

COVID-19: Cargo movement update

Date: 19 February 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 26th update.

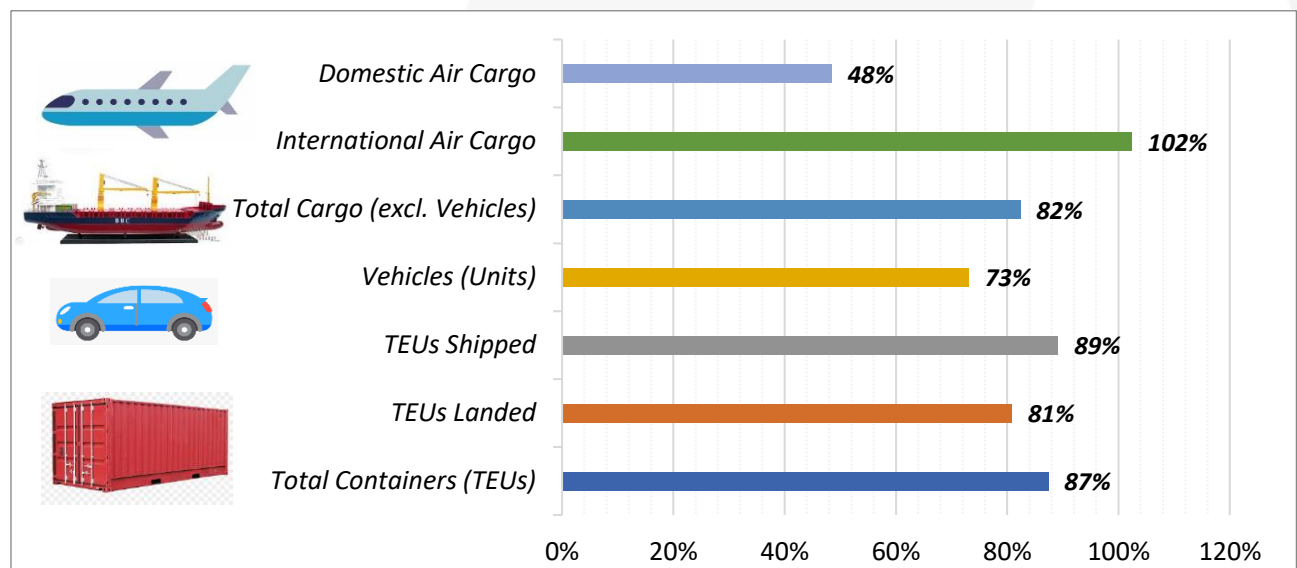
Weekly snapshot

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)	30 799	37 742	68 541	30 419	35 154	65 573	↑5%
Air Cargo (tons)	4 626	3 792	8 418	4 814	3 214	8 029	↑5%

Monthly snapshot

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



Key Notes

- An average of **~9,792 TEUs** was handled a day over the last week, **↑5%** from last week.
- Weekly international air cargo is **↑5%** and currently at **~113%** compared to the same time in 2020.
- Weekly domestic air cargo is **↑2%** and currently at **~39%** 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 Jan 2020 with Jan 2019).

- Regionally, the cross-border queue and transit times have an average of **~19.6 hours** and **~24 hours**, respectively, which has cost the transport industry an estimated **R725 million** for the week.
- The "World Container Index" increased this week by **↑1.1%** to **\$5,249.80** as recent challenges remain.

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 13 to 19 February⁴

7-day flow forecast (13.02.2021 - 19.02.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	1 808	3 781
DURBAN CONTAINER TERMINAL PIER 2:	13 816	14 351
CAPE TOWN CONTAINER TERMINAL:	8 016	10 160
NGQURA CONTAINER TERMINAL:	7 159	9 450
PORT ELIZABETH CONTAINER TERMINAL:	0	0
TOTAL:	30 799	37 742

Source: [Transnet](#), 2021. Updated 19/02/2021.

Table 3 - Container Ports - 7-day flow forecasted for 20 to 26 February⁵

7-day flow forecast (20.02.2021 - 26.02.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 153	4 796
DURBAN CONTAINER TERMINAL PIER 2:	13 240	14 450
CAPE TOWN CONTAINER TERMINAL:	7 230	11 550
NGQURA CONTAINER TERMINAL:	4 574	9 002
PORT ELIZABETH CONTAINER TERMINAL:	1 619	10
TOTAL:	31 816	39 808

Source: [Transnet](#), 2021. Updated 19/02/2021.

An average of **~9,792 TEUs** was handled per day for the last week (13 - 19 Feb, *Table 2*), with an increased average of around **~10,232 TEUs (↑5%)** expected to be handled for the next week (20 - 26 Feb, *Table 3*).

In general terms, the domestic maritime industry experienced another better week number-wise. However, the improved outlook does not yet make up for the weak overall figures registered for January, as container flows contracted by **↓15%** y-o-y (see [below](#)). Furthermore, numerous operational constraints persist (see [below](#)).

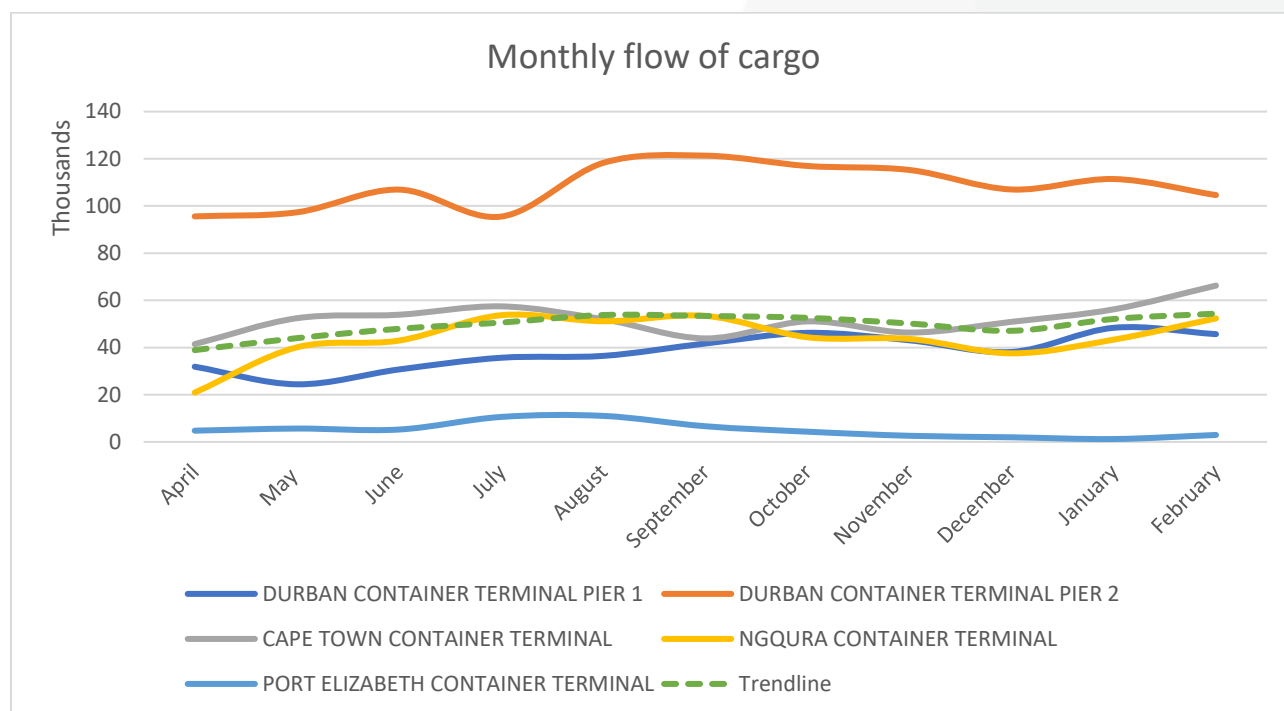


⁴ It remains important to note that a fair percentage (approximately 27% according to the most recent TNPA figures for November) of containers are neither to be imported nor exported, but rather consist of empties and transshipments. Due to container imbalances, this proportion is fluctuating more than usual, and will have increased since November.

⁵ As noted in *footnote 1*.

