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Cargo movement update[1]

Date: 30 June 2023

Weekly Snapshot

Table 1 – Port volumes and air cargo flows, week on week

Flows	Current[2]			Previous[3]			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	21 540	28 423	**49 963**	25 284	29 744	**55 028**	↓9%
Air Cargo (tons)	2 884	1 795	**4 679**	3 011	1 928	**4 939**	↓5%

Monthly Snapshot

Figure 1 – Monthly[4] cargo volume levels, year on year (100% = baseline; >100% = growth)

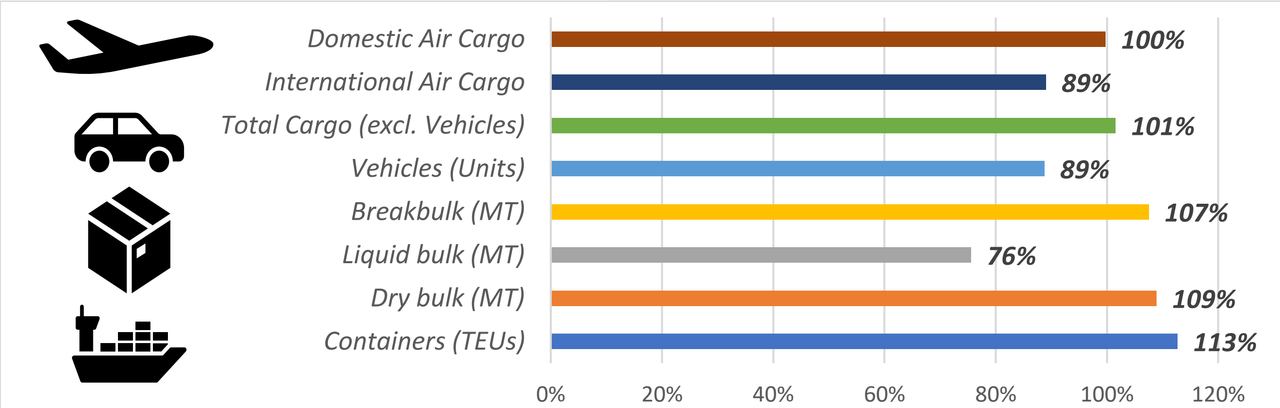
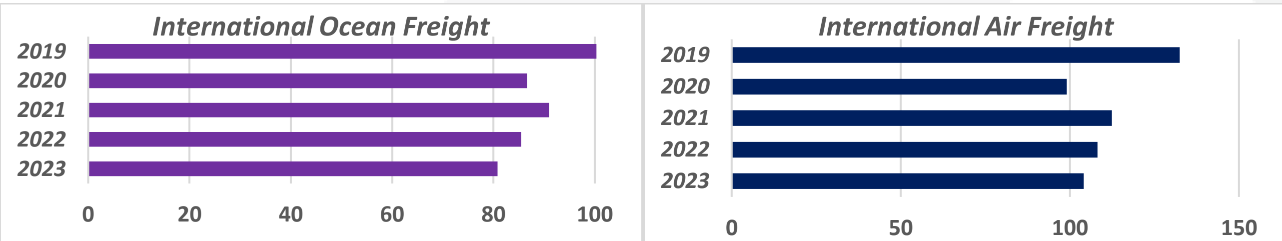


Figure 2 – Global year-to-date flows 2019-2023[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 138 containers** was handled per day, with **~9 589 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 075** containers, ↓29% compared to last week.
- SARS merchandise trade (May): exports (↑12,3%, m/m), imports (↑8,7%); YTD surplus: **R9,4 billion**.
- Cross-border queue times were **↑6,8 hours** (w/w), with transit times **↓2,7 hours** (w/w); SA borders decreased by **three hours** – averaging **~14,4 hours** (**↓18%**, w/w); Other SADC borders averaged **~11,1 hours**.
- UNCTAD shows merchandise trade is up by **↑1,9%** (q/q) and services trade by **↑2,8%** (q/q) vs. Q4 2022.
- Global schedule reliability has continued to improve – up by **↑2,7%**, with late vessel arrivals at **4,39 days**.
- Global container rates decreased again this week, dropping by **↓2,7%** (or **$42**) to **$1 494** per 40 ft.
- Global air cargo remains very flat as tonnage shows a slight decrease (**↓2%**), with rates around **$2,37**.

[1] This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the *143rd* update.
[2] '*Current*' means the last 7 days' (a week's) worth of available data.
[3] '*Previous*' means the preceding 8-14 days' (a week's) worth of available data.
[4] '*Monthly*' means the last months' worth of available data compared to the same month in the previous year; Air: May vs May, Ocean: May vs May.
[5] For ocean, total Jan-Apr cargo in metric tonnes, as reported by Transnet is used, while for air, Jan-May cargo to and from ORTIA is used.

Executive Summary

This update – *the 143rd of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this week were characterised by adverse weather, persistent equipment breakdowns and shortages, vessel ranging, and load-shedding. In Durban, abnormal weather conditions in the form of tornado-like winds and rain were the primary contributor to operational delays during the early stages of the week. Adverse weather conditions returned to Cape Town this week, delaying operations. The gates at CTCT were closed for an undisclosed period on Thursday due to congestion in the terminal. Repairs continued on berth D100 at NCT this week as the latest reports contradict those received last week. Furthermore, the abnormal weather conditions experienced in Durban during the early stages of the week also impacted TFR's operations as the line near Shongweni was covered in sand, negatively affecting cargo flow to and from Cato Ridge.

In the international environment, UNCTAD warned that despite the increases in both merchandise and services trade, the immediate outlook for trade remains very pessimistic. And the outlook is negative not only for volume but also for value, as carriers are burning cash at an alarming rate, with the second quarter expected to have been loss-making for several. As container spot rates across the major trade lanes remain stubbornly below cost and contract rates collapse, carriers urgently need to remove capacity to improve the supply-demand balance; however, there appears to be a significant reluctance to do so. The good news is that for shippers, the current conditions of low rates, improved reliability, and increased capacity at least come as a silver lining. Other developments included **(1)** Panama Canal drought levels to keep restrictions and **(2)** labour issues persisting in North America.

In the air freight sector, South Africa's domestic market bounced back nicely this week (**↑21%**). In comparison, the international market continued its downward trend of late (**↓5%**) – much in line with the international flows. Indeed, global air cargo tonnages in June continued the flat trend we have seen since the beginning of the month, while average rates continued to slide slightly. Alarmingly, we see significant drops in outbound cargo to Europe. In other aviation news, IATA shows the continued recovery in African passenger numbers and related capacity, closing in on 2019 levels. Incidentally, South Africa's Q1 2023 passengers remained **↓12%** below 2019.

In regional cross-border road freight trade, average queue and transit times decreased significantly on average this week. The median border crossing times at South African borders decreased significantly and averaged **~14,4 hours** (**↓18%**,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) experienced a significant decrease by five hours and averaged **~11,1 hours** (**↓33%**, w/w). On average, only three SADC land borders took more than a day to cross: Beitbridge, Kasumbalesa, and Katima/Mulilo (the worst affected, with crossings taking two days). Further delays came in the form of **(1)** rising costs and poor efficiency, which continue to delay cross-border movements through Kasumbalesa to DRC and **(2)** poor road conditions from Changara to Tete in Mozambique.

Lastly, some pockets of excellence remain within the greater supply chain environment in South Africa – this week is shown by the election of SARS Commissioner Mr Edward Kieswetter as Chairperson of the World Customs Organisation (WCO)[6]. Our logistics and transport environment has focused too long on achieving (and miserably failing) average targets instead of global best practices. It is high time to change the mindset and reach for excellence, as our country desperately needs it. And with the pessimistic outlook presented

[6] SARS. 25/06/2023. SARS Commissioner Mr Edward Kieswetter elected Chairperson of the World Customs Organisation.

this week by UNCTAD (despite positive SARS merchandise trade figures), we will need to be resilient in our trading space. Happily, the challenges with customs declarations and related EDI-gateway issues at SARS have fortunately been resolved, allowing stakeholders to focus their attention once again on core business issues in cargo movement.

Contents

1. Ports Update

This section provides an overview of the flow of containerised cargo through our commercial ports.

a. Container flow overview

The following tables indicate the container flows reported for the last seven days and projections for the next seven days.

Table 2 – Container Ports – Weekly flow reported for 24 to 30 June[7]

7-day flow forecast (24/06/2023 – 30/06/2023)		
TERMINAL	**NO. OF CONTAINERS[8] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	3 529	4 986
DURBAN CONTAINER TERMINAL PIER 2:	8 771	11 482
CAPE TOWN CONTAINER TERMINAL:	4 056	5 880
NGQURA CONTAINER TERMINAL:	4 670	4 422
GQEBERHA CONTAINER TERMINAL:	514	1 653
TOTAL:	**21 540**	**28 423**

Source: Transnet, 2023. Updated 30/06/2023.

Table 3 – Container Ports – Weekly flow predicted for 1 to 7 July

7-day flow forecast (01/07/2023 – 07/07/2023)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	4 106	5 387
DURBAN CONTAINER TERMINAL PIER 2:	11 821	15 628
CAPE TOWN CONTAINER TERMINAL:	5 750	7 537
NGQURA CONTAINER TERMINAL:	6 661	5 602
GQEBERHA CONTAINER TERMINAL:	1 254	3 375
TOTAL:	**29 592**	**37 529**

Source: Transnet, 2023. Updated 30/06/2023.

