

COVID-19: Cargo movement update¹

Date: 20 August 2021

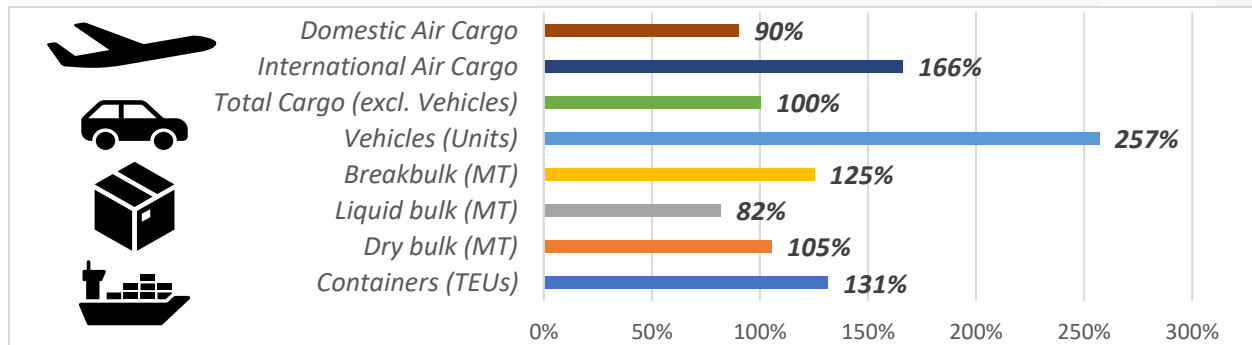
Weekly Snapshot

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)	40 205	42 280	82 485	27 992	23 576	51 568	↑60%
Air Cargo (tons)	4 578	2 187	6 764	4 689	2 267	6 956	↓3%

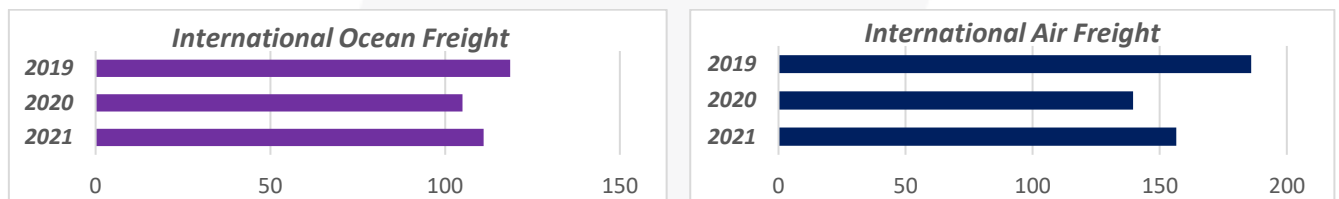
Monthly Snapshot

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



Year-to-date Tracker

Figure 2 – International year-to-date flows 2019-2021⁵: ocean, y/y (metric tons) & air freight, y/y (kg millions)



Key Notes

- This week, an average of **~11 784 TEUs** was expected to be handled per day, **↑60%** from last week.
- The "WCI" continues to increase, with freight rates **↑2%** (or **\$192**) to **\$9 613** per 40-ft this week.
- Globally, the main developments in the container industry this week revolved around port congestion at both ends of the East-West routes, increased box capacity, and record profits (see [below](#)).
- Average cross-border queue time fell by **0,7 hrs**, with transit times also down by **5,5 hrs** (see [below](#)).

¹ This update contains a combined overview of air, sea, and road freight to and from South Africa in the last week. This report is the 52nd update.

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

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

⁴ 'Monthly' means the last full month's worth of available data compared to the same month in 2020. For air, July versus July. The rest compared June 2021 versus June 2020.

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

- For airfreight, Africa and the Middle East region's CTGs grew by **↑32%** compared to June 2019.
- The WTO's latest "*Goods trade barometer*" index reached a record of **110,4** as goods trade flourishes.

Executive Summary

This update – *the 52nd of its kind* – contains a consolidated overview of the South African supply chain and the current state of international trade. Pandemic-wise, this week has seen a slight increase in newly reported COVID-19 infections in South Africa, averaging approximately **12 021** infections per day (**↑18%** from last week's average of **10 169**). However, despite the slight weekly increase, there has been a decrease in the average daily COVID-19 admissions and deaths comparing the previous 14 days and the current 14 days in all provinces, according to the NICD⁶. Nevertheless, the total number of cases recorded in the country has still risen, now at **2,65 million**⁷, with the death toll rising to **78 694** (up by **2 447**).

Globally, a total of **210 million** infections have now been recorded, with more than **4,8 million** people, unfortunately, losing their lives to the virus. Total worldwide vaccinations now stand at **~4,88 billion** vaccine doses⁸, with South Africa continuing to drive its vaccination rollout, reaching around **~10,17 million** vaccine doses administered. Almost a million doses were administered in the last seven days. Furthermore, this week's important news is that vaccination for the 18–34-year population group has now been brought forth, having opened on Friday, 20 August. Balanced against that is a sharp drop in the daily numbers registering and being vaccinated, so the daily target of 400 000 vaccinations is still a long way off.

Operationally, the constant drive to clear the backlog at the ports has continued. From the private sector's perspective, we believe that TPT is well on their way to recovery but appeal to our supply chain partners to support us in evacuating imports as quickly and efficiently as possible. As stack occupancy is reaching its limits, the fluidity of operations in and around the terminals is continually being hampered. The increase in volume handled through the commercial terminals was evident this week and will continue next week. Although the increased throughput figures are putting pressure on operations, the industry has welcomed the upsurge.

Other operational matters worth mentioning this week include some weather delays (notably in Cape Town and the Eastern Cape), equipment shortages, and continued uncertainty around the functioning of the truck booking system. Nevertheless, efficiency metrics all trended upwards this week after the suboptimal weeks lately. On the Transnet Freight Rail front, the planned maintenance shutdown of the NATCOR line is set to take place during the week, with operations at KAZCON, City Deep, and PRETCON affected.

Globally, the container industry continues to be marred by port congestion, with the increased demand for containerised cargo not slowing down. The demand is fuelled chiefly by the US, as the twin ports of Los Angeles and Long Beach are already over their limits, with a record number of container ships on anchor (*see below*). Fortunately, on the other end of the busiest global trade lane, the congestion in China is set to improve as Ningbo-Zhoushan restarts operations after the port's closure due to positive COVID-19 cases. But despite the congestion, many shipping lines are desperately adding to their capacity as their profit bonanza continues (*see a more detailed discussion below*).

On the aviation front, the overall opinion is still that there will be a gradual return of air traffic, especially for passenger flights as cargo operations continue to keep airlines going. The hoped-for return to 2019 levels remains a distant dream and is unlikely to happen before 2023 at the earliest. However, the industry did experience a slight uptick number-wise in both the international and domestic front, especially with

⁶ NICD. 20/08/2021. [COVID-19 Update](#).

⁷ Johns Hopkins, Coronavirus Resource Centre. [Coronavirus JHU](#).

⁸ Our World in Data, Coronavirus (COVID-19) Vaccinations. [Our World in Data](#)

domestic cargo **↑29%** since last week. It seems as if the lull experienced in July is now entirely past us. In a regional sense, IATA notes that the cargo volumes in Africa and the Middle East have grown for sixth consecutive months, as the near-term outlook remains strong. Finally, as was the case in the last couple of weeks, the extended aviation industry is still keen to promote integrating the cargo stakeholder system (IVS) into cargo operations. Since most cargo handlers use technology to interface with their clients to manage and create the required pre-alerts, a tie-in with the ACSA and IVS integrated gate systems will modernise and improve the process.

In conclusion, the global economy remains robust and particularly conducive to international trade, as showcased by the WTO's goods barometer index. Fortunately, it also seems as if South Africa has got its house in order concerning commercial operations, especially in and around our ports. Nevertheless, as we continue to fight this pandemic, keeping our borders open and ensuring the smooth flow of goods is crucial. The extended supply chain is grateful for a return to normalcy (in a sense) after the disruptive last six weeks commencing with the social unrest followed by the cyber-attack. The immediate outlook remains positive; however, as the pandemic has shown, nothing is certain. Therefore, our supply chains remain precarious and vulnerable as we advance.

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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 table indicates the container flows reported for the last seven days and projections for the next seven days. Fortunately, with Transnet's IT systems now restored, we can once again provide a definitive picture regarding the flow of goods to and from our ports. The most pressing priority remains the clearance of the backlog.

