

Business

UK facing supply crunch thanks to COVID and Brexit

Supermarkets are also feeling the heat

LONDON: Britain's factories, restaurants and supermarkets are facing stubborn supply problems due to the COVID pandemic and Brexit, sparking calls this week for government help ahead of Christmas. US burger chain McDonald's ran out of milkshakes and bottled drinks this week, blaming a lorry driver shortage that created supply chain issues and a slowdown in UK business activity.

Rival fast-food giant KFC was forced to remove some items from the menu, while restaurant chain Nando's has temporarily shut 50 outlets due to a lack of chicken. Supermarkets are also feeling the heat, with frozen-food group Iceland and retail king Tesco warning of Christmas product shortages.

'Sounding the alarm'

"The reason for sounding the alarm now is that we've already had one Christmas cancelled at the last minute," Iceland boss Richard Walker told the BBC. "I'd hate this one to be problematic as well," he added, urging the government to classify foreign lorry (truck) drivers as skilled workers to allow more on the roads.

Britain's powerful CBI business lobby warns retail and distribution stocks are at a record low. Walker estimates Britain currently faces a shortage of about 100,000 lorry drivers. "We've got a critical shortage now, which we can't address simply by recruitment because of the length of time it takes to train lorry drivers," said Rod McKenzie, director of policy at the Road Haulage Association. "So we need some help to make sure the wheels don't fall off almost literally in the Christmas season," added McKenzie, who wants short-term visas for overseas lorry drivers.

Indonesia seizes tanker wanted over Cambodian oil heist

JAKARTA: Indonesia's navy said Wednesday it has seized a tanker and its crew who were wanted on charges of stealing nearly 300,000 barrels of crude oil from Cambodia's reserves. The Bahamian-flagged MT Strovolos was picked up on July 27 off the coast of Sumatra, they said, days after Phnom Penh issued a red notice on Interpol to seize the ship over claims it stole the kingdom's crude.

Indonesia's navy said it was questioning the crew of 13 Indians, three Bangladeshis and a trio from Myanmar at its base near Singapore. The 183-metre (600-foot) tanker, sailing from Thailand to Indonesia's Batam island, had turned off its identification system and anchored illegally in the archipelago's waters, naval authorities said.

Its Bangladeshi captain could face up to a year in prison and a \$14,000 fine if convicted on maritime violation charges, they added. "The Indonesian navy will not hesitate to take action against any type of crimes committed within Indonesia's jurisdictional territory," First Fleet commander Arsyad Abdullah said in a statement.

The tanker had been rented by Singapore's KrisEnergy for storage as part of Cambodia's recent bid to extract its

Brexit worsens pandemic impact

COVID helped spark a supply-chain crisis, experts say, as multiple lockdowns prompted a fresh exodus of EU workers. "The immediate cause of general disruptions to supply is the ongoing impacts of the pandemic," King's College London economics professor Jonathan Portes told AFP.

"It is hardly surprising that closing down very large sectors of the economy and requiring millions of people not to work, and then reopening those sectors-not once but several times-would cause disruption to supply chains and mismatches in the labour market. This is true across Europe."

Brexit meanwhile created major border delays after Britain's exit from the European Union on January 1, while new immigration rules disrupted recruitment. That resulted in fewer EU nationals working in the logistics sector, which tends to be shunned by Britons due to low pay and long hours.

The pandemic then persuaded even more foreign workers to leave. "Ongoing travel restrictions combined with the impact of Brexit ... mean that many have not returned and may not want to do so," he said.

Empty shelves

The British Retail Consortium warns the situation will worsen in October, when imported EU animal products require new border checks. "Empty shelves (and) delayed or cancelled deliveries have become a familiar sight for many, as companies struggle to meet demands ... with decreased capacity," said Jonathan Owens, a supply-chain expert at the University of Salford.



LONDON: File photo shows a shopper walking past a sign advising that products are temporarily out of stock in a supermarket at Nine Elms, south London on July 22, 2021. —AFP

Meanwhile, Britain's carmakers are slamming the brakes because of staffing constraints and a global shortage of microchips. Car sales slumped by almost a third in July, as production tumbled nearly 40 percent to the lowest level for the month since 1956.

Britain's composite purchasing managers' index, charting private sector business activity, hit a six-month low in August due to staff and supply shortages-but nevertheless remains in expansion territory. —AFP



RIAU, Indonesia: Handout photo taken on August 24, 2021 shows the Bahamian-flagged MT Strovolos (R) berthed at a port in Riau, as Indonesia's navy said it has seized the tanker and its crew who were wanted on charges of stealing nearly 300,000 barrels of crude oil from Cambodia's reserves. —AFP

own oil, authorities said. But the company was unable to pay its debts and filed for liquidation in June, still allegedly owing money to the tanker crew, they added.

"The company... reported to our government that the tanker stole the oil. There are some 290,000 barrels of crude" aboard, Cheap Suor, director-general of petroleum at the Cambodian Ministry of Mines and Energy, told AFP. "(But) the tanker said KrisEnergy owed it money." The two countries were working on a plan to return the oil to Cambodia, he added. —AFP

US manufactured goods orders dip in July

WASHINGTON: Spending on big-ticket US manufactured goods dipped slightly in July, but was held up by a surge in demand from the defense sector, according to government data released Wednesday. After two months of increases, durable goods orders slipped 0.1 percent compared to June to \$257.2 billion, the Commerce Department reported, a smaller decline than analysts were projecting.

Orders from the military prevented a much bigger drop in the total, with a 20.5 percent increase in defense capital goods orders and a smaller rise in aircraft. Without the defense sector, total new orders fell 1.2 percent, the report said.

Meanwhile, the transportation sector retreated as non-defense aircraft orders plunged, though spending on motor vehicles and parts rose. Ian Shepherdson of Pantheon Macroeconomics noted that the data "were hit by a sharp drop in net orders for Boeing aircraft — which are trending higher but are wildly volatile."

But, he said, "Businesses are sitting on record cash piles, so we expect capital goods orders to run hot for some time yet." Excluding aircraft and other transportation, which tend to swing wildly, orders actually increased 0.7 percent — far more than the consensus forecast. —AFP