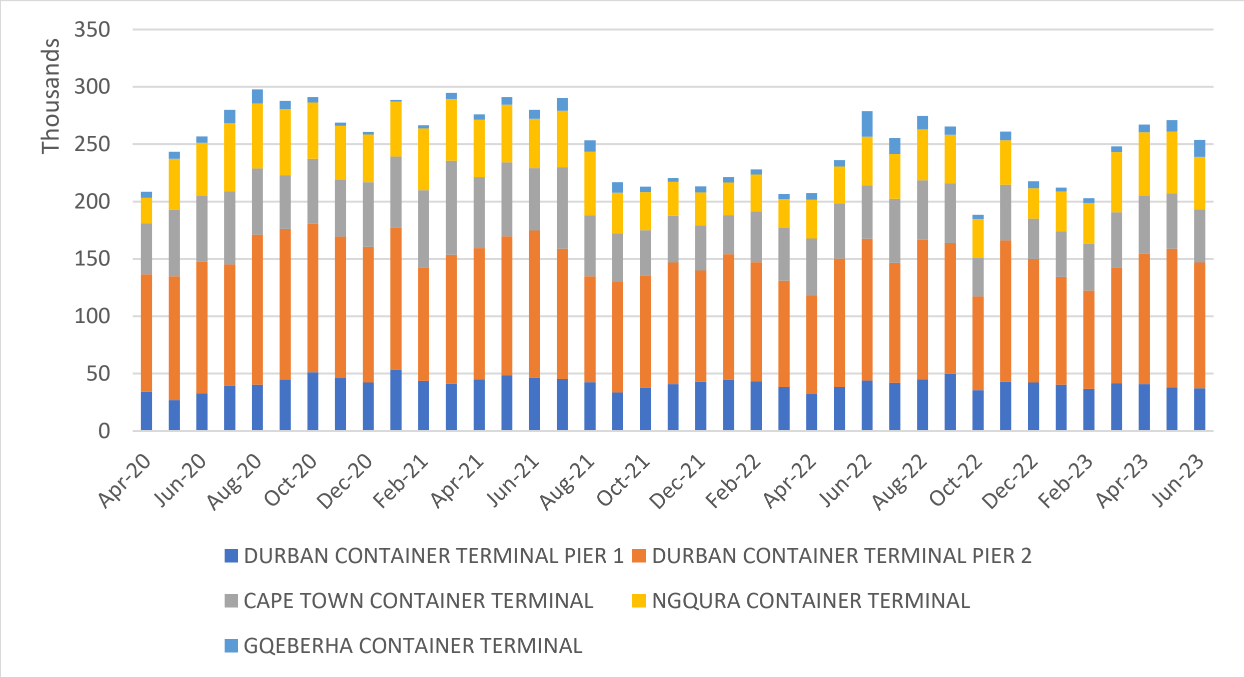
An average of **~7 138 containers** (**↓9%**) was handled per day for the last week (24 to 30 June, *Table 2*), compared to the projected average of **~9 737 containers** **↓27%** actual versus projected) noted in last week's report. Incidentally, analysing last week's projected numbers, we see that – similar to last week – all terminals failed to reach the predicted numbers, with the most significant negative difference at NCT (**↓31%**) again. For this week, an increased average of **~9 589 containers** (**↑34%**) is predicted to be handled (1 to 7 July, *Table 3*). Several typical operational constraints inhibited peak port performance, primarily adverse weather, persistent equipment breakdowns and shortages, vessel ranging, and load-shedding. It is a concern that the ports consistently fail to reach their predicted volumes, which begs the question of what information underlies those forecasts.

[7] It remains important to note that a large percentage (approximately 37% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transhipments.

[8] As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container and this figure will probably increase as the shift towards more 40' containers continues. Incidentally, the US uses 1,5 to 1,8, depending on the port.

The following figure illustrates the rolling *monthly* average flow of aggregate containerised cargo passing through our commercial ports since our records began during the nationwide lockdown.

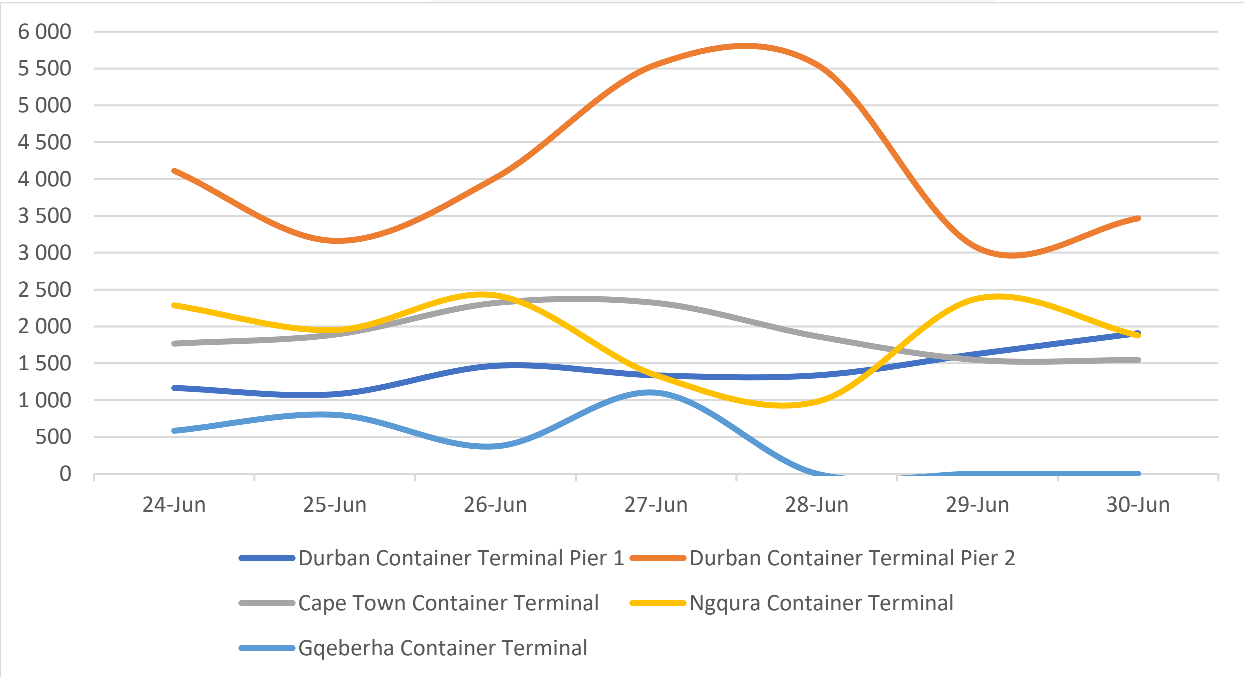
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2023. Updated 30/06/2023.

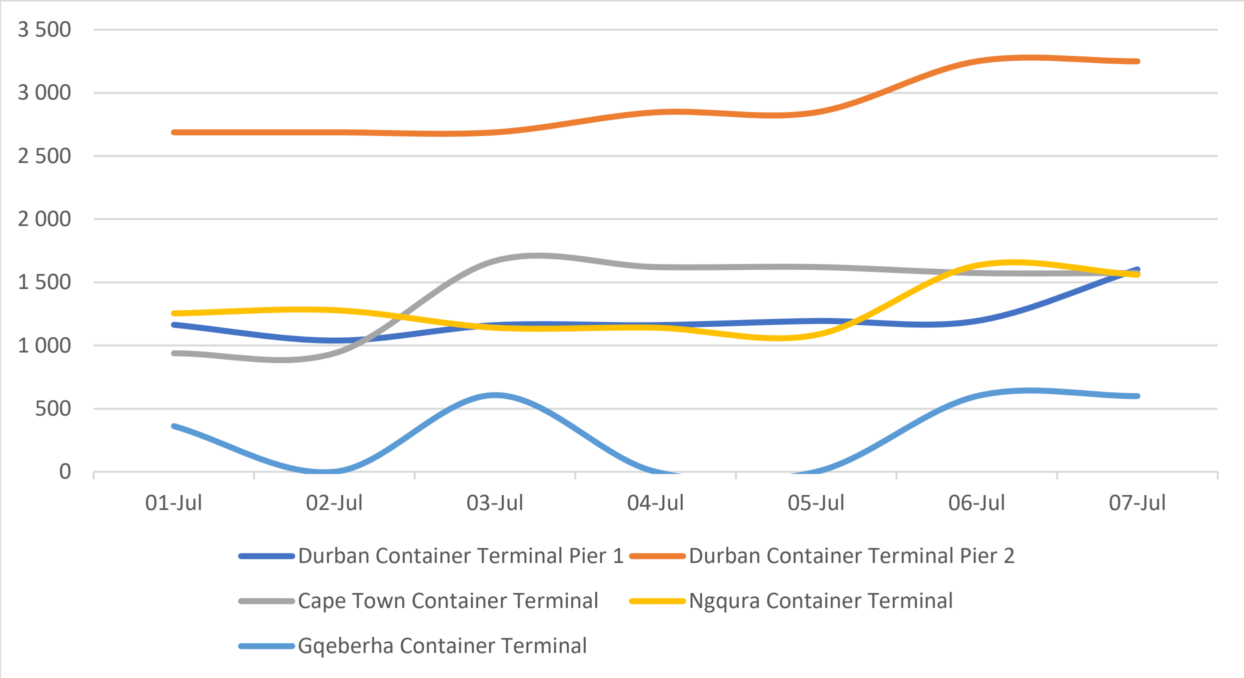
The following figures show the weekly container flows for the last seven days, followed by the projections for the seven days after that.

Figure 4 – 7-day flow reported for total container movements (24 to 30 June; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 30/06/2023.

