



California Fashion Association (CFA) provides information about our industry's vulnerable business issues. The current issue's importance sends a clear "Protect Yourself" message and is part of CFA's continuing effort to assist our members.

April 27, 2022

"PROTECT YOURSELF": Alert



“Shanghai Lockdown Creates Global Bottlenecks”

Shanghai is immensely important to the global economy, and the Port of Shanghai is the world's busiest container port. Shanghai has been under stay-at-home orders since March 28, 2022, due to the outbreak of the COVID-19

The port of Ningbo, the world's third-busiest container port, is experiencing severe congestion with a large portion of cargo being diverted from the ports of Shanghai and Zhejiang. Vessel wait times at Ningbo have increased to three or four days, compared to less than 24 hours before the lockdown in Shanghai.

The efficiency of the global supply chain has been drastically reduced by issues including a shortage of labor, tight warehouse capacity, long wait times, and severe weather. The shutdown of China's inland supply chains will continue to ripple throughout the coming months.

The US East Coast is also experiencing congestion with high volumes of cargo being diverted from the West Coast due to congestion and other problems at the major West Coast ports, leading to vessel backlogs outside the ports of Savannah, Charleston, New York and New Jersey.

The marine terminals at the Port of New York and the New Jersey are facing issues as seven ocean carriers have sent notices blocking the returns of various types of empty containers. The East Coast will continue to see cargo diverted from the West Coast ahead of labor negotiations between the International Longshore and Warehouse Union and marine terminal employers.

When Shanghai reopens, a surge of cargo is expected from the port, which will exert upward pressure on spot rates. Carriers have already announced general rate increases (GRIs) with the expectation of Shanghai reopening and shipping delayed orders. The reopening of Shanghai may also coincide with an early

peak season.

Expect global supply chains to continue to feel the impacts of China's lockdowns including global delays, potential freight rate increases, and congestion problems.

[Read Full Article Here](#)

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