



# The **TURNER & COATES** 14<sup>OVER</sup> YEARS OF EXCELLENCE AS STANDARD **Global Examiner**

Running the rule over domestic and international business since 1880!

Issue 31 - March '22

## Helping to alleviate global supply chain inefficiencies



*It's all stacking up: Container ports everywhere are feeling the effects of a weakened supply chain.*

The global supply chain has been severely affected by the ongoing fall-out from COVID-19.

In truth, however, this vital worldwide network was losing momentum even before the pandemic unfolded. Key electrical and electronic parts either unsourceable or heavily delayed in both production and transit. Projects behind schedule. But why?

### The Issues

Significant fractures are apparent within the global container market at present; in shipping routes; at ports; with regard to air cargo, to freight, to rail and even warehousing.

This has created crippling shortages of key manufacturing components, unprecedented order backlogs, critical delivery delays and a considerable hike in the cost of transportation, and of the actual components themselves.

As we all know, demand for most goods plummeted during the first half of 2020, due to COVID and the resultant global economic lockdown. Sailings by ocean carriers were cancelled and manufacturing capacity was cut drastically, with workers all over the world either laid-off or let go.

In summer 2020, global manufacturing sparked back into life, heralding the resumption of international trade.

By early 2021 however, worrying cracks in the supply chain began to appear. From a purely logistical point of view, facilitating the passage of global business was proving somewhat troublesome.

Then in the spring came the double whammy, when the 'Ever Given' container ship ran aground amid high winds and blocked the Suez Canal for six days. This left containers stranded, causing severe backlogs and further delays to shipping schedules.

Ships carry around 90% of the world's trade. The price of shipping containers, however, is now soaring with the cost of an average 40' container standing at almost \$6,000... over double what it was in 2016. (source: Forbes Sept. 21).

Most important, with regards to electrical and electronic components, is the shortage of semi-conductors, caused by COVID-related industry shutdowns, as well as the resultant, lingering disruptions to manufacture and short supply of key raw materials.

This scarcity has led to a significant increase in lead times for orders of electrical and electronic components. For example, we have seen quoted lead-times for motors go from 8 to 20 weeks!

Sadly, this situation has been made worse still by the war in Ukraine - the world's leading producer of semi-conductor grade neon - leading to a worldwide shortage of the most vital component in the manufacture of electronic chips.

Steel mills are failing to provide specific delivery dates; priorities are not being met over certain materials and thicknesses and, of course, prices are increasing exponentially for the steel yet to be purchased.

### Our Solution

As part of our continued efforts to minimise the business disruption to our clients, we are advising you to source and secure warranted, fit-for-purpose, second-hand electrical parts and components, with our help as required. We can also help you to source alternative electrical suppliers to fill this unavoidable breach.

We are also recommending that, wherever possible, you downgrade to previous software versions to take advantage of the second-hand, older controllers available on the market.

Lastly, we're on hand to help you build plenty of lead time into your projects to help avoid additional disappointment and further hold-ups.

*It's all part of the service, here at Turner & Coates!*

Contact us now on +44 (0)161 660 8656 to discover how we could help your business!

For total inspection, expediting and management systems implementation and auditing solutions, a FREE copy of our brochure or a no-obligation quote, call now on 0161 660 8656 (within UK) or +1 (404) 462 5729 (from North America)!\*

