

## COVID-19: Cargo movement update

**Date: 5 March 2021**

### About this update

This cargo movement update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. The report is the 28<sup>th</sup> update.

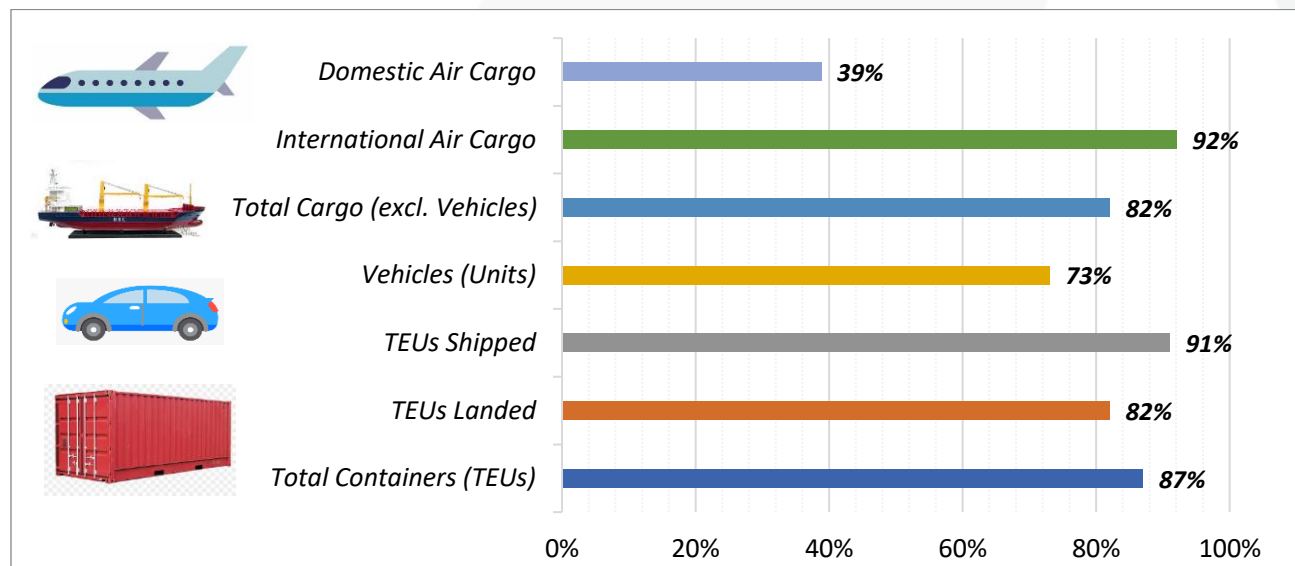
### Weekly snapshot

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

| Flows               | Current <sup>1</sup> |        |        | Previous <sup>2</sup> |        |        | Growth |
|---------------------|----------------------|--------|--------|-----------------------|--------|--------|--------|
|                     | Import               | Export | Total  | Import                | Export | Total  |        |
| Port Volumes (TEUs) | 25 672               | 32 139 | 57 811 | 31 816                | 39 808 | 71 624 | ↓19%   |
| Air Cargo (tons)    | 4 533                | 3 606  | 8 139  | 4 413                 | 3 622  | 8 035  | ↑1%    |

### Monthly snapshot

Figure 1 - Monthly<sup>3</sup> cargo flows, year-on-year



### Key Notes

- An average of ~8,259 TEUs was handled a day over the last week, ↓19% from last week.
- Weekly international air cargo is ↑1% and currently at ~95% compared to the same time in 2020.
- Weekly domestic air cargo is ↑0.2% and currently at ~39% compared to the same time in 2020.

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

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

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

- January trade with **BELN** countries of exports **↓17.7%** to **R10.1 billion**; imports **↓0.1%** to **R3.6 billion**.
- Regionally, the cross-border queue and transit times have an average of **~6,4 hours** and **~20,6 hours**, respectively, which has cost the transport industry an estimated **R272 million (↓46%)** for the week.
- The "*World Container Index*" remains high but decreased this week by **↓2.2%** to **\$5,121.04**.

## 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 27 February to 5 March<sup>4</sup>

| 7-day flow forecast (27.02.2021 - 05.03.2021) |   |                                    |
|---|---|------------------------------------|
| TERMINAL                                      | NO. OF CONTAINERS TO DISCHARGE (IMPORT) | NO. OF CONTAINERS TO LOAD (EXPORT) |
| DURBAN CONTAINER TERMINAL PIER 1:             | 2 464                                   | 4 300                              |
| DURBAN CONTAINER TERMINAL PIER 2:             | 8 992                                   | 8 350                              |
| CAPE TOWN CONTAINER TERMINAL:                 | 8 121                                   | 10 751                             |
| NGQURA CONTAINER TERMINAL:                    | 5 495                                   | 8 738                              |
| PORT ELIZABETH CONTAINER TERMINAL:            | 600                                     | 0                                  |
| <b>TOTAL:</b>                                 | <b>25 672</b>                           | <b>32 139</b>                      |

Source: [Transnet](#), 2021. Updated 05/03/2021.

Table 3 - Container Ports - 7-day flow forecasted for 6 to 12 March<sup>5</sup>

| 7-day flow forecast (06.03.2021 - 12.03.2021) |   |                                    |
|---|---|------------------------------------|
| TERMINAL                                      | NO. OF CONTAINERS TO DISCHARGE (IMPORT) | NO. OF CONTAINERS TO LOAD (EXPORT) |
| DURBAN CONTAINER TERMINAL PIER 1:             | 2 960                                   | 2 317                              |
| DURBAN CONTAINER TERMINAL PIER 2:             | 14 206                                  | 12 632                             |
| CAPE TOWN CONTAINER TERMINAL:                 | 8 502                                   | 9 567                              |
| NGQURA CONTAINER TERMINAL:                    | 6 553                                   | 6 688                              |
| PORT ELIZABETH CONTAINER TERMINAL:            | 228                                     | 588                                |
| <b>TOTAL:</b>                                 | <b>32 449</b>                           | <b>31 792</b>                      |

Source: [Transnet](#), 2021. Updated 05/03/2021.

An average of **~8,259 TEUs** was handled per day for the last week (27 Feb – 5 Mar, Table 2), with an increased average of around **~9,177 TEUs (↑11%)** expected to be handled for the next week (6 – 12 Mar, Table 3).

In general terms, our domestic maritime industry experienced a reduced week number-wise, as operational constraints persisted (note the summary see [below](#)). Positive news has come in export cargo, as we have experienced better results in this sector. Furthermore, as the trade statistics of January have shown, our



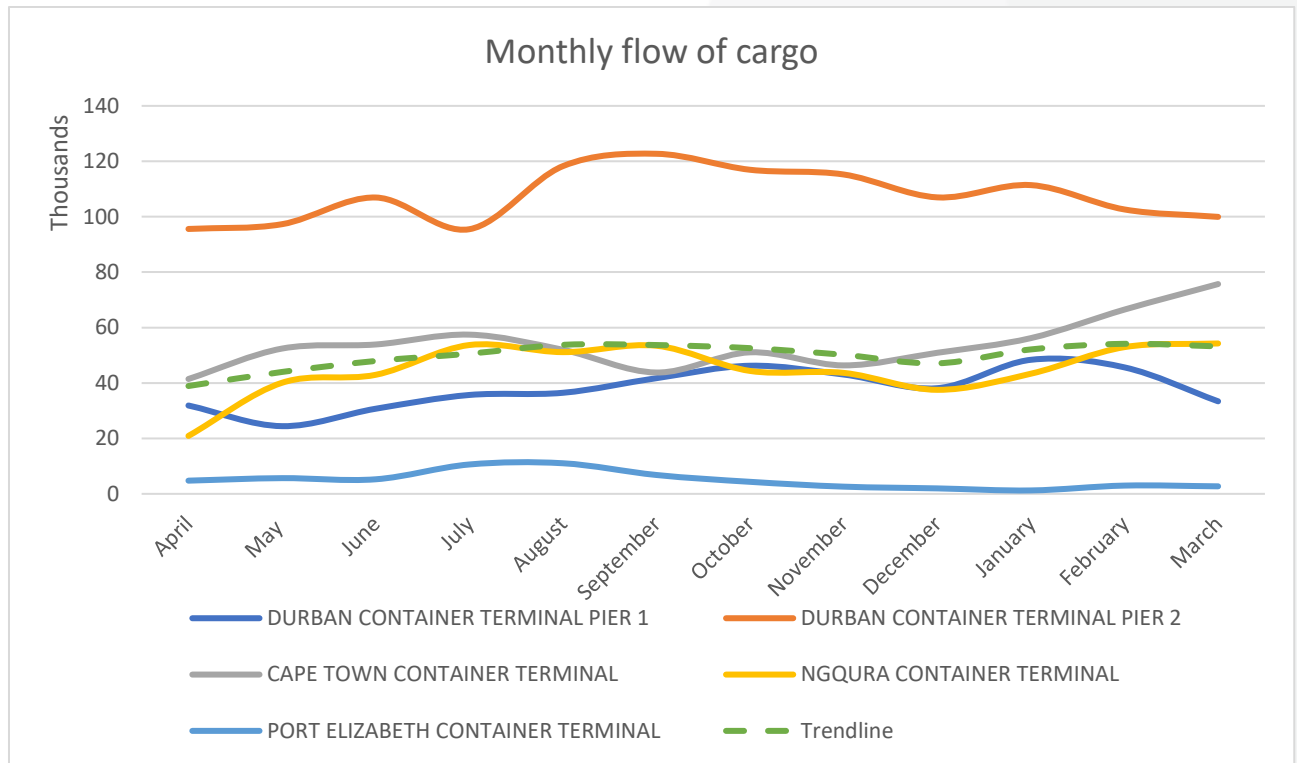
<sup>4</sup> It remains important to note that a fair percentage (approximately 28% according to the most recent TNPA figures for January) of containers are neither to be imported nor exported, but rather consist of empties and transhipments. Due to container imbalances, this proportion is fluctuating more than usual, and will have increased since December.

