

COVID-19: Cargo movement update¹

Date: 4 February 2022

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)	26 739	29 188	55 927	20 690	27 386	48 076	↑16%
Air Cargo (tons)	4 522	2 935	7 458	3 878	2 652	6 530	↑14%

Monthly Snapshot

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

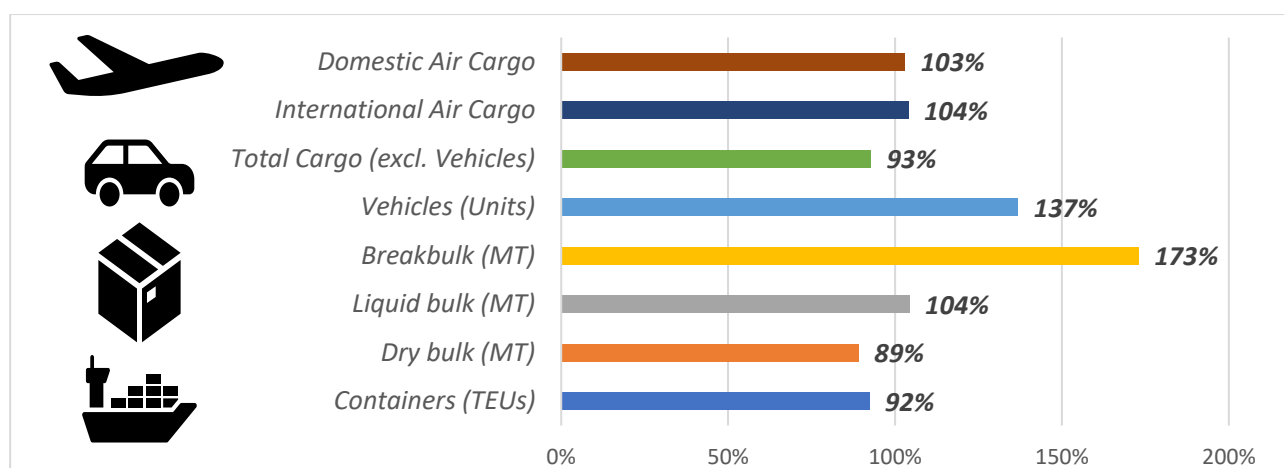
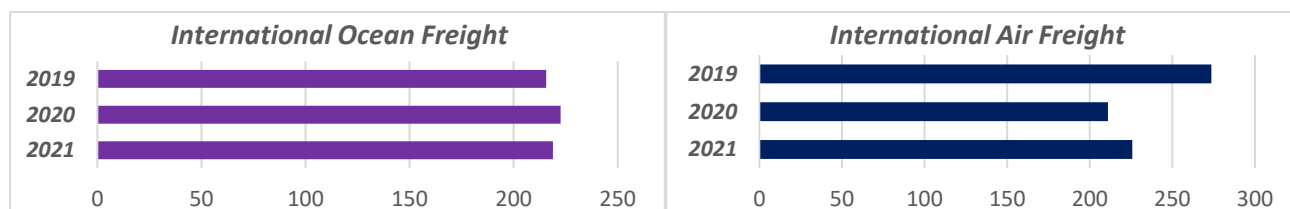


Figure 2 – Global year-to-date flows 2019-2021⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of ~7 990 TEUs was handled per day, with ~8 305 TEUs projected for next week.
- Rail cargo handled out of Durban amounted to 4 113 containers, **↓13%** compared to last week.
- SARS merchandise trade for December: exports (**↓4,0%**, m/m), and imports (**↓0,6%**, m/m). The final annual trade balance finished strong at **R441 billion**, as y/y imports (**↑30,5%**) and exports (**↑22,8%**).
- This week, cross-border queue time is unchanged, with transit times **↑2,8 hours** (see [below](#)).
- The "WCI" fell for a second week running, with spot freight rates **↓0,5%** (or **\$43**) to **\$9 377** per 40-ft.
- RWI/ISL container throughput index up **↑0,8** to **122,8** in December despite looming supply problems.
- According to the WTO, services turnover is **↑25%** on Q3 of 2021, but still **↓5%** on 2019 levels.

¹ This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 73rd 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 the previous year. For all metrics: Dec versus Dec.

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

Executive Summary

This update – *the 73rd of its kind and the fourth for 2022* – contains a consolidated overview of the South African supply chain and the current state of international trade. Newly reported COVID-19 infections averaged approximately **3 082** per day (almost identical to last week's average of **3 092**) this week. In total, South Africa has now recorded **3,61 million**⁶ cases, with **95 545** (up by **894**) regrettably succumbing to the virus. Globally, more than **389 million** people have now been infected by COVID-19, and there have been more than **5,77 million** deaths. On the COVID-19 vaccination front, the global numbers now stand at **10,15 billion** vaccine doses have been administered globally⁷, with South Africa at **30,03 million**. New vaccinations remain low, with a daily average of **~57 000** in the last seven days, despite another round of regulatory relaxation⁸.

This week, port operations were affected mainly by unhelpful weather conditions, recurrent IT system issues, and resultant downtime. Another day of scorching hot weather at CTCT contributed to continued RTG breakdowns. Strong winds and rain halted waterside and landside operations intermittently on Thursday and Friday in Durban. System-related issues started to affect CTCT, NCT, and GCT early this week, translating to a national problem affecting Navis, GCOS, and SAP. Train services in the Bethlehem area were affected on Friday 28 January and again on Monday 31 January due to cable theft incidents. Finally, there was good news revolving around some progress made on third-party access to rail. Transnet announced that it would complete an accounting exercise into the costing of its network to translate that into the pricing for slots on its network by the end of March. In addition, a pilot project on third-party access is planned to take place before the end of 2022.

Globally, container throughput rebounded strongly due to volume growth at ports outside China, especially Europe. However, decreasing throughput at Chinese ports – which has been driving the global expansion in TEUs over the last couple of months – could be an early indication that supply chain problems will worsen again soon. But it is possible that these expectations might be offset by impending changes in fiscal policies in Europe designed to stem inflationary pressures, potentially curbing consumer appetite. Whatever the outcome, these developments will be closely monitored in the coming months, as will the ongoing saga of elevated container freight rates (and accompanying profits for liner carriers). The status quo is still set to continue for a while, as ONE line and Hapag Lloyd celebrated further bumper profits this week. However, longer-term forecasts show that spot rates are likely to decline. Furthermore, there are signs that the recent exponential increase in long-term liner contract rates is losing steam after 14 consecutive months of unprecedented growth.

Despite the medium trend still being below par, South Africa's international air cargo sector increased again this week (**↑14%**). Domestic volumes continue to register solid numbers (**↑3%** this week). Operationally, there are no other updates of any consequence to report. An interesting occurrence was the seizure by the DDU of three consignments of catalytic converters and crushed powder from the cores of catalytic converters, valued at **R21-million** at OR Tambo. Internationally, IATA reports that most regions recorded near-record load factors in December despite the lack of belly capacity on passenger flights (which is slowly returning). The lack of capacity has also further influenced high air cargo freight rates, currently running at around **↑150%** above December 2019 levels.

In summary, many performance metrics appear to be trending upward across the respective modalities, notably ocean freight. Nevertheless, as more recent global indicators show – this week with international services trade – many metrics are yet to hit the pre-pandemic levels recorded in 2019. Moreover, it should be pointed out that the constraints started way before the pandemic for some indicators. For example, a study by SA-TIED (Southern Africa – Towards Inclusive Development) distributed this week considered the development of a

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

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

⁸ Government. 01/02/2022. [Cabinet approves changes to Adjusted Alert Level 1 COVID-19 regulations](#).

COVID-19: Cargo movement update

strategic plan for port performance improvement in South African container terminals. The analysis, among others, investigated the benchmarking of South African container ports⁹, showing that overall efficiency has been on a downward spiral for the best part of the last decade at most terminals (bar Ngqura). And, as the industry knows only too well, these trends cannot simply be turned around in the short term, primarily due to the complexity and range of the factors involved. The study goes on to note that: "*While recognising the uniqueness of the institutional framework of the port sector in South Africa, the study found that the absence of intra-port and inter-port competition coupled with the lack of a well-designed terminal licencing scheme further contribute to port inefficiency and congestion.*" These findings, coupled with the World Bank and IHS's CPPI report¹⁰, provide a sobering reality, pointing to the need for collaboration between all stakeholders to turn the current state of play around.

