

Maersk Group Trade Report



FIRST QUARTER 2016



SOUTH AFRICA

CHALLENGING ECONOMIC TIMES CURB STRUGGLING TRADE MARKET



The economic slowdown in China, the declining demand for mining commodities, dwindling consumer spending power and the drought have all negatively impacted container trade in South Africa, with both import and export markets declining year-on-year by 8% and 12% respectively.

This is according to Matthew Conroy, trade manager of Maersk Line Southern Africa – a member of Maersk Group, who says the 2016 Q1 Maersk Trade Report reveals that economic restraints and less demand for South Africa's commodities have negatively impacted trade levels during the first quarter.

He explains that the weakening import market is mostly related to the Asia market declining by 13%. "This trade lane represents about 45% of total imports into South Africa and is dominated by manufactured goods, which are on the decline due to lower consumer consumption in South Africa.

"Looking forward, we don't expect import trade to improve drastically very soon as there are no clear signs of an economic recovery, which is ultimately what is required to fuel incremental consumer spend."





“The smaller Middle East trade lane grew by approximately 10% during the first quarter of 2016. This is largely related to a local sourcing change, where more retail products are being sourced from the Middle East and less from Asia.”

Matthew Conroy, trade manager of Maersk Line Southern Africa

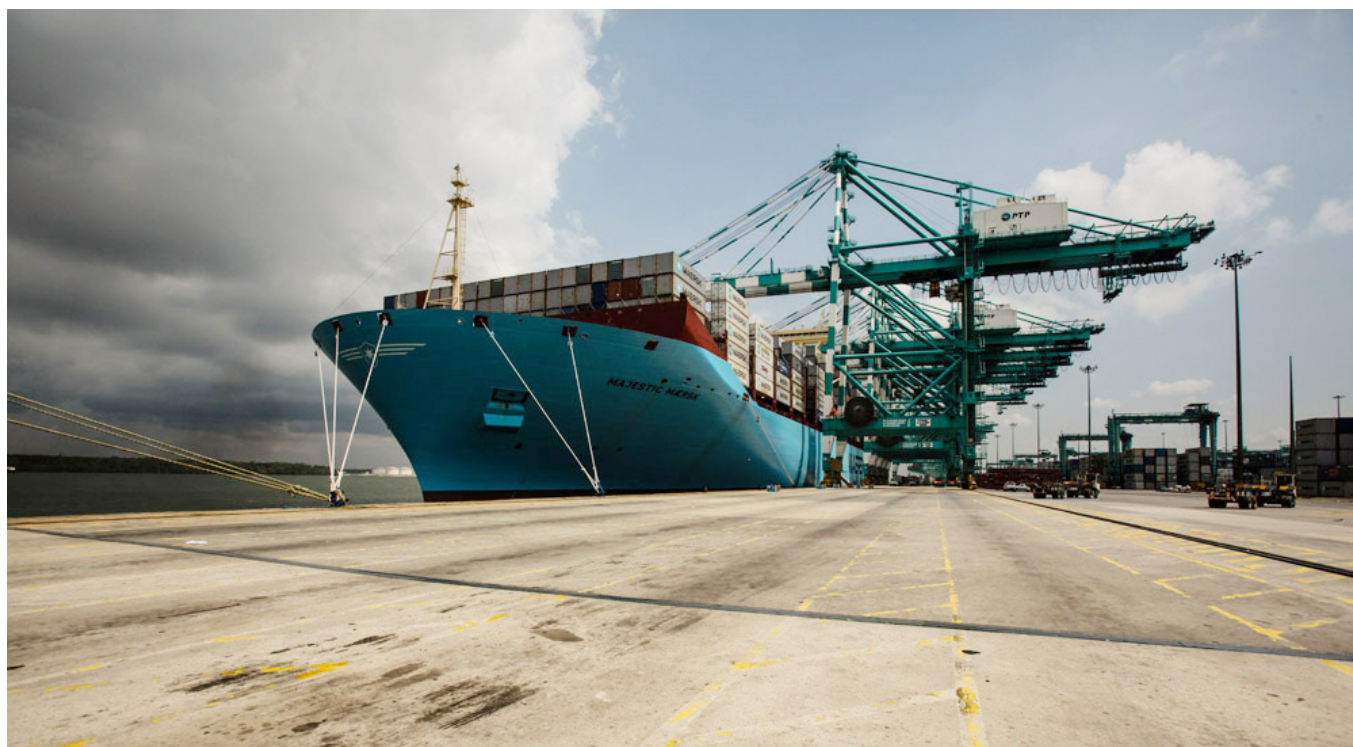
On a positive note, Conroy says that the smaller Middle East trade lane grew by approximately 10% during the first quarter of 2016. “This is largely related to a local sourcing change, where more retail products are being sourced from the Middle East and less from Asia.”

