

# COVID-19: Cargo movement update<sup>1</sup>

**Date: 18 June 2021**

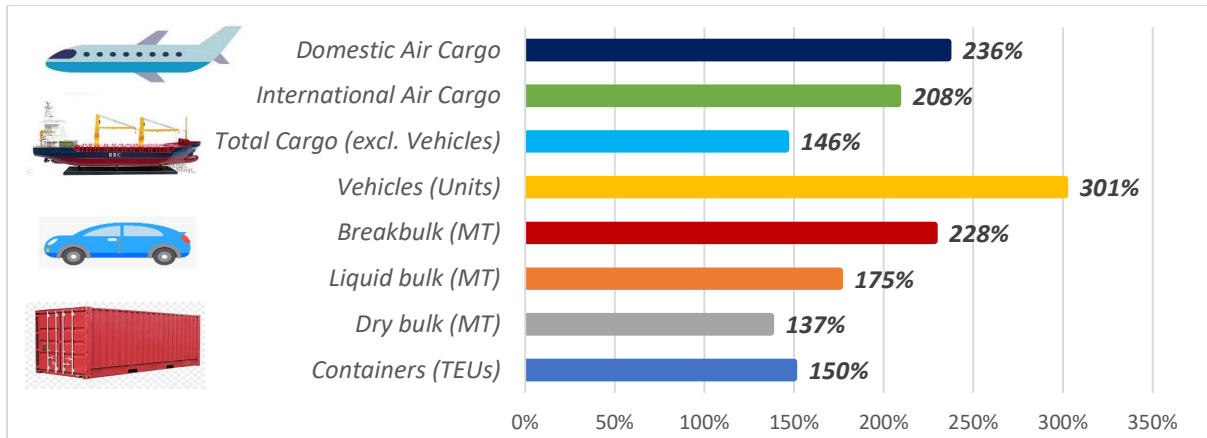
## Weekly Snapshot

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

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	29 242	37 862	<b>67 104</b>	30 056	34 513	<b>64 569</b>	↑4%
Air Cargo (tons)	4 568	3 140	<b>7 707</b>	4 410	3 225	<b>7 635</b>	↑1%

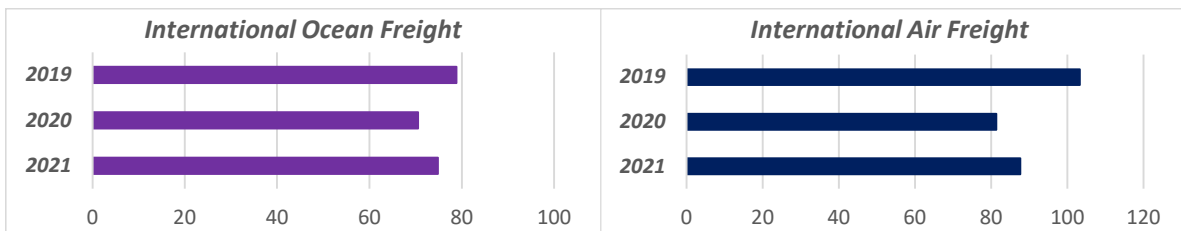
## Monthly Snapshot

Figure 1 – Monthly<sup>4</sup> cargo flows, year on year



## Year-to-date Tracker

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



## Key Notes

- An average of ~9 586 TEUs per day was handled last week, ↑4% from the previous week.
- Cross-border queue (~4,1 hrs) and transit (~22,8 hrs) times cost R254 million (↓2%) this week.
- Global freight rates saw *another* increase this week, with the "WCI" ↑3,4% to \$6 957 per 40-ft.
- International air increased slightly (↑1%), while domestic air cargo decreased (↓3%).

<sup>1</sup> 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 43<sup>rd</sup> update.

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

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

<sup>4</sup> '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.

<sup>5</sup> 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 43<sup>rd</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. On the pandemic front, this week's newly reported COVID-19 infections in South Africa have increased rapidly once more to a very disturbing **9 142** infections per day this week (**↑53%** from last week's average of **5 960**). Consequently, the total number of cases recorded in the country now stands at **~1,78 million**<sup>6</sup>, with a death toll of **58 323** (up by **913**). Besides the unprecedented surge in new cases caused by the third wave, an even more distressing figure is the total number of active cases. Active cases are now numbering more than **100 000**, and the number of new cases exceeding the number of recoveries by a substantial margin as the third wave takes hold.

In absolute terms, South Africa has remained at the same spot, **19<sup>th</sup>** place globally. Worldwide, more than **178 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 **2,5 billion** vaccine doses have now been administered worldwide<sup>7</sup>, whereas South Africa continues to lag at some **~1,87 million** vaccine doses. Although the daily vaccination rate has increased significantly, it is still nowhere near the ambitious targets set, so the backlog continues to grow. In essence, as emphasized in preceding reports, the country urgently needs to increase the rollout programme. This week the South African Health Products Regulatory Authority (SAHPRA) refused to release 2 million units of J&J vaccine ingredients that arrived in Gqeberha, Eastern Cape, for processing. These ingredients were contaminated in a US Baltimore facility and needed further testing by SAHPRA. However, the United States Food and Drug Administration released an additional 300 000 doses of vaccines that arrived in South Africa this week. These additional vaccines will be specifically targeted at teachers throughout the country.

South Africa's commercial ports are trying to keep up with the demand posed by the increased refrigerated outbound volumes and equipment limitations. Durban's container terminal especially has been feeling the heat, so much so that Transnet advised that the number of free days allowed for imported General Purpose containers will be extended temporarily from 3,25 days to 4,25 days. Hopefully, this initiative will help ease some congestion on the water and landside operations of the port. In addition, the disruptions caused by the lack of Port Health Officials at border posts seems to be easing this week compared to last week, although several border posts have still been closed since yesterday until further notice.

Internationally in the global maritime industry, consumers are expected to feel the effects of vessels not cancelling their Yantian calls, threatening to cause knock-on effects significantly worse than were seen during March's Suez Canal blockage. California already stated that they are "getting ready" for Yantian import surges when that port and its neighbours can return to normal handling rates. However, looking at the rising "World Container Index", it seems highly unlikely that container shippers will see any easing of rates before 2022.

