

## COVID-19: Cargo movement update<sup>1</sup>

**Date: 9 April 2021**

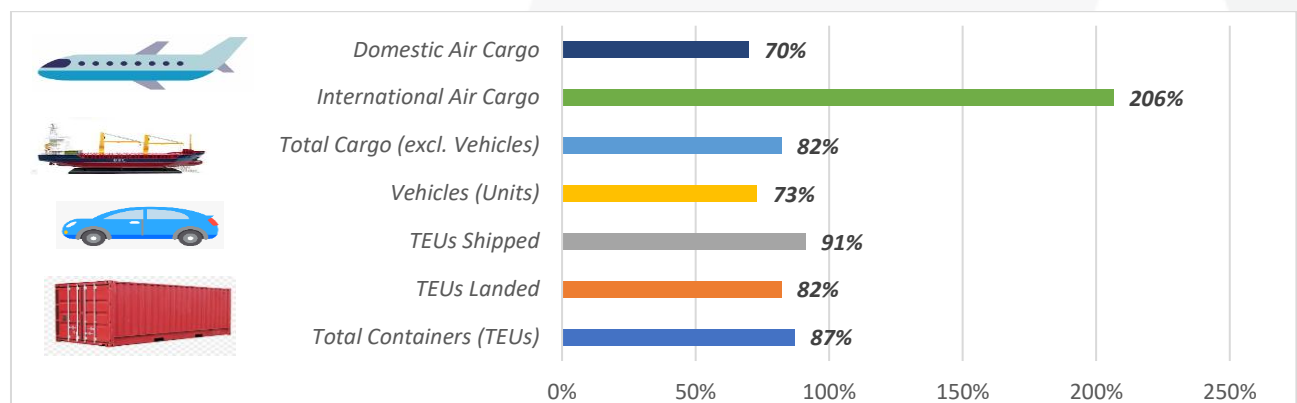
### Weekly snapshot

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

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	34 579	35 905	<b>70 484</b>	27 387	35 916	<b>63 303</b>	<b>↑11%</b>
Air Cargo (tons)	4 506	2 803	<b>7 309</b>	4 780	3 253	<b>8 033</b>	<b>↓9%</b>

### Monthly snapshot

Figure 1 - Monthly<sup>4</sup> cargo flows, year-on-year



### Year-to-date Tracker

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



### Key Notes

- An average of ~10,069 TEUs were handled per day over the previous week, **↑11%** from the previous week.

<sup>1</sup> 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 33<sup>rd</sup> update.

<sup>2</sup> 'Current' means the last 7 days' (a week's) worth of available data.

<sup>3</sup> 'Previous' means the preceding 8-14 days' (a week's) worth of available data.

<sup>4</sup> 'Monthly' means the last full months' worth of available data compared to the same month in 2020.

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

- Weekly international air cargo is **↓9%** and currently at **~206%** compared to the same time in 2020.
- Weekly domestic air cargo is **↓4%** and currently at **~70%** compared to the same time in 2020.
- Cross-border queue (**~3.8hrs**) & transit (**~19.3hrs**) times cost industry **R271 million** (**↓20%**) this week.
- SA trade for February: Exports increased by **↑18.0%** y-o-y, whereas imports increased by **↑4.1%**.
- Globally, the IMF expects the economy to grow by **6%** in 2021 and **4.4%** in 2022. SA: **3.0%** and **2.0%**.

## 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 3 to 9 April<sup>6</sup>

7-day flow forecast (03.04.2021 - 09.04.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 427	6 568
DURBAN CONTAINER TERMINAL PIER 2:	14 735	14 297
CAPE TOWN CONTAINER TERMINAL:	7 554	7 100
NGQURA CONTAINER TERMINAL:	6 089	7 933
GQEBERHA CONTAINER TERMINAL:	774	7
<b>TOTAL:</b>	<b>34 579</b>	<b>35 905</b>

Source: [Transnet](#), 2021. Updated 09/04/2021.

Table 3 - Container Ports - 7-day flow forecasted for 10 to 16 April<sup>7</sup>

7-day flow forecast (10.04.2021 - 16.04.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 284	5 857
DURBAN CONTAINER TERMINAL PIER 2:	10 089	10 250
CAPE TOWN CONTAINER TERMINAL:	6 444	8 057
NGQURA CONTAINER TERMINAL:	8 061	4 767
GQEBERHA CONTAINER TERMINAL:	0	0
<b>TOTAL:</b>	<b>30 878</b>	<b>28 931</b>

Source: [Transnet](#), 2021. Updated 09/04/2021.

A substantial average of **~10,069 TEUs** (**↑11%**) was handled per day for the last week (3-9 Apr, Table 2), with a decreased average of around **~8,544 TEUs** (**↓15%**) expected to be handled for the next week (10-16 Apr,



<sup>6</sup> 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.

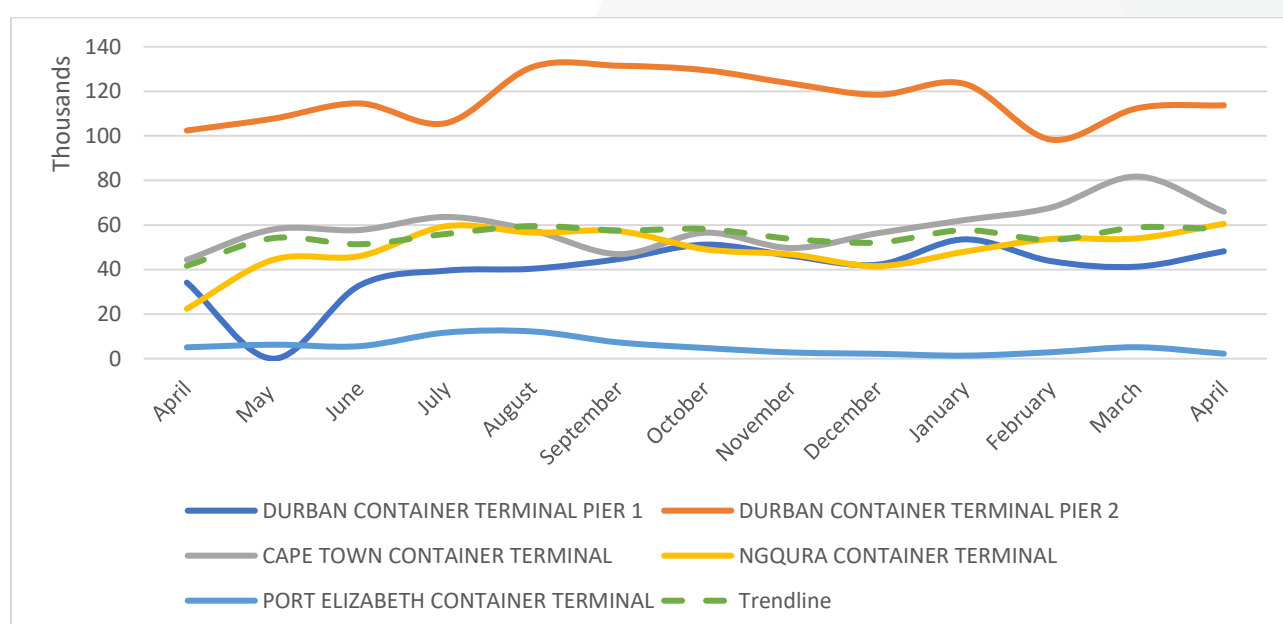
<sup>7</sup> As noted in footnote 1.

Table 3). The same week in April 2020 – at the commencement of the initial hard lockdown – showed a daily average of approximately **~7,300 TEUs**.

In general terms, we look to positive year-on-year returns compared to last year with the lockdown which took a toll on the broader maritime industry, especially in response to the Government's regulations of distinguishing between 'essential' and 'non-essential' cargo. Despite an overall improvement in container throughput, we are still marginally short of peak number with efficiency performances as several port-related constraints remain (see summary [below](#)). In recent weeks however, the industry has welcomed the improved port performance. Nevertheless, with the global shipping industry's challenges exacerbated recently with further shortages, freight surcharges and the direct and indirect consequences of the Suez Canal backlog, the immediate outlook remains circumspect (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 nation-wide lockdown.

