

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

**Date: 5 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)	24 295	28 130	<b>52 425</b>	22 705	27 201	<b>49 906</b>	<b>↑5%</b>
Air Cargo (tons)	4 768	3 243	<b>8 011</b>	5 027	3 451	<b>8 478</b>	<b>↓6%</b>

## Monthly Snapshot

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

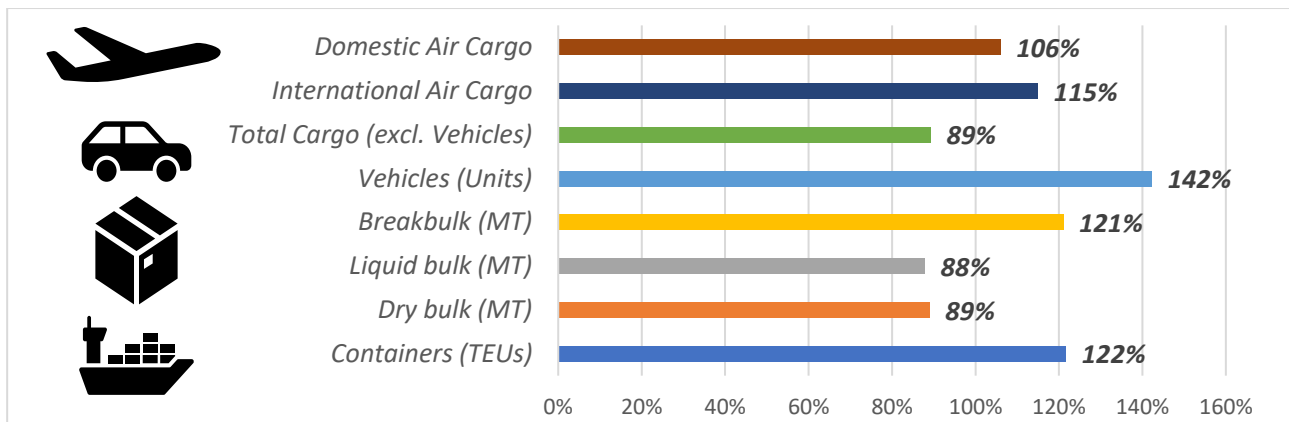


Figure 2 – Global year-to-date flows 2019-2021<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- An average of **~7 489 TEUs** was handled per day this week, with **~9 112 TEUs** projected for next week.
- Rail cargo handled out of Durban amounts to **2 817** containers, **↓18%** compared to last week.
- This week, cross-border queue times are **↑0,4 hrs**, with transit times **↑1,4 hrs** (see [below](#)).
- The "WCI" fell for the fifth straight week, with spot freight rates **↓4,9%** (or **\$474**) to **\$9 195** per 40-ft.
- Reefer rates are expected to follow dry rates in the coming months, as seaborne reefer traffic is expected to grow **↑3,2%** in 2021 to reach **136 million tons**, a slight drop on previous estimates.
- Record profits and carrier expansions continue to be the norm for the shipping industry (see [below](#)).
- For aviation, cargo continues to drive the industry, as CTAs are **↑9,1%** compared to September 2019.

<sup>1</sup> This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 63<sup>rd</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 63<sup>rd</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Newly reported COVID-19 infections have continued to decline, averaging around **278** per day (**↓29%** from last week's average of **393**). In total, the number of cases recorded in the country now stands at **2,92 million**<sup>6</sup>, with the death toll at **89 251** (up by **147**). Globally, COVID-19 infections total more than **248,6 million**, with the death toll passing **5 million** this week. On the vaccination front, **7,15 billion** vaccine doses have now been administered worldwide<sup>7</sup>. For South Africa, this figure stands at **~22,8 million**, with a daily average of **~184 000** doses administered in the past week.

Concerning port operations this week, Durban port started very slowly due to gale force winds halting waterside and landside operations continuously on Monday and Tuesday. When the winds finally calmed down by Wednesday, the port had to work desperately to clear the backlog. In addition, waterside operations were further interrupted due to having only three tugs available out of an operational requirement of at least five. The helicopter was also only back to full functioning on Friday due to maintenance and repairs. Changes to the truck booking system created problems for truckers as they could not commit to delivering or collecting containers in time to make vessel stacks. It was again a very quiet week for Cape Town, with the Harbour Master reporting not having seen such a lull in arrivals in a long time. TFR had its share of challenges this week due to many cable theft incidents, leaving them with no choice but to call for a total network emergency occupation to restore the lines.

Globally, the ocean economy continues to be characterised by port congestion and accompanying very low schedule reliability, equipment shortages (and lost capacity for South Africa), and elevated freight rates. On the former, we have seen this week that this trend has extended to the reefer market and is forecast to accelerate through 2022 (see [below](#)). Furthermore, despite the declining trend in freight rates globally, South Africa continues to experience increases, with freight rates to Durban up by **↑18%** m/m. But we have seen that rates on the East-West trades move before those on the North-South routes, so we can expect to see some dropping of rates in the reasonably near future. Other notable international internationally revolve around **(1)** USA port congestion and attempts to clear the backlog, **(2)** CMA CGM buying a major Los Angeles container terminal operator, and **(3)** Maersk reporting further record profits and further acquisitions (see the detailed summary [below](#)).

After last week's strong volumes, South Africa's international (**↓6%**) and domestic (**↓15%**) air cargo sectors registered slight declines in volume. Several problem areas have come to the industry's attention, including congestion at the cargo terminals, changes in reporting, and ACSA's proposed new "*revenue related cargo operating model*". In addition, various other operational concerns have been voiced by the industry. It is hoped that these will be addressed in the ongoing consultation process with ACSA. Collectively, the air cargo industry strongly objects to any notion of percentage revenue turnover rentals or throughput charges, where no additional services are rendered to justify a revenue stream of this type.

On the international front, it seems that the passenger and cargo markets are finally converging. In m/m terms, the passenger market (measured in revenue passenger kilometres – RPKs) rose by **↑18%** – a robust improvement, although from a very low base. The cargo market (measured cargo tonne-kilometres – CTks), in turn, grew by **↑9,1%** compared to September 2019. Regionally, African routes continue to lead the growth, with African CTks up by **↑34,6%** in September versus pre-crisis 2019 levels.

In summary, the supply chain and logistics markets are primarily following the pandemic trend, being drawn-out, and taking a lot longer than expected to recover. In the earlier stages, it had been anticipated that ongoing

<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](#)

## *COVID-19: Cargo movement update*

supply chain disruption would eventually self-correct by mid-2022. But most indicators now show that this situation will continue throughout next year, and meaningful recovery cannot be expected before 2023, thus extending the pressure on most role players active in this space. However, as is often the case, the exogenous factors will remain. All that we can do in South Africa is to get our own house in order. As the poor voter turnout this week showed, many South Africans feel resigned to circumstances. In the face of this sentiment, the South African logistics and supply chain sectors must retain their positive attitude. The resilience has been strong for a long time and must continue.

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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 30 October to 5 November<sup>8</sup>

7-day flow forecast (30/10/2021 – 05/11/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 354	5 233
DURBAN CONTAINER TERMINAL PIER 2:	12 605	13 313
CAPE TOWN CONTAINER TERMINAL:	2 477	5 134
NGQURA CONTAINER TERMINAL:	3 458	3 754
GQEBERHA CONTAINER TERMINAL:	400	697
<b>TOTAL:</b>	<b>24 294</b>	<b>28 131</b>

Source: Transnet, 2021. Updated 05/11/2021.

Table 3 – Container Ports – Weekly flow reported for 6 to 12 November<sup>9</sup>

7-day flow forecast (06/11/2021 – 12/11/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 863	6 453
DURBAN CONTAINER TERMINAL PIER 2:	11 339	16 630
CAPE TOWN CONTAINER TERMINAL:	4 201	6 812
NGQURA CONTAINER TERMINAL:	6 235	6 061
GQEBERHA CONTAINER TERMINAL:	100	93
<b>TOTAL:</b>	<b>27 738</b>	<b>36 049</b>

Source: Transnet, 2021. Updated 05/11/2021.

An average of ~7 489 TEUs (↓5%) was handled per day for the last week (30 October – 5 November, Table 2), with a substantially increased average of around ~9 112 TEUs (↑22%) projected to be handled next week (6 – 12 November, Table 3). These forecasts remain typical for this time of year, albeit slightly reduced. Nevertheless, as has been the case recently, the reduced throughput is not surprising, given the persistence of our recent struggles around weather, equipment, and efficiency (see [below](#)).