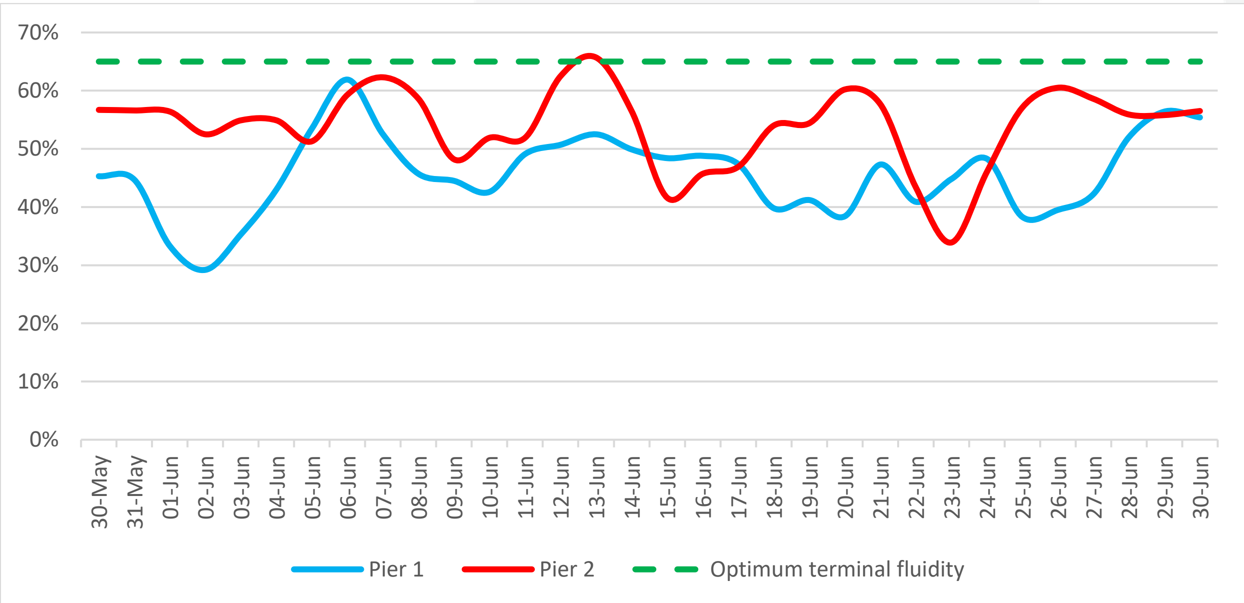
Figure 5 – 7-day forecast reported for total container movements (1 to 7 July; per port; day on day)



Source: Calculated using data from Transnet, 2023. Updated 30/06/2023.

The following figure shows daily stack occupancy in both Durban terminals over the last five weeks.

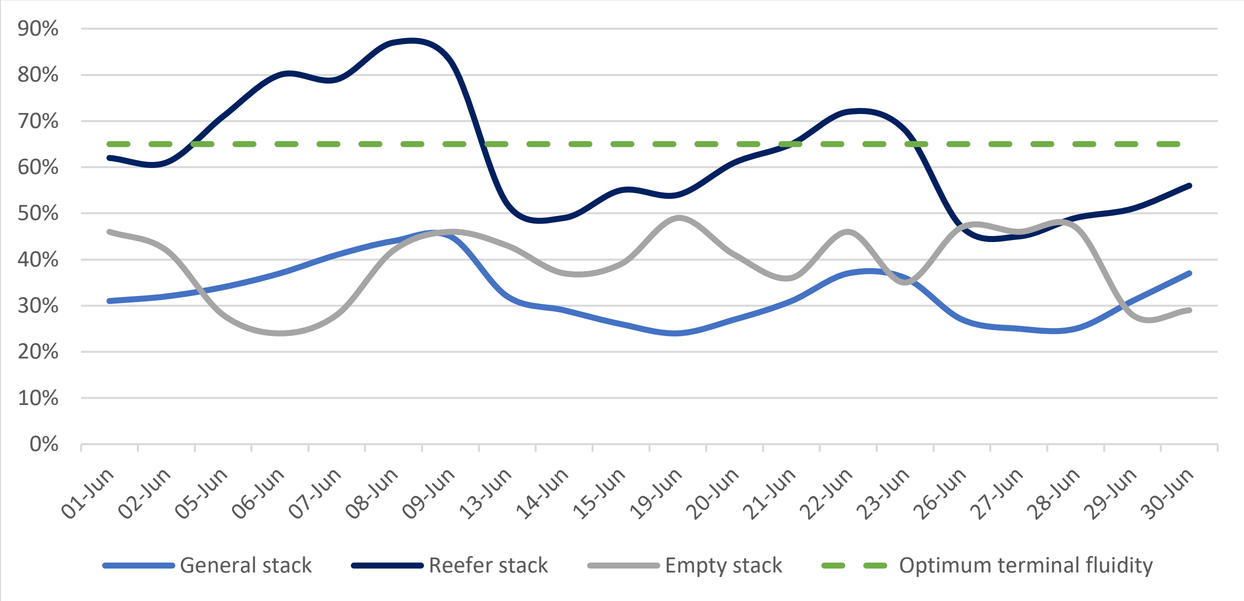
Figure 6 – Stack occupancy in DCT, general-purpose containers (30 May to present; day on day)



Source: Calculated using data from Transnet, 2023. Updated 30/06/2023.

The following figure shows daily stack occupancy in Cape Town over a similar period, with the cyclical flows of reefer containers evident over the last month.

Figure 7 – Stack occupancy in CTCT, GP, reefer, and empty stack (1 June to present, day on day)



Source: Calculated using data from Transnet, 2023. Updated 30/06/2023.

b. Summary of port operations

The following sections provide a more detailed picture of the operational performance of our commercial ports over the last seven days.

i. Weather and other delays

- Inclement weather conditions returned to Cape Town this week, delaying operations.
- In Durban, abnormal weather conditions in the form of tornado-like winds and rain were the primary contributor to operational delays during the early stages of the week.
- Conversely, minimal operational delays due to weather were reported in Richards Bay.
- In the Eastern Cape, poor weather conditions disrupted port operations throughout the week.

ii. Cape Town

On Thursday, CTCT recorded three vessels at berth and four at anchor as inclement weather conditions and vessel ranging persisted sporadically throughout the week. Overall, it has been a tough operational month, as the port experienced **113 hours** of delays due to wind, surging, and Navis downtime. At the same time last year, the delays accrued for June were a mere **16 hours**. Stack occupancy for GP containers was 37%, reefers at 56%, and empties at 29%. In the latest 24-hour period to Friday, the terminal handled 1 757 TEUs across the quay. 938 trucks were serviced on the landside, and 69 rail import containers were on hand. During the week, more than 18 000 TEUs were stuck at outer anchorage, according to the "*Port Congestion Watch*". However, a strong positive is that weather conditions are seemingly set to be favourable until next Wednesday, providing the perfect opportunity for backlogs to be cleared.

The gates at CTCT were closed for an undisclosed period on Thursday due to congestion in the terminal. The causes of the congestion experienced are currently unknown; however, reports suggest that it may be attributed to bunching experienced within the stacks due to regular equipment breakdowns, particularly with RTGs. The low productivity reported – around 15 GCH – may also contribute.

The multi-purpose terminal, on Thursday, recorded zero vessels at anchor and two at berth. In the 24 hours leading to Friday, the terminal managed to service 151 external trucks at an undisclosed truck turnaround time on the landside. On the waterside, 123 TEUs were moved across the quay. Stack occupancy was recorded at 31% for GP containers, 79% for reefers, and 7% for empties by the end of the week.

The FPT private terminal reported zero vessels at anchorage while servicing two vessels at berth on Wednesday. During the 24 hours before Thursday, the terminal managed to handle 212 TEUs on the waterside while servicing 153 trucks on the landside. During the same period, reefer stack occupancy was recorded at 27%.

iii. Durban and Richards Bay

Pier 1 on Thursday recorded two vessels at berth, operated by five gangs, and one vessel at anchor. Stack occupancy was 55% for GP containers and 83% for reefers. During the same period, 535 imports were on hand, with 27 units having road stops and 20 unassigned. The terminal recorded 955 landside gate moves, with an undisclosed number of cancelled slots and 99 wasted. Additionally, the truck turnaround was relatively slow at ~93 minutes, with a high average staging time of ~152 minutes.

Pier 2 had four vessels at berth and one at anchorage on Friday. In the 24 hours to Friday, stack occupancy was 57% for GP containers and 75% for reefers, with 78% of reefer plug points utilised. The terminal operated with ten gangs while moving 3 298 TEUs across the quay. During the same period, there were 3 179 gate moves on the landside with a truck turnaround time of ~101 minutes and a staging time of ~161 minutes. The truck turnaround was high during this period, primarily attributed to straddle carrier breakdowns. Of the landside gate moves, 1 456 (46%) were for imports and 1 723 (54%) for exports. Additionally, 588 rail import containers were on hand, with 237 actually moved by rail.

