

COVID-19: Cargo movement update

Date: 12 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 29th update.

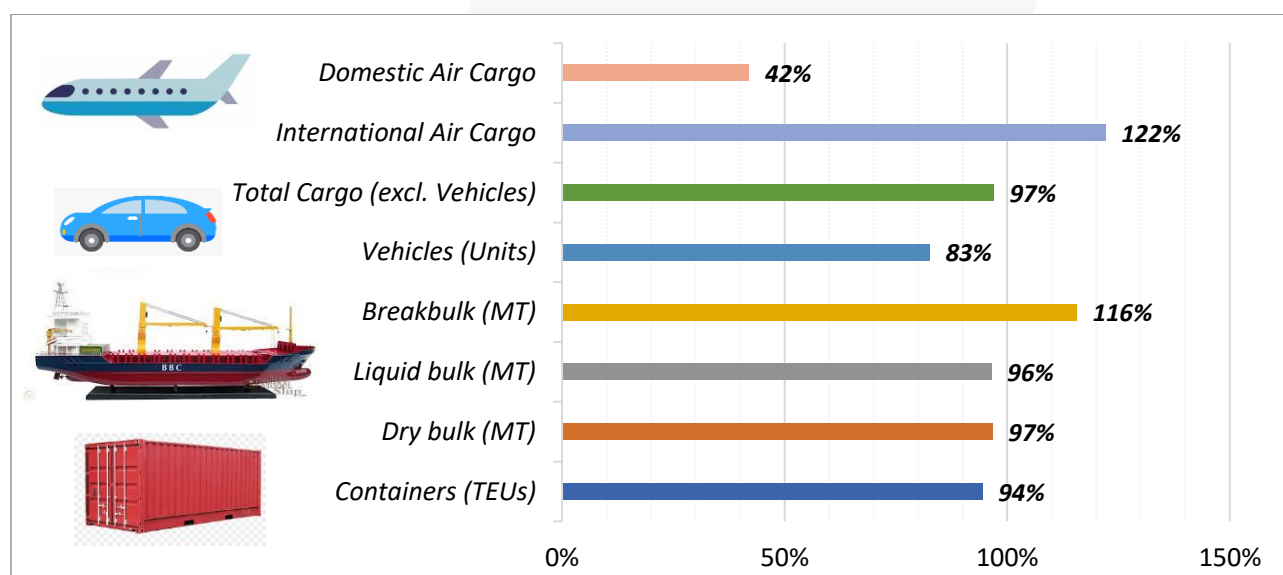
Weekly snapshot

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

Flows	Current ¹			Previous ²			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	32 449	31 792	64 241	25 672	32 139	57 811	↑11%
Air Cargo (tons)	5 177	3 735	8 913	4 533	3 606	8 139	↑10%

Monthly snapshot

Figure 1 - Monthly³ cargo flows, year-on-year



Key Notes

- An average of ~9,177 TEUs was handled a day over the last week, ↑11% from last week.
- Weekly international air cargo is ↑10% and currently at ~122% compared to the same time in 2020.
- Weekly domestic air cargo is ↑8% and currently at ~42% compared to the same time in 2020.

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

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

³ '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 Feb 2021 with Feb 2020).

- Regionally, the cross-border queue and transit times have an average of **~8,9 hours** and **~23,6 hours**, respectively, which has cost the transport industry an estimated **R382 million (↑41%)** for the week.
- The "*World Container Index*" remains elevated but decreased again this week by **↓1.8%** to **\$5,027.23**.
- Final GDP figures show that South Africa's economy contracted by **↓7%** in 2020.

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 6 to 12 March⁴

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
TOTAL:	32 449	31 792

Source: [Transnet](#), 2021. Updated 12/03/2021.

Table 3 - Container Ports - 7-day flow forecasted for 13 to 19 March⁵

7-day flow forecast (13.03.2021 - 19.03.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 909	4 687
DURBAN CONTAINER TERMINAL PIER 2:	8 300	11 200
CAPE TOWN CONTAINER TERMINAL:	9 689	11 447
NGQURA CONTAINER TERMINAL:	5 673	6 225
PORT ELIZABETH CONTAINER TERMINAL:	106	950
TOTAL:	28 677	34 509

Source: [Transnet](#), 2021. Updated 12/03/2021.

An average of **~9,177 TEUs** was handled per day for the last week (6 – 12 Mar, Table 2), with a decreased average of around **~9,027 TEUs (↓2%)** expected to be handled for the next week (13 – 19 Mar, Table 3).

In general terms, it appears that the domestic maritime industry is slowly starting to recover from the poor start to the year, with consolidated figures for February now available from Transnet (see [below](#)). Despite some improved numbers (especially in bulk figures, as containers are still slightly off), the operational



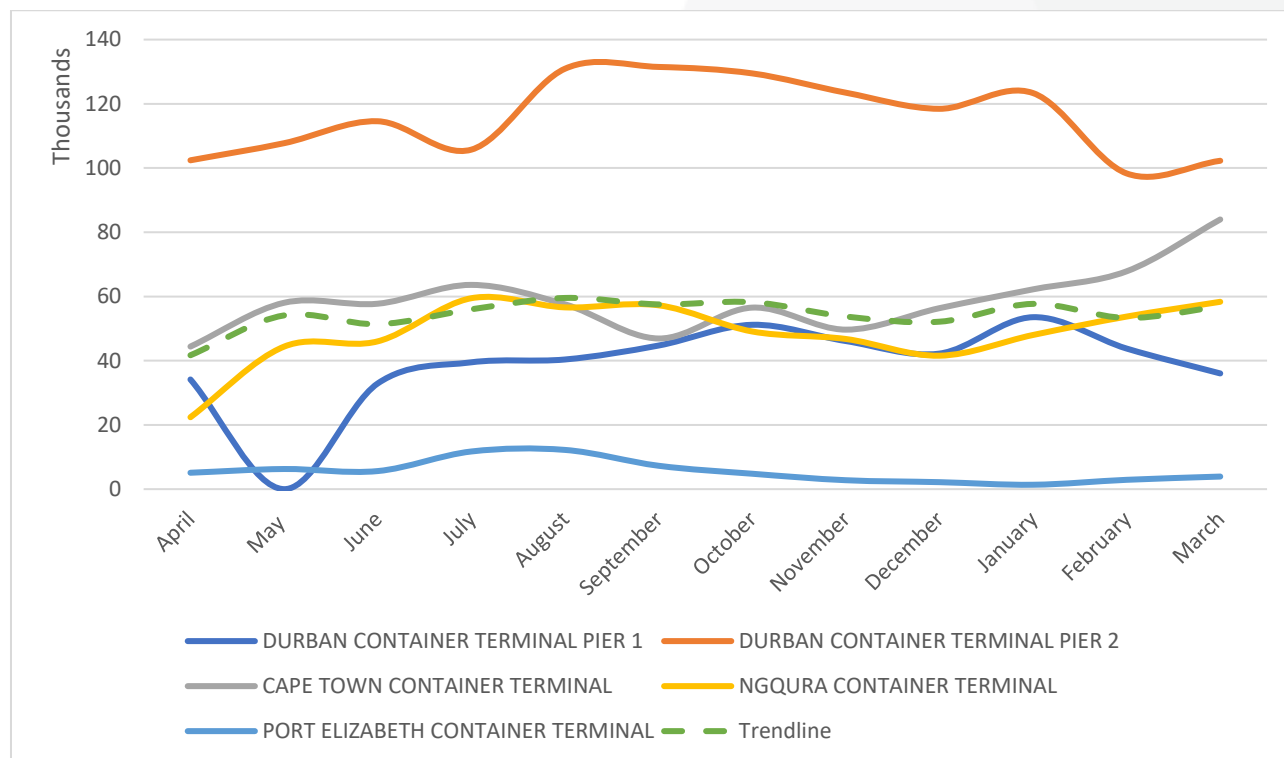
⁴ It remains important to note that a fair percentage (approximately 29% according to the most recent TNPA figures for February) of containers are neither to be imported nor exported, but rather consist of empties and transshipments. Due to container imbalances, this proportion is fluctuating more than usual, and will have increased since December.

⁵ As noted in footnote 1.

constraints inhibiting peak port performance are still evident, with a litany of problems reported during the week (note the summary set out [below](#)). However, there seems to be reason to believe that the upward trajectory may be maintained on both fronts – numbers and operational efficiency. However, it is disappointing to find that as soon as one terminal shows signs of flourishing, another begins floundering.

