

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

**Date: 17 December 2021**

### Weekly Snapshot

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

Flows	Current <sup>2</sup>			Previous <sup>3</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	27 352	33 065	<b>60 417</b>	20 612	25 674	<b>46 286</b>	<b>↑31%</b>
Air Cargo (tons)	4 316	3 522	<b>7 838</b>	4 184	3 278	<b>7 462</b>	<b>↑5%</b>

### Monthly Snapshot

Figure 1 – Monthly<sup>4</sup> cargo volume levels, year on year (100% = baseline)

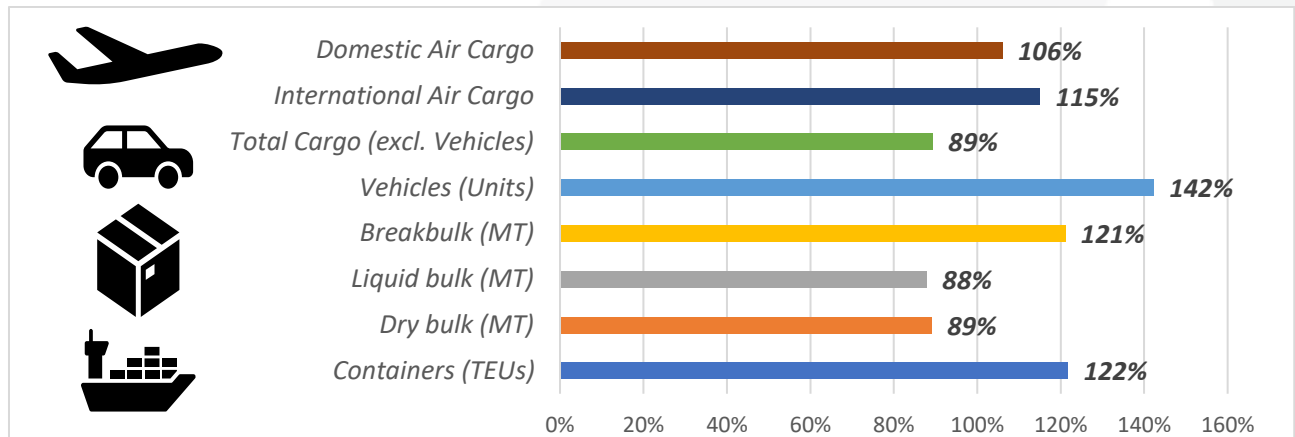


Figure 2 – Global year-to-date flows 2019-2021<sup>5</sup>: ocean, y/y (metric tonnes) & air freight, y/y (kg millions)



### Key Notes

- An average of **~8 631 TEUs** was handled per day, with **~8 747 TEUs** projected for next week.
- Rail cargo handled out of Durban amounted to **3 680 containers**, **↓5%** compared to last week.
- This week, cross-border queue times remained the same, with transit times **↓2 hrs** (see [below](#)).
- The "WCI" unexpectedly rose this week, with spot freight rates **↑0,3%** (or **\$30**) to **\$9 292** per 40-ft.

<sup>1</sup> 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 68<sup>th</sup> update.

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

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

<sup>4</sup> 'Monthly' means the last full month's worth of available data compared to the same month in 2020. For Air: Oct versus Oct, for the rest of the metrics: Sept versus Sept.

<sup>5</sup> For ocean, total Jan-Sept cargo in metric tonnes, as reported by [Transnet](#) is used, while for air, Jan-Sept cargo to and from ORTIA is used.

- The RWI/ISL container throughput index has increased to **123,3** in October amid Chinese recovery.
- International airfreight is **↑9,4%** for the three months to October versus the same period in 2019.

## Executive Summary

This update – *the 68<sup>th</sup> of its kind and final version for 2021* – contains a consolidated overview of the South African supply chain and the current state of international trade. Newly reported COVID-19 infections averaged approximately **20 549** per day (**↑37%** from last week's average of **15 044**) this week. In total, South Africa has now recorded **3,26 million**<sup>6</sup> cases, with **90 262** (up by **202**) regrettably losing their lives to the virus. Globally, COVID-19 infections total more than **274 million**, with the death toll passing **5,35 million** this week. On the vaccination front, **8,64 billion** vaccine doses have now been administered worldwide<sup>7</sup>. For South Africa, this figure stands at **~27,4 million**, with a daily average of **~75 000** doses administered in the past week. Consequently, we are seemingly losing momentum with our vaccination drive, and with the annual holiday season upon us, this is unlikely to improve until around mid-January.

Operationally, this week saw Durban having its fair share of equipment challenges, worsened by weather interruptions. At Durban Pier 2, various port users raised concerns during the past weekend due to the unavailability of tugs. Since last Sunday at Durban MPT, only one crane has been operational. CTCT experienced various interruptions this week due to the port being declared windbound sporadically. Since the weekend, Cape Town TNPA recorded an additional ten positive COVID-19 cases. TFR experienced some difficulties due to a sudden surge in cable theft incidents during the week, leaving Durban with limited rail resources and affecting loading plans. Transnet Port Terminals published its tariff increases, and the Port Regulator's decision on TNPA's tariff increase application was also published during the week.

This week's theme revolves primarily around port throughput and a global resurgence in rising container freight rates. Container port throughput – bar Chinese ports – has started to decline based on the latest figures for October, which is a fairly normal pattern as the year draws to a close. Despite the persistent hopes for the long-awaited decrease in freight rates, shippers and cargo owners will have to put up with an extended period of stratospheric freight rates, at least for now. Furthermore, the issue of contract disputes is seemingly here to stay, as carriers are driving a hard bargain given the significant advantages they enjoy in the current supply/demand scenario. This stance aligns with their strong move towards vertical integration of services. Other noteworthy developments include shipping commentators outlining four major threats, almost guaranteeing another challenging year for shippers.

South Africa's international (**↑5%**) and domestic (**↑7%**) air cargo sectors continued to operate at reasonably healthy levels for this time of the year. As a result, the industry remains confident of surpassing 2019 volumes by the end of the year. Internationally, IATA this week noted continuing strong performance of the air cargo sector, although growth and seasonally adjusted volumes have been stable over the past few months. The industry-wide cargo tonne-kilometres (CTKs) increased by **↑9,4%** for the three months to October versus the same period in 2019. Indeed, air cargo continues to outperform container shipping in the global goods trade, as it is competitive both in terms of price and speed as businesses rush to meet demand during the critical year-end period. Collectively, drivers of air cargo remain strong, including healthy manufacturing activity and new export orders.

In concluding this version and drawing the year to a close, it is worth reviewing 2021 by looking at the numbers holistically. According to the IMF<sup>8</sup>, the GDP of the South African economy was predicted to grow



<sup>6</sup> Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

<sup>7</sup> Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

<sup>8</sup> IMF. 12/10/2021. [World Economic Outlook](#).

at **↑5%**. However, the latest quarterly figures reported last week<sup>9</sup> will undoubtedly bring the IMF prediction into question, and a lower number can be expected. Considering that the economy contracted by **↓6,4%** in 2020, it is clear that we have a long way to go just to return to pre-pandemic levels in nominal terms, not to mention real terms. The WTO predicts that world merchandise trade volume will grow **↑10,8%** in 2021<sup>10</sup>. For South Africa, the latest merchandise statistics show that we are exceeding expectations, currently at **↑27%** compared to 2020, but, more importantly, **↑10%** versus 2019<sup>11</sup>. Unfortunately, our maritime economy, the backbone of our industry, has yet to recover fully, as total cargo currently stands at **↑0,1%** compared to 2020, but regrettably at **↓5,5%** versus 2019<sup>12</sup>. This rate is a fascinating mirror of the GDP predictions mentioned above.

In summary, our trading industry has undoubtedly done what it can in its attempts to return to normality. But in a broader context, the need to drive economic growth, job creation, performance efficiency, and public-private partnerships in our extended transport and logistics environment is quite clear. We remain strong and resilient as an industry and may certainly celebrate the small gains made this year. But the key message is that not much will be achieved without collaboration, co-operation and mutual respect between all role players.



<sup>9</sup> Stats SA. 07/12/2021. [GDP Q3 2021](#).

<sup>10</sup> WTO. 04/10/2021. [Global trade rebound beats expectations but marked by regional divergences](#).