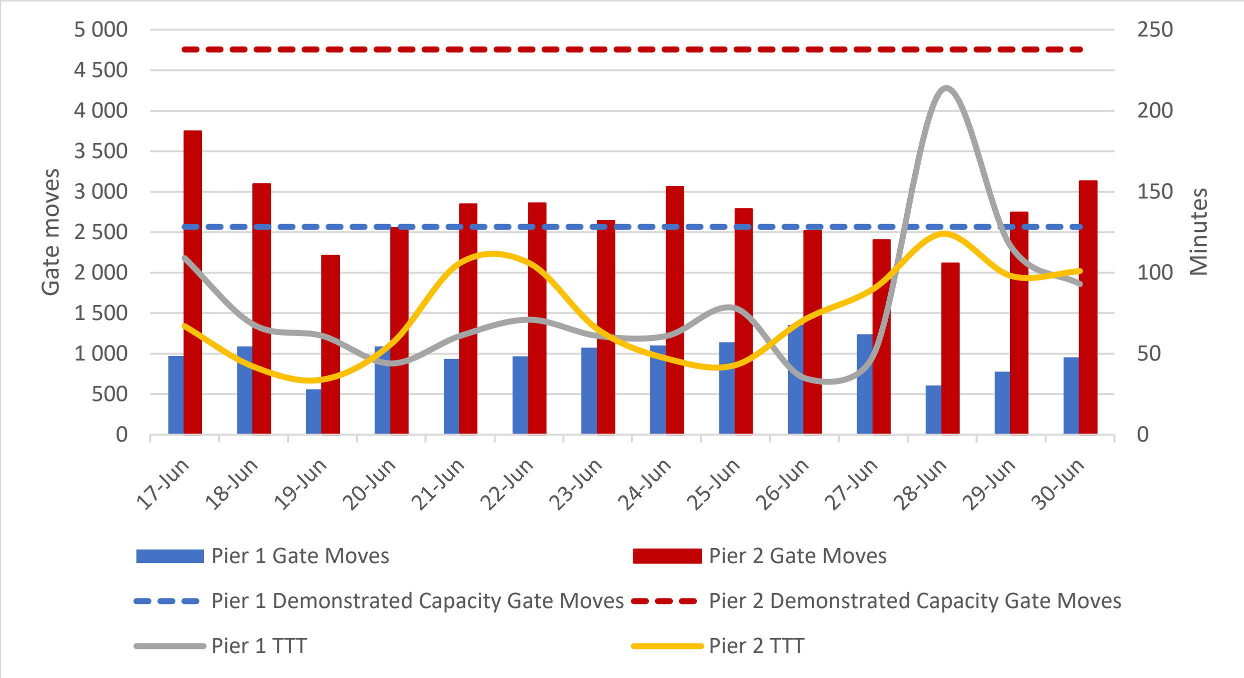
The Durban MPT terminal recorded one vessel at berth on Tuesday, with none at the outer anchorage, while handling 137 containers and no breakbulk tons on the waterside. Stack occupancy for breakbulk improved to 70% in that time, while stack occupancy on the container side was recorded at 12%, with 201 reefer plug points available. The terminal managed to handle 75 containers on the landside while servicing 64 breakbulk RMTs translating to 1 712 tons. During the same period, three cranes, nine reach stackers, one empty handler, seven forklifts and 15 ERFs were in operation.

On Wednesday, the Ro-Ro terminal in Durban recorded two vessels on the berth, with none at outer anchorage. Over the 24 hours to Wednesday, the terminal received 737 units while despatching 769. During the same period, general stack occupancy was recorded at 47%, 18% for imports, 70% for exports, and 12% for transhipments. Stack occupancy at G-berth was also improved to 60%, while stack occupancy at QR improved significantly to 10%. The terminal had 1 038 import unit on hand, 3 949 units destined for export markets, and 632 units subject to transhipments.

On Friday, Richards Bay recorded 12 vessels at anchor, translating to three bulk, eight coal, and one breakbulk vessel. There were 18 vessels on berth, five at DBT, six at MPT, five at RBCT, and two at the liquid bulk terminal. Two tugs and a helicopter were in operation for marine resources in the 24 hours leading up to Friday.

The following figure summarises the performance of Durban's container terminals for the last two weeks, focusing on gate moves and time spent in the terminals.

Figure 8 – Gate moves (left axis), and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2022. Updated 30/06/2023.

iv. Eastern Cape ports

NCT on Thursday recorded two vessels on berth and four vessels at outer anchorage after experiencing a challenging week on the weather front. Marine resources of two tugs, a pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Friday. In the same period, stack occupancy was 23% for GP containers, 36% for reefers, and 54% for reefer ground slots. And in that period, 2 304 units were processed at a GCH of ~13 and SWH of ~33. Additionally, 363 reefers were handled across the quay, while 607 trucks were serviced on the landside at a truck turnaround time of ~38 minutes.

Repairs continued on berth D100 at NCT this week as the latest reports conflicted with those received last week. Last week's reports stated that the berth is ready for use, while the latest reports indicate that the berth remains unsafe to use.

GCT on Friday recorded zero vessels at outer anchorage and one at berth. Available waterside resources were two tugs, a pilot boat, two pilots, and one berthing gang in the 24 hours to Friday. In the same period, stack occupancy was 70% for GP containers, 91% for reefers, and 71% for reefer ground slots while moving 421 TEUs across the quay. Additionally, 227 trucks were serviced on the landside at a truck turnaround time of ~19 minutes.

At the Port of East London on Tuesday, no container volumes were moved across the quay, while 37 external trucks were serviced at a truck turnaround time of ~19 minutes. Stack occupancy on the container side was captured at 39%. During the same period, at the Ro-Ro terminal, 203 units were received, while stack occupancy at the car terminal was captured at 47%. No bulk units were handled on the waterside; however, 56 bulk trucks were received on the landside. Additionally, the port was seriously challenged this week by machine breakdowns. The technical teams worked hard to ensure that the machines returned to service as swiftly as possible.

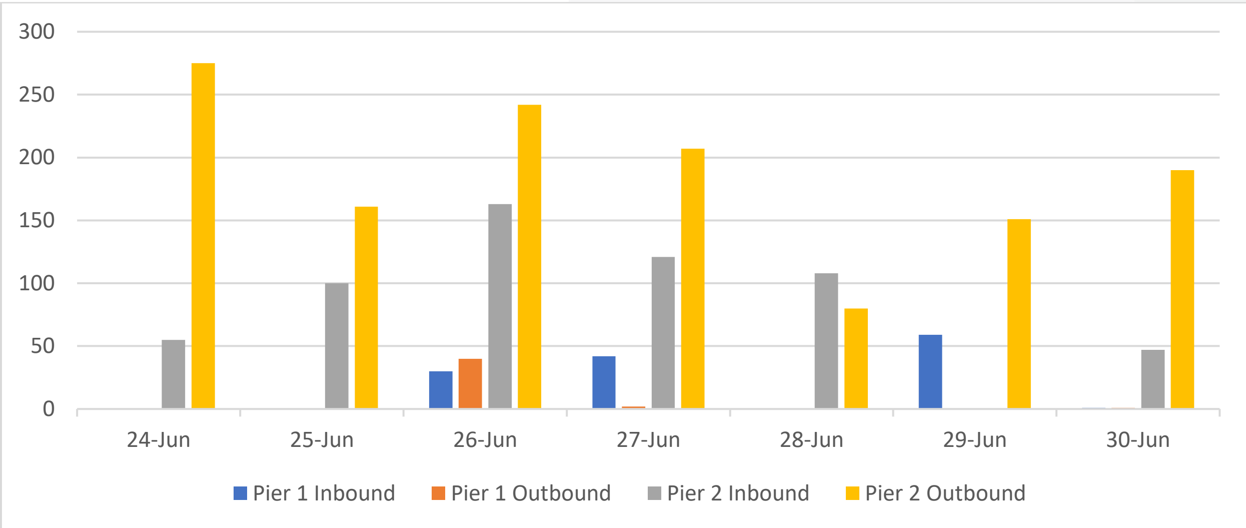
v. Saldanha Bay

On Friday, the iron ore terminal had four vessels at anchorage and two on the berth, while the multi-purpose terminal also had four vessels at anchor and four on the berth. The vessels at anchor have been waiting outside for approximately 3-11 days, while the vessels in port have been on berth for around 2- 7 days.

i. Transnet Freight Rail (TFR)

The abnormal weather conditions experienced in Durban during the early stages of the week also impacted TFRs operations as the line near Shongweni was sand washed, which negatively impacted cargo flow to and from Cato Ridge. By the end of the week, the second line near Shongweni remained out of commission with no clear estimated time of return communicated just yet. Besides this, no major incidents were reported on our rail lines this week. By the end of the week, DCTs Pier 2 currently had 407 ConCor units with a dwell time of 144 hours (6 days) and 127 over-border units with a dwell time of 11 days. Rail import containers on hand for Durban amounted to 43 at Pier 1, 588 at Pier 2, and 17 at Point.

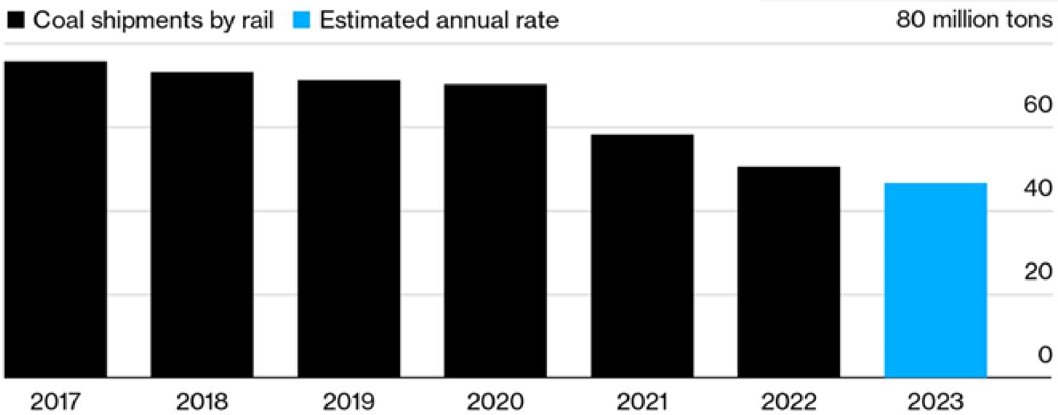
Figure 9 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2022. Updated 30/06/2023.

In the last week (24 to 30 June), rail cargo handled out of Durban was reported at **2 075** containers, down by ↓23% from the previous week's **2 932** containers. Elsewhere, the ongoing decrease in TFR's coal volumes made international news this week, as shipments have dropped to an annualised rate of **46,5 million tons**. That's down from the **50,4 million tons** it carried from mines to the Richards Bay Coal Terminal for export in 2022 — already the lowest volume in three decades and far from the 80 million tons that have been carried in the past. Small wonder that the N2 resembles a disaster area, and coal miners have to look at job reductions due to their inability to exploit record-high prices in the international market, which has now collapsed.

Figure 10 – Coal shipments by rail (millions of tons)



Source: [Reuters using Exxaro data]

2. Air Update

a. International air cargo

The following table shows the in- and outbound air cargo flows to and from ORTIA for the week beginning 19 June. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *June 2022* averaged **~795 488 kg** per day.

