

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

**Date: 29 April 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)	26 395	27 267	<b>53 662</b>	20 297	24 792	<b>45 089</b>	<b>↑19%</b>
Air Cargo (tons)	5 062	2 600	<b>7 662</b>	4 681	2 539	<b>7 220</b>	<b>↑6%</b>

## Monthly Snapshot

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

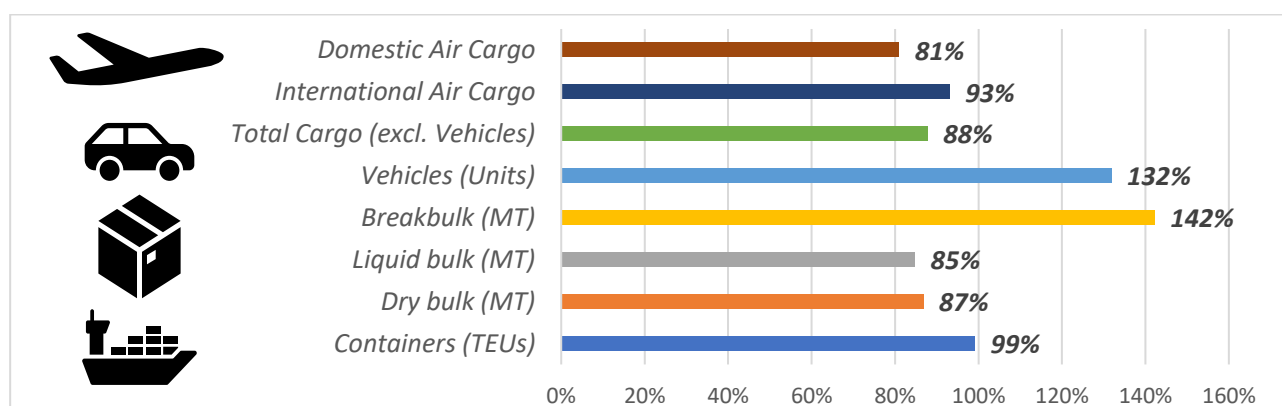
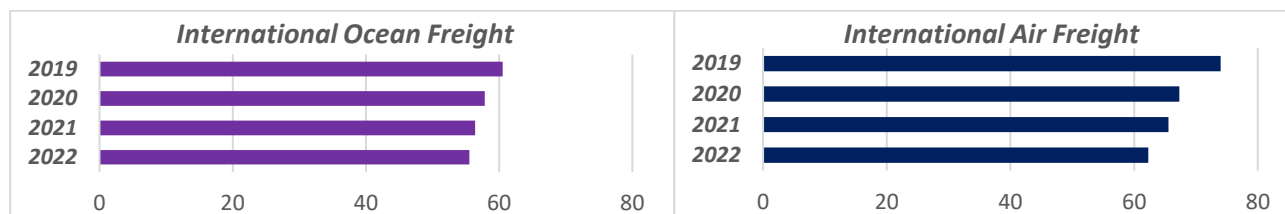


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



## Key Notes

- An average of **~7 666 containers** was handled per day, with **~6 404** projected for next week.
- TNPA port statistics for March: container throughput is **↑2%** (y/y) and **↑12%** versus 2020 levels, but **↓5%** (m/m). Total cargo handled is **↓12%** (y/y), **↓4%** compared to 2020 levels, and **↓8%** (m/m).
- Rail cargo handled out of Durban amounted to **458** containers, **↓19%** compared to last week.
- This week, cross-border queue times are **↑0,4 hours**, with transit times **↓0,4 hours** (see [below](#)).
- The "WCI" continued its decrease this week, with spot rates **↓1,3%** (or **\$106**) to **\$7 768** per 40-ft.
- Global container throughput for February is **↓0,7%** (m/m) falling to an index of **138**, but **↑2,8%** (y/y).
- Liner schedule reliability improved by **↑1,5%** (m/m) to **35,9%**, with average late arrivals at **7,26 days**.

<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 85<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 all metrics: Mar versus Mar.

<sup>5</sup> 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 85<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 again rose sharply, averaging approximately **4 231** per day (**↑120%** against last week's average of **1 927**). South Africa has recorded **3,78 million<sup>6</sup>** positive cases, with the death toll up to **100 355** this week (up by **79**). Globally, the case tally stands at **512 million** infected by COVID-19, with **6,2 million** deaths recorded. Around **11,6 billion** vaccine doses have been administered globally<sup>7</sup>, with the South African count at **34,73 million**, leaving some 40% of the population unvaccinated.

Port operations once again revolved around restoring the Port of Durban and its surroundings, with Bayhead Road rebuilding and focusing on import evacuation. The restoration of Bayhead Road is proceeding well, although somewhat delayed due to water and sewage pipes that need to be replaced or restored. Unfortunately, neither Pier 1 nor Pier 2 have performed satisfactorily with a build-up of import boxes reported. A combination of depot closures, poor productivity, particularly on the night shift at both piers, and truck availability have hampered evacuation. The Port of Cape Town is finally showing an improvement in the average turnaround time of vessels at outer anchorage, and hopes are high that with the restoration of crane QC8, the terminal will allow for a three-berth operation again although the shortage of serviceable RTGs may not allow for that. NCT and GCT experienced weather disruptions and intermittent equipment breakdowns, slowing performance.

The latest throughput figures demonstrate the expected seasonal decline for February in the global container industry, with the outlook somewhat down with various uncertainties hanging over the near term. Fortunately, liner schedule reliability improved for a second month, albeit marginally, with average vessel waiting times also trending positively. Moreover, freight rates continue their long-awaited and welcome decline as container freight rates move slowly back to something like more realistic pricing. Against that, with Chinese lockdowns being accompanied by global port congestion, the industry is set to continue its bumpy ride for the time being. Further developments of note include **(1)** an update on the Shanghai and extended Chinese lockdowns, **(2)** carriers are on course for a \$300 billion profit as Maersk hikes forecast by \$6 billion, and **(3)** Hapag-Lloyd fined by the FMC for levying 'wilful' and 'erroneous' detention and demurrage charges.

Both South Africa's domestic – (**↑76%**) and international (**↑6%**) air cargo sectors experienced some welcome resurgence after reduced volumes caused by the Easter weekend. However, as with the global container industry, uncertainty still reigns supreme, with the ongoing lockdowns in China now also significantly impacting the air cargo sector. Additional developments include **(1)** the expectations of a surge in demand – and rates – out of China once the lockdowns ease, and **(2)** a group of airlines will appeal a recent decision by the Dutch Authority ACM to allow Schiphol Airport to increase its fees by up to **↑37%**.

In summary, it appears as if the industry will focus on crisis management situations, as all sectors continue to experience significant unexpected challenges on both the domestic and international fronts. Moreover, as the short-term figures read with TNPA's historical data show, we have yet to recover from the pandemic fully, especially with all the added short-term constraints now being thrown at our industry. Nevertheless, trade continues to flourish – as it has done since the initial shutdowns in 2020. Therefore, all stakeholders need to stay on point to ensure that our supply chain is working in as agile, reliable, and sustainable a manner as possible. Consequently, we again call for united public-private partnerships to ensure that the extended South African logistics networks continue to be a going concern capable of competing internationally.

<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 23 to 29 April<sup>8</sup>

7-day flow forecast (23/04/2022 – 29/04/2022)		
TERMINAL	NO. OF CONTAINERS <sup>9</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 189	4 635
DURBAN CONTAINER TERMINAL PIER 2:	12 167	11 354
CAPE TOWN CONTAINER TERMINAL:	5 540	4 400
NGQURA CONTAINER TERMINAL:	4 137	5 978
GQEBERHA CONTAINER TERMINAL:	362	900
<b>TOTAL:</b>	<b>26 395</b>	<b>27 267</b>

Source: Transnet, 2021. Updated 29/04/2022.

Table 3 – Container Ports – Weekly flow reported for 30 April to 6 May<sup>10</sup>

7-day flow forecast (30/04/2022 – 06/05/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	1 789	2 318
DURBAN CONTAINER TERMINAL PIER 2:	9 689	9 776
CAPE TOWN CONTAINER TERMINAL:	4 365	6 080
NGQURA CONTAINER TERMINAL:	5 106	3 518
GQEBERHA CONTAINER TERMINAL:	630	1 558
<b>TOTAL:</b>	<b>21 579</b>	<b>23 250</b>

Source: Transnet, 2021. Updated 29/04/2022.

An average of **~7 666 containers (↑18%)** was handled per day for the last week (23 to 29 April, Table 2), despite the projected average of **~9 253 containers (↓17% actual versus projected)** noted in last week's report. A decreased average of **~6 404 containers (↓16%)** is projected to be handled next week (30 April to 6 May, Table 3).

Operations were typified by congested stacks, causing severe delays on the landside at the Port of Durban. Import evacuation is going slower than expected, with many containers still held up in the system. A shortage of cranes is compounding slow waterside performance. At Cape Town, some intermittent weather delays were experienced from Monday through to early Tuesday morning, affecting operations. It does seem that CTCT is starting to improve on the turnaround time of vessels at anchor. NCT and GCT experienced intermittent equipment breakdowns (see a more detailed breakdown per port [below](#)).

<sup>8</sup> It remains important to note that a fair percentage (approximately 42% according to the latest TNPA figures for March) 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.