<sup>11</sup> SARS. 30/11/2021. [Merchandise trade stats](#).

<sup>12</sup> TNPA. 17/12/2021. [Port Statistics](#).

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## 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 11 to 17 December<sup>13</sup>

7-day flow forecast (11/12/2021 – 17/12/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 313	5 028
DURBAN CONTAINER TERMINAL PIER 2:	10 815	14 199
CAPE TOWN CONTAINER TERMINAL:	5 009	6 141
NGQURA CONTAINER TERMINAL:	4 759	6 648
GQEBERHA CONTAINER TERMINAL:	456	1 049
<b>TOTAL:</b>	<b>27 352</b>	<b>33 065</b>

Source: Transnet, 2021. Updated 17/12/2021.

Table 3 – Container Ports – Weekly flow reported for 18 to 24 December<sup>14</sup>

7-day flow forecast (18/12/2021 – 24/12/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 777	4 973
DURBAN CONTAINER TERMINAL PIER 2:	12 846	17 791
CAPE TOWN CONTAINER TERMINAL:	6 073	8 277
NGQURA CONTAINER TERMINAL:	2 218	3 018
GQEBERHA CONTAINER TERMINAL:	432	823
<b>TOTAL:</b>	<b>26 346</b>	<b>34 882</b>

Source: Transnet, 2021. Updated 17/12/2021.

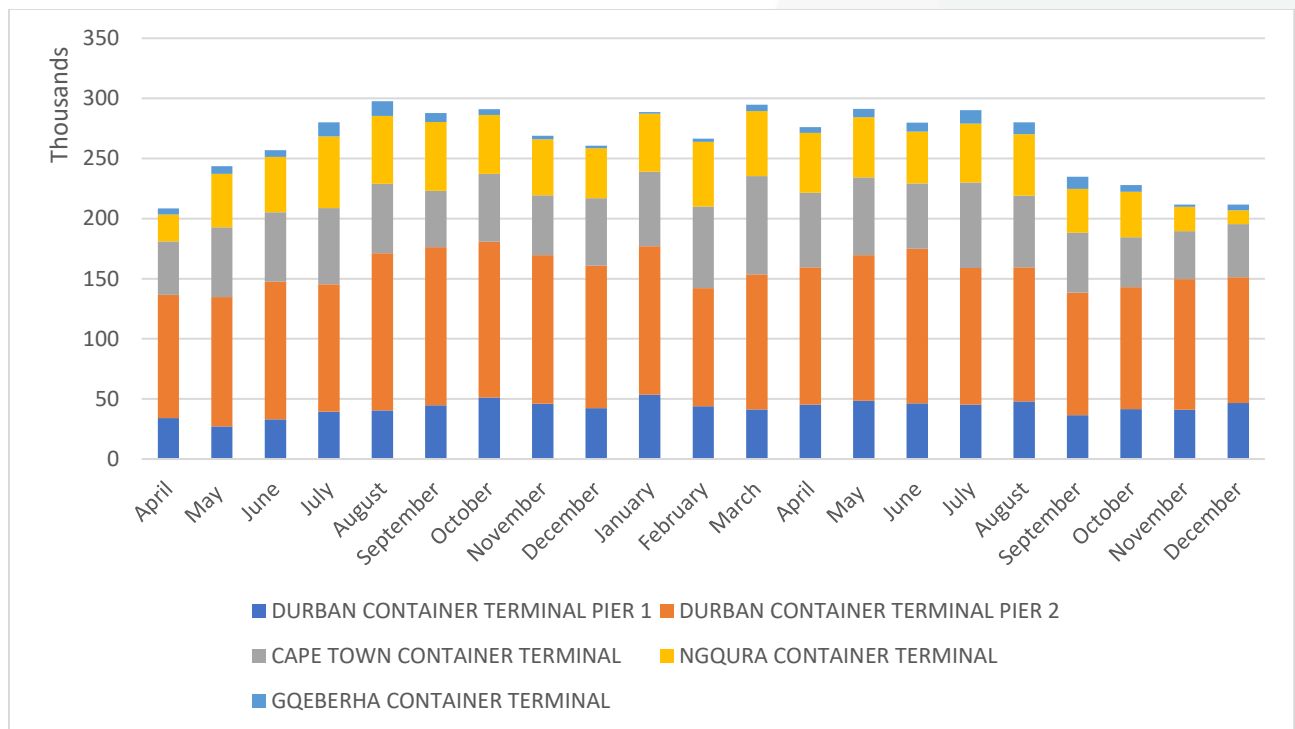
An average of ~8 631 TEUs (↑31%) was handled per day for the last week (11 to 17 December, Table 2), with a marginally increased average of around ~8 747 TEUs (↑1%) projected to be handled next week (18 to 24 December, Table 3). Operationally, the regular inhibitors of equipment challenges and availability, wind delays and staff shortages because of COVID cases continued to hamper performance (see a more detailed breakdown per port [below](#)).

A broad statistical picture is illustrated in the figure below, which displays the rolling *monthly* average flow of total containerised cargo passing through our commercial ports since the start of the nationwide lockdown.

<sup>13</sup> It remains important to note that a fair percentage (approximately 26%, according to the most recent TNPA figures for September) of containers are neither imported nor exported, but rather consist of empties. 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 worldwide container imbalances.

<sup>14</sup> As notes above.

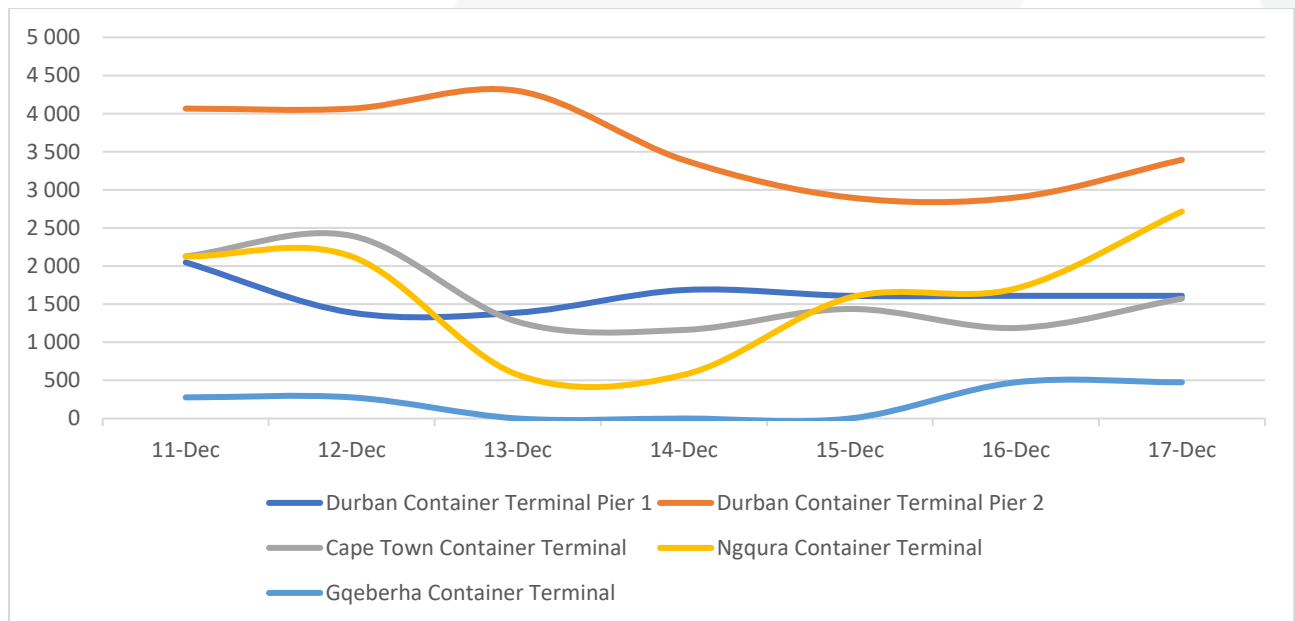
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from Transnet, 2021. Updated 17/12/2021.

