

COVID-19: Cargo movement update¹

Date: 26 March 2021

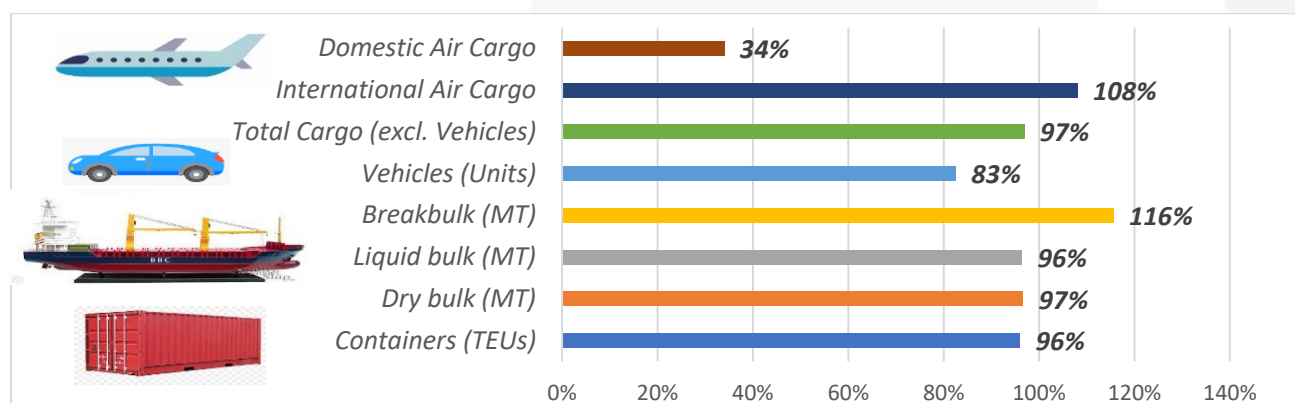
Weekly snapshot

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)	30 593	35 620	66 213	28 677	34 509	63 186	↑5%
Air Cargo (tons)	4 714	3 192	7 905	4 890	3 346	8 237	↓4%

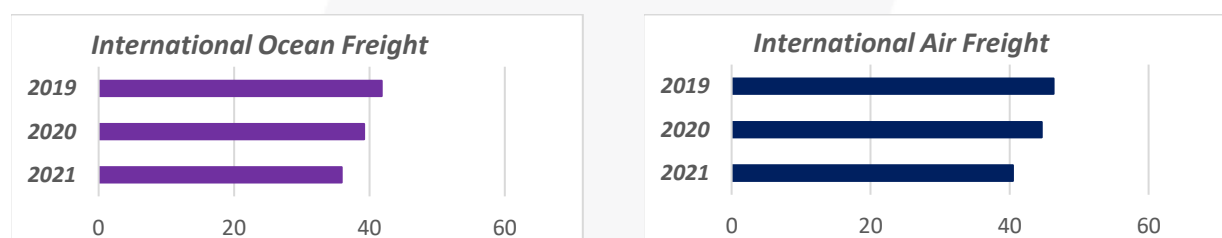
Monthly snapshot

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 ~9,459 TEUs was handled a day over the last week, ↑5% from last week.
- Weekly international air cargo is ↓4% and currently at ~108% 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 31st 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 months' worth of available data compared to the same month in 2020 (Feb 2021 with Feb 2020).

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

- Weekly domestic air cargo is **↓17%** and currently at **~34%** compared to the same time in 2020.
- Cross-border queue (**~6.1 hrs**) and transit (**~20.1 hrs**) times cost industry **R300 million (↑7%)** this week.
- UNCTAD expects the global economy to grow by **4.7%** this year, with South Africa expected at **3.0%**.
- The "World Container Index" remains sky-high but decreased again this week by **↓1.4%** to **\$4,871.72**.

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 20 to 26 March⁶

7-day flow forecast (20.03.2021 - 26.03.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 958	4 063
DURBAN CONTAINER TERMINAL PIER 2:	10 580	13 823
CAPE TOWN CONTAINER TERMINAL:	8 079	12 059
NGQURA CONTAINER TERMINAL:	6 721	3 835
GQEERHA CONTAINER TERMINAL:	255	1 840
TOTAL:	30 593	35 620

Source: [Transnet](#), 2021. Updated 26/03/2021.

Table 3 - Container Ports - 7-day flow forecasted for 20 March to 2 April⁷

7-day flow forecast (27.03.2021 - 02.04.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 107	5 450
DURBAN CONTAINER TERMINAL PIER 2:	12 541	14 548
CAPE TOWN CONTAINER TERMINAL:	6 537	9 707
NGQURA CONTAINER TERMINAL:	4 202	6 211
GQEERHA CONTAINER TERMINAL:	0	0
TOTAL:	27 387	35 916

Source: [Transnet](#), 2021. Updated 26/03/2021.

An average of **~9,459 TEUs** was handled per day for the last week (20 - 26 Mar, Table 2), with a decreased average of around **~9,043 TEUs (↓4%)** expected to be handled for the next week (27 Mar - 2 Apr, Table 3).



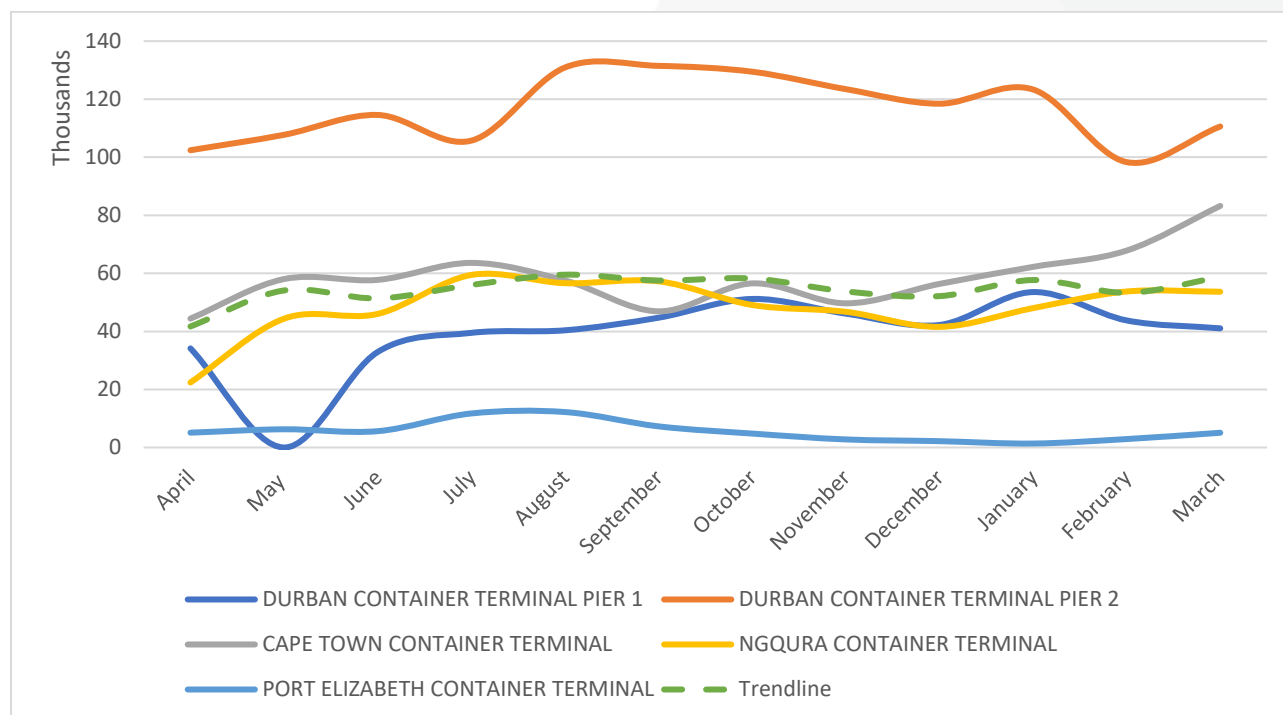
⁶ It remains important to note that a fair percentage (approximately 29% according to the most recent TNPA figures for February) of containers are neither to be imported nor exported, but rather consist of empties and transshipments. Due to container imbalances, this proportion is fluctuating more than usual, and will have increased since December.

⁷ As noted in footnote 1.

