

COVID-19: Cargo movement update¹

Date: 16 July 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) | 26 999 | 31 321 | 58 320 | 27 283 | 34 469 | 61 752 | ↓6% |
| Air Cargo (tons) | 4 810 | 2 521 | 7 331 | 4 569 | 2 718 | 7 287 | ↑1% |

Monthly Snapshot

Figure 1 – Monthly⁴ cargo capacity levels, year on year (100% = baseline)

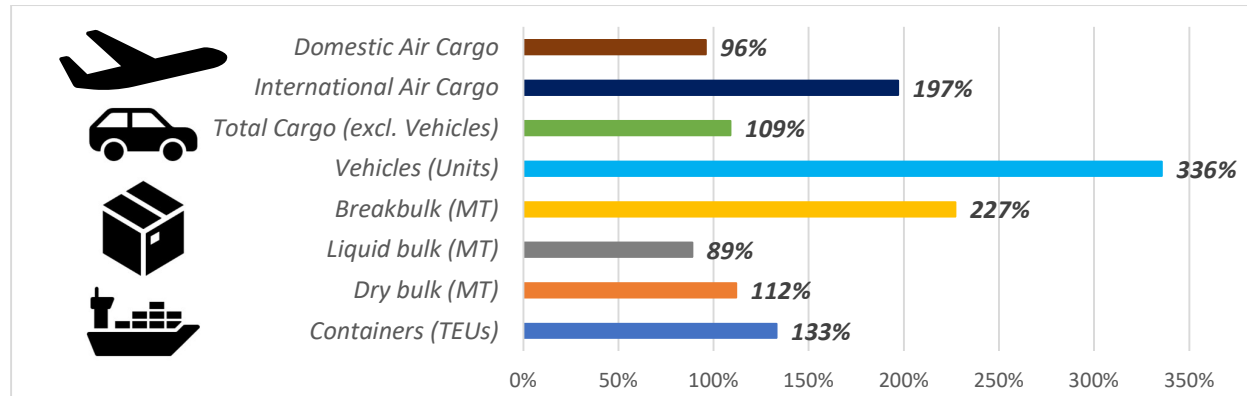


Figure 2 – International year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- South Africa is losing roughly **R100-million** a day due to supply chain disruptions.
- An average of **~8 331 TEUs** per day was handled last week, **↓6%** from the previous week.
- In broad terms, the containerised market grew by **↑0,8%** for the first half of 2021 (versus 2019).
- Cross-border queue (**~5,8 hrs**) and transit (**~20,2 hrs**) times cost **R366 million** (**↑22%**) this week.
- Weekly domestic air cargo is **↓22%** this week, as emergency measures were implemented to deal with constraints in Durban and Johannesburg (see [below](#)).
- As expected, the "WCI" continues to climb, with freight rates **↑1%** to **\$8 883** per 40-ft this week.
- Industry-wide cargo tonne-kilometres (CTKs) rose by **↑23,1%** in Africa in May.

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 47th 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, June 2021 versus June 2020.

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

Executive Summary

This update – *the 47th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Fortunately, after eight consecutive weeks, there has been a slight decrease in newly reported COVID-19 infections in South Africa, averaging approximately **16 857** infections per day this week (↓**16%** from last week's average of **19 956**). But, unfortunately, the attention of the entire country has been diverted from the pandemic towards the civil unrest and widespread lawlessness which has plagued the country in the last week or so.

Nevertheless, the pandemic remains at the forefront of our minds, as the number of cases recorded in the country now totals **2,253 million**⁶. Furthermore, the death toll has risen to **65 972** (up by **2 473**), almost equalling another alarming increase last week. The total number of active cases remains an even more disturbing number, with active cases now exceeding **205 000**, as South Africa remains in **18th** place globally in terms of the total number of cases. More than **189 million** cases have now been recorded worldwide, with a total of **4,07 million** people losing their lives to the virus. In addition, a total of **3,51 billion** vaccine doses have now been administered worldwide⁷. At the same time, South Africa continues with the pedestrian pace of its roll-out program, currently standing at some **~4,54 million** vaccine doses. Before the widespread social unrest, South Africa was finally making some headway in accelerating our roll-out programme towards the daily target of **300 000** vaccinations. Unfortunately, due to the diversion of resources, unavailability of facilities and the reigning climate of fear, we have taken a significant knock on these targets. Nevertheless, we still managed to vaccinate some **1,2 million** people in the last seven days, which was a victory given the events that transpired.

On the ground level, the last couple of days will be forever remembered as some of the worst scenes in our short years as a democracy. More than 900 retail locations have been looted, burned, or damaged, resulting in an estimated **R5 billion** in losses. As a result, the supply chains of several industries supplying food, fuel, medicine, and other commodities have been badly affected. Senseless looting and wanton criminality further resulted in the closure of the Port of Durban and parts of the N2, N3 and N4 over recent days. Consequently, the destruction of trucks, their cargo, shopping malls, distribution centres and other facilities has severely impacted our supply chains, which will have massive short-term consequences and even more devastating long-term ones for everyone in this country. Tragically, this all comes at a time when there was early evidence of a solid rebound, especially in our maritime economy and extended supply chains, as can be seen in the consolidated figures reported from TNPA.

To combat these devastating attacks on civil society, SAAFF and other role-players in the extended community formulated a seven-point plan to restore normality and enable supply chains to continue functioning. Fortunately, many of these critical systems were restored by the end of the week. However, the distressing developments will leave a lasting scar on our economy due to the many unintended consequences of these mindless actions. Besides the destructions, port operations in Durban were characterised by equipment shortages, positive COVID-19 cases, and taxi violence. Fortunately, our other commercial harbours were spared the same fate.

Internationally, the global container industry continues to pose financial problems for shippers, as elevated freight rates are also spilling over into regional trade lanes. Furthermore, although the demand increases cannot yet be met, the future supply is set to increase even further, as the orderbook is nearing 25% of capacity. When the dust settles on the new normal, there will undoubtedly be a shake-up in the global container industry, as many long-term contracts could potentially fall by the wayside, given the incessant push for profit by the carriers recently. Other notable developments this week include a drop in global piracy incidents, commentary on the

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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anti-competitive claims from the US, and a potential change in major east-west schedules in the aftermath of the Yantian-congestion.

The social unrest also impacted the air cargo industry, as the Dube Tradeport closed the cargo facility early in the week, as their staff could not safely get out of the areas of residence and safely to the airport. Fortunately, the situation was turned around as the week went on; however, the impact was felt throughout KwaZulu Natal, as critical medical goods and foodstuffs were sent through to the Durban area on an emergency basis to alleviate some of the most immediate concerns regarding food and medical supplies. The other commercial airports were luckily not impacted by the violence and destruction. However, besides these events, several outstanding issues regarding air cargo operations remain, most notably revolving around **(i)** cargo security matters, **(ii)** inefficiencies with the SOPs, and **(iii)** implementation of the IVS system.

On the international aviation front, the air cargo sector continues to prosper, despite the sector as a whole struggling due to drastically reduced passenger traffic. For the month of May, African airline operations continued to outperform other regions as the cargo sector continues to grow. Nevertheless, the capacity crunch is not abating, primarily due to the lack of passenger flights. Consequently, the industry-wide cargo load factor remains constricted, currently at **57,2%**. For Africa, the cargo load factor in May was **50,5%**, compared to the **40,7%** registered in May 2019. The ongoing situation means that airlines are struggling for survival. The industry-wide operating EBIT margin was at **↓58%** of revenues in May – broadly unchanged from Q4 2020 since passenger demand remained muted.

In conclusion, the events that transpired throughout KwaZulu Natal and Gauteng this week illuminated the critical role of supply chains in an economy. The supply chain is a living organism, which cannot handle any stoppages. Therefore, as does the country, the supply chain relies on the uninterrupted functioning of all its component parts. These include the smooth flow of all trade going through our ports, roads, rails, air, and last-mile delivery. Supply chains cannot function on an "on/off" switch; they must be kept in motion.

The seamless movement of goods between provinces, especially to ports, is critical to stabilising our economy and countering the effects that strict lockdown levels have had on international trade. We have had this struggle for a while now, and we have primarily succeeded in re-establishing the seamless flow of goods, albeit at lower volume levels than pre-pandemic. But we must repeat that the current situation is a serious test of the resilience of our supply chains, which can be regarded as the vascular system of our economy. Unlike any individual industry, the supply chain acts like glue, holding the many different parts of our economy together. For example, shipping line operators will simply not allow their vessels to sail to South Africa if they cannot quickly turn them around. We can play a vital role in looking after the interests of the citizens of South Africa, but that will be impossible if we do not restore our supply chains back to a safe, functional level. Business continuity is crucial in these desperate times.

