

Economic outlook

In September 2022, considerable supply chain difficulties remain, although those associated with the war in Ukraine are decreasing in most sectors

In September 2022, according to the business surveys, the share of companies in the manufacturing industry that say their production is limited by supply chain difficulties declined further but was still overall, at 42% (► [Figure 1](#)), fairly close to its highest level. In the building construction industry, the share of companies concerned continued to decline, standing at 31% after a record 40% in April. However, it remained well above its long-term average.

After the outbreak of the war in Ukraine, a specific question on its possible impacts in terms of supply chains was added to the INSEE business tendency surveys (► [Method](#)). Companies could be affected by supply chain difficulties because they are supplied directly by Ukraine, Russia or Belarus (direct link), or because some of their suppliers obtain their supplies there (indirect link). In both instances, these supply chain difficulties are not necessarily the only ones affecting these companies: in other words, they may also be experiencing other disruptions in their supply chains at the same time. The context of the war in Ukraine may simply be exacerbating already existing problems.

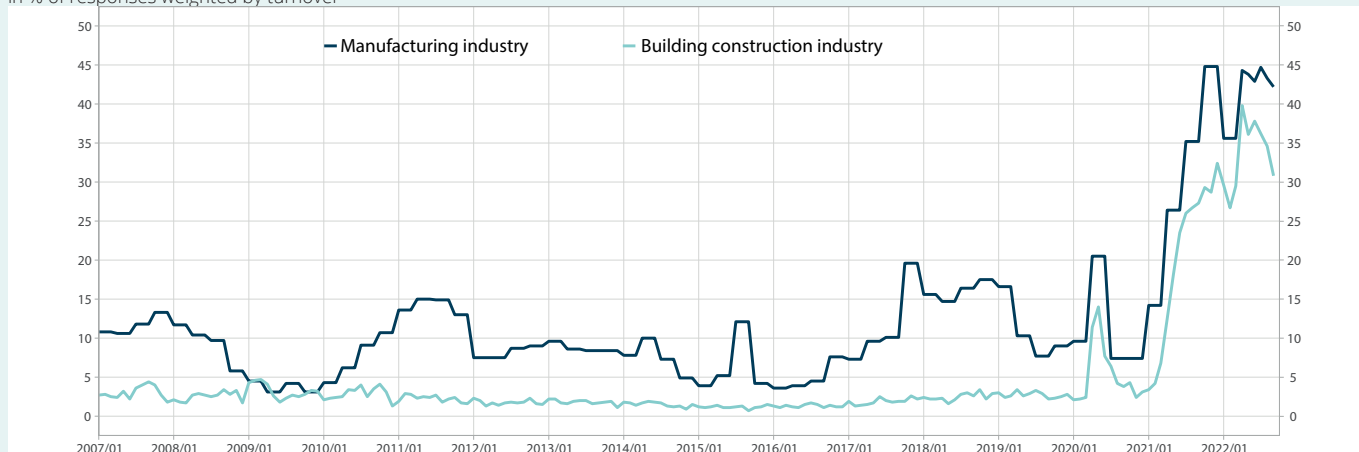
In September 2022, the proportion of companies reporting that their production was limited by supply chain difficulties linked (directly or indirectly) to the war in Ukraine tended to have declined compared to June in most sectors. It was 25% in the manufacturing industry and 21% in building construction (► [Figure 2](#)). This proportion represents two-thirds of companies affected by supply chain problems in the building industry, and six out of ten in the manufacturing industry. Of the companies saying they were affected by the war in Ukraine, most were only affected indirectly. Those who said their production was restricted by supply chain problems linked directly to the war –i.e. those who were supplied directly from Ukraine, Russia or Belarus– were still very much in the minority: 6% of companies in manufacturing, fewer than 1% of those in construction.

In September 2022, in the manufacturing industry, the proportion of companies affected by supply chain difficulties related to the war in Ukraine varied according to sector, from 7% in textiles-clothing to almost 55% in transport equipment (► [Figure 2](#)). This proportion fell in all sectors between June and September 2022, except for “repair and installation of machinery and equipment”, and especially for transport equipment. More precisely, problems linked to the war have decreased in the automobile sector (although this sector nevertheless remains vulnerable to disruptions in supplies arriving from Asia), but they have increased substantially for other transport equipment. Such problems have declined significantly in textiles-clothing, chemicals and metallurgy, however. ●

