

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

**Date: 25 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)	18 525	19 990	<b>38 515</b>	19 370	19 887	<b>39 257</b>	<b>↓2%</b>
Air Cargo (tons)	4 820	2 987	<b>7 806</b>	4 569	2 792	<b>7 360</b>	<b>↑6%</b>

## Monthly Snapshot

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

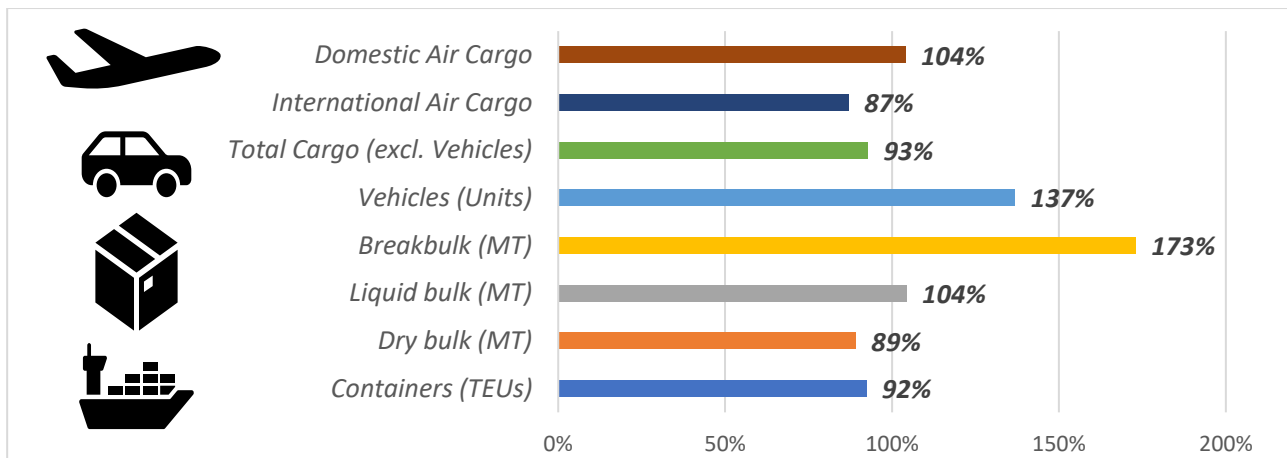
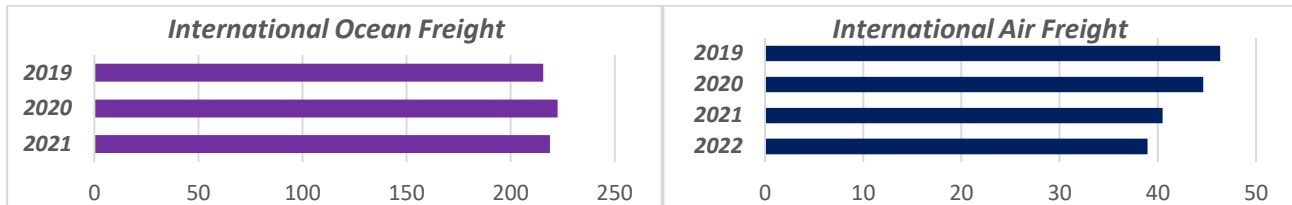


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- An average of **~5 502 containers** was handled per day, with **~7 635** projected for next week.
- Rail cargo handled out of Durban amounted to **3 728** containers, **↑23%** compared to last week.
- Cross-border queue times is the same as last week (**~16,1 hours**), with transit times **↓0,2 hours**.
- The "WCI" fell again sharply this week, with spot freight rates **↓4,1%** (or **\$361**) to **\$8 471** per 40-ft.
- Global economic growth continues to be stymied by unexpectedly high inflation, soaring commodity prices, supply-chain disruptions, and tight labour markets as the Russia-Ukraine conflict continues.
- Africa continues to lead the way for airfreight, with CTKs rising from **↑4,5%** to **↑22,2%** (2019 levels).

<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 80<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. This delay originates from the fact that Transnet National Ports Authority has not yet updated its website with the latest statistics.

<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 80<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 **1 246** per day (↓**13%** from last week's average of **1 430**). South Africa has recorded **3,71 million<sup>6</sup>** positive cases, with **99 932** recorded deaths (up by **103**). Although COVID-19 is not yet a thing of the past, positive cases (and positive rates, currently ~**5%**) and deaths have subsided in recent weeks. Globally, the case tally stands at **477 million** infected by COVID-19, with **6,11 million** deaths recorded. Around **11,14 billion** vaccine doses have been administered globally<sup>7</sup>, with the South African count at **33,11 million**.

Port operations in Cape Town were slowed down by adverse weather conditions, mainly strong winds stopping operations intermittently. As a result, CTCT was windbound periodically on Monday, Tuesday, and Wednesday. In addition, CTCT managed to bring one of the two cranes back into operation. On the other side of the coast, Durban experienced various challenges due to power outages and system-related issues on Wednesday. As a consequence, transporters were complaining about congestion at landside operations. In the Eastern Cape, the Ports of Gqeberha and Ngqura were experiencing extensive system related issues on Monday affecting throughput. A revised Transnet Port expansion plan was shared with the Executive Committee on Tuesday, including new plans to grow the Port of Durban to more than four times its current capacity. The report finally proposed that Transnet and the municipality work jointly to develop areas of common interest and resolve misalignments (see the detailed summary [below](#)).

The global shipping industry and Russia's invasion of Ukraine continue to impact international transport routes and infrastructure, especially on the Black Sea and the Sea of Azov. However, the most important story from the global container industry comes in another significant reduction in spot freight rates. The major determinants have been the continuation of a drop in demand, as poor reliability, increased fuel prices, and deep mistrust of shippers have spilt over into the spot prices. The changes come after a significant drop in the conclusion of longer-term contracts, as the industry is seemingly moderating. We wait with interest to see how global container throughput has been impacted, as most international metrics are due to be published next week. Additional significant developments include **(1)** Suez Canal fees set for another increase, and **(2)** US West Coast port congestion starts to ease (see the detailed summary [below](#)).

South Africa's international air cargo sector volumes increased marginally this week (**↑6%**), with domestic air cargo also up (**↑5%**). Internationally, IATA provided an update on the impact of the conflict between Russia and Ukraine on aviation. Both passenger and air cargo have been affected, although the effects remain regional for now. In 2021, Russia accounted for **2,5%** of dedicated cargo flights globally, which provides some perspective on the current situation.

In concluding the 80<sup>th</sup> edition, our attention goes to a recent article by Transnet Group CEO Portia Derby, in which she shared her thoughts on how Transnet plans could get "*back on track*", as she conceded that performance remains suboptimal on many parts of the extended network. However, Ms Derby provided some optimism in noting that Transnet (and partners) are working to improve reliability and volume throughput. Furthermore, complementing the opinions often shared in these reports, she noted that Transnet Port Terminals (TPT) is keenly attuned to the need to improve port operations and equipment maintenance. To this end, TPT is overhauling its operating model but does require the assistance of the shipping lines and logistics community for these interventions to reach their full potential. Nevertheless, from the private sector's point of view, there appears to be a clear commitment to collaborate and focus our attention on solving problems instead of complaining about the day-to-day operational issues.

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

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

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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 19 to 25 March<sup>8</sup>

7-day flow forecast (19/03/2022 – 25/03/2022)		
TERMINAL	NO. OF CONTAINERS <sup>9</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 021	4 148
DURBAN CONTAINER TERMINAL PIER 2:	7 970	10 338
CAPE TOWN CONTAINER TERMINAL:	3 104	3 838
NGQURA CONTAINER TERMINAL:	2 130	1 066
GQEERHA CONTAINER TERMINAL:	300	600
<b>TOTAL:</b>	<b>18 525</b>	<b>19 990</b>

Source: Transnet, 2021. Updated 25/03/2022.

Table 3 – Container Ports – Weekly flow reported for 26 March to 1 April<sup>10</sup>

7-day flow forecast (26/03/2022 – 01/04/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 798	4 209
DURBAN CONTAINER TERMINAL PIER 2:	9 188	12 616
CAPE TOWN CONTAINER TERMINAL:	6 317	7 702
NGQURA CONTAINER TERMINAL:	4 054	2 663
GQEERHA CONTAINER TERMINAL:	300	600
<b>TOTAL:</b>	<b>25 657</b>	<b>27 790</b>

Source: Transnet, 2021. Updated 25/03/2022.

After a very quiet week last week, another low average of **~5 502 containers (↓2%)** was handled per day for the last week (19 to 25 March, Table 2), despite a projected average of around **~7 015 containers** noted in last week's report. A substantially increased average of **~7 635 containers (↑39%)** is projected to be handled next week (26 March to 1 April, Table 3). This week's challenges revolved around occasional strong winds ceasing port operations intermittently at CTCT. In the Port of Durban, Gqeberha and Ngqura, extensive power and system-related issues affected operations, causing excessing landside delays, especially at Pier 1 (see a more detailed breakdown per port [below](#)).

<sup>8</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.

