

COVID-19: Cargo movement update¹

Date: 25 June 2021

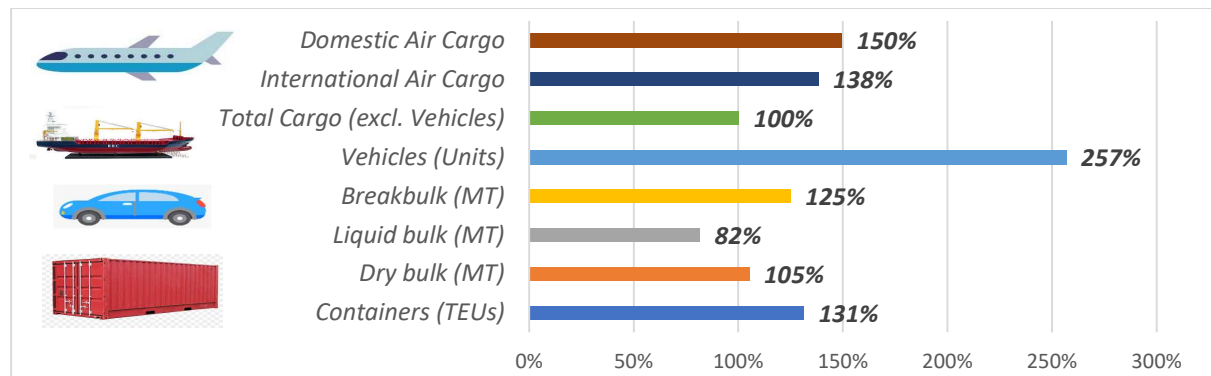
Weekly Snapshot

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)	22 172	31 051	53 223	29 242	37 862	67 104	↓21%
Air Cargo (tons)	4 534	2 695	7 228	4 568	3 140	7 707	↓6%

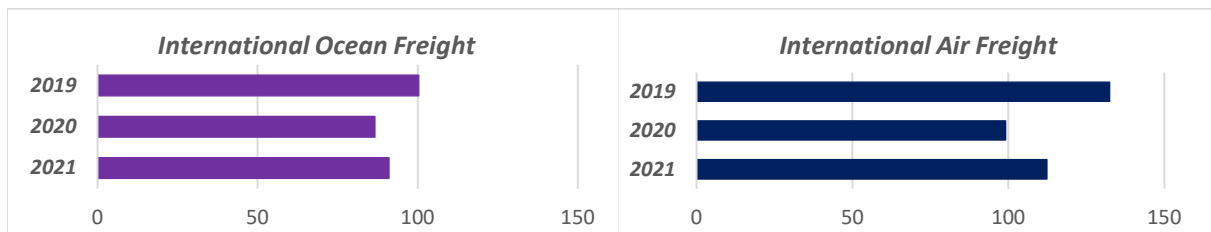
Monthly Snapshot

Figure 1 – Monthly⁴ cargo flows, year on year



Year-to-date Tracker

Figure 2 – International year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~7 603 TEUs** per day was handled last week, **↓21%** from the previous week.
- TNPA released consolidated figures for the month of May – essentially showing **zero growth** since 2019.
- Cross-border queue (**~2,9 hrs**) and transit (**~23,4 hrs**) times cost **R314 million** (**↑23%**) this week.
- As with the decrease in international air cargo, domestic air cargo decreased more notably (**↓16%**).
- This week, global freight rates record a record surge with the "WCI" **↑15,9%** to **\$8 062** per 40-ft.
- Industry-wide air cargo volumes (CTKs) grew by **↑8,4%** compared to pre-crisis levels in 2019.

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 44th 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, May 2021, and May 2020.

⁵ For ocean, total Jan-May cargo in metric tonnes, as reported by [Transnet](#) is used, whereas for air, Jan-May cargo to and from ORTIA is used.

Executive Summary

This update – *the 44th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. As with the last couple of weeks, there has been another noticeable increase in newly reported COVID-19 infections in South Africa, averaging approximately **13 009** infections per day this week (**↑42%** from last week's average of **9 142**). Provincially, Gauteng, North West, and Free State have reached the height of the third wave in the previous week, as South Africa is likely to experience an expected peak in the next week or so. The total number of cases recorded in the country now stands at **~1,87 million**⁶, with a death toll of **59 406** (up by **1996**), which is an alarming increase from last week. Besides the unprecedented surge in new cases caused by the third wave, the total number of active cases is an even more distressing figure. As the third wave ravages the country, active cases now number more than **142 000**, and the number of new cases exceeds the number of recoveries by a substantial margin.

In absolute terms, South Africa has remained at the same spot, **19th** place globally. Worldwide, more than **180 million** cases have now been recorded, with a total of **3,9 million** people losing their lives to the virus. In addition, a total of **2,8 billion** vaccine doses have now been administered worldwide⁷. At the same time, South Africa continues to struggle with its roll-out program, currently standing at some **~2,55 million** vaccine doses. Life is seemingly back to normal in the developed world, such as North America and Western Europe, as herd immunity is becoming a reality. Scenes of full sports stadiums and concert venues appear on social media whilst we struggle to gain momentum with our vaccination programmes. Unfortunately, and we share this experience with the rest of the developing world, South Africa cannot say the same. The pandemic has indeed highlighted how extremely unequal and imbalanced the world still is.

South Africa's commercial ports experienced a very poor week, number-wise. Nevertheless, the main point of focus during the week was the President's visit to the port of Cape Town. The President was summoned following severe and endless congestion issues caused by ageing and damaged infrastructure and equipment, staffing shortages and weather disruptions – all problems which are not unique to Cape Town but are shared by the rest of our commercial ports. In further welcome news, the President announced that Transnet National Ports Authority (TNPA) would be corporatised as an independent subsidiary of Transnet, which the industry has been waiting forever since this was first stipulated in the National Ports Act in 2005 (more on this matter [below](#)).

Generally speaking, the comments from the President have been welcomed, and to a large extent, they touch on issues that we repeatedly highlight in these cargo updates. In summary, the issues which come to the fore include **(1)** persistent equipment breakdowns and shortages, **(2)** less than ideal operational efficiency, and **(3)** lack of capacity and ongoing investment in terms of both land- and waterside operations. These are some of the issues which, if addressed, will undoubtedly improve performance. And the key phrases are cooperation, collaboration, and teamwork from all stakeholders. The private sector is fully onboard and must be closely involved if the optimum outcomes are to be achieved.

Concerning the global maritime industry, the ongoing extraordinary escalation in freight rates truly seems to be getting out of control as the WCI registered another record surge. Indeed, these are the commercial realities now, making it evident that the post-pandemic era will likely go down as the most profitable period in the history of shipping lines. As an unintended consequence of the situation globally, carriers' schedule reliability has become a genuine issue of concern, as schedule reliability has decreased from **65%** (Jan to Jul 2020) to **26%** in 2021. Besides the core narrative of container imbalances (and equipment shortages), poor efficiency, port congestion, and stratospheric rates, this week's other significant developments include improvements at Yantian. This mega port, the second biggest in the world, is looking to clear the 14-plus days of backlog that built up during the COVID-induced crisis, and operations have returned to normal. Unfortunately, as mentioned

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

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

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above, widespread congestion is endemic throughout the Southeast Asian port system, which has a significant impact globally. Finally, a resolution has been reached around the fate of the Ever Given, which was stuck in the Suez Canal. Its insurers have agreed on a settlement with the Suez Canal Authority to release the vessel, which will allow the cargo to continue its journey in due course.

In addition to a sub-optimal week number-wise on both the domestic and international front, the narrative around the air cargo industry was dominated by the ongoing security issues experienced at ORTIA and CTI due to ACSA taking control of security at the cargo precincts. The collective aviation industry (and indeed the extended supply chain network) in South Africa urges ACSA and SSA to expedite the process, as the current untenable situation severely impacts business and the country's economy. At this critical stage, the industry cannot afford the ongoing high storage costs and delays, while export cargo – a sector flourishing of late and providing necessary economic impetus for our country - is missing flights. Commerce and industry are very hopeful that there will be immediate remedial actions and a speedy resolution this coming week.