In general terms, the numbers reported this week and next are slightly low, but close to what is expected during this time of year. Although there is no cause for celebration, the situation is nonetheless not as bad as previous iterations of the report. The immediate outlook appears more promising, especially with the upcoming citrus season. Therefore, it seems as if the worst is now behind us (see the summary [below](#)). Nevertheless, with the global shipping industry's challenges due to the Suez Canal backlog (see the global situation [below](#)), the upturn in sentiment remains cautious.

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

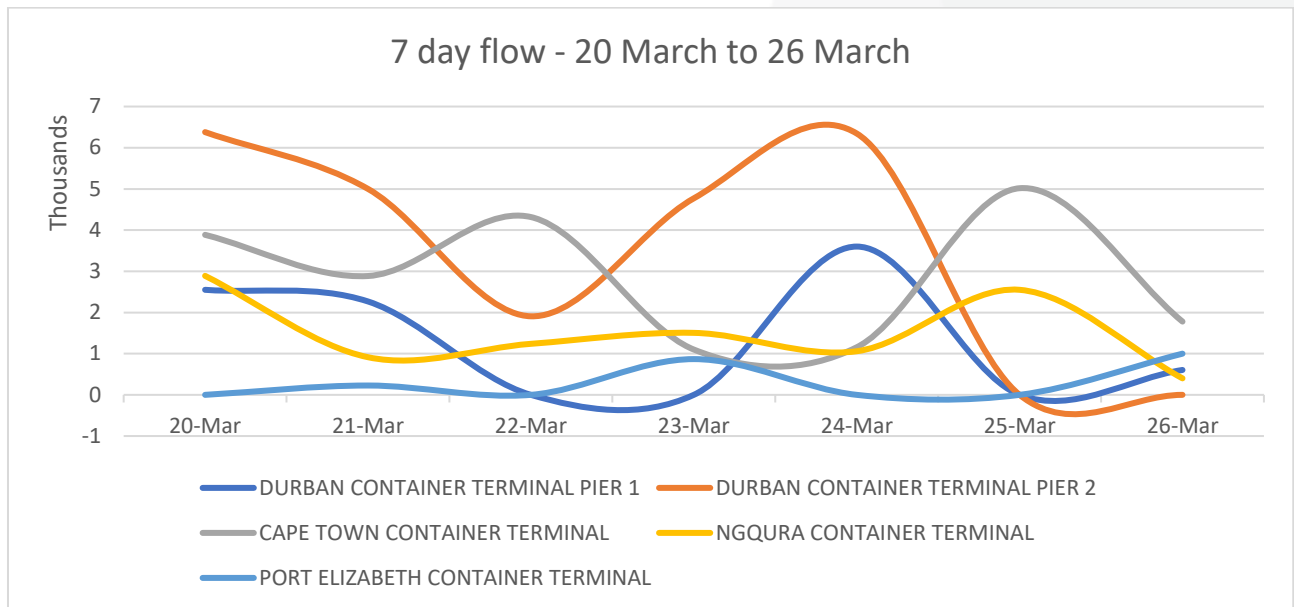


Source: Calculated using data from [Transnet](#), 2021. Updated 26/03/2021.

The figure clearly shows the poor operational start to the year. Fortunately, the overall trendline is picking up once more, as are the numbers at both Cape Town and Durban ports. The low numbers handled at DCT Pier 2 were cause for concern, as CTCT managed more containers than DCT Pier 2 at times during the last two months.

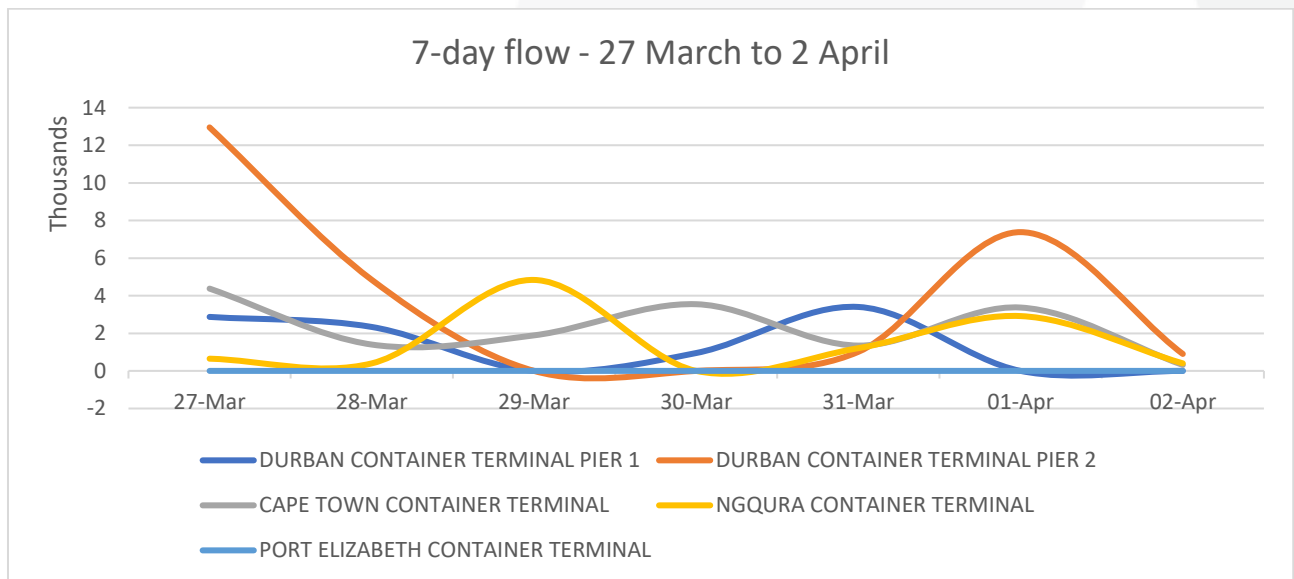
The figures below show the weekly container flows for the previous seven days and projections for the next seven days. The short-term forecast predicts two promising weeks ahead.

Figure 4 - 7-day flow reported for total cargo movement (20 to 26 March; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 26/03/2021.

Figure 5 - 7-day flow reported for total cargo movement (27 March to 2 April; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 26/03/2021.

Summary of port operations

An average of ~9,459 TEUs was handled per day for the last week, with a decreased average of around ~9,043 TEUs (↓4%) expected to be handled for the next week. The following points were noted during the week, with considerably fewer anomalies to report on than in recent weeks, which is undoubtedly a positive indication.

Weather delays

Mostly clear and calm weather meant that the broader maritime eco-system had good operating conditions across the country for the week, as few delays were reported. The only significant reports came from Cape Town, with 71 hours lost to wind over the last seven days. For Ngqura and Gqeberha, moderate to strong Easterly winds were predicted from Tuesday afternoon for the remainder of the week.

Cape Town Container Terminal (CTCT)

At CTCT, limiting factors included concerns around container availability, with exporters waiting for up to 12 days in some cases, mainly caused by berthing delays of between six and nine days, which delays the landing of empty reefer equipment. Other restrictions included minor weather delays and the backlog of 5,640 containers in the terminal, resulting in congestion in and around the terminal.

During the week, the terminal manager, Oscar Borchards, presented the truck booking system's rollout. The system is coupled with the NAVIS upgrade, due for completion by the end of May 2021. However, the final product will only be operational by September 2021. The system upgrade hopes to alleviate truck congestion in the terminal. Despite this, CTCT handled some 10,600 containers with an improved gross crane moves per hour (GCH), peaking at 21.

After a run of good performance at the MPT, some less than ideal news has been reported this week, with only one mobile crane operating during the week and periods when no cranes at all were operating. Repairs on the other crane could take a while with parts sourcing from overseas. The City of Hong Kong had berthing delays of 3 to 4 days; she has been on berth for the past week and will only sail next Monday. Furthermore, to make matters worse, they have three vessels at anchor, and the berthing delay at MPT is 7 to 8 days. Since MPT is used for most vessels on the Amex service, export trade with the USA has been hard hit.

In other areas, port security apprehended three stowaways on a Maersk vessel, found by the crew on route to Gqeberha. Lastly, FPT continues to be the shining beacon with nine vessels planned for this week, with major shipping lines now frequently calling there. An agreement by Transnet to allow FPT to develop a berth for full-scale container operation would be more than welcome.

Durban Container Terminal (DCT)

Port operations were quiet and generally running well throughout much of the week, as volumes have remained low. However, a slight upturn is expected, heading towards the Easter Holidays. Towards the end of the week, five MSC vessels (Michaela, Regina, Ornella, Lilou and Athens Glory) started arriving in Durban, as the line is attempting to re-balance schedules. Local traders are advised to check bookings with MSC to ascertain what plans are going forward.

