

COVID-19: Cargo movement update¹

Date: 24 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)	27 961	32 749	60 710	25 596	31 268	56 864	↑7%
Air Cargo (tons)	5 386	3 058	8 445	5 138	3 239	8 377	↑1%

Monthly Snapshot

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

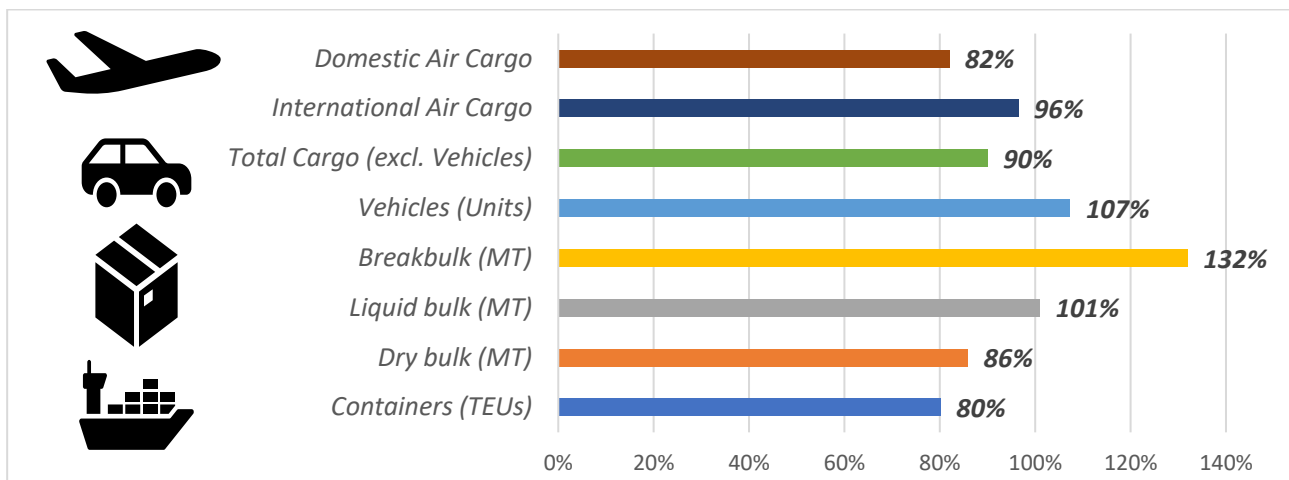


Figure 2 – Global year-to-date flows 2019-2022⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 673 containers** was handled per day, with **~9 047** projected for next week.
- Rail cargo handled out of Durban amounted to **1 172** containers, **↑60%** compared to last week.
- Stats SA shows land transport (payload) increased by **↑2,5%** (y/y) in April 2022; income at **↑6,2%** (y/y).
- This week, cross-border queue times **↓0,5 hours**, with transit times **↓4,8 hours** (see [below](#)).
- The "WCI" declined for a 17th straight week, with spot rates **↓3%** (or **\$216**) to **\$7 286** per 40-ft.
- Rising freight costs – particularly containers – are responsible for **~1,6%** of inflation globally.
- Global aviation continues with its recovery, with air cargo the main driver at **only ↓3,8%** versus 2019.

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 93rd 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. May.

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 93rd 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 **885** per day (**↓22%** against last week's average of **1 142**), with the positivity rate the lowest in months at around **6%**. South Africa has recorded **3,99 million**⁶ positive cases, with the death toll up to **101 704** this week (up by **115**). Globally, the case tally stands at **542 million** infected by COVID-19, with **6,3 million** deaths recorded. Around **12,02 billion** vaccine doses have been administered globally⁷, with the South African trickling along very slowly, now at **36,7 million**. Also, this week saw the Health minister repealing the country's COVID-19 regulations, including the wearing of masks, curbs on gathering sizes and border checks⁸, as the country started to exit the fifth wave.

Port operations this past week were somewhat hampered by wind and weather delays. However, the week's performance significantly improved on many indicators, which bodes well for the future. Also, there were some further positive points with Durban indicating an improvement in slots wasted via the NAVIS booking system. Unfortunately, some of the gains were offset by congestion at the port following closures of the N3 earlier in the week. On a further positive note, Cape Town reported having a full complement of eight STS cranes on Monday and also reported that they are in the process of obtaining a ninth crane (a contract to move the crane has already been awarded).

On the international shipping side, role players are not expecting the ongoing congestion to ease until next year. After several weeks of reduced throughput (primarily due to the situation in China), ports are concerned that the return to normal will coincide with the third-quarter peak season before the current problems of port congestion and the lack of drivers are solved. These challenges are coming at an interesting time, as spot rates continue to subside – with many shipping lines now having shippers on long-term contracts rather than spot prices. Further developments of note included **(1)** labour action impacting German ports, **(2)** further accusations of collusion and profiteering by shipping lines, and **(3)** new directives on dangerous goods at Chittagong (see [below](#)).

South Africa's international air cargo sector volumes remain high and slightly increased (**↑1%**) this week, while domestic air cargo was significantly down at **↓25%**, primarily because of the public holiday on Thursday, 16 June. Internationally, the latest IATA reports highlighted the aviation sector's ongoing resilience. The key takeaway in the industry is that the recovery is well underway and forecast to continue through 2022 and beyond after the biggest shock in aviation history. However, despite the optimism, IATA warns that several "headwinds" are currently keeping the "tailwinds" in balance. Other developments of note include **(1)** the imminent end of "preighters" and **(2)** the continued success of the cargo charter market.

On the road freight front, cross-border transit times for South African borders averaged around **13 hours** (**↓52%**) this week, as delays continue at Kasumbalesa, Kopfontein, and Lebombo/Ressano Garcia. Apart from regional cross-border constraints, this week's focus was again on problems on the N3. There were urgent calls for transporters to stay off the main trade lane from Harrismith/Tugela onwards due to a considerable backlog of trucks after a massive spillage of cobalt near Peter Brown Road. This week, other developments for road transport included **(1)** stakeholders agreeing on an eleven-point action plan to deal with industry challenges and the recruitment of foreign nationals, and **(2)** road works on the road to Sakania causing the recently increased truck flows from Kasumbalesa to be diverted back.

In concluding this week's report, constant supply chain pressures continue to affect all parties involved, perhaps none more so than transporters. If roads are not being blocked and bureaucratic regulations being tightened,

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

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

⁸ Business Tech. 23/06/2022. [South Africa ends Covid curbs including mask wearing](#).

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the rise in costs dampens the robust recovery of a critical node in our logistics network. On Wednesday, the latest inflation figures showed that the upper band of the SARB targets had been breached. Moreover, transport costs soared by **↑15,7%** in the year to May. Transport costs were the most significant contributor to the May inflation rate of **↑6,5%** for the fourth consecutive month, contributing **↑2,1%**⁹. At this juncture, it is worth reiterating that South Africa's freight demand remains very high, and with the abject failure of rail to alleviate the pressure, road transport must bear the brunt. Consequently, we must ensure that road transport can function unhindered by artificial constraints since the South African economy will grind to a halt without trucks.

⁹ Mahlaka, R. 22/06/2022. [South Africa's cost-of-living crisis worsens as consumer inflation breaches the Reserve Bank's 6% target.](#)

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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 18 to 24 June¹⁰

7-day flow forecast (18/06/2022 – 24/06/2022)		
TERMINAL	NO. OF CONTAINERS ¹¹ TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 188	3 833
DURBAN CONTAINER TERMINAL PIER 2:	13 184	15 424
CAPE TOWN CONTAINER TERMINAL:	3 931	6 080
NGQURA CONTAINER TERMINAL:	4 273	5 453
GQEBERHA CONTAINER TERMINAL:	1 385	1 959
TOTAL:	27 961	32 749

Source: Transnet, 2021. Updated 24/06/2022.

Table 3 – Container Ports – Weekly flow reported for 25 June to 1 July

7-day flow forecast (25/06/2022 – 01/07/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 564	6 150
DURBAN CONTAINER TERMINAL PIER 2:	15 675	13 157
CAPE TOWN CONTAINER TERMINAL:	4 952	6 712
NGQURA CONTAINER TERMINAL:	5 766	3 150
GQEBERHA CONTAINER TERMINAL:	720	1 480
TOTAL:	32 677	30 649

Source: Transnet, 2021. Updated 24/06/2022.

An average of **~8 673 containers** (**↑11%**) was handled per day for the last week (18 to 24 June, Table 2), compared to the projected average of **~9 450 containers** (**↓8%** actual versus projected) noted in last week's report. An increased average of **~9 047 containers** (**↑4%**) is projected to be handled next week (18 to 24 June, Table 3). These improved numbers (if achieved) bode well for the future, with port operations plagued by fewer issues in the past seven days compared with many of the previous weeks (see the more detailed breakdown per port [below](#)).

