

COVID-19: Cargo movement update¹

Date: 5 August 2022

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 (containers)	22 222	34 581	56 803	25 746	34 990	60 736	↓6%
Air Cargo (tons)	4 239	2 253	6 492	4 558	2 318	6 875	↓6%

Monthly Snapshot

Figure 1 – Monthly⁴ cargo volume levels, year on year (100% = baseline)

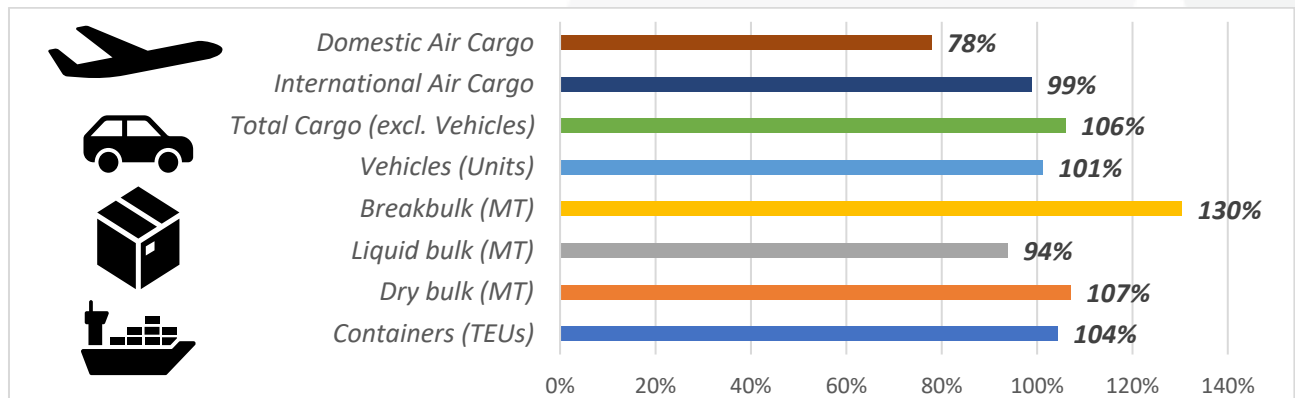
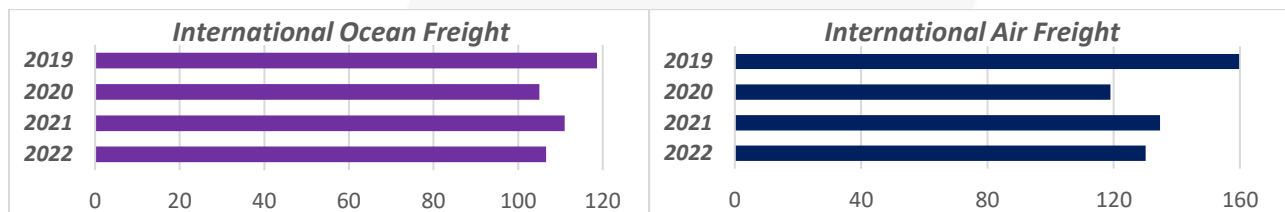


Figure 2 – Global year-to-date flows 2019-2022⁵: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



Key Notes

- An average of **~8 115 containers** was handled per day, with **~8 972 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 628 containers**, **↑14%** compared to last week.
- This week, cross-border queue times **↓0,1 hours**, with transit times **↑1,9 hours**, SA borders **~10 hours**.
- SARS merchandise trade (June): exports (**↑1,6%**, m/m), imports (**↑6,3%**, m/m), resulting in a trade surplus of **R24,23 billion**. YTD: exports **↑16,7%** (y/y), imports **↑47,6%** (y/y), surplus of **R133,52 billion**.
- The "WCI" declined for the 23rd straight week, with spot rates **↓2%** (or **\$134**) – to **\$6 628** per 40-ft.
- Liner schedule reliability improved by **↑3,6%** (m/m) to **40%**, with average late arrivals at **6,24 days**.
- International air cargo (CTKs) increased by **↑0,7%** (m/m), but remains **↓6,4%** lower than 2021.

¹ This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 99th update.

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

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

⁴ 'Monthly' means the last full month's worth of available data compared to the same month in the previous year. All metrics: Jun vs Jun.

⁵ For ocean, total Jan-Jun cargo in metric tonnes, as reported by [Transnet](https://www.transnet.co.za) is used, while for air, Jan-Jun cargo to and from ORTIA is used.

Executive Summary

This update – *the 99th of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Port operations this past week were typified by equipment breakdowns, congestion, network-related issues, and a lengthy power outage in Richards Bay. TFR still hasn't provided an estimated return time on the second line of the container corridor after the derailment, and they were also subject to cable theft this week. The helicopter in Richards Bay executed night shift operations this week, while the Department of Health issued a memorandum stating that Port Health Services intend to relax COVID-19 screening protocols from this week onwards.

On the international shipping side, global container throughput (albeit slightly) and scheduling reliability continue to improve as spot rates continue to fall. These developments further suggest that demand has peaked, and the financial boom of the carriers is set to end. Against the backdrop of softer demand and container spot rates declining, contract re-negotiations have accelerated. Further developments of note included **(1)** the Chinese government launching a clampdown on arbitrary charges, **(2)** a new FMC enforcement bureau created to police the USA'S new shipping Act, **(3)** China's military drills encircling Taiwan, forcing over 200 vessels to reroute – trade largely unaffected, **(4)** first sailing out of the Port of Odesa, and **(5)** SA initiates first WTO dispute complaint challenging EU citrus fruit measures.

South Africa's international air cargo decreased slightly this week (**↓6%**), while domestic air cargo is approximately the same as last week (**↓1%**), with volumes for ORTIA having subsided lately. Internationally, IATA notes that air cargo volumes have slightly lifted from last month, but the sideways trend remains. Fortunately, the ongoing recovery continues across the board as more space becomes available, with a significant increase in available cargo tonne-kilometres this month. Finally, IATA notes that easing restrictions in China and reducing disruption in global supply chains is likely to be good news for world trade and air cargo volumes in the coming months. However, high inflation and rising interest rates will work against this expected recovery. Additional developments included **(1)** continued improved operations at Frankfurt Airport, **(2)** positive financial results for major airlines despite contrasting volumes, and **(3)** TIACA warning that there are "*a huge number of challenges*" facing the air cargo industry.

On the road freight front, cross-border transit times for South African borders averaged **10 hours (↓29% w/w)** this week, as delays continue at Lebombo, Kasumbalesa, and Kopfontein. Apart from regional cross-border blockages, this week's main headline again concerns the ongoing wage negotiations between SARS and employee unions. Fortunately, the impasse has not impacted operations (including border post operations) much. Additional developments included **(1)** the end of the bidding process for upgrading the Mufulira/Mokambo and Ndola/Mufulira roads and **(2)** queues developing at the Chirundu border post due to inspections.

In conclusion, SARS released merchandise trade stats for June, with trade increasing significantly on a monthly and annual account – led by massive increases in imports versus last year. These figures again point to the importance of trade for our economy, highlighting the absolute necessity of smoothly facilitating South Africa's trade, including following coordinated border management with a cohesive strategy by all regulatory bodies, which has often been noticeable in its absence. Globally and domestically, the interconnected global trading system is both vulnerable and resilient to crises. We must do our part to be more economically resilient to shocks and learn from the lessons experienced to make the system better prepared and more resilient in the future.

Contents

Weekly Snapshot	1
Monthly Snapshot.....	1
Key Notes	1
Executive Summary.....	2
Contents.....	3
1. Ports Update	4
a. Container flow overview	4
b. Summary of port operations.....	7
i. Weather and other delays	7
ii. Cape Town.....	7
iii. Durban and Richards Bay	8
iv. Eastern Cape ports	9
v. Transnet Freight Rail (TFR).....	9
vi. General.....	10
2. Air Update	10
a. International air cargo	10
b. Domestic air cargo	11
3. National Update	12
a. SARS merchandise trade statistics: June.....	12
4. Road and Regional Update	13
a. Cross-border and road freight delays	13
5. International Update	15
a. Global shipping industry	15
i. Global port throughput.....	15
ii. Schedule reliability.....	16
iii. Global container freight rates and carrier profits.....	17
iv. Further developments of note.....	18
b. Global air cargo industry.....	19

1. Ports Update

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

a. Container flow overview

The following tables indicate the container flows reported for the last seven days and projections for the next seven days.

Table 2 – Container Ports – Weekly flow reported for 30 July to 5 August⁶

7-day flow forecast (30/07/2022 – 05/08/2022)		
TERMINAL	NO. OF CONTAINERS ⁷ TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	3 704	5 157
DURBAN CONTAINER TERMINAL PIER 2:	9 342	14 816
CAPE TOWN CONTAINER TERMINAL:	6 465	6 913
NGQURA CONTAINER TERMINAL:	2 115	5 838
GQEBERHA CONTAINER TERMINAL:	596	1 857
TOTAL:	22 222	34 581

Source: Transnet, 2021. Updated 05/08/2022.

Table 3 – Container Ports – Weekly flow reported for 6 to 12 August

7-day flow forecast (06/08/2022 – 12/08/2022)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 657	5 570
DURBAN CONTAINER TERMINAL PIER 2:	9 540	13 816
CAPE TOWN CONTAINER TERMINAL:	5 388	7 337
NGQURA CONTAINER TERMINAL:	7 261	5 599
GQEBERHA CONTAINER TERMINAL:	1 634	2 002
TOTAL:	28 480	34 324

Source: Transnet, 2021. Updated 05/08/2022.