Currently, the average domestic air cargo moved during the last week was **~72 614** kg per day, showing a decrease of **↓3%** compared with the previous week. Nevertheless, the volume handled amounts to approximately **~123%** compared to the same week in 2020. There have been some issues voiced regarding ORTIA delays due to ACSA taking control over cargo security within the designated cargo precinct. Despite strong pleas from cargo owners and their agents, imports accumulate storage and handling costs while exports miss their flights. Internationally, the aviation industry is sturdily post-pandemic, with various industry sectors performing much better in April 2021 than in April 2019. Growth of **↑13%** in international cargo-ton-kilometres (CTK) was measured in April 2021 from April 2019. Africa and North America grew the most while Latin America remains the underperformer.

In conclusion, this week, we have seen increased demand with fragile transportation infrastructure and equipment taking their toll on some areas of South Africa's supply chains, while others are booming right in the

<sup>6</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

<sup>7</sup> Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

## *COVID-19: Cargo movement update*

middle of the third wave of COVID-19. Although we are recording problems and shortcomings every week, we should not ignore the evidence of recovery and growth, which can be seen in some areas.

## Contents

<b>Weekly Snapshot</b> .....	<b>1</b>
<b>Monthly Snapshot</b> .....	<b>1</b>
<b>Year-to-date Tracker</b> .....	<b>1</b>
<b>Key Notes</b> .....	<b>1</b>
<b>Executive Summary</b> .....	<b>2</b>
<b>Contents</b> .....	<b>4</b>
<b>1. Ports Update</b> .....	<b>5</b>
a. Container flow overview .....	5
b. Summary of port operations .....	7
i. Weather delays.....	7
ii. Durban .....	7
iii. Transnet Freight Rail (TFR) .....	8
iv. General .....	8
<b>2. Air Update</b> .....	<b>8</b>
a. International air cargo .....	8
b. Domestic air cargo .....	9
<b>3. Regional Update</b> .....	<b>10</b>
a. South African border closures .....	10
b. Cross-border delays.....	11
<b>4. International Update</b> .....	<b>13</b>
a. Global container industry .....	13
i. World container index.....	13
ii. Further developments of note .....	14
b. Global aviation industry.....	15

## COVID-19: Cargo movement update

### 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 12 to 18 June<sup>8</sup>

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
<b>TOTAL:</b>	<b>29 242</b>	<b>37 862</b>

Source: [Transnet](#), 2021. Updated 18/06/2021.

Table 3 – Container Ports – Weekly flow forecasted for 19 to 25 June<sup>9</sup>

7-day flow forecast (19/06/2021 – 25/06/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 663	5 717
DURBAN CONTAINER TERMINAL PIER 2:	9 123	13 430
CAPE TOWN CONTAINER TERMINAL:	4 875	5 453
NGQURA CONTAINER TERMINAL:	4 126	5 301
GQEBERHA CONTAINER TERMINAL:	385	1 150
<b>TOTAL:</b>	<b>22 172</b>	<b>31 051</b>

Source: [Transnet](#), 2021. Updated 18/06/2021.

An average of ~9 586 TEUs (↑4%) was handled per day for the last week (12-18 June, Table 2), with a significantly decreased average of around ~7 603 TEUs (↓21%) expected to be handled next week (19-25 June, Table 3), which does not augur well for the near future. Furthermore, the same week in June 2020 – at around **week 11** of the initial lockdown – produced a daily average of ~14 748 TEUs, indicating that we are again losing ground in the maritime economy.

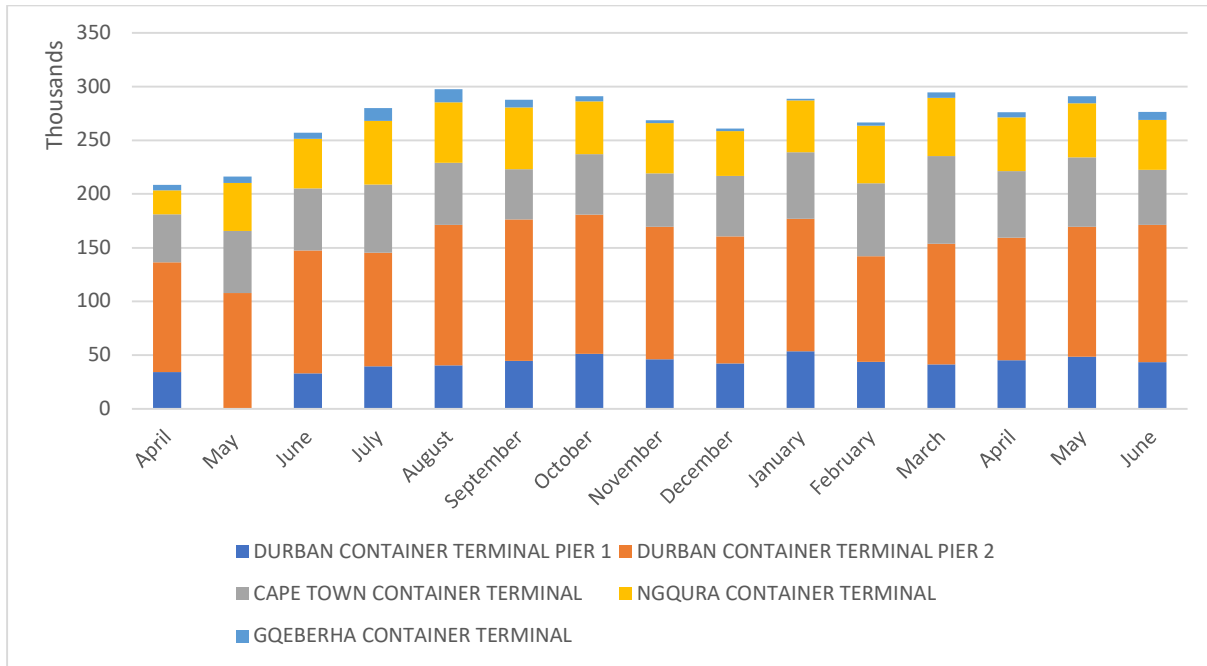
The following figure displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown.

