COVID-19: Cargo movement update[1]

Date: 18 March 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 (containers)	19 370	19 887	**39 257**	13 035	19 398	**32 433**	↑20%
Air Cargo (tons)	4 569	2 792	**7 360**	4 816	3 039	**7 855**	↓6%

Monthly Snapshot

Figure 1 – Monthly[4] cargo volume levels, year on year (100% = baseline)

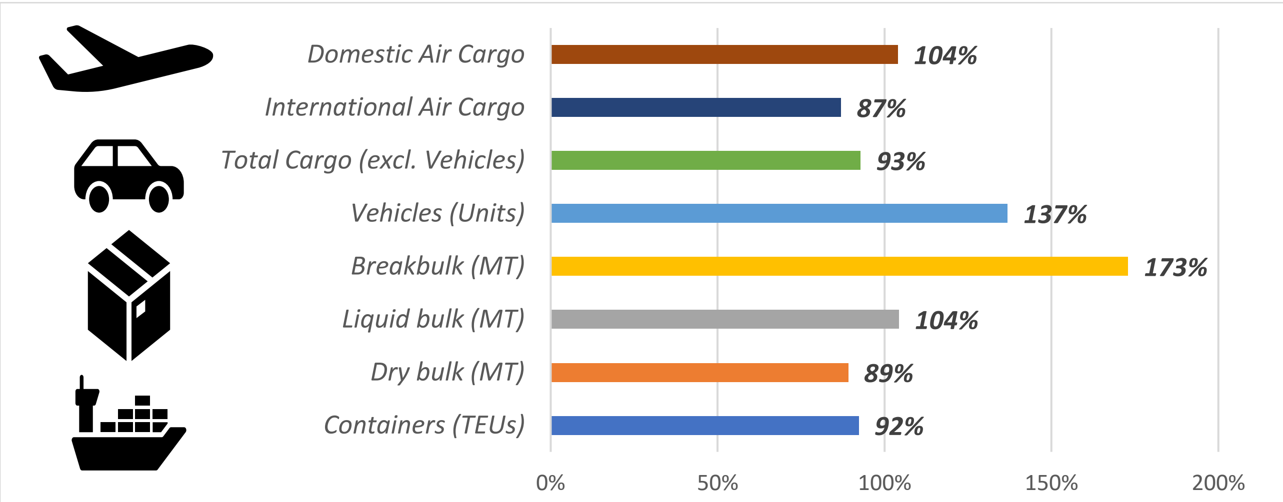
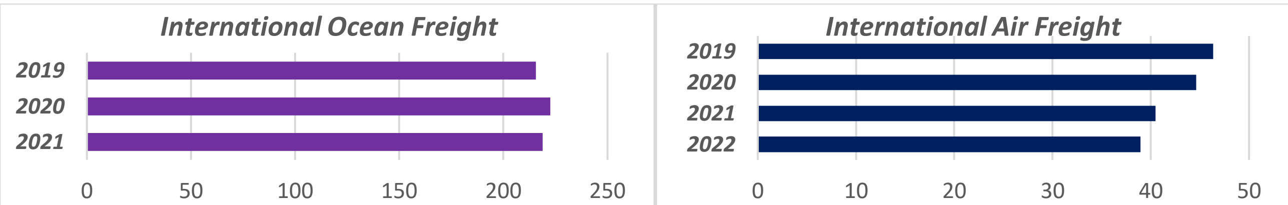


Figure 2 – Global year-to-date flows 2019-2022[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~5 608 containers** was handled per day, with **~7 015** projected for next week.
- Rail cargo handled out of Durban amounted to **3 031** containers, **↑37%** compared to last week.
- This week, cross-border queue times are **↑11,1 hours**, with transit times **↑3,7 hours** (*see below)*.
- The "WCI" fell significantly this week, with spot freight rates **↓3,8%** (or **$348**) to **$8 832** per 40-ft.
- International air cargo (CTKs) rose **↑7,2%** y/y, but the rate of increase is much weaker than previously.

[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 79th 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 Air, Feb versus Feb; for the rest: Dec versus Dec. This delay originates from the fact that Transnet National Ports Authority has not yet updated its website with the latest statistics.
[5] 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 79th 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 **1 430** per day (**↓7%** from last week's average of **1 536**). South Africa has now bridged the **3,7 million**[6] mark in recoded cases, with **99 829** (up by **148**) regrettably succumbing to the virus. As cases and deaths continue to dwindle, many have questioned the government's decision to further extend South Africa's national state of disaster until 15 April 2022[7]. Globally, the case tally now stands at **466 million** infected by COVID-19, with **6,06 million** deaths recorded. Around **10,95 billion** vaccine doses have been administered globally[8], with the South African tally standing at **32,7 million**.

Port operations this week at the port of Cape Town were interrupted by inclement weather conditions and power outages. Balancing that, some good news was received regarding the two cranes out of commission at CTCT. LC1 was fitted with the new hoist motor on Tuesday, although fault-checking was delayed due to strong winds. The crane was back into operations on Friday for testing. LC8 received its window, but installation was also postponed due to the bad weather. The window was planned to be installed on Saturday. In last week's Durban decongestion meeting, it was announced that plans would commence to fence off the port to counter congestion in and around the harbour area. On Wednesday, a power outage experienced at Pier 2 caused significant landside delays, whereas Pier 1 had an exceptionally quiet week, receiving its first two vessels only on Friday.

The global container shipping industry continues to be impacted by Russia's invasion of Ukraine, although to a lesser extent than first envisaged. It is still too early to assess the overall impact in the long run, although major North European ports are seeing a build-up of Russian transhipment cargo from Asia, which, since the imposition of sanctions following Russia's invasion of Ukraine, now has nowhere go. The downstream delays might not necessarily involve Russian cargo, but the delays are bound to cause a reduction in available equipment, and supply chain fluidity will be impacted.

On the subject of container freight rates, it does appear increasingly likely that the hoped-for turnaround in exorbitant rates could come to fruition. Recent fuel price increases and other inflationary pressures appear to have been factored into pricing by now, and this, aided by the ongoing investigations into price manipulations, can be expected to curb the trend of runaway freight rate increases. Additional significant developments include **(1)** Shenzhen lockdown set to disrupt global supply chains, **(2)** FMC issues Advance Notice on detention and demurrage charges, and **(3)** another Evergreen shipping vessel runs aground (see the detailed summary *below*).

South Africa's international air cargo sector volumes decreased marginally this week (**↓6%**), with domestic air cargo also down (**↓18%**). The recent suspension of British Airways (operated by Comair) and Kulula operations in the domestic market has been lifted, and flights started operating again on Thursday morning, 17 March[9]. Internationally, IATA notes that seasonally adjusted growth has slowed down recently despite continued growth in cargo volumes. Fortunately, capacity on dedicated freighters remains stable, with belly cargo continuing its ever-increasing availability. Lastly, the conflict between Russia and Ukraine has resulted in a notable decrease in passenger bookings worldwide. The week starting 24 February saw bookings decline by **↓8%** compared to the week prior.

[6] Johns Hopkins, Coronavirus Resource Centre. Coronavirus JJHU.
[7] Business Tech. 15/03/2022. Pushback against South Africa's extended state of disaster.
[8] Our World in Data, Coronavirus (COVID-19) Vaccinations. Our World in Data
[9] Smith, C. 16/03/2022. Comair suspension lifted, kulula.com and BA flights can resume.

As we continue to watch the events in Ukraine transpire from afar, South Africa remains largely unaffected so far. However, the global disruptions – whether in terms of sanctions, scheduling, or COVID lockdowns – will continue to affect international trade as long as the war continues, and the longer-term impact on food security has yet to be felt. Moreover, these effects provide a stark reminder of the interconnectedness of all role-players within the extended supply chains. For South Africa's part, we must absorb as much of the external pressure as we can by having our own house in order. The narrative remains unchanged – all stakeholders in the extended South African supply chain must work cohesively and in close collaboration to minimise the impact of all the challenges posed. This sentiment is especially true given that we have yet to return to pre-pandemic levels in many trading sectors.

Contents

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 12 to 18 March [10]

7-day flow forecast (12/03/2022 – 18/03/2022)		
TERMINAL	**NO. OF CONTAINERS[11] TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	1 245	1 500
DURBAN CONTAINER TERMINAL PIER 2:	8 477	9 447
CAPE TOWN CONTAINER TERMINAL:	4 443	4 736
NGQURA CONTAINER TERMINAL:	4 905	3 604
GQEBERHA CONTAINER TERMINAL:	300	600
TOTAL:	**19 370**	**19 887**

Source: Transnet, 2021. Updated 18/03/2022.

