container transshipments are also evident at this time, as carriers are discharging containers in Singapore to reload heavily delayed containers from other vessels.

Vessel schedules remain volatile and we are seeing carriers amending port rotations – please ensure to track your containers, for any changes to these schedules. Carriers are announcing blank sailings from various ports, or we are seeing vessels "sliding" or "cascading", which results in ETAs and ETDs moving out by usually a week.

Both Singapore and Tanjung Pelepas are seeing transshipment delays – these delays vary from one to five weeks. Vessel waiting delays in Singapore and Hong Kong are at 2 to 3 days.

Australia is seeing severe congestion and delays; vessel berthing waiting periods at approximately 9 days in Sydney and 4 days in Melbourne. Carrier capacity constraints are a concern, with shipping priority surcharges being applied by most carriers.

Restrictions of certain commodities ex China into Hong Kong remain.

Shenzhen CFS unable to handle IMDG cargo. Any IMDG cargo from this region will need to be shipped FOB Hong Kong and subject to carrier acceptance; this includes lithium batteries classified as DG cargo.

All carriers are heavily committed and container bookings / releases subject to carrier acceptance.

SA Exports

Our export loadings to Far East (Singapore) are being subjected to erratic carrier schedules and changing stack dates. However, Singapore port and our Singapore CFS remain heavily congested and this, together with equipment shortages may delay transshipments from Singapore.

Vessel schedule integrity and export stack dates remain volatile at present, due to vessels being delayed in inbound voyages, as well as along SA coastline. However all offices have reported fairly consistent export loadings for this service.

AFRICA EXPORT SERVICES

MSC, ONE Line, Hapag Lloyd

Vessel schedules remain erratic, with volatile SA port stack dates.

Destination ports continue to experience port congestion and resultant vessel berthing delays. Transport problems and container transfer delays continue to impact on these services.

All containers to be closely tracked and monitored.

EAST AFRICA

There are severe carrier delays to the entire East African region; NB to note that carrier options for groupage cargo is limited and therefore our services are reliant on carrier schedules.

Port congestion and delays are evident on these services.

Dar Es Salaam service continues to see vessels omitting Dar Es Salaam and containers being transhipped in Mombasa. This trade remains congested and negative impacts the Mombasa and Maputo services as well.

Mombasa service continues to experience erratic vessel schedules.

WEST AFRICA

Nigeria berthing and terminal delays remain critical. Carrier ONE is discharging containers in TinCan due to delays in Apapa; with very long delays in moving containers from TinCan into Apapa. We have seen some improvement in the last few weeks on the container movement; although this is still extensive, it has improved and containers are moving.

Tema direct service has seen carrier change and this has resulted in improved schedule integrity.

Thank you for your continued support and should you require any further information, please do not hesitate to contact us.

**CFR FREIGHT
TRADE TEAM**