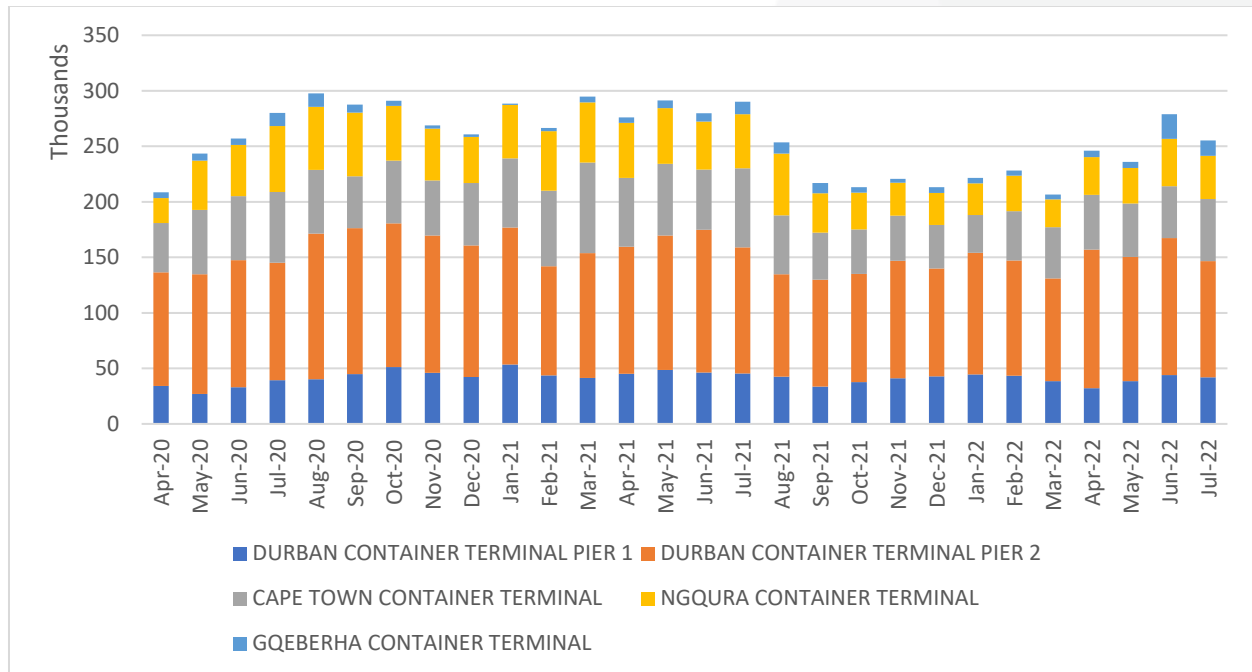
An average of **~8 115 containers** (↓5%) was handled per day for the last week (30 July to 5 August, Table 2), compared to the projected average of **~8 763 containers** (↓7% actual versus projected) noted in last week's report. An increased average of **~8 972 containers** (↑11%) is projected to be handled next week (6 to 12 August, Table 3). Port operations this past week were typified by equipment breakdowns, congestion, network-related issues, and a lengthy power outage in Richards Bay.

The following figure illustrates the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the nationwide lockdown.

⁶ It remains important to note that a large percentage (approximately 44% according to the latest year-to-date TNPA figures) of containers is neither imported nor exported, but rather consists of empties and transshipments. Due to the ongoing container imbalances, this proportion is fluctuating more than usual and has increased since December 2020. In recent months, empty numbers have dropped, a reflection of an improvement in worldwide container imbalances, but there is the usual sharp increase with the importation of large numbers of empty reefers in preparation for the citrus fruit season.

⁷ As mentioned before, in previous versions of the report, the measurement was incorrectly indicated as "TEUs", when it should have been noted as containers (20' and 40'). Incidentally, Transnet works on a ratio of approximately 1,4 TEUs per container and this figure will probably increase as the move towards more 40' containers continues.

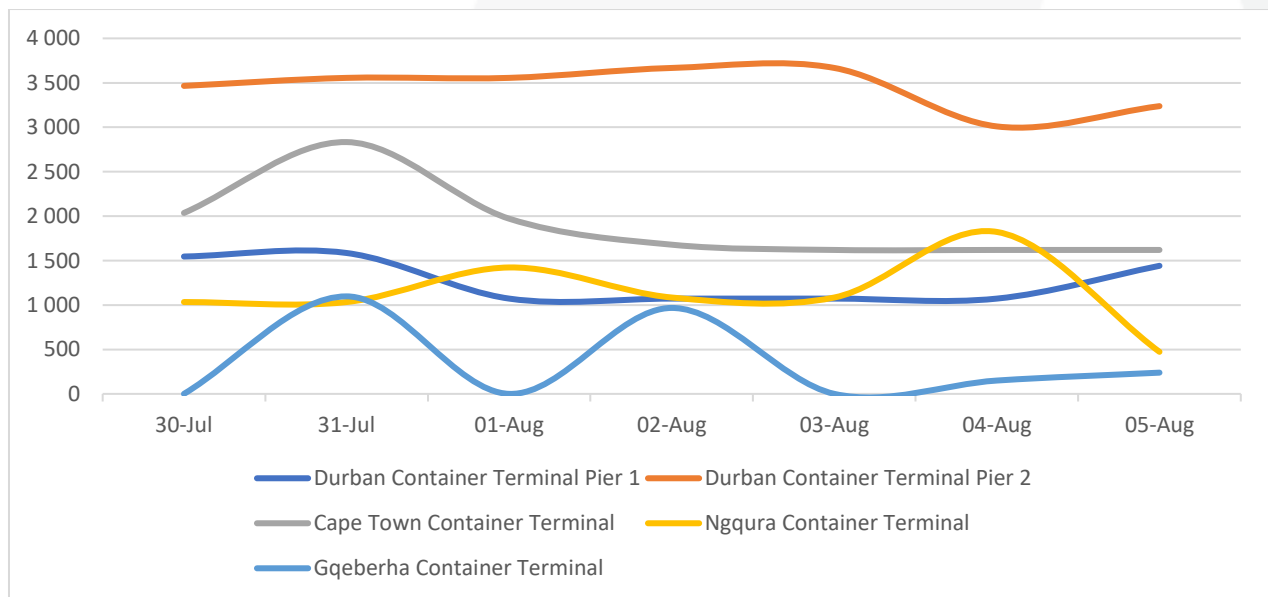
Figure 3 – Monthly flow reported for total cargo movement (containers April 2020 to present, m/m)



Source: Calculated using data from Transnet, 2022. Updated 05/08/2022.

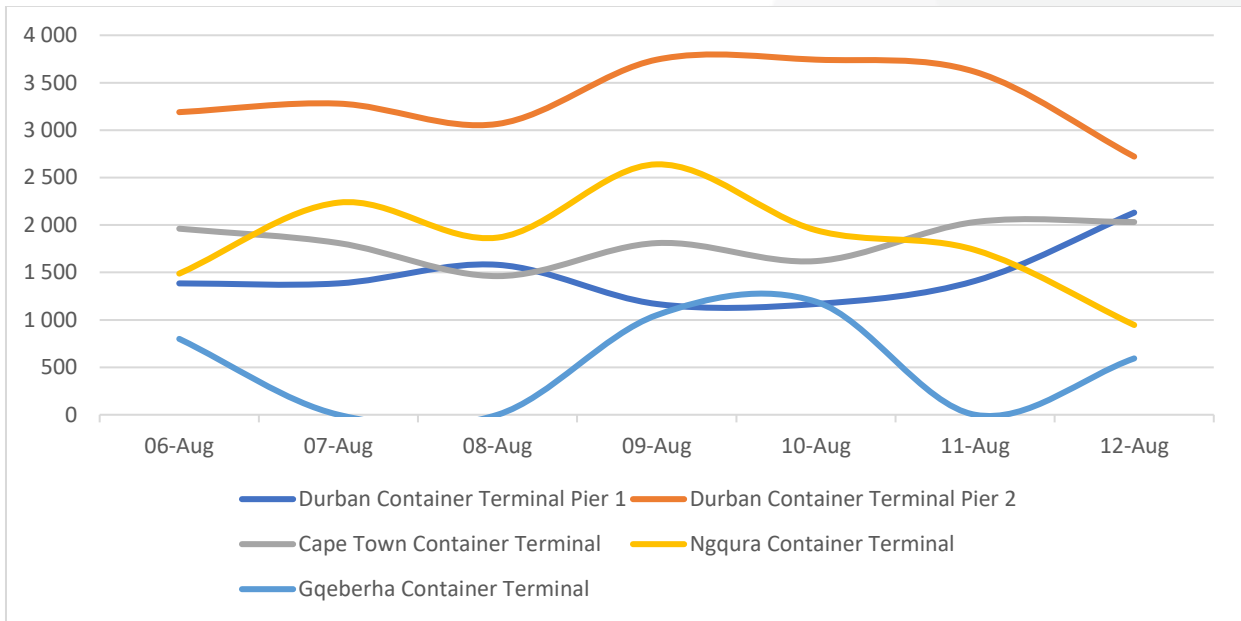
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total container movements (30 July to 5 August; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 05/08/2022.