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)

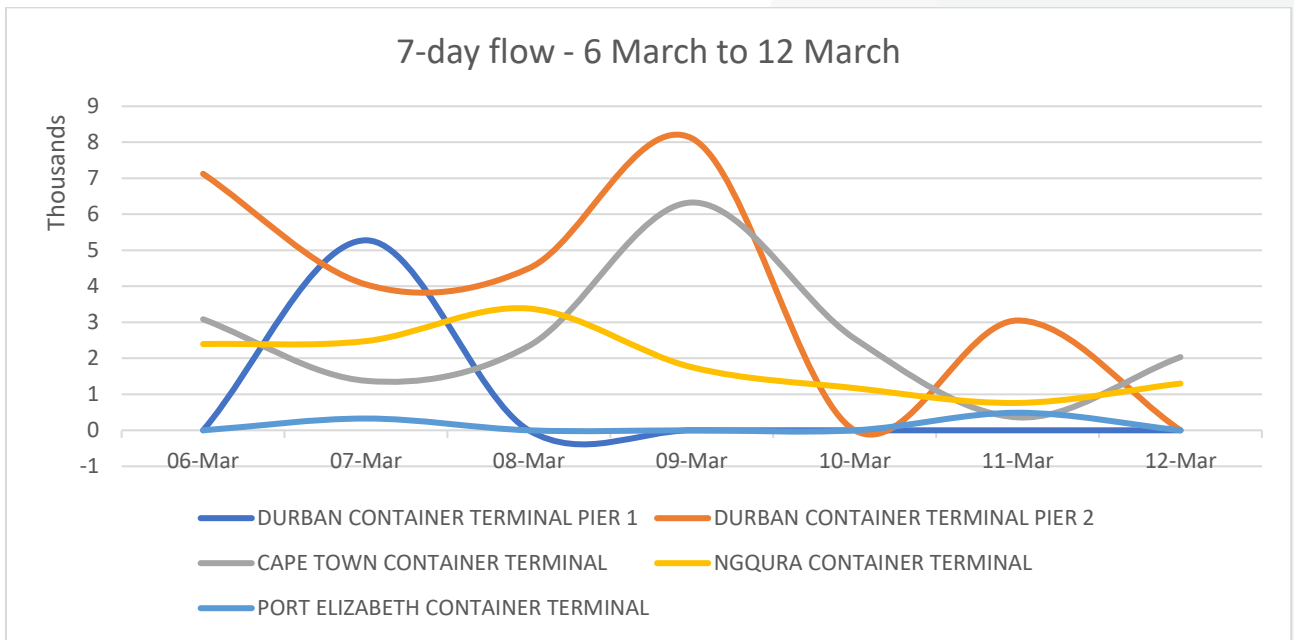


Source: Calculated using data from [Transnet](#), 2021. Updated 12/03/2021.

The figure shows that overall monthly container flows have experienced stunted growth or even contractions at most of our container terminals. Recently, DCT Pier II has had a particularly torrid time, whereas CTCT has fortunately moved in the opposite direction.

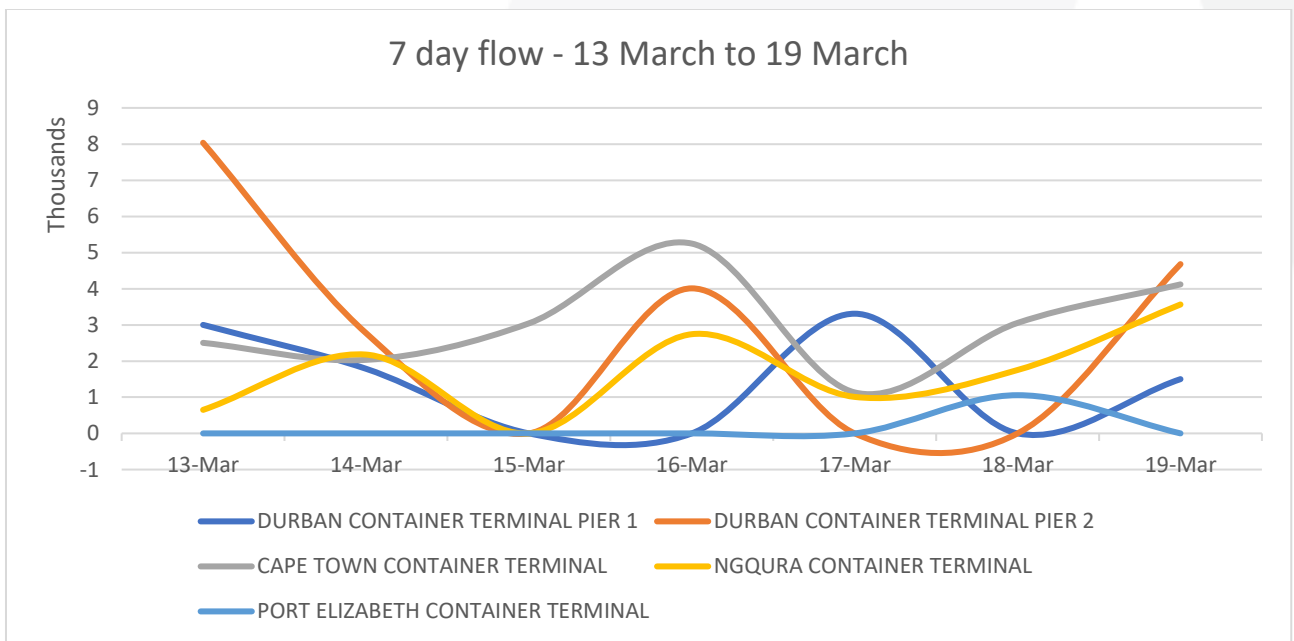
The figures below show the weekly container flows for the previous seven days and projections for the next seven days. The short-term forecast predicts two promising weeks ahead.

Figure 3 - 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 12/03/2021.

Figure 4 - 7-day flow reported for total cargo movement (13 to 19 March; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 12/03/2021.

Transnet National Ports Authority: January update

The following section provides a comparative overview of all cargo movement in and out of South Africa's ports for February of 2021, compared to the same month in 2020, as reported by TNPA⁶.



⁶ Transnet, 2021. Port statistics. [TNPA](#)

Table 4 - TNPA⁷ - Volume and growth: February 2020 versus February 2021

	Feb 2020	Feb 2021	Movement	Growth
Containers (TEUs)	394 719	372 630	22 089	-6%
Landed	188 856	179 099	-9 757	-5%
Shipped	205 863	193 531	-12 332	-6%
Dry bulk (MT)	15 043 392	14 540 149	-503 243	-3%
Liquid bulk (MT)	4 118 155	3 971 701	-146 454	-4%
Breakbulk (MT)	325 649	376 269	50 620	16%
Vehicles (Units)	60 795	50 175	-10 620	-17%
Total Cargo (excl. Vehicles)	19 487 196	18 888 118	599 078	-3%

Source: [TNPA](#), updated 12/03/2021.

In comparison with February 2020, most metrics show a **3-6%** decrease, except for a positive return on breakbulk. Although vehicle trade is still down, the rate has decreased compared to Q2 and Q3 of 2020. The following provides a more in-depth year-to-date view of containerised cargo for the period.

Table 5 - TNPA - Volume: January-February 2020 versus January-February 2021: Containerised cargo

	2020			2021		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
LANDED:						
DEEPSEA	255 471	22 016	277 487	241 893	21 447	263 340
COASTWISE	746	11 675	12 421	808	7 524	8 332
TRANSHIPPED ⁸	58 119	15 784	73 903	30 474	18 404	48 878
TOTAL LANDED	314 336	49 475	363 811	273 175	47 375	320 550
SHIPPED:						
DEEPSEA	175 903	150 467	326 370	161 054	118 033	279 087
COASTWISE	1 455	5 133	6 588	753	9 702	10 455
TRANSHIPPED	57 665	23 173	80 838	40 982	16 939	57 921
TOTAL SHIPPED	235 023	178 773	413 796	202 789	144 674	347 463
GRAND TOTAL	549 359	228 248	777 607	475 964	192 049	668 013

Source: [TNPA](#), updated 12/03/2021.

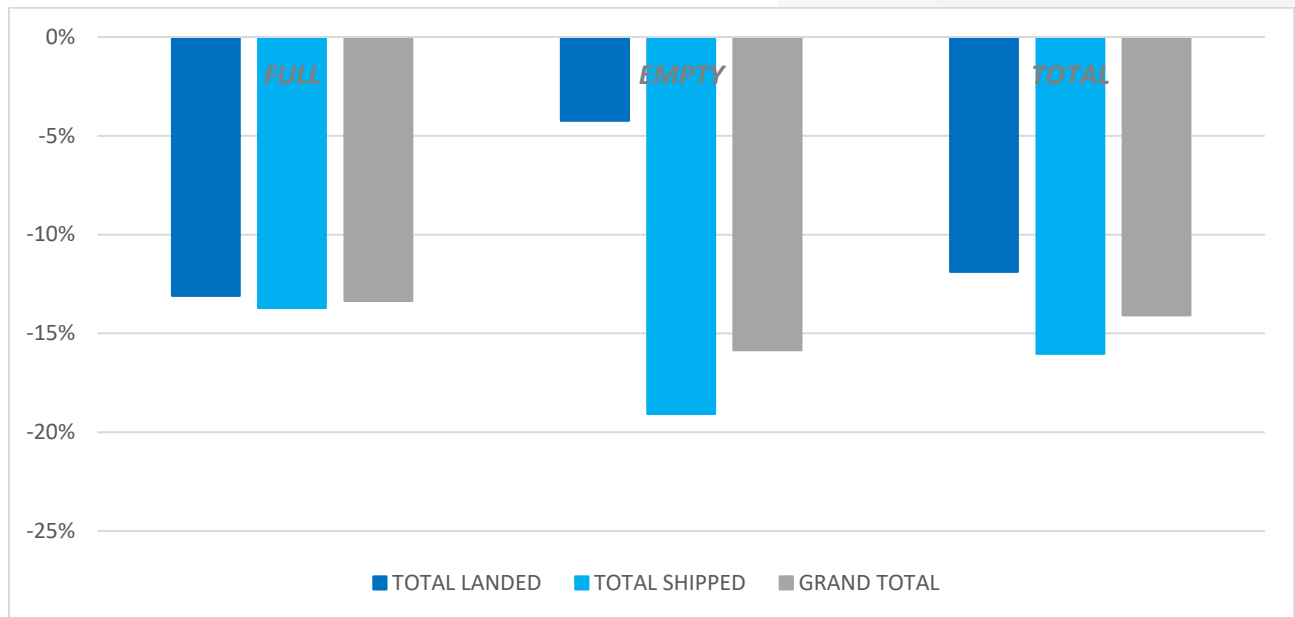
Noticeable in the table is the reduction in numbers experienced across the board, shown graphically in the following figure.