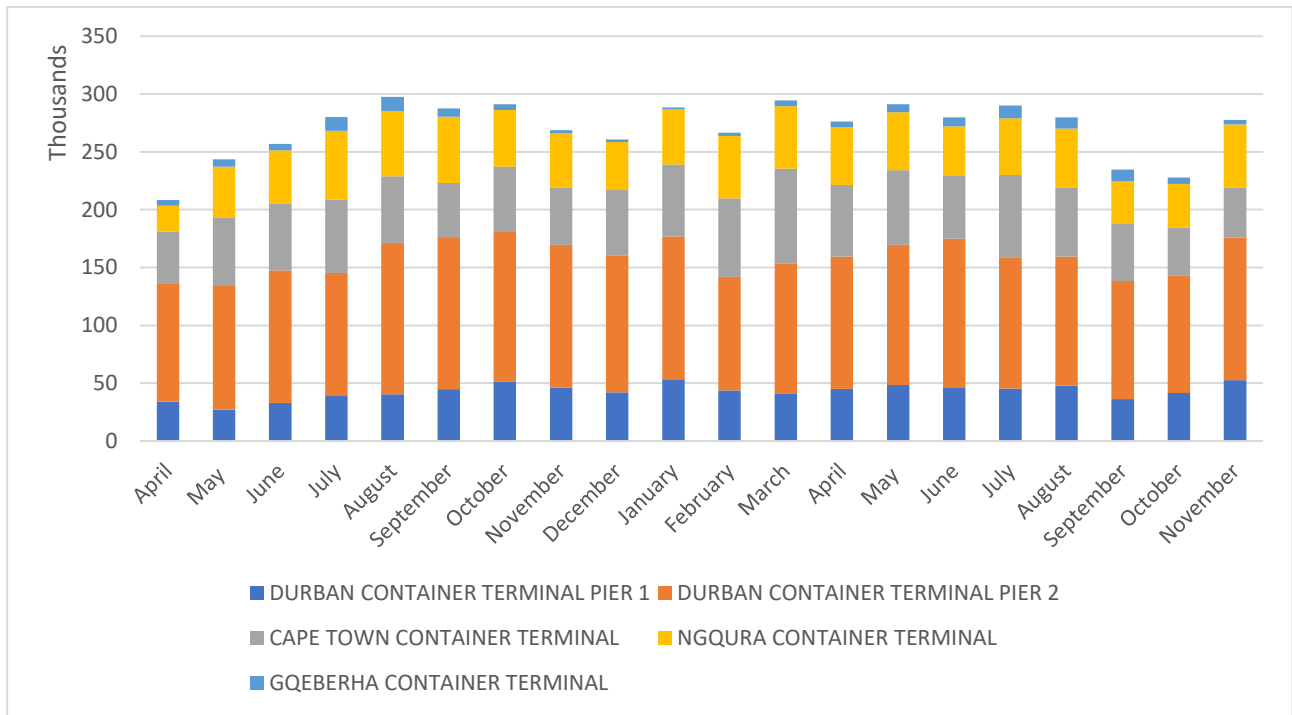
For a broad picture number-wise, the figure below displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown.

<sup>8</sup> It remains important to note that a fair percentage (approximately 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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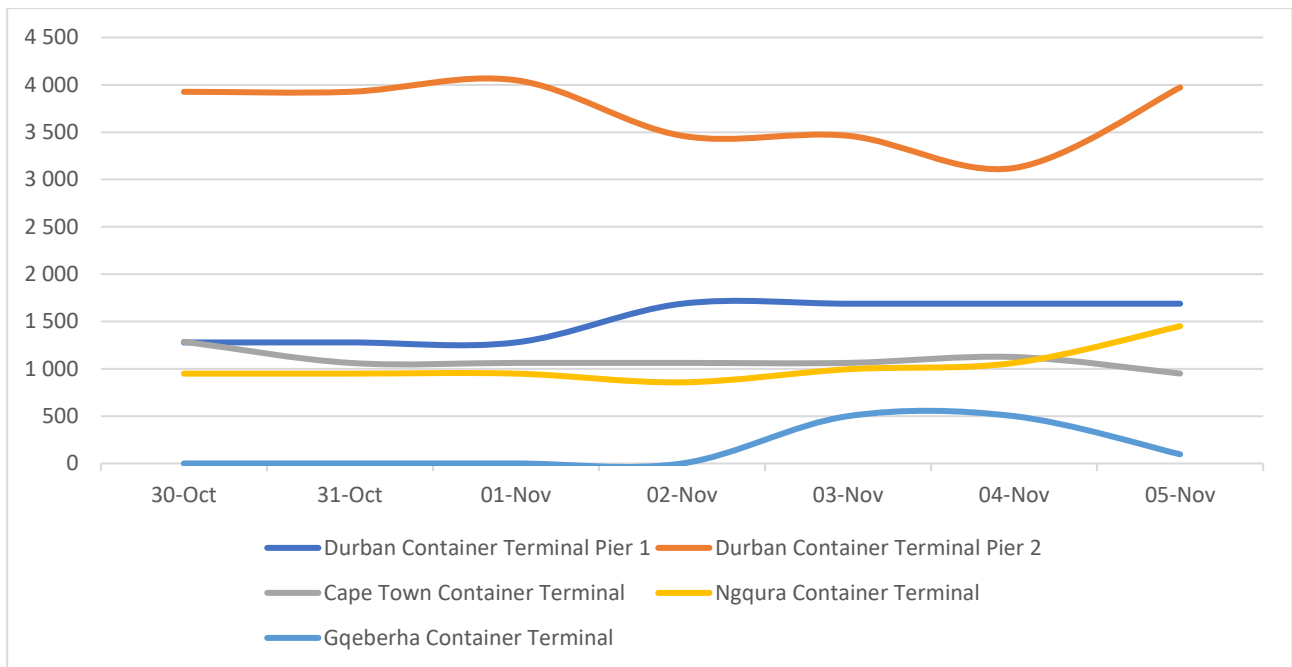
**Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)**



Source: Calculated using data from Transnet, 2021. Updated 05/11/2021.

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

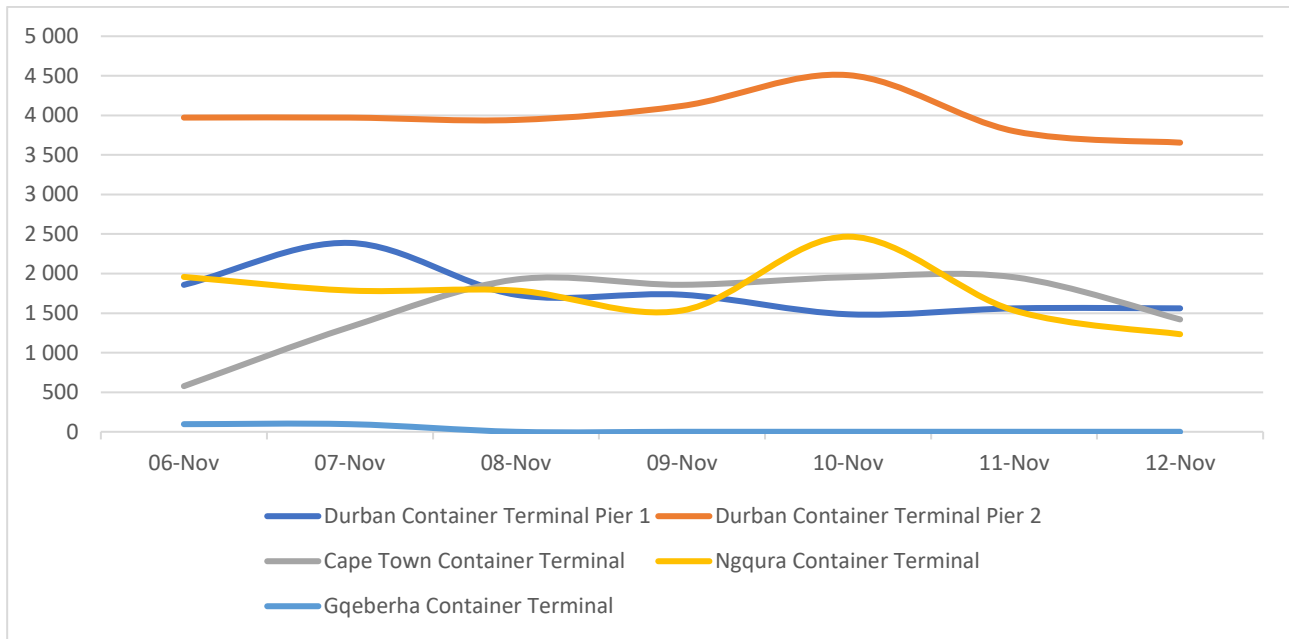
**Figure 4 – 7-day flow reported for total cargo movement (30 October to 5 November; per port; day on day)**



Source: Calculated using data from Transnet, 2021. Updated 05/11/2021.