The following figure displays the rolling *monthly* average flows of total containerised cargo movement for 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)

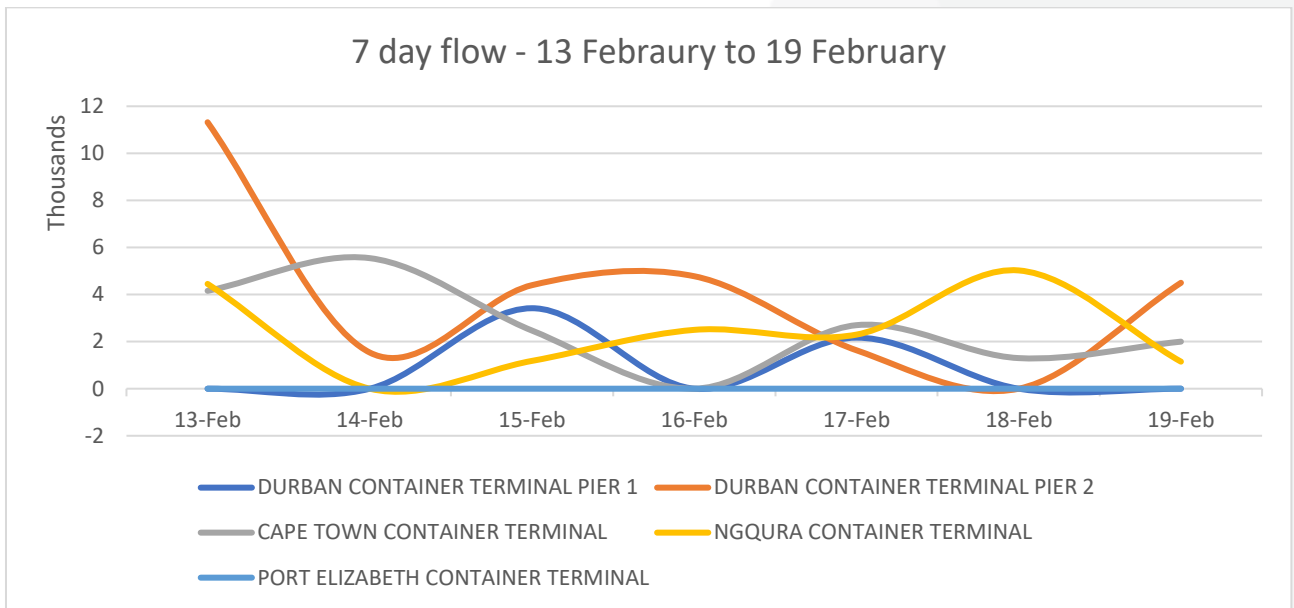


Source: Calculated using data from [Transnet](#), 2021. Updated 19/02/2021.

The figure shows that overall monthly container flows have been disappointingly steady since the initial increase experienced post the "hard lockdown" of, particularly April. Evidently, given the global container imbalances, port congestion and poor efficiency, there will be no "quick-fix" in store for South Africa.

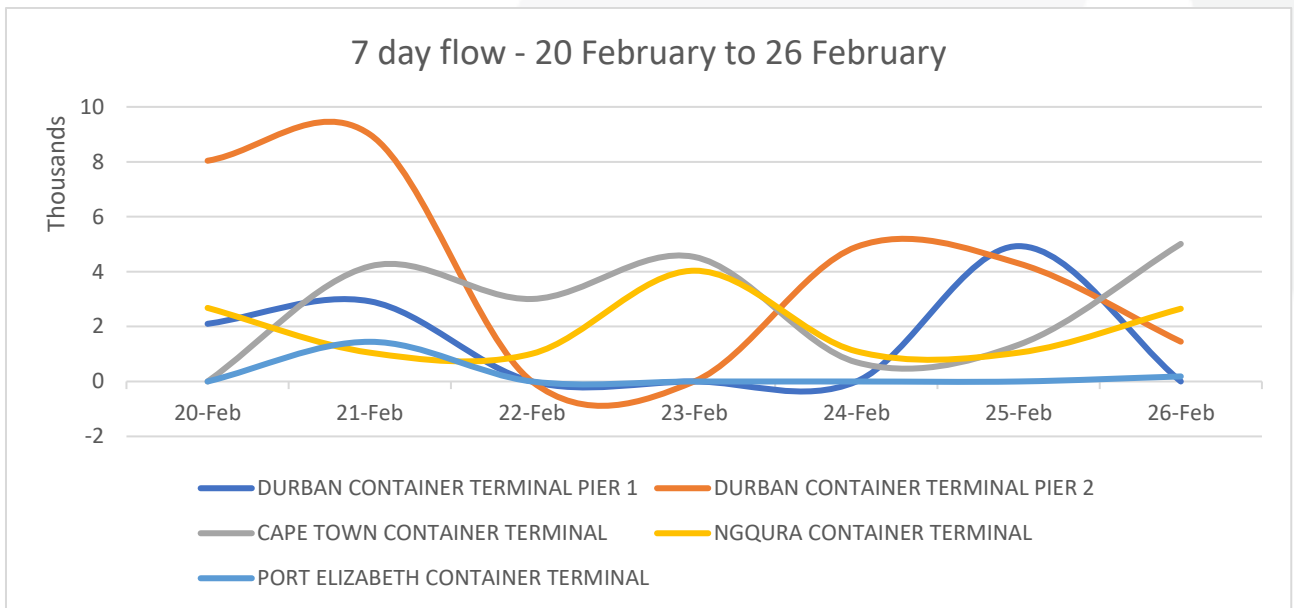
The figures below show the weekly container flows for the previous seven days and projections for the next seven days. The near-term forecast is favourable, albeit not spectacular. As mentioned in last week's reports, the industry is hopeful of increased public-private-partnerships and other positive changes aimed at turning the fortunes of South Africa's commercial ports around.

Figure 3 - 7-day flow reported for total cargo movement (13 to 19 February; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 19/02/2021.

Figure 4 - 7-day flow reported for total cargo movement (20 to 26 February; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 19/02/2021.

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 January of 2021, compared to the same month in 2020, as reported by TNPA⁶.

Table 4 - TNPA - Volume and growth: January 2020 versus January 2021

	Jan 2020	Jan 2021	Movement	Growth
Containers (TEUs)	347 651	295 383	52 268	-15%

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

Landed	174 955	141 451	33 504	-19%
Shipped	172 696	153 932	18 764	-11%
Vehicles (Units)	39 879	50 720	-10 841	27%
Total Cargo (excl. Vehicles)	19 647 103	16 178 338⁷	3 468 765	-18%

Source: [TNPA](#), updated 17/02/2021.

Firstly, Transnet changed its reporting format from last year. Therefore, the comparisons monthly and yearly comparisons will only really become meaningful in the future. Nonetheless, a few sobering observations from the table can be made. Most notably, we are yet to return to average volumes in January, except for the vehicle trade's positive return. Containerised cargo and other forms of bulk cargo remain worryingly low for this time of year. The following provides a more in-depth view of containerised cargo for the period.

Table 5 - TNPA - Volume: Jan 2020 versus Jan 2021: Containerised cargo

	2020			2021		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
LANDED:						
DEEPSEA	124 654	10 680	135 334	115 784	8 325	124 109
COASTWISE	331	3 921	4 252	264	1 642	1 906
TRANSHIPPED ⁸	29 807	5 562	35 369	7 594	7 842	15 436
TOTAL LANDED	154 792	20 163	174 955	123 642	17 809	141 451
SHIPPED:						
DEEPSEA	77 284	57 574	134 858	68 161	55 575	123 736
COASTWISE	367	4 560	4 927	180	2 428	2 608
TRANSHIPPED	29 755	3 156	32 911	20 965	6 623	27 588
TOTAL SHIPPED	107 406	65 290	172 696	89 306	64 626	153 932
GRAND TOTAL	262 198	85 453	347 651	212 948	82 435	295 383

Source: [TNPA](#), updated 17/02/2021.

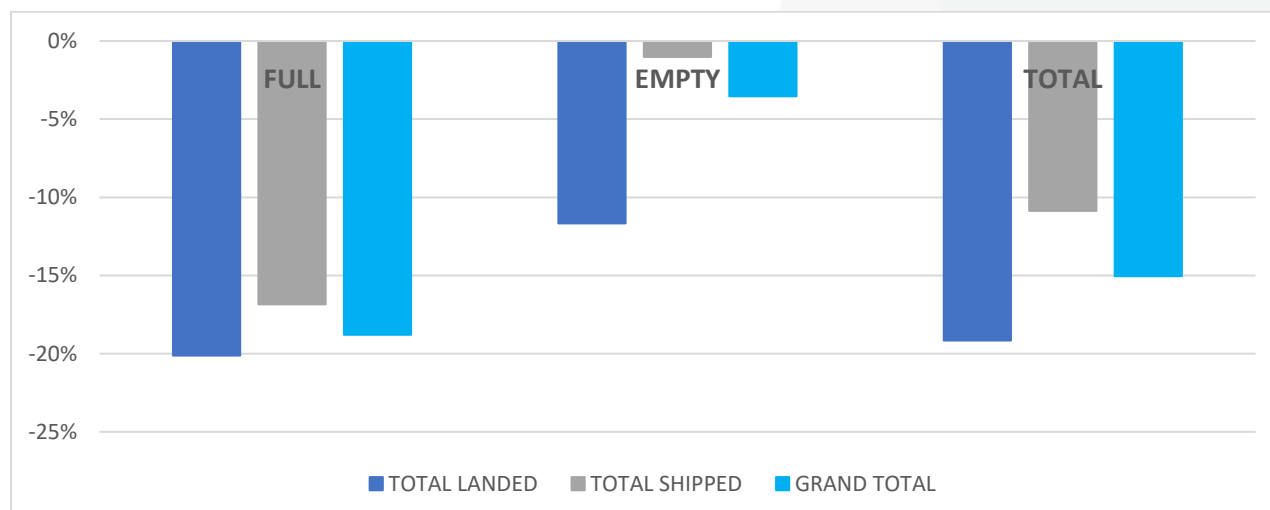
Noticeable in the table is the reduction in numbers experienced across the board, shown graphically in the following figure.



