COVID-19: Cargo movement update[1]

Date: 11 June 2021

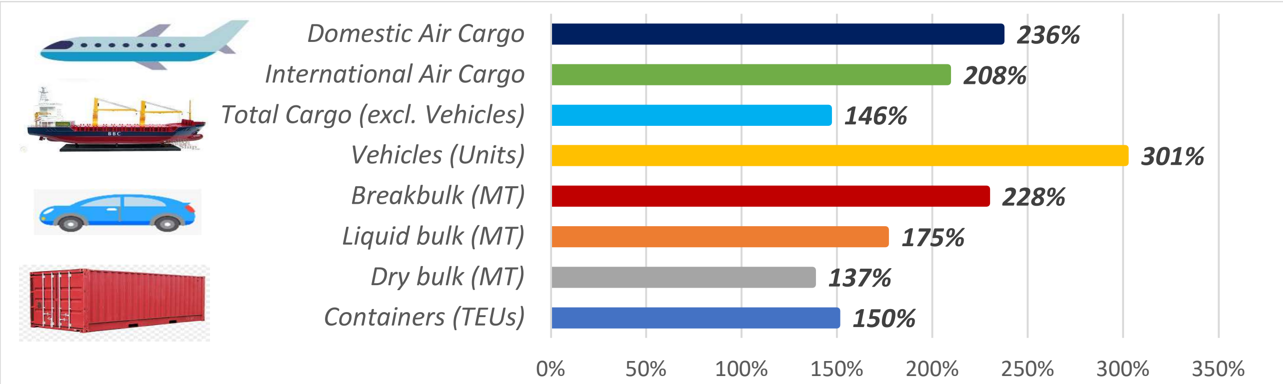
Weekly Snapshot

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)	30 056	34 513	**64 569**	24 831	34 213	**59 044**	**↑9%**
Air Cargo (tons)	4 410	3 225	**7 635**	4 703	3 212	**7 915**	**↓4%**

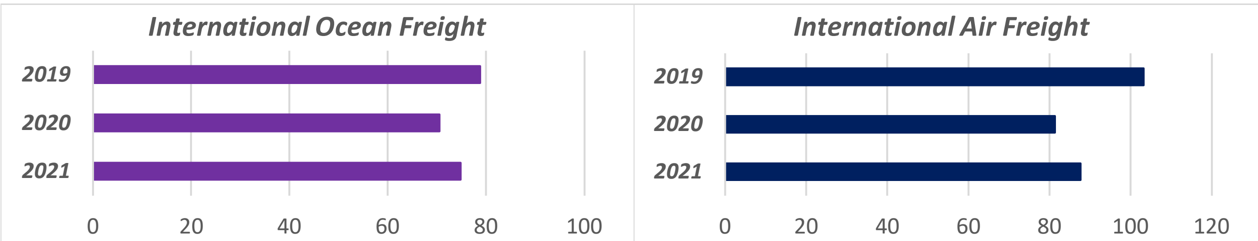
Monthly Snapshot

Figure 1 – Monthly[4] cargo flows, year on year



Year-to-date Tracker

Figure 2 – International year-to-date flows 2019-2021[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~9 224 TEUs** per day was handled last week, **↑9%** from the previous week.
- Cross-border queue (**~4,2hrs**) and transit (**~20hrs**) times cost **R260 million** (**↑20%**) this week.
- For Q1 of 2021, South Africa's GDP increased by **↑4,6%** (annualised and seasonally adjusted).
- Global container volume is up by **↑4%** for the year so far, as freight rates saw *yet another* increase this week, with the "*WCI*" **↑4,1%** to **$6 727** per 40-ft container.
- Global air cargo volume continues recent trends, as April CTKs are **↑12%** versus pre-crisis values.

[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 42nd 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. In this case, April 2021, and April 2020.
[5] For ocean, total Jan-Apr cargo in metric tonnes, as reported by Transnet is used, whereas for air, Jan-Apr cargo to and from ORTIA is used (see *below*).

Executive Summary

This update – *the 42nd of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Concerning the economy in its totality, Stats SA released gross domestic product (GDP) statistics for Q1 this week, indicating a decent growth of ↑4,6% in the first quarter of 2021. Nevertheless, this figure changes to ↑1,1% q/q (seasonally adjusted) and ↓3.2% y/y (unadjusted) in the big picture. With a new bout of load-shedding further crippling the economy this week, it has become paramount that South Africa makes the best of the economic recovery by getting its house in order.

Pandemic-wise, this week's newly reported COVID-19 infections in South Africa have increased significantly once more to an alarming **5 960** infections per day this week (**↑37%** from last week's average of **4 342**). Consequently, the total number of cases recorded in the country now stands at **~1,722 million**[6], with a death toll of **57 410** (up by **645**). Perhaps an even more alarming figure is the total number of active cases, now standing more than **70 000**, as the infection rate is rapidly increasing in the now evident third wave. In absolute terms, South Africa has again moved up a spot to **19th** place globally, having overtaken the Netherlands in the past week. Worldwide, more than **175 million** cases have now been recorded, with a total of **3,8 million** people losing their lives to the virus. In addition, a total of **2,3 billion** vaccine doses have now been administered worldwide[7], whereas South Africa continues to linger behind at some **~1,62 million** vaccine doses. In essence, as emphasized in preceding reports, the country urgently needs to increase the rollout programme.

A question mark remains over our commercial port performance, as several operational issues contributed to the pretty average container numbers this week. The major items of concern included equipment breakdowns and shortages in Durban and the ongoing poor performance of our national rail carrier. In addition, cable theft and vandalism remain a thorn on our side, and these issues must be resolved as a matter of the highest priority. Finally, moving further afield to our cross-border road traffic, several trade-debilitating matters persist. Unfortunately, as with the last couple of weeks, ongoing uncertainty still reigns at our border post, thanks to Port Health officials' fleeting and sporadic availability.

Internationally, the global maritime industry continues to find itself in uncharted waters as container throughput keeps increasing, while, paradoxically, container freight rates also continue surging. Nevertheless, with demand fortunately easing, there is hope that there may be no further room for manoeuvring. At the same time, it is evident that every new constraint appears to be accompanied by a multiplier effect. In general terms, annualised box volume growth figures show only moderate growth since 2019 (see *below*). However, the boom in demand in the US is causing a cascade effect of delays and equipment shortages across the global supply chain.

On the domestic air cargo front, very few operational issues have been reported recently, which bodes well for the industry. Indeed, our air cargo numbers reported have continued to be on the healthy side. The same story can be seen on the international front, as the air cargo industry continues to be a shining light in an otherwise dim sky for the aviation industry. Indeed, global cargo volumes continue to trend upwards at a robust pace. Industry-wide cargo tonne-kilometres (CTKs) grew by **↑12.0%** in April compared to pre-crisis values in April 2019. Seasonally adjusted CTKs rose by **↑4.0%** m/m and are now around 5% above the pre-crisis peak of August 2018, before the US-China trade wars started. As communicated last week, air cargo will remain a more than viable alternative to ocean freight, as it enjoys a competitive advantage in speed and relatively competitive pricing. This competitive advantage becomes more apparent as global container freight rates continue their exponential increase.

In conclusion, it is evident that another rears its head as soon as we surmount one operational obstacle. Even though statistics may indicate a level of improvement from 2020, some of the same issues keep inhibiting real

[6] Johns Hopkins, Coronavirus Resource Centre. Coronavirus JJHU.
[7] Our World in Data, Coronavirus (COVID-19) Vaccinations. Our World in Data

growth in our industry. Despite the many problems reported, the trading community continues to be at the forefront of our economic recovery, as evidenced by the continued positive performance in the GDP figures reported above. At the same time, caution continues to be the watchword throughout business and industry, especially in the light of our remote geographical position given the new wave of port congestions and ensuing cancelled sailings around the globe. All things considered, we can only focus on our part, and there is much work still to be done.

