

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

**Date: 28 May 2021**

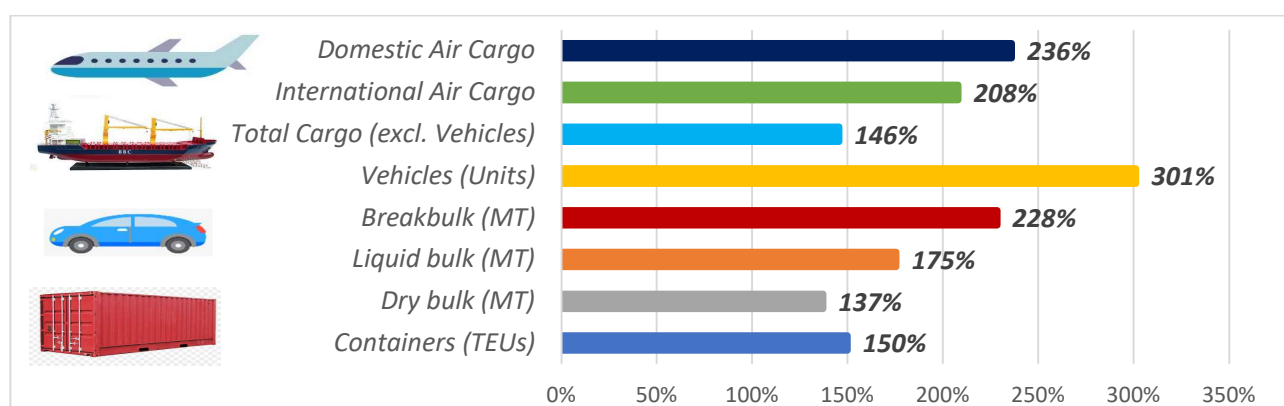
## Weekly Snapshot

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)	35 634	38 656	<b>74 290</b>	31 187	35 763	<b>66 950</b>	<b>↑11%</b>
Air Cargo (tons)	4 812	3 255	<b>8 067</b>	4 632	3 263	<b>7 894</b>	<b>↑2%</b>

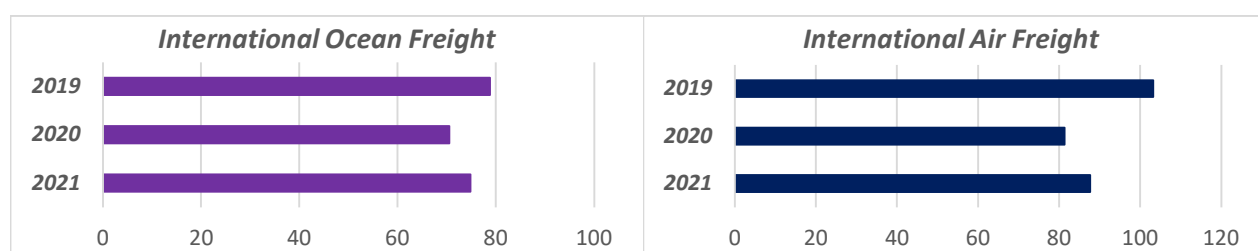
## Monthly Snapshot

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



## Year-to-date Tracker

Figure 2 – International year-to-date flows 2019, 2020 & 2021<sup>5</sup>: ocean & air freight, year on year (kg millions)



## Key Notes

- An average of **~10 613 TEUs** per day was handled last week, **↑11%** from the previous week.
- Weekly international air cargo has increased slightly (**↑2%**), domestic air cargo has also increased somewhat (**↑8%**), longer-term volumes remain healthy on both fronts, as shown by *Figure 1*.
- Global TEU throughput is down by **↓11,3%** m/m in February 2021 but remains **↑12,5%** y/y.
- This week, the "WCI" has increased by **↑2,0%** to **\$6 257** per 40ft container.
- The global aviation industry is continuing its V-shaped recovery, as global determinants bode well.

<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 40<sup>th</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 freight, total Jan-Apr cargo as reported by [Transnet](#) is used, whereas for air freight, Jan-Apr cargo to and from ORTIA is used (see [below](#)).

### Executive Summary

This update – *the 40<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. There has been another noticeable increase in newly reported COVID-19 infections in South Africa for the third straight week, averaging approximately **3 568** infections per day this week (**↑26%** from last week's average of **2 822**). The total number of cases recorded in the country now stands at **~1,65 million**<sup>6</sup>, with a death toll of **56 170** (up by **602**). South Africa remains in **21<sup>st</sup>** place in absolute terms globally, as more than **169 million** cases have now been recorded worldwide. A total of **1,8 billion** vaccines have now been administered on the vaccination front as global rollouts continue to accelerate.

Consequently, approximately **~23%**<sup>7</sup> of the world's population has now been administered at least one vaccine shot. According to the same source, South Africa has now issued **~700 000** vaccine doses after some conflicting numbers reported last week. Whatever the case, the number remains alarmingly low, and citizens are increasingly nervous. There is a desperate need to accelerate the rollout programme.

Our local maritime industry experienced another eventful week, although not always for the better. Despite some improved productivity figures reported – giving rise to some optimism around the numbers - several operational caveats remain. These included insufficient equipment and breakdowns in Cape Town and Durban, a security matter or two, and a fire breaking out in Durban harbour. Also, the third wave of the pandemic is now sweeping through our maritime industry, as all ports reported positive cases causing distress among the workforces. As we saw last year, this can easily lead to deteriorating performance. Lastly, as previously reported in our weekly updates, there has been some dialogue regarding the poor ratings assigned to our ports globally.

On the international maritime front, shippers are growing tired of the incessant news of surging freight rates, as limited supply keeps pushing rates up as demand shoots through the roof. It must be said that there are suspicions that the big ocean carriers may, to some extent, be manipulating the supply side to ensure that these higher rates are maintained. The knock-on effect of the shortfall in supply has spilled over, as congestion in China has resulted in the suspension of taking in cargo (see [below](#)).