The Citrus Growers Association (CGA) advise that post-Easter volumes will start to surge as the crop is looking excellent. Consequently, there are serious concerns around the cold chain's integrity, ranging from truck and container availability to all the usual delaying factors experienced in the port.

DCT Pier I stack occupancy this week hovered around 40% for refrigerated containers, as general containers were about 55%. Waterside performance for the week came in at approximately 19 GCH. Meanwhile, DCT Pier II stack occupancy this week was around 20% for refrigerated containers, with GP containers very low at about 15%. Waterside performance for the week came in at approximately 20 GCH.

This week's other minor incidents appeared to be service delivery demonstrations on the Natal South Coast in the Hibberdene/Okstad area, resulting in some road closures, including the closure of the N2⁸.

⁸ Comins, L. 24/03/2021. [Service Delivery Protests Watch: Angry residents burn vehicle, block N2.](#)

Lastly, Transnet has published Durban CAR and MPT terminal working hours over the public holiday period in April/May:

- Easter weekend and Family day (2, 3, 4, and 5 April): 06:00/18:00 and 18:00/06:00
- Freedom Day (Tuesday 27 April): 06:00/18:00 and 18:00/06:00
- Worker's Day (Saturday 1 May): Terminal will be closed.

Eastern Cape Container Terminals

NCT stack occupancy this week hovered around 22% for refrigerated containers, with GP containers at about 30%. Waterside performance for the week came in at approximately 20 GCH.

Transnet Freight Rail (TFR)

TFR reported that the situation with Botswana-bound containers is unfortunately not improving. TFR is now experiencing the hazardous practice of theft of rail clips, potentially resulting in serious derailments. Regrettably, efforts to exert any control over the length of this rail stretch are extremely difficult with what appears to be some organised crime syndicate operating. Consequently, dwell time in Durban for Gaborone-bound containers continues to exceed a month. The number of containers waiting in Durban continues to increase, with more than 1,000 now waiting there.

In Cape Town, using the BELCON line was only again discussed as an option to alleviate some CTCT congestion.

Air Update

• International air cargo

The following table depicts the inbound and outbound air cargo flows to and from ORTIA for the week starting 15 March. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2020* averaged about **731 309 kg** per day⁹. Commenting on the reduction evident here, one needs to consider the start of lockdown around the end of March 2020. The final figure for February shows a y-o-y decrease of **↓7.8%** compared to 2020.

Table 4 - International inbound and outbound cargo from OR Tambo

Flows	15-Mar	16-Mar	17-Mar	18-Mar	19-Mar	20-Mar	21-Mar
Volume inbound	436 441	345 827	456 753	502 257	431 453	401 494	725 313
Volume outbound	235 021	303 098	270 517	296 767	244 672	332 965	551 081
Total handled per day	671 462	648 925	727 270	799 024	676 125	734 459	1 276 394

Courtesy of ACOC. Updated: 23/03/2021

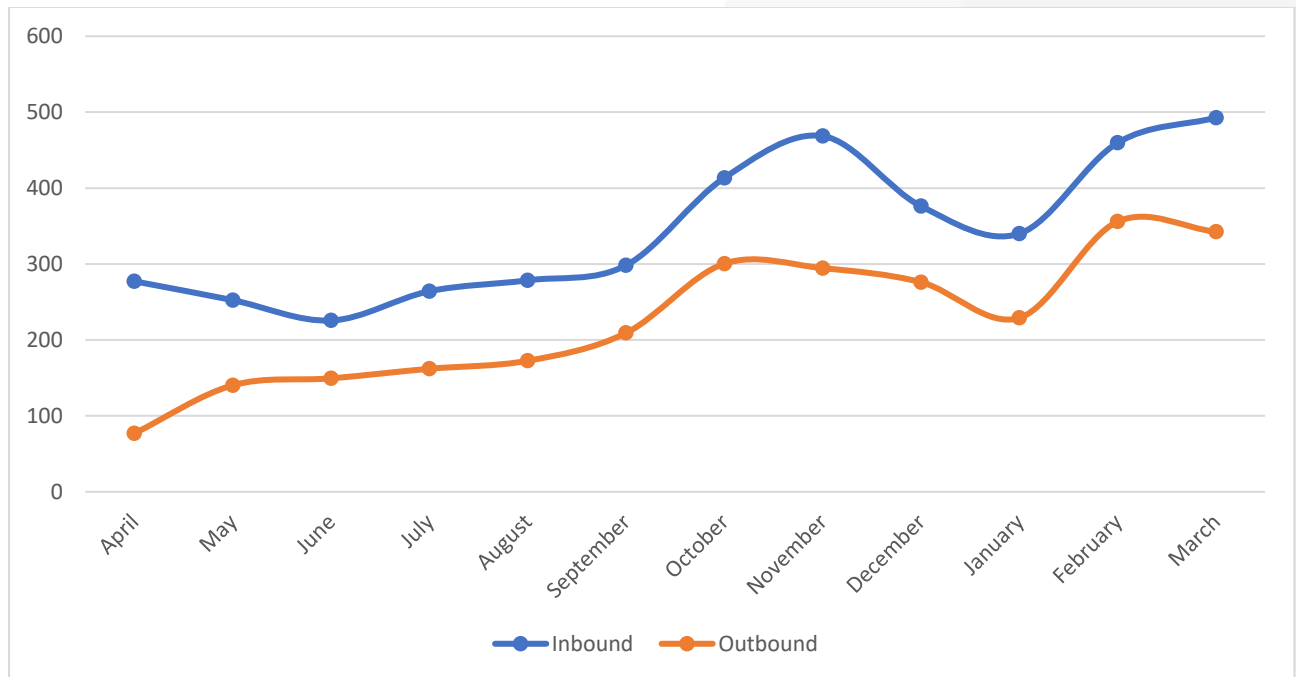
The air cargo numbers reported here show a typical week for this time of year. The daily average volume of air cargo handled at ORTIA over the seven days starting 15 March amounted to **471 363 kg** inbound and **319 160 kg** outbound. The total results in an average of **790 523 kg** per day, approximately **~108%** compared to March 2020 (and **~89%** compared to March 2019). The following figure shows the monthly international freight movement at ORTIA during the state of disaster, with volumes generally trending upwards in the last

BUSA

⁹ 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.

couple of months. Since October of last year, the upturn in volumes to near-normal levels is evident, despite the abysmal month experienced in January.

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



Courtesy of ACOC. Updated: 23/03/2021.

Global air traffic

The image below depicts international air traffic at around mid-morning of 26 March 2021, reflecting a more typical situation at this time of year, as more and more passenger flights are returning to the skies. Nonetheless, a plethora of constraints still inhibits the aviation industry's perfect functioning, as noted in the international summary [below](#).

Figure 7 - Global air traffic: 26 March 2021



Source: [FlightRadar24](https://www.flightradar24.com), 26/03/2021, 08:00

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 the industry. For comparisons, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *March 2020* was approximately **89 060 kg¹⁰** 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
1-15 Mar Average	28 818	3 460	3 894	31 062	7 641	3 624	78 498
16-Mar-21	40 878	5 051	6 443	40 586	10 260	5 682	108 899
17-Mar-21	39 717	6 266	5 763	48 885	12 124	5 378	118 134
18-Mar-21	41 901	5 675	5 834	37 230	10 782	4 702	106 125
19-Mar-21	19 652	2 653	3 344	38 100	5 062	3 893	72 703

¹⁰ For Cape Town, the figure corresponds to **80 045 kg** per day, and **18 327 kg** per day for Durban during the same period (March 2020).