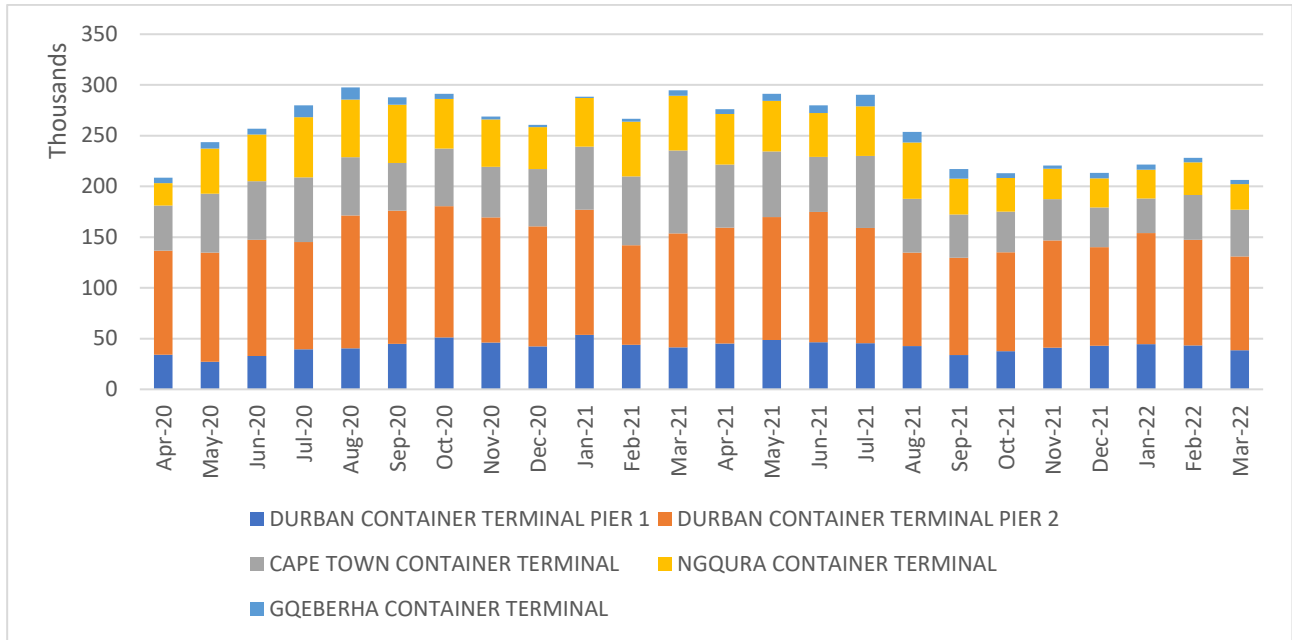
<sup>9</sup> As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container.

<sup>10</sup> As noted above.

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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.

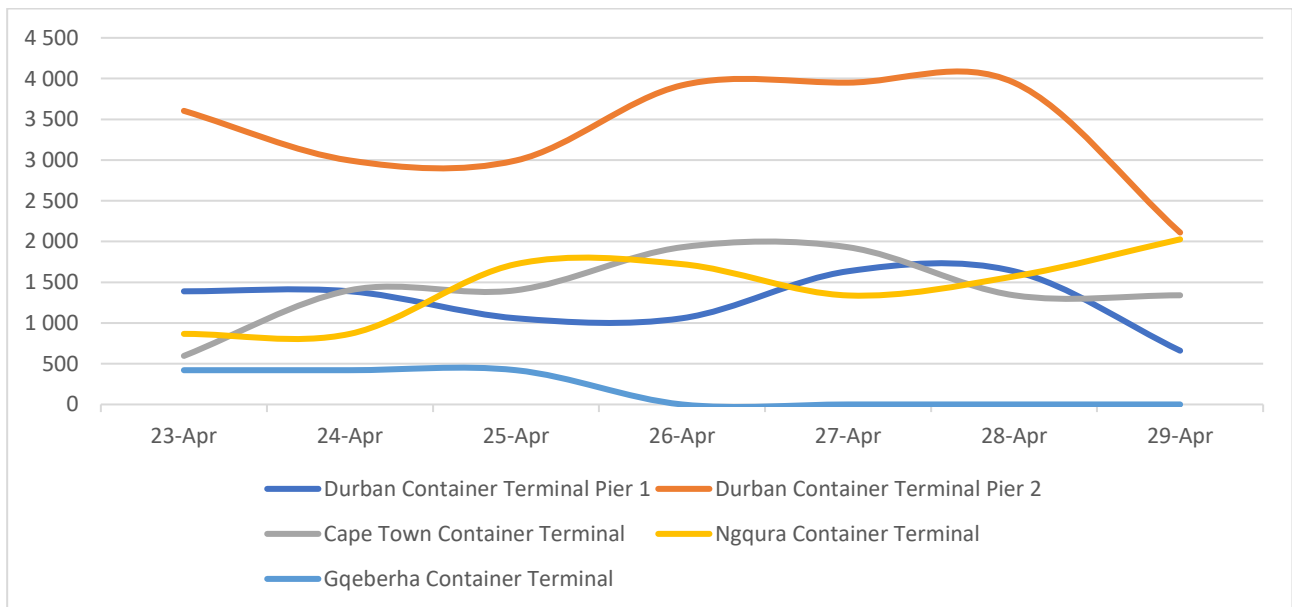
**Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)**



Source: Calculated using data from Transnet, 2021. Updated 29/04/2022.

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

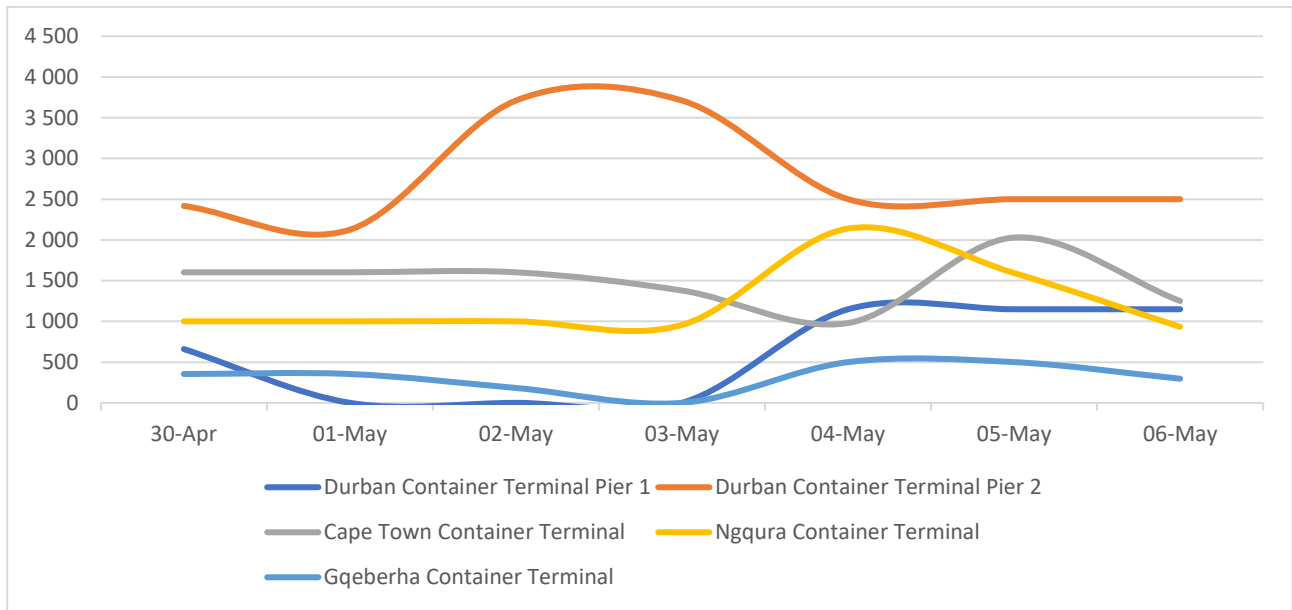
**Figure 4 – 7-day flow reported for total container movements (23 to 29 April; per port; day on day)**



Source: Calculated using data from Transnet, 2021. Updated 29/04/2022.

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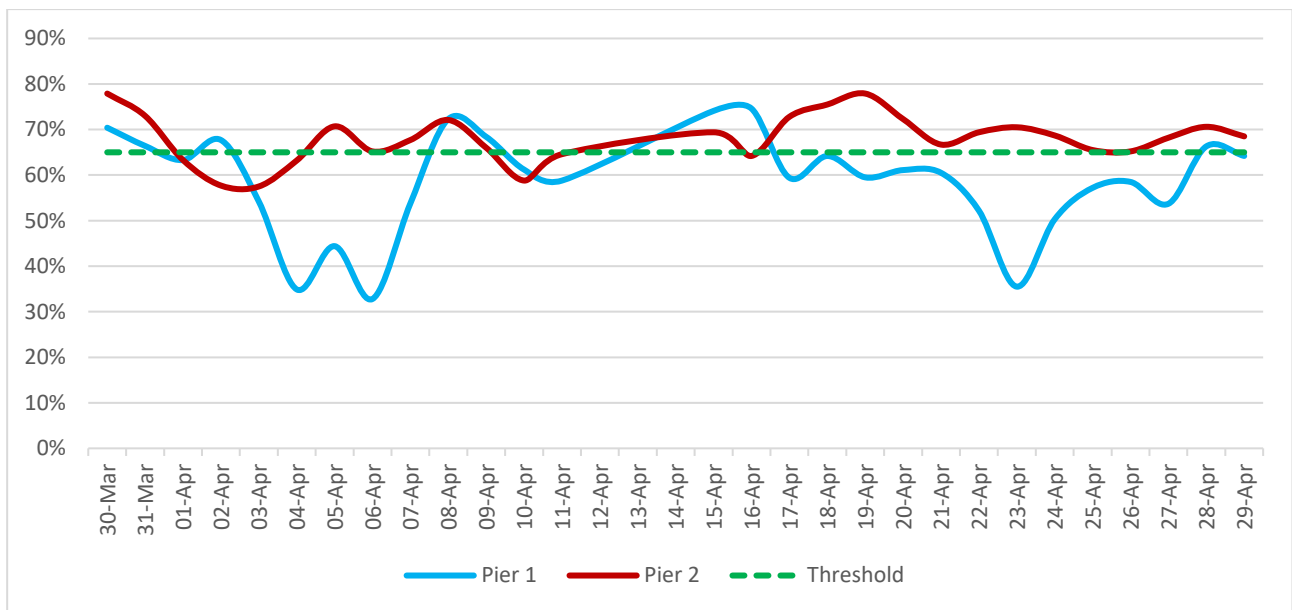
Figure 5 – 7-day forecast reported for total container movements (30 April to 6 May; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 29/04/2022.