<sup>8</sup> 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.

<sup>9</sup> As noted in *footnote 1*.

## COVID-19: Cargo movement update

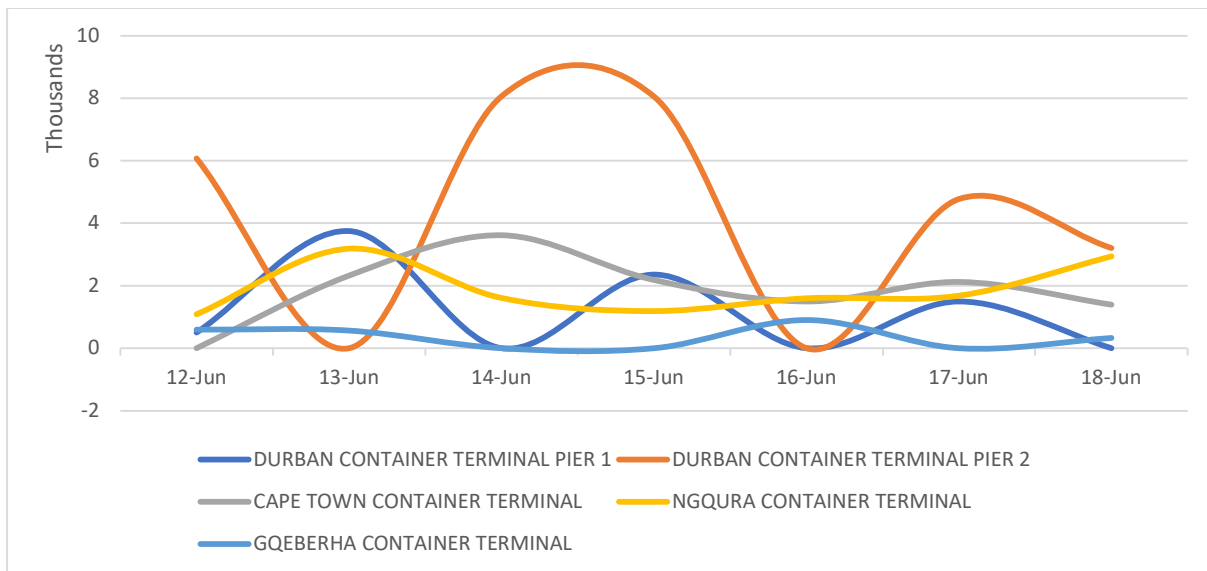
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 18/06/2021.

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

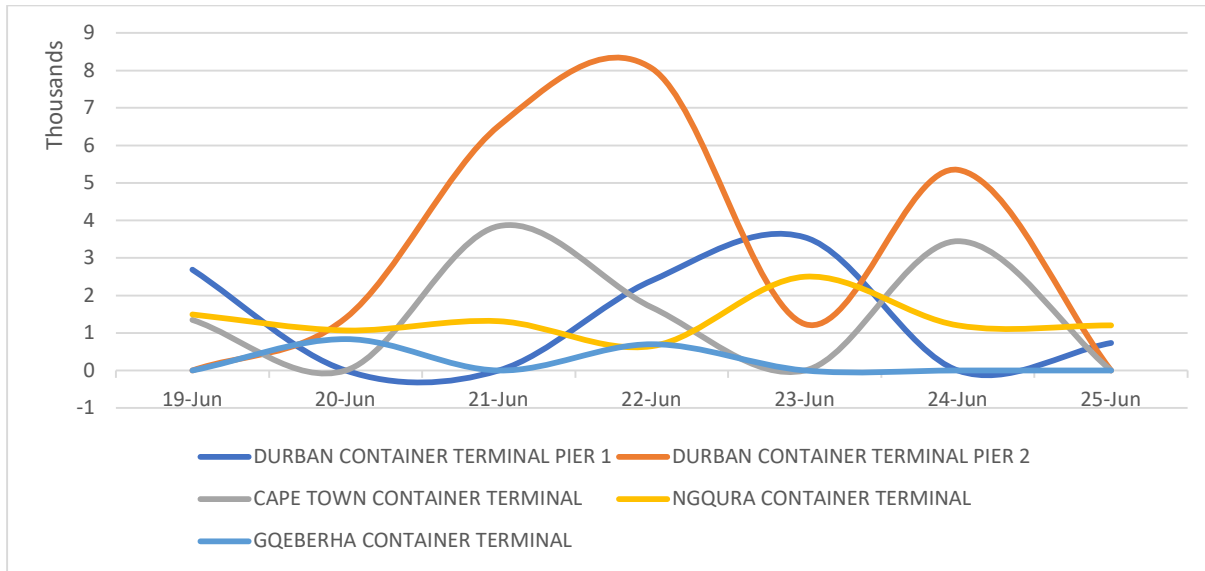
Figure 4 – 7-day flow reported for total cargo movement (12 to 18 June; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 18/06/2021.

## COVID-19: Cargo movement update

Figure 5 – 7-day flow reported for total cargo movement (19 to 25 June; per port; day on day)



Source: Calculated using data from the [Transnet updates](#), 2021. Updated 18/06/2021.

### 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, with sunny days and slight Northerly winds throughout the week. Hotter days and colder nights are expected over the weekend, but there should be no impact on port productivity.

Durban also enjoyed sunny days, higher temperatures, and very gentle Northerly winds swinging to Southerly as the week went on.

The same can be said of Gqeberha, warm temperatures with slightly stronger WSW winds as we approach the weekend, and no weather-related impact on port operations.