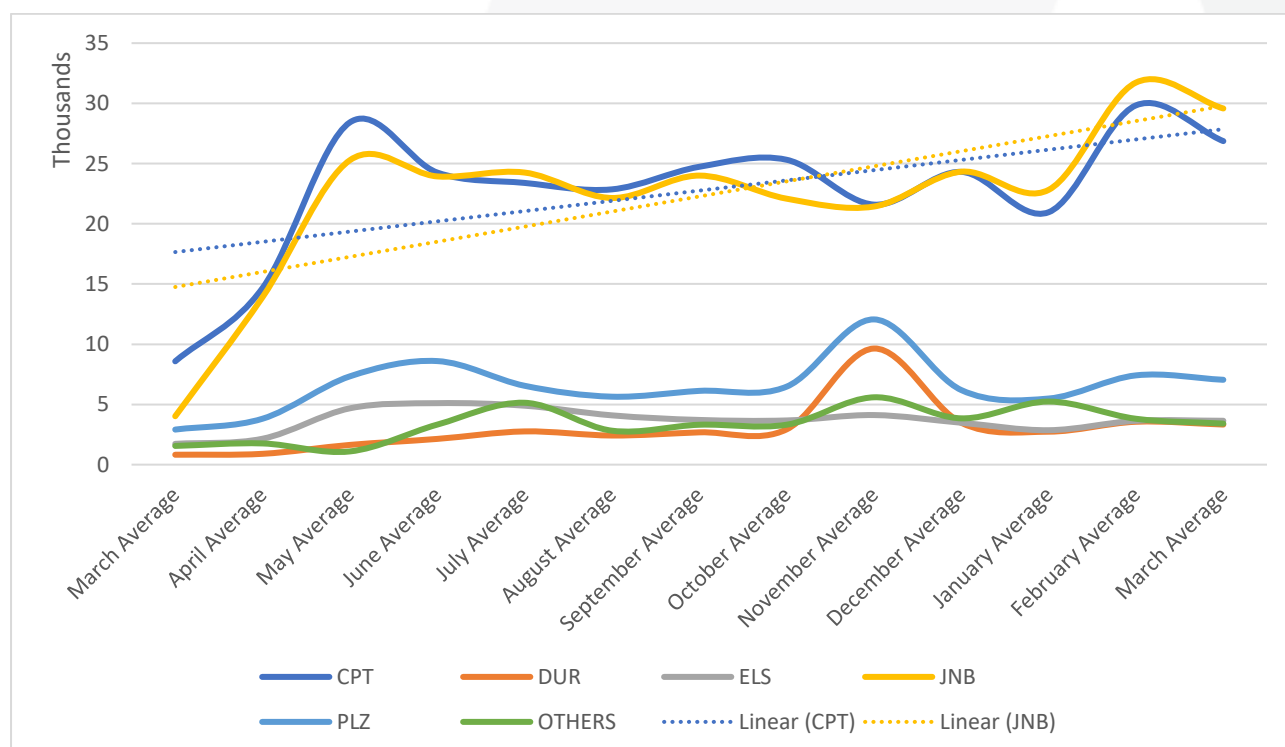
20-Mar-21	2 852	746	31	1 713	642	84	6 068
21-Mar-21	2 748	494	226	643	630	585	5 325
22-Mar-21	10 988	485	105	17 600	869	284	30 331
Grand Total	2 018 571	257 189	264 727	2 201 326	520 871	263 346	5 526 031

Courtesy of BAC. Updated: 23/03/2021.

Currently, the average domestic air cargo moved during March has amounted to **~63 941 kg** per day (**↓17%** compared to last week), which constitutes approximately **~34%** compared to the same time the previous year (**~41%** the previous week) and around **~35%** compared to the same time in 2019. Although this week's figures have once again shown a slight downward trend, the longer-term outlook indicates an upward trend, which is very welcome news for the aviation industry. Nonetheless, with intermittent operational hindrances over the next four weeks with numerous holidays such as Easter and Worker's Day, there are bound to be quieter days, especially in the domestic air cargo industry. From the table, this much is evident, as on Monday, 22 March, when South Africa observes Human Rights' Day, reported figures were significantly lower than on previous Mondays.

The following figure highlights the total monthly domestic air cargo moved per airport as per the table above. A trendline for CPT and JNB has been added to showcase the uptick experienced in the past few months.

Figure 8 - Total domestic inbound and outbound cargo



Courtesy of BAC. Updated: 23/03/2021.

Southern Africa air traffic

The following image shows air traffic across Southern Africa around mid-morning of 26 March, showing a much more typical Friday morning than the subdued picture evident only three months ago. As will be apparent to most South Africans, life has returned to something approaching normality, although the pandemic is far from over. In this regard, citizens all over the country need to be vigilant against the potential of a third wave, especially as more people are expected to travel and attend large gatherings during the Easter holidays.

Figure 9 - Southern Africa air traffic: 26 March 2021



Source: [FlightRadar24](https://www.flightradar24.com), 26/03/2021, 08:00.

Regional update

- **Cross-border delays**

Recent investigation has continued 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 - Delays¹¹ summary – Selected SADC borders

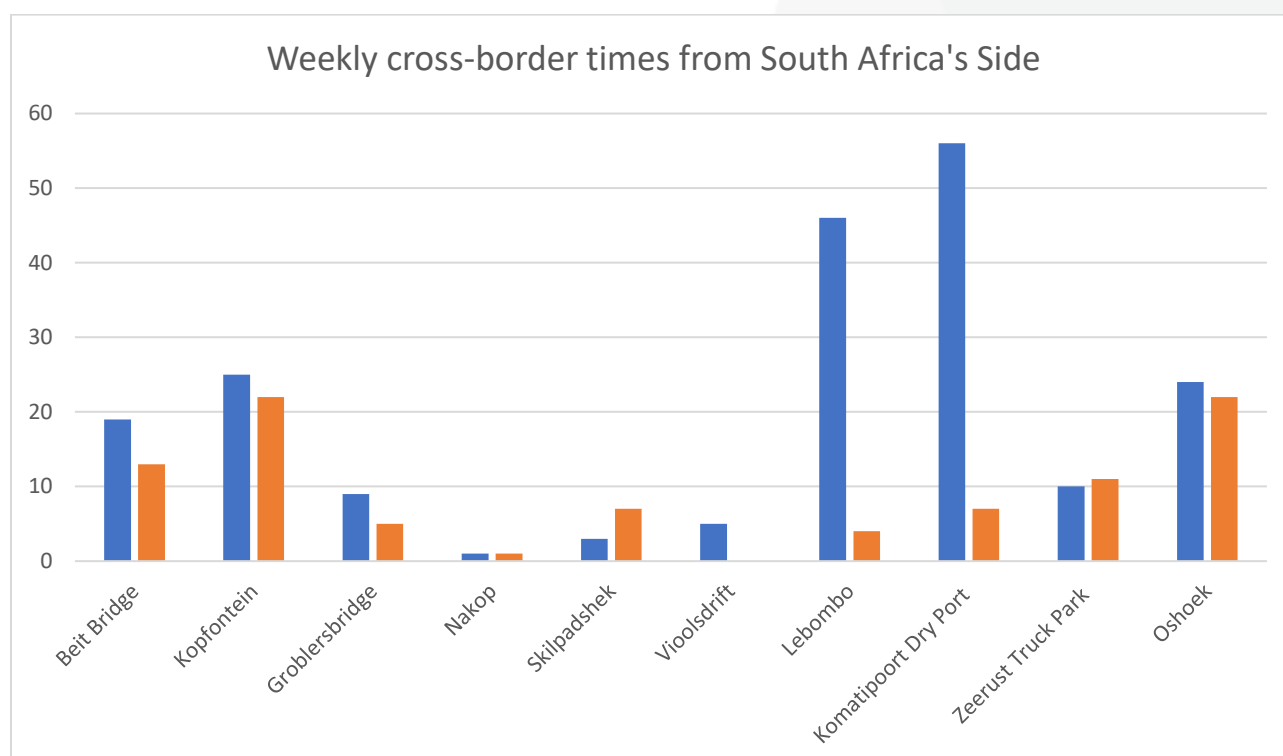
Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	HGV Tonnage	HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei/Nakop	1:00	23:00	100	3 000	21 000	700	14 700	700
SA/Zim	Beit Bridge	0:00	26:00	943	28 290	198 030	6 601	158 424	0
Moz/Zam	Cassacatiza/Mlolo	1:00	14:00	60	1 800	12 600	420	5 040	420
Zam/Zim	Chirundu	0:00	23:00	616	18 480	129 360	4 312	90 552	0
Moz/Mal	Dedza	1:00	14:00	50	1 500	10 500	350	4 200	350
SA/Bot	Groblersbrug/Martins Drift	1:00	14:00	400	12 000	84 000	2 800	33 600	2 800
Zam/DRC	Kasumbalesa	0:00	53:00	592	17 760	124 320	4 144	211 344	0
Zam/Bot	Kazungula	72:00	54:00	212	6 360	44 520	1 484	77 168	106 848
SA/Bot	Kopfontein/Tlokweg	2:00	29:00	100	3 000	21 000	700	18 900	1 400
SA/Moz	Lebombo/Ressano Garcia	13:00	42:00	400	12 000	84 000	2 800	112 000	36 400
Moz/Zim	Machipanda/Forbes	0:00	7:00	320	9 600	67 200	2 240	11 200	0
Mal/Zim	Mchinji/Mwame	1:00	23:00	110	3 300	23 100	770	16 170	770
Moz/Mal	Milange	0:00	10:00	30	900	6 300	210	1 680	0
Zam/Tan	Nakonde/Tunduma	0:00	6:00	0	0	0	0	0	0
Nam/SA	Noordoewer/Vlooisdrift	1:00	23:00	100	3 000	21 000	700	14 700	700
Nam/Ang	Oshikango/Santa Clara	13:00	42:00	400	12 000	84 000	2 800	112 000	36 400
SA/Bot	Skilpadshek/Pioneer Gate	9:00	2:00	300	9 000	63 000	2 100	0	18 900
Nam/Bot	Trans Kalahari/Mamuno	1:00	23:00	110	3 300	23 100	770	16 170	770
Zim/Moz	Nymapanda	0:00	4:00	100	3 000	21 000	700	1 400	0
Moz/Mal	Zobue/Mwanza	2:00	17:00	100	3 000	21 000	700	10 500	1 400
				4 433	132 990	930 930	31 031	766 878	169 988

Source: TLC & FESARTA, week ending 23/03/2021.

