

Shutdown in China's Shenzhen may disrupt global supply chain

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China's southern port city of Shenzhen has been under lockdown for over a week as is the province of Jilin in the north. Shanghai has also placed new measures on its citizens. With a fresh seven-day lockdown announced in Shenzhen on March 13, there are fears of global supply chains getting affected with restrictions on port activities and entry of truckers.

Shenzhen is the second-most important port in China after Shanghai, and processes about 10 per cent of the containers shipped from China every month.

Shenzhen caused supply chain chaos last year with a COVID outbreak near its main port of Yantian. Citizens there will undergo three COVID tests this week, while all manufacturing and commercial activities have stopped in the city, an export hub.

Cargo loading at ports has stopped this week and many vessels will most likely skip the port.

Truck drivers entering the city are now required to hold negative COVID-19 test results within 24 hours, and get tested again upon arrival at the port. The city's ports are restricting the number of vehicles that can enter each day, according to media reports from China.

Many logistics companies, including Seko Logistics, Worldwide Logistics Group and Orient Star Group, have warned clients that the fresh COVID-induced restrictions will result in supply chain disruptions and affect the delivery of products from that region.

As workers cannot leave homes, nothing can be manufactured or transported. Shenzhen and Shanghai are the country's major electronic manufacturing hubs.

The last time Shenzhen suffered a similar outbreak, throughput at the world's third largest container port fell by approximately three-quarters.