

COVID-19: Cargo movement update¹

Date: 23 April 2021

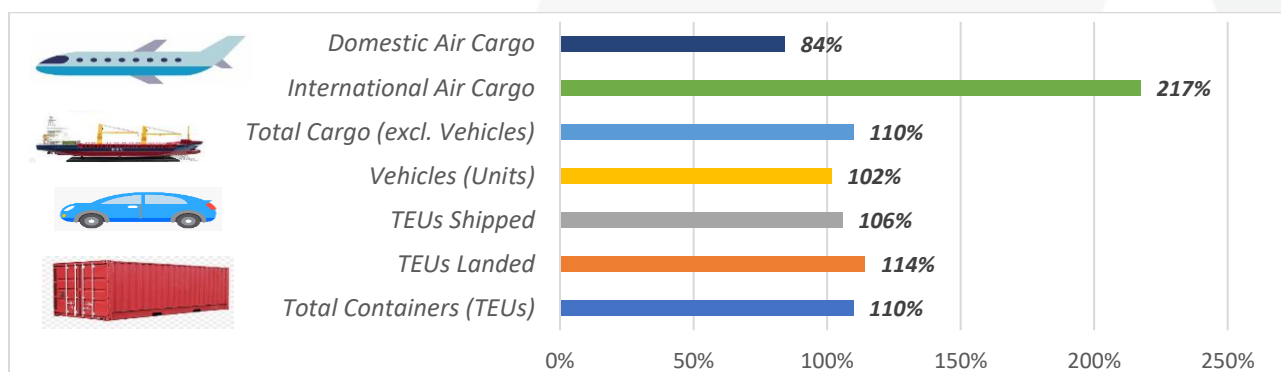
Weekly snapshot

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)	26 291	29 119	55 410	30 878	28 931	59 809	↓7%
Air Cargo (tons)	4 368	3 335	7 703	4 364	2 586	6 951	↑11%

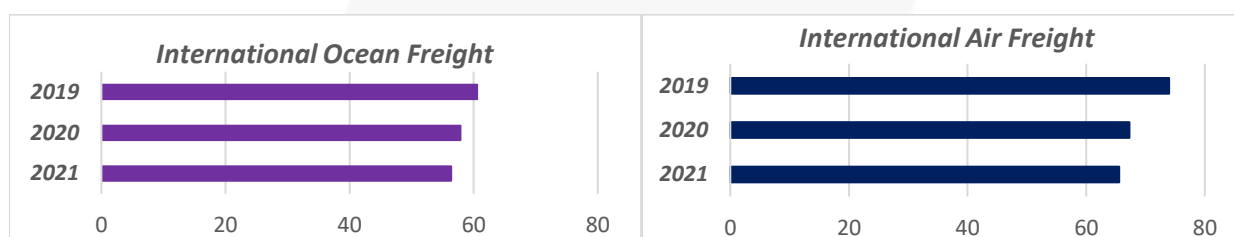
Monthly snapshot

Figure 1 - Monthly⁴ cargo flows, year-on-year



Year-to-date Tracker

Figure 2 – International year-to-date flows 2019, 2020 & 2021⁵: ocean & air freight, year-on-year (kg millions)



Key Notes

- An average of ~7,916 TEUs per day was handled last week, ↓7% from the previous week.
- Weekly international air cargo was ↑11% and currently at ~217% compared to the same time in 2020.

¹ This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. The report is the 34th 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.

⁵ For ocean freight, Jan-Mar cargo as reported by [Transnet](#) is used; whereas for air freight, Jan-Mar cargo to and from ORTIA is used (see [below](#)).

- Weekly domestic air cargo was **↓7%** and currently at **~84%** compared to the same time in 2020.
- Cross-border queue (**~3.6hrs**) & transit (**~18.6hrs**) times cost industry **R247 million** (**↑9%**) this week.
- Payload freight transportation (rail and road) decreased y-o-y by **↓6.4%** in February 2021, as the revenue decreased by **↓4.7%** over the same period, according to Stats SA.
- For international air cargo, a **↑13.1%** growth in cargo tonne-kilometres (CTKs) is expected in 2021.

Executive Summary

This update — *the 35th 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 in South Africa have averaged approximately **1,202** per day this week (marginally up from last week's average of **1,137**). The total number of cases recorded now stands at **1,571,348⁶**, with a death toll amounting to **53,995** (up by **424**). Globally, South Africa dropped to **20th** place (overtaken by Indonesia this week), as a worldwide total of some **145 million** cases has now been recorded. In terms of administering vaccines, the international project continues with more than **973 million** doses of COVID-19 vaccines administered, constituting **~12.5%⁷** of the world's population at the time of writing. According to the same source, South Africa still stands on **292,623** vaccine jabs, unchanged from last week, as the country suspended its vaccination programme on 13 April as a precautionary measure after fears of developing blood clots from the J&J vaccine⁸.

At our domestic container terminals, minor operational delays occurred at our respective commercial ports over the week due to weather conditions. Nevertheless, the industry has experienced an upturn in productivity over the medium term, although it is too early to tell whether this is a positive trend or not. For the global maritime industry, trade continues to be affected by the three-pronged impact of container imbalances, port congestion and low productivity. As has been widely reported, these constraints have meant that global freight rates have increased substantially. As such, the "*World Container Index*" remains very high again, rising by **↑0.2%** to **\$4,913.07** per 40ft container this week.

The daily average volume of air cargo handled at ORTIA over the seven days starting 12 April amounted to **436 818 kg** inbound and **333 479 kg** outbound. This is an average of **770 297 kg** per day. Concerning the global aviation industry, the net loss forecasts imply industry-wide cash burn in 2021 of **↓\$81bn**. International revenue passenger kilometres (RPKs) are forecast to add up to a mere **26%** versus 2020 due to a weaker than expected start to the year. Fortunately, the domestic passenger market is more robust, as is the ongoing strength of the cargo market segment. For the year, a **↑13.1%** growth in industry-wide cargo tonne-kilometres (CTKs) is expected. Nevertheless, the aviation industry is forecast to only reach about **~55%** revenue levels of pre-crisis 2019, as cargo revenues are insufficient to offset shrunken passenger revenues.

For freight transportation by rail and road, Stats SA released preliminary figures for the industry for February. The headline figure shows that the volume of goods transported (payload) decreased by **↓6.4%** in February 2021 compared with February 2020. For the three months to February 2021, income for the industry has also reduced, this time by **↓5.4%** compared with the three months ended February 2020. The main contributing factors to this decrease were manufactured foods, beverages, and tobacco products (**↓21.9%**) and primary mining and quarrying products (**↓3.3%**).

In summary, it appears that South Africa is maintaining a steady course as far as the economic outlook is concerned. Volumes in most modalities increased compared to the same time last year; however, we are far removed from the situation faced in 2020. Nevertheless, for business to truly return to 'normal', further



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

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

⁸ Stolz, E. 22/04/2021. [South Africa to continue with J&J vaccine as cabinet lifts suspension](#).

change is needed, especially on the health front. The aviation case is much the same as for the extended supply chain. Hopefully, with global vaccine programmes accelerating, some markets will start to open around the second half of the year. Unfortunately, as is the case for South Africa, widespread vaccinations have not yet been as rapid as had been expected earlier in the year.

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Ports Update

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

Container flow overview

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

Table 2 - Container Ports - 7-day flow reported for 17 to 23 April⁹

7-day flow forecast (17.04.2021 - 23.04.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 853	4 397
DURBAN CONTAINER TERMINAL PIER 2:	10 752	13 900
CAPE TOWN CONTAINER TERMINAL:	5 411	4 750
NGQURA CONTAINER TERMINAL:	4 303	5 312
GQEERHA CONTAINER TERMINAL:	972	760
TOTAL:	26 291	29 119

Source: [Transnet](#), 2021. Updated 23/04/2021.

Table 3 - Container Ports - 7-day flow forecasted for 24 to 30 April¹⁰

7-day flow forecast (24.04.2021 - 30.04.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 530	3 748
DURBAN CONTAINER TERMINAL PIER 2:	13 691	17 315
CAPE TOWN CONTAINER TERMINAL:	6 655	7 590
NGQURA CONTAINER TERMINAL:	3 081	3 949
GQEERHA CONTAINER TERMINAL:	701	950
TOTAL:	28 658	33 552

Source: [Transnet](#), 2021. Updated 23/04/2021.

