



Date: 7 October 2022

Key Notes

- An average of **~7 629 containers** was handled per day, with **~9 136 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 078 containers**, **↓58%** compared to last week.
- Transnet calls *Force Majeure* due to strike action, as delays are costing SA **R100 million - R1 billion** daily.
- Cross-border queue times were **↑0,9 hours**, with transit times **↑1,7 hours**, SA borders **~9,3 hours (↑16%)**.
- WTO raised its outlook for global goods trade to **↑3,5%** (2022) but warned that 2023 would only be **1%**.
- Container throughput dropped **↓2,1%** (m/m) in July 2022, but remains at **↑3,3%** (y/y).
- The "WCI" is now below the five-year average, with spot rates down by **↓8%** (\$325) to **\$3 689** per 40ft.
- Air cargo is not immune to the slowdown in global GDP and consequently declined by **↓3,0%** (y/y) in July.

i. Port operations - Strike

- This week's central talking point concerned the strike action by UNTU and SAWATU, the major unions at Transnet.
 - Both unions issued the required 48-hour notices, officially communicating their intention to engage in industrial action after rejecting Transnet's wage offer.
 - Further internal discussions were held, with parties failing to reach a consensus. After Transnet's improved wage offer was rejected, UNTU commenced their planned strike action shortly after midnight on Thursday (6 October), while the SATAWU members are likely to join the strike action shortly after midnight on Monday morning (10 October).
- As a result, our national ports have indicated that they will activate contingency plans to alleviate the strike's impacts and ensure that operations can continue as efficiently as possible.
- It is unclear what these contingency plans involve, but it is difficult to imagine what human resources will be deployed.
- The latest reports are that marine services are operating, but the terminals are at a standstill.
- Depending on the magnitude of disruptions and delays, South Africa is losing between **R100 million** and **R1 billion** daily on a direct cost basis, but the damage to the economy based on our in- and outflows of goods, as reported by SARS, is far higher at around **R 8 billion per day**¹.

ii. Port operations - General

- Apart from this industrial action, port operations during the week were characterised, as usual, by equipment breakdowns and shortages, congestion, and adverse weather conditions.
- Our national ports, especially Durban and the Eastern Cape, experienced numerous operational delays due to adverse weather conditions throughout the week.
- Additionally, the Durban helicopter was out of commission for the entire week due to scheduled maintenance and is on course to return to commission over the weekend.
- Furthermore, concerns were raised this week regarding the continuous theft of copper cable along the rail lines, severely disrupting loading operations out of Durban.

iii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **35%**, reefers **28%**, and empties **36%**.
- CTCT handled **~1 116** containers per day, with an increased average of **~1 850** projected this week.

¹ SAAFF. 10/10/2022. [Transnet strike is more devastating than load shedding.](#)



- DCT Pier 1: Stack occupancy was **49%** for GP containers and **18%** for reefers with **1 746** imports on hand, **180** reefers and **304** unassigned units.
- DCT Pier 2: Stack occupancy remained uncomfortably high at **73%** for GP containers.
- The terminal had between 79 and 86 straddles in operation throughout the week, operated by eleven gangs – although these numbers diminished greatly as the strike commenced.
- DCT Pier 1 handled **~1 541** containers per day, with a decreased average of **~1 346** this week.
- DCT Pier 2 handled **~3 586** containers per day, with an increased average of **~3 787** this week.
- Average TTT for DCT this week: **63 minutes (↓36%)**, with a staging time of **52 minutes (↓66%)**.
- In the last week (1 to 7 October), rail cargo handled out of Durban was reported at **1 078** containers, down by **↓58%** from the previous week's **2 588** containers.

iv. Local and cross-border road:

- Last week, clearing times at South African borders decreased substantially and averaged **~9,3 hours (↑16% w/w)**.
- Last week, ongoing protest action at Kasumbalesa affected trade in both directions, as military personnel were deployed and the border post closed. The resultant queue stretched 50km².
 - Mokambo and Sakania were also affected, as mine releases were prohibited.
 - Drivers were encouraged to park along the route until the end of the action.
- At Beitbridge, queuing times increased significantly this week due to load-shedding and generator issues.
- Lastly, the issues around the cost of temporary import permits (TIPs) enforced by the Mozambican Customs Authority applicable to all non-Mozambique registered vehicles at Lebombo are worth reiterating.
 - Not only is this in direct contravention of the SADC Protocol on Trade (estimated at **R90 million p/a**), which the Member States signed in 1998, but the single-entry application is adding high costs to trade, negatively impacting the competitiveness of South African mineral exports.
 - The collective private sector urges for increased bilateral engagements between the respective ministries of trade of South Africa and Mozambique to address this contravention of the SADC Protocol on Trade and agree to implement a reciprocal arrangement that eliminates the single-entry TIP for South African vehicles.
- In summary, cross-border queue time has averaged **~3 hours** (up by **~0,9 hour** from the previous week's **~2,1 hours**), costing the transport industry an estimated **\$5,9 million (R29 million)**. Furthermore, the week's average cross-border transit times hovered around **~14 hours** (up by **~1,7 hours** from the **~12,3 hours** recorded in the previous report), costing the transport industry **\$16,9 million (R298 million)**. As a result, the total cost for the week amounts to an estimated **~R402 million** (up by **~R129 million** or **↑47%** from **R273 million** in the previous report).

