

## COVID-19: Cargo movement update

**Date: 14 August 2020**

### About this update

This update — *the fourth of its kind* — contains a combined overview of the flow of air, sea and road freight to and from South Africa over the course of the last week. The report provides a consolidated view of the different modalities published earlier by the Business for South Africa supply chain team.

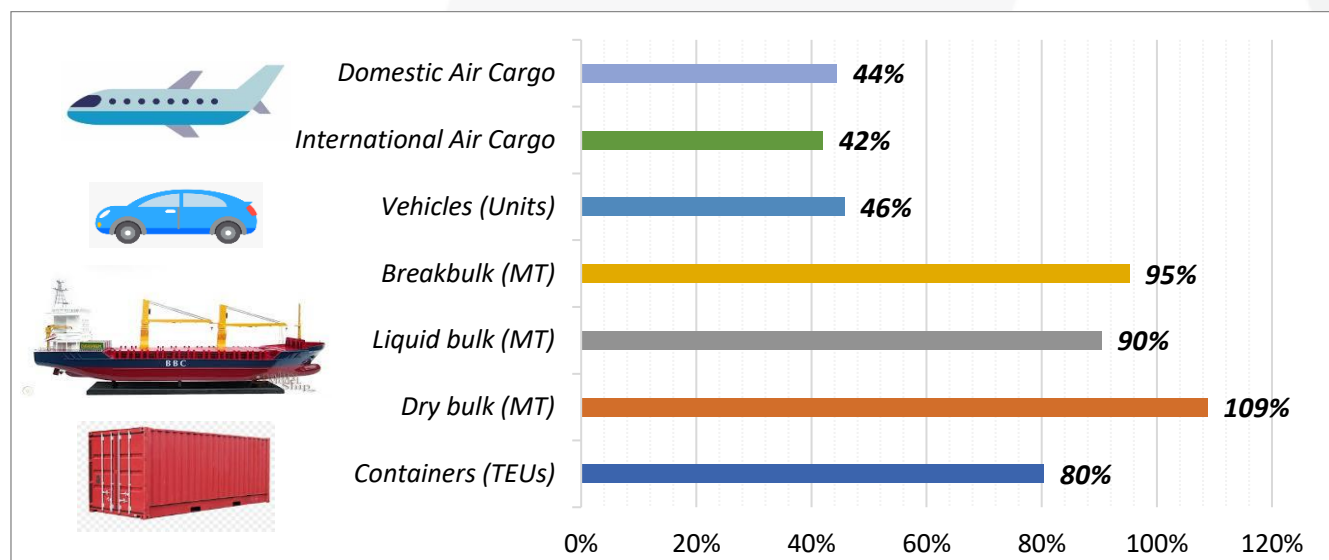
### Weekly snapshot

Table 1 - Port volumes and air cargo flows compared to last week

Flows	Current <sup>1</sup>			Previous <sup>2</sup>			Growth
	Import	Export	Total	Import	Export	Total	
Port Volumes (TEUs)	31 424	36 582	<b>68 006</b>	31 253	36 683	<b>67 936</b>	<b>0%</b>
Air Cargo (tons)	1 949	1 186	<b>3 135</b>	2 070	1 227	<b>3 297</b>	<b>↓5%</b>

### Monthly snapshot

Figure 1 - Monthly<sup>3</sup> cargo flows compared to the same period in 2019



### Key Notes

- An average of ~9 715 TEUs was handled per day over the course of the last week, **↑10** from last week

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

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

<sup>3</sup> 'Monthly' means the last full month's worth of available data compared to the same month in 2019 (in this case July 2020 versus July 2019)

- Air cargo volumes have largely remained constant with international - and domestic air cargo flows at approximately **60%** (**↓5%** —) and **68%** (**↑3%** from last week) compared to pre-lockdown levels
- June exports to BELN countries increased by **↑31.7%** to **R2.7 billion**, with imports from BELN countries amounting to **R645 million** for the month, which an increase of **↑26.2%**
- Globally, average freight rate continues to increase (currently at **\$2,089.41 per 40'**), coupled with the increase in container throughput, most notably driven by 'near-normal' volumes in China

## Ports Update

This section provides an overview of the flow of cargo and overall port congestion.

### Container flow overview

The following two tables indicate the container flows for the last 7 days, as well as the projected container flows for the next 7 days.

Table 2 - Container Ports - 7-day flow forecasted for 7 August to 13 August<sup>4</sup>

7-day flow forecast (07.08.2020 – 13.08.2020)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	4 022	3 670
DURBAN CONTAINER TERMINAL PIER 2:	14 644	13 926
CAPE TOWN CONTAINER TERMINAL:	7 853	10 190
NGQURA CONTAINER TERMINAL:	4 081	7 636
PORT ELIZABETH CONTAINER TERMINAL:	653	1 261
<b>TOTAL:</b>	<b>31 253</b>	<b>36 683</b>

Source: [Transnet](#), 2020. Updated 14/08/2020

Table 3 - Container Ports - 7-day flow forecast for 14 August to 20 August<sup>5</sup>

7-day flow forecast (14.08.2020 – 20.08.2020)		
TERMINAL	NO. OF CONTAINERS TO DISCHARGE (IMPORT)	NO. OF CONTAINERS TO LOAD (EXPORT)
DURBAN CONTAINER TERMINAL PIER 1:	5 645	4 380
DURBAN CONTAINER TERMINAL PIER 2:	15 571	16 207
CAPE TOWN CONTAINER TERMINAL:	4 473	5 996
NGQURA CONTAINER TERMINAL:	5 292	7 949
PORT ELIZABETH CONTAINER TERMINAL:	443	2 050
<b>TOTAL:</b>	<b>31 424</b>	<b>36 582</b>

Source: [Transnet](#), 2020. Updated 14/08/2020

Export container volumes have continued to outstrip import container volumes, being approximately 5,000 TEUs more both this week (*Table 2*) and next week (*Table 3*). Volume for the Port of Durban have significantly increased over the course of the last two weeks, with volumes at the Port of Cape Town still down. Nonetheless, the outlook for Cape Town has continued to improve (note the discussion in the [summary](#) section).

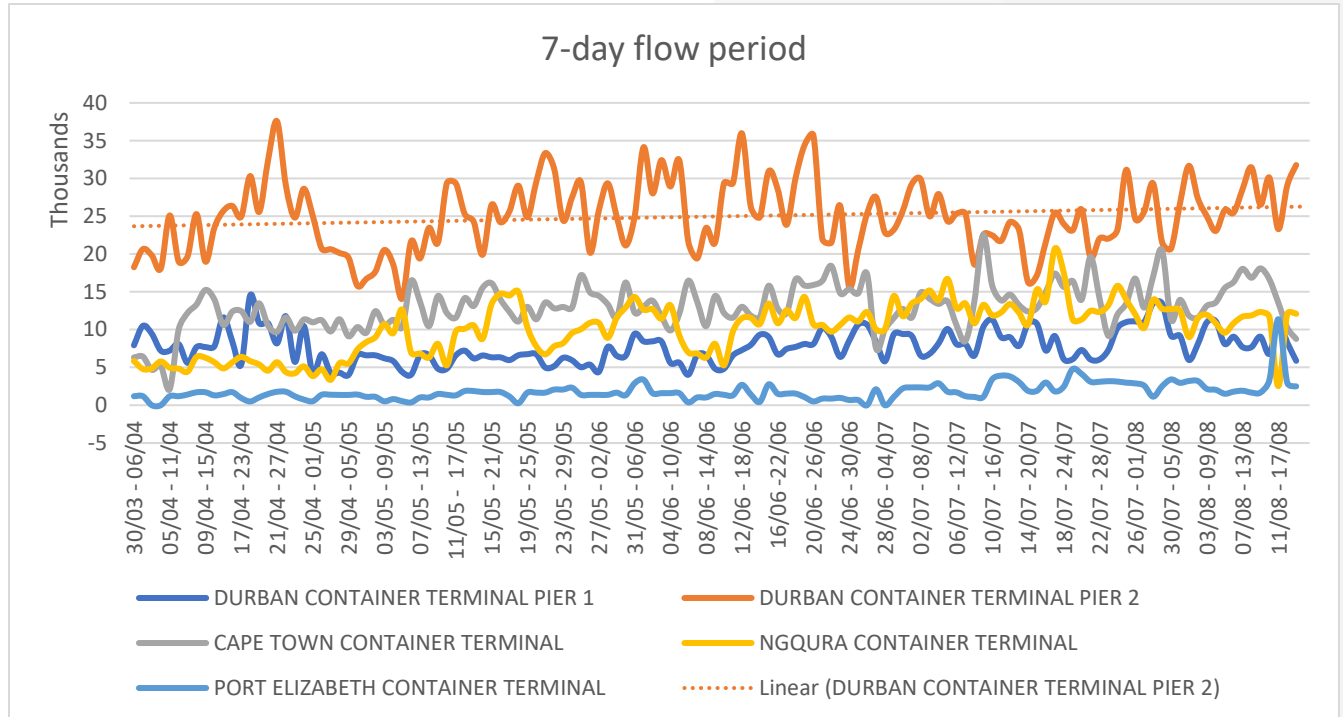


<sup>4</sup> It remains important to note that a fair percentage (approximately 28%) of containers are neither to be imported nor exported, but rather consist of empties and transshipments. Due to container imbalances, this proportion is fluctuating more than usual.

