

COVID-19: Cargo movement update¹

Date: 3 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)	25 771	27 762	53 533	28 576	24 207	52 783	↑1%
Air Cargo (tons)	4 407	2 652	7 059	4 290	2 390	6 680	↑6%

Monthly Snapshot

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

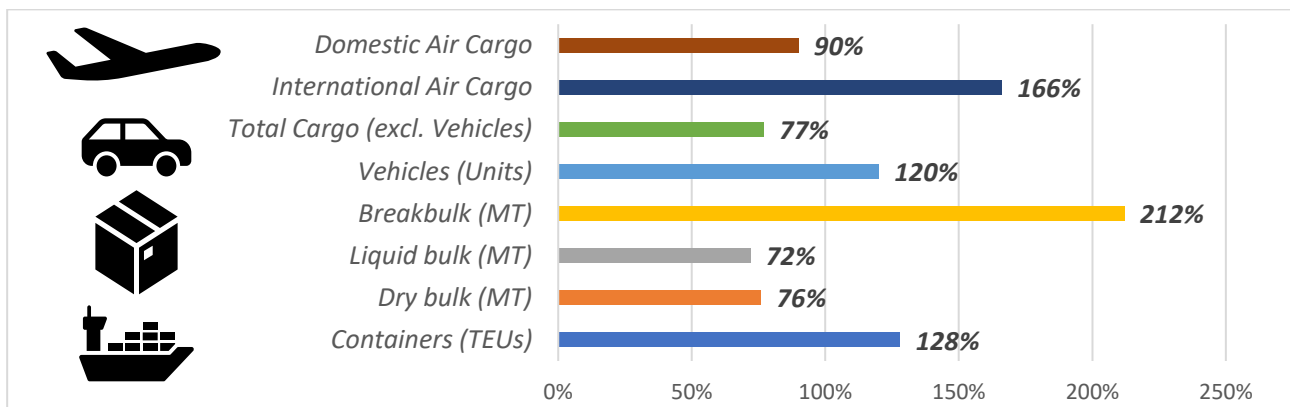


Figure 2 – International year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- This week, an average of ~**7 648 TEUs** was expected to be handled per day, **↑1%** from last week.
- TNPA released port statistics for July: container throughput is **↑4%** (y/y) and **↑2%** (m/m), other cargo is **↓19%** (y/y) and **↓31%** (m/m), and vehicles trade is **↓45%** (y/y) and **↓47%** (m/m).
- SARS Merchandise trade mimics the TNPA statistics: July exports (**↓11,2%**, m/m) and imports (**↓0,7%**, m/m) are both down. Still, our positive trade balance remains strong at **R289,99 billion** y-t-d.
- The "WCI" continues to increase, with freight rates **↑1,7%** (or **\$170**) to **\$9 987** per 40-ft this week.
- Average cross-border queue time fell by **1 hr**, with transit times also down **3,9 hrs** (see [below](#)).
- For global airfreight, industry-wide cargo tonne-kilometres (CTKs) increased **↑8,6%** versus July 2019.

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 54th 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. In this instance, all data compares Aug versus Aug.

⁵ For ocean, total Jan-Jul 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 54th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Statistics around the pandemic show a dissipation of the third wave, as newly reported COVID-19 infections decreased markedly this week, averaging approximately 8 776 infections per day (**↓25%** from last week's average **11 760**). Furthermore, the hotspots in the country have seemingly shifted, as KwaZulu-Natal (**30,2%**), Western Cape (**24,2%**), and the Eastern Cape (**12,9%**) reported the highest number of new cases. On the other hand, Gauteng only recorded **10,1%** of new cases this week, according to the NICD.

Nevertheless, the total number of cases recorded in the country continues to rise, now at **2,8 million**⁶, with the death toll rising alarmingly to **82 914** (up by **2 088**), but this official figure continues to be disputed. Worldwide COVID-19 infections now total more than **219 million**, with the death toll nearing **4,55 million** people. Globally, more than **5,42 billion** vaccine doses have now been administered⁷. For South Africa, this figure stands at **~13,11 million**. In the past seven days, a daily average of **220 000** doses was administered, still falling well short of the daily target of **400 000**. But it must be said that this is not so much due to any supply-side problems but rather to a reluctance on the part of the population to step forward to be vaccinated.

Operationally, the industry experienced a more subdued week compared to the last couple of weeks. The emphasis remains on clearing the backlog, and the figures show that we are well on our way to doing just that. It is important that we maintain this increase in volume, as the industry experienced a considerable dip in July, illustrated by the TPT throughput figures and SARS merchandise trade stats referred to above. The acceleration of throughput remains vital as we enter the busy season in the next couple of months.

Unfortunately, some specific operational constraints continue to bedevil operations, including the shortage of equipment, notably with only one tug being available in Cape Town this week. The industry also remains concerned about the landside performance, as seen from the proliferation of shifts in the port precinct, evidencing wasted and cancelled slots on the transport side. Fortunately, the outlook for the near term is positive, at least number-wise. With the final Transnet figures for July released this week, the devastating impact of the unrest and IT disruptions has been fully realised, as most segments were significantly down on the previous month. The negative effect is underlined in the very sobering view provided by this month's *Transport and Freight Index*, which sees the index registering a sharp drop between June and July, representing the steepest decline since April 2020.

Globally, the container industry continues to be marred by congestion on the West Coast of the USA and ongoing surges in freight rates globally. Other developments of note include a continuation of equipment shortages leading to new orders for containers – and further announcements of record profits. Lastly, global crew changes continue to be an issue, as seafarers are still overshooting contracts. Fortunately, the vaccination rate of international crews has increased in the last month (see an overview of the container industry [below](#)).

Most regional trade corridors experienced a slight improvement in crossing and queuing times this week, but truck throughput remains much lower than what has been achieved in the past. The situation is clearly developing to a point where transporters will bypass South African ports in favour of their regional competitors. Despite this, the trade figures show that our neighbouring countries remain very reliant on the continuous South African supply of goods.

In the aviation sector, cargo operations continue to post positive numbers, at least in comparison with 2020. In both the international and domestic markets, we remain somewhat short of pre-pandemic levels, although the

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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volume increases have been sustained for a significant period. Moreover, the industry hopes to see further improvements in volume, especially with some commercial airlines returning to the skies this week. Operationally, the new SOP has improved access and security at the cargo terminal gate. Nevertheless, the industry continues to voice its preference for an integrated IVS system. Lastly, ACSA has installed another PC in the guard hut at ORTIA to speed up access to the e-mailed pre-alerts received from the cargo operators.

Internationally, air cargo continues to drive the recovery, with another excellent month recorded in statistics. Market drivers remain strong for air cargo; however, balancing cargo load factor with ongoing increases in demand has resulted in further increases in air cargo rates. Indeed, the resilient international demand for air cargo capacity in August, versus a shortfall in supply, pushed average global air cargo rates **↑112%** on their pre-COVID levels. As has been a constant refrain throughout this year, the aviation industry is desperate for passenger flights to return, which will boost capacity and help to balance the supply/demand equation. Unfortunately, various global setbacks continue to thwart the recovery, as several countries have recently instituted additional restrictive measures.

Concluding this week's edition, it is worth pointing out that, internationally, the global economy continues to be positive for international trade, as shown by the recent WTO report (see a more detailed breakdown [below](#)). Therefore, South Africa, and the extended South African supply chain, must take heart from the fact that the growth outlook remains robust despite recent adverse events (the civil unrest and Transnet IT disruptions) quite apart from a one-in-a-century event in the form of the coronavirus pandemic. Consequently, stakeholders in all sectors are encouraged to continue to make every effort to ensure the security of our supply chains. If this does not happen, we will continue to lose out to others, as shown by the recent report of the decision of mines in the DRC mines to move the exports through the Walvis Bay corridor instead of Durban (note the extended section on the road industry [below](#)). South Africa should be regarded as a significant player globally, and now is the time to show it; otherwise, we run the risk of being relegated to the role of a bit-part player.

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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. The overall attempts to clear the accumulated backlog persists, although the elevated throughput volumes have decreased to some extent, resulting in a calmer working week.

Table 2 – Container Ports – Weekly flow reported for 28 August to 3 September⁸

7-day flow forecast (28/08/2021 – 03/09/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 129	5 587
DURBAN CONTAINER TERMINAL PIER 2:	12 077	12 014
CAPE TOWN CONTAINER TERMINAL:	4 037	3 198
NGQURA CONTAINER TERMINAL:	3 584	5 112
GQEBERHA CONTAINER TERMINAL:	944	1 851
TOTAL:	25 771	27 762

Source: [Transnet](#), 2021. Updated 03/09/2021.

Table 3 – Container Ports – Weekly flow reported for 4 to 10 September⁹

7-day flow forecast (04/09/2021 – 10/09/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 879	5 682
DURBAN CONTAINER TERMINAL PIER 2:	15 033	15 658
CAPE TOWN CONTAINER TERMINAL:	7 387	11 393
NGQURA CONTAINER TERMINAL:	5 429	3 246
GQEBERHA CONTAINER TERMINAL:	2 622	3 200
TOTAL:	36 350	39 179

Source: [Transnet](#), 2021. Updated 03/09/2021.

An average of ~7 648 TEUs (↑1%) was handled per day for the last week (28 August – 3 September, Table 2), with an increased average of around ~10 790 TEUs (↑41%) expected to be handled next week (4 – 10 September, Table 3). But it must be said that these figures for next week look to be inflated to a degree and should be treated with caution. Against that, however, the reality is that the statistics show that Cape Town had a very slow week this week. In contrast, DCT Pier 2 and CTCT show an exceedingly high number of planned moves next week, with one berth handling more than one vessel in a day in some cases for Pier 2.