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

recent positive trade balance continues. The containerised figures reported lately paint a similar picture, as exported cargo has predominantly outstripped import cargo for many weeks now.

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

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

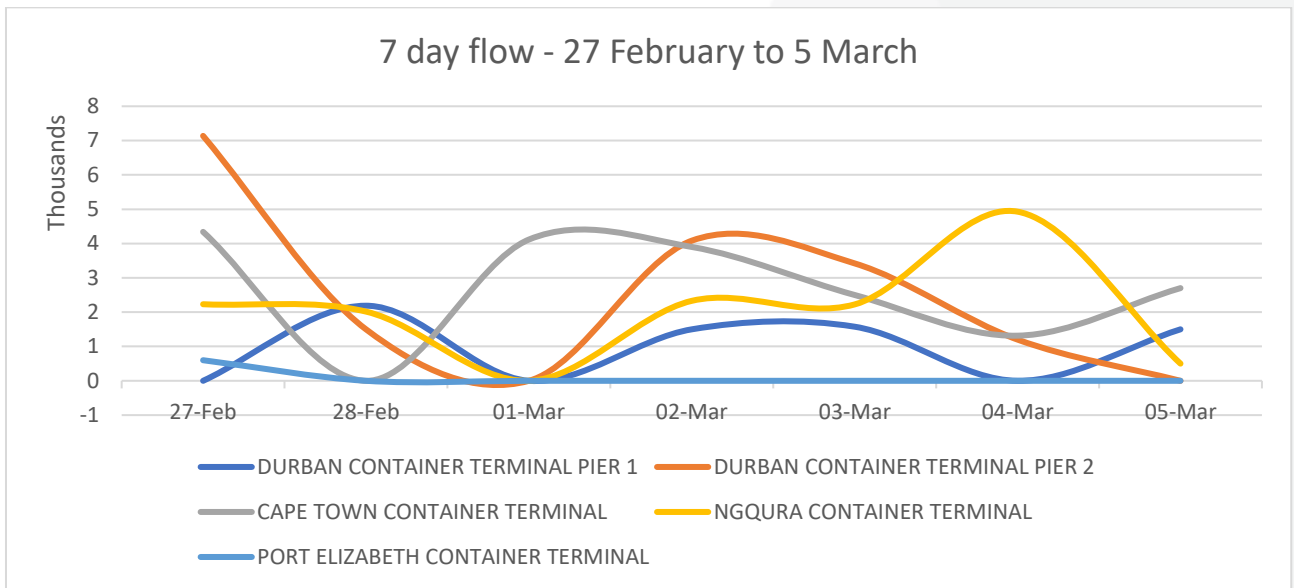


Source: Calculated using data from [Transnet](https://www.transnet.co.za), 2021. Updated 05/03/2021.

The figure shows that overall monthly container flows have been relatively stagnant after the initial increase experienced post the "hard lockdown", particularly in April. The trendline remains motionless, as Durban Pier II, in particular, experienced a dip in volumes recently.

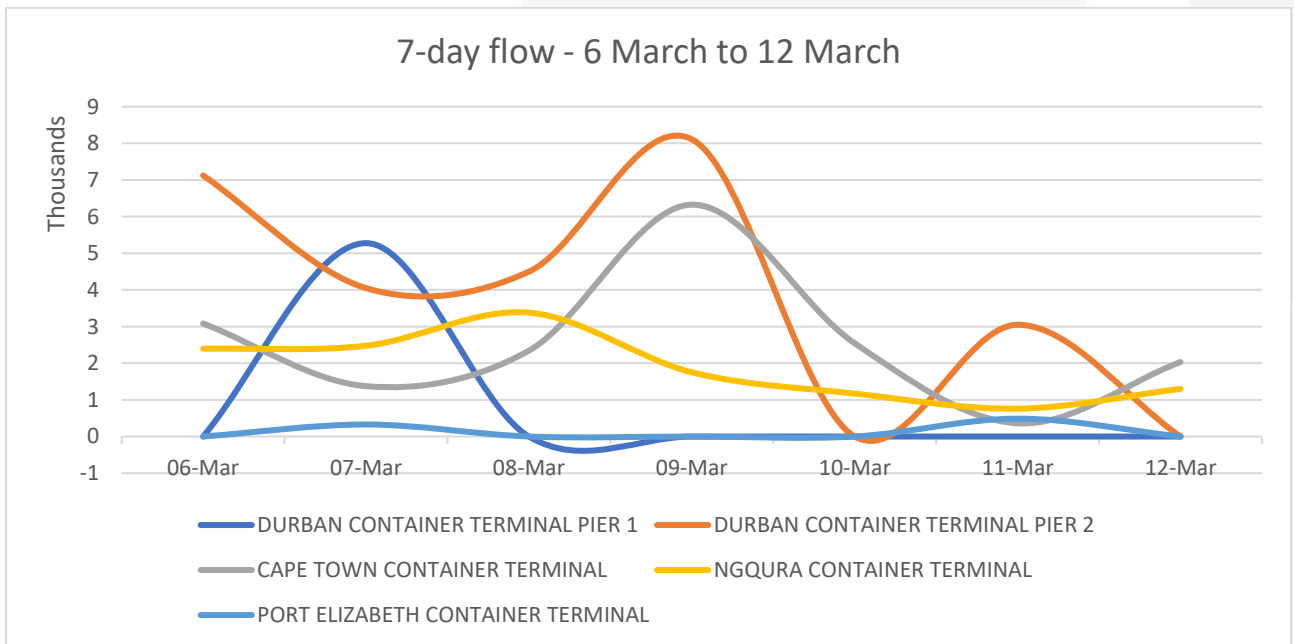
The figures below show the weekly container flows for the previous seven days and projections for the next seven days. The short-term forecast shows a slight increase, but it should be noted that this is just a return to recent norms following the low numbers reported this week.

Figure 3 - 7-day flow reported for total cargo movement (27 February to 5 March; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 05/03/2021.

Figure 4 - 7-day flow reported for total cargo movement (6 to 12 March; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 05/03/2021.

- **Summary of port operations**

An average of ~8,259 TEUs was handled per day for the last week (27 Feb – 5 Mar), with an increased average of around ~9,117 TEUs (↑11%) expected to be handled for the next week (6 – 12 Mar). The following significant points were evident this week.

## **Weather delays**

The overall weather situation across the last seven days was less severe than some weeks earlier in the year. Cape Town, however, encountered some weather-induced delays earlier in the week, resulting in a six-and-a-half-hour delay due to fog. In total, the weather delays there reached 74 hours due to wind and fog. Fortunately, the rest of the week had better weather conditions. Weather-wise, Durban experienced an excellent week.

### **Durban Container Terminal (DCT)**

Tug availability was a major concern, and this was also apparent at the Eastern Cape ports. Over the weekend, Durban had a spell with only two operational tugs which resulted in several vessel delays. The situation improved earlier in the week, albeit not significantly, as the number of available tugs increased to four. SAASOA was reportedly working with TNPA on improving the tug availability situation.