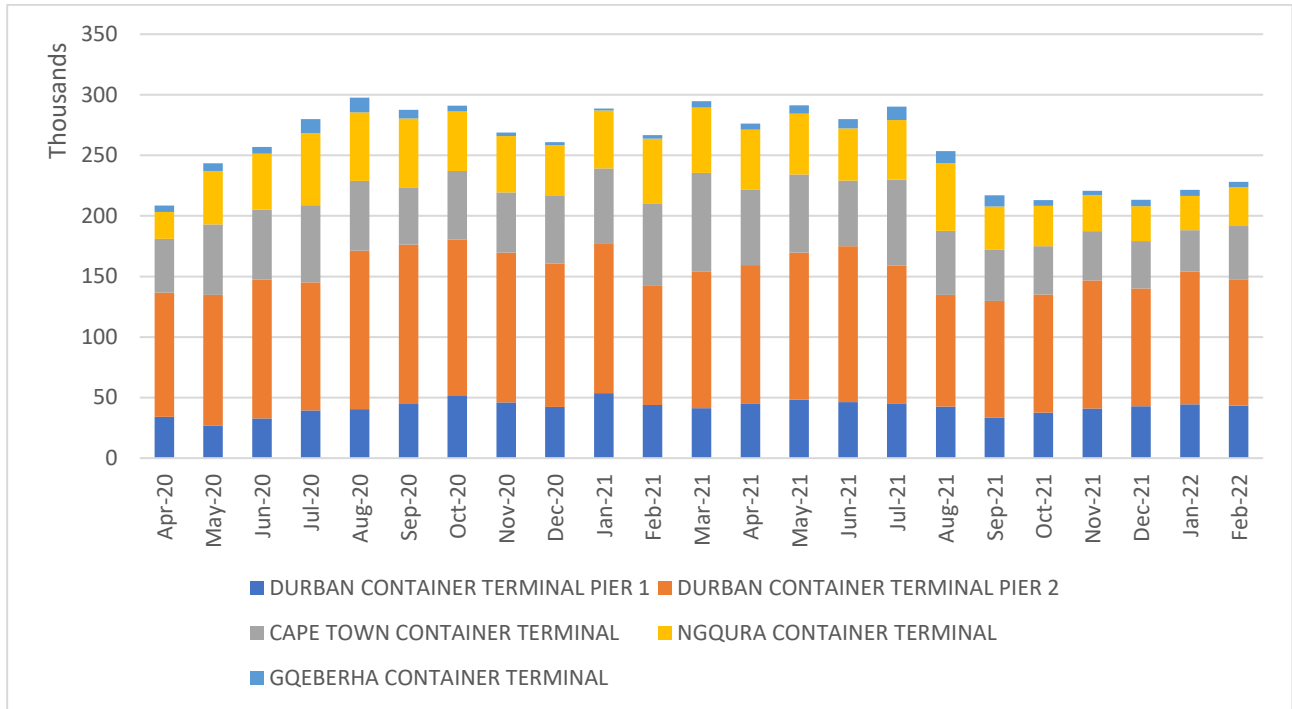
<sup>9</sup> As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container.

<sup>10</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 nationwide lockdown. Please note that the monthly flow is reported in containers and not TEUs, as mentioned in the footnote.

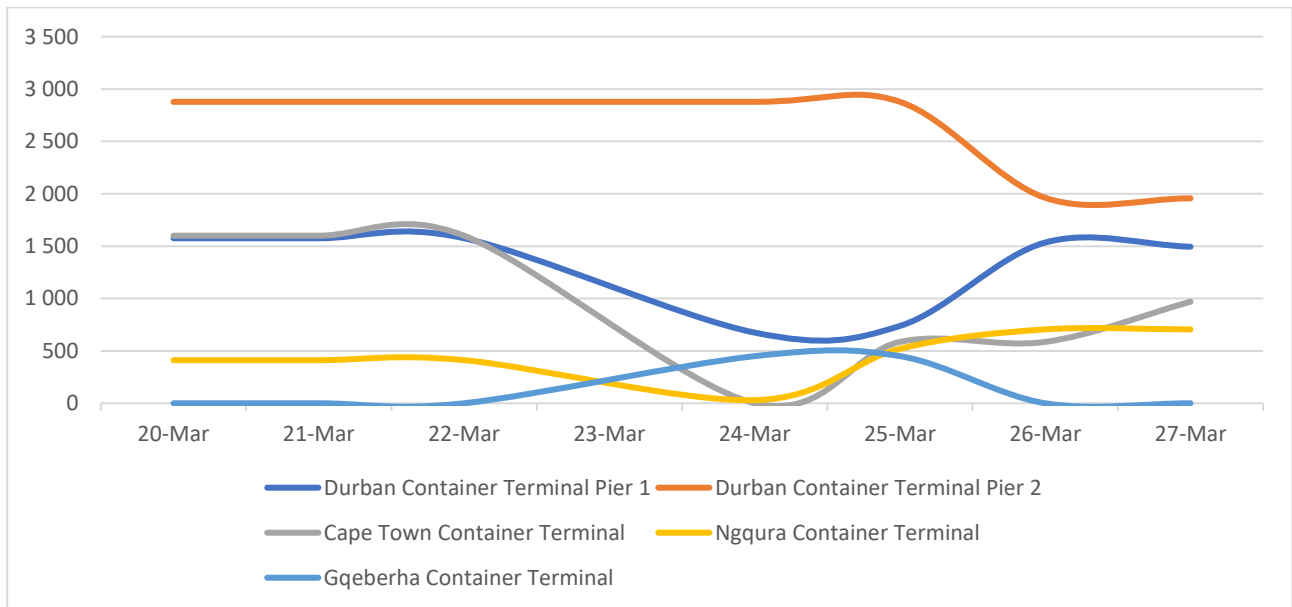
**Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)**



Source: Calculated using data from Transnet, 2021. Updated 25/03/2022.

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

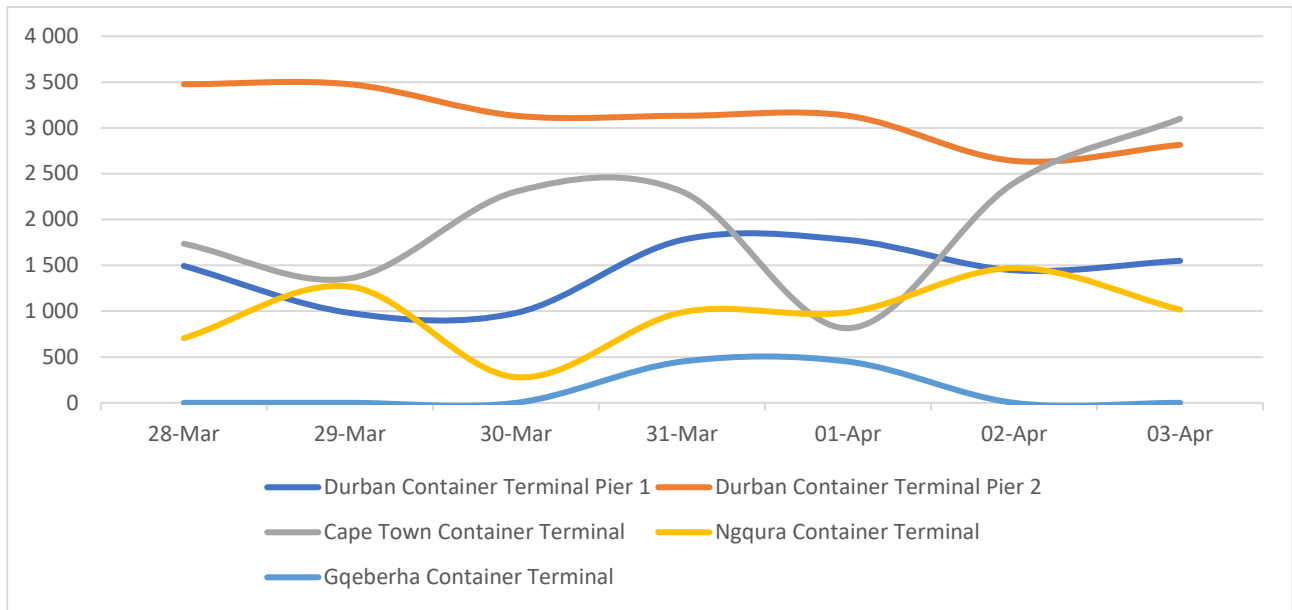
**Figure 4 – 7-day flow reported for total cargo movement (19 to 25 March; per port; day on day)**



Source: Calculated using data from Transnet, 2021. Updated 25/03/2022.

