

# Supply chain strains

## Trade data and policy tracker

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Economics - Global

- ◆ The spread of COVID-19 in Asia has affected factory and port operations in the region...
- ◆ ...while the chips shortage continues to impact auto production and trade...
- ◆ ...and UK goods trade remains down on pre-pandemic levels

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It has been anything but a quiet summer for exporters and importers. Earlier this month, the world's third largest container shipping port – Ningbo, in mainland China – suspended operations for two weeks after a worker tested positive for COVID-19. Although berthing operations restarted this week, over 47 container shipping vessels were waiting to dock at the outer Zhoushan anchorage as at 25 August 2021, up from 12 a year prior. Nearby ports have also seen waiting times lengthen as vessels were rerouted following the recent disruption.

And it is not just ports that have been disrupted. Factories across many Asian economies have been impacted by the spread of COVID-19, which could have implications for Asian trade flows of autos and textiles, as well as ripple effects for producers in other parts of the world reliant on inputs from Asia.

For example, Ford Motor Co recently announced it would temporarily suspend production at a US plant because of a chips-related part shortage due to the COVID-19 pandemic in Malaysia, while more than 30% of Vietnamese textile and garment factories were closed at the beginning of this month due to the pandemic, according to the Vietnam Textile and Apparel Association.

Toyota, which earlier this year managed to navigate the chips shortage a bit better than some of its competitors thanks to its stockpiles of chips, also announced that it will temporarily cut production at 14 plants in September. This is due in part to disruption with parts suppliers in Southeast Asia and by the ongoing chips shortage (Bloomberg, 23 August 2021). Lead times for semiconductors have now extended to over 20 weeks.

Elsewhere, UK goods trade still remains below pre-pandemic levels – despite global trade being above trend – and the UK imported more from non-EU markets (mainly mainland China) than from the EU in 1H2021, in a reversal from previous years. Looking ahead, the coming month will be crucial for UK-EU trade relations as both sides work to agree on a way forward on the Northern Ireland Protocol. Grace periods governing certain trade flows between Great Britain and Northern Ireland are due to expire by 1 October 2021.

In North America, Mexico launched consultations with the US under the US-Mexico-Canada Agreement (USMCA) this month over differing interpretations of autos rules of origin, which could lead to a formal dispute. More on that and other US trade issues in our latest note on [US trade policy](#) (19 August 2021).

*This is an abridged version of a report by the same title published on 26-Aug-21. Please contact your HSBC representative or email [AskResearch@hsbc.com](mailto:AskResearch@hsbc.com) for more information.*

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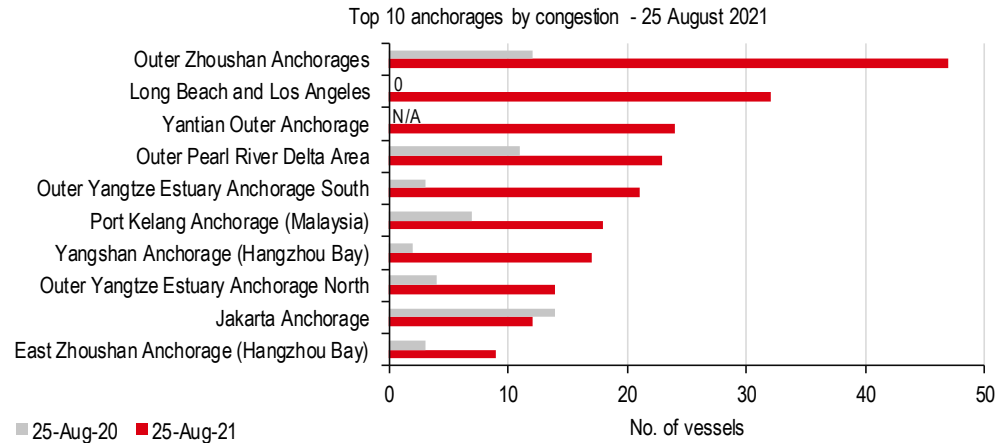
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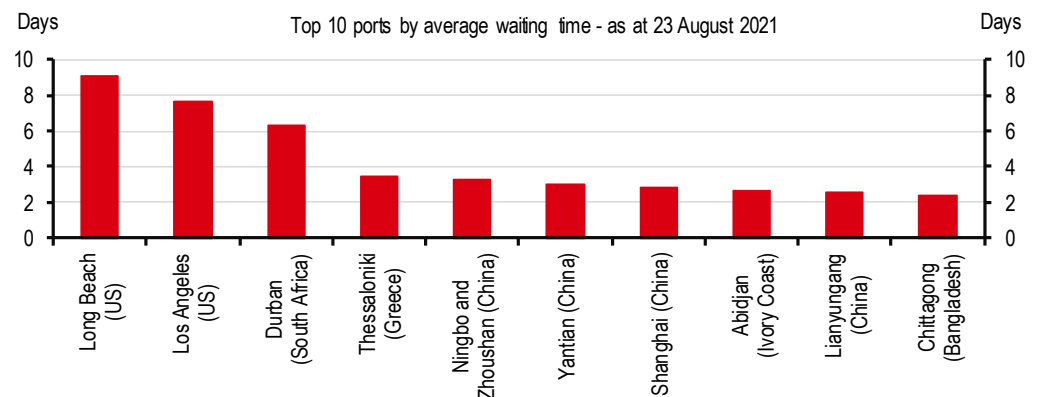
## Monthly trade trends

