

COVID-19: Cargo movement update¹

Date: 19 November 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)	24 119	33 478	57 597	21 468	31 495	52 963	↑9%
Air Cargo (tons)	4 723	3 118	7 841	5 266	3 291	8 557	↓8%

Monthly Snapshot

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

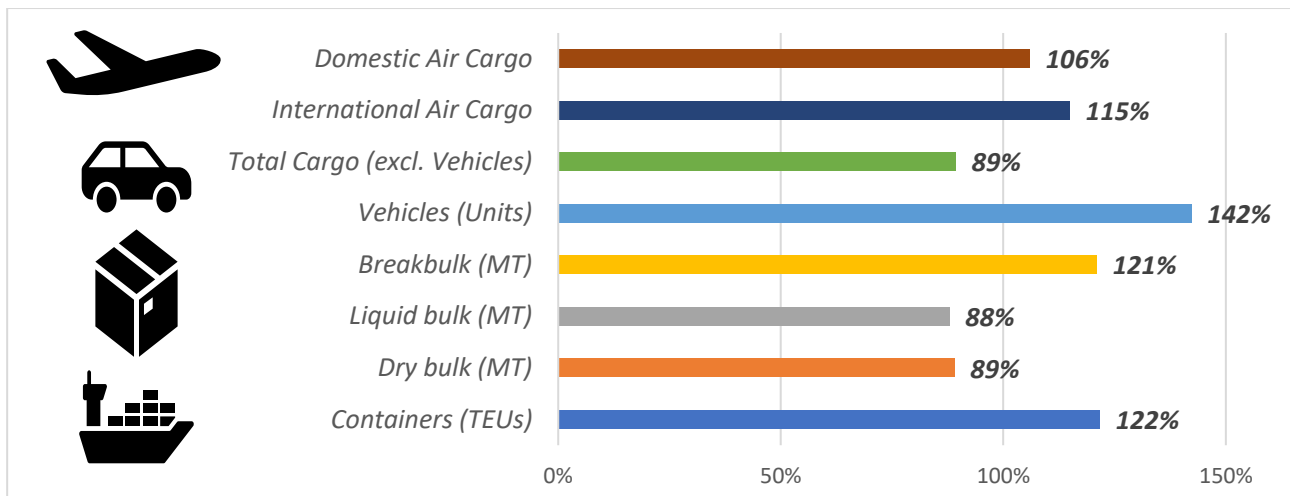


Figure 2 – Global year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 228 TEUs** was handled per day this week, with **~9 048 TEUs** projected for next week.
- Rail cargo handled out of Durban amounts to **3 770 containers**, **↑58%** compared to last week.
- The "WCI" fell for the fifth straight week, with spot freight rates **↓0,5%** (or **\$47**) to **\$9 146** per 40-ft.
- UNCTAD notes that maritime trade fell by **↓3,8%** in 2020 but is set to rebound to **↑4,3%** in 2021.
- Similarly, the WTO shows that merchandise fell by **↓5,3%** in 2020 but will rise by **↑10,8%** in 2021.
- For the 9th month, African air routes reported the fastest cargo growth, at **↑32,8%** versus 2019 levels.

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 65th update.

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

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

⁴ 'Monthly' means the last full month's worth of available data compared to the same month in 2020. For Air: Oct versus Oct, for the rest of the metrics: Sept versus Sept.

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

Executive Summary

This update – *the 65th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. There has been an alarming increase in this week's newly reported COVID-19 infections, averaging around **360** per day (**↑31%** from last week's average of **275**). In total, the number of cases recorded in the country now stands at **2,93 million**⁶, with the death toll at **89 555** (up by **103**). Globally, COVID-19 infections total more than **256 million**, with the death toll passing **5,35 million** this week. On the vaccination front, **7,62 billion** vaccine doses have now been administered worldwide⁷. For South Africa, this figure stands at **~24,4 million**, with a daily average of **~110 000** doses administered in the past week.

There has been a significant uptake in vessel movements at CTCT this past week, which is positive. In addition, the industry welcomes the fact that the long-awaited second mobile crane at Cape Town MPT is currently being commissioned. It is hoped that both MHCs will be operational when the next vessel is scheduled to berth on 24 November. Very strong winds and rainy weather posed serious challenges to the port of Durban and Richards Bay this past week. Both waterside and landside operations were affected, causing a spillover effect in volumes and productivity for the following week. Truckers have once again voiced their aggravation with the truck booking system at the Durban container terminal this past week. Furthermore, the ban on diving and angling activities has been lifted in most parts of Durban port except for the Marina area, following the serious sewage leak from the Mahatma Gandhi Sewage pump station a week ago.

In the global economy, the WTO notes that despite the strong rebound of international trade since the pandemic outbreak, COVID-19 highlights a paradox: globalisation has created a world that is both more vulnerable and more resilient to crises. On the one hand, economic integration makes us more dependent on far-flung trade networks and more exposed to cascading risks and shocks. But, on the other hand, economic integration also allows us to diversify suppliers, pool resources, and share information and expertise. As suggested above, it is estimated that merchandise trade will rise by **↑10,8%** in 2021. A further boon during the COVID-19 pandemic has been the growth of global e-commerce retail sales, which showed a **↑28%** growth from 2019, with forecasts indicating the trend to continue in 2021.

Furthermore, UNCTAD records that, as was widely experienced last year, global maritime trade contracted by **↓3,8%** in 2020, reflecting an initial shock, but it rebounded later in the year. As a result, the medium-term outlook for maritime trade remains positive but subject to "mounting risks and uncertainties", including supply chain bottlenecks, elevated freight rates, and significant price rises for consumers. Nevertheless, the industry is projected to increase by **↑4,3%** in 2021. Looking ahead, UNCTAD predicts that annual growth in maritime trade between 2022 and 2026 will slow to **↑2,4%**, compared to **↑2,9** over the past two decades.

In the rest of the ocean economy, the ongoing chronicle of elevated freight rates, capacity shortages, and port omissions and accompanying poor schedule reliability continues. The other significant developments include **(1)** Maersk and Grindrod merging South African container operations, **(2)** another update on global congestion, and **(3)** the dry bulk freight market following the containerised market, and is expected to remain high in 2022 (see the detailed summary [below](#)).

Both South Africa's international (**↓8%**) and domestic (**↓5%**) air cargo sectors registered some decreases in volume this week in the air segment. Nevertheless, 2021 y/t/d volumes remain relatively on par with the pre-pandemic levels of 2019. Operationally, the status quo remains, as further meetings were held between ACSA and the private sector. Several operational issues persist, notably the continued congestion at the cargo terminal entrance at ORTIA. Air cargo continues to reign supreme on the international aviation front, as African

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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routes reported the fastest CTK growth, at **↑32,8%** compared to pre-crisis 2019 levels. Other metrics, such as capacity, load factor, and passenger growth, have also improved in the latest regional analysis.

As we are nearing the end of the year, the holistic picture shows, number-wise, that we are getting close to the pre-pandemic levels of 2019. Nevertheless, as is evident in both the global and national views, a full return to 'normal' remains somewhat distant, as the economic recovery continues to be unevenly spread across countries and industries. Thus, all stakeholders need to continue with the work at hand for the South African supply chain since trade can continue to drive much-needed economic growth.

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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 tables indicate the container flows reported for the last seven days and projections for the next seven days.

Table 2 – Container Ports – Weekly flow reported for 13 to 19 November⁸

7-day flow forecast (13/11/2021 – 19/11/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 338	4 795
DURBAN CONTAINER TERMINAL PIER 2:	10 307	17 713
CAPE TOWN CONTAINER TERMINAL:	6 116	5 542
NGQURA CONTAINER TERMINAL:	3 058	5 126
GQEBERHA CONTAINER TERMINAL:	300	303
TOTAL:	24 119	33 479

Source: Transnet, 2021. Updated 19/11/2021.

