

# Adjusting to New Normal: the impact of Covid-19 and Russian war in Ukraine on logistics and supply chains

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**Assistant Professor (Maritime Business and Policy)**

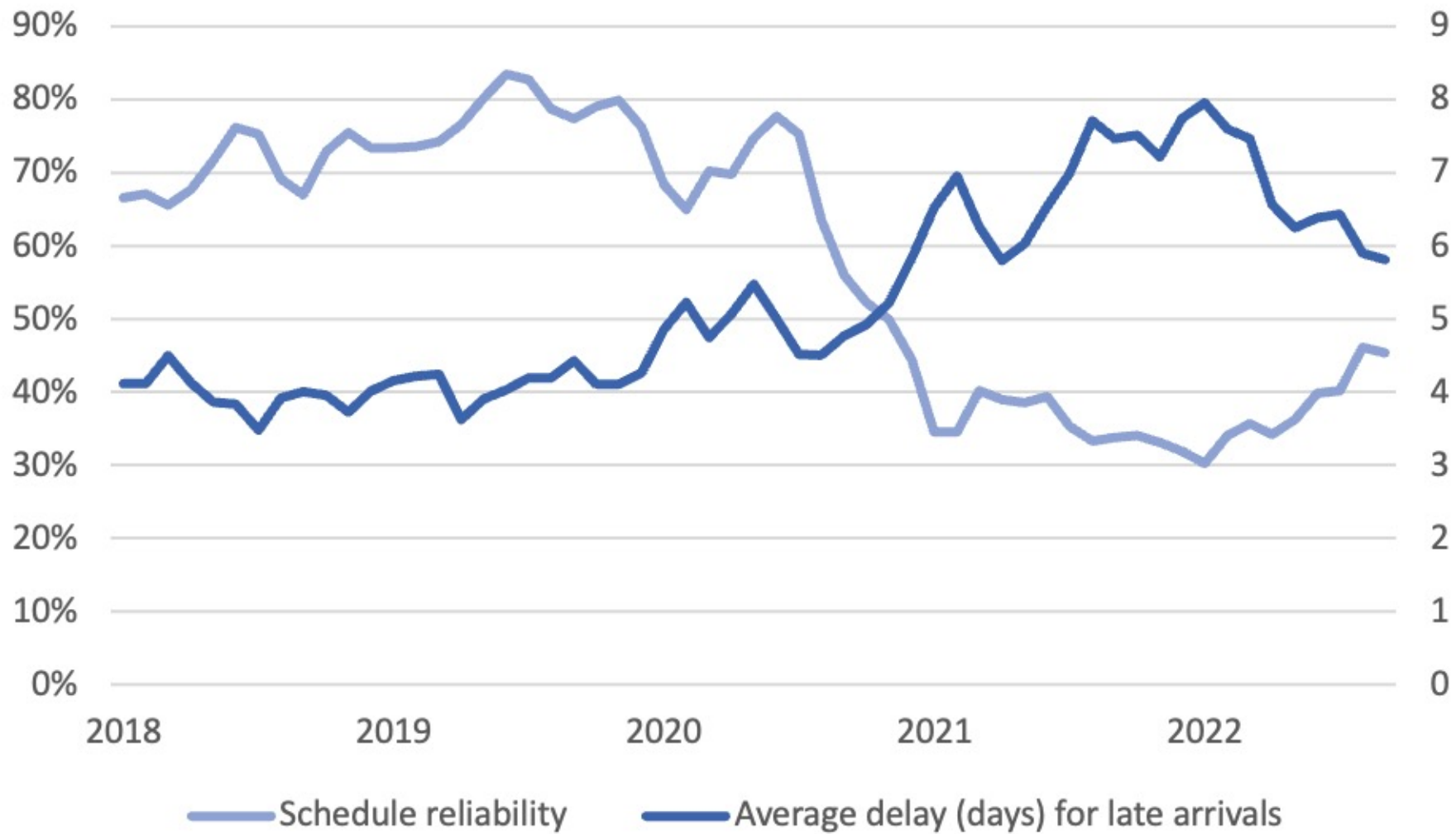
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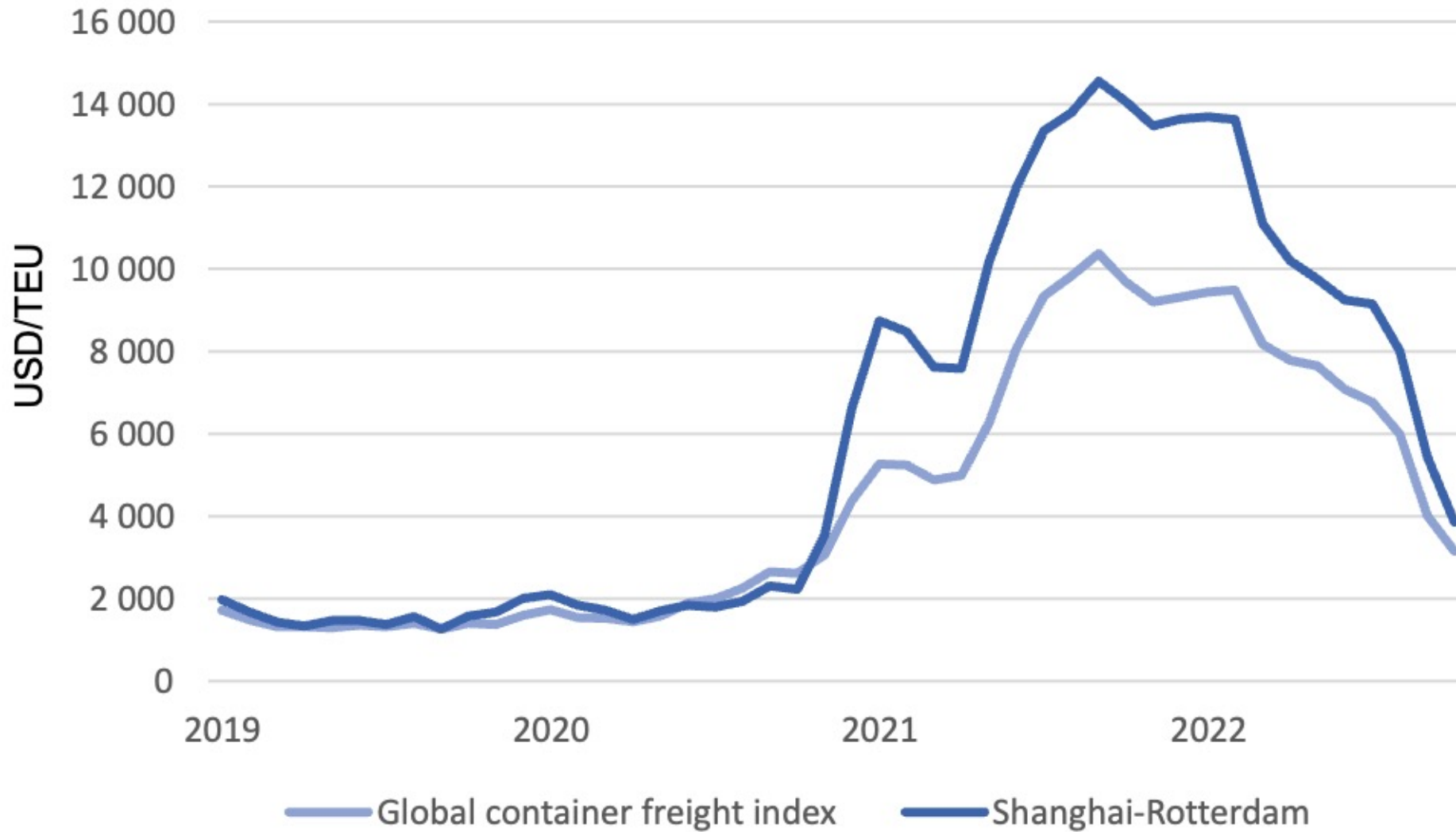
# Schedule reliability in container traffic finally improving –easing pressure from supply chains