⁹ Bichou, K. 2021. Development of a strategic plan for port performance improvement in South African container terminals.

¹⁰ WB & HIS Markit. 2021. [New Global Container Port Performance Index \(CPPI\)](#).

Contents

Weekly Snapshot 1

Monthly Snapshot..... 1

Key Notes 1

Executive Summary..... 2

Contents 4

1. Ports Update..... 5

 a. Container flow overview 5

 b. Summary of port operations 7

 i. Weather delays..... 7

 ii. Cape Town 8

 iii. Durban 8

 iv. Eastern Cape ports 9

 v. Transnet Freight Rail (TFR) 9

 vi. General 10

2. Air Update 10

 a. International air cargo 10

 b. Domestic air cargo 11

3. National Update..... 12

 a. SARS merchandise trade statistics: December 12

4. Road and Regional Update 13

 a. Cross-border and road freight delays..... 13

5. International Update..... 15

 a. Global services trade 15

 b. Global container industry 16

 i. Container throughput index 16

 ii. Global container freight rates 17

 c. Global aviation industry..... 18

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 29 January to 4 February¹¹

7-day flow forecast (29/01/2022 – 04/02/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 681	5 859
DURBAN CONTAINER TERMINAL PIER 2:	13 069	14 492
CAPE TOWN CONTAINER TERMINAL:	2 640	5 650
NGQURA CONTAINER TERMINAL:	4 180	3 187
GQEBERHA CONTAINER TERMINAL:	169	0
TOTAL:	26 739	29 188

Source: Transnet, 2021. Updated 04/02/2022.

Table 3 – Container Ports – Weekly flow reported for 5 to 11 February¹²

7-day flow forecast (05/02/2022 – 11/02/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 310	4 489
DURBAN CONTAINER TERMINAL PIER 2:	11 225	15 111
CAPE TOWN CONTAINER TERMINAL:	5 762	7 667
NGQURA CONTAINER TERMINAL:	4 319	5 117
GQEBERHA CONTAINER TERMINAL:	513	620
TOTAL:	25 129	33 004

Source: Transnet, 2021. Updated 04/02/2022.

An average of ~7 990 TEUs (↑16%) was handled per day for the last week (29 January to 4 February, Table 2), with an increased average of around ~8 305 TEUs (↑4%) projected to be handled next week (5 to 11 February, Table 3). It should be noted that there is often some disparity between the forward projections and the actual results from week to week. Despite some increased throughput, operationally, our port sector was affected mainly by difficult weather conditions and recurrent system issues and subsequent downtime. Furthermore, some continued extreme heat in the Western Cape contributed to RTG breakdowns, compounding existing inefficiencies (see a more detailed breakdown per port [below](#)).

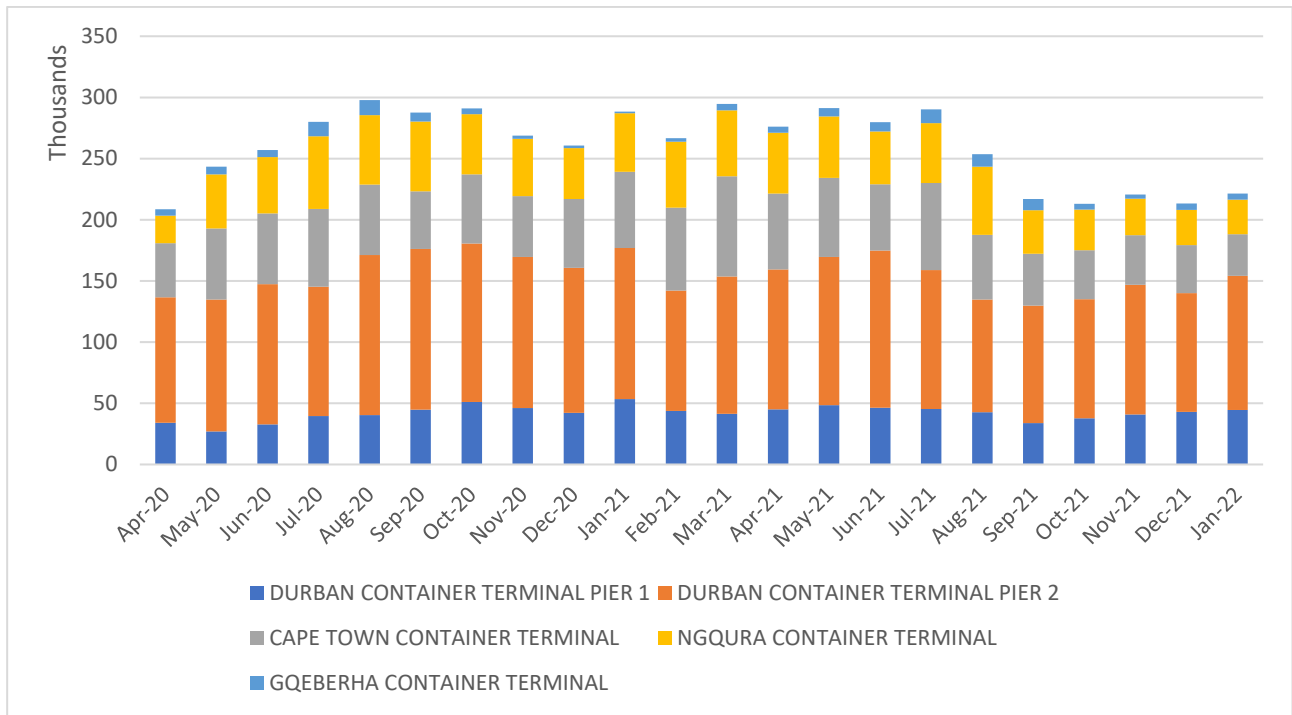
The following figure illustrates the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the start of the nationwide lockdown.

¹¹ It remains important to note that a fair percentage (approximately 25% according to the latest TNPA figures for December) 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, but there is a sharp increase with the importation of large numbers of reefers in preparation for the deciduous fruit season.

¹² As noted above.

COVID-19: Cargo movement update

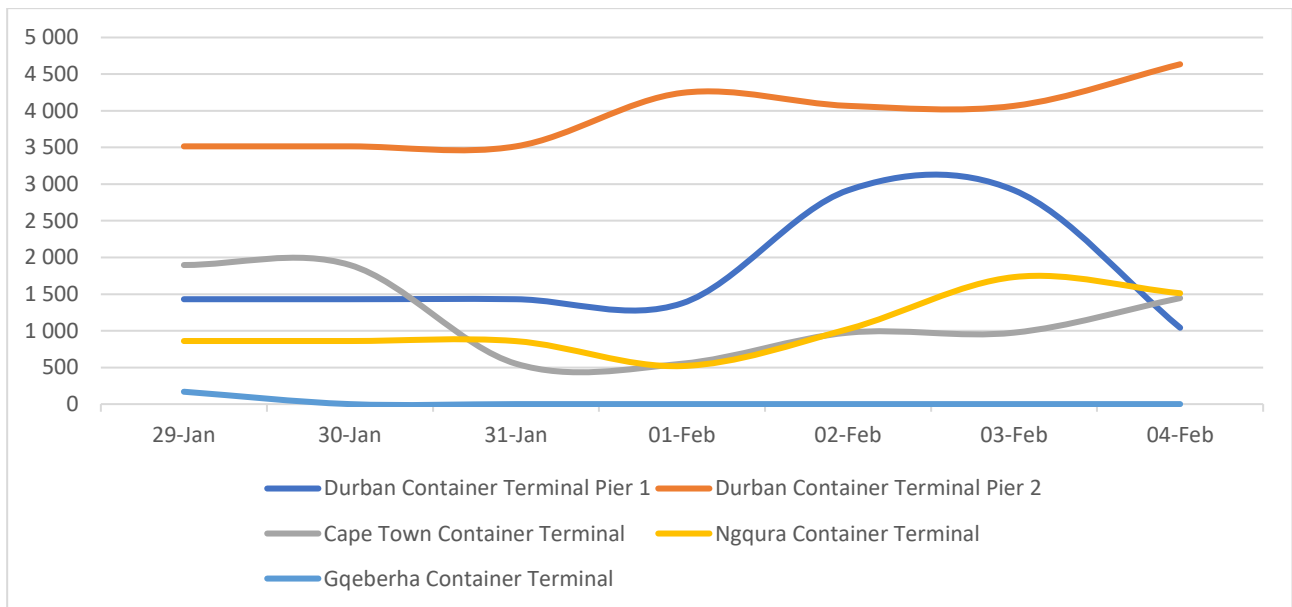
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from Transnet, 2021. Updated 04/02/2022.

