

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

**Date: 04 March 2022**

## 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 (containers <sup>4</sup> )	19 802	25 972	45 774	20 836	23 561	44 397	↑3%
Air Cargo (tons)	4 478	2 786	7 264	4 151	2 798	6 948	↑5%

## Monthly Snapshot

Figure 1 – Monthly<sup>5</sup> cargo volume levels, year on year (100% = baseline)

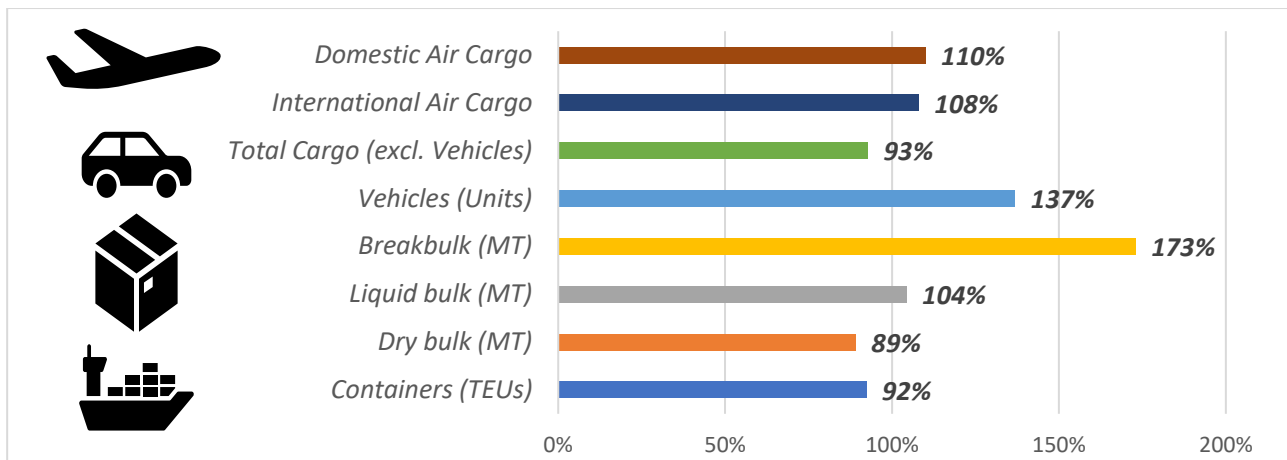
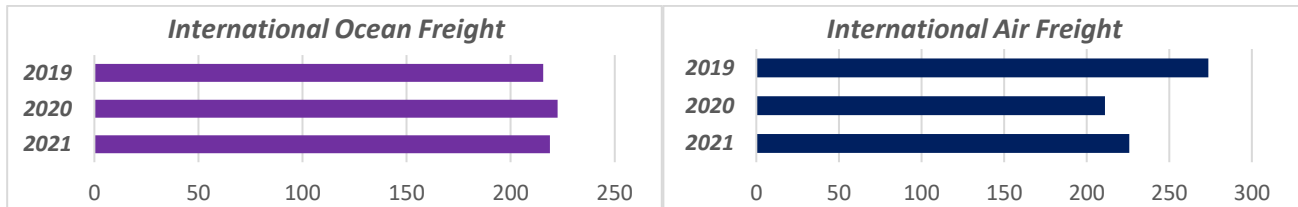


Figure 2 – Global year-to-date flows 2019-2021<sup>6</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- An average of **~6 539 containers** was handled per day, with **~5 662** projected for next week.
- Rail cargo handled out of Durban amounted to **3 806** containers, **↑3%** compared to last week.
- This week, cross-border queue times are **↑0,1 hours**, with transit times **↑2,1 hours** (see [below](#)).
- SARS merchandise trade for January: exports (**↓16,1%**, m/m), and imports (**↑2,3%**, m/m), resulting in a trade surplus of **R3,55 billion** surplus with both yearly imports (**↑17,6%**) and exports (**↑29,6%**) up.
- The "WCI" fell marginally this week, with spot freight rates **↓2,1%** (or **\$198**) to **\$9 279** per 40-ft.
- Russia's invasion of Ukraine is starting to impact global shipping, air freight, schedules, and labour.

<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 77<sup>th</sup> update.

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

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

<sup>4</sup> In previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40').

<sup>5</sup> 'Monthly' means the last full month's worth of available data compared to the same month in the previous year. For Air, Feb versus Feb, for the rest: Dec versus Dec.

<sup>6</sup> 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 77<sup>th</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 averaged approximately **1 711** per day (**↓23%** from last week's average of **2 220**) this week. In total, South Africa has now recorded **3,68 million**<sup>7</sup> cases, with **99 499** (up by **481**) regrettably succumbing to the virus. Globally, the case tally now stands at **442 million** infected by COVID-19, with **5,98 million** deaths recorded. Around **10,72 billion** vaccine doses have been administered globally<sup>8</sup>, with the South African tally standing at **31,7 million**.

Port operations this week at the Port of Cape Town were interrupted continuously due to fog hindering visibility. Port users were not pleased to hear that CTCT is currently missing another STS crane since Friday due to a window replacement that could take up to 3 weeks to replace. In addition, Crane QC1 is still out, awaiting the replacement of the hoist motor. Apart from fog challenges, CT MPT experienced delays due to faulty twist locks onboard a container vessel. TNPA notified users about the planned annual Maintenance Dredging Campaign, which aims to remove silted-up pockets in the areas at Eastern Mole 1 & 2 and the lead-up area to the Tanker Basin entrance areas, with the removal of approximately 15 000m<sup>3</sup> between March and April 2022. At Durban Pier 1, apart from the planned maintenance outages on cranes, TPT notified users of the prolonged outage on QC5 to replace a trolley wheel. The repair is scheduled to take place within five days.

This week, the global shipping industry reacted to the current geopolitical events, with much of the worldwide carrier fleet suspending services to Russia. Unfortunately, due to the interconnectedness of the global economy, these events are already impacting food prices (mainly wheat and maize), fuel, and other commodities and financials (including sanctions from SWIFT<sup>9</sup>). In addition, some of these developments have already impacted the logistics sector in Russia, as transport options diminish, and payment systems lose support. But, crucially, the most acute sanction to hit Russia is the decision of the EU authorities and other nations to close their airspace to Russian flights, shipping lines and logistics operators, thereby severing services to the country<sup>10</sup>.

The broader impact is likely to come in the form of further deteriorations in the global supply chain, notably a further shuffle of sailing schedules to omit Russian ports. Furthermore, sanctions against Russia will exacerbate the current labour shortages, as some 200 000 Russians are employed in the global shipping industry. Some predictions are close to doomsday proportions, with container freight rates predicated to increase another three-fold. However, in the nature of global shipping, the adjustments are expected to be delayed somewhat. Consequently, all extended role players are bracing themselves for the worst. Further significant developments include **(1)** another rate hike to travel through the Suez Canal and **(2)** reports that vessel sizes are to blame for American port congestion (see the detailed summary [below](#)).

South Africa's air cargo volume growth went in the opposite direction this week. International air cargo increased by **↑5%** this week, with the domestic industry decreasing by the same amount (**↓5%** this week). Both sectors closely track the anticipated fuel increases, which has a massive knock-on impact on operations, as is the case internationally. Indeed, Putin's war has already impacted the global aviation industry, as services have been suspended and rates have increased. Furthermore, airlines are staying clear of Ukraine skies, despite the still firm position of authorities not declaring a "no-fly zone" over Ukraine. In other developments, IATA this week noted that the return to pre-pandemic levels of passenger flights and travellers has now been pushed out even further, with a complete restoration only expected in 2024.

<sup>7</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

<sup>8</sup> Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

<sup>9</sup> Blenkinsop, P. 03/03/2022. [EU bars 7 Russian banks from SWIFT but spares those in energy](#).

<sup>10</sup> Whiteman, S. 03/03/2022. [Russian logistics 'grinding to a halt' as sanctions begin to bite](#).

## *COVID-19: Cargo movement update*

As the world's attention drifts away from the pandemic and zooms in on Russia's invasion of Ukraine, we can only speculate to what extent the repercussions will ravage our industry. All modes have been impacted – even rail cargo carried on the China-Europe Belt and Road initiative<sup>11</sup> – with supply chain role players now pondering their next move in anticipation of escalations in Europe. This decision will not be easy, given that even before any of the fuel shortages, disrupted schedules and related uncertainties, the extended supply chain was already struggling to come to terms with equipment shortages, poor efficiency, and widespread congestion.

Although it may seem to South Africans that we are far removed from the northern hemisphere action, if the recent pandemic induced challenges are anything to go by, it is clear that if global supply chains sneeze, the entire world catches a cold. We are not immune, but fortunately for South Africa, the immediate impact of the conflict will be minimal, as imports from Russia and Ukraine are limited. However, there is likely to be a serious impact on grain prices. The most significant effect (albeit not a substantial one in the broader picture) will be agricultural exports, as we exported over R3,7 billion worth of agricultural products, with citrus, apples, and pears making up nearly 90% of those exports. In total, more than 7% of our citrus and more than 12% of our apples and pears go to Russia. Hopefully, the conflict will be resolved soon.

