

## COVID-19: Cargo movement update

**Date: 15 January 2021**

### About this update

This 21<sup>st</sup> update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. The report provides a consolidated view of the different modalities published earlier by the Business for South Africa supply chain team.

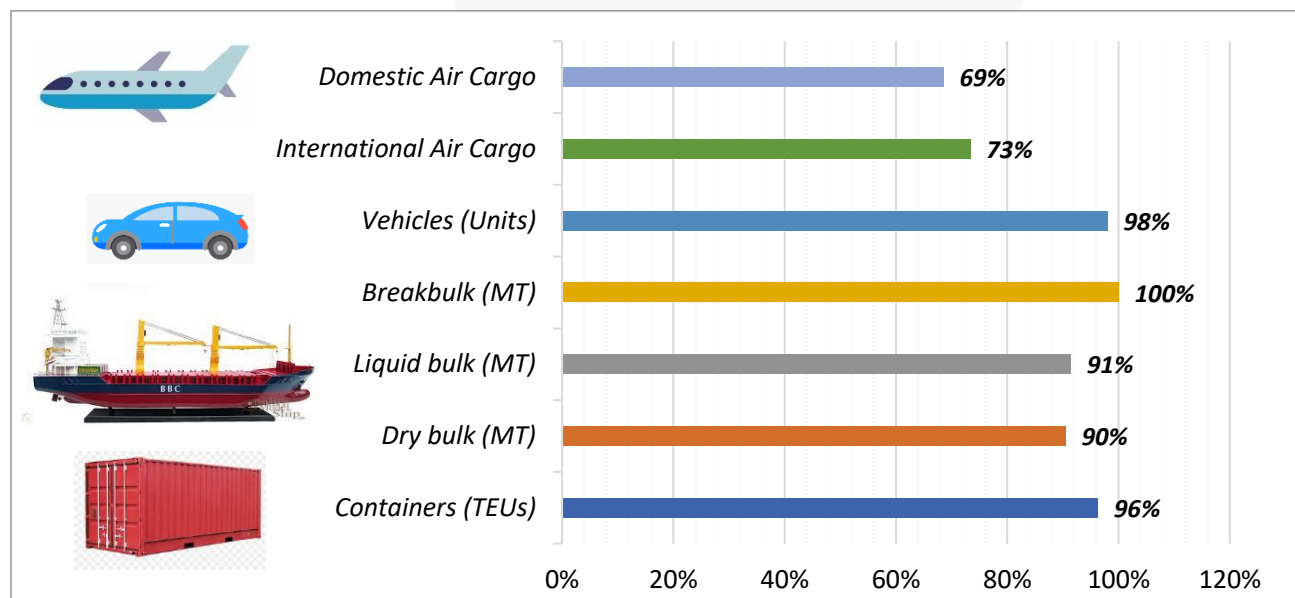
### Weekly snapshot

Table 1 - Port volumes and air cargo flows compared to last week

Flows	Current <sup>1</sup>			Previous <sup>2</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	29 459	35 600	65 059	27 891	35 341	63 232	↑3%
Air Cargo (tons)	2 687	1 873	4 560	2 389	2 178	4 567	↓0.2%

### Monthly snapshot

Figure 1 - Monthly<sup>3</sup> cargo flows compared to the same period a year ago



### Key Notes

- An average of ~9,294 TEUs was handled a day over the last week, ↑3% from last week.

<sup>1</sup> 'Current' means the last 7 days' (a week's) worth of available data.

<sup>2</sup> 'Previous' means the preceding 8-14 days' (a week's) worth of available data.

<sup>3</sup> 'Monthly' means the last full months' worth of available data compared to the same month in 2019 (fully up-to-date for air cargo and TEUs; the rest of the data compares Nov 2020 with Nov 2019 as we await updates from TNPA).

- International air cargo volumes are **↓0.15%** since the previous week, currently at **~61%** compared to 2019 (**~59%** the week before that). Domestic air cargo volumes are **↓0.2%** over the previous week, but more significantly, stood at only **~56%** of what was handled in 2019 (**~46%** the week before that).
- Global freight rates remain perilously high, with the WCI now at **\$5,237.83** per **40'** (**↑0.3%**).

## Ports Update

This section provides an overview of the flow of containerised cargo to South Africa's commercial ports.

### Container flow overview

The following two tables indicate the container flows reported for the last seven days, and the container flows projected for the next seven days.

Table 2 - Container Ports - 7-day flow reported for 9 to 15 January<sup>4</sup>

7-day flow forecast (09.01.2021 - 15.01.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 649	7 600
DURBAN CONTAINER TERMINAL PIER 2:	13 567	13 000
CAPE TOWN CONTAINER TERMINAL:	4 674	8 770
NGQURA CONTAINER TERMINAL:	4 569	6 150
PORT ELIZABETH CONTAINER TERMINAL:	0	80
<b>TOTAL:</b>	<b>29 459</b>	<b>35 600</b>

Source: [Transnet](#), 2021. Updated 15/01/2021.

Table 3 - Container Ports - 7-day flow forecasted for 16 to 22 January<sup>5</sup>

7-day flow forecast (16.01.2021 - 22.01.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 473	6 419
DURBAN CONTAINER TERMINAL PIER 2:	12 950	13 951
CAPE TOWN CONTAINER TERMINAL:	5 632	7 250
NGQURA CONTAINER TERMINAL:	4 560	7 050
PORT ELIZABETH CONTAINER TERMINAL:	313	260
<b>TOTAL:</b>	<b>28 928</b>	<b>34 930</b>

Source: [Transnet](#), 2021. Updated 15/01/2021.