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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 10 to 16 July⁸

| 7-day flow forecast (10/06/2021 – 16/07/2021) | | |
|---|---|------------------------------------|
| TERMINAL | NO. OF CONTAINERS TO DISCHARGE (IMPORT) | NO. OF CONTAINERS TO LOAD (EXPORT) |
| DURBAN CONTAINER TERMINAL PIER 1: | 4 118 | 3 700 |
| DURBAN CONTAINER TERMINAL PIER 2: | 6 487 | 9 242 |
| CAPE TOWN CONTAINER TERMINAL: | 9 972 | 10 100 |
| NGQURA CONTAINER TERMINAL: | 4 439 | 5 771 |
| GQEBERHA CONTAINER TERMINAL: | 1 983 | 2 508 |
| TOTAL: | 26 999⁹ | 31 321 |

Source: [Transnet](#), 2021. Updated 16/07/2021.

Table 3 – Container Ports – Weekly flow forecasted for 17 to 23 July¹⁰

| 7-day flow forecast (17/06/2021 – 16/07/2021) | | |
|---|---|------------------------------------|
| TERMINAL | NO. OF CONTAINERS TO DISCHARGE (IMPORT) | NO. OF CONTAINERS TO LOAD (EXPORT) |
| DURBAN CONTAINER TERMINAL PIER 1: | 2 423 | 3 288 |
| DURBAN CONTAINER TERMINAL PIER 2: | 7 528 | 8 624 |
| CAPE TOWN CONTAINER TERMINAL: | 8 302 | 8 788 |
| NGQURA CONTAINER TERMINAL: | 8 159 | 3 800 |
| GQEBERHA CONTAINER TERMINAL: | 1 143 | 1 250 |
| TOTAL: | 27 555 | 25 750 |

Source: [Transnet](#), 2021. Updated 16/07/2021.

An average of ~ **8 331 TEUs** (**↓6%**) was handled per day for the last week (10 – 16 July, Table 2). This figure is in stark contrast to the ~**10 572 TEUs** expected to be handled, primarily due to Durban's blockages and consequent congestion. The loss in operational capacity there will have devastating and long-lasting consequences, as the calls of several vessels were cancelled or delayed. Nevertheless, the industry hopes for the swift restoration and stabilisation of port operations. However, this will not happen overnight, as can be seen from the decrease in volumes expected next week this time to the tune of around ~**7 615 TEUs** (**↓28%**) per day (17 – 23 July, Table 3).

As with most sectors of the economy, the narrative around our commercial ports revolved squarely around the wanton destruction of the country's key infrastructure, goods and property and the senseless loss of lives over the past week. The talking points centred mainly around the inability to move cargo in and around KZN during

⁸ It remains important to note that a fair percentage (approximately 25%, according to the most recent TNPA figures for June) of containers are neither yellow then **yeah** 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 Given the lack of operations in Durban due to the events which transpired over the week, the figures reported are our best estimates as to what happened on the ground. The true volume throughput will only be realised at the end of the month when the dust settles.

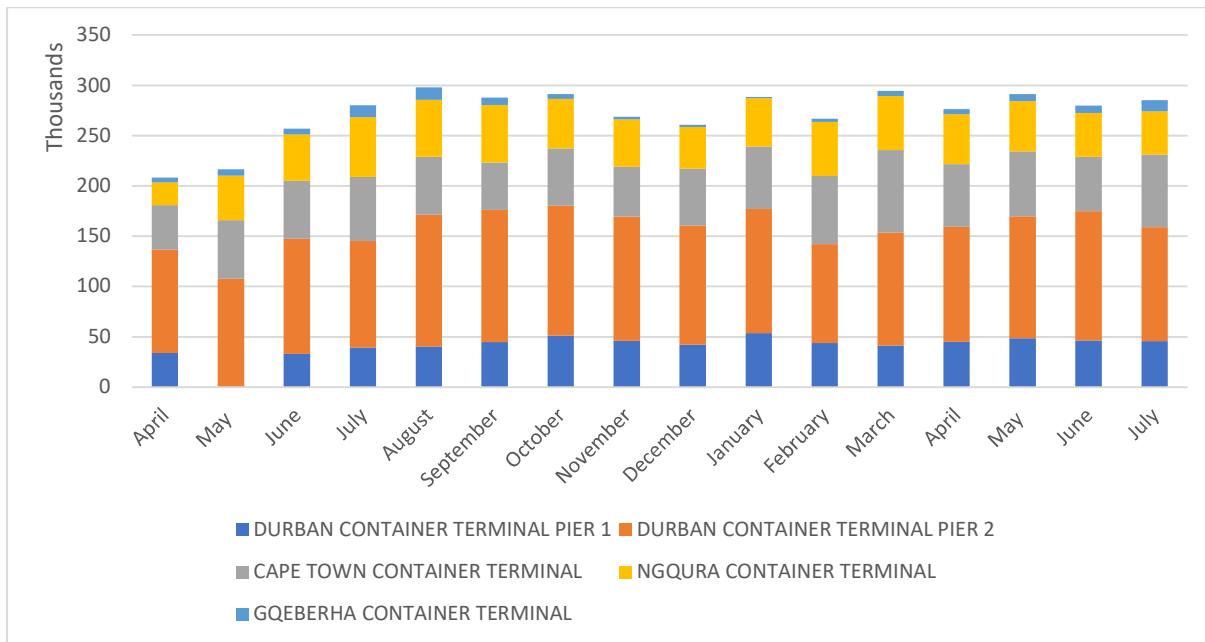
¹⁰ As noted in *footnote 9*

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the past week. Consequently, the national supply chain running along the main artery of the N3 was severely disrupted. Fortunately, the other commercial ports were not as affected. However, other problems were reported in those areas, including equipment shortages, positive COVID-19 cases, and taxi violence (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.

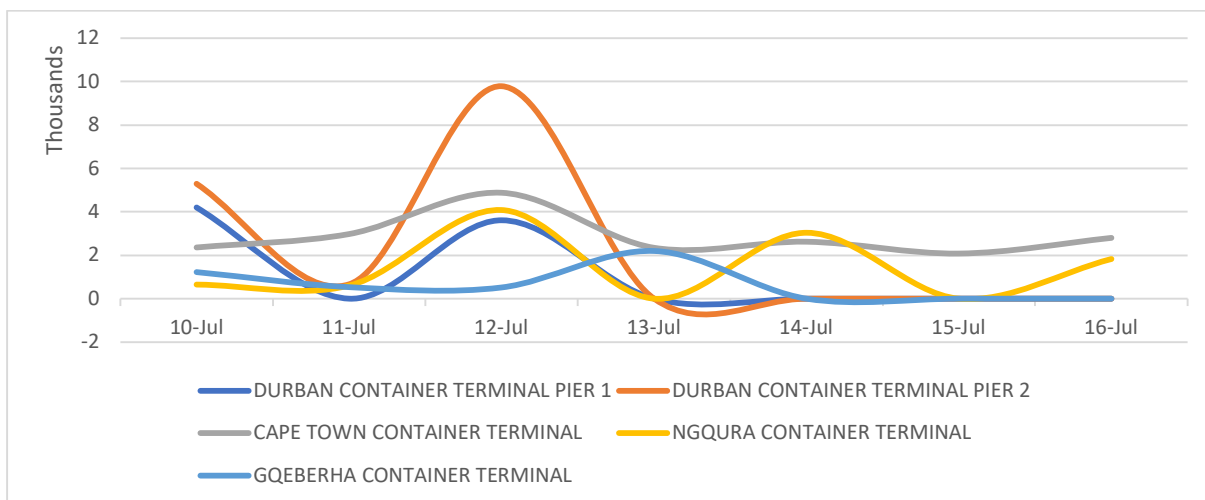
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 16/07/2021.

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

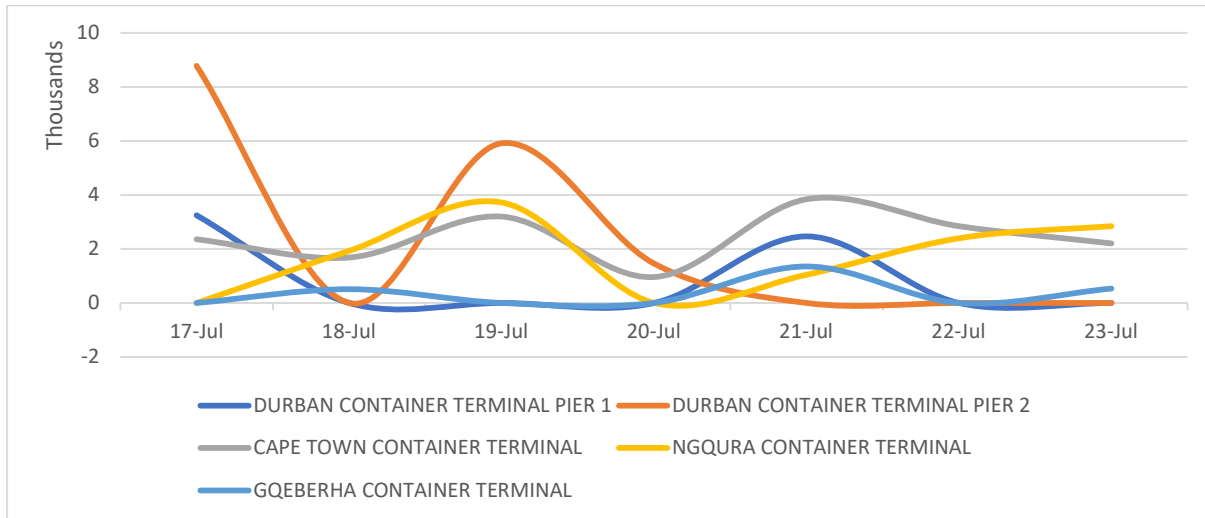
Figure 4 – 7-day flow reported for total cargo movement (10 to 16 July; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 16/07/2021.

