

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

**Date: 1 October 2021**

## Weekly Snapshot

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

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	24 548	31 504	<b>56 053</b>	28 957	29 339	<b>58 296</b>	↓4%
Air Cargo (tons)	4 918	3 065	<b>7 983</b>	4 873	3 120	<b>7 993</b>	↓0,1%

## Monthly Snapshot

Figure 1 – Monthly<sup>4</sup> cargo capacity levels, year on year (100% = baseline)

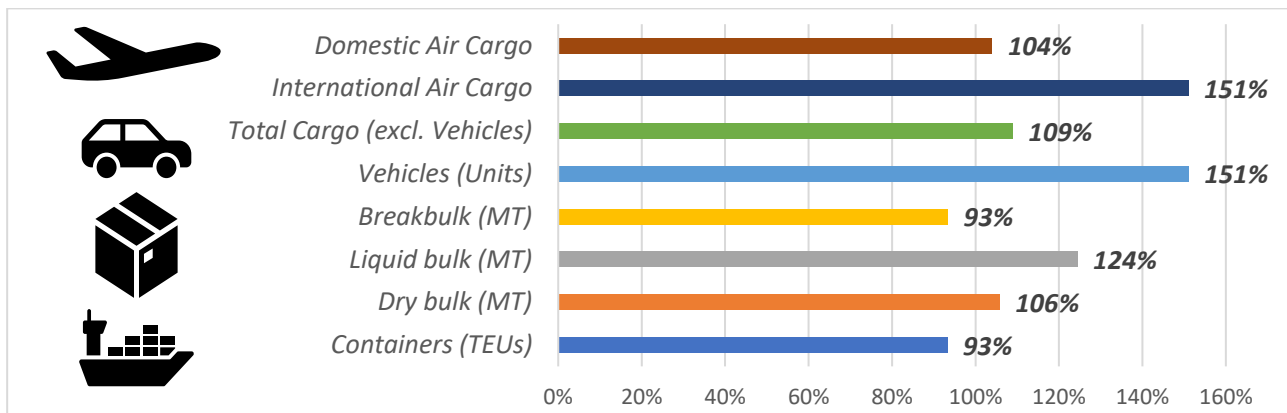


Figure 2 – International year-to-date flows 2019-2021<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- An average of ~8 008 TEUs was handled per day this week, ↓4% from last week.
- TNPA released port statistics for August: container throughput is ↓7% (y/y) and ↓18% (m/m), other cargo is ↑9% (y/y) and ↑43% (m/m), while vehicles trade is ↑51% (y/y) and ↑67% (m/m).
- Both cross-border queue times (↑0,3 hrs) and transit times (↑0,6 hrs) increased (see [below](#)).
- Rail cargo handled out of Durban amounts to 3 068 containers, ↓12% compared to last week.
- The "WCI" inched down this week, with freight rates ↓0,2% (or \$16) to \$10 361 per 40-ft.
- UNCTAD's "LSCI" shows Cape Town, Ngqura, and Gqeberha are all up in Q3 2021; Durban (↓2%).
- For international air cargo, cargo tonne-kilometres (CTKs) rose by ↑7,7% versus August 2019.

<sup>1</sup> This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 58<sup>th</sup> update.

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

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

<sup>4</sup> 'Monthly' means the last full month's worth of available data compared to the same month in 2020. In all instances, Aug versus Aug.

<sup>5</sup> 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 58<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. On the pandemic, newly reported COVID-19 infections have once again shown a significant decrease, averaging around **1 513** per day (**↓43%** from last week's average of **2 667**). As a result, the country has again moved to an "*adjusted level 1*", with the third wave now something of the past. The number of cases recorded in the country now stands at **2,9 million**<sup>6</sup>, with the death toll at **87 626** (up by **971** – which is another relative reduction over the last couple of months). Globally, COVID-19 infections total more than **234 million**, with the death toll nearing **4,8 million** people. On the vaccination front, more than **6,3 billion** vaccine doses have now been administered worldwide<sup>7</sup>. For South Africa, this figure stands at **~17,5 million**, with a daily average of **~120 000** doses administered in the past seven days.

Operationally, the week was typified by several weather delays, some equipment shortages and breakdowns, and generally high stack occupancy levels putting pressure on operational fluidity between waterside and landside operations. In addition, the ongoing matter of equipment shortage and poor maintenance was discussed this week as TNPA tries to accelerate its procurement process. Fortunately, there appear to be positive advances (discussed [below](#)), which will be crucial if there is any move towards optimal performance.

On the rail cargo front, there was a slight decrease in rail cargo handled out of Durban and a large volume of PRETCON containers awaiting despatch. Fortunately, there has been a welcome reduction in the number of the forever plaguing incidents of cable theft this week. Despite this, as we have highlighted in previous editions, there is a critical need to increase rail cargo volumes, as various stakeholders call for increased rail liftings to take some pressure off the road transport sector. This emphasis is particularly relevant in the light of the various road infrastructure projects taking place on the N3 corridor, as explained by SANRAL in the Durban decongestion meeting on Friday.

Globally, the container market continues to be beleaguered by port congestion, equipment imbalances, and an overall shortage of operational capacity, caused mainly by the sustained high demand for consumer goods in the USA and Europe. The situation can be expected to deteriorate further as China enters its golden week holidays, which will decrease productivity even further. Congestion is indeed spilling over beyond the two major West Coast ports, with issues reported in other US ports this week. To summarise, the roundup of notable developments internationally revolves around **(1)** Chinese port congestion, **(2)** US West Coast port congestion, and **(3)** a continuation of the container industry expansion (see the detailed summary [below](#)).

International volumes have remained steady this week in the aviation sector, while domestic volumes have experienced a slight decline. Internationally, the recent narrative continues, as August was the fourth consecutive month of relative stability in air cargo. Other than the rise in CTks (**↑7,7%**), other monthly metrics include capacity falling by **↓1,6%**, with the international load factor now at **54,2%**. Amongst the key regional routes, Africa-Asia has been showing the fastest expansion, at **↑26,4%** compared to August 2019. Economic indicators remain strong for air cargo. However, the industry is desperate to see a return of passenger flights to boost capacity in a very tight market.

Finally, in concluding this edition, several global economic drivers remain in South Africa's favour. However, as is the case globally, the economic rebound will largely depend on the successful rollout of vaccines and a consequent reconnection to the global marketplace. As an open economy and gateway into Southern and Central Africa, South Africa's supply chains must function optimally. The restrictions in the primary modalities in ocean and air continue to have a detrimental effect on the smooth flow of goods and people.

<sup>6</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

<sup>7</sup> Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

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## 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 25 September to 1 October<sup>8</sup>

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:	3 334	4 435
DURBAN CONTAINER TERMINAL PIER 2:	11 193	12 447
CAPE TOWN CONTAINER TERMINAL:	3 792	4 473
NGQURA CONTAINER TERMINAL:	5 485	8 793
GQEBERHA CONTAINER TERMINAL:	744	1 355
<b>TOTAL:</b>	<b>24 548</b>	<b>31 503</b>

Source: [Transnet](#), 2021. Updated 01/10/2021.

Table 3 – Container Ports – Weekly flow reported for 2 to 8 October<sup>9</sup>

7-day flow forecast (02/10/2021 – 08/10/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 810	8 017
DURBAN CONTAINER TERMINAL PIER 2:	11 634	15 267
CAPE TOWN CONTAINER TERMINAL:	6 602	6 350
NGQURA CONTAINER TERMINAL:	4 541	4 505
GQEBERHA CONTAINER TERMINAL:	507	765
<b>TOTAL:</b>	<b>29 094</b>	<b>34 904</b>

Source: [Transnet](#), 2021. Updated 01/10/2021.

An average of ~8 008 TEUs (↓4%) was handled per day for the last week (18 – 24 September, Table 2), with another increased average of around ~9 142 TEUs (↑14%) projected to be handled next week (25 September – 1 October, Table 3). Despite this, the trend towards increasing container numbers in September is welcome, given the poor month reported in August (see consolidated TNPA numbers [below](#)). It was particularly pleasing to see the sharp increase in numbers handled at Ngqura. However, this week's operational constraints revolved around several weather delays, some equipment shortages and breakdowns, and generally high stack occupancy levels putting pressure on operational fluidity between waterside and landside operations.

