SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 24 May 2024

Key Notes

- An average of **~7 945 containers** was handled per day, with **~8 176 containers** projected for next week.
- TNPA stats for April: containers: down by ↓**26%** (m/m) and down by ↓**12%** (y/y). Total bulk: down by ↓**10%** (m/m) but up by ↑**10%** (y/y). Vehicle trade is up by ↓**1%** (m/m) but down by ↓**15%** (y/y).
- Cross-border queue: ↓**6,0 hrs**; transit: ↓**2,4 hrs**; SA borders: **7,0 hrs** (↓**38%**); SADC borders: **0,5 hrs** (↓**85%**).
- Rail cargo handled out of Durban was reported at **2 904** containers, up ↑**17%** from last week.
- Global freight rates have increased by another significant ↑**16%** (or **$561**) to **$4 702** per 40-ft container.
- Global air cargo increased by ↑**2%**, continuing a recovery from an ↓**8%** decline at the beginning of May.

i. Port operations - General

- Port operations this week were primarily constrained by adverse weather, vessel ranging, equipment breakdowns, and -shortages.
- Over 30 operational hours were lost in Cape Town due to strong winds and vessel range.
- At the same time, equipment breakdowns and shortages, coupled with dredging and sounding operations, constituted the majority of delays in Durban.
- This week, vessel ranging and adverse weather ensured operational delays at our Eastern Cape Ports.
- Further, TNPA and Mnambithi Liquid Bulk Terminals have signed a terminal operation agreement for a new **R1,1 billion liquid bulk terminal** that will be built at the Port of Durban.
- At the same time, TNPA indicated that all rendered services will continue as normal on National Election Day, 29 May 2024.
- Additionally, the latest reports from TPT suggest that one of the longest trains on our rail network arrived at DCT Pier 2 from Limpopo, carrying 48 forty-foot containers of citrus fruit destined for export markets.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was at **26%**, reefers at **37%**, and empties at **33%**.
- The terminal operated with seven STS cranes, 28 RTGs, and 42 hauliers.
- CTCT handled **~1 740** (↓**9%**, w/w). A decreased average of **~1 605** is projected this week.
- DCT Pier 1: Stack occupancy is **43%** for GP containers and **30%** for reefers.
    - The terminal operated by **four** gangs.
    - Towards the end of the week, the terminal experienced some extensive equipment challenges with its RTGs as the number dropped to six briefly.
- DCT Pier 2: Stack occupancy was **48%** for GP containers and **48%** for reefer ground slots.
    - The terminal operated with ten gangs on the waterside.
- DCT Pier 1 handled **~1 204** (↓**12%**, w/w) containers a day, with an increased average of **~1 557** projected this week.
- DCT Pier 2 handled **~2 505** (↓**6%**, w/w) containers a day, with an increased average of **~2 870** projected this week.
- Average TTT for DCT Pier 1 this week: **101 minutes** (↓**25%**, w/w), with a staging time of **80 minutes** (↓**31%**, w/w).
- Average TTT for DCT Pier 2 this week: **55 minutes** (↓**45%**, w/w), with a staging time of **26 minutes** (↓**72%**, w/w).

- In the last week (*18 to 24 May*), rail cargo handled out of Durban was reported at **2 904** containers, up by **↑17%** from the previous week's **2 483** containers.

iii. Local and cross-border road:

- The median border crossing times at South African borders decreased by around **four hours**, averaging **~7,0 hours** (**↓38%**, w/w) for the week.
- In contrast, the greater SADC region (excluding South African controlled) decreased by almost **three hours** and averaged **~0,5 hours** (**↓85%**, w/w).
- Locally, the government's Justice, Crime Prevention and Security Cluster said that a planned national strike in the trucking industry had been avoided after discussions with the relevant trade unions and associations. The trucking industry had planned to hold a nationwide shutdown on Monday due to the alleged employment of illegal foreigners in the industry. The government has reached an agreement with freight and trucking stakeholders to implement necessary legislative and enforcement measures.
- Cooperation Agreement Signed: On 16 May, the Deputy Prime Minister of Interior & Security of the Democratic Republic of Congo met with Zambia's Minister of Home Affairs to sign an agreement to facilitate cross-border trade between the Southern African Development Community (SADC) nations.
- Increased Border Crossing Times at Beitbridge: Recent weeks have seen lengthier crossing times on the Zimbabwe side of Beitbridge. Investigation into the cause revealed that Zimbabwe's government, on 1 May, repealed the Open General Import License (OGIL) under Statutory Instrument 35. This change mandates importers to secure permits for goods previously covered under OGIL, leading to a new requirement by the ZIMRA for 90% scanning of northbound commercial traffic to combat smuggling.
- The introduction of a newly upgraded drive-through scanner at the end of the border and changes in procedures, such as 100% scanning of loaded southbound vehicles and delays in escorting trucks to Condep, have further contributed to increased wait times at Beitbridge.
- Zambia's government announced that as of 19 May, the new "Statutory Instrument No. 25 of 2024, The Fees & Fines Amendment Regulation," will alter Asycuda processing fees, impacting trade and customs operations.
- In summary, cross-border queue time averaged **~0,5 hours** (down by **~6,0 hours** from the previous week's **~6,5 hours**), indirectly costing the transport industry an estimated **$877 thousand** (**R16 million**). Furthermore, the week's average cross-border transit times hovered around **~1,8 hours** (down by **~2,4 hours** from the **~4,2 hours** recorded in the previous report), at an indirect cost to the transport industry of **~$500 thousand** (**R9 million**). As a result, the total indirect cost for the week amounts to an estimated **~$1,3 million** (**R25 million**, down by **~R139 million** or **↓85%** from **~R164 million** in the previous report.

