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COVID-19: Cargo movement update[1]

Date: 2 April 2021

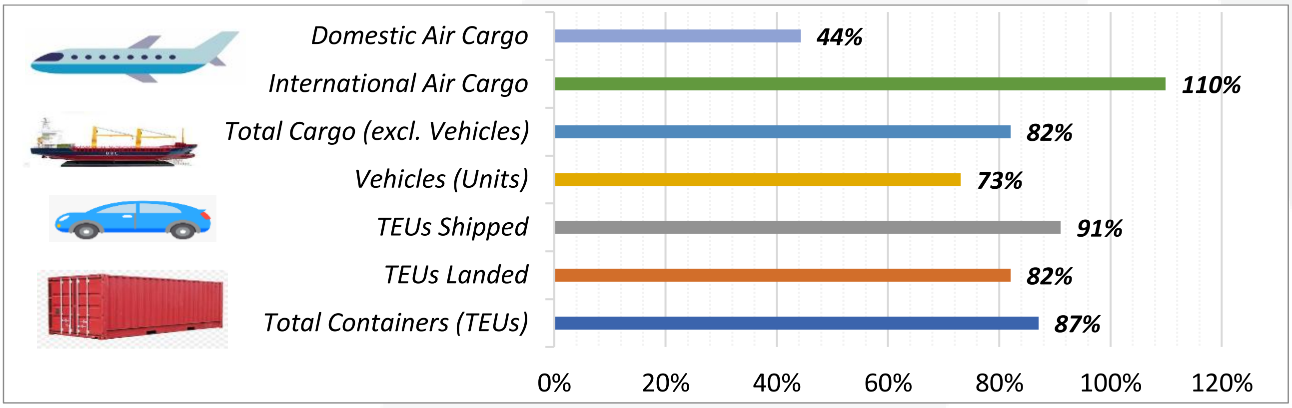
Weekly snapshot

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

Flows	Current[2]			Previous[3]			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	27 387	35 916	**63 303**	30 593	35 620	**66 213**	↓4%
Air Cargo (tons)	4 780	3 253	**8 033**	4 714	3 192	**7 905**	↑2%

Monthly snapshot

Figure 1 - Monthly[4] cargo flows, year-on-year



Year-to-date Tracker

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

Key Notes

- An average of **~9,043 TEUs** was handled a day over the last week, **↓4%** from last week.
- Weekly international air cargo is **↑2%** and currently at **~110%** compared to the same time in 2020.

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[1] This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. The report is the *32nd update*.
[2] *'Current'* means the last 7 days' (a week's) worth of available data.
[3] *'Previous'* means the preceding 8-14 days' (a week's) worth of available data.
[4] *'Monthly'* means the last full months' worth of available data compared to the same month in 2020 (Feb 2021 with Feb 2020).
[5] For ocean freight, Jan-Feb cargo as reported by Transnet is used; whereas for air freight, Jan-Mar cargo to and from ORTIA is used (see *below*).

- Weekly domestic air cargo is ↑**30%** and currently at **~44%** compared to the same time in 2020.
- Cross-border queue (**~7.9hrs**) and transit (**~22.6hrs**) times cost industry **R339 million** (↑**13%**) this week.
- The WTO expects world merchandise to increase by (↑**8%**) in 2021 after falling ↓**5.3%** in 2020.
- "*World Container Index*" = **$4,883.43** (↑**0.2%**); "*Global Container Throughput*" = **137.8** (↑**1.5%**).

Ports Update

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

Container flow overview

The following two tables indicate the container flows reported for the last seven days and those projected for the next seven days.

Table 2 - Container Ports - 7-day flow reported for 27 March to 2 April[6]

7-day flow forecast (27.03.2021 - 02.04.2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 107	5 450
DURBAN CONTAINER TERMINAL PIER 2:	12 541	14 548
CAPE TOWN CONTAINER TERMINAL:	6 537	9 707
NGQURA CONTAINER TERMINAL:	4 202	6 211
GQEBERHA CONTAINER TERMINAL:	0	0
TOTAL:	**27 387**	**35 916**

Source: Transnet, 2021. Updated 02/04/2021.

Table 3 - Container Ports - 7-day flow forecasted for 3 to 9 April[7]

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

Source: Transnet, 2021. Updated 02/04/2021.

An average of **~9,043 TEUs** was handled per day for the last week (27 Mar - 2 Apr, *Table 2*), with an increased average of around **~10,069 TEUs** (↑**11%**) expected to be handled for the next week (3 - 9 Apr, *Table 3*).

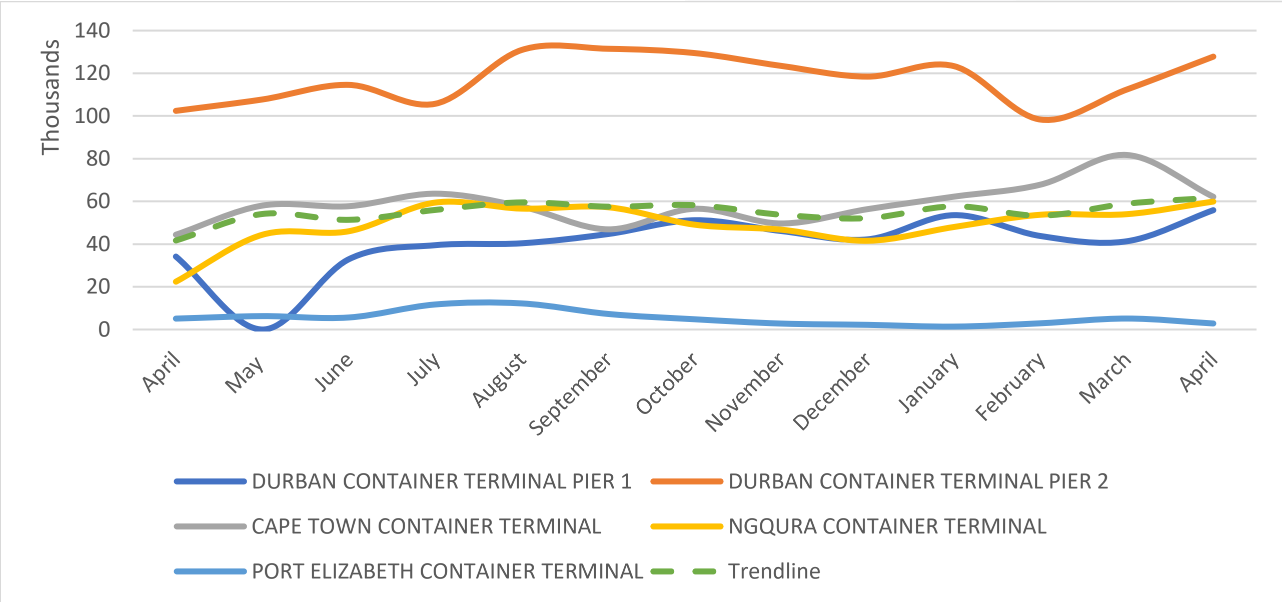
In general terms, the numbers reported have been relatively stable of late. The immediate outlook appears more hopeful, especially with the upcoming citrus season and further reports of anticipated record

[6] 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 transhipments. Due to container imbalances, this proportion is fluctuating more than usual, and will have increased since December.
[7] As noted in *footnote 1*.

harvests[8]. Therefore, it seems as if the worst may now be behind us (see the summary below). Nevertheless, with the global shipping industry's challenges due to the Suez Canal backlog and its aftermath (see the global situation below), the upturn in sentiment remains cautious.

The following figure displays the rolling *monthly* average flows of total containerised cargo movement for our commercial ports since the start of the nation-wide lockdown.

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



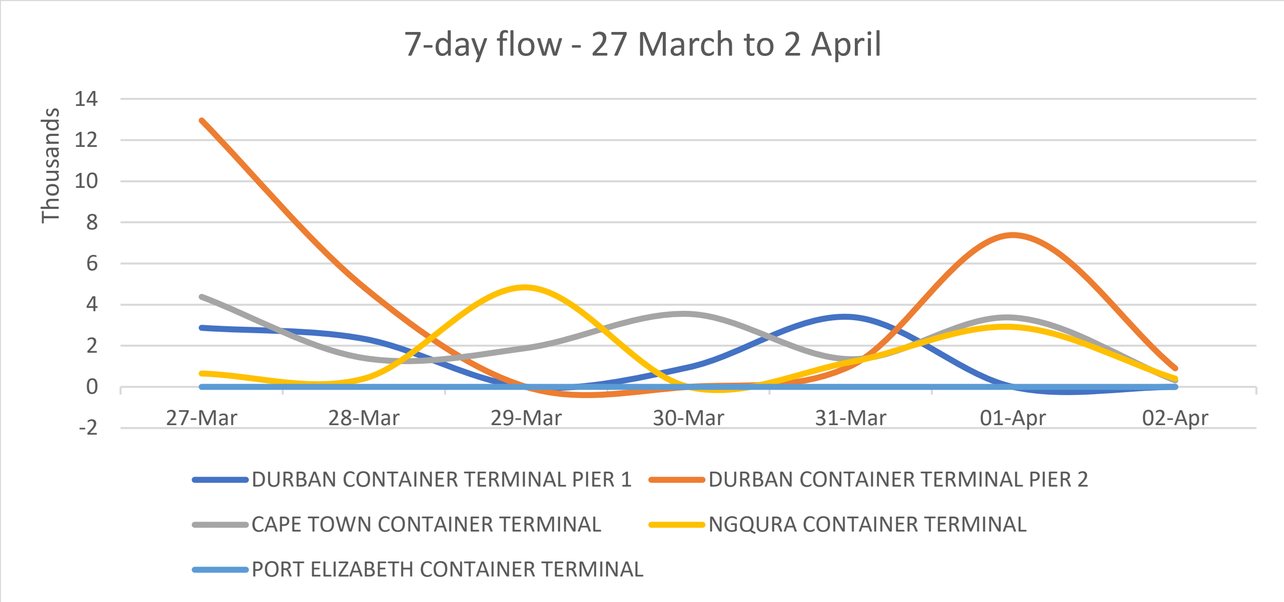
Source: Calculated using data from Transnet, 2021. Updated 02/04/2021.

