

We are likely witnessing the biggest supply-chain disruption since post-WWII. Just when the global supply chains were starting to recover from the two years of upheaval caused by the covid19. The conflict of Russia-Ukraine is a nail in the coffin for Globalized Supply Chains. Experts around the world are worried about how long this conflict can go as the war has crossed 100 days as well and Russia and Ukraine both are exporters of a huge number of products which are used every day by people across the globe.

Food Supply

Among the most pressing vulnerabilities in most countries is the food supply as both the countries Russia and Ukraine are the key supplier of agricultural commodities. Russia and Ukraine both account for 25% of the world's trade for wheat, 60% of sunflower oil, and 30% of global barley exports which are from those two countries, Russia is a major global export of fertilizers. As we have crossed 100 days of the war experts believe the situation will only get worse, as the world food prices were already climbing even before the conflict started but things took a turn for worse when Russia invaded Ukraine because more than 20 million tons of Ukrainian grain is supplied to places like the Middle East and North Africa and many experts believe that if this conflict keeps going on, then the situation will get worse for the poor countries with the urgency already rising as the summer harvest season arrives. Almost 400 million people worldwide rely on the Ukrainian food supply and 90% of wheat which is shipped from Ukraine's fields is shipped through the Black Sea which has been held up by Russian blockades and the grain which is being rerouted through rail or road is a small amount in a drop in the bucket compared to the food supplied through sea routes.

Oil and Energy Supply

Disruption to the energy markets was the hardest hit to the world after the food and agriculture markets due to the conflict and the supply chain disruption, as nearly 400,000 companies in the US and Europe depend on suppliers based in Russia. Biden has been unsuccessful in persuading the home-based oil and gas supply factories to increase domestic production and Biden has been unsuccessful in convincing countries like Saudi Arabia as well to increase the supply of oil which has made things difficult for the US itself as prices of petrol and natural gas in the country has increased to \$115, ever since the war started the prices of the crude oil before the conflict started the prices stood at around \$80 per barrel. Soon after the crisis, the prices hiked on a significant level as per barrel the cost was \$128, not only the prices of commodities have increased but with the increase in prices the transportation costs will also come as many countries have been able to shift the goods they need through the air or through railroad but it is significantly more expensive.



Critical and other Materials and Technology Services

Russia is not only a supplier of oil or gas but is also a major source for many of the minerals that are very critical to the US industry including items like titanium, nickel etc. Many of these items are necessary items such as nickel which is a primary component in the EV batteries, palladium is a critical input used in catalytic converters and the titanium jet which is important for commercial jet engines and planes. In addition to this, the war in Ukraine is also impacting services supply chains as Ukraine has been a major hub for engineering and IT workers, even before the war the engineering and IT industries were already in high demand but ever since the war started many companies had to increase their talent pool face leading to intense competition.

How we can Mitigate the risks

While many experts believe that it will take years before the global supply chain will be back to normal, these are some of the methods which can be taken right now-

1. Ensure proper risk management tools are in place because in the last two years when

the global supply chain was disrupted due to Covid19 is because many organizations were not prepared to respond to the pandemic. For the Russia-Ukraine conflict, we can make sure to focus on the risks in the extended supplier network.

2. It is necessary for countries to understand how deep the situation is and companies that have multi-sourced key inputs, they need to activate different sources of supplier relationships for key commodities.
3. Ever since the Ukraine conflict started this has disrupted the traditional supply routes, but even prior to that many companies were facing logistic challenges such as container shortages, high ocean freight rates and additional disruption. Rising oil prices are already putting inflationary pressure across freight modes.
4. The focus needs to be increased on cybersecurity and risk monitoring as over the past years supply chains have become digitally available, almost all the factories around the world are becoming digital and every device has an IP address. And this conflict has shown how digital attacks are a part of modern warfare and thus state-sponsored and organized attacks have reinforced the need for cybersecurity.

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