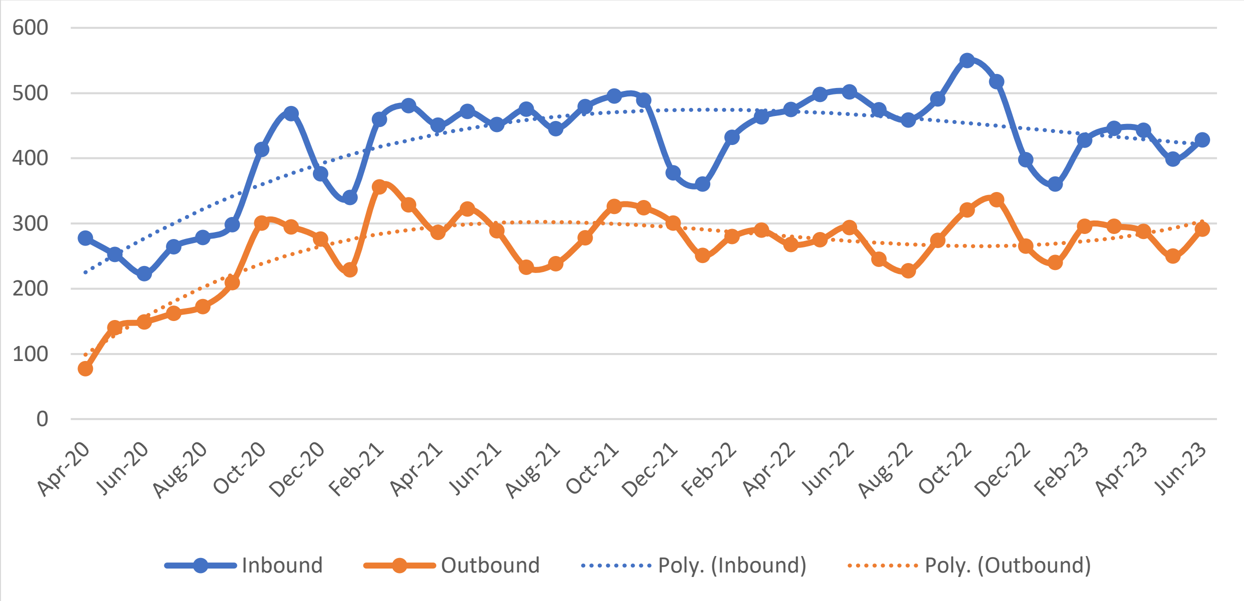
Table 4 – International inbound and outbound cargo from OR Tambo

Flows	19-Jun	20-Jun	21-Jun	22-Jun	23-Jun	24-Jun	25-Jun	Week
Volume inbound	548 404	356 029	342 645	239 358	407 217	294 800	695 159	**2 883 612**
Volume outbound	287 298	185 648	184 729	203 524	226 470	140 465	566 878	**1 795 012**
Total	**835 702**	**541 677**	**527 374**	**442 882**	**633 687**	**435 265**	**1 262 037**	**4 678 624**

Courtesy of ACOC. Updated: 26/06/2023.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **411 945 kg** inbound and **256 430 kg** outbound, resulting in an average of **668 375 kg per day** or **~87%** compared with June 2022. However, the level is currently at only **~74%** compared with the same period pre-pandemic in 2019.

Figure 11 – International cargo from OR Tambo – volumes per month (kg millions)



Courtesy of ACOC & BAC. Updated: 26/06/2023.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *June 2022* was **~54 048 kg** per day.

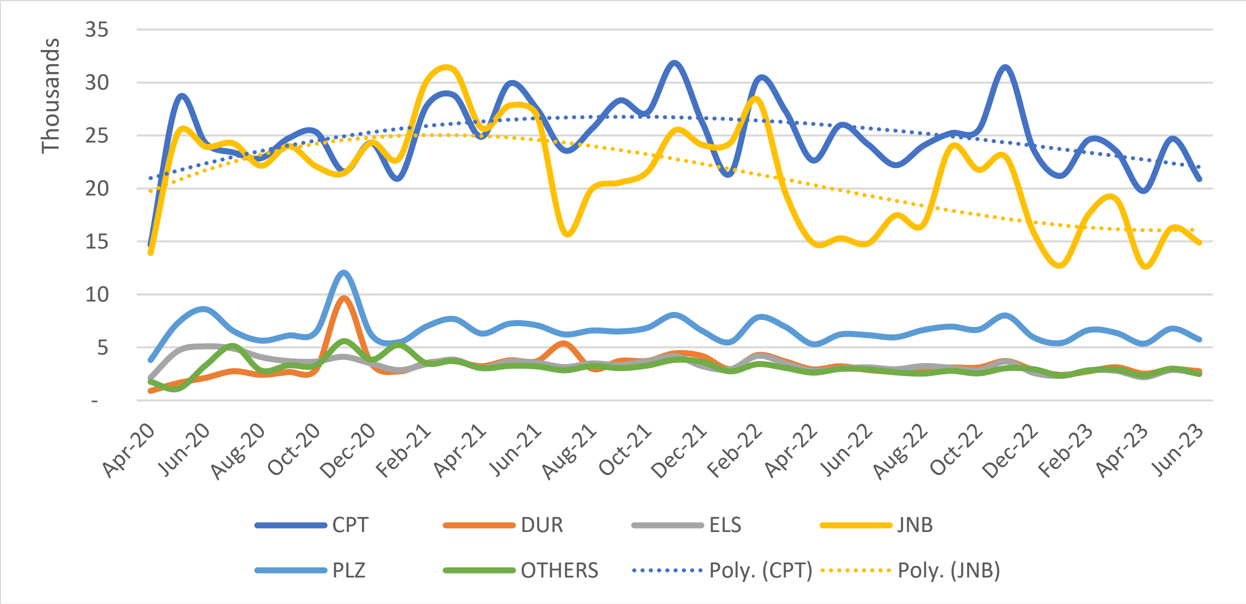
Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
Mar-Dec '20 Ave.	**21 813**	**2 941**	**3 751**	**20 539**	**6 571**	**3 176**	**56 713**
Jan-Dec '21 Ave.	**26 817**	**3 754**	**3 452**	**24 270**	**6 789**	**3 483**	**68 218**
Jan-Dec '22 Ave.	**25 230**	**3 295**	**3 244**	**19 449**	**6 312**	**2 952**	**60 480**
January Ave.	**23 644**	**2 881**	**2 593**	**15 834**	**5 942**	**2 946**	**53 839**
February Ave.	**36 199**	**3 738**	**4 843**	**28 654**	**11 342**	**3 958**	**88 735**
March Ave.	**23 514**	**3 131**	**2 787**	**18 963**	**6 364**	**2 915**	**57 674**
April Ave.	**19 767**	**2 525**	**2 192**	**12 650**	**5 357**	**2 354**	**44 844**
May Ave.	**24 692**	**2 952**	**2 869**	**16 274**	**6 777**	**2 996**	**56 560**
June Ave.	**20 880**	**2 756**	**2 535**	**14 895**	**5 749**	**2 486**	**49 300**
19-Jun	38 826	4 323	5 660	25 828	10 571	5 652	**90 860**
20-Jun	35 558	4 298	5 075	29 234	9 480	4 606	**88 251**
21-Jun	33 588	5 574	4 214	25 820	9 540	3 923	**82 658**
22-Jun	36 276	4 948	3 603	29 600	9 117	3 519	**87 062**
23-Jun	12 648	2 928	1 882	11 907	4 723	2 322	**36 409**
24-Jun	642	362	861	471	825	251	**3 412**
25-Jun	796	210	311	195	665	374	**2 550**
Total for 2023:	**3 972 083**	**485 090**	**459 505**	**2 762 015**	**1 075 796**	**471 401**	**9 225 890**

Courtesy of BAC. Updated: 26/06/2023.

The average domestic air cargo moved last week was **~55 886 kg** per day, up by ↑**21%** compared to the previous week and slightly up compared to last year (**~95%**).

Figure 12 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 26/06/2023.

3. National Update

a. SARS merchandise trade statistics for May

SARS released its latest "*Merchandise Trade Statistics*" for May[9], with the headline showing a preliminary monthly trade surplus of **R10,2 billion**. Monthly trade shows that exports increased from April by ↑**12,3%** (m/m), with imports also up – by ↑**8,7%** (m/m). With the trade surplus in May, the YTD figures show a slight trade surplus of **R9,4 billion** but is a significant deterioration from the **R107,3 billion** positive trade balance recorded in 2022. Nevertheless, export flows for April 2023, at **R184,2 billion**, were ↑**2,1%** (y/y) higher compared to May 2022, whilst import flows were a significant ↑**15,2%** (y/y) higher, having increased to **R174 billion** in the current period.

Regionally, trade with BELN countries for May resulted in a trade surplus of **R11 billion** from exports of **R16,2 billion** and imports of **R5,2 billion**. Exports to our neighbouring countries increased by ↑**16,2%** (m/m) between April and May, with imports increasing – by ↑**8,9%** (m/m) – over the same period. The cumulative figures for the year point to a substantial positive trade balance with BELN countries, similar to last year – from **R47,1 billion** in 2022 to **R49 billion** in trade balance surplus for 2023.

4. Road and Regional Update

a. Cross-border and road freight delays

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

[9] SARS. 30/06/2023. Trade Statistics: May 2023.

- Beitbridge volume increased significantly (↓**7,9%**) compared to April (↑**5,7%** northbound and ↑**10,4%** southbound), with around **25 940** heavy goods vehicles (HGVs) flowing through the gates. Northbound crossing times (queue and border) decreased from last month and averaged around **21 hours** during the month (which remains way too slow), with southbound crossings around **16 hours**.
- Lebombo traffic remains elevated and similar (↑**1,1%**) to last month at around **52 815** HGVs between Mozambique and South Africa, with westbound traffic increasing by ↑**10,2%**. The average crossing times into Mozambique hovered around **9 hours**. Unfortunately, the status quo remains, as queues at Lebombo in recent months remain a serious issue with little or no police oversight.
- Groblersbrug traffic increased by ↑**2,6%** to 11 1176 HGVs in April, with average crossing times quite slow, at a very poor **21 hours**, as last month.

