



Date: 25 November 2022

Key Notes

- An average of **~7 900 containers** was handled per day, with **~9 789 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **3 309** containers, **↑60%** compared to last week.
- Cross-border queue times were **↑0,01 hours**, with transit times **↑2,1 hours**, SA borders **~7,6 hours (↑3%)**.
- The dry bulk industry has experienced a **↓0,7% (y/y)** decline in trade across all sectors this year.
- The "WCI" decreased for the **39th consecutive week**, with spot rates down **↓7% (\$187) to \$2 404** per 40ft.
- Blank sailings continue, with Drewry's "Cancelled Sailings Tracker" hovering at a **~14% cancellation rate**.
- Container charter rates have stabilised after falling **↓70%** since August, as liners look to sub-let surplus space.

i. Port operations - General

- Port operations this past week were typified by the usual subjects (equipment breakdowns and shortages, adverse weather, backlogs, network challenges, and congestion).
 - For example, 11 hours were lost on Tuesday due to network challenges in Cape Town, while NCT was windbound for around 16 hours on Thursday.
 - On Wednesday, an incident involving a straddle carrier occurred, which stalled operations at the Durban for 2 hours.
 - Furthermore, theoretical training regarding the new Cape Town shore tensioner kicked off this week, with two practical training sessions still to be completed before the tensioner can be fully utilised.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **58%**, reefers **33%**, and empties **58%**.
- CTCT handled **~1 437** containers a day (**↑15%**), with a decreased average of **~1 961** projected this week. Also, wind is likely to play a significant role this week, as the port was windbound for much of the weekend.
- DCT Pier 1: Stack occupancy was **42%** for GP containers with **1 009** imports on hand, **85** reefers and **163** unassigned units.
- DCT Pier 2: Stack occupancy was **70%** for GP containers and **51%** for reefers **59%**.
- The terminal had between 79 and 86 straddles in operation throughout the week, operated by ten gangs.
- DCT Pier 1 handled **~1 458** containers a day (**↓4%**), with an increased average of **~1 949** this week.
- DCT Pier 2 handled **~3 710** containers a day (**↓8%**), with an increased average of **~4 528** this week.
- Average TTT for DCT this week: **77 minutes (↓1%)**, with a staging time of **55 minutes (↓55%)**.
- In the last week (26 November to 2 December), rail cargo handled out of Durban was reported at **3 309** containers, up by **↑60%** from the previous week's **2 850** containers.

iii. Local and cross-border road:

- In the cross-border road freight industry, several regional border posts' crossing times have come down in recent weeks, although significant delays persist, as Kasumbalesa, Katima Mulilo, Oshikango, Santa Clara, and Zobue/Mwanza continue to experience crossing times in excess of a day (not to mention that Beit Bridge and Groblersbrug are both at around 23 hours).
 - Last week, clearing times at South African borders remained largely unchanged and averaged **~7,6 hours (↑3%, w/w)**.



- Inspections at CONDEP (Zimbabwe) have been highlighted this week, as unreleased vehicles have had to stay overnight. These kinds of NTBs are extremely challenging for trade, especially after Zimra has committed to eliminating them.
- Power failures at Skilpadshek have caused delays, as gates, computers, and printers could not operate.
- Beitbridge recently updated its parking ticket system, which replaces the older not paid access coupon. All vehicles entering the border will receive a ticket on entry, which must be linked to the paid access coupon. The ticket needs to be paid at the Zimbabwean border desk.
- As of last week, the industry is still having issues with individuals in DRC telling South African drivers that they need a carrier's license in DRC. However, transporters are urged to be vigilant, as this is a scam, and South African trucks do not require this. FESARTA is working in conjunction with other entities to resolve this matter.
- Other incidents of theft have been reported within the customs control zones, which continue to plague the industry and highlight the unique circumstances transporters have to endure to trade in Africa.
- In summary, cross-border queue time has averaged **~2,1 hours** (up by **~0,01 hours** from the previous week's **~2,1 hours**), costing the transport industry an estimated **\$4 million (R75 million)**. Furthermore, the week's average cross-border transit times hovered around **~14,2 hours** (up by **~2,1 hours** from the **~13,1 hours** recorded in the previous report), costing the transport industry **\$16 million (R275 million)**. As a result, the total cost for the week amounts to an estimated **~R350 million** (up by **~R33 million** or **↑11%** from **R317 million** in the previous report).