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► 1. Share of companies limited in their production by supply chain difficulties

in % of responses weighted by turnover



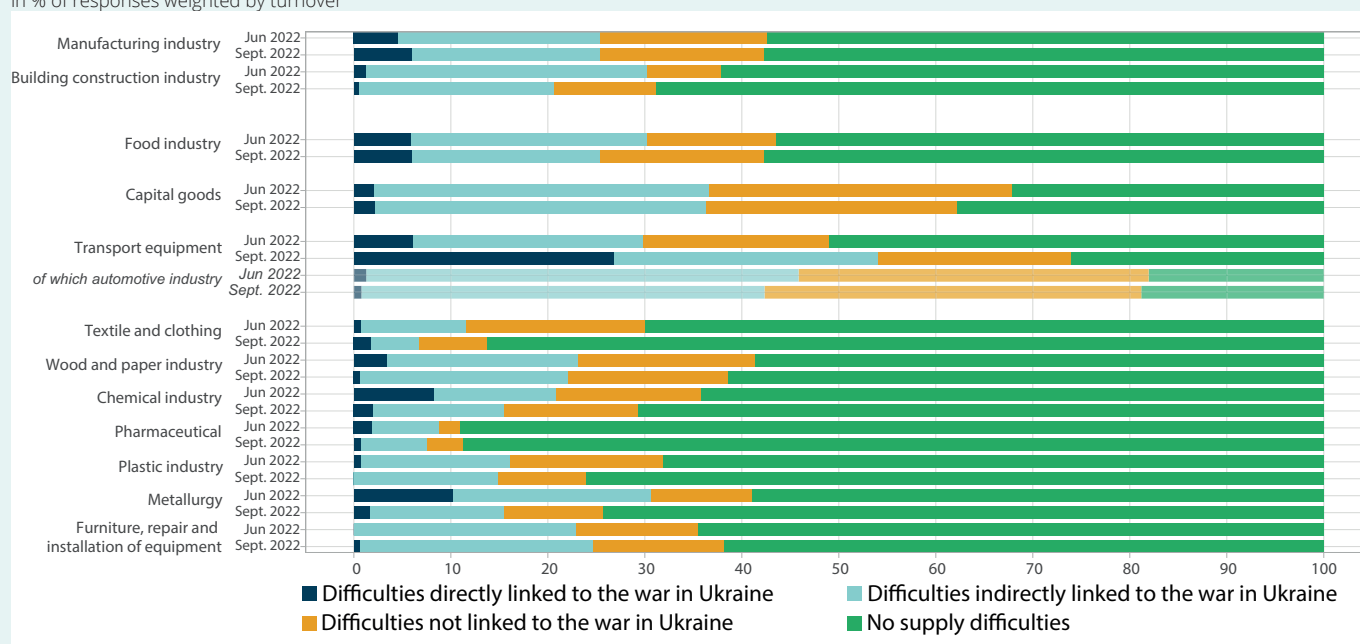
Note: responses weighted by turnover. Seasonally adjusted data.

Last point: September 2022.

Source: INSEE, business surveys

► 2. Share of companies reporting supply chain difficulties in June and September 2022, and degree of possible link to the war in Ukraine

in % of responses weighted by turnover



Note: when a company reports that its production is limited as a result of supply chain difficulties but does not answer the question on the link between these difficulties and the war in Ukraine, then we consider that the difficulties are not linked to the war in Ukraine. This scenario concerns only 1% of companies questioned. Companies that say their supply chain difficulties are linked both directly and indirectly to the war in Ukraine are grouped above with those that say their difficulties are directly linked to the war.
Data not seasonally adjusted.
Source: INSEE, business surveys

Method

The economic surveys of the manufacturing industry and the building construction industry (building companies with ten or more employees) regularly question businesses about factors that limit their production.

Since May 2022 (see Focus in *Economic Outlook* June 2022), an additional question has been introduced about a possible link between any supply chain difficulties they may be experiencing and Russia's war in Ukraine (► Figure 3). This Focus presents the results of the July and September surveys.

It should be noted that fears over energy supply chains are not specifically mentioned in the questions. However, given the comments sometimes found in their responses, it is quite possible that some companies consider the present and future energy context as a supply chain difficulty. ●

► 3. Wording of the question on the link between supply chain difficulties that companies have encountered and the war in Ukraine

2. Are the supply chain difficulties you have encountered linked directly or indirectly to the war in Ukraine?

Several responses possible

- Yes, directly as you usually source from Russia, Ukraine or Belarus
- Yes, indirectly as some of your suppliers located in other countries (including France) are directly affected
- No, your supply chain difficulties are not linked to the war