Internationally, the global aviation industry continues its robust recovery. However, unlike a few months ago, this strong performance is now broader-based and visible in most main regions and trade lanes. Moreover, air cargo has outperformed global trade in goods in the three months to April, partly due to the meagre inventory-to-sales ratio, which IATA notes are typical indicators at the start of an economic upturn. Furthermore, the outlook remains positive for the near term, as the upturn will likely lead to an inventory restocking cycle. The general expectation in the air cargo industry is that volumes will continue to increase in the months ahead.

In conclusion, the extended South African supply chain is characterised by a wide-ranging set of factors: The good, bad, and ugly. Number-wise, good progress has been made across many industries as the economic recovery gathers momentum. However, looking at comparative TNPA figures from 2019, it is clear that the pace and quantum of growth are not nearly where they should be if a real recovery is to be made. All-in-all, South Africa continues to function in a strange space – being innovative and forward-looking but desperately handicapped and self-imploding at the same time. Echoing the President's sentiment, the message is clear - the time is now ripe to crank up collaborative efforts to overturn the situation.

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1. Ports Update

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

a. Container flow overview

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

Table 2 – Container Ports – Weekly flow reported for 19 to 25 June⁸

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
TOTAL:	22 172	31 051

Source: [Transnet](#), 2021. Updated 25/06/2021.

Table 3 – Container Ports – Weekly flow forecasted for 26 June to 2 July⁹

7-day flow forecast (26/06/2021 – 02/07/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 505	5 843
DURBAN CONTAINER TERMINAL PIER 2:	13 905	15 693
CAPE TOWN CONTAINER TERMINAL:	5 226	7 490
NGQURA CONTAINER TERMINAL:	3 776	5 140
GQEBERHA CONTAINER TERMINAL:	943	1 105
TOTAL:	29 355	35 271

Source: [Transnet](#), 2021. Updated 25/06/2021.

An average of **~7 603 TEUs (↓21%)** was handled per day for the last week (19-25 June, Table 2), with a significantly increased average of around **~9 232 TEUs (↑21%)** expected to be handled next week (26 June – 2 July, Table 3). Although the anticipated increase seems significant, it comes off a very low base, and in reality, the volume handled will only really return to normal at this stage of the year. Nevertheless, the volumes handled are essentially running at levels similar to those experienced in 2019 (note the comprehensive analysis on the monthly TNPA figures reported for May [below](#)). Furthermore, the same week in June 2020 – at around **week 13** of the initial lockdown – produced a daily average of **~13 165 TEUs**, indicating that we are again losing ground in the maritime economy.

In addition to the numbers reported, the main talking point around our commercial ports was the President's visit to Cape Town port (see summary [below](#)). The welcome news is the unbundling of Transnet National Ports Authority (TNPA), which will act as an independent subsidiary of Transnet. It was, however, made clear that there will be no transfer of ownership and assets.

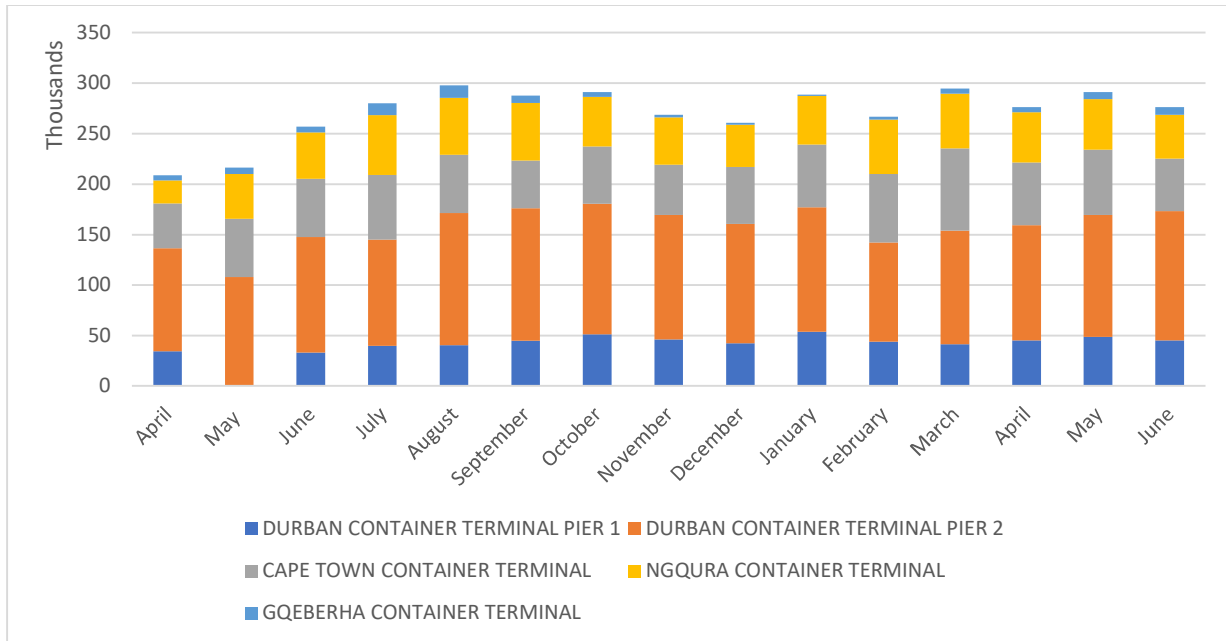
⁸ It remains important to note that a fair percentage (approximately 34%, according to the most recent TNPA figures for May) of containers are neither to be imported nor exported, but rather consist of empties. Due to the ongoing container imbalances, this proportion is fluctuating more than usual, and has increased since December 2020.

⁹ As noted in *footnote 1*.

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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.

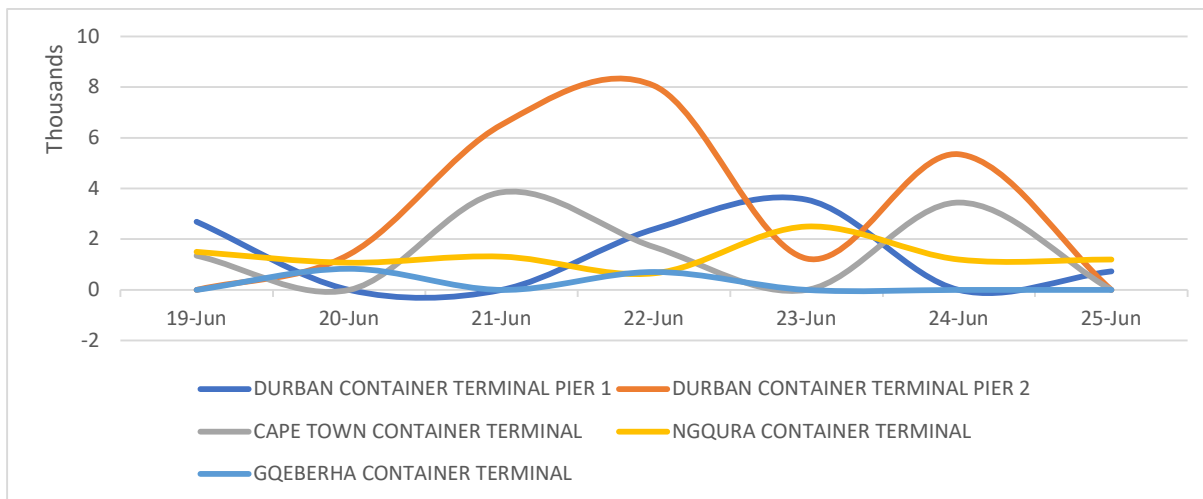
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 25/06/2021.