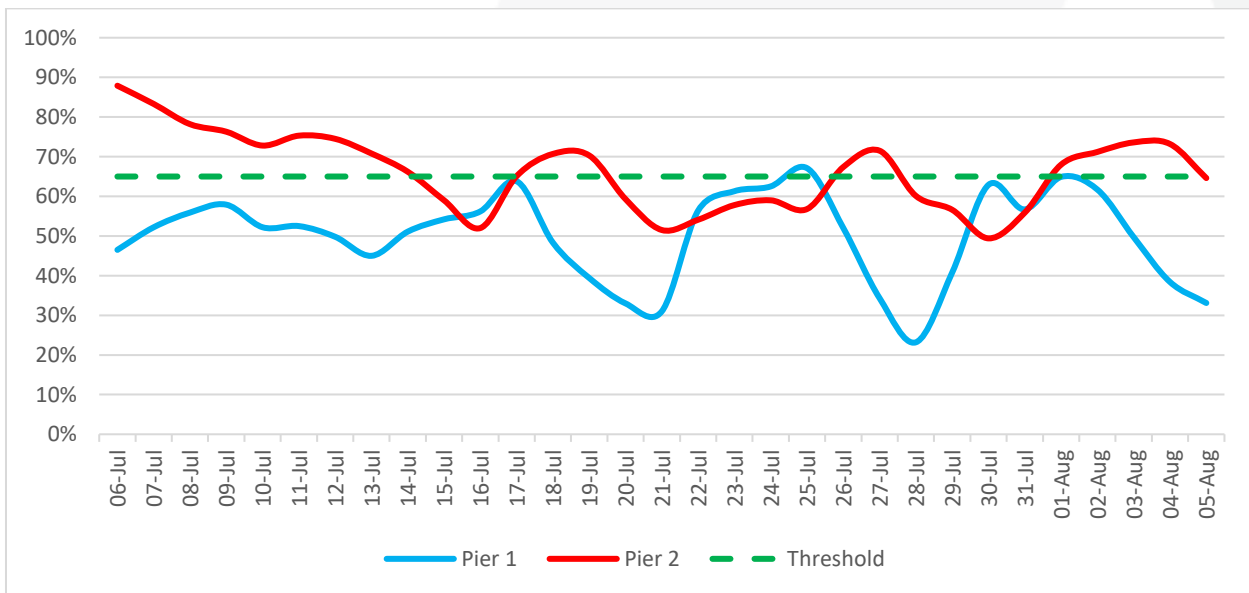
Figure 5 – 7-day forecast reported for total container movements (6 to 12 August; per port; day on day)



Source: Calculated using data from Transnet, 2022. Updated 05/08/2022.

The following figure shows daily stack occupancy in both Durban terminals over the last five weeks.

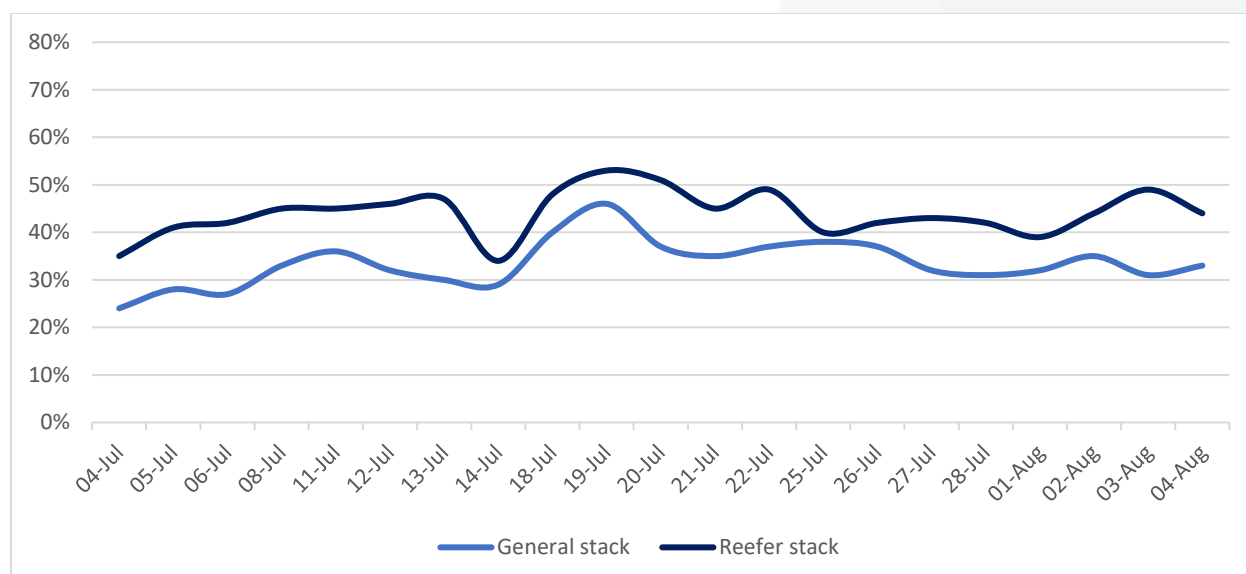
Figure 6 – Stack occupancy in DCT, general-purpose containers (6 July to present; per pier; day on day)



Source: Calculated using data from Transnet, 2022. Updated 05/08/2022.

The following figure shows daily stack occupancy in Cape Town over a similar period.

Figure 7 – Stack occupancy in CTCT, general-purpose, and reefer containers (6 July to present, day on day)



Source: Calculated using data from Transnet, 2022. Updated 05/08/2022.

b. Summary of port operations

The following sections provide a more detailed picture of the operational performance of our commercial ports over the last seven days.

i. Weather and other delays

Cape Town experienced a good week, with no serious incidents or delays due to weather conditions. However, on Wednesday, a union meeting occupied a section of the workforce for a brief period. The meeting did not disrupt operations for long despite concerns about insufficient personnel operating the ports' gates. The port also reported equipment breakdowns throughout the week.

Durban experienced a good week with no serious incidents or delays due to weather conditions; however, they experienced a challenging week in the light of equipment breakdowns and the like. On Monday, three hours were lost due to equipment breakdowns, one hour was lost due to a spillage, and another hour was lost due to cargo delays at Maydon Wharf. At Pier 2, four cranes went out of commission for a brief period due to scheduled maintenance. On Thursday, more delays were reported due to the high number of shifters and imports on hand at pier two created by last week's weather delays and system failures. The port lodges continuous and plausible efforts to ensure that the backlog is cleared as soon as possible.

On Sunday evening, Richards Bay experienced a major substation fault which caused a power outage at the port, halting most operations until approximately 15:00 on Monday.

The Eastern Cape got through the week unscathed, with no major delays or severe weather conditions reported.

ii. Cape Town

On Tuesday, CTCT recorded one vessel at outer anchorage and three vessels at berth worked by seven gangs, seven STS cranes, 22 RTGs, and 42 hauliers. Stack occupancy for GP containers was 31%, reefers 49%, and

empties 33%. In the latest 24-hour period to Wednesday, the terminal managed to handle 2 388 TEUs across the quay. In addition, the terminal serviced 1 227 external trucks and 26 trains on the landside.

Cape Town MPT on Tuesday recorded zero vessels at anchor and one at berth. In the latest 24-hour period to Wednesday, the terminal managed to handle nine truck visits at a truck turnaround time of 42 minutes. Stack occupancy was recorded at 15% for GP containers, 3% for reefers and 0% for empties. In addition, speculation around port efficiency this week was revived as evidence emerged of more vessels reportedly omitting the port, although since there were minimal berthing delays, this was likely done to suit the shipping lines concerned.

iii. Durban and Richards Bay

Pier 1 on Wednesday recorded two vessels at berth, manned by four gangs, and none at anchor. Stack occupancy was 50% for GP containers and 53% for reefers with 2 055 imports on hand, 325 reefers and 71 unassigned units. The terminal recorded 733 gate moves on the landside on Wednesday, with 437 cancelled slots and 111 wasted. Over the week, the terminal recorded an average of 16 RTGs available.

