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COVID-19: Cargo movement update[1]

Date: 21 May 2021

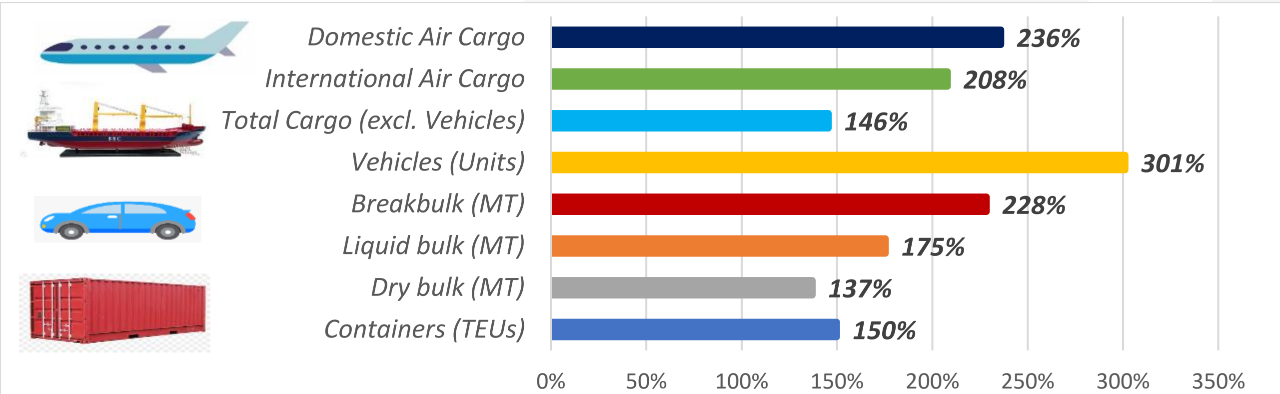
Weekly snapshot

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 (TEUs)	31 187	35 763	**66 950**	37 826	36 435	**74 261**	**↓10%**
Air Cargo (tons)	4 558	3 183	**7 741**	4 547	2 944	**7 491**	**↑3%**

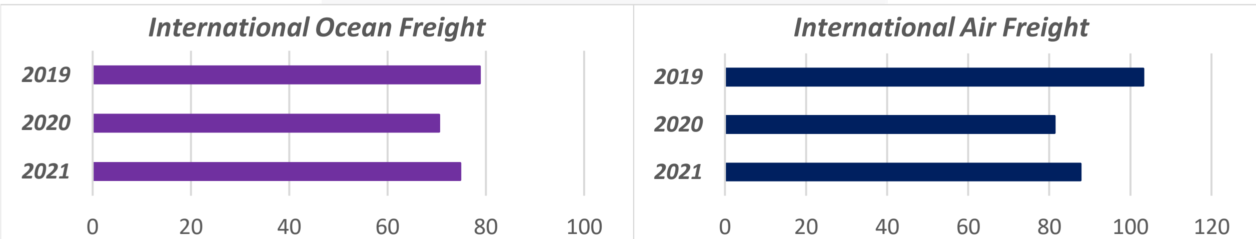
Monthly snapshot

Figure 1 – Monthly[4] cargo flows, year on year



Year-to-date tracker

Figure 2 – International year-to-date flows 2019, 2020 & 2021[5]: ocean & air freight, year on year (kg millions)



Key Notes

- An average of **~9 564 TEUs** per day was handled last week, **↓10%** from the previous week.

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[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 *39th 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 2020. In this case, April 2021, and April 2020.
[5] For ocean freight, total Jan-Apr cargo as reported by Transnet is used, whereas for air freight, Jan-Apr cargo to and from ORTIA is used (see *below*).

- Weekly international air cargo has increased slightly (↑3%), whereas domestic air cargo has decreased somewhat (↓6%), although longer-term volumes remain healthy on both fronts, as shown by *Figure 1*.
- TNPA reports y/y growth of ↑46% across the board for April, with the y-t-d now at ↑50% for TEUs.
- Cross-border queue (**~4,2hrs**) and transit (**~15hrs**) times cost **R212 million** (↓38%) this week.
- UNCTAD notes that trade has hit a record high in 2021 Q1, increasing by ↑10% y/y and ↑4% q/q.

Executive Summary

This update – *the 39th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. As with the previous week, there has been another perceptible increase in newly reported COVID-19 infections in South Africa, averaging approximately **2 822** infections per day this week (↑33% from last week's average of **2 126**). The second consecutive increase of roughly a third in average cases recorded forewarns the potential of a return of restrictive measures as the third wave is gathering momentum.

The total number of cases recorded in the country now stands at **~1,63 million**[6], with a death toll of **55 568** (up by **556**). South Africa remains in **21st** place in absolute terms globally, as more than **166 million** cases have now been recorded worldwide. A total of **1,56 billion** vaccines have now been administered on the vaccination front as global rollouts continue to accelerate. Consequently, approximately **~20%**[7] of the world's population has now been administered at least one vaccine shot. According to the same source, South Africa has now fully vaccinated half a million people. The two-dose administering of the Pfizer-BioNTech vaccine is now accelerating during Phase II of the vaccination programme.

For global trade, this week, UNCTAD noted that world trade in Q1 has rebounded much better than expected and, in the process, has hit a record high. Several determinants have continued to drive the recovery in trade, most notably the strong export performance of East Asian economies. Interestingly, for South Africa, UNCTAD estimates Q1 trade in goods imports at ↑25% and exports at ↑36% relative to 2020 averages. Unfortunately, services trade is yet to return to pre-crisis levels. Nevertheless, the continuation of good merchandise volumes can be seen in the TNPA figures.

For April, recent TNPA numbers show that significant year-on-year (y/y) growth has been recorded across all cargo types. Containers handled are up by ↑50%, with dry bulk (↑37%), liquid bulk (↑75%), breakbulk (↑128%) all way up compared to the same time last year. Also, vehicles shipped through our ports have trebled. Despite the positive return, one needs to consider this growth figure in perspective, as the country experienced its most stringent lockdown regulations in April last year, which significantly impacted the ability to ship goods. Therefore, it makes more sense to compare these figures to pre-pandemic levels to draw a more meaningful conclusion. When compared with April 2019, total cargo handled shows a modest increase of **~1%**; thus, when compared with the level at this time two years ago, this is not cause for optimism (complete analysis *below*).

The local maritime industry experienced a topsy-turvy week on the operational front, as operational constraints remain (particularly in Durban) despite some decent volumes recorded. Other matters of concern include labour unrest and negotiations and an update on the ongoing fruit season. An improvement for TFR can also be communicated, as capacity increases are projected to alleviate road congestion. Furthermore, TFR is implementing additional security measures to combat the constant occurrences of cable theft on the railway lines and trains.

[6] Johns Hopkins, Coronavirus Resource Centre. Coronavirus JJHU.
[7] Our World in Data, Coronavirus (COVID-19) Vaccinations. Our World in Data

Internationally, the main talking points again revolve around the relentless increase of freight rates, as the "*WCI*" is once again marauding forward, with a significant increase for the third consecutive week running. The composite index this week increased by **7,1%** to **$6 135**. In damning news for the perishable industry, the reefer index is also starting to make a steady climb, as the industry is hit with a shortage of equipment. Consequently, the reefer rates have increased by nearly a third from the previous quarter, according to Drewry Maritime Research Consultants. Other significant talking points in the container freight industry include developing wind-powered containerships, blank sailings returning, and congestion in Europe's inland waterways.

The South African air cargo industry had another stellar week, as international volumes rose (**↑3%**). Despite the increased volumes, there are some reports of daily congestion at the ORTIA international freight section main gate caused by the lack of automated access (more on this matter *below*). Further on the economic front, import discussion took place via the Transport Forum this week, summarised *below*. Internationally, air cargo volumes have increased by **53%** from last year's April hiatus but are like pre-pandemic levels (up by **~3%**). As the capacity crunch in the shipping industry is of growing concern, the aviation sector will continue to lap the excess demand, meaning that rates are likely to remain elevated.

Regionally, cross-border trade ran smoothly this week, with most of the talks revolving around the newly opened bridge at Kazungula. Indeed, feedback from the border confirmed that there was no waiting time at Beitbridge, Kazungula, and Chirundu – all of which were quite congested last week. Consequently, the economic cost of cross-border delays decreased significantly the previous week, which the industry has welcomed.

In summary, the macroeconomic landscape appears to grow from strength to strength, even though the humanitarian crisis is far from over. Continued operational constraints remain a feature on the micro front, particularly with regard to the ocean-faring economy. The collective industry has collaboratively put forward several solutions to combat some of these constraints. While the country's optimism remains a hallmark, it needs to be accompanied by tangible and sustained economic results.

Contents

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 two 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 15 to 21 May[8]

7-day flow forecast (15/05/2021 – 21/05/2021)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	5 229	6 124
DURBAN CONTAINER TERMINAL PIER 2:	14 965	15 820
CAPE TOWN CONTAINER TERMINAL:	6 957	7 969
NGQURA CONTAINER TERMINAL:	3 836	4 950
GQEBERHA CONTAINER TERMINAL:	200	900
TOTAL:	**31 187**	**35 763**

Source: Transnet, 2021. Updated 21/05/2021.

Table 3 – Container Ports – Weekly flow forecasted for 22 to 28 May[9]

7-day flow forecast (22/05/2021 – 28/05/2021)		
TERMINAL	**NO. OF CONTAINERS TO DISCHARGE (IMPORT)**	**NO. OF CONTAINERS TO LOAD (EXPORT)**
DURBAN CONTAINER TERMINAL PIER 1:	6 600	7 113
DURBAN CONTAINER TERMINAL PIER 2:	14 394	14 760
CAPE TOWN CONTAINER TERMINAL:	8 738	9 430
NGQURA CONTAINER TERMINAL:	5 452	6 653
GQEBERHA CONTAINER TERMINAL:	450	700
TOTAL:	**35 634**	**38 656**

Source: Transnet, 2021. Updated 21/05/2021.

