

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

**Date: 10 June 2022**

### Weekly Snapshot

Table 1 – Port volumes and air cargo flows, week on week

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (containers)	27 009	24 900	51 909	25 548	26 704	52 252	↓1%
Air Cargo (tons)	4 779	2 856	7 635	4 919	2 814	7 733	↓1%

### Monthly Snapshot

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

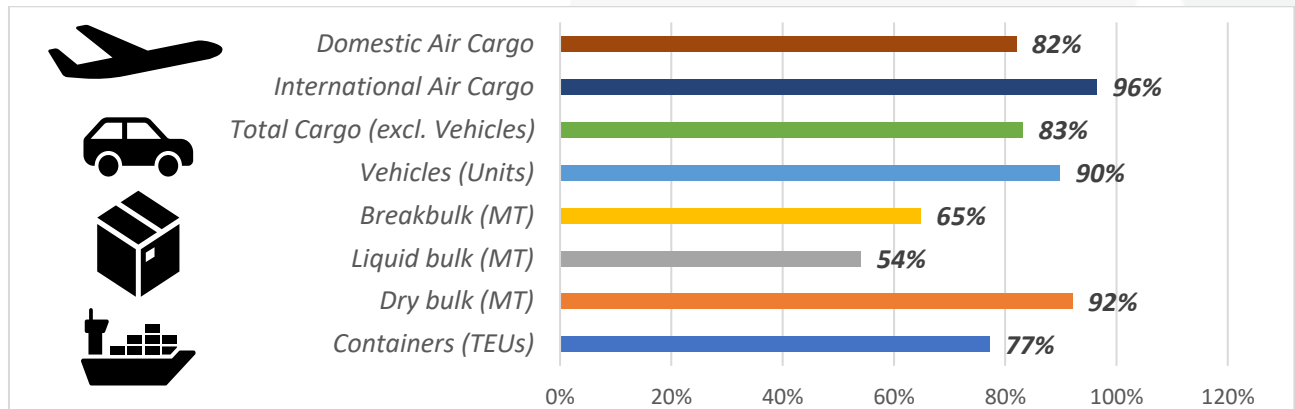
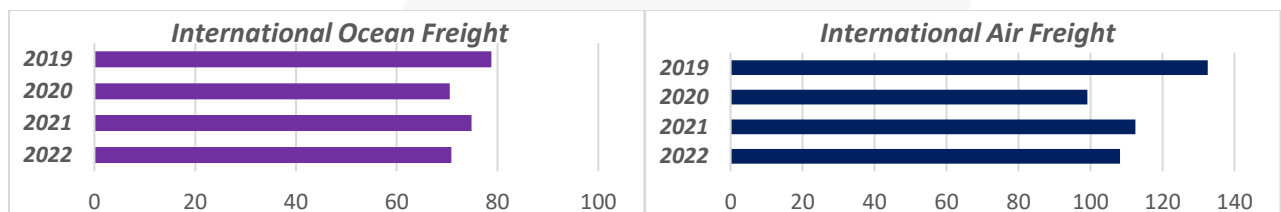


Figure 2 – Global year-to-date flows 2019-2022<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



### Key Notes

- An average of **~7 416 containers** was handled per day, with **~9 189** projected for next week.
- Rail cargo handled out of Durban amounted to **508** containers, **↑75%** compared to last week.
- This week, cross-border queue times **↑2 hours**, with transit times **↑5,2 hours** (see [below](#)).
- The "WCI" declined for a 15<sup>th</sup> straight week, with spot rates **↓0,6%** (or **\$47**) to **\$7 579** per 40-ft.
- Global container throughput is down by more than **700 000 TEUs** in April versus March and **↓4,2%** (y/y). For the Sub-Saharan region, imports are **↓10,2%**, while exports are **↓11,9%** versus 2021.
- April's global air cargo was down **↓11,2%** (y/y), with the seasonally adjusted volumes **↓2,7%** (m/m).
- The WB notes that the latest global growth forecast for 2022 is **↑2,9%**, with 2023 at **↑3,0%**.

<sup>1</sup> This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 91<sup>st</sup> update.

<sup>2</sup> 'Current' means the last 7 days' (a week's) worth of available data.

<sup>3</sup> 'Previous' means the preceding 8-14 days' (a week's) worth of available data.

<sup>4</sup> 'Monthly' means the last full month's worth of available data compared to the same month in the previous year. Ocean: Apr vs. Apr; Air: May vs. May.

<sup>5</sup> For ocean, total Jan-Apr 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 91<sup>st</sup> of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Newly reported COVID-19 infections continued to fall markedly this week, averaging approximately **1 777** per day (**↓30%** against last week's average of **2 541**). South Africa has recorded **3,98 million**<sup>6</sup> positive cases, with the death toll up to **101 448** this week (up by **198**). Globally, the case tally stands at **534 million** infected by COVID-19, with **6,3 million** deaths recorded. Around **11,92 billion** vaccine doses have been administered globally<sup>7</sup>, with the South African trickling along very slowly, now at **36,4 million**.

Port operations this past week continued as normal, with limited delays due to smoke (at Cape Town) and weather conditions (at the Eastern Cape Ports). Overall, ports recorded good container movements with high stack occupancy levels and decent truck movements. Most ports recorded vessels at anchorage, but for the most part, vessels did not register long stays at outer anchorage. There were intermittent equipment breakdowns, but operations seemed to continue relatively well. The industry is eagerly awaiting the re-opening of the first rail line on the Container Corridor line, which should improve the low rail movements in and out of the Durban Container Terminal.

On the international shipping side, the latest container throughput figures show a significant reduction in April, after a strong rebound in global container volume in March. The spread of Omicron, the ongoing effects of Russia's war with Ukraine, and other accompanying constraints have pushed volumes down to their second-lowest level in the last twelve months, despite freight rates remaining astronomically high. Volumes are also affected by lower economic activity in general. Apart from this, despite poor throughput numbers, massive delays persist on the busiest trade lanes, with an average of **17,5 days' worth of delays** on a full rotation between North-West Europe and the Far East. Fortunately, the average number of ports skipped on these rotations has dropped almost to zero, and shippers hope to improve schedule reliability in the coming months. Further developments of note included **(1)** penalties and fines continue to be imposed on shipping lines by regulatory authorities, **(2)** Busan port hit hard by truckers' union strike, **(3)** Shanghai update, and **(4)** Chittagong depot fire (see [below](#)).

South Africa's international air cargo sector volumes decreased very slightly (**↓1%**) this week, while domestic air cargo was significantly down at **↓19%**. Internationally, IATA reports that air cargo volumes fell considerably in April, as capacity and load factor also declined – especially in Asia, and the indirect impact of the widespread effects of the Chinese lockdowns apparently spilt over into air freight. The reduction marks the second month in a row where seasonally adjusted volume was down. However, despite the apparent doom and gloom, IATA remains optimistic and predicts an improvement in air cargo volumes in May.

On the road freight front, cross-border transit times for South African borders averaged around **21 hours** again this week, as delays continue at Kasumbalesa, Lebombo/Ressano Garcia and Groblersbrug. This week, other developments for road transport included **(1)** ZRA instituting an AEO-like voluntary programme, **(2)** the government looking at imposing a traffic management levy, and **(3)** FESARTA has put forward an SOP to assist with clearing the massive queues at Kasumbalesa.

In concluding this edition, the better-than-expected GDP results from the first quarter (**↑1,9%**, q/q<sup>8</sup>) once again highlight the resilience of the South African economy – something we have experienced in the logistics sector time and time again. Nevertheless, these figures should in no way hide the commercial realities facing

<sup>6</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

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

<sup>8</sup> Stats SA. 07/06/2022. [Gross domestic product - First quarter 2022](#).

us, as the mop-up of the KZN floods and ongoing (and persistent) socio-economic issues – which are too many to name – emphasises our work in front of us. Furthermore, in the wake of the news of 11 falsely declared containers being seized by SARS<sup>9</sup>, we want to reiterate the critical importance of creating and maintaining a compliant, safe, and secure environment in which to do business. The trading community cannot allow the current marginal economic climate to let its moral compass slip. South Africa's image is too often tarnished by fraudulent behaviour in both the government and the private sectors, which should have no place in modern society. It is high time to change the behaviour, starting with every single person, entity, and transaction.



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<sup>9</sup> SARS. 08/06/2022. [SARS seizes 11 falsely declared containers.](#)

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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 4 to 10 June<sup>10</sup>

7-day flow forecast (04/06/2022 – 10/06/2022)		
TERMINAL	NO. OF CONTAINERS <sup>11</sup> TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 549	5 855
DURBAN CONTAINER TERMINAL PIER 2:	12 308	10 614
CAPE TOWN CONTAINER TERMINAL:	2 979	4 408
NGQURA CONTAINER TERMINAL:	6 526	3 591
GQEBERHA CONTAINER TERMINAL:	647	432
<b>TOTAL:</b>	<b>27 009</b>	<b>24 900</b>

Source: Transnet, 2021. Updated 10/06/2022.

Table 3 – Container Ports – Weekly flow reported for 11 to 17 June

7-day flow forecast (11/06/2022 – 17/06/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 755	5 932
DURBAN CONTAINER TERMINAL PIER 2:	14 182	13 856
CAPE TOWN CONTAINER TERMINAL:	4 841	7 703
NGQURA CONTAINER TERMINAL:	5 180	5 548
GQEBERHA CONTAINER TERMINAL:	1 402	927
<b>TOTAL:</b>	<b>30 360</b>	<b>33 966</b>

Source: Transnet, 2021. Updated 10/06/2022.