An average of **~9,294 TEUs** was handled per day over the course of the last week (2 - 8 Jan, *Table 2*), with a decreased average of around **~9,123 TEUs** (**↓2%**) expected to be handled over the course of the next week (16 - 22 Jan, *Table 3*). For December, final TNPA figures have unfortunately not yet been released, which will provide an accurate final yearly comparison for the containerised economy in South Africa. Nonetheless, as



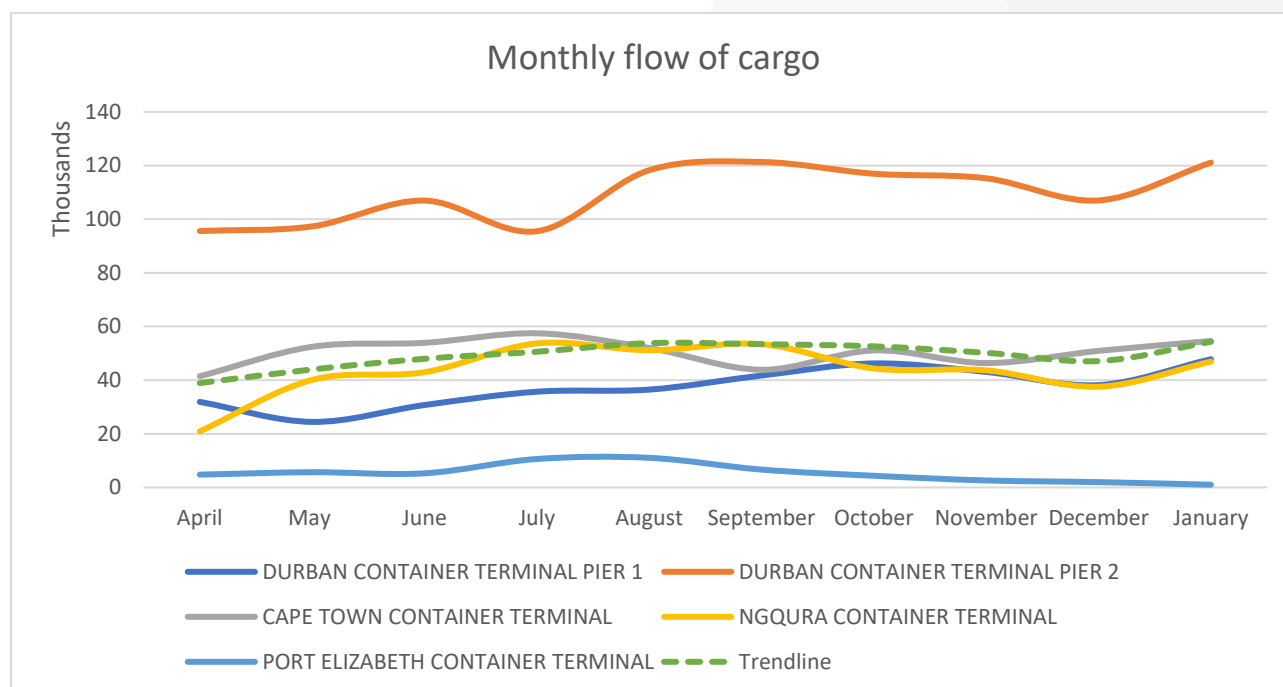
<sup>4</sup> It remains important to note that a fair percentage (approximately 27% according to the most recent TNPA figures for November) of containers are neither to be imported nor exported, but rather consist of empties and transshipments. Due to container imbalances, this proportion is fluctuating more than usual.

<sup>5</sup> As noted in footnote 1.

is evident from the following table, a slight uptick has been experienced since December, although not significant in the greater scheme of things.

The following figure displays the rolling *monthly* average flows of total containerised cargo movement for our commercial ports since the start of the nation-wide lockdown.

Figure 2 - Monthly flow reported for total cargo movement (TEUs: April to Present; month-on-month)

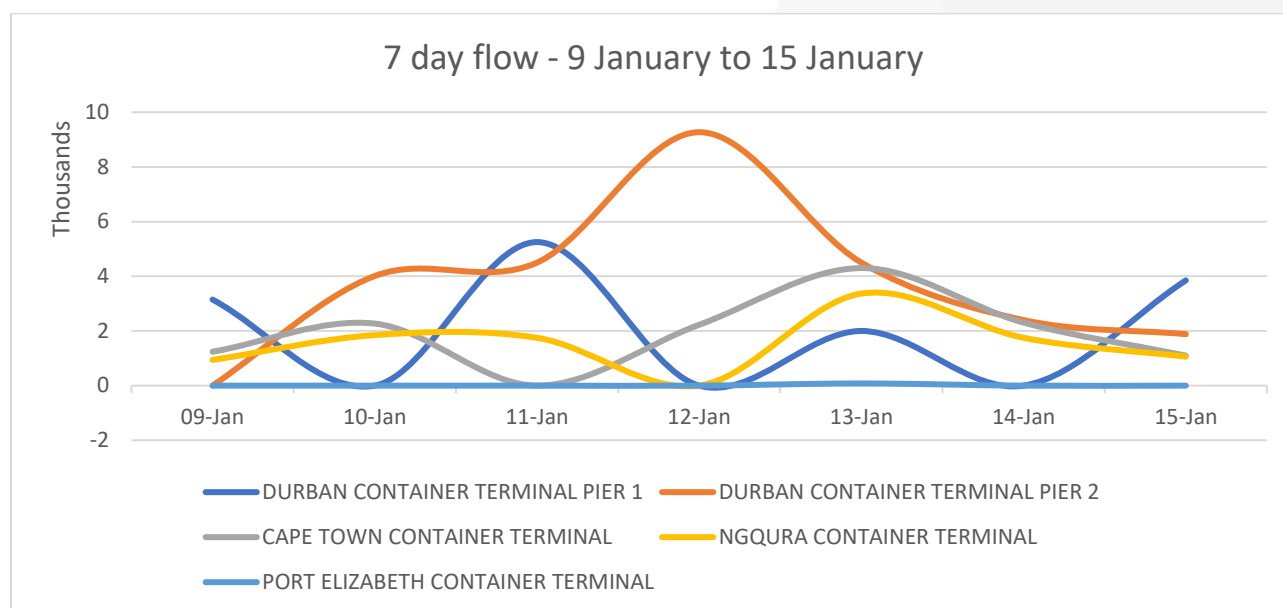


Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 15/01/2021.