#### ii. Durban

After a fortnight of real difficulties at DCT with equipment failures and shortages leading to extended truck turnaround times and short shipments, the terminals welcomed the additional straddle carriers that arrived early this week. A target has been set to reach a straddle carrier availability of 80 by this weekend, making a positive difference to productivity. An additional twelve ZPMC straddle carriers are planned to be commissioned in mid-July, while DCT is pressing for an earlier release. This change would importantly push the straddle carrier complement of DCT past the optimum level of 85. In addition, Transnet sent out a notification early this week advising customers that free time for import containers would be temporarily extended to reduce truck congestion in and around the port. The increased terminal volume throughput, increasing refrigerated container traffic, and operational delays negatively affected container bookings and truck turnaround times. As a result, the free import storage period of 3,25 days will be extended to 4.25 days for General Purpose (GP) containers only, with effect from 1 July 2020 until October 2021. The import free days for reefers and IMDG containers will remain the same.

Due to pump stations failing, wastewater spillages into the sea pose a health and economic hazard at the city's beaches and Durban harbour. It has become evident that several of the city's sewage pump stations are

## COVID-19: Cargo movement update

overflowing mainly due to load shedding. The solid waste can pose a navigational hazard for vessels and cause mechanical damage to large vessels and recreational craft, leading to additional financial problems for the port. In partnership with the city and the Department of Forestry, Fisheries, and the Environment, TNPA had developed the Estuarine Management Plan (EMP) to help eliminate human-induced stresses on the ecological integrity of Durban Bay. Simphiwe Mazibuko, the port's environmental manager with the TNPA division, advised that the deployment of waste-collection booms in rivers close to the port and periodic cleaning will help tremendously.

### iii. Transnet Freight Rail (TFR)

TFR has increased its planned haulage of grain through the Bethlehem silo facility of VKB Agriculture by 133%, with 550 000 tonnes of grains planned to be moved to South Africa's ports for export. In addition, the rail company is looking to expand its capacity. Still, it is hindered by ongoing theft of cables and infrastructure challenges, causing major disruptions to rail traffic in and out of the port.

### iv. General

Regarding the wage dispute between Transnet and its labour unions, United National Transport Union (UNTU) and SA Transport and Allied Workers Union (SATAWU), negotiations are still ongoing to avoid industrial action. TNPA was advised on Monday that the Labour Department had not yet issued a strike certificate. By Friday, Transnet sent out a notification regarding the ongoing negotiations expressing the hope that a resolution will be reached as soon as possible. Transnet management remains aware that any form of strike action will be detrimental to both the logistics industry and the South African economy as a whole and has undertaken to keep the industry updated around any new developments.

## 2. Air Update

### a. International air cargo

The following table shows the in- and outbound air cargo flows to and from ORTIA for the week starting 7 June. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in June 2020 averaged ~374 979 kg per day<sup>10</sup>. For 2019, this average was ~906 817 kg per day.

Table 4 – International inbound and outbound cargo from OR Tambo

Flows	07-Jun	08-Jun	09-Jun	10-Jun	11-Jun	12-Jun	13-Jun
Volume inbound	644 318	240 944	370 970	351 616	417 253	791 005	381 145
Volume outbound	206 579	184 500	299 387	289 132	266 852	604 900	346 503
Total handled per day	850 897	425 444	670 357	640 748	684 105	1 395 905	727 648

Courtesy of ACOC. Updated: 14/06/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 7 June amounted to **456 750 kg** inbound and **313 979 kg** outbound. The total, therefore, amounts to an average of **770 729 kg** per day, or ~203% compared with the same week in June 2020 (~209% 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.

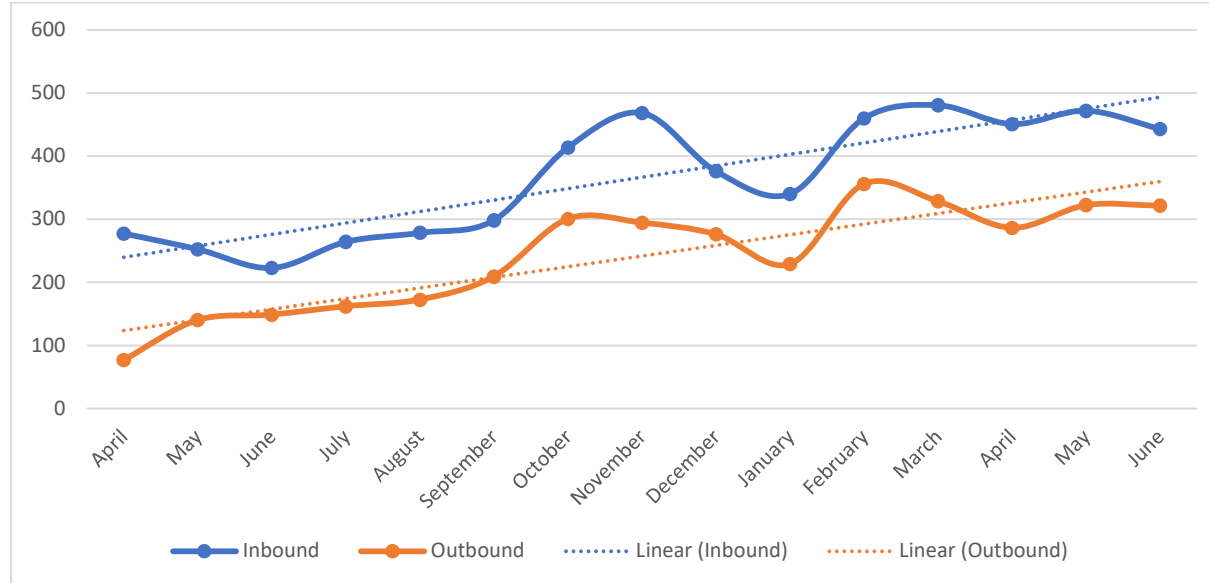
<sup>10</sup> Note, when including statistics from South Africa's other two international airports, Cape Town International and King Shaka (Durban) International airports, the total figure rises to **91 842 kg** per day.



## COVID-19: Cargo movement update

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.

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



Courtesy of ACOC. Updated: 15/06/2021.