Further constraints included a combination of staff absence and machinery breakdowns. Durban Pier 2 appears to be working well primarily due to improved weather and reduced volumes. The same cannot be said for Pier 1, as equipment breakdowns persist with GCH way below an acceptable level.

As mentioned in last week's report, the industry struggles to come to terms with CMA/CGM insisting on empty turn-in at DCT. Now, it appears as if another carrier, Diamond Shipping, has made a similar demand. The delays incurred in complying with this have had a major effect on the ability of truckers to cover costs, as the number of trips has reduced.

### **Cape Town Container Terminal (CTCT)**

The major news coming from Cape Town during the week is the cumulative negative impact of 64 vessels bypassing the port in the last year. The impact results in 36,000 containers lost due to transshipment, with a total of 101,000 containers lost. This has been extremely detrimental to the domestic industry.

Recently, with various stoppages and poor productivity, the current berthing delays grew to nine days at the Cape Town Container Terminal, despite decent container throughputs reported lately. Although collective efforts have been made to bring this period down, it is unlikely to get back to an acceptable level before the end of March.

Earlier in the week, operational constraints continued with various equipment breakdowns, notably some RTGs being out for mid-life refurbishment, reaching a point where only 14 out of 28 RTGs were operational. This constraint has been a consistent problem with industry questioning terminal management's ability to ensure adequate capacity during maintenance or breakdown periods. Concern has also been voiced regarding the build-up of reefer containers, with 2,500 reefers sitting in the stacks, rapidly approaching the 3,200-plug point capacity.

A slight performance improvement was experienced later in the week, as GCH improved to 16 moves from a low of 13, but this is still well below acceptable levels. There are still six vessels outside waiting to dock, with the berthing delay improving slightly to eight days. The situation around reefer containers improved somewhat, with 612 and 1,474 trucks delivering reefers on Wednesday and Thursday.

Concluding matters in Cape Town, a collective plea from industry – involving SAAFF, SASSOA, Truckers, Port Liaison Forum, the WC Government, Shipping Lines, and other stakeholders – have been made to the port

authorities to improve the current inefficiencies. An urgent meeting with port management was requested, but it seems that this will not be possible until 15 March.

### Eastern Cape Container Terminals

As with Durban, the number of tugs available rang alarm bells throughout the week, with the issue being one that continually repeats itself.

### Transnet Freight Rail (TFR)

Earlier in the week, TFR Durban reported continuing issues with the Botswana route. There are currently 682 containers on the ground at DCT, with a dwell time exceeding a staggering 30 days. Also, the NATCOR line had its regular shut down (on the first Monday of every month) for maintenance but reopened shortly afterwards. Despite this, the maintenance delays, coupled with some minor incidents of cable theft, resulted in several short shipments. In Cape Town, BELCON continues with one train per week, with forecasts of ramping operations to more trains in the coming weeks. At one train a week, this operation will not make any significant dent in Cape Town's problems.

The industry trusts that TFR can increase its productivity and operational levels in broad terms, especially with the upcoming grain and citrus seasons, as noted below.

### General

As mentioned above, there is welcome news comes from the agricultural industry, as Agri-SA forecasts 3.5 million tons of grain movement during the forthcoming season. The initial indications point to the distribution of 50/50 imports versus exports; however, the harvest is guaranteed to be a record. Up to 90% will likely move through Durban. Despite the positive news, some warning flags should be raised, as the high number of truck movements will likely clash with the citrus season, which commences in April. Early indications also point to a fruitful, if not record, harvest. Although several stakeholders will enjoy the significant benefit of this largesse in freight movements, there will likely be a negative impact on port activity, general cargo business and truck access to terminals.

Lastly, returning to the current commercial realities, the fruit industry shared the following critical points for the week. (1) Low export volumes were recorded in week eight due to no EU sailing from Cape Town. (2) Table grapes intake volumes start to taper down, with an uptick in apple and pear volumes imminent. (3) Citrus data, which is expected to be positive, will be added to the database once the 2021 season's estimates have been finalised.

### 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 22 February. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *February 2020* was about **854 139 kg** per day<sup>6</sup>.

Table 4 - International inbound and outbound cargo from OR Tambo

| Flows           | 22-Feb  | 23-Feb  | 24-Feb  | 25-Feb  | 26-Feb  | 27-Feb  | 28-Feb  |
|-----------------|---------|---------|---------|---------|---------|---------|---------|
| Volume inbound  | 428 549 | 394 358 | 477 292 | 387 317 | 351 516 | 332 831 | 801 209 |
| Volume outbound | 198 772 | 398 660 | 304 672 | 351 587 | 247 713 | 267 345 | 755 400 |



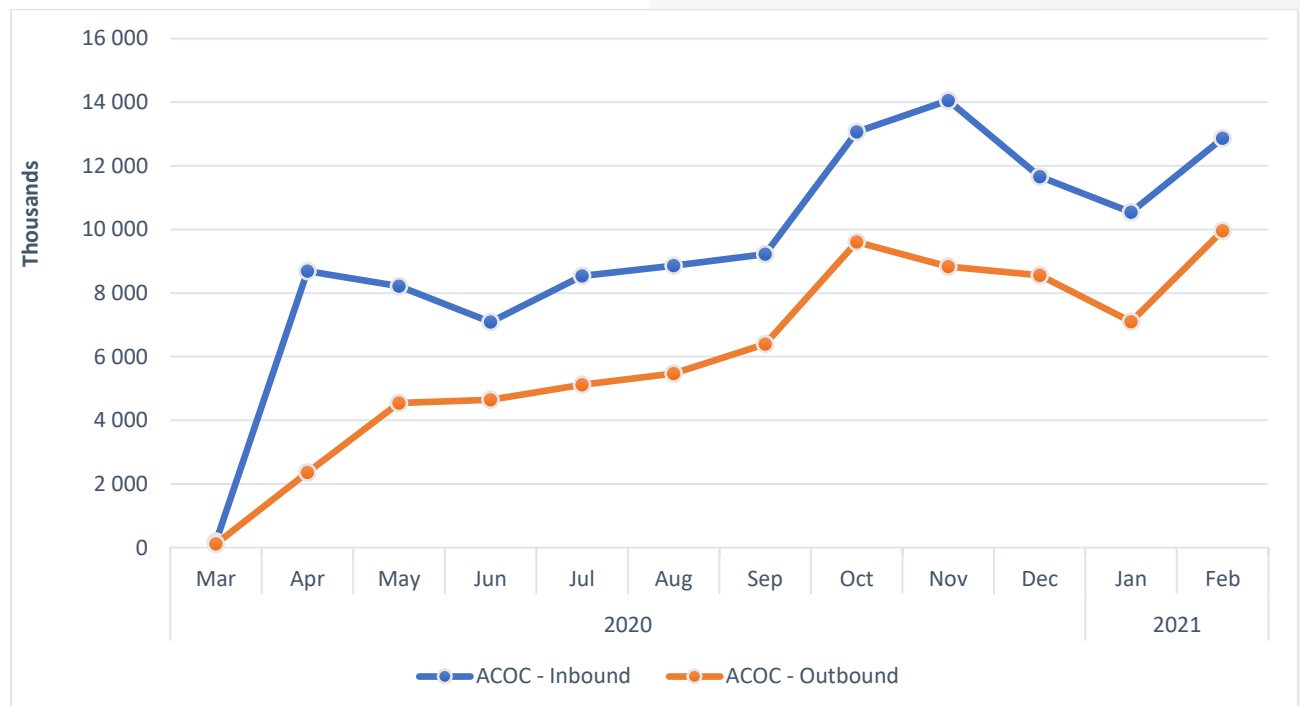
<sup>6</sup> Note, when including statistics from South Africa's other two international airports, Cape Town International and King Shaka (Durban) International airports, the total figure rises to **1 046 962 kg** per day.

|                              |                |                |                |                |                |                |                  |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| <b>Total handled per day</b> | <b>627 321</b> | <b>793 018</b> | <b>781 964</b> | <b>738 904</b> | <b>599 229</b> | <b>600 176</b> | <b>1 556 609</b> |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|

*Courtesy of ACOC. Updated: 01/03/2021*

The daily average volume of air cargo handled at ORTIA over the seven days starting 22 February amounted to **453 296 kg** inbound and **360 593 kg** outbound. In total, that results in an average of **813 889 kg** per day, which is approximately **~95%** compared to February 2020. The following figure shows the monthly international cargo handled at ORTIA since April last year. Volumes have slowly crept up to near-normal levels after a poor start to the year.