Other significant international news includes General Average, being declared on a fire-stricken vessel off the coast of Sri Lanka, and nature severely affecting the shipping industry in India. For global food trade, supply shortfalls, strong demand for animal feed commodities by China (mainly maize and soybeans), and a weaker US dollar are all pushing up the price of commodities. Consequently, the World Bank's "Grain Price Index" jumped to a 7-year high in April. The index rose nearly 18% from January to April 2021 and stands more than 25% higher than a year ago. Similarly, the "Oil and Meal Price Index" reached an almost nine-year high in February, up nearly 50% from a year ago. Along with e-commerce, food has shot up significantly since the onset of the pandemic.

Once again, the South African air cargo industry experienced a good operational week, continuing the recent positive trend. Both international and domestic cargo volumes handled were up compared to last week, with the immediate forecast also looking positive. This sentiment is shared globally, as the cargo sector continues to be a saving grace for the logistics industry. Further positive news for the industry was received this week, as IATA announced that an almost complete recovery of air travel is in prospect. Additionally, all major determinants of the aviation industry point to a continuation of the V-shaped recovery, as global industrial production and trade were already **↑2%** above 2019 levels by February of this year.

In conclusion, it is worth noting that despite these indications of improvement, there is still lingering pessimism in the transport and logistics industry, with particular reference to ongoing uncertainty brewing in the maritime sector. Seeing that more than 80% of international merchandise trade takes place via ocean freight, the sea

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

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

<sup>8</sup> World Bank. 24/05/2021. [Food commodity markets: Prices spike amid supply shortfalls and strong demand](#).

## *COVID-19: Cargo movement update*

freight modality remains the focus. This remains the case for South Africa, as for the rest of the world. Consequently, our message is clear: We need ports that work well, with containers available to service trade. Unfortunately, the widespread equipment imbalance will remain; therefore, we need to work in close co-operation with all players in the chain to optimise the use of what we do have available.

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## 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 22 to 28 May<sup>9</sup>

7-day flow forecast (22/05/2021 – 28/05/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 600	7 113
DURBAN CONTAINER TERMINAL PIER 2:	14 394	14 760
CAPE TOWN CONTAINER TERMINAL:	8 738	9 430
NGQURA CONTAINER TERMINAL:	5 452	6 653
GQEBERHA CONTAINER TERMINAL:	450	700
<b>TOTAL:</b>	<b>35 634</b>	<b>38 656</b>

Source: [Transnet](#), 2021. Updated 28/05/2021.

Table 3 – Container Ports – Weekly flow forecasted for 29 May to 4 June<sup>10</sup>

7-day flow forecast (29/05/2021 – 04/06/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 691	4 851
DURBAN CONTAINER TERMINAL PIER 2:	11 106	12 826
CAPE TOWN CONTAINER TERMINAL:	4 794	6 946
NGQURA CONTAINER TERMINAL:	3 408	8 035
GQEBERHA CONTAINER TERMINAL:	832	1 555
<b>TOTAL:</b>	<b>24 831</b>	<b>34 213</b>

Source: [Transnet](#), 2021. Updated 28/05/2021.

An average of **~10 613 TEUs** (**↑11%**) was handled per day for the last week (22-28 May, Table 2), with a decreased average of around **~8 435 TEUs** (**↓21%**) expected to be handled next week (29 May-4 Jun, Table 3). The same week in May 2020 – at around **week 9** of the initial lockdown – showed a daily average of approximately **~11 268 TEUs**, when operations gathered momentum to largely offset the backlog due to the global slowdown of March and April.

In addition to the numbers reported, the narrative at our commercial ports once again revolved around poor performance, as many of the debilitating factors that persisted on the forefront previously reported continue to plague operations. Furthermore, the virus had a significant effect on port staff this week, as several positive tests were returned during the week (see summary [below](#)).

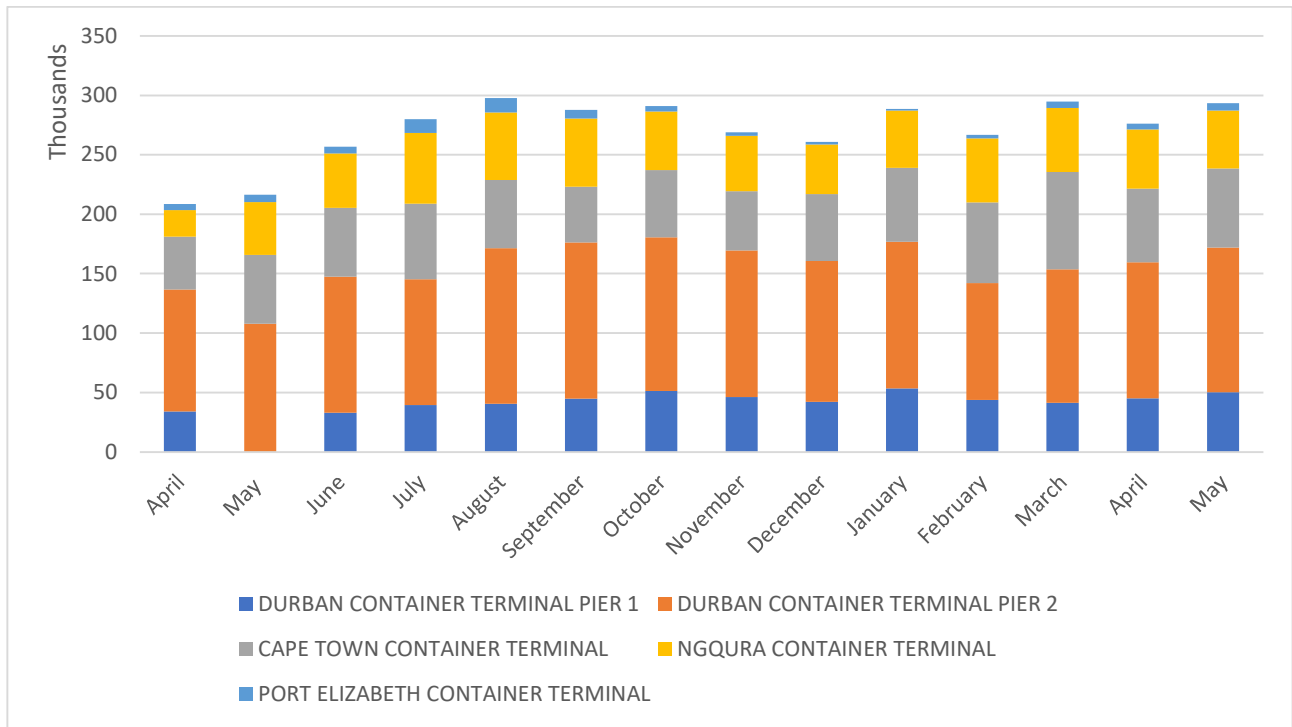
The following figure displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown.