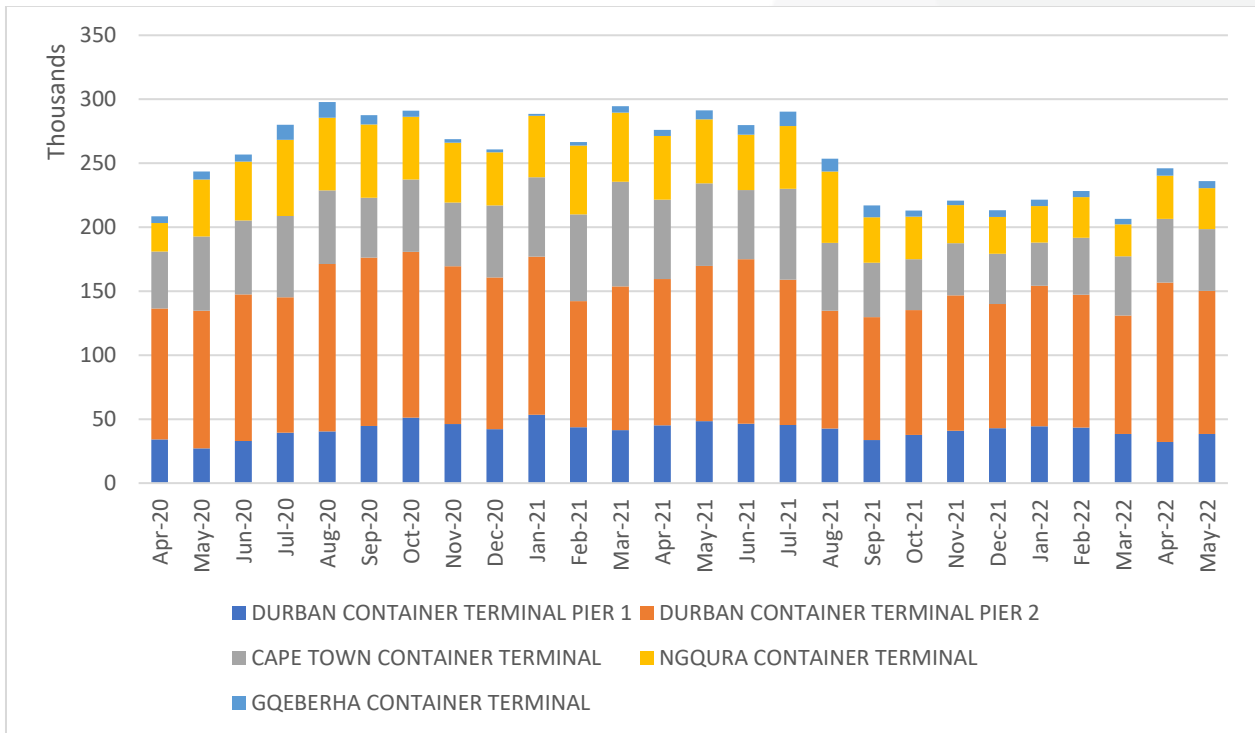
An average of **~7 416 containers** (**↑1%**) was handled per day for the last week (4 to 10 June, Table 2), compared to the projected average of **~8 580 containers** (**↓13%** actual versus projected) noted in last week's report. An increased average of **~9 189 containers** (**↑24%**) is projected to be handled next week (11 to 17 June, Table 3). Operationally, our container terminals were characterised by minor weather delays, crane recommissioning, and the handover of repaired single-line operations on the Container corridor (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.

<sup>10</sup> It remains important to note that a fair percentage (approximately 46% according to the latest TNPA figures for April) 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.

<sup>11</sup> As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container.

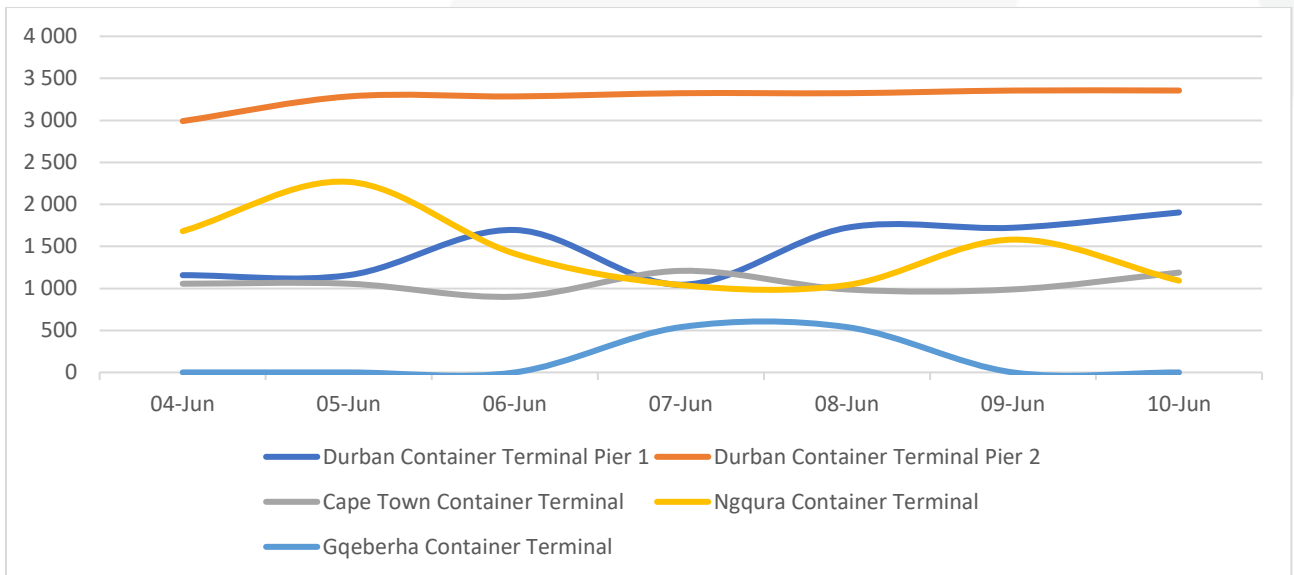
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2021. Updated 10/06/2022.

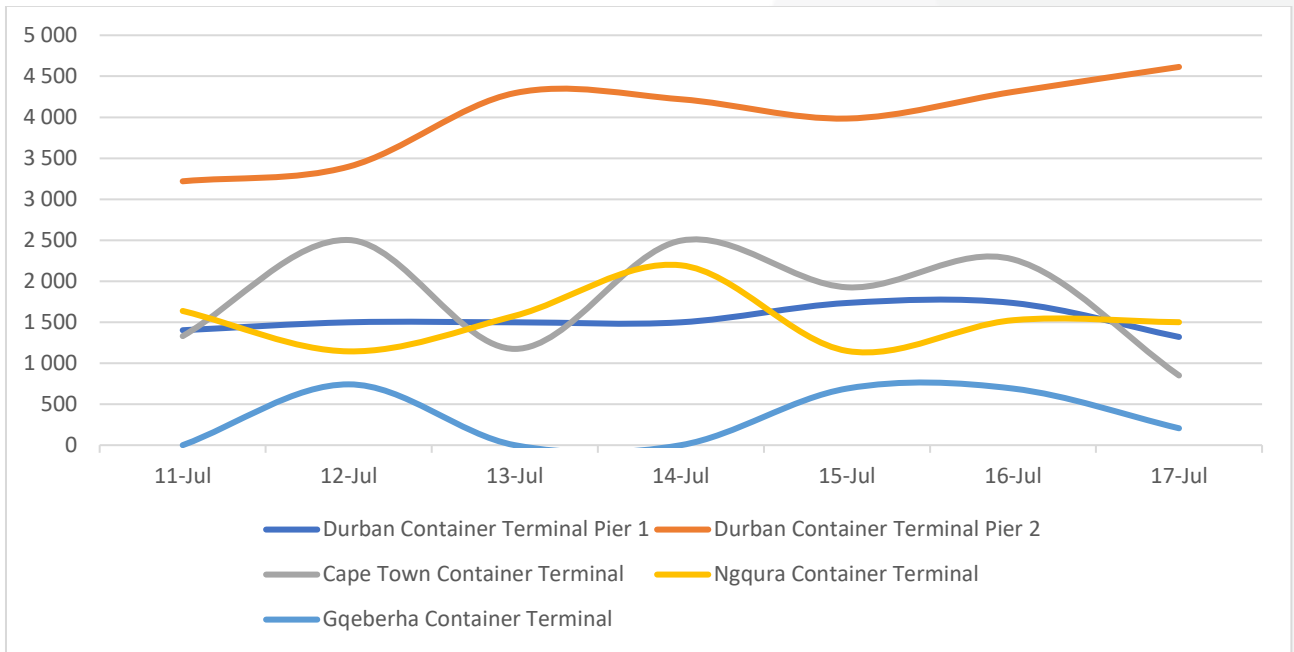
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total container movements (4 to 10 June; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 10/06/2022.

