

# COVID-19: Cargo movement update<sup>1</sup>

**Date: 6 Aug 2021**

## Weekly Snapshot

Table 1 – Port volumes and air cargo flows, week on week

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	22 581	22 779	<b>45 360</b>	34 780	31 527	<b>66 307<sup>4</sup></b>	<b>↓32%</b>
Air Cargo (tons)	4 999	2 480	<b>7 479</b>	4 774	2 179	<b>6 953</b>	<b>↑8%</b>

## Monthly Snapshot

Figure 1 – Monthly<sup>5</sup> cargo capacity levels, year on year (100% = baseline)

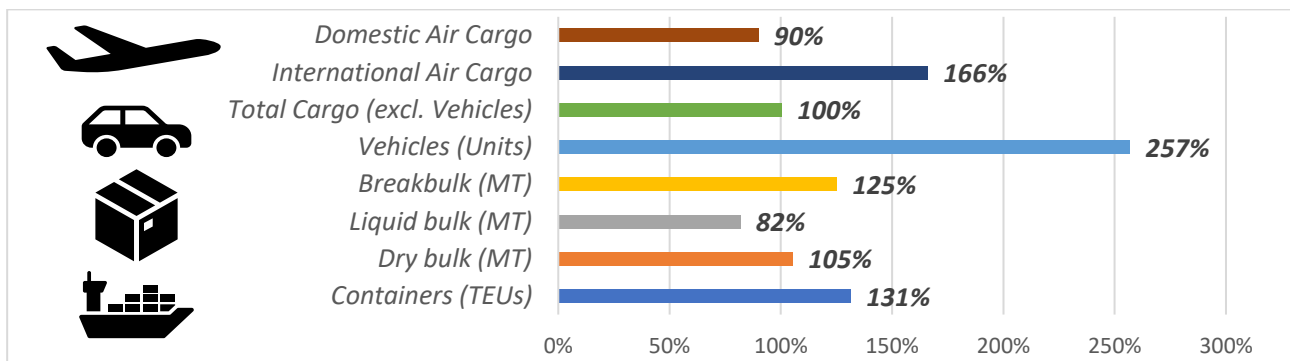
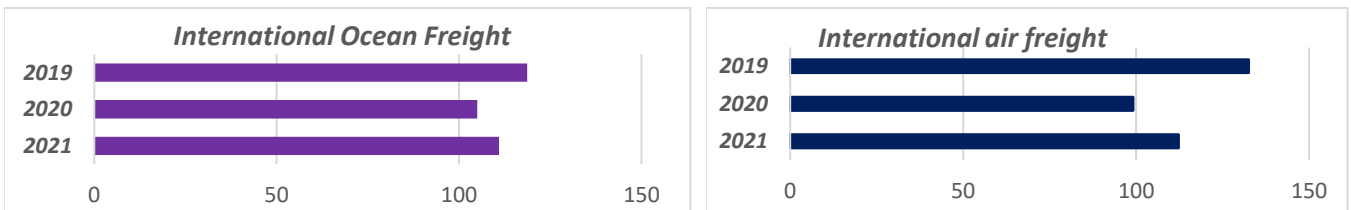


Figure 2 – International year-to-date flows 2019-2021<sup>6</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- This week, an average of ~6 480 TEUs was expected to be handled per day, **↓32%** from last week.
- Transnet's IT systems remain disrupted. As a result, trade has adopted a manual process in and around the container terminals. Consequently, forecasts for the next couple of weeks remain uncertain.
- The "WCI" continues to climb, with freight rates **↑0,4%** (or **\$41**) to **\$9 371** per 40-ft this week.
- Average cross-border queue time was up by **2,6 hrs**, with transit time also rising by **4,6 hrs** (see [below](#)).
- SA merchandise trade for June: Exports increased by **↑43,6%** y/y, with imports rising by **↑55,7%**.
- According to the WTO, the value of world merchandise exports declined by **↓8%**, while services trade contracted by a massive **↓21%** in 2020. South Africa: merchandise (**↓14%**), services trade (**↓43%**).

<sup>1</sup> 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 50<sup>th</sup> update.

<sup>2</sup> 'Current' means the last 7 days' (a week's) worth of available data.

<sup>3</sup> 'Previous' means the preceding 8-14 days' (a week's) worth of available data.