He says that the decline in exports is largely due to the drop in mining commodity demand and the drought. “Total dry exports have dropped by 14% over the last quarter, but within the larger Asia trade category, which is dominated by mining commodities, the market has dropped by 24%. Despite on-going stimuli from the Chinese authorities, the Chinese economy is still struggling.

“The drought has also contributed to the overall decline in export trade as it has reduced the amount of animal feed and fruit exported.”

Conroy says that export trade will however see a minor provisional improvement. “The mining sector in the second quarter is seeing a slight boost and thus there should be an improvement on this quarter’s 14% drop in demand. However, this positive shift looks likely to be more of a restocking, as opposed to structural change in global demand, and thus will not continue for the full year. The biggest opportunity for the South African economy continues to be exporting more manufactured goods, which the weak rand enables,” he concludes.





About Maersk Line:

- Maersk Line, the global container shipping division of Maersk Group, is the world's largest container shipping company which services customers through 324 offices in 115 countries. The Group is known for reliable, flexible and eco-efficient services.
- The Southern Africa office was established in 1992, with the head office situated in Cape Town and branch offices in Port Elizabeth, Durban, East London and Johannesburg. Globally Maersk Line employs 7,600 seafarers and 23,200 land-based employees and operate 590 container vessels.
- Maersk Line has reduced its CO₂ emissions by 42% since 2007 and aims to reduce 60% of CO₂ emissions per container by 2020.

About Safmarine

- Safmarine is an international container carrier focused on trade to and from emerging markets in Africa and West Central Asia.
- Founded in 1946 in South Africa, Safmarine has always had strong ties to Africa, its energy, people and vibrant culture. Embracing these roots has established a distinct way of doing business, which still sets us apart from our competition.
- Today, over 1.200 Safmariners in 85 countries around the world share a common goal: to be the people making the difference in shipping. Our ambition is to inspire a brighter future through profound partnerships and a culture of positivity and optimism. To realise this we invest in people, in relationships, and in the way we do business.
- At Safmarine we are committed to bringing a human touch to the world of shipping and to partner with our customers on every step of their journey.

Together we go places



About Maersk Group:

- The Maersk Group is a worldwide conglomerate that operates in some 130 countries with a workforce of over 89,000 employees. Owning the world's largest container shipping company, Maersk is involved in a wide range of activities in the shipping, logistics, and the oil and gas industries.
- The Maersk Group has five core businesses which include Maersk Line, hereunder Safmarine, MCC Transport, Seago Line and Sealand providing regional liner and feeder-route services; APM Terminals; Maersk Oil; Maersk Drilling; and APM Shipping Services, which combines the four business units Maersk Supply Service, Svitzer, Maersk Tankers and Damco.

Editorial contact:

Shelley Aarons
 Epic MSLGROUP
 shelley.aarons@epicmslgroup.com
 +27 21 439 8008

See more trade reports from South Africa on www.maersk.com/trade-reports-South-Africa

Also see all trade reports from Africa on www.maersk.com/trade-reports-Africa