⁷ Transnet changed its reporting format from last year. Therefore, the comparisons monthly and yearly comparisons will only really become meaningful in the future. Nonetheless, best efforts were made to make meaningful comparisons.

⁸ 'Transhipped' means an act of off-loading cargo from one ship (generally at the hub port) and loading it onto another ship to be further carried to the final port of discharge. In the process, the cargo is often held at the transshipment port for a period.

Figure 5 - TNPA - Growth: January-February 2020 versus January-February 2021: Containerised cargo



Source: [TNPA](#), updated 12/02/2021.

Following the y-o-y contraction of **↓15%** across the board in January, the consolidated growth figures are slightly better in February. Still, the consolidated year-to-date remains low (**↓14%**) after a marginal month-on-month improvement. Unfortunately, a negative containerised return of **↓6%** and a total cargo return of **↓3%** in February shows that we cannot expect to simply return to normal after the nightmarish year we experienced in 2020. Furthermore, as the narrative below also shows, many of the operational obstacles persist, despite the lower volumes.

Summary of port operations

An average of **~9,177 TEUs** was handled per day for the last week (6 – 12 Mar), with a decreased average of around **~9,027 TEUs (↓2%)** expected to be handled for the next week (13 – 19 Mar). The following significant points were evident this week.

Weather delays

Slight weather delays were experienced at Cape Town earlier in the week. By Tuesday, the total time lost amounted to 16 hours due to fog and 10 hours due to ranging. On Wednesday, the NW wind picked up the pace and hampered productivity for much of the day.

Cape Town Container Terminal (CTCT)

Over the weekend, poor performance was reported, with some shipping lines claiming at least one vessel was experiencing GCH at between 8 and 9 per hour. This figure was confirmed by terminal management at Thursday's port meeting, despite their announcement earlier in the week of an overall performance of 20. A slight improvement was reported on Tuesday, with the performance at 16 GCH and SWH at 26, which is still well below par. And Wednesday's poor weather saw the numbers plunging again.

The terminal was operating with seven cranes and three berths operational, which indicate that performance should be improving. The fact that CTCT handled 17,900 containers and berthing delays

improved slightly to 7 days provides some evidence of this. Consequently, general throughput remained high at ±1,550 trucks, which is projected to remain high for the next 2/3 weeks, especially for refrigerated containers and the ongoing deciduous fruit season. Equipment-wise, 18 RTGs were operational earlier in the week, ramping up to 20 later in the week. Late in the week, some commendable co-operation with TPT emerged with the establishment of a dedicated WhatsApp group aimed at enabling truckers to uplift empty reefer containers directly from the terminal as they are discharged from vessels. This co-operation with TPT will be a great help in expediting flows.

Concerns regarding reefer service were raised this week, as MSC suspended all reefer services to the Far East. The notice comes as a surprise, considering apparent significant demand for containers in the region.

Durban Container Terminal (DCT)

Over the weekend, DCT Pier II, in conjunction with truckers' efforts, made a supreme effort on Sunday to clear the resulting backlog, with 3,561 gate moves with excellent truck turnaround time (TTT) reported. Later in the week, Pier II suffered straddle breakdowns on the landside, causing the average truck TTT to fall to 6 hours on average. The general narrative has however continued, with short periods of good productivity constantly interrupted with machine breakdowns, which is disappointing considering that a new fleet of straddle carriers is operating.

Eastern Cape Container Terminals

In his SONA address, the President mentioned that Ngqura would become South Africa's "Hub Port". This mention has baffled port users. The situation was raised at Tuesday's meeting. The senior TNPA official who chairs the meeting could not confirm any such plans, whilst NCT stated that they were not aware of plans to increase capacity there in the short term. TNPA was requested to make an official statement clarifying the position.

Also, concerning Ngqura, the SAECs plan to move their service from Gqeberha to NCT was raised due to fears that landside operations at NCT would struggle to handle volumes. Slow waterside productivity at Gqeberha was the reported reason for this decision.

Transnet Freight Rail (TFR)

TFR reported a total of 6,129 moves on NATCOR over last week, which was unfortunately substantially below the target of 10,000, as problems with locomotive breakdowns impacted the service. Consequently, TFR reported that five trainloads of exports for the MSC Daniella were queued at City Deep due to the failures reported.

Given the ongoing sluggish service, Botswana customers have unsurprisingly escalated their complaints to Transnet's top management. In total, there are now 716 Botswana-bound containers stuck at DCT.

The previously reported significant problems along the line between Potchefstroom and Mafikeng continue with constant rail infrastructure and cable theft attacks. One carrier reported that empty containers have been sitting at GABCON for up to 300 days, which is staggering.

Finally, BELCON is continuing with its increased service, now running at three trains per week. However, it must be said that at around 20 containers per train, this will not have any significant impact given that nearly 10 000 export containers a week are moving through the terminal.

General

IT connectivity issues surrounding the domestic maritime ecosystem remain. As recently as last week (5 March), the external link to Navis failed. A major network fault caused this failure, with repairs taking some time. The function was restored at around 17h00 on Saturday. This error is one of several IT downtimes experienced this year, with a further failure being reported at Cape Town on Wednesday, further hampering trade there. The increased frequency of these incidents is concerning, and the industry has made strong representations to Transnet to address the recurring issue.

The service link allows truckers to book slots. So, when the system fails, efforts must be made to bypass the process and book manually or via e-mail. The IT manager reported that they are currently working on appointing a new Network supplier and upgrading redundancy on the external link network. The IT manager will provide a report on the various links, including the possibility of direct EDI links being made available to port users.

In conclusion, we again raise the likelihood that South African ports are losing market share to their competitors. It was reported that the Benguela line between Lubumbashi and Lobito Benguela line had carried a test run of 80 tons of export copper. It seems possible that DRC copper may ultimately use that route via Zambia. However, the proposed change is, of course, dependent on vessel calls.

Air Update

- **International air cargo**

The following table depicts the inbound and outbound air cargo flows to and from ORTIA for the week starting 1 March. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2020* averaged about **731 309 kg** per day⁹. Commenting on the reduction evident here, one needs to consider the start of lockdown around the end of March 2020. The final figure for February shows a y-o-y decrease of **↓7.8%** compared to 2020.

Table 6 - International inbound and outbound cargo from OR Tambo

Flows	01-Mar	02-Mar	03-Mar	04-Mar	05-Mar	06-Mar	07-Mar
Volume inbound	476 796	418 395	429 998	495 421	444 275	492 386	866 881
Volume outbound	303 382	346 174	310 421	284 724	262 903	325 612	781 372
Total handled per day	780 178	764 569	740 419	780 145	707 178	817 998	1 648 253

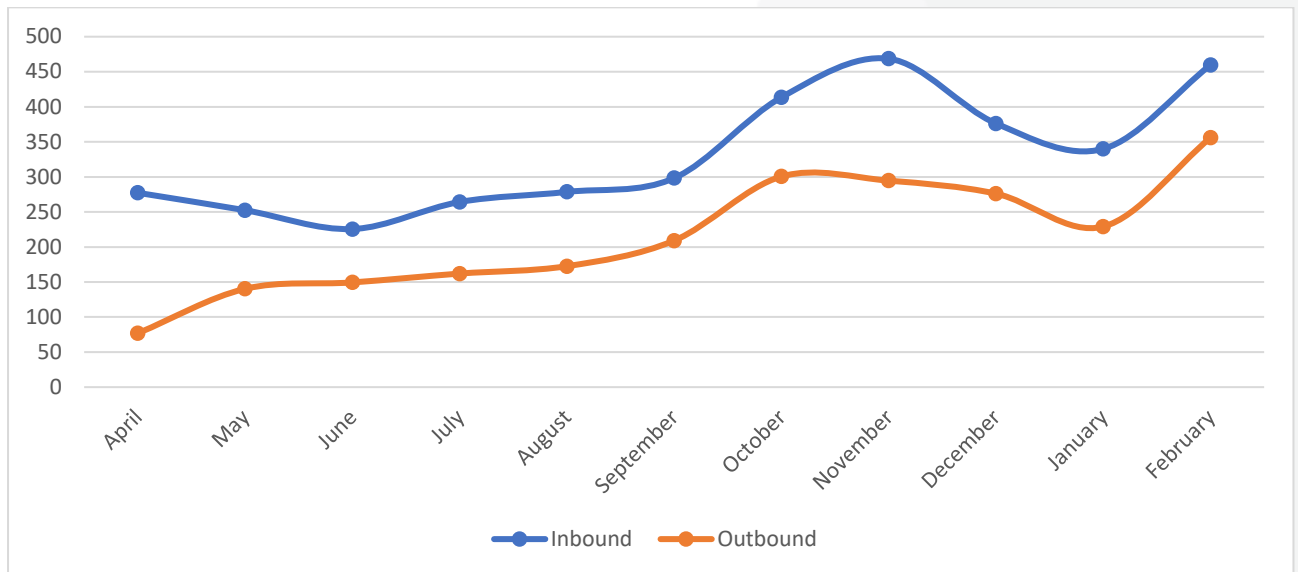
Courtesy of ACOC. Updated: 09/03/2021

The daily average volume of air cargo handled at ORTIA over the seven days starting 1 March amounted to **517 736 kg** inbound and **373 513 kg** outbound. In total, that results in an average of **891 249 kg** per day, which is approximately **~122%** compared to March 2020. The following figure shows the monthly international cargo handled at ORTIA since April last year. Volumes have continued their steady ascend and are looking comparatively healthy once more. The aviation industry is optimistic that the trend will continue, especially considering improved global air industry forecasts (see [below](#)).



⁹ Note, when including statistics from South Africa's other two international airports, Cape Town International and King Shaka (Durban) International airports, the total figure rises to **809 152 kg** per day.