⁷ Transnet have changed their reporting format; therefore, dry bulk, liquid bulk and breakbulk is grouped together in "Total cargo".

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: Jan 2020 versus Jan 2021: Containerised cargo



Source: [TNPA](#), updated 17/02/2021.

When considering that the final capacity levels in 2020 amounted to ~90% compared to 2019, the start of 2021 does not provide a positive outlook for the year. It should also be noted that, contrary to the current experience since the re-introduction of level 3 lockdown, trade in January 2020 (and indeed February) was without restrictions. Therefore, it follows that a y-o-y contraction in January of **↓15%** does not bode well for the rest of the year. However, it must be said that the reduction is not surprising, given the challenging month experienced. Unfortunately, as the narrative below shows, many of the operational obstacles remain.

- **Summary of port operations**

An average of ~9,792 TEUs was handled per day for the last week (13 - 19 Feb), with an increased average of around ~10,232 TEUs (↑5%) expected to be handled for the next week (20 - 26 Feb). Some wholesale improvements in operations were made during the week; however, the industry remains cautious in the near-term. The following significant points were evident this week.

Weather delays

The wind played a significant role earlier in the week, as NCT experienced gusts of up to 50 knots (93km/h) per hour on Monday. Port Elizabeth was also affected, as was Durban – with gusts forecast at 47 knots (93km/h). NCT and Port Elizabeth improved on Tuesday, with Durban improving slightly later as the week went on. In Cape Town, wind also affected port operations, most notably earlier in the week, as five hours were lost on Monday. All these instances made for dangerous conditions for gantries and other lifting equipment and resulted in terminal closure, particularly in Durban as Pier 1 was windbound for 18 hours through Tuesday morning.

Durban Container Terminal (DCT)

The tug situation in Durban (and country-wide) remains a cause for concern. At one point over the weekend, Durban had only one operational tug due to staff absence and mechanical problems. Apart from vessels suffering delays; as a result, there are also safety concerns around the lack of tug support.

Due to the inclement weather, cartage bookings were suspended at Pier 2 on Tuesday, resulting in a considerable backlog of 575 trucks. Performance improved by the end of the week, as DCT Pier 2 registered a record in terms of gate moves at 3,918 TEUs with a reasonable truck turnaround time (TTT) of 85min inside the terminal while staging times lagged behind at 109min.

Cape Town Container Terminal (CTCT)

Contract Security workers went on strike on Monday, but this was luckily resolved by mid-afternoon. In addition to being affected by wind earlier in the week, matters were compounded further as CTCT lost three hours due to ranging, and there were also stoppages due to fog. Improvements are expected as sources have mentioned that equipment bids will be accepted by July 2021. Still, the lead times on delivery mean that there will be no immediate improvements from that source.

Even though some 16,000 containers were handled over the last working period, productivity remained very low at 16 GCH. Consequently, night runs were encouraged for landside operations, as a kilometre-long truck queue in the harbour area was experienced on Wednesday. Like DCT, port operations improved later in the week as CPT handled 3,174 TEUs waterside on Tuesday, with a total of 1,889 truck calls, which evidences a significant improvement.

Furthermore, the MPT had a good week, as did FPT, with a total of four vessels handled, with three more expected over the next few days. Finally, adding to the recent intermodal shift as reported last week, BELCON had three successful train runs, and more is expected from this operation, especially reefer cargoes.

Transnet Freight Rail (TFR)

On Monday, TFR reported one incident of overnight cable theft, which fortunately did not materially affect operations. On Tuesday, another cable theft at "India" (outside City Deep) was reported but quickly cleared. A backlog of import containers was registered at DCT, with an increased number of trains planned to alleviate the situation. There are still substantial backlogs of Botswana-bound containers.

General

TNPA made a virtual presentation on its plans for the Ports of Durban and Richards Bay as well as TFR on Wednesday. A notable feature of the presentation was Transnet's proposed plans to make transshipments 40% of their volume. This proposal would mean transshipments of over 1 million TEUs and implies that they are confident of becoming a central transshipment hub. Industry expresses a degree of scepticism since this is something that has been attempted in the past, with a notable lack of success. A multitude of reasons for the lack of success can be provided; however, here are the three main problem areas as noted by the industry:

- Tariffs remain uncompetitive, and carriers can switch hubs at a moment's notice, just as MSC did when they gave up on Ngqura.
- Port efficiency and productivity is uncertain, to say the least. Until Transnet show some sustained improvement in those areas, the industry cannot see any major carriers making the switch.
- Geographically South Africa is not in the best position, and with ports nearby improving, that gives the carriers some choice. Mauritius serves as a good example.

Ultimately, commercial port operations had a better working week compared to the previous two weeks. Nonetheless, as the numbers indicate, South African ports are some distance from being either productive

or competitive. There is some optimism in the industry following recent discussions, but this positive sentiment remains unfounded until some significant concrete steps are taken.

Air Update

a. International air cargo

The following table depicts the inbound and outbound air cargo flows to and from ORTIA for the week starting 8 February. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *February 2020* was about **854 139 kg** per day⁹.

Table 6 - International inbound and outbound cargo from OR Tambo

Flows	08-Feb	09-Feb	10-Feb	11-Feb	12-Feb	13-Feb	14-Feb
Volume inbound	417 109	225 939	577 999	362 126	346 699	314 475	993 899
Volume outbound	292 508	268 367	457 986	264 708	244 158	337 653	788 814
Total handled per day	709 617	494 306	1 035 985	626 834	590 857	652 128	1 782 713

Updated: 16/02/2021

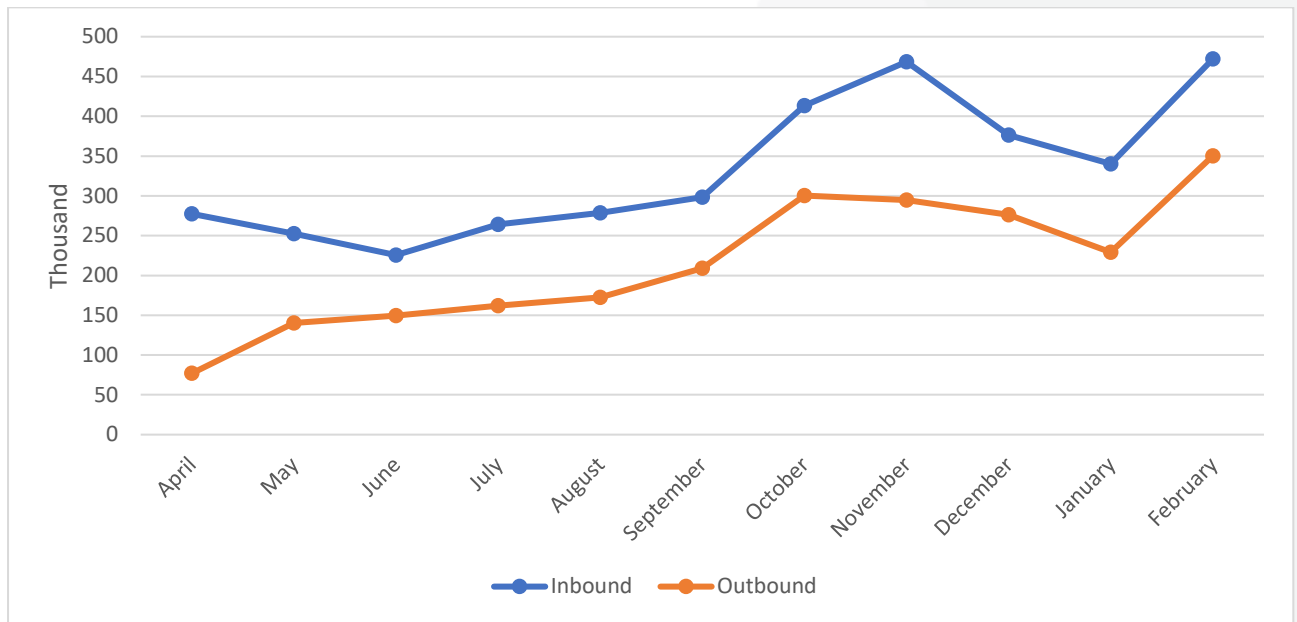
The daily average volume of air cargo handled at ORTIA over the seven days starting 8 February amounted to **462 607 kg** inbound and **379 171 kg** outbound. In total, that results in an average of **841 777 kg** per day, which is approximately **113%** compared to the two months before the lockdown period (compared to **~108%** last week).

The following figure shows the monthly international cargo handled at ORTIA since April last year. February has improved, especially considering that volume has passed the month of January in only 14 days (a positive trend).



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 **1 046 962 kg** per day.

