

# **Global Supply Chain Challenges: Building Resilience for the Future**

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# Global Supply Chain Crisis

*Rising Cost of Trade, Longest Lead Times in Multiple Sectors*

*Severe Demand-Supply Mismatch,  
Supply Side Eco-System Collapse*

## Demand

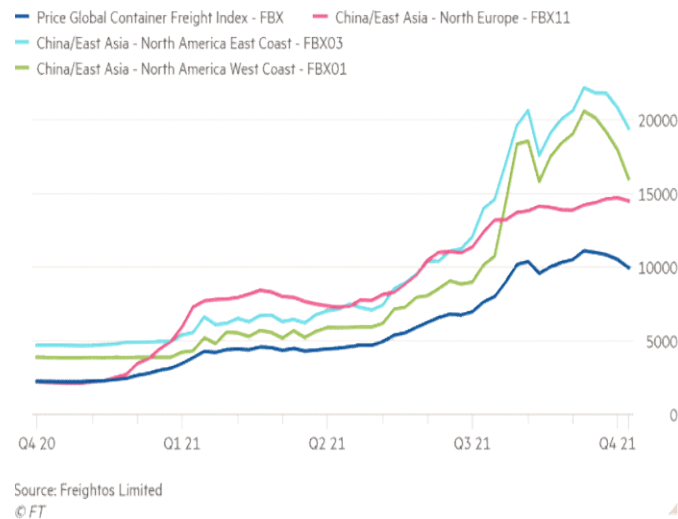
- Acceleration of consumer goods demand during lock-downs;
- Robust stimulus programs grew disposable income
- Continued Consumer Hoarding

## Supply

- Factory shut downs – COVID-19, energy
- Severe Disruption in Transportation Eco-System – Ports, Roads, Air Cargo, Maritime, Crew, Labor

Port problems push up freight rates

Freightos Baltic Index, freight rates



Supply chain disruptions affected every sector

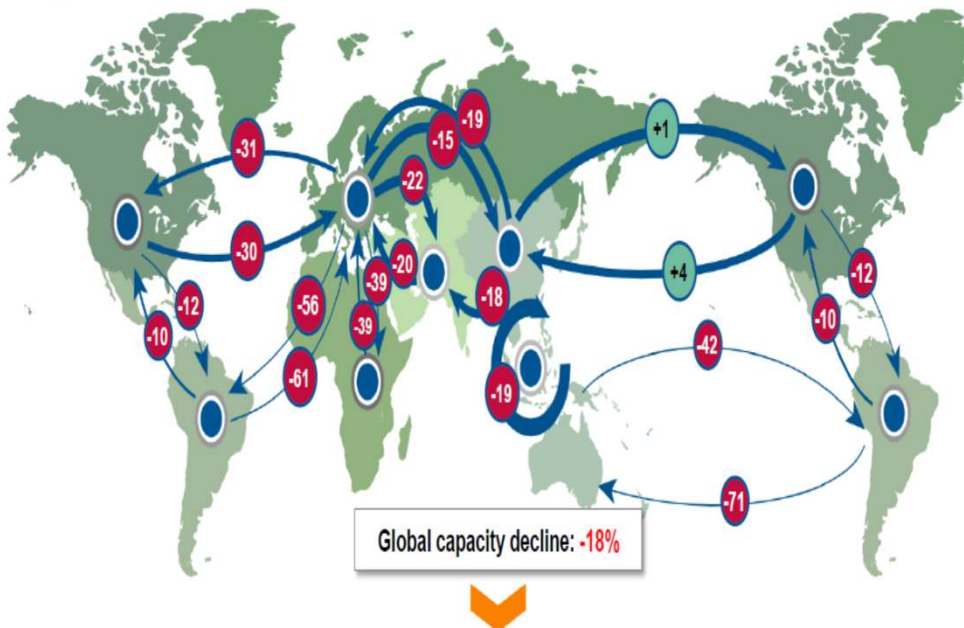
Global PMI suppliers delivery time index, below 50= lengthening time compared with previous month



