

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

**Date: 26 November 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)	16 517	21 950	<b>38 467</b>	21 787	33 010	<b>54 797</b>	<b>↓30%</b>
Air Cargo (tons)	4 837	3 441	<b>8 278</b>	4 723	3 118	<b>7 841</b>	<b>↑6%</b>

## Monthly Snapshot

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

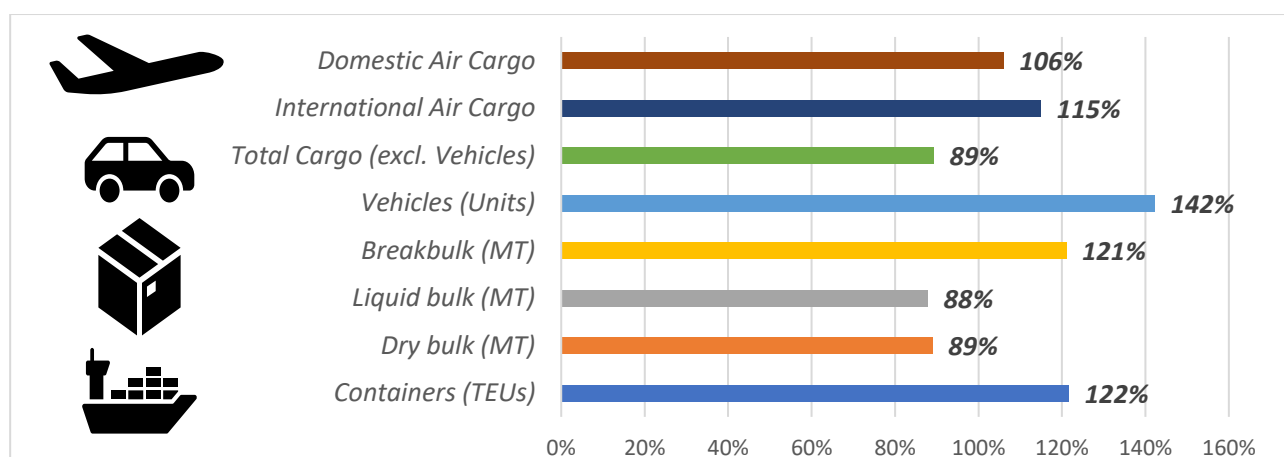


Figure 2 – Global year-to-date flows 2019-2021<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- A very low average of **~5 495 TEUs** was handled per day, with **~9 672 TEUs** projected for next week.
- Rail cargo handled out of Durban amounted to **5 062 containers**, **↑34%** compared to last week.
- Local freight transport (in volume) increased y/y by **↑3,3%** in September 2021.
- This week, cross-border queue times are **↓0,1 hrs**, with transit times **↓0,5 hrs** (see [below](#)).
- The "WCI" remained steady this week, with spot freight rates **↑0,4%** (or **\$40**) to **\$9 186** per 40-ft.
- IATA notes that the global and regional capacity and cargo load factor has improved in September.
- The WTO "Goods Barometer" shows that global merchandise trade is slowing at **99,5** (index = 100).

<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 66<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. For Air: Oct versus Oct, for the rest of the metrics: Sept versus Sept.

<sup>5</sup> 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 66<sup>th</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Unfortunately, the bulk of the news at the end of the week revolved around the discovery of a new COVID-19 variant – Omicron. As expected, there was another alarming increase in the week's newly reported COVID-19 infections, averaging about **1 040** per day and rapidly climbing (**↑189%** from last week's average of **360**). In total, the number of cases recorded in the country now stands at **2,95 million**<sup>6</sup>, with the death toll at **89 771** (up by **216**). Globally, COVID-19 infections total more than **261 million**, with the death toll passing **5,2 million** this week. On the vaccination front, **7,85 billion** vaccine doses have now been administered worldwide<sup>7</sup>. For South Africa, this figure stands at **~25,2 million**, with a daily average of **~112 000** doses administered in the past week.

Operationally, our ports registered dismal numbers concerning container throughput this week. It was a challenging week in Durban, as strong winds and rainstorms affected both waterside and landside performance. The bunching of vessels further exalted the situation, filling up stacks and affecting the port's ability to service trucks. This week, the Maydon Wharf terminal received some negative exposure, with grain exporters complaining about no service for vessels and incoming trucks. One vessel waited for more than a month at berth to be serviced. According to industry stakeholders, recurring equipment breakdowns and unreliable existing equipment were the main reasons for these delays. In addition, Transnet asked grain exporters not to ship any additional incoming grain to the terminal, severely disrupting the industry's supply chain. Some positive news comes from the much-awaited cruise season that recently kicked off in November. Temporary power outages planned by uMhlathuze Municipality on 2 December and again on 6 December are expected to put additional strain on various terminals at Richards Bay port.

The latest land transport survey was published by Stats SA in the week, as the current seasonally adjusted payload split remains at 21/79 in favour of road. It was encouraging to see various stakeholders making enthusiastic and determined efforts to get the rail industry running at full throttle once more, despite the ongoing issues of cable theft and other operational challenges. The increased possibility of third-party concessions is also encouraging. The cross-border road transport segment continues to enjoy much-improved land border crossing times – good news for the regional economy, with further detail, provided [below](#), mainly revolving around Beitbridge and alternative routes through Kazungula. Unfortunately, it seems that the rampant spread of the newest COVID-19 variant is set to disrupt future trade, as further stringent border regulations can be expected.

The WTO notes how goods trade continues to drive international trade with its latest "Goods Barometer" in the global economy, although recovery speed has slowed. In further encouraging news – especially considering the development around variants – several international institutions have now come together to develop a "*COVID-19 Vaccine Trade Tracker*" to provide greater transparency on the cross-border movement of COVID-19 vaccines.

In the global container market, taking a long-term view, the global trend towards increased container vessel sizes still seems to be on the increase. These developments could make for alarming news for South African ports, especially considering the lack of capital investment in the last decade needed to adjust to the draft requirements of these vessels when they enter service. On the other hand, a school of thought maintains that the introduction of these mega-carriers was primarily responsible for the prolonged loss-making by the major carriers, from which they have only now (spectacularly) recovered. Other significant developments include **(1)**

<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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blocking of vessel data sharing in Chinese waters, **(2)** an update on US West Coast congestion, and **(3)** a continuation of the profit bonanza in liner shipping (see the detailed summary [below](#)).

South Africa's international (**↑6%**) and domestic (**↑2%**) air cargo sectors registered some volume increases this week in the air cargo industry. However, operationally, the status quo remains, despite further discussions between ACSA and the private sector. Also, parts of King Shaka International Airport were temporarily closed on Thursday due to an emergency response simulation exercise. According to a statement released by Airports Company South Africa (ACSA), the mandatory licensing emergency training exercise was to take place between 10 am and 2 pm.

Internationally, the global and regional capacity and cargo load factor has improved in September. This is expected to continue, despite the looming reduction in passenger flights as the world once again deals with a mutation of the virus. In other aviation news, there has been a continuation of a rise in airfreight rates into the US, with rates out of Shanghai up more than 14% in the past week. Further increases are expected, with some airlines following the profit bonanza currently experienced in liner shipping.

In conclusion, our attention once again focuses almost exclusively on the pandemic and the ensuing implications of impending regulation changes. The newly identified variant is set to disrupt our daily lives further and will undoubtedly impact our trading environment, with border closures, flight cancellations, and cancelled sailings being just a few of the inevitable consequences. We can only reiterate the sentiment so often conveyed in these reports that the extended supply chain is like a living organism that needs to be fed and cannot be turned off by a switch. Cargo and people need to keep moving – irrespective of any new proposed regulations and shift of humanitarian focus.

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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 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 20 to 26 November<sup>8</sup>

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:	4 224	4 000
DURBAN CONTAINER TERMINAL PIER 2:	8 009	11 710
CAPE TOWN CONTAINER TERMINAL:	2 461	2 544
NGQURA CONTAINER TERMINAL:	1 391	3 315
GQEBERHA CONTAINER TERMINAL:	432	381
<b>TOTAL:</b>	<b>16 517</b>	<b>21 950</b>

Source: Transnet, 2021. Updated 26/11/2021.

Table 3 – Container Ports – Weekly flow reported for 27 November to 3 December<sup>9</sup>

7-day flow forecast (27/11/2021 – 03/12/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 574	6 000
DURBAN CONTAINER TERMINAL PIER 2:	14 527	16 854
CAPE TOWN CONTAINER TERMINAL:	7 562	8 220
NGQURA CONTAINER TERMINAL:	2 606	4 103
GQEBERHA CONTAINER TERMINAL:	479	778
<b>TOTAL:</b>	<b>31 748</b>	<b>35 955</b>

Source: Transnet, 2021. Updated 26/11/2021.

A very low average of ~5 495 TEUs (↓30%) was handled per day for the last week (20 – 26 November, Table 2), with a noticeably increased average of around ~9 672 TEUs (↑76%) projected to be handled next week (27 November to 3 December, Table 3). But it should be noted that forward predictions have been shown to be woefully inaccurate in the past. In summary, the low recorded numbers confirm that it was indeed a challenging operational week nationally. In addition, the weather, equipment, and bunching of vessels all played their part in the inefficient flow of merchandise trade in and out of our ports (see a more detailed breakdown per port [below](#)).