Aineistolähde: Sea-Intelligence



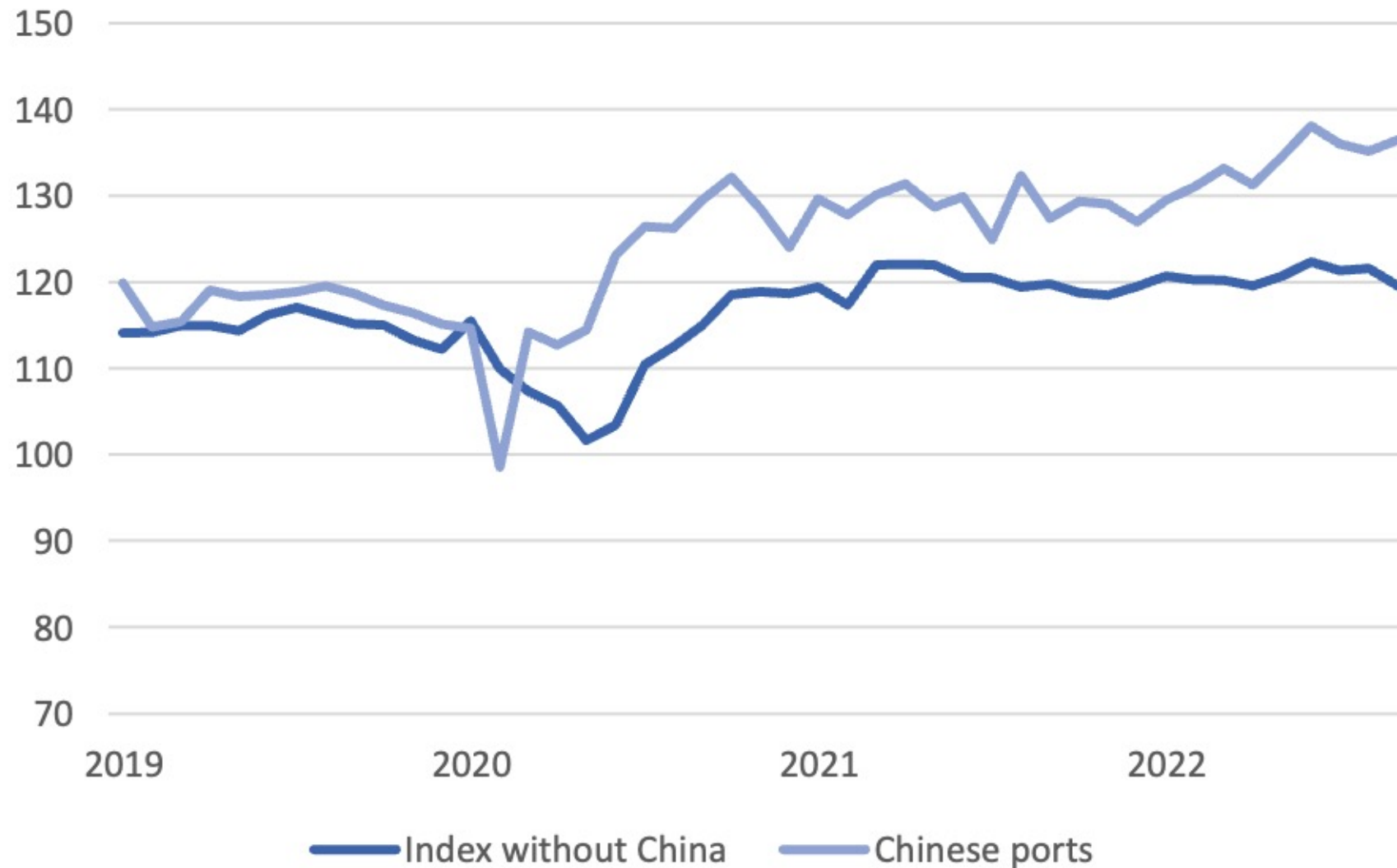
# Freight rates also down from the peak



Aineistolähde: Drewry, 2022

# Unfortunately the explanation is less positive

ISW Container throughput index 2019-2022



# Uncertainty in supply chains has been on a record-breaking level

Global Supply Chain Pressure Index 2018- 2022



GSCPI: The GSCPI integrates a number of commonly used metrics with the aim of providing a comprehensive summary of potential supply chain disruptions. Global transportation costs are measured by employing data from the Baltic Dry Index (BDI) and the Harpex index, as well as airfreight cost indices from the U.S. Bureau of Labor Statistics. The GSCPI also uses several supply chain-related components from Purchasing Managers' Index (PMI) surveys, focusing on manufacturing firms across seven interconnected economies: China, the euro area, Japan, South Korea, Taiwan, the United Kingdom, and the United States.