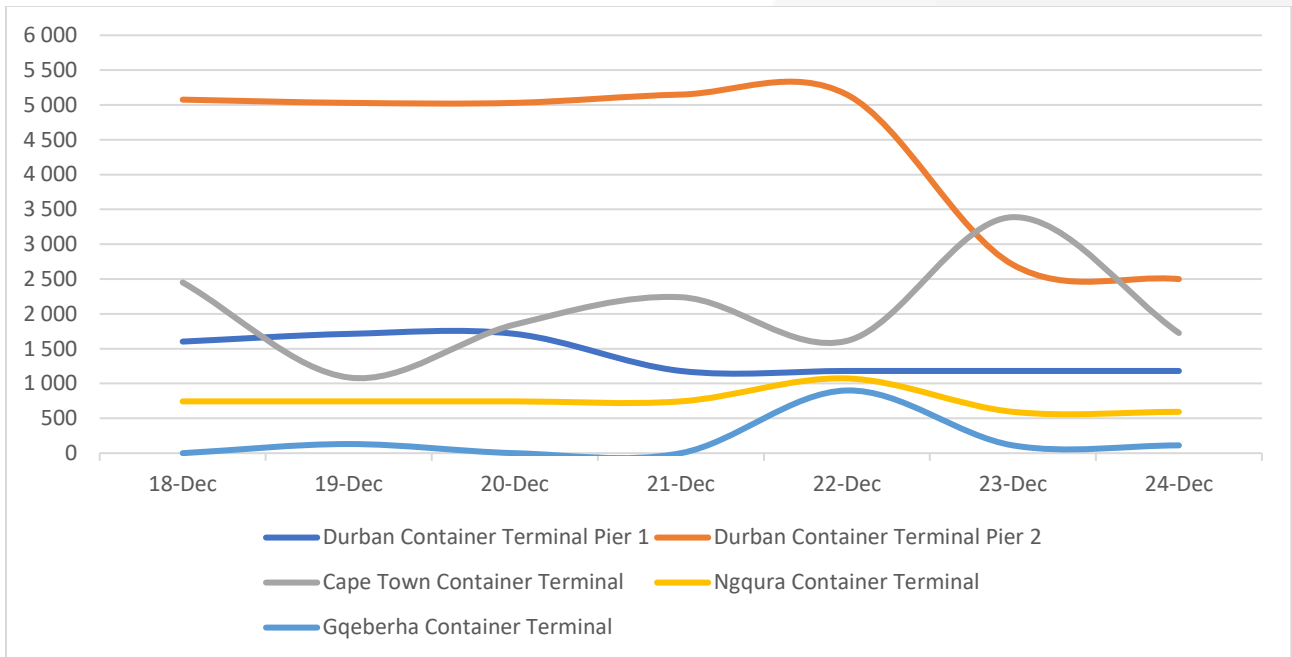
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total cargo movement (11 to 17 December; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 17/12/2021.

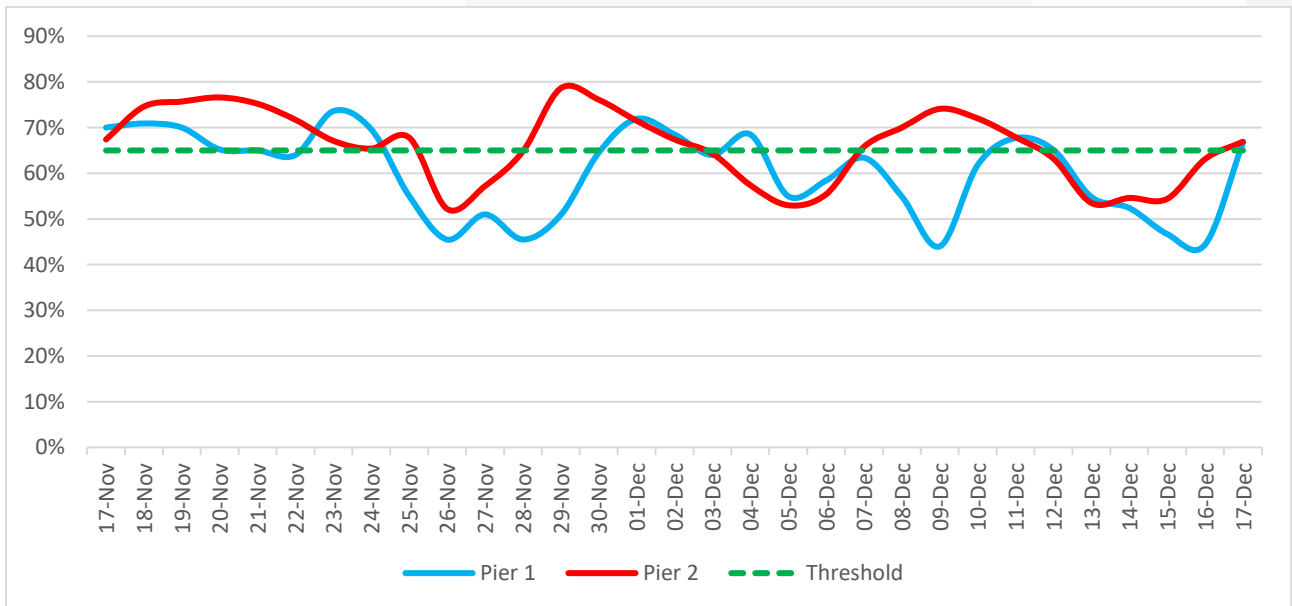
Figure 5 – 7-day flow reported for total cargo movement (18 to 24 December; per port; day on day)



Source: Calculated using data from Transnet, 2021. Updated 17/12/2021.

The following figure shows daily stack occupancy in both Durban terminals since the start of November, with pressure on operational fluidity a constant feature of these reports over the last few months.

Figure 6 – Stack occupancy in DCT, general-purpose containers (17 November to present; per pier; day on day)



Source: Calculated using data from Transnet, 2021. Updated 17/12/2021.

## **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 delays**

CTCT experienced various interruptions this week due to the port being declared windbound sporadically. Over the past weekend, about twenty hours were lost due to strong winds and thirteen hours due to vessels ranging. On Monday, the port was windbound from 15:00 till Tuesday morning. Further weather disruptions happened throughout the week, and performance on Saturday and Sunday was heavily disrupted by weather and poor terminal performance.

Together with Richards Bay, Durban experienced various waterside disruptions due to strong winds and rain. Strong winds left Durban's Pier 1 windbound on Monday night at waterside from 21:00 till 23:00. In the early hours of Tuesday morning, from 07:00 till 10:00, both waterside and landside operations were on standby at Pier 1. Pier 2 waterside operations were on standby on Tuesday from 08:20 till 11:00. Strong winds persisted on Thursday and Friday, followed by light rain.

Due to favourable weather conditions, the Eastern Cape experienced no disruptions to its waterside and landside operations. Wind speeds were low to moderate at times, with no serious effect on performance.

### **ii. Cape Town**

Since the past weekend, Cape Town TNPA recorded an additional ten positive COVID-19 cases. Unfortunately, the consequent staff shortages harmed operations. As a result, the launch has been taken out of service, and the third tug is only available on standby. In addition, the number of berthing gangs has been reduced from three to two. According to TNPA, these changes have not affected performance on the waterside. On Monday, CTCT stacks were 51% for general purpose containers and 16% for reefers. CTCT had three vessels at berth and an additional four at anchorage, which grew to six at the weekend. 625 trucks were serviced with an average TTT of ~39 minutes. Cape Town MPT experienced some issues with its mobile crane 550 on Tuesday.

### **iii. Durban**

During the week, Durban had several equipment challenges, and weather interruptions amplified these. At Pier 2, various port users raised concerns during the past weekend due to the unavailability of tugs. Only one crane has been operational at MPT since 12 December. Two out of the four available cranes were involved in a collision last Friday, leaving one out of commission. The third crane suffered some minor difficulties while the fourth crane experienced gearbox and engine-related issues, which is expected to put it out of commission for some time. On Wednesday, the terminal had two working cranes, while the technical team worked hard to fix the third crane.