Table 3 – Container Ports – Weekly flow reported for 19 to 25 March [12]

7-day flow forecast (19/03/2022 – 25/03/2022)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	5 922	5 320
DURBAN CONTAINER TERMINAL PIER 2:	10 284	12 389
CAPE TOWN CONTAINER TERMINAL:	4 631	6 421
NGQURA CONTAINER TERMINAL:	2 299	1 837
GQEBERHA CONTAINER TERMINAL:	0	0
TOTAL:	**23 136**	**25 967**

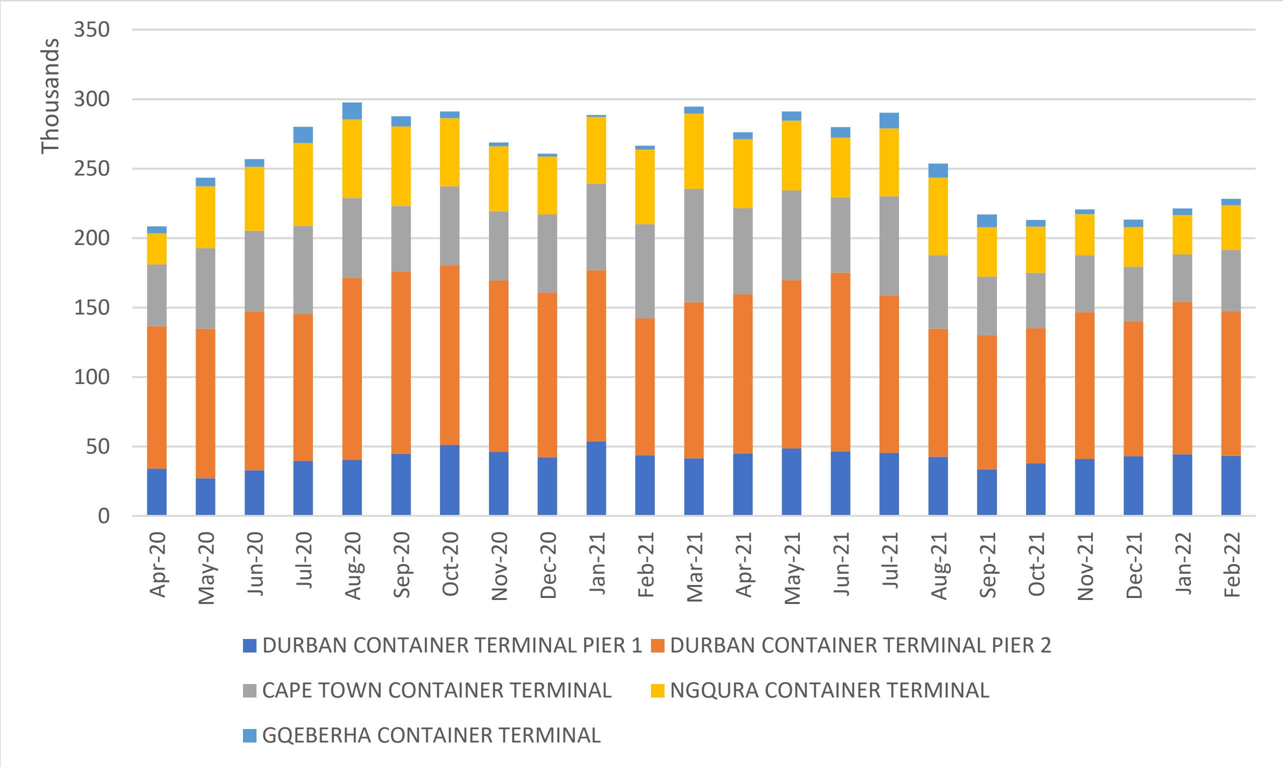
Source: Transnet, 2021. Updated 18/03/2022.

After a very quiet week last week, an average of **~5 608 containers** (**↑20%**) was handled per day for the last week (12 to 18 March, Table 2), with another substantially increased average of around **~7 015 containers** (**↑25%**) projected to be handled next week (19 to 25 March, Table 3). This week's challenges revolved around inclement weather conditions in Cape Town and Durban and limited tug availability at Durban, exacerbating delays. In addition, intermittent power outages, first in Cape Town, then at Durban Pier 2, caused some serious landside 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 nationwide lockdown. Please note that the monthly flow is reported in containers and not TEUs, as mentioned in the footnote.

[10] 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.
[11] 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 ratio of approximately 1,4 TEUs per container.
[12] As noted above.

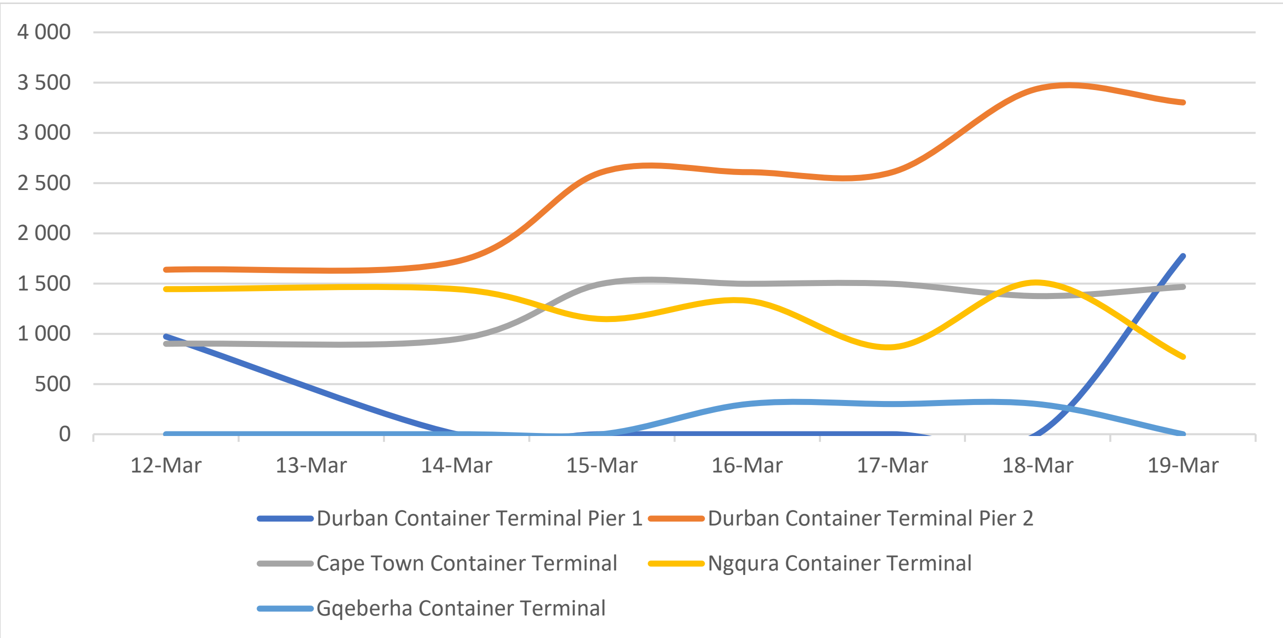
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2021. Updated 18/03/2022.

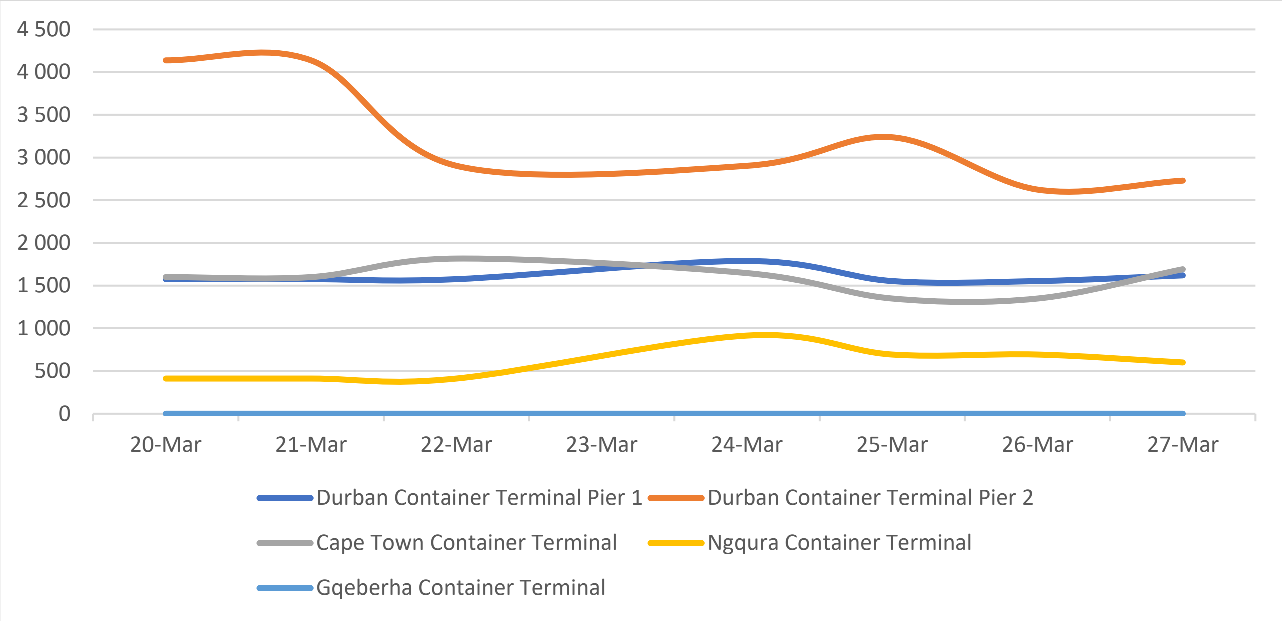
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total cargo movement (12 to 18 March; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 18/03/2022.