<sup>5</sup> As noted in *footnote 1*.

Current stack occupancy across the board is approximately 70% and 33% in Durban and Cape Town respectively. To provide a more comprehensive flow of container cargo to and from our commercial ports, the following figure indicates the 7-day rolling forecast for container flows from the onset of the lockdown period at the end of March.

Figure 2 - 7-day flow forecast for total cargo movement (TEUs: 30 March to 14 August; week-on-week)

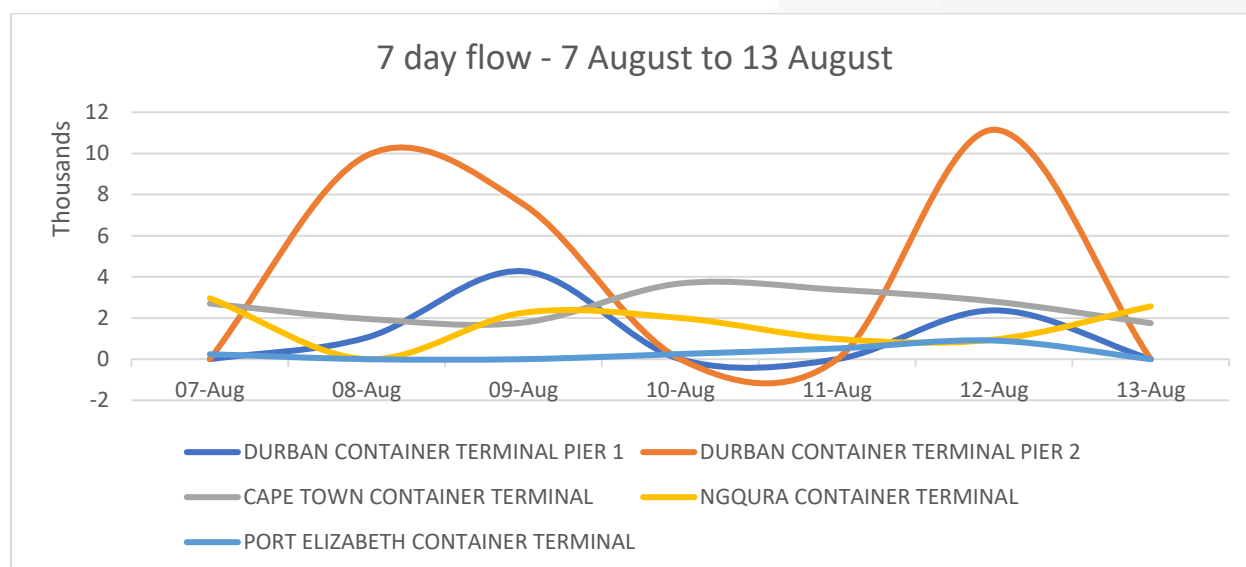


Source: Calculated using data from the [Transnet Port Terminal](#) updates. Updated 14/08/2020

Due to the delayed effects of the pandemic and normal lead times in ocean-going freight, overall container volumes are still only around ~80% compared to the same time last year. However, a continued slight improvement has been experienced in recent weeks. For other types of cargo, note the discussion on TNPA’s update for July [below](#).

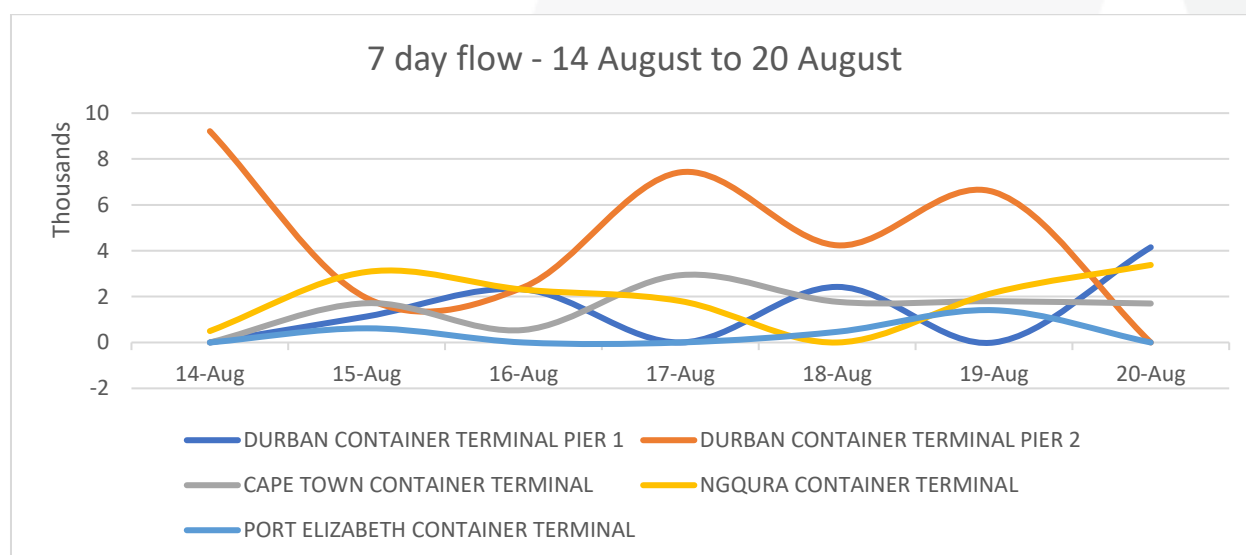
The figures below indicate the weekly forecasted container flows for both the last 7 days, as well as the next 7 days.

Figure 3 - 7-day flow forecast for total cargo movement (7 August to 13 August; day-on-day)



Source: Calculated using data from the [Transnet Port Terminal](#) updates. Updated 14/08/2020.

Figure 4 - 7-day flow forecast for total cargo movement (13 August to 20 August; day-on-day)



Source: Calculated using data from the [Transnet Port Terminal](#) updates. Updated 14/08/2020.

### Transnet National Ports Authority update for July

The following section provides a comparative overview of all cargo movement in and out of South Africa’s ports for July of this year; compared to the same months last year, as reported by TNPA.

Table 4 - TNPA - Volume and growth: July 2019 versus July 2020

	Jul 2019	Jul 2020	Movement	Growth
<b>Containers (TEUs)</b>	<b>386 813</b>	<b>314 293</b>	<b>-72 520</b>	<b>-19%</b>
Landed	197 148	149 800	-47 348	-24%

Shipped	189 665	164 493	-25 172	-13%
<b>Dry bulk (MT)</b>	13 428 462	14 613 308	1 184 846	9%
<b>Liquid bulk (MT)</b>	3 438 448	3 108 263	-330 185	-10%
<b>Breakbulk (MT)</b>	285 104	271 396	-13 708	-5%
<b>Vehicles (Units)</b>	69 341	31 722	-37 619	-54%
<b>Total Cargo (excl. Vehicles)</b>	<b>17 152 014</b>	<b>17 992 967</b>	<b>840 953</b>	<b>5%</b>

Source: TNPA, updated 14/08/2020

The following table provides a consolidated view of the six months compared to the same time last year:

Table 5 - TNPA - Volume and growth: Feb - Jul 2019 versus Feb - Jul 2020

	Feb - Jul 2019	Feb - Jul 2020	Movement	Growth
<b>Containers (TEUs)</b>	<b>2 236 652</b>	<b>1 944 821</b>	<b>-291 831</b>	<b>-13%</b>
Landed	1 154 595	820 161	-334 434	-29%
Shipped	1 082 057	974 860	-107 197	-10%
<b>Dry bulk (MT)</b>	90 382 824	81 684 858	-8 697 966	-10%
<b>Liquid bulk (MT)</b>	20 422 468	20 116 418	-306 050	-1%
<b>Breakbulk (MT)</b>	2 831 970	1 493 081	-1 338 889	-47%
<b>Vehicles (Units)</b>	373 459	216 272	-157 187	-42%
<b>Total Cargo (excl. Vehicles)</b>	<b>113 637 262</b>	<b>103 294 357</b>	<b>-10 342 905</b>	<b>-9%</b>

Source: TNPA, updated 14/08/2020

The consolidated table shows that overall cargo movement for the period since February is down by 9% across all categories (for June, this figure was -12%), with all types of cargo experiencing negative growth compared to 2019. Despite the overall negative trend in 2020, for the month of July, total cargo (measured in MT) is up by 5%, which is encouraging. Trade in vehicles on the other hand, remains consistently low.

The following table provides an overview of the containerised cargo for the period.

