

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

**Date: 11 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)	13 035	19 398	<b>32 433</b>	19 802	25 972	<b>45 774</b>	<b>↓29%</b>
Air Cargo (tons)	4 816	3 039	<b>7 855</b>	4 478	2 786	<b>7 264</b>	<b>↑8%</b>

## Monthly Snapshot

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

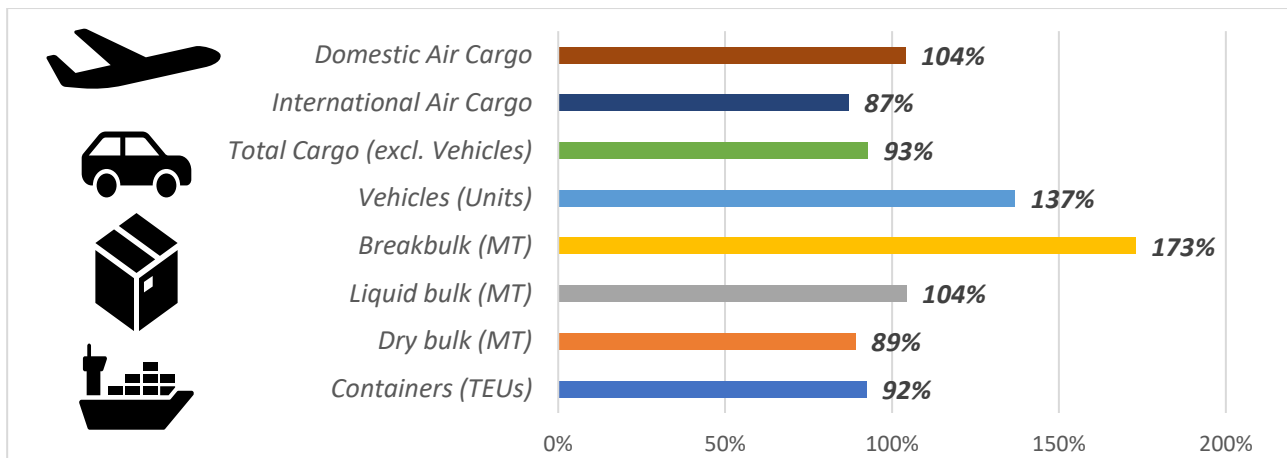
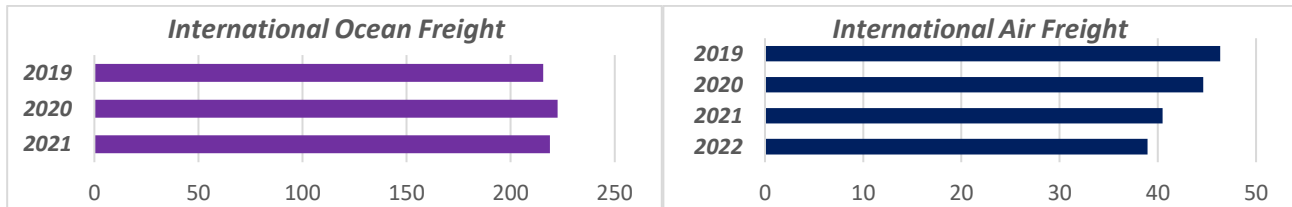


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- An average of **~4 633 containers** was handled per day, with **~6 523** projected for next week.
- Rail cargo handled out of Durban amounted to **2 217** containers, **↓42%** compared to last week.
- This week, cross-border queue times are **↓0,6 hours**, with transit times **↓3,1 hours** (see [below](#)).
- SA's GDP grew by **↑1,2%** in Q4 and **↑4,9%** for 2021 but remained smaller than pre-pandemic levels.
- The "WCI" fell marginally this week, with spot freight rates **↓1,1%** (or **\$99**) to **\$9 180** per 40-ft.
- Global schedule reliability is **↓0,9%** to a record low of **30,9%**, with average late arrivals at **7,38 days**.
- Some 40 countries (EU members, the UK, and the US) have closed their airspace to Russian airlines.

<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 78<sup>th</sup> update.

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

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

<sup>4</sup> 'Monthly' means the last full month's worth of available data compared to the same month in the previous year. For Air, Feb versus Feb, for the rest: Dec versus Dec.

<sup>5</sup> For ocean, total Jan-Dec (2019-2021) cargo in metric tonnes, as reported by [Transnet](#) is used, while for air, Jan-Feb cargo to and from ORTIA is used.

## Executive Summary

This update – *the 78<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 continued to decrease and averaged approximately **1 536** per day (**↓10%** from last week's average of **1 711**) this week. In total, South Africa has now recorded **3,69 million**<sup>6</sup> cases, with **99 681** (up by **182**) regrettably succumbing to the virus. Globally, the case tally now stands at **454 million** infected by COVID-19, with **6,03 million** deaths recorded. Around **10,85 billion** vaccine doses have been administered globally<sup>7</sup>, with the South African tally standing at **32,3 million**.

Port performance this week at Cape Town port was slow due to inclement weather conditions and equipment outages. Both CTCT and CT MPT were windbound intermittently from Sunday to Tuesday, followed by fog on Wednesday. CTCT is still missing crane LC1 and LC8 due to repairs. At the Port of Durban, Pier 2 experienced a container igniting on Saturday afternoon, affecting waterside and landside operations at berths 108 and 109. Again, a container emitted smoke on Monday, which delayed landside operations at berths 108 and 109. At the Port of Gqeberha, the GCT terminal was declared windbound on Wednesday and Thursday, slowing down operations. NCT terminal received no vessels this past week.

This week, the global shipping industry continues to be impacted by Russia's invasion of Ukraine. As a result, shipping lines, freight forwarders, and cargo owners typically dealing with Russian ports, suppliers, and services have arranged alternatives. Furthermore, there has been a significant increase in cancelled sailings, which comes as a further alarm given the current near-record low of schedule reliability even before the crisis. Although freight rates have decreased somewhat in recent weeks, the precarious situation of global supply chains is almost palpable, with an increase almost inevitable as the crisis wreaks havoc on dwell times and sailing schedules. Further widespread uncertainty is present with fuel prices, commodity increases, and global sanctions, all in a state of flux. Further significant developments include **(1)** Hapag-Lloyd's acquisition of DAL, **(2)** the UN call for further action to end the current seafarer crisis, and **(3)** carriers requested to provide rate information to US lawmakers (see the detailed summary [below](#)).

South Africa's international air cargo sector volumes increased marginally this week (**↑8%**). Internationally, IATA published an update on the impact of the conflict between Russia and Ukraine on aviation, noting that Russia accounted for **0,6%** of the global total cargo traffic in 2021, among other metrics. Further impacts include the rise of jet fuel prices (already up by **↑27%** to \$141 per barrel on 4 March), the knock-on effect on passenger demand, and a further increase in air freight rates, which are already close to record highs at **↑120%** above pre-crisis levels. Lastly, the industry-wide cargo tonne-kilometres (CTKs) continued to grow in January 2022, rising **↑2,7%** y/y, albeit slower than previous months.

Finally, Stats SA released our latest economic figures for the fourth quarter of 2021, noting that South Africa's gross domestic product (GDP) increased by **↑1,2%** for Q4 in 2021<sup>8</sup>. However, as is often the case, matters may seem worse than they actually are. Indeed, most economists expected growth of only around **1%**, as the economy still struggled to recover from the July unrest, not to mention the existing COVID-19 induced obstacles to trade. But it is clear that we are still not yet back to pre-pandemic output levels, highlighting the hard work ahead of us. In our industry – the extended supply chain – the same is true. Therefore, the narrative remains the same. We need to work together with all stakeholders to break free from the challenges and create a prosperous South Africa for all involved.

<sup>6</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHJU](#).

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

<sup>8</sup> Stats SA. 08/03/2022. [GDP increased by 1,2% in the fourth quarter of 2021](#).

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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 5 to 11 March<sup>9</sup>

7-day flow forecast (05/03/2022 – 11/03/2022)		
TERMINAL	NO. OF CONTAINERS <sup>10</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 835	5 480
DURBAN CONTAINER TERMINAL PIER 2:	3 616	5 863
CAPE TOWN CONTAINER TERMINAL:	3 397	4 559
NGQURA CONTAINER TERMINAL:	697	2 626
GQEBERHA CONTAINER TERMINAL:	490	870
<b>TOTAL:</b>	<b>13 035</b>	<b>19 398</b>

Source: Transnet, 2021. Updated 11/03/2022.

Table 3 – Container Ports – Weekly flow reported for 12 to 18 March<sup>11</sup>

7-day flow forecast (12/03/2022 – 18/03/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	2 169	2 338
DURBAN CONTAINER TERMINAL PIER 2:	8 910	10 885
CAPE TOWN CONTAINER TERMINAL:	6 585	7 039
NGQURA CONTAINER TERMINAL:	4 294	2 540
GQEBERHA CONTAINER TERMINAL:	300	600
<b>TOTAL:</b>	<b>22 258</b>	<b>23 402</b>

Source: Transnet, 2021. Updated 11/03/2022.

An average of ~**4 633 containers** (↓**29%**) was handled per day for the last week (5 to 11 March, Table 2), with a substantially increased average of around ~**6 523 containers** (↑**41%**) projected to be handled next week (12 to 18 March, Table 3). As predicted last week, container numbers are currently desperately low, as South Africa feels the impact of the current global landscape. Operationally, challenges this week revolved around unpleasant weather conditions in Cape Town, both fog and wind, slowing down operations. In addition, the lack of two cranes and a subsequent one-berth process at CTCT is adding to the delays. Durban port experienced some equipment challenges and congestion on Bayhead Road, especially on Wednesday, which restricted Pier 1. Apart from extended power outages experienced at all three ports in the Eastern Cape early this week, the GCT terminal was windbound on Wednesday and Thursday periodically (see a more detailed breakdown per port [below](#)).