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



*Courtesy of ACOC. Updated: 01/03/2021.*

### **Global air cargo traffic**

The image below depicts international air traffic at around mid-morning of 5 March 2021. International traffic continues to be dominated by freighter operations, as the passenger fleets remain grounded to a large extent.

Figure 6 - Global air traffic: 5 March 2021



Source: [FlightRadar24](https://www.flightradar24.com), 05/03/2021, 09:00

### Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the lockdown period, as reported by the industry. The table includes the main domestic hubs, with a summary for the other airports. For comparative purposes, the average domestic air freight cargo (inbound and outbound) for ORTIA handled *before* the lockdown period was approximately **75 000 - 90 000 kg** per day (calculated from industry feedback). For further comparisons, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *February 2020* was approximately **88 590 kg<sup>7</sup>** per day.

Table 5 - Total domestic inbound and outbound cargo

| DATE / AIRPORT   | CPT    | DUR   | ELS   | ORTIA  | PLZ    | OTHERS | TOTAL   |
|------------------|--------|-------|-------|--------|--------|--------|---------|
| Mar Average      | 8 581  | 823   | 1 728 | 4 020  | 2 912  | 1 555  | 19 619  |
| Apr Average      | 14 664 | 900   | 2 152 | 13 911 | 3 814  | 1 760  | 35 956  |
| May Average      | 28 421 | 1 639 | 4 677 | 25 282 | 7 333  | 1 099  | 58 064  |
| Jun Average      | 24 256 | 2 137 | 5 105 | 23 935 | 8 601  | 3 324  | 63 236  |
| Jul Average      | 23 395 | 2 759 | 4 896 | 24 255 | 6 550  | 5 139  | 63 116  |
| Aug Average      | 22 860 | 2 418 | 40 93 | 22 142 | 5 643  | 2 819  | 59 559  |
| Sept Average     | 24 735 | 2 682 | 3 712 | 24 003 | 6 126  | 3 315  | 64 572  |
| Oct Average      | 25 317 | 2 931 | 3 552 | 22 085 | 6 475  | 3 315  | 63 676  |
| Nov Average      | 21 592 | 9 641 | 4 117 | 21 434 | 12 060 | 5 592  | 73 698  |
| Dec Average      | 24 311 | 3 475 | 3 480 | 24 326 | 6 194  | 3 845  | 65 630  |
| Jan Average      | 20 961 | 2 739 | 2 859 | 22 818 | 5 491  | 5 238  | 57 781  |
| Feb 1-20 Average | 29 268 | 3 691 | 3 599 | 31 107 | 7 402  | 3 718  | 78 784  |
| 21-Feb-21        | 827    | 419   | 81    | 1 878  | 174    | 439    | 3 817   |
| 22-Feb-21        | 48 885 | 4 743 | 6 076 | 51 495 | 11 278 | 4 760  | 127 238 |
| 23-Feb-21        | 41 692 | 4 743 | 4 468 | 45 620 | 10 065 | 5 081  | 111 668 |

<sup>7</sup> For Cape Town, the figure corresponds to **63 191 kg** per day, and **16 329 kg** per day for Durban during the same period (February 2020).

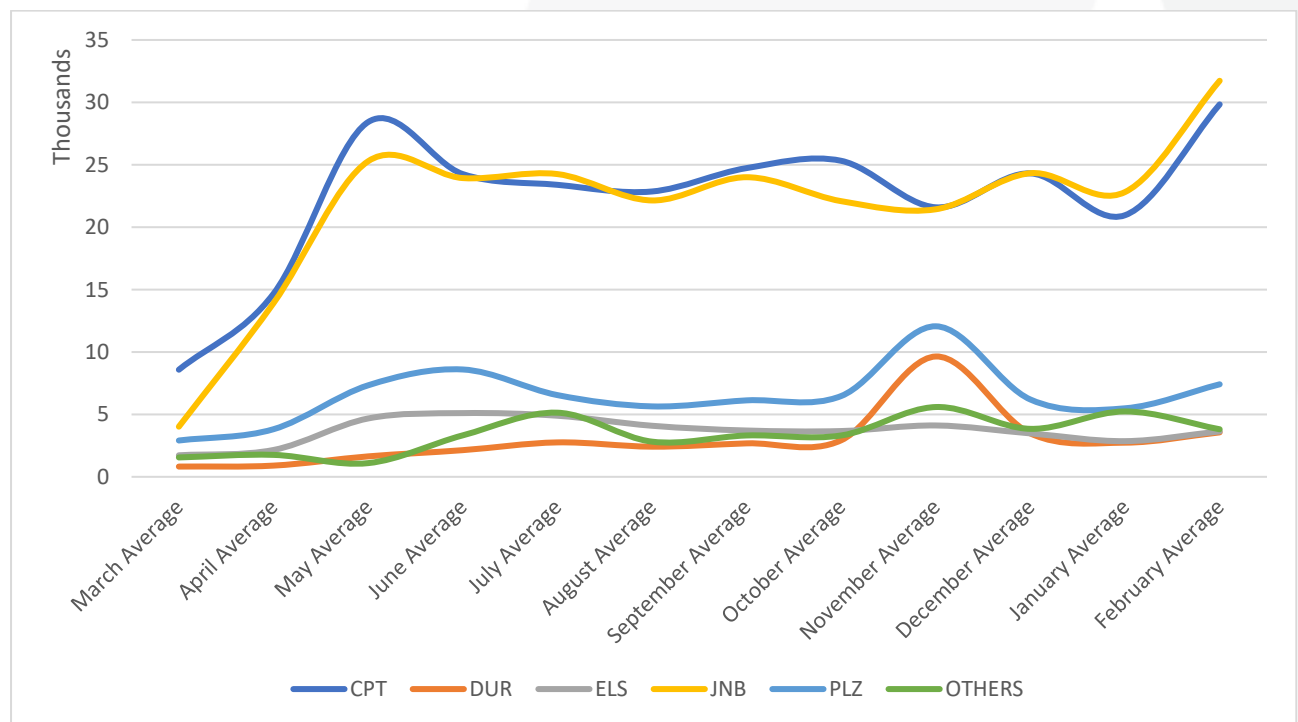
|                    |                  |                |                |                  |                |                |                  |
|--------------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|
| <b>24-Feb-21</b>   | 41 813           | 5 506          | 4 412          | 57 549           | 10 360         | 4 829          | <b>124 469</b>   |
| <b>25-Feb-21</b>   | 40 731           | 5 284          | 5 836          | 29 826           | 9 854          | 4 993          | <b>96 523</b>    |
| <b>26-Feb-21</b>   | 15 935           | 2 597          | 3 064          | 29 818           | 5 693          | 3 251          | <b>60 358</b>    |
| <b>27-Feb-21</b>   | 1 693            | 821            | 19             | 2 112            | 193            | 37             | <b>4 874</b>     |
| <b>28-Feb-21</b>   | 836              | 1 105          | 4              | 2 842            | 8              | 330            | <b>5 125</b>     |
| <b>01-Mar-21</b>   | 44 579           | 4 574          | 5 256          | 46 591           | 11 922         | 4 873          | <b>117 795</b>   |
| <b>Grand Total</b> | <b>1 472 142</b> | <b>188 502</b> | <b>189 835</b> | <b>1 597 231</b> | <b>377 809</b> | <b>193 243</b> | <b>4 018 762</b> |

*Courtesy of BAC. Updated: 02/03/2021.*

The average domestic air cargo moved during the lockdown period has amounted to **~66 979kg** per day (**↑0.2%** compared to last week), which constitutes approximately **~39%**, compared to the previous year (**~39%** previous week).

The following figure highlights the total monthly domestic air cargo moved per airport as per the table above. As with the international cargo, the volume has steadily crept up, although still falling short compared to the same time last year. As the figure illustrates, the industry expects these numbers to turn around as we continue into March and April, showing some recovery from the shock on supply chains induced by the lockdowns.

*Figure 7 - Total domestic inbound and outbound cargo*



*Courtesy of BAC. Updated: 02/03/2021.*

### Southern Africa air traffic

The following image shows air traffic across Southern Africa at around mid-morning of 5 March. Traffic appears to be concentrated on the busiest domestic route, Cape Town-Johannesburg. Furthermore, a clear increase is evident in international flights to and from OR Tambo.

Figure 8 - Southern Africa air traffic: 5 March 2021



Source: [FlightRadar24](https://www.flightradar24.com), 05/03/2021, 09:00.