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<sup>11</sup> Whelan, S. 02/03/2022. [Shippers with an eye on tougher sanctions cancel China-Europe rail bookings.](#)

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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 26 February to 4 March<sup>12</sup>

7-day flow forecast (26/02/2022 – 04/03/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 551	5 780
DURBAN CONTAINER TERMINAL PIER 2:	8 872	12 230
CAPE TOWN CONTAINER TERMINAL:	3 001	5 722
NGQURA CONTAINER TERMINAL:	3 209	1 270
GQEBERHA CONTAINER TERMINAL:	169	970
<b>TOTAL:</b>	<b>19 802</b>	<b>25 972</b>

Source: Transnet, 2021. Updated 04/03/2022.

Table 3 – Container Ports – Weekly flow reported for 5 to 11 March<sup>13</sup>

7-day flow forecast (05/03/2022 – 11/03/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 666	6 050
DURBAN CONTAINER TERMINAL PIER 2:	4 794	9 621
CAPE TOWN CONTAINER TERMINAL:	3 966	6 415
NGQURA CONTAINER TERMINAL:	1 100	1 000
GQEBERHA CONTAINER TERMINAL:	50	900
<b>TOTAL:</b>	<b>15 576</b>	<b>23 986</b>

Source: Transnet, 2021. Updated 04/03/2022.

An average of **~6 539 containers (↑7%)** was handled per day for the last week (26 February to 4 March, Table 2), with a substantially reduced average of around **~5 652 containers (↓14%)** projected to be handled next week (5 to 11 March, Table 3). Container numbers have started to dwindle, as South Africa feels the early warning signs of the inevitable impact of the invasion of Ukraine added to the lingering effects of the pandemic (see [below](#)). Operationally, a combination of weather and equipment availability and maintenance resulted in several minor delays (see a more detailed breakdown per port [below](#)).

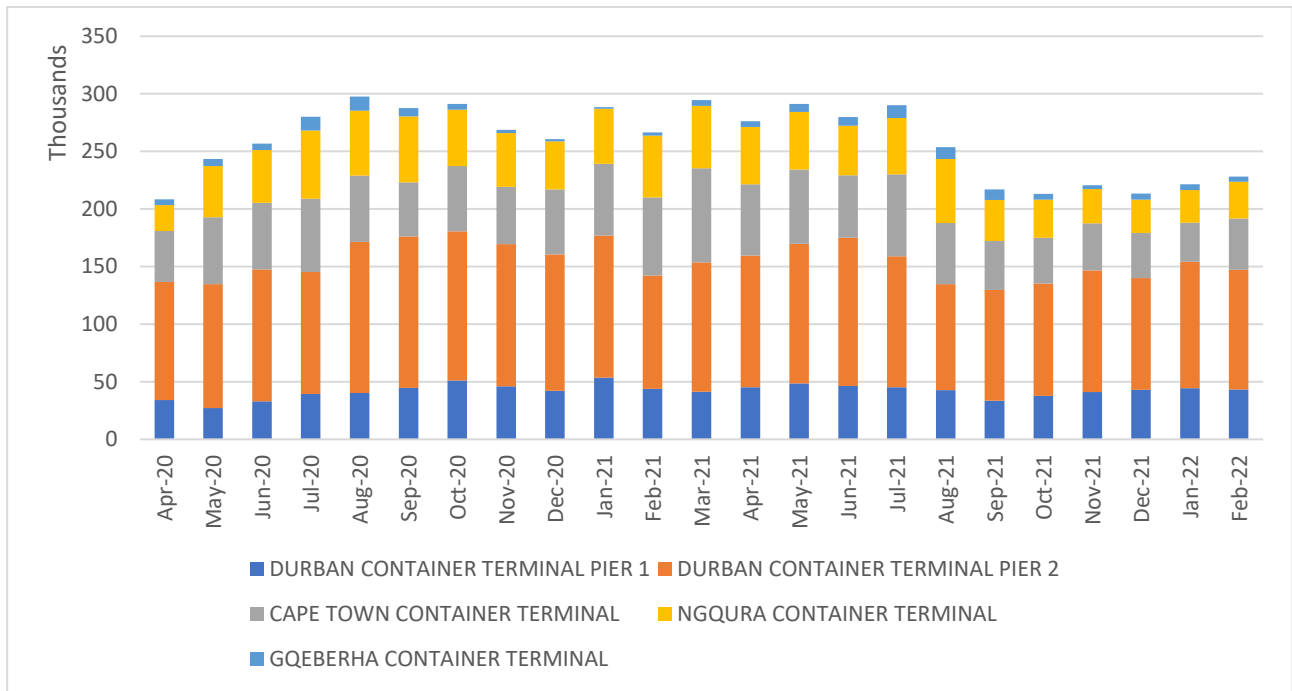
The following figure illustrates the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the start of the nationwide lockdown.

<sup>12</sup> 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.

<sup>13</sup> As noted above.

## COVID-19: Cargo movement update

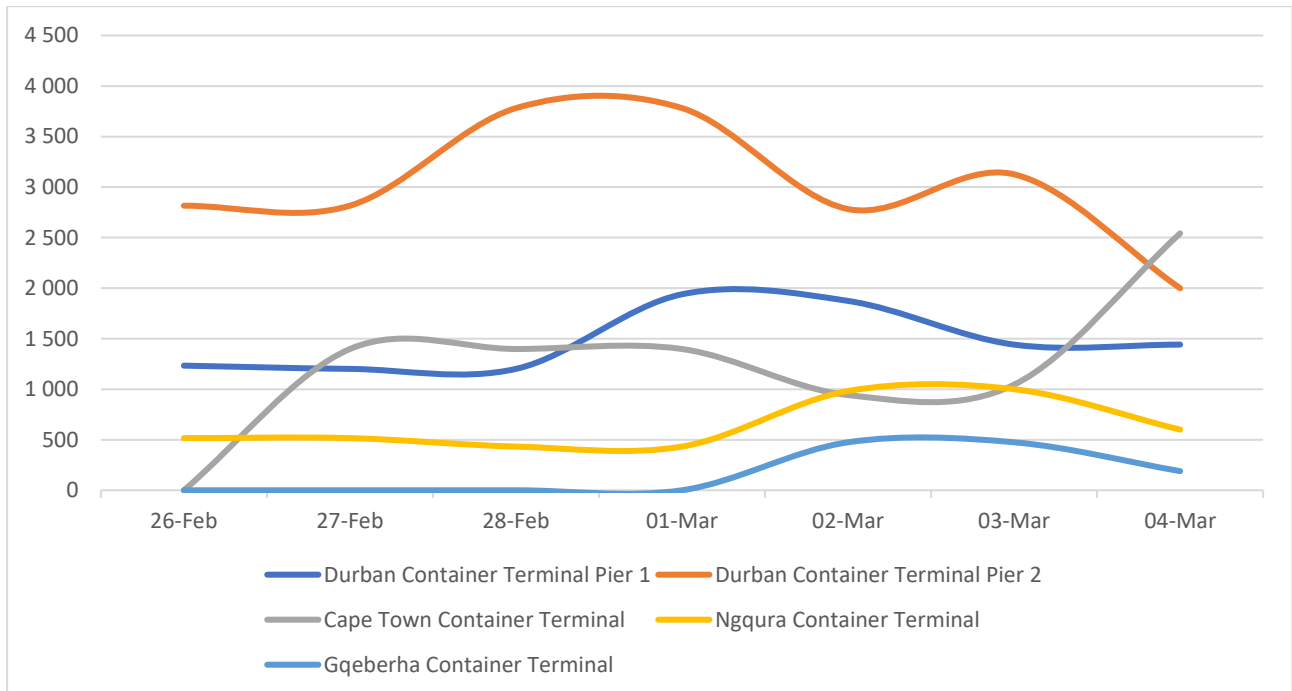
Figure 3 – Monthly flow reported for total cargo movement (containers: April 2020 to present; month on month)



Source: Calculated using data from Transnet, 2021. Updated 04/03/2022.

