



**Date: 6 October 2023**

## Key Notes

- An average of **~7 679 containers** was handled per day, with **~6 672 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 335** containers for the week, **↓2%** (w/w).
- SARS merchandise trade (August): exports (**↑4,5%**, m/m), imports (**↑6,3%**); YTD surplus: **R32 billion**.
- Cross-border queue times were **↓2,3 hours** (w/w), with transit times **↑0,8 hours** (w/w); SA borders increased by **~1,6 hours**, averaging **~7,6 hours** (**↑27%**); Other SADC borders averaged **~9,7 hours** (**↑10%**).
- Global freight rates decreased by **↓1,1%** (or **\$14**) to **\$1 390** per 40-ft container this week. YTD: **\$1 738**.
- Global cargo tonne-kilometres (CTKs) increased by **↑1,5%** (y/y) in August, as rates moved up to **\$2,37/kg**.

### i. Port operations - General

- Several factors still impacted peak port performance this week, notably extensive network challenges, adverse weather conditions, frequent equipment breakdowns and shortages, and congestion.
  - The Port of Cape Town was particularly affected on numerous fronts this week as its performance generally remained sub-par.
  - At the same time, adverse weather conditions and network issues in Durban were the main culprits of operational delays there this week.
  - After picking up an "EDU snag" issue late last week, the Durban helicopter remained out of commission for the entire week.
  - The technical team hoped to return the aircraft to service over the weekend.
  - According to reports received earlier this week regarding the MoorMaster system at NCT, ten units are back online but are not enough to see the machine recommissioned.
  - Additionally, The ConCor line was out of commission for most of Monday due to monthly maintenance.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **43%**, reefers at **52%**, and empties at **43%**.
- CTCT handled **~1 480** (**↑32%**, w/w) containers a day, with a decreased average of **~889** projected this week.
- DCT Pier 1: Stack occupancy **56%** for GP containers. During the same period, **1 465** imports were on hand, with **26** units having road stops and **21** unassigned.
- DCT Pier 2: Stack occupancy was **48%** for GP containers and **16%** for reefers, with **72%** of reefer plug points utilised.
- DCT Pier 1 handled **~1 216** (**↓11%**, w/w) containers a day, with an increased average of **~1 467** projected this week.
- DCT Pier 2 handled **~2 969** (**↑5%**, w/w) containers a day, with a slightly decreased average of **~2 870** projected this week.
- Average TTT for DCT Pier 1 this week: **117 minutes** (**↑27%**, w/w), with a staging time of **154 minutes** (**↑1%**, w/w).
- Average TTT for DCT Pier 2 this week: **97 minutes** (**↑25%**, w/w), with a staging time of **162 minutes** (**↑224%**, w/w).
- In the last week (*30 September to 6 October*), rail cargo handled out of Durban was reported at **2 335** containers, down **↓2%** from the previous week's **2 505** containers.



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

- The median border crossing times at South African borders increased by **an hour and a half**, averaging **~7,6 hours (↑27%, w/w)** for the week. In contrast, the greater SADC region (excluding South African controlled) increased by approximately **an hour** and averaged **~9,7 hours (↑10%, w/w)**.
- President Cyril Ramaphosa presided over the Border Management Authority (BMA) launch in Musina, Limpopo, on 1 April 2023<sup>1</sup>.
  - The BMA has been established to create an integrated border management platform in South Africa, with a single command and control structure to ensure secure borders, safe travel, and trade.
  - While the private sector welcomes these updates, there is an ongoing call for collaboration among all stakeholders and the need for the whole border crossing process to function holistically rather than in silos, as has been the case in the past.
  - The need for separating people and cargo, with the South African Revenue Service (SARS) remaining the primary agency for facilitating cross-border trade in goods, is emphasised.
- Container offices in Lualaba, which were used for bridge fee payments, have been demolished, per a transporter's notification. This action was part of the FESARTA MOU (Memorandum of Understanding).
  - All informal toll points (Peages) are being removed, and official toll points are being adequately mapped out.
  - Centralising payments through the corridor is the goal in an attempt to reduce the large number of cash transactions which promote and encourage corruption.
  - Unfortunately, in the Democratic Republic of Congo (DRC), cash is the predominant mode of financial transactions, making credit and other cashless card systems mostly unusable outside airports and hotels.
- The DRC President has become personally involved in addressing border and trade issues.
  - President Felix Tshisekedi made a trip to the border area in the current month and has enlisted the assistance of the Ministers of Trade, Finance, and Transport to address the problem of truck queues at the border.
- Elsewhere in the DRC, an \$850 million road project is underway in the DRC and Zambia, aiming to connect copper and cobalt mines to an East African port<sup>2</sup>, with obvious negative consequences for the South African ports that currently handle the traffic.
  - The road project will reduce the existing journey by more than 150 miles and includes the construction of a 345-meter bridge over the Luapula River, separating the two countries.
  - GED Africa, backed by Hungarian construction firm Duna Aszfalt, will undertake the construction, with significant works beginning after the upcoming rainy season and expected to take three years to complete.
- In summary, cross-border queue time averaged **~10,5 hours** (down by **~2,3 hours** from the previous week's **~12,8 hours**), indirectly costing the transport industry an estimated **\$13,9 million (R268 million)**. Furthermore, the week's average cross-border transit times hovered around **~9,1 hours** (up by **~0,8 hours** from the **~8,3 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$6,4 million (R123 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$20,3 million (~R392 million, down by ~R561 million or ↓58,9% from ~R953 million in the previous report)**.