Figure 6 - International inbound and outbound cargo from OR Tambo



Courtesy of ACOC. Updated: 16/02/2021.

Global air cargo traffic

The image below depicts international air traffic at around mid-morning of 19 February 2021. Flights remain dominated by cargo aircraft (and will continue to do so for the foreseeable future), as passenger aircraft are down by approximately 66%, and the outlook remains bleak (see [below](#)).

Figure 7 - Global air traffic: 19 February 2021



Source: [FlightRadar24](#), 19/02/2021, 09:00

Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the lockdown period, as reported by the industry. The table includes the main domestic hubs, with a summary for the other airports. For comparative purposes, the average domestic air freight cargo (inbound and outbound) for ORTIA handled *before* the lockdown period was approximately **75 000 - 90 000 kg** per day (calculated from industry feedback). For further comparisons, the average domestic air freight cargo (inbound and outbound) for ORTIA handled in *February 2020* was approximately **88 590 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
01-Feb-21	51 033	3 784	5 061	59 123	12 213	6 505	137 718
02-Feb-21	45 157	4 817	5 673	47 611	10 145	5 566	118 970
03-Feb-21	42 625	5 778	5 166	52 262	10 625	6 328	122 783
04-Feb-21	43 504	4 762	5 081	29 800	9 718	4 757	97 622
05-Feb-21	14 836	2 537	3 191	43 525	6 238	3 248	73 574
06-Feb-21	1 642	897	51	2 785	353	68	5 795
07-Feb-21	1 403	851	63	292	253	156	3 016
08-Feb-21	50 225	4 362	4 720	52 367	12 604	5 295	129 573
09-Feb-21	47 876	6 252	6 093	32 051	11 770	6 245	110 286
10-Feb-21	41 961	5 578	4 930	35 903	10 965	5 500	104 836
11-Feb-21	37 951	4 714	5 079	26 316	9 784	4 649	88 494
12-Feb-21	17 864	2 394	3 337	37 404	4 434	3 631	69 064
13-Feb-21	630	965	164	611	207	33	2 609
14-Feb-21	3 965	882	2	2 509	317	270	7 945
15-Feb-21	46 868	4 866	5 996	53 381	11 590	4 841	127 543
Grand Total	1 097 341	138 336	143 238	1 183 303	281 441	219 534	2 991 111

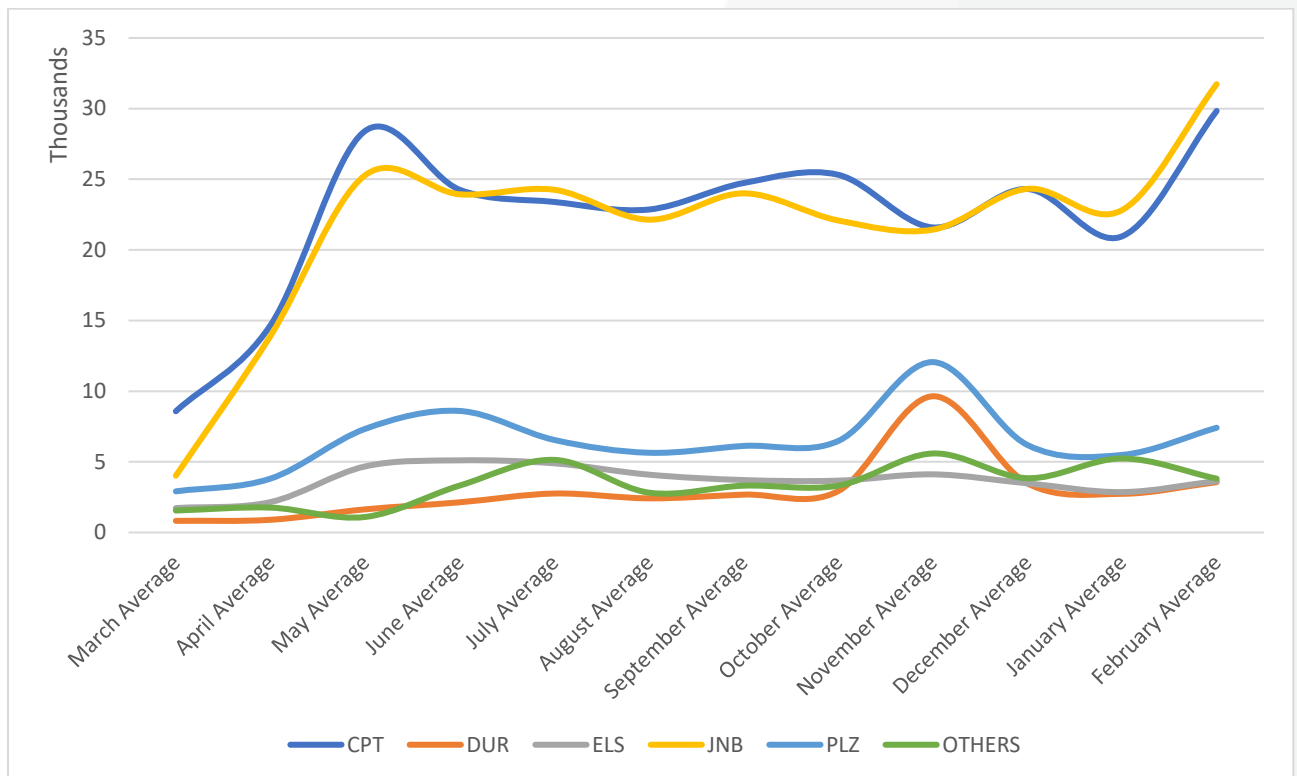
Courtesy of BAC. Updated: 16/02/2021.

The average domestic air cargo moved during the lockdown period has amounted to **~64 979kg** per day (**↑2%** compared to last week), which constitutes approximately **~38%**, compared to the previous year (**~39%** previous week). The following figure highlights the total monthly domestic air cargo moved per airport as per the table above. After domestic air cargo experienced a continued decline in recent months, a noticeable industry-wide increase has been noticeable so far in February. Although the short-term outlook is not

¹⁰ For Cape Town, the figure corresponds to **63 191 kg** per day, and **16 329 kg** per day for Durban during the same period (February 2020).

expected to improve whilst the operational curfew persists, the current numbers reported at least bode well for the medium-term. Note, February only includes 15 days' worth of cargo.

Figure 8 - Total domestic inbound and outbound cargo



Updated: 16/02/2021.

Southern Africa air traffic

The following image shows the air traffic across Southern Africa at around mid-morning of 19 February. The picture shows a significant increase since last week, which is a positive sign. Given that in-flight COVID-19 transmission is extremely rare, according to IATA¹¹, it seems that the public has started to adopt the positive sentiment and returned to flying. IATA notes that, since the start of 2020, there have been 44 confirmed or possible cases of COVID-19 associated with a flight. Over the same period, some 1.2 billion passengers have travelled. That equates to one case for every 27 million travellers.



¹¹ IATA. 06/11/2020. [Extremely low risk of viral transmission inflight.](#)

Figure 9 - Southern Africa air traffic: 19 February 2021



Source: [FlightRadar24](https://www.flightradar24.com), 19/02/2021, 09:00.

Regional update

a. Cross-border delays

Recent investigation has continued into cross-border delays experienced at several SADC border posts on the regional road freight front. The research utilises data from TLC and FESARTA, as well as GPS fencing data obtained from [Globaltrack](https://www.globaltrack.com). As mentioned before, 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.

Table 8 - Delays summary - North-South Corridor/Trans Kalahari Corridor/ Maputo Corridor