An average of **~7,916 TEUs** (**↓7%**) was handled per day for the last week (17-23 Apr, Table 2), with an increased average of around **~8,887 TEUs** (**↑%12**) expected to be handled for the next week (24-30 Apr, Table 3). The same week in April 2020 – at around **week 3** of the initial hard lockdown – showed a daily average of approximately **~8,051 TEUs**.

In general terms, our domestic container industry had a challenging week (see summary [below](#)). In contrast, the narrative around elevated prices due to container imbalances, port congestion and low productivity continues to affect trade (see the global situation [below](#)).

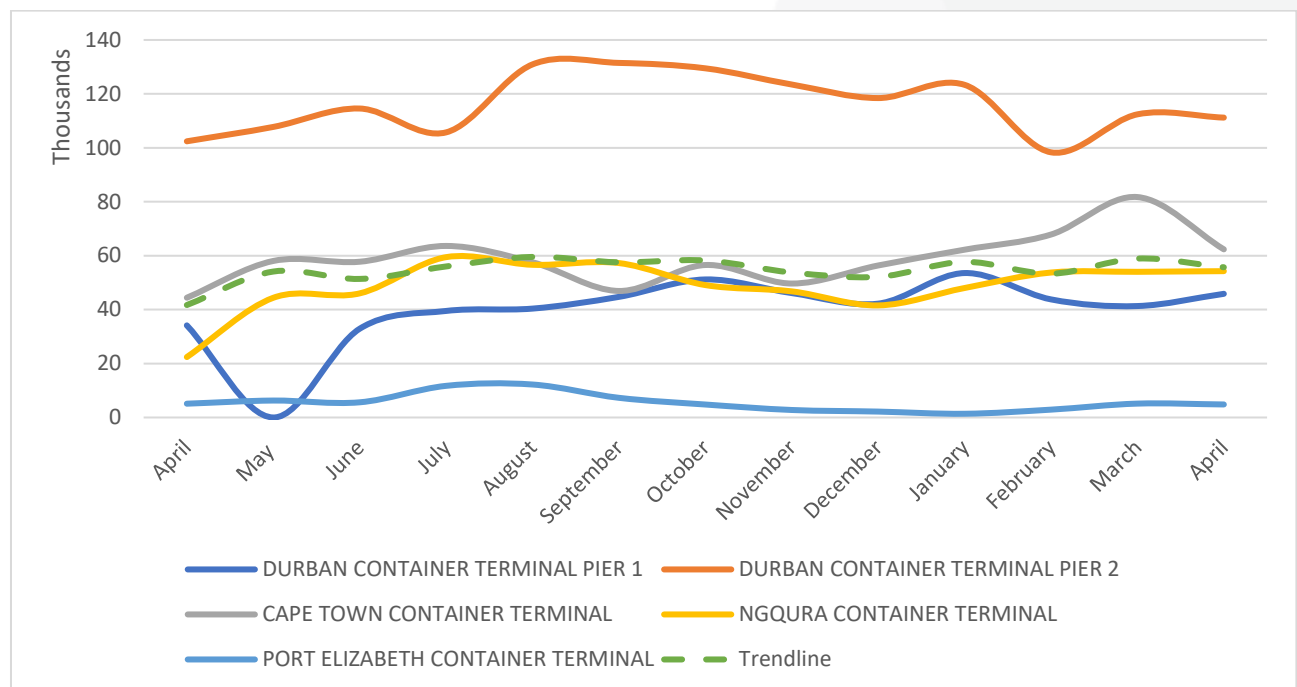
The following figure displays the rolling *monthly* average flows of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown.



⁹ It remains important to note that a fair percentage (approximately 28% according to the most recent TNPA figures for March) 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, and will have increased since December.

¹⁰ As noted in footnote 1.

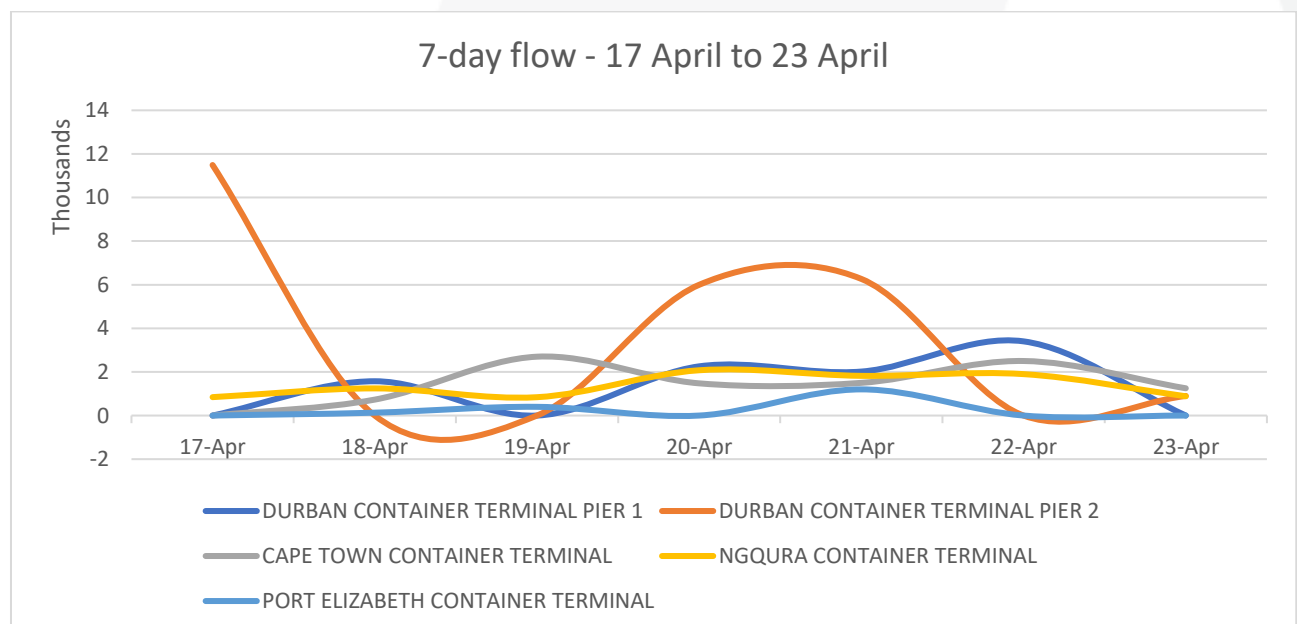
Figure 3 - Monthly flow reported for total cargo movement (TEUs: April 2020 to Present; month-on-month)



Source: Calculated using data from [Transnet](#), 2021. Updated 23/04/2021.

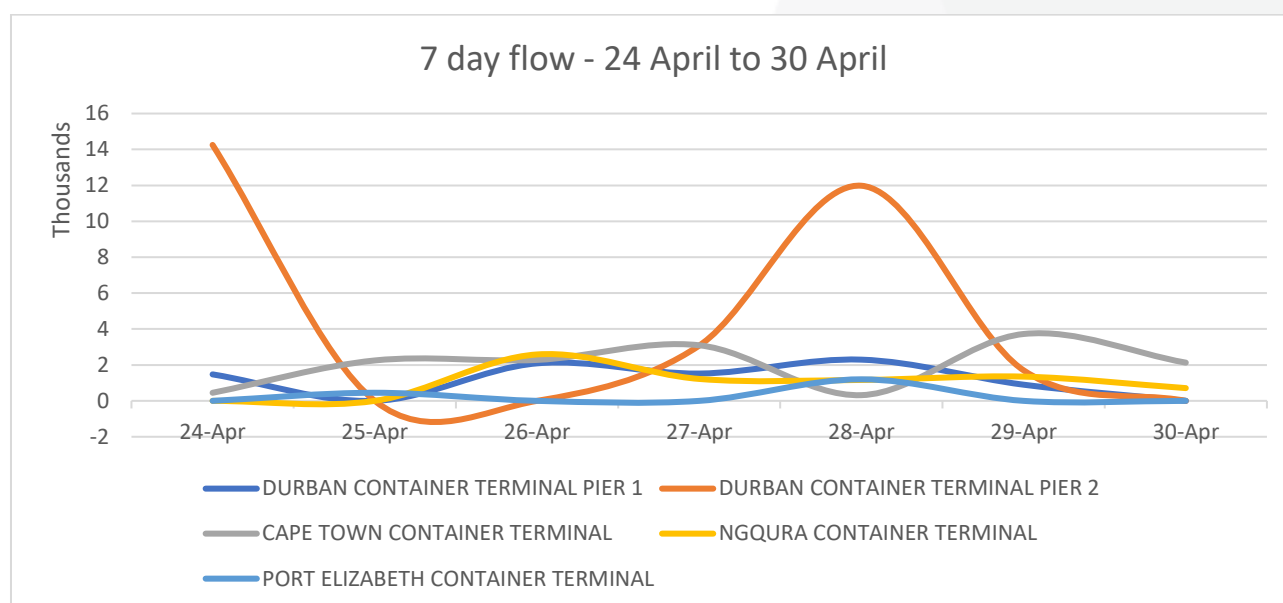
The figures below show the weekly container flows for the previous seven days and projections for the next seven days. The short-term forecast predicts a slight increase for next week but showing a typical picture for this time of year.