An average of **~9 564 TEUs** (**↓10%**) was handled per day for the last week (15-21 May, *Table 2*), with a decreased average of around **~10 613 TEUs** (**↑11%**) expected to be handled next week (22-28 May, *Table 3*). The same week in May 2020 – at around ***week 8*** of the initial lockdown – showed a daily average of approximately **~11 829 TEUs** when operations began to pick up in earnest and return to normal. The figure for last year at this time is slightly lower compared to the week before.

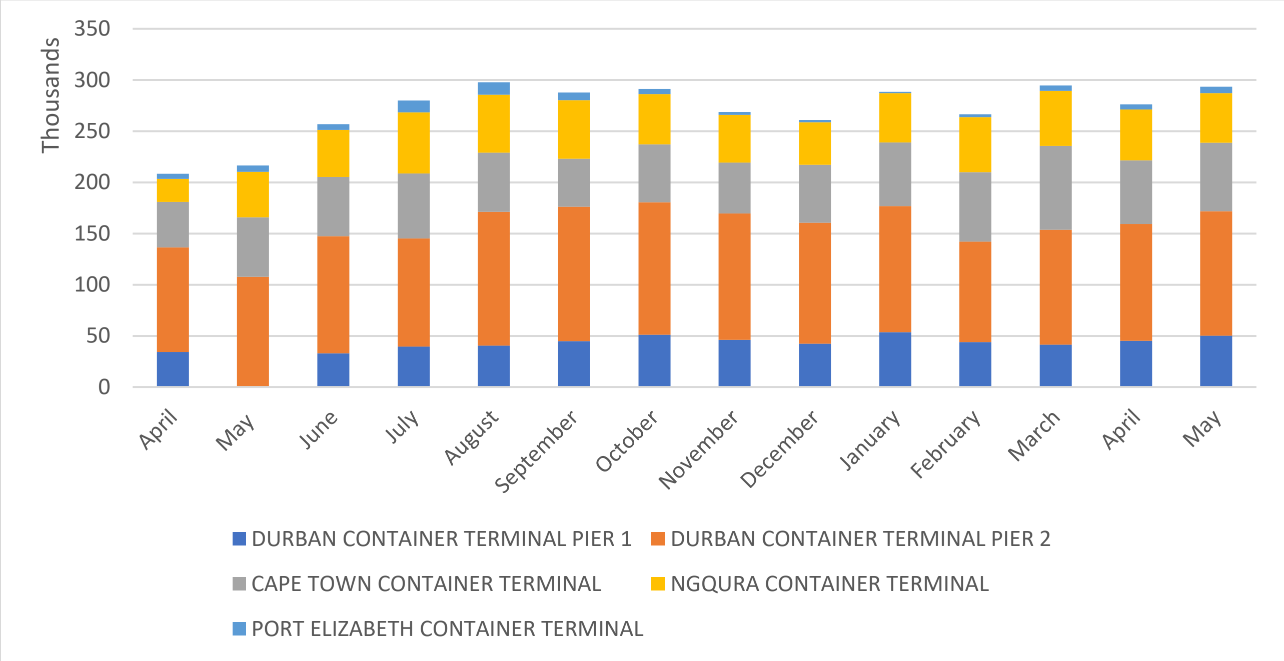
In addition to the numbers reported, the main discussions at our commercial ports revolved around poor operational performance in Durban, labour unrest and negotiations, and an update on the ongoing fruit season (see summary *below*).

[8] It remains important to note that a fair percentage (approximately 29%, according to the most recent TNPA figures for April) of containers are neither to be imported nor exported, but rather consist of empties. Due to the ongoing container imbalances, this proportion is fluctuating more than usual and have increased since December 2020.

[9] As noted in *footnote 1*.

The following figure displays the rolling *monthly* average flow of total containerised cargo movement for local commercial ports since the start of the nationwide lockdown. Note the comprehensive analysis on the monthly TNPA figures reported for April [below](#).

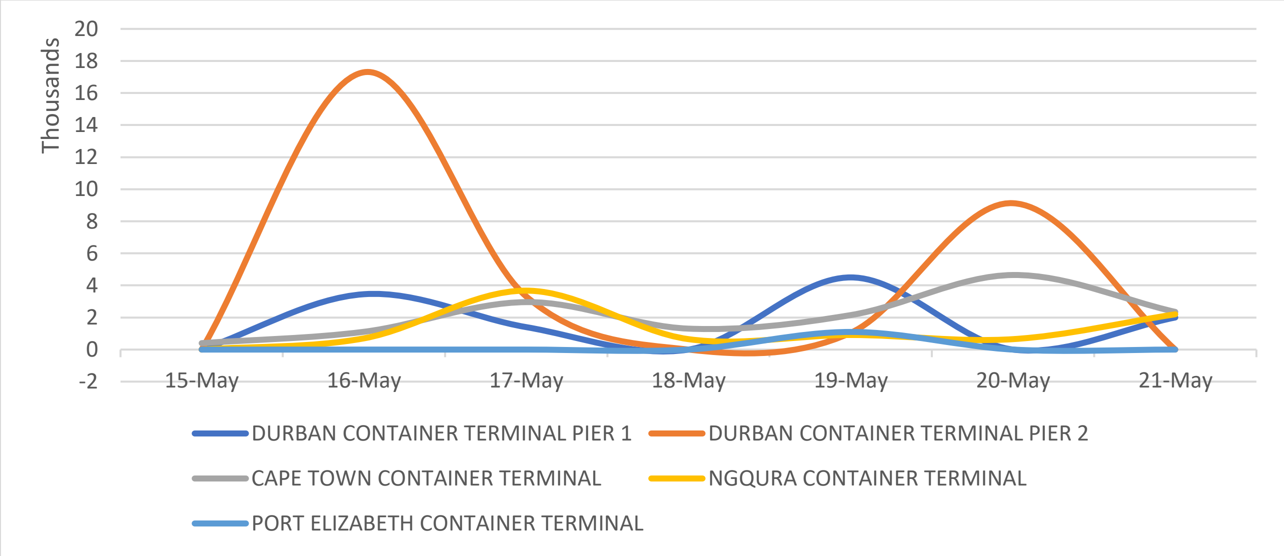
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](#), 2021. Updated 21/05/2021.

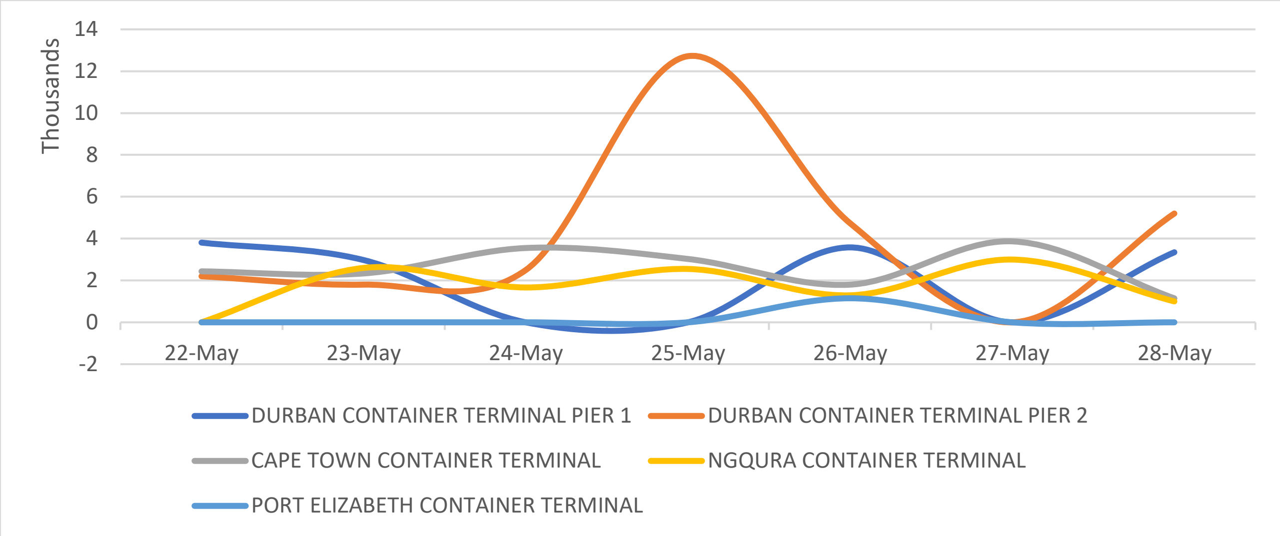
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total cargo movement (15 to 21 May; per port; day on day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 21/05/2021.

Figure 5 – 7-day flow reported for total cargo movement (22 to 28 May; per port; day on day)



Source: Calculated using data from the Transnet updates, 2021. Updated 21/05/2021.

b. Transnet National Ports Authority: April update

Transnet National Ports Authority have released their monthly port statistics for April this week[10]. The following table provides a comparative overview of all cargo movement in and out of South Africa's ports for April of 2021, compared to the same month in 2020.

Table 4 – TNPA – Volume and growth: April 2020 versus April 2021

	Apr 2020	Apr 2021	Movement	Growth
Containers (TEUs)	**271 807**	**407 411**	**135 604**	**50%**
Landed	150 334	211 624	61 290	41%
Shipped	121 473	195 787	74 314	61%
Dry bulk (MT)	10 127 585	13 886 529	3 758 944	37%
Liquid bulk (MT)	2 376 115	4 168 742	1 792 627	75%
Breakbulk (MT)	171 483	391 654	220 171	128%
Vehicles (Units)	19 687	59 288	39 601	201%
Total Cargo (excl. Vehicles)	**12 675 183**	**18 446 925**	**5 771 742**	**46%**

Source: TNPA, updated 18/05/2021.