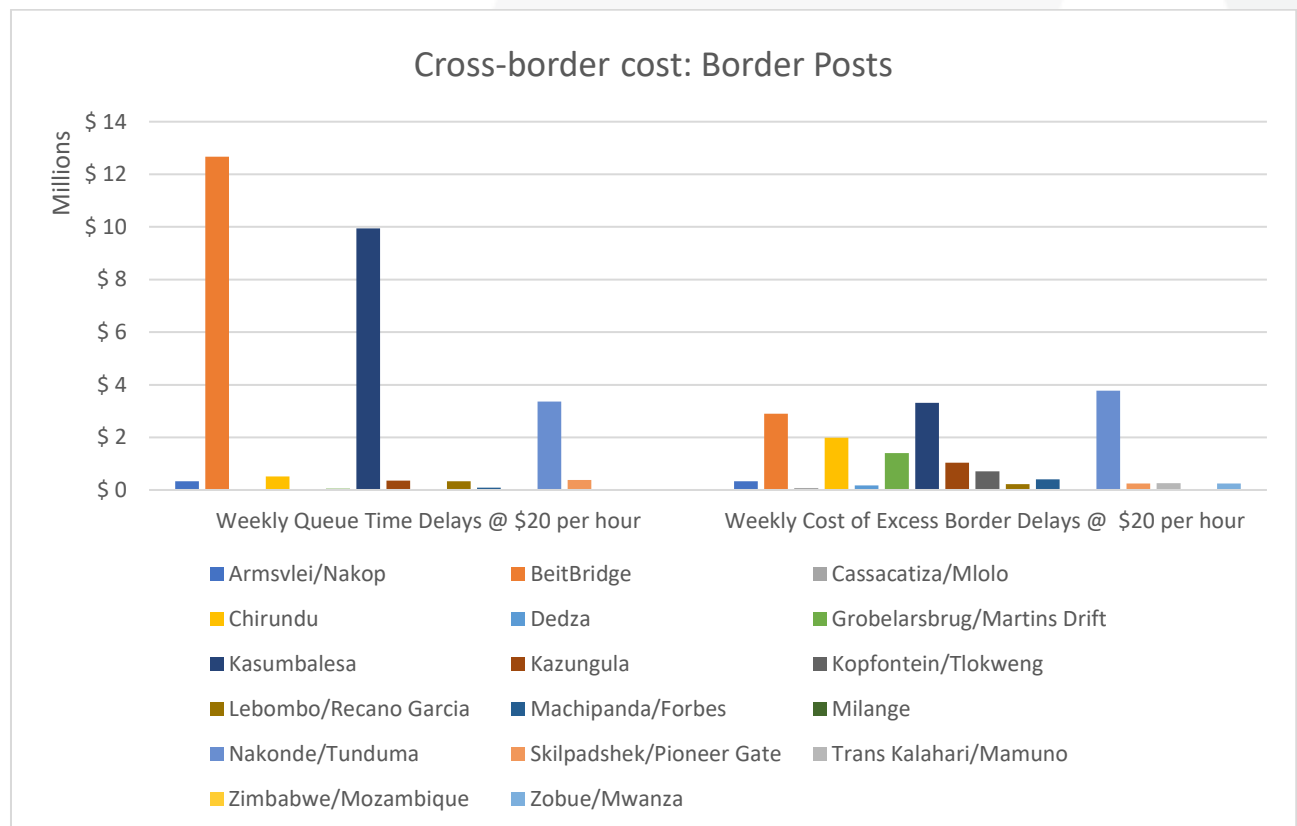
Countries	Border	Queue Time (hh:mm)	Border Time (hh:mm)	HGV Arrivals per day	HGV Tonnage per day	HGV Tonnage	HGV Arrivals	HGV Delay Hours	Queue Time Delays
Nam/SA	Ariamsvlei/Nakop	2:00	17:00	100	3 000	21 000	700	10 500	1 400
SA/Zim	BeitBridge	72:00	25:00	943	28 290	198 030	6 601	151 823	475 272

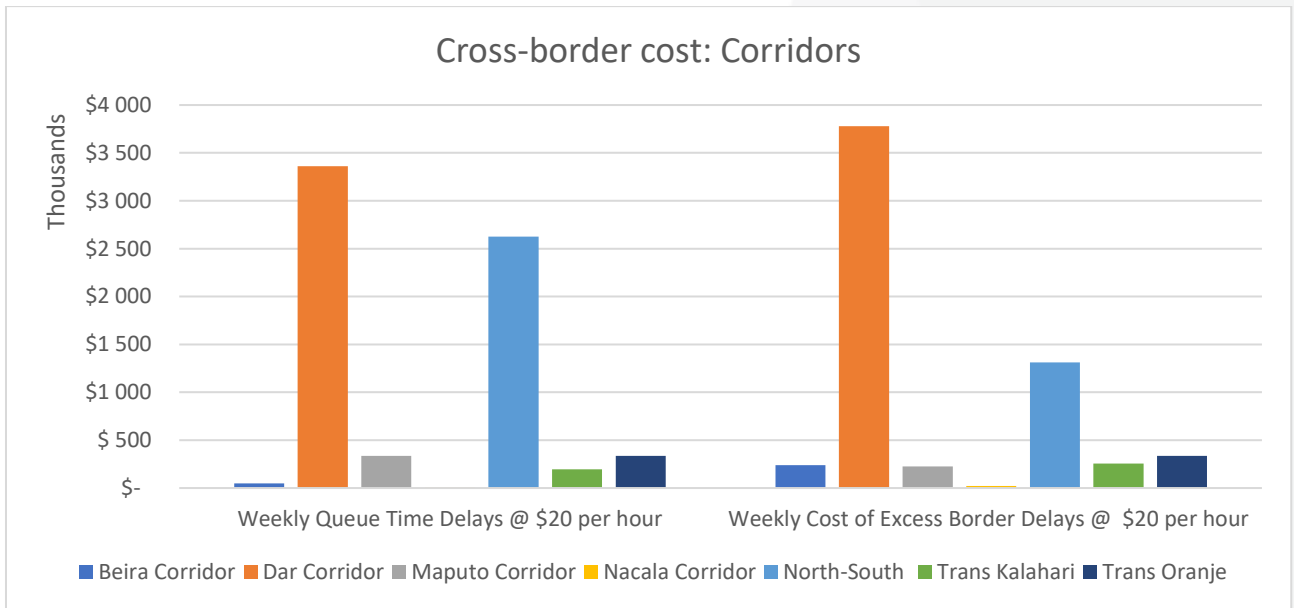
Moz/Zam	Cassacatiza/Mlolo	1:00	11:00	60	1 800	12 600	420	3 780	420
Zam/Zim	Chirundu	8:00	27:00	616	18 480	129 360	4 312	107 800	34 496
Moz/Mw	Dedza	2:00	26:00	50	1 500	10 500	350	8 400	700
SA/Bot	Grobelarsbrug/Martins Drift	1:00	24:00	400	12 000	84 000	2 800	61 600	2 800
Zam/DRC	Kasumbalesa	1:00	48:00	592	17 760	124 320	4 144	165 760	4 144
Zam/Bot	Kazungula	12:00	40:00	212	6 360	44 520	1 484	56 392	17 808
SA/Bot	Kopfontein/Tlokweng	3:00	38:00	100	3 000	21 000	700	25 200	2 100
SA/Moz	Lebombo/Recano Garcia	7:00	6:00	400	12 000	84 000	2 800	11 200	19 600
Moz/Zim	Machipanda/Forbes	2:00	12:00	320	9 600	67 200	2 240	22 400	4 480
Moz/Mw	Milange	0:30	7:00	30	900	6 300	210	1 050	105
Zam/Tza	Nakonde/Tunduma	48:00	6:00	500	15 000	105 000	3 500	14 000	168 000
Zim/Moz	Nymapanda	0:30	4:00	100	3 000	21 000	700	1 400	350
SA/Bot	Skilpadshek/Pioneer Gate	16:00	12:00	300	9 000	63 000	2 100	21 000	33 600
Nam/Bot	Trans Kalahari/Mamuno	2:00	22:00	110	3 300	23 100	770	15 400	1 540
Moz/Mw	Zobue/Mwanza	2:00	18:00	100	3 000	21 000	700	11 200	1 400
Total				4 933	147 990	1 035 930	34 531	688 905	768 215

Source: TLC & FESARTA, week ending 15/02/2021.

