

# Supply Chain and Business Challenges Survey Results

*October 2023*

# Supply chain issues have improved but ...

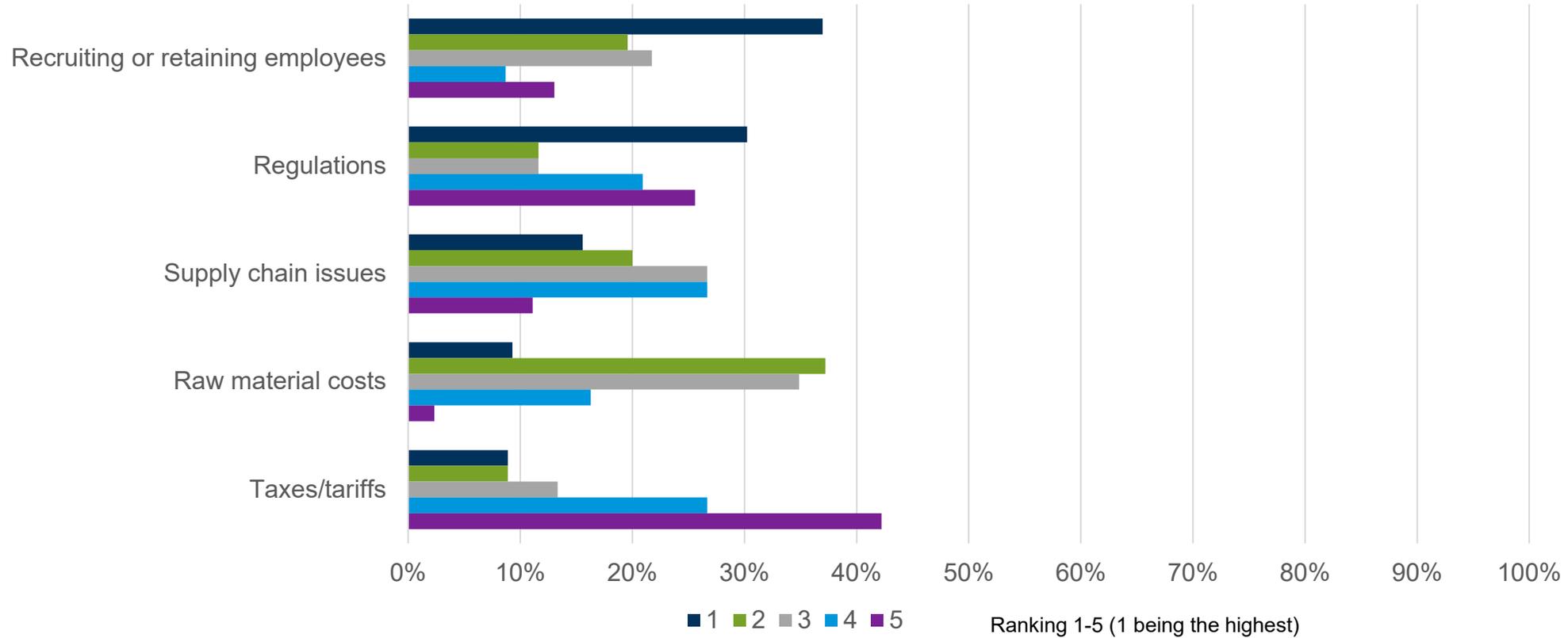
*42% indicate 2022 concerns remain*

- Supply chain issues continue to impact members' ability to control costs, grow and compete
- Costs to comply with regulations and tariffs are significant and holding back key investments
- Workforce challenges are a top issue
- Ocean freight and truck transportation issues remain in play

