

COVID-19: Cargo movement update¹

Date: 17 June 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)	25 596	31 268	56 864	27 009	24 900	51 909	↑10%
Air Cargo (tons)	5 138	3 239	8 377	4 779	2 856	7 635	↑10%

Monthly Snapshot

Figure 1 – Monthly⁴ cargo volume levels, year on year (100% = baseline)

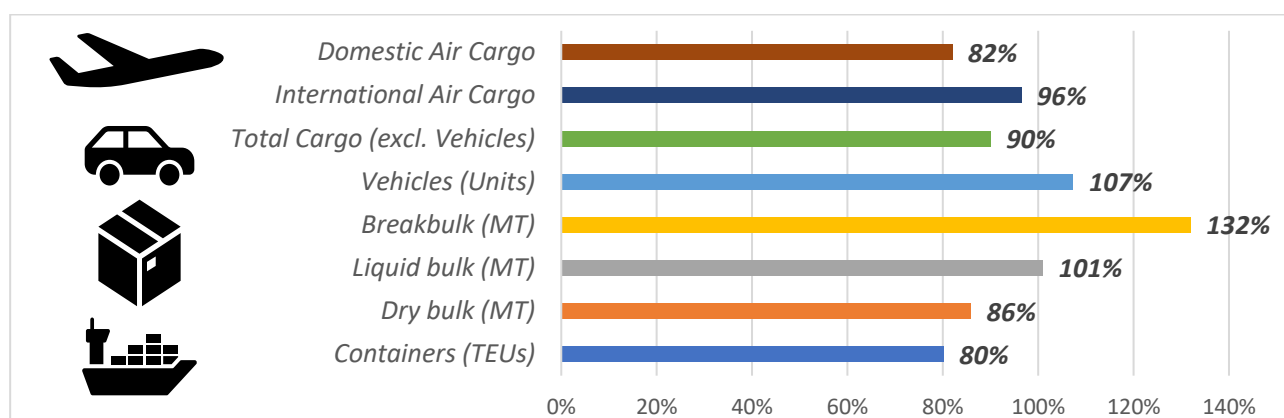
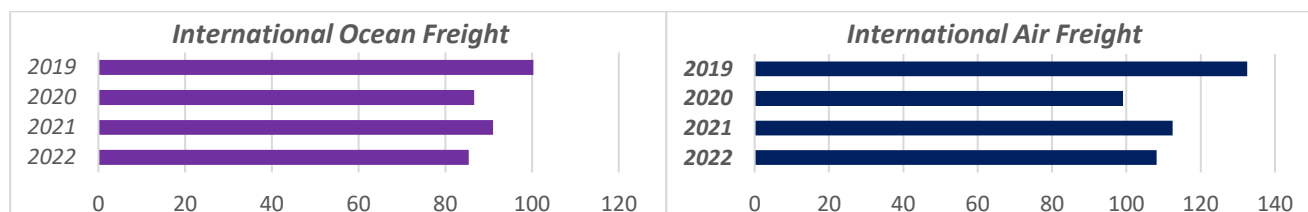


Figure 2 – Global year-to-date flows 2019-2022⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 123 containers** was handled per day, with **~9 450** projected for next week.
- TNPA port statistics for May: containers are **↓2%** (m/m), **↓20%** (y/y), but **↑6%** versus 2020. Compared to 2019, YTD containers are at **↓3,1%**. Total cargo handled is **↓5%** (m/m), **↓10%** (y/y).
- Rail cargo handled out of Durban amounted to **734** containers, **↑44%** compared to last week.
- This week, cross-border queue times **↓0,1 hours**, with transit times **↓1,3 hours** (see [below](#)).
- The "WCI" declined for a 16th straight week, with spot rates **↓1%** (or **\$77**) to **\$7 502** per 40-ft.
- Average container call duration at Northwest European ports increased by over **↑50%** in 1Q22.
- The top carriers' combined earnings before interest and tax (EBIT) were **\$43,9 billion** in Q1 of 2022.
- Air cargo volumes and freight rates (**↑21,7%** y/y in May) are expected to surge as China returns online.

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 92nd 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. All metrics: May vs. Apr.

⁵ For ocean, total Jan-May cargo in metric tonnes, as reported by [Transnet](#) is used, while for air, Jan-May cargo to and from ORTIA is used.

Executive Summary

This update – *the 92nd 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 declined significantly this week, averaging approximately **1 142** per day (**↓36%** against last week's average of **1 777**). South Africa has recorded **3,98 million⁶** positive cases, with the death toll up to **101 589** this week (up by **141**). Globally, the case tally stands at **538 million** infected by COVID-19, with **6,3 million** deaths recorded. Around **11,98 billion** vaccine doses have been administered globally⁷, with the South African trickling along very slowly, now at **36,6 million**.

Port operations this past week remained somewhat consistent, with vessels spending short periods at anchorage and berths remaining occupied. There was a slowdown in road movements for Pier 2 towards the end of the week, while other terminals showed stable and average performance. Crane breakdowns continue to plague our ports on the landside, while waterside equipment reported very few breakdowns over the past week. The impact of the COSATU strike seems to have been contained, while the impact of the roadblocks on the N3 corridor is yet to be fully realised, but with Pier 2 recording low truck movements and high cancelled slots as the week progressed, there is possibly still more to come.

On the international shipping side, container terminal productivity across Northwest European ports has deteriorated significantly over the past three years. However, this situation has not been restricted to Europe, as container terminal productivity has been a global issue since the pandemic's outbreak. The major determining factors have resulted from handling more extensive exchanges, as carriers have consolidated port calls in the face of volatile cargo demand. But despite the ongoing delays and congestion, shipping lines continue to make all-time record profits in current market conditions, with margins per container nearly the same as total freight rates only 18 months ago. Further developments of note included **(1)** US Ports handling near-record volumes, with shipping reforms imposed this week, **(2)** South Korea truck strike update, **(3)** Shanghai quarantines update, and **(4)** MPV indices holding steady at high levels (see [below](#)).

South Africa's international air cargo sector volumes increased (**↑10%**) this week, while domestic air cargo was slightly down at **↓3%**. Internationally, developments of note include **(1)** airfreight operations at Shanghai Pudong are reaching near-normal levels of activity by Friday after further lockdown measures threatened to derail supply chain recovery in China, **(2)** air freight rates are expected to rise with an accompanying surge in volume predicted, and **(3)** aircraft production hit by supply chain constraints.

On the road freight front, cross-border transit times for South African borders averaged around **27 hours** this week, as delays continue at Kasumbalesa, Kopfontein, Lebombo/Ressano Garcia and Groblersbrug. Apart from regional cross-border constraints, this week's focus was more on the widespread road blockages by trucks (notably on the N3), which has been described as "*economic sabotage*". It is imperative that this situation will be resolved very soon: South Africa cannot afford to have its main economic arteries clogged and restricted. This week, other developments for road transport included **(1)** 24-hour operations imminent in Zambia/DRC and **(2)** massive queues persisting in Kasumbalesa, with alternative arrangements being made in an attempt to solve the problem.

In concluding this edition, the consolidated TNPA trade volumes show the amount of work ahead, as our containerised economy is standing still (or even regressing slightly). Consequently, and importantly, we need sustained growth in our national economy, reflected in container numbers, to offset this trend. Also, we need ongoing investment, accelerated private sector participation, and the drive to link all the different nodes of the logistics network into a workable integrated solution. Finally, this week's blockages on the main roads have shown just how reliant South Africa's economy is on the flow of trade, transport and logistics – it remains crucial

⁶ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

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

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to keep our networks constantly flowing to avoid further significant stumbling blocks – something to which we have regrettably grown all too accustomed.

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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 11 to 17 June⁸

7-day flow forecast (11/06/2022 – 17/06/2022)		
TERMINAL	NO. OF CONTAINERS ⁹ TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 277	5 339
DURBAN CONTAINER TERMINAL PIER 2:	12 345	12 853
CAPE TOWN CONTAINER TERMINAL:	3 524	8 935
NGQURA CONTAINER TERMINAL:	4 782	3 148
GQEBERHA CONTAINER TERMINAL:	668	993
TOTAL:	25 596	31 268

Source: Transnet, 2021. Updated 17/06/2022.

Table 3 – Container Ports – Weekly flow reported for 18 to 24 June

7-day flow forecast (18/06/2022 – 24/06/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 136	3 962
DURBAN CONTAINER TERMINAL PIER 2:	14 505	16 261
CAPE TOWN CONTAINER TERMINAL:	5 617	7 070
NGQURA CONTAINER TERMINAL:	4 880	6 589
GQEBERHA CONTAINER TERMINAL:	890	1 243
TOTAL:	31 028	35 125

Source: Transnet, 2021. Updated 17/06/2022.

An average of **~8 123 containers (↑7%)** was handled per day for the last week (11 to 17 June, Table 2), compared to the projected average of **~9 189 containers (↓12% actual versus projected)** noted in last week's report. An increased average of **~9 450 containers (↑16%)** is projected to be handled next week (18 to 24 June, Table 3), but experience in recent weeks suggests that this may be difficult to achieve. Operationally, the week was characterised by minor weather delays, staff shortages due to strikes, and a slowdown in truck movements because of illegal activities on the N3 and other major transport corridors (see the more detailed breakdown per port [below](#)).