Table 3 – Container Ports – Weekly flow reported for 20 to 26 November⁹

7-day flow forecast (20/11/2021 – 26/11/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 412	6 120
DURBAN CONTAINER TERMINAL PIER 2:	12 830	17 122
CAPE TOWN CONTAINER TERMINAL:	5 008	8 716
NGQURA CONTAINER TERMINAL:	2 073	2 985
GQEBERHA CONTAINER TERMINAL:	911	1 159
TOTAL:	27 234	36 102

Source: Transnet, 2021. Updated 19/11/2021.

An average of ~8 228 TEUs (↑9%) was handled per day for the last week (13 – 19 November, Table 2), with a noticeably increased average of around ~9 048 TEUs (↑10%) projected to be handled next week (20 – 26 November, Table 3). For the week, some minor weather disruptions – along with crane breakdowns and system failures – did not hamper operations too much, as decent throughput numbers were posted (see a more detailed breakdown per port [below](#)).

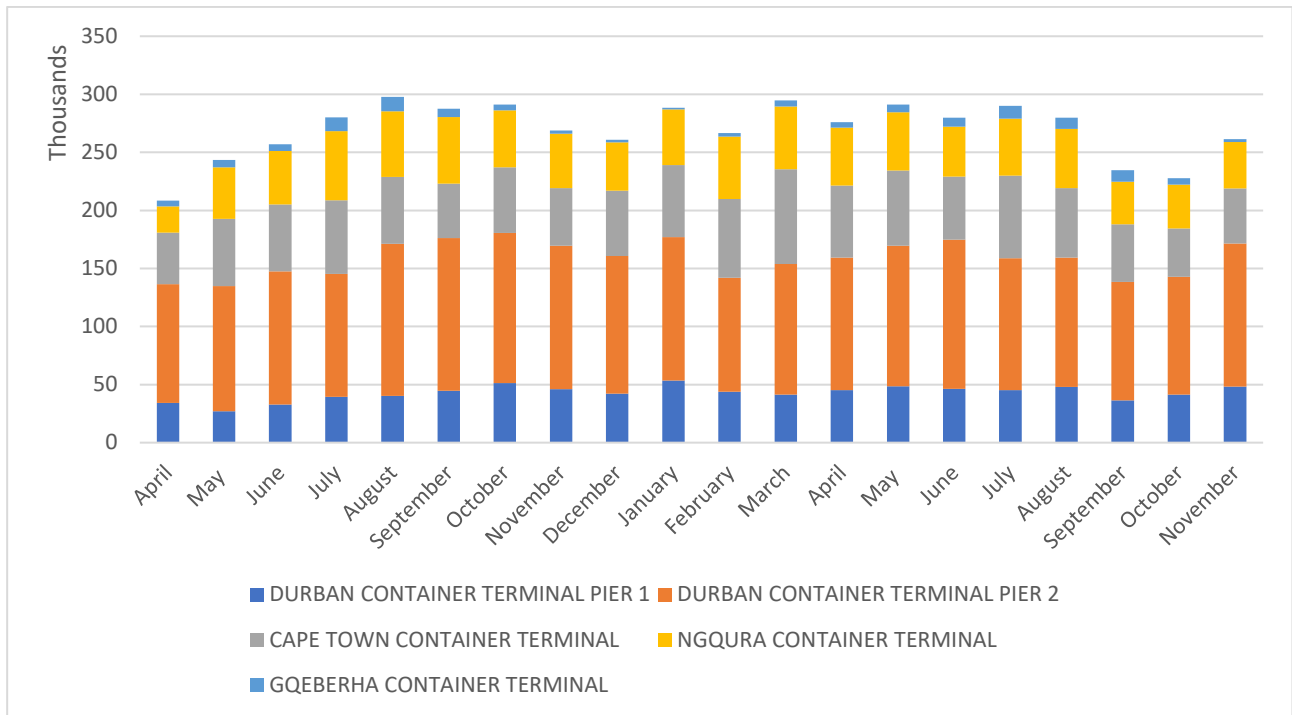
For a broad statistical picture, the figure below displays the rolling *monthly* average flow of total containerised cargo for our commercial ports since the start of the nationwide lockdown. After two relatively quiet months in September and October, the forecasted volume for November continues to trend upwards.

⁸ It remains important to note that a fair percentage (approximately 26%, according to the most recent TNPA figures for September) 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.

⁹ As notes above.

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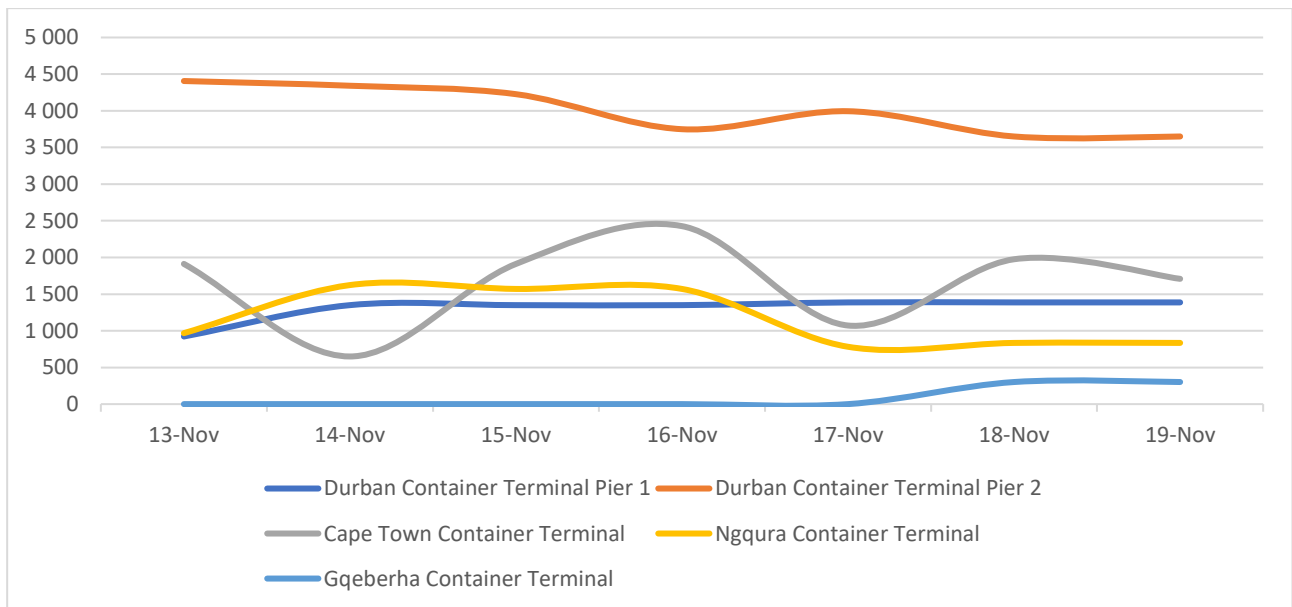
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from Transnet, 2021. Updated 19/11/2021.

