

COVID-19: Cargo movement update¹

Date: 10 December 2021

Weekly Snapshot

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

Flows	Current ²			Previous ³			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	21 152	26 016	47 168	22 562	25 751	48 313	↓2%
Air Cargo (tons)	4 184	3 278	7 462	4 920	3 098	8 018	↓7%

Monthly Snapshot

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

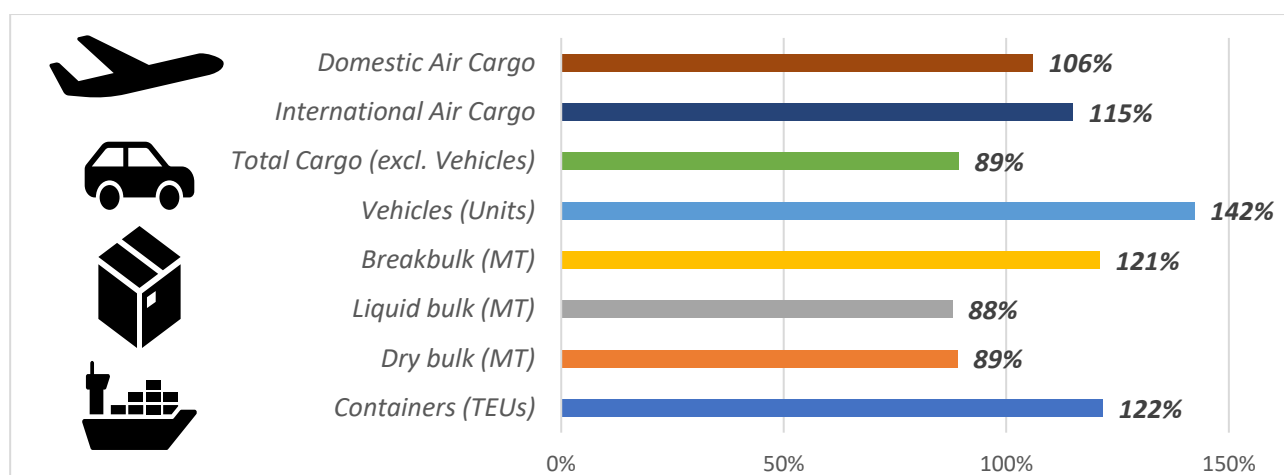


Figure 2 – Global year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of ~**6 738 TEUs** was handled per day, with ~**9 338 TEUs** projected for next week.
- Rail cargo handled out of Durban amounted to **3 892** containers, **↓8%** compared to last week.
- South Africa's GDP contracted by **↓1,5** in Q3 2021, exports **↓5,9%**, and imports **↓2,8%**.
- This week, cross-border queue times are **↑2,3 hrs**, with transit times **↓4,6 hrs** (see [below](#)).
- The "WCI" increased distinctly this week, with spot freight rates **↑2,3%** (or **\$211**) to **\$9 262** per 40-ft.
- Liner schedule reliability has improved across major trade lanes, notable for African services.
- IATA notes that there is little evidence that air travel restrictions prevent the spread of COVID.

¹ This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 68th update.

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

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

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

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

Executive Summary

This update – *the 68th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. The latest COVID-19 variant – Omicron – continues to spread rapidly through our population, as newly reported COVID-19 infections averaged approximately **15 044** per day (**↑195%** from last week's average of **5 093**). In total, we have now recorded more than **3 million⁶** cases, with the death toll passing the **90 000-mark (90 060, up by 145)**. Globally, COVID-19 infections total more than **269 million**, with the death toll passing **5,29 million** this week. On the vaccination front, **8,35 billion** vaccine doses have now been administered worldwide⁷. For South Africa, this figure stands at **~26,9 million**, with a daily average of **~115 000** doses administered in the past week. Vaccination numbers are expected to increase as the Department of Health this week announced plans for the commencement of the Pfizer and J&J boosters.

Operationally, this week Cape Town Container Terminal (CTCT) struggled with sporadic weather disruptions together with crane breakdowns that left various vessels idle at anchor for more than five days. With the fourth wave of COVID-19 infections sweeping through the country, more and more positive cases have impacted operations, especially in Durban. Pier 2 recorded eight new positive COVID-19 cases, and Pier 1, three. Durban MPT reported a total of two new cases on Thursday. Fortunately, these subsequent absences have not affected performance operationally. Due to strong winds on Monday afternoon, Durban port operations were affected to a limited extent. On Wednesday, light rain delayed loading at Durban's Maydon Wharf terminal. Additional delays at Pier 2 were recorded due to intermittent crane breakdowns. Finally, vessels at anchor waiting for Pier 1 were delayed due to the scheduled sounding on Wednesday.

In the global container industry, the narrative revolves again around schedule reliability and increasing freight rates. On the former, it was encouraging to see that a total of 15 trade lanes saw a net gain in schedule reliability over the course of 2021. Moreover, significant service improvements can be seen for African trade, which is encouraging given the recent struggles with cancelled sailings and general delays. But unfortunately, the improved reliability has not yet crossed over to the major carriers, as global container congestion remains the order of the day. Other significant developments include **(1)** analysis which shows that 12% of global capacity remains unavailable, **(2)** Moody's report showing that ocean carrier earnings have peaked in 2021, and **(3)** container ports in China are expected to raise handling fees (see the detailed summary [below](#)).

South Africa's international (**↓7%**) and domestic (**↑7%**) air cargo sectors mirrored each other, with no particular operational developments worth mentioning. Internationally, IATA this week showed how air cargo continues to carry the industry. However, more importantly, IATA highlighted the lack of any credible evidence showing that travel restrictions curb the spread of the virus (note the brief outline [below](#)). Consequently, the plea to allow international travel to and from South Africa is reiterated, as the Omicron variant is already prevalent across the globe and no amount of travel restrictions is going to change that. As mentioned last week, we must use the experience of the previous two years to move to a coordinated data-driven approach that finds safe alternatives to border closures and quarantine. Travel restrictions are not a long-term solution to control COVID variants

In conclusion, it is worth turning our attention to the GDP figures released this week, which unfortunately didn't surprise anyone, despite being worse than expected. Given the events which transpired in early July – along with the often-reported challenges within our logistics industry – we cannot afford to continue to self-destruct and score own goals. Although the broader economic indicators remain optimistic for the South African economy, we can expect to continue to put out short term fires and deal with hiccups – such as the recent travel ban. We appeal to all stakeholders to pull together and maintain hard-earned momentum as we enter the quiet season.

⁶ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

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

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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 4 to 10 December⁸

7-day flow forecast (04/12/2021 – 10/12/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 314	5 799
DURBAN CONTAINER TERMINAL PIER 2:	9 677	14 893
CAPE TOWN CONTAINER TERMINAL:	4 714	3 481
NGQURA CONTAINER TERMINAL:	1 220	663
GQEBERHA CONTAINER TERMINAL:	227	1 180
TOTAL:	21 152	26 016

Source: Transnet, 2021. Updated 10/12/2021.

Table 3 – Container Ports – Weekly flow reported for 11 to 17 December⁹

7-day flow forecast (11/12/2021 – 17/12/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	7 561	6 950
DURBAN CONTAINER TERMINAL PIER 2:	11 477	14 529
CAPE TOWN CONTAINER TERMINAL:	6 598	7 801
NGQURA CONTAINER TERMINAL:	5 243	5 093
GQEBERHA CONTAINER TERMINAL:	0	117
TOTAL:	30 879	34 490

Source: Transnet, 2021. Updated 10/12/2021.

An average of ~6 738 TEUs (↓2%) was handled per day for the last week (4 to 10 December, Table 2), with a significantly increased average of around ~9 338 TEUs (↑39%) projected to be handled next week (11 to 17 December, Table 3). Continuing the recurring theme over the last few months – as noted below in Figure 3 – there has been a significant decrease in container throughput. Several operational problems have contributed to the decrease. This week, the operational narrative revolved around weather delays, labour shortages because of COVID, and equipment issues (see a more detailed breakdown per port [below](#)).

