COVID-19: Cargo movement update[1]

Date: 22 April 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)	20 297	24 792	**45 089**	20 612	21 268	**42 240**	**↑7%**
Air Cargo (tons)	4 681	2 539	**7 220**	5 172	3 178	**8 350**	**↓14%**

Monthly Snapshot

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

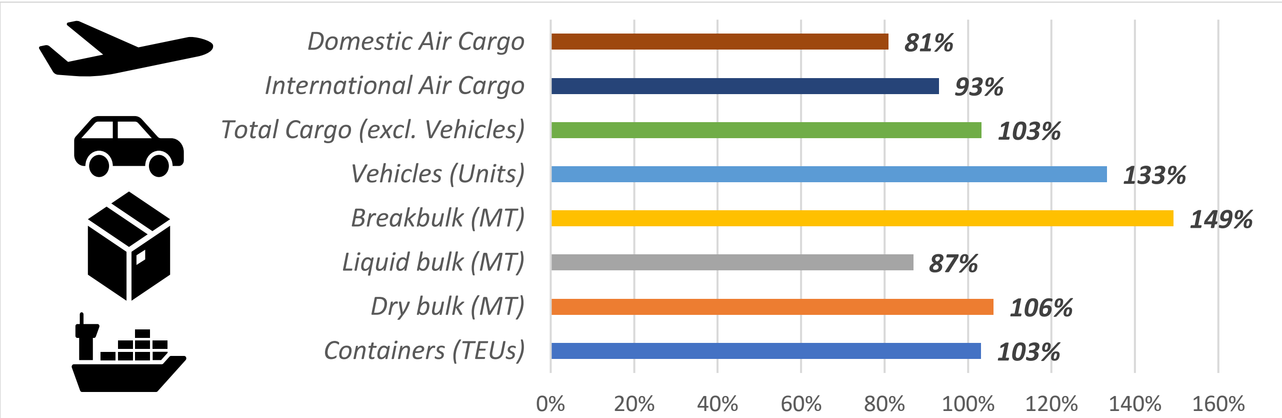

Figure 2 – Global year-to-date flows 2019-2022[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)

Key Notes

- An average of **~6 441 containers** was handled per day, with **~9 253** projected for next week.
- Rail cargo handled out of Durban amounted to **562** containers, **↓60%** compared to last week.
- Stats SA shows land transport (payload) increased by **↑8,0%** (y/y) in February 2022.
- This week, cross-border queue times are **↓0,3 hours**, with transit times **↑0,7 hours** (*see below)*.
- The "WCI" continued its decrease this week, with spot rates **↓0,9%** (or **$71**) to **$7 874** per 40-ft.
- Due to the war, the IMF predicts global GDP to slow from **↑6,1%** (2021) to **↑3,6%** (2022 & 2023). As a result, the revised figures are **↓0,8%** and **↓0,2%** lower for 2022 and 2023 than expected in January.

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[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 84th 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, Mar versus Mar; for the rest: Jan & Feb versus Jan & Feb.
[5] For ocean, total Jan-Feb 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 84th 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 increased significantly, averaging approximately **1 927** per day (**↑56%** against last week's average of **1 273**). As a result, fears of another COVID wave are gaining momentum, with the hope of a diminished impact compared to previous waves. South Africa has recorded **3,75 million**[6] positive cases, with the death toll up to **100 276** this week (up by **138**). Globally, the case tally stands at **508 million** infected by COVID-19, with **6,2 million** deaths recorded. Around **11,5 billion** vaccine doses have been administered globally[7], with the South African count at **34,4 million**.

Port operations this past week at the Port of Durban were focused on import evacuation, primarily essential goods. Landside operations commenced on Sunday afternoon, prioritising the evacuation of essential goods. Booking slots increased throughout the week as progress was made with the rehabilitation of Bayhead Road. Some congestion inside depots has been the main headache for port users. Waterside operations functioned well despite the crane challenges at Durban Pier 2. In Cape Town, good progress was made with the terminals taking advantage of some decent weather conditions for a change. Operational challenges were experienced at NCT this past week due to technical issues encountered on eleven RTGs.

Internationally, the global container industry is desperately trying to balance the issues of congestion, disruptions, and schedule delays together with ever-decreasing capacity and rapid demand shifts. Rates have consistently declined over the last month or two, while other issues played a more significant role in the global narrative. Over the medium term, carriers are struggling to decide where to position capacity, as the global network has lost a substantial share of nominal space over the last year. Moreover, the recent financial boom is unlikely to last, as liner fleets need replacement and renewal against a backdrop of inflated input costs. It appears as if the economic high points recently experienced by carriers – which were initially predicted to last for a while – are already in question, given the new scenarios which are becoming evident in global shipping. Additional important developments in the extended shipping industry include **(1)** an update on Shanghai, with dwell times improving despite ongoing congestion, **(2)** sanctions or not, Russian commodities are still flowing west in vast quantities, and **(3)** carriers considering blank sailings to offset the drop in rates.

Concerning air cargo, South Africa's international air cargo sector volumes decreased this week (**↓14%**), with domestic air cargo also experiencing a notable drop thanks to the Easter holidays and a decrease in activity (**↓31%**). Fortunately, most recent developments point to a continued upward trajectory for air cargo – especially domestically – as the entire aviation environment slowly returns to pre-pandemic activity levels. Nevertheless, despite the short-term slow improvement, complete moderation is only expected by the end-2023 or early 2024 with the current conditions. However, these predictions will revolve mainly around international developments, as the situation in Shanghai is deteriorating. Cargo load factor is down by **↓41%** since the lockdown started, with no immediate improvement expected, as diverted cargo from lockdown-hit Shanghai Pudong (PVG) is clogging up China's other major airports, causing a shortage of pallets for exports.

In summary, port clean-up operations in and around Durban took centre stage this week, as performance metrics, having been rendered meaningless by the disaster, were temporarily put on the back burner. A significant backlog of more than 8 000 containers (among a vast array of other cargoes) has accumulated in Durban due to the time lost to the devastation[8], with stack occupancy remaining precariously high. However, Durban's extended supply chain stakeholders (led by the Transnet team) can be commended for their efforts, as good progress has been made in the short time since the devastation caused by the flooding. The industry

[6] Johns Hopkins, Coronavirus Resource Centre. Coronavirus JJHU.
[7] Our World in Data, Coronavirus (COVID-19) Vaccinations. Our World in Data
[8] Magubane, K. 19/04/2022. KZN floods: Durban port clogged with debris, faces backlog of 8 000 containers – Gordhan.

remains optimistic that these efforts can be sustained in the medium to long term to make up for a lost decade of little progress in our interlinked logistics network.

Contents

Business Sensitivity: General

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 16 to 22 April[9]

7-day flow forecast (16/04/2022 – 22/04/2022)		
TERMINAL	NO. OF CONTAINERS[10] TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	2 905	4 615
DURBAN CONTAINER TERMINAL PIER 2:	8 207	8 517
CAPE TOWN CONTAINER TERMINAL:	4 986	5 287
NGQURA CONTAINER TERMINAL:	3 303	5 973
GQEBERHA CONTAINER TERMINAL:	896	400
TOTAL:	**20 297**	**24 792**

Source: Transnet, 2021. Updated 22/04/2022.

Table 3 – Container Ports – Weekly flow reported for 23 to 29 April[11]

7-day flow forecast (23/04/2022 – 29/04/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 500	4 575
DURBAN CONTAINER TERMINAL PIER 2:	13 697	12 980
CAPE TOWN CONTAINER TERMINAL:	7 807	7 000
NGQURA CONTAINER TERMINAL:	5 407	7 178
GQEBERHA CONTAINER TERMINAL:	561	1 067
TOTAL:	**31 972**	**32 800**

Source: Transnet, 2021. Updated 22/04/2022.

An average of **~6 441 containers** (**↑8%**) was handled per day for the last week (16 to 22 April, Table 2), despite the projected average of **~7 290 containers** (**↓11%** actual versus projected) noted in last week's report. An increased average of **~9 253 containers** (**↑44%**) is projected to be handled next week (23 to 29 April, Table 3), but it remains to be seen whether these numbers will be achieved as port operations are currently operating well below optimum productivity levels.

