

COVID-19: Cargo movement update¹

Date: 24 September 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)	28 726	29 375	58 101	27 194	29 354	56 548	↑3%
Air Cargo (tons)	4 873	3 120	7 993	4 995	2 716	7 711	↑4%

Monthly Snapshot

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

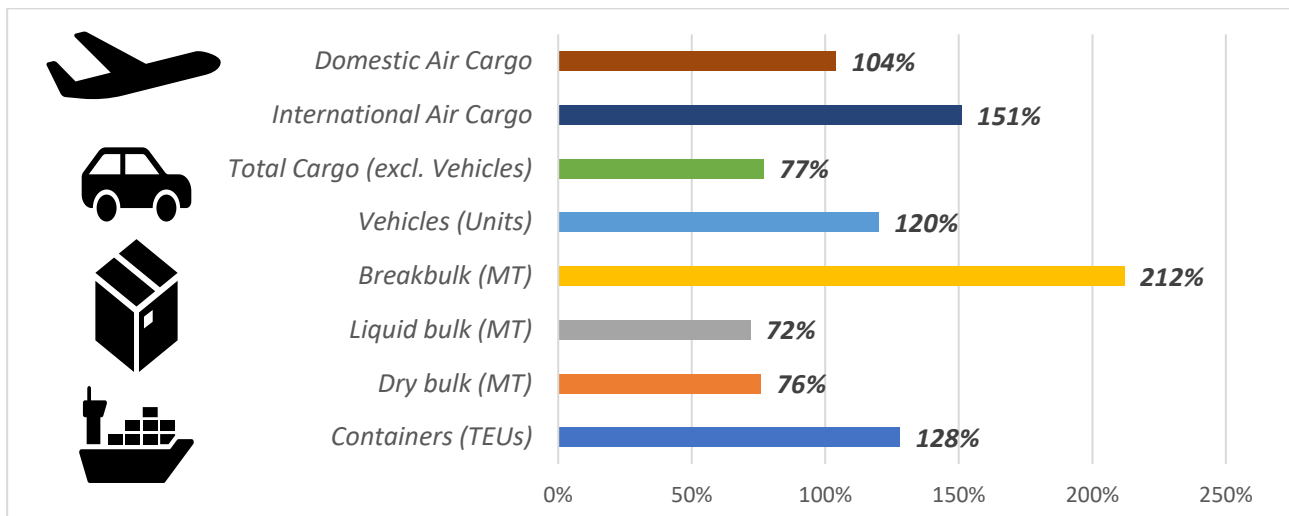
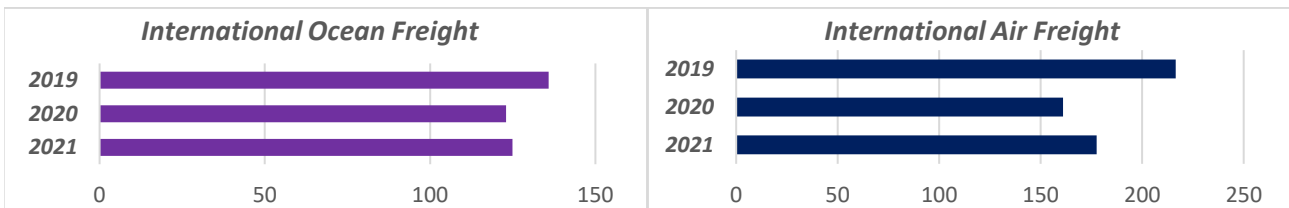


Figure 2 – International year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 300 TEUs** was handled per day this week, **↑3%** from last week.
- Local freight transport (in volume) decreased by **↓4,7%** in July 2021, compared with July 2020.
- Average cross-border queue time rose by **↑0,5 hrs**, with transit times also rising (**↑2,5 hrs**, see [below](#)).
- Rail cargo moved through Durban this week amounted to **3 489** containers, **↓24%** from last week.
- The "WCI" remained stable for the first time in 23 weeks, currently at **\$10 377** per 40-ft.
- Industry-wide cargo tonne-kilometres (CTKs) rose by **↑24,9%** in the three months ended July 2021.

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 56th 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, Aug versus Augy. The rest compared Jul 2021 versus Jul 2020.

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

Executive Summary

This update – *the 57th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. As an ongoing initiative created because of COVID-19, the industry is pleased to see the back of the third wave, as this week saw another decrease in positive cases. Newly reported COVID-19 infections averaged approximately **2 667** per day (↓**39%** from last week's average **4 339**). As a result, the total number of cases recorded in the country now stands at **2,92 million**⁶, with the death toll at **86 655** (up by **876** – which has reduced markedly over the last couple of months). Indeed, South Africa is moving closer to normality, as indicated by an increase in the *normalcy index*⁷ (up by **5,7** to **67,7** in the last two weeks). Globally, COVID-19 infections total more than **231 million**, with the death toll nearing **4,7 million** people.

On the vaccination front, more than **6,06 billion** vaccine doses have now been administered worldwide⁸. For South Africa, this figure stands at **~16,7 million**, with a daily average of **~140 000** doses administered in the past seven days, falling well short of the daily target. Fortunately, as we have reported previously, access to vaccines is no longer an issue, which is regrettably not the case for the rest of Africa and the developing world. This issue has become contentious globally, with many fully vaccinated individuals in the developed world now receiving booster shots. In contrast, others in the less developed world still have little prospect of being vaccinated. As UN Secretary-General Antonio Guterres said this week, "*This is a moral indictment of the state of our world. It is an obscenity. We passed the science test. But we are getting an F in ethics*"⁹.

Operationally, our ports registered a satisfactory week number-wise. Bar some delays at CTCT on Monday, the weather also played its part throughout the week, as there were few weather-enforced delays. The seemingly ongoing issues with equipment were also less prevalent this week, as the industry received few reports of operational disruptions because of equipment breakdown and maintenance schedules. These issues were especially noticeable at the Port of Cape Town. The industry is hopeful of continued improvement in this regard. But as we have said previously, there needs to be a concerted drive to streamline the procurement and maintenance of equipment, as the constraints are often outside the control of the departments using the equipment. Lastly, discussions took place this week regarding the establishment of a container terminal at the Durban Point Precinct.

On the rail cargo front, cable theft continues to be an issue, as TFR reported 38 cable theft cases on the Container (formerly NATCOR) line over the previous weekend. In a Transport Forum discussion, Prof Jan Havenga this week pointed out that South Africa could save its rail cargo industry, as there is a significant amount of "rail-friendly" cargo that should transfer from road freight to rail freight. According to Stats SA, the current seasonally adjusted payload split is 21/79 in favour of the road. Optimistically, various stakeholders appear to be determined efforts to get the rail industry running at full throttle once more. The increased possibility of third-party concessions is also encouraging.

Globally, for the first time in 23 weeks, the container industry did not see a rise in freight rates. However, there is no immediate prospect of a reprieve for shippers, as surcharges continue to impact the overall freight cost while carriers seek to handle the crisis in equipment and slot capacity, and these surcharges are unlikely to disappear even as rates start to decline. Other notable developments internationally include **(1)** an update on congestion on the US West Coast (which remains clogged), with extended hours implemented, **(2)** another cyber-attack (CMA-CGM), and **(3)** The IMO 'defrauded' by a North Korean vessel in laundering scheme (see the detailed summary [below](#)).

⁶ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

⁷ Economist. 13/07/2021. [The global normalcy index](#).

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

⁹ Guterres, A. 21/09/2021. [U.N. chief grades world on vaccine rollout: 'F in Ethics'](#)

COVID-19: Cargo movement update

In the aviation sector, domestic and international volumes increased by **↑4%** this week, which has continued the recent overall trend. Internationally, the upward trend in air cargo volumes continued in the past three months, even though seasonally adjusted numbers show the growth has slowed compared with early 2021. At the same time, the industry continues to experience a capacity crunch, with high load factors and limited belly hold capacity due largely to the primarily grounded passenger fleets. Nevertheless, growth drivers support air cargo in the near term, which will be boosted once passenger flights return to the sky – currently at **42%** capacity levels compared to 2019.

Finally, in concluding this edition, the extended supply chain keeps hovering in positive territory statistically, even if only slightly. It seems that we are continuously operating only marginally ahead of the next looming disaster. The concerted efforts of most parties active in operations continue, as do the moves to expedite and harmonise border processes and facilitate international trade. For example, on the truck booking system at Durban, there is work being done by BUSA, SAAFF, Transnet and other stakeholders to address the high level of cancellation of truck bookings. We cannot afford to lose focus in these challenging times. As the Chinese proverb has it, "*when the winds of change blow, some people build walls, others build windmills*". Most industry role players are working overtime to build windmills. However, it remains critical to ensure that any improvements made in securing our supply chain are maintained across the board.

