

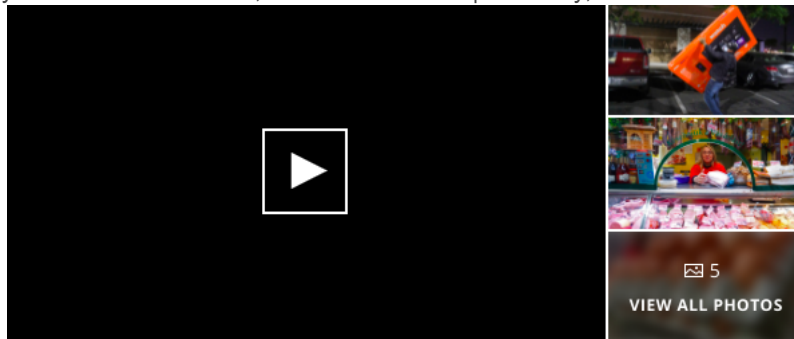


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Experts see supply chain disruptions extending into 2022 and beyond

by STEPHEN LOIACONI, The National Desk | Thursday, December 2nd 2021



President Joe Biden speaks in the South Court Auditorium on the White House campus, Wednesday, Dec. 1, 2021, in Washington. (AP Photo/Evan Vucci)

WASHINGTON (TND) — President Joe Biden defended his administration’s response to [pandemic-driven](#) supply chain disruptions Wednesday, insisting the situation is better than media reports suggest, but experts foresee difficulties stretching well into 2022, and possibly longer.

“If you’ve watched the news recently, you might think the shelves in all our stores are empty across the country, that parents won’t be able to get presents for their children this holiday season,” Biden said. “But here’s the deal: For the vast majority of the country, that’s not what’s happening.”

[Persistent supply chain delays](#) have contributed to growing public pessimism about the economy, and the Biden administration is fighting a perception that it has not done enough to address Americans’ most pressing concerns. Consumer demand has continued to outpace supplies of goods, driving up prices as shipping containers languish at ports in the U.S. and overseas.

Biden has sought to convey that he is confronting these challenges, and experts and industry insiders have seen some signs of marginal improvement. Getting goods into ports, onto trucks, and out to stores has not gotten much easier, though.

“I think there are challenges the industry has seen for a long time, and they’re really coming to the fore with COVID,” said Santtu Seppala, chief strategy officer for Staxxon, a company that produces environmentally friendly folding shipping containers.

The White House helped broker agreements between labor and management at two key California ports [to allow 24/7 operations](#). Officials have also worked to make it easier and more affordable for companies to offload shipping containers quickly and provide more flexibility for truck drivers.

Industry leaders have welcomed those initiatives. Walmart CEO Doug McMillon this week publicly credited the Biden administration with easing port bottlenecks since the federal government took a more active role in the situation.

“Because of what you all did to help with overnight hours, and because of the team’s work to reroute to other ports, to extend our lead times, and have other creative solutions, we have seen an increase in throughput over the last four weeks of about 26% nationally in terms of getting containers through ports,” McMillon said during a White House meeting Monday.

Retail inventories in stores are up, and a key measure of on-the-shelf availability has nearly returned to its pre-pandemic level, as of last week. Biden pointed to a survey of Etsy dealers that found they are less concerned about supply chain issues than they were a year ago.

[Backups at major ports](#) are far from fully resolved, though, and they might not be for quite some time. According to Jim Snabe, chairperson of Danish shipping firm Maersk, his vessels are still waiting an average of 18 days to unload.

“You have higher demand and lower capacity, not because we don’t have enough vessels, but because they are not sailing because of congestion,” [Snabe told CNBC Tuesday](#). “We have to balance that out. We think this will happen somewhere mid-next year, but maybe not before.”

Supply chain experts say the administration’s actions failed to address the underlying issues plaguing the ports, but it is not clear the federal government can do much to solve those problems in the short term. Building out port capacity and updating outdated technology will take time and money.

“They need to invest in a digital infrastructure like the other top-performing ports around the world,” said Rob Handfield, director of the Supply Chain Resource Cooperative at North Carolina State University.

The bipartisan infrastructure bill passed last month includes billions for port modernization, but the effects might not be felt for years. In the meantime, there are few signs of demand cooling, despite surging prices.

“The consumer is still playing catch-up in terms of purchases,” Seppala said.

The Federal Trade Commission [announced a new study](#) Monday aimed at better understanding supply chain disruptions and the hardships they are creating for consumers and the broader economy. The FTC has ordered nine major retailers and suppliers to provide internal information to assist in that research.

A survey [released Wednesday](#) by the Institute for Supply Management reflected growing manufacturing activity and accelerated hiring in November, even as deliveries remained slow. Manufacturers appear increasingly optimistic about their 2022 prospects.

However, [a new Federal Reserve report](#) underscores nationwide concerns about supply chain problems hindering economic growth. Uncertainty about the near-term economic

outlook has grown amid delays and shortages, and experts say there is good reason for doubts.

“I think we’re going to continue to see significant shortages through most of 2022, possibly into 2023,” Handfield said.

Despite President Biden’s upbeat assessment, further complications could still loom. Officials and public health experts were already fearful of a new wave of infections this winter even before [the omicron variant emerged](#), and a surge fueled by the highly transmissible mutation could force new port closures and labor shortages around the world.

“I think the jury is still out,” Biden said Wednesday of the potential supply chain impact of omicron. “I think it’s a little early to make that judgment. But am I concerned? Of course I am until we get the final answers.”

[In an interview with CNN](#), Commerce Secretary Gina Raimondo warned the spread of the new variant could leave more people in the U.S. and elsewhere reluctant to return to work or shut down factories in Asia. She expressed optimism that the situation would resolve itself long-term, but the immediate outlook could get worse.

“It’s massively disruptive,” Raimondo said.

Experts say the extent of that disruption depends on how quickly the variant spreads and how effectively it evades immunity. Based on preliminary data, it could significantly set back the progress that has been made toward increasing efficiency.

“We just don’t know how bad it’s going to be,” Handfield said.