SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 7 July 2023

Key Notes

- An average of **~7 001 containers** was handled per day, with **~9 141 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 330** containers, ↑12% compared to last week.
- Cross-border queue times were **↑0,5 hours** (w/w), with transit times **↓1,0 hours** (w/w); SA borders increased by **almost an hour** – averaging **~15,2 hours** (**↑6%**, w/w); Other SADC borders averaged **~9,8 hours**.
- CTS container throughput in May (dry & reefer) is up by **↑5,2%** (m/m) and down by **↓3,0%** (y/y).
- Container deliveries are set to reach **2,2 million TEU** in 2023 and significantly add to the over-supply.
- Global container rates keep dropping by **↓1,3%** (or **$20**) to **$1 474** per 40 ft this week.
- Global air cargo demand (measured in industry-wide tonne-kilometres) was **↓5,2%** (y/y) in May.

i. Port operations - General

- Port operations this week were characterised by adverse weather, persistent equipment breakdowns and shortages, congestion, and COSATU's National Day of Action.
  - For the most significant part of the week, Cape Town experienced some favourable weather conditions but could unfortunately not clear the existing backlog.
  - Over the weekend, the Port of Port Elizabeth also joined the "*Port Congestion Watch*", with a high queue-to-berth ratio of **4,36**.
  - Fortunately, no significant incidents were reported on the rail network this week; however, DCTs Pier 1 was forced to cease rail operations briefly due to congestion in the terminal.
  - Furthermore, the only terminal that reported a staff shortage on COSATUs National Day of Action was DCTs Pier 2, with 50% staff attendance on the landside and 75% on the waterside.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **33%**, reefers **43%**, and empties **45%**.
- CTCT handled **~1 059** (**↓25%**, w/w) containers a day, with an increased average of **~2 018** projected this week; however, that is unlikely to happen given the backlog, persistently poor weather, and ongoing poor port performance.
- DCT Pier 1: Stack occupancy was **63%** for GP containers and **83%** for reefers, with **1 355** imports on hand.
- DCT Pier 2: Stack occupancy was **53%** for GP containers and **53%** for reefers, with **46%** of reefer plug points utilised.
- DCT Pier 1 handled **~1 239** (**↑2%**, w/w) containers a day, with an increased average of **~1 688** projected this week.
- DCT Pier 2 handled **~3 309** (**↑14%**, w/w) containers a day, with a decreased average of **~2 807** projected this week.
- Average TTT for DCT Pier 1 this week: **68 minutes** (**↓26%**, w/w).
- Average TTT for DCT Pier 2 this week: **77 minutes** (**↓6%**, w/w), with a staging time of **80 minutes** (**↑45%**, w/w).
- In the last week (1 to 7 July), rail cargo handled out of Durban was reported at **2 330** containers, up by ↑12% from the previous week's **2 075** containers.

iii. Local and cross-border road:

- This week, the median border crossing times at South African borders increased slightly and averaged **~15,2 hours** (**↑6%**,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) experienced a significant decrease, decreasing by **~90 minutes** and averaging **~9,8 hours** (**↓12%**).
- Minor issues with the SARS EDI system continued this week, but Customs created a temporary solution that has brought much-needed relief to frustrated transporters.
  - Queue and border times more than doubled at times during the week, primarily due to the system breakdown experienced by SARS.
- Challenges in Komatipoort worsened due to side tippers causing congestion in and around town, so much so that the Taxi Association stepped into the alleged void that SAPS were supposed to fill.
- Recent heavy rain near Vioolsdrif rendered the access road to the border inaccessible.
  - Consequently, Nakop was proposed as an alternative crossing, as papers prepared for Vioolsdrif could still be used there.
- Clearing agents at Kasumbalesa have been protesting on the DRC side due to border inefficiencies, including limited operations and procedural inefficiencies (such as manual Customs forms).
- On Saturday, Sakania Border was closed because eight trucks were destroyed in a fire disaster on the Zambian side in the neutral territory.
  - Consequently, transporters were encouraged to use Kasumbalesa and Mokambo to cross.

- In summary, cross-border queue time averaged **~22,0 hours** (up by **~0,5 hours** from the previous week's **~21,7 hours**), indirectly costing the transport industry an estimated **$52 million** (**R922 million**). Furthermore, the week's average cross-border transit times hovered around **~10,5 hours** (down by **~1,0 hours** from the **~11,5 hours** recorded in the previous report), at an indirect cost to the transport industry of **$14 million** (**R248 million**). As a result, the total indirect cost for the week amounts to an estimated **~R1 198 million** (up by **~R28 million** or **↑2%** from **R1 170 million** in the previous report).