The figure shows that the longer-term average trend has remained upward at most of our commercial ports, except for Port Elizabeth. Nonetheless, volumes are still somewhat short of 2019 figures.

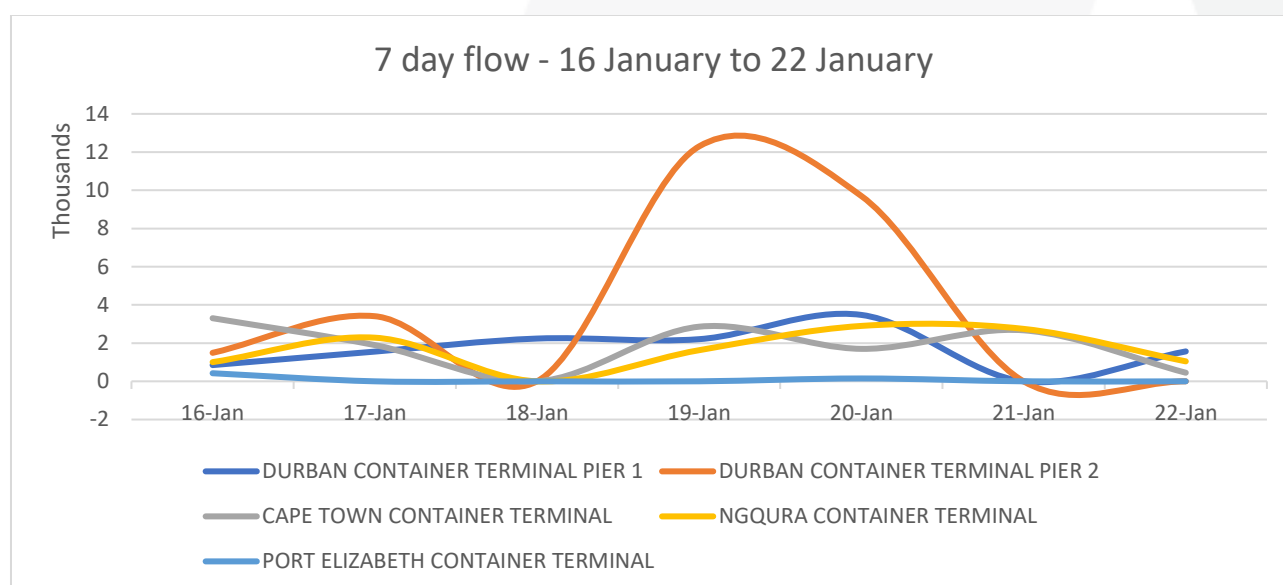
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 3 - 7-day flow reported for total cargo movement (9 to 15 January; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 15/01/2021.

Figure 4 - 7-day flow reported for total cargo movement (16 to 22 January; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 15/01/2021.

- **Summary of port operations**

An average of ~9,294 TEUs was handled per day over the course of the last week (2 - 8 Jan, *Table 2*), with a decreased average of around ~9,123 TEUs (↓2%) expected to be handled over the course of the next week (16 - 22 Jan, *Table 3*). Figures are 'near normal'; however, some caution is noted. With the second wave of COVID-19 sweeping across the country, commercial ports have unfortunately also been affected. Both Cape Town and Durban for examples, reported deaths due to COVID, with several other staff members in self-

isolation. Consequently, there have been discussions of COVID contingency plans, such as the possibility of berth reduction, gang merging and change to 12-hour shifts. NCT seems less affected at present with seven gangs operating, with general-purpose cargo at around 64% stack occupancy.

Earlier in the week in Durban, the Point MPT and Ro-Ro terminal reported a total of 25 cases in quarantine, with one complete technical shift out of action impacting on maintenance. MPT is facing capacity issues at over 70% stack occupancy with timid pick up of imports. Pier 2 runs at about 75% productivity, with some quays operating with only two straddles per gantry. Average vessel delays are at around three days, with truck turnaround time (TAT) 200 minutes on average. The resultant staff shortages are impacting operations, with the ports resorting to utilising regular leave back-up personnel.

Port operations improved as the week progressed with 3,226 gate moves and TAT ~116 minutes on Thursday. Despite the improved conditions, caution was voiced as heavy winds were forecast entering the weekend. Consequently, cartage has been warned to be on standby.

In Cape Town, wind delays continued to hamper operations with low productivity over the weekend the norm. The port lost a further 11 hours of wind stoppages on Monday, with vessels waiting some 7 hours. In total, the port has already lost 100 hours since the beginning of the year. Delays significantly impacted fruit exports, with reefer stacks upwards of 70% around mid-week. Despite these slight hiccups, it appears that the deciduous volume is tracking positively for the year, which is a welcome boost. The general-purpose container stack in CTCT is currently at around 40%.

Concerning Transnet Freight Rail (TFR), cross border rail still has over 700 TEUs awaiting despatch, with an average delay of 31 days. Fortunately, traffic is moving after significant delays resulted in a standstill on some occasions towards the end of last year. Continued cable theft, this time on the Cape line, has added to the delays. The NATCOR line also had some minor cases of theft; however, this has been managed subsequently.

## Air Update

### a. International air cargo

The following table depicts the inbound and outbound air cargo flows to and from ORTIA for the week starting 4 January. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *January 2020* was about **640 733 kg** per day<sup>6</sup>.