<sup>9</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.

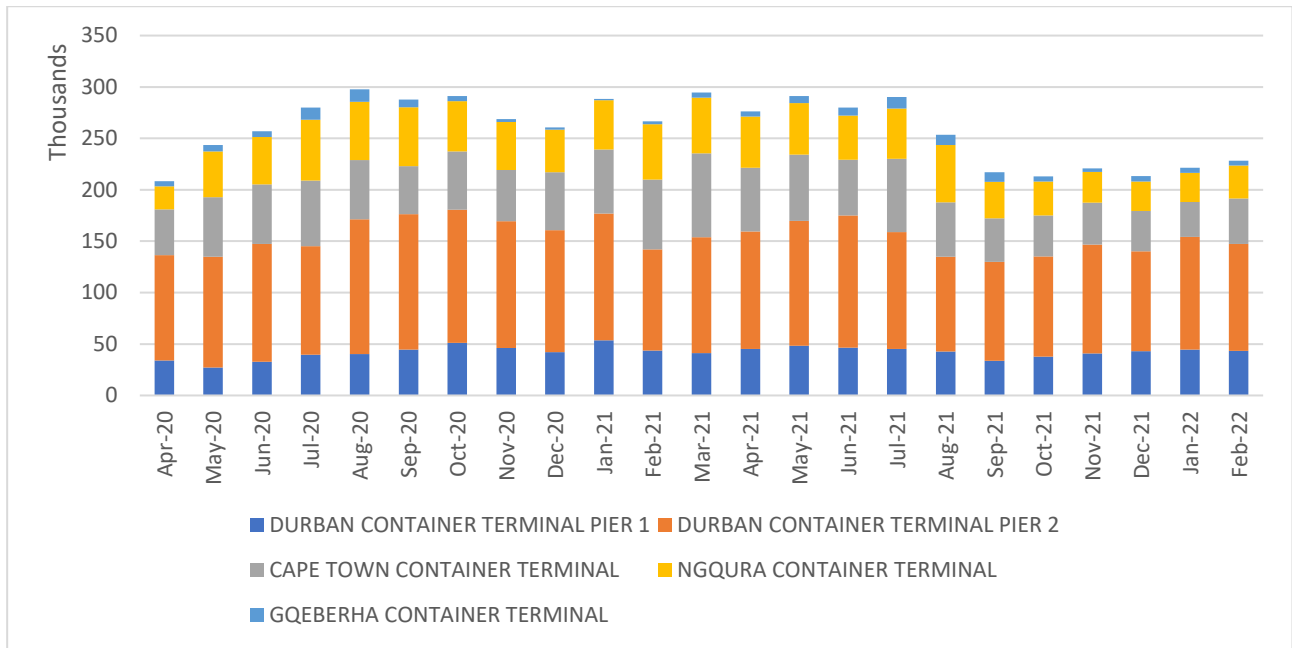
<sup>10</sup> As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as “TEUs”, when it should have been noted as containers (20’ and 40’). Incidentally, Transnet works on a ration of approximately 1,4 TEUs per container.

<sup>11</sup> As noted above.

## COVID-19: Cargo movement update

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.

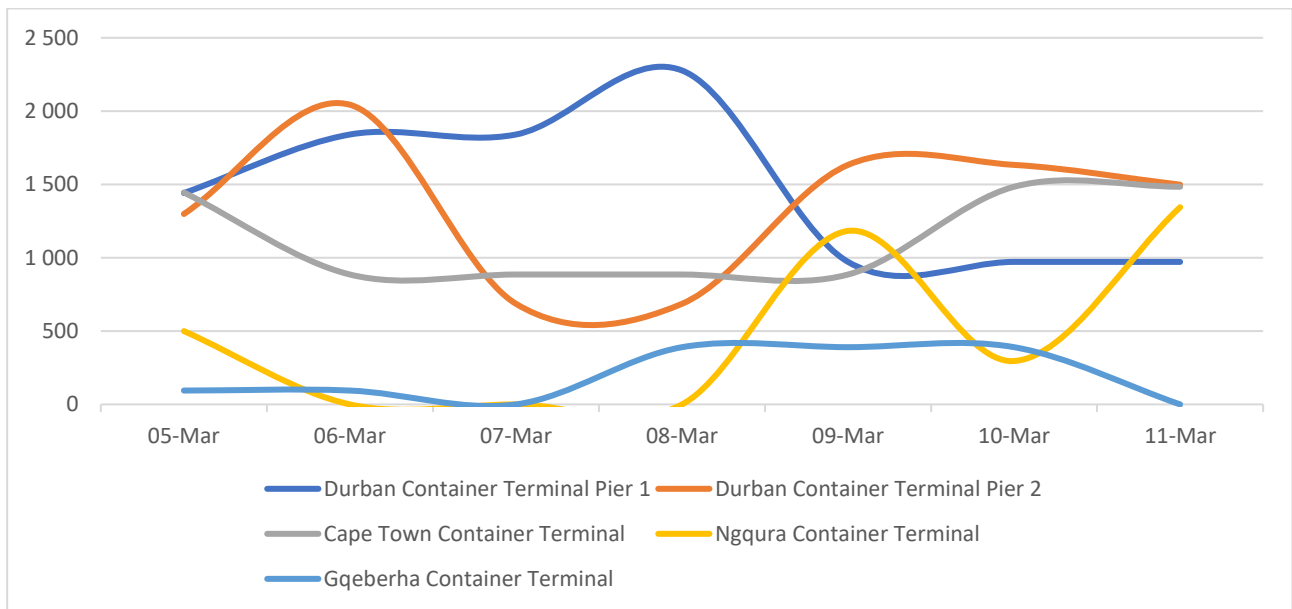
**Figure 3 – Monthly flow reported for total cargo movement (containers: April 2020 to present; month on month)**



Source: Calculated using data from Transnet, 2021. Updated 11/03/2022.

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

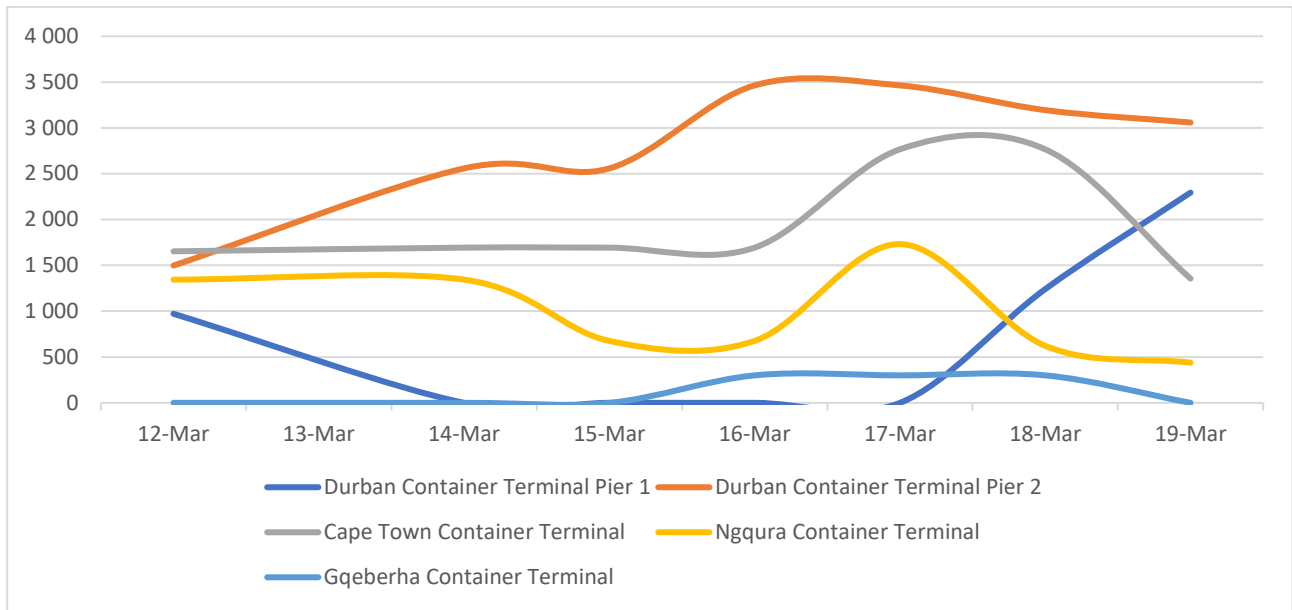
**Figure 4 – 7-day flow reported for total cargo movement (5 to 11 March; per port; day on day)**



Source: Calculated using data from Transnet, 2021. Updated 11/03/2022.