Contents

Weekly Snapshot	1
Monthly Snapshot.....	1
Key Notes	1
Executive Summary.....	2
Contents.....	4
1. Ports Update.....	5
a. Container flow overview	5
b. Summary of port operations	7
i. Weather delays.....	8
ii. Cape Town	8
iii. Durban	8
iv. Transnet Freight Rail (TFR)	9
v. General	10
2. Air Update	10
a. International air cargo	10
b. Domestic air cargo.....	11
3. Road and regional Update	12
a. South African land transport	12
b. Cross-border delays.....	13
4. International Update.....	15
a. Global container industry.....	15
i. Global freight rates.....	15
ii. Further developments of note	16
b. Global aviation industry.....	17

COVID-19: Cargo movement update

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 table indicates the container flows reported for the last seven days and projections for the next seven days.

Table 2 – Container Ports – Weekly flow reported for 18 to 24 September¹⁰

7-day flow forecast (18/09/2021 – 24/09/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 293	4 935
DURBAN CONTAINER TERMINAL PIER 2:	13 199	12 456
CAPE TOWN CONTAINER TERMINAL:	6 174	6 073
NGQURA CONTAINER TERMINAL:	3 835	4 785
GQEBERHA CONTAINER TERMINAL:	225	1 125
TOTAL:	28 726	29 374

Source: [Transnet](#), 2021. Updated 24/09/2021.

Table 3 – Container Ports – Weekly flow reported for 25 September to 1 October¹¹

7-day flow forecast (25/09/2021 – 01/10/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 938	7 543
DURBAN CONTAINER TERMINAL PIER 2:	13 588	15 774
CAPE TOWN CONTAINER TERMINAL:	4 490	6 405
NGQURA CONTAINER TERMINAL:	5 088	8 379
GQEBERHA CONTAINER TERMINAL:	909	1 480
TOTAL:	30 013	39 581

Source: [Transnet](#), 2021. Updated 24/09/2021.

An average of ~8 300 TEUs (↑3%) was handled per day for the last week (18 – 24 September, Table 2), with another increased average of around ~9 942 TEUs (↑20%) projected to be handled next week (25 September – 1 October, Table 3). Luckily, the numbers show that performance has increased in the last few weeks. Nevertheless, we are still somewhat off the targets set, as some operational problems continue to bedevil the system. On the positive side, public-private stakeholder engagement continues to grow and improve, which has been a real shining light in an otherwise dim sky during the pandemic.

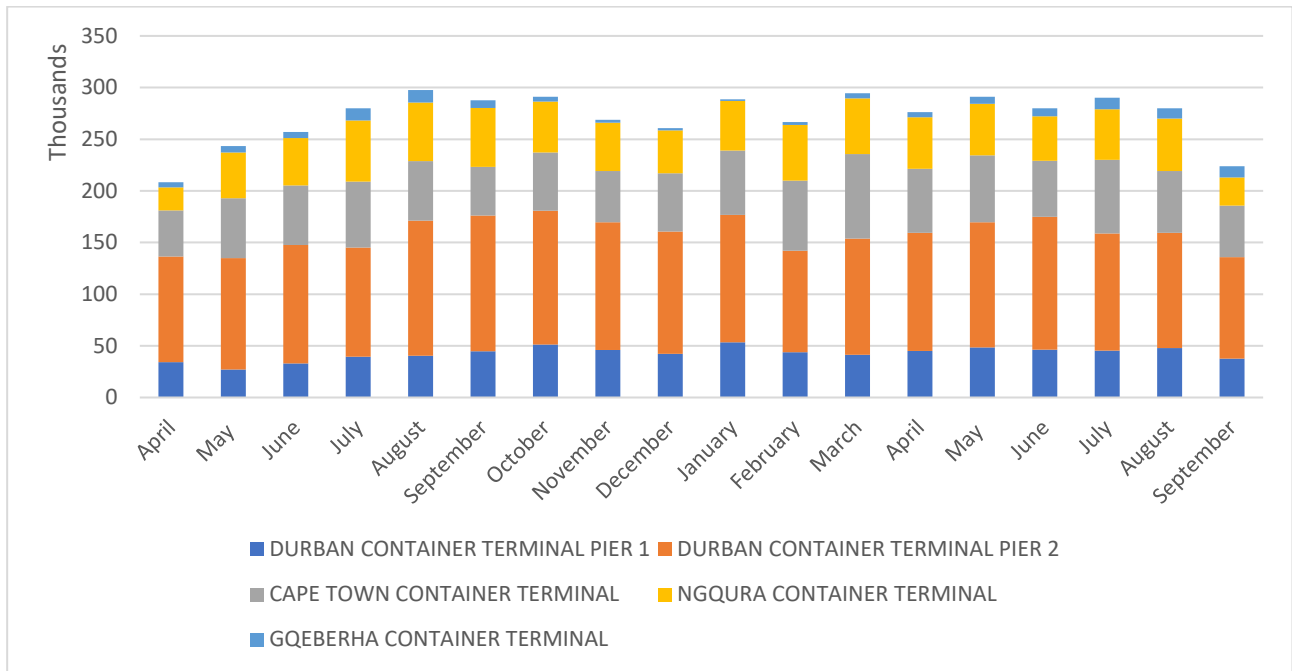
For a holistic picture, the following figure displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown. A full breakdown of the TNPA figures reported for August will be provided in next week's edition.

¹⁰ It remains important to note that a fair percentage (approximately 29%, according to the most recent TNPA figures for July) of containers are neither 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.

¹¹ As notes above.

COVID-19: Cargo movement update

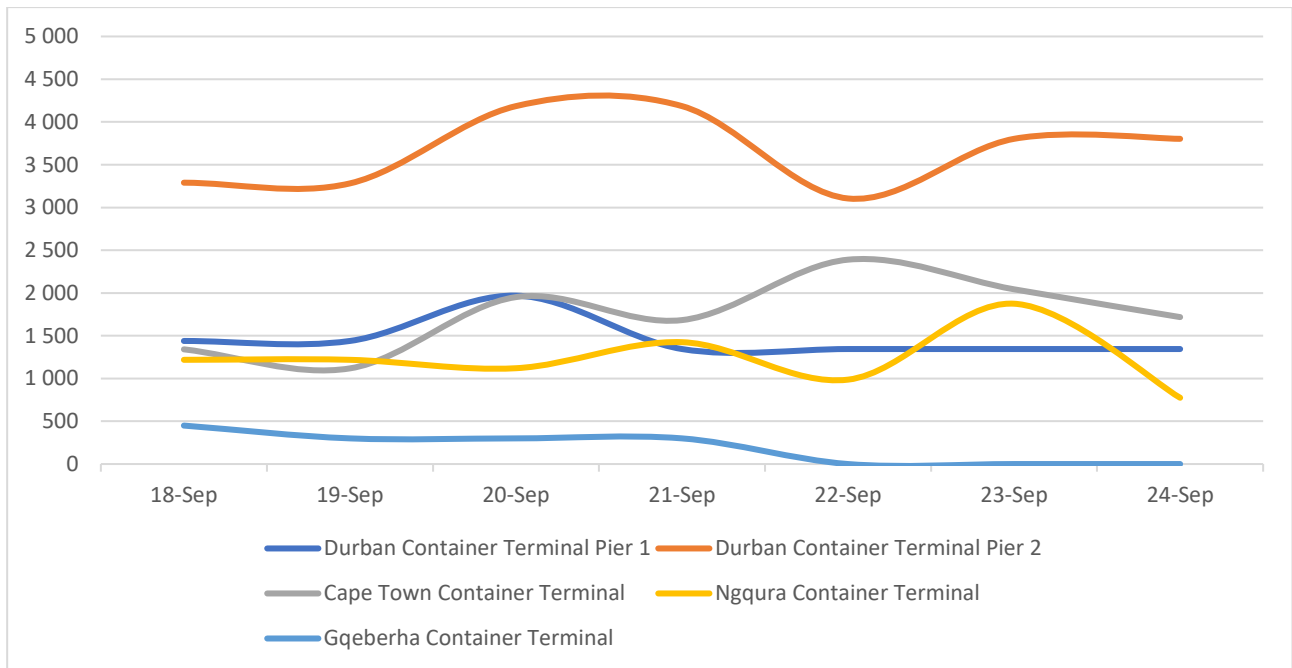
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 24/09/2021.

