



**Date: 26 May 2023**

## Key Notes

- An average of **~7 855 containers** was handled per day, with **~9 064 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 819 containers**, **↑46%** compared to last week.
- The latest Ctrack "*Transport Freight Index*" increased by **↑1,4%** in May (m/m) and is also **↑5,6%** (y/y).
- "*Land Transport Survey*" for March shows that the payload increased by **↑4,9%** (y/y). Road/Rail at **87/13**.
- Cross-border queue times were **↑0,3 hours**, with transit times **↑15,9 hours**, SA borders **~14 hours (↑12%)**.
- Average global container rates pierced the **\$1 700 barrier** for the first time in three years (down by **↓2%**).
- Global air cargo handled remains low despite increased capacity – average freight rates are **\$2,49/kg**.

### i. Port operations - General

- Operational delays at our ports were shaped by adverse weather, all-too-frequent equipment breakdowns and shortages, severe vessel ranging, and congestion.
  - Vessel ranging dominated operations at the Eastern Cape ports this week, as more than 24 operational hours were lost, which was primarily due to the fact that the Mooring Master system at the Port of Ngqura's berth D100 remains out of commission as five of the 11 units still require repairs.
  - Technicians from Ireland came to assist with the repairs of crane QC 5 at DCTs Pier 1 after being on a lengthy outage.
  - The Bypass Road en route to the Durban port remains closed due to additional construction; however, the road is anticipated to be opened once more over the weekend.
  - Lastly, cable theft and vandalism on the rail system improved somewhat this week, with the most notable incident delaying operations for around four hours on Tuesday.
- The extended industry welcomes the various mentions made by Minister Gordhan in the DPE budget address<sup>1</sup>.
  - These include **(1)** getting more locomotives into service, **(2)** repairing infrastructure, **(3)** tackling cable theft and vandalism, and **(4)** digitisation of operations to improve business processes to boost efficiencies. And encouragingly, the talk was extended to Transnet investing **R122 billion** over the next five years. Whether this happens or not remains to be seen.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **27%**, reefers **44%**, and empties **26%**.
- CTCT handled **~1 534 (↑14%, w/w)** containers a day, with an increased average of **~1 776** projected this week.
- DCT Pier 1: Stack occupancy was **44%** for GP containers, with **1 078** imports on hand.
- DCT Pier 2: Stack occupancy was **53%** for GP containers and **49%** for reefers, with **30%** of reefer plug points utilised.
- DCT Pier 1 handled **~1 321 (↑38%, w/w)** containers a day, with an increased average of **~1 386** projected this week.
- DCT Pier 2 handled **~3 403 (↑4%, w/w)** containers a day, with an increased average of **~3 983** projected this week.
- Average TTT for DCT Pier 1 this week: **94 minutes (↓7%, w/w)**.

<sup>1</sup> Gordhan, P. 23/05/2023. DPE Budget '23 - Minister Pravin Gordhan Speech.



- Average TTT for DCT Pier 2 this week: **74 minutes** (↓15%, w/w), with a staging time of **128 minutes** (↓18%, w/w).
- In the last week (20 to 26 May), rail cargo handled out of Durban was reported at **1 819** containers, up significantly by **↑46%** from the previous week's **1 246** containers.
  - This seems to indicate that some bottlenecks have been cleared on the ConCor.
  - Nevertheless, these figures are still well short of the targeted **2 500 – 3 000** range the network has previously demonstrated it can achieve.

### iii. Local and cross-border road:

In the latest Stats SA "*Land Transport Survey*" for March published on Monday<sup>2</sup>, the headline figure indicates that the volume of goods transported (payload) increased by **↑4,9%** (y/y) in March 2023. The corresponding income increased by **↑8,5%** over the same period, again indicating the strength and resilience of the domestic transport and logistics industry. Seasonally adjusted payload increased by **↑0,2%** in the three months ended March 2023 compared with the previous three months.

