

COVID-19: Cargo movement update¹

Date: 30 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)	34 780	31 527	66 307 ⁴	27 555	25 750	53 305	↑24%
Air Cargo (tons)	4 678	2 275	6 953	5 787	2 482	8 269	↓16%

Monthly Snapshot

Figure 1 – Monthly⁵ cargo capacity levels, year on year (100% = baseline)

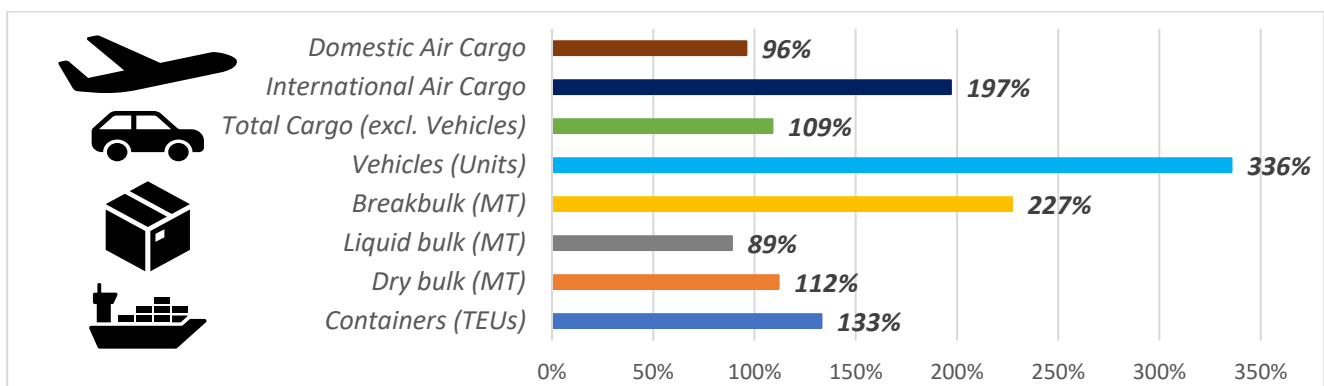
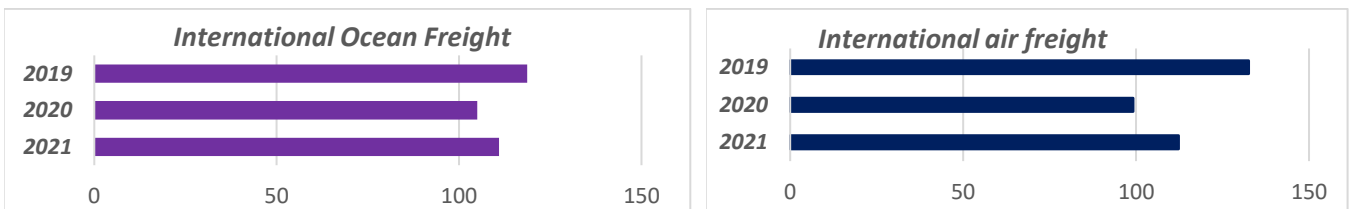


Figure 2 – International year-to-date flows 2019-2021⁶: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- This week, an average of ~9 472 TEUs was expected to be handled per day, ↑24% from last week.
- Trade was severely debilitated by the ongoing IT disruption experienced at Transnet. With the disruptions due to the unrest earlier this month, the logistics industry has lost an estimated **R1,4 billion**.
- Average cross-border queue time was up by **0,4 hrs**, while transit time was down by **0,7 hrs** (see [below](#)).
- Weekly domestic air cargo is ↓27% this week, as all parties finally agreed on an updated SOP.
- The latest IMF projections see the global economy growing at ↑6% in 2021 and ↑4,9% in 2022.

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 48th 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 At this juncture, it is challenging to provide any definite figures concerning containers handled by our ports, given the ongoing IT disruptions at Transnet. The accurate picture will only be clear once the dust settles, and the system is up and running again. Nevertheless, the figures portrayed here and throughout this week's report represent Transnet's most recent communications before the systems went down. Our best guess estimate is that the volumes handled will be slightly reduced for the week, but not significantly in total since only one vessel cancelled its sailing. More to follow in next week's iteration.

⁵ '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.

⁶ 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 49th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Concerning the pandemic, it appears as if the worst of the third wave has now passed. This week has seen another slight decline in newly reported COVID-19 infections in South Africa, averaging approximately **11 436** infections per day this week (↓**10%** from last week's average of **12 727**). However, the total number of cases recorded in the country now stands at more than **2,422 million**⁷, with the death toll rising to **71 431** (up by **2 806**). As a result, South Africa remains in **17th** place globally regarding the total number of cases. Globally, more than **197 million** cases have now been recorded worldwide, with a total of **4,2 million** people losing their lives to the virus.