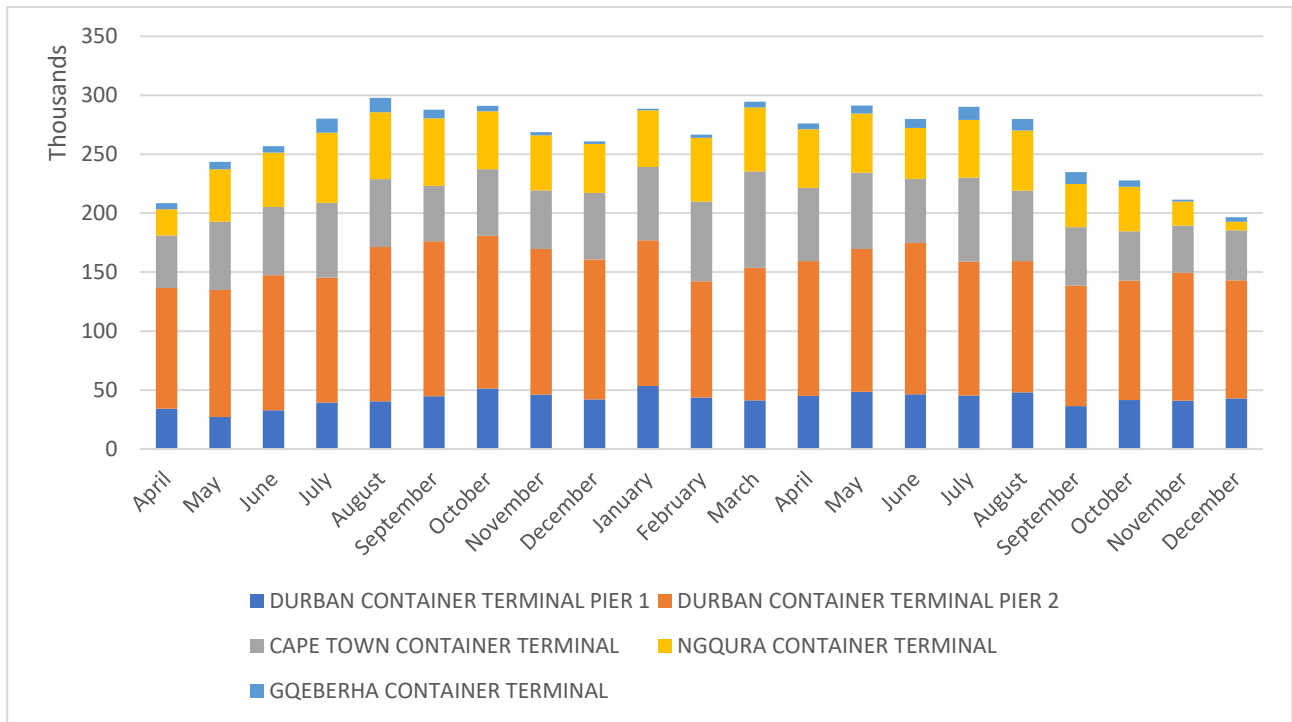
A broad statistical picture is illustrated in the figure below, which displays the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the start of the nationwide lockdown.

⁸ It remains important to note that a fair percentage (approximately 26%, according to the most recent TNPA figures for September) of containers are neither imported nor exported, but rather consist of empties. Due to the ongoing container imbalances, this proportion is fluctuating more than usual, and has increased since December 2020. In recent months, empty numbers have dropped, a reflection of worldwide container imbalances.

⁹ As notes above.

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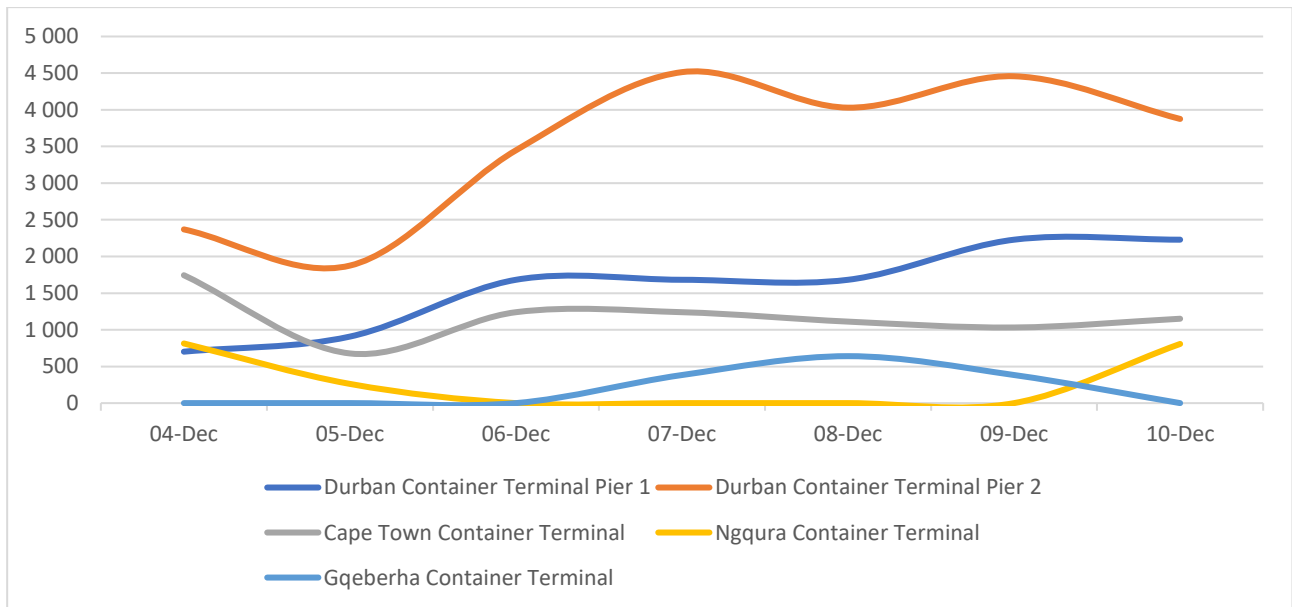
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from Transnet, 2021. Updated 10/12/2021.

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

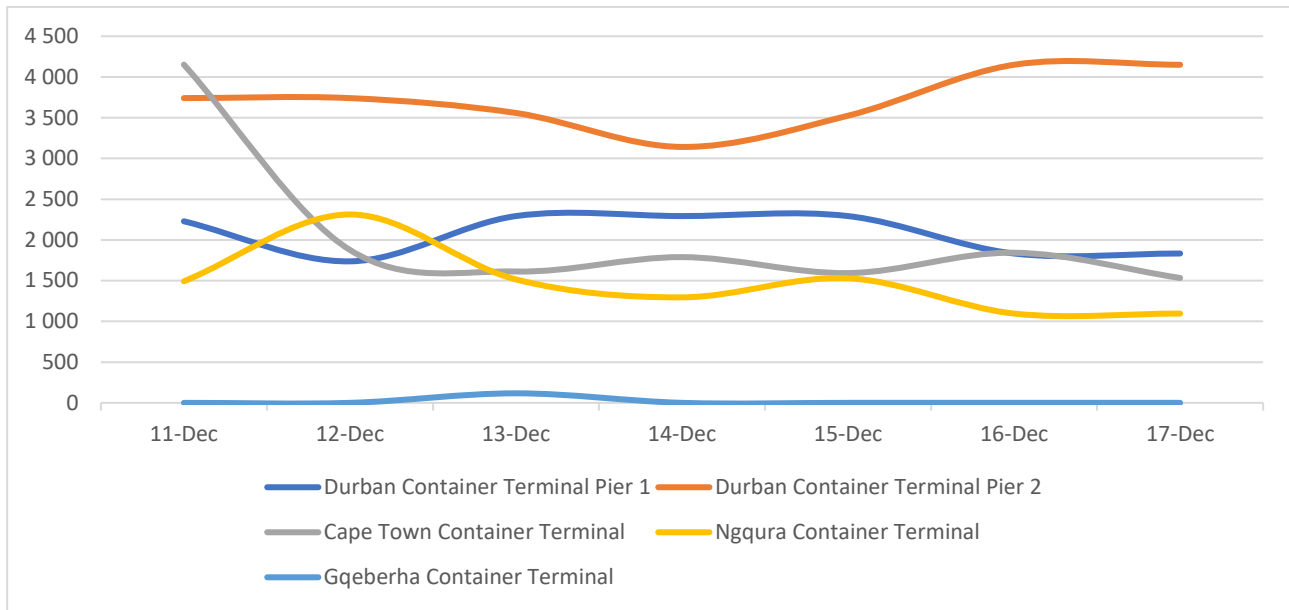
Figure 4 – 7-day flow reported for total cargo movement (4 to 10 December; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 10/12/2021.

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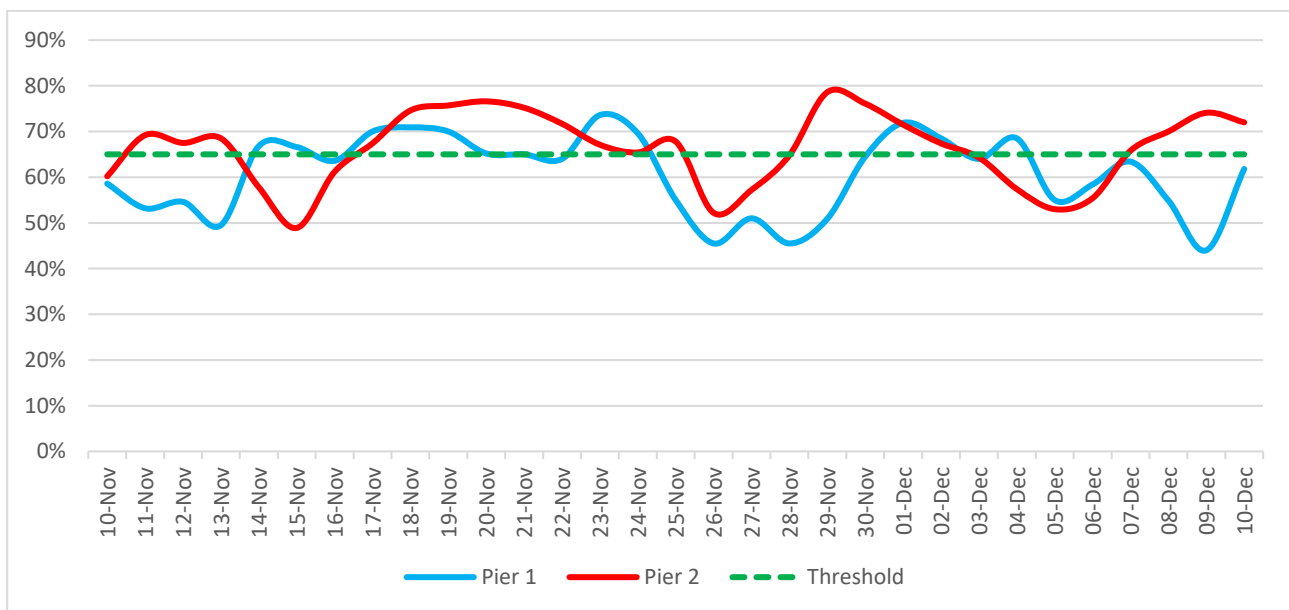
Figure 5 – 7-day flow reported for total cargo movement (11 to 17 December; per port; day on day)



Source: Calculated using data from [Transnet, 2021](#). Updated 10/12/2021.