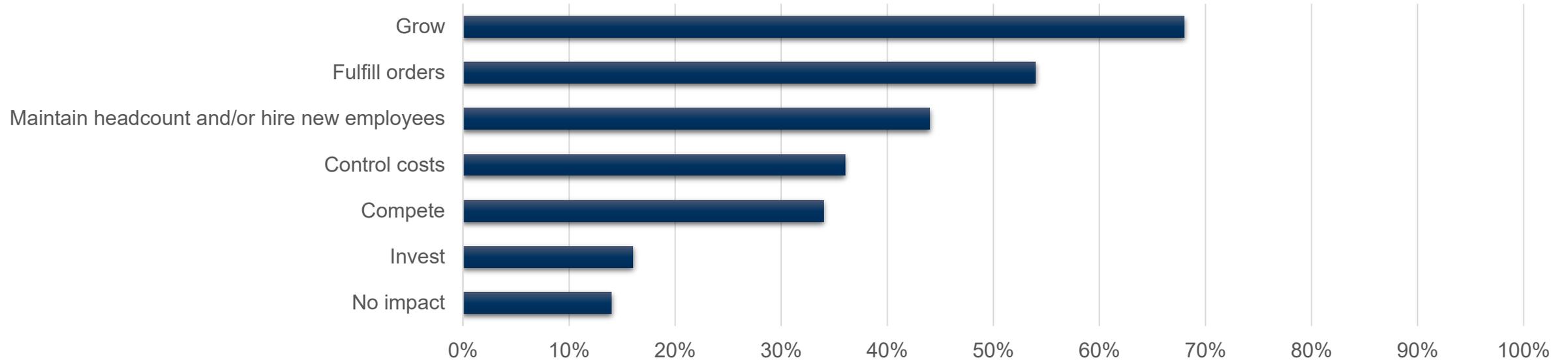
April 2021	August 2021	February 2022	July 2023
Fielded April 5 – 16	Fielded Aug. 9 – Sept. 3	Fielded Jan. 18 – Feb. 4	Fielded July 31- August 21
Sent to 400 member contacts	Sent to 401 member contacts	Sent to 405 member contacts	Sent to 398 member contacts
10% response rate	13% response rate	12% response rate	12.5% response rate

# NAFEM members' top business challenge 2023

- Recruiting and retaining employees is the top business challenge, followed closely by regulations