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

¹¹ 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 10 – Weekly cross-border delays from the South African side

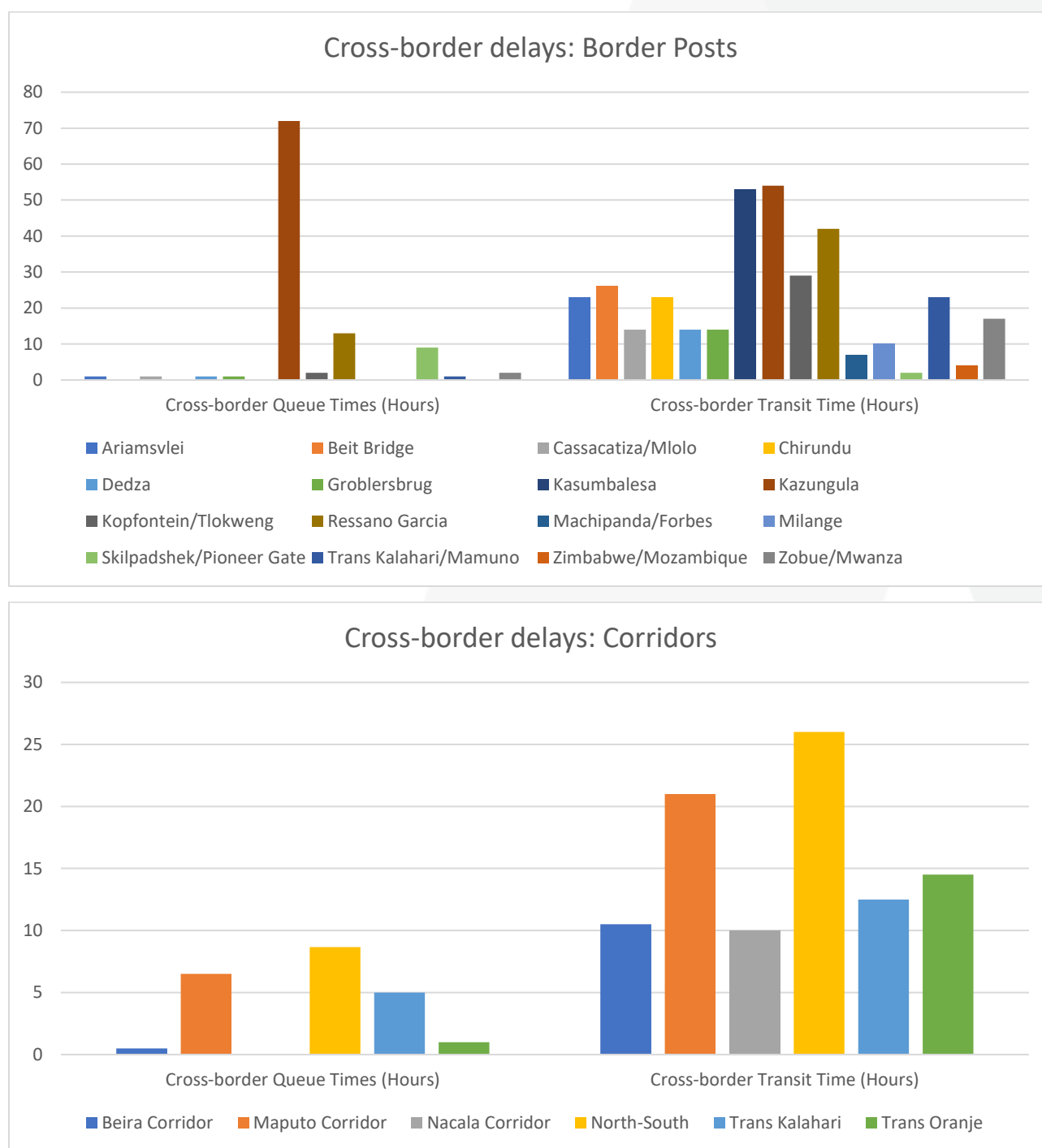


Source: TLC & FESARTA, week ending 23/03/2021.

From the figure above, it remains evident that several border crossing times remain worryingly high, most notably at Lebombo border post and the Komatipoort Dry Port en route to Mozambique.

The following graphs illustrate the estimated cost to the road freight industry caused by border delays. The graphs show both the respective border crossings as well as the collective corridors.

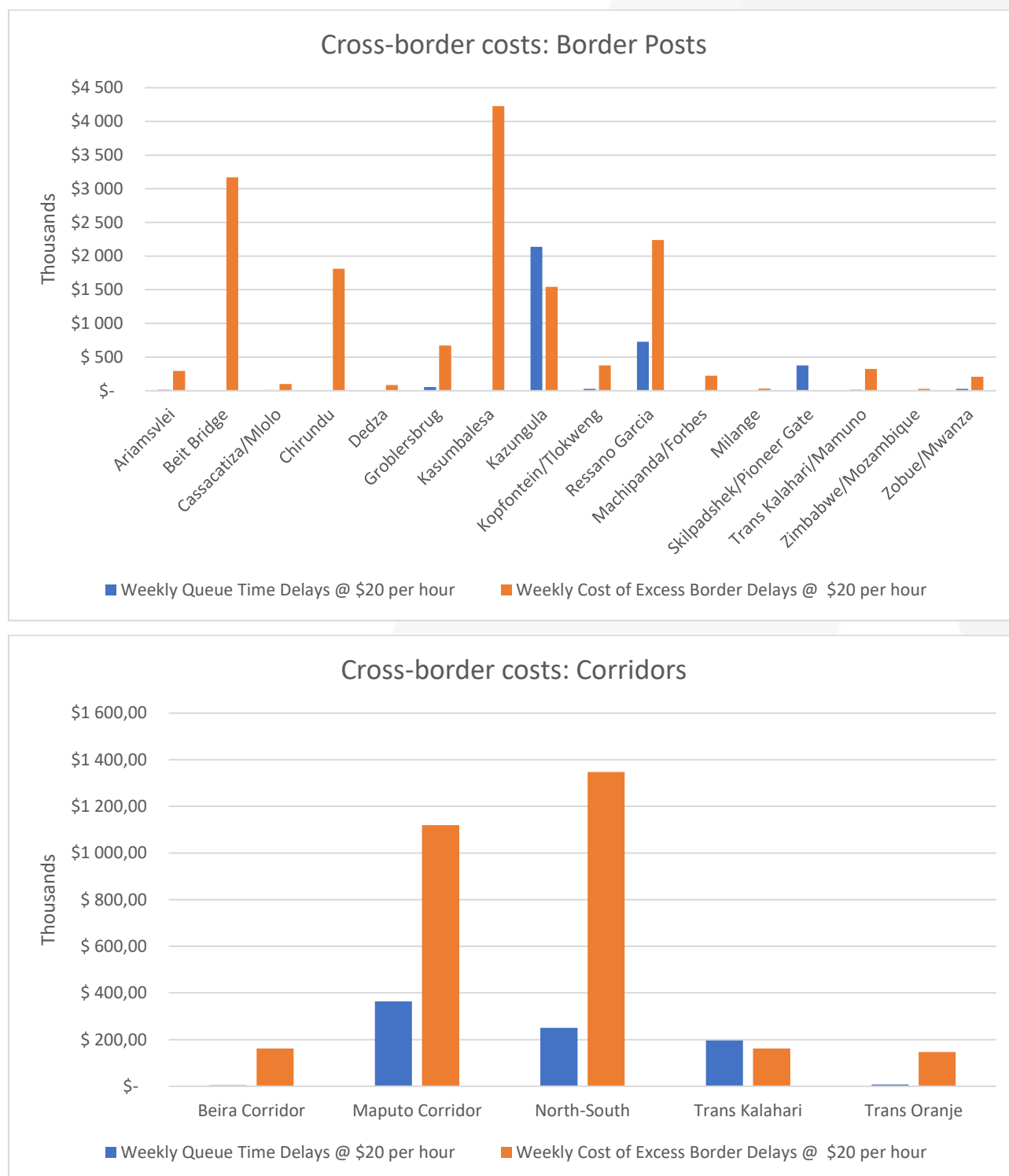
Figure 11 - Cross border delays (in hours)



Source: TLC & FESARTA, week ending 23/03/2021.