*Table 4 - International inbound and outbound cargo from OR Tambo*

Flows	04-Jan	05-Jan	06-Jan	07-Jan	08-Jan	09-Jan	10-Jan
<b>Volume inbound</b>	454 227	107 238	135 931	230 792	190 655	276 402	485 563
<b>Volume outbound</b>	98 872	123 947	134 550	202 889	235 363	227 400	288 165
<b>Total handled per day</b>	<b>553 099</b>	<b>231 185</b>	<b>270 481</b>	<b>433 681</b>	<b>426 018</b>	<b>503 802</b>	<b>773 728</b>

*Updated: 12/01/2021*

The daily average volume of air cargo handled at ORTIA over the seven days starting 4 January amounted to **268 687 kg** inbound and **187 312 kg** outbound. In total, that results in an average of **455 999 kg** per day,



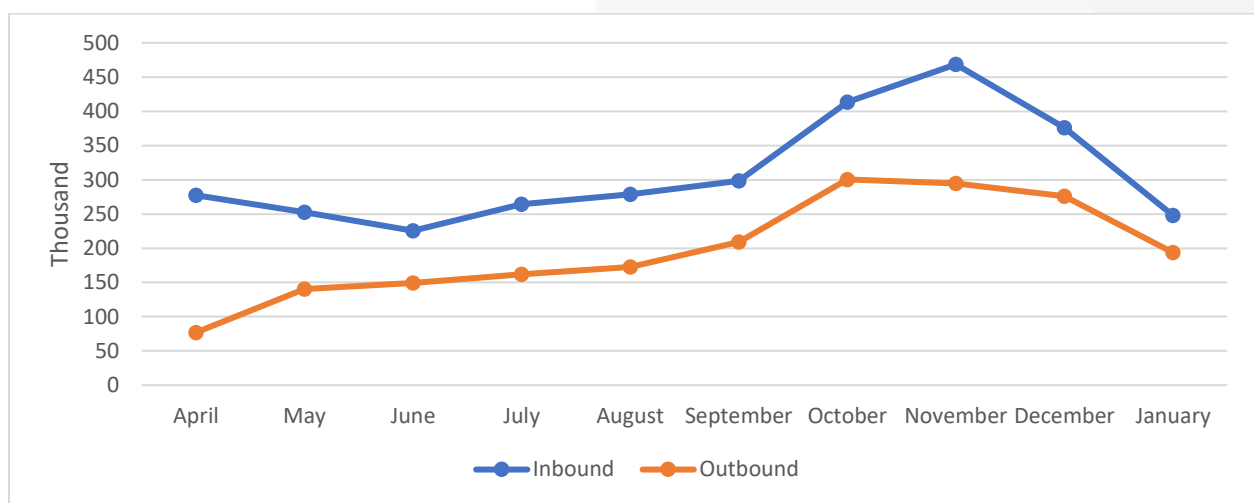
<sup>6</sup> Note, when including statistics from South Africa's other two international airports, Cape Town International and King Shaka (Durban) International airports, the total figure rises to **793 825 kg** per day.

which is approximately **~61%** compared to the two months before the lockdown period (compared to **~59%** last week).

As shown in the table above, the reported figures are extremely low, resulting from flight cancellations as the newer and stricter COVID-19 regulations have taken effect. The forward outlook is not expected to improve, and in fact, it is anticipated that these figures will be reduced significantly due to the freighter ban during curfew hours. This ruling is astonishing, and it is not easy to see any logical justification for it. The freighters' movement has never been restricted — not even in times of conflict and war, nor during any previous lockdown levels. There is an urgent plea from industry to allow aircraft to operate as essential services at all times, as the situation is untenable. The overnight movement of urgent cargoes by air is a vital artery in keeping the wheels turning, and this regulation should be rescinded as a matter of urgency.

The following image displays the monthly international air cargo flowing to ORTIA.