Table 6 - TNPA - Volume: Feb-July 2019 versus Feb-July 2020: Containerised cargo

	2019			2020		
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL
<b>LANDED:</b>						
DEEPSEA	746 776	163 222	<b>909 998</b>	570 064	204 402	<b>774 466</b>
COASTWISE	2 778	17 099	<b>19 877</b>	1 571	20 835	<b>22 406</b>
TRANSHIPPED <sup>6</sup>	180 961	43 759	<b>224 720</b>	122 097	50 992	<b>173 089</b>
<b>TOTAL LANDED</b>	<b>930 515</b>	<b>224 080</b>	<b>1 154 595</b>	<b>693 732</b>	<b>276 229</b>	<b>969 961</b>
<b>SHIPPED:</b>						
DEEPSEA	597 395	255 894	<b>853 289</b>	545 565	239 222	<b>784 787</b>
COASTWISE	3 398	7 061	<b>10 459</b>	2 782	17 374	<b>20 156</b>
TRANSHIPPED	181 946	36 363	<b>218 309</b>	121 589	48 328	<b>169 917</b>
<b>TOTAL SHIPPED</b>	<b>782 739</b>	<b>299 318</b>	<b>1 082 057</b>	<b>669 936</b>	<b>304 924</b>	<b>974 860</b>
<b>GRAND TOTAL</b>	<b>1 713 254</b>	<b>523 398</b>	<b>2 236 652</b>	<b>1 363 668</b>	<b>581 153</b>	<b>1 944 821</b>

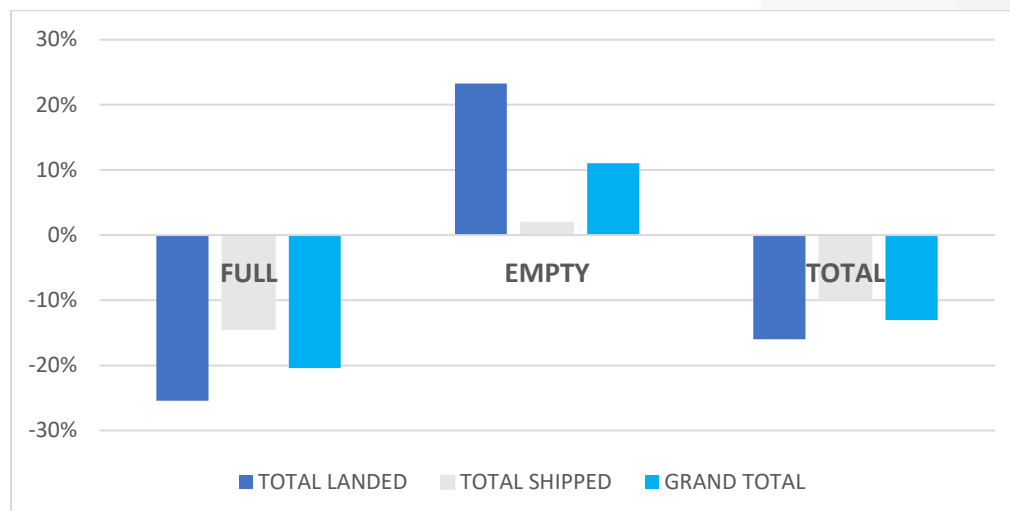
Source: TNPA, updated 14/08/2020



<sup>6</sup> '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 of time.

The following figure provides a visual representation of the table above.

Figure 5 - TNPA - Growth: Feb-July 2019 versus Feb-July 2020: Containerised cargo



Source: TNPA, updated 14/08/2020

It is very clear from the figure above that the volume of full containers has significantly decreased over this time period, whilst, at the same time, the volume of empty containers (especially containers landed) has shown substantial growth. This phenomenon is testament to the slowdown of ocean freight and the industries that feed it across this period. It also gives a clear indication of the container imbalances being experienced by shipping lines, which are reflected in freight surcharges (see [below](#)).

### Summary of port statistics

An average of around **~9 705 TEUs** were handled per day over the course of the last week (7 - 13 Aug - Table 2), with an increased average of around **~9 715 TEUs** expected to be handled per day over the course of the next week (14 - 20 Aug - Table 3). These figures can be compared to an average of around **~8 195 TEUs** handled per day in the previous report (7 Aug), which is a positive sign for industry. This translates into an increase of **~11%** compared to last week. Overall, containerised cargo volumes are **~80%** compared to the same time last year.

For the month of July, TNPA reports that breakbulk — (-5%), liquid bulk — (-10%) and dry bulk (9%) cargo is all approaching similar levels compared to the same time last year. Trade in vehicles, on the other hand, remains significantly down compared to the same period last year. These figures are in line with the global experience, where light vehicle sales fell by **19.1%** in June, year on year, to **6.2 million** for a seasonally adjusted annualised running rate of **73.1 million** for June, according to data and analytics company Global Data<sup>7</sup>. The continued increase of empty containers remains a matter of concern, however, this largely reflects the global cross-currents currently experienced for ocean freight.

In terms of the overall state of operations at the Port of Cape Town, efficiency continues to improve; however the past 2 days have seen landside delays with tide changes within the terminal basin causing vessel ranging alongside and fewer containers discharged, resulting in truck delays. On Thursday, the Multi-Purpose Terminal had 2 vessels working alongside. Unfortunately, two matters of interest were reported. The first being that 1 mobile crane would be used to train new recruits for one shift for up to 3 weeks, which is



<sup>7</sup> <https://www.businesslive.co.za/bd/life/motoring/2020-07-23-world-vehicle-sales-start-bouncing-back/>

expected to cause some delays for truckers. The second is the addition of a 3<sup>rd</sup> reach stacker which (arriving from Durban within the next few days) which will relieve some pressure for the truckers.

Even though Cape Town has improved markedly, weather conditions continue to hamper port operations, as experienced by the vessel *APL Santiago*, which was suffering from “ranging” for about 3 days. On Friday afternoon, CMA advised of a “possible cut and run situation on the *APL Santiago* due to operational delays”. As a final note worth mentioning —MSC announced on Friday, the 7<sup>th</sup> of August, the re-instatement of the Europe Service call for the Port of Cape Town on its South Bound call, which is further positive news for the Port of Cape Town.

## Air Update

### i. International air cargo

The following table depicts the inbound and outbound air cargo flows to and from ORTIA in the last week. For comparative purposes, the average air freight cargo (inbound and outbound) for ORTIA handled in the two months *before* the lockdown period (January and February) was approximately **743 879 kg per day**<sup>8</sup>. The volumes depicted in the table are also in kilograms.

Table 7 - International inbound and outbound cargo from OR Tambo

Flows	05-Aug	06-Aug	07-Aug	08-Aug	09-Aug	10-Aug	11-Aug
<b>Volume inbound</b>	284 276	403 011	175 808	146 946	431 454	381 652	125 485
<b>Volume outbound</b>	219 738	260 625	107 648	125 112	239 935	145 206	87 691
<b>Total handled per day</b>	<b>504 014</b>	<b>663 635</b>	<b>283 456</b>	<b>272 058</b>	<b>671 389</b>	<b>526 858</b>	<b>213 176</b>

Updated: 13/08/2020

The average volume of air cargo handled at ORTIA over the 7 days starting 5 August amounted to **278 376 kg** inbound and **169 422 kg** outbound, resulting in an average of **447 798 kg** per day, which is approximately **60%** compared to the two months before the lockdown period. These figures are - on average - slightly lower than those reported in the previous edition of this report (*7 August*), but fortunately not significantly so.

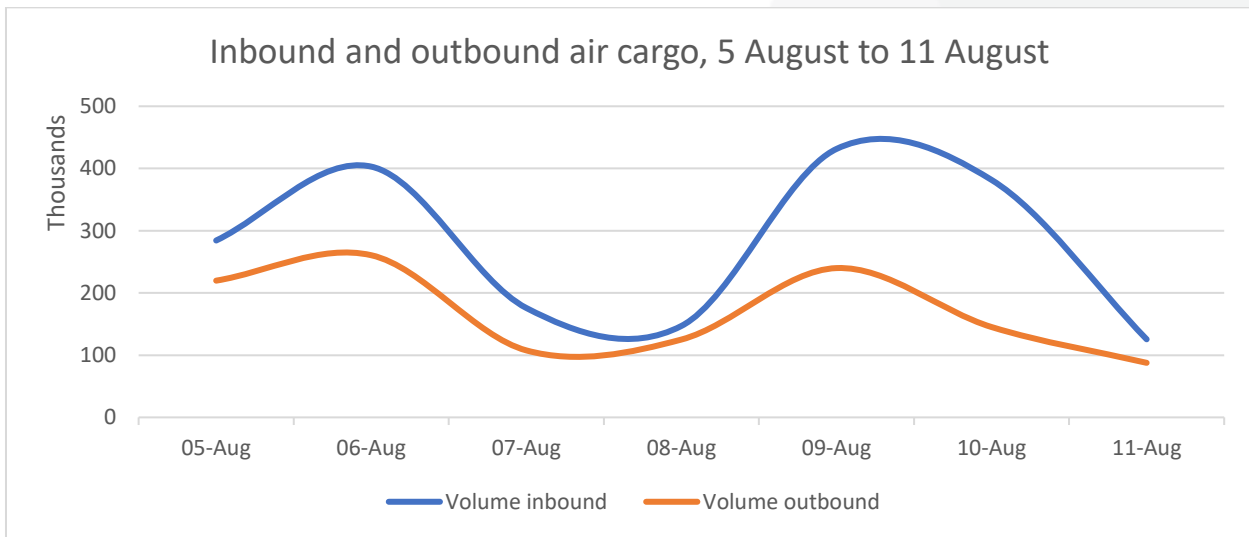
The following figure is a visual representation derived from *Table 4*, illustrating how the volumes of air cargo have fluctuated over the course of the last 7 days.