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

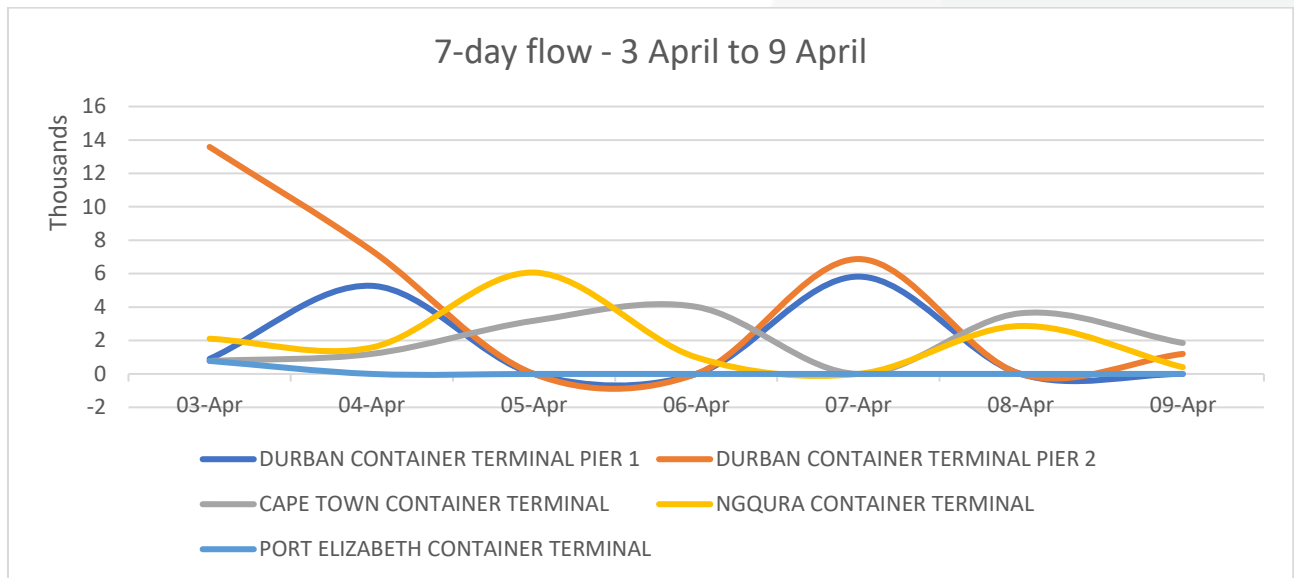


Source: Calculated using data from [Transnet](#), 2021. Updated 09/04/2021.

Container throughput at both piers in Durban has improved after a poor start to the year. Cape Town numbers have retreated after a near-record surge. Nonetheless, with the citrus export season getting into swing, positive returns are imminently expected.

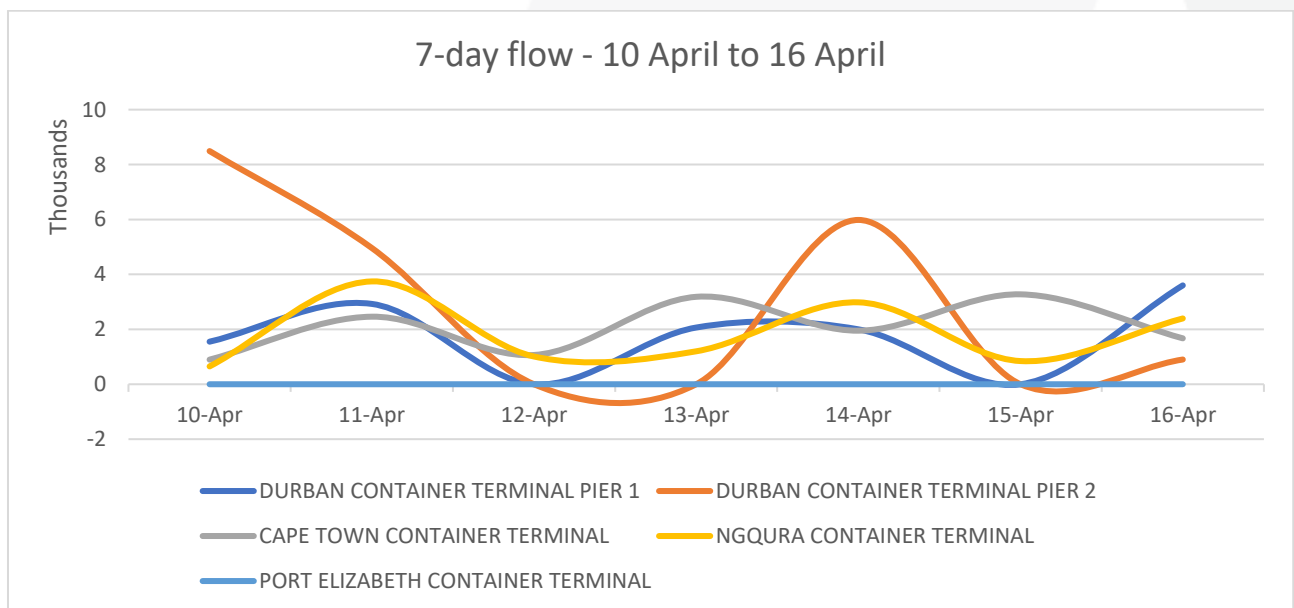
The figures below show the weekly container flows for the previous seven days and projections for the next seven days. The short-term forecast predicts a slight decrease, but with still relatively healthy numbers. Worth noting is that the volume reported for each day denotes the total containers loaded and discharged per vessel per day when work on the ship commences. For example, a vessel with a substantial load might be berthed for three or four days, although the total TEUs are only recorded for one day.

Figure 4 - 7-day flow reported for total cargo movement (3 to 9 April; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 09/04/2021.

Figure 5 - 7-day flow reported for total cargo movement (10 to 16 April; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 09/04/2021.

### Summary of port operations

An average of **~10,069 TEUs** was handled per day for the past week (3-9 Apr), with an increased average of around **~8,544 TEUs (↓15%)** expected to be handled for the next week (10-16 Apr). During the week, the following points were noted, mainly revolving around a quiet operational environment over the Easter weekend, with operations increasing as the week advanced.

### **Weather delays**

Some weather-related disruptions were experienced in Cape Town on Monday, with 19.35 hours of wind resulting in port operations being on standby. Wind delays were also a factor on Tuesday and Wednesday, causing minor interruptions. These stops followed ship delays over the weekend (see below).

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

Over the long weekend, CTCT reported 30 hours of ship ranging and surging delays. With the incident not being the first, there is a pressing need to deliver and install hydraulic line tensioners at both CTCT and NCT, recently reported.

The terminal had four vessels at anchor in mid-week, handling more than 3,000 TEUs with more than 1,600 truck calls to make up some lost time over the weekend. Consequently, the high number of truck calls caused some landside congestion. With the interruptions mentioned and two vessels arriving early, the berthing delays stood at a day.

Fortunately, operations improved as the week went by, with some ~15,000 TEUs handled in the past week, despite the delays. The increased volume resulted in the berthing delays increasing to 40 hours as four vessels were waiting outside of the port perimeter for their berths. Performance hovered at a respectable average of 20 GCH with an accompanying RTG average of 20. Reefer stack occupancy hovered around 40% for the week. Two dedicated truck gate lanes were established for the fruit industry with night runs from Mondays to Saturdays (after gate closure at 22:00 to 06:00).

Concerning the MPT, the terminal is still struggling with the recent mobile harbour crane repair issues. Reports noted that the crane was in the process of being repaired and is expected to be back in operation by Friday or Saturday at the latest. However, MPT is fortunate since there are no vessels at anchor currently and three vessels scheduled for the coming week, highlighting the crane's timely repairs.

For the FPT, the trend continues with vessels scheduled for MPT serviced at FPT. They have seven vessels planned for the week ahead with the busy fruit season. FTP handled six vessels last week. There were reports of an explosion on a fishing vessel, with the fire and rescue services attending to the security note's situation. Lastly, un-roadworthy trucks within the terminal precinct remained an issue and were once again highlighted during the week.

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

DCT struggled to handle the large volumes arriving last week and over the long weekend as port operations picked up after the recently recorded low numbers. That meant that, earlier in the week, some 500 trucks were backlogged in either staging or queuing at Towers. The congestion was, however, cleared overnight as truck turnaround times regressed to the mean.

In broad terms, DCT seemed to be slowly recovering from the weekend, with widespread improvements in both TTTs and volumes reported through the gates. Reefer stack occupancy at DCT Pier I hovered around 35% but was increasing. On the other hand, stack occupancy at DCT Pier II was approximately 51% but headed in the opposite direction than Pier I. Finally, there was congestion at the Point waterfront caused by a truck incident on the Esplanade.

### Eastern Cape Container Terminals

NCT reached over 100% stack capacity over the weekend primarily due to transshipment volumes. Nonetheless, the terminal did manage 2,952 moves across quays.

### Transnet Freight Rail (TFR)

In Cape Town, BELCON continues with one train but notably had a return trip with empty containers from the terminal to BELCON, which is something not seen before.

### Air Update

- **International air cargo**

The following table depicts the inbound and outbound air cargo flows to and from ORTIA for the week starting 29 March. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2020* was about **731 309 kg** per day<sup>8</sup>.

