

COVID-19: Cargo movement update¹

Date: 14 May 2021

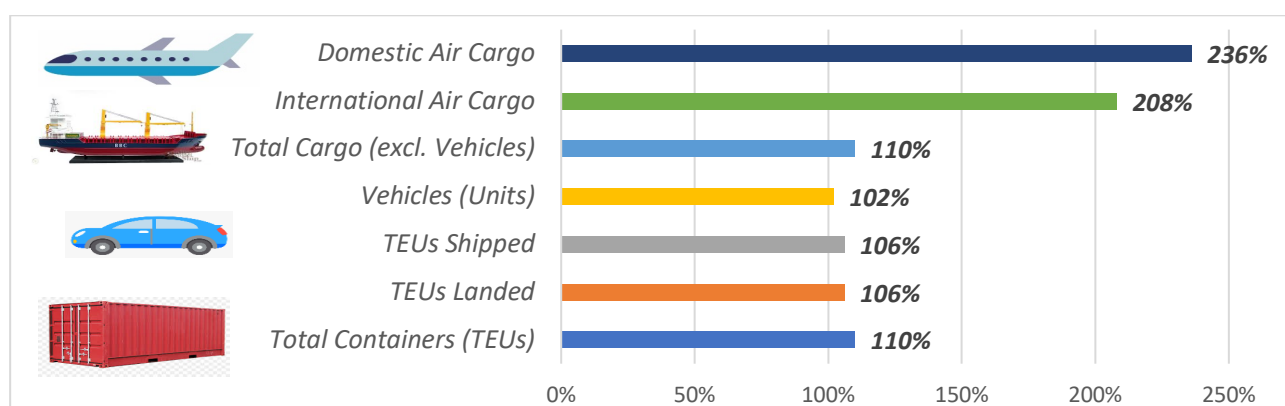
Weekly snapshot

Table 1 – Port volumes and air cargo flows, week on week

Flows	Current ²			Previous ³			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	37 826	36 435	74 261	25 913	28 620	54 533	↑36%
Air Cargo (tons)	4 547	2 944	7 491	4 381	2 735	7 116	↑5%

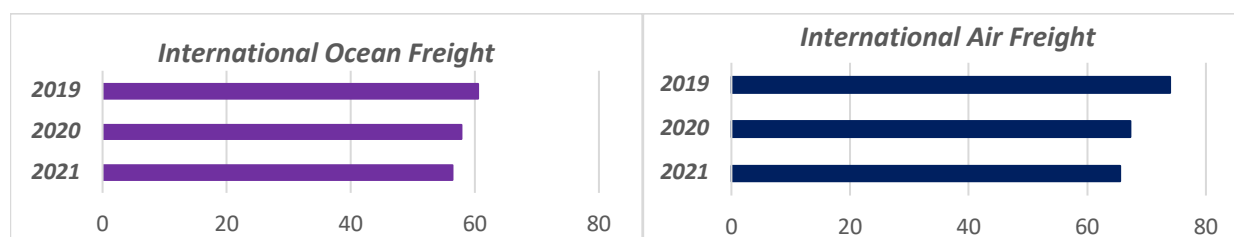
Monthly snapshot

Figure 1 – Monthly⁴ cargo flows, year on year



Year-to-date tracker

Figure 2 – International year-to-date flows 2019, 2020 & 2021⁵: ocean & air freight, year on year (kg millions)



Key Notes

- An average of ~10 609 TEUs per day was handled last week, **↑36%** from the previous week.
- Both international air cargo (**↑5%**) and domestic air cargo (**↑22%**) are up for the week, and the year-on-year (y/y) comparison with April 2020 is trending significantly upwards, as shown by Figure 1.
- Cross-border queue (~8,7hrs) and transit (~15hrs) times cost industry **R340 million (↓10%)** this week.
- South African ports rate at the very bottom of the "Container Port Performance Index 2020".
- Further reports of record profits continue as another freight-rate surge hit shippers (**↑4,7% to \$5 472**).

¹ This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 38th update.

² 'Current' means the last 7 days' (a week's) worth of available data.

³ 'Previous' means the preceding 8-14 days' (a week's) worth of available data.

⁴ 'Monthly' means the last full month's worth of available data compared to the same month in 2020.

⁵ For ocean freight, Jan-Mar cargo as reported by [Transnet](#) is used, whereas for air freight, Jan-Mar cargo to and from ORTIA is used (see [below](#)).

Executive Summary

This update – *the 38th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. There has been a noticeable increase in newly reported COVID-19 infections in South Africa, averaging approximately **2 126** infections per day this week (changing by **↑37%** from last week's average of **1 548**). The increase predicts that the widely anticipated third wave is now upon us. The total number of cases recorded now stands at more than **1,7 million**⁶, with a death toll of **55 012** (up by **392**). South Africa slipped to 21st place globally, as more than **161 million** cases have now been recorded worldwide.

A total of **1,41 billion** vaccines have now been administered on the vaccination front as global rollouts continue to accelerate. Consequently, approximately **~18,1%**⁷ of the world's population has now been given at least one vaccine shot. According to the same source, South Africa now stands at **~910 000** vaccine jabs. Despite a significant increase last week (more than half a million), it is clear that our over-optimistic vaccination goals will not be reached. For South Africa to vaccinate two-thirds of our population by the end of February next year, we need to vaccinate almost 200 000 people per day. This unlikely target is more than twice as fast as the fastest country to date, Israel, achieved thus far. With our widely dispersed population and poor infrastructure, our chances of getting anywhere near even the Israeli rate must be assessed as zero.

Our local maritime industry experienced a strong increase in the number of containers handled this week despite some ongoing hindrances in the supply chain. The industry has welcomed the increased volume. Indeed, the positive news is further extended by two significant events for our fruit exports. Firstly, the record number of empty containers delivered to NCT for upcoming citrus exports. Secondly, the news that the citrus industry welcomed the world's largest reefer vessel – the "*Cool Eagle*" – to our shores this week. Despite these small victories, it is evident that South Africa lags far behind the rest of the world in terms of port performance. Together with external contributors from the IHS Markit, the World Bank released the "*Container Port Performance Index 2020*" last week, with South African ports ranking at the very foot of the standings. Lastly, for the maritime industry, the much-needed easing of freight rates is seemingly further in the future, as the "*WCI*" again shot through the roof, with the composite index increasing by **4,7%** to **\$5 472** this week.

This week, both international (**↑5%**) and domestic airfreight (**↑22%**) had a stellar week, as we are starting to consistently see the industry handling pre-pandemic cargo volumes week-in, week-out. For the global industry, IATA showed that cargo is now around one-third of the typical airline business, whereas, in the past, air cargo was marginal at **10-15%** revenues. For the international cargo market, both the yields (**↑10%**) and the load factor (**↑50%**) have increased significantly due to the extraordinary market conditions created by the imposition of stringent regulations caused by the pandemic. As borders remain closed and personal travel is heavily restricted, air cargo will continue to save airlines' saving grace.