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

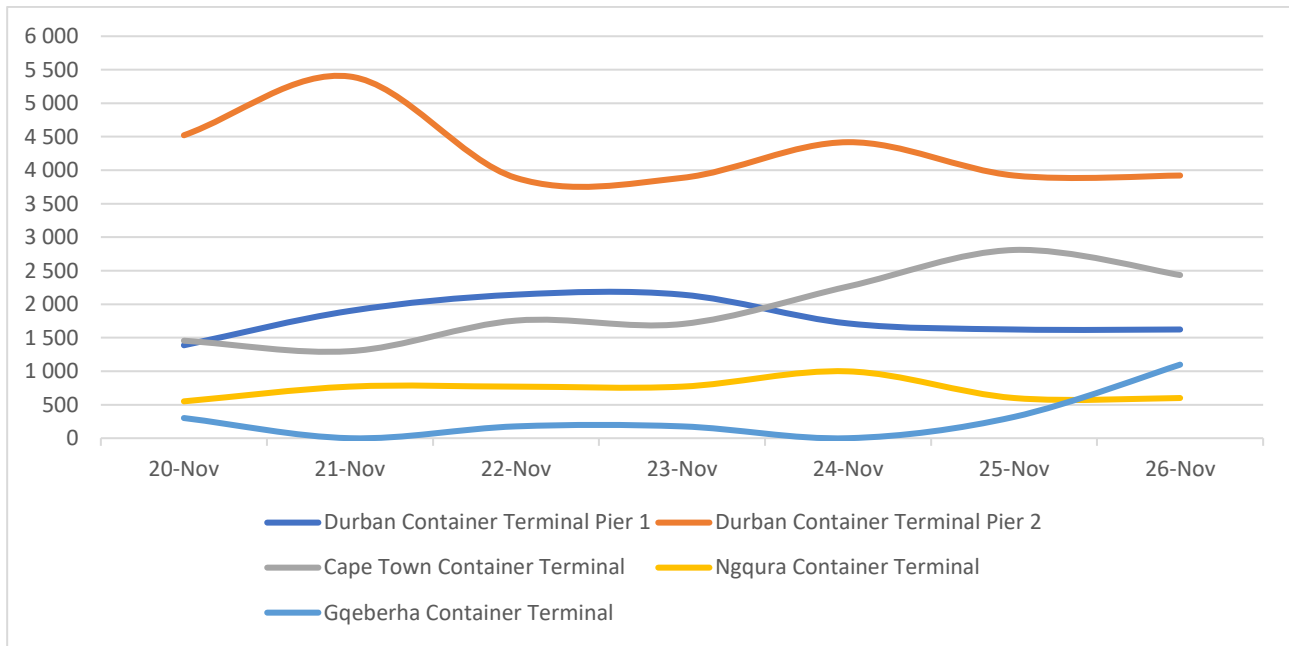
Figure 4 – 7-day flow reported for total cargo movement (13 to 19 November; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 19/11/2021.

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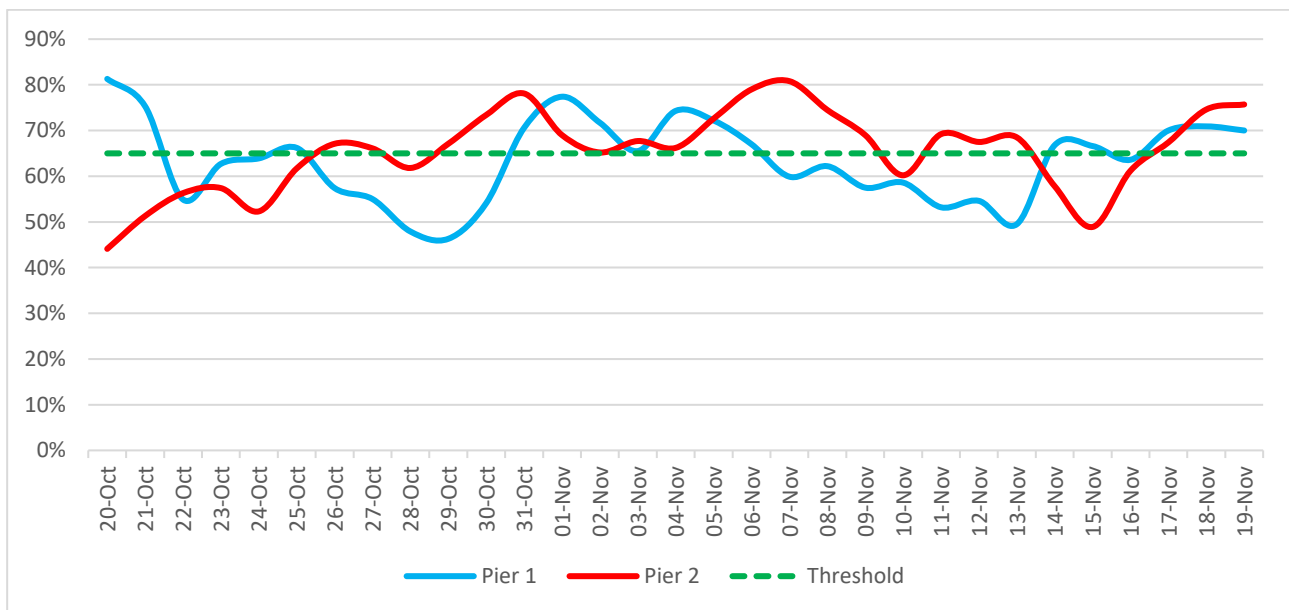
Figure 5 – 7-day flow reported for total cargo movement (20 to 26 November; per port; day on day)



Source: Calculated using data from [Transnet, 2021](#). Updated 19/11/2021.

The following figure shows daily stack occupancy in both Durban terminals since the start of October, with pressure on operational fluidity a constant feature of these reports over the last few months. For both piers, stack occupancy has significantly increased this week.

Figure 6 – Stack occupancy in DCT, general-purpose containers (20 October to present; per pier; day on day)



Source: Calculated using data from [Transnet, 2021](#). Updated 19/11/2021.

b. Summary of port operations

The following sections provide a more in-depth overview of the operational performance of our commercial ports over the last seven days.

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i. Weather delays

Cape Town experienced some rainy conditions on Wednesday. Strong SE winds started on Thursday, affecting waterside operations throughout Friday.

Durban was heavily affected by strong wind this past week. Tuesday morning saw waterside operations come to a standstill at Pier 2. On Wednesday morning, a warning was sent to all port users to prepare for very strong wind gusts and consequential interruptions throughout the day. Unfortunately, the situation only started improving on Thursday morning. Strong winds halted port operations again on Sunday. In addition, the Maydon Wharf terminal was constantly affected by rainy weather conditions halting the working of bulk vessels.

The port East London and the port of Port Elizabeth experienced fairly pleasant weather conditions this past week. Some strong winds were experienced on Wednesday but quickly subsided.

ii. Cape Town

Despite crane breakdowns, system failures, and strong winds, CTCT performed exceptionally well handling over 17 040 containers across the quay, and 288 containers railed to BELCON from 10 to 17 November. There was a substantial uptake in vessel arrivals for the week, handling over 28 arrivals and 30 sailings. Some good news was shared with port users in Cape Town MPT, with the second crane 400 under commission, and hoped to be operational when the next vessel is expected to berth on 24 November. According to TNPA, crane 550 is fully functional. This week, a challenge in terms of marine services was the crew's continued late arrival that consequently delayed the deployment of tugs to service vessels. On Monday, CTCT recorded handling 1 233 trucks with stack occupancy sitting at 39% capacity for general-purpose containers and 21% for reefers. Cape Town MPT recorded stack occupancy at a low of 7% for general-purpose containers, 6% for reefers, and 5% for empties, reflecting the lack of vessels at that terminal. Train imports were piling up excessively at Cape Town MPT due to a train stuck in Beaufort West. Over 24 000 tons in bulk rail volumes were reported on Friday.

iii. Durban

This week started with delays due to the system being offline in the early hours of Monday morning. On Tuesday, Pier 2 recorded 3 308 gate moves, with the TTT averaging around 100 minutes and staging time around 150 minutes. Stacks were sitting at 67% capacity. Pier 1 handled a total of 754 gate moves, recorded 118 wasted slots and 356 shifts, and stacks sitting at 70%. Pier 1 pleaded with the industry to help bring down the high number of unassigned containers sitting at 333 and 496 road stops. Throughout the week, waterside and landside operations at Durban Piers 1 and 2 and Maydon Wharf were severely disrupted due to bad weather conditions with gale-force winds recorded on Thursday.