Federal Reserve Bank of New York (2022)



# Flight data illustrates the rerouting of logistics and trade flows



Flightradar, 16.1.2023,  
14.20 pm

# Imposed sanctions are affecting the global transport network – on top of challenges from Covid-19

WORLD NEWS

## World's largest shipping companies suspend bookings to and from Russia

PUBLISHED THU, MAR 3 2022-2:56 AM EST | UPDATED THU, MAR 3 2022-3:00 AM EST

Sam Meredith @SMEREDITH19

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### KEY POINTS

- Shipping giants including Switzerland-based MSC, Denmark's Maersk and France's CMA CGM all announced on Tuesday that they would halt cargo bookings to and from Russia until further notice.
- The move exempted deliveries of essential supplies, such as food, medical equipment and humanitarian goods.
- The confluence of Russia's invasion of Ukraine and the barrage of punitive Western sanctions has triggered a mass corporate exodus from Moscow.

TV  
**Suspicion in Silver City**  
UP NEXT: Shepard Smith 0 ET



### TRENDING NOW

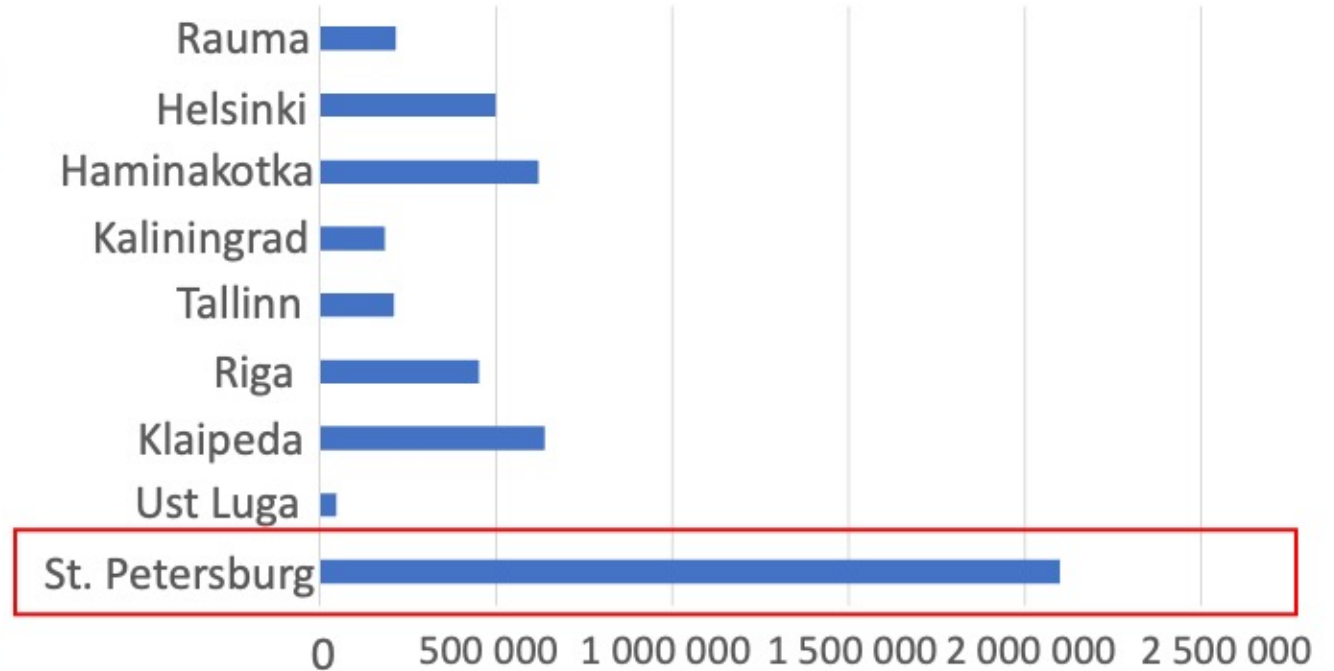
1 Elon Musk: 9% of Twitter users say they've invested in crypto