This week again saw some minor operational improvements from both a border and a corridor perspective in terms of regional overland trade. The week's most significant change was reducing cross-border transit times that hampered trade on the Dar corridor. Nevertheless, the SADC Region COVID-19 testing protocols remain cumbersome and unwieldy, with the requirement of 72-hour validity on entry to a country creating a massive challenge for transporters. This challenge is particularly evident with Zambia and Malawi, where it is impossible to get tested in South Africa and arrive at a Zambian border within 72 hours.

In summary, as South Africa gears itself for the third wave of the virus, the extended industry hopes that the small gains made over the past few months on most accounts can be consolidated to ensure the economic effects of the pandemic will be minimised as far as possible. As is evident in several international publications this week, South Africa is still far from its desired global position in supply chain performance.

⁶ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

⁷ Our World in Data, Coronavirus (Covid-19) Vaccinations. [Our World in Data](#)

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1. Ports Update

This section provides an overview of the flow of containerised cargo through South Africa's commercial ports.

a. Container flow overview

The following two tables indicate the container flows reported for the last seven days and projections for the next seven days.

Table 2 – Container Ports – Weekly flow reported for 8 to 14 May⁸

7-day flow forecast (08/05/2021 – 14/05/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 981	7 174
DURBAN CONTAINER TERMINAL PIER 2:	16 439	15 074
CAPE TOWN CONTAINER TERMINAL:	6 631	6 640
NGQURA CONTAINER TERMINAL:	6 552	6 270
GQEBERHA CONTAINER TERMINAL:	1 223	1 277
TOTAL:	37 826	36 435

Source: [Transnet](#), 2021. Updated 14/05/2021.

Table 3 – Container Ports – Weekly flow forecasted for 15 to 21 May⁹

7-day flow forecast (15/05/2021 – 21/05/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 229	6 124
DURBAN CONTAINER TERMINAL PIER 2:	14 965	15 820
CAPE TOWN CONTAINER TERMINAL:	6 957	7 969
NGQURA CONTAINER TERMINAL:	3 836	4 950
GQEBERHA CONTAINER TERMINAL:	200	900
TOTAL:	31 187	35 763

Source: [Transnet](#), 2021. Updated 14/05/2021.

An average of ~10 609 TEUs (↑36%) was handled per day for the last week (8-14 May, Table 2), with a decreased average of around ~9 564 TEUs (↓10%) expected to be handled next week (15-21 May, Table 3). The same week in May 2020 – at around **week 7** of the initial hard lockdown – showed a daily average of approximately ~12 818 TEUs.

In addition to the numbers reported, the main discussions at our commercial ports revolved around systems issues with Navis and some equipment issues and poor productivity (see summary [below](#)). Besides these negative issues, we can at least celebrate the news that the citrus industry welcomed the world's largest reefer vessel – the "Cool Eagle" – to our shores this week¹⁰. The ship can load 1,1 million cartons compared to earlier generation vessels that took around 350 000 cartons. This load is equivalent to around 750 reefer containers.

The following figure displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown. After an abysmal start to the year number-wise,

⁸ It remains important to note that a fair percentage (approximately 28%, according to the most recent TNPA figures for March) of containers are neither to be imported nor exported, but rather consist of empties and transshipments. Due to container imbalances, this proportion is fluctuating more than usual and will have increased since December 2020.

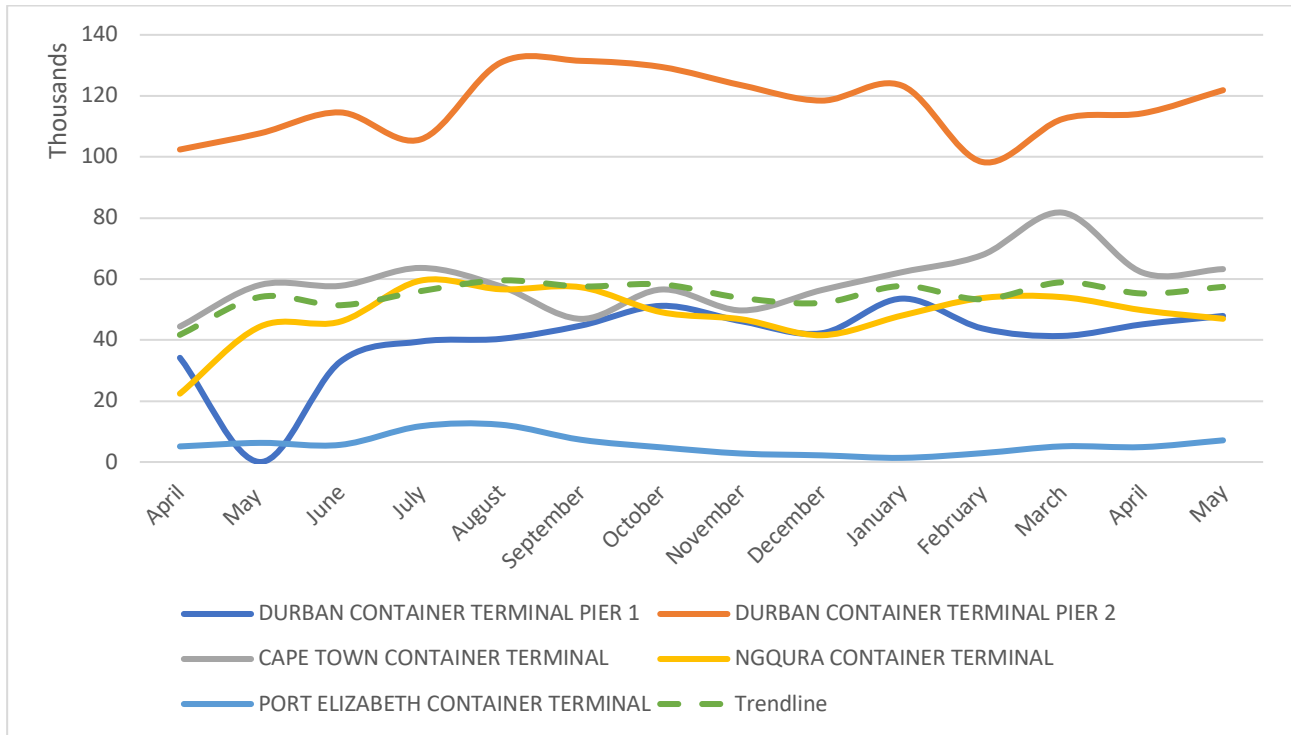
⁹ As noted in footnote 1.

¹⁰ SABC News. 14.05.2021. [Citrus Exports | Durban Port welcomes the M.V. Cool Eagle, the largest reefer vessel in the world.](#)

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our largest container terminal, DCT Pier II, is, fortunately, trending upwards again. A positive trajectory is needed, especially in the wake of the recent port rankings released by the World Bank last week (more on this matter [below](#)), where all of our commercial ports performed appallingly.