iv. Global shipping industry

- The global shipping industry faces numerous constraints that continue to affect international trade.
  - Firstly, geopolitical tensions, such as the wars in Ukraine and Gaza and the ongoing economic confrontation between China and the United States, present significant risks of disruption to seaborne trade routes.[1]
  - A new report highlights the six major choke points – shortcuts that handle a disproportionate share of maritime trade, along with the risks they face.
  - Each segment of the global shipping industry is exposed to a unique set of overlapping challenges that could escalate a sudden incident—whether manufactured or a natural disaster—into a significant crisis.

[1] Nightingale, A. 23/05/2024. The Six Choke Points That Can Upend Global Trade.

- Consider the 2021 incident where the Ever Given container ship became lodged in the Suez Canal, blocking approximately **$10 billion** worth of global trade for nearly a week.
- Similarly, the bridge collapse in Baltimore in March obstructed access to a port that processed goods valued at **$80 billion** in 2023.

- Global container port congestion remains stable at **5,3%** of the global fleet (around **1,57 million TEU**), as the major issue remains slow transit times because of the various choke points mentioned above – not least so the Red Sea crisis.
  - In fact, the average minimum transit times on the Asia-Mediterrenean routes are up by **🡑39%** in the three months since the crisis started.[2]
  - The Port of Durban remains on the second page of Linerlytica's "*Port Congestion Watch*".
  - On Wednesday, the queue-to-berth ratio at Durban was **0,45** (slightly up from last week's **0,41**).[3] Lastly, there is almost no capacity sitting idle (only **~0,3%** of the total fleet), as the "*Cancelled Sailings Tracker*" crept up this week to **6%**.[4]
- The global shipping industry is experiencing notable financial changes due to several factors, including a crisis in the Red Sea, congestion at Asian ports, robust US imports, and decreased capacity to Europe.
  - These circumstances, coupled with early imports due to geopolitical fears, have led to a dramatic rise in spot rates.
  - The World Container Index (WCI) significantly increased by **🡑28,8%** from early May to mid-May, showing a **2,1-fold growth year-to-date in 2024**.
  - This week, the overall "*World Container Index*" increased by another significant amount, with the index up by **🡑16%** (or **$561**) to **$4 702** per 40-ft container.[5]
- This surge in spot rates is expected to bolster revenues for container shipping companies in Q2 2024, with related equity prices also rising.
- The broader shipping index outperformed the S&P 500, recording a **🡑19%** increase year-to-date, compared to the S&P's **🡑11,1%** rise.
- The Harper Petersen Index (*Harpex*) is currently trending at ***1 434 points***, up by **🡑4,5%** (w/w) and up by **🡑16%** (y/y) versus this time last year.[6]
- Since the passage of the bipartisan Ocean and Shipping Reform Act (OSRA) in mid-2022, approximately **$67 million** in claims related to unfair D&D charges have been pursued through the Federal Maritime Commission (FMC).[7]

v. International air industry – South Africa

- The daily average of air cargo handled at ORTIA in the previous week amounted to **530 983 kg** inbound (**🡓8%**, w/w) and **312 782 kg** outbound (**🡓3%**), resulting in an average of **843 765 kg per day**, which is a weekly drop, but still above longer-term averages.
- Consequently, the industry remains up versus last year (**🡑10%** versus May 2023) and slightly down compared to pre-pandemic times (**🡓11%** versus May 2019).

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[2] Murphy, A. 22/05/2024. Avg. minimum transit time up 39% on Asia-MED.
[3] Linerlytica. 21/05/2024. Port Congestion Watch.
[4] Drewry. 24/05/2024. Cancelled Sailings Tracker.
[5] Drewry. 23/05/2024. World Container Index.
[6] Harper Petersen Index. 24/05/2024. HARPER PETERSEN Charter Rates Index.
[7] Whiteman, A. 24/05/2024. Detention and demurrage claims at FMC hit well over $67m.

vi. International air industry

- Recent data from WorldACD Market Data shows that worldwide air cargo tonnages increased by approximately **↑2%** in week 20, continuing a recovery from an **↓8%** decline at the beginning of May, coinciding with the Labour Day holidays.
- Despite these volume increases, the average global air cargo rate has remained relatively stable, slightly rising by two cents to **$2,48 per kg** in week 20 of the year.
    - This rate is a **↑2%** (y/y) increase and **↑40%** higher than pre-pandemic levels in May 2019.
- The overall year-on-year tonnage growth is **↑9%** globally, with significant contributions from the Asia Pacific and Middle East & South Asia regions, which saw increases of **↑15%** and **↑16%**, respectively.