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

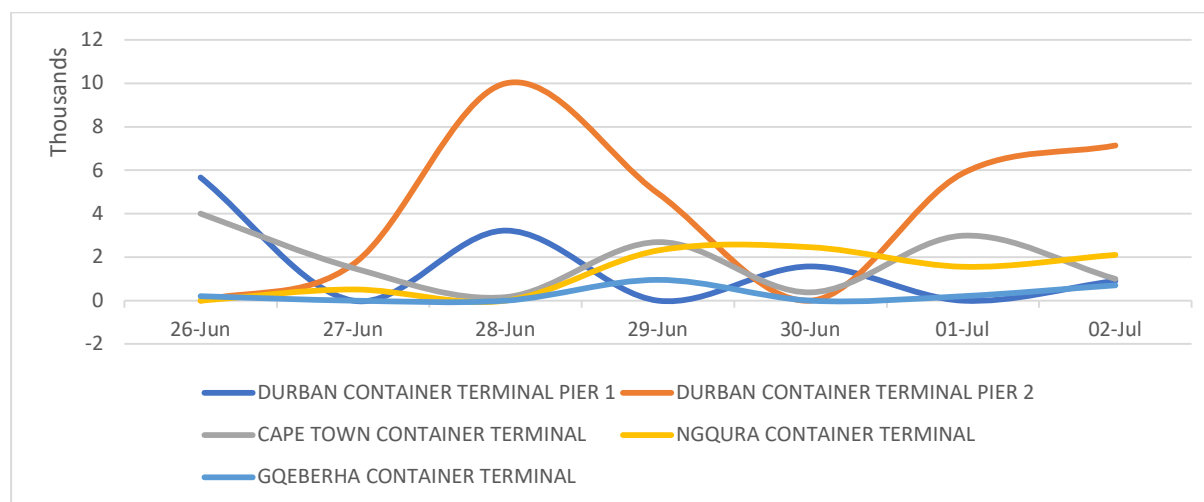
Figure 4 – 7-day flow reported for total cargo movement (19 to 25 June; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 25/06/2021.

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Figure 5 – 7-day flow reported for total cargo movement (26 June to 2 July; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 25/06/2021.

b. Transnet National Ports Authority: May update

Transnet National Ports Authority have released their monthly port statistics for May this week¹⁰. The following table provides a comparative overview of all cargo movement in and out of South Africa's ports for May of 2021, compared to the same month in 2020 and 2019.

Table 4 – TNPA – Volume and growth: May 2019-2021

	May 2019	May 2020	May 2021	Growth: '20-'21	Growth: '19-'21
Containers (TEUs)	368 223	296 103	388 990	31%	6%
Landed	194 968	160 467	193 485	21%	-1%
Shipped	173 255	135 636	195 505	44%	13%
Dry bulk (MT)	16 945 481	12 209 186	12 854 744	5%	-24%
Liquid bulk (MT)	3 939 730	3 637 958	2 975 576	-18%	-24%
Breakbulk (MT)	674 743	272 452	340 791	25%	-49%
Vehicles (Units)	59 886	22 325	57 364	157%	-4%
Total Cargo (excl. Vehicles)	21 559 954	16 119 596	16 171 111	0%	-25%

Source: [TNPA](#), updated 21/05/2021.

Compared to May last year, all monthly metrics (bar liquid bulk) showed a positive year-on-year return – in some cases, a very substantial growth. However, seeing that 2020 was indeed a significant outlier in trade given the impact of the pandemic, the comparison is less meaningful. Therefore, it makes more sense to compare these figures to pre-pandemic levels to draw a more meaningful conclusion. When comparing May 2021 with May 2019, the picture changes radically. Only containerised cargo (fuelled by export cargo) shows growth. The rest of the indicators are all down – bulk figures significantly so. For all cargo (excluding vehicles), May 2021 recorded a decrease of $\sim\downarrow 25\%$ in goods handled through South African ports, which is alarming. It will take some single-minded and sustained effort from all role players to turn this around, and that will only happen in an environment of a genuine partnership between government and private sectors.

The following table provides a more in-depth year-to-date view of containerised cargo.

¹⁰ Transnet, 2021. Port statistics. [TNPA](#)

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Table 5 – TNPA – Volume: Y-T-D January-May 2019-2021: Containerised cargo

	2019			2020			2021		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
LANDED:									
DEEPSEA	628 955	99 771	728 726	549 491	103 473	652 964	606 260	128 323	734 583
COASTWISE	2 376	20 599	22 975	1 867	20 089	21 956	1 345	18 653	19 998
TRANSHIPPED ¹¹	149 111	27 163	176 274	116 384	40 592	156 976	99 442	51 224	150 666
TOTAL LANDED	780 442	147 533	927 975	667 742	164 154	831 896	707 047	198 200	905 247
SHIPPED:									
DEEPSEA	455 050	234 406	689 456	406 012	225 523	631 535	459 220	278 831	738 051
COASTWISE	2 775	10 640	13 415	3 309	20 143	23 452	1 370	18 618	19 988
TRANSHIPPED	148 104	29 752	177 856	113 856	36 160	150 016	110 105	49 531	159 636
TOTAL SHIPPED	605 929	274 798	880 727	523 177	281 826	805 003	570 695	346 980	917 675
GRAND TOTAL	1 386 371	422 331	1 808 702	1 190 919	445 980	1 636 899	1 277 742	545 180	1 822 922

Source: [TNPA](#), updated 21/05/2021.

In analysing this table, a few important points can be gleaned:

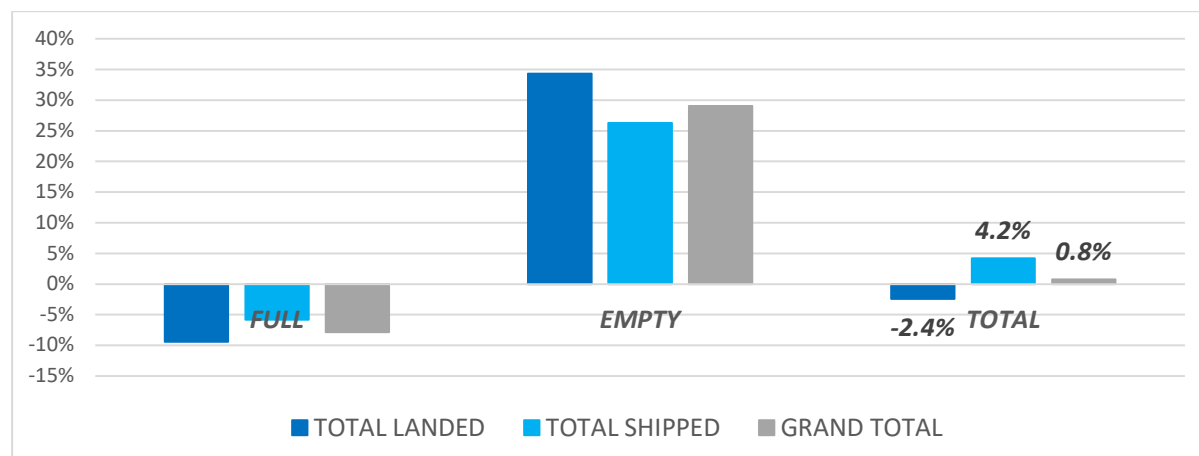
- Despite the abysmal start to 2021 (especially in January), it appears as though our trade in seaborne containers is nearly back to normal,
- Having said that, the volumes are only just keeping pace with those recorded in 2019, which means there has been no growth, and probably even a decline, in real terms,
- The massive increase in the volumes of empty containers is particularly noticeable. This increase has been a global phenomenon, with the exaggerated container imbalances created by the early stages of lockdowns worldwide.
- As a result, the growth in volume (especially in export cargo) has largely been nullified, given the massive increase in empties.