Compared to April last year, all monthly metrics showed a positive year-on-year return with all indicators across the board, in some cases a very substantial growth. The positive return is especially accentuated in the vehicle trade, which is welcomed news for the automotive industry. Despite the positive return, one needs to consider these growth figures in perspective – since April last year, South Africa experienced its most stringent lockdown regulations, which significantly impacted the ability to ship goods. Therefore, it makes more sense to compare these figures to pre-pandemic levels to draw a more meaningful conclusion.

The following table provides a comparative overview of all cargo movement in and out of South Africa's ports for April of 2021, compared to the same month in 2019, as reported by TNPA.

[10] Transnet, 2021. Port statistics. TNPA

Table 5 – TNPA – Volume and growth: April 2019 versus April 2021

	Apr 2019	Apr 2021	Movement	Growth
Containers (TEUs)	**384 428**	**407 411**	**22 983**	**6%**
Landed	199 568	211 624	12 056	6%
Shipped	184 860	195 787	10 927	6%
Dry bulk (MT)	14 014 477	13 886 529	-127 948	-1%
Liquid bulk (MT)	3 615 686	4 168 742	553 056	15%
Breakbulk (MT)	606 783	391 654	-215 129	-35%
Vehicles (Units)	63 198	59 288	-3 910	-6%
Total Cargo (excl. Vehicles)	**18 236 946**	**18 446 925**	**209 979**	**1%**

Source: TNPA, updated 18/05/2021.

In essence, the table shows that reported figures for April 2021 indicate only a modest increase of **~1%** compared to the pre-pandemic figures reported two years ago. Evidently, we are back to where we started two years ago, which raises further alarms, as South Africa cannot afford to stand still while the rest of the world is gathering steam – as shown by the World Bank's "*Container Port Performance Index 2020*" (CPPI)[11] report last week. Simply put, there is a need to stimulate the trading economy and ramp up the volumes going through local ports. For volumes to increase significantly, the unwavering and collective input from the public and private sectors must be sustained.

The following table provides a more in-depth year-to-date view of containerised cargo.

Table 6 – TNPA – Volume: January-April 2020 versus January-April 2021: Containerised cargo

	2020			2021		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
LANDED:						
DEEPSEA	456 412	64 637	**521 049**	499 296	77 838	**577 134**
COASTWISE	1 494	17 990	**19 484**	1 253	15 785	**17 038**
TRANSHIPPED[12]	100 250	30 646	**130 896**	76 669	40 921	**117 590**
TOTAL LANDED	**558 156**	**113 273**	**671 429**	**577 218**	**134 544**	**711 762**
SHIPPED:						
DEEPSEA	333 458	187 652	**521 110**	354 274	222 486	**576 760**
COASTWISE	2 898	19 407	**22 305**	1 240	17 065	**18 305**
TRANSHIPPED	98 009	27 943	**125 952**	88 601	38 504	**127 105**
TOTAL SHIPPED	**434 365**	**235 002**	**669 367**	**444 115**	**278 055**	**722 170**
GRAND TOTAL	**992 521**	**348 275**	**1 340 796**	**1 021 333**	**412 599**	**1 433 932**

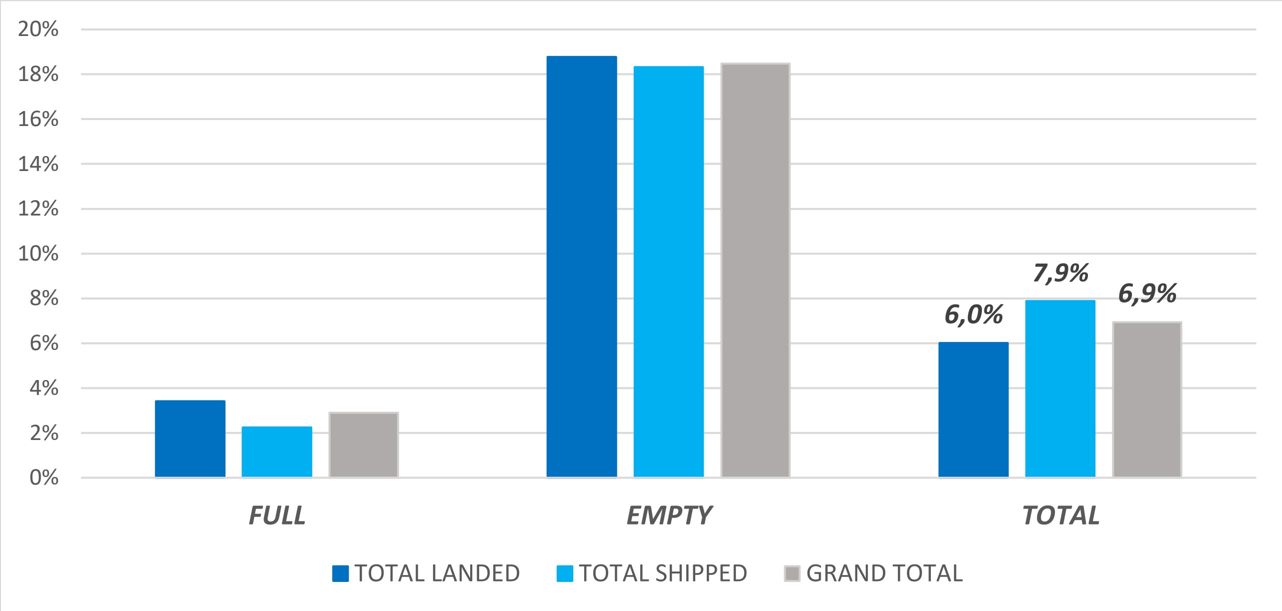
Source: TNPA, updated 18/05/2021.

Despite the poor start to 2021 (especially in January), it appears as though the ocean-going container-industry economy is nearly back to normal, having rebounded nicely in March and April. The following figure graphically shows the year-to-date growth rates in comparison with the first quarter of 2020.

[11] The World Bank, 2021. "The Container Port Performance Index 2020: A Comparable Assessment of Container Port Performance." World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO

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

Figure 6 – TNPA – Growth: January-April 2020 versus January-April 2021: Containerised cargo



Source: TNPA, updated 18/05/2021.

Following the previous y/y change being negative both in February (↓**14%**) and March (↓**4%**), the consolidated growth figures are much better in April than hovering around ↑**7%** in total for the year. Due to the widespread rebalancing of empty containers globally, the year-to-date trade in empty containers has increased. Following our previous expectation for the year-to-date figures to break even in April due to the lowly figures reported in the same month last year, we can convey that April's performance has exceeded expectations. Although the numbers reported are much improved, we are not yet out of the woods as far as the ocean-going economy is concerned. The industry hopes for sustained positive returns as the year unfolds.

c. Summary of port operations

An average of **~9 564 TEUs** (↓**10%**) was handled per day for the last week (15-21 May, *Table 2*), with a decreased average of around **~10 613 TEUs** (↑**11%**) expected to be handled next week (22-28 May, *Table 3*). The same week in May 2020 – at around ***week 8*** of the initial lockdown – showed a daily average of approximately **~11 829 TEUs**, which is when operations started to pick up and return to normal.

i. Weather delays

It was a very wet week for Cape Town, which left CTCT non-operational for three hours due to fog. As the week wore on, winds started to pick up on Thursday, with strong NW winds predicted for the remainder of the week, running into the weekend. Durban had mild, rainy conditions on the eastern seaboard at the beginning of the week, escalating somewhat to the end of the week. In the Eastern Cape, Gqeberha experienced strong WSW winds on Friday, subsiding over the weekend.

ii. Cape Town Container Terminal (CTCT)

CTCT handled 17 047 containers for the week, despite the continued breakdown of RTGs and one ship-to-ship crane being out of commission. Stack occupancy increased slightly from last week at around 40% this week. Waterside productivity started this week at a low base of 16 moves per hour but quickly progressed to a current 24 moves per hour. This improvement could be attributed to the fact that there were only two vessels on the berth. One vessel arrived early and is only scheduled to dock on the 26th, which effectively means that there will not be any vessels docking in the next few days. Currently, CTCT has 30 long-stay containers with a dwell time of nine days, which is way more than the usual 3-day dwell time. Truck turnaround time hovered around 40 minutes for reefers and 48 minutes overall.

It was a slow week for MPT, with no vessels at anchor. The ongoing struggles of crane 550 are being monitored very closely. On the health front, there was one positive COVID-19 case reported at MPT. FPT was very busy and handled nine vessels, with another four expected for the week ahead. Once again, two dedicated truck gate lanes were established for the fruit industry and night runs from Mondays to Saturdays after gate closure.

iii. Durban Container Terminal (DCT)

The landside situation at DCT over the recent days was nothing short of chaotic. As expected, the arrival on Sunday of five vessels constituting 20 000 moves and the weekend IT shut down due to the Navis System upgrade left Pier II battling to catch up. Concerning landside performance, truck turnaround times have deteriorated, with some reported six hours overnight and some exceeding 12 hours.

The booking system was left almost entirely irrelevant as trucks were waiting for assistance well after their booked time slot. Around 500 trucks were noted waiting for service early in the week. Shipping lines complained about short shipments, with one Evergreen vessel reported departing with substantial empty slots. The port is continuously trying to clear the backlog.