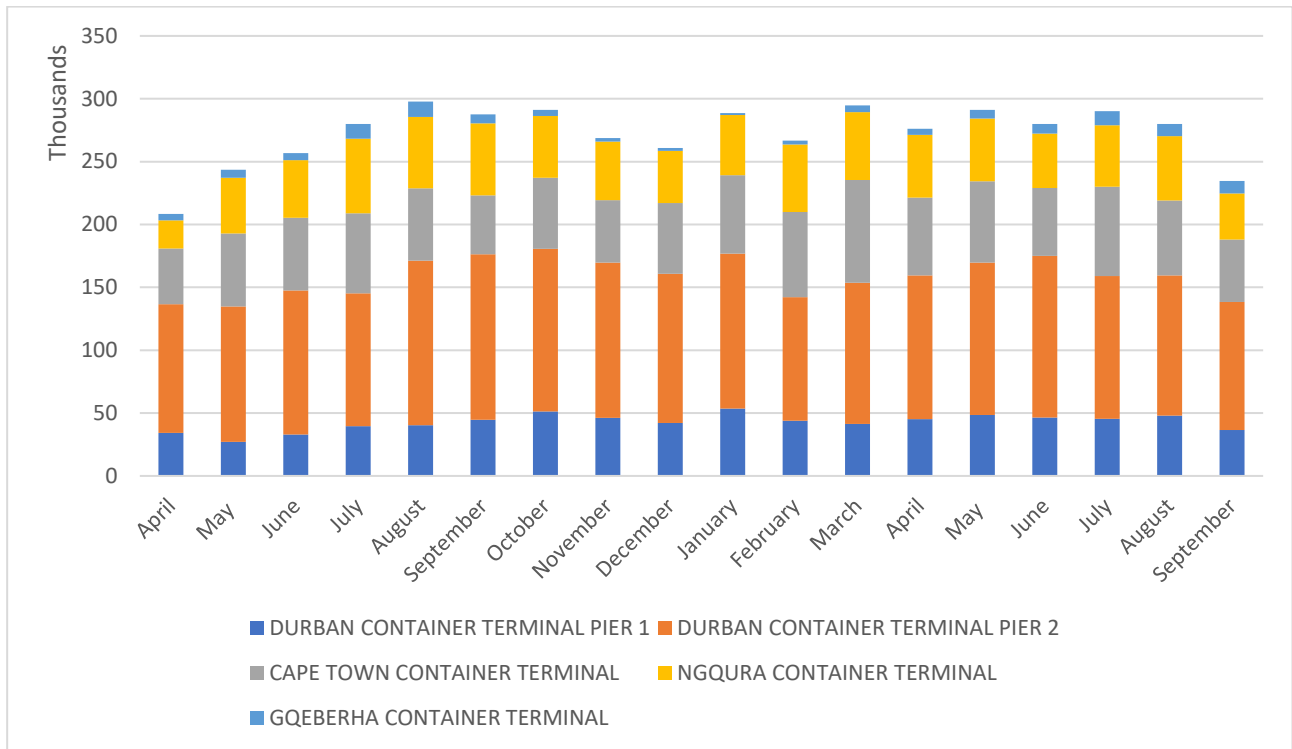
For a holistic picture, the following figure displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown.

<sup>8</sup> It remains important to note that a fair percentage (approximately 21%, according to the most recent TNPA figures for August) 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. In recent months, empty numbers have dropped, a reflection of worldwide container imbalances.

<sup>9</sup> As notes above.

## COVID-19: Cargo movement update

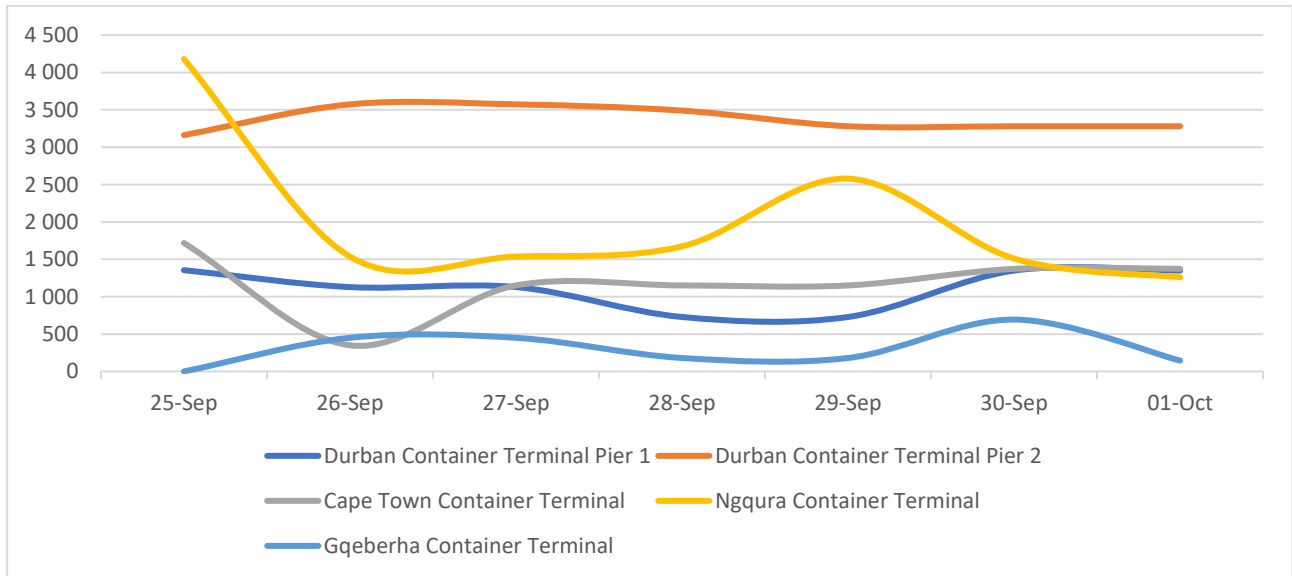
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 01/10/2021.

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

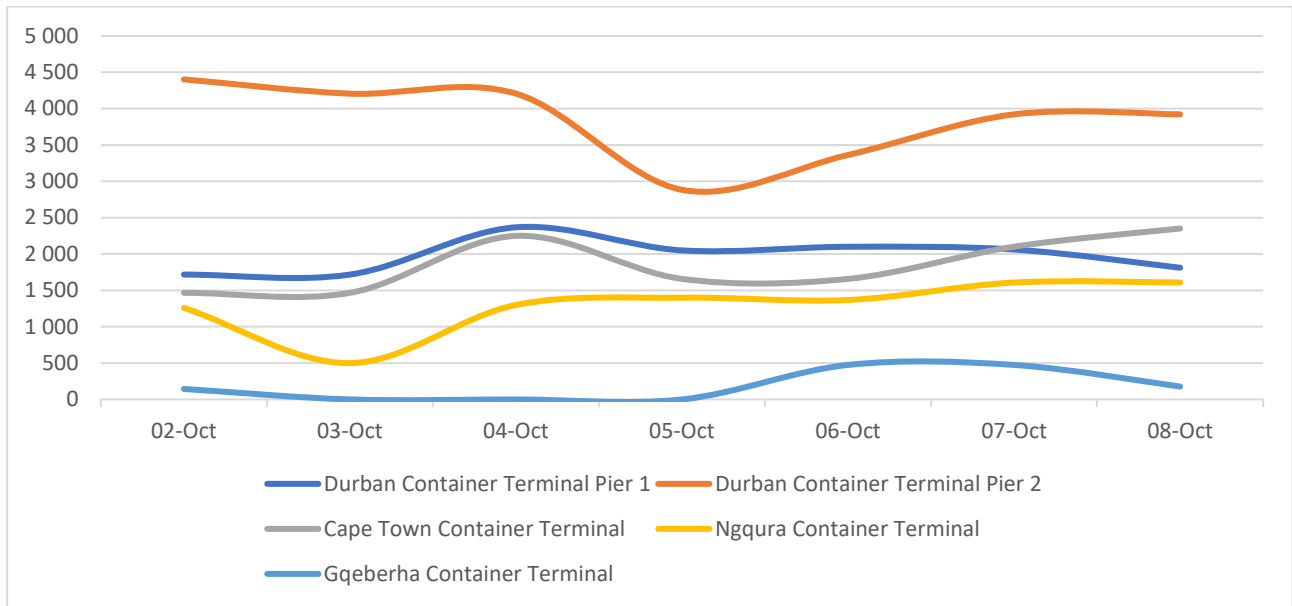
Figure 4 – 7-day flow reported for total cargo movement (25 September to 1 October; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 01/10/2021.

## COVID-19: Cargo movement update

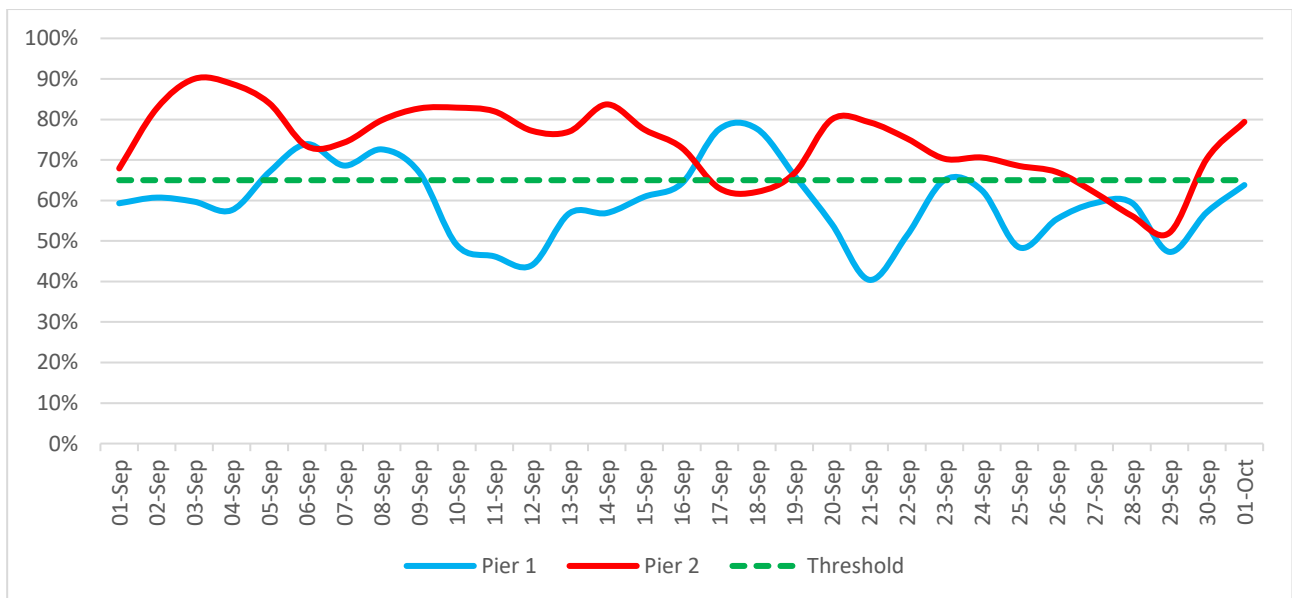
Figure 5 – 7-day flow reported for total cargo movement (2 to 8 October; per port; day on day)



Source: Calculated using data from [Transnet, 2021](#). Updated 01/10/2021.