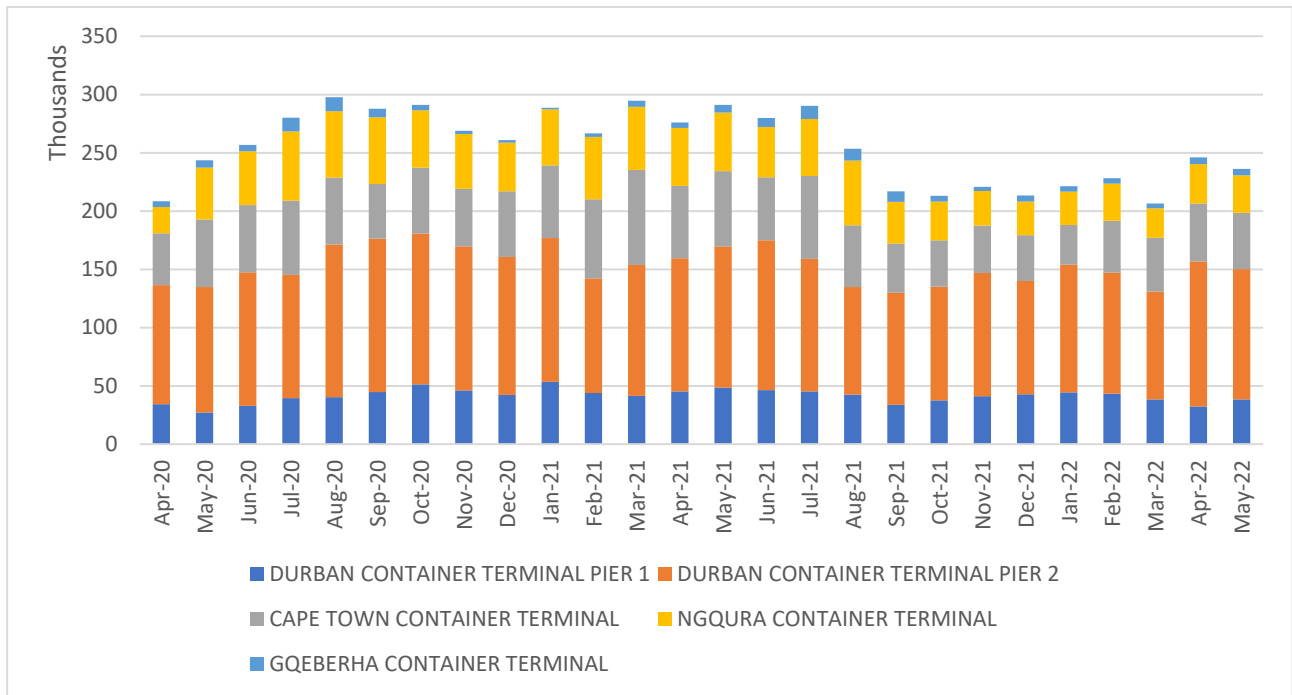
The following figure illustrates the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the nationwide lockdown.

⁸ It remains important to note that a fair percentage (approximately 40% according to the latest year-to-date TNPA figures) of containers are neither imported nor exported, but rather consist of empties and transshipments. 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 empty reefers in preparation for the deciduous fruit season.

⁹ 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.

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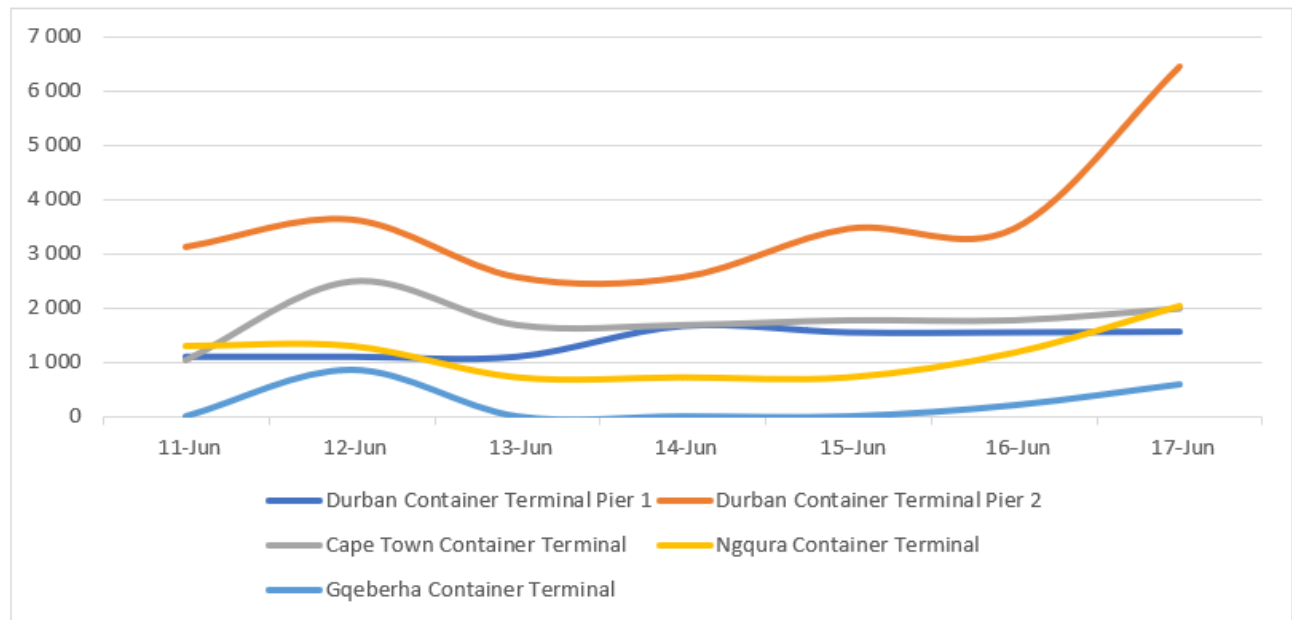
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2021. Updated 17/06/2022.

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

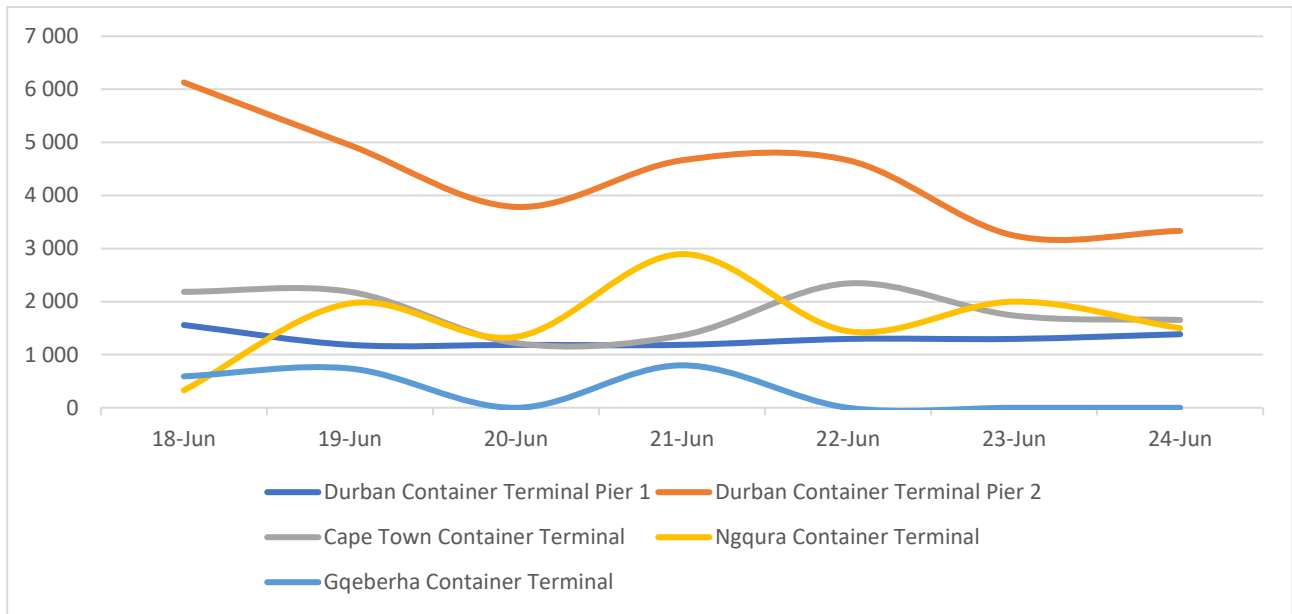
Figure 4 – 7-day flow reported for total container movements (11 to 17 June; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 17/06/2022.

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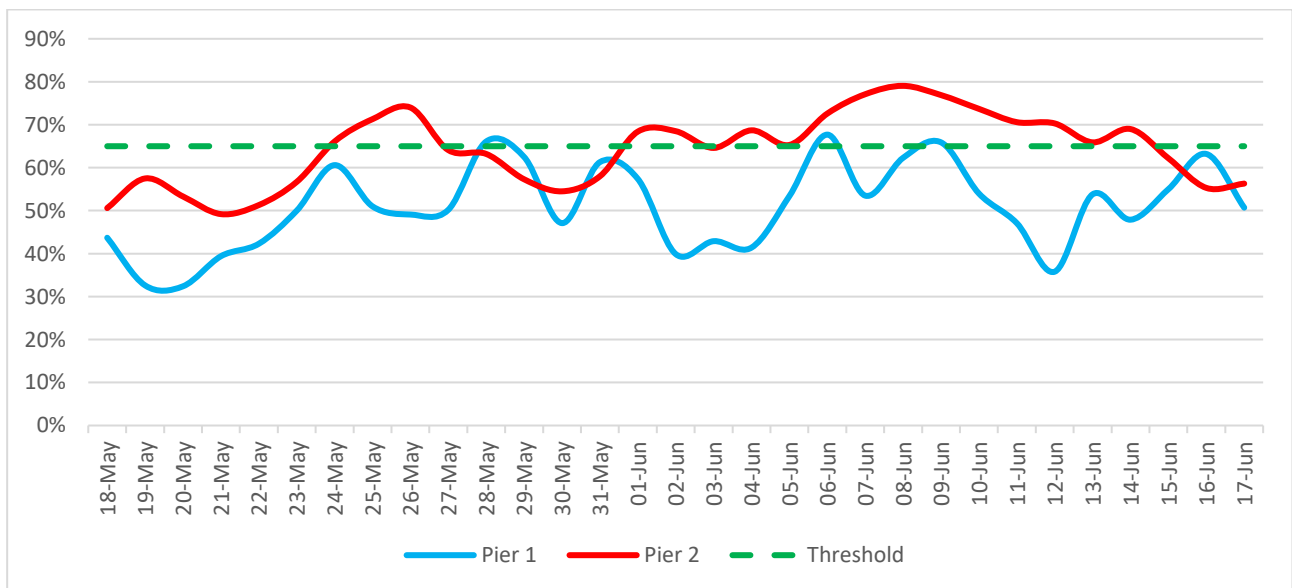
Figure 5 – 7-day forecast reported for total container movements (18 to 24 June; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 17/06/2022.