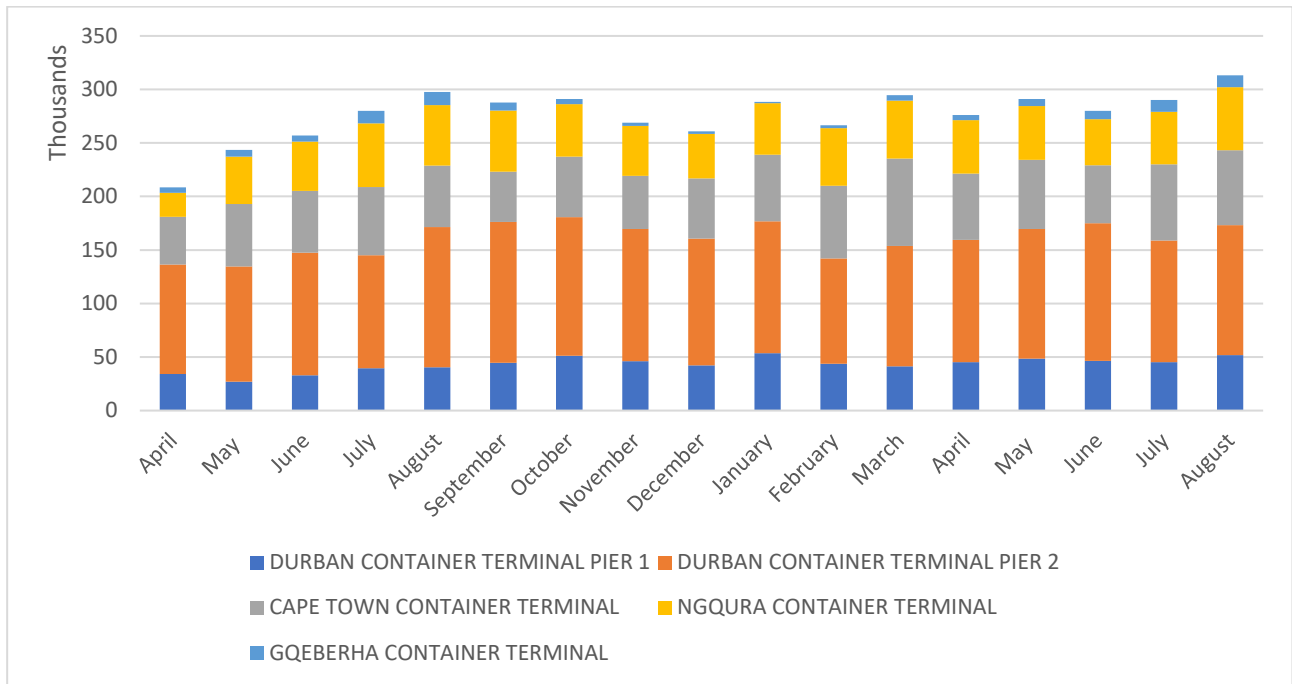
The following figure displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown.

⁸ 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.

⁹ As notes above.

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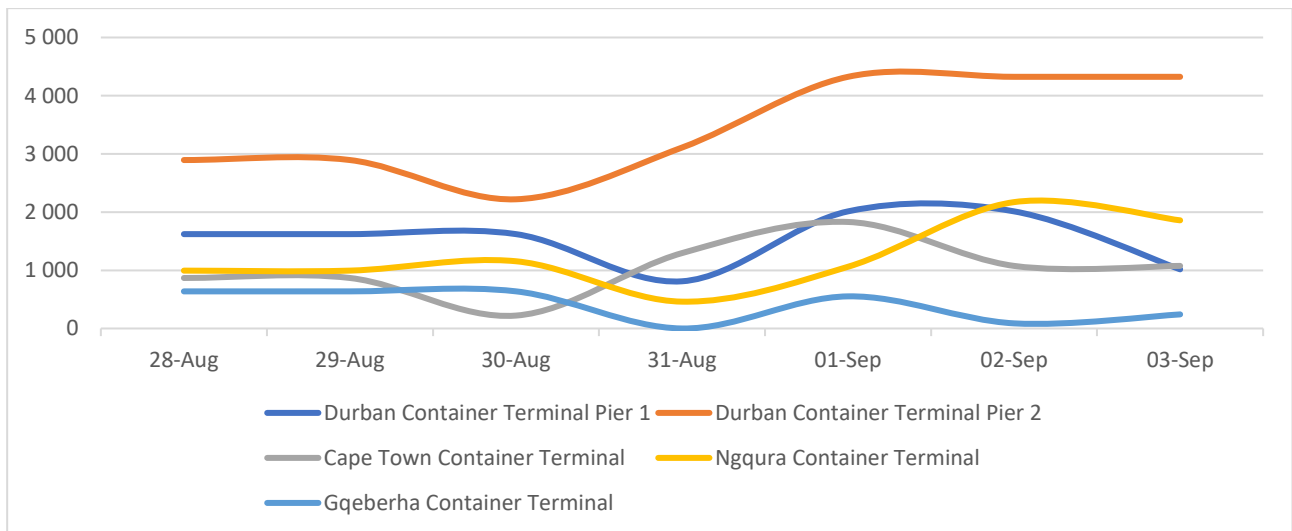
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 03/09/2021.

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

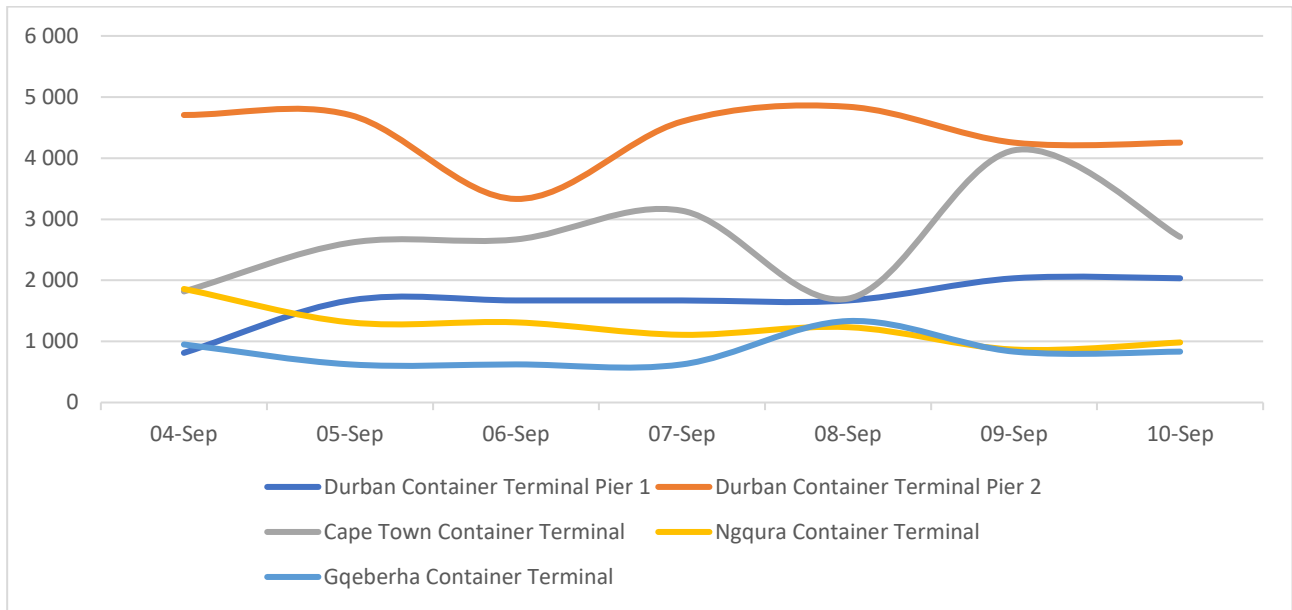
Figure 4 – 7-day flow reported for total cargo movement (28 August to 3 September; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 03/09/2021.

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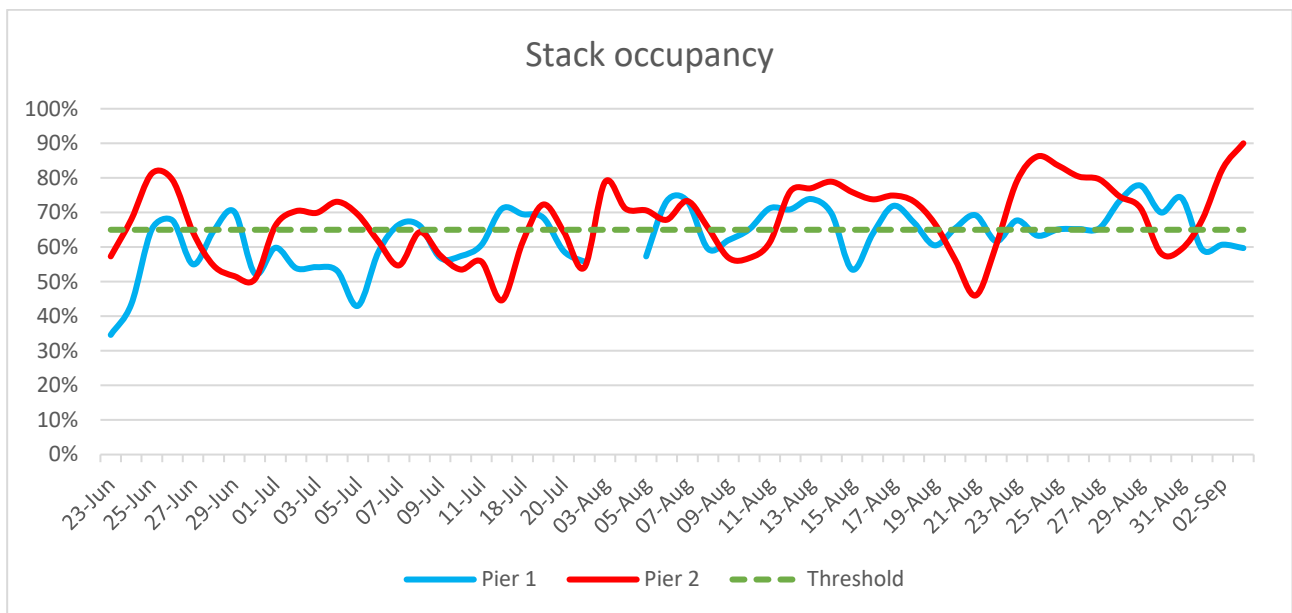
Figure 5 – 7-day flow reported for total cargo movement (4 to 10 September; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 03/09/2021.

The following figure shows daily stack occupancy in both Durban terminals since the end of June. As has been the case recently, the stack occupancy has hovered around the optimum level of 65%. Any increases over that have put some continued strain on our landside operations.

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



Source: Calculated using data from [Transnet](#), 2021. Updated 03/09/2021.

b. Transnet National Ports Authority: July update

Transnet National Ports Authority has finally released its monthly port statistics for July this week¹⁰, with the disruptions experienced evident in the dry- and liquid bulk volumes. The following table shows the monthly movement in comparison with June.

¹⁰ Transnet, 2021. Port statistics. [TNPA](#)

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Table 4 – TNPA – Volume and growth: June-July 2021

	June 2021	July 2021	Movement	Monthly growth
Containers (TEUs)	394 041	403 268	9 227	2%
Landed	209 676	197 935	-11 741	-6%
Shipped	184 365	205 333	20 968	11%
Dry bulk (MT)	16 470 521	11 069 769	-5 400 752	-33%
Liquid bulk (MT)	3 061 549	2 242 893	-818 656	-27%
Breakbulk (MT)	461 814	576 638	114 824	25%
Vehicles (Units)	71 791	37 928	-33 863	-47%
Total Cargo (excl. Vehicles)	19 993 884	13 889 300	-6 104 584	-31%

Source: [TNPA](#), updated 31/08/2021.

