

A closer look at: Implications of the Russian invasion of Ukraine on global supply chains



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Emmanuelle Inacio takes a closer look at the Dun & Bradstreet special report



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The Russian invasion of Ukraine is a significant humanitarian crisis that has far-reaching global implications and supply chain disruptions, as reported in the Dun & Bradstreet special report of March 2022 on the implications for the global economy and businesses of the Russia-Ukraine crisis.¹

Businesses around the globe continue to be confronted with inflation caused by the pandemic as well as commodity price increases provoked by disruptions to the supply chain. The Russian invasion in Ukraine is testing again the supply chain.

The Dun & Bradstreet special report states that the new consequences arising from the Russia-Ukraine crisis could leave the world facing extended

reductions to energy supply, severe sanctions that will likely impact food security, as well as rare metal supplies needed to sustain production of key technologies.

Indeed, Russia and Ukraine are among the largest commodity-exporting nations in the world, controlling crucial natural gas, oil, metals, and agri-commodities on a global scale, and also serve as vital lifelines for the European economy. All of this, coupled with a significant humanitarian crisis makes the unrest even more complicated.

Commodity dependence

The Dun & Bradstreet special report explores the commodity dependence of European nations on Russia and Ukraine, and the effects of supply chain disruption. The special report also explores

potential scenarios such as the impact beyond the Ukrainian border to other parts of the world, the severity of sanctions on Russia, and the likely counter-sanctions by Russia.

Around 374,000 businesses worldwide rely on Russian suppliers and 241,000 businesses rely on Ukrainian suppliers, according to the Dun & Bradstreet special report.

In particular, the Dun & Bradstreet special report shows that European gas storage levels are critically low at 33% of capacity. And because of current EU sanctions on Russia, Germany has placed a hold on the Nord Stream 2 gas pipeline impacting 30 billion metric cubes of gas that were expected to enter the continent in 2022. Dun & Bradstreet data indicates that these issues, along with other

geopolitical tensions and supply shortages will underpin high gas prices in the short-term. This is just one sector that will feel the strain of sanctions on global supply chains. This crisis has the potential to widely exacerbate Europe’s energy crisis.

Ripple effects

The full business impact of the Russia-Ukraine crisis will continue to unfold in the coming days.

Indeed, there are 14,745 Tier 1, and 7.6 million Tier 2 supplier relationships with Russian entities globally. 25 countries have a high dependency on Russia and Ukraine for a variety of commodities. Seven major Russian financial institutions and 13 Russian firms have been impacted by sanctions. As a result, the total corporate family members of these businesses include more than 16,748 entities spread across at least 21 countries.

The ripple effect of US, UK, and EU sanctions on Russian

companies further cripples an already weakened global supply chain.

A likely disruption of trade routes, rising freight costs, inaccessibility of critical raw materials, and wide disruption to businesses threaten to derail global economies while adding to inflationary pressures. In addition, potential rate hikes may further exacerbate rising manufacturing and production costs – leading to higher price tags for end-user goods and services.

Financial sanctions are impacting thousands of entities — shedding light on the need to understand Beneficial Ownership and Corporate Family Tree data.

With the sanctions and diminished access to commodities at hand and supply chain disruption to consider, the Dun & Bradstreet special report states that business leaders would do well to pursue a better understanding — leading to better management — of their supply chains.

In the near-term, companies can rely on their alternative suppliers to fill resource gaps in their supply chain.

Additionally, the Dun & Bradstreet special report identifies best practices for business leaders to create an agile supply chain to help weather current and future disruptions:

- Develop a risk-based assessment process to identify specific risks that could impact the productivity of the supply chain.
- Conduct an assessment that maps out all suppliers.
- Continuously monitor the supply chain.
- Identify alternative suppliers for urgently needed goods in higher-risk regions.
- Invest in data and analytics.

The conflict in Ukraine reinforces indeed the need to have in place more resilient supply chains. ■

Footnote:

1 <https://www.dnb.com/da-dk/bliv-klog-paa-data/myheder/global-business-impacts-russia-ukraine-crisis/>



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We want you!

Call for expressions of interest for the INSOL Europe 2023 Amsterdam Congress

With the Congress in Dublin still fresh in our minds, and plans for our next Congress in Dubrovnik in October this year already well advanced, you may be surprised to learn that we have already started planning our 2023 Congress, which will be held in Amsterdam from 12-15 October 2023.

All INSOL Europe members are invited to express their interest to participate as speakers at our flagship event.

All expressions of interest should be sent to Emmanuelle Inacio, at

emmanuelleinacio@insol-europe.org, and should indicate:

(a) the speaker’s nationality, affiliation and qualifications,

(b) the topic on which the speaker would be interested in speaking, and

(c) a short statement as to what unique or compelling perspective the speaker would like to bring to the congress.

The Technical Committee seeks in particular proposals from speakers

who have not been speakers at the last two Annual Congresses.

Expressions of interest should be sent as early as possible, no later than **30 June 2023**.

All expressions of interest will be considered by the Technical Committee, although due to the large number the Committee expects to receive, the Committee likely will not be able to accommodate all, or even most, requests.