The following figure shows daily stack occupancy in both Durban terminals over the last five weeks.

Figure 6 – Stack occupancy in DCT, general-purpose containers (18 May to present; per pier; day on day)

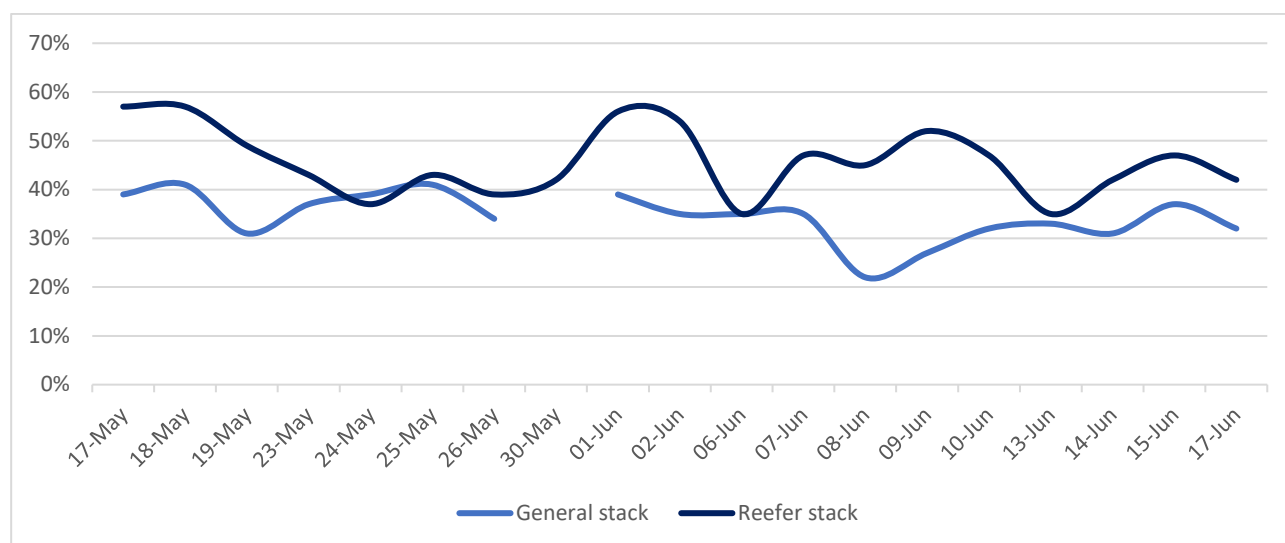


Source: Calculated using data from Transnet, 2021. Updated 17/06/2022.

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

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Figure 7 – Stack occupancy in CTCT, general-purpose, and reefer containers (17 May to present, day on day)



Source: Calculated using data from Transnet, 2021. Updated 17/06/2022.

b. Transnet National Ports Authority: April update

Transnet National Ports Authority (TNPA) has released its consolidated monthly port statistics for May¹⁰, with monthly and yearly numbers on total cargo handled being down versus the previous periods. However, in the various sub-sectors, apart from containers landed and dry bulk (the biggest sub-sector and most significant determinant in the total flow), numbers are generally up compared with April. It should be noted that the recovery after several days lost due to the April floods is a key contributing factor. Nevertheless, as is the case globally, maritime cargo (especially container throughput volumes) has stalled lately.

Table 4 – TNPA – Volume and growth: May 2022

	Apr	May	Movement	Monthly growth
Containers (TEUs)	319 231	312 465	-6 766	-2%
Landed	181 425	163 435	-17 990	-10%
Shipped	137 806	149 030	11 224	8%
Dry bulk (MT)	12 785 166	11 043 948	-1 741 218	-14%
Liquid bulk (MT)	2 254 262	3 004 296	750 034	33%
Breakbulk (MT)	253 933	449 716	195 783	77%
Vehicles (Units)	53 252	61 567	8 315	16%
Total Cargo (excl. Vehicles)	15 293 361	14 497 960	-795 401	-5%

Source: [TNPA](#), updated 13/06/2022.

After several days' worth of operations were wiped out at Durban by the floods, we expected some recovery in most sectors. There was some excellent recovery with liquid bulk (**↑33%**, m/m), breakbulk (**↑77%**, m/m), and vehicle trade (**↑16%**, m/m). However, dry bulk volumes significantly declined (**↓14%**, m/m), with container flows slightly down (**↓2%**, m/m). Overall, the total cargo handled is **↓5%** (m/m).

When looking at yearly numbers, the picture is similar. Since the pandemic struck, cargo handled through our ports in May has had varying degrees of fortune. In 2020, operations were riddled with challenges owing to regulatory confusion, with global volumes yet to recover after March and April. Consequently, May volumes in 2020 were way down compared to normal years – yet reasonable volumes were still handled in most sectors

¹⁰ Transnet. 2022. Port statistics. [TNPA](#)

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except for vehicles and containers. Then in 2021, Transnet recorded some excellent returns in some sectors and reductions in others, but there has been no real growth. The following table provides a comparative overview of all cargo movement in and out of South Africa's ports for May 2022, compared to the same month in 2021 and 2020.

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

	May 2020	May 2021	May 2022	Growth: '21-'22	Growth: '20-'22
Containers (TEUs)	296 103	388 990	312 465	-20%	6%
Landed	160 467	193 485	163 435	-16%	2%
Shipped	135 636	195 505	149 030	-24%	10%
Dry bulk (MT)	12 209 186	12 854 744	11 043 948	-14%	-10%
Liquid bulk (MT)	3 637 958	2 975 576	3 004 296	1%	-17%
Breakbulk (MT)	272 452	340 791	449 716	32%	65%
Vehicles (Units)	22 325	57 364	61 567	7%	176%
Total Cargo (excl. Vehicles)	16 119 596	16 171 111	14 559 527	-10%	-10%

Source: [TNPA](#), updated 13/06/2022.

For total cargo, a **↓10%** yearly contraction was noted across the board in all the maritime trade sub-segments compared to 2020 and 2021. The annual changes make for some alarming viewing, as containers (**↓20%**, y/y) and dry bulk (**↓14%**, y/y) are massively down compared to last year. Fortunately, breakbulk (**↑32%**, y/y) and vehicles trade (**↑7%**, y/y) are up, with liquid bulk almost the same as last year. The ongoing decline in dry bulk volumes is largely due to the sad state of affairs at Richards Bay. Overall, total cargo is down by **↓10%** compared to 2021 levels, with the figure for 2020 coming in at the same number. These figures mean that our extended ocean supply chains have some work to do to get back to desired levels for the rest of the year. The following table provides a more in-depth year-to-date view of containerised cargo.

Table 6 – TNPA – Volume: YTD January-April 2020-2022: Containerised cargo

	2020			2021			2022		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
LANDED:									
DEEPSEA	549 491	103 473	652 964	606 260	128 323	734 583	602 823	110 989	713 812
COASTWISE	1 867	20 089	21 956	1 345	18 653	19 998	2 280	25 443	27 723
TRANSHIPPED ¹¹	116 384	40 592	156 976	99 442	51 224	150 666	122 935	31 099	154 034
TOTAL LANDED	667 742	164 154	831 896	707 047	198 200	905 247	728 038	167 531	895 569
SHIPPED:									
DEEPSEA	406 012	225 523	631 535	459 220	278 831	738 051	435 036	273 389	708 425
COASTWISE	3 309	20 143	23 452	1 370	18 618	19 988	2 294	18 799	21 093
TRANSHIPPED	113 856	36 160	150 016	110 105	49 531	159 636	97 300	33 615	130 915
TOTAL SHIPPED	523 177	281 826	805 003	570 695	346 980	917 675	534 630	325 803	860 433
GRAND TOTAL	1 190 919	445 980	1 636 899	1 277 742	545 180	1 822 922	1 262 668	493 334	1 756 002

Source: [TNPA](#), updated 13/06/2022.