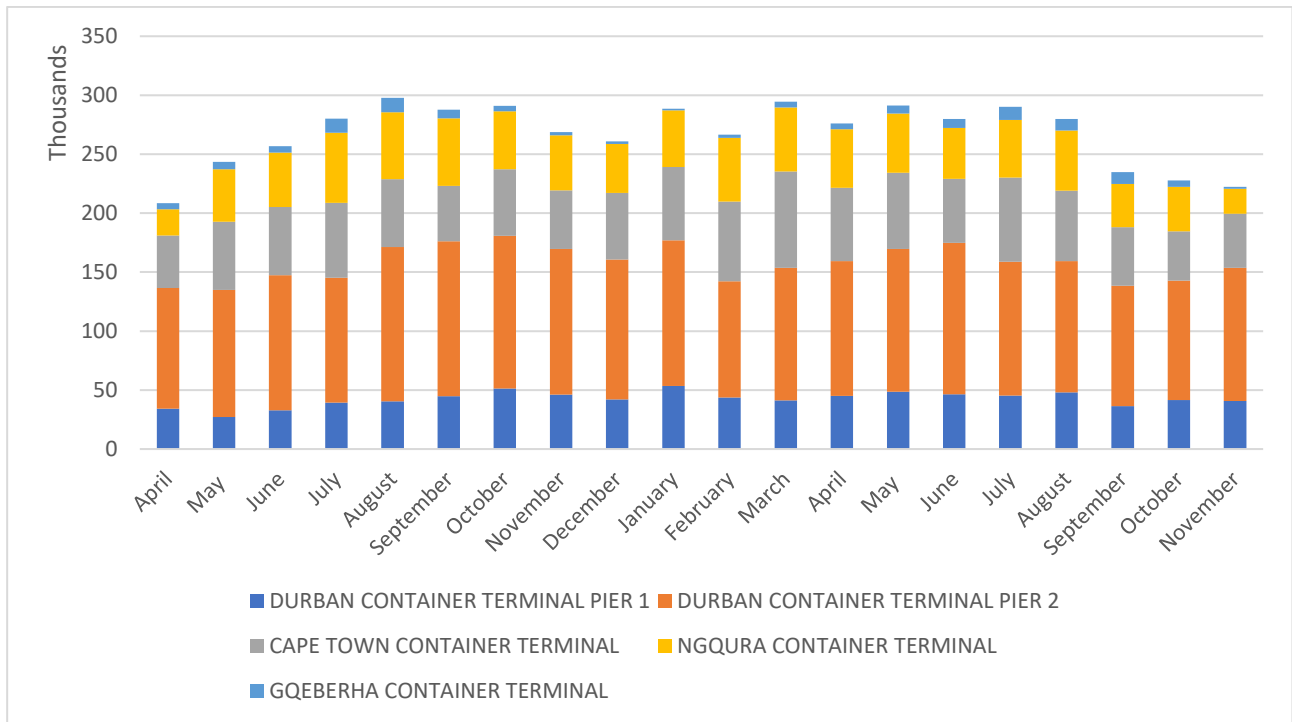
For a broad statistical picture, the figure below displays the rolling *monthly* average flow of total containerised cargo for our commercial ports since the start of the nationwide lockdown.

<sup>8</sup> 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.

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

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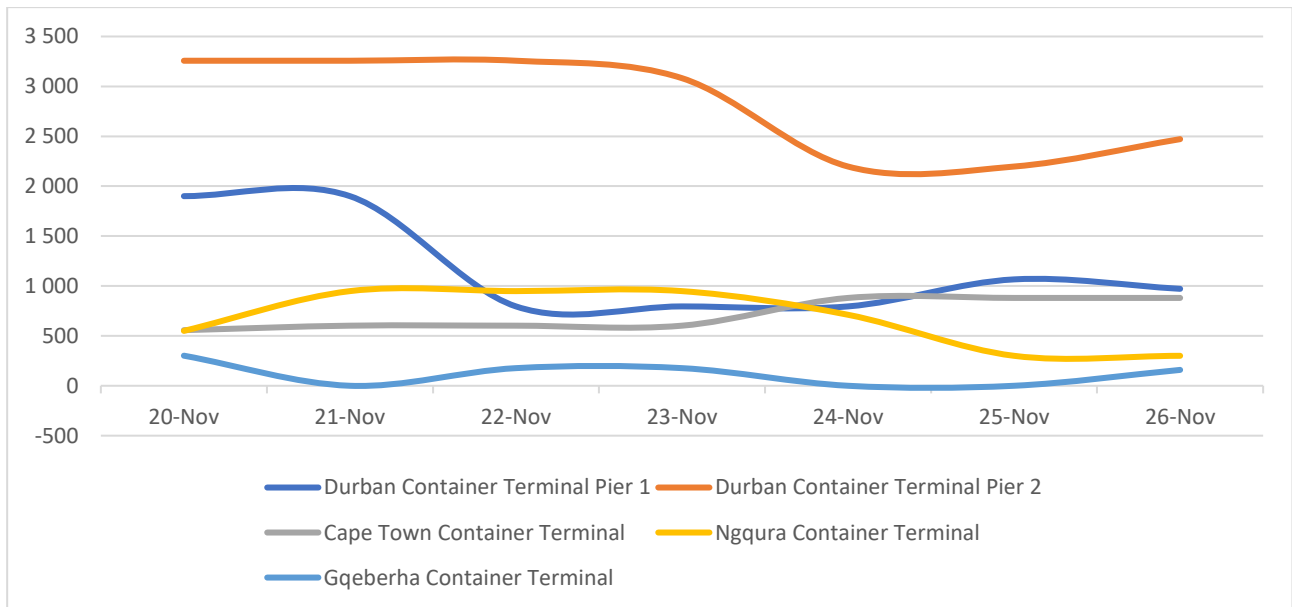
**Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)**



Source: Calculated using data from Transnet, 2021. Updated 26/11/2021.

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

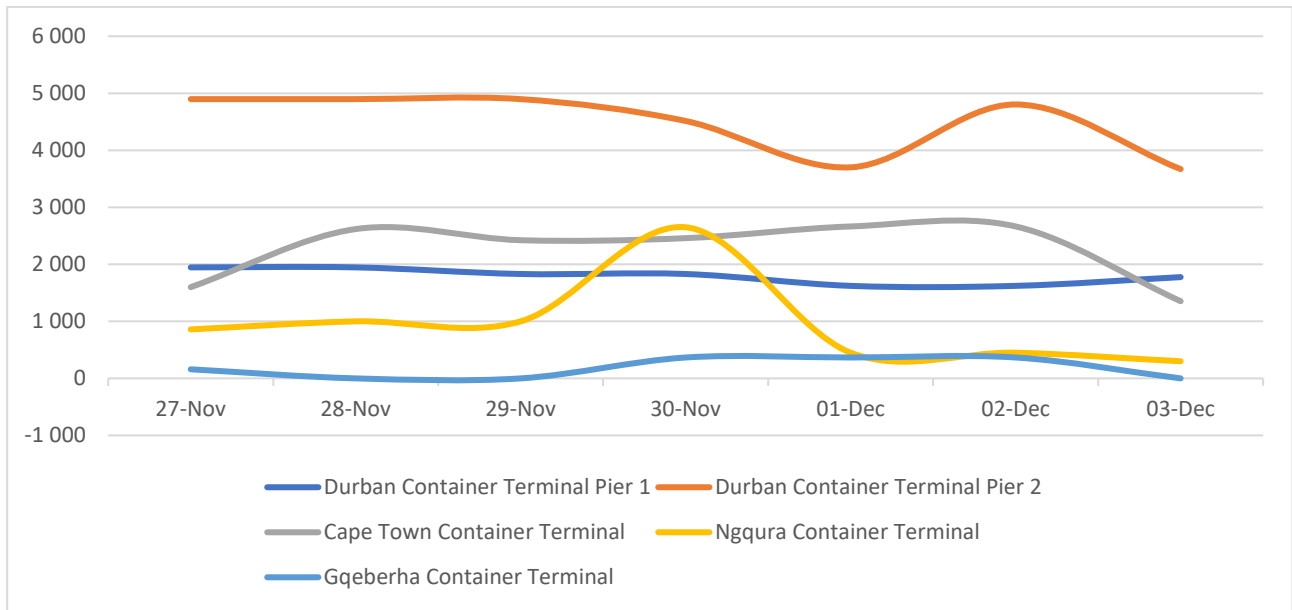
**Figure 4 – 7-day flow reported for total cargo movement (20 to 26 November; per port; day on day)**



Source: Calculated using data from Transnet, 2021. Updated 26/11/2021.

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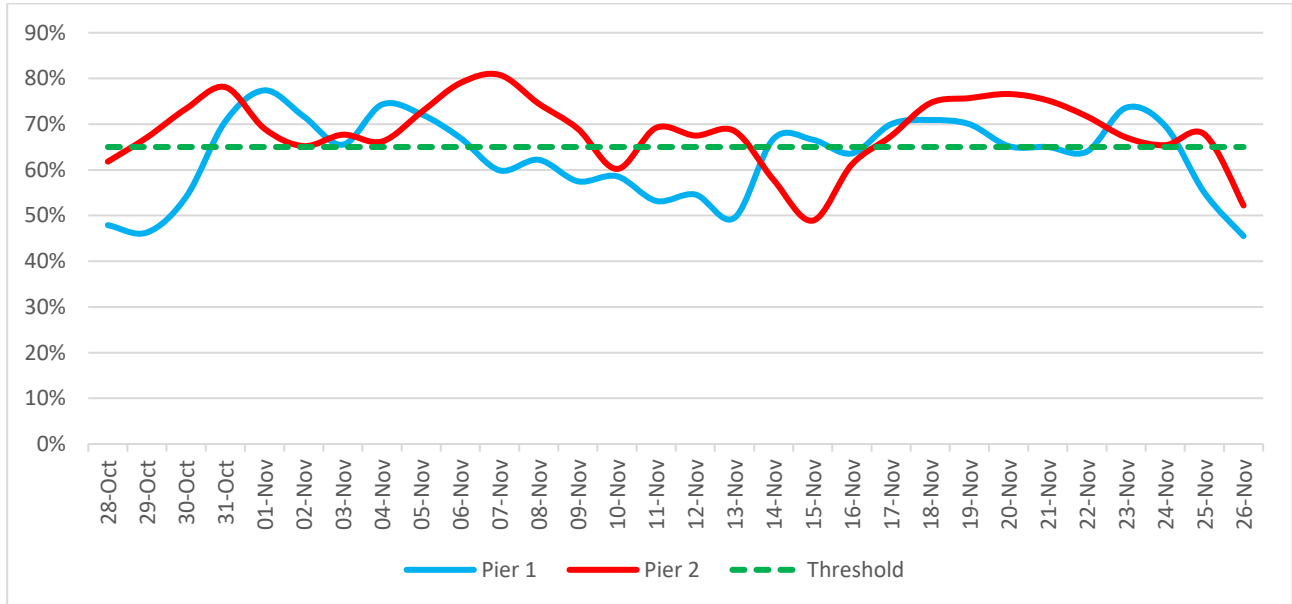
Figure 5 – 7-day flow reported for total cargo movement (27 November to 3 December; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 26/11/2021.