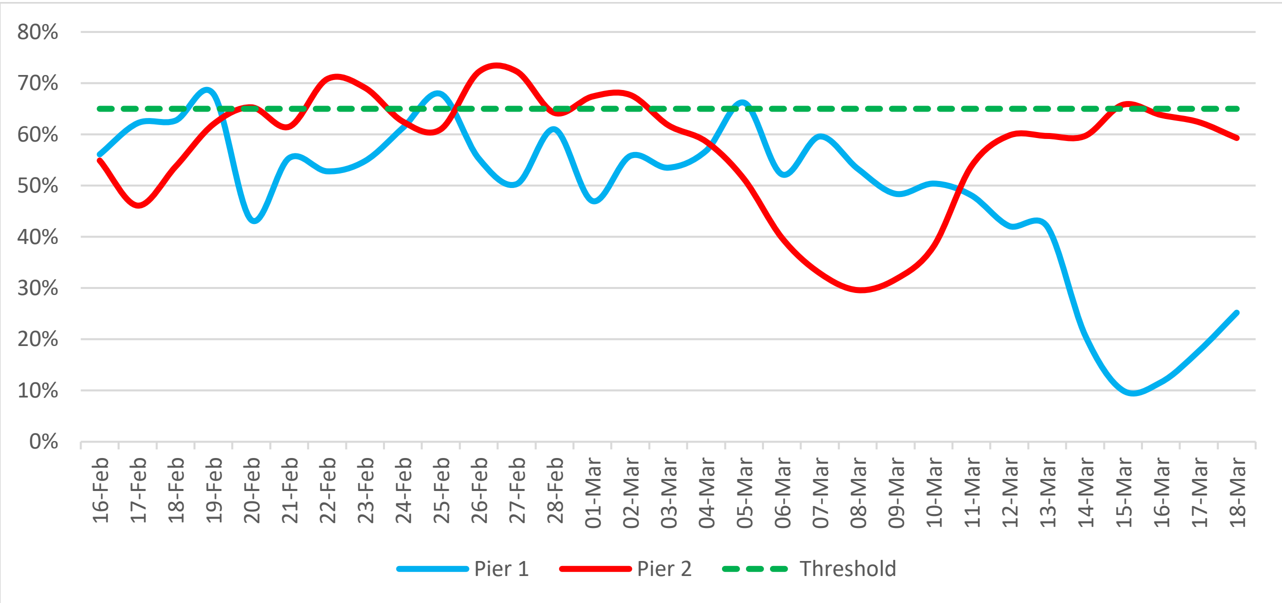
Figure 5 – 7-day flow reported for total cargo movement (19 to 25 March; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 18/03/2022.

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

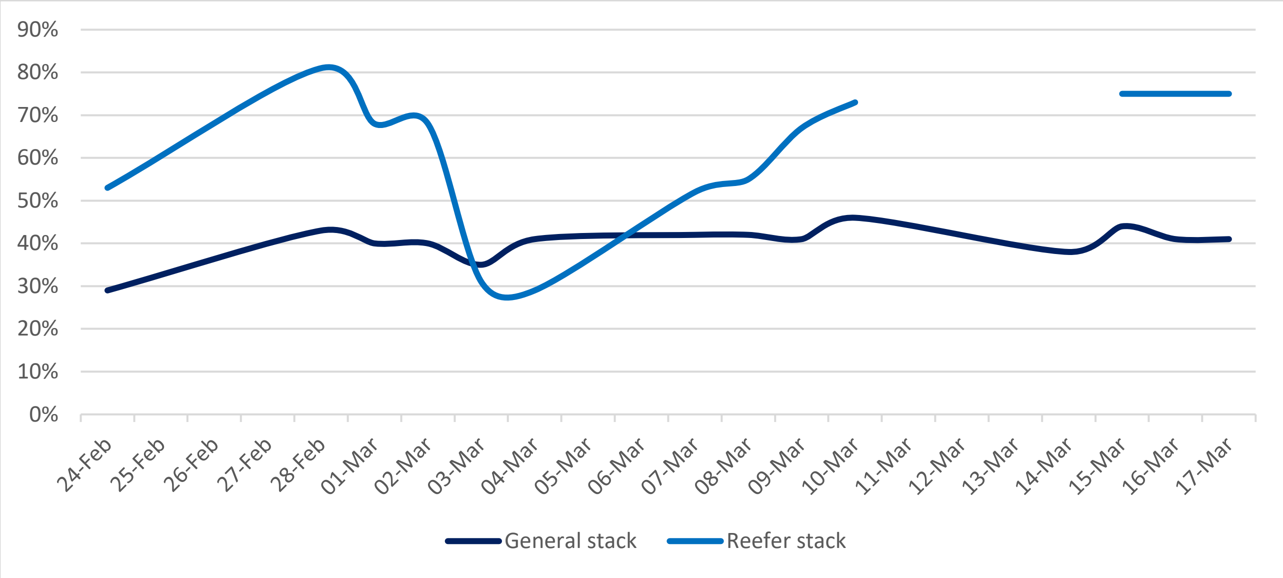
Figure 6 – Stack occupancy in DCT, general-purpose containers (16 February to present; per pier; day on day)



Source: Calculated using data from Transnet, 2021. Updated 18/03/2022.

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.

Figure 7 – Stack occupancy in CTCT, general-purpose and reefer containers (24 February to present; d/d)



Source: Calculated using data from Transnet, 2021. Updated 18/03/2022.

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

Cape Town experienced strong winds from Tuesday night. As a result, CTCT and the multi-purpose terminal (MPT) were windbound from 19:30 on Tuesday till around midnight. Waterside operations resumed at 01:00 Wednesday morning until the terminal was windbound again Wednesday night.

Durban experienced strong winds and rain throughout the week. On Monday morning at Pier 2, gusting winds slowed waterside operations for about an hour. At around noon, waterside operations were ceased till around 15:30, while landside operations stopped from 12:00 till 14:10. Winds of up to 108 km/h were recorded during this time. On Thursday, Pier 2 was windbound again, and subsequently, waterside operations ceased from 17:30 till 19:00 and landside from 17:30 till around 18:20. In addition, various vessels carrying weather-sensitive cargo were delayed at Durban's Maydon Wharf terminal.

NCT experienced some rain challenges on Sunday. However, the weather was generally favourable for the rest of the week in East London.

ii. Cape Town

On Saturday, the Port of Cape Town experienced power outages from 15:38 till 22:30, which slowed down operations. On Monday, the terminal recorded two vessels at berth and another four at anchor. CTCT recorded six cranes in operation, manned by six gangs, 19 RTGs, and 43 hauliers. Stack occupancies were sitting at 38% for GP containers, 76% for reefers, and 18% for empties. On the landside, CTCT handled 1 548 external trucks. CT MPT recorded two vessels at berth and one at anchor. Stacks were 53% for GP containers, 67% for reefers, and 12% for empties. The terminal managed to handle 361 trucks.

Apart from the strong winds halting operations, the terminal experienced a system error code on crane LHM 600, which the OEM gave their attention to. On Thursday, reefer stacks reached full capacity at CT MPT, and MSC assisted by backloading reefers on a vessel powered by generators. News on the two inoperable cranes was that LC1 was fitted with its new hoist motor on Tuesday, although fault-checking was delayed due to strong winds. The crane was back in operation on Friday for testing. LC8 received its new cab window, but installation was also postponed due to the bad weather. The window was planned to be installed on Saturday.

Lastly, A notice was sent to port users on Friday of the planned installation of the recently acquired Shore Tension Units at CTCT on Monday 21 March 2022. The Port of Cape Town currently has two Shore Tension Units which will be deployed on one berth, one vessel at a time, and this will be based on a first-come-first-served basis until the arrival of the second set of the units. After that, two units will be deployed on two berths with two units per vessel. Plans are in place to provide all three CTCT berths with this equipment to connect all working vessels to the Shore Tension Units.

iii. Durban

On Friday 11 March, during the Decongestion meeting, Durban's Port Manager, and Chairperson of the Decongestion Task Team, Ms Mpumi Dweba-Kwetana, announced plans to fence off the Port of Durban. Various precincts in the Port of Durban are not fenced off, resulting in uncontrolled access and congestion. As a result, the fencing project has been identified as the best solution. Port users were asked to ensure readiness from a planning and systems point of view. In addition, suggestions by the committee were made that the city of eThekwini, together with port users, identify parcels of land for use as staging areas outside the port limits. It was made clear that terminal operators would have to have procedures in place to deal with trucks that are transgressing the law, and they needed to work in close partnership with law enforcement agencies and the Ports Authority. Plans to de-proclaim Maydon Road as a public road are full steam ahead. This project hopes to allow the port of Durban to exercise direct control over traffic moving in and out of the area. On Monday, it was announced that a TLB vehicle had been stolen during the night at Kings Rest depot, whereafter it was requested that security be improved in the area.

Durban Pier 2 on Monday recorded two vessels at berth and zero at anchor. The terminal recorded 75 straddles in operation manned by eight gangs plus rail in terms of equipment. Various cranes were out of operation intermittently due to planned maintenance throughout the week. Stacks were recorded at 60% for GP containers and 25% for reefers. The terminal managed to handle 2 114 gate moves on the landside with an average TTT of 48 minutes and an average staging time of 71 minutes. A power outage experienced at Pier 2 on Wednesday from 19:30 till 21:00 and again at 22:00 till 01:40 caused significant landside delays. It seems that this was the result of a faulty cable connection at a substation which was attended to on Thursday.