Table 2 – Container Ports – Weekly flow reported for 14 to 20 August 9

7-day flow forecast (14/08/2021 – 20/08/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 732	6 575
DURBAN CONTAINER TERMINAL PIER 2:	16 196	18 944
CAPE TOWN CONTAINER TERMINAL:	9 056	8 508
NGQURA CONTAINER TERMINAL:	7 014	7 073
GQEBERHA CONTAINER TERMINAL:	1 207	1 180
TOTAL:	40 205	42 280

Source: [Transnet](#), 2021. Updated 20/08/2021.

Table 3 – Container Ports – Weekly flow reported for 21 to 27 August 10

7-day flow forecast (21/08/2021 – 27/08/2021)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	6 564	5 767
DURBAN CONTAINER TERMINAL PIER 2:	14 226	15 565
CAPE TOWN CONTAINER TERMINAL:	8 632	8 220
NGQURA CONTAINER TERMINAL:	5 437	3 925
GQEBERHA CONTAINER TERMINAL:	1 931	1 270
TOTAL:	36 790	34 747

Source: [Transnet](#), 2021. Updated 20/08/2021.

An average of **~11 784 TEUs** (**↑60%**) was handled per day for the last week (14 – 20 August, Table 2), with a decreased average of around **~10 220 TEUs** (**↓13%**) expected to be handled next week (21 – 27 August, Table 3). As noted last week, the current situation is pushing our handling capacity to a maximum, with the maximum demonstrated capacity at DCT Pier 2 **~30 000** containers per week and **~11 000** containers per week at DCT Pier 1.

Although the forecasted flow for Table 2 above is greater than the demonstrated capacity, it is important to note that the figures reported are summed as and when each vessel berths, not when container handling is finished. For example, the "Conti Chivalry" vessel berthed at DCT Pier 2 on Thursday evening with an



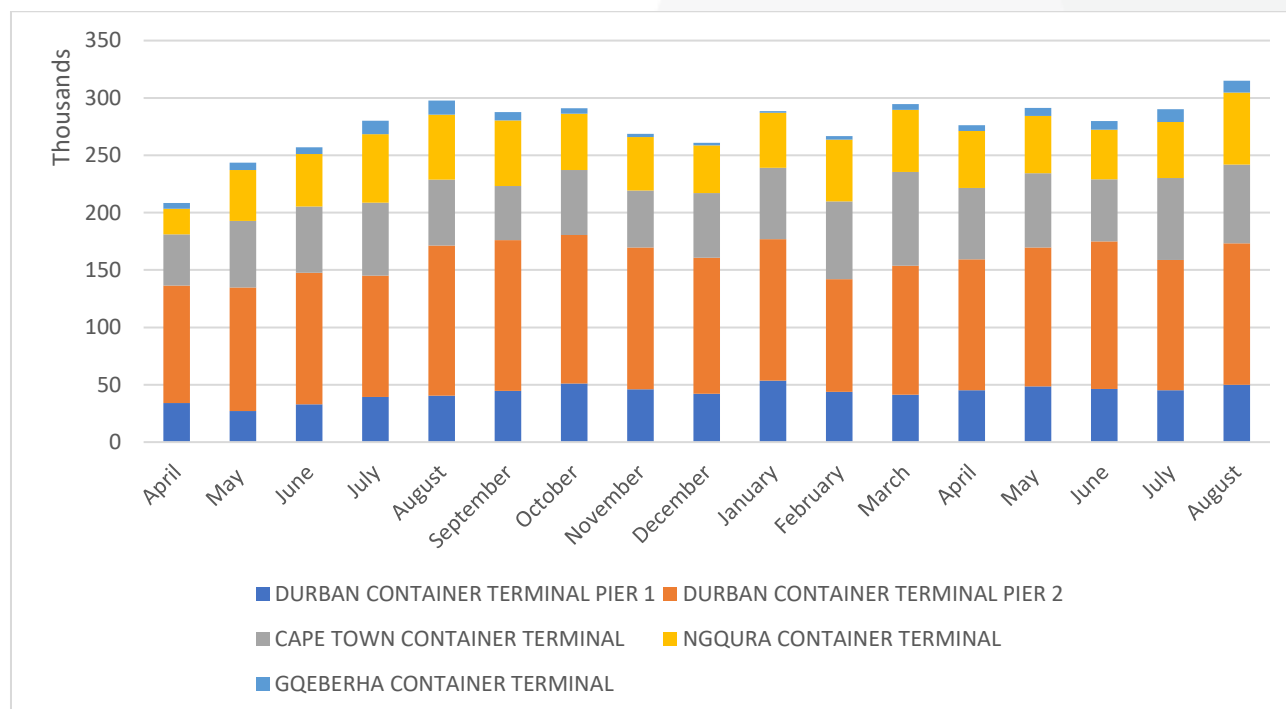
⁹ It remains important to note that a fair percentage (approximately 25%, according to the most recent TNPA figures for June) of containers are neither imported nor exported, but rather consist of empties. Due to the ongoing container imbalances, this proportion is fluctuating more than usual, and has increased since December 2020.

¹⁰ As notes above.

estimated 3 439 containers to discharge and 2 625 containers to load. From commencement to lines up, handling this number of containers is set to take the best part of two days. Therefore, although 6 064 containers are registered to be handled on 20 August, in reality, the handling will be spread over several days. Nevertheless, as the stack occupancy below also shows, our terminals must currently work at full throttle.

The following figure displays the rolling *monthly* average flow of total containerised cargo movement for our commercial ports since the start of the nationwide lockdown. The backlog created by the unrest in July and subsequent pressure on our terminal can be realised below.

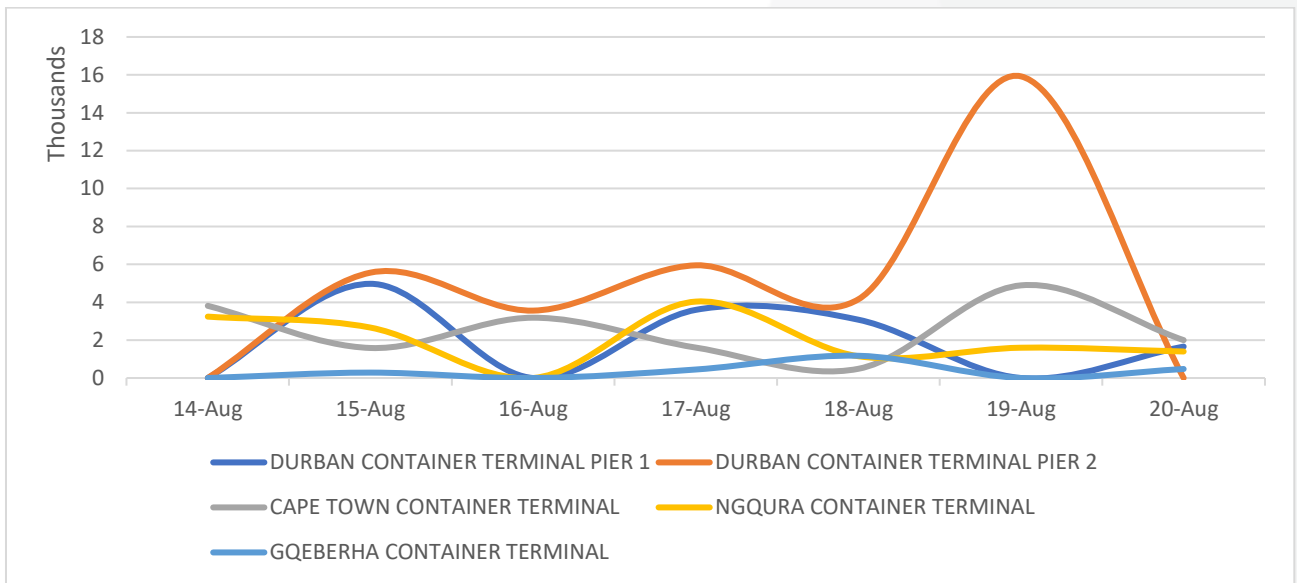
Figure 3 – Monthly flow reported for total cargo movement (TEUs: April 2020 to present; month on month)



Source: Calculated using data from [Transnet](https://www.transnet.co.za), 2021. Updated 20/08/2021.