2 Russia's economy begins to show signs of recovery

3 Ukraine's Borodyna may be Bucha's address

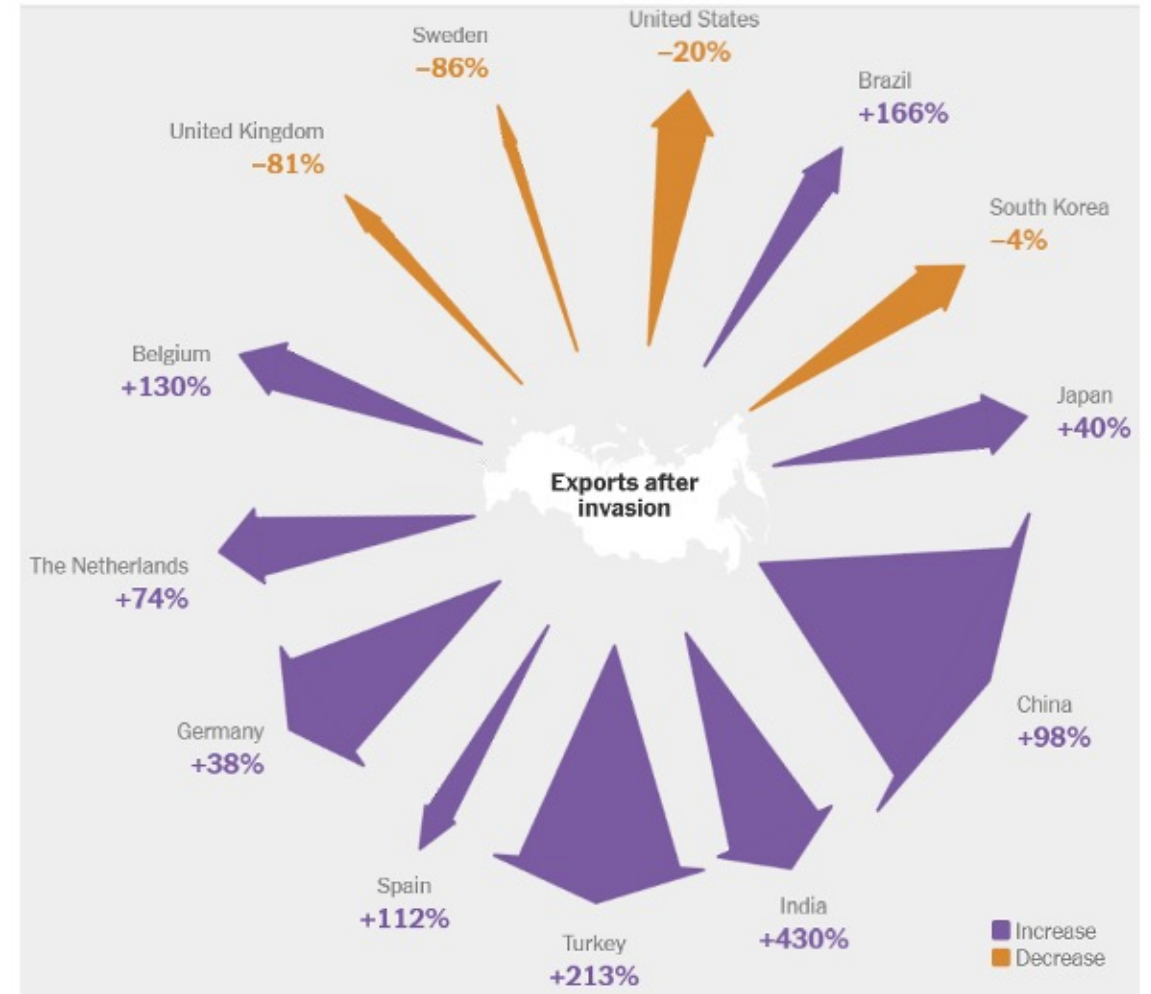
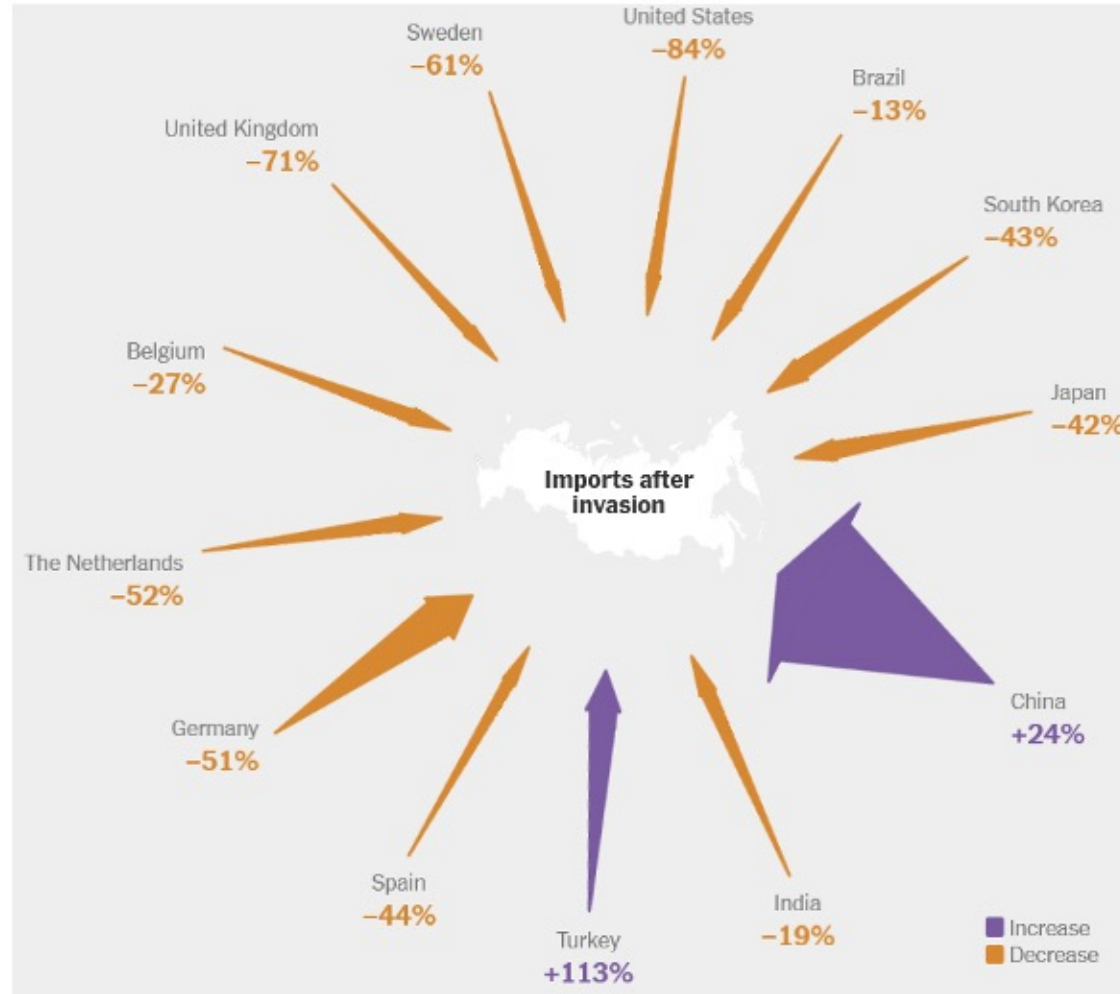
4 Bear market