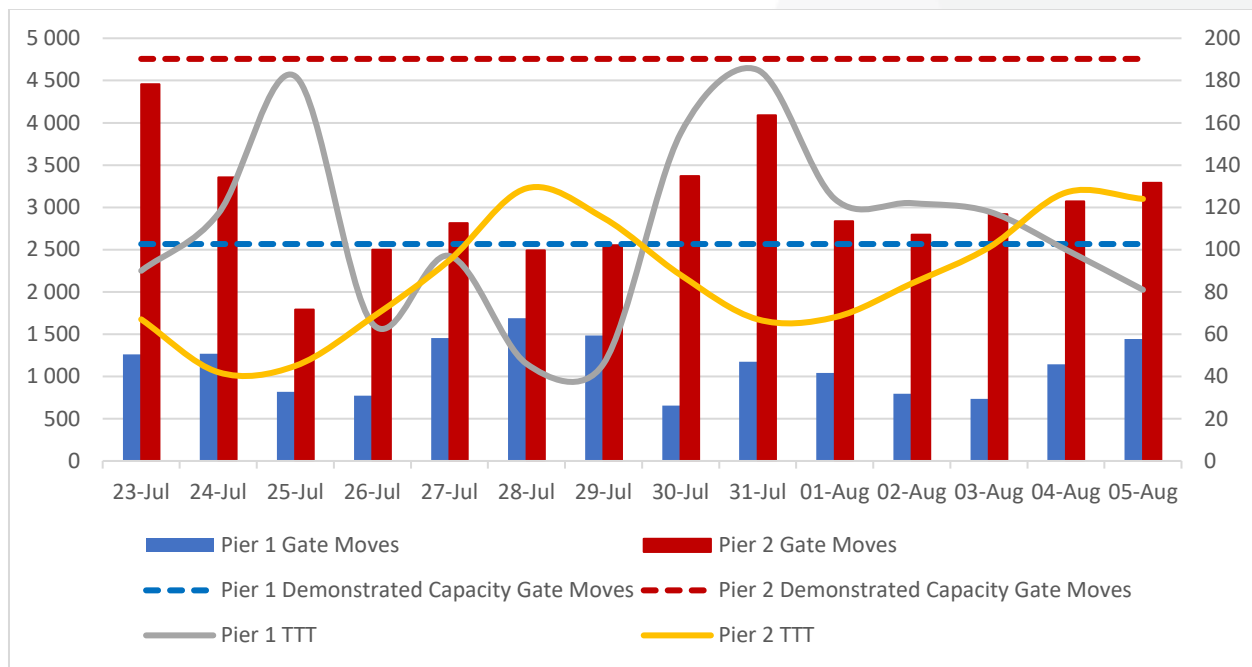
On Thursday, Pier 2 had four vessels at berth and one at anchorage. In the most recent 24 hours to Friday, the terminal managed to handle an impressive 3 721 TEUs across the quay. Stack occupancy was 65% for GP containers and 58% for reefers. The terminal had between 79 and 86 straddles in operation throughout the week, manned by 13 gangs. Crane 522 was anticipated to return to full operation at 14:00 on Tuesday after a lengthy outage due to hoist wire repairs and a digital update. No further updates were received regarding the hoist wire repairs on crane 520 and the trolley wheel replacement on crane 531. However, crane 535 went out of commission during the latter stages of the week and is expected to return once the fault-finding process is complete. On Tuesday, the terminal recorded 1 374 gate moves on the landside with an average TTT of 84 minutes and a staging time of 86 minutes. Unfortunately, towards the latter stages of the week, truck staging time tripled to an average of 260 minutes, while truck turnaround time increased to an average of 124 minutes. A total of 141 rail import containers were on hand, with 384 volumes moved by rail.

Recently Transnet issued a notice of intention to change the current free storage business rule for containers within the Durban container terminals. The rule will effectively reduce free storage days on import containers from five days to the proposed 3,25 days. Transnet aims to implement the new rule from 01 September 2022 at pier two and 01 October 2022 for pier one.

The port of Richards Bay confirmed this week that the helicopter was out of commission on Monday; however, it started working the night shift on Tuesday and has since been operational for the full 24-hour period each following day.

The following figure summarises the port performance of Durban's container terminals for the last two weeks, focusing on gate moves and time spent in the terminals.

Figure 8 – Gate moves (left axis), and time spent in the terminal (in minutes, right axis)



Source: Calculated using data from Transnet, 2022. Updated 05/08/2022.

iv. Eastern Cape ports

GCT on Monday recorded five vessels at anchorage and one at berth. Regarding marine resources, two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Tuesday. Unfortunately, the leakage reported on one of the tugs last week is not resolved yet; however, the port is working tirelessly to ensure that the tug is back in commission by Monday next week. In the period leading up to Tuesday, stack occupancy was 37% for GP containers and 38% for reefers. GCT also reported having two STS cranes and 12 straddles in operation.

NCT on Thursday recorded four vessels alongside and four vessels at anchorage. Two tugs, one pilot boat, two pilots, and one berthing gang were in operation in the 24 hours leading to Friday. Regarding performance leading up to Thursday, stack occupancy was 31% for GP containers, 36% for reefers, and 57% for ground slots. On Thursday, 1 130 TEUs were handled across the quay. Additionally, 489 trucks were serviced on the landside, with a truck turnaround time of ~32 minutes.

v. Transnet Freight Rail (TFR)

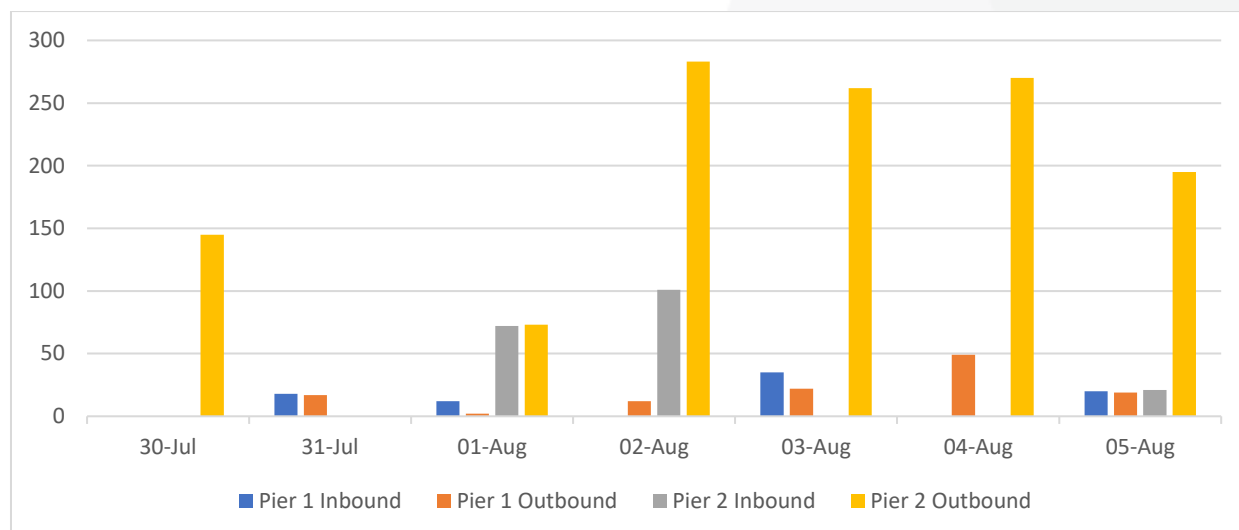
Transnet Freight Rail (TFR) experienced network challenges during the week, which impacted the movement of trains between Durban and Johannesburg, resulting in a high number of staged trains. However, the TFR team is working hard to clear the staged trains and expects normal train service towards the end of the week. On Wednesday, TFR reported that an additional 3km of overhead cables had been stolen in the 24 hours leading to Wednesday. The TFR team have advised that they are actively working towards several solutions to this problem.

In addition, TFR has advised that they are still awaiting an estimated return to service time for the second line on the Balgowan section of the container corridor between Durban and Johannesburg. TFR are hopeful

that this will be early next week. Finally, Transnet advised that the second line on the Durban-Cato Ridge railway, which flooded in April, was still on track to be re-opened on 17 September.

The following figure shows the rail cargo evacuated from DCT in the last week.

Figure 9 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2022. Updated 05/08/2022.

In the last week (30 July to 5 August), rail cargo handled out of Durban was reported at **1 628** containers, **↑14%** from the previous week's **1 424** containers.

vi. General

Last week the Department of Health issued a memorandum stating that Port Health Services no longer require **(1)** temperature logs, **(2)** health questionnaires, or **(3)** proof of vaccination from a traveller during the screening process for them to enter the Republic. In addition, antigen testing is no longer required as the traveller's vaccination status is not checked. Only travellers portraying signs and symptoms of illness will require further screening.

In addition, the arrangements made between Port Health Services and relevant stakeholders in Gqeberha have ended from Monday 01 August 2022. These included **(1)** stamping of LOGs as proof that the crew has been screened for COVID-19, **(2)** stamping of annexures as a requirement for crew changes, and **(3)** providing electronic permission for crew changes. As a result, port Health services have reverted back to normal procedures whereby granting Free Pratique applications and dealing with OPL callers are the main focus. Once a vessel has been granted Free Pratique, processes such as shore leave and crew changes can commence from a Port Health Services perspective, subject to approval from DHA and the Immigration office.

2. Air Update

a. International air cargo

The following table shows the in- and outbound air cargo flows to and from ORTIA for the week beginning 25 July. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in July 2021 averaged **~731 461 kg** per day.

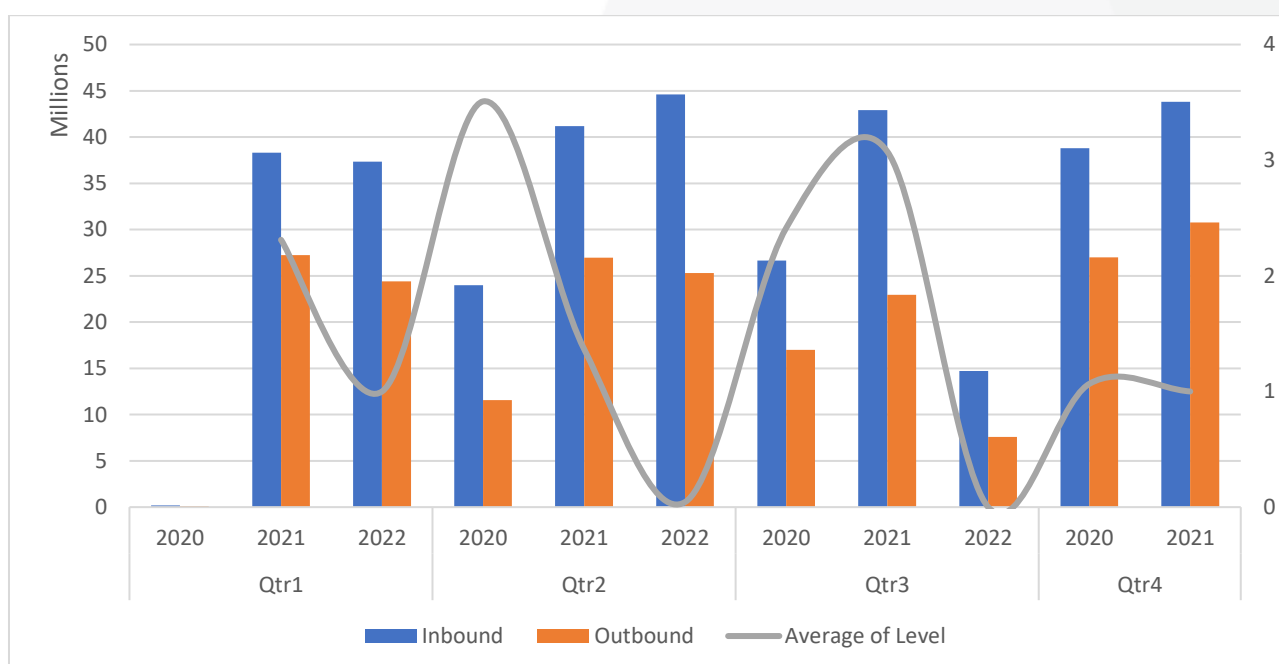
Table 4 – International inbound and outbound cargo from OR Tambo