Figure 4 - 7-day flow reported for total cargo movement (17 to 23 April; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 23/04/2021.

Figure 5 - 7-day flow reported for total cargo movement (24 to 30 April; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 23/04/2021.

Summary of port operations

An average of **~7,916 TEUs (↓7%)** was handled per day for the last week (17-23 Apr, *Table 2*), with an increased average of around **~8,887 TEUs (↑%12)** expected to be handled for the next week (24-30 Apr, *Table 3*). The same week in April 2020 – at around **week 3** of the initial hard lockdown – showed a daily average of approximately **~8,051 TEUs**.

Weather delays

Over the weekend, Durban experienced some land and waterside operations delays at Piers 1 and 2. The delays were primarily due to strong windy conditions, which started last week on Friday. The weather improved over the weekend, giving DCT a reasonable chance for smooth operations early this week. However, strong SE winds halted operations briefly again on Wednesday. It is forecast that conditions will improve by the end of this week, shifting to SW winds around $\pm 15\text{km/h}$.

Cape Town port has been struggling due to smoke coming from the fire from Table Mountain, coupled with strong SE winds. On Thursday morning, the port was fog bound for several hours. The weather cleared towards the end of the week, providing better-operating conditions.

In the Eastern Cape, NCT experienced strong Northerly and Easterly winds throughout the week. Fortunately, the winds are expected to subside over the weekend.

Cape Town Container Terminal (CTCT)

It was a trying time for the Port of Cape Town over the past week. Smoke originating from the fire from Table Mountain and strong SE winds hampered operations to a significant extent. Since early Thursday morning, the port has been intermittently fog-bound and was also left with only two tugs – one of which is currently undergoing repairs. Despite these challenges and operational breakdowns of equipment, the port was fully functional so far. During the last week or so, CTCT reportedly handled over 17,000 containers.

The delays at MPT over the past two weeks have resulted in some vessel owners and agents switching to FPT to service their vessels. A total of nine vessels was handled at FPT last week, with a further six calling this week. Luckily, the mobile cranes at MPT are once again fully operational after the struggles experienced last week. The industry's change in fortune is welcomed as the MPT handled and sailed two vessels with no vessels at anchor this week. The next vessel at MPT is expected to come in on Sunday. Stack occupancy at CTCT reached 60% this week, with exports dominating. Once again, two dedicated truck lanes were established for the fruit industry, and night runs were operated from Mondays to Saturdays (after gate closure at 22:00 to 06:00).

Durban Container Terminal (DCT)

Durban operations were affected slightly by strong winds on Wednesday, with conditions improving approaching the weekend. The reefer system is beginning to ramp up with the surge of export reefers impacting accessibility to both piers. A meeting has been scheduled on Friday to address these accessibility issues that could disrupt GP traffic. Stack occupancy has been at 100% again at Pier 1, with trans-shipment containers taking up most of the available space. This high occupancy can lead to serious problems with terminal fluidity. At Pier 2, stack occupancy has decreased to ~20%.

Eastern Cape Container Terminals

A high voltage substation is currently being installed at NCT berth 102, which will leave the berth non-operational for some time. The Moormaster at D100 is still under repair, restricting access in the short-term depending on vessel length. For the week, stack occupancy at NCT has decreased even further, standing currently at ~20%.

Transnet Freight Rail (TFR)

Due to the recent unrest in Krugersdorp, the line from Mafikeng to Gaborone remained closed on Wednesday and Thursday. Protesters were permitted to march from Itsoseng service road to Malibongwe Drive and then head to South Africa Boulevard, causing nearby shopping centres to close due to safety concerns. Increased drug operations in the area have motivated the community to call upon the municipality and the SAPS to intervene more drastically. They demanded that SAPS conduct raids throughout the neighbourhood to track down drug dens. Around 60 arrests were made on Thursday.

General

On Wednesday at DCT Pier 2, a transporters meeting was held with no noticeable positive conclusions around the appointment system and availability of slots. Furthermore, regarding the upgrading process to Navis Smart Platform 3.7, TPT confirmed that the expected shutdown would be planned for over the weekend of the 15th and 16th of May. SAASOA still needs to be contacted regarding the request to have the shipping lines extend the free time allowed for containers trapped in DCT over that period.

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 12 April. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2020* averaged about **731 309 kg** per day¹¹.



¹¹ 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 **809 152 kg** per day.

Table 4 - International inbound and outbound cargo from OR Tambo

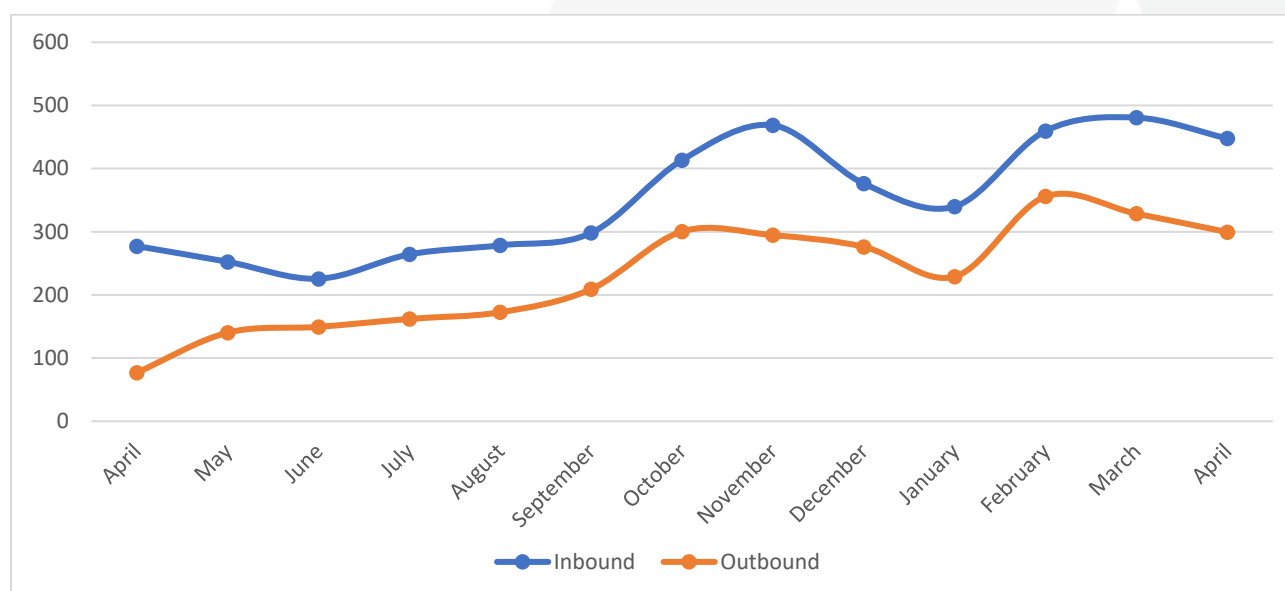
Flows	12-Apr	13-Apr	14-Apr	15-Apr	16-Apr	17-Apr	18-Apr
Volume inbound	525 489	280 993	409 999	411 038	358 869	288 091	783 246
Volume outbound	207 402	263 026	254 445	296 691	290 420	285 000	737 369
Total handled per day	732 891	544 019	664 444	707 729	649 289	573 091	1 520 615

Courtesy of ACOC. Updated: 19/04/2021

The daily average volume of air cargo handled at ORTIA over the seven days starting 12 April amounted to **436 818 kg** inbound and **333 479 kg** outbound. This gives a total average of **770 297 kg** per day or approximately **~217%** compared to April 2020 (and **~79%** compared to April 2019). As Figure 1 above clearly illustrates, international air cargo volumes show a significant year-on-year increase, terrific news for the industry.

The following figure shows monthly international freight movement at ORTIA during the state of disaster, with volumes generally trending upwards in the last few months.