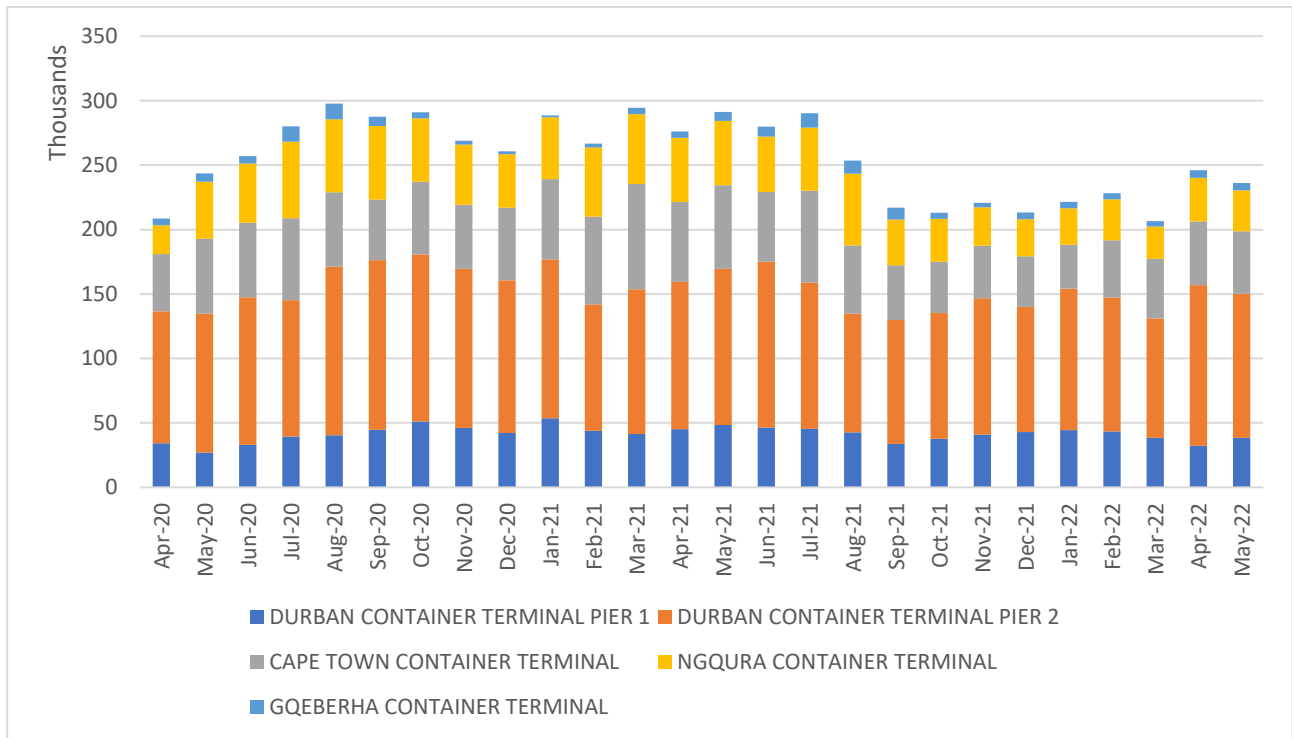
The following figure illustrates the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the nationwide lockdown.

¹⁰ 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.

¹¹ 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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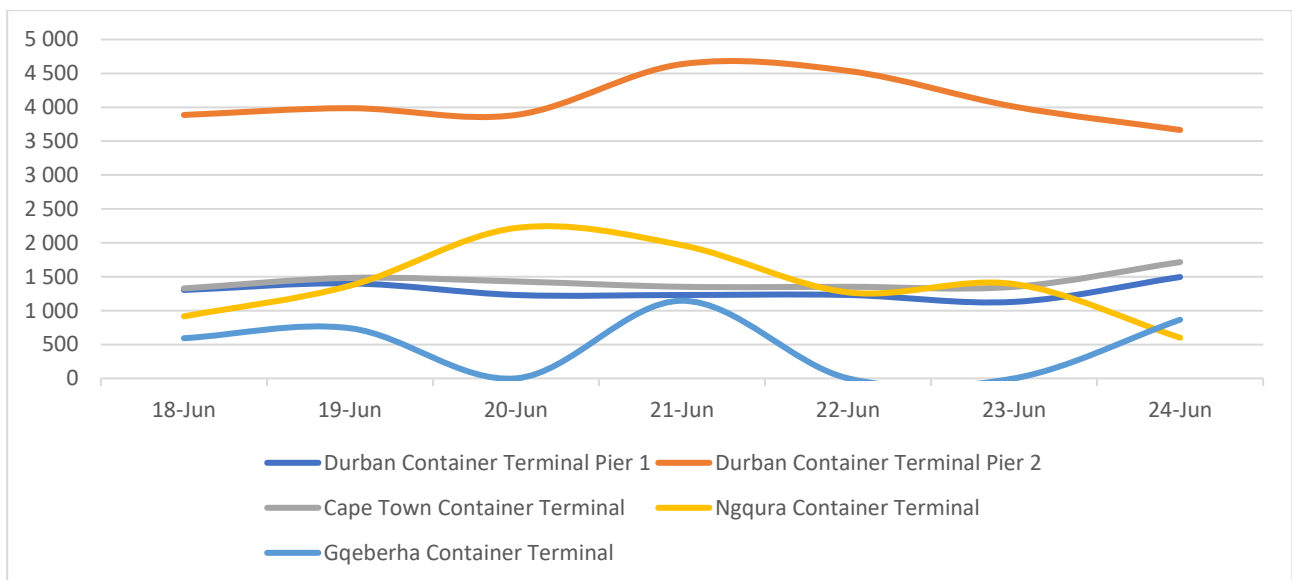
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 24/06/2022.

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

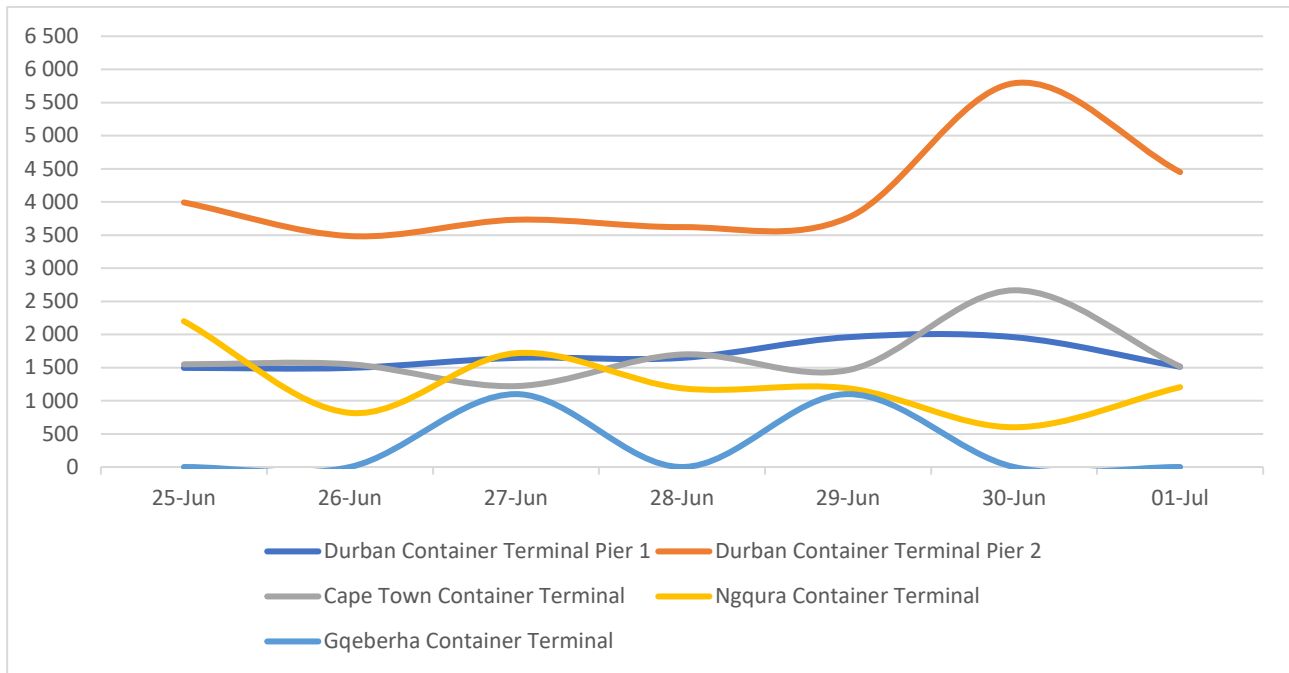
Figure 4 – 7-day flow reported for total container movements (18 to 24 June; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 24/06/2022.