<sup>4</sup> As mentioned last week, 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.

<sup>5</sup> '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.

<sup>6</sup> 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 50<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Concerning the pandemic, it seems as if the worst of the third wave has passed, although the decrease in cases has been less perceptible than the first and second waves. As a result, this week has seen another slight decline in newly reported COVID-19 infections in South Africa, averaging approximately **10 850** infections per day this week (↓5% from last week's average of **11 436**). Consequently, the total number of cases recorded in the country now stands at more than **2,5 million**<sup>7</sup>, with the death toll rising to **73 873** (up by **2 442**). In absolute terms, South Africa remains in **17<sup>th</sup>** place globally regarding COVID-19 cases.

Globally, the rate of infections has slowed down, particularly in the developed world. Nevertheless, the **200-million** barrier in recorded cases has been breached, with a total of **~4,3 million** people losing their lives to the virus. However, as the IMF has warned, the global recovery will depend on correcting the inequality of access to vaccines, which the current fault lines have emphasized. The worldwide vaccination figure stands at **~4,36 billion** vaccine doses<sup>8</sup>, with South Africa picking up speed lately, standing at some **~8,18 million** vaccine doses administered.

The DTIC conducted a national-wide company survey to ascertain the immediate cost implications of the impact of the unrest: "*Preliminary response of the Company Survey on Impact of the Unrest*" (27 July 2021). From the feedback received, **698 businesses** were impacted in KZN and Gauteng, with a total estimated cost of damages of **R4,8 billion**. Furthermore, companies reported lost orders of **R21 billion** over the next 12 months, accompanied by **8 665 potential job losses**. There will be further associated downline "running" costs over and above this huge direct impact, as supply chains were seriously inhibited.

Following a disastrous couple of weeks for our ocean freight economy, some normality has been restored to the flow of goods. Unfortunately, Transnet's systems remain compromised. However, a manual process in and around the container terminals was adopted to offset, if only partially, the IT disruptions. Although this approach is far from ideal, business continuity is critical at this juncture. With the lack of reporting, several additional metrics have been included in the latest figures (see [below](#)). A serious problem area, which needs addressing, is the unacceptably high number of cancelled booking slots. It remains imperative to ensure a smooth linkage of the waterside and landside operations at the terminals, as the system needs to function in unison.

Internationally, the immediate outlook for the global container industry continues to be typified by high rates and poor reliability. This situation remains the dominant theme, despite further record profits announced by shippers – this time with Maersk's **↑58%** growth in revenue providing an increase to **\$14,2 billion** in Q2. Although carriers maintain that "exceptional market conditions" are at play, shippers and cargo owners are subjected to ever-increasing degrees of marginalisation globally.

On the aviation front, volumes handled for the week on both domestic and international routes have seemingly stabilised after the drop-off early in the month. Nevertheless, growth figures for July show that domestic cargo is **↓21%** compared to June, whereas international cargo was less severely impacted and is **↓4%** for the same period. Thus, operationally, the industry experienced a typical week for this time of the year.

For the international aviation industry, IATA's "Business Confidence Survey" for July sees an imminent increase in airline revenues as the immediate outlook improves. Nevertheless, the overall sentiment remains cautiously optimistic, as the patchy recovery in passenger numbers, in particular, has not been evenly spread across

<sup>7</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

<sup>8</sup> Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

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regions. It should also be pointed out that the entire global aviation market is growing off a very low base, given the massive impact of the pandemic on the aviation industry. For the near term, cargo levels remain strong. But even as the outlook starts improving, another unforeseen event arises, potentially creating a storm. Airfreight rates out of China are rising, with COVID-19 cases threatening to disrupt the flow of goods in an area already highly impacted due to port closures and disruptions because of the recent typhoon.

In conclusion, the predominant theme for trade and industry lately has been overwhelmingly negative. South Africa's supply chains have been severely disrupted recently due in large part to civil unrest and cyber-attacks. Although the business at large has estimated some of the initial costs, the unintended and unquantifiable expenses will continue to accumulate as we aim to restore some semblance of normality. Consequently, it remains the private sector's focus to correct some wrongs and aid all stakeholders in their attempts to return to an even keel. As has been a constant refrain recently, we are finding ourselves at a critical crossroads where our efforts must gain momentum in a positive direction.