The following figure shows daily stack occupancy in both Durban terminals since the start of November, with pressure on operational fluidity a constant feature of these reports over the last few months. Regrettably, Transnet is unwilling to supply this information for the other ports.

Figure 6 – Stack occupancy in DCT, general-purpose containers (10 November to present; per pier; day on day)



Source: Calculated using data from [Transnet, 2021](#). Updated 10/12/2021.

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.

i. Weather delays

Strong winds affected CTCT's performance throughout this week, as the container terminal was declared windbound sporadically on Monday, Tuesday, and Wednesday, delaying waterside operations.

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Fortunately, this week, Durban port operations were affected only slightly due to strong winds on Monday afternoon. However, on Wednesday, light rain delayed loading at the Durban Maydon Wharf terminal.

Continuing the pattern of the last few weeks, no adverse weather conditions were experienced this week, affecting operations at the Eastern Cape ports. Only some moderate winds were experienced on Tuesday afternoon.

ii. Cape Town

On Monday, CTCT recorded three vessels at berth and five at anchorage. Shipping lines have raised their concerns over the limited equipment availability at CTCT, causing some vessels to wait for more than five days to berth. In response, Transnet stressed the delays caused over the weekend due to strong winds. However, CTCT also reported that two out of the eight gantry cranes were non-operational. LC6 is planned to be back within the next few weeks, while LC1 should only be back in February 2022. CTCT recorded a stack occupancy for general containers at 31% and reefers at 32%. Cape Town MPT had a very quiet week, with one vessel that berthed on Thursday. On Tuesday, the MPT handled 96 trucks with an average TTT of 10 minutes. Only 2700 metric tons of rail destined cargo was left on hand. Stacks stood at 5% for general purpose containers, 16% for reefers and 94% for empties.

iii. Durban

With the fourth wave of the pandemic sweeping through the country, more and more positive cases have been recorded, especially in Durban. Pier 2 recorded two new COVID-19 cases on Monday and an additional two on Thursday, while Pier 1 reported two new COVID-19 cases since the past weekend and one new case on Wednesday. Durban MPT reported a total of two new cases on Thursday. Furthermore, shipping lines stressed their concerns on Tuesday about the planned draft sounding at Pier 1 on Wednesday. Carriers were asking about the possibility of postponing this, as numerous vessels were waiting outside. TPT explained that the sounding was necessary and mandatory for safety and precautionary reasons. It was scheduled as far as possible to cause minimal disruption to the berthing plan.

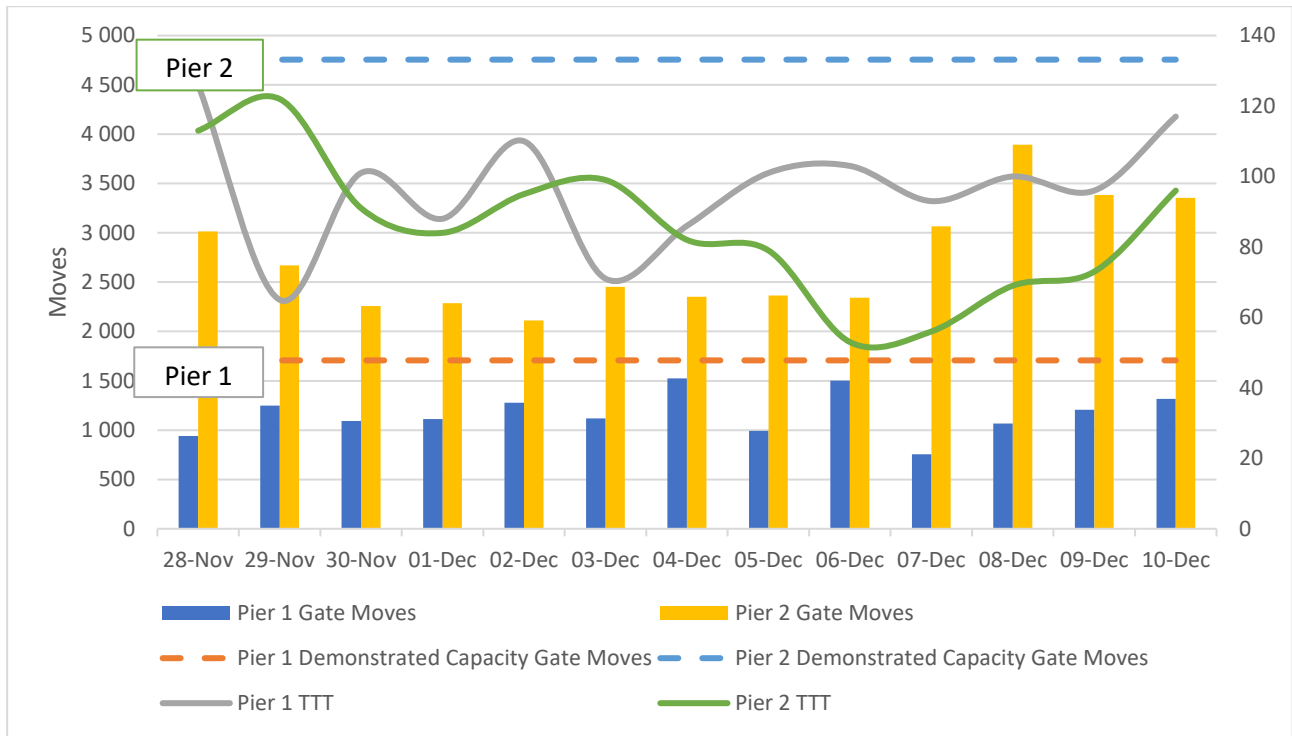
On Monday, Pier 2 had 79 straddle carriers on hand, which increased to 83 in the afternoon. Pier 2 recorded four vessels at anchorage. Stack occupancy stood below 60% capacity, while the staging area flowed smoothly. Unfortunately, crane 521 was reported broken and expected to be out of commission. Pier 2 managed to handle 3 065 gate moves with an average TTT of 55 minutes and an average staging time of 84 minutes. Pier 1 had one vessel at anchor and 2 223 import containers on hand. Stacks were sitting at 58% capacity with a total of 257 unassigned containers. The terminal recorded 631 cancelled slots within the past 24 hours. Durban MPT recorded a stack occupancy of 65% on Monday and a total of 75 reefer plugs in use. One out of the three cranes was out for service on Thursday. On Wednesday, Pier 2 recorded 3 930 gate moves more than the target of 3 300 over all three shifts. Total cancelled slots stood at 181, wasted slots at 1 549 and shifts at 950. Pier 1, on the other hand, recorded a total of 1 206 gate moves, 677 cancelled slots, 162 wasted slots and 708 shifts. In terms of the truck booking system issues at Pier 2, a meeting was held on Wednesday between Transnet and trucking representatives, the outcome of which is still to be shared.

On another note, Transnet sent out a letter to port users on Monday in response to a video circulating on social media. A vessel was shown emitting a "dark-oil-like substance" near the beachfront in Durban, the voice-over suggesting that the substance seen in the video was poisonous. Transnet explained that the Port of Durban's Isandlwana dredger was helping to pump sand onto Durban's beaches ahead of the holiday season. The process was in no way posing a risk to beachgoers. The dredger uses a method known as "rainbowing" that propels clean sand dredged from the sand trap in a high arc to a specific location, and it is something that has been undertaken for many years.

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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 03/12/2021.

iv. Eastern Cape ports

Overall, it was a very quiet week for both NCT and PECT. On Monday, NCT recorded one vessel at berth and zero at anchor. Stacks stood at 31.3% for general purpose containers and 3% for reefers. PECT had no ships at berth or anchor. Stacks stood at 39% for general purpose containers and 3% for reefers. PECT Auto also had no vessel at berth or anchor with a stack occupancy of 32%. Port of East London had three ships at berth and no additional at anchor. Fortunately, zero new COVID-19 cases were reported this week at either terminal.