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. Stack occupancy has significantly decreased this week for both piers, primarily because of the reduced volume handled at both Durban container terminals.

Figure 6 – Stack occupancy in DCT, general-purpose containers (27 October to present; per pier; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 26/11/2021.

### 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.

## *COVID-19: Cargo movement update*

### **i. Weather delays**

The South African Weather Service issued a series of severe weather warnings about damaging winds and the possibility of runaway fires to be expected along the Western Cape coastline this week. As a result, Cape Town experienced severe weather disruptions for the first three days of the week. On Monday, there were almost no waterside or landside operations conducted due to the port being declared windbound. Unfortunately, there was no relief as the port became windbound again on Thursday.

Durban experienced similar disruptions to landside and waterside operations due to strong winds and sporadic rainstorms.

The Eastern Cape ports experienced more pleasant weather conditions for a second week than Durban and Cape Town. But some strong winds were experienced late on Thursday afternoon.

### **ii. Cape Town**

On Monday, CTCT reported zero waterside or landside operations due to the port being windbound. CTCT recorded three vessels at berth during this period. Stack occupancy stood at 38% for general purpose containers and 41% for reefers. Cape Town MPT received its first vessel this week on Thursday. According to TNPA, the long-awaited crane from PECT for this terminal is now scheduled to arrive in Cape Town between 6 and 8 December. Stack occupancy for Cape Town MPT stood at a low of 1% for general purpose containers, 0% for reefers, and 10% for empties. The 23 972 tons of rail-designated cargo are still to be moved from the Cape Town MPT terminal.

### **iii. Durban**

Serious concerns were raised at the start of the week revolving around the predicted spill-over effect of the weekend's clustering of vessels arriving out of their CTOC windows, together with strong winds (gusts recorded up to 71km per hour) from Saturday through to late on Sunday. The same situation repeated itself on Wednesday, which ultimately affected landside operations whereby the number of booking slots was insufficient to meet demand. Applications for storage and stack extensions were submitted for consideration because of the increasing delays. Durban MPT terminal recorded severe delays daily due to rain stopping the loading of rain-sensitive cargo, in addition to the railway lines being flooded. Rainy weather also generally affects port equipment's productivity and reliability, which has a knock-on effect on waterside and landside operations.

Stack occupancy on Monday for Durban MPT stood at 71%, Pier 1 at 73%, and Pier 2 at 67% capacity indicating an overall congested situation. Pier 1 recorded a total of 88 unassigned containers on Wednesday and asked the industry to intervene to free up some much-needed space inside the terminal. Some of these boxes showed a dwell time of over 20 days. It was suggested that the container operators concerned be requested for assistance in moving them out of the terminal. On Tuesday, Pier 2 recorded 2 220 gate moves, 890 cancelled slots, 210 wasted slots, and 926 shifts. Pier 1 recorded 741 gate moves, 236 cancelled slots, 90 wasted slots, and 358 shifts. Even though both terminals recorded fewer wasted slots in the past two weeks, truckers have again voiced their frustrations around the booking system. For example, various trucking companies can't book slots over the weekend, even after amending the number of visible slots available before a weekend due to high demand. In contrast, having two-hour visibility over available slots during the week limits the ability of industry stakeholders to plan their loading and associated tasks.

Various concerns were raised around the severe delays being experienced at the Maydon Wharf terminal. A nationally respected grain exporter voiced its frustrations around equipment shortages which negatively affect the servicing of vessels alongside. One chartered vessel was waiting for almost a month to be serviced, and with daily demurrage rates touching \$ 40 000, this is extremely serious. One of the consequences of the delay was that trucks loaded with the grain on their way to the port had to wait for extended periods. TNPA asked grain

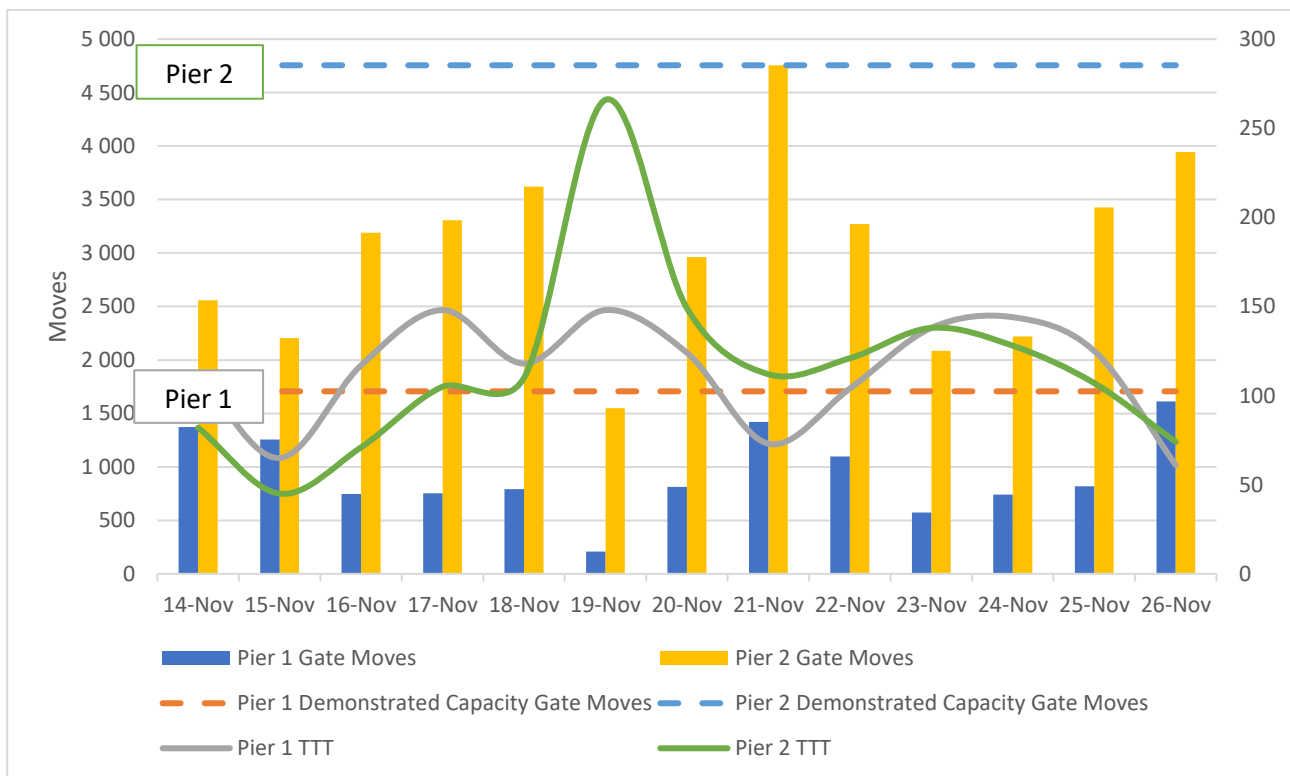


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exporters to stop loading maize at inland silos, despite the exporter having large tonnages ready for shipment. Space for incoming grain in the Durban appliances was at a premium.

The following figure summarises port operations in Durban for the last two weeks, focusing on gate moves and time spent in the terminal. Durban was working hard to manage the high waterside and landside volumes this week. Pier 1 is performing better than Pier 2 when comparing the average TTT the past two weeks. On 19 November, both piers registered excessive TTT against very low truck moves due to adverse weather conditions. This week started and ended strongly where both Pier 1 and Pier 2 recorded high gate moves against lower TTTs, despite the sporadic weather disruptions. On Monday, 21 November, Pier 2 reported handling over 4 500 truck moves, a much better performance than has been achieved for a very long time.

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



Source: Calculated using data from Transnet, 2021. Updated 26/11/2021.

### iv. Eastern Cape ports

Operations at both NCT and PECT ran relatively smoothly due to fewer volumes compared with the other ports. On Monday, NCT recorded a stack occupancy of 32% for general purpose containers, 9% for reefers, and 0% for empties. PECT recorded a stack occupancy of 23% for general purpose containers and 1% for reefers. The week started relatively smoothly for the PECT terminal, recording 55 truck movements on the landside with an average TTT of 22 minutes on Monday.

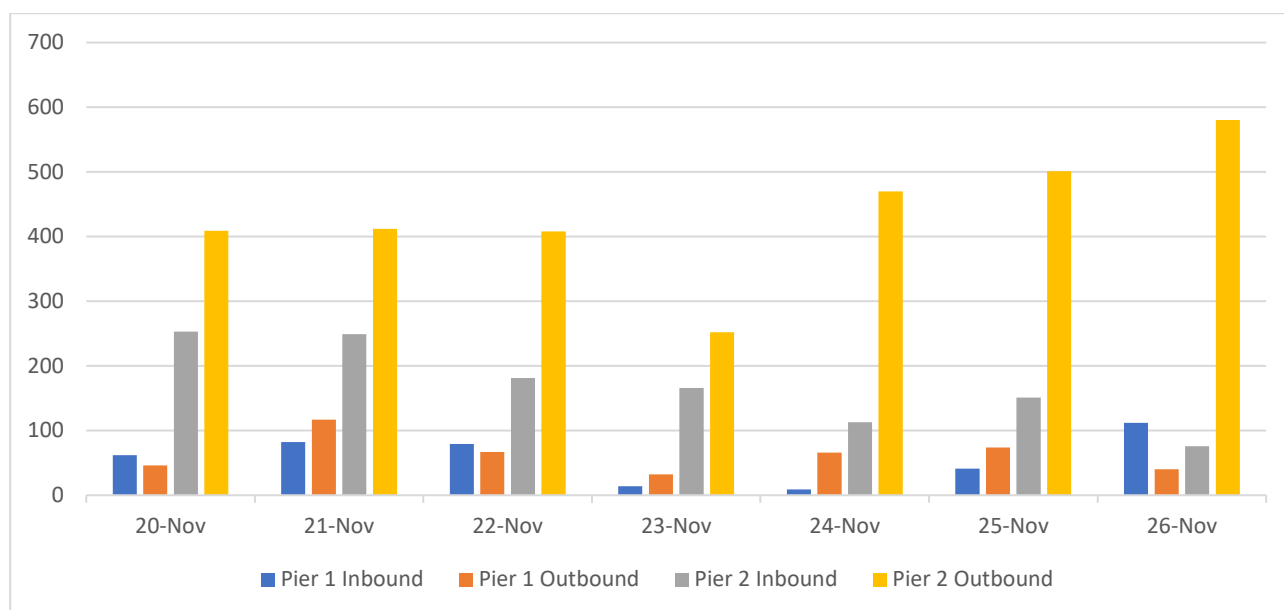
### v. Transnet Freight Rail (TFR)

This week, TFR provided enough resources in wagons and trains at all Durban terminals, albeit those loading plans were severely affected by unpleasant weather conditions. Overall, Pier 2 performed very well. Pier 1, on the other hand, missed some of its loading plans due to strong winds and recurring crane breakdowns. Nevertheless, the containers that dwelt for more than seven days at the Durban multi-purpose terminal were cleared on Wednesday, despite the weather challenges.