*Figure 5 - International inbound and outbound cargo from OR Tambo*



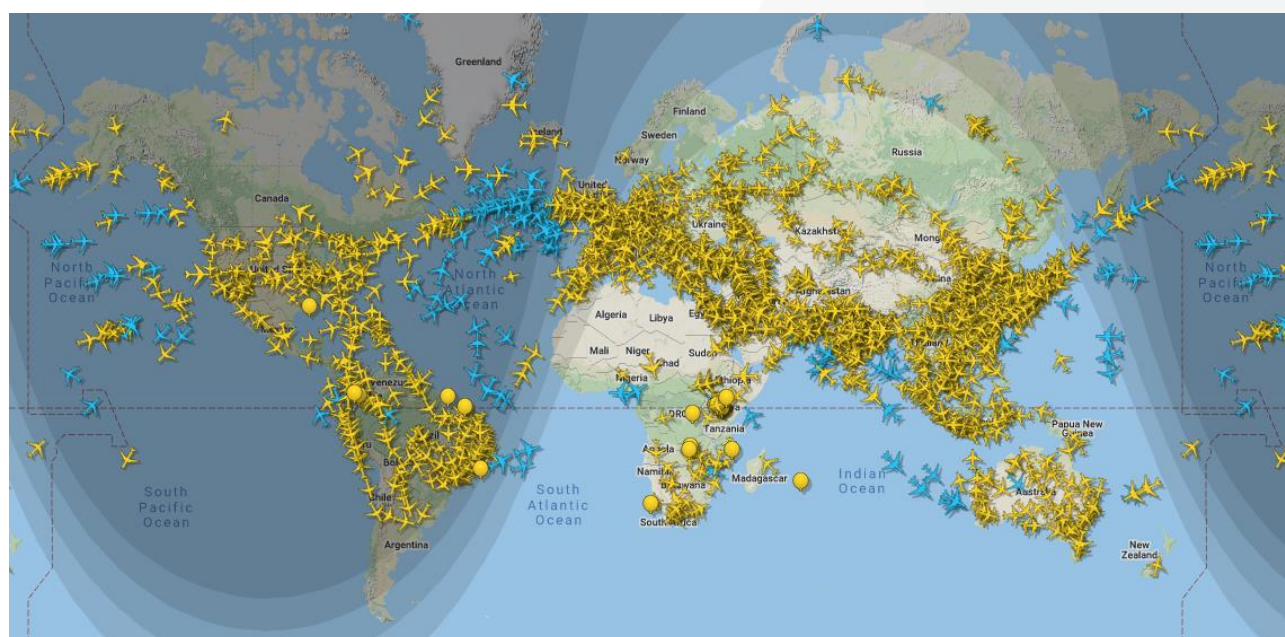
*Updated: 12/01/2021*

### **Global air cargo traffic**

The following air traffic image displays the international air traffic at around mid-morning of 15 January 2021. Air traffic in the Northern Hemisphere is close to normal, although passenger numbers are yet to pick up for several reasons (see [below](#)). Air activity has mostly returned to South Africa, although the recently introduced enforcement of bans on aircraft movement has severely curtailed industry operations.



Figure 6 - Global air traffic: 15 January 2021



Source: [FlightRadar24](https://www.flightradar24.com), 15/01/2021, 09:00

### Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the lockdown period, as reported by industry. The table includes the main domestic hubs, with a summary for the other airports. For comparative purposes, the average domestic air freight cargo (inbound and outbound) for ORTIA handled *before* the lockdown period was approximately **75 000 - 90 000 kg** per day (calculated from industry feedback). For further comparisons, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *January 2020* was approximately **72 330 kg<sup>7</sup>** per day.

Table 5 - Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar Average	8 581	823	1 728	4 020	2 912	1 555	19 619
Apr Average	14 664	900	2 152	13 911	3 814	1 760	35 956
May Average	28 421	1 639	4 677	25 282	7 333	1 099	58 064
Jun Average	24 256	2 137	5 105	23 935	8 601	3 324	63 236
Jul Average	23 395	2 759	4 896	24 255	6 550	5 139	63 116
Aug Average	22 860	2 418	40 93	22 142	5 643	2 819	59 559
Sept Average	24 735	2 682	3 712	24 003	6 126	3 315	64 572
Oct Average	25 317	2 931	3 552	22 085	6 475	3 315	63 676
Nov Average	21 592	9 641	4 117	21 434	12 060	5 592	73 698
Dec Average	24 311	3 475	3 480	24 326	6 194	3 845	65 630
01-Jan-21	462	245	44	580	41	0	1 372
02-Jan-21	319	350	13	493	20	106	1 301
03-Jan-21	1491	325	7	341	222	4	2 390
04-Jan-21	25 480	2 569	2 980	43 049	7 074	4 325	85 477
05-Jan-21	26 420	4 717	3 899	15 896	6 753	3 788	61 473

<sup>7</sup> For Cape Town, the figure corresponds to **51 307 kg** per day, and **14 610 kg** per day for Durban during the same period (January 2020).

06-Jan-21	27 707	3 258	4 310	35 238	6 458	3 445	80 416
07-Jan-21	272	832	233	22	83	127	1 569
08-Jan-21	12 636	1 665	2 560	11 499	4 004	2 098	34 462
09-Jan-21	527	365	110	303	72	4	1 380
10-Jan-21	1 375	316	76	307	246	76	2 395
11-Jan-21	36 957	3 881	4 989	47 651	10 166	5 833	109 477
12-Jan-21	35 412	4 080	4 393	27 011	9 245	3 986	84 127
Grand Total	197 966	26 015	26 947	208 857	52 273	28 000	540 058

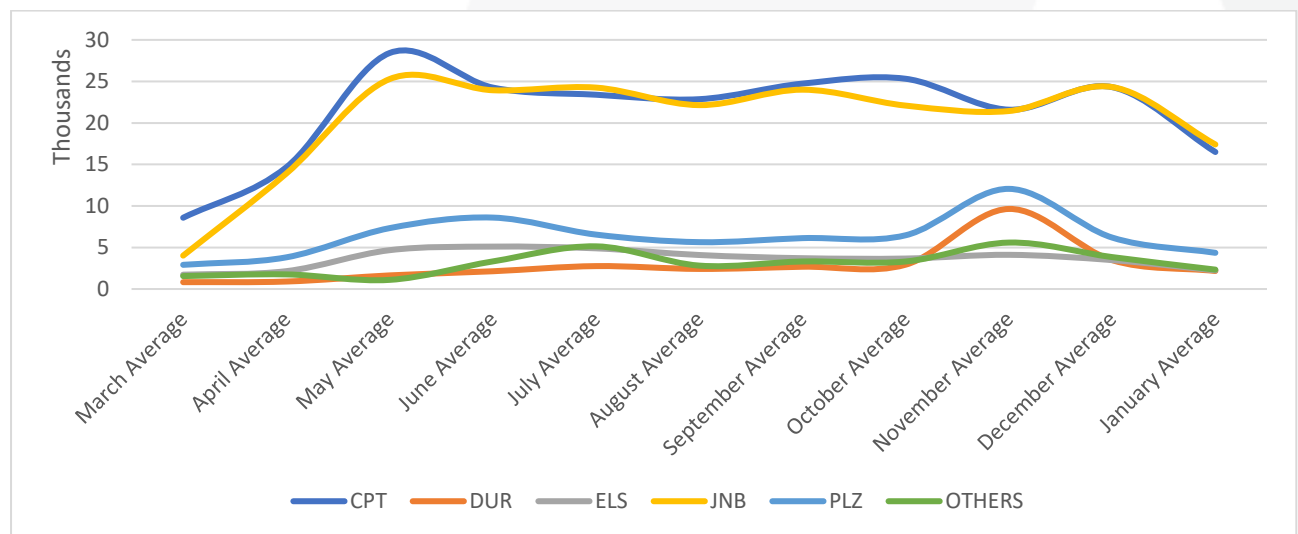
Updated: 15/01/2021

The average domestic air cargo moved during the lockdown period has amounted to **~62 114 kg** per day (**↓0.2%** compared to last week), which constitutes approximately **102%** of the volume moved pre-lockdown. Comparative year-on-year figures currently stand at **56%** of the volume of January 2020.