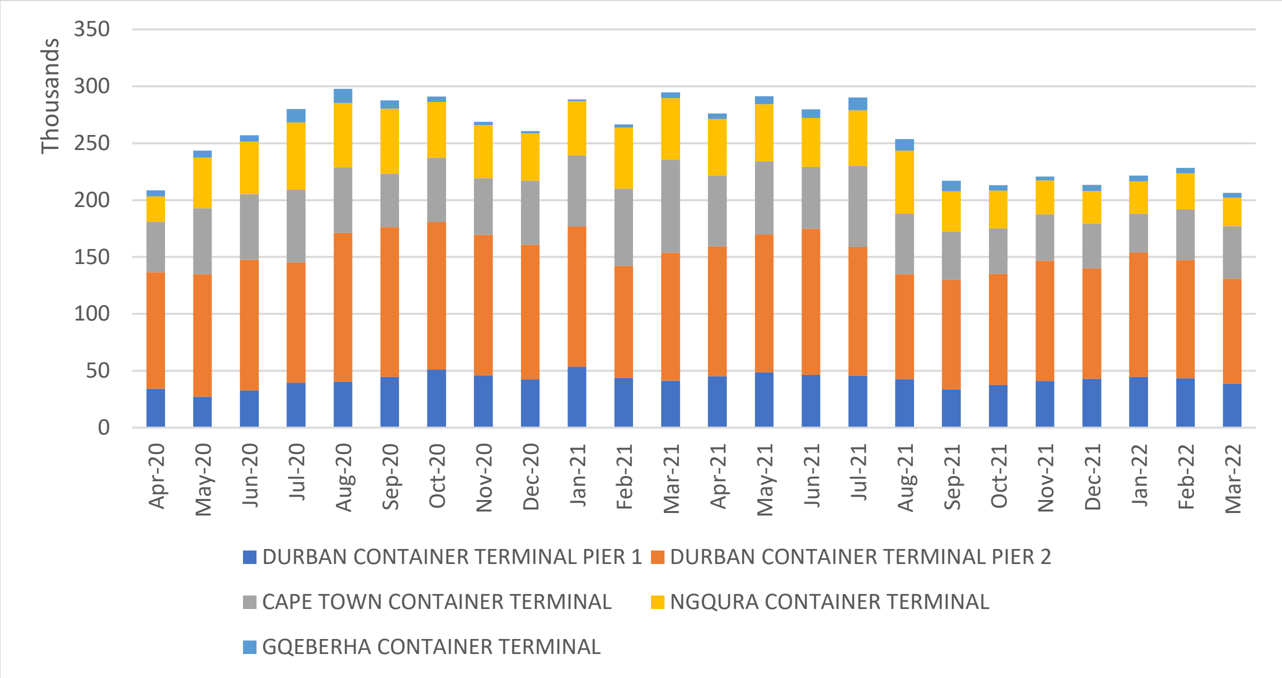
Some vessels have bypassed Durban and called at either Gqeberha or Ngqura. Besides the clean-up efforts, this week's operations were typified by congestion, evacuation efforts and equipment breakdowns. More specifically, severe landside congestion was reported at Durban's Maydon Wharf terminal due to the backlog of traffic. Cape Town terminals took advantage of another week of good weather conditions, although it must

[9] It remains important to note that a fair percentage (approximately 40% according to the latest TNPA figures for February) of containers are neither imported nor exported, but rather consist of empties and transhipments. 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.
[10] 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.
[11] As noted above.

be said that vessels were starting to pile up at the outer anchorage. NCT reported some RTG challenges, which left the terminal with eleven out of operation (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.

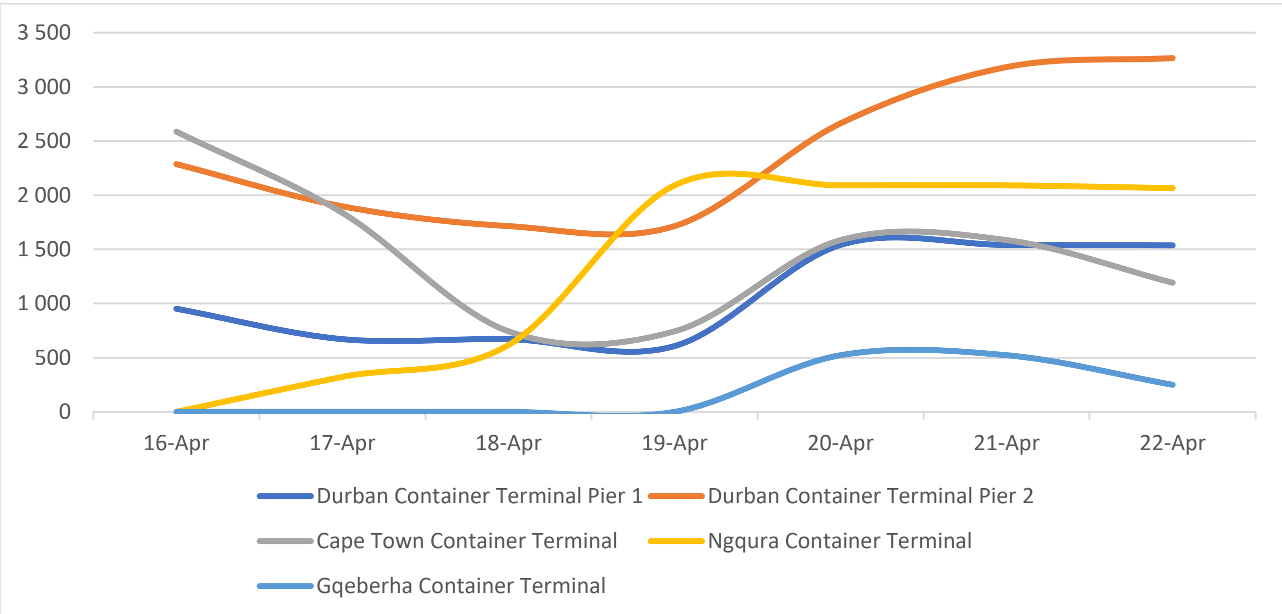
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2021. Updated 22/04/2022.

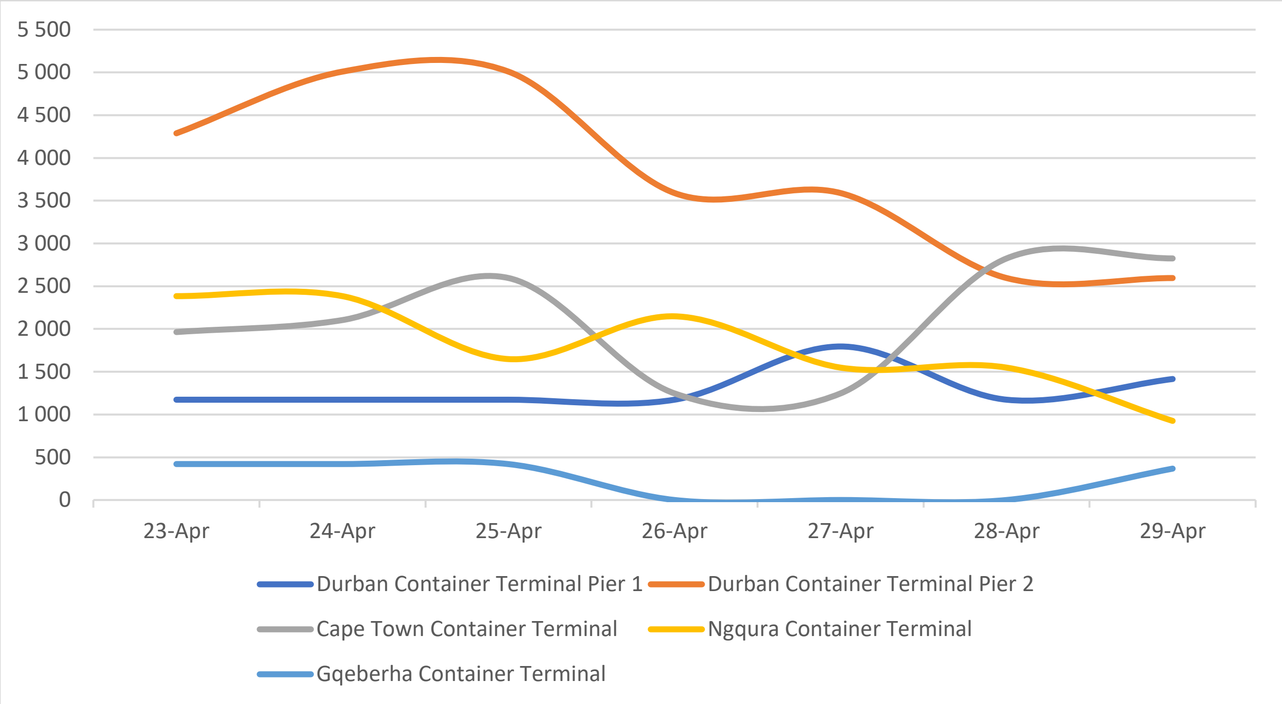
The figures below show the weekly container flows for the previous seven days and projections for the next seven days (however, it should be noted that these forecasts were produced before the real impact of the Durban floods was known, so these numbers are unlikely to be achieved).

Figure 4 – 7-day flow reported for total container movements (16 to 22 April; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 22/04/2022.

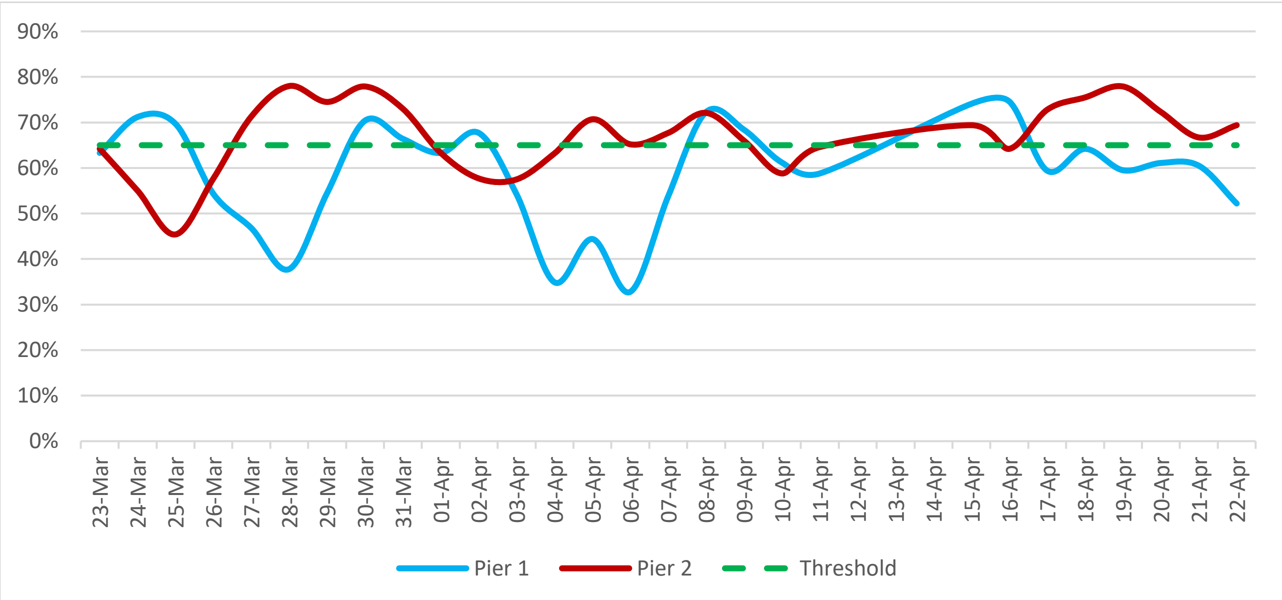
Figure 5 – 7-day forecast reported for total container movements (23 to 29 April; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 22/04/2022.