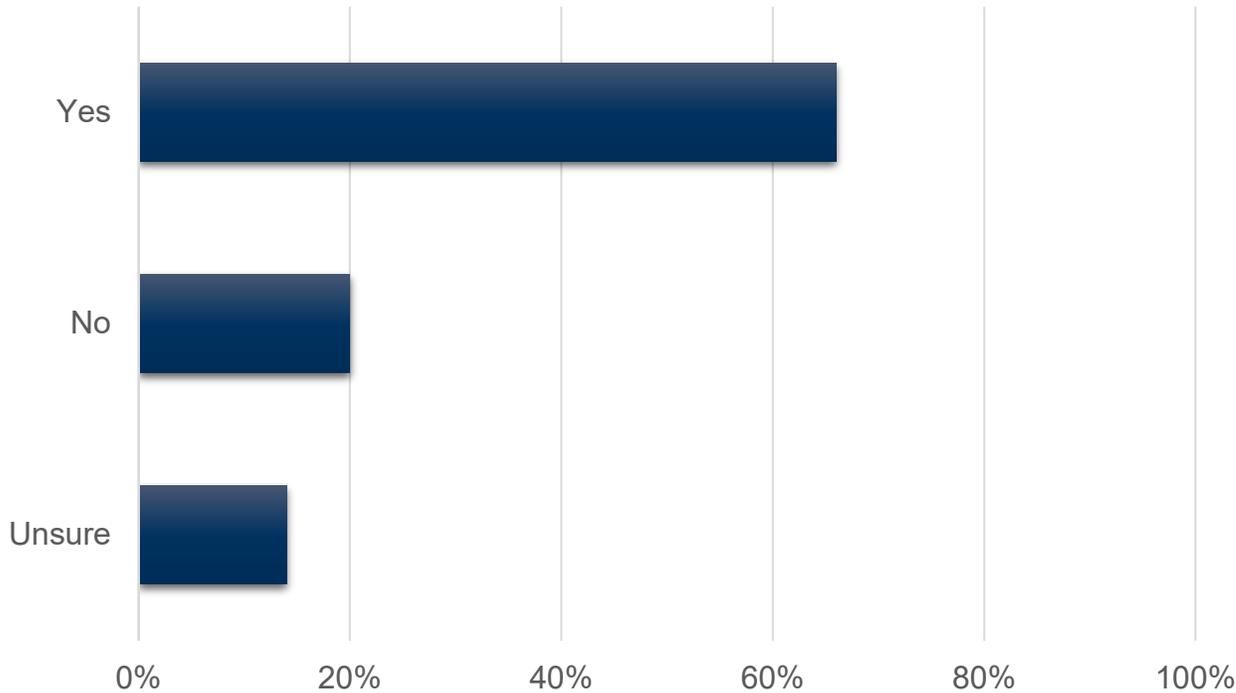


# Workforce challenges are impacting businesses' ability to ...

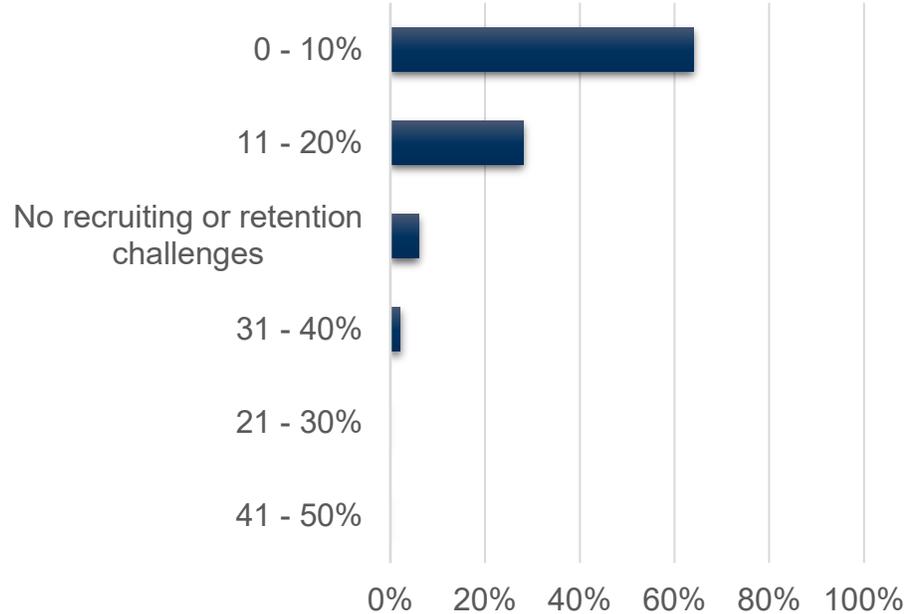


# Despite a challenging labor market, NAFEM members plan to increase their workforce in 2024 and have open positions of less than 20%

Do you plan to increase your workforce in 2024?

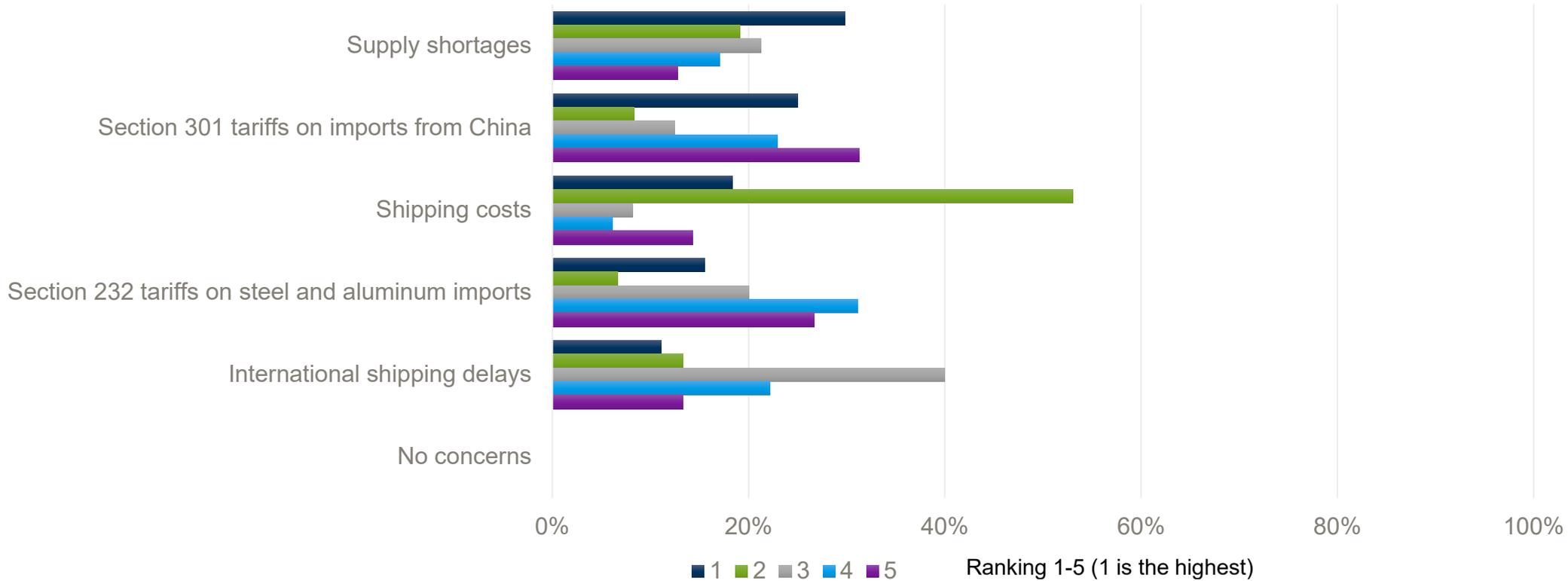


What percentage range below represents your current number of open positions?