From the table, it is apparent that many small gains made throughout the year have sadly been wiped out this month due to the wanton destruction of the country's critical infrastructure, bringing supply chain operations to a grinding halt in July. Nevertheless, when comparing July's numbers with June's, container throughput has increased by **↑2%**, mainly due to increased export containers (**↑11%**), as import containers have slumped (**↓11%**). Likewise, breakbulk cargo has continued its expansion (**↑25%**); however, the dry bulk (**↓33%**), liquid bulk (**↓27%**), and vehicles trade (**↓47%**) have all relapsed significantly.

Compared with yearly flows, container throughput remained high, as did breakbulk cargo, despite the struggles experienced first with social unrest and then downtime in Transnet's IT systems. The following table provides a comparative overview of all cargo movement in and out of South Africa's ports for July of 2021, compared to the same month in 2020 and 2019.

Table 5 – TNPA – Volume and growth: July 2019-2021

	July 2019	July 2020	July 2021	Growth: '20-'21	Growth: '19-'21
Containers (TEUs)	386 813	314 293	403 268	28%	4%
Landed	197 148	149 800	197 935	32%	0%
Shipped	189 665	164 493	205 333	25%	8%
Dry bulk (MT)	13 428 462	14 613 308	11 069 769	-24%	-18%
Liquid bulk (MT)	3 438 448	3 108 263	2 242 893	-28%	-35%
Breakbulk (MT)	285 104	271 396	576 638	112%	102%
Vehicles (Units)	69 341	31 722	37 928	20%	-45%
Total Cargo (excl. Vehicles)	17 152 014	17 992 967	13 889 300	-23%	-19%

Source: [TNPA](#), updated 31/08/2021.

Compared to July last year, the container throughput numbers have increased significantly. The same is true of both breakbulk and vehicle movements; however, both dry- and liquid bulk experienced substantial drops in volume. Nevertheless, seeing that 2020 was indeed a considerable outlier in trade given the impact of the pandemic, this comparison cannot be seen as meaningful. Therefore, as we have done throughout this report, it makes more sense to compare these figures to pre-pandemic levels to draw a more meaningful conclusion. When comparing July 2021 with July 2019, the overall view becomes more apparent. Container throughput has increased by **↑4%**, mainly owing to the increase in export containers. Breakbulk cargo has more than doubled; however, the dry bulk (**↓18%**), liquid bulk (**↓35%**), and vehicle movements (**↓45%**) have all regressed significantly. The figures reported for vehicle volumes are particularly concerning, considering the record

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numbers posted for June. It appears that whenever we make several advances, we experience several setbacks. Nevertheless, the private sector remains committed to turning matters around once more.

For containerised cargo specifically, the growth reported is positive, albeit less pronounced than hoped for. With the headline figure coming in at only ↑4% compared to 2019, the containerised market has only shown marginal growth compared to where we started in 2019. The following table provides a more in-depth year-to-date view of containerised cargo.

Table 6 – TNPA – Volume: Y-T-D January-July 2019-2021: Containerised cargo

	2019			2020			2021		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
LANDED:									
DEEPSEA	872 876	170 982	1 043 858	694 718	215 082	909 800	840 248	200 686	1 040 934
COASTWISE	3 425	22 426	25 851	1 902	24 756	26 658	1 906	20 509	22 415
TRANSHIPPED ¹¹	212 847	49 053	261 900	151 904	56 554	208 458	177 278	72 231	249 509
TOTAL LANDED	1 089 148	242 461	1 331 609	848 524	296 392	1 144 916	1 019 432	293 426	1 312 858
SHIPPED:									
DEEPSEA	672 314	309 345	981 659	622 849	296 796	919 645	670 257	368 377	1 038 634
COASTWISE	3 974	11 996	15 970	3 149	21 934	25 083	1 862	21 872	23 734
TRANSHIPPED	212 515	43 541	256 056	151 344	51 484	202 828	170 371	74 634	245 005
TOTAL SHIPPED	888 803	364 882	1 253 685	777 342	370 214	1 147 556	842 490	464 883	1 307 373
GRAND TOTAL	1 977 951	607 343	2 585 294	1 625 866	666 606	2 292 472	1 861 922	758 309	2 620 231

Source: [TNPA](#), updated 31/07/2021.

In analysing this table, a few essential points can be gleaned:

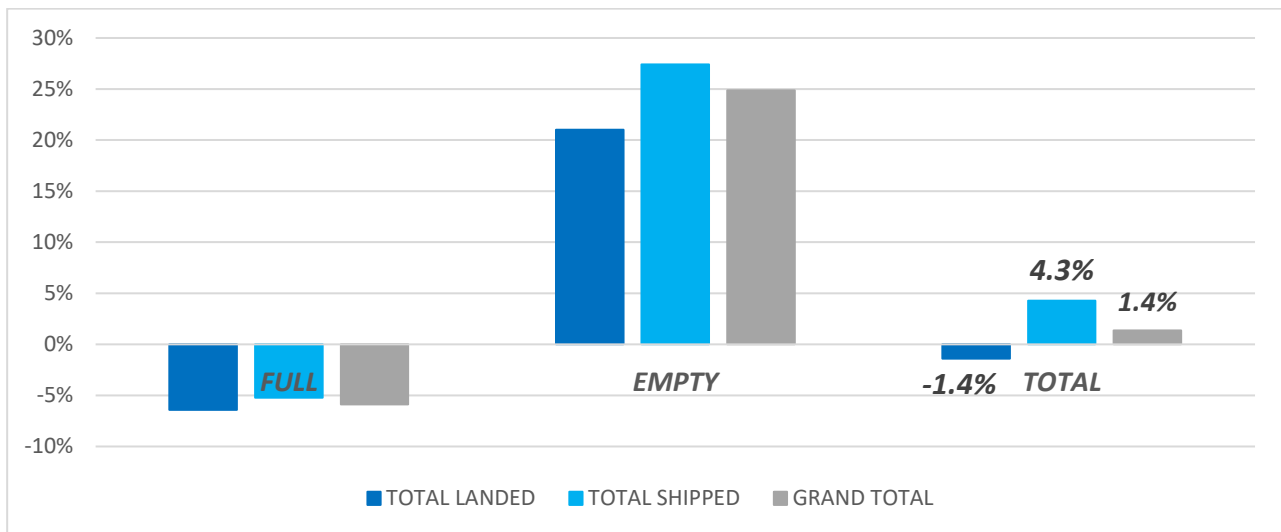
- Despite another seemingly positive month in July, we have only managed to slightly pull away from 2019 levels; however, much of this growth relates to empty containers.
- Imbalances in world trade caused by the pandemic have led to a substantial increase in empty containers needing to be repositioned, significantly distorting the growth picture. It also provides an opportunity for shipping lines to take advantage of what appears to be a growing demand but is simply the need to move empty containers. The impact on freight rates has been apparent.
- The increase in empties has been a global phenomenon, with the container imbalances created by the early stages of lockdowns worldwide and exaggerated by what the carriers like to call "exceptional operating conditions", as explained in last week's report.
- As a result, the slight growth recorded in volumes has primarily been offset by the unprecedented increase in empty traffic.

The following figure graphically illustrates the table above by showing the year-to-date growth rates compared to the first half of 2019.

¹¹ 'Transhipped' means an act of off-loading cargo from one ship (generally at the hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transshipment port for a period.

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Figure 7 – TNPA – Growth: Y-2-D January-July 2019 versus January-July 2021: Containerised cargo



Source: [TNPA](#), updated 31/08/2021.

A really encouraging feature of our trading economy has been the success story of our exports with a corresponding healthy increase in the trade surplus. However, due to the massive increase in empty containers, the real growth in export containers is, in fact, only around **↑4,3%** in volume through our ports. Furthermore, on the import side, another slight decline of **↓1,4%** for July is noticeable, adding to our trade surplus. Therefore, in general terms, the containerised market only grew by **↑1,4%** for the first seven months of 2021.

c. 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.

i. Weather delays

In Cape Town this week, the weather was a lot calmer than last week, posing no serious threats to waterside operations, apart from the lack of tugboats.

Strong winds were experienced in Durban from Thursday till Friday morning.

For our Eastern Cape ports, stronger winds were experienced on Tuesday, moderating as the week progressed.

ii. Cape Town

Waterside operations at the port of Cape Town were exceptionally challenging this week, as only one out of three tugs were operational. It is unsafe to berth a vessel with only one tug in windy conditions. Consequently, the CTCT only handled some 7 000 TEUs. Fortunately, the outlook for next week is somewhat better, currently at an expected 18 500 TEUs. Weather-wise, the outlook is also improved, especially from Tuesday onwards.

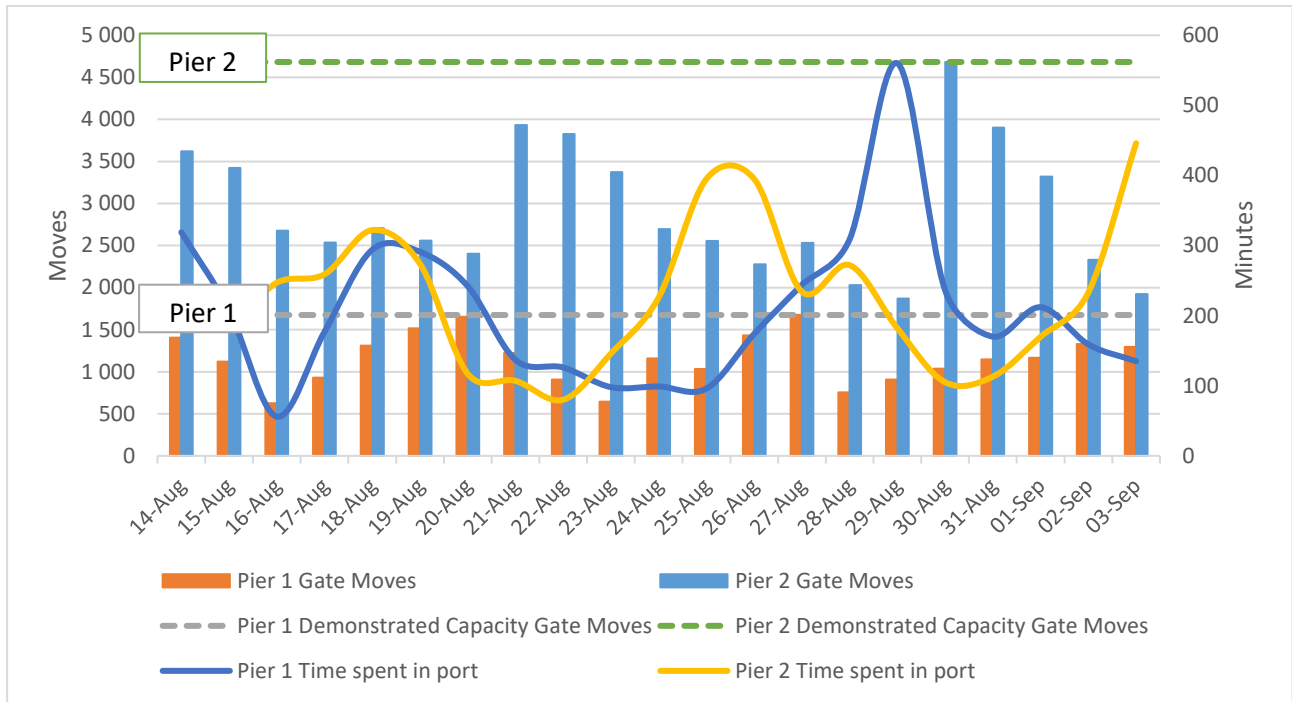
iii. Durban

It was a much quieter week for Durban port this week as container volumes gradually started to decrease. On Tuesday, a total of 1 165 gate moves were recorded at Pier 1, with 632 shifters, 102 wasted slots and 701 cancelled slots. At Pier 2, 3 312 gate moves were recorded with 500 shifters, 299 slots wasted, and 1 830 slots cancelled. At Point terminal there was some congestion experienced on Tuesday, with many truck visits. The terminal struggled with a lack of reach stackers. Only two out of three reach stackers were operational. Around Friday, stack occupancy at Pier 1 for reefers stood at 51% and Pier 2 at 79% capacity. Port users were advised about a power failure at Pier 2 at the Planning and Landside Admin Building since 00:18 on Friday morning. This

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situation harmed operations, and customers were asked not to dispatch any trucks to the terminal until operations could resume. Trucking appointments were subsequently cancelled.

