SAVINO DEL BENE®
Global Logistics and Forwarding Company

# CARGO MOVEMENT UPDATE

## *Date: 12 April 2024*

## Key Notes

- An average of **~6 180 containers** was handled per day, with **~ 8 690 containers** projected for next week.
- Cross-border queue: **↑7,4 hrs**; transit: **↑1,2 hrs**; SA borders: **12,9 hrs** (**↑11%**); SADC borders: **8,3 hrs** (**↑17%**).
- Rail cargo handled out of Durban was reported at **1 704** containers, down by ↓24% from last week.
- Port congestion in Durban has improved this week, with the queue-to-berth ratio down to **0,55**.
- Global freight rates have again decreased this week – by **↓1,4%** (or **$41**) to **$2 795** per 40-ft container.
- Global air cargo shows rates are down (**↓4%**), but capacity (**↑7%**) and chargeable weight (**↑1%**) are up.

### i. Port operations - General

- Terrible weather, equipment breakdowns, and a system failure dominated port operations this week.
  - Inclement weather ensured that more than 60 operational hours were lost in Cape Town this week.
  - In contrast, equipment breakdowns, a system failure, and adverse weather constituted the majority of delays in Durban.
  - Our Eastern Cape Ports were severely impacted by strong winds, rain, and vessel ranging, while approximately 30 operational hours were lost at the Port of Richards Bay due to high swells and poor weather conditions.
  - Minimal reports were received from TFR this week; however, the reports that were received indicated that no major incidents took place on the ConCor line recently.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was at **33%**, reefers at **53%**, and empties at **41%**.
- CTCT handled a mere **~507** (**↓72%**, w/w) containers a day as the port was ravaged by storms and very bad weather. An increased average of **~1 439** is projected this week.
- DCT Pier 1: Stack occupancy is **43%** for GP containers and remained undisclosed for reefers.
  - **1 569 imports** on hand, with **59** being **unassigned**.
- DCT Pier 2: Stack occupancy was **51%** for GP containers and **39%** for reefers.
  - The terminal operated with **11 gangs**.
  - The terminal had a reported 57 straddles (**↓~1, w/w**) in operation, translating to an availability figure of approximately **60%**, which is around **↓25%** below the minimum number required to meet industry demand and achieve acceptable terminal performance.
- DCT Pier 1 handled **~1 183** (**↓15%**, w/w) containers a day, with an increased average of **~1 589** projected this week.
- DCT Pier 2 handled **~2 877** (**↓3%**, w/w) containers a day, with an increased average of **~3 394** projected this week.
- Average TTT for DCT Pier 1 this week: **99 minutes** (**↑32%**, w/w), with a staging time of **132 minutes** (**↑408%**, w/w).
- Average TTT for DCT Pier 2 this week: **98 minutes** (**↓16%**, w/w), with a staging time of **115 minutes** (**↓271%**, w/w).
- In the last week (*6 to 12 April*), rail cargo handled out of Durban was reported at **1 704** containers, down by ↓24% from the previous week's **2 249** containers.

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

Monthly cross-border road figures for March at key border posts show the following changes:

*Table 1 – January cross-border road freight movements – South African borders*

| Border Post | Northbound | (%, m/m) | Southbound | (%, m/m) | Total | (%, m/m) |
|---|---|---|---|---|---|---|
| Beitbridge | 13 449 | 5% | 13 368 | 10% | **26 817** | **7%** |
| Skilpadshek | 7 540 | 16% | 1 411 | -42% | **8 951** | **0%** |
| Ramatlhabama | 5 425 | 8% | 1 233 | 98% | **6 658** | **18%** |
| Kopfontein | 7 006 | 9% | 693 | 9% | **7 699** | **9%** |
| Groblersbrug | 7 308 | 13% | 6 334 | 16% | **13 642** | **14%** |

*Source: TLC, FESARTA, & Crickmay*

Key developments in the last month can be summarised by the following:

- The transport industry faces ongoing challenges with lengthy queue times at borders, exacerbated by Zimra's 100% vehicle scanning and outdated equipment, leading to extensive delays into South Africa. FESARTA is engaged in discussions with Zimra to address the issue.
- Additionally, a theft incident in Durban involving trucks with fake documentation resulted in the theft of copper containers, prompting a 1 million reward offer.
- Delays at Kasumbalesa have reached up to 4-5 days due to a new IBS parking system requiring on-site payments, hindering foreign transporters who lack access to approved bank cards. However, the Korridor system offers a cashless solution, now available at Zambian border posts.
- Zambia is piloting an automated gate pass system, while Botswana's fuel import ban raises concerns following past shortages in Zimbabwe.

This week, the following points should be noted in terms of challenges and delays on roads in South Africa and the surroundings in the SADC region.