Contents

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 5 to 11 June[8]

7-day flow forecast (05/06/2021 – 11/06/2021)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	6 681	5 879
DURBAN CONTAINER TERMINAL PIER 2:	13 014	14 113
CAPE TOWN CONTAINER TERMINAL:	5 228	6 855
NGQURA CONTAINER TERMINAL:	4 623	6 486
GQEBERHA CONTAINER TERMINAL:	510	1 180
TOTAL:	**30 056**	**34 513**

Source: Transnet, 2021. Updated 11/06/2021.

Table 3 – Container Ports – Weekly flow forecasted for 12 to 18 June[9]

7-day flow forecast (12/06/2021 – 18/06/2021)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	3 604	4 500
DURBAN CONTAINER TERMINAL PIER 2:	13 947	16 219
CAPE TOWN CONTAINER TERMINAL:	4 587	8 562
NGQURA CONTAINER TERMINAL:	6 090	7 201
GQEBERHA CONTAINER TERMINAL:	1 014	1 380
TOTAL:	**29 242**	**37 862**

Source: Transnet, 2021. Updated 11/06/2021.

An average of **~9 224 TEUs** (**↑9%**) was handled per day for the last week (5-11 June, Table 2), with an increased average of around **~9 586 TEUs** (**↑4%**) expected to be handled next week (12-18 June, Table 3). The same week in June 2020 – at around ***week 11*** of the initial lockdown – produced a daily average of **~14 098 TEUs**, nearly 50% above current volumes.

In addition to the numbers reported, the narrative at our commercial ports revolved around equipment breakdowns and serious shortages at Durban and ongoing cable theft and vandalism on the rails system, costing TFR millions. A further update is also provided on the continuing wage negotiations between Transnet and worker unions (see summary *below*). If these are unsuccessful, serious declines in already sub-par port performance can be expected.

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.

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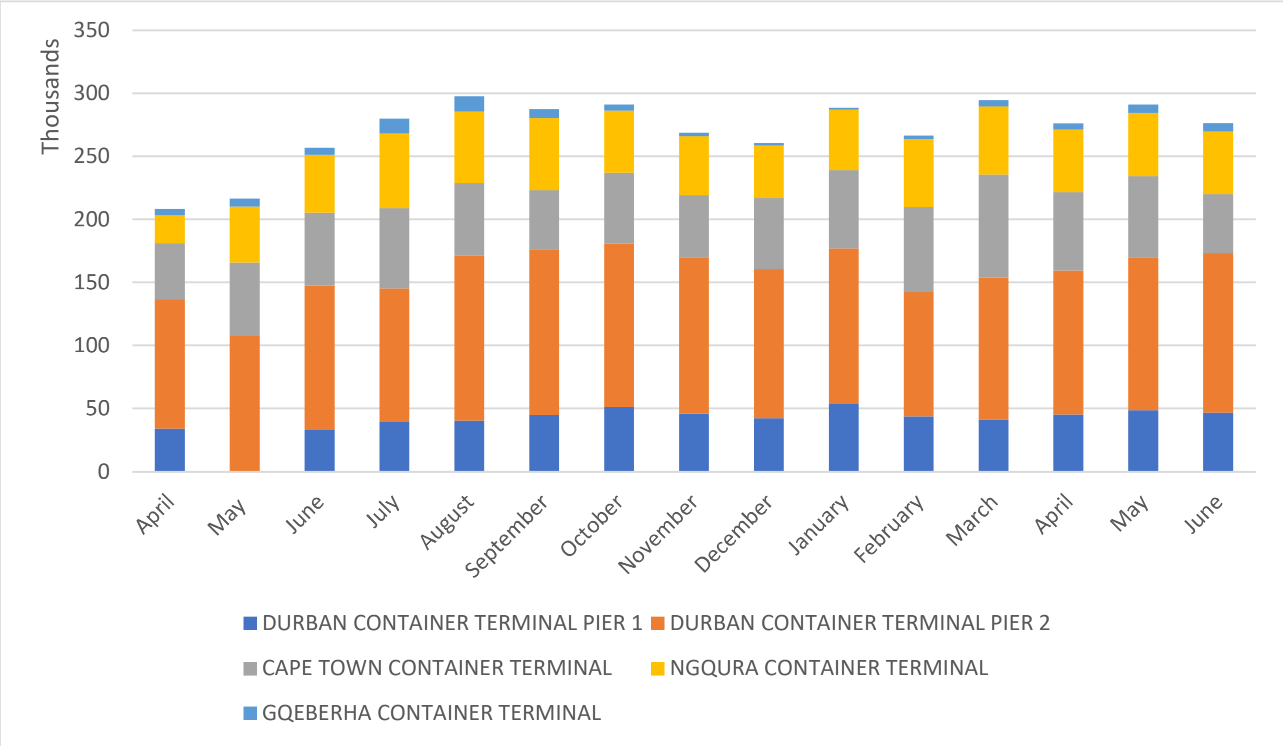
[8] It remains important to note that a fair percentage (approximately 29%, according to the most recent TNPA figures for April) of containers are neither to be imported nor exported, but rather consist of empties. Due to the ongoing container imbalances, this proportion is fluctuating more than usual, and has increased since December 2020.

[9] As noted in *footnote 1*.

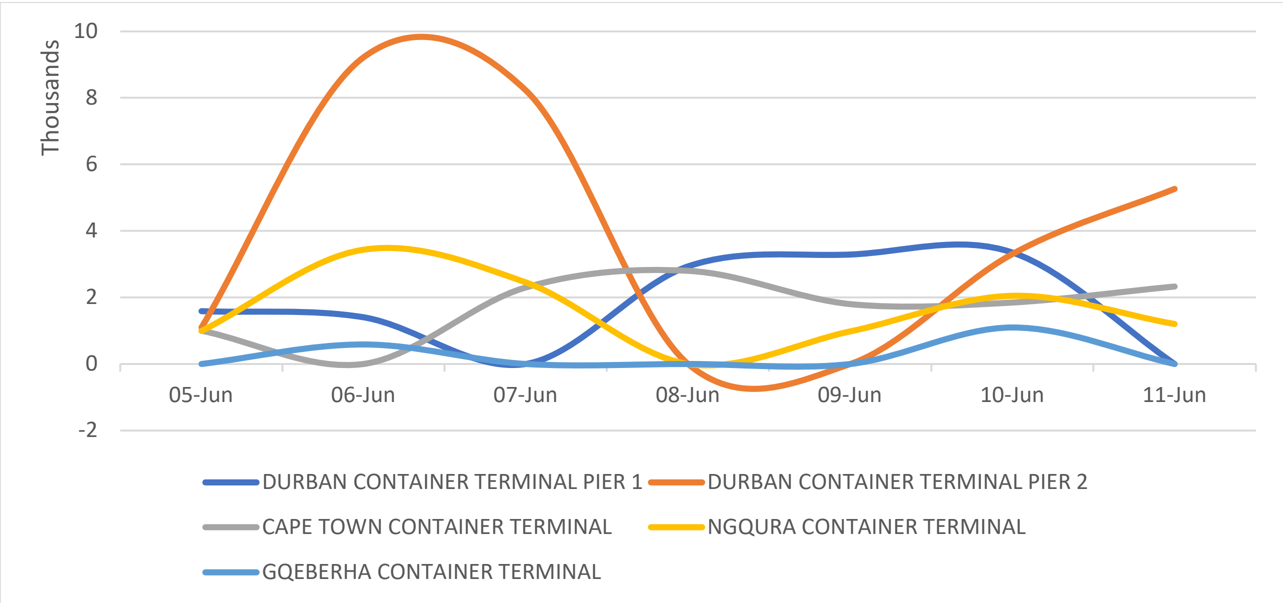
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from Transnet, 2021. Updated 11/06/2021.