The following figure shows daily stack occupancy in both Durban terminals since end-March.

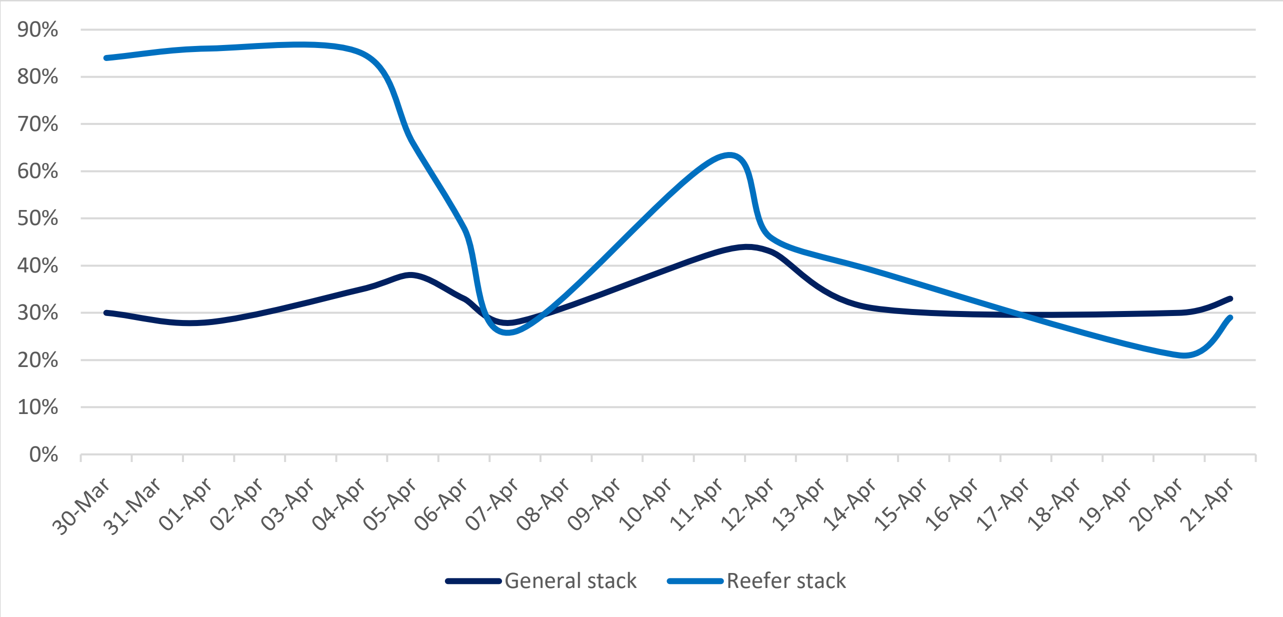
Figure 6 – Stack occupancy in DCT, general-purpose containers (23 March to present; per pier; day on day)



Source: Calculated using data from Transnet, 2021. Updated 22/04/2022.

The following figure shows daily stack occupancy in Cape Town over a similar period; however, it should be noted that several gaps exist in the series. Therefore, the figure shows a relative trend and not an absolute view over the period.

Figure 7 – Stack occupancy in CTCT, general-purpose, and reefer containers (31 March to present; d/d)



Source: Calculated using data from Transnet, 2021. Updated 22/04/2022.

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

The port of Cape Town experienced another week of pleasant weather conditions, which has helped CTCT perform on the waterside and landside, despite limitations in terms of available equipment.

Durban port experienced some periods of light rain on Sunday and Monday. However, since Tuesday, it has been sunny and pleasant, assisting in restoring port activity to a more normal level.

The Eastern Cape ports reported no interruptions due to inclement weather conditions during the week.

ii. Cape Town

On Wednesday, CTCT recorded two vessels at berth with an additional seven at outer anchorage. In one 24-hour period, the terminal managed to handle 3 018 TEUs across the quay. In terms of equipment, there are still only six gangs working 20 RTGs and 43 hauliers. Stack occupancy was at 30% for GP containers, 21% for reefer containers and 17% for empties. The terminal managed to handle 1 014 external trucks. Apart from the 'normal' recurring equipment breakdowns, CTCT experienced no severe disruptions. Cape Town MPT recorded one container vessel at berth and zero at anchorage. The terminal serviced 144 trucks on the landside within an average TTT of 33 minutes. In the sheds, the terminal handled 27 923 metric tons of manganese. Container stacks were 37% full for GP containers, 46% for reefers and 56% for empties. The terminal experienced minimal disruptions, although a union meeting delayed operations for about 2 hours.

iii. Durban

The Bayhead Road phase 2 rehabilitation project is progressing well and is still anticipated to be completed by the end of April 2022. Bluff operations are also progressing well, with no further issues reported. An alternative route across the old marshalling yard was identified with contractors on site. This route is planned for completion around the end of June. In addition, clean-up operations in the harbour were ongoing throughout the week while the port took advantage of the pleasant weather conditions. On Friday, TPT reported that around 95% of debris had been removed.

On Sunday, restricted and limited booking slots opened at the landside at Piers 1 and 2. Railside operations were carried out at both terminals, manned by one gang each. At Pier 1 on the waterside, the terminal had two vessels at berth manned by five gangs and zero vessels at anchor. At Pier 2, there were four vessels at berth crewed by ten gangs. There were two additional vessels at anchor. Durban MPT had two vessels on berth operated by two gangs and zero vessels at outer anchorage. Landside operations were operational as normal, while rail operations were still suspended. Durban Maydon Wharf terminal has been experiencing severe landside congestion due to truckers not adhering to agreed pre-booking procedures. Metro officials and SAPS were called to the scene to assist.

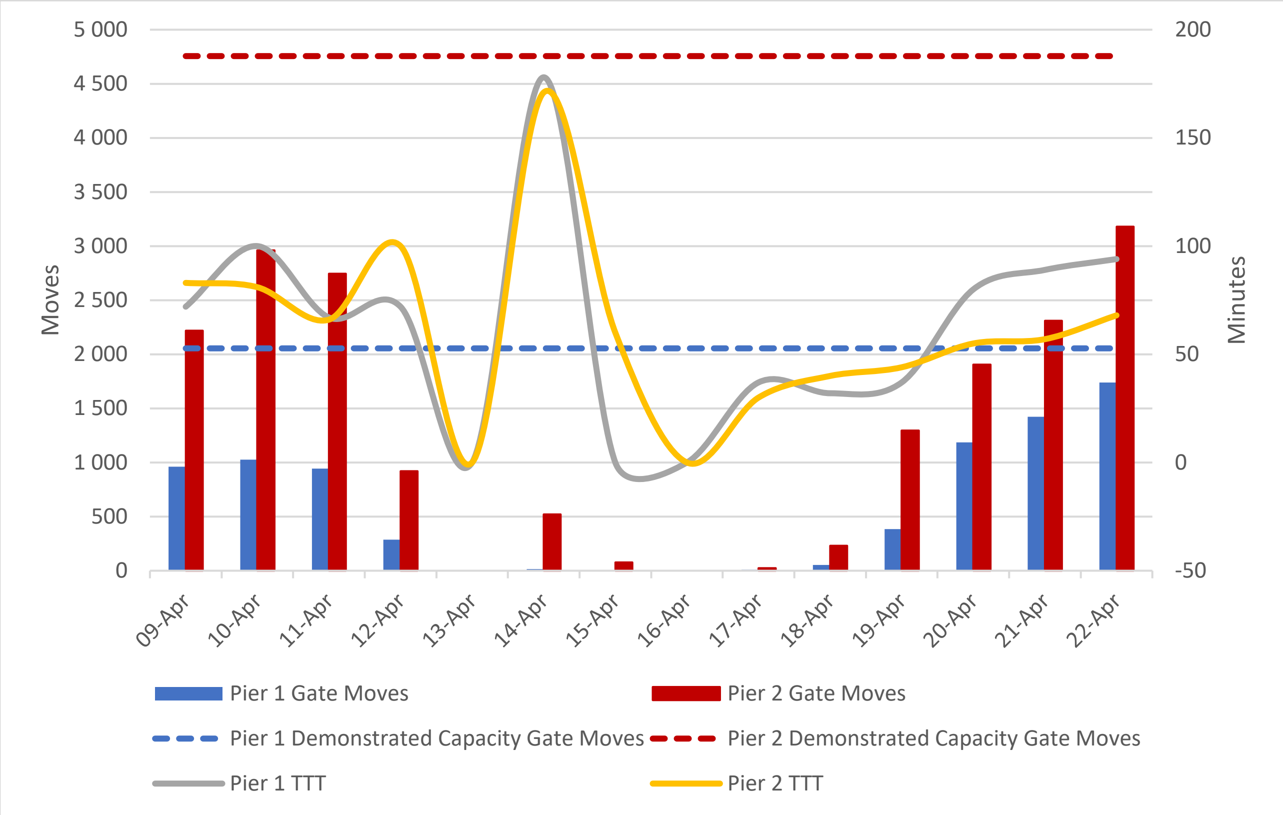
Bayhead facilities, including SADC, MSC, and other depots, have been without power and water since the storm. The main Durban Harbour substation was inundated. A temporary solution is planned for completion by tomorrow, but repairs to the station will take over two months. There are over 40 container depots in Durban. A city survey revealed that 22 of them reported being closed, while eight were partially operating. The lack of available depots is a serious constraint on the container supply chain as turn-in and uplift of empties are slowed down with truck delays. During the week, port users expressed their frustrations around the heavy congestion inside depots, with some truckers reporting a 6 to 7-hour delay. The city has focused on addressing repairs to impacted depots where neither electricity nor water is available.

