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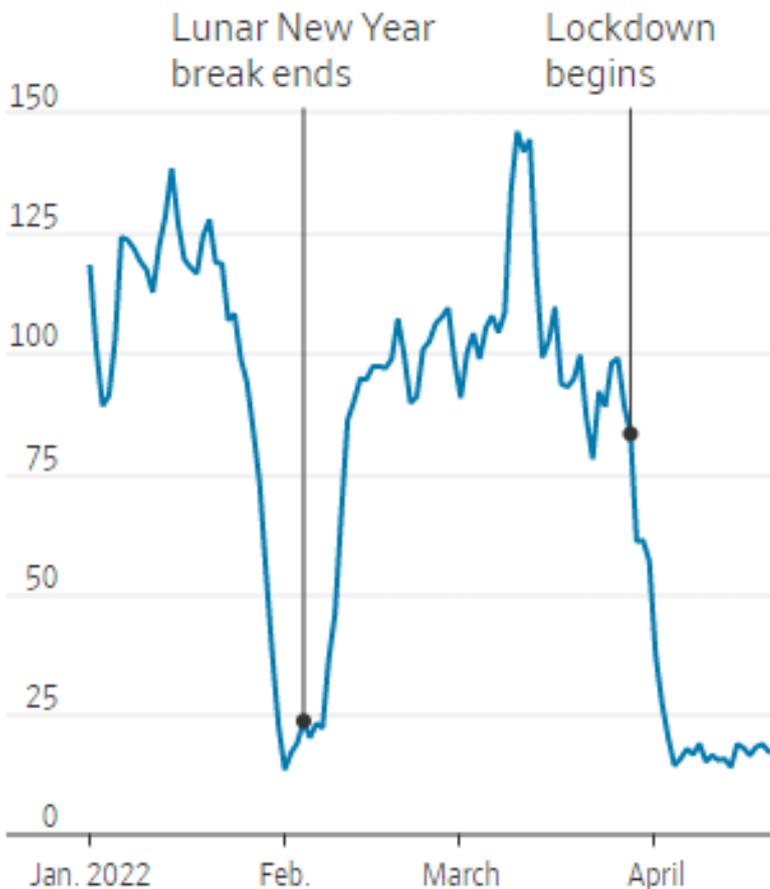
1/ THREAD: The extended Shanghai lockdown is morphing into a logistics disaster as trucks trickle into the city, leaving empty containers piling up at the world's largest port. What's happening with cargo there: w/ @yoyominnie @Kubota_Yoko @wsj_douglasj <https://t.co/qn0UCWSdSa>

2/ The crux of the problem is trucking. Shanghai has closed its city to many trucks coming in, and the risk of being suddenly asked to quarantine is terrifying enough that even though truck payments to drive there have doubled, no driver wants to do it.

3/ Trucking in & out of Shanghai is about half of what it was before, & the situation is deteriorating. Truckers need a 48-hr negative PCR, a host of digital codes and approvals to enter cities around Shanghai. In Suzhou, Kunshan, local govts have even barred trucks from Shanghai <https://t.co/CwiNCume3V>

Pit Stop

Trucks moving through Shanghai*



Note: *Index of daily truck volumes, 2019=100.

Source: Wind

4/ Truck drivers say instant noodles and portable gas stoves are must-haves on their trips. And videos on social media show them living in their vehicles for days, unable to get out at service stations. Here's one passing about on the tub they use as a temporary toilet/restroom. <https://t.co/nMdeOsTduL>

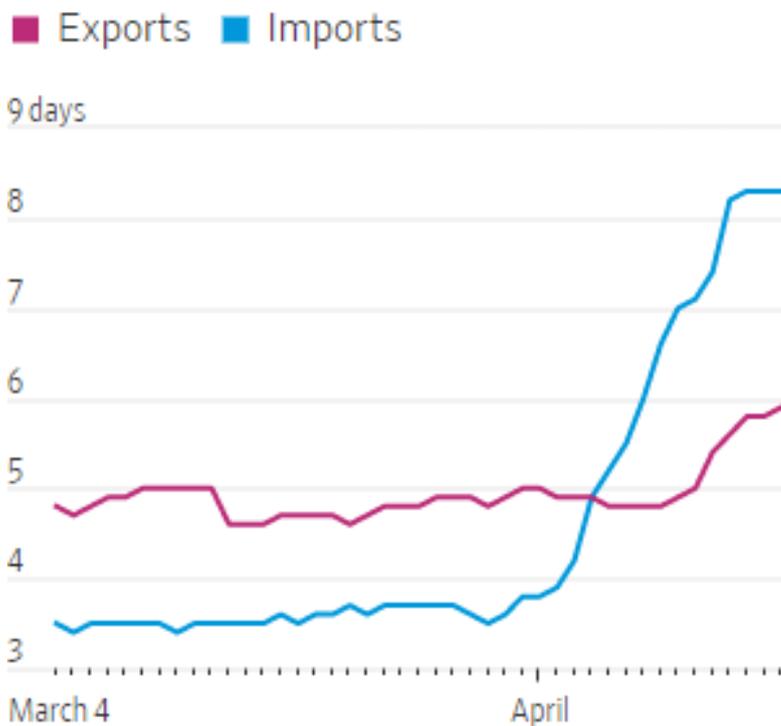
5/ The drastic dip in trucking is compounded by many warehouse closures in Shanghai, because of rising covid cases. Now, completed goods are accumulating in factories bcos of this, and manufacturers have halted production after raw materials & parts deliveries were disrupted.

6/ The spillover is now hitting the ports. Empty containers are stacking up in Shanghai, the world's largest container port. Factories in the Zhejiang and Jiangsu region use Shanghai as a logistics hub, and no trucks into Shanghai = no cargo to fill these containers.

7/ Shanghai's port is still operational, but containers are now sitting around for much longer before leaving. The avg time a container carrying imports spends at port is 8.3 as of Monday, more than double the waiting time before lockdown was imposed. <https://t.co/kFgp3tX5jm>

Hanging Around

Container dwell time* at the port of Shanghai



*Measures the average number of days between arrival at port and departure.

Source: FourKites

8/ No cargo means less reason to call at Shanghai's port. Shipping consultants say Shanghai will be hit by a raft of blank sailings over the next 1-2 weeks. Others are shifting to alternate ports such as Ningbo.

9/ In the short term, fewer containers from Shanghai to ports in the US and Europe means that those overworked ports in Long Beach have breathing room to clear their backlog. In the longer term however, the ripple effect will be massive.

10/ When Shanghai reopens, factories will be rushing to get goods to the ports and out, leading to higher shipping rates, and a huge rush of stuff out to other global ports. Like a bubble bursting. US/EU ports will then be overwhelmed again, like they were months before.