## COVID-19: Cargo movement update

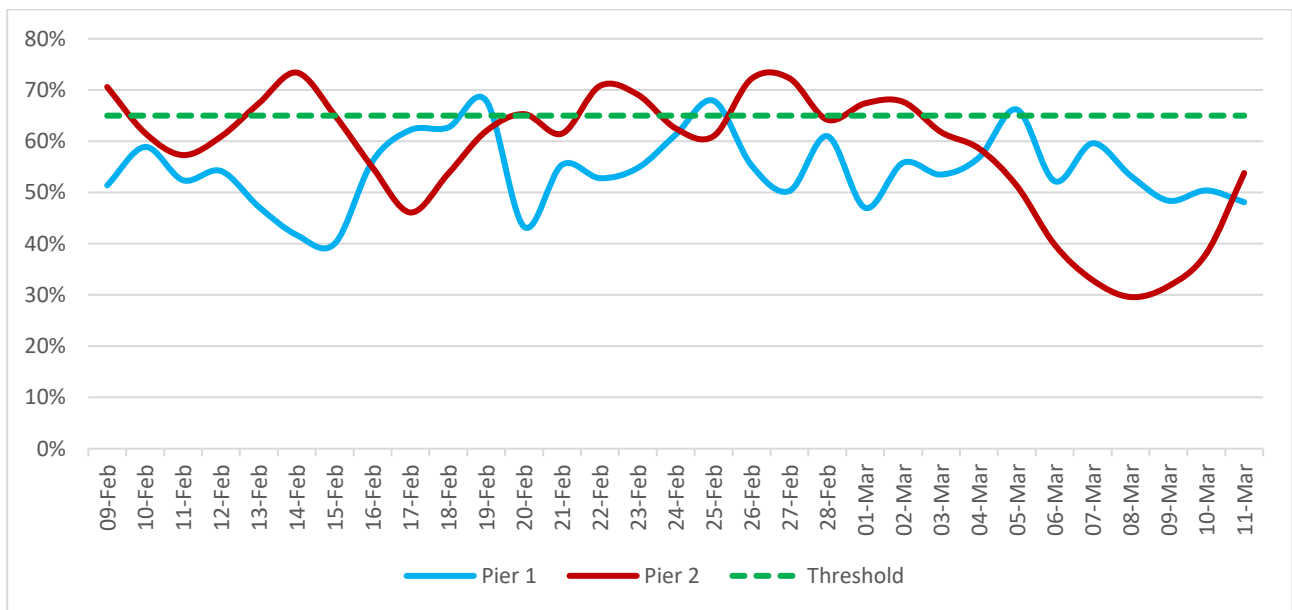
Figure 5 – 7-day flow reported for total cargo movement (12 to 18 March; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 11/03/2022.

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 (9 February to present; per pier; day on day)

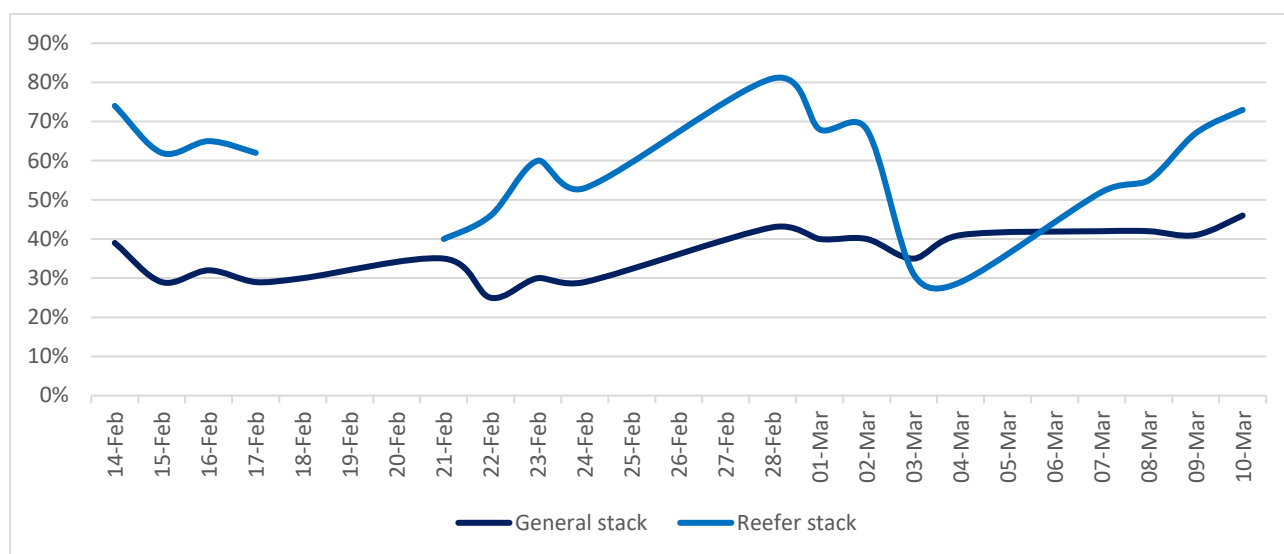


Source: Calculated using data from Transnet, 2021. Updated 11/03/2022.

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.

## COVID-19: Cargo movement update

Figure 7 – Stack occupancy in CTCT, general-purpose and reefer containers (14 February to present; day on day)



Source: Calculated using data from Transnet, 2021. Updated 11/03/2022.

### 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

Strong winds disrupted cape Town waterside operations on Sunday from 01:10 leading into Monday morning, and the port was windbound again from 14:30 till 08:00 Tuesday. As a result of high swells driven by the NW wind, vessels ranged, making waterside operations very challenging. At CTCT, vessels were recorded ranging from 19:45 till 23:20. Cape Town MPT was working slowly due to gusting winds and lost about 2 hours and 35 minutes. On Wednesday night, CTCT was fogbound around 20:00, leading into Thursday morning, again affecting performance. It seems that the newly acquired line tensioners are not yet in operation. With them in place, the ranging problem will hopefully be minimised.

Due to rain on Monday and Tuesday night, Durban port operations were only slightly affected. Specifically, at Durban's Maydon Wharf terminal, operations halted sporadically due to rain while handling weather-sensitive cargo like maize, wood pulp, and wheat.

The Port of Gqeberha experienced some extended outages due to strong winds. On Wednesday GCT terminal was windbound for about 7 hours, from 14:00 till 22:00. Again, operations came to a halt from midnight on Wednesday till 06:00 Thursday morning.

#### ii. Cape Town

On Monday, CTCT had two vessels at berth and four at anchorage. The terminal recorded six cranes available in terms of equipment, manned by six gangs. Crane LC 1 is still on its extended outage, awaiting a hoist motor. LC8 is also out of commission pending replacing a broken window, which is being delayed by Transnet's arcane procurement processes. In addition, the terminal was complemented by 23 RTGs and 42 hauliers. Stacks for general-purpose containers were sitting at 42%, reefers at 52%, and empties at 14% capacity. Most of the problems experienced revolved around intermittent equipment breakdowns and interruptions due to inclement weather. Cape Town MPT recorded zero vessels at anchor, with one at berth. The terminal deployed three teams and handled 164 external trucks. Stacks were sitting at 43% capacity for general purpose containers, 1% for reefers, and 15% for empties. The sheds were occupied by 48 428 metric tons of cargo to be handled on rail.

## COVID-19: Cargo movement update

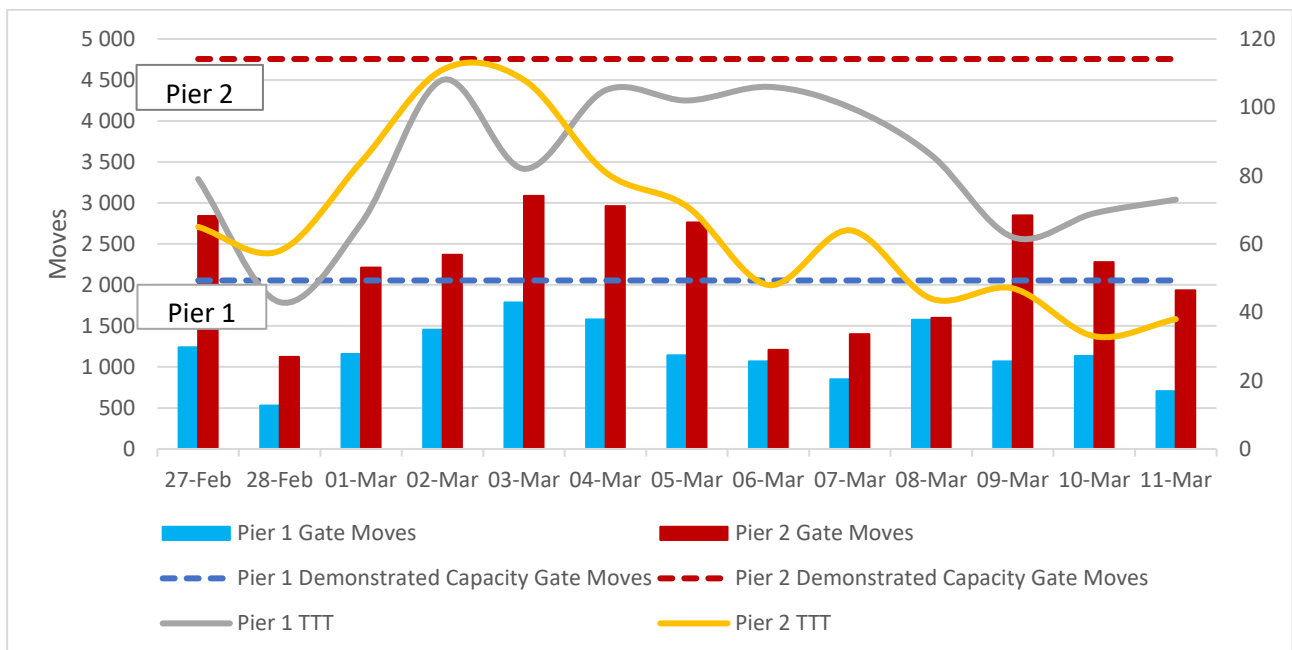
### iii. Durban

On Saturday afternoon, a fire broke out inside a container situated in the stacking area of Pier 2. Consequently, berths 108 and 109 were closed temporarily. Unfortunately, the fire spread to three other containers within the stack. No TPT personnel or equipment was affected. The container was an import of charcoal, a product that can self-ignite. Charcoal is classified as hazardous cargo under IMDG 4.2 "Substances Liable to Spontaneous Combustion" and must be declared as such. It appears the shipment was misdeclared at origin. Again, on Monday morning, a container was found at Pier 2 emitting smoke. As a result, truck booking slots for berths 108 and 109 were suspended for a few hours.