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

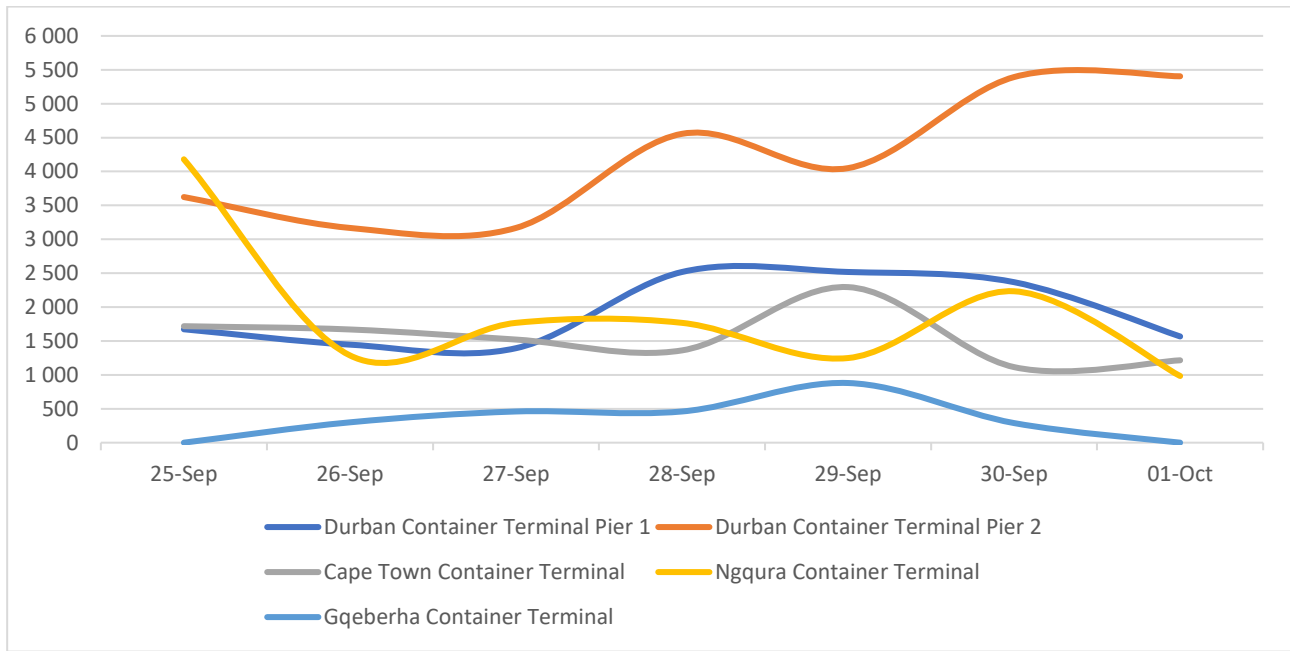
Figure 4 – 7-day flow reported for total cargo movement (18 to 24 September; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 24/09/2021.

COVID-19: Cargo movement update

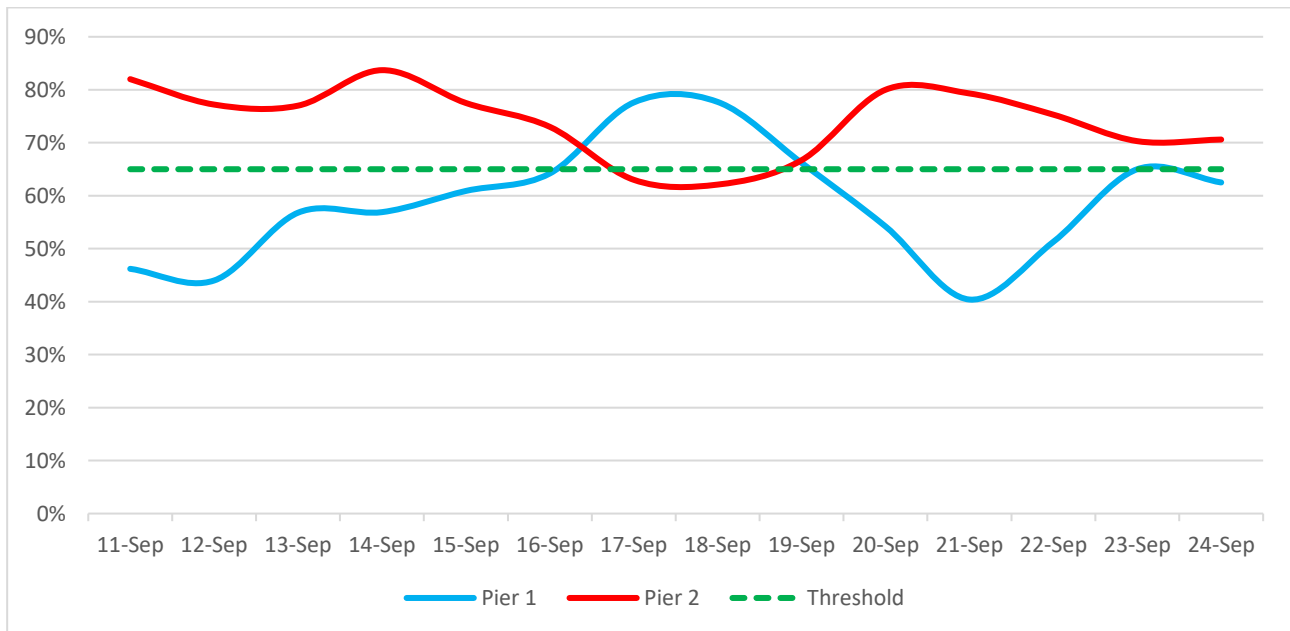
Figure 5 – 7-day flow reported for total cargo movement (25 September to 1 October; per port; day on day)



Source: Calculated using data from [Transnet, 2021](#). Updated 24/09/2021.

The following figure shows daily stack occupancy in both Durban terminals since the end of June, with pressure on operational fluidity a constant in the last few months. Despite the onslaught, landside performance in the container yard has managed to keep up, with both piers hovering around the optimal 65% stack occupancy level (with some fluctuations) in the last three weeks.

Figure 6 – Stack occupancy in DCT, general-purpose containers (23 August to present; per pier; day on day)



Source: Calculated using data from [Transnet, 2021](#). Updated 24/09/2021.

b. 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.

COVID-19: Cargo movement update

i. Weather delays

This week started quite windy in Cape Town. Fortunately, waterside operations were affected only slightly throughout the week.

This week, Durban port experienced much more favourable weather conditions, with slightly stronger winds picking up on Thursday afternoon coupled with some light rain.

Waterside operations were challenged on Monday, with strong WSW winds causing vessel ranging. However, the wind moderated as the week progressed.

ii. Cape Town

Waterside operations were exceptionally challenging this week due to equipment shortages and labour issues. On Monday morning, MPT Cape Town was operating with ships gear only as no mobile harbour cranes were operational. Only one crane was scheduled to be operational by Monday mid-morning. Port stakeholders further complained that the container stevedoring service employed by Transnet working on container vessels, especially at MPT, was not efficient. Allegations are that the personnel are inadequately equipped and poorly trained. Similar concerns were raised at other ports. At Cape Town, MPT stack occupancy stood at 28% capacity for general-purpose containers and 20% for reefer containers.

