

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

**Date: 12 August 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)	22 454	32 322	54 776	22 222	34 581	56 803	↓4%
Air Cargo (tons)	4 877	2 148	7 025	4 239	2 253	6 492	↑8%

### Monthly Snapshot

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

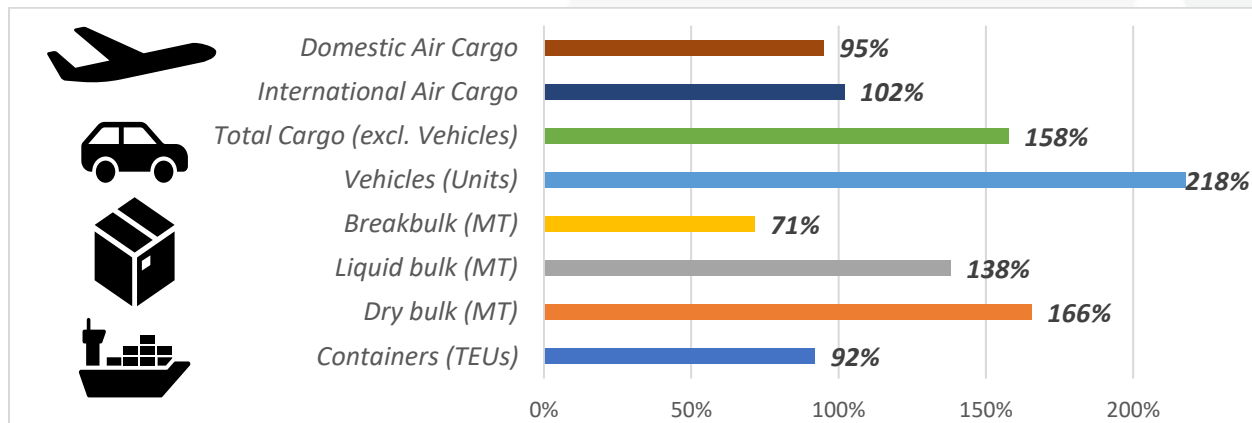
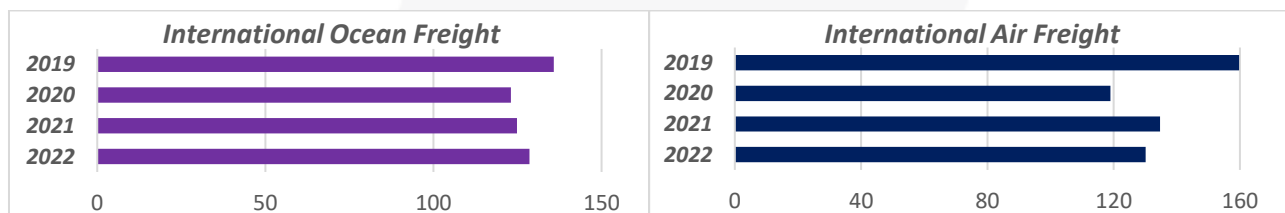


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



### Key Notes

- An average of ~7 825 containers was handled per day, with ~9 130 containers projected for next week.
- Rail cargo handled out of Durban amounted to 2 376 containers, ↑46% compared to last week.
- This week, cross-border queue times ↓0,9 hours, with transit times ↑0,3 hours, SA borders ~15 hours.
- The "WCI" declined for the 24<sup>th</sup> straight week, with spot rates ↓3% (or \$198) – to \$6 430 per 40-ft.
- Global container throughput (imports and export) is up by ↑0,1% (m/m), and ↑0,1% (y/y) for June.
- Global port capacity is projected to increase annually by ~↑2,4% to reach 1,38 billion TEU by 2026.
- The recovery in air traffic continues, with cargo is ↑0,8% and passengers is ↓29,2%, versus 2019 levels.

<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 100<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 full month's worth of available data compared to the same month in the previous year. All metrics: Jul vs Jul.

<sup>5</sup> For ocean, total Jan-Jun 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 100<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 equipment breakdowns, congestion, power outages, and weather conditions causing delays. TFR still hasn't provided an estimated time of return on the second line of the Balgowan section of the container corridor after the derailment that occurred. On Thursday, a truck caught fire at one of the Maydon Wharf berths, while Transnet issued a detailed update on the automated Moormaster system and their action plan as to how they plan to repair and maintain the system over the short-, medium-, and long term.

On the international shipping side, the latest global container throughput figures point to a volume consolidation in June, following a strong recovery in May. Consequently, the massive reduction in February caused by the Chinese New Year, the spread of Omicron, the ongoing effects of Russia's war with Ukraine, and others, have now been overcome to some extent. Nevertheless, the steady decline in freight rates continues, and we can expect to see the impact of this on some South African trades. However, the fear is that capacity – which in our case is provided by relatively smaller vessels – may be reduced through scheduling and blank sailings.

Despite the significant decrease in rates, liner shipping is still on course to smash last year's record profits by as much as **↑73%**, as net income this year will likely reach **\$256 billion**. Further developments of note included **(1)** the FMC saying shipping lines should compensate role players forced to store containers due to port congestion, **(2)** Surcharges adding to costs of barging freight as Europe's rivers run dry, **(3)** Chinese firms to invest **\$2,22 billion** in three port projects in Africa and the Mediterranean, and **(4)** New Hamburg line created to focus on 53-foot containers.

South Africa's international air cargo volume increased slightly this week (**↑8%**), while domestic air cargo is slightly down on last week's volumes (**↓11%**). Regarding the latest passenger numbers (1 to 7 August), the capacity levels domestically stand at **~76%** and internationally at **~63%** compared to 2019. Internationally, the numbers for passengers are similar (especially led by strong domestic markets), as IATA notes that the recovery in air traffic is continuing. Additional developments included **(1)** the industry has played down the impact on capacity resulting from the end of cargo-in-cabin easements on 31 July, and **(2)** despite a summer lull, the industry is still expecting a peak season – although it may be weaker than previous seasons. Lastly, on the air cargo front, the rebound in transatlantic passenger travel added belly hold capacity and pushed rates down to **\$3,40** per kg, **↓25%** lower than a year ago.

In the road freight arena, cross-border transit times for South African borders averaged **15 hours (↑50% w/w)** this week, as delays continue at Cassacatiza, Kopfontein, Kasumbalesa, and Lebombo. Apart from regional cross-border delays, this week's main headline concerns a massive increase in fuel tanker hijacking carried out by criminal syndicates. Additional developments included **(1)** the upgrading of Groblersbrug from the Botswana side, **(2)** Machipanda border post operating 24/7 from December, and **(3)** updated pricing structures for Kazungula.

In conclusion, as we celebrate 100 editions of bringing key cargo movement data and commentary to the extended supply chain, it is worth emphasising that the report epitomises industry-wide collaboration. Indeed, more than 50 data sources and as many key stakeholders are consulted every month, showing how critical collective buy-in is for the industry and the economy. As we continue with this research endeavour and aim to produce the next 100 editions, we pay homage to all stakeholders who have contributed under

BUSA and its affiliated and associated members to create a resource which can be relied upon by South Africa's extended supply chain. Ultimately, South Africa needs a thriving trading environment to accelerate economic growth and development and elevate our international standing from the regrettable lows reached in the last few years.

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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 6 to 12 August<sup>6</sup>

7-day flow forecast (06/08/2022 – 12/08/2022)		
TERMINAL	NO. OF CONTAINERS <sup>7</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 017	5 344
DURBAN CONTAINER TERMINAL PIER 2:	10 708	13 754
CAPE TOWN CONTAINER TERMINAL:	3 981	7 098
NGQURA CONTAINER TERMINAL:	2 860	4 374
GQEBERHA CONTAINER TERMINAL:	1 888	1 752
<b>TOTAL:</b>	<b>22 454</b>	<b>32 322</b>

Source: Transnet, 2021. Updated 12/08/2022.

Table 3 – Container Ports – Weekly flow reported for 13 to 19 August

7-day flow forecast (13/08/2022 – 19/08/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 492	5 237
DURBAN CONTAINER TERMINAL PIER 2:	12 327	12 695
CAPE TOWN CONTAINER TERMINAL:	6 314	7 312
NGQURA CONTAINER TERMINAL:	6 536	5 710
GQEBERHA CONTAINER TERMINAL:	1 434	1 850
<b>TOTAL:</b>	<b>31 103</b>	<b>32 804</b>

Source: Transnet, 2021. Updated 12/08/2022.