The newly introduced regulations banning aircraft from operating during curfew hours come at a huge cost to the industry, particularly the economy in general. These regulations make it very difficult for the aviation industry to function optimally — as it has been doing with no adverse consequences since March 2020. It is especially worth noting that domestic air cargo operations provide critical supplies into the local economy every night, especially in e-commerce and the distribution of pharmaceuticals.

The following figure highlights the total monthly domestic air cargo moved per airport as per the table above. Domestic air cargo levels seem to have plateaued in recent months, and it can be expected that the night flying ban will reduce the volumes, even from the existing low levels.

Figure 7 - Total domestic inbound and outbound cargo



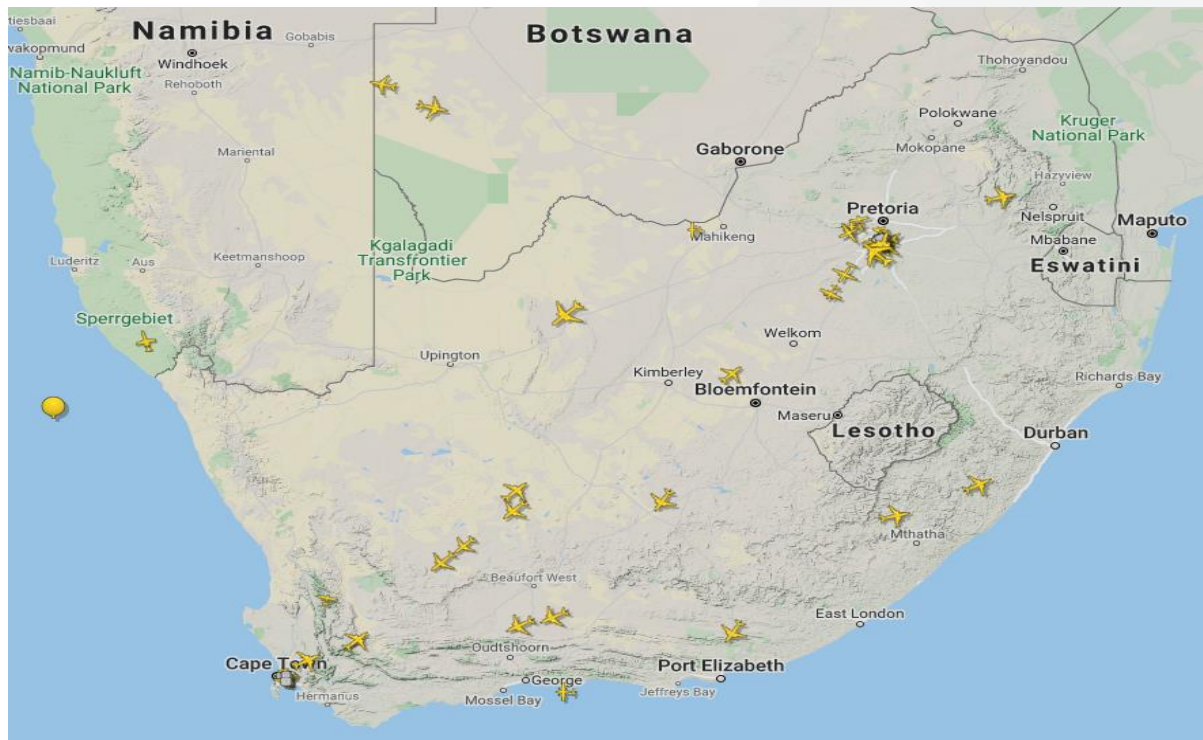
Updated: 15/01/2021

### Southern Africa air traffic

The next image shows the air traffic across Southern Africa at around mid-morning of 15 January. With the restrictive curfew implementation in place, air traffic will likely subside once again. The situation is a severe blow to the aviation industry in South Africa.



Figure 8 - Southern Africa air traffic: 15 January 2021



Source: [FlightRadar24](https://www.flightradar24.com), 08/01/2021, 09:00

## 1. International update

The following section provides context as to the health of the global economy and the impact of COVID-19.