<sup>9</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 have increased since December 2020.

<sup>10</sup> As noted in *footnote 1*.

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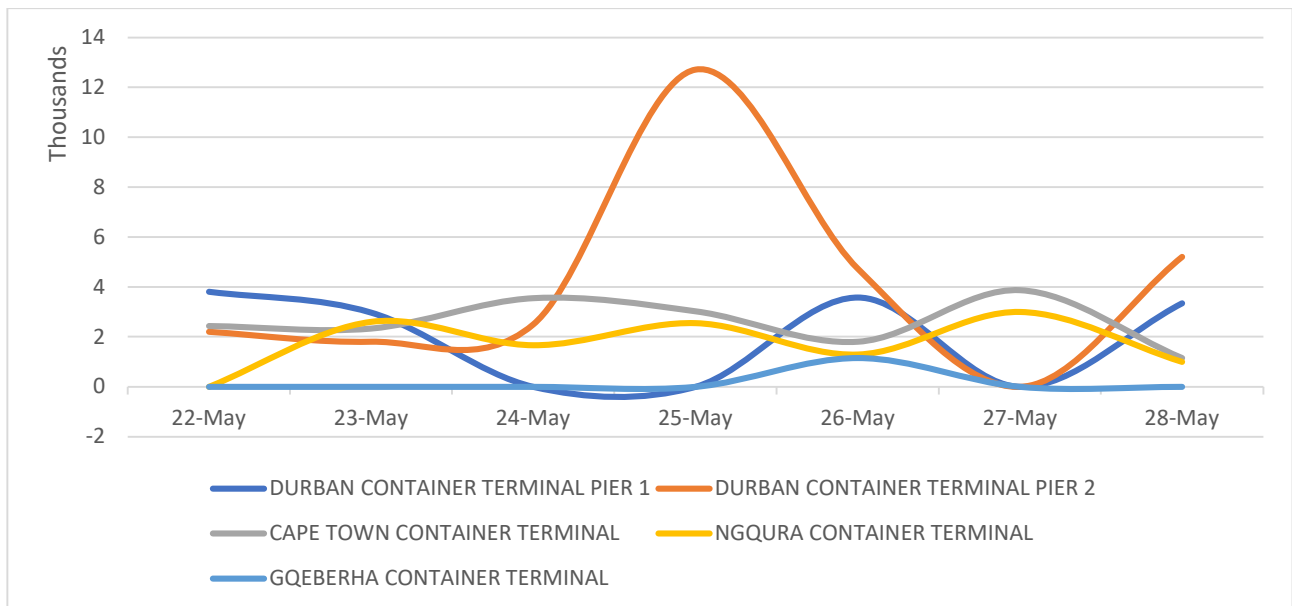
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 28/05/2021.

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

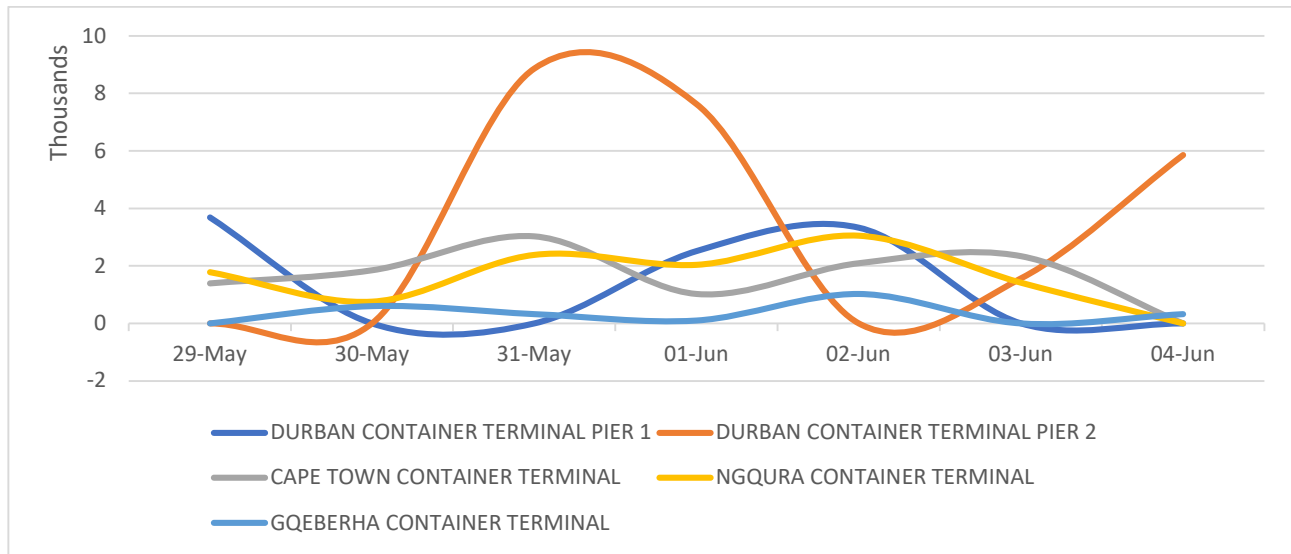
Figure 4 – 7-day flow reported for total cargo movement (22 to 28 May; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 28/05/2021.