- The median border crossing times at South African borders increased by **an hour and a half**, averaging **~12,9 hours** (**↑11%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by the same magnitude and averaged **~8,3 hours** (**↑17%**, w/w).
- SARS Customs experienced intermittent connectivity issues on Wednesday that caused EDI delays for two hours. Then, on Saturday, system updates were made from 20:00 to 23:00, which caused further minor disruptions.
- The new SADC Licence mandates drivers to possess a professional driver endorsement, known as the PrDP, in both South Africa and Zimbabwe. While Zimbabwe requires a full retest for this endorsement, South Africa only necessitates biometric renewal. However, both countries mandate the PrDP endorsement on licenses, creating a hurdle for Zimbabwean drivers who must undergo the retest. Fesarta is investigating this issue.
- ZRA has taken over road toll issuance at Nakonde from RTSA, leading to significant delays due to officers' inadequate training. Despite the Korridor system allowing pre-border payment of all road fees, drivers still encounter queues as they must submit receipts at ZRA upon arrival.
- In summary, cross-border queue time averaged **~10,4 hours** (significantly up by **~7,4 hours** from the previous week's **~3,0 hours**), indirectly costing the transport industry an estimated **$14,4 million** (**R272 million**). Furthermore, the week's average cross-border transit times hovered around **~8,8 hours** (up by **~1,2 hours** from the **~7,6 hours** recorded in the previous report), at an indirect cost to the transport industry of **~$6,6 million** (**R124 million**). As a result, the total indirect cost for the week amounts to an

estimated **~$21 million** (**R395 million**, up by **~R204 million** or **↑108%** from **~R191 million** in the previous report.

**iv. Global trade outlook**

- The latest report from the World Trade Organisation (WTO) highlights several key points regarding the global trade outlook and statistics for 2024[1].
  - Despite inflationary pressures in 2023, which led to a decline in world merchandise trade volume, there are signs of recovery in demand for tradable goods in 2024.
  - The report notes that real incomes are expected to grow, particularly in advanced economies, which will bolster the consumption of manufactured goods.
- World trade remained above pre-pandemic levels throughout 2023. Looking ahead, the report projects stable global GDP growth at **↑2,6%** in 2024 and **↑2,7%** in 2025.
- The report also highlights the growth of digitally delivered services trade, which surged in 2023 and has jumped by **↑9%** since last year – surpassing pre-pandemic levels.
  - This trend is expected to continue, particularly in regions like Africa and South America, which are capitalising on opportunities in this sector.
- Overall, the report underscores the importance of addressing geopolitical tensions and policy uncertainties to sustain global trade growth and economic stability.

**v. Global shipping industry**

- Despite elevated container spot rates on specific trades due to the Red Sea crisis, collapsing rates on other trades are affecting carriers' earnings.
  - OOCL's operational update revealed a **↓9%** decrease in Q1 revenues, with a **↓12%** decrease in average revenue per TEU, despite increases in liftings and loadable capacity[2].
- Global port congestion is currently only affecting **~4,8%** of the total fleet, with Durban remaining on the first page of Linerlytica's "*Port Congestion Watch*" at a queue-to-berth ratio of **0,55**[3].
  - Fortunately, the situation has improved since last week and was down by **0,53**, w/w on Wednesday.
- The idle capacity stands at **~0,3%** of the total fleet, as the "*Cancelled Sailings Tracker*" is stable and decreased slightly to around **7%**[4].
- Global freight rates continue to decrease, with the "*World Container Index*" dropping by **↓1,4%** (or **$41**) to **$2 795** per 40-ft container[5]:
- In the charter market, the rate continues to stabilise, as the Harper Petersen Index (*Harpex*) is currently trending at ***1 230 points***, up by **↑0,1%** (w/w) and up by **↑9%** (y/y) versus this time last year[6].
- Other developments included **(1)** the first methanol mainliner completing a maiden trip and **(2)** vehicle imports clogging up terminals at European auto ports.

**vi. International air industry – South Africa**

- In the air cargo industry, the daily average of air cargo handled at ORTIA in the previous week amounted to **653 980 kg** inbound (**↑13%**, w/w) and **310 643 kg** outbound (**↓9%**), resulting in an average of **964 623 kg per day**.

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[1] WTO. 10/04/2024. WTO forecasts rebound in global trade but warns of downside risks.
[2] Van Marle, G. 12/04/2024. 'Slow season' and ocean network stabilisation easing pressure on rates.
[3] Linerlytica. 10/04/2024. Port Congestion Watch.
[4] Drewry. 05/04/2024. Cancelled Sailings Tracker.
[5] Drewry. 04/04/2024. World Container Index.
[6] Harper Petersen Index. 12/04/2024. HARPER PETERSEN Charter Rates Index.

  - The industry continues to exceed cyclical levels of both last year (🡑**3%** versus April 2023) but below pre-pandemic 2019 (🡓**13%** versus April 2019).
  - Inbound cargo remains singificantly up; however, outbound cargo has dropped slightly of late.

**vii. International air industry**

- World ACD's recent analysis highlights a significant increase in spot rates from the Middle East and South Asia (MESA) to Europe, mainly from India and Bangladesh.
  - This surge is attributed to rising demand and supply disruptions caused by container shipping issues and Ramadan.
  - Spot rates from MESA to Europe have doubled compared to last year, reaching **$3,43 per kg** in week 14.
  - Rates from India and Bangladesh are even higher, with India-Europe rates at **$4,13 per kg** (🡑**160%**) and Bangladesh-Europe rates at **$4,59 per kg** (🡑**179%**) in week 14.
  - Additionally, rising jet fuel prices are impacting rates, increasing by over 🡑**4%** in week 14.
- Despite the massive increases on some trade lanes, average worldwide rates in weeks 13 and 14 decreased by 🡓**4%** compared to last year, with capacity growing by 🡑**7%**, outpacing the 🡑**1%** increase in chargeable weight.
- In other air cargo news, Boeing's delay in delivering new 777-200 freighters is limiting carrier capacity, particularly in the transpacific market[7].

[7] Putzger, I. 11/04/2024. Airfreight demand grows but 777F production logjam hobbles capacity.