



**Date: 22 September 2023**

## Key Notes

- An average of **~8 612 containers** was handled per day, with **~8 491 containers** projected for next week.
- TNPA stats for August: containers are up by **↑10%** (m/m) and **↑3%** (y/y) but down YTD by **↓2,8%** (y/y). Total bulk cargoes are down versus July (**↓1%**) but up by **↑27%** (y/y). Vehicles are up by **↑55%** (m/m).
- Rail cargo handled out of Durban amounted to **2 505 containers** per day, **↑9%** compared to last week.
- Cross-border queue times were **↓0,8 hours** (w/w), with transit times **↑0,3 hours** (w/w); SA borders decreased by **~36 minutes**, averaging **~10,8 hours** (**↓5%**); Other SADC borders averaged **~9,9 hours** (**↑5%**).
- Global freight rates decreased by another **↓5,2%** (or **\$829**) to **\$1 479** per 40-ft container this week.
- Global air cargo saw a **↑4%** (w/w) increase in tonnages, with a **↑1%** rise in air cargo prices to **\$2,31/kg**.

### i. Port operations - General

- Port operations were characterised by inclement weather conditions, frequent equipment breakdowns and shortages, severe vessel ranging, and load-shedding.
  - CTCT was affected by severe vessel ranging throughout the week, as one vessel lost approximately 64 operational hours.
  - Adverse weather and high swells delayed at least 12 vessels in Durban, while operations at our Eastern Cape ports were extensively challenged by inclement weather and vessel ranging.
  - TNPA has creditably completed the revetment project at Port of Port Elizabeth's Tanker Berth and Berth 14, three months ahead of schedule, which is widely welcomed by the owners/operators of bulk oil carriers and liquid nitrogen gas vessels.
  - Additionally, intermittent cable theft occurred again on our rail network during the earlier stages of the week, which delayed operations for a few hours.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **35%**, reefers at **68%**, and empties at **55%**.
- CTCT handled **~1 378** (**↑55%**, w/w) containers a day, with an increased average of **~1 557** projected this week.
- DCT Pier 1: Stack occupancy **50%** for GP containers. During the same period, **951** imports were on hand, with **28** units having road stops and **48** unassigned.
- DCT Pier 2: Stack occupancy was **56%** for GP containers and **33%** for reefers, with **34%** of reefer plug points utilised.
- DCT Pier 1 handled **~1 339** (**↑19%**, w/w) containers a day, with an increased average of **~1 649** projected this week.
- DCT Pier 2 handled **~4 428** (**↑68%**, w/w) containers a day, with a decreased average of **~3 171** projected this week.
- Average TTT for DCT Pier 1 this week: **82 minutes** (**↓59%**, w/w), with a staging time of **98 minutes** (**↓46%**, w/w).
- Average TTT for DCT Pier 2 this week: **77 minutes** (**↑6%**, w/w), with a staging time of **62 minutes** (**↓23%**, w/w).
- In the last week (*16 to 22 September*), rail cargo handled out of Durban was reported at **2 505** containers, down **↑9%** from the previous week's **2 378** containers.



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

FESARTA has shared the consolidated cross-border road freight statistics for our major borders for August:

- Beitbridge volume decreased slightly (**↓1%**) compared to July (**↓3%** northbound and **↑1%** southbound), with around **26 025** heavy goods vehicles (HGVs) flowing through the gates. Overall, crossing times (queue and border) increased from last month and averaged around **22,2 hours** during the month (which remains way too slow).
- Lebombo traffic remains elevated but has not been shared this month, as management said they would no longer release the daily numbers. It is difficult to understand why since these numbers can usually be accessed through other sources. The indications are that around **42 000** HGVs moved between Mozambique and South Africa in August.
- Groblersbrug traffic increased by **↑2%** to **12 614 HGVs** in August, with average crossing times into Namibia improving slightly and currently averaging **14,3 hours**, down by nearly 6 hours from July, which is a positive sign.
- The median border crossing times at South African borders decreased by **36 minutes**, averaging **~10,8 hours (↓5%, w/w)** for the week. In contrast, the greater SADC region (excluding South African controlled) increased by approximately **half an hour** and averaged **~9,9 hours (↑5%, w/w)**.
- Last week, the government appealed to the private sector to install "Gamma-Ray" scanners at several commercial borders (Beitbridge, Lebombo, Maseru Bridge, Ficksburg, Kopfontein, and Oshoek).
  - An American company did submit a proposal for these scanners, but they have limited throughput, handling no more than 40 vehicles per hour, primarily used at ports for containers.
  - Zimborders recently acquired Nuctech MT1213DE drive-thru scanners for both directions, capable of handling 200 trucks a day, more than triple the capacity of the American proposal.
- Regionally, the Kasumbalesa Southbound queue stretched 50km long on 10 September. Although the Mutaka scanner was shut down, the DRC side of the border did not operate 24/7.
  - Through agreements with the government, efforts are underway to address the situation and improve Kasumbalesa.
- In summary, cross-border queue time averaged **~12,9 hours** (down by **~0,8 hours**, unchanged from the previous week's **~13,7 hours**), indirectly costing the transport industry an estimated **\$36,7 million (R687 million)**. Furthermore, the week's average cross-border transit times hovered around **~10,0 hours** (up by **~0,3 hours** from the **~9,7 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$16,7 million (R313 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$52,5 million (~R1 billion, up by ~R60 thousand or ↑0,1% from ~R1 billion in the previous report)**.

**iv. Global shipping industry**

- The global "Container Port Throughput Index" fell **↓2,1%** (m/m) in July 2023, with the small rises recorded in Africa and Oceania having been insufficient to counterbalance the monthly decline in throughput registered in Greater China, Asia (excluding China), North America and Europe.
  - Drewry's *Nowcasting Model* indicated that the index will have fallen further in August, dropping **↓4,1%** (m/m) in August 2023.
  - The rolling 12-month average growth rate fell to **↓1,2%** in July 2023, and the Nowcast Model indicates that the downward trajectory will be maintained into August.



- Vessels calling at European Union ports will soon start paying for carbon emissions, as the maritime industry will join the bloc's Emissions Trading System (ETS) in January, meaning large cargo vessels will start paying for carbon emissions<sup>1</sup>.
  - At a carbon price of about **€90** a ton, for instance, it would still be cheaper to use polluting oil-based propellants — and pay for emissions — rather than marine biofuels.
  - For a single ship carrying **5 000** standard-sized containers between the EU and Asia over a year, the emissions cost could total about **€810 000** in 2024 (assuming a carbon price of €90 a ton).
  - A greater share of emissions will have to be covered in subsequent years, meaning costs for the same ship would rise to **€1,4 million** in 2025 and **€2 million** in 2026, assuming the carbon price went unchanged.
- Returning to the short-term capacity questions, the Panama Canal transit restrictions have not stopped carriers from adding **20%** of incremental capacity on the FE-USEC route since the end of August, with the average capacity deployed over the last five weeks reaching **246 000 TEU**, compared to **204 000 TEU** in the preceding five weeks.
- Capacity utilisation has slipped to **85%** in the meantime; however, insufficient capacity remains idled while scrapping of older ships continues at a snail's pace (despite some positive developments from Evergreen this week with two ship sales<sup>2</sup>) at less than **10 000 TEU a month** even as new ship deliveries exceed **200 000 TEU**.
- Although carriers on the FE-USEC lane have cancelled a reported **40%** of the sailings in week 41 to coincide with vessel departures after the Golden Week holidays, the supply overhang remains a challenge, with carriers unwilling to forego market share.
  - Elsewhere on other trades, *Sea Intelligence* reported that 29 additional blank sailings had been scheduled for the last week on the Transpacific<sup>3</sup> and 18 more on Asia-Europe<sup>4</sup>.
  - Scheduled capacity reductions on Asia-North America West Coast went from **3,7%** to **14,1%**, from **2,2%** to **16,1%** on Asia-North America East Coast, from **6,8%** to **19,9%** on Asia-North Europe, and from **7,7%** to **21,0%** on Asia-Mediterranean.
  - This reality means carriers are now on track to blank capacity in line with 2019 and the 2017-2019 average.
  - Drewry's "*Cancelled Sailings Tracker*" remains high and is now trending at a **15% cancellation rate**<sup>5</sup> this week).
- Concerning port congestion, the current weak demand and overall reduced supply chain activity continues only to affect **1,59 million TEU** and has now dipped below **5%** since the end of last week<sup>6</sup>.
- Other developments include **(1)** carriers hit by rising fuel costs as OPEC cuts supply, and **(2)** Maersk insists the CMA CGM deal will not influence their green strategy.