iii. Durban

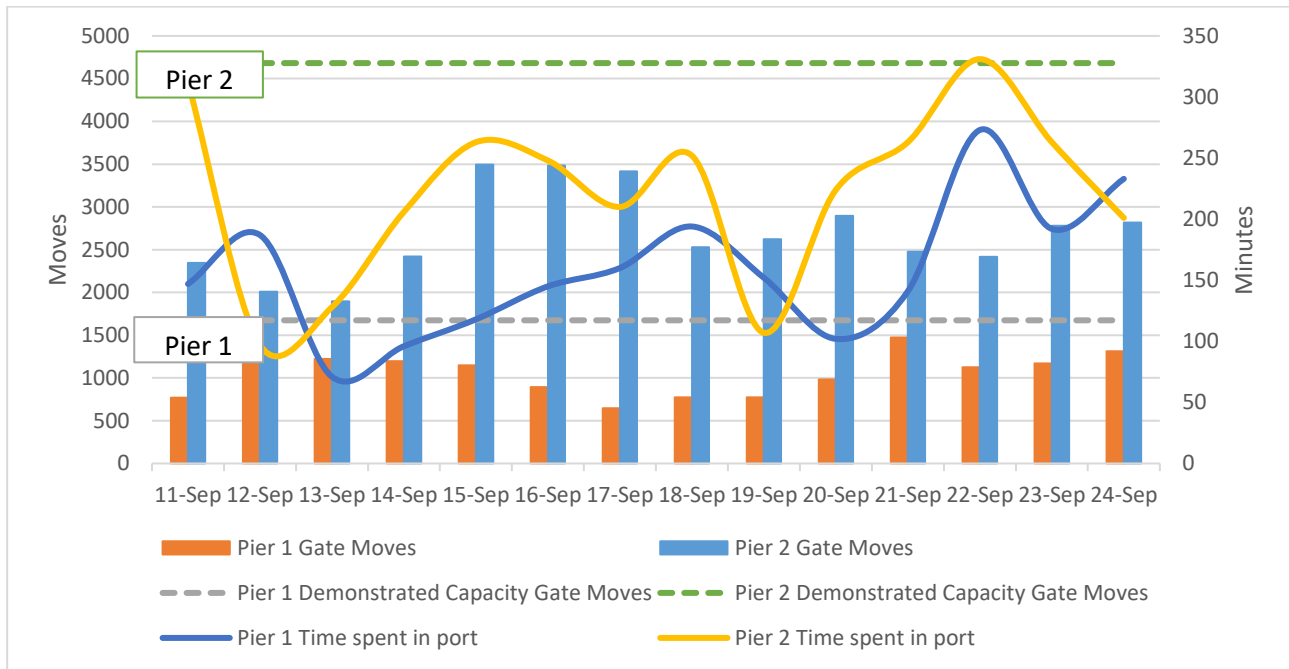
The terminals at Durban were also struggling to operate efficiently due to limited equipment and high stack occupancy. In addition, DCT experienced tug availability issues over the previous weekend with a vessel at FPT unable to move, which subsequently delayed the berthing of a conventional reefer vessel waiting to load citrus. Furthermore, the Durban port helicopter was reported out of service pending the arrival of spares on Monday. A total of 1,474 gate moves were recorded on Monday at Pier 1, with 539 shifts, 876 cancelled slots and 167 wasted slots. At Pier 2, 2 429 gate moves were recorded with 1 508 cancelled slots, 350 wasted slots and 970 shifts.

On Thursday, Transnet announced that they were approaching the market to launch a Request for Information (RFI) process regarding establishing a container terminal at the Point Precinct. The RFI process is for the design, development, financing, construction, operation, and maintenance of such a container terminal. Once the interest and feasibility have been confirmed through the RFI process, an open Request for Proposal (RFP) process will follow. On Thursday, Pier 1 recorded 1,305 gate moves, 773 cancelled slots, 221 wasted slots, and 576 shifts. In addition, an accident on Sydney Road caused tipper trucks destined for Maydon Warf to block the steel and Khongela bridges, causing much-unwanted congestion in the area. On Friday, stack occupancy at Pier 2 stood at 83% capacity for reefer containers and 55% at Pier 1.

The following figure summarises port operations in Durban for the last two weeks, focusing on gate moves and time spent in the terminal.

COVID-19: Cargo movement update

Figure 7 – Gate moves and time spent in the terminal (in minutes)



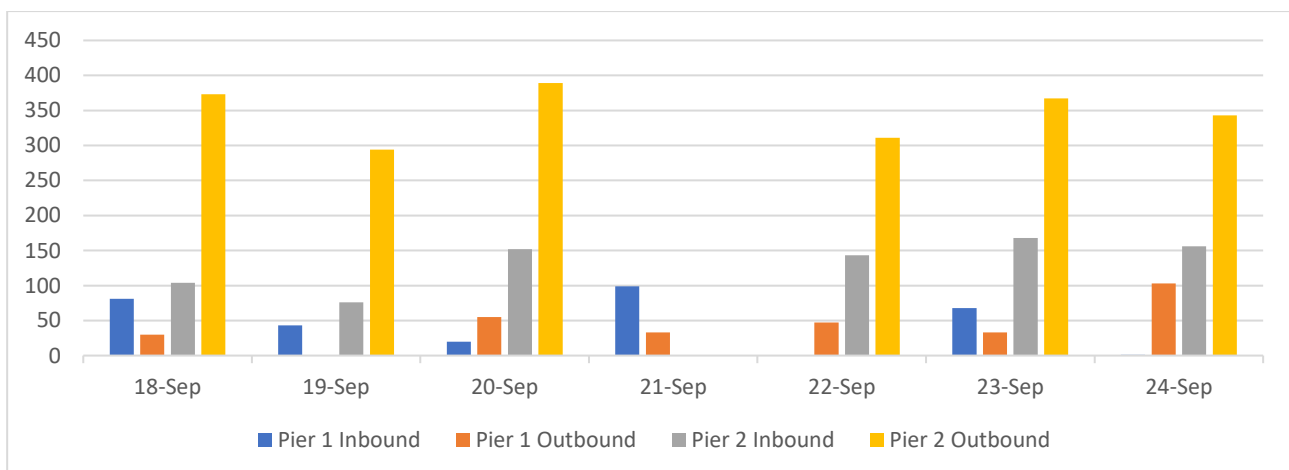
Source: Calculated using data from Transnet, 2021. Updated 24/09/2021.

iv. Transnet Freight Rail (TFR)

Increasing reports of cable theft continue to raise significant concerns around the productivity of operations at TFR. TFR reported 38 cases of cable theft on the Container line over the previous weekend. On Wednesday, Transnet informed its customers that they were experiencing OHTE power failure between Union and Elsburg stations. All trains were hauled by diesel locomotives through the dead section, and delays in train arrivals and departures from the Reef were experienced as a result.

The following figure graphically illustrates the rail movement from Durban during the week, showing a notable decrease.

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



Source: Calculated using data from Transnet, 2021. Updated 24/09/2021.

This week (18 to 24 September), rail cargo handled out of Durban averaged around **178** containers inbound (45 for Pier 1 and 133 for Pier 2) and **392** containers outbound (46 for Pier 1 and 346 for Pier 2) per day. So total rail cargo moved through Durban for the week amounts to **3 489** containers, **↓24%** lower than the previous week's **4 564** containers.

COVID-19: Cargo movement update

v. General

On Monday, port users were urged by Transnet to properly process Cargo Dues on the Cash to Order system as an increased number of abnormalities regarding the capturing of certain fields for Automotive and Break Bulk cargo was noted. Transnet also notified port users and other customers that they planned a National search on Wednesday 22 September 2021, to search for missing containers.

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 13 September. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *September 2020* averaged ~**731 369 kg** per day. For 2019, this average was ~**900 778 kg** per day, which is probably a more meaningful comparison and illustrates the extent to which volumes have fallen over the last 18 months.

Table 4 – International inbound and outbound cargo from OR Tambo

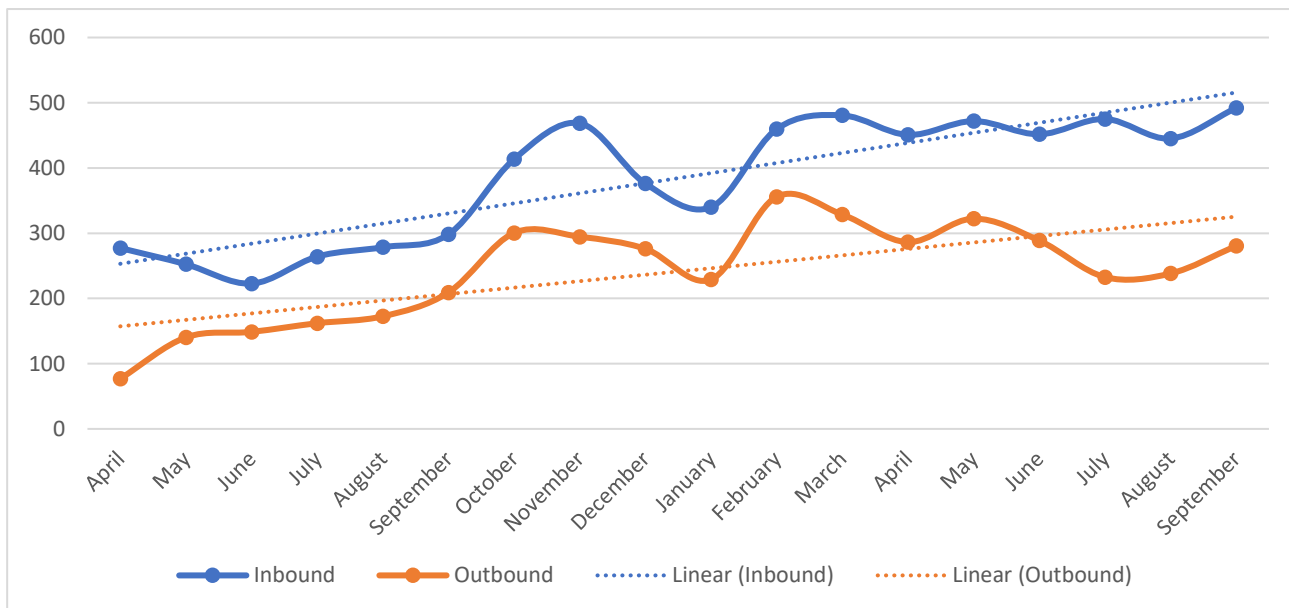
Flows	13-Sep	14-Sep	15-Sep	16-Sep	17-Sep	18-Sep	19-Sep
Volume inbound	568 230	312 739	449 723	456 725	381 939	356 069	885 843
Volume outbound	311 766	196 911	243 786	169 601	232 169	310 226	719 538
Total handled per day	879 996	509 650	693 509	626 326	614 108	666 295	1 605 381