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Figure 5 – 7-day flow reported for total cargo movement (17 to 23 July; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 16/07/2021.

b. Transnet National Ports Authority: June update

Transnet National Ports Authority have released their monthly port statistics for June this week¹¹. Collectively, the maritime economy registered a productive month. But, sadly, these small gains will undoubtedly be wiped out this month due to the wanton destruction of the country's key infrastructure, bringing supply chain operations to a grinding halt this week and last.

The following table provides a comparative overview of all cargo movement in and out of South Africa's ports for June of 2021, compared to the same month in 2020 and 2019.

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

| | June 2019 | June 2020 | June 2021 | Growth: '20-'21 | Growth: '19-'21 |
|-------------------------------------|-------------------|-------------------|-------------------|-----------------|-----------------|
| Containers (TEUs) | 389 779 | 296 103 | 394 041 | 33% | 1% |
| Landed | 206 486 | 163 220 | 209 676 | 28% | 2% |
| Shipped | 183 293 | 178 060 | 184 365 | 4% | 1% |
| Dry bulk (MT) | 15 208 884 | 14 716 454 | 16 470 521 | 12% | 8% |
| Liquid bulk (MT) | 2 779 753 | 3 445 156 | 3 061 549 | -11% | 10% |
| Breakbulk (MT) | 330 235 | 203 281 | 461 814 | 127% | 40% |
| Vehicles (Units) | 67 025 | 21 391 | 71 791 | 236% | 7% |
| Total Cargo (excl. Vehicles) | 18 318 873 | 18 364 891 | 19 993 884 | 9% | 9% |

Source: [TNPA](#), updated 15/07/2021.

Compared to June last year, all monthly indicators (bar liquid bulk) showed a positive year-on-year return – in some cases, a stratospheric growth. However, seeing that 2020 was indeed a significant outlier in trade given the impact of the pandemic, the comparison is less meaningful. Therefore, as we have done throughout this report, it makes more sense to compare these figures to pre-pandemic levels to draw a more meaningful conclusion. When comparing June 2021 with June 2019, the picture becomes more apparent and shows that our maritime economy has made significant strides in recent months. All metrics are positive, which includes the record vehicle numbers handled as noted last week. Consequently, these indicators showed some positive

¹¹ Transnet, 2021. Port statistics. [TNPA](#)

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outlook for the rest of the year had it not been for the criminal behaviour which erupted in the previous few days. Nevertheless, the private sector remains committed to turning matters around once more.

For containerised cargo, the growth is less pronounced than other cargoes, with the headline figure coming in at only ↑1% compared to 2019. This change ignores whatever increases we might have experienced had 2020 not been the year of the pandemic. Therefore, in real terms, the containerised market is back to where we started in 2019, with a year's growth having been missed. Therefore, the effect is actually a reduction in volumes, which speaks to the general condition of the economy. The following table provides a more in-depth year-to-date view of containerised cargo.

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

| | 2019 | | | 2020 | | | 2021 | | |
|---------------------------|------------------|----------------|------------------|------------------|----------------|------------------|------------------|----------------|------------------|
| | FULL | EMPTY | TOTAL | FULL | EMPTY | TOTAL | FULL | EMPTY | TOTAL |
| LANDED: | | | | | | | | | |
| DEEPSEA | 755 860 | 138 360 | 894 220 | 626 313 | 160 473 | 786 786 | 741 240 | 172 436 | 913 676 |
| COASTWISE | 3 103 | 21 429 | 24 532 | 1 853 | 22 123 | 23 976 | 1 617 | 18 878 | 20 495 |
| TRANSHIPPED ¹² | 180 376 | 35 333 | 215 709 | 135 658 | 48 696 | 184 354 | 125 078 | 55 674 | 180 752 |
| TOTAL LANDED | 939 339 | 195 122 | 1 134 461 | 763 824 | 231 292 | 995 116 | 867 935 | 246 988 | 1 114 923 |
| SHIPPED: | | | | | | | | | |
| DEEPSEA | 561 242 | 277 708 | 838 950 | 513 916 | 264 978 | 778 894 | 573 290 | 318 925 | 892 215 |
| COASTWISE | 3 422 | 11 299 | 14 721 | 2 981 | 20 801 | 23 782 | 1 575 | 19 322 | 20 897 |
| TRANSHIPPED | 175 970 | 34 379 | 210 349 | 135 234 | 45 153 | 180 387 | 133 241 | 55 687 | 188 928 |
| TOTAL SHIPPED | 740 634 | 323 386 | 1 064 020 | 652 131 | 330 932 | 983 063 | 708 106 | 393 934 | 1 102 040 |
| GRAND TOTAL | 1 679 973 | 518 508 | 2 198 481 | 1 415 955 | 562 224 | 1 978 179 | 1 576 041 | 640 922 | 2 216 963 |

Source: [TNPA](#), updated 15/07/2021.

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

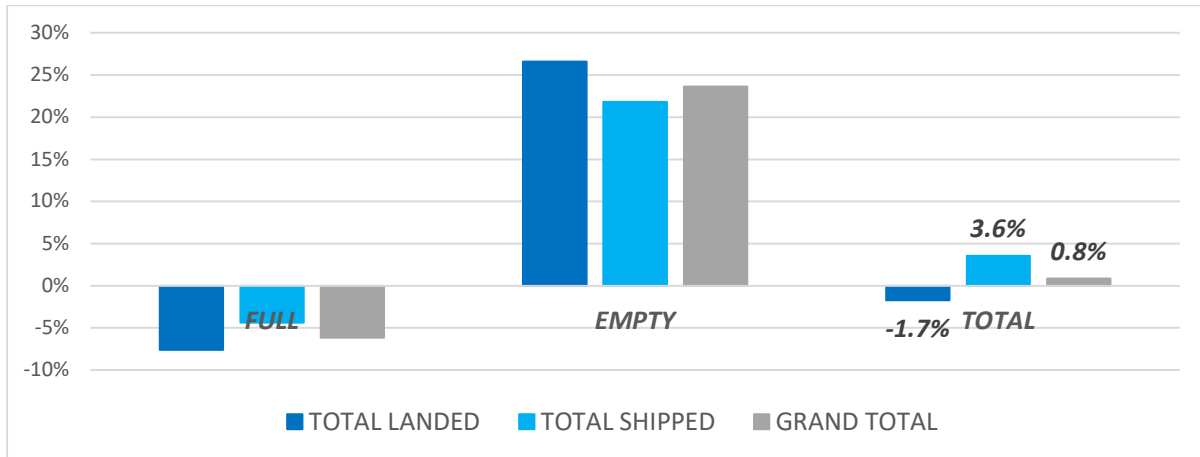
- Despite another decent month in June, we have only managed to draw even with 2019 levels,
- This situation is mainly due to a feeble and slow start to the year number-wise,
- Although the maritime economy is seemingly back to normal, imbalances in world trade caused by the pandemic have led to a substantial increase in empty containers needing to be repositioned, which significantly distorts the growth picture. It also provides an opportunity for shipping lines to take advantage of what appears to be a growing demand but is in reality simply the need to move empty containers. The impact on freight rates has been obvious.
- The increase in empties has been a global phenomenon, with the exaggerated container imbalances created by the early stages of lockdowns worldwide.
- As a result, the slight growth recorded in volume 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 half of 2019.

¹² '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 transshipment port for a period.

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



Source: [TNPA](#), updated 15/07/2021.

A really encouraging feature of our trading economy has been the success story of our exports with a consequent healthy increase in the trade surplus. This success has been well documented in some key sectors, such as mining, agricultural commodities, automotive, and fruit industries. However, the growth in apparent export volumes is due primarily to an increase in empty containers shipped. Therefore, the real growth in export containers is, in fact, only around **↑3,6%** in volume through our ports. Concerning imports, another slight decline of **↓1,7%** for the first half of 2021 is noticeable, adding to our trade surplus. Therefore, in general terms, the containerised market grew by **↑0,8%** for the first half of 2021.

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

Vessel ranging and strong winds in Cape Town port challenged waterside operations early in the week, luckily subdued around Wednesday.

Durban port experienced strong southerly winds ranging at more than 25km/h early this week, leaving Pier 1 windbound on Tuesday. However, weather conditions improved as the week went on.