## Regional update

### SARS Trade Statistics

On Friday, 26 February, SARS published South Africa's trade statistics for January 2020<sup>8</sup>. Exports have increased by **↑8.7%** y-o-y, while imports fell by **↓5.5%** over the same period. Overall, these figures translate into a trade balance surplus of **R11.83 billion** for the month. These figures contrast with the **R2.7 billion deficit** during the same time last year.

In terms of regional trade, trade with BELN countries resulted in a trade surplus of **R6.52 billion**. Exports decreased by **↓17.7%** between December and January to **R10.11 billion**. Imports from BELN countries fell by a marginally **↓0.1%**, amounting to **R3.59 billion** for the month. These figures again highlight the dependence of neighbouring economies on South African exports. This situation, in turn, stresses the need for free-flowing border procedures if the positive trade balance is to be maintained and the needs of our neighbours satisfied. In summary, the narrative of free-flowing border procedures has been a consistent thread in the arguments put forward by the private sector.

### 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.



<sup>8</sup> SARS Trade Statistics, 2020. [SARS](https://www.sars.gov.za).

Table 6 - Delays<sup>9</sup> 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 |
|--------------|--------------------------|--------------------|---------------------|----------------------|---------------------|----------------|---------------|-----------------|-------------------|
| SA/Zim       | Ariamsvlei               | 1:00               | 28:00               | 100                  | 3 000               | 21 000         | 700           | 18 200          | 700               |
| SA/Bot       | Beit Bridge              | 0:00               | 21:00               | 943                  | 28 290              | 198 030        | 6 601         | 125 419         | 0                 |
| SA /Bot      | Cassacatiza/Mlolo        | 1:00               | 22:00               | 60                   | 1 800               | 12 600         | 420           | 8 400           | 420               |
| Zam/Zim      | Chirundu                 | 0:00               | 24:00               | 616                  | 18 480              | 129 360        | 4 312         | 94 864          | 0                 |
| Zam/Bot      | Dedza                    | 1:00               | 18:00               | 50                   | 1 500               | 10 500         | 350           | 5 600           | 350               |
| Zam/DRC      | Groblersbrug             | 1:00               | 7:00                | 400                  | 12 000              | 84 000         | 2 800         | 14 000          | 2 800             |
| Moz/Mw       | Kasumbalesa              | 0:00               | 49:00               | 592                  | 17 760              | 124 320        | 4 144         | 194 768         | 0                 |
| Moz/Mw       | Kazungula                | 72:00              | 43:00               | 212                  | 6 360               | 44 520         | 1 484         | 60 844          | 106 848           |
| SA/Bot       | Kopfontein/Tlokweng      | 2:00               | 25:00               | 100                  | 3 000               | 21 000         | 700           | 16 100          | 1 400             |
| Zam/Nam      | Ressano Garcia           | 15:00              | 11:00               | 400                  | 12 000              | 84 000         | 2 800         | 25 200          | 42 000            |
| SA/Bot       | Machipanda/Forbes        | 0:00               | 8:00                | 320                  | 9 600               | 67 200         | 2 240         | 13 440          | 0                 |
| Nam/Ang      | Milange                  | 0:00               | 1:00                | 30                   | 900                 | 6 300          | 210           | -210            | 0                 |
| Moz/Zim      | Skilpadshok/Pioneer Gate | 12:00              | 23:00               | 300                  | 9 000               | 63 000         | 2 100         | 44 100          | 25 200            |
| Moz/Mw       | Trans Kalahari/Mamuno    | 1:00               | 46:00               | 110                  | 3 300               | 23 100         | 770           | 33 880          | 770               |
| Mw/Zam       | Zimbabwe/Mozambique      | 0:00               | 6:00                | 100                  | 3 000               | 21 000         | 700           | 2 800           | 0                 |
| Zam/Tza      | Zobue/Mwanza             | 2:00               | 18:00               | 100                  | 3 000               | 21 000         | 700           | 11 200          | 1 400             |
| <b>Total</b> |                          |                    |                     | <b>4 433</b>         | <b>132 990</b>      | <b>930 930</b> | <b>31 031</b> | <b>668 605</b>  | <b>181 888</b>    |

Source: TLC & FESARTA, week ending 01/03/2021.

By comparison with last week, several notable positive changes have occurred:

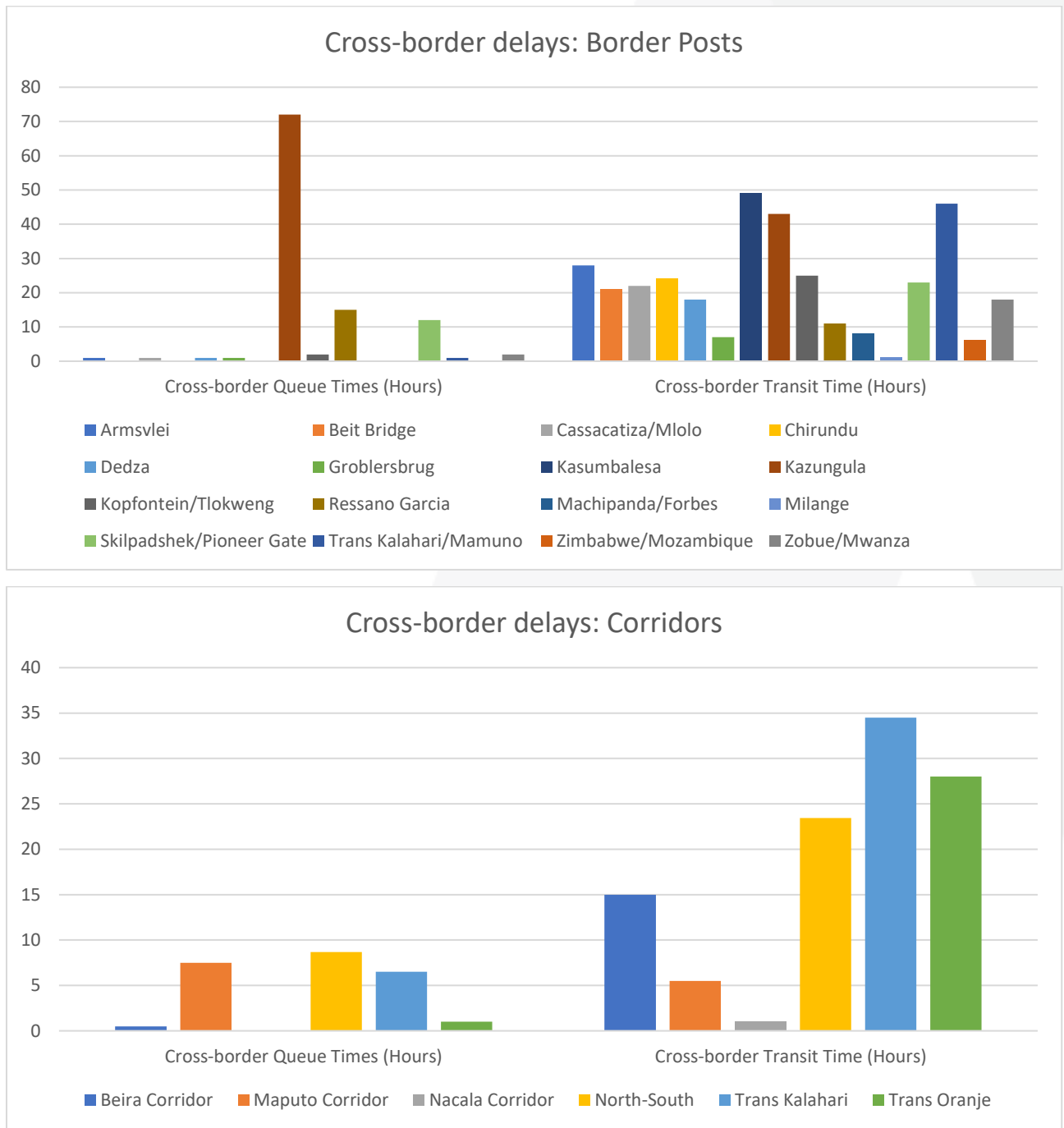
- Queue time at Beit Bridge has decreased from 96 hours to zero.
- Queue time at Kazungula has also decreased significantly, from 120 hours to 72 hours.
- Border time at most crossings has remained relatively stable since last week.

The following graphs illustrate the immense 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.



<sup>9</sup> 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.