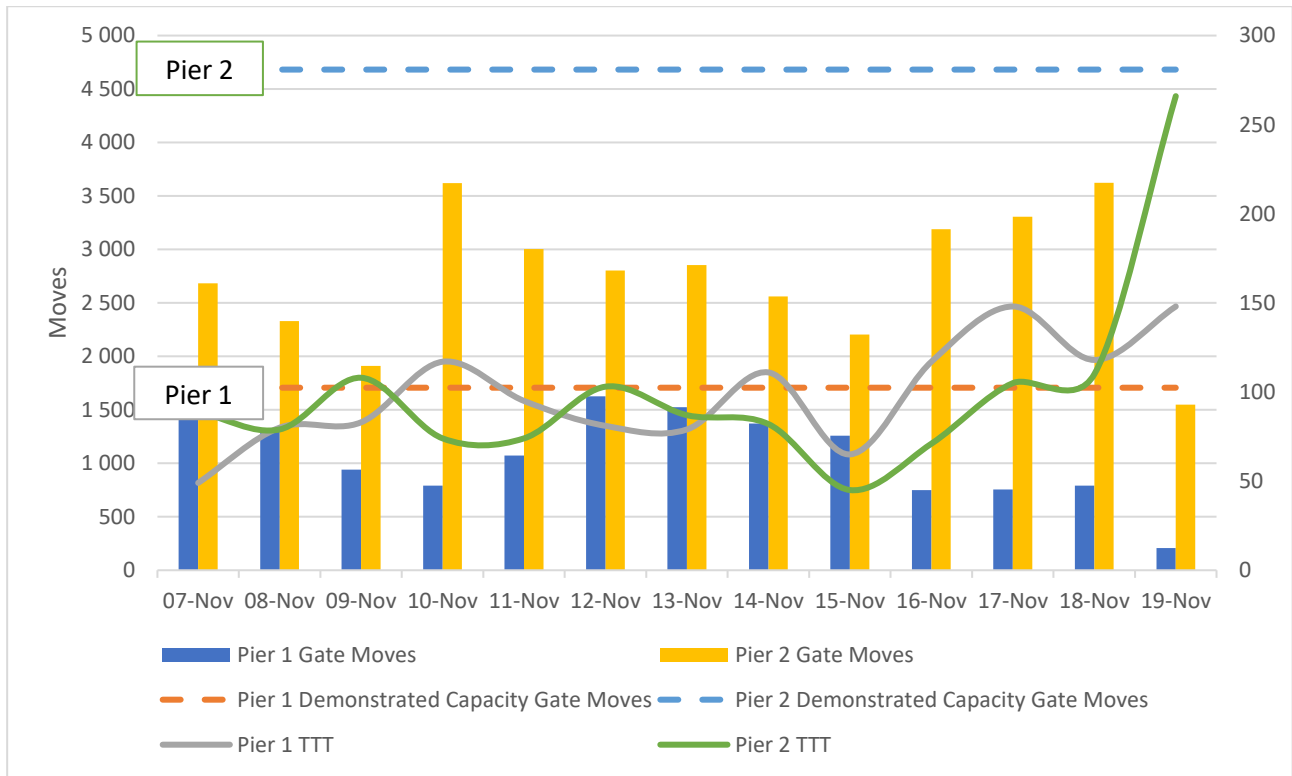
On Tuesday, Transnet advised port users that the ban on diving and angling activities has been lifted in most parts of the port except the Marina area after the severe sewage leak from the Mahatma Gandhi Sewage pump station a week ago. However, the combination of the cumbersome truck booking system and in-terminal poor productivity continues to cause severe concerns for the harbour carriers trucking industry in Durban. Over the past weekend, despite the port being on standby due to strong winds, TPT opened booking slots to be available over the weekend. Unfortunately, due to the port being windbound during most of the week, these slots were likely insufficient to accommodate available volumes. As a result, truckers were appealed not to book all the available bookings slots as soon as they became available, which led to increased wasted slots.

The following figure summarises port operations in Durban for the last two weeks, focusing on gate moves and time spent in the terminal. Pier 1 has come close to its demonstrated capacity during the previous two weeks, with Pier 2 not quite hitting full tilt. Moreover, a significant increase in truck turnaround time was noted at Pier 2 towards the end of the week. In summary, one can see the effect of the sudden system downtime and bad weather conditions on port productivity. On 15 November, when the system was temporarily down, there was

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a drop in the average TTT and gate moves. As the port started to experience bad weather at the end of the second week, the TTT deteriorated as the backlog began to pile up.

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



Source: Calculated using data from Transnet, 2021. Updated 19/11/2021.

iv. Eastern Cape ports

The ports of the Eastern Cape did not experience any adverse challenges this past week, apart from the system failure on Monday morning and some strong winds on Wednesday. At NCT, stack occupancy stood at 32.7% for general-purpose containers and 7% for reefers. The average TTT stood at 40 minutes handling 399 trucks. 2 out of the seven available cranes were out of commission due to technical issues. PECT handled only one vessel this week. Stacks stood at 27% for general-purpose containers and 0% for reefers on Monday.

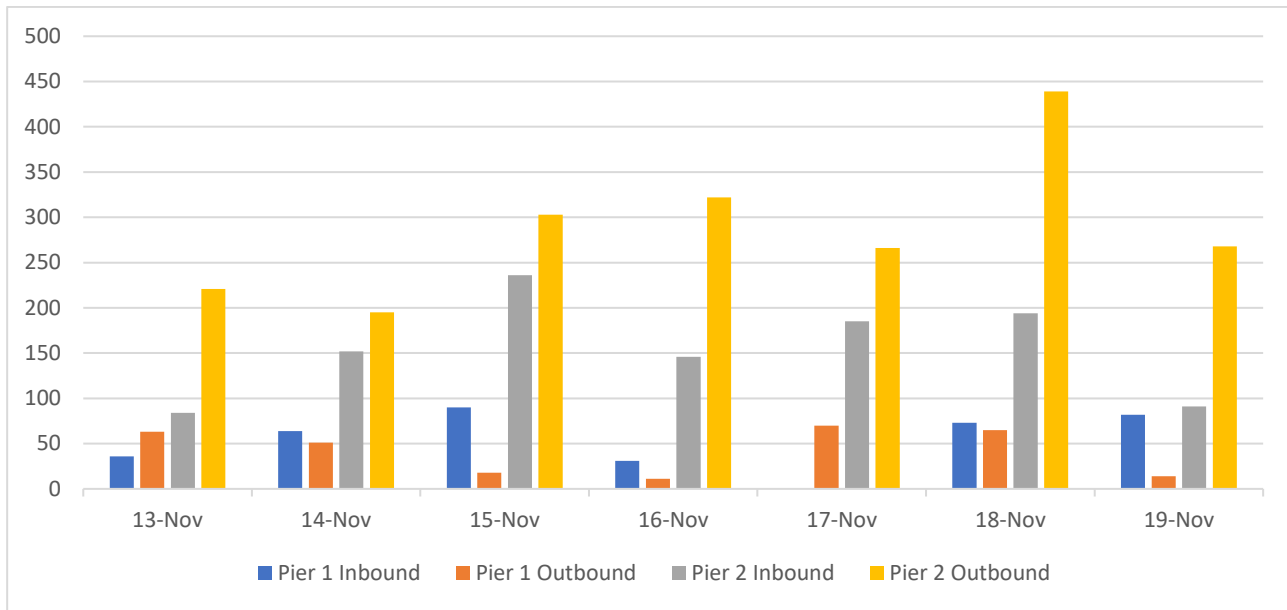
v. Transnet Freight Rail (TFR)

This week rail loading plans were adversely affected at Durban Piers 1 and 2 on Tuesday and Friday due to the strong winds experienced. Also, TFR created an opportunity for the private sector to use the Bayhead terminal for short-haul rail as an extension of the DCT stack. Transnet concluded a pilot exercise on this project last week, with two shipments from Maersk and MSC. Consequently, Transnet opened the facility to the industry.

The following figure graphically illustrates rail movements from Durban during the week, highlighting the significant increase after two lacklustre weeks.

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



Source: Calculated using data from Transnet, 2021. Updated 19/11/2021.

In the last week (13 to 19 November), rail cargo to be handled out of Durban was predicted at **3 770** containers, **↑58%** than the previous week's **2 383** containers. Rail cargo shows a significant increase as the shortage of wagons has been solved at DCT.

vi. General

TNPA has launched its new Operating Model (OM) to reposition South Africa in the global market and ensure growth and sustainability. As a revised strategy, the model seeks to address customer needs and facilitate trade on the African continent. Among the objectives is to improve Terminal Oversight, to enable a competitive environment for port users, and address backlog and lingering historical underspending on capital Infrastructure, equipment, and maintenance. More information on TNPA's new OM can be found on SAAFF's website.