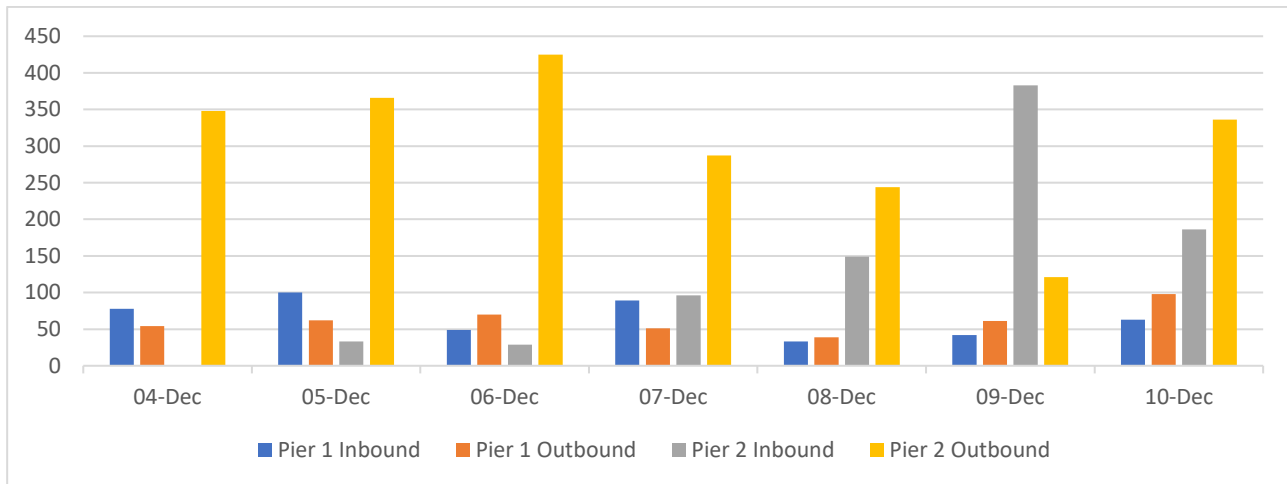
v. Transnet Freight Rail (TFR)

TFR did not experience significant disruptions to its loading plan this past week. On Monday, TFR recorded 107 import containers on hand at Durban MPT. Pier 1 recorded 103 imports on hand and managed to load two out of the two loading plans in the past 24-hours. The terminal was given another two loading plans for the next 24-hours. Pier 2 had only 94 imports on hand for rail and managed to load six out of six loading plans in the previous 24-hours. The terminal was given another six loading plans to complete in the next 24 hours.

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

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



Source: Calculated using data from Transnet, 2021. Updated 03/12/2021.

In the last week (4 to 10 December), rail cargo to be handled out of Durban was predicted at **3 892** containers, **↓8%** than the previous week's **4 244** containers. The decrease could be attributed to equipment shortages and weather conditions. It is, however, good to see that the issue of wagon shortages has been resolved for the time being. Lastly, while cable theft issues are not yet a thing of the past, they have not had a significant impact on major rail corridors for the past few weeks.

vi. General

On Thursday, the Chief Harbour Master addressed a letter to port users addressing the question of hazardous cargo. Various challenges have been listed, including a lack of capacity in terms of the packing, labelling, handling, and transporting dangerous goods, the non-declaration or false declaration of goods, misinterpretation of IMDG Codes and application segregation, the storage of transshipment IMDG cargo exceeding the stipulated dwell time, and others. Transnet stressed the major concerns regarding incorrect labelling and declaration of the IMDG containers, which poses a considerable risk in the event of an accident where emergency services are unable to provide the appropriate response. General procedures were listed and shared regarding how to identify, declare, handle and label IMDG cargo. Furthermore, Transnet advised that random audits will be conducted by the Terminal and Port Authorities to ensure compliance with the specified procedures. In addition, a task team has been set up by the Department of Transport and industry players to identify any gaps in the system and improve on them.

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 29 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	29-Nov	30-Nov	01-Dec	02-Dec	03-Dec	04-Dec	05-Dec
Volume inbound	546 807	303 408	423 834	294 900	358 343	327 041	674 714
Volume outbound	324 551	331 355	302 596	190 754	291 706	306 904	546 784
Total handled per day	871 358	634 763	726 430	485 654	650 049	633 945	1 221 498

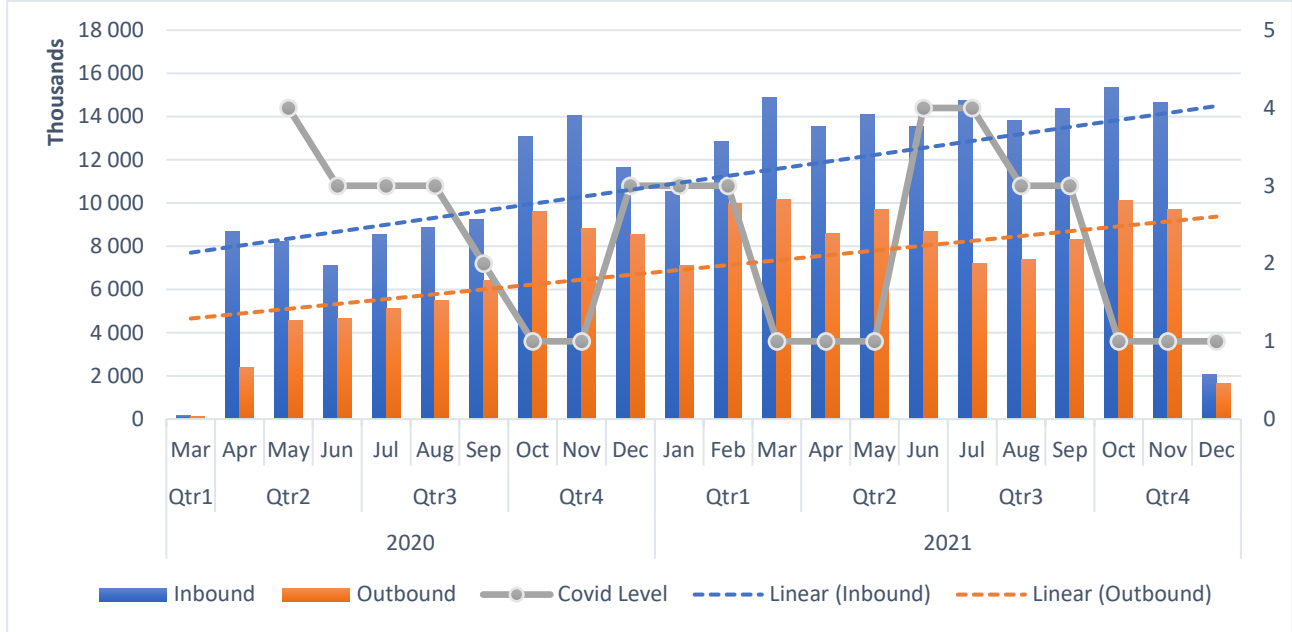
Courtesy of ACOC. Updated: 06/12/2021.

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The daily average volume of air cargo handled at ORTIA over the seven days starting 29 November amounted to **418 435 kg** inbound and **327 807 kg** outbound. This amounts to an average of **746 242 kg** per day, or **~98%** compared to November 2020. Compared to pre-COVID-19 times, the level is currently at **~75%** compared with the same period in 2019.

The following figure shows monthly international freight movement at ORTIA during the state of disaster, including the relevant lockdown level, with a general upward trend realised throughout the period in question.

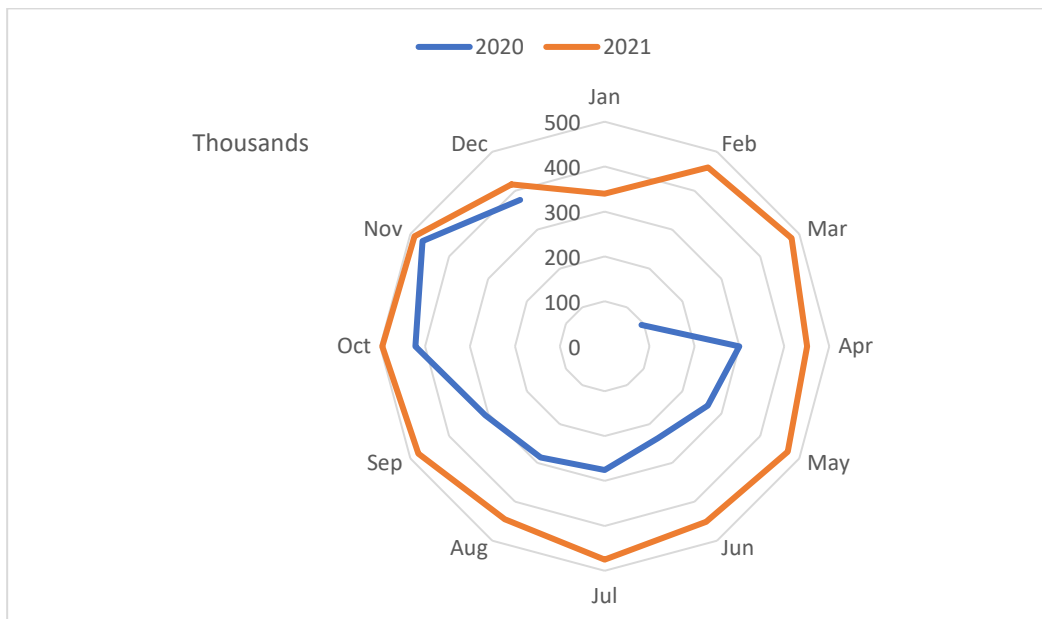
Figure 9 – International in – and outbound cargo from OR Tambo (thousands) and associated lockdown level



Courtesy of ACOC. Updated: 06/12/2021.

The following figure – which complements the figure above – shows the average cargo handled per month for 2020 and 2021. For comparison, an outward spiral represents a positive return on the corresponding month of 2020.

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



Courtesy of ACOC. Updated: 06/12/2021.

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The figure indicates that international cargo handled at OR Tambo has grown in each corresponding month since the start of the pandemic. Therefore, in summary, the international air cargo trends remain positive for now.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the lockdown period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in November 2020 was only **~73 698 kg¹⁰** per day.