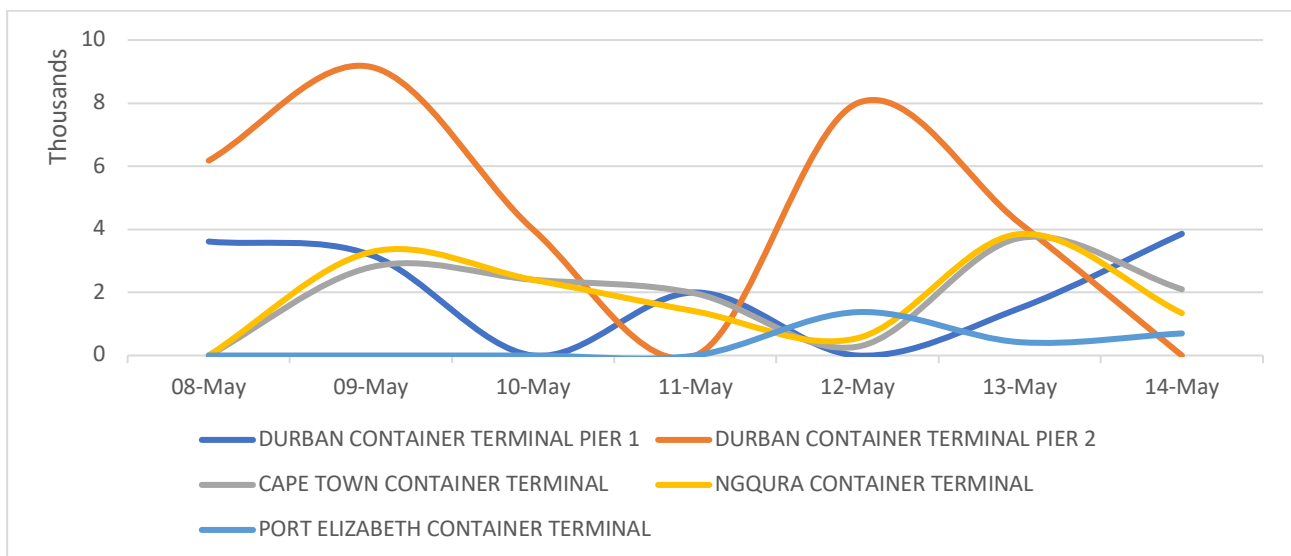
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 14/05/2021.

The figures below show the weekly container flows for the previous seven days and projections for the next seven days. After a good increase experienced last week, numbers for this week are somewhat down for this time of year.

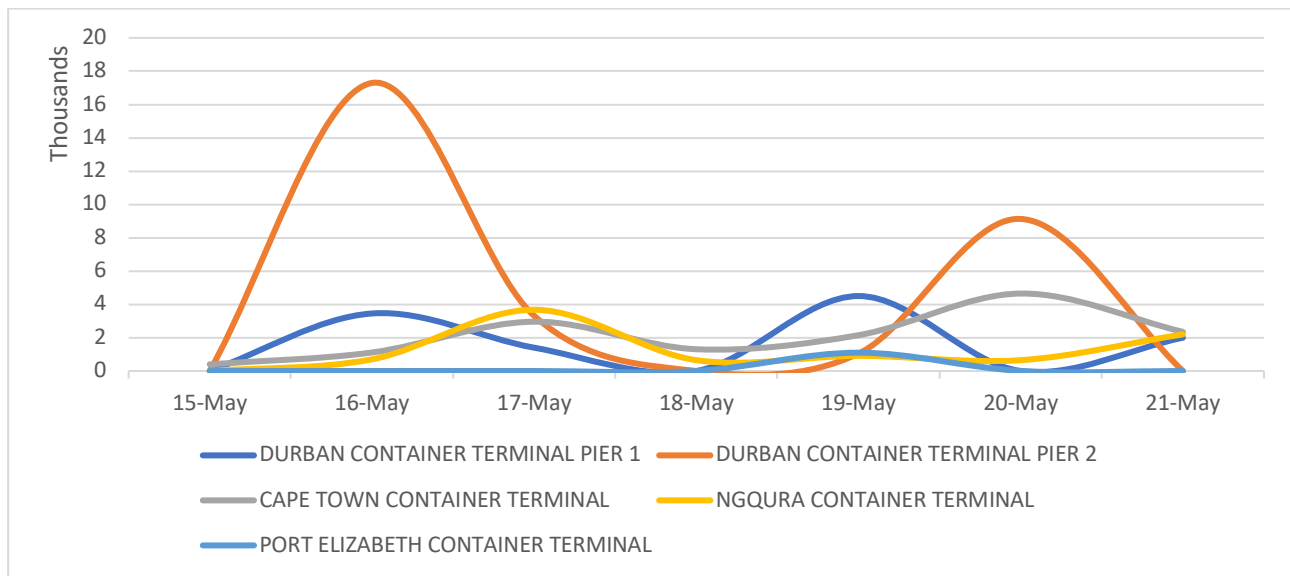
Figure 4 – 7-day flow reported for total cargo movement (8 to 14 May; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 14/05/2021.

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Figure 5 – 7-day flow reported for total cargo movement (15 to 21 May; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 14/05/2021.

b. Summary of port operations

An average of ~10 609 TEUs (↑36%) was handled per day for the last week (8-14 May, *Table 2*), with a decreased average of around ~9 564 TEUs (↓10%) expected to be handled next week (15-21 May, *Table 3*). The same week in May 2020 – at around **week 7** of the initial hard lockdown – showed a daily average of approximately ~12 818 TEUs. Concerning year-to-date TEUs handled at DCT, both imports and exports are now up on 2020 (and 2019) numbers. Complete TNPA statistics for April will be conveyed in next week's report.

i. Cape Town Container Terminal (CTCT)

Weather played its part during much of the week, as CTCT only welcomed light to moderate winds throughout the week. CTCT handled some 13 500 containers for the week, with stack occupancy hovering around 35% at the end of the week. Waterside productivity was still well below par at approximately 18 container moves per hour for the week, as truck turnaround time hovered around 21 minutes for reefers and 56 minutes overall. Once again, two dedicated truck gate lanes were established for the fruit industry and night runs from Mondays to Saturdays after gate closure.

The MPT continues to struggle with only one mobile harbour crane currently operating as repairs to the 550 crane continued. Unfortunately, after being repaired on Monday, the crane failed again after a mere 30 lifts. Consequently, the industry wonders whether CPT MPT is indeed fit for its purpose at present. The MV Northern Defender AMEX vessel has been in the port since the 4th of May and only departed the port late on Tuesday.

ii. Durban Container Terminal (DCT)

Similarly to Cape Town, weather played its part during much of the week, as light to moderate winds were the norm in Durban throughout much of the week. Being in the middle of the citrus fruit season, a significant focus continued to be on export cargo. Indeed, the industry welcomed the world's largest reefer vessel to Durban on Thursday.