Flows	25-Jul	26-Jul	27-Jul	28-Jul	29-Jul	30-Jul	31-Jul
Volume inbound	447 236	343 584	405 124	405 589	273 903	371 337	720 644
Volume outbound	159 656	134 586	175 772	146 080	251 778	162 128	547 258
Total	606 892	478 170	580 896	551 669	525 681	533 465	1 267 902

Courtesy of ACOC. Updated: 02/08/2022.

The daily average volume of air cargo handled at ORTIA the previous week amounted to **423 917 kg** inbound and **225 323 kg** outbound, resulting in an average of **649 239 kg** per day or **~80%** compared with July 2021. Also, the level is currently at **~147%** compared with the same period in 2020. The following figure shows the comparative quarterly global freight movement at ORTIA since the pandemic outbreak, highlighting the improvement of the sector over the period.

Figure 10 – International cargo from OR Tambo (millions) and accompanying lockdown level



Courtesy of ACOC. Updated: 25/07/2022.

b. Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the state of disaster period as reported by the industry. By way of comparison, the average domestic air freight cargo (inbound and outbound) handled in July 2021 was **~57 013 kg** per day.

Table 5 – Total domestic inbound and outbound cargo

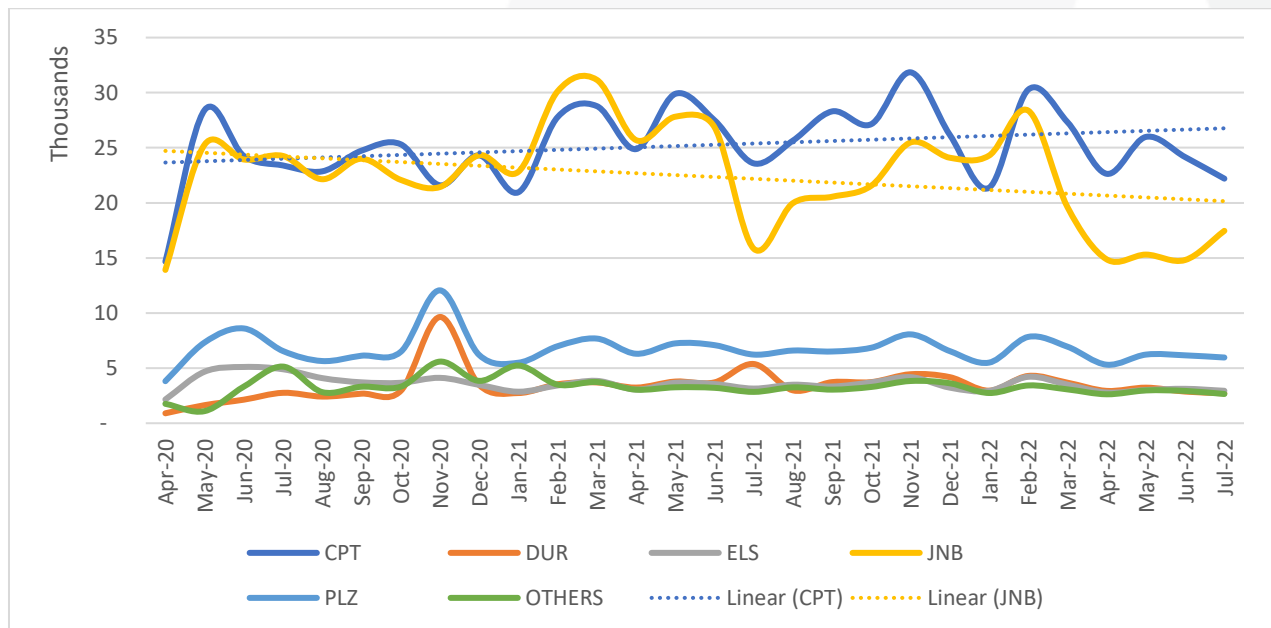
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar-Dec '20 Av.	21 813	2 941	3 751	20 539	6 571	3 176	56 713
Jan-Dec '21 Av.	26 817	3 754	3 452	24 270	6 789	3 483	68 218
Jan Average	21 367	2 954	2 929	24 288	5 501	2 742	59 780

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Feb Average	30 276	4 291	4 213	28 370	7 835	3 428	78 412
Mar Average	27 325	3 677	3 504	19 611	6 946	3 069	64 131
Apr Average	22 637	2 934	2 787	14 870	5 311	2 627	51 165
May Average	25 622	3 039	2 909	14 743	6 119	2 914	55 346
Jun Average	24 151	2 872	3 122	14 812	6 160	2 931	54 048
Jul Average	22 196	2 715	2 943	17 462	5 963	2 650	53 929
26-Jul-22	39 614	5 381	4 618	23 220	11 366	3 913	88 113
27-Jul-22	36 873	4 078	4 503	26 520	9 284	3 848	85 105
28-Jul-22	40 236	4 050	4 471	25 396	9 690	4 148	87 993
29-Jul-22	16 848	2 633	2 433	16 607	5 138	2 367	46 025
30-Jul-22	1 634	193	75	697	320	76	2 994
31-Jul-22	1 959	422	208	196	667	522	3 973
01-Aug-22	40 453	3 616	4 614	26 290	10 957	3 894	89 824
Total for 2022:	5 440 976	706 264	702 166	4 218 711	1 364 549	631 890	13 064 556

Courtesy of BAC. Updated: 02/08/2022.

The average domestic air cargo moved last week was ~58 043 kg per day, which is ↑1% compared with the previous week and ~102% compared to July 2021. The following figure shows our commercial airports' monthly domestic freight movement since the pandemic.

Figure 11 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 02/08/2022.

3. National Update

a. SARS merchandise trade statistics: June

On Thursday, 29 July, SARS released merchandise trade stats for June⁸, with trade increasing significantly – led by massive increases in imports versus last year. Monthly exports have increased slightly from May (↑1,6%, m/m), while imports have also increased (↑6,3%, m/m). The current figures result in a positive

⁸ SARS. 29/07/2022. [Merchandise trade stats](#).

trade balance of **R24,23 billion** for June. However, despite another positive month with healthy numbers posted in June, the trade balance for 2022 continues to deteriorate from the surplus of **R49,54 billion** recorded for the same period in 2021. For the YTD figures, the preliminary trade balance of **R133,52 billion** is a deterioration from the **R249,86 billion** positive trade balance for the comparable period in 2021. This change is primarily attributed to a substantial increase in YTD imports, growing at **↑47,6%** (y/y). Exports, in turn, also rose, coming in at **↑16,7%** (y/y). These figures again point to the importance of trade for our economy, highlighting the absolute necessity of smoothly facilitating South Africa's trade, including following coordinated border management with a cohesive strategy by all regulatory bodies, which has been conspicuous by its absence.

Regionally, trade with BELN countries for June resulted in a trade surplus of **R9,87 billion**, resulting from exports of **R15,21 billion** and imports of **R5,34 billion**. Exports to our neighbouring countries increased by **↑3,7%** (m/m) between May and June, with imports substantially increasing – by **↑40,9%** (m/m) over the same period. Consequently, we see another improvement in the cumulative figures for the year, indicating a positive trade balance with BELN countries – from **R49,33 billion** in 2021 to **R57,12 billion** trade balance surplus for 2022.

4. Road and Regional Update

a. Cross-border and road freight delays

The following events have caused some delays on roads in and around the SADC region this week:

- Last week, clearing times at South African borders averaged around **14 hours** (**↑40%** w/w).
- The ongoing SARS wage negotiations have continued, although operations have had little impact. SARS announced on Tuesday, 2 August, that it was able to open all 23 of its customs offices and reduce the number of closed SARS branches to 17⁹.
- Regionally, the bidding process for upgrading the Mufulira/Mokambo and Ndola/Mufulira roads has ended. As a result, the transport industry hopes that trade flows will improve on those routes in the coming months.
- Some queues have developed at the Chirundu border post due to inspections.
- During the last seven days, there were no closures of any South African borders. However, as is always the case, we encourage traders to stay abreast of border post communications as per the SARS [website](#).
- Transporters, traders, and cargo owners are still encouraged to use the non-tariff barrier (NTBs) [online tool](#) developed by UNCTAD and the AfCFTA Secretariate. However, given the mixed success of the platform, transporters are encouraged to contact FESARTA and join their [TRANSIST Bureau](#)¹⁰, which has arguably achieved much greater success.

Apart from these developments, investigations continue into cross-border delays experienced at several other SADC border posts in the sub-region, with lengthy queuing times at Lebombo, Kasumbalesa, and Kopfontein.

