



# The Bottom Line

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## PORT DISRUPTIONS CONTINUE IN CHINA AND ON US WEST COAST

### Summary

China's Ningbo-Zhoushan Port remains shut more than a week after operations were suspended on August 11 from a single COVID-19 case. The Port of Los Angeles, which saw volumes dip and then surge after the Yantian port closure, is already experiencing near-peak delays in wait times for berth space and is bracing for the repercussions from this newest closure.

### Background

A COVID outbreak that has partially shut one of the world's busiest container ports is heightening concerns that the rapid spread of the delta variant will lead to a repeat of last year's shipping nightmares. On August 11, operations were halted at Ningbo Meidong Container Terminal, which handles around one quarter of the container cargo in the world's third busiest container port, after a single case of COVID-19 was reported among the staff. Since the shutdown began, nearly all inbound and outbound container operations at Meishan terminal have been redirected to other terminals in Ningbo and elsewhere, according to supply chain intelligence firm project44. As of August 17, there were 41 container ships at anchor waiting for berth space outside Ningbo-Zhoushan.

The cargo surge that has impacted both the Ports of Los Angeles and Long Beach began a year ago and frequently led to backups of container ships that had to remain at anchor outside the breakwater, sometimes for as long as a week at a time before being allowed inside and allocated berth space. Ship wait times outside the harbor reached their peak of eight days in March 2021.

### Current Status

The congestion at Meishan terminal, which isn't expected to resume full operations before the end of the month, is spreading to other ports like Shanghai and Hong Kong as big operators divert ships away from Ningbo. This week, the blocked Meishan terminal appears to have partly been reinstated, with new arrivals of three containerships August 21/22. The reopening, and the news that there were only 15 blank sailings to the Chinese hub during the shutdown period, which is in line with average blank sailings at the port, is leading to hope that the effect won't be as bad as that caused by the Yantian closure.

Los Angeles, which saw its volumes dip because of the June outbreak and at subsequent closure of Yantian port, is bracing for another potential disruption

because of the latest shutdown at the Ningbo-Zhoushan port in China, a spokesman said. The number of container ships at anchor outside the Port of Los Angeles is expected to rise again, with an anticipated 90% of arriving vessels next month "heading straight to the parking lot," said port Executive Director Gene Seroka on Tuesday, Aug. 17. Average wait times outside the harbor remained at a steady five days in July, Seroka said, but look to be increasing. "Anchorage and dwell times are trending in the wrong direction," Seroka said, "and the bottleneck looks to be increasing. We'll be watching this very closely." Anton Posner, chief executive officer of supply-chain management company Mercury Resources, said that many companies chartering ships are already adding COVID contract clauses as insurance so they won't have to pay for stranded ships. Longshore crews already are working full and sometimes double shifts, and there continue to be pressure points throughout the supply chain with warehouse space often overflowing.

### Impact

The shutdown at Ningbo-Zhoushan is raising fears that ports around the world will soon face the same kind of outbreaks and COVID restrictions that slowed the flows of everything from perishable food to electronics last year as the pandemic took hold. Infections are threatening to spread at docks just as the world's shipping system is already struggling to handle unprecedented demand with economies reopening and manufacturing picking up. The China port shutdown may also fuel further increases in freight rates, which have been rising as the shipping industry grapples with bottlenecks during the virus pandemic.

Thirty-seven ships were anchored awaiting berth space outside the twin ports of Los Angeles and Long Beach, California, as of late Sunday, the most since early February, according to officials who monitor marine traffic in San Pedro Bay. That's almost double the length of the queue in mid-July and close to the record of 40 anchored vessels set Feb. 1. Looking toward end-of-the-year cargo level projections, Seroka said uncertainty is being fueled by increases in delta variant-fueled COVID-19 cases both in the U.S. and in China.

### RESOURCES

[Port of LA Wait Times Climb as Officials Keep an Eye on How COVID-19 Affects China Ports](#) (Los Angeles Daily News)

[Project44: Ningbo Disruption Not as Bad as Yantian](#) (Container Management)

[China's Port Shutdown Raises Fears of Closures Worldwide](#) (The Seattle Times)

[COVID-19 Closure at China's Ningbo Port Is Latest Snarl in Global Supply Chains](#) (The Wall Street Journal)