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

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



Source: Calculated using data from Transnet, 2021. Updated 26/11/2021.

In the last week (20 to 26 November), rail cargo to be handled out of Durban was predicted at 5 062 containers, **↑34%** than the previous week's **3 770** containers.

### vi. General

Some positive news reported by Transnet this week revolves around the 20 passenger vessels scheduled to arrive during the cruise season, which stretches from November till the end of May within port cities of Cape Town, Mossel Bay, Gqeberha, Durban, and Richards Bay. International embarkation and disembarkation will, however, be restricted to Cape Town, Durban, and Gqeberha. In addition, all crew and passengers arriving at a port to join a vessel will be required to abide by the protocols and regulations issued by the Department of Health and Marine Notice 21-21(C) published by the South African Maritime Safety Authority.

Transnet advised port users on Friday about a planned interruption in the port power supply by the uMhlatuze Municipality due to repair purposes. Apart from TFR South Dunes, Transnet Engineering Wagon Maintenance South Dunes, Bidvest Tank Terminals, Richards Bay Coal Terminal & Engen, all port users will be affected. The power outage will start at 08h00 on Thursday, 2 December, and end at 16h00, and again, on Monday, 6 December starting at 06h00 and ending at 11h00. Affected areas for the second shutdown include TFR South Dunes, Transnet Engineering Wagon Maintenance South Dunes, Bidvest Tank Terminals, Richards Bay Coal Terminal, and Engen.

In response to a notice of a seismic maritime survey reported on 2 November, a series of protests and a consequent petition were launched. The Department of Forestry, Fisheries, and the Environment have also voiced its concerns around the forthcoming seismic survey conducted by Shell and Impact Africa Limited off the Wild Coast of South Africa. Unfortunately, it was highlighted that the authorisation was given under the Mineral and Petroleum Resources Development Act (MPRDA). Therefore, the Minister of Minerals, Resources, and Energy is the Minister responsible for the administration of the MPRDA. According to the Department, the application process has already been finalised and remains valid and binding until set aside by a court of law. The South Durban Community Environmental Alliance held a community meeting this week, and the outcome, if any, is eagerly awaited.

## 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 15 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	15-Nov	16-Nov	17-Nov	18-Nov	19-Nov	20-Nov	21-Nov
<b>Volume inbound</b>	484 787	361 998	529 149	410 693	293 041	418 989	887 227
<b>Volume outbound</b>	344 651	204 035	326 270	278 214	266 696	296 149	692 454
<b>Total handled per day</b>	<b>829 438</b>	<b>566 033</b>	<b>855 419</b>	<b>688 907</b>	<b>559 737</b>	<b>715 138</b>	<b>1 579 681</b>

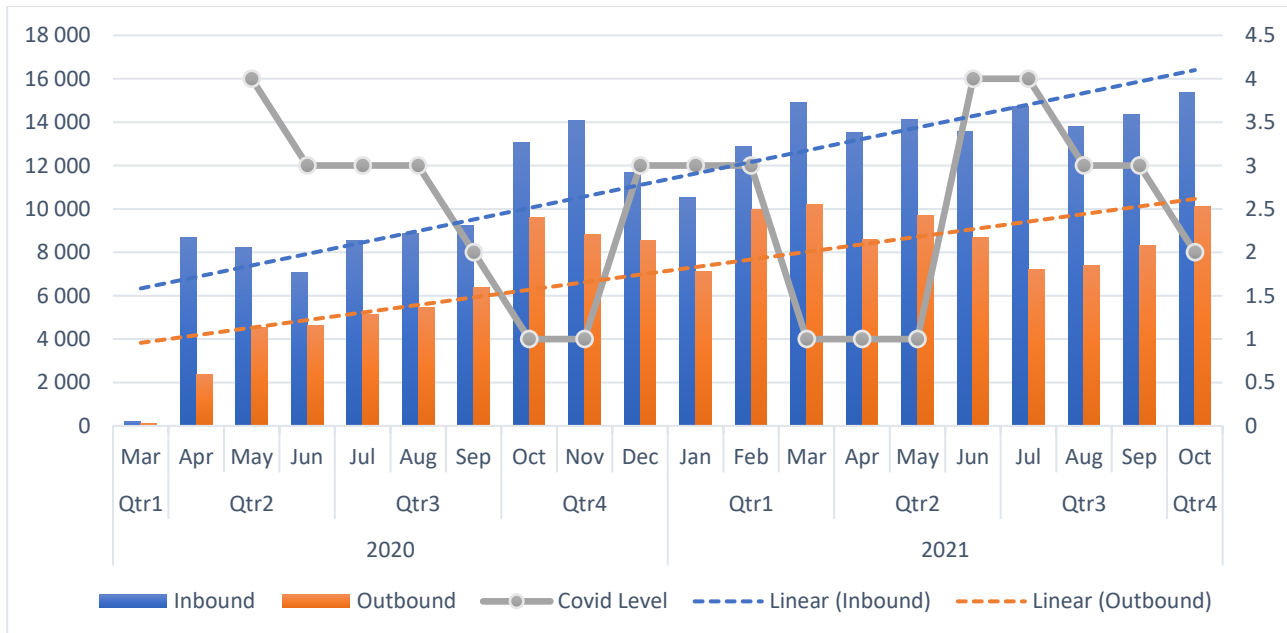
Courtesy of ACOC. Updated: 22/11/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 15 November amounted to **483 698 kg** inbound and **344 067 kg** outbound. This amounts to an average of **827 765 kg** per day, or **~108%** compared to October 2020. Compared to pre-COVID-19 times, the level is currently at **~83%** compared with the same period in 2019.

Incidentally, for our other international airports, for October, Cape Town International handled an average of **129 331 kg** per day, or **~134%** compared to October 2020. For King Shaka International, an average of **10 863 kg** per day was handled, or **~160%** compared to October 2020. These volumes indicate that our secondary international airports have substantially increased the volume handled compared to last year.

The following figure shows monthly international freight movement at ORTIA during the state of disaster, including the relevant lockdown level.

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



Courtesy of ACOC. Updated: 22/11/2021.

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### 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 kg<sup>10</sup>** per day.

*Table 5 – Total domestic inbound and outbound cargo*

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan Average	20 961	2 739	2 859	22 818	5 491	5 238	57 781
Feb Average	27 777	3 537	3 427	30 117	6 988	3 503	75 348
Mar Average	28 781	3 702	3 845	31 166	7 680	3 740	78 914
Apr Average	24 875	3 234	3 058	25 694	6 306	3 046	66 213
May Average	29 891	3 781	3 669	27 817	7 245	3 261	75 664
Jun Average	27 498	3 706	3 556	26 873	7 086	3 213	71 932
Jul Average	23 583	5 374	3 144	15 839	6 229	2 844	57 013
Aug Average	25 649	2 983	3 495	19 973	6 597	3 256	61 953
Sep Average	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
Nov Average	30 903	4 198	4 035	24 160	7 794	3 671	74 761
16-Nov-21	48 029	6 591	5 233	37 459	12 316	5 328	114 956
17-Nov-21	47 139	7 292	5 784	38 706	14 987	5 967	119 874
18-Nov-21	46 623	6 398	6 301	35 215	11 391	4 666	110 594
19-Nov-21	22 904	4 257	4 137	20 903	6 292	3 477	61 970
20-Nov-21	3 083	2 565	186	2 189	911	184	9 118
21-Nov-21	5 766	627	356	1 178	550	630	9 107
22-Nov-21	49 733	6 317	6 848	38 570	11 104	5 513	118 084
<b>Grand Totals</b>	<b>8 714 210</b>	<b>1 207 540</b>	<b>1 131 434</b>	<b>7 918 428</b>	<b>2 218 974</b>	<b>1 061 289</b>	<b>22 251 877</b>