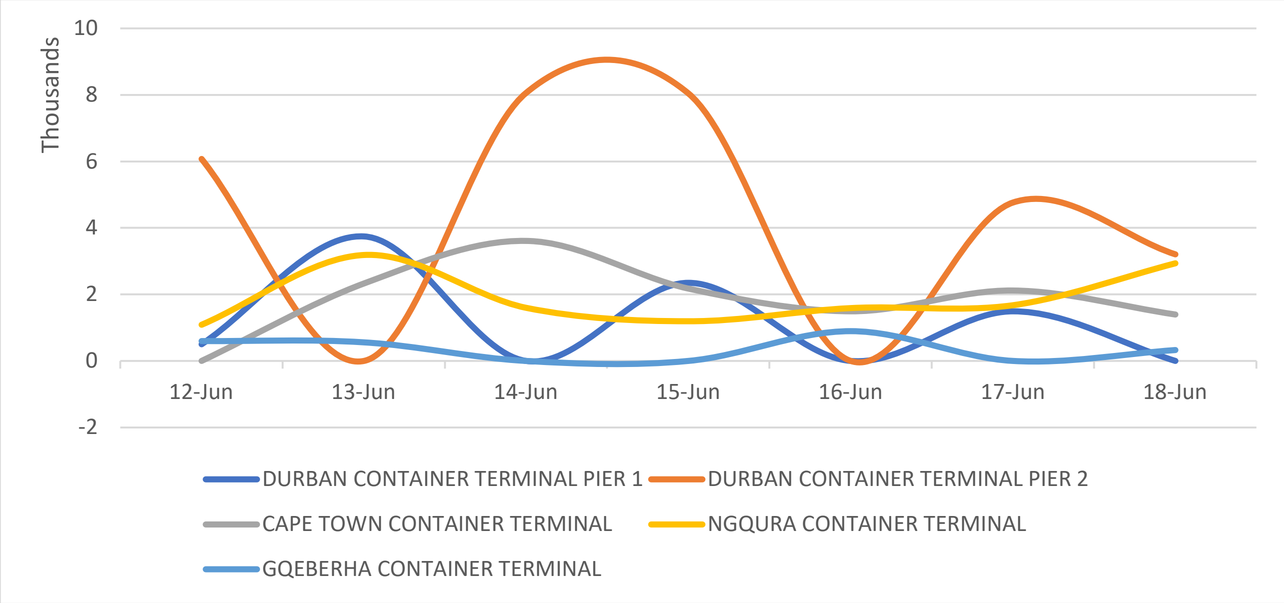
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total cargo movement (5 to 11 June; per port; day on day)



Source: Calculated using data from the Transnet updates, 2021. Updated 11/06/2021.

Figure 5 – 7-day flow reported for total cargo movement (12 to 18 June; per port; day on day)



Source: Calculated using data from the Transnet updates, 2021. Updated 11/06/2021.

b. Summary of port operations

The following sections provide a more in-depth overview of the operational performance of our commercial ports over the last seven days.

i. Weather delays

It was a pleasant week for Cape Town port in weather terms, with no notable operational disruptions recorded due to wind or rain. Some moderately strong NNE winds were recorded on Sunday at around 29km/h, which moderated as the week went on. Since the Cape Town terminal operates comfortably at wind speeds in excess of 60 km/h, this was not problematic.

Meanwhile, Durban port operations were hindered due to heavy winds and rain. On Monday, loading operations at the Agri-terminal ceased due to rain. In addition, Pier 1 and Pier 2 experienced operational disruptions due to heavy winds on Tuesday. Luckily, the weather conditions improved over the weekend.

The Eastern Cape also experienced strong winds, and gale-force winds stopped operations at NCT for almost five hours on Tuesday.

ii. Cape Town

CTCT managed to handle around 13 078 containers this week at a rate of 19 containers per hour (GCH), which has become par with 18 RTGs operational. There were encouraging improvements up to 24 GCH during the week. Stack occupancy hovered at low averages of 32% for general containers and 22% for reefers. Truck turnaround time averaged around 71 minutes at the main gate with 49 minutes at all other gates.

MPT is now steadily operating with two cranes up and running. MPT welcomes the five additional straddle carriers on their way from Durban to assist with landside operations. However, there are some concerns around the extent to which this might impact Durban's performance. FPT continues to outperform as a private terminal, and luckily no COVID-19 cases have been reported yet. There is, however, an investigation underway on the security front due to a container that went missing in the port.

iii. Durban

Apart from challenges posed by weather conditions, Pier 1 and Pier 2 had their fair share of equipment breakdowns, causing some serious concerns. Ongoing straddle carrier failures together with an existing shortage of these machines caused extended delays during the week. Currently, DCT has been left to operate with only 60 straddle carriers against an operational requirement of 85. Five active straddle carriers were sent to Cape Town over the past weekend. An additional five straddle carriers were supposed to return to service, and another five were due to be commissioned for operation by the end of the week. These developments have been delayed due to the current wage negotiation struggle between Transnet and its workforce. There are a further 12 new machines that were supposed to be commissioned but have also been delayed. Once these are operational, there will likely be some older machines taken out of service. Unfortunately, these breakdowns have caused heavy truck congestion around the staging areas and the terminal, with a lack of booking slot availability. On Monday, DCT faced some shortages of capacity in the container stacking area, while the Agri terminal faced challenges due to load shedding. On Monday and Tuesday, container operations were delayed due to two MHC breakdowns.

On Tuesday, the National Sea Rescue Institute (NSRI) assisted crew members injured during normal ship operations onboard a container vessel travelling off the coast. The injured crew members were taken to the NSRI Durban sea rescue station to care for by the rescue paramedics.

iv. Eastern Cape

TNPA appointed the Coega Development Corporation (CDC) to manage the migration of the manganese and liquid bulk terminals from the port of Gqeberha in the city to the Port of Ngqura. The CDC has also been appointed to manage the construction and operationalisation of the new terminals. The current locations of the Tank Farm and the Manganese Terminal in Gqeberha will be transformed into the proposed waterfront and an automotive terminal to provide capacity for production created by Ford South Africa's recently announced investment of up to R15.8 billion. The automotive terminal will also cater for the export of fully built-up automotive units through Gqeberha from the Tshwane Economic Zone (SEZ), currently under construction. The CDC will also be responsible for implementing the SEZ.

v. Transnet Freight Rail (TFR)

On the 10th of June, Transnet reported that the rail industry was hit by an average of 650 cable theft incidents each month for the first five months of 2021. A total of 600 arrests have been made since the beginning of this year till date. It has been estimated that Transnet loses around 120km of overhead cables a month due to extreme levels of theft and vandalism. The past five years have seen a 177% increase in security-related incidents on the railways, resulting in volume loss. The hotspot areas that have been identified include Gauteng, KwaZulu-Natal, Mpumalanga, Free State and the North West. Goods like iron ore, coal, chrome, manganese, ferroalloys, automotive components and containers are transported via rail through these areas, forming a vital link in the industrial supply chain. Transnet continues to intensify its efforts to halt cable theft and infrastructure vandalism by interventions such as the redeployment of personnel and other resources to the hotspots, increased use of technology and collaboration with law enforcement agencies, customers and other companies affected. Transnet advised that additional interventions will be rolled out in the coming weeks, which we hope will be more successful.

vi. General

Some concerning news was received this week regarding the ongoing wage negotiations between Transnet and worker unions. The United National Transport Union (UNTU) and the South African Transport and Allied Workers Union (SATAWU) told Reuters that their members had rejected the offer of a 4% across-the-board wage hike as proposed by the mediator accepted by Transnet. They are now seeking a certificate to strike. This situation would allow for the two largest unions at Transnet (representing 75% of the workforce of around 48 000 staff) to give the company 48 hours' notice before embarking on a protected strike. Transnet deemed the non-binding offer, recommended by the mediator, to be acceptable although unaffordable. Transnet advised that they could go no further given the company's operational and financial challenges. In addition, a prolonged strike at Transnet could threaten the economy's critical exports of automobiles, grain, and mineral ore, not to mention the impact it could have on fruit exports, now running at peak levels.