The updated figure highlights the recent upturn in containers reported at DCT Pier I and II, respectively. The low numbers handled at DCT Pier 2 were cause for concern, as CTCT managed more containers than DCT Pier II at times during the last two months. It appears that some stability has now returned to our biggest container terminal.

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 another better week ahead.

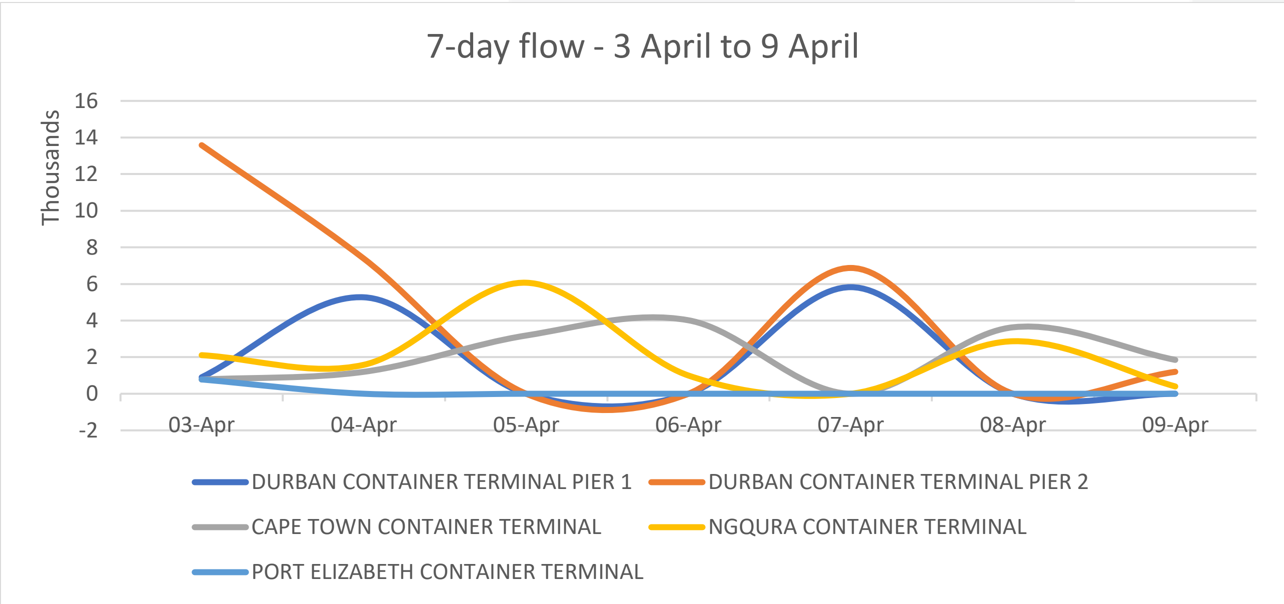
[8] Majola, G. 29/03/2021. Transnet port gears up for another record citrus season.

Figure 4 - 7-day flow reported for total cargo movement (27 March to 2 April; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 02/04/2021.

Figure 5 - 7-day flow reported for total cargo movement (2 to 9 April; per port; day-on-day)



Source: Calculated using data from the [Transnet](#) updates, 2021. Updated 02/04/2021.

Summary of port operations

An average of **~9,043 TEUs** was handled per day for the last week, with an increased average of around **~10,069 TEUs** (↑11%) expected to be handled next week. The following points were noted during the week, and it is pleasing that there are fewer problem areas and blockages on which to report once again.

Weather delays

Port operations enjoyed a relatively calm week weather-wise. In Durban, moderate to strong NE winds were expected at the start of the week, switching to moderate to strong S winds for the remainder of the week. In Cape Town, the weather delays were minimal at 14 hours due to wind and fog. The wind forecast included light to moderate winds expected for much of the week, with strong SE winds predicted on Thursday afternoon and throughout the evening. For the Eastern Cape ports, moderate to strong E and S winds were expected at the start of the week easing as the week progresses. All-in-all, the weather did not affect operations in any significant way throughout the week.

Cape Town Container Terminal (CTCT)

Positive reports were received from Cape Town, as the terminal has caught up and cleared the backlog of vessels. The terminal handled a record of ~16,200 TEUs for the last week. Nevertheless, the industry will not be lulled into a false sense of security by improving performance, as fewer vessel calls were made, coupled with some vessel bypasses. On the equipment front, we can report that between 17 and 20 RTGs were operational during the week, out of a complement of 28.

On the other side of the port, Cape Town MPT struggles with very low productivity, as one mobile harbour crane is out of action, and the other suffered breakdowns during the week. Work with ships gear was extremely slow for the week. Due to the long delays at the MPT, some vessels have opted to be serviced at FPT, and CTCT also assisted by taking three vessels during the week. The situation at MPT remains a real cause for concern for trade using the AMEX US service.

Durban Container Terminal (DCT)

At DCT Pier II, the previously reported large volumes during the week and the short working week have put pressure on all parties in the chain. More than 27,000 TEUs were handled during the week, with approximately another 10,000 handled at DCT Pier I.

Furthermore, there were concerns amongst the harbour carriers around driver availability over the weekend. There is a long history of the Easter break bringing congestion to our ports. Pier I raised the historic complaint of over 50% of exports arriving on the last day of stack, putting real pressure on the Pier's productivity. Some of the industry's shortcomings in this respect are related to the industry working a 5-day week whilst most other parties in the supply chain work 24/7.

Eastern Cape Container Terminals

NCT also reported a good week, with more than 10,000 TEUs handled, including an excellent day on Wednesday, handling 3,208 boxes, which is close to a record there. Another stellar week is forecast for next week, with more than 14,000 boxes predicted.

Transnet Freight Rail (TFR)

Earlier in the week, TFR once again reported significant theft of cable on the NATCOR line, with 13 export trains at City Deep waiting for the line to be reopened. Consequently, short shipments appeared inevitable. Luckily, the trains did eventually move later in the week. Nonetheless, as predicted, these delays resulted in the fact that 99 containers (about two trainloads) were short shipped on the MV Ital Liberia. This incident deals another damaging blow to South Africa's reputation as a reliable supplier of exported products.

In Cape Town, the BELCON line once again ran one train per day during the week. Although this provides some welcome relief, it should be noted that the volumes that can be handled there are relatively insignificant, and the added cost must be borne by the cargo owner.

In other rail-related news for the week, the Transport Forum hosted the African Rail Industry Association (ARIA) for its AGM on Wednesday. Some of the scheduled guest speakers included the ministers of DPE and DOT. Unfortunately, minister Fikile Mbalula failed to turn up. The theme was the "*Relaunch and Future of Rail in Africa*", which the broader industry has welcomed as an extremely important topic. But it must be said that until attacks on the rail infrastructure are ended and poor efficiency is reversed, there would appear to be little prospect of any meaningful improvement or increase in general cargo moving to rail. A striking case in point is TPT's exploring the possibility of railing Botswana containers to City Deep for on-carriage by road. This situation speaks volumes about the poor state of our rail system.

General

Some good news is the purchase of four hydraulic tension units for CTCT and two for NCT. The installation date for CTCT is September 2021, and this equipment should go a long way towards solving the problem of surging and ranging. It is a pity that installation will only take place at the end of winter, which is when this phenomenon is at its worst. The temporary truck staging area will be implemented by July 2022, and the long-term permanent area in 2026.

Air Update

- **International air cargo**

The following table depicts the inbound and outbound air cargo flows to and from ORTIA for the week starting 22 March. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in *March 2020* averaged about **731 309 kg** per day[9]. To put this reduction in perspective, one needs to consider that the start of lockdown was around the end of March 2020.