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

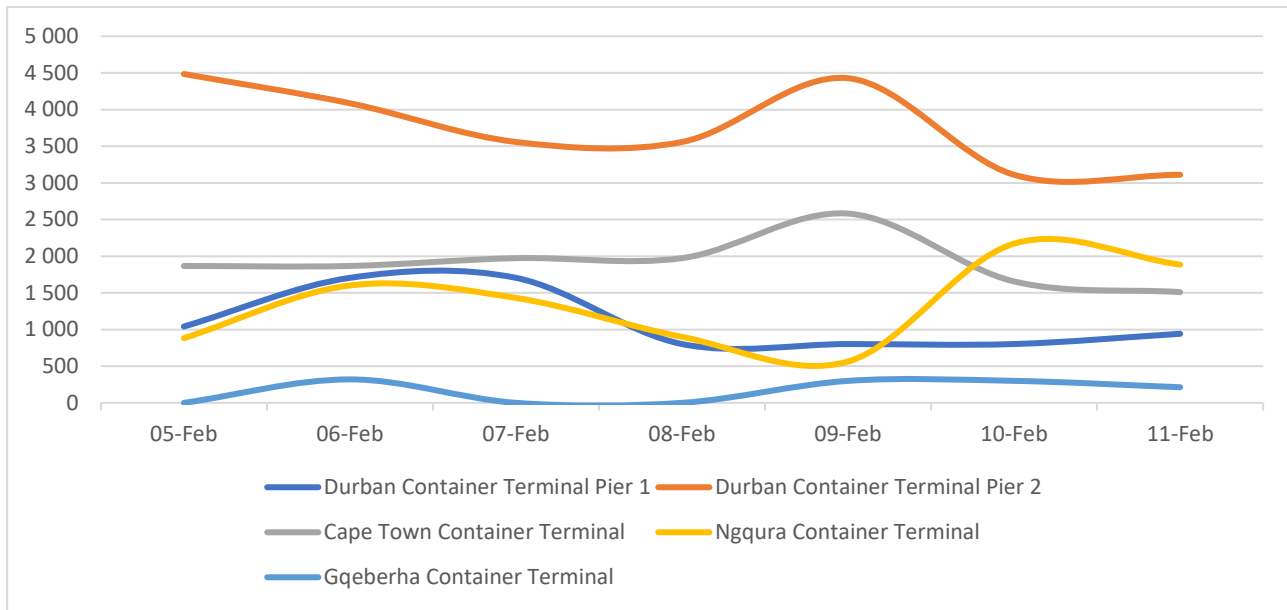
Figure 4 – 7-day flow reported for total cargo movement (29 January to 4 February; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 04/02/2022.

COVID-19: Cargo movement update

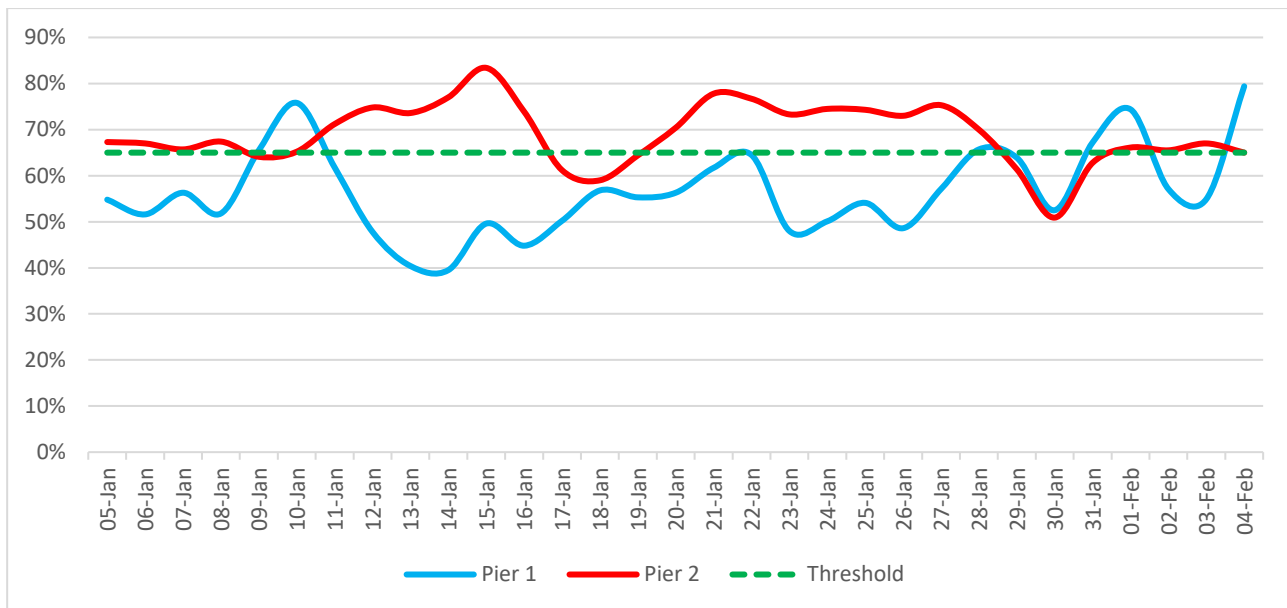
Figure 5 – 7-day flow reported for total cargo movement (5 to 11 February; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 04/02/2022.

The following figure shows daily stack occupancy in both Durban terminals since the start of January, with pressure on operational fluidity remaining a constant theme over the last few months.

Figure 6 – Stack occupancy in DCT, general-purpose containers (5 January to present; per pier; day on day)



Source: Calculated using data from Transnet, 2021. Updated 04/02/2022.

b. Summary of port operations

The following sections provide a more detailed picture of the operational performance of our commercial ports over the last seven days.

i. Weather delays

CTCT experienced very high temperatures on Tuesday, with RTG breakdowns affecting productivity. The terminal had a service provider on duty assisting with these intermittent breakdowns. On Wednesday afternoon, CTCT was fogbound from 18:15 – 23:30.

COVID-19: Cargo movement update

NCT was fogbound on Monday and Tuesday morning, halting waterside operations for a short time. However, waterside operations were not affected for the rest of the week due to any adverse weather.

On Thursday, strong winds gusting more than 79 km/h halted waterside operations at Pier 2 in Durban from 16:00 – 23:30. Landside operations came to a stop at 18:35 – 21:15, while rail activities ceased between 17:13 – 21:15. In addition, Pier 1 was windbound at the waterside from 17:30 – 22:00.

ii. Cape Town

This week, CTCT started with four vessels at anchor. On Monday, CTCT had a stack occupancy of 39% for GP containers, 35% for reefers, and 27% for empties. CTCT serviced 1 123 trucks and 67 TEUs on the rail on the landside. CTCT had 7 STS cranes available throughout the week with 20 RTGs and 40 - 43 hauliers in terms of equipment, but as noted earlier, not all the RTGs were continuously in operation. In addition, extremely hot conditions on Tuesday affected the productivity of CTCT's equipment. A maximum temperature of 37 degrees Celsius was recorded at one stage. Cape Town MPT recorded a stack occupancy of 48% for GP containers, 58% for reefers, and 42% for empties.

Apart from the weather, the main challenges revolved around intermittent equipment breakdowns and system-related issues. Since Monday, CTCT and CT MPT have experienced quite serious system failures due to server problems affecting the landlines and the planning department's platforms. On Friday, TNPA advised that they were busy attending to the problem and finding the cause of the recurring system downtime.