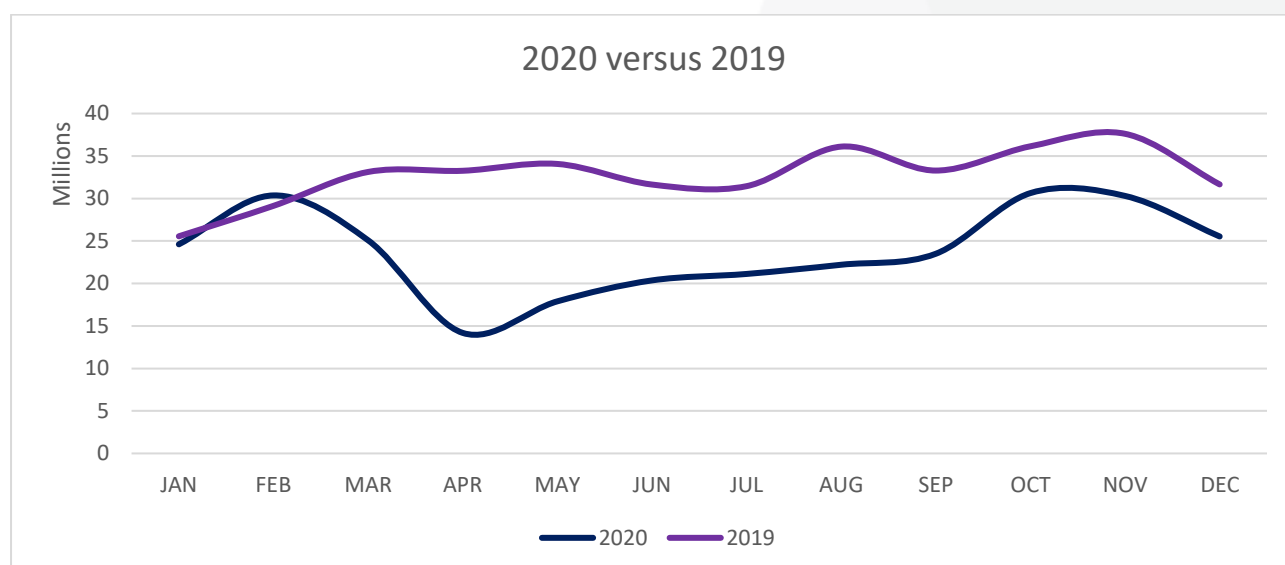
Figure 6 - International inbound and outbound cargo from OR Tambo (thousands)



Courtesy of ACOC. Updated: 18/04/2021.

The following figure shows a summary of the devastating impact of the pandemic on air cargo. The figure compares the total international freight for 2019 to 2020.

Figure 7 – Total international (inbound and outbound) cargo for South Africa (millions)



Courtesy of ACOC. Updated: 18/04/2021.

As the figure depicts, before the widespread global lockdown, January and February were very much similar. However, as stringent restrictions came into effect, the negative impact was felt in the air cargo industry, with drastically reduced volumes recorded in April. The overall drop in international cargo persisted until the end of 2020, even mirroring the cyclical trends of 2019. Fortunately for the industry, air cargo has rebounded very strongly in 2021.

Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the lockdown period's duration as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *April 2020* was approximately **44 795 kg¹²** 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
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
1-10-Apr Ave	19 150	2 500	2 279	18 833	5 004	2 392	50 156

¹² For Cape Town, the figure corresponds to **42 348 kg** per day, and **3 984 kg** per day for Durban during the same period (April 2020).

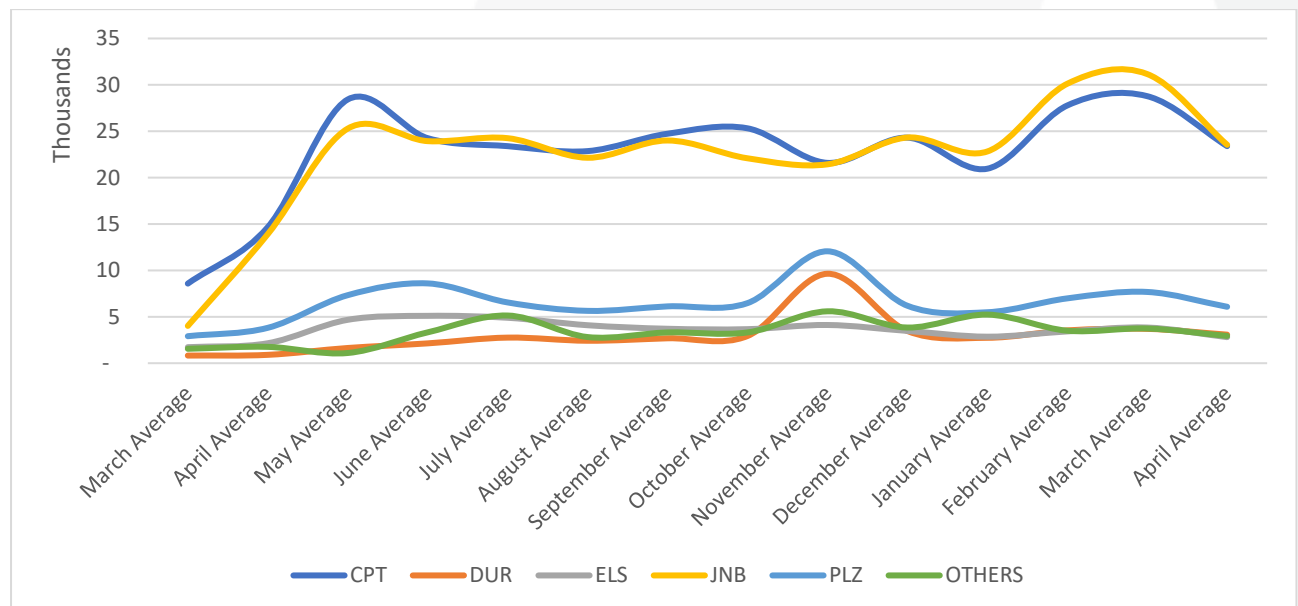
11-Apr-21	3 276	864	85	1 722	451	417	6 813
12-Apr-21	48 025	4 725	5 569	54 146	11 863	5 442	129 770
13-Apr-21	39 733	6 756	6 819	40 112	10 927	5 689	110 036
14-Apr-21	44 893	6 589	5 662	51 428	11 701	5 053	125 326
15-Apr-21	44 770	5 430	4 345	30 744	11 216	5 878	102 383
16-Apr-21	19 870	2 330	3 080	28 565	4 929	3 797	62 572
17-Apr-21	2 431	1 261	45	2 709	264	169	6 878
18-Apr-21	2 971	379	70	1 694	884	548	6 545
19-Apr-21	47 034	5 126	4 864	47 773	13 266	4 901	122 963
Grand Total	2 764 268	357 143	357 093	2 964 006	719 517	360 121	7 522 147

Courtesy of BAC. Updated: 20/04/2021.

Currently, the average domestic air cargo moved in the last week was **~76 672 kg** per day, showing a decrease of **↓7%** compared to the previous week, which was affected by the Easter weekend slowdown. Therefore, the weekly numbers constitute approximately **~84%** compared to the same time the previous year (**~90%** the previous week) and around **~41%** compared to the same time in 2019.

The following figure highlights the total monthly domestic air cargo moved per airport as per the table above, with a noticeable uptick in volumes for both CPT and JNB in February and March. April numbers only contain 19 days, which illustrates the continuation of the recent upward trend also experienced in the domestic aviation industry.