## COVID-19: Cargo movement update

Figure 5 – 7-day flow reported for total cargo movement (29 May to 4 June; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 28/05/2021.

### b. Summary of port operations

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

#### i. Weather delays

Weather conditions in Cape Town started pleasantly this week, with light northerly winds changing to extreme NNW winds entering the weekend. CTCT was wind-bound for almost 19 hours on Thursday. Strong WSW gusts in East London on Friday affected port operations slightly. Durban experienced less windy conditions easing operations.

#### ii. Cape Town

CTCT managed to handle around 18 178 containers this week while stack occupancy hovered at an average of 38% for general containers and 40% for reefers. The MPT continues to struggle with insufficient equipment, as the "550" crane has failed once again and is no longer fit for purpose. Unfortunately, there are no plans for early replacement at present. Marine luckily reported no incidents or delays. On the health front, three new COVID-19 cases were reported during the week. Security said that a foreign national was arrested as he tried to enter the port with false documents. Truck turnaround time averaged at around 45 to 65 minutes despite Navis downtime experienced on Wednesday. Productivity touched 22 GCH at times during the week, a welcome improvement from recent lows but still far from ideal.

#### iii. Durban

It was a very eventful week for Durban, as security changes brought to the booking system through the upgrade of the Navis System and cable theft incidents around the Kroonstad and Bloemfontein area created delays for the container terminal.

Two cranes at MPT Durban broke down early this week, slowing down vessel discharge. Sonangol Cabinda arrived at anchorage just off Durban harbour early this week with ten confirmed COVID-19 cases. The vessel will remain quarantined at anchorage until next week, when the affected crew members will be screened again. DCT reported 14 COVID-19 cases within the month of May, all of whom recovered.

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Concerning the global conundrum of container imbalances, it is worth noting that Durban is also affected by the number of containers on hand, but to a lesser degree. Fortunately, there is no shortage of 40' reefer containers for fruit in Durban, although shortages persist in Cape Town. And there is an ongoing shortage of 20' reefers. However, the level of General-Purpose boxes is of slight concern, especially if the trade in empties continues. The situation will be closely monitored in the coming weeks. Lastly, some landside delays resulted in some trucks experiencing turnaround times of more than 12 hours, severely debilitating trade out of Durban Port and leading to financial losses for transporters. If this persists, one can foresee some drastic increases in cartage costs.

### iv. Richards Bay

The Richards Bay Terminal informed the industry of its declaration of Force Majeure in terms of clause 13 of TPT's *Standard Trading Terms and Conditions*. The fire erupted after concluding the discharge of a Sulphur vessel. Despite the fire having been contained by emergency personnel, severe damage had already been caused to the L2 and F2 structure, electrical cables, and roof cladding. While the cause and the damage are being assessed, all import routes must be halted, excluding berth 609. As a result, the berthing and discharging of vessels have been severely delayed. It is expected that the damaged conveyor belt will be out of commission for the next two to three months.

### v. Eastern Cape

Disturbances in the Eastern Cape caused by taxi violence resulted in NCT and GCT releasing staff on Tuesday afternoon for safety reasons, halting all operations. The protest is linked to a dispute between taxi drivers and owners over COVID-19 relief funds. During the demonstration, infrastructure was destroyed, and vehicles were attacked and damaged. On Wednesday, all staff reported for duty, although disruptions persisted throughout the week, causing terminals to come to a standstill.

The situation is getting out of hand as some vessels cancelled calls while some containers carrying fruit were trucked to Durban or Cape Town, where vehicle safety allows. It has been noted that limited or no security personnel have been handling the situation. Early this week, one positive COVID-19 case was reported at NCT.

### vi. Transnet Freight Rail (TFR)

The direct Botswana line is still not operating, as trains to Gaborone continue to go via Warrenton, adding additional time to the trip. This week, a letter was sent out earlier this week by TFR to all customers regarding several incidents of cable theft during the past weekend in the sections between Kroonstad and Bloemfontein (Virginia, Welgelee, Theunissen, Brandfort, Allemanskraal). TFR managed to open the line on Sunday for diesel hauling of trains. Unfortunately, these incidents led to extensive delays, with several trains being staged and cancelled due to congestion of certain sections.

### vii. General

Transnet sent out a letter to the industry advising the new procedures to be followed in terms of the booking system at Durban Container Terminals. The upgrade of the Navis Terminal Operating System (TOS) to version 3.7 brought enhanced security measures. Whether subcontracted or not, all transporters are viewed as registered port users and are therefore required to book an appointment to grant them access to collect or drop off a container. In the previous version, the system allowed access to a truck registered at the terminal on Navis, using an appointment created by another trucking company. This new feature has been welcomed given TNPA's pursuit to stop theft and other suspicious activities found in the ports' vicinity. It will, however, hamper operations for small trucking operators who currently use the Harbour Carriers registration.

Regardless of the Navis system upgrade, frequent connection failures are still being experienced. On Wednesday, the external link of Navis was offline for around eight hours, meaning truck bookings could not be made. A request has been sent to the Navis ICT team to report on the situation.



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### viii. Reaction to our poor port rankings according to the World Bank:

Various conflicting reactions were voiced after South Africa's ports were ranked among some of the worst-performing ports out of 351 ports worldwide. The World Bank compiled the "(CPPI) Container Port Performance Index 2020: A Comparable Assessment of Container Port Performance" with external assistance from the IHS Markit research enterprise. However, some concerns have been raised about the two different methodological approaches used to rank ports. For example, an administration approach used, which examined aspects such as knowledge of experts, ranked Durban at 351 (last place), with Ngqura following at 349, and Port Elizabeth (348) and Cape Town at 347. On the other hand, a statistical approach used for infrastructure and operations ranked last at 351, Luanda at 350, and Durban (349), Port Elizabeth (348) and Cape Town at 347.