Three vessels were delayed on Wednesday due to a lack of available tugs. The four operational tugs were occupied and slowed down by heavy rain restricting visibility. Then on Thursday, four vessels experienced berthing delays due to 2 tugs experiencing engine failures. As a result, the port had three tugs in operation on Friday morning, while the fourth was expected to be back in service later in the day.

Pier 1 had an exceptionally quiet week, receiving its first two vessels only on Friday. Crane QC5 was out for planned maintenance, while other refurbishments were ongoing throughout the terminal to prepare for the expected vessels. As a result, stacks for GP containers were sitting at 21% and for reefers at 1% capacity. Nevertheless, the terminal managed to handle 665 gate moves on the landside, with 165 cancelled slots and 21 wasted slots.

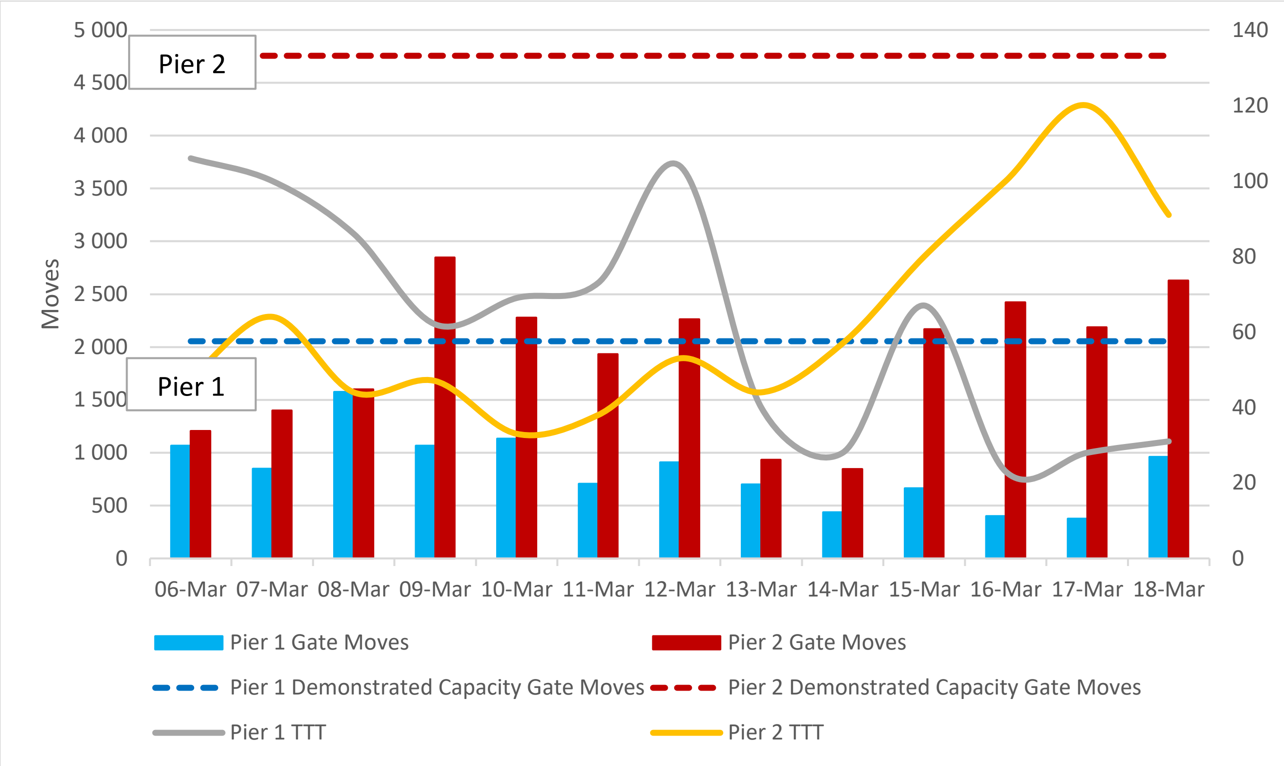
Lastly, a Transnet communication was shared on Friday concerning the operating hours at Durban Container terminals, Pier 1, and Pier 2 during the upcoming public holidays.

- 21 March 2021 – Human Rights Day
- 15 April 2022 – Good Friday
- 18 April 2022 – Family Day
- 27 April 2022 – Freedom Day

The terminal will operate two 12-hour shifts from 06:00 to 18:00 and 18:00 to 06:00 during public holidays.

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 18/03/2022.

iv. Eastern Cape ports

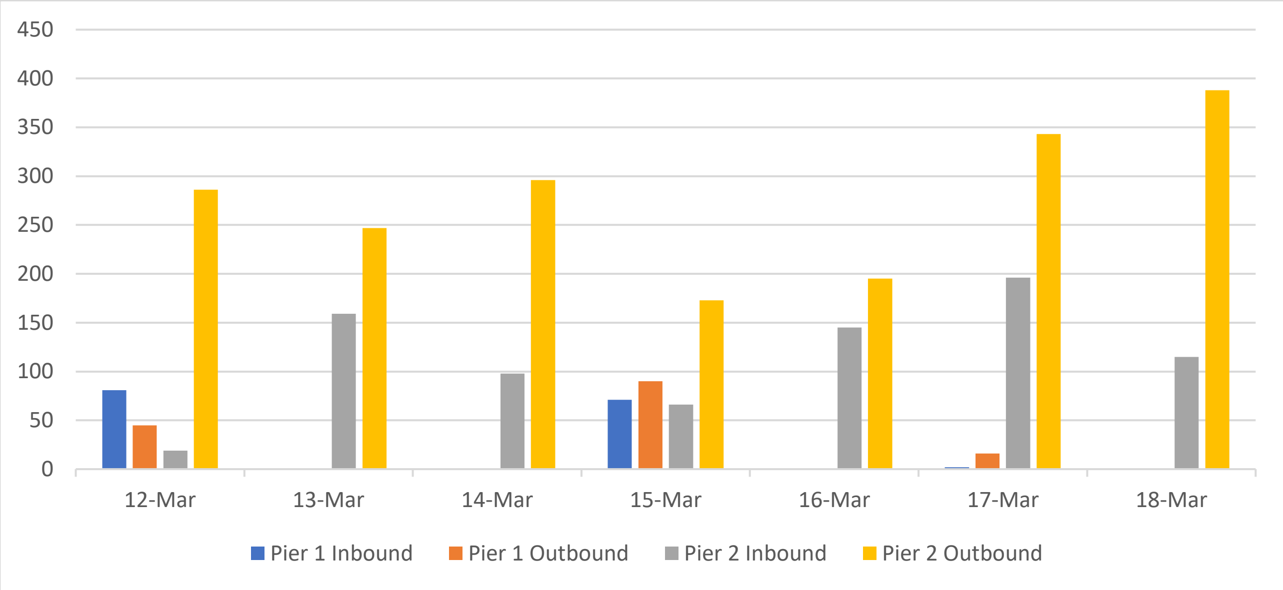
It was a quiet week for the GCT terminal, with its first vessel berthing Tuesday night. The terminal managed to handle 182 trucks on Monday with an average TTT of 13 minutes. Stacks were at 20% for GP containers and 13% for reefers. At NCT, there was one vessel at berth and another at anchor. In terms of performance on Monday, NCT recorded a GCH of ~15 and an SWH of ~29. The terminal handled 220 external trucks on the landside with an average TTT of 35 minutes. Stacks sat at 26% for GP containers and 19% for reefers. NCT experienced some network challenges on Thursday morning's shift until around 09:00. On Thursday at GCT, there was no activity, while stacks were sitting at 50% for GP containers and 5% for reefers. NCT recorded a GCH of ~19 and an SWH of ~52 on Thursday. In addition, the terminal serviced 506 external trucks with an average TTT of 43 minutes.

v. Transnet Freight Rail (TFR)

The rail working group of the Durban decongestion task team reported continued challenges in the weekly supply of wagons to the Port of Durban. These challenges are primarily attributed to the Rail operator's ongoing cable theft issues experienced and reported. Members of the public are requested to blow the whistle on cable theft and report cable incidents to the Transnet Freight Rail Hotline number at 0800 003 056 or email: Transnet@tip-off.com.

The following figure illustrates the rail cargo 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 18/03/2022.

In the last week (12 to 18 March), rail cargo handled out of Durban was reported at **3 031** containers, ↑**37%** from the previous week's **2 217** 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 7 March. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2021* averaged **~809 193 kg** per day.