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

Flows	29-Mar	30-Mar	21-Mar	01-Apr	02-Apr	03-Apr	04-Apr
Volume inbound	405 239	354 113	447 738	380 247	386 705	299 049	881 439
Volume outbound	208 799	243 692	264 248	264 908	218 806	207 114	554 184
Total handled per day	614 038	597 805	711 986	645 155	605 511	506 163	1 435 623

*Courtesy of ACOC. Updated: 06/04/2021*

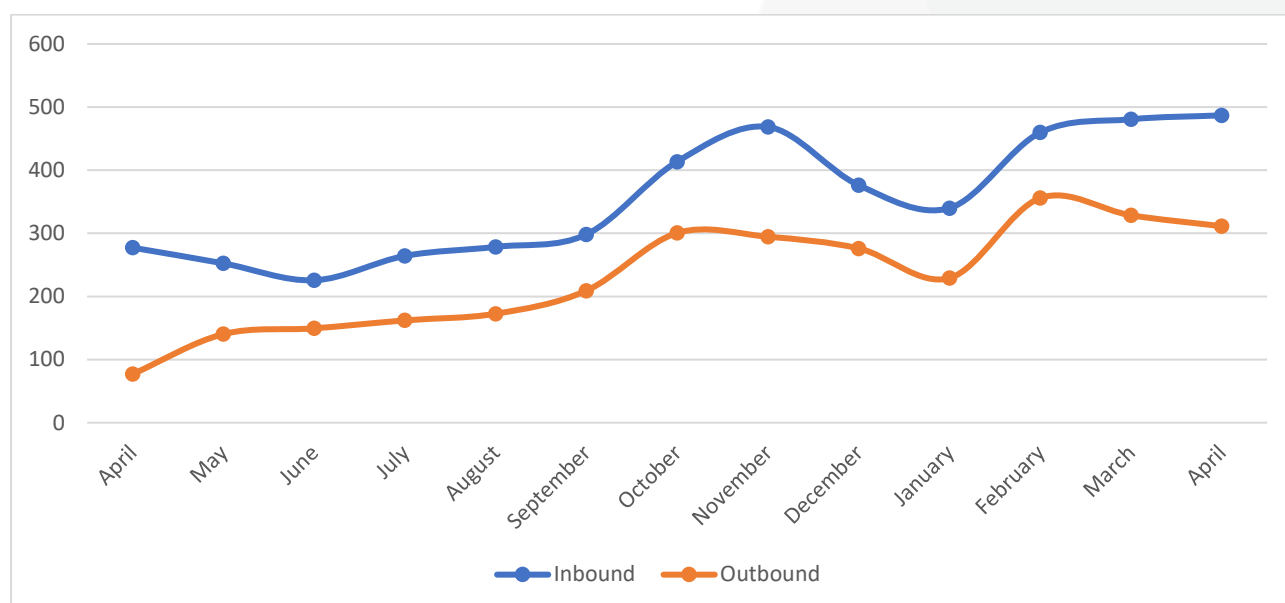
The daily average volume of air cargo handled at ORTIA over the seven days starting 29 March amounted to **450 647 kg** inbound and **280 250 kg** outbound. This gives a total average of **730 897 kg** per day or approximately **~206%** compared to April 2020 (and **~75%** compared to April 2019). As with the container numbers above, the volumes show a significant year-on-year increase as lockdown affected 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.



<sup>8</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 **809 152 kg** per day.

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



Courtesy of ACOC. Updated: 06/04/2021.

### 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 *March 2020* was approximately **89 060 kg<sup>9</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 Average	27 777	3 537	3 427	30 117	6 988	3 503	75 348
Mar Average	28 818	3 460	3 894	31 062	7 641	3 624	78 498
30-Mar-21	43 276	6 556	6 216	40 173	16 426	6 247	118 894
31-Mar-21	46 943	5 013	4 844	46 595	12 470	5 956	121 819
01-Apr-21	17 571	2 721	2 578	15 672	5 317	3 486	47 344
02-Apr-21	728	834	28	1 759	170	152	3 669
03-Apr-21	1 202	377	72	2 680	221	30	4 581
04-Apr-21	1 821	192	121	552	622	259	3 567

<sup>9</sup> 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).



<b>05-Apr-21</b>	43 276	6 556	6 216	40 173	16 426	6 247	<b>118 894</b>
<b>Grand Total</b>	<b>2 229 552</b>	<b>287 119</b>	<b>292 708</b>	<b>2 430 013</b>	<b>575 086</b>	<b>292 105</b>	<b>6 106 582</b>

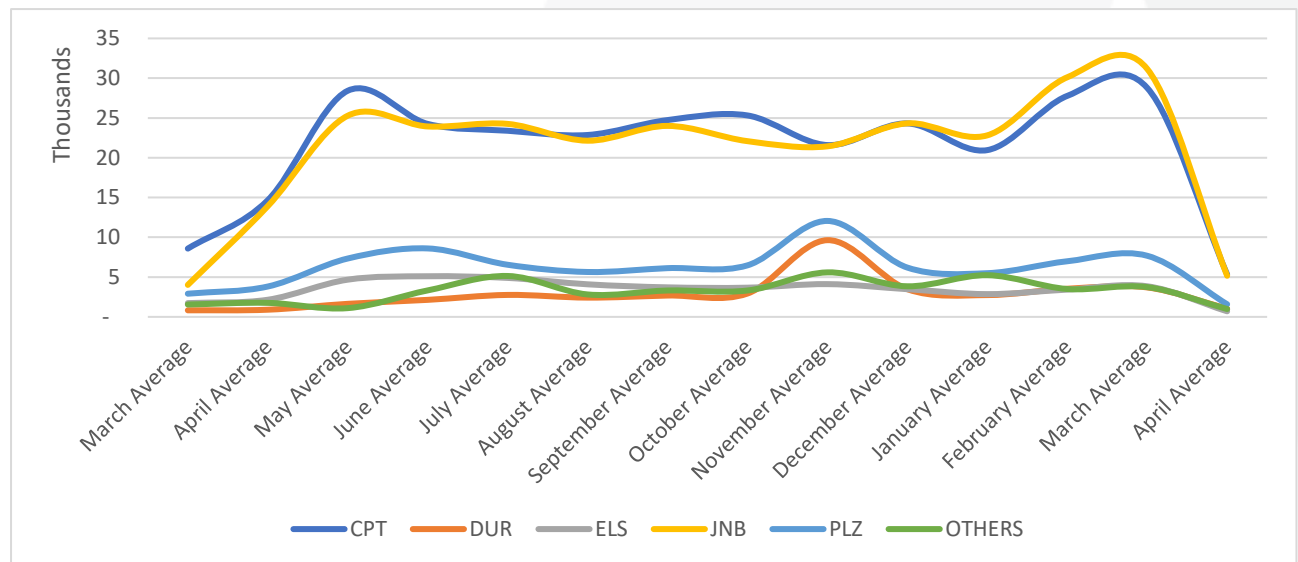
*Courtesy of BAC. Updated: 06/04/2021.*

Currently, the average domestic air cargo moved during March is **~82 936 kg** per day (**↓4%** compared to last week), which constitutes approximately **~70%** compared to the same time the previous year (**~44%** the previous week) and around **~45%** compared to the same time in 2019. The volumes handled have remained healthy over the last couple of weeks, bar the lower numbers dealt with over the Easter Weekend and which is not surprising. The immediate outlook remains updated.

Nonetheless, as mentioned last week, it is worth pointing out that the domestic air cargo's comparative figures for 2019 and 2020 include the airlines' domestic trucking data. Consequently, the comparative figures are somewhat inflated for 2019 and 2020 and distorting to a degree. The team is working on segmenting the numbers to provide a more transparent view in subsequent reports.

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 recent weeks.

*Figure 7 - Total domestic inbound and outbound cargo<sup>10</sup>*



*Courtesy of BAC. Updated: 06/04/2021.*

## Regional update

### a. SARS merchandise trade statistics for February

On Wednesday, 31 March, SARS published South Africa's trade statistics for February 2020<sup>11</sup>. Exports have increased by **↑18.0%** y-o-y, with imports increasing by **↑4.1%** over the same period. Overall, these figures translate into a trade balance surplus of **R41.38 billion** for the year-to-date. These figures are an improvement on the **R10.28 billion** surplus shown during the same time last year. The positive balance of payment which commenced mid-way through 2020 therefore continues.

Regional trade with BELN countries resulted in a surplus of **R21.20 billion**. Exports increased by **↑16.9%** between January and February to **R116.94 billion**. Although only marginally, imports from BELN countries

<sup>10</sup> Note, April only includes five days' worth of data.

<sup>11</sup> SARS Trade Statistics, 2021. [February 2021](#).



also increase by **↑1.7%**, amounting to **R95.73 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 South Africa's neighbours met. It is important to note that the narrative of free-flowing border procedures has been a consistent thread in the arguments put forward by the private sector.

### Cross-border delays

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 - Delays<sup>12</sup> 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	10:00	100	3 000	5 600	700	1.00
SA/Zim	Beit Bridge	-	22:00	943	28 290	132 020	-	-
Moz/Zam	Cassacatiza/Mlolo	1:00	19:00	60	1 800	7 140	420	1.00
Zam/Zim	Chirundu	6:00	26:00	616	18 480	103 488	25 872	6.00
Moz/Mal	Dedza	1.00	20.00	50	1 500	6 300	350	1.00
SA/Bot	Groblersbrug/Martins Drift	1.00	10.00	400	12 000	22 400	2 800	1.00
Zam/DRC	Kasumbalesa	-	48:00	592	17 760	165 760	-	-
Zam/Bot	Kazungula	-	48:00	212	6 360	68 264	-	-
SA/Bot	Kopfontein/Tlokweng	5:00	47:00	100	3 000	31 500	3 500	5.00
SA/Moz	Lebombo/Ressano Garcia	18:00	25:00	400	12 000	64 400	50 400	18.00
Moz/Zim	Machipanda/Forbes	-	8:00	320	9 600	13 440	-	-
Moz/Mal	Milange	-	1:00	30	900	-210	-	-
Zim/Moz	Nyamapanda	-	3:00	100	3 000	700	700	-
Zam/Tan	Nakonde/Tunduma	16:00	7:00	500	15 000	17 500	56 000	16.00
Nam/Ang	Oshikango/Santa Clara	-	3:00	100	3 000	700	-	-
SA/Bot	Skilpadshek/Pioneer Gate	12:00	8:00	300	9 000	12 600	25 200	12:00
Nam/Bot	Trans Kalahari/Mamuno	1:00	22:00	110	3 300	15 400	770	1:00
Moz/Mal	Zobue/Mwanza	2:00	24:00	100	3 000	15 400	1 400	2:00
				<b>4 933</b>	<b>147 990</b>	<b>34 531</b>	<b>681 702</b>	<b>167 412</b>