In summary, DCT Pier I and II collectively handled 45 000 containers for the week, with stack occupancy hovering around 50% for DCT Pier I on Friday, with DCT Pier II on 18% at the same time. At Pier I, waterside productivity was approximately 21 container moves per hour for the week, as truck turnaround time hovered around a paltry 88 minutes. These figures correlated to 47 moves per ship working hour for the week at Pier II, with truck

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turnaround time at around 90 minutes. Landside issues this week included the access road to DCT being gridlocked on Tuesday at around noon, which sheds some light on the poor efficiency referred to in the World Bank report.

iii. Eastern Cape Container Terminals

Our Eastern Cape ports had a decent week, as NCT handled almost 13 000 containers for the week, with QCT also doing relatively well, registering 2 500 boxes. Further positive news included some 2 200 empty reefers unloaded at NCT by the MSC Faith, responding to the ramp-up in citrus exports in the region.

iv. Transnet Freight Rail (TFR)

TFR reports that the situation near Krugersdorp has not improved as repair crews cannot access the damaged line. Currently, Botswana traffic is moving along the alternative Warrenton line, which is longer and slower.

v. General

The functioning of Navis was particularly slow this week, with outages reported on Saturday, leading to traffic congestion along Bayhead Road in Durban. Another incident occurred on Monday evening when five hours were lost due to a system "bug". The issue impacted both Durban terminals and GCOS – the bulk and breakbulk system. The sudden failure of IT systems has an immediate impact on landside service and causes truck congestion in and around the port. Trucks with bookings already queued were eventually serviced, but other booking slots were cancelled, only reopening later.

TPT this week announced plans to deploy a new version of its container terminal operating system Navis Sparcs N4¹¹, which was confirmed by TPT's IT Department to trade. The plans are for the Navis platform to incorporate applications such as the truck booking system and provide real-time operations insight. As previously reported, TPT confirmed that the expected shutdown would be planned for over the coming weekend (15th and 16th of May). The service will be off from 06h00 on the 15th to 06h00 or before on the 16th. The extended industry was reminded that the changes would disrupt all port services, both land and waterside, during that period.

2. Air Update

a. International air cargo

The following table depicts the inbound and outbound air cargo flows to and from ORTIA for the week starting 3 May. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in May 2020 averaged about **574 121 kg** per day¹². For 2019, this average was approximately **945 673 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

Flows	03-May	04-May	05-May	06-May	07-May	08-May	09-May
Volume inbound	577 542	226 602	513 629	366 059	372 015	285 593	841 715
Volume outbound	154 023	233 034	227 163	246 178	260 645	238 017	701 748
Total handled per day	731 565	459 636	740 792	612 237	632 660	523 610	1 543 463

Courtesy of ACOC. Updated: 11/05/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 3 May amounted to **454 736 kg** inbound and **294 401 kg** outbound. The total, therefore, amounts to an average of **749 138 kg** per day or approximately **~202%** compared with the same week in May 2020. In terms of the monthly comparison,

¹¹ Burger, S. 11/05/2021. [TPT to new version of container terminal operating system.](#)

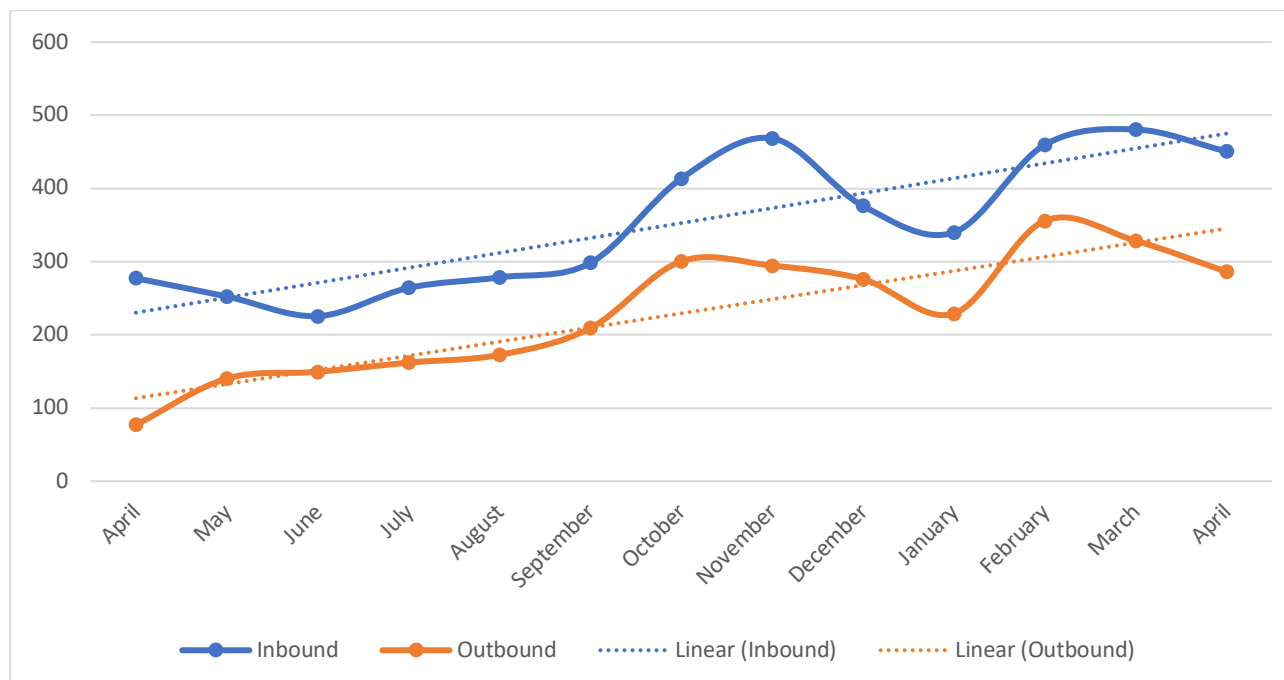
¹² Note, when including statistics from South Africa's other two international airports, Cape Town International and King Shaka (Durban) International airports, the total figure rises to **577 337 kg** per day.

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the international aviation industry's operating capacity levels are about **208%** that of last year, as *Figure 1* above clearly illustrates. Compared to pre-COVID-19, the level is currently at around **79%** when compared with 2019.

The following figure shows monthly international freight movement at ORTIA during the state of disaster, with volumes generally trending way above the number registered at the same time last year.

Figure 6 – International inbound and outbound cargo from OR Tambo



Courtesy of ACOC. Updated: 11/05/2021.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the lockdown period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *May 2020* was approximately **32 878 kg¹³** per day.

Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar Average	8 581	823	1 728	4 020	2 912	1 555	19 619
Apr Average	14 664	900	2 152	13 911	3 814	1 760	35 956
May Average	28 421	1 639	4 677	25 282	7 333	1 099	58 064
Jun Average	24 256	2 137	5 105	23 935	8 601	3 324	63 236
Jul Average	23 395	2 759	4 896	24 255	6 550	5 139	63 116
Aug Average	22 860	2 418	4 093	22 142	5 643	2 819	59 559
Sept Average	24 735	2 682	3 712	24 003	6 126	3 315	64 572
Oct Average	25 317	2 931	3 552	22 085	6 475	3 315	63 676
Nov Average	21 592	9 641	4 117	21 434	12 060	5 592	73 698
Dec Average	24 311	3 475	3 480	24 326	6 194	3 845	65 630
Jan Average	20 961	2 739	2 859	22 818	5 491	5 238	57 781
Feb Average	27 777	3 537	3 427	30 117	6 988	3 503	75 348
Mar Average	28 781	3 702	3 845	31 166	7 680	3 740	78 914

¹³ For Cape Town, the figure corresponds to **25 438 kg** per day, and **1 000 kg** per day for Durban during the same period (May 2020).

