

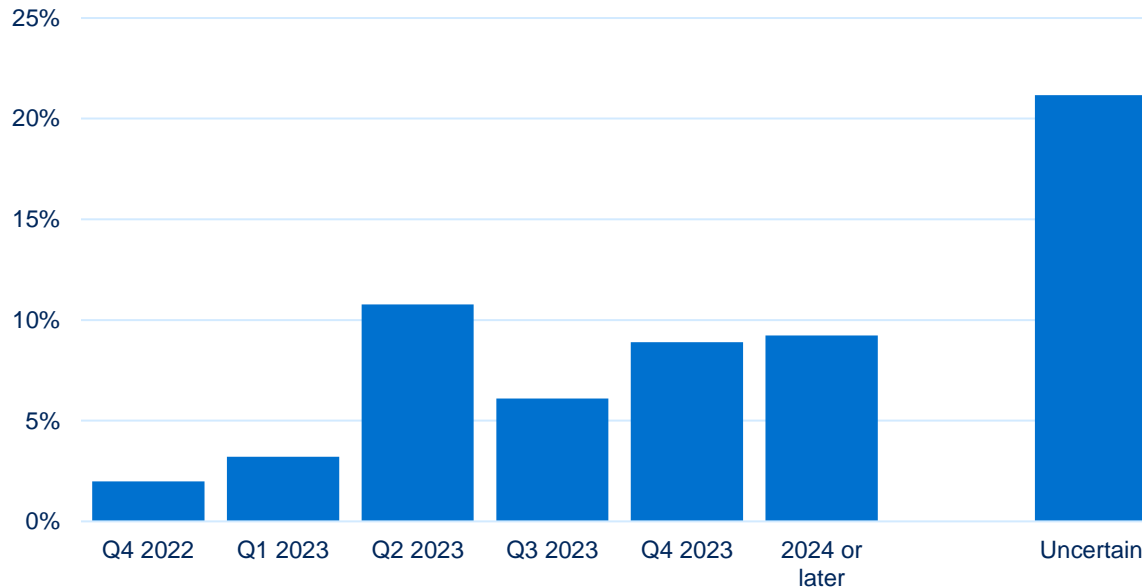
CBI SURVEYS - SUPPLY CHAIN INSIGHTS

SEPTEMBER 2022



BUSINESSES EXPERIENCING SUPPLY CHAIN DISRUPTION DO NOT EXPECT DIFFICULTIES TO BE RESOLVED IN THE NEAR TERM

If your business is currently experiencing significant disruption to supply chains, how long do you expect this disruption to persist?

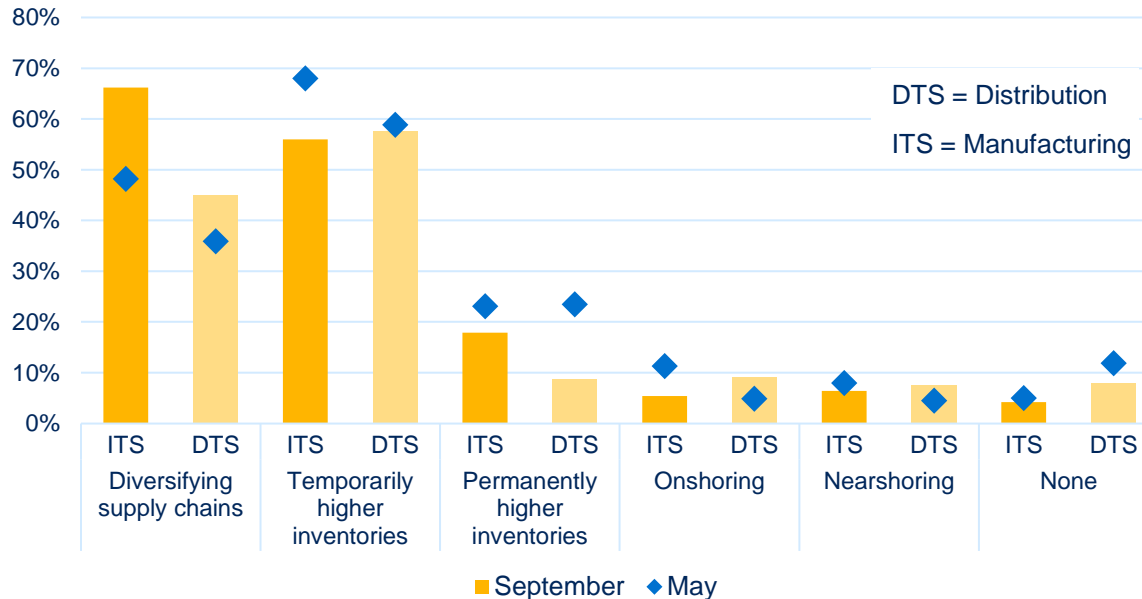


Key findings

- There is no clear consensus as to when global supply chain disruption will end.
- Very few businesses expect disruption to come to an end within the next six months.
- Amongst those firms with a view as to how long disruption would last, the second quarter of next year was favoured by a slim margin.
- The percentage of distribution firms reporting they were 'uncertain' as to how long disruption would last was twice as large as it was for manufacturers or services firms.

