

DISRUPTION

2020 - TODAY





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Bestway
International
is the exclusive agent for



Disruption in the Global Supply Chain



- HOW did we get here?
- WHEN will things get back to normal?
- WHAT is being done to survive & thrive?

Where's the weak link?



How did all this happen?

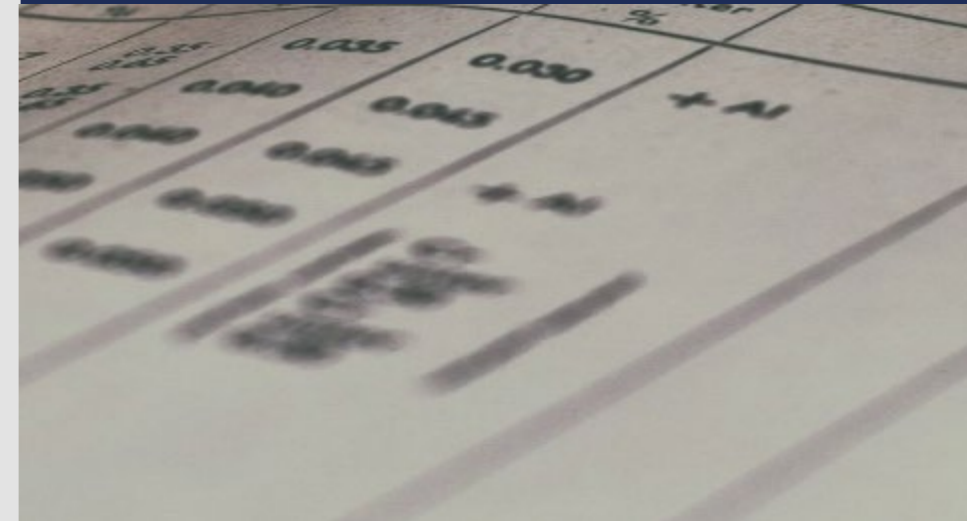
USA-China Trade Tensions



Retaliation & Volatility

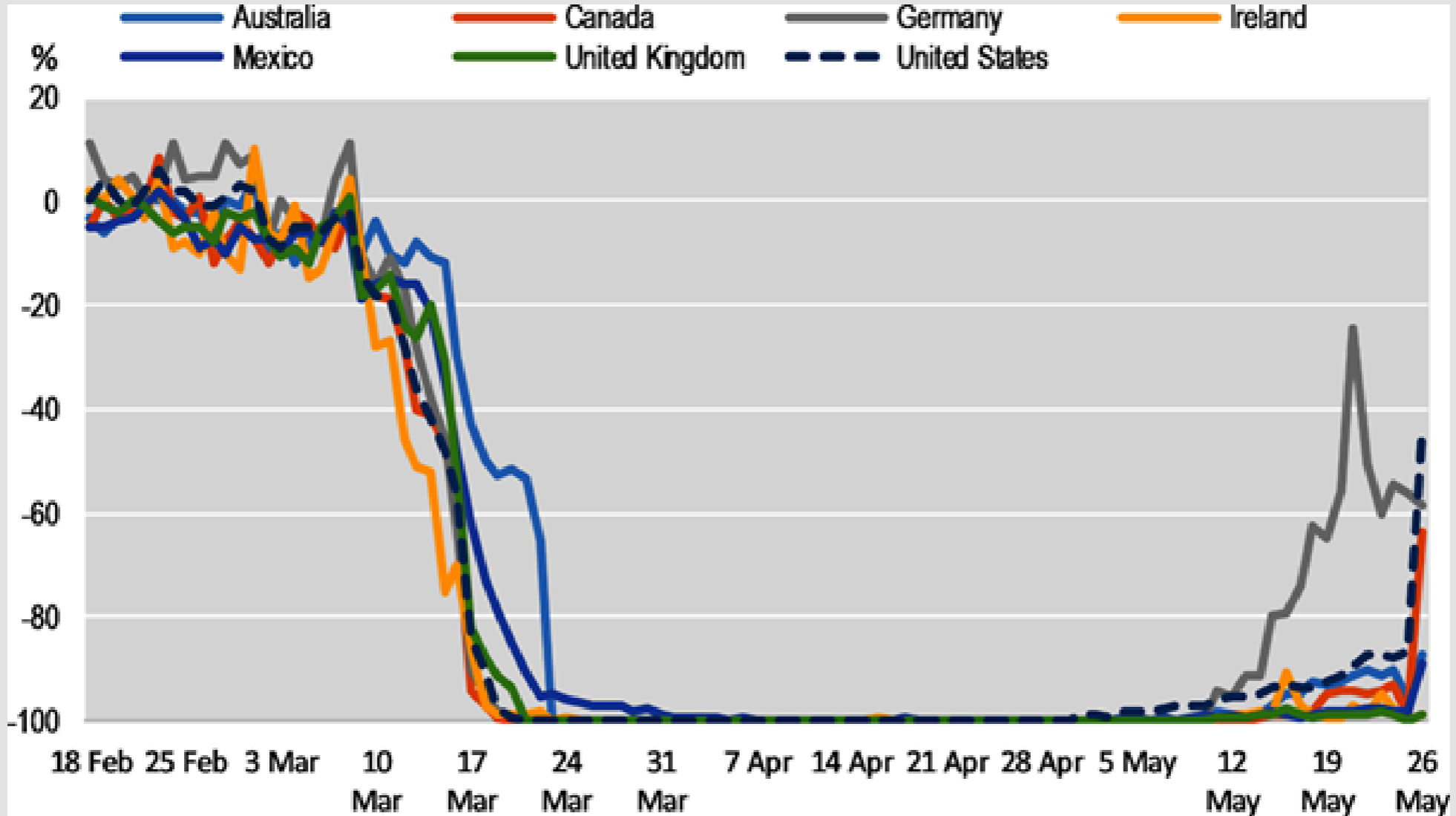


- Shifting inventory levels to beat the tariffs
- Changing source vendors to work around tariffs



THE GLOBAL SUPPLY CHAIN WAS ALREADY UNSETTLED WHEN COVID HIT.

COVID-19 in 2020: A Collapse and a Surge



COVID-19 in 2020:



A Collapse and a Surge

MARCH - MAY

- Workers **DISPLACED**
- Manufacturing **CUT**
- Sailings, flights, and routes **CANCELLED**



JUNE - DECEMBER

- The New Normal
- Massive shift in online purchasing, driven by...
- Pent-up demand
- Economic Stimulus



94%

of Fortune 1000 companies are seeing supply chain disruptions from COVID-19.

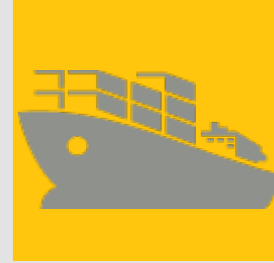
75%

of companies have had negative or strongly negative impacts on their businesses.

55%

of companies plan to downgrade their growth outlooks (or have already done so).

COVID-19 in 2020: A Collapse and a Surge



Links under Stress



Containers

Pricing

- Doubled

Positioning

- Port of LA Imports up 27%, Exports down 12%
- June 2020 – June 2021
- EverGiven / Suez Canal : 500k+ containers
- May/June Port Closures : 350k+ containers