## COVID-19: Cargo movement update

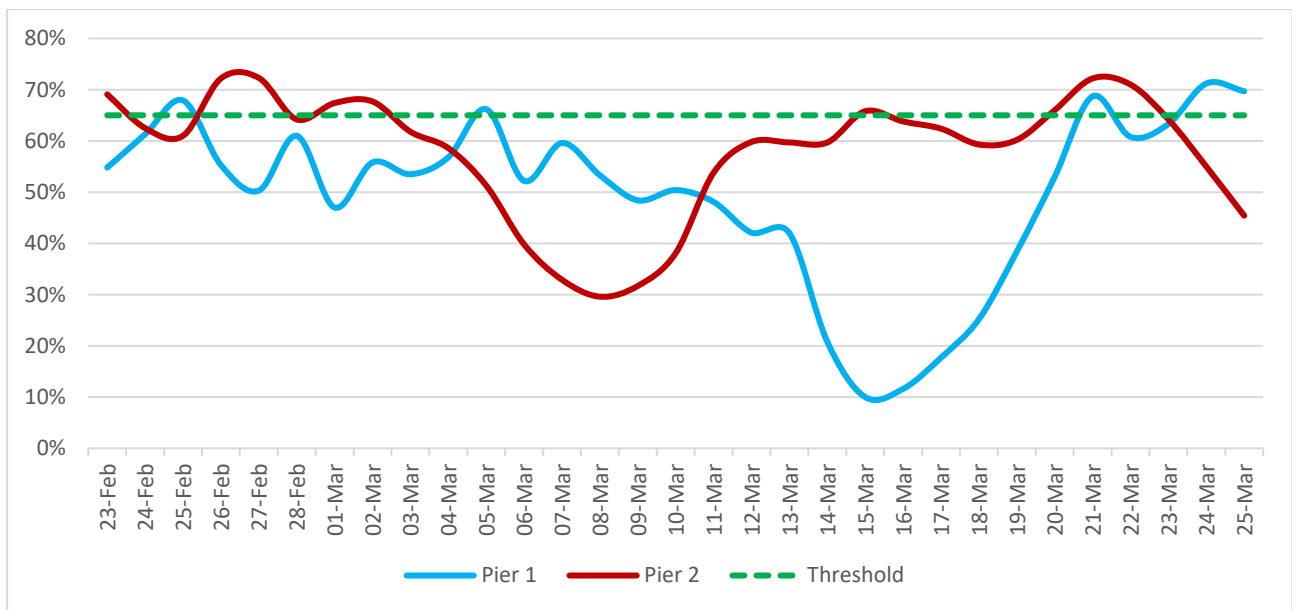
Figure 5 – 7-day flow reported for total cargo movement (26 March to 1 April; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 25/03/2022.

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

Figure 6 – Stack occupancy in DCT, general-purpose containers (23 February to present; per pier; day on day)

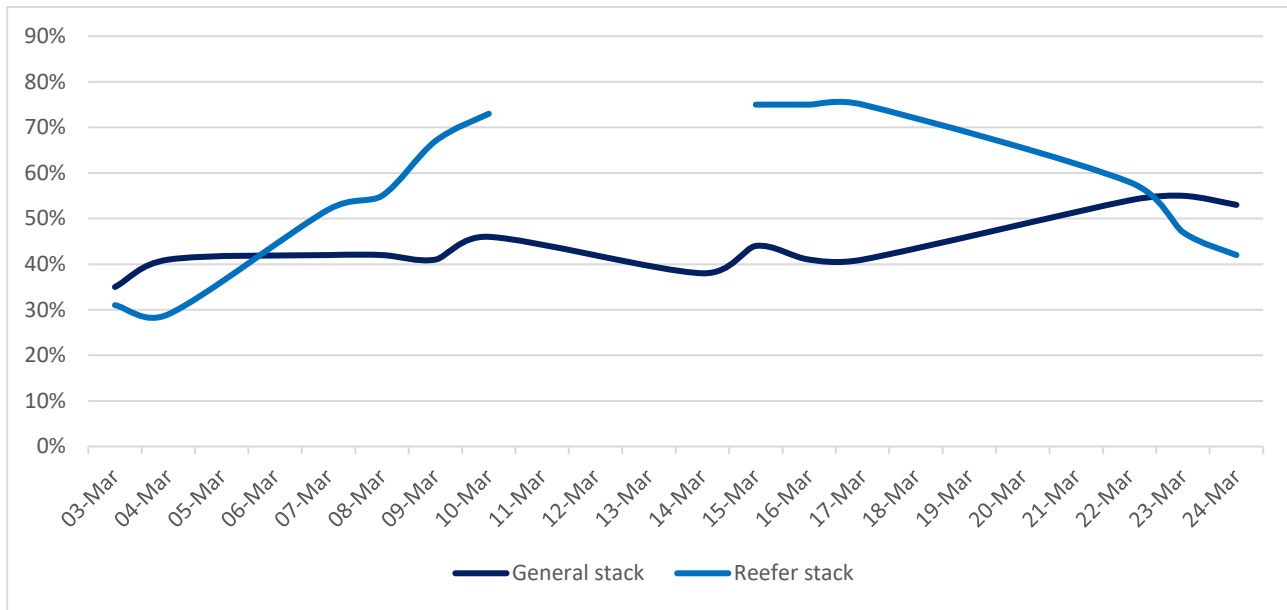


Source: Calculated using data from Transnet, 2021. Updated 25/03/2022.

The following figure shows daily stack occupancy in Cape Town over a similar period.

## COVID-19: Cargo movement update

Figure 7 – Stack occupancy in CTCT, general-purpose and reefer containers (3 March to present; d/d)



Source: Calculated using data from Transnet, 2021. Updated 25/03/2022.

### 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 port experienced various instances of strong winds that halted waterside operations. On Monday from 16:00 till 01:40, and again on Tuesday morning from 05:30 till 09:00, CTCT was windbound. On Wednesday, strong winds ceased operations at CTCT again from 16:20 till 08:00. Also, Cape Town MPT lost 3 hours and 51 minutes due to strong winds on the same day, even though this terminal is not generally subjected to interference from the wind.

On Wednesday night, Durban experienced some light rain that delayed bulk loading at Durban's Maydon Wharf terminals. No other disruptions were reported.

In the Eastern Cape, there were no challenges reported due to bad weather.

#### ii. Cape Town

On Monday, CTCT recorded two vessels at berth and five at anchor. In terms of equipment, the terminal reported 19 RTGs, 40 hauliers, and seven cranes in operation, manned by seven gangs. LC1 was brought back, with terminal performance still being monitored on Monday. LC8 was delayed again as the engineering team tried to fit the window on Saturday. Regrettably, the window cracked, which meant that a new window had to be ordered. According to the engineering team, the crane was expected to be back before the end of this week. Stacks were sitting at 54% for GP containers, 58% for reefers, and 42% for empties. The terminal managed to service 333 trucks and 24 containers via rail on the landside. Cape Town MPT reported no significant challenges. Stack occupancy for GP containers stood at 11%, reefers at 35%, and empties at 9% capacity.

On Wednesday, despite the weather challenges, CTCT managed to handle 1 100 TEUs across the quay and 929 trucks with an average TTT of 34 minutes. Stacks were 53% for GP containers, 42% for reefers, and 27% for empties. Cape Town MPT moved 184 containers across the quay and 276 trucks. Stack occupancy was low at 31% for GP containers, 3% for reefers, and 5% for empties.

## *COVID-19: Cargo movement update*

### **iii. Durban**

A revised Transnet Port expansion plan was shared with the Executive Committee on Tuesday, including optimistic new plans to grow the Port of Durban by more than four times its current capacity. Furthermore, eThekweni chief strategy officer Adrian Peters recommended that a political oversight committee be set up to oversee eThekweni's responsibility and involvement in the proposal. It seems that the municipality's lobbying efforts to occupy a position on the TNPA Board have yet to succeed. Peters said the port's operations had significantly affected land developments around the municipally controlled area, resulting in many residential areas being exposed to trucking operations, with air quality and traffic congestion deteriorating.

The planned expansions are expected to affect the road network, freight corridors, and port-city land allocations, requiring significant planning. In addition, the plans designated the Point and Maydon Wharf berths for container expansion with a direct impact on the inner city and Congella/Umbilo precincts. Peters further advised that rail planning remained in its infancy and needed to be accelerated. The plans also required the enlargement of the harbour mouth. To date, relations with surrounding communities have been strained, and most communities are resistant to new developments. The report finally proposed that Transnet and the municipality work jointly to develop areas of common interest and resolve misalignments.

Pier 1 experienced several drivers testing positive for alcohol on breathalyser tests the previous weekend. Their trucks were consequently de-registered. Trucking industry stakeholders were urged to address this issue as a matter of urgency due to the risks posed to all in the greater port community.

Durban Pier 2 reported various cranes out of commission intermittently due to planned maintenance. Available straddle carriers were 67, increasing throughout the day. Crane 528 was out for extended maintenance and was back in operation on Friday, 25 March. On Monday, the terminal managed to handle 1 858 gate moves on landside activities, well below the target of 3 400 moves per day. According to the terminal representatives, low volumes resulted from the public holiday. Stacks were sitting at 72% capacity, and industry was encouraged to collect import containers as soon as possible. Pier 1 and Pier 2 reported zero vessels at anchor. Pier 1 also had various cranes out for planned maintenance during the week. Pier 1 on Monday handled a low 876 gate moves with 465 cancelled slots and 69 wasted slots. In terms of equipment, Pier 1 reported 17 RTGs in operation.

