



April 8, 2022

SHANGHAI LOCKDOWN EXTENDED AS DIRUPTIONS WORSEN

As daily increases in COVID cases continue, Shanghai has extended their lockdown indefinitely. The impact is starting to impact supply chains and likely to worsen. The following are several highlights relative to the situation:

- Truck capacity has diminished with less than 10% operating under special permits
- The limited domestic transportation is prioritizing essential and pandemic relief products
- Warehouses and Factories are closed unless provided special approval and then limited to skeleton crews to manage operations
- Several airlines have cancelled flights operating through Shanghai Pudong Airport and creating backlogs at cargo terminal facilities
- Ocean Carriers are announcing that they will omit Shanghai port terminals, if not already
- Where cargo can be diverted, both air and ocean shipments are being sent to surrounding cities and ports
- The port of Ningbo is now facing serious congestion and equipment shortages while taking on redirected containers from Shanghai.
- Key industries, such as the automobile and electronics sectors are already suffering.
- There is growing concern that should the lockdowns continue much longer the outcome will be challenging with weeks and perhaps months needed to recover. An expected surge of volumes upon reopening will create significant congestion, delays, and likely rate increases, that will further hinder supply chain interruptions.

Should the virus continue to spread throughout China, the enforcement of the COVID-19 zero-tolerance policy could further impact other major cities and have long lasting constraints to both manufacturing and the flow of goods. Shenzhen, which experienced a lockdown in mid-March for one week, still faces obstacles within the trucking arena since reopening. This continues to delay cargo movement to ocean ports, CFS facilities, and airports.

We recommend you continue to monitor regions of China that your supply chain depends on.

We will continue to keep you posted on any further updates.

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