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

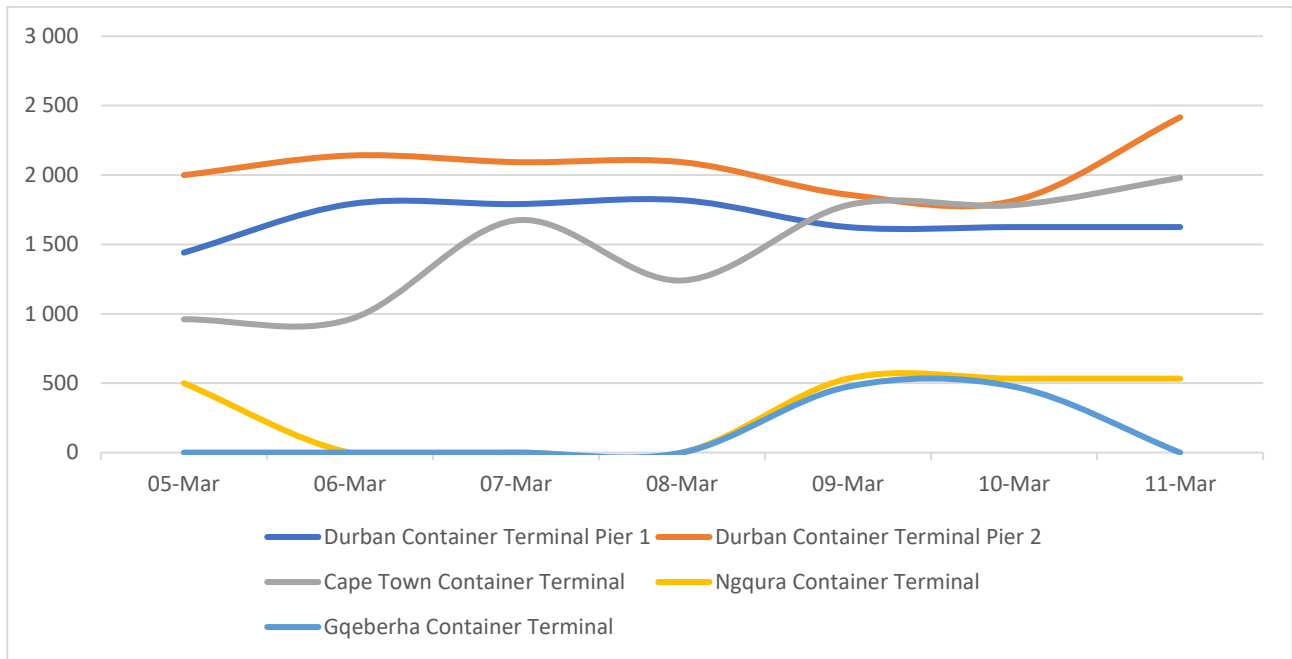
Figure 4 – 7-day flow reported for total cargo movement (26 February to 4 March; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 04/03/2022.

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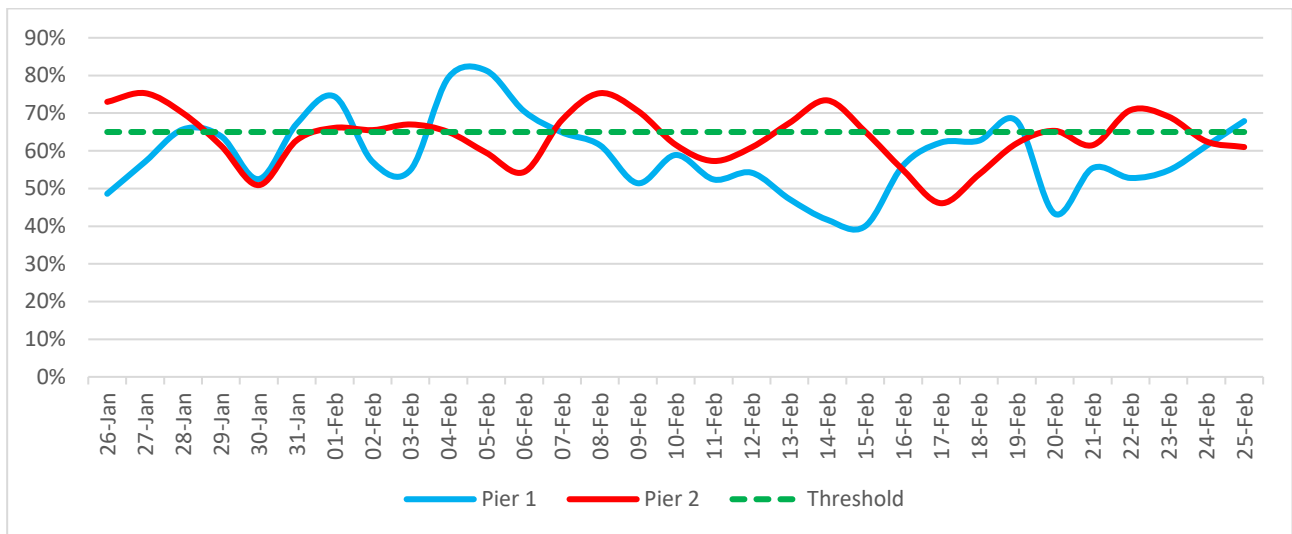
**Figure 5 – 7-day flow reported for total cargo movement (5 to 11 March; per port; day on day)**



Source: Calculated using data from Transnet, 2021. Updated 04/03/2022.

The following figure shows daily stack occupancy in both Durban terminals since the end of January.

**Figure 6 – Stack occupancy in DCT, general-purpose containers (26 January to present; per pier; day on day)**

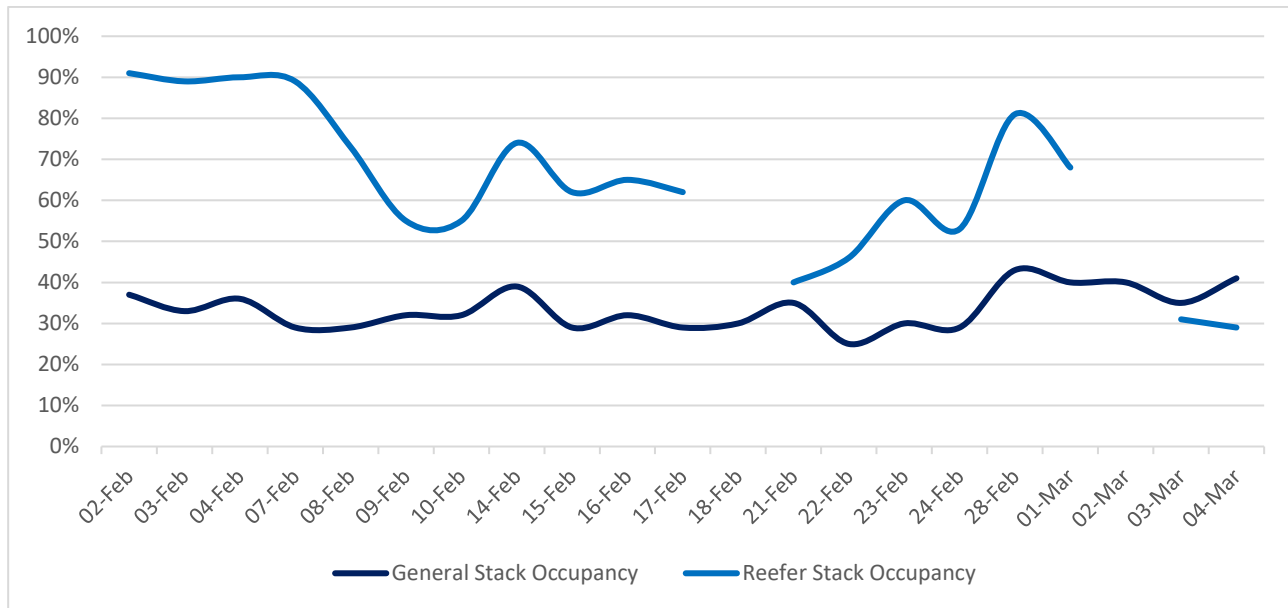


Source: Calculated using data from Transnet, 2021. Updated 04/03/2022.

The following figure shows daily stack occupancy in Cape Town over a similar period. Concerted efforts will be made to ensure that there are no gaps in the data going forward.

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Figure 7 – Stack occupancy in CTCT, general-purpose and reefer containers (2 February to present; day on day)



Source: Calculated using data from Transnet, 2021. Updated 04/03/2022.

### 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 and CT MPT experienced fog throughout the week, hindering waterside visibility. CTCT and CT MPT were fogbound on Sunday from 19:15 till 02:15, again on Monday for two hours, and Wednesday from 22:00 till 02:20. Durban port experienced some strong winds on Wednesday afternoon leading into Thursday. In addition, on Thursday night, high swells challenged waterside operations. Eastern Cape ports experienced no severe weather challenges throughout the week.

#### ii. Cape Town

On Monday, CTCT recorded three vessels at anchorage and two at berth. In terms of equipment, CTCT recorded having seven cranes manned by seven gangs, 21 RTGs, and 46 DAVs. The terminal handled 2 021 TEUs across the quay and serviced 92 external trucks on the landside. General stacks stood at 43%, reefer stacks at a high 81%, and empties at 37% capacity. CT MPT recorded two vessels at berth, one being a fishing vessel and zero at anchor. The terminal handled 403 TEUs across the quay and 165 external trucks with an average TTT of 3 minutes. Stack occupancy stood at 44% for general purpose containers, 39% for reefers, and 57% for empties. Apart from fog challenges, the terminal experienced delays due to faulty twist locks onboard the vessel. On Thursday, CTCT recorded five vessels at anchor. Stack occupancy stood at 35% for general purpose containers, 31% for reefers, and 23% for empties. The terminal handled 1 817 TEUs across the quay and 1 130 trucks on the landside. On Friday, port users were informed about the outage of crane QC8 to replace a window. According to TPT, the replacement could take up to 3 weeks to repair. Crane QC1 is still out, awaiting the replacement of the hoist motor.

