

# Maersk Q3 Report: rough seas ahead

According to trade manager of Maersk Line Southern Africa, Matthew Conroy, the third quarter Maersk Trade Report reveals that the trade growth rate is declining in South Africa, with pockets of growth witnessed in certain industries, which are expected to grow.

The economic slowdown in China and the slump in commodity prices has impacted container trade in South Africa with the dry exports market, made up of mostly mining commodities, declining by 2% year-on-year in October and declining by 4% over the last quarter. However, the import market remains steady, with 4% year-on-year growth in October and 2% over the last quarter.

## Strong growth for refrigerated cargo exports

Third quarter data has also shown that 2015 has been a strong growth year for South African refrigerated cargo exports, which generally includes fruits such as apples, pears and grapes, which is primarily attributed to the exchange rate and strong demand for fruit from Europe.

Fruit exports have grown by 6% in the past quarter, and Conroy believes that refrigerated exports will continue to see growth as the global demand for fruit continues to strengthen and crop output remains positive. He warns however that the on-going droughts in various areas in the country could be cause for concern.

## Challenges ahead



According to Conroy, the road ahead for South African trade is not without obstacles, namely low consumer confidence, the fluctuating Rand and low commodity prices, all of which are resulting in lower confidence levels in the industry, and will result in lower GDP growth and consumer spend.

"In addition, the steady import growth locally from Asia, predominately made up of consumer goods, has declined by 4% over the last quarter, indicates that South Africans are currently spending less on consumables such as high-end electronic goods."

He points to the dry cargo export market as another challenge. "Due to the significant drop in commodity prices, linked to lower consumer consumption in China, it is anticipated that dry export growth will remain negative in the short and medium-term, as commodity prices or demand is not expected to recover globally over the next few months.

"As a result of the uncertain economic trade environment, as highlighted in our latest report, the global shipping industry too faces headwinds with global demand dropping. It is therefore crucial for South African businesses to align themselves with established and knowledgeable partners with a global infrastructure to ride out these economic storms," says Conroy.

For more, visit: <https://www.bizcommunity.com>