In addition, on Wednesday, CTCT closed stacks for reefer exports due to it reaching 91% capacity. On Friday, stacks at CTCT were at 36% for GP containers, 90% for reefers, and 32% for empties. This pressurised situation meant that the terminal could still not accept any additional export reefers. The industry was encouraged to collect import reefers as soon as possible to relieve some of the pressure. CTMPT recorded GCH of 14 and SWH of 17 on Wednesday. These are commendable figures for a mobile crane operation and evidence of a welcome turnaround at MPT. Some good news for CTCT was received from the port's engineering manager. The interim staging area is expected to be ready by April, which will go a long way towards improving the efficiency of the truck booking system and alleviating congestion.

iii. Durban

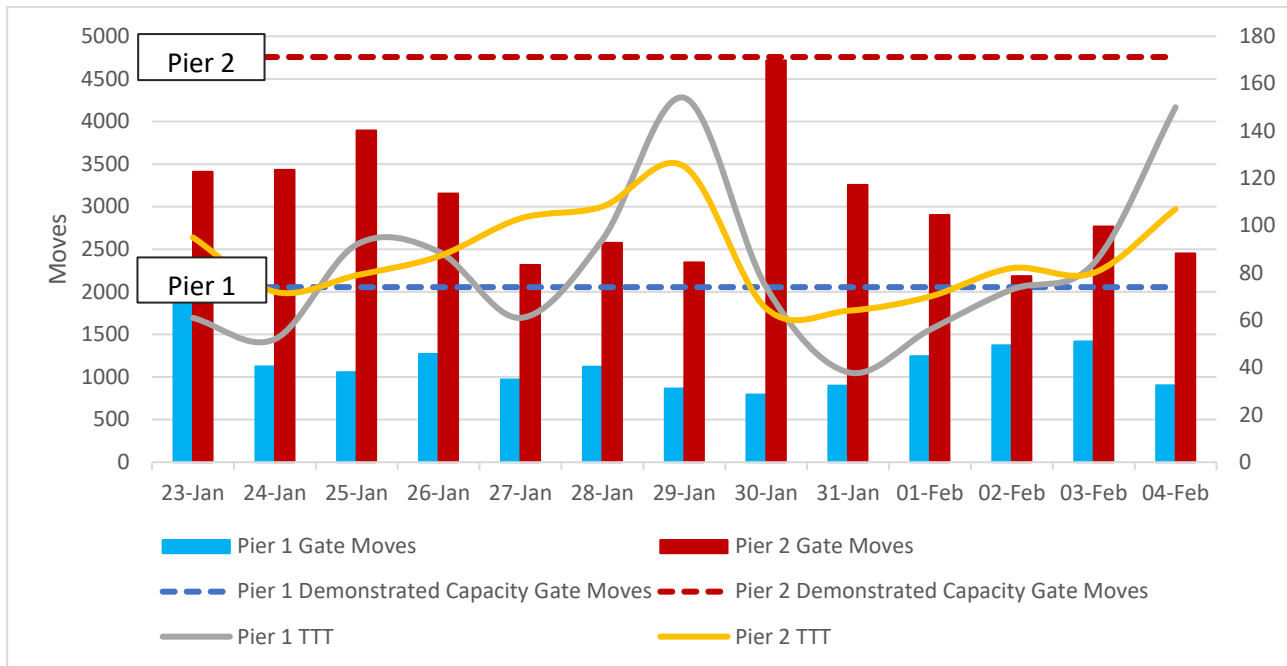
Various cranes were out for planned maintenance throughout the week at Pier 2. Crane 604 at the rail yard is expected to be back on 15 February. Fortunately, rail activities were not affected as an additional reach stacker were deployed to help with loading. On Tuesday, stacks at Pier 2 stood at 66% capacity with 4 503 TEUs on hand. The terminal managed to service 2 902 external trucks on the landside with an average TTT of 70 minutes and an average staging time of 63 minutes. Furthermore, 143 wasted slots and 145 cancelled slots were recorded. Cleanliness at Durban's Maydon wharf terminal was addressed this week with stevedores' issues.

On Tuesday, stack occupancy at Pier 1 was a high 74%. Apart from planned maintenance, Pier 1 experienced intermittent crane breakdowns, operating with five STS cranes throughout the week. In addition, the terminal recorded having 18 RTGs available. As a result, the terminal recorded 1 372 gate moves on the landside with 621 cancelled slots and 138 wasted. Strong winds affected both waterside and landside operations on Thursday night and Friday at all the terminals. In addition, loading at Durban MPT was affected by rain and load shedding from Wednesday.

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

COVID-19: Cargo movement update

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



Source: Calculated using data from Transnet, 2021. Updated 04/02/2022.

iv. Eastern Cape ports

NCT and GCT were both affected by system-related issues on Monday. At NCT, in terms of equipment, the terminal reported having seven STS cranes and 23 RTGs, and 62 hauliers available. On Tuesday, stocks were 33% full for GP containers, 13% for reefers, and 10% for empties. Furthermore, NCT managed to service 355 trucks on the landside with a TTT of 37 minutes. At GCT on Monday, stack occupancy was recorded at 33% for GP containers and 27% for reefers. GCT reported having two STS and one MHC with 15 straddle carriers operational throughout the week. The terminal handled 162 trucks on Tuesday with an average TTT of 33 minutes.

v. Transnet Freight Rail (TFR)

On Tuesday, Durban MPT had 143 TEUs requiring to be loaded on rail, but this was not achieved. Pier 1 recorded 117 imports on hand and loaded two out of two loading plans. Pier 2 had 196 rail TEUs on hand and loaded an impressive five out of five loading plans. Pier 1 was given another two loading plans for Wednesday, and Pier 2 another six. Unfortunately, Pier 2 loaded only five out of the six loading plans allocated due to technical difficulties.

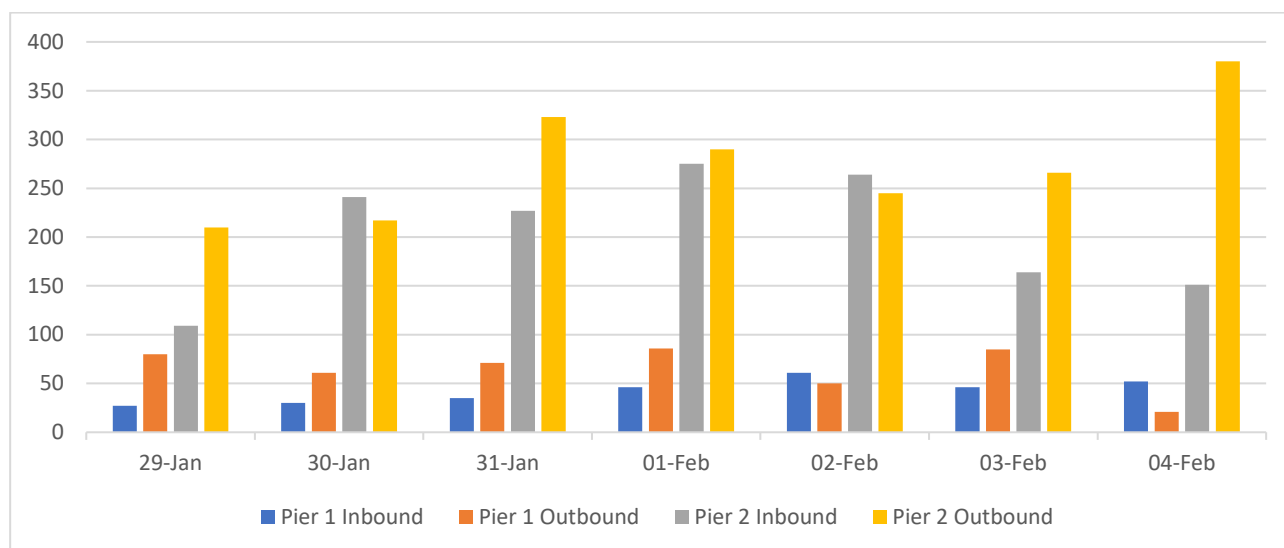
Transnet advised on Tuesday that there was a cable theft incident on the Bethlehem branch line between Bethlehem and Meets on 28 January. A further cable theft incident occurred on Monday, 31 January, on the same line and between Sherbrook and Kransfontein. Train services in the Bethlehem area were impacted.