Container volumes (TEU) in a selection of Baltic Sea Ports in 2020



Sources: Statistics Finland 2022, Liebuviene, J., Cižiuniene, K. (2022)

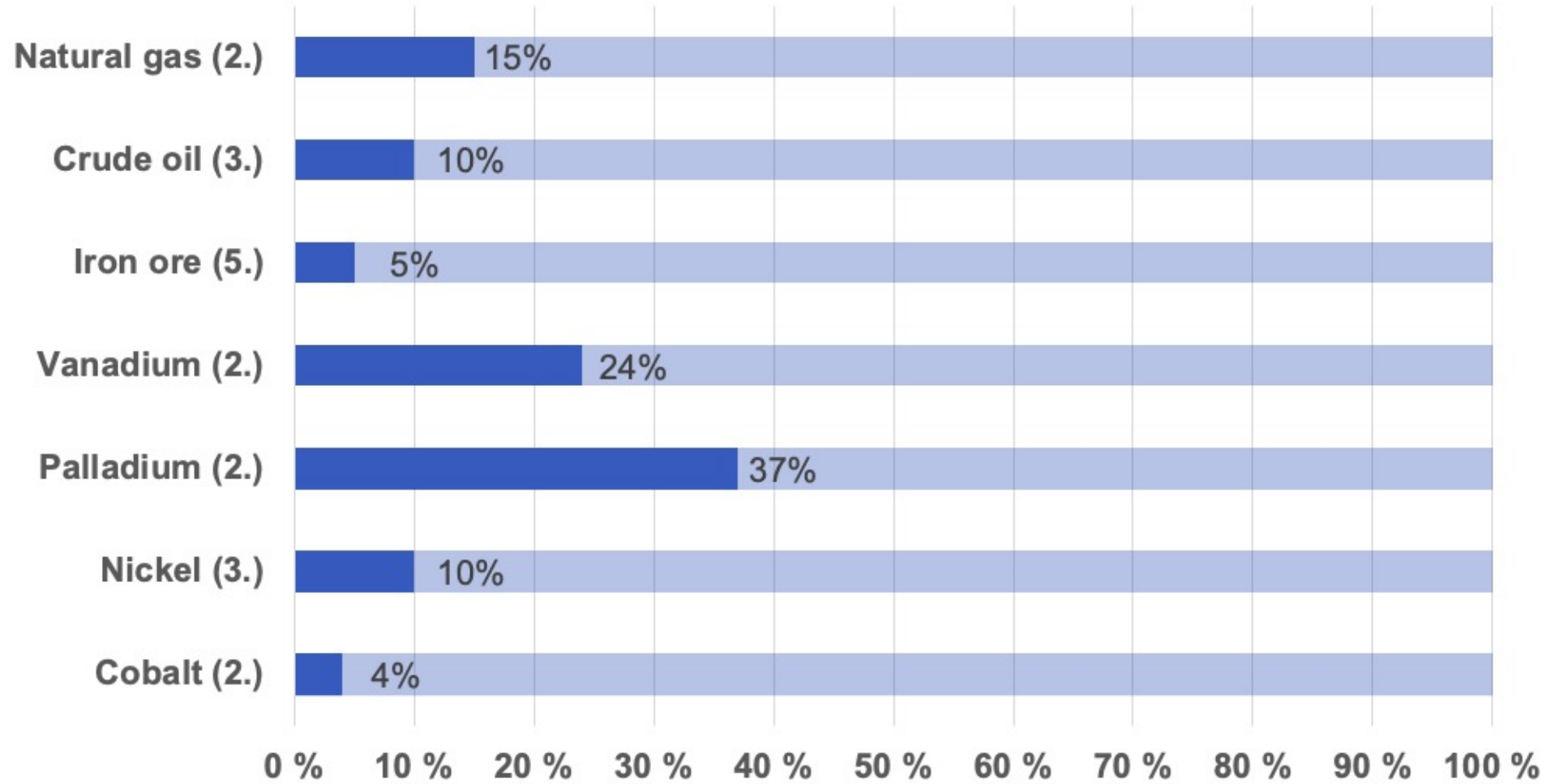
# However, the interdependency has not disappeared



Source: New York Times 30.10.2022



# Russia is one of the top producers of many critical raw materials – replacing supply is a challenging task for many industries



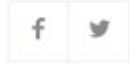
# Individual firms and supply chains are forced to seek alternative suppliers further away –leading to higher costs and extended supply chains

U.S. REGULATORY NEWS FEBRUARY 28, 2022 / 3:18 PM / UPDATED 7 DAYS AGO

## Finnish refiner Neste swaps Russian crude for North Sea oil

By Reuters Staff

1 MIN READ



# To conclude

- Uncertainty in supply chains in record-breaking levels.
- Ordinary transport routes either entirely closed or disturbed. Air transport and liner shipping rerouting, with longer routes and higher prices.
  - Europe-Asia air transport freight prices +30%, first due Covid-19, thereafter due to the war.
  - The future of Europe-Asia rail transport?
- Sanctions affect transport chains and volumes
  - Normally Russia/ St. Petersburg major share of Baltic Sea container volumes. The diminished volumes affect the rotation and frequency, making situation worse for the Finnish foreign trade.
- Russia a major producer of many key raw materials. These industries face a need of reconfiguring their supply chains – with a higher cost and limited supply.
  - Energy, steel production, automotive industry etc.
- Trade and geopolitics connected after all?



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