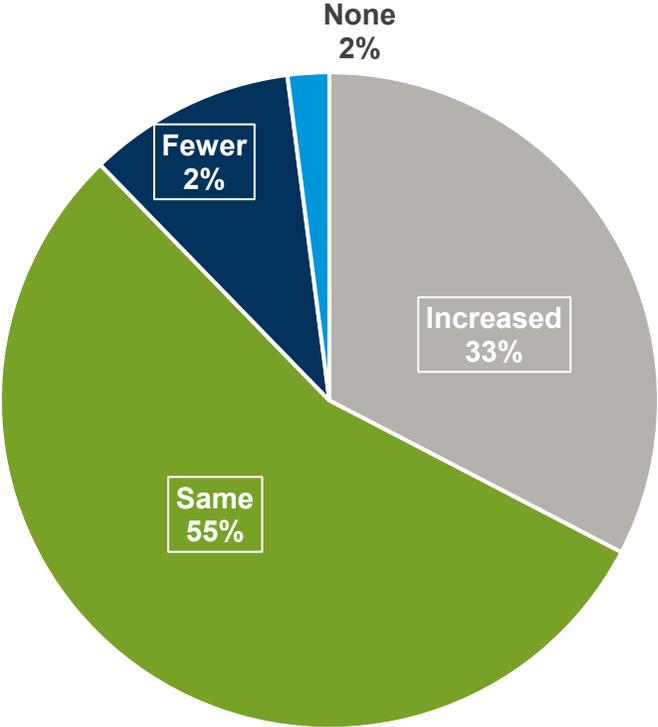
# Supply chain business impact

- Supply shortages and section 301 tariffs top business impact.
- Shipping costs are still the #2 concern for over 50% of respondents

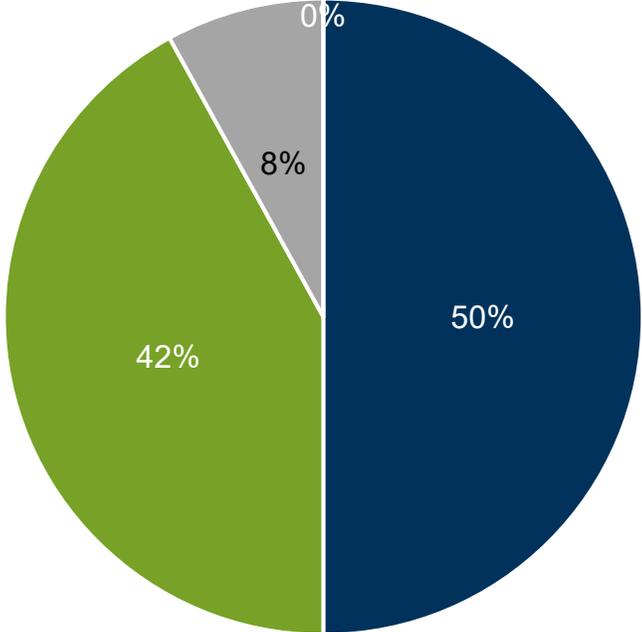


# Supply chain outlook for 2023/2024 is expected to stay the same or improve from 2022

Profile of respondents' 2022 supply chain concerns (from 2021)