On 12 November, TNPA sent a notification to all port users about the amendment to the TNPA Notice No.12, which has been discontinued immediate effect to align with the Department of Transport's (DOT) guidelines together with the SAMSA Marine Notice. As a result, vessels calling the Port of Durban will no longer be required to test the crews for Covid 19 whilst at anchorage. Vessels are, however, still required to adhere to the DOT regulations and the SAMSA Marine Notice. The directive also allows for shore leave; however, strict observance of the official curfew regulations at alert level 1 will be enforced. (1) Any shore leave must end at 23h00 each day while in port to allow for travel time to the vessel; (2) Planning should be such that the last crewmembers are on board by no later than 23h59.

Very strong winds were experienced at the port of Richards Bay on Thursday. Port users were informed accordingly and urged to advise Masters of vessels alongside to provide additional mooring lines for their vessels. Vessels at anchor were instructed to maintain proper anchor watch and keep a safe distance from each other. In addition, Transnet further updated customers on the preliminary construction activities expected inside the port of Richards Bay for the Edible Oil Pipeline this week. Port users were subsequently asked to anticipate an increase in traffic on port roads due to construction vehicles.

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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 8 November. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *November 2020* averaged **~763 104 kg** per day. For 2019, this average was **~995 427kg** per day, which is probably a more meaningful comparison.

Table 4 – International inbound and outbound cargo from OR Tambo

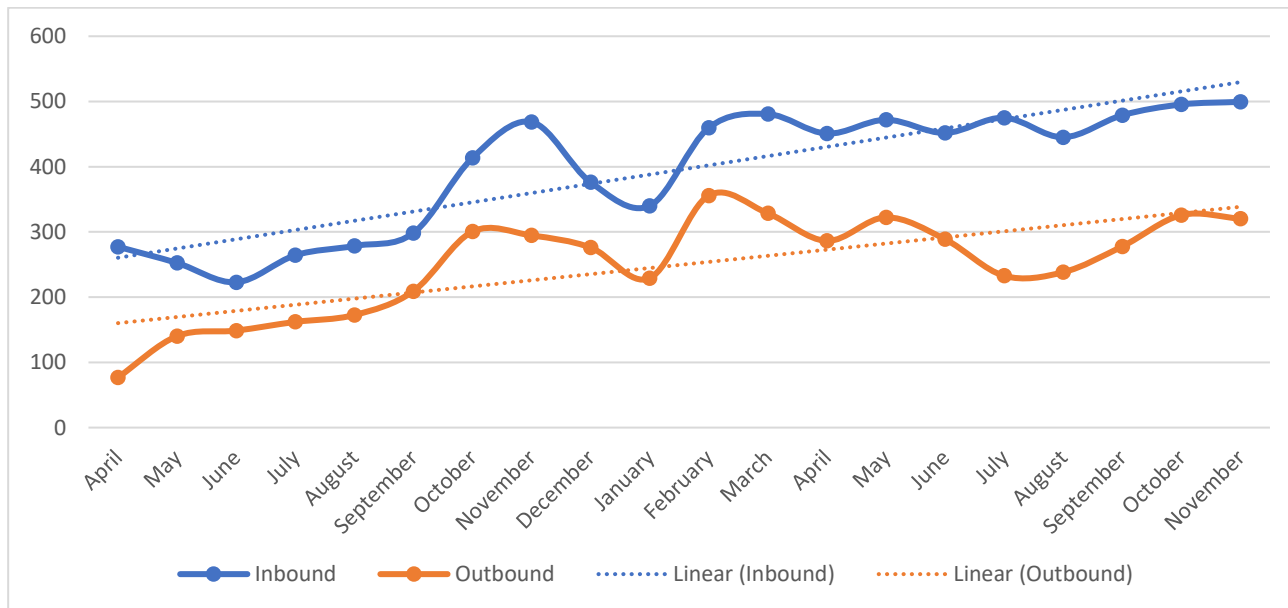
Flows	08-Nov	09-Nov	10-Nov	11-Nov	12-Nov	13-Nov	14-Nov
Volume inbound	454 560	446 143	464 771	393 787	360 847	344 274	841 610
Volume outbound	234 036	236 546	327 774	259 810	265 600	296 887	561 654
Total handled per day	688 596	682 689	792 545	653 597	626 447	641 161	1 403 264

Courtesy of ACOC. Updated: 15/11/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 8 November amounted to **472 285 kg** inbound and **311 758 kg** outbound. This amounts to an average of **784 758 kg** per day, or **~103%** compared to October 2020. Compared to pre-COVID-19 times, the level is currently at **~79%** compared with the same period in 2019.

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

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



Courtesy of ACOC. Updated: 15/11/2021.

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 *November 2020* was only **~73 698 kg¹⁰** per day.

¹⁰ For Cape Town, the figure corresponds to **38 570 kg** per day, and **4 883 kg** per day for Durban during the same period (November 2020).

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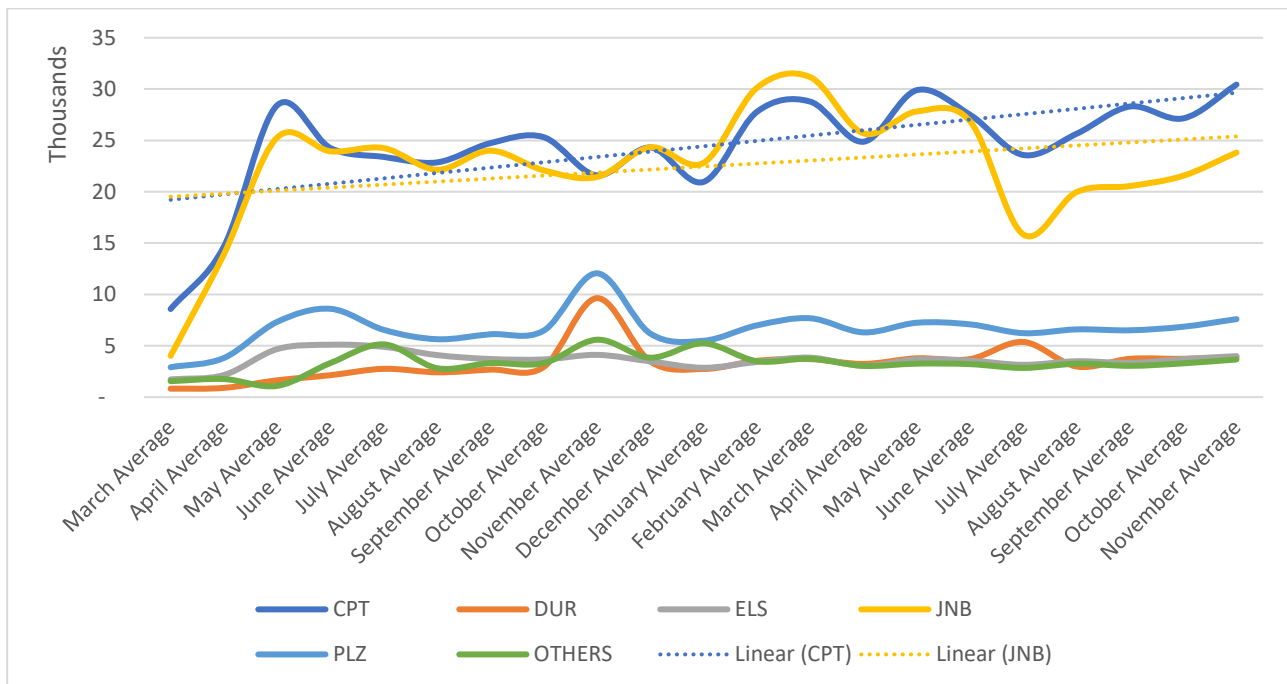
Table 5 – Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan Average	20 961	2 739	2 859	22 818	5 491	5 238	57 781
Feb Average	27 777	3 537	3 427	30 117	6 988	3 503	75 348
Mar Average	28 781	3 702	3 845	31 166	7 680	3 740	78 914
Apr Average	24 875	3 234	3 058	25 694	6 306	3 046	66 213
May Average	29 891	3 781	3 669	27 817	7 245	3 261	75 664
Jun Average	27 498	3 706	3 556	26 873	7 086	3 213	71 932
Jul Average	23 583	5 374	3 144	15 839	6 229	2 844	57 013
Aug Average	25 649	2 983	3 495	19 973	6 597	3 256	61 953
Sep Average	28 301	3 730	3 332	20 554	6 509	3 048	63 650
Oct Average	27 145	3 731	3 703	21 559	6 854	3 291	66 284
08-Nov-21	48 723	6 978	6 749	33 247	10 874	4 897	111 468
09-Nov-21	44 911	4 983	6 410	27 664	9 517	6 444	99 928
10-Nov-21	44 878	6 563	7 149	33 930	13 610	5 721	111 851
11-Nov-21	52 107	4 196	6 428	30 411	11 098	5 971	110 212
12-Nov-21	21 281	4 608	4 342	28 297	7 163	3 451	69 142
13-Nov-21	2 293	1 781	602	4 681	759	159	10 275
14-Nov-21	3 879	598	501	956	979	686	7 599
15-Nov-21	55 771	5 027	5 806	40 224	10 811	4 753	122 391
Grand Totals	8 490 935	1 173 493	1 102 590	7 744 208	2 161 422	1 035 524	21 708 172