Figure 8 - Total domestic inbound and outbound cargo¹³



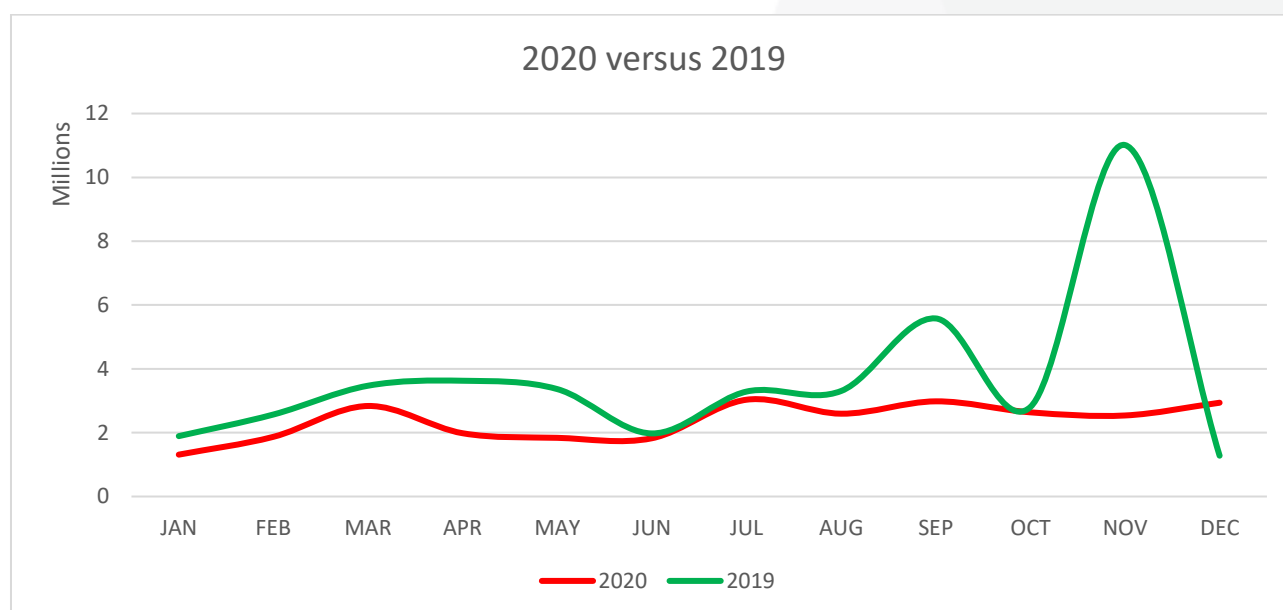
Courtesy of BAC. Updated: 20/04/2021.

As with the international stats, the following figure shows a summary of the effect of the pandemic on the domestic aviation industry. The figure compares the total domestic freight for 2019 to 2020.



¹³ Note, April only includes 19 days' worth of data.

Figure 9 - Total domestic (JNB, CPT and DUR) cargo for South Africa (millions)



Courtesy of BAC. Updated: 20/04/2021.

Compared to the international overview, the domestic scene is somewhat different. The initial impact was less severe; however, the domestic air cargo industry did not rebound until the start of 2021. Conversely, the gap between 2019 and 2020 grew wider as the year went on.

Regional update

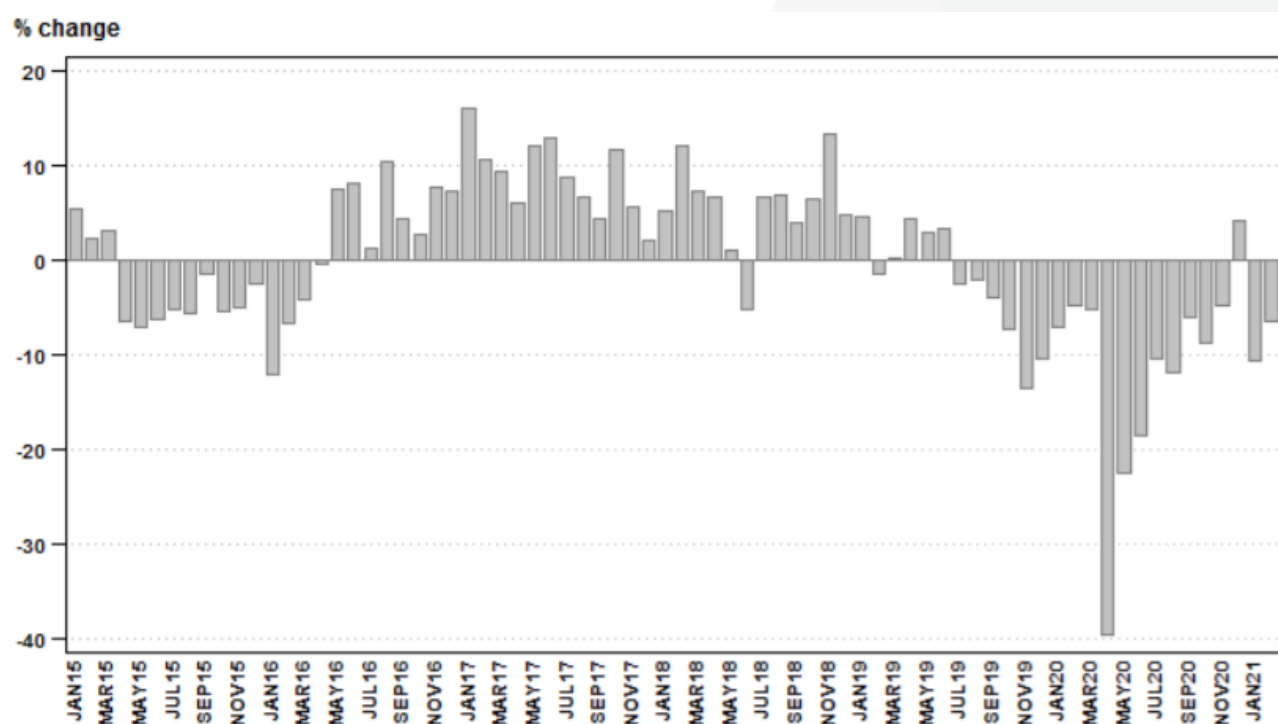
a. Freight transportation by rail and road

On Monday, 19 April, Stats SA released preliminary figures on the land transport (freight transportation by rail and road) industry for February¹⁴. The headline figure shows that the volume of goods transported (payload) decreased by **↓6.4%** in February 2021 compared with February 2020. The corresponding income decreased by **↓4.7%** over the same period. These figures continue to show the devastating effect of the pandemic on the freight industry. However, the negative trend runs deeper. The year-on-year percentage change in payload has registered a negative return since July 2019, bar a 4.2% increase in December last year. The following figure illustrates this continued decline.



¹⁴ StatsSA. 19/04/2021. [Land transport](#).

Figure 10 – Freight transportation: year-on-year percentage change in payload



Source: [Stats SA](#)

Besides the decrease in the volume of goods transported, the accompanying income from freight transportation has also decreased. In the three months to February 2021, income has decreased by **↓5.4%** compared with the three months ended February 2020. Stats SA notes that the main contributing factors to this decrease were:

- Manufactured foods, beverages, and tobacco products (**↓21.9%**, contributing **↓2.6%** to the total),
- Primary mining and quarrying products (**↓3.3%**, contributing **↓1.2%** to the total).

These determinants do not come as a surprise, given the reduced overall activity within these sectors. Moreover, the recurring alcohol bans running into the December holiday period also produced a marked adverse impact. Worth noting is that, in compiling these statistics, Stats SA uses survey data on land transportation. For the period in question, the collection rate was 85% in February. So, although not comprehensive, these figures provide a good indication of the trends around the critical mass in the industry. As with both the aviation and maritime industries, the road freight industry is more optimistic about the outlook in the near term.

b. Cross-border delays

Significant events happening on the road this week included issues with Zimra's tracking seal activation at Beit Bridge. Unfortunately for the industry, this has been an ongoing issue. Secondly, South Africa's poultry exporters received a blow to operations. Last week, Botswana released a notice of immediate suspension of importation and transit of all live poultry, birds, and poultry products from South Africa following an outbreak of a strain of avian flu at a commercial chicken farm on the East Rand¹⁵. Both Namibia and Mozambique have subsequently followed suit. However, unlike the other two countries, Namibia has only suspended imports from Johannesburg's East Rand area.

¹⁵ Gilili, C. 20/04/2021. [Bird flu outbreak puts poultry industry in jeopardy](#).