Profile of respondents' 2023 supply chain concerns from 2022

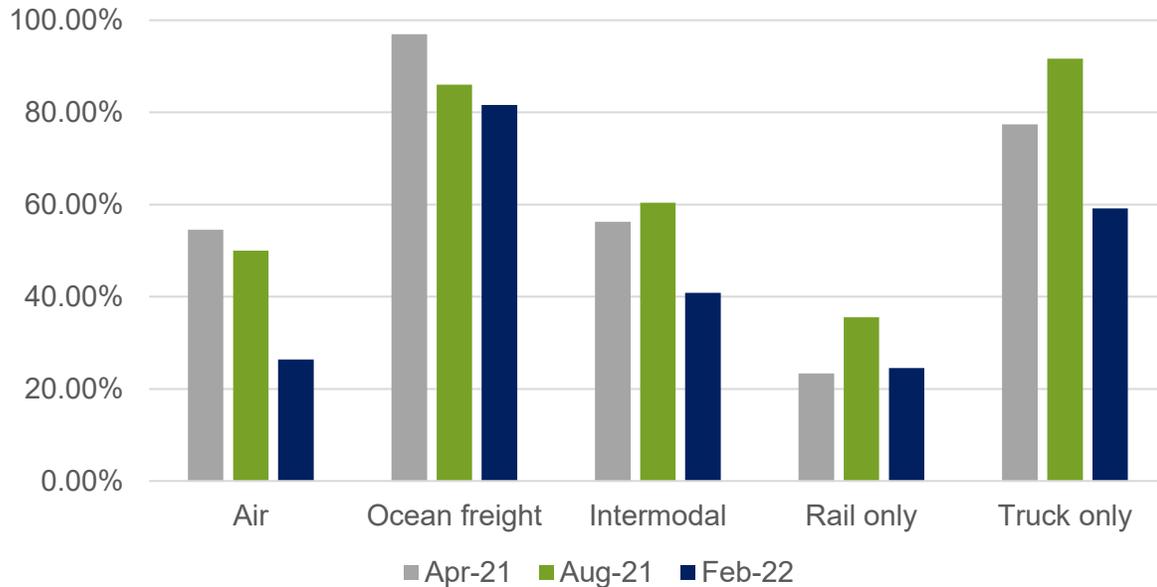


- Fewer concerns than 2022
- Same concerns from 2022
- Increased concerns from 2022
- No concerns

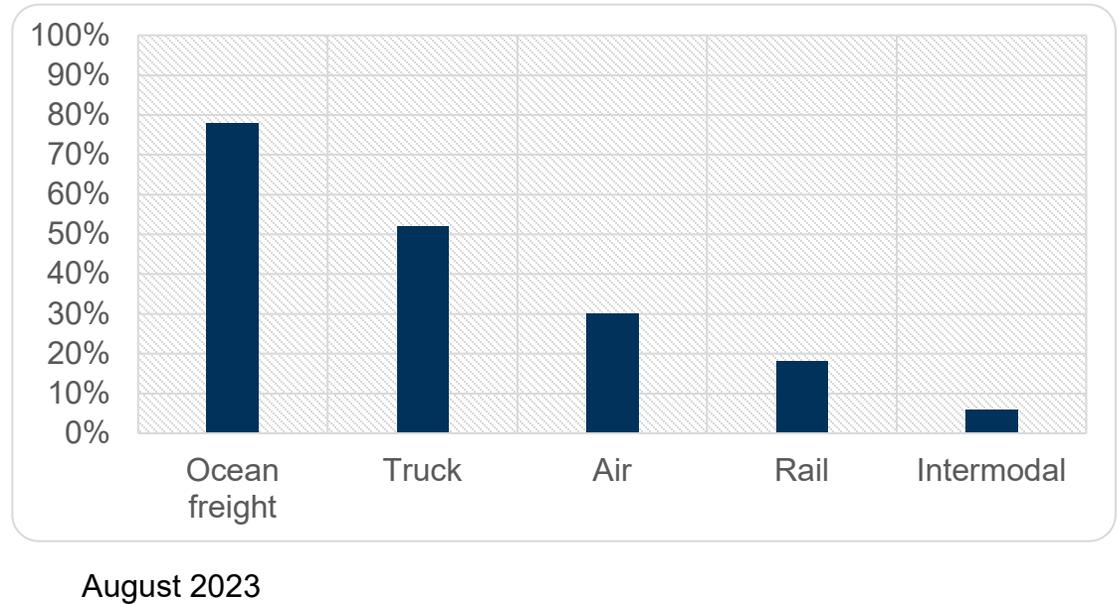
# Transportation issues have lessened somewhat

- Slight reduction in delays across all modes
- Ocean freight and truck transport remain an issue, but overall respondents report decreased operational impacts of transportation

Which modes of transportation have impacted your ability to operate?