Table 4 - International inbound and outbound cargo from OR Tambo

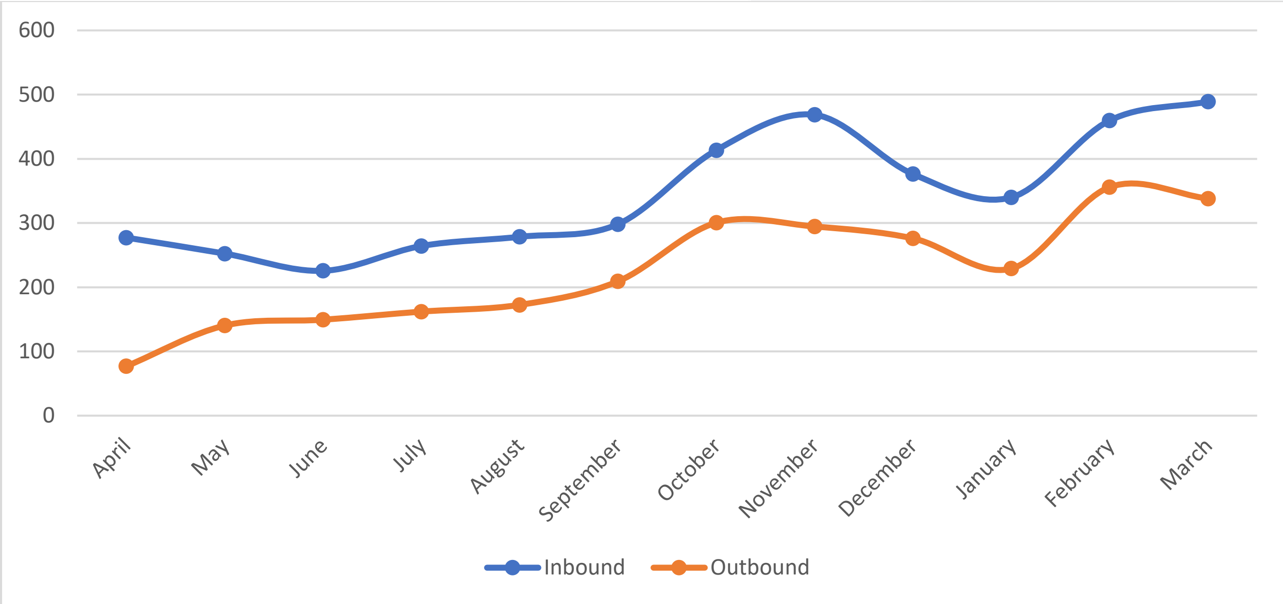
Flows	22-Mar	23-Mar	24-Mar	25-Mar	26-Mar	27-Mar	28-Mar
Volume inbound	410 419	429 728	418 493	481 120	363 376	376 254	866 605
Volume outbound	228 671	379 127	249 316	258 069	246 745	299 286	615 971
Total handled per day	**639 090**	**808 855**	**667 809**	**739 189**	**610 121**	**675 540**	**1 482 576**

Courtesy of ACOC. Updated: 30/03/2021

The air cargo numbers reported here show a typical week for this time of year. The daily average volume of air cargo handled at ORTIA over the seven days starting 22 March amounted to **477 999 kg** inbound and **325 312 kg** outbound. This gives a total average of **803 311 kg** per day, approximately **~110%** compared to March 2020 (and **~90%** compared to March 2019). The following figure shows monthly international freight movement at ORTIA during the state of disaster, with volumes generally trending upwards in the last few months.

[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: 30/03/2021.

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 *March 2020* was approximately **89 060 kg**[10] per day.

Table 5 - Total domestic inbound and outbound cargo

DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
Mar Average	**8 581**	**823**	**1 728**	**4 020**	**2 912**	**1 555**	**19 619**
Apr Average	**14 664**	**900**	**2 152**	**13 911**	**3 814**	**1 760**	**35 956**
May Average	**28 421**	**1 639**	**4 677**	**25 282**	**7 333**	**1 099**	**58 064**
Jun Average	**24 256**	**2 137**	**5 105**	**23 935**	**8 601**	**3 324**	**63 236**
Jul Average	**23 395**	**2 759**	**4 896**	**24 255**	**6 550**	**5 139**	**63 116**
Aug Average	**22 860**	**2 418**	**40 93**	**22 142**	**5 643**	**2 819**	**59 559**
Sept Average	**24 735**	**2 682**	**3 712**	**24 003**	**6 126**	**3 315**	**64 572**
Oct Average	**25 317**	**2 931**	**3 552**	**22 085**	**6 475**	**3 315**	**63 676**
Nov Average	**21 592**	**9 641**	**4 117**	**21 434**	**12 060**	**5 592**	**73 698**
Dec Average	**24 311**	**3 475**	**3 480**	**24 326**	**6 194**	**3 845**	**65 630**
Jan Average	**20 961**	**2 739**	**2 859**	**22 818**	**5 491**	**5 238**	**57 781**
Feb Average	**27 777**	**3 537**	**3 427**	**30 117**	**6 988**	**3 503**	**75 348**
1-15 Mar Average	**28 818**	**3 460**	**3 894**	**31 062**	**7 641**	**3 624**	**78 498**
16-Mar-21	40 878	5 051	6 443	40 586	10 260	5 682	**108 899**
17-Mar-21	39 717	6 266	5 763	48 885	12 124	5 378	**118 134**
18-Mar-21	41 901	5 675	5 834	37 230	10 782	4 702	**106 125**
19-Mar-21	19 652	2 653	3 344	38 100	5 062	3 893	**72 703**

[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).

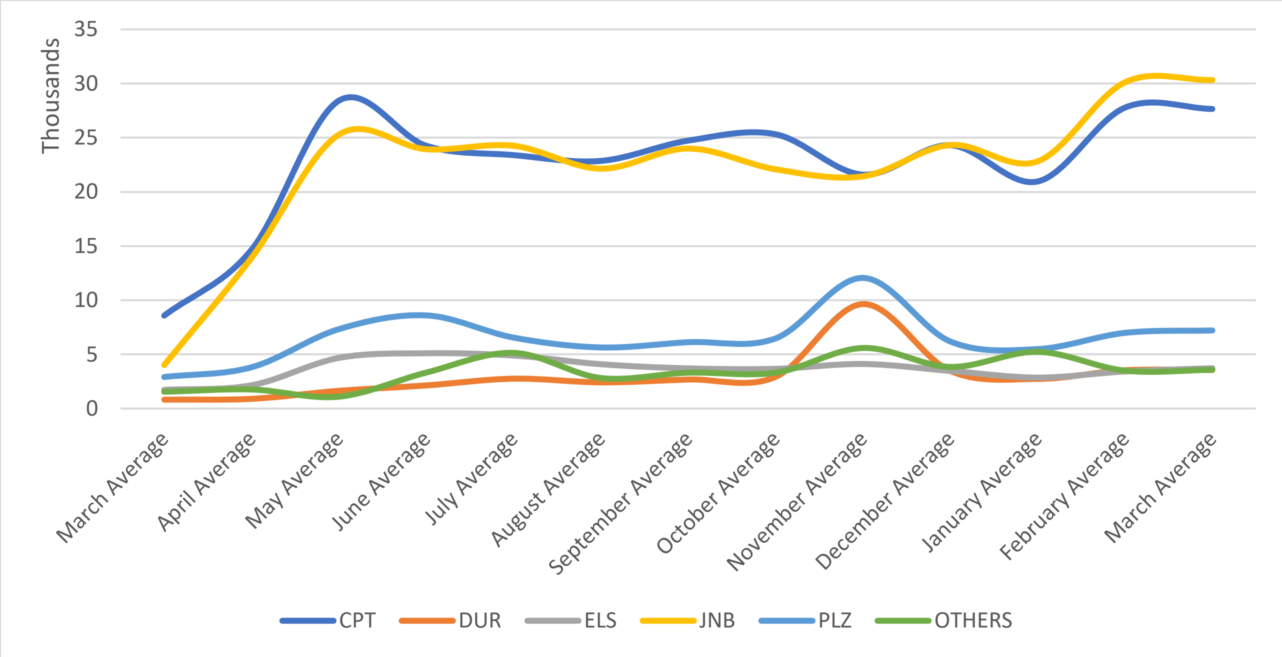
20-Mar-21	2 852	746	31	1 713	642	84	**6 068**
21-Mar-21	2 748	494	226	643	630	585	**5 325**
22-Mar-21	10 988	485	105	17 600	869	284	**30 331**
23-Mar-21	43 384	6 989	6 482	48 689	10 927	6 934	**123 406**
24-Mar-21	47 737	6 255	6 378	53 739	11 672	6 964	**132 745**
25-Mar-21	45 073	6 068	6 465	31 186	10 479	4 946	**104 217**
26-Mar-21	18 655	2 458	2 968	28 462	6 011	3 626	**62 178**
27-Mar-21	2 048	1 733	1	1 791	144	19	**5 735**
28-Mar-21	2 290	872	27	2 956	289	448	**6 881**
29-Mar-21	51 795	5 554	5 660	61 866	14 693	5 823	**145 390**
Grand Total	**2 229 552**	**287 119**	**292 708**	**2 430 013**	**575 086**	**292 105**	**6 106 582**

Courtesy of BAC. Updated: 30/03/2021.

Currently, the average domestic air cargo moved during March has amounted to **~82 936 kg** per day (**↑30%** compared to last week), which constitutes approximately **~44%** compared to the same time the previous year (**~34%** the previous week) and around **~45%** compared to the same time in 2019. At this juncture, it is worth pointing out that the comparative figures for the domestic air cargo for 2019 and 2020 include the airlines' domestic trucking data. Consequently, the comparative figures are somewhat inflated for 2019 and 2020, therefore distorting the picture to a degree. The team is working on segmenting the numbers to provide a more transparent view in subsequent reports.