### Container industry at a glance

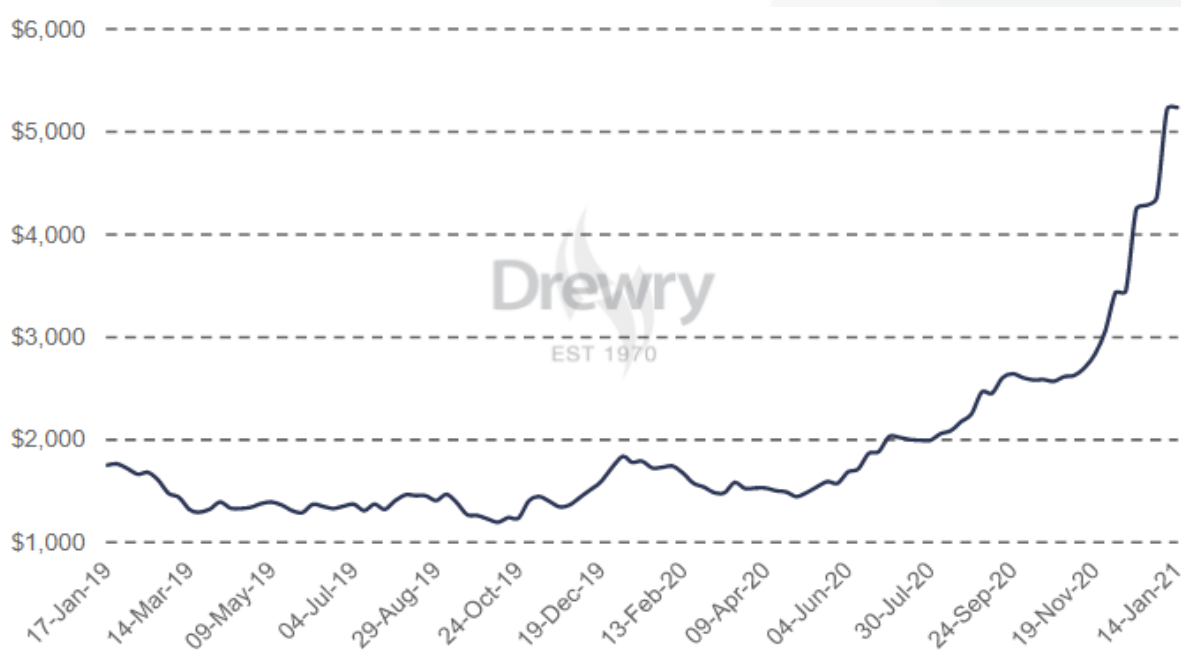
According to Drewry, the UK-based maritime research and consulting firm<sup>8</sup>, the "World Container Index" (WCI) increased slightly over the last seven days to **\$5,237.83** per 40ft container. The change constitutes a **↑0.3%** increase on last week, and **↑194%** compared with the same period of 2020. All matters considered, the index has plateaued for the week; however, there once again seems to be no respite for freight forwarders and traders in view as capacity issues, and container imbalances continue to weigh on ocean-going trade.

The following figure summarises the current trend.



<sup>8</sup> Drewry Supply Chain Advisors. 14/01/2021. World Container Index. [World Container Index: detailed assessment](#)

Figure 9 - World Container Index - Assessed by Drewry (\$ per 40 ft. container)



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

The image above paints a stark picture compared to the same time last year. As the pandemic has swept across the world — with restrictive measures leaving other forms of movement in its wake — the global maritime industry picked up the pieces. Subsequently, significant bottlenecks have been caused in the shipping industry, most notably due to lengthy turnaround times for reefer containers and general port congestion. It is mostly expected that the current inflated spot prices will remain for the best part of 2021.

The following table combines the monthly and annual changes for the eight major East-West trade routes.

Table 6 - World Container Index per major trading route - Assessed by Drewry (\$ per 40 ft. container)

Route	31-Dec-20	07-Jan-21	14-Jan-21	Weekly change (%)	Annual change (%)
Composite Index	\$4,359	\$5,221	\$5,238	0%	194% ▲
Shanghai - Rotterdam	\$6,606	\$8,882	\$8,815	-1% ▼	284% ▲
Rotterdam - Shanghai	\$1,316	\$1,357	\$1,357	0%	103% ▲
Shanghai - Genoa	\$7,098	\$8,380	\$8,412	0%	220% ▲
Shanghai - Los Angeles	\$4,174	\$4,194	\$4,194	0%	158% ▲
Los Angeles - Shanghai	\$518	\$518	\$518	0%	28% ▲
Shanghai - New York	\$5,152	\$6,385	\$6,748	6% ▲	140% ▲
New York - Rotterdam	\$651	\$690	\$663	-4% ▼	26% ▲
Rotterdam - New York	\$2,109	\$2,185	\$2,116	-3% ▼	-12% ▼

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

As a summary of the WCI, Drewry provides the following reasons for their recent assessment:

- The average composite index of the WCI for year-to-date is **\$5,229** per 40ft container (up by **\$8** from last week), noteworthy **\$3,646** higher than the five-year average of **\$1,583**.
- Regionally, little movement was seen across the eight major East-West trading routes for the week, with the most significant movers being Shanghai - L.A. (up by **6%**) and New York - Rotterdam (down by **4%**).
- Whereas the industry is desperate for some relief, it is unlikely to happen anytime soon. It is estimated that the world needs approximately another 500,000 TEUs to satisfy the current demand which COVID-19 has created<sup>9</sup>.

### Aviation industry at a glance

Alexandre de Juniac, Director General and CEO of the International Air Transport Association (IATA) this week called for a more balanced public policy approach to combat the spread of COVID-19<sup>10</sup>. A balanced approach means one that is based on testing as a replacement for quarantines. Instead of receiving a boost from the year-end holiday period, the aviation industry received even more travel restrictions as Governments tightened borders in response to the virus mutation. Consequently, passenger bookings severely weakened for the holidays, despite the widespread positive news of vaccines.