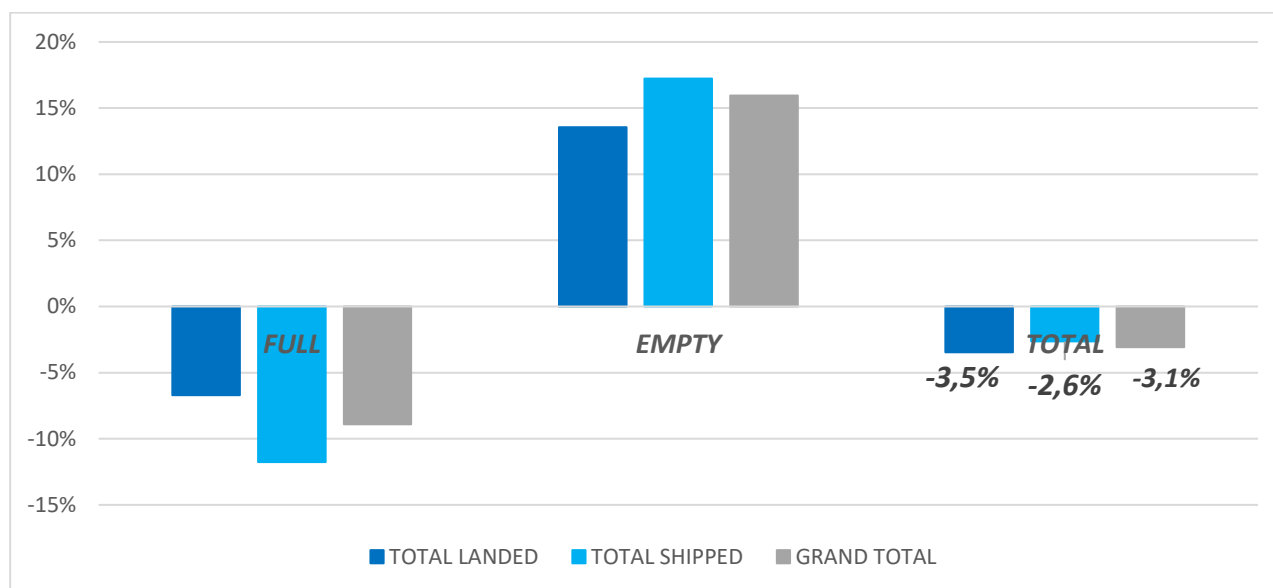
Here again, the annual numbers indicate that we are slightly down on YTD levels compared to 2021 (**↓1,2%**, y/y), with numbers slightly up from 2020 (**↑6%**). However, the hoped-for steady improvement since the onset of the pandemic has not materialised. Moreover, the only growth realised has been an increase in the number

¹¹ '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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of empty containers handled. As an ongoing theme since the outbreak of the global pandemic, there has been a concerted drive to reposition empty containers worldwide. When we look further back – to 2019 – the numbers paint a very alarming picture of our container terminals, as illustrated below.

Figure 8 – TNPA – Growth: YTD January-May 2019 versus January-May 2022: Containerised cargo



Source: [TNPA](#), updated 13/06/2022.

The total YTD comparison shows our containerised segment currently stands at **↓3,1%** compared to 2019. However, as pointed out above, there is more to this than meets the eye, as the only growth has occurred in handling empty containers. Trade in full containers, on the one hand, is down by approximately **↓8,9%**, with empties, on the other hand, increasing by a massive **↑16%**. Also evident is the drop in our export activity – which can also be seen in the container market – with full shipped containers **↓11,8%**, against 2019 levels (landed containers are **↓6,7%**).

These realities again show that our containerised trade is standing still (or even going backwards). Consequently, and most importantly, only sustained growth in our national economy spilling over into containers will offset this trend. This change will require ongoing investment and accelerated private sector participation in our supply chain and, specifically, our ports, together with a coordinated drive to link all the different nodes of the logistics network into a workable solution. As has been the case in the last ten years, our regional competitors (such as Beira, Dar-es-Salaam, Maputo, and Walvis Bay) have been making significant strides along the same lines as suggested above while we have been standing still. All too often, we hear a constant refrain about poor equipment maintenance and procurement, system failures, and lack of capacity building. We need to turn all of these elements around to succeed with the fully functioning port and hinterland structure for which South Africa was known in the not-too-distant past.

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 and other delays

Cape Town had some heavy weather at the start of the week, with vessels ranging despite the use of the shore tensioners. Cape Town MPT also experienced high swells and challenges berthing vessels.

In the Eastern Cape, NCT experienced some adverse weather conditions relating to strong winds. But, from reports, it seems that GCT was not affected by the weather throughout the week.

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Durban did not have any weather delays.

All terminals reported that they were unaffected by the COSATU strikes and did not expect any issues in the terminal to arise from the protest. The full impact of the road blockages on the N3 highway has yet to be felt, but truck movements in and out of Durban's Pier 2 did show some slowdowns in operations.

ii. Cape Town

On Monday, CTCT recorded two vessels at outer anchorage (one of which arrived early) and two at berth manned by six gangs, six STS cranes, 17 RTGs, and 38 hauliers. Stack occupancy for GP containers was sitting at 33%, reefers at 33%, and empties at 35% of capacity. In the latest 24-hour period to Friday, the terminal managed to handle 1 061 TEUs across the quay. In addition, the terminal serviced 1 051 external trucks on the landside at a truck turnaround time of 28 minutes, while no containers were moved via rail. Regarding challenges, there were some issues with vessel ranging; LC2 broke down (Liebherr is on-site replacing the energy chain) while LC1 was out for maintenance and training.

Cape Town MPT had a busier week than the previous week regarding container movements. The terminal on Monday recorded zero vessels at anchor and one container vessel at berth. In the latest 24-hour period to Friday, the terminal managed to handle 118 TEUs across the quay with no truck visits. Stacks were sitting at 29% for GP containers, 69% for reefers and 1% for empties. Challenges revolved around weather conditions, with high swells and poor visibility throughout the first part of the week.

iii. Durban

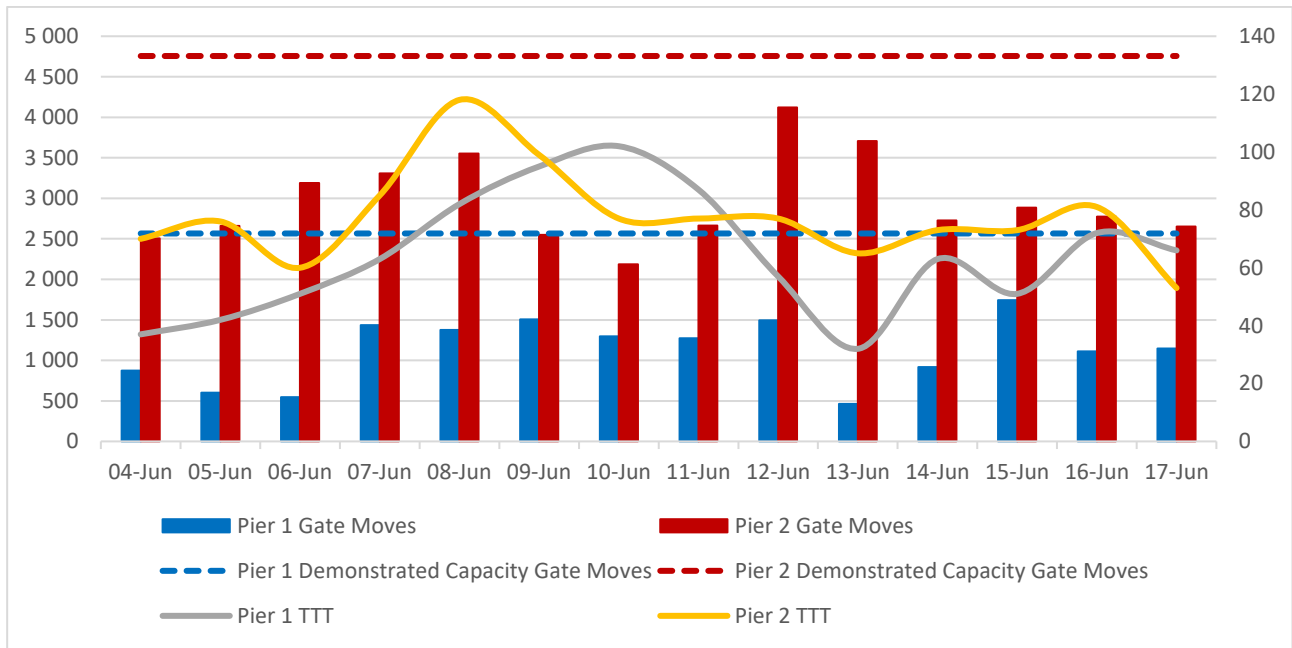
Pier 1 on Wednesday recorded one vessel at berth and one at anchor. Stacks were sitting at 55% for GP and 23% for reefer capacity with 1 690 imports on hand, 305 reefers and 19 unassigned units. The terminal recorded 1 742 gate moves on the landside, with 769 cancelled slots and 150 wasted. In addition, 73 TEUs were handled via rail. Over the week, the terminal recorded an average availability of 17 RTG cranes.

Durban Pier 2 had a busier week, recording four vessels at berth and two at anchorage on Wednesday. In the 24 hours to Friday, the terminal managed to handle an impressive 6 274 TEUs across the quay. Stack occupancy was sitting at 62% overall and for reefers specifically at 58% capacity. The terminal recorded between 77 and 82 straddles in operation throughout the week, manned by 12 gangs. Cranes 522 and 534 remain on long outages. On the landside, the terminal handled 2 884 external trucks with an average TTT of 73 minutes and a staging time of 75 minutes. A total of 3 744 import containers were on hand, with 97 TEUs moved by rail.

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.

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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 17/06/2022.

iv. Eastern Cape ports

GCT on Monday recorded no vessels at anchorage and one vessel at berth. In terms of performance in the past 24 hours to Friday, the terminal recorded GCH of ~23 and SWH of ~43 while handling 761 TEUs. Stacks were sitting at 66% for GP containers and 52% for reefers. The terminal did not record any external trucks on the landside. Cranes 3 and 4 did experience some issues early in the week, but the problems were resolved by mid-week.