This week, some exciting news was shared regarding the progress made on the third-party access to rail. Transnet announced that it would complete an accounting exercise into the costing of its network to translate that into the pricing for the slots on the network by the end of March. In addition, a pilot project on third-party access is planned to take place by the end of 2022. It is unknown where the pilot project will occur, but speculation is on the Container Corridor between Durban and Johannesburg. A study conducted by Aira (African Rail Industry Association) to estimate the demand for rail capacity showed a potential volume of around 58 million tonnes. Similar studies have been carried out by universities in South Africa that came to about 73 million tonnes of freight that could move via rail if the opportunity arises.

COVID-19: Cargo movement update

The following figure graphically illustrates rail movements from Durban during the week.

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



Source: Calculated using data from Transnet, 2021. Updated 04/02/2022.

In the last week (29 January to 4 February), rail cargo to be handled out of Durban was projected at **4 113** containers, **↓13%** than the previous week's **4 705** containers.

vi. General

On Friday, Transnet Port Terminals (TPT) advised that network problems had nationally affected multiple services, including Navis, GCOS, and SAP. This situation began at 14:00 on Friday, 4 February. TPT advised that they were working closely with the service providers to try and resolve these issues as soon as possible. Further updates are expected to follow.

Parliament's Public Enterprises portfolio committee plans to conduct an oversight visit at Transnet, which has been placed at the centre of state capture. According to state capture Commission of Enquiry chair Raymond Zondo, law-enforcement agencies should investigate and charge several former Transnet executives and former Public Enterprises Minister Malusi Gigaba with corruption and racketeering. These executives include former CEOs Brian Molefe and Siyabonga Gama and ex-finance head, Anoj Singh. In addition, there are questions around Lynne Brown's appointment as Public Enterprises minister, which according to the state capture report, allowed the Guptas to get their claws into another parastatal, Denel.

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 24 January. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in January 2021 averaged **~569 049 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

Flows	24-Jan	25-Jan	26-Jan	27-Jan	28-Jan	29-Jan	30-Jan
Volume inbound	461 131	425 326	435 083	345 631	409 720	319 671	768 971
Volume outbound	335 391	253 652	322 496	244 733	192 489	233 982	472 009
Total	796 522	678 978	757 579	590 364	602 209	553 653	1 240 980

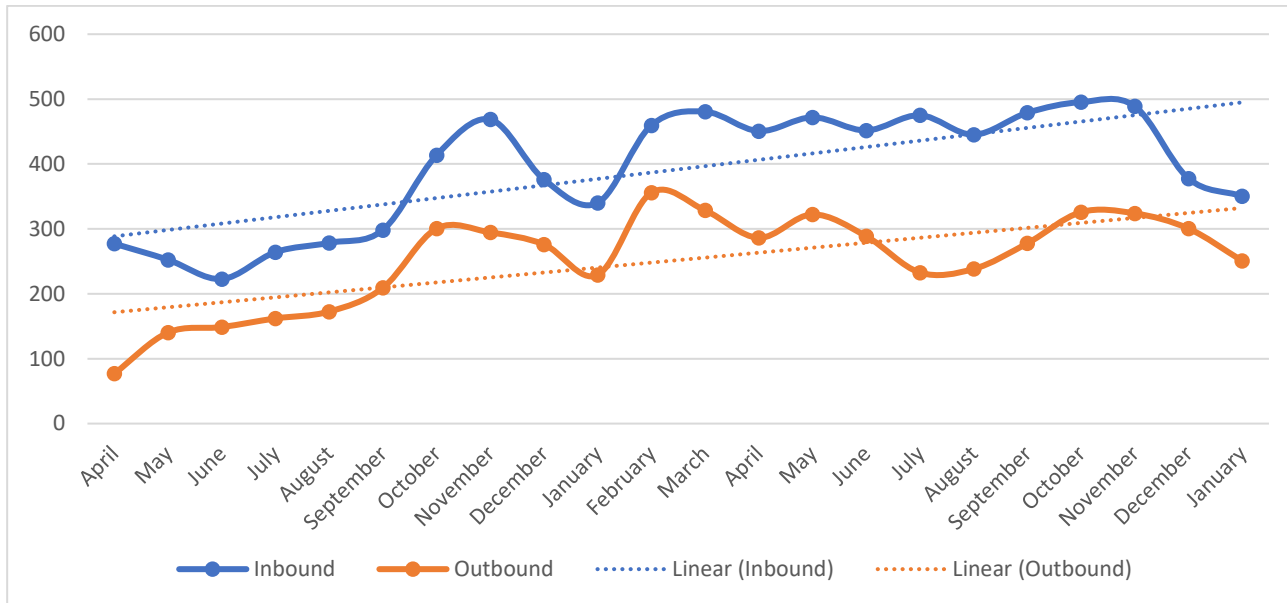
Courtesy of ACOC. Updated: 31/01/2022.

COVID-19: Cargo movement update

The daily average volume of air cargo handled at ORTIA for the week starting 24 January amounted to **452 219 kg** inbound and **293 536 kg** outbound, amounting to an average of **745 755 kg** per day or **~131%** compared with January 2021. Compared to pre-COVID-19 times, the level is currently at **~92%** compared with the same period in 2020. After the subdued start to the year, international air cargo has picked up nicely in the last couple of weeks.

The following figure shows the increased monthly international freight movement at ORTIA since the pandemic.

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



Courtesy of ACOC. Updated: 31/01/2022.

Worth mentioning is that SARS Customs made three seizures at the OR Tambo International Airport of catalytic converters and crushed powder from the cores of catalytic converters, valued at **R21-million**¹³. The Customs Dog Detector Unit (DDU) intercepted the three shipments weighing **2 649 kg** destined for Dubai, the United Kingdom, and Jordan. The catalytic converters and the powder extracted from the cores of catalytic converters were concealed in metal drums and bags.

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) handled in *January 2021* was **~57 781 kg** 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-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
25-Jan-21	43 154	5 135	5 590	50 037	8 857	5 671	118 443
26-Jan-21	43 056	5 512	6 025	50 168	9 122	4 503	118 386
27-Jan-21	39 634	4 778	4 736	30 550	10 680	3 687	94 064
28-Jan-21	18 364	4 048	3 555	35 388	5 277	2 847	69 478
29-Jan-21	2 888	1 632	160	1 369	997	83	7 130

¹³ SARS. 02/02/2022. [SARS Customs seizes illegal catalytic converters valued at R21-million.](#)

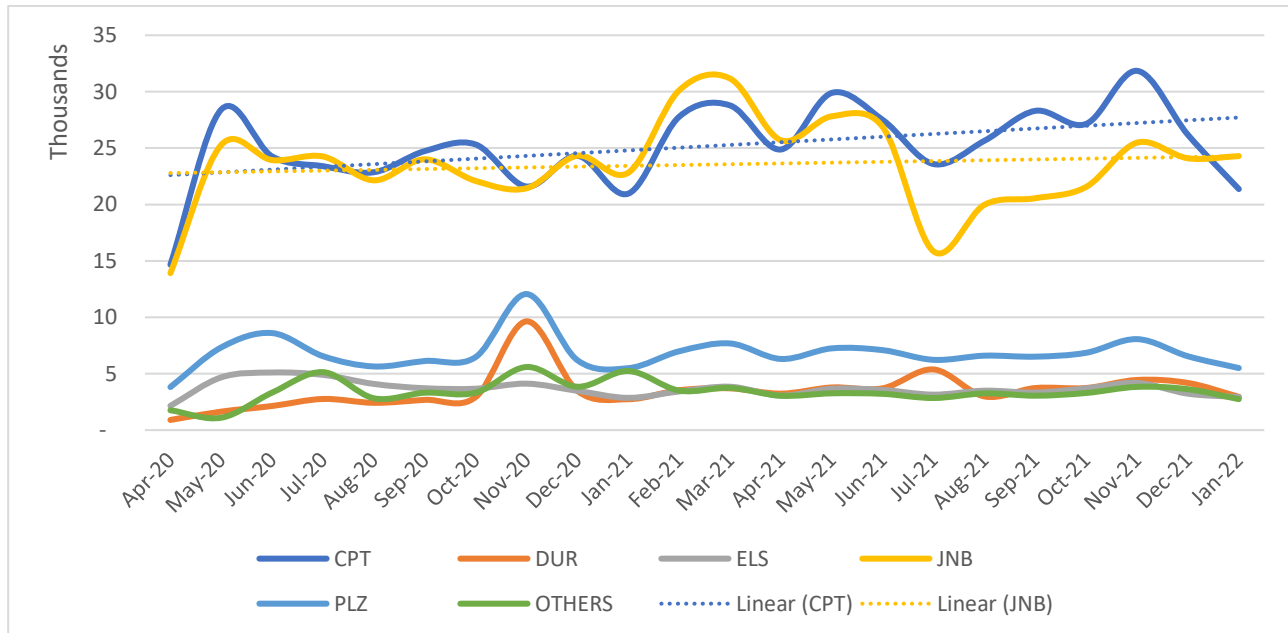
COVID-19: Cargo movement update

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
30-Jan-21	3 420	541	358	649	963	579	6 509
31-Jan-21	39 811	5 320	5 604	53 884	10 749	5 213	120 580
Total for 2022:	703 128	97 859	96 321	804 965	178 660	88 388	1 969 321

Courtesy of BAC. Updated: 02/02/2022.