Throughout the week, especially around Wednesday, both NCT and PECT had experienced waterside difficulties due to strong winds, causing various delays. As a result, certain vessels could not be serviced while on berth where others had to wait before it was safe enough to berth.

ii. Cape Town

Stack occupancy at CTCT stabilized over the week, hovering around 41% for general containers and 49% for reefers. At the MPT, stack occupancy averaged at a moderate 18% for general containers and 47% for reefers. Cape Town port terminals struggled overall with vessels ranging, especially at the beginning of the week, although waterside productivity improved slightly as the week wore on. Civil unrest in Cape Town was also making news as violence linked with route rivalry continues in the taxi industry. Luckily, the port was able to mitigate the effects on port operations by initiating contingency plans. CTCT handled 14 000 containers this week with only 17/18 RTGs available, although performance was sub-optimal with only 17 moves reported per GCH. The average dwell time remains three days at CTCT. Marine services reportedly delayed five vessels due

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to pilot boat issues and heavy swells. MPT had equipment failures and lost just over 14 hours as a result. On the health front, Cape Town port reported five active COVID-19 cases.

iii. Eastern Cape

Stack occupancy at NCT averaged around 44% for general purpose containers and a low 17% for reefer containers this past week. Stack occupancy at PECT averaged much higher, at 65% for general containers and approximately 55% for reefers. Throughout the week, especially around Wednesday, both terminals had experienced waterside difficulties due to strong winds. Other than challenging weather conditions, the port could continue its operations without being affected by the unrest in Kwa-Zulu Natal.

iv. Durban

On Monday, port users were informed that the port was closed due to a lack of employees and resources. Workers could not report for work due to the unrest, and many were threatened that their homes would be burnt down if they did. Since trucks were being targeted and burnt the weekend before, many truckers decided to stay clear from the area. Operations at King's Rest depot, Island View and Cutler complex ceased altogether on Monday with no trucks showing up. Other government agencies such as PPECB, Port Health and Immigration were also closed, adding to the delays of vessels at anchorage.

On Tuesday, Transnet announced that port operations would slowly commence but with minimal resources. Pier 1 had one gang operational on the waterside, albeit confronted with strong winds leaving the terminal windbound. Landside operations were still at a standstill but on standby to assist with any urgent cargo deliveries. Pier 2 had two waterside gangs available and limited landside operations due to a lack of resources. As the week went on, more resources became available but still not enough. On Wednesday, the Ro-Ro facility at MPT was working on the waterside only. The port was asked to assist long-haul drivers, who had no choice but to park in the terminal area until normality was restored, with food and other facilities. FPT (Fresh Produce Terminal) was only able to conduct minimal operational activities. The cold stores at the port remained closed, and unfortunately, there were no staff available to conduct COVID-19 tests on vessels at anchor. As a result, testing had to be undertaken alongside the vessel once berthed.

After declaring Force Majeure on Monday 12 July 2021, Richards Bay terminal could resume full operations by Wednesday 14 July 2021. Transnet advised that DCT Pier 1 and 2 were both working but with very limited resources on Wednesday. Marine operations were able to deploy three pilots, two tugs, one pilot boat, two berthing gangs, one launch gang and one helicopter. In addition, several shipping lines have provided some relief to their customers in terms of extending storage and demurrage times.

On Thursday, Transnet clarified the current situation at the port of Durban and their continuity plans to deal with it. TPT has dedicated teams working on recovery plans to make it possible for the port and other stakeholders to resolve the challenges which are certain to arise in the days ahead. It should be noted that Durban Container Terminals did not declare Force Majeure on Monday 12 July 2021. Confusion arose because a letter declaring Force Majeure in the Kwa-Zulu Natal Port Terminals referred to Richards Bay Terminal alone.

TPT advised that they will focus on the following areas and allocate limited resources towards:

- Clearing the backlog in container vessels by loading vessels that can complete their calls and depart. This will allow space in stacks for incoming ships. The focus will be on backloading and discharging wherever possible.
- Preparing the terminal (housekeeping) for increased import containers needing yard space and expected export containers that will follow. DCT requested a TFR off-port area to be used for storage of over-border containers to release in-yard space.

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- TPT ensured full security at all terminals with the support of authorities to safeguard the port vicinity. This will allow staff to report to work safely and feeling secure.
- TPT will continue to apply berthing principles of the Container Terminal Operations Contracts (CTOC) at Piers 1 and 2. This will be the most practical way to address the backlog and maintain the port schedule.
- Export stacks will be extended based on consultation with relevant shipping lines. Stack extensions will be communicated at the terminal level.
- TPT advised that no storage charges would be applicable from Monday, 12 July 2021. These exemptions will be granted on a 24-hour notice basis whereby TPT will communicate in due course. Maersk announced that no detention charges would be applicable from the 12th till the 19th of July 2021, while MSC advised that matters would be viewed sympathetically on a case-by-case basis.
- TPT advised that for terminal operations to remain fluid, consistent collection of import containers was critical, and it, therefore, encourages import containers to be collected. TPT acknowledged that customers' storage depots and warehouses have been affected and encouraged customers to engage with all stakeholders to find solutions for the safe onward distribution and storage of import containers.
- TPT also requested that if any urgent cargo needed to be collected, the shipping line concerned should send an email to the Planning Manager, Terminal Manager, and KAM (Key Account Manager) for coordination.

Since many of the unsavoury developments which affected road freight to and from Durban were set off by the burning of several trucks the weekend before, it is worth investigating the devastating impact on the industry. As widely circulated in the media, the vulnerability of road freight vehicles has been illustrated only too graphically in recent times. Unfortunately, in the absence of a properly functioning rail system, the roads are effectively the only arteries along which almost all our trade goods must travel. This was once again illustrated by the cessation of port operation in Durban. The following table shows the typical operations in Durban, as taken from the latest port statistics from TNPA for June:

Table 6 – Daily average volumes flowing through Durban, expressed in metric tons unless otherwise indicated.

| CARGO TYPE: | LANDED (IMPORT) | SHIPPED (EXPORT) | TOTAL |
|---|-----------------|------------------|----------------|
| CONTAINERS (TEUs, PIER 1 & PIER 2) | 4 878 | 3 759 | 8 637 |
| DRY BULK CARGO HANDLED | 10 553 | 26 983 | 37 535 |
| LIQUID BULK CARGO HANDLED | 60 658 | 3 992 | 64 650 |
| BREKBUK CARGO HANDLED | 8 684 | 1 159 | 9 843 |
| RO-RO (UNITS) | 871 | 687 | 1 558 |
| TOTAL CARGO HANDLED EXCL VEHICLES | 79 895 | 32 133 | 112 028 |
| SHARE OF RAIL | | | ~8% |
| SHARE OF ROAD | | | ~92% |

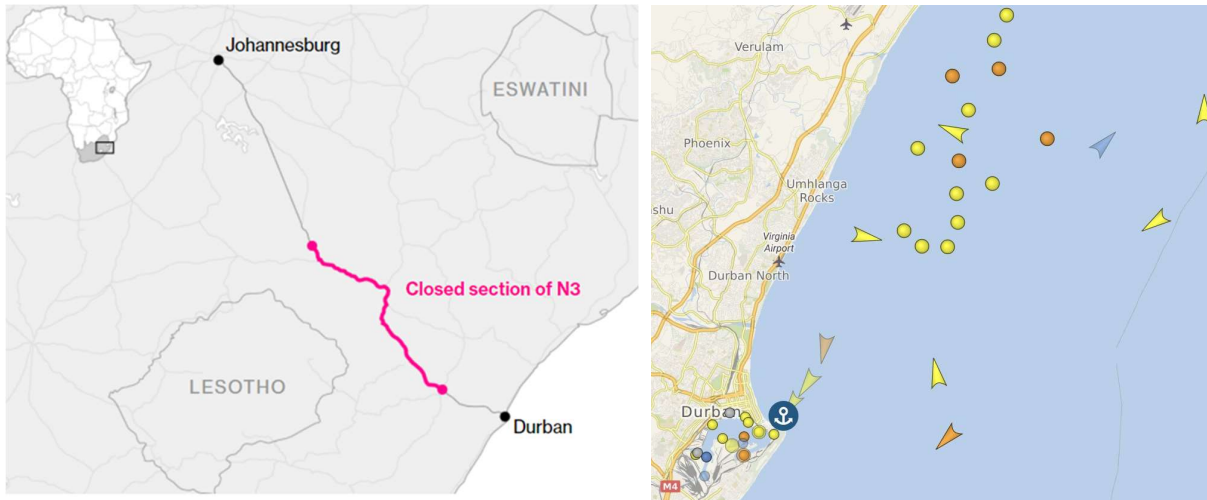
Source: [Transnet](#), 2021. Updated 14/07/2021.

As the table shows, a daily average of **112 028 metric tons of non-containerised cargo** was handled through Durban port each day. Additionally, more than **8 600 containers** (approximately 110 000 metric tons) are handled every day, and **1 558 vehicles**, which indicates the importance of Durban, the N3, and the North-South corridor with its link to intra African trade through our neighbouring countries. Therefore, as the table above shows, when roads are blocked as they were last week, the build-up of undelivered cargo is immediate and

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serious. Fortunately, the dire situation was alleviated to some extent by Thursday. However, the consequences of these criminal actions will linger for a significant period to come. The following side-by-side images show the unrest's cause and effect on both the landside and the waterside operations.

Figure 7 – N3 trade blocked due to lack of port operations, resulting in significant time at anchorage for many vessels:



Source: [Bloomberg](#) & [Marine Traffic](#) (early morning snapshot on 16/07/2021).