Apart from operational constraints, two vessels that recently departed Durban have not been allowed to berth at their destination due to COVID-19 concerns. The "Ital Libera" is reportedly at anchor just off Jakarta, and the "Baltic Spring" anchored off Singapore is awaiting clearance to continue to Japan and China.

On a different note, there is some good news about the proposal from the FPT Group managing director Paulo Franco to introduce a barge in the Durban harbour. TNPA has agreed to issue skipper licences to operate a barge system. When a vessel comes to berth at Durban port at Pier II or II, the containers can be taken to a depot to be prepped and cleaned, staged, and packed at MFT or FPT. The units are then taken back to the deep-sea vessel without road transport, all in the same vicinity.

iv. Eastern Cape Container Terminals (NCT and GCT)

More vessels are calling at Ngqura instead of Port Elizabeth. This diversion is expected to strain the available plug points and truck throughput at Ngqura with the citrus season peaking. If all goes according to plan, the MoorMaster berthing facility at NCT is expected to be operational by the end of the week.

v. Transnet Freight Rail (TFR)

Transnet Freight Rail has been very accommodating to the upcoming grain and citrus season. Management advised that they double their capacity to support grain exports from Bethlehem in the Free State by rail and ensure apt delivery to the various ports. The grain season starts in April and runs until September, with a prominent peak in June and July. The commitment is expected to alleviate around 16 000 trucks from congestion, especially at the bottleneck found at Durban port.

TFR advised that they would provide seven reefer sets between Durban and Gauteng/Limpopo during May and June for the swelling citrus movements. Additional security measures are also put in place to limit cable theft on the railway lines and trains. A helicopter will be deployed to screen hotspots.

vi. General

The Navis System upgrade left almost all port and connecting inbound operations backlogged. Despite the strain on operations, the industry is excited about taking a marginal step closer to technological optimisation. This maintenance practice occurs every two years. The Navis Smart platform would bring in apps such as the Truck booking application and allow real-time operations insights. It is also making way for other optimised features such as Berth and Equipment Optimisation.

A widespread message on the current wage negotiations between the United National Transport Union (UNTU) and South African Trade and Allied Workers' Union (SATAWU) has circulated on social media this week. Negotiations are indicating the possibility of a dispute being declared between the two unions and Transnet. The negotiations at the Bargaining Council were supposed to end on Thursday, and to date, there have not been any new updates. The conciliation over the past three days at the TBC ended with Transnet management presenting its final offer of a 3% wage increase across the board, a no-retrenchment clause for the remainder of the wage agreement, and an undertaking of the Unions to start with talks on the restructuring of Transnet within 30 days after the signing of the agreement. UNTU accepted Transnet's offerings, except for the 3% wage increase.

On the other hand, SATAWU refused to offload cargo from the Israeli Zim Shinghai that docked in the Durban harbour on Thursday. The members explained that it is a sign of empathy to the Palestinian victims of recent airstrikes, and they blame the Israeli government for not resolving the conflict. The Palestine General Federation of Trade Unions (PGFTU) called upon all Trade Unions and workers to refuse any Israeli ships or aircraft assistance. SATAWU received a request from the SA BDS Coalition, an affiliate of the Palestinian BDS Committee, not to assist any Israeli ships and protest with other trade unions and civil society bodies. SATAWU and its members will converge on the Durban Esplanade and Durban port on Friday, 21 May, to protest the docking of the Zim Shinghai (property of Israeli state-owned company Zim Lines) and to celebrate the decision to boycott the offloading of the ship.

2. 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 10 May. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *May 2020* averaged about **574 121 kg** per day[13]. For 2019, this average was approximately **945 673 kg** per day.

Table 7 – International inbound and outbound cargo from OR Tambo

Flows	10-May	11-May	12-May	13-May	14-May	15-May	16-May
Volume inbound	516 725	302 127	336 351	299 297	386 999	446 350	902 538
Volume outbound	214 981	265 913	176 543	317 474	197 150	277 346	778 918
Total handled per day	**731 706**	**568 040**	**512 894**	**616 771**	**584 149**	**723 696**	**1 681 456**

Courtesy of ACOC. Updated: 17/05/2021.

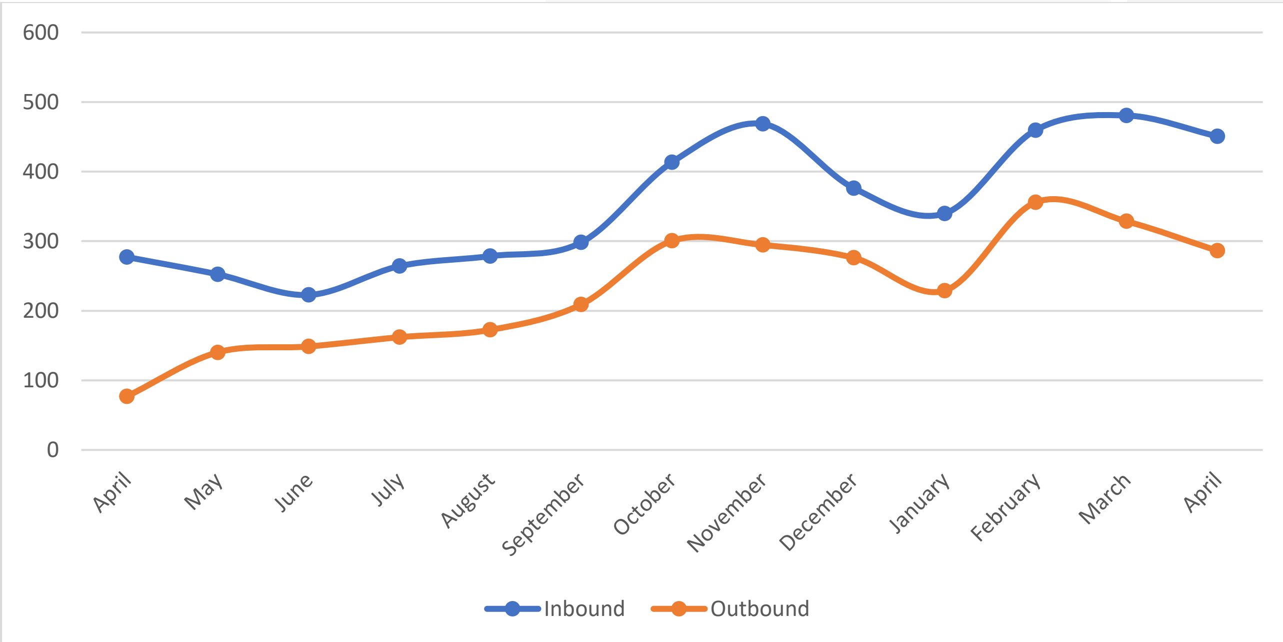
[13] Note, when including statistics from South Africa's other two international airports, Cape Town International and King Shaka (Durban) International airports, the total figure rises to **577 337 kg** per day.

The daily average volume of air cargo handled at ORTIA over the seven days starting 10 May amounted to **455 770 kg** inbound and **318 332 kg** outbound. The total, therefore, amounts to an average of **774 102 kg** per day or **~210%** compared with the same week in May 2020 (**~202%** last week). In terms of the monthly comparison, the international aviation industry's operating capacity levels are about **208%** that of last year, as *Figure 1* above clearly illustrates. Compared to pre-COVID-19, the level is currently at approximately **79%** when compared with 2019.

Despite the increased volumes, there have been some daily congestion reports at the ORTIA international freight section main gate, which is cause for concern. The congestion has been triggered mainly by the lack of automated access and egress systems and the non-acceptance of the industry-wide IVS system to validate vehicle and driver information for surety purposes. All ORTIA users hope that this matter will be resolved quickly. The ground handlers and terminal operators are already stretched, given the increased volumes and staff complement not yet being back to normal operating conditions.

The following figure shows monthly international freight movement at ORTIA during the state of disaster, with volumes generally trending way above the number registered at the same time last year.

Figure 7 – International inbound and outbound cargo from OR Tambo



Courtesy of ACOC. Updated: 16/05/2021.

b. 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 the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *May 2020* was approximately **32 878 kg**[14] per day.

Table 8 – 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

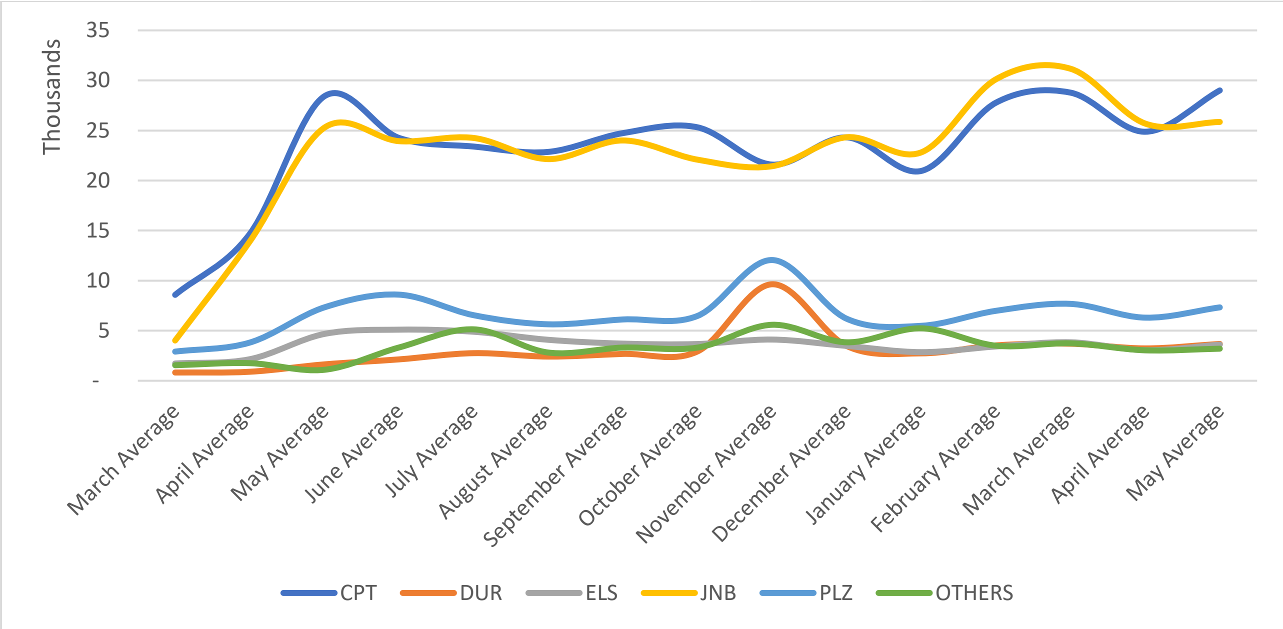
[14] For Cape Town, the figure corresponds to **25 438 kg** per day, and **1 000 kg** per day for Durban during the same period (May 2020).