Currently, the average domestic air cargo moved in the last week was **~76 370 kg** per day, which is **↑3%** compared with the previous week and **~132%** compared to January 2021. 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 02/02/2022.

3. National Update

a. SARS merchandise trade statistics: December

On Monday, 31 January, SARS released merchandise trade stats for December¹⁴. Monthly exports have decreased in December (**↓4,0%**, m/m), with imports also down (**↓0,6%**, m/m) on November levels, as is typical at that time of year. Nevertheless, despite the monthly trend, final yearly figures show a positive trade balance at **R440,75 billion** for 2021 (exports at **R1 820,4 billion**, imports at **R1 379,4 billion**). In summary, the trade balance is a massive improvement over the **R270 billion** trade surplus recorded for the same period in 2020. This improvement is primarily attributed to continued strong export performance (**↑30,5%**, y/y), with imports also growing from the low levels of 2020 (**↑22,8%**, y/y). With that said, and as with all comparisons with 2020, it is worth reiterating that 2020 was essentially an anomaly. Any yearly comparison needs to be made with due caution and perspective.

Regionally, trade with BELN countries for December resulted in a trade surplus of **R10,26 billion**, slightly higher than the **R9,58 billion** (**↑7,1%**) recorded in November. However, although there was a slight increase in the trade surplus with our neighbouring countries, there was an overall decrease in trading activity, as there was a simultaneous decrease in exports (**↓13,6%**, m/m), and imports (**↓30,5%**, m/m). Nevertheless, the final cumulative trade surplus with our neighbouring countries for 2021 finished high at **R106,84 billion**, compared

¹⁴ SARS. 31/01/2022. [Merchandise trade stats](#).

COVID-19: Cargo movement update

to **R89,41 billion** in 2020. Since more than 80% of regional trade is carried by road, the critical need for efficiency at our land borders cannot be overstated.

4. 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:

- An update was provided on the toll fees payable for transiting Zimbabwe. Zimborders released a statement clarifying that a goods vehicle is classified as a rigid vehicle with three or more axles and a rigid vehicle with two axles towing a trailer and must pay **\$200** (incl. VAT).
- SARS system maintenance will occur from 22:00 on 5 February 2022 till 02:00 on 6 February, which might cause some delays.
- There were no border closures during the last seven days from a South African perspective. However, as a rule, traders should at all times 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 improvement at Beit Bridge is most welcome, but the situation at Lebombo/Ressano Garcia remains a major concern.

Table 6 – Delays¹⁵ 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	48:00	0:00	0	0	0	24 640	0
SA/Zim	Beit Bridge	0:00	16:00	943	28 290	198 030	92 414	0
Moz/Zam	Cassacatiza/Mlolo	1:00	8:00	175	5 250	36 750	7 350	1 225
Zam/Zim	Chirundu	0:00	20:00	620	18 600	130 200	78 120	0
Moz/Mal	Dedza	2:00	46:00	50	1 500	10 500	15 400	700
SA/Bot	Grobblersbrug/Martins Drift	1:00	13:00	400	12 000	84 000	30 800	2 800
Zam/DRC	Kasumbalesa	0:00	56:00	750	22 500	157 500	210 000	0
Zam/Bot	Kazungula	0:00	13:00	240	7 200	50 400	18 480	0
SA/Bot	Kopfontein/Tlokweng	1:00	43:00	100	3 000	21 000	28 700	700
Moz/Zim	Machipanda/Forbes	1:00	7:00	320	9 600	67 200	11 200	2 240
Zim/Moz	Nyamapanda	1:00	4:00	100	3 000	21 000	1 400	700
SA/Moz	Lebombo/Ressano Garcia	19:00	28:00	1 100	33 000	231 000	200 200	146 300
Zam/Nam	Shesheke/Wenela	48:00	44:00	100	3 000	21 000	29 400	33 600
SA/Bot	Skilpadshek/Pioneer Gate	15:00	3:00	300	9 000	63 000	2 100	31 500
Nam/Bot	Trans Kalahari/Mamuno	0:00	22:00	100	3 000	21 000	14 000	0
Zam/Zim	Victoria Falls	1:00	5:00	114	3 420	23 940	2 394	798
Moz/Mal	Zobue/Mwanza	2:00	28:00	100	3 000	21 000	18 200	1 400
				5 512	165 360	1 157 520	784 798	221 963

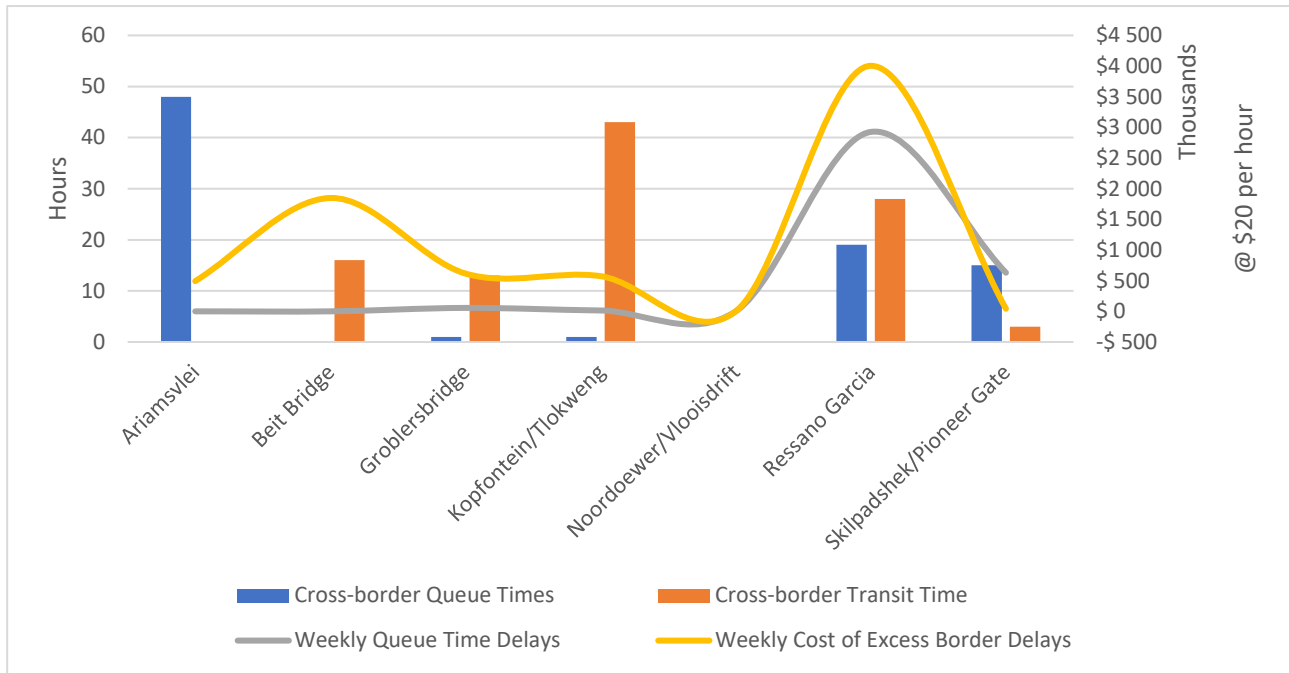
Source: TLC & FESARTA, week ending 31/01/2022.