<sup>8</sup> 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 **916 175 kg** per day.



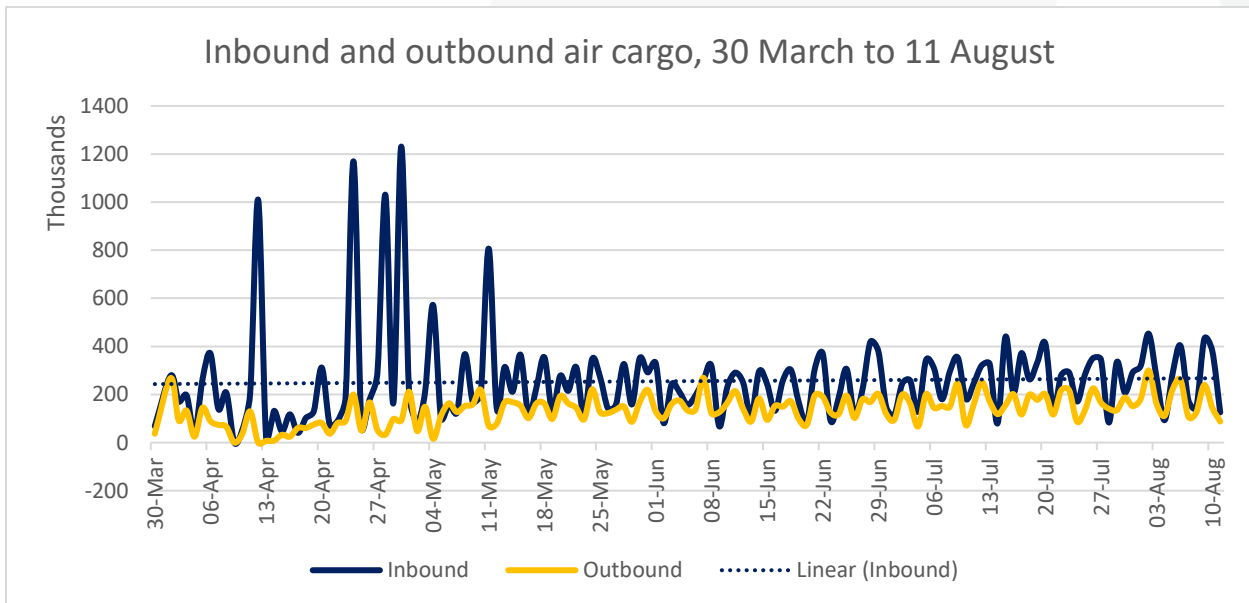
Figure 6 - 7-day cargo flow for OR Tambo



Updated: 13/08/2020

The following figure shows the long-term average of international air cargo flows to and from ORTIA since the 30<sup>th</sup> of March. After the initial spike in volumes in late April and early May, caused largely by bulk imports of PPE, weekly flows, although fluctuating from day to day, have settled into a fairly consistent average.

Figure 7 - Daily cargo flow for OR Tambo



Updated: 11/08/2020

The following table depicts the origin and destination of air cargo moved to and from ORTIA. Note that the origin shown is the flight origin, not necessarily the origin of the cargo. The cargo originates around the world and then moves here via the hubs of the major airlines i.e. Doha (Qatar), Dubai (Emirates), Istanbul (Turkish), and London (British), etc. Indications are that the bulk of the arriving cargo originates in the Far East, since



there are virtually no passenger flights, and only chartered flights and scheduled cargo flights are arriving. Consistently high volumes between ORTIA and Nairobi are noteworthy, and can be explained by the opportunities arising out of the fresh flower export trade from Kenya to Europe.

*Table 8 - Total international cargo movement to and from OR Tambo*

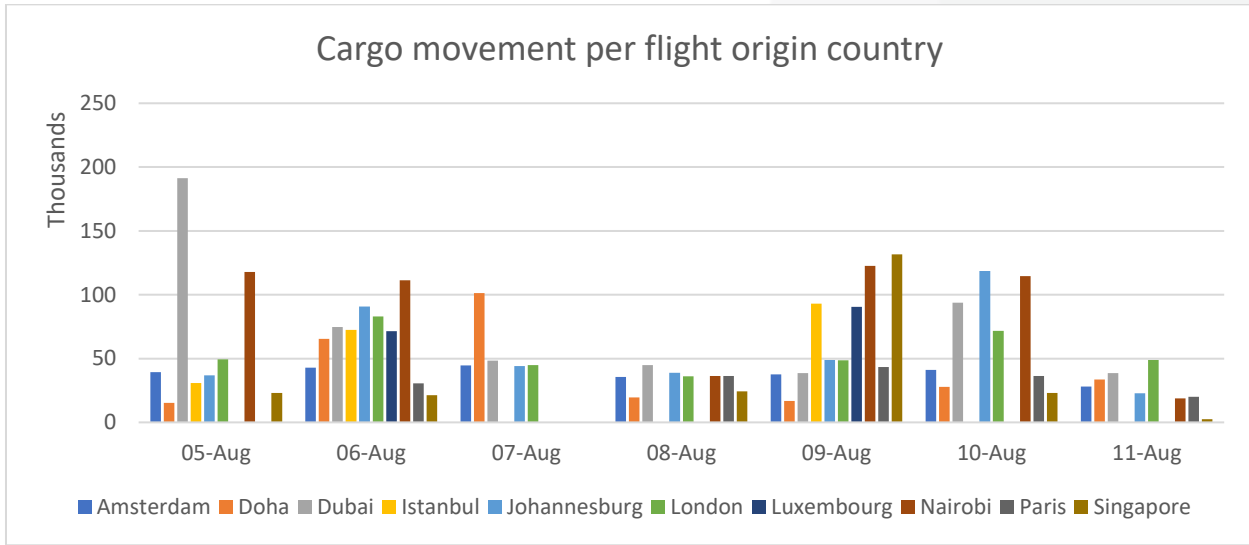
Partner	05-Aug	06-Aug	07-Aug	08-Aug	09-Aug	10-Aug	11-Aug
<b>Amsterdam</b>	39 322	42 825	44 533	35 703	37 507	41 043	27 993
<b>Doha</b>	15 399	65 326	101 415	19 475	16 812	27 909	33 645
<b>Dubai</b>	191 388	74 678	48 502	44 954	38 507	93 670	38 484
<b>Istanbul</b>	30 864	72 518	-	-	92 950	-	-
<b>Johannesburg</b>	36 808	90 737	44 185	38 785	48 986	118 502	22 797
<b>London</b>	49 499	83 059	44 821	36 000	48 596	71 667	48 913
<b>Luxembourg</b>	-	71 355	-	-	90 453	-	-
<b>Nairobi</b>	117 770	111 292	-	36 367	122 717	114 619	18 766
<b>Paris</b>	-	30 571	-	36 456	43 299	36 460	20 029
<b>Singapore</b>	22 964	21 274	-	24 318	131 562	22 988	2 549
<b>Total handled:</b>	<b>504 014</b>	<b>663 635</b>	<b>283 456</b>	<b>272 058</b>	<b>671 389</b>	<b>526 858</b>	<b>213 176</b>

*Updated: 11/08/2020*

When comparing the origin and destination of air cargo moved to and from ORTIA over the course of the last couple of months, it is evident that our trading partners have remained largely the same. The significant recent omission is Addis Ababa and Ethiopian Airways, which accounted for a large portion of the air cargo during the early days of lockdown when bulk imports of PPE from China were in full swing, and even passenger aircraft were being used on a charter basis.

The following figure, a graphic representation of *Table 8*, shows the diversity of South Africa's trading partners in terms of cargo handled per country of origin. Overall, international cargo has decreased by ~5% compared to last week.

