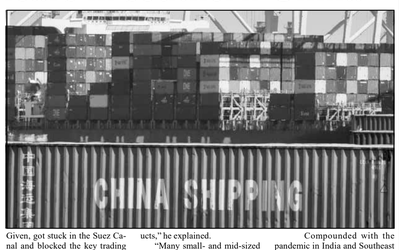
Another shipping crisis looms on Covid fears in southern China



First, it was a critical shortage of shipping containers due to the pandemic. Then came a massive blockage in the Suez Canal.

Now, businesses and consumers are bracing for yet another shipping crisis, as a virus outbreak in southern China disrupts port services and delays deliveries, driving up costs again.

The Chinese province of Guangdong has faced a sudden uptick in Covid-19 cases. Authorities have moved to shut down districts and businesses to prevent the virus from spreading rapidly.

That's causing massive shipping delays in major Chinese ports, and jacking up already-high shipping costs as waiting times at berth "skyrocketed," according to analysts and those in the shipping industry.

"The disruptions in Shenzhen and Guangzhou are absolutely massive. Alone, they would have an unprecedented supply chain impact," said Brian Glick, founder and CEO at supply chain integration platform Chain.io, told CNBC.

However, combined with the challenges that the global supply chain has faced since this year, shipping is in "absolutely uncharted waters," said Glick.

Guangdong, a major shipping hub, accounts for about 24% of China's total exports. It is also home to the Shenzhen port and the Guangzhou port — which are the third largest and the fifth largest in the world, by container volume, according to the World Shipping Council.

The first local case of the Delta variant, first detected in India, was found in Guangzhou in May and has since spiked to over 100 cases. Authorities have imposed lockdowns and other measures that constrain the processing capacity at ports.

As different parts of the world bounced back from the pandemic late last year, there was a buying boom which led to containers falling critically short. That caused massive delays in the shipping of goods from China to Europe and the U.S. and drove up prices for businesses and consumers.

Then one of the largest container ships in the world, the Ever Given, got stuck in the Suez Canal and blocked the key trading route for nearly a week. About 12% of global trade passes through the Suez Canal, where more than 50 ships a day on average pass through.

The incident sparked a global shipping crisis and held up $9 billion in international trade a day.

Now, the most recent crisis, in southern China, is disrupting the global supply chain again.

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"I think the risk of supply chain disruption is rising, and export prices/shipping costs will likely rise further. Guangdong province plays a critical role in the global supply chain," said Zhang Zhiwei, chief economist at Pinpoint Asset Management.

JP Wiggins, vice president of corporate development at shipping software firm 3GTMS, told CNBC the port crisis in China will cause much more disruption for the American consumer as many of the affected shipments are destined for North America. In comparison, the Suez blockage had a greater impact on European trade as a lot of the delayed deliveries were destined for Europe.

Wiggins also said consumer expectations will need to remain in "Covid mode."

"Expect shortages and out-of-stock of all the Asian-made products," he explained.

"Many small- and mid-sized shippers are throwing up their hands as the cost of shipping is surpassing the margins on the products they're trying to move," Glick said. "Shipping costs are at all-time highs with anecdotal quotes coming in at 5 to 10 times historical norms. We've broken through so many price ceilings that nobody can say where this will peak."

Wiggins warned that rates are "fluctuating wildly," and said he's advising shippers to plan on spending twice as much, since it's unclear where this is going.

Shippers who cannot afford the delays will increasingly look to convert ocean freight shipments to air freight, which will further increase shipping costs, says Shehrina Kamal, vice president of Intelligence Solutions at Everstream Analytics.

Waiting times for vessels to berth at the Yantian International Container Terminal in Shenzhen have "skyrocketed" from an average waiting time of 0.5 days to 16 days, according to Kamal.

The backlog will have a compounding effect on other ports.

The problem is already building up at nearby ports as carriers start to divert, Kamal said. The port of Nansha in Guangzhou is experiencing an influx of cargo due to the diversions, and the congestion and vessel delays are expected to last another two weeks — if not more, she said.

Compounded with the pandemic in India and Southeast Asian economies … this rise of Covid cases in Guangdong may contribute to higher inflationary pressure in other countries.

The knock-on effects will carry over to even neighboring provinces such as Guangxi, Yunnan, Hunan, Hubei, according to Kamal.