Courtesy of ACOC. Updated: 22/09/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 13 September amounted to **487 324 kg** inbound and **312 000 kg** outbound. This amounts to an average of **799 324kg** per day, or ~**115%** compared to August 2020. Compared to pre-COVID-19 times, the level is currently only at ~**81%** compared with the same period in 2019.

The following figure shows monthly international freight movement at ORTIA during the state of disaster.

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



Courtesy of ACOC. Updated: 22/09/2021.

COVID-19: Cargo movement update

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 August 2020 was only ~59 559 kg¹² per day.

Table 5 – 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
Jul Average	23 583	5 374	3 144	15 839	6 229	2 844	57 013
Aug Average	25 649	2 983	3 495	19 973	6 597	3 256	61 953
Sep Average	27 131	3 820	3 485	21 217	6 894	3 191	65 739
14-Sep-21	38 387	5 286	4 829	37 916	9 652	4 959	101 029
15-Sep-21	42 033	5 205	5 082	28 559	13 786	3 579	98 242
16-Sep-21	39 112	5 652	4 367	26 360	10 910	4 951	91 352
17-Sep-21	19 324	3 283	2 783	33 154	4 616	2 976	66 136
18-Sep-21	2 600	1 021	53	2 061	371	129	6 235
19-Sep-21	3 303	296	169	811	403	754	5 735
20-Sep-21	52 387	5 794	6 142	31 282	11 946	6 310	113 861
Y-T-D Totals	6 886 416	959 597	891 439	6 490 597	1 765 825	846 088	17 839 961

Courtesy of BAC. Updated: 23/09/2021.

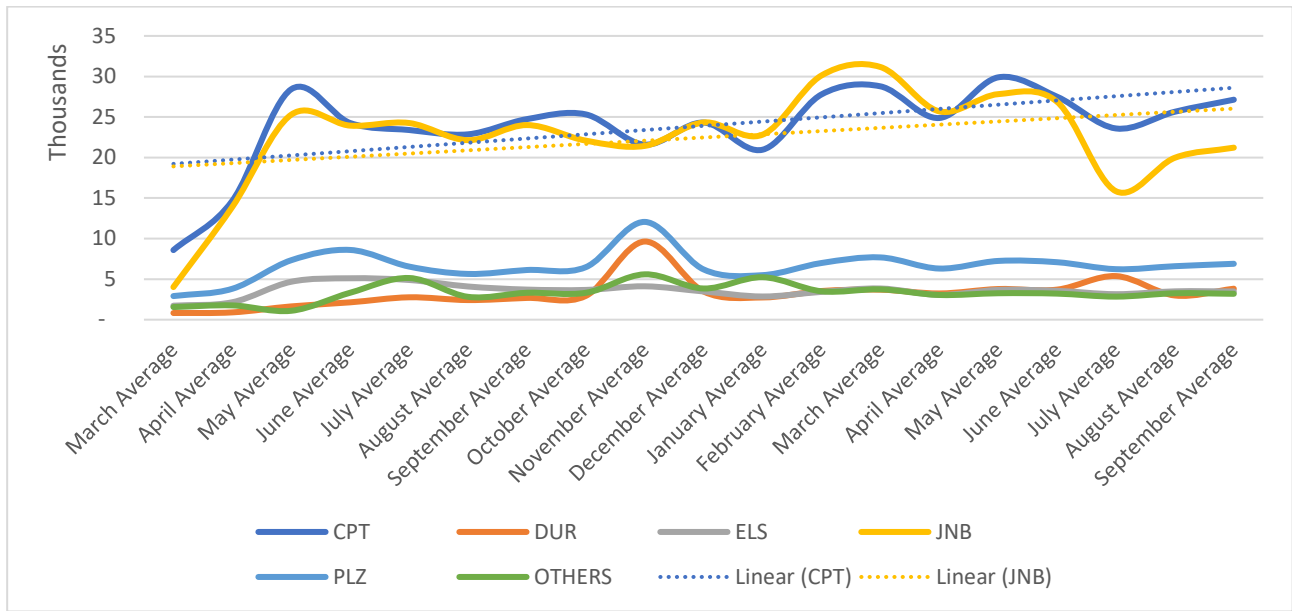
Currently, the average domestic air cargo moved in the last week was ~68 941 kg per day, which is ↑4% compared with the previous week and ~107% compared to September 2020.

The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster, with an upward trend in volumes registered since the start of the year.

¹² For Cape Town, the figure corresponds to 34 369 kg per day, and 3 129 kg per day for Durban during the same period (July 2020).

COVID-19: Cargo movement update

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



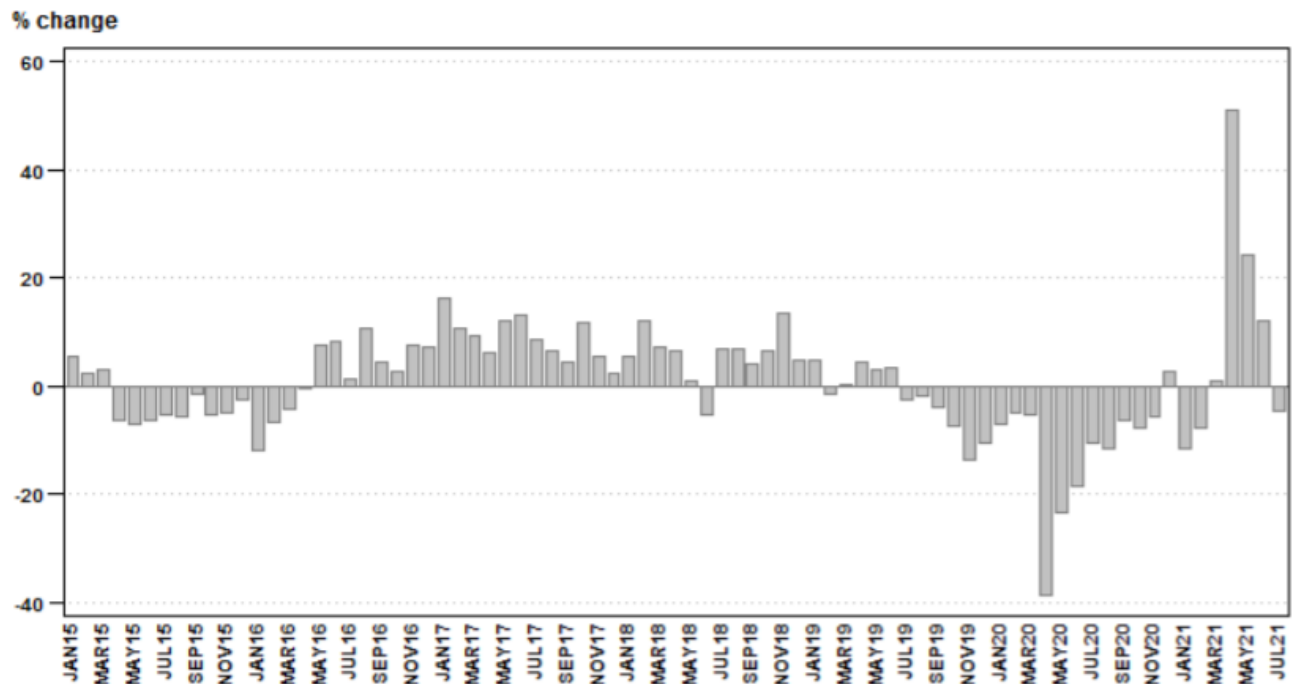
Courtesy of BAC. Updated 23/09/2021.