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
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**	**4 093**	**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**
Jan Average	**20 961**	**2 739**	**2 859**	**22 818**	**5 491**	**5 238**	**57 781**
Feb Average	**27 777**	**3 537**	**3 427**	**30 117**	**6 988**	**3 503**	**75 348**
Mar Average	**28 781**	**3 702**	**3 845**	**31 166**	**7 680**	**3 740**	**78 914**
Apr Average	**24 875**	**3 234**	**3 058**	**25 694**	**6 306**	**3 046**	**66 213**
01-May-21	2 067	779	16	3 361	250	125	**6 598**
02-May-21	3 392	360	29	1 625	309	427	**6 142**
03-May-21	53 876	5 622	5 428	46 734	15 221	5 579	**132 460**
04-May-21	44 923	6 524	7 441	35 609	12 786	5 735	**113 018**
05-May-21	52 044	5 186	5 785	51 159	12 982	5 302	**132 457**
06-May-21	44 305	6 481	5 799	29 221	9 782	5 800	**101 389**
07-May-21	23 518	3 031	2 960	25 620	6 671	3 467	**65 266**
08-May-21	3 195	1 273	6	1 895	500	41	**6 910**
09-May-21	3 780	1 363	147	628	579	460	**6 956**
10-May-21	52 923	5 527	6 241	52 617	12 945	4 820	**135 074**
11-May-21	49 555	5 177	5 856	34 954	10 878	4 989	**111 409**
12-May-21	44 083	6 325	4 830	48 522	12 600	4 939	**121 298**
13-May-21	39 630	5 794	7 385	26 707	11 636	4 221	**95 375**
14-May-21	18 492	2 255	3 719	30 685	5 280	2 988	**63 418**
15-May-21	927	694	26	1 747	343	62	**3 798**
16-May-21	4 403	567	10	1 489	242	491	**7 200**
17-May-21	51 934	5 589	5 693	46 935	11 625	5 067	**126 843**
Grand Total	**3 559 077**	**458 241**	**456 879**	**3 727 094**	**917 803**	**450 212**	**9 569 306**

Courtesy of BAC. ***Updated: 18/05/2021.***

Currently, the average domestic air cargo moved in the last week was **~75 620 kg** per day, showing a decrease of **↓6%** compared with the previous week, but remains a healthy **~133%** compared with the same time in 2020. The following figure highlights the total monthly domestic air cargo moved per airport in the table above:

Figure 8 – Average domestic inbound and outbound cargo[15]



Courtesy of BAC. Updated: 18/05/2021.

c. Transport Forum: "African Airlines"

During the week, a *Transport Forum Special Interest Group* webinar on "*African Airlines*" was held, which provided a very enlightening view of the South African aviation industry. Some of the keynotes to take away from this virtual event can be summarised under the following theme: "*Transport is a key economic driver if not the most important, but not without mutual collaboration*."

It is paramount and evident all around the economy that COVID-19 has shifted the way business is being conducted and how business strategies will need to be developed to play a role in the new environment. This new economic environment calls for all industries and associated stakeholders to adapt and shift their focus.

i. The airfreight industry is a crucial driver for the survival of the supply chain:

It is upbeat and reinforcing to note that the airfreight industry is a prominent driver for the survival of international and regional supply chains. Goods need to move irrespective of human movement, creating a reality that has not become more evident than ever before. According to IATA March 2021, the Air Cargo sector has outperformed pre-pandemic levels, increasing demand by 4,4%. The air freight industry is bearing core parts of the supply chain within South Africa.

ii. The shift of focus from prioritising passengers to cargo:

There has been a significant shift of focus for the airline industry regarding strategies, prioritising, and revenue collection. Post the pandemic, passengers took priority above cargo space, and airlines reaped most of their profit from this model. Nowadays, with international travel restrictions, airlines have been forced to re-evaluate their strategy. Airlines that can capitalise on the new market trend have noted a 30%-35% receipt of revenue from prioritising cargo instead of passengers, compared to around 10%-15% of revenue from cargo only and almost 60% accumulated revenue from passengers in the past. This situation undoubtedly indicates a shift in the business model.

[15] Note, May only includes 17 days' worth of data.

iii. The detonation of e-commerce and its impact on the airfreight industry:

The e-commerce industry has grown immensely because of COVID-19'S effects on buyers' behaviour and preferences. This change has opened a new opportunity for the air freight industry to expand its product offerings. Specifically looking at the South African market – the airline industry is dominated by express and time-sensitive cargo. Airlines and associated organisations that can absorb and capitalise on these opportunities are the ones who will drive the industry years from now. The shift towards technological innovation in all aspects of life and business will take the lead.

iv. What is threatening the airfreight industry?

There are a couple of factors that threaten the survival and the profitability of the air freight industry. The most prominent of these have been highlighted during the pandemic. Undue political influence restricts airlines from outperforming. Inadequate and outdated infrastructure and a lack of skills at all levels within the chain of command prevent airlines and associated stakeholders from growing and thriving in the new business environment. As noticed in almost all modes of transport, a silo approach is evident in terms of development and ownership, which is increasing and broadening the gaps.

v. What will keep the airfreight industry afloat?

Airlines and associated stakeholders can react flexibly and with agility to alter their strategies to align with each other. Those that can readily adapt to radical and fast changes within the supply chain – as is the norm today – are at a significant advantage. Private and public partnerships are crucial for the industry to stay afloat, including the establishment and the nurturing of such collaborations. Private and foreign investment into cutting-edge infrastructure will enable the industry not to fall behind. The creation and acquisition of main transport hubs within the African continent are necessary to promote open African trade and investment in capacity building in terms of upskilling and the elimination of inadequate governance.

Several of these factors mentioned above have been reiterated many times in our weekly reports. Furthermore, the South African aviation industry has primarily mirrored the international one, particularly in terms of the positive aspects. The event can be viewed on the Transport Forum's YouTube channel[16].

3. Regional Update

a. Cross-border delays

The following significant events have caused cross-border delays in the SADC region this week:

- Significant talks amongst cross-border road transporters revolved around the newly opened bridge at Kazungula. Construction of the $259m projects began in December 2014, co-funded by the African Development Bank (AfDB), the Japan International Cooperation Agency (JICA), regional governments, as well as other grants[17]. Stretching for almost a kilometre (923 metres, to be precise), the bridge will help to lower the cost of doing business regionally.
- Fortunately, for the week, there was no waiting time at Beitbridge, Kazungula and Chirundu.
- Matters revolving around the SADC Region COVID-19 Testing Protocols are yet to be resolved.

Besides these significant events, investigations continue into cross-border delays experienced at several SADC border posts on the regional road freight front. The following table uses geofencing data to summarise delays experienced at several borders during the last week.

[16] Transport Forum.
[17] 11/05/2021. Aljazeera. In boon for region, bridge linking Botswana, Zambia inaugurated.