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	31 174	4 350	4 102	24 732	7 943	3 727	76 027
30-Nov-21	51 383	7 257	6 452	47 286	11 556	6 877	130 811
01-Dec-21	51 324	6 019	6 106	30 086	12 965	6 562	113 061
02-Dec-21	54 666	5 695	6 263	29 194	13 503	5 901	115 223
03-Dec-21	24 881	5 690	3 886	29 811	7 990	4 304	76 563
04-Dec-21	4 304	1 795	524	2 220	800	272	9 915
05-Dec-21	2 385	1 075	290	1 625	796	1 460	7 631
06-Dec-21	53 091	5 465	7 149	59 789	13 669	5 873	145 035
Grand Totals	9 180 414	1 274 326	1 192 268	8 304 137	2 339 142	1 119 870	23 410 157

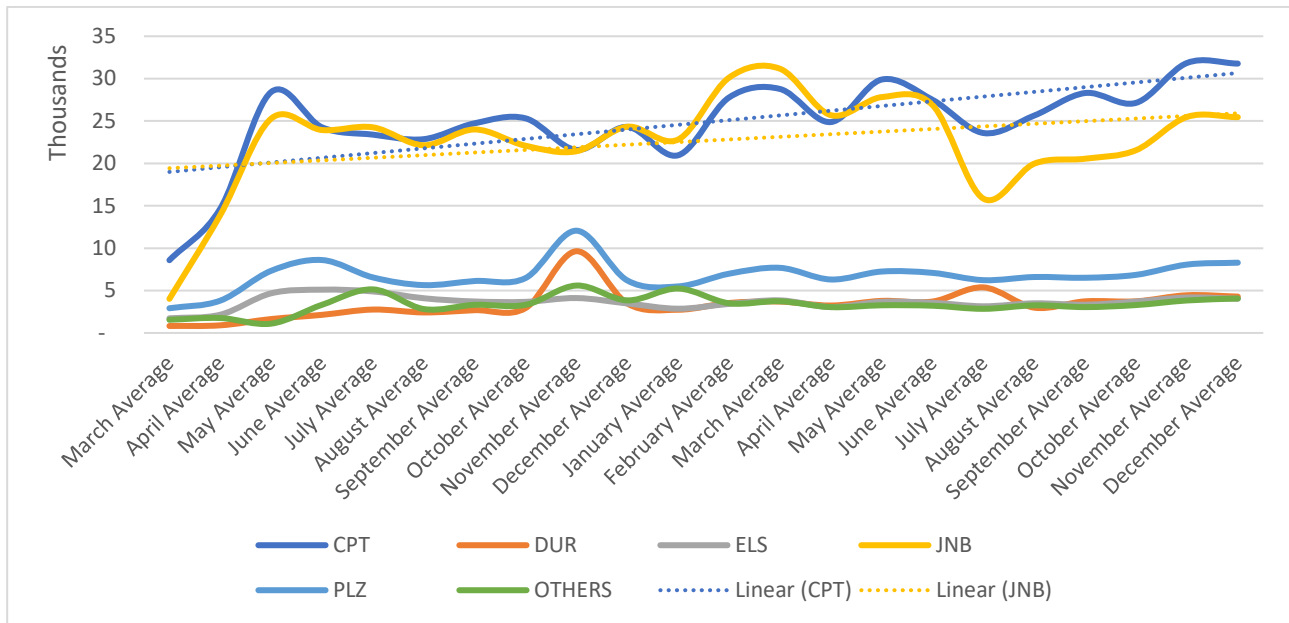
Courtesy of BAC. Updated: 07/12/2021.

Currently, the average domestic air cargo moved in the last week was **~85 463 kg** per day, which is **↑7%** compared with the previous week and **~103%** compared to November 2020. The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster.

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

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



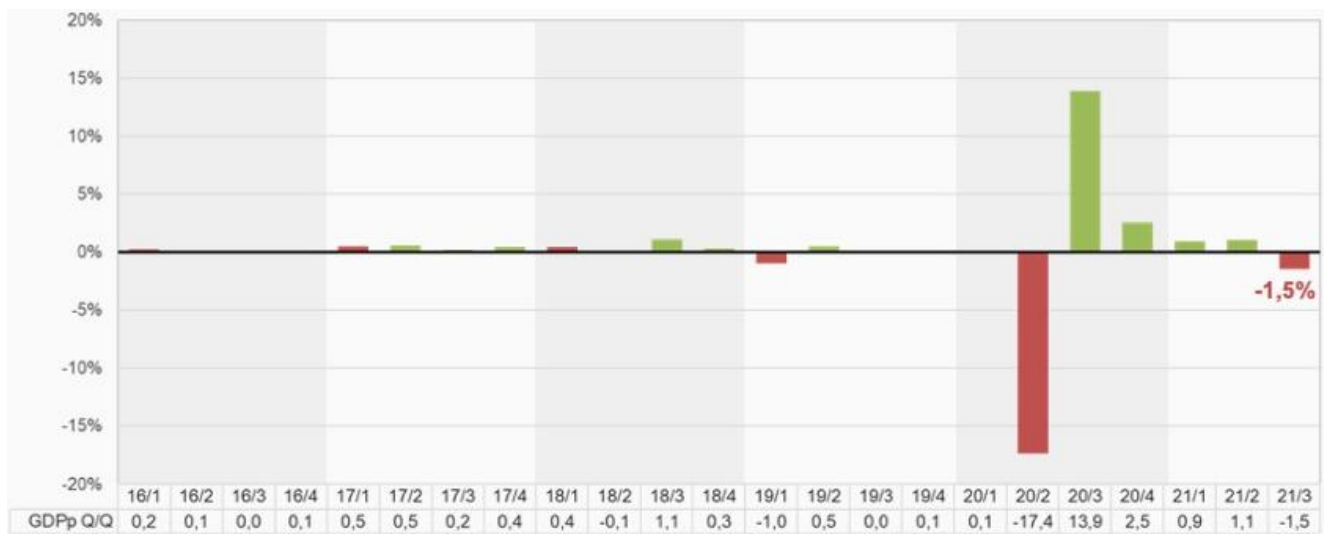
Courtesy of BAC. Updated 07/12/2021.

3. National Update

a. South African GDP figures for Q3 2021

On Tuesday, 7 December, Stats SA released the gross domestic product (GDP) stats for Q3 2021¹¹. The headline figure indicates that the economy contracted by **↓1,5** (q/q, annualised), which is worse than forecasted (~**↓0,8**). In total, six industries recorded negative growth between the second quarter of 2021 and the third quarter of 2021. The most significant negative contributors to growth in GDP in the third quarter were the trade, manufacturing, and agriculture sectors. For example, the trade sector decreased by **↓5,5** and contributed **-0,7** of a percentage point to the change in GDP. The following figure shows the quarterly growth rates in the last five years:

Figure 12 – Q/Q percentage change in GDP production (constant 2015 prices, seasonally adjusted)



Source: [Stats SA](#).

¹¹ Stats SA. 07/12/2021. [GDP Q3 2021](#).

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For international trade, exports contributed positively to growth in expenditure on GDP in the third quarter, despite a quarterly reduction. Exports of goods and services decreased by **↓5,9%**, primarily influenced by reduced trade in vehicles and other transport equipment; chemical products; machinery and equipment; pearls, precious and semi-precious stones, precious metals; and textiles and textile articles. Imports of goods and services decreased by **↓2,8%**, driven mainly by decreases in mineral products, base metals and articles of base metals, and prepared foodstuffs, beverages, and tobacco. In summary, the economic contraction was expected mainly after the regrettable unrest and criminality in July. Unfortunately, the effects of that have been shown to have impacted the economy more significantly than predicted. In essence, for 2021, South Africa will struggle to meet the elevated growth levels previously predicted by international institutions such as the IMF and UNCTAD.

4. Road and Regional Update

a. South African border closures

There were several border closures during the last seven days. The following table shows border posts which experienced closures throughout the previous week (information provided by SARS Customs).

Table 6 – South African border closures

Date	Border
10 December	Beitbridge commercial building is closed until further notice. Gate management and traveller sections are not affected; therefore, movement will continue as normal.
9 December	Mahamba closed at 19:00 and reopened on 10 December 2021 at 07:00
	Oshoek will close at 10:00 and reopen at 14:00 today.
	Ramatlabama closed on 9 December at 16:00 and has reopened on 10 December.
8 December	Beitbridge cargo scanner area is closed until further notice.
7 December	Kopfontein closed at 13:30 and reopened on 8 December at 06:00.
6 December	Ramatlabama port closed on 5 December and reopened on 6 December at 14:00.
5 December	Oshoek closed at 17:30 and reopened at 21:30.
4 December	Kopfontein closed on 4 December at 18:00 and reopened on 5 December at 06:00.

Source: [SARS](#). Updated: 10/12/2021.