In a concerted national push, the vaccination rollout continues to gain momentum, currently standing at some **~7,28 million** vaccine doses administered. The welcome news is the ever-increasing involvement from the private sector, with many vaccination sites being set up rapidly, with some large corporates even rolling out their own program. Furthermore, in a joint presentation with the business, the NDOH noted that they had secured enough doses to vaccinate at the targeted number until the end of the year. This drive could see the country returning more rapidly to a normal level, with the current "*Global normalcy index*"⁸ pegging us at **48** (down from **59** last week). The worldwide vaccination figure stands at **~3,77 billion** vaccine doses⁹.

Unfortunately, there was a disastrous week in store for supply chain operations, as traders, truckers, and all the extended role players in South Africa struggled to get goods flowing because of the IT disruptions experienced at Transnet (note the detailed narrative [below](#)). As a result, the industry has lost an estimated **R1,4 billion** to add to losses incurred during the unrest only days earlier. In total, South Africa's logistics industry has already had 14 days of significant interruptions for the month of July, which is of grave concern. These effects will have lasting impacts on our economy for the foreseeable future.

Other operational matters worth noting included adverse weather causing significant ranging of vessels, which once again highlights the need to accelerate the procurement and installation of line tensioners. Moreover, both Cape Town and Port Elizabeth are struggling to move reefer containers, as stack occupancy has reached 100% at both sites. Furthermore, several vessels (one at Port Elizabeth, six at Cape Town and five at Durban) bypassed the ports due to extended operational delays. This trend is sure to continue in the coming months, as restoring normality will be difficult. However, it will not be an overnight process.

Internationally, the global container industry continues to lap up the excess demand for cargo transport, thus accelerating the ever-increasing cost of shipping. This week, the container index burst through the **\$9 000 barrier** per container, with the immediate outlook remaining on an upward trend. Other notable developments this week include **(i)** Typhoon "In-fa" causing major disruption in China, **(ii)** acceleration in port capacity investment being insufficient to support the growth in cargo demand, and **(iii)** the 'Ever Given' finally arriving in Rotterdam (see [below](#)).

On the aviation front, volumes handled for the week fell on both domestic and international routes, but the general outlook remains positive. On an operational level, the standard operating procedure (SOP) for gaining access to the cargo precinct at ORTIA has finally been agreed upon by all parties involved. Despite the omission of additional measures suggested by the industry (see [below](#)), the revised procedures have been welcomed.

IATA released its monthly analysis of international cargo flows for June, showing a positive trend for both cargo and passenger markets, albeit in differing circumstances. June was another month of strong performance for

⁷ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

⁸ Economist. 13/07/2021. [The global normalcy index](#).

⁹ Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

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air cargo, as industry-wide cargo tonne-kilometres (CTKs) grew **↑9,9%** compared to June 2019. Furthermore, the air cargo drivers remain favourable and point to further growth ahead, as Africa and North America remain the best-performing regions. On the passenger side, IATA notes that slow air travel recovery continued for another month, as June was another month of modest gains in air travel. Industry-wide revenue passenger kilometres (RPKs) fell by **↓60,1%** compared with the pre-crisis June 2019, which is still an improvement on the **↓62,9%** decline in May. Domestic RPKs continued to recover, although at a mixed rate across the key domestic markets. Demand for passenger travel remains strong, but continued international travel restrictions and increasing COVID cases in some regions are mitigating against any further recovery in passenger growth.

In summary, it appears as if the extended South African supply chain constantly must work with one hand tied behind its proverbial back. Although demand-side pressures are particularly favourable for trade and logistics to thrive locally and internationally, several local operational obstacles inhibit peak performance. As the IMF noted this week, the current fault lines are widening in the global recovery, with South Africa seemingly falling on the wrong side of the divide. Just as the backlog originating from the unrest was cleared, an even greater backlog was subsequently created. Although South Africa remains an attractive proposition for doing business, these constant roadblocks will continue to impede our progress as we advance.

All the logistics industry can do is to continue doing its utmost to secure our supply chains. This statement echoes the conclusion made by Finance Minister Tito Mboweni this week¹⁰: *"Our country continues to sail through stormy seas, and we are patently aware of the difficulties faced by many South Africans. We will persevere to keep the ship on course and to support those in dire need."*

¹⁰ Treasure. 28/07/2021. [Media Statement by Finance Minister, Mr. Tito Mboweni.](#)