Table 9 – Delays[18] summary – Selected SADC borders

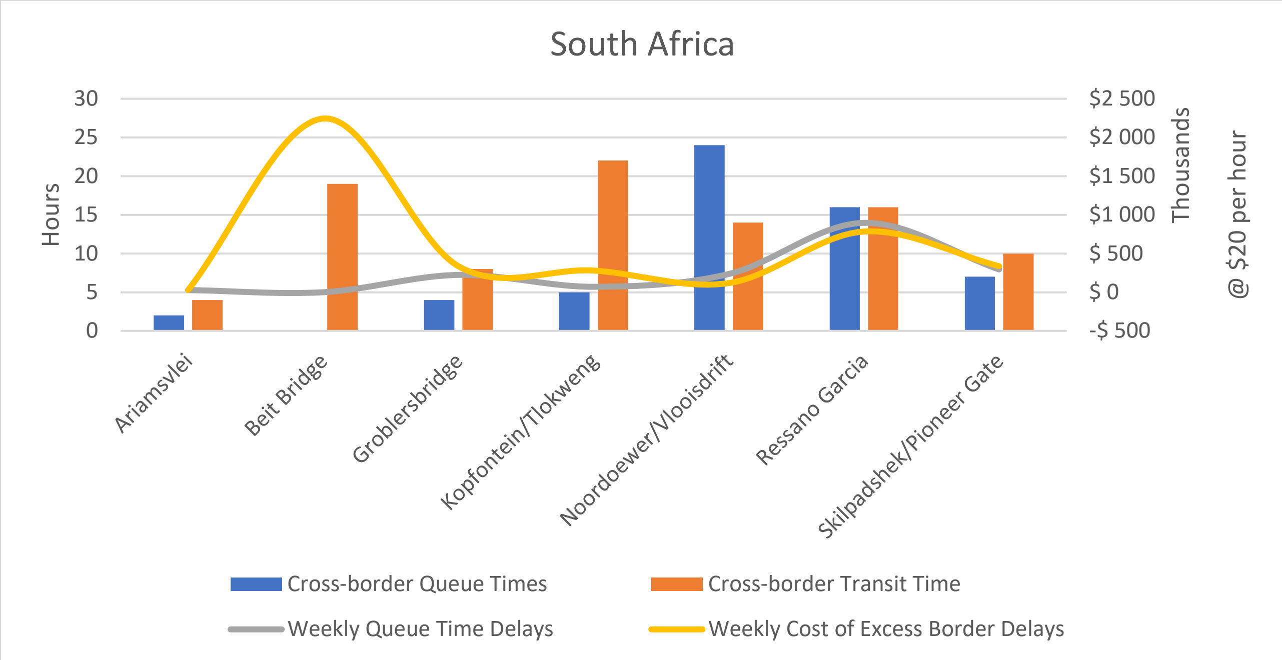
Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei/Nakop	2:00	4:00	100	3 000	700	1 400	1 400
SA/Zim	Beit Bridge	0:00	19:00	943	28 290	6 601	112 217	-
Moz/Zam	Cassacatiza/Mlolo	1:00	19:00	60	1 800	420	7 140	420
Zam/Zim	Chirundu	0:00	22:00	616	18 480	4 312	86 240	-
Moz/Mal	Dedza	2:00	13:00	50	1 500	350	3 850	700
SA/Bot	Groblersbrug/Martins Drift	4:00	8:00	400	12 000	2 800	16 800	11 200
Zam/DRC	Kasumbalesa	6:00	53:00	592	17 760	4 144	165 760	24 864
Zam/Bot	Kazungula	0:00	22:00	212	6 360	1 484	29 680	-
SA/Bot	Kopfontein/Tlokweng	5:00	22:00	100	3 000	700	14 000	3 500
Moz/Zim	Machipanda/Forbes	1:00	8:00	320	9 600	2 240	13 440	2 240
Zam/Tan	Nakonde/Tunduma	0:00	2:00	500	15 000	3 500	-	-
Nam/SA	Noordoewer/Vlooisdrift	24:00	14:00	70	2 100	490	5 880	11 760
Zim/Moz	Nyamapanda	1:00	2:00	100	3 000	700	-	700
SA/Moz	Ressano Garcia	16:00	16:00	400	12 000	2 800	39 200	44 800
SA/Bot	Skilpadshek/Pioneer Gate	7:00	10:00	300	9 000	2 100	16 800	14 700
Nam/Bot	Trans Kalahari/Mamuno	0:00	29:00	100	3 000	700	18 900	-
Zam/Zim	Victoria Falls	1:00	9:00	114	3 420	798	-	798
Moz/Mal	Zobue/Mwanza	2:00	20:00	100	3 000	700	12 600	1 400
				5 077	**152 310**	**35 539**	**543 907**	**118 482**

Source: TLC & FESARTA, week ending 19/05/2021.

The following graph shows the weekly change in cross-border times from South Africa's perspective. The estimated cost to the industry is also shown.

[18] 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 constraint 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.

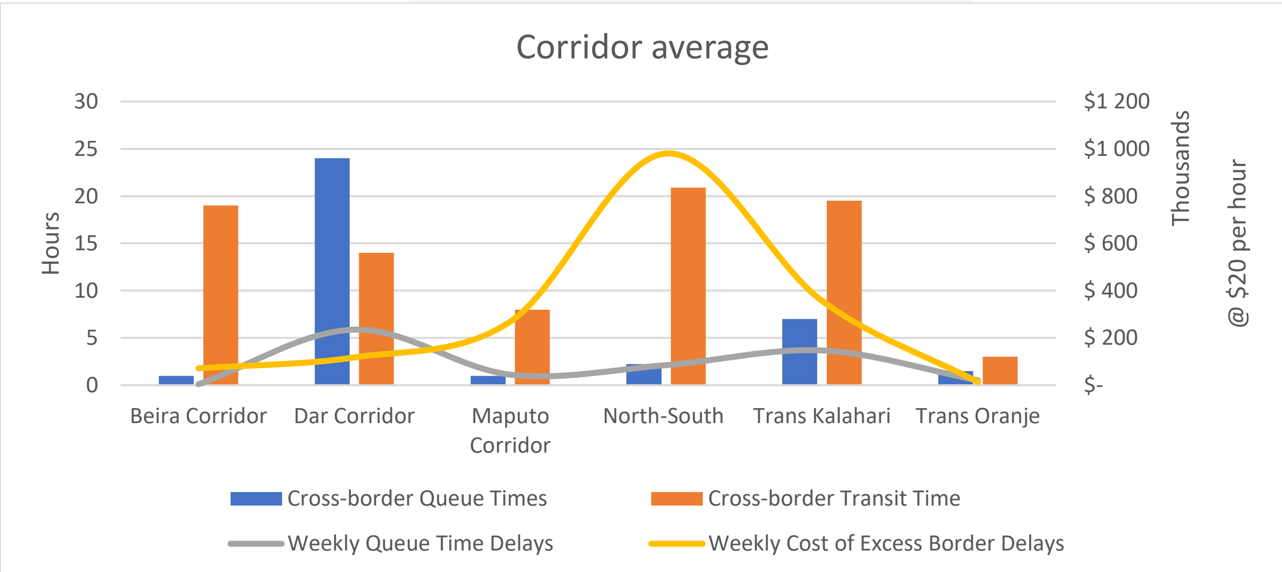
Figure 9 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in US$ thousands)



Source: TLC & FESARTA, week ending 19/05/2021.

Compared with previous weeks, the cross-border queue times remain high at Vioolsdrif and Lebombo (Ressano Garcia) but has fortunately completely dissipated at Beit Bridge. At the border gates, transit times remains cumbersome at most of the busy crossings connecting South Africa with its neighbours. The following figure illustrates a similar figure to the one above, albeit from a corridor perspective.

Figure 10 – Weekly cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in US$ thousands)



Source: TLC & FESARTA, week ending 19/05/2021.

This week's significant changes concern a slight improvement in the cross-border queue times of trade flowing through the North-South corridor and Trans Kalahari corridor. The Dar corridor remains slow, as the queue times experienced last week have spilt over into the transit times. Overall, the region experienced a better week than many previous weeks, which can be seen in the estimated cost of the delays mentioned below.

In summary, the cross-border queue time has averaged **~4,2** hours (which is once again noticeably lower than the experience last week at **~8,6** hours) and cost the transport industry an estimated **$2,4 million** (**R38 million**). In comparison, the average cross-border transit time has also decreased (albeit marginally) this week to **~15,4 hours** (from **~15,1 hours**), which cost the transport industry an estimated **$10,9 million** (**R174 million**). The total cost for the week mentioned above amounts to an estimated **R212 million** (down by approximately **R128 million** from **R340 million** last week).

4. International Update

The following section provides some context of the global economy and, in particular, the impact of COVID-19 on trade. The section includes an update on the **(a)** global trade recovery, **(b)** container industry and **(c)** the global aviation industry.

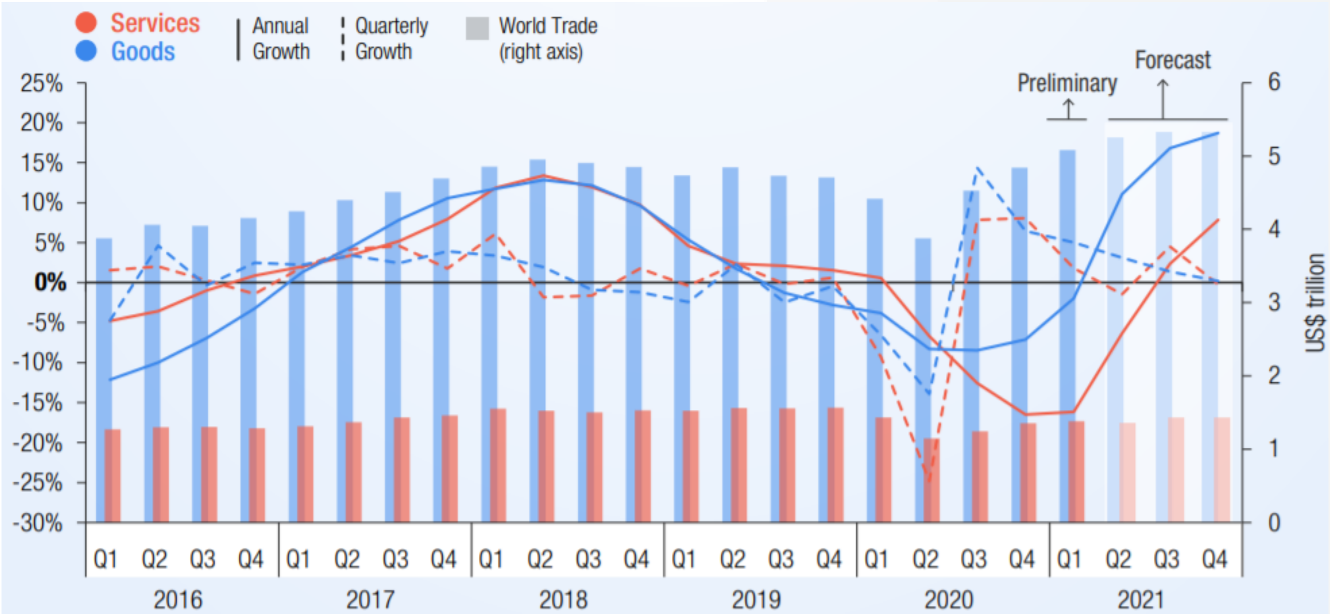
a. Global trade recovery

On Wednesday, 18 May, UNCTAD released its monthly "Global Trade Update" for May[19], noting that world trade has rebounded from the COVID-19 crisis much better than expected and when compared to previous crises. Indeed, UNCTAD notes how trade has hit a record high in the first quarter of 2021, increasing by **10%** y/y and **4%** q/q. Significantly, global trade for the first quarter of this year exceeded pre-crisis levels, rising about **3%** relative to Q1 2019. Several determinants have continued to drive the recovery in trade, most notably the strong export performance of East Asian economies.