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



Courtesy of ACOC. Updated: 09/03/2021.

Global air cargo traffic

The image below depicts international air traffic at around mid-morning of 12 March 2021. International traffic has slowly started to increase, especially with more passenger aircraft returning to the global skies.

Figure 7 - Global air traffic: 12 March 2021



Source: [FlightRadar24](https://www.flightradar24.com), 12/03/2021, 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. For comparisons, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *March 2020* was approximately **89 060 kg¹⁰** per day.

Table 7 - 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
01-Mar-21	44 579	4 574	5 256	46 591	11 922	4 873	117 795
02-Mar-21	39 988	5 202	5 762	36 321	9 270	4 932	101 475
03-Mar-21	37 595	4 865	5 670	44 622	12 212	5 062	110 026
04-Mar-21	40 272	5 429	5 713	31 659	11 216	5 016	99 304
05-Mar-21	19 972	2 560	2 741	36 867	7 133	3 091	72 364
06-Mar-21	1 890	891	83	3 201	289	71	6 423
07-Mar-21	2 412	540	108	1 522	714	432	5 728
08-Mar-21	47 216	5 125	6 305	50 205	10 803	4 742	124 395
09-Mar-21	46 004	4 671	5 663	42 651	11 208	5 352	115 549
10-Mar-21	38 824	5 228	6 072	57 967	11 906	5 405	125 402
11-Mar-21	40 134	3 683	5 637	31 114	9 689	5 249	95 505
Grand Total	1 786 449	226 694	233 588	1 933 359	462 248	232 596	4 874 934

Courtesy of BAC. Updated: 12/03/2021.

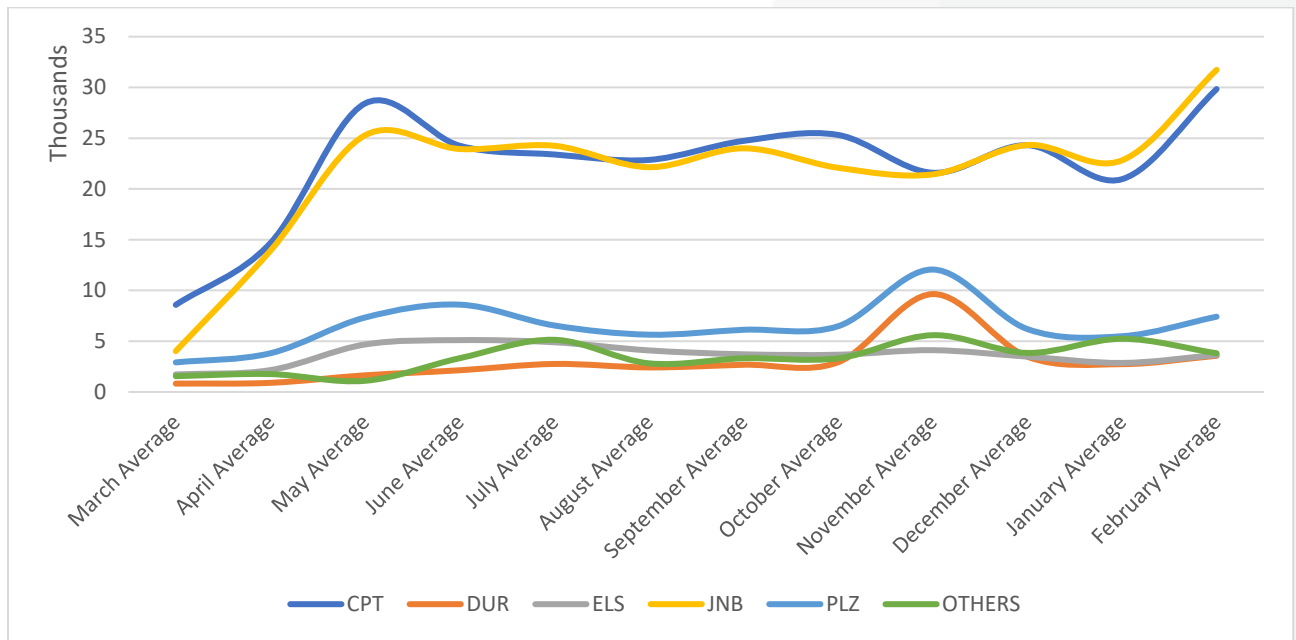
Currently, the average domestic air cargo moved during March has amounted to **~78 834 kg** per day (**↑8%** compared to last week), which constitutes approximately **~42%** compared to the same time the previous year (**~39%** last week).

In fact, the domestic air cargo industry reported this week that the volume shipped has increased considerably, as the cargo terminals were completely packed with cargo, both inbound and outbound. This news is encouraging for both the industry and the economy at large.

The following figure highlights the total monthly domestic air cargo moved per airport as per the table above. As with international freight, the volume has increased incrementally in the last six months or so. The near-term forecast is also optimistic, with the comparative y-o-y figures expected to be favourable for March, April, and May. The uptick in sentiment largely echoes the international market (note the discussion [below](#)).

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

Figure 8 - Total domestic inbound and outbound cargo



Courtesy of BAC. Updated: 12/03/2021.

Southern Africa air traffic

The following image shows air traffic across Southern Africa at around mid-morning of 12 March. Traffic continues to be dominated by the Cape Town-Johannesburg route, the busiest domestic route, but there has also been an improvement along the coastal routes.

Figure 9 - Southern Africa air traffic: 12 March 2021



Source: [FlightRadar24](https://www.flightradar24.com), 12/03/2021, 09:00.

National economic update

- **Stats SA release GDP figures**

On Tuesday, 9 March, Stats SA published South Africa's gross domestic product statistics for the fourth quarter of 2020¹¹. The economy grew by **↑1.5%** in the fourth quarter, giving an annualised growth rate of **↑6.3%**. Despite the growth recorded in the third and fourth quarters, the progress was not enough to offset the devastating impact of COVID-19 in the second quarter when lockdown restrictions were at their most stringent. In summary, by adding the fourth quarter statistics to the rest of the year, the final figure shows that the economy shrank by **↓7%** in 2020.

Stats SA noted that *"if we explore the historical data, this is the biggest annual fall in economic activity the country has seen since at least 1946"*. However, the size of the slump stretches even further into history, according to some economists. According to historical data, Mike Schussler suggests that the overall contraction was the biggest suffered by the South African economy since 1920. The contraction in 1920 was due to a combination of the Spanish flu pandemic and drought, which triggered an 11.2% decline in output¹². The Daily Maverick calls the COVID-19 pandemic and its impact *"a once-in-a-century event"*. Schussler reckons that *"we will only get back to pre-pandemic levels of output in 2023 or 2024"*¹³.

The OECD echoes the view in their recent global forecasts¹⁴. South Africa is seen as one of the few countries whose growth outlook has deteriorated from the OECD's December growth projection. This deterioration adds to the cloud cast over South Africa's economic prospects. The OECD projects a 3% growth for 2021,

¹¹ Stats SA. 09/03/2021. [Gross Domestic Product \(GDP\), 4th Quarter 2020](https://www.statssa.gov.za/news/2021/03/09/2021030901.html).

¹² Stoddard, E. 09/03/2021. [SA GDP contracts 7% in 2020, a once-in-a-century event](https://www.dailymaverick.co.za/article/2021-03-09-sa-gdp-contracts-7-in-2020-a-once-in-a-century-event/).

¹³ Stoddard, E. 09/03/2021. [SA GDP contracts 7% in 2020, a once-in-a-century event](https://www.dailymaverick.co.za/article/2021-03-09-sa-gdp-contracts-7-in-2020-a-once-in-a-century-event/).

¹⁴ OECD. 09/03/2021. [March Interim Report](https://www.oecd.org/economic-outlook/march-interim-report/).

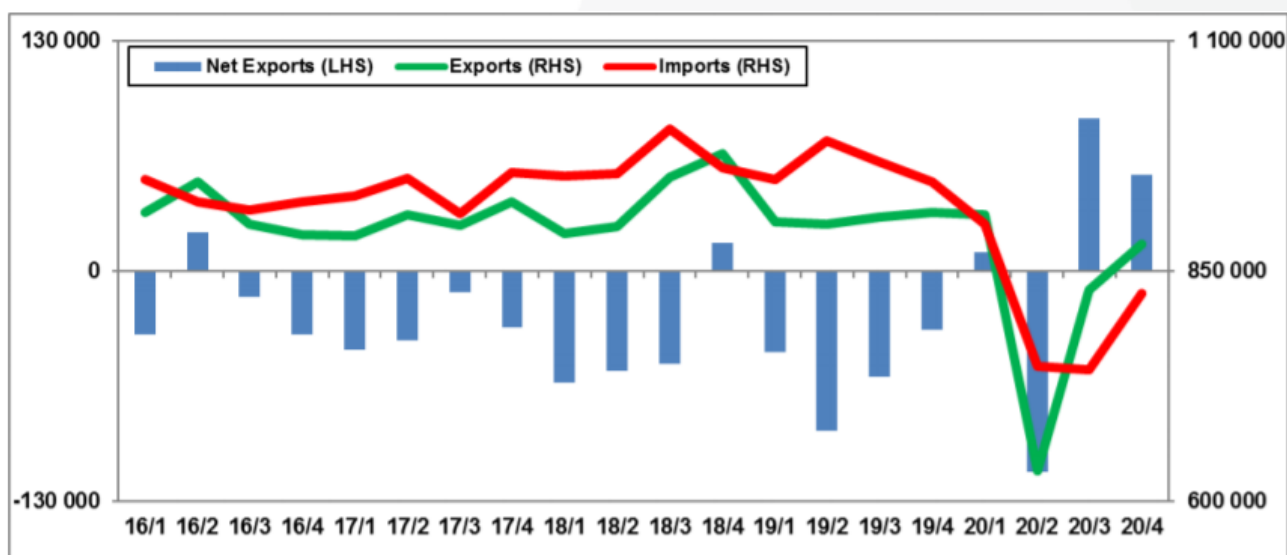
followed by a mere 2% growth in 2022. Meanwhile, Global GDP growth is now projected to be 5.6% this year, stabilising around 4% next year.