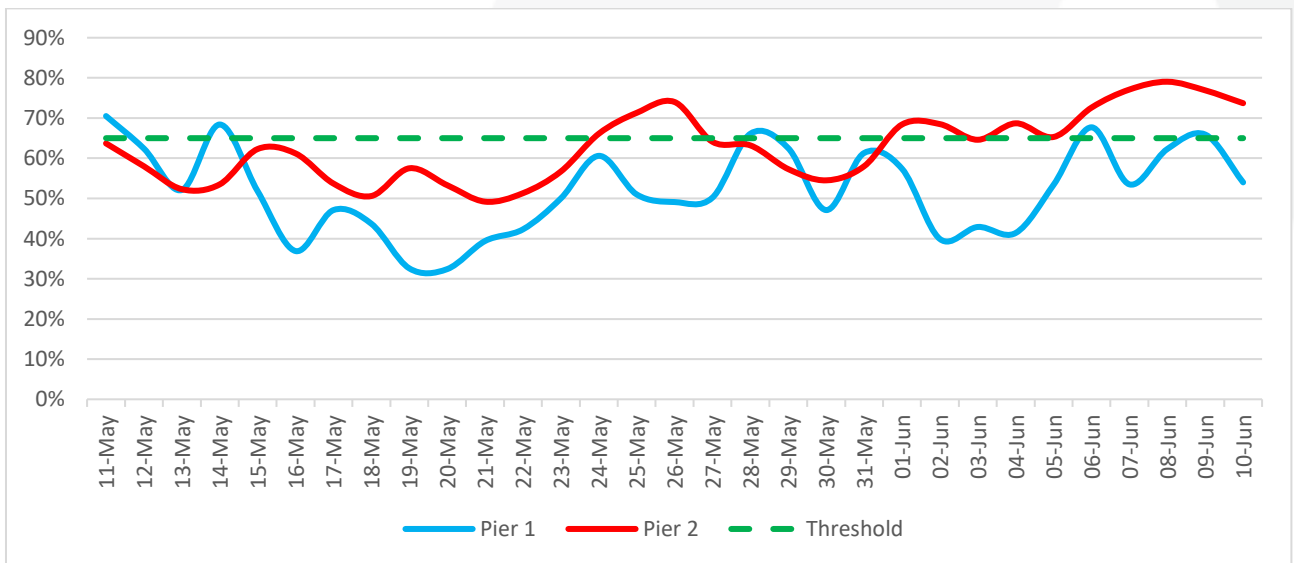
Figure 5 – 7-day forecast reported for total container movements (11 to 17 June; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 10/06/2022.

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

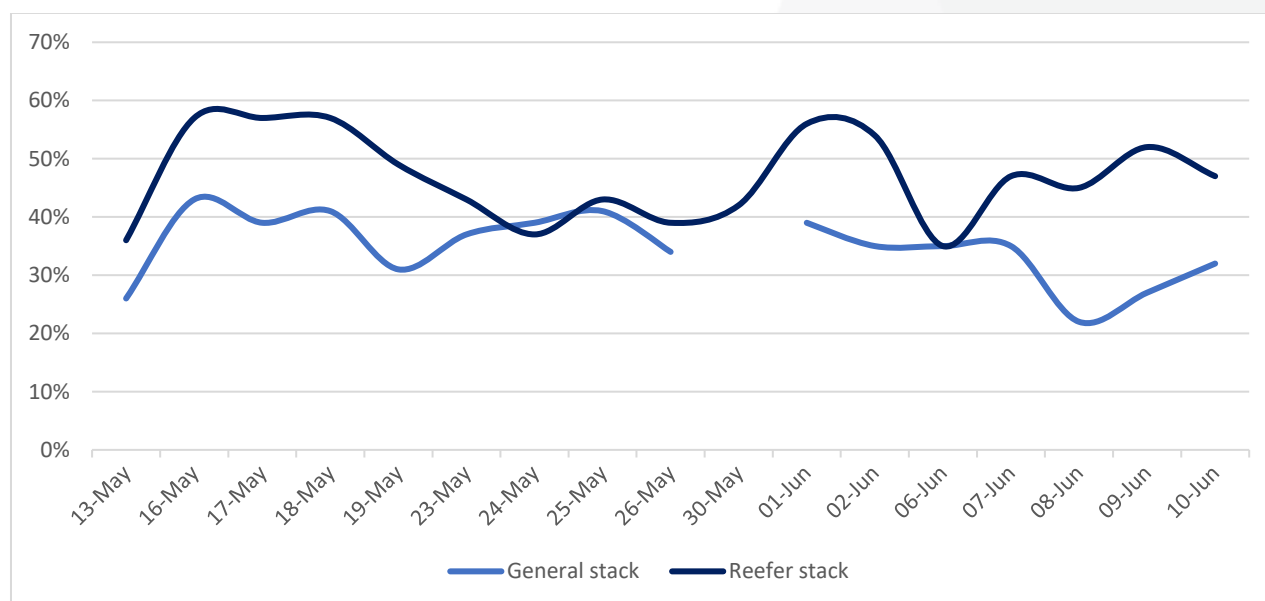
Figure 6 – Stack occupancy in DCT, general-purpose containers (11 May to present; per pier; day on day)



Source: Calculated using data from Transnet, 2021. Updated 10/06/2022.

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

Figure 7 – Stack occupancy in CTCT, general-purpose, and reefer containers (11 May to present; day on day)



Source: Calculated using data from Transnet, 2021. Updated 10/06/2022.

**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 delays**

Cape Town experienced some weather delays due to smoke from Table View, limiting visibility on two occasions during the week and causing several hours of stoppages towards the end of the week.

In the Eastern Cape, both GCT and NCT experienced some weather delays towards the end of the week.

No weather delays were reported in Durban,

**ii. Cape Town**

On Monday, CTCT recorded one vessel at anchorage, with no vessels outside the port for most of the week. On Tuesday, the terminal had two vessels at berth manned by six gangs, six STS cranes, 19 RTGs, and 42 hauliers. Stack occupancy for GP containers was sitting at 35%, reefers at 47% and empties at 55% of capacity. In the latest 24-hour period, the terminal managed to handle 1 970 TEUs across the quay. In addition, the terminal serviced 1 434 external trucks on the landside at a truck turnaround time of 42 minutes, while eight containers were moved via rail. Regarding challenges, LC2 broke down (replacing the energy chain) while LC1 was out for maintenance and training. There was also some downtime on Tuesday as the terminal had problems with the NAVIS system, which caused a three-hour delay.

Cape Town MPT had a quiet week regarding container movements, mainly focusing on a bulk discharge wheat vessel during the week. The terminal was manned by three gangs (split two at landside and one at H-Berth). Stack occupancy remained low throughout the week. Private trucks removing bulk cargo from the terminal did cause some congestion due to unfamiliarity with the port, but by the end of the week, the issue was resolved, with minimal impact on operations.



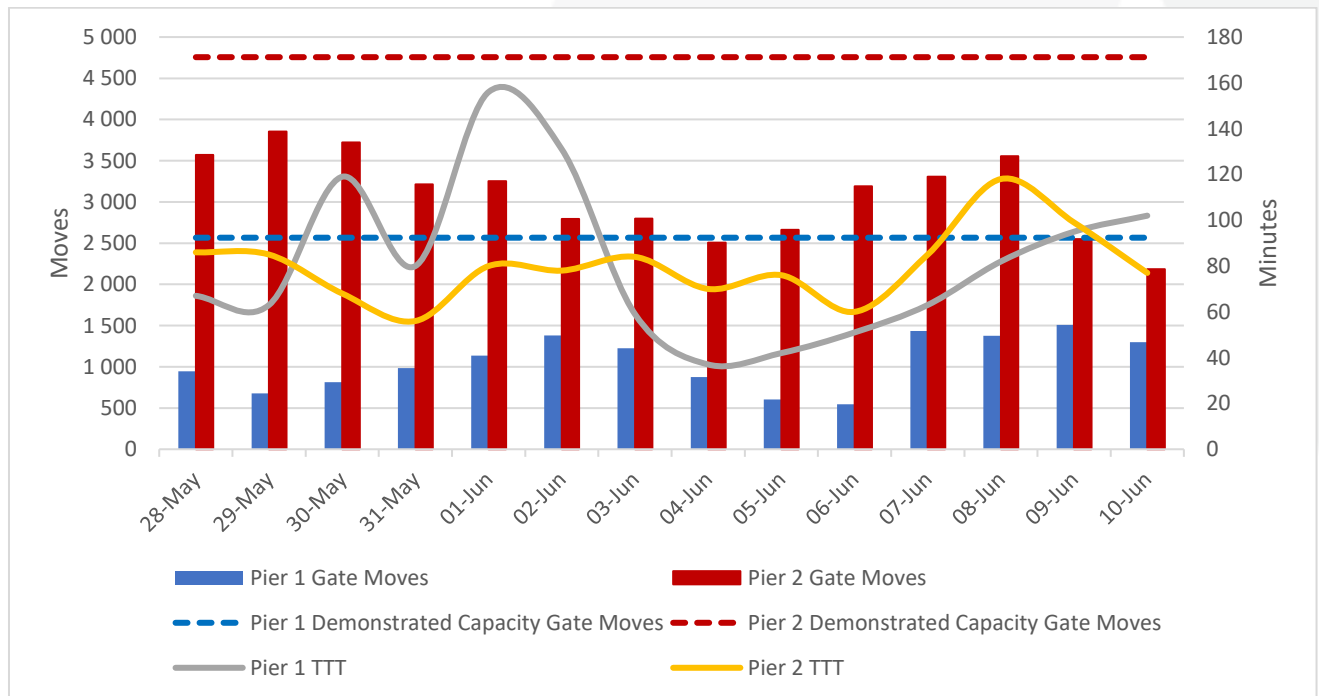
### iii. Durban

Pier 1 on Tuesday recorded one vessel at berth and one at anchor. Stacks were sitting at 54% for GP and 21% for reefer capacity with 1 795 imports on hand and 98 unassigned units. The terminal recorded 1 434 gate moves on the landside, with 597 cancelled slots and 152 wasted. 2 TEUs were handled via rail. Over the week, the terminal recorded an average of 18 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 5 983 TEUs across the quay. Stack occupancy was sitting at 77% overall and for reefers specifically at 73% capacity. The terminal recorded between 76 and 80 straddles in operation throughout the week, manned by 12 gangs. Cranes 526, 532, and 604 were expected back into operation this week, while cranes 522 and 534 remain on extended outages. On the landside, the terminal recorded servicing 3 306 external trucks with an average TTT of 85 minutes and a staging time of 83 minutes. A total of 4 357 import containers were on hand, with 174 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.