The following figure shows daily stack occupancy in both Durban terminals since the end of June, with pressure on operational fluidity a constant theme in the last few months. This week, the pressure is evident, with both piers increasing since last week. This situation will likely lead to further stress on the container yard and growing frustration for road transporters.

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 01/10/2021.

### b. Transnet National Ports Authority: August update

Transnet National Ports Authority has released its consolidated monthly port statistics for August<sup>10</sup>, with a significant m/m reduction in containerised cargo. Fortunately, most of the other cargo segments performed well. The following table shows the monthly movement in comparison with July.

<sup>10</sup> Transnet. 2021. Port statistics. [TNPA](#)

## COVID-19: Cargo movement update

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

	July 2021	Aug 2021	Movement	Monthly growth
<b>Containers (TEUs)</b>	<b>403 268</b>	<b>330 109</b>	<b>-73 159</b>	<b>-18%</b>
Landed	197 935	182 432	-15 503	-8%
Shipped	205 333	147 677	-57 656	-28%
<b>Dry bulk (MT)</b>	<b>11 069 769</b>	<b>15 407 400</b>	<b>4 337 631</b>	<b>39%</b>
<b>Liquid bulk (MT)</b>	<b>2 242 893</b>	<b>4 160 245</b>	<b>1 917 352</b>	<b>85%</b>
<b>Breakbulk (MT)</b>	<b>576 638</b>	<b>341 554</b>	<b>-235 084</b>	<b>-41%</b>
<b>Vehicles (Units)</b>	<b>37 928</b>	<b>63 277</b>	<b>25 349</b>	<b>67%</b>
<b>Total Cargo (excl. Vehicles)</b>	<b>13 889 300</b>	<b>19 909 199</b>	<b>6 019 899</b>	<b>43%</b>

Source: [TNPA](#), updated 27/09/2021.

From the table, it is apparent that August was an abysmal performance month for containers, especially the export trade. Nevertheless, when comparing August numbers with July, total cargo volume has increased by **↑43%**, mainly due to robust dry bulk, liquid bulk, and vehicles trade performance.

Compared with normal yearly flows for August, container throughput dwindled considerably this year, down by **↓26%** on 2019 numbers. Once again, the other segments performed well. Although our performance in the containerised segment is well below par, it must be seen in context, as equipment shortages and port congestion are a global phenomenon that tends to skew the figures. The following table provides a comparative overview of all cargo movement in and out of South Africa's ports for August 2021, compared to the same month in 2020 and 2019.

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

	Aug 2019	Aug 2020	Aug 2021	Growth: '20-'21	Growth: '19-'21
<b>Containers (TEUs)</b>	<b>447 072</b>	<b>354 015</b>	<b>330 109</b>	<b>-7%</b>	<b>-26%</b>
Landed	228 134	178 047	182 432	2%	-20%
Shipped	218 938	175 968	147 677	-16%	-33%
<b>Dry bulk (MT)</b>	<b>14 766 987</b>	<b>14 565 868</b>	<b>15 407 400</b>	<b>6%</b>	<b>4%</b>
<b>Liquid bulk (MT)</b>	<b>3 431 284</b>	<b>3 343 442</b>	<b>4 160 245</b>	<b>24%</b>	<b>21%</b>
<b>Breakbulk (MT)</b>	<b>439 036</b>	<b>365 520</b>	<b>341 554</b>	<b>-7%</b>	<b>-22%</b>
<b>Vehicles (Units)</b>	<b>78 742</b>	<b>41 890</b>	<b>63 277</b>	<b>51%</b>	<b>-20%</b>
<b>Total Cargo (excl. Vehicles)</b>	<b>18 716 049</b>	<b>18 316 720</b>	<b>19 909 199</b>	<b>9%</b>	<b>6%</b>

Source: [TNPA](#), updated 27/09/2021.

Compared to August last year, the container throughput numbers have decreased notably (**↓7%**) and significantly reduced (**↓26%**) compared with 2019. Fortunately, the other cargo segments (bar breakbulk) have performed admirably. The overall picture becomes clearer when comparing August 2021 with August 2019 (which provides a more balanced view, given the abnormal situation in 2020). Breakbulk cargo is considerably down – after experiencing a stellar month in July – coming in at **↓22%**. Trade in vehicles is also markedly down at **↓20%**, with Dry bulk (**↑4%**) and liquid bulk (**↑21%**) posting solid numbers. Overall growth in cargo throughput (excluding vehicles) is strong at **↑6%**. But there is still cause for concern since most high-value cargoes, especially exports, are concentrated in the container and break-bulk sectors.

For containerised cargo specifically, the sub-optimal numbers reported are disappointing, especially given the strong rebound experienced last month. The following table provides a more in-depth year-to-date view of containerised cargo.

## COVID-19: Cargo movement update

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
<b>LANDED:</b>									
DEEPSEA	1 028 091	205 983	<b>1 234 074</b>	812 856	246 674	<b>1 059 530</b>	964 827	227 638	<b>1 192 465</b>
COASTWISE	4 143	27 728	<b>31 871</b>	2 289	26 986	<b>29 275</b>	2 147	24 606	<b>26 753</b>
TRANSHIPPED <sup>11</sup>	239 448	54 350	<b>293 798</b>	172 863	61 295	<b>234 158</b>	199 763	76 309	<b>276 072</b>
<b>TOTAL LANDED</b>	<b>1 271 682</b>	<b>288 061</b>	<b>1 559 743</b>	<b>988 008</b>	<b>334 955</b>	<b>1 322 963</b>	<b>1 166 737</b>	<b>328 553</b>	<b>1 495 290</b>
<b>SHIPPED:</b>									
DEEPSEA	796 847	359 566	<b>1 156 413</b>	740 124	324 399	<b>1 064 523</b>	768 479	394 677	<b>1 163 156</b>
COASTWISE	4 444	13 652	<b>18 096</b>	3 561	23 196	<b>26 757</b>	2 044	24 609	<b>26 653</b>
TRANSHIPPED	238 057	60 057	<b>298 114</b>	174 688	57 556	<b>232 244</b>	184 110	81 131	<b>265 241</b>
<b>TOTAL SHIPPED</b>	<b>1 039 348</b>	<b>433 275</b>	<b>1 472 623</b>	<b>918 373</b>	<b>405 151</b>	<b>1 323 524</b>	<b>954 633</b>	<b>500 417</b>	<b>1 455 050</b>
<b>GRAND TOTAL</b>	<b>2 311 030</b>	<b>721 336</b>	<b>3 032 366</b>	<b>1 906 381</b>	<b>740 106</b>	<b>2 646 487</b>	<b>2 121 370</b>	<b>828 970</b>	<b>2 950 340</b>

Source: [TNPA](#), updated 27/09/2021.

In analysing this table, a few essential points become evident:

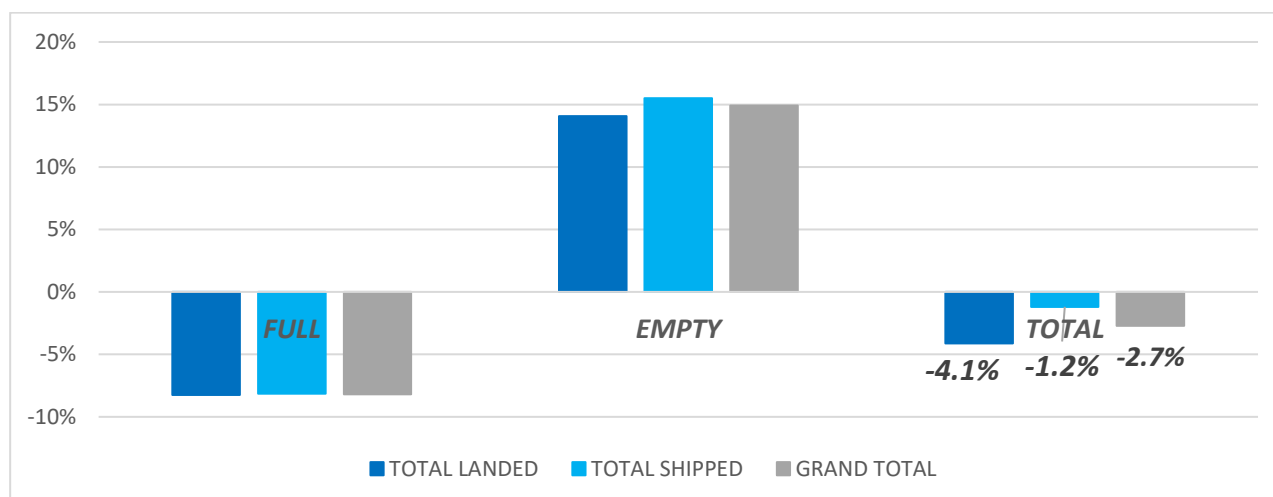
- Despite another apparently negative month in August, the total throughput is well above 2020 but still somewhat below 2019 levels. Unfortunately, there has been a considerable growth in empty containers for the year-to-date, which is less than ideal but not unique to South Africa.
- Imbalances in world trade caused by the pandemic have led to a substantial increase in empty containers needing to be repositioned, specifically to get empties to China as fast as possible. This imbalance distorts the growth picture significantly. It also provides an opportunity for shipping lines to take advantage in their pricing of what appears to be growing demand but is simply the need to move empty containers. The impact on freight rates has been apparent.
- The increase in movement of empties has been a global phenomenon, thanks to container imbalances created by the early stages of lockdowns worldwide and exaggerated by many factors recently, including port congestion, pent-up demand, COVID-19 outbreaks, and poor schedule reliability.

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

<sup>11</sup> 'Transhipped' means an act of off-loading cargo from one ship (generally at a 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.

## COVID-19: Cargo movement update

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



Source: [TNPA](#), updated 27/09/2021.