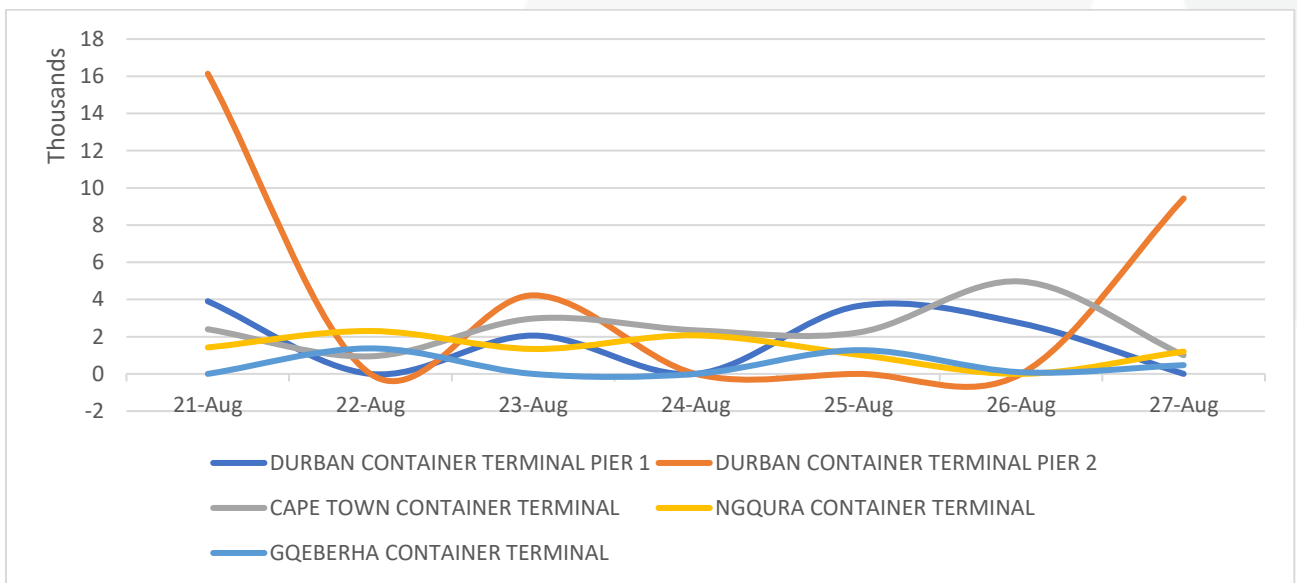
The figures below show the weekly container flows for the previous seven days and projections for the next seven days.

Figure 4 – 7-day flow reported for total cargo movement (14 to 20 August; per port; day on day)



Source: Calculated using data from [Transnet](https://www.transnet.co.za), 2021. Updated 20/08/2021.

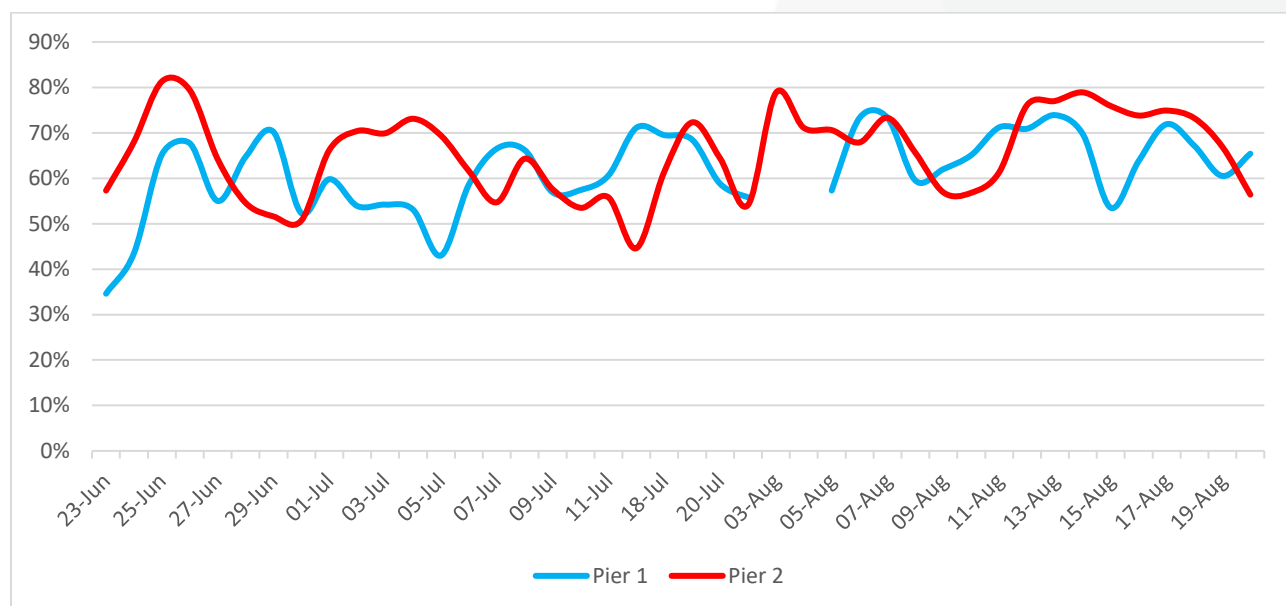
Figure 5 – 7-day flow reported for total cargo movement (21 to 27 August; per port; day on day)



Source: Calculated using data from [Transnet](https://www.transnet.co.za), 2021. Updated 20/08/2021.

The following figure shows daily stack occupancy in DCT since 23 June, with a noticeable gap for Pier 1 during the IT disruption. As the operational pressure continues, both Durban piers are operating desperately close to the optimum level of 65% in terms of operational fluidity, with a significant drop at DCT Pier 2 since 17 August.

Figure 6 – Stack occupancy in DCT, general-purpose containers (23 June to present; per pier; day on day)



Source: Calculated using data from Transnet, 2021. Updated 20/08/2021.

b. Summary of port operations

The following sections provide a more in-depth overview of the operational performance of our commercial ports over the last seven days.

i. Weather delays

This week in Cape Town, poor weather conditions settled in on Tuesday, affecting waterside operations considerably. Various vessels experienced berthing delays due to high swells and strong winds.

The port of Durban experienced no adverse delays due to the weather. Strong NE winds subdued quickly as the week progressed.

For our Eastern Cape ports, waterside activity was affected by strong WSW winds on Tuesday that left vessels ranging at times.

ii. Cape Town

Earlier this week, CTCT experienced waterside difficulties due to strong winds and high swells. Fortunately, CTCT and MPT had minimal landside delays and a balanced yard other than Navis system issues. Stack occupancy at CTCT hovered around 55% for reefers and 37% for general containers. At MPT, stack occupancy averaged around a low 28% for general containers and 35% for reefer containers. CTCT had eight vessels to service this week with 7 306 import containers for the region.

iii. Eastern Cape

It was a busy week for NCT, servicing ten vessels holding 6 892 import containers on board. PECT only had six vessels to attend to with 2 346 import containers on board. There were some reports of equipment shortages at PECT, resulting in some delays. Stack occupancy at NCT for general containers was high but stabilised, averaging 60% for general containers and 52% for reefer containers. At PECT, stack occupancy

was around 59% capacity for general containers and 37% for reefers. In addition, three positive COVID-19 cases have been reported each at NCT and PECT this week.

iv. Durban

Large volumes, high stack occupancy and limited equipment, posed exceptional challenges for Durban port this week. A total of ten vessels holding 17 676 import containers at Pier 2 and five vessels holding 5 518 import containers at Pier 1 were anticipated from 16 to 22 August. As a result, Durban port stayed focused on its mass evacuation model by prioritising the evacuation of import containers. This approach was followed between 06:00 and 10:00 and again between 22:00 and 01:00. In addition, TPT appealed to shipping lines to assist with evacuation plans wherever possible.

By the beginning of the week, stack occupancy at Pier 1 sat at an alarming 72% for general containers and 35% for reefers. At Pier 2, stack occupancy was reported at 75% capacity for general containers and 67% for reefers. This situation led TPT to close export stacks at Pier 1 for twelve hours on Wednesday to focus on import evacuation. In addition, truck turnaround time spiralled between five to nine hours at Pier 2, as the available but limited equipment were deployed at the waterside.

Unfortunately, it was noticed that Pier 1 struggled to open yard space as quickly as planned as trucks bound for Pier 1 were held up at Pier 2. As a result, truck booking slots for towers 202 and 205 were closed, and bookings for tower 202 were diverted to tower 205 to deal with supply constraints. This changed approach caused booking slots to overlap, rendering the appointment system useless for much of the time. The functioning of the booking system remains a contentious issue, as BUSA continued to get feedback through industry partners to obtain a private sector view, which differs markedly from the Transnet version. In addition, the 22 new straddle carriers that should have been fully commissioned at Pier 2 by now were experiencing teething problems, and older units were constantly breaking down.