Inflation fears

Beyond mainland China, the port at the financial center of Hong Kong has also been affected.

Cross border delivery have been possible there via trucking, but authorities recently tightened measures due to the pandemic. That means all cross-border trucks will need to undergo sterilization, among other measures, and that's likely to delay cargo movement and processing overall, Kamal said.

Overall, the turnover in the ports in Guangdong will remain slow in June, and even other parts of China would likely become more cautious, said Zhang from Pinpoint Asset Management.

That could lead to higher prices, even as investors fret over rising inflation and what it might mean for interest rates.

"Compounded with the pandemic in India and Southeast Asian economies … raising commodity and shipping costs, this rise of Covid cases in Guangdong may contribute to higher inflationary pressure in other countries," he cautioned. cnbc

Afghanistan: The bridge connecting ...

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Alexandr Humboldt, a German scientist who introduced the term Central Asia to science, described in detail the mountain ranges, climate and structure of the region, including Afghanistan on his map (Humboldt, 1843, p.581-582). In his doctoral dissertation, Capt. Joseph McCarthy, an American military expert, argues that Afghanistan should be viewed not only as a specific part of Central Asia, but as the enduring heart of the region (McCarthy, 2018).

Historical aspect. The territories of present-day Central Asia and Afghanistan were an interconnected region during the statehood of the Greco-Bactrian, Kushan Kingdoms, Ghaznavid, Timurid, and Baburi dynasties. Uzbek professor Ravshan Alimov in his work cites as an example that a large part of modern Afghanistan was part of the Bukhara Khanate for a number of centuries, and the city of Balkh, where it became the residence of the heirs of the Bukhara Khan (khantora) (Alimov, 2005, p.22). In addition, the graves of great thinkers such as Alisher Navoi, Mavlono Lutfi, Kamoliddin Behzod, Hussein Boykaro, Abdurahmon Jami, Zahiriddin Muhammad Babur, Abu Rayhan Beruni, Boborahim Mashrab are located on the territory of modern Afghanistan. They have made an invaluable contribution to civilization, as well as cultural and enlightened ties of the people of the whole region. The Dutch historian Martin McCauley compares Afghanistan and Central Asia to the "Siamese twins" and concludes that they are inseparable (McCauley, 2002, p.19).

Trade and economic aspect. Afghanistan is both a road and an unopened market leading the region of Central Asia, which is closed in all respects, to the nearest seaports. In all respects, this will ensure the full integration of Central Asian states, including Uzbekistan, into world trade relations, eliminating some economic dependence on external spheres.

Ethnic aspect. Afghanistan is home to all Central Asian nations. An important fact that needs special attention is that the Uzbeks in Afghanistan are the largest ethnic group in the world outside of Uzbekistan. Another significant aspect is that the more Tajiks live in Afghanistan as the more Tajiks live in Tajikistan. This is extremely important and vital for Tajikistan. Afghan Turkmen are also one of the largest ethnic groups listed in the Afghan Constitution. In addition, more than a thousand Kazakhs and Kyrgyz from Central Asia currently live in the country.

Linguistic aspect. The majority of the Afghan population communicates in the Turkic and Persian languages spoken by the peoples of Central Asia. According to the Constitution of Afghanistan (The Constitution of IRA, 2004), the Uzbek language has the status of an official language only in Afghanistan, except Uzbekistan.

Cultural traditions and religious aspect. The customs and traditions of the people of Central Asia and Afghanistan are similar and very close to each other. For example, Navruz, Ramadan and Eid al-Adha are celebrated equally by all people of the region. Islam also binds our peoples together. One of the main reasons for this is that about 90% of the population of the region confesses Islam.

Although different views and approaches to the geographical location of Afghanistan have some scientific basis, today the factor of assessing this country not as a specific part of Central or South Asia, but as a bridge connecting these two regions, is a priority. Without restoring Afghanistan's historic role as a bridge connecting Central and South Asia, it is impossible to develop inter-regional interdependence, ancient and friendly cooperation on new fronts. Today, such an approach is becoming a prerequisite for security and sustainable development in Eurasia. After all, the peace in Afghanistan is the real basis for peace and development in both Central and South Asia. In this context, there is a growing need to coordinate the efforts of Central and South Asian countries in addressing the complicated and complex issues facing Afghanistan. In this regard, it is extremely important to carry out the following crucial tasks:

First, the Central and South Asian regions have been bound by long historical ties and common interests. Today, based on our common interests, we consider it as an urgent need and a priority to establish a dialogue format "Central Asia + South Asia" at the level of foreign ministers, aimed at expanding opportunities for mutual political dialogue and multifaceted cooperation.