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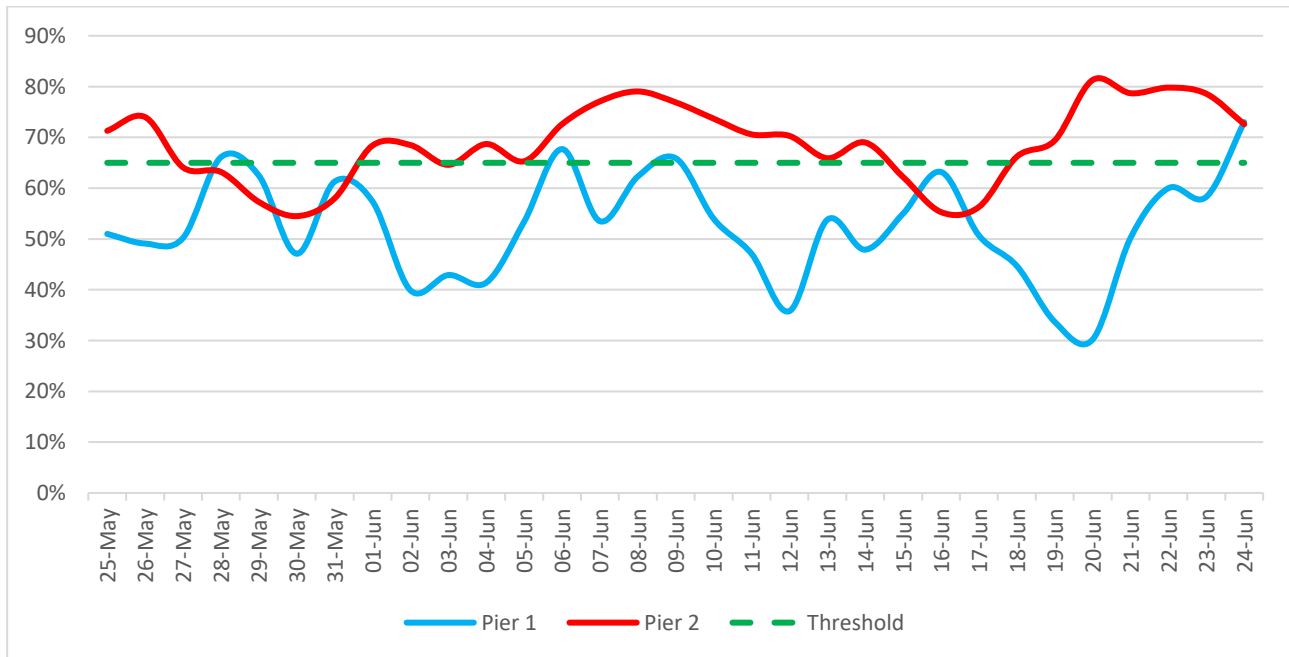
Figure 5 – 7-day forecast reported for total container movements (25 June to 1 July; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 24/06/2022.

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 (25 May to present; per pier; day on day)

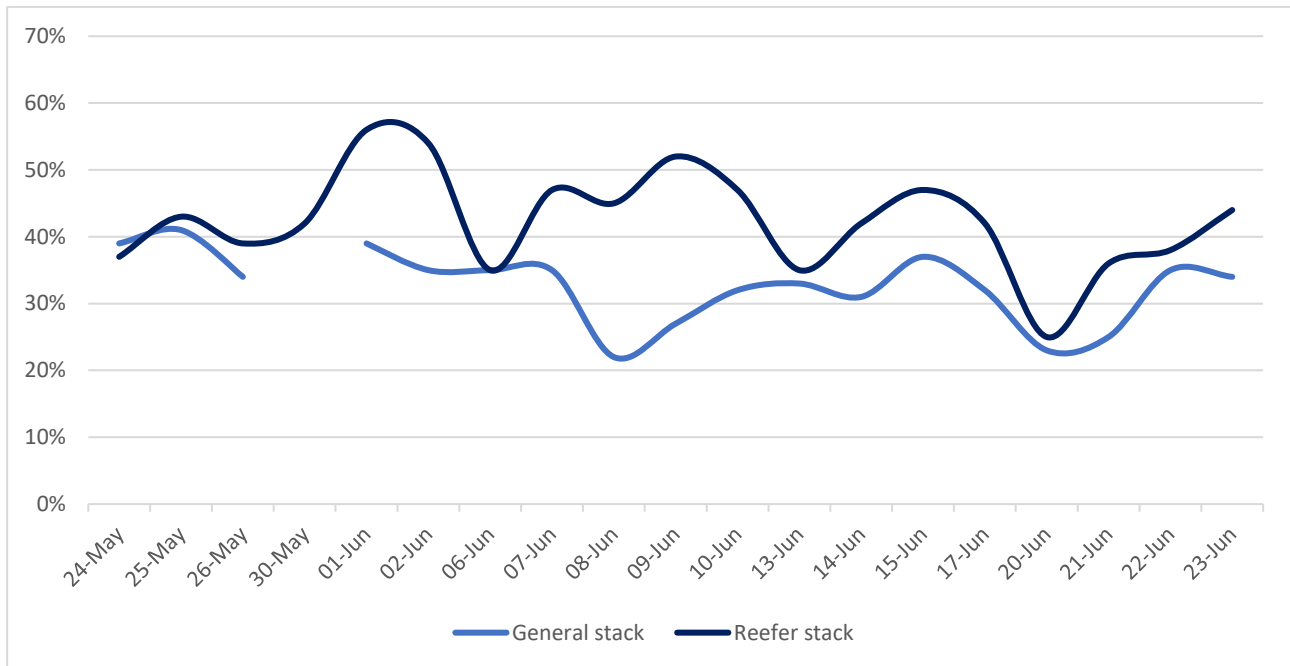


Source: Calculated using data from Transnet, 2022. Updated 24/06/2022.

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 (24 May to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 24/06/2022.

b. Summary of port operations

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

i. Weather and other delays

Cape Town experienced strong winds throughout the week, with some vessels ranging due to switching the only set of shore tensioners from one berth to another and the delay in delivery of the second set.

There were slight wind-related challenges in the Eastern Cape on Monday, but conditions improved for the rest of the week.

ii. Cape Town

On Tuesday, CTCT recorded two vessels at outer anchorage and two boats at berth worked by seven gangs, seven STS cranes, 18 RTGs, and 38 hauliers. Stack occupancy for GP containers was 25%, reefers 36% and empties 22%. In the latest 24-hour period, the terminal managed to handle 1 841 TEUs across the quay. In addition, the terminal serviced 1 391 external trucks on the landside at a truck turnaround time of 34.5 minutes, while 67 containers were moved via rail. Regarding delays, there were some issues with vessel ranging; however, by the end of the week, CTCT reported that eight STS cranes were operational, and the terminal announced that a transport supplier had been awarded for the ninth STS crane.

Cape Town MPT on Tuesday recorded zero vessels at anchor, with one container and one manganese vessel at berth. In the latest 24-hour period, the terminal managed to handle 237 TEUs across the quay with 133 truck visits at a truck turnaround time of 37 minutes. Stacks were sitting at 30% for GP containers, 42% for reefers and 4% for empties. Challenges revolved around weather conditions, with some wind delays.

iii. Durban

Pier 1 on Tuesday recorded one vessel at berth and one at anchor. Stack occupancy was 30% for GP and 17% for reefers, with 1 742 imports on hand, 487 reefers and 320 unassigned units. The terminal recorded 937 gate