Despite the impressive rebound, the growth is not yet shared among all nations, goods, and services. In fact, goods were the main driver, as trade value was higher than the pre-pandemic level. At the same time, trade in services remains substantially below averages. The following figure summarises world trade up and to Q1 2021.

[19] UNCTAD. 19/05/2021. Global Trade Update.

Figure 11 – World trade growth and value (2016 – present)



Source: UNCTAD

As illustrated, UNCTAD expects trade to continue growing into 2021. Trade growth is expected to remain stronger for East Asia and developed countries while still lagging for many other countries. Interestingly, for South Africa, UNCTAD estimates Q1 trade in goods imports at ↑25% and exports at ↑36% relative to 2020 averages. For Q1 trade in services, UNCTAD estimates imports at ↓1% and exports at ↓26% for the same period.

Collectively, the value of global trade in goods and services is forecast to reach **US$ 6.6 trillion** in Q2 2021. This figure is equivalent to a y/y increase of **~31%** relative to the lowest point of 2020 and **~3%** to the pre-pandemic levels of 2019. In essence, UNCTAD notes the following aspects to be the most critical factors that will characterise global trade during 2021:

- Uneven economic recovery,
- Reshoring and nearshoring trends,
- Government interventions and policies affecting international trade,
- Macroeconomic instability brought by higher levels of debt,
- Lasting changes in consumer spending.

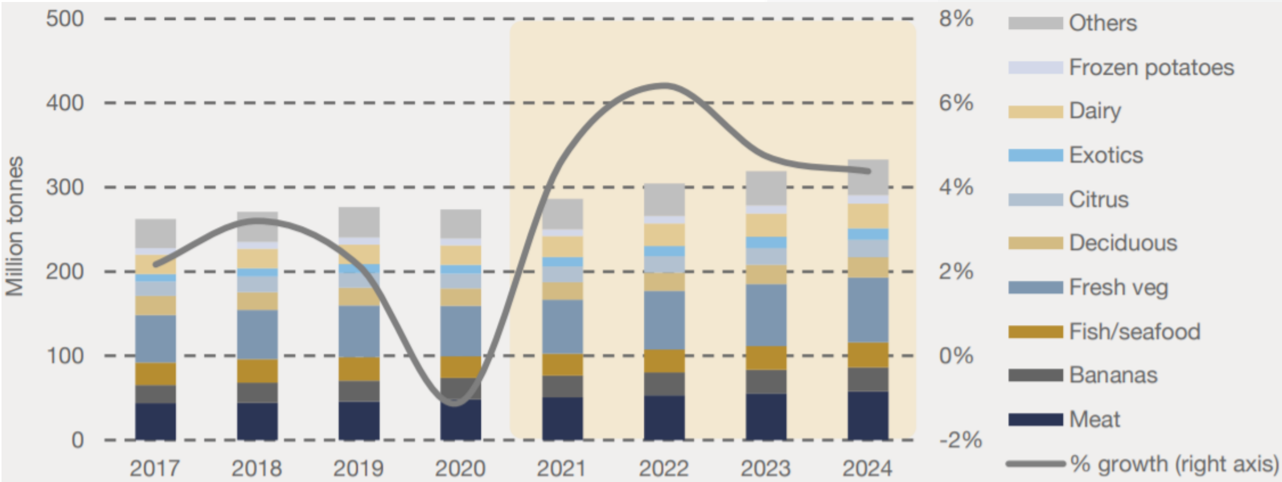
b. Global container industry

i. Global refrigerated cargo update

This week, Drewry released their "*Quarterly Analysis of the Reefer Shipping Market*"[20]. Contrary to the dry goods market, the refrigerated market did not experience such a boon, with the global reefer contracting by ↓1,1% for 2020. Nevertheless, for the medium-term outlook, worldwide perishable reefer trade is expected to grow at a compound annual growth rate (CAGR) of ↑5,9% by 2024. South Africa's fruit export market is set to contribute significantly to the projected growth, as record harvests are expected in the upcoming months in several fruit sectors. The following figure shows the forecast of reefer cargo to 2024.

[20] Drewry Maritime Consultants. 2021. Reefer Shipping Forecaster: April.

Figure 12 – Worldwide trade of perishable reefer cargoes

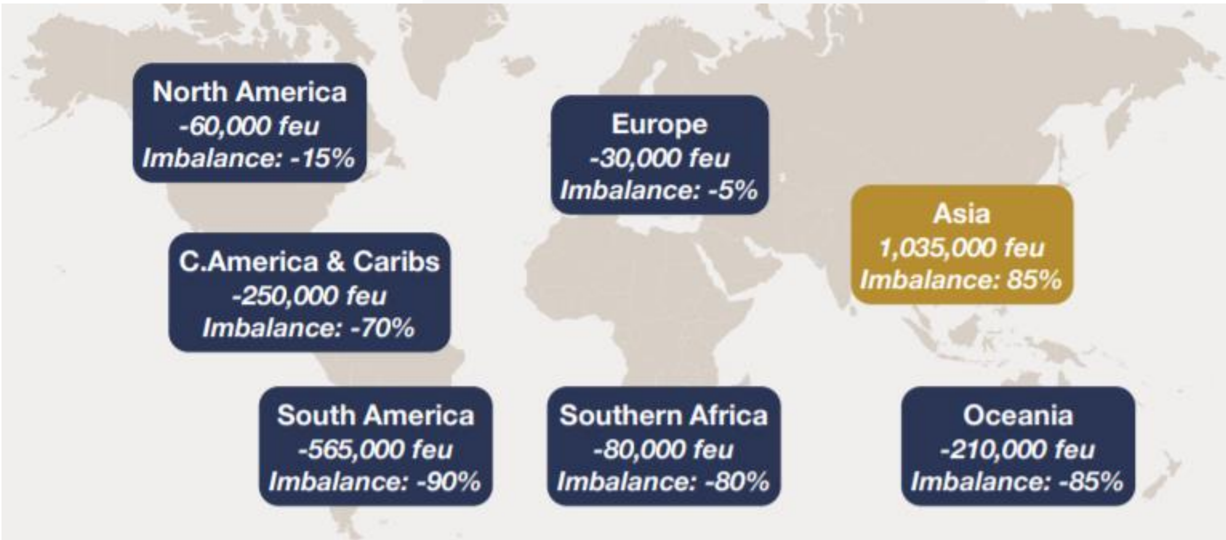


Source: [Drewry Maritime Research]

Despite the projected growth for the next couple of years, COVID-19 decelerated trade growth in many industries during 2020. Fish (↓**9%**), frozen fries (↓**8%**), and melons and berries (↓**10%**) were the significant losers in 2020, mainly due to the closure of hotel and catering businesses during the pandemic. Commodities that fared better included frozen pork (↑**5%**) and bananas (↑**4%**).

Another issue on the horizon is the imbalances currently brewing. The equipment shortages, which widely hampered the maritime industry for much of the past 12 months, are set to hit the reefer industry specifically. Major imbalances are especially perceptible in the southern hemisphere, as showcased by the illustration below. Indeed, as reported last week, the record number of empty containers delivered to NCT for upcoming citrus exports was of significant importance to the fruit industry.

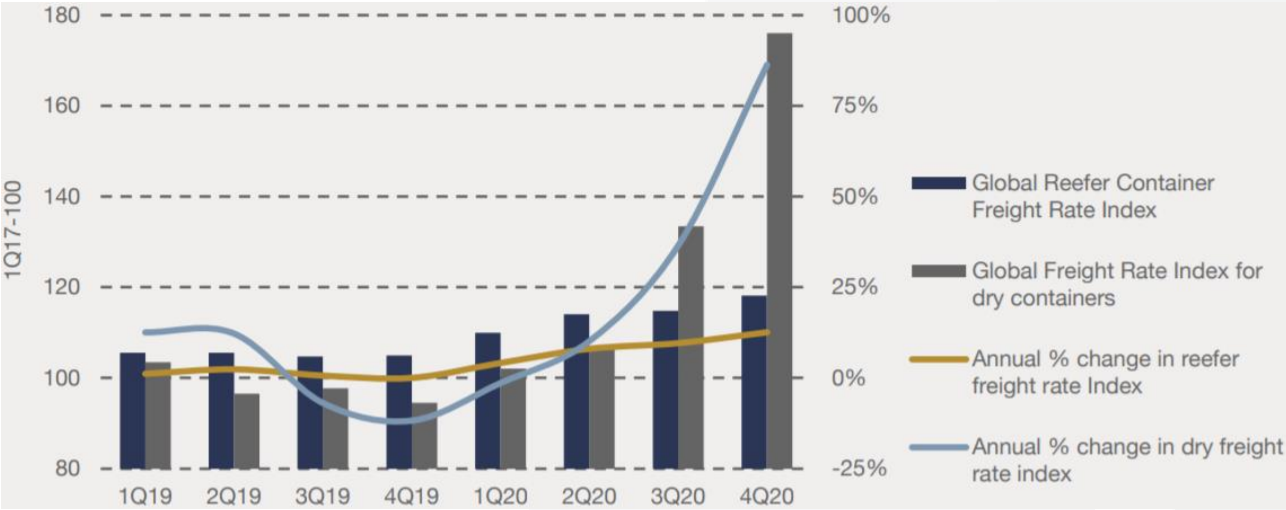
Figure 13 – Indicative regional reefer container equipment imbalances, rolling four quarters to 4Q20



Source: [Drewry Maritime Research]

The imbalances could set off a reefer freight rate increase like dry rates, although to a lesser degree. This situation is mainly since reefer container freight rates fluctuate by trade, cargo type and season, and are therefore not as homogenous and transparent as dry box rates. Nevertheless, a noticeable increase was experienced last year (at ↑**12,5%**), with additional increases on the horizon.