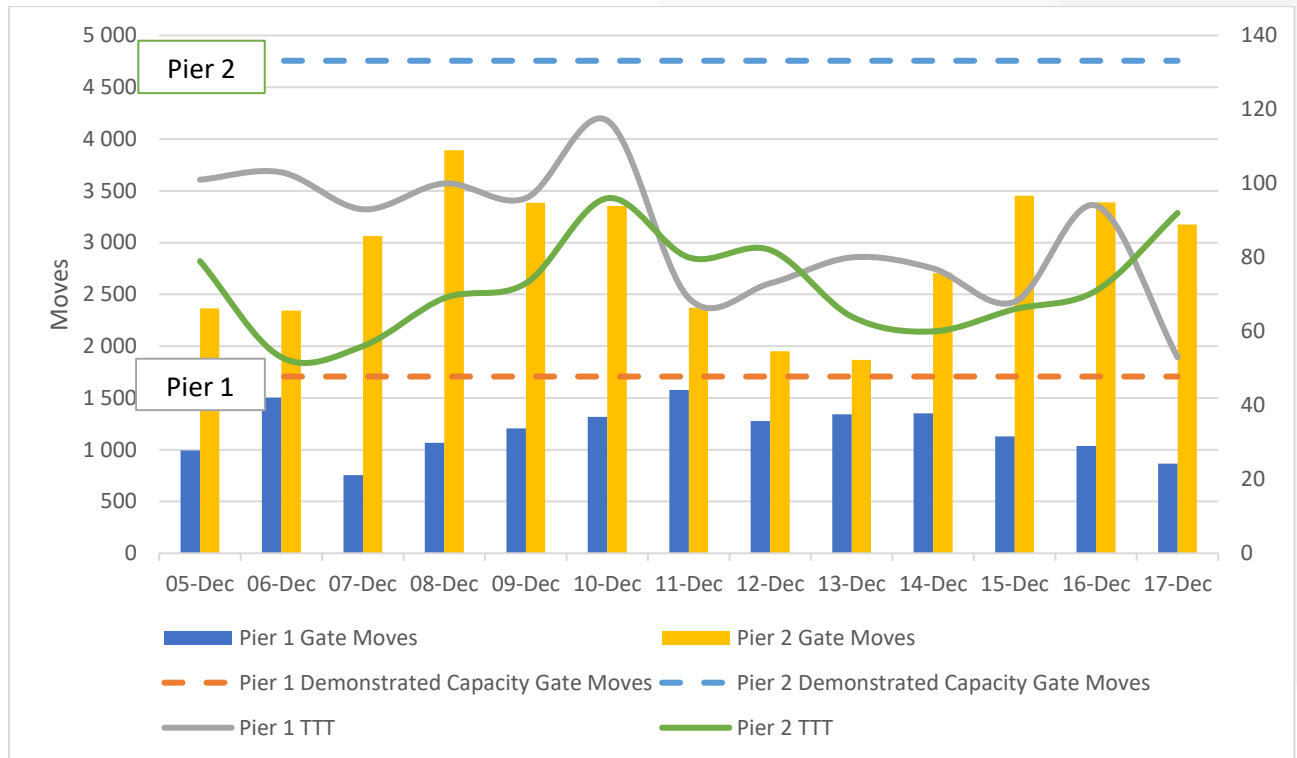
As a result, shipping lines have voiced their concerns about the added delays and the missed windows of their vessels bound for Europe. The impact of these delays on South African exporters has been highlighted. Some vessels waited for more than five days at berth in Cape Town and were delayed for another five days outside Durban due to persistent equipment failures. Durban MPT recorded no additional COVID-19 cases this past week. At Pier 2, two new positive COVID-19 cases have been reported over the past weekend and another one on Tuesday. On Monday, stacks at Durban MPT stood at 55% capacity. Pier 2 had a stack occupancy of 54%, and Pier 1 had 35% capacity. Pier 2 handled a very low 2 706 moves on Monday with an



average TTT of 60 minutes and an average staging time of 20 minutes. Pier 2 recorded a healthy 80 straddle carriers in commission. Thanks to tipper trucks of bulk minerals heading for Bulk Connections, congestion on Bayhead Road was a persistent problem from Monday morning, running into Tuesday. These trucks started to queue in massive numbers restricting access to Pier 1. In addition, Pier 1 serviced 1 310 trucks on Monday and recorded 433 cancelled slots and 145 wasted slots. The terminal had 211 unassigned containers on hand and 152 road stops.

The following figure summarises port operations in Durban for the last two weeks, focusing on gate moves and time spent in the terminal.

Figure 7 – Gate moves, and time spent in the terminal (in minutes)



Source: Calculated using data from Transnet, 2021. Updated 17/12/2021.

**iv. Eastern Cape ports**

On Tuesday, NCT and PECT reported their first new positive COVID-19 case, fortunately not affecting operations. On Monday, NCT's stack occupancy stood at 38.8% for general purpose containers and 12% for reefers. The terminal managed to handle 55 trucks while having two vessels at berth. PECT on Monday had a stack occupancy of 24% for general purpose containers and 1% for reefers. Transnet announced this week that Monday, the long-awaited vessel MV Annette planned to carry the LHM 600 Mobile Harbour Crane to Cape Town MPT docked in Gqeberha Terminal. The ship arrived in Cape Town on Wednesday.

**v. Transnet Freight Rail (TFR)**

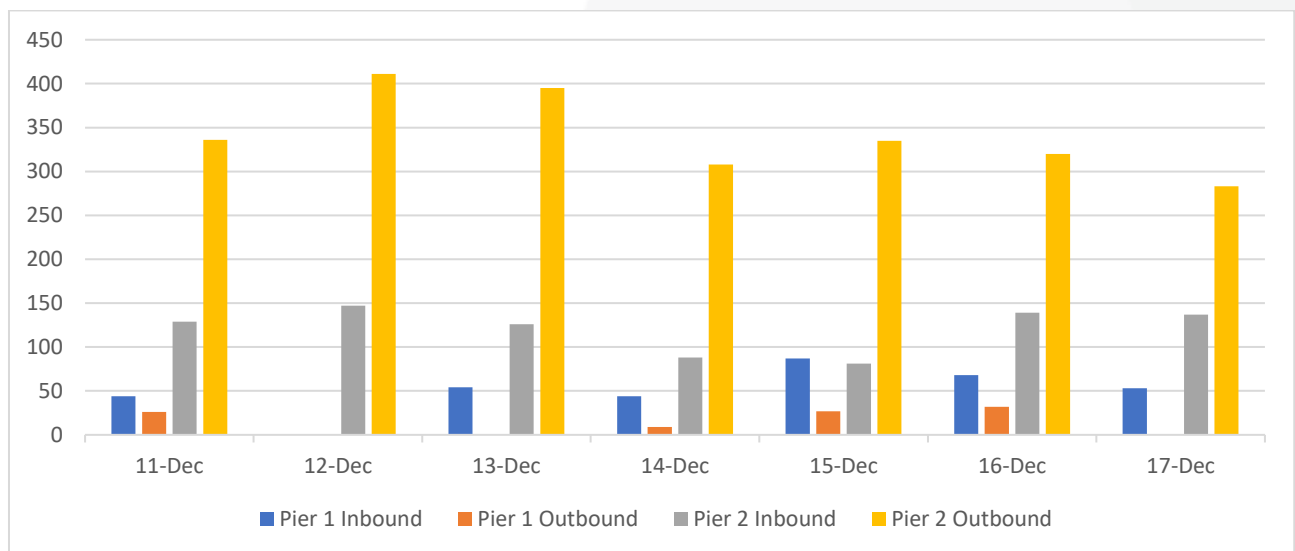
On Sunday, at Pier 2, TFR could only provide four loading plans due to limited train resources available. On Tuesday, only three out of the six loading plans were completed due to crane breakdowns. Even though Pier 1 reported very low levels of rail destined cargo available throughout the week, loading plans were affected

due to limited resources. Minor cable theft incidents were recorded last weekend at Mooi River, but fortunately, some of the multiple lines were not affected, keeping the cargo flowing. TFR once again highlighted that increasing cable theft incidents left the port with limited resources.

Former Transnet Freight Rail CEO Tau Morwe announced publicly this week that the South African government had been warned about the potential collapse of the country's railway system about two decades ago but has since not done anything to prevent it. Mr Morwe commented on a report written by an experienced rail journalist, David Williams, that around two-thirds of above-ground electrical cables on the 3 000 km network of the Passenger Rail Agency of South Africa (Prasa) have been stolen or vandalised. In addition, Morwe pointed out that between 2019 and 2020, 354 227 metres of overhead cable were stolen from Transnet Freight Rail. These consequent damages to the railway lines will cost many millions to fix, quite apart from the poor performance of outdated and unreliable resources currently in use. It is hoped that policymakers will now seriously reconsider deploying SAPS personnel to guard the railway lines.

