

## Global supply chain under pressure

---

When the Covid-19 pandemic interfered international trade and cut supply chains, it was assumed that global supply chain disruptions would be temporary. However, the pandemic continuing to have a serious impact in many sectors. The difficulties arise from a combination of factors, some temporary, others structural.

### 1) Power (coal, electricity, gas etc.) control regulation in China caused the shortage of raw material and the price increase of raw material and energy

The whole chemical industry is facing energy restriction, production limitation and upstream materials price rising. For some raw materials the price even has tripped in past two weeks, but even much higher prices can't guarantee delivery in time. Many factories already stopped the production and do not quote anymore.

### 2) Sharp freight increase caused a big burden for both seller and buyer

In the year-end, we can expect there will be a possibility of freight increase again due to shortage of energy and influence of Christmas and Chinese Spring Festival. Containers and vessels are still in short supply; hence prices will increase.

### 3) Winter Olympic Games in Beijing in 2022

The event will be held from February 4 to 20. Ahead (and after) this time, the government will have strong regulations to restrict and even stop production in North China (Provinces Shandong, Shanxi, Inner Mongolia, Henan, Hebei, Beijing and Tianjin). Many companies will be closed for some time.

### What can we do?

Client shall try to order as soon as possible. To have a clear picture of customer's demand in the longer term such as 6 to 12 months is necessary to control the risk of price increases and supplying shortage.

Further the search for alternative sources either from producers from different Chinese provinces, Indian manufacturers or European providers should be started without any delay. Fischer Chemicals AG can help you to find solutions, ask their Sales Executives!

Fischer Global Services Ltd.

October 2021