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



Source: Calculated using data from Transnet, 2021. Updated 10/06/2022.

### iv. Eastern Cape ports

GCT on Monday recorded no vessels at anchorage and one vessel at berth. In terms of performance within the past 24-hours, the terminal recorded a GCH of ~17 and an SWH of ~15 while handling 106 TEUs in the 24 hours up to Tuesday. Stacks were sitting at 28% for GP containers and 17% for reefers. In addition, the terminal recorded handling 277 external trucks with an average TTT of 43 minutes on the landside. GCT's

Pilot Boat has been returned, and the terminal experienced some weather delays towards the end of the week.

NCT recorded two vessels at berth and two at outer anchorage on Monday. The terminal handled an impressive 3 212 TEUs across the quay and recorded a GCH of ~19 and an SWH of ~47. Stacks for GP containers were sitting at 50% capacity and reefers at 50% capacity. On the landside, the terminal recorded 205 gate moves with an average TTT of 41 minutes.

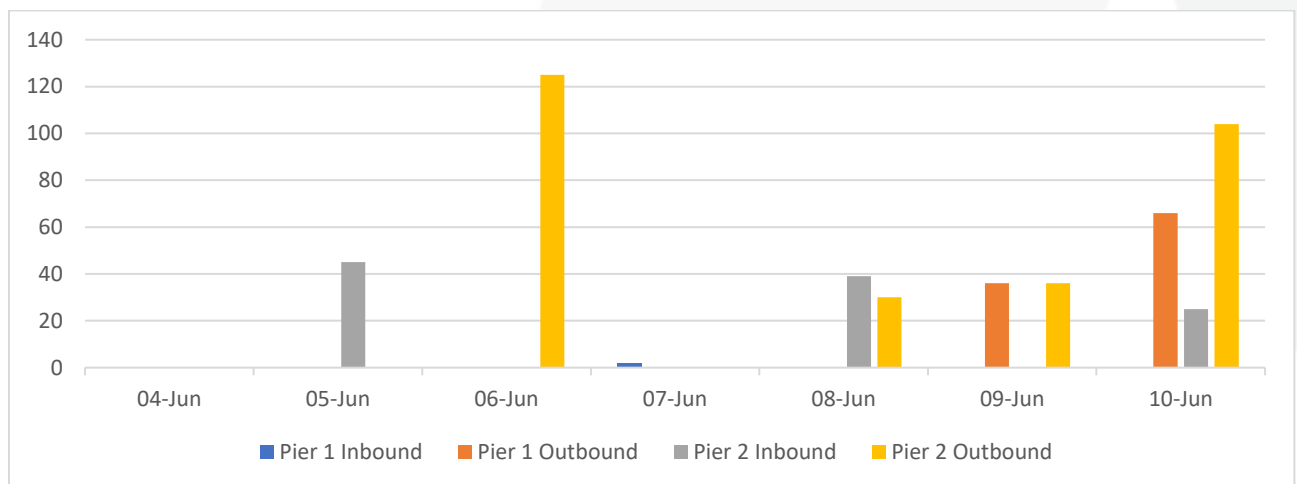
**v. Transnet Freight Rail (TFR)**

On Tuesday, 7 June, TFR communicated the handover of single-line operation on the mainline from 11 June 2022, as follows:

- Single line operation will mean a scaled-down service between 11 June 2022 and 17 September 2022
- The service offered will only be at 20% of the regular service provided before the April floods.
- The ITP allows for only five trains between Cato Ridge and Durban per day bidirectional across all commodities in the corridor, with only 35 slots catered for weekly.

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, 2021. Updated 10/06/2022.

In the last week (4 to 10 June), rail cargo handled out of Durban was reported at **508** containers, **↑75%** from the previous week's **291** 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 30 May. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in May 2021 averaged **~820 740 kg** per day.

Table 4 – International inbound and outbound cargo from OR Tambo

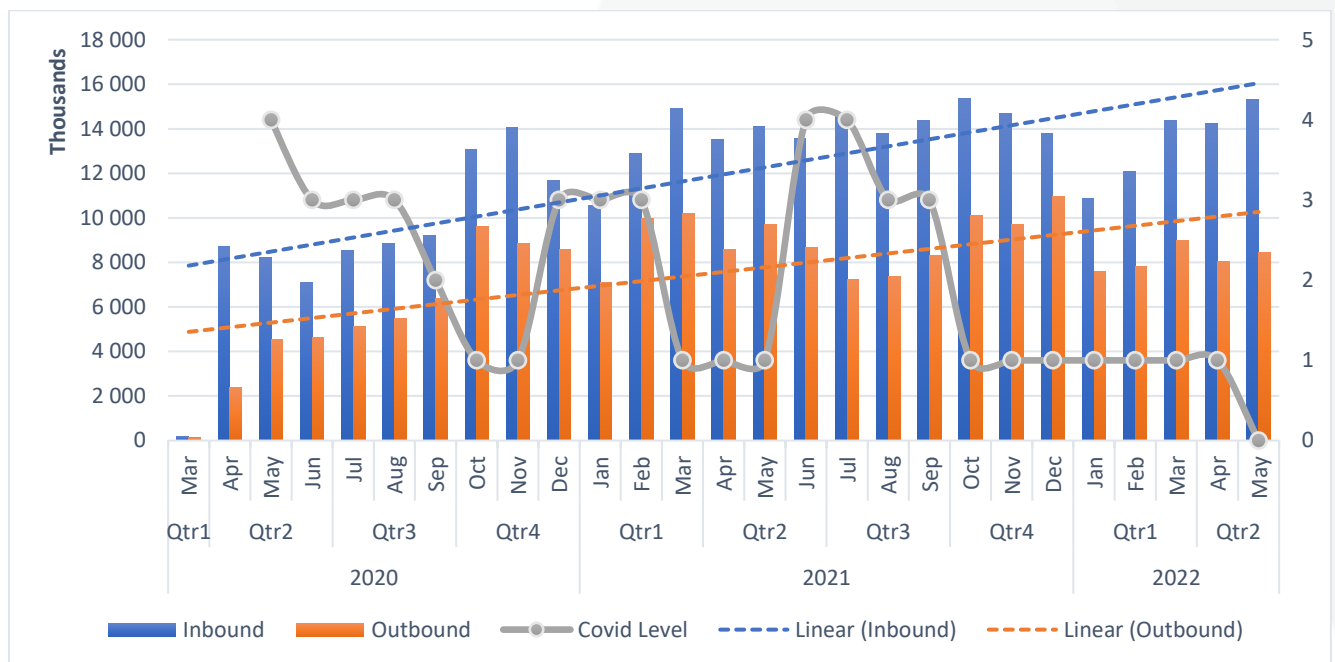
Flows	30-May	31-May	01-Jun	02-Jun	03-Jun	04-Jun	05-Jun
Volume inbound	526 529	336 118	489 366	300 561	332 473	228 025	1 132 032
Volume outbound	192 099	284 713	188 507	208 589	205 027	212 174	708 115
Total	718 628	620 831	677 873	509 150	537 500	440 199	1 840 147

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

The daily average volume of air cargo handled at ORTIA the previous week amounted to **477 872 kg** inbound and **285 603 kg** outbound, resulting in an average of **763 475 kg** per day or **~94%** compared with June 2021. Also, the level is currently at **~204%** compared with the same period in 2020.

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

Figure 10 – International in – and outbound cargo from OR Tambo (thousands) 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 *May 2021* was **~75 664 kg** per day.