The following figure graphically illustrates rail movements from Durban during the week.

Figure 8 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2021. Updated 17/12/2021.

In the last week (11 to 17 December), rail cargo to be handled out of Durban was predicted at **3 680** containers, **↓5%** than the previous week's **3 892** containers.

#### vi. General

TPT has announced its container handling charges increases for the new financial period starting 1 April 2022. TPT highlighted that they experienced cost increases in 2021 due to inflation and the depreciation of the Rand. As a result, tariff adjustments will take effect 1 April 2022 and are as follows:

1. General tariffs: empty containers (imports and exports), hatch covers, restows will increase by 5,5%.
2. Reefer power supply charges (including surcharges and storage) have been increased by 15% to account for rapidly increasing energy charges.
3. Decongestion issues: TPT has decided that from January 2022, TPT will be engaging with a working group made up of representatives from shipping lines, cargo owners, transporters, and other stakeholders to

introduce changes that will promote efficient handling of containers. Suggestions brought forward and under consideration include changing the storage methodology by having storage calculation starting from container landing or the container block first becoming available. Other changes could involve rebasing the storage charges to encourage evacuation within the free storage period, considering time-based surcharges for collection during peak times and a back-of-port rate to move containers to and from designated off-terminal facilities for more efficient collection, and a Durban decongestion surcharge. Full details of this announcement can be found on the [SAAFF](#) website.

The Ports Regulator issued its Record of Decision on TNPA's 2022-2023 tariff increase application this week, which in summary includes the following:

An overall increase in average tariffs for 2022/23 is 4,8%. In particular:

- Marine services and related tariffs (Sections 1-8 of the Tariff Book, excluding Section 7 that deals with cargo dues) are to increase by 12%;
- All container cargo dues are to remain unchanged;
- Dry Bulk Coal export cargo dues to increase by 11%;
- Dry Bulk Magnetite export cargo dues to increase by 15%;
- RoRo export Cargo Dues are to remain unchanged;
- All Liquid Bulk cargo dues are to remain unchanged; and
- All other tariffs below the upper caps will increase by 4,2%, in line with expected inflation to a maximum of the existing upper cap.

Marine tariffs for South African flagged vessels received discounts. For more information on these changes, please visit the [SAAFF](#) website.

## 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 starting 6 December. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *December 2020* averaged **~652 315 kg** per day. For 2019, this average was **~813 195 kg** per day, which is probably a more meaningful comparison.

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

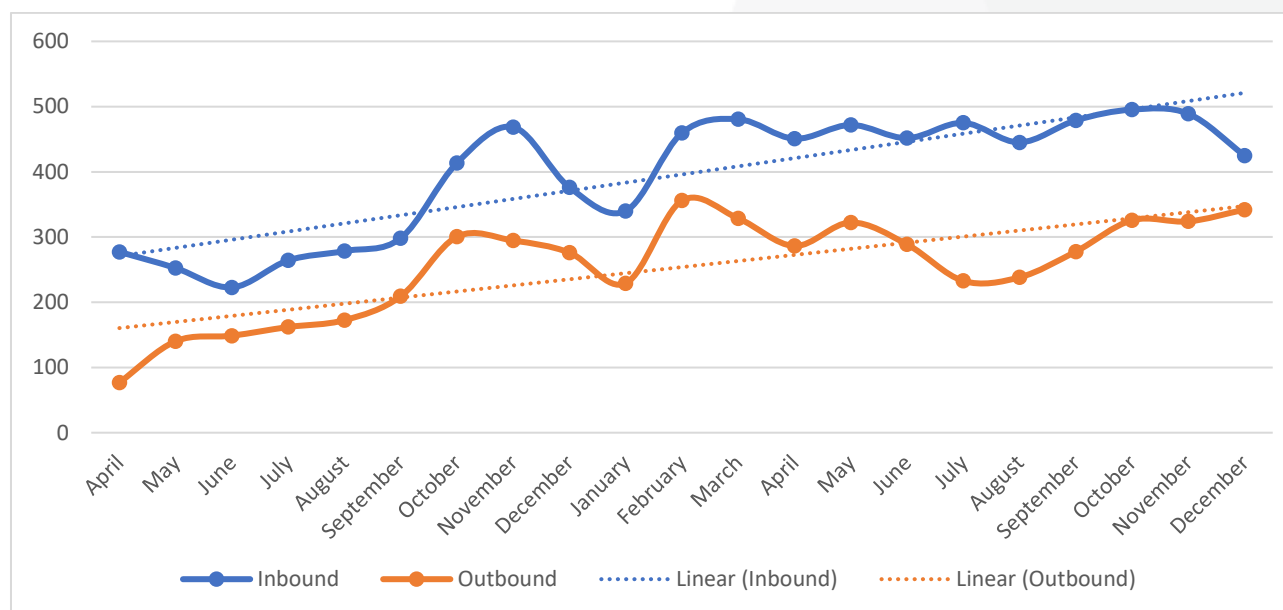
Flows	06-Dec	07-Dec	08-Dec	09-Dec	10-Dec	11-Dec	12-Dec
<b>Volume inbound</b>	555 814	347 311	431 588	313 354	384 617	344 929	643 605
<b>Volume outbound</b>	361 018	244 210	296 625	306 465	305 889	320 280	631 085
<b>Total handled per day</b>	<b>916 832</b>	<b>591 521</b>	<b>728 213</b>	<b>619 819</b>	<b>690 506</b>	<b>665 209</b>	<b>1 274 690</b>

*Courtesy of ACOC. Updated: 13/12/2021.*

The daily average volume of air cargo handled at ORTIA over the seven days starting 6 December amounted to **431 603 kg** inbound and **352 225 kg** outbound. This amounts to an average of **783 827 kg** per day, or **~120%** compared to November 2020. Compared to pre-COVID-19 times, the level is currently at **~96%** compared with the same period in 2019.

The following figure shows monthly international freight movement at ORTIA during the state of disaster, including the relevant lockdown level, with a general upward trend realised throughout the period in question.

Figure 9 – International in – and outbound cargo from OR Tambo (thousands)



Courtesy of ACOC. Updated: 13/12/2021.

### b. 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. By way of comparison, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *November 2020* was only **~73 698 kg<sup>15</sup>** 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 Average	20 961	2 739	2 859	22 818	5 491	5 238	57 781
Feb Average	27 777	3 537	3 427	30 117	6 988	3 503	75 348
Mar Average	28 781	3 702	3 845	31 166	7 680	3 740	78 914
Apr Average	24 875	3 234	3 058	25 694	6 306	3 046	66 213
May Average	29 891	3 781	3 669	27 817	7 245	3 261	75 664
Jun Average	27 498	3 706	3 556	26 873	7 086	3 213	71 932
Jul Average	23 583	5 374	3 144	15 839	6 229	2 844	57 013
Aug Average	25 649	2 983	3 495	19 973	6 597	3 256	61 953
Sep Average	28 301	3 730	3 332	20 554	6 509	3 048	63 650
Oct Average	27 145	3 731	3 703	21 559	6 854	3 291	66 284
Nov Average	31 174	4 350	4 102	24 732	7 943	3 727	76 027
30-Nov-21	51 383	7 257	6 452	47 286	11 556	6 877	130 811
01-Dec-21	51 324	6 019	6 106	30 086	12 965	6 562	113 061
02-Dec-21	54 666	5 695	6 263	29 194	13 503	5 901	115 223
03-Dec-21	24 881	5 690	3 886	29 811	7 990	4 304	76 563
04-Dec-21	4 304	1 795	524	2 220	800	272	9 915