Despite our overall outlook not being particularly positive, it appears as if international trade is rebounding strongly. In summarising the Stats SA figures for trade, the following points can be noted:

- Exports of goods and services increased at a rate of **↑26.6%**, mainly due to increases in:
 - Vehicles and other transport equipment;
 - Precious metals and stones; and
 - Base metals and articles thereof.
- Imports of goods and services increased at a rate of **↑52.4%**, primarily driven by increases in:
 - Vehicles and transport equipment;
 - Base metals and articles of base metals; and
 - Machinery and electrical equipment.

The following figure shows a summary of our trade activity since 2016.

Figure 10 - Exports and imports of goods and services (R million, seasonally adjusted and annualised)



Source: [Stats SA](#).

What is noticeable in the figure and repeatedly mentioned in our report is that the value of exports overtook that of imports in 2020. This development fits neatly with the national rhetoric of export promotion, widely mentioned in Parliament and promoted by the department of trade, industry, and competition. The change is also celebrated by the broader industry, as many key stakeholders are essential role players in the export environment. At the same time, a word of caution is advised: As recent statistics seem to indicate, South Africa cannot neglect its import activities, especially when it comes to the movement of containers. South Africa has been a net importer in recent years, as clearly illustrated in the figure above. Although import substitution might serve the country well in many circumstances, it remains very dependent on supplies from many countries in various industries worldwide. It follows that efficient two-way trade remains vital to the economy. We therefore cannot neglect such aspects as port efficiency, cross-border flows and streamlined customs and trade-related procedures.

Regional update

- **SARS Border closures**

Some of South Africa's borders have been affected by temporary closures during the past week. SARS reported the following closures¹⁵:

- **10 March 2021** - Van Rooyen's Gate port has been closed until further notice.
- **9 March 2021** – Grobler's Bridge border will close on 11 March 2021 from 10:00 to 14:00 (four hours).

- **Cross-border delays**

Recent investigation has continued into cross-border delays experienced at several SADC border posts on the regional road freight front. The following table uses geo-fencing data to summarise delays experienced at several borders during the last week.

Table 8 - Delays¹⁶ 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	4:00	100	3 000	21 000	700	1 400	700
SA/Bot	Beit Bridge	0:00	24:00	943	28 290	198 030	6 601	145 222	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	27:00	50	1 500	10 500	350	8 750	350
Zam/DRC	Grobler'sbrug	1:00	16:00	400	12 000	84 000	2 800	39 200	2 800
Moz/Mw	Kasumbalesa	0:00	55:00	592	17 760	124 320	4 144	219 632	0
Moz/Mw	Kazungula	72:00	49:00	212	6 360	44 520	1 484	69 748	106 848
SA/Bot	Kopfontein/Tlokweg	2:00	43:00	100	3 000	21 000	700	28 700	1 400
Zam/Nam	Ressano Garcia	12:00	37:00	400	12 000	84 000	2 800	98 000	33 600
SA/Bot	Machipanda/Forbes	0:00	9:00	320	9 600	67 200	2 240	15 680	0
Nam/Ang	Milange	0:00	0:00	0	0	0	0	0	0
Moz/Zim	Skilpadshek/Pioneer Gate	0:00	2:00	30	900	6 300	210	0	0
Moz/Mw	Trans Kalahari/Mamuno	48:00	19:00	500	15 000	105 000	3 500	59 500	168 000
Mw/Zam	Zimbabwe/Mozambique	0:00	7:00	0	0	0	0	0	0
Zam/Tza	Zobue/Mwanza	0:00	0:00	0	0	0	0	0	0
Total				4 933	147 990	1 035 930	34 531	856 016	339 388

Source: TLC & FESARTA, week ending 08/03/2021.

By comparison with last week, the major changes occurred at the following border posts:

- **Queue time:**
 - Improvements at Skilpadshek (**↓12 hours**);
 - Deterioration at Trans Kalahari (**↑47 hours**);

¹⁵ SARS, 11/03/2021. [Customs & Excise](#).

¹⁶ It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays can be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border constraint since we do not have a transparent view of the entire border process in granular detail. The causes of these bottlenecks typically include poor infrastructure, road congestion, lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

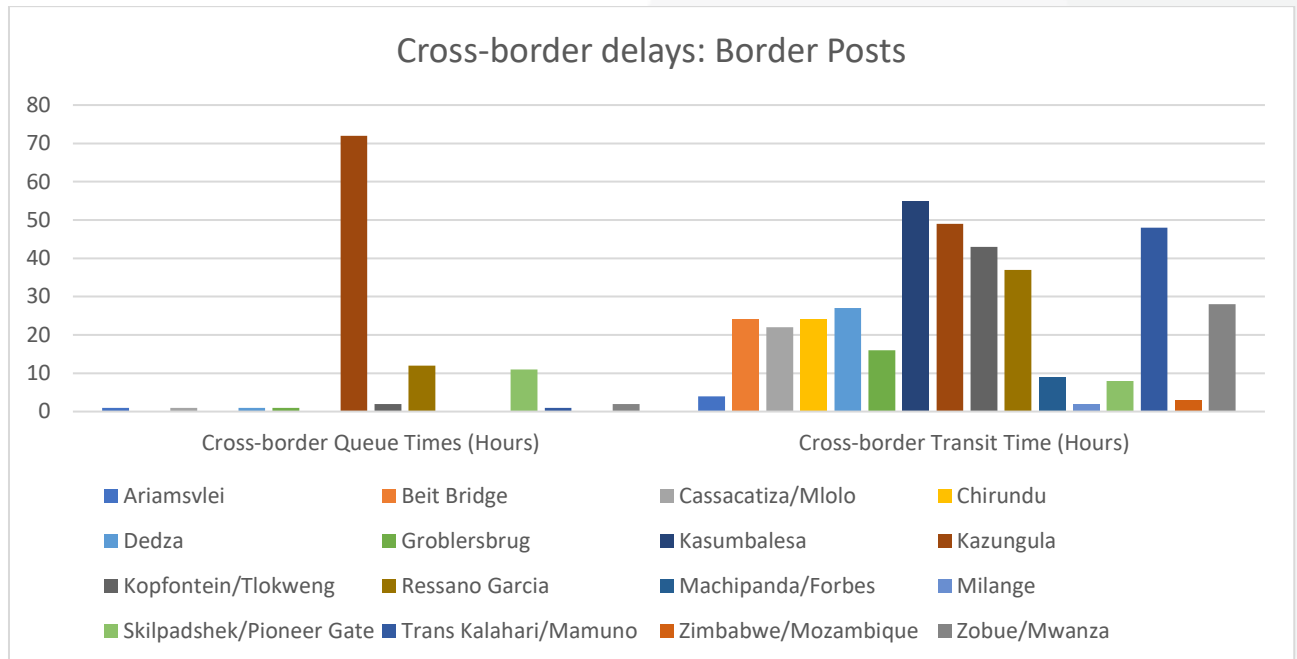
- **Border time:**

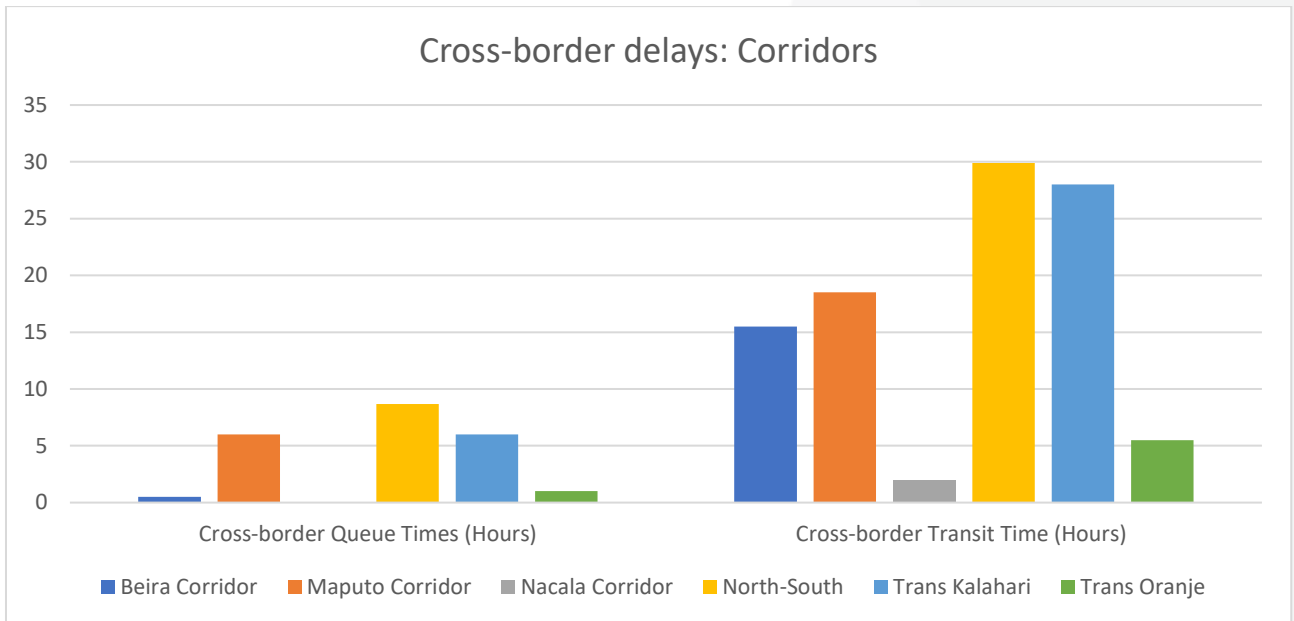
- Improvements at Ariamsvlei (↓24 hours), Skilpadshek (↓21 hours), Trans Kalahari (↓27 hours), and Zobue (↓18 hours);
- Deterioration at Beit Bridge (↑47 hours) and Groblersbrug (↑47 hours).