iv. Global shipping industry

- The latest container throughput figures for May from CTS show that container volume has rebounded nicely and is up by **↑5,2%** (m/m) after the significant reduction last month (**↓3,5%**).
  - Despite the positive change in throughput, global volume remains slightly down annually (**↓3,0%**).
  - Fortunately for shippers – similar to the index reported weekly by Drewry – the price index (reefer and dry) continues to moderate rapidly.
  - It is down by another **↓4,6%** (m/m) and a considerable **↓58,5%** (y/y) versus a year ago.
  - A total of **15,1 million TEUs** was handled in May, slightly less than the **15,6 million TEUs** during the same period last year.
- Sub-Saharan African trade was less robust than the rest of the world, as exports were similar to the levels seen in April and only up by **↑0,4%**.
  - In contrast, imports were subdued and contracted by **↓0,7%** versus last month. Yearly trade shows that imports (**↑8,5%**, y/y) have at least grown, while exports are at similar levels (**↑0,5%**, y/y) versus last year.
  - Incidentally, South Africa accounted for **25,2%** of SSA imports and **57,7%** of SSA exports when measuring these versus TNPA figures.
- Incidentally, the throughput figures quoted above might have been more than expected – especially when accounting for the corresponding liner capacity in the current market.

  - Indeed, the capacity keeps increasing, as June saw another record broken concerning TEU additions.
  - New containership deliveries in June reached **277 873 TEU**, setting a new record for the highest new vessel capacity delivered in a single month[1].
  - The number of new ships delivered in the year's first six months has reached **148 units** for **975 344 TEU**.
- Elsewhere in the international liner market, the idle fleet has decreased even more this week to around **90 250 TEU** (a mere **0,3%** of supply).
  - These figures are confirmed by Drewry's "*Cancelled Sailings Tracker*", which is slightly less than last week but continues to trend around a relatively low **5% cancellation rate**[2].
  - Lastly, port congestion continues to plague only a few pockets in maritime trade – including some around South African shores – and remains relatively low (**1,61 million TEU**, **↓5%**, w/w).
- The "*World Container Index*" continued to decline as anticipated this week, with some routes more affected than others.
  - For example, spot rates on the transatlantic took a hammering this week, losing over 20% of their value, and the pressure has also started to build on other, previously resilient trade lanes into which carriers have injected more capacity[3].
  - The composite index has decreased by **↓1,3%** (or **$20**) to **$1 474** per 40-ft container and has dropped by **↓79%** (y/y) compared to the same week last year.
- Other developments included **(1)** State funding of **$1,5 billion** allocated to Californian port improvement projects and **(2)** Nagoya port reopens following a crippling cyber-attack.

v. Local air industry

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **411 945 kg** inbound and **256 430 kg** outbound, resulting in an average of **668 375 kg per day** or **~87%** compared with June 2022.
  - However, the level is currently at only **~74%** compared with the same period pre-pandemic in 2019.
- The average domestic air cargo moved last week was **~55 886 kg** per day, up by **↑21%** compared to the previous week and slightly up compared to last year (**~95%**).

vi. International air industry

- In the latest "*Air Cargo Market Analysis*" for May[4], IATA this week reported that industry-wide air cargo demand in May was **↓5,2%** below last year's level.
  - Nevertheless, the annual decline in global air cargo has narrowed from **16,8%** in January to **9,0%** year-to-date in May.
  - Other key notes from the May analysis include the following:
    - Available cargo-tonne kilometres continued to climb this month after returning to pre-pandemic levels for the first time in April.
    - ACTKs grew by **↑14,5%** (y/y) and were **↑5,9%** above May 2019 levels, indicating ample capacity currently in the market.

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[1] Linerlytica. 03/07/2023. Market Pulse – Week 27.
[2] Drewry. 07/07/2023. Cancelled Sailings Tracker - 7 July.
[3] Wackett, M. 07/07/2023. Carriers run out of niche trades as pressure grows and freight rates tumble.
[4] IATA. 05/07/2023. Air Cargo Market Analysis.

    - Key indicators of air cargo demand, including cross-border trade, new export orders PMI, and production PMI, were weaker in May, indicating the constraints on supply chains and the slowing global economy.
    - Carriers in Latin America expanded their international cargo demand in May amid falling volumes in other regions. International CTKs for African airlines declined further, from **↓1,4%** (y/y) in April to **↓2,4%** in May.
- In the more frequent figures from World ACD, global air cargo tonnages in June show a continuation of the improving year-over-year trend that we have seen since May, characterised by a slowing rate of decline.
  - Air cargo tonnages for the whole month of June ended at **↓4%** compared to the previous year, an improvement from May at **↓6%** (y/y), while April was still at **↓10%** (y/y).
- In other air cargo news, Amazon Air is reducing the number of flights it operates in Europe after rapidly ramping up operations over the last few years[5].

[5] Brett, D. 07/07/2023. Amazon Air continues to scale back flights with European reduction.