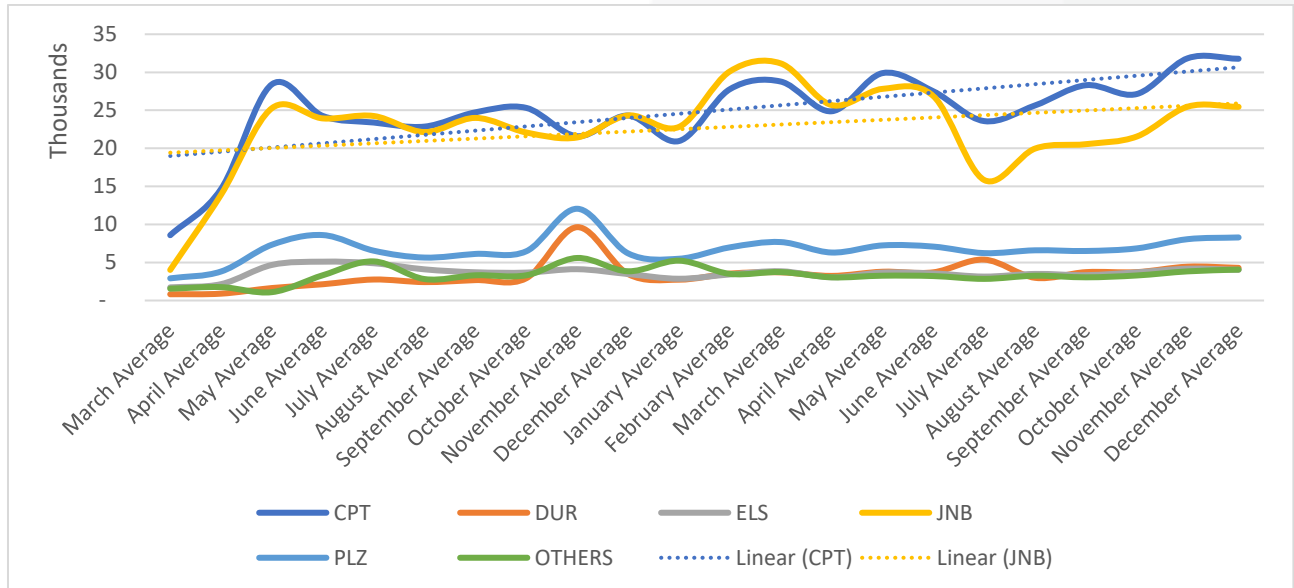
<sup>15</sup> For Cape Town, the figure corresponds to **38 570 kg** per day, and **4 883 kg** per day for Durban during the same period (November 2020).

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
05-Dec-21	2 385	1 075	290	1 625	796	1 460	7 631
06-Dec-21	53 091	5 465	7 149	59 789	13 669	5 873	145 035
Grand Totals	9 180 414	1 274 326	1 192 268	8 304 137	2 339 142	1 119 870	23 410 157

Courtesy of BAC. Updated: 07/12/2021.

Currently, the average domestic air cargo moved in the last week was ~85 463 kg per day, which is ↑7% compared with the previous week and ~103% compared to November 2020. The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster.

Figure 10 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated 07/12/2021.

### 3. Road and Regional Update

#### a. South African border closures

There were several border closures during the last seven days. The following table shows border posts which experienced closures throughout the previous week (information provided by SARS Customs).

Table 6 – South African border closures

Date	Border
17 December	Mahamba is closed until further notice.
15 December	Kopfontein has reopened after it closed at 8:30.
	Ramatlabama has reopened after it closed yesterday at 21:00.
14 December	Oshoek is closed from 17:30 to 21:30.
	Kopfontein will reopen today at 18:00 after it closed at 11:00 earlier.
	Kopfontein reopened at 6:00 after closing yesterday at 20:00.
13 December	Oshoek will be closed today from 14:30 until 18:30.
	Kopfontein reopened at 6:00 after it closed yesterday at 19:00.
12 December	Oshoek will be closed from 10:00 until 14:00

	Maseru Bridge is closed and will reopen at 14:00.
<b>11 December</b>	Kopfontein will reopen at 9:00.
	Beitbridge commercial building reopened after it closed on 10 December 2021. Gate management and traveller sections were not affected and continued as normal.

Source: [SARS](#). Updated: 17/12/2021.

As a rule, traders are at all times urged to stay abreast of border post communications on the SARS Customs and Excise [website](#).

## b. Cross-border and road freight delays

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

- The Department of Home Affairs<sup>16</sup> has released its notification of extended hours at the following border posts:
  - Lebombo (24hrs; 09 Dec to 10 Jan)
  - Oshoek (24hrs; 10 Dec to 31 Jan)
  - Kosi Bay (07:00 till 18:00; 15 Dec to 10 Jan)
  - Caledonspoort (06:00 till 00:00; 15, 23, 24 Dec, & 02 and 03 Jan)
  - Van Rooyen's Gate (06:00 till 00:00; 15, 17, 23, 24 Dec, and 02 Jan)
- The industry has received reports of ongoing delays at Skilpadshek due to COVID tests.

Apart from these developments, investigations continue into cross-border delays experienced at several other SADC border posts in the sub-region.

Table 7 – Delays<sup>17</sup> summary – Selected SADC borders

Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	Weekly HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei	0:00	2:00	100	3 000	700	0	0
SA/Zim	Beit Bridge	0:00	20:00	943	28 290	6 601	118 818	0
Moz/Zam	Cassacatiza/Mlolo	1:00	13:00	60	1 800	420	4 620	420
Zam/Zim	Chirundu	0:00	20:00	616	18 480	4 312	77 616	0
Moz/Mal	Dedza	2:00	31:00	50	1 500	350	10 150	700
SA/Bot	Groblersbrug/Martins Drift	26:00	13:00	400	12 000	2 800	30 800	72 800
Zam/DRC	Kasumbalesa	0:00	50:00	592	17 760	4 144	165 760	0
Zam/Bot	Kazungula	0:00	19:00	212	6 360	1 484	25 228	0
SA/Bot	Kopfontein/Tlokweg	24:00	51:00	100	3 000	700	34 300	16 800
Moz/Zim	Machipanda/Forbes	1:00	9:00	320	9 600	2 240	15 680	2 240
Zim/Moz	Nyamapanda	1:00	7:00	100	3 000	700	3 500	700
SA/Moz	Lebombo/Ressano Garcia	20:00	5:00	400	12 000	2 800	8 400	56 000
SA/Bot	Skilpadshek/Pioneer Gate	13:00	10:00	300	9 000	2 100	16 800	27 300
Zam/Zim	Victoria Falls	1:00	3:00	114	3 420	798	798	798
Moz/Mal	Zobue/Mwanza	2:00	22:00	100	3 000	700	14 000	1 400
				<b>4 407</b>	<b>132 210</b>	<b>30 849</b>	<b>526 470</b>	<b>179 158</b>

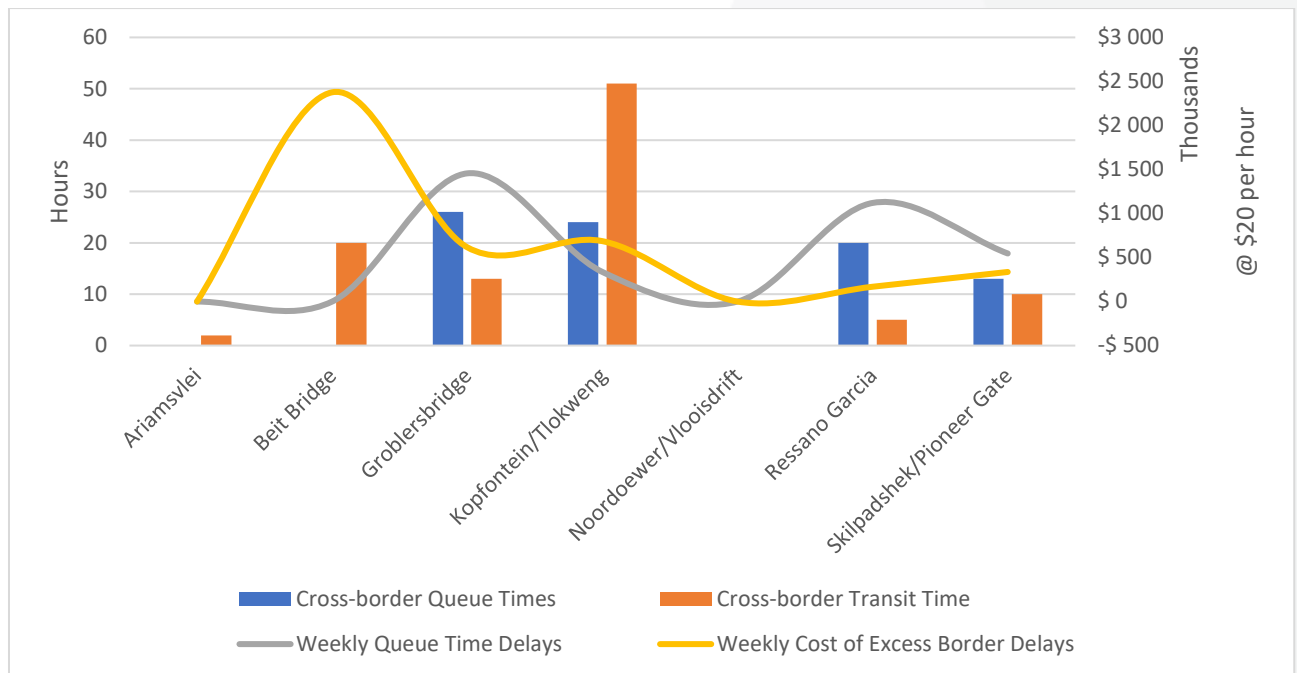
Source: TLC & FESARTA, week ending 13/12/2021.