In total, the YTD comparison shows our containerised segment is currently at  $\downarrow 4.1\%$  compared to 2019. Trade in full containers is down by approximately  $\downarrow 8\%$ , with empties increasing more than double digits ( $> \uparrow 14\%$  in fact). Just to break even with 2019 numbers, our container volumes will need to show substantial growth until the end of the year, and there is little economic data to suggest that this will happen. Despite this, the industry will be doing everything to get close, relying on a collaborative approach from all stakeholders.

### 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

The port of Cape Town struggled with delays at waterside operations on Wednesday due to strong winds and again on Thursday, where about 24 hours were lost due to strong winds.

In Durban, waterside operations were also challenging due to unfavourable weather as from Tuesday evening. Piers 1 and 2 were impacted by wind overnight, with the night shift at a virtual standstill. On Thursday, almost all vessels at berth were delayed due to rain.

NCT and PECT were both impacted by strong winds on Tuesday. NCT was declared windbound for a total of 14 hours due to wind which caused subsequent ranging. From Wednesday night, strong North Westerly winds disrupted waterside operations at both ports in the Eastern Cape. On Thursday, the port was declared windbound for several hours, restricting vessels to their berths.

#### ii. Cape Town

As the week kicked off, shipping lines and other port users expressed grave concern and dismay about the situation at MPT Cape Town, where operations were at a standstill due to both mobile harbour cranes being out of service. Vessels had to be moved to CTCT to enable completion. Stack occupancy at MPT on Wednesday was at 50% capacity for general-purpose containers and 76% capacity for reefer containers. On Wednesday at 18:00, one crane was operational again, although the terminal was declared windbound for at least ten hours. The TNPA technical team was hard at work trying to restore the additional crane. Stack occupancy at MPT was at 51% capacity for general-purpose containers and 71% for reefers on Thursday morning. Apart from faulty cranes, CTCT was also struggling with a broken launch during the week. The mandatory truck appointment system will go live on 5 October at various Cape Town port terminals, and training programmes have been supplied to all users.

## COVID-19: Cargo movement update

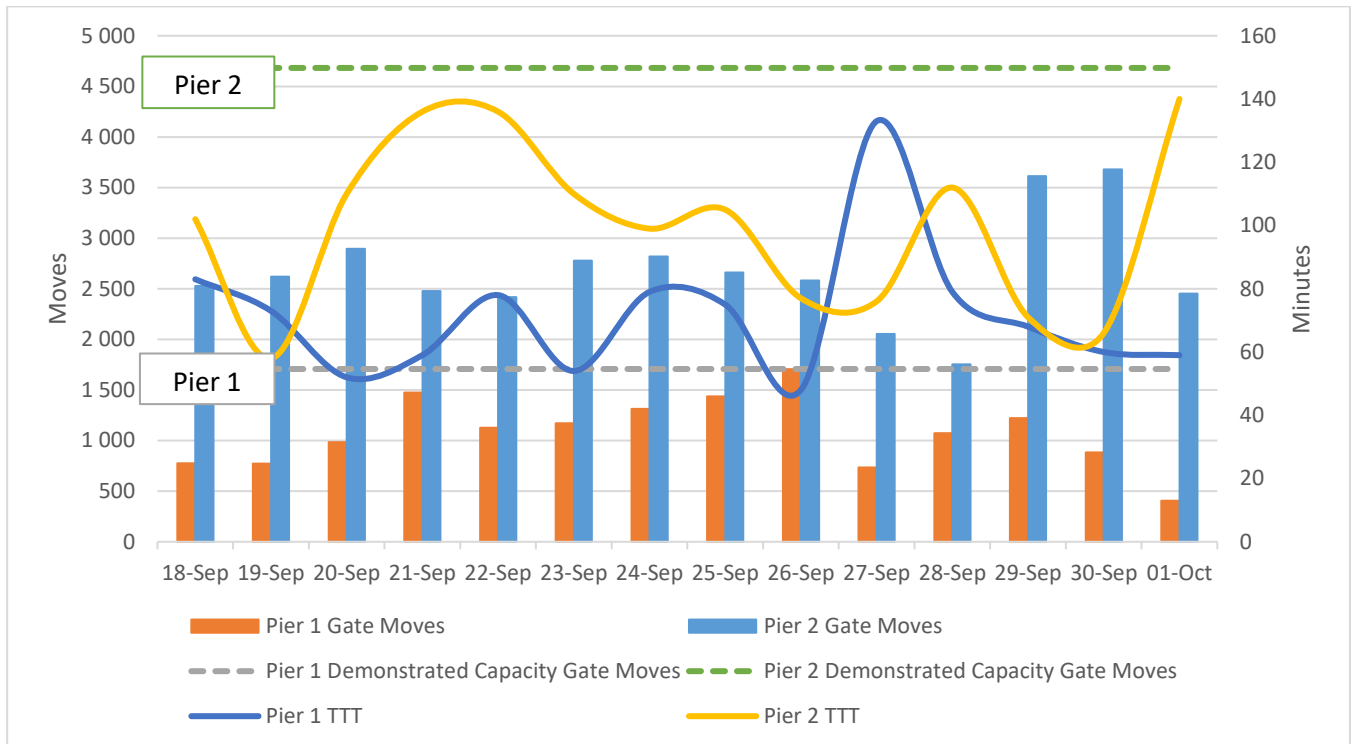
### iii. Durban

Vessel delays continue to be a concern this week, with two Safari service vessels seriously delayed. The San Fernando dropped anchor on 18 September and only docked on Wednesday 29th. This vessel will have been in Durban for at least 15 days based on its likely completion date. The Maersk Stralsund has been at anchor since 26 September and is only expected to dock on 4 October. On Monday, Pier 2 recorded 1 754 gate moves, 515 wasted slots, 1 139 cancelled slots and 617 shifts. Pier 1 recorded 1 074 gate moves, 253 wasted slots, 642 cancelled slots and 353 shifts.

This week, Pier 2 finished with an overall stack occupancy of 52% capacity. An apparent decline in reefer volumes has been recorded with much relief, with reefer stack occupancy at a low 10% on Wednesday morning. On Thursday, DCT struggled with crane 604 being declared non-operational. In addition, FPT struggled since Wednesday afternoon due to a breakdown on a TNPA tug. On Thursday, DCT had two tugs non-operational. Pier 1 recorded stack occupancy for reefers at 21% capacity and an average TTT of 66 minutes. Pier 1 had two vessels at anchor and another two alongside with reefer stack occupancy at 35% capacity. The average TTT at Pier 1 was a healthy 48 minutes on Wednesday. On Thursday, Pier 2 recorded 2 447 gate moves, 1 010 wasted slots, 1 367 cancelled slots and 831 shifts. Pier 1 recorded a total of 453 gate moves, 43 wasted slots, 192 cancelled slots and 72 shifts.

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

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



Source: Calculated using data from Transnet, 2021. Updated 01/10/2021.

### iv. Eastern Cape ports

Only one tug is currently being shared between NCT and PECT, which is causing many unwanted delays. An additional two tugs are still in the dry dock, busy with repairs. On Thursday, it was announced that NCT could expect an additional tug on loan from Durban port on Tuesday 12 October. Fortunately, it was a relatively quiet week for both NCT and PECT. On Wednesday, stack occupancy at NCT was at 42% capacity for general-purpose containers and 32% capacity for reefers.

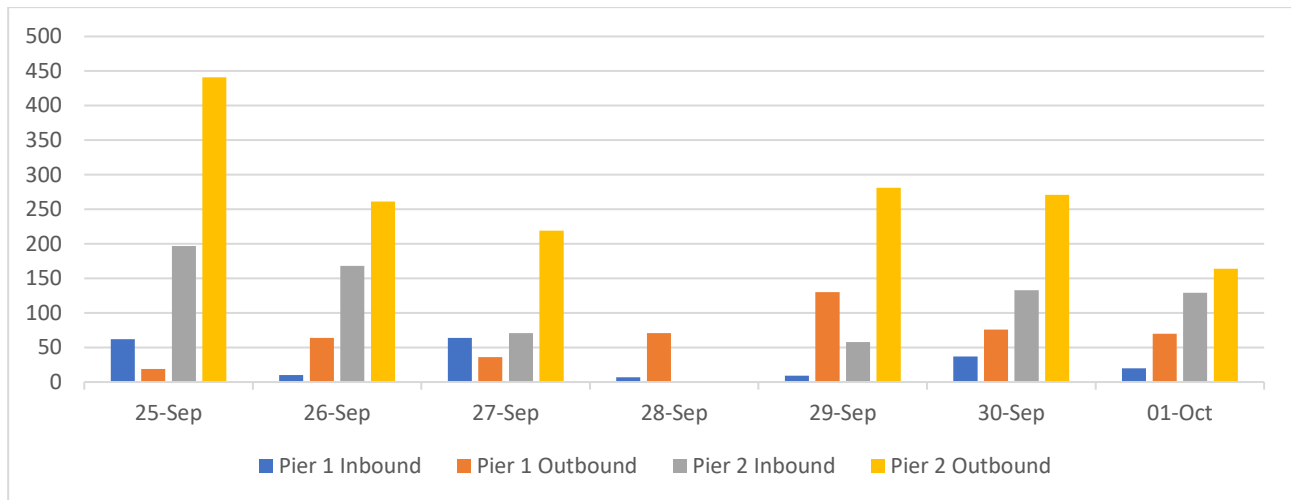
## COVID-19: Cargo movement update

### v. Transnet Freight Rail (TFR)

TFR managed to reduce the number of units destined for Botswana to 106. Currently, there is a large volume of PRETCON boxes (528 waiting for despatch. In addition, cable theft at Union outside City Deep has necessitated the temporary use of diesel-powered locomotives, which slowed delivery and release at City Deep. On Wednesday, TFR recorded two theft incidents overnight, while three security-related incidents were reported on Thursday. Apart from the recent "search for missing container project", four containers have been declared missing since Thursday, and the search continues. In addition, 111 export containers destined for Pier 2 were short shipped this week.