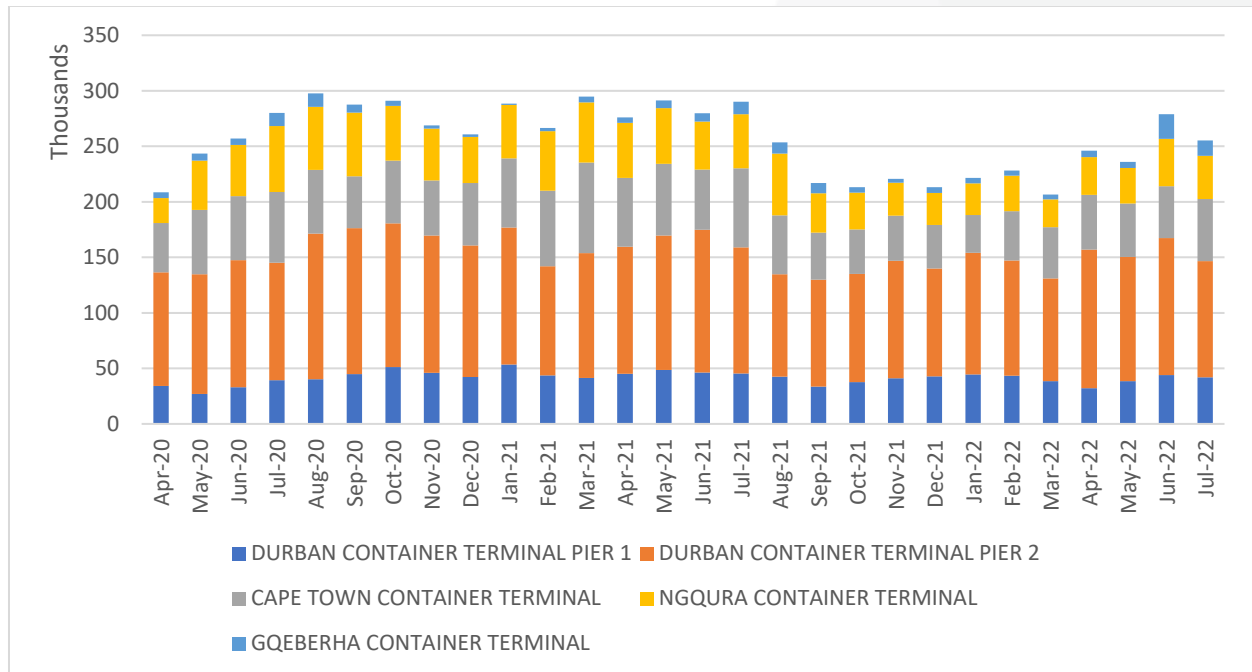
An average of **~7 825 containers** (↓4%) was handled per day for the last week (6 to 12 August, Table 2), compared to the projected average of **~8 972 containers** (↓13% actual versus projected) noted in last week's report. An increased average of **~9 130 containers** (↑17%) is projected to be handled next week (13 to 19 August, Table 3). Port operations this past week were characterised by equipment breakdowns, congestion, power outages, and weather conditions causing delays.

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 44% 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 move towards more 40' containers continues.

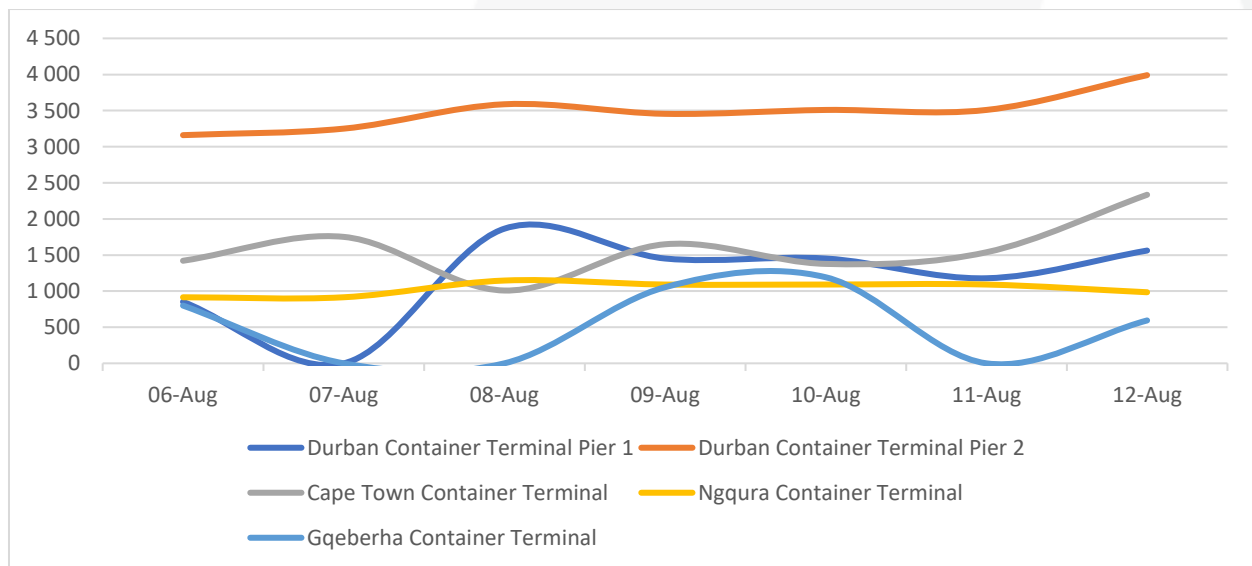
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 12/08/2022.

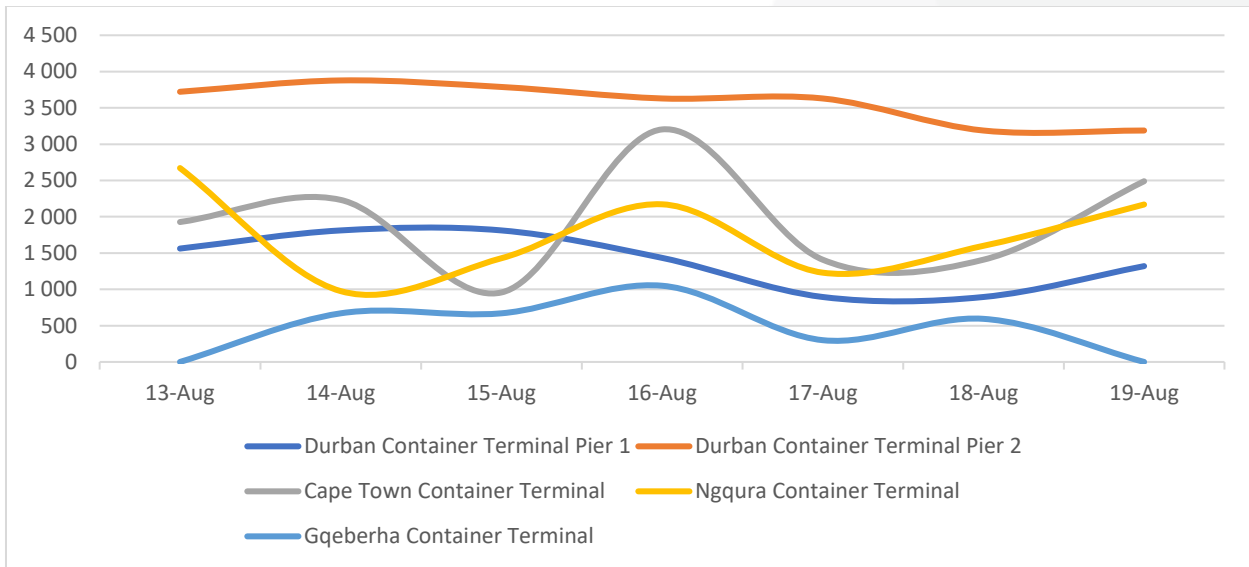
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total container movements (6 to 12 August; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 12/08/2022.

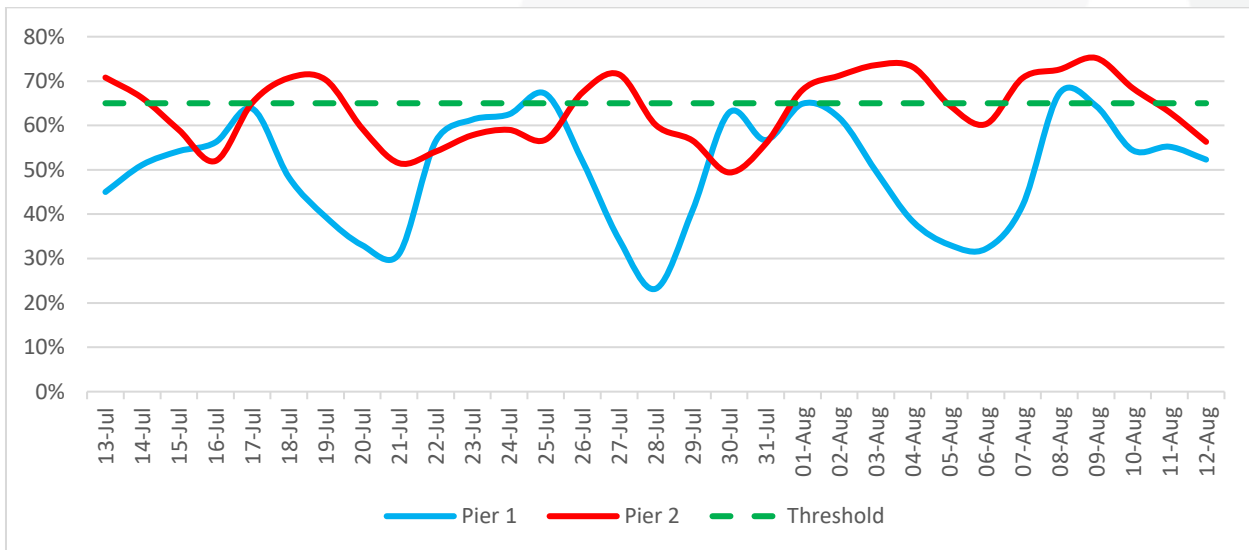
Figure 5 – 7-day forecast reported for total container movements (13 to 19 August; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 12/08/2022.