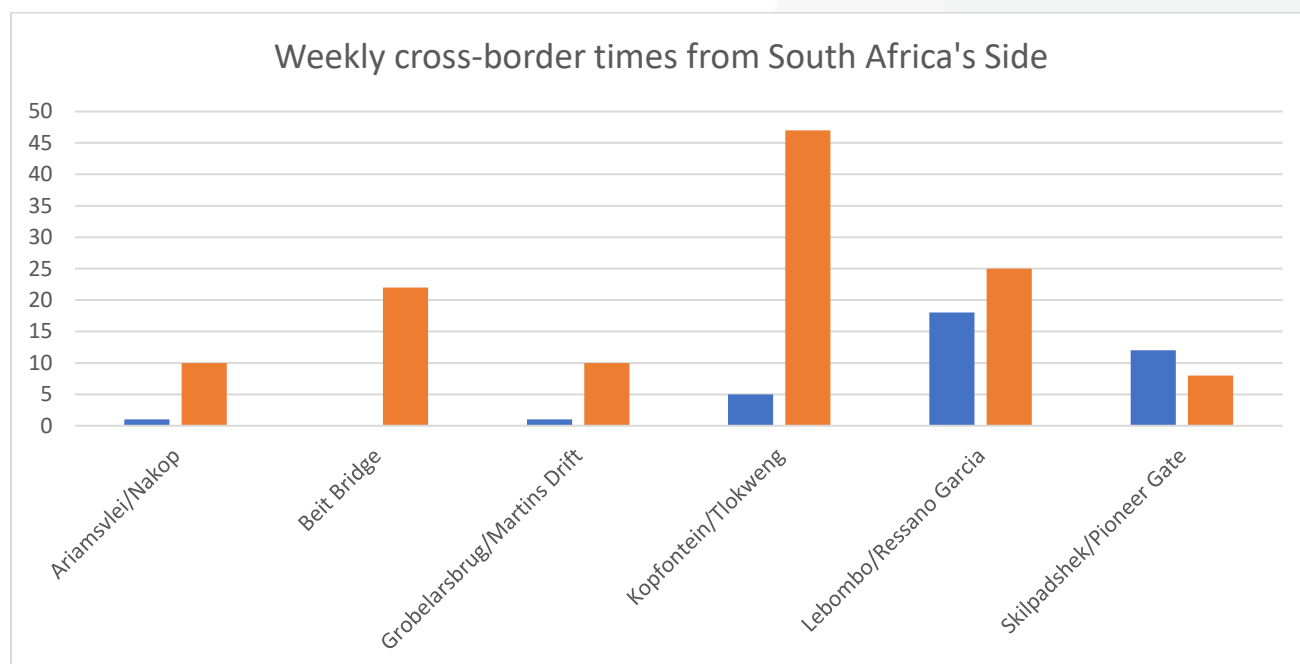
*Source: TLC & FESARTA, week ending 06/04/2021.*

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



<sup>12</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 8 – Weekly cross-border delays from the South African side (delay in hours)

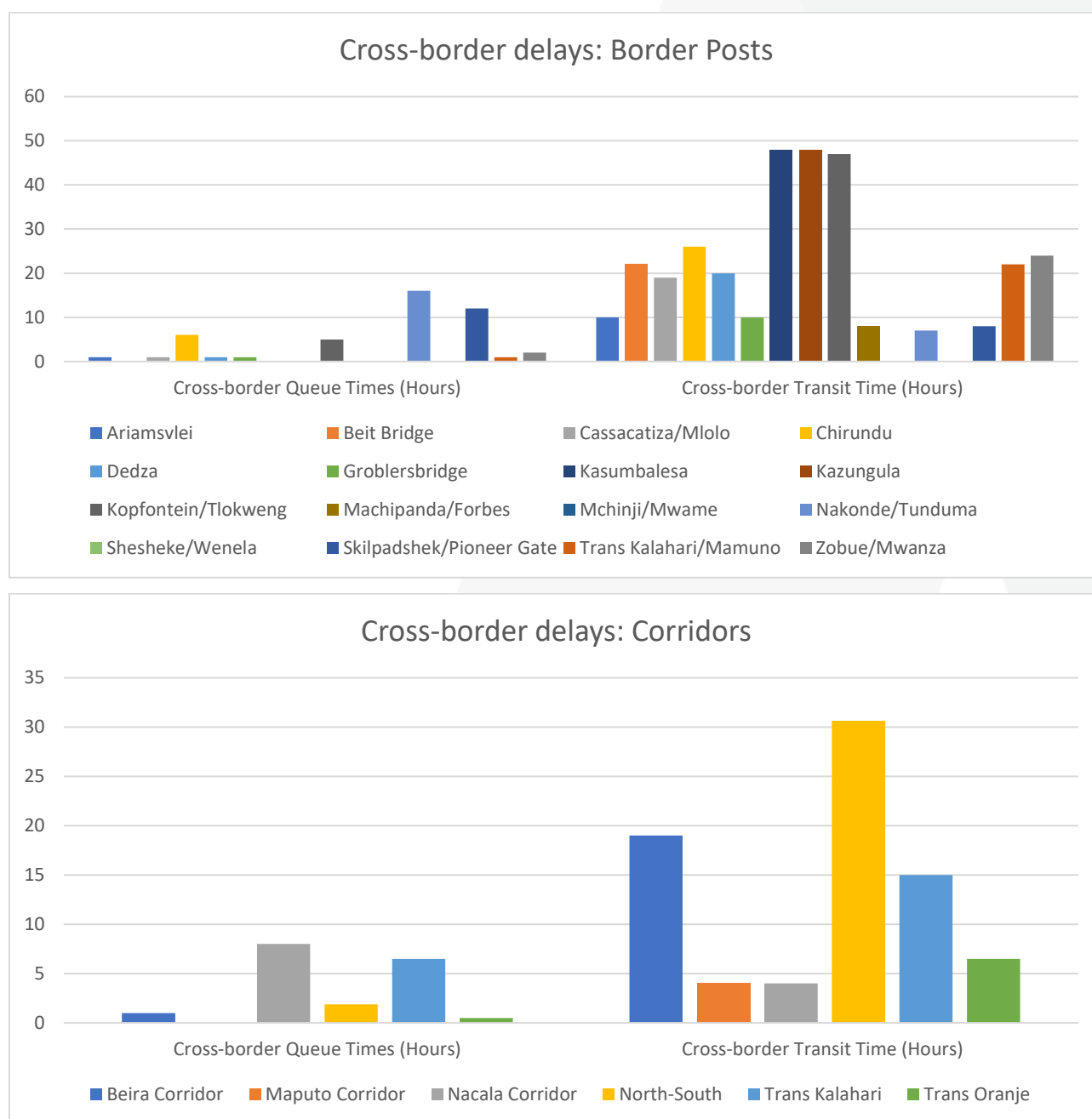


Source: TLC & FESARTA, week ending 06/04/2021.

Compared with previous weeks, the cross-border queue times have decreased significantly across the board. However, the same cannot be said for the cross-border transit times, which have remained high for almost all of South Africa's commercial border crossings, especially at Kopfontein. Also, as with recent weeks, it remains evident that the border crossings times at the Lebombo border post and the Komatipoort Dry Port en route to Mozambique are still worryingly high.

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.