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

Figure 6 – Stack occupancy in DCT, general-purpose containers (30 March to present; per pier; day on day)

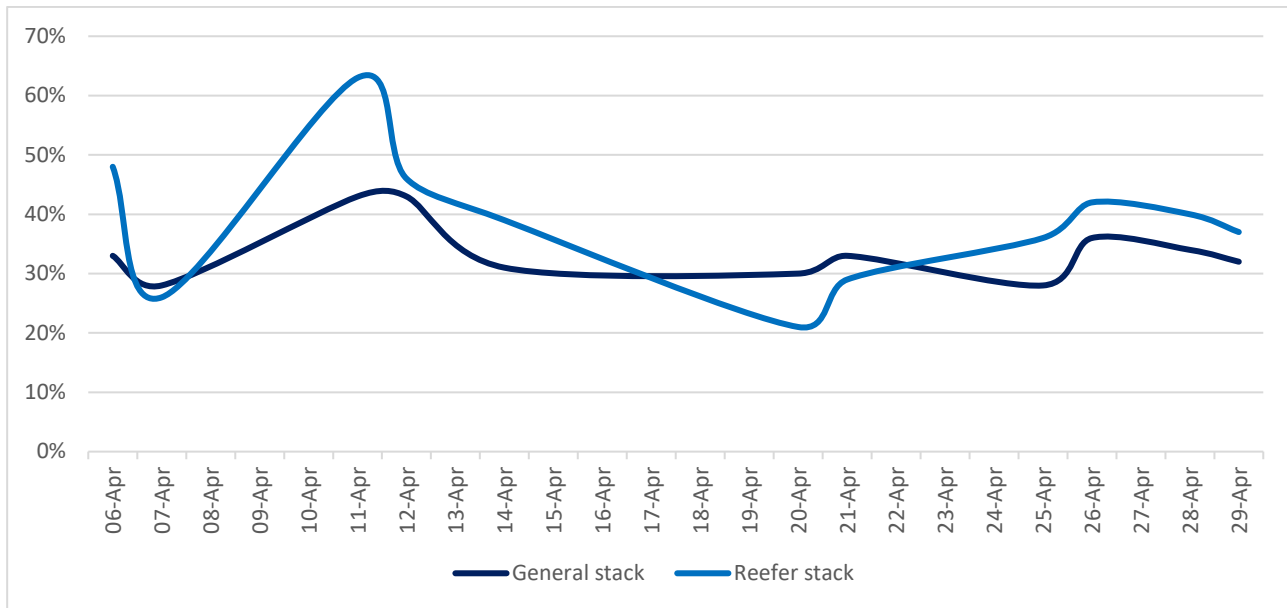


Source: Calculated using data from Transnet, 2021. Updated 29/04/2022.

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.

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Figure 7 – Stack occupancy in CTCT, general-purpose, and reefer containers (6 April to present; day on day)



Source: Calculated using data from Transnet, 2021. Updated 29/04/2022.

### b. Transnet National Ports Authority: March update

Transnet National Ports Authority (TNPA) has released its consolidated monthly port statistics for March<sup>11</sup>, with most sub-sectors (except for vehicles) being substantially down compared to February. The following table shows the monthly movement compared to February, which sees a customary cyclical drop of around 5% at this time of year.

Table 4 – TNPA – Volume and growth: March 2022

	Feb	Mar	Movement	Monthly growth
<b>Containers (TEUs)</b>	<b>384 618</b>	<b>364 711</b>	<b>-19 907</b>	<b>-5%</b>
Landed	182 974	180 149	-2 825	-2%
Shipped	201 644	184 562	-17 082	-8%
<b>Dry bulk (MT)</b>	<b>15 429 944</b>	<b>14 113 948</b>	<b>-1 315 996</b>	<b>-9%</b>
<b>Liquid bulk (MT)</b>	<b>3 450 407</b>	<b>3 265 503</b>	<b>-184 904</b>	<b>-5%</b>
<b>Breakbulk (MT)</b>	<b>561 370</b>	<b>522 115</b>	<b>-39 255</b>	<b>-7%</b>
<b>Vehicles (Units)</b>	<b>66 874</b>	<b>80 843</b>	<b>13 969</b>	<b>21%</b>
<b>Total Cargo (excl. Vehicles)</b>	<b>19 441 721</b>	<b>17 901 566</b>	<b>-1 540 155</b>	<b>-8%</b>

Source: [TNPA](#), updated 25/04/2022.

After a substantial monthly increase in port activity in February, there was a significant drop in March, with another drop expected when April figures come around, given the impact of the floods. Overall, total cargo handled is **↓8%** (m/m), with all sub-sectors except automotive recording single-digit declines from February. However, a more meaningful comparison would be to view the throughput against the same time last year and before the pandemic struck. Therefore, the following table provides a comparative overview of all cargo movement in and out of South Africa's ports for March 2022, compared to the same month in 2021 and 2020. Unfortunately, the picture provides relatively unconvincing viewing.

<sup>11</sup> Transnet. 2022. Port statistics. [TNPA](#)

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Table 5 – TNPA – Volume and growth: March 2020-2022

	Mar 2020	Mar 2021	Mar 2022	Growth: '21-'22	Growth: '20-'22
<b>Containers (TEUs)</b>	<b>326 619</b>	<b>358 508</b>	<b>364 711</b>	<b>2%</b>	<b>12%</b>
Landed	157 284	179 588	180 149	0%	15%
Shipped	169 335	178 920	184 562	3%	9%
<b>Dry bulk (MT)</b>	<b>14 974 933</b>	<b>16 259 504</b>	<b>14 113 948</b>	<b>-13%</b>	<b>-6%</b>
<b>Liquid bulk (MT)</b>	<b>3 430 771</b>	<b>3 850 571</b>	<b>3 265 503</b>	<b>-15%</b>	<b>-5%</b>
<b>Breakbulk (MT)</b>	<b>248 820</b>	<b>367 207</b>	<b>522 115</b>	<b>42%</b>	<b>110%</b>
<b>Vehicles (Units)</b>	<b>60 352</b>	<b>61 327</b>	<b>80 843</b>	<b>32%</b>	<b>34%</b>
<b>Total Cargo (excl. Vehicles)</b>	<b>18 654 524</b>	<b>20 477 282</b>	<b>17 982 409</b>	<b>-12%</b>	<b>-4%</b>

Source: [TNPA](#), updated 25/04/2022.

In the maritime trade sub-segments, yearly growth was recorded in containers (**↑2%**), breakbulk (**↑42%**), and vehicles (**↑32%**), while dry bulk (**↓13%**) and liquid bulk (**↓15%**) saw a significant drop. Compared to March 2020, when the lockdown hit at the end of the month, the trend was similar, only slightly less pronounced in dry and liquid bulk but more pronounced for breakbulk and vehicles. Overall, total cargo is down by **↓3%** compared to 2020 levels, with containers up by **↑12%**. The following table provides a more in-depth year-to-date view of containerised cargo.

Table 6 – TNPA – Volume: Y-T-D January-March 2020-2022: Containerised cargo

	2020			2021			2022		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
<b>LANDED:</b>									
DEEPSEA	349 822	46 049	<b>395 871</b>	363 615	42 028	<b>405 643</b>	377 927	52 427	<b>430 354</b>
COASTWISE	1 014	15 249	<b>16 263</b>	1 063	12 704	<b>13 767</b>	822	16 794	<b>17 616</b>
TRANSHIPPED <sup>12</sup>	83 969	24 992	<b>108 961</b>	51 785	28 943	<b>80 728</b>	79 671	23 068	<b>102 739</b>
<b>TOTAL LANDED</b>	<b>434 805</b>	<b>86 290</b>	<b>521 095</b>	<b>416 463</b>	<b>83 675</b>	<b>500 138</b>	<b>458 420</b>	<b>92 289</b>	<b>550 709</b>
<b>SHIPPED:</b>									
DEEPSEA	266 576	162 275	<b>428 851</b>	253 789	168 100	<b>421 889</b>	279 362	191 655	<b>471 017</b>
COASTWISE	2 138	17 638	<b>19 776</b>	1 021	14 530	<b>15 551</b>	880	15 345	<b>16 225</b>
TRANSHIPPED	78 689	20 578	<b>99 267</b>	62 762	26 181	<b>88 943</b>	58 497	27 858	<b>86 355</b>
<b>TOTAL SHIPPED</b>	<b>347 403</b>	<b>200 491</b>	<b>547 894</b>	<b>317 572</b>	<b>208 811</b>	<b>526 383</b>	<b>338 739</b>	<b>234 858</b>	<b>573 597</b>
<b>GRAND TOTAL</b>	<b>782 208</b>	<b>286 781</b>	<b>1 068 989</b>	<b>734 035</b>	<b>292 486</b>	<b>1 026 521</b>	<b>797 159</b>	<b>327 147</b>	<b>1 124 306</b>

Source: [TNPA](#), updated 25/04/2022.

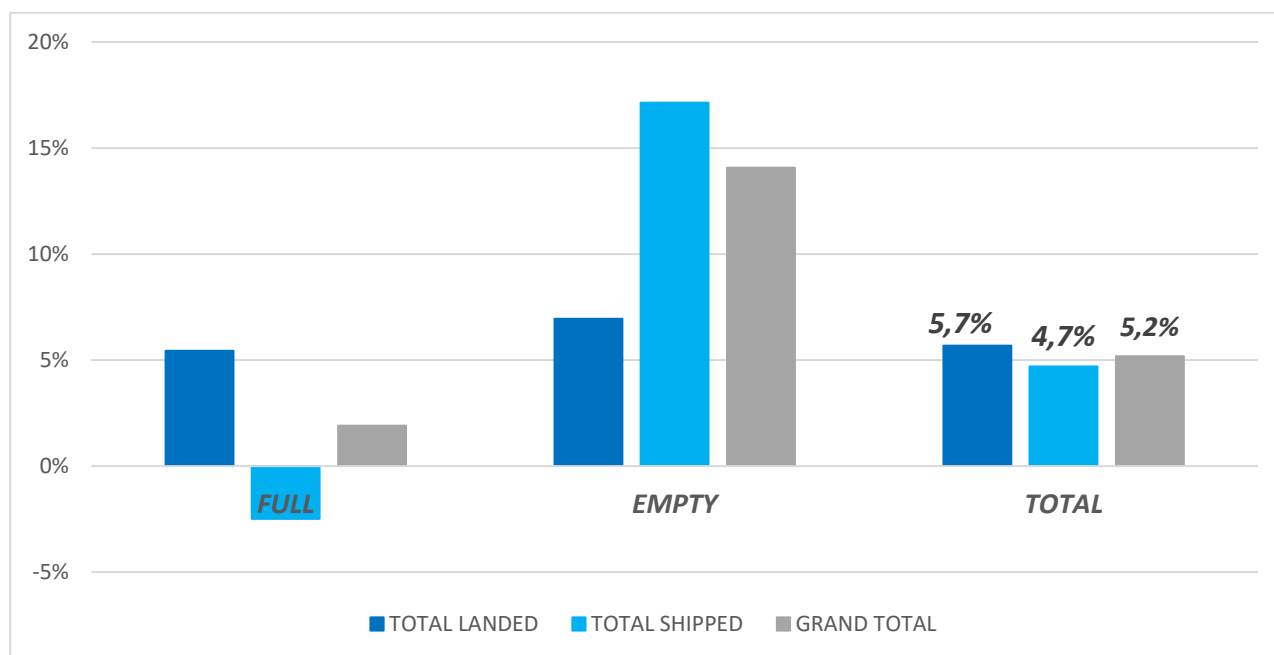
First viewing, it appears our containerised market has been steadily improving on both 2020 and 2021 throughput levels; however, the totals do not tell the complete story. As an ongoing theme since the global outbreak of the pandemic, there has been a concerted drive to reposition empty containers throughout the world. The repositioning is apparent when investigating the growth of empty containers handled at our container terminals, illustrated below.

