


The Significant Impact of the COVID-19 Pandemic on Supply Chains

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EXECUTIVE SUMMARY

As the COVID-19 pandemic has spread across the world, the existence of disruptions in demand and supply have become more severe, conducted by containment measures taken by countries and affecting different sectors around the world. Although businesses and workplaces are restarting activities in some countries, with containment measures gradually being lifted, overall consumer demand is expected to remain low, also determined by the loss of jobs and income. Therefore, the scale of the impact on supply chains exceeded anything most companies had anticipated. This study aims to understand how companies were affected and identify some lessons learned about their vulnerabilities and the possible ways to address them in the long term. On the other hand, it is intended to reveal some of the impacts of COVID-19 and make some practical suggestions that can help in political and operational decisions to strengthen and build additional resilience in supply chains in the future.

INTRODUCTION

Coronavirus disease (COVID-19), is an infectious disease caused by a newly discovered coronavirus, emerged in Wuhan, China, at the end of 2019 (Hui et al.,

2020). COVID-19 is an acute, sometimes severe, respiratory illness caused by a novel coronavirus SARS-CoV-2. The clinical spectrum of SARS-CoV-2 infection appears to be wide, encompassing asymptomatic infection, mild upper respiratory tract illness, and severe viral pneumonia with respiratory failure and even death, with many patients being hospitalised with pneumonia in Wuhan and it soon became clear that efficient person-to-person transmission was occurring (Huang et al., 2020; Wang et al., 2020). In a short period of months, the disease went beyond the boundaries of China and spread quickly to other countries worldwide. On March 11 of 2020, World Health organization (WHO) declared COVID 19 a global pandemic (World Health Organization, 2020). The COVID-19 pandemic has caused a collapse in consumer demand forcing governments to implement containment measures, including the closure of jobs. Supply chains play an important role in spreading economic impact across sectors and countries (OIT, 2020b). To limit the spread of COVID-19, governments were forced to implement measures of confinement, which severely affected companies and workers from all over the world. The international interconnectivity of production across global Supply Chains implies that measures of confinement adopted by a particular country can have a significant impact on production and employment in other countries. Supply Chains are particularly complex and extend across multiple countries and sectors, playing a very important role in propagating the economic impacts of containment measures not only in internal markets, but also across borders (Barakat, Ali, Abdelbary, & Haroun, 2020).

There are some main factors that impact production and jobs: on the one hand, the lack of consumer confidence, the decrease in purchasing power resulting from the loss of jobs and income, and the introduction of containment measures, such as the closure of stores or travel restrictions, contributed to a sharp decline in global demand for consumers. On the other hand, the local closure of activities has disrupted the supply of factors of production across borders, causing a lack of vital inputs for industrial production of at least some companies.

In general, when talking about Supply Chain management, there are two very important concepts to take into account, efficiency and resilience. While these concepts are often in conflict with each other, it is the right balance between them that makes supply chains effective.

THE RISK FOR SUPPLY CHAINS

According to (S. Y. Ponomarov, 2012), from the beginning of the 2000s onwards, “as a result of globalization of supply chains, the use of outsourcing, the use of lean methodologies, attacks terrorists committed and of various threats”, the theme of risk management in the supply chain wins relevance. However, according to the

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