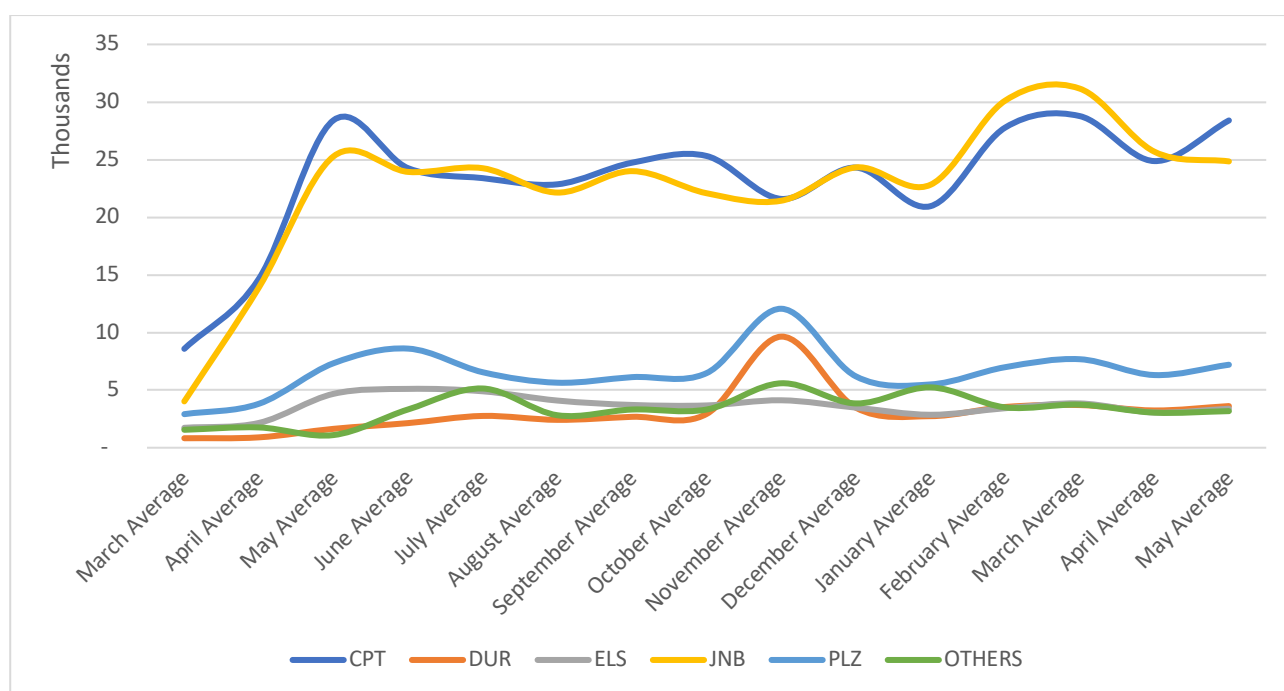
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DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Apr Average	24 875	3 234	3 058	25 694	6 306	3 046	66 213
01-May-21	2 067	779	16	3 361	250	125	6 598
02-May-21	3 392	360	29	1 625	309	427	6 142
03-May-21	53 876	5 622	5 428	46 734	15 221	5 579	132 460
04-May-21	44 923	6 524	7 441	35 609	12 786	5 735	113 018
05-May-21	52 044	5 186	5 785	51 159	12 982	5 302	132 457
06-May-21	44 305	6 481	5 799	29 221	9 782	5 800	101 389
07-May-21	23 518	3 031	2 960	25 620	6 671	3 467	65 266
08-May-21	3 195	1 273	6	1 895	500	41	6 910
09-May-21	3 780	1 363	147	628	579	460	6 956
10-May-21	52 923	5 527	6 241	52 617	12 945	4 820	135 074
Grand Total	3 350 054	431 841	429 360	3 536 055	865 199	427 455	9 039 964

Courtesy of BAC. Updated: 12/05/2021.

Currently, the average domestic air cargo moved in the last week was **~80 153 kg** per day, showing an increase of **↑22%** compared with the previous week, but an astounding **~149%** compared with the same time in 2020. The following figure highlights the total monthly domestic air cargo moved per airport in the table above:

Figure 7 – Total domestic inbound and outbound cargo¹⁴



Courtesy of BAC. Updated: 12/05/2021.

3. Regional update

a. Cross-border delays

The following significant events have caused cross-border delays in the SADC region this week:

- The SADC Region COVID-19 Testing Protocols remain cumbersome. The requirement of 72-hour validity on entry to a country is creating a considerable challenge for transporters, especially for

¹⁴ Note, April only includes 26 days' worth of data.

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countries like Zambia and Malawi, where it is impossible to get tested in South Africa, transit through Zambia and still arrive in Malawi within 72 hours.

- Kopfontein and Groblersbrug are not geared up for the increased traffic volume, which is expected soon.
- Locally, we regrettably had a bad accident in KZN between a tanker and a bus, with 44 injured and four critical.

Besides these significant events, investigations continue into cross-border delays experienced at several SADC border posts on the regional road freight front. The following table uses geofencing data to summarise delays experienced at several borders during the last week.

Table 6 – Delays¹⁵ summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei/Nakop	2:00	10:00	100	21 000	700	5 600	1 400
SA/Zim	Beit Bridge	24:00	20:00	943	198 030	6 601	118 818	158 424
Moz/Zam	Cassacatiza/Mlolo	1:00	16:00	60	12 600	420	5 880	420
Zam/Zim	Chirundu	48:00	23:00	616	129 360	4 312	90 552	206 976
Moz/Mal	Dedza	2:00	15:00	50	10 500	350	4 550	700
SA/Bot	Groblersbrug/Martins Drift	4:00	10:00	400	84 000	2 800	22 400	11 200
Zam/DRC	Kasumbalesa	6:00	57:00	592	124 320	4 144	165 760	24 864
Zam/Bot	Kazungula	2:00	28:00	212	44 520	1 484	38 584	2 968
SA/Bot	Kopfontein/Tlokweng	5:00	26:00	100	21 000	700	16 800	3 500
Moz/Zim	Machipanda/Forbes	1:00	9:00	320	67 200	2 240	15 680	2 240
Zam/Tan	Nakonde/Tunduma	-	0:00	-	0	0	0	0
Nam/SA	Noordoewer/Vlooisdrift	24:00	1:00	70	14 700	490	-490	11 760
Zim/Moz	Nyamapanda	1:00	5:00	100	21 000	700	2 100	700
SA/Moz	Ressano Garcia	11:00	19:00	400	84 000	2 800	47 600	30 800
SA/Bot	Skilpadshek/Pioneer Gate	13:00	16:00	300	63 000	2 100	29 400	27 300
Zam/Zim	Victoria Falls	1:00	9:00	114	23 940	798	-	798
Moz/Mal	Zobue/Mwanza	2:00	22:00	100	21 000	700	14 000	1 400
				4 477	940 170	31 339	577 234	485 450