<sup>12</sup> 'Transhipped' means an act of off-loading cargo from one ship (generally at a hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transshipment port for a period.



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Figure 8 – TNPA – Growth: Y-2-D January-March 2020 versus January-March 2022: Containerised cargo



Source: [TNPA](#), updated 25/04/2022.

As with many comparisons lately, it is vital to view current growth with the situation before the pandemic. And given that the initial lockdown commenced at the end of March 2020, it was still useful to compare the container segment with that of the market in March 2020. The YTD comparison shows our containerised segment currently stands at **↑5,2%** compared to 2020. However, there is more to this figure than meets the eye. Trade in full containers is up by approximately **↑1,9%**, with empties increasing by **↑14,1%**. This figure has subsided lately (from almost **↑20%** last month) but still shows the effects of the global container repositioning efforts. Also, as mentioned last week, there has been a drop in our export activity – which can also be seen in the container market, with full shipped containers the only sub-sector being down on 2020 levels (**↓2,5%**). Therefore, we need sustained growth in our national economy spilling over into containers to offset this trend. Furthermore, we need ongoing investment in the ports with a sustained focus on equipment maintenance and procurement, system enhancements, and employee training, none of which have been ideal over the last decade or so.

### c. Summary of port operations

The following sections provide a more detailed picture of the operational performance of our commercial ports over the last seven days.

#### i. Weather delays

Cape Town experienced some weather delays early on Tuesday morning, as CTCT was windbound from 01:30 till after 09:00. Due to the high swells, vessels at berth were ranging.

Durban suffered waterside delays due to strong winds on Monday. Pier 2 lost about 4 hours due to being windbound, while Pier 1 lost about two and a half hours.

On Monday, the Eastern Cape ports, specifically NCT, reported some wind interruptions.

#### ii. Cape Town

On Monday, CTCT recorded two vessels at berth and five at outer anchorage. In the most recent 24 hour period, CTCT managed to handle 2 201 moves across the quay. The terminal handled 682 external trucks and 122 units via rail on the landside. CTCT reported six gangs in operation with 20 RTGs and 43 hauliers in terms of

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equipment. Stack occupancy was 28% for GP containers, 36% for reefers, and 49% for empties. CTCT was starting to improve on the average turnaround time of vessels at outer anchorage, with only three recorded waiting for berths on Friday, compared with a recent high of nine. In addition, an update on crane LC8 was received on Friday. The replacement window was received on Friday, and officials from Liebherr flew in to install and test it. Cape Town MPT recorded two vessels at berth. Stacks were sitting at 17% for GP containers, 12% for reefers, and 22% for empties. After line tensioners were properly set and deployed, ranging was quickly resolved on vessels using the equipment, but it can only be used at one berth. The second sets of line tensioners for CTCT and NCT are ready for shipment but have been delayed due to supply chain constraints associated with the war in Ukraine.

### iii. Durban

The two lanes on Bayhead Road continue to be open. The surfacing of the 3rd lane took place on Saturday, and a stop/go operation was established, whereby the industry was also asked not to send too many trucks via this route. Completing the third lane has been delayed to early May 2022 due to the need to replace water and sewage pipework. The alternative route progresses with rail lines lifted and encroaching bush cleared; required earthworks are planned to commence next. This road will commence off Bayhead Road just past the Shell garage and re-join the existing route again at Bayhead and Langeberg Road. The Bayhead area and affected depots are still without water and electricity at various facilities. A commitment has been made to restore the water supply by 1 May, and the electricity supply was resumed on Friday.

Generally speaking, evacuation of import containers from both piers has not gone well, with a build-up of import boxes reported. A combination of depot closures, poor productivity, particularly on the night shift at both piers, and truck availability all have a negative impact on evacuation. On Friday at Pier 2, out of a total of 1 000 occupied plug points, 425 were import containers. Trucks were experiencing lengthy TTT, which was communicated with TPT this past week. Delays in issuing removal permits by the State Vet resulted in slow uplift, and SAAFF addressed this with the relevant department. TPT reported that the Bayhead CX Terminal would be closed over the long weekend due to a lack of bookings from shipping lines.

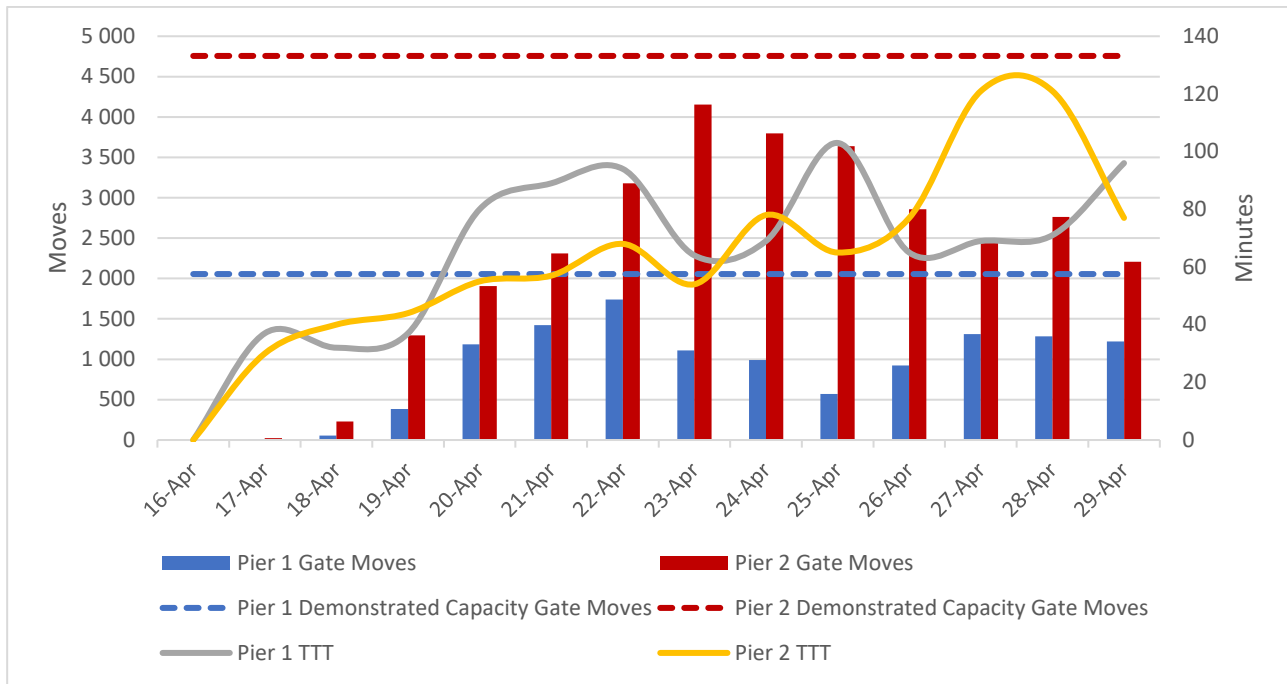
On Monday, Pier 2 reported three vessels at berth and zero at anchorage. Seven out of the available 12 gangs were on site. Stack occupancy was at 66% for GP containers and 52% for reefers. The terminal managed to handle 2 805 TEUs across the quay. The terminal handled 3 638 external trucks on the landside against a target of 3 500 gate moves. 222 slots were wasted, and 2 046 were cancelled. The terminal recorded 6 503 imports on hand that needed to be evacuated via road. Mass import evacuation commenced with strict coordination between the Shipping Lines. On Tuesday, the terminal experienced periodic system downtime that affected operations but was resolved quickly. Due to intermittent breakdowns and awaiting parts, various cranes were still out of commission. Availability of straddle carriers this past week ranged between 72 – and 75.

Pier 1 on Monday recorded two vessels at berth and zero at anchorage. Stack occupancy was sitting at 57% overall. The terminal managed to handle 2 226 TEUs across the quay in the most recent 24-hour period. The terminal recorded 570 gate moves on the landside, well below the daily target of 1 500 moves, mainly due to low traffic volumes. Also, 325 slots were cancelled, with 31 wasted. The terminal reported having 17 RTGs available manned by four gangs in terms of equipment. The terminal recorded 2 473 imports on hand with 1 030 road stops and 329 unassigned.

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 figures, the effects of the devastating floods are still evident. Fortunately, terminal operations have picked up since then – albeit not yet at full tilt.

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Figure 9 – Gate moves (left axis), and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2021. Updated 29/04/2022.