### 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<sup>11</sup> 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
08-Jun-21	42 374	5 776	6 020	35 312	10 600	5 814	105 896
09-Jun-21	40 627	5 832	5 374	51 227	8 659	4 733	116 453
10-Jun-21	40 067	5 015	5 182	22 792	10 791	4 336	88 183

<sup>11</sup> 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).

## COVID-19: Cargo movement update

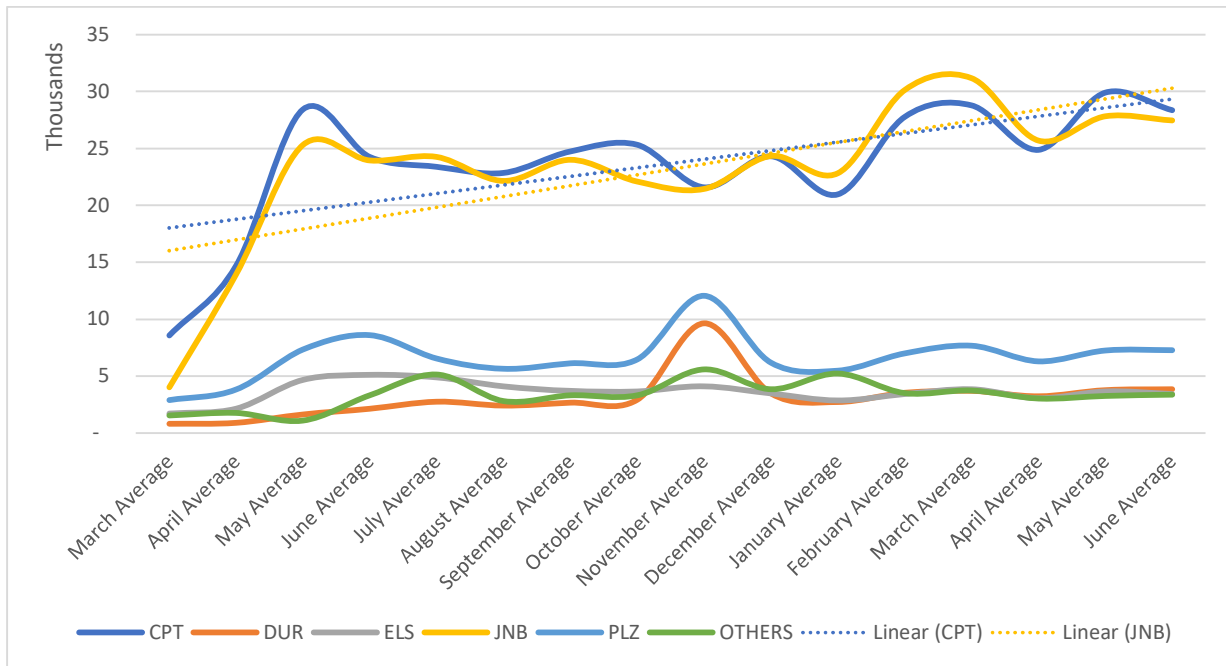
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
11-Jun-21	17 211	4 151	2 202	24 982	4 829	3 562	56 937
12-Jun-21	2 161	701	161	1 677	1 044	60	5 803
13-Jun-21	51 776	5 407	5 683	49 756	11 258	5 609	129 489
14-Jun-21	2 701	241	24	1 768	371	431	5 534
<b>Y-T-D Totals</b>	<b>4 389 721</b>	<b>566 774</b>	<b>557 294</b>	<b>4 534 455</b>	<b>1 119 792</b>	<b>544 026</b>	<b>11 712 062</b>

Courtesy of BAC. Updated: 15/06/2021.

Currently, the average domestic air cargo moved in the last week was ~**72 614 kg** per day, showing a decrease of **↓3%** compared with the previous week. Nevertheless, the volume handled amounts to approximately **~123%** 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):

There have been some concerns expressed around ORTIA (O.R. Tambo International Airport) delays due to ACSA (Airports Company South Africa) taking control over the security of cargo within the designated cargo precinct. Despite strong representations from cargo owners and their agents, imports continue to accumulate storage and handling costs while exports are missing their flights.

Figure 7 – Average domestic inbound and outbound cargo



Courtesy of BAC. Updated: 15/06/2021.

### 3. Regional Update

#### a. South African border closures

As with the last couple of weeks, uncertainty continues to reign at our border posts due to Port Health officials' seemingly sporadic and unreliable availability, although things seem to have improved slightly compared to last week. SARS Customs has attempted to clarify the current status of various affected border posts, as per the table below:

## COVID-19: Cargo movement update

Table 6 – South African border closures

Date	Border	Alternative(s)
18 June 2021	Ficksburg Bridge has reopened, but Nakop Border post remains closed until further notice.	-
17 June 2021	Nakop Border post is closed until further notice.	Vioolsdrif
17 June 2021	Ficksburg Bridge will be closed until further notice.	-
14 June 2021	Oshoek port is closed and will reopen at 17:30 today.	-

Source: [SARS](#). Updated: 18/06/2021.

Traders are urged to stay abreast of our border posts' communications posted on the SARS Customs and Excise [website](#).

### b. Cross-border delays

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

- Last week saw connectivity issues for Zambia's Customs officials, but this has been rectified.
- Ongoing protests in Harrismith have escalated with a violent protest seeing a truck being petrol bombed and petrol bombs being hurled at passing cars and police officers.