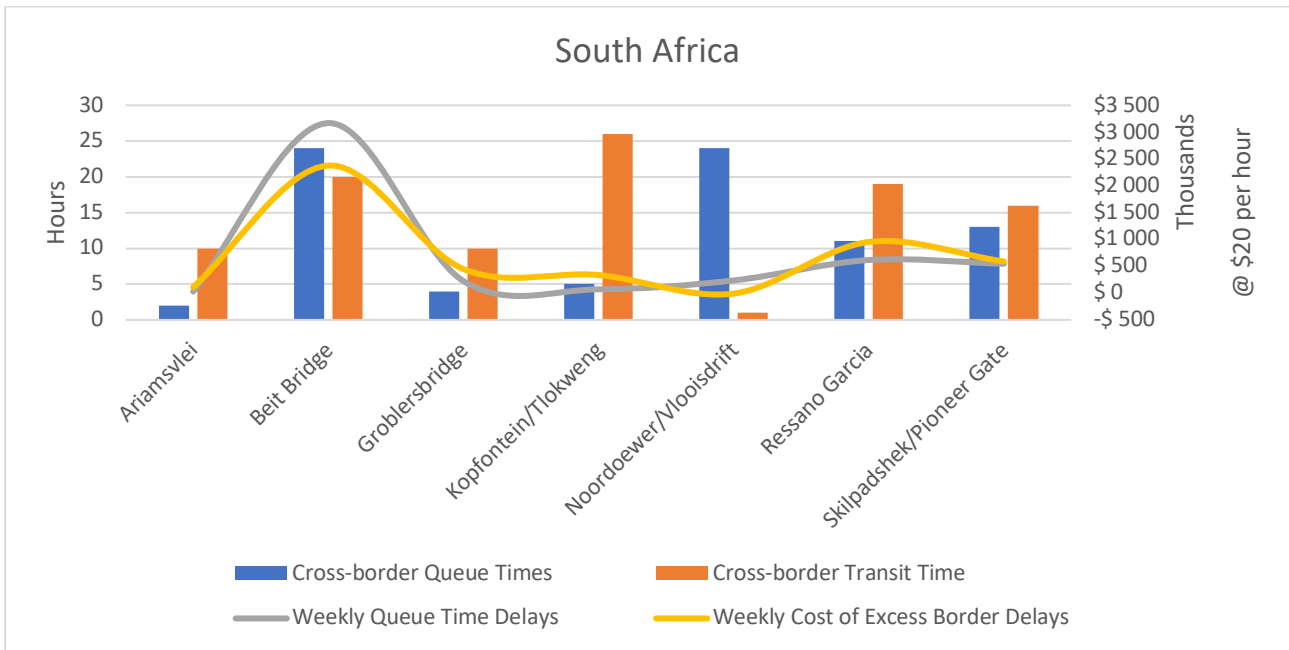
Source: TLC & FESARTA, week ending 10/05/2021.

The following graph shows the weekly change in cross-border times from South Africa's perspective. The estimated cost to the industry is also shown.

¹⁵ It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border constraint, since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

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Figure 8 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in US\$ thousands)

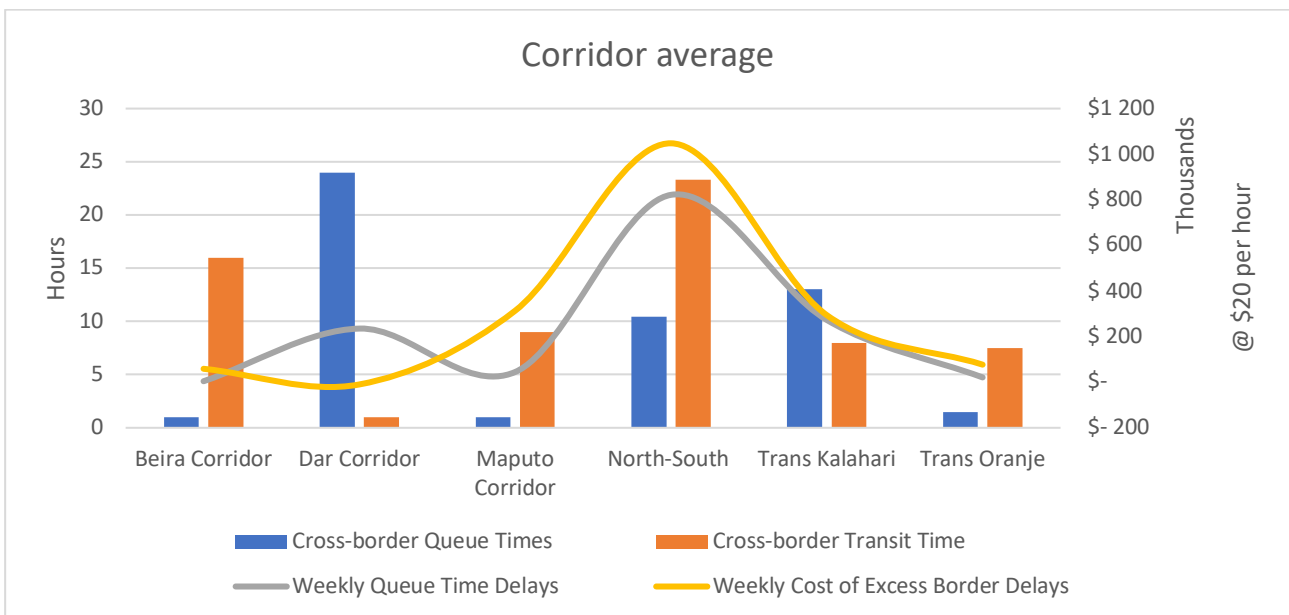


Source: TLC & FESARTA, week ending 10/05/2021.

Compared with previous weeks, the cross-border queue times remain high at Beit Bridge. Furthermore, a significant increase has been experienced at Vloosdrif. Slow processing at borders continues to impact heavily on transit times. It remains a substantial issue at most of our commercial land border posts, which does not aid regional trade – especially considering the SADC Protocols mentioned above.

The following figure illustrates a similar figure to the one above, albeit from a corridor perspective.

Figure 9 – Weekly cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in US\$ thousands)



Source: TLC & FESARTA, week ending 10/05/2021.

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This week's major change concerns reducing the cross-border transit times that hampered trade on the Dar corridor. We are at much the same position for the other major trade lanes as last week, with cross-border transit times remaining exceedingly high on the Beira and North-South corridors.