⁹ Magubane, K. 02/08/2022. [SARS opens more branches, customs offices as unions wait to discuss wages.](#)

¹⁰ [FESARTA TRANSIST Bureau](#).

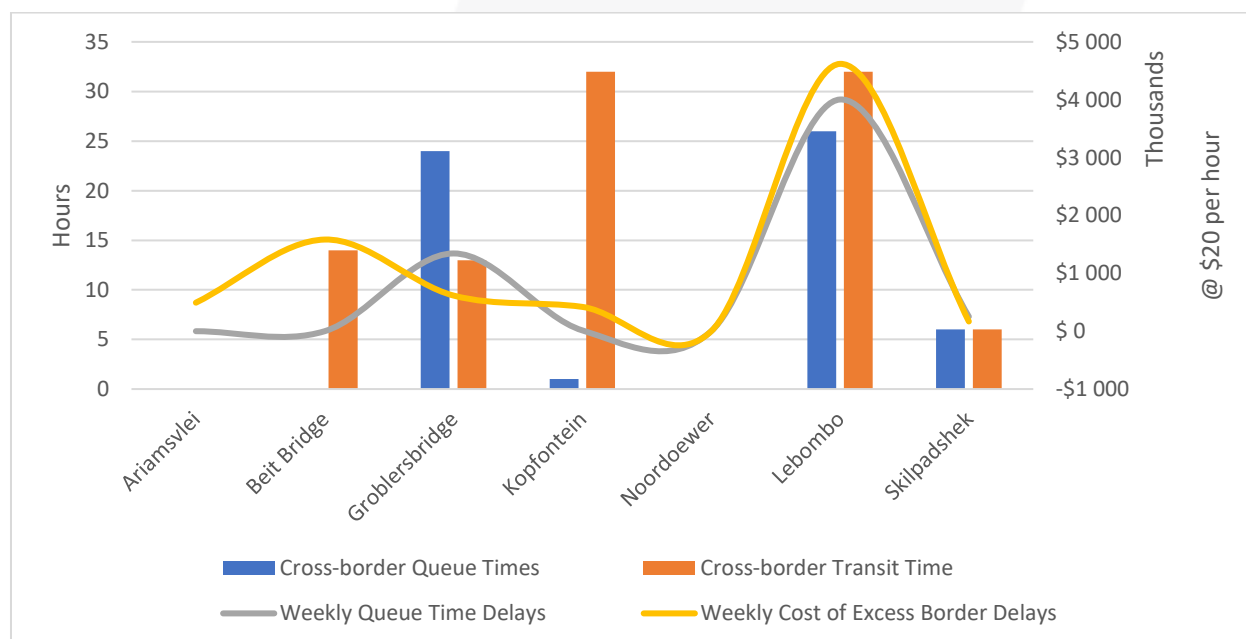
Table 6 – Delays¹¹ summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
SA/Zim	Beitbridge	0:00	14:00	943	28 290	6 601	79 212	0
Moz/Zam	Cassacatiza/Mlolo	-	11:00	175	5 250	1 225	11 025	0
Zam/Zim	Chirundu	6:00	18:00	620	18 600	4 340	69 440	26 040
Moz/Mal	Dedza	2:00	15:00	50	1 500	350	4 550	700
SA/Bot	Groblersbrug/Martins Drift	24:00	13:00	400	12 000	2 800	30 800	67 200
Zam/DRC	Kasumbalesa	-	69:00	750	22 500	5 250	351 750	0
Zam/Bot	Kazungula	0:00	24:00	240	7 200	1 680	36 960	0
SA/Bot	Kopfontein/Tlokweng	1:00	32:00	100	3 000	700	21 000	700
Moz/Zim	Machipanda/Forbes	1:00	12:00	320	9 600	2 240	22 400	2 240
Mal/Zam	Milange	0:00	2:00	30	900	210	0	0
Zim/Moz	Nyamapanda	1:00	14:00	100	3 000	700	8 400	700
SA/Moz	Lebombo/Ressano Garcia	26:00	32:00	1 100	33 000	7 700	231 000	200 200
SA/Bot	Skilpadshek/Pioneer Gate	6:00	6:00	300	9 000	2 100	8 400	12 600
Nam/Bot	Trans Kalahari/Mamuno	-	11:00	100	3 000	700	6 300	0
Zam/Zim	Victoria Falls	1:00	1:00	114	3 420	798	-798	798
Moz/Mal	Zobue/Mwanza	2:00	21:00	100	3 000	700	13 300	1 400
				5 442	163 260	38 094	918 379	312 578

Source: TLC & FESARTA, week ending 01/08/2022.

The following graph shows the weekly change in cross-border times and associated estimated costs.

Figure 12 – Weekly cross-border delays & est. cost from a SA border perspective (hours & \$ thousands)

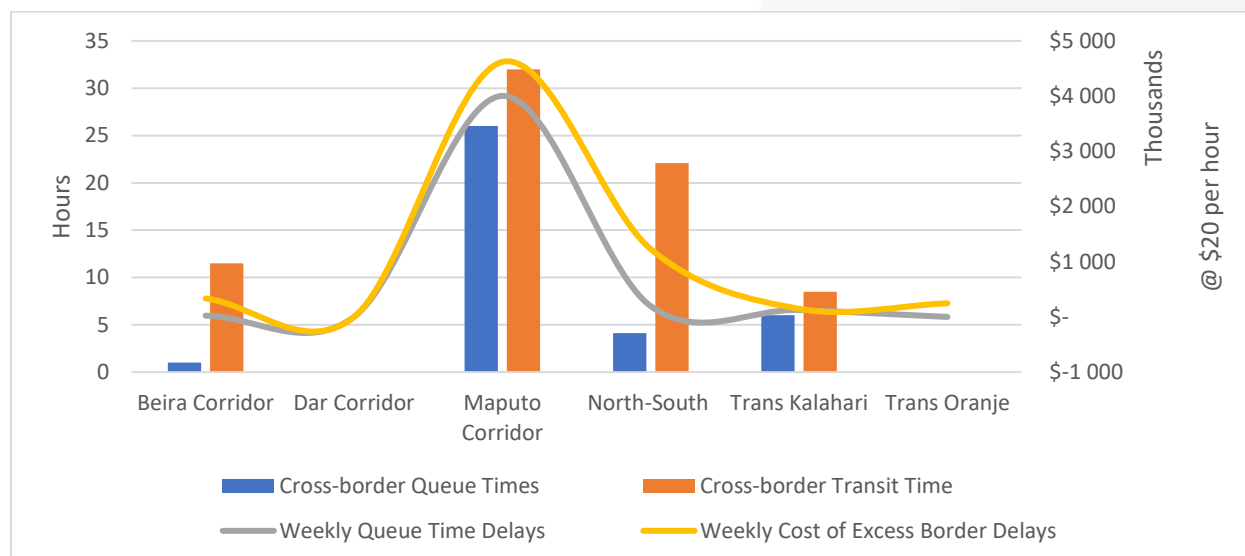


Source: TLC & FESARTA, week ending 01/08/2022.

¹¹ It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays may be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border problem since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

The following figure echoes those above, this time from a corridor perspective.

Figure 13 – Weekly cross-border delays & est. cost from a corridor perspective (hours & \$ thousands)



Source: TLC & FESARTA, week ending 01/08/2022.

In summary, cross-border queue time has averaged **~5,0 hours** (down by **~0,1 hours** from the **~5,1 hours** recorded in the previous report), costing the transport industry an estimated **\$6 million (R100 million)**. Furthermore, the week's average cross-border transit times hovered around **~17,4 hours** (up by **~1,9 hours** from the **~15,5 hours** recorded in the previous report), costing the transport industry **\$18 million (R294 million)**. As a result, the total cost for the week amounts to an estimated **~R394 million** (up by **~R92 million** or **↑31%** from **R301 million** in the previous report).

5. International Update

The following section provides some context around the global economy and its impact on trade, including an update on **(a)** the global shipping industry and **(b)** the global air cargo industry.

a. Global shipping industry

i. Global port throughput

The latest *RWI/ISL*¹² figures showed a slight increase in global container throughput, which was led again by the recovery of Chinese ports despite ever-present supply chain disruptions. As a result, the *RWI/ISL* index increased by **1,2 points** seasonally adjusted from **124,9** (revised) to **126,1** points in June¹³. The main driver of the recovery was the significant increase in throughput witnessed in Chinese ports, as the Chinese index rose from **134,7** (revised) to **140,5** points. On the other hand, the North Range Index, an indicator of economic development in the northern euro area and Germany, decreased from **112,9** (revised) to **111,2** points, as congestion and labour issues remain. The following figure shows how China continues stimulating global trade in containerised goods.

¹² Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL)

¹³ *RWI/ISL*, 29/07/2022. [RWI/ISL Container Throughput Index: China continues to stimulate Global Trade](#).

Figure 14 – RWI/ISL Container throughput index (2015 = 100)



Source: [RWI/ISL](#)

Regarding the development, RWI's head of economic research, Torsten Schmidt, says: "The revival of container throughput in China continues to stimulate global trade in June as well. In European ports, the supply chain disruptions of the past months are showing, in addition to the restricted trade with Russia which also has noticeable effects." The RWI/ISL Container Throughput Index consists of data from 90 international ports, constituting approximately 64% of global container traffic.

