



Date: 28 June 2024

Key Notes

- An average of **~8 545 containers** was handled per day, with **~8 111 containers** projected for next week.
 - Rail cargo handled out of Durban was reported at **2 729** containers, down by **↓6%** from last week.
 - Cross-border queue: **↑0,1**; transit: **↑0,8 hrs**; SA borders: **10,5 hrs (↑6%)**; SADC borders: **4,6 hrs (↑21%)**.
 - Global port congestion has taken out a total of **2,51 million TEUs** of vessel capacity from circulation.
 - Freight rates continue to increase and are up by **↑3,9%** (or **\$201**) to **\$5 318 per 40-ft container**.
 - Global air cargo tonnages dropped by **↓5%**, as average rates increased by **↑1%** to **\$2,54/kg**.
- i. Port operations - General**
- Port operations this week were mainly constrained by congestion, inclement weather, equipment breakdowns and shortages.
 - Vessel ranging proved to be the most prominent operational constraint in Cape Town this week, while equipment breakdowns, shortages, and congestion ensured operational delays in Durban.
 - Adverse weather conditions and occupied marine equipment were the primary sources of delays at our Eastern Cape ports, while the Port of Richards Bay experienced rainy weather towards the end of the week.
 - Additionally, TNPA has issued a request for information (RFI) for the refurbishment, financing, operation, and maintenance of loading facilities at the Port of Mossel Bay to improve the handling of petroleum products.
 - Further, a power failure just outside King's Rest's yard delayed operations on the rail network for around 6-8 hours earlier this week.
- ii. Port operations – Performance metrics**
- CTCT stack occupancy for GP containers was at **22%**, reefers at **18%**, and empties at **30%**.
 - The terminal operated with seven STS cranes, 24 RTGs, and 42 hauliers.
 - CTCT handled **~1 971 (↑15%, w/w)**. A decreased average of **~1 385** is projected this week.
 - DCT Pier 1: Stack occupancy is **54%** for GP containers and **70%** for reefers.
 - DCT Pier 1 handled **~1 396 (↑3%, w/w)** containers a day, with an increased average of **~1 427** projected this week.
 - Average TTT for DCT Pier 1 this week: **89 minutes (↑19%, w/w)**, with a staging time of **52 minutes (↑33%, w/w)**.
 - DCT Pier 2: Stack occupancy was **60%** for GP containers and **51%** for reefers.
 - The terminal operated with nine gangs on the waterside.
 - The number of available straddle carriers fluctuated between **51** and **55** this week.
 - DCT Pier 2 handled **~2 976 (↑12%, w/w)** containers a day, with another increased average of **~3 001** projected this week.
 - Average TTT for DCT Pier 2 this week: **86 minutes (↓28%, w/w)**, with a staging time of **53 minutes (↓46%, w/w)**.
 - A queue of vessels waiting outside Durban has built up and remains. At midday on Friday, four vessels were waiting for Pier 2, four for Pier 1, and six for Point terminal.
 - In the last week (22 to 28 June), rail cargo handled out of Durban was reported at **2 729** containers, down by **↓6%** from the previous week's **2 916** containers.

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

- The median border crossing times at South African borders increased by around **half an hour**, averaging **10,5 hrs (↑6%, w/w)** for the week.
- In contrast, the greater SADC region (excluding South African controlled) increased by **an hour** and averaged **~3,8 hours (↑21%, w/w)**.
- **SARS Beitbridge: Remover of Bond**
 - Beitbridge has started imposing penalties of R20 000 on bonded import entries where clearing agents used their consignor bond instead of the licensed removers' bond.
 - The enforcement of this penalty was temporarily suspended, pending internal discussions, and agents were led to believe it would not be enforced.
 - According to Customs Beitbridge's interpretation of Section 64D(a), all licensed removers of goods in bond in South Africa, or registered agents, must provide security as determined by the Commissioner.
 - Registered agents representing foreign hauliers must secure and provide surety on behalf of these hauliers, as authorised in writing by the border clearing agent, provided that the agent is permitted to use their bond. It is important to note that legislation identifies the roles and responsibilities of a "Consignor," including the use of a consignor bond. However, it is not mandatory for the registered agent to supply the consignor bond. A formal confirmation letter is necessary to utilise a consignor bond.
 - Effective from the announcement date, all southbound shipments are mandated to have adequate surety lodged with the South African Revenue Service (SARS) to cover duties and VAT for each shipment, causing notable frustration among transport operators. This surety is legally required for all bonded movements. It is pertinent to highlight that the Surety policy outlines allowable deductions based on SARS' risk profiling, which means the actual surety lodged might be a percentage of the requested amount.
- **Railway Expansion:**
 - Trafigura and partners have ordered 275 container wagons from Galison Manufacturing, South Africa, for a railway from DRC copper mines to Angola's Lobito port.
 - First delivery is due by year-end, with a \$500 million investment planned to upgrade the railway line to offset China's regional influence.
- **Regulatory Payment in DRC:**
 - A new "ANR" payment, required by the Congolese Intelligence Agency, is mandatory for transporting breakdown trucks out of the country, costing \$100.
 - Failure to pay results in a \$2 000 fine and potential issues with receipt acceptance in subsequent provinces, requiring additional \$100 payments.
- In summary, cross-border queue time averaged **~8,7 hours (unchanged)** from the previous week's **~8,7 hours**, indirectly costing the transport industry an estimated **\$8,7 million (R159 million)**. Furthermore, the week's average cross-border transit times hovered around **~5,2 hours** (up by **~0,8 hours** from the **~4,4 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$4 million (R72 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$12,7 million (R231 million)**, up by **~R17 million** or **↑8%** from **~R214 million** in the previous report.