At this stage, estimates indicate that South Africa's logistics sector is losing roughly R100-million a day due to these delays¹³. To alleviate the desperate situation, all key stakeholders must come together.

The virtual standstill of South Africa's busiest port and most crucial North-South corridor will have catastrophic effects on the South African economy. Vessels are skipping Durban port, exporters fear losing market share, and investor interests have once again been hindered. President Cyril Ramaphosa conducted an oversight visit to Kwa-Zulu Natal on Friday, 16 July 2021, to assess the situation and interact with the provincial government and security forces. The N3 was officially opened between Cedara in KwaZulu-Natal and Heidelberg in Gauteng, on Friday morning, albeit subject to high traffic volumes and congestion. There has been a notable increase in trucks attending DCT Pier 2 on Friday afternoon, with around 100 trucks in line for service at 14:00. The industry is pushing hard for more substantial intervention to restore the supply chain as a plague of hunger, significant losses, and a lack of basic needs looms on the horizon for the province of Kwa-Zulu Natal for many months to come.

v. Transnet Freight Rail (TFR)

TFR announced on Monday that due to the severity of the situation in the area, the NATCOR line would be suspended until further notice. The Cape Line has been operating smoothly during the week, whilst the South Cape route experienced cable theft on Monday night.

On Wednesday, TFR sent out another communication stating that the rail lines had started being used to replace stolen goods and that the locomotives had been targeted. Since the closure of the N3 between Harrismith and Durban, teams have not been able to reach specific sites to start recovery work, especially in terms of the recent cable theft incident reported between Frere and Ennerdale. In addition, TFR has been struggling to get fuel as fuel stations nearby have closed, and queues of anxious motorists constantly congest those which are open. On Friday, TFR announced that the NATCOR line is expected to be functioning again from 18:00, pending any further disruptions. The line from Durban to Pietermaritzburg was still obstructed by trolleys, logs and community members crossing. TFR security, SANDF and SAPS were deployed to secure the area.

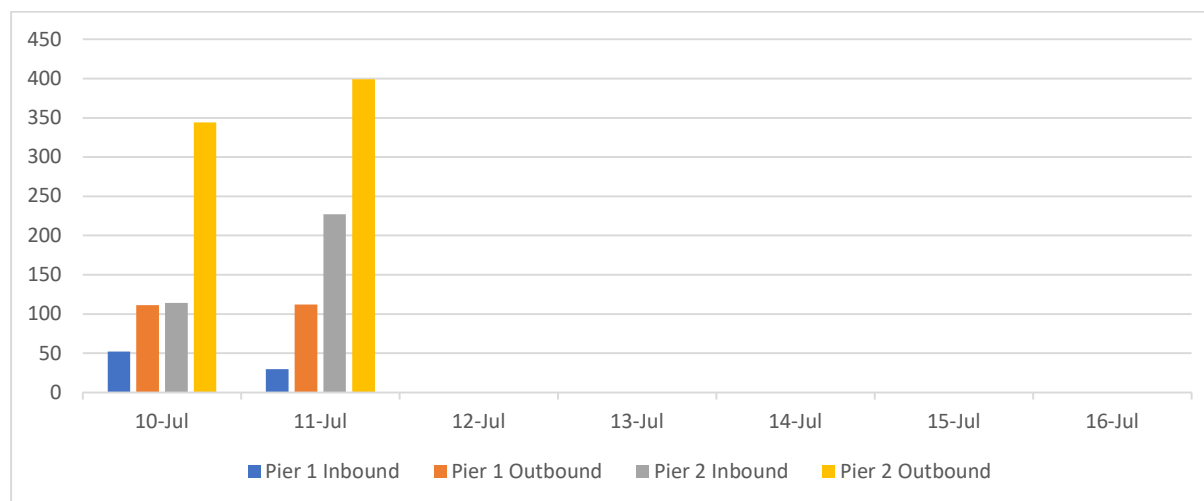
¹³ Maree, J. 16/07/2021. [SA logistics sector bleeding R100m-plus a day, supply chains must be restored.](#)

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In addition to the sudden suspension of the NATCOR line, TFR announced their yearly maintenance shutdown schedules this week. The NATCOR shutdown period is scheduled to commence on the 16th of August at 06:00 till the 22nd of August at 18:00.

The following figure graphically illustrates the total lack of rail movement from Durban for the week:

Figure 8 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2021. Updated 16/07/2021.

This week (10-16 July), rail cargo handled out of Durban averaged 695 over Saturday and Sunday (10 and 11 July) but came to a screeching halt as TFR declared *force majeure* on the NATCOR line due to the unrest. On Friday, Transnet said that key railway lines on the NATCOR line were still being cleared of looting debris¹⁴.

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 5 July. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in July 2020 averaged ~**661 014 kg** per day. For 2019, this average was ~**848 123 kg** per day, which is probably a more meaningful comparison.

Table 7 – International inbound and outbound cargo from OR Tambo

| Flows | 05-Jul | 06-Jul | 07-Jul | 08-Jul | 09-Jul | 10-Jul | 11-Jul |
|------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Volume inbound | 958 953 | 494 003 | 383 264 | 404 321 | 402 368 | 268 178 | 455 912 |
| Volume outbound | 565 187 | 150 752 | 270 597 | 208 176 | 204 803 | 128 264 | 236 972 |
| Total handled per day | 1 524 140 | 644 755 | 653 861 | 612 497 | 607 171 | 396 442 | 692 884 |

Courtesy of ACOC. Updated: 15/07/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 4 July amounted to **481 000 kg** inbound and **252 107 kg** outbound. The total, therefore, amounts to an average of **733 107 kg** per day, or ~**182%** compared with the same week in June 2020 (~**176%** last week). In terms of monthly comparisons, the international aviation industry's operating capacity levels are ~**197%** that last year. Compared to pre-COVID-19

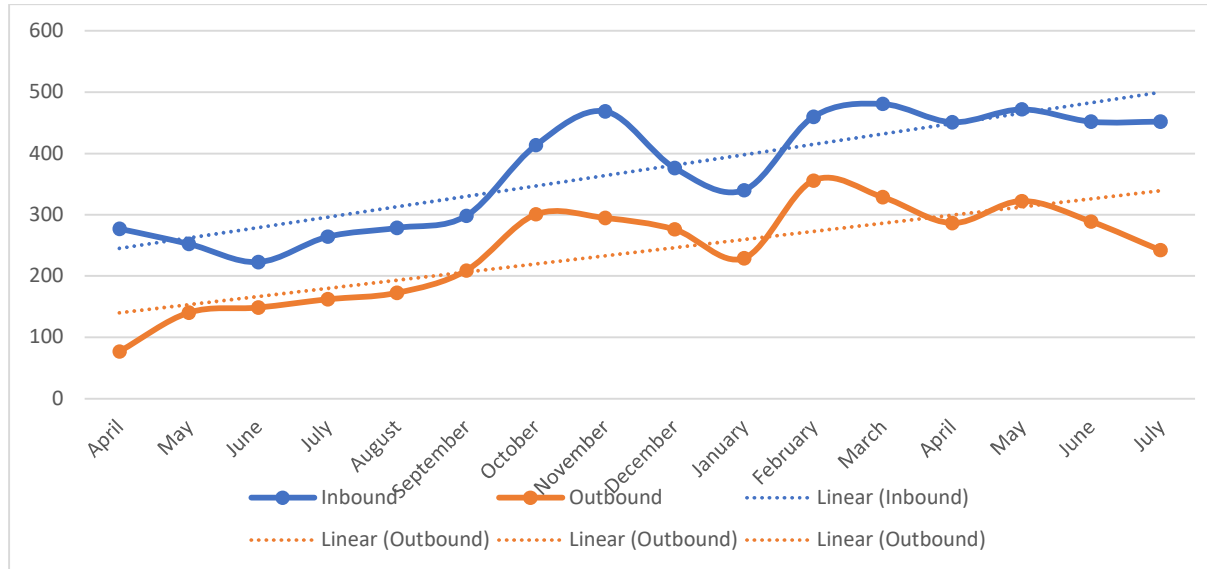
¹⁴ Transnet, 16/07/2021. [Key SA railway line still being cleared of looting debris, Transnet says.](#)

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times, the level is currently at ~82% compared with 2019, once again reflecting the lack of belly-hold capacity presently experienced, both locally and internationally.

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



Courtesy of ACOC. Updated: 15/07/2021.

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 July 2020 was only ~50 554kg¹⁵ per day. Still, as mentioned in other areas of this report, that is not really a meaningful comparison.

Table 8 – 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 |
| Jun Average | 27 498 | 3 706 | 3 556 | 26 873 | 7 086 | 3 213 | 71 932 |
| 01-Jul-21 | 40 254 | 4 649 | 6 049 | 29 929 | 13 265 | 4 841 | 98 987 |
| 02-Jul-21 | 18 391 | 3 432 | 2 556 | 25 866 | 4 698 | 2 972 | 57 916 |
| 03-Jul-21 | 2 331 | 863 | 40 | 1 768 | 242 | 78 | 5 321 |
| 04-Jul-21 | 1 809 | 340 | 32 | 732 | 110 | 734 | 3 756 |
| 05-Jul-21 | 42 291 | 3 263 | 6 273 | 20 761 | 10 568 | 4 417 | 87 572 |
| 06-Jul-21 | 33 657 | 3 956 | 6 441 | 31 414 | 9 519 | 4 816 | 89 804 |

¹⁵ For Cape Town, the figure corresponds to 43 266 kg per day, and 4 023 kg per day for Durban during the same period (July 2020).