In summary, the cross-border queue time has averaged **~8,6 hours** (which is similar to the experience last week at **~8,2 hours**) and cost the transport industry an estimated **\$9,7 million (R155 million)**. In comparison, the average cross-border transit time has also decreased again this week, to **~15,1 hours (~20,8 hours last week)**, which cost the transport industry an estimated **\$11,5 million (R184 million)**. The total cost for the week mentioned above amounts to an estimated **R340 million** (down by approximately **R37 million** from **R377 million** last week).

4. International update

The following section provides some context of the global economy and, in particular, the impact of COVID-19 on trade. The section includes an update on the **(a)** global container industry and the **(b)** global aviation industry.

a. Global container industry

i. The Container Port Performance Index 2020

Together with external contributors from the IHS Markit, the World Bank released the "*Container Port Performance Index 2020*" (CPPI)¹⁶ last week. The authors note that the report is "a comparable index of global container port performance intended to serve as a reference point for key stakeholders in the global economy". The report scored ports against various metrics, making the efficiency ranking comparable worldwide by assessing and standardizing for different ship sizes and container moves per call. The report is intended to identify gaps and opportunities for improvement that will benefit stakeholders from shipping lines to national governments to consumers. Some of the highlights include:

- Maritime transport is the backbone of globalised trade and the manufacturing supply chain, with more than 80% of global merchandise trade (by volume) carried by sea.
- Accordingly, how a maritime port performs is a crucial element in the cost of international trade for a country.
- Despite the centrality of the port to global value chains, one of the major challenges to stimulating improvement has been the lack of a reliable, consistent, and comparable basis for comparing operational performance across different ports.

The following table shows the top 20 ports based on a statistical approach, which is based on the overarching metric of port hours per ship call, based on the size of the vessel.

¹⁶ The World Bank, 2021. "The Container Port Performance Index 2020: A Comparable Assessment of Container Port Performance." World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO

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Table 7 – Container Port Performance Index 2020, Top 20, and selected South African ports

Statistical approach					
Port name	Rank	Total score	Port name	Rank	Index points
YOKOHAMA	1	-5.995	BEIRUT	11	-3.378
KING ABDULLAH PORT	2	-5.684	SHIMIZU	12	-3.361
CHIWAN	3	-5.202	TANJUNG PELEPAS	13	-3.342
GUANGZHOU	4	-5.162	PORT KLANG	14	-3.334
KAOSIUNG	5	-4.669	SINGAPORE	15	-3.279
SALALAH	6	-4.531	NAGOYA	16	-3.251
HONG KONG, HONG KONG SAR, CHINA	7	-4.276	COLOMBO	17	-3.209
QINGDAO	8	-3.860	SINES	18	-3.183
SHEKOU	9	-3.726	KOBE	19	-3.127
ALGECIRAS	10	-3.597	ZHOUSHAN	20	-2.963
CAPE TOWN	347	6.528	DURBAN	349	8.082
PORT ELIZABETH	348	7.659	NGQURA	351	8.401

Source: World Bank & HIS Market, CPPI Top 20

As the table shows, the report found that Asian container ports are the most efficient globally, dominating the top 50 spots. In summary, out of the 502 ports where IHS Markit receives port call information, a total of 351 ports (765 terminals and 2 877 individual vessels) are included in the CPPI 2020. Shockingly, South African ports fill four out of the last five positions in the rankings, with only Luanda at #350 in the same league. These rankings support the alarming, not to say gloomy, narrative often seen in these weekly cargo reports.

Some key statistical findings include the following:

- Container handling operations consume an average of approximately 75% of total port time.
- A correlation of ~60% is observed between call size and crane intensity using a logarithmic trend line.
- Average call length size increases as ship size increases, but not proportionately with ship size.
- Smaller ships tend to suffer more from trim and list in port and generally deploy more flawed lashing systems.
- Midrange ships remain the most widely observed, as some 43% of calls were made by ships with a capacity of between 1 500 and 5 000 TEUs.

In conclusion, the report notes that the COVID-19 pandemic has underlined the critical role that ports, and their associated logistical chains, play in the global economy. It has also highlighted the need to ensure business continuity and improve the resilience of maritime gateways, as ports act as crucial nodes in the global logistics system, keeping supply chains moving, economies functioning, and people employed. Looking to the future, the intention is that the CPPI will evolve and be enhanced in subsequent editions, reflecting refinement, stakeholder feedback, and improvement in data scope and quality.

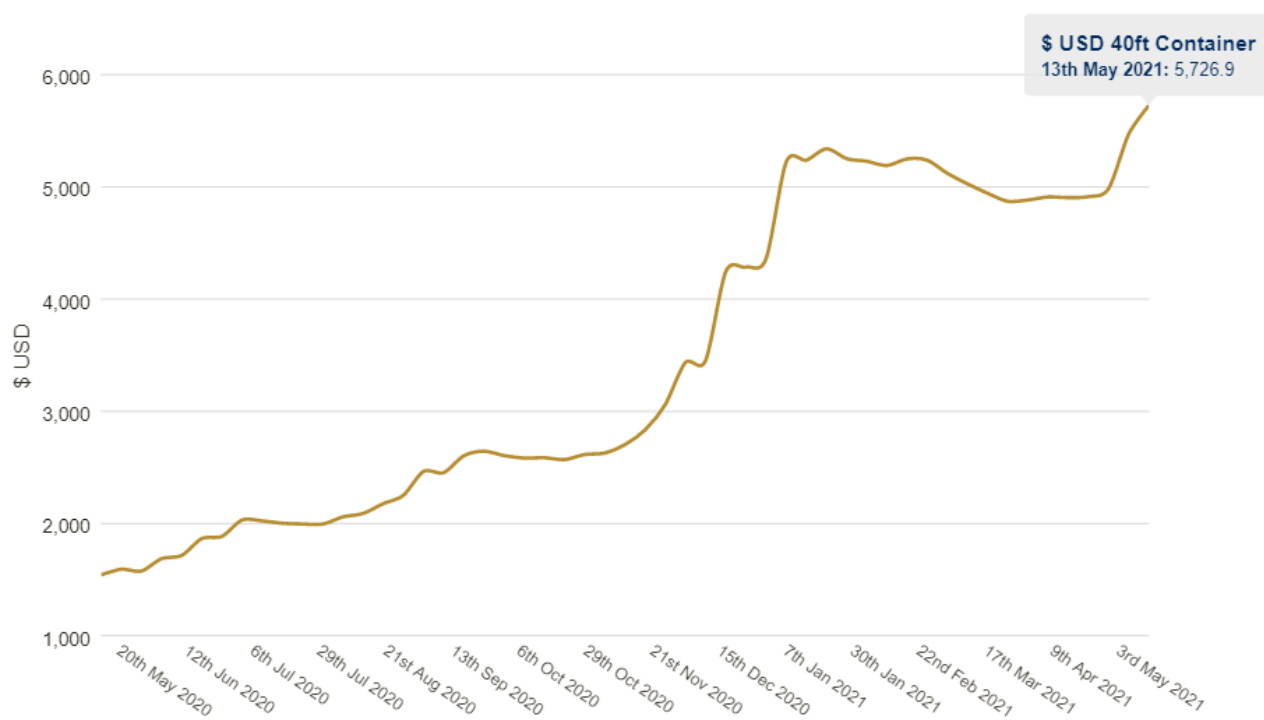
ii. World Container Index

After a relatively stable period in the last couple of weeks, global freight prices experienced another dramatic resurgence last week (**↑9,8%**) mainly due to the recurrence of the three-fold problems of soaring demand, port congestion and container shortages. According to observers who monitor marine traffic, the situation of early March is seemingly repeating itself, as a total of 19 container ships were anchored waiting for entry into Los

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Angeles and Long Beach, California, as of Monday, compared with 22 a week earlier in San Pedro Bay¹⁷. Therefore, this week, the "World Container Index" (WCI) once again showed a marked increase in container freight rates by **↑4,7%** to **\$5 727**, according to Drewry¹⁸. The following figure highlights the two-year spot freight rate trend for the index.