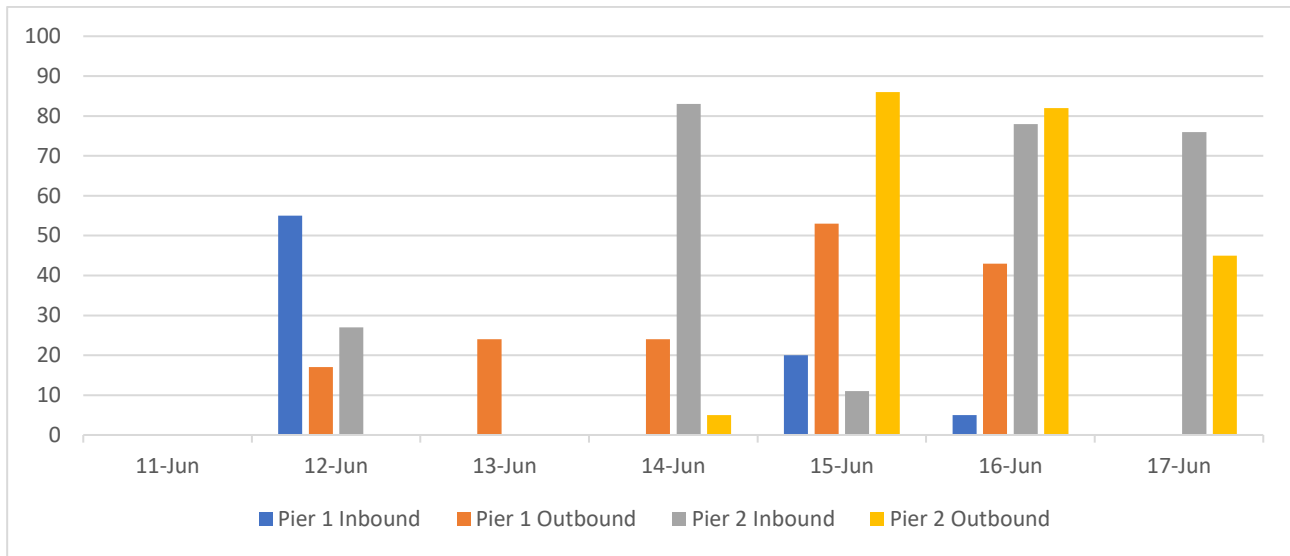
NCT recorded two vessels at berth and two at outer anchorage on Monday. The terminal handled 1 313 TEUs across the quay with a GCH of ~19 and SWH of ~45. Stacks for GP containers were sitting at 41% capacity and reefers at 61% capacity, with 131 reefers handled over the past 24 hours to Friday. On the landside, the terminal recorded only 135 gate moves with an average TTT of 29 minutes. However, the terminal did experience slower operations due to strong winds in the port.

v. Transnet Freight Rail (TFR)

The opening of the first line on the Container Corridor route has already shown some improvement in rail movements out of Durban. The following figure shows the rail cargo evacuated from DCT in the last week.

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



Source: Calculated using data from Transnet, 2021. Updated 17/06/2022.

In the last week (11 to 17 June), rail cargo handled out of Durban was reported at **734** containers, ↑44% from the previous week's **508** containers.

2. Air Update

a. International air cargo

The following table shows the in- and outbound air cargo flows to and from ORTIA for the week beginning 6 June. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in June 2021 averaged **~740 464 kg** per day.

Table 7 – International inbound and outbound cargo from OR Tambo

Flows	06-Jun	07-Jun	08-Jun	09-Jun	10-Jun	11-Jun	12-Jun
Volume inbound	501 673	474 553	443 194	295 069	370 588	345 074	1 166 750
Volume outbound	322 312	277 137	237 780	181 500	184 064	222 703	841 616
Total	823 985	751 690	680 974	476 569	554 652	567 777	2 008 366

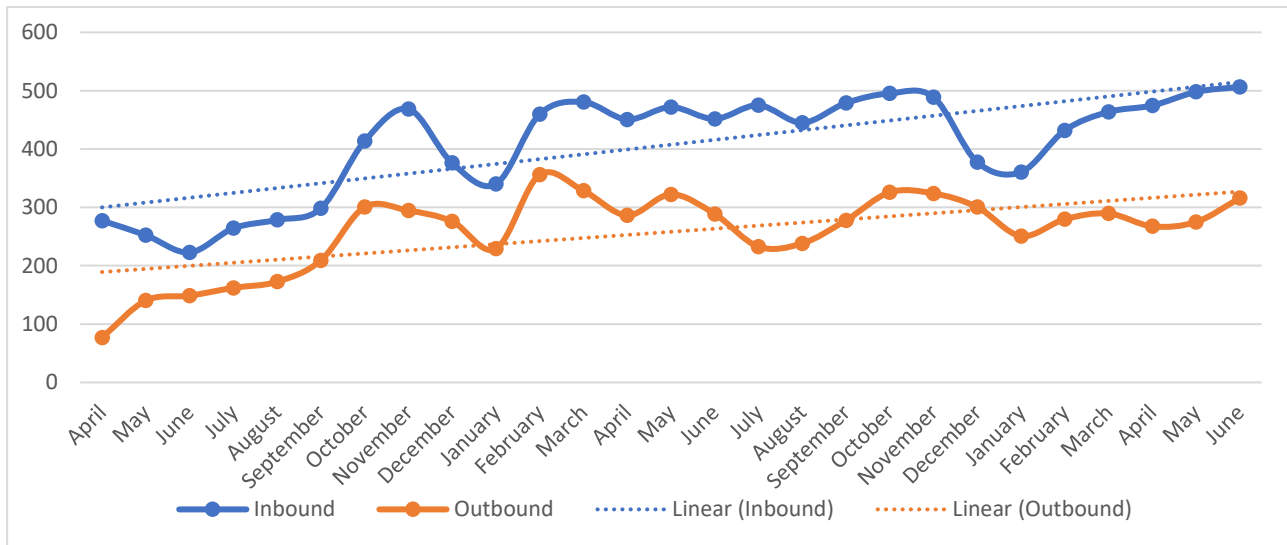
Courtesy of ACOC. Updated: 13/06/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **513 843 kg** inbound and **323 873 kg** outbound, resulting in an average of **837 716 kg** per day or **~104%** compared with June 2021. Also, the level is currently at **~223%** compared with the same period in 2020. Sunday, 12 June, was quite a bumper day for international air freight, with a substantially increased cargo flow.

The following figure shows the monthly global freight movement at ORTIA since the pandemic outbreak.

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Figure 11 – International in – and outbound cargo from OR Tambo (thousands) and accompanying COVID-level



Courtesy of ACOC. Updated: 06/06/2022.

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 June 2021 was ~71 932 kg per day.

Table 8 – Total domestic inbound and outbound cargo

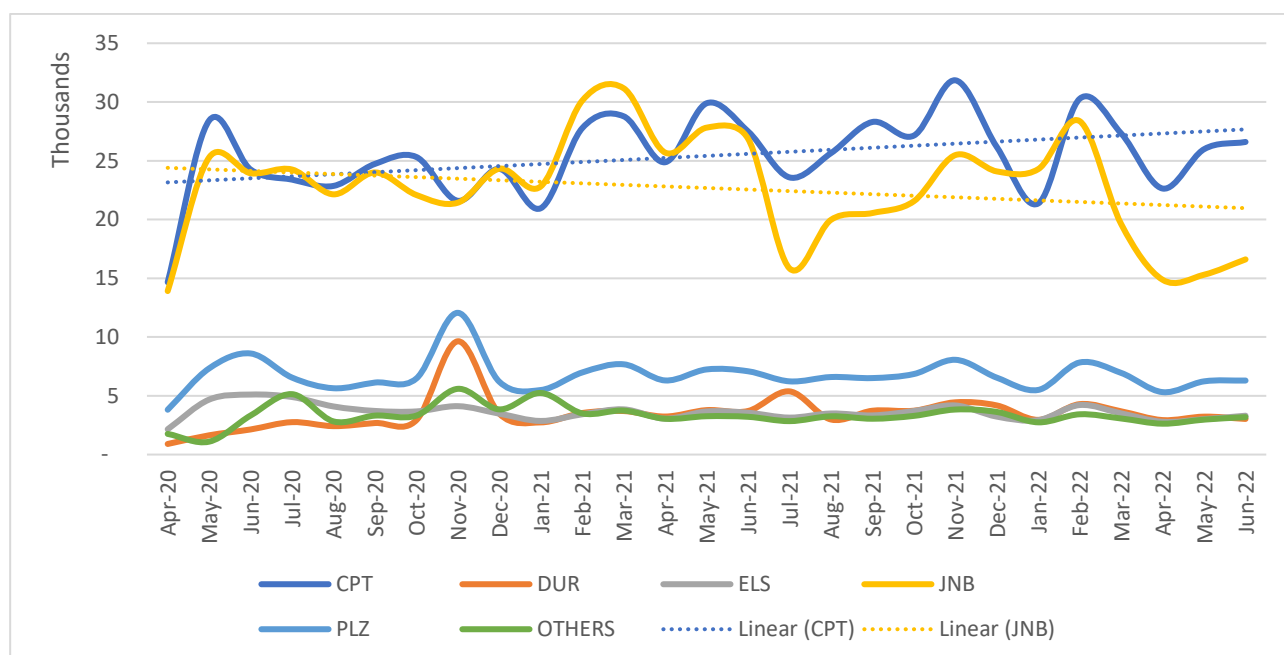
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
Mar Average	27 325	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
May Average	25 622	3 039	2 909	14 743	6 119	2 914	55 346
Jun Average	26 601	3 031	3 305	16 608	6 298	3 183	59 026
07-Jun-22	40 616	3 972	5 514	22 115	10 531	4 669	87 417
08-Jun-22	44 526	5 289	4 946	21 910	8 843	5 935	91 450
09-Jun-22	42 851	3 835	4 724	25 316	9 129	4 293	90 148
10-Jun-22	17 493	3 066	2 402	20 584	4 449	2 992	50 986
11-Jun-22	1 643	558	236	1 022	165	45	3 668
12-Jun-22	1 771	408	208	574	951	431	4 342
13-Jun-22	44 085	4 996	5 308	22 029	11 525	4 720	92 662
Total for 2022:	4 234 336	560 932	541 822	3 346 835	1 046 251	492 410	10 222 586

Courtesy of BAC. Updated: 14/06/2022.

The average domestic air cargo moved last week was ~60 096 kg per day, which is ↓3% compared with the previous week and only ~86% compared to June 2021. The following figure shows the monthly domestic freight movement at our commercial airports during the state of disaster.

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



Courtesy of BAC. Updated: 14/06/2022.