Collectively, the above table indicates an overall increase in border delays in general.

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

Figure 11 - Cross border delays (in hours)

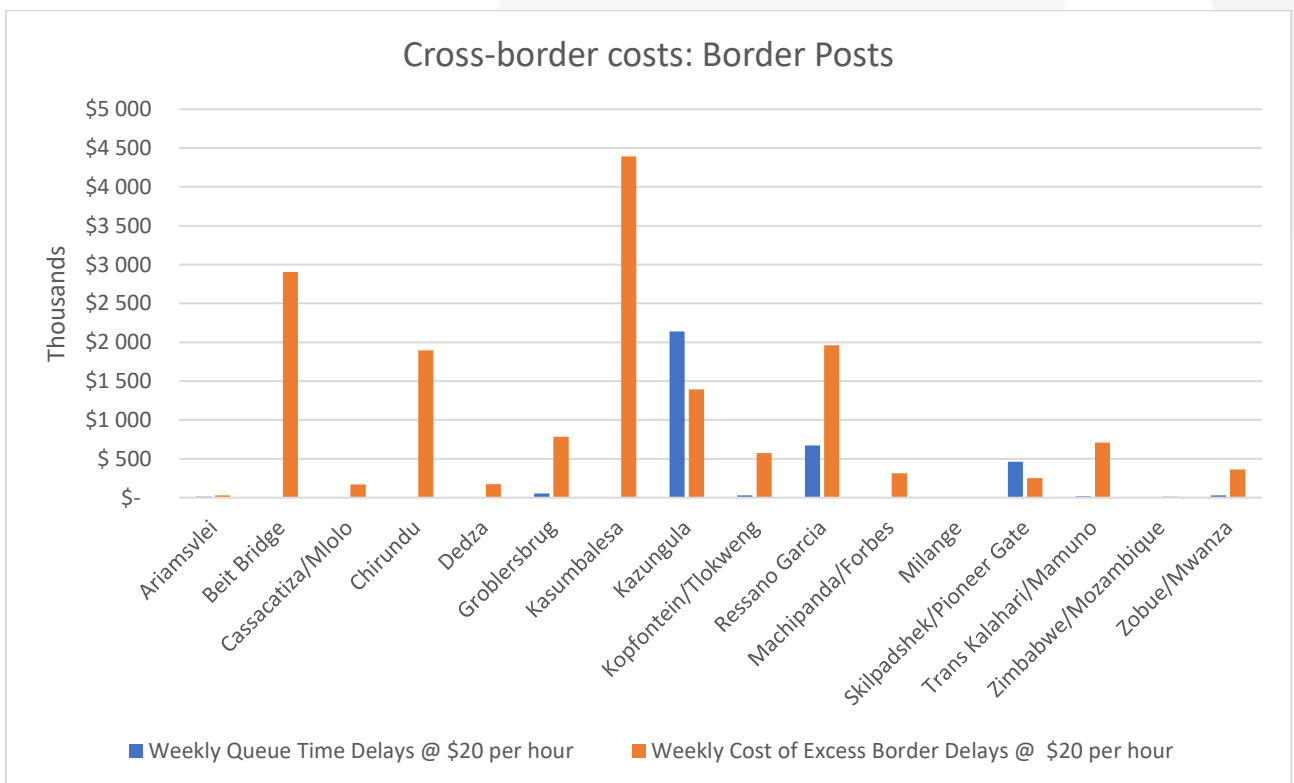


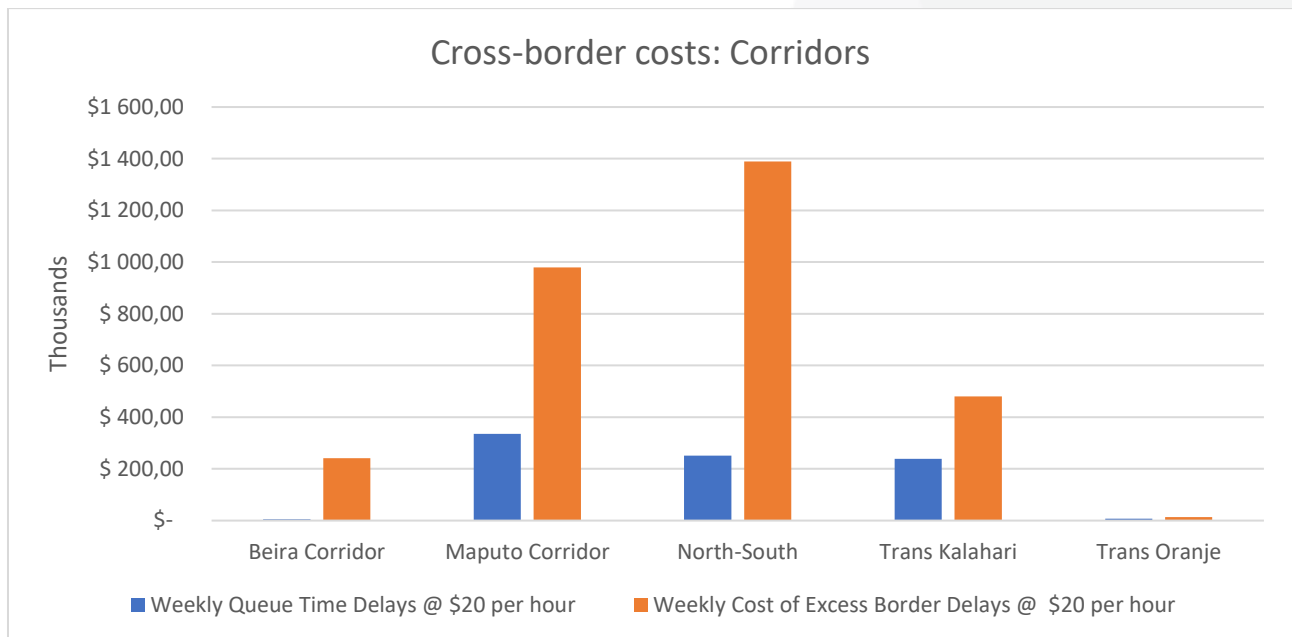


Source: TLC & FESARTA, week ending 08/03/2021.

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

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





Source: TLC & FESARTA, week ending 08/03/2021.

In summary, for this week, the cross-border queue time has averaged **~8,9 hours** (which is somewhat higher than that experienced in the previous week at **~6,4 hours**), which has cost the transport industry an estimated **\$6.8 million** (or **R108 million**). In comparison, the average cross-border transit time also crept up at an average of **~23.6 hours** (**~20.6 hours** last week), which has cost the transport industry an estimated **\$17.1 million** (or **R273.9 million**). The total cost for the week mentioned above amounts to an estimated **R383 million** (up by approximately **R110 million** since last week), which, although not better than the week before, is still lower than some previous weeks.

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.

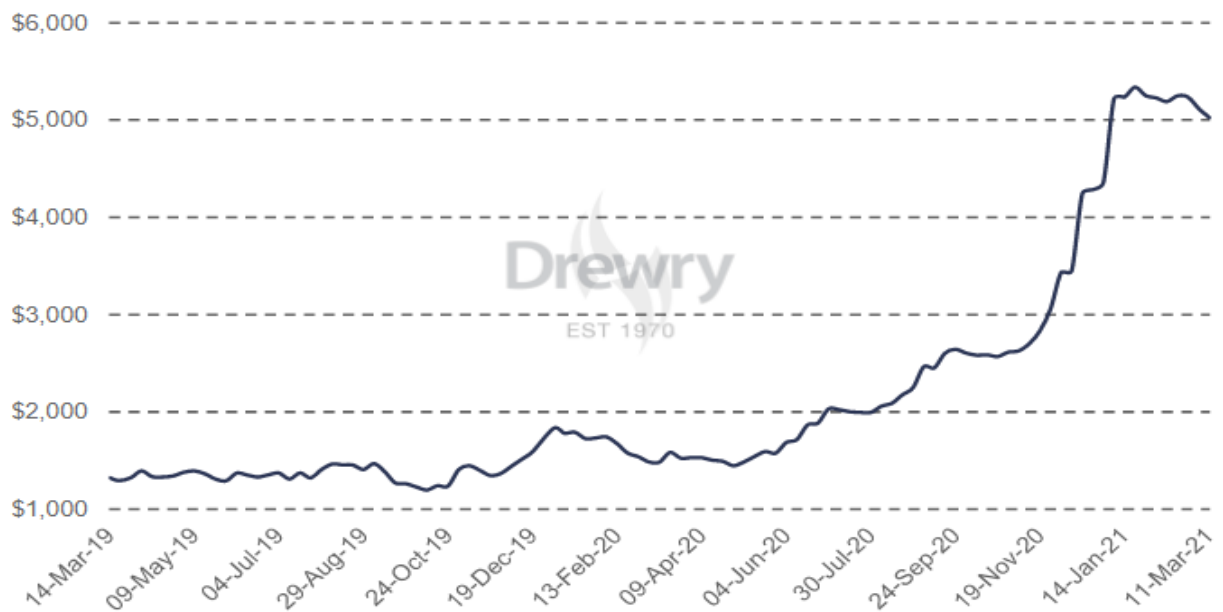
a. Global container industry

The congestion, poor efficiency, and container imbalances facing the global container industry are slowly clearing up. Consequently, international freight rates have continued their recent decline. According to Drewry, the UK-based maritime research and consulting firm¹⁷, the "World Container Index" (WCI) index stands at **\$5,027.23** per 40ft container, which is another significant decrease of **↓1.8%** since last week. The decline came on the back of a **↓2.2%** decrease last week. The following image shows recent changes. As we commence with the gradual descent back to normalcy, the container industry is hopeful of returning to pre-pandemic rates, but it seems clear that the improvement will be a gradual one.