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

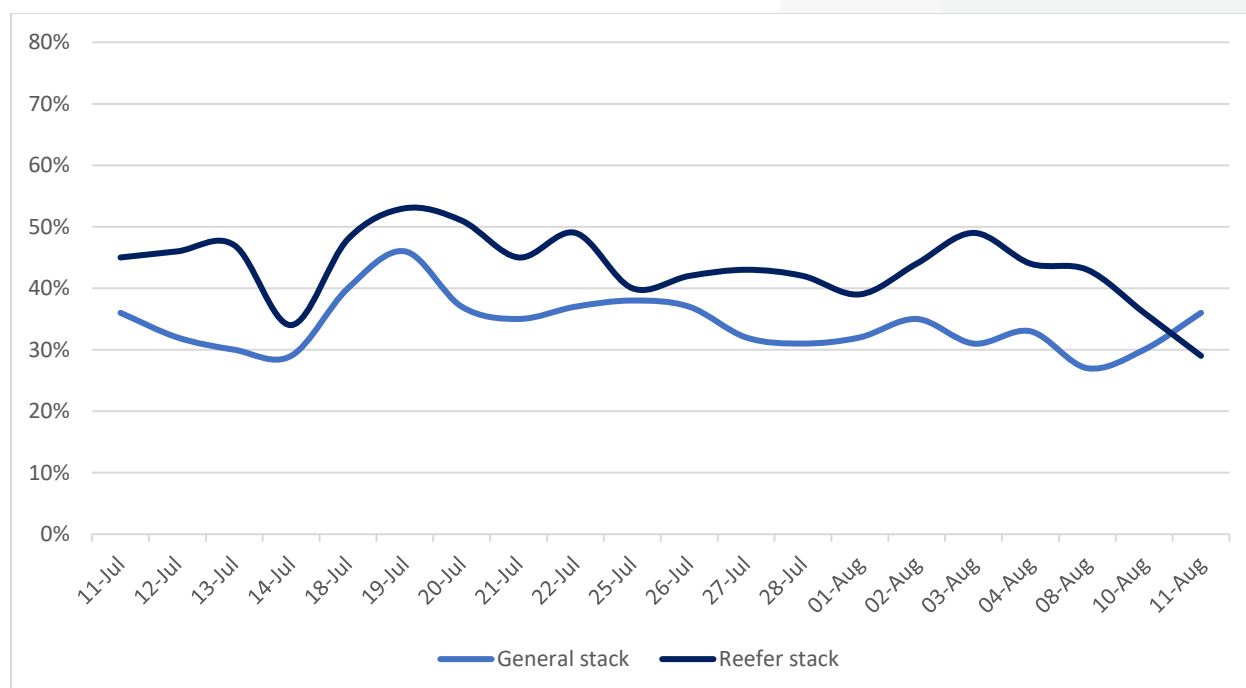
Figure 6 – Stack occupancy in DCT, general-purpose containers (13 July to present; per Pier; day on day)



Source: Calculated using data from Transnet, 2022. Updated 12/08/2022.

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

Figure 7 – Stack occupancy in CTCT, general-purpose, and reefer containers (11 July to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 12/08/2022.

## 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

Over the weekend, Cape Town experienced some weather challenges in the form of strong winds, leading to the closure of the container terminal for the largest part of Saturday. However, the rest of the week was a good week as no other serious delays were reported despite sporadic equipment breakdowns reported throughout the week. The Cape Town multi-purpose terminal was closed for the public holiday on Tuesday, 09 August 2022.

Durban experienced a challenging week as weather conditions and external events caused delays throughout the week. Operations were delayed extensively at Maydon Wharf over the weekend due to rainy weather accompanied by strong winds, while a truck reportedly caught fire on Thursday, leading to delays at one of the berths. On Monday, Pier 1 experienced delays at the State Vet department, which luckily did not impact operations to any significant extent. However, high stack occupancy is still causing backlogs and delays due to customers' reported lack of cooperation in expediting the clearance of import cargo. On Wednesday, operations at Pier 2 were reportedly halted for one hour due to a power outage, while operations at Pier 1 were halted for approximately five hours due to strong winds. In addition, Island View reported a delayed sailing on Wednesday due to a positive COVID-19 case, while a strike from Glass Car Carrier's employees caused operational disruptions at the Ro-Ro terminal.



The Eastern Cape made it through the week relatively unscathed, with no major delays or heavy weather conditions reported. The only reported incident was at NCT on Wednesday, with some delays due to high winds.

## **ii. Cape Town**

On Wednesday, CTCT recorded one vessel at outer anchorage and three at berth. Stack occupancy for GP containers was 30%, reefers 36%, and empties 27%. In the latest 24-hour period to Wednesday, the terminal managed to handle an impressive 3 214 TEUs across the quay. In addition, the terminal serviced 675 external trucks and 91 trains on the landside.

Cape Town MPT on Thursday recorded zero vessels at anchor and one at berth. In the latest 24-hour period to Thursday, the terminal managed to handle 67 truck visits at a truck turnaround time of 13 minutes. Stack occupancy was recorded at 11% for GP containers, 6% for reefers and 0% for empties. In addition, several concerns were again raised this week regarding the lack of vessels calling at Cape Town MPT. Transnet is investigating the matter to determine how the issue can be resolved.

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

Pier 1 on Thursday recorded one vessel at berth, manned by four gangs, and none at anchor. Stack occupancy was 55% for GP containers and 12% for reefers with 1 966 imports on hand, 132 reefers and 158 unassigned units. The terminal recorded 891 gate moves on the landside on Thursday, with 249 cancelled slots and 75 wasted. Over the week, the terminal recorded an average of 16 RTGs available.

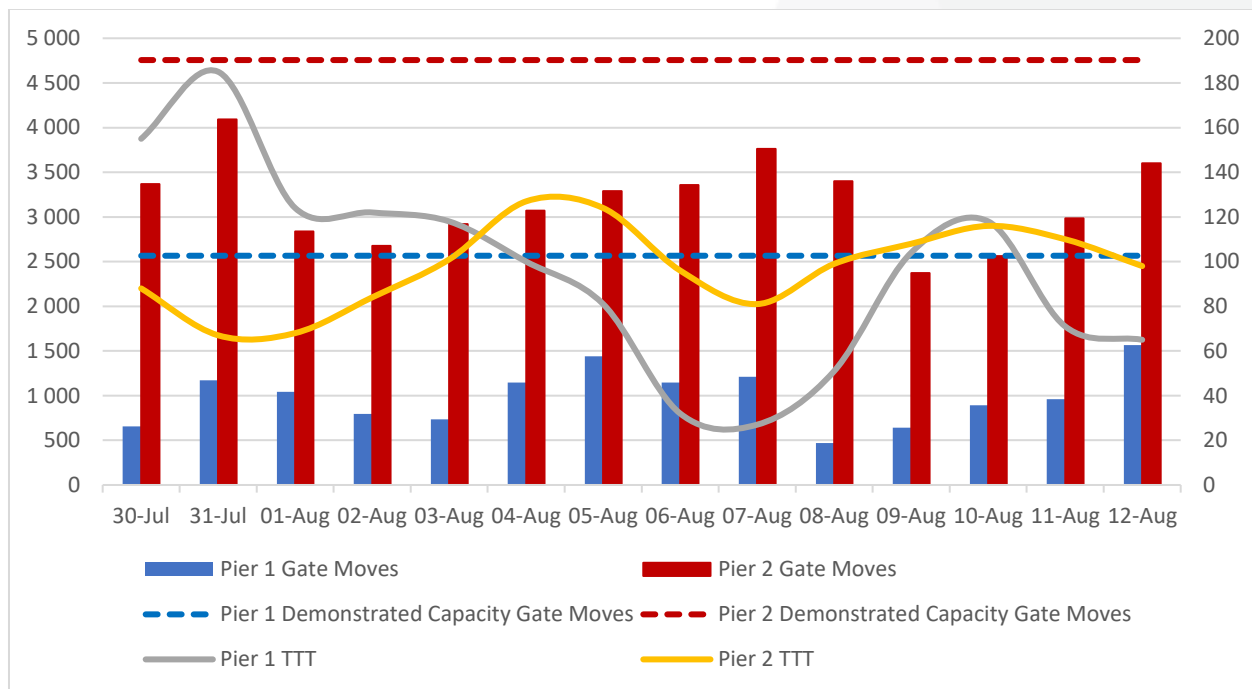
On Thursday, Pier 2 had four vessels at berth and three at anchorage. In the most recent 24 hours to Friday, the terminal managed to handle an impressive 3 349 TEUs across the quay. Stack occupancy was 63% for GP containers and 46% for reefers. The terminal had between 79 and 86 straddles in operation throughout the week, manned by 13 gangs. On Tuesday, there were 2 985 gate moves on the landside with an average TTT of 116 minutes and a staging time of 150 minutes. A total of 131 rail import containers were on hand, with 270 volumes moved by rail. During the week, Transnet advised that their plans to shift haulier operations to one of the towers had been placed on hold; they will communicate later to advise when these operations will take effect in a pilot format.

The Durban helicopter was out of commission this week due to its service, which includes a mandatory 200-hour inspection and is expected to return to commission by 15 August 2022. Additionally, one tug remains out of commission at the dry dock undergoing repairs, while berth eight at Island View went out of commission earlier this week and is expected back in service on 15 August 2022.

After undertaking night shift operations since the start of last week, the port of Richards Bay confirmed this week that the helicopter was out of commission once more on Tuesday; however, it swiftly returned to commission on Wednesday.

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



Source: Calculated using data from Transnet, 2022. Updated 12/08/2022.

**iv. Eastern Cape ports**

GCT on Wednesday 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 Thursday. In the 24 hours leading up to Wednesday, stack occupancy was 40% for GP containers and 49% for reefers. GCT also reported having two STS cranes and 14 straddles in operation. On the landside, GCT serviced 72 external trucks with a TTT of 16,5 minutes.