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.

- This week, the median border crossing times at South African borders decreased significantly and averaged **~14,4 hours** (↓**18%**,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) experienced a significant decrease by **five hours** and averaged **~11,1 hours** (↓**33%**, w/w).
- Round trips to Kasumbalesa have come into the spotlight again, with rising costs and poor efficiency continuing to delay cross-border movements to DRC further.
    - Entry cards, fees for parking at Mutaka, and transporters burning up to 200 litres of fuel in the queue for Kasumbalesa northbound (in addition to other queues) are all adding to the NTBs.
- Transporters have questioned the rationale behind paying to use the road from Changara to Tete in Mozambique (**~95km**), as the road is in dire condition.
- As always, transporters, traders, and cargo owners are encouraged to use the non-tariff barrier (NTBs) online tool developed by UNCTAD and the AfCFTA Secretariat. However, given the questionable effectiveness of this platform, transporters are encouraged to contact FESARTA and join their TRANSIST Bureau[10], which arguably provides better and more reliable information.

The following table shows the changes in bidirectional flows through South African borders:

Table 6 – Delays[11] summary – South African borders

Border Post	Direction	HGV[12] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	HGV Tonnage per day	Weekly HGV Arrivals
Beitbridge	SA-Zimbabwe	445	5	5	35	13 350	3 115
Beitbridge	Zimbabwe-SA	392	10	3	19	11 760	2 744
Groblersbrug	SA-Botswana	224	24	2	21	6 720	1 568
Groblersbrug	Botswana-SA	136	0	0	2	4 080	952
Vioolsdrif	SA-Namibia	30	0	1	3	900	210
Noordoewer	Namibia-SA	20	0	0	2	600	140

[10] FESARTA TRANSIST Bureau.
[11] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles. Data provided by the LMS (Logistics Monitoring System), which is produced by Crickmay in collaboration with SAAFF.
[12] Heavy Goods Vehicles. Note: These statistics are rolling averages; therefore, they would not typically change weekly, rather monthly.

Border Post	Direction	HGV[12] Arrivals per day	Queue Time (hours)	Border Time – Best 5% (hours)	Border Time – Median (hours)	HGV Tonnage per day	Weekly HGV Arrivals
Nakop	SA-Namibia	30	1	2	6	900	210
Ariamsvlei	Namibia-SA	20	0	1	1	600	140
Lebombo	SA-Mozambique	1 602	24	2	16	48 060	11 214
Ressano Garcia	Mozambique-SA	102	0	1	6	3 060	714
Skilpadshek	SA-Botswana	200	2	1	6	4 800	1 400
Pioneer Gate	Botswana-SA	100	1	1	2	2 400	700
Weighted Average/Sum		**3 301**	**6**	**2**	**10**	**97 230**	**23 107**

Source: TLC, FESARTA, & Crickmay, week ending 25/06/2023.

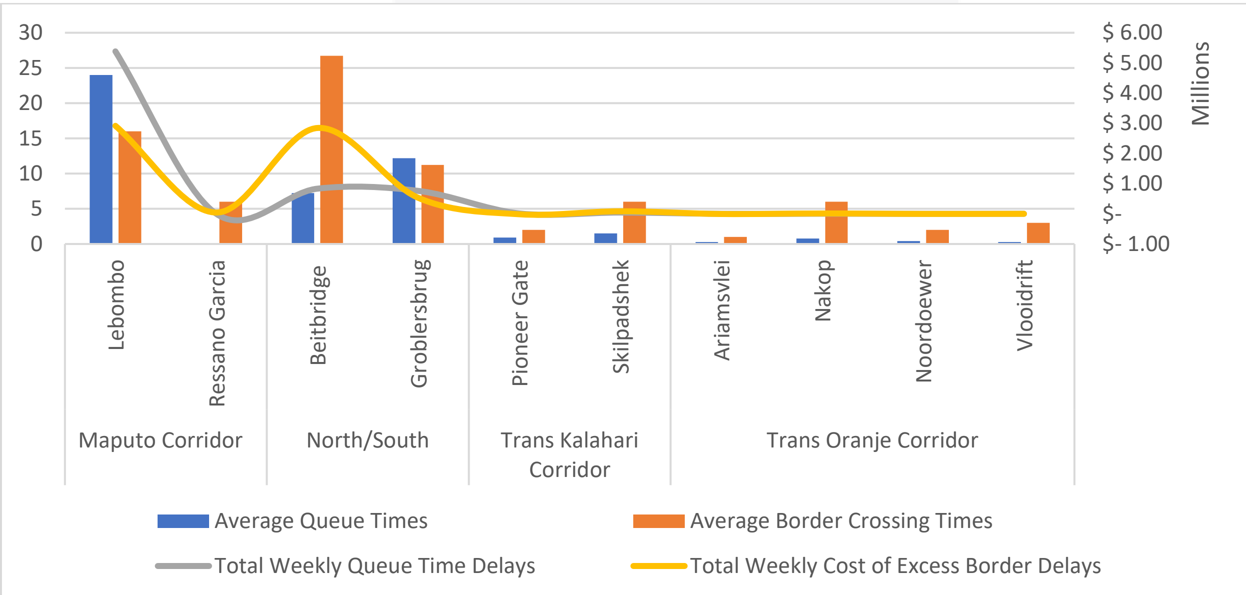
Table 7 – Delays summary – Corridor perspective

Corridor	HGV Arrivals per day	Queue Time	Border Time – Best 5%	Border Time – Median	HGV Tonnage per day	Weekly HGV Arrivals
Beira Corridor	320	0	3	16	9 600	2 240
Dar Es Salaam Corridor	1 819	69	2	15	54 570	12 733
Maputo Corridor	1 704	12	2	11	51 120	11 928
Nacala Corridor	127	0	1	3	3 810	889
North/South	3 269	28	3	14	98 070	22 883
Trans Caprivi Corridor	116	1	2	28	3 480	812
Trans Cunene Corridor	100	0	2	14	3 000	700
Trans Kalahari Corridor	330	1	1	3	7 920	2 310
Trans Oranje Corridor	100	0	1	3	3 000	700
Weighted Average/Sum	**7 885**	**21**	**2**	**12**	**234 570**	**55 195**

Source: TLC, FESARTA, & Crickmay, week ending 25/06/2023.

The following graph shows the weekly change in cross-border times and associated estimated costs:

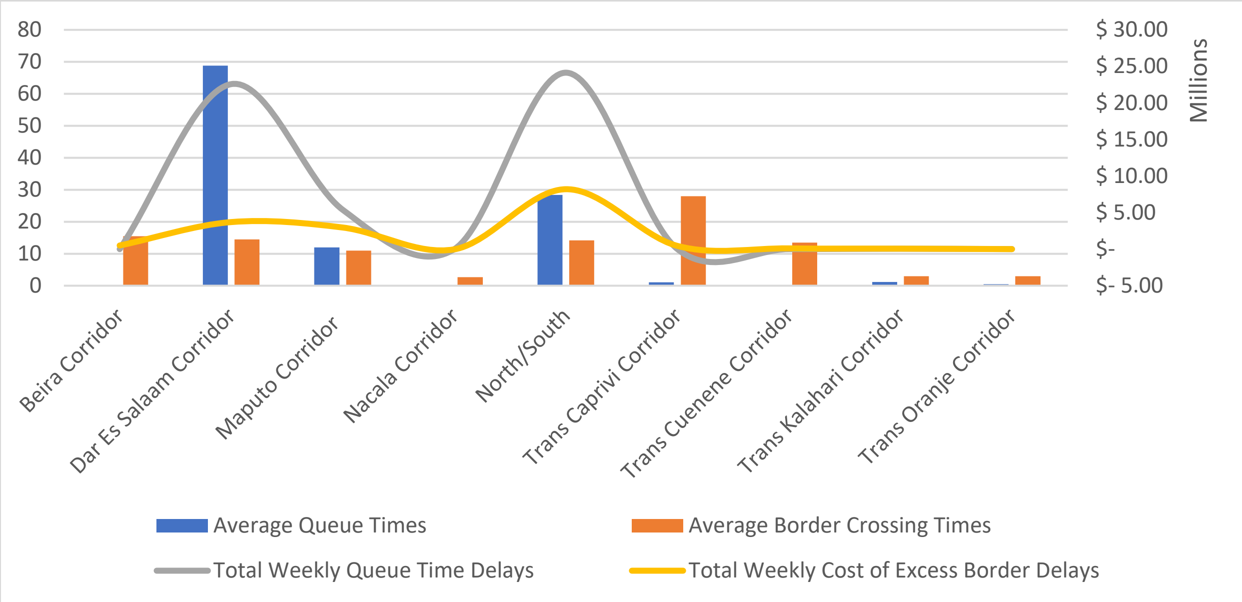
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & $ thousands)



TLC, FESARTA, & Crickmay, week ending 25/06/2023.

The following figure echoes those above, this time from a corridor perspective.

Figure 14 – Weekly cross-border delays & est. cost from a corridor perspective (hours & $ thousands)



Source: TLC, FESARTA, & Crickmay, week ending 25/06/2023.

In summary, cross-border queue time has averaged **~21,4 hours** (up by **~6,8 hours** from the previous week's **~14,7 hours**), indirectly costing the transport industry an estimated **$52 million** (**R917 million**). Furthermore, the week's average cross-border transit times hovered around **~11,5 hours** (down by **~2,7 hours** from the **~14,2 hours** recorded in the previous report), at an indirect cost to the transport industry of **$16 million** (**R280 million**). As a result, the total indirect cost for the week amounts to an estimated **~R1 198 million** (up by **~R297 million** or **↑15%** from **R901 million** in the previous report).