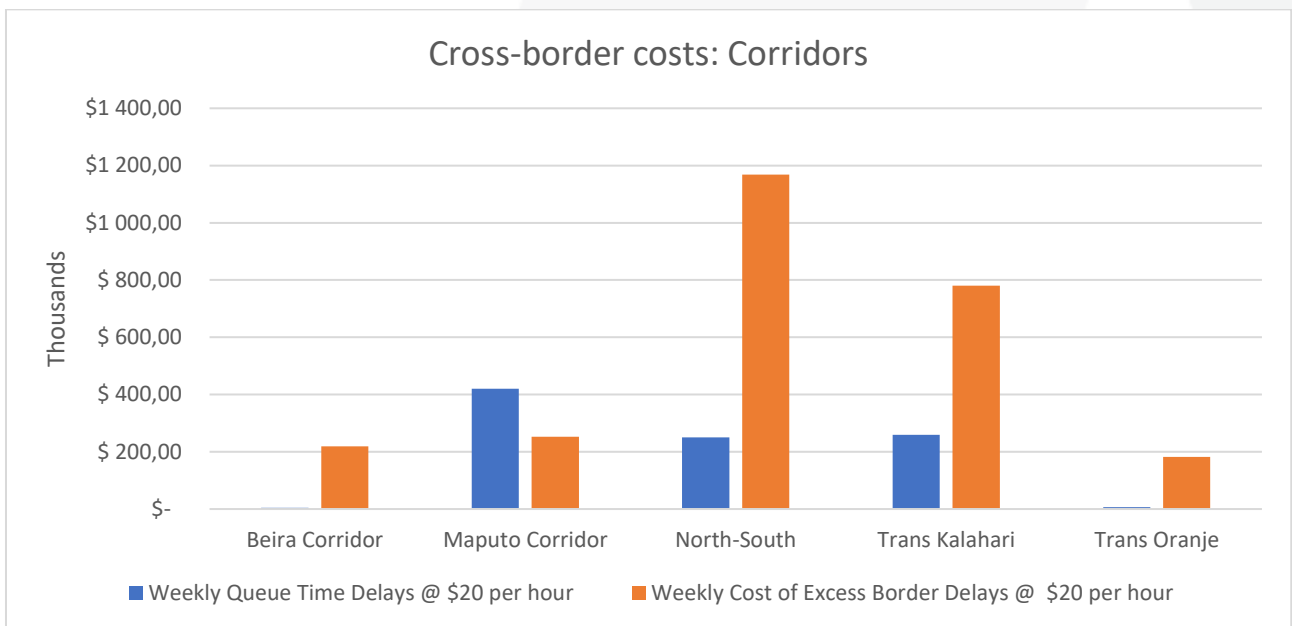
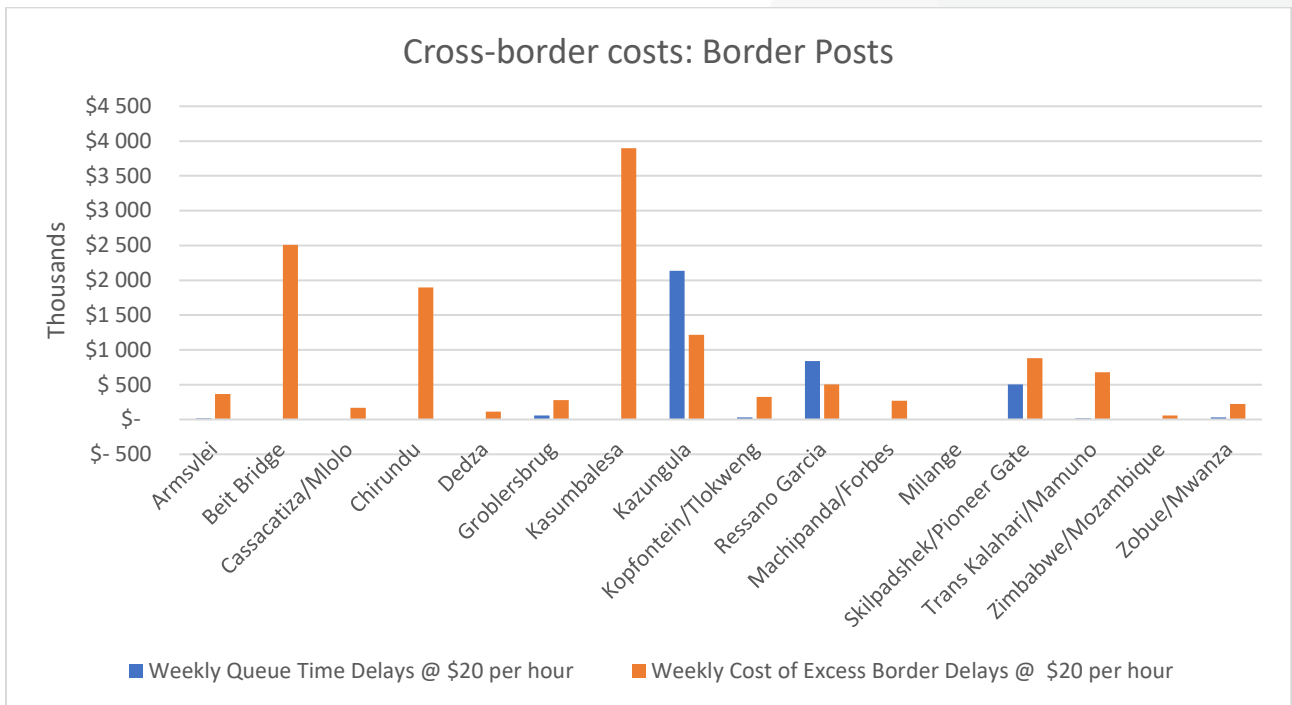
Figure 9 - Cross border delays (in hours)



Source: TLC & FESARTA, week ending 01/03/2021.

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



Source: TLC & FESARTA, week ending 01/03/2021.

In summary, for this week, the cross-border queue time has averaged **~6,4 hours** (which is considerably less than that experienced in previous weeks at **~15,7 hours**), which has cost the transport industry an estimated **\$3.6 million** (or **R58 million**). In comparison, the average cross-border transit time was an average of **~20.6 hours** (**~18.2 hours** last week), which has cost the transport industry an estimated **\$13.3 million** (or **R213.9 million**). The total cost for the week mentioned above amounts to an estimated **R272 million** (down by

approximately **R230 million** since last week), which is a great improvement. It is hoped that this can be maintained.

Although better than expected figures were reported this week, some border challenges remain. As consistently proposed by trade in recent weeks, a collaborative public-private-partnership needs to be set up to fast-track trade flows through regional crossings. The private sector can only reiterate the sentiment voiced in the recent engagement revolving around OSBPs with the DHA held on 1 March, which by all accounts, was productive. If there is any success to be had with the AfCFTA, for example, intra-African trade through our regional transport corridors will have to be streamlined.