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<sup>12</sup> 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	1:00	100	3 000	700	-700	1 400
SA/Zim	Beit Bridge	0:00	17:00	943	28 290	6 601	99 015	0
Moz/Zam	Cassacatiza/Mlolo	1:00	28:00	60	1 800	420	10 920	420
Zam/Zim	Chirundu	0:00	24:00	616	18 480	4 312	94 864	0
Moz/Mal	Dedza	2:00	31:00	50	1 500	350	10 150	700
SA/Bot	Groblersbrug/Martins Drift	4:00	12:00	400	12 000	2 800	28 000	11 200
Zam/DRC	Kasumbalesa	6:00	49:00	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	26:00	100	3 000	700	16 800	3 500
Moz/Zim	Machipanda/Forbes	1:00	10:00	320	9 600	2 240	17 920	2 240
SA/Bot	Milange	0:00	7:00	40	1 200	280	1 400	0
Moz/Mal	Nakonde/Tunduma		32:00	500	15 000	3 500	0	0
Nam/SA	Noordoewer/Vlooisdrift	24:00	65:00	70	2 100	490	30 870	11 760
Zim/Moz	Nyamapanda	1:00	4:00	100	3 000	700	1 400	700
SA/Moz	Ressano Garcia	11:00	42:00	400	12 000	2 800	112 000	30 800
SA/Bot	Skilpadshiek/Pioneer Gate	9:00	8:00	300	9 000	2 100	12 600	18 900
Nam/Bot	Trans Kalahari/Mamuno		49:00	100	3 000	700	32 900	0
Zam/Zim	Victoria Falls	1:00	4:00	114	3 420	798		798

<sup>12</sup> 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.

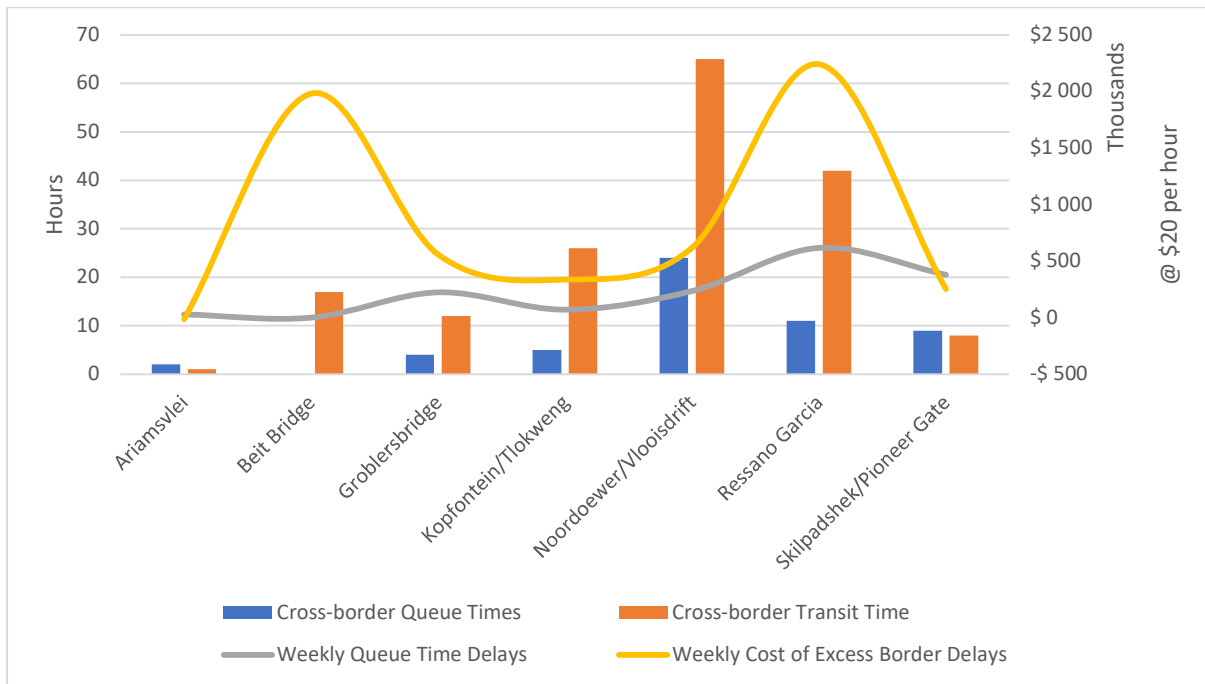
### COVID-19: Cargo movement update

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
Moz/Mal	Zobue/Mwanza	2:00	15:00	100	3 000	700	9 100	1 400
				5 117	153 510	35 819	686 035	108 682

Source: TLC & FESARTA, week ending 15/06/2021.

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. Ariamsvlei and Skilpadshok show a noticeable decrease from the previous week regarding cross-border transit time, while Noordoewer shows an increase in cross border queue times.

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

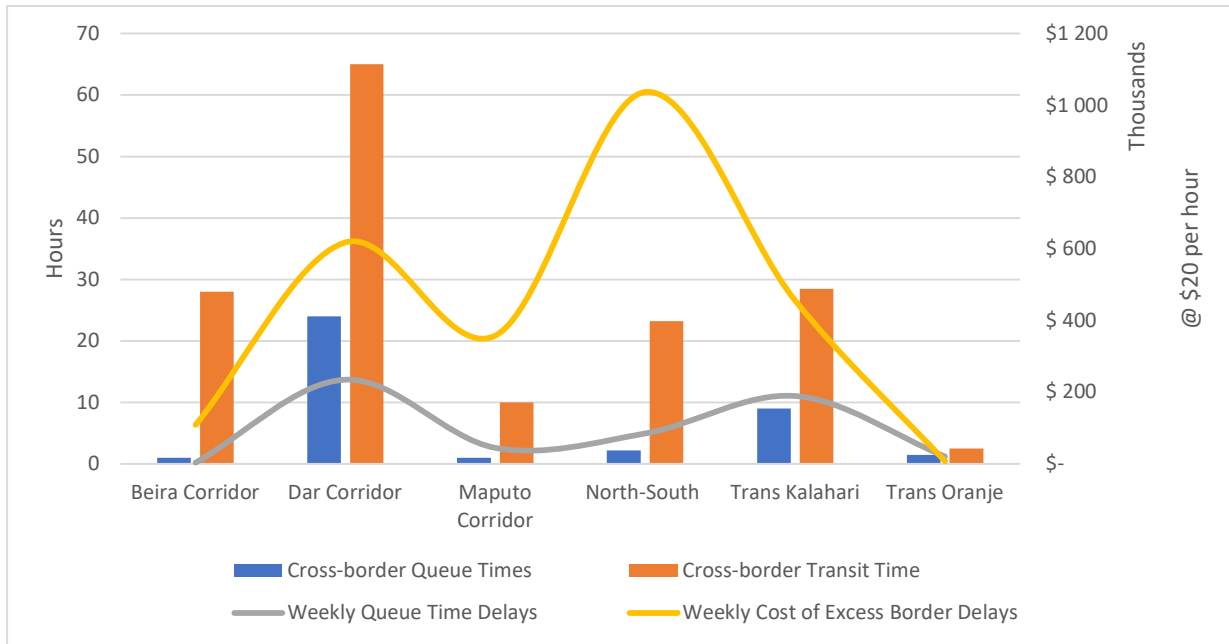


Source: TLC & FESARTA, week ending 15/06/2021.