<sup>16</sup> Home Affairs. 17/12/2021. [Extension of operational hours at selected ports of entry for the 2021/2022 Festive Period](#).

<sup>17</sup> 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 graph shows the weekly change in cross-border times (and associated estimated cost) from South Africa's perspective.

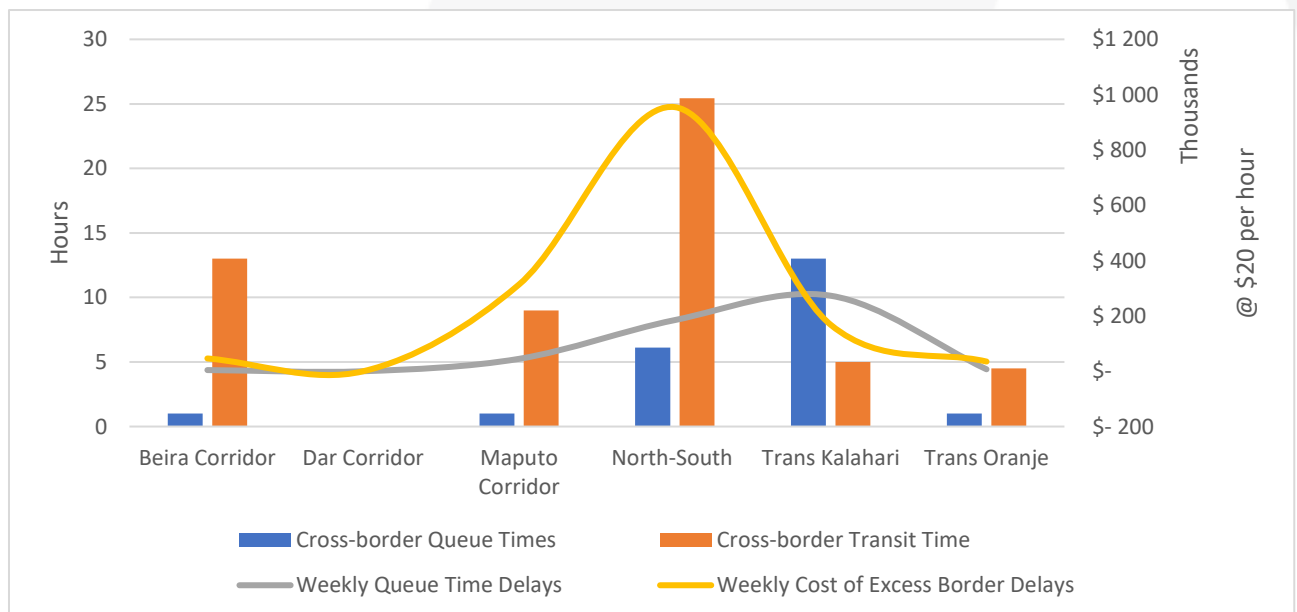
Figure 11 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 13/12/2021.

The following figure depicts a similar picture to those above, this time from a corridor perspective.

Figure 12 – Weekly cross-border delays and estimated cost from a corridor perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 13/12/2021.

In summary, the cross-border queue time has averaged **~5,7 hours** (remaining the same as last week's recorded time of **~5,7 hours**), costing the transport industry an estimated **\$3,6 million (R57 million)**. Furthermore, the week's average cross-border transit times hovered around **~13,8 hours** (down by **~2 hours** from the **~15,8 hours** recorded last week), costing the transport industry **\$11 million (R168 million)**. As a result, the total cost for the week amounts to an estimated **~R226 million** (up by **~↑↓R2 million** or **↑1%** from **R224 million** the previous week).

#### 4. International Update

The following section provides some context of the global economy and the impact of COVID-19 on trade. In addition, the section includes an update on **(a)** the global container industry, and **(b)** the global aviation industry.

##### a. Global container industry

##### i. Container throughput index

Despite ongoing global port congestion, poor schedule reliability and delayed berthing, container throughput has increased by one point in October to **123,3**. This figure is according to the Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL). The index – *RWI/ISL* for short – contributes the change to promising throughput increases in Chinese ports. The following figure shows the continued growth since the hardest lockdown of early-2020:

Figure 13 – *RWI/ISL* Container throughput index (2015 = 100)



Source: [RWI/ISL](#)

As noted above, the major contributor to the increase has been the massive container throughput increase in Chinese ports. However, when omitting Chinese ports, the index has shrunk. For example, the North Range

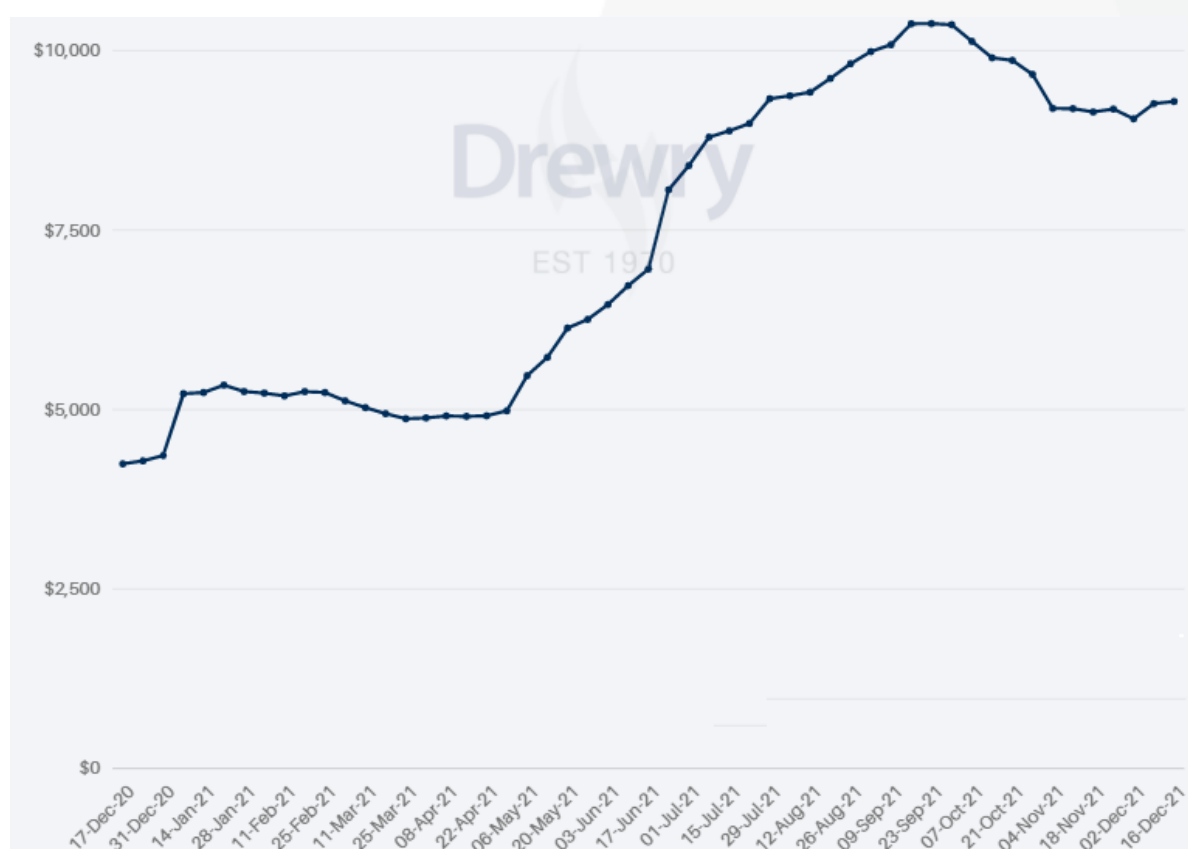


Index, an indicator of economic development in the northern euro area and Germany, dropped from 114,3 (revised) in September to 113,1 in October. As is typical at this time of year, the index can be expected to taper off in November and December. For South Africa, the picture is similar, as we have struggled lately to maintain the container throughput achieved in the first half of the year (note *Figure 3* above).