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

Table 6 - Delays¹⁶ summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei/Nakop	1:00	27:00	100	3 000	700	17 500	700
SA/Zim	Beit Bridge	0:00	17:00	943	28 290	6 601	99 015	-
Moz/Zam	Cassacatiza/Mlolo	1:00	19:00	60	1 800	420	7 140	420
Zam/Zim	Chirundu	6:00	25:00	616	18 480	4 312	99 176	25 872
Moz/Mal	Dedza	1:00	20:00	50	1 500	350	6 300	350
SA/Bot	Grobiersbrug/Martins Drift	1:00	8:00	400	12 000	2 800	16 800	2 800
Zam/DRC	Kasumbalesa	0:00	48:00	592	17 760	4 144	165 760	-
Zam/Bot	Kazungula	0:00	43:00	212	6 360	1 484	60 844	-
SA/Bot	Kopfontein/Tlokweng	5:00	25:00	100	3 000	700	16 100	3 500
Moz/Zim	Machipanda/Forbes	0:00	6:00	320	9 600	2 240	8 960	-
Moz/Mal	Milange	0:00	6:00	30	900	210	840	-
Zam/Tan	Nakonde/Tunduma	0:00	0:00	500	15 000	3 500	-7 000	-
Zim/Moz	Nyamapanda	0:00	7:00	100	3 000	700	3 500	-
SA/Moz	Ressano Garcia	33:00	31:00	400	12 000	-	81 200	92 400
SA/Bot	Skilpadshek/Pioneer Gate	8:00	20:00	300	9 000	770	37 800	16 800
Nam/Bot	Trans Kalahari/Mamuno	-	0:00	110	3 300	700	-1 540	-
Moz/Mal	Zobue/Mwanza	2:00	23:00	100	3 000	700	14 700	1 400
				4 933	147 990	34 531	627 095	144 242

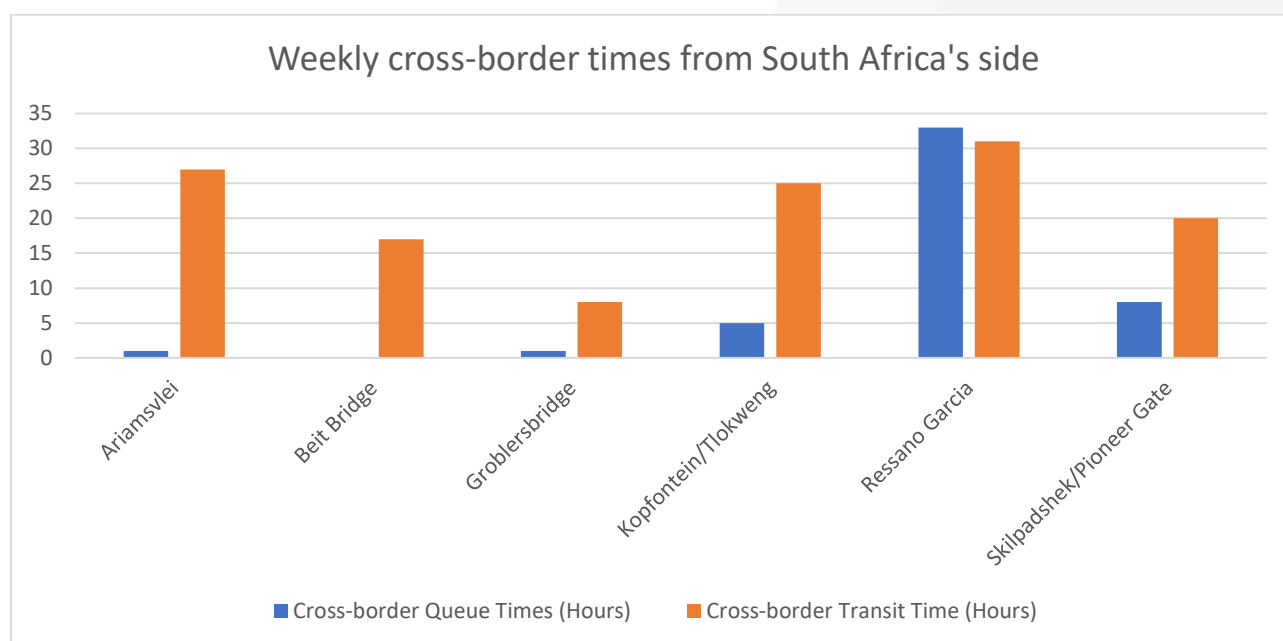
Source: TLC & FESARTA, week ending 19/04/2021.

The following graph shows the weekly change in cross-border times from South Africa's perspective.



¹⁶ It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays can 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, lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

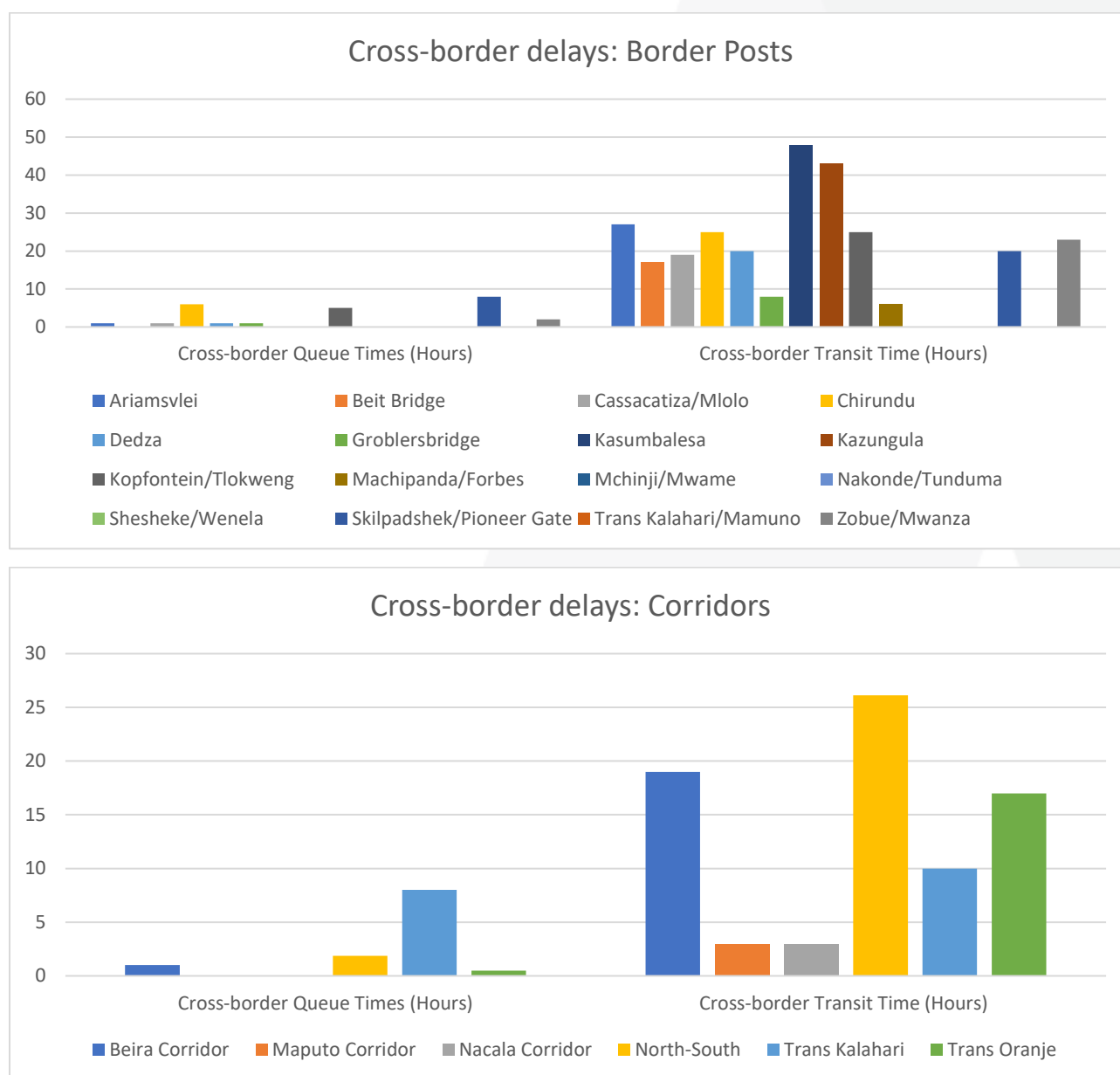
Figure 11 – Weekly cross-border delays from the South African side (delay in hours)



Source: TLC & FESARTA, week ending 19/04/2021.

Compared with previous weeks, the cross-border queue times have remained relatively stable, bar a significant increase at the Lebombo/Ressano Garcia crossing. This situation is yet another repeat of slow crossings into Mozambique, which has plagued the industry for much of the last year. The cross-border transit times have stayed the same, except for a slight increase at Kopfontein. The same pattern of lengthy cross-border transit times is repeated in the graph below, which illustrates the road freight industry's estimated cost caused by border delays. The graphs show both the respective border crossings as well as the collective corridors.