In general, several border disruptions resulting in closures were experienced this week. Unfortunately, border crossing in the region was still very slow at some border posts, as noted below. As a rule, traders are at all times urged to stay abreast of border post communications on the SARS Customs and Excise [website](#).

b. Cross-border and road freight delays

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

- As mentioned last week, the freight industry experienced significant delays thanks to the criminal blockade of Van Reenen's Pass. Also, an accident on the N3 northbound near Howick resulted in a burning truck causing some closures and consequent delays.
- Further delays were noted on the N12 near Middleburg, and later on, there were also reports of blockages on the Ermelo/Piet Retief Road.
- On Saturday, 4 December, there were reports of troublemakers on the N4 between Vandijksdrift and Bethal and the N11 around Newcastle.
- The industry received messages about Maseru Bridge saying Police at the weighbridge were charging R600 per truck.
- Zambia's Asycuda system went down on the weekend, affecting the time taken to do acquittals.
- Reports were received of DRC Police putting up toll gates using drums and charging \$100 to pass.

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Apart from these developments, investigations continue into cross-border delays experienced at several other SADC border posts in the sub-region.

Table 7 – Delays¹² 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
SA/Zim	Beit Bridge	0:00	18:00	943	28 290	6 601	105 616	0
Moz/Zam	Cassacatiza/Mlolo	1:00	10:00	60	1 800	420	3 360	420
Zam/Zim	Chirundu	0:00	21:00	616	18 480	4 312	81 928	0
Moz/Mal	Dedza	2:00	49:00	50	1 500	350	16 450	700
SA/Bot	Groblersbrug/Martins Drift	26:00	12:00	400	12 000	2 800	28 000	72 800
Zam/DRC	Kasumbalesa	0:00	50:00	592	17 760	4 144	165 760	0
Zam/Bot	Kazungula	0:00	18:00	212	6 360	1 484	23 744	0
SA/Bot	Kopfontein/Tlokweg	24:00	34:00	100	3 000	700	22 400	16 800
Moz/Zim	Machipanda/Forbes	1:00	6:00	320	9 600	2 240	8 960	2 240
Moz/Mal	Milange	0:00	1:00	40	1 200	280	-280	0
Moz/Mal	Nakonde/Tunduma	0:00	25:00	500	15 000	3 500	0	0
Zim/Moz	Nyamapanda	1:00	4:00	100	3 000	700	1 400	700
SA/Moz	Lebombo/Ressano Garcia	20:00	12:00	400	12 000	2 800	28 000	56 000
SA/Bot	Skilpadshek/Pioneer Gate	13:00	10:00	300	9 000	2 100	16 800	27 300
Nam/Bot	Trans Kalahari/Mamuno	0:00	7:00	110	3 300	770	3 850	0
Zam/Zim	Victoria Falls	1:00	4:00	114	3 420	798	1 596	798
Moz/Mal	Zobue/Mwanza	2:00	19:00	100	3 000	700	11 900	1 400
				4 957	148 710	34 699	519 484	179 158

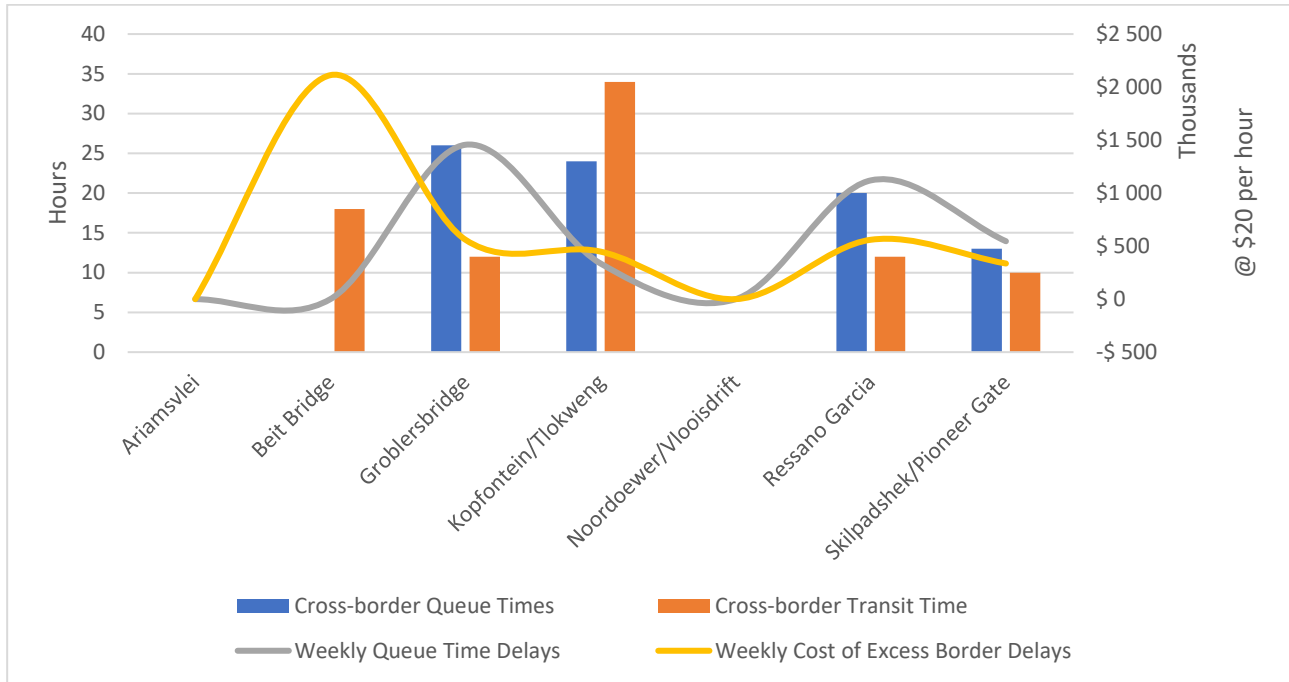
Source: TLC & FESARTA, week ending 06/12/2021.

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

¹² 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

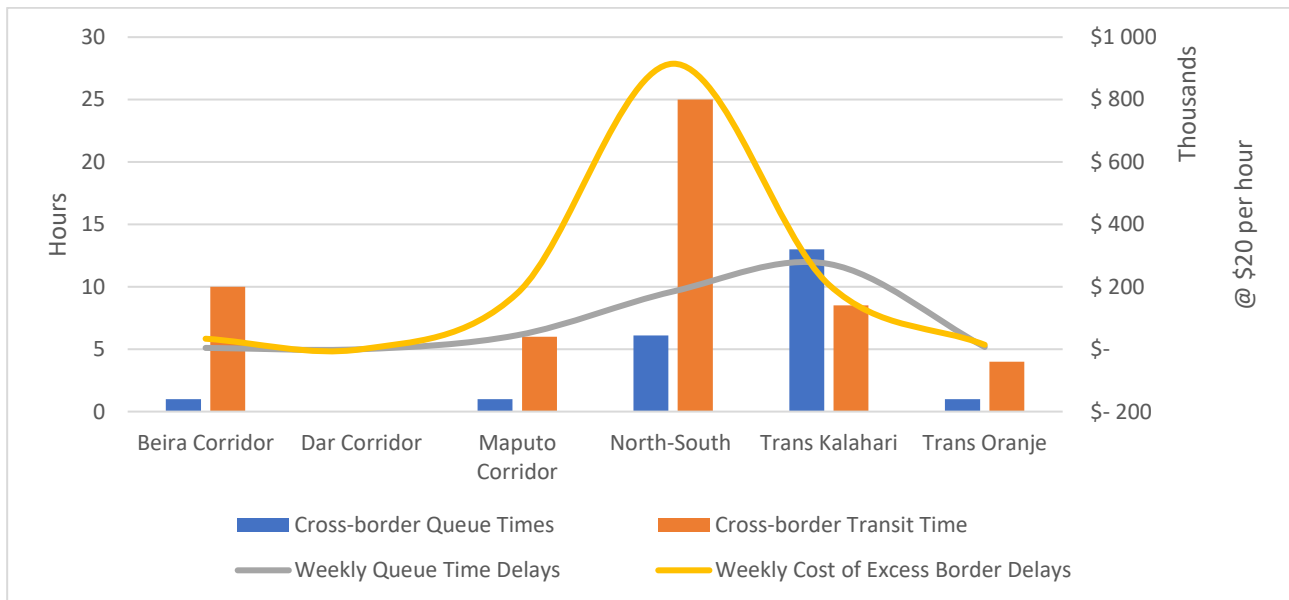
Figure 13 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 06/12/2021.

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

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



Source: TLC & FESARTA, week ending 06/12/2021.

In summary, the cross-border queue time has averaged **~5,7 hours** (up by **~2,3 hours** from last week's recorded time of **~3,4 hours**), costing the transport industry an estimated **\$3,6 million (R57 million)**. Furthermore, the week's average cross-border transit times hovered around **~15,8 hours** (down by **~4,6 hours** from the **~20,4 hours** recorded last week), costing the transport industry **\$10 million (R166 million)**. As a result, the total cost for the week amounts to an estimated **~R224 million** (down by **~R108 million** or **↓33%** from **R331 million** the previous week).