iv. Global shipping industry

- Globally, the relative health of the container shipping industry keeps deteriorating, as the rate structure capitulation has occurred as rapidly as it ascended.
 - The free-fall in freight rates continues, as Drewry's *World Container Index*¹ decreased for a *39th consecutive week* – down by another **↓7% (\$187)** to **\$2 404** per 40-ft container this week¹:
 - In the container charter market, rates have stabilised recently after falling **↓70%** since August – but daily rates could start to head south again as liner operators look to sub-let surplus tonnage².
 - Even in the dry bulk market, Charter rates have continued to decline and are expected to moderate around **\$21 500 a day** in the Capesize industry by the end of the year
- To the relief of shippers, the same is true for South African rates; however, rates to and from Cape Town remain doggedly high due to seasonality and equipment shortages.
- This week, we highlight the continued consolidation of the market, as the financial boom has created unprecedented purchasing power among the liner alliances.
 - Since August 2020, the NOO fleet has seen a reduction of more than **2 million TEUs**, according to the latest data by Alphaliner³.
 - As of 1 November, Alphaliner counted just over 600 NOO vessels with a capacity of 2 million TEU sold to end users since August 2020, when carriers started raiding the S&P market.

¹ Drewry. 24/11/2022. [World Container Index - 24 Nov.](#)

² Lennane, A. 24/11/2022. [Box ship charter market could see a deluge of sub-let surplus tonnage.](#)

³ Alphaliner. 23/11/2022. [NOO fleet.](#)



- Much of the fleet expansion has occurred at MSC, where since August 2020, the Geneva-headquartered liner has bought more than **250** second-hand ships and building a **1,7 million TEU** orderbook⁴.
- Elsewhere, the dry bulk cargo industry is seemingly experiencing the same fate as the container industry and is expected to contract somewhat – even in a best-case scenario – over the next 12 months.
 - The industry has experienced a **↓0,7%** (y/y) decline across all sectors this year.
 - Moreover, overall tonne-mile demand is down by **↓1,3%** (y/y) despite a **↑3,7%** (y/y) increase in supply.
- Once again, we see a high rate of blank sailings this week, with Drewry's "Cancelled Sailings Tracker" hovering around a **14% cancellation rate**⁵.
- This week, Drewry explained the Transnet industrial action to an international audience in their "Market Opinion" with the headline "*Strike action continues to plague ports and international supply chains*"⁶.
 - While much attention has been focused on European and North American disputes, the wave of port strikes has spread to the southern hemisphere, South Africa, Chile, and Australia in particular.
 - Indeed, other instances of industrial action continue to threaten the global supply chain, with the most recent examples being:
 - Germany – Air France KLM cargo handlers to join Frankfurt strike
 - South Korea – Truckers blockade South Korean container ports in new strike over wages
 - United States – US rail strike threatens after latest union rejection of compromise deal
 - United States – Working conditions and remuneration continue to spur labour protest
 - Drewry notes that the nearly two-week port shutdown reduced container handling across South African ports by **↓59%** in October 2022.
 - Furthermore, the maritime-research firm quoted SAAFF's previous work in that port closures blocked more than **ZAR 8 billion (\$0,5 billion)** of daily trade.
- Additional developments of note included **(1)** the UN-brokered safe passage trade deal signed between Russia, Ukraine, and Turkey, which has been extended for another four months, **(2)** increased labour instability, **(3)** more Chinese COVID-induced lockdowns threatening supply chains, and **(4)** FIATA calls for rule changes to prevent carrier dominance of global supply chains.

v. Local air industry

- For airfreight, our international cargo volumes handled continue to post high volumes (**↓1%**, w/w) in apparent contrast to the trajectories of the global markets.
 - The daily average volume of air cargo handled at ORTIA the previous week amounted to **510 511 kg** inbound and **345 743 kg** outbound, resulting in an average of **856 254 kg per day** or **~105%** compared with October 2021. Also, the level is currently at **~113%** compared with the same period in 2020.
- Domestically, intra-South African air freight is up by **↑2%** as the industry gears for the Black Friday and Cyber Monday madness to ensue.
 - The average domestic air cargo moved last week was **~66 737 kg** per day, which is **↑2%** compared with the previous week and **~86%** compared to October 2021.
 - We will see whether the needle was significantly shifted due to the mayhem next week.

⁴ Chambers, S. 23/11/2022. [The numbers behind MSC's extraordinary fleet growth.](#)

⁵ Drewry. 25/11/2022. [Cancelled Sailings Tracker - 25 Nov.](#)

⁶ Drewry. 22/11/2022. [Strike action continues to plague ports and international supply chains.](#)



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CARGO MOVEMENT UPDATE

- Internationally, the air cargo market will likely spend a significant portion of the near future in the overcapacity space, as global demand and other factors – such as environmental and labour issues – hamper air cargo trade flows.