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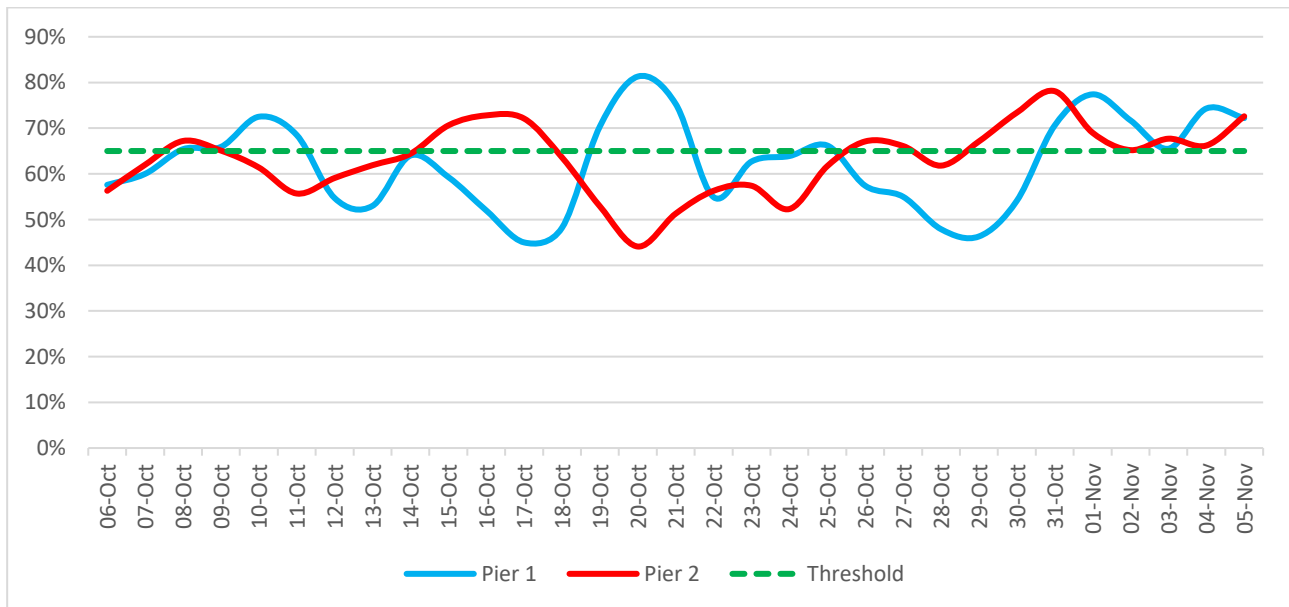
Figure 5 – 7-day flow reported for total cargo movement (6 to 12 November; per port; day on day)



Source: Calculated using data from [Transnet](#), 2021. Updated 05/11/2021.

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. As mentioned last week, insight into these types of performance metrics will be available in the weekly "Control Tower" dashboard currently being developed by BUSA, SAAFF, and Transnet.

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



Source: Calculated using data from [Transnet](#), 2021. Updated 05/11/2021.

### 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**

Cape Town experienced some rain on Monday and strong winds on Wednesday. As a result, vessels were ranging on Monday and Thursday because of strong winds creating heavy swells in the harbour, thereby affecting performance.

Durban also experienced its fair share of challenges due to both Pier 1 and Pier 2 being declared windbound over the weekend till around Thursday. As a result, both landside operations and cargo throughput were negatively affected.

In the Eastern Cape ports, strong winds were experienced on Monday, which subsided quickly. No issues were reported due to bad weather throughout the rest of the week.

### **ii. Cape Town**

Apart from the usual weather challenges, the port of Cape Town had quite a tough week with equipment breakdowns, specifically STS cranes and RTGs. However, very few ships called at Cape Town, which would explain why the port only handled 17 674 containers over the past 14 days. The average TTT reached 82 minutes at times due to high volumes of trucks. CTCT recorded a stack occupancy of 47% for general containers and 25% for reefers on Tuesday, another indication that higher volumes can be handled. Cape Town MPT terminal management failed to attend the daily port meetings during the week, so no detailed report was received. The status of that terminal remains bleak, with neither mobile crane being operational and, once again, no vessel calls. CT MPT recorded stack occupancy at 4% for general containers, 4% for reefers and 1% for empties, further illustrating the lack of activity. Marine services continue to be plagued by not having a serviceable launch. Delays in crew reporting for duty have a further negative impact on vessel delays. The Harbour Master reported not having seen such a lull in arrivals in a long time, only handling 47 vessels over the past 2-week period, with a large majority of these vessels not being cargo carriers.

### **iii. Durban**

Performance at Durban suffered severely due to gale force winds that almost brought the port to a complete standstill on Monday and Tuesday. The port also had only three tugs available, and the helicopter was out of commission due to maintenance and repairs. On Wednesday, Transnet sent a notification to port users warning of delays to be expected as TPT struggled to clear the backlog. Pier 1 recorded 1 024 gate moves, 805 cancelled slots, 71 wasted slots and 454 shifts on Friday. Pier 2 recorded a total of 3 025 gate moves, 622 cancelled slots, 630 wasted slots and 804 shifts. For Pier 1 this week, space capacity was a real challenge because of the unavailability of rail wagons. TFR explained that incidents of theft and power failures had caused their failure to position wagons in the port to evacuate imports. Stack occupancy on Thursday was sitting at 73% overall, affecting the turnaround time for trucks. Durban MPT experienced bottlenecks due to a system failure that left trucks stranded in front of the terminal. In addition, the terminal struggled with crane breakdowns. Durban MPT recorded a stack occupancy of 61% overall on Friday. Even though Pier 2 managed to increase the availability of straddle carriers, ongoing breakdowns have been noted as a serious issue. International OEMs have been called in to come to the port to attend to the problems.

Amendments to the DCT booking system announced this week are causing significant issues for truckers who cannot make sufficient bookings. The limited number of bookings available at DCT Pier 2 appear nowhere near enough to satisfy demand whilst landside performance continues to be unsatisfactory. Berth 205 was very congested, with over 200 trucks waiting for service at 14h00 on Friday, not to mention the 230 trucks waiting for service at the other berths. With only five import and 20 export bookings per hour available at mid-day at the berth, truckers can be expected to have major difficulties in providing any service to their clients. SAAFF Harbour Carriers division is in constant communication with both piers at DCT in efforts to improve uplift. Requests have been made to open advance bookings for the weekend to allow truckers, clients, and depots to