### iv. Eastern Cape ports

NCT on Monday recorded three vessels at anchor and two at berth. The terminal reported having six STS cranes and 22RTGs available manned by five gangs in terms of equipment. Within the past 24 hours, the terminal recorded a GCH of ~14 and an SWH of ~38, handling 1 444 TEUs across the quay. The terminal recorded handling 139 external trucks with an average TTT of 37 minutes on the landside. The terminal experienced some equipment challenges and delays due to strong winds. Stacks were measured at 38% for GP containers and 48% for reefers. Port users complained about having a 2-berth operation against the normal three berths – a mirror of Cape Town's problems. According to TPT, a labour shortage was responsible for this issue. GCT recorded one vessel at berth handling 558 TEUs across the quay. In terms of performance within the past 24 hours, the terminal recorded a GCH of ~20 and an SWH of ~24. Stacks were sitting at 37% for GP containers and 2% for reefers. The terminal also experienced intermittent equipment breakdowns.

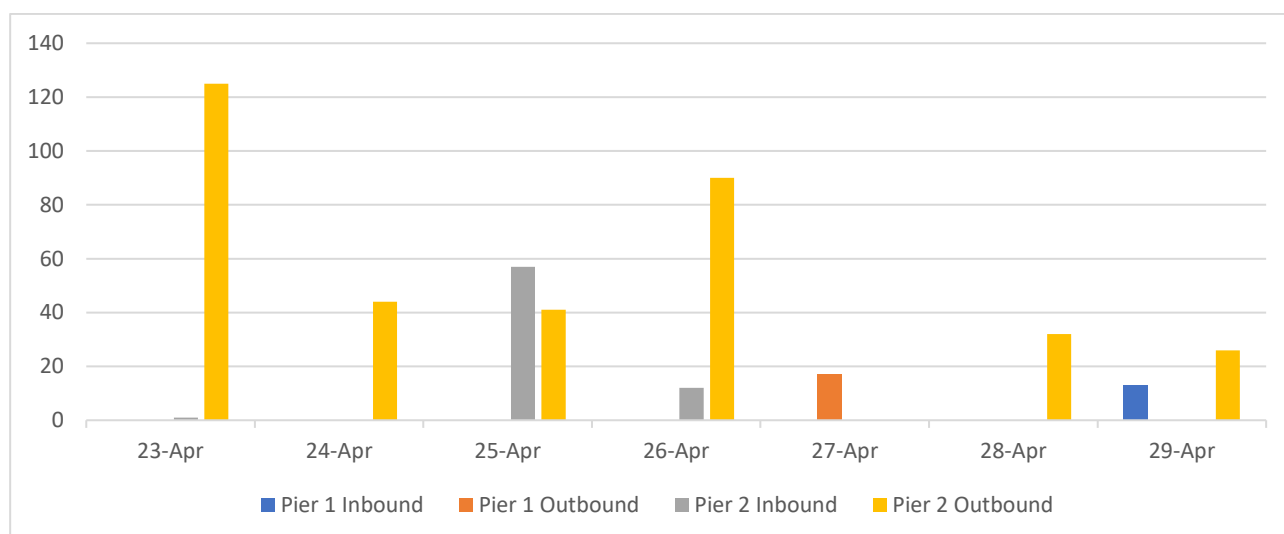
### v. Transnet Freight Rail (TFR)

This week's focus has been on working railing containers to Bayhead Terminal and rail transfers from Buffers one and two while the CONCOR line remains suspended. A force majeure announcement was released by TFR on Monday due to the severe weather events that took place, with a significant impact on TFR's service delivery. The statement indicates that the main rail lines in the areas affected are likely to take at least seven weeks to be repaired. Options were investigated to remove over 1 000 containers on rail at Durban container terminals. In addition, options were given to clients to renominate their cargo to the road and take delivery at the Bayhead CX depot or to renominate and take road delivery at the terminal. The main lines are still closed, and no further information has yet been communicated on the progress of re-opening the lines.

The following figure illustrates the rail cargo handled to and from Durban in the last seven days. As can be seen, volumes are still far from optimal, given the devastation from the floods and the subsequent announcement of Force Majeure by TFR.

## COVID-19: Cargo movement update

Figure 10 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2021. Updated 29/04/2022.

In the last week (23 to 29 April), rail cargo handled out of Durban was reported at **458** containers, **↓19%** from the previous week's **562** containers. Here again, these low numbers graphically demonstrate the serious impact of the flooding on rail cargo flows.

### vi. General

It was reported that Transnet was calling on private bidders to improve operations at the ports of Ngqura and Durban. Transnet is assessing companies that could help with the challenges posed by these two struggling ports and is expected to send out a formal request for proposals (RFP) to some of the world's major container terminal operators in the coming weeks. The private sector commends these moves, as it seems to be the best way to accelerate the investment in equipment, system enhancements, and employee training – something which has been sadly lacking in South African ports.

## 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 18 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 7 – International inbound and outbound cargo from OR Tambo

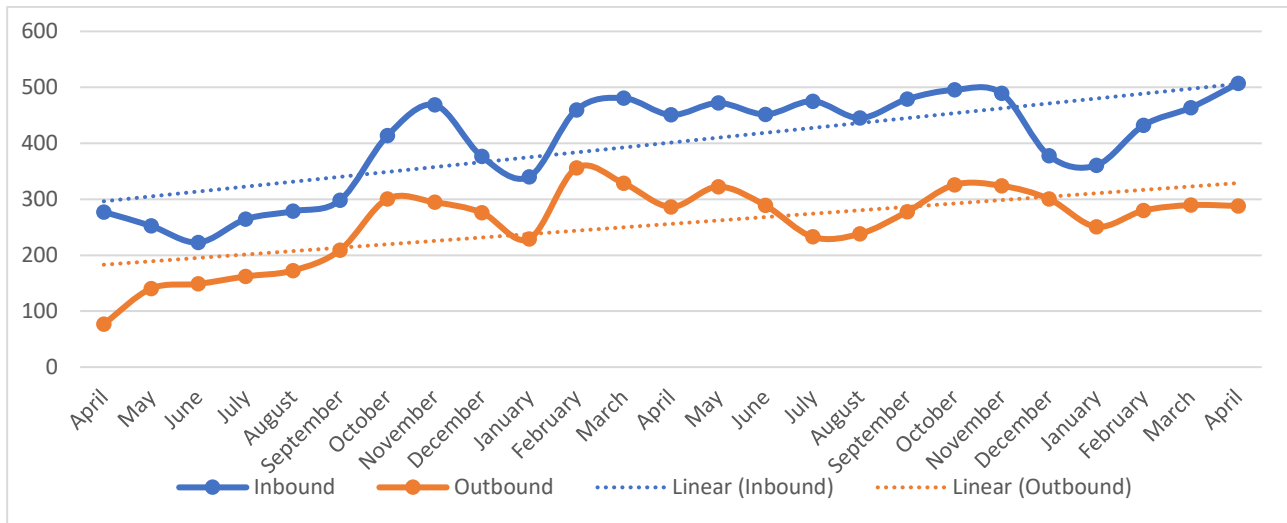
Flows	18-Apr	19-Apr	20-Apr	21-Apr	22-Apr	23-Apr	24-Apr
<b>Volume inbound</b>	559 576	305 277	613 046	444 111	331 010	268 123	1 022 215
<b>Volume outbound</b>	255 197	147 080	177 689	156 733	227 965	230 865	624 800
<b>Total</b>	<b>814 773</b>	<b>452 357</b>	<b>790 735</b>	<b>600 844</b>	<b>558 975</b>	<b>498 988</b>	<b>1 647 015</b>

Courtesy of ACOC. Updated: 25/04/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **506 194 kg** inbound and **260 047 kg** outbound, amounting to an average of **766 241 kg** per day or **~95%** compared with April 2021. Compared to pre-COVID-19 times, the level is currently at **~216%** compared with the same period in 2020, as the country was still firmly in strict lockdown. The following figure shows the monthly global freight movement at ORTIA since the pandemic outbreak.

## COVID-19: Cargo movement update

Figure 11 – International in – and outbound cargo from OR Tambo (thousands)



Courtesy of ACOC. Updated: 25/04/2022.

### 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 8 – Total domestic inbound and outbound cargo

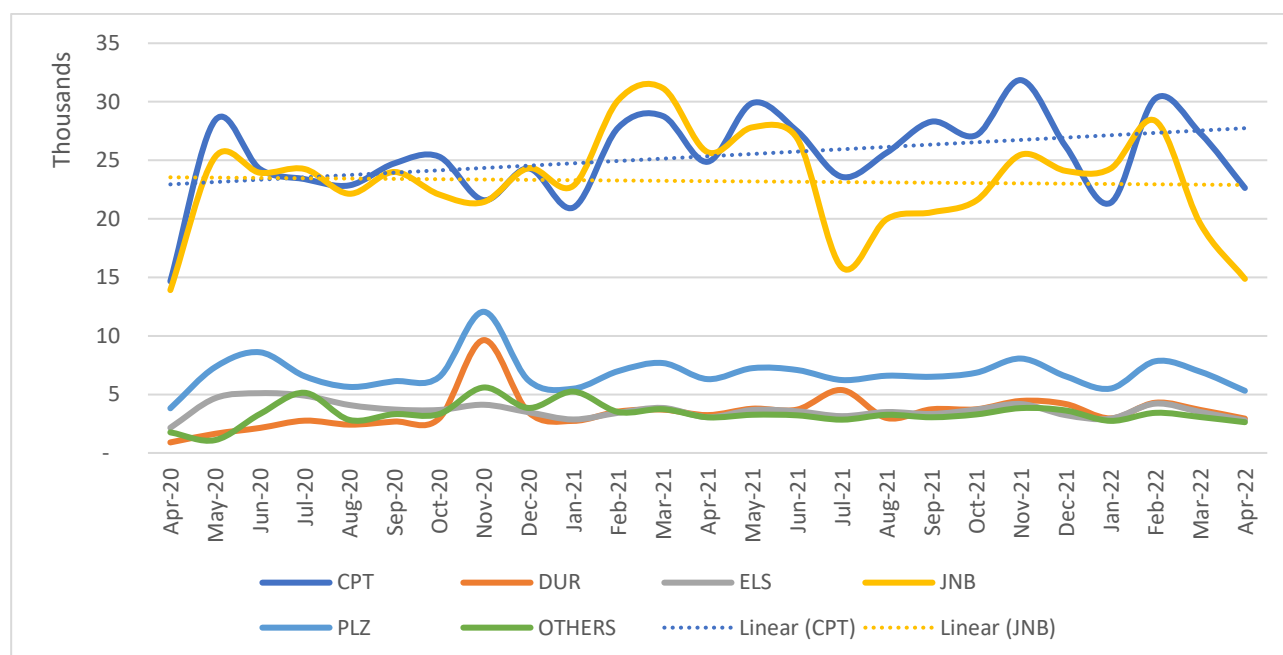
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
Mar Average	27 325	3 677	3 504	19 611	6 946	3 069	64 131
Apr Average	22 637	2 934	2 787	14 870	5 311	2 627	51 165
19-Apr-22	48 254	4 626	6 686	24 650	10 657	5 196	100 069
20-Apr-22	44 134	5 517	4 537	25 697	9 125	4 585	93 594
21-Apr-22	46 176	4 261	6 123	26 696	9 532	5 271	98 058
22-Apr-22	19 701	4 006	2 532	28 871	6 471	2 864	64 444
23-Apr-22	2 123	1 001	130	441	139	162	3 994
24-Apr-22	2 645	482	310	589	1 166	418	5 609
25-Apr-22	46 972	4 174	5 748	27 231	9 363	5 075	98 564
<b>Total for 2022:</b>	<b>2 963 829</b>	<b>405 325</b>	<b>392 573</b>	<b>2 579 016</b>	<b>746 120</b>	<b>345 181</b>	<b>7 432 044</b>

Courtesy of BAC. Updated: 26/04/2022.