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



Source: TLC & FESARTA, week ending 23/03/2021.

In summary, for this week, the cross-border queue time has averaged **~6.1 hours** (which is only slightly higher than that experienced in the previous week at **~5.8 hours**), which has cost the transport industry an

estimated **\$3.4 million** (or **R54 million**). In comparison, the average cross-border transit time, however, marginally declined to an average of **~20.1 hours** (**~20.2 hours** last week), which has cost the transport industry an estimated **\$15 million** (or **R245 million**). The total cost for the week mentioned above amounts to an estimated **R300 million** (up by approximately **R20 million** since last week), which was only slightly worse than the week before but noticeably lower than some previous weeks. It is to be hoped that this positive trend can be maintained.

- **Kazungula bridge update**

An update on the bottleneck currently experienced at Kazungula on the North-South Corridor between Zambia and Botswana can be conveyed: The bridge has still not been handed over to the governments of Botswana and Zambia and remains closed. The long queuing delays are because there are only two small Zambian pontoons operational as the larger Botswana pontoon has been non-operational for over a year. The two Zambian pontoons can only carry between 50 to 60 trucks per day between them due to the high river level and strong river flow. If all three pontoons were operational, they could handle around 150 to 160 as the larger pontoon can take two trucks per trip.

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 trade, **(b)** Global container industry and the **(c)** Global aviation industry.

a. Global trade

In an update to their annual "*Trade and Development*" report¹², the United Nations Conference on Trade and Development (UNCTAD) projects more robust growth than was initially expected in 2021. However, UNCTAD noted that inequality, indebtedness, and weak investment remain and threaten prospects of a more resilient future.

The headline takeaway from the report is that the global economy is expected to grow by **4.7%** this year, faster than predicted in September (**4.3%**). South Africa, in turn, is expected to grow at **3.0%**¹³ after the contraction of **-7.0%** last year. Various factors have positively impacted the global outlook change, none more so than the more substantial recovery in the United States, where progress in distributing vaccines and a fresh fiscal stimulus of \$1.9 trillion are expected to boost consumer spending.

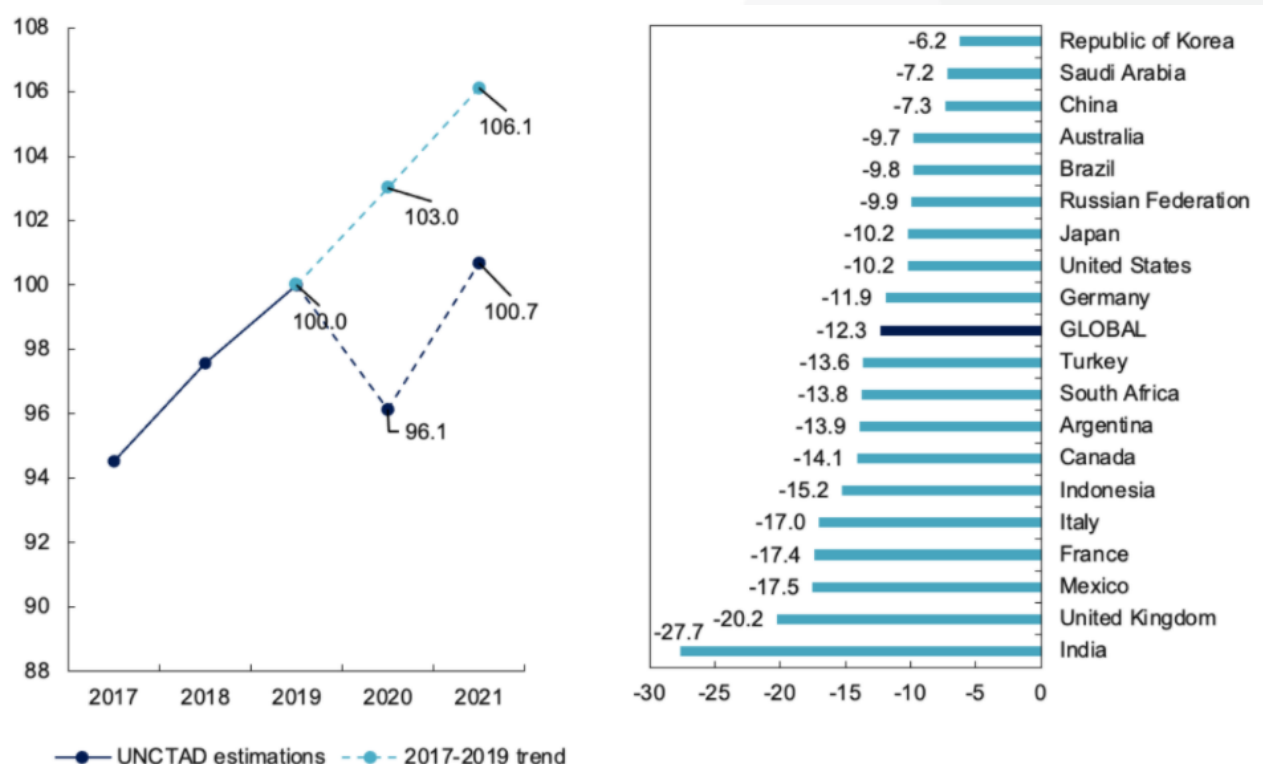
Despite the optimistic forecasts, the predictions will still leave the global economy over \$10 trillion short of where it could have been by the end of 2021 if it had stayed on the pre-pandemic trend, as shown by the side-by-side figure below.



¹² UNCTAD. 18/03/2021. [Trade and Development Report Update](#).

¹³ The MPC has raised its GDP growth forecast for 2021 from 3.6% to 3.8% - [Reserve Bank](#).

Figure 13 - World output level, 2017-2021 (2019 = 100) and accumulated real income loss relative to pre-COVID-19 trend, 2020-2021 (% of GDP)



Source: [UNCTAD Secretariat](#)

As the figure shows, several countries have been particularly hard hit by the pandemic, none more so than India and the UK. For South Africa, the accumulated real income loss relative to pre-COVID-19 amounted to **↓13.8%** in 2020, which is slightly worse than the global average of **↓12.3%**. The calculations suggest that world output is expected to return to pre-COVID levels by next year.

UNCTAD's sentiments were primarily mirrored by analysis by the international financial services company, IHS Markit, predicting that global economic growth will strengthen in the second quarter. The improvement is expected on the back of an accelerated vaccination strategy, easing restrictions and reviving consumer spending, lifting global output to a new peak by the third quarter of 2021¹⁴. Providing an extended forecast, the British-American firm projects global GDP to grow by **5.1%** in 2021 and **4.3%** in 2022 before settling to a more sustainable **3.1%** growth pace in 2023–25. As mentioned earlier, the US will drive the projected growth, and China is expected to grow a robust **7.8%** in 2021 as the recovery in consumer demand gains traction with effective COVID-19 virus containment. China's growth will slow to **5.7%** in 2022, resuming a downward trend in response to deleveraging and diminishing productivity gains.

