

# While some supply chain snarls ease, challenges remain

Article

**The news:** A number of indicators suggest some supply chain clogs are clearing up:

- **Production in China** is rebounding after Shanghai lifted its COVID-19 virus restrictions, per Bloomberg Economics.

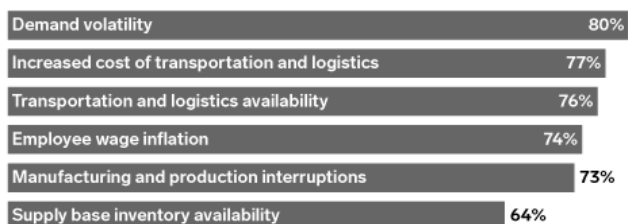
- **Goods are taking less time to travel across the ocean.** The time it takes an item to make its way from Asia to the US has fallen from 110 days in October 2021 to 95 days in the week ending July 10, [per](#) Flexport’s Ocean Timeliness indicator.
- **Shipping prices are dropping**, even during a peak period, per Bloomberg. For example, the [Baltic Dry Index](#), which tracks the costs of shipping bulk commodities, has fallen 36.2% since its 2022 high in May.

**Problems remain:** While some supply chain issues are starting to recede, several challenges remain, including:

- **A cargo bottleneck is slowing railroad freight through Southern California** as about 29,000 containers are waiting for a train at the Port of Los Angeles. That’s more than three times the typical 9,000, [according](#) to Bloomberg. As a result, the average dwell time has swelled from two days to 7.5 days.
- **Sri Lanka’s apparel export industry is having trouble meeting its production goals** because of fuel shortages, power outages, and escalating expenses stemming from the country’s sovereign debt crisis and political instability, per The Business of Fashion.
- **Several products continue to be in short supply.** Roughly half of Prime Day shoppers encountered stocking shortages and more than one-quarter of shoppers said none of what they intended to purchase was available, [per](#) a CivicScience survey.

**Supply Chain Disruptions According to Chief Supply Chain Officers (CSCOs) Worldwide, Q1 2022**

% of respondents



Note: in the past 2 years  
Source: IBM Institute for Business Value, "The Resilient Digital Supply Chain" commissioned by Celonis, April 28, 2022

275352 eMarketer | InsiderIntelligence.com

**Looming threats:** Any number of other factors could create new clogs in the global supply chain, including:

- **Labor strikes** abroad or in the US, such as among the [West Coast dockworkers](#), whose collective bargaining agreement expired July 1.
- **Labor shortages** due to the tight labor market.
- **Factory disruptions** tied to COVID-19 shutdowns in China.
- **Raw materials scarcities** due to Russia's war in Ukraine, extreme weather, or other factors.

What's more, a new issue may be threatening as a result of [slowing consumer demand](#): inventory pileups.

**Looking ahead:** The supply chain challenges throughout the pandemic have driven many companies to adapt.

- **McCormick & Co.** expanded [production in the US](#), UK, and other markets to ensure it can meet demand.
- **Joann** is expanding its ocean freight carrier capacity to allow for more timely delivery of products and ensure a strong in-stock position ahead of the holiday season, CEO **Wade Miquelon** said on the retailer's earnings call in June.
- **La-Z-Boy** opened multiple new factories in Mexico in addition to other "structural changes" across its supply chain to shorten lead times and work through its backlog of orders, president and CEO **Melinda Whittington** said last month.
- **Lululemon, Figs**, and other retailers are increasing their reliance on air freight to avoid disruptions, per Supply Chain Dive.

**The big takeaway:** The global supply chain disruptions over the past few years demonstrate how crucial it is that retailers prioritize diversification and agility.

**Go further:** For more on *The Era of Uncertainty*, read our report [here](#).