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

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



Source: Calculated using data from Transnet, 2021. Updated 01/10/2021.

This week (25 September to 1 October), rail cargo handled out of Durban amounts to **3 068** containers, **↓12%** than the previous week's **3 489** containers.

### vi. General

With Transnet being at the epicentre of discussions surrounding the security of our supply chain, several fruitful discussions once again took place between Transnet and various stakeholders throughout the week. These discussions have included those with business. One of the recurring themes is the one around equipment breakdown and shortages. Consequently, TNPA has responded by providing the following plans for urgent implementation. These are not limited to equipment:

- Richards Bay: night shift will operate from next week, 27 September 2021.
- Shore tensioner: first shore tensioner will be delivered in pairs (6 units) from December – April; the first two to CTCT followed by two in Ngqura, with the remaining two in CTCT. It is a pity that these will miss the first couple of months of strong south-easter in Cape Town!
- Three helicopters go out on tender for awarding by November 2021.
- Four tugs go out for major refurbishment: for awarding by November 2021.
- Twelve new tugs for awarding by February 2022.
- Two workboats are under construction for February 2022.
- Transnet Engineering to be brought in to develop a rigorous maintenance strategy and ensure alignment of the availability of spares.

Unfortunately, many earlier discussions around these topics seem to have fallen on deaf ears. Nevertheless, port users are sincerely hopeful of a more successful outcome this time around.

## COVID-19: Cargo movement update

### 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 20 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 7 – International inbound and outbound cargo from OR Tambo

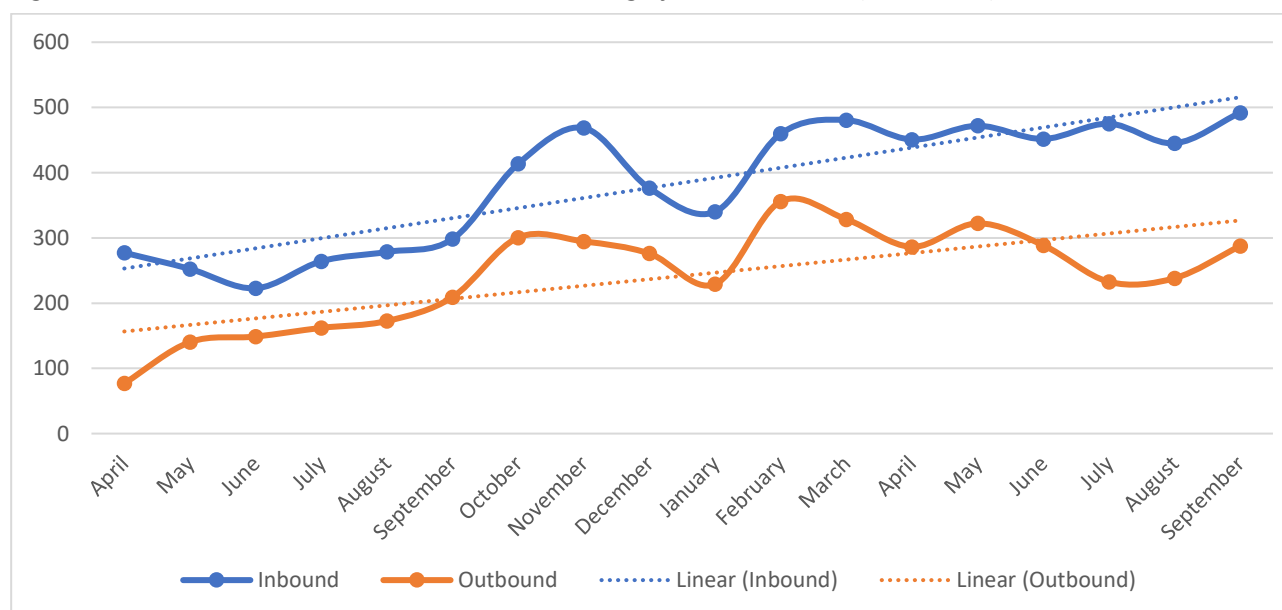
Flows	20-Sep	21-Sep	22-Sep	23-Sep	24-Sep	25-Sep	26-Sep
<b>Volume inbound</b>	622 218	289 129	452 759	470 273	353 437	349 704	904 929
<b>Volume outbound</b>	247 811	231 451	301 885	175 309	234 721	308 963	645 492
<b>Total handled per day</b>	<b>870 029</b>	<b>520 580</b>	<b>754 644</b>	<b>645 582</b>	<b>588 158</b>	<b>658 667</b>	<b>1 550 421</b>

Courtesy of ACOC. Updated: 29/09/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 20 September amounted to **491 778 kg** inbound and **306 519 kg** outbound. This amounts to an average of **798 297 kg** per day, or **~109%** compared to September 2020. Compared to pre-COVID-19 times, the level is currently only at **~89%** compared with the same period in 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: 29/09/2021.

#### 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 kg<sup>12</sup>** per day.

<sup>12</sup> 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

Table 8 – Total domestic inbound and outbound cargo

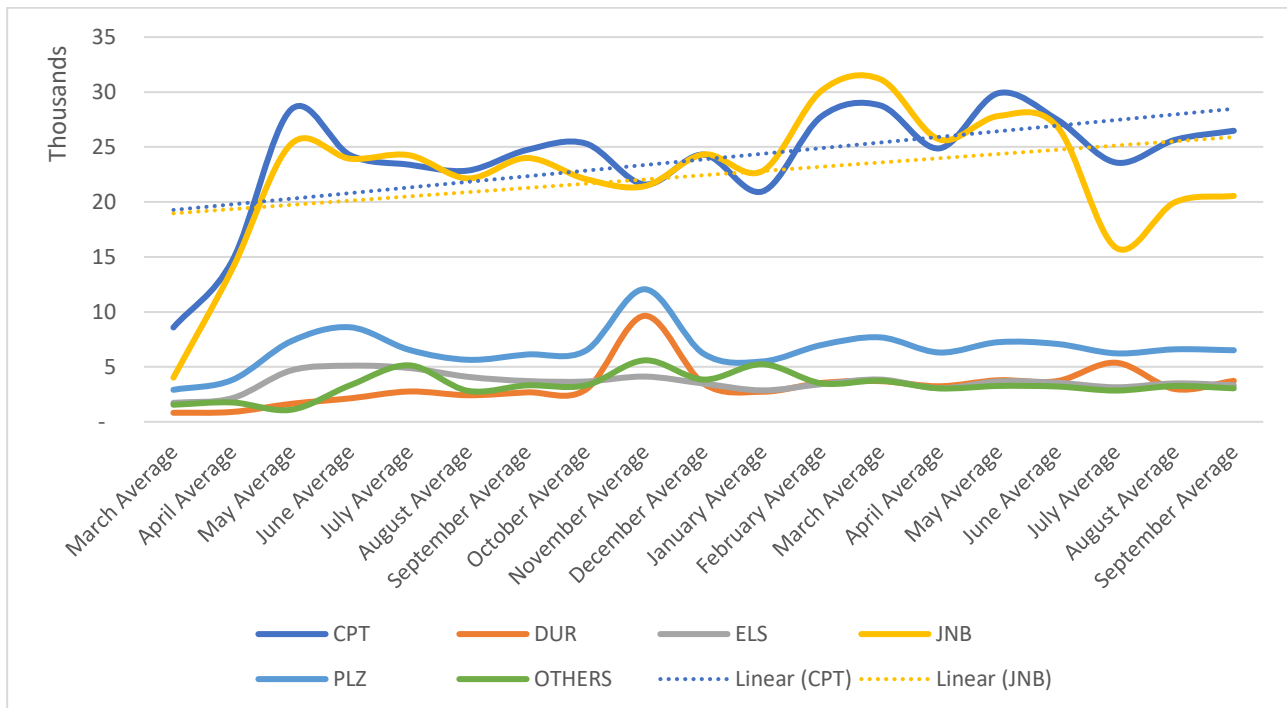
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan Average	20 961	2 739	2 859	22 818	5 491	5 238	57 781
Feb Average	27 777	3 537	3 427	30 117	6 988	3 503	75 348
Mar Average	28 781	3 702	3 845	31 166	7 680	3 740	78 914
Apr Average	24 875	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
Aug Average	25 649	2 983	3 495	19 973	6 597	3 256	61 953
Sep Average	26 477	3 730	3 332	20 554	6 509	3 048	26 477
22-Sep-21	41 503	7 082	5 574	41 477	10 222	4 616	110 474
23-Sep-21	26 205	5 049	2 773	20 399	4 785	3 377	62 588
24-Sep-21	1 751	395	94	1 894	482	292	4 907
25-Sep-21	2 477	278	158	1 030	227	64	4 233
26-Sep-21	2 023	480	927	780	214	528	4 951
27-Sep-21	49 095	4 704	5 778	27 150	12 218	4 730	103 675
Y-T-D Totals	7 058 683	983 898	911 694	6 621 213	1 803 686	864 569	18 243 742

Courtesy of BAC. Updated: 29/09/2021.

Currently, the average domestic air cargo moved in the last week was ~57 683 kg per day, which is ↓16% compared with the previous week and ~89% compared to September 2020.

The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster, with the upward trend in volumes registered since the start of the year flattening noticeably due to reduced months in July and August, notably in Johannesburg.

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



Courtesy of BAC. Updated 29/09/2021.

### 3. Road and regional Update

#### a. 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 October	Van Rooyens Hek port has reopened.
	Skilpadshek port was closed due to a power outage. Fortunately, later in the day, it was able to reopen.
30 September	Please note that there is no cell phone network at both Beit Bridge and Kopfontein ports if you are trying to get hold of any of our staff or traders in those areas.
	Van Rooyens Hek port is closed due to water cuts, and Customs clients are diverted to Maseru Bridge

Source: [SARS](#). Updated: 01/10/2021.