Figure 8 – Gate moves and time spent in the terminal (in minutes)



Source: Calculated using data from Transnet, 2021. Updated 03/09/2021.

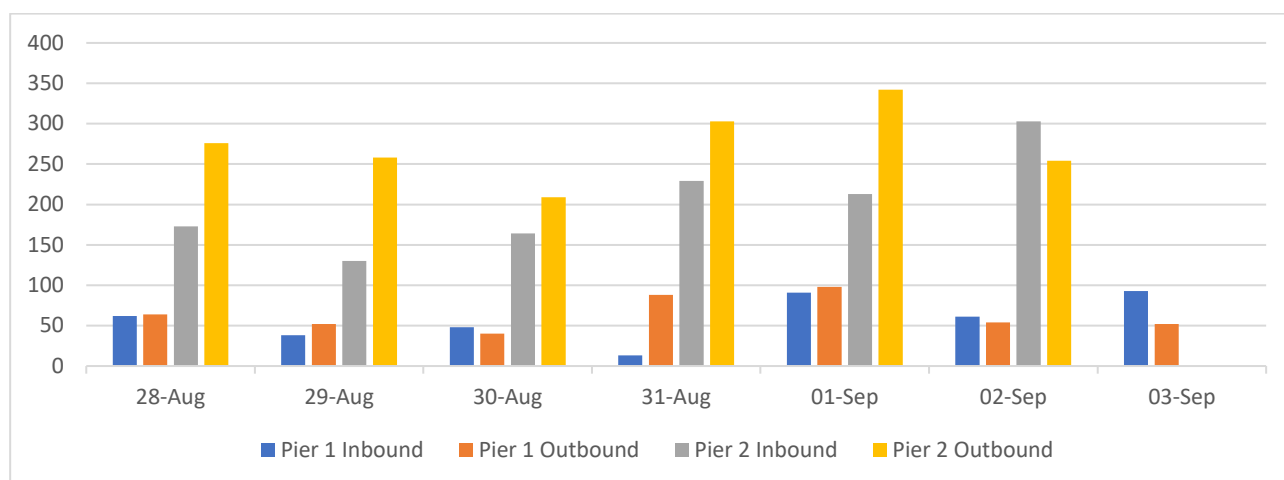
iv. Transnet Freight Rail (TFR)

On Tuesday, TFR announced that they were fully operational again. Furthermore, TFR announced that the Natal Corridor had been renamed "Container Corridor" after extensive engagement and consideration with various colleagues across the Natal Corridor stakeholder community. On Thursday, port users were informed about an empty Bela-Bela reefer train no 6 884 that derailed on Wednesday night between Baviaanspoort and Leeufontein. One locomotive and 6 wagons were derailed. As a result, the NATCOR (now Container Corridor) double line occupation planned for 6 September 2021 has been cancelled. ITP and the running of trains will be scheduled as usual.

The following figure graphically illustrates the total lack of rail movement from Durban during the week:

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Figure 9 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2021. Updated 03/09/2021.

This week (28 August to 3 September), rail cargo handled out of Durban averaged around **116** containers inbound (58 for Pier 1 and 173 for Pier 2) and **150** containers outbound (64 for Pier 1 and 235 for Pier 2)) per day. Thus, the total rail cargo moved through Durban for the week amounts to **3 708** containers, **↑20%** higher than the previous week's **3 101** containers.

v. General

On Monday, stakeholders were informed about an Eskom power failure at Kazcon terminal. As a result, Transnet advised that the collection and delivery of containers would be delayed. However, Transnet is expecting a record year for automotive volumes. Growing transshipments and improved new-vehicle exports from South Africa have seen the Durban Car Terminal set a new record in August, handling 54 520 fully built units in a single month. The August record follows a June handling record of 51 407 fully built units.

Following Transnet's recent announcement regarding private sector participation (PSP) opportunities, Grindrod advised that it is interested in three different projects. These include the container terminal development at Durban Pier 2, the relocation of the manganese facility at Gqeberha to the Port of Ngqura, as well as the subsequent development of an export facility, with the third project being the potential consolidation of dry bulk cargo facilities at the Port of Richards Bay. In addition, Grindrod advised that it has 47 locomotives that it can potentially deploy following the announcement of third-party access to rail.

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 23 August. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *August 2020* averaged ~**695 286 kg** per day. For 2019, this average was ~**981 451 kg** per day, which is probably a more meaningful comparison and illustrates the extent to which volumes have fallen.

Table 7 – International inbound and outbound cargo from OR Tambo

Flows	23-Aug	24-Aug	25-Aug	26-Aug	27-Aug	28-Aug	29-Aug
Volume inbound	537 929	246 160	496 047	442 045	263 757	386 474	712 819
Volume outbound	152 294	170 141	281 195	184 595	201 925	272 023	594 139
Total handled per day	690 223	416 301	777 242	626 640	465 682	658 497	1 306 958

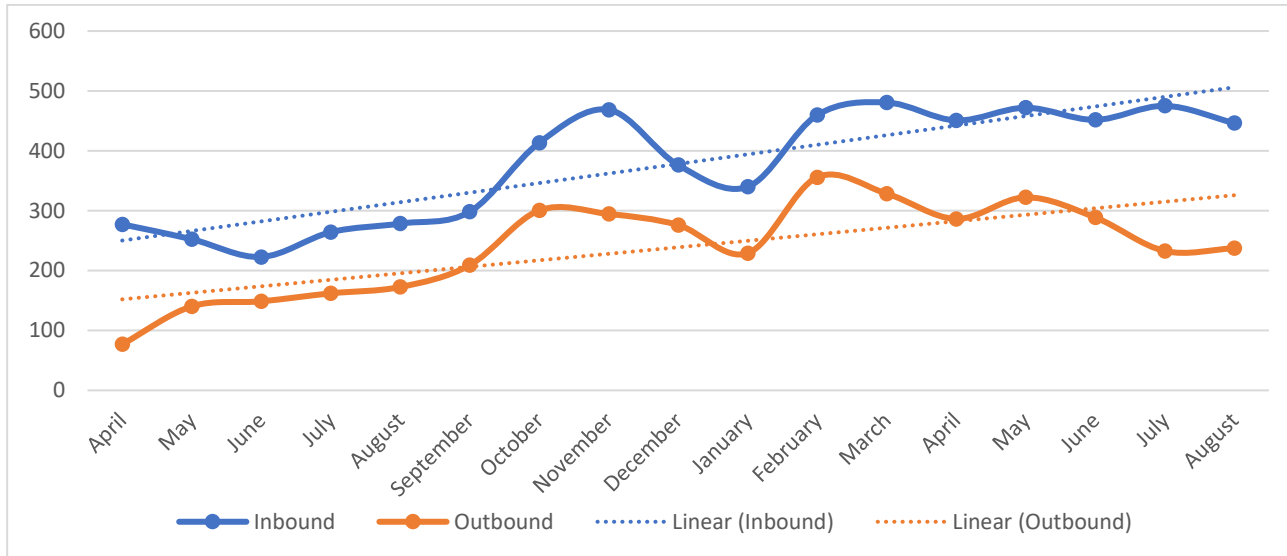
Courtesy of ACOC. Updated: 31/08/2021.

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The daily average volume of air cargo handled at ORTIA over the seven days starting 23 August amounted to **440 747 kg** inbound and **265 187 kg** outbound. The total, therefore, amounts to an average of **705 935kg** per day, or **~156%** compared to August 2020. Compared to pre-COVID-19 times, the level is currently only at **~72%** when compared with 2019.

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

Figure 10 – International inbound and outbound cargo from OR Tambo (thousands)



Courtesy of ACOC. Updated: 31/08/2021.

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 8 – 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
1-20 Aug-21	26 513	3 026	3 678	20 021	6 893	3 485	63 616
21-Aug-21	1 679	338	94	694	150	37	2 990
22-Aug-21	1 619	40	83	202	248	94	2 286
23-Aug-21	44 560	4 540	5 968	28 176	11 390	5 809	100 443
24-Aug-21	38 218	5 126	5 073	38 318	11 089	4 892	102 716
25-Aug-21	35 174	5 120	5 519	33 820	13 381	4 477	97 491
26-Aug-21	37 640	4 949	4 851	26 195	10 346	4 229	88 210
27-Aug-21	20 186	2 967	3 996	23 507	4 466	2 831	57 952