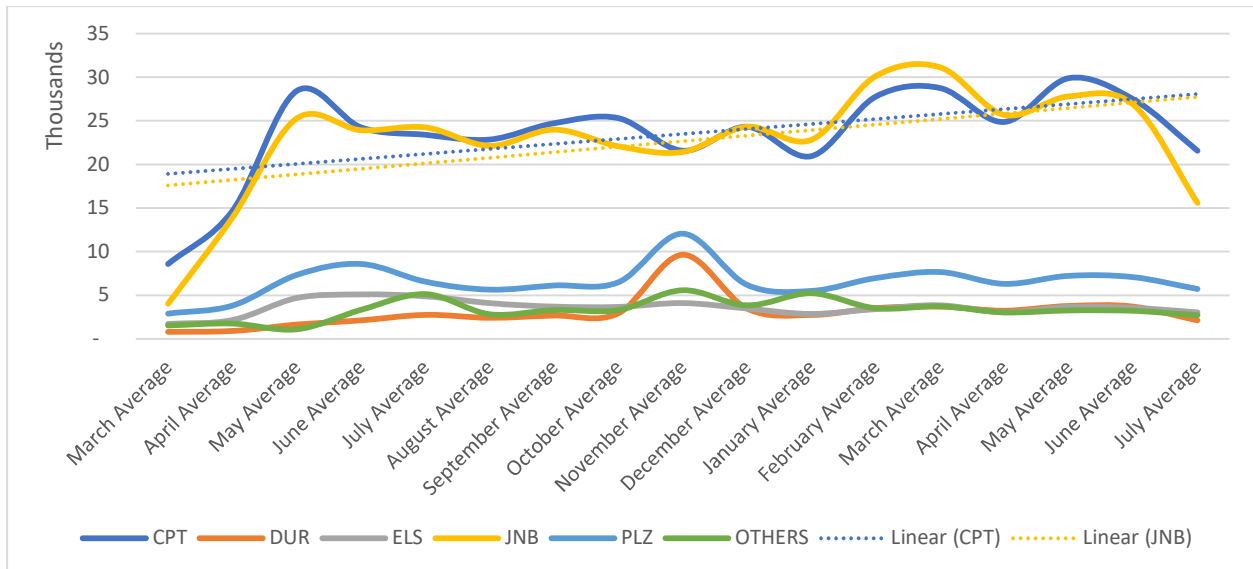
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| DATE / AIRPORT | CPT | DUR | ELS | ORTIA | PLZ | OTHERS | TOTAL |
|---------------------|------------------|----------------|----------------|------------------|------------------|----------------|-------------------|
| 07-Jul-21 | 35 755 | 3 178 | 5 449 | 20 809 | 10 734 | 4 579 | 80 503 |
| 08-Jul-21 | 36 706 | 2 957 | 4 072 | 19 665 | 8 500 | 3 997 | 75 897 |
| 09-Jul-21 | 14 239 | 1 013 | 2 463 | 14 193 | 5 267 | 2 568 | 39 742 |
| 10-Jul-21 | 1 869 | 1 042 | 4 | 1 089 | 147 | 15 | 4 164 |
| 11-Jul-21 | 4 774 | 299 | 108 | 429 | 286 | 341 | 6 236 |
| 12-Jul-21 | 26 693 | 404 | 3 024 | 20 547 | 5 342 | 2 988 | 58 996 |
| Y-T-D Totals | 5 076 351 | 649 497 | 652 434 | 5 143 299 | 1 299 010 | 625 536 | 13 446 126 |

Courtesy of BAC. Updated: 13/07/2021.

Currently, the average domestic air cargo moved in the last week was ~50 763 kg per day, which is ↓22% compared with the previous week. Moreover, the volume handled amounts to approximately 81% 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 healthy volumes registered since the turn of the year.

Figure 10 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 13/07/2021.

c. Summary of air cargo operations

As with operations around the port of Durban, air cargo operations were severely impacted by the events transpiring in Kwa-Zulu Natal in the previous week. The key points summarise the developments:

- The unrest and criminality have affected all airfreight and flights out of the KwaZulu-Natal area, with the Dube Tradeport facility at King Shaka closing for staff safety.
- Furthermore, for two days in Gauteng, delivery and collection of international cargo was also impacted due the unrest.
- Indeed, staff could not get to the airport for most of the week because of security fears.
- Furthermore, the wider network comprising of express cargo to and from the KwaZulu-Natal area has been stopped, inclusive of most road transporters of express goods.
- Airlines' cancellation of domestic flights until the end of July has also impacted the daytime volumes moved domestically. Indeed, some airlines, including Kulula and Comair (BA) flights was extended until the end of August. As noted above, the impact can be shown in this past week's stats until the end of the month.

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- To combat some constraints and provide some necessary relief for the Durban area, the aviation industry employed security escorts and the collection of some key staff. In addition, attempts were made to start accepting critical medical goods and foodstuff to be sent through to the Durban area to alleviate some of the immediate concerns regarding food and medical supplies.

As reported last week, several outstanding issues regarding air cargo operations remain, most notably revolving around (i) cargo security matters, (ii) inefficiencies with the SOPs, and (iii) implementation of the IVS system. However, as these matters have taken a backseat in the last week, the extended aviation (and indeed supply chain) industry hopes that these matters will be resolved swiftly.

3. Regional Update

a. South African border closures

Several border posts experienced closures throughout the week, as the events which transpired in the Durban area had severe consequences for the rest of the trade routes out of South Africa. SARS Customs has attempted to clarify the status of various affected border posts, as per the table below:

Table 9 – South African border closures

| Date | Border |
|--------------|--|
| 16 July 2021 | Mananga is closed until further notice. |
| | Richards Bay resumed full operations from 14 July 2021. |
| 15 July 2021 | Skilpadshek closed at 16:00 and will reopen at 18:30 this evening. |
| 14 July 2021 | Kopfontein resumed normal operational hours from today, i.e., 06:00 – 00:00 (midnight). |
| | Groblersbridge closed today at 16:00 and will reopen tomorrow, 15 July, at 6:00. |
| 13 July 2021 | Groblersbridge closed today at 18:00 and will reopen tomorrow, 14 July, at 6:00. |
| | Kaserne States Warehouse in the City Deep area has been closed due to road closures because of the unrest in the area. An update will follow once operations resume. |
| 12 July 2021 | Kopfontein hours will be: 12 July: 6:00 – 18:00 13 July: 6:00 – 22:00 |
| | Due to violent protests in KZN, resulting in some staff not making it to work, Customs & Excise services will be intermittent both at King Shaka International Airport and Albany & Customs House in the City. |
| 11 July 2021 | Kopfontein will reopen this evening at 20:00 and close at 22:00. |
| | Vioolsdrif is closed and will reopen tomorrow, Monday 12 July, at 22:30. |
| | Beitbridge building next to the commercial area is on fire. |
| | Kopfontein remains closed until further notice. |
| 10 July 2021 | Groblersbridge closed at 19:00 and will reopen tomorrow morning, 11 July, at 6:00. |
| 9 July 2021 | There are currently protest activities (14:30) at the Jeppes, Mahamba and Oshoek ports. Accordingly, traders and travellers are advised to delay their trips until later today. |
| | Groblersbridge closed at 12:00 and will reopen at 16:00. |

Source: [SARS](#). Updated: 16/07/2021.

Traders are urged to stay abreast of border post communications on the SARS Customs and Excise [website](#). Still, it must be said that this situation only exacerbates the precarious position of the road freight industry.

b. Cross-border delays

Besides the terrible events on the road in KwaZulu-Natal and Gauteng, the following significant events have caused cross-border delays in the SADC region this week:

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- Beit Bridge Commercial Office was closed for decontamination last week, while gate management remained functional. As noted above, the building next to the commercial area was on fire on Sunday.
- Various borders (Kopfontein, Skilpadshek, Ramatlabama and Groblersbrug) were closed for decongestions this week.
- A 5km-plus queue was reported at Chirundu.