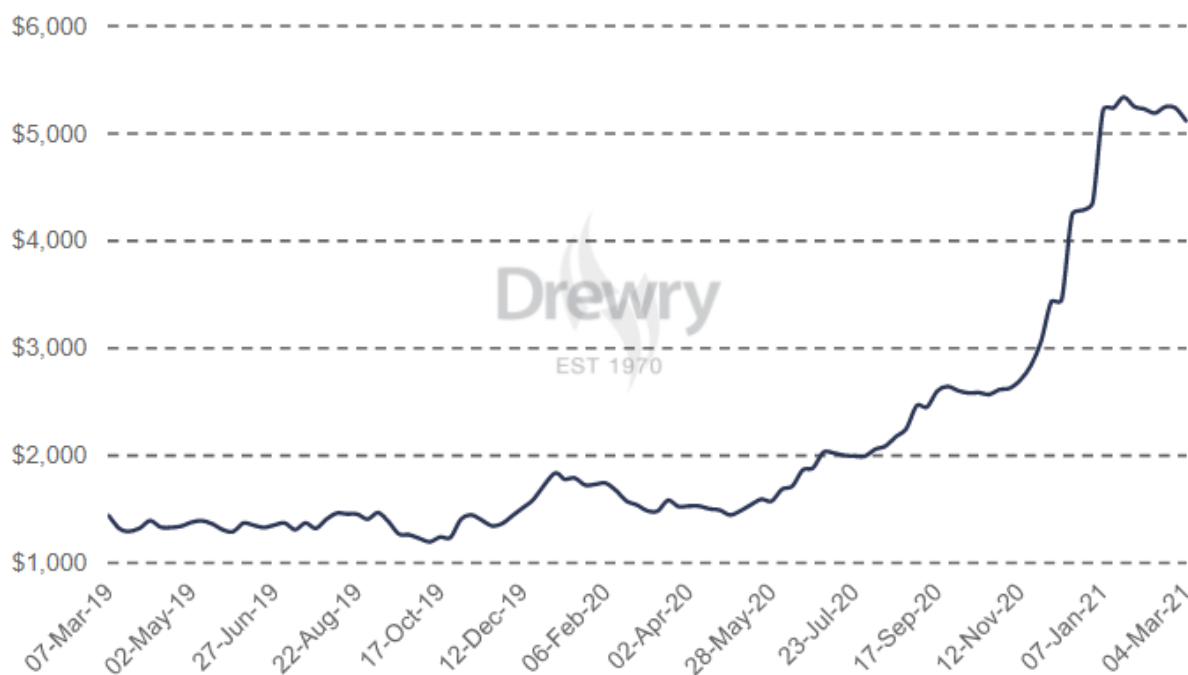
## 1. International update

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

Global freight rates have seemingly started a very gradual descent after the malaise of recent events sprouting from the three-fold global problem of container imbalances, port congestions and poor efficiency. According to Drewry, the UK-based maritime research and consulting firm<sup>10</sup>, the "World Container Index" (WCI) index stands at **\$5,121.04** per 40ft container, which is a reasonable decrease of **↓2.2%** since last week. The following image shows recent changes.

Figure 11 - World Container Index - Assessed by Drewry (\$ per 40 ft. container)



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

Although there is still much room for a continued decline in rates, traders have welcomed this slight reprieve. In general terms, the composite index remains inflated, standing at an incredible **232.6%** compared with the

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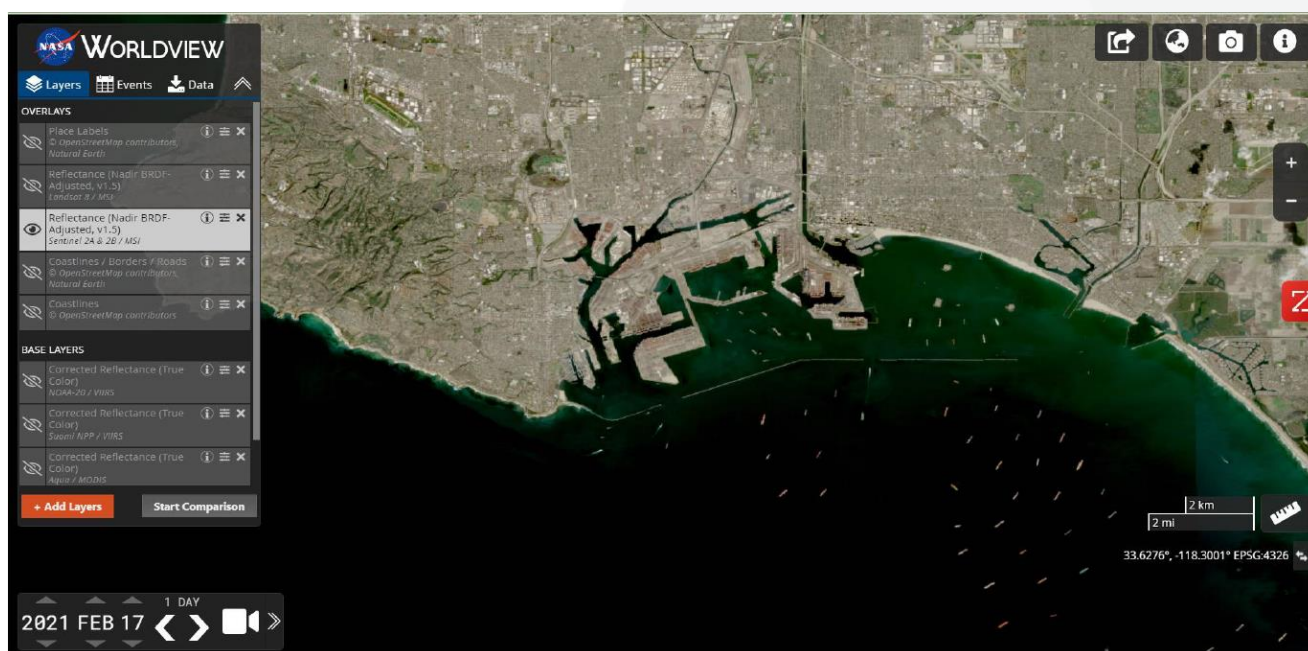
<sup>10</sup> Drewry Supply Chain Advisors. 04/03/2021. [World Container Index](#).

same period of 2020. However, it should be realised that the driving factors, which are still evident, started to accumulate around this time 12 months ago.

In terms of the longer-term trend, the WCI for year-to-date is **\$5,231** per 40ft container, which is **\$3,539** higher than the five-year average of **\$1,692** (down by **\$14** since last week for two consecutive weeks now). Since last week, the general decrease in freight rates occurred across six of the eight major routes, with the remaining two being unchanged.

Collectively, the experience of congestion, poor efficiency and container imbalances appears to be shared by all ports internationally. South Africa is not alone in having to confront the commercial realities that have resulted. The vessel bypasses mentioned in this report mirror the global experience, particularly regarding the queuing of large container vessels, as depicted in the image below.

Figure 12 - The ports of Los Angeles and Long Beach from space



Source: [NASA Worldview](https://worldview.nasa.gov/)

The image shows a total of 14 vessels awaiting berths at the ports of Los Angeles and Long Beach on the Californian coast of the USA. The photo was taken on 17 February. With cargo capacity in short supply, a shortage of empty containers and a mere 24 million containers<sup>11</sup> in circulation worldwide, it is no wonder that the maritime-ecosystem is nowhere near dynamic equilibrium at the moment. Fortunately, most significant trends point towards stabilisation relatively soon.

### Global aviation industry

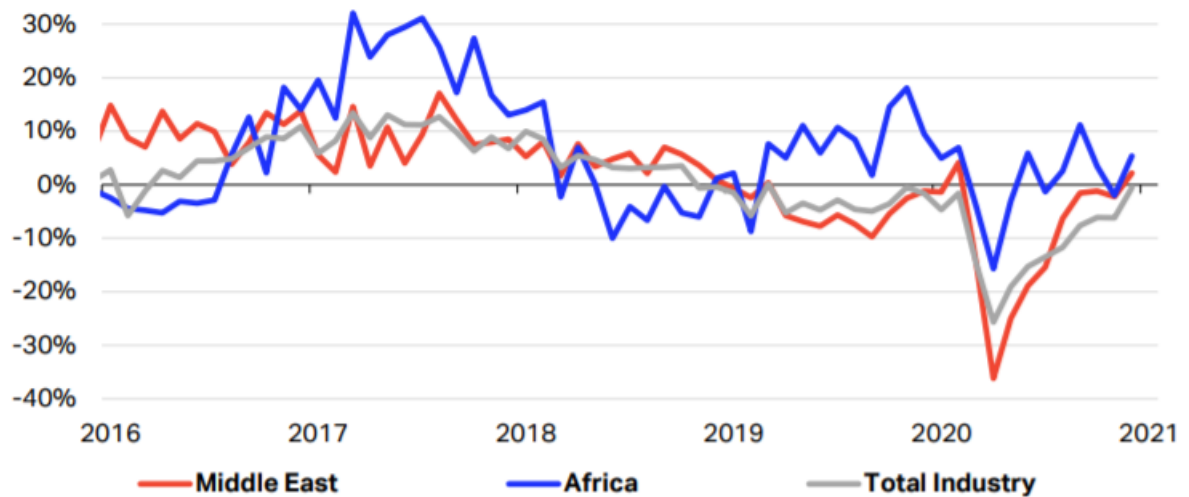
The International Air Transport Association (IATA) published their "State of the Region" analysis for Africa and the Middle East during the week<sup>12</sup>. Although industry-wide revenue passenger-kilometres (RPKs) fell by **↓69.7%** y-o-y in December, air cargo experienced a strong year-end, with industry-wide cargo tonne-kilometres (CTKs) down by only **↓0.5%** in December compared with December 2019. The following figure shows the growth in air cargo volumes during the last five years.



<sup>11</sup> Alphaliner. 05/03/2021. [Alphaliner Top 100](https://www.alphaliner.com/en/top-100/).

<sup>12</sup> IATA. 01/03/2021. [Regional Briefing - Africa & Middle East - February 2021](https://www.iata.org/en/pressroom/2021/03/01/regional-briefing-africa-middle-east-february-2021/).