The number of gate moves at Pier 2 was considerably less than last week and averaged around 2 477 moves. The total amount of shifters recorded on Wednesday was 1 027, while the total slots wasted stood at 316 and cancelled 1 301. At Pier 1, the total gate moves recorded were above average, around 1 682 moves per day. On Wednesday, Pier 1 recorded 738 shifters, 248 wasted slots and 814 cancelled slots at the end of all three shifts.

v. Transnet Freight Rail (TFR)

This week, Transnet sent out a notification to port users regarding the planned NATCOR maintenance shutdown. The total shutdown is scheduled to start Friday, 20 August at 06:00, ending on Sunday at 18:00. For the Botswana route, the plan this week was to operate three trains, one on Monday, one on Thursday and the last one planned for the weekend. On Thursday, TFR reported 3 162 TEUs in stacks. In addition, NATCOR had 2 329 TEUs planned. 827 TEUs were designated for over border destinations and 6 TEUs for short-haul destinations. TFR further advised that most of their systems were back online. However, TFR is aware of missing containers reported by customers and actively update the system to allocate these. The following terminals will operate as follows during the NATCOR total shutdown:

Table 4 – NATCOR shutdown

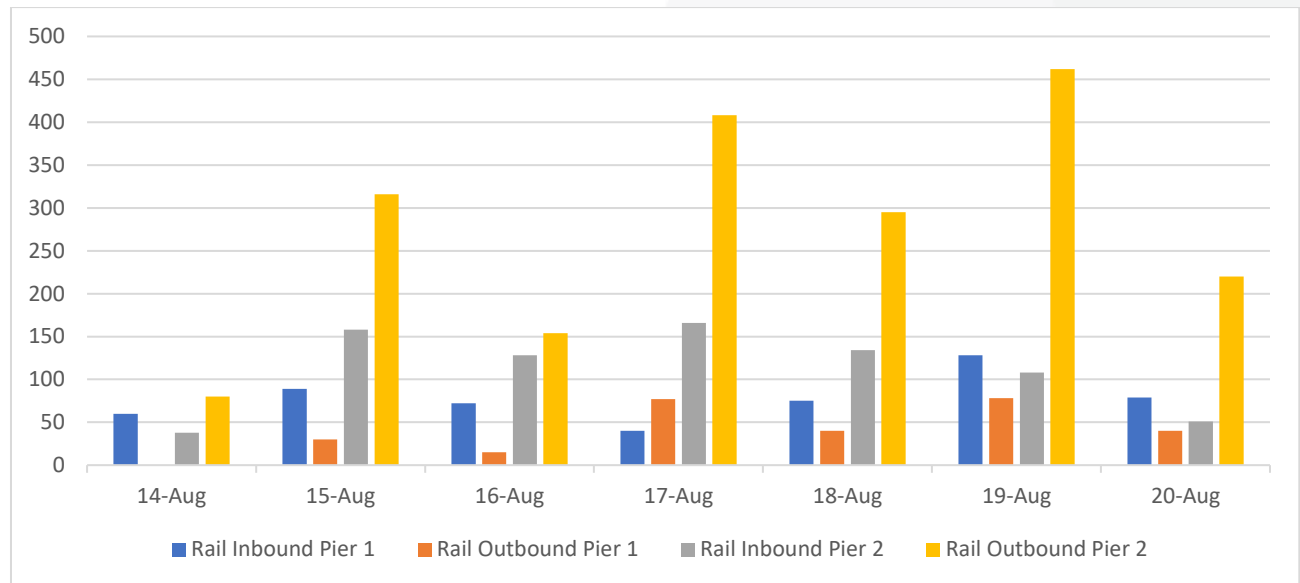
Terminal operations	Operational status
KAZCON	Closed during the night – 19 to 22 August 2021. 18:00 till 06:00
	Open during dayshift – 20 to 22 August 2021. 07:30 to 16:30

City Deep	Closed during the night – 20 to 22 August 2021. 18:00 till 06:00
	Open during dayshift – 20 to 22 August 2021. 06:00 to 17:00
PRETCON	Closed during nightshift – Ongoing
	Open during dayshift – 20 to 21 August 2021. 06:00 to 18:00
	Closed on Sunday (22 Aug 2021)

Courtesy of TFR. Updated: 20/08/2021.

The following figure graphically illustrates the total lack of rail movement from Durban for the week:

Figure 7 – TFR: Rail handled (Pier 1 and Pier 2)



Source: Calculated using data from Transnet, 2021. Updated 20/08/2021.

This week (14-20 August), rail cargo handled out of Durban averaged around 189 containers inbound (78 for Pier 1 and 223 for Pier 2) and 316 containers outbound (40 for Pier 1 and 276 for Pier 2)) per day.

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 9 August. For comparative purposes, the average air freight cargo (inbound and outbound) handled at ORTIA in August 2020 averaged ~695 286 kg per day. For 2019, this average was ~981 451 kg per day, which is probably a more meaningful comparison.

Table 5 – International inbound and outbound cargo from OR Tambo

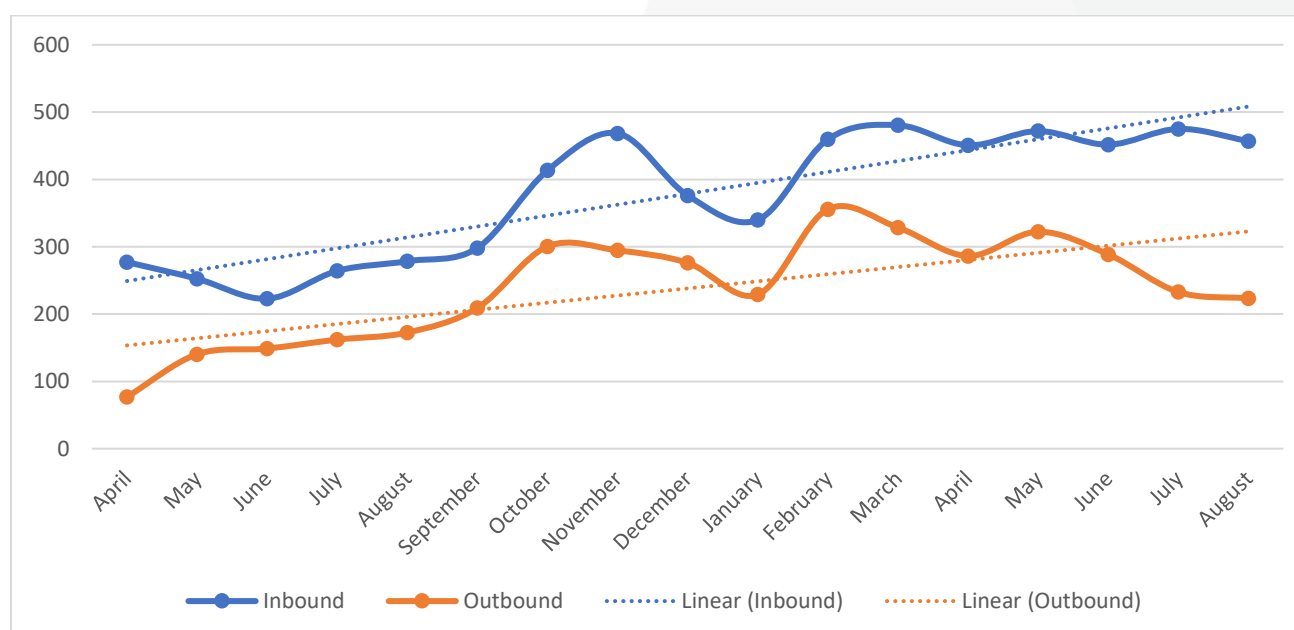
Flows	09-Aug	10-Aug	11-Aug	12-Aug	13-Aug	14-Aug	15-Aug
Volume inbound	451 680	415 920	427 779	409 224	363 365	364 677	771 666
Volume outbound	99 405	178 931	190 255	155 084	189 172	245 698	472 230
Total handled per day	551 085	594 851	618 034	564 308	552 537	610 375	1 243 896

Courtesy of ACOC. Updated: 16/08/2021.

The daily average volume of air cargo handled at ORTIA over the seven days starting 9 August amounted to **457 759 kg** inbound and **218 682 kg** outbound. The total, therefore, amounts to an average of **676 441 kg** per day, or **~98%** compared to August 2020. Compared to pre-COVID-19 times, the level is currently only at **~69%** when compared with 2019.

The following figure shows monthly international freight movement at ORTIA during the state of disaster, with volumes generally trending way above the number registered at the same time last year, hardly surprising in terms of the stringent lockdown regimes in place a year ago. Furthermore, with an increase in passenger line flights, we will see a marked rise in available belly-hold space in the next month or two. Note the regional discussion from IATA [below](#).

Figure 8 – International inbound and outbound cargo from OR Tambo (thousands)



Courtesy of ACOC. Updated: 16/08/2021.

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 August 2020 was only **~59 559 kg¹¹** per day.