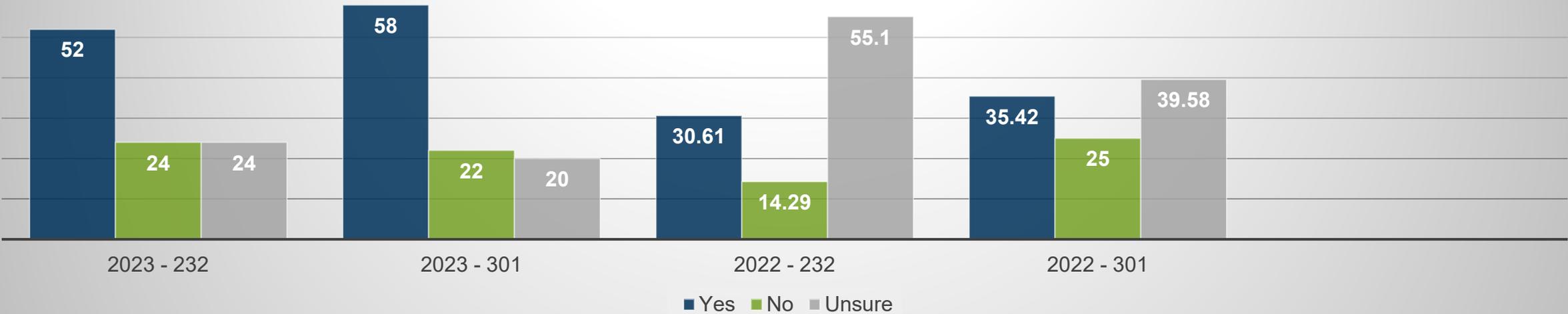
Which modes of shipping/transportation have impacted your ability to operate?



**Shipping challenges continue to impact respondents' abilities to compete (34%), grow (26%), fulfill orders (62%) and control costs (66%).**

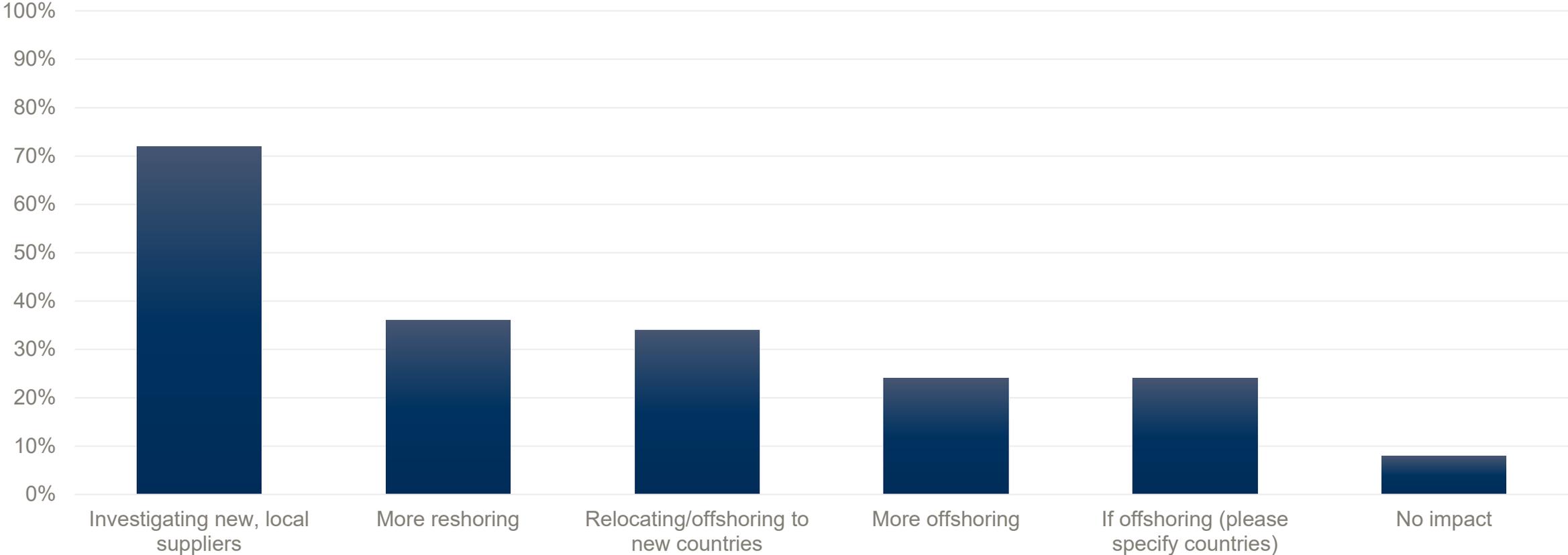
# Removing section 232 and 301 tariffs will provide relief