The following figure highlights the total monthly domestic air cargo moved per airport as per the table above, with a noticeable uptick in volumes for both CPT and JNB in recent weeks.

Figure 7 - Total domestic inbound and outbound cargo



Courtesy of BAC. Updated: 30/03/2021.

Regional update

- **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 6 - Delays[11] 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
Nam/SA	Ariamsvlei/Nakop	1:00	17:00	100	3 000	21 000	700	10 500	700
SA/Zim	Beit Bridge	12:00	24:00	943	28 290	198 030	6 601	145 222	79 212
Moz/Zam	Cassacatiza/Mlolo	1:00	8:00	60	1 800	12 600	420	2 520	420
Zam/Zim	Chirundu	6:00	28:00	616	18 480	129 360	4 312	112 112	25 872
Moz/Mal	Dedza	1:00	28:00	50	1 500	10 500	350	9 100	350
SA/Bot	Groblersbrug/Martins Drift	1:00	12:00	400	12 000	84 000	2 800	28 000	2 800
Zam/DRC	Kasumbalesa	0:00	53:00	592	17 760	124 320	4 144	165 760	0
Zam/Bot	Kazungula	72:00	67:00	212	6 360	44 520	1 484	96 460	106 848
SA/Bot	Kopfontein/Tlokweng	2:00	28:00	100	3 000	21 000	700	18 200	1 400
SA/Moz	Lebombo/Ressano Garcia	0:00	8:00	320	9 600	67 200	2 240	13 440	19 600
Moz/Zim	Machipanda/Forbes				0	0	0	0	0
Mal/Zim	Mchinji/Mwame	0:00	1:00	30	900	6 300	210	0	0

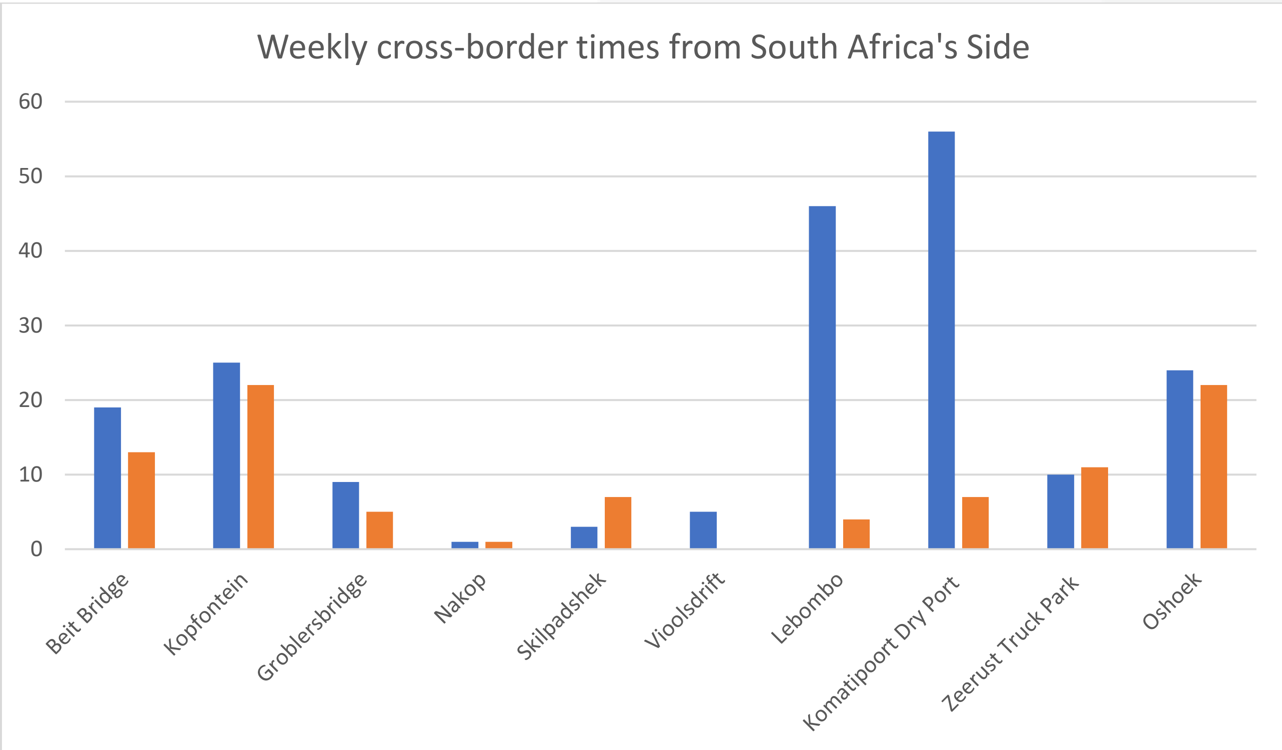
[11] It should be noted that the root cause of the reported delays is uncertain at this point. Moreover, the delays can be multiple and widely distributed. Therefore, they cannot be exclusively attributed to a specific common cross-border constraint since we do not have a transparent view of the entire 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.

Moz/Mal	Milange	16:00	18:00	500	15 000	105 000	3 500	56 000	0
Zam/Tan	Nakonde/Tunduma		7:00		0	0	0	0	56 000
Nam/SA	Noordoewer/Vlooisdrift	1:00	73:00	110	3 300	23 100	770	54 670	0
Nam/Ang	Oshikango/Santa Clara	0:00	6:00	100	3 000	21 000	700	2 800	0
SA/Bot	Skilpadshek/Pioneer Gate	7:00	2:00	400	12 000	84 000	2 800	0	0
Nam/Bot	Trans Kalahari/Mamuno				0	0	0	0	0
Zim/Moz	Nymapanda				0	0	0	0	25 200
Moz/Mal	Zobue/Mwanza	12:00	9:33	300	9 000	63 000	2 100	15 393	770
				4 933	**147 990**	**1 035 930**	**34 531**	**740 467**	**320 572**

Source: TLC & FESARTA, week ending 29/03/2021.