This week, a second meeting was held between the industry representative and the Department of Transport and Transnet Freight Rail officials regarding the movement of high cube containers from road to rail. The meeting, unfortunately, did not produce any material progress on either an increase in volumes of high cube containers to be moved via rail nationally or the overarching concerns industry has been voicing regarding the restriction on vehicle height in Regulation 224b. With the current moratorium expiring on the 24th of July 2021, tensions are rising. The private sector representatives underlined the severe consequences for various industries ranging from agriculture to vehicle manufacture if the current maximum height requirement was enforced. TFR does not have sufficient capacity at present to increase the rail uplift of containers, either high cube or standard, to a level that would impact materially on the volume currently transported by road. Officials indicated that the Department of Transport "does not have the appetite" to change Regulation 224b. The private sector is pushing for a permanent decision to allow for the transport of high cubes by road. Subsequent updates are expected on the 24th of June, with another meeting on the 1st of July. If the regulation is re-imposed in July, and some 250 local authorities seize the opportunity to enforce it, the consequences would be catastrophic for both the economy and our road traffic system.

2. Air Update

a. International air cargo

The following table shows the inbound and outbound air cargo flows to and from ORTIA for the week starting 31 May. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *June 2020* averaged **~374 979 kg** per day[10]. For 2019, this average was **~906 817 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

Flows	31-May	01-Jun	02-Jun	03-Jun	04-Jun	05-Jun	06-Jun
Volume inbound	520 532	184 258	450 307	328 713	393 535	366 207	843 781
Volume outbound	274 263	226 724	362 891	172 005	264 130	308 254	649 076
Total handled per day	**794 795**	**410 982**	**813 198**	**500 718**	**657 665**	**674 461**	**1 492 857**

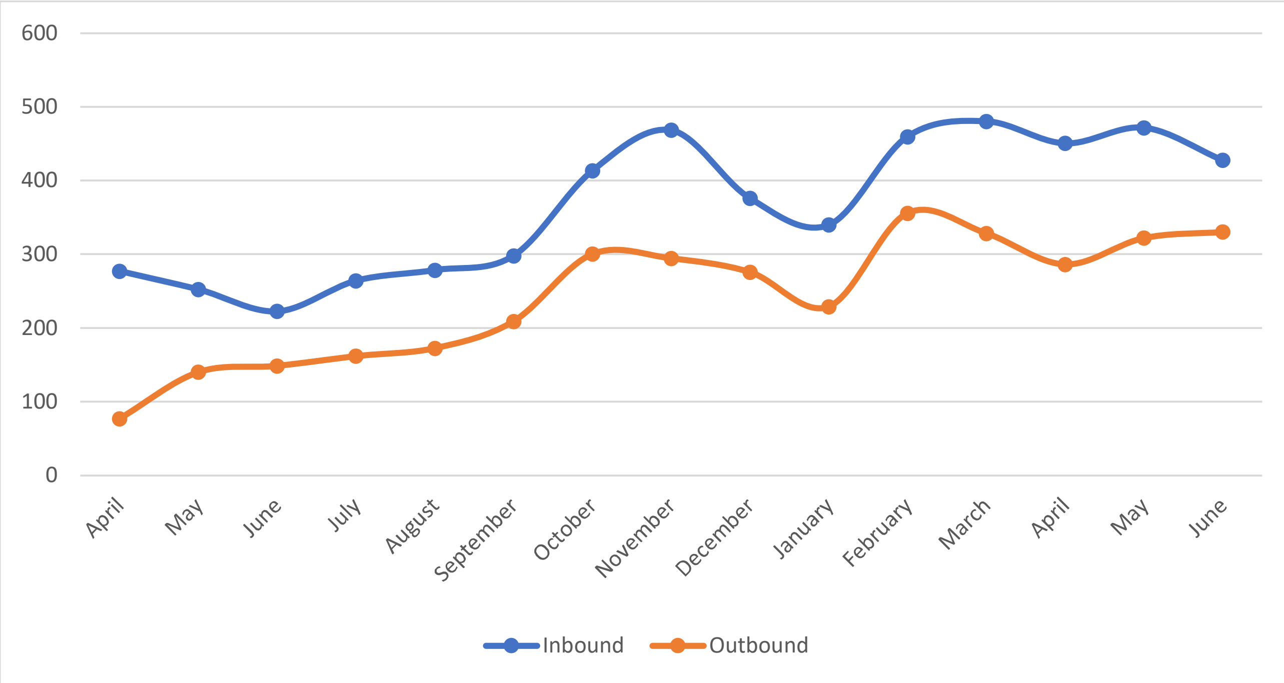
Courtesy of ACOC. Updated: 10/06/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 31 May amounted to **441 048 kg** inbound and **322 478 kg** outbound. The total, therefore, amounts to an average of **763 525 kg** per day, or **~209%** compared with the same week in May 2020 (**~200%** last week). In terms of monthly comparisons, the international aviation industry's operating capacity levels are **~138%** that of last year, as Figure 1 above clearly illustrates. Compared to pre-COVID-19 times, the level is currently at **~84%** when compared with 2019, and this reflects the lack of belly-hold capacity presently experienced.

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; hardly surprising in terms of the stringent lockdown regimes in place a year ago.

[10] 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 **91 842 kg** per day.

Figure 6 – International inbound and outbound cargo from OR Tambo (thousands)



Courtesy of ACOC. Updated: 10/06/2021.

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 *June 2020* was only **~10 743 kg**[11] per day.

Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	**21 813**	**2 941**	**3 751**	**20 539**	**6 571**	**3 176**	**56 713**
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**
Apr Average	**24 875**	**3 234**	**3 058**	**25 694**	**6 306**	**3 046**	**66 213**
May Average	**29 891**	**3 781**	**3 669**	**27 817**	**7 245**	**3 261**	**75 664**
01-Jun-21	43 943	5 275	4 590	38 826	9 500	5 169	**107 303**
02-Jun-21	42 797	5 090	5 831	44 796	12 083	5 107	**115 703**
03-Jun-21	43 018	6 101	5 354	26 392	15 900	4 474	**101 239**
04-Jun-21	17 436	2 008	2 856	28 658	4 293	3 232	**58 483**
05-Jun-21	1 891	868	71	1 150	231	12	**4 222**
06-Jun-21	2 349	506	10	1 167	238	268	**4 538**
07-Jun-21	48 725	6 889	4 700	56 033	12 240	4 418	**133 006**
Y-T-D Totals	**4 180 396**	**538 955**	**534 114**	**4 348 311**	**1 060 603**	**589 722**	**11 180 000**

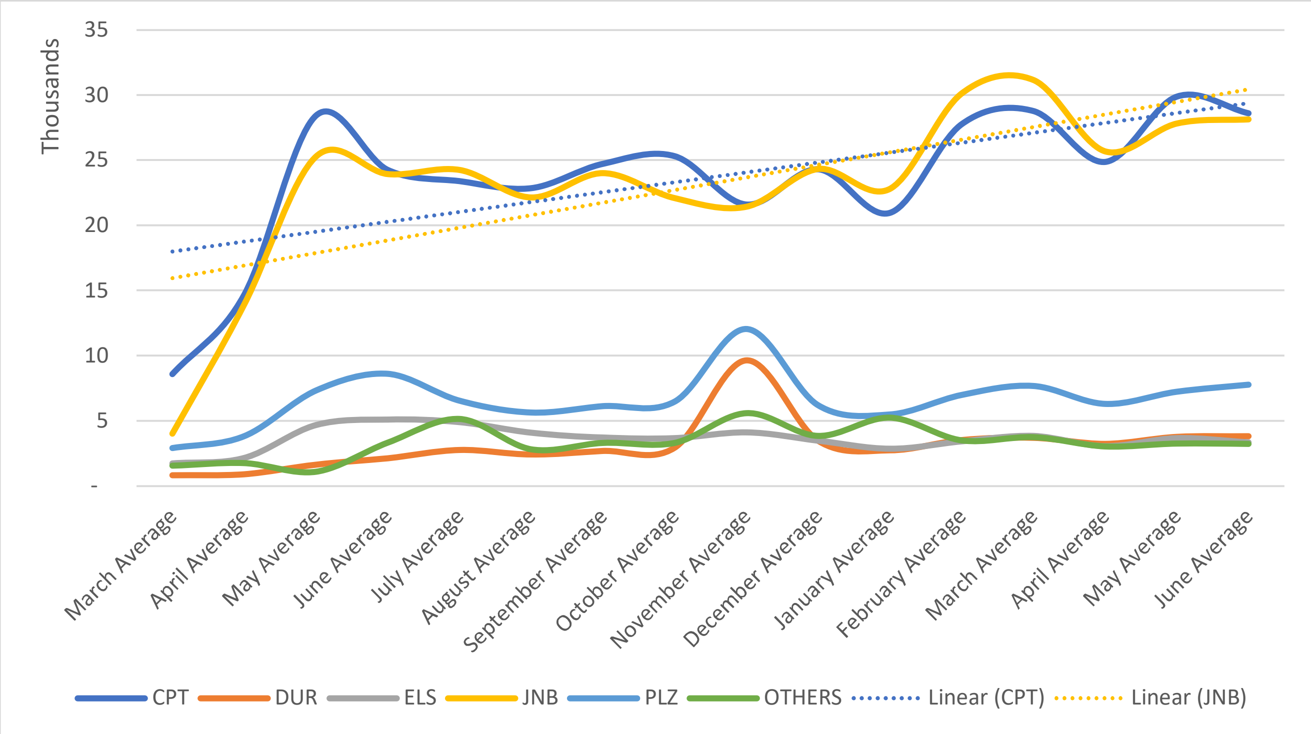
Courtesy of BAC. Updated: 08/06/2021.