b. Global container industry

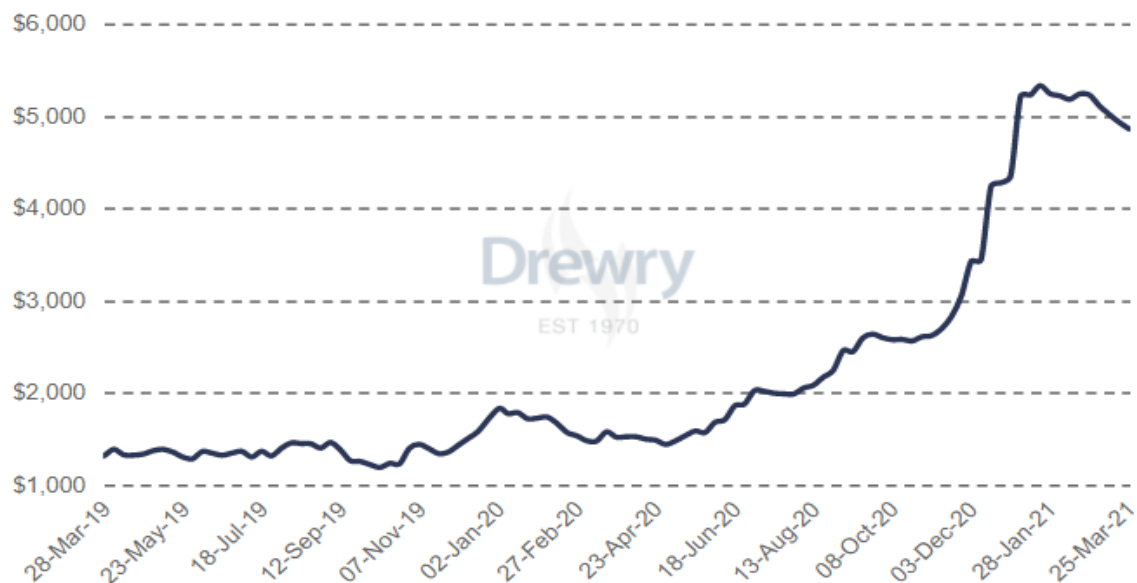
According to Drewry, the UK-based maritime research and consulting firm¹⁵, the "World Container Index" (WCI) index again fell this week and now stands at **\$4,871.72** per 40ft container. The change results in a decrease of **↓1.4%** since last week, which means that the index has decreased for four consecutive weeks, in line with the predictions made over that period. Nevertheless, the rate of decline has unfortunately not

¹⁴ Burnson, P. 22/03/2021. [Global GDP Expected to Advance Supply Chains by 5.1% in 2021](#).

¹⁵ Drewry Supply Chain Advisors. 18/03/2021. [World Container Index](#).

occurred at the same speed compared to the rate of increase that began in May/June of last year. The following figure highlights the two-year spot freight rate trend for the index.

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



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

Despite the continued spot price relief for traders, the composite index is still more than double (**207.4%**) compared with the same period of 2020. In terms of the longer-term trend, the WCI for year-to-date is **\$5,160** per 40ft container. This rate is **\$3,419** higher than the five-year average of **\$1,741** (again up by **\$16** since last week). Unfortunately, the Far East/Europe and Mediterranean spot rates are expected to increase marginally because of the blockages caused by a container vessel running aground in the Suez Canal¹⁶.

The 224,000-tonne vessel "Ever Given" was stranded on Tuesday morning after losing the ability to steer amid high winds and a dust storm, the Suez Canal Authority (SCA) said in a statement. The sheer size and length of the vessel (400m) resulted in marine traffic being halted in both directions. Tugs were working on the grounded ship throughout the weekend to push the vessel alongside the canal bank. The blockage meant that other vessels face either waiting for the canal to re-open or facing a diversion around the Cape of Good Hope. This diversion would add a week to Asia-North Europe voyages, incurring much higher fuel costs in the process. In a knee-jerk reaction, oil prices spiked on Thursday morning at the prospect of a significant disruption to canal transits but have subsequently returned to the level ruling before the incident occurred. The following image illustrates the extent of the disaster and the challenge facing the salvors.



¹⁶ Van Marle, G. 24/03/2021. [Questions being asked after box ship runs aground blocking Suez Canal](#).

Figure 15 – Suez Canal blocked



Source: [Marine Traffic](#) and [Aljazeera](#)

The BBC reported on Friday morning¹⁷ that the stranded 224,000-tonne "Ever Given" mega-container ship is holding up an estimated \$400 million an hour, \$9.6 billion a day in trade, according to shipping data from Lloyd's List. The waterway is a vital passageway between east and west.

The incident comes at a time of crossroads for the global shipping industry, as the pandemic-induced combination of congestion, poor efficiency, and container imbalances that have tormented the international containerised network have recently started to clear and return to normal. Up to 12% of the world's total trade passes through the Suez Canal, which links Europe and Asia by connecting the Mediterranean to the Red Sea. By late Wednesday, more than 150 ships were waiting to pass through it¹⁸. Again, this episode highlights the shipping industry's global interconnection, illustrating how any disaster of this nature will impact the rest of the world and shows how we are seldom far away from an impending catastrophe.

Global aviation industry

An overall lack of air connectivity is hampering economic recovery in the aviation industry. In total, the COVID-19 pandemic has decimated over a decade of gains in air connectivity globally. According to the International Air Transport Association (IATA), the number of airport pairs in March was only **50%** of the connections existing pre-pandemic in March 2019¹⁹. Those services' frequency – so crucial for business travel – was only **48%** of pre-pandemic levels. Since these air services connecting cities are the virtual bridges across which flow business travellers, workers, and tourists and the supply chain components and international trade carried in the holds of passenger aircraft, the lack of air connectivity will hamper economic recovery. The following image shows the international airport-pair routes by average flights per month.

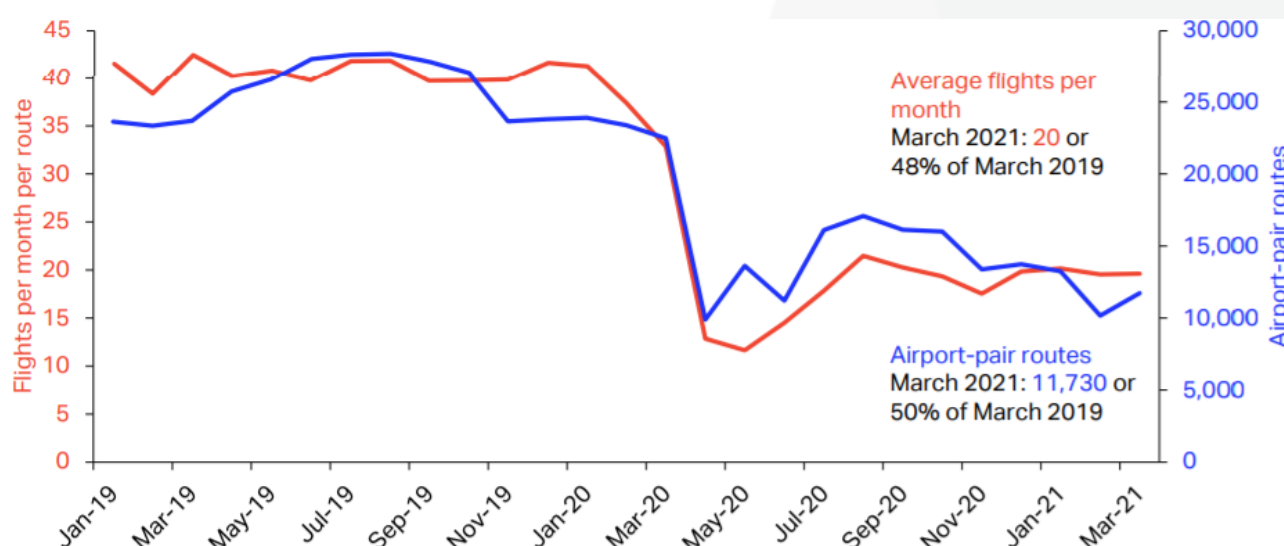
BUSA

¹⁷ Harper, J. 26/03/2021. [Suez blockage is holding up \\$9.6bn of goods a day.](#)

¹⁸ VOA News. 25/03/2021. [Suez Canal Blocked a Second Full Day.](#)

¹⁹ IATA. 26/03/2021. [Chart of the week.](#)