## Would tariff removal provide supply chain relief?

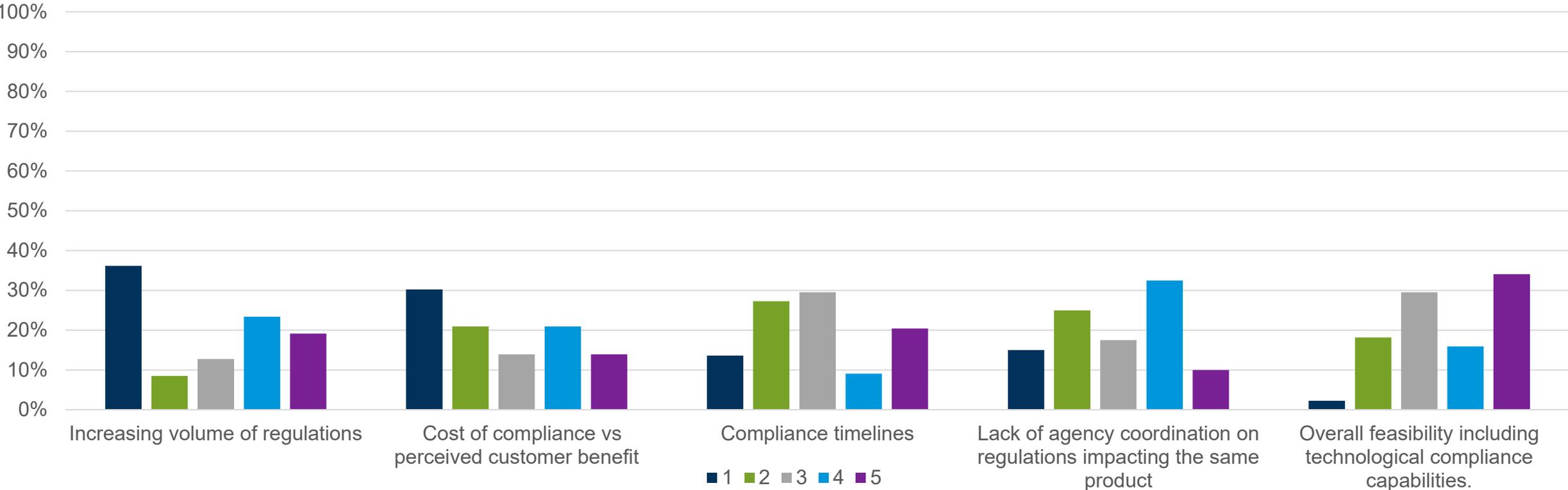


# Global supply chain issues impact operating methods

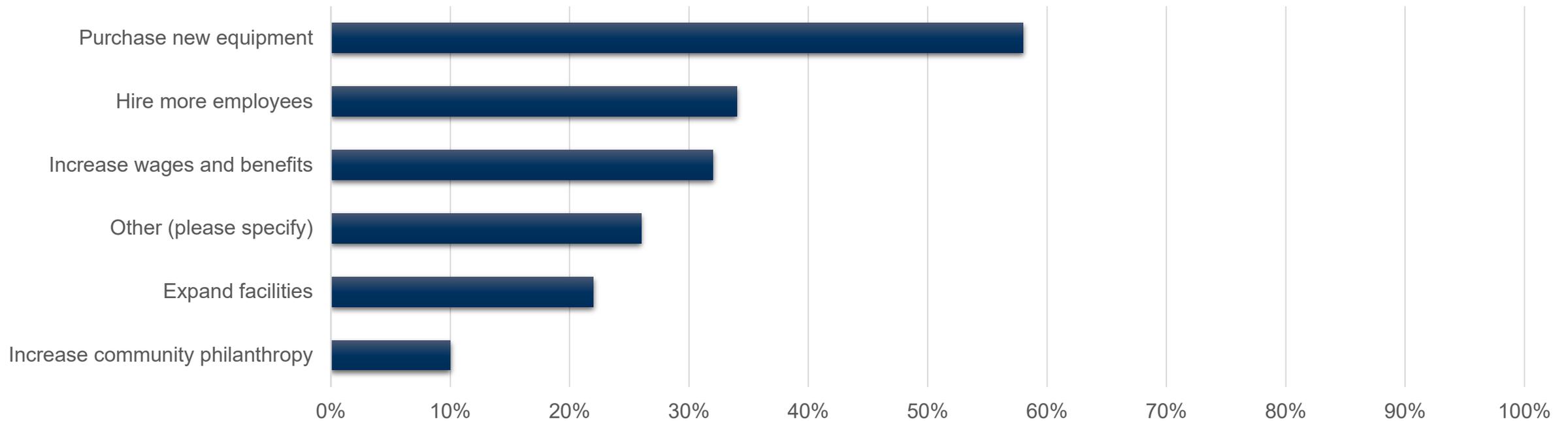
- Companies look for new suppliers, reshore and relocation opportunities