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

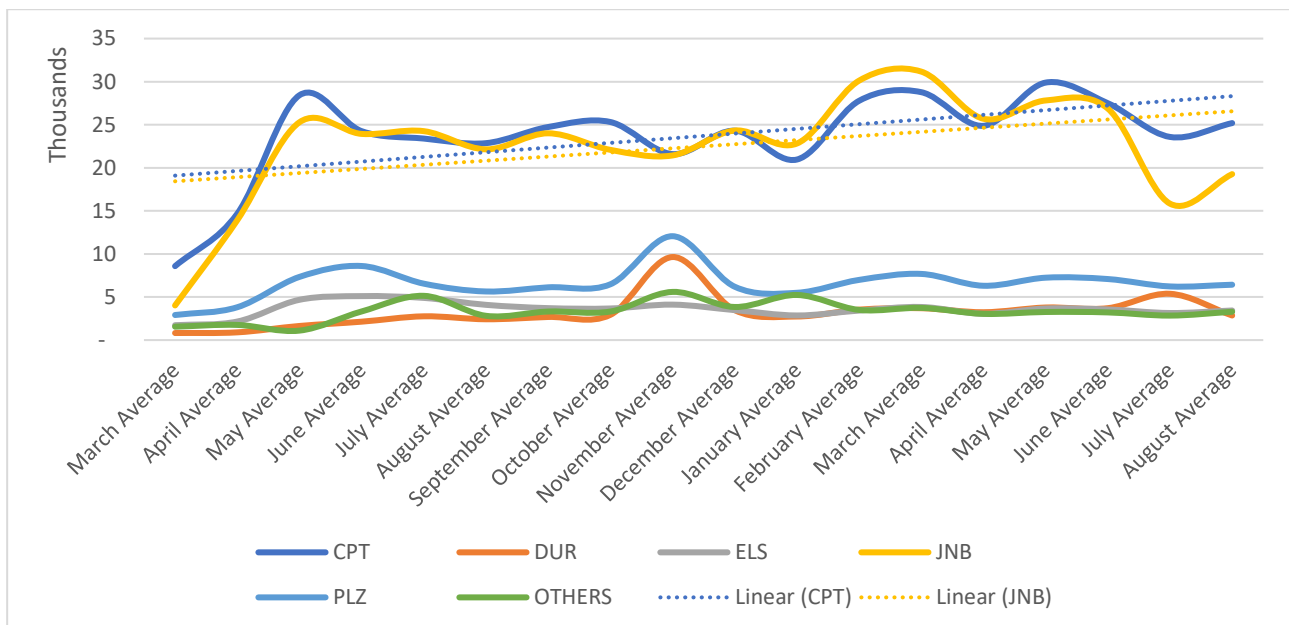
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
28-Aug-21	1 053	356	14	1 699	109	32	3 263
29-Aug-21	1 798	820	62	1 022	265	558	4 524
30-Aug-21	50 270	4 894	5 842	38 294	11 839	5 151	116 289
Y-T-D Totals	6 304 367	878 257	816 153	6 034 001	1 618 051	777 531	16 428 360

Courtesy of BAC. Updated: 01/09/2021.

Currently, the average domestic air cargo moved in the last week was **~67 207 kg** per day, which is **↑8%** compared with the previous week. Moreover, the volume handled amounts to **~113%** compared to August 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.

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



Courtesy of BAC. Updated: 01/09/2021.

c. Summary of air operations

The following points summarise the most recent developments in the aviation industry:

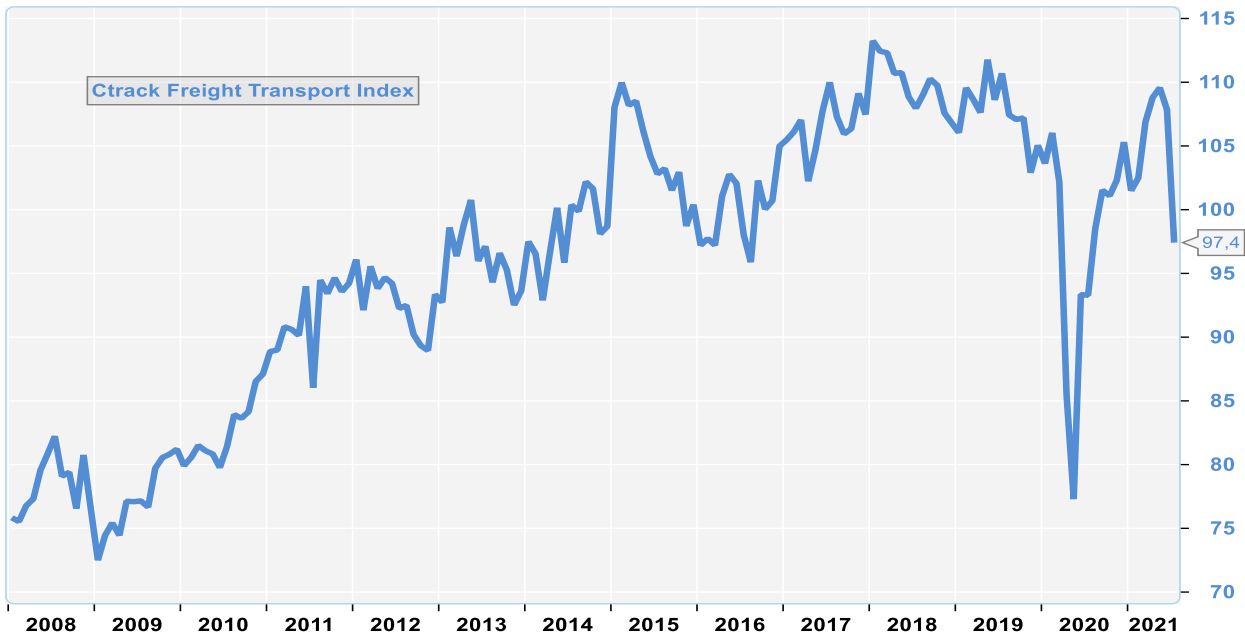
- There are still a few problems from time to time. However, the SOP agreed and signed off by ACSA Security, the Air Cargo Operators Committee, and SAAFF has improved access and security at the cargo terminal gate. The change is not an ideal situation, but it's much better than it was before.
- ACSA has installed another PC in the guard hut to speed up access to the e-mailed pre-alerts received from the cargo operators.
- ACSA is still busy with the due diligence process on IVS. However, the industry does ultimately require installing electronic access and security systems such as the IVS system.

3. Road and regional Update

a. Transport and Freight Index

The effects of the recent looting and social unrest have been clearly emphasized in August's latest "Transport and Freight Index" (TFI)¹³. The report, compiled by Ctrack and Economists.co.za, notes that the decline between June and July is the steepest decline since April 2020, when level five lockdown restrictions were implemented. The report further notes that "it is almost as if a whole year of progress was wiped out in a few weeks". The following figure notes the decline:

Figure 12 – South Africa: Ctrack Transport and Freight Index



Source: [Ctrack and Economists.co.za](https://www.ctrack.co.za)

Overall, the TFI deteriorated by **↓9,7%** across the board, with all but one freight sector declining. Sea freight was the biggest loser (**↓24,3%**), followed by storage and handling (**↓16,2%**). Even the two fastest-growing sectors, Road freight and air freight, have declined by **↓9,7%** and **↓3,2%**, respectively. The backlog of these delays is expected to last for a while, as all industry role players are desperately working together to restore some semblance of normality. The devastating impact of these twin blows is difficult to swallow, as South Africa's "GDP could have grown by about 1% if not for these two events". Indeed, the monetary loss for the road freight sector is estimated at approximately R9 billion, with Transnet losing an estimated R1 billion. Nevertheless, the report concludes by noting the collaborative spirit of communities and businesses as the silver lining in this dark cloud. Undeniably, all we can do is but work together to create a better industry and better country.

b. SARS merchandise trade stats

On Tuesday, 31 August, SARS released merchandise trade stats for July¹⁴. After a bumper month in June, exports have decreased slightly in July (**↓11,2%**, m/m), with imports also decreasing marginally (**↓0,7%**, m/m). Nevertheless, as with the ongoing trend, our positive trade balance remains strong at **R289,99 billion** for the year to date. The trade balance is a massive improvement over the **R94,89 billion** trade surplus recorded for the same period the previous year. However, yearly comparisons with July 2020 are less rosy, as the **R36,96**

¹³ CTrack & Economists.co.za. 26/08/2021. [Transport and Freight Index Report](#).

¹⁴ SARS. 31/08/2021. [Merchandise trade stats](#).

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billion preliminary trade balance surplus for July 2021 was a slight deterioration (**↓3,2%**, y/y) from the **R38,19 billion** trade balance surplus recorded in July 2020. The social unrest and IT disruptions may well have played their part in our trade figures. Furthermore, it should be noted that the mid-year point in 2020 was when our merchandise trade picked up steam, mainly in the form of increased exports.

Despite another month of relatively positive trends, it is worth reiterating that 2020 was essentially an anomaly, and any yearly comparison needs to be made with due caution and perspective. Furthermore, as we've seen in the global maritime landscape, South Africa remains a very open economy that is very sensitive to changes in the international trade environment. Nevertheless, the positive balance of payments – which commenced mid-way through 2020 – continues and has gained momentum, which is positive for our local industries and neatly fits the bill of 'localisation', which has become a catchphrase of the government.

Regionally, trade with BELN countries for July resulted in a trade surplus of **R7,65 billion**, **↓10,9%** from June. The change was caused by a simultaneous decrease in exports (**↓8,2%**) and imports (**↓2,7%**). Nevertheless, the cumulative trade surplus with our neighbouring countries for 2021 remains high, currently at **R57,5 billion**, compared to **R46,78 billion** in 2020.

c. South African border closures

The following table notes several border posts which experienced closures throughout last week (information provided by SARS Customs).

Table 9 – South African border closures

Date	Border
1 September	Kopfontein closed at 19:00 and will reopen tomorrow at 15:00.
29 August	Golela closed at 11:00 and will reopen at 13:00 today.

Source: [SARS](#). Updated: 03/09/2021.

In general, another quiet week was experienced with minimal border disruptions resulting in closures were experienced this week. However, as a rule, traders are at all times urged to stay abreast of border post communications on the SARS Customs and Excise [website](#).

d. Cross-border delays

In a busy week as far as cross-border road movements are concerned; the following significant events have caused some delays in the SADC region this week:

- Last week Wednesday, traffic on the N4 towards Skilpadshek was delayed due to burning tyres and protest action.
- Long queues at Beitbridge were experienced, primarily caused by the bottleneck of a single weighbridge at the entrance into the Zim control zone and the curtailed operating times of agents.
- The industry received a travel advisory cautioning against transports crossing into South Sudan as social unrest and violence in that country rise.
- The Number Plate Recognition (NPR) pilot at Lebombo took effect on 27 August, eliminating the need for manifests and CN2 notices to be presented at the border for arrival and exit control measures.
- In a blow for the North-South corridor, Konkola Copper Mines in Zambia will be exporting 105 thousand metric tonnes of copper via the Walvis Bay-Ndola-Lubumbashi Development Corridor.

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.