# Supply Side Constraints

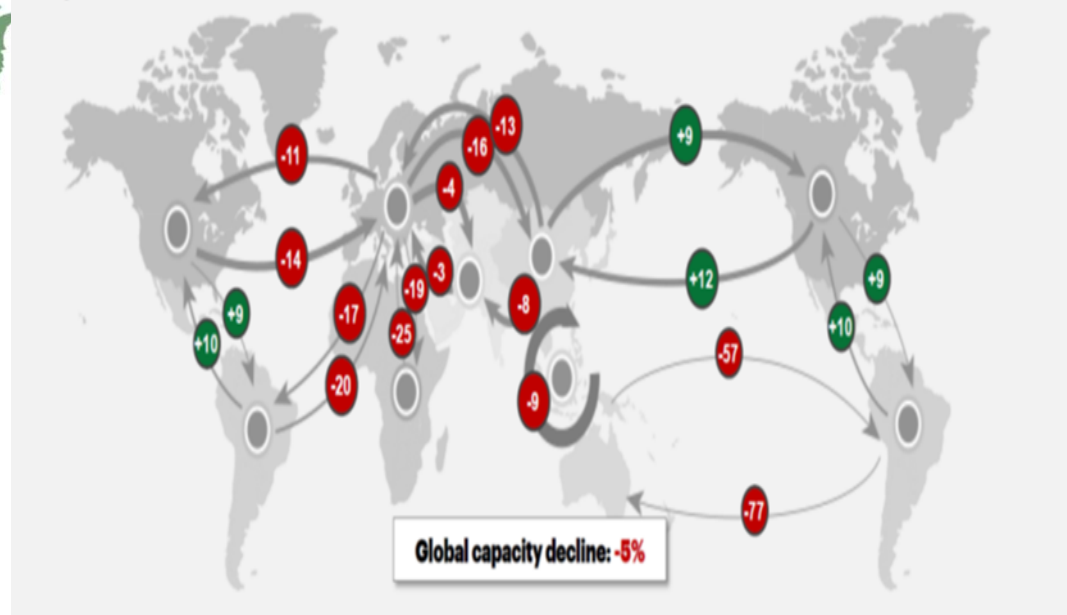
*Is the Worst Over? Air Capacity in Some Key Lanes Down*

Total air cargo capacity growth<sup>1</sup>, 9 – 22 Nov 2020 vs. same two weeks last year<sup>2</sup>  
YoY growth, %



Seabury Accenture, November 9-22, 2020

Total international air cargo capacity growth, 1-14 Nov 2021 vs same weeks 2019<sup>1</sup>  
% growth vs 2019



Seabury Accenture, November 14, 2021

## Supply Side Constraints

## Is the Worst Over? Sea Port Congestion Remains

SeaExplorer, Kuehn & Nagel, as of **29 Nov 2021**

# Supply Side Constraints

*Is the Worst Over? Severe Stress on Labor*



International  
Chamber of Shipping  
Shaping the Future of Shipping



International  
Transport Workers'  
Federation

## Transport heads joint call on world leaders to secure global supply chains

The impact of nearly two years' worth of strain, placed particularly upon maritime and road transport workers, but also impacting air crews, is now being seen. Their continued mistreatment is adding pressure on an already crumbling global supply chain. We are witnessing unprecedented disruptions and global delays and shortages on essential goods including electronics, food, fuel and medical supplies. Consumer demand is rising and the delays look set to worsen ahead of Christmas and continue into 2022.

### Willie Walsh, IATA Director General said:

"Over the past 18 months, aviation workers have been amazingly resilient in keeping world trade lanes open. It's been made unnecessarily challenging with uncoordinated, unharmonized and sometimes conflicting COVID-19 measures implemented by governments. This is not sustainable, particularly as demand grows in the recovery. It's time for WHO and ILO to bring states together to agree a globally harmonized set of crew measures that will facilitate efficient global connectivity."

# **Resilient Supply Chains**

*Business Response*

## ***Redesign***

### **Onshoring and Regionalization**

- Long term and capital intensive
- High transportation costs will drive such trends
- Lower value goods
- Challenging for more complex supply chains

## ***Build Resilience***

### **Visibility, Agility, Reliability**

- Enhance visibility and control
- Diversify sourcing, build redundancy into supply chain
- Transportation reliability

# Resilient Supply Chains

*A Role for Governments, Multilateral Institutions*

- Diversification of Supply Chains
  - Determine Essential Supply Chains
  - Develop Trusted Partners
  - Multilateral Framework for ensuring transparency and rules
- Enhance Reliability of Transportation Nodes and Networks
  - Infrastructure Investment
  - Keep Air and Sea Ports Open
  - Sharing of data for real time visibility and coordination
  - Safe and *sustainable* solutions for essential logistics and transportation services including maritime and air crew facilitation.
  - Harmonize patchwork of rules for Testing, Vaccines, Quarantine



**THANK YOU**