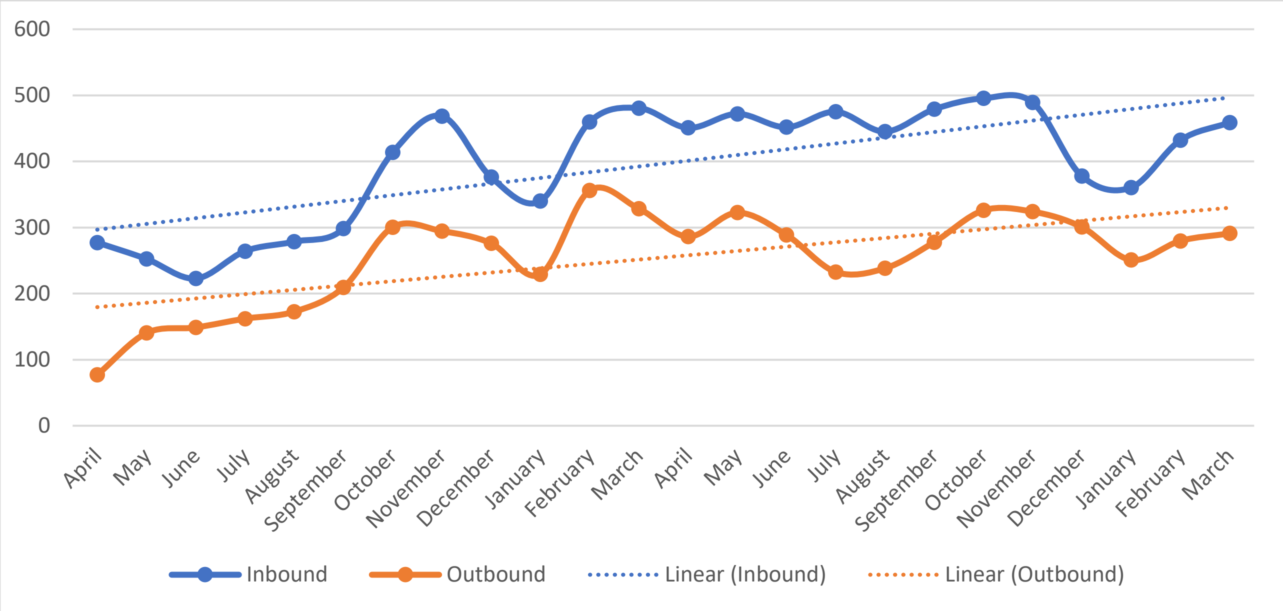
Table 4 – International inbound and outbound cargo from OR Tambo

Flows	07-Mar	08-Mar	09-Mar	10-Mar	11-Mar	12-Mar	13-Mar
Volume inbound	462 010	391 478	380 180	291 447	460 314	364 265	848 405
Volume outbound	263 168	168 565	227 291	215 858	196 140	236 779	646 278
Total	**725 178**	**560 043**	**607 471**	**507 305**	**656 454**	**601 044**	**1 494 683**

Courtesy of ACOC. Updated: 15/03/2022.

The daily average volume of air cargo handled at ORTIA for the week starting 7 March amounted to **456 871 kg** inbound and **279 154 kg** outbound, amounting to an average of **736 025 kg** per day or **~91%** compared with March 2021. Compared to pre-COVID-19 times, the level is currently at **~97%** 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: 15/03/2022.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the state of disaster period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in *March 2021* was **~79 071 kg** per day.

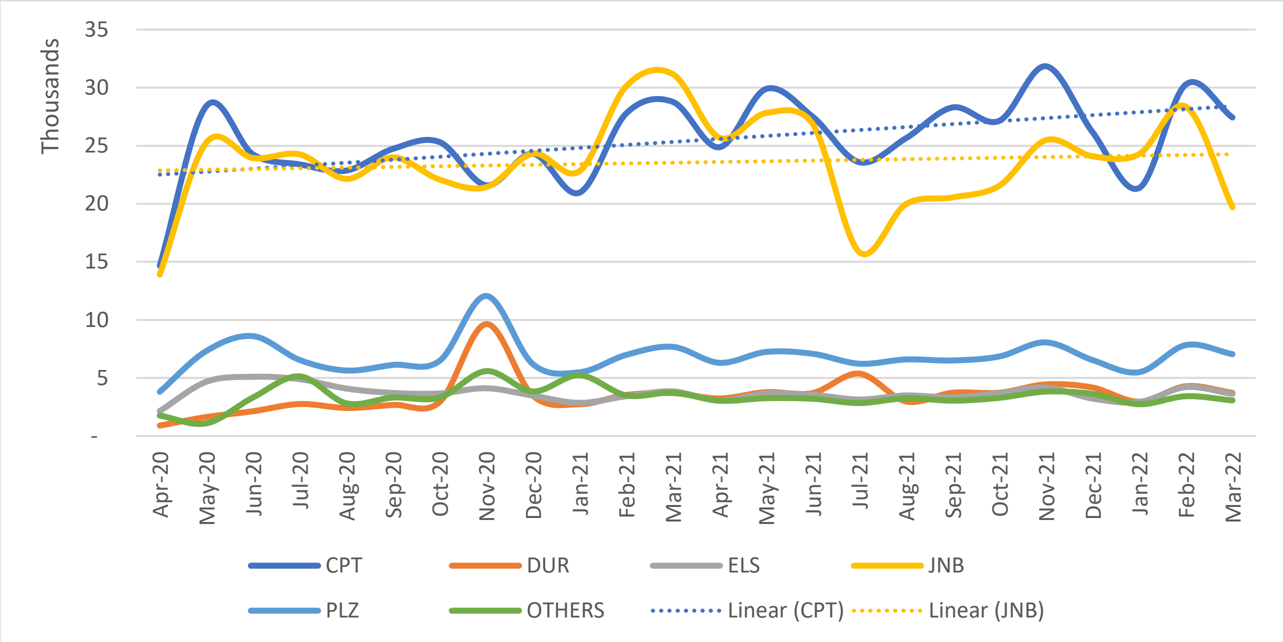
Table 5 – Total domestic inbound and outbound cargo

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**
Mar Average	27 435	3 725	3 632	19 715	7 052	3 070	**64 629**
01-Mar-22	40 901	4 480	6 004	29 749	11 624	4 138	**96 896**
02-Mar-22	41 756	6 264	4 906	24 399	9 938	4 644	**91 906**
03-Mar-22	40 848	6 631	6 054	25 671	11 977	5 299	**96 481**
04-Mar-22	24 180	5 113	3 086	25 460	6 075	3 260	**67 175**
05-Mar-22	3 076	1 451	106	1 131	601	127	**6 491**
06-Mar-22	3 115	372	228	1 027	724	466	**5 931**
07-Mar-22	50 900	5 268	5 836	31 025	12 307	4 665	**110 000**
08-Mar-22	41 929	4 653	5 724	33 339	10 708	5 423	**101 775**
09-Mar-22	46 181	4 927	5 847	36 339	10 331	4 863	**108 488**
10-Mar-22	44 510	4 241	6 683	25 163	11 299	4 722	**96 617**
11-Mar-22	21 915	4 635	3 363	23 852	6 940	3 381	**64 086**
12-Mar-22	3 334	1 235	61	1 206	253	63	**6 151**
13-Mar-22	2 954	806	471	532	955	377	**6 093**
14-Mar-22	44 821	4 966	5 993	36 596	11 687	4 389	**108 451**
15-Mar-22	1 103	827	123	232	370	240	**2 895**
Total for 2022:	**1 962 367**	**273 875**	**268 765**	**1 895 037**	**503 825**	**230 416**	**5 134 284**

Courtesy of BAC. Updated: 15/03/2022.

The average domestic air cargo moved last week was **~56 112 kg** per day, which is **↓18%** compared with the previous week and **~71%** compared to March 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: 15/03/2022.

3. 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:

- Talks are continuing between Sout Africa and Mozambique to address the issues of TIPs (Temporary Trade Permits) at Lebombo/Ressano Garcia. Furthermore, the decision to open the border for 24/7 operations continues, with viability studies to be conducted. The Easter Period, where the border will be open 24/7, will be another test.
- Kasumbalesa experienced very long queues because of the border renovations. For example, around 300 to 500 trucks were in the queue last week, taking up to 8 days to get through. Consequently, some drivers whose entry card and insurance expired had to pay $175 for re-entry and $150 for insurance. In addition, transporters had to traverse horrible roads and police checkpoints to bypass the renovations.
- Lastly, Beitbridge was closed briefly on Saturday 12 March due to water shortages but has since reopened. Besides this incident, there were no border closures during the last seven days from a South African perspective. However, we encourage traders to stay abreast of border post communications as per the SARS 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.