Transnet advised that it will be engaging with the World Bank regarding the analysis contained in its inaugural report and the areas of measure considered for the index. Various stakeholders questioned the data used during the world pandemic when the most port and other operations were brought to a standstill. Transnet also mentioned that there seems to be a gap in the correlation between this report and other established industry reports released, some of which are from the World Bank itself. These include the World Bank's Logistics Performance Index and Ease of Doing Business Report. Transnet is aware of the issues raised due to port congestion and under-performance, especially at the Durban Container Terminal. The poor performance echoes shown by World Bank's Ease of Doing Business report – the Trading Across Borders indicator – ranking South Africa at 84<sup>th</sup> and 145<sup>th</sup>, respectively, out of 191 countries surveyed. South Africa was ranked 33rd out of 160 countries in terms of competitiveness in the World Bank LPI.

Transnet is confident that benefits flowing from the initiatives introduced by the Port of Durban's task team to assist with congestion and operational constraints will soon start to become evident. It is hoped that this can be replicated at all other ports. Private sector representatives recommended that Transnet prioritises ramping up South Africa's rail network to improve performance. The business community remained confident that ongoing interaction with the ports and the government's leadership would translate into positive results over time.

## 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 17 May. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *May 2020* averaged about **574 121 kg** per day<sup>11</sup>. For 2019, this average was approximately **945 673 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

Flows	17-May	18-May	19-May	20-May	21-May	22-May	23-May
Volume inbound	382 918	334 098	468 934	393 919	481 654	372 848	933 980
Volume outbound	99 162	370 103	281 719	161 324	236 268	299 080	830 713
Total handled per day	<b>482 080</b>	<b>704 201</b>	<b>750 653</b>	<b>555 243</b>	<b>717 922</b>	<b>671 928</b>	<b>1 764 693</b>

Courtesy of ACOC. Updated: 24/05/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 17 May amounted to **481 193 kg** inbound and **325 481 kg** outbound. The total, therefore, amounts to an average of **806 674 kg** per day, or **~213%** compared with the same week in May 2020 (**~177%** last week). In terms of the monthly comparison, the international aviation industry's operating capacity levels are about **208%** that of last year, as

<sup>11</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 **577 337 kg** per day.

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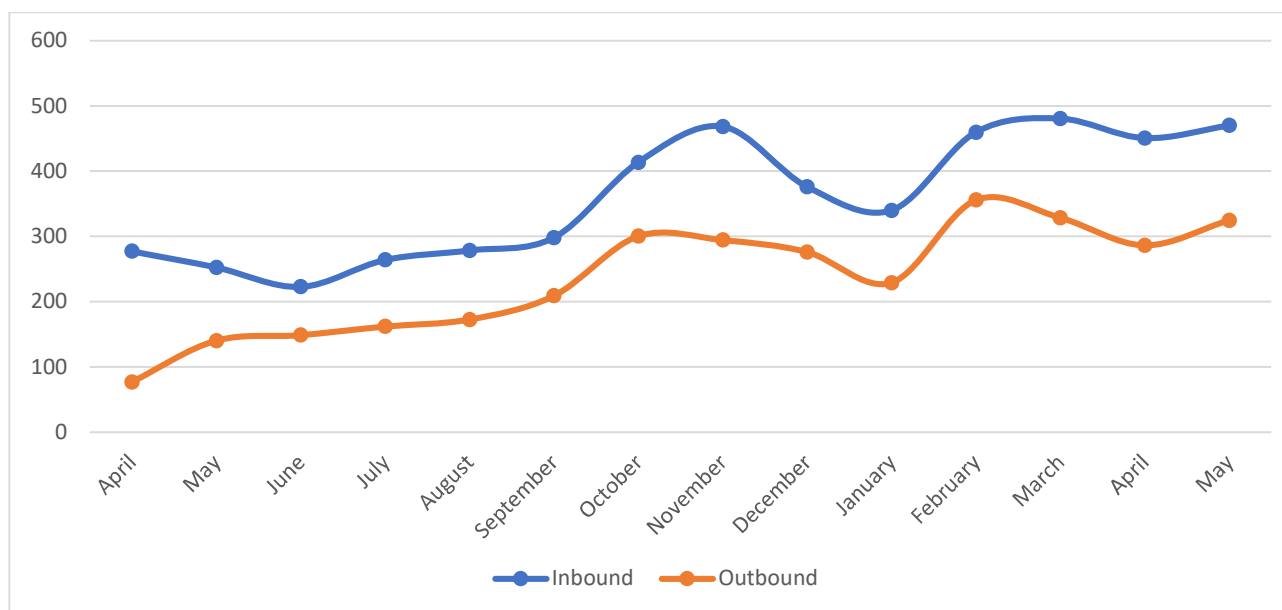
Figure 1 above clearly illustrates. Compared to pre-COVID-19 times, the level is currently at approximately **76%** when compared with 2019.

### Erratum:

Last week's report mentioned a shift in the focus from prioritising passengers to cargo. It made an erroneous statement that "Post the pandemic, passengers took priority above cargo space, and airlines reaped most of their profit from this model." That should have read "pre the pandemic", as our reports have mentioned for some time. As such, it is worth reiterating that IATA notes that air cargo now constitutes 30%-35% of revenue, which is significantly up from around 10%-15% of revenue from cargo before the state of disaster<sup>12</sup>.

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 (thousands)



Courtesy of ACOC. Updated: 24/05/2021.

### 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 kg**<sup>13</sup> 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

<sup>12</sup> IATA. 2021. [Outlook for the global airline industry](#).

<sup>13</sup> 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).