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:

- For South African borders, clearing times in the last week averaged around **27 hours**.
- On the N3 this week, the alleged "*employment of foreign nationals*" sparked protests by truck drivers who brought the N3 between Warden and Villiers to a standstill on Tuesday, 14 June and again on Friday, 17 June.¹²
 - Police and members of the NATJOINTS managed to clear the situation, which started on Tuesday; however, further blockages ensued throughout the week on other main roads.
 - Although the protests were supposedly about the foreign drivers, the real issue appears to be that the All-Truck Drivers Forum and Allied South Africa (ATDF and ASA) want to be recognised as a union and influence wage and conditions of service negotiations.
 - These two parties have previously been blamed for similar acts of "economic sabotage"¹³.
 - The Department of Transport has continued to engage with relevant stakeholders and authorities, claiming that they were on the verge of an agreement¹⁴ on Tuesday, 14 June, despite further blockages and delays being experienced throughout the course of the week further, and a second major shut down on 17 June.
 - Blockages were experienced throughout the week, as other routes were also impacted, including the N2, N11, N17, R59, and R74.
 - It is crucial that legitimate transporters need to speak out, be practical, and refrain from tolerating illicit activities. This attitude was well illustrated in the statement issued by the Road Freight Association at the end of the week.

¹² Govender, S. 14/06/2022. [Truckers bring part of N3 to standstill over 'employment of foreigners'](#).

¹³ Erasmus, D. 16/06/2022. [N3 truck blockade in KZN an 'act of economic sabotage' – Durban commerce chamber.](#)

¹⁴ Mbalula, F. 14/06/2022. [Government engagement with truck drivers and key stakeholders on the verge of conclusive agreement.](#)

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- Regionally, some good news was received for transporters travelling from Zambia to DRC, as Kasumbalesa, Mokambo, and Sakania will start 24-hour operations soon. All parties hope the massive queues at Kasumbalesa (stretching some 70km on occasion) will be a thing of the past, as these countries desperately rely on cross-border road freight.
- Further to the situation at Kasumbalesa: Many transporters were aggrieved by the media statement by the ZRA requesting that trucks be directed to designated truck parks. These directives will increase costs, as trucks were only granted three free days despite the queue taking some eight days to clear.
- 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 Kasumbalesa, Lebombo/Ressano Garcia and Groblersbrug, among others, still giving cause for concern.

Table 9 – Delays¹⁵ 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	-	3:00	100	3 000	700	24 640	0
SA/Zim	Beitbridge	0:00	16:00	943	28 290	6 601	92 414	0
Moz/Zam	Cassacatiza/Mlolo	1:00	15:00	175	5 250	1 225	15 925	1 225
Zam/Zim	Chirundu	0:00	19:00	620	18 600	4 340	73 780	0
Moz/Mal	Dedza	2:00	41:00	50	1 500	350	13 650	700
SA/Bot	Groblersbrug/Martins Drift	24:00	15:00	400	12 000	2 800	36 400	67 200
Zam/DRC	Kasumbalesa	192:00	63:00	750	22 500	5 250	320 250	1 008 000
Zam/Bot	Kazungula	0:00	20:00	240	7 200	1 680	30 240	0
SA/Bot	Kopfontein/Tlokweg	1:00	41:00	100	3 000	700	27 300	700
Moz/Zim	Machipanda/Forbes	1:00	10:00	320	9 600	2 240	17 920	2 240
Zim/Moz	Nyamapanda	1:00	8:00	100	3 000	700	4 200	700
SA/Moz	Lebombo/Ressano Garcia	19:00	42:00	1 100	33 000	7 700	308 000	146 300
SA/Bot	Skilpadshek/Pioneer Gate	8:00	19:00	300	9 000	2 100	35 700	16 800
Nam/Bot	Trans Kalahari/Mamuno	-	17:00	100	3 000	700	10 500	0
Zam/Zim	Victoria Falls	1:00	4:00	114	3 420	798	1 596	798
Moz/Mal	Zobue/Mwanza	2:00	16:00	100	3 000	700	9 800	1 400
				5 512	165 360	38 584	1 022 315	1 246 063

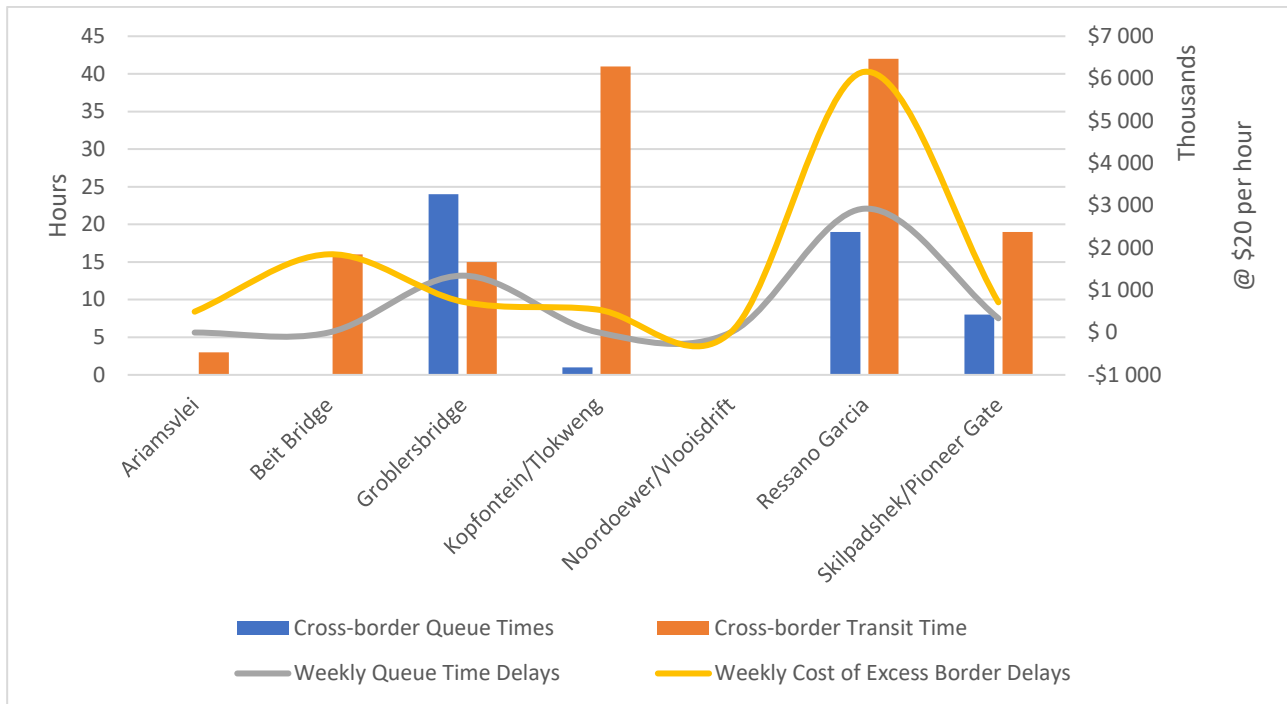
Source: TLC & FESARTA, week ending 13/06/2022.

The following graph shows the weekly change in cross-border times and associated estimated cost.

¹⁵ 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.

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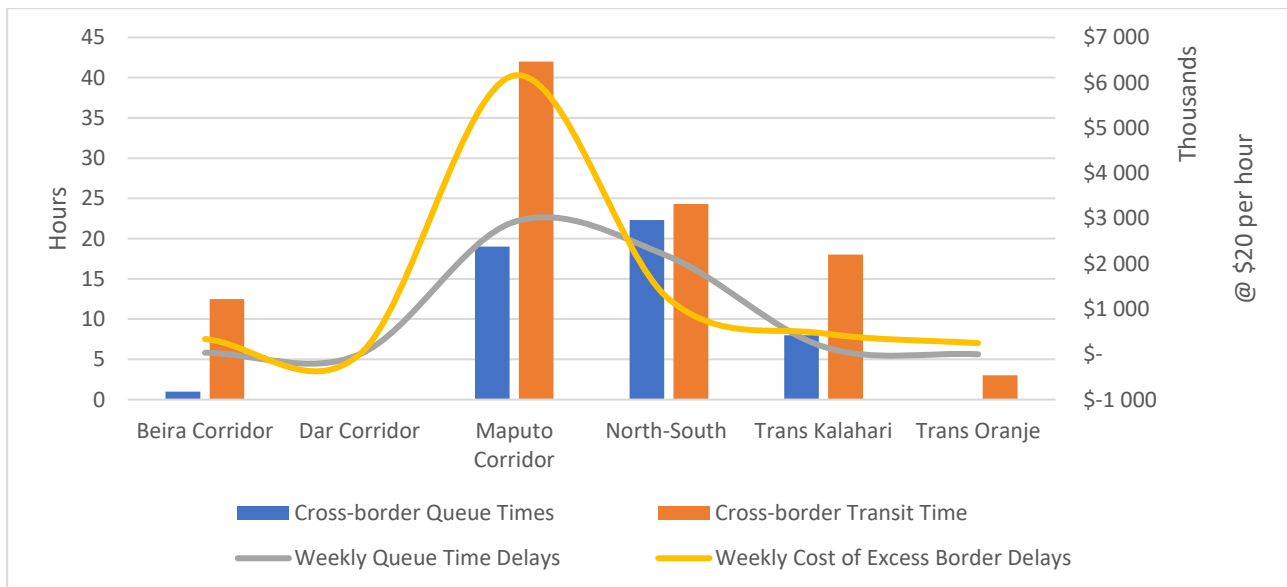
Figure 13 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 13/06/2022.

The following figure echoes those above, this time from a corridor perspective.

Figure 14 – Weekly cross-border delays & est. cost from a corridor perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 13/06/2022.