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

Figure 8 – Weekly cross-border delays from the South African side

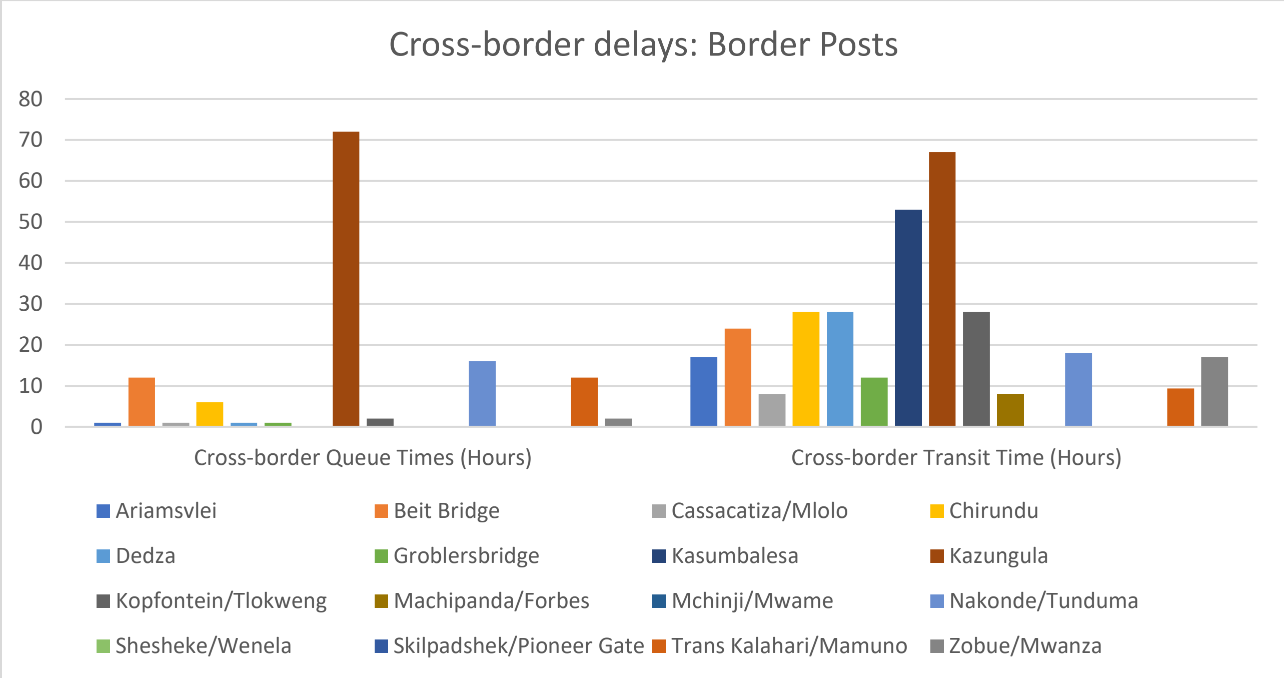


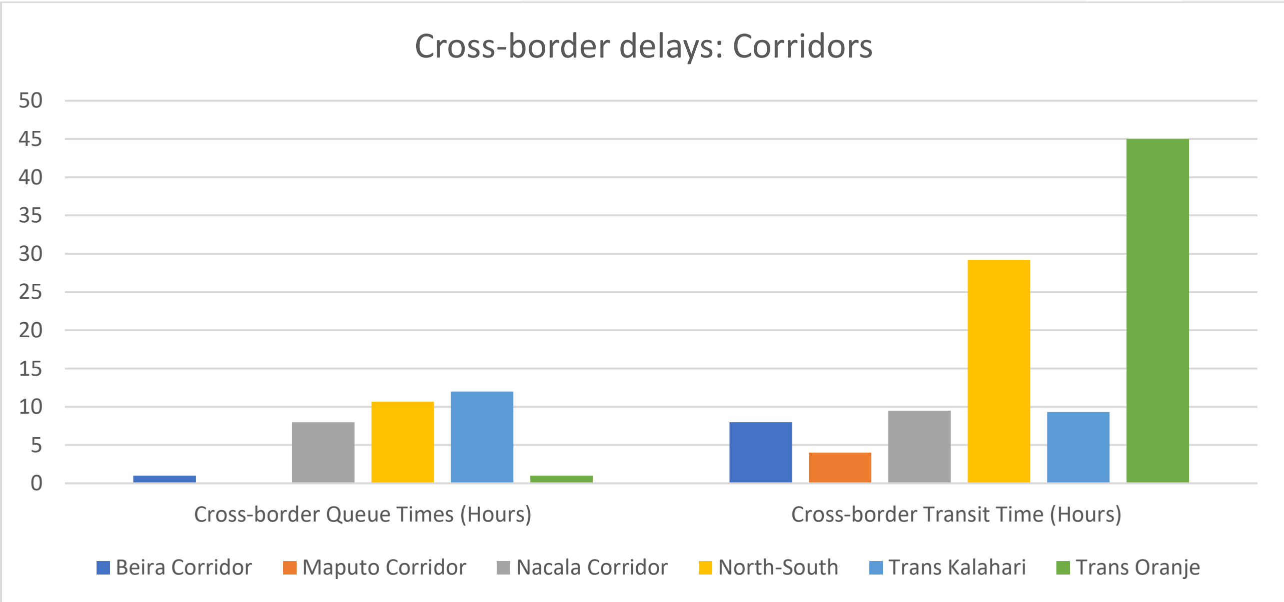
Source: TLC & FESARTA, week ending 29/03/2021.

From the figure above, it remains evident that several border crossing times are still worryingly high, most notably at Lebombo border post and the Komatipoort Dry Port en route to Mozambique. In fact, industry participants have compiled a position paper on the matter, hoping for a resolution of the uncoordinated movement of traffic from KM7 to the bypass at the Lebombo/Ressano Garcia border post.

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

Figure 9 - Cross border delays (in hours)

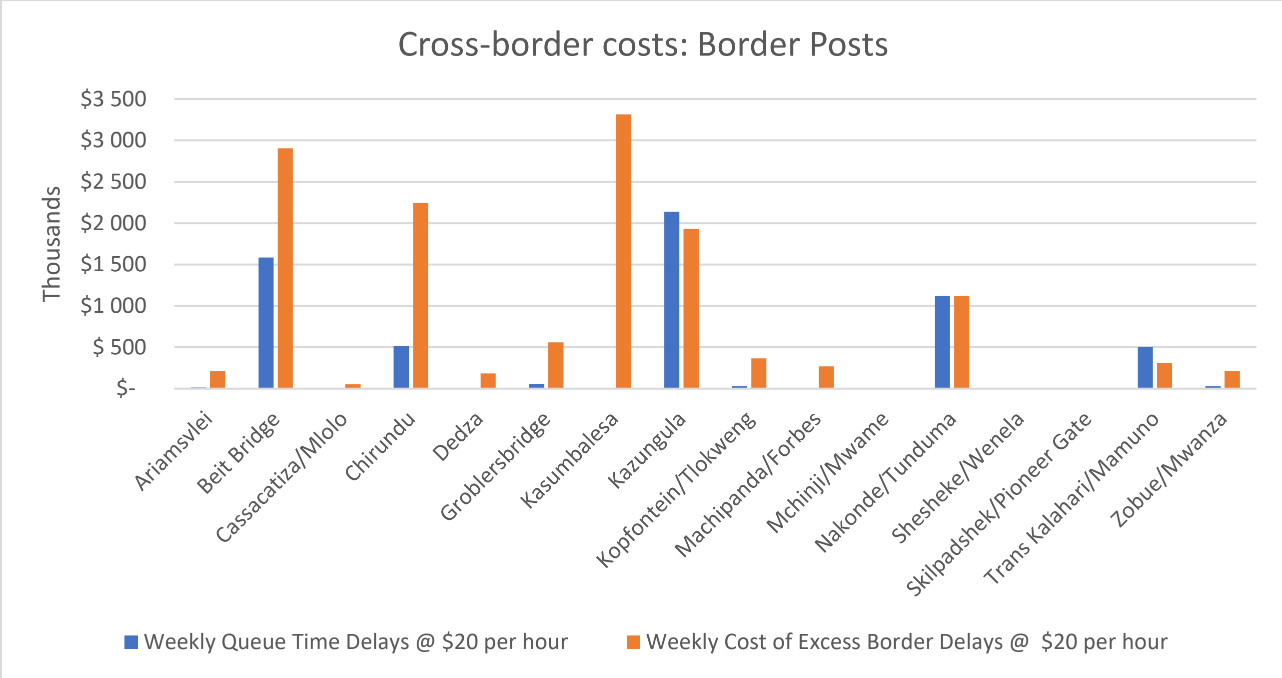


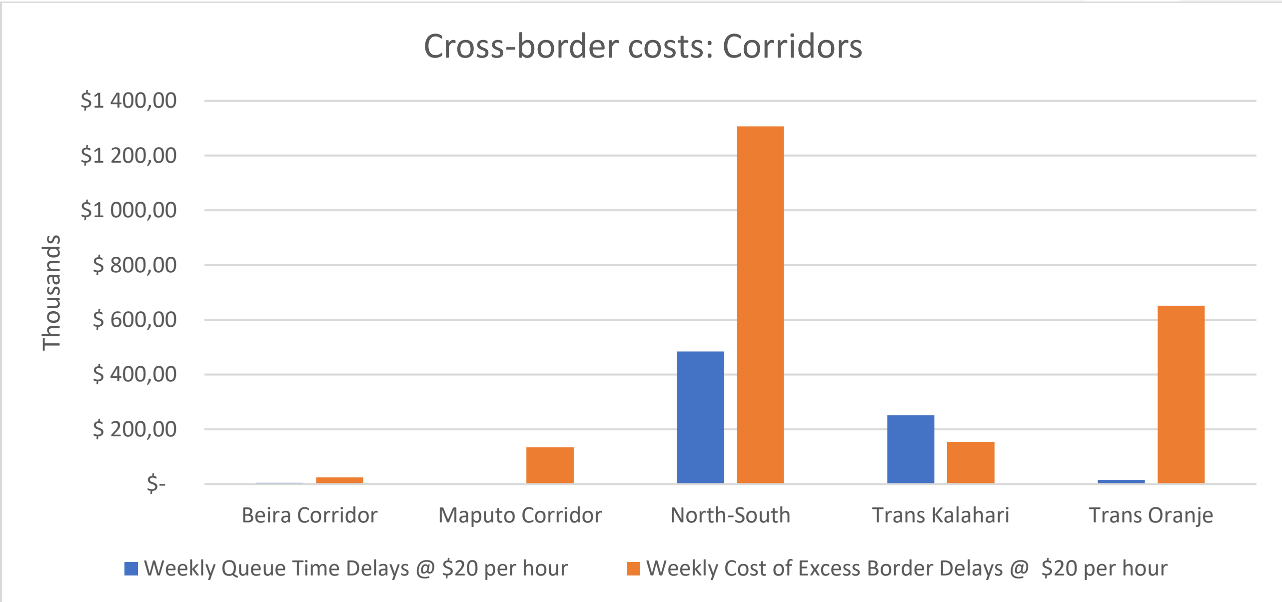


Source: TLC & FESARTA, week ending 29/03/2021.

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





Source: TLC & FESARTA, week ending 29/03/2021.

In summary, for this week, the cross-border queue time has averaged **~7.9 hours** (which is slightly higher than that experienced in the previous week at **~6.1 hours**), which has cost the transport industry an estimated **$6.4 million** (or **R102.5 million**). In comparison, the average cross-border transit time has also increased to an average of **~22.6 hours** (**~20.1 hours** last week), which has cost the transport industry an estimated **$14.8 million** (or **R236.9 million**). The total cost for the week mentioned above amounts to an estimated **R339 million** (up by approximately **R40 million** from **R300 million** last week).

- **Zambia OSBP infrastructure update**

In terms of some important SADC border crossings, an update can be provided in terms of infrastructure upgrades at the Kazungula and Mwami border posts, which are set to be officially opened this year. An increase in operating hours at Kazungula will also accompany these upgrades, as the Mwami border has been running 24/7 despite its limited and ageing infrastructure. The Kazungula border infrastructure will enable the Zambia Customs Southern region headquarters to migrate from the inland port at Livingstone to Kazungula immediately after the border's commissioning. Observers note that the Mwami Border post was approximately 95% complete as of February 2021.

With the new infrastructure, the borders will now operate as fully-fledged OSBPs, with Zambia seemingly focused on implementing OSBPs. The addition of these two borders will leave the country with only one border with Angola to be upgraded to complete the project.