On Tuesday, TNPA notified users about the planned annual Maintenance Dredging Campaign. The Port will be welcoming the Italení Grab Hopper Dredger in the second week of March 2022. Dredging Services will be mobilizing the Italení Dredger, which will focus on dredgeable areas at Eastern Mole 1 & 2 and the lead-up area to the Tanker Basin entrance. The dredging operation will aim to remove silted-up pockets in these areas, with the removal of approximately 15 000m<sup>3</sup> between March and April 2022.

## COVID-19: Cargo movement update

BELCON is busy installing more reefer plugs to accommodate 72 reefers in its current capacity. In terms of general-purpose containers, BELCON can handle general-purpose containers, close to 100 000 TEUs. If the terminal operates 24/7, the capacity could be doubled, according to reports. Between BELCON and CTCT, currently, approximately three trains run daily with a capacity of 36 wagons.

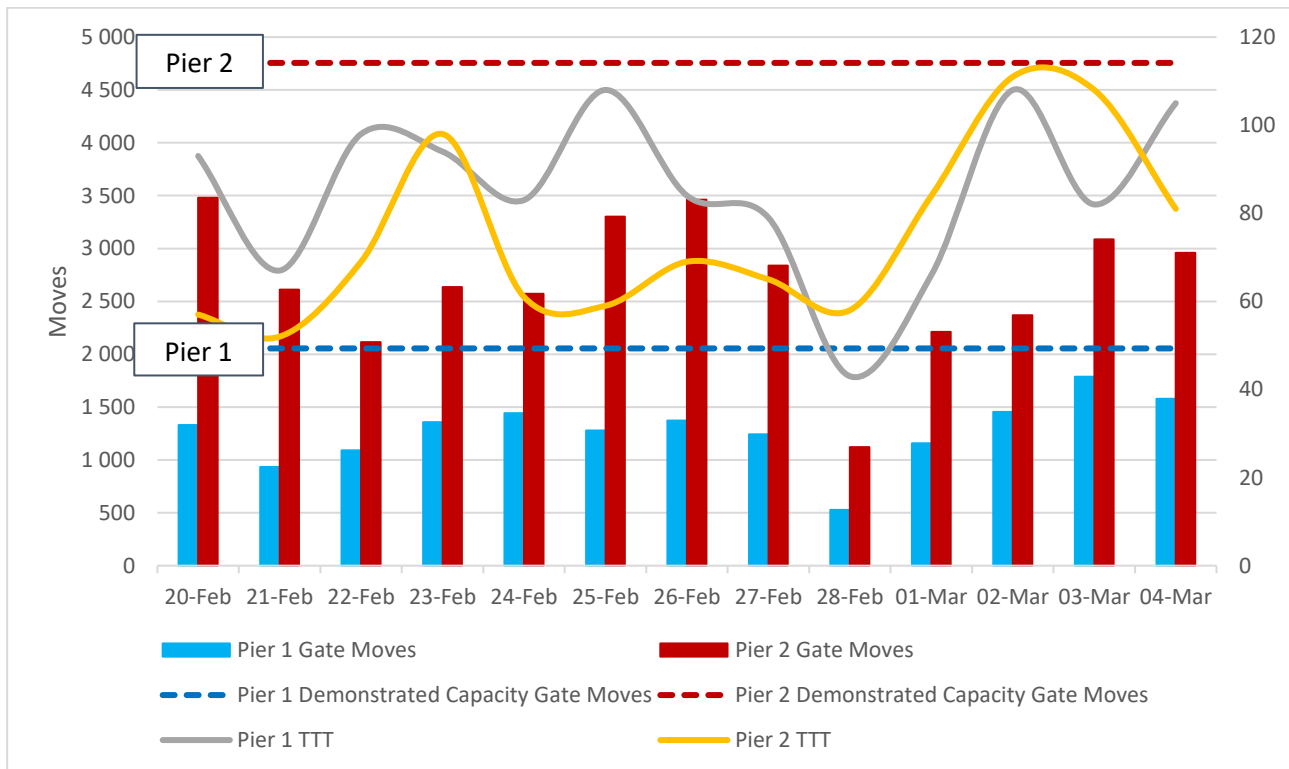
### iii. Durban

Pier 2 on Monday had two vessels at berth and none at anchorage. The terminal handled 2,211 gate moves on the landside with an average TTT of 84 minutes and a staging time of 77 minutes. The terminal had 12 gangs available and 72 straddle carriers in terms of resources. Stack occupancy stood at 67% capacity. Pier 1 also had two vessels at berth and zero at anchor. Stacks were sitting at 47% capacity with 1 907 imports on hand. The terminal handled 1 157 gate moves on the landside with 525 cancelled slots and 127 wasted. Apart from the planned maintenance outages on cranes, TPT notified users of the prolonged outage on QC5 to replace a trolley wheel. The repair is scheduled to take place within five days. The terminal had 16 RTGs available.

On Thursday, Pier 2 had only 11 gangs working due to the various planned crane outages for maintenance. Stacks stood at 62% capacity. Pier 1 received another vessel at anchor on Thursday. Stacks stood at 53% with 1 400 imports on hand. The terminal handled 1 866 gate moves on the landside with 825 cancelled slots and 225 wasted slots.

The following figure summarises the port performance of Durban's container terminals for the last two weeks, focusing on gate moves and time spent in the terminals.

Figure 8 – Gate moves, and time spent in the terminal (in minutes)



Source: Calculated using data from Transnet, 2021. Updated 04/03/2022.

### iv. Eastern Cape ports

NCT terminal on Thursday recorded a GCH of 27 with an SWH of 75. The terminal has 6 STS cranes available, 25 RTGs, and 51 FHs. Stack occupancy for general-purpose containers stood at 24% and reefers at 6%. GCT recorded a GCH of 16 with two cranes in operation. The terminal further has 15 straddle carriers. General stacks stood at 31% and reefers at 7%. The terminal handled 127 external trucks with a TTT of 12 minutes. In terms of

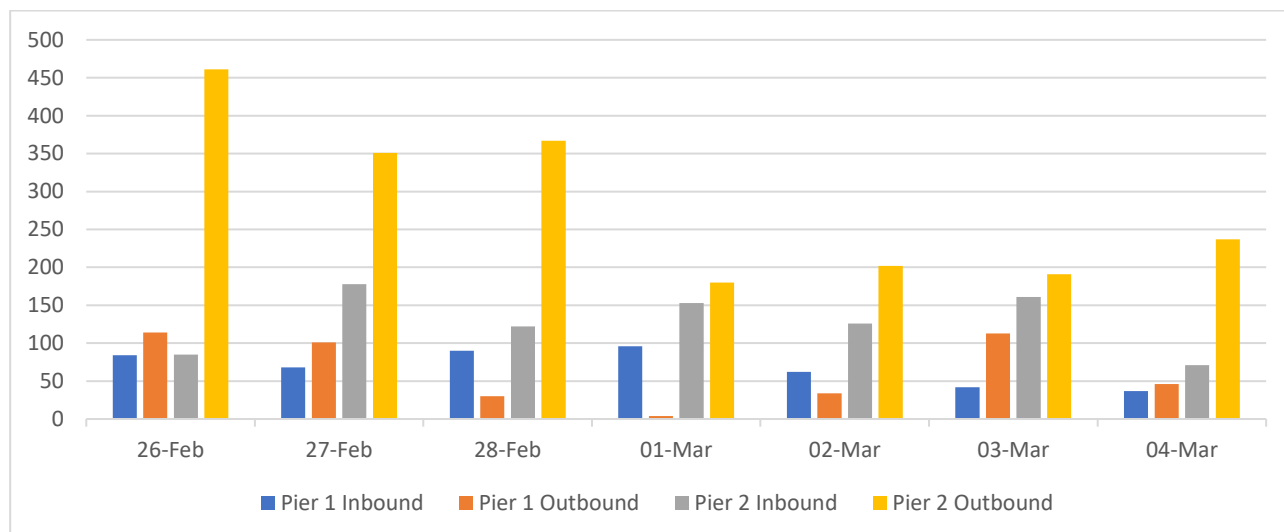
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challenges, the terminal experienced mechanical issues on crane three, which was on standby for IMCO boxes. PE Auto stood at 55% capacity.

### v. Transnet Freight Rail (TFR)

During the week, TFR experienced challenges due to limited wagon availability. In addition, on Friday, Pier 1 failed to load any trains as per the loading plan. This situation was due to a lack of equipment diverted to the landside. According to the terminal, a crucial driver was unavailable, causing limited equipment available to be deployed.

Figure 9 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2021. Updated 04/03/2022.

In the last week (26 February to 4 March), rail cargo to be handled out of Durban was projected at **3 415** containers, **↑3%** than the previous week's **3 693** containers.