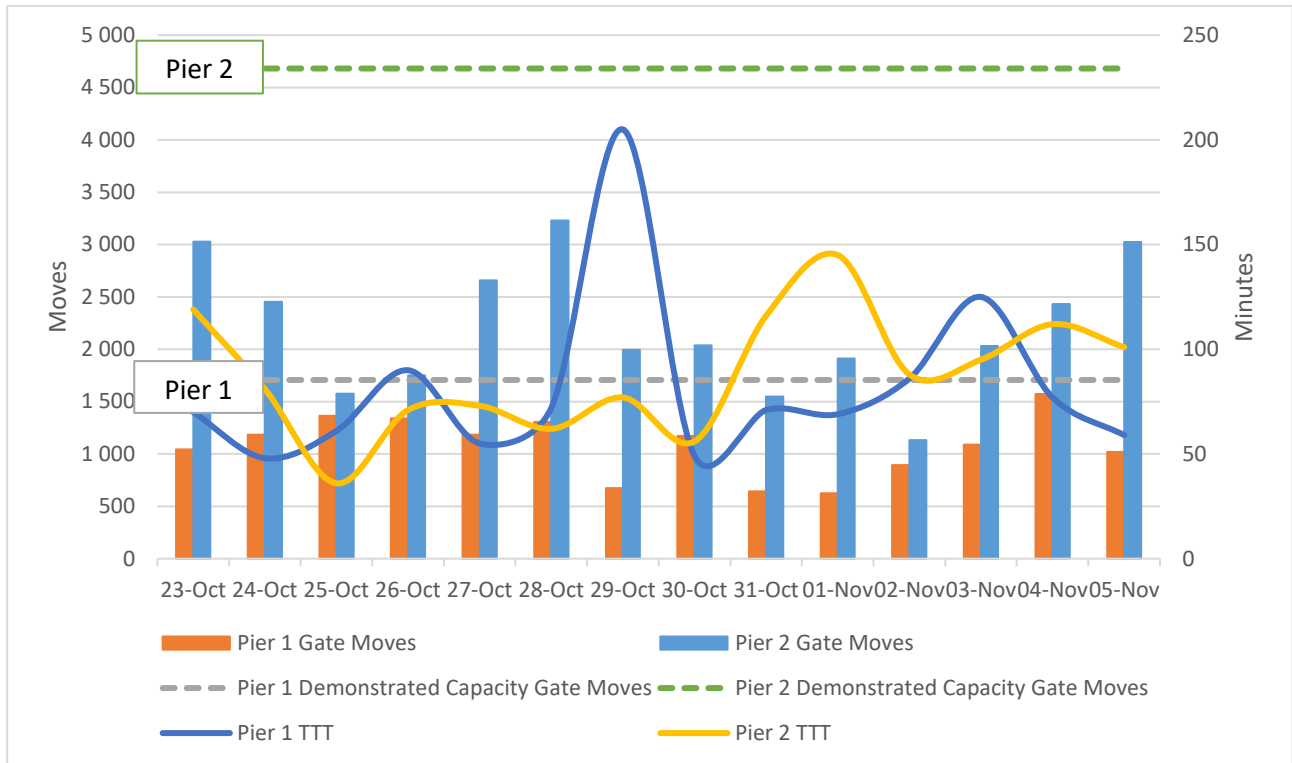


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plan. Truckers are also very upset about the wasted slot penalties being imposed by Transnet at a time when they must wait four hours (or more at times) to be serviced at Durban port terminals. According to Transnet, truckers will be allowed to explain the reason for a wasted slot before the penalty is enforced. The administrative practicality of this remains to be seen.

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

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



Source: Calculated using data from Transnet, 2021. Updated 05/11/2021.

### iv. Eastern Cape ports

It was a quiet week for the Eastern Cape ports. No disruptions were reported due to weather or equipment failures this past week. However, some strong winds left vessels ranging on Monday and NCT and PECT still share an additional tug. On Tuesday, NCT recorded a stack occupancy of 44% capacity for general containers and 35% for reefers, while PECT recorded a stack occupancy of 25% for general purpose containers and 11% for reefers.

### v. Transnet Freight Rail (TFR)

Pier 1 experienced ongoing capacity issues due to limited or no wagons being made available to load out imports. This issue transpired due to multiple incidents of cable theft and power failures on the container corridor. Trains were diesel hauled through the Rookop-Union sections this week due to cable theft. TFR advised port users that on 4 November up to 06h00 on 5 November, the network in and around Gauteng would be shut down to allow engineers to replace the stolen cable at various places in the area. Consequently, in the 24 hours up to 06h00 on 5 November, no traffic moved on the lines resulting in delays to trains leaving both City Deep and other terminals and those despatched from the coast. Efforts are being made to clear the ensuing backlog. This week, the Cape corridor has also been experiencing theft and vandalism between Bloemfontein and Colesberg, resulting in limited rail services.

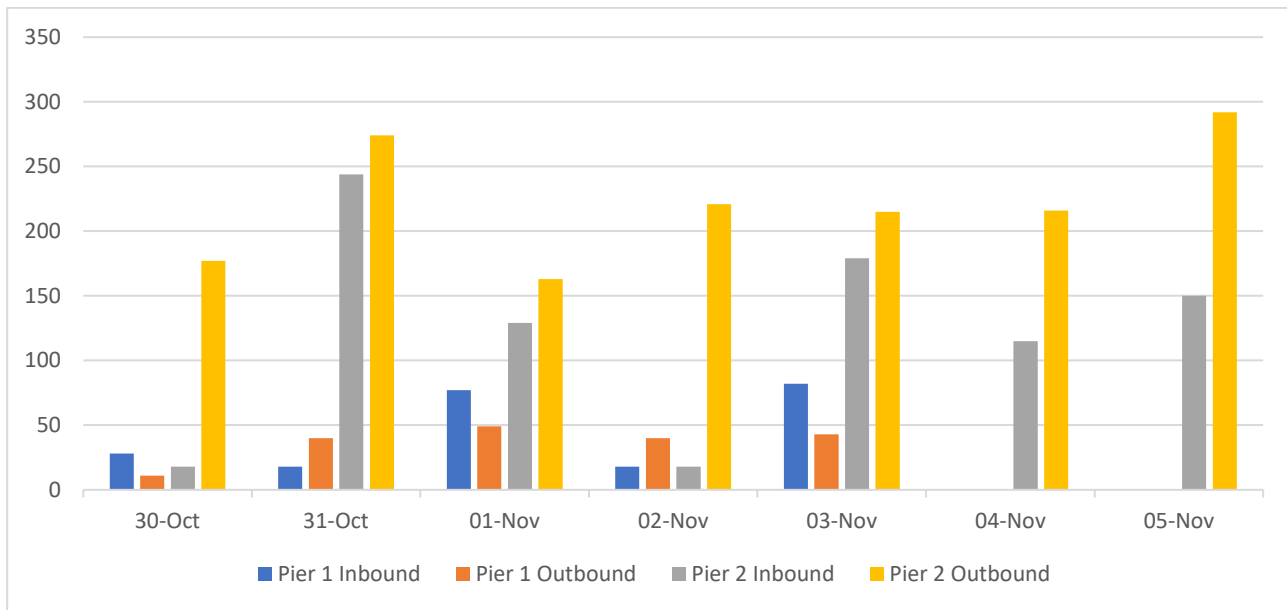
## COVID-19: Cargo movement update

In addition, Transnet advised that the planned maintenance shutdown for the Cape Corridor is still scheduled between 9-15 November 2021. The following areas will be affected by the maintenance:

- Hotazel – Beaconsfield; Warrenton - Beaufort west; Beaconsfield – Bloemfontein
- Beaconsfield - De Aar; Beaconsfield - Beaufort west
- Potchefstroom - Warrenton
- De Aar - Port Elizabeth
- Beaufort west – Worcester

The following figure graphically illustrates rail movements from Durban during the week, highlighting the marked decrease.

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



Source: Calculated using data from Transnet, 2021. Updated 29/10/2021.

In the coming week (6 to 12 November), rail cargo to be handled out of Durban is predicted at **2 817** containers, **↓18%** than the previous week's **3 446** containers. The major contributing factors continue to be a shortage of wagons for the past week because of cable thefts.

## 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 25 October. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *October 2020* averaged **~713 982 kg** per day. For 2019, this average was **~946 660 kg** per day, which is probably a more meaningful comparison.

Table 4 – International inbound and outbound cargo from OR Tambo

Flows	25-Oct	26-Oct	27-Oct	28-Oct	29-Oct	30-Oct	31-Oct
<b>Volume inbound</b>	537 706	375 465	334 988	417 791	409 366	368 177	894 270
<b>Volume outbound</b>	297 454	231 551	305 611	210 380	287 544	315 236	622 337
<b>Total handled per day</b>	<b>835 160</b>	<b>607 016</b>	<b>640 599</b>	<b>628 171</b>	<b>696 910</b>	<b>683 413</b>	<b>1 516 607</b>

