### Title: **Natural Disasters: Enemy Of The Supply Chain**

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If you keep up with the news, you know the southeastern side of the U.S. has been hit hard by two record-breaking hurricanes within a month of one another. Hurricanes Helene and Milton have swept away entire towns, taking with them the homes and belongings of thousands and severely impacting the global supply chain. It’s crucial for exporters to understand how natural disasters like these can upend trade plans for years to come and what can be done to mitigate damages.

Of course, the tragedy of these disasters transcends the loss of material items and capital. From the hundreds confirmed dead or missing, to the destruction of habitats and entire ecosystems, there’s much to mourn. At the NDTO, we’re keeping the victims in our thoughts.

**Harm Done**

Much like natural disasters put a pause on everyday life for the thousands to millions they often affect, both directly and indirectly, they also put a pause on international trade. Even if the disaster only hits a relatively small area of the world, its impact spreads like a disease from one end of the supply chain to the other.

To start, imports and exports can’t continue when the chosen methods of transportation are unable to reach their intended destination. Oftentimes, entire train, plane, cargo ship, and truck routes are completely shut down or redirected. These delays can be overcome, but the decline in parts supplies and immediate consumer demand can be particularly detrimental. Furthermore, we must factor in the possibility of production plants and ports being within the paths of destruction. If a main point of manufacturing is unable to operate, then exports stop until it’s once again functional. This could take days, weeks, or months depending on the severity. Production could even stop indefinitely.

Domestic and international companies expecting parts or goods from these specific plants then must find an alternative source, which can reap more delays depending on contractual obligations and negotiations. The interconnectedness of manufacturing and trade becomes a pitfall rather than a blessing in these situations. Dominos falling one by one. Until eventually, the problems caused by all the delays and shortages fall right into the laps of the consumers, directly affecting what they can purchase, the cost of these products, and their ability to compensate for deficient resources.

**Problems & Resolutions**1

We have witnessed several intense natural disasters in the past two decades that have left entire sections of the global supply chain scrambling to mend the resulting gaps. To name a few:

1. 2020, California Wildfires

Due to either the loss or temporary vacancy of many manufacturing plants, the widespread California wildfires of 2020 forced a number of delays and adjustments to the US supply chain. A few rebuilding projects are still underway.

1. 2017, Hurricane Maria

Facilities that produce sterile saline bags located in Puerto Rico were almost completely wiped out by Hurricane Maria in 2017. A handful of hospitals in the US and abroad had to ration saline due to the sudden shortage.

1. 2012, Hurricane Sandy

The ports of New York are major components of the global supply chain. When 2012’s Hurricane Sandy stopped oil tankers, refineries, storage depots, and more from operating, repercussions were felt among many nations.

1. 2011, Japan Earthquake and Tsunami

Major automobile and mechanical part manufacturers faced monumental setbacks following the 2011 Tsunami in Japan. Factories across the country and the US shut down and many companies had to find suppliers elsewhere.

As we can see, all it takes is one perfect storm, a few lost buildings, closed highway systems, grounded planes, and inaccessible ports to put the supply chain’s calculated flow in jeopardy.

But these setbacks can be overcome, and have been time and time again. Natural disasters are an unfortunate but common occurrence, and thanks to modern technology and science, can be predicted. Everything from a storm’s severity to how long it will last can be accurately reported days before it arrives. Therefore, its impact on the supply chain is measurable. Loosely, but measurable nonetheless. With the right preparations put in place, these negative impacts are usually mitigated or avoided completely.

The best thing you can do for your business is to formulate a natural disaster response and recovery plan. Strategic foresight has saved companies across the world billions in losses every year. Here are a few things this plan should cover:

1. Backup Suppliers: Who will you receive the necessary supplies from should your main sources be incapacitated?
2. Labor Shortages: Should your employees need to evacuate, how will you make up for the lost labor?
3. Shipment Redirects: If your usual ports are inaccessible or closed, where can your imports or exports be redirected? Can you make up for the delays?
4. Outside Support: Are you in contact with the correct governmental departments and disaster relief agencies? What kind of financial support can they provide?
5. Monitor Partners: Do your partners have natural disaster plans in place? Do these plans take into consideration your relationship?

No natural disaster response and recovery plan is perfect. There’s only so much you can prepare for, even given detailed information regarding a storm’s intensity before it strikes. But having no plan at all is far riskier.

There’s far more to consider than the factors discussed above, but they’re a great place to start.

**What’s at Stake for ND?**

North Dakota has the geographical advantage of being the furthest from an ocean you can get in North America. Hurricanes and tropical storms are of little to no direct consequence to us. Earthquakes, too. We only feel their economic reverberations later on.

Still, we’re not without our troubles. We all know a good old fashioned North Dakota blizzard is nothing to scoff at. Post-winter flooding? Late summer tornadoes? Wildfires in the dry west? Grueling and horrible. Though we’re fortunate enough to see minimal to zero casualties in the wake of these things thanks to our small population and swaths of empty land, they still affect our day-to-days. Furthermore, they affect our farming operations and exports—two major means of state income.

Does your business have a plan in place for these inevitable seasonal storms? Have you revisited this plan within the last five years? Due to an abundance of factors, weather patterns have changed and worsened in some areas. It may be time to adjust your strategy so you can continue to operate when the worst comes to pass.

Natural disasters are a guarantee, not a maybe. Even if the Midwest is the least affected by them, it doesn’t take much to disrupt the parts of the supply chain that keep our states running. Don’t let them obliterate your trade plans. Be prepared, stay up-to-date, and know the best methods for keeping your business safe.

As always, the NDTO is here to help. In times of need, we’ll do what we can to ensure your exports stay on track, your business thrives, and nothing gets in the way of your success!