## 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 beginning 21 February. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *February 2021* averaged **~815 512 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

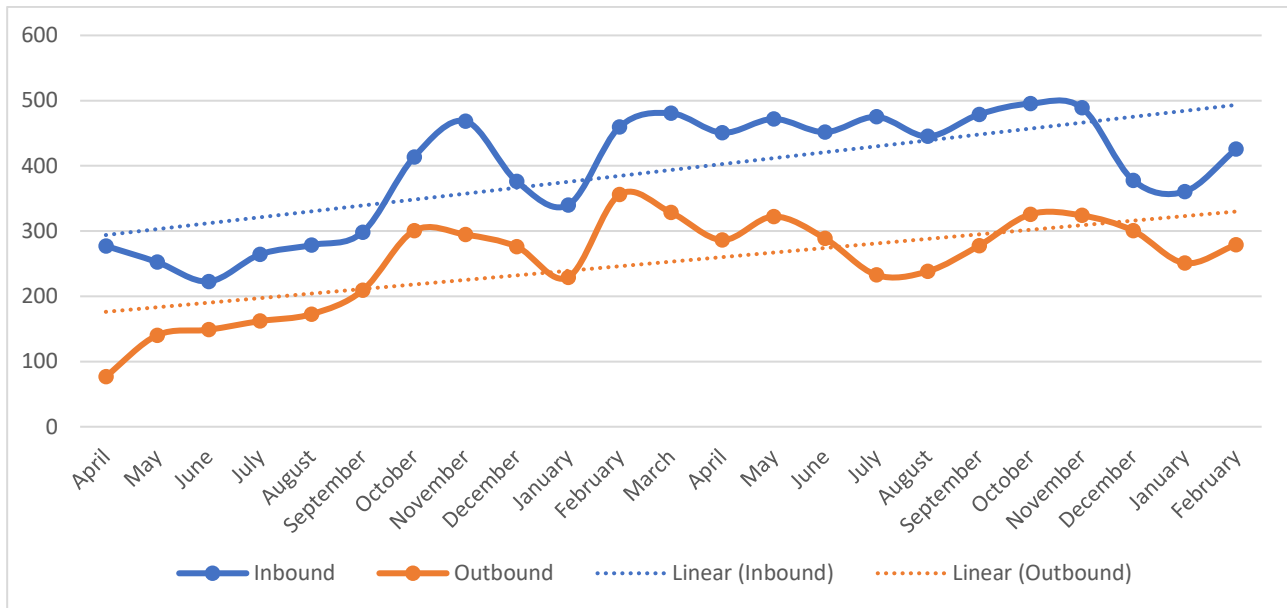
Flows	21-Feb	22-Feb	23-Feb	24-Feb	25-Feb	26-Feb	27-Feb
<b>Volume inbound</b>	531 331	414 680	483 659	323 604	353 363	299 611	728 613
<b>Volume outbound</b>	257 032	242 698	265 390	226 997	236 520	233 350	488 063
<b>Total</b>	<b>788 363</b>	<b>657 378</b>	<b>749 049</b>	<b>550 601</b>	<b>589 883</b>	<b>532 961</b>	<b>1 216 676</b>

Courtesy of ACOC. Updated: 01/03/2022.

The daily average volume of air cargo handled at ORTIA for the week starting 21 February amounted to **447 837 kg** inbound and **278 579 kg** outbound, amounting to an average of **726 416 kg** per day or **~89%** compared with February 2021. Compared to pre-COVID-19 times, the level is currently at **~108%** compared with the same period in 2020. The following figure shows the monthly global freight movement at ORTIA since the pandemic's start.

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



Courtesy of ACOC. Updated: 01/03/2022.

### 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 *February 2021* was **~75 348 kg** per day.

Table 5 – Total domestic inbound and outbound cargo

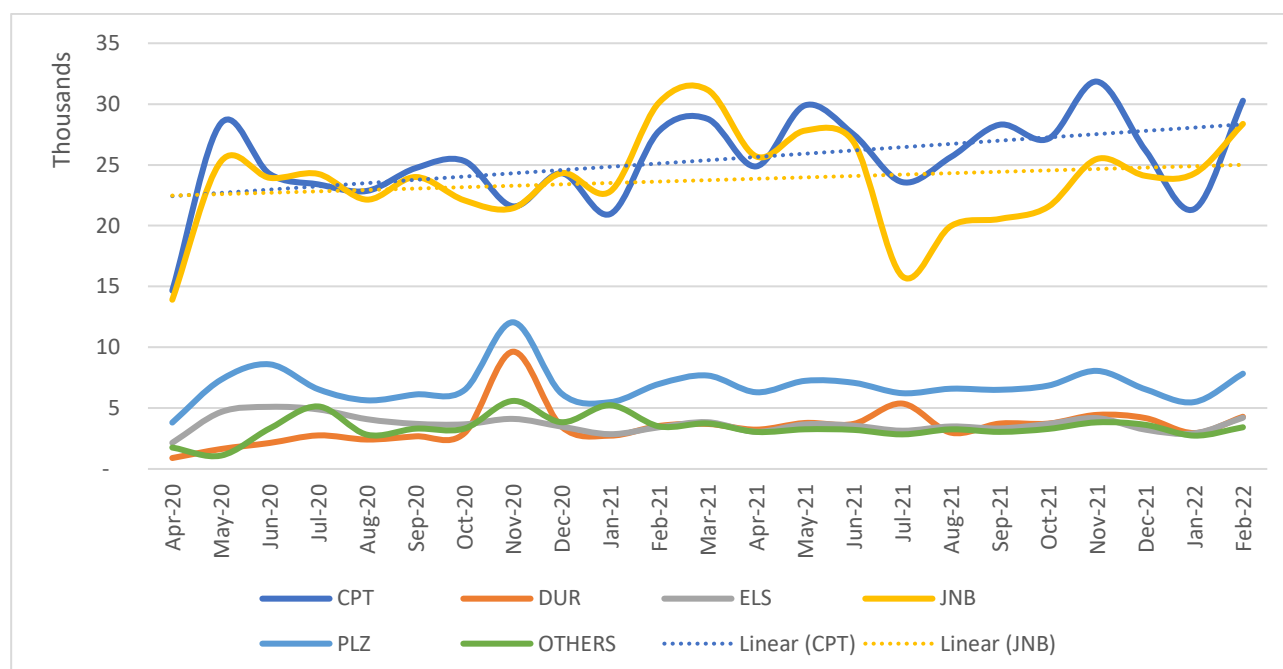
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
22-Feb-21	41 291	4 879	6 584	51 019	10 430	5 567	119 770
23-Feb-21	42 648	5 690	5 927	27 135	10 505	5 572	97 477
24-Feb-21	42 513	6 225	5 146	44 130	11 885	5 086	114 984
25-Feb-21	46 484	6 119	4 571	30 863	10 182	4 660	102 879
26-Feb-21	19 720	4 060	2 622	30 801	5 211	2 893	65 306
27-Feb-21	3 253	1 476	481	531	332	64	6 135
28-Feb-21	1 846	549	336	2 696	1 268	235	6 930
<b>Total for 2022:</b>	<b>1 550 845</b>	<b>218 007</b>	<b>214 280</b>	<b>1 599 318</b>	<b>398 038</b>	<b>184 361</b>	<b>4 164 849</b>

Courtesy of BAC. Updated: 01/03/2022.

Currently, the average domestic air cargo moved in the last week was **~69 291 kg** per day, which is **↓5%** compared with the previous week and **~92%** compared to February 2021. The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster.

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



Courtesy of BAC. Updated: 01/03/2022.

### 3. National Update

#### a. SARS merchandise trade statistics: December

On Monday, 28 February, SARS released merchandise trade stats for January<sup>14</sup>. Monthly exports have decreased in January (↓16,1%, m/m), while imports have marginally increased (↑2,3%, m/m) on December levels. Despite the monthly trend, the current figures still indicate a positive trade balance at **R3,55 billion** for the first month of 2022 (exports at **R130,12 billion**, imports at **R126,57 billion**). Annually, the first trade balance for January 2022 was a deterioration from the **R12,98 billion** trade surplus recorded for the same period in 2021. This change is primarily attributed to increased trade, particularly growing imports. Exports increased by ↑17,6% (y/y), with imports growing substantially at ↑29,6% (y/y), narrowing the favourable trade balance. These figures tend to suggest that merchandise trade and industry is getting very close to operating at full volume after the pandemic-induced retardation of the international economy over the last two years.

Regionally, trade with BELN countries for December resulted in a trade surplus of **R7,27 billion**, significantly lower than the **R10,26 billion** (↑7,1%) recorded in December. The change can be primarily attributed to a decrease in exports (↓13,9%, m/m), coupled with a sharp increase in imports (↑25,9%, m/m). Nevertheless, the trade surplus with our neighbouring countries remains higher than last year when the figure stood at **R6,45 billion** in January 2021. Again, these figures highlight the critical need for efficiency at our land borders, as more than 80% of regional trade is carried by road. The following section provides the weekly update for our cross-border road freight delays in the region.