### 1. Ports around the world remain congested...



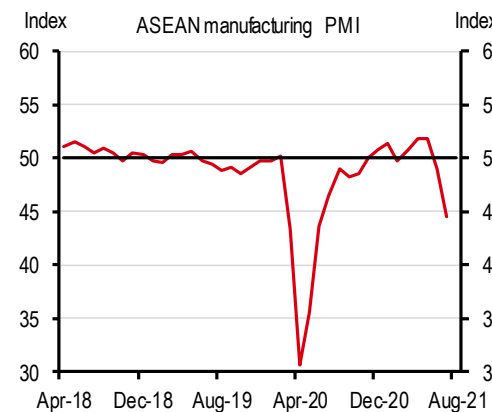
Source: Refinitiv Eikon. Note: Based on the number of vessels at anchorage that entered more than three hours prior to the model run, have not been in the anchorage for more than 90 days, and speed of vessel is lower than or equal to 1 knot. No data for Yantian Outer Anchorage for 25 August 2020.

### 2. ...with vessels facing long waiting times to berth



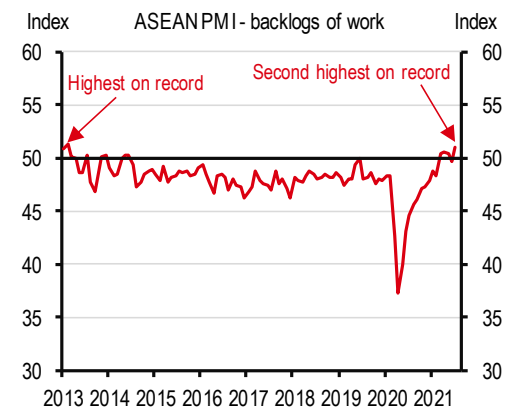
Source: Refinitiv Eikon. Note: Based on number of days between anchorage entry and corresponding berth entry.

### 3. ASEAN manufacturing has been impacted by the resurgence of COVID-19...



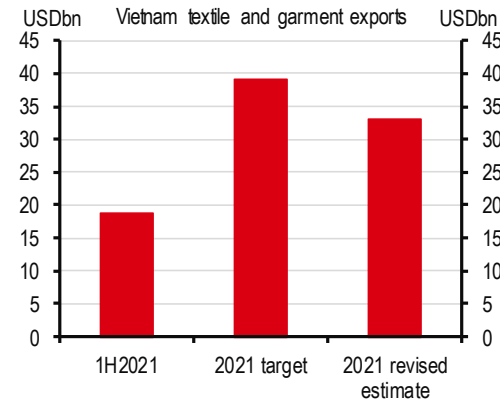
Source: Refinitiv Datastream, IHS Markit. Note: Latest data for July 2021.

### 4. ...which has renewed capacity pressures in the region



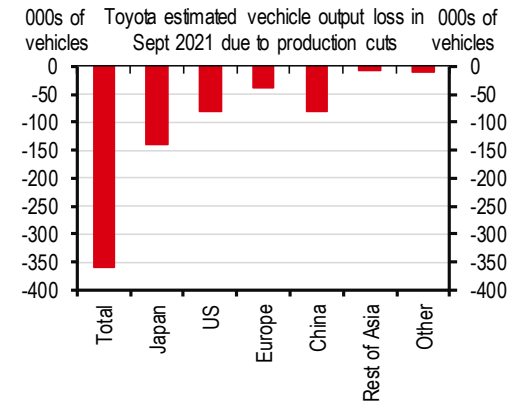
Source: Refinitiv Datastream, IHS Markit. Note: Latest data for July 2021.