3. Road and regional Update

a. South African land transport

This week, Stats SA released the monthly land transport statistics for July¹³. The headline figure shows that the volume of goods transported (payload) decreased by **↓4,7%** in July 2021, compared with July 2020. Over the same period, the corresponding income also reduced, this time around by **↓3,1%**. The following figures note the bi-monthly percentage change in the freight transportation sector.

Figure 11 – Average domestic inbound and outbound cargo (thousands)



Source: [Stats SA](https://www.stats.gov.za/)

¹³ Stats SA. 20/09/2021. [Land transport](https://www.stats.gov.za/).

COVID-19: Cargo movement update

The seasonally adjusted payload decreased by **↓0,7%** in the three months ended July 2021, compared with the previous three months. Road freight decreased by **↓0,6%**, and rail freight decreased by **↓1,3%**. The summary can be seen in the following table, showing that the current seasonally adjusted domestic payload split is 21/79 in favour of road transport, as highlighted elsewhere in this report.

Table 6 – South African border closures

Payload	Feb-Apr 2021 (000 tons)	Weight	May-Jul 2021 (000 tons)	% Change (3-months)	Share of total change (%)
Rail	45 809	21,3	45 218	-1,3	-0,3
Road	168 761	78,7	167 769	-0,6	-0,5
Total	214 571	100	212 988	-0,7	-0,7

Source: [Stats SA](#).

b. Cross-border delays

The following events have caused some delays in the SADC region this week:

- This week, delays continued at Beitbridge, with long queues (up to **13km**) and slow crossing times. Furthermore, while the industry looks forward to opening the new parking area on 6 October, transporters are not happy with the proposed access fee of **US\$ 175**, irrespective of direction or load.
- The feedback from transporters has listed poor efficiency from government agencies, together with runners and clearing agents not working at night, as the main drivers of the delays.
- Lastly, some positive news comes from Zambia. In response to the roadblocks and recurring delays reported last week, Zambia's new Minister of Home Affairs has banned all police roadblocks except for permanently authorised security blocks. This positive move for trade facilitation should lead to less extortion from truck drivers and motorists and improved transit times.

Apart from these 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 7 – Delays¹⁴ 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	9:00	100	3 000	700	24 640	1 400
SA/Zim	Beit Bridge	96:00	25:00	943	28 290	6 601	151 823	633 696
Moz/Zam	Cassacatiza/Mlolo	1:00	16:00	60	1 800	420	5 880	420
Zam/Zim	Chirundu	1:00	17:00	616	18 480	4 312	64 680	4 312
Moz/Mal	Dedza	2:00	17:00	50	1 500	350	5 250	700
SA/Bot	Groblersbrug/Martins Drift	1:00	12:00	400	12 000	2 800	28 000	2 800
Zam/DRC	Kasumbalesa	0:00	46:00	592	17 760	4 144	165 760	0
Zam/Bot	Kazungula	0:00	19:00	212	6 360	1 484	25 228	0
SA/Bot	Kopfontein/Tlokweg	1:00	48:00	100	3 000	700	32 200	700
Moz/Zim	Machipanda/Forbes	1:00	6:00	320	9 600	2 240	8 960	2 240
Moz/Mal	Milange	0:00	19:00	40	1 200	280	4 760	0
Zim/Moz	Nyamapanda	1:00	2:00	100	3 000	700	0	700

¹⁴ 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 problem 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.

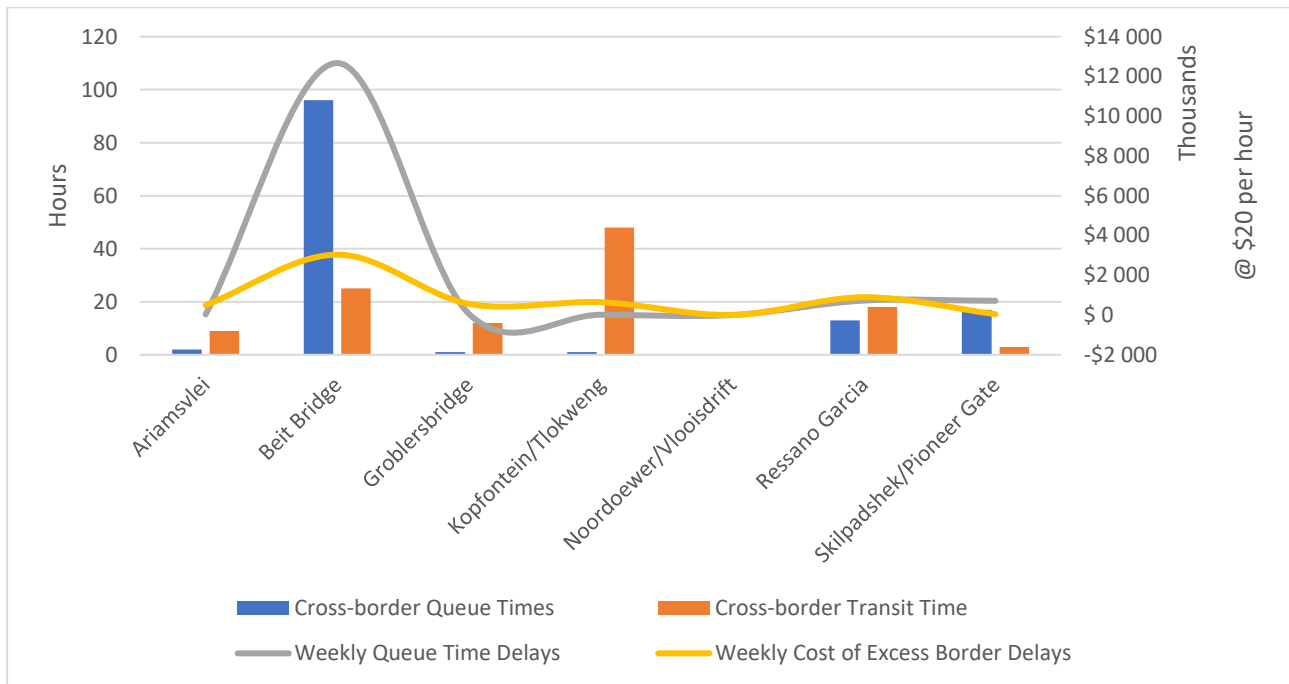
COVID-19: Cargo movement update

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
SA/Moz	Ressano Garcia	13:00	18:00	400	12 000	2 800	44 800	36 400
SA/Bot	Skilpadshok/Pioneer Gate	17:00	3:00	300	9 000	2 100	2 100	35 700
Zam/Zim	Victoria Falls	1:00	5:00	114	3 420	798	2 394	798
Moz/Mal	Zobue/Mwanza	2:00	22:00	100	3 000	700	14 000	1 400
				4 647	139 410	32 529	642 075	721 266

Source: TLC & FESARTA, week ending 21/09/2021.

The following graph shows the weekly change in cross-border times (and associated estimated cost) from South Africa's perspective. As a recurring theme recently, Beit Bridge continues to experience prolonged crossing times, as the industry awaits the opening of the new parking area on 6 October. Cross-border road transporters are hopeful of a marked improvement in the North-South corridor, as the current dismal situation is seriously detrimental for business.