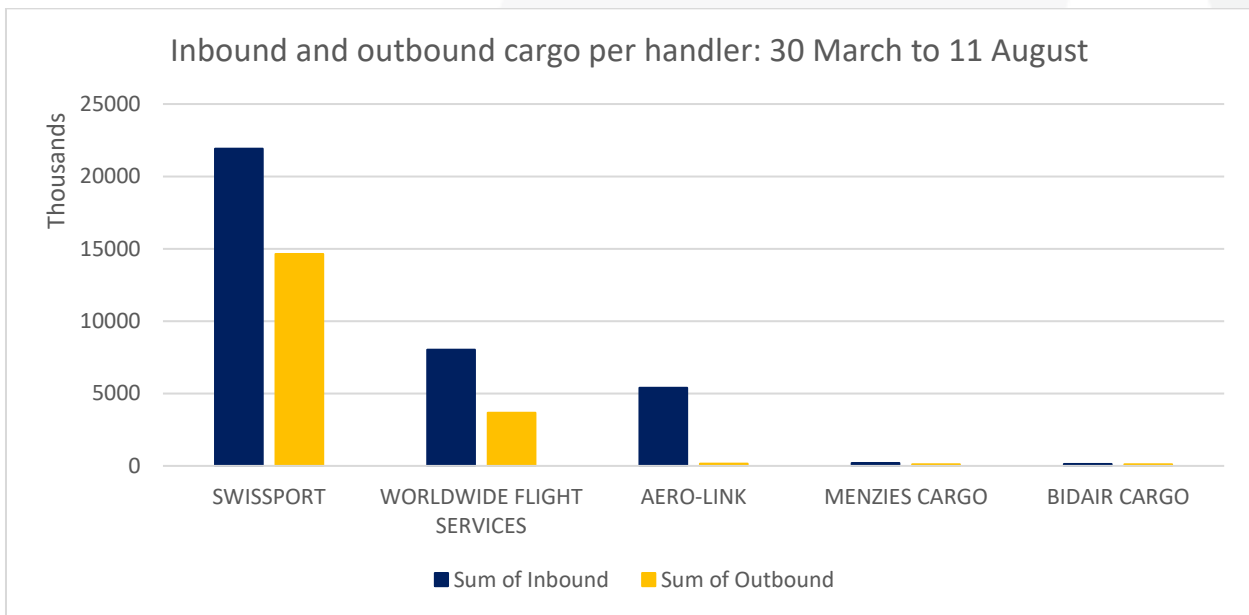
Figure 8 - Total cargo movement between OR Tambo and trading partners



Updated: 11/08/2020

The following figure illustrates the cargo moved per ground handling agent since the start of the lockdown period, with Swissport handling the bulk of the international cargo to and from ORTIA.

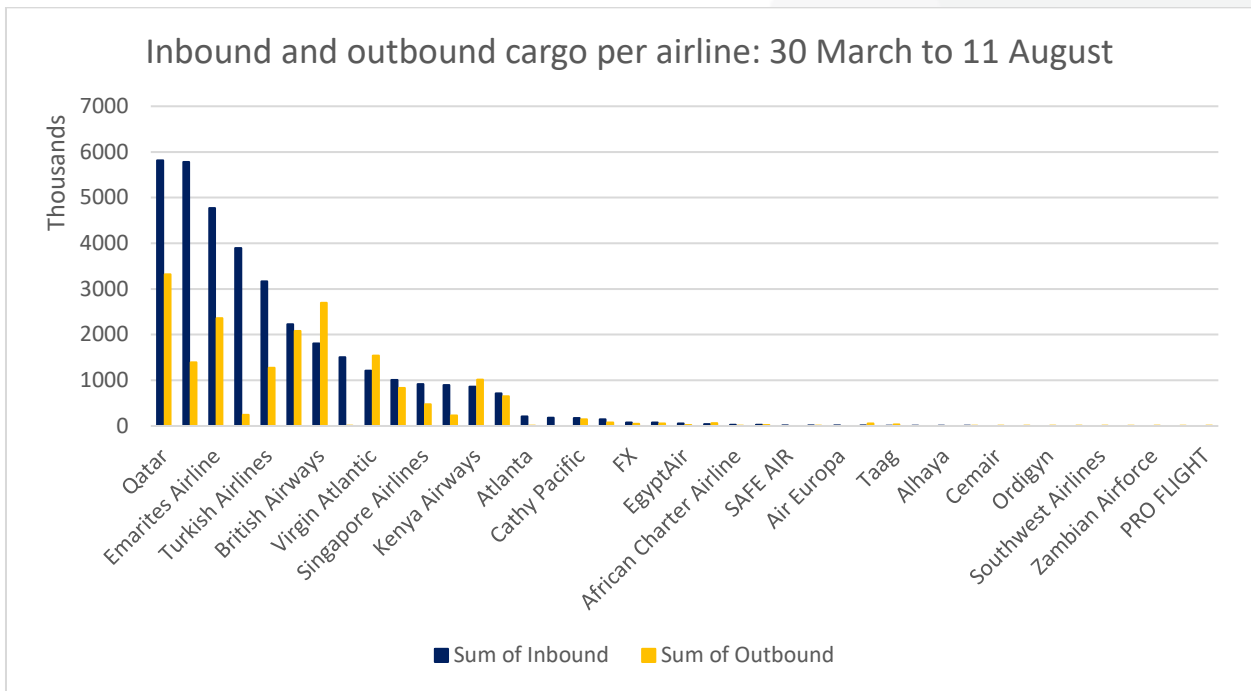
Figure 9 - Cargo movement during lockdown, per handler



Updated: 11/08/2020

The following figure illustrates the cargo moved per airline since the start of the lockdown period, with Qatar, Martinair, Emirates, and Ethiopian accounting for the vast majority of the international cargo to and from ORTIA.

Figure 10 - Cargo movement during lockdown, per airline

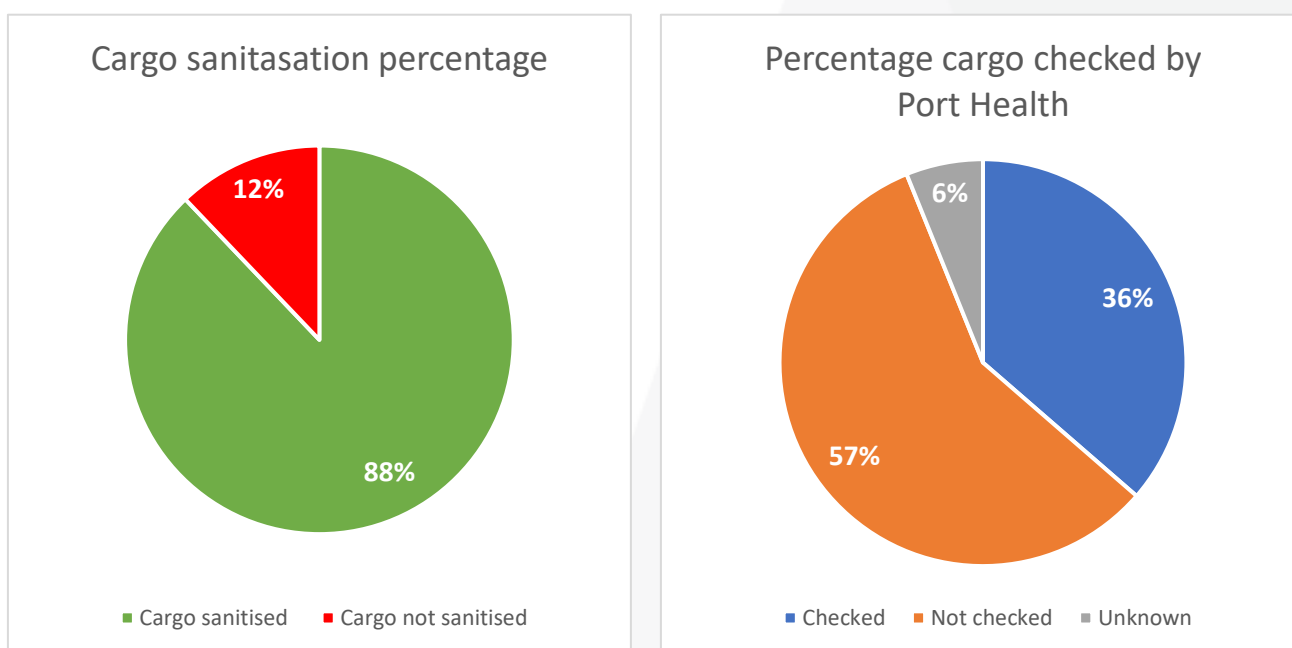


Updated: 11/08/2020

It should be noted that international air cargo has been channelled to ORTIA during the lockdown period, with very little cargo consigned to or from Durban and Cape Town. The onward movement of cargo from ORTIA to the coastal cities (largely by road) adds to both cost and transit time, as well as creating a need for in-bound clearances with Customs which has also presented some obstacles.

Despite the operational constraints, the ground staff at OR Tambo are doing their utmost to efficiently handle the cargo and ensure that the cargo is sanitised and handed over to receivers as directed. The following figure illustrates the percentages of cargo sanitised, as well as the percentage of cargo checked by Port Health.

Figure 11 - Air cargo sanitation process



Updated: 14/08/2020

### Domestic air cargo

The following table shows the domestic inbound and outbound air cargo flows for the duration of the lockdown period, as captured by industry. The table comprises 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). The volumes depicted in the table are also in kilograms.