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 10 – Delays¹⁶ 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 | 2:00 | 100 | 3 000 | 700 | 24 640 | 1 400 |
| SA/Zim | Beit Bridge | 24:00 | 19:00 | 943 | 28 290 | 6 601 | 112 217 | 158 424 |
| Moz/Zam | Cassacatiza/Mlolo | 1:00 | 23:00 | 60 | 1 800 | 420 | 8 820 | 420 |
| Zam/Zim | Chirundu | 0:00 | 17:00 | 616 | 18 480 | 4 312 | 64 680 | 0 |
| Moz/Mal | Dedza | 2:00 | 26:00 | 50 | 1 500 | 350 | 8 400 | 700 |
| SA/Bot | Groblersbrug/Martins Drift | 4:00 | 12:00 | 400 | 12 000 | 2 800 | 28 000 | 11 200 |
| Zam/DRC | Kasumbalesa | 0:00 | 57:00 | 592 | 17 760 | 4 144 | 165 760 | 0 |
| Zam/Bot | Kazungula | 0:00 | 27:00 | 212 | 6 360 | 1 484 | 37 100 | 0 |
| SA/Bot | Kopfontein/Tlokweng | 24:00 | 25:00 | 100 | 3 000 | 700 | 16 100 | 16 800 |
| Moz/Zim | Machipanda/Forbes | 1:00 | 8:00 | 320 | 9 600 | 2 240 | 13 440 | 2 240 |
| Moz/Mal | Milange | 0:00 | 4:00 | 40 | 1 200 | 280 | 560 | 0 |
| Moz/Mal | Nakonde/Tunduma | 0:00 | 45:00 | 500 | 15 000 | 3 500 | 150 500 | 0 |
| Nam/SA | Noordoewer/Vlooisdrift | 0:00 | 0:00 | 0 | 0 | 0 | 0 | 0 |
| Zim/Moz | Nyamapanda | 1:00 | 7:00 | 100 | 3 000 | 700 | 3 500 | 700 |
| SA/Moz | Ressano Garcia | 23:00 | 44:00 | 400 | 12 000 | 2 800 | 117 600 | 64 400 |
| SA/Bot | Skilpadshek/Pioneer Gate | 14:00 | 34:00 | 300 | 9 000 | 2 100 | 67 200 | 29 400 |
| Nam/Bot | Trans Kalahari/Mamuno | 0:00 | 33:00 | 110 | 3 300 | 770 | 24 640 | 0 |
| Zam/Zim | Victoria Falls | 1:00 | 5:00 | 114 | 3 420 | 798 | 2 394 | 798 |
| Moz/Mal | Zobue/Mwanza | 2:00 | 16:00 | 100 | 3 000 | 700 | 9 800 | 1 400 |
| | | | | 5 057 | 151 710 | 35 399 | 855 351 | 287 882 |

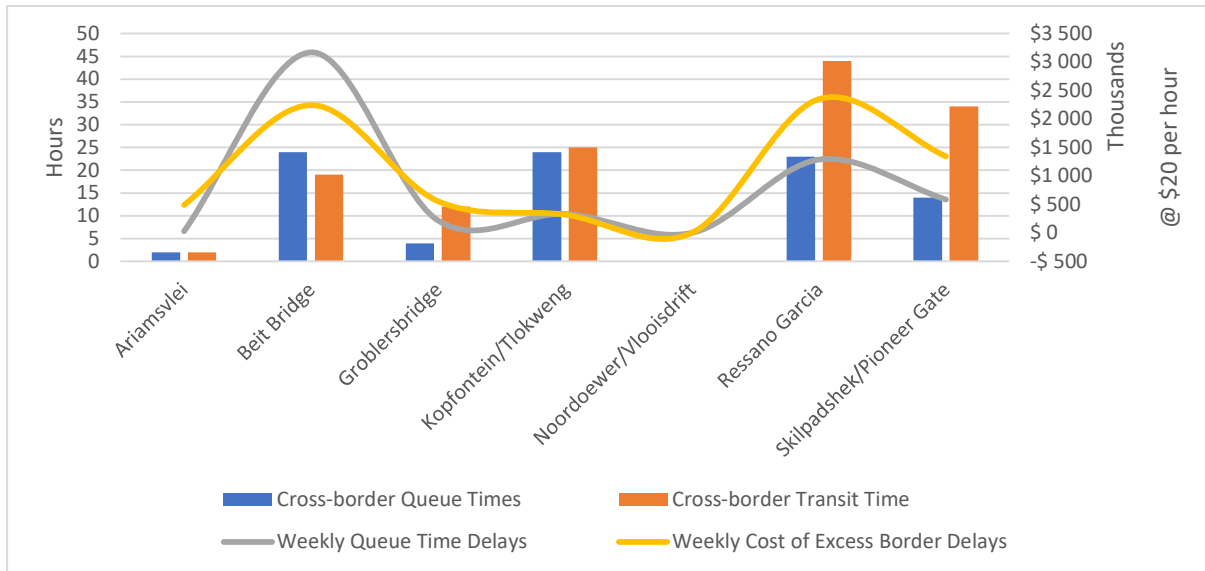
Source: TLC & FESARTA, week ending 13/07/2021.

The following graph shows the weekly change in cross-border times (and associated cost) from South Africa's perspective.

¹⁶ It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border constraint since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

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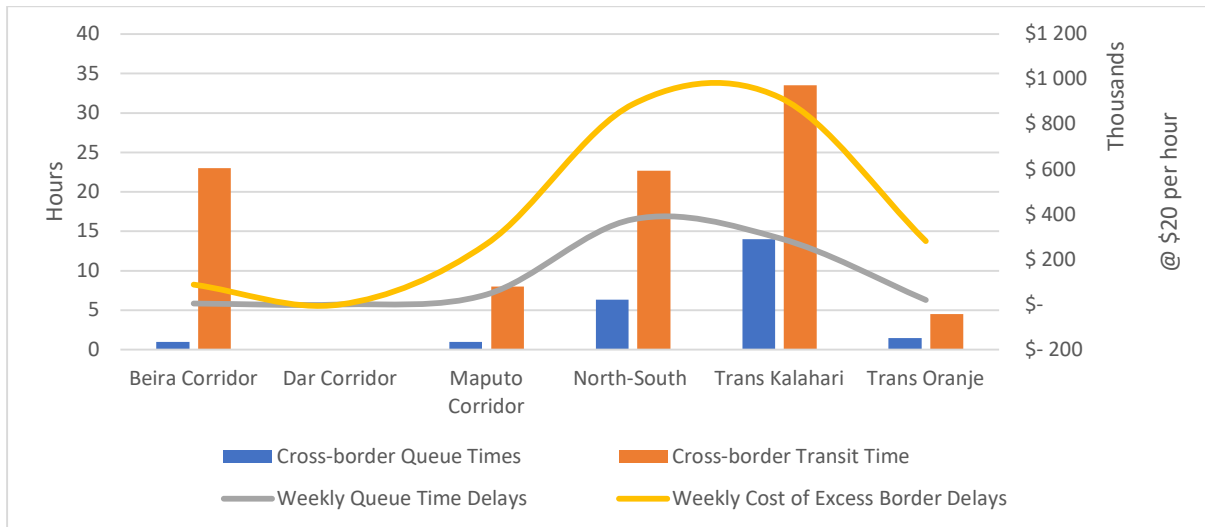
Figure 11 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in US\$ thousands)



Source: TLC & FESARTA, week ending 13/07/2021.

The following figure illustrates a similar picture to those above, this time from a corridor perspective.

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



Source: TLC & FESARTA, week ending 13/07/2021.

Due to the problems at Beit Bridge, the North-South corridor continued to experience some increases in transit time and cost to trade. The Beira corridor also remains slow, especially for transit times. This week's other significant changes include extended crossing and queuing times experienced across the Trans Kalahari corridor.

In summary, the cross-border queue time has averaged ~5,8 hours (slightly slower than the experience last week at ~5,1 hours) and cost the transport industry an estimated \$5,76 million (R92 million). Fortunately, the average cross-border transit time has decreased to ~20,2 hours (notably lower than last week's experience at ~16,3 hours), costing the transport industry ~\$17,1 million (R274 million). Therefore, the total cost for the week amounts to ~R366 million (up by ~R65 million from R301 million the previous week).

4. International Update

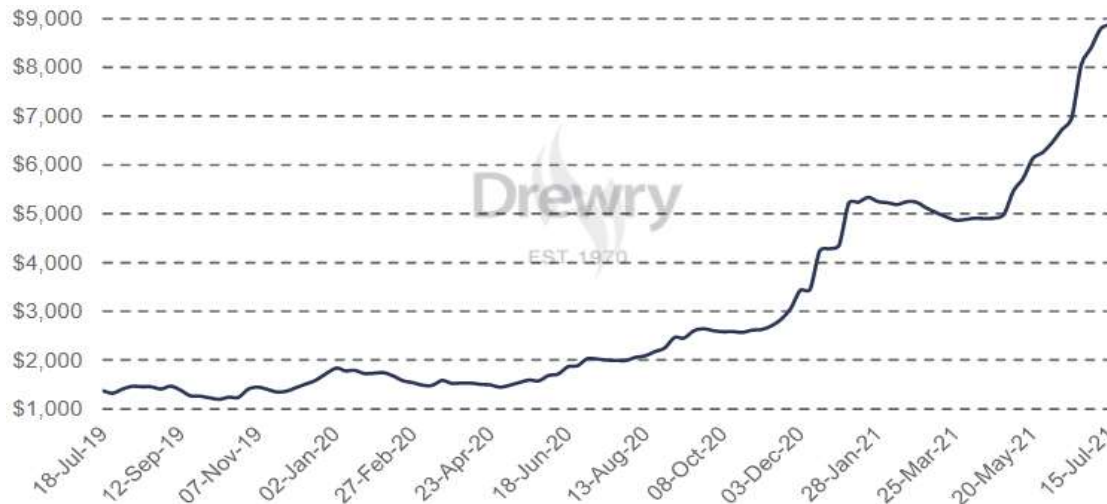
The following section provides some context of the global economy and the impact of COVID-19 on trade. In addition, the section includes an update on the (a) global container industry and the (b) global aviation industry.

a. Global container industry

i. World container index

This week, freight rates continued to soar, with the "World Container Index" (WCI) climbing by another **↑1%** to **\$8 883** per 40-ft container¹⁷. Although this change is less pronounced compared to previous weeks, the continued rise has impacted the global economy, as the rate hikes threaten price inflation¹⁸. Given the scramble to find space, even large shippers must pay high spot market rates. Moreover, the more than three-fold increases (339% y/y) in rates over the last 12 months has resulted in many instances where the cost of freight for low-value shipments is actually higher than the value of the cargo being carried. Consequently, if freight rates do not moderate, prices of goods will certainly rise. As far as the cost goes, the following figure highlights the extraordinary rise in the two-year spot price of the index.