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

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

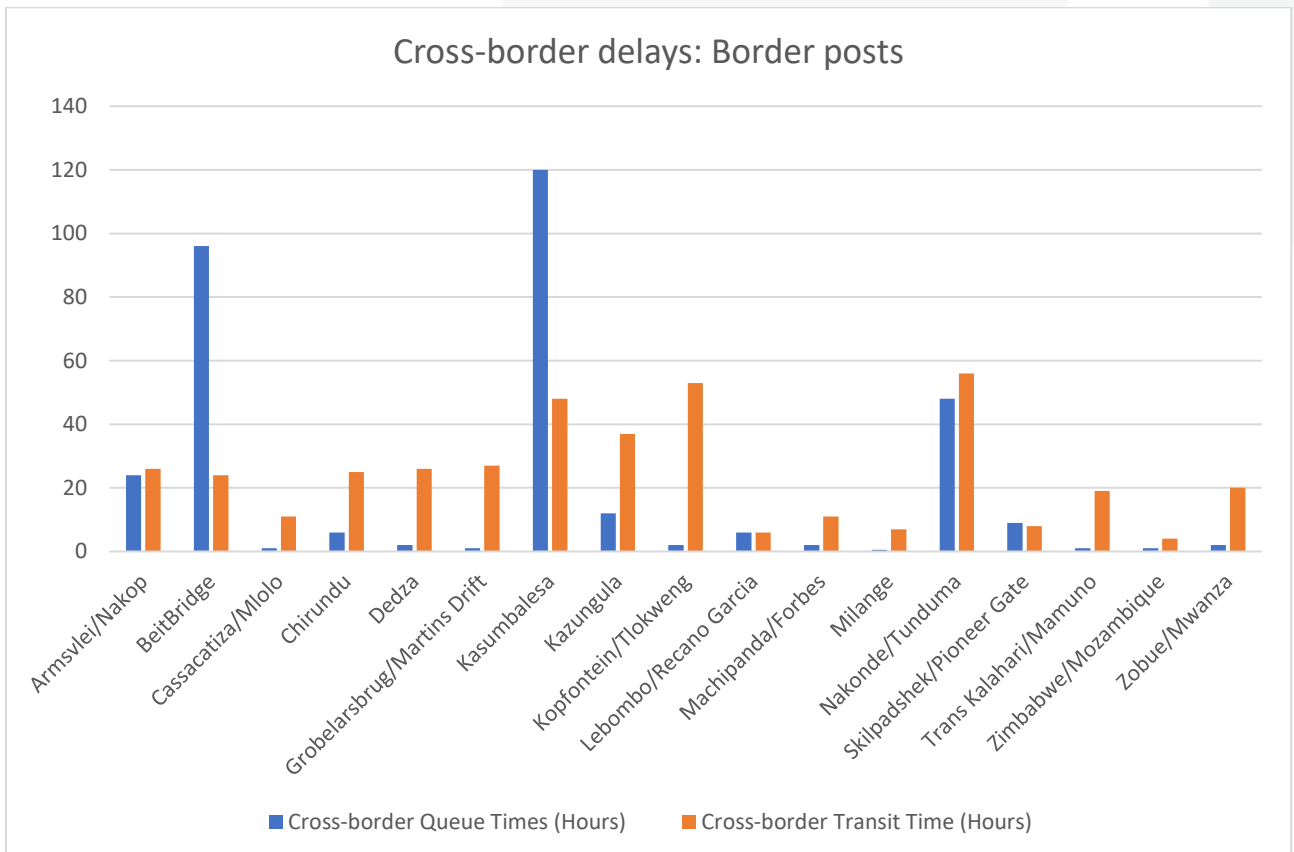


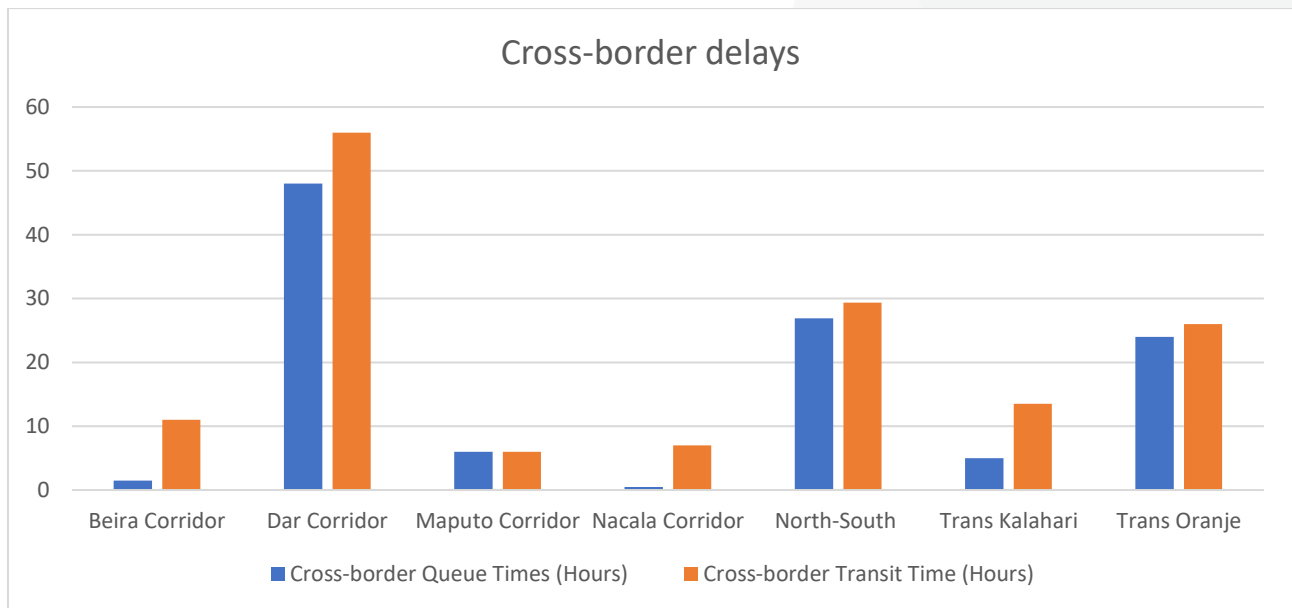


Source: TLC & FESARTA, week ending 15/02/2021.

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 11 - Cross border delays (in hours)





Source: TLC & FESARTA, week ending 15/02/2021.

In summary, the last week has been particularly difficult for cross-border trade. This week, serious cross-border delays were experienced throughout the Dar-es-Salaam corridor. On South Africa's most traded routes, severe cross-border transit delays were experienced on the North-South corridors as the existing blockages continue to hamper road freight in the region. The problems being encountered at Beit Bridge are evident in the tables above.

In summary, for this week, the cross-border queue time has averaged **~19.6 hours** (which is considerably higher than the previous weeks at **~10.6 hours**), which has cost the transport industry an estimated **\$28.2 million** (or **R450 million**). In comparison, the average cross-border transit time was an average of **~24 hours**, which has cost the transport industry an estimated **\$17.2 million** (or **R275 million**). The total cost for the week mentioned above amounts to an estimated **R725 million** (up by approximately **R260 million** since the end of January), which speaks volumes for the current state of cross-border transit. These issues have become typical of the region as volumes have steadily increased while handling capacity decreases.

1. International update

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

1. Global trade: UNCTAD

In their annual report, the United Nations Conference for Trade and Development (UNCTAD) released some trade and development trends from 2020¹². In summary, most of the highlights revolve around the impact of COVID-19 on the global economy:

- The value of global merchandise trade was predicted to drop by **↓5.6%** in 2020 compared with 2019.
- Despite this yearly drop, both Q3 and Q4 rebounded strongly.
- Global services trade was hit hardest by the pandemic, declining by **↓15.4%** in 2020 – the largest drop since 1990.

¹² UNCTAD. 16/02/2021. [Road to recovery](#).

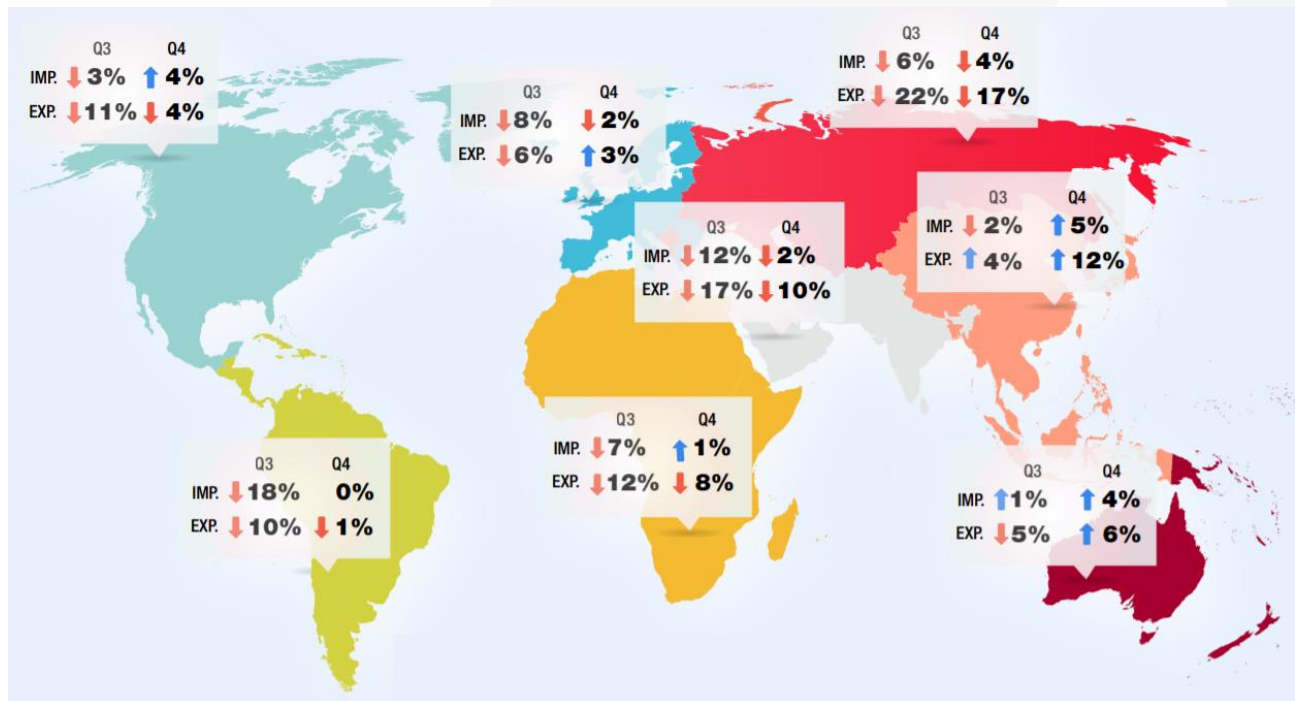
- FDI flows were **↓49%** for H1 in 2020, as lockdowns severely slowed many projects.
- A continued migration towards e-commerce was evident, as online purchases increased by **↑6-10%** across product categories.
- Tourism almost came to a standstill in 2020 and was estimated to slip to **\$3.3 trillion** or **4.2%** of global GDP. The decline amounts to lost revenues of **\$1.3 trillion**, putting between 100 and 120 million jobs in jeopardy.