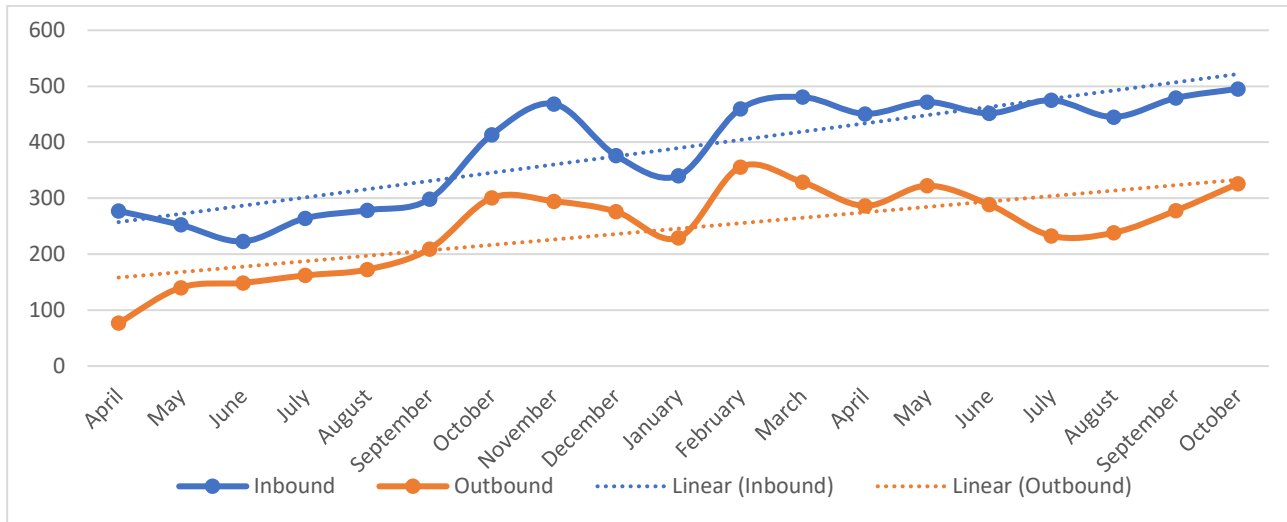
Courtesy of ACOC. Updated: 02/11/2021.

## COVID-19: Cargo movement update

The daily average volume of air cargo handled at ORTIA over the seven days starting 25 October amounted to **476 823 kg** inbound and **324 302 kg** outbound. This amounts to an average of **801 125 kg** per day, or **~112%** compared to October 2020. Compared to pre-COVID-19 times, the level is currently at **~85%** compared with the same period in 2019. Despite the slight drop from last week, numbers have been good of late. Collectively, the industry is expecting to surpass 2019 levels by the end of the year.

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: 02/11/2021.

### 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 *October 2020* was only **~63 677 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	27 013	3 449	3 547	21 515	6 642	3 234	65 399
26-Oct-21	45 264	10 247	6 800	40 947	11 542	5 273	120 074
27-Oct-21	47 826	6 911	6 506	36 339	14 056	5 091	116 729
28-Oct-21	47 521	6 298	8 228	30 466	13 566	5 832	111 912
29-Oct-21	18 642	3 723	4 234	19 640	5 148	3 665	55 051
30-Oct-21	3 132	1 482	134	1 328	781	312	7 168

<sup>10</sup> For Cape Town, the figure corresponds to **40 278 kg** per day, and **3 808 kg** per day for Durban during the same period (October 2020).

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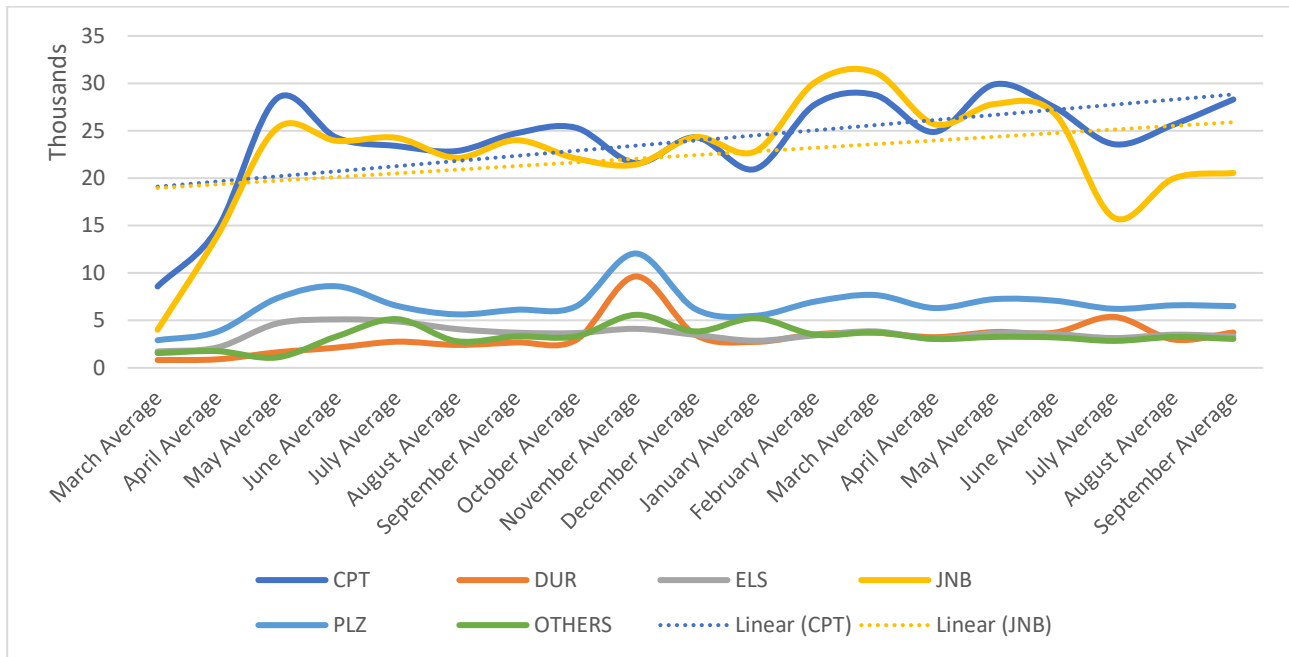
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
31-Oct-21	3 797	794	210	1 751	1 333	992	8 877
01-Nov-21	5 047	506	109	1 063	1 179	231	8 135
<b>Grand Totals</b>	<b>8 039 393</b>	<b>1 115 698</b>	<b>1 042 764</b>	<b>7 387 974</b>	<b>2 048 685</b>	<b>980 755</b>	<b>20 615 268</b>

Courtesy of BAC. Updated: 03/11/2021.

Currently, the average domestic air cargo moved in the last week was ~61 135 kg per day, which is ↓15% compared with the previous week and ~101% compared to October 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 03/11/2021.

### c. Summary of air cargo operations

Several important matters have been raised by the Air Cargo Operators' Committee (ACOC) this week. These matters relate to **(1)** congestion at the cargo terminal entrance, **(2)** objections to ACSA's new "revenue related cargo operating model, and **(3)** cargo reporting.

Firstly, there is ongoing communication with ACSA concerning the congestion at the cargo terminal entrance. Unfortunately, to date, there has been no response from their CEO and their Security Department on integrating systems with the industry in an effort to ease access to the terminal. These protracted delays are concerning since the service provider submitted the required documentation in March 2020. To date, all the industry has just been told is that State Security is still busy with the vetting process.

These challenges remain whilst the industry continues to suffer in collecting and delivering urgent airfreight goods at ORTIA and CTIA. Furthermore, ACSA has released its new cargo strategy to the industry. While the industry has questioned many aspects of this strategy and its lack of immediate, short- and medium-term goals, the design focuses mainly on a new revenue related cargo operating model for stakeholders. It is fixated on the reporting of cargo volumes. All carriers report these volumes are reported to ACSA by all carriers, just as it is with passengers on each flight.

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However, ACSA is requesting commodity breakdowns, and this information is not easily accessible by cargo handlers. The industry believes that this information can best be accessed through the information submitted by the customs brokers to SARS. Furthermore, ACSA seems to have ignored explanations from the private sector explaining the vast differences and variances for each cargo handler or carrier in managing or moving cargo for each carrier they contract with. ACSA maintains it is their right to unilaterally vary and change business models and engage directly with each cargo tenant on these points. Naturally enough, this has made all cargo stakeholders extremely wary of this strategy as we advance. Whilst more and more passenger flights are being brought back online by the carriers into South Africa, for the moment, the challenge of regular cargo frequencies and erratic volumes remains. This situation happens at a time when the international airlines are constantly negotiating their costs for cargo handling downwards due to the cost pressures throughout the chain.