On Wednesday, Durban Pier 1 reported a stack occupancy of 61% with 3 293 imports on hand, 335 road stops and 94 units unassigned. In terms of equipment, the terminal reported having 12 RTGs in operation. Two cranes were out of commission, one due to a derailment but were brought back into service the same day. On the waterside, the terminal was quiet, with only one vessel at berth and zero at anchor. The terminal managed to service 1 135 gate moves on the landside with 577 cancelled slots and 161 wasted. On Wednesday, Pier 2 had three vessels at berth, manned by nine gangs. The terminal had 72 straddle carriers in operation, while stacks were sitting at 72% of capacity. Evacuation of imports was prioritised as the terminal had 9 217 road imports on hand. In addition, on Thursday, it was reported that limited cranes are still posing a challenge at the South quay. Cranes 524, 534, 520 and 522 were non-operational due to planned maintenance, fault finding and other technical issues. There has been an increased number of shuffles inside the port due to the previous week's disruptions. Export containers are expected to move over the weekend.

Private sector stakeholders commended TNPA, TPT officials, the municipality and all the other stakeholders involved for their efforts and dedication to restoring port operations as quickly as possible. Of course, the road to recovery is not over yet, but the bounce-back has been remarkable.

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. As with several indicators (and noted above in the executive summary), terminal operations were severely hampered, and analysing performance metrics on many days was quite meaningless. However, the following figure illustrates a relative view of terminal performance in the last 14 days.

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



Source: Calculated using data from Transnet, 2021. Updated 22/04/2022.

iv. Eastern Cape ports

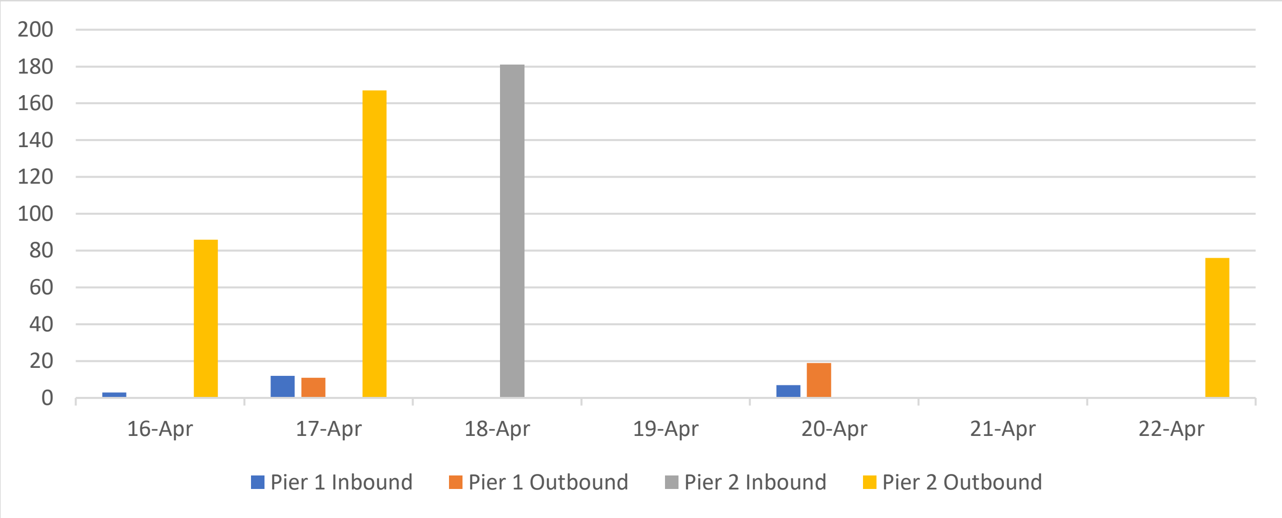
On Wednesday, GCT recorded zero vessels at berth, only one at outer anchorage. In the past 24 hours, the terminal managed to handle 167 external trucks within an average TTT of 27 minutes. Stacks were sitting at 26% capacity for GP containers and 16% for reefers. NCT had one vessel at anchor while working two at berth. In the past 24 hours, the terminal recorded a GCH of ~16 and an SWH of ~42, handling 2 093 TEUs across the quay. The terminal handled 316 external trucks within an average TTT of 36 minutes on the landside. Stacks were 42% capacity for GP containers and 34% for reefers. Challenges revolved around technical issues found on 11 RTGs, specifically their radios.

v. Transnet Freight Rail (TFR)

The CONCOR train service remains suspended while assessments and repairs are ongoing. The Western railway line between eThekwini and Cato Ridge was heavily damaged. Furthermore, parts of the rail network have been hit by mudslides and the collapse of embankments. The foundation below stretches up to 100 metres in railway lines that have fallen away and need to be filled up again with sand. Railside operations at Durban port commenced Sunday, except at the car terminal and the Multi-Purpose Terminal.

The following figure illustrates the rail cargo handled to and from Durban in the last seven days, during which the floods have significantly decimated infrastructure.

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



Source: Calculated using data from Transnet, 2021. Updated 22/04/2022.

In the last week (16 to 22 April), rail cargo handled out of Durban was reported at **562** containers, **↓60%** from the previous week's **1 407** containers. The low numbers show that the flooding severely impacted rail cargo, so this should not be seen as any kind of trend but only a short-term aberration.

vi. General

Transnet announced this week that it plans to issue a tender within the next couple of weeks for a new liquefied natural gas (LNG) terminal to be built at Richards Bay. So far, nineteen companies have expressed interest in various aspects of the project. TNPA aims to have the new terminal operational by 2026 in the South Dunes Precinct of the Richards Bay port. This project forms part of South Africa's Integrated Resources Plan to assist with the country's energy needs.

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 11 April. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *April 2021* averaged **~737 047 kg** per day.

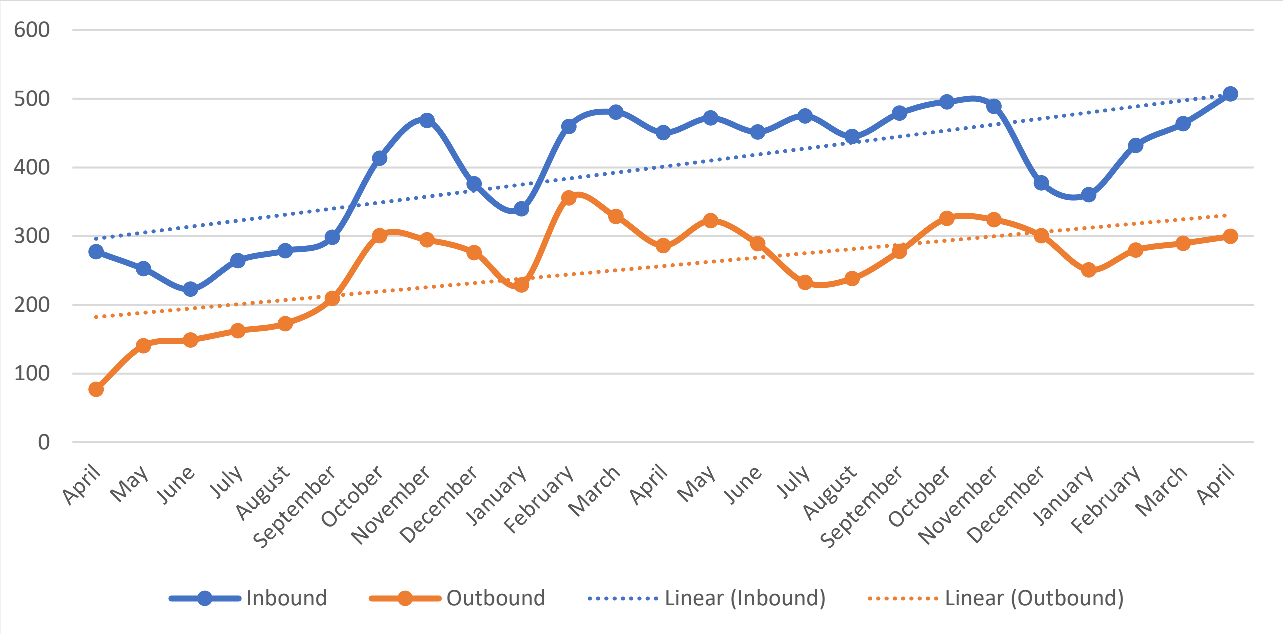
Table 4 – International inbound and outbound cargo from OR Tambo

Flows	11-Apr	12-Apr	13-Apr	14-Apr	15-Apr	16-Apr	17-Apr
Volume inbound	477 783	283 424	377 242	439 618	365 348	332 346	1 001 213
Volume outbound	275 859	213 001	188 662	206 733	236 842	221 256	434 731
Total	**753 642**	**496 425**	**565 904**	**646 351**	**602 190**	**553 602**	**1 435 944**

Courtesy of ACOC. Updated: 19/04/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **468 139 kg** inbound and **253 869 kg** outbound, amounting to an average of **722 008 kg** per day or **~89%** compared with April 2021. Compared to pre-COVID-19 times, the level is currently at **~204%** 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: 19/04/2022.