The average domestic air cargo moved last week was ~66 333 kg per day, which is ↑76% compared with the previous week and ~88% compared to April 2021. After a subdued week mainly due to the Easter holidays, air cargo activity returned to normal levels this week. The following figure shows the monthly domestic freight movement at our commercial airports during the state of disaster.

## COVID-19: Cargo movement update

Figure 12 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 26/04/2022.

### 3. Road and Regional Update

#### a. Cross-border and road freight delays

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

- Zimbabwe QR codes on vaccination certificates could not be scanned at crossing points, and drivers were being made to pay for a rapid antigen test at the border at R250. It was later published that said QR codes had not been activated and that people with QR coded certificates could now go and get them activated. These places are at all border ports, airports, and hospitals in Zimbabwe. The industry critically questions why citizens were not warned about the deactivated QR codes beforehand or why the authorities did not just activate them on site.
- Beit Bridge has seen its fair share of issues of late, most notably caused by water shortages and persistent load-shedding.
- The situation at Kasumbalesa continues to frustrate drivers, transporters, and many other interested parties despite the ongoing efforts by the Zambia Revenue Authority (ZRA) to alleviate the problems there. However, the constant flow of trucks into an ever-growing queue, the ongoing slow progress on the parking upgrade, and minimal cross border cooperation between Zambia and the DRC have mitigated any real progress, and clearly, this is not a problem that will be fixed quickly.
- 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, with lengthy queuing times at Lebombo/Ressano Garcia giving cause for concern:

## COVID-19: Cargo movement update

Table 9 – Delays<sup>13</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	-	42: :0	50	1 500	350	24 640	0
SA/Zim	Beit Bridge	0:00	10:00	943	28 290	6 601	52 808	0
Moz/Zam	Cassacatiza/Mlolo	1:00	21:00	175	5 250	1 225	23 275	1 225
Zam/Zim	Chirundu	0:00	16:00	620	18 600	4 340	60 760	0
Moz/Mal	Dedza	2:00	19:00	50	1 500	350	5 950	700
SA/Bot	Groblersbrug/Martins Drift	1:00	12:00	400	12 000	2 800	28 000	2 800
Zam/DRC	Kasumbalesa	192:00	62:00	750	22 500	5 250	315 000	1 008 000
Zam/Bot	Kazungula	0:00	15:00	240	7 200	1 680	21 840	0
SA/Bot	Kopfontein/Tlokweg	1:00	33:00	100	3 000	700	21 700	700
Moz/Zim	Machipanda/Forbes	1:00	10:00	320	9 600	2 240	17 920	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	2:00	100	3 000	700	0	700
SA/Moz	Lebombo/Ressano Garcia	14:00	10:00	1 100	33 000	7 700	61 600	107 800
SA/Bot	Skilpadshek/Pioneer Gate	5:00	2:00	300	9 000	2 100	0	10 500
Zam/Bot	Trans Kalahari/Mamuno	-	57:00	100	3 000	700	38 500	0
Zam/Zim	Victoria Falls	1:00	30:00	114	3 420	798	798	798
Moz/Mal	Zobue/Mwanza	2:00	21:00	100	3 000	700	13 300	1 400
				<b>6 042</b>	<b>181 260</b>	<b>42 294</b>	<b>686 091</b>	<b>1 136 863</b>

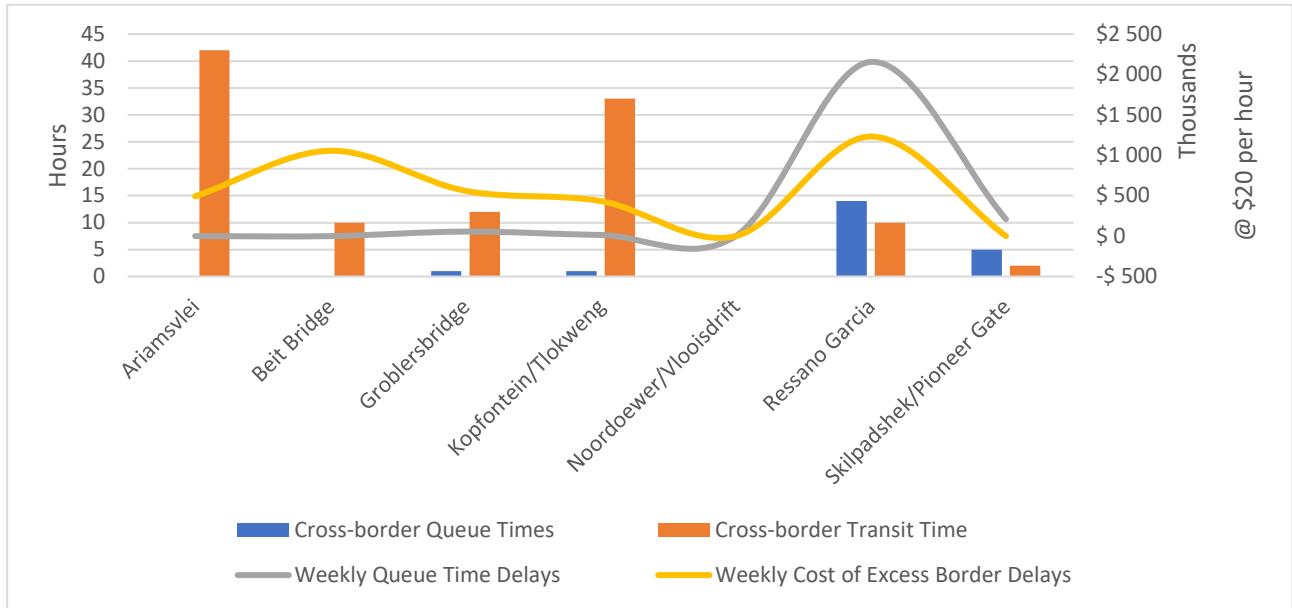
Source: TLC & FESARTA, week ending 25/04/2022.

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

<sup>13</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

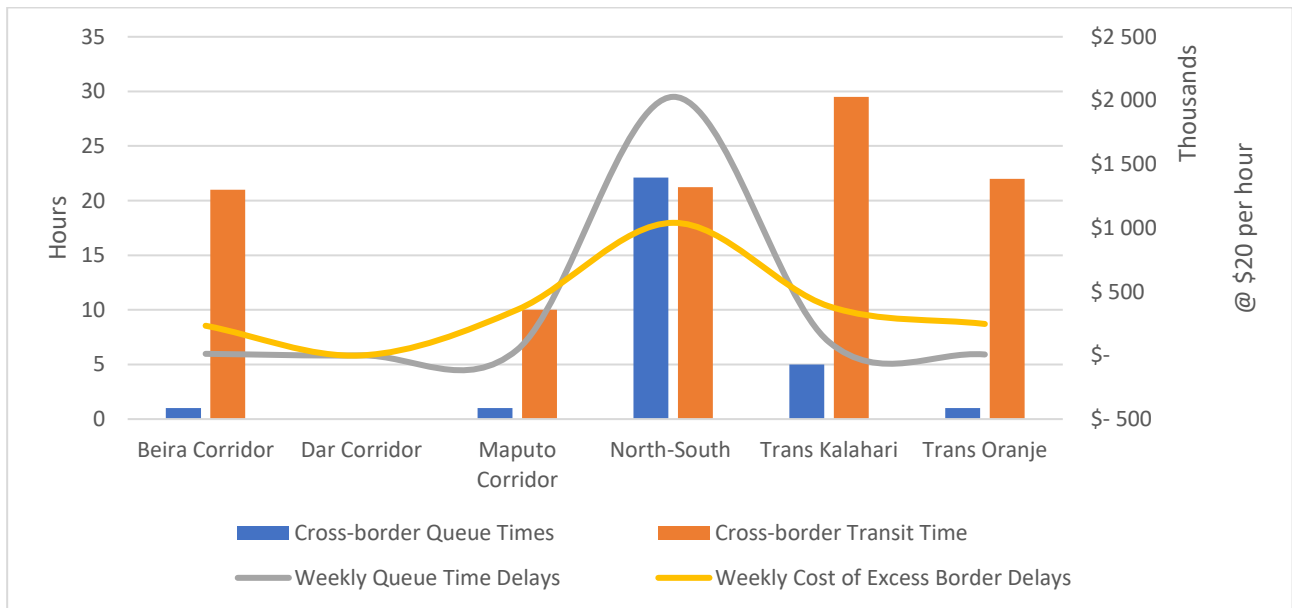
Figure 13 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 25/04/2022.

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 25/04/2022.

In summary, cross-border queue time has averaged **~13,8 hours** (up by **~0,4 hours** from the **~13,4 hours** recorded in the previous report), costing the transport industry an estimated **\$23 million (R364 million)**. Furthermore, the week's average cross-border transit times hovered around **~17,7 hours** (down by **~0,4 hours** from the **~18,1 hours** recorded in the previous report), costing the transport industry **\$14 million (R219 million)**. As a result, the total cost for the week amounts to an estimated **~R583 million** (up by **~R5 million** or **↑1%** from **R579 million** in the previous report).