iv. Global shipping industry

- Several chokepoints (as outlined in previous editions in the last two months) have persisted throughout the global container industry – perhaps none more so than the Red Sea crisis and the subsequent diversions of vessels around the Cape of Good Hope.
 - These chokepoints and the structural over-capacity due to shipping lines investing in new vessels from profits earned during a COVID-related surge have led to a supply-demand imbalance.
 - The over-capacity is being partially mitigated by the necessity of longer routes around the Cape of Good Hope, which requires more vessels per service to maintain schedules. New containership deliveries have reached **1,62 million TEU** this year.
 - The vessel diversions from the Red Sea to the Cape route have effectively removed more than **1,6 million TEU** from the market since the beginning of December, while the recent increase in port congestion has taken out a further **0,5 million TEU** (up to **8,4%** of the current fleet) of vessel capacity from circulation as the active fleet currently stands at just over **25 million TEU**, which is below the **25,5 million TEU** at its peak in December 2023.
 - In South Africa, port congestion at the Port of Durban worsened again in the last week, as Durban had a worrying queue-to-berth ratio of **1,69**.¹
- Some analysts have said that container shipping has become so chaotic that it is hard to explain port omissions and skipped sailings (although the “*Cancelled Sailings Tracker*” decreased this week and is trending at **8%**.²) to shippers.³
 - Consequently, the container market remains red hot, with short-term charter rates breaching the **\$150 000 per day** benchmark⁴ and spot freight rates rose above **\$8 000 per 40ft** on some trades, setting new highs not seen since the end of 2022.
- Tight market conditions have not stopped MSC from widening its lead at the top of the market. Its operated fleet will hit the **6 million TEU mark** in July, boosted by capacity additions from new buildings and second-hand vessel acquisitions.
 - In the past seven days, 15 container ships with a combined capacity of **80 500 TEU** were delivered.
 - This brings the total newbuild capacity added to the fleet so far in 2024 to 246 ships.
- Despite deliveries in 2023, 2024, and 2025 being 2-3 times higher than the historical average and very high new building prices, the ordering frenzy is not over yet.
 - In 2024, another 64 units have been ordered, which will increase the fleet by a further **543 500 TEU**.
- Container freight rates continue to increase and are up by **↑3,9%** this week. Drewry’s “World Container Index” is up by **\$315** and trading at **\$5 117** per 40-ft container.⁵
- During the same time, the Harper Petersen Index (Harpex) charter index has also increased markedly, as there is almost zero idle capacity anywhere to be found.
 - This week, the Harpex traded at **1 914 points**, up by another **↑2,6%** (w/w) and **↑73%** (y/y) compared to this time last year.⁶

¹ Linerlytica. 20/06/2024. [Port Congestion Watch](#).

² Drewry. 28/06/2024. [Cancelled Sailings Tracker](#).

³ Li, M. 24/06/2024. [Chaos now rules the container shipping market, says Yang Ming CFO](#).

⁴ Li, M. 25/06/ [Maersk sets new chartering record with deal for \\$150,000 a day](#).

⁵ Drewry. 27/06/2024. [World Container Index](#).

⁶ Harper Petersen Index. 28/06/2024. [HARPER PETERSEN Charter Rates Index](#).

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

- The daily average of air cargo handled at ORTIA in the previous week amounted to **572 341 kg** inbound (**↓0,5%**, w/w) and **287 076 kg** outbound (**↓7%**), resulting in an average of **859 417 kg per day**.
- Despite another slight reduction for the week, the industry remains up versus last year (**↑11%** versus June 2023) and has handled nearly the same volume as pre-pandemic times (**↓5%** versus June 2019).

vi. International air industry

- In 2024, 'general cargo' air freight volumes are expanding faster than 'special cargo,' reversing recent trends.
 - According to World ACD Market Data, from January to May 2024, global chargeable weight increased by **↑12%** (y/y), with general cargo rising by **↑13%** and special cargo by **↑10%**. This shift contrasts sharply with 2023 data, where general cargo fell by **↓12%** and special cargo rose by **↑3%**.
 - The surge in general cargo is driven by increased cross-border e-commerce and conversions from sea freight to air cargo due to recent disruptions in container shipping, including attacks on vessels in the Red Sea.
 - Analysis of specific air cargo categories through May 2024 reveals varying growth rates. Vulnerable/high-tech and meat shipments each saw a **↑25%** increase, fruits & vegetables grew by **↑10%**, and valuables and flowers by **↑6%**.
 - In contrast, dangerous goods and pharma/temperature-controlled items rose only by **↑2%** and **↑1%**, respectively.
 - Declines were observed in fish & seafood (**↓1%**), live animal shipments (**↓7%**), and human remains (**↓10%**).
- This week, according to the latest weekly figures and analysis from World ACD Market Data, total worldwide tonnages flown (week 25, 17-23 June) dropped by **↓5%**, but average rates rose slightly (**↑1%**) to **\$2,54 per kilogram**, up **↑10%** compared with the equivalent week last year and significantly above pre-pandemic levels (**↑43%**) compared to June 2019.