### 4. Road and Regional Update

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

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

- The manual processing of TIPs (Temporary Trade Permits) for all trucks entering Mozambique is causing unnecessary delays and costs to the South African cargo owner. Of more concern is the fact

<sup>14</sup> SARS. 28/02/2022. [Merchandise trade stats](#).

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that the implementation of the single-entry TIP of MZN750 per truck is in contravention of the SADC Protocol on Trade, specifically Article 3. In addition, this NTB has a massive influence on daily trade between the two countries.

- Last week, the industry received reports that ATDF were (unlawfully) checking driver's licenses at Komatipoort, with resultant disruption to transport reported throughout the week.
- There were no border closures during the last seven days from a South African perspective. However, as usual, we encourage traders to stay abreast of border post communications on the SARS Customs and Excise [website](#).
- Furthermore, as communicated by the WCO ESA RPSG in a webinar this week, transporters, traders, and cargo owners are encouraged to use the non-tariff barrier (NTBs) [online tool](#) developed by UNCTAD and the AfCFTA Secretariate.

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

Table 6 – Delays<sup>15</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	0:00	28:00	100	3 000	700	24 640	0
SA/Zim	Beit Bridge	0:00	18:00	943	28 290	6 601	105 616	0
Moz/Zam	Cassacatiza/Mlolo	1:00	9:00	175	5 250	1 225	8 575	1 225
Zam/Zim	Chirundu	0:00	17:00	620	18 600	4 340	65 100	0
Moz/Mal	Dedza	2:00	59:00	50	1 500	350	19 950	700
SA/Bot	Grobblersbrug/Martins Drift	1:00	10:00	400	12 000	2 800	22 400	2 800
Zam/DRC	Kasumbalesa	0:00	45:00	750	22 500	5 250	225 750	0
Zam/Bot	Kazungula	0:00	21:00	240	7 200	1 680	31 920	0
SA/Bot	Kopfontein/Tlokweng	1:00	53:00	100	3 000	700	35 700	700
Moz/Zim	Machipanda/Forbes	1:00	8:00	320	9 600	2 240	13 440	2 240
Mal/Zam	Milange	0:00	4:00	30	900	210	420	0
Moz/Mal	Nakonde/Tunduma	0:00	7:00	500	15 000	3 500	17 500	0
Zim/Moz	Nyamapanda	1:00	5:00	100	3 000	700	2 100	700
SA/Moz	Lebombo/Ressano Garcia	19:00	17:00	1 100	33 000	7 700	115 500	146 300
SA/Bot	Skilpadshek/Pioneer Gate	48:00	22:00	100	3 000	700	14 000	33 600
Nam/Bot	Trans Kalahari/Mamuno	19:00	8:00	300	9 000	2 100	12 600	39 900
Zam/Zim	Victoria Falls	0:00	14:00	100	3 000	700	8 400	0
Moz/Mal	Zobue/Mwanza	1:00	15:00	114	3 420	798	10 374	798
				<b>6 142</b>	<b>184 260</b>	<b>42 994</b>	<b>744 485</b>	<b>230 363</b>

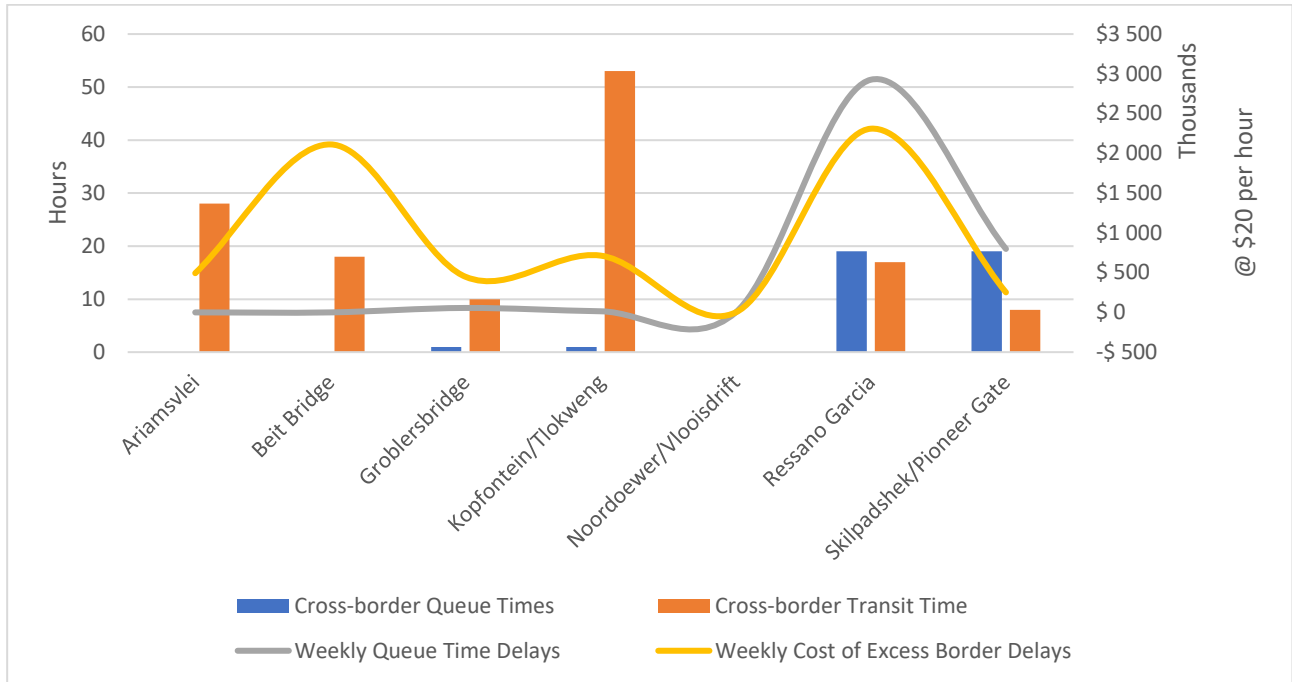
Source: TLC & FESARTA, week ending 28/02/2022.

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

<sup>15</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

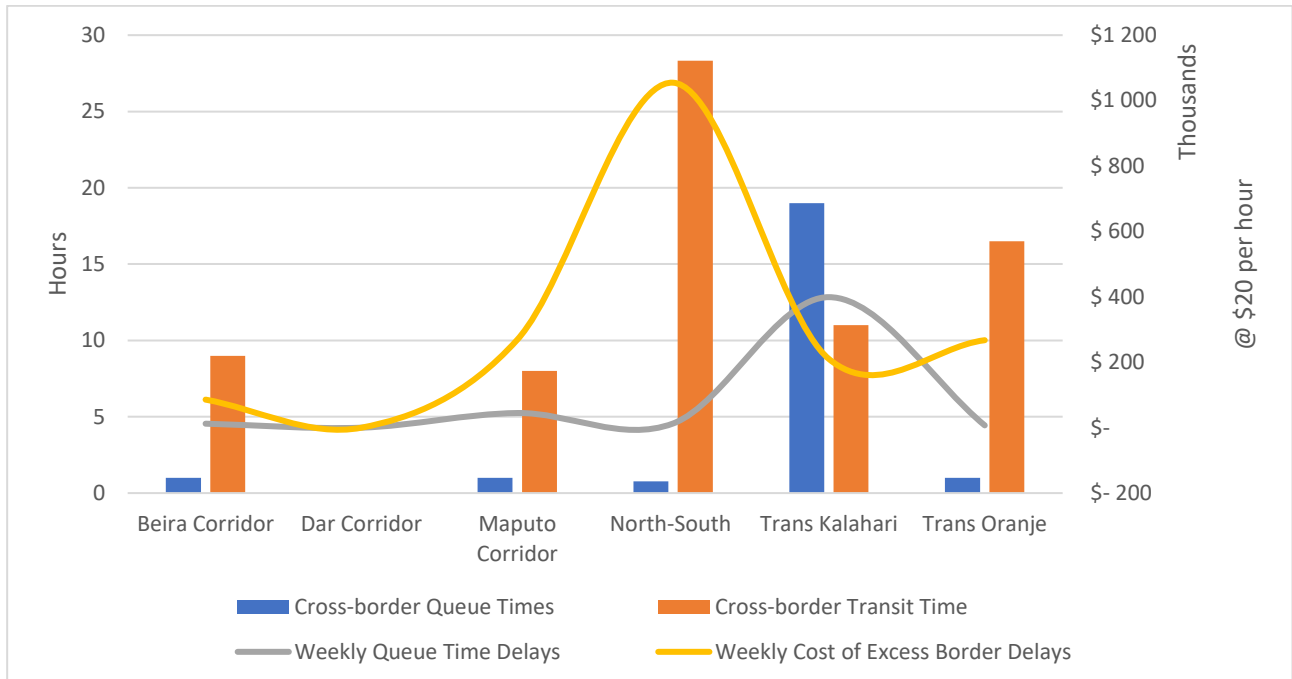
Figure 12 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 28/02/2022.

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

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



Source: TLC & FESARTA, week ending 28/02/2022.