Throughout the week, in terms of waterside operations, both Pier 1 and Pier 2 reported zero vessels at anchor. On Monday, Pier 2 reported 65 straddles manned by ten gangs, while a few were sent for planned maintenance. Various cranes were out for planned maintenance throughout the week. Stacks for general-purpose containers were sitting at a low 39% capacity and 13% capacity for reefers. Pier 1 recorded one vessel at berth on Monday. The terminal had 18 RTGs available and five cranes in terms of equipment. LC6 was out for planned maintenance. Stacks were sitting at 60% capacity with 1 981 imports on hand and 581 road stops, and 283 unassigned.

On Tuesday night, Durban port experienced breakdowns on three tugs which delayed waterside operations. Two of these tugs were back in commission on Wednesday morning and the last by Thursday. On Thursday, Pier 2 recorded 73 straddles in commission, while stacks were at 38% capacity. Due to low volumes, the terminal managed to handle only 2 476 gate moves on the landside. The average TTT was 32 minutes and the staging time 21 minutes. Unfortunately, there was an incident on Wednesday night when a TPT colleague was stabbed on Bayhead Road. TNPA was asked to intervene to repair the broken lights in the area. On the same day at Pier 1, another colleague was involved in a head-on-head collision with a tipper truck. TNPA advised that they were investigating both incidents and were attending to the consequent build-up of trucks in front of Pier 1's entrance. On Thursday, it was confirmed that SAPS officers helped clear the congestion on Bayhead the day before. Pier 1 handled 1 134 gate moves, with 612 cancelled slots and 77 wasted. Stacks were at 50% occupancy. 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 11/03/2022.

## COVID-19: Cargo movement update

### iv. Eastern Cape ports

GCT recorded a GCH of 20 and an SWH of 16 on Sunday in terms of performance. The terminal handled 257 external trucks on the landside with an average TTT of 15 minutes. Stacks were sitting at 23% for GP containers and 12% for reefers. NCT had zero vessels at berth for the whole week. Challenges revolved around the ongoing power outages in the province that affected all three ports on Monday and Tuesday. In addition, the terminal was declared windbound on Wednesday and Thursday, slowing performance. On Thursday, GCT recorded a GCH of 14 and an SWH of 26. The terminal serviced 181 external trucks against an average TTT of 24 minutes. Stacks were at 30% for GP containers and 10% for reefers. NCT serviced 336 external trucks with an average TTT of 29 minutes. Various cranes were under planned maintenance while the terminal was quiet. Stacks were sitting at 25% for GP containers and 15% for reefers.

### v. Transnet Freight Rail (TFR)

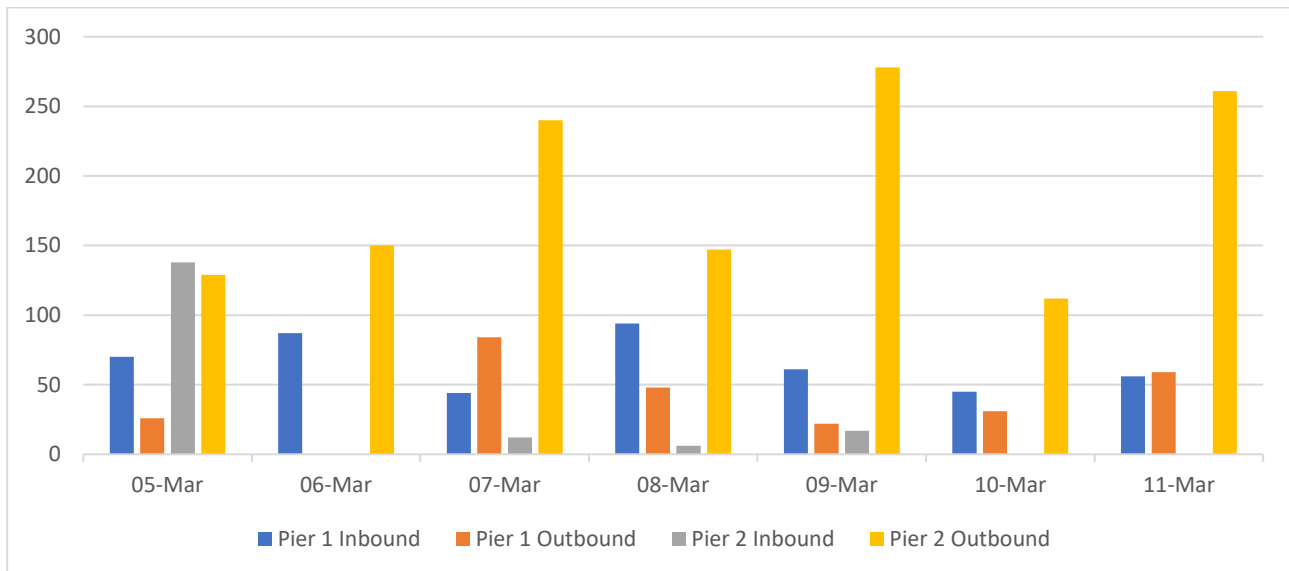
On Wednesday, TFR advised customers about a communication breakdown at Belcon Terminal, which affected the network and the telephone lines. As a result, container customers were directly affected.

As keynote speaker at SAAFF's AGM meeting this week, Ms Sizakele Mzimela, Chief Executive for Transnet Freight Rail, announced that TFR allocated six third-party access slots to the container corridor and ten additional slots on the East London route. These slots will be available to eligible private sector stakeholders from 1 April 2022. In addition, she shared some valuable insights into TFR's strategic plan to address the current challenges by focusing on collaboration and digitization.

Lastly, there was a meeting between Transnet Engineering and ARIA's rolling stock manufacturing community tackling important rail topics. One of the vital feedback items included the fact that Transnet Engineering will in the future take over the maintenance of all Transnet equipment, including that used in our commercial ports.

The following figure illustrates the rail handled to and from Durban in the last seven days.

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



Source: Calculated using data from Transnet, 2021. Updated 11/03/2022.

In the last week (5 to 11 March), rail cargo to be handled out of Durban was reported at **2 217** containers, **↓42%** than the previous week's **3 806** containers.

## COVID-19: Cargo movement update

### 2. Air Update

#### a. International air cargo

The following table shows the in- and outbound air cargo flows to and from ORTIA for the week beginning 28 February. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2021* averaged **~809 193 kg** per day.

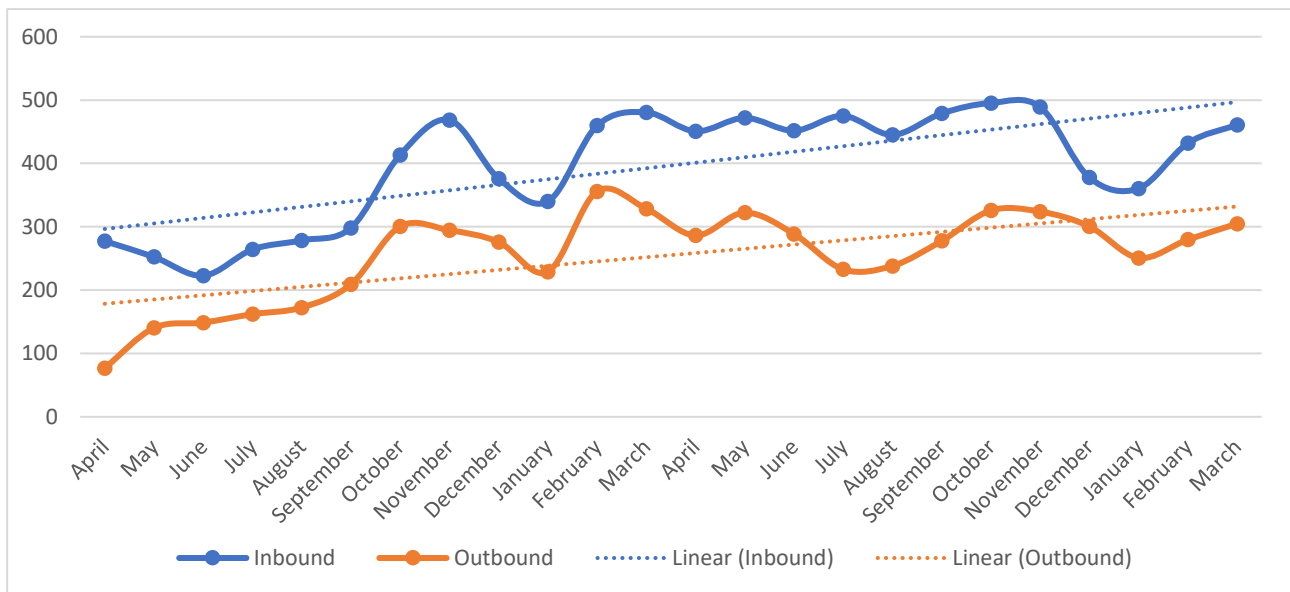
Table 4 – International inbound and outbound cargo from OR Tambo

Flows	28-Feb	01-Mar	02-Mar	03-Mar	04-Mar	05-Mar	06-Mar
Volume inbound	605 037	284 603	440 223	536 548	418 526	249 924	836 196
Volume outbound	299 015	186 746	242 150	333 098	266 095	198 758	601 467
<b>Total</b>	<b>904 052</b>	<b>471 349</b>	<b>682 373</b>	<b>869 646</b>	<b>684 621</b>	<b>448 682</b>	<b>1 437 663</b>

Courtesy of ACOC. Updated: 08/03/2022.