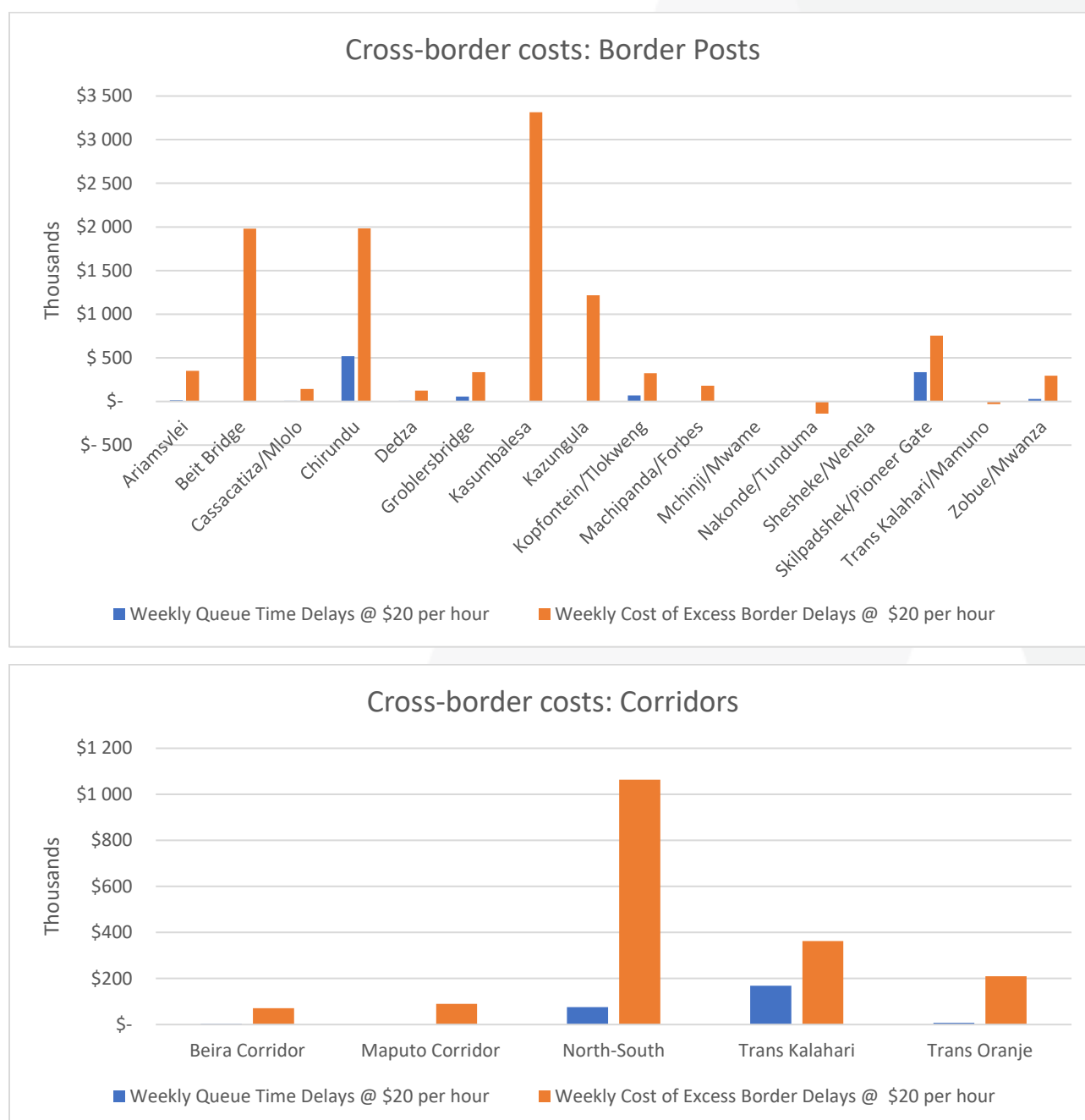
Figure 12 - Cross border delays (in hours)



Source: TLC & FESARTA, week ending 19/04/2021.

The image below shows the cross-border delays experienced in the region. The graphs show both the individual border crossings as well as the collective corridors.

Figure 13 - Weekly cost of delays - North-South Corridor/Trans Kalahari Corridor/ Maputo Corridor)



Source: TLC & FESARTA, week ending 12/04/2021.

In summary, the cross-border queue time has averaged **~3.6 hours** (which is higher than that experienced in the previous week at **~2.1 hours**) and cost the transport industry an estimated **\$2.9 million (R46.2 million)**. In comparison, the average cross-border transit time has slightly decreased to an average of **~18.6 hours** (**~20 hours** last week), which cost the transport industry an estimated **\$12.5 million (R201.0 million)**. The total cost for the week mentioned above amounts to an estimated **R247 million** (up by approximately **R21 million** from **R226 million** last week).

International update

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

a. Global container industry

i. Industry outlook at a glance

The global container industry continues to be affected by the three-pronged onslaught of container imbalances, port congestion, and low port productivity, all of which continue to affect trade. As has been widely reported, these constraints have meant that global freight rates have increased substantially. Therefore, the recent narrative in the ocean-going economy has centred on the availability of space on shipping lines, which is becoming increasingly scarce, with booking backlogs reaching four weeks in some instances. Even when space is available, the freight rates quoted are likely to give pause to even the most ardent trader.

While the trading community does understand the space limitations and constraints and accompanying soaring rates to some extent, questions must be raised when shipping lines register record profits (an estimated \$26.6 billion, with an operating margin of 13.0%, was collectively registered for 2020). Consequently, the common opinion of traders is that the carriers are "firmly in control", being accused of *"charging 'what they like' on almost every trade"*¹⁷. Nevertheless, according to container shipping analyst Drewry, the UK-based maritime research and consulting firm, elevated freight rates are likely to stay for at least another two years as disruption continues to restrict capacity. The following section highlights the latest freight rates assessment.

World Container Index

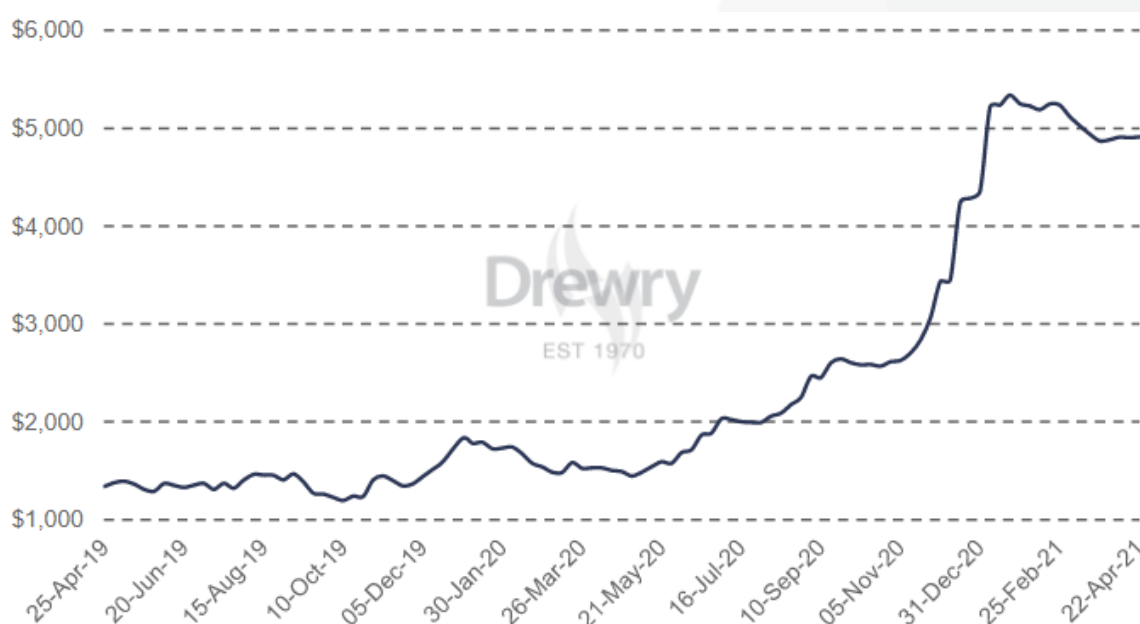
According to Drewry, the "World Container Index" (WCI) remains stratospherically high, increasing by **↑0.2% to \$4,913.07** per 40ft container¹⁸. The ongoing elevated freight rates seem to confirm that the much-needed relief will not come traders' way anytime soon, as Drewry expects rates to remain stable in the coming weeks. The following figure highlights the two-year spot freight rate trend for the index.



¹⁷ Wackett, M. 23/04/2021. [Box lines firmly in control – charging 'what they like' on almost every trade.](#)

¹⁸ Drewry Supply Chain Advisors. 22/04/2021. [World Container Index.](#)

Figure 14 - World Container Index - Assessed by Drewry (\$ per 40 ft. container)



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

The composite index remains exceptionally high (**226.7%** year-on-year) compared to the same period in 2020. In terms of the longer-term trend, the WCI for year-to-date is **\$5,096** per 40ft container. This rate is **\$3,292** higher than the five-year average of **\$1,804** (up by **\$16** since last week). Concerning the spot rates by route, the most significant changes occurred on the Los Angeles – Shanghai route, at **-4%** this week. What is alarming is the vast disparity between specific routes, with the Los Angeles – Shanghai route currently quoted as **\$527**, whereas the Shanghai – Genoa route is cited as a staggering **\$7,919**. Therefore, it is evidently clear that the ongoing efforts to re-route containers to the production and distribution hubs in China and the rest of southeast Asia persist. Consequently, the re-balancing of empty containers is far from over. As such, South Africa's ports, notably Cape Town, can expect further cancelled port calls as the global search for equilibrium continues.