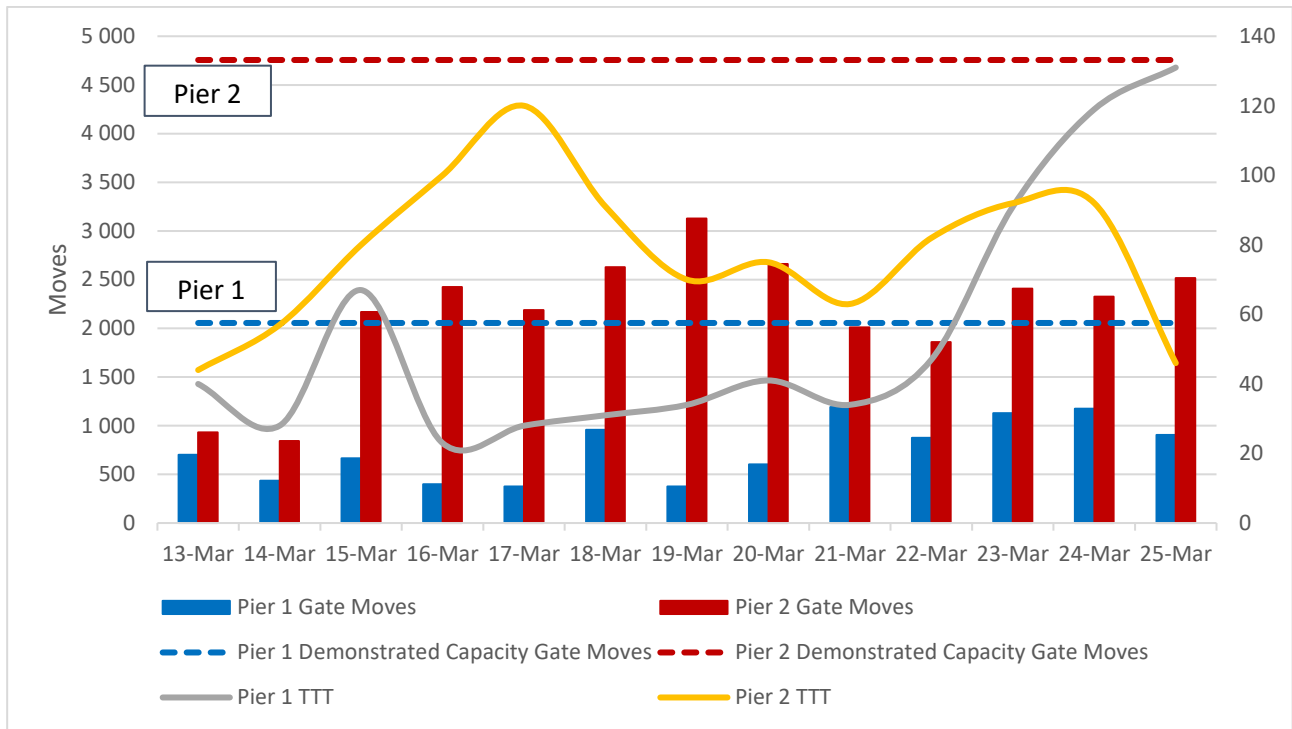
On Tuesday, Pier 1 experienced a power dip from 12:30 till 15:30, during which trucks had to be processed manually. In addition, port users voiced their frustration at Transnet's delay in informing port users, which caused excessive landside congestion and added delays. As a result, stacks were extended. Pier 2 and Durban MPT terminal also experienced a minor system failure, which was speedily resolved.

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.



## COVID-19: Cargo movement update

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



Source: Calculated using data from Transnet, 2021. Updated 25/03/2022.

### iv. Eastern Cape ports

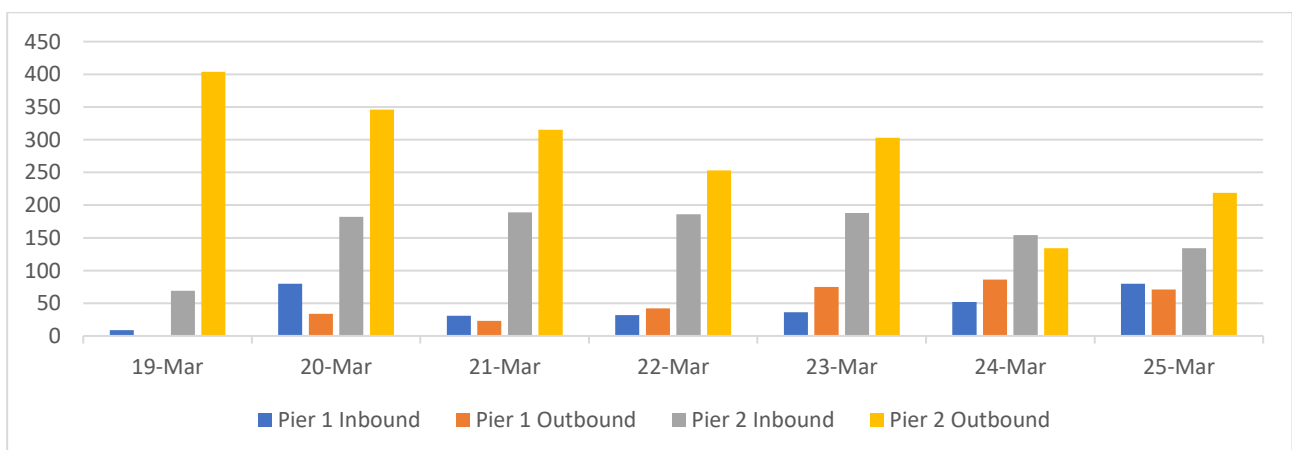
The ports of Gqeberha and Ngqura experienced extensive power and connectivity issues on Monday. As a result, TPT representatives from both ports did not attend the port meetings last week.

### v. Transnet Freight Rail (TFR)

Challenges experienced this week revolved around a lack of resource trains for Durban port due to the rally meter issues encountered on the Durban route.

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 25/03/2022.

In the last week (19 to 25 March), rail cargo handled out of Durban was reported at **3 728** containers, ↑23% from the previous week's **3 031** containers.

## COVID-19: Cargo movement update

### vi. General

Transnet CEO Portia Derby gave her view on how Transnet plans to get "*back on track*" this past week<sup>11</sup>. She explained that over the last two years, Transnet had encountered various challenges that undermined the company's ability to respond to the specific needs of the segments they chose to focus on; complex integrated logistics value chains including containers, automotive and agriculture, bulk commodity value chains in mining and energy logistics including liquid fuels and gas. The first challenges that surfaced were due to the effects of COVID-19; secondly (and consequently), the depressed economic environment had amplified cable theft, steel theft, and theft of liquid fuel from the pipelines. Lastly, Transnet had underestimated the challenges posed by the inflexibility of the compulsory setting aside of the original manufacturer (OEM) supply contracts for the 1 064 locomotives. As a result, there was resistance from the OEMs to reach an equitable settlement regarding the delivery of locomotives and spares. This situation led to a shortage of locomotives, and the effects have been felt chiefly within the coal, magnetite, ferrochrome, and manganese flows.

She further explained Transnet's response to these challenges, which included:

- Augmenting the available locomotive fleet by working with service providers to re-engineer parts for certain locomotive types.
- Improving the network's security, specifically its vulnerability to copper theft, by using technology and performance-based security contracts. In addition, Transnet is looking at partnering with communities to assist with protecting the assets located in their communities.
- Strong partnerships have been formed within the container, automotive and agricultural sectors regarding cargo delivery flow. Requests for proposals in respect of container terminals at the ports of Ngqura and Durban and inland terminal facilities at Kaalfontein and City Deep had been issued.
- Similar partnership plans have been prioritised within the automotive and agricultural sectors.
- In April, the first phase of open access to the railway network for third-party operators will be operationalised on the Container Corridor between Durban and Gauteng. However, Transnet's objective remains to reposition as much cargo on the rail modality as possible.
- Transnet's focus remains on reinvesting in rail and port solutions that build volumes and allow junior miners to export via viable logistics solutions in the bulk commodity sector. Transnet's analysis shows a huge untapped demand for export growth in ferrochrome, magnetite, iron ore, and manganese. Transnet is working on solutions with the mining community to take advantage of recent increases in global commodity prices.
- Transnet hopes to address infrastructure maintenance backlogs through concessionary funding to improve railway speed and reliability.
- TNPA has issued a request for information to develop a liquefied gas terminal at the Port of Richards Bay, and a partnership between Transnet, the Central Energy Fund, and the Industrial Development Zone is proposed to do the same at Ngqura.
- Ms Derby remains optimistic that a turnaround can be achieved rapidly to reposition Transnet as a conduit of growth to minerals, mining, manufacturing, and agriculture, contributing enormously to the economy.

On another note, a communication was shared on Wednesday to inform port users of the power outage at the inland terminal Kazcon. The power outage interrupted the evacuation of imports from the terminal. In the interim, documents were processed at City Deep whilst technicians were working on resolving the issue.

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<sup>11</sup> Derby, P. 21/03/2022. [PORTIA DERBY: How we are getting Transnet back on track.](#)

## 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 14 March. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2021* averaged **~809 193 kg** per day.