The daily average volume of air cargo handled at ORTIA for the week starting 28 February amounted to **481 580 kg** inbound and **303 904 kg** outbound, amounting to an average of **785 484 kg** per day or **~97%** compared with March 2021. Compared to pre-COVID-19 times, the level is currently at **~104%** compared with the same period in 2020. The following figure shows the monthly global freight movement at ORTIA since the pandemic outbreak.

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



Courtesy of ACOC. Updated: 08/03/2022.

#### 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

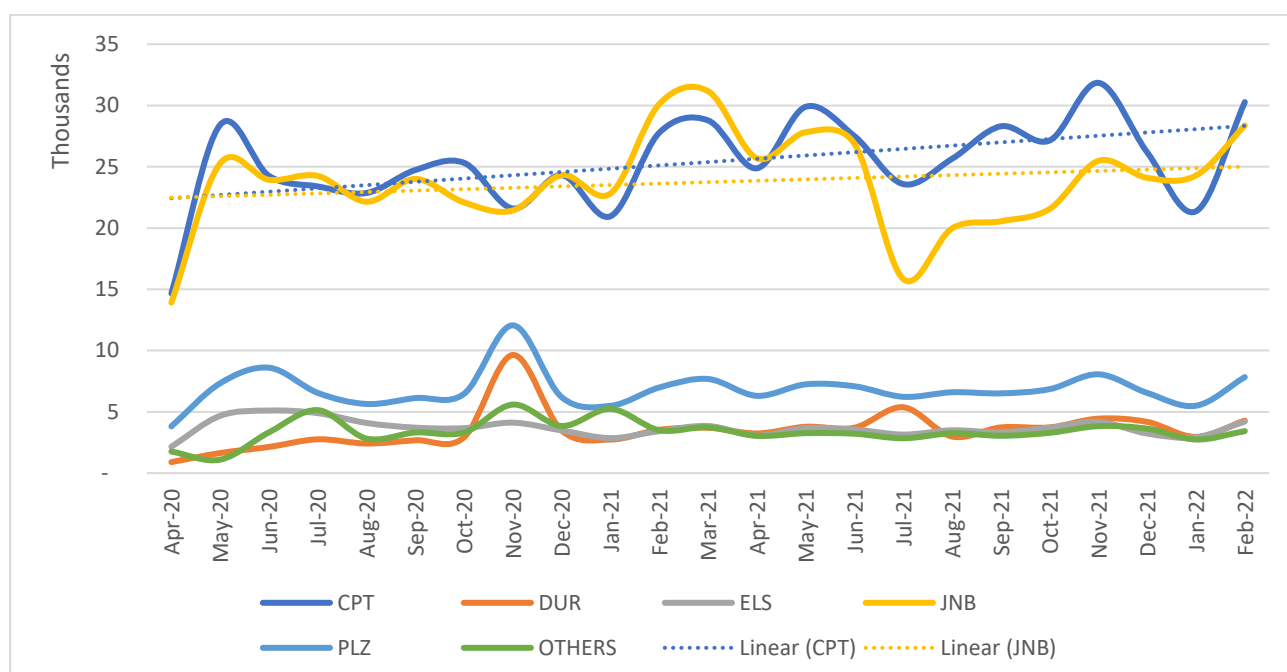
## COVID-19: Cargo movement update

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	<b>78 412</b>
22-Feb-21	41 291	4 879	6 584	51 019	10 430	5 567	<b>119 770</b>
23-Feb-21	42 648	5 690	5 927	27 135	10 505	5 572	<b>97 477</b>
24-Feb-21	42 513	6 225	5 146	44 130	11 885	5 086	<b>114 984</b>
25-Feb-21	46 484	6 119	4 571	30 863	10 182	4 660	<b>102 879</b>
26-Feb-21	19 720	4 060	2 622	30 801	5 211	2 893	<b>65 306</b>
27-Feb-21	3 253	1 476	481	531	332	64	<b>6 135</b>
28-Feb-21	1 846	549	336	2 696	1 268	235	<b>6 930</b>
<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.

The average domestic air cargo moved last week was ~69 291 kg per day<sup>12</sup>, 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.

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



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

### 3. National Update

#### a. Stats SA: Gross domestic product: Q4 2021

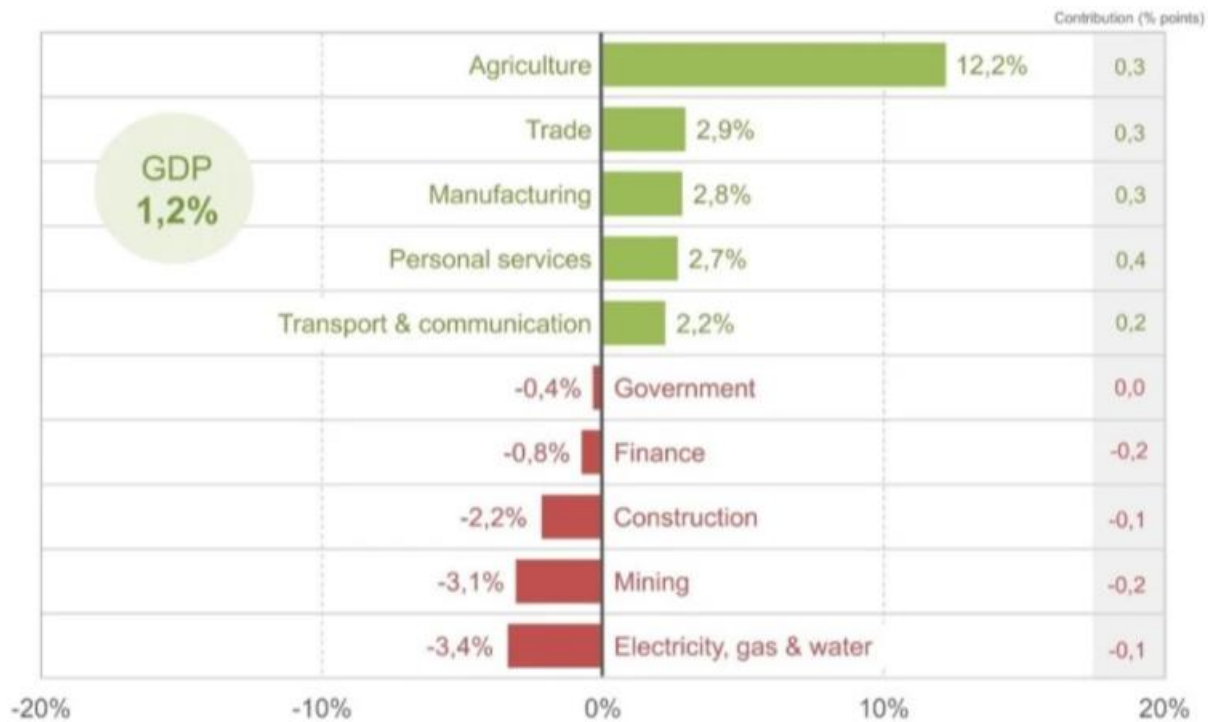
On Tuesday, 8 March, Stats SA released gross domestic product (GDP) stats for the fourth quarter of 2021<sup>13</sup>. The headline figure shows that South Africa's GDP increased by ↑1,2% in the fourth quarter of 2021, which is better than the ~1% expected. Sector-wise, the agriculture, forestry and fishing industries performed the best, increasing by ↑12,2% and contributing 0,3% to GDP growth. However, Stats SA notes that the increase was mainly due to the increased production of animal products. The second-best performing sector was the trade in goods, as exports continued their strong growth. The following image shows the breakdown per sector:

<sup>12</sup> Please note, the update is the same as last week's update. We will provide a comprehensive update on the domestic air cargo environment in next week's report.

<sup>13</sup> Stats SA. 08/03/2022. [GDP increased by 1,2% in the fourth quarter of 2021.](#)

## COVID-19: Cargo movement update

Figure 12 – Industry growth rates: Q4 2021 compared with Q3 2021 (constant 2015 prices, seasonally adjusted)



Source: [Stats SA](#)

In total, five of the ten sectors grew in the fourth quarter. However, the economy is still smaller than in the second quarter of 2021, despite the growth enjoyed before civil unrest hit the country, so we have yet to reach pre-pandemic levels. Even more alarmingly, at constant prices, the economy is approximately the same size as it was in the third quarter of 2017. For the year as a whole, the local economy grew by **↑4,9%** in 2021, after shrinking by **↓6,4%** in 2020. Mining (**↑11,8%**) and agriculture (**↑8,3%**) were the most robust growth sectors in the local economy.

### 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:

- Some reports were received regarding trucks blocking the M2 and M1 south, resulting in delays.
- The new toll tariffs and discounts came into effect last week, with a 5% increase effective across the board.
- Regionally, a video was received regarding the shocking road condition from the Makamba border to Mufulira in Zambia. Many transporters are incurring damage to vehicles, sending a message to Zambia Revenue Authority to address the issue. A reply was received that funds will be released shortly to repair these roads; however, no time frame can be given yet.
- 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](#).
- Transporters, traders, and cargo owners are still 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.