The following figure illustrates a similar figure to the one above, this time from a corridor perspective. Again, the figure shows a considerable increase in cross border transit time for the Dar Corridor, while cross-border transit time for the North-South and Trans Kalahari corridors decreases. Of particular concern is the spike in delays at Kasumbalesa, caused by new Covid 19-related regulations there. Queues of up to 10 km were reported late in the week. While nowhere near the 90 km recorded last year, this blockage can proliferate rapidly, as we saw at the time.

## COVID-19: Cargo movement update

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 15/06/2021.

This week's major delays for cross-border transit times occurred for freight flowing through the Dar – and Trans-Kalahari corridors. In addition, the North-South 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 **~4,1 hours** (which is slightly lower than the experience last week at **~4,2 hours**) and cost the transport industry an estimated **\$2,17 million (R35 million)**. In comparison, the average cross-border transit time has increased this week to **~22,8 hours** (from **~20,3 hours**), which cost the transport industry **~\$13,7 million (R220 million)**. Thus, the total cost for the week amounts to **~R254 million** (up by **~R6 million** from **R260 million** the previous week).

### 4. 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, container freight rates keep rising as the "World Container Index" (WCI) increased by **↑3,4%** to **\$6 957** per 40-ft container<sup>13</sup>. According to some industry specialists, rates are likely to continue this upward trajectory for the rest of the year. Rising global demand will continue to be met with limited increases in shipping capacity and the disruptive effects of local lockdowns. Even when new capacity arrives, container lines can be expected to manage the situation to suit themselves by controlling the supply side of the equation to ensure that freight rates remain considerably higher than before the pandemic. It is no coincidence that we saw reports of quantum increases in the profits reported by all 7 major ocean carriers once again last week. The

<sup>13</sup> Drewry Supply Chain Advisors. 17/06/2021. [World Container Index](#).

## COVID-19: Cargo movement update

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



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

The average composite index now stands at **\$5 427** per 40-ft container, **\$3 468** higher than the five-year average of **\$1 960** per 40ft container. In summary, freight rates on Los Angeles - Shanghai elevated to \$931 for a 40-ft container, with rates Shanghai – Los Angeles standing at **\$6 359** for a 40 ft box. Then rates on the Shanghai-Genoa route rose by **4%** to **\$10 845** per FEU. Routes from Rotterdam – New York increased by 16%, bringing them to **\$4,607** per 40 ft container. Drewry expects rates to continue their upward march in the coming week due to GRI implementations, high volumes, and equipment shortages.

### ii. Further developments of note

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

#### 1. Another cyber-attack in the maritime industry:

- a. Yet another ocean carrier has fallen foul to a cyber-attack: this time, South Korea's HMM (HYUNDAI Merchant Marine) confirmed a virus attack on its email system on 12 June. HMM advised that the email servers in all areas except America and Europe "remain impacted" and that further security checks would be enhanced. However, according to the carrier, its cyber-resilience seems good so far, and email connectivity has already been restored in Europe.<sup>14</sup>

#### 2. Legal claims update from the Ever Given stuck in the Suez Canal:

- a. With its 18 000 TEU of cargo, the Ever Given remains under arrest by the Suez Authority (SCA) two and a half months after the vessel was released from the canal. Unfortunately, the SCA and cargo owners have not been able to agree on the level of compensation for the blockage of the channel. As a result, an estimated value of US\$1 billion of cargo has been caught up in this legal battle, with cargo owners having no say. Moreover, with containership capacity in such short

<sup>14</sup> Wackett, M. 15/06/2021. [HMM suffers security breach and cyber-attack on its email systems.](#)

## COVID-19: Cargo movement update

supply and demand remaining high, Evergreen will be keen to get the ship back into service as soon as possible.<sup>15</sup>

### 3. Yantian blockages and container flows in Southeast China:

- a. According to Alex Hershman, CEO, and co-founder of supply chain technology company Zencargo, the knock-on effect from Yantian, which has been operating at just 20% of expected productivity due to an outbreak of positive COVID-19 cases, will be acutely felt in the coming weeks by retailers and consumers. In addition, delays of 16 days or more of Chinese exports for vessels not cancelling their Yantian call threaten to impact the industry significantly worse than March's Suez Canal blockage.<sup>16</sup> As the second biggest container terminal in the world, Yantian exerts considerable influence on the global maritime supply chain.

### 4. Vessel calling with a deceased captain:

- a. A second vessel has been refused permission to land its deceased captain. The master of a Liberian-flagged cargo ship, the Vantage Wave, died at sea on April 19, 2021. The master's clinical condition did not indicate COVID-19 before his passing, and he complained of swollen legs and very low blood pressure after the vessel sailed Paradip in India. A spokesman from insurance company Gard, acting on behalf of the vessel's owners, suggested that the death may have resulted from a cardiac arrest. The 33 477-dwt cargo ship was transporting 25 000 tons of aluminium ingots bound for Huangpu New Port in Guangzhou, China. The vessel arrived at the Outer Guishan Anchorage, China, on the 7th of May 2021 and more than a month later remains waiting for berthing and discharge instructions.<sup>17</sup>