Global aviation industry

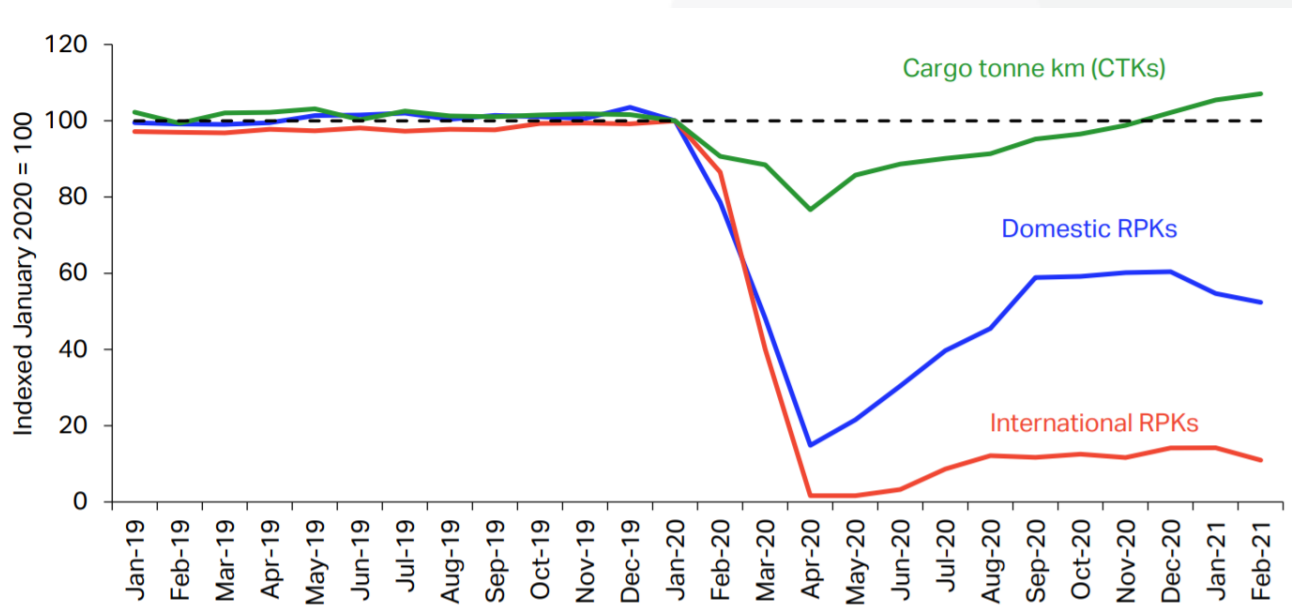
This week, the International Air Transport Association (IATA) released the "Airline industry performance" for April¹⁹, with the narrative around the aviation industry very much unchanged. The following notes provide the overview of the report:

1. Aviation's financial performance will be worse and more varied this year than previously expected.
2. The net loss forecasts imply an industry-wide cash burn in 2021 of **↓\$81bn**.
3. The passenger market segment continues to struggle due to a weaker start to the year. Yearly international revenue passenger kilometres (RPKs) are forecast to add up to a mere **26%** versus 2020. Fortunately, the domestic market is more robust.
4. The cargo market segment remains very strong, depicted by a **↑13.1%** growth in industry-wide cargo tonne-kilometres (CTKs).
5. Costs remain challenging to airlines, especially those without a significant domestic footprint.
6. Capacity is forecast to return at a slower pace than traffic, as high levels of debt and rising fuel prices force airlines to fly only services expected to cover the cash costs of the operation.

¹⁹ IATA, 21/04/2021. [Airline industry performance: April](#).

As mentioned previously, approximately two-thirds of revenues were generated by the international market pre-crisis. However, with the current stringent regulations as they are, these markets remain effectively closed today. The industry continues to rely on cargo operations. This year's start was discouraging for passenger operations, with domestic and international RPKs falling in January and February, responding to the resurgence of virus cases and government travel restrictions. The following image illustrates the ongoing struggles.

Figure 15 – Cargo tonne-kilometres (CTKs) and passenger revenue passenger-kilometres (RPKs), Jan 2020=100

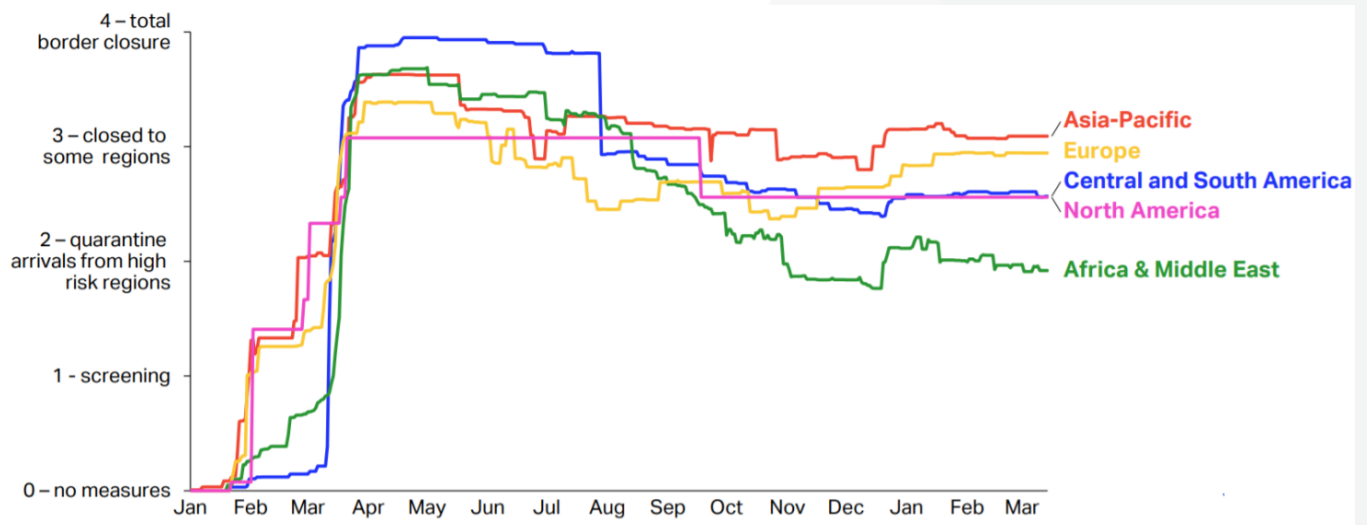


Source: [IATA Economics](#)

Cargo, therefore, continues to be the driving force in aviation. Globally available seat kilometres (ASKs) are forecast to rise 21.9% compared to a 26% rise in RPKs, allowing a surge in passenger load factors to 67.3% (still below 2019's 82.6%). Furthermore, the overall weight load factor is forecast to rise slightly to 60.3%. Still, a considerable way below the 66% IATA estimates to be breakeven on profitability in 2021 – even though cash costs of operations are being covered.

The stringent regulations imposed by the government in terms of restrictions on international travel continue to have a negative effect, as shown in the figure below. Restrictions were tightened across all regions in January in response to the surge of new cases caused by the emergence of virus variants. In addition, travel slumped on the important Chinese domestic market as the government instructed citizens to remain at home during the Chinese New Year in response to a rise in new cases.

Figure 16 – International travel stringency index weighted by population (Jan 2020 – Marc 2021)



Source: [IATA Economics](#)

In summary, international travel will remain weak for the foreseeable future until international restrictions are reduced. Collectively, IATA notes that most international air travel markets are at less than **15%** of 2019 RPKs. Hopefully, with global vaccination programmes accelerating, some markets will start to open around the second half of the year. Unfortunately, widespread vaccinations have not yet been as rapid as had been expected in December. The April version of the "*Airline industry performance*" shows some revenue recovery in 2021, mainly led by solid cargo revenues. Nevertheless, the aviation industry is forecast to only reach about **~55%** revenue levels of pre-crisis 2019, as the cargo revenues, despite increasing, are insufficient to offset shrunken passenger revenues.