In summary, cross-border queue time has averaged **~15,8 hours** (down by **~0,1 hours** from the **~15,9 hours** recorded in the previous report), costing the transport industry an estimated **\$25 million (R399 million)**. Furthermore, the week's average cross-border transit times hovered around **~20,6 hours** (down by **~1,3 hours** from the **~21,9 hours** recorded in the previous report), costing the transport industry **\$20 million (R327 million)**. As a result, the total cost for the week amounts to an estimated **~R726 million** (up by **~R83 million** or **↑13%** from **R643 million** in the previous report).

4. International Update

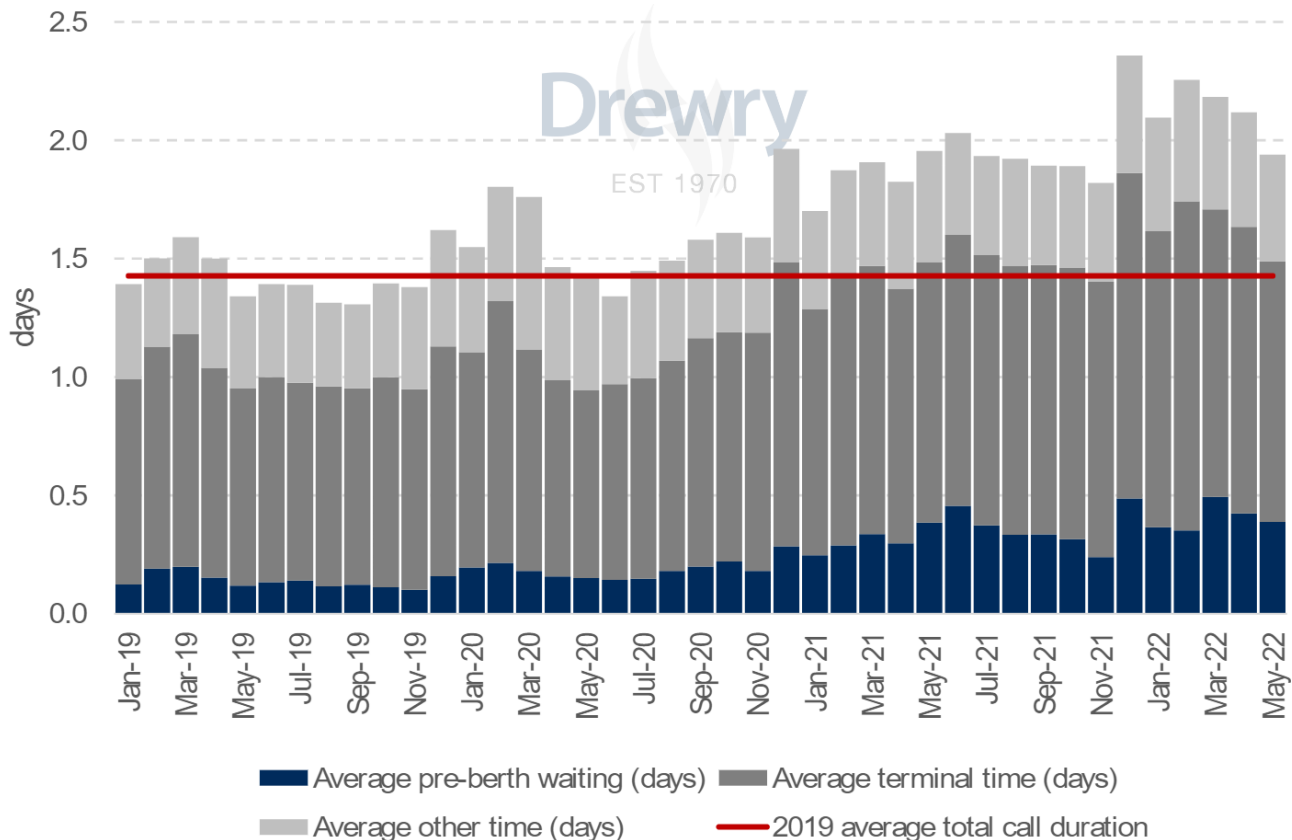
The following section provides some context around the global economy and the subsequent impact on trade. In addition, the section includes an update on (a) the global shipping industry, and (b) the global air cargo industry.

a. Global shipping industry

i. North Europe ports' productivity

Container terminal productivity across Northwest European ports has deteriorated significantly over the past three years due to the challenges of handling more extensive exchanges, as carriers have consolidated port calls in the face of volatile cargo demand, according to the latest "Ports & Terminals Insight" report published by Drewry¹⁶. New analysis shows that average call duration at the main Northwest European ports increased by over **↑50%** in 1Q22 compared to their pre-pandemic average before falling back to **↑37%** above pre-pandemic in May 2022. Moreover, the analysis indicates that average port time per call peaked at **2,3 days** in February, **↑58%** above the pre-pandemic 2019 average.

Figure 15 – Average call duration across Northwest Europe ports



Source: [Drewry](#)

As illustrated above, the bulk of this port time is taken up at the terminal, representing around **~60%**, while pre-berth waiting forms a much smaller **20%**, on average. The situation in Northern Europe contrasts sharply with the performance at the main West Coast North America ports, which suffered from much more severe pre-berth waiting delays, which peaked at **4,3 days** in October 2021 - representing over **55%** of average port call duration, according to Drewry's AIS-based analysis.

¹⁶ Drewry. 10/06/2022. [North Europe ports productivity under pressure due to higher exchanges.](#)

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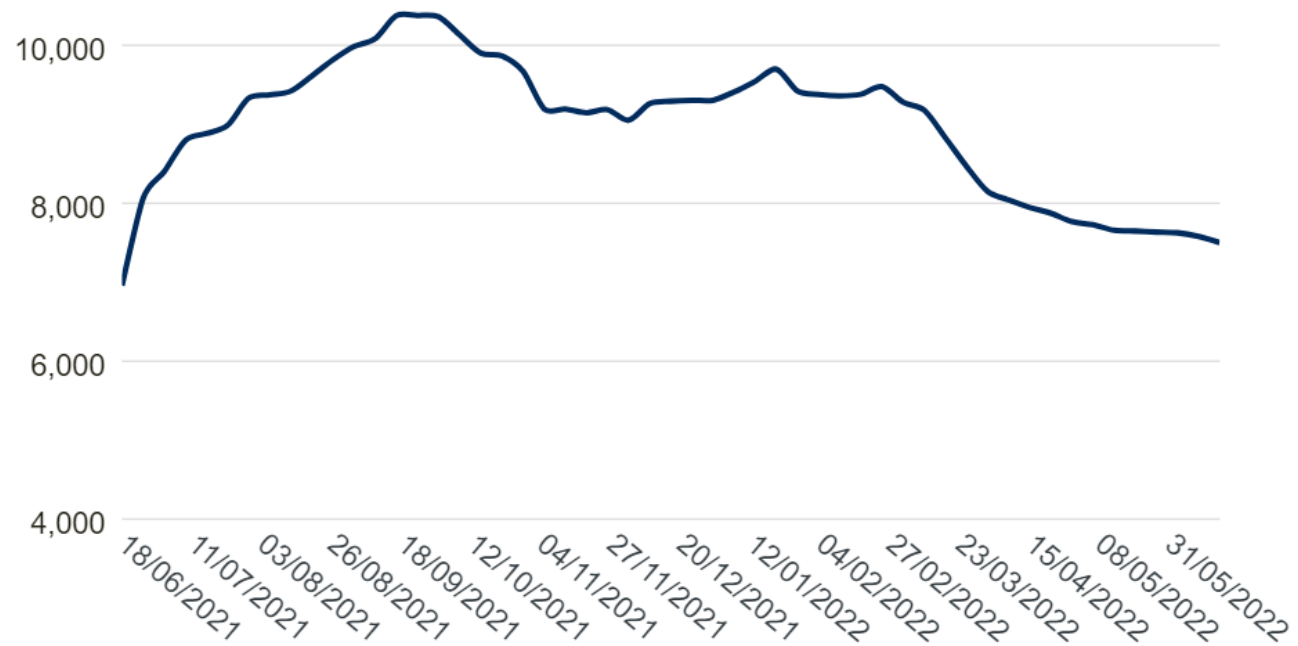
The deterioration in Northwest European port productivity has occurred despite weaker throughput levels than during the pre-pandemic period. Traffic across the region's four main ports of Antwerp, Rotterdam, Bremerhaven, and Hamburg was **↓3,5%** lower in 1Q 2022 compared to the same period in 2019, and the decline in the number of vessel calls was even steeper at **↓15,1%**. Nor have average vessel sizes changed much over this period. Nevertheless, the analysis estimates that average exchanges have increased markedly, rising by an average of **↑14%** across the four main ports in the three years to 1Q 2022. It will be evident that this is excellent news for shipping lines' profitability, not so much for cargo interests!

When considering the rankings of these respective ports in the World Bank's "*Container Port Performance Index*"¹⁷, the deterioration is perhaps not unexpected. Antwerp (96th), Rotterdam (291st), Bremerhaven (59th), and Hamburg (232nd) were all ranked significantly lower compared to their Asian counterparts leading the rankings. Moreover, shipping lines serving North Europe's third-biggest container port, Hamburg, are bracing for further disruptions in productivity due to industrial action after wage talks were aborted last weekend¹⁸.

ii. Global container freight rates

For the 16th straight week, global container freight rates continued their decline, as Drewry's "World Container Index" decreased by **↓1%** (or **\$77**) to **\$7 502** per 40-ft container this week¹⁹. The composite index is now very close to the same levels as last year's (**↑8%**, y/y) but is still highly inflated compared to the long-term average. The y/t/d average at **\$8 524** per 40ft container is approximately **\$5 078** higher than the five-year average of **\$3 446**. The following shows the one-year spot rates of the composite index:

Figure 16 – World Container Index – assessed by Drewry (\$ per 40 ft. container)



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

The current elevated container freight rates are reflected in the massive operating profits by shipping lines, as the top²⁰ carriers' combined earnings before interest and tax (EBIT)²¹ was **\$43,9 billion** in Q1 of 2022. But what is more astounding is that this figure is not only higher than the combined Q1 EBIT of the last 12 years, but it is also higher than the 2021 Q3 EBIT, which in itself was a bumper peak season. Furthermore, these impressive

¹⁷ World Bank. 25/05/2022. [The Container Port Performance Index 2021](#).