Figure 14 – Evolution of reefer rates compared with dry rates



Source: Drewry Maritime Research

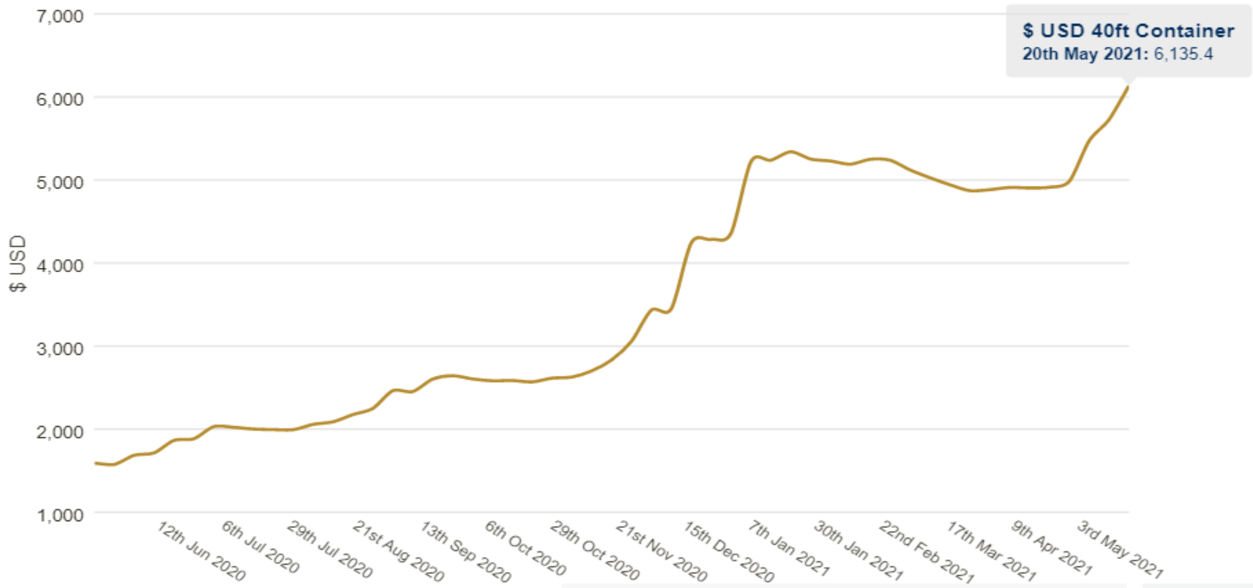
As the figure shows, Drewry's Global Reefer Container Freight Rate Index recorded a **12,5%** gain over the year, which is significant, but in stark contrast to the dry box rates over the same period (↑**86%**). Drewry notes that any advance in 2021 reefer container freight rates will be held back by static annual contract rates for fruit cargo agreed to last year. South Africa, confirming its position as a significant player in this sector of the global economy, played an important role in keeping the large vessel segment employed during H2 2020, mainly through citrus exports. Fortunately, the outlook for the next couple of seasons appears conducive for growth.

ii. World Container Index

Yet again, global container freight prices saw a significant increase this week, as the "*World Container Index*" (WCI) shot up by ↑**7,1%** to **$6 135,** according to Drewry[21]. The following figure highlights the two-year spot price trend for the index.

[21] Drewry Supply Chain Advisors. 20/05/2021. World Container Index.

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



Source: [*Drewry Ports and Terminal insights*]

The composite index is now an astounding **$5 193** per 40-ft container (**↑298%** compared to last week) as six out of eight major East-West routes experienced rate increases last week. Indeed, the rate is **$3 317** higher than the five-year average of **$1 875** (up by **$19** since last week). The increased freight rate is evident worldwide, as some regions are hit worse than others. For North Asia to US trade, firm demand is expected to continue, consequently resulting in equipment shortages to worsen in the second half of this month potentially. The resurgence in freight rates is a testament that the imbalances are becoming an insurmountable challenge. The demand rate is currently far outstripping the rate at which new containers are adding to the supply.

iii. Further developments of note

Besides the main factors impacting the global container industry, as mentioned above, some additional notable developments took place within the industry this week.

1. **Innovative ship design:**
    a. Neatly linking with the global environmental drive, an "approval in principle" has been granted to a new vessel design that could result in a 2 500 TEU wind-powered containership[22]. The 197-metre vessel will have a deadweight of ~32 500 tonnes and will be powered by a combination of wind-assisted propulsion with six Oceanwings® with accompanying LNG-electric propulsion with pods.
2. **Return of blank sailings:**
    a. The presence of blank sailings may be about to return on the major Asia-Europe trades as carriers begin to cancel departures to restore schedule reliability[23]. The return will potentially come to haunt South African shippers once more if major shipping lines cancel some of the lesser global shipping routes around the Cape.
3. **Congestion on Europe's inland waterways:**
    a. Shipping lead times are increasing due to congestion on Europe's inland waterways. Considerable delays have occurred in Rotterdam and Antwerp, which is resulting in

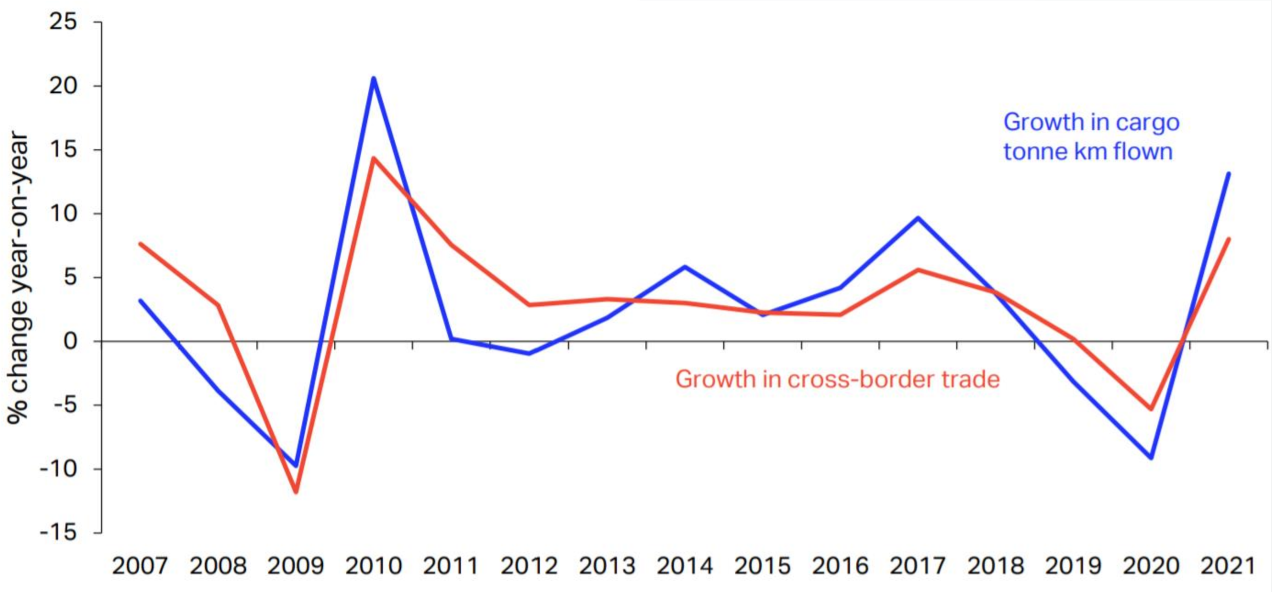
[22] The Maritime Executive. 18/05/2021. Innovative 2,500 TEU Container Vessel Receives AiP from Bureau Veritas.
[23] Van Marle, G. 17/05/2021. Return of blanked Asia-Europe sailings as carriers bid to get back on schedule.

surcharges. Last week, Maersk announced a €10-per-container surcharge for all barge, rail, and combined intermodal bookings to and from northern Europe[24].

c. Global aviation industry

Overall, the global economic backdrop has been improving robustly and should continue to support cargo demand in the near term. As the capacity crunch in the shipping industry persists, the aviation sector will continue to lap the excess demand. Indeed, air cargo is expected to gain a share of cross-border trade, as showcased by the following graph.

Figure 16 – Growth in cross-border trade and air cargo tonne-kilometres



Source: IATA Economics

Cargo tonne-kilometres (CTKs) are forecasted to grow **↑13,1%** in 2021, versus the projected **↑8%** growth in cross-border trade worldwide. Subsequently, the increased demand has resulted in a continuation of rate increases across the sector. Globally, the average rate per kilogram rose to **US$ 3,30** in April, which is an increase from the already high **US$ 3,12** recorded in March. Although these average rates are still approximately **12%** down compared to last year, the contributing economic conditions are very different. Therefore, as mentioned in last week's report, the strong performance of the air cargo industry is expected to continue in the near term, as global trade is burgeoning, with the shipping industry unable to meet the current demand.

BUSA

[24] Whiteman. 14/05/2021. Carriers impose surcharges as congestion builds on Europe's inland waterways.