### 5. Vietnamese garment exports have been affected by factory closures...



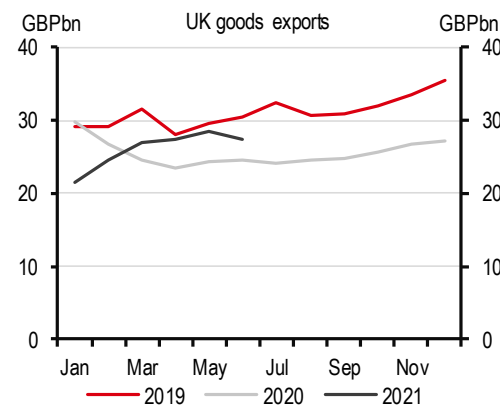
Source: HSBC, Vietnam News, Vietnam Textile and Apparel Association. Note: The revised estimate reflects the recent spread of COVID-19.

### 6. ...while Toyota is cutting production due to the virus spread and chips shortage



Source: HSBC, AP News, Toyota factory operation announcement, 19 August 2021

### 7. UK goods exports are not yet back to pre-pandemic levels...



Source: Refinitiv Datastream. Note: Seasonally adjusted. Latest data point for June 2021.

### 8. ...while goods imports continue to grow...



Source: Refinitiv Datastream. Note: Seasonally adjusted. Latest data point for June 2021.

## Trade policy calendar

### 9. Key upcoming trade events

● Deadline ● Event ● Report

Date	Type	Details
w/c 23 Aug 21	●	US Vice President Kamala Harris visiting Singapore and Vietnam to discuss trade and supply chain issues, among other topics
August 21	●	UK and New Zealand expected to agree trade deal in principle
31 Aug 21	●	UK consultation on trade deal with India ends
16 Sep 21	●	WTO workshop on the Information Technology Agreement (ITA)
Sep 21	●	EU and US expected to hold first ministerial-level meeting of the new transatlantic Trade and Technology Council
01 Oct 21	●	Grace period for customs formalities on certain GB food exports to NI due to expire. Extended from 1 Jul 2021.
	●	Grace period for customs requirements on chilled meat moving from GB to NI due to expire unless extended
	●	Waiver on customs declarations for parcel deliveries from GB to NI due to expire. Extended from 1 Apr 2021.
	●	Grace period for some customs formalities on EU exports of animal origin to UK ends, goods will require pre-notification and relevant health documentation. Extended from 1 Apr 2021.
05 Oct 21	●	G20 Trade Ministers' Meeting
15 Oct 21	●	US semi-annual report on the currency practices of key trading partners due
15-16 Oct 21	●	G20 Finance Ministers' meeting, deadline to finalise global negotiations on corporate taxes
26-28 Oct 21	●	38th and 39th ASEAN Summits
30-31 Oct 21	●	G20 Leaders' Summit
01 Nov 21	●	Target deadline for UK and Australia to finalise bilateral trade deal
	●	EU and US aim to resolve dispute over US steel and aluminium tariffs
w/c 08 Nov 21	●	APEC ministerial meeting
30 Nov - 3 Dec 21	●	12th WTO Ministerial Conference (MC12) to take place
01 Dec 21	●	EU set to raise retaliatory tariffs on US products over US steel and aluminium tariffs if a truce is not reached - delayed from 1 Jun 2021
01 Jan 22	●	Certain goods sold in GB will now require the UKCA (UK Conformity Assessed) marking, the EU's marking (the CE mark) will no longer be accepted
	●	Grace period for customs formalities on all remaining EU exports to the UK ends, nearly all EU goods will be subject to full import requirements in the UK. Extended from 1 Jul 2021.
	●	Regional Comprehensive Economic Partnership (RCEP) expected to take effect
24 Feb 22	●	One-year review of US supply chains in six key sectors (defence, public health, ICT, energy, transportation, food) due
01 Mar 22	●	Checks on live animals and low-risk plant products from the EU to GB take effect
01 Jul 22	●	Target deadline for UK-Australia trade deal to take effect

Source: HSBC, Inside US Trade, Politico, USTR, OECD, WTO, Institute for Government, UK Government

# Disclosure appendix

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