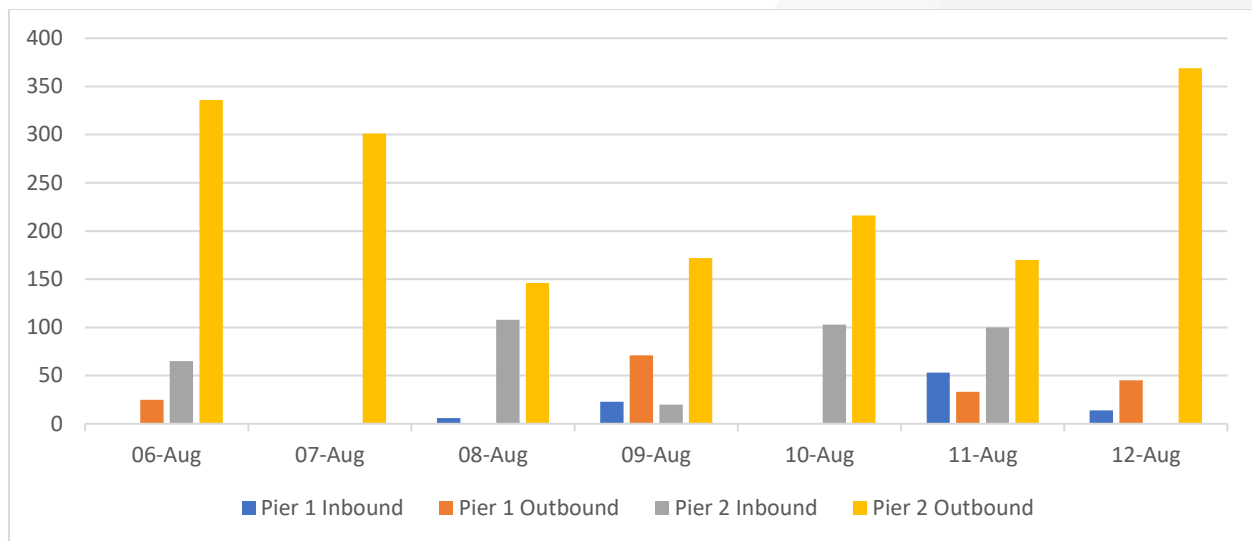
NCT on Wednesday recorded two vessels alongside manned by six gangs and one vessel at anchorage. Marine resources of two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Thursday. In the 24 hours leading up to Wednesday, stack occupancy was 34% for GP containers, 41% for reefers, and 50% for ground slots. On Wednesday, 3 158 TEUs were handled across the quay. Regarding equipment availability, six STS cranes and 27 RTGs were operating in the 24 hours leading to Thursday. Additionally, 316 trucks were serviced on the landside, with a truck turnaround time of ~25,3 minutes.

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

Earlier this week, Transnet reported that another assessment was conducted on the Balgowan section of the container corridor between Durban and Johannesburg; however, an estimated time of the return of the second line could not yet be provided. TFR remain hopeful that an estimated return time will be communicated by next week. Furthermore, Transnet advised that the second line on the Durban-Cato Ridge railway, which flooded in April, was still on track to be re-opened on 17 September.

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

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



Source: Calculated using data from Transnet, 2022. Updated 12/08/2022.

In the last week (6 to 12 August), rail cargo handled out of Durban was reported at an improved **2 376** containers, **↑46%** from the previous week's **1 628** containers.

#### vi. General

Transnet issued an update on the repairs performed on the Automated Moormaster System in May/June 2022 after it was taken out of service in December 2019 to prevent further damages to the system. Upon completion of the assessment process, unknown and unforeseen faults were discovered by the Transnet engineering team, such as corrosion and the like. As a result, Transnet's engineering team managed to repair and restore functionality to 17 of the 26 mooring pads. However, Unit 1, Unit 18 (both single units) and Unit 2 (a double unit) had to be decommissioned and used for spares due to unforeseen faults discovered during the repairs. Thus, four pads of the full complement of 26 pads were no longer available, leaving the system with 22 available suction pads. During the latter stages of June, the 17 pads were tested, and a significant reduction in vessel movement was noted. However, other faults manifested, including the hydraulic cylinders leaking oil, causing the system to lose pressure.

Consequentially, Transnet issued short, medium, and long-term action plans to ensure that the automated mooring system is back in operation as soon as possible. In the short term, a detailed assessment is planned, followed by the procurement of spares, repairs, return to the site, and eventual reinstallation of the hydraulic cylinder. Transnet engineering is anticipated to return to the site by the end of September 2022 to replace all repair cylinders, with live testing and commissioning planned for early October 2022. Transnet engineering plans to overhaul the units in the medium term, typically involving deep, in-depth cleaning, treating corrosion, and replacing worn components. A high-level maintenance schedule will be created for the long-term, including the supply of spares on a contract basis. In addition, Transnet engineering and TNPA will investigate the possibility of entering into a long-term contract to maintain the automated mooring master system.

## 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 1 August. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in August 2021 averaged **~706 163 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

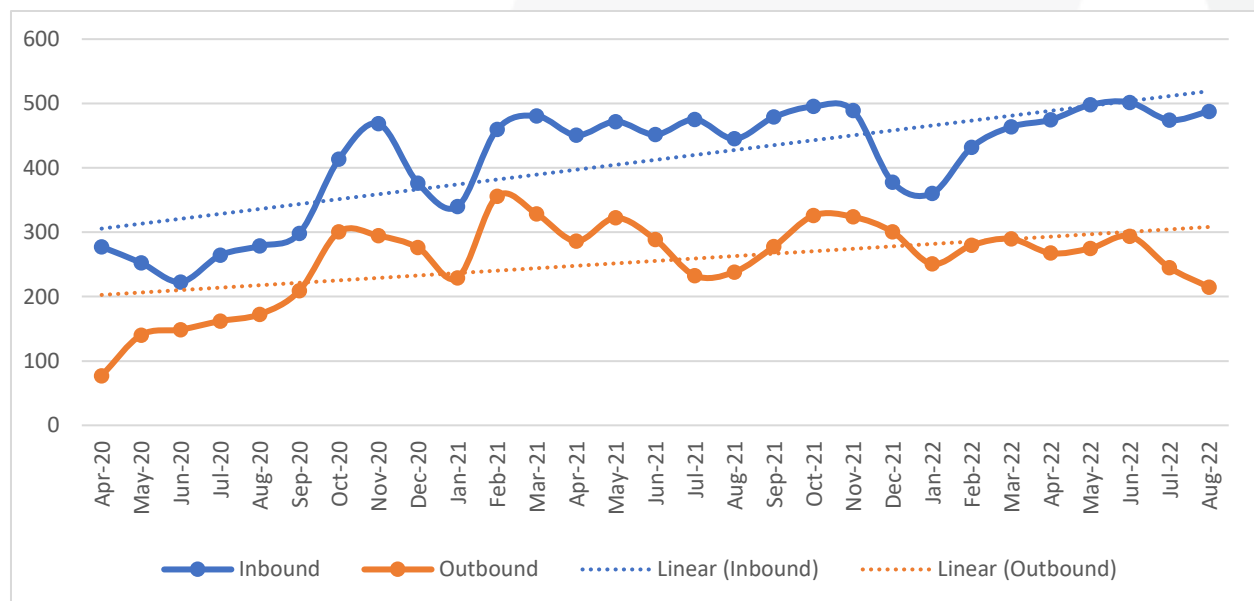
Flows	01-Aug	02-Aug	03-Aug	04-Aug	05-Aug	06-Aug	07-Aug
<b>Volume inbound</b>	548 427	290 424	351 941	430 038	419 905	364 806	1 008 335
<b>Volume outbound</b>	213 501	154 041	198 245	192 654	176 427	193 318	375 415
<b>Total</b>	<b>761 928</b>	<b>444 465</b>	<b>550 186</b>	<b>622 692</b>	<b>596 332</b>	<b>558 124</b>	<b>1 383 750</b>

Courtesy of ACOC. Updated: 10/08/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **487 697 kg** inbound and **214 800 kg** outbound, resulting in an average of **702 497 kg per day** or **~87%** compared with August 2021. Also, the level is currently at **~156%** compared with the same period in 2020.

The following figure shows the comparative quarterly global freight movement at ORTIA since the pandemic outbreak, highlighting the improvement of the sector over the period.

Figure 10 – International cargo from OR Tambo (millions)



Courtesy of ACOC. Updated: 10/08/2022.

### 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 August 2021 was **~61 953 kg** per day.

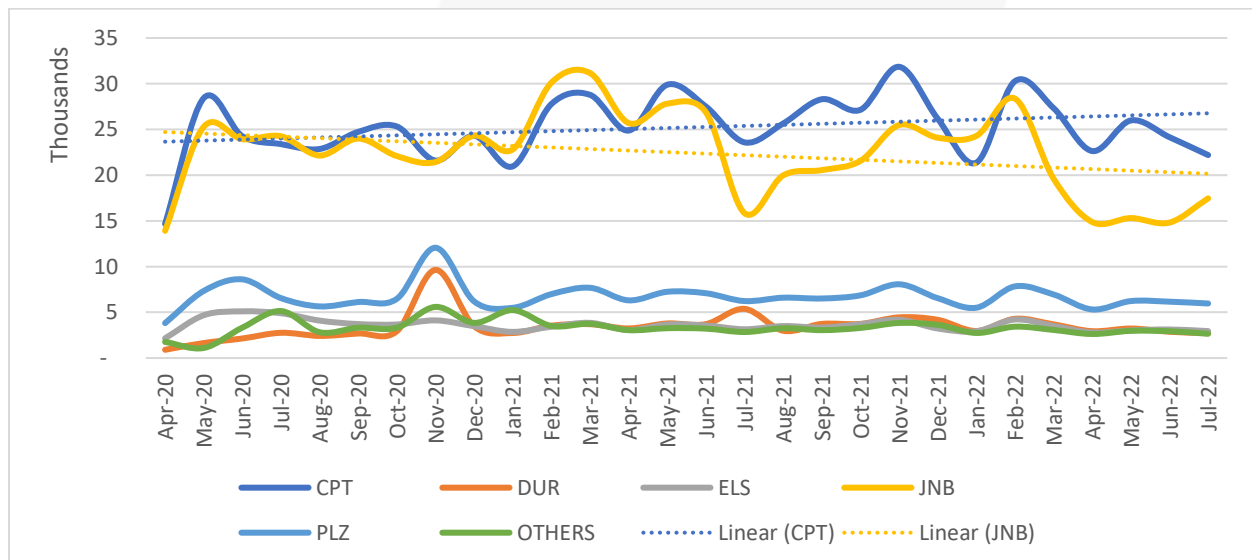
Table 5 – Total domestic inbound and outbound cargo

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 Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
Mar Average	27 325	3 677	3 504	19 611	6 946	3 069	64 131
Apr Average	22 637	2 934	2 787	14 870	5 311	2 627	51 165
May Average	25 622	3 039	2 909	14 743	6 119	2 914	55 346
Jun Average	24 151	2 872	3 122	14 812	6 160	2 931	54 048
Jul Average	22 196	2 715	2 943	17 462	5 963	2 650	53 929
Aug Average	24 195	2 887	3 425	16 882	6 389	2 634	56 412
02-Aug-22	37 102	4 987	6 635	27 163	10 483	4 013	90 383
03-Aug-22	39 380	3 656	4 566	23 767	9 397	3 618	84 384
04-Aug-22	38 157	3 942	5 182	28 923	9 393	3 507	89 103
05-Aug-22	17 681	3 153	2 798	13 465	4 312	2 848	44 256
06-Aug-22	1 065	254	8	606	157	65	2 153
07-Aug-22	1 266	476	239	367	939	286	3 572
08-Aug-22	18 453	3 015	3 363	14 479	5 476	2 837	47 623
<b>Total for 2022:</b>	<b>5 556 978</b>	<b>720 759</b>	<b>718 321</b>	<b>4 300 316</b>	<b>1 394 222</b>	<b>645 051</b>	<b>13 335 648</b>

Courtesy of BAC. Updated: 10/08/2022.