<sup>1</sup> The Presidency. 05/10/2023. [BMA Launch](#).

<sup>2</sup> Hill, M. 03/10/2023. [A New \\$850 Million Route to Speed Up Congo's Copper Exports](#).



**iv. Global shipping industry**

- Carriers are reluctant to reduce capacity despite declining rates and the absence of cargo roll pools before China's Golden Week in October.
  - The market standoff is expected to continue through the year, with capacity increasing despite flat global demand, with a seeming "race to the top" taking precedence against current market conditions.
  - MSC has extended its lead at the top of the carrier rankings, with its current fleet reaching **5,36 million TEU**, up from **4,61 million TEU** at the beginning of January.
  - Maersk has seen its operated fleet shrink from **4,21 million TEU** at the beginning of the year to **4,12 million TEU** as it continues to downsize and will relinquish its number two position by 2026 as CMA CGM tries to keep pace with MSC's growth.
- Besides the increased capacity, the idle fleet, at **0,6%** of the total fleet, is insufficient to impact the market, even though it may rise slightly due to blank sailing programs in October (Drewry's "*Cancelled Sailings Tracker*" is settling and now trending at a **10% cancellation rate**<sup>3</sup> this week).
- Port congestion continues to be low, as congestion only affects **~6%** (some **1,61 million TEU**) of the industry.
  - Nevertheless, two South African ports continue to feature in the top 20 congested ports, notably Durban with **38 380 TEU** at anchorage – up by **9 000 TEU** (w/w), with a queue-to-berth ratio of **0,69**, and the joint-Eastern Cape container terminals of GCT and NCT with **19 400 TEU** at anchorage, with an alarming queue-to-berth ratio of **5,97**.
- This week, the "*World Container Index*" decreased by another **↓1,1%** (or **\$14**) to **\$1 390** per 40-ft container<sup>4</sup>, despite the attempted rate hikes by carriers (several announcements were made this week, notably by Hapag Lloyd and CMA CGM<sup>5</sup>; whilst Maersk continues to give discounts on spot prices<sup>6</sup>).
- Other developments include **(1)** the FMC throwing out an 'unjustified' congestion charge complaint against MSC, **(2)** Medlog winning the contract to operate a trimodal hub serving Paris, and **(3)** ILWU filed bankruptcy to deal with ongoing litigation with ICTSI Oregon.

**v. Local air industry**

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **467 307 kg** inbound (**↑10%**, w/w) and **268 612 kg** outbound (**↓1%**), resulting in an average of **764 378 kg per day** or around **~96%** compared with in September 2022.
  - However, the level is currently at only **~79%** compared with the same period pre-pandemic in 2019.
- The average domestic air cargo moved last week was **~32 607 kg** per day, down by **↓42%** compared to the previous week and remains slightly down compared to last year's level (**~49%**).
  - However, the level is currently at **~38%** compared with the same period pre-pandemic in 2019.

**vi. International air industry**

- On Tuesday, IATA released their latest "*Air Cargo Market Analysis*" for August, noting that global cargo tonne-kilometres (CTKs) increased by **↑1,5%** (y/y) in August<sup>7</sup>.

<sup>3</sup> Drewry. 06/10/2023. [Cancelled Sailings Tracker - 06 October](#).

<sup>4</sup> Drewry. 05/10/2023. [World Container Index – 5 October 2023](#).

<sup>5</sup> Wackett, M. 05/10/2023. [Rate hike hopes, but liners face one of the 'worst slack seasons ever'](#).

<sup>6</sup> Linerlytica. 03/10/2023. [Market Pulse – Week 37](#).

<sup>7</sup> IATA. 03/10/2023. [Air Cargo Market Analysis – August 2023](#).



- This figure represents the first annual growth in 19 months since February 2022; however, industry CTKs were still **↓1,3%** lower than their 2019 level.
- Air cargo capacity, measured in available cargo tonne-kilometres (ACTKs), continued its double-digit growth and increased by **↑12,2%** (y/y), driven by the sustained expansion of belly capacity in the summer.
- Air cargo's historic tie with industrial production and cross-border trade trended back to realignment; however, the sustained annual trade contraction remains a worrying signal to air cargo demand.
- Inflation in the US continued to increase for the second month in a row after 13 months of decline. Although China's CPI growth reverted to positive from the July level, the country recorded a negative PPI in August for the 16<sup>th</sup> consecutive month.
- Airlines in the Asia Pacific, North America, Latin America, and Middle East regions registered annual growth in their international CTKs in August, owing to the improved traffic in major trade lanes.
- In the weekly data from World ACD, global air cargo tonnages and average rates have risen in September compared with August, with full-month tonnages rising almost **↑3%** and rates at the end of September around **↑5%** higher than at the start of the month.
- Pricing trends saw average global rates increase by **↑3%** (w/w), with notable rises in specific lanes. Nevertheless, average rates are currently **↓31%** lower than last year but remain **↑38%** higher than pre-pandemic levels and are trading at around **\$2,37 per kg**.