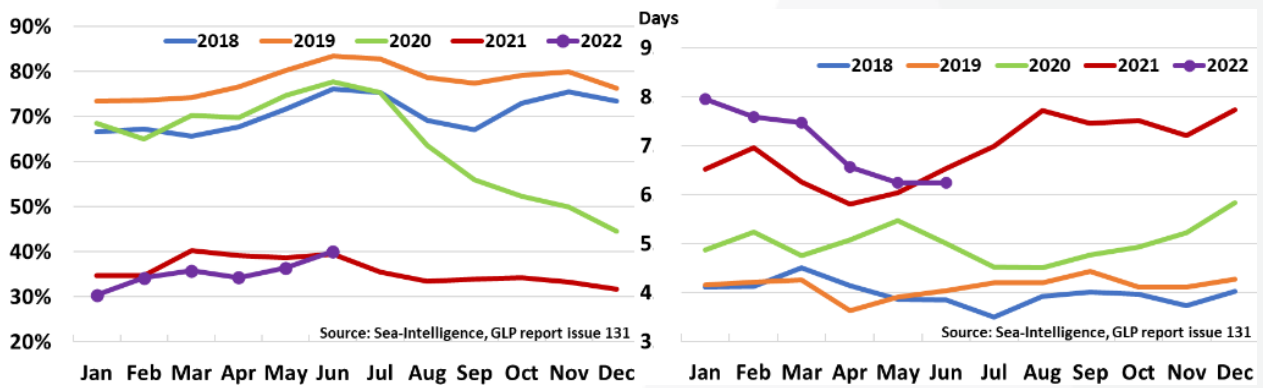
ii. Schedule reliability

According to the latest June figures published by Sea Intelligence, global liner schedule reliability¹⁴ seems to have broken the trend seen since the start of this year, with schedule reliability increasing. Liner Schedule reliability rose by **↑3,6%** (m/m) to **40,0%**¹⁵. Moreover, since the pandemic's start, June marks the first-time schedule reliability improved annually. Also, the average delay for LATE vessel arrivals has been dropping sharply this year but remained unchanged monthly at **6,24 days** in June. Nevertheless, the delay figure is now firmly below the **7-day mark**, an improvement over the 2021 figure. The following side-by-side figures illustrate reliability and delays in the last five years.

¹⁴ Although the metric produced by Sea Intelligence provides a decent overview of the current state of liner service levels, few insights are provided in the methodology used to measure reliability. For example, is it calculated on set schedules determined when a service commences, or is it measured more flexibly considering each consecutive berthing window per port per service?

¹⁵ Murphy, A. 03/07/2022. [Schedule reliability improves to 40% in June 2022](#).

Figure 15 – Global schedule reliability (%) and average days for late vessel arrivals (days)



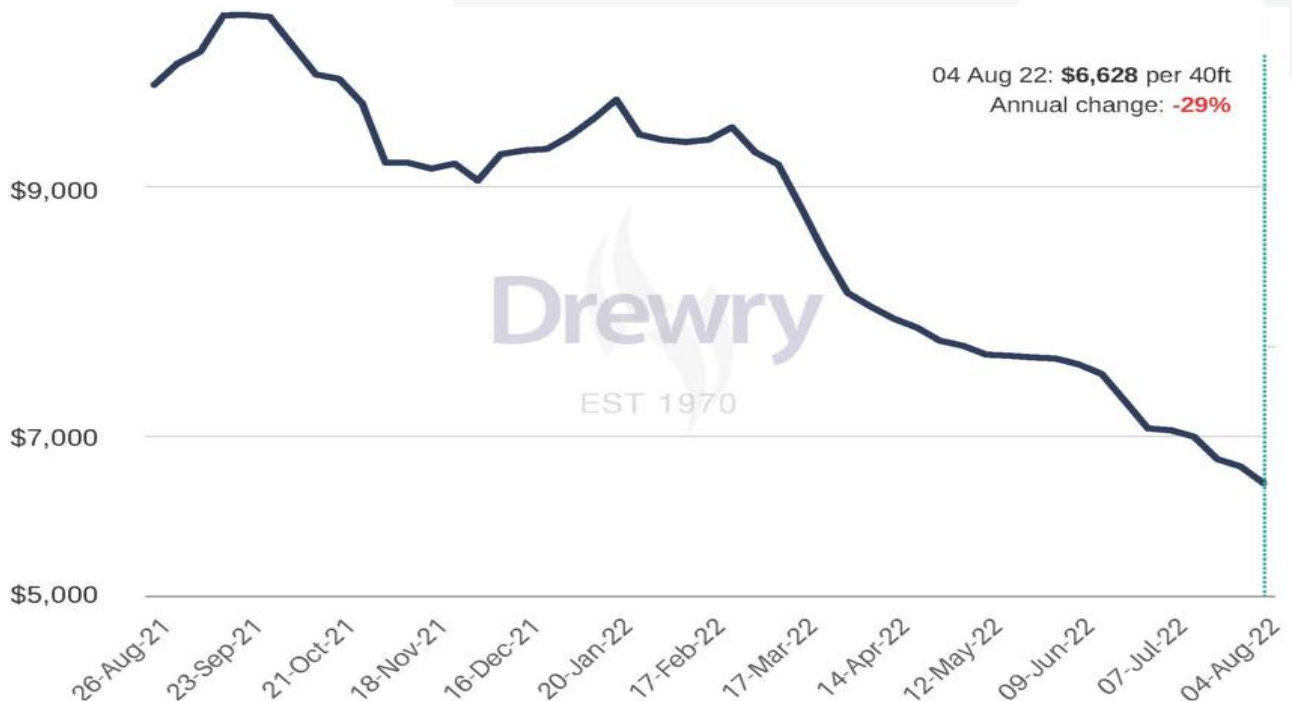
Source: [Sea Intelligence](#)

On an individual carrier level, Maersk was once again the most reliable top-14 carrier in June 2022 at **49,5%** (**↑2%**), most notably shortening its import containers' dwell time at key US terminals from 14 to nine days¹⁶. In second place was Hamburg Süd at **41,4%** (**↓2,3%**), followed by CMA CGM. There were ten carriers (four more than last month) with schedule reliability of **30%-40%** and only two with schedule reliability of **20%-30%**. Although global liner services continue to be plagued by many constraints (port congestion, human resources, and equipment shortages), the current short-term outlook appears much improved.

iii. Global container freight rates and carrier profits

Spot rates keep tumbling as Drewry's "World Container Index" decreased for the 23rd week in a row. The weekly rate decreased by **↓2%** (or **\$134**) – to **\$6 628** per 40-ft container this week¹⁷, with the composite index of **↓29%** (y/y) compared to this time last year, as illustrated by the 12-month spot price:

Figure 16 – World Container Index – assessed by Drewry (\$ per 40 ft. container)



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

¹⁶ Bartlett, C. 02/08/2022. [Maersk cuts import box dwell time at US ports to nine days.](#)

¹⁷ Drewry. 04/08/2022. [World Container Index.](#)

Despite the ongoing decrease, the long-term average remains high, with the YTD at **\$8 168** per 40ft container, **\$4 573** higher than the five-year average of **\$3 594**. Four of the eight routes fell on the major East-West trade lanes, with the most significant change occurring on the Shanghai – Los Angeles route, down by **↓3%** (w/w). Incidentally, one route (New York – Rotterdam) experienced a weekly increase for the first time in a while, suggesting that the route has ended its moderation cycle.

Against the backdrop of softer demand and container spot rates declining, contract re-negotiations have accelerated. Nevertheless, Maersk's CEO told investors this week that he remained "confident" about the shipping line's contracted customers sticking with their agreements¹⁸. The Danish giant's upgraded financial outlook for the full year highlights the confidence, improving by **\$7 billion**, reflecting higher-than-anticipated earnings spurred by continued global supply chain disruptions¹⁹. Elsewhere, Japanese carrier ONE saw its net profit more than double in its fiscal first quarter, to 30 June, to **\$5,5 billion**²⁰, despite a decrease in cargo liftings. It is perhaps a further sign that container lines may have enjoyed their best-ever quarter but that demand has peaked. However, as far as spot rates are concerned, the industry (including the assessment by Drewry) expects a further rate decline for much of the year to come.

iv. Further developments of note

Apart from the overview provided above, there were some additional noteworthy developments this week:

1. Chinese government launches clampdown on arbitrary charges in the maritime industry:

- a. China's Ministry of Transport (MoT) is investigating the maritime sector, seeking a widespread crackdown on any 'arbitrary charges' not aligned with President Xi's call to reduce taxes and fees for market entities²¹.
- b. The regulators are determined to conduct a thorough investigation and will place greater regulatory scrutiny on charging activities in the sectors – urging companies to increase pricing transparency. Most commentators have welcomed the bold steps and encouraged other authorities to follow suit.
- c. Ports are being investigated to ascertain whether they have forced carriers to use their invested services, while carriers are facing anti-monopoly investigations determining whether they used their dominance to levy excessive charges. The MoT has set up a hotline to accelerate investigations and encourages tipoffs.

2. New FMC enforcement bureau created to police new shipping Act:

- a. To further promote international clampdown initiatives, the US Federal Maritime Commission (FMC) has set up a Bureau of Enforcement, Investigations and Compliance (BEIC) to enforce the new Ocean Shipping Reform Act.
- b. The development will establish a bureau to enforce the OSRA 22 initiative signed into law by President Biden in June. The Bureau will comprise an Office of Enforcement, Office of Investigations, and an Office of Compliance. An attorney in the senior executive service with regulatory, prosecutorial, and investigatory experience will be found to lead it²².