### 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:

- Compared to the recent past, Groblersbrug and Beit Bridge seem to be operating efficiently. Nevertheless, there is still the inevitable Christmas rush to come and the opening of Beit Bridge to the public in March.
- Last week the Department of Transport announced that foreign drivers – even those with permits – will no longer be allowed to drive South African registered vehicles. However, the matter remains a contentious issue for both foreign and local drivers as South African drivers are now reluctant to travel across the border for fear of retaliation.
- From Monday (8 November) onwards, all trucks will have to pay a \$20 urban toll before entering the DRC.
- Lastly, from South Africa's point of view, there were, fortunately, no land border disruptions resulting in gate closures. However, 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 6 – Delays<sup>11</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	0:00	0	0	0	24 640	0
SA/Zim	Beit Bridge	0:00	17:00	943	28 290	6 601	99 015	0
Moz/Zam	Cassacatiza/Mlolo	1:00	15:00	175	5 250	1 225	15 925	1 225
Zam/Zim	Chirundu	0:00	20:00	620	18 600	4 340	78 120	0
Moz/Mal	Dedza	2:00	31:00	50	1 500	350	10 150	700
SA/Bot	Groblersbrug/Martins Drift	72:00	11:00	400	12 000	2 800	25 200	201 600
Zam/DRC	Kasumbalesa	0:00	55:00	750	22 500	5 250	210 000	0
Zam/Bot	Kazungula	0:00	17:00	240	7 200	1 680	25 200	0
SA/Bot	Kopfontein/Tlokweg	1:00	22:00	100	3 000	700	14 000	700
Moz/Zim	Machipanda/Forbes	1:00	9:00	320	9 600	2 240	15 680	2 240

<sup>11</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.

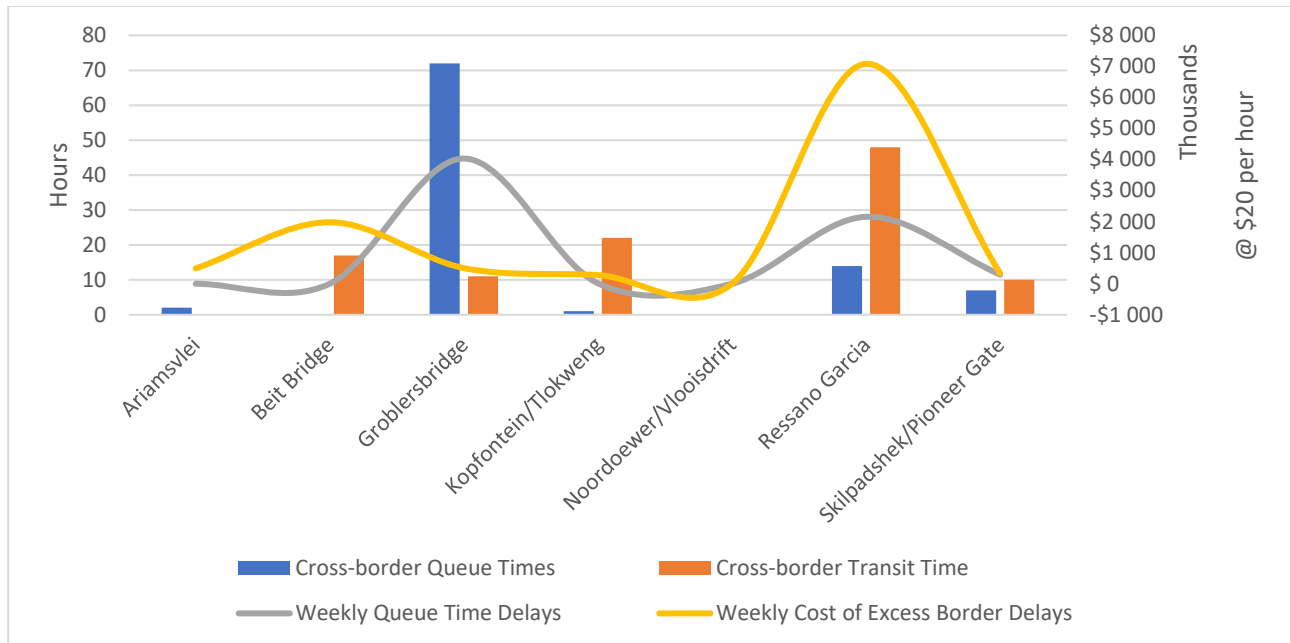
## COVID-19: Cargo movement update

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
Moz/Mal	Milange	0:00	2:00	40	1 200	280	0	0
Zim/Moz	Nyamapanda	1:00	4:00	100	3 000	700	1 400	700
SA/Moz	Ressano Garcia	14:00	48:00	1 100	33 000	7 700	354 200	107 800
Zam/Nam	Shesheke/Wenela	0:00	11:00	100	3 000	700	6 300	0
SA/Bot	Skilpadshek/Pioneer Gate	7:00	10:00	300	9 000	2 100	16 800	14 700
Nam/Bot	Trans Kalahari/Mamuno	0:00	17:00	100	3 000	700	10 500	0
Zam/Zim	Victoria Falls	1:00	3:00	114	3 420	798	798	798
Moz/Mal	Zobue/Mwanza	2:00	22:00	100	3 000	700	14 000	1 400
				<b>5 552</b>	<b>166 560</b>	<b>38 864</b>	<b>921 928</b>	<b>331 863</b>

Source: TLC & FESARTA, week ending 03/11/2021.

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

Figure 11 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)

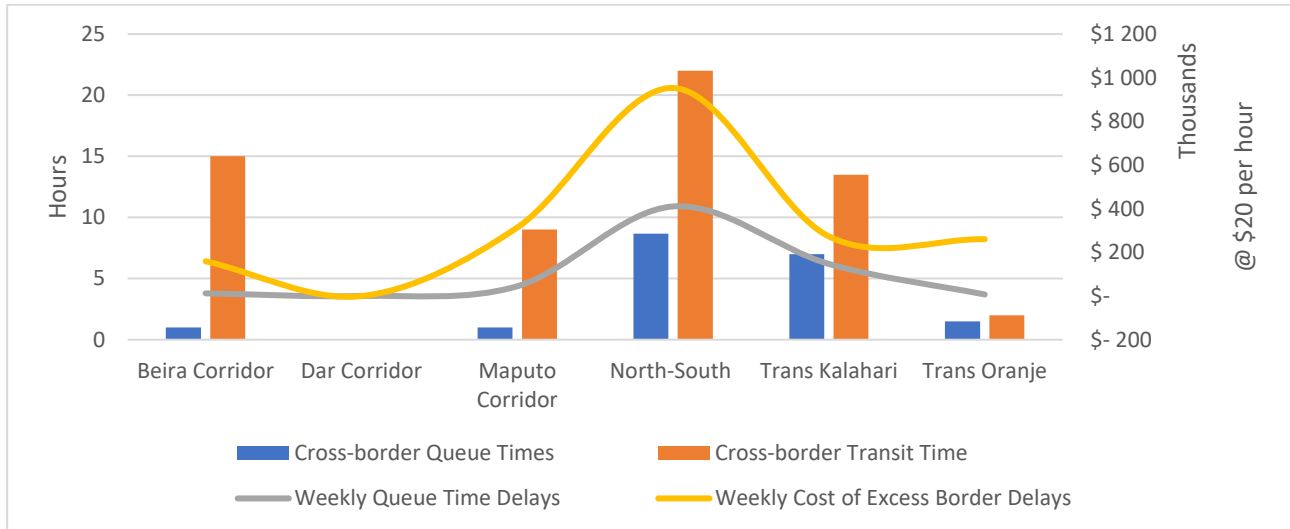


Source: TLC & FESARTA, week ending 03/11/2021.

The following figure depicts a similar picture to those above, this time from a corridor perspective.

## COVID-19: Cargo movement update

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



Source: TLC & FESARTA, week ending 03/11/2021.

In summary, the cross-border queue time has averaged **~6,1 hours** (up by **~0,4 hours** from last week's recorded time of **~5,7 hours**), costing the transport industry an estimated **\$6,6 million (R106 million)**. Apart from this, the week's average cross-border transit times hovered around **~16,5 hours** (up by **~1,4 hours** from the **~15,1 hours** recorded last week), costing the transport industry **\$18 million (R295 million)**. As a result, the total cost for the week amounts to an estimated **~R401 million** (up by **~R67 million** or **↑20%** from **R344 million** the previous week).