Table 6 – Delays[13] summary – Selected SADC borders

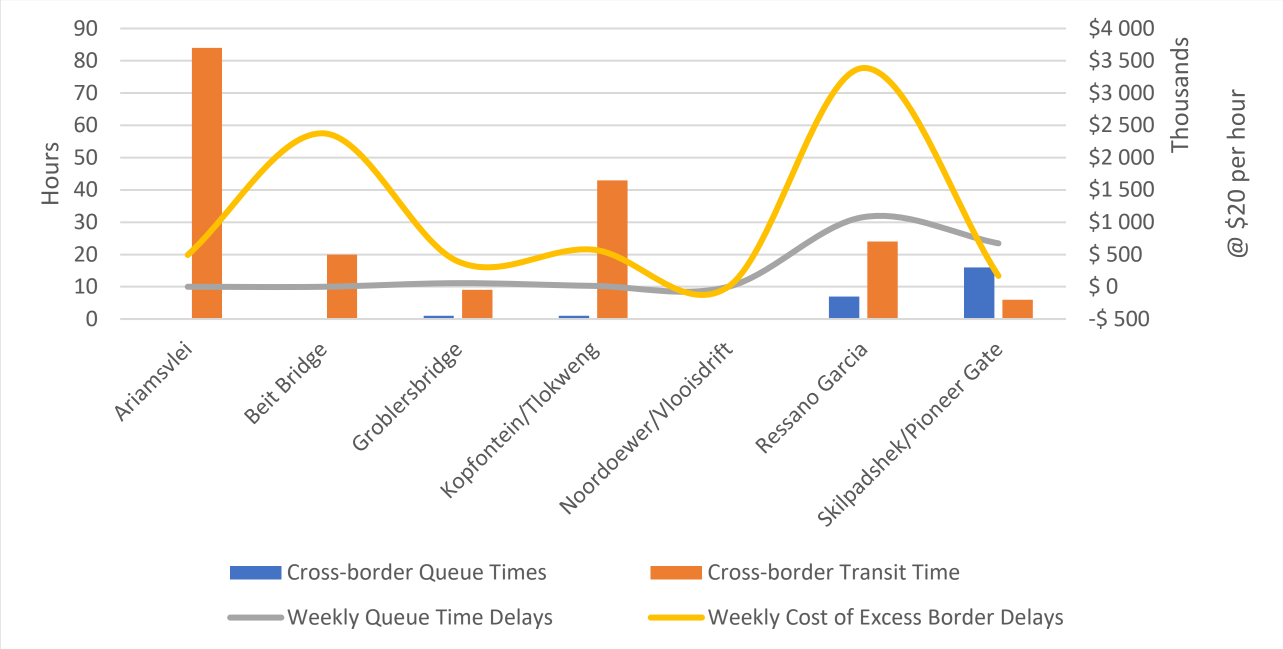
Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	**Ariamsvlei**	0:00	84:00	100	3 000	700	24 640	0
SA/Zim	**Beit Bridge**	0:00	20:00	943	28 290	6 601	118 818	0
Moz/Zam	**Cassacatiza/Mlolo**	1:00	4:00	175	5 250	1 225	2 450	1 225
Zam/Zim	**Chirundu**	0:00	18:00	620	18 600	4 340	69 440	0
Moz/Mal	**Dedza**	2:00	35:00	50	1 500	350	11 550	700
SA/Bot	**Groblersbrug/Martins Drift**	1:00	9:00	400	12 000	2 800	19 600	2 800
Zam/DRC	**Kasumbalesa**	192:00	52:00	750	22 500	5 250	262 500	1 008 000
Zam/Bot	**Kazungula**	0:00	34:00	240	7 200	1 680	53 760	0
SA/Bot	**Kopfontein/Tlokweng**	1:00	43:00	100	3 000	700	28 700	700
Moz/Zim	**Machipanda/Forbes**	1:00	8:00	320	9 600	2 240	13 440	2 240
Mal/Zam	**Milange**	0:00	0:00	30	900	210	0	0
Moz/Mal	**Nakonde/Tunduma**	0:00	6:00	500	15 000	3 500	14 000	0
Zim/Moz	**Nyamapanda**	1:00	3:00	100	3 000	700	700	700
SA/Moz	**Lebombo/Ressano Garcia**	7:00	24:00	1 100	33 000	7 700	169 400	53 900
SA/Bot	**Skilpadshek/Pioneer Gate**	48:00	17:00	100	3 000	700	10 500	33 600
Nam/Bot	**Trans Kalahari/Mamuno**	16:00	6:00	300	9 000	2 100	8 400	33 600
Zam/Zim	**Victoria Falls**	0:00	2:00	100	3 000	700	0	0
Moz/Mal	**Zobue/Mwanza**	1:00	4:00	114	3 420	798	1 596	798
				6 142	**184 260**	**42 994**	**822 094**	**1 139 663**

Source: TLC & FESARTA, week ending 14/03/2022.

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

[13] 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.

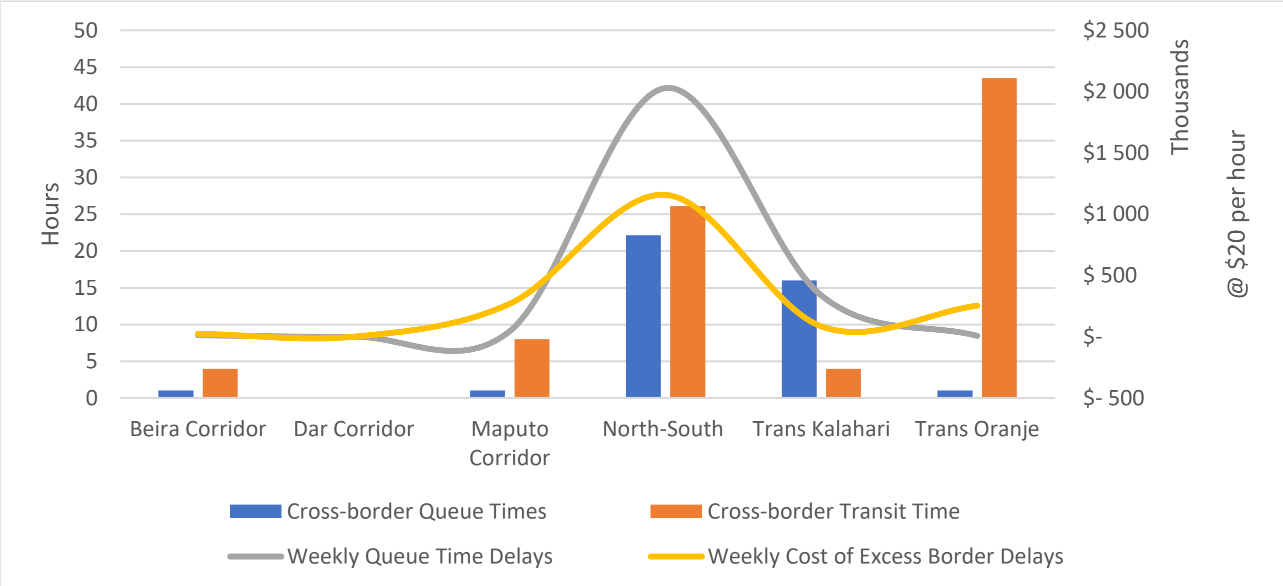
Figure 12 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in $ thousands)



Source: TLC & FESARTA, week ending 14/03/2022.

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 14/03/2022.

In summary, cross-border queue time has averaged **~16,1 hours** (up by **~11,1 hours** from the **~5,0 hours** recorded in the previous report), costing the transport industry an estimated **$23 million** (**R365 million**). Furthermore, the week's average cross-border transit times hovered around **~19,5 hours** (up by **~3,7 hours** from the **~15,8 hours** recorded in the previous report), costing the transport industry **$16 million** (**R263 million**). As a result, the total cost for the week amounts to an estimated **~R628 million** (up by **~R347 million** or **↑123%** from **R281 million** in the previous report), mainly attributed to the dire conditions at the Kasumbalesa border post.

4. 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 impact of Russia's invasion of Ukraine continues to reverberate through the global economy as further sanctions continue to be imposed on Russia. These changes drive inflation and put food security into question for many countries reliant on the European breadbasket.

For the global maritime trade, the impact remains subdued for now. However, it is still early to assess the overall effect in the long run, but two things are certain – increasing risks and uncertainty in the medium-to-long term and substantial positive cash flows for liner shipping operators in 2022[14]. Moreover, although the global equity market has been impacted, container shipping stocks remain unaffected as liner operators continue to declare record profits and dividends.

Indeed, Hellenic Shipping calls the invasion a "*black swan*" event, having a material impact on the global equities but not amounting to a shipping crisis. However, some adjustments are bound to be made, as US West coast and European ports deal with redirected Russian transhipment cargo, causing carriers to blank Atlantic services[15]. Moreover, major North European ports are seeing a build-up of Russian transhipment cargo from Asia, which, since the imposition of sanctions following Russia's invasion of Ukraine, now has nowhere to go. So, although the downstream delays might not directly involve Russian cargo, they will impact the amount of equipment in circulation while supply chain fluidity is affected, according to CLECAT.

Sailing schedules, in general, continue to be adjusted, with blank sailings remaining high. Drewry notes that across the major trades (transpacific, transatlantic, and Asia-North Europe and the Mediterranean, 53 cancelled sailings have been announced between weeks 12 and 15[16]. The blank sailings are out of 558 scheduled sailings, representing a **9% cancellation rate**.

As for rail cargo, freight forwarders seek alternatives to the Belt & Road China-Europe rail services through Russia[17]. Trains are still running along the Trans-Siberian route, but Russian Railways has been sanctioned, so European forwarders have suspended bookings through the country. As a result, many traders are looking for ocean freight alternatives. Indeed, ocean carriers have quickly redeployed intra-Europe tonnage from Russian services to regions where capacity is in short supply[18]. However, any surplus tonnage will likely find its way onto the charter or S&P (sale and purchase) market where there is significant demand. According to Alphaliner data, carriers have withdrawn some **10 000 TEU** of weekly capacity after international sanctions forced the suspension of most Baltic services to Russia. Consequently, the volume shift from rail to the sea is likely to increase Asia-Europe flows by a "*5% to 8% increase on an already congested trade route*", according to UNCTAD.