Concerning South Africa's trade performance, the following points can be highlighted in UNCTAD's "Global Trade Update" for February¹³.

- South African goods exports in Q4 of 2020 increased by **↑15%** (on the back of a **↑1%** increase in Q3), leading to a gain in global market share.
- South African services exports, on the other hand, contracted by **↓64%** for Q4.
- Competitiveness gains were experienced in the minerals trade, with higher commodity prices having an influence.
- However, one of South Africa's major export sectors – motor vehicles – lost market share as exports declined by **↓37%** between January and November.

In summary, experience has been much like the rest of the world. The expected trade recovery of Q4 2020 has been very different across geographic regions. On a y-o-y basis, trade in goods originating from the East Asian region grew about 12% in Q4 2020, with goods imports increased by about 5%. In contrast, in Q4 2020, negative trends remained for goods exports originating from most other regions. The following figure illustrates the respective export and import growth rates for Q3 and Q4 regionally.

Figure 12 – Global trade in goods (Q3 and Q4 of 2020)



Source: [UNCTAD](#) estimates based on national statistics

UNCTAD notes that the trade recovery in the second half of 2020 has encompassed most commodity sectors, apart from those involving energy and transport. The value of trade in these two sectors was still about one-third lower in H1 of 2020 relative to 2019. Notably, while the trade recovery in Q3 2020 was primarily driven

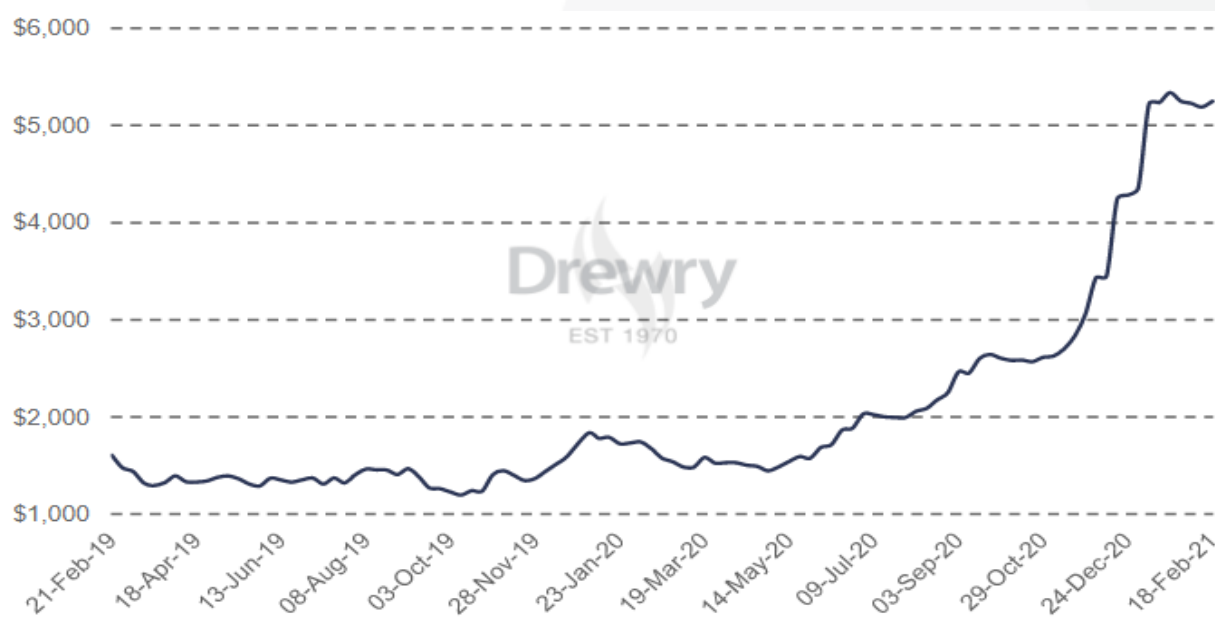
¹³ UNCTAD. 10/02/2021. [Global Trade Update](#).

by industries related to goods for which demand has increased because of COVID-19 (such as textiles, PPE and home office equipment), the recovery has been much more broad-based in Q4 2020, with trade in most sectors recording welcome growth.

2. Global container industry

International freight rates have appeared to stabilise after the slight reprieve in the last couple of weeks. According to Drewry, the UK-based maritime research and consulting firm¹⁴, the "World Container Index" (WCI) increased marginally by **↑1.1%** to **\$5,249.80** per 40ft container. In this context, it is worth noting that only an estimated **20-30%** of ocean freight carrier contracts are spot prices and, therefore, subject to the current stratospheric freight rates, according to McKinsey's recent analysis¹⁵. But there is no doubt that traders are at the mercy of the shipping lines in these trying times. All things considered, the extended industry hopes that these rocketing rates have not set a new benchmark. The following image shows recent changes.

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



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

The composite index is now up by **213.9%** compared with the same period of 2020. No significant changes were experienced across the major trade routes since last week. The current combination of container imbalances, port congestion and poor efficiency will keep rates high for the short-term. The average composite index of the WCI for year-to-date is **\$5,246** per 40ft container, which is **\$3,586** higher than the five-year average of **\$1,660** (up by **\$16** last week).

In line with the trend that has become evident during the last few weeks, it seems likely then that cargo owners will have to endure these very high freight rates for some time. Historically, the liner market has been very inelastic in terms of freight rates. While there is no evidence yet to suggest that higher transportation costs have impacted demand, cargo owners will soon have to consider moderating orders due to the severe delays. Fortunately, we might see some of the more outlandish 'premium' rates disappear much sooner. Nonetheless, Drewry expects the rates to remain on the high side next week.

¹⁴ Drewry Supply Chain Advisors. 18/02/2021. [World Container Index](#).

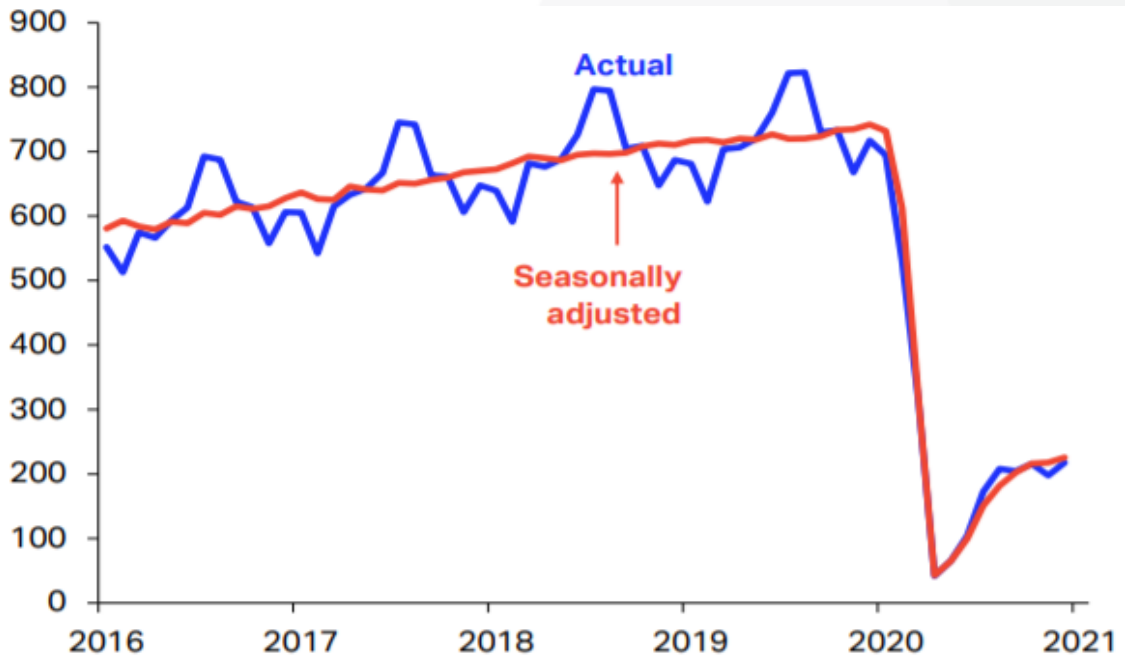
¹⁵ Boin, et. Al. 08/12/2020. [Getting the price right in logistics](#).



Global aviation industry

With overall industry-wide cargo tonne-kilometres (CTKs) falling by $\downarrow 10.6\%$ in 2020, the outlook is set to remain for the near future as passenger numbers are not picking up yet. IATA reports that the virus's global resurgence (with second and third waves experienced throughout the Northern Hemisphere particularly) and the related shutdowns halted the air travel recovery for Q4 of 2020. Consequently, in December, the industry-wide revenue passenger-kilometres (RPKs) fell by $\downarrow 69.7$ year-on-year, which was a similar contraction as in November (-70.4%) and October (-70.6%)¹⁶. The following figure summarises the current RPK levels.