Table 5 – Total domestic inbound and outbound cargo

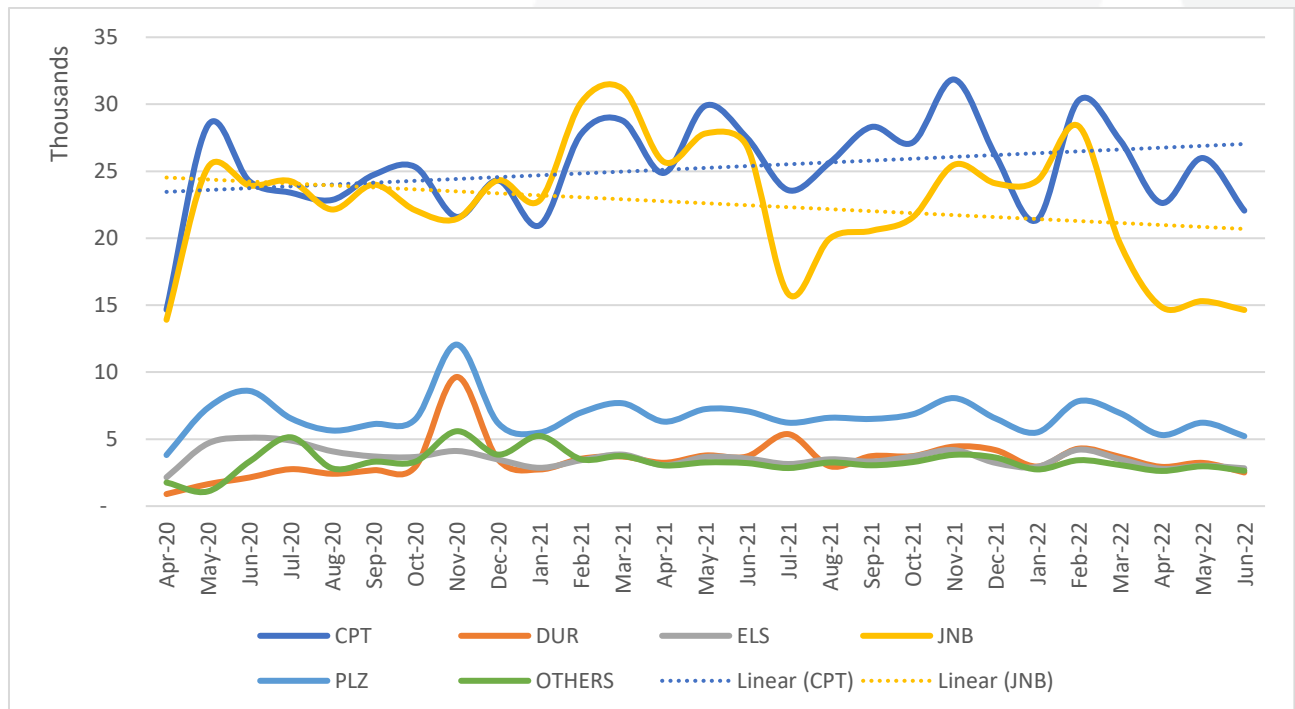
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
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
31-May-22	39 575	4 164	4 731	25 504	8 896	3 959	86 828
01-Jun-22	42 330	4 753	5 953	33 600	9 851	4 598	101 085
02-Jun-22	41 678	4 507	5 307	25 592	10 332	4 455	91 871
03-Jun-22	19 210	3 795	2 334	18 724	4 630	2 963	51 656
04-Jun-22	1 848	95	48	407	251	46	2 695
05-Jun-22	2 492	249	347	103	400	848	4 439
06-Jun-22	45 269	3 885	5 637	23 932	10 813	5 380	94 915
<b>Total for 2022:</b>	<b>4 042 932</b>	<b>539 106</b>	<b>518 634</b>	<b>3 233 411</b>	<b>1 000 922</b>	<b>469 497</b>	<b>9 804 503</b>

Courtesy of BAC. Updated: 07/06/2022.

The average domestic air cargo moved last week was ~49 893 kg per day, which is ↓19% compared with the previous week and only ~72% compared to June 2021. The following figure shows the monthly domestic freight movement at our commercial airports during the state of disaster.

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



Courtesy of BAC. Updated: 07/06/2022.

### 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 **21 hours**.
- Zambia has instituted a CACP which is like our AEO programme. Benefits put forward include preferential treatment, fewer customs audits, and others. The programme is voluntary.
- With the recent increase in the price of petrol, transporters have highlighted the effect of queue times on consumption (in addition to the already dire conditions faced by drivers standing in truck queues all day – especially at Kasumbalesa of late). For example, suppose a transporter has a fleet of 80 vehicles. A diesel price rise of even just 50c will increase the monthly fuel bill by R160 000, so a R1 increase adds a mind-boggling R320 000 monthly. The entire logistics industry is feeling the effects of the surge in fuel prices.
- The government is considering imposing a traffic management levy<sup>12</sup> with the idea of tracking fines better with a price added to either licenses or fuel prices. It is, however, highly unlikely that this move will go unopposed.
- Conditions at Kasumbalesa continue to frustrate regional cross-border transporters. However, ZRA assured everyone involved that every possible measure to resolve the problem was being explored. FESARTA has put forward an SOP, developed at Beitbridge last year, which eradicated the queue there and continues to do so to this day. Hopefully, FESARTA can assist in clearing the massive queues at one of the region's busiest borders.
- 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 6 – Delays<sup>13</sup> summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei	-	4:00	100	3 000	700	24 640	0
SA/Zim	Beitbridge	0:00	17:00	943	28 290	6 601	99 015	0
Moz/Zam	Cassacatiza/Mlolo	1:00	17:00	175	5 250	1 225	18 375	1 225
Zam/Zim	Chirundu	0:00	19:00	620	18 600	4 340	73 780	0
Moz/Mal	Dedza	2:00	37:00	50	1 500	350	12 250	700
SA/Bot	Groblersbrug/Martins Drift	24:00	11:00	400	12 000	2 800	25 200	67 200
Zam/DRC	Kasumbalesa	192:00	59:00	750	22 500	5 250	299 250	1 008 000
Zam/Bot	Kazungula	0:00	20:00	240	7 200	1 680	30 240	0
SA/Bot	Kopfontein/Tlokweng	1:00	34:00	100	3 000	700	22 400	700
Moz/Zim	Machipanda/Forbes	1:00	10:00	320	9 600	2 240	17 920	2 240

<sup>12</sup> Le Roux, K. 01/06/2022. [Government is considering another levy on motorists](#).

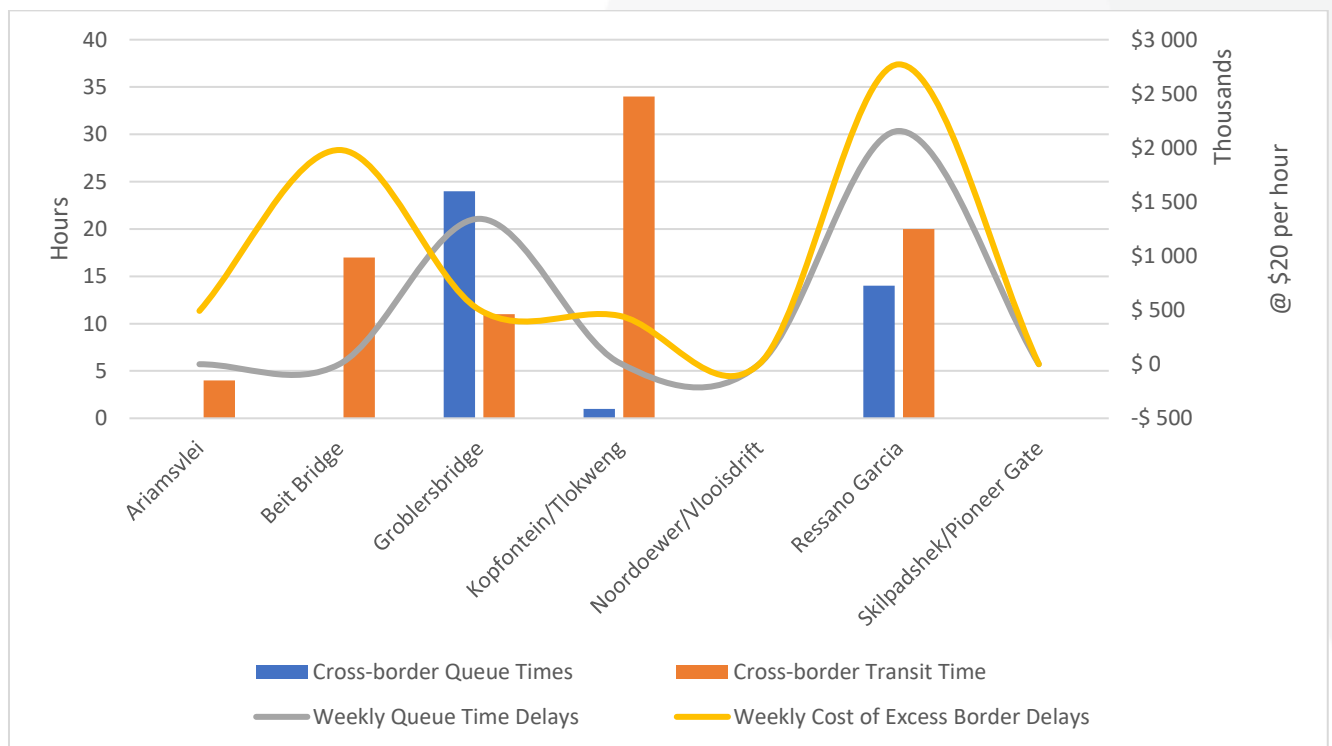
<sup>13</sup> It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

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
Moz/SA	Nakonde/Tunduma	-	56:00	550	16 500	3 850	30 800	0
Zim/Moz	Nyamapanda	1:00	3:00	100	3 000	700	700	700
SA/Moz	Lebombo/Ressano Garcia	14:00	20:00	1 100	33 000	7 700	138 600	107 800
Nam/Bot	Trans Kalahari/Mamuno	-	21:00	100	3 000	700	13 300	0
Zam/Zim	Victoria Falls	1:00	4:00	114	3 420	798	1 596	798
Moz/Mal	Zobue/Mwanza	2:00	18:00	100	3 000	700	11 200	1 400
				<b>5 762</b>	<b>172 860</b>	<b>40 334</b>	<b>819 266</b>	<b>1 190 763</b>