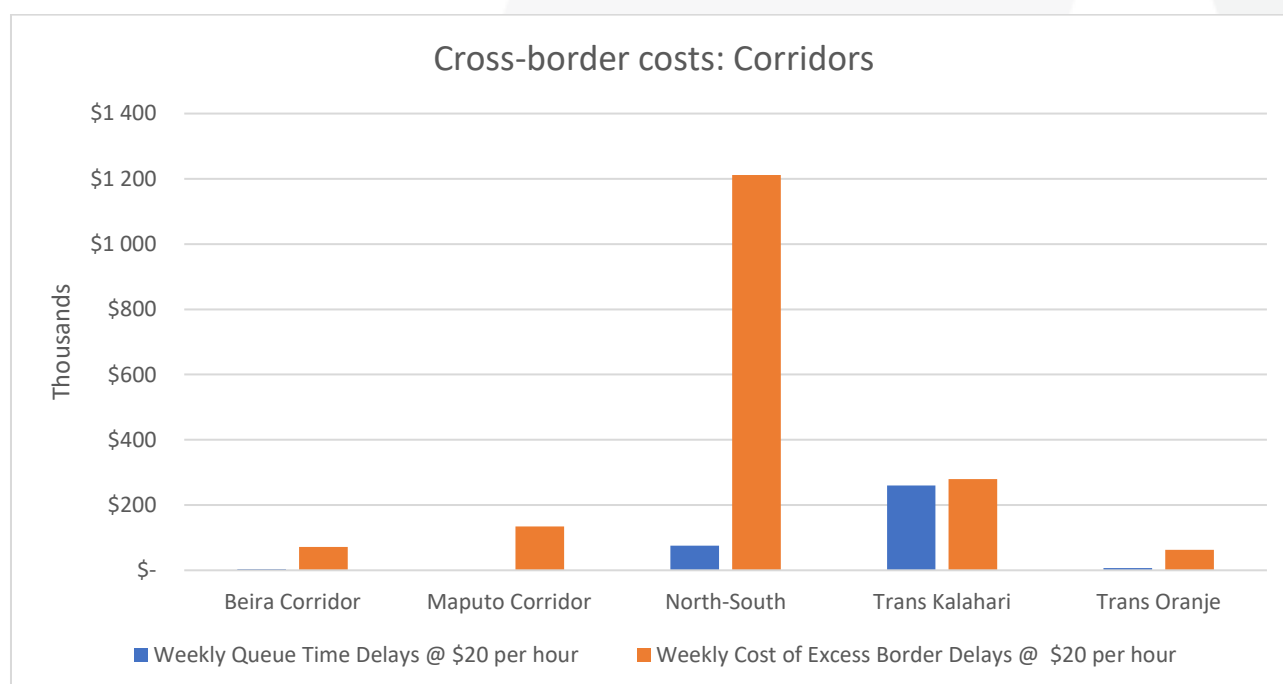
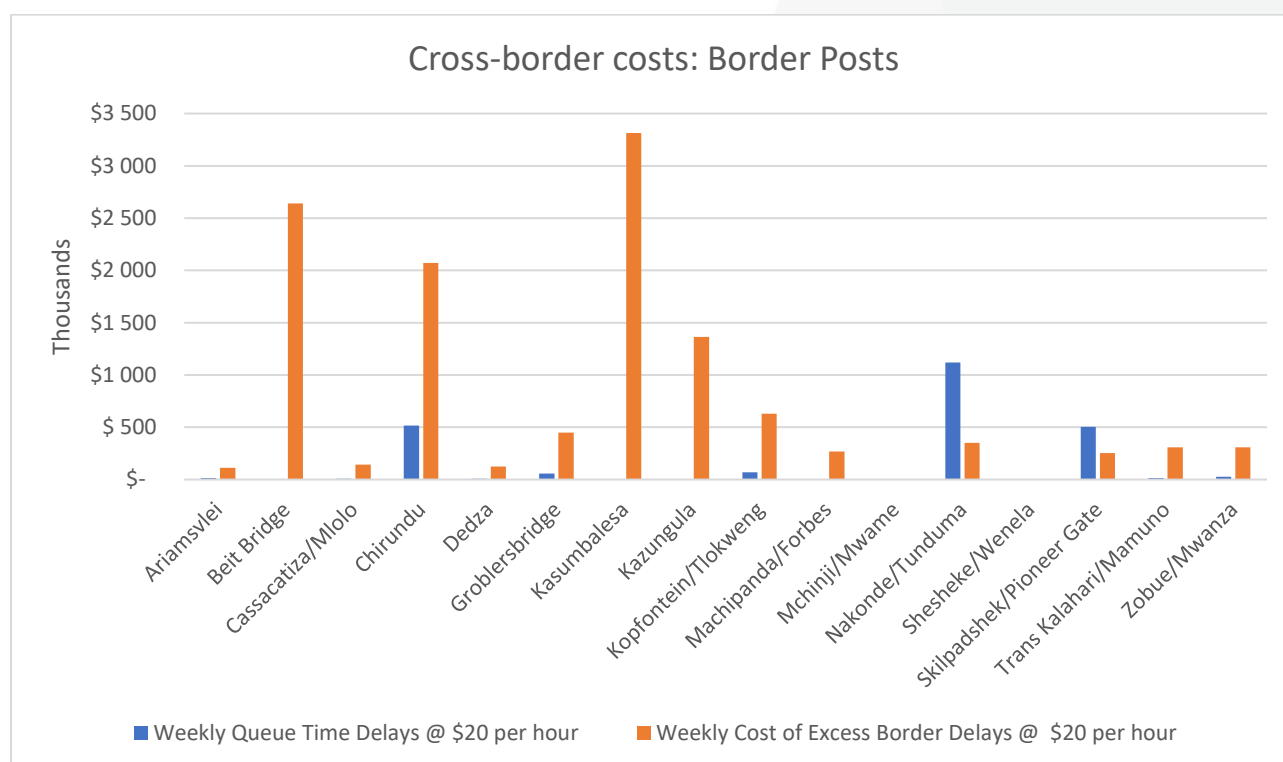
Figure 9 - Cross border delays (in hours)



Source: TLC & FESARTA, week ending 06/04/2021.

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.

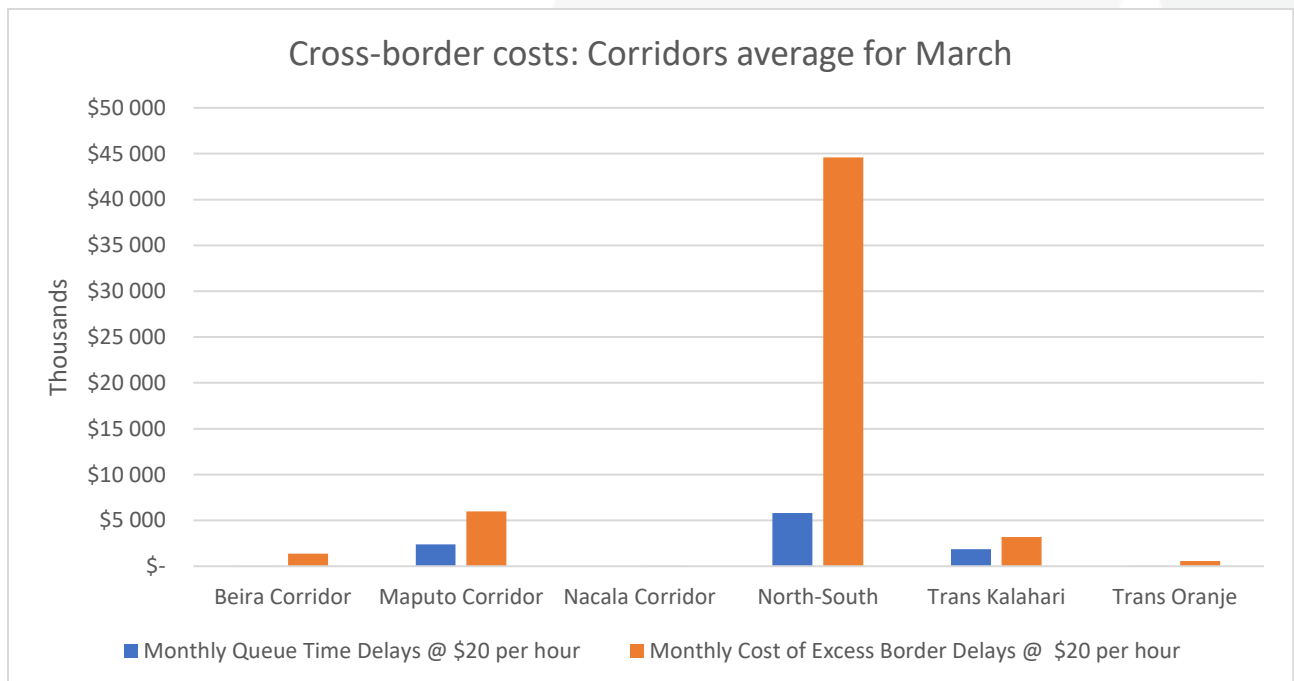
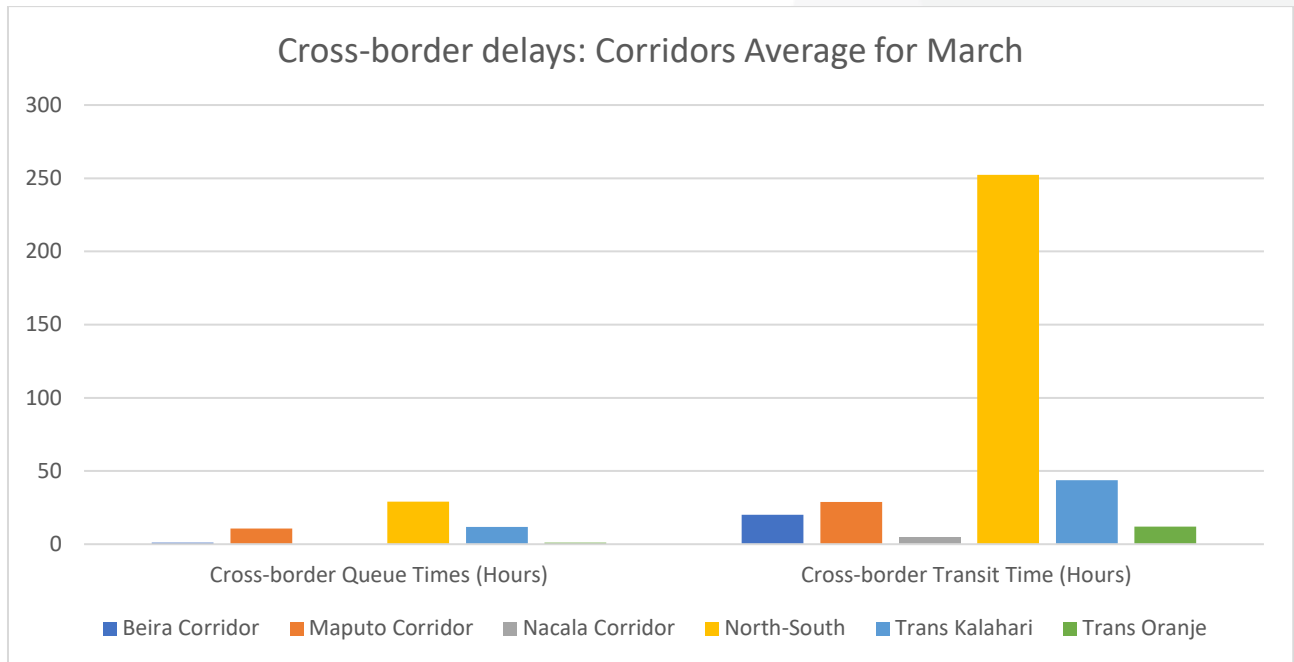
Figure 10 - Weekly cost of delays - North-South Corridor/Trans Kalahari Corridor/ Maputo Corridor)



Source: TLC & FESARTA, week ending 06/04/2021.