Courtesy of BAC. Updated: 11/11/2021.

Currently, the average domestic air cargo moved in the last week was **~75 914 kg** per day, which is **↓5%** compared with the previous week and **~103%** compared to November 2020. The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster.

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



Courtesy of BAC. Updated 18/11/2021.

3. Road and Regional Update

a. Cross-border and road freight delays

The following events have caused some delays on our roads and in and around the SADC region this week:

- From South Africa's point of view, there was only one border closure in the week. The Lebombo border post was closed on Wednesday (17 November) but was restored to operation again after a power failure. Besides this incident, no other land border disruptions resulted in gate closures. However, traders are always urged to stay abreast of border post communications on the SARS Customs and Excise [website](#).

Apart from these developments, investigations continue into cross-border delays experienced at several other SADC border posts in the sub-region. However, unfortunately, we do not have an update for this week. Consequently, we will provide an update in next week's report.

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 maritime economy, (c) the global container and dry bulk industry, and (d) the global aviation industry.

a. Global economy

On Tuesday, 16 November, the World Trade Organisation (WTO) released its annual "World Trade Report" for 2021, subtitled "Economic resilience and trade"¹¹. The report shows why the interconnected global trading system is both vulnerable and resilient to crises and how trade can help countries be more economically resilient to shocks. Indeed, international trade has been more resilient during the COVID-19 pandemic than during the 2008-09 global financial crisis, as the following figure shows:

Figure 11 – Global trade (US\$ billions, since 2005)



Source: [WTO](#)

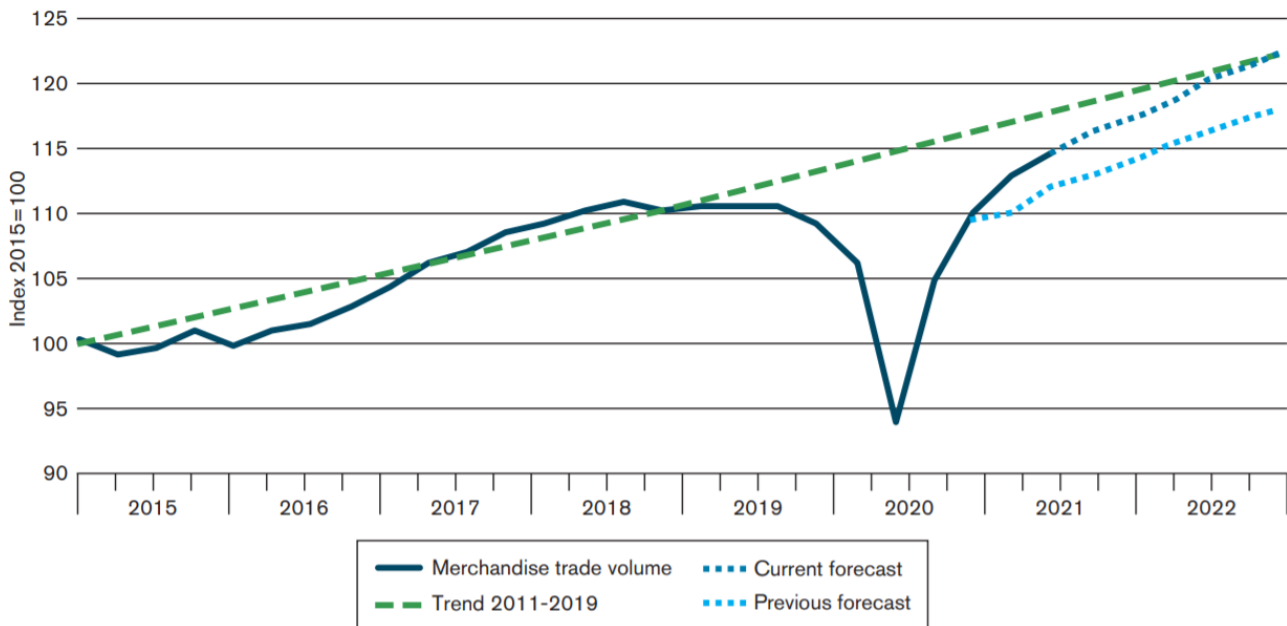
Although the strong rebound, the COVID-19 pandemic highlights a paradox: globalisation has created a more vulnerable world and more resilience to crises. On the one hand, economic integration makes us more dependent on far-flung trade networks and more exposed to cascading risks and shocks. On the other hand, economic integration also allows us to diversify suppliers, pool resources, and share information and expertise. While the unexpectedly sharp rebound in demand in many countries – propelled by pent-up consumer spending and fiscal and monetary stimuli – may have strained shipping capacity and supply chains, the trade recovery

¹¹ WTO. 16/11/2021. [World Trade Report: Economic resilience and trade](#).

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has rapidly gathered pace. Following a drop of $\downarrow 5,3\%$ in 2020, it is estimated that merchandise trade will rise by $\uparrow 10,8\%$ in 2021.

Figure 12 – World merchandise trade volume (Index 2015 = 100, 2015Q1-2022Q4)



Source: [WTO](#)

As shown above, the WTO predicts a return to the 2011-2019 trend levels if global trade continues its current forecast. The projection results in a higher volume of world trade than before the pandemic by the end of 2022. In addition, the WTO notes that even services trade, which was disproportionately devastated by COVID-19, is showing tentative signs of recovery. Lastly, as mentioned previously, the growth of global e-commerce retail sales accelerated during the COVID-19 pandemic. The figures for 2020 show a $\sim\uparrow 28\%$ growth from 2019, with forecasts showing the trend to continue in 2021. With stores closing and people staying indoors, consumers have embraced online shopping on a massive scale in almost every region, as they have in South Africa. Obviously, there is a downside in terms of business closures and job losses in traditional businesses.

