



CMA CGM Shipping Agencies South Africa (Pty) Ltd.

As agents of CMA CGM S.A.

13 September 2019

Dear Sir /Madam

Subject: Appeal to waive marine charges and cargo dues

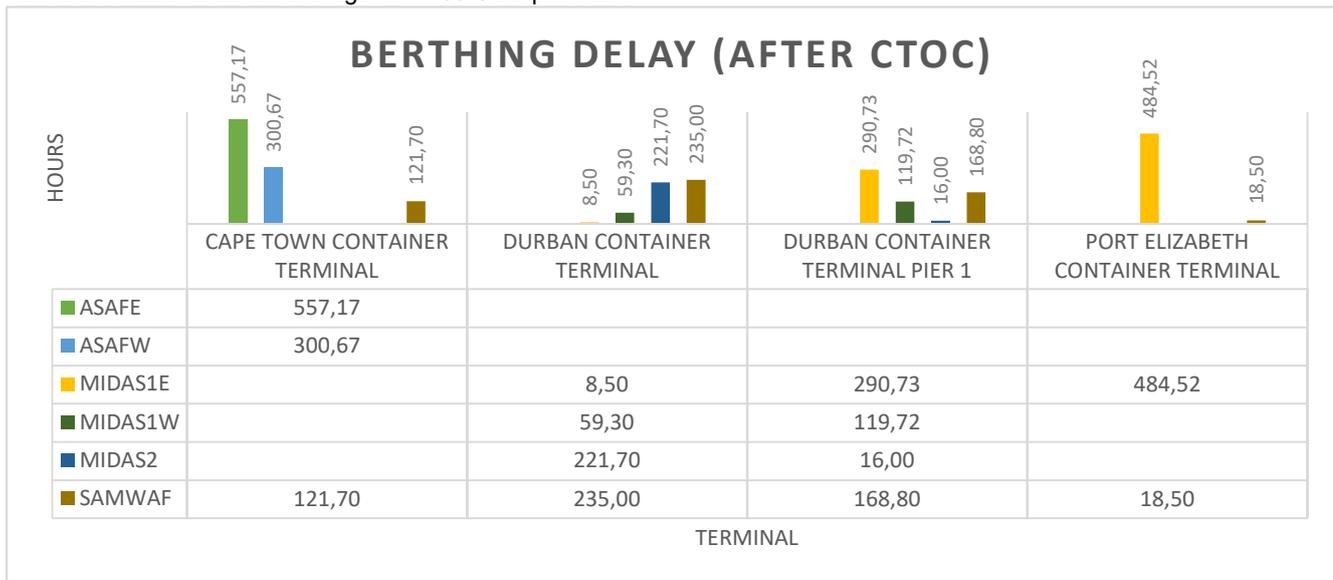
Foreword: The submission to bring to the Port regulators attention areas in the application particularly the rationale for the waiver and cancellation of both marine charges and cargo dues.

2019, has proven to be by far, the most challenging year in the industry across all spheres of the shipping industry. Factors like tough economic climate coupled with tough competition has been areas where we as a shipping line have been challenged, making it difficult for us to do business in certain areas of the world especially in South Africa. Container freight rates have been very low and competitive on various trade routes has intensified.

The commercial market remains under pressure and carriers are struggling to recover operating costs on certain trade routes. For us to remain competitive in the market, our company has very little room to increase our freight rates in the new year. With costs on the rise, low sulphur regulation, competitive freight rates and erratic exchange rates, we will face immense financial challenges in 2020/2021.

Transnet performance in its entirety amidst the above conditions has not lighted the burden and objectives we strive to overcome. Under the current conditions South Africa is not considered the most costs effective port due to its in-efficiency and port expenses.

The graph below illustrates the berthing delays we CMA CGM Shipping experienced from 1 April 2019 to 31 August 2019, these non-recoverable costs an average of +/-700 USD per hour.



It is also important to note the additional marine charges the shipping lines absorb when Transnet fails to operate/complete vessels within the stipulated time frame / berthing window.

The current financial standing at Transnet and the way funds and resources have evidently being mis- appropriated, as we re invest and allocate funds towards the upliftment and improvement of operating services. There is no guarantee of this being used correctly? This leaves us in quite a dilemma with us directing funds for improvement from an operational perspective yet fail to receive service delivery which in turn affects our operating expenses and customer satisfaction as our business in South Africa is totally dependent on Transnet's efficiency.

Considering these factors, we are not in favour of the marine charges and cargo dues increase requested at South African ports as this discourages carriers to use our ports. The cost levied directly impacts on port user (Shipping Line) by adding a substantial and unreasonable added cost to an already expensive service.

In view of this we propose for the marine charges and cargo dues be waived and the facts be carefully reviewed on considerations.

Yours Sincerely
Leon Reddy