Table 6 – 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
1-10 Aug-21	24 172	2 563	3 232	15 670	5 831	2 951	54 418

¹¹ For Cape Town, the figure corresponds to **34 369 kg** per day, and **3 129 kg** per day for Durban during the same period (July 2020).

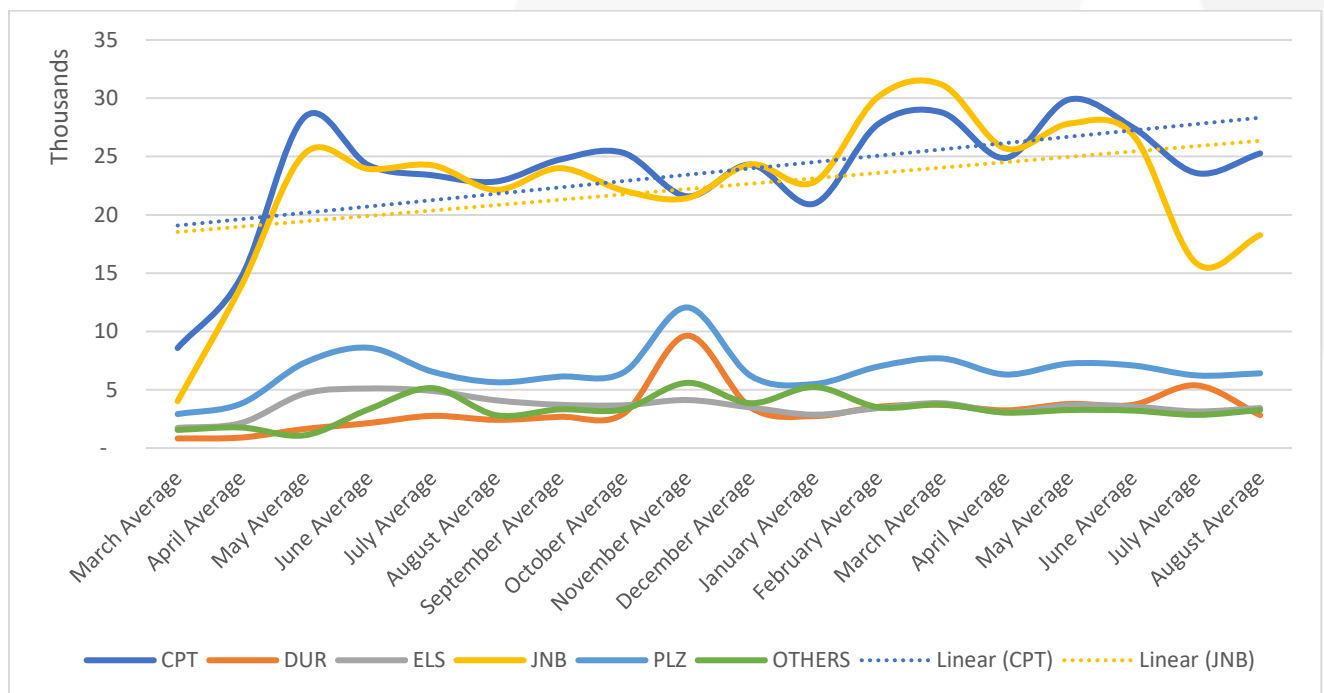
DATE / AIRPORT	CPT	DUR	ELS	ORTIA	PLZ	OTHERS	TOTAL
11-Aug-21	42 654	5 014	6 684	29 181	14 177	6 642	104 353
12-Aug-21	38 224	5 914	5 595	36 445	10 739	4 839	101 755
13-Aug-21	18 028	1 736	3 106	27 043	5 002	3 553	58 467
14-Aug-21	763	172	8	493	83	19	1 537
15-Aug-21	4 361	17	68	444	254	296	5 440
16-Aug-21	47 647	5 874	5 122	27 657	11 624	5 545	103 469
17-Aug-21	36 189	3 610	5 408	32 500	8 735	4 996	91 438
18-Aug-21	42 654	5 014	6 684	29 181	14 177	6 642	104 353
19-Aug-21	38 224	5 914	5 595	36 445	10 739	4 839	101 755
Y-T-D Totals	5 978 254	838 670	771 707	5 757 552	1 532 345	736 738	15 615 266

Courtesy of BAC. Updated: 19/08/2021.

Currently, the average domestic air cargo moved in the last week was **~66 637 kg** per day, which is **↑29%** compared with the previous week. Moreover, the volume handled amounts to **~112%** compared to August 2020.

The following figure shows monthly domestic freight movement at our commercial airports during the state of disaster, with an upward trend in volumes registered since the start of the year. As passenger numbers return to the sky, the industry hopes that cargo volume will respond by also picking up slightly.

Figure 9 – Average domestic inbound and outbound cargo (thousands)



Courtesy of BAC. Updated: 19/08/2021.

c. Summary of air cargo operations

This week, BidAir Cargo hosted a special interest group session on the Transport Forum, providing some critical feedback on the overall state of the aviation sector in South Africa and internationally. In a broad sense, the sentiment – which our weekly reports have invariably shared – revolves around the following:

- (1) a return of air traffic remains slow,
- (2) cargo operations continue to keep airlines afloat, and
- (3) a return to 'normal' keeps being extended, forecasted to be around 2023 or even later.

Finally, as was the case in the last couple of weeks, the extended aviation industry is still keen to promote integrating the cargo stakeholder system (IVS) into cargo operations. Since most cargo handlers use technology to interface with their clients to manage and create the required pre-alerts, a tie-in with the ACSA and IVS integrated gate systems will modernise and improve the process.

3. Regional Update

a. South African border closures

The following table notes several border posts which experienced closures throughout last week (information provided by SARS Customs).

Table 7 – South African border closures

Date	Border
17 August	Ficksburg Bridge port is back to normal operations.
16 August	Cargo only: Ficksburg bridge will remain operational until 19:00 and reopen tomorrow morning, 17 August, at 9:00. The port will remain open, however, for travellers throughout.
14 August	Oshoek will close at 12:30 and reopen at 16:30. Skilpadshek will reopen at 15:00.

Source: [SARS](#). Updated: 20/08/2021.

In general, from the table, it appears as if trade is running more smoothly than it has in recent weeks. Nevertheless, traders are at all times urged to stay abreast of border post communications on the SARS Customs and Excise [website](#).

b. Cross-border delays

In a busy week as far as cross-border road notes are concerned; the following significant events have caused some delays in the SADC region this week:

- Temporary road closures on the N3 around Lions River continued this week¹².
- In Zambia, truckers had to use alternative communications methods, as WhatsApp was turned off, due to the Zambia elections where the opposition party's Hakainde Hichilema won in a landslide victory¹³.
- Reports were received of a hijacked truck headed for Namibia; however, the vehicle was later found without its load.
- Further reports were received of an overturned tanker with a possible gas leak.
- Lastly, concerning the issues around foreign drivers in the DRC, some reports of violence were received near Kolwezi Mine. The private sector is continuing its plea to the government to rescind the recently promulgated anti-competitive laws.

¹² Laldas, J. 16/08/2021. [Reminder: Temporary closure of the N3 near Lions River, KZN.](#)

¹³ Godwe, K. 17/08/2021. [Hakainde Hichilema: The Zambian 'cattle boy' who became president.](#)

- The nationwide curfew in Botswana was moved from 20:00 to 04:00.
- The N4 was a complete disaster this week, as the queue at Lebombo reached more than 350 trucks.

Apart from these developments, investigations continue into cross-border delays experienced at several SADC border posts in the sub-region. The following table uses geofencing data to summarise delays experienced at various borders during the last week.