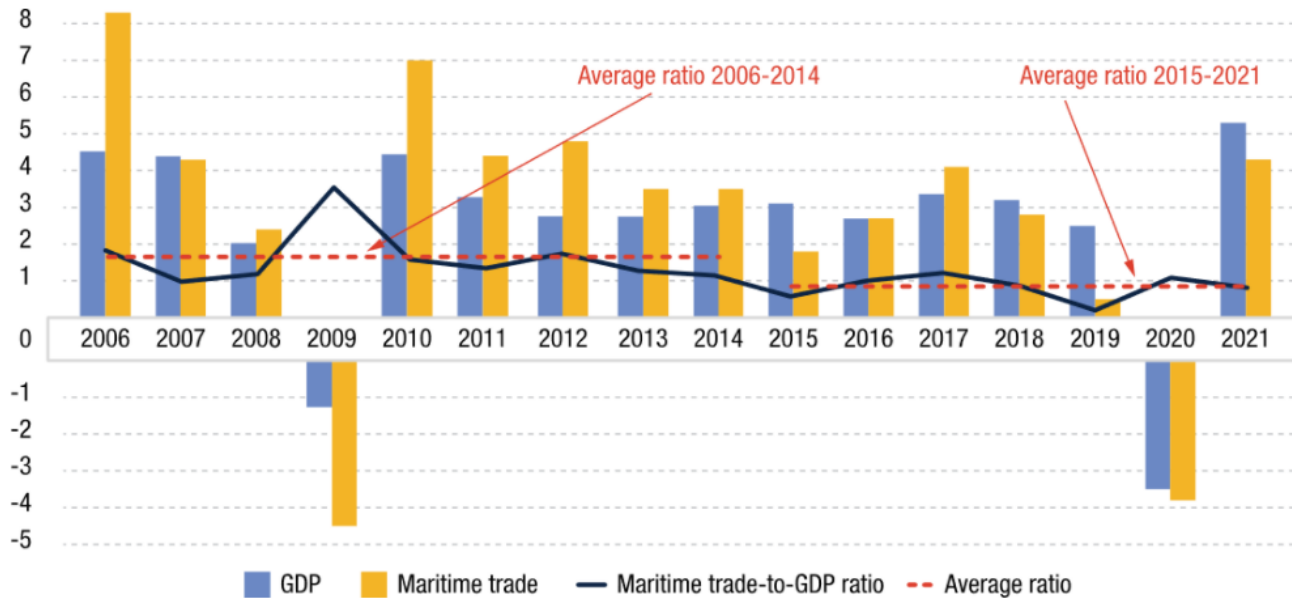
b. Global maritime economy

On Thursday, 18 November, the United Nations Conference for Trade and Development (UNCTAD) released their annual "Review of Maritime Transport" for 2021¹². As was widely experienced, the report shows that maritime trade contracted by $\downarrow 3,8\%$ in 2020, reflecting an initial shock, but it rebounded later in the year. As a result, the industry is projected to increase by $\uparrow 4,3\%$ in 2021, and the medium-term outlook for maritime trade remains positive but subject to "mounting risks and uncertainties". These are listed as the unprecedented pressures in global supply chains, dramatic spikes in freight rates, significant price rises on the horizon for consumers and importers and potential shifts in trade patterns. The following figure shows the relationship between global maritime trade and world GDP over the last 15 years.

¹² UNCTAD. 18/11/2021. [Review of Maritime Transport 2021](#).

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Figure 13 – International maritime trade, world gross domestic product (GDP), and maritime trade-to-GDP ratio (2006 to 2021)



Source: [UNCTAD](#)

UNCTAD notes that the recovery in maritime trade would have been more substantial had it not been for supply chain bottlenecks hindering trade. However, UNCTAD also warns that if the current surge in container freight rates continues, there will be a significant increase in import and consumer prices. UNCTAD's analysis predicts that global import price levels will increase by **11%** because of the freight rate increases. Still, small island developing states that primarily depend on maritime transport for their imports could face up to 24% increases. However, if container freight rates remain at their current high levels, global consumer prices are projected to be **1,5%** higher in 2023 than they otherwise would have been.

Despite some negative trends, the report states that the pandemic has also had a positive impact on accelerated megatrends that could transform maritime transport in the longer term. It has catalysed digitalization and automation, which should deliver efficiency and cost savings. However, the shipping industry is also coming to grips with climate adaptation and resilience. The urgent need to decarbonize and find alternative fuels to reduce emissions will inevitably come at a cost, says UNCTAD. In summary, UNCTAD predicts that annual growth in maritime trade between 2022 and 2026 will slow to **↑2,4%**, compared to **↑2,9** over the past two decades

c. Global container and dry bulk industry

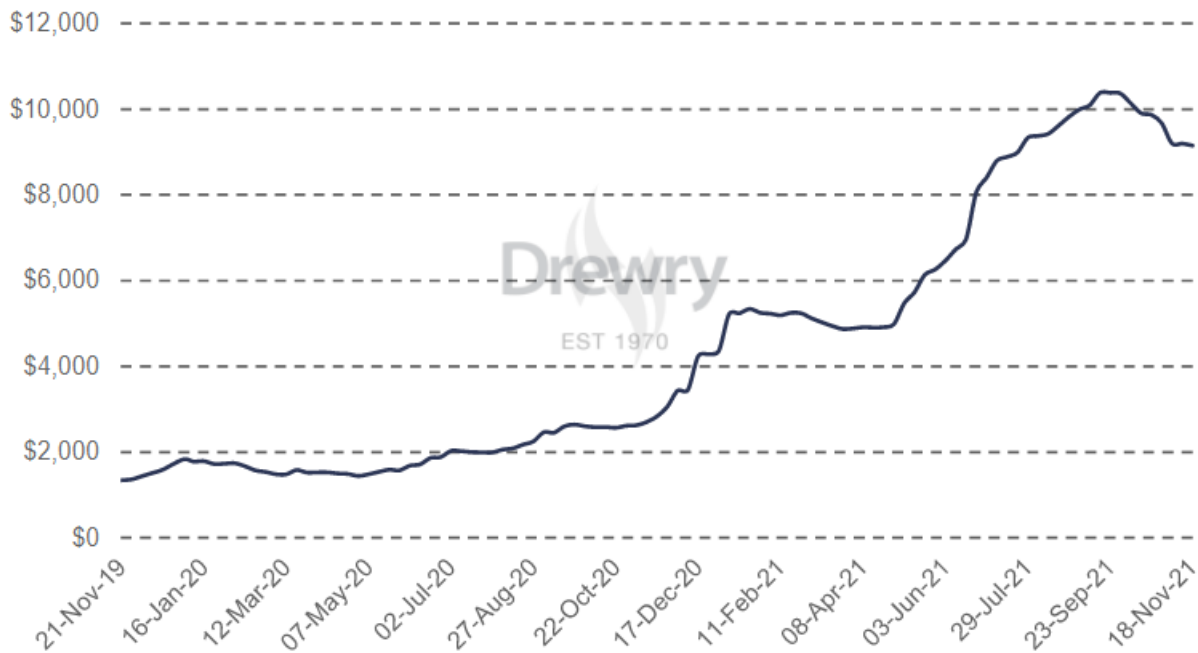
i. Global container freight rates

There was another slight decrease in container freight rate this week, as Drewry's "World Container Index" (WCI) composite index remained dropped by **↓0,5%** (or **\$47**) to **\$9 146** per 40-ft container¹³. However, most major trade lanes remained steady, as shippers anxiously wait for some significant moderation in rates. The following figure summarises the two-year spot prices.

¹³ Drewry Supply Chain Advisors. 18/11/2021. [World Container Index](#).

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



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

Despite the slight decrease once again, the average composite index still stands at an enormous **↑238%** higher than it was at the same time last year. Also, the y/t/d average composite index of the WCI remains highly elevated, currently at **\$7 374** (up by **\$39** this week) per 40ft container, which is **\$4 724** higher than the five-year average of **\$2 650**. On the eight major East-West trades routes, all routes remained within a range of **~3%** of last week's spot rate. As a result, Drewry expects rates to stay steady in the coming week, with an incremental decrease the most likely outcome. Nevertheless, a sustained reduction could take 18-30 months, reports Sea-Intelligence for the longer term.

ii. Further developments of note

Apart from the overview provided above, some additional notable developments occurred this week:

1. Maersk and Grindrod will merge South African container operations:

- After merging Safmarine into its main brand, Maersk is expanding its presence in southern Africa again. A deal with Grindrod will see the two firms merge their logistics operations¹⁴.
- With Maersk taking a 51% stake and Grindrod 49%, the proposed deal will see Grindrod Intermodal and its feeder shipping operation, Ocean Africa Container Lines, merge with Maersk's Southern African ocean services¹⁵.
- According to the eeSea liner database, Ocean Africa Container Lines operates four 1 100 TEU vessels across two services. These include a regional loop connecting Mozambique to Namibia via South Africa's ports, in which Maersk is slot charterer controlling 20% of the capacity, and a standard feeder service between Port Elizabeth, Coega, and East London.