¹⁸ Wackett, M. 13/06/2022. [Under-pressure German ports brace for more strikes as pay talks fail](#).

¹⁹ Drewry. 16/06/2022. [World Container Index](#).

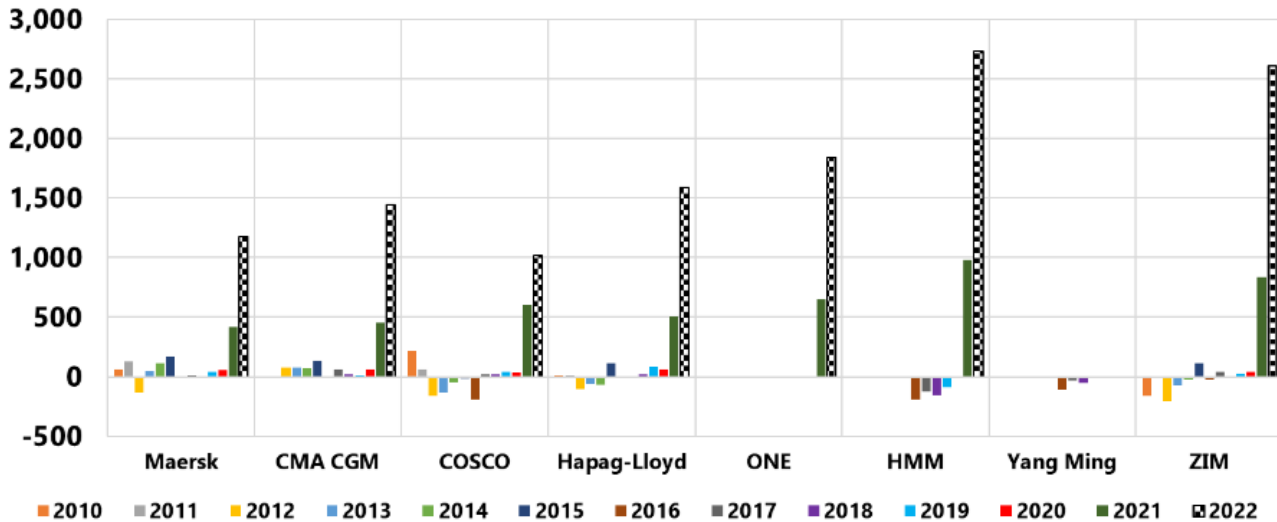
²⁰ Top 10 by volume, bar MSC and Evergreen which does not publicly report financial statements.

²¹ Those that provide financial information.

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numbers have been posted despite a lack of growth in volume by most carriers. In fact, apart from ZIM ($\uparrow 5\%$, y/y), all other major carriers have reported sharp annual declines in volume. In effect, most carriers have recorded a massive EBIT per container of more than **\$1 000** for the period, as shown here by analysis from Sea Intelligence²²: (As alluded to above, the reduction in costs reflected in the reduced number of port calls also plays a part.)

Figure 17 – EBIT per TEU of selected carriers



Source: [Sea Intelligence](#)

The unprecedented nature of the current supply/demand situation and the freight rate environment is clearly evident, with the first quarter EBIT/TEU figure of each of these shipping lines dwarfing each of the previous years. Indeed, most carriers recorded *profits* per container equivalent to their *total* container freight rates only *18 months ago*. The current global container freight situation is genuinely astonishing and unprecedented.

iii. Further developments of note

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

1. US Ports handle near-record volumes as President Biden vows to tackle the shipping lines:

- US consumer demand remains elevated, as the Port of Los Angeles handled just under 970 000 units of cargo in May, making it the operation's third-busiest month on record. Neighbouring Long Beach processed 890 989 units in May, its second-busiest date²³.
- During a visit to the Western Hemisphere's busiest port in Los Angeles, President Joe Biden made no qualms about taking on the nine ocean carriers in the three main global shipping alliances for their role in impacting US inflation trending the highest in 40 years.
- "*These companies have raised their prices by as much as 1 000%*," he said on Friday, 10 June²⁴, urging the House to pass the bipartisan Ocean Shipping Reform Act that the Senate passed unanimously in March and which would allow the Federal Maritime Commission to crack down on fees charged by international ocean carriers. The President continued by saying, "*... there's no better place to starting it than right here in the port and letting those nine foreign shippers understand the rip-off is over.*"

²² Sea Intelligence. 15/06/2022. [USD 43.9bn carrier EBIT in 2022-Q1](#).

²³ Saraiva, A. & Montiero, A. 10/06/2022. [LA Port Braces for Peak Cargo Season to Arrive Early as Consumers Keep Buying](#).

²⁴ Biden, J. 10/06/2022. [Remarks by President Biden on Inflation and Actions Taken to Lower Prices and Address Supply Chain Challenges](#).

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- d. Lastly, on Thursday, President Joe Biden signed the Ocean Shipping Reform Act (OSRA) 2022 into law²⁵ to "praise from shippers and opprobrium from shipping lines"²⁶.

2. South Korean striking truckers update:

- a. Striking truckers in South Korea reached an agreement with the government, ending a week-long work stoppage that threatened the nation's economy and added to strains on global supply chains²⁷.
- b. Following an eight-day strike, South Korean truckers returned to work on Wednesday²⁸ after hammering out an agreement with the government to extend a freight rate system that guarantees minimum wages.

3. Latest Shanghai quarantines update:

- a. The mass quarantine measures imposed this past weekend in Shanghai, including highway closures, severely affected trucks carrying exports bound for the city's port. In addition, the Port of Ningbo, which became the alternative port destination, showed an increase in congestion since COVID cases keep showing up in certain Shanghai districts²⁹.
- b. Fortunately, port congestion eased by Friday as Shanghai's post-lockdown cargo boom failed to materialise, and the city's container supply chain recovery seems unaffected by a sudden lurch back to lockdown last weekend.
- c. Heading into the weekend, Crane World Logistics said Shanghai was operating as usual after yet another round of mass testing, noting only shippers with facilities in quarantined areas would be impacted.

4. MPV indices hold steady at high levels:

- a. Despite a slight easing, the "spill over" multipurpose sector, pushing containers and some formerly containerised cargo into the multipurpose industry since late 2020, remains high³⁰. Indeed, the Drewry "Multipurpose Time Charter Index" weakened over May to **\$11 120** per day³¹ in line with both container spot rates and the Baltic Handy Index. However, Drewry notes that the softening is mainly due to continued uncertainties in the global situation.
- b. Drewry expects the weakening trend to continue in June, with rates dropping very slightly, at just **↓0.6%, to \$11 050** per day. This situation is because many multipurpose vessels were on hired in private charters to carry boxes on deck, and the MPP time charter index has doubled since this began. But the latest evidence suggests this overspill is now being re-absorbed into the mainstream cellular market³².

b. Global air cargo industry

In air cargo news, airfreight operations at Shanghai Pudong are also reaching near-normal activity levels by Friday after further lockdown measures threatened to derail supply chain recovery in China. Shanghai International Airport said this week that, among the 34 Chinese and foreign all-cargo airlines operating at Pudong, around **80%** were doing so at more than **50%**, while nearly half were running at more than **80%** capacity³³.

In anticipation of the increased activity in the sector, Chinese air freight rates are expected to rise in the coming months³⁴. In the latest Baltic Exchange market round-up, rates out of Hong Kong and China had remained high

²⁵ The White House. 16/06/2022. [Bill Signed: S. 3580.](#)

²⁶ Savvides, N. 17/06/2022. [President Biden signs OSRA 2022 into law.](#)

²⁷ Lee, H. 14/06/2022. [Strike Ends as Korea Truckers Reach Settlement with Ministry.](#)

²⁸ Li, M. 15/06/2022. [Korean truckers end strike – but supply chains remain seriously disrupted.](#)

²⁹ LaRocca, L. 13/06/2022. [Latest Shanghai quarantines add more pressure to global supply chain.](#)

³⁰ Nodar, J. 09/06/2022. [MPV indexes hold steady at high levels as container spot rates soften.](#)

³¹ Drewry. 13/06/2022. [Multipurpose Time Charter Index - Jun 22.](#)

³² Bartlett, C. 17/06/2022. [Flush MPV sector looks for new cargo as carriers re-absorb overspill boxes.](#)

³³ Whelan, S. 17/06/2022. [China congestion easing after projected cargo boom fails to materialise.](#)

³⁴ Brett, D. 07/06/2022. [China airfreight rates predicted to rise in coming months.](#)

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over the last couple of months despite easing demand. And with Shanghai now emerging from a month-long lockdown, there is expected to be a surge in volumes as production levels continue to ramp up and companies look to meet a backlog of demand that has built up. The latest figures from the Baltic Exchange Airfreight Index (BAI) show that average rates from Hong Kong to North America in May increased by **↑21,7% y/y** to **\$9,69 per kg**, while they rose by **↑1,2%** compared with April. From Hong Kong to Europe, average rates for May increased by **↑34,2% y/y** to **\$6,35 per kg**, up **↑5,7%** from April.

Despite the seemingly fluid nature of global air cargo operations amid the supply chain constraints, aircraft production has not kept pace, as both Boeing and Airbus have been hit with delays³⁵. Boeing has a host of undelivered 737 MAXs and 787s on its hands, owing to inspections and repairs after small cracks were found in structural joints, which virtually stopped 787 handovers since late 2020. Rival Airbus is not having a smooth ride, either. The number of jets it delivered in May was **↓6%** lower than a year ago.

³⁵ Putzger, I. 17/06/2022. [Boeing and Airbus hit as supply chain woes hamper aircraft production.](#)