

“THE DEPOSIT”

Over the past few months – there has been increasing concern about supply chain, logistics, shipping etc.

Which there should be –

Let’s back track a minute.....

The word “logistics” comes from a 19th-century French word, “logistique.” This French word was originally exclusively associated with the transportation of soldiers and military supplies until it was later adopted for civilian applications.

Now, this word has so much importance because even your brand needs it, right?

Presented perfectly below are a few excerpts from various logistics companies around the world.

Let’s see how this has affected countries globally!

“From London to LA, to Beijing and Berlin, the 2021 supply chain crisis shows its teeth through fuel shortages, labour shortages, retail shortages, semiconductor shortages. You see, it all ends in “shortages”, and that makes recovery from Covid-19 even harder.

It first began with the question of whether customers would get their brand new cars delivered in time. Then gamers wondered why there weren’t enough PlayStations out there. Now, we’re asking whether we’d have what to put under the Christmas tree this December. Or will the Christmas tree even be alight given the rising energy prices and looming energy crisis?

It’s all a massive tangle. It’s like you’re playing chess, and you’re suddenly in check,

and you didn’t see that coming. How come you didn’t sense that?

The Supply Chain Crisis Mix: Energy, Transport, Labour

It’s all a perfect disaster steered by three main elements: labour, transport and supply.

People lined up for hours waiting to fill their tanks with petrol in the UK, but China had to ration its energy supplies and slam the brakes hard on their manufacturing.

The price of gas and oil itself almost doubled in the last 12 months.

The Covid-related restrictions are also slowing down manufacturing worldwide, and the computer chips are almost as precious as diamonds these days. The British car production is down by 27% year on year, and the number of exported vehicles is also dropping. Over the channel, in Germany, Volkswagen, Ford, or Opel are also shutting down production.



So, it looks like the world is suddenly low on energy and raw materials. But why? This is where shipping troubles come into the mix.

The World Container Index is up 291% compared to last year. The price of shipping has even increased sixfold on busy routes as China-Rotterdam.

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However, let's say that the goods arrive at ports in time. But, there's no one to welcome them at the docks. The labour shortages are increasingly worrying. The UK needs about 100,000 drivers to meet its logistics demands. However, they're nowhere to be found for various reasons.

1. Shortages of key materials including steel and PVC pipes continue to hamstring the construction industry, pushing up prices and delaying deliveries.
2. Prices of adhesives, drywall, electrical equipment, steel and PVC pipe fixtures all rose, with inventories of those materials contracting and deliveries delayed.
3. Lumber, which saw a meteoric rise earlier this year, was one of few materials to see a price decline. But even that may not last for long, as lumber futures have soared nearly 40% since mid-August.



The Rising Consumers' Demands Got us all Too Optimistic

The general optimism towards the vaccines and the government stimulus, high savings and overall hopefulness that arose this summer, in the wake of Covid-19, pent up the consumer demands. People got out of their houses and wanted to spend again: Play

Stations, smartphones, new laptops, vacations, you name it.

However, the Coronavirus is still not gone, the restrictions remain, and the global supply chains are not ready to meet the consumers' demands.

It's like the global economy stood up too soon and too fast to meet consumer demand, and now it's dizzy and overheating.

The UK is "overheating" from high energy prices, raw materials deficiencies, labour shortages, and shipping bottlenecks. That will result in a dangerous inflation rate.

The inflation in every aspect of the supply chain – the materials, the drivers and petrol shortages, the increasing wages.

Shortages are all the rage. Nandos and KFC run out of chicken. McDonald's couldn't make milkshakes. Ireland was striving to keep bread and soft drinks on the shelves. Tesco, Arla and Haribo were also in deep waters.

The Supply Chain Crisis is Global

In the US

In the US, Costco limited the purchases of toilet paper and water in anticipation of the next wave of the Coronavirus pandemic. Meanwhile, a record number of cargo ships were stuck outside of Los Angeles because, you guessed it - there were not enough drivers.

Decking the halls might be 20%-25% more expensive this year as Christmas tree retailers have also reported supply chain

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disruptions due to shipping costs and delivery delays, of course.

“Help wanted” is probably the most common sign spotted in the restaurant windows across the country.



In China

Power cuts have idled the Chinese economy, which does not bode well with the long delays at ports.

In the Liaoning province, traffic lights didn't work for a week because of the energy shortage. The world's second-biggest economy had to turn to Russia for help with the electricity shortages this September.

In Germany

In Germany, the energy prices have also surged by 14%, while the petrol prices increased by 20%. In September, the inflation rate was 4.1% - the highest in almost 30 years, and it is expected to reach 5% by the year's end.

However, there is still no “crisis” in Germany. Well, at least their supermarket shelves are not empty, and yes, they're in the EU.

Nevertheless, Germany is also facing driver's shortages, as German workers are

demanding higher pay amid the rising inflation.

In Russia

Russia is the world's largest oil and gas exporter combined, and they have pretty much gloated over the British recent petrol shortages. Kremlin has also lobbied for quick approval of the Nord Stream 2 pipeline to solve the petrol crisis.

However, Russia who had banned the western imports of meat, fruit, dairy and vegetables, is not without its struggles this year. Food inflation has hit a record 7% annual rate.

Restaurants, hotels, agriculture and the construction industries are reporting catastrophic workers shortages also.

In the UK

Back in the UK, the spread of the Coronavirus also prevented drivers from going to work. Thousands of workers had to isolate themselves after coming in contact with someone with Covid-19. As a result, public services almost closed down because of the lack of staff.



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These events overlapped with the shortages of lorry drivers, the Brexit bottleneck and the global supply chain disruptions presented above. That's quite a powerful bundle of coincidences, wouldn't you say?

And we think there's more to come. Farmers are culling more than 120,000 pigs in the UK for lack of abattoir workers. These pigs do not enter the food supply chain. They're either shot on the field or killed at an abattoir and thrown away because there are not enough workers to process the meat.



Yes, the snowball is still rolling, and we'll see more empty shelves these coming weeks.

What's the best thing to do? Don't turn a blind eye, thinking you can weather the storm if you ignore it.

The world economy is rebalancing. The global supply chain model runs out of fashion as companies try to reduce the distances between their supply chain nodes and relocate closer to home.

Significant changes will come, and we've got to stay on top of them."

But what are we doing locally – in The Bahamas.

Are we able to feed ourselves?

Are closed manufacturing plants looking into ways to reopen?

Has the government look at ways to assist its people? (And no I'm not referring to Social Services efforts)

A prominent local businessman hinted to these issues weeks ago – Was it ever addressed/answered?

Are you able to feed yourself, family, assist a neighbor? (Do Bahamians still believe in being their brother's keeper anymore?)

Can your business sustain another blow?

Can you complete the client's project without putting yourself in a financial "hole"?

So many questions but what is the answer – **START PREPARING NOW!!**

Don't panic shop – **SMART shop!!!**

Thanksgiving & Christmas are not your goals.

2022 summer and beyond is what you should be preparing for.

How can you fast forward to that time period – **YOU CAN'T!!!**

But it's time to begin thinking in advance

Your goal right now is to start and start with you –

- You the **INDIVIDUAL**
- You the **FAMILY**
- You the **BUSINESS**
- You the **COMMUNITY**
- You the **COUNTRY!!!**