## COVID-19: Cargo movement update

Table 6 – Delays<sup>14</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	0:00	0	0	0	24 640	0
SA/Zim	Beit Bridge	0:00	17:00	943	28 290	6 601	99 015	0
Moz/Zam	Cassacatiza/Mlolo	1:00	7:00	175	5 250	1 225	6 125	1 225
Zam/Zim	Chirundu	0:00	14:00	620	18 600	4 340	52 080	0
Moz/Mal	Dedza	2:00	35:00	50	1 500	350	11 550	700
SA/Bot	Grobbersbrug/Martins Drift	1:00	11:00	400	12 000	2 800	25 200	2 800
Zam/DRC	Kasumbalesa	0:00	43:00	750	22 500	5 250	215 250	0
Zam/Bot	Kazungula	0:00	18:00	240	7 200	1 680	26 880	0
SA/Bot	Kopfontein/Tlokweng	1:00	33:00	100	3 000	700	21 700	700
Moz/Zim	Machipanda/Forbes	1:00	7:00	320	9 600	2 240	11 200	2 240
Mal/Zam	Milange	0:00	4:00	30	900	210	420	0
Zim/Moz	Nyamapanda	1:00	8:00	100	3 000	700	4 200	700
SA/Moz	Lebombo/Ressano Garcia	14:00	20:00	1 100	33 000	7 700	138 600	107 800
SA/Bot	Skilpadshek/Pioneer Gate	48:00	59:00	100	3 000	700	39 900	33 600
Nam/Bot	Trans Kalahari/Mamuno	13:00	2:00	300	9 000	2 100	0	27 300
Zam/Zim	Victoria Falls	0:00	16:00	100	3 000	700	9 800	0
Moz/Mal	Zobue/Mwanza	1:00	2:00	114	3 420	798	0	798
				<b>5 542</b>	<b>166 260</b>	<b>38 794</b>	<b>699 160</b>	<b>179 263</b>

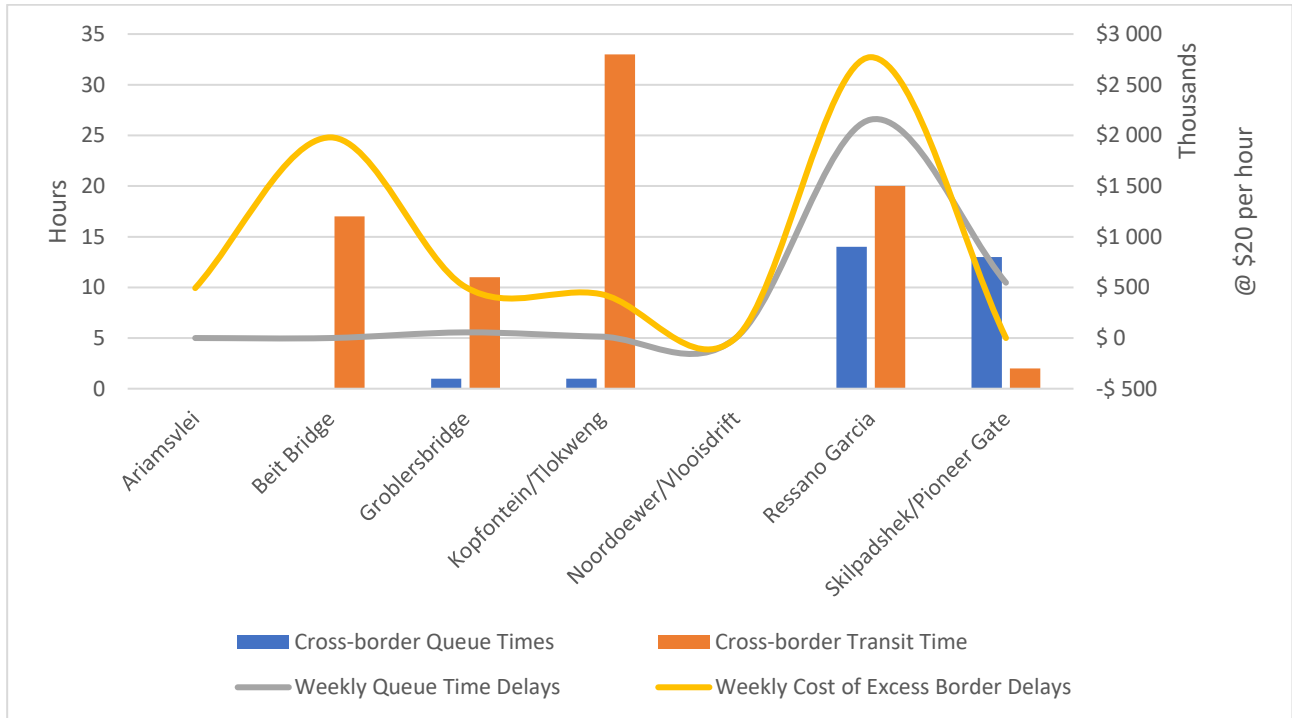
Source: TLC & FESARTA, week ending 07/03/2022.

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

<sup>14</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.

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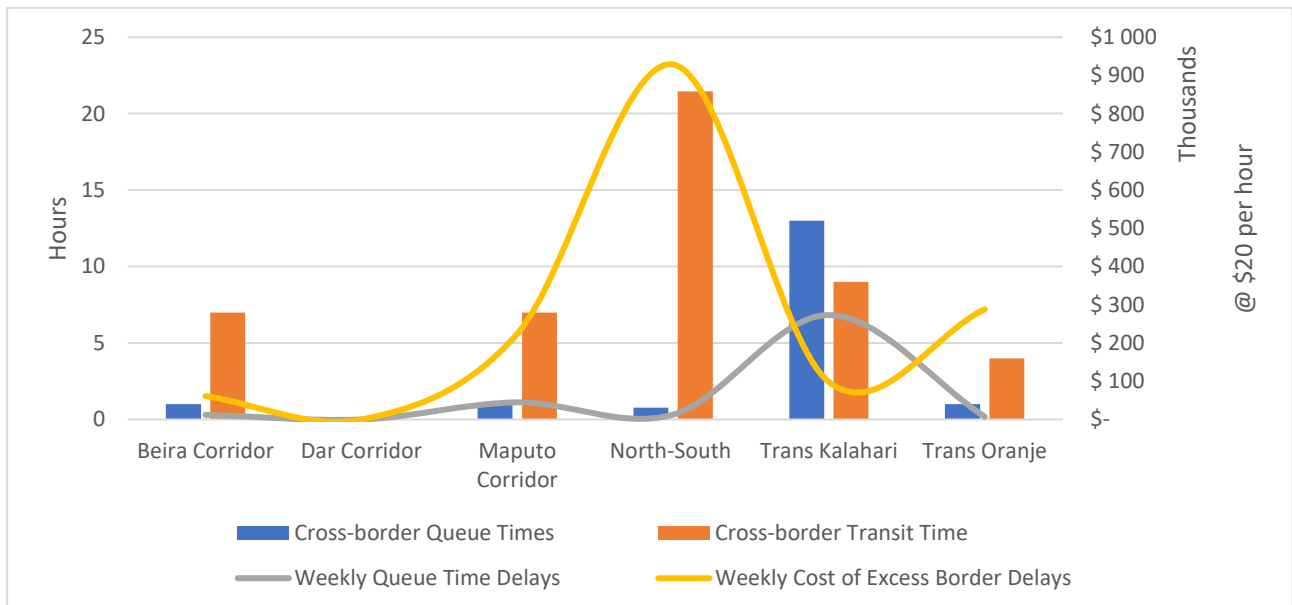
Figure 13 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 07/03/2022.

The following figure echoes 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 07/03/2022.

In summary, cross-border queue time has averaged **~5,0 hours** (down by **~0,6 hours** from the **~5,6 hours** recorded in the previous report), 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 **~3,1 hours** from the **~18,9 hours** recorded in the previous report), costing the transport industry **\$14 million (R224 million)**.

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As a result, the total cost for the week amounts to an estimated **~R281 million** (down by **~R31 million** or **↓10%** from **R312 million** in the previous report), as most of the busy border posts, on average, experienced an improvement in operational efficiency.

### 5. International Update

The following section provides some context around 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. The current state of the global shipping industry

The global shipping industry continues to be impacted by Russia's invasion of Ukraine. As a result, shipping lines, freight forwarders, and cargo owners typically dealing with Russian ports, suppliers, and services have arranged alternatives. Indeed, data from Four Kites show transshipment dwell times have increased **↑43%** across Europe since 17 February<sup>15</sup>. Furthermore, disruption has been mounting since troops began to mass on the Ukrainian border last month, with export dwell times up by **↑25%** in European ports and **↑43%** for transshipment cargo specifically. Although impacted to a lesser degree by the conflict, South Africa is also struggling with extensive delays across the entire port system. The delays are especially prevalent in Cape Town, with some schedules still being omitted through bypassing or blank sailings. Furthermore, vessel calls to NCT/GCT remain limited, as delays on the SAECS services to the EU persist.