BUSINESSES CONTINUE TO DIVERSIFY SUPPLY CHAINS AND HOLD HIGHER LEVELS OF STOCK AS DISRUPTION PERSISTS

What action, if any, is your business taking and/or planning to take to strengthen supply chain resilience in response to ongoing global supply disruption?

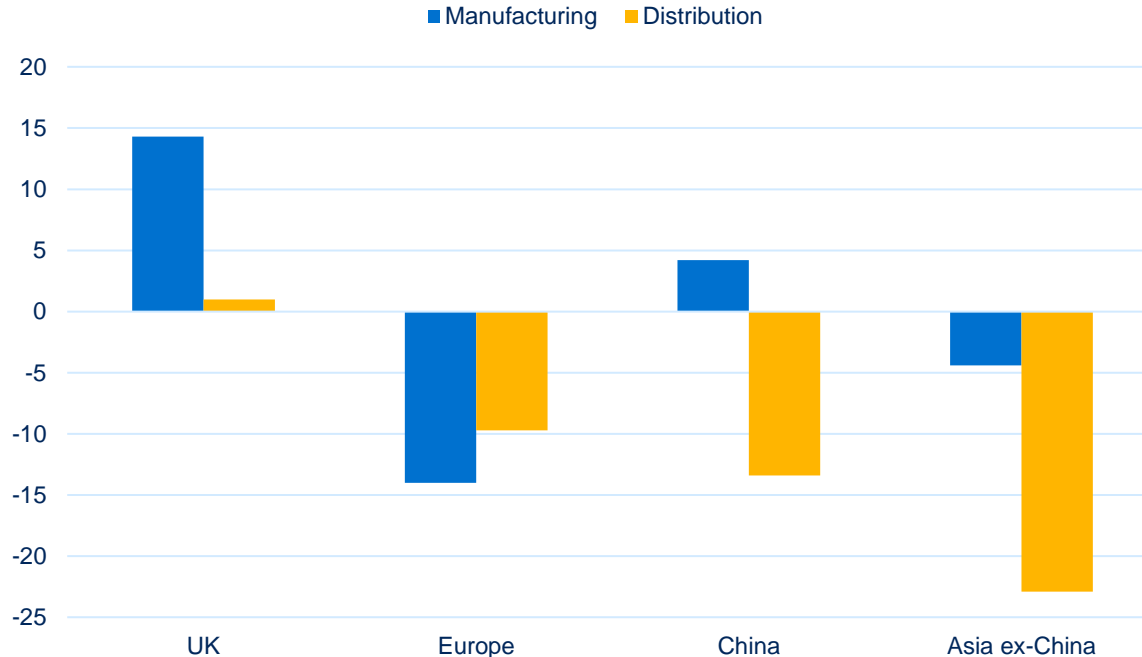


Key findings

- Businesses continue to favour supply chain diversification and higher stock levels as responses to ongoing supply chain disruption.
- On/nearshoring remains uncommon, with no indication that a higher share of businesses have chosen to take this approach since May.
- More manufacturers are pursuing supply chain diversification and fewer are choosing to hold temporarily higher inventories.
- Fewer distribution firms are choosing to hold permanently higher inventories than in May.

FIRMS HAVE GENERALLY DECREASED SOURCING FROM ABROAD

How has your business's supply chain sourcing from the below countries/regions changed over the past 12 months? (% balance of change)



Key findings

- Manufacturers have increased their supply chain sourcing from the UK and decreasing sourcing from Europe and Asia.
- Distribution firms have reduced supply chain sourcing from Europe and Asia, with sourcing from the UK broadly unchanged.
- Many businesses report shipping delays and increased transportation costs, which may explain increased sourcing from domestic suppliers where possible.
- Firms also note that lockdowns in China, war in Ukraine, and post-Brexit trade arrangements with the EU have contributed to shortages of imported products.

TRADE BARRIERS, DELAYS, AND SUPPLY SHORTAGES ARE KEY REASONS FOR FIRMS CHANGING THEIR SUPPLY CHAINS



Key themes

- Shipping costs remain elevated and delivery times from China and Europe are longer and less predictable than previously.
- Many businesses are struggling to reliably source raw materials or finished products – the difficulty is sometimes attributed to war in Ukraine and lockdowns in China.
- Brexit is a source of much frustration, as importing goods from EU suppliers has become more expensive and requires more administrative work.

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