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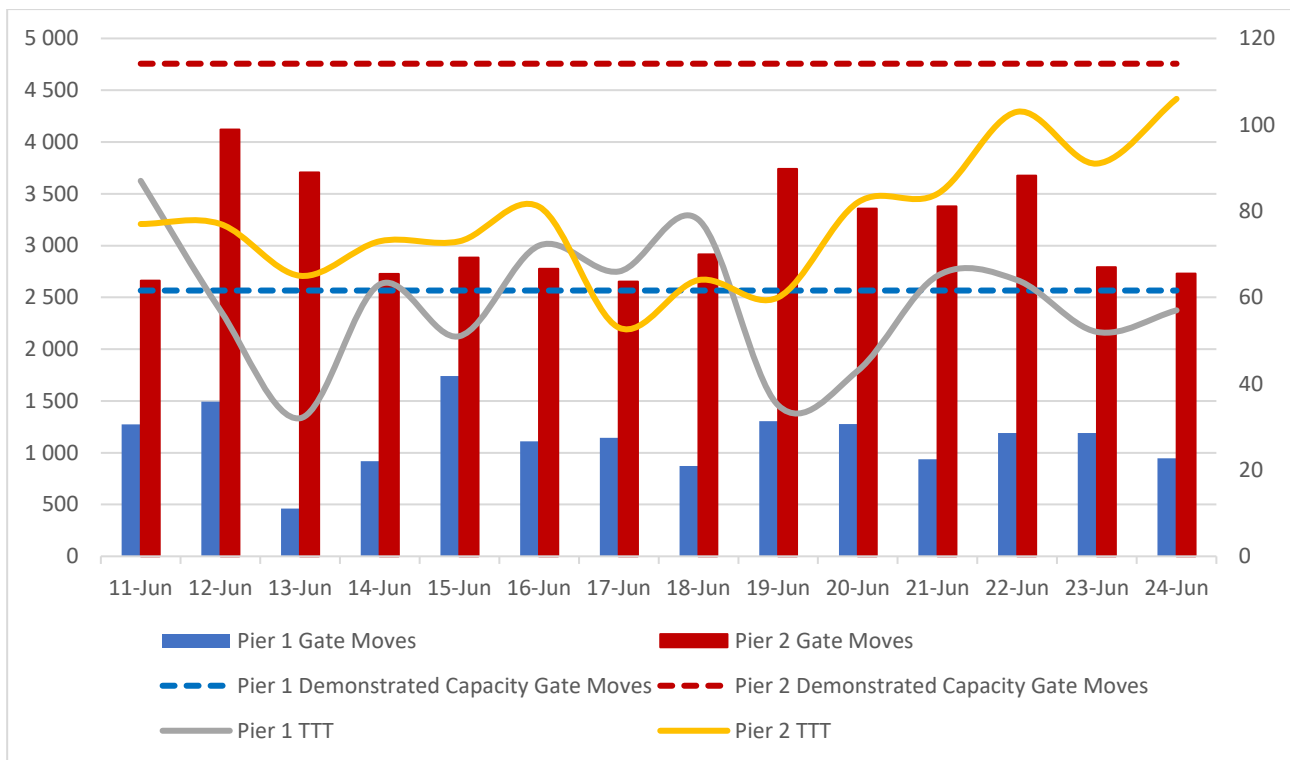
moves on the landside, with 324 cancelled slots and 119 wasted. 31 TEUs were handled via rail. Over the week, the terminal recorded an average of 17 RTGs available.

Durban Pier 2 had a busier week, recording four vessels at berth and two at anchorage on Tuesday. In the most recent 24 hours, the terminal managed to handle an impressive 6 426 TEUs across the quay. Stack occupancy was a high 81% overall and for reefers specifically, 84%. The terminal recorded between 80 and 84 straddles in operation throughout the week, manned by 12 gangs. Cranes 522 and 534 remain on long outages. On the landside, the terminal recorded servicing 3 379 external trucks within an average TTT of 84 minutes and a staging time of 89 minutes. A total of 218 rail import containers were on hand, with 335 TEUs moved by rail.

Both Pier 1 and Pier 2 reported a decrease in the number of booking slots wasted per day, with an increase in cancelled slots, indicating that truckers are proactively cancelling bookings rather than letting them go to waste. This change is a strong testament to the positive results achieved when public and private stakeholders work together to fix problems. However, the terminal did experience some delays in truck processing during the evening shifts towards the end of the week. The terminal also indicated that they expect an increase in congestion due to the closures of the N3 mentioned above.

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 illustrated, performance has improved compared to previous weeks. However, the increasing TTT for Pier 2 warns of potential difficulties ahead.

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



Source: Calculated using data from Transnet, 2022. Updated 24/06/2022.

iv. Eastern Cape ports

GCT on Tuesday recorded no vessels at anchorage and one vessel at berth. In terms of performance in the 24 hours to Friday, the terminal recorded a GCH of ~19 and an SWH of ~29 while handling 900 TEUs in the 24 hours. Stack occupancy was at 54% for GP containers and 20% for reefers. The terminal recorded 193 external trucks with an average truck turnaround time of 21 minutes. The terminal reported some Mafi breakdowns and congestion issues throughout the week.

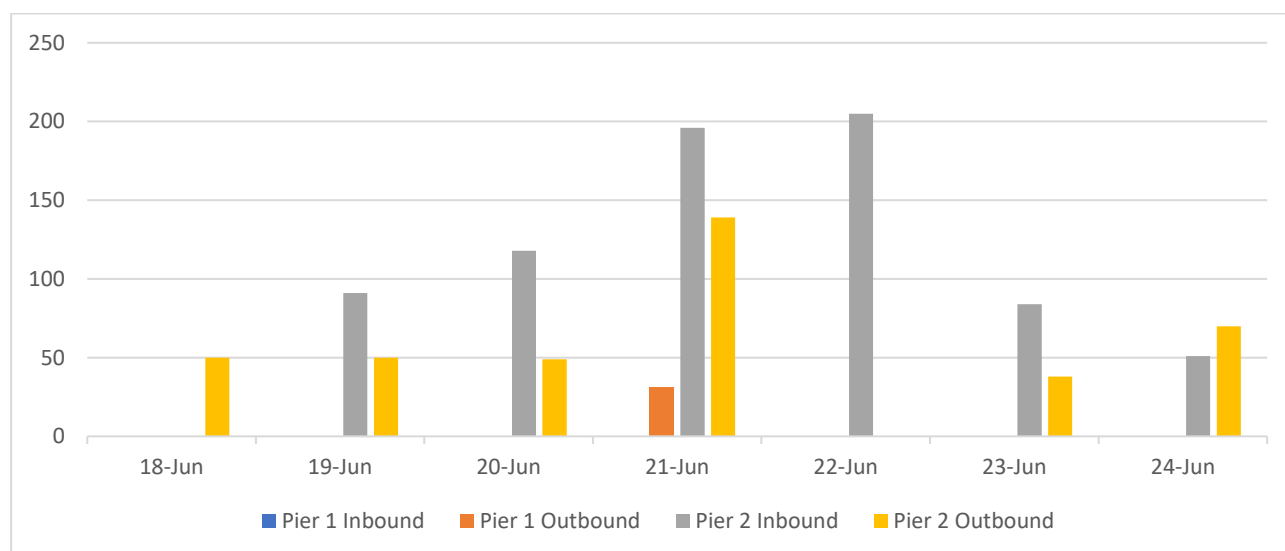
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NCT had a busy start to the week, with three vessels at berth and three at outer anchorage on Tuesday. The terminal handled 2 330 TEUs across the quay and recorded a poor GCH of ~13 and an SWH of ~34. Stack occupancy for GP containers was 51%, with reefers at 59% and reefer ground slots at 79% capacity, with 413 reefers handled during the 24 hours to Friday. On the landside, the terminal recorded only 647 gate moves with an average TTT of 42 minutes. The terminal did experience slower operations due to harbour carriers only utilising two of the three shifts, along with some weather delays.

v. Transnet Freight Rail (TFR)

The re-opening of the first line on the Container Corridor route has already significantly improved rail movements out of Durban, with a large portion of the backlog being cleared up. Currently, three trains are running from Cato Ridge to Durban and three from Durban to Cato Ridge. The team is working to increase this to five trains each way. Plans for opening the second line in mid-September remain on track. Rail movements are, however, predominantly for Pier 2, with Pier 1 moving only 31 containers via rail over the past week. The following figure shows the rail cargo evacuated from DCT in the last week.

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



Source: Calculated using data from Transnet, 2022. Updated 24/06/2022.

In the last week (18 to 24 June), rail cargo handled out of Durban was reported at **1 172** containers, **↑60%** from the previous week's **734** 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 13 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 4 – International inbound and outbound cargo from OR Tambo

Flows	13-Jun	14-Jun	15-Jun	16-Jun	17-Jun	18-Jun	19-Jun
Volume inbound	538 980	402 487	478 429	369 679	408 496	565 248	1 007 180
Volume outbound	229 952	171 113	216 270	162 184	146 850	441 086	773 279
Total	768 932	573 600	694 699	531 863	555 346	1 006 334	1 780 459

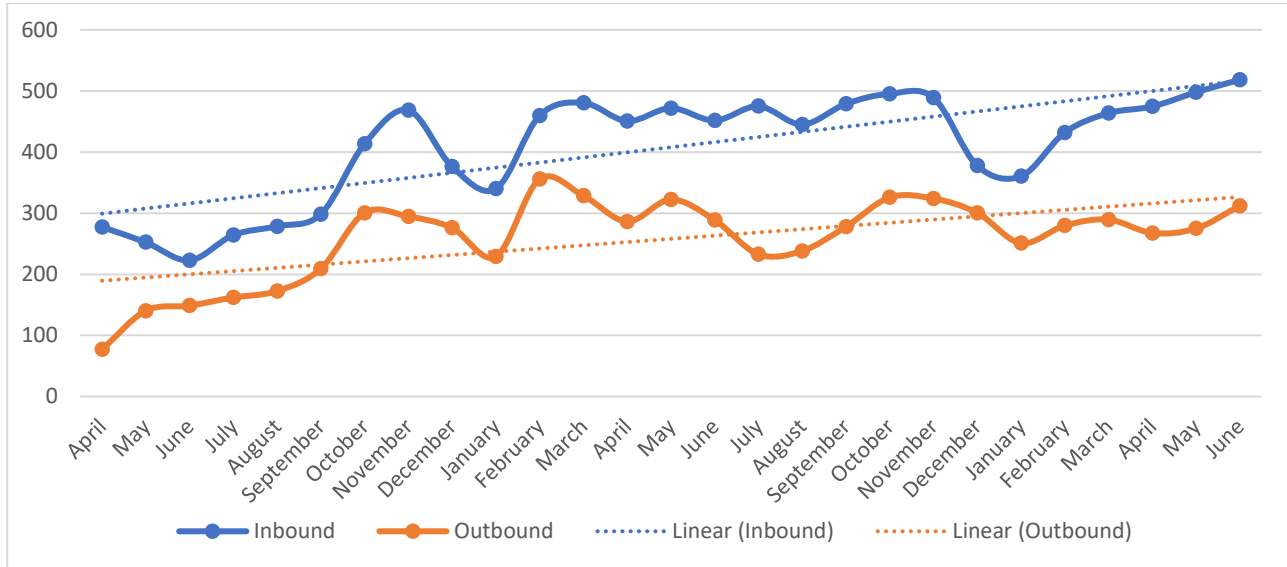
Courtesy of ACOC. Updated: 20/06/2022.