5. International Update

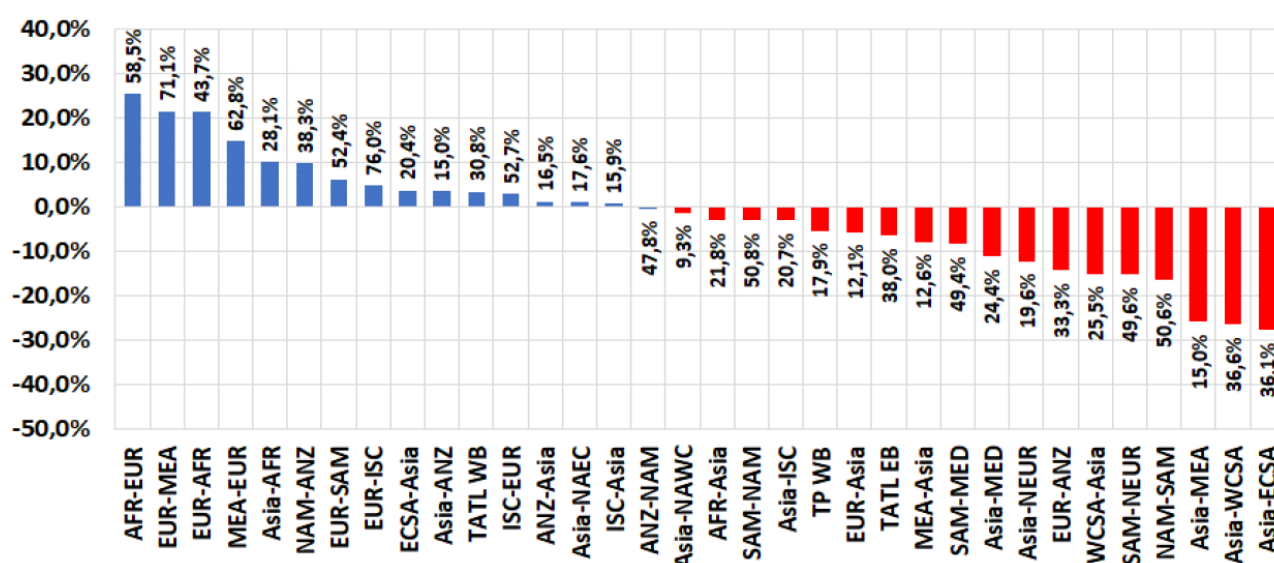
The following section provides some context of the global economy and the impact of COVID-19 on trade. In addition, the section includes an update on **(a)** the global container industry, and **(b)** the global aviation industry.

a. Global container industry

i. Schedule reliability

In following on from the analysis of last week, Sea Intelligence noted that, despite reliability still being very low, most trade lanes appear to show the beginnings of some positive change. Many of the major trade lanes' 3-month trend has finally started to move positively. Nonetheless, a cautious note was sounded in that the reliability of most of the major ocean carriers is not following suit. The following figure shows the consolidated performance for all major trade lanes in comparison with the rest of the year:

Figure 15 – Trade Lane schedule reliability (October 2021 versus January 2021 to October 2021, % change)



Source: [Sea Intelligence](#)

As shown above, a total of 15 trade lanes have seen a net gain in schedule reliability during 2021. These improvements have ranged from **0,7%** to **25,5%**. In addition, there were three trade lanes – Africa-Europe, Europe-Middle East, and Europe-Africa – which recorded a net gain of more than 20%. In summary, services to and from Africa have improved significantly, which bodes well for the immediate future. Looking at the 3-month and 6-month schedule reliability trends from October 2021 backwards, on a trade lane level, 20 of the 34 trade lanes have a 3-month trend of increasing schedule reliability. However, only five have an increasing 6-month trend, which means that the improving trend for most of these trade lanes has only started recently.

Lastly, on a carrier level, all top 14 global carriers have a decreasing 3-month trend, indicating declining schedule reliability in recent months. Only five of these carriers have a decreasing 6-month trend, suggesting that the declining trend in schedule reliability is more recent for the remaining nine carriers. The poor reliability of the major carriers comes as no surprise, as nearly a quarter of the scheduled port calls in the Asia-North Europe alliance loops were omitted in the past five months, according to an Alphaliner survey¹³. The survey found the three alliances had cancelled 383 calls during the period, which they attributed to port congestion, throwing the supply chains of thousands of shippers and cargo owners into disarray.

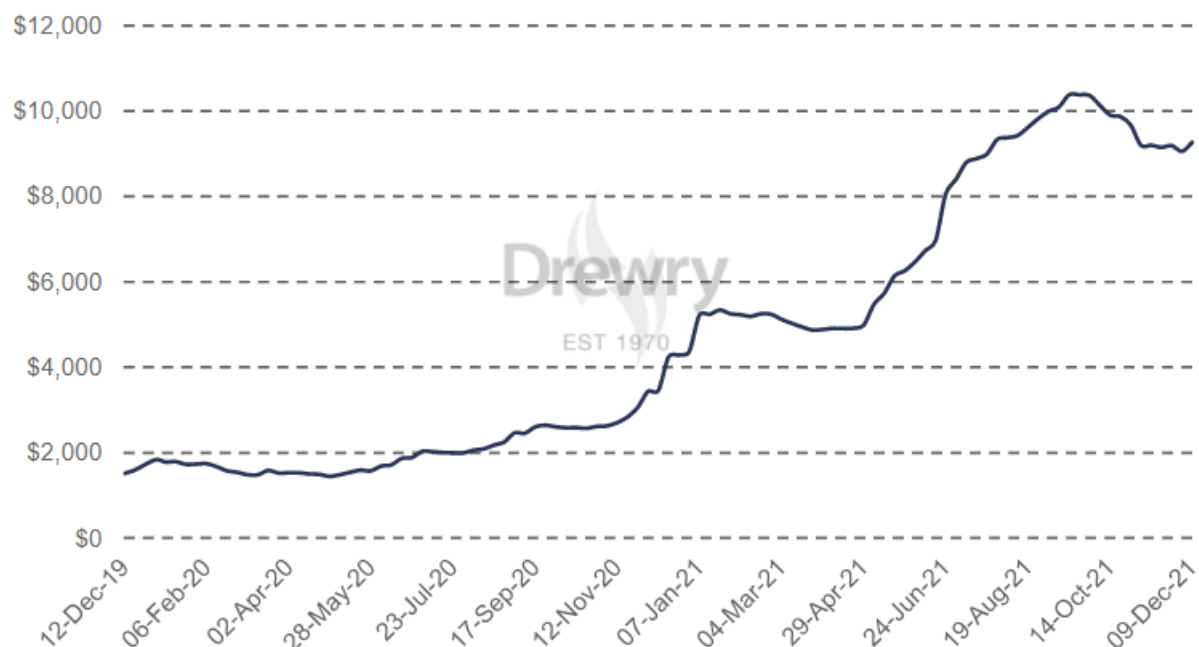
¹³ Wackett, M. 08/12/2021. [Shipping alliances drop almost 400 port calls in North Europe in five months.](#)

COVID-19: Cargo movement update

ii. Global container freight rates

After a sustained decline, followed by a steady couple of weeks, Drewry's "World Container Index" (WCI) composite index increased markedly once again this week. As a result, spot rates increased by **↑2,3%** (or **\$211**) to **\$9 262** per 40-ft container¹⁴. This increase came as a shock, as shippers and cargo owners had hoped that the recent declining trend would be maintained. The following figure summarises the two-year spot prices:

Figure 16 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



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

With the unexpected increase this week, the average composite index is now at **↑170%** y/y. Consequently, the y/t/d average composite index currently stands at **\$7 484** (up by **\$37** this week) per 40ft container, which is **\$4 745** higher than the five-year average of **\$2 739**. In total, four of the major eight major East-West trades routes experienced significant increases this week, with freight rates from Shanghai – Los Angeles up by **↑5%** (or **\$440**) to **\$10 138**. Furthermore, spot rates from Shanghai – New York and Shanghai – Genoa grew **↑4%** and **↑3%**, respectively, reaching **\$13 118** and **\$12 801**. Although Drewry expects rates to stay steady in the coming week, most indicators point to another small drop.

iii. Further developments of note

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

1. 12% of global capacity remains unavailable:

- The past week saw the release of the latest schedule reliability data from Sea-Intelligence, covering October 2021¹⁵. The major delays experienced throughout the East-West trades significantly restricted available capacity. In nominal terms, this means that in October 2021, a full 3 million TEU of nominal vessel capacity was unable to be employed due to delays.
- The high incidence of vessel delays remains the largest single element causing the serious space shortages. As there is no indication in the data of a marked improvement in the situation, this indicates that the pressure underpinning the current high freight rate levels is unlikely to be released in the immediate future.

¹⁴ Drewry. 09/12/2021. [World Container Index](#).

¹⁵ Sea Intelligence. 28/11/2021. [Sunday Spotlight](#).

COVID-19: Cargo movement update

2. Moody's report shows that shipping earnings have peaked in 2021:

- a. A recent report by Moody's Investment Service confirms current trends in that shipping industry earnings will be considerably higher than pre-COVID-19 levels during the next 12 months¹⁶. However, the services agency cautioned that earnings have probably peaked in 2021.
- b. Moody's further noted that "*Business and financial conditions will remain solid, but they are unlikely to get better than they already are today*". Consequently, Moody's revised the global shipping outlook to 'stable' from 'positive' on the back of peaking earnings this year.
- c. Of the three major sectors of the global shipping industry, more significant and attention-grabbing developments are expected to occur among container shipping players as demand continues to outstrip supply and as the industry continues to ride on extended supportive fundamentals. Furthermore, Moody's foresees limited deliveries of newly built tonnage in 2022, resulting in freight rates being kept at high levels.
- d. Lastly, containership owners are expected to use cash flow from their operations on expanded capital investments and acquisitions. They are also likely to take advantage of record-high earnings and cash flow generation to pare down debt levels.