2. Global congestion:

- The 2M Alliance is to reinstate its AE7/Condor loop call at Hamburg this month, despite announcing the port would be omitted until next year. However, the built-up congestion in the UK is set to continue, so the service will continue to skip its Felixstowe call until further notice.

¹⁴ Baker, J. 16/11/2021. [Maersk boosts southern Africa logistics links](#).

¹⁵ Van Marle, G. 16/11/2021. [Maersk and Grindrod JV will merge South African container operations](#).

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Maersk said the decision to omit Felixstowe was due to "exceptional waiting times" at the port and "the current supply chain bottlenecks in the UK"¹⁶.

- b. 53 container ships were awaiting berth on Friday on the US East Coast, as US congestion persists¹⁷. Fortunately, the immediate outlook has improved, as the Ports of Long Beach and Los Angeles said they had seen a combined 26% decline in cargo dwell times on the docks since the introduction of the Container Dwell Fee¹⁸. The programme was set up by the port authorities and the US government to alleviate the severe logistics logjam better by discouraging the use of containers as storage units.
- c. Lastly, we can expect the continued wave of congestion to continue through the end of the year and well into 2022, according to Global Shippers Forum (GSF)¹⁹. Once again, there have been calls made to move to 24-hour supply chain operations to clear backlogs. The Hapag-Lloyd CEO has said that carriers have done all they can to add capacity and equipment. However, the delays now are being caused by inefficiencies in landside operations²⁰.

3. The dry bulk market is expected to remain high in 2022:

- a. Following in the footsteps of the containerised market, the dry bulk market is expected to grow by **↑4,3%** in 2021, according to the latest analysis by Drewry²¹. The primary mover has been the increase in grain trade, up by **↑6,5%** in 2021.
- b. Furthermore, the orderbook currently stands at **5,5%** of the current fleet capacity, as the industry is set to continue its charge.

This week also includes further record profits (COSCO recording a nine-month net profit up 1 650%²²) and rescheduling to decrease cost and miss severely congested ports (Hapag-Lloyd cutting soaring network costs by using fewer hub ports²³).

d. Global aviation industry

On Thursday, 18 November, the International Air Transport Association (IATA) released its latest monthly "State of the Region: Africa & Middle East"²⁴, which sees a continuation of the current narrative. For the latest analysis, the period of stability at high air cargo volumes continued in September, with industry-wide cargo tonne-kilometres (CTKs) growing by **↑9,1%** compared to September 2019. African air routes reported the fastest CTG growth for the ninth consecutive month, at **↑32,8%** compared to pre-crisis 2019 levels. Middle Eastern carriers also performed strongly, with cargo volumes rising by **↑17,6%** versus 2019. The following figure demonstrates:

¹⁶ Wackett, M. 15/11/2021. [2M reinstates AE7/Condor Hamburg call, but no Xmas cheer for UK importers.](#)

¹⁷ Marine Traffic. 19/11/2021. [Port of Los Angeles.](#)

¹⁸ Shen, C. 16/11/2021. [California ports delay dwell fee on improved container flows.](#)

¹⁹ Container News. 16/11/2021. ["Congestion is not just for Christmas," says Global Shippers Forum.](#)

²⁰ Baker, J. 12/11/2021. [Hapag-Lloyd's Habben Jansen calls for round-the-clock delivery to clear backlogs.](#)

²¹ Sharan, R. 17/11/2021. [Dry bulk market expected to remain high in 2022.](#)

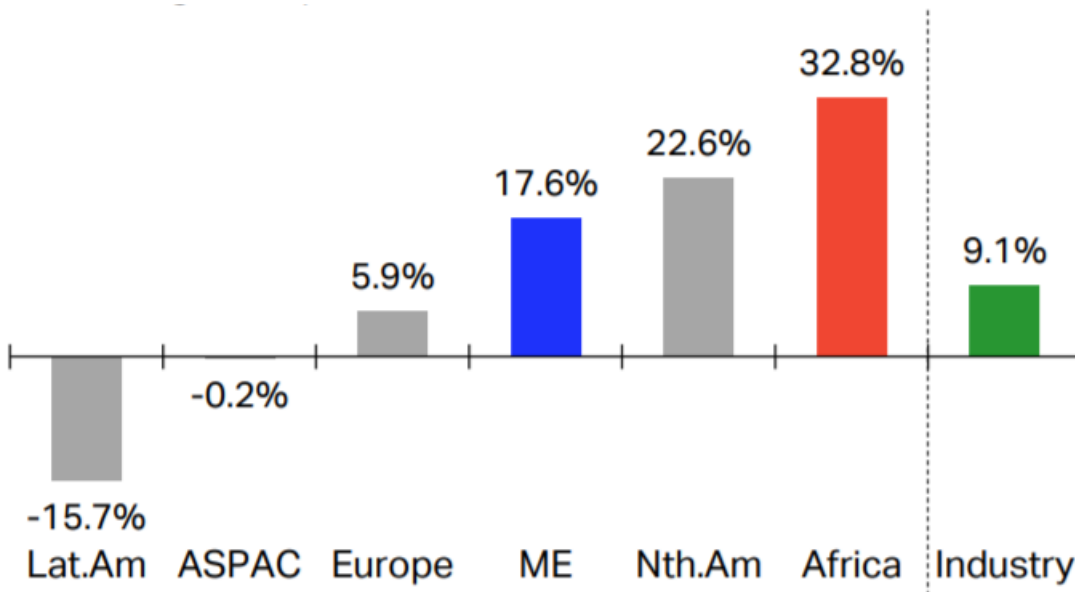
²² Li, M. 17/11/2021. [Cosco nine-month net profit up 1,650% on back of soaring volumes and rates.](#)

²³ Wackett, M. 18/11/2021. [Hapag-Lloyd bids to cut soaring network costs by using fewer hub ports.](#)

²⁴ IATA. 18/11/2021. [State of the Region: Africa & Middle East.](#)

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Figure 15 – Growth in cargo volumes, by region (CTKs, % change versus September 2019)



Source: [IATA Economics](#)

In the passenger market, air travel picked up in September but remained well below pre-crisis levels. Industry-wide revenue passenger kilometres (RPKs) fell by **↓53,4%** compared with September 2019, versus a **↓56,1%** contraction in August. Regionally, Middle Eastern airlines reported a **↓65,9%** RPK decline, while African carriers posted a **↓61,4%** contraction for the same period. Nevertheless, Middle East–North America has been the most resilient amongst the key regional markets, recording passenger traffic at **~68%** of pre-crisis levels in September. Lastly, as passenger flights have continued to return, capacity and cargo load factor has followed suit. Cargo capacity also improved in September – industry-wide available CTAs fell by **↓8,9%** in September, after a **↓12,7%** fall in August. Middle Eastern airlines reported cargo capacity down **↓4,1%**, while African airlines continued to outperform the rest, with ACTAs up nearly **↑5%**.

In other aviation news, DHL Express launched its new carrier, DHL Air Austria, which plans a fleet of 18 757 aircraft and has created 54 jobs at the Vienna airport²⁵. Furthermore, Challenge Group, owner of CAL Cargo Airlines, has applied for a Maltese AOC for a new airline to become part of its Challenge Air Cargo arm, which currently comprises a charter broker and GSA. Lastly, last week, Emirates Sky Cargo said that it would bring two new 777Fs into its fleet in April and June next year²⁶. Also, Emirates will convert four of its 777-300ERs into freighters between 2023 and 2024, again with IAI. The news has been welcomed, as severe congestion across major airports is currently hampering air cargo volumes. As a result, dynamic w/w global load factors fell 1.5% in the week to 10 November, according to the latest research from Clive Data Services²⁷.

²⁵ Lennane, A. 15/11/2021. [New airlines, new aircraft and new contracts – a busy time for air cargo.](#)

²⁶ Brett, D. 15/11/2021. [Emirates Skycargo to expand freighter fleet with \\$1bn investment.](#)

²⁷ Lannane, A. 15/11/2021. [Congestion hits air cargo flows – 'not seen things this bad in 25 years'.](#)