The following figure visually illustrates the table above by showing the year-to-date growth rates compared to the first five months of 2019.

¹¹ 'Transhipped' means an act of off-loading cargo from one ship (generally at the hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transhipment port for a period.

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Figure 6 – TNPA – Growth: Y-2-D January-May 2019 versus January-May 2021: Containerised cargo



Source: [TNPA](#), updated 21/05/2021.

A strong feature of our trading economy has been the success story of our exports with a consequent healthy increase in the trade surplus. As an accompanying narrative, the increased number of shipped containers in the graph above can explain the trade surplus. But it is clear that the growth in shipped volumes is due primarily to an increase in empty containers shipped. So, the real growth in export containers is, in fact, only around **0.8%** in volume through our ports. In terms of the trade surplus, it is reasonable to infer that the primary reason is a substantial drop in imports which, while welcome in some ways, also points to an unhealthy economy. Although the numbers reported continuing to improve, we are not yet out of the woods as far as the ocean-going economy is concerned. Recent engagements with Transnet delivered a reassuring commitment to collaboration to improve performance and efficiency, which has been welcomed. In summary, the industry hopes for sustained positive returns as the year unfolds.

c. 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

Sunny and warm temperatures in Cape Town over the past weekend quickly changed to colder temperatures as the week progressed. Mild Northerly winds of around 39km/h were experienced on Tuesday, not posing a threat to operations at Cape Town port. Some light rainfall and fresh Westerly winds were experienced on Friday, clearing up over the weekend.

Durban enjoyed another week of pleasant sunny days with very slight Northerly winds changing to Southerly winds on Thursday.

Port Elizabeth had warm temperatures with slight NNW winds at the beginning of the week. However, colder temperatures and light winds were forecasted for the rest of the week.

ii. Cape Town

CTCT experienced some waterside difficulties where, due to high swells, the MV Cypress could not berth on time, and another vessel, the MSC Athens, suffered from ranging from Tuesday until Thursday. Stack occupancy this week hovered around 33% capacity for general containers and 50% for reefers.

Various discussions have been flowing after Cape Town Container Terminal's poor ranking (albeit higher than any of our other terminals) in the recently published World Bank, "*Container Port Performance Index 2020*".

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The then-mayoral committee member for Transport from the City of Cape Town, Felicity Purchase, met with Transnet National Ports Authority last month to discuss a proposal involving containerised cargo moving from Cape Town to Saldanha Bay. According to some stakeholders, Saldanha Bay port offers the required space and development potential that is lacking in Cape Town. In addition, Cape Town continuously battles with outdated equipment and infrastructure against stronger and more regular gale-force winds.

On Tuesday, President Cyril Ramaphosa visited the port of Cape Town following severe and endless congestion issues caused by ageing and damaged infrastructure and equipment, as well as staffing shortages and weather disruptions. After sustained strong criticism around the performance of South Africa's ports, the President's response was indeed welcome. Port users were able to review the port's performance, and CAPEX plans at the meeting of the Port Consultative Committee held earlier this month. These plans are taken into consideration by the Ports Regulator of South Africa when deciding on TNPA's annual tariff application. According to the Western Cape Transport MEC, Cape Town (and indeed all South African) port users currently pay exceptionally high port charges, approximately 146% higher than the global sample average. This situation, linked with poor operational performance, puts Cape Town's port and all our other ports at the bottom of international rankings. Following discussions on Tuesday, the President initiated some promising reforms in terms of the State-owned entity Transnet. These reforms come in the form of separating TNPA to act as a subsidiary of Transnet, which has been on the cards for many years. More on this matter below.

iii. Durban

Stacks were occupied for General Containers at an average of 43% at Pier 1 and 22% for reefer containers. Pier 2, on the other hand, averaged at an occupancy of around 68% and 45% for reefers. DCT struggled with two mobile harbour cranes breaking down, one of which was leaking oil and another experiencing generator failures. Adding to the challenges, sporadic straddle carrier and RTG breakdowns were also reported. Bayhead Road was heavily congested due to large numbers of bulk loads (maize exports) early in the week, but this subsided relatively quickly. In addition, a massive hole on Bayhead Road was reported.

iv. Eastern Cape

Stack occupancy at NCT averaged around 41% for general purpose containers and 25% for reefer containers this past week. On another note, there were six positive COVID-19 cases reported at NCT.

v. Transnet Freight Rail (TFR)

Transnet is working hard to ensure capacity meets demand following the growing grain and citrus volumes that kicked off in May. Among their efforts, in Bela-Bela, Limpopo, TFR moved 13 trains, each hauling 50 reefer containers carrying citrus to Durban Harbour. Each reefer container loads up to 1 600 cartons of citrus, travelling over 850km via rail to the port. These exports are destined for the EU, UK, Middle East, Russia, and the US.

vi. General

Fifteen years after the National Ports Act decreed that it should happen, President Cyril Ramaphosa announced that Transnet National Ports Authority (TNPA) would act as an independent subsidiary of Transnet to unlock its full potential. The Presidency said this would mean establishing an independent National Ports Authority as a wholly-owned subsidiary of Transnet, with its own board appointed by the Minister of Public Enterprises. The establishment is in line with the National Ports Act of 2005. The separation will allow for more efficient functionality by each division as they will now operate more independently. Revenues generated by the port can be invested in port infrastructure and for the replacement, upgrading and expansion of old equipment. TNPA will be able to make its own investment decisions and ensure that it treats all terminal operators fairly and equally in the interests of port users. It is to be hoped that this independence will allow TNPA to exercise proper oversight over the activities of all port terminals – this has been sadly lacking in the past. It may also reduce the level of cross-subsidisation that has been a feature of Transnet.

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Concerning the ongoing labour situation, the two recognised labour unions, United National Transport Union (UNTU) and the South African Transport and Allied Workers Union (SATAWU), responded adversely to the President's announcement. The unions stated they were furious with Enterprises Minister Pravin Gordhan's 'misleading' statement that "two unions" have welcomed the decision. Apparently, the unions were ignored when the Act was drafted, and the government failed at a similar exercise back in 1999. As a result, the former division of Transnet, Transwerk, suffered considerable job losses.

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 14 June. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in June 2020 averaged ~374 979 kg per day¹². For 2019, this average was ~906 817 kg per day.

Table 6 – International inbound and outbound cargo from OR Tambo

Flows	14-Jun	15-Jun	16-Jun	17-Jun	18-Jun	19-Jun	20-Jun
Volume inbound	479 358	335 635	482 491	280 043	400 204	337 700	858 262
Volume outbound	176 758	139 634	384 399	132 140	269 353	229 086	554 780
Total handled per day	656 116	475 269	866 890	412 183	669 557	566 786	1 413 042

Courtesy of ACOC. Updated: 22/06/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 14 June amounted to **453 385 kg** inbound and **269 450 kg** outbound. The total, therefore, amounts to an average of **722 835 kg** per day, or ~191% compared with the same week in June 2020 (~211% last week). In terms of monthly comparisons, the international aviation industry's operating capacity levels are ~138% that last year, as Figure 1 above illustrates. Compared to pre-COVID-19 times, the level is currently at ~84% compared with 2019, reflecting the lack of belly-hold capacity presently experienced.

The matter of ACSA (Airports Company South Africa) taking control over cargo security within the designated cargo precinct has been a hot topic this week. As reported last week, some concerns have been expressed from the industry at Cape Town and ORTIA. Moreover, since last year, the issue has hampered operations, causing additional storage costs and delays in collecting urgent airfreighted cargo, especially over weekends. Export cargo is missing flights as the trucks cannot get to the handling agents on time.