¹⁵ 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

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

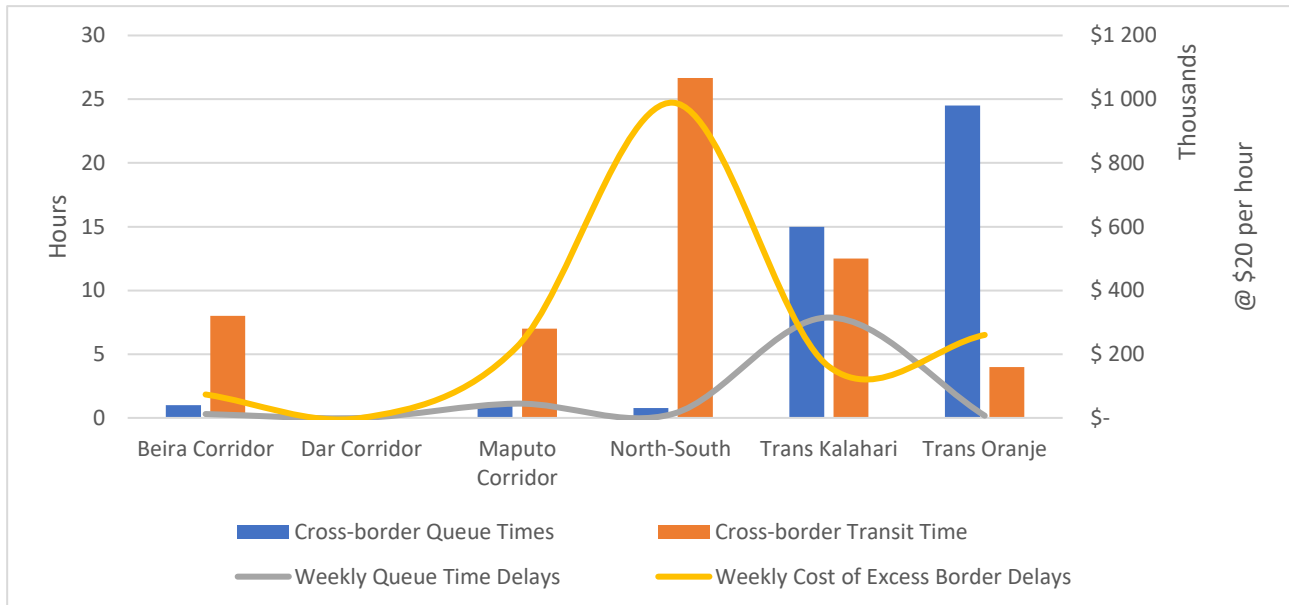
Figure 11 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 31/01/2022.

The following figure echoes those above, this time from a corridor perspective.

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



Source: TLC & FESARTA, week ending 31/01/2022.

In summary, the cross-border queue time has averaged **~7,8 hours** (roughly the same as the **~7,8 hours** recorded in the previous report), costing the transport industry an estimated **\$4 million (R71 million)**. Furthermore, the week's average cross-border transit times hovered around **~18,7 hours** (down by **~2,8 hours**

COVID-19: Cargo movement update

from the ~21,6 hours recorded in the previous report), costing the transport industry \$16 million (R251 million). As a result, the total cost for the week amounts to an estimated ~R322 million (up by ~R42 million or ↑6,4% from R303 million in the previous report).

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 services trade, (b) the global container industry, and (c) the global aviation industry.

a. Global services trade

Services trade¹⁶ has yet to fully recover from the pandemic-induced slump, despite surging shipping rates being one of the main drivers of the recovery. Indeed, the latest services figures from the World Trade Organisation (WTO)¹⁷ reported a ↑25% increase in the third quarter of 2021 (services trade figures are typically reported a quarter after goods trade figures). The trend has largely followed that of goods trade, as illustrated below:

Figure 13 – Services Trade (y/y percentage change)



Source: [WTO-UNCTAD-ITC estimates](#)

Digitally deliverable services (computer, financial, and business) continue to be the main drivers of growth, along with global transport, notably shipping. Despite the impressive rebound, the recovery remains ↓5% below levels recorded in the third quarter of 2019. The WTO notes that unequal distribution of vaccines, the emergence of new variants, and border restrictions continue to weigh on international travel. For the cumulative figures, only construction and telecommunications remain below the same period of 2019. All other sectors registered positive growth, most notably computer services at ↑34%.

On a country level, the cumulative value of services exports in January-November 2021 remained below 2019 levels in many economies, with the sharpest decline recorded in Australia (↓35%). In Africa, Morocco's and Uganda's services exports were ↓20% 20% lower than in 2019. By contrast, services exports from China

¹⁶ "Services Trade" ranges from Ranging from communications to transport, finance, education, tourism and environmental services. Note the full definition as per the [WTO GATS](#).

¹⁷ WTO. 01/02/2022. [High shipping rates and digital services sustain services trade recovery in Q3 of 2021](#).

COVID-19: Cargo movement update

increased by **↑37%**. Lastly, the WTO warns that unequal distribution of vaccines, the emergence of new variants, and border restrictions continue to weigh on international travel as large tourism exporters continue to see a contraction.

b. Global container industry

i. Container throughput index

Continued container throughput increased marginally in December, primarily due to expansions in throughput at ports outside China. However, container throughput in Chinese ports fell sharply after a period of sustained growth. COVID-induced closures contributed to the decline, as the decline in throughput at Chinese ports could be an early indication that supply chain problems will worsen again soon. Despite the Chinese drop-off, container throughput has increased by **↑0,8** points in December to **122,8**. This figure is according to the Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL). As with the previous month, the index – *RWI/ISL* for short – attributes the change to promising throughput increases in Chinese ports. The following figure shows the continued growth since the hardest lockdown of early-2020:

Figure 14 – *RWI/ISL* Container throughput index (2015 = 100)



Source: [RWI/ISL](#)

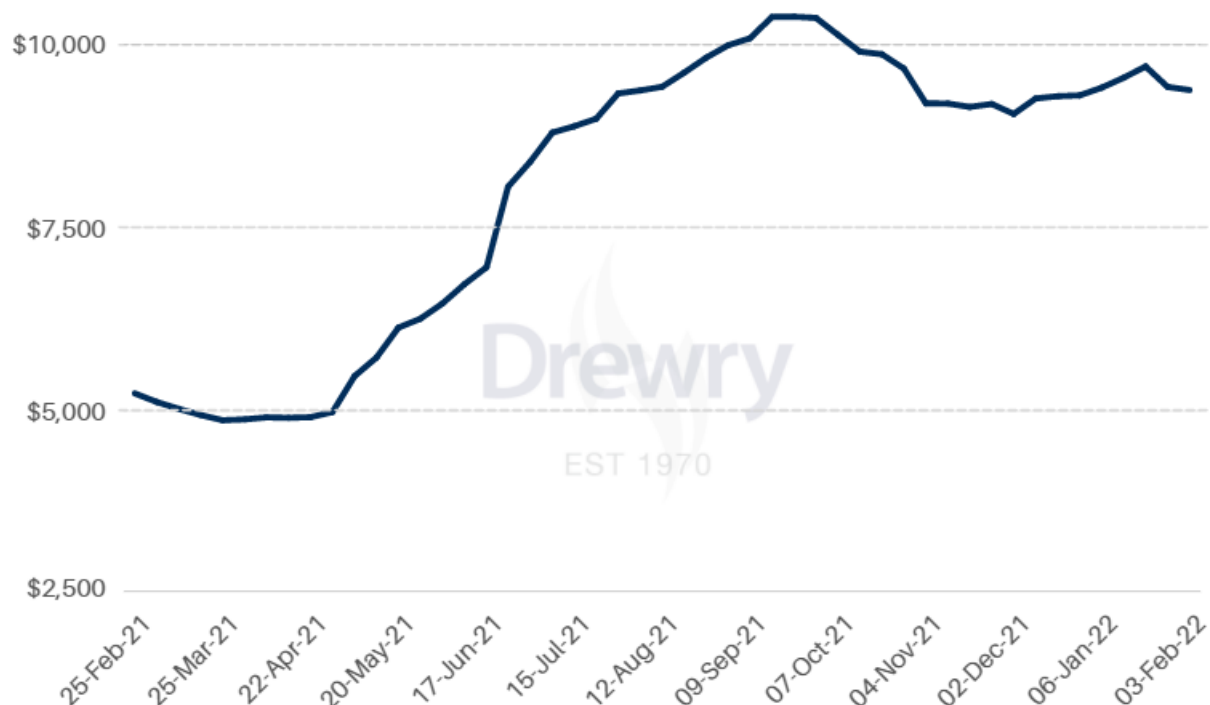
As noted above, the major contributor to the increase has been the expansion of container throughput for Europe. Indeed, the North Range Index rose from **114,3** (revised) in November to **115,8** in December. Container throughput in Chinese ports, on the other hand, declined significantly. As a result, the index decreased from **128,6** (revised) in November to **126,4** in December. Commenting on the *RWI/ISL* development, head of economic research, Torsten Schmidt, notes that throughput increased strongly in many ports worldwide, likely contributing to a slight easing of supply bottlenecks in some areas.