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

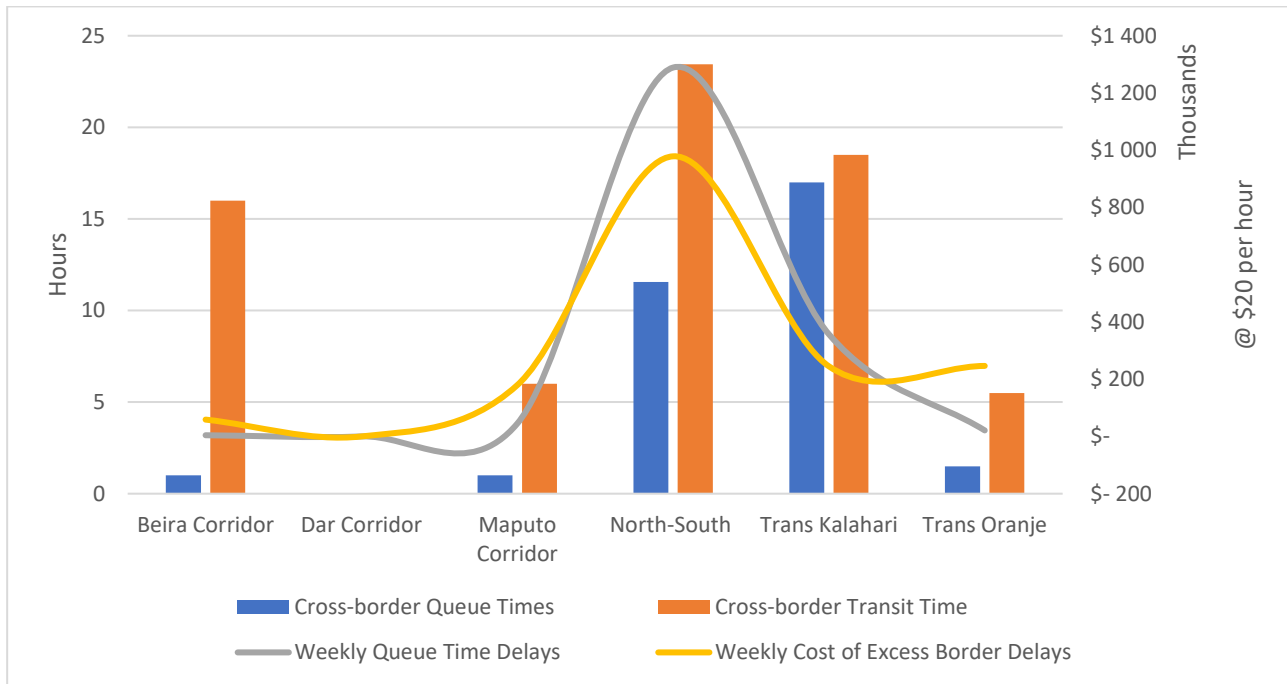


Source: TLC & FESARTA, week ending 21/09/2021.

The following figure depicts a similar picture to those above, this time from a corridor perspective. Again, significant transit delays on the North-South corridor have continued, with the Trans Kalahari also experiencing a sub-optimal week. These two corridors have stood out recently, as queue and transit times on both have been exceptionally high.

COVID-19: Cargo movement update

Figure 13 – Weekly cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 21/09/2021.

In summary, the cross-border queue time has averaged **~8,2 hours** (rising by **~0,5 hours** from last week's recorded time of **~7,7 hours**), costing the transport industry an estimated **\$14 million (R230 million)**. This week's average cross-border transit times hovered around **~18,8 hours** (rising by **~2,5 hours** from the **~16,3 hours** recorded last week), costing the transport industry **~\$13 million (R205 million)**. As the table and commentary above predicted, border times have significantly increased from last week, especially throughout the North-South corridor. As a result, the total cost for the week amounts to **~R436 million** (down by **~R6 million** or **1,4%** from **R443 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 **(a)** the global container industry, and **(b)** the global aviation industry.

a. Global container industry

i. Global freight rates

After 22 consecutive weeks of increases, Drewry's "World Container Index" (WCI) composite index stopped its seemingly inexorable rise this week, remaining steady at **\$10 377** per 40-ft container¹⁵. This settling of rates comes following the announcements by CMA-CGM and Hapag-Lloyd that they would not continue to increase spot rates as container prices on most trade lanes are at record highs. But apart from exorbitant freight rates, surcharge levels are providing cause for concern as carriers seek to solve the crisis around equipment and slot capacity. Surcharges can be expected to persist, even as rates begin to decline¹⁶. Consequently, some lines have been accused of using creative pricing strategies as a cosmetic exercise to disguise rate increases, with

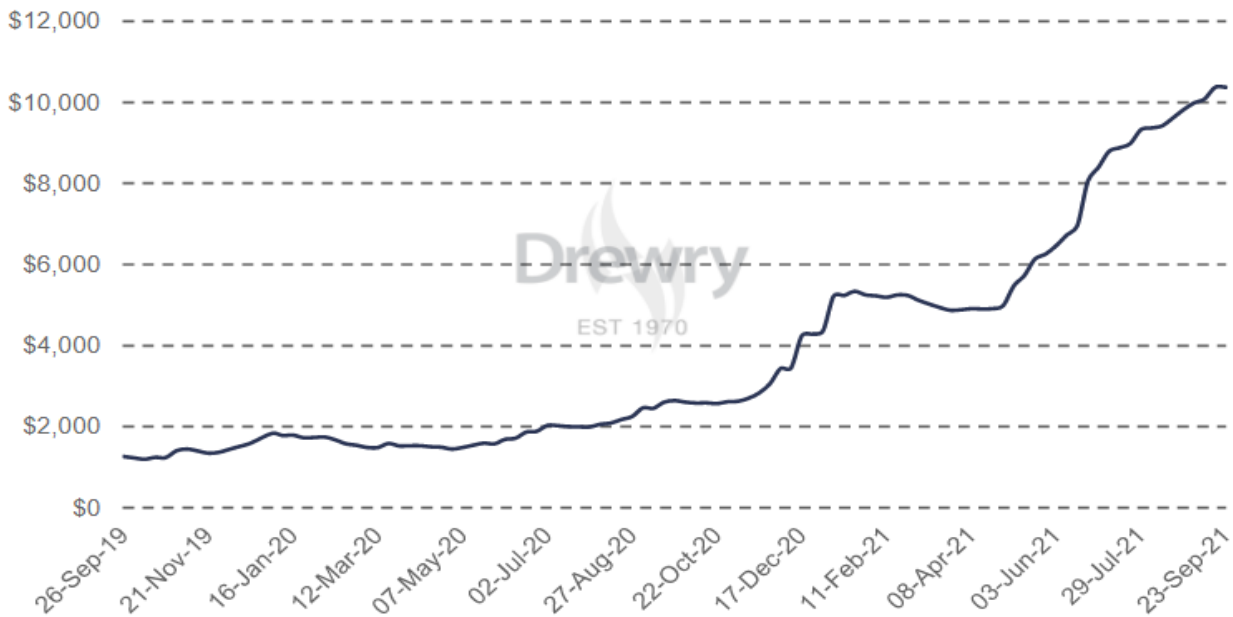
¹⁵ Drewry Supply Chain Advisors. 23/09/2021. [World Container Index](#).

¹⁶ Baker, J. 22/09/2021. [Freight surcharges will remain even after rates ease](#).

COVID-19: Cargo movement update

surcharges as high as 80% of base freight rates not uncommon. For the industry in its entirety, the following figure summarises the astonishing rise in the two-year spot price of the index.

Figure 14 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



Source: [Drewry Ports and Terminal insights](#)

The average composite index now stands at a massive **↑329%** higher compared to the same time last year. Furthermore, the average composite index of the WCI, for year-to-date, is **\$6 888** per 40ft container, which is **\$4 492** higher than the five-year average of **\$2 396**. Concerning the major transatlantic trade lanes, freight rates from Shanghai to Genoa gained **↑1%** to reach **\$13 646** per 40ft box. However, spot rates from New York to Rotterdam dropped **↓8%** to **\$1 107**. Similarly, Los Angeles to Shanghai and Shanghai to New York fell **↓3%** and **↓2%** to reach **\$1 404** and **\$15 849** per 40ft box. The other major lanes (Shanghai to Rotterdam, Rotterdam to Shanghai, Shanghai to Los Angeles and Rotterdam to New York) remained stable at the previous weeks level. Therefore, Drewry expects rates to stay steady in the coming week. But it must be stressed again that the index does not account for rising surcharge levels.

ii. Further developments of note

Apart from the ongoing story of rising freight rates and port congestion mentioned above, some additional important developments occurred around the world this week, including a further update on Ningbo:

1. US West Coast congestion:

- According to Marine Traffic, efforts continue to clear the increased backlog on the US West Coast, with 70 container vessels still awaiting berthing on Friday¹⁷. But, unfortunately, ships are arriving at the US west coast faster than their contents can be processed through the system. And with inventories low and needing replenishment, there is little relief in sight¹⁸. Indeed, some analysts predict the backlog will take months to clear¹⁹.
- In an effort to alleviate the situation further, the ports of Los Angeles and Long Beach are extending gate hours during nights and weekends. Los Angeles is expanding gate hours on weekends, while Long Beach keeps its gates open between 02:00 and 07:00²⁰.

¹⁷ Marine Traffic. 24/09/2021. [Port of Los Angeles](#).

¹⁸ Baker, J. 21/09/2021. [Box ships continue to pile up off US west coast](#).

¹⁹ Baker, J. 23/09/2021. [US port congestion 'will take months to clear'](#).

²⁰ Putzger, I. 21/09/2021. [LA & Long Beach ports extend gate hours to curb congestion](#).

COVID-19: Cargo movement update

- c. Moreover, the Port of Long Beach starts a pilot program for 24-hour cargo pick-up at Pier T Terminal²¹. The pilot program will focus on the effort to reduce dwell time.