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

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

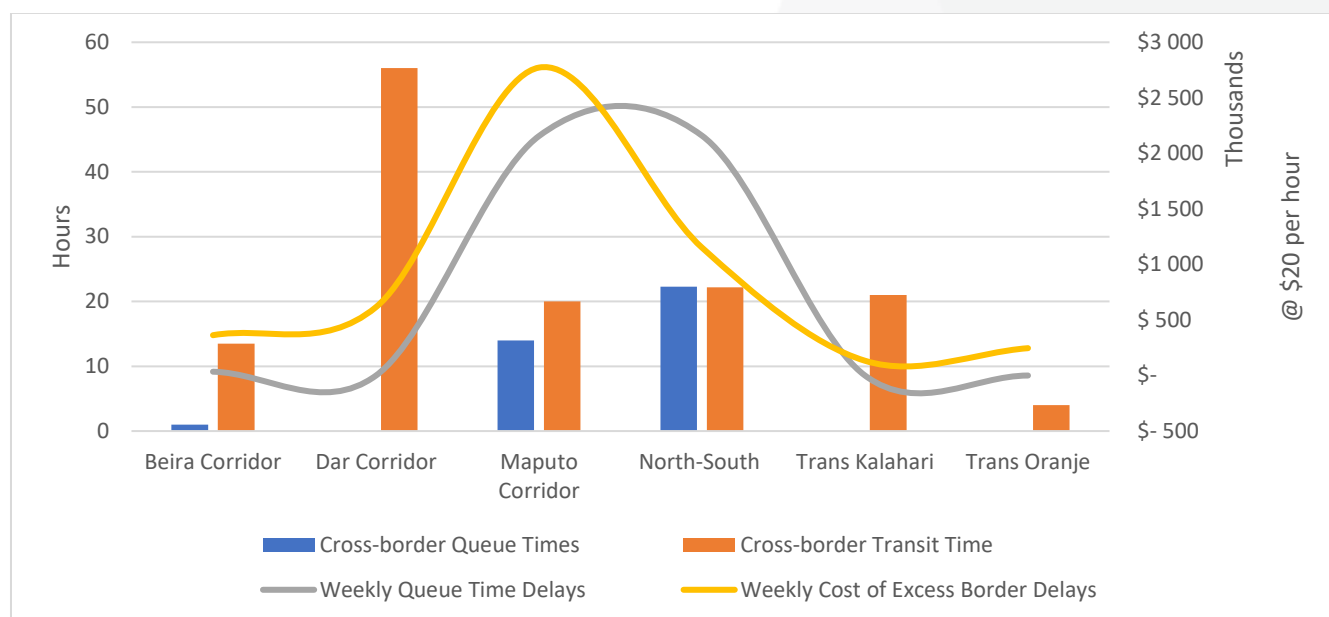
Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)



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

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

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



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

In summary, cross-border queue time has averaged **~15,9 hours** (up by **~2 hours** from the **~13,9 hours** recorded in the previous report), costing the transport industry an estimated **\$24 million (R381 million)**. Furthermore, the week's average cross-border transit times hovered around **~21,9 hours** (up by **~5,2 hours** from the **~16,7 hours** recorded in the previous report), costing the transport industry **\$16 million (R262 million)**. As a result, the total cost for the week amounts to an estimated **~R643 million** (up by **~R3 million** or **↑1%** from **R640 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 economy, (b) the global shipping industry, and (c) the global air cargo industry.

##### a. Global economy

On Thursday, 9 June, the World Bank (WB) released its latest "Global Economic Prospects"<sup>14</sup> for June, warning that "Russia's invasion of Ukraine and its effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth". The Washington-based international institution went on to add that a critical risk to the outlook is the possibility of high global inflation accompanied by tepid growth, reminiscent of the stagflation of the 1970s, which could eventually result in a sharp tightening of monetary policy in advanced economies That would be likely to add to financial stress in some emerging market and developing economies. Therefore, a forceful and wide-ranging policy response is required to boost growth, bolster macroeconomic frameworks, reduce financial vulnerabilities, and support vulnerable groups. As a result, global growth for 2022 is forecast at **↑2,9%**, with 2023 at **↑3,0%**. These forecasts are well down compared to the beginning of the year. For South Africa, the WB estimates economic growth of **↑2,1%** in 2022, with 2023 at **↑1,5%**.



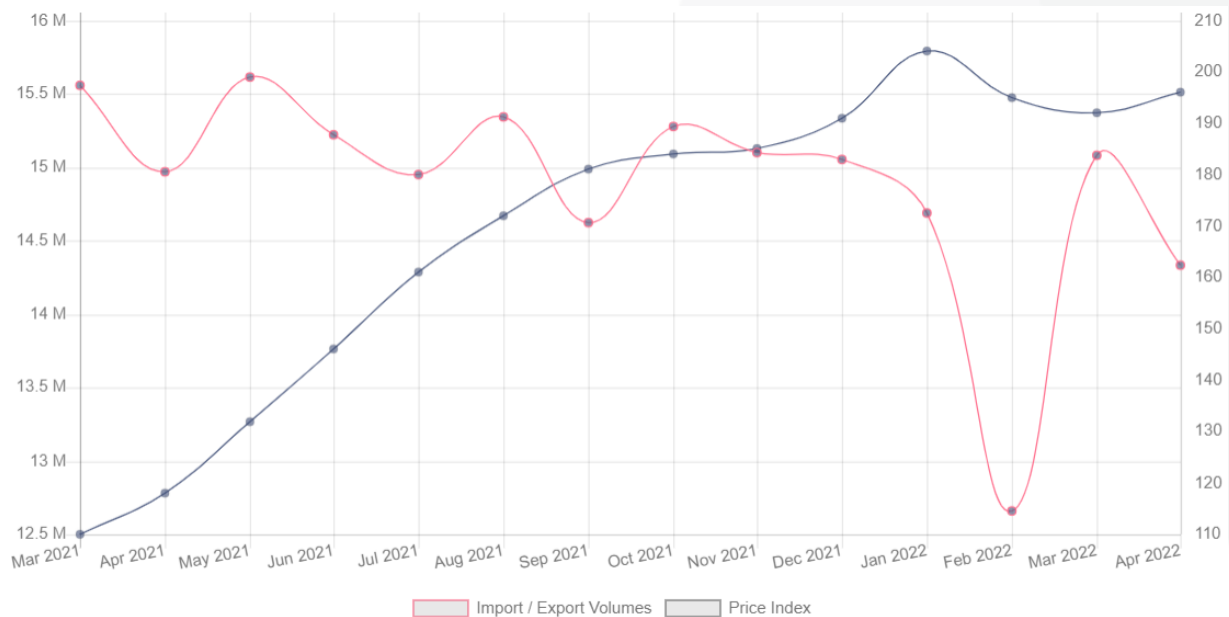
<sup>14</sup> WB. 09/06/2022. [Global economic prospects](#).

## b. Global shipping industry

### i. Container throughput volume and price index

After a strong rebound in global container volume in March, there has been a significant reduction recorded in April, according to the latest container throughput volumes by CTS<sup>15</sup>. The figure below, which shows the global volume and price index of total container volumes across all trade routes (dry and reefer containers), replicates the initial view provided by the latest *RWI/ISL*<sup>16</sup> reported last week.

Figure 14 – Global container volume (millions of TEU) and price index



Source: [CTS](#)

The chart, which shows monthly values for the last 13 months, shows that the spread of Omicron, ongoing effects of Russia's war with Ukraine, and other accompanying constraints, have pushed volumes down by more than **700 000 TEUs** to their second-lowest level in the period. The lowest level, namely for February, illustrates the massive seasonal impact of the Chinese New Year. For the year, throughput is down by **↓4,2%** (y/y). For the Sub-Saharan region, the same period makes for depressing reading, as there has been a continued downward trend in imports and exports:

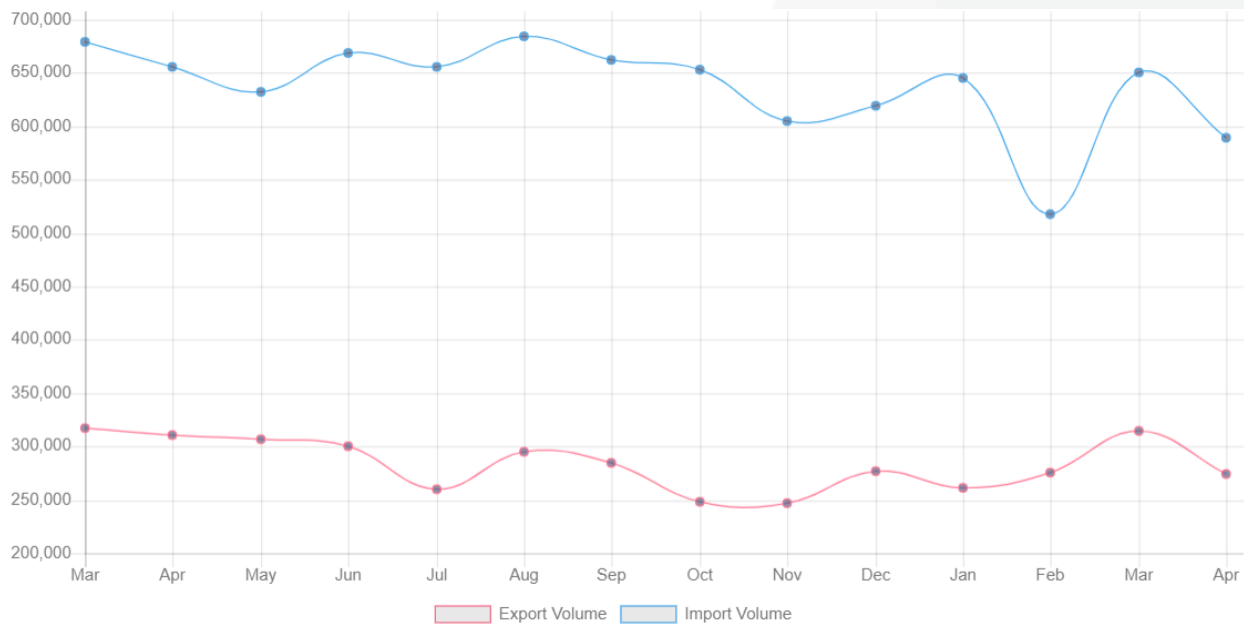


<sup>15</sup> CTS. 09/06/2022. [Container throughput volume and price index](#).