The following images illustrate the progress that has been made at these two regional crossings.

Figure 11 – OSBPs under construction at Mwami and Kazungula, Zambia

Source: Zawe[12], 2021

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, **(b)** the global container industry, and **(c)** the global aviation industry.

a. Global merchandise trade

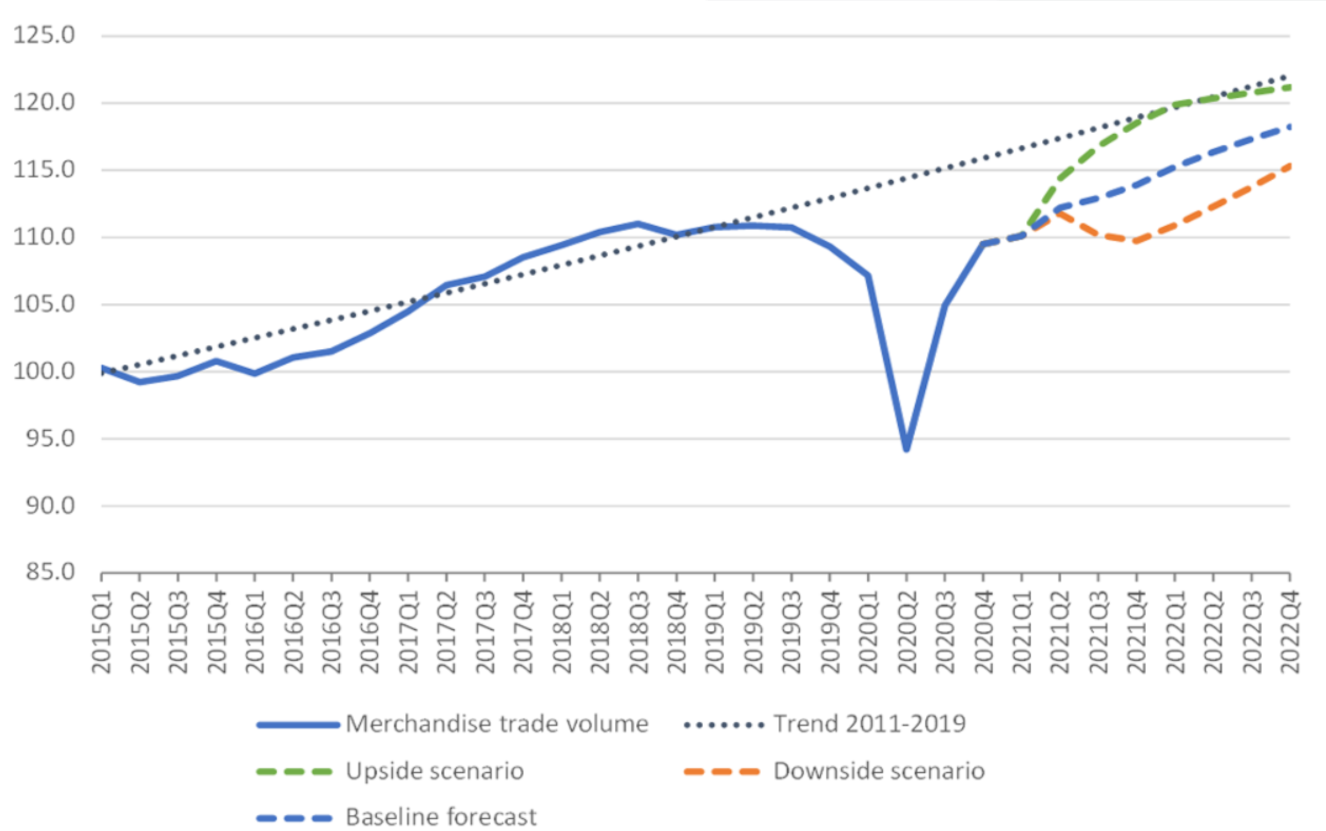
The WTO reported this week that prospects for a quick recovery in world trade have improved as merchandise trade expanded more rapidly than expected in the second half of last year. According to new estimates from the WTO, the volume of world merchandise trade is expected to increase by **8.0%** in 2021 after falling **5.3%** in 2020[13], continuing its rebound from the pandemic-induced collapse that bottomed out in the second quarter of last year. Nevertheless, the drop of 5.3% is smaller than the 9.2% decline foreseen in the WTO's previous forecast in October 2020. The better-than-expected performance towards the end of the year can partly be explained by introducing new COVID-19 vaccines in November, which contributed to improved business and consumer confidence.

BUSA

[12] Zawe, R. 2021. Two of Zambia's critical borders to be upgraded to OSBPs. WCO ESA ROCB Newsletter, January-March 2021.
[13] WTO, 31/03/2021. World trade primed for strong but uneven recovery after COVID-19 pandemic shock.

The WTO notes that short-term risks to the forecast are firmly on the downside and centred on pandemic-related factors. These include insufficient production and distribution of vaccines or the emergence of new, vaccine-resistant strains of COVID-19. Over the medium-to-long term, public debt and deficits could also weigh on economic growth and trade, particularly in highly indebted developing countries.

Figure 12 - World merchandise trade and forecasts



Source: WTO

The forecast illustrated above shows two alternative scenarios for trade. In the upside scenario, vaccine production and dissemination would accelerate, allowing containment measures to be relaxed sooner. This improvement would be expected to add about 1% to world GDP growth and about 2.5% to world merchandise trade volume growth in 2021. Trade would return to its pre-pandemic trend by the fourth quarter of 2021. In the downside scenario, vaccine production does not keep up with demand, and new variants of the virus emerge against which vaccines are less effective. Such an outcome could shave 1% off global GDP growth in 2021 and lower trade growth by nearly 2%.

b. Global container industry

i. Suez Canal blockage

The Suez Canal blockage by the vessel "Ever Given" was finally cleared during the week, with the ship's owner declaring general average[14]. For the vessel, now at anchor in the Bitter Lakes area undergoing technical inspections, a possible date of departure to ports of discharge has yet to be set. While there is no reported damage to the cargo and that damage to the vessel appeared to be minimal, the salvage operation's cost could amount to a sizeable bill. The efforts ultimately required 11 tugs and two dredgers. Furthermore, there

[14] Van Marle, G. 01/04/2021. Lengthy wait for cargo as Ever Given owner declares General Average.

remains the possibility of compensation claims from various interests such as the Suez Canal Authority or shipping companies caught up in the backlog.

The immediate impact is clear, as some 450 vessels were still waiting to transit the Canal, resulting in the likelihood of a lengthy process of clearing the backlog. Furthermore, in the wake of the Suez Canal blockage, Maersk announced that they were suspending spot bookings and short-term contract shipments from a wide variety of export markets[15]. The aftermath includes multiple port call cancellations, as across major trades: Transpacific, Transatlantic and Asia-North Europe and the Mediterranean, 23 cancelled sailings have been announced between weeks 13 and 16, out of a total of 504 scheduled sailings, representing a 5% cancellation rate[16]. Over the next four weeks, The Alliance has announced 15 cancellations, followed by 2M and Ocean Alliance with 6 and 1 cancellations, respectively. Shippers and BCOs will inevitably experience delays in their deliveries but may also see a further surge in spot rates in the coming weeks.

The numbers around the Suez Canal are eye-opening, and they include the following[17]:

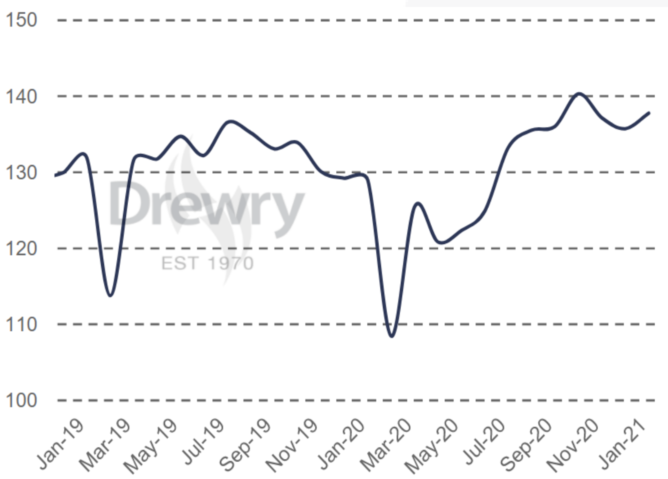
- About 12% of global trade, around one million barrels of oil, and roughly 8% of liquefied natural gas pass through the Canal each day.
- SCA chairman Osama Rabie on Saturday that the Canal's revenues were taking a $14m-$15m hit for each day of the blockage.
- According to Moody's, before the pandemic, trade passing through the Suez Canal contributed 2% of Egypt's GDP.

Ultimately, some experts expect the clean-up acts and recalibrating efforts to continue for some time. "*The global damage will take months to fix*", said Prof Jan Hoffman in a recent discussion with UNCTAD[18].

Global throughput

Better global economic conditions mean that the expected recovery, especially in maritime trade, will bode well. Consequently, port throughput is expected to increase globally, although a delay might first be experienced in Africa. The following updated analysis by Drewry shows the global port throughput for January.