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Table 10 – Delays¹⁵ 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	6:00	100	3 000	700	24 640	1 400
SA/Zim	Beit Bridge	6:00	21:00	943	28 290	6 601	125 419	39 606
Moz/Zam	Cassacatiza/Mlolo	1:00	20:00	60	1 800	420	7 560	420
Zam/Zim	Chirundu	36:00	18:00	616	18 480	4 312	68 992	155 232
Moz/Mal	Dedza	2:00	15:00	50	1 500	350	4 550	700
SA/Bot	Grobblersbrug/Martins Drift	26:00	16:00	400	12 000	2 800	39 200	72 800
Zam/DRC	Kasumbalesa	0:00	50:00	592	17 760	4 144	165 760	0
Zam/Bot	Kazungula	0:00	26:00	212	6 360	1 484	35 616	0
SA/Bot	Kopfontein/Tlokweng	24:00	45:00	100	3 000	700	30 100	16 800
Moz/Zim	Machipanda/Forbes	1:00	9:00	320	9 600	2 240	15 680	2 240
Moz/Mal	Milange	0:00	6:00	40	1 200	280	1 120	0
Zim/Moz	Nyamapanda	1:00	5:00	100	3 000	700	2 100	700
SA/Moz	Ressano Garcia	13:00	38:00	400	12 000	2 800	100 800	36 400
SA/Bot	Skilpadshek/Pioneer Gate	7:00	2:00	300	9 000	2 100	0	14 700
Nam/Bot	Trans Kalahari/Mamuno		33:00	110	3 300	770	23 870	0
Zam/Zim	Victoria Falls	1:00	4:00	114	3 420	798	1 596	798
Moz/Mal	Zobue/Mwanza	2:00	14:00	100	3 000	700	8 400	1 400
				4 557	136 710	31 899	655 403	343 196

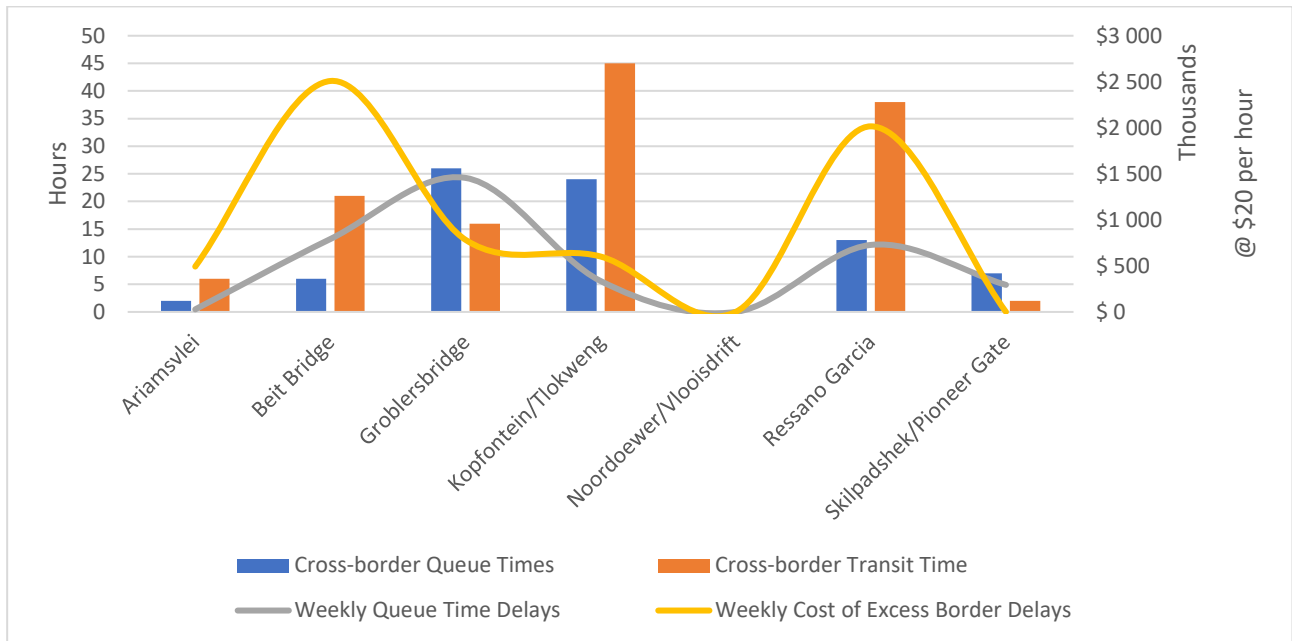
Source: TLC & FESARTA, week ending 30/08/2021.

The following graph shows the weekly change in cross-border times (and associated estimated cost) from South Africa's perspective.

¹⁵ 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.

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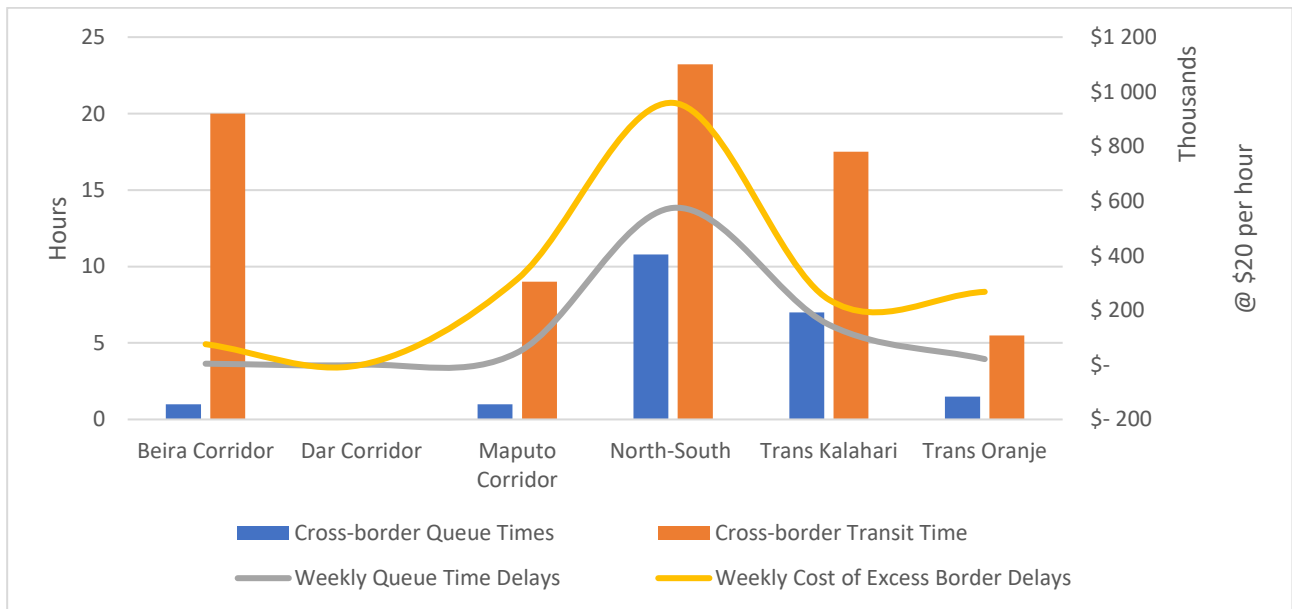
Figure 13 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 30/08/2021.

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.

Figure 14 – Weekly cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in \$ thousands)

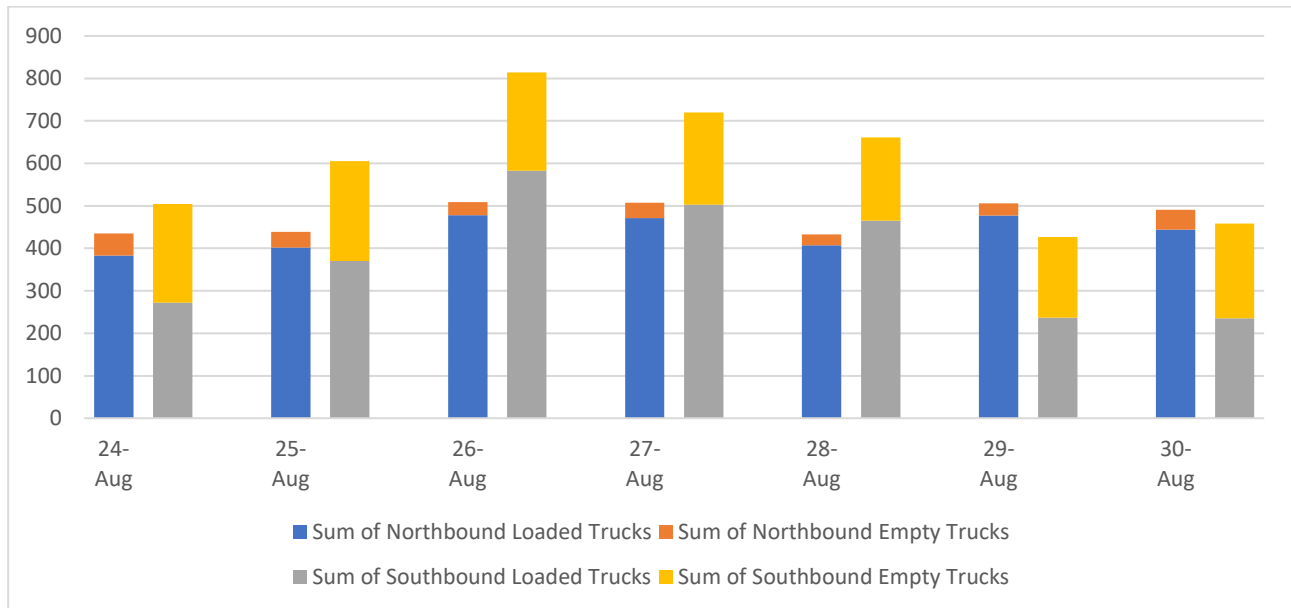


Source: TLC & FESARTA, week ending 30/08/2021.

Lastly, a new addition to this week's report, the following figure shows the breakdown of the Northbound and Southbound trucks crossing the Beitbridge border. As seen in Figure 13, the North-South corridor remains congested. The number of trucks is segmented into loaded and empty trucks.

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Figure 15 – Sum of trucks crossing Beitbridge (loaded and empty, north – and southbound)



Source: Industry feedback, week ending 30/08/2021.

In summary, the cross-border queue time has averaged **~7,2 hours** (falling by **~1 hour** from last week's recorded time of **~8,2 hours**), costing the transport industry an estimated **\$6,86 million (R110 million)**. Average cross-border transit time has also experienced a substantial decrease to **~16,4 hours** (lower than last week's experience at **~20,3 hours**), costing the transport industry **~\$13 million (R210 million)**. Regionally, transit times in all major corridors (besides the Dar corridor) have been high this week. Therefore, the total cost for the week amounts to **~R320 million** (down by **~R16 million** or **5%** from **R336 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 economy, **(b)** the global container industry, and **(c)** the global aviation industry.