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 *April 2021* was **~66 213 kg** per day.

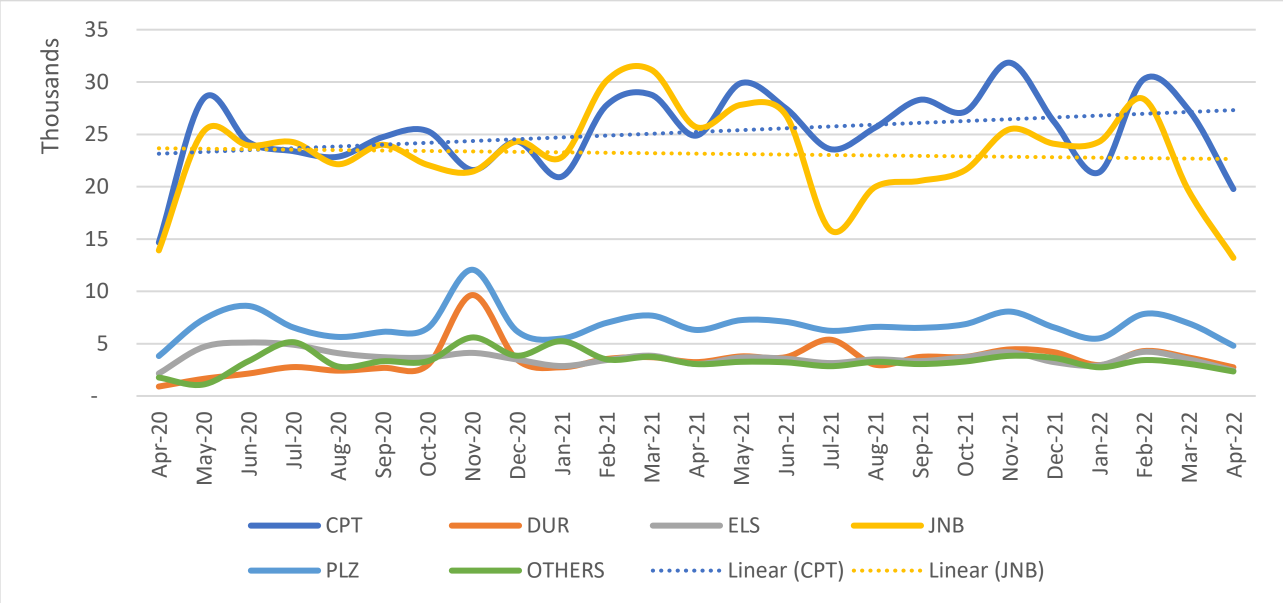
Table 5 – Total domestic inbound and outbound cargo

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	**27 325**	**3 677**	**3 504**	**19 611**	**6 946**	**3 069**	**64 131**
Apr Average	**19 773**	**2 738**	**2 423**	**13 199**	**4 795**	**2 339**	**45 266**
12-Apr-22	43 241	4 911	5 449	26 672	10 011	5 347	**95 632**
13-Apr-22	48 053	5 335	6 013	24 891	10 101	5 578	**99 972**
14-Apr-22	17 612	4 088	3 205	14 403	5 274	3 038	**47 619**
15-Apr-22	2 820	761	51	664	388	204	**4 887**
16-Apr-22	1 590	284	65	899	62	101	**3 000**
17-Apr-22	5 790	395	143	298	409	699	**7 734**
18-Apr-22	2 378	420	116	668	1 100	113	**4 795**
Total for 2022:	**2 753 824**	**381 258**	**366 507**	**2 444 842**	**699 667**	**321 611**	**6 967 710**

Courtesy of BAC. Updated: 19/04/2022.

The average domestic air cargo moved last week was **~37 663 kg** per day, which is **↓31%** compared with the previous week and **~50%** compared to April 2021. The low numbers are mainly due to the Easter Holidays, with operations taking somewhat of a backseat with several public holidays. The following figure shows the monthly domestic freight movement at our commercial airports during the state of disaster.

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



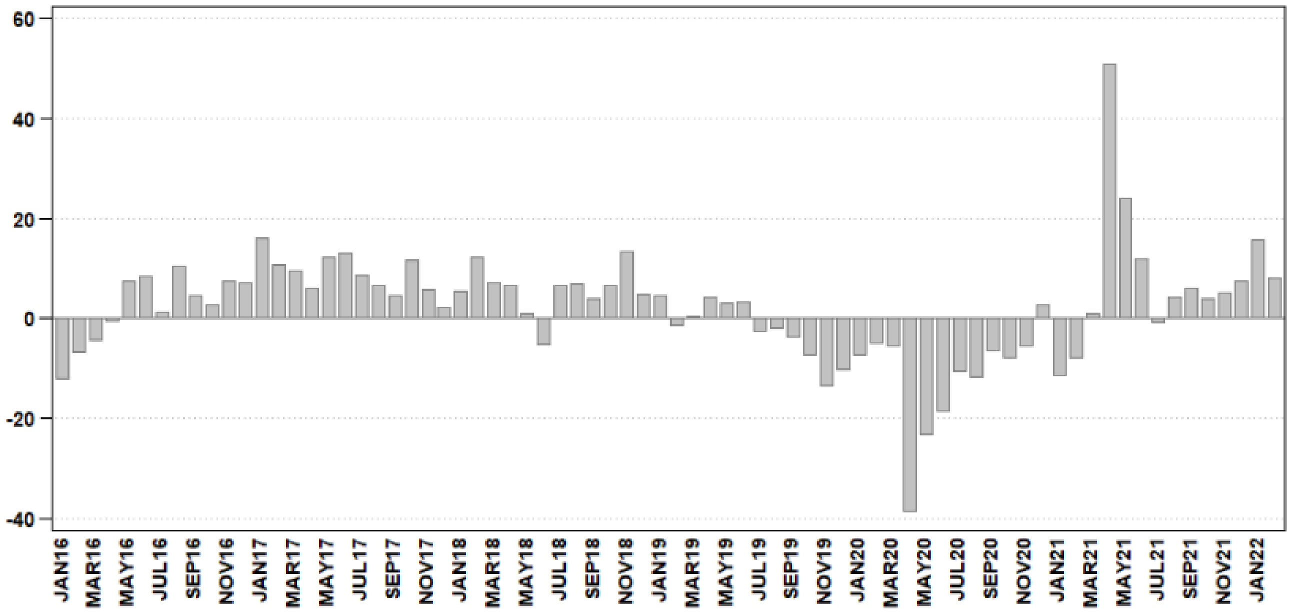
Courtesy of BAC. Updated: 19/04/2022.

3. Road and Regional Update

a. South African land transport

On Tuesday, 19 April, Stats SA released February's monthly land transport statistics[12]. The headline figures show that the volume of goods transported (payload) increased by **↑8,0%** (y/y) in February 2022, compared with February 2021. Over the same period, the corresponding income grew by around **↑8,1%**, which bodes well for the domestic transport and logistics sector. The following figures show the bi-monthly percentage change in the freight transportation sector.

Figure 12 – Freight transportation: y/y percentage change in payload



Source: Stats SA

[12] Stats SA. 19/04/2022. Land transport.

Compared with the previous three months, the seasonally adjusted payload increased by **↑4,9%** in the three months ending February 2022. By sector, road freight increased by **↑5,0%**, and rail freight increased by **↑4,4%**. The summary can be seen in the following table, showing that the current seasonally adjusted domestic payload split remains 20/80 in favour of road transport, as has typically been the case.