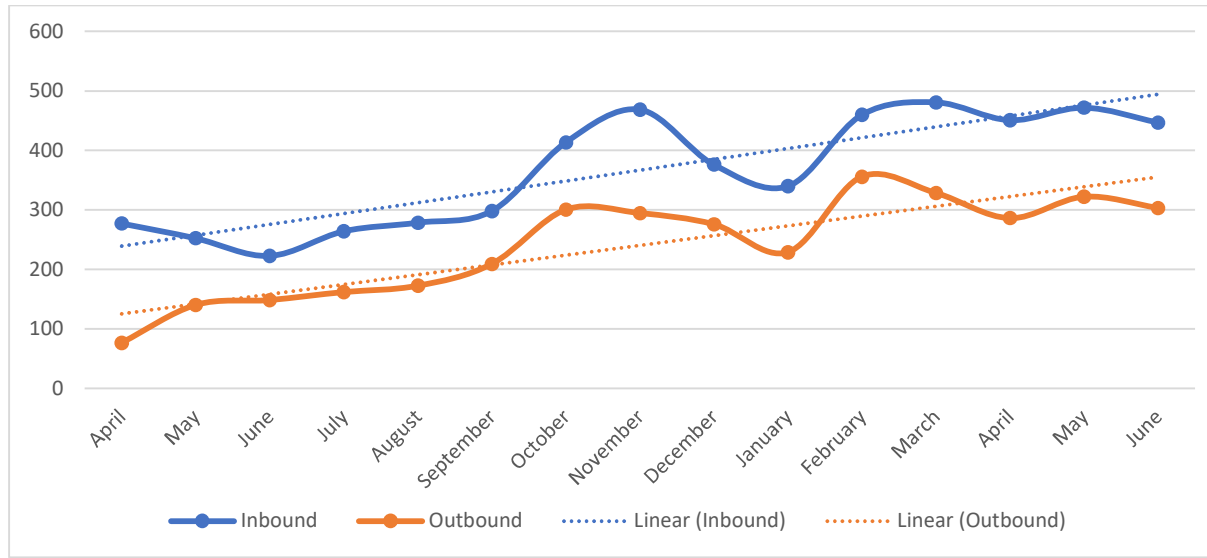
The response from ACSA, together with SSA, is that they are currently vetting the IVS system and the host company. Furthermore, ACSA is considering returning the IVS system to both Cape Town and ORTIA once the vetting has been completed. The collective aviation industry (and indeed the extended supply chain network) in South Africa urges ACSA and SSA to expedite the process, as the situation is seriously detrimental to business and the country's economy.

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.

¹² Note, when including statistics from South Africa's other two international airports, Cape Town International and King Shaka (Durban) International airports, the total figure rises to **91 842 kg** per day.

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Figure 7 – International inbound and outbound cargo from OR Tambo (thousands)



Courtesy of ACOC. Updated: 22/06/2021.

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 kg¹³ per day.

Table 7 – 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
1-10 Jun Av.	32 323	4 336	3 999	30 635	8 454	3 756	83 503
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
15-Jun-21	29 152	5 414	4 815	37 315	8 140	3 693	88 530
16-Jun-21	2 740	983	157	1 810	548	387	6 624
17-Jun-21	52 787	7 264	5 803	32 681	17 660	5 192	121 387
18-Jun-21	20 333	2 856	3 589	39 663	6 369	2 961	75 771
19-Jun-21	2 350	1 000	60	1 557	397	76	5 439
20-Jun-21	2 876	281	22	1 143	947	359	5 628
21-Jun-21	48 103	5 752	6 145	56 328	10 617	5 231	132 176
Y-T-D Totals	4 548 063	590 324	577 883	4 704 952	1 164 471	561 925	12 147 618

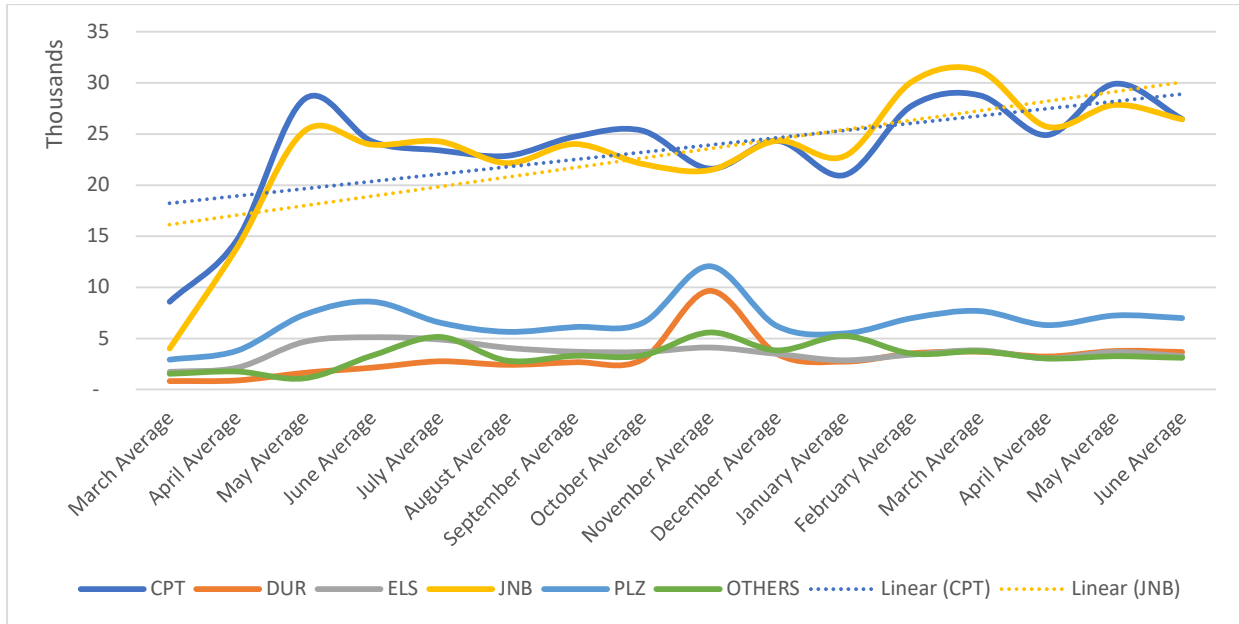
Courtesy of BAC. Updated: 23/06/2021.

¹³ 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

Currently, the average domestic air cargo moved in the last week was **~62 222 kg** per day, showing a decrease of **↓14%** compared with the previous week. Nevertheless, the volume handled amounts to approximately the same levels (**~100%**) compared to the same week in 2020. The following figure shows monthly domestic freight movement at our 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 8 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 23/06/2021.

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' continued sporadic and unreliable availability, although things seem to have improved slightly compared to last week. SARS Customs has attempted to clarify the status of various affected border posts, as per the table below:

Table 8 – South African border closures

Date	Border	Alternative(s)
25 June 2021	Mahamba Border Post will operate today from 7:00 – 15:00, on Saturday and Sunday from 7:00 – 14:00.	Golela/Oshoek
25 June 2021	Skilpadshok Port will close at 18:00 from 22 to 30 June 2021.	Ramatlabama/Kopfontein
22 June 2021	Beit Bridge Port will reopen this evening at 18:00.	-
22 June 2021	Mahamba Border Post is closed from 9:00 until 13:00.	Golela/Oshoek
21 June 2021	Beit Bridge Port will close today at 18:00.	-

Source: SARS. Updated: 25/06/2021.

Besides these border closures, reports from transporters have been received that the following border also experienced a closure during the week:

- Ariamsvlei was closed on Thursday due to many COVID-19 cases.
- Groblersbrug was also closed on Thursday for decontamination, then reopened on Friday.

COVID-19: Cargo movement update

- Also, transporters should take note of stricter lockdown regulations in Zimbabwe being implemented due to rising cases.