<sup>16</sup> Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL)



Figure 15 – Sub-Sahara Africa container volume (imports and exports)



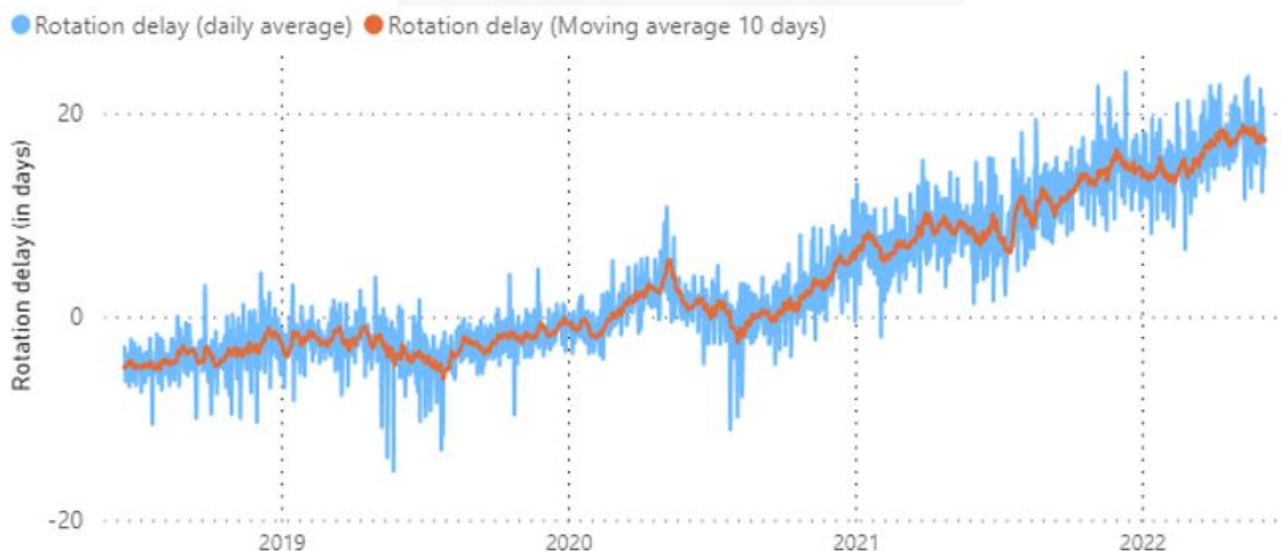
Source: [CTS](#)

Compared to last year in April, imports have decreased by **↓10,2%**, while exports have dropped by **↓11,9%** over the same period. As a result, Africa's situation is similar to the one globally, with the merchandise boom seemingly over and possibly recessionary times ahead.

**ii. Rotation delays and blank sailings**

Blank sailings and liner scheduling reliability continue to be very volatile, as nearly two years of chronic port congestion amidst high – albeit fading – demand<sup>17</sup> continues to hamper container trade. The following analysis shows how the delays on one of the world's busiest routes have deteriorated since the pandemic.

Figure 16 – Container vessel rotation delays – North Europe/Far East



Source: [StealLux via Alphaliner data](#)



<sup>17</sup> Bloomberg. 07/06/2022. [China Export Boom Fades as Buying Shifts, Cheap Rivals Gain.](#)

On average, there is currently **17,5 days' worth of delays** on a full rotation between North Europe and the Far East. Typically, services run for anything between **35 and 53 days**, depending on the number of port calls. The impact of 17,5 days on these schedules shows how services are being stretched, especially since carriers have reduced the number of blank sailings in recent times, as shown here:

Figure 17 – Rotation skipped/added ports – North Europe/Far East



Source: [Steel Lux via Alphaliner data](#)

From the same data as the figure above, the current average number of skipped ports during a rotation returns to zero. Indeed, the average number of blank sailings has decreased in recent weeks. Nevertheless, cargo owners operating in the Transpacific trade are braced for a new round of disruptions as labour negotiations on the USWC likely coincide with a spike in cargoes from China.

### iii. Global container freight rates

For the 15th straight week, global container freight rates continued their decline, as Drewry's "World Container Index" decreased by **↓0,6%** (or **\$47**) to **\$7 579** per 40-ft container this week<sup>18</sup>. The composite index is nearing the same levels as last year's (**↑13%**, y/y) but is still way above the long-term trend. The y/t/d average at **\$8 569** per 40ft container is approximately **\$5 146** higher than the five-year average of **\$3 423**. Despite the ongoing reductions, the latest data from Alphaliner estimates that carriers are in for a record second half of the year, especially those operating on the Asia and North America trades<sup>19</sup>. Elsewhere, French carrier CMA-CGM has again outshone its competitors by posting a net profit of **\$7,2 billion** for the first quarter<sup>20</sup>. The following shows the one-year spot rates of the composite index:

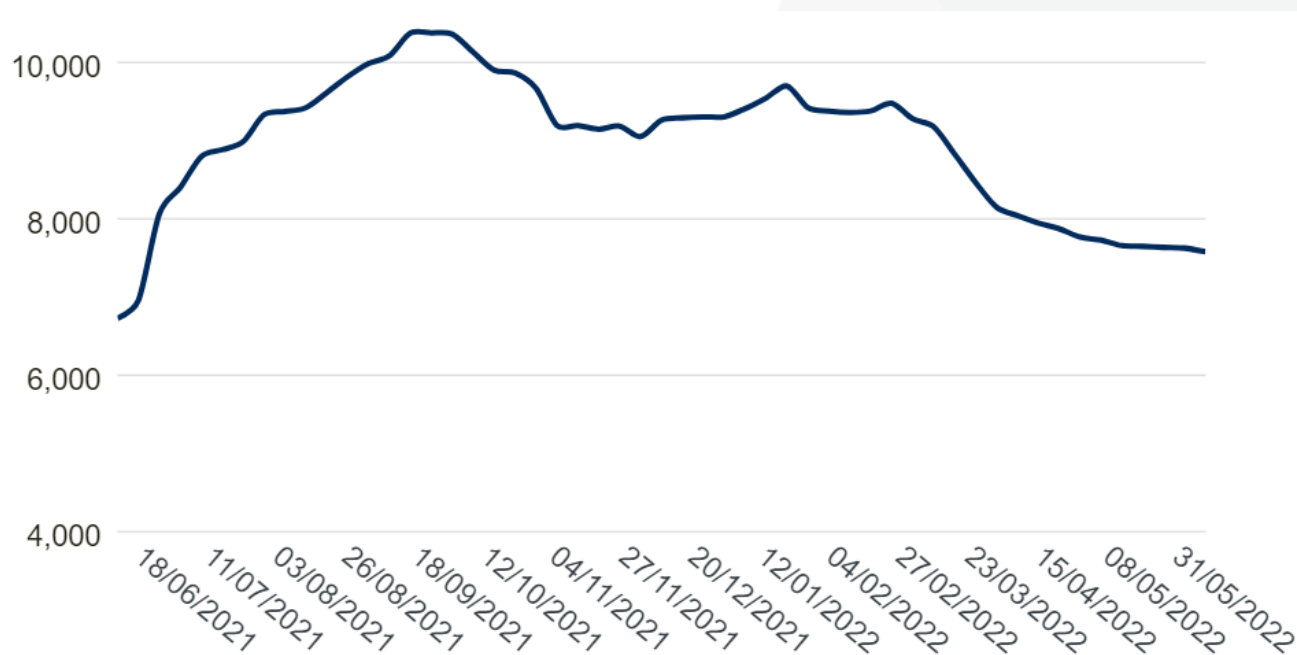


<sup>18</sup> Drewry. 09/06/2022. [World Container Index](#).

<sup>19</sup> Wackett, M. 08/06/2022. [Major transpacific carriers expect contract earnings to soar in second half](#).

<sup>20</sup> Wackett, M. 06/06/2022. [CMA CGM trumps rivals with its Q1 \\$7.2bn result](#).

Figure 18 – World Container Index – assessed by Drewry (\$ per 40 ft. container)



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

The continued reduction in freight rates has meant that two of the eight major East-West trades are now down compared to the same time last year. These are Shanghai – Rotterdam (↓7%, y/y) and the mirror route, Rotterdam – Shanghai (↓17%, y/y). Against expectations, some commentators believe we are in for another round of rate hikes on some lanes. The belief is that irrespective of the softening in demand, container spot rates from Asia to North Europe could be set to spike in the coming weeks, as North European hub ports suffer chronic yard congestion and threats of industrial action by dockers<sup>21</sup>. However, contrary to these takes, Drewry expects its index to decrease slowly in the next few weeks.