The average domestic air cargo moved last week was ~51 639 kg per day, which is ↓11% compared with the previous week and ~98% compared to August 2021. The following figure shows our commercial airports' monthly domestic freight movement since the pandemic.

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



Courtesy of BAC. Updated: 10/08/2022.

### 3. Road and Regional Update

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

The following events have caused some delays on roads in and around the SADC region this week.

- Last week, clearing times at South African borders averaged around **15 hours (↑50% w/w)**.
- Alarming, net data from Netstar shows that fuel tankers have become a target for criminal syndicates, with high-jacking and theft rising by 24%.
- Kwa Nokeng Fuel in Botswana is donating 509 hectares of land to the Botswana Government to upgrade Groblersbrug.
- The Machipanda border post will operate 24/7 from December 2022<sup>8</sup>.
- Last week, Botswana sent notice updating prices for foreign vehicles using Kazungula, with Bridge fees equalling 850 Pula, vehicle insurance 450 Pula, permit at 300 Pula, and National Road Safety at 300 Pula. These prices are quite a bit less compared to Beitbridge.
- On Wednesday, 10 August, the Zimbabwe Secretary of Transport notified that abnormal vehicles will not be stopped on weekends and public holidays with immediate effect. The change is to allow free movement of the vehicles.
- On Thursday, 11 August, transporters will no longer incur extra costs when amending permits for the Sakania border anymore.
- During the last seven days, there were no closures of any South African borders. However, as is always the case, we encourage traders to stay abreast of border post communications as per the SARS [website](#).
- Transporters, traders, and cargo owners are still encouraged to use the non-tariff barrier (NTBs) [online tool](#) developed by UNCTAD and the AfCFTA Secretariate. However, given the mixed success of the platform, transporters are encouraged to contact FESARTA and join their [TRANSIST Bureau](#)<sup>9</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 Cassacatiza, Kopfontein, Kasumbalesa, and Lebombo.

Table 6 – Delays<sup>10</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	13:00	943	28 290	6 601	72 611	0
Moz/Zam	Cassacatiza/Mlolo	-	37:00	175	5 250	1 225	42 875	0
Zam/Zim	Chirundu	6:00	19:00	620	18 600	4 340	73 780	26 040
Moz/Mal	Dedza	2:00	14:00	50	1 500	350	4 200	700
SA/Bot	Groblersbrug/Martins Drift	24:00	17:00	400	12 000	2 800	42 000	67 200
Zam/DRC	Kasumbalesa	-	61:00	750	22 500	5 250	309 750	0
Zam/Bot	Kazungula	0:00	18:00	240	7 200	1 680	26 880	0
SA/Bot	Kopfontein/Tlokweng	1:00	35:00	100	3 000	700	23 100	700

<sup>8</sup> Bulawayo24. 02/08/2022. [Machipanda border post to operate 24/7 from December](#).

<sup>9</sup> [FESARTA TRANSIST Bureau](#).

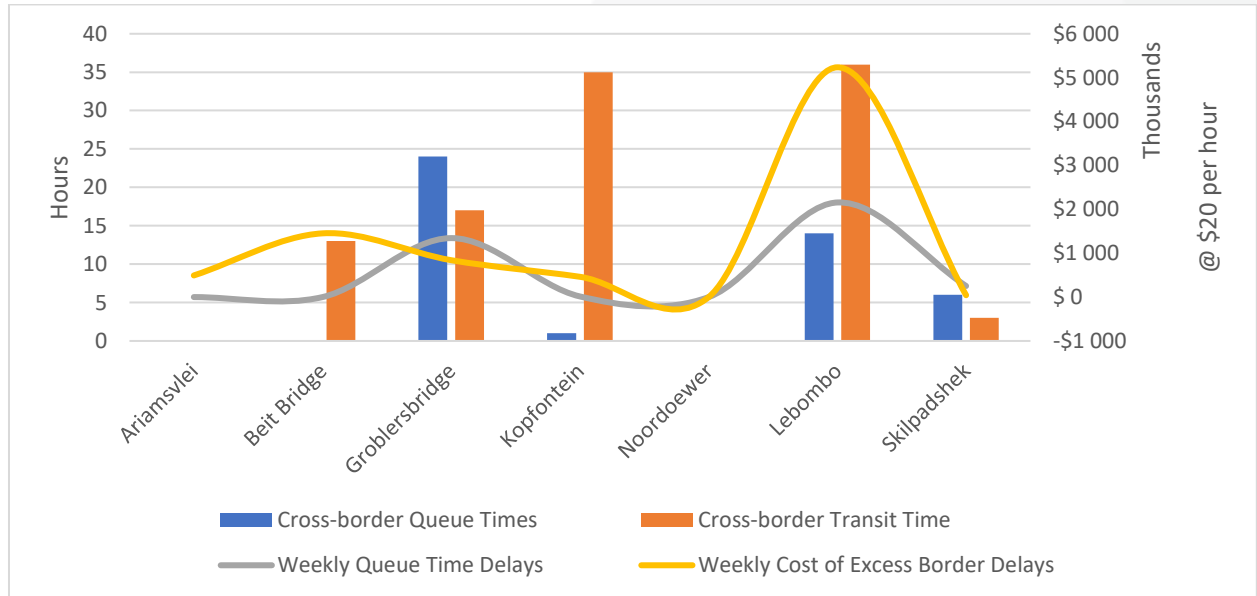
<sup>10</sup> It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the 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
Moz/Zim	Machipanda/Forbes	1:00	9:00	320	9 600	2 240	15 680	2 240
Zim/Moz	Nyamapanda	1:00	1:00	100	3 000	700	-700	700
SA/Moz	Lebombo/Ressano Garcia	14:00	36:00	1 100	33 000	7 700	261 800	107 800
SA/Bot	Skilpadshek/Pioneer Gate	6:00	3:00	300	9 000	2 100	2 100	12 600
Nam/Bot	Trans Kalahari/Mamuno	-	1:00	100	3 000	700	-700	0
Zam/Zim	Victoria Falls	1:00	1:00	114	3 420	798	-798	798
Moz/Mal	Zobue/Mwanza	2:00	18:00	100	3 000	700	11 200	1 400
				<b>37 884</b>	<b>908 418</b>	<b>220 178</b>	<b>37 884</b>	<b>908 418</b>

Source: TLC & FESARTA, week ending 08/08/2022.

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

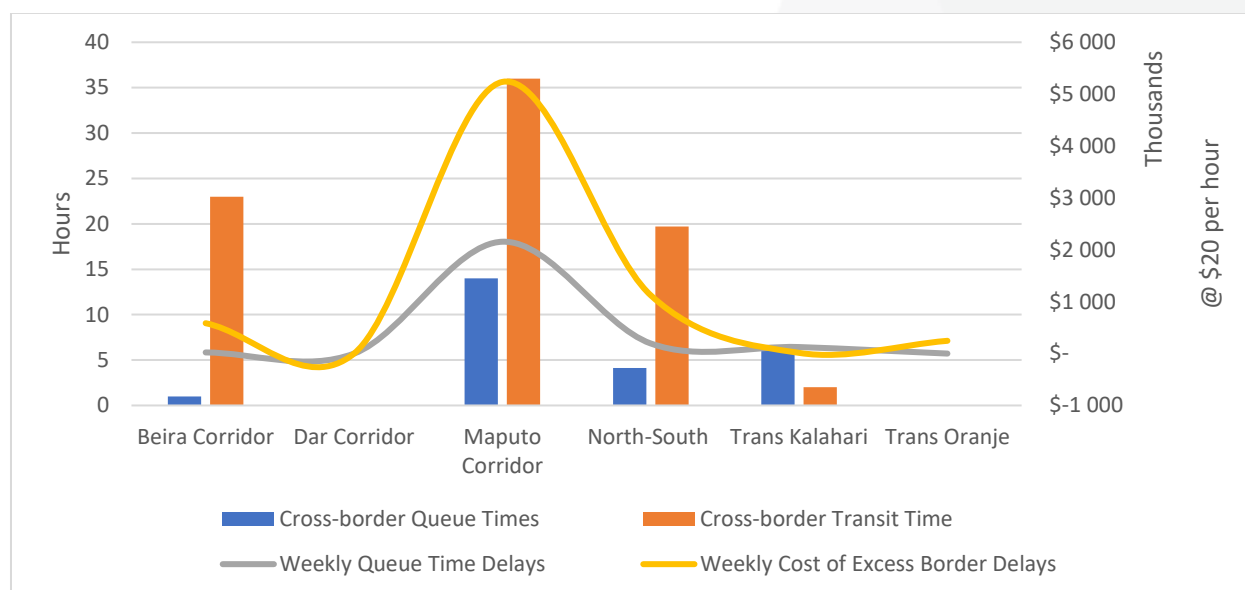
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 08/08/2022.