The following figure shows a summary for March.

Figure 11 - Weekly cost of delays - North-South Corridor/Trans Kalahari Corridor/ Maputo Corridor)



Source: TLC & FESARTA, week ending 06/04/2021.

This week's summary shows the cross-border queue time has averaged **~3.8 hours** (which is considerably lower than that experienced in the previous week at **~7.9 hours**) and cost the transport industry an estimated **\$3.3 million (R53.5 million)**. By comparison, the average cross-border transit time has also decreased to an average of **~19.3 hours** (**~22.6 hours** last week), which cost the transport industry an estimated **\$13.6 million (R218.1 million)**. The total cost for the week mentioned above amounts to an estimated **R271 million** (down by approximately **R68 million** from **R339 million** last week).

## International update

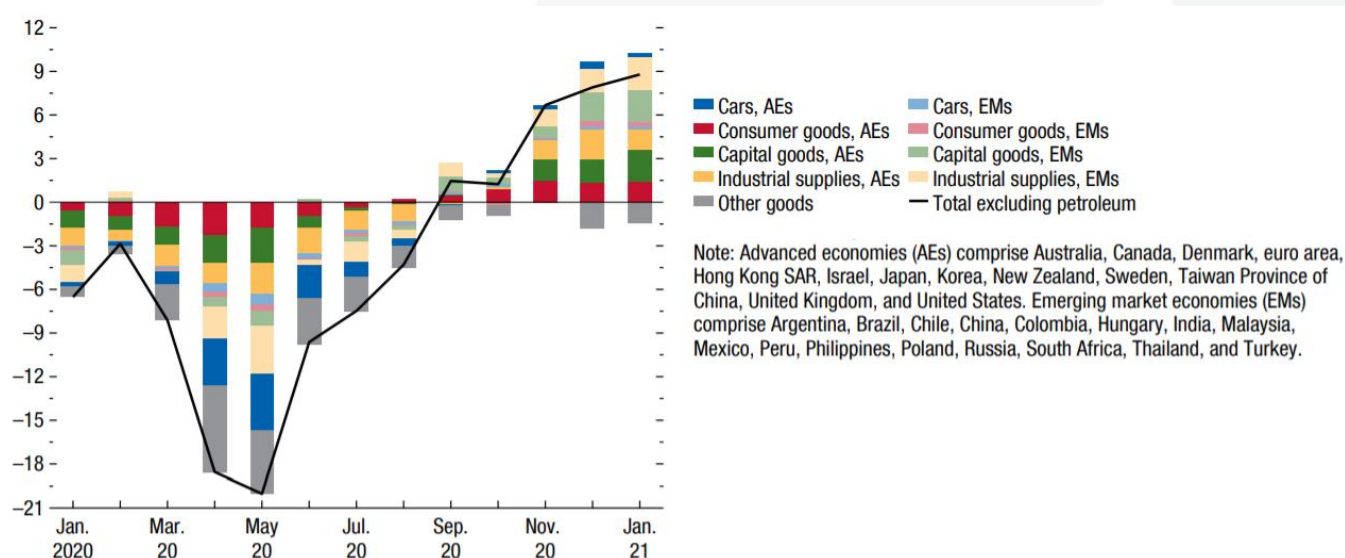
The following section provides some context of the global economy and particularly the impact of COVID-19 on trade. The section includes an update on the **(a)** IMF World Economic Outlook, **(b)** Global container industry, and the **(c)** Global aviation industry.

### a. IMF World Economic Outlook

The International Monetary Fund (IMF) released their "*World Economic Outlook*" this week<sup>13</sup>, noting that global growth is projected to be 6% in 2021 and 4.4% in 2022, after an estimated historic contraction of -3.3% in 2020. "*The upgrades in global growth for 2021 and 2022 are mainly due to upgrades for advanced economies, particularly to a sizeable upgrade for the United States (1.3 percentage points) that is expected to grow at 6.4% this year,*" the Washington-based organisation said. The forecast for South Africa shows a growth of 3.1% in 2021 – an improvement of 0.3% on the 2.8% January forecast. The group forecasts annual growth of 2% in 2022 for the country.

A key takeaway is that most industries will continue to flourish, as most economic indicators have rebounded positively against the straightened circumstances we experienced in 2020. The following figure highlights the bounce back.

Figure 12 – Global imports: Contributions, by types of goods and region (year-on-year percentage change)



Source: [IMF](#)

The sharp rebound in international trade in the second half of 2020 reflects pent-up demand for consumer durables (cars) from advanced economies and resumption of supply chains in emerging markets. In summary, the IMF notes that:

- the overall upward revision reflects additional fiscal support in a few large economies,
- the anticipated vaccine-powered recovery in the second half of 2021,
- continued adaptation of economic activity to subdued mobility.

These factors are the most prominent drivers of the upward revision to forecasts. Nonetheless, the IMF notes that high uncertainty surrounds this outlook, related to the pandemic's path, the effectiveness of

<sup>13</sup> IMF, 06/04/2021. [World Economic Outlook](#).

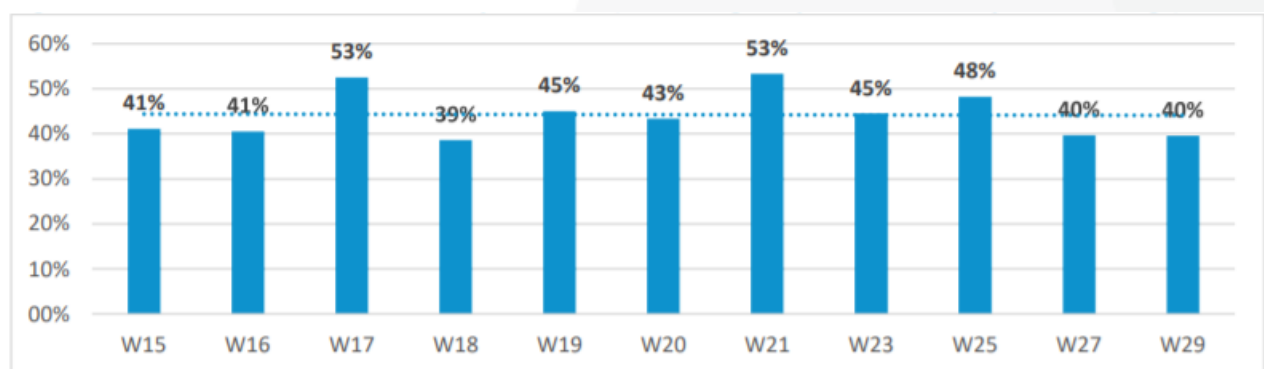
policy support to provide a bridge to vaccine-powered normalisation, and the evolution of financial conditions.

## b. Global container industry

### i. UNCTAD update

In the recently published "*COVID-19 and Maritime Transport: Impact and Responses*"<sup>14</sup>, the United Nations Conference for Trade and Development (UNCTAD) gave an update on the current state of maritime transport. UNCTAD estimates global merchandise trade to have fallen by **5%** in Q1 of 2020 and expects a deeper contraction of **27%** in Q2. For the full year, UNCTAD expects a drop of around **20%**. Consequently, most regions around the globe were affected as the ocean-going economy's performance was particularly uneven. South Africa specifically was significantly affected by the global constraints, with many major shipping lines bypassing our ports. Blank sailing affected around half of all global ports, as the following figures attest.

Figure 13 – Containerised maritime transport, 2020 (percentage of ports affected by blank sailings)



Source: [Notteboom & Pallis \(IAPH-WPSP\)](#)

In brief, UNCTAD notes that Australasia and Oceania (**-12.4%**) and Sub-Saharan Africa (**-12.7%**) have been impacted the most. Lower container ship capacity deployed in these two regions has been evident since the beginning of 2020. The widespread consequences have been well-documented throughout our reports and include the subsequent shipping connectivity to other areas. The data on liner shipping schedules underscored the pandemic's negative impact, with worldwide variations in magnitude. As summarised in the figure below, the number of shipping services, weekly port calls, shipping operators, deployed container ships capacity, and direct calls declined at different rates.



<sup>14</sup> UNCTAD, 23/03/2021. [COVID-19 and Maritime Transport: Impact and Responses](#).