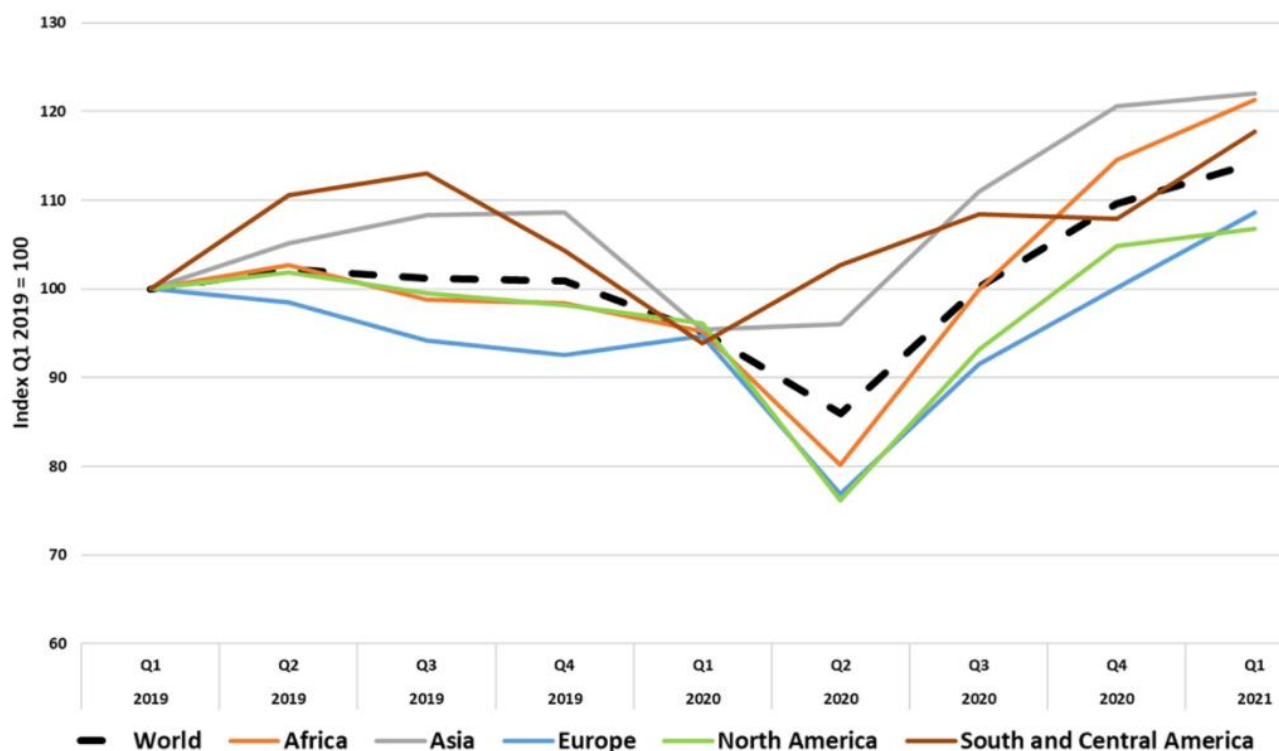
a. Global economy

This week, the WTO released a new quarterly report on intermediate goods¹⁶, noting that world exports of intermediate goods (IG), such as parts and components, rose by **↑20% y/y** in Q1 of 2021. Furthermore, the increase sustains the upward trend in IG exports following the sharp decline in the second quarter of 2020 when the global spread of the COVID-19 crisis was in its early stages. The following figure shows a regional breakdown:

¹⁶ WTO. 02/09/2021. [Exports of intermediate goods sustain gains in Q1 of 2021 after rebound from pandemic.](#)

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Figure 16 – Exports of intermediate goods by region, 2019Q1-2021Q1



Source: [WTO](#)

The data comes from the WTO's *Trade Data Monitor* and includes 98 reporting economies, some estimated for Africa. Fortunately, the continent is trending in the same upward direction as the rest of the world. The increase for Africa of **↑27%** mainly was driven by **↑38%** in exports to China (primarily iron ores, copper, diamonds) and **↑84%** to India (principally gold). As expected, Asia recorded the highest growth in IGs (**↑28%**) due to a **↑41%** increase in Chinese exports of intermediate industrial goods, mainly parts for information communication technology equipment and photovoltaic cells.

From a sector point of view, the most resilient supply chains in the first quarter were for ores, precious stones, and rare earth, with exports increasing by **↑43%** in Q1 and for food and beverages (**↑22%**). In contrast, transport parts and accessories exports posted the weakest recovery at **↑6%**, following steep declines in 2020 as the pandemic affected both demand for and production of vehicles and their accessories.

b. Global container industry

i. Global freight rates

A twentieth consecutive increase in global container freight rates was experienced this week, as the "World Container Index" (WCI) increased by **↑1,7%** (or **\$170**) to **\$9 987** per 40-ft container¹⁷. In a recent Lloyd's List podcast, the extraordinary state of global freight rates was discussed¹⁸. In summary, the near-term outlook remains the same, with freight rates likely staying elevated until at least October when the Christmas flurry eases. After that, some easing might occur; however, not at the same pace at which the rates increased. If the global congestion does reduce to a manageable level, we might expect to see a substantial easing in rates only after the Chinese New Year in April. However, the panellists cautioned that the industry might only return to rates within the **\$2 000 - \$5 000** band, not the previous **\$1 000 - \$2 000** band that shippers were accustomed

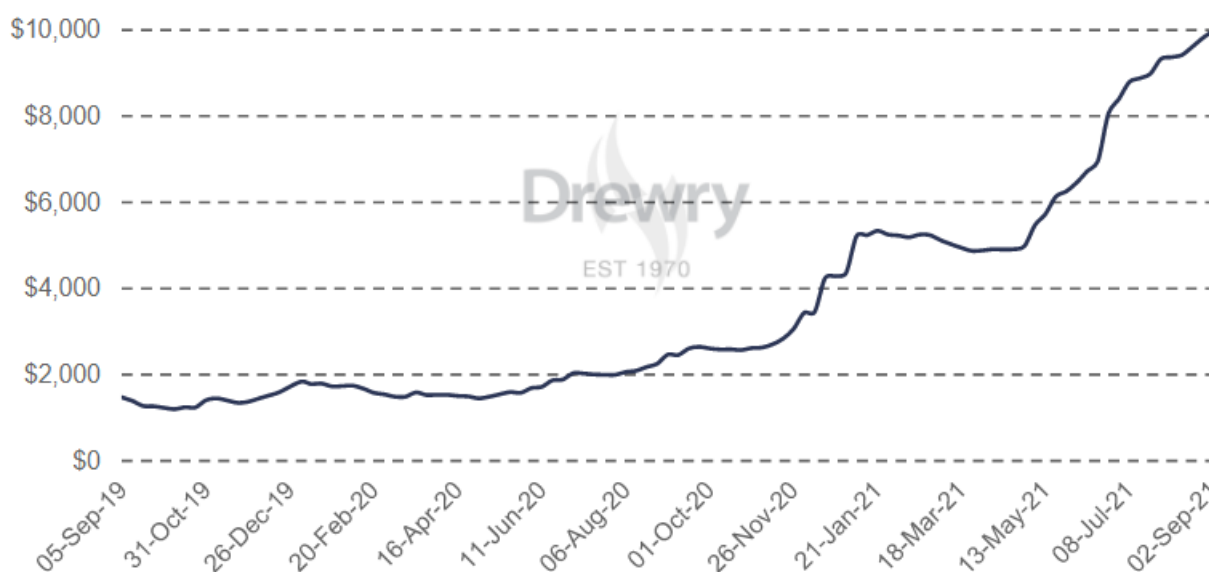
¹⁷ Drewry Supply Chain Advisors. 26/08/2021. [World Container Index](#).

¹⁸ Lloyd's List. 27/08/2021. [The Lloyd's List Podcast: Why the container crunch is going to get worse before it gets better](#).

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to before the out-of-control spiralling of freight rates. The following figure summarises the astonishing rise in the two-year spot price of the index, which is close to reaching the **\$10 000** mark.

Figure 17 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



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

The average composite index now stands at a mammoth **↑344%** higher compared to the same time last year. From Shanghai to New York, freight rates surged a massive **↑6%** to **\$15 035** per 40' container. Other significant increases include Los Angeles to Shanghai (**↑3%**), Shanghai to Rotterdam, and New York to Rotterdam (**↑2%**, respectively). This week's only decrease in rates is significant, seeing rates from Rotterdam to New York dropping by **↓11%** to **\$5 776** per 40' container. As with Lloyd's List's outlook, Drewry expects rates to increase further in the coming week.

For the Southern African market, average freight rates from Chinese ports of loading to Durban hovered around **~R20 000** per 40-ft container in 2019. However, this rate rose to the **R25 000 - R27 000** band in 2020, and even worse, to the **R40 000 - R50 000** band and upwards for this year. As is the case with most shippers globally, the South African market desperately needs an easing in rates.

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. Carrier profits continue - CMA CGM posts record profit for Q2:

- French carrier CMA CGM has posted an astonishing **2 500%** y/y increase in net profit, to **\$3,5 billion**, for the second quarter. Moreover, CMA CGM's turnover in Q2 came in at **\$12,4 billion**, up **77%** on the previous year, of which **\$10 billion** came from its container liner business, which was **89%** higher than before. In total, the carrier lifted some **5,7 million TEUs**, **19,1%** higher than the pandemic-impacted downturn of 2020, but also **4,4%** up on the first quarter of this year¹⁹.
- The profit bonanza is set to continue in the interim near future, as freight rates remain stratospherically high. The carrier is expecting the pressure on supply chains to persist, increasing earnings. Furthermore, the integration with Ceva logistics is leading to improved logistics earnings.

¹⁹ Wackett, M. 31/08/2021. [CMA CGM posts record \\$3.5bn profit for Q2 – and promises more to come.](#)

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2. West Coast congestion update:

- a. On Saturday, the number of container ships stuck off the coast of the twin ports of Los Angeles/Long Beach rose to a record 44²⁰. The average time at anchorage has increased from 6,2 days in mid-August to 7,6 days currently.
- b. The outlook is bleak, as analysis of IHS Markit data indicates that the worsening delays will continue well into 2022²¹. Moreover, shipping executives are increasingly pessimistic, with some expecting the disruption to continue even into 2023.
- c. The net result of these delays and shortages is likely to cause a common global problem: the acceleration of inflation. IHS Markit's latest PMI survey of global manufacturing finds that the delays in delivery times are the most severe recorded in the last quarter-century. This unprecedented situation is causing prices to rise at one of the fastest rates in a decade.
- d. Using a controlling mentality, the USA is seeking to regulate its way out of the container crisis. However, commentators warn that an update to the *Shipping Act* is unlikely to solve the problems it aims to remedy: chronic congestion and infrastructure shortfalls²².

3. Equipment shortages - Hapag-Lloyd adds to equipment order:

- a. The German carrier has ordered another 75 000 TEU dry boxes manufactured in China and delivered within the fourth quarter²³. However, the slowdown in the global supply chain has created a shortage of container equipment. Current delays mean that 20% of Hapag-Lloyd's containers are unavailable.
- b. "*While the normal turnaround time for our containers lies at 50 days, we currently need up to 60 days and more due to massive congestion at ports, terminals and inland operations worldwide*", said Rolf Habben Jansen, CEO of Hapag-Lloyd.
- c. Hapag-Lloyd – the fifth largest global carrier – now has a container fleet of more than 2,8 million TEU, among them 250 000 TEUs specialised containers for refrigerated cargo²⁴.