Currently, the average domestic air cargo moved in the last week was **~74 928 kg** per day, showing a decrease of **↓3%** compared with the previous week. Nevertheless, the volume handled amounts to approximately

[11] For Cape Town, the figure corresponds to **13 257 kg** per day, and **3 609 kg** per day for Durban during the same period (June 2020).

~124% compared to the same week in 2020. The following figure shows monthly domestic freight movement at our respective commercial airports during the state of disaster, with volumes generally trending above the number registered at the same time last year (note the positive trends for Johannesburg and Cape Town):

Figure 7 – Average domestic inbound and outbound cargo



Courtesy of BAC. Updated: 08/06/2021.

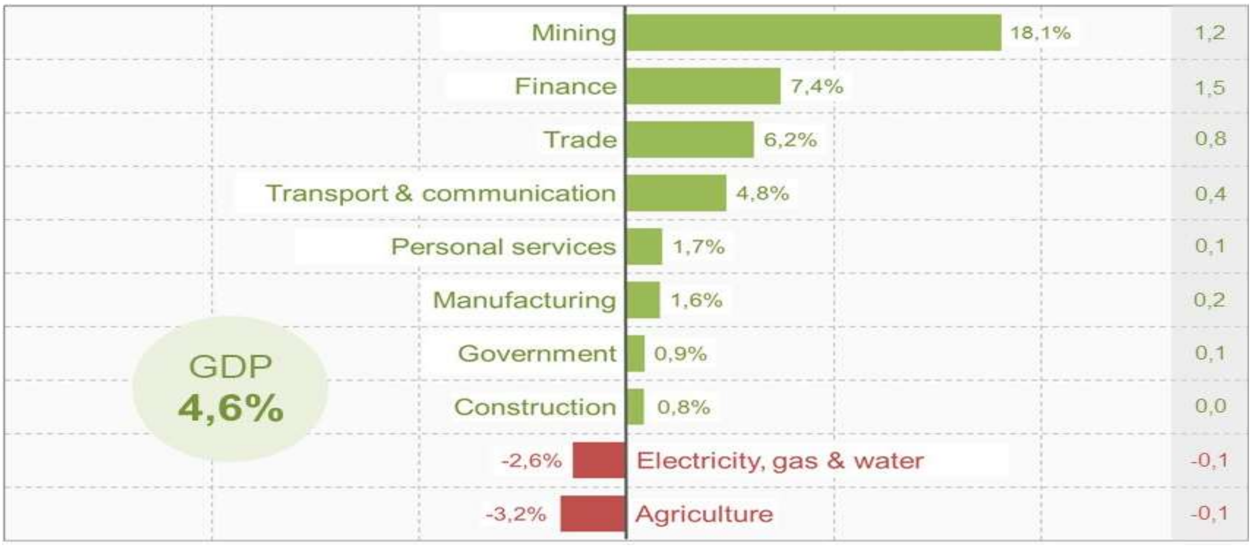
3. South African GDP update

On Tuesday, 8 June 2021, Stats SA released gross domestic product (GDP) statistics for Q1 of 2021[12]. The headline figure shows that South Africa's GDP increased at an annualised (and seasonally adjusted) rate of **↑4,6%** in the first quarter of 2021. However, despite the annualised growth, one needs to view the figure with caution. When considering the change with Q4 of 2020, the figure comes to **↑1,1%** q/q (seasonally adjusted). Furthermore, when viewing the growth with Q1 of 2020, the figure comes to **↓3.2%** y/y (unadjusted). The latter shows that South Africa is still far from the annual growth rates set out in the NDP 2030 required to eliminate poverty and reduce inequality by 2030, which is **5,4%** per year[13].

Regarding the respective industries, mining and finance recorded the highest growth rates in Q1, with trade and transport also registering positive returns. The following figure summarises the respective industries' growth rates.

[12] Stats SA. 08/06/2021. Gross Domestic Product (GDP), 1st Quarter 2021.
[13] SA Gov. 2012. National Development Plan 2030.

Figure 8 – Industry growth rates (Q1 2021 versus Q4 2020, seasonally adjusted and annualised)



Source: Stats SA.

For the extended trading community, the following points are worth highlighting:

- Trade, catering, and accommodation increased by **↑6,2%**, contributing **0,8%** to GDP growth. In addition, increased economic activity was reported in wholesale trade and retail trade.
- Transport, storage, and communication increased by **↑4,8%**, contributing **0,4%** to GDP. Thus, increased economic activity was reported for land transport and communication services.
- Net exports contributed negatively to growth in expenditure on GDP in Q1. Exports of goods and services decreased by **↓0,9%**, influenced mainly by reduced trade in mineral products, vehicles, and other transport equipment.
- Imports of goods and services increased by **↑26,5%**, primarily driven by increases in mineral products, machinery and equipment, and vehicles and transport equipment.

4. Regional Update

a. South African border closures

As with the last couple of weeks, the ongoing uncertainty still reigns at our border posts due to Port Health officials' seemingly sporadic and unreliable availability. However, SARS Customs has attempted to clarify some operating hours at various border posts, as per the table below:

Table 6 – South African border closures

Date	Border	Alternative(s)
11 June 2021	Ramatlabama: Due to unforeseen circumstances, the Port Health schedule has changed. Operations will end at 18:00 and not at 22:00 as previously communicated.	Skilpadshek
11 June 2021	Ramatlabama: Port operating hours as per availability of Port Health Officials: • 12 & 13/06/2021 - 06:00 to 14:00	Skilpadshek
11 June 2021	Kopfontein: Port operating hours as per availability of Port Health Officials: • 12/06/2021 – 15/06/2021 - 06:00 to 24:00	Skilpadshek
8 June 2021	Mananga port is closed due to the unavailability of Port Health Officials	-
8 June 2021	Working schedule of Port Health Officials, Qachasnek and Caledonspoort:	-

	• Qachasnek port: 8:00 to 16:00 weekdays and 08:00 to 14:00 during weekends • Caledonspoort port: 08:00 to 16:00	
7 June 2021	Kopfontein: Port operating hours as per availability of Port Health Officials: • 7/06/2021 – 06:00 to 24:00 • 8/06/2021 – 06:00 to 18:00 • 9/06/2021 – 06:00 to 18:00 • 10/06/2021 – 06:00 to 18:00 • 11/06/2021 – 06:00 to 18:00	Skilpadshek
5 June 2021	Skilpadshek port is closed and will reopen tomorrow at 06:00.	
5 June 2021	Kopfontein port is closed and will reopen tomorrow at 06:00.	Skilpadshek
5 June 2021	Skilpadshek port will operate between 06:00 and 18:00 on the 5th and 6th of June due to the unavailability of Port Health Officials.	Ramatlabama or Kopfontein
4 June 2021	Operating hours in Ramatlabama port will be aligned to Port Health screening times: • Saturday, 5 June: 06:00 to 18:00 • Sunday, 6 June: 06:00 to 18:00 • From Monday, 7 June to Friday, 11 June: 06:00 to 22:00	Skilpadshek

Source: SARS. Updated: 11/06/2021.

