

Shanghai port congestion could pile on airfreight pressure

25/05/2022

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Covid lockdown measures in Shanghai are drawing to a close but a backlog of shipping containers at the Port of Shanghai could once again fuel airfreight congestion and demand.

In its May 24 airfreight update for North China, Flexport said that businesses are reopening after Covid curtailment measures forced them to close, though it noted:

“Production is still recovering at a slower pace as there are still some prevention and control requirements in place.”

Though [factory manufacturing production](#) is picking up after restarting in April and Shanghai has [announced its planned end to lockdown](#), product exports could be delayed by Asia-Europe oceanfreight congestion, which in turn could pile on the pressure at Shanghai Pudong (PVG) airport.

Air Cargo News’ sister publication *DVZ* recently said traffic around the Port of Shanghai is increasing with currently more than 3% of the global freight capacity of container ships stuck there.

In its oceanfreight market update for Asia-Europe on May 24, Flexport said: “Demand is picking up, but congestion is still having a widespread impact on capacity deployed on this route. Shanghai is slowly opening following a lockdown of almost 2 months.”

On capacity, it added: “Overall space is starting to fill up again. Serious congestion in European ports is causing sailings to return to Asia late, resulting in additional delays and blank sailings.”

However, Asia-North America demand remains suppressed.

Westbound Logistics Services issued a market update on May 24 that said because production has been down in Shanghai, ocean carriers have been executing bank sailings and diverting ships away from the Port of Shanghai and this is expected to create a backlog of containers that will impact capacity as industry gets back to normal.

“Industry experts estimate that up to 260,000 TEU of export cargo was not shipped from Shanghai during the past few weeks. This number is equivalent to around 13 mega ships (20,000+ TEU each) of additional space required during the build up to peak season,” explained Westbound Logistics.

Speaking at an online event on May 23 to reveal the latest updates to the myDHLi customer portal, DHL Global Forwarding, Freight chief executive Tim Scharwath said the company has a “huge backlog” of containers at the port but doesn’t have the capacity to shift it.

He said: “When you have all this capacity constraint and demand on the ocean freight side, this will also go over to airfreight because customers who need their products quickly to sell in a market or to use in production, will try to get those products into market as quickly as possible and that will also have an influence on the airfreight capacity which is more scarce than it was two years ago.”

This could contribute to already elevated airfreight rates. According to Scan Global Logistics, airfreight rates remain high due to lack of capacity as a result of airspace restrictions and the Shanghai lockdown.

“We currently assess that the Shanghai area will start to loosen lockdown restrictions during mid to end of May,” said the company. “When it happens, it is expected that we will see a surge in airfreight volumes owed to customers needed to evacuate idling products in Asia that are needed on the shelves in Europe and the US.”

Dimerco Express Group reported that the Taiwan-to-China freight rate is rising due to backlog in Beijing, Guangzhou, Xiamen, and Shenzhen.

“Carriers are charging express rates to ensure cargo movement,” it added.