

COVID-19: Cargo movement update¹

Date: 13 Aug 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)	27 992	23 576	51 568	22 581	22 779	45 360	↑14%
Air Cargo (tons)	4 689	2 267	6 956	4 234	2 225	6 459	↑8%

Monthly Snapshot

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

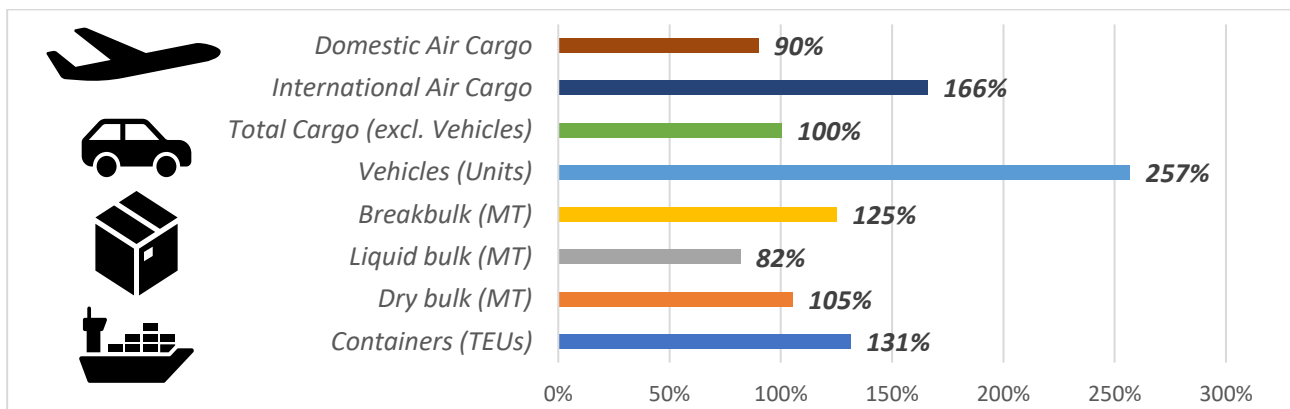


Figure 2 – International year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- This week, an average of **~7 367 TEUs** was expected to be handled per day, **↑14%** from last week.
- The "WCI" continues to increase, with freight rates **↑0,5%** (or **\$50**) to **\$9 421** per 40-ft this week.
- Expectedly, two more global carriers (Evergreen & Hapag-Lloyd) published record profits this week, as the container industry is bracing itself for further delays thanks to COVID-19 and ensuing congestion in China.
- Average cross-border queue time was down by **0,8 hrs**, with transit down by **0,6 hrs** (see [below](#)).
- Airfreight continues to perform globally, as the industry-wide cargo tonne-kilometres is **↑8%**, as the cargo load factor is currently at **56,5%**.

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 51st 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. For air, July versus July. The rest compared 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-Jul cargo to and from ORTIA is used.

Executive Summary

This update – *the 51st of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. The decrease in confirmed cases of COVID-19 following the third wave remains moderate, but there are still almost **150 000** active cases in the country, which is cause for concern. Nevertheless, this week has seen another slight decline in newly reported COVID-19 infections in South Africa, averaging approximately **10 169** infections per day (**↓6%** from last week's average of **10 850**). Consequently, the total number of cases recorded in the country now stands at some **2,6 million**⁶, with the death toll rising to **76 247** (up by **2 374**). In absolute terms, South Africa remains in **17th** place globally regarding COVID-19 cases.

Globally, a total of **206 million** infections have now been recorded, with the unfortunate reality that **~4,38 million** people have lost their lives to the virus (**~2%** mortality rate). Fortunately, the mortality rate is generally dropping as the vaccination rate increases. Indeed, the worldwide vaccination figure stands at **~4,6 billion** vaccine doses⁷, with South Africa continuing to gain momentum with its vaccination rollout, standing at some **~9,19 million** vaccine doses administered. Yet, despite these small victories, global access to the vaccine remains unequal, and it must be said that towards the end of the week, there was a disturbing slow-down in our vaccination rate.

Following two weeks of disruption following the cyber-attack, Transnet's IT systems have mostly been restored, allowing full functioning of critical backup operations provided electronically. Consequently, most of the week was devoted to clearing the backlog, which is expected to continue for some time. The commercial container terminals operated close to targeted efficiency, which was a welcome sign after the recent struggles. The near-term outlook looks up once more, which will come as a relief to traders. Nevertheless, caution remains in the air, especially given the operational fragility being potentially met by weather disruptions with successive cold fronts and accompanying wind and rain hitting the Western Cape and moving eastwards from there.

Number-wise, the containers projected to be handled in the coming week exceed the maximum demonstrated capacity, which will put our port efficiency under strain. Indeed, **~11 784 TEUs** per day (**↑60%**) are expected to be handled next week. Furthermore, stack occupancy at both Durban container terminals is hovering desperately close to the maximum levels (**57%** at Pier 2 and **68%** at Pier 1), impairing operational fluidity. Nonetheless, the last week can be considered a small victory after the shocks of the previous period. Unfortunately, the impact of these disruptions will endure for some time, especially when it comes to restoring fragile business confidence and schedule reliability. Also worth mentioning is that the private sector has opened discussions with Transnet around the ongoing issues revolving around the booking system. Consequently, stakeholders are encouraged to engage with BUSA to report their own experiences.

Globally, the container industry continues to be afflicted by operational constraints revolving around equipment, congestion, and efficiency. These issues are tough pills to swallow for shippers and traders alike, especially given the record profits reported by carriers – all seemingly owed to what they characterise as "exceptional market conditions". Furthermore, ever-increasing freight rates are now spilling over into the reefer market, with the outlook even worse than the general market. Moreover, there seems to be an uptick in the widely reported congestion at most major container terminals, mainly owing to the effects of COVID-19. Indeed, further congestion is expected in China, as Ningbo-Zhoushan port has started to turn ships away. As a result, further blank sailings can be expected. Indeed, there have already been 28 cancelled sailings announced for weeks 32 and 35. See a more detailed discussion [below](#).

On the aviation front, airfreight volumes seem to be stabilising now despite passenger flights remaining unreliable. Weekly domestic volume is still down but trending upwards after the pronounced lull experienced

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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recently. This drop was also apparent for international cargo, especially outbound cargo. Fortunately, the international volume has also started to return. However, the ongoing international narrative of a lack of capacity remains, even though the metric used by IATA has been disputed lately. Despite IATA's industry-wide cargo load factor (CLF) being at a record level of **56,5%**, analysts are puzzled why capacity is "only" 56,5%. The problem lies with IATA's load factor calculations, which are based on weight and do not note volume intensive cargo. And PPE and e-commerce, key commodities last year, bulk out an aircraft before weight capacity is reached. Nevertheless, compared to historical data, the international load factor was at the highest value for any month of June in IATA's series since records began in 1990.

In conclusion, significant progress has been made to return to complete operational functionality in and around our ports. However, the most recent disruptions have again highlighted that a system is only as strong as its weakest link. Our resilience has, therefore, once again been tested. Consequently, we need to stitch the supply chain together to open bottlenecks and ensure the efficient functioning of all network nodes. Furthermore, South Africa has yet to embrace the opportunity for a quick and decisive economic rebound from COVID-19. Therefore, the need to get our house in order is once again pressing on all stakeholders, especially given that the major economic drivers – especially globally – will not be ever-lasting.