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## SAAFF warns of rising port-congestion costs

22ND NOVEMBER 2023 BY: TERENCE CREAMER - CREAMER MEDIA EDITOR



South African Association of Freight Forwarders CEO Juanita Maree

**T**he South African Association of Freight Forwarders (SAAFF) estimates that the current congestion at South Africa's

ports is costing at least R124-million a day in direct and indirect costs.

With 96 vessels waiting at anchorage outside the country's commercial ports, CEO **Juanita Maree** estimates the direct daily costs to be R98-million, comprising both sunk costs and congestion surcharges. The indirect costs associated with impeding the movement of goods valued at about R7-billion, meanwhile, are estimated by SAAFF to be at least R26-million.

Transnet has confirmed that the number of vessels waiting outside Durban Container Terminal (DCT) Pier 2, the country's largest container terminal, stood at 16 on November 20 and that the backlog was currently only forecast to be fully cleared by the end of February.

The State-owned company also confirmed that during the period of inclement weather in October more than 20 vessels had waited at outer anchorage at Durban for up to 18 days.

Maree reports that there has been an improvement at the Cape Town and Port Elizabeth harbours, but that the Durban terminals remain severely delayed, with vessels at anchorage for about nine days.

Shipping lines have responded by imposing congestion surcharges and there are also reports that they are diverting South Africa-bound cargo to Port Louis, in Mauritius, which is adding to lead times and imposing additional supply-chain costs, which will ultimately be carried by domestic consumers.

Transnet chairperson **Andile Sangqu** has warned that the problem is complex and cannot be overcome immediately, owing to serious equipment and maintenance backlogs.

The group has, however, received permission from the National Treasury to accelerate procurement and Transnet Port Terminals (TPT) is aiming to procure additional rubber-tired gantries, straddle carriers and ship-to-shore cranes for delivery between April 2023 and April 2025.

In addition, it would continue to pursue various private sector partnerships across the port system with a due diligence under way related to a partnership with International Container Terminal Services Incorporated, of the Philippines, which has

been named as the preferred bidder for a 25-year joint venture with TPT at DCT Pier 2.

Maree says a greater sense of urgency and greater collaboration is required to address the immediate crisis.

“We must improve operational efficiency and increase throughput, or else the trade, transport, and logistics industries will continue to curtail desperately needed economic growth for South Africa.” 

Phone: +27 (0)11 622 3744

Email: [newsdesk@engineeringnews.co.za](mailto:newsdesk@engineeringnews.co.za)

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