5. International Update

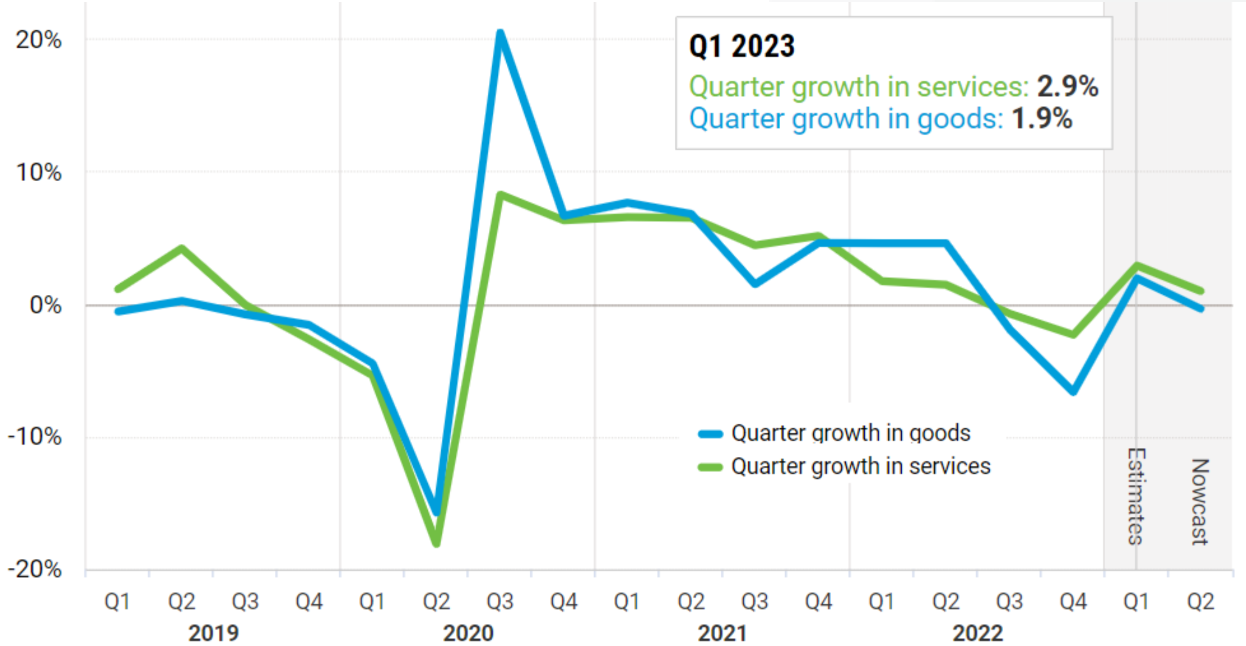
The following section provides some context around the global economy and its impact on trade, including an update on **(a)** international trade, **(b)** the global shipping industry and **(c)** the global aviation industry.

a. International trade

During the first quarter of 2023, trade growth was positive for both goods and services, according to UNCTAD's latest "*Global Trade Update*"[13]. After the downturn in the second half of 2022, the world merchandise trade rebounded in both volume and value. In the first quarter of 2023, trade in goods increased by **↑1,9%** from the last quarter of 2022, adding about **$100 billion**. Global services trade also increased by about **$50 billion**, up by about **↑2,8%** compared to the previous quarter, as illustrated:

[13] UNCTAD. 21/06/2023. Global trade growth returns but outlook for 2023 is poor.

Figure 15 – Trends for trade in goods and services, quarterly growth (2019 – 2023 Q2)



Source: Bloomberg

For the second quarter of 2023, the UNCTAD nowcast suggests a slowdown in global trade growth, pointing to recently downgraded world economic forecasts and factors such as persistent inflation, financial vulnerabilities, the war in Ukraine and geopolitical tensions. UNCTAD notes that overall, the outlook for global trade in the second half of 2023 is pessimistic, as negative factors dominate the positive. Some interesting developments have occurred, notably with the increased concentration of global trade and "friend-shoring". Over the last five quarters, the geographical proximity of international trade remained relatively stable, suggesting a lack of significant nearshoring or far-shoring trends, at least on average. The report points out that "friend-shoring" has risen since late 2022, characterised by a reorientation of bilateral trade flows to prioritise countries that share similar political values.

Some regional trends are also worth considering, with all regions experiencing trade growth, except for Russia and Central Asian economies. Nevertheless, the growth in the East Asian region has been significantly below average on a quarter-over-quarter basis; the first quarter of 2023 witnessed a decline in trade value in most regions, except for the Pacific region, North America and Africa, which experienced marginal growth. Intra-regional trade during the same period followed similar patterns; however, notably, trade within Africa increased by **↑3%**, outperforming other intra-regional trade. This positive change bodes well for boosting trade under the AfCFTA and African countries climbing the value chain ladder and becoming less reliant on the global North for merchandise trade.

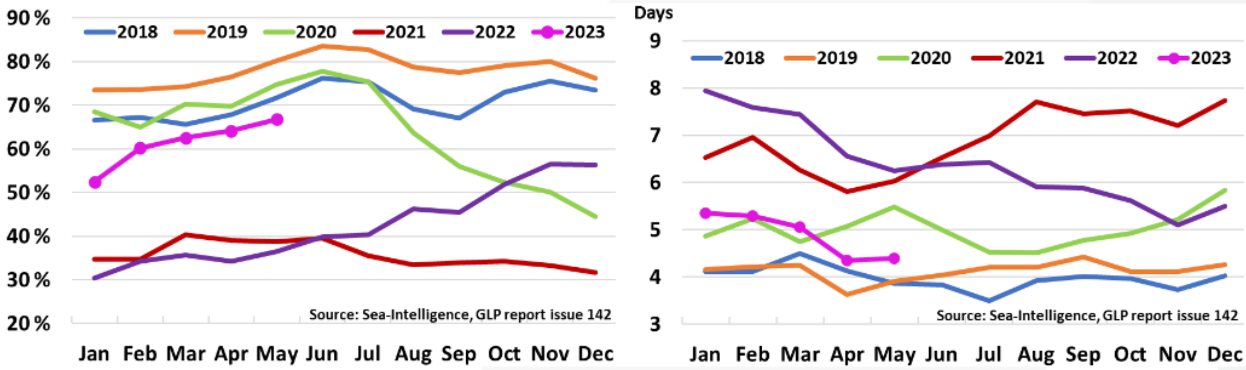
b. Global shipping industry

i. Global container industry summary

Market sentiment remains bearish, with freight rates still slipping. Global rates declined further in the holiday-shortened week in China, led by the rapid drop in Transpacific rates. Although carriers are pushing for another transpacific GRI on 1 July, the failure of the last four attempts will hurt their credibility, with lines putting little effort into removing capacity while utilisation rates remain well below the level required to support the rate increases. The reality is that rates will continue to be depressed while excess capacity remains the order of the day, despite efforts made in some trade lanes, notably the transpacific[14]. However, as has been the case of late, the combination of blankings, demolitions and idle capacity has not offset the massive addition to the global fleet. This reality has continued, as Maersk this week announced an order for six dual-fuel methanol-ready 9 000 TEU vessels to also drive their carbon reduction movement[15]. Further additions have been announced by CMA CGM for ten 24 000 TEU ships at Yangzijiang Shipbuilding[16].

Fortunately for shippers, global schedule reliability has continued to improve monthly, with the latest improvement of **↑2,7%** in May 2023[17]. With this increase, schedule reliability is now up to **66,8%**. Compared to the same point in 2022, schedule reliability is up **↑30,3%**. On the other hand, the average delay for late vessel arrivals increased slightly, by **0,04 days** (m/m) to **4,39 days**. Despite the increase, the May 2023 figure was still **-1,86 days** lower yearly while also being better off than in any of the pandemic years:

Figure 16 – Global schedule reliability (%) and average delays for late vessel arrivals (days)