In summary, cross-border queue time has averaged **~5,6 hours** (slightly up by **~0,1 hours** from the **~5,5 hours** recorded in the previous report), costing the transport industry an estimated **\$4,6 million (R74 million)**. Furthermore, the week's average cross-border transit times hovered around **~18,9 hours** (up by **~2,1 hours**

## COVID-19: Cargo movement update

from the ~**16,7 hours** recorded in the previous report), costing the transport industry **\$15 million (R238 million)**. As a result, despite the average increase in crossings, the total cost for the week amounts to an estimated ~**R312 million** (down by ~**R46 million** or **↓13%** from **R358 million** in the previous report), as busy borders posts, on average, experienced an improvement in operational efficiency.

### 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 shipping industry, and **(b)** the global aviation industry.

#### a. Global shipping industry

##### i. Early impacts of Russia's invasion of Ukraine on global shipping

The world has been rocked by Russia's invasion of Ukraine, with global container shipping being no different. The ripple effects are now being felt after the conflict events sparked mass flights from Ukraine during the week. Many air carriers no longer accept shipments to Russia, except for medicines, humanitarian aid and food. Likewise, the shipping lines have followed suit, as on Tuesday, 2 March, the world's three most prominent shipping lines have suspended non-essential deliveries to Russia<sup>16</sup>. These include the world's three biggest ocean carriers: Danish shipping giant Maersk, Switzerland-based MSC and France's CMA CGM, all of whom suspended most deliveries to the country. These developments came after Hapag-Lloyd became the first to announce an embargo on Russian bookings on Thursday 24 February, with Singapore's ONE following suit on Monday 1 March<sup>17</sup>.

The move by the major carriers follows many sanctions imposed by corporations and countries alike, with economic sanctions intended to curtail Russian advances and bring peace to Eastern Europe. But as could be expected, in the nature of the interconnectedness of the globe, the conflict is already impacting food prices (mainly wheat and maize, with Russia and Ukraine being major global players), fuel, commodities such as computer chips, and financials. A further deterioration in supply chain reliability can be expected, notably another reshuffle of sailing schedules to omit Russian ports.

Indeed, there is already a noticeable increase in blank sailings. Drewry notes that across the major trades (transpacific, transatlantic, and Asia-North Europe and Mediterranean 51 cancelled sailings have been announced between weeks 10 and 13<sup>18</sup>. The blank sailings are out of 558 scheduled sailings, representing a **9% cancellation rate**. For this period, 51% of the blank sailings will occur in the Transpacific Eastbound trade, mainly to the West Coast of the USA. At the same time, there has been a noticeable increase in cancellations in Europe, as liner shipping reacts to the current geopolitical situation.

Moving to freight rates, some commentators note that already high shipping rates could skyrocket even further, with rates potentially surging from around **\$10 000** per 40-foot container to **\$30 000**. By the same token, air freight rates could jump even higher<sup>19</sup>. The current situation around global container freight rates is set out below. The geography in and around Russia, both in Asia and in Europe, has a substantial influence on the world's major shipping routes, especially for the movement of oil and bulk food. Following in the footsteps of the shipping lines, some major logistics companies have also suspended services to and from Russia. These include some substantial players, such as DP-DHL<sup>20</sup>.

Additionally, the war against Ukraine will exacerbate the logistics sector's labour shortage, as sanctions impede the recruitment of seafarers and drivers. The International Chamber of Shipping (ICS) data notes that more than

<sup>16</sup> Paris, C. & Faucon, B. 02/03/2022. [War in Ukraine Disrupts Ships Around the Globe](#).

<sup>17</sup> Whiteman, A. 01/03/2022. [Maersk the latest carrier to suspend new bookings to and from Russia](#).

<sup>18</sup> Drewry. 25/02/2022. [Cancelled Sailings Tracker - 4 March](#).

<sup>19</sup> Kay, G. 01/03/2022. [Russia's war on Ukraine could triple ocean shipping rates to \\$30,000 per container, expert says](#).

<sup>20</sup> Whiteman, A. 02/03/2022. [Logistics companies follow carriers and axe services to Russia](#).

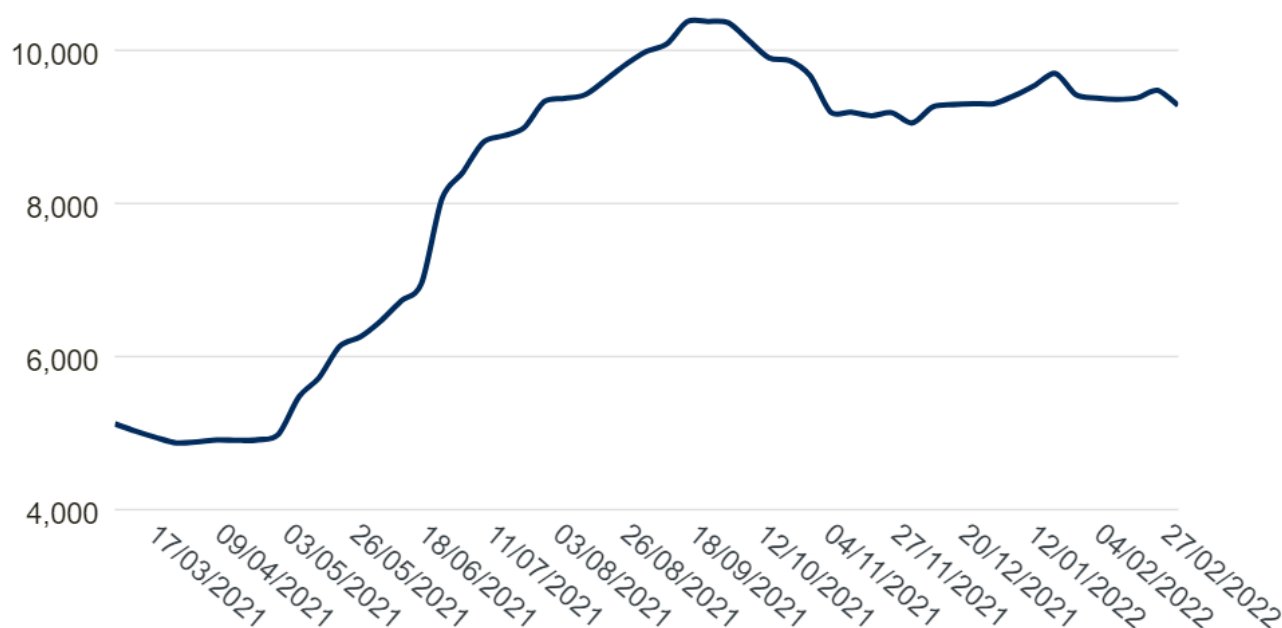
## COVID-19: Cargo movement update

275 000 workers from Russia and Ukraine are employed in the global shipping workforce, with Russia accounting for some 11% and Ukraine around 4% of the total. The ICS further warned that restrictions on Russian crew could further hamper a sector already hit by labour shortages<sup>21</sup>. The ICS has urged that free movement of seafarers to join and disembark ships across the world be allowed to maintain uninterrupted trade.

### ii. Global container freight rates

Drewry's "World Container Index" decreased marginally this week, down by **↓2,1%** (or **\$198**) to **\$9 279** per 40-ft container<sup>22</sup>. However, as mentioned above, this may be a temporary respite, with a substantial increase likely in the offing as the supply chain reacts to exogenous factors. Furthermore, the predicted stabilisation of rates at elevated levels is becoming apparent, with four-fold increases since the pandemic's start is now likely to remain. The following image shows the one-year spot rates:

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



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

The average composite index remains up by **↑81%** y/y, with the y/t/d average currently standing at **\$9 438** per 40ft container, some **\$6 367** higher than the five-year average of **\$3 071**. During the week, five of the major East-West trade lanes experienced a decrease, with the most significant change coming on the Shanghai – Rotterdam route. However, Drewry expects rates to remain stable in the coming week, with a rate hike likely as the supply chain reacts to the widespread scheduling changes necessitated by Russia's invasion of Ukraine.

### iii. Further developments of note

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

#### 1. SCA introduces another rate high for all ships travelling through the Suez Canal:

- The Suez Canal Authority (SCA) has released a new set of canal tolls on all vessels travelling. The increase for both full and empty vessels will be either 5%, 7%, or 10%, depending on carrier type, and become effective from 1 March. For containers, the escalation will be 7%<sup>23</sup>.

<sup>21</sup> Whiteman, A. 04/03/2022. [Labour shortages on land and at sea as Ukraine invasion ripples spread](#).

<sup>22</sup> Drewry. 01/03/2022. [World Container Index](#).

<sup>23</sup> LaRocca, L. 28/02/2022. [Suez Canal toll hike: 'Global trade just got more expensive'](#).

## COVID-19: Cargo movement update

- b. This change is the second toll increase on all vessels, except for LNG and cruise ships, in the last month. According to Xeneta Chief Analyst Peter Sand, the increase represents another high cost for the containerised sector, which means that a one-way transit goes up from \$625 000 to \$675 000.