¹⁷ Drewry Supply Chain Advisors. 11/03/2021. [World Container Index](#).

Figure 13 - World Container Index - Assessed by Drewry (\$ per 40 ft. container)

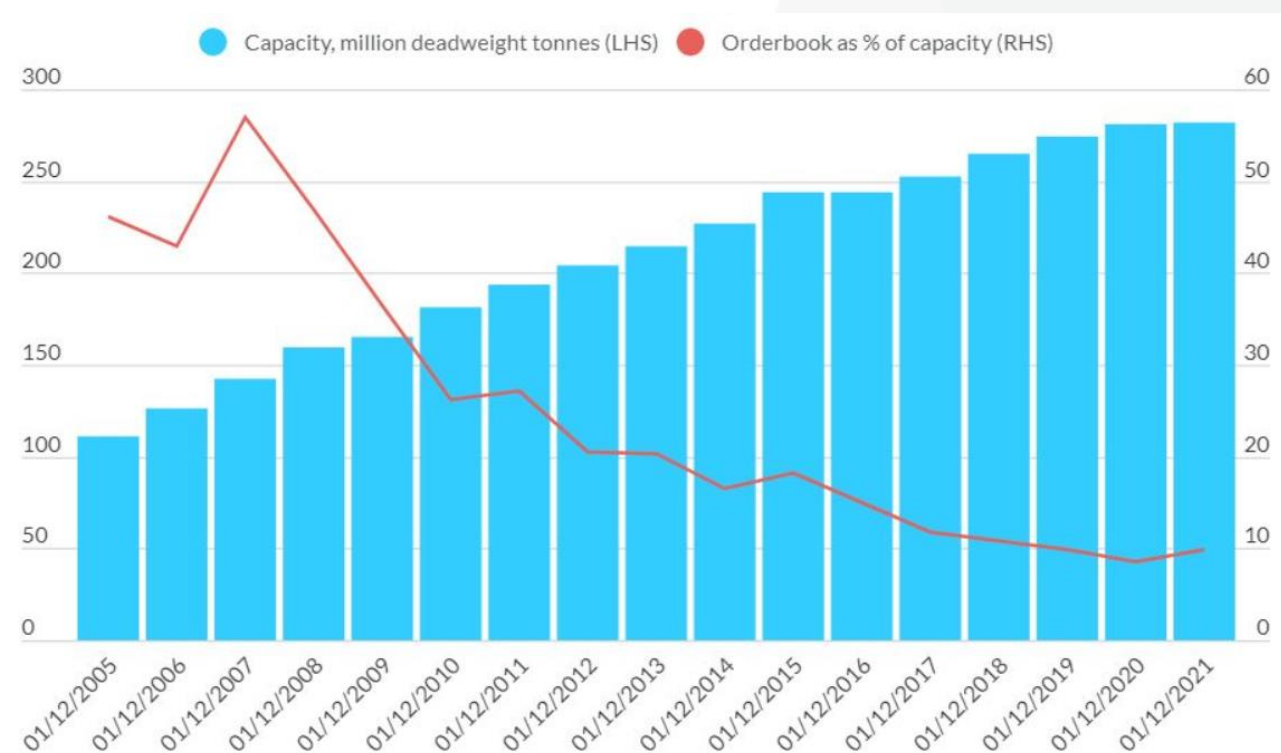


Source: [Drewry Ports and Terminal insights](#)

Despite the consecutive weekly relief for traders, the composite index remains inflated at an astonishing **238.4%** compared with the same period of 2020. In terms of the longer-term trend, the WCI for year-to-date is **\$5,211** per 40ft container. This rate is **\$3,502** higher than the five-year average of **\$1,709** (up by **\$17** since last week). Compared to the previous week, the routes connecting Shanghai with Europe (Rotterdam and Genoa) were the significant drivers of the composite index's decrease. The rest of the rates remained essentially unchanged.

In essence, the rate volatility can be regarded as an inherent sector risk, and we expect rates to reduce once supply disruptions related to the pandemic are addressed. Unfortunately, the main upward driving factors are still evident, especially given the ever-increasing container capacity coupled with the reduced order book of containers globally.

Figure 14 – Global container shipping capacity and order book



Source: [Fitch Ratings, company data](#)

Despite the lower overall container throughput in the second half of the year, container shipping companies' performance improved in 2020. The improvement was primarily due to higher freight rates, as referenced above, and what some have referred to as "*prudent capacity deployment*" during the strictest lockdowns globally experienced in 2Q in 2020. There is no doubt that the South African maritime ecosystem was heavily exposed to the impact of these dynamics. The primary determinants were most likely missed schedules (blank sailings) and extortionate rate increases. Fortunately, as far as recovering some equilibrium is concerned, the best predictions at this stage point to a slow and steady reduction until the second half of 2021.

Global aviation industry

Concerning the global aviation industry, this week's theme was dominated by the following:

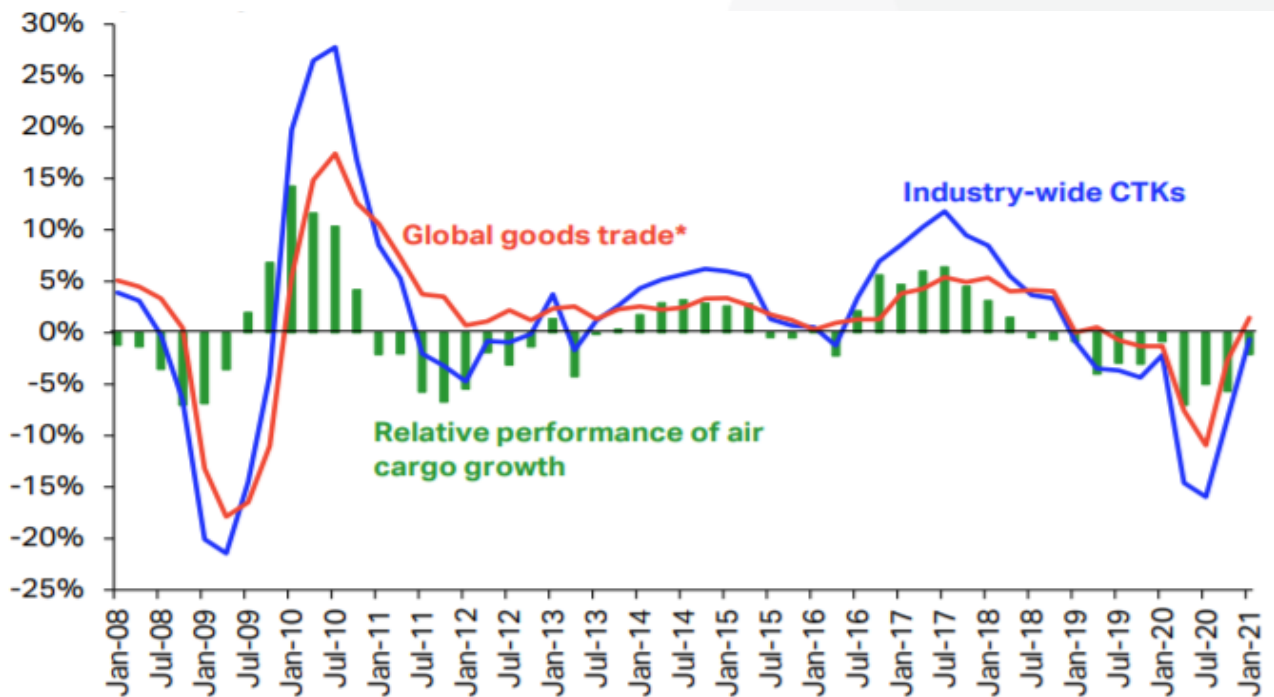
1. Industry-wide cargo tonne-kilometres (CTKs) flown are now close to pre-pandemic levels of last year.
2. Most determinants of the air cargo industry are now indicative of a strong rebound.
3. The lack of available cargo capacity – down **↓18.7%** y-o-y in the three months to January – has so far prevented a more substantial rebound in CTKs.

These points were raised by the International Air Transport Association (IATA) in their "*Cargo Chartbook*" for the first quarter of 2021¹⁸. In general terms, the V-shaped recovery is continuing in the aviation sector. Cargo volumes grew by **↑7.7%** quarter-on-quarter in the three months to January, a pace in line with the quarter before (**↑7.6%**). Actual CTKs were down *only* **↓0.6%** year-on-year, the best growth result since the three months to October 2018. Nevertheless, air cargo is still underperforming in comparison to global goods trade.



¹⁸ IATA. 10/03/2021. [Cargo Chartbook](#).