2. CMA CGM confirms data leak after cyber-attack:

- a. Another cyber-attack struck the shipping industry, this time with the French carrier CMA CGM reporting a leak involving 'limited customer information', including employees' names, positions, email, and phone details²².
- b. Paul Dean, global head of shipping at HFW, said that "There is one incident on a ship every day, and attacks on shipping have increased 900% in the three years to 2020." Almost unbelievably, this correlates into a ransomware attack once every 10 seconds²³.

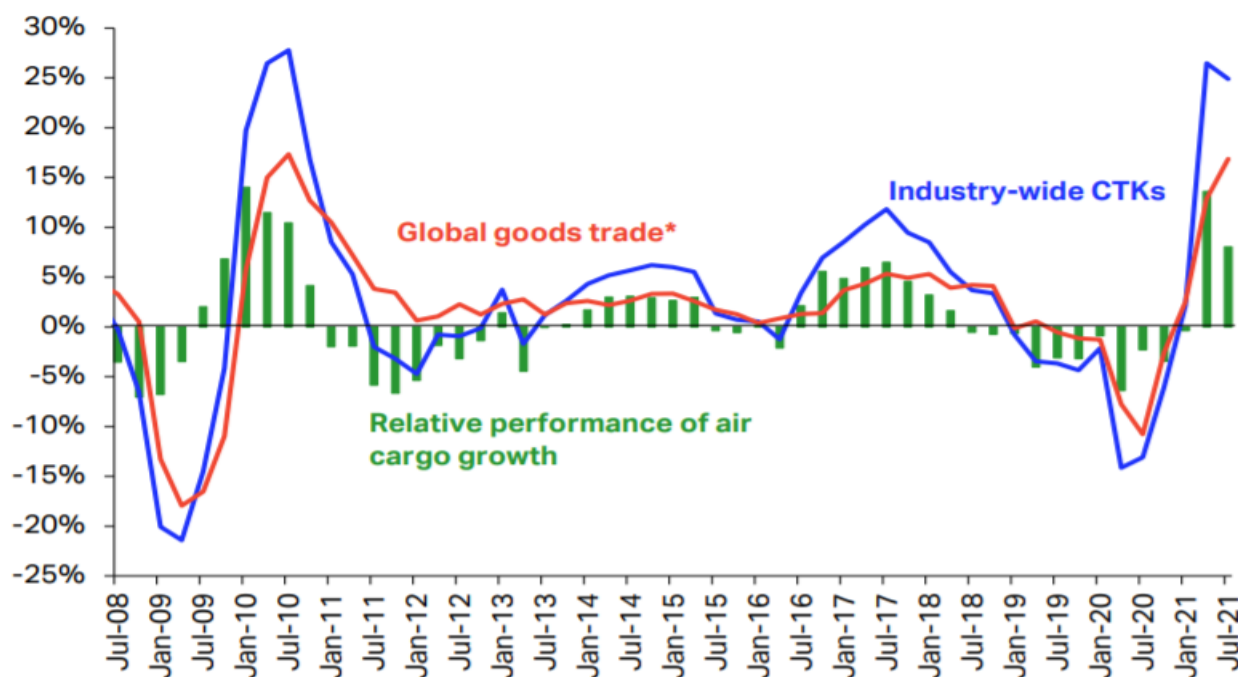
3. IMO 'defrauded' by North Korea vessel identity laundering scheme:

- a. Washington DC non-profit C4ADS says the integrity of IMO ship registration is threatened by elaborate and detailed plans that see sanctions-busting ships from North Korea, Iran, and Venezuela transmitting under false IMO identities²⁴.
- b. The inquiry has revealed a process where vessels adopt a different identity on automatic identification system (AIS) transmissions allowing sanctions-hit ships to adopt 'clean' identities²⁵.

b. Global aviation industry

Air cargo continues to report robust growth figures, as industry-wide cargo tonne-kilometres (CTKs) rose by **↑24,9%** in the three months ended July 2021, compared to the same period in 2019. According to the latest quarterly "Cargo Chartbook", these figures note that an upward trend in air cargo volumes continued in the past three months. Still, seasonally adjusted numbers show the growth has slowed compared to early 2021. Nevertheless, air cargo continues to perform strongly in the global goods trade, as shown in the following figure.

Figure 15 – Air cargo growth and performance 2021 Q3 (y/y growth)



Source: [IATA Economics](#)

²¹ Manadiar, H. 21/09/2021. [Port of Long Beach starts pilot program for 24-hour cargo pick up at its Pier T Terminal.](#)

²² Lloyd's List. 19/09/2021. [CMA CGM confirms data leak after cyber-attack.](#)

²³ Baker, J. 20/09/2021. [Shipping needs to be vigilant over cyber risks.](#)

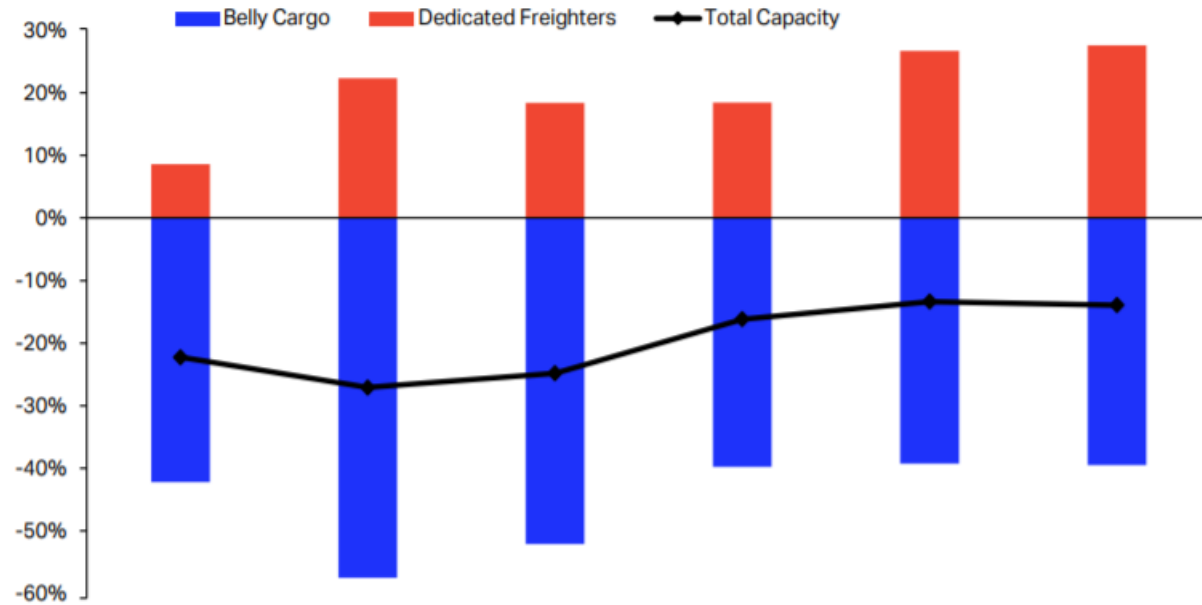
²⁴ Wiese Bockmann, M. 23/09/2021. [IMO 'defrauded' by North Korea vessel identity laundering scheme.](#)

²⁵ Chambers, S. 24/09/2021. [New report highlights the rise of vessel identity laundering.](#)

COVID-19: Cargo movement update

IATA notes that air cargo had been underperforming goods trade since late 2018, but this inverted in 2021. Air now benefits from the need of businesses to rapidly restock their inventories as economies reopen after lockdowns. In addition, rapidly increasing sea freight costs and transit times have played their part. This situation is likely to continue for some time, as many drivers of air cargo continue to be supportive, despite the spread of the Delta variant and supply chain congestion. The major constraint in the industry continues to be the capacity issue, mainly due to the lack of belly space on international passenger flights, as depicted below.

Figure 16 – Air cargo growth and performance 2021 Q3 (y/y growth)



Source:

[IATA Economics](#)

Consequently, international available Industry-wide cargo tonne-kilometres (ACTKs) have trended sideways since the start of 2021. Airlines have increased dedicated freighters ACTKs to bulk up capacity by **↑27,6%** compared to 2019 in the three months ended July 2021. However, the increase in freighter capacity has not offset reduced space availability, as international belly ACTKs were **↓39,5%** over the same period. Fortunately, cargo yields are trending upwards again, providing support to cargo revenues, although at a cost to shippers, who are simultaneously grappling with elevated ocean freight rates. Lastly, the upward trends are expected to continue, as 72% of respondents expected air cargo volumes to keep increasing in the twelve months, according to the heads of air cargo questioned in the IATA "Confidence Survey"²⁶.

²⁶ IATA. 30/07/2021. [Confidence Survey](#).