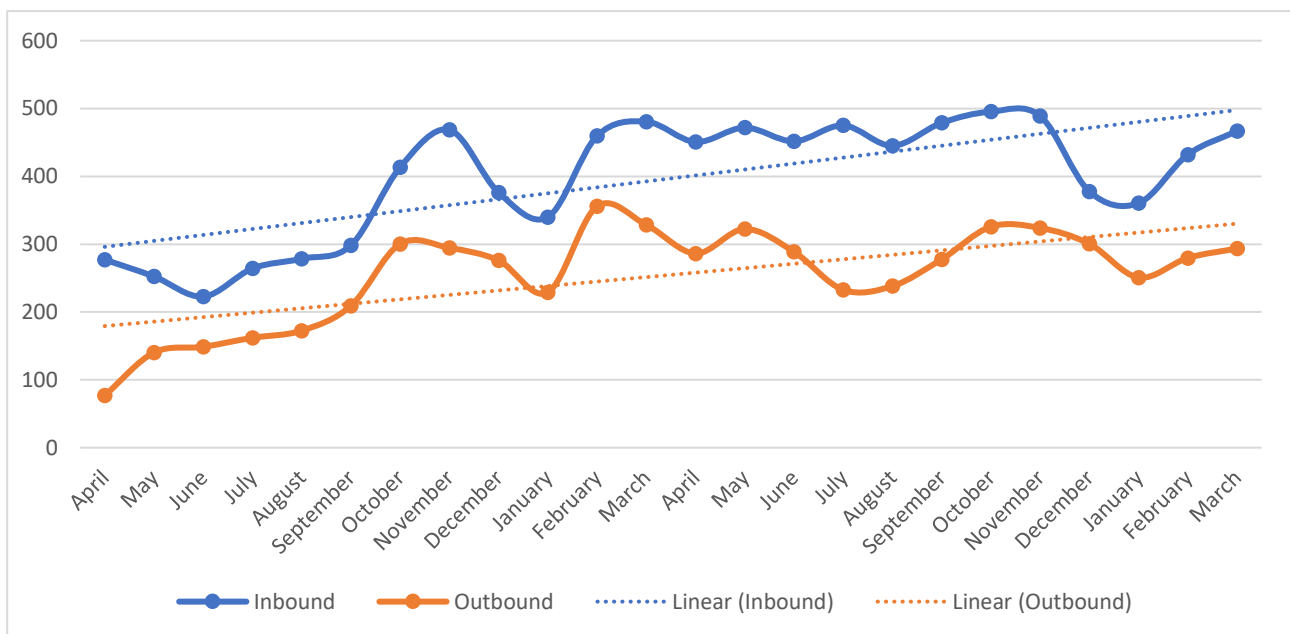
Table 4 – International inbound and outbound cargo from OR Tambo

Flows	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	19-Mar	20-Mar
Volume inbound	509 601	526 287	362 698	454 741	340 558	318 940	860 946
Volume outbound	326 074	272 833	197 862	239 327	246 147	224 549	583 770
<b>Total</b>	<b>835 675</b>	<b>799 120</b>	<b>560 560</b>	<b>694 068</b>	<b>586 705</b>	<b>543 489</b>	<b>1 444 716</b>

Courtesy of ACOC. Updated: 23/03/2022.

The daily average volume of air cargo handled at ORTIA for the week starting 14 March amounted to **481 967 kg** inbound and **298 652 kg** outbound, amounting to an average of **780 619 kg** per day or **~96%** compared with March 2021. Compared to pre-COVID-19 times, the level is currently at **~103%** 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: 23/03/2022.

#### 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

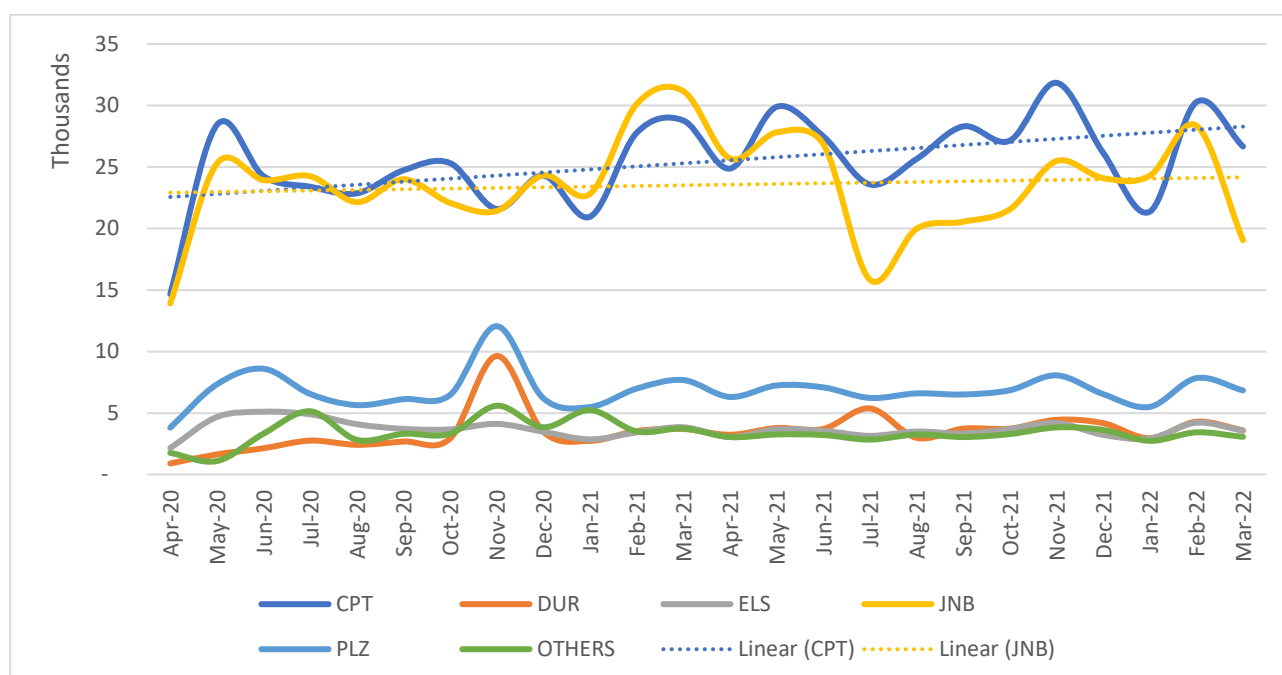
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DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
Mar Average	26 670	3 590	3 569	19 048	6 842	3 063	62 783
16-Mar-22	43 729	4 950	5 872	31 704	12 679	5 686	104 620
17-Mar-22	44 236	5 649	6 412	28 369	10 741	5 853	101 260
18-Mar-22	24 573	4 194	2 720	22 344	5 141	4 083	63 054
19-Mar-22	2 622	1 358	173	1 483	417	131	6 183
20-Mar-22	2 935	717	231	675	1 371	265	6 194
21-Mar-22	3 567	747	144	278	1 016	396	6 147
22-Mar-22	53 567	5 496	8 481	38 487	13 370	4 930	124 332
<b>Total for 2022:</b>	<b>2 137 596</b>	<b>296 985</b>	<b>292 797</b>	<b>2 018 378</b>	<b>548 560</b>	<b>251 758</b>	<b>5 546 074</b>

Courtesy of BAC. Updated: 23/03/2022.

The average domestic air cargo moved last week was **~58 827 kg** per day, which is **↑5%** compared with the previous week and **~78%** 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: 23/03/2022.

### 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:

- The dire situation at Kasumbalesa has still not improved, with drivers sitting in queues for over a week with little or no security and sanitation and very little rest.
- Zambian officials have communicated that all permits (biological, veterinary, or agricultural goods) must be registered before submitting an entry.
- Lastly, Kopfontein was closed briefly on Sunday, 20 March but has since reopened. Besides this incident, there were no border closures during the last seven days from a South African perspective.

## COVID-19: Cargo movement update

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, with the slow traffic at Kasumbalesa and Skilpadshek still of concern.

*Table 6 – Delays<sup>12</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	42:00	0	0	0	24 640	0
SA/Zim	Beit Bridge	0:00	16:00	943	28 290	6 601	92 414	0
Moz/Zam	Cassacatiza/Mlolo	1:00	9:00	175	5 250	1 225	8 575	1 225
Zam/Zim	Chirundu	0:00	17:00	620	18 600	4 340	65 100	0
Moz/Mal	Dedza	2:00	13:00	50	1 500	350	3 850	700
SA/Bot	Grobblersbrug/Martins Drift	1:00	12:00	400	12 000	2 800	28 000	2 800
Zam/DRC	Kasumbalesa	192:00	55:00	750	22 500	5 250	278 250	1 008 000
Zam/Bot	Kazungula	0:00	17:00	240	7 200	1 680	25 200	0
SA/Bot	Kopfontein/Tlokweg	1:00	11:00	100	3 000	700	6 300	700
Moz/Zim	Machipanda/Forbes	1:00	6:00	320	9 600	2 240	8 960	2 240
Mal/Zam	Milange	0:00	20:00	30	900	210	3 780	0
Zim/Moz	Nyamapanda	1:00	1:00	100	3 000	700	-700	700
SA/Moz	Lebombo/Ressano Garcia	7:00	14:00	1 100	33 000	7 700	92 400	53 900
SA/Bot	Skilpadshek/Pioneer Gate	48:00	45:00	100	3 000	700	30 100	33 600
Nam/Bot	Trans Kalahari/Mamuno	16:00	20:00	300	9 000	2 100	37 800	33 600
Zam/Zim	Victoria Falls	0:00	49:00	100	3 000	700	32 900	0
Moz/Mal	Zobue/Mwanza	1:00	21:00	114	3 420	798	15 162	798
				<b>5 542</b>	<b>166 260</b>	<b>38 794</b>	<b>763 931</b>	<b>1 139 663</b>