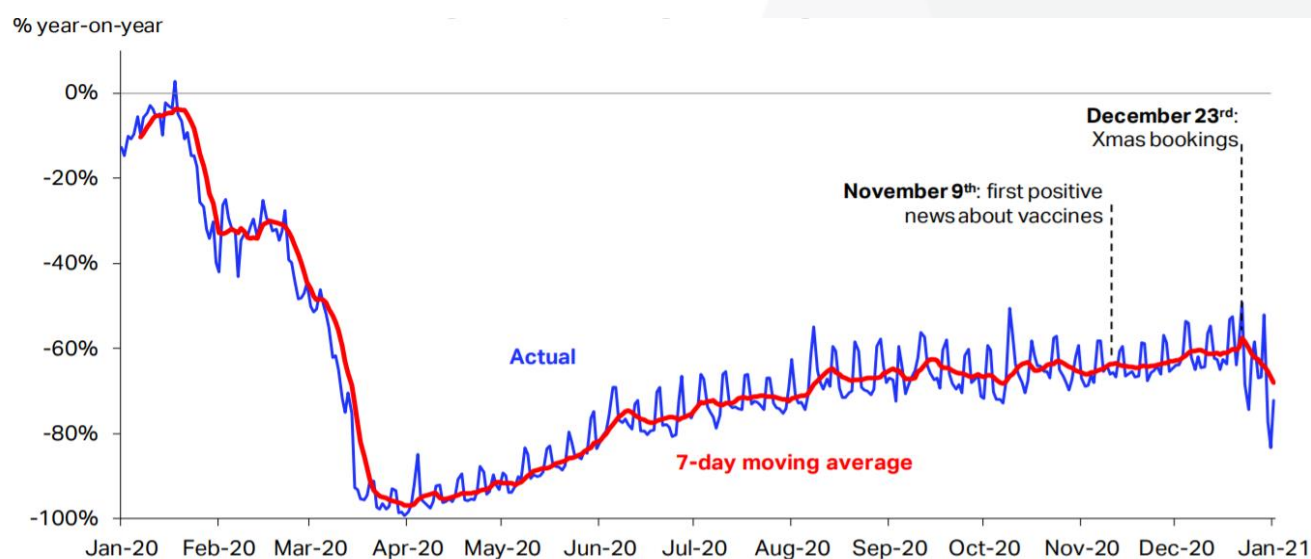
The following figure graphically illustrated the current situation.



<sup>9</sup> Edna Curran & Brendan Murray. 13/01/2021. Surging Shipping Rates Pose New Headwind for the Global Economy. [Bloomberg](#).

<sup>10</sup> A de Juniac. 12/01/2021. IATA Media briefing. [IATA](#).

Figure 10 - Yearly change in net passenger bookings, worldwide



Source: [IATA Economics](#)

The consequence of these restrictive policies means that international fleets will continue to operate at a reduced frequency. The aviation industry in South Africa was met with the same restrictive policies this week, as aircraft were prohibited from working during curfew hours. The full extent of the impact of these policies is unknown as yet. However, as de Juniac noted, the industry knows for sure that:

- The travel and tourism economy will not recover soon.
- Aviation jobs will continue to disappear.
- The lockdown's toll on people's mental health will continue to grow — particularly those who are separated from family.

## Conclusion

This update — *the 21<sup>st</sup> of its kind* — contains a consolidated overview of the South African supply chain and the current state of trade internationally. Since the previous version, new cases of COVID-19 have continued their unprecedented second-wave surge, averaging approximately **18,031** per day (up from **12,000** during the last week). In terms of the total number of cases, South Africa remains in **16<sup>th</sup>** position globally, although the gap between with Iran is rapidly closing. The total number of cases recorded in South Africa has now amounted to **1,296,806<sup>11</sup>** at the time of writing. With the disturbing news this week around delays in concluding various vaccine deals, the country's current health situation and outlook are at a precarious juncture.

For the ocean modality, container volumes have remained relatively stable by comparing those recorded in the previous week. Consequently, the overall monthly containerised cargo volumes remain at **~96%** compared to last year. This week's average stands at **~9,294 TEUs** handled per day, with an increased average of around **~9,123 TEUs (↓2%)** expected to be handled over the next week. Apart from the focus on numbers, several issues have hampered port operations during the last week, most notably staff shortages due to rampant infections spreading through Cape Town and Durban. Lengthy wind delays also hampered

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<sup>11</sup> John Hopkins, Coronavirus Resource Centre. <https://coronavirus.jhu.edu/map.html>

operations, which has been less than ideal. Therefore, the short-term outlook is rather bleak, and it remains unclear whether the longer-term impact will follow suit.

The average volume of international air cargo handled at ORTIA over the seven days starting 4 January amounted to **268 687 kg** inbound and **187 312 kg** outbound. In total, this results in an average of **455 999 kg** per day, which is approximately **~61%** compared to the two months before the lockdown period (compared to **~59%** the previous week). Current levels correspond to **~64%** compared to the same period last year. For the domestic industry, average air cargo moved continues to be relatively low, hovering around **~62 114 kg** moved per day since the start of lockdown, which constitutes approximately **~102%** of the volume moved compared to pre-lockdown. The noteworthy development in the aviation sector during the week was the ban on operations during curfew hours. The entire freight industry is hopeful that the situation will soon be reversed.

Internationally, weekly global freight spot rates have maintained their stratospheric heights, with the "*World Container Index*" (WCI) currently at **\$5,237.83** per 40ft container. Although only constituting a **↑0.3%** increase last week, the change is **↑194%** compared with the same period of 2020. The index has continually been pushed up in the wake of unprecedented container shortages and imbalances. Consequently, significant bottlenecks remain the norm in the shipping industry, most notably due to lengthy turnaround times for reefer containers and general port congestion.

For the aviation industry, yearly cargo figures are still significantly (**↓8.6%**) below volumes registered over the same period in 2019. For passengers, the situation is even worse as bookings severely weakened for the holidays, despite the widespread positive news of vaccines. IATA calls for a more balanced public policy approach to combat the spread of COVID-19 by introducing general testing as a replacement for quarantines. With a large share of the global fleet grounded due to meagre passenger numbers not being able to boost cargo volumes through belly-hold cargo, the aviation industry is forecasted to continue to lose market share to the ocean freight industry.

Ultimately, the South African supply chain's security remains precarious — especially in the light of recent developments, where it seems that we are merely trading one problem for the next. As the cross-border road bottlenecks eased this week, the freighter ban took over as the 'next crisis'. South Africa is currently facing a two-pronged task, controlling the pandemic's spread whilst simultaneously attempting to stimulate inclusive, economic growth.