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The daily average volume of air cargo handled at ORTIA the previous week amounted to **538 643 kg** inbound and **305 819 kg** outbound, resulting in an average of **844 462 kg** per day or **~104%** compared with June 2021. Also, the level is currently at **~225%** compared with the same period in 2020. International volume has continued to flow in recent weeks, which largely mirrors the global picture (see [below](#)).

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

Figure 10 – International in – and outbound cargo from OR Tambo (thousands)



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

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 5 – Total domestic inbound and outbound cargo

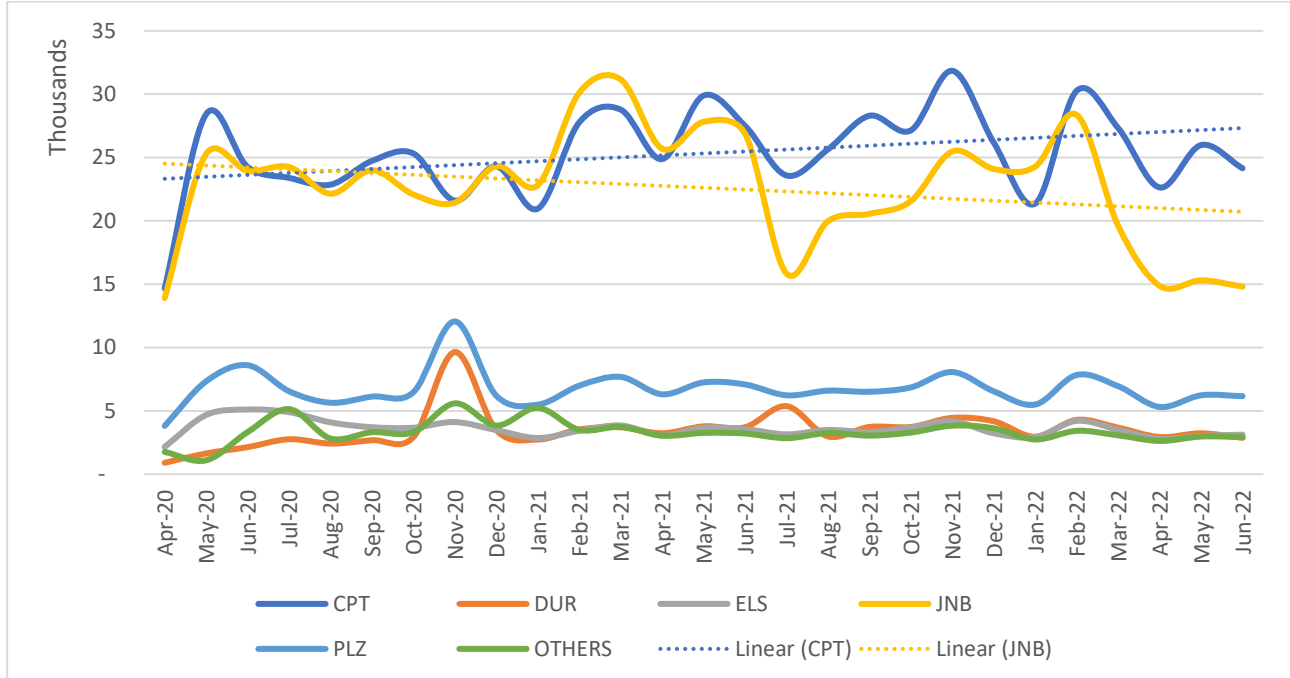
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
Mar Average	27 325	3 677	3 504	19 611	6 946	3 069	64 131
Apr Average	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	24 151	2 872	3 122	14 812	6 160	2 931	54 048
14-June-22	43 201	5 223	5 758	24 644	14 061	4 606	97 492
15-June-22	23 301	3 923	4 204	19 905	7 114	3 775	62 221
16-June-22	2 214	772	164	473	462	286	4 371
17-June-22	20 943	2 919	2 440	11 284	6 754	2 872	47 212
18-June-22	2 623	296	4	894	277	96	4 189
19-June-22	4 310	580	298	466	1 074	558	7 288
20-June-22	40 623	4 316	6 610	22 669	11 582	5 043	90 843
Total for 2022:	4 371 552	578 960	561 300	3 427 169	1 087 574	509 646	10 536 201

Courtesy of BAC. Updated: 21/06/2022.

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The average domestic air cargo moved last week was ~44 802 kg per day, which is ↓25% compared with the previous week and only ~64% compared to June 2021. The main reason for the reduced weekly average was the public holiday on Thursday, 16 June. The following figure shows the monthly domestic freight movement at our commercial airports during the state of disaster, with OR Tambo figures trending down in recent months.

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



Courtesy of BAC. Updated: 21/06/2022.

3. Road and Regional Update

a. South African land transport

On Monday, 20 June, Stats SA released April's monthly land transport statistics¹². The headline figures show that the volume of goods transported (payload) increased by ↑2,5% (y/y) in April 2022, compared with April 2021. Over the same period, the corresponding income grew by around ↑6,2%, which – despite the massive challenges presented by the KZN floods – augers well for the domestic transport and logistics sector¹³. Some positive figures around truck sales figures were also reported in May, according to NAAMSA. Sales for the industry's medium and heavy truck segments reflected a good performance during the month at 614 units (↑11,8%, y/y) and 1 905 units (↑7,1%, y/y), respectively¹⁴. The following figure from Stats SA shows the bi-monthly percentage change in the freight transportation sector.

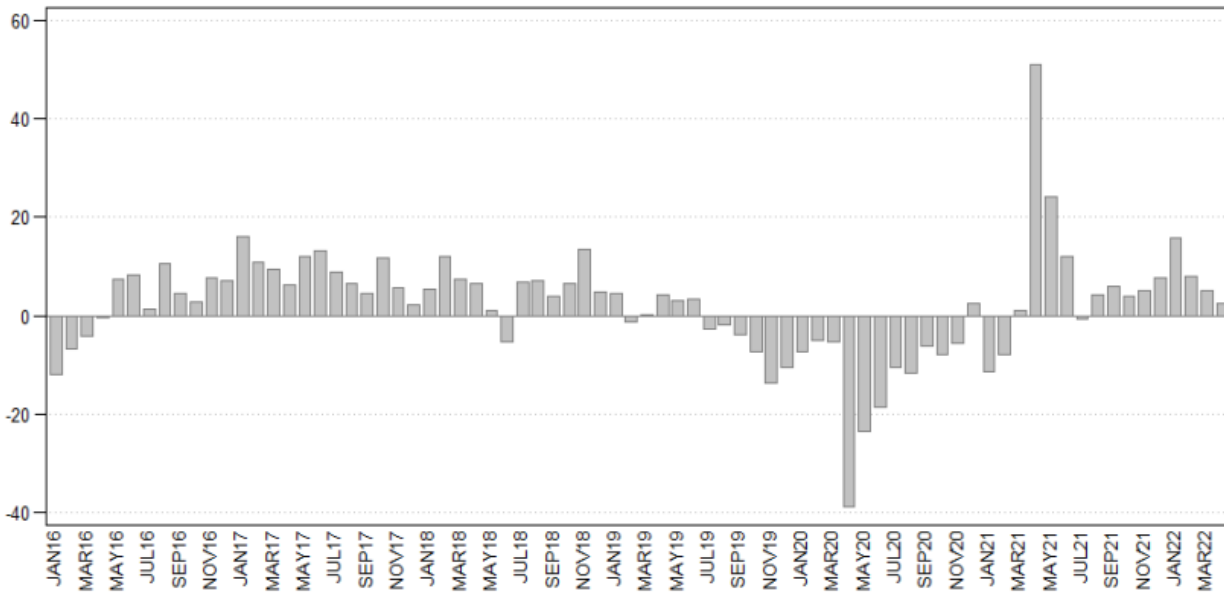
¹² Stats SA. 20/06/2022. [Land transport](#).