Lastly, global supply chains continue their efforts to continue supplying Ukraine with essential cargo. Although many Ukrainian shipping lines' agencies still have not provided clear information regarding demurrage fee waivers or cancellations, many containers are being released under 'delivery against cash' terms, as shipping lines have stopped accepting letters of credit and insurance certificates. However, certain shipping lines

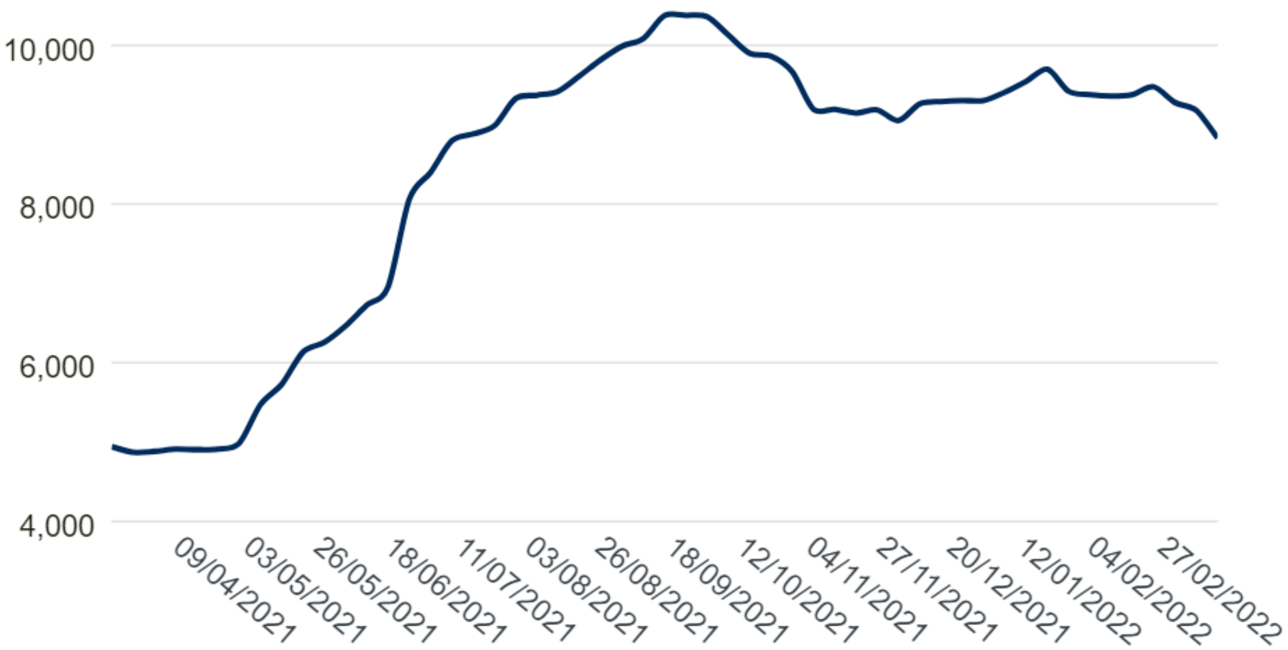
[14] Hellenic. 14/03/2022. Impact of Russia-Ukraine crisis on container and port equities.
[15] Savvides, N. 15/03/2022. Transatlantic services hit by Covid and conflict-induced congestion.
[16] Drewry. 18/03/2022. Cancelled Sailings Tracker - 18 March.
[17] Whelan, S. 17/03/2022. Forwarders seek alternatives to China-Europe rail services through Russia.
[18] Wackett, M. 17/03/2022. Carriers find 'silver lining' in Ukraine crisis, redeploying Baltic tonnage.

require up to a $5 000 cash deposit for a 40ft container release. Fortunately, priority for release is being given to containers containing foodstuffs, frozen products, medical products, and other essential items[19].

ii. Global container freight rates

The global liner shipping industry is seemingly reacting to the potential pitfall of suppressed demand for containers, as Drewry's "*World Container Index*" decreased significantly this week, down by **↓3,8%** (or **$348**) to **$8 832** per 40-ft container[20]. This shift is somewhat unexpected in light of the current strong external challenges. These include widespread congestion, scheduling constraints, and port closures – not to mention the continued deterioration of the situation in Russia and Ukraine. But it can certainly be said that cargo owners and shippers welcome the reduction in average rates, even though the respite is still far from what is needed to return to normal. The following image shows the one-year spot rates, which has receded to under the **$9 000** mark per container:

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



Source: *Drewry Ports and Terminal insights*

Despite this significant decrease, the average composite index remains up by **↑79%** y/y, with the y/t/d average currently at **$9 360** per 40ft container, approximately **$6 231** higher than the five-year average of **$3 129**. During the week, three of the major East-West trade lanes experienced significant rate decreases, with Shanghai – Rotterdam down by **↓4%**, Shanghai – New York down by **↓5%**, and Shanghai – Los Angeles down by a massive **↓7%**. Although predictions seem relatively meaningless in these uncertain times, Drewry does expect the rates to remain stable in the coming weeks.

Despite these predictions, it does appear as if the unlikely turnaround in exorbitant freights rates could come to fruition. The fuel increase initiated by higher energy costs and other inflationary pressures appears to accompany the existing issues mentioned above – potentially aided by the ongoing investigations into price manipulations – into curbing the trend. Ultimately, carriers would not want to see a collapse in consumer demand ending the spectacular financial boom they have benefited from in recent months.

[19] Savvides, N. 15/03/2022. Logistics is working hard to meet the essential needs of Ukrainians.
[20] Drewry. 17/03/2022. World Container Index.

iii. Further developments of note

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

1. **Shenzhen lockdown set to disrupt global supply chains:**
    a. Ocean carriers are scrambling to adjust their networks as the Chinese port city of Shenzhen enters a week-long lockdown. Some fear that the lockdown will hit supply chains harder than the recent Suez disruption[21]. According to a notice issued by the Shenzhen COVID-19 "*Prevention and Control Command Office*", the tech city's 17 million residents must stay at home until Sunday 20 March.
    b. Fortunately, some measures were eased on Friday 18 March, as Shenzhen will allow factories and public transport in several parts of the city to resume operations[22]. Nevertheless, the lockdown is set to disrupt operations at the world's third-largest port of Yantian, as carriers would likely bypass the port this week and possibly next week.
    c. The disruption could halt the gradual decline of spot and short-term freight rates on the Asia-Europe trade lane, with rates across all Chinese export lanes reflecting increased pent-up demand for shipments. In addition, there have been reports of lengthening ship queues outside other Chinese ports; 262 vessels are waiting outside Shanghai and Ningbo, up from 243 last week[23].
2. **FMC issues Advance Notice on detention and demurrage charges:**
    a. The Federal Maritime Commission (FMC) issued an Advance Notice of Proposed Rulemaking (ANPRM)[24], seeking comments from the trade on whether they should require common carriers and marine terminal operators to include certain minimum information regarding demurrage detention billings[25].
    b. Last month, the Commission initiated the ANPRM on Demurrage and Detention Billing Requirements to gauge if a new rule governing demurrage and detention billing practices would benefit the trade and apply to marine terminal operators non-vessel-operating common carriers, as well as vessel-operating common carriers.
3. **Another Evergreen shipping vessel runs aground:**
    a. One year after the *Ever Given* container ship ran aground in the Suez Canal, another Evergreen vessel repeated the feat in the US state of Maryland[26]. Local officials say the *Ever Forward* left Baltimore on Sunday night en route to Norfolk, Virginia, but was grounded in the Chesapeake Bay.
    b. Fortunately, divers inspecting the underside of the grounded ship confirmed that the hull is intact, and the propeller and rudder are "fully functional"[27]. Evergreen reports that there has been no leakage of fuel so far due to the grounding of this 12 000 TEU vessel as it departed the port in Baltimore.

b. Global aviation industry

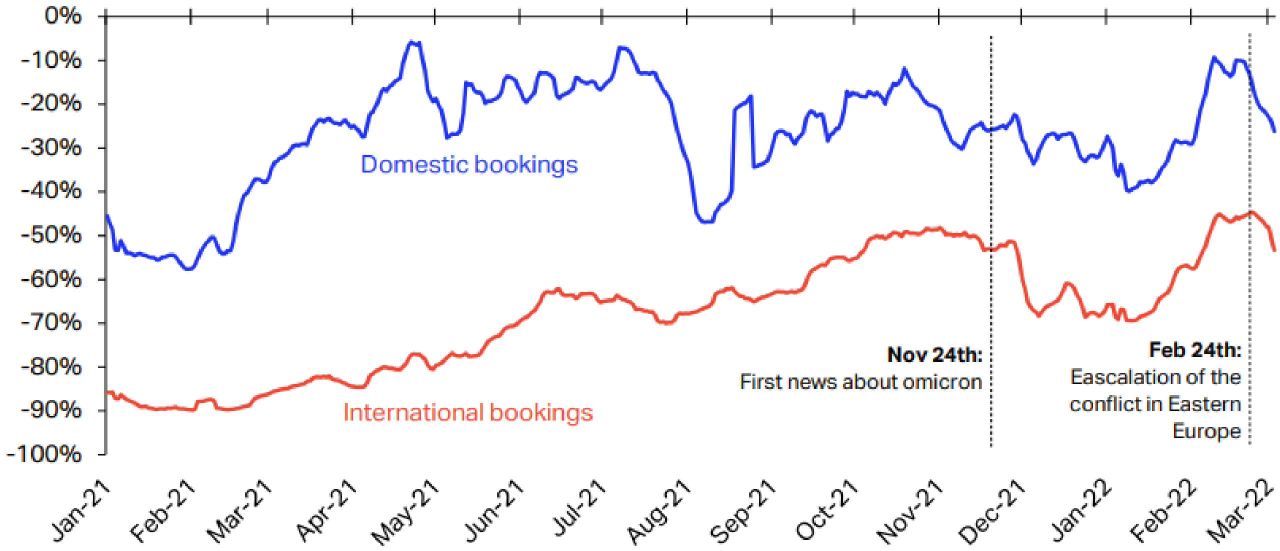
i. The impact of the conflict between Russia and Ukraine on aviation