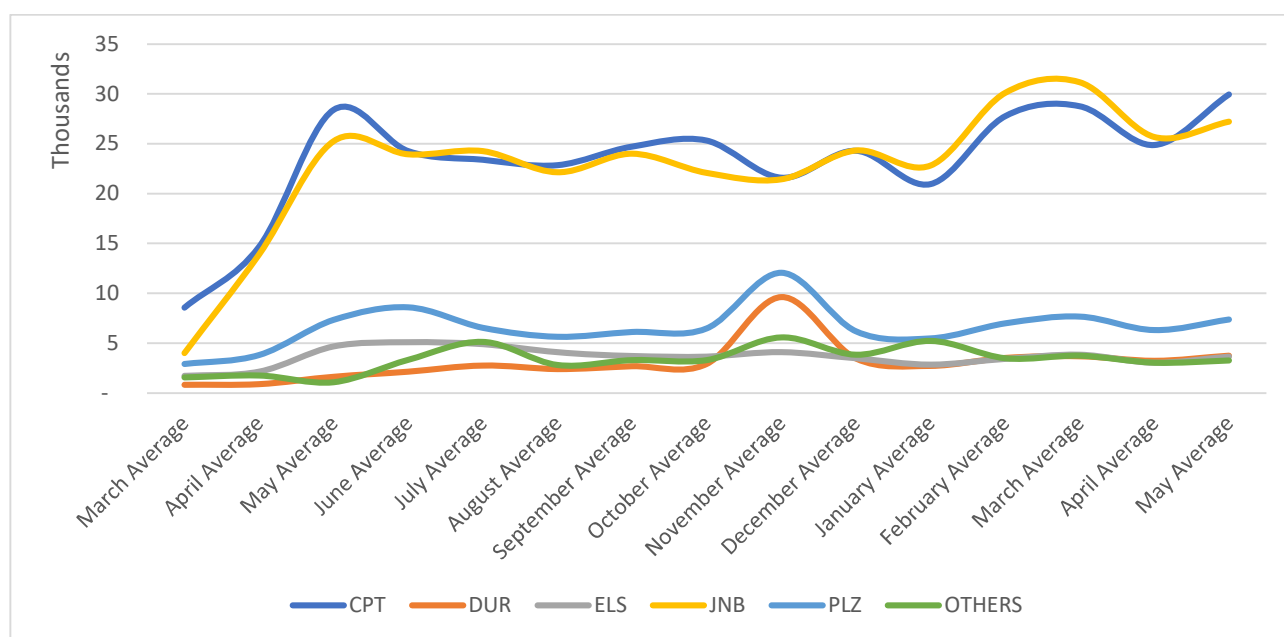
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DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Oct Average	25 317	2 931	3 552	22 085	6 475	3 315	63 676
Nov Average	21 592	9 641	4 117	21 434	12 060	5 592	73 698
Dec Average	24 311	3 475	3 480	24 326	6 194	3 845	65 630
Jan Average	20 961	2 739	2 859	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
Apr Average	24 875	3 234	3 058	25 694	6 306	3 046	66 213
1-15 May Av.	29 114	3 759	3 711	26 072	7 517	3 264	73 438
16-May-21	4 403	567	10	1 489	242	491	7 200
17-May-21	51 934	5 589	5 693	46 935	11 625	5 067	126 843
18-May-21	46 893	5 574	5 948	35 597	9 936	5 825	109 774
19-May-21	44 383	5 816	6 072	51 623	10 335	4 416	122 646
20-May-21	41 206	6 769	6 308	34 296	13 744	4 742	107 065
21-May-21	33 132	3 585	3 084	36 873	4 905	3 049	84 627
22-May-21	1 117	473	8	1 151	90	82	2 921
23-May-21	3 224	308	36	1 049	480	541	5 638
24-May-21	56 284	5 270	4 952	53 434	12 884	4 959	137 784
25-May-21	46 893	5 574	5 948	35 597	9 936	5 825	109 774
26-May-21	44 383	5 816	6 072	51 623	10 335	4 416	122 646
<b>Grand Total</b>	<b>3 785 315</b>	<b>486 037</b>	<b>483 287</b>	<b>3 941 116</b>	<b>970 177</b>	<b>473 826</b>	<b>10 139 759</b>

Courtesy of BAC. Updated: 26/05/2021.

Currently, the average domestic air cargo moved in the last week was **~75 253 kg** per day, showing an increase of **↑8%** compared with the previous week, but remains a healthy **~143%** compared with the same time in 2020. The following figure highlights the total monthly domestic air cargo moved per airport in the table above, which is trending upwards once again:

Figure 7 – Average domestic inbound and outbound cargo<sup>14</sup>



Courtesy of BAC. Updated: 26/05/2021.

<sup>14</sup> Note, May only includes 26 days' worth of data.

## COVID-19: Cargo movement update

### 3. Regional Update

#### a. South African border closures

The following borders experienced operational delays during the last seven days:

Table 6 – South African border closures

Date	Border	Alternative
27 May 2021	Oshoek port closed at 23:00 and will reopen Friday at 8:00.	-
27 May 2021	Ramatlabama port closed at 18:00 and will reopen from 6:00 to 14:00 on Friday.	
27 May 2021	Gqeberha Customs office is closed due to unrest in the area.	-
24 May 2021	Skilpadshok port will reopen tomorrow morning at 06:00.	-
24 May 2021	Ramatlabama port is closed until further notice.	Kopfontein and Groblersbrug
24 May 2021	Skilpadshok port is closed until further notice.	Kopfontein
24 May 2021	Ramatlabama port reopened at 06:00 today.	-
23 May 2021	Ramatlabama port is closed until further notice.	Kopfontein
22 May 2021	Nakop port is closed and will reopen at 15:00 today.	-

Source: [SARS](#). Updated: 27/05/2021.

For any further updates on these closures, the private sector is encouraged to consult the SARS Customs and Excise [website](#).

#### b. COVID-testing, harmonisation, and alignment in the region

There has been an ongoing battle in terms of COVID-19 testing for cross-border truck drivers. Various actions have been launched to find a standard, workable solution. Regretfully, a solution has yet to be found. For Botswana, the following update has been provided:

- Local drivers – PCR test is valid for 30 days.
- Foreign drivers – PCR test is valid for 72 hours.

For Zambia, the following update has been provided:

- No exception, 72 hours validation for all drivers.