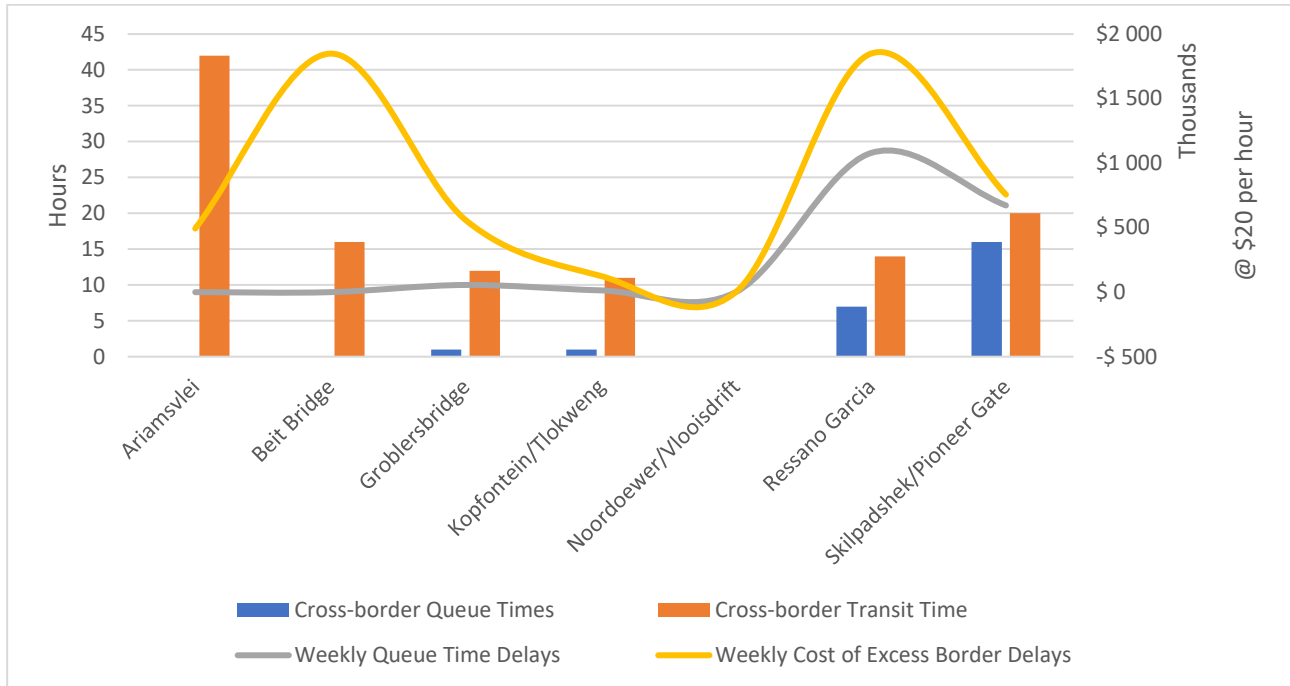
*Source: TLC & FESARTA, week ending 22/03/2022.*

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

<sup>12</sup> It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

## COVID-19: Cargo movement update

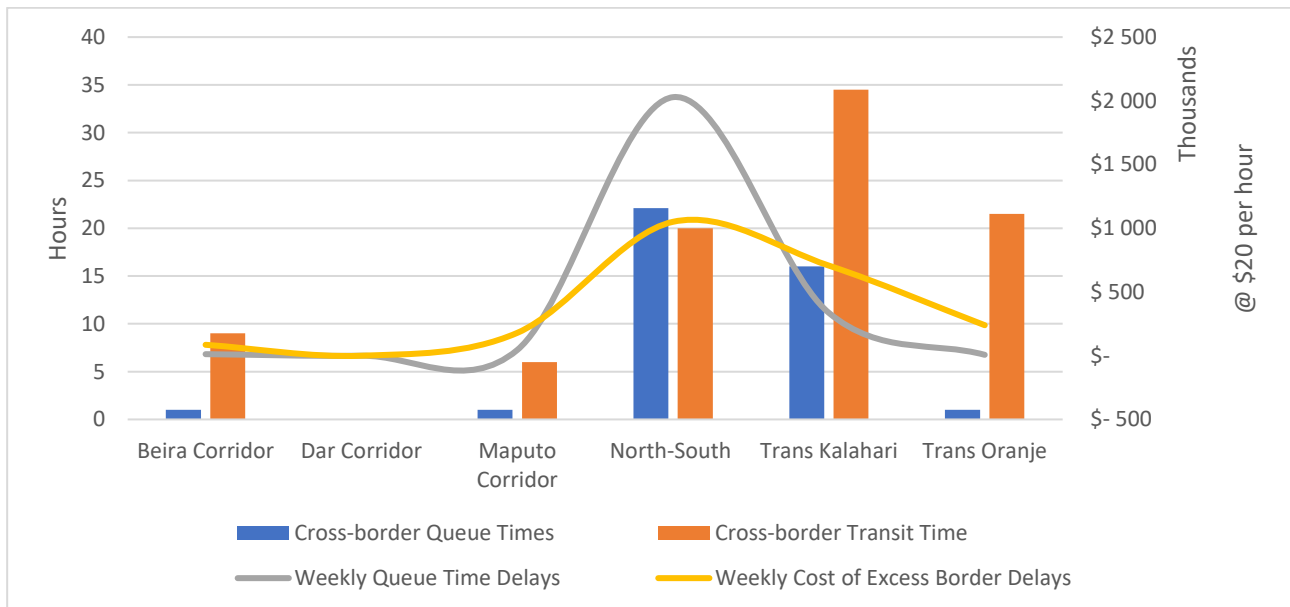
Figure 12 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 22/03/2022.

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 22/03/2022.

In summary, cross-border queue time has averaged **~16,1 hours** (remaining the same as 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 **~19,3 hours** (down by **~0,2 hours** from the **~19,5 hours** recorded in the previous report), costing the transport industry **\$15 million (R244 million)**. As a result, the total cost for the week amounts to an estimated **~R609 million** (down by **~R19 million** or **↓3%** from **R628 million** in the previous report), mainly attributed – as with last week – to the troubles at Kasumbalesa.

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

### a. Global economy

As the uneven economic rebound after a disastrous 2020 continues, many countries (and sectors alike) are still trading well below pre-pandemic levels. Economic growth continues to be stymied by unexpectedly high inflation, soaring commodity prices, supply chain disruptions, and tight labour markets. These were the headlines in a recent International Chamber of Commerce (ICC) assessment<sup>13</sup>. In a supplementary analysis on "COVID-19 and Crisis in Ukraine"<sup>14</sup>, the ICC highlights the following key points on the state of the global economy:

- China and the US returned to their pre-pandemic real GDP in 2021, while others only partly rebounded (including South Africa, projected at **↑4,6%** in 2021 after a **↓6,4%** contraction in 2020).
- Inflation remains elevated, currently at **↑3,1%** in advanced economies and **↑5,7%** in emerging markets, with the outlook expected to stay due to prolonged supply chain disruptions and high energy prices.
- Commodities are soaring compared to the same time a year ago:
  - **↑67%** for oil
  - **↑100%** for coal
  - **↑560%** for natural gas
  - **↑27%** for agricultural goods (mainly maize and soybeans)
  - **↑35%** for industrial inputs
- There is an increasing debt burden and risk of debt distress (South Africa included), especially for low-income countries.
- Russia's war in Ukraine could hamper global recovery and fuel further inflation, with the following risks:
  - Trade – supply chain disruptions, possible ban on fuel exports, and lower consumer and business confidence
  - Inflation – predominantly agricultural, energy, manufacturing, and shipping
  - Liquidity and fiscal – including currency depreciation, increasing financing costs, fiscal vulnerability, and country-risk premium.

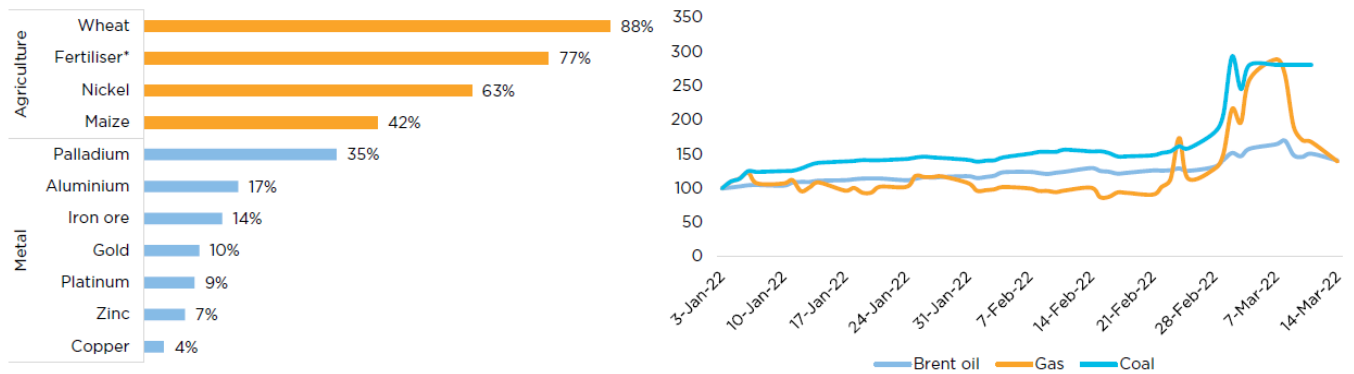
The following side-by-side graphs show the massive, short-term increases of agricultural and metal commodities:

<sup>13</sup> ICC. 03/2022. [Recent trends in trade and trade finance: Impact of the Covid-19 crisis and challenges ahead.](#)

<sup>14</sup> ICC. 21/03/2022. COVID-19 and crisis in Ukraine: Where are we now? Trends in 2021 and Outlook for 2022.