Figure 14 – Trends in the liner shipping connectivity components – Major container ports in developing countries

	Shipping Services		Weekly Port Calls		Shipping Operators		Max TEU capacity		Deployed Capacity		Direct Calls	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Tanger Med	↑	-	↑	-	↓	↓	↑	↑	↑	↑	↑	↓
Durban	-	↓	-	↓	↑	↑	↑	↑	↓	↓	-	-
Lagos	↓	-	↑	↑	-	↑	↑	↑	↑	↑	↑	↑
Mombasa	↓	↓	↓	↓	-	↓	↓	-	↓	↓	↓	↓
Shanghai	↓	↓	-	↓	-	↓	↑	↑	-	↓	↓	↓
Singapore	↓	↓	↓	↓	-	-	↑	↑	-	↓	↓	↓
Ningbo	-	↓	-	↓	↑	-	↑	↑	-	↓	-	-
Hong Kong	↓	↓	↓	↓	↓	↓	↑	↑	-	↓	↑	-
Busan	↓	↓	↓	↓	-	-	↑	↑	↑	↓	-	↓
Dubai	↓	↓	↓	↓	↑	↑	-	↑	↓	↓	-	↑
Memo ↓ R < -2% -- -2% ≤ R ≤ +2% ↑ R > +2%												

Source: [UNCTAD](#)

During Q1 and Q2 of 2020, TEUs' maximum capacity of container ships deployed increased for container ports across all regions. Thus, despite the crisis, cuts in services, and deployed capacity, liner shipping companies' strategy favouring increased ship sizes continued. For the port of Durban specifically, shipping serves weekly port calls and deployed capacity all plummeted in the second quarter of 2020, as the pandemic swept through the globe, causing widespread disruptions in shipping connectivity. As such, the impact is worth reiterated in this latest version, summarised by poor connectivity, poor efficiency, port congestions and subsequent container imbalances.

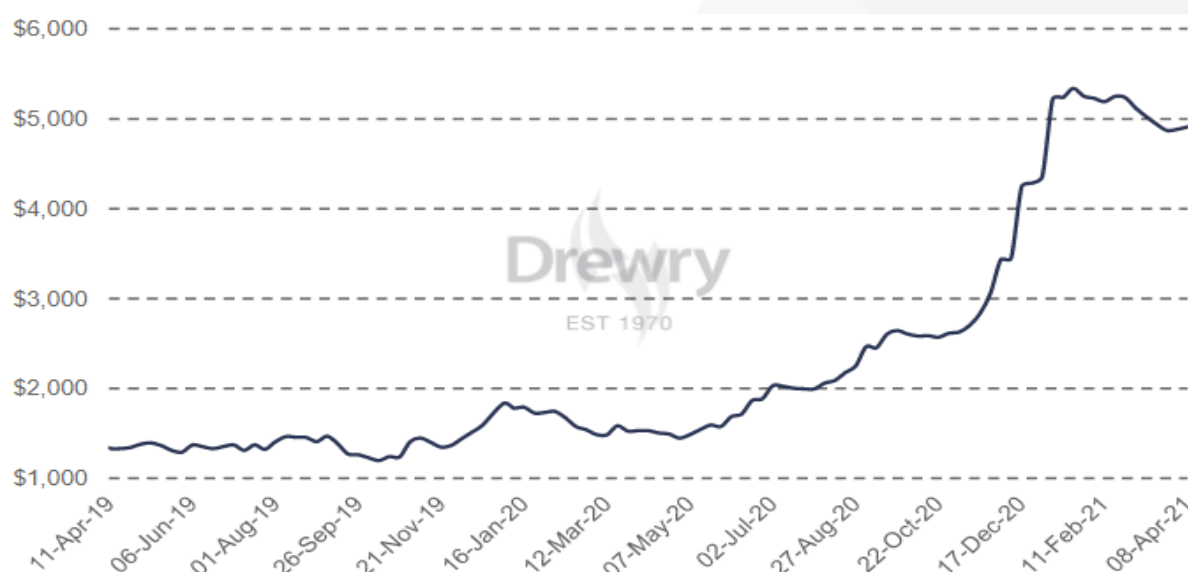
### World Container Index

As was widely expected, the "World Container Index" (WCI) index again increased slightly this week (↑0.6%). According to Drewry, the UK-based maritime research and consulting firm<sup>15</sup>, the index now stands at **\$4,910.54** per 40ft container. The resultant increase was widely expected, given the constraints created by the blockage of the Suez Canal. Ultimately, shippers and traders alike are wary of the new elevated rates seemingly here to stay. The following figure highlights the two-year spot freight rate trend for the index.



<sup>15</sup> Drewry Supply Chain Advisors. 08/04/2021. [World Container Index](#).

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



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

In summary, the composite index remains exceptionally high (**220.9%** year-on-year) compared to the same period in 2020. The massive increases incurred due to the impact of the crisis only took effect around mid-June last year. In terms of the longer-term trend, the WCI for year-to-date is **\$5,112** per 40ft container. This rate is **\$3,381** higher than the five-year average of **\$1,773** (once again up by **\$16** since last week). Despite the slight increase, Drewry expects the rates to remain stable next week.

### Global aviation industry

The International Air Transport Association published their "*Air Cargo Market Analysis*" for February on Wednesday<sup>16</sup>, once again to an upbeat tune for the extended air cargo industry. IATA highlights the following main factors contributing to an encouraging environment as air cargo continued to expand strongly in February.

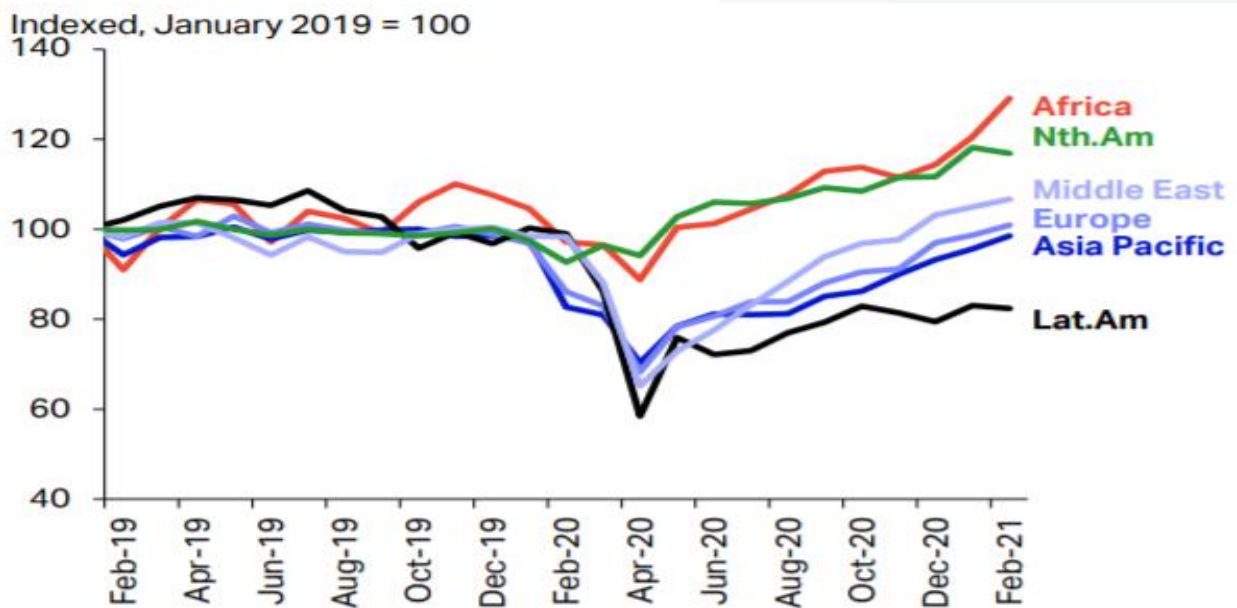
- Industry-wide cargo tonne-kilometres (CTKs) rose by **↑9%** compared with February 2019, improving the **↑4.1%** expansion in January.
- In month-on-month terms, cargo volumes picked up by **↑1.5%**.
- The 'V-shaped' economic recovery is driving increasing demand for air cargo services. Also, air cargo has been gaining share in global goods trade over other modes of transport – a pattern typical during the recession recovery cycle.
- Industry-wide cargo capacity continued to trend sideways in February due to the grounding of passenger aircraft.
- Cargo load factors remained elevated, at **↑57.5%** for the industry.

The following figures highlight the positive returns for February, especially for the African region.



<sup>16</sup> IATA, 07/04/2021. [Air Cargo Market Analysis](#).