### 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. Container port throughput

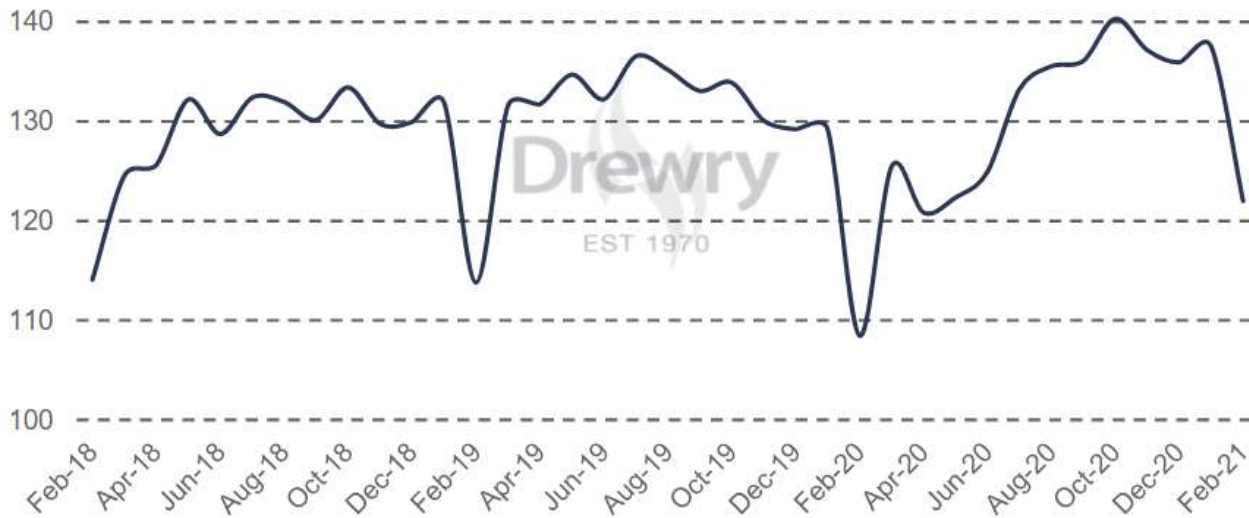
Last week, Drewry released their latest "Drewry Container Port Throughput Index"<sup>15</sup> for April<sup>16</sup>. After the significant surge experienced during the start of the year, the index fell to 122 points in February 2021, **↓11,3%** lower than in January 2021. Despite the decline, the index is **↑12,5%** (13,5 points) higher than the 108,5 recorded in February 2020, when the initial COVID-19 outbreak in China had started to impact global port volumes. The following figure shows the last three years of the index based on a sample of over 235 ports worldwide, representing over 75% of global volumes.

<sup>15</sup> Drewry Maritime Consultants. 2021. [Container Port Throughput Index: April](#).

<sup>16</sup> The index is delayed by two months to compile all the data.

## COVID-19: Cargo movement update

Figure 8 – Container Port Throughput Index (Jan 2012 = 100)



Source: [Drewry Maritime Research](#)

The index now stands at 122, roughly at the same point in Q2 of last year. China was the main contributor to the drop in throughput. The Chinese Port Throughput index dropped almost **↓22%** in February 2021 compared to January 2021 because of the usual Chinese New Year factory shutdowns. However, the cyclical nature is not the only reason, as the ongoing impact of global port congestion that disrupts carrier schedules continues (note the further mention of disruptions [below](#)). The impacts can further be seen throughout the major routes, as seven of the eight regions experienced yearly contractions in container throughput. Incidentally, Africa was the only region that registered a growth (**↑14,9%**) in TEU throughput for February. Nevertheless, caution is noted when concluding this metric, as the African index is based on a small sample size.

### ii. World Container Index

Yet again, the average global container freight prices saw an increase this week, as the "World Container Index" (WCI) shot up by **↑2,0%** to **\$6 257**, according to Drewry<sup>17</sup>. Due to the market volatility, some shippers have been quoted more than **\$25 000** a box as the battle for space continues. The current market conditions severely hamper small- and medium-sized competitors, as even longer-termed contracts cannot avoid surcharges. The following figure highlights the two-year spot price trend for the index.

<sup>17</sup> Drewry Supply Chain Advisors. 27/05/2021. [World Container Index](#).

## COVID-19: Cargo movement update

Figure 9 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



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

The average composite index now stands at **\$5 243** per 40-ft container (**↑293%** compared to last week) as six out of eight major East-West routes experienced rate increases last week, at a similar count to last week. Indeed, the rate is **\$3 348** higher than the five-year average of **\$1 895** (up by **\$20** since last week). The market volatility has even resulted in a revision of Drewry's methodology, as data outliers will now be rejected only if they are 30% higher or lower than the mean (20% previously). This change has taken effect from week 20, which was last week. All-in-all, Drewry expects the rates to remain stable next week, as a bit of reprieve is in sight over the short haul.

### iii. Further developments of note

Besides the main factors impacting the global container industry, as mentioned above, some additional notable developments took place within the industry this week.

#### 1. Congestion in southern China has reached a tipping point, as the port of Yantian has stopped taking in loaded containers:

- a. On Tuesday, 25 May, Yantian International Terminal announced:
  - i. Gate-in of outbound laden boxes would be suspended from 22:00 May 25 till 23:59 May 27, during which pickup of inbound laden containers and empties remains normal.
  - ii. Gate-in of laden boxes that are to be loaded on board vessels ETA-4 to be resumed at 00:00 May 28, which will remain valid until June 3.
- b. The port listed labour shortages resulting from five positive cases of COVID-19 after the port tested all staff members. On Wednesday, severe congestion continued at the Yantian Wharf<sup>18</sup>. The congestions posed a severe threat to sailing schedules in the coming weeks<sup>19</sup>.
- c. On Friday, 28 May, the port extended the suspension for a further 72 hours until Monday, as port congestion worsens throughout China.
  - i. Container gate-in times have been reduced from four to three days of a vessel's estimated time of arrival (ETA), from 31 May until 6 June<sup>20</sup>.