Figure 14 – International RPK levels, actual and seasonally adjusted (billion per month)



Source: [IATA Economics](#)

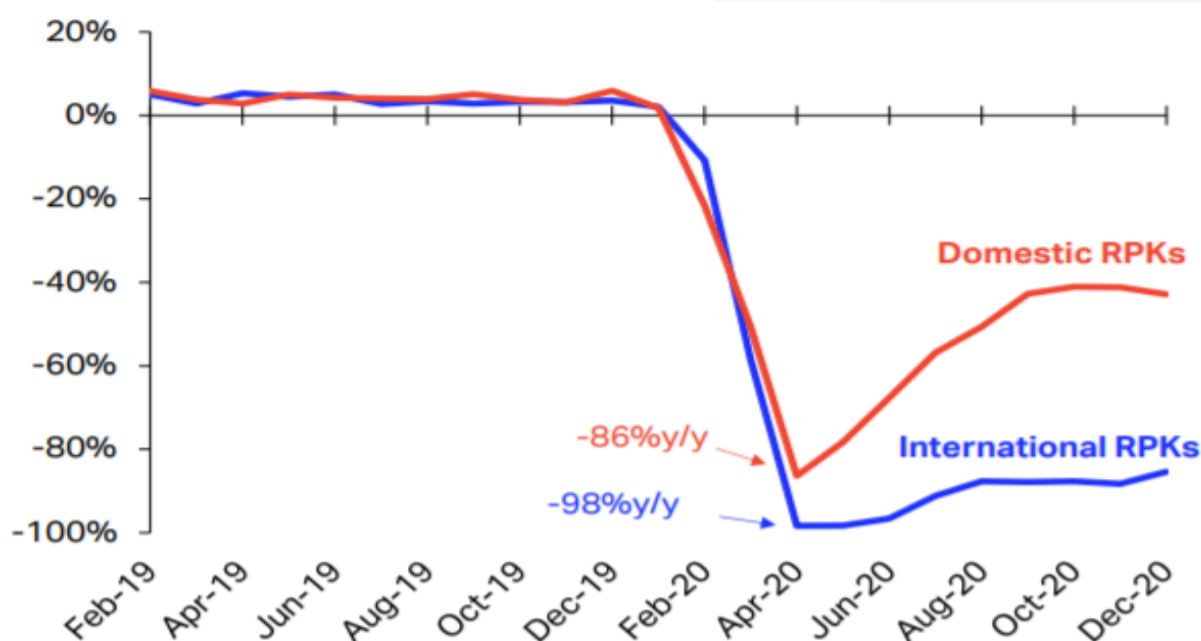
The recovery has primarily been driven by an increase in domestic flights instead of international flights. The experience has been similar in South Africa, as noted above. Since passenger aircraft's belly hold capacity typically account for **60%** of total international cargo capacity, the lack of international passenger flights will continue to hamper cargo volumes.

The following figure shows the disparity between domestic and international passenger recovery.

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¹⁶ IATA. 03/02/2021. [Air Passenger Market Analysis](#).

Figure 15 – Change in domestic and international RPKs, y-o-y.



Source: [IATA Economics](#)

As the figure above indicates, both domestic and international RPKs have been severely affected by the pandemic. Simply put, we are in unprecedented territory – far worse than the effects of 9/11 and the global financial crisis as far as passenger flights are concerned. Even though passenger sentiment appears to be improving, we are likely to see low volumes persist for the time being. Furthermore, as widespread restrictive policies remain in place, the medium to long-term outlook also appears bleak.

Conclusion

This update — *the 26th of its kind* — contains a consolidated overview of the South African supply chain and the current state of international trade. As the second wave of infections is clearly behind us, new cases of COVID-19 have continued to decrease markedly, averaging approximately **1,981** per day (down from **2,488** last week). South Africa remains at **16th** position globally, with the total number of cases recorded now amounting to **1,498,766**¹⁷ at the time of writing.

After last week's news revolving around AstraZeneca's poor trial results¹⁸, coupled with South Africa asking the SII to take back the 1-million vaccines¹⁹, better news can be divulged this week as the country finally commenced with its vaccine rollout programme²⁰. A keen eye will now be turned to the programme's progress, as the persistent hurdles experienced to date do not give rise to any optimism looking ahead. Globally speaking, more than **185 million** people have now been given at least one dose of vaccine, which constitutes **2.5%**²¹ of the world's population as of writing. The constituency vaccinated have now far

¹⁷ John Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#)

¹⁸ Cohen J. 08/02/2021. [South Africa suspends use of AstraZeneca's COVID-19 vaccine after it fails to clearly stop virus variant.](#)

¹⁹ Head, T. 16/02/2021. [SA asks India to 'take back' our one million AstraZeneca vaccines – report.](#)

²⁰ Bhekisisa Team. 17/02/2021. [8 things you should know about SA's J&J vaccine rollout.](#)

²¹ Our World in Data, Coronavirus (Covid-19) Vaccinations. [Our World in Data](#)

exceeded the total number of COVID-19 cases. Unfortunately, many scientists believe that the coronavirus is here to stay and will likely become endemic²².

An average of **~9,792 TEUs** was handled per day for the last week, with an increased average of around **~10,232 TEUs (↑5%)** expected for the next week. Weather-wise, most commercial ports were rebounding from severe delays early in the week to end the week on a more positive note. Collectively, some wide-ranging improvements in operations were made during the week. However, the industry remains cautious until such time as sustained improvements are demonstrated.

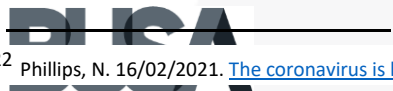
Internationally, the three-pronged impact of container imbalances, port congestion and low productivity continues to affect the container market, with their effects continuing into and past the Chinese New Year. Consequently, freight rates remain exceptionally high. Although some shipping lines have vowed to improve the situation, there has been no evidence of any improvement, and the outcry from trade persists. To avoid delays and relieve port congestion, carriers have committed to adjusting their operations down to fit in with the struggling landside operations, giving them space and time to get right. Of course, this means that cargo owners are hit by decreased port calls and longer transit times. Changes will involve more flexible services that avoid the most congested locations. Whether the carriers remain true to their commitment, only time will tell. Hopefully, South Africa will not see further reductions in sailing schedules, as our industry can ill afford any more maritime-related trials.

The viewpoint is somewhat better on the air cargo side as air cargo volumes to and from South Africa are slowly creeping up. The daily average volume of air cargo handled at ORTIA over the seven days starting 30 January amounted to **462 607 kg** inbound and **379 171 kg** outbound. In total, that results in an average of **841 777 kg** per day, which is approximately **~113%** compared to the two months before the lockdown period (compared to **~108%** last week). For the domestic industry, average domestic air cargo moved during the lockdown period has amounted to **~64 979 kg** per day (**↑2%** compared to last week), which constitutes **~39%**, compared to the previous year (**~37%** last week).

Despite the increased cargo handled, the aviation industry still has a long way to go to overcome the immense impact the pandemic had on volumes in the first half of 2020. This is in the context of the continued, and highly questionable, curfew on freighter flights persists. Globally, industry-wide revenue passenger-kilometres (RPKs) fell by **↓69.7** year-on-year in December, which has had a knock-on effect on cargo volumes. Since passenger aircraft belly hold capacity typically accounts for **60%** of total international cargo capacity, the lack of international passenger flights will continue to retard cargo volumes.

UNCTAD released some key figures for global trade for 2020 in its annual report concerning overall international trade. Merchandise trade in 2020 was predicted to **↓5.6%**, despite strong quarterly rebounds in both the third and fourth quarters. Services trade experienced its most extensive deterioration since 1990 and was hit hardest by the pandemic, declining by **↓15.4%** in 2020. On a sectoral level, tourism was hit the hardest. As was the South African experience, a significant amount of activity turned towards e-commerce, online purchases **↑6-10%** across product categories. In general terms, the outlook for 2021 at this stage sees a return to 2019 levels, although not across all sectors. Travel experts do not expect a return to pre-pandemic levels for the tourism industry before 2023²³.

Ultimately, the South African supply chain is caught in several critical crosscurrents. On the one hand, there is the crucial distribution of COVID-19 vaccines. On the other hand, there is a desperate need to increase


²² Phillips, N. 16/02/2021. [The coronavirus is here to stay — here's what that means](#). Nature 590, 382-384 (2021)

²³ Richter, F. 16/02/2021. [Tourism industry experts fear long road to recovery](#).

trade flows that have been lagging since the pandemic. The path to recovery will be a long one. Nevertheless, there are some positive signs which encourage optimism. Talk of terminal concessions and other public-private-partnerships are encouraging, as lifting the industry to the desired level will be a collective endeavour.

Simply put, the industry has been blighted by the constant unpredictability, low productivity, and poor upkeep of infrastructure, which has been evident across our transport systems. For these negative trends to be turned around, it will be necessary to improve management and leadership by the important role-players within all transport modalities. Additionally, these role-players need to focus on the port, rail and airport user needs and close the widening gap between the services rendered and the market requirements.