v. Ctrack Transport and Freight Index

- Last week, the latest Ctrack "*Transport and Freight Index*" was published³, with the central theme noting that the South African logistics sector continues to improve.
- The composite index increased by **↑2,0%** (m/m) in August, representing a substantial **↑12,9%** improvement compared to a year ago and an improvement on July's revised **↑9,0%** (y/y) growth rate.
 - On a sub-sector level annually, storage and rail (**↓13,9%** and **↓8,9%**) are significantly down, whereas sea (**↑5,4%**), air (**↑13,0%**), pipeline (**↑18,1%**), and road freight (**↑28,6%**) are all up.

² Goddard, E. 04/10/2022. [Kasumbalesa impasse continues](#).

³ Ctrack. 29/09/2022. [Transport and Freight Index: August. The South African logistics sector continues to improve](#).



vi. International trade and global shipping industry

- The WTO released its latest trade statistics⁴, warning that international trade growth will slow sharply in 2023 as the global economy faces strong headwinds.
 - Although despite the revision for next year, the WTO raised its projection for global goods trade growth to **↑3,5%** this year from a previous estimate of **↑3%**, the figure next year will be just **1%**.
 - That's a significant downward revision from its previous estimate for global goods trade in 2023 to expand by **↑3,4%**.
- Following the latest *RWI/ISL*⁵ figures from last week, Drewry has provided their latest take on the container market through their "*Global Container Port Throughput*" index⁶, which dropped **↓2,1%** (m/m) in July 2022.
- Despite the monthly drop, the annual figure comes in at **↑3,3%** (y/y), as the performance was bolstered by the recovery in traffic volumes in Shanghai following the lifting of COVID lockdowns in June.
- Despite the desperate attempts by global carriers to strategically limit deployed capacity (Drewry's "*Cancelled Sailings Tracker*" is currently hovering around a **10% cancellation rate**⁷ - as further dramatic cuts to services are expected⁸), the task at hand might become much more challenging when the record new-built vessels are added to existing fleets.
- Container spot rates have continued their rate of decrease (now for a **32nd consecutive week**), averaging **~↓9%** over the last three weeks.
- This week, Drewry's "*World Container Index*" decreased by a substantial **↓8%** (**\$325**) to **\$3 689** per 40-ft container⁹, as the composite index is **↓64%** below the spot prices quoted this time last year (which was, incidentally, the peak of **\$10 377**).
- However, more importantly, it has dipped below the five-year average (**↓1%**) of **\$3 723**:
- Further developments of note included **(1)** the European Commission deciding whether to extend vessel-sharing exemptions, **(2)** the Multipurpose index dropped by **↓5,4%**, taking the index to an average of **\$10 075** per day and **(3)** Cosco bids for a stake in Hamburg's Container Terminal.

vii. Local air industry

- South Africa's international air cargo volume decreased slightly this week (**↓6%**), as domestic volumes also decreased (**↓8%**).
- Operationally, the recurring fuel shortage issue has resurfaced, notably in Cape Town.
- The average domestic air cargo moved last week was **~64 610 kg** per day, which is **↓8%** compared with the previous week and **~105%** compared to September 2021.
- The daily average volume of air cargo handled at ORTIA the previous week amounted to **491 391 kg** inbound and **278 705 kg** outbound, resulting in an average of **770 095 kg per day** or **~108%** compared with September 2021. Also, the level is currently at **~105%** compared with the same period in 2020.

viii. International air industry

- Internationally, air cargo continues to outperform passenger traffic compared to their respective 2019 levels.

⁴ WTO. 05/10/2022. [Trade growth to slow sharply in 2023 as global economy faces strong headwinds.](#)

⁵ RWI/ISL. 30/09/2022. [RWI/ISL Container Throughput Index: Increasing container throughput indicates easing of tension of disturbed supply chains.](#)

⁶ Drewry. 05/10/2022. [Global Container Port Throughput index.](#)

⁷ Drewry. 07/10/2022. [Cancelled Sailings Tracker – 07 Oct.](#)

⁸ Wackett, M. 05/10/2022. [Dramatic cuts to services as lines battle to hang onto 'super-cycle' profits.](#)

⁹ Drewry. 06/10/2022. [World Container Index.](#)



- However, we have seen some reductions in cargo volumes over the third quarter, as the war in Ukraine (with its accompanying constraints – such as energy prices and service reliability) continues to hamper growth.
- Additional air cargo news included **(1)** air freight rates continuing to decline and **(2)** the commencement of an **\$18 billion** redevelopment project at LAX cargo.