<sup>18</sup> Metro Shipping, 25/05/2021. [Yantian Port halts entry for export containers.](#)

<sup>19</sup> Whelan, S. 26/05/2021. [Threat to sailing schedules from new congestion problem at Yantian port.](#)

<sup>20</sup> Whelan, S. 28/05/2021. [Container line schedules take another hit as port congestion in China spreads.](#)

## COVID-19: Cargo movement update

### 2. Crew evacuated, and General Average declared as fire engulfs X-Press Pearl:

- a. Fortunately, all crew (and 12 firefighters) onboard the 2021-built, 2 700 TEU *X-Press Pearl* have been evacuated after the ongoing fire on the vessel led to an explosion<sup>21</sup>. The ship was stricken off the coast of Sri Lanka. Furthermore, General Average has now been declared after the blaze aboard the ship worsened due to strong winds and deteriorating weather conditions<sup>22</sup>. The master and crew detected acid leaking from one of the containers not long after it had departed Hazira Port in India. They requested returning to Hazira or calling at Hamad in Qatar to unload, but both requests were denied<sup>23</sup>.

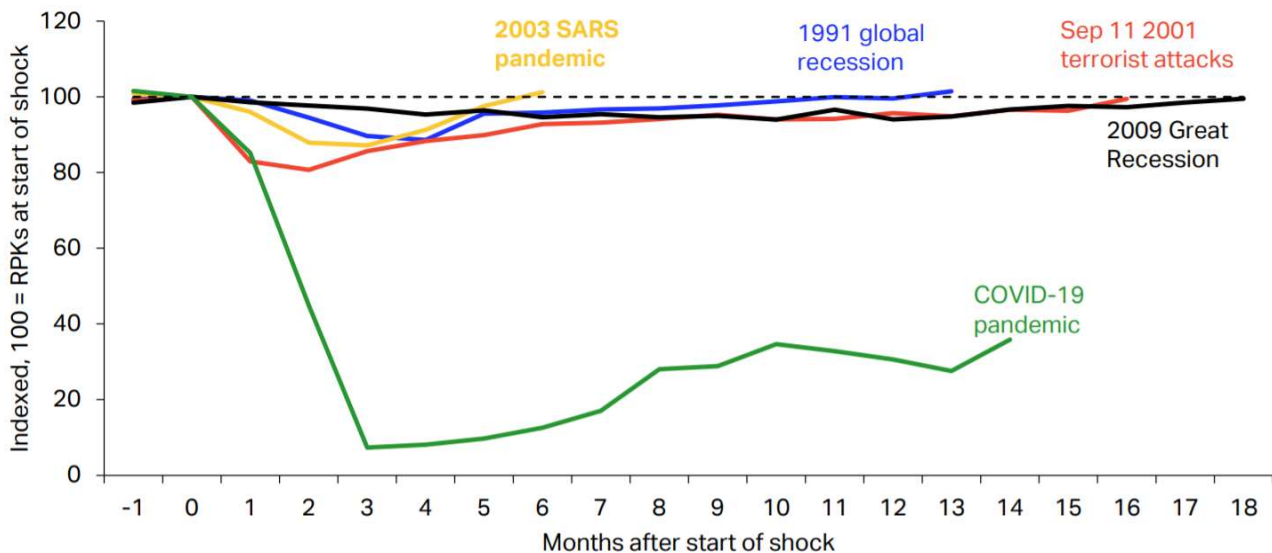
### 3. India's east coast ports hampered as Cyclone Tauktae hit the east coast on Wednesday:

- a. Ports on India's eastern coast advised vessels to vacate anchorages ahead of a cyclonic storm, which hit landfall on Wednesday<sup>24</sup>. Ports, refineries, and plants were severely disrupted. Pipavav, operated by APM Terminals, declared force majeure and suspended operations until 1 June<sup>25</sup>, following the cyclone making landfall last week along the coast of Gujarat in the northwest. Indian Oil Corp., the biggest refinery, has stopped unloading crude oil at Paradip in Odisha.

### b. Global aviation industry

For the global aviation industry, the cargo sector has been a saving grace, as the international macro-economic environment has been strongly improving and expected to continue in the near term. This situation has been widely reported throughout the forty versions of this report. The same cannot be said for the passenger sector. Nevertheless, as IATA announced this week, the outlook is improving that an almost complete recovery of air travel is in prospect<sup>26</sup>. The declaration is aided by history, as IATA notes that demand shocks such as the COVID-pandemic do not usually have long-lasting impacts. Previous shocks cut 5-20% from RPKs, but recovered after 6-18 months, as shown by the following figure:

Figure 10 – Global passenger kilometres flown (RPKs), indexed.



Source: [IATA Economics](#)

<sup>21</sup> Baker, J. 25/05/2021. [Crew evacuated after explosion on X-Press Pearl](#).

<sup>22</sup> Van Marle, G. 25/05/2021. [Crew evacuated and General Average declared as fire engulfs X-Press Pearl](#).

<sup>23</sup> Van Marle, G. 26/05/2021. [X-Press Pearl had been denied entry to India and Qatar before fire erupted](#).

<sup>24</sup> Walia, I. 25/05/2021. [India's east coast ports brace for 'very severe cyclonic storm'](#).

<sup>25</sup> Whelan, S. 24/05/2021. [More supply chain delays in India as cyclone forces Pipavav Port to close](#).

<sup>26</sup> IATA. 26/05/2021. [An almost full recovery of air travel in prospect](#).

## *COVID-19: Cargo movement update*

Although it is evident that the pandemic has had a much greater impact on air travel compared to the previous 'demand shocks', IATA remains optimistic that a complete recovery will be imminent once restrictions are lifted. Some countries, notably Iceland and Portugal, have already fully opened borders, whereas others, such as Turkey and the UAE, remain shut. Nevertheless, optimism is prevalent in the passenger segment of the market since many potential international passengers (especially in UK and US) have accumulated excess savings and are eager to resume international travel. Consequent to these listed factors, IATA notes that the aviation industry will bounce back strongly, especially considering that the global economy is already back above pre-crisis output. Moreover, global industrial production and trade were already **↑2%** above 2019 levels by February of this year.