3. China's military drills encircling Taiwan force over 200 vessels to reroute:

- a. Six closure zones encircling Taiwan mean about 240 merchant ships will have to find alternative routes to reach their destinations, but shipment delays are likely to be minimal²³. The ports of Taiwan are reportedly operating as normal, and disruptions are not expected.

¹⁸ Wackett, M. 03/08/2022. [Maersk confident of contract integrity, as it builds \\$19 billion M&A war-chest.](#)

¹⁹ Wackett, M. 02/08/2022. [Optimistic Maersk pumps up earnings forecast for the year by another \\$7 billion.](#)

²⁰ Wackett, M. 01/08/2022. [ONE posts \\$5,5 billion quarterly profit but struggles with the outlook.](#)

²¹ Chen, X. 28/07/2022. [China launches crackdown on arbitrary charges in maritime.](#)

²² Biggar, K. 01/08/2022. [New FMC bureau created to enforce US Shipping Act.](#)

²³ Daikun, B. 04/08/2022. [China's military drills force over 200 vessels to reroute.](#)

- b. Indeed, liner operators seem unperturbed, although the aviation sector is taking precautions²⁴. The military exercises began on Wednesday evening, hours after US House Speaker Nancy Pelosi visited Taiwan and met President Tsai Ing-wen, angering China, which has viewed Taiwan as a renegade province since the 1949 Chinese Civil War.
- c. Six 'no-sail' and 'no-fly' zones have been marked out by China, which will carry out military drills in waters around Taiwan until 7 August, and Taiwan's Ministry of Transportation and Communications (MOTC) is advising vessels calling at its ports to avoid areas where China is conducting live-firing.

4. First sailing out of the Port of Odesa; however, Black Sea uncertainty remains:

- a. Russia attacked the seaport of Odesa with cruise missiles²⁵ just hours after signing a deal to unblock grain exports from Ukraine²⁶, a move that was hailed as a vital step toward alleviating the global food crisis. Although the United Nations said all parties reconfirmed their commitment to shipping grains²⁷, the attack served as a stark reminder of the risks for shippers and insurers as the war rages on.
- b. Millions of tons of grain are stuck in Ukraine after Russia's invasion blocked its major ports, and major customers in the Middle East and North Africa have been forced to look elsewhere for supplies.
- c. However, in a landmark event, on Monday, 1 August, the Razoni, carrying a cargo of **26 527 tonnes of corn**, was the first cargo ship to leave a Ukrainian Black Sea port since 26 February, just a few days after the Russian invasion began²⁸.
- d. Despite the first vessel's sailing, there was no further vessel movement outside the port on Wednesday, 3 August, according to the Marine Traffic²⁹.

5. South Africa initiates WTO dispute complaint challenging EU citrus fruit measures:

- a. South Africa has requested WTO dispute consultations with the European Union concerning certain measures imposed by the European Union on importing South African citrus fruit. The request was circulated to WTO members on 29 July³⁰.
- b. South Africa is challenging recently enacted changes to EU phytosanitary requirements for importing oranges and other citrus products related to the pest *Thaumatotibia leucotreta*, known as false codling moth. South Africa claims the EU measures appear to be inconsistent with various provisions of the WTO's Agreement on the Application of Sanitary and Phytosanitary Measures and the General Agreement on Tariffs and Trade 1994.
- c. This complaint is the first-ever WTO dispute settlement case initiated by South Africa.

b. Global air cargo industry

The International Air Transport Association (IATA) released its latest "Air Cargo Market Analysis " for June³¹ this week, with the main headline noting that volumes have slightly lifted from last month, but the sideways trend remains. Seasonally adjusted cargo tonne-kilometres (CTKs) increased by **↑0,7%** (m/m), following a flat outturn last month. However, compared with a year ago, June CTKs were **↓6,4%** lower, a modest improvement from the **↓8,7%** decline the previous month:

²⁴ Li, M. 04/08/2022. [Shipping lines seem unfazed by Chinese 'war games' in Taiwan Strait.](#)

²⁵ Reuters. 24/07/2022. [Russia struck military boat in Odesa with cruise missiles - foreign ministry says.](#)

²⁶ Durasin, M. et al. 22/07/2022. [Ukraine, Russia Reach Deal to Unblock Grain Exports Stranded by War.](#)

²⁷ UN. 29/07/2022. [New Deal to Resume Grain Exports through Ukrainian Ports 'Beacon of Hope' for Easing Global Food Crisis, United Nations Political Affairs Chief Tells Security Council.](#)

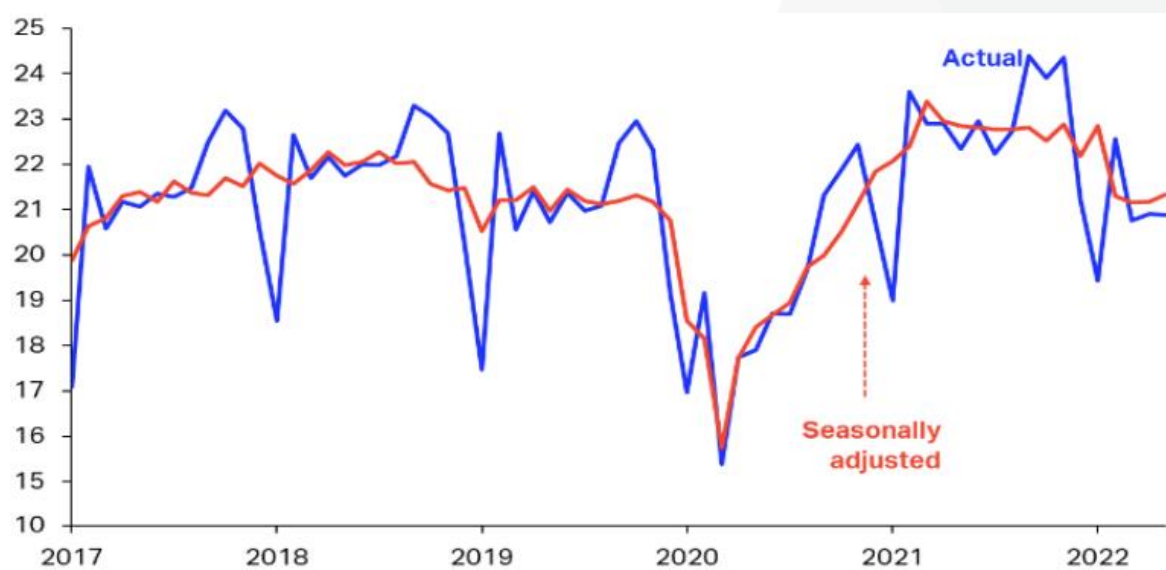
²⁸ UNCTAD. 02/08/2022. [Ukraine: Grynspar welcomes departure of first grain ship.](#)

²⁹ Marine Traffic. 03/08/2022. [Marine Traffic: Port of Odesa.](#)

³⁰ WTO. 29/07/2022. [South Africa initiates WTO dispute complaint challenging EU citrus fruit measures.](#)

³¹ IATA. 03/08/2022. [Air Cargo Market Analysis – June.](#)

Figure 17 – Global CTKs seasonally adjusted (billions per month)



Source: [IATA](#)

Other major developments for June include the following:

- Latin America and Africa are the only regions currently showing an annual increase in air cargo traffic, of **↑19,6%** and **↑5,7%** (y/y), respectively. In addition, two consecutive solid monthly increases for Asia Pacific CTKs are positive developments, coinciding with the easing of lockdown restrictions in China.
- Air cargo capacity increased in all regions over the year to June, partly reflecting the increase in belly capacity as the number of passenger flights continues to recover. As a result, the industry's available cargo tonne-kilometres (ACTKs) increased by **↑6,7%** (y/y).
- Finally, IATA notes that easing restrictions in China and reducing disruption in global supply chains is likely to be good news for world trade and air cargo volumes in the coming months. However, high inflation and rising interest rates will work against this expected recovery.

In other air cargo news, operations continue to improve at Frankfurt Airport, Europe's biggest hub for air cargo traffic, as ramp and warehouse congestion has eased, according to Lufthansa Cargo³². In addition, Etihad Cargo has announced record-breaking revenue for the first half – despite tonnage falling **↓19%** as passengers returned to the skies. First-half revenues rose to **\$802 million**, up **↑6%** last year, accounting for more than one-third of total group income. The results contrast with IAG Cargo's results, which released figures on Friday showing that it had seen H1 volumes rise. IAG Cargo's first-half revenue grew **↑9,6%**, to **€843 million**, while sold cargo tonnes went up **↑11,3%**, to **276 000**. Revenue per cargo tonne km (CTK) grew **↑4,8%** to **€0,43**³³.

Lastly, the International Air Cargo Association (TIACA) director-general Glyn Hughes warned that "*a huge number of challenges*" facing the air cargo industry and the broader aviation space, with staffing a major concern³⁴. Speaking in a podcast organised by Australia-based consultancy Logistics Executive Group, he reminded us how air cargo continued to be buoyed by the "phenomenal" demand of 2021. However, capacity was still "woefully inadequate", rates were "rocketing sky-high", and other issues such as the price of fuel, the cost of production and consumers' purchasing power are impacting the industry.

³² Todd, S. 04/08/2022. [Cargo flowing more smoothly as ground handling disruption eases at Frankfurt.](#)

³³ Lennane, A. 01/08/2022. [Etihad and IAG cargo arms see H1 revenue take off, but volumes vary.](#)

³⁴ Todd, S. 05/08/2022. [Air cargo industry faces 'huge number of challenges' says TIACA's Hughes.](#)