Figure 10 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



Source: [Drewry Ports and Terminal insights](#)

The composite index is now a staggering **285%** compared to the last year's rate, currently at **\$5 143** per 40-ft container. This rate is **\$3 287** higher than the five-year average of **\$1 856** (up once more by **\$18** since last week). The increased freight rate is evident worldwide, as all eight major East-West routes experienced rate increases last week. The seemingly endless increases are becoming a real worry for shippers, with the pricing trend now also transferred to reefer container rates. In fact, Drewry's Reefer Container Freight Rate Index, a weighted average of reefer freight rates across the top 15 reefer intensive trade lanes, jumped 26% in Q1, on a seasonal uptick in cargo demand and rising bunker surcharges¹⁹.

Indeed, the narrative of elevated freight rates correlates quite nicely with the record profits reported by major shipping lines. After the results of MSC and Maersk were made public in the last few weeks, this week saw the turn of Hapag-Lloyd. The German international shipping and container transportation company has posted a net profit of **\$1,45 billion** for the first quarter of the year, compared with just **\$27 million** for the same period of last year²⁰. Nevertheless, the company said that financial performance would have been even better were it not for the vessel and container shortages. Evidently, the major shipping lines continue to ride this unprecedented profit wave as the rest of the extended maritime industry seemingly struggles. Their ability to behave this way is in no small way assisted by the inexplicable willingness of regulators, particularly in Europe, to grant them block exemptions from consequences for their anti-competitive behaviour.

¹⁷ Murray, B. 11/05/2021. [Parking Lot in the Pacific Persists as Imports Jam U.S. Ports](#).

¹⁸ Drewry Supply Chain Advisors. 13/05/2021. [World Container Index](#).

¹⁹ Waters, W. 11/05/2021. [Reefer container freight rates soar](#).

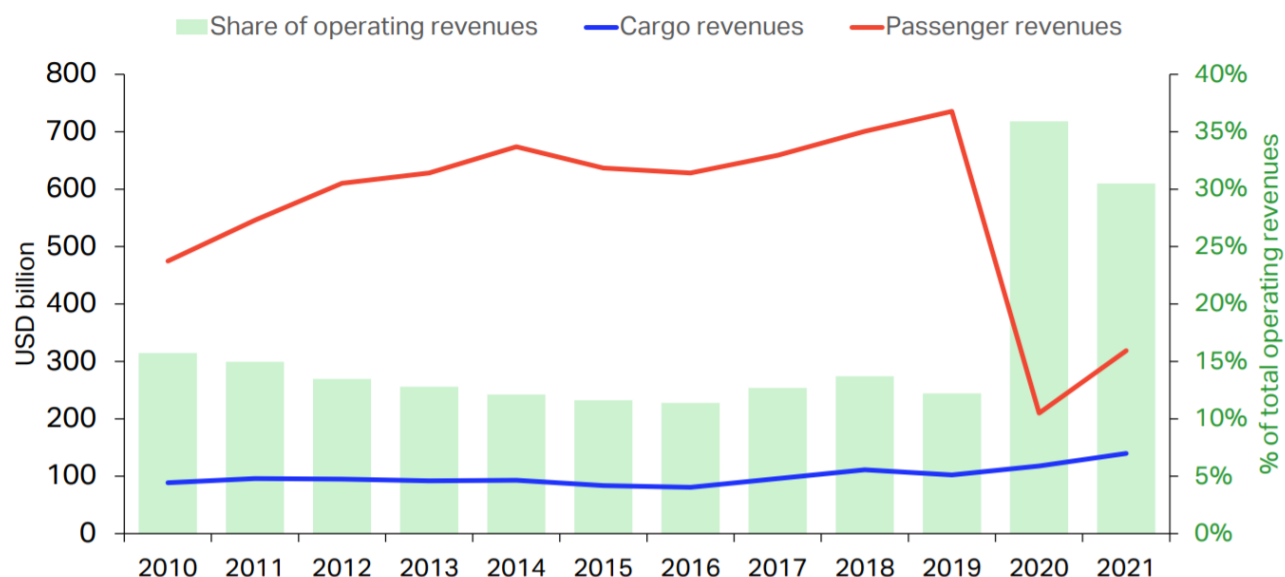
²⁰ Wackett, M. 12/05/2021. [Hapag-Lloyd Q1 profit tops 2020 total – but 'we should have done better'](#).

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b. Global aviation industry

This week, the International Air Transport Association (IATA) continued to highlight the narrative of air cargo keeping the industry in the air. In a presentation on Tuesday 11 May, which marked "air cargo media day"²¹, IATA showed that cargo is now one-third of the typical airline business. In the past, air cargo was marginal at 10%-15% revenues. The following figure highlights this marked change since the start of the pandemic:

Figure 11 – Global airline industry cargo and passenger revenues, US\$ billion



Source: [IATA Economics](#)

For air cargo, both the yields and the load factor have increased significantly due to the extraordinary market conditions created through stringent regulations caused by the pandemic. As of Q1, IATA notes that load factors are around 10% points up and yields 50% higher than usual. As borders remain shut, air cargo will continue to be the saving grace for airlines. Besides the significant impact of air cargo on airline revenues, other keynotes worth mentioning include the following:

- Strong global economic rebounds are positive drives for air cargo, as the 'V-shaped' recovery keeps on increasing demand for air cargo services.
- Cargo tonne-kilometres (CTKs) flown rise 4,4% above pre-crisis March 2019 level.
- The capacity crunch remains apparent, as capacity levels are still 14% down on 2019, despite the strong growth of freighters.
- Strong cargo growth replaced the loss of high yield passengers traffic in some markets.
- Airline bosses expect a positive continuation of cargo trends for about the next 12 months, after which cargo is expected to stabilise, with passenger growth hopefully picking up.
- Air cargo is expected to gain a significant share of cross-border trade, as CTKs are forecasted to grow 13,1% in 2021 versus the projected growth of 8% in global trade.

In summary, IATA notes that this year looks set to be another strong year for the air cargo business, as the recovering world economy turns to air cargo airlines to restock supply chains and get their goods to market rapidly.

²¹ IATA, 11/05/2021. [Air cargo outlook](#).