In general, another quiet week was experienced with minimal border disruptions resulting in gate closures. However, the ongoing problems and delays at Beitbridge remain a concern, as noted in the next section below. As a rule, traders are at all times urged to stay abreast of border post communications on the SARS Customs and Excise [website](#).

#### b. Cross-border delays

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

- This week, long queues have persisted at Beit Bridge, with the industry curious to see to what extent the opening of the new parking area on 6 October will improve the flow, especially in view of the proposed fees to be charged.
- The ongoing narrative of South Africa losing transit cargo – especially in terms of copper and other minerals, ores, and metals through the North-South corridor – has been well illustrated by statistics released this week showing that volumes through the Nakonde border post have increased by **↑42%** since last year. This change indicates that substantial volumes previously carried on our North-South corridor are now being rerouted through Dar-es-Salaam.

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 10 – Delays<sup>13</sup> 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	3:00	100	3 000	700	24 640	1 400
SA/Zim	Beit Bridge	96:00	23:00	943	28 290	6 601	138 621	633 696
Moz/Zam	Cassacatiza/Mlolo	1:00	21:00	60	1 800	420	7 980	420
Zam/Zim	Chirundu	1:00	22:00	616	18 480	4 312	86 240	4 312
Moz/Mal	Dedza	2:00	26:00	50	1 500	350	8 400	700

<sup>13</sup> 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.

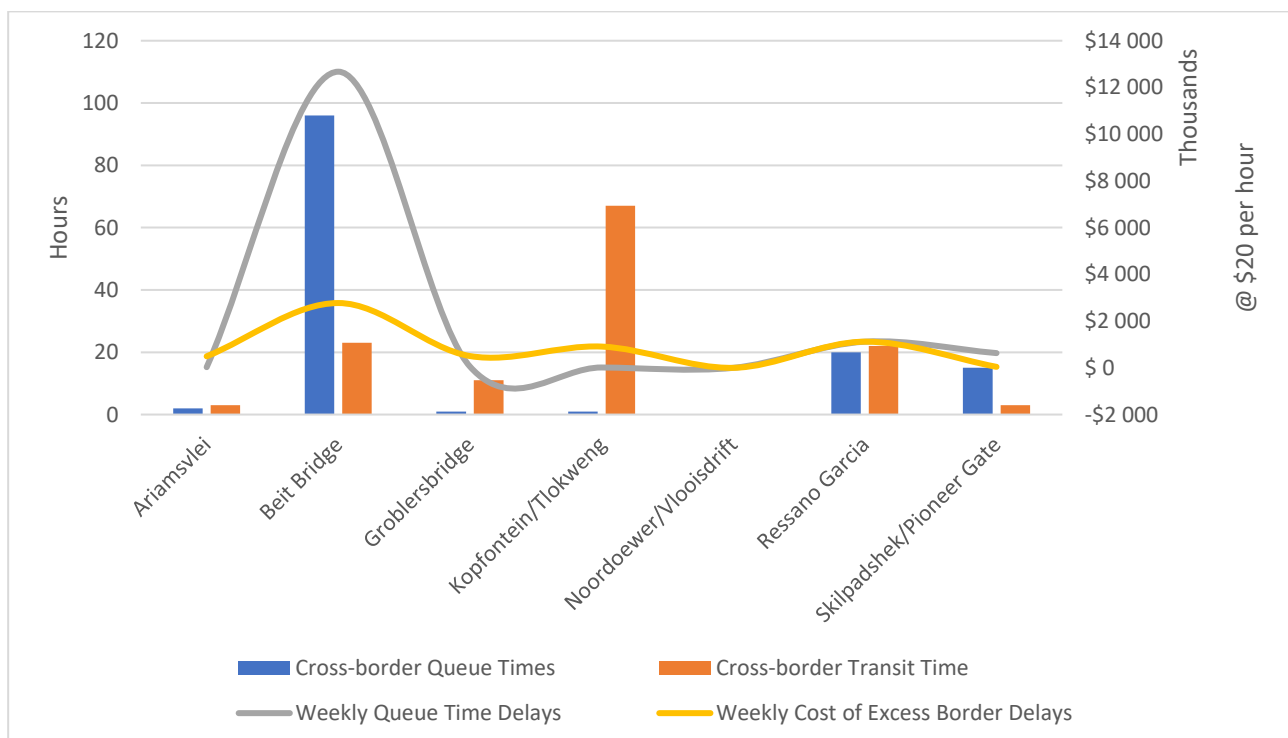
## COVID-19: Cargo movement update

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/Bot	Groblersbrug/Martins Drift	1:00	11:00	400	12 000	2 800	25 200	2 800
Zam/DRC	Kasumbalesa	0:00	46:00	592	17 760	4 144	165 760	0
Zam/Bot	Kazungula	0:00	18:00	212	6 360	1 484	23 744	0
SA/Bot	Kopfontein/Tlokweng	1:00	67:00	100	3 000	700	45 500	700
Moz/Zim	Machipanda/Forbes	1:00	10:00	320	9 600	2 240	17 920	2 240
Moz/Mal	Milange	0:00	3:00	40	1 200	280	280	0
Moz/Mal	Nakonde/Tunduma		4:00	500	15 000	3 500	7 000	0
Zim/Moz	Nyamapanda	1:00	4:00	100	3 000	700	1 400	700
SA/Moz	Ressano Garcia	20:00	22:00	400	12 000	2 800	56 000	56 000
Zam/Nam	Shesheke/Wenela		51:00	100	3 000	700	34 300	0
SA/Bot	Skilpadshek/Pioneer Gate	15:00	3:00	300	9 000	2 100	2 100	31 500
Zam/Zim	Victoria Falls		20:00	100	3 000	700	12 600	0
Moz/Mal	Zobue/Mwanza	1:00	7:00	114	3 420	798	3 990	798
				<b>5 147</b>	<b>154 410</b>	<b>36 029</b>	<b>679 175</b>	<b>736 666</b>

Source: TLC & FESARTA, week ending 29/09/2021.

The following graph shows the weekly change in cross-border times (and associated estimated cost) from South Africa's perspective. Once again, Beit Bridge continues to experience prolonged crossing and waiting times as the industry awaits the opening of the new parking area on 6 October.

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



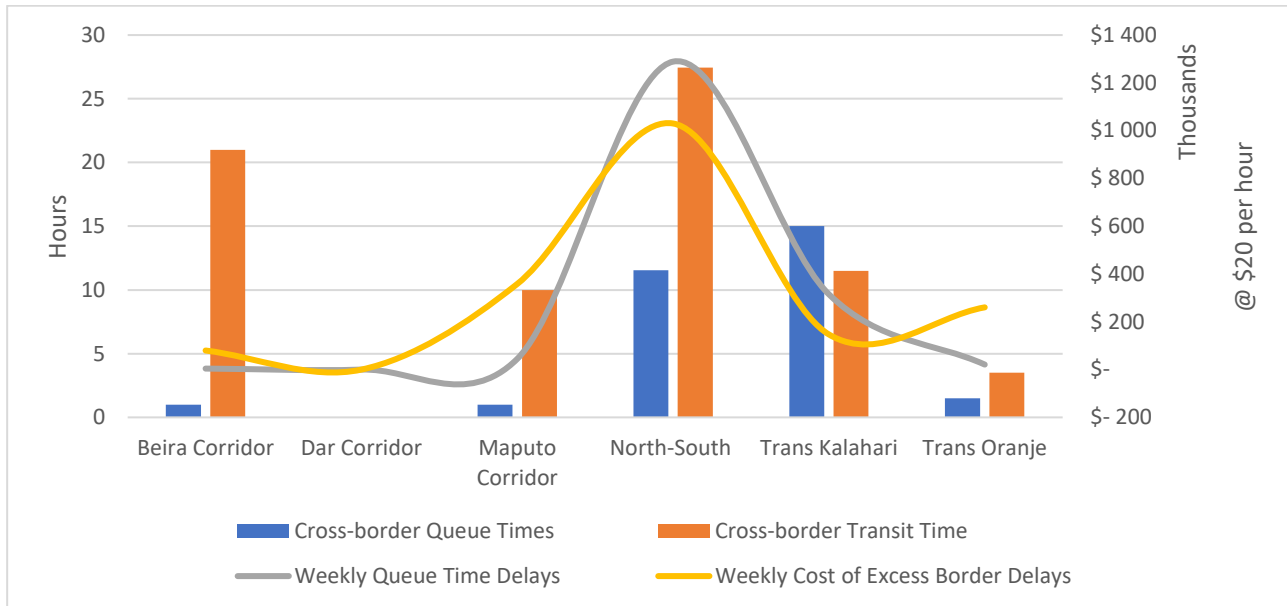
Source: TLC & FESARTA, week ending 29/09/2021.

The following figure depicts a similar picture to those above, this time from a corridor perspective. For this week, cross-border transit times were exceptionally high across most corridors in the SADC region. Queue

## COVID-19: Cargo movement update

times have been long, notably the North-South corridor, with the Trans Kalahari corridor also experiencing a sub-optimal week.

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



Source: TLC & FESARTA, week ending 29/09/2021.

In summary, the cross-border queue time has averaged **~8,5 hours** (rising by **~0,3 hours** from last week's recorded time of **~8,2 hours**), costing the transport industry an estimated **\$15 million (R236 million)**. Apart from this, the week's average cross-border transit times hovered around **~19,4 hours** (rising by **~0,6 hours** from the **~18,8 hours** recorded last week), costing the transport industry **~\$14 million (R217 million)**. As a result, the total cost for the week amounts to **~R453 million** (up by **~R16 million** or **1,4%** from **R436 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, **(b)** the liner shipping connectivity index, and **(c)** the global aviation industry.