Figure 13 – Global container throughput



Index	Jan-20	Dec-20	Jan-21#	Monthly change (%)	Annual change (%)
Global	*129.0*	135.7	137.8	1.5% ▲	6.8% ▲
China	*136.3*	140.8	149.1	5.9% ▲	9.4% ▲
Asia exc. China	*126.7*	134.5	132.6	-1.4% ▼	4.7% ▲
Middle East & South Asia	*126.0*	134.4	134.4	0.0%	6.6% ▲
Europe	*116.4*	118.6	119.7	0.9% ▲	2.9% ▲
North America	*138.9*	154.6	152.7	-1.3% ▼	9.9% ▲
Latin America	*116.0*	126.0	119.6	-5.1% ▼	3.1% ▲
Africa *	*98.8*	105.3	92.9	-11.7% ▼	-5.9% ▼
Oceania	*126.6*	139.3	140.0	0.5% ▲	10.6% ▲

Source: Drewry Ports and Terminal insights

[15] Hand, M. 31/03/2021. Maersk suspends spot bookings from wide range of export markets.
[16] Drewry, 26/03/2021. Cancelled Sailings Tracker.
[17] Russon, M-A. 31/03/2021. The cost of the Suez Canal blockage.
[18] UN. 29/03/2021. Suez Canal cargo ship is afloat - but it's not plain sailing for global economy.

Drewry notes that:

- As the figure illustrates, the global index resumed its growth trajectory in January 2021 after dropping for two consecutive months.
- It reached 137.8 points in January 2021, up from 135.7 points in December 2020. It has surpassed the November 2020 level of 137.1 points and is nearing the October 2020 highpoint of 140 points.
- The economic recovery from COVID-19 lifted the January 2021 Index 8.8 points (6.8%) higher than in January 2020.
- However, the container throughput index for Africa continues to decline, touching 92.9 points in January 2021. This contraction represents a decline of 11.7% monthly and 5.9% annually.
- Worth noting is the fact that the index for Africa is based on a small sample.

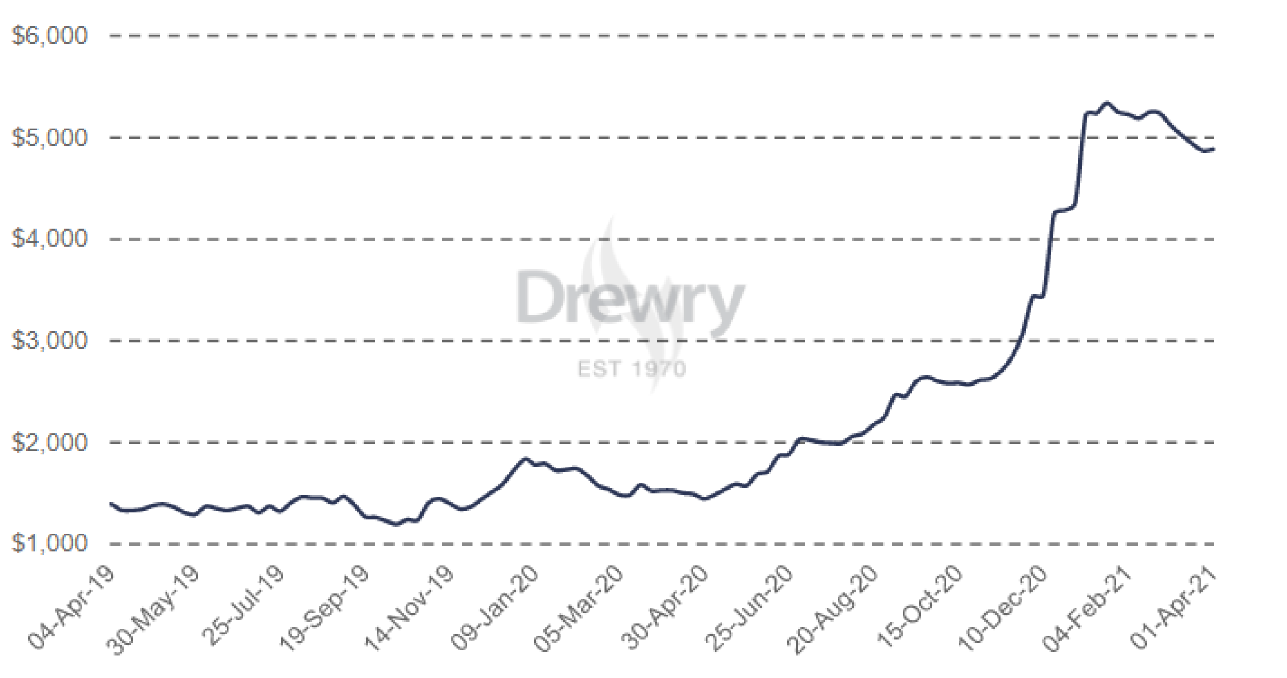
In summary, the three main inhibiting factors on the global maritime ecosystem, namely poor efficiency, container imbalances, and port congestion, continue to curtail full recovery in the ocean freight industry. Although these constraints have been alleviated to some degree in recent months, the remnants thereof remain. Coupled with the Suez Canal bottleneck, a return to normal is not yet on the immediate horizon.

World Container Index

As was widely expected, the "*World Container Index*" (WCI) index increased slightly this week, albeit by very little. According to Drewry, the index now stands at $4,883.43 per 40ft container, the UK-based maritime research and consulting firm[19]. The change breaks the recent downward trend after a frenetic week primarily due to the Suez blockage. Once the resultant bottlenecks have been cleared, it is to be hoped that the pattern will be resumed. Even with this, this week's change is an increase of a mere **↑0.2%** since last week, although ongoing small increases can be expected for the next couple of weeks. The slight increase follows the back of a decrease for the previous five consecutive weeks, in line with the predictions made over that period. The following figure highlights the two-year spot freight rate trend for the index.

[19] Drewry Supply Chain Advisors. 18/03/2021. World Container Index.

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



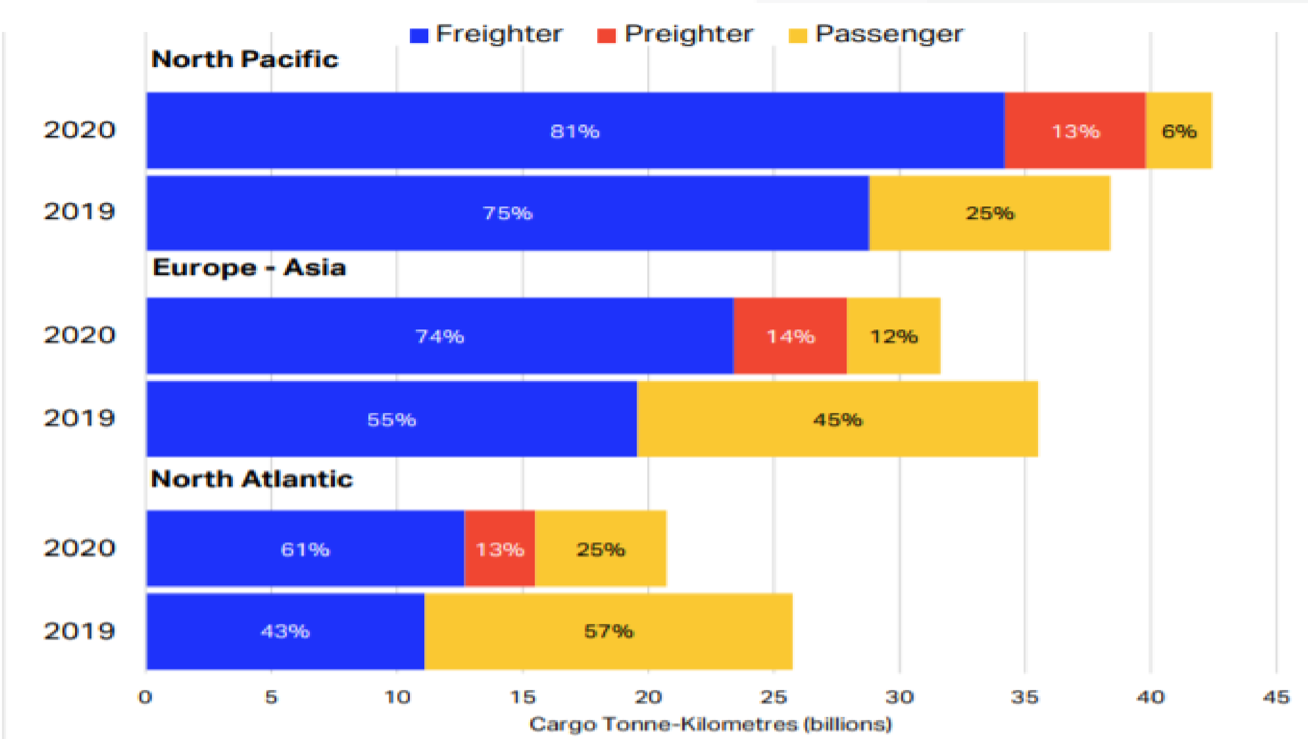
Source: Drewry Ports and Terminal insights

Despite the downturn in recent weeks, the composite index remains very high (**220.2%** year-on-year) compared to the same period in 2020. The massive increases incurred due to the impact of the crisis only took effect around mid-June last year. In terms of the longer-term trend, the WCI for year-to-date is **$5,139** per 40ft container. This rate is **$3,381** higher than the five-year average of **$1,757** (again up by **$16** since last week). Despite the slight increase, Drewry expects the rates to remain stable next week.