Table 6 – Seasonally adjusted payload for the latest three months by type of transport

Payload	**Sep-Nov '21 (000 tons)**	**Weight**	**Dec '21 – Feb '22 (000 tons)**	**% Change (3-months)**	**Share of total change (%)**
Rail	43 357	19,7	45 284	4,4	0,9
Road	172 312	80,3	185 135	5,0	4,0
Total	**219 670**	**100**	**230 419**	**4,9**	**4,9**

Source: Stats SA

The table once again shows that the continued push towards increasing rail's share of volumes has yet to have any noticeable effect. The private sector has continued to urge allowing third party access to rail. However, the terms for the slots offered by TFR remain unresolved, as many obstacles remain. Private sector operators will likely show no significant interest while the terms remain as restrictive and one-sided as they currently are. However, the fact remains that third-party access to rail must be expedited, as it is in the interest of both government and industry that rail-friendly cargo should be taken off our roads. Demand for overland freight carriage is high, and only a competent interlinked logistics network will meet that demand to work to the advantage of all concerned.

a. Cross-border and road freight delays

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

- The situation at Kasumbalesa has seen some good improvement since the weekend, as the Zambian Revenue Authority (ZRA) managed to reduce the queue from Chingola (48 km) to Chililabombwe (about 25 km). Also, recommendations have been made to reduce the idle time within the border after clearance from 48 hours to 24 hours.
- Last week, transporters experienced issues with QR codes on vaccination certificates from Zimbabwe.
- Also, Beitbridge was affected by load shedding, meaning there would be little or no movement during electricity downtimes.
- During the last seven days, there were no closures of any South African borders. 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 7 – 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	-	50:00	0	0	0	24 640	0

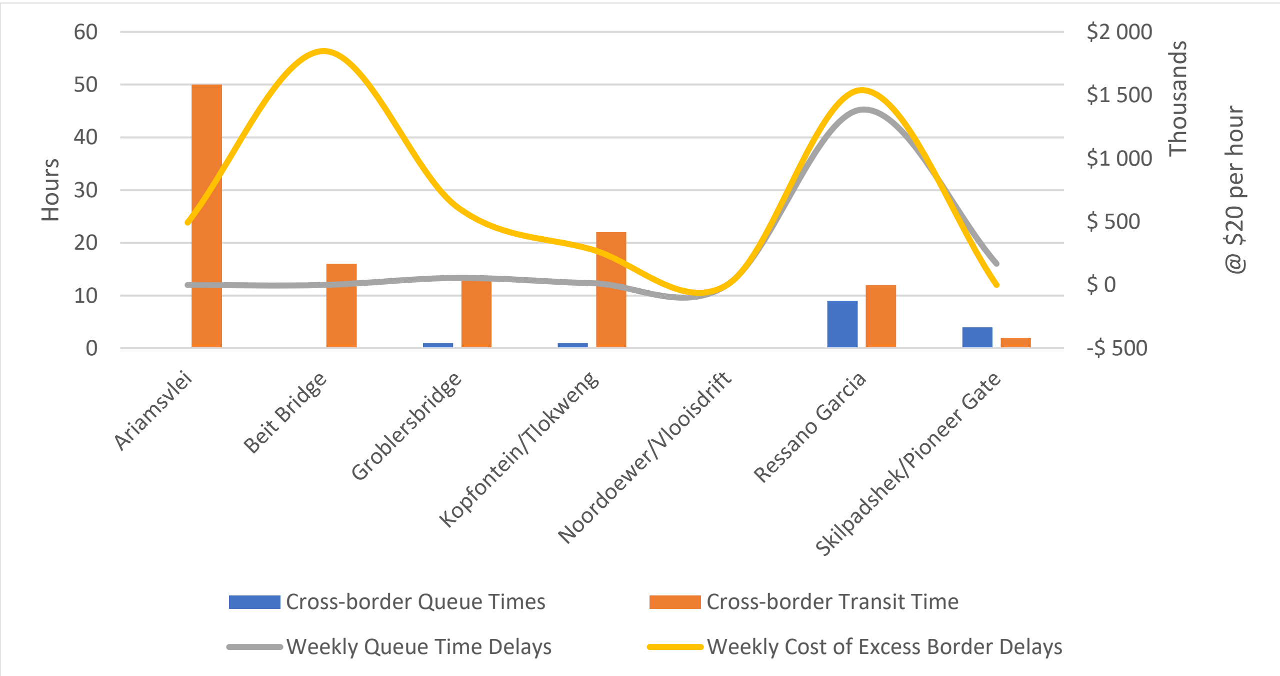
[13] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire 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.

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
SA/Zim	Beit Bridge	0:00	16:00	943	28 290	6 601	92 414	0
Moz/Zam	Cassacatiza/Mlolo	1:00	31:00	175	5 250	1 225	35 525	1 225
Zam/Zim	Chirundu	0:00	17:00	620	18 600	4 340	65 100	0
Moz/Mal	Dedza	2:00	38:00	50	1 500	350	12 600	700
SA/Bot	Groblersbrug/Martins Drift	1:00	13:00	400	12 000	2 800	30 800	2 800
Zam/DRC	Kasumbalesa	192:00	58:00	750	22 500	5 250	294 000	1 008 000
Zam/Bot	Kazungula	0:00	20:00	240	7 200	1 680	30 240	0
SA/Bot	Kopfontein/Tlokweng	1:00	22:00	100	3 000	700	14 000	700
Moz/Zim	Machipanda/Forbes	1:00	8:00	320	9 600	2 240	13 440	2 240
Mal/Zam	Milange	0:00	1:00	30	900	210	0	0
Moz/Mal	Nakonde/Tunduma	-	1:00	550	16 500	3 850	0	0
Zim/Moz	Nyamapanda	1:00	8:00	100	3 000	700	4 200	700
SA/Moz	Lebombo/Ressano Garcia	9:00	12:00	1 100	33 000	7 700	77 000	69 300
SA/Bot	Skilpadshek/Pioneer Gate	4:00	2:00	300	9 000	2 100	0	8 400
Zam/Zim	Victoria Falls	1:00	3:00	114	3 420	798	798	798
Moz/Mal	Zobue/Mwanza	2:00	26:00	100	3 000	700	16 800	1 400
				5 892	**176 760**	**41 244**	**711 557**	**1 096 263**

Source: TLC & FESARTA, week ending 22/04/2022.

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

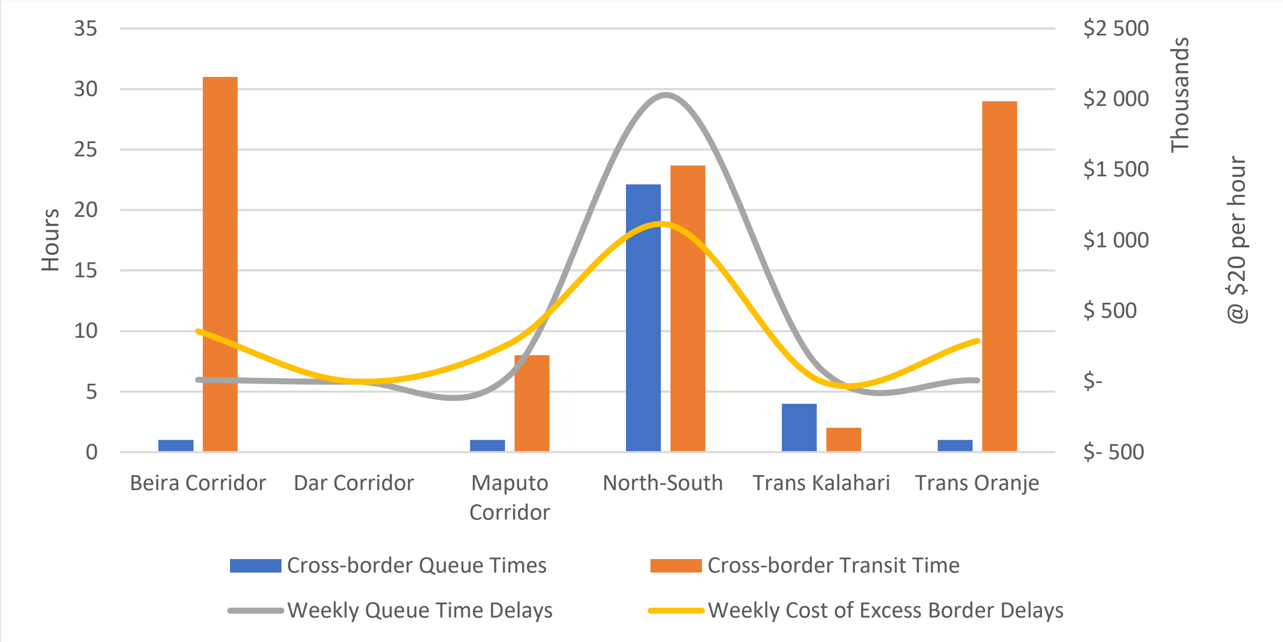
Figure 13 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in $ thousands)



Source: TLC & FESARTA, week ending 22/04/2022.

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 22/04/2022.

In summary, cross-border queue time has averaged **~13,4 hours** (down by **~0,3 hours** from the **~13,7 hours** recorded in the previous report), costing the transport industry an estimated **$22 million** (**R351 million**). Furthermore, the week's average cross-border transit times hovered around **~18,1 hours** (up by **~0,7 hours** from the **~17,4 hours** recorded in the previous report), costing the transport industry **$14 million** (**R228 million**). As a result, the total cost for the week amounts to an estimated **~R579 million** (down by **~R44 million** or **↓7%** from **R622 million** in the previous report).

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

i. World economic outlook: April

The International Monetary Fund (IMF) released its updated "*World Economic Outlook*" for April[14], warning that a peaceful resolution to the war in Ukraine must be reached to arrest the unfolding humanitarian crisis, which is constantly spreading wider into the global economy. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest, adding to the current constraints of increased inflation. As a result, the IMF predicts that global growth will slow from an estimated **↑6,1%** in 2021 to **↑3,6%** in 2022 and 2023. The revised estimations are **↓0,8%** and **↓0,2%** lower for 2022 and 2023 than projected in January. For South Africa, the IMF has left estimations unchanged, with growth predicted at **↑4,9%** in 2021, **↑1,9%** in 2022, and **↑1,4%** in 2023.