# Regulatory challenges: volume, cost, timelines, lack of agency coordination

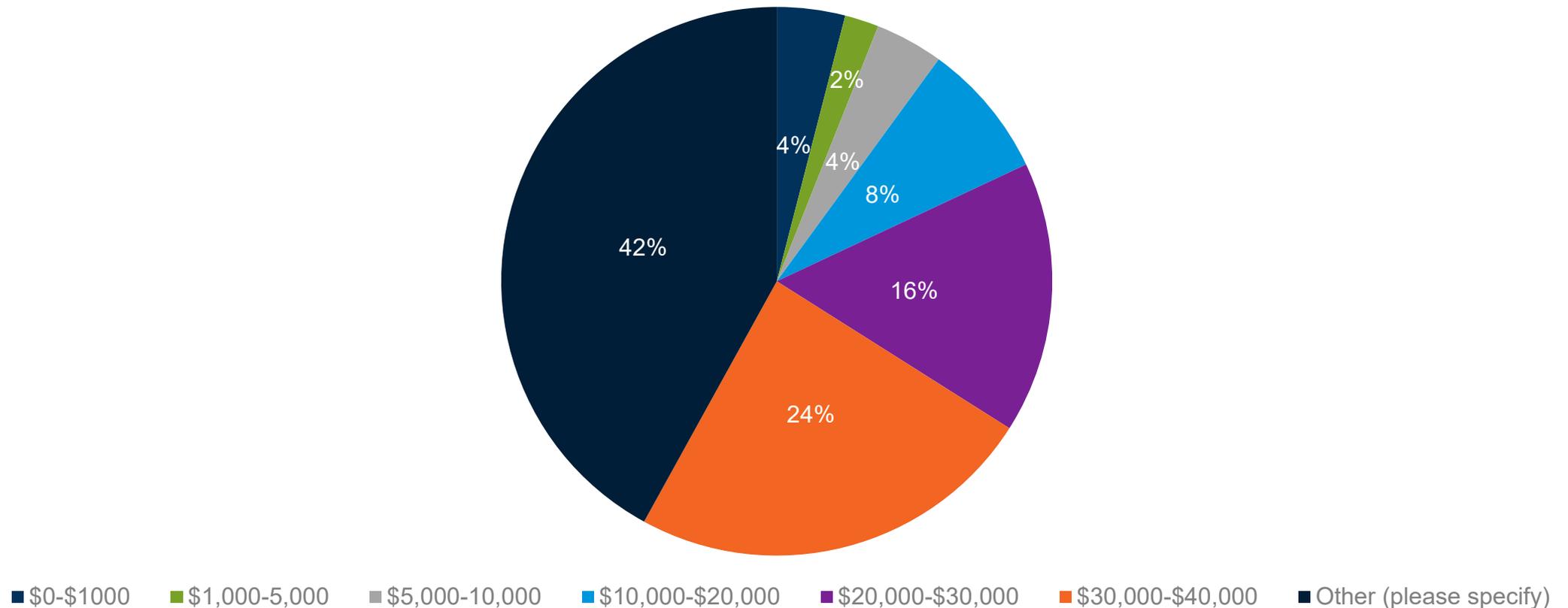


# If regulatory compliance spending were reduced companies would ...



# Regulation compliance costs in 2023

Over 40% of the companies participating indicated they will pay more than \$40,000 in compliance costs in 2023, with more than half of those paying greater than \$100k.



# More from our members ...

Paying a 25% tariff on 430 stainless steel when US mills don't want to make this metal, makes no sense.

We are very much concerned about the increased energy standards passed by various states. In some states, the increased regulations have outpaced industry resulting in many common products that do not and will not meet the new standards.

Regulatory challenges pose an existential threat for smaller companies. Many do not have the resources to dedicate to tackling these burdensome regulations in the time we have been given.

We are not against these regulations, we are simply asking for more time to comply.

# Questions?

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