From the table above, it is evident that the requirement of Port Health is creating havoc with border crossings and throttling the flow of traffic. Whilst the industry fully understands the need to maintain vigilance during this humanitarian crisis, it is paramount that the question of PCR certificates is resolved swiftly. These unnecessary border closures are severely hampering regional trade. Traders are urged to stay abreast with our border posts' communications posted on the SARS Customs and Excise website.

b. Cross-border delays

Other than the ongoing inability of Port Health officials to serve South Africa's borders, the following significant events have caused cross-border delays in the SADC region this week:

- It has come to light that the new Kazungula OSBP only has one toilet and shower room, with both sides' authorities suggesting that drivers should unhook their trailers and use old facilities. Transporters are extremely unhappy with this situation.
- Delays were reported with various border posts closing while officials take lunch, which further adds to the trade constraints in the region.

Apart from these regressive developments, investigations continue into cross-border delays experienced at several SADC border posts in the sub-region. The following table uses geofencing data to summarise delays experienced at various borders during the last week.

Table 7 – Delays[14] 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	18:00	100	3 000	700	11 200	1 400
SA/Zim	**Beit Bridge**	0:00	18:00	943	28 290	6 601	105 616	0
Moz/Zam	**Cassacatiza/Mlolo**	1:00	14:00	60	1 800	420	5 040	420

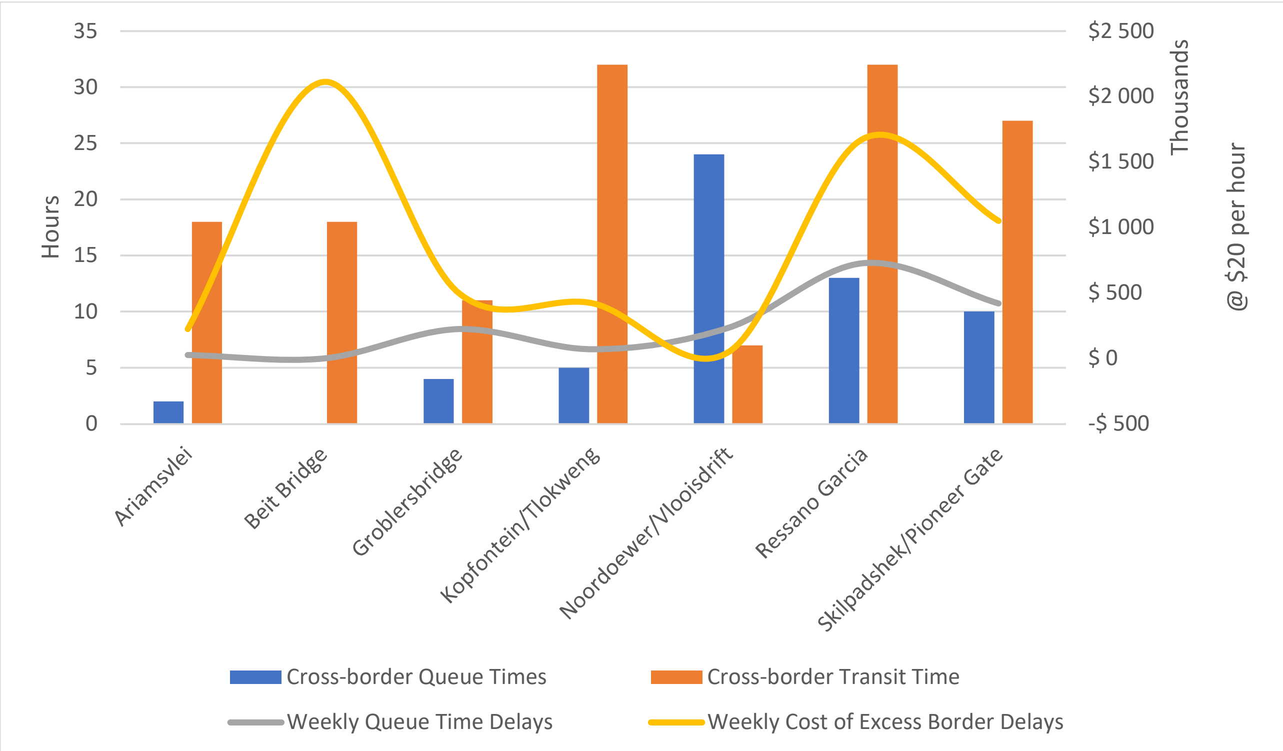
[14] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border constraint since we do not have a transparent view of the entire 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.

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
Zam/Zim	Chirundu	0:00	25:00	616	18 480	4 312	99 176	0
Moz/Mal	Dedza	2:00	15:00	50	1 500	350	4 550	700
SA/Bot	Groblersbrug/Martins Drift	4:00	11:00	400	12 000	2 800	25 200	11 200
Zam/DRC	Kasumbalesa	6:00	56:00	592	17 760	4 144	165 760	24 864
Zam/Bot	Kazungula	0:00	31:00	212	6 360	1 484	43 036	0
SA/Bot	Kopfontein/Tlokweng	5:00	32:00	100	3 000	700	21 000	3 500
Moz/Zim	Machipanda/Forbes	1:00	9:00	320	9 600	2 240	15 680	2 240
SA/Bot	Milange	0:00	16:00	40	1 200	280	3 920	0
Nam/SA	Noordoewer/Vlooisdrift	24:00	7:00	70	2 100	490	2 450	11 760
Zim/Moz	Nyamapanda	1:00	3:00	100	3 000	700	700	700
SA/Moz	Ressano Garcia	13:00	32:00	400	12 000	2 800	84 000	36 400
Moz/Nam	Shesheke/Wenela		48:00	100	3 000	700	32 200	0
SA/Bot	Skilpadshek/Pioneer Gate	10:00	27:00	300	9 000	2 100	52 500	21 000
Nam/Bot	Trans Kalahari/Mamuno		21:00	100	3 000	700	13 300	0
Zam/Zim	Victoria Falls	1:00	5:00	114	3 420	798		798
Moz/Mal	Zobue/Mwanza	2:00	17:00	100	3 000	700	10 500	1 400
				4 717	**141 510**	**33 019**	**695 828**	**116 382**

Source: TLC & FESARTA, week ending 08/06/2021.