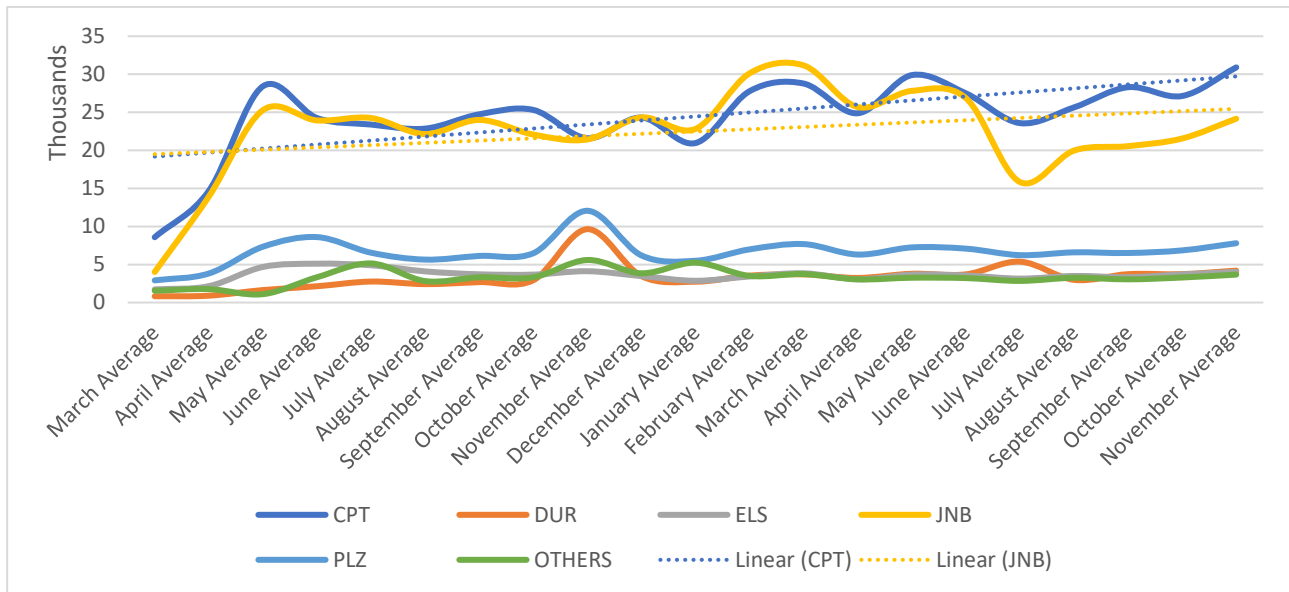
*Courtesy of BAC. Updated: 24/11/2021.*

Currently, the average domestic air cargo moved in the last week was **~77 672 kg** per day, which is **↑2%** compared with the previous week and **~105%** compared to November 2020. The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster.

<sup>10</sup> 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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Figure 10 – Average domestic inbound and outbound cargo (thousands)



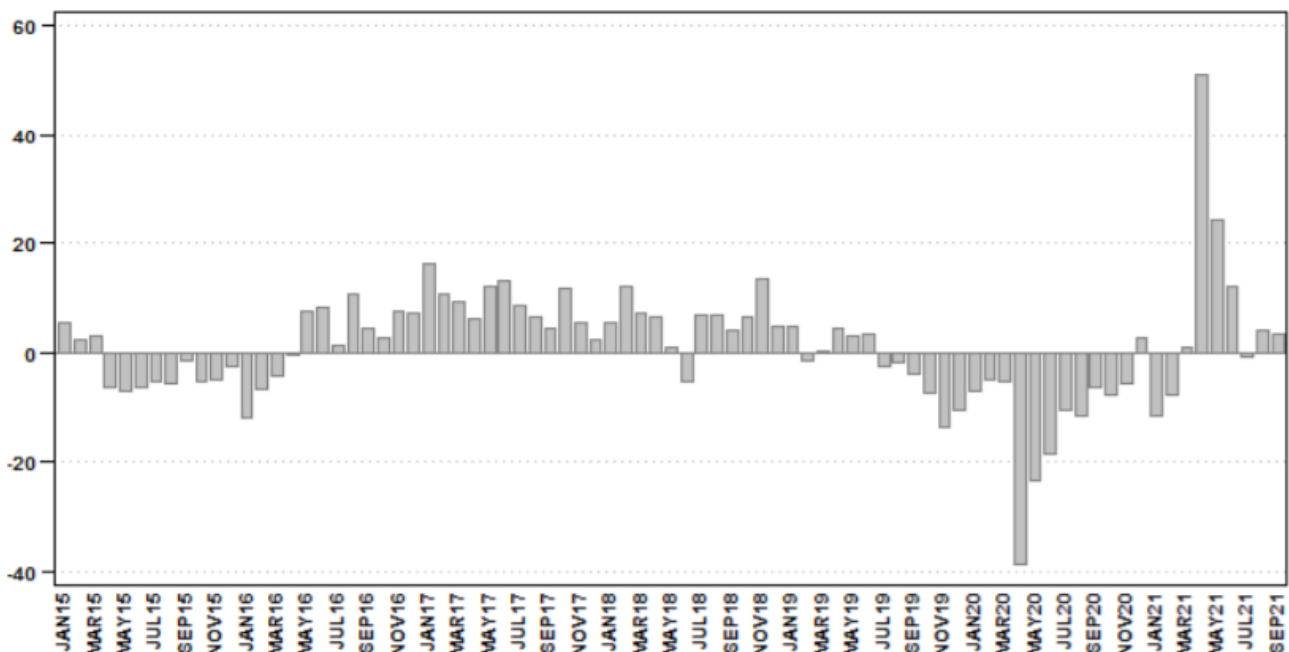
Courtesy of BAC. Updated 24/11/2021.

### 3. Road and Regional Update

#### a. South African land transport

On Monday, 22 November, Stats SA released the monthly land transport statistics for September<sup>11</sup>. The headline figure shows that the volume of goods transported (payload) increased by **↑3,3%** in September 2021, compared with September 2020. Over the same period, the corresponding income also grew, this time by around **↑6,2%**. For the third quarter, income increased by **↑3,4%** compared with the same time last year. The following figures note the bi-monthly percentage change in the freight transportation sector.

Figure 11 – Freight transportation: y/y percentage change in payload



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

<sup>11</sup> Stats SA. 22/11/2021. [Land transport](https://www.stats.gov.za/).

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Compared with the previous three months, the seasonally adjusted payload decreased by ↓2,8% in the third quarter ended September 2021. As a result, road freight decreased by ↓2,7%, and rail freight decreased by ↓3,2%. The summary can be seen in the following table, showing that the current seasonally adjusted domestic payload split is 21/79 in favour of road transport, as highlighted elsewhere in this report.

Table 6 – South African border closures

Payload	Apr-Jul 2021 (000 tons)	Weight	Jul-Sep 2021 (000 tons)	% Change (3-months)	Share of total change (%)
Rail	45 939	21,0	44 475	-3,2	-0,7
Road	173 324	79	168 689	-2,7	-2,1
<b>Total</b>	<b>219 262</b>	<b>100</b>	<b>213 164</b>	<b>-2,8</b>	<b>-2,8</b>

Source: [Stats SA](#).

### b. 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:

- On Saturday, the Kazungula bridge was briefly closed to commemorate the 25<sup>th</sup> anniversary of UNICEF<sup>12</sup>.
- Transporters have reported long queues at 'Martin's Drift due to BURS only having one cashier instead of three, resulting in drivers having to return to queues after getting tested.
- Zambia's Road Transport and Safety Agency (RTSA) is making big strides towards revamping the transport industry by taking power away from traffic police at roadblocks to allow faster truck movement and eliminate corruption.
- All special Zimbabwe driving permits will expire on 31 December in terms of new regulations promulgated by South Africa. However, FESARTA is spearheading a class-action lawsuit in an attempt to block the imposition of this change.
- Lastly, from South Africa's point of view, two border posts – Beitbridge (travellers' section closed) and Ramatlabama (power outage) – experienced some slight delays last week. As a rule, traders are at all times 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. The following table uses geofencing data to summarise delays experienced at various borders during the last week.

Table 7 – 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	9:00	0	0	0	24 640	0
SA/Zim	Beit Bridge	0:00	16:00	943	28 290	6 601	92 414	0
Moz/Zam	Cassacatiza/Mlolo	1:00	23:00	175	5 250	1 225	25 725	1 225
Zam/Zim	Chirundu	0:00	19:00	620	18 600	4 340	73 780	0
Moz/Mal	Dedza	2:00	32:00	50	1 500	350	10 500	700
SA/Bot	Grobblersbrug/Martins Drift	24:00	9:00	400	12 000	2 800	19 600	67 200
Zam/DRC	Kasumbalesa	0:00	51:00	750	22 500	5 250	210 000	0

<sup>12</sup> UNICEF. 20/11/2021. [Four Southern African Presidents gather with children in Botswana to celebrate World Children's Day](#).

<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
Zam/Bot	Kazungula	0:00	17:00	240	7 200	1 680	25 200	0
SA/Bot	Kopfontein/Tlokweng	1:00	23:00	100	3 000	700	14 700	700
Moz/Zim	Machipanda/Forbes	1:00	8:00	320	9 600	2 240	13 440	2 240
Moz/Mal	Milange	0:00	9:00	40	1 200	280	1 960	0
Zim/Moz	Nyamapanda	1,00	3:00	100	3 000	700	700	700
SA/Moz	Lebombo/Ressano Garcia	14:00	21:00	1 100	33 000	7 700	146 300	107 800
Zam/Nam	Shesheke/Wenela	0:00	58:00	100	3 000	700	39 200	0
SA/Bot	Skilpadshak/Pioneer Gate	7:00	3:00	300	9 000	2 100	2 100	14 700
Nam/Bot	Trans Kalahari/Mamuno	0:00	34:00	100	3 000	700	22 400	0
Zam/Zim	Victoria Falls	1:00	5:00	114	3 420	798	2 394	798
Moz/Mal	Zobue/Mwanza	2:00	19:00	100	3 000	700	11 900	1 400
				<b>5 552</b>	<b>166 560</b>	<b>38 864</b>	<b>736 953</b>	<b>197 463</b>

Source: TLC & FESARTA, week ending 22/11/2021.