### 4. International Update

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

#### a. Global container industry

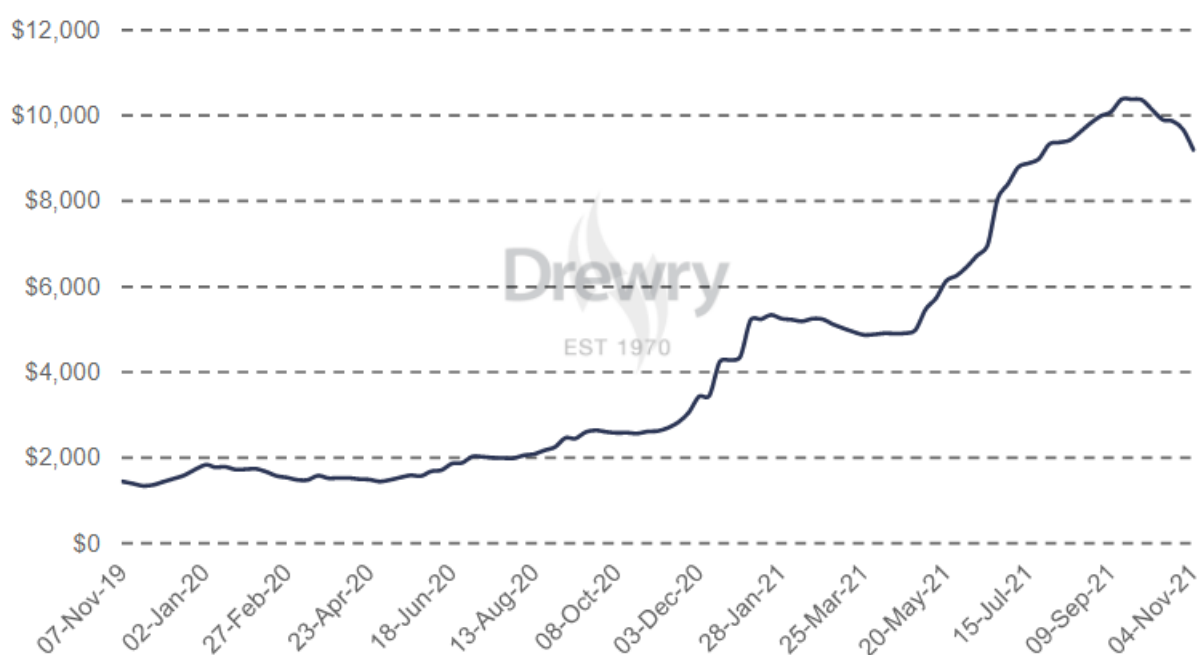
##### i. Global container freight rates

Against a backdrop of record high freight rates, shippers and cargo owners have received another slight respite in container freight rates this week. Drewry's "World Container Index" (WCI) composite index decreased for a fifth consecutive week, falling a massive **↓4,9%** (or **\$474**) to **\$9 195** per 40-ft container<sup>12</sup>. Although the ongoing decrease in freight rates is expected, this week's reduction is the first significant decline in the spot rates for more than a year. The figure below illustrates the situation by summarising the astonishing rise in the two-year spot price of the index, with the rate decrease now starting to take firm shape.

<sup>12</sup> Drewry Supply Chain Advisors. 04/11/2021. [World Container Index](#).

## COVID-19: Cargo movement update

Figure 13 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



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

Despite the substantial decrease of **↓4,9%** this week, the average composite index still stands at **↑252%** higher than it was at the same time last year. Also, the year-to-date average composite index of the WCI remains extraordinarily high, currently at **\$7 293** (up by **\$45** this week) per 40ft container, which is **\$4 701** higher than the five-year average of **\$2 592**. On the eight major East-West trades routes, all routes bar Rotterdam – Shanghai and New York – Rotterdam experienced a decline (both are unchanged compared to last week). The week's significant reduction came on the Shanghai – Los Angeles route, decreasing by **↓10%**. The movement can largely be attributed to US East Coast ports being too congested to handle any additional supply. For South Africa, freight rates continue to increase, as we expect the situation to turn around following the customary month or two lag compared with the major east-west trades. Evidence of this can be seen in the latest Alphaliner report<sup>13</sup>, which shows that freight rates into Durban are up by **↑18%** m/m.

Despite continuing congestion at US ports, we can expect the rates to decrease even further in the coming weeks (see [below](#)). Lastly, the charter market bubble has finally burst, as charter rates have dropped for the first time in 2021. The most significant drop has come in the 1 700 TEU sector, a feeder vessel typically deployed on intra-Asia, Baltic, and other minor trades<sup>14</sup>.

### ii. Reefer container freight rates

According to Drewry's recently published "*Reefer Shipping Forecaster*"<sup>15</sup>, reefer container freight rates are forecast to accelerate through 2022. Reefer freight rate estimates have been revised upwards, and their rates of increase are expected to overtake dry container freight rates. These changes were expected after a relatively flat year for refrigerated cargo in 2020. In stark contrast, Drewry notes that rising reefer freight rates are finally following in the wake of the dry cargo sector, as operators realign their appetite for risk and revenue expectations for refrigerated cargo. These revisions align with inflated system costs and operational challenges, such as extended dwell times at transshipment ports and longer container equipment cycle times. The following figure illustrates the expectations:

<sup>13</sup> Alphaliner. 2021. [Monthly Monitor: October](#).

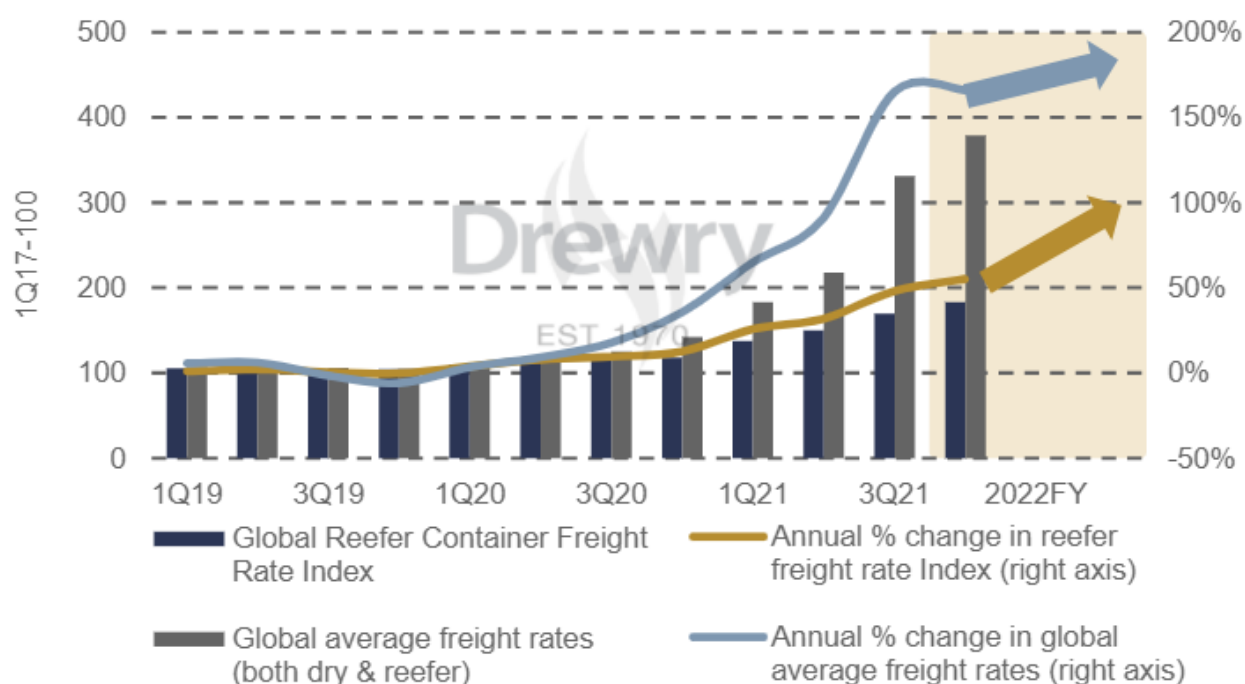
<sup>14</sup> Wiese Bockmann. 01/11/2021. [Box ship charter rates drop for first time in 2021](#).

<sup>15</sup> Drewry. 01/11/2021. [Reefer Shipping Forecaster](#).



## COVID-19: Cargo movement update

Figure 14 – Reefer container freight rates compared with dry rates (y/y, index: 2017 Q1 = 100)



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

Shippers of lower value cargoes (such as bananas, onions, citrus, or frozen vegetables) are now confronted with much higher shipping costs after enjoying years of relatively low freight rates, which helped them develop markets far afield. These cargo owners must now work hard to ensure these higher costs are passed on to retailers and end consumers. Currently, southern hemisphere BCO's are finalising negotiations for their seasonal fresh produce export season, as are banana multinationals and retailers for their cargoes to worldwide destinations. Being a significant player in several of these markets, South Africa will also be impacted by these negotiations and impending global shifts.