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

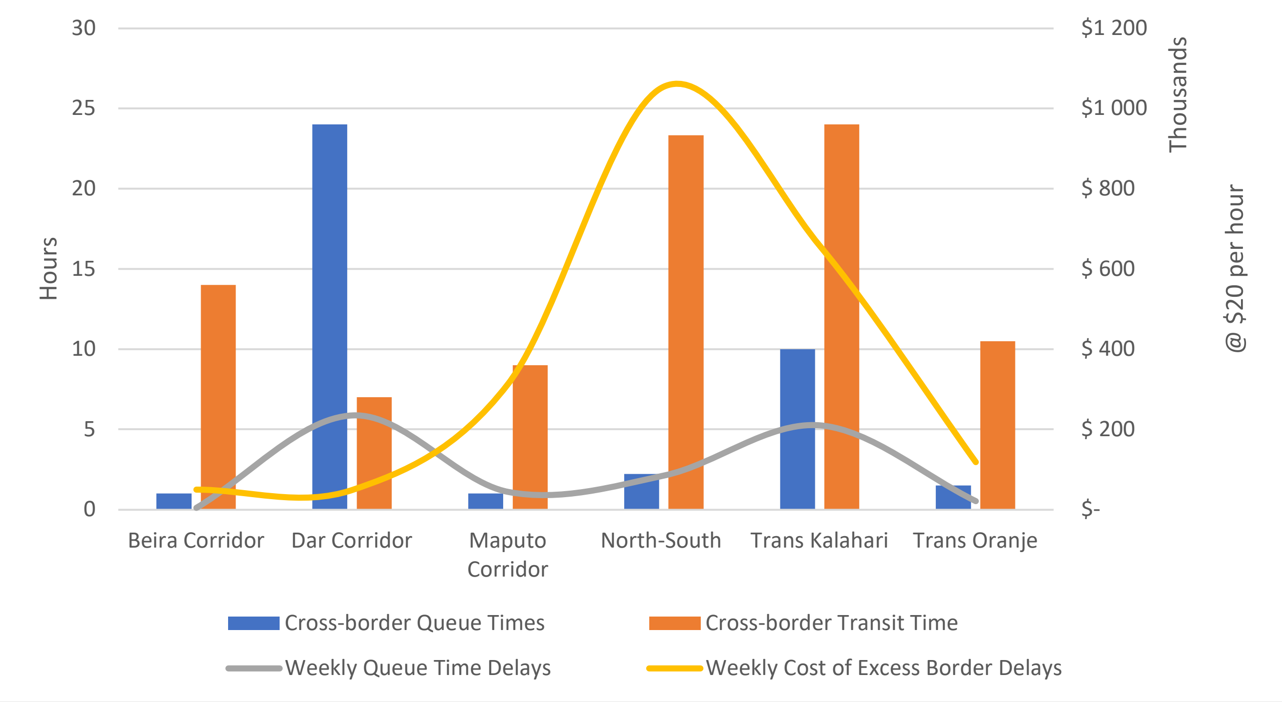
Figure 9 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in US$ thousands)



Source: TLC & FESARTA, week ending 08/06/2021.

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

Figure 10 – Weekly cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in US$ thousands)



Source: TLC & FESARTA, week ending 08/06/2021.

This week's major delays for cross-border transit times occurred for freight flowing through the North-South – and Trans-Kalahari corridors. In addition, the Dar corridor experienced some slow-moving traffic and congestion during the week in terms of cross-border queues.

In summary, the cross-border queue time has averaged **~4,2** hours (which is slightly higher than the experience last week at **~3,8** hours) and cost the transport industry an estimated **$3,3 million** (**R37 million**). In comparison, the average cross-border transit time has also increased this week to **~20,3 hours** (from **~23,6 hours**), which cost the transport industry **~$13,9 million** (**R222 million**). Thus, the total cost for the week amounts to **~R260 million** (up by **~R44 million** from **R216 million** the previous week).

5. International Update

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

a. Global container industry

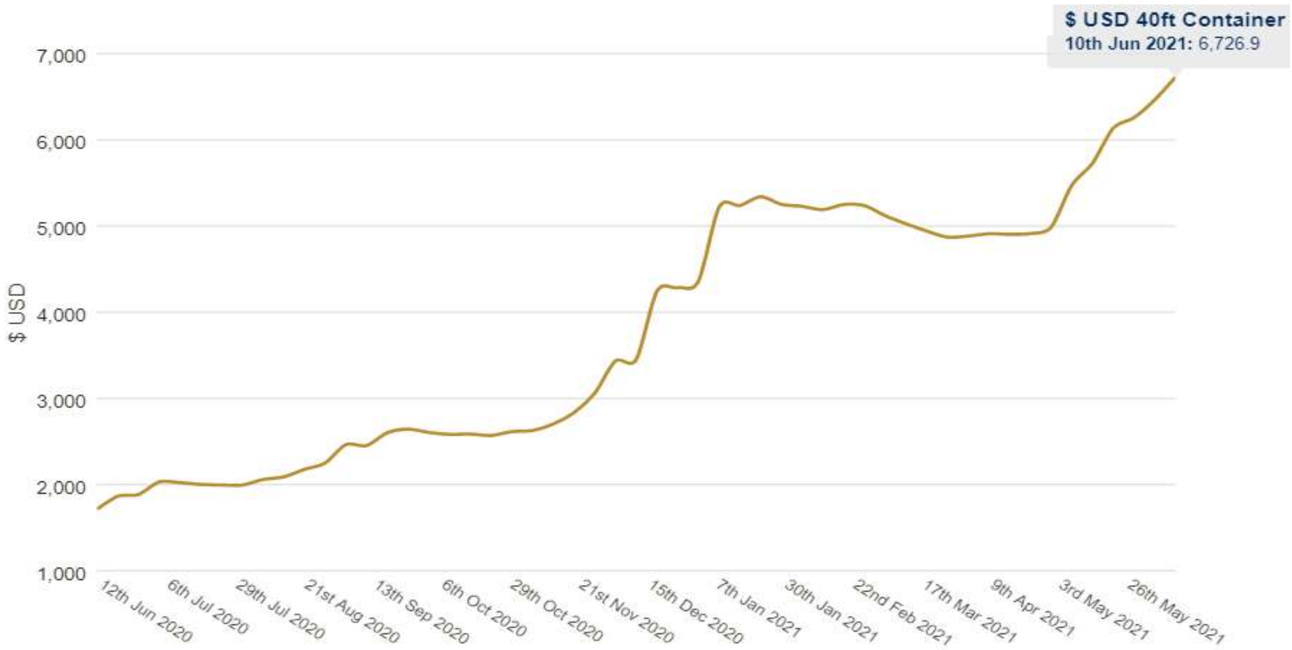
i. World Container Index

According to Drewry, the ongoing upward surge of container freight rates apparently knows no bounds, as the "World Container Index" (WCI) increased by **↑4,1%** to **$6 727** per 40-ft container[15]. This increase marks the fifth consecutive significant weekly increase, meaning that weekly spot prices are rendered meaningless for traders. This situation is because planning goes entirely out of the window for the following week, as shipping lines are ever decreasing the validity of rates favouring traders willing to secure the limited space at exorbitant

[15] Drewry Supply Chain Advisors. 10/06/2021. World Container Index.

prices. The following figure highlights the two-year spot price trend for the index. It is not an exaggeration to describe the rate of increase since the end of April as 'exponential'.

Figure 11 – World Container Index – Assessed by Drewry ($ per 40 ft. container)



Source: [*Drewry Ports and Terminal insights*]

The average composite index now stands at **$5 361** per 40-ft container (**↑299%** compared to last year) as once again, all eight major East-West routes experienced rate increases last week. In summary, freight rates on Shanghai-New York surged **$692** to reach **$8,251** for a 40-ft container, with rates on the Shanghai-Genoa route rising **$572** to **$10,472** per FEU. Indeed, the overall rate is **$3 423** higher than the five-year average of **$1 937** (up again by **$21** since last week). Drewry expects the rates to remain elevated next week, but we recall a time not long ago when they predicted that rates would level off and then decline.

ii. Further developments of note

Besides the main factors impacting the global container industry mentioned above, some additional notable developments occurred this week.

1. **An update from several of the shipping lines.**
   a. As previously reported, Maersk had systems and network problems last week, with the mega-carrier playing down the possibility of a cyber-attack[16]. Nevertheless, smooth sailing is not yet the norm. As industry role players have been told that they could not process shipping instructions, these had to be done manually, only to be followed by invoices for late submission! But considering that the Danish mega-carrier plays such an integral part in the maritime eco-system in South Africa, we are certainly hopeful of improved performance as we advance.
   b. Uncertainty reigns with various shipping lines' approach to pre-assignment procedures. This week, MSC have advised that traders will be liable for overstay in the case of late submission of documents. However, some industry role players have noted that this approach will not be followed when choosing "carrier haulage". It should be noted that there is no mandatory requirement from TPT to pre-assign transporters in advance and that there is no effective penalty either for the importer or the carrying line if not done so. Furthermore, SAAFF believes

[16] Savvides, N. 02/06/2021. Maersk's 'technical challenges' with booking system not a cyber-attack.

that pre-assignment has no material impact on terminal performance, nor does it in any way facilitate uplift of import containers or reduce "shuffling" in the yard. The collective industry hopes these issues will be sorted out, and those frivolous revenue-seeking penalties will be avoided.

c. Evergreen's Ital Libera, which unfortunately had to deal with the death of its master from a suspected coronavirus infection in April, is now heading for Italy to repatriate the master's body[17]. This decision was made after the vessel was refused entry by several ports in Asia. Unfortunately, for South African traders with more than 50 containers of deciduous fruit on board, the vessel has now declared force majeure with prospects of claims looking bleak.