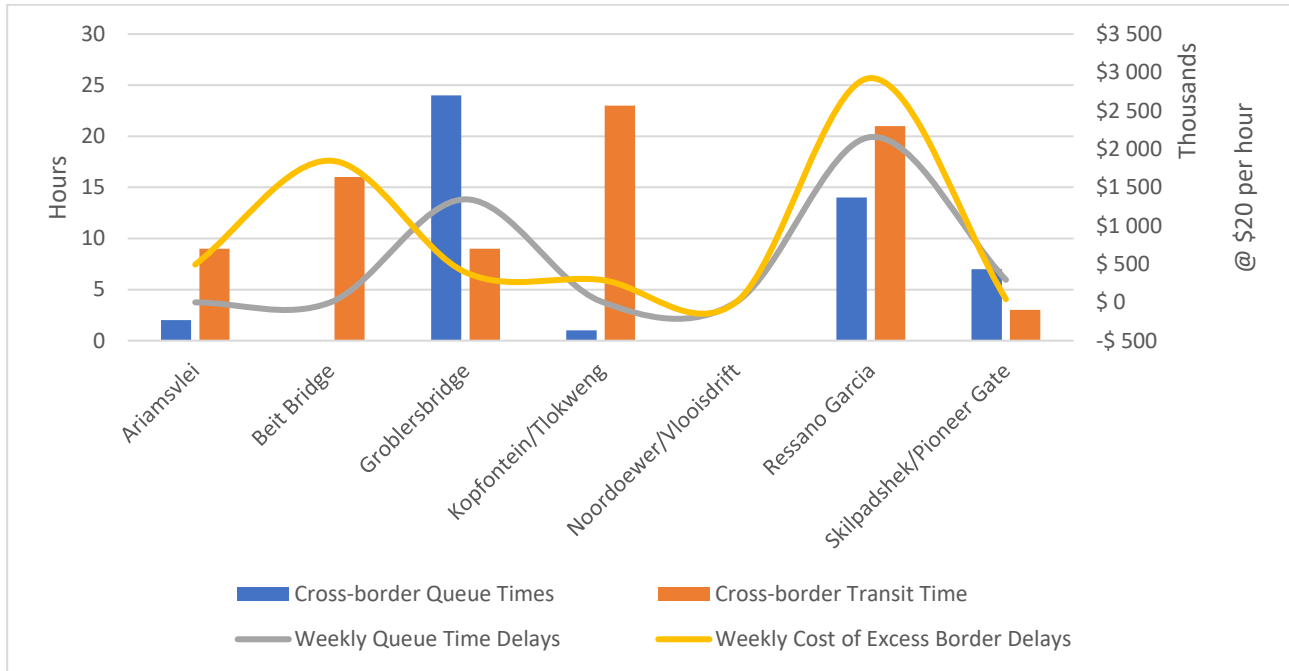
Following the recent developments at Beitbridge revolving around the ZIMBORDERS access fee of **US\$ 175** and general congestion, the general sentiment has circulated that Beitbridge is quiet and efficient. Therefore, it is worth putting this sentiment into perspective. A worthwhile exercise would be to compare the status quo at Beitbridge to the brand-new double lane bridge and two newly constructed OSBP facilities at Kazungula. Beitbridge is currently processing 890 trucks per day on average over the last month of November in around 12 hours on average. At the same time, Kazungula is processing 200 trucks per day in 24 hours plus. Since the new bridge and OSBPs were opened in May of this year, Kazungula has seen a **↑54%** in truck volumes per day (130 to 200 trucks). This change only accounts for an additional 70 trucks per day. On the other hand, Beitbridge has dropped in numbers from 943 trucks per day in 2020 to 890 per day currently. However, this change is only a drop of **↓5,6%** (or 53 trucks per day).

Therefore, it will be apparent that these numbers do not support the theory and assumptions being made that Beitbridge is quiet and efficient because transporters have moved to Groblersbrug to avoid paying the new ZIMBORDERS access fees. Instead, it means that Beitbridge, due to the new ZIMBORDERS development on the Zimbabwean side, has made the border far more efficient, and we expect that by around this time next year. Hopefully, we will see a world-class, state of the art facility there, and one well above anything on offer anywhere else in Africa.

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

## COVID-19: Cargo movement update

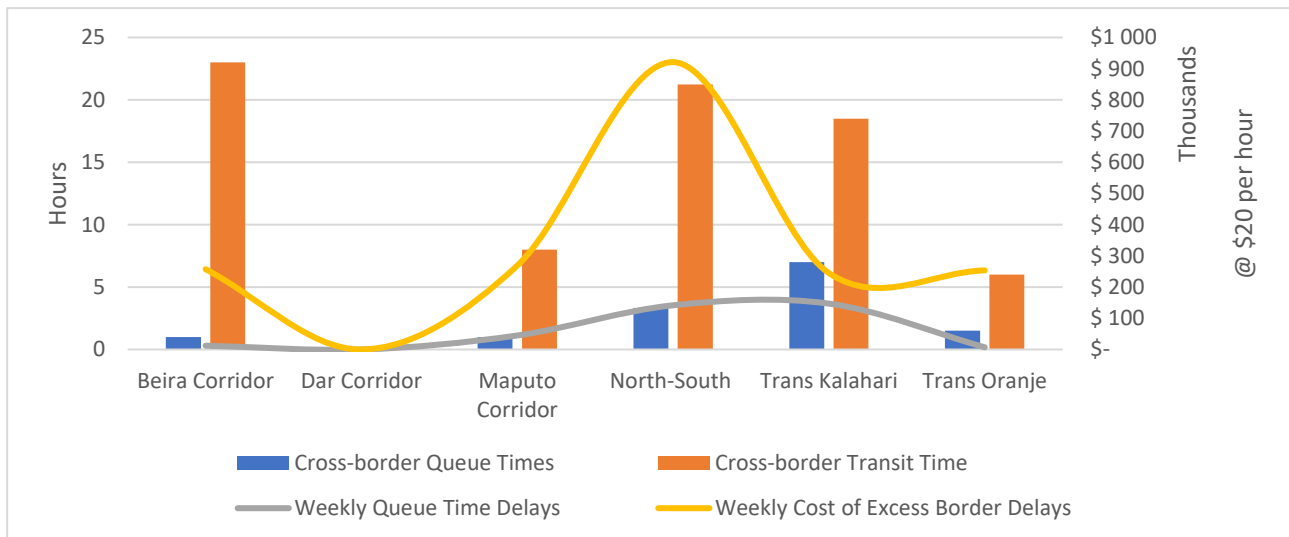
**Figure 12 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)**



Source: TLC & FESARTA, week ending 22/11/2021.

The figures for November make the recent successes at Beitbridge worth emphasizing. Compared to October, the delay cost at Beitbridge has been reduced by a massive **87%**, or a whopping **R588 million** in four weeks. The following figure depicts a similar picture to those above, this time from a corridor perspective.

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



Source: TLC & FESARTA, week ending 16/11/2021.

In summary, the cross-border queue time has averaged **~3,3 hours** (down by **~0,1 hours** from last week's recorded time of **~3,4 hours**), costing the transport industry an estimated **\$4 million (R62 million)**. Furthermore, the week's average cross-border transit times hovered around **~18,9 hours** (down by **~0,5 hours** from the **~19,4 hours** recorded last week), costing the transport industry **\$15 million (R236 million)**. As a result, the total cost for the week amounts to an estimated **~R299 million** (down by **~R6 million** or **↓2,1%** from **R305 million** the previous week).



## 4. International Update

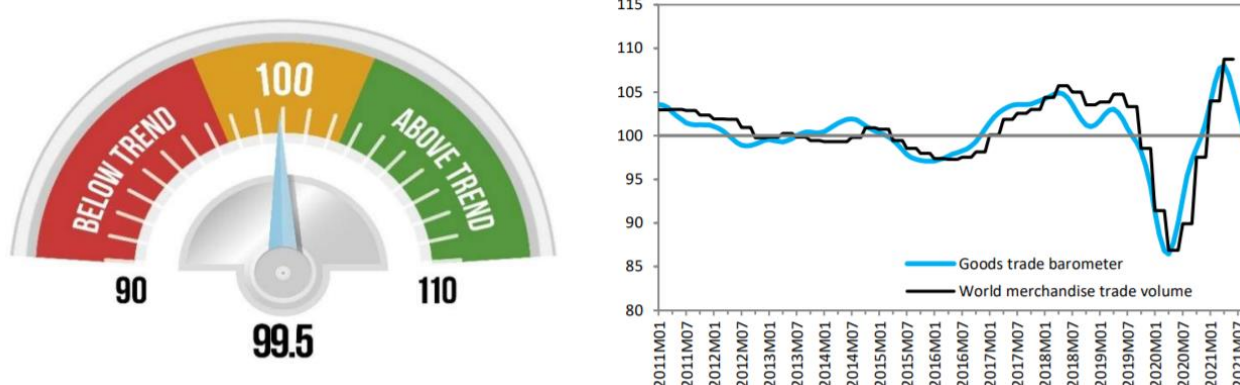
The following section provides some context of the global economy and the impact of COVID-19 on trade. In addition, the section includes an update on **(a)** the global economy, **(b)** the global container industry, and **(c)** the global aviation industry.

### a. Global economy

#### i. Merchandise trade

On 15 November, the World Trade Organisation (WTO) released its latest "Goods Barometer"<sup>14</sup>. The update supports the sentiment noted in earlier WTO<sup>15</sup>, and UNCTAD<sup>16</sup> reports that trade is slowing down and losing its momentum. Indeed, from the earlier version published in August, the Goods Barometer index dropped by a massive **10,9** points to **99,5**. Moreover, all six sub-indices experienced a decline from the previous month. The following figure shows the index in relation to global merchandise trade volumes – which are slightly delayed but expected to follow suit:

Figure 14 – Goods trade barometer<sup>17</sup> (Index value, trend = 100)



Source: [WTO](#)

The WTO notes that the latest reading of **99,5** is close to the baseline value of **100**, indicating growth in line with recent trends. Still, it also represents a sharp drop from the previous reading of **110,4** in August, suggesting a sharp reduction in the rate of quarterly trade expansion. Furthermore, the decline in the barometer reflects some combination of tapering import demand and disrupted production and supply of widely traded goods such as automobiles and semiconductors.

As expected, merchandise trade recorded a solid annual increase (**↑22,4%**) in the second quarter due to the recovery of demand for imported goods and the depth of the trade slump in 2020 during the first wave of the pandemic. However, the current barometer reading suggests that merchandise trade volume growth should slow in the second half of the year. This indication is consistent with the WTO's most recent trade forecast of 4 October, which foresaw global merchandise trade volume growth of **↑10,8%** in 2021 followed by a **↑4,7%** rise in 2022. The estimates also showed quarterly trade growth slowing in the second half of 2021. The following side-by-side figure shows the movement of world merchandise trade volume and the six drivers of goods trade.

<sup>14</sup> WTO. 15/11/2021. [Goods Trade Barometer](#).