The escalation of the conflict between Ukraine and Russia has significant implications for the aviation industry. Governments have adopted economic sanctions that specifically target the industry and closed large

[21] Wackett, M. 14/03/2022. New Shenzhen lockdown will hit supply chains harder than Suez disruption.
[22] Bloomberg. 18/03/2022. Shenzhen Lockdown Eases as Xi Seeks to Soften COVID Impact.
[23] Whelan, S. 16/03/2022. Logistics disruption and ship queues lengthen after new China lockdowns.
[24] FMC. 14/03/2022. 46 CFR Subchapter B.
[25] Shipping & Freight. 15/03/2022. Federal Maritime Commission extends deadline for Demurrage & Detention ANPRM Comments.
[26] BBC. 16/03/2022. Another Evergreen shipping vessel runs aground.
[27] Savvides, N. 17/03/2022. Ever Forward undamaged, says Evergreen as salvor is appointed.

areas of air space, fuel is trading at historical highs, and fear of continued warfare is affecting already fragile air passenger demand. Nevertheless, in the weeks preceding 24 February, demand for air travel was on a dynamic upward trajectory recovering from the Omicron wave of COVID-19. Domestic bookings neared **90%,** and international bookings exceeded **50%** of pre-pandemic levels:

Figure 15 – Passenger ticket sales (7-day moving average in % change versus 2019)



Source: IATA

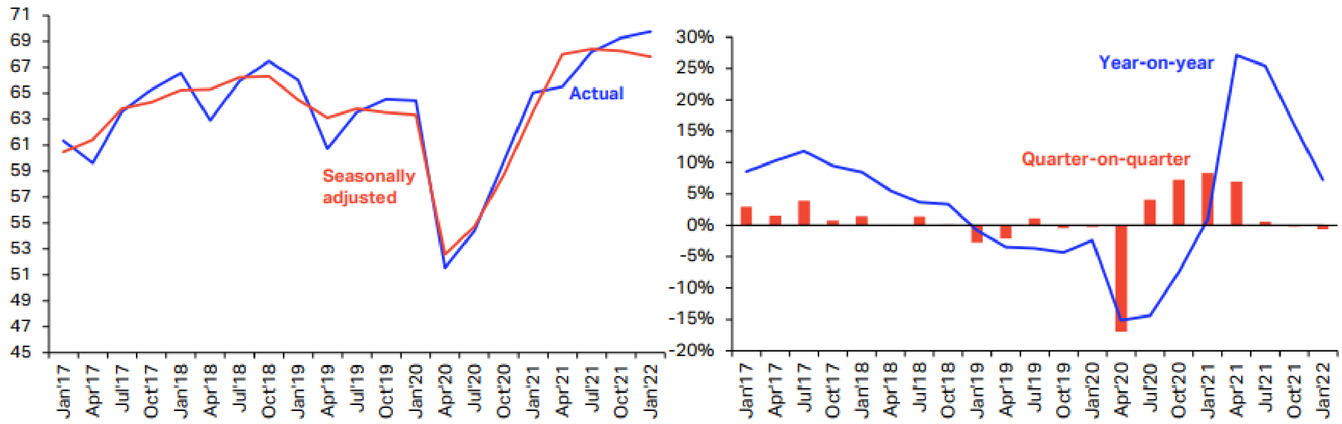
The week starting 24 February saw bookings decline by ↓**8%** compared to the week prior. This decline could be observed in domestic and international bookings at ↓**8%** and ↓**9%** respectively. Domestic travel was affected in Russia and Ukraine. However, IATA notes that some reduction in domestic demand can be attributed to the seasonal decrease of Chinese domestic travel after the New Year holidays. The decline was sharper in the wider Europe region, where there were ↓**14%** fewer bookings made the week when the conflict broke out. The most significant drops in demand could be observed for travel to and from Eastern European countries. Ukraine and Moldova both closed their air space completely and saw negative net bookings (more refunds than new ticket sales) that week. Russia also closed its air space to certain countries' carriers, and their bookings declined by ↓**52%**.

ii. Air Cargo Chartbook

IATA released their latest "*Air Cargo Chartbook*" for Q1 2022[28], reporting a softening of air cargo growth in the three months to January. Industry-wide cargo tonne-kilometres (CTKs) rose ↑**7,2%** y/y but weaker than the previous three-month period (↑**16,0%**). The following side-by-side figures showcase the cargo levels for the industry over a three-month rolling period and the cargo growth rates over the last five years:

[28] IATA. 15/03/2022. Cargo Chartbook.

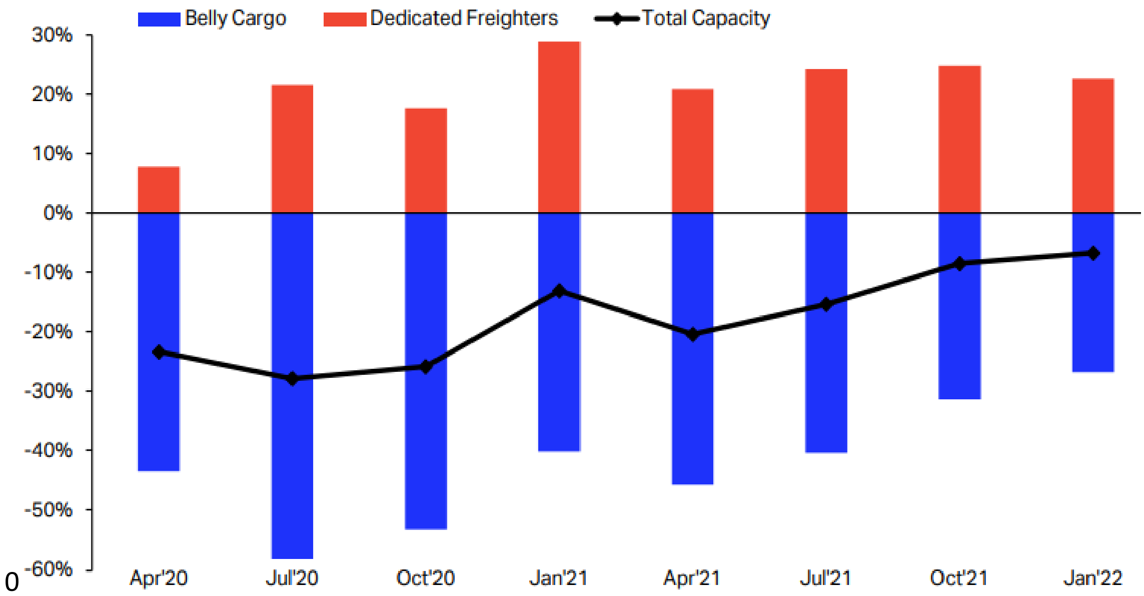
Figure 16 – CTK levels (billions per 3-month rolling period) and cargo growth rate (CTKs %)



Source: [IATA]()

Although air cargo has continued to be a saving grace for global trade throughout the pandemic, it appears as if a turning point has been reached. Despite the positive growth for the last three months, the seasonally adjusted CTKs fell by **↓0,7%** q/q, partly due to a weak month in January. Although much of the growth has been driven by the return of capacity, IATA further notes that seasonally adjusted capacity softened lately, partly due to the impact of Omicron in January 2022.

Figure 17 – International ACTK (% change versus 2019 - per 3-month rolling period)



Source: [IATA]()

Capacity on dedicated freighters has been stable recently and was **↑22,6%** above pre-crisis levels in the three months to January 2022, but only **↑3,6%** above 2021. Belly cargo capacity was **↓26,8%** below the same period in 2019, but **↑25,8%** above 2021. However, capacity cuts are potentially on the horizon, as Shanghai Pudong closes to inbound flights and reroutes international passenger flights from Thursday. These would be diverted to 13 other cities for six weeks to stop the spread of new COVID-19 cases[29]. Besides the Omicron outbreak, other air cargo growth drivers are currently mixed. While trade and economic activity continue to expand, business and consumer confidence have eased. The inventory-restocking cycle still has ground to cover, but the conflict in Eastern Europe threatens CTKs growth.

[29] Lennane, A. 14/03/2022. [Capacity cuts strike again as Shanghai Pudong closes to inbound flights]().