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)

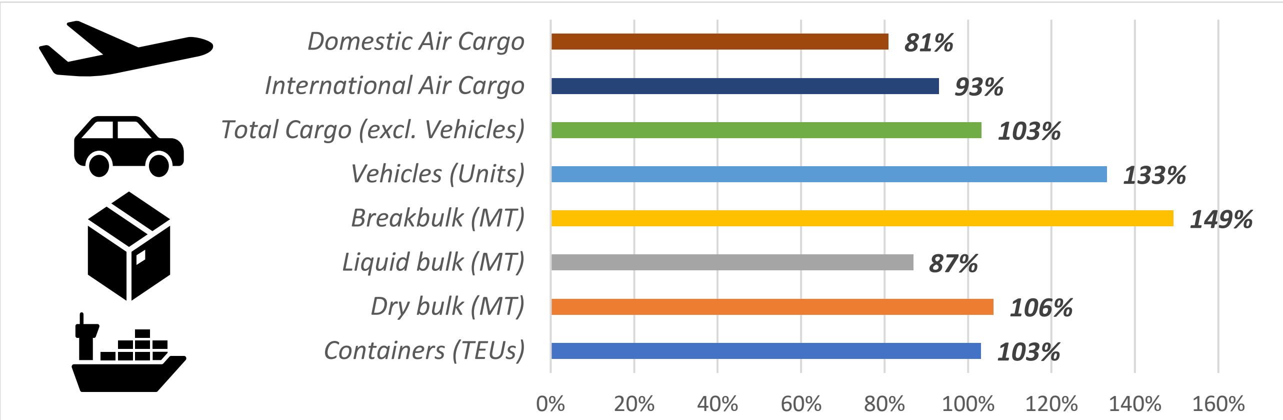

Figure 2 – Global year-to-date flows 2019-2022[5]: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)

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.