3. Container ports in China are expected to raise handling fees:

- a. Chinese ports are expected to raise prices for handling containers, spurred by elevated ocean freight rates¹⁷. The port of Ningbo-Zhoushan, the world's third-largest container port, already said it would increase its handling fees for import and export boxes by about 10%, starting from the beginning of next year.
- b. While the potential mark-ups bode well for terminal operators seeking better returns, there are concerns about whether this will lead to intervention by the Chinese government. It is committed to easing the financial burden shouldered by exporters, who are already dealing with high shipping costs.
- c. Nevertheless, it is worth pointing out that Chinese terminals are lagging behind their overseas counterparts in lifting prices, partly because of the fallout from an anti-monopoly probe launched by Beijing in 2017, the brokerage pointed out. The investigation, which found misconduct at several major ports — including Shanghai, Tianjin, Ningbo-Zhoushan and Qingdao — led them to slash handling fees by 10-20% in 2018.
- d. Port charges per container typically make up 10% of the total shipping costs in an average year. However, the proportion has reduced to just 2-3% this year, given the meteoric rise in freight rates. Therefore, the increase in port charges will have a negligible impact on the export and import costs.

b. Global aviation industry

On Wednesday, 8 December, the International Air Transport Association (IATA) released an update on the latest¹⁸ air traffic developments. The update, which utilises consolidated data from October, shows that compared to October pre-COVID (i.e., 2019), air cargo (measured in industry-wide cargo tonne-kilometres – CTKs) is up by **↑9,4%**. However, passenger numbers (measured in industry-wide revenue passenger-kilometres – RPKs) is down by a massive **↓49,4%** - with domestic flights slightly less impacted, as shown by the following figure:

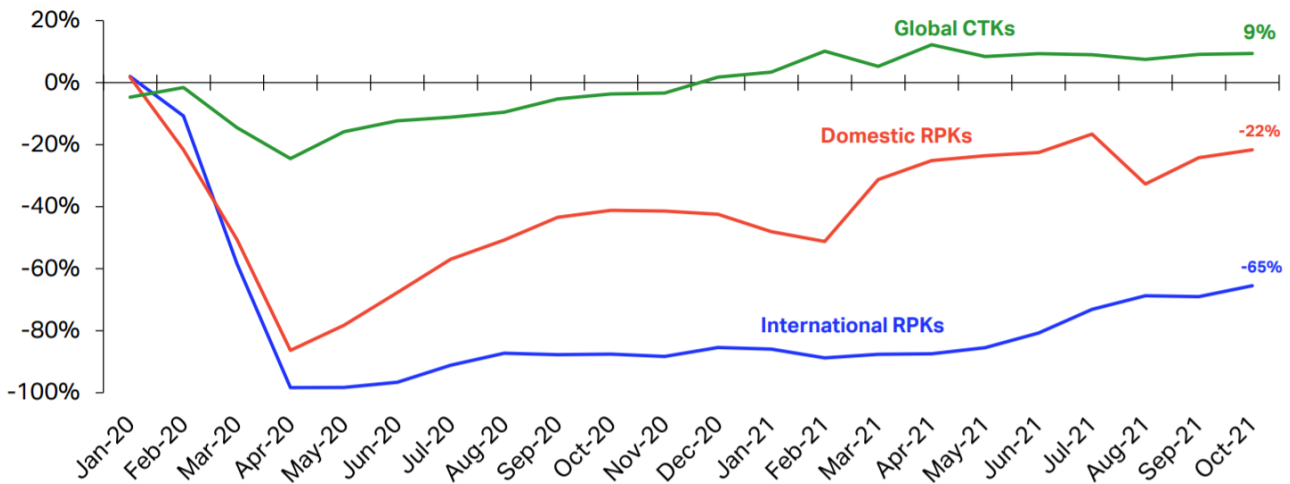
¹⁶ Moody's. 06/12/2021. [Moody's - Global shipping outlook turns stable from positive on the back of peaking earnings during 2021.](#)

¹⁷ Chen, S. 06/12/2021. [Container ports in China expected to raise handling fees.](#)

¹⁸ IATA. 08/12/2021. [State of the Region: Africa & Middle East.](#)

COVID-19: Cargo movement update

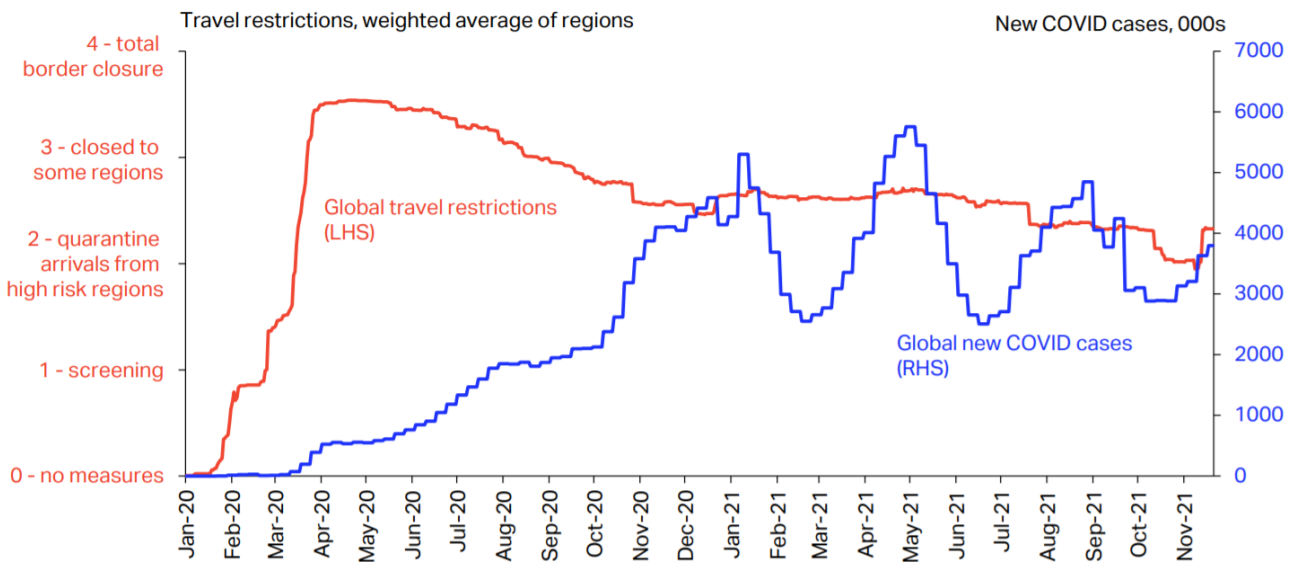
Figure 17 – RPKs and CTAs (% change versus the same month in 2019)



Source: [IATA Economics](#)

As the figure illustrates, air cargo has continued to trend above 2019 levels since December 2020, and this has been a saving grace for the floundering aviation industry. Likewise, passenger numbers continue to rebound, buoyed by strong domestic recovery. However, international passenger numbers have continued to lag and have been dealt another blow because of further restrictions to international air travel (as we know only too well in South Africa) with the discovery of the Omicron variant. So the question really is: Do travel restrictions reduce new COVID cases? IATA has presented an interesting preliminary analysis, illustrated by the graph below:

Figure 18 – Travel restrictions and new COVID cases (January 2020 to present)



Source: [IATA Economics](#)

In a kneejerk reaction to Omicron, many governments have implemented further travel restrictions to and from southern African countries. Imposing international travel restrictions are supposed to "buy time"; however, is there any evidence that this reduces new COVID-19 infections? IATA notes that global health experts' commentary suggests that any impact from travel restrictions is very limited and hardly significant in the greater scheme of things. Furthermore, the Omicron variant has already been detected in at least 30 countries on each of the main continents as of 3 December. Consequently, it was already too late to prevent it from leaving southern Africa, even if that is where it originated (which is by no means certain).

COVID-19: Cargo movement update

IATA further notes that looking at simple metrics trends does not yield more evidence. For example, peaks and troughs in new COVID-19 infections have happened even as international travel restrictions stayed stable throughout 2021, and the consistent increase in cases in 2020 took place even as restrictions were at their highest. In the main regions, the picture is similar, as local travel restrictions often follow global trends. Moreover, since mid-2020, the aviation sector has implemented a multi-layered framework of risk mitigation measures to ensure that flying during COVID-19 is safe, further weakening the rationale for travel restrictions.

In other air freight news, the second boom in personal protective equipment (PPE) exports from China has resulted in a surge in air freight rates as shippers fight for capacity¹⁹. For example, shipments from Shanghai PVG to Europe are between **\$14-\$15,5 per kg**, and to the US East Coast from **\$18-\$20 per kg**. Unfortunately, there appears to be no reprieve in sight, as several analysts predict a continuation of these elevated rates²⁰. A host of factors, including the Omicron variant and its likely impact on belly capacity and lockdowns, spurring spending on goods rather than services, as well as a shortage of labour, could see pricing remain high. In summary, the TAC index for November saw rates increase **↑15%** from October, with ex-China and Hong Kong seeing a **↑19%** m/m increase. While both markets hit records to North America, beating even the Q2/20 PPE surge, China mainland only saw a **↑6%** rise to Europe, while Hong Kong was up **↑22%**.

¹⁹ Whelan, S. 08/12/2021. [Scrabble for capacity as China's airfreight PPE boom returns mid-peak](#).

²⁰ Lennane, A. 07/12/2021. [Grim picture for shippers with no relief from elevated air freight rates in sight](#).