#### 4. International Update

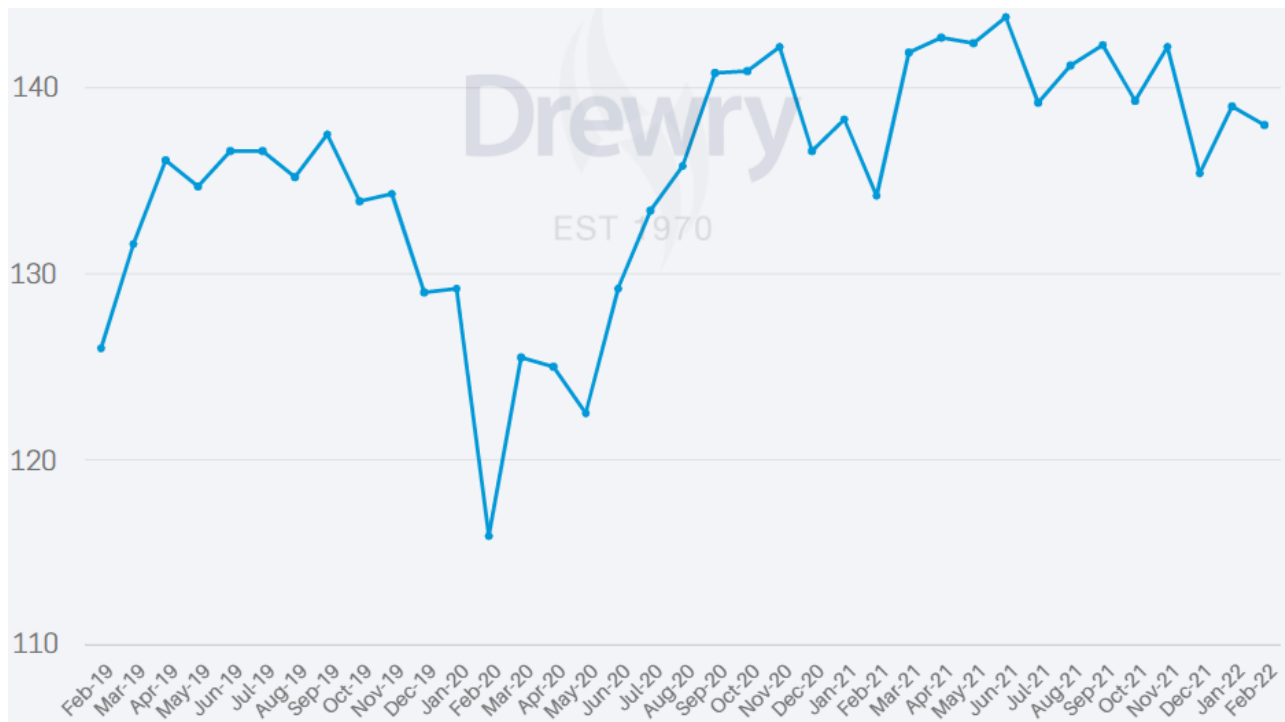
The following section provides some context around the global economy and the impact of COVID-19 on trade. In addition, the section includes an update on (a) the global shipping industry, and (b) the global aviation industry.

##### a. Global shipping industry

##### i. Container port throughput

The latest global container throughput figures show that the volume moving through container terminals has slightly decreased in February's latest statistics. Drewry's "Container Port Throughput Index", based on monthly throughput data for a sample of over 235 ports worldwide, representing over 75% of global volumes, fell by **↓0,7%** (m/m) but remains **↑2,8%** (y/y) above February 2021 levels<sup>14</sup>. The change was widely expected, given the Chinese New Year and accompanying drop in activity. The index reached **138 points**, a remarkable **↑31%** above January 2020 but remained much lower than the record highs achieved in June last year.

Figure 15 – Container port throughput indices (January 2012 = 100)



Source: [Drewry](#)

Global supply chain disruption continues to hold back the flow of trade worldwide, with Drewry warning that the reintroduction of COVID lockdown measures in several cities is expected to impact growth rates in the near term. For February, global growth was hampered by reduced activity in the Chinese ports (**↓11%**, m/m). Moreover, vessel waiting time rose steeply in March 2021, indicating growing levels of port congestion across the region. Elsewhere, North America was the top regional performer, witnessing double-digit growth on both a monthly and annual basis. Despite ongoing port congestion, the index has achieved a remarkable **↑31%** growth since its pre-pandemic February 2020. In contrast, the performance of the Europe Port Index remains lacklustre, with high and rising inflation acting as a drag on economic growth. In summary, the index grew by **↑5,7%**, m/m, but remains down by **↓3,8%** (y/y) versus this time last year.

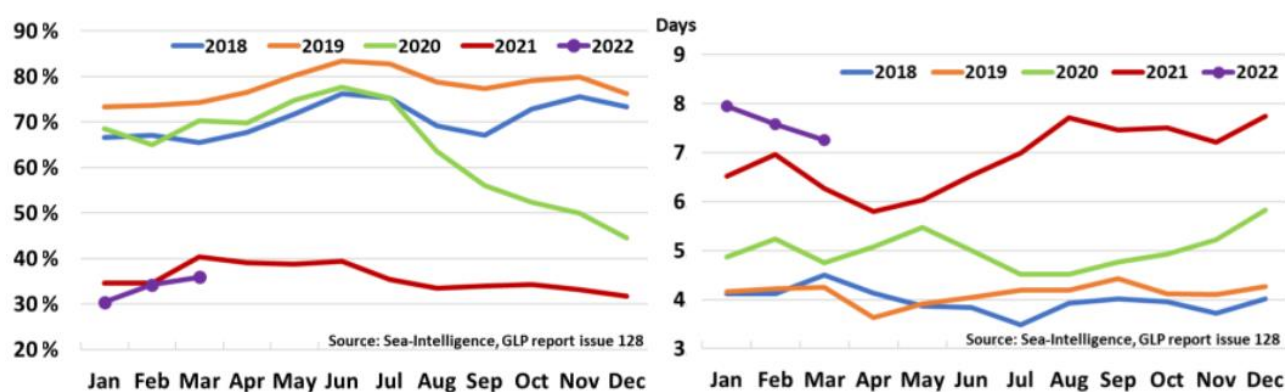
<sup>14</sup> Drewry. 25/04/2022. [Global container throughput index](#).

## COVID-19: Cargo movement update

### ii. Schedule reliability

According to the latest March figures published by Sea Intelligence, global liner schedule reliability has improved for the second month after the record lows recorded in January. Reliability is up by **↑1,5%** (m/m) to **35,9%**<sup>15</sup>. Despite the monthly improvement, annual reliability is almost at the same level as this time last year, as liner shipping schedule reliability hovered between **30%** and **40%** for most of the preceding 12 months. Moreover, the global average delay for vessels waiting at ports also improved, as the metric decreased slightly to **7,26 days** (**↓0,32 m/m**). The improvement still means that average delays have been more than seven days since August last year. Furthermore, the metric continues to be the highest each month when compared annually and historically.

Figure 16 – Global schedule reliability (%) and average days for late vessel arrivals (days)



Source: [Sea Intelligence](#)

On an individual carrier level, Maersk was once again the most reliable top-14 carrier in March 2022 at **50,3%** (**↑2,5%**), followed by Hamburg Süd at **45,9%** (**↑3,5%**). There were seven carriers with schedule reliability of **30%-40%** and five with schedule reliability of **20%-30%**. In March 2022, many carriers were very close to each other regarding schedule reliability, with ten carriers within eight percentage points. Wan Hai had the lowest schedule reliability in March 2022 at **22,6%**. Annually, only 3 of the top-14 carriers improved schedule reliability in March 2022, with the most significant improvement of just **↑1,6%**.

### iii. Global container freight rates

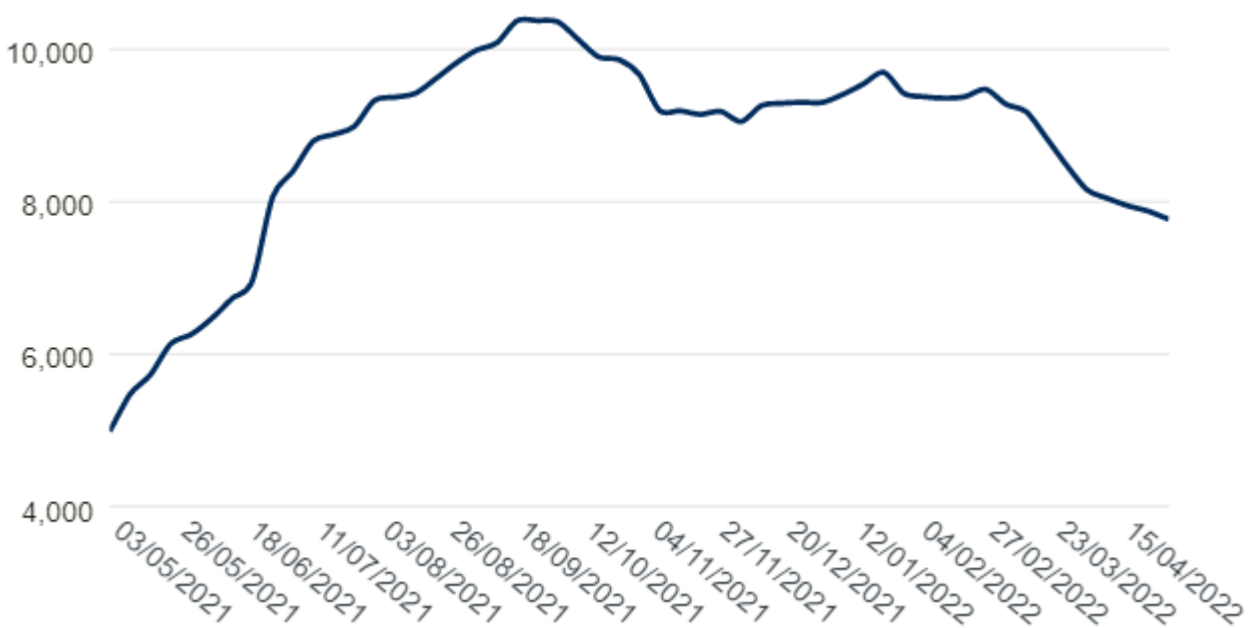
This week, global container freight rates continued their steady decline, as Drewry's "World Container Index" fell again by **↓1,3%** (or **\$106**) to **\$7 768** per 40-ft container<sup>16</sup>. Freight rates will continue to fall as long as service reliability continues to improve. But it must be said that bottlenecks in the supply chain may well curb the speed of the decline, as many constraints in shipping networks remain – notably in China. The following image shows the one-year spot rates with the sustained downward trend over the last eight weeks now clearly visible, and the index back to June 2021 levels.