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

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



Source: TLC & FESARTA, week ending 08/08/2022.

In summary, cross-border queue time has averaged **~4,1 hours** (down by **~0,9 hours** from the **~5,0 hours** recorded in the previous report), costing the transport industry an estimated **\$4 million (R70 million)**. Furthermore, the week's average cross-border transit times hovered around **~17,7 hours** (up by **~0,3 hours** from the **~17,4 hours** recorded in the previous report), costing the transport industry **\$18 million (R291 million)**. As a result, the total cost for the week amounts to an estimated **~R361 million** (down by **~R33 million** or **↓8%** from **R394 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. Container throughput volume and price index

After a strong recovery in global container volume in May, the latest figures for June point to a consolidation of throughput similar to last month, according to CTS's latest container throughput volumes<sup>11</sup>. The figure below, which shows the global volume and price index of total container volumes across all trade routes (dry and reefer containers), largely mirrors the overview provided by the latest *RWI/ISL*<sup>12</sup> reported last week<sup>13</sup>. Global container throughput is running at levels similar to those recorded in June/August last year.

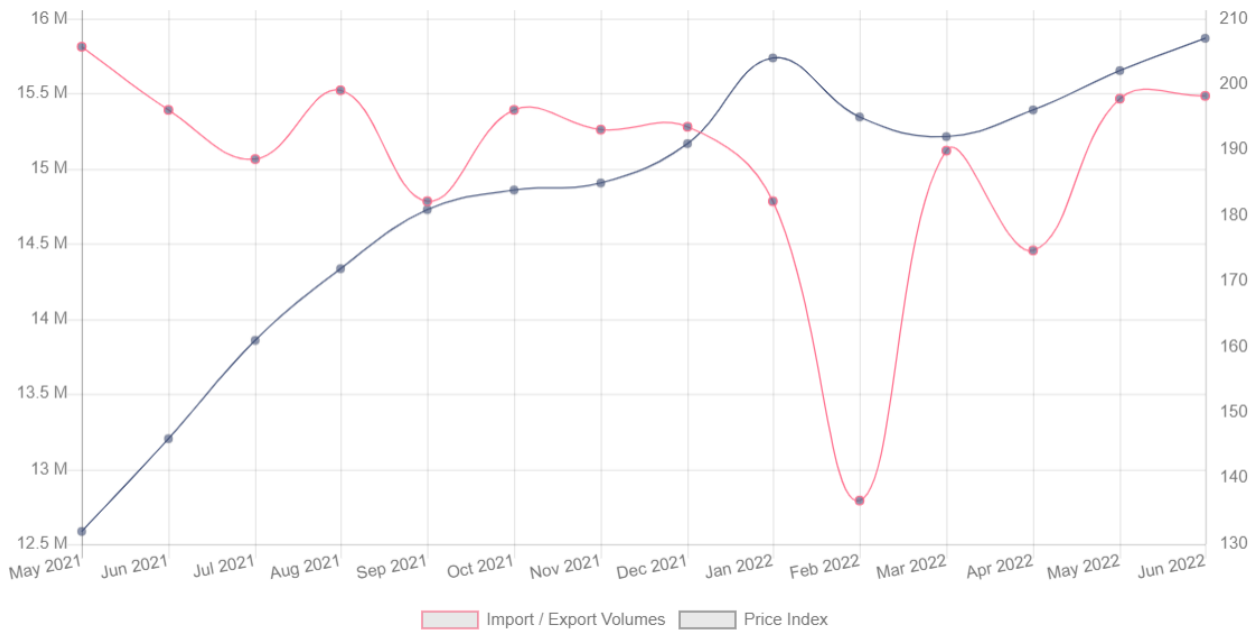
<sup>11</sup> CTS. 08/08/2022. [Container throughput volume and price index](#).

<sup>12</sup> Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL)

<sup>13</sup> RWI/ISL. 29/07/2022. [RWI/ISL Container Throughput Index: China continues to stimulate Global Trade](#).



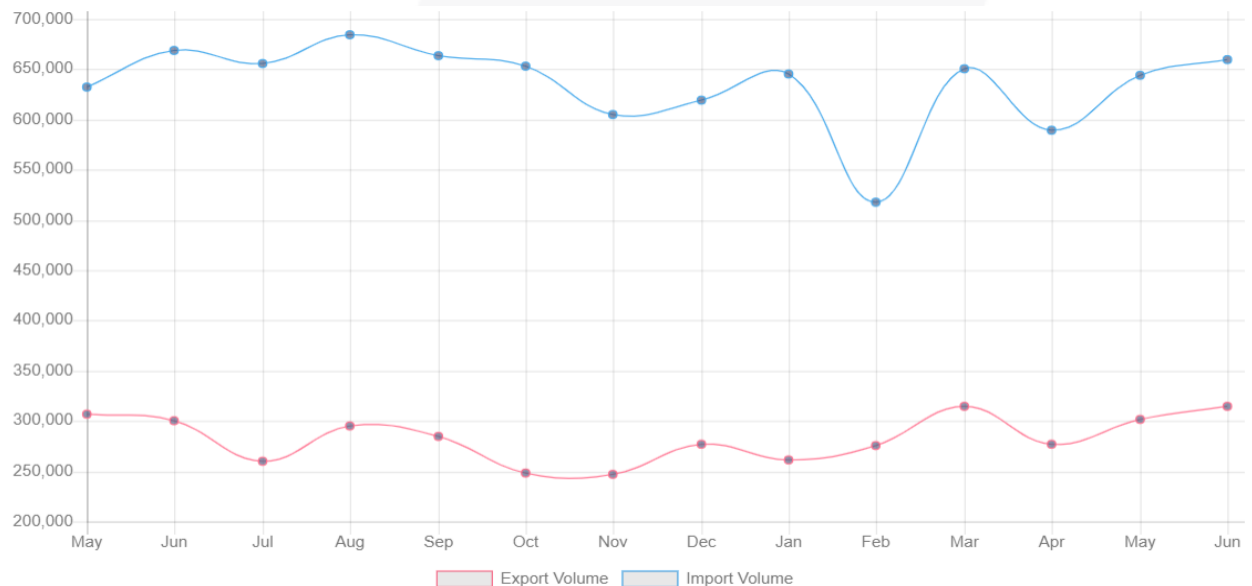
Figure 14 – Global container volume (millions of TEU) and price index



Source: [CTS](#)

The chart, which shows monthly values for the last 13 months, illustrates that the massive reduction in February caused by the Chinese New Year, the spread of Omicron, the ongoing effects of Russia's war with Ukraine, and others, have now been reversed. For June, container volumes (import and export) are up by **↑0,1%** (m/m), and annually up by **↑0,1%** (y/y). However, the CTS version of the price index contrasts Drewry's assessment, with the index continuing to increase by **↑2%** this month. The increase was led by the rise in reefer rates as dry goods continue to subside. Regionally, for Sub-Saharan Africa, container throughput volume increased slightly in June, with both imports and exports increasing:

Figure 15 – Sub-Sahara Africa container volume (imports and exports)



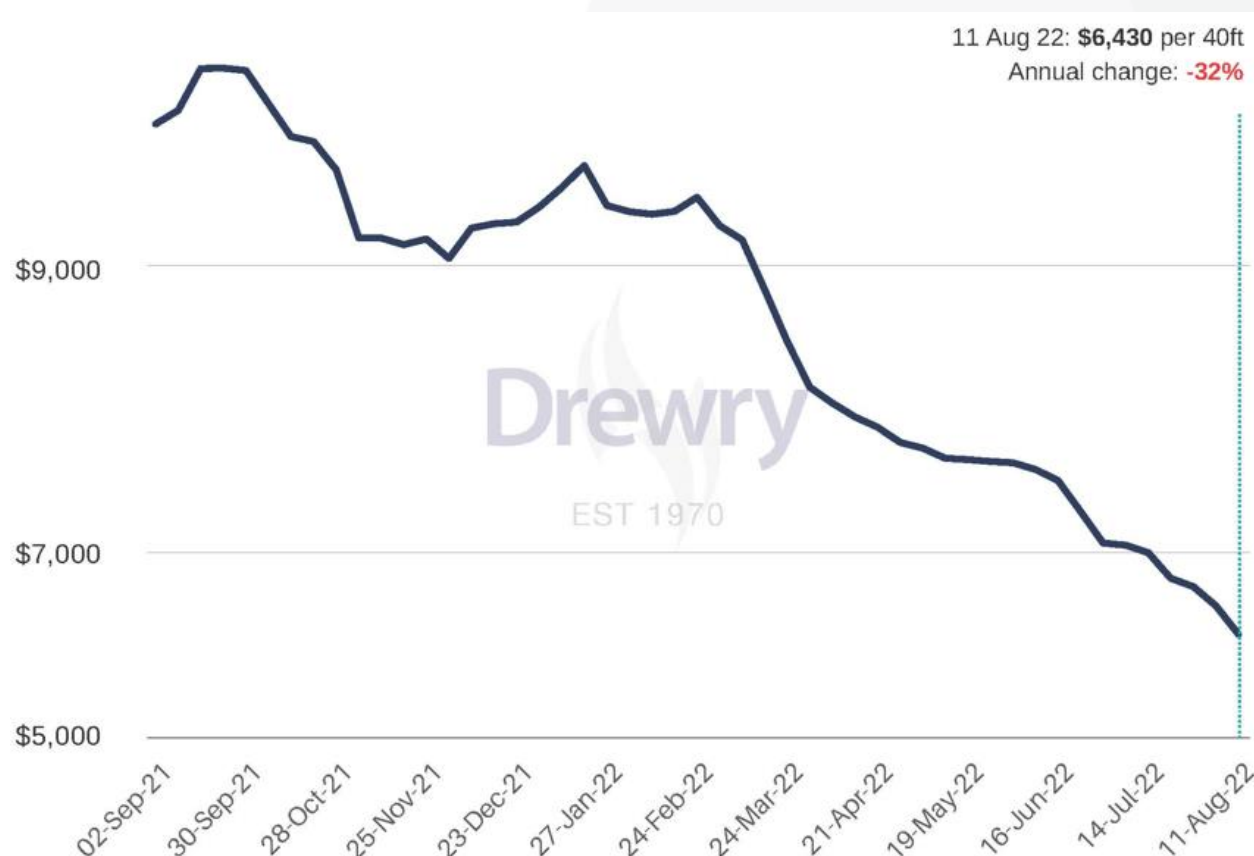
Source: [CTS](#)

For June, import volumes are up by **↑2,3%** (m/m), with exports increasing by **↑4,4%** (m/m). Moreover, annual throughputs shows imports are **↓1,5%** (y/y), with exports increasing by **↑4,7%** (m/m). Incidentally, when comparing these figures from TNPA figures for June<sup>14</sup>, South Africa accounts for more than a third of the imports (**34,2%**) and **59%** of the exports, showing our regional dominance. Regionally, CTS notes that the largest trade shift occurred between Sub-Saharan Africa to South and Central America (**↑24%**).