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 **\$5 871** per 40-ft container, **\$3 799** higher than the five-year average of **\$2 073** per 40ft container (up again by **\$29** since last week). This week, freight rates surged on half of the eight major transpacific lanes. Furthermore, as Lloyd's list reported last week, the cost expansion is expected to spill over into the regional routes¹⁹. Their analysis notes that smaller trade lanes have yet to see the price shocks of major long-haul routes. However, with ships needed on lucrative services, capacity could soon dry up further, pushing up rates.

Additionally, with the high demand for additional charters, the supply may be diverted to the main routes, leading to a shortage of capacity in minor trade lanes, which effectively includes South Africa. All traders eagerly await the supposed bubble to burst, as these excessive levels cannot last forever. This week, two major insights indicate a possible easing, including (1) the risk of overcapacity with the orderbook ratio almost reaching 25%²⁰,

¹⁷ Drewry Supply Chain Advisors. 15/07/2021. [World Container Index](#).

¹⁸ Lloyd's List. 15/07/2021. [Ocean rate hikes threaten price inflation](#).

¹⁹ Baker, J. 09/07/16. [Regional freight rates set to follow main lane trades](#).

²⁰ Baker, J. 14/07/2021. [Boxship orderbook ratio could reach 25%](#).

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as Cosco adds to the current ordering spree²¹. And (2) the slowdown of the Chinese economy, which is mainly against expectations²².

ii. Further developments of note

Besides the continued surge of freight rates, some additional notable developments occurred this week.

1. Piracy and armed robbery incidents at the lowest level in 27 years:

- a. This week, the ICC reported that their International Maritime Bureau (IMB) received the lowest number of reported incidents for the first half of any year since 1994. The news has been widely welcomed by the industry, especially those operating in pirate-prone areas²³.
- b. IMB's latest annual global piracy report details 68 incidents of piracy and armed robbery against ships, down from 98 incidents during the same period last year. Nevertheless, in the first six months of 2021, IMB's Piracy Reporting Centre (PRC) reported 61 vessels boarded, four attempted attacks, two vessels fired upon, and one ship hijacked.

2. Carriers make their case in response to anti-competitive behaviour:

- a. As reported last week, competition authorities in the USA noted some anti-competitive action from international shipping lines, as instructed by President Biden²⁴.
- b. This week, some carriers have responded by stating that there is little they can do in the current situation. Furthermore, only a return to normal levels of US trade will ease congestion²⁵ and not stricter regulations as has been proposed.

3. Scheduling in South China expects possible changes to avert future "Yantian-effects":

- a. After the Yantian port congestion crisis, South China container trades could be set for a schedule shake-up²⁶ as shippers view alternative options in the form of Shenzhen and Guangzhou.
- b. Indeed, the Nansha district in China saw 60 extra vessel calls due to the congestion in Yantian, totalling 200 000 TEUs. Moreover, due to the major carriers now being familiar with the port, additional calls could follow, as The Alliance has already added a direct call at Nansha.

4. Supply chain disruption in South Africa did not escape the international media:

- a. In a potentially devastating blow for brand South Africa, the chaos which ensued in and around Durban this week, unfortunately, did not escape the watchful eye of the international media. As a result, several negative stories broke, which will undoubtedly influence our future dealings with the world, including the following headlines:
 - i. "South Africa supply chains seize up amid civil unrest" – Lloyd's List²⁷
 - ii. "Mass Looting Spurs Logistics Havoc as Gateway to Africa Besieged" – Bloomberg²⁸
 - iii. "South Africa's Durban port suffers major disruption over violence" – Reuters²⁹
 - iv. "Violence and looting escalates in South Africa as Zuma jailed" – Al Jazeera³⁰
 - v. "Civil unrest hits South African mineral supply chains" – S&P Global³¹

²¹ Savvides, N. 16/07/2021. [Cosco request for 10 neo-panamax pushes orderbook to 21% of the fleet.](#)

²² BBC. 15/07/2021. [China's post-pandemic economic rebound loses steam.](#)

²³ ICC. 12/07/2021. [Piracy and armed robbery incidents at lowest level in 27 years, but risks remain to seafarers, IMB cautions.](#)

²⁴ Lincome, S. 08/07/2021. [The President Opposes Anticompetitive Practices in Shipping Markets, Except When He Vocally Supports Them.](#)

²⁵ Baker, J. 12/07/2021. [Carriers make their case as supply chain chaos continues.](#)

²⁶ Whelan, S. 14/07/2021. [South China box trades could see vessel schedule changes, post-Yantian crisis?](#)

²⁷ Baker, J. 14/07/2021. [South Africa supply chains seize up amid civil unrest.](#)

²⁸ Naidoo, P. et al. 14/07/2021. [Mass Looting Spurs Logistics Havoc as Gateway to Africa Besieged.](#)

²⁹ Reuters. 14/07/2021. [South Africa's Durban port suffers major disruption over violence.](#)

³⁰ Al Jazeera. 13/07/2021. [Violence and looting escalates in South Africa as Zuma jailed.](#)

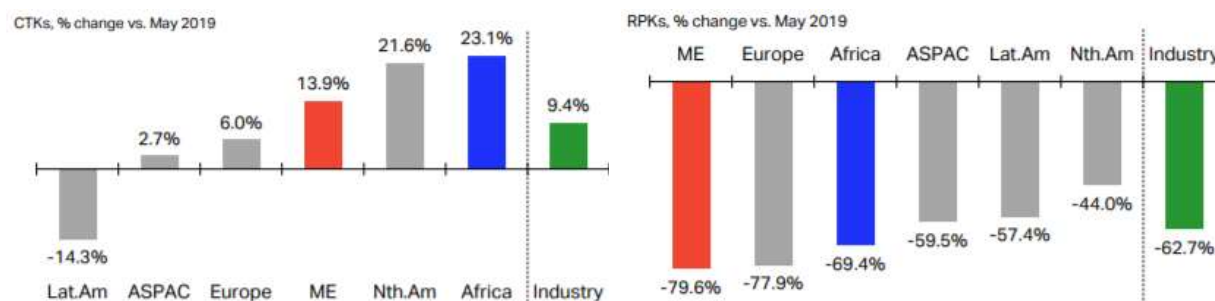
³¹ Kotze, C. & Kinch, D. 15/07/2021. [Civil unrest hits South African mineral supply chains.](#)

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b. Global aviation industry

This week, the International Air Transport Association (IATA) released its monthly "State of the region: Africa & Middle East" for July 2021³², noting the continued solid performance of the cargo sector. Indeed, Africa was again the top-performing region for cargo, as industry-wide cargo tonne-kilometres (CTKs) rose by **↑23,1%**. However, the growth in passenger numbers remains in stark contrast as the industry struggles to get going. As a result, industry-wide revenue passenger kilometres (RPKs) fell by **↓62,7%** compared with May 2019 – Africa at **↓69,4%**. The following side-by-side figures illustrate the regional comparison.

Figure 14 – Growth in cargo volumes (CTKs); and growth in passenger volumes (RPKs), by region



Source: [IATA Economics](#)

Besides the headline figures, the following major developments have been noted for the month:

- Although cargo growth moderated in Africa, the progress remains robust, despite the capacity crunch due to the lack of passenger flights.
- In May 2021, the industry-wide cargo load factor was at **57,2%**, which is **↑10%** compared to May 2019.
- For Africa, the cargo load factor in May was **50,5%**, compared to the **40,7%** registered in May 2019.
- As of July 2021, African carriers will receive **25%** more aircraft deliveries in 2021 versus 2020.
- Financially, the industry-wide operating EBIT margin was at **↓58%** of revenues – broadly unchanged outcome from Q4 2020 since passenger demand remained muted.

In summary, IATA notes that May was another month of solid air cargo performance, but a moderate slowdown was apparent in the pace of growth. Moreover, although EURO 2020 increased passenger numbers in Europe, the rest of the world struggles to get their grounded fleets up in the air. The outlook, therefore, remains negative and critical for the extended aviation sector.

³² IATA, 12/07/2021. [State of the region: Africa & Middle East](#).