On the subject of blank sailings, Drewry notes that across the major trades (transpacific, transatlantic, and Asia-North Europe and the Mediterranean, 63 (up by **↑12**) cancelled sailings have been announced between weeks 11 and 14<sup>16</sup>. The blank sailings are out of 558 scheduled sailings, representing an **11% cancellation rate**. 48% of the blank sailings will occur in the Transpacific Eastbound trade, mainly to the West Coast during this period. Looking ahead, over the next four weeks, The Alliance has announced 24,5 cancellations, followed by 2M and Ocean Alliance with 13 and 8,5 cancellations, respectively. Drewry adds that the conflict in Ukraine continues to escalate, heaping further pressure on supply chains as carriers re-route cargoes to ports already suffering congestion. To circumvent the situation and provide humanitarian relief, the UK and France have cut red tape around border controls and sanitary checks on relief goods to keep trucks moving<sup>17</sup>.

Also, concerning the conflict, the US announced that a ban on Russian oil and gas imports would undoubtedly impact the global economy. Lastly, to support the rebuilding efforts, the World Bank this week has mobilised an emergency financing package of over **\$700 million** for Ukraine<sup>18</sup>.

##### ii. Schedule reliability

According to the latest January figures published by Sea Intelligence, global liner schedule reliability has dropped to an all-time low. Reliability is down by **↓0,9%** (m/m) to **30,9%** - the lowest ever global schedule reliability since Sea-Intelligence started the measure in 2011<sup>19</sup>. Annually, schedule reliability was down **↓3,8%** compared to this time last year, when it was already at critically low levels. For most of the preceding 12 months, liner shipping schedule reliability hovered between **30%** and **40%**. In addition, despite the slight decline in reliability, the global average delay for vessels waiting at ports decreased slightly to **7,38 days**, the sixth consecutive month with the delay figure above seven days.

<sup>15</sup> Bartlett, C. 04/03/2022. [Sanctions start to wreak havoc on rates, dwell times and fuel prices.](#)

<sup>16</sup> Drewry. 11/03/2022. [Cancelled Sailings Tracker - 11 March.](#)

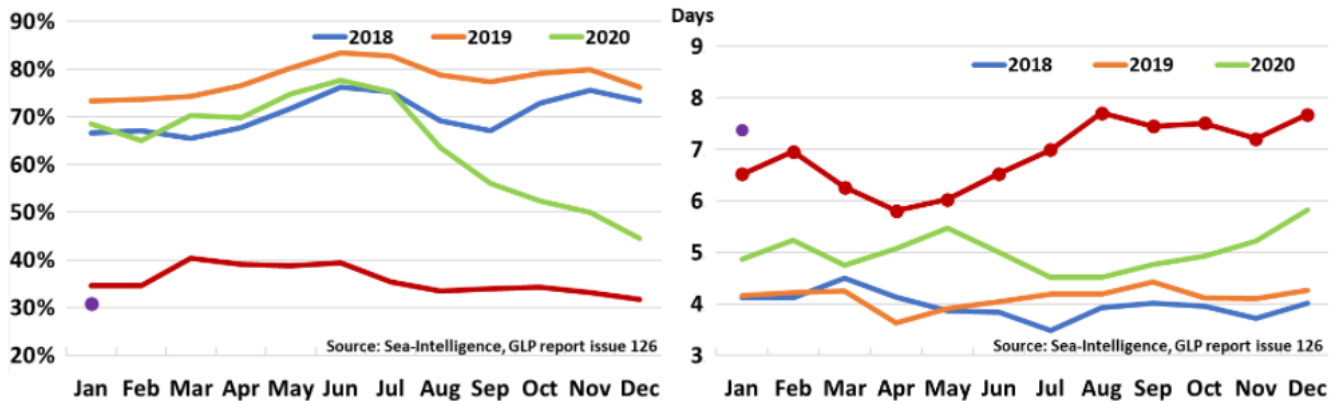
<sup>17</sup> Whiteman, Al. 07/03/2022. [UK and France cut red tape to get aid to Ukraine faster.](#)

<sup>18</sup> World Bank. 07/03/2022. [Mobilizes an Emergency Financing Package of over \\$700 million for Ukraine.](#)

<sup>19</sup> Murphy, A. 28/02/2022. [Schedule reliability drops to record-low in January 2022.](#)

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Figure 15 – Global schedule reliability (%), and average days for late vessel arrivals (days)



Source: [Sea Intelligence](#)

On an individual carrier level, Maersk was once again the most reliable top-14 carrier in January 2022 at **46,9%**, followed by Hamburg Süd at **42,8%**. MSC and HMM had schedule reliability between **30%-40%**, with six carriers recording schedule reliability between **20%-30%**. The remaining four carriers had schedule reliability of **under 20%**, with Evergreen recording the lowest at **15,0%**. Considering that these figures are for January before the widespread sanctions and cancelled sailings, we expect even worse performance for February and March. However, there might be a reduced impact of the suspension of bookings by ocean carriers to and from Ukraine and Russia, as these countries were not important markets. Moreover, considering the very high global demand, the developments in the two countries should not be much of a concern for container rates or demand<sup>20</sup>.

In a report commissioned by the Global Shippers Forum (GSF), it was ascertained that the low global schedule reliability and consequent vessel bypasses are retarding the economic rebound<sup>21</sup>. According to the report, up to 40% of expected container capacity in Q4 of 2021 failed to arrive at some ports. These include Piraeus, Greece, and Colombo in Sri Lanka. In South Africa, we have also experienced many bypasses, especially in Cape Town. But, ultimately, the massive recent increase in missed calls is far from the pre-pandemic 15-20% failure rates.

### iii. Global container freight rates

Drewry's "World Container Index" decreased again marginally this week, down by **↓1,1%** (or **\$99**) to **\$9 180** per 40-ft container<sup>22</sup>. With the increased pressure on global shipping – noting the increase of blank sailings – most stakeholders nervously anticipate a hike in rates soon. The following image shows the one-year spot rates:

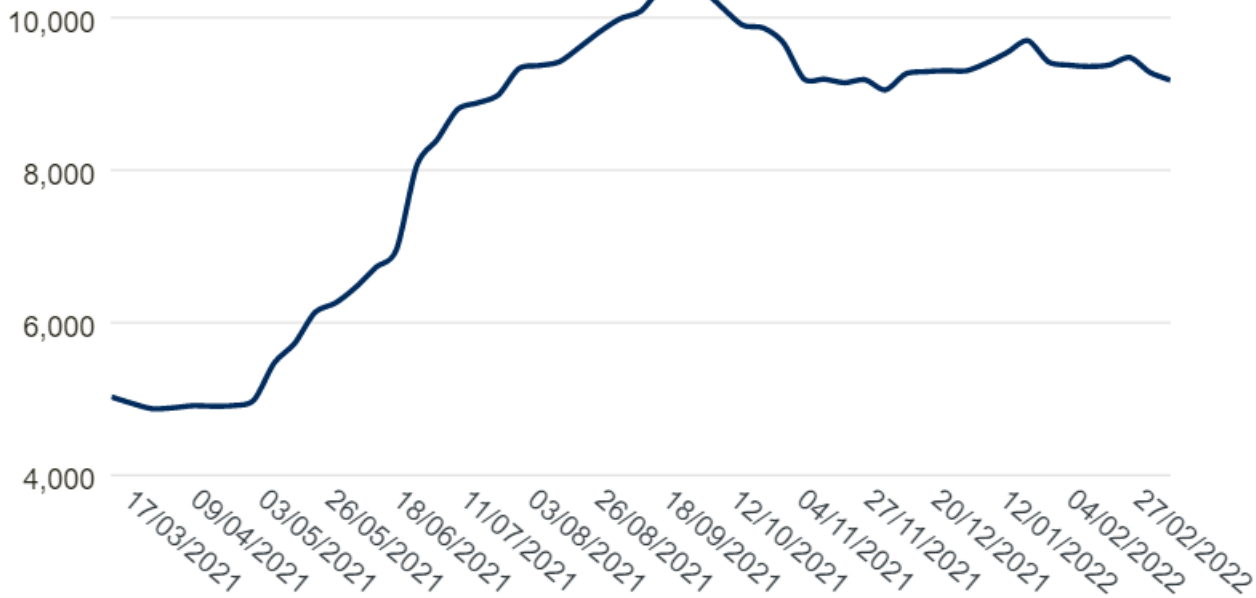
<sup>20</sup> Wackett, M. 08/03/2022. [Soaring bunker prices could hasten 'return to normal' for liner trades.](#)

<sup>21</sup> Savvides, N. 10/03/2022. [Skipped ports damage economic recovery, says latest report.](#)

<sup>22</sup> Drewry. 08/03/2022. [World Container Index.](#)

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



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

The average composite index remains up by **↑83% y/y**, with the y/t/d average currently standing at **\$9 412** per 40ft container, approximately **\$6 312** higher than the five-year average of **\$3 101**. During the week, three of the major East-West trade lanes experienced a decrease, with the most significant change coming on the Shanghai – Rotterdam and New York – Rotterdam routes.

Despite the ongoing crisis and expected near-term rate hike, some analysts believe a spectacular turnaround in the container shipping market could be in the offing. However, this swing will only happen if volume growth forecasts are achieved, resulting in an earlier return to normal. In addition, increased fuel prices could potentially render the shipping of low-end high volumetric goods unsustainable, resulting in waning demand. Even before Russia invaded Ukraine, there were signs of a softening of demand from European consumers struggling with higher energy costs and other inflationary pressures. Nevertheless, volume loss could be more significant in specific areas, such as some reefer trades.