## ii. Global container freight rates and carrier profits

Global container freight spot rates continue to decrease – now for the 24<sup>th</sup> week in a row, according to Drewry's "World Container Index". The rate decreased by **↓3%** (or **\$198**) – to **\$6 430** per 40-ft container this week<sup>15</sup>, with the composite index of **↓32%** (y/y) compared to last year. As the global rates indices continue to fall, we expect the rates to translate the same onto the South African routes. However, the fear is that capacity – which for us continues to be managed by smaller vessels – will not decrease through scheduling and blank sailing, which increased to a high **13%** this week<sup>16</sup>. Nevertheless, the following figure illustrates the 12-month spot price:

Figure 16 – World Container Index – assessed by Drewry (\$ per 40 ft. container)



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

Despite the ongoing decrease, the long-term average remains high, with the YTD at **\$8 113** per 40ft container, **\$4 500** higher than the five-year average of **\$3 613**. Three of the eight routes fell on the major East-West trade lanes, with a massive drop occurring on the Shanghai – Genoa route, down by **↓10%** (w/w). The other five major routes remained unchanged.

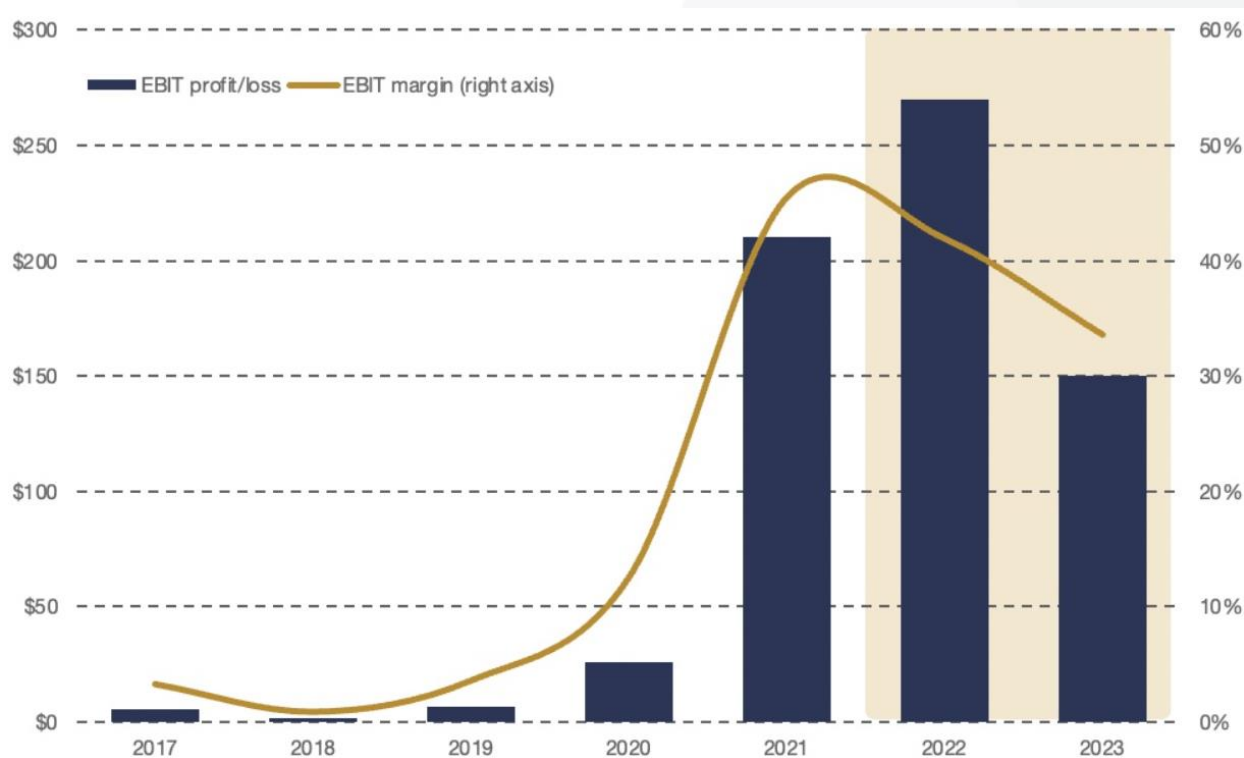
<sup>14</sup> TNPA. 2022. [Port Statistics](#).

<sup>15</sup> Drewry. 11/08/2022. [World Container Index](#).

<sup>16</sup> Drewry. 12/08/2022. [Cancelled Sailings Tracker - 12 Aug](#).

Despite the significant decrease in rates, liner shipping is still on course to smash last year's record profits by as much as **↑73%**, according to new research by Blue Alpha Capital<sup>17</sup>, citing the high contract rates secured and the ongoing port congestion issues. As a result, net income this year will likely reach **\$256 billion** based on the 11 carriers monitored by Blue Alpha Capita – a figure roughly equivalent to Portugal's gross domestic product. Last year, the liner shipping industry made a record profit of around **\$205 billion**, according to Drewry, as shown below.

Figure 17 – Forecast carrier industry EBIT profit/loss and EBIT margins (\$ billion)



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

Research on container shipping prospects from HSBC suggested that higher contract freight rates and persistent port congestion would help cushion against weakening spot freight rates in the second half of this year. However, demand normalisation and unwinding of congestion might take place slower than expected, which presents upsides to container shipping profitability in the second half of 2022. From now on, HSBC argues that after years of consolidation and formation of mega shipping alliances, the shipping lines have learnt the capacity discipline, and while there might still be volatility in freight rates, the rock-bottom level of freight rates seen in the past decade are unlikely to be reached in the future.

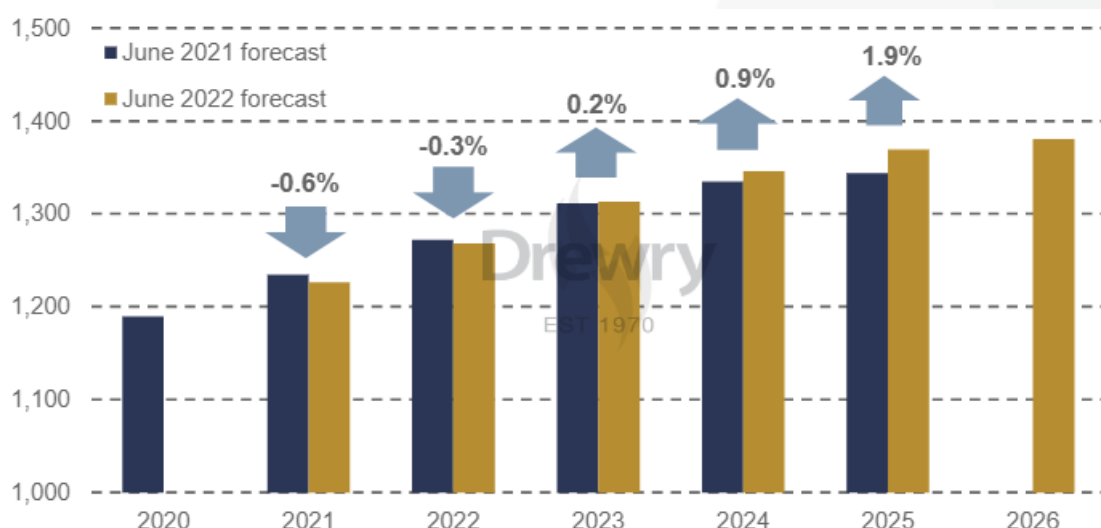
### iii. Global container port capacity

Global container port capacity is projected to increase by an average annual rate of **~↑2,4%** to reach **1,38 billion TEU** by 2026<sup>18</sup>. However, the worsening economic and geopolitical situation has led to a downgrading of the cargo demand outlook, and as a result, container port utilisation is now projected to moderate to **70%** in 2025, compared to last year's projection of **75%**. The main contributor was the increased cargo dwell times in 2021 due to supply chain disruption, which generated additional storage charges, lifting terminal operators' revenue growth above that which could be justified based on volume recovery alone.

<sup>17</sup> Chambers, S. 10/08/2022. [Liner shipping on course to smash last year's record profits.](#)

<sup>18</sup> Drewry. 10/08/2022. [Greenfield container port projects back in favour with terminal operators.](#)

Figure 18 – Global port capacity forecast (TEU, millions)



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

However, as we have seen, port congestion does not appear to have adversely impacted financial performance, despite the widespread decline in productivity levels. In addition, Drewry notes that the revenue-raising mechanisms (for example, paid-for overtime and storage charges) have so far proven to be sufficient to offset the additional congestion-related operating costs. Operators also cite the continuing cost control measures implemented in response to COVID as positively impacting margins.