Links under Stress



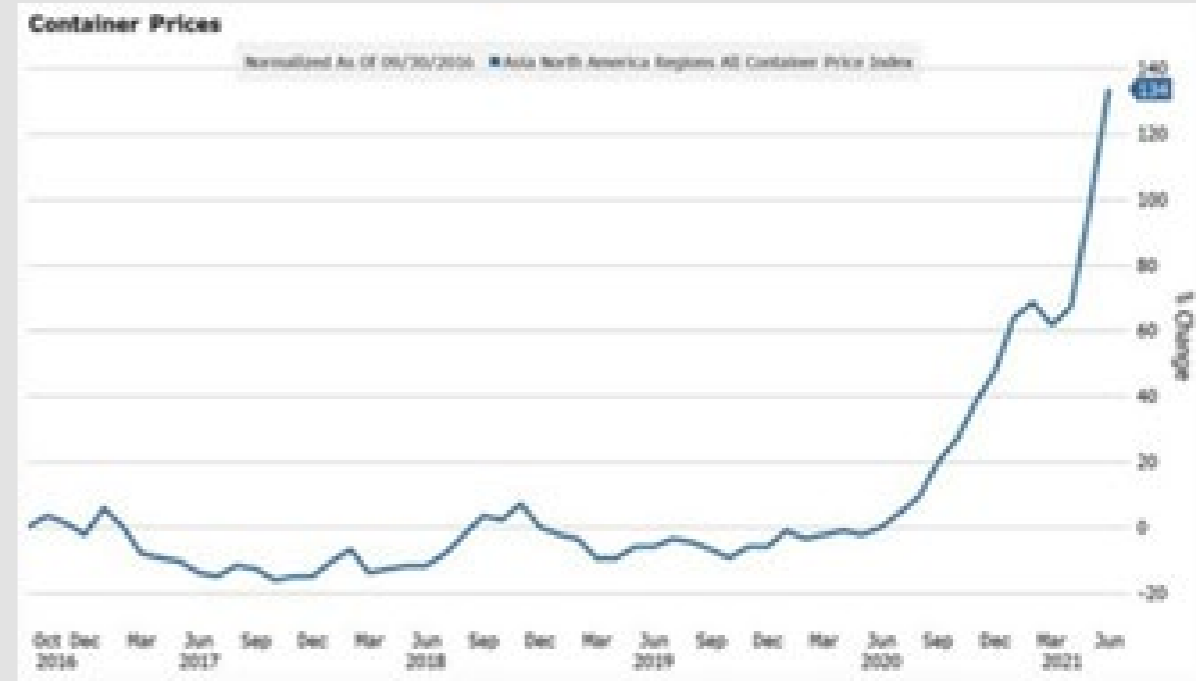
Freight Cost

Capacity

- 20% more is under construction
- Larger ships stress on-shore resources

Demand

- 13X increase in China to USA / 2X increase in USA to China
- Carriers erode capacity by returning empty containers for more profitable sailings than less profitable export cargo