Second, it is necessary to accelerate the construction and implementation of the Trans-Afghan Transport Corridor, which is one of the most important factors in expanding rapprochement and cooperation in Central and South Asia. With the aim of achieving this, we will soon need to discuss the signing of multilateral agreements between all countries of our region and the financing of transport projects. In particular, the Mazar-e-Sharif-Herat and Mazar-e-Sharif-Kabul-Peshawar railway projects will not only connect Central Asia with South Asia, but will also make a practical contribution to Afghanistan's economic and social recovery. For this purpose, we are considering organizing the Trans-Afghan Regional Forum in Tashkent.

Third, Afghanistan has the potential to become a major energy chain in connecting Central and South Asia with all sides. This, of course, requires the mutual coordination of Central Asian energy projects and their continued supply to South Asian markets through Afghanistan. In this regard, there is a need to jointly implement strategic projects such as the TAPI trans-Afghan gas pipeline, the CASA-1,000 power transmission project and the Surkhan-Puli Khumri, which could become part of it. For this reason, we propose to jointly develop the energy program REP13 (Regional Energy Program of Central and South Asia).

By following this program, Afghanistan would act as a bridge in Central and South Asian energy cooperation.

Fourth, we propose to hold an annual international conference on the topic of "Afghanistan in connecting Central and South Asia: historical context and prospective opportunities". In all respects, this corresponds to the interests and aspirations of the citizens of Afghanistan, as well as the people of Central and South Asia.

S Korea holds naval drills amid row over Japan Olympics map

South Korea's military began annual drills on Tuesday around a set of islands also claimed by Japan, days after planned talks between the two countries' leaders were called off amid a spat about an Olympics map.

Seoul and Tokyo have been at odds over the sovereignty of the islets called "Dokdo" in South Korea and "Takeshima" in Japan, which lie about halfway between the two countries in the Sea of Japan, also known as the East Sea.

The decades-long territorial dispute was rekindled after South Korea lodged a protest about a map on the Tokyo Olympics website marking the islands as Japanese territory.

Tokyo rejected Seoul's demand to remove the depiction of the islets in the Olympics map. South Korea asked the International Olympic Committee to mediate the dispute, and some South Korean politicians called for a boycott of the Games.

Relations between the two Asian neighbours have been frosty amid feuds over the islets, trade and the issue of compensation for victims who were forced to work in Japanese firms and military brothels during Japan's 1910-45 colonial rule.

South Korea's defence ministry said on Tuesday that the drills in the East Sea involved naval, air and coastguard forces and were being staged with minimal contact between troops due to coronavirus concerns.

South Korea's Yonhap news agency earlier reported Japanese Prime Minister Yoshihide Suga took issue with the drills and called off planned talks with President Moon Jae-in at the Group of Seven (G7) summit in England during the weekend.

While the two leaders exchanged greetings at the summit venue, they have not met in person since Suga became prime minister last September, according to Japan's Kyodo news agency.

A South Korea foreign ministry official told Yonhap that it was "regrettable that the Japanese side did not respond to the pull-aside plan, which the two sides had agreed on at a working level, due to the annual drills to safeguard the East Sea territory".

An official at South Korea's foreign ministry told the Reuters news agency on Tuesday that the meeting could not be held, without specifying why.

When asked if a dispute over the drills was the reason, the official said, "The exercises are regularly held every year for the purpose of defending our territory."

The South Korean drills around the islets have taken place twice a year since 1986, prompting frequent protests from Japan.

Japan's chief cabinet secretary Katsunobu Kato denied the Yonhap report on Monday, saying it was "one-sided" and the talks did not happen because of scheduling difficulties.

On Tuesday, Kato said Tokyo had lodged a protest with Seoul about the exercises, saying the islands are Japanese territory by history and international law.

Aljazeera

Nepal's vaccine disaster has...