Table 8 – Delays¹⁴ 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/Nakop	2:00	2:00	100	3 000	700	24 640	1 400
SA/Zim	Beit Bridge	6:00	21:00	943	28 290	6 601	125 419	39 606
Moz/Zam	Cassacatiza/Mlolo	1:00	17:00	60	1 800	420	6 300	420
Zam/Zim	Chirundu	36:00	21:00	616	18 480	4 312	81 928	155 232
Moz/Mal	Dedza	2:00	24:00	50	1 500	350	7 700	700
SA/Bot	Grobiersbrug/Martins Drift	26:00	15:00	400	12 000	2 800	36 400	72 800
Zam/DRC	Kasumbalesa	0:00	48:00	592	17 760	4 144	165 760	0
Zam/Bot	Kazungula	0:00	40:00	212	6 360	1 484	56 392	0
SA/Bot	Kopfontein/Tlokweng	24:00	40:00	100	3 000	700	26 600	16 800
Moz/Zim	Machipanda/Forbes	1:00	7:00	320	9 600	2 240	11 200	2 240
Moz/Mal	Milange	0:00	4:00	40	1 200	280	560	0
Zim/Moz	Nyamapanda	1:00	4:00	100	3 000	700	1 400	700
SA/Moz	Ressano Garcia	9:00	17:00	400	12 000	2 800	42 000	25 200
Zam/Nam	Shesheke/Wenela	0:00	13:00	100	3 000	700	15 400	0
SA/Bot	Skilpadshek/Pioneer Gate	12:00	7:00	300	9 000	2 100	10 500	25 200
Nam/Bot	Trans Kalahari/Mamuno	0:00	5:00	110	3 300	770	2 310	0
Zam/Zim	Victoria Falls	1:00	4:00	114	3 420	798	1 596	798
Moz/Mal	Zobue/Mwanza	2:00	14:00	100	3 000	700	8 400	1 400
				4 657	139 710	32 599	624 505	342 496

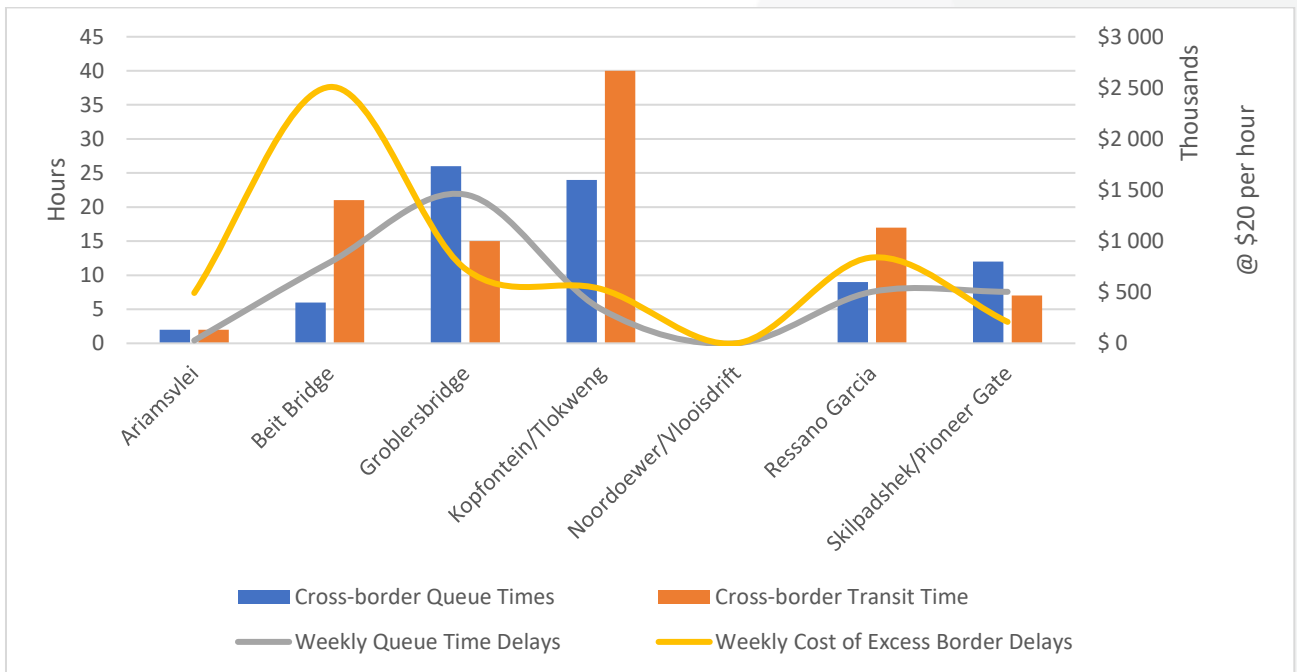
Source: TLC & FESARTA, week ending 17/08/2021.

The following graph shows the weekly change in cross-border times (and associated estimated cost) from South Africa's perspective.



¹⁴ 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 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, and a lack of coordination between neighbouring countries and Customs (or OGA) stops, among other trade obstacles.

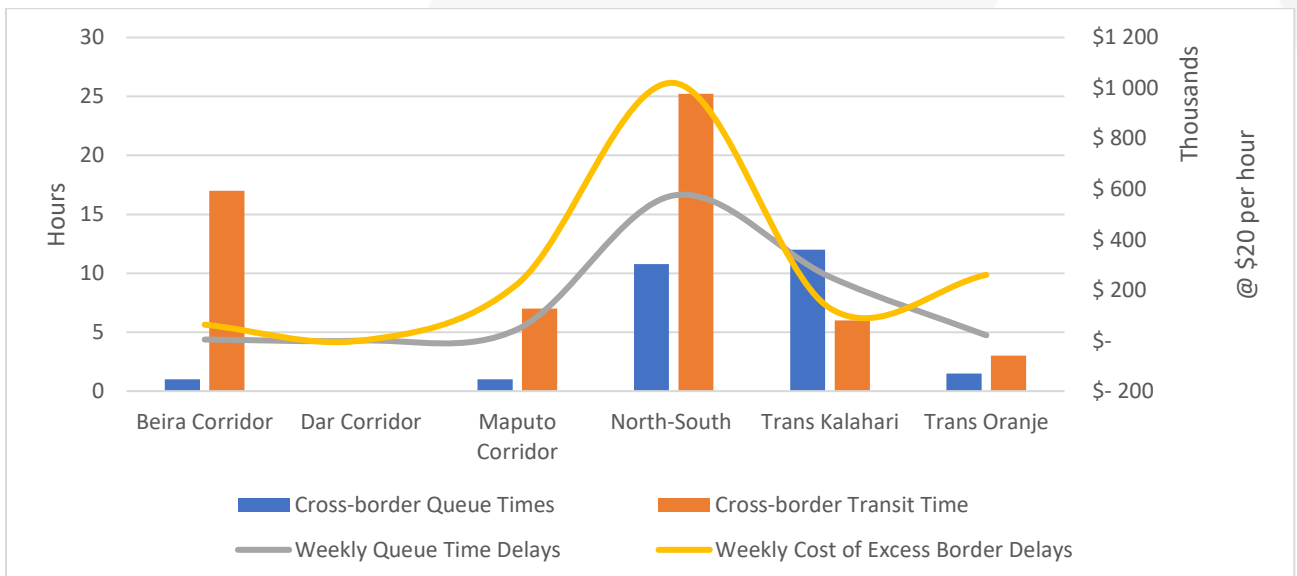
Figure 10 – Weekly cross-border delays and estimated cost from a South African border perspective (delay in hours; cost in \$ thousands)



Source: TLC & FESARTA, week ending 17/08/2021.

The following figure illustrates a similar picture to those above, this time from a corridor perspective. Again, significant transit delays on the North-South corridor have continued.

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



Source: TLC & FESARTA, week ending 17/08/2021.

In summary, the cross-border queue time has averaged **~7,2 hours** (falling by approximately **0,7 hours** from last week's recorded time of **~7,9 hours**) and cost the transport industry an estimated **\$6,85 million (R110 million)**. Furthermore, as with the queue times, the average cross-border transit time has also experienced a substantial decrease to **~15,2 hours** (much lower than last week's experience at **~20,7 hours**), costing the transport industry **~\$12,5 million (R200 million)**. Therefore, the total cost for the week amounts to **~R309 million** (down by **~R62 million** from **R371 million** the previous week).

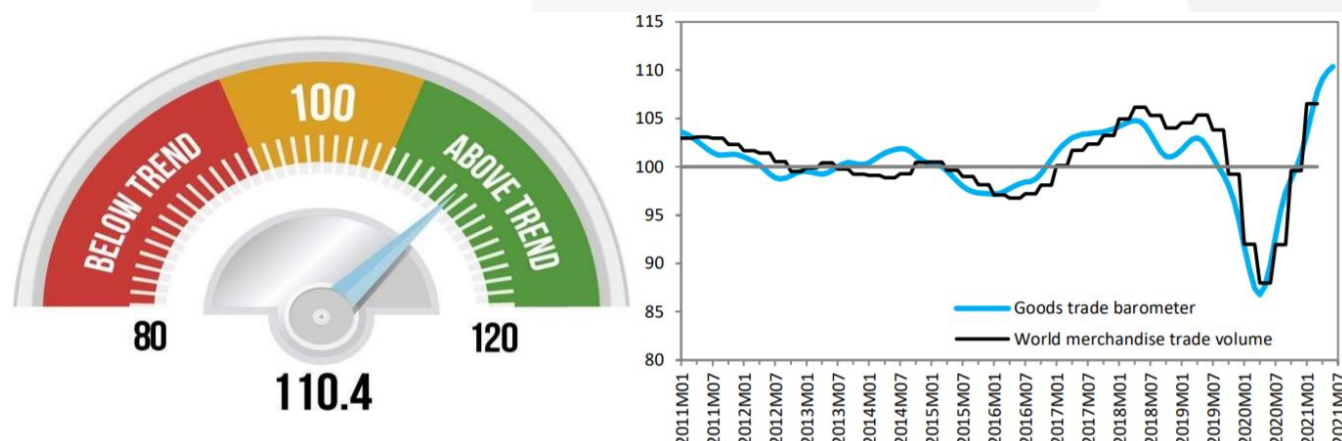
4. International Update

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

a. Global merchandise trade

On Wednesday, 18 August, the World Trade Organisation (WTO) released their latest "*Goods trade barometer*"¹⁵, which has hit a record high, confirming the strength of the trade recovery. The composite indicator, which comprises six drivers of goods trade, reached a reading of **110,4**, which is the highest on record since the indicator was first released in July 2016, and up more than 20 points y/y. The following side-by-side images show the rapid climb of the index and goods trade volume.