[14] IMF. 19/04/2022. World Economic Outlook: War sets back the global recovery.

ii. South Africa's trade performance and current account overview

Adding to the picture displayed above, it appears that South Africa's concerted export drive has lost some momentum. In the April edition of the World Bank's (WB) "*Africa Pulse*", published this week[15], the Washington-based international financial institution noted a deterioration of South Africa's current account. The change is primarily due to imports increasing faster than exports, as the current account surplus deteriorated to **R120 billion** (**1,9%** surplus) in 2021Q4, from **R216 billion** (**3,5%** surplus) in 2021Q3. The WB notes that the current account was held back by unfavourable terms of trade as the rand price of exports of goods and services declined while import prices increased, supported by the surge in oil prices.

South Africa is estimated to have registered a surplus of **3,7%** of GDP in 2021, primarily due to favourable trade terms. However, the trend is reversing, and the gap is expected to narrow in 2022 (**~0,4%**). As a result, the current account balance is expected to record a deficit of **1,5%** of GDP in 2024. Furthermore, the WB warns that South Africa's long history of weak competitiveness – attributed to labour and product market rigidities — constitutes a challenge over the medium term. Therefore, bold reforms are needed to boost export volumes and gain even more from favourable commodity prices while generating more and better jobs in the formal and informal sectors.

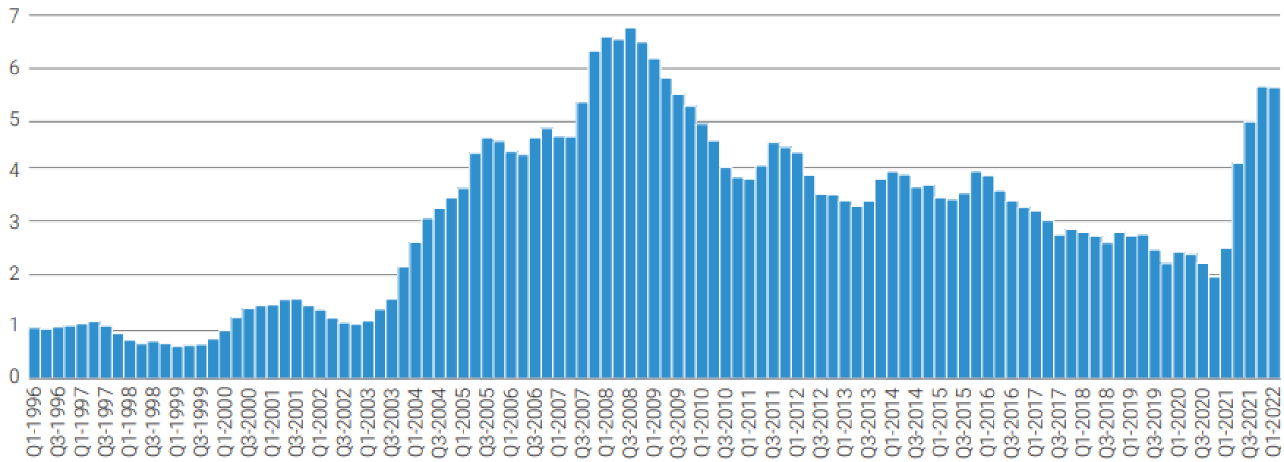
b. Global shipping industry

i. Global container capacity

Global container volume fell by approximately **15%** in February from January, as a significant portion of the capacity is tied up in congestion. Container Trades Statistics (CTS) shows that global container volume in February was **12,4 million TEU**, down by more than **2 million TEU** from January and **↓5,6%** less than February 2021[16]. Alarmingly for South Africa and the rest of the region, the most significant monthly trade shift occurred in the Far East to Sub-Saharan Africa, down by **↓41%** (m/m)[17]. Sea Intelligence has posted similar figures, noting that January 2022 saw a record high in missing vessel capacity, as **13,7%** of the fleet was unavailable. The situation seems to have improved in February, dropping down to **11,6%**[18]. However, despite record-low demolition rates and carriers using their rapidly built-up financial reserves from 2021 to expand their fleets, the capacity problem will not be solved in the short term, given current supply chain woes. Indeed, when the added capacity finally reaches the market circa 2023, the pent-up demand might have subsided and potentially see freight rates crash to pre-pandemic levels.

[15] WB. 18/04/2022.
[16] Knowler, G. 08/04/2022. Sharp drop in February container volumes draws mixed analysis.
[17] CTS. 21/04/2022. Container Trade Statistics.
[18] Sea Intelligence. 05/04/2022. 11,6% capacity "lost" in February 2022.

Figure 15 – Orderbook volume (TEU millions)

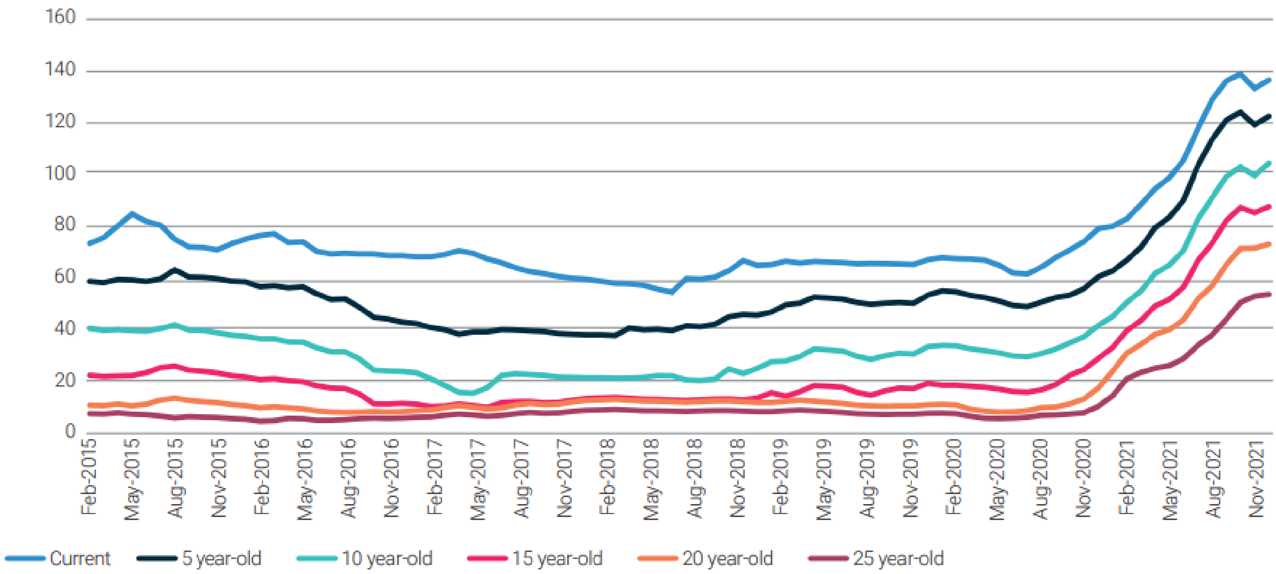


Source: Clarksons

As illustrated, orders for new vessels have climbed steeply after a decade of low cash availability. The 2021 orderbook more than doubled from 2020's record low level. In addition, liners have renewed their fleets and slowed demolitions to improve efficiency, comply with new emissions regulations, and expand capacity. But even if liners heed the lessons of 2006 and 2007 and limit their appetites for new tonnage, the supply of vessels is on the rise and will likely increase **↑23%** by 2025, exerting downward pressure on rates[19]. Unfortunately, the problems are not only confined to 2025, as current manufacturing delays at shipyards[20] and considerable increases in production inputs have curtailed the financial consolidation for carriers.

Indeed, the prices of inputs such as steel, steel scrap, and components have more than doubled from pre-pandemic levels and do not indicate an easing in 2022. Newbuild prices themselves rose **↑26–28%** in 2021. And prices of second-hand vessels rose **↑200%** during the same period, as noted here:

Figure 16 – Post Panamax vessel prices (US$ millions)



Source: Vessel Value

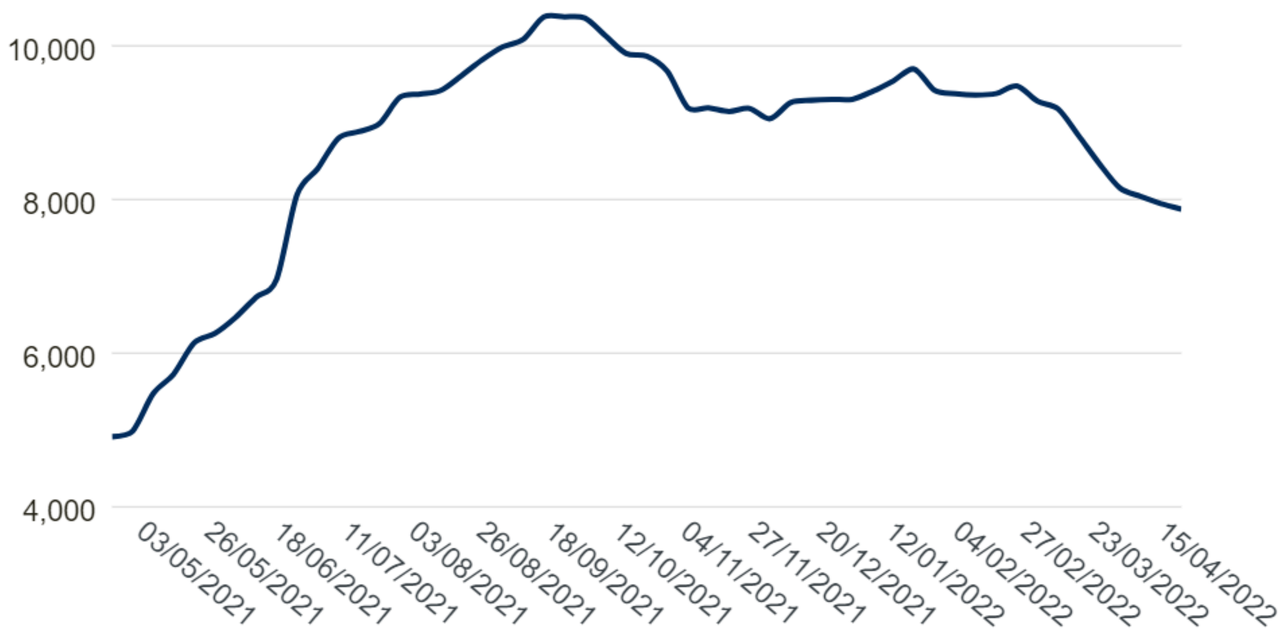
[19] Alix Partners. 14/04/2022. 2022 Container Shipping Outlook.
[20] Hand, M. 18/04/2022. Shanghai lockdown: Disruption grows to logistics, shipyards, and production.