The leading operators handled over **48%** of the global port volumes on an equity-adjusted basis, stable on a like-for-like basis versus 2020. APM Terminals, the second largest operator, reported the largest absolute increase in equity-adjusted volumes, up **4,7 million TEU (↑10,3%, y/y)**. Moreover, this figure is set to increase further in the coming years, as APM Terminals will invest up to **\$500 million** to develop a 1km long berth at East Port Said in Egypt<sup>19</sup>. Nevertheless, PSA International remains the largest operator at **63,4 million TEU** handled in 2021 (**↑6,5%, y/y**), followed by APM (**50,4 million TEU**), and China Cosco in third place (**49 million TEU, ↑6,1%, y/y**).

#### iv. Further developments of note

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

##### 1. FMC – shipping lines should compensate role players forced to store containers due to port congestion:

- a. US Federal Maritime Commission (FMC) chairman Daniel Maffei said that when ocean carriers bring thousands of containers per month to a port and only pick up a fraction of that number, shippers and truckers should not be charged. Especially if it can be shown that a shipper or a trucker is not allowed to return a container due to terminal congestion<sup>20</sup>; rather, the carrier should compensate that trucker for the space it takes up.

<sup>19</sup> Chambers, S. 12/08/2022. [APM Terminals signs up for \\$500m Port Said expansion](#).

<sup>20</sup> Biggar, K. 08/08/2022. [FMC chairman says lines should compensate shippers; truckers forced to store containers because of port congestion](#).

- b. This situation creates an untenable situation for terminals, importers and exporters, trucking companies, and the ports. The move is in line with the incentive principle set forth by the commission in its rules in that it would promote the movement of cargo since chassis and space would be freed up by carriers taking full responsibility for the empty containers resulting from the increased volumes of import cargo, they bring in.
- c. In related news, the FMC is seeking public comment on whether supply chain congestion has created conditions warranting the proclamation of an emergency order requiring common carriers and marine terminal operators to share key information with shippers, truckers, and railroads<sup>21</sup>.

## 2. Surcharges add to the costs of barging freight as Europe's rivers run dry:

- a. Heatwaves have sent prices climbing sharply for container moves along northern Europe's inland waterways, and things can only get worse with little sign of rainfall.
- b. Having already imposed low water surcharges on the Kaub gauge, Contargo announced a similar charge for the Duisburg-Ruhrort and Emmerich gauge and warned that "*some schedules will not be able to be adhered to*"<sup>22</sup>.
- c. Government-imposed draught limitations on the Duisburg-Ruhrort and Emmerich, alongside predicted low water levels – potentially down to 151cm and 11cm respectively – have resulted in Contargo imposing surcharges of between €85 and €303 per 20ft box, depending on water depth and €150 to €393 per 40ft.
- d. On the Kaub gauge, the latest update, late last week, from the barge operator puts its water level at 51cm, bringing a €387 per 20ft box and €514 per 40ft box surcharge. However, Rhine Forecast, which provides real-time water level details, today puts the level at 46cm, meaning surcharges of €589 per 20ft and €775 per 40ft box could now be charged by barge operators.

## 3. Chinese firms to invest \$2,22 billion in three port projects in Africa and the Mediterranean:

- a. Ningbo-Zhoushan Port Co and China Merchants Port Holdings (CMPH) are to invest around **\$2,22 billion** in three port projects in Africa and the Mediterranean<sup>23</sup>.
- b. This investment forms part of the Belt and Road initiative in what has become a competitive hot spot on the African continent. The first project will be in Tanzania's Bagamoyo Special Economic Zone, East Africa's main transport channel and the country's main export gateway. The investment cost is estimated at **\$740 million**.
- c. The second project, estimated at **\$787 million**, is said to be at Kenya's Lamu port, which the government hopes to develop to alleviate pressure on the country's main port, Mombasa, more than 300km away.
- d. Ningbo-Zhoushan Port divulged little about the third project, except that it is in the Mediterranean and a gateway into Eastern Europe and West Asia, offering a bridge to east-west trade lanes.

## 4. New Hamburg line created to focus on 53-foot containers:

- a. Hamburg has a new container shipping line designed to shift 53-foot containers across the Pacific<sup>24</sup>. 'CARRIER53' has been launched with the backing of German container leasing firm Lotus Containers.
- b. The new line is focused on shipping oversized 53-foot intermodal containers and cargo from three Chinese destinations – Qingdao, Taicang and Humen – to Portland and Los Angeles in the US.

<sup>21</sup> Biggar, K. 12/08/2022. [FMC to determine if supply chain congestion warrants issuance of emergency order requiring information sharing.](#)

<sup>22</sup> 08/08/2022. [Surcharges add to costs of barging freight as Europe's rivers run dry.](#)

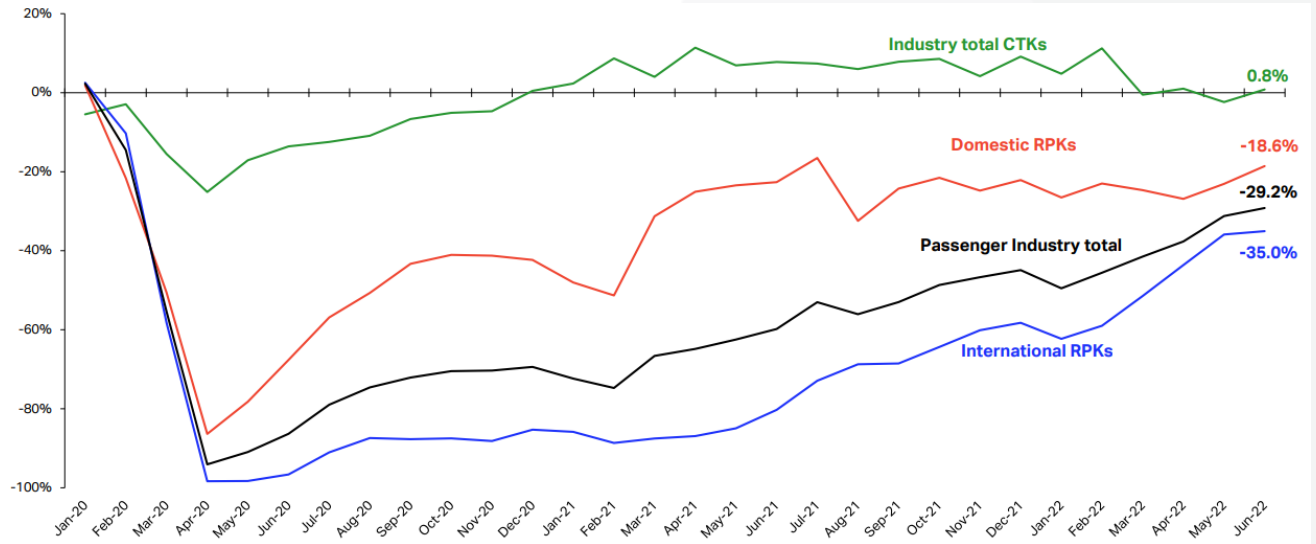
<sup>23</sup> Li, M. 10/08/2022. [Chinese firms' development plans for ports will heat up East Africa competition.](#)

<sup>24</sup> Chambers, S. 10/08/2022. [New Hamburg line created to focus on 53-foot containers.](#)

## b. Global air cargo industry

Last week, the International Air Transport Association (IATA) showed that the industry's recovery is well underway as airlines continue demonstrating resilience and adaptability in this challenging post-pandemic context in both passenger and cargo markets. The cargo market is roughly similar to 2019 levels (**↑0,8%**), as the passenger market continues to improve (**↓29,2%**), as illustrated below, but still well below historical highs:

Figure 19 – CTKs and RPKs (% change versus the same month in 2019)



Source: [IATA](#)

IATA notes that uncoordinated travel restrictions across regions caused international traffic to lag in recovery. However, strong pent-up demand for foreign travel has accelerated the recovery in this area as and when restrictions on travel faded. Over the first months of 2022, international traffic has indeed driven the industry's recovery. Some regional disparities persist, with the Asia Pacific still trailing because of ongoing concerns regarding the Omicron variant, notably in China. Nevertheless, industry-wide revenue passenger kilometres (RPKs) increased by **↑76%** over the year to June, leaving the aggregate measure approximately **↓30%** below its pre-pandemic level.

As mentioned before, air cargo played an important role during the pandemic, and industry-wide cargo tonne kilometres (CTKs) remained above pre-pandemic levels throughout 2021. With the air cargo industry benefitting from increased competitiveness compared to maritime cargo, the industry has recorded strong results, including a doubling of air cargo revenues which have tripled as a share of total airline revenue. However, in recent times, cargo volumes have made some gains over the past year (**↓6,4%**) but remain slightly above their pre-pandemic level. Ultimately, IATA warns that although there is some confidence that the recovery will continue, there are risks to the outlook, including supply chain challenges, a softer global macro-economic backdrop and ongoing geopolitical uncertainty.

In other air cargo news, the industry has played down the impact on capacity resulting from the end of cargo-in-cabin easements on 31 July<sup>25</sup>. Allowing cargo to be flown in passenger cabins was an exceptional measure introduced by the European Aviation Safety Agency (EASA) during the pandemic. Meanwhile, although the market is in a bit of a summer lull, it is expecting a peak season – although it won't be as strong as those of the past couple of years, as seen by the decrease in volumes noted above. Lastly, regarding air cargo rates,

<sup>25</sup> Todd, S. 09/08/2022. [Air cargo industry still eyeing a peak season, despite losing in-cabin capacity.](#)

the rebound in transatlantic passenger travel added capacity and pushed rates down to **\$3,40** per kg, which is **↓25%** lower than a year ago<sup>26</sup>.

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<sup>26</sup> Putzger, I. 12/08/2022. [Outlook for airfreight darkens, but 'the sky's not likely to fall in'](#).