#### a. Global container industry

##### i. Global freight rates

For the first time in 24 weeks, Drewry's "World Container Index" (WCI) composite index decreased this week, falling **↓0,2%** (or **\$16**) to **\$10 361** per 40-ft container<sup>14</sup>. However, this has not stopped global congestion issues from resulting in the container industry being labelled as "in a crisis"<sup>15</sup> and "close to collapse"<sup>16</sup>. In short, pent-up demand cannot be serviced due to the significant obstacles posed by pandemic-induced border restrictions, distancing requirements, factory closures, and the general shortage of labour on the ground. These factors were highlighted in a joint open letter to heads of state and government attending the United Nations General Assembly. All the factors mentioned above have fed directly into the unprecedented surge in freight rates. Optimistically, some expect that recent moves by carriers to cap their spot rate increases,

<sup>14</sup> Drewry Supply Chain Advisors. 30/09/2021. [World Container Index](#).

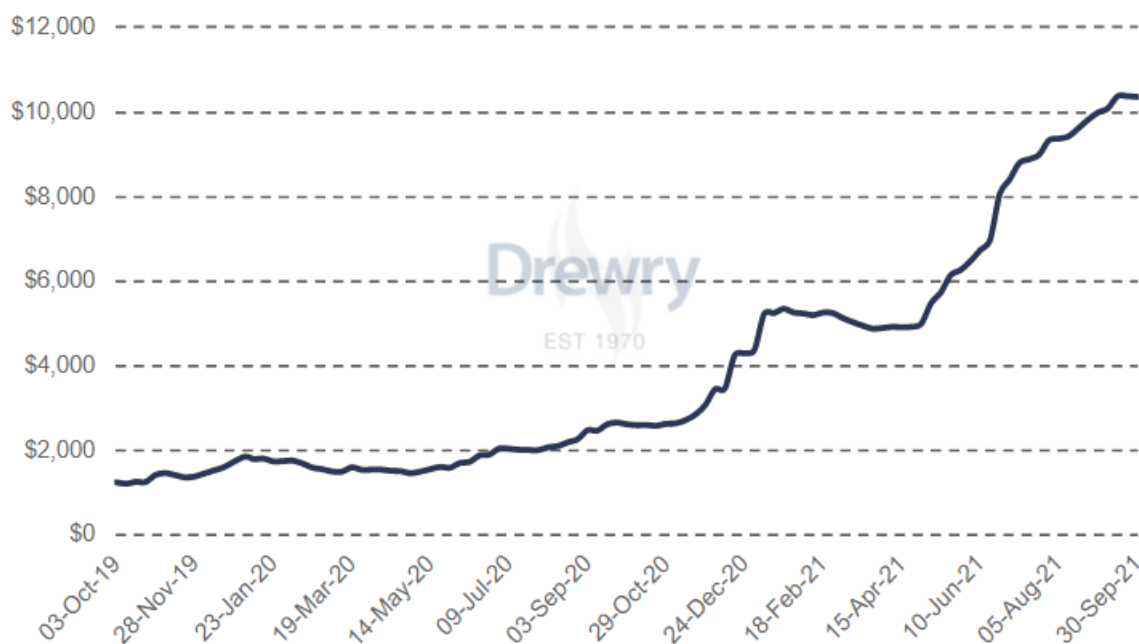
<sup>15</sup> Plimmer, G. 29/09/2021. [Global supply chains at risk of collapse, warn business leaders](#).

<sup>16</sup> Whiteman, A. 30/09/2021. [Global supply chains 'close to collapse' – transport workers must move freely](#).

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together with the closure of the window for holiday delivery, may mean that rates have peaked for now<sup>17</sup>. 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](#)

Despite this minimal decrease last week, the average composite index now stands at **↑292%** higher compared to the same time the previous year. Furthermore, the average composite index of the WCI, for year-to-date, is **\$6 977** per 40ft container, which is **\$4 547** higher than the five-year average of **\$2 430**. In either direction, freight rates have not moved by more than **~1-2%** in the eight major transatlantic trade lanes. Rather, worth pointing out this week, all trade lanes – bar Rotterdam to Shanghai – have increased by more than **↑100%** since last year. The increases are astonishing and significantly impacting the bottom-line of all cargo owners and, finally, the economic well-being of consumers.

### ii. Further developments of note

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

#### 1. Chinese port congestion:

- a. Bulk freight rates have skyrocketed, with congestion at Chinese anchorages showing little sign of easing<sup>18</sup>. Consequently, joining the problems of the container industry, 679 bulk vessels (or 1 in 17) are caught in the blockage and anchored outside Chinese ports.
- b. These issues impact schedule reliability, as delays of up to 30 days on the worst-hit China to EU routes and nearly 22 days on the worst-hit China to the US<sup>19</sup> have been noted. Indeed, the problem is global, with poor schedule reliability meaning many more 'empty shelves' heading into Christmas<sup>20</sup>.

<sup>17</sup> Baker, J. 27/09/2021. [Box freight rates plateau ahead of Golden Week](#).

<sup>18</sup> Lloyd's List. 27/09/2021. [China congestion boosts bulker rates](#).

<sup>19</sup> Maritime Executive. 28/09/2021. [Congestion, Delays and Supply Chain Challenges Will Continue into 2022](#).

<sup>20</sup> Baker, J. 28/09/2021. [Carrier schedules in disarray as congestion and delays continue](#).

## COVID-19: Cargo movement update

### 2. US West Coast congestion:

- a. According to Marine Traffic, the US West Coast's backlog continues, with a similar number (70) of container vessels still awaiting berthing at Long Beach and Los Angeles ports on Friday<sup>21</sup>. Additionally, last week, the Port of Los Angeles waiting period hit an all-time high of nine days, about 2,5 days longer than what had been experienced in August<sup>22</sup>. During an operational update, Executive Director of the Port of Los Angeles, Gene Seroka, said that the congestion equates to "squeezing ten lanes of freeway traffic into five lanes."
- b. Despite the almost unbelievable growth in consumer demand, supply chain congestion will hold back trade volume growth. This week, Hapag-Lloyd's CEO, Rolf Jansen, said that delays and capacity shortages are now endemic and halting further volume increases<sup>23</sup>.
- c. Furthermore, US port congestion has now spilt over to the other side of the country, with east and Gulf Coast ports also feeling the pressure of high demand and inland distribution congestion<sup>24</sup>.

### 3. Container industry expansion: Box ship orderbook record and container production takeover:

- a. Despite the container industry's delay and congestion issues, the ocean carriers press ahead with their expansion plans (in both vessels and equipment). This week, the orderbook hit another record high with **5,6 million** TEUs in the pipeline<sup>25</sup>, nearly a quarter of the existing fleet, according to Alphaliner<sup>26</sup>. However, due to anticipated cyclical delays, the new capacity on order risks flooding the market when it comes on stream in 2023.
- b. China International Marine Containers (CIMC) has acquired AP Møller-Maersk's container manufacturing unit, Maersk Container Industry (MCI), for **\$1,08 billion**<sup>27</sup>. The deal confirms CIMC as the world's largest container producer. The takeover, which includes MCI's reefer factory in Qingdao, China, and research and test engineering facilities in Tinglev, Denmark, sees the Maersk group exit container manufacturing.

#### b. Liner shipping connectivity index

The latest quarterly "*Liner shipping connectivity index*", as developed by UNCTAD, was released this week, which allows the assessment of maritime connectivity for container shipping, enabling comparisons between countries and over time. For South African ports, Cape Town has significantly increased its connectivity, up by **↑12%** q/q. For the other major container terminals, both Ngqura and Gqeberha have slightly improved connectivity (**↑5%** and **↑2%**, respectively), whereas Durban has decreased connectivity (**↓2%**). The following figure shows a summary of maritime connectivity for all our container terminals since Q1 2019:

<sup>21</sup> Marine Traffic. 01/10/2021. [Port of Los Angeles](#).

<sup>22</sup> Agri-Business. 27/09/2021. [West Coast Port Congestion Doesn't Show Any Signs of Letting Up](#).

<sup>23</sup> Baker, J. 30/09/2021. [Supply chain congestion will hold back volume growth](#).

<sup>24</sup> Baker, J. 29/09/2021. [Container congestion spreads to US east coast](#).

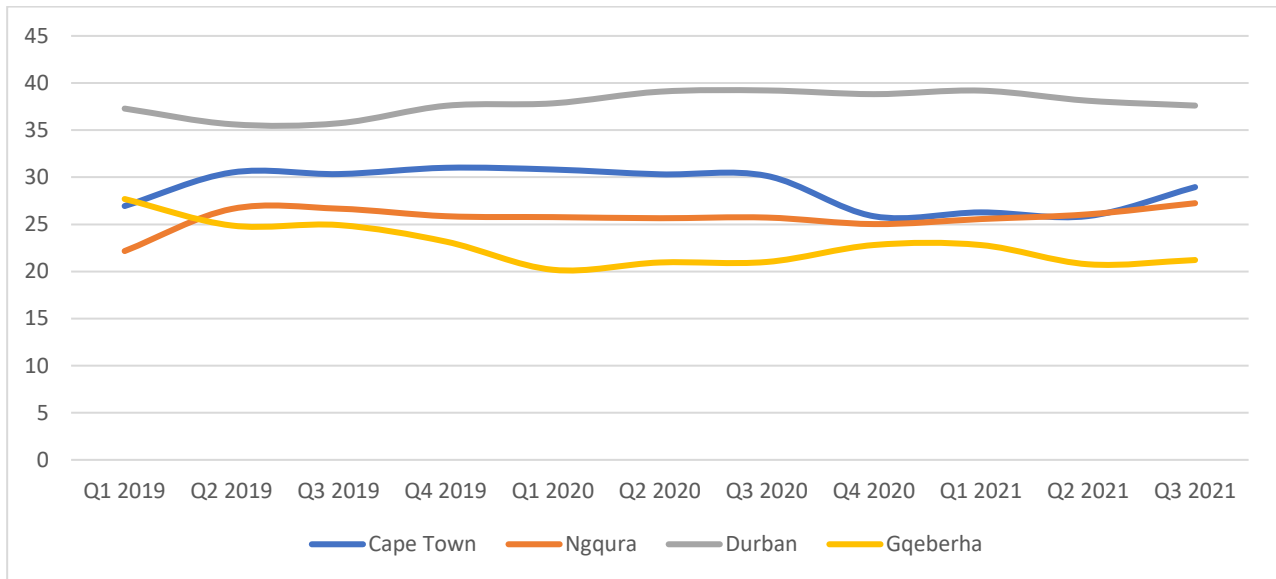
<sup>25</sup> Baker, J. 27/09/2021. [Box ship orderbook hits record high with 5.6m TEU in pipeline](#).