## COVID-19: Cargo movement update

Figure 14 – Agricultural commodity (% change from January) and energy price (index, 3 January 2022 = 100)



Source: [OECD Economic Outlook, and ICC based on OECD Economic Outlook](#)

The Organisation for Economic Cooperation and Development (OECD) notes that, although Russia and Ukraine are relatively small in output terms, they are large producers and exporters of essential food items, minerals, and energy. The war has already resulted in sizeable economic and financial shocks, particularly in commodity markets, with the prices of oil, gas and wheat soaring. Furthermore, the moves in commodity prices and financial markets have seen since the outbreak of the war could, if sustained, reduce global GDP growth by more than **1%** in the first year, with a deep recession in Russia, and push up global consumer price inflation by approximately **2,5%**.

The ICC concludes by stating that policymakers should calibrate their policy response to country-specific vulnerabilities and business cycles. Specifically for our industry, the government should foster the structural transformation of trade through the digitalisation of processes and procedures and enhanced cooperation across borders is essential. This approach could mitigate the impact of trade disruption and enhance participation in global value chains, which is particularly pertinent to South Africa.

### b. Global shipping industry

#### i. The current state of the global shipping industry – and the effect of Russia's invasion of Ukraine

In adding to the scene set above, the impact of Russia's invasion of Ukraine continues to impact global transport routes and infrastructure, especially on the Black Sea and Sea of Azov (insurance premiums for vessels entering the conflict zone have risen sharply, and shipowners are understandably reluctant to deploy their vessels here). Indeed, widespread sanctions and self-sanctioning have caused departures of bulk carriers and oil tankers from Russia to plummet, as ships leaving Russian ports are already down 35% since the start of the invasion<sup>15</sup>. In addition, MSC and Maersk have mentioned that their service suspension will also encompass Russian ports in the Baltic and the Far East apart from the Black Sea ports<sup>16</sup>.

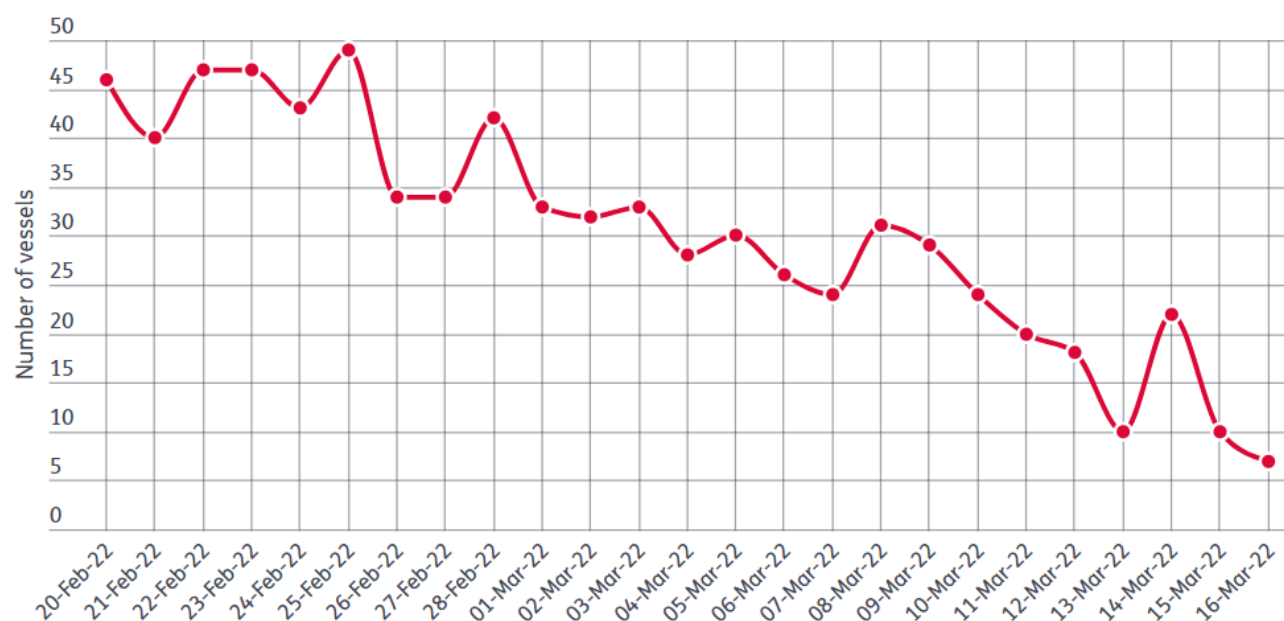
<sup>15</sup> Diakun, B. 23/03/2022. [Ships leaving Russian ports down 35% since start of invasion.](#)

<sup>16</sup> Kumar, N. 15/03/2022. [Turbulent times for global shipping industry.](#)



## COVID-19: Cargo movement update

Figure 15 – Russia: ship departures bound for international ports



Source: [Lloyd's List Intelligence](#)

In the three weeks ending 24 February — the day the invasion started — 885 vessels departed Russian ports. That compares with 579 departures over the three weeks ending 16 March. The increase of commodity prices can be seen concomitant with the drop in outgoing vessels in these sectors, as grain and coal exports are most affected with 21 outbound bulk carrier sailings for the seven days ending March 16, down **↓72%** compared with 75 bulk carriers departing the week before the invasion. The situation is similar with air cargo, as there is a considerable reduction in air traffic in and around Russia and Ukraine.

Sailing schedules, in general, continue to be adjusted, with blank sailings remaining at all-time highs. Drewry notes that across the major trades (transpacific, transatlantic, and Asia-North Europe and the Mediterranean, 48 cancelled sailings have been announced between weeks 13 and 16<sup>17</sup>. The blank sailings are out of 576 scheduled sailings, representing an **8% cancellation rate**. During this period, **75%** of the blank sailings will be occurring in the Transpacific Eastbound trade, and mainly to the West Coast (more on this [below](#)).

### ii. Global container freight rates

The global liner shipping industry continues to react to this sudden drop in demand, as Drewry's "World Container Index" fell again sharply this week, down by **↓4,1%** (or **\$361**) to **\$8 471** per 40-ft container<sup>18</sup>. The change is a continuation from last week, as poor reliability, increased fuel prices, and deep mistrust by shippers<sup>19</sup> has spilt over into the spot prices. These same factors have had a marked impact on longer-term contracts. Once much desired by shipping lines, the appetite for long-term relationships has waned with the onset of war. Moreover, ocean carriers are now canvassing smaller shippers and SMEs to agree on short-term three-month contracts to counter the plunge in spot rates<sup>20</sup>. Furthermore, the nearly fully-replenished retail stock inventories – especially in the US – have also curbed shipping demand, as most retailers are back to pre-pandemic stock levels. The following image shows the one-year spot rates, finally offering some relief as far as beneficial cargo owners are concerned:

<sup>17</sup> Drewry. 25/03/2022. [Cancelled Sailings Tracker - 25 March](#).

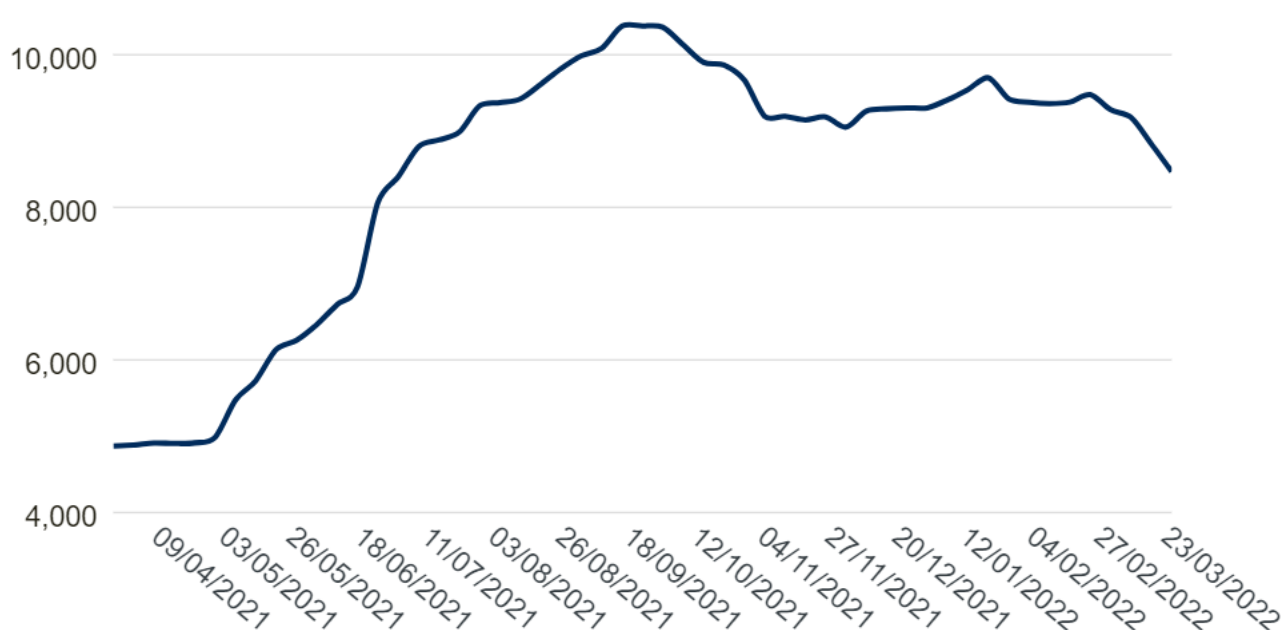
<sup>18</sup> Drewry. 24/03/2022. [World Container Index](#).