#### v. Local air industry

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **469 500 kg** inbound (**↑6%**, w/w) and **272 677 kg** outbound (**↓5%**), resulting in an average of **742 178 kg per day** or around **~97%** compared with in September 2022.

<sup>1</sup> Wittels, J. 18/09/2023. [Big Emissions Bills Are Coming for Ships Sailing in Europe.](#)

<sup>2</sup> Li, M. 18/09/2023. [Evergreen steps up scrapping with two-ship sale as Indian steel prices firm.](#)

<sup>3</sup> Wackett, M. 20/09/2023. [THE Alliance suspends transpacific service, but more capacity cuts needed.](#)

<sup>4</sup> Murphy, A. 13/09/2023. [Sharp Golden Week Capacity Reductions.](#)

<sup>5</sup> Drewry. 22/09/2023. [Cancelled Sailings Tracker - 22 September.](#)

<sup>6</sup> Linerlytica. 19/09/2023. [Vessels Waiting to Berth Dip Below 5% of Total Fleet.](#)



- The daily average volume of air cargo handled at ORTIA the previous week amounted to **475 941 kg** inbound (**↑1%**, w/w) and **310 374 kg** outbound (**↑14%**), resulting in an average of **786 315 kg per day** or around **~103%** compared with in September 2022.
- However, the level is currently at only **~84%** compared with the same period pre-pandemic in 2019 but continues to trend upwards slowly.
- For the other two international airports, cargo handled in August shows the following:
  - Cape Town cargo increased by **↑4%** (m/m) and **↑37%** (y/y).
  - Durban cargo decreased by **↓5%** (m/m) but increased by **↑34%** (y/y).

#### vi. International air industry

- In the weekly data from World ACD, global air cargo tonnages showed a positive development in the second full week of September, after stabilising at the beginning of the month, with average rates also on an upward trend, breaking out of the bandwidth since mid-July – between **\$2,26** and **\$2,29 per kg**, now reaching **\$2,31**.
  - Week 37 (11 to 17 September) saw a **↑4%** increase in tonnages compared to the previous week, with a **↑1%** rise in average worldwide air cargo prices.
  - When comparing weeks 36 and 37 with the preceding two weeks (2w/2w), global tonnages increased by **↑3%** compared to the combined total in weeks 34 and 35.
  - Worldwide rates increased by **↑2%**, with capacity slightly higher by **↑1%**.
  - Regionally, notable tonnage increases (2w/2w) were observed in intra-Asia Pacific (**↑11%**) and from Asia Pacific to North America (**↑6%**) and Europe (**↑6%**).
- Comparing the current global market to the same period last year, chargeable weight in weeks 36 and 37 was down **↓2%**, with a notable **↑10%** increase from Asia Pacific.
  - However, tonnages decreased by **↓13%** in North America and **↓12%** in Europe.
  - Overall capacity increased by **↑13%** compared to last year, with Asia Pacific showing a remarkable **↑30%** rise in capacity.
  - Other regions with significant annual capacity increases included Europe (**↑16%**), the Middle East and South Asia (**↑11%**), North America (**↑9%**), and Africa (**↑5%**).