Global aviation industry

Since the pandemic, air cargo has been one of the shining lights in an otherwise dim sky. In response to cargo capacity constraints due to limited passenger flights, a substantial number of airlines have been able to make use of the otherwise spare capacity of passenger aircraft, using them for cargo-only operations, also referred to as 'preighters'. The majority of 'preighters' have operated with cargo in the belly hold, where the passenger cabin has remained empty. Still, several airlines have even used the passenger cabin for additional cargo capacity. While the largest share of cargo traffic is carried by freighters, they have a finite capacity due to a shortage of suitable aircraft, so the additional capacity provided by the 'preighters' is most welcome. The following figure shows the breakdown of the various modes. Unfortunately, it does not include any analysis on Africa.

Figure 15 – Scheduled Cargo Tonne-Kilometres by type of operation (April to December)



Source: [IATA Economics]

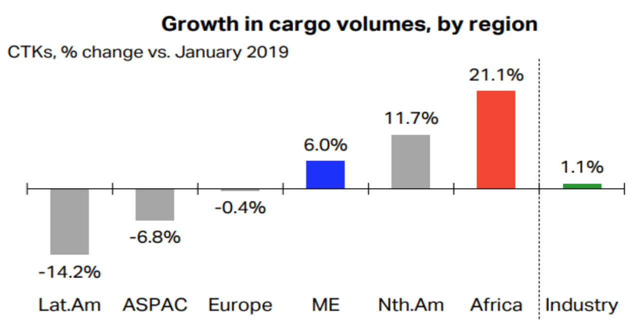
As the figure suggests, cargo traffic has been proven to be quite resilient, serving commerce and industries reliant on critical supplies deliveries. Due to the massive drop of cargo belly hold capacity of passenger operations, overall cargo capacity has been in short supply, and freight rates have been rising accordingly. For the pandemic period of 2020, passenger aircraft used for cargo-only operations accounted for **~13-14%** of total capacity, which illustrates the adaptability of airlines and the agility of their cargo operations.

On the other hand, in the African region, the air cargo industry's growth is continuing, as noted by the International Air Transport Association (IATA) in their latest "*State of the region: Africa & Middle East*[20]". The following side-by-side figures show the current state of the air cargo in the region. Note, the analysis includes the Middle East.

Figure 16 – Cargo tonne-kilometres and growth in cargo volume by region

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Nov-20	Dec-20	Jan-21
Region (registration basis)				
Middle East	-9.5	-2.2	2.3	6.0
Africa	1.0	-2.0	5.4	21.1
World	-10.6	-6.1	-0.8	1.1
Routes (segment basis)				
Middle East - Asia	-7.5	2.5	5.7	15.1
Middle East - Europe	-18.1	-12.5	-10.6	-7.6
Africa - Europe	-23.4	-15.1	-12.2	-19.6
Middle East - Nth America	-8.5	4.9	12.3	13.9
Africa - Middle East	-31.5	-29.3	-16.6	-22.0
Africa - Asia	8.6	-4.4	4.0	38.5



Source: [IATA Economics]

[20] IATA. 30/03/2021. [State of the region: Africa & Middle East].

The following keynotes were mentioned:

- Air cargo volumes rose sharply for another month and reached levels last seen before the pandemic started. Industry-wide cargo tonne-kilometres (CTKs) were higher by **↑1.1%** vs the pre-crisis levels (Jan 2019).
- As was the case in the previous month, African carriers topped the CTK growth chart. Their cargo volumes were **↑21.1%** higher than the pre-pandemic levels (Jan 2019) amidst robust performance on Africa-Asia trade lanes (CTKs up **↑38.5%**).

Despite the positive returns for air cargo, the same can unfortunately not be said of passenger numbers, as new lockdowns halted recovery in seat capacity over the past two months. For Africa, the industry-wide available seat-kilometres (ASKs) is currently **53%** versus the pre-crisis period. The fall in passenger numbers resulted in renewed pressure on traditional belly-hold cargo.

Conclusion

This update — *the 32nd of its kind* — contains a consolidated overview of the South African supply chain and the current state of international trade. For global trade, the WTO reported this week that prospects for a quick recovery in world trade have improved as merchandise trade expanded more rapidly than expected in the second half of last year. According to new estimates from the WTO, the volume of world merchandise trade is expected to increase by **↑8.0%** in 2021 after falling **↓5.3%** in 2020, continuing its rebound from the pandemic-induced collapse that bottomed out in the second quarter of last year. Nevertheless, the drop of **↓5.3%** is smaller than the **↓9.2** declines foreseen in the WTO's previous forecast in October 2020. The better-than-expected performance towards the end of the year can partly be explained by introducing new COVID-19 vaccines in November, which contributed to improved business and consumer confidence.

Consequently, concerning the pandemic, new cases of COVID-19 in South Africa have averaged approximately **1,127** per day this week (slightly up from last week's average of **1,085**). Consequently, the number of cases recorded now totals **1,549,451**[21], with a death toll amounting to **52,897** (**up by 362**). Globally, South Africa dropped to **18th** place as a total of some **130 million** cases have now been recorded. International vaccination programs continue, as more than **617 million** doses of COVID-19 vaccines have now been administered, which constitutes **7.9%**[22] of the world's population as at the time of writing. According to the same source, South Africa has now made **269,000** vaccine jabs, equating to roughly **49,000** shots in the last seven days. With increased travel and overall contact between people throughout the Easter Holidays, continued vigilance is required to avoid a third wave.

An average of **~9,043 TEUs** was handled per day for the last week, with an increased average of around **~10,069 TEUs** (**↑22%**) expected to be handled next week. In broad terms, commercial ports enjoyed a stellar operational week, with backlogs cleared in Cape Town and positive numbers recorded throughout the industry. The near-term forecast is also encouraging. The extended domestic maritime industry hopes for more of the same in the coming months as we gear up for another record citrus season.

For the global maritime industry, the focus this week once again revolved around the Suez Canal situation. After many uncertainties about the length of delay, the stranded 224,000-tonne "*Ever Given*" was fortunately set free this week. Nevertheless, the immediate impact is clear, as some ships **450** were still waiting to transit the Canal, resulting in the likelihood of a lengthy process clearing the backlog. Number-wise, the global container throughput reached 137.8 points in January 2021, up from 135.7 points in

[21] Johns Hopkins, Coronavirus Resource Centre. Coronavirus JJHU

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

December 2020. The index surpassed the November 2020 level of 137.1 points and is nearing the October 2020 high of 140 points. All-in-all, the economic recovery from COVID-19 lifted the January 2021 Index 8.8 points (**↑6.8%**) higher than in January 2020. As was expected, global container freight rates increased this week, albeit only marginally (**↑0.2%**) to **$4,883.43** per 40ft container.

In terms of air cargo movement, the daily average volume of air cargo handled at ORTIA over the seven days starting 22 March amounted to **477 999 kg** inbound and **325 312 kg** outbound for the South African aviation industry. In total, that results in an average of **803 311 kg** per day, which is approximately **~110%** compared to the same period in 2020 (compared to **~108%** last week). For the domestic industry, average air cargo moved since the lockdown period has amounted to **82 936 kg** per day (**↑30%** compared to last week), which constitutes approximately **~44%**, compared to the previous year (**~34%** previous week).

In the global aviation industry, cargo traffic has been relatively resilient, serving commerce and industries reliant on time-critical deliveries. Due to the massive drop of cargo belly-hold capacity typically offered by passenger operations, overall cargo capacity has become a limiting factor, and cargo yields have been rising accordingly. For the pandemic period of 2020, passenger aircraft used for cargo-only operations accounted for **~13-14%** of total capacity, highlighting airline cargo operations' agility. In terms of regional figures, African operations once again topped the CTK growth chart. Their cargo volumes were **↑21.1%** higher than the pre-pandemic levels (Jan 2019), featuring robust performance on Africa-Asia trade lanes (CTKs up **↑38.5%**).

For regional cross-border road freight, the cross-border queue time has averaged **~7.9 hours** (which is somewhat higher than that experienced in the previous week at **~6.1 hours**), which has cost the transport industry an estimated **$6.4 million** (or **R102.5 million**). In comparison, the average cross-border transit time increased to an average of **~22.6 hours** (**~20.1 hours** last week), which has cost the transport industry an estimated **$14.8 million** (or **R236.9 million**). The total cost for the week mentioned above amounts to an estimated **R339 million** (up by approximately **R40 million** since last week), which was somewhat worse than the week before but lower than some previous weeks.

In conclusion, some small gains have been achieved in some of the high-frequency data while slight losses have been experienced in others. Although the external trading environment is more conducive for increased cargo flows in the long run, South Africa will first need to focus on getting its house in order locally. Consequently, some further trading constraints need to be removed, especially since it appears that most industries are "back to business as usual" despite the ever-present possibility of a third wave of the virus, which will undoubtedly be accompanied by more stringent regulations. Nevertheless, the wider trading community will continue with its resilient approach, as evidenced by recent history.