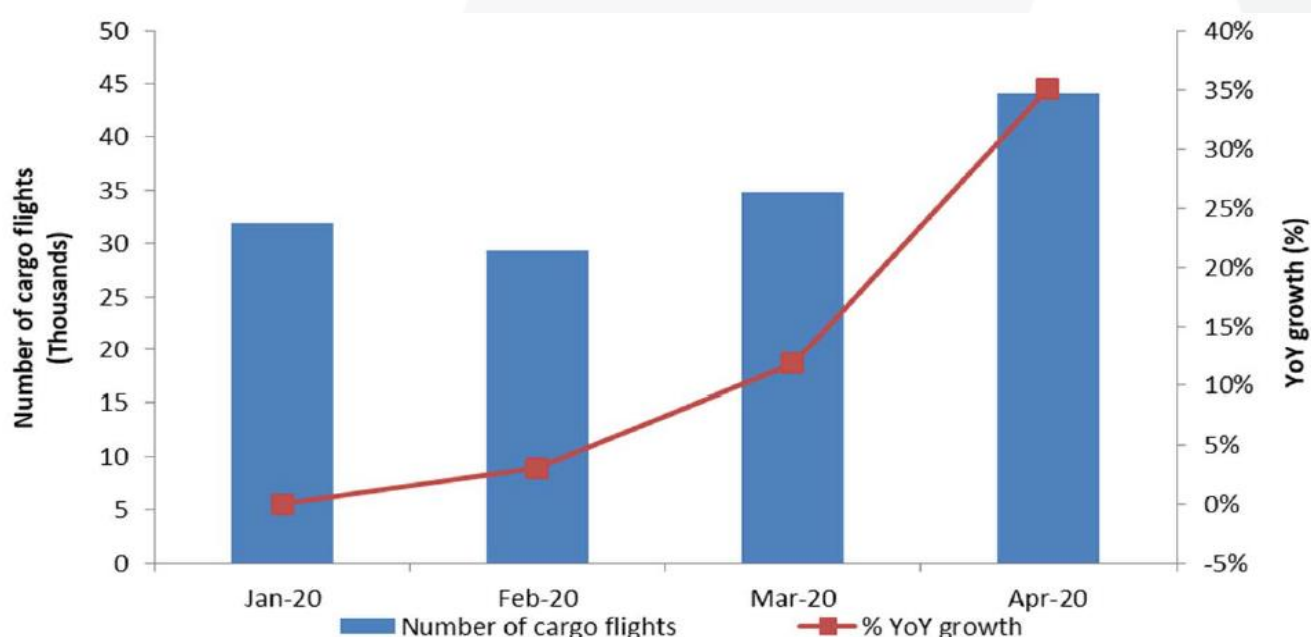
Figure 16 – International airport-pair routes (average flights per month)



Source: [IATA Economics analysis based on data from SRS Analyzer](#)

The story remains very contrasting for passengers and air cargo services. In a recent IATA sampling of airlines, passenger revenues fell by **↓73%** compared with Q4 2019 due to stagnating air travel. The declines were broad-based across all regions. On the other hand, cargo revenues rose by a robust **↑36%** over the same period, supported by elevated yields and improved cargo demand²⁰. The following figure from the International Civil Aviation Organisation (ICAO) showcases the upsurge in cargo flights.

Figure 17 – Cargo flights growth since March 2020



Source: [ICAO](#)

In contrast to the fall in passenger traffic, cargo flights surged with the increased cargo-only operations using passenger aircraft. After March 2020 recorded a year-on-year growth rate of **~17%**, an even more significant surge of **~35%** is expected for April 2021, as 12 months ago marked the near-complete halt of global air

²⁰ IATA. 25/03/2021. [Airlines Financial Monitor](#).

networks due to the stringent regulations imposed across Europe and North America, and indeed the rest of the world. Despite the surge in air cargo, the lack of passenger flights will likely inhibit comprehensive growth compared to last year, as the air cargo market will continue to tighten as the absolute limit of cargo-only flights will soon be reached.

Conclusion

This update — *the 31st of its kind* — contains a consolidated overview of the South African supply chain and the current state of international trade. In broad terms, UNCTAD projects an overall more substantial growth than expected in 2021, despite the ongoing problems of inequality, indebtedness and weak investment threatening hopes for a more resilient future. The global economy is expected to grow by **4.7%** this year, faster than predicted in September (**4.3%**). South Africa, in turn, is expected to grow at **3.0%** after the contraction of **-7.0%** last year.

Concerning the pandemic, new cases of COVID-19 in South Africa have averaged approximately **1,085** per day this week (slightly down from last week's average of **1,188**). Consequently, the number of cases recorded now totals **1,541,563**²¹ at the time of writing, with a death toll amounting to **52,535**. Globally, South Africa remains in **17th** place, as a total of some **126 million** cases have now been recorded. International vaccination programs continue, as more than **509 million** doses of COVID-19 vaccines have now been administered, which constitutes **6.1%**²² of the world's population as at the time of writing. According to the same source, South Africa has now made a total of **220,129** vaccine jabs, which is roughly **50,000** shots in the last seven days, once again highlighting the disappointingly pedestrian speed of the National Department of Health's vaccine rollout strategy²³. With talk of an impending third wave, vigilance is required, especially as more people are expected to travel during the Easter Holidays.

An average of **~9,459 TEUs** was handled per day for the last week, with a decreased average of around **~9,043 TEUs (↓4%)** expected to be handled for the next week. In broad terms, although the numbers reported this week were slightly low, port operations encountered fewer constraints compared to the last few weeks. Numbers-wise, the immediate outlook appears more promising, especially with the upcoming citrus season. Therefore, it seems as if the slow start to the year is now behind us. Nevertheless, with the challenges facing the global shipping industry, the upturn in sentiment remains cautious.

This week's main story revolves around the stranded mega-container vessel on the Suez Canal for the global maritime industry. The 224,000-tonne "*Ever Given*" was beached on Tuesday morning after losing the ability to steer amid high winds and a dust storm while travelling twice the normal speed limit. The sheer size and length of the vessel (400m) resulted in marine traffic being halted in both directions. The traffic jam is holding up an estimated **\$9.6bn** of goods each day, as approximately \$400m worth of cargo flows through the waterway each hour. The incident comes at an ill-fated time, as container freight rates, which is expected to increase consequently, have continued to dip in recent weeks, standing at **\$4,871.72 (↓1.4%)** per 40ft container presently. The extended international trading community will closely monitor the situation, as the knock-on effect of blocking the jugular vein of trade could be devastating.

The daily average volume of air cargo handled at ORTIA over the seven days starting 15 March amounted to **471 363 kg** inbound and **319 160 kg** outbound for the South African aviation industry. In total, that results in an average of **806 115 kg** per day, which is approximately **~108%** compared to the same period in 2020 (compared to **~110%** last week). For the domestic industry, average air cargo moved since the lockdown



²¹ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#)

²² Our World in Data, Coronavirus (Covid-19) Vaccinations. [Our World in Data](#)

²³ NDoH. 03/01/2021. [NDoH](#).

period has amounted to **63 941 kg** per day (**↓17%** compared to last week), which constitutes approximately **~35%**, compared to the previous year (**~41%** previous week).

Concerning the global aviation industry, an overall lack of air connectivity harms the aviation industry's economic recovery. In total, the COVID-19 pandemic has decimated over a decade of gains in air connectivity globally. According to the IATA, the number of airport pairs in March was only 50% of the connections existing pre-pandemic in March 2019. Since these air services connecting cities are the virtual bridges across which flow business travellers, workers, and tourists and the supply chain components and international trade carried in the holds of passenger aircraft, the lack of air connectivity will hamper the economic recovery. Fortunately, the story remains different for passengers and air cargo services. In a recent IATA sample of airlines, passenger revenues fell by **-73%** compared with Q4 2019 due to stagnating air travel. The declines were broad-based across all regions. On the other hand, cargo revenues were elevated by a robust 36% over the same period, supported by higher yields and improved cargo demand.

In summary, for this week, the cross-border queue time has averaged **~6.1 hours** (which is only slightly higher than that experienced in the previous week at **~5.8 hours**), which has cost the transport industry an estimated **\$3.4 million** (or **R54 million**). In comparison, the average cross-border transit time, however, marginally declined to an average of **~20.1 hours** (**~20.2 hours** last week), which has cost the transport industry an estimated **\$15 million** (or **R245 million**). The total cost for the week mentioned above amounts to an estimated **R300 million** (up by approximately **R20 million** since last week), which was only slightly worse than the week before but noticeably lower than some previous weeks. It is to be hoped that this positive trend can be maintained.

In conclusion, it is noticeable that the report's date marks exactly one year since the country went into a nation-wide lockdown. In the subsequent 12 months, the extended South African supply chain has been devastated on many fronts. Some high-frequency numbers have returned to pre-lockdown levels, such as international air cargo. However, other metrics, such as containerised cargo, have struggled to close the gap. As the macro environment gains economic momentum, the South African supply chain is expected to follow suit, albeit slowly. Nonetheless, as the Suez Canal incident shows, international supply chains remain highly intertwined and fragile.