COVID-19: Cargo movement update[1]

Date: 20 August 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)	40 205	42 280	**82 485**	27 992	23 576	**51 568**	**↑60%**
Air Cargo (tons)	4 578	2 187	**6 764**	4 689	2 267	**6 956**	**↓3%**

Monthly Snapshot

Figure 1 – Monthly[4] cargo capacity levels, year on year (100% = baseline)

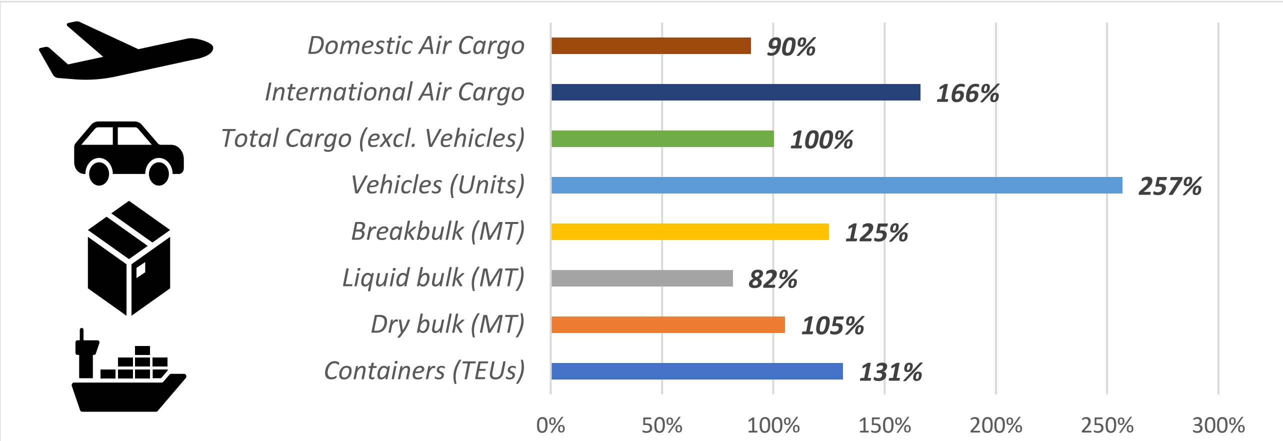

Figure 2 – International year-to-date flows 2019-2021[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)

Key Notes

- This week, an average of **~11 784 TEUs** was expected to be handled per day, **↑60%** from last week.
- The "*WCI*" continues to increase, with freight rates **↑2%** (or **$192**) to **$9 613** per 40-ft this week.
- Globally, the main developments in the container industry this week revolved around port congestion at both ends of the East-West routes, increased box capacity, and record profits (*see below*).
- Average cross-border queue time fell by **0,7 hrs**, with transit times also down by **5,5 hrs** (*see below*).
- For airfreight, Africa and the Middle East region's CTKs grew by **↑32%** compared to June 2019.
- The WTO's latest "*Goods trade barometer*" index reached a record of **110,4** as goods trade flourishes.

[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 52nd 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 52nd of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Pandemic-wise, this week has seen a slight increase in newly reported COVID-19 infections in South Africa, averaging approximately **12 021** infections per day (**↑18%** from last week's average of **10 169**). However, despite the slight weekly increase, there has been a decrease in the average daily COVID-19 admissions and deaths comparing the previous 14 days and the current 14 days in all provinces, according to the NICD[6]. Nevertheless, the total number of cases recorded in the country has still risen, now at **2,65 million**[7], with the death toll rising to **78 694** (up by **2 447**).

Globally, a total of **210 million** infections have now been recorded, with more than **4,8 million** people, unfortunately, losing their lives to the virus. Total worldwide vaccinations now stand at **~4,88 billion** vaccine doses[8], with South Africa continuing to drive its vaccination rollout, reaching around **~10,17 million** vaccine doses administered. Almost a million doses were administered in the last seven days. Furthermore, this week's important news is that vaccination for the 18–34-year population group has now been brought forth, having opened on Friday, 20 August. Balanced against that is a sharp drop in the daily numbers registering and being vaccinated, so the daily target of 400 000 vaccinations is still a long way off.

Operationally, the constant drive to clear the backlog at the ports has continued. From the private sector's perspective, we believe that TPT is well on their way to recovery but appeal to our supply chain partners to support us in evacuating imports as quickly and efficiently as possible. As stack occupancy is reaching its limits, the fluidity of operations in and around the terminals is continually being hampered. The increase in volume handled through the commercial terminals was evident this week and will continue next week. Although the increased throughput figures are putting pressure on operations, the industry has welcomed the upsurge.

Other operational matters worth mentioning this week include some weather delays (notably in Cape Town and the Eastern Cape), equipment shortages, and continued uncertainty around the functioning of the truck booking system. Nevertheless, efficiency metrics all trended upwards this week after the suboptimal weeks lately. On the Transnet Freight Rail front, the planned maintenance shutdown of the NATCOR line is set to take place during the week, with operations at KAZCON, City Deep, and PRETCON affected.

Globally, the container industry continues to be marred by port congestion, with the increased demand for containerised cargo not slowing down. The demand is fuelled chiefly by the US, as the twin ports of Los Angeles and Long Beach are already over their limits, with a record number of container ships on anchor (*see below*). Fortunately, on the other end of the busiest global trade lane, the congestion in China is set to improve as Ningbo-Zhoushan restarts operations after the port's closure due to positive COVID-19 cases. But despite the congestion, many shipping lines are desperately adding to their capacity as their profit bonanza continues (see a more detailed discussion *below*).

On the aviation front, the overall opinion is still that there will be a gradual return of air traffic, especially for passenger flights as cargo operations continue to keep airlines going. The hoped-for return to 2019 levels remains a distant dream and is unlikely to happen before 2023 at the earliest. However, the industry did experience a slight uptick number-wise in both the international and domestic front, especially with domestic cargo **↑29**% since last week. It seems as if the lull experienced in July is now entirely past us. In a regional sense, IATA notes that the cargo volumes in Africa and the Middle East have grown for sixth consecutive months, as the near-term outlook remains strong. Finally, as was the case in the last couple of weeks, the extended aviation industry is still keen to promote integrating the cargo stakeholder system (IVS) into cargo operations. Since

[6] NICD. 20/08/2021. COVID-19 Update.
[7] Johns Hopkins, Coronavirus Resource Centre. Coronavirus JJHU.
[8] Our World in Data, Coronavirus (COVID-19) Vaccinations. Our World in Data

most cargo handlers use technology to interface with their clients to manage and create the required pre-alerts, a tie-in with the ACSA and IVS integrated gate systems will modernise and improve the process.

In conclusion, the global economy remains robust and particularly conducive to international trade, as showcased by the WTO's goods barometer index. Fortunately, it also seems as if South Africa has got its house in order concerning commercial operations, especially in and around our ports. Nevertheless, as we continue to fight this pandemic, keeping our borders open and ensuring the smooth flow of goods is crucial. The extended supply chain is grateful for a return to normalcy (in a sense) after the disruptive last six weeks commencing with the social unrest followed by the cyber-attack. The immediate outlook remains positive; however, as the pandemic has shown, nothing is certain. Therefore, our supply chains remain precarious and vulnerable as we advance.