<sup>15</sup> Murphy, A. 29/03/2022. [Schedule reliability improves again in March 2022](#).

<sup>16</sup> Drewry. 21/04/2022. [World Container Index](#).

## COVID-19: Cargo movement update

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



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

After a ninth consecutive week of decrease, the average composite index remains **↑55,9%** compared to the previous year, with the y/t/d average currently at **\$8 895** per 40ft container, approximately **\$5 613** higher than the five-year average of **\$3 281**. Of the eight major East-West trades, slight decreases we experienced on the Shanghai – Rotterdam (**↓2%**), Shanghai – Los Angeles (**↓2%**), and Shanghai – Genoa (**↓1%**) routes. Despite the weekly improvements, all rates remain significantly higher annually. Drewry expects rates to remain steady; however, our estimations point to another couple of weeks of decreases.

### iv. Further developments of note

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

#### 1. Shanghai lockdown update:

- As Shanghai enters the fourth week of its zero-tolerance Covid lockdown, forward export bookings are down by **40%** or more, prompting carriers to consolidate loads and blank more sailings<sup>17</sup>. Across the major trades, Drewry notes that **56** cancelled sailings have been announced between weeks 18 and 22, out of a total of 728 scheduled sailings, representing an **8%** cancellation rate<sup>18</sup>.
- The situation is not only impacting ports, as transporters are also affected. Local trucking within Shanghai is also normal; however, cross-province trucking to and from Jiangsu operates with stringent road control leading to road congestion. Under strict measures, truck drivers must have an epidemic prevention pass (EPP) before they can drive in Shanghai. The access is granted on a negative PCR test production taken within the preceding 48 hours. In addition, with the continued closure of manufacturing plants and warehouses, carriers report that many empty container depots in Shanghai cannot release equipment.
- Fears are apparent that the situation is set to further worsen before getting better. Indeed, the Chinese export and logistics market is moving even deeper into limbo as the country heads for a three-day 'labour' holiday on Sunday<sup>19</sup>.

<sup>17</sup> Wackett, M. 25/04/2022. [Carriers adopt 'hardcore' blank sailing strategy as export bookings plunge](#).

<sup>18</sup> Drewry. 29/04/2022. [Cancelled sailings tracker – 29 April](#).

<sup>19</sup> Whelan, S. 29/04/2022. [China transport crisis spreads as holiday looms and cities eye more lockdowns](#).

## COVID-19: Cargo movement update

- d. In recent days, increased infections in Beijing may result in strict lockdowns, as we have seen in Shanghai.

### 2. Carriers on course for a \$300 billion profit as Maersk hikes forecast by \$6 billion:

- a. Despite the ongoing decrease in freight rates, ocean carriers are set to smash all previous earnings records in the first quarter and are on course for colossal full-year profits of **\$300 billion** – but growth predictions are being pared back due to weaker demand<sup>20</sup>. Indeed, Drewry has downgraded its 2022 container shipping demand outlook from **4,6%** to **4,1%**, and for 2023 to **2,8%** from **3,5%**.
- b. In a trading update, ahead of its first-quarter results on 4 May, Maersk said it now expected to exceed its forecast with Q1 revenue of **\$19,3 billion**, an EBITDA of **\$9,2 billion** and EBIT of **\$7,9 billion**. Also, French conglomerate Bolloré posted healthy first-quarter results, with revenue from its transportation and logistics business by **↑47%** organically on the same period last year, to just over **€2,36 billion**<sup>21</sup>.
- c. However, despite the booming carrier market, there is an increase in downside risks that could threaten the earnings of the container lines in the second half, with a prolonged war in Ukraine, global inflation, and a short-term effect from China's zero-COVID policy cited as the main determinants.

### 3. Hapag-Lloyd fined after levying 'wilful' and 'erroneous' detention and demurrage charges:

- a. German carrier Hapag-Lloyd has been ordered to pay **\$822 220** in civil penalties for 14 violations – \$58 730 for each offence – of the US Shipping Act<sup>22</sup>. An FMC investigation found it incorrectly applied detention and demurrage charges to 11 containers handled by California drayage firm Golden State Logistics (GSL).
- b. The charges levied to GSL amounted to \$10 135, but the FMC's Bureau of Enforcement (BOE), which Hapag-Lloyd had unsuccessfully claimed had no jurisdiction over the case, said the penalties were punitive in nature as the carrier had "knowingly and wilfully" applied the charges despite GSL being unable to return the containers through no fault of its own.

### b. Global aviation industry

The ongoing lockdown in China is starting to impact domestic travel worldwide, according to the International Air Transport Association (IATA). In their latest "*Chart of the Week*", IATA notes that the Chinese domestic market – which carries almost **19%** of global passengers – is again being heavily impacted following the renewed lockdowns<sup>23</sup>. Furthermore, the knock-on effect is also being felt in the US and EU internal passenger markets. Ticket sales for travel during the months of January through May 2022 in the US range between **20%-10%** below a full moderation to 2019 levels, a strong reason for optimism as the domestic US accounted for **24%** of overall global passenger trips in 2021, the largest single market in the world. Within Europe, the corresponding range is down **55%** to **37%**, improving progressively over those months as demand quickly responds to the easing of travel restrictions. In China, ticket sales by month of travel point to monthly passenger numbers dropping progressively between February and May, a dismal **94%** below the 2019 level in May. While lockdowns prevent domestic flights, the strict travel restrictions also limit international flights to and from the country. As a result, international ticket sales in China were **97%** below 2019 levels between January 2022 and May 2022.

<sup>20</sup> Wackett, M. 26/04/2022. [Carriers on course for a \\$300bn profit as Maersk hikes guidance by \\$6bn.](#)

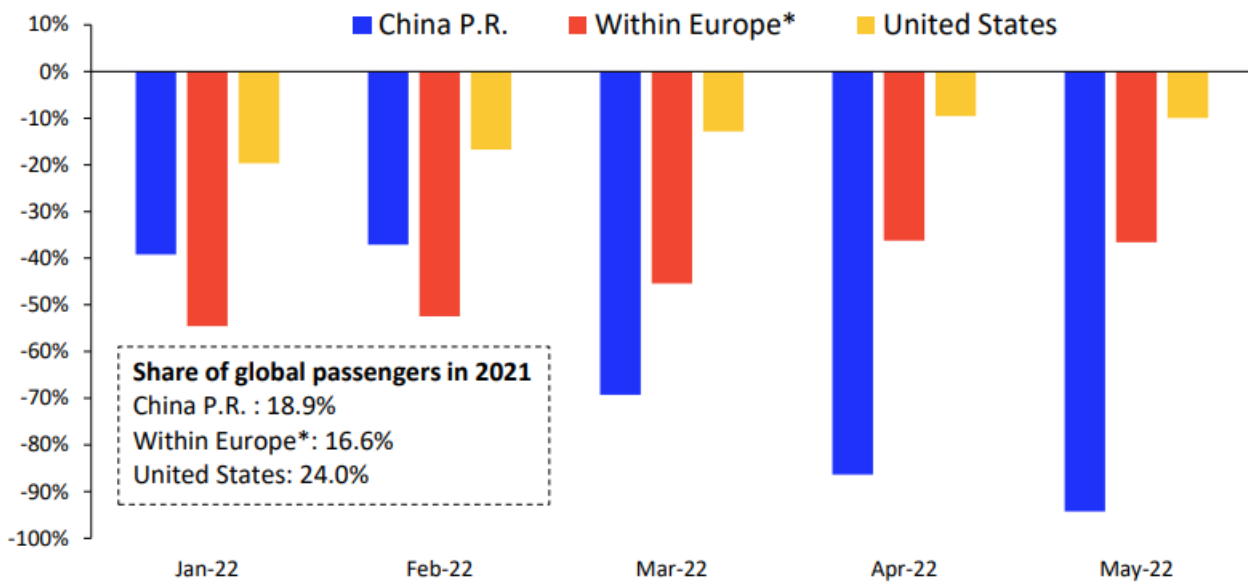
<sup>21</sup> Todd, S. 26/04/2022. [Bolloré posts spectacular Q1 growth but says market recovery is in jeopardy.](#)

<sup>22</sup> Van Marle, G. 25/04/2022. [Hapag-Lloyd fined after levying 'wilful' and 'erroneous' D&D charges.](#)

<sup>23</sup> IATA. 29/04/2022. [China's new COVID lockdowns hit domestic air travel.](#)

## COVID-19: Cargo movement update

Figure 18 – Ticket sales by month of travel (percentage versus 2019, date of travel)



Source: [IATA](#)

The events in China will have repercussions on global traffic numbers, given the importance of this large market in the world of aviation. However, the ongoing recovery in other domestic and international markets will at least cushion the impact, provided that travel restrictions continue to ease and that willingness to travel continues to offset economic risks. In other aviation news, freight forwarders expect to see a surge in demand – and rates – out of China once the lockdowns ease<sup>24</sup>. According to the TAC Index, airfreight rates have started to climb in the past week on routes to Europe (**↑7,7%**) and the US (**↑8,4%**), but demand remains sluggish. Also, a group of airlines will appeal a recent decision by the Dutch Authority for the Consumer and Market (ACM) to allow Schiphol Airport to increase its fees by up to **↑37%** over three years. Last year, Schiphol outlined plans to increase charges to airlines by **↑9%** this year, **↑12%** next year, and **↑12%** in 2024, resulting in a cumulative increase of **↑37%**.

<sup>24</sup> Lennane, A. 26/04/2022. [Sluggish demand ex-locked-down China fails to dent expectant sea-air sector.](#)