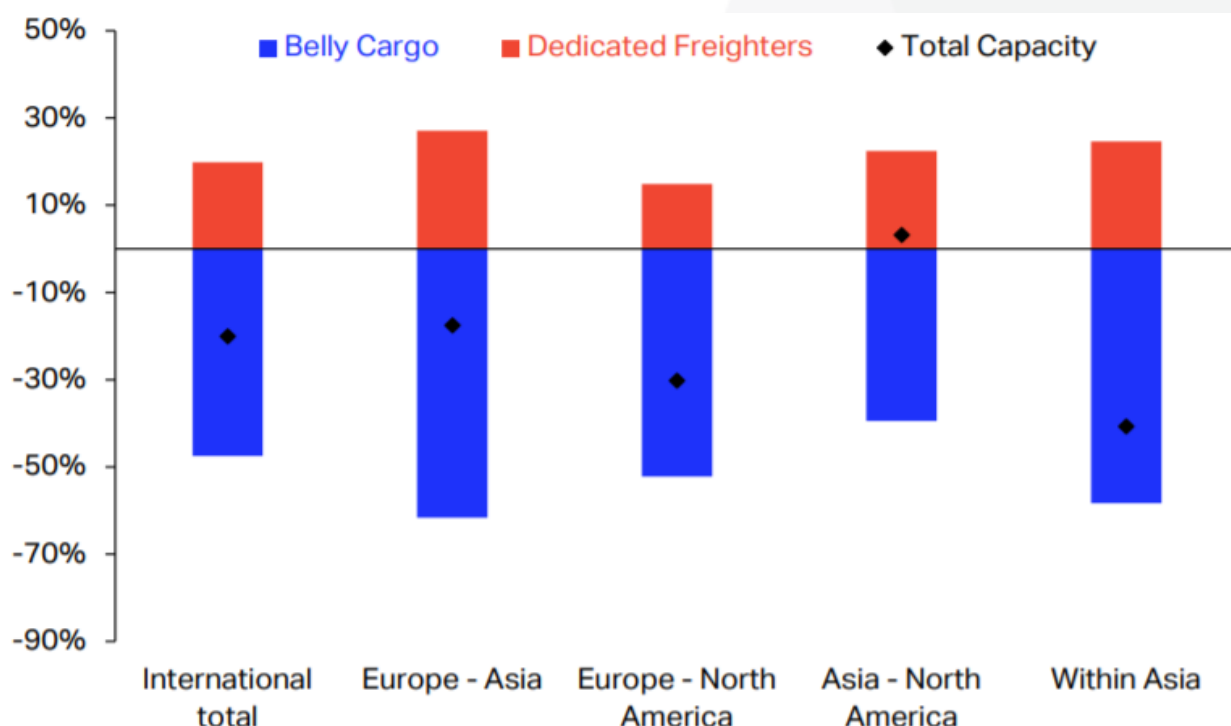
Figure 15 – Growth in air cargo volumes (CTKs) and global goods trade, % year-on-year



Source: [IATA Economics](https://www.iata.org/en/economics)

Air cargo has underperformed global goods trade since late 2018, as it often does during downturns. The negative growth has been further compounded by the lack of air cargo capacity in 2020. Nonetheless, there appears to be cause for optimism, as relative performance in CTK terms improved in the three months to January. Freighters will continue to carry the bulk of international air cargo in the near-term, as air cargo traffic continued to improve on all key trade lanes, with global belly-hold capacity also improving.

Figure 16 – International air freight capacity (ACTK, 3-months to Jan 2021 (% year-on-year))



Source: [IATA Economics](#)

Although industry-wide available cargo tonnes-kilometres (ACTKs) dropped by **↓18.7%** y-o-y, the decrease is much smaller than in previous periods. The gap with CTK growth was significant in all the key regions, but regions with the most capacity performed better, with Africa, for example, growing by **↑5.8%**. Despite renewed COVID outbreaks and restrictions in the three months to January 2021, the international belly hold capacity has fared better. Dedicated freighter operators have also raised capacity through new deliveries and higher daily utilization of aircraft.

On a final note, Boeing's monthly aircraft orders outpaced cancellations for the first time since 2019¹⁹. Although several carriers are determined to conserve cash wherever they can, others have started to prepare for a travel demand recovery by buying new aircraft.

Conclusion

This update — *the 29th of its kind* — contains a consolidated overview of the South African supply chain and the current state of international trade. In short, a better working week was broadly experienced this week, as growth was reported in various high-frequency metrics. However, as the GDP figures and forecasts indicate, it remains unlikely that the accumulated economic damage will be wiped out before the end of 2021 or even the start of 2022. Still, this dire situation emphasizes South Africa's need to urgently capitalize²⁰ on the economic rebound opportunities presented by more favourable growth determinants across many sectors, including trade.

For the collective South African economy, the final figure shows that the economy shrank by **↓7%** in 2020, despite a growth of **↑1.5%** in the fourth quarter. The return of economic growth in both Q2 and Q3 was

¹⁹ Josephs, L. 09/03/2021. [Boeing monthly aircraft orders outpace cancellations for first time since 2019](#).

²⁰ Parsons, R. 09/03/2021. Prof Parsons media statement on latest GDP data.

welcomed; however, the upturn could not wholly offset the devastating impact of COVID-19 in Q2 when lockdown restrictions were at their most stringent. Fortunately, the slump of **↓7%** in 2020 is less than was earlier predicted by some institutions and economists, as their prediction was closer to the **↓8-10%** range. According to Mike Schussler, the economic output might only return to pre-COVID-19 levels by 2023 to 2024. Similarly, the OECD has downwardly revised its growth forecast for South Africa, with a current prediction of **↑3%** growth for 2021, followed by a mere **↑2%** growth in 2022.

Concerning the virus, new cases of COVID-19 in South Africa have continued to fall, averaging approximately **1,071** per day (marginally down from **1,220** last week). Accordingly, South Africa remains at **16th** position globally, with the total number of cases recorded now amounting to **1,525,648²¹** at the time of writing. We have seemingly cemented our place in **16th** in terms of total cases, which loosely indicates that South Africa has been relatively more affected by the outbreak than some, considering that it ranks **24th** in terms of global population according to the World Bank²². Globally speaking, more than **335 million** people have now been given at least one dose of vaccine, which constitutes **4.3%²³** of the world's population as at the time of writing. According to the same source, South Africa has now administered a total of **138,014** vaccine doses. By most accounts, we are struggling to stick to our aggressive target set out in the National Department of Health's vaccine rollout strategy²⁴.

An average of **~9,117 TEUs** was handled per day for the last week, with a decreased average of around **~9,027 TEUs (↓2%)** expected to be handled next week. The container throughput volumes have slightly increased at some terminals, with CTCT notably handling approximately 17,900 containers for the week. Throughput at DCT has unfortunately gone in the opposite direction, as several operational inefficiencies persist. Other port-related constraints for the week included service downtime on Navis and poor port efficiency due to equipment breakdown and sub-optimal freight rail reported. In summary, port performance in 2021 has been evidently sub-par.

Internationally, congestion, poor efficiency, and container imbalances facing the global container industry are slowly clearing up. Despite the lower overall container throughput in the second half of the year, container shipping companies' performance improved in 2020. Nevertheless, global container freight rates remain elevated at **\$5,027.23** per 40ft container but appear to have started their gradual descent back to more reasonable levels, with projections pointing to a slow and steady reduction until the second half of 2021. As far as global throughput is concerned, the current forecasts show elevated returns until the second half of the year. It is hoped that South Africa can follow suit and display positive returns.

The outlook remains somewhat better in terms of the air cargo industry 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 **517 766 kg** inbound and **373 515 kg** outbound. In total, that results in an average of **891 251 kg** per day, which is approximately **~122%** compared to the two months before the lockdown period (compared to **~111%** last week). For the domestic industry, average air cargo moved since the lockdown period has amounted to **78 834 kg** per day (**↑8%** compared to last week), which constitutes approximately **~42%**, compared to the previous year (**~39%** previous week).

For aviation globally, cargo volumes grew by **↑7.7%** quarter-on-quarter in the three months to January, a pace in line with the quarter before (**↑7.6%**). Consequently, volumes now very similar to the pre-pandemic levels of last year. Furthermore, most determinants of the air cargo industry are now supportive of a strong rebound. However, for the recovery to truly gain traction, a substantial increase in cargo capacity needs to



²¹ John Hopkins, Coronavirus Resource Centre. [Coronavirus JJHU](#)

²² WB. 2021. [World Development Indicators](#).

²³ Our World in Data, Coronavirus (Covid-19) Vaccinations. [Our World in Data](#)

²⁴ NDoH. 03/01/2021. [NDoH](#).

occur soon. Fortunately, the gap between the dedicated freighter capacity and the passenger belly-hold cargo has continued to narrow. Industry-wide available cargo tonnes-kilometres (ACTKs) dropped by only **↓18.7%** y-o-y, which constitutes a decrease much lower than that seen in earlier periods. Capacity will also be boosted by Boeing's monthly aircraft orders outpacing cancellations for the first time since 2019, as some carriers are looking to increase their fleet in expectation of growing passenger numbers on the horizon.

On the regional cross-border road freight front, in general, an overall increase in border delays was experienced in the last week. For the week, the following main points stand out. Cross-border queue time has averaged **~8,9 hours** (which is somewhat higher than that experienced in the previous week at **~6,4 hours**), which has cost the transport industry an estimated **\$6.8 million** (or **R108 million**). In comparison, the average cross-border transit time also crept up at an average of **~23.6 hours** (**~20.6 hours** last week), which has cost the transport industry an estimated **\$17.1 million** (or **R273.9 million**). The total cost for the week mentioned above amounts to an estimated **R383 million** (up by approximately **R110 million** since last week), which, although not better than the week before, is still lower than some previous weeks.

In summary, the South African supply chain is slowly improving, although significant fragility remains. Some sub-sectors are improving, whereas others are deteriorating. Nonetheless, the general global outlook is more conducive for growth than at any time in the last 12 months. Therefore, the time is ripe to capitalize. Unfortunately, many constraints remain, most notably poor port efficiency. We remain confident that the South African supply chain and broader trading community will play its part in doing its utmost to further the improvements that have become evident.