<sup>26</sup> Alphaliner. 01/10/2021. [Alphaliner Top 100](#).

<sup>27</sup> Li, M. 28/09/2021. [CIMC now world leader after \\$1bn acquisition of Maersk Container Industry](#).

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Figure 15 – Liner shipping connectivity index (index = 100)

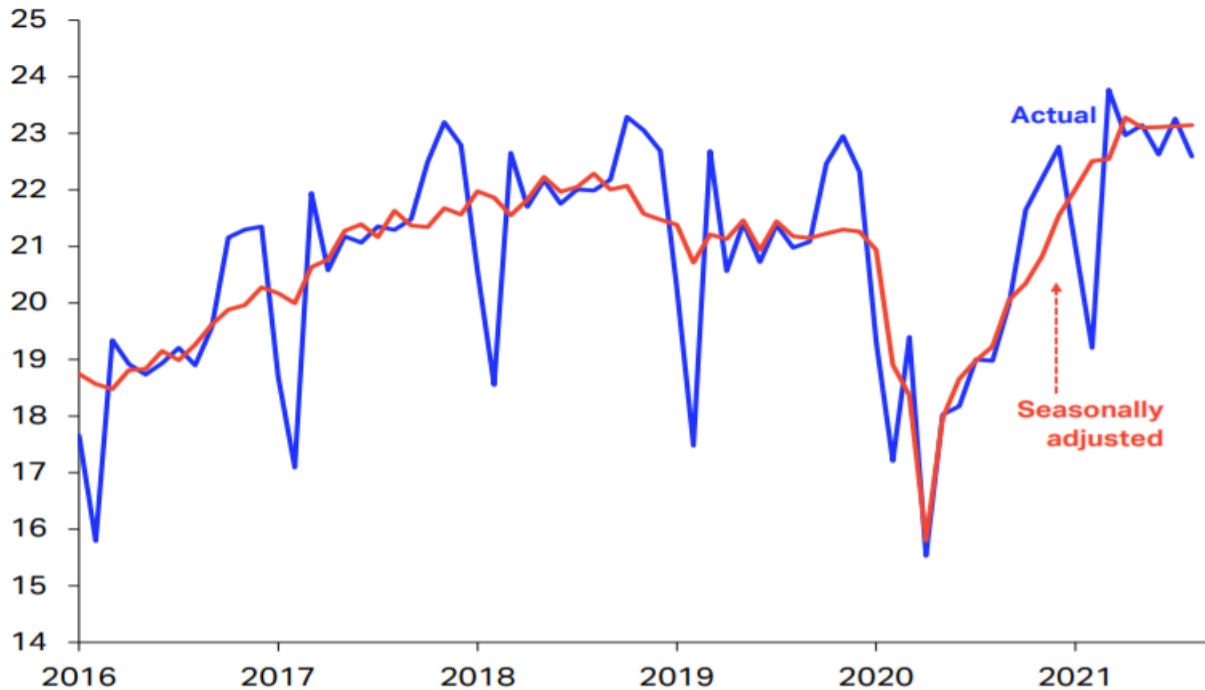


Source: [UNCTAD](#)

### c. Global aviation industry

On 29 September, the International Air Transport Association (IATA) released their monthly "Air Cargo Market Analysis"<sup>28</sup> for August. The recent picture remains virtually unchanged, as August was the fourth consecutive month of relative stability in air cargo. As a result, industry-wide cargo tonne-kilometres (CTKs) rose by **↑7,7%** versus August 2019. The following figure summarises CTKs.

Figure 16 – CTK levels, actual and seasonally adjusted (CTKs, billion per month)



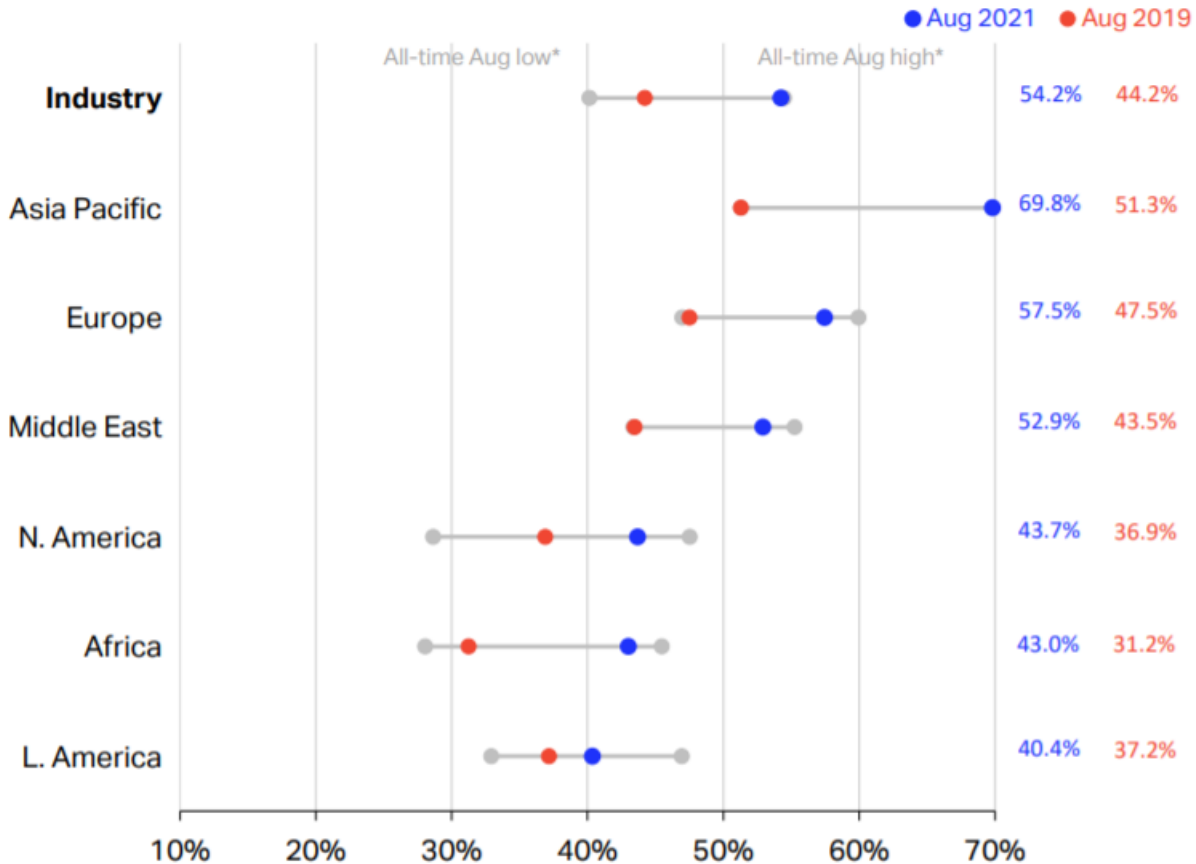
Source: [IATA Economics](#)

<sup>28</sup> IATA. 29/09/2021. [Air Cargo Market Analysis](#).

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IATA notes that economic conditions continue to support air cargo growth but are slightly weaker than in the previous months, indicating that global manufacturing growth has peaked. Unfortunately, as is the case in the ocean economy, the lack of additional capacity stifles further growth. This situation is accentuated by the fact that cargo capacity recovery paused in August, **↓12,2%** compared to August 2019 (**↓13,2%** for international operations). In m/m terms, capacity fell by **↓1,6%** – the most significant drop since January 2021. The figure below summarises the regional cargo load factor (CLF).

Figure 17 – Cargo load factors by region of airline origin (% of available freight tonne-km, actual)



Source: [IATA Economics](#)

The rising cargo demand against falling cargo supply meant that the industry-wide CLF reached a record peak for any month of August, at **54,2%**. As is clearly shown above, all regions are substantially up from the same time in 2019<sup>29</sup>. Nevertheless, belly capacity remains an issue, as international belly cargo ACTKs were **↓37,7%** in August 2021 compared to August 2019 – a slight improvement on the **↓39,1%** fall in July. Regionally, African airlines continued to lead the international CTK growth in August, reporting a **↑33,9%** expansion versus August 2019. Amongst the key regional routes, Africa-Asia has been showing the fastest development, at **↑26,4%** compared to August 2019.

In summary, an August assessment for international air cargo was provided by IATA's Director-General, Willie Walsh: "Many of the economic indicators point to a strong year-end peak season. However, with international travel still severely depressed, fewer passenger planes offer belly capacity for cargo. And supply chain bottlenecks could intensify as businesses continue to ramp up production."<sup>30</sup>

<sup>29</sup> As we have continuously done in these reports, comparisons are done with 2019. IATA notes that: "As comparisons between 2021 and 2020 monthly results are distorted by the extraordinary impact of COVID-19, unless otherwise noted, all comparisons below are to August 2019 which followed a normal demand pattern."

<sup>30</sup> IATA. 29/09/2021. [Press Release No: 62. Air Cargo Up 7.7% in August Versus Pre-COVID Levels; Capacity Lagging Demand.](#)