Seaborne reefer traffic is expected to grow **↑3,2%** in 2021 to reach **136 million tons**, slightly dropping from previous estimates. All commodities are showing growth in 2021, except bananas. Reefer container production is expected to reach a record high of **340 000 TEUs** in 2021. Meanwhile, the conventional reefer vessel segment is fully employed, with small and large vessels in short supply. As the southern hemisphere high season looms, operators struggle to manage their fleet deployment to ensure commitment to long-standing customers with rising space demands. For South Africa, the movement of these indicators will be closely monitored.

### iii. Further developments of note

Apart from the ongoing story of plummeting reliability and soaring freight rates, some additional notable developments occurred this week:

#### 1. US congestions - Further attempts to clear the backlog:

- a. California ports have started implementing a container dwell fee programme to tackle the current backlog<sup>16</sup>. The Long Beach Board of Harbour Commissioners approved the "*Container Excess Dwell Fee*" by unanimous vote. In response, the Port of Los Angeles' board voted four to zero to approve an identical measure<sup>17</sup>.
- b. The fee is designed to expedite cargo from terminals amid unprecedented congestion dating back to summer 2020 and exacerbated by peak holiday shipping season and crowded ports.

<sup>16</sup> Watkins, E. 02/11/2021. [California ports start container dwell fee programme to tackle backlog](#).

<sup>17</sup> Schuler, M. 29/11/2021. [Ports of Los Angeles and Long Beach Approve Controversial Container Dwell Fee on Ocean Carriers](#).

## COVID-19: Cargo movement update

### 2. CMA CGM buys major Los Angeles container terminal operator for \$2,3 billion:

- Further news from Los Angeles comes in the form of CMA CGM agreeing with a deal to buy back the former LA terminal after selling 90% of its stake to fund its acquisition of NOL<sup>18</sup>.
- The terminal is the third-largest in the LA-LB gateway complex, with around 2,5 million TEU annual handling capacity and a concession to operate until 2034<sup>19</sup>.
- The French carrier said that it would expand both the container yard and its rail capacity once the deal was complete and construct a new berth. It also added that the group's LNG-fuelled vessels were expected to start calling at the terminal early next year.

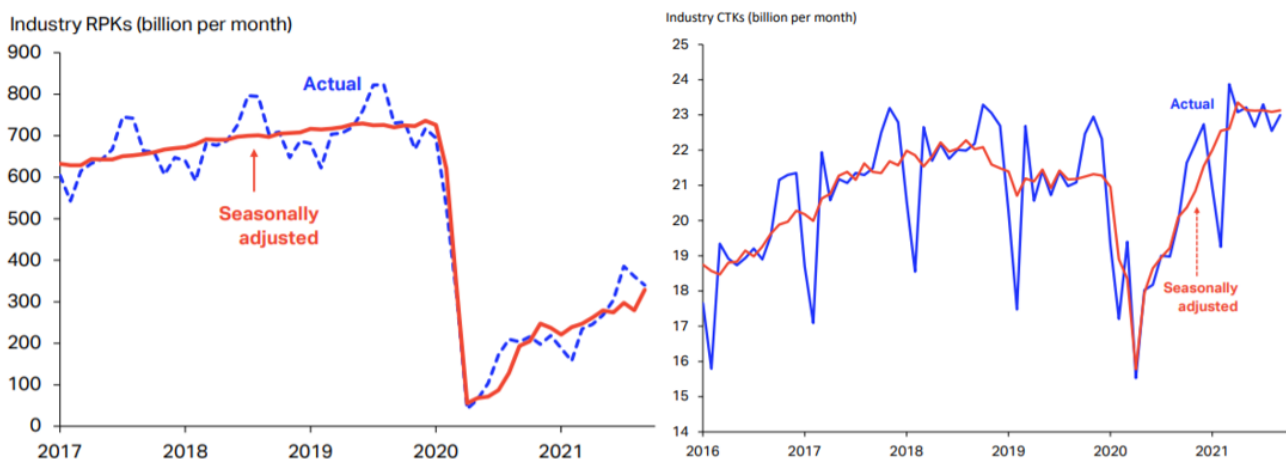
### 3. Maersk profits and planned expansion:

- Maersk, the world's largest shipping company, posted its most profitable quarter in its 117-year history on Tuesday, 2 November<sup>20</sup>. The Danish company more than quadrupled its operating profits to **\$5,9 billion** in its third quarter<sup>21</sup>.
- To consolidate its position in global commerce, Maersk looks to long-term contracts for stable revenues, which includes an airfreight acquisition<sup>22</sup>, with Maersk announcing the acquisition of airfreight specialist Senator Logistics<sup>23</sup>. The integration of its carrier and logistics business and airfreight have helped Maersk increase contract volumes to more than half its liftings.
- These developments have come in the wake of the Danish carrier being accused of encroachment into the logistics space after it announced that it would handle cargo from direct shippers from 1 November, cutting out freight forwarders<sup>24</sup>.

### b. Global aviation industry

On 3 November, the International Air Transport Association (IATA) released their latest monthly "Air Freight" and "Air Passenger"<sup>25</sup> analysis. Collectively, the industry continued its recent trends; however, the passenger and cargo markets are finally on course to merge. In m/m terms, the passenger market (measured in revenue passenger kilometres – RPKs) rose by **↑18%** – a robust improvement, although from a very low base. The cargo market (measured cargo tonne-kilometres – CTKs), in turn, grew by **↑9,1%** compared to September 2019. The following side-by-side figures show the latest movement of the respective industries:

Figure 15 – Growth in passenger and cargo volumes



Source: [IATA Economics](#)

<sup>18</sup> Baker, J. 03/11/2021. [CMA CGM agrees deal to buy back former LA terminal.](#)

<sup>19</sup> Van Marle, G. 03/11/2021. [CMA CGM buys major Los Angeles container terminal operator for \\$2,3 billion.](#)

<sup>20</sup> Kay, G. 02/11/2021. [The world's largest shipping company has reported its biggest profit in 117 years.](#)

<sup>21</sup> Maersk. 02/11/2021. [A.P. Moller - Maersk presents a record Q3 and continues to deploy its integrator strategy to alleviate supply chain bottlenecks.](#)

<sup>22</sup> Baker, J. 02/11/2021. [Maersk looks to long-term contracts for stable revenues.](#)

<sup>23</sup> Baker, J. 02/11/2021. [Maersk expansion takes off with airfreight acquisition.](#)

<sup>24</sup> Savvides. 20/10/2021. [Maersk looks set to cut out freight forwarders to attract larger BCOs.](#)

<sup>25</sup> IATA. 29/09/2021. [Air Cargo Market Analysis.](#)

## COVID-19: Cargo movement update

For the latest analysis, the following noteworthy points can be shared:

For the passenger market:

- Global air travel picked up in September, following a slight deterioration in the previous month. Nevertheless, RPKs are down **↓53%** compared with pre-crisis 2019.
- This month's growth can be primarily attributed to the recovery in domestic markets, particularly in China, where some travel curbs implemented during COVID outbreaks in August were lifted.
- Travel bookings point to further passenger growth across domestic and international markets, but any significant improvement looks unlikely in the near term.
- Global seat capacity recovered from the temporary lulls experienced in August. Industrywide seat-kilometres (ASKs) were down by **↓44%** in September, after a **↓46%** contraction in August.
- There are indications that passenger capacity should continue to improve further. by the year-end, domestic and international flights should reach **88%** and **62%** of pre-crisis levels, respectively.

For the cargo market:

- Despite the m/m improvement of cargo (**↑9,1%** compared to **↑7,5%** for August), trends on the main drivers of air cargo are currently mixed, with supply chain delays impacting manufacturing activity. Nevertheless, air cargo is expected to continue to outperform the global goods trade.
- Cargo capacity improved in September but is still **↓8,9%** below 2019 levels. However, load factors remain close to record-highs, and cargo yields are trending upwards and boosting revenues.
- Cargo load factor (CLF) was at **62,6%** (close to September 2020) and **↑11,7%** above September 2019.
- African airfreight routes grew at the fastest rate among the regions for the ninth consecutive month, **↑34,6%** in September versus pre-crisis 2019 levels.