### b. Global aviation industry

Looking at international cargo tonne-kilometres (CTKs) per industry, a growth of **↑13%** was measured in April 2021 from April 2019. Africa and North America grew the most while Latin America remains the underperformer. Airlines registered in Latin America saw their volumes fall by **↓32.7%** in April 2021 versus April 2019, and the main reason appears to be that the region has made no progress since the crisis hit. However, segment-based volumes showed good performance in the area. Airlines based in Africa posted a fourth consecutive month of growth above **25%** versus 2019. The best performing routes, according to CTK, were those between Africa and Asia, which have made a quick recovery after the crisis. The following figure illustrates the recovery of each industry:

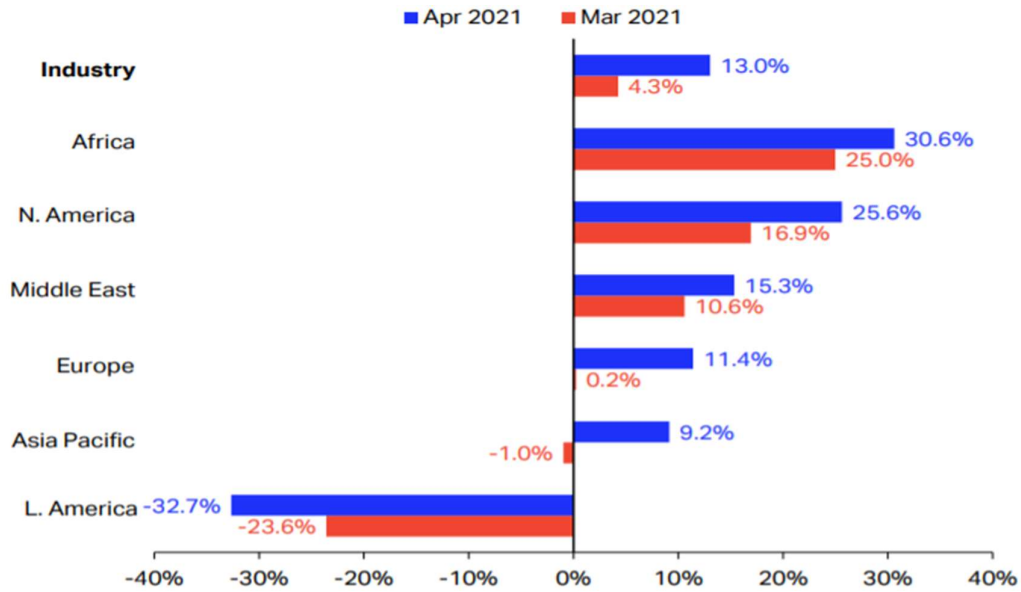
<sup>15</sup> Wackett, M. 15/06/2021. [Cargo owners' frustration as compensation dispute keeps Ever Given at anchor.](#)

<sup>16</sup> Wackett, M. 14/06/2021. [Ripples from Yantian port delays building to 'unprecedented' supply chain disruption.](#)

<sup>17</sup> Maritime Executive. 14/06/2021. [Second Vessel Refused Permission to Land Deceased Captain.](#)

## COVID-19: Cargo movement update

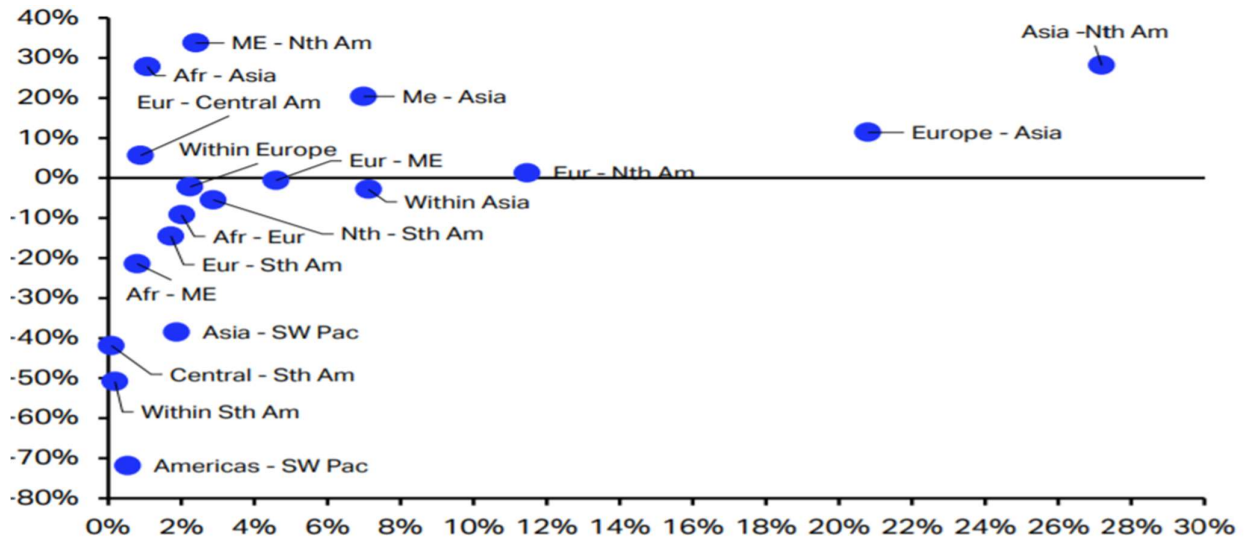
Figure 11 – International CTK growth versus the same month in 2019



Source: [IATA Economics](#)

There is a slight difference between the data based on the airline's registration and data based on segments. However, segment-based volumes on several routes within Latin America has performed well (Europe – Central America, Northern America – Southern America), and this can be seen in the figure below:

Figure 12 – International CTK growth by route (segment-based Apr 2021, % change vs April 2019)



Source: [IATA Economics](#)

Some of the largest carriers in Latin America have filed for bankruptcy, subsequently losing market share, particularly to North American and European carriers. While there is still demand in these regions, airfreight's share has declined since the crisis. Although CTK in the Africa/Middle East region grew by 15.3% in April 2021 compared to April 2019, the segment saw a much smaller share of total international CTKs while Africa – Asia routes are booming.<sup>18</sup>

<sup>18</sup> IATA Economics. 08/06/2020: [Air Cargo Market Analysis](#).