¹³ Note: Due to the nature of Stats SA's methodology being survey-based, the information provides us with a proxy and by no means paints the entire picture of the market.

¹⁴ NAAMSA. 01/06/2022. [KZN Floods slows down new vehicle sales momentum NAAMSA releases May 2022 new vehicle stats](#).

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



Source: [Stats SA](#)

Compared with the previous three months, the seasonally adjusted payload decreased by **↓0,5%** in the three months ending April 2022. By sector, road freight increased by **↑0,3%**, and rail freight decreased by **↓3,8%**. The summary can be seen in the following table, showing that the current seasonally adjusted domestic payload split remains 19/81 in favour of road transport, as has typically been the case in recent years.

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

Payload	Nov '21 – Jan '22 (000 tons)	Weight	Feb – Apr '22 (000 tons)	% Change (3-months)	Share of total change (%)
Rail	44 402	19,5	42 699	3,8	-0,7
Road	183 603	80,5	184 234	0,3	0,2
Total	228 005	100	226 933	-0,5	-0,5

Source: [Stats SA](#)

The table again clearly shows that the continued push towards increasing rail's share of volumes has not had any noticeable effect. This situation is specifically prevalent regarding container freight, as shown weekly in *Figure 9*. The introduction of the single-line operation on the Concor line from 11 June 2022 will hopefully do a little to improve this, but unfortunately, that is relatively insignificant in the greater scheme of things. The private sector has advocated strongly for allowing third-party access to rail. Sadly, the terms and conditions laid down by Transnet for access to slots remain unattractive, and this impasse will remain unresolved until such time as more reasonable conditions are applied.

The result is that private sector operators will likely show no significant interest while the terms remain as restrictive and one-sided as they currently are. Any re-structuring must allow open and equitable third-party access to rail, where the rules are well defined, performance and interactions are closely monitored, and realistic time frames are applied, in the sense that there must be a transparent long-term view to allow any reasonable return on investment. Otherwise, the policy drive will remain fruitless. As we have consistently reiterated, South Africa's freight demand is high, and rail must play its part. Therefore, we need to get rail-friendly cargo back onto the rail, as a multimodal logistics system requires the smooth and closely interlinked functioning of all modes involved.

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b. 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 **13 hours (↓52%)**, which is a massive improvement on last week but still less than ideal.
- Fortunately, the illegal blockages and protests experienced last week have ended. The Road and Freight Inter-Ministerial Committee (IMC), in partnership with the road and freight industry stakeholders, have agreed on an eleven-point action plan to deal with industry challenges and the recruitment of foreign nationals¹⁵.
 - The plan also sets out to review the traffic register number and cross-border road transport legislation, amend the National Road Traffic Regulation, integrate joint multi-disciplinary law enforcement operations and a driver training programme, and consider the introduction of operating licences for the industry.
- Despite best efforts to get the N3 flowing at full capacity, further illegal industrial action was experienced late on Thursday, 23 June, affecting traffic flow on Friday and going into the weekend.
 - Consequently, urgent appeals were made to transporters to stay off the main trade route from Harrismith/Tugela onward towards Durban due to a multi-kilometre backlog of trucks after a massive spillage of cobalt near Peter Brown Road.
- Regionally, road works on the road to Sakania have begun, but trucks meant to go through Sakania were diverted to Kasumbalesa until completed. With the delays at Kasumbalesa, cross-border times to DRC will continue to be high. Fortunately, no re-routing fees were added.
- 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, Kopfontein, and Lebombo/Ressano Garcia resulting in ongoing delays.

Table 7 – Delays¹⁶ summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei	-	0:00	100	3 000	700	24 640	0
SA/Zim	Beitbridge	0:00	13:00	943	28 290	6 601	72 611	0
Moz/Zam	Cassacatiza/Mlolo	1:00	13:00	175	5 250	1 225	13 475	1 225
Zam/Zim	Chirundu	0:00	19:00	620	18 600	4 340	73 780	0
Moz/Mal	Dedza	2:00	35:00	50	1 500	350	11 550	700
SA/Bot	Grobliersbrug/Martins Drift	24:00	11:00	400	12 000	2 800	25 200	67 200
Zam/DRC	Kasumbalesa	192:00	48:00	750	22 500	5 250	241 500	1 008 000
Zam/Bot	Kazungula	0:00	18:00	240	7 200	1 680	26 880	0
SA/Bot	Kopfontein/Tlokweg	1:00	36:00	100	3 000	700	23 800	700
Moz/Zim	Machipanda/Forbes	1:00	11:00	320	9 600	2 240	20 160	2 240
Zim/Moz	Nyamapanda	1:00	5:00	100	3 000	700	2 100	700

¹⁵ Slater, D. 20/06/2022. [Eleven-point action plan agreed to address recruitment of foreign truck drivers](#).

¹⁶ 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.

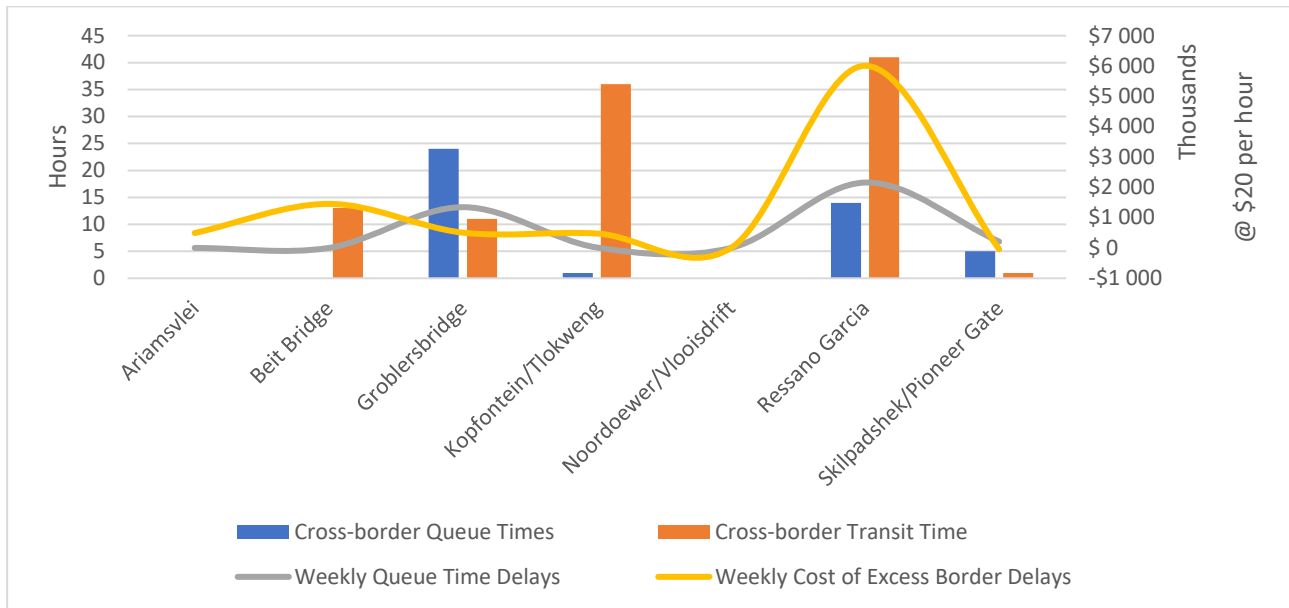
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Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
SA/Moz	Lebombo/Ressano Garcia	14:00	41:00	1 100	33 000	7 700	300 300	107 800
SA/Bot	Skilpadshek/Pioneer Gate	5:00	1:00	300	9 000	2 100	0	10 500
Nam/Bot	Trans Kalahari/Mamuno	-	1:00	100	3 000	700	0	0
Zam/Zim	Victoria Falls	1:00	2:00	114	3 420	798	0	798
Moz/Mal	Zobue/Mwanza	2:00	13:00	100	3 000	700	7 700	1 400
				5 512	165 360	38 584	840 896	1 201 263

Source: TLC & FESARTA, week ending 20/06/2022.