Source: *Sea Intelligence*

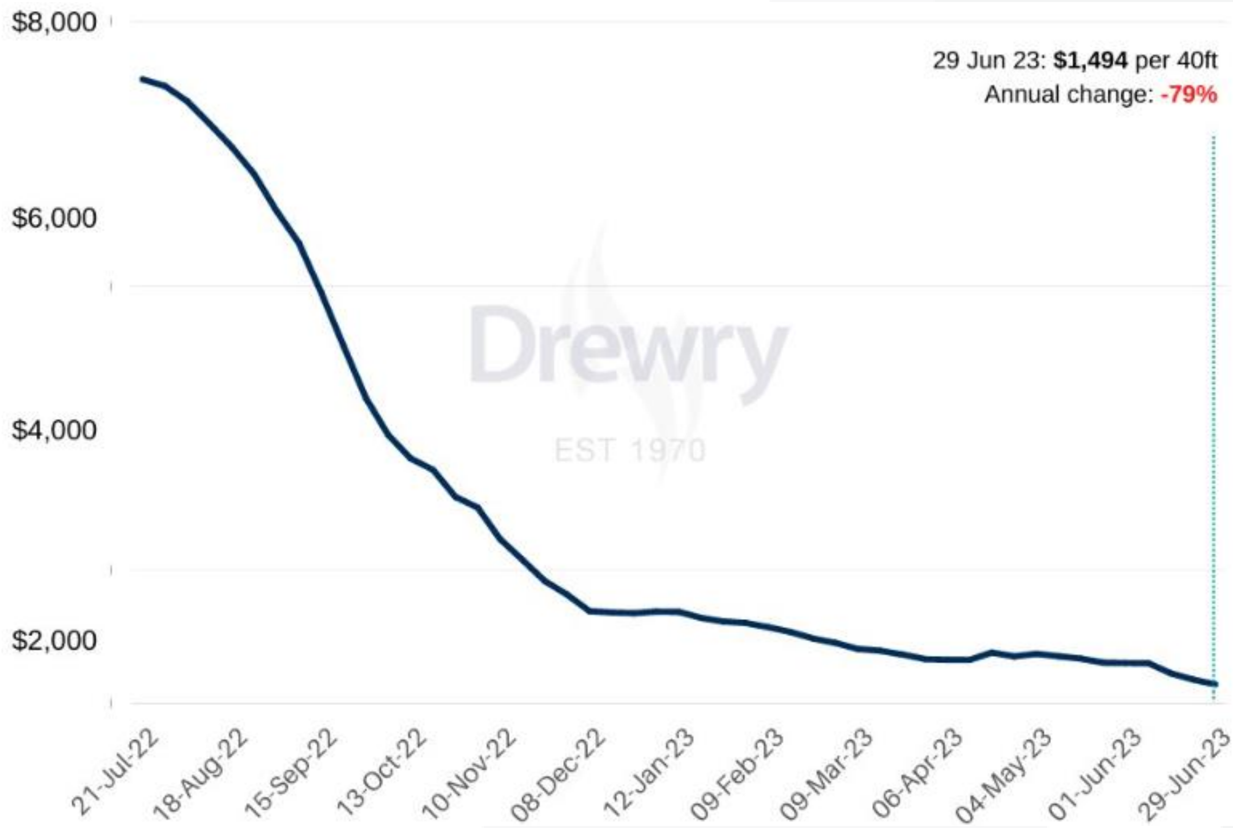
Meanwhile, the idle fleet has increased slightly this week to around **118 500 TEU** (a mere **0,4%** of supply) but remains desperately low. Moreover, cancellations remain very low despite the evident need for carriers to remove capacity from the over-supplied market. These figures are corroborated by Drewry's "*Cancelled Sailings Tracker*", continuing to trend around a **6% cancellation rate**[18]. Indeed, the number of blank sailings is at the lowest we have seen since the pandemic started. It is not perfect – the level is not zero. But no one should expect zero blank sailings as a normal state of affairs[19]. Lastly, port congestion continues to plague only a few pockets in maritime trade and remains relatively low (**1,7 million TEU**, **↑1%**, w/w).

ii. Global container freight rates

The "*World Container Index*" continued to decline as anticipated this week and is down by **↓2,7%** (or **$42**) to **$1 494** per 40-ft container:

[14] Lennane, A. 28/06/2023. MSC leads capacity exodus from transpacific – but Zim buck the trend.
[15] Wackett, M. 26/06/2023. Maersk orders more methanol ships as its plots its post-2M course.
[16] Li, M. 29/06/2023. CMA CGM finalises 10-ship haul at Yangzijiang.
[17] Murphy, A. 30/06/2023. Schedule reliability continues to improve.
[18] Drewry. 30/06/2023. Cancelled Sailings Tracker - 30 June.
[19] Murphy, A. 29/06/2023. Blank sailings at a post-pandemic low.

Figure 17 – World Container Index assessed by Drewry ($ per 40 ft. container)



Source: Compiled from Drewry Ports and Terminal Insights

The average rate continues to hover at a level around **↓79%** (y/y) lower than this time last year. The current rate is also **↓44%** lower than the 10-year average of **$2 688** – and nearly the average 2019 (pre-pandemic) rate of **$1 420**. Although the expectations are for the rates to stabilise and rise slightly in July, there has yet to be any durable strength presented in the carrier market. Regionally, this week's major change comes on the Rotterdam – New York route, which tumbled by **↓17%** (w/w). The transpacific routes are also under the spotlight, as carriers have removed almost a quarter of their capacity from the transpacific trade lane in the past year as freight rates there have already sunk below pre-pandemic levels[20]. All indications indicate that with the stumbling spot rates and available capacity, longer-term contract rates show only a small premium above the short-term market.

iii. Further developments of note

Apart from the overview provided above, there were some additional noteworthy developments this week:

1. **Panama Canal drought:**
   a. The Panama Canal will likely keep restrictions on shipping companies in place this year as a drought lowers water levels in its main lake to a four-year low, leading to bottlenecks of cargo carriers lining up to transit the waterway[21].

[20] Lennane, A. 28/06/2023. MSC leads capacity exodus from transpacific – but Zim buck the trend.
[21] McDonald, M. 29/06/2023. Panama Canal to Keep Limits in Place as Drought Hits Lake Levels.

b. The canal authority said it would aim to keep draft restrictions, which limit how deep a vessel can sit in the water, at no more than 44 feet (13,4 meters) for large, Neopanamax ships throughout this year's drought. Currently, about 30-31 ships are traversing the waterway per day, down from 36-37 on a good day.

2. Labour issues in North America persist – this time in Canada:

a. Following a 'tentative agreement' averting an ILWU strike across the US West Coast, International Longshore and Warehouse Union Canada is opting to go ahead with its 72-hour strike at the ports of Vancouver and Prince Rupert[22].

b. Port workers have been attempting to negotiate a new contract with employer British Columbia Maritime Employers Association (BCMEA) since the last document expired in March. Still, thus far, no agreement has been reached. Among the goals of the strike are the end of third-party contracting by BCMEA and an agreement ruling out further automation of the ports.

c. Global air cargo industry

Global air cargo tonnages in June show a continuation of the flat trend we have seen since the beginning of the month, while average rates remain on a slightly sliding trend, according to the latest weekly figures from World ACD Market Data. Figures for week 25 (19 to 25 June) show a slight decrease in tonnages (**↓2%**) and average worldwide air cargo prices, week on week (WoW), continuing the pattern seen since the beginning of June and are around **$2,37 per kilogram**. The following figure shows the movement over the last five weeks, as capacity has remained stable, with the volume very flat:

Figure 18 – Global capacity, weight, and yield over the last five weeks (%, weekly)

Origin Regions last 2 to 5 weeks	Capacity[1]			Chargeable weight[1]			Yield/rate[1]		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa		+3%	+11%		-2%	+5%		+0%	-17%
Asia Pacific		+1%	+32%		-1%	-3%		+0%	-44%
C. & S. America		-1%	-10%		-5%	+3%		+1%	-14%
Europe		+1%	+9%		+2%	-9%		-3%	-37%
M. East & S. Asia		+3%	+16%		+1%	+3%		-1%	-47%
North America		+0%	+5%		+1%	-17%		-3%	-28%
Worldwide		**+1%**	**+11%**		**+0%**	**-6%**		**-1%**	**-38%**

Source: World ACD

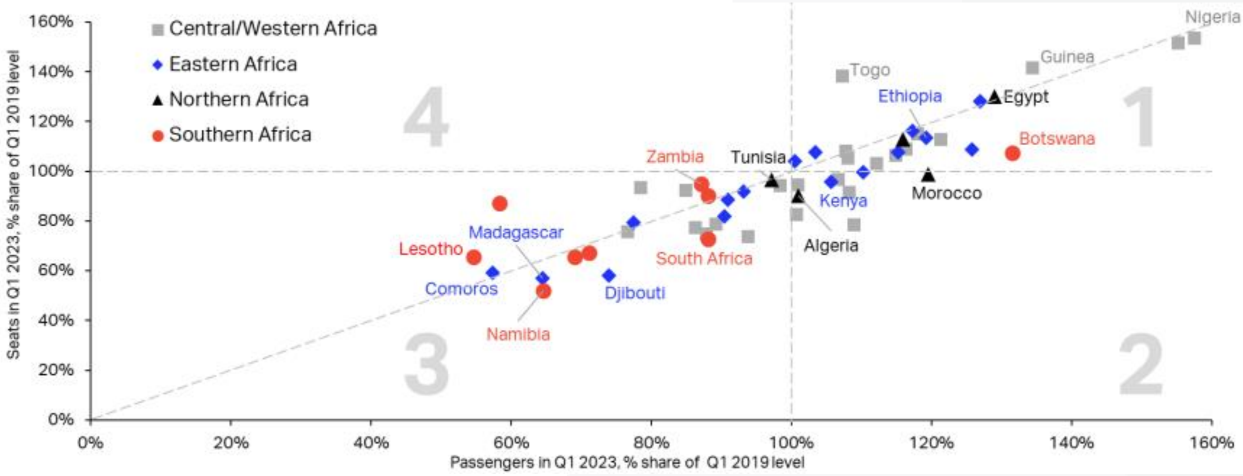
At a regional level, all origin regions showed a relatively stable picture in tonnages on a 2Wo2W basis, except ex-Central & South America (**↓5%**). Region to region, the most-notable decreases can be observed in tonnages ex-Central & South America to Europe (**↓9%**) and notably ex-Africa to Europe (**↓7%**), while flows ex-North America to Asia Pacific jumped by **↑5%**. On an annual level, the industry has slightly regressed from being down by **↓4%** last week to around **↓4%** this week.

In other air cargo news, IATA showed the comparative recovery in air passenger traffic and capacity in Africa this week. Airlines in Africa have experienced a swift recovery in 2023, witnessing a remarkable **↑87,1%**

[22] Bartlett, C. 29/06/2023. Canada's turn to feel the heat as port workers agree to July strike.

annual growth in revenue passenger kilometres (RPKs) during the first quarter, bringing RPKs to only **↓9,4%** below their 2019 levels:

Figure 19 – Seats (left) & Passengers (bottom) in Q1 2023 (% share of Q1 2019 levels)



Source: IATA

However, the region continues to grapple with structural financial and economic barriers that dampen air travel demand. Africa also faces various cost, infrastructure and connectivity challenges that limit aviation capacity and impede the establishment of adequate air services. Incidentally, structural and profitability challenges in Southern Africa continue to affect regional markets, which lagged 2019 levels of aviation activity (quadrant three above). Reflecting a weakened economy and constraints on airline capacity, South Africa's Q1 2023 passengers remained **↓12%** below 2019 levels, while scheduled seats were even further behind (**↓27%**). Still, this market significantly improved from the traffic and capacity deficits observed in the last quarter of 2022.

ENDS[23]

[23]**ACKNOWLEDGEMENT:**

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