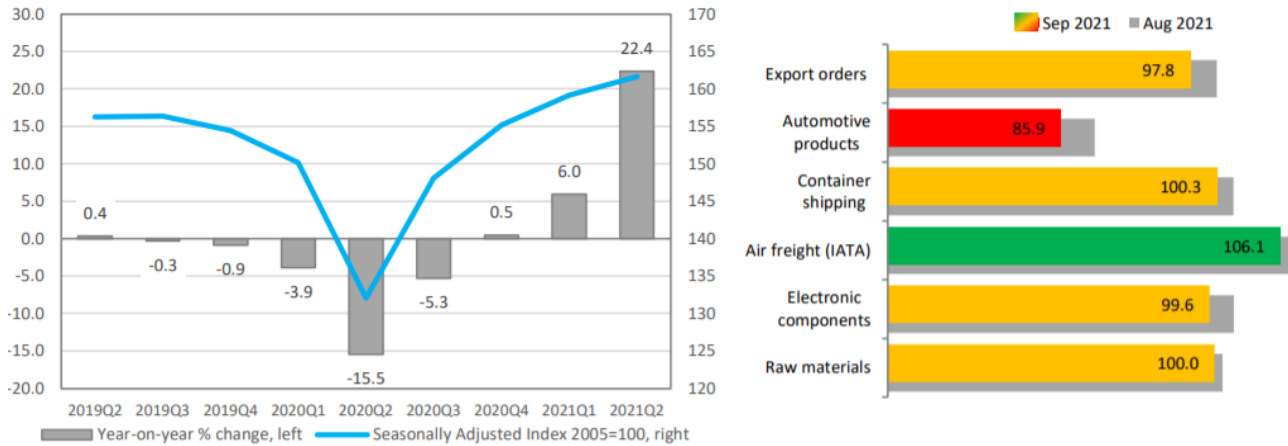
<sup>15</sup> WTO. 16/11/2021. [World Trade Report: Economic resilience and trade](#).

<sup>16</sup> UNCTAD. 18/11/2021. [Review of Maritime Transport 2021](#).

<sup>17</sup> The Goods Trade Barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends.

## COVID-19: Cargo movement update

Figure 15 – World merchandise trade volume (y/y change, and seasonally adjusted index 2005 = 100) and drivers of goods trade



Source: [WTO](#)

The substantial drop in the composite index is primarily because all the barometer's component indices declined in the latest period, reflecting a broad loss of momentum in the global goods trade. The steepest decline was seen in the automotive products index (85,9), which dropped below trend as a shortage of semiconductors hampered vehicle production. This shortage was also reflected in the index of the electronic component (99,6). Indices for export orders (97,8), container shipping (100,3) and raw materials (100,0) also returned to something approximating recent trends. Only the air freight index (106,1) remained firmly above trend as shippers sought substitutes for ocean transport as backlogs accumulated in major ports (more on the airfreight industry [below](#)).

### ii. Vaccine Trade Tracker

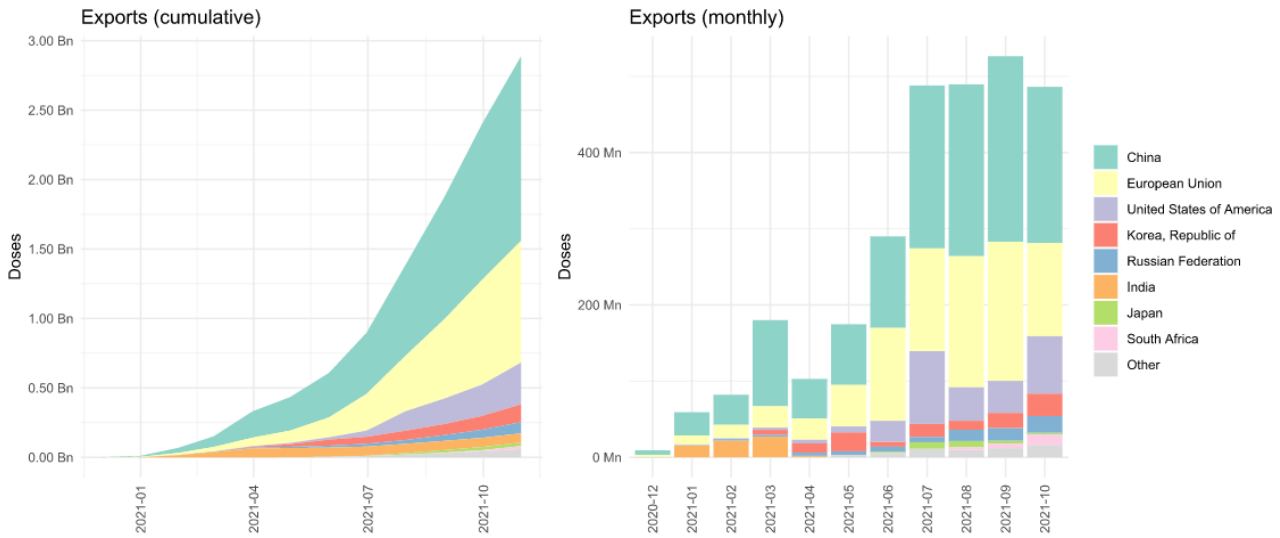
On 22 November, the WTO and the International Monetary Fund (IMF) launched a new "COVID-19 Vaccine Trade Tracker"<sup>18</sup>. The WTO-IMF COVID-19 Vaccine Trade Tracker is a new database to provide greater transparency on the cross-border flow of COVID-19 vaccines. The portal provides data on the trade and supply of vaccines by product, country, and arrangement type. The WTO and IMF note that the tracker shows the supply of vaccine doses from facilities where the final vaccines are made (where "fill and finish" is completed) to the economies where they are administered. Furthermore, the data showcases where production facilities are located within destination economies (or "domestic supply"). For vaccines requiring only one dose (J&J and CanSino), volumes are doubled to make them comparable with two-shot vaccines, which should be considered when comparing these numbers to other sources.

The following graphs show the exports trade, with South Africa also featuring primarily due to a current oversupply and slight lack of uptake. Exports are defined as the number of doses delivered across borders from producing economies to economies where vaccines are administered.

<sup>18</sup> WTO. 22/11/2021. [WTO-IMF COVID-19 Vaccine Trade Tracker](#).

## COVID-19: Cargo movement update

Figure 16 – WTO-IMF COVID-19 Vaccine Trade Tracker



Source: [WTO](#)

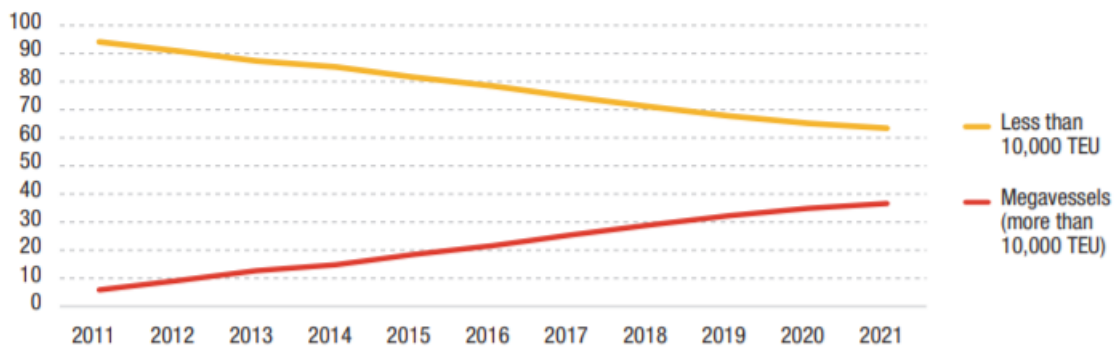
The vaccine tracker draws information from several databases in the public domain, including the COVAX Global Vaccine Market Assessment, the United Nations Children's Fund (UNICEF), and Our World in Data, among others.

### b. Global container industry

#### i. Increasing vessel sizes

In the United Nations Conference for Trade and Development's (UNCTAD) recently released "*Review of Maritime Transport*" report<sup>19</sup>, several global developments, which have played a key role in international shipping recently, have been highlighted. Arguably one of the most important – especially for the future of South Africa's maritime industry – has been the increase of vessel sizes. Since the early 2000s, more of the world's cargo has been carried in mega-container ships, those regarded with a container capacity greater than 10 000 TEUs. Indeed, between 2011 and 2021, their proportion of carrying capacity rose from 6% to almost 40%. There have been 97 new ships between 15 000 and 19 990 TEU in the last ten years. Moreover, since 2018, 74 ships of 20 000 TEU and above have been added to the global fleet. This almost exponential increase in ship sizes has put immense pressure on global infrastructure in, around, and en route to ports. The issue was highlighted spectacularly demonstrated from 23 to 29 March 2021 when the Suez Canal was blocked by the Ever Given. The following image shows the global tendencies in ship sizes:

Figure 17 – Share of mega-vessels in the global container ship fleet carrying capacity by TEU (2011–2021)



Source: [UNCTAD, based on data from Clarksons Research](#)

<sup>19</sup> UNCTAD. 18/11/2021. [Review of Maritime Transport 2021](#).