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

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

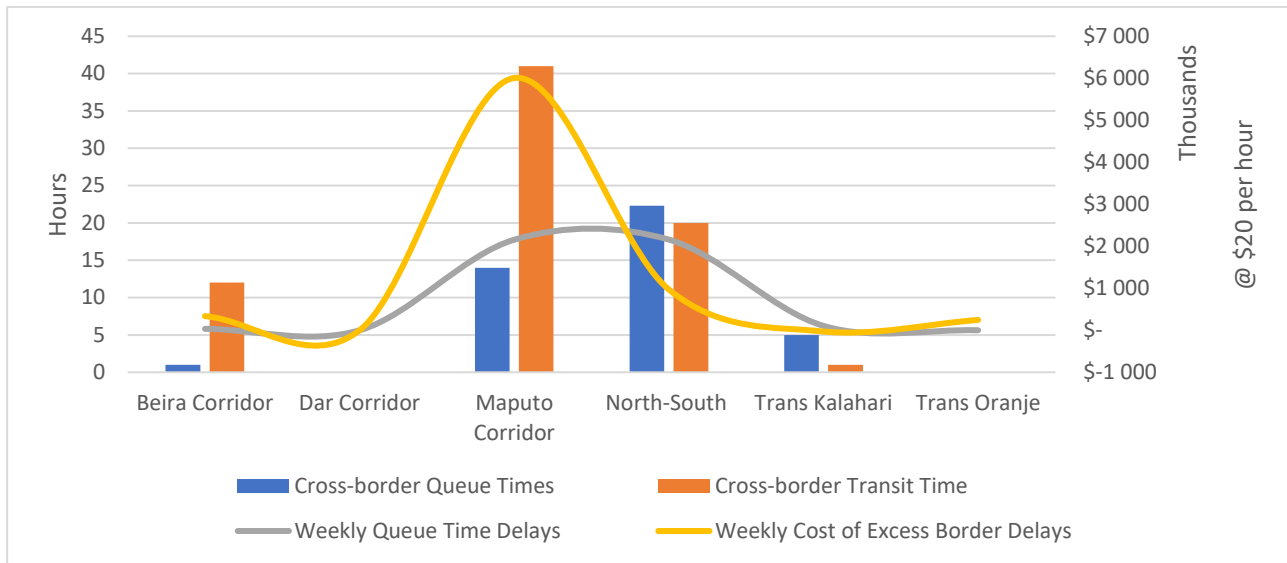


Source: TLC & FESARTA, week ending 20/06/2022.

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

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



Source: TLC & FESARTA, week ending 20/06/2022.

In summary, cross-border queue time has averaged **~15,3 hours** (down by **~0,5 hours** from the **~15,8 hours** recorded in the previous report), costing the transport industry an estimated **\$24 million (R384 million)**. Furthermore, the week's average cross-border transit times hovered around **~25,8 hours** (down by **~5,8 hours** from the **~20,6 hours** recorded in the previous report), costing the transport industry **\$17 million (R269 million)**. As a result, the total cost for the week amounts to an estimated **~R653 million** (down by **~R73 million** or **↓10%** from **R726 million** in the previous report).

4. International Update

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

a. Global shipping industry

i. Global container freight rates

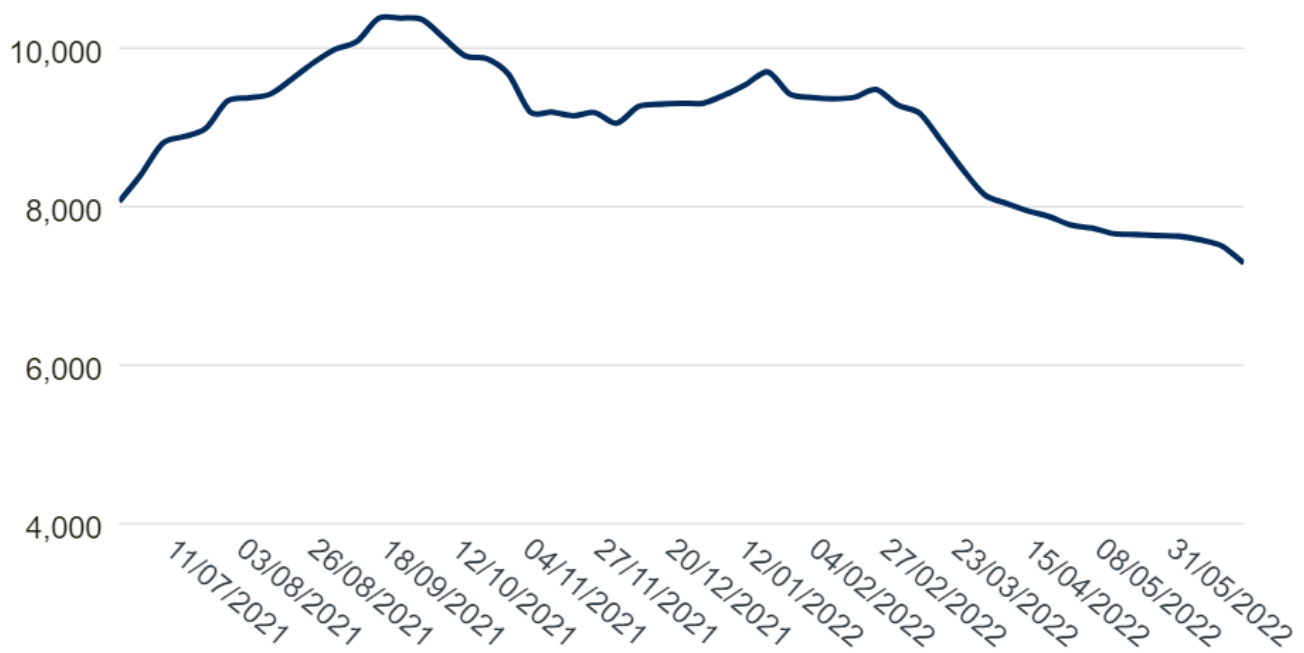
For the 17th straight week, global container freight rates continued their decline, as Drewry's "World Container Index" decreased by a significant **↓3%** (or **\$216**) to **\$7 286** per 40-ft container this week¹⁷. More remarkably, the composite index is less than it was at the same time in the previous year (**↓10%**, y/y) for the first time in three years. Although the long-term average remains high – the YTD average at **\$8 475** per 40ft container is still approximately **\$5 006** higher than the five-year average of **\$3 469** – container freight rates are finally coming down to more digestible levels. This decrease in rates comes at an interesting time, against a backdrop of weakening demand, not to mention allegations of collusion and other uncompetitive practices by shipping lines, as well as their creativity in designing new charges for activities unrelated to the carriage of cargo. President Biden in the USA has even signed into law an Act intended to lower shipping costs by curbing these practices.¹⁸ However, shippers and cargo owners have pointed out that this legislation is no silver bullet, and there is still a long way to go. The numbers attributed to elevated logistics costs are astounding, highlighted by the fact that rising freight costs are responsible for **~1,6%** of inflation globally. The following table shows the one-year spot rates of the composite index:

¹⁷ Drewry. 23/06/2022. [World Container Index](#).

¹⁸ Zimmerman, S. & Salgado, Al. 16/06/2022. [Biden just signed a law to lower shipping costs. Will it work?](#)

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Figure 15 – World Container Index – assessed by Drewry (\$ per 40 ft. container)



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

On the major East-West trade lanes, significant decreases have been experienced on five of the major routes this week, resulting in many routes being cheaper annually. Only Rotterdam – New York ($\uparrow 44\%$, y/y) remain elevated compared to this time last year, perhaps owing to the multitude of empty containers being stuck at Rotterdam¹⁹, coupled with the increased traffic shift to US East Coast ports after the continued struggles on the West Coast. Drewry expects the index to decrease slowly in the next few weeks. Interestingly, with the ongoing decrease in freight rates, long-term contract rates on the transpacific eastbound leg are now higher than spot rates for many shippers who secured space with early bookings²⁰.

For South Africa, while the COVID-19 epidemic has exacerbated the adverse effects felt due to congestion within our South African supply chains, it has highlighted some ongoing severe challenges regarding the elevated storage, demurrage, and detention rates imposed by shipping lines and their agents, and these must be investigated and addressed. Of course, many of these issues existed before the pandemic, but as transport costs and lead times continue to increase, the regulatory framework is responsible for ensuring that the final customer, the consumer, is protected and supported.

ii. Further developments of note

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

1. Global container shipping situation worsens due to congestion, delays, and empty containers:

- Supply chain challenges continue to worsen, exacerbated by higher levels of port congestion and shipping delays at ports in Shanghai and elsewhere in China due to COVID-19 lockdowns.
- Congestion at Chinese ports increased in March and April as COVID-19 lockdown measures were introduced in Shanghai and later extended to other parts of the country. Since the

¹⁹ Koh, A. & Koc, C. 20/06/2022. [Asia's Shortage of Empty Containers May Worsen on Rotterdam Jam](#).

²⁰ Van Marle, G. 24/06/2022. [Shock for carriers as spot rates fall below long-term contract prices](#).

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beginning of March, total dry bulk congestion levels at ports in mainland China have increased between 30 and 40%²¹.

- c. Port congestion and inadequate container capacity have been especially pronounced in China (and the US), but they remain a global issue. As a knock-on effect, delays in shipments from China to Europe are subsequently causing shortages of containers to take European goods to the US East Coast, with the port of Rotterdam especially hard-hit, as mentioned above.
- d. A key driver of delays and capacity constraints is that many ships are operating at less than full capacity. Vessels operating at partial capacity mean more ships are required to move the same cargo volume. More ships at ports lead to loading and unloading delays. Delays encourage ships to make fewer stops and operate at less than full capacity, and the vicious cycle continues. And yet we see carriers claiming they cannot accept bookings because their vessels are fully booked, so it's difficult to assess the truth of the matter.