Figure 12 – Goods trade barometer, and world merchandise trade volume (index history, trend = 100)



Source: [WTO](#)

Global goods trade continues to recover after registering a sharp decline in the second quarter of 2020 during the early stages of the pandemic. As a result, the merchandise trade volume was up **5,7% y/y** in the first quarter of 2021, the largest increase since a 5,8% rise in the third quarter of 2011. The recovery has been marked by regional disparities, with North America, Europe and Asia regaining lost ground and other regions lagging. The latest barometer reading suggests that goods trade will see an even more significant y/y increase in the second quarter, with growth moderating after that. However, the pace of recovery could be restrained by supply chain disruptions, e.g., the semiconductor shortage that has recently hampered vehicle production.

The Goods Trade Barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends. The latest reading of 110,4 is up more than 20 points y/y, reflecting the strength of the ongoing recovery and the depth of the pandemic-induced shock last year. Data suggests that the trade recovery may be slowing as the barometer index has started to rise

¹⁵ WTO. 18/08/2021. [Goods trade barometer](#).

at a decreasing rate. These results are consistent with the WTO's most recent forecast of 8% growth in world merchandise trade volume in 2021.

All the barometer's component indices were above trend in the latest month, illustrating the broad-based nature of the trade recovery. Indices for air freight (114,0), container shipping (110,8) and raw materials (104,7) were rising, indicating faster than average growth. The automotive products index (106,6) also rose even though car production and sales fell in July in some countries due to a shortage of semiconductors (the rise can be explained by smoothing of the underlying data). This shortage is also reflected in a slight drop in the index for electronic components (112,4). The forward-looking export orders index (109,3) has also turned down, suggesting that upward momentum in trade may have peaked.

b. Global container industry

i. Global freight rates

An eighteenth consecutive increase in global container freight rates was experienced this week, as the "World Container Index" (WCI) increased by **↑2%** (or **\$192**) to **\$9 613** per 40-ft container¹⁶. However, the seemingly endless growth in demand continues unchecked, as container lines are pushing more capacity into the Asia-US West Coast routes to capitalise on the current freight rate bonanza, which shows no sign of slowing down¹⁷. Indeed, MSC's strategy of hoovering up tonnage on the second-hand market has added over 90 ships and 360 000 TEUs in capacity to what is shortly expected to become the world's largest container line¹⁸. The approach is seen as little less but capitalising on a short-term cash bonanza.

The added capacity – coupled with the ongoing limitations that have emerged during the pandemic – has created clearly visible bottlenecks, as the ports of Los Angeles and Long Beach cannot keep up with the throughput (note the discussion [below](#)). With rates high and demand still yet to plateau, the situation is predicted to ensue for at least the next following months. Furthermore, the stratospheric spot rates will likely influence contractual rates, as carriers will go into 2022 negotiations holding the upper hand¹⁹. The following figure highlights the extraordinary rise in the two-year spot price of the index, which shows an increase of around 500% in 2 years.



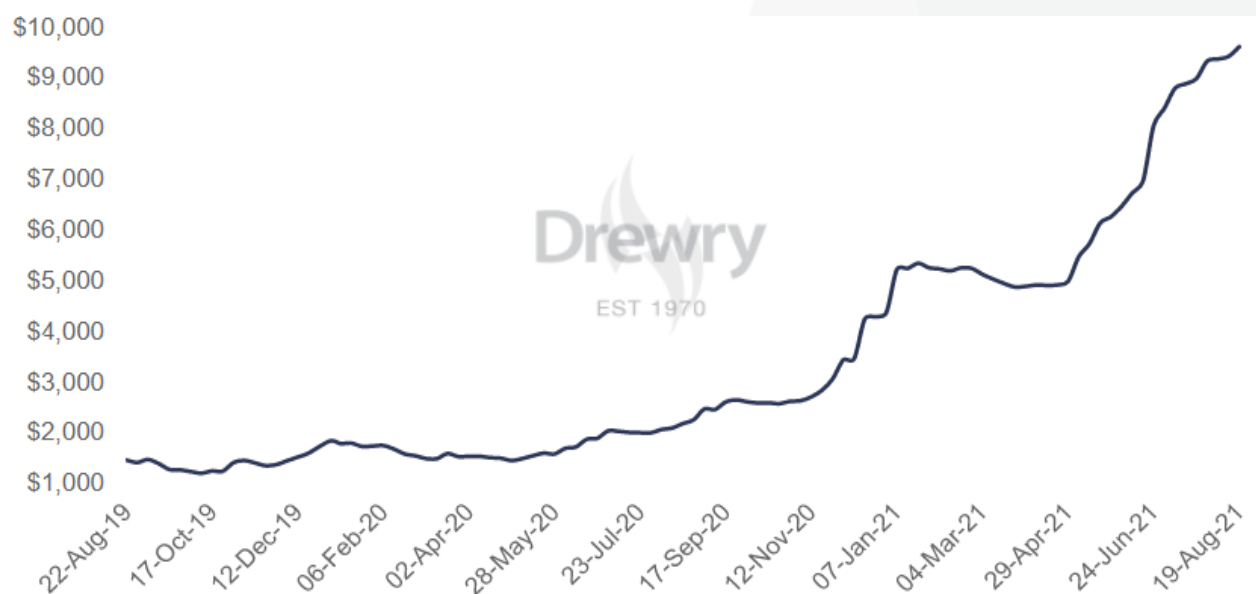
¹⁶ Drewry Supply Chain Advisors. 19/08/2021. [World Container Index](#).

¹⁷ Baker, J. 16/08/2021. [Carriers flock to transpacific as goldrush continues](#).

¹⁸ Meade, R. 17/08/2021. [MSC's secondhand spree tops \\$2bn](#).

¹⁹ Baker, J. 18/08/2021. [Carriers will seek higher contract rates to extend profitability](#).

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



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

The average composite index now stands at a mammoth **↑360%** higher compared to the same time last year. This week, freight rates from Shanghai to Los Angeles soared **↑6%** or \$647 to reach \$10 969 per 40ft-container, a change of 242% y/y. Spot rates on Shanghai to Genoa gained \$268 to reach \$13 261. Similarly, rates on Rotterdam to New York grew 1% or \$45 to \$6 435. The one significant drop this week sees rates on Los Angeles – Shanghai plunged 7%, a decrease of \$103 to \$1 358 per FEU. Rates from New York to Rotterdam also dropped this week; however, by a mere 1% or \$17 to reach \$1 154 per 40ft-container. As mentioned above, there is seemingly no end to the increase, with a further rise predicted in the coming weeks. Indeed, the irrational market has seen new phenomena rising. Containership capacity may be in short supply, but it is cheaper to buy than rent, with charter rates skyrocketing and periods lengthening²⁰.

ii. Container congestions and bottlenecks in California approaches February records:

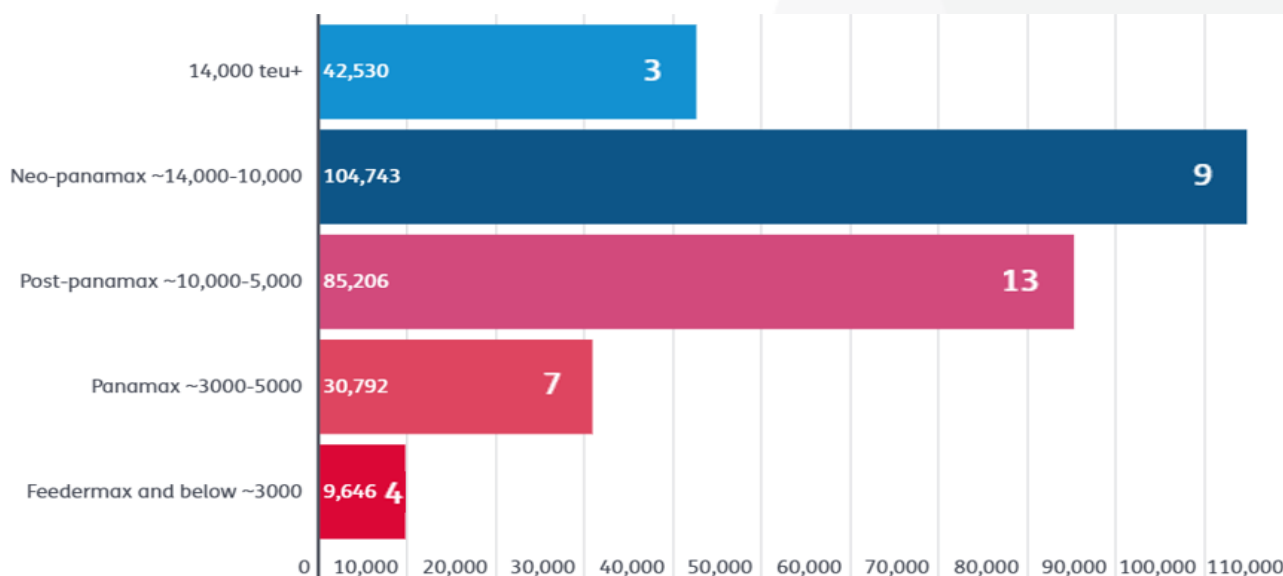
After a nightmare situation earlier in the year, the most significant US trade gateway with Asia has clogged again. As a result, the ensuing crisis threatens to extend transportation delays, bite further into margins for American importers and increase prices for consumers.

During mid-week, thirty-seven ships were anchored awaiting berth space outside the twin ports of Los Angeles and Long Beach, California, the most since early February, according to officials who monitor marine traffic in San Pedro Bay. That's almost double the length of the queue in mid-July and close to the February record of 40 anchored vessels. The following figure shows the total ships and accompanying capacity at anchor:



²⁰ Lloyd's List. 18/08/2021. [Weekly Briefing: Box capacity cheaper to buy than rent.](#)

Figure 14 – Containerships at anchor off LA/Long Beach (TEU capacity and number of vessels)



Source: [eeSea](#)

The 36 containerships waiting at anchor over the weekend was four short of the previous record reached. Of these vessels, 15 have capacities of more than 10 000 TEUs. More than 65 containerships were in the ports of Los Angeles or Long Beach on Sunday, 15 August. This dire position was just two short of the record 67 seen in January, with 28 berths. According to the *Marine Exchange*, up to 30 vessels are scheduled to arrive in southern California over the next three days, of which 10 are box ships²¹.

Considering all vessel types, a record 125 were in the two ports on Friday, dipping slightly to 123 on Saturday and 118 on Sunday. According to LA port figures, the average wait for berth space was 6,2 days, compared with 5,7 in late June. That number peaked around eight days in April.

The transpacific trade routes have been disrupted recently by the partial closure of a major port in China because of COVID outbreaks among employees (more on this matter [below](#)). That's helping reduce already tight container shipping capacity globally and keeping ocean freight rates near record levels.

iii. Further developments of note

Besides the constant narrative of elevated freight rates and port congestion mentioned above, some additional notable developments occurred around the world this week, including an update on Ningbo.

1. Ningbo-Zhoushan update:

- a. On Thursday, 19 August, handling started at the Chinese port of Ningbo-Zhoushan, the third-largest container terminal in the world²². The commencement of work comes after no positive results had been detected from all three rounds of swab tests for people in the affected area.
- b. The opening comes as a relief for shippers, as original reports suggested a date of 6 September would be the earliest for the resumption of operations. Still, no new cases of COVID-19 have been detected²³.
- c. The delays from closure on 11 August have resulted in many containerships waiting at anchor off Ningbo-Zhoushan and Shanghai. However, some affected vessels are being directed further



²¹ Porter, J. 16/08/2021. [Anchorages full as LA/Long Beach box ship queues approach record levels.](#)

²² Shen, C. 19/08/2021. [Blocked Ningbo terminal begins to handle vessels at berth.](#)

²³ Savvides, N. 20/08/2021. [Relief for shippers as Ningbo's Meishan Island Terminal is set to reopen.](#)

away for transshipment to avoid the expected logjam²⁴. Consequently, the number of ships at anchor outside Ningbo is declining, with carriers beginning to cut services calling there²⁵.

2. Port congestion at both ends of the East-West trade lanes affecting schedule reliability:

- a. The congestion in China and California results in a global scheduling challenge, as alliance networks operating between Asia and North Europe are experiencing delays of up to a month due to worsening port congestion at both ends of the trade lanes²⁶.
- b. Asia-North Europe loops with a Pro-forma round-trip transit time of ~75 days are now taking 100 or more, with carriers obliged to juggle schedules at the last minute. Although delays are the primary effect of congestion, poor schedule reliability will follow as an inevitability.

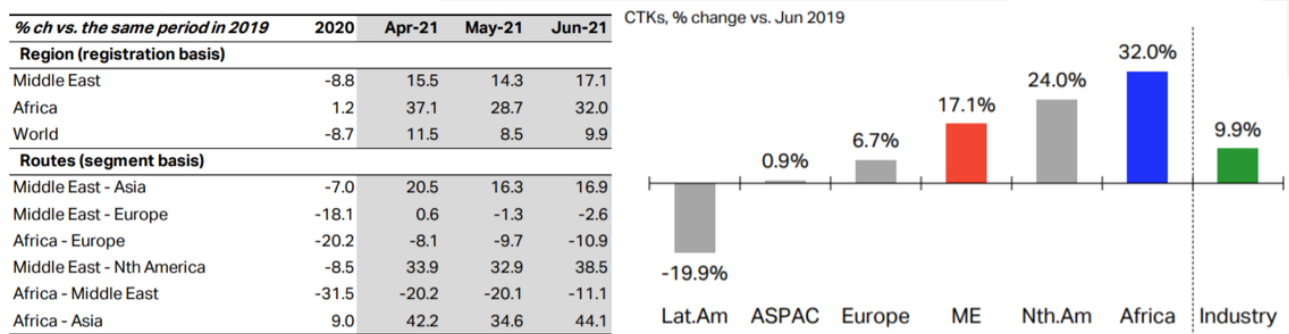
3. Further record profits:

- a. HMM managed to turn around a **\$32 million** loss in the first half of last year to a **\$311 million** profit this year. Taiwanese rival Yang Ming did even better, bringing in **\$1,2 billion** in the second quarter alone. Much of these profits are because of east-west trade between Asia and the US²⁷.
- b. With a continuation of insatiable demand in the US, the trade, formerly dominated by the big three alliances, has become more fragmented as carriers add more non-alliance services and new players enter the market. Non-alliance services had doubled since pre-pandemic and now accounted for more capacity on the trade than two large alliances.

c. Global aviation industry

This week, the International Air Transport Association (IATA) released its monthly "State of the region reports," focusing on Africa and the Middle East. Air cargo once again performed exceptionally well for August, with cargo tonne-kilometres (CTKs) growing **↑9,9%** compared to June 2019, and air cargo drivers point to further growth ahead. The following table and graphic combination show the continued cargo drive of the region.

Figure 15 – CTKs growth for Africa and the Middle East



Source: [IATA Economics](#)

Africa (which is dominated by Egypt, Ethiopia, Morocco, and South Africa) continues to return substantial cargo growth numbers, as the region's CTKs grew by **↑32%** compared to June 2019. Furthermore, this growth represents the sixth consecutive month of the highest CTK growth among all regions. The outlook is set to continue, especially once passenger flights with accompanying belly-hold space – which are predicted to increase in the following months – return. All-in-all, cargo load factors (CLF) remained exceptionally high in June. The industry-wide metric was at **56,5%**, 10,7 points above June 2019 levels. African airlines posted the CLF at **48,0%** regional level while Middle Eastern carriers at **58,1%**.



²⁴ Shen, C. 18/08/2021. [Congestion worsens as Ningbo terminal remains shut.](#)
²⁵ Baker, J. 16/08/2021. [Ningbo terminal closure enters sixth day.](#)
²⁶ Wackett, M. 18/08/2021. [Port congestion double-whammy sinks carriers' schedule recovery hopes.](#)
²⁷ Lloyd's List. 18/08/2021. [Weekly Briefing: Box capacity cheaper to buy than rent.](#)