<sup>19</sup> Lennane, A. 23/03/2022. [War and 'lack of trust' keeping shippers wary of long-term contracts](#).

<sup>20</sup> Wackett, M. 25/03/2022. [Softening Asia-Europe rates sees carriers move to offer short deals to SMEs](#)

## COVID-19: Cargo movement update

Figure 16 – 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 **↑74%** y/y, with the y/t/d average currently at **\$9 285** per 40ft container, approximately **\$6 130** higher than the five-year average of **\$3 156**. Along with the composite index, four other major East-West trade lanes experienced significant rate decreases, with the most significant shift on the Shanghai – Rotterdam route, down by **↓8%**. Other changes include Shanghai – Los Angeles (**↓2%**), Shanghai – Genoa (**↓3%**), and Rotterdam – Shanghai (**↓2%**). As a result, Drewry expects the rates to remain stable in the coming weeks, even though most indications point to a period of sustained decline.

### iii. Further developments of note

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

#### 1. Suez Canal fees set for another increase amid rising international shipping costs:

- The Suez Canal Authority (SCA) says it will increase transit fees for vessels, including oil-laden tankers, passing through the Suez Canal, one of the world's most critical waterways<sup>21</sup>. The new increase amends the surcharge hikes imposed in March on vessels passing through the Canal.
- The SCA will add 15% to the standard transit fees for oil and petroleum product tankers, up from the current 5%. According to changes in global shipping, the amendments will take effect starting May 1 and could later be revised or cancelled.
- In addition, the Canal says surcharge fees for chemical tankers and other liquid bulk tankers will be hiked to 20% up from 10%, while laden and ballast dry bulk vessels will have their surcharges increase to 10%. Lastly, ships carrying vehicles, general cargo (including container ships), heavy lift vessels, and multi-purpose vessels will see a 14% increase up from 7%.

<sup>21</sup> Magdy, S. 22/03/2022. [Suez Canal says transit fees for ships will increase in May.](#)

## COVID-19: Cargo movement update

### 2. US West Coast port congestion starts to ease:

- a. According to the latest data from Marine Traffic, the average vessel waiting times for berth and labour have improved significantly at the San Pedro Bay ports of Los Angeles and Long Beach in the past few weeks, halving the number of queueing ships to below 50<sup>22</sup>.
- b. Moreover, the average waiting time at LA terminals has fallen to 3,1 days, with some facilities reporting little or no delay<sup>23</sup>. Furthermore, supply chain disruptions in China, improving landside operations and the continuing coastal shift to the hitherto less-congested US east and Gulf coast ports are seen as the main reasons for the easing of congestion.
- c. The news is welcomed, as February throughput figures remain high amid strong consumer demand. Container imports to the East Coast were up 27,3% to 1 029 183 TEU in February (y/y). However, some believe that these numbers may have been skewed by the earlier timing of the Chinese New Year. However, February imports to West Coast ports increased by *just* 5,9%, to 1 025 545 TEU, emphasising the continued shift of cargo from west to east coasts.

### c. Global aviation industry

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

The International Air Transport Association (IATA) provided an update<sup>24</sup> on the impact of the conflict between Russia and Ukraine on aviation. Both passenger and air cargo have been affected in and around Eastern Europe. However, the implications for aviation remain predominantly only regional for now. Nevertheless, Ukrainian airspace remains closed, as Belarus has prohibited flights over parts of its territory, while Moldova has entirely shut its airspace. However, those two countries only account for minor regional and global air passenger traffic shares.

For air cargo, the total segment-based freight tonnes carried by air to, from and within Russia and Ukraine accounted for **0,9%** of the global total cargo traffic in 2021. However, in terms of dedicated cargo flights, Russia accounted for **2,5%** of global flights in 2021. IATA notes that the importance of these flights for global heavyweight cargo is significant, and the related activity will be difficult to replace. Both domestic and international dedicated cargo flights for Russia deteriorated markedly since the conflict escalated. International flights were **19%** down y/y during the same period, following growth rates of **10-20%** earlier in 2022. Domestic flights were still up **11%** y/y in the week started 7 March, but that is down from **30-40%** earlier in 2022.

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<sup>22</sup> Marine Traffic. 24/03/2022. [Los Angeles and Long Beach](#).

<sup>23</sup> Wackett, M. 22/03/2022. [US west coast port congestion starts to ease as imports divert to the east](#).

<sup>24</sup> IATA. 25/03/2022. [The impact of the war in Ukraine on the aviation industry](#).

## COVID-19: Cargo movement update

Figure 17 – Monthly moving average of cargo flights (index, 1<sup>st</sup> week of Feb 2021 = 100)



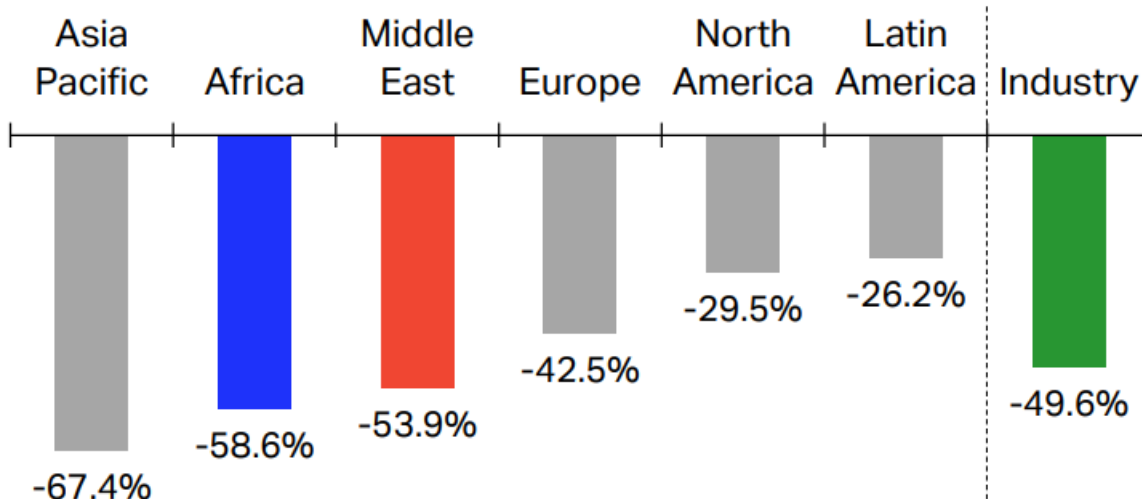
Source: [IATA](#)

In terms of air cargo, the Europe-Asia market represented **20,6%** of all international CTks (cargo-tonne kilometres) over the past 12 months. 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. Flight bans and sanctions will cause a loss of capacity, primarily affecting Europe-Asia and exacerbating the current capacity crunch. It is, however, possible that airlines in other parts of the world can fill the gap, such as the super-connector airlines in the Middle East.

### ii. State of the Region: Africa and the Middle East

On Friday, 25 March, IATA released the latest "State of the Region: Africa and the Middle East" for March<sup>25</sup>. Although there has been a decreasing trend in global air cargo volumes (growth slowed to **↑5,1%** in January, from **↑9,8%** in December), Africa continues to lead the way. Indeed, carriers registered in Africa were the best performers, with CTks rising from **↑4,5%** to **↑22,2%** above 2019 levels between December and January. The following figure shows all regions' performance:

Figure 18 – Growth in cargo volumes, by region (CTks, % change versus the same month in 2019)



Source: [IATA](#)

<sup>25</sup> IATA. 25/03/2022. [State of the Region: Africa and the Middle East](#).

## *COVID-19: Cargo movement update*

IATA cautions that this significant improvement can be partly attributed to the base effect from the comparison with 2019. Revealingly, seasonally adjusted CTKs rose by a more modest **↑4,0%** m/m. Besides the trends in air cargo, passenger numbers continue to be low, as global air travel started the year on a soft note. In addition, the Omicron wave negatively impacted it, which led to thousands of flight cancellations and weighed on peoples' willingness to travel. As a result, industry-wide passenger-kilometres is (RPK) fell by **↓49,6%** in January 2022 versus January 2019, after a **↓45,2%** decline in December 2021 versus December 2019. For Africa, the current RPKs stands at **↓58,6%**.