Furthermore, container manufacturing prices are also on the upswing, resulting in rising costs that could discourage carriers from overordering and might therefore exert a steadying influence on rates. Also, the issues in ship-building do not only relate to the cost, as labour uncertainty, tightening of emission regulations, government intervention in supply chains, a slowdown in demand, and a reduction of carrier profits are also playing a role in aggravating the doubt around adding to the current capacity crisis. Ultimately, the warning signs are clear for carriers, as the industry faces an array of risks and triggers of disruption that bear close attention from senior leaders and investors. Above all, the concern is mounting that today's supply-demand mismatch could flip, possibly beginning as soon as 2023.

ii. Global container freight rates

Global container freight rates continued their expected and steady descent, as Drewry's "World Container Index" fell again this week, down by **↓0,9%** (or **$71**) to **$7 874** per 40-ft container[21]. Freight rates were approximately similar to mid-May last year. However, a complete moderation is not expected yet, as significant constraints in shipping networks remain – notably in China and the US West – and East Coast. In addition, the pent-up demand remains, as the current decreasing trend of available capacity cannot service the entire market. Nevertheless, we are much closer to market equilibrium than we have been in the last six months. The following image shows the one-year spot rates with the sustained downward trend since early February now clearly visible.

Figure 17 – World Container Index – assessed by Drewry ($ per 40 ft. container)



Source: Drewry Ports and Terminal insights

After eight consecutive weeks of decreases, the average composite index is **↑60%** compared to the previous year, with the y/t/d average currently at **$8 965** per 40ft container, approximately **$5 708** higher than the five-year average of **$3 257**. Of the eight major East-West trades, Shanghai – Rotterdam (**↓2%**) and Shanghai – New York (**↓1%**) decreased, whereas the other six routes remained unchanged. Drewry expects rates to remain steady; however, our estimations point to an average freight rate of around **$6 750** by the end of the year. The massive increases in fuel cost – which represents about **50-60%** of total ship operating costs,

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[21] Drewry. 21/04/2022. World Container Index.

depending on the type of ship and service – will ensure that a swift return to pre-pandemic freight rates is impossible.

iii. Further developments of note

Apart from the overview provided above, there were some additional noteworthy developments this week:

1. **Shanghai lockdown update:**
    a. Vessel dwell times have significantly improved despite the city entering its third week of lockdowns with no sign of any immediate relaxation. China's Ministry of Transport shared some data, noting that vessels operated by mainline operators spent an average of **2,02** days in the port, down **↓44%** a year ago and **↓2%** compared with January and February[22]. However, despite the improvement, massive congestion remains, as vessels waiting outside Chinese ports today are **195%** of the figure seen in February. Moreover, the 506 vessels outside Chinese ports this month represented an alarming **27,7%** of all vessels waiting at ports worldwide, compared with **14,8%** in February[23].
    b. Ship-tracking data indicated that vessels spent an average of **0,99 days** at berth last week, which, while down **↓12%** from January and February, was up **↑2%** from a year ago. In addition, the 14-day average import container dwell-time in Shanghai had increased **↑144%** to **8,3 days**, while export dwell-time was six days, up **↑20%**. Sea Intelligence notes that the lockdown has not had any material impact on blank sailings beyond normal despite long delays and widespread congestion.
    c. These lockdowns are creating knock-on effects across the logistics network, as the over-the-road volumes in Shanghai continue to be impacted, with both deliveries to and pickups from Shanghai decreasing further over the past week. For example, as of 16 April, the 14-day average over-the-road and intermodal shipment volumes leaving Shanghai are down **↓41%**, compared with 12 March, while deliveries to Shanghai are down **↓72%** over the same period. Fortunately, restrictions continue to ease, with the outlook showing some improvement in the short term.
2. **Despite sanctions, Russian commodities are still flowing west in vast quantities:**
    a. The difficulties of enforcing sanctions against Russia are becoming increasingly evident, with a host of foreign shipowners still making a fortune shifting commodities out of the world's largest nation on day 57 of the invasion of Ukraine[24].
    b. Data from shipping platform Sea/ shows 474 ships across all segments are due to call at Russian ports in the coming three weeks, of which 256 are non-Russian flagged. Many Russian owners have reflagged their vessels in the war's opening weeks as sanctions mounted up, while the charter market data makes it clear there are many well-known, non-Russian shipping names making a fortune with Aframaxes out of the Baltic being fixed at rates above $300 000 a day. Typically, the Black Sea has around 600 ships on an average on any given day. However, since the Russian invasion started, that average has dropped to about 500 a day, mainly due to the lack of ships in Ukrainian waters.
    c. On the rail side, European companies are using Chinese rail agents to evade Russian sanctions[25]. According to Chinese state media, Silk Road rail volumes increased in the first quarter to 350 000 TEU on 3 630 train trips, **↑9%** and **↑7%,** respectively, y/y. Nevertheless,

[22] Li, M. 20/04/2022. Shanghai dwell times improving, claims minister, but carriers not convinced.
[23] Whelan, S. 20/04/2022. China port data shows huge impact of lockdowns, but restrictions easing.
[24] Chambers, S. 21/04/2022. Russian commodities still flowing west in vast quantities.
[25] Whelan, S. 22/04/2022. European companies using Chinese rail agents to evade Russia sanctions.

the experience is not felt across the board, as some forwarders have stated that volumes are down by more than 80% since the start of the conflict.

3. **Carriers announce more blank sailings in a bid to halt the slide in spot rates:**
   a. As mentioned earlier, carriers are doing their best to maintain the recent financial momentum by adding blank sailings to halt the current spot rate slide[26]. According to Drewry, 78 cancelled sailings have been announced between weeks 17 and 21 across the major trades (Transpacific, Transatlantic and Asia-North Europe, and the Mediterranean). These cancellations are out of 725 scheduled sailings, representing an increased cancellation rate of **11%[27]**. During this period, 64% of the blank sailings will be occurring in the Transpacific Eastbound trade, and mainly to the US West Coast.
   b. 2M partners, MSC and Maersk, have cancelled their Griffin/AE55 loop for the first week of May and will void two voyages of their key Shogun/AE1 service in the following weeks. MSC attributed the cancelled head haul voyages to "the ongoing market situation" and said bookings would be accommodated on "alternative services". However, throughout the industry, the blanking by the 2M and two other alliances is seen as a bid to halt the slide in rates as cargo bookings from China have collapsed due to COVID lockdowns and intermodal restrictions mentioned above.

c. Global aviation industry

Global air carriers struggle to continue operations as the Chines lockdowns are severely hampering current service levels. Moreover, the airlines still flying out of Shanghai (PVG) could struggle with profitability after being unable to pick up shipments. The capacity out of Shanghai had fallen **↓40%** from March[28] – but new data from Clive Data Services shows load factors (LF) had dropped to the lowest levels ever recorded by the Xeneta-owned company. For the previous week, Shanghai westbound load factors were just **49%** of typical levels compared to the average between January and March, which was about **92%**. Indeed, since March, load factors out of Shanghai fell from a high of **93%** to **58%**, then reached **49%** last week. The widespread service disruptions once again highlight the interconnected nature of supply chains.

The situation is causing ripple effects throughout the aviation industry as forwarders struggle to bypass the current blockages in Shanghai. Unfortunately, the airfreight from lockdown-hit Shanghai Pudong (PVG) is clogging up China's other major airports, causing a shortage of export pallets[29]. Specifically, forwarders have singled out Zhengzhou Airport (CGO) as the hardest hit in the central Henan province, given that much cargo was diverted there from Shanghai. However, Zhengzhou itself began a two-week lockdown over the weekend, which has added to the difficulties. The closures include the economic zone, with travel and vehicle permit restrictions. In addition, international industry stakeholders have accelerated their critique of the zero-COVID policies implemented in China, especially given the alternative route followed by international counterparts. Nevertheless, the extended industry is hopeful of a full supply chain revival soon.

[26] Wackett, M. 22/04/2022. Carriers roll out more blank sailings in a bid to underpin slide in spot rates.
[27] Drewry. 22/04/2022. Cancelled Sailings Tracker – 22 April 2022.
[28] Lennane, Al. 21/04/2022. Airfreight load factors ex-Shanghai plummet as the cargo fails to arrive.
[29] Whelan, S. 19/04/2022. Cargo diversions from Shanghai start to clog-up other major Chinese airports.