## ii. Global container freight rates

After a sustained decline, followed by a steady couple of weeks, Drewry's "World Container Index" (WCI) composite index increased very slightly this week. Spot rates increased by **↑0,3%** (or **\$30**) to **\$9 292** per 40-ft container<sup>18</sup>. As with other increases in the last couple of weeks, this increase comes as a shock, as shipper and beneficial cargo owners (BCOs) had been hoping for a sustained decrease in freight rates, as had been widely expected after some encouraging signs a few weeks ago. Sadly, however, it appears that the market is still some way off returning to normal. Until then – which will undoubtedly come – the following figure summarises the one-year spot price – a new look for the index:

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



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

With another increase this week, the average composite index is now at **↑169%** y/y. Consequently, the y/t/d average composite index currently stands at **\$7 520** (up by **\$36** this week) per 40ft container, which is **\$4 751** higher than the five-year average of **\$2 769**. In total, only one of the major eight major East-West trades routes experienced increases this week. The increase comes with freight rates from Rotterdam – Shanghai, up by **↑1%** (or **\$12**) to **\$1 556**. All the other major routes stayed stable this week – which is typical of this time of year. Nevertheless, the rates remain significantly elevated, further emphasising the expected threats

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<sup>18</sup> Drewry. 16/12/2021. [World Container Index](#).

facing the sector, as noted below. In summary, Drewry expects rates to stay steady in the coming week, with most indicators pointing to another small drop.

### iii. Further developments of note

Apart from the overview provided above, some additional notable developments occurred this week:

#### 1. Four major threats almost guaranteeing another challenging year for shippers:

- a. The current global shipping climate has created significant wins for major carriers, while shippers and cargo owners struggle to keep their heads above water. And unfortunately, the immediate outlook is not much better, as Drewry outlines four significant threats that almost guarantee that 2022 will also be a very challenging year for shippers<sup>19</sup>. These threats come in the form of:
  - i. Disputes between ILWU union and US West Coast port employers threatening to exacerbate delays further.
  - ii. The pandemic will potentially further weaken additional parts of the global container shipper system.
  - iii. The potential for flashpoints between the ocean carrier industry and the forwarder/NVO sector.
  - iv. Difficulties for shippers dealing with minimum quantity commitments (MQCs) and widespread disputes about MQCs.
- b. The final point is particularly concerning for freight forwarders and NVOs alike. More BCOs - even the largest ones - will have to accept the new reality of the market: you cannot expect to ship ten containers one week, 50 containers the next week, and hope to get 100% capacity for both weekly volumes. Carriers and NVOs are already telling BCOs that their capacity in 2022 will be the contractual Minimum Quantity Commitment per annum "divided by 52".
- c. As a result, disputes about carrier 'dead freight' charges for slots not used – more often only seen on the charter market – will arise, as they will when weekly volumes are more than the MQC<sup>20</sup>. In fact, certain lines are already levying charges for cancelled bookings.

#### b. Global aviation industry

On Tuesday, 14 December, the International Air Transport Association (IATA) released its latest "*Cargo Chartbook*"<sup>21</sup> for the fourth quarter of 2021. The headline is the continued strengthening of the air cargo sector, although growth and seasonally adjusted volumes have been stable in the past few months. Nonetheless, the industry-wide cargo tonne-kilometres (CTKs) increased by **↑9,4%** for the three months to October versus the same period in 2019. IATA notes that such performance is typical during economic upturns, which is why air cargo continues to outperform container shipping and global goods trade. The following figure reports CTKs in comparison with these two metrics:

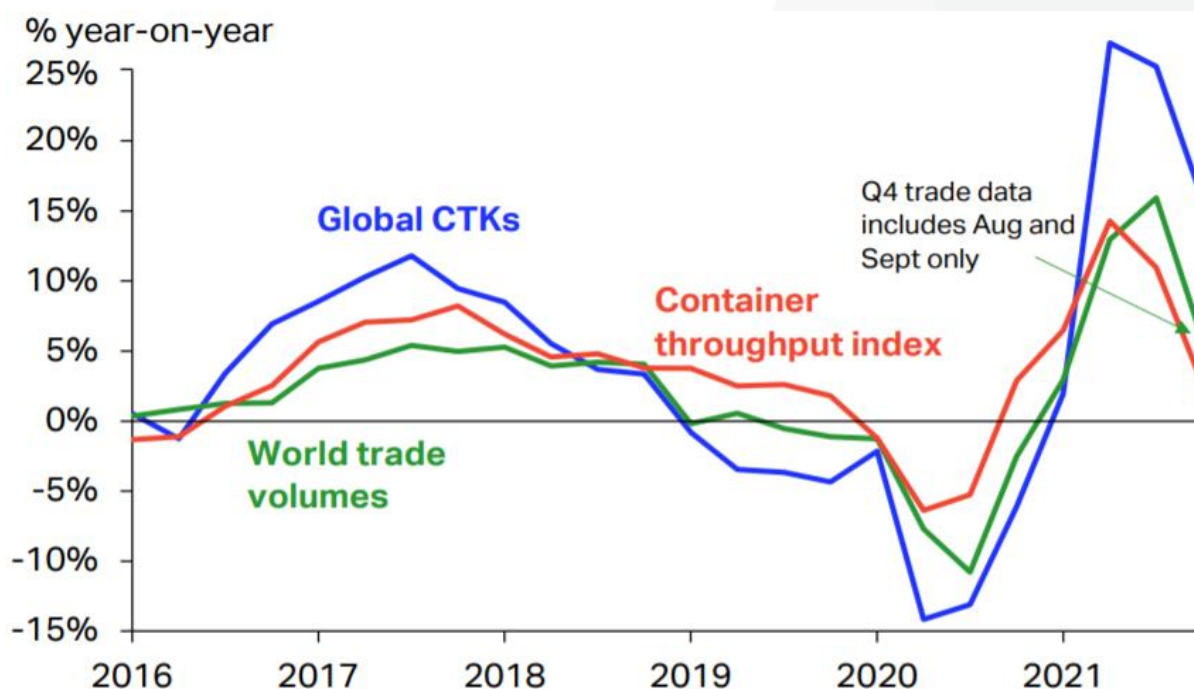


<sup>19</sup> Drewry. 10/12/2021. [New disruptions to supply chains in 2022 and how international shippers can respond.](#)

<sup>20</sup> Wackett, M. 14/12/2021. [Four major threats almost guaranteeing another challenging year for shippers.](#)

<sup>21</sup> IATA. 14/12/2021. [Cargo Chartbook Q4 2021.](#)

Figure 15 – RPKs and CTks (% change versus the same month in 2019)



Source: [IATA, CPB, RWI/ISL](#)

As noted above, air cargo continues to outperform other modes of transport, as it is competitive both in terms of price and speed as businesses rush to meet demand during the critical year-end period. Collectively, drivers of air cargo remain strong, including manufacturing activity and new export orders<sup>22</sup>. Furthermore, cargo capacity continued to improve slowly in the three months to October 2021 but remained **↓9,5%** below the same period in 2019. Dedicated freighters' available CTks were **↑26,4%** above 2019 levels in the three months to October 2021. However, the increase does not offset the lack of capacity on passenger aircraft (belly or freighters), even though the latter is slowly trending upwards (down **↓34,4%**). Lastly, air cargo yields rose further in the period in question, meaning air cargo revenues continue to perform exceptionally well.



<sup>22</sup> IATA. 10/12/2021. [Chart of the week: Uptick in new export orders supports continued air cargo strength.](#)