Traders are urged to stay abreast of our border posts' communications 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:

- As predicted last week, the protests around Harrismith did indeed intensify, although briefly.
- Also, as mentioned last week, drivers were being held up at Kasumbalesa due to the DRC implementing stricter regulations on testing. Thanks to mounting pressure from drivers, transporters, and agencies like FESARTA and others, these regulations have now been relaxed again.
- On Thursday, we had reports of seals being broken by ZRP at roadblocks drivers were then told they could not take pictures as proof, which means the cost of any loss falls on the transporter.

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 9 – Delays¹⁴ 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	35:00	100	3 000	700	23 100	1 400
SA/Zim	Beit Bridge	0:00	13:00	943	28 290	6 601	72 611	0
Moz/Zam	Cassacatiza/Mlolo	1:00	15:00	60	1 800	420	5 460	420
Zam/Zim	Chirundu	0:00	22:00	616	18 480	4 312	86 240	0
Moz/Mal	Dedza	2:00	59:00	50	1 500	350	19 950	700
SA/Bot	Grobblersbrug/Martins Drift	4:00	16:00	400	12 000	2 800	39 200	11 200
Zam/DRC	Kasumbalesa	6:00	55:00	592	17 760	4 144	165 760	24 864
Zam/Bot	Kazungula	0:00	29:00	212	6 360	1 484	40 068	0
SA/Bot	Kopfontein/Tlokweng	5:00	29:00	100	3 000	700	18 900	3 500
Moz/Zim	Machipanda/Forbes	1:00	9:00	320	9 600	2 240	15 680	2 240
Moz/Mal	Milange	0:00	2:00	40	1 200	280	0	0
Zam/Tan	Nakonde/Tunduma	0:00	54:00	500	15 000	3 500	182 000	0
Nam/SA	Noordoewer/Vlooisdrift	0:00	0:00	0	0	0	0	0
Zim/Moz	Nyamapanda	1:00	10:00	100	3 000	700	5 600	700
SA/Moz	Ressano Garcia	18:00	47:00	400	12 000	2 800	126 000	50 400
SA/Bot	Skilpadshek/Pioneer Gate	7:00	19:00	300	9 000	2 100	35 700	14 700
Nam/Bot	Trans Kalahari/Mamuno		34:00	100	3 000	700	22 400	0
Zam/Zim	Victoria Falls	1:00	5:00	114	3 420	798		798
Moz/Mal	Zobue/Mwanza	2:00	15:00	100	3 000	700	9 100	1 400
				5 047	151 410	35 329	867 769	112 322

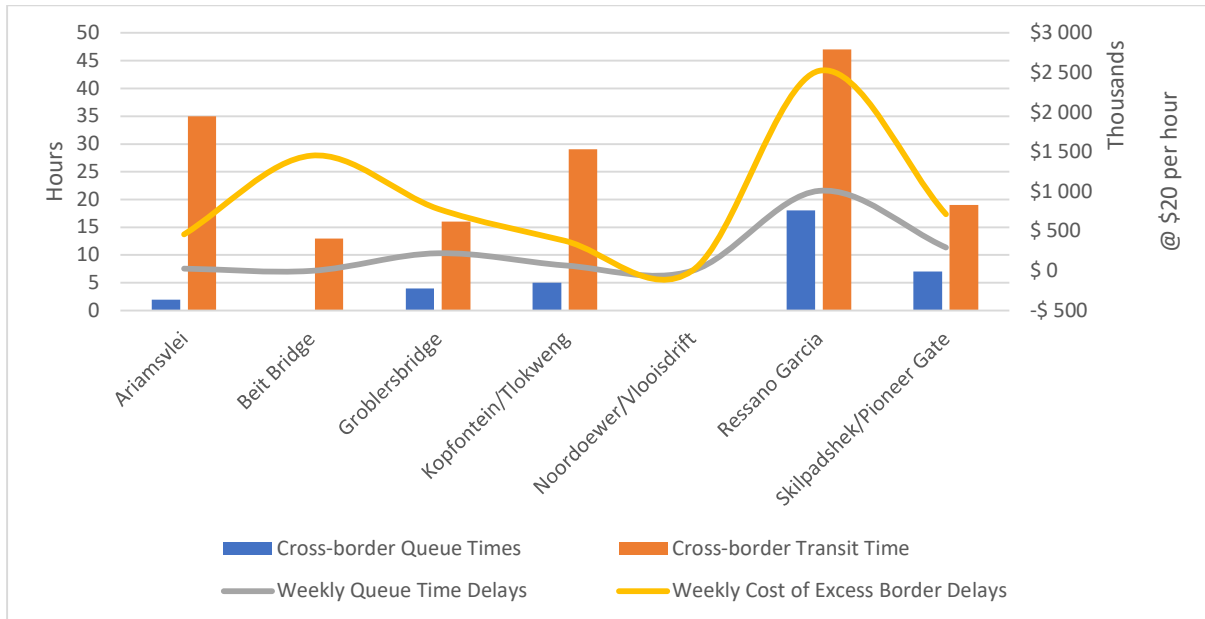
Source: TLC & FESARTA, week ending 21/06/2021.

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.

COVID-19: Cargo movement update

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, Kopfontein and Ressano Garcia (Lebombo) experienced prolonged cross-border transit times for the week, attributed mainly to the overall increase in cross-border delays from a South African perspective.

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

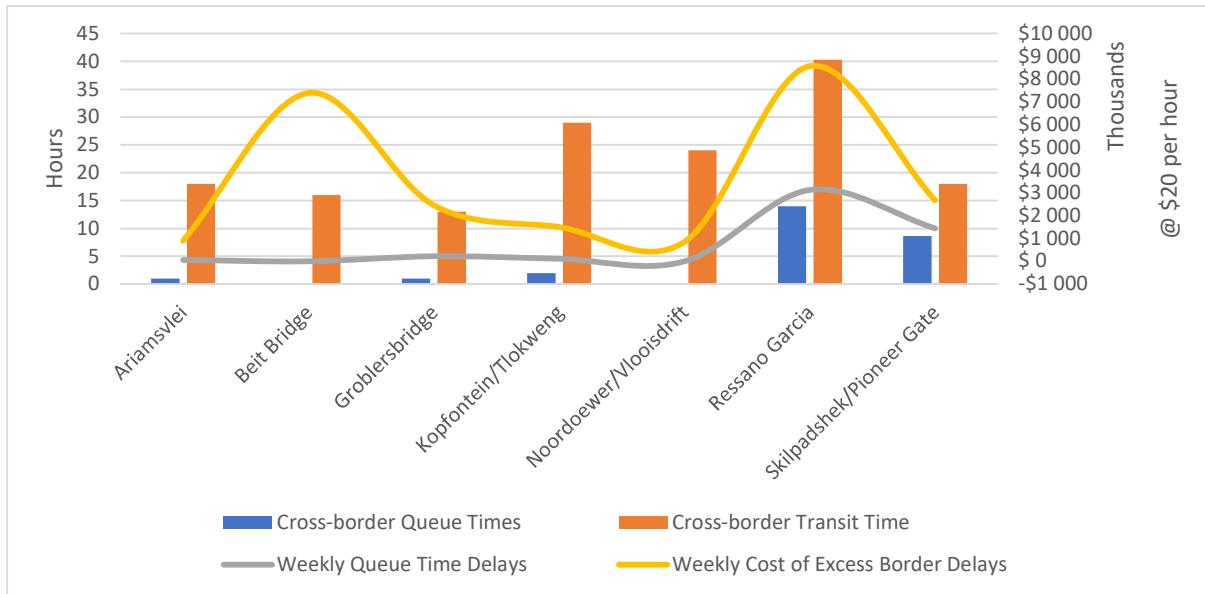


Source: TLC & FESARTA, week ending 21/06/2021.

The following figure shows the consolidated monthly delays and estimated cost for our borders. Once again, the culprits include Kopfontein and Ressano Garcia. However, the most significant contributors to cost remain Beit Bridge and Lebombo, mainly due to the much bigger volume that flows through these two crossings.

