

1. Mark your confusion.
2. Show evidence of a close reading.
3. Write a 1+ page reflection.

## **Moody's Warns of 'Dark Clouds Ahead' for the Global Supply Chain as 77% of the World's Largest Ports Face Backlogs**

Source: Grace Kay, BusinessInsider.com, October 14, 2021

Historic delays and product shortages are threatening to topple an already tense global supply chain.

On Monday, Moody Analytics warned that the disruptions "will get worse before they get better," citing delays at key US ports, as well as the national labor shortage.

The credit rating agency said there are "dark clouds ahead" for the global supply chain as there is no clear solution to work out kinks between subsections of the supply chain around the world. In particular, Moody's identified the "weakest link" in the supply chain as an alarming shortage of truck drivers — a problem that has left shipping yards swamped with shipping containers and caused equipment shortages.

"As the global economic recovery continues to gather steam, what is increasingly apparent is how it will be stymied by supply-chain disruptions that are now showing up at every corner," it said.

The supply-chain crisis has caused shortages of everything from food and household goods to computer chips, cars, furniture, and electronics. Automakers have repeatedly slashed production goals, while companies like Nike have warned customers products will be harder to find over the holiday season due to the bottlenecks.

Apple may also cut production goals for its iPhone 13, Bloomberg reported Tuesday.

Analysts at RBC Capital Markets agree with Moody's concerns. In a report this month, the bank analyzed the 22 most influential ports in the world and gauges how long it takes for cargo ships to enter and unload.

They found that 77% of ports have experienced above-average wait times this year. Of the 22 ports, the ports in Los Angeles and Long Beach (which are often accounted for as a single port due to their proximity) had the most inefficient wait times of any other top port in the world.

The turnaround time for a container in the ports nearly doubled in 2021 as compared to averages seen in 2017 through 2019. Turnaround time jumped from 3.6 days to 6.4 days — nearly five days longer than several ports in Asia which operate 24/7.

On Wednesday, the White House announced the Southern California ports would move toward 24/7 operations and the dock workers were working to extend their hours, but Mike Tran, RBC's managing director for digital intelligence strategy, told Insider extended hours alone will not be enough to solve the issue.

RBC's data found that the most significant difficulty at Long Beach and Los Angeles ports was the lack of foot traffic which remains 28% below pre-pandemic levels, despite a 30% increase in the goods going through the ports.

"The issue is non-linear," Tran told Insider. "It's not just about getting people to work or extending hours. The issue has spread throughout the entire supply chain, each leg of the journey is delayed."

Outside of port delays and worker shortages, backlogs at warehouses and railroads also add to the delays, which have caused equipment shortages of key items including shipping containers and chassis.

Earlier this month, Gene Seroka, executive director of Port Los Angeles said the issue will not be solved until everyone within the supply chain gets "on the same page" — a near-impossible proposition, considering warehouses and trucking companies are fractured into a multitude of small to mid-sized companies.

The White House also announced on Wednesday that some major chains, including Walmart will extend their working hours to help ease the shipping crisis.

### **Possible Response Questions**

- What are your thoughts about the disruption of the global supply chain? Explain.
- Why should you care about this shipping crisis? Explain.
- Did something in the article surprise you? Discuss.
- Pick a word/line/passage from the article and respond to it.
- Discuss a "move" made by the writer in this piece that you think is good/interesting. Explain.