



CMA CGM Shipping Agencies South Africa (Pty) Ltd.

As agents of CMA CGM S.A.

12 September 2018

Dear Sir/Madam

Subject: Appeal to waive transshipment 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 cargo dues on transshipments.

Due to increased pressure to reduce our carbon footprint and our initiatives to remain competitive in the current market situation, costs for the company are rising making it difficult for us to do business in certain areas of the world. Container freight rates have been very low and competition on various trade routes has intensified. Freight rates market remain under pressure and carriers are struggling to recover operating costs on certain trade routes. In order 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 a rise and freight rates remaining competitive we will face huge financial challenges in 2019.

As part of the company cost saving initiatives we have been asked to find new ways to optimize our costs in South Africa. Under current conditions South Africa is not considered the preferred transshipment hub due to the high cost factors. See below decreased transshipment volumes over the last two years

The graph below illustrates the significant decrease in transshipment volume in 2017 volume by 36 % and a further drop in 2018 of 55 %



In light of these factors, we are not in favour of the transshipment cargo dues set out in 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.

Further to note that the consequences of adding this levy / cargo dues impacts the market conditions both locally and globally, flagging South Africa as non-preferred channel.

As a result negatively impacts on the economy as a whole which inevitably cripples the industry. Whilst we take full cognisance of the fact that it is policy to effect these charges to improve the infrastructure, it is important to note the high marine charges the vessels / shipping lines absorb which should be allocated for this requirement. In view of this we propose for the transshipment cargo dues be waived and the facts be carefully reviewed on considerations.

Should this request be granted, we believe it will encourage South African ports to be used more as a transshipment hub thereby also benefiting Transnet and the supply chain as a whole. We are of the opinion that it will have a positive impact on the economy and international trade.

Conclusion: Waive of transshipment cargo dues at South African ports

Yours Sincerely
Leon Reddy

CMA CGM South Africa Shipping Agency

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