COVID-19: Cargo movement update

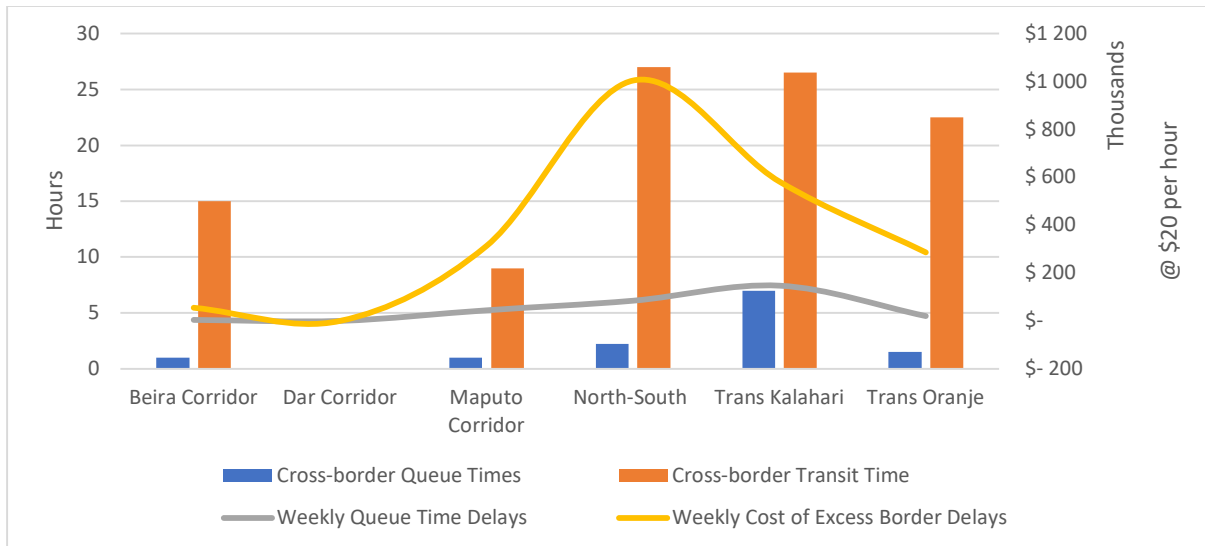
Figure 10 – Monthly (June) cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in US\$ thousands)



Source: TLC & FESARTA, month ending 21/06/2021.

The following two figures illustrate a similar picture to those above, this time from a corridor perspective.

Figure 11 – Weekly cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in US\$ thousands)

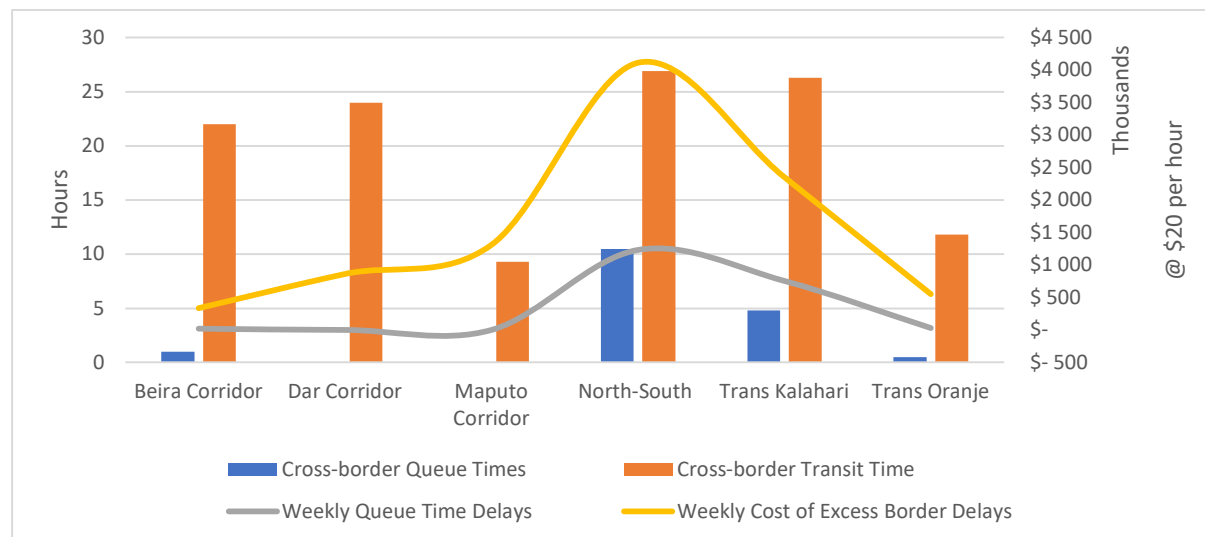


Source: TLC & FESARTA, week ending 21/06/2021.

This week's significant changes display a multiple regression for traffic moving through four of the six main trade arteries flowing through the SADC region. The following figure shows a summary for the month of June, once again recording the significant cost impact of slow border crossings on regional trade.

COVID-19: Cargo movement update

Figure 12 – Monthly (June) cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in US\$ thousands)



Source: TLC & FESARTA, month ending 21/06/2021.

In summary, the cross-border queue time has averaged **~2,9** hours (which is considerably lower than the experience last week at **~4,1** hours) and cost the transport industry an estimated **\$2,25 million (R36 million)**. But, unfortunately, the average cross-border transit time has increased this week to **~23,4** hours (slightly higher than the experience last week at **~22,8** hours), costing the transport industry **~\$17,4 million (R278 million)**. Thus, the total cost for the week amounts to **~R314 million** (up by **~R59 million** from **R254 million** the previous week). Collectively, the cross-border queues have fortunately not significantly attributed to the delays and accompanying costs. Nevertheless, the time spent at border posts remains far too long to be conducive to a smooth flow of trade in the region. Despite the hopefully positive impact of the implementation of the AfCFTA if and when all members ratify it, intra-African trade will struggle to lift off while these non-tariff barriers remain in place.

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

International freight rates have registered the highest single weekly jump this week since the incessant rate surge began some 12 months ago. According to Drewry, container freight rates keep rising as the "*World Container Index*" (WCI) increased by a shocking **↑15,9%** to **\$8 062** per 40-ft container¹⁵. The international narrative of container imbalances (and equipment shortages), poor efficiency, port congestion, and relentless consumer demand is becoming a broken record to traders. Unfortunately, these are the commercial realities now, making it evident that post-pandemic will likely go down as the most profitable period in the history of shipping lines. The following figure highlights the unprecedented surge in the two-year spot price of the index.

¹⁵ Drewry Supply Chain Advisors. 24/06/2021. [World Container Index](#).

COVID-19: Cargo movement update

Figure 13 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



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

The average composite index now stands at **\$5 533** per 40-ft container, **\$3 546** higher than the five-year average of **\$1 987** per 40ft container (up by **\$27** since last week). This week, freight rates surged on the transpacific lanes (Shanghai-New York and Shanghai-Los Angeles soared **39%** and **34%**, respectively). Similarly, rates on Shanghai-Rotterdam gained **\$779** to reach **\$11,975**, a y/y change of an almost unbelievable **↑626%**. The near-term outlook appears to have the rates remains exceptionally high – until at least the end of 2021, or even 2022. As a result, the fight for volume allocation indicates that higher contract rates can be expected next year¹⁶.

With the supply chain already working beyond its design capacity, any disruption could cause more congestion and delays. Consequently, shippers are fighting desperately to ensure that adequate space is secured for next year as future contracts are being negotiated. An early and extended peak season means there is little chance of rate relief this year. Therefore, shippers are trying to manage the financial risks for next year. Even though rates are exorbitantly high, shippers are willing to take the crunch to secure space since the last thing they would want to tell their customers is that their goods cannot be shipped. These elevated freight rates will continue to dominate the container scenario for the foreseeable future.

ii. Schedule reliability and blank sailings

Due to the current struggles of the global maritime economy – which has been exacerbated by the congestion in Southeast Asia recently – global carriers' schedule reliability has become a genuine issue of concern. Indeed, some arrivals from Asia are being delayed by 20 days or more, and there is no improvement in sight. The following figure from *eeSea*, a maritime and supply chain intelligence company, captures the current dire situation.