Figure 13 – Growth in air cargo volumes (CTKs, year-on-year)



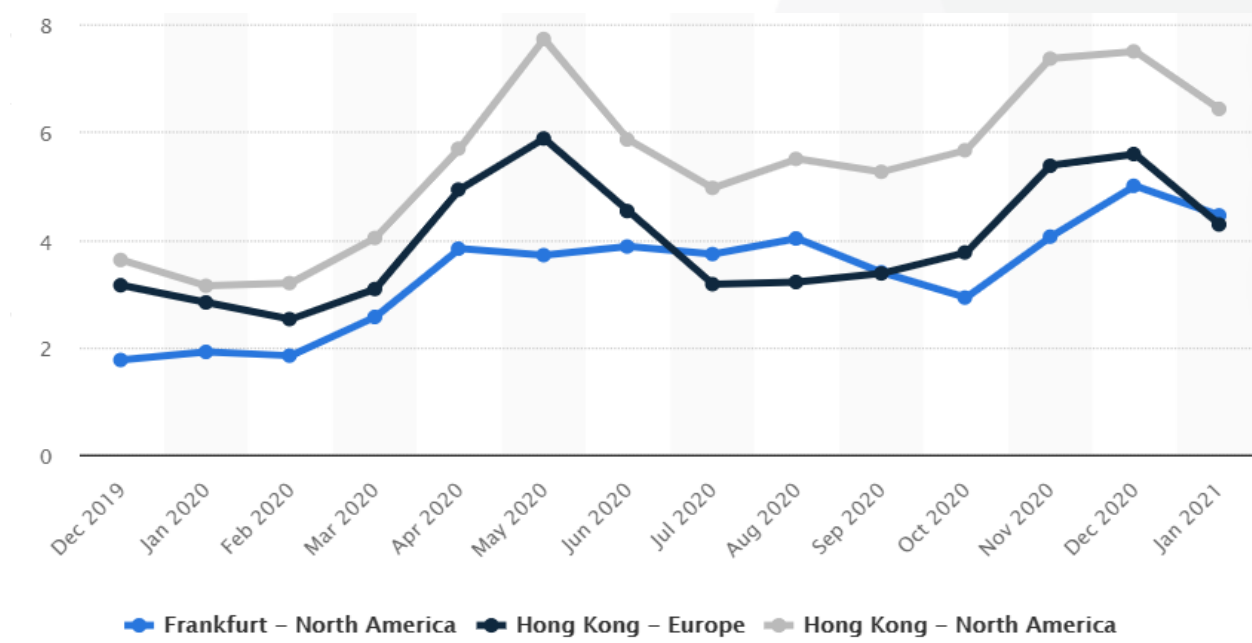
Source: [IATA Economics](#)

The following key points explain the current state of the aviation industry for the region:

- All in all, in 2020, CTKs fell by **↓10.6%** for the entire region.
- For African carriers, CTKs increased by **↑5.4%** y-o-y for December.
- Globally, passenger traffic plunged by **↓66%**, which was by far the sharpest decline in aviation history.
- African cargo load factor (CLF) has continued to increase (now for three consecutive months), coming in at a consolidated **44.2%** for 2020. The elevated CLF remains on the high side due to the lack of belly-hold cargo.
- The outlook for 2021 is much better compared to the historic low of 2020.

As freighters will continue to carry the bulk of the international air cargo, the rates will likely remain slightly elevated, as noted in the following figure. The figure shows the average global air freight rates for three of the most important international routes.

Figure 14 – International air freight rates (US\$, per kilogram)



Source: [Statista](#)

Before the pandemic, international spot rates hovered around US\$3.19 per kg. At the peak of the air freight demand around May 2020, the rates reached an average of approximately US\$7.73 per kg. Another spike in prices was experienced around the vaccine trials' positive news around the end of November; however, some stabilisation has subsequently occurred.

In summary, although there seems to be light at the end of the tunnel due to the positive global economic backdrop, the industry remains cautious because of the current spike of the virus, the likelihood of further waves of infection and the consequent renewed or extended aviation restrictions. Air cargo carried by freighters will continue to carry the industry until at least the second half of 2021.

## Conclusion

This update — *the 28<sup>th</sup> of its kind* — contains a consolidated overview of the South African supply chain and the current state of international trade. As 2021 continues, in an economic sense, we see some improvements in several industries (such as food and textiles) and countries (such as China and Australia) alike. Nonetheless, it has become clear that any recovery to pre-pandemic levels will not happen overnight. It is unlikely that the collective economic damage will be wiped out before the end of 2021 or even the start of 2022.

In South Africa, new cases of COVID-19 have continued to decrease, averaging approximately **1,220** per day (down from **1,480** last week). Consequently, South Africa remains at **16<sup>th</sup>** position globally, with the total number of cases recorded now amounting to **1,517,667**<sup>13</sup> at the time of writing. Globally, more than **284 million** people have now been given at least one dose of vaccine, which constitutes **3.7%**<sup>14</sup> of the world's population as of writing. According to the same source, South Africa has now administered a total of **70,527** vaccine doses.



<sup>13</sup> John Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#)

<sup>14</sup> Our World in Data, Coronavirus (Covid-19) Vaccinations. [Our World in Data](#)

An average of **~8,259 TEUs** was handled per day for the last week, with a decreased average of around **~9,177 TEUs (↑11%)** expected to be handled next week. These container throughput volumes remain sub-optimal, as several operational constraints persist, despite a better all-around weather week. A significant concern revolved around the availability of tugs, raising alarms at Durban, Port Elizabeth and Ngqura. The incessant challenge of vessel bypasses that has been a consistent refrain in these reports was brought into sharp focus this week. The catastrophic impact of 64 vessel bypasses has resulted in 36,000 containers lost due to transshipment, with a grand total of 101,000 containers lost.

Internationally, global container freight rates remain elevated at **\$5,121.04** per 40ft container but appear to have started their long-overdue decline this week. Collectively, the experience of congestion, poor productivity and container imbalances appears to continue for the moment, although with less negative impact than earlier in the year. Ultimately, the situation is reflected at many ports worldwide, emphasising South Africa's current commercial realities. Fortunately, most major trends indicate some stabilisation and recovery in the near future.

The outlook remains somewhat better concerning air cargo as air cargo volumes to and from South Africa are slowly increasing. The daily average volume of air cargo handled at ORTIA over the seven days starting 22 February amounted to **453 296 kg** inbound and **360 593 kg** outbound. In total, that results in an average of **813 889 kg** per day, which is approximately **~95%** compared to the two months before the lockdown period (compared to **~94%** last week). For the domestic industry, average air cargo moved since the lockdown period has amounted to **~66 845kg** per day (**↑0.2%** compared to last week), which constitutes approximately **~39%**, compared to the previous year (**~39%** previous week).

In terms of the global aviation industry, Africa and the Middle East was the second-best performing region behind North America in the fourth quarter of 2020. Although passenger-kilometres fell by **↓69.7%** in December, air cargo experienced a strong year-end, with cargo tonne-kilometres down by only **↓0.5%** in December compared with December 2019. For 2020 collectively, CTKs fell by **↓10.6%** for the entire region. However, for African carriers, CTKs increased by **↑5.4%** for December, which has meant that Africa's cargo load factor has continued to increase, currently at **44.2%** for 2020. The elevated CLF remains on the high side due to the lack of belly-hold capacity. Nevertheless, the outlook for 2021 is much better compared to the historic low of 2020. Air cargo freight rates have also come down lately, which is positive news.

For South African trade, the recent trade surplus has continued in January as exports have increased by **↑8.7%** y-o-y, while imports fell by **↓5.5%**. Overall, these figures correlate into a trade balance surplus of **R11.83 billion** (compared to a **R2.7 billion deficit** in 2020). A regional trade surplus (**R6.52 billion**) was also registered despite exports decreasing by **↓17.7%** between December and January to **R10.11 billion**. Imports from BELN countries fell by a marginally **↓0.1%**, amounting to **R3.59 billion** for the month.

In summary, it is evident that some green shoots are developing for both the domestic and international supply chains. Coupled with the generally poor economic state of South Africa currently, these developments are most welcome. But on a cautionary note, as the movement of people and goods gathers pace, we need to be vigilant regarding the external environment in which we operate. As South Africa's status as a gateway to Africa has continually been questioned in recent reviews, stakeholders in the extended supply chain need to demonstrate true collaboration. The ongoing narrative around operational inefficiencies, poor management, and stagnant growth needs to be turned around as a matter of urgency. Fortunately, indications are that some incremental increases can be expected in the coming weeks.