



# Supply Chain Resilience Bulletin in the context of Russian military aggression against Ukraine

*December 2022*

Supply Chain Task Force – – Directorate General for Internal Market,  
Industry, Entrepreneurship and SMEs ( DG GROW)

# Supply Chains: Impact on Industrial Ecosystems updates

### CHEMICALS (EEI)

- **Increased imports of caustic soda from other countries have compensated the reduced imports from Russia** and also covered more than half of the domestic production shortfall induced by plummeting capacity utilisation in EU.
- The return of gas prices to more palatable levels allowed the **re-entry on-stream several previously mothballed facilities**, so that by November 2022 well over half of EU capacity was in operation.
- Although smaller than in previous years, external **trade balance of the EU in chemicals recorded a surplus** in the period January-August 2022, even when excluding pharmaceuticals (where the EU's trade surplus is always very high).



### AGRI-FOOD

- **The European Agricultural Machinery Association (CEMA) latest barometer (November 2022) confirms a strong improvement of the business climate.** Despite price increases and some bottlenecks on the supplier side, the recent easing is observable, and manufacturers are increasingly able to realize their orders.

### HIGH ENERGY COSTS

- High energy costs have impact over all industrial ecosystems. However, although production costs remain high, especially for energy-intensive industries, recently there has been a stabilisation of gas prices.

### RESTRICTIONS TO DIVEST FROM RUSSIA

- President Putin approved a list of companies (energy and banking primarily) for which any transactions with their shares are prohibited. Any exemption from the list has to be approved by the President himself.

### TOURISM

- All the **major companies of the ecosystem announced the suspension of their activities or their withdrawal**, except for hoteliers which were only freezing new development and investments.

# Divestment from Russia

## TOP-100 companies by global revenue in the world and their status in Russia

Amazon	American Broadc...	Mercedes-Benz	Allianz	UPS	Eneos	Sony	Bank ...	Disney	Siem...	LVMH	Edeka	HP (...)	Shell	Deut...	Koc...	Enel				
\$469,822	\$221,101	\$141,552	\$121,023	\$97,287	\$73,227	\$73,025	\$72,989	\$72,988	\$68,3...	\$67,8...	\$67,1...	\$64,8...	\$261,504	\$118,...	\$115,...	\$93,...				
		Vitol Group	Meta	FedEx													Raytheon	IBM	Bri...	IKEA
ExxonMobil	Costco	\$140,000	\$117,929	\$91,683	\$64,388	\$57,351	\$46...	\$44...	\$44...	\$43...	\$4...	\$4...	Equinor	Eni	Zur...	Nis...	Bu...			
\$278,981	\$210,219	Ford Motor Co...	Valero Energy	EDF	Rio Tinto	CMA CG...	De...	Jo...	Th...	Su...	Ta...	J S...	\$88,744	\$82,216	\$70,...	\$64,...	\$59,...			
		Stellantis	Aldi	BASF SE	Boeing	Repsol	\$40...	\$39...	\$39...	\$39...	\$3...	\$3...	\$3...	Accent...	EY	Th...	H...	Ku...	K...	
Volkswagen	\$157,966	\$136,341	\$106,300	\$83,094	\$62,286	\$61,787	Magna	Bri...	H...	C...	Ja...	P...	D...	\$56,695	\$40,...	\$37,...	\$3...	\$3...	\$3...	
\$264,511	\$156,786	BP (British Petrole...	Honda	Intel	Alimenta...	Maersk	Qualc...	Amer...						Deloitte	Sch...					
		Chevron	Axa	Citi (Citigro...	LG Electr...	Vodafone	\$79,474	\$79,024	\$58,612	TJ Maxx	3M	Micron	Jag...	CBRE	Renault	Star...	Th...			
Toyota	\$129,159	\$105,542	\$101,197	\$74,990	\$58,184	Christian...	Exor	Netflix	\$2...	\$...	\$...	\$...	\$...	PwC	Soci...	PPG				
\$228,461	\$155,606	\$127,004	\$100,948	\$74,516			CNH I...	Siem...	Asda	Gilead				ZF Frie...	Mc...					

Apple	Trafigura	Microsoft	BMW	Nestle	Procter ...	En...	Go...	M...	To...	A...	U...	China National ...	Total Ener...	Chin...	Phill...	Alib...	Chin...	SAI...	
\$378,323	\$231,000	\$184,903	\$117,602	\$91,170	GE Aviati...	\$61...	\$5...	\$5...	\$5...	\$5...	\$5...	\$409,431	\$184,634	\$126,...	\$125,...	\$125,...	\$124,...	\$118,...	
	AmerisourceBergen	Uniper SE	Cargill	Électricité...	GE	Airbus	HS...	Ing...	Me...	MSD	\$50...	\$49...	\$48...	\$48...	Fortum	Wel...	Agr...	Peu...	Car...
Alphabet	\$221,101	\$173,463	\$114,700	\$89,292	Tesco PLC	Dow	G...					State Grid Corp...	\$177,933	\$118,829	\$81,...	\$80,...	\$79,...	\$78,...	
\$257,637	Samsung	Gunvor Group	E.ON	\$86,426	Lenovo	Novartis	Aegon	Lyond...	A...	To...	GI...	\$363,100	\$157,855	China Stat...	China C...	Vanke			
	Google	\$217,723	\$135,000	\$85,249	Indian Oi...	Deere	Cisco S...	Deere	\$4...	\$4...	\$4...	Aramco	\$152,712	China Rail...	China C...	Wilma...	\$...	\$...	
\$256,740	\$203,751	\$130,898	Bank of Am...	\$81,288	Roche	Caterpi...	Idemi...	Pertamina	B...			\$359,460	\$142,220	China Rail...	Itochu	Posco	CO...	Ch...	C...
			Hyundai	ArceleorM...	Sanofi	\$4...									JD.com	Tencent	Morg...	Xia...	Fre...