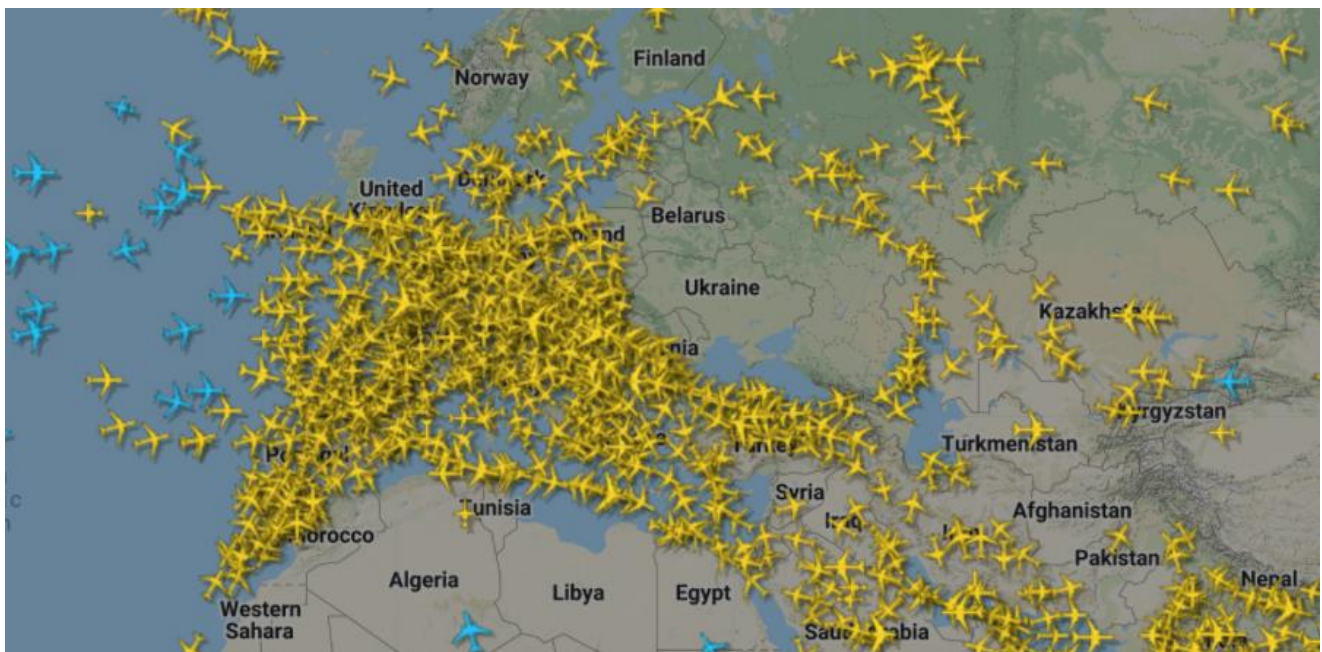
### 2. Bigger container ships to blame for the transpacific congestion:

- a. The pandemic-induced rise in consumer demand in the USA has sent substantial traffic to American ports over the last two years, resulting in a massive increase in vessel flows and container throughput. Consequently, BCOs and shippers at the TPM22 conference in Long Beach are questioning why ocean carriers decided to deploy bigger ships on the transpacific trade lane without consulting hub ports on their ability to handle them<sup>24</sup>.
- b. Average vessel sizes have increased significantly, ranging from 6 000 TEUs before the pandemic to 10 000 TEUs now. Although the number of ships waiting off Los Angeles and Long Beach has fallen to 60 vessels in recent days (from a high of 100), the quantum increase in traffic remains an issue, creating the potential for further supply chain disruption with the addition of any additional pressure. Further, while the **average** berthing delay at the LA and LB terminals is about 20 days, some vessels have had to wait up to two months before getting the green light to discharge cargo.

### b. Global aviation industry

It is impossible to discuss any recent developments in the international air freight sector without mentioning Russia's invasion of Ukraine. As mentioned before, the events have already significantly impacted freight rates globally, as airlines suspend flights – not just to Russia, but also to Japan, Korea, and China<sup>25</sup>. Moreover, the prohibition on EU and UK carriers from entering Russian airspace has created difficulties for European airlines flying to East Asia, as shown by the satellite image taken on Thursday afternoon.

Figure 15 – European airspace being impacted by the war in Ukraine



Source: [Flight Radar](#), updated 03/03/2022, 12:15.

<sup>24</sup> Wackett, M. 03/03/2022. [TPM 22: Bigger ships on the transpacific at heart of congestion problem](#).

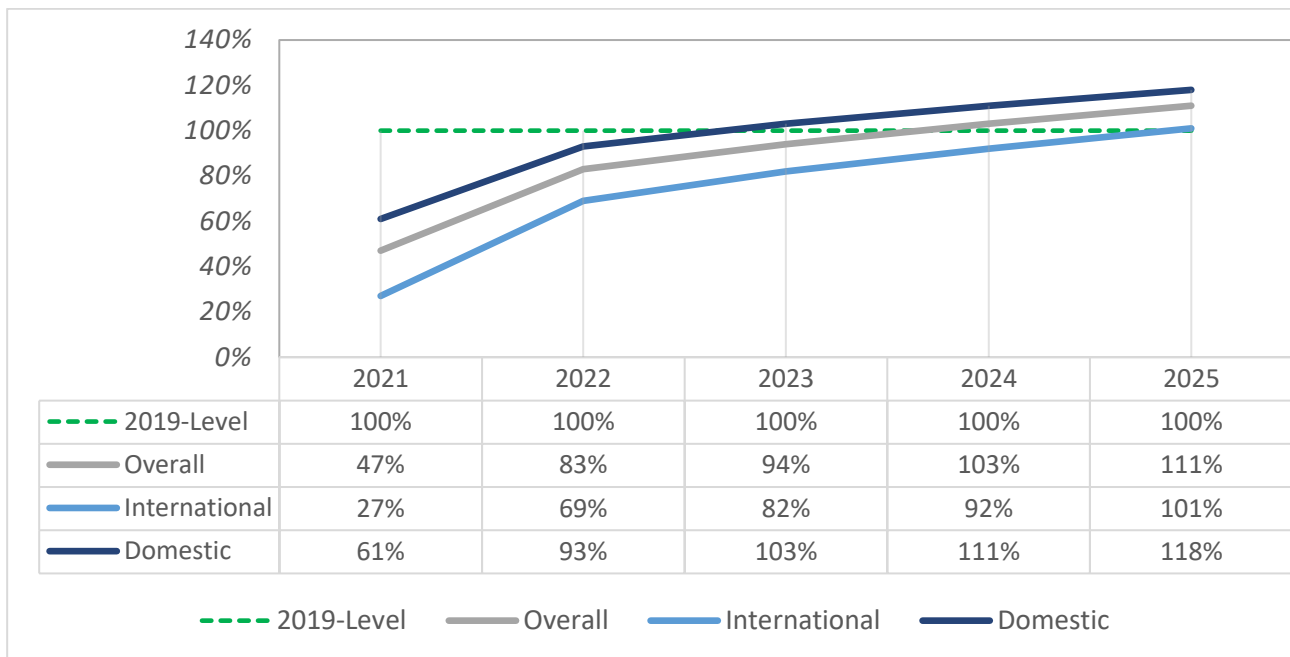
<sup>25</sup> Lennane, A. 01/03/2022. [Air freight: eastbound rates soar as Euro carriers suspend or re-route](#).

## COVID-19: Cargo movement update

Because of the current situation, European carriers have to make detours, adding time and cost to flight operations. On Wednesday, eastbound air freight rates from Europe to China rose dramatically. As a result, the market FAK spot rate increased rapidly, at a level of around €3,60 to \$5/kg. Furthermore, airlines such as Cargo Gulf were quick to offer a Euro/USD forwarder-friendly sea-air product via Dubai, ameliorating some of the cost impact resulting from these geopolitical developments. Prices range from between \$4 and \$5,50 per kg.

Furthermore, the return to pre-pandemic levels of passenger flights and travellers has now been pushed out further this week, with a complete restoration now only expected in 2024. According to a press release issued by the International Air Transport Association (IATA), expectations for the shape of any near-term recovery have shifted slightly, reflecting the evolution of government-imposed travel restrictions in some markets<sup>26</sup>. Nevertheless, long-term forecasts have remained unchanged from the November 2021 predictions, as people want to travel. Still, regulations may deter many from returning to the skies, and the Ukrainian crisis will also have an impact. The following numbers were presented:

Figure 16 – International passenger numbers (compared to 2019-level)



Source: Compiled from [IATA](#)

Regrettably, on a regional level, IATA notes that Africa's passenger traffic prospects are somewhat weaker in the near term due to slow progress in vaccinating the population and the impact of the crisis on developing economies. Consequently, a return to 2019 levels is now only predicted in 2025. In an effort to support the industry, IATA reiterated its call for travel ban removals, pre-departure antigen tests, and acknowledgement that travellers pose no greater risk for viral spread than that which already exists in the general public.

<sup>26</sup> IATA. 01/03/2022. [Air Passenger Numbers to Recover in 2024](#).