4. Crew vaccinations increase according to the Neptune Indicator:

- a. New data from 10 ship managers responsible for over 90 000 seafarers show that the number of seafarers vaccinated has risen from 15,3% in August to 21,9% in September²⁵.
- b. The September Neptune Declaration Crew Change Indicator, which also looks at the frequency of crew changes, shows that almost 9% of their crew are still serving longer than stipulated in their contracts²⁶.

c. Global aviation industry

On Tuesday, 31 August, the International Air Transport Association (IATA) released its latest "*Air Freight Monthly Analysis*" for July²⁷. The analysis shows that air cargo trends were still strong in July. Industry-wide cargo tonne-kilometres (CTKs) increased by **↑8,6%** compared to July 2019, slightly below the growth outcome for June (**↑9,2%**). However, IATA notes that CTKs have trended sideways at elevated levels after removing seasonality from the data in the past three months. Growth and seasonality adjusted levels were also stable in most regions, at different values. The following figure shows the trend.

²⁰ Murray, B. 28/08/2021. [U.S. Port Problems Reach Worst of Pandemic Amid Crush of Imports.](#)

²¹ Yergin, D. & Tirschwell, P. 01/09/2021. [Supply chain delays won't be easily fixed, and trouble will continue into next year.](#)

²² Baker, J. 02/09/2021. [US seeks to regulate its way out of the container crisis.](#)

²³ Baker, J. 31/08/2021. [Hapag-Lloyd adds to equipment order.](#)

²⁴ Ship Insight. 31/08/2021. [Hapag Lloyd to build further 75,000teu to ease box shortage.](#)

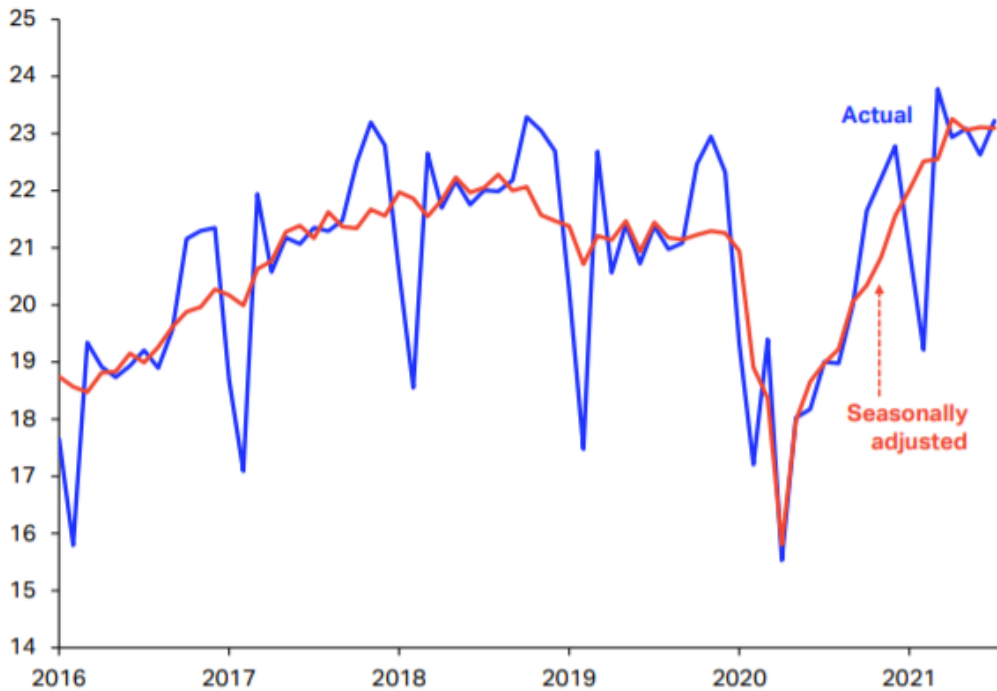
²⁵ Hellenic Shipping News. 02/09/2021. [Neptune Indicator Points to Stabilization Of The Crew Change Crisis As Seafarer Vaccination Rate Rises.](#)

²⁶ Adamopoulos, A. 01/09/2021. [Crew vaccinations increase as prolonged sea service persists.](#)

²⁷ IATA, 31/08/2021. [Air Freight Monthly Analysis.](#)

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Figure 18 – CTK levels, actual and seasonally adjusted (industry CTKs, billions per month)



Source: [IATA Economics](#)

As mentioned by the WTO [above](#), supply chain conditions continue to support air cargo compared to other modes of transport. Nevertheless, the impact of the Delta variant of the virus on supply chains and operations will likely put pressure on CTKs in August. Other figures worth noting from this month's analysis include:

- Air cargo capacity continued to recover in July ($\downarrow 10,3\%$ versus July 2019), but there are also risks that these improvements will slow down or even reverse in August. Indeed, seasonally adjusted available CTKs rose by $\uparrow 2,3\%$ m/m, the highest gain since March.
- The international load factor was at **62,8%** in July, with North America and the Asia Pacific registering new all-time highs for July (no data was available for Africa, however).
- The rebound in global air travel continued for another month for the passenger market, supported by a willingness to travel during the northern hemisphere summer. But despite this, industry-wide revenue passenger kilometres (RPKs) were still lower by $\downarrow 53,1\%$ in July 2021 versus the same period in 2019. This contraction is, however, can be viewed against a $\downarrow 60,0\%$ reduction in June. Therefore, in m/m terms, RPKs picked up by a robust $\uparrow 8,0\%$ ²⁸.
- Unfortunately, growth has not been equally shared globally (Russia being particularly strong, whereas Australia continues to go backwards). Also, bookings for August travel have been falling. The weakness has been primarily driven by the Chinese domestic market, where the latest COVID outbreak resulted in a shutdown of many essential routes.

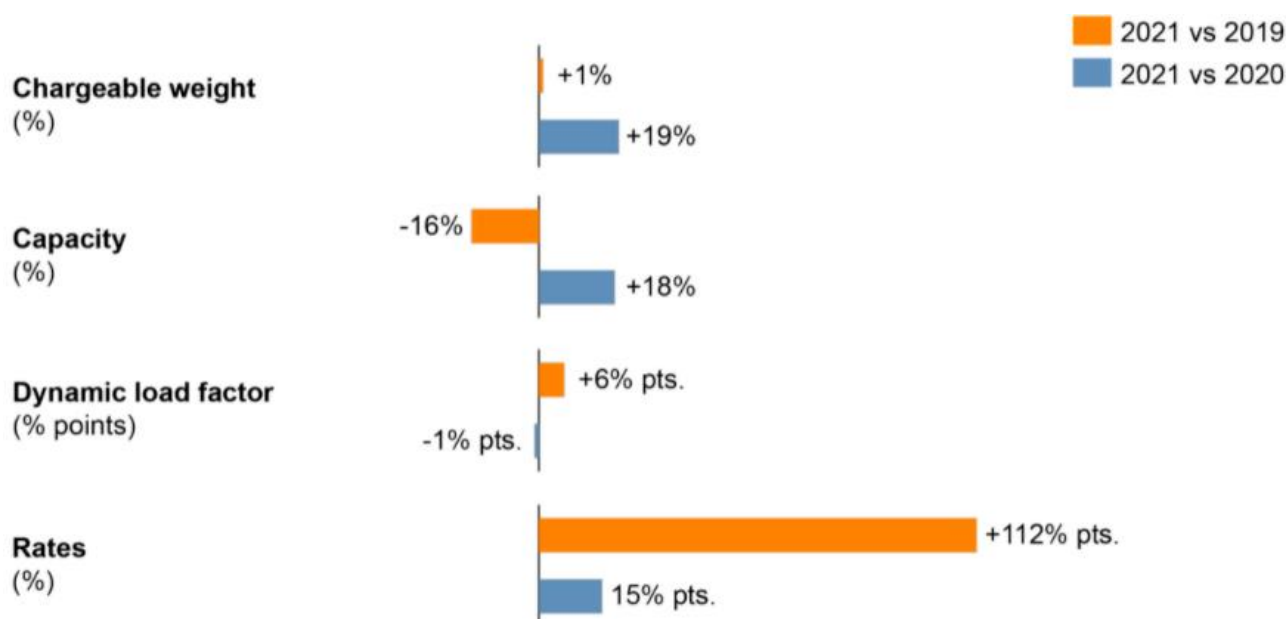
In summary, the narrative in the air cargo market remains relatively the same: capacity crunch amid slow returning load factors and a lack of belly-hold space. However, as with the global container market, the excess demand (although to a lesser degree than initially expected, as shown in last week's edition) continues to push up rates. As a result, the global increase in airfreight rates was confirmed this week. In its latest air freight market analysis, CLIVE Data Services said the "resilient" international demand for air cargo capacity in August,

²⁸ IATA. 01/09/2021. [Air Passenger Market Analysis](#).

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versus a shortfall in supply, pushed average global air cargo rates **↑112%** against their pre-COVID levels²⁹. The following figure summarises the current landscape:

Figure 19 – August 2021 global air cargo volumes, capacity load factor, and rates developments



Source: [CLIVE Data Services](#)

The current limitations are set to continue, as a strict local lockdown in Vietnam and the closure of cargo terminals at Shanghai Pudong International Airport highlighted the "fragility" of supply chains. As a result, air cargo volumes in August 2021 were **↑1%** on pre-COVID levels (August 2019) and **↑19%** in August 2020. At the same time, cargo capacity in August this year was **↓16%** below the level seen in August 2019. Indeed, even before the latest disruptions in Pudong and Vietnam, air cargo capacity was already tight due to fewer international passenger flights, with full flights elevating rates significantly on prime intercontinental trade lanes.

Another contributing factor is the shift in demand. As a result, several retailers have had to switch some volumes from traditional ocean freight-based supply chains to air cargo to replenish stock levels in time for their peak sales season.

Finally, CLIVE's latest analyses show that the impact on ground operations in Shanghai contributed to a **↓10%** drop in volumes from China to Europe in the last two weeks of August, while westbound capacity was reduced by **↓18%**. Consequently, spot rates increased by nearly **↑20%** in the last week of August compared with the previous week of July. The situation is not expected to improve soon while capacity constraints persist. Indeed, in a recent article, freight forwarders predict 'big chaos' and very high rates in the coming air peak season, as a host of issues combine, leading to demand significantly outstripping supply out of Asia³⁰. "*The problems in Shanghai, where an outbreak of COVID has led to strict crew and quarantine rules for all airlines, and reduced manpower on the ground by about two-thirds, are expected to exacerbate the already bad situation.*" Nevertheless, the collective air industry is hopeful of no further constraints and a timely return to near-normal capacity to combat these restrictions soon.

²⁹ Harry, R. 02/09/2021. [CLIVE: Vietnam and Shanghai disruptions impact airfreight rates in August.](#)

³⁰ Lennane, A. 01/09/2021. ['Big chaos' coming as lack of air freight capacity will see peak season rates.](#)