2. Labour action at major German ports is impacting cargo flows:

- a. As the RMT union-led UK rail workers into the second day of walkouts, new industrial action was underway at German ports on Thursday²².
- b. Beginning at 6 am, the strikes are affecting the ports of Bremerhaven, Hamburg, and Wilhelmshaven, with the road, rail, and sea cargo affected.

3. Accusations of collusions and profiteering of shipping lines are not going away – Yang Ming and HMM this time:

- a. An Illinois shipper is suing Taiwanese operator Yang Ming and South Korean carrier HMM, claiming they benefited from their failure to meet contractual obligations and colluded to benefit from the breach of contracts.
- b. The claim alleges that the two carriers have benefited by around **\$2,2 million**, with the amount still accruing as the lines continue to gain from what shipper MSRF considers unlawful practices²³.

4. Chittagong port gets new directives on dangerous goods after lethal fires:

- a. After devastating fires involving dangerous goods destroyed a container yard, the Chittagong port authority (CPA) has wasted no time in issuing new directives to minimise future risk²⁴.
- b. In total, CPA has issued 17 directives or recommendations to port users, including taking delivery of DG containers/cargo within three days of its arrival.

b. Global air cargo industry

On Monday, 20 June, the International Air Transport Association (IATA) released its latest "*Global Outlook for Air Transport*" report for June²⁵, highlighting the ongoing resilience of the aviation sector. IATA notes that the key takeaway in the industry is that the recovery is well underway and forecast to continue through 2022 and beyond after the biggest shock in aviation history. For passengers, recovery in industry revenue passenger kilometres (RPKs) is expected to gather pace this year as vaccine rollouts continue, travel restrictions are lifted, and more routes are re-opened. Even so, global RPKs are forecast to remain below their pre-pandemic 2019 level until 2024.

For cargo, the ongoing strong performance is expected to continue, as IATA expect cargo tonne-kilometres (CTKs) to rise in 2022 even as cargo yields moderate with growing belly capacity from passenger aircraft coming online. The following figure confirms that expectation:

²¹ Bridgett, L. 30/05/2022. [Container shipping situation worsens due to congestion, delays, and empty containers.](#)

²² Bartlett, C. 23/06/2022. [Another strike at major German ports as pay negotiations break down again.](#)

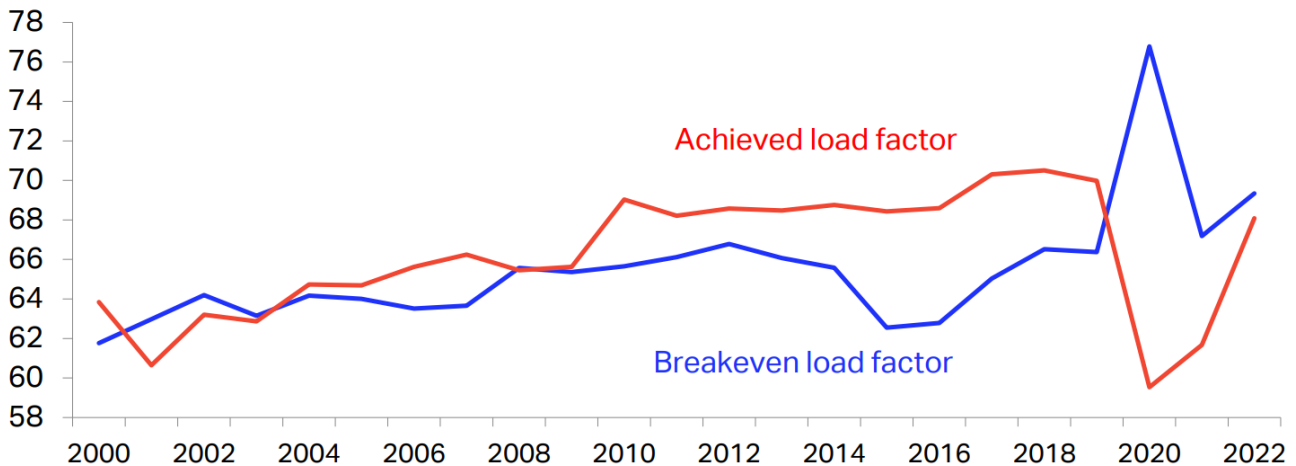
²³ Savvides, N. 22/06/2022. [Shipper accuses Yang Ming and HMM of collusion and profiteering.](#)

²⁴ Loadstar. 21/06/2022. Chittagong port gets tough, with new directives on DG after lethal fires.

²⁵ IATA. 20/06/2022. [Global Outlook for Air Transport.](#)

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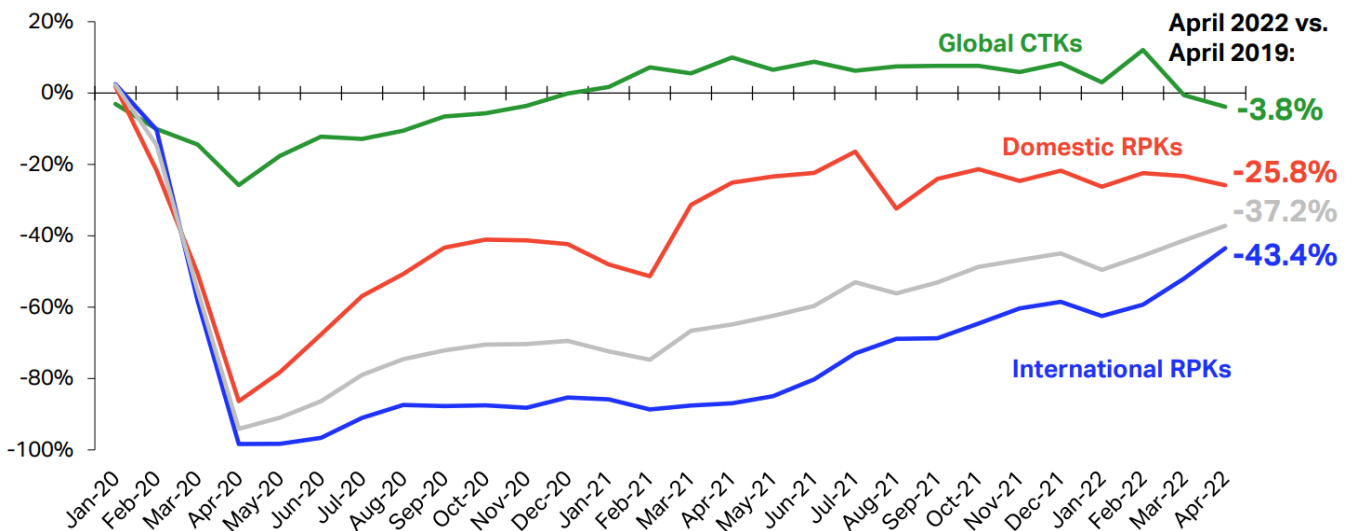
Figure 16 – Available cargo tonne-kilometres (ACTKs, %)



Source: [IATA](#)

As illustrated, the traffic recovery is expected to deliver a higher achieved (combined passenger and cargo) load factor across all regions in 2022. However, the load factor will likely remain below that required for financial breakeven in all areas except North America in 2022. So, the industry needs to maintain its vigilance since a full recovery compared to pre-pandemic levels is still a long way off for all sectors, except cargo:

Figure 17 – RPKs & CTKs (% change versus the same month in 2019)



Source: [IATA](#)

In summary, IATA warns that several "headwinds" keep the "tailwinds" in balance in the aviation sector.

These include the positive impact of:

- Easing and lifting of travel restrictions
- Willingness to travel
- Cargo
- Business model developments
- The possibility of energy abundance

Against the negative impact of:

- Debt burden and cost
- Labour costs
- Energy costs
- Climate change costs
- Geopolitical conflict

The operational and financial environments remain extremely challenging for airlines in this recovery phase, not least because of recent oil and fuel price shocks that must be managed. While pent-up consumer demand

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will help offset this risk to some extent in the near term, the risk that oil prices will remain elevated for an extended period heightens the financial risks and challenges for the industry in 2023.

In other air cargo news, the end of passenger-freighters ("preighters") is imminent after Europe's safety agency, EASA, ends the exemptions which allowed cargo carriage in passenger cabins – on seats or with seats removed during the pandemic²⁶. The news will be welcomed by most cargo handlers, as the exception resulted in an operational nightmare for many. And lastly, the cargo charter market continues to flourish as businesses ramp up production again, and the most severe pandemic restrictions have now been lifted²⁷.

²⁶ Lennane, A. 23/06/2022. [New rules mean the end is nigh for the passenger freighter.](#)

²⁷ Mwanalushi, K. 24/06/2022. [Air charter market remains buoyant as capacity is harder to find.](#)