#### iv. Further developments of note

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

##### 1. Penalties and fines continue to be handed out to shipping lines:

- a. For the second time in 2022, South Korea's Fair-Trade Commission (KFTC) has found widespread collusion and price-fixing among shipping companies operating between South Korea, Japan, and China<sup>22</sup>. As a result, fifteen liner operators have been fined a total of **\$64 million** by the Korea Fair Trade Commission (KFTC) for colluding to fix South Korea-Japan freight rates.
- b. KFTC handed down its decision on 9 June, after a two-month probe focused on the liner operators' actions between February 2003 and May 2019. Those penalised included: Heung-



<sup>21</sup> Wackett, M. 10/06/2022. [Spot rates set to spike as strikes and congestion hit N Europe.](#)

<sup>22</sup> Maritime Executive. 09/06/2022. [South Korean FTC Fines 15 Lines \\$63M for Collusion on Routes to Japan.](#)

A Line, fined \$12,5m; KMTC Line, fined \$11,6m; Sinokor Merchant Marine, fined \$9,6m; HMM was fined \$39,060, and SM Line was fined \$86,888<sup>23</sup>.

- c. On the other side of the world, Hapag-Lloyd has agreed to pay **\$2 million** in civil penalties for violations of detention and demurrage (D&D) charges<sup>24</sup>.

## 2. Busan port hit hard by truckers' union strike:

- a. Thousands of truckers have stopped work since Tuesday, 7 June, to protest the removal of a minimum wage scheme<sup>25</sup>. Tensions are rising as drivers move to block deliveries of the Asian country's most critical export items, including materials for semiconductor chips.
- b. Despite the port setting up an emergency preparedness team and having secured extra storage space for 20 200 TEUs<sup>26</sup>, the daily volume of container boxes transported to and from the nation's 12 ports dropped 64% on Thursday compared with the average for May. Inbound and outbound volumes at Busan, the world's seventh-busiest port, were less than half their usual amount at 13 035 containers.
- c. Many of South Korea's major MNC producers, such as Hyundai and POSCO, have suspended operations and implemented alternative emergency measures<sup>27</sup>.

## 3. Shanghai update:

- a. After two months of lockdown, operations in The Port of Shanghai are returning to normal as factories no longer operate in closed-loop conditions and are under restrictions. Attention has now shifted to peak season concerns and volumes returning to Shanghai<sup>28</sup>.
- b. However, forwarders have warned that 'business as usual' remains a long way off for China's biggest container port hub, given the ongoing restrictions and the inevitable supply chain hangover from months of hard lockdown<sup>29</sup>. Recent news, as this is written, suggests that Shanghai may be about to move back into a stricter COVID regime.
- c. At the moment, residents can now move freely about the city, but they must have a negative 72-hour COVID test to access offices, public places, and transport.

## 4. Chittagong depot fire:

- a. More than 49 people (eight of them fire-fighters) have died after numerous blasts, and a subsequent fire erupted at BM Container Depot in Chittagong on Saturday, 4 June, leaving many more injured<sup>30</sup>.
- b. The fire at the BM Container Depot in Chittagong was still burning some 46 hours later, as the cause was blamed on the presence of chemical containers that were supposed to be shipped. Fire services were apparently unaware that using water only makes a hydrogen peroxide fire worse. Hydrogen peroxide has become a significant concern for emergency services, and the Chittagong Port Authority (CPA) has now decided to clear 609 drums of the product through an auction on Monday afternoon from the port yard<sup>31</sup>.
- c. Further alarms have been sounded as port sources have stated that Chittagong Port is storing dangerous goods (DG) up to 28 years old<sup>32</sup>. Fortunately, by Wednesday, 8 June, the fire had reportedly been extinguished. Consequently, concerns have turned to the 321 TEU

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<sup>23</sup> Li, M. 10/06/2022. [Liner operators fined \\$64m for fixing South Korea-Japan freight rates.](#)

<sup>24</sup> Savvides, N. 09/06/2022. [Hapag-Lloyd pays \\$2m penalty for D&D violations.](#)

<sup>25</sup> Bloomberg. 10/06/2022. [Korean Trucker Strike Cripples Port of Busan.](#)

<sup>26</sup> Li, M. 07/06/2022. [Ports introduce back-up plans as 25,000 truckers strike in South Korea.](#)

<sup>27</sup> Li, M. 09/06/2022. [Busan sees steep decline in volumes as truckers' strike hits key industries.](#)

<sup>28</sup> Drewry. 10/06/2022. [Cancelled Sailings Tracker.](#)

<sup>29</sup> Whelan, S. 06/06/2022. [Shanghai lockdown is over, but don't expect 'business as usual', warn forwarders.](#)

<sup>30</sup> Loadstar. 05/06/2022. [More than 40 dead, hundreds injured in Chittagong container blast.](#)

<sup>31</sup> Loadstar. 06/06/2022. [Chittagong port clearing containers of chemicals as depot fire rages.](#)

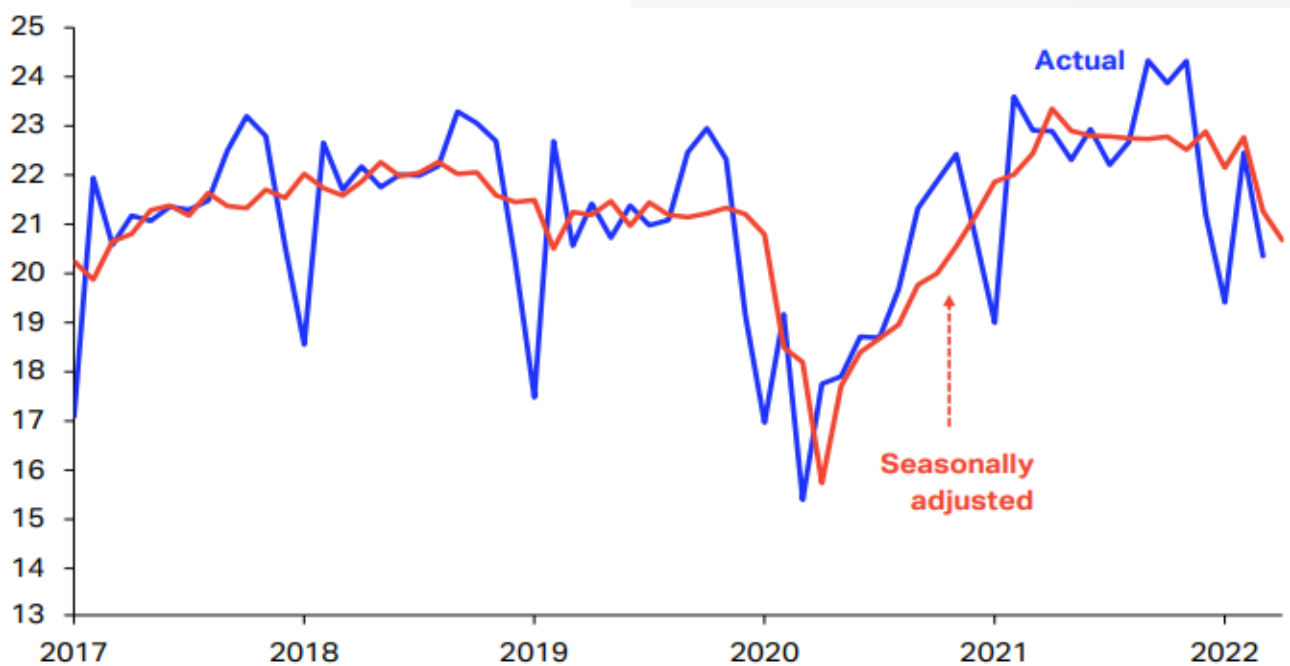
<sup>32</sup> Loadstar. 08/06/2022.

of DG goods in Bangladesh's central facility in Chittagong, as well as 445 tonnes of chemicals and DG goods in various sheds.

### c. Global air cargo industry

International air cargo volumes fell significantly in April, as capacity declined – especially in Asia and the indirect impact of the widespread effects of the Chinese lockdowns seemingly spilt over into air freight. The reduction marks the second month in a row where seasonally adjusted volume was down. These insights are according to the latest "Air Cargo Market Analysis" by the International Air Transport Association (IATA)<sup>33</sup>. For April, industry-wide cargo tonne-kilometres (CTKs) were **↓11,2%** (y/y), with the seasonally adjusted volumes **↓2,7%** (m/m) compared to March levels, as shown here:

Figure 19 – Industry CTks (billions per month)



Source: [IATA](#)

The reduction in cargo volume is an acceleration of the March decline (**↓4,8%** y/y), signalling a continuation of supply chain and capacity issues impacting air cargo operations. However, despite the downturn, airlines are adding capacity to their fleets (as are some shipping lines<sup>34</sup>), which points to continued optimism in the sector. Apart from the volume figures, other metrics such as air cargo capacity (**↓3,8%** y/y) and cargo load factor (**↓3,7%** y/y) are also down on previous figures.

With the reduction in air cargo apparent, passenger airlines have been forced to cut back on expansions, as the resurgence in belly capacity for air cargo is not going as planned. Last week, Delta Air Lines announced that it would cut about 100 daily flights<sup>35</sup> from its schedule from 1 July through 7 August (~2% of its scheduled departures). Despite the apparent doom and gloom, IATA remains optimistic and predicts an improvement in air cargo volumes in May.



<sup>33</sup> IATA. 08/06/2022. [Air Cargo Market Analysis](#).

<sup>34</sup> Lennane, A. 08/06/2022. [Shipping lines' grip on air cargo deepens as CMA CGM gets its second 777F](#).

<sup>35</sup> Putzger, I. 06/06/2022. [Passenger airlines forced to throttle back as tough trading conditions persist](#).