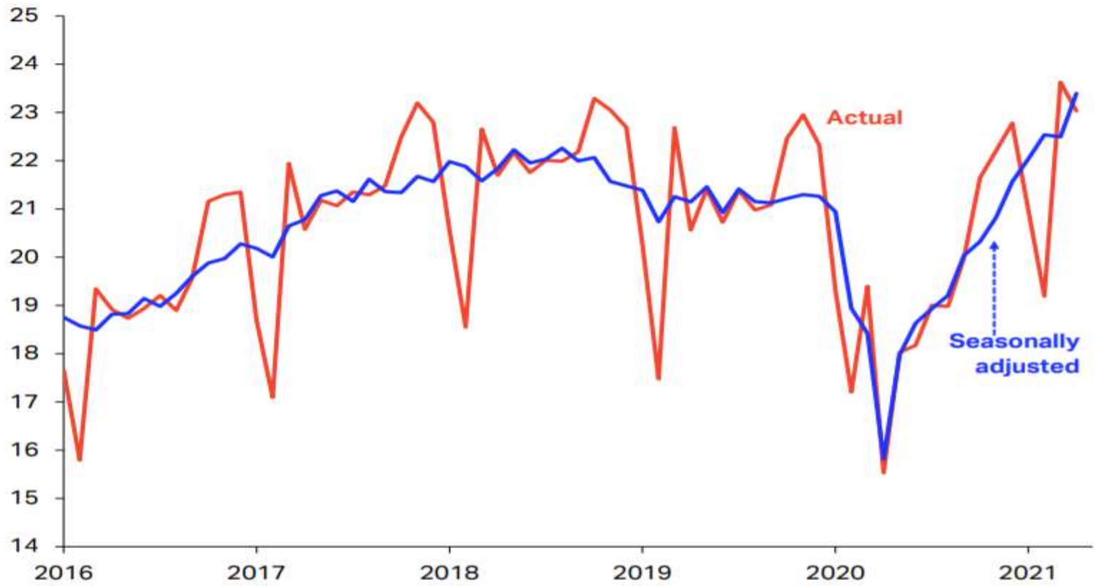
2. **Port congestion from Yantian spilling over to other South China ports**
   a. Neighbouring Shekou and Nansha ports have now also been affected, as shipping lines are looking for alternatives. According to the latest AIS data from MarineTraffic on Wednesday, there were 36 vessels with a reported destination of Yantian at anchor, including 33 cargo ships[18].
   b. Furthermore, equipment shortages are increasing, as long dwell times and blank sailings mean that empties are not getting back to the congested ports[19].
   c. Some analysts expect that the 'contagion will spread globally and put further pressure on an already fragile supply chain[20].

b. Global aviation industry

Global air cargo volumes continue to trend upwards rapidly, as industry-wide cargo tonne-kilometres (CTKs) grew by **↑12.0%** in April compared to pre-crisis values in April 2019. Moreover, seasonally adjusted CTKs rose by **↑4.0%** m/m and are now **~5%** above the pre-crisis peak of August 2018. The International Air Transport Association (IATA) provided this feedback in their latest monthly "*Air Cargo Market Analysis*"[21]. IATA further noted that the air cargo industry is supported by a robust economic rebound and favourable supply chain dynamics and more competitive pricing relative to container shipping in recent months. Furthermore, IATA states that air cargo rates and volumes are close to all-time high values, providing substantial financial support to several airlines as the battle to return passenger flights to the sky remains. The following figure illustrates the strong recovery of the industry:

[17] Baker, J. 07/06/2021. Evergreen vessel returns to Italy to repatriate master's body.
[18] Whelan, S. 08/06/2021. South China ports in crisis as logjam of box ships and containers grows.
[19] Baker, J. 09/06/2021. Equipment shortages increase at southern China hubs.
[20] Baker, J. 08/06/2021. Yantian 'contagion' will spread around the world.
[21] IATA. 08/06/2021. Air cargo market analysis.

Figure 12 – CTK levels, actual and seasonally adjusted



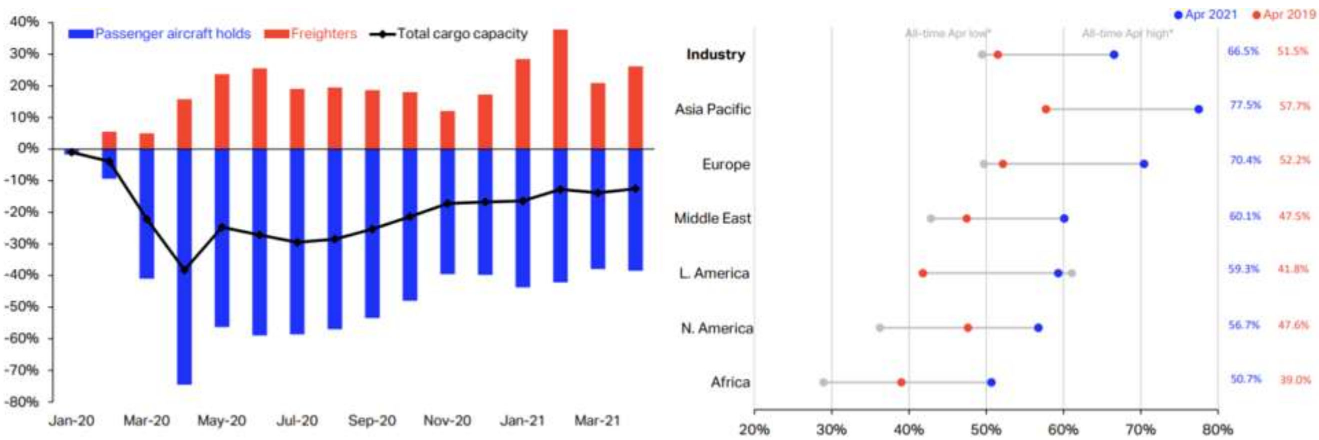
Source: [IATA Economics]

In summary, the main highlights of IATA's assessment note that:

- A solid economic rebound supports aviation and favourable supply chain dynamics. As a result, air cargo rates and volumes are close to all-time high values, providing substantial financial support to several airlines.
- Airlines in most regions are posting strong volume performance, notably in Africa and North America. But airlines based in Latin America are losing market share to carriers elsewhere and have performed poorly in recent months.

Indeed, supplementary to the overall picture above, cargo load factors and cargo revenues continue to trend close to records. The following side-by-side figures show the current state of the cargo market – both overall and regionally – with change measured compared to the same month in 2019.

Figure 13 – Growth in cargo volumes



Source: [IATA]

In summary, IATA notes that in April, industry-wide available cargo tonne-kilometres (ACTKs) were **↓9.7%** their levels of April 2019. Although this increase was the third consecutive month of improvement, and SA volumes also rose for the third month in a row to the highest value since Jan 2020, international passenger traffic – and consequently cargo belly capacity – did not improve in April compared to March. Nonetheless, international freighters ACTKs were up ↑**26.2%** versus pre-crisis value in 2019. As has been the case since the start of the crisis, airlines are regularly increasing their freighter fleet size and daily freighter utilisation. As a result, as air cargo rates broadly follow the trend in load factors, they were up around **~85%** compared to April 2019 – but ↓**3%** since peaking in April 2020 (including fuel and other surcharges).