- This week, the median border crossing times at South African borders increased slightly and averaged **~14 hours** (↑12%,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) increased markedly by almost half a day, averaging **~30 hours** (↑146%, w/w).
- Queue times for Groblersbrug Northbound have increased exponentially due to network challenges, increased traffic, and the single-lane bridge.
- At Lebombo, the Kudumba team at KM4 received new procedures at customs concerning transits.
  - The drivers of vehicles will now have to collect the image of their scanned trucks and present them to Customs; this will even be applied to chrome and other minerals.
  - Kudumba says this will not add extra time as all transit trucks are already scanned; however, the industry has already reported some additional delays caused by Customs.
  - Fortunately, there has been an increase in the visibility of police along the road, which has traffic flowing more smoothly.
- Due to the weakening Rand, fees through Beitbridge have increased from 16 May onwards. In addition, Zimra systems have seen some severe connectivity issues of late, with the network continuously dropping, causing long delays.
- Lastly, SARS Customs' bid to discontinue the use of the CN2 document has expanded to Kopfontein, Ramatlabama, and Skilpadshek.
- In summary, cross-border queue time has averaged **~11,8 hours** (up by **~0,3 hours** from the previous week's **~11,5 hours**), indirectly costing the transport industry an estimated **\$23 million (R397 million)**. Furthermore, the week's average cross-border transit times hovered around **~28,2 hours** (significantly up by **~15,9 hours** from the **~12,3 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$16 million (R390 million)**. As a result, the total indirect cost for the week amounts to an estimated **~R787 million** (up by **~R122 million** or **↑15%** from **R664 million** in the previous report).

### iv. World Bank Container Port Performance Index

Last week, the World Bank released its latest edition of the "*Container Port Performance Index*" for 2022<sup>3</sup>, with South African ports again bringing up the rear of the rankings. The following table shows our rankings since the report's inception:

<sup>2</sup> Stats SA. 22/05/2023. [SA land transport survey – March 2023](#).

<sup>3</sup> WB. 2022. [World Bank Container Port Performance Index 2022](#).



Table 1 – South African port rankings per the WB CPPI, 2020-2022

PORT	2020 Rank (out of 351)	2021 Rank (out of 370)	2022 Rank (out of 348)
CAPE TOWN	347	365	344
DURBAN	351	364	341
NGQURA	349	363	338
PORT ELIZABETH	348	312	291

Source: Compiled from [WB CPPI, 2022](#)

**v. Global shipping industry**

- The top 12 carriers had collectively added **↑5%** of additional capacity since January 2022, when spot freight rates peaked.
  - The capacity growth has been uneven across carriers, with Zim recording the highest increase in relative terms at **↑34,5%**.
- Nevertheless, despite the ongoing expansion, we are yet to see an equilibrium reached, as the current supply still far outweighs the current demand – especially with low blank sailings (Drewry's "Cancelled Sailings Tracker" at a **4% cancellation rate**<sup>4</sup> this week).
- Elsewhere, global port congestion is relatively low (**1,68 million TEU, ↓11%, w/w**<sup>5</sup>), and we are seeing much more stable flows than at any other time during the last three years.
- The World Shipping Council (WSC) has released its annual report on containers lost at sea, revealing positive developments in container safety within the international liner shipping industry.
  - The report covers 2022, showing that **661 containers** were lost overboard, as the number of shipping containers lost overboard in 2022 returned closer to their pre-pandemic levels.
- Conviction around a freight market recovery is rapidly fading, with carriers failing again to push ahead with their planned rate increases on 1 June, following the two failed attempts earlier in May<sup>6</sup>.
  - As a result, freight rates have continued to fall. In the last week, the "World Container Index" decreased again this week, albeit only slightly, by **↓2%** (or **\$35**) to **\$1 685** per 40-ft container.
- Other developments included **(1)** containers lost at sea down to pre-pandemic levels, **(2)** bulk carrier grounds along the Suez Canal, and **(3)** global container production to slump to a 14-year low.

**vi. Local air industry**

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **400 787 kg** inbound and **314 622 kg** outbound, resulting in an average of **715 409 kg per day** or **~93%** compared with May 2022. However, the level is currently at only **~76%** compared with the same period pre-pandemic in 2019.
- The average domestic air cargo moved last week was **~53 554 kg** per day, which is down by **↓8%** compared to the previous week but also remains down compared to last year (**~94%**).

**vii. International air industry**

- The latest high-frequency World ACD numbers show that global air cargo tonnages have dropped again in the third week of May, after recovering from the dip at the beginning of the month due to the 1 May public holidays.

<sup>4</sup> Drewry. 26/05/2023. [Cancelled Sailings Tracker - 26 May](#).

<sup>5</sup> Linerlytica. 23/05/2023. [Market Pulse – Week 21](#).

<sup>6</sup> Linerlytica. 16/05/2023. [Market Pulse – Week 21](#).



- At the same time, rates have remained more or less stable throughout the month – at a very low average of **\$2,49 per kg**, some **↓37%** below their levels this time last year.
- Figures for week 20 (15 to 21 May) show a decrease of **↓4%** in tonnages after an increase of **↑10%** last week (and **↓10%** the week before). In the last five weeks, the chargeable weight is up by **↑2%**.