Links under Stress



Ports

Productivity

- Vessels at anchor 2.5X longer than before-COVID

Interruptions

- COVID lockdowns
- Extreme weather
- Hurricanes
- Typhoons



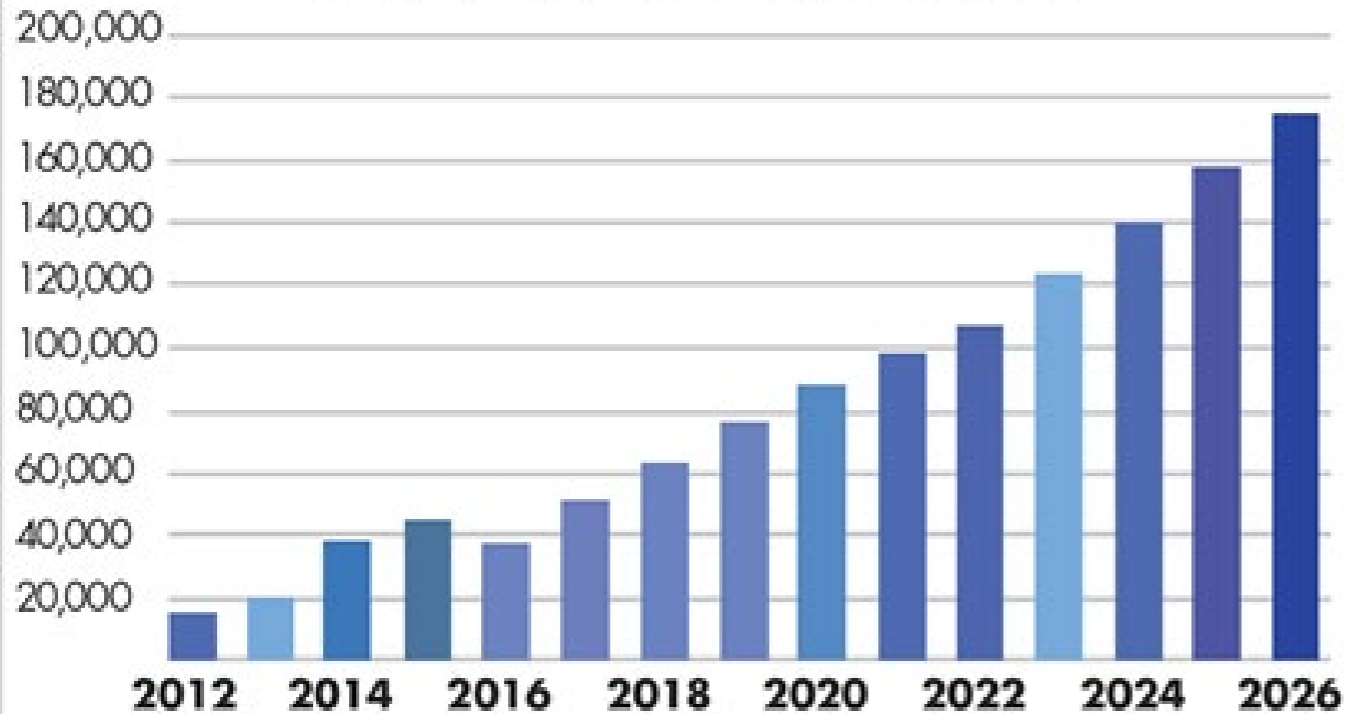


Links under Stress



Trucking

Truck Driver Shortage



Source: Driver Shortage Analysis 2017, American Trucking Association

110,000+ Drivers short

- Why? Retirements, regulations, unemployment, lifestyle
- Fragmented trucking business, average 5 trucks
- Pay / benefit competition with fleet haulers (Wal-Mart)



Links under Stress



RAILROADS

Bottlenecks

Labor

- COVID furloughs, unemployment

Business Model

- Pre-COVID “Precision Scheduling”
- Access to trucking



Links under Stress



Warehouse & Distribution



Capacity

- Limited space adds to the container imbalance
- 20.5% increase in pricing

Labor

- 490,000 jobs open

Outlook

- Warehouse REITs up 45% since COVID

COVID-19 in 2020: A Collapse and a Surge



IMBALANCE



WHEN will things return to normal?



EXPERTS: Not soon.
'General' consensus is mid-2023

WHEN will things return to normal?



Balance

- Time and demand needed

Capacity

- Port operating hours
- Driver demand
- Additional container ships and sailings
- Localized labor market conditions

Cycles

- CNY 2022 and 2023
- Peak seasons

Global Economics and Inflation

WHAT are organizations doing to survive and thrive?



There are only seven ways in which a supply chain can fail.

- The capacity to acquire materials (maintain supply).
- The capacity to ship and/or transport products.
- The capacity to communicate.
- The capacity to convert (internal manufacturing operations).
- The human resources (personnel) capacity.
- The capacity to maintain financial flows.
- The capacity to distribute products to customers including consumers.



Can RESILIENCE be engineered into of these capacities?

WHAT are organizations doing to survive and thrive?

“RESILIENCE”

the capacity of a supply chain to persist, adapt, or transform in the face of change

Top Five Plans Approaches to Enhancing Resilience in Logistics



- 53%** Plan to dual source raw materials
- 47%** Increase inventory of critical products
- 40%** Plan nearshoring and expansion of supplier base
- 38%** Plan to regionalize supply chain
- 30%** Plan to reduce the number of SKUs in product portfolios

Source: McKinsey, 2020

WHAT are organizations doing to survive and thrive?



RESILIENCE has many benefits.

But **58%** of Supply Chain Executives polled say it will add cost.

WHAT are organizations doing to survive and thrive?



There are many good checklists to use on the road to recovery.

Connect with us or your representative for ideas that fit your situation!



THANK YOU KANSAS COMMERCE

FOR ALLOWING US TO BE A PART OF YOUR TEAM!