COVID-19: Cargo movement update

ii. Global container freight rates

Drewry's "World Container Index" decreased marginally for a second consecutive week, as the composite WCI dropped by **↓0,5%** (or **\$43**) to **\$9 377** per 40-ft container¹⁸. Nonetheless, as reported last week, shippers will have to get used to a new normal, as rates will likely moderate at best to **\$5 000 - \$7 000** per 40-ft container. Some continued moderation is to be expected, especially considering that the appetite in the charter market is slowly waning. Nevertheless, the financial boom for ocean carriers is set to continue for a while. This week, ONE line raised its financial year profit forecast by a further **\$3,6 billion**. Furthermore, ONE's Alliance partner, Hapag-Lloyd, released its preliminary 2021 full-year results, coming in at the top end of its October upgraded forecast for an EBIT of **\$11,1 billion**¹⁹. Despite the current bull market in contracts – along with the rise in spot rates – there are signs that the exponential increase in long-term liner contract rates is losing steam after 14 consecutive months²⁰. This prediction comes in the wake of the **↓3,6%** drop in the XSI long-term contract rate index, which benchmarks the ocean and air freight rates. For spot rates, though, the following figure summarises the one-year spot price of the index:

Figure 15 – World Container Index – Assessed by Drewry (\$ per 40 ft. container)



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

The average composite index remains up by **↑79%** y/y, with the y/t/d average currently standing at **\$9 490** per 40ft container, a staggering **\$6 537** higher than the five-year average of **\$2 953**. In total, four of the major eight major East-West trades routes experienced decreases of **~↓1%** this week. Conversely, the New York – Rotterdam route rates increased in both directions. In summary, Drewry expects rates to remain stable in the coming week with no marked long-term relief for cargo owners. Indeed, we are only expected to see a complete restoration in the global container industry by this time next year, and even then, rates are unlikely to return to anything approaching pre-pandemic levels. In the meantime, the warning signs of another impending supply crisis, as discussed above, does not bode well for the industry. However, these expectations might be offset by

¹⁸ Drewry. 03/02/2022. [World Container Index](#).

¹⁹ Wackett, M. 01/02/2022. [Carriers' great expectations for Q1 profits look set as rates bull run continues](#).

²⁰ Wackett, M. 31/01/2022. [Long-term rate increases losing momentum as carriers seek to lock-in BCOs](#).

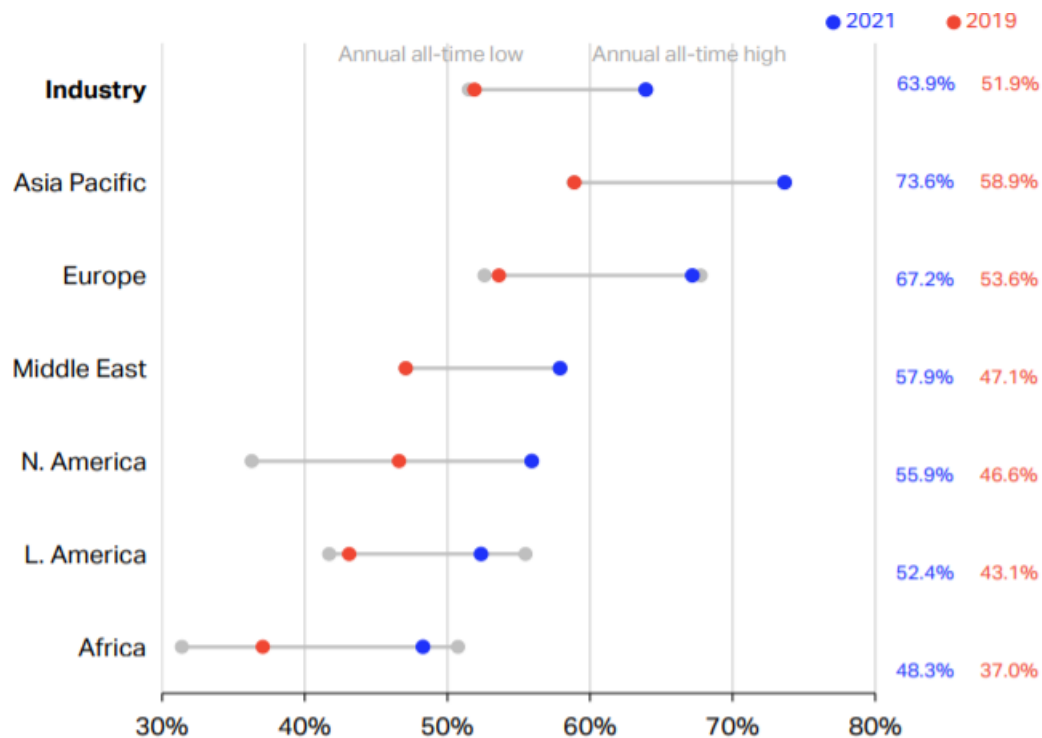
COVID-19: Cargo movement update

the impending fiscal policies in Europe designed to stem inflationary pressures, potentially curbing consumer appetite²¹.

c. Global aviation industry

With the current tight squeeze in the global cargo market, the industry-wide cargo load factor (CLF) was **↑6,8 points** above its December 2019 level in December, with load factors have eased slightly in recent months. Nevertheless, for 2021, the CLF rose by **↑9,3 points** versus 2019, as most regions recorded record or near-record numbers. Those developments were mirrored internationally, with the international CLF up **↑12,0 points** to **~63,9%** in 2021, overall, an all-time annual high. The following figure shows the comparative CLF with 2019 per region:

Figure 16 – Cargo load factors by region of registration (2021 versus 2019)



Source: [IATA](#)

Two key conclusions can be drawn from these figures captured by the International Air Transport Association (IATA) in their latest "Air Cargo Market Analysis". First, the critical role of air freight during a pandemic, and second, the desperate need for passenger flights to return and elevate available industry-wide tonne-kilometres (ATCKs). Another consequence of the tight air cargo market in 2021 has been exceptionally high air cargo rates. Starting the year at already elevated levels, they moved upwards in the second half of 2021, reaching new records in December, at almost **↑150%** above December 2019 levels, contributing to the significant increase in air cargo revenues for airlines active in the sector.

The latest figures from the Baltic Exchange Airfreight Index (BAI) show that Hong Kong to North America rates stood at **\$10,90 per kg** in January²². This rate is far above the **\$6,43 per kg** (**↑69,5%**, y/y) recorded last year and the **\$3,14 per kg** recorded two years ago. Nevertheless, freight rates have receded at **\$12,72 per kg** since December. The story is similar for Hong Kong to Europe, as rates hit **\$6,61 per kg**. The figure is up by **↑54,4%** (y/y – at **\$4,28 per kg**) and way above the **\$2,83 per kg** recorded in January 2020. In summary, as is the case in the global container market, we can expect a continuation of elevated air freight rates.

²¹ Wackett, M. 04/02/2022. 'Cracks' appear in Asia – Europe rates over uncertain outlook.

²² Brett, D. 03/02/2022. Airfreight rates remain elevated in January.