## COVID-19: Cargo movement update

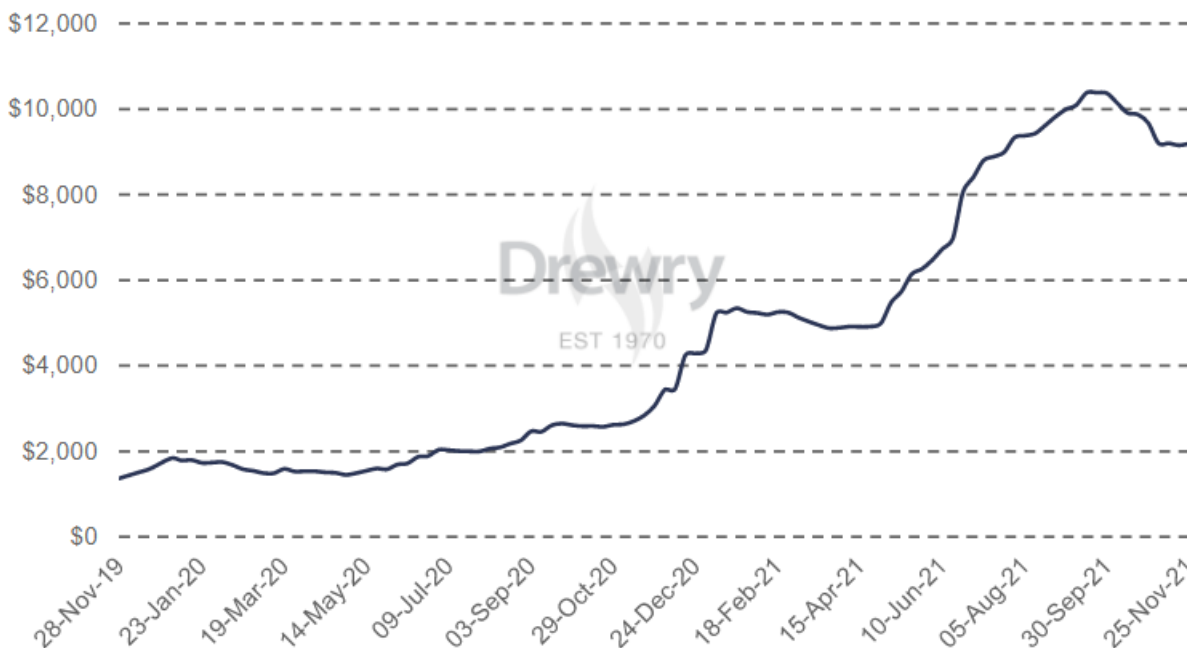
These developments make us look at our situation in South Africa, as our ports have not changed or expanded in any significant way over the past decade. Unfortunately, the same is true of the rest of the infrastructure on which our logistics operations rely so heavily. For example, Durban's prime container berths are dredged at 12,2 meters, Cape Town 14 meters and Ngqura 16,8 meters, where ultra-large vessels require a draft of at least 15 meters. Furthermore, the Durban container terminals have moved an average of 5 000 TEUs per vessel over the past few years, with vessel sizes rarely exceeding 10 000 TEUs capacity. For example, the MSC Katarina (12 400 TEUs) and Cape Tainaro (11 000 TEUs) are some of the largest vessels that Durban has serviced over the past six months. Furthermore, for Africa as a whole, the maximum ranges stop at approximately 15 200 TEU. As per Alphaliner's monthly monitor report, four vessels are servicing Africa within the spread of 12 500 – 15 200 TEUs.

These figures suggest that our largest port is not coming close to servicing these ultra-large vessels. Of further concern lately has been the lack of investment in our ports in recent years. According to Transnet's annual reports, in the last decade, investments in our ports hovered around R21 million in 2011. Direct investment grew to a maximum of R33 million in 2015; however, there has been a steep decline to R18 million in 2020. Therefore, these figures show that, in 2020, port investments total R3 million less than in 2011 in nominal terms. Thus, the reality paints a grim picture in real terms and might partly explain why South Africa's port performance has deteriorated over the past decade.

### ii. Global container freight rates

Drewry's "World Container Index" (WCI) composite index remained very stable this week, increasing by a mere **↑0,4%** (or **\$40**) to **\$9 186** per 40-ft container<sup>20</sup>. The following figure summarises the two-year spot prices, which shippers and cargo owners hope are not the new normal.

Figure 18 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



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

Despite the slightly decreasing trend in recent weeks, the average composite index still stands at an enormous **↑224%** 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 **\$7 413** (up again by **\$39** this week, as was the case last week) per 40ft

<sup>20</sup> Drewry. 25/11/2021. [World Container Index](#).

## COVID-19: Cargo movement update

container, which is **\$4 723** higher than the five-year average of **\$2 690**. On the eight major East-West trades routes, all routes remained within a range of **~1%** 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 as the busy season draws to a close.

### iii. Further developments of note

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

#### 1. The use of data and data security in the maritime sector continues to be a topic of discussion, as China decided to prevent public access to Automatic Identification System (AIS) signals:

- a. China, home to 7 of the top 10 container ports in the world and, of course, the 2nd largest economy in the world, has decided to prevent public access to Automatic Identification System (AIS) signals which provides the location of ships around the world, citing national security concerns<sup>21</sup>.
- b. The number of AIS signals from ships in Chinese waters dropped dramatically from a peak of more than 15 million a day in October to just over 1 million.

#### 2. US West Coast congestion:

- a. Further reports have been berthing delays for vessels arriving at the US ports of Long Beach (LB) and Los Angeles (LA). But at the same time, it seems that Matson and Ocean Alliance member containerships arriving at these heavily congested hub ports were being worked well ahead of their competitors, according to an Alphaliner survey. Analysis by the consultant of the transit times of 62 import vessels, taken from the last Asian port of loading to berthing at LA and LB terminals during the two weeks from 5-19 November, ranged from a total transit of just 10 days to a colossal 73 days<sup>22</sup>.
- b. 54 container ships were awaiting berth on Friday on the US East Coast, as US congestion, particularly at Savannah, persists<sup>23</sup>. However, in addition to reports of the proposed dwell programmes made last week, the ports of Los Angeles and Long Beach have again postponed the implementation date of their contentious container dwell fee amid doubts that it will ever actually be charged<sup>24</sup>.
- c. The WTO notes that cooling of import demand could ease port congestion but is unlikely to eliminate it if container throughput remains near record levels<sup>25</sup>.

#### 3. Financial bonanza continues, this time with leader CMA CGM posting \$5,6 billion Q3 profit:

- a. CMA CGM has shot to the top of the third quarter carrier earnings league table, posting a massive net profit of \$5,6 billion for the period. Moreover, the French carrier said there would be an "even stronger" result to come for the final quarter<sup>26</sup>.
- b. The group's consolidated revenue soared by 89%, compared with the same period of 2020, to \$15,3 billion, driven mainly by its liner business.

### c. Global aviation industry

In the latest "*State of the Region: Africa & Middle East*"<sup>27</sup>, the International Air Transport Association (IATA) notes that the global and regional capacity and cargo load factor has improved in September. For the month, industry-wide available cargo tonne-kilometres (ACTKs) fell by **↓8,9%** in September, after a **↓12,7%** fall in August. Middle Eastern airlines reported cargo capacity down **↓4,1%**, while African air routes continued to

<sup>21</sup> Shipping and Freight. 24/11/2021. [Chinese black out on Maritime Data as Automatic Identification System data blocked.](#)

<sup>22</sup> Wackett, M. 24/11/2021. [Berthing challenge for new trans Pac carriers arriving on the west coast.](#)

<sup>23</sup> Marine Traffic. 26/11/2021. [Port of Los Angeles.](#)

<sup>24</sup> Wackett, M. 23/11/2021. [California dwell fees postponed again, just as new service is set to debut.](#)

<sup>25</sup> WTO. 15/11/2021. [Goods Trade Barometer.](#)

<sup>26</sup> Wackett, M. 22/11/2021. [CMA CGM profit.](#)

<sup>27</sup> IATA. 18/11/2021. [State of the Region: Africa & Middle East.](#)

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outperform the rest, with ACTKs up by ↑4,6% after a ↓4,7% reduction the previous month. The industry can also argue that that, in turn, is driven by aid cargo, together with the dire state of the ports. The following table demonstrates the growth in the last three months, compared to the same time in 2019, to make meaningful comparisons.

Table 8 – Capacity growth and load factor

<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2020	Jul-21	Aug-21	Sep-21
<b>Passenger</b>					
Middle East	ASK	-63.1	-56.2	-53.3	-51.1
	PLF	57.7	51.9	56.9	52.4
Africa	ASK	-62.3	-51.6	-50.4	-49.9
	PLF	58.5	61.2	64.0	56.0
World	ASK	-56.7	-44.9	-46.5	-43.6
	PLF	65.1	72.8	70.3	67.6
<b>Cargo</b>					
Middle East	ACTK	-20.3	-9.1	-6.0	-4.1
	CLF	53.4	55.7	53.0	55.8
Africa	ACTK	-13.5	-7.2	-4.7	4.6
	CLF	42.4	46.9	42.6	42.8
World	ACTK	-21.2	-10.7	-12.7	-8.9
	CLF	54.2	54.8	54.4	55.3

Source: [IATA Economics](#)

The outlook has continued to improve, as IATA also notes that the third quarter financial results indicate that pressure on airline profitability eased further compared with the second quarter. Furthermore, the improvement can be seen across all regions. In their small initial sample of airline financials, cash flow generation improved in Q3 2021 versus Q3 2020 due to the reopening of some international markets, increased domestic traffic and positive contribution of cargo revenues. The numbers are backed up by the sentiment shared by the recently published "*Business Confidence Survey*"<sup>28</sup>, which points to several reasons for optimism, including improving profitability and growing demand for both cargo and passenger traffic. However, the survey also points to important risks to the industry recovery, such as labour shortages and rising input costs.

In other aviation news, there has been a continuation of a rise in airfreight rates into the US, with rates out of Shanghai up more than 14% in the past week, according to the TAC Index. At the same time, rates from Europe to the US are also on the up. According to the index, rates from Shanghai to North America are at \$13,62 per kg, while out of Hong Kong, they have risen 4,4%, to \$12,09/kg<sup>29</sup>. Further increases are expected, with some airlines following the profit bonanza currently experienced in liner shipping. For example, Blue Alpha Capital yesterday noted that shipping lines had seen a nine-month net result of \$105 billion<sup>30</sup>. Most freighter operators publish scant results, but Atlas Air, for example, saw nine-month revenues rise to \$2,9 billion, giving it an adjusted net income of some \$340 million. The financial boon is not only prevalent in the containerised and airfreight but also in the forwarding space. For example, some forwarders are also enjoying record results, as DSV saw nine-month revenues of some \$18,3 billion, resulting in profits of \$1,2 billion.

<sup>28</sup> IATA. 18/11/2021. [Business Confidence Survey](#).

<sup>29</sup> Lennane, A. 24/11/2021. [Air freight rates rise into US – but mixed messages from other lanes](#).

<sup>30</sup> Lennane, A. 23/11/2021. [Cost-hit air cargo handlers warn of double-digit rise in charges](#).