¹⁶ Baker, J. 23/06/2021. [Fight for volume allocation threatens higher contract rates next year.](#)

COVID-19: Cargo movement update

Figure 14 – Schedule reliability and on-time performance (delays [days] and percentage, 2020-present)



Source: [eeSea](#)

The figure above is a real eye-opener for the state of schedule delays and reliability. For 2020, the average berth delays hovered at around **1,5 days**. However, the wait has significantly regressed to **4,9 days** from January 2021 onwards, resulting in an average delay of **2,7 days** across the dataset. The berth delays have consequently meant that on-time scheduling has come under significant pressure. The reliability is evident in the second part of the figure, showing that schedule reliability has decreased from **65%** (Jan to Jul 2020) to **26%** in 2021.

The outlook also remains bleak, according to Drewry's "*Cancelled Sailings Tracker*"¹⁷. Over the next four weeks, The Alliance has announced eight cancellations, followed by 2M and Ocean Alliance with two and three cancellations, respectively. Yantian International Container Terminal (YICT) advised on 16 June that the bottleneck at the port had eased, and normal operations would resume by the end of the month (more [below](#)). However, the ripple effects of Yantian disturbance on the overall supply chain remains essential. Shippers and importers suffer from rollovers, lack of empty equipment and space availability, and an additional hike in the already astronomical spot rates this week.

iii. Further developments of note

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

1. Yantian International Container Terminal blockages and container flows in Southeast China:

- YICT says it will return to normal operations tomorrow, following weeks of disruption caused by an outbreak of COVID-19 among dockers at the port¹⁸. Operations fell to around 20% of capacity as the virus spread through the YICT workforce, causing delays and congestion at ports across the Pearl River Delta as desperate carriers looked for alternative facilities to maintain cargo flow.
- Hutchison Ports, which operates YICT, aims to get back to full capacity at its 20 container berths and 'gradually normalise' vessel berthing¹⁹

¹⁷ Drewry. 25/06/2021. [Cancelled Sailings Tracker](#).

¹⁸ Savvides, N. 23/06/2021. Yantian back to normal tomorrow, but box backlog will take weeks to clear.

¹⁹ Shen, C. 23/06/2021. [Yantian to focus on logjam as it resumes full operations](#).

COVID-19: Cargo movement update

2. Update from the Ever Given stuck in the Suez Canal:

- a. Shippers with cargo onboard the arrested Ever Given could soon see their shipments moving again as the deadlocked negotiations to free the ship appear to have been broken. According to the vessel's representatives, owner Shoei Kisen Kaisha and its insurers have agreed on a settlement to free the vessel, currently under arrest in the Bitter Lakes region of the canal. At the same time, the Suez Canal Authority (SCA) continues to demand compensation for the six-day blockage of its waterway²⁰.

3. MOL revises profit forecasts:

- a. Another mega-carrier, in this instance, Japanese shipping line MOL, upwardly revised their group profits for 2021. The Toranomon-based carrier predicts \$2bn net earnings for its 2021 fiscal year, while Sea-Intelligence foresees that the 'inexorable increase in freight rates appears to continue with no end in sight'²¹.

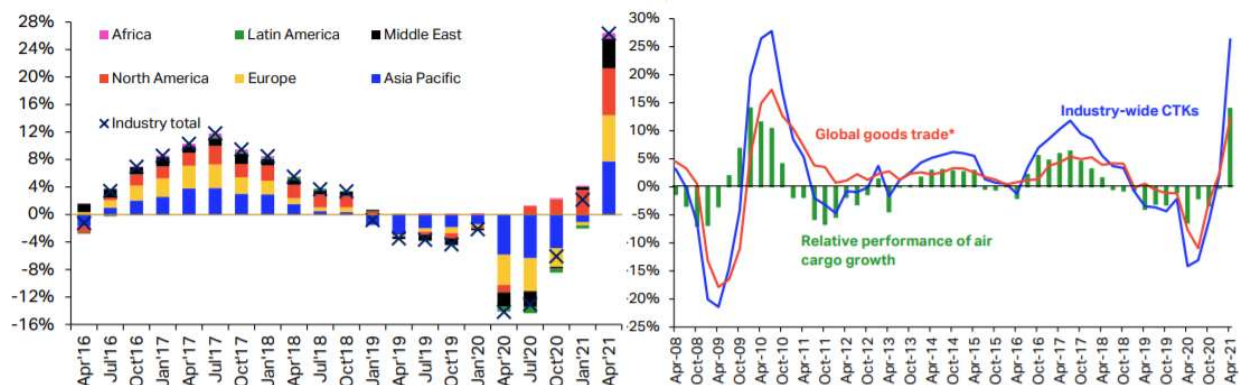
4. "Box Club" closes after half a century:

- a. A two-year US Justice Department investigation of the International Council of Containership Operators found no evidence of collusion. Nevertheless, the secretive nature of the Box Club – as it was universally known – often awakened concern despite strict rules about what members were allowed to discuss²². The publicity-shy organisation enabled industry leaders to meet behind closed doors to share information on non-commercial matters.

b. Global aviation industry

This week, the International Air Transport Association (IATA) released their quarterly "Cargo Chartbook" for the second quarter of 2020²³. In summary, global air cargo volumes (measured by cargo tonne-kilometres) grew by **↑8,4%** compared to pre-crisis levels in 2019. Furthermore, IATA notes that the strong performance is now visible in most of the main regions and trade lanes, unlike a few months ago. Moreover, air cargo has overperformed global goods trade in the three months to April, partly due to the very low inventory-to-sales ratio, which IATA notes are a typical pattern at the start of an economic upturn. In summary, the outlook remains positive for the near term, as the upturn will likely lead to an inventory restocking cycle. The following side-by-side figure aptly illustrates the healthy state of the air cargo, both collectively and across regions.

Figure 15 – Contribution to industry CTKs (per region) and International CTK growth (% y/y)



Source: [IATA Economics](#)

²⁰ Van Marle, G. 23/06/2021. [Deadlock broken as Ever Given owner and Suez Canal Authority come to terms.](#)

²¹ MOL. 21/06/2021. [Announcement on Revision of Consolidated Business Forecast for Fiscal Year 2021.](#)

²² Porter, J. 21/06/2021. [Box Club closes after half a century as container shipping moves on.](#)

²³ IATA, 22/06/2021. [Cargo Chartbook.](#)

COVID-19: Cargo movement update

Even though capacity continues to improve slowly, revenues and load factors continue to trend at elevated levels, which bodes well for the recovery to grow from strength to strength. Other notable points worth mentioning include:

- Recent months of data showed further strength in drivers of air cargo, with consumer and business confidence, new export orders, world trade, and industrial production all posting gains.
- Most of the large air cargo hubs have benefited from the rising volumes. Even when compared with pre-crisis levels, many airports posted double-digit growth in recent months.
- International belly capacity remains limited, and dedicated freighter capacity cannot fully compensate for this, with the busy Asia-North America route being the main exception.
- According to more than half of respondents to IATA's Business Confidence Survey, which surveys heads of cargo operations worldwide, the outlook remains positive. Collectively, they expected air cargo volumes to keep on rising in the coming twelve months.

In conclusion, q/q CTKs rose by **↑6.2%** in the three months to April 2021. Compared to last year's same period - which was indeed the base of cargo volumes – CTKs come in at **↑26.3%** y/y. However, as mentioned above, a more meaningfully comparison should be made with 2019, which shows actual 2021 CTKs were **↑8.4%** above the same period in 2019.