#### iv. Further developments of note

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

##### 1. Hapag-Lloyd to acquire DAL:

- Hapag-Lloyd – the world's fifth-largest container carrier – announced that it would acquire the liner business of compatriot Africa trade specialist Deutsche Afrika-Linien (DAL)<sup>23</sup>. The news comes off the back of a reported net profit of **\$10,8 billion** for 2021<sup>24</sup>.
- The acquisition of the DAL brand will strengthen Hapag-Lloyd's footprint in South Africa and follows its purchase of niche West African trade carrier Nile Dutch last year.
- The iconic 130-year-old DAL employs over 150 people with its own offices in Germany and South Africa, owns one 6 589 TEU ship, the 11-year-old post-Panamax DAL Kalahari, and has a

<sup>23</sup> Hapag-Lloyd. 10/03/2022. [Hapag-Lloyd to acquire container liner business of Africa specialist Deutsche Afrika-Linien \(DAL\)](#).

<sup>24</sup> Hapag-Lloyd. 10/03/2022. [Hapag-Lloyd publishes annual report and announces forecast for the current financial year](#).

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fleet of 18 000 containers. The vessel is currently deployed between North Europe and South Africa as part of a joint service with Maersk (SAECS) and ONE.

### 2. United Nations bodies call for further action to end seafarer crisis:

- a. Four United Nations organizations issued a joint statement on 28 February calling for continued global collaboration to address the crew change crisis that, at times during the COVID-19 pandemic, has left more than 400 000 seafarers stranded at sea<sup>25</sup>. These include the International Labour Organization (ILO), the International Maritime Organization (IMO), UNCTAD and the World Health Organization (WHO).
- b. Ten calls to action have been issued in an attempt to protect the rights and livelihoods of seafarers and their families, with the object of providing support to the economies of seafarers' home countries and maintaining the smooth flow of world trade. These calls came before the outbreak of the conflict in Ukraine. Subsequently, the International Chamber of Shipping (ICS) data notes that more than 275 000 workers from Russia and Ukraine are employed in the global shipping workforce, with Russia accounting for some 11% and Ukraine around 4%. The ICS warned that Russian crew restrictions could further hamper a sector already hit by labour shortages, as mentioned above<sup>26</sup>.

### 3. Carriers requested to provide rate information to US lawmakers:

- a. After the EU Commission decided not to investigate price manipulation<sup>27</sup>, lawmakers on the other side of the Atlantic decided otherwise<sup>28</sup>. Consequently, three carriers – A.P. Møller Maersk, CMA CGM Group, and Hapag-Lloyd – have been asked to provide documents and information to explain the reasoning behind increased shipping rates over the past two years, according to the House Committee on Oversight and Reform on Friday<sup>29</sup>.
- b. The Select Subcommittee sent the letter asking the carriers to provide requested documents and information by March 16. Each letter states that the committees are concerned the carriers in question "may have engaged in predatory business practices during the pandemic, making scores of essential goods more expensive for consumers and small businesses".

## b. Global aviation industry

### i. The impact of the conflict between Russia and Ukraine on aviation

This week, the International Air Transport Association (IATA) shared some insights into the impact of the Russian invasion of Ukraine on aviation<sup>30</sup>. Although the effect on aviation pales with the unfolding humanitarian crisis, Eastern Europe and Europe-Asia flights will be impacted. Indeed, Ukrainian airspace is closed, putting a halt to the movement by air of approximately **3,3%** of Europe's total air passenger traffic and **0,8%** of total traffic globally. Furthermore, Belarus has prohibited flights over parts of its territory, while Moldova has entirely shut its airspace. Those two countries account for minor regional and global air passenger traffic shares. Based on the latest information, IATA notes that close to 40 countries, including EU countries, the UK, and the US, have closed their airspace to Russian airlines. Russia has, in turn, banned airlines in most of those countries from entering or flying over Russia. International air passengers between Russia and Europe accounted for **5,7%** of total European traffic in 2021, **5,2%** of global international traffic and **1,3%** of total global traffic

For air cargo, the total segment-based freight tons carried by air to, from and within Russia accounted for **0,6%** of global total cargo traffic in 2021. That number captures traffic transits in Russia, notably from large Russian

<sup>25</sup> UNCTAD. 28/02/2022. [United Nations bodies call for further action to end seafarer crisis.](#)

<sup>26</sup> Whiteman, A. 04/03/2022. [Labour shortages on land and at sea as Ukraine invasion ripples spread.](#)

<sup>27</sup> Savvides, N. 18/02/2022. [European forwarders call for urgent EC probe into 'distorted' liner market.](#)

<sup>28</sup> Salgado, A. 07/03/2022. [Maersk, CMA CGM and Hapag-Lloyd asked to provide rate information to US lawmakers.](#)

<sup>29</sup> US House Committee. 02/03/2022. [Chairs Clyburn and Krishnamoorthi Seek Information from Ocean Freight Carriers About Price Increases for Americans.](#)

<sup>30</sup> IATA. 07/03/2022. [The impact of the conflict between Russia and Ukraine on aviation.](#)

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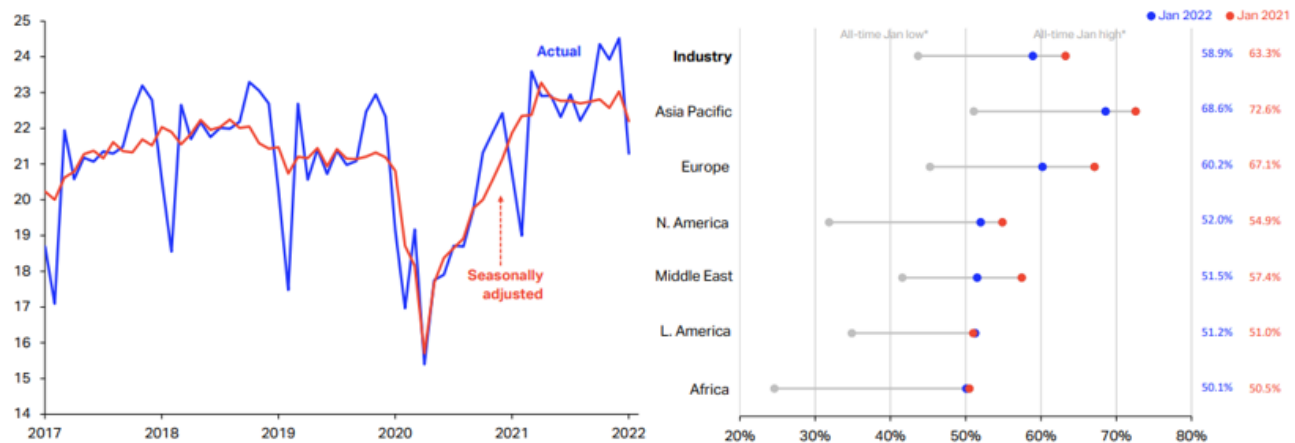
air cargo carriers, with some trade routes being significantly affected. For example, the Europe-Asia market represented **20,6%** of all international CTks (cargo ton kilometres) over the past 12 months. Also, the Asia-North America trade lanes accounted for **26,7%** of global international CTks, and within Europe **2,2%** (including Russia) over the same period. Therefore, given the imposed sanctions and flight bans, the air cargo industry is bracing for a loss of capacity, primarily affecting Europe-Asia, exacerbating the current capacity crunch. IATA is hopeful, however, that airlines in other parts of the world can fill the gap, such as the super-connector airlines in the Middle East. Further impacts include the rise of jet fuel prices (already up by **↑27%** to \$141 per barrel on 4 March), the knock-on effect on passenger demand, and a further increase in air freight rates, which are already close to record highs at **↑120%** above pre-crisis levels.

Indeed, according to early data<sup>31</sup> following Russia's invasion of Ukraine and the consequent restrictions on Russian and other airlines, rates have already risen. For example, rates from Japan to Europe (where carriers are pulling capacity from Europe) have risen nearly **↑15%**, to **\$9,40** per kg, while ex-Korea has seen rates rise **↑13%** to **\$8,60**. Even Europe-Asia Pacific, the unfilled backhaul, has seen a **↑5%** hike in rates, with rates from Europe to Japan **↑11%** and east China **↑6%**. Also, air freight capacity has indeed shrunk. Northeast Asia – Europe capacity has shrunk by up to 22% in the last week, compared with the week before. Furthermore, according to Clive Data Services, load factors have risen **↑1,5%** and are now at **~84%**.

### ii. Air Cargo Market Analysis

IATA released their latest "Air Cargo Market Analysis" for January<sup>32</sup>, reporting a continued growth for the cargo market, albeit at a slower rate than previous months. Overall, the industry-wide cargo tonne-kilometres (CTks) continued to grow in January 2022, rising **↑2,7%** y/y. However, the pace slowed quite markedly from December when the rise was **↑9,3%** y/y. As a result, seasonally adjusted CTks dropped by **↓3,6%** m/m in January. The following side-by-side figures showcase the cargo levels for the industry and the cargo load factor by region.

Figure 17 – CTk levels (actual and seasonally adjusted) and cargo load factors by region



Source: [IATA](#)

From the figure, the slow-down in the cargo market is noticeable, which IATA attributes to a combination of weaker economic drivers and operational disruptions. These are mainly related to the impact of the Omicron variant on air passenger traffic and air cargo capacity. As a result, the industry-wide cargo load factor (CLF) was at **~58,9%** in January 2022, some **↑7,2%** above pre-pandemic levels (2019), but **↓4,4%** below record levels of January 2021. Moreover, capacity is likely to suffer from late February due to the ramifications of the Russia/Ukraine conflict.

<sup>31</sup> Lennane, A. 09/03/2022. [Air freight "turned upside down" as capacity slumps and rates climb.](#)

<sup>32</sup> IATA. 09/03/2022. [Air Cargo Market Analysis: January.](#)