Figure 16 – Seasonally adjusted CTKs by region

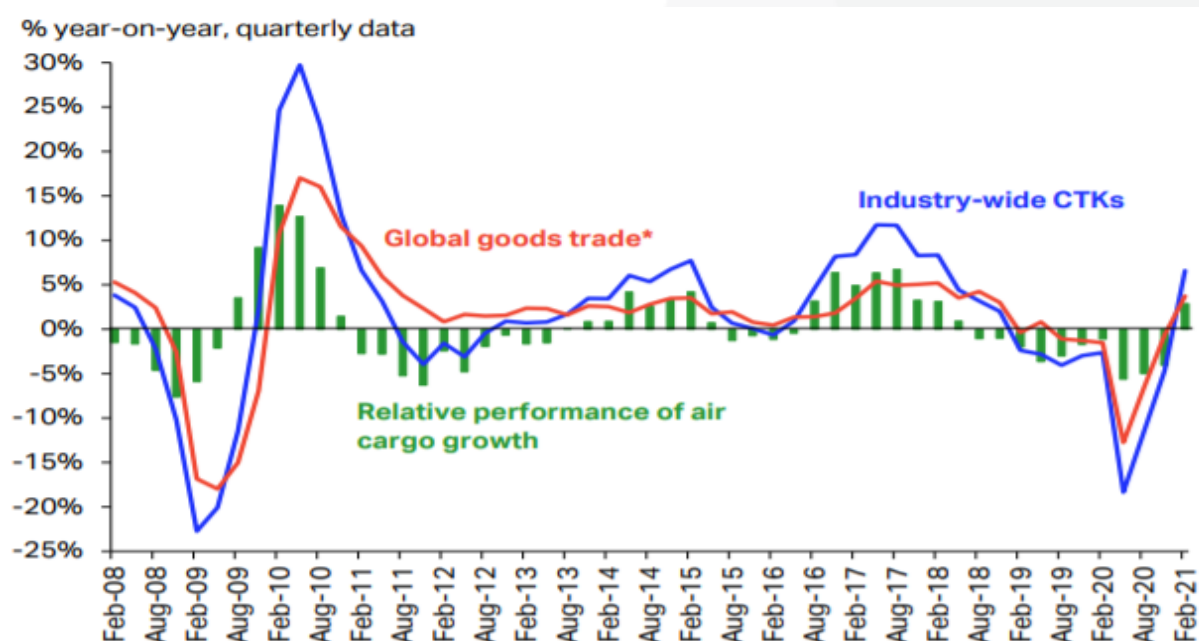


Source: [IATA Economics](#)

As the figure suggests, air cargo volumes (measured by CTKs) increased further (↑9%) in February, supported by the more comprehensive economic recovery. In a regional sense, performance has been stellar across the globe (bar Latin America). Nonetheless, while cargo volumes flown by carriers based in North America and Africa have been hovering well above the pre-crisis levels for many months now, Asia Pacific, Middle Eastern, and European airlines reached (or got close to) 2019 levels only recently.

The continuation of the 'V-shaped' economic recovery is typified by the following figure, which also highlights air cargo's strong performance relative to global trade.

Figure 17 – Relative performance of air cargo



Source: [IATA Economics](#)

Collectively, the figure shows that the relative importance of air cargo in global goods trade has increased recently. This occurrence is essentially a mirror image of the experience during the recovery from the Global Financial Crisis and the worldwide inventory restocking cycle (2014-2016). Both the supply chain disruptions and economic recovery likely contributed to this improved performance. Nevertheless, the rebound is far from complete, as the recovery in cargo capacity continues to be impacted by groundings of passenger freight. In summary, industry-wide available cargo tonne-kilometres (ACTKs) remains **↓14.9%** lower than the same period in February 2019, which can be primarily attributed to the lack of additional space with belly cargo.

## Conclusion

This update — *the 33<sup>rd</sup> of its kind* — contains a consolidated overview of the South African supply chain and the current state of international trade. Economically speaking, the IMF has this week published their projections for global growth for the year, with South Africa expected to grow at **3.1%** this year and **2.0%** in 2022<sup>17</sup>. The growth forecast bodes well for the extended supply chain. However, now is the time to capitalise on the overall environment being more conducive for trade. Nevertheless, some pitfalls – notably operationally in nature – remain, which will ensure that successful navigation of these projected waters will continue to be cumbersome.

Consequently, concerning the pandemic, new cases of COVID-19 in South Africa have averaged approximately **789** per day this week (significantly down from last week's average of **1,127**). These numbers are very encouraging and appear to suggest that the suspected third wave is not yet on the horizon. Nonetheless, it is still necessary to remain highly vigilant and continue with the primary defences against the virus. The total number of cases recorded now stands at **1,554,975**<sup>18</sup>, with a death toll amounting to **53,173**



<sup>17</sup> IMF. 06/04/2021. [World Economic Outlook](#).

<sup>18</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#)

(up by **276**). Globally, South Africa dropped another place to **19<sup>th</sup>** (being overtaken by Czechia this week), as a total of some **134 million** cases have now been recorded.

In terms of administering vaccines, the international movement continues with more than **734 million** doses of COVID-19 vaccines administered, constituting **~10%**<sup>19</sup> of the world's population at the time of writing. According to the same source, South Africa has now made **283,500** vaccine jabs, equating to roughly **14,500** shots in the last seven days. The rollout programme is yet to pick up speed. Nevertheless, the outlook appears much more optimistic, especially considering that more than 9 million Pfizer vaccines are heading for South Africa between April and June<sup>20</sup>.

SARS released merchandise trade stats for February<sup>21</sup>. Exports have increased by **↑18.0%** y-o-y, with imports also increased by **↑4.1%** over the same period. Overall, these figures translate into a trade balance surplus of **R41.38 billion** for the year-to-date. These figures are an improvement on the **R10.28 billion** surplus during the same time last year. The positive balance of payments, which commenced around mid-way through 2020 therefore continues. In terms of regional trade, trade with BELN countries resulted in a trade surplus of **R21.20 billion**. Exports increased by **↑16.9%** between January and February to **R116.94 billion**. Although only marginally, imports from BELN countries also increase by **↑1.7%**, amounting to **R95.73 billion** for the month.

For the ocean freight industry, a substantial average of **~10,069 TEUs (↑11%)** was handled per day for the last week (3-9 Apr, *Table 2*), with a decreased average of around **~8,544 TEUs (↓15%)** expected to be handled for the next week (10-16 Apr, *Table 3*). The same week in April 2020 – at the commencement of the initial hard lockdown – showed a daily average of approximately **~7,300 TEUs**. In broad terms, the narrative mainly revolved around a quiet operational environment over the Easter weekend, consequently increasing operations as the week continued.

For the global maritime industry, UNCTAD estimates international merchandise trade to have fallen by **5%** in Q1 of 2020 and expects a deeper contraction of **27%** in Q2. For the full year, UNCTAD expects a drop of around **20%**. Consequently, most regions around the globe were affected, as the ocean-going economy's performance was particularly uneven. In South Africa, specifically the port of Durban, shipping serves weekly port calls and deployed capacity all plummeted in the second quarter of 2020, as the pandemic swept through the globe causing widespread disruptions in shipping connectivity. The impact of poor connectivity, poor efficiency, port congestions and subsequent container imbalances was widespread. All these factors continue to push up container freight rates, with the "*World Container Index*" increasing again this week (**↑0.6%**), standing now at **\$4,910.54** per 40ft container.

In terms of air cargo movement, the daily average volume of air cargo handled at ORTIA over the seven days starting 22 March amounted to **450 647 kg** inbound and **280 250 kg** outbound for the South African aviation industry. This is an average of **730 897 kg** per day, which is **~206%** up compared to the same period in 2020 (compared to **~110%** last week. For the domestic industry, average air cargo moved since the lockdown period has amounted to **66 499 kg** per day (**↓4%** compared to the previous week), which constitutes approximately **~70%**, compared to last year (**~35%** previous week). Although the year-on-year increases (and indeed that projected in the coming months) should be viewed with caution as we are comparing directly with the immediate hard lockdown of last year, these increases in international and domestic statistics are indeed very welcome. They show the progress that the industry has made in recent months.



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

<sup>20</sup> Karim & van Dyk, 08/04/2021. [Pfizer vaccines are coming. Here's how SA could prepare its cold chain.](#)

<sup>21</sup> SARS Trade Statistics, 2021. [February 2021.](#)

IATA published their updated "Air Cargo Market Analysis" for February, noting how air cargo continued to expand strongly in the global aviation industry. Industry-wide cargo tonne-kilometres (CTKs) rose by **↑9%** compared with February 2019, improving the **↑4.1%** expansion in January. In month-on-month terms, cargo volumes picked up by **↑1.5%**. The 'V-shaped' economic recovery is driving increasing demand for air cargo services. Also, air cargo has been gaining share in global goods trade over other modes of transport – a pattern typical during the recession recovery cycle. Industry-wide cargo capacity continued to trend sideways in February due to the grounding of passenger aircraft. Cargo load factors remained elevated, at **↑57.5%** for the industry.

Regional cross-border road freight queue time has averaged **~3.8 hours** (which is somewhat higher than that experienced in the previous week at **~7.9 hours**) and which cost the transport industry an estimated **\$3.3 million** (or **R53.5 million**). In comparison, the average cross-border transit time increased to an average of **~19.3 hours** (**~22.6 hours** last week), which cost the transport industry an estimated **\$13.6 million** (or **R218.1 million**). The total cost for this week is an estimated **R271 million** (down by approximately **R68 million** since last week) and considerably better than many other weeks reported.

In conclusion, it is evident that the broader economic environment is continuing with its bullish trends, as positive returns have been reported in most high-frequency data. Additionally, the growth has been broad-based and inclusive in almost all sectors concerning the respective supply chain modalities. South Africa has also seemingly recovered; however, the collective private industry remains cautious in its outlook. Nevertheless, the industry continues to strive to safely secure the supply chain and increase cargo flows and overall logistics performance.