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Russia too. But we didn't care. When India stopped exporting vaccines, we panicked and started pleading with different countries. India-dependence is the root cause of current vaccine procurement failure."

After a reversal of policy, Nepal received an additional 1 million Sinopharm vaccines from China this week. It needs 43 million more doses to inoculate enough people to provide a strong communal immunity.

"The Oli government is trying to cozy up to India for immediate political gains," Dahal added. "It seems that Oli and [the Rashtriya Swayamsevak Sangh/ Bharatiya Janata Party] establishment has made rapport to keep Oli in power. Indian establishment fears the Chinese bogey. Therefore, it appears that Oli didn't want to spook them with an overture to China. But now that situation is dire; the Oli government has taken vaccines from China as well." Although foreign countries are reaching out to Nepal with medical help, around 1.4 million elderly Nepalis are still waiting for the second dose of AstraZeneca, after initially receiving the first. The COVAX initiative is supposed to supply 13 million more doses, but only a fraction have arrived so far. U.S. President Joe Biden's administration announced on Thursday that it is unveiling a plan to share at least 80 million vaccines with the rest of the world, including Nepal—but time is running out for the Himalayan nation as the pandemic rages.

CNN

UK's Johnson delays COVID reopening by a month, citing Delta variant risk

Prime Minister Boris Johnson delayed his plans to lift most remaining COVID-19 restrictions by a month on Monday, warning that thousands more people might die if he did nothing because of the rapid spread of the more infectious Delta variant.

Under the final stage of a plan outlined by Johnson in February, he had hoped to lift most social restrictions on June 21, meaning pubs, restaurants, nightclubs and other hospitality venues could fully reopen. That much-anticipated step was pushed back to July 19.

"I think it is sensible to wait just a little longer," Johnson told a news conference. "As things stand, and on the evidence that I can see right now, I'm confident that we will not need more than four weeks."

The extra time would be used to speed up Britain's vaccination programme - already one of the world's furthest advanced - by shortening the recommended time between doses for those aged over 40 to eight weeks from 12 weeks.

The situation would be reviewed on June 28, which could allow the reopening to be brought forward, although Johnson's spokesman said that was considered unlikely.

In recent weeks there has been fast growth in new cases caused by the Delta variant, first discovered in India. Health officials believe it is 60% more transmissible than the previous dominant strain and scientists have warned that it could trigger a third wave of infections.

The opposition Labour Party blamed the government for the delay, saying it had been too slow to close borders to travellers from India.

On Monday, Britain recorded 7,742 new COVID-19 cases and three deaths. Johnson said the number of cases was growing by about 64% per week and the number of people in hospitals' intensive care units was rising.

"By being cautious now we have the chance in the next four weeks to save many thousands of lives by vaccinating millions more people," he said.

Britain has officially reported almost 128,000 deaths since the start of the pandemic, the seventh highest number globally.

Monday's decision was based on scientific modelling which showed that, if the reopening went ahead as planned, under some scenarios hospitalisations could match those in March last year when ministers feared the health system could be overwhelmed.

"The four week delay should reduce the peak - whatever it would be - by something between 30 and 50%," the government's Chief Scientific Adviser Patrick Vallance said.

Studies on Monday showed the Delta variant doubles the risk of hospitalisation, but two doses of vaccine still provide strong protection. read more

Unlike in March 2020, the increase in hospitalisations was likely to be among younger people who require shorter treatment and are less at risk of dying.

Nevertheless, the risk of increased pressure on the health system meant that the tests the government set out for going ahead with the reopening had not been met. Johnson sets COVID-19 restrictions for England, with devolved administrations in Scotland, Wales and Northern Ireland making their own policy.

There are no plans to extend new economic help to businesses as a result of the delay, Johnson said. He said current data on vaccines and infections showed no need to do so. Britain's furlough programme supports just over 2 million jobs and is due to continue until the end of September. But from July employers will have to pay 10% of furloughed staff's wages, rising to 30% in September. The hospitality industry has also called for an extension of other sector-specific aid. The Society of London Theatre and UK Theatre said thousands of jobs were hanging in the balance.

Despite Monday's delay, the government lifted some restrictions on the number of guests allowed to attend weddings, and will continue pilots of crowds at sporting events and theatrical shows.reuters