Table 9 - Total domestic cargo movement

DATE / AIRPORT	CPT	DUR	ELS	JNB	PLZ	OTHERS	TOTAL
March Average	8 581	823	1 728	4 020	2 912	1 555	19 619
April 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
June Average	24 256	2 137	5 105	23 935	8 601	3 324	63 236
July Average	23 395	2 759	4 896	24 255	6 550	5 139	63 116
Aug Average <sup>9</sup>	19 558	2 229	3 796	20 306	5 675	2 712	52 965
01-Aug-20	279	126	-	595	14	134	1 148
02-Aug-20	1 128	1 153	-	1 067	94	127	3 568
03-Aug-20	44 320	4 253	6 176	36 502	10 178	5 670	107 099
04-Aug-20	37 471	4 136	6 120	26 497	10 199	5 392	89 814
05-Aug-20	35 447	4 364	5 598	47 437	9 782	4 843	107 470
06-Aug-20	35 287	4 154	5 086	27 806	10 249	4 833	87 415
07-Aug-20	15 844	1 234	2 222	31 645	4 953	2 786	58 683
08-Aug-20	264	250	5	1 144	20	242	1 924

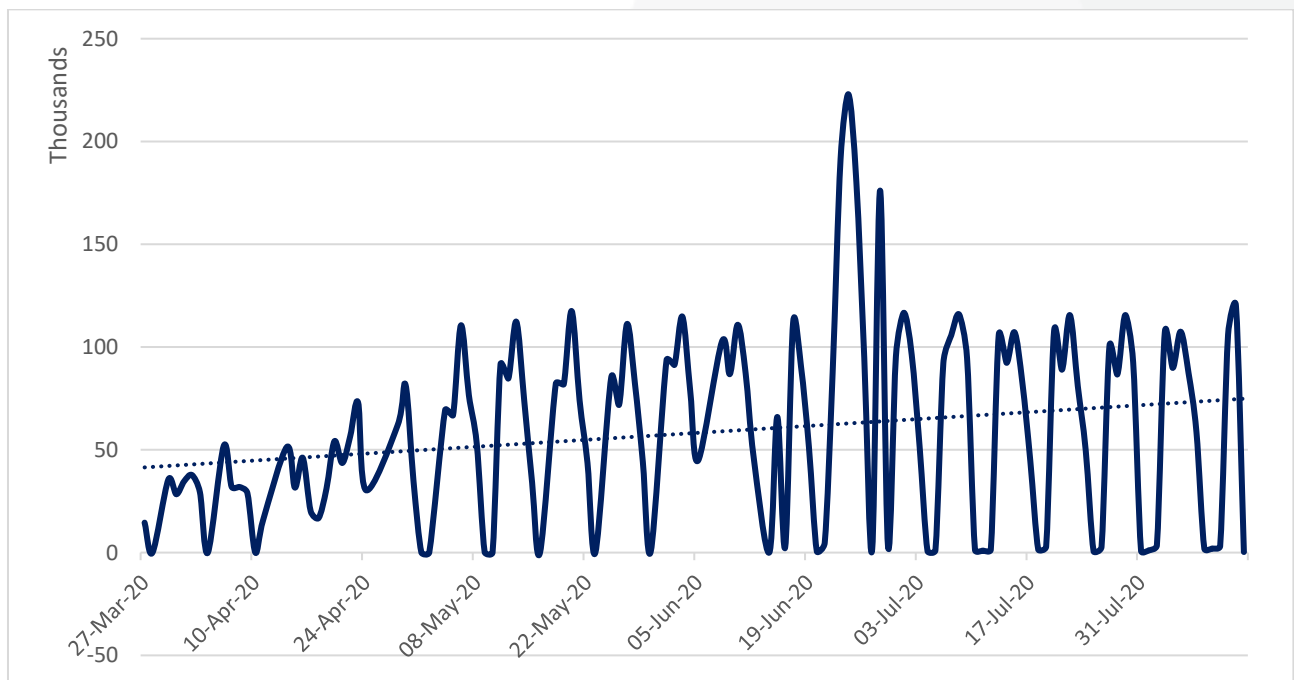
<sup>9</sup> Running average.

<b>09-Aug-20</b>	1 250	43	22	293	34	386	<b>2 027</b>
<b>10-Aug-20</b>	974	606	13	943	355	289	<b>3 179</b>
<b>11-Aug-20</b>	47 285	4 140	6 345	31 730	10 627	5 944	<b>106 071</b>
<b>12-Aug-20</b>	34 617	4 433	6 370	58 218	11 600	4 615	<b>119 854</b>
<b>13-Aug-20</b>	90	90	-	107	-	0	<b>287</b>
<b>Grand Total</b>	<b>2 866</b>	<b>755</b>	<b>267 095</b>	<b>444 474</b>	<b>2 788</b>	<b>787</b>	<b>7 487 810</b>

Updated: 13/08/2020

The following figure is an illustration of the total air cargo moved per day as per the table above:

Figure 12 - Total domestic air cargo since lockdown commenced



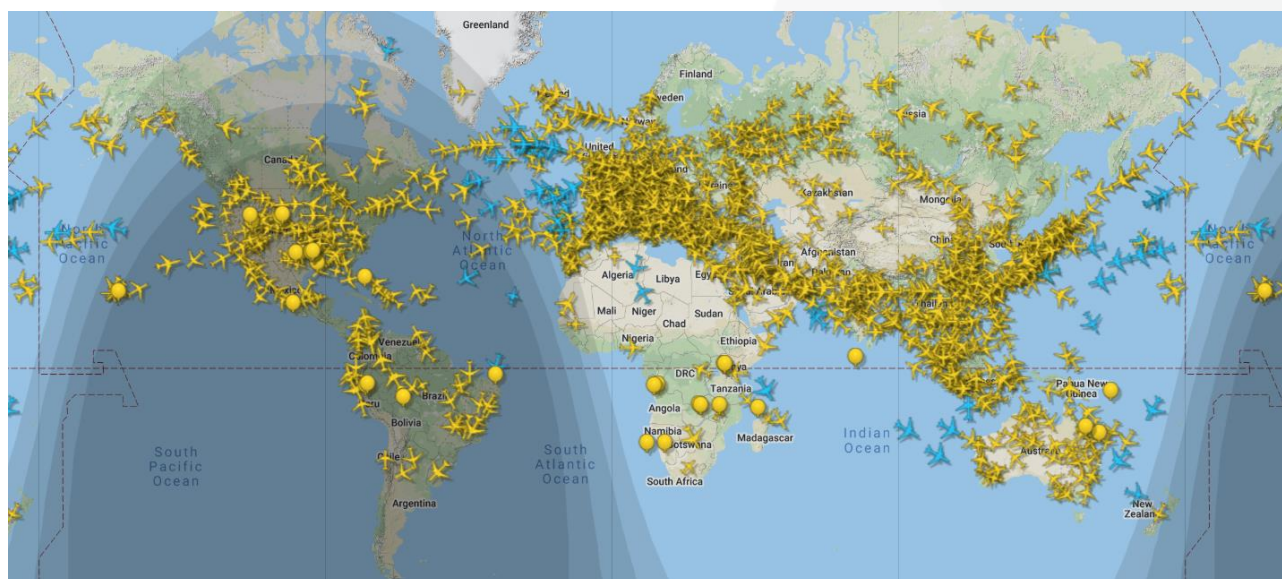
Updated: 13/08/2020

The average domestic air cargo moved during the lockdown period has amounted to **~61 650 kg per day**, which constitutes approximately **68%** (**↑3%** from last week) of the volume moved pre-lockdown, and this reflects the current situation as experienced by the industry. On a more positive note, however, has been the fact that the daily flow of goods has continued to increase steadily as the trend line in the figure above illustrates.

### Global air cargo traffic

The following air traffic image displays the current pattern of air traffic globally, providing a snapshot around mid-afternoon of the 14<sup>th</sup> of August.

Figure 13 - Global air traffic: 14 August 2020



Source: [FlightRadar24](https://www.flightradar24.com), 14/08/2020, 08:30

The image continues to provide a graphic illustration of the lack of activity in African airspace, although the traffic has greatly increased compared to the early days of lockdown. The volume of aircraft currently moving across African airspace has increased; however, as can be seen in the statistics provided in the previous section, the volumes are not yet up to normal ranges, as the following image will show.

### South African air traffic

The following air traffic image displays the current pattern of air traffic in Southern Africa, providing a snapshot around mid-afternoon on the 14<sup>th</sup> of August.

Figure 14 - Southern African air traffic: 14 August 2020

Source: [FlightRadar24](https://www.flightradar24.com), 14/08/2020, 08:30

## 1. Regional update

- **SARS Trade Statistics**

SARS has recently published South Africa's trade statistics for June 2020<sup>10</sup>. Overall exports have increased by 10.1%, whereas overall imports have decreased by 18.9% for the month of June. The current trade balance stands at R46.6 billion.

In terms of regional trade in June, exports to BELN countries increased by 31.7% to R2.7 billion. Imports from BELN countries also increased, amounting to R645 million for the month, which an increase of 26.2%. These figures attest to the fact that regional economies are starting to open and return closer to 'normal' levels. Cumulative trade figures for the year currently stands at R57.9 billion exported to, and R18.7 billion imported



<sup>10</sup> SARS Trade Statistics, 2020.

<https://www.sars.gov.za/AllDocs/Documents/Trade%20stats%20monthly%202020/June%202020/Merchandise%20Trade%20Statistics%20-%20June%202020.pdf>

from, BELN countries for the period January to June 2020. Compared to the same time last year, exports are down by -14.6%, whereas imports are down by -13.4%.

### **COVID-19 threatens investment drought in Sub-Saharan Africa**

In another economic blow for the region, the Economist Intelligence Unit (EIU) recently noted that foreign direct investment (FDI) flows to Sub-Saharan Africa will fall by 30% from US\$31.7bn in 2019 to US\$22.2bn in 2020 due to the effects of COVID-19. This was headlined in the EIU in a recently published report titled *“COVID-19 threatens investment drought in Sub-Saharan Africa”*. The EIU further noted that the pandemic induced recession *“will squeeze company profits, leading to projects being delayed or shelved, and will cut reinvested earnings, a key source of FDI.”* Sector-wise, oil and gas will be impacted the largest, mineral dependent sectors will experience a mixed outlook, whereas agriculture will be the least affected. Three major companies announced that they would be suspending planned investments in new capacity totalling around R11 billion.

## **2. International update**

The following section provides some context as to the overall health of the global economy, as well as the impact of COVID-19 on the global economy.

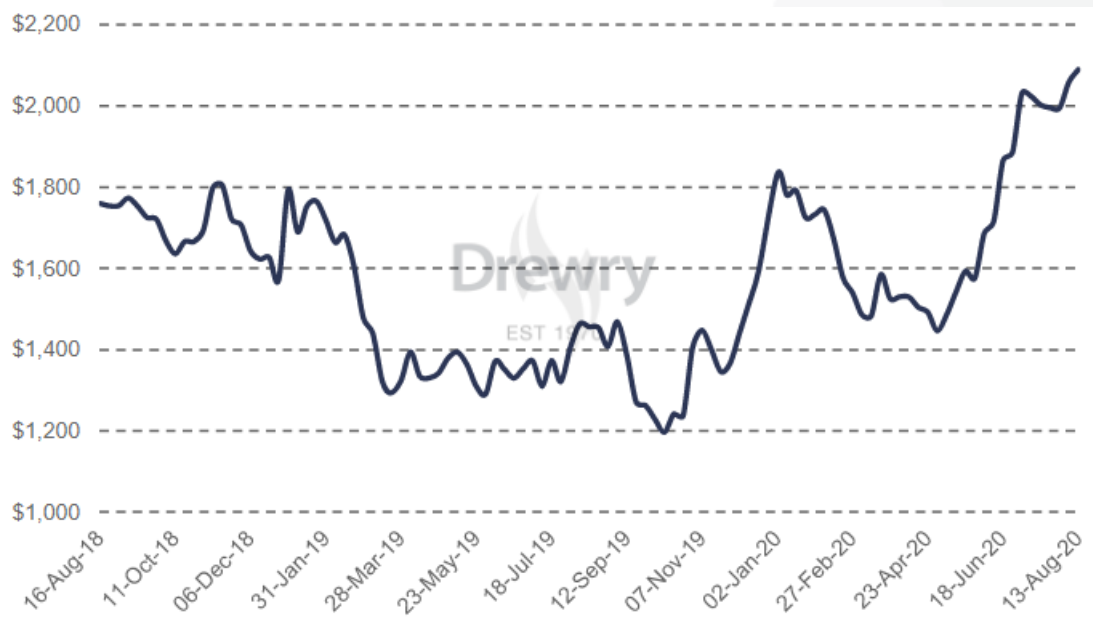
- **Container industry at a glance**

International freight rates have once again increased over the course of the last week, according to the *“World Container Index”* (WCI) as published by Drewry, the UK-based Maritime research and consulting firm. The current global average freight rate currently stands at \$2,089.41 per 40ft container. The WCI has therefore increased by 1.5% since the previous week (6 August 2020). The index has broken through the \$2,000 threshold at the start of August, which is up by more than 49% compared to the same time the previous year.

The following figure showcases the current increase.



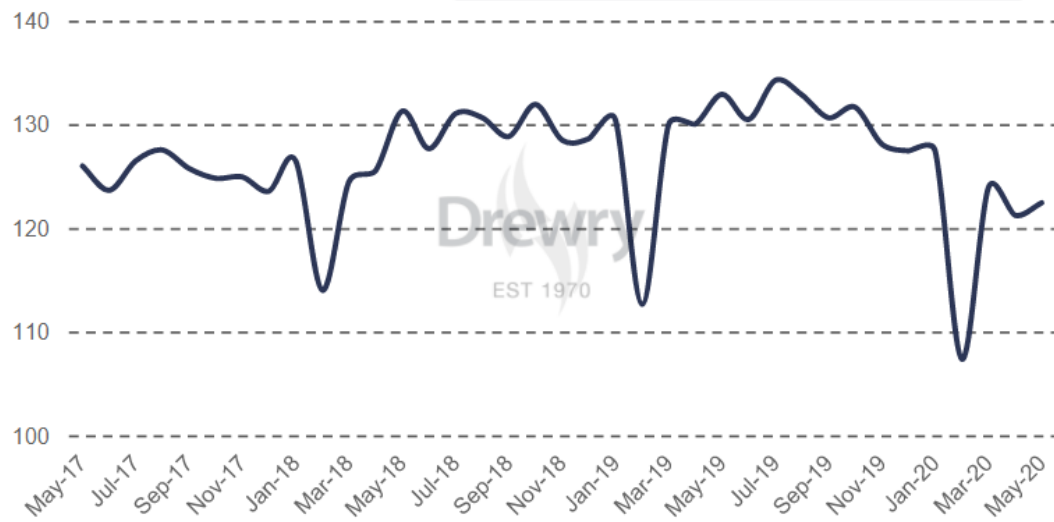
Figure 15 - World container index - Assessed by Drewry (\$ per 40' container)



Source: [Drewry Supply Chain Advisors](#)

The WCI has largely moved in opposite directions compared to the “Global Container Throughput Index” (GCTI) — also published by Drewry. As with the decrease in container volumes, the average freight rate has conversely increased. In simple terms, less volume equals more expensive freight rates. The following figure illustrates the GCTI to May 2020.

Figure 16 - Global container throughput index - Assessed by Drewry (Jan 2012 = 100)



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

The following key points can be inferred from global container throughput:

- The global container port throughput index showed little change at 122.5 points in May 2020; 1% higher than in April 2020, but 7.9% down compared to May 2019. This is the lowest recorded reading for May in three years — largely because of the COVID-19 outbreak.
- China — the largest region — reported its lowest level since 2015 in February, however that country returned to near-normal levels in May 2020.
- Asia (excl. China) was more than 8.8% down compared to May 2019.
- After showing some improvements in April 2020, the index for North America once again fell in May 2020 by more than 14.6% compared to the figure in May 2019, as the pandemic continued to severely impact the region.
- Europe’s index worsened further in May 2020 with a month on month drop of 2.9%— and close to 12% annual decline.
- Africa, on the other hand, reached a 52-month low in April 2020, but saw improvements in throughput in May, where the index value increased by 2.1% month-on-month, but was still around 14% lower than in May 2019. A point to note here is that the index figures for Africa are based on a relatively small sample.

The following table consolidates the monthly and annual changes for the respective regions outlined above.

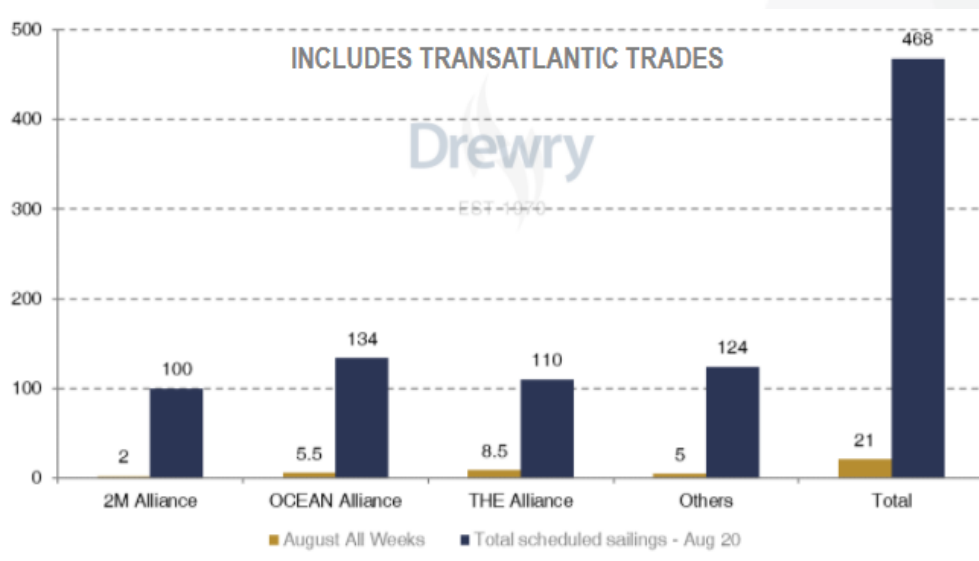
Table 10 - Global container throughput index - per region as assessed by Drewry (Jan 2012 = 100)

Index	May-19	Apr-20	May-20 <sup>#</sup>	Monthly change (%)	Annual change (%)
Global	133.0	121.3	122.5	1.0% ▲	-7.9% ▼
China	142.6	131.4	137.7	4.8% ▲	-3.4% ▼
Asia exc. China	131.0	121.5	119.4	-1.7% ▼	-8.8% ▼
Europe	126.1	114.6	111.3	-2.9% ▼	-11.7% ▼
North America	141.6	124.6	121.0	-2.9% ▼	-14.6% ▼
Latin America	104.9	106.2	103.4	-2.6% ▼	-1.3% ▼
Africa *	101.8	81.0	87.8	8.4% ▲	-13.8% ▼

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

Bearing these decreases in global container throughput across all regions in mind, it is hardly surprising that a number of “sailings” have been cancelled globally. The following figure provides a snapshot of monthly blank sailings announced by each Alliance against the total number of scheduled sailings.

Figure 17 - Global container throughput index - Assessed by Drewry (Jan 2012 = 100)



Source: [Drewry Supply Chain Advisors](#)

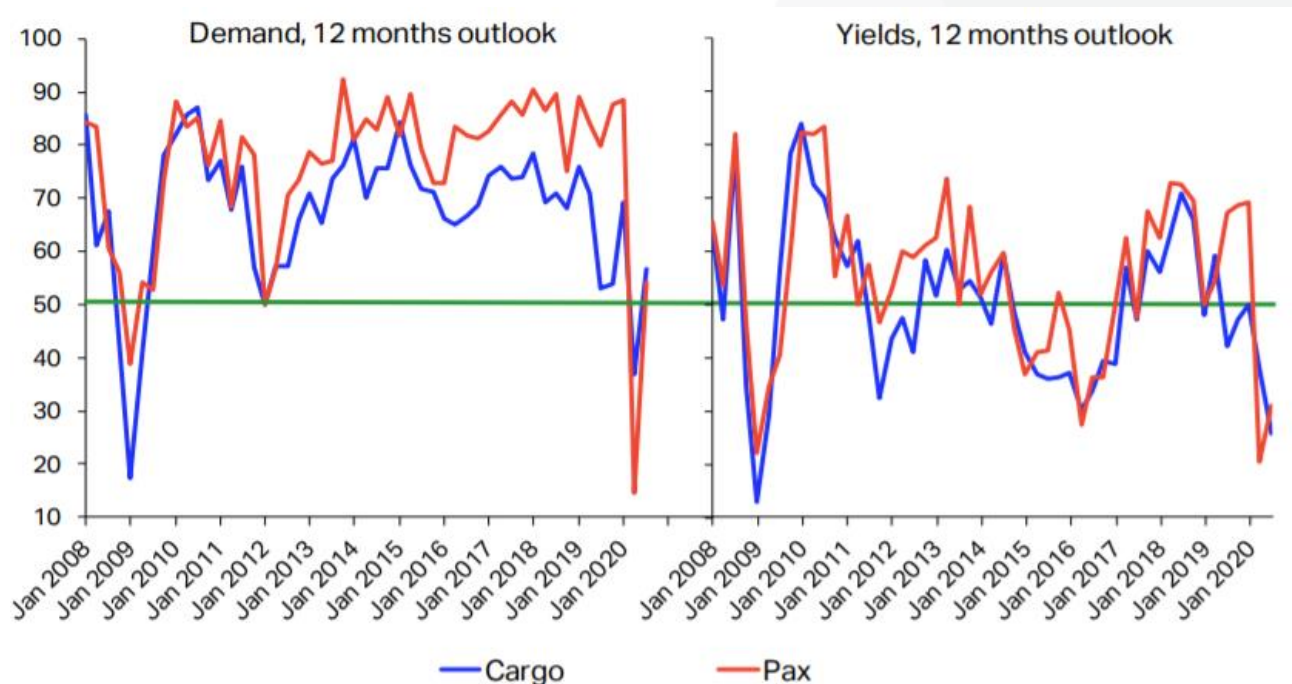
A total of 5 sailings have been withdrawn on the Transpacific, Transatlantic & Asia-North Europe/Mediterranean trades in week 36 (31 Aug – 6 Sept) out of 117 scheduled sailings. This translates into a 4% cancellation rate, which follows the trend seen in August. The 2M consortium refrained from blanking during the first week of September, while The Alliance and Ocean Alliance have cancelled 3 and 2 sailings respectively.

The reduction in the number of additional blanked sailings in August and the first week of September comes as a relief to the shippers, who have been struggling to secure space since the Covid-19 outbreak and the implementation of the cancelled sailings on an industrial scale. For South Africa, note the re-instatement of the Europe Service call for the Port of Cape Town on its South Bound call by MSC this week, as mentioned above. The port has also been reinstated on the SAECs rotation.

### International Air Transport Association

On the 7<sup>th</sup> of August, the International Air Transport Association (IATA) noted how industry demand and yields are diverging. The following figure shows the 12-month demand and yield outlooks for cargo and passenger flights side-by-side.

Figure 18 - Demand and yield expectations



Source: [IATA Economics](#)

The following key points can be extracted from the publication:

- The left panel of the chart depicts the year-ahead air passenger and cargo demand expectations. Since the re-opening of air travel in many regions, the forward looking passenger demand index recovered from an all-time low in April with the easing of restrictions. Nevertheless, IATA notes that those looking for a recovery in demand remain cautious, acknowledging that the risks are on the downside in this highly uncertain environment. For cargo on the other hand, expectations were not as negative as they were on the passenger side, partly because volumes were boosted by large consignments of personal protective equipment (PPE) and other emergency supplies. Forward cargo demand expectations also returned to expansionary territory in the post-lock-down period based on the anticipated rebound in business confidence and activity.
- Yield expectations (right panel of the chart) tell a different story, remaining weak and around the levels of the Global Financial Crisis of 2008/9. On the passenger side, a majority of IATA's respondents expect airlines to have to decrease air fares in order to help stimulate demand in the recovery period. Cargo yields - which soared with the lack of belly hold cargo capacity in Q2 2020 - are also expected to decline from their current elevated levels as cargo capacity returns to the market. Evidence of this has already been seen, with rates declining after the surge in PPE shipments. Overall, the industry's profit expectations remain in contractionary territory since the recovery in demand is expected to be gradual and limited, and insufficient to offset the expected deterioration in yields.

As is the case throughout, and especially in Africa, many of the constraints on air travel (cargo and passengers) can be attributed to the fact that many countries still have very restrictive border policies in place.

## Conclusion

This update — *the fourth of its kind* — contains a consolidated overview of the flow of air, sea and road freight to and from South Africa over the course of the last week, as well as an overview of the current situation with trade regionally and internationally. In terms of COVID-19 infections, South Africa remains in 5<sup>th</sup> position globally with more than 572,000 total cases<sup>11</sup> recorded at the time of writing. Fortunately, the infection rate has decreased over the course of the last two weeks or so. Nevertheless, the continued drive to ameliorate the health consequences of COVID-19 continue to take precedence in the country, further standing in the way of attempts made by the private sector to revive economy activity and growth. Many businesses throughout the country are currently on their knees, which does not bode well for the preservation of livelihoods damaged by COVID-19.

For the ocean modality, container volumes are similar to those recorded last week, with an average of ~9 705 TEUs handled daily over the course of the last 7 days, with an increased average of around ~9 715 TEUs expected to be handled per day over the course of the next week. Continuing the recent trend, elevated volumes of exports have once again been registered. Throughout the various levels of lockdown which started at the end of March, container flows have hovered around 80% capacity compared to the same period in 2019. For the month of July, TNPA reports that breakbulk, liquid bulk and dry bulk cargo is all approaching similar levels compared to the same time last year. However, trade in motor vehicles remains desperately low, in line with current global patterns.

Concerning international air cargo flowing to South Africa, the average daily volume of air cargo handled at ORTIA over the 7 days decreased by 5%. The period beginning 5 August saw daily volumes of 278 376 kg inbound and 169 422 kg outbound, resulting in an average of 447 798 kg, which is approximately 60% compared to the two months before the lockdown period. In terms of domestic air cargo, volumes are once again up compared to last week, with an increase of 3%. The rolling average domestic air cargo moved during the lockdown period now stands at ~61 650 kg per day, which constitutes around 68% of the volume moved pre-lockdown. These air cargo figures once again highlight the sustained negative impact of the pandemic on the air cargo industry.

In terms of regional trade in June, exports to BELN countries increased by 31.7% to R2.7 billion. Imports from BELN countries also increased, amounting to R645 million for the month, which an increase of 26.2%. These figures attest to the fact that regional economies are starting to open and return closer to 'normal' levels. Despite these figures, the regional economies surrounding South Africa are all predicted to go into an extended recession, which will likely curtail any significant trade expansions that might help to offset the disastrous figures reported for the last couple of months.

Internationally, average freight rates continue to increase (currently at \$2,089.41 per 40'). At the same time, container throughput has also experienced a slight revival, which has been largely driven by the return to 'near-normal' volumes in China. In terms of air cargo, industry-wide cargo tonne-kilometres (CTKs) has continued its year on year decline, with current industry-wide demand hovering around 54% according to IATA.

As experienced in most sectors worldwide, supply chains and their associated industries are in desperate need of economic impetus, and South Africa is no exception. This report can once again reiterate that economic recovery will broadly depend on three key factors: **(1)** upward trends in the world economy, **(2)** the efficacy of the economic support measures taken by the country so far, and **(3)** the resilience of the trading community in successfully returning to full operation when the lockdown is over and volumes can

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<sup>11</sup> John Hopkins, Coronavirus Resource Centre. <https://coronavirus.jhu.edu/map.html>

be elevated to pre-lockdown levels. Although certain areas of the South African supply chain have made some positive progress over the course of the last few weeks, the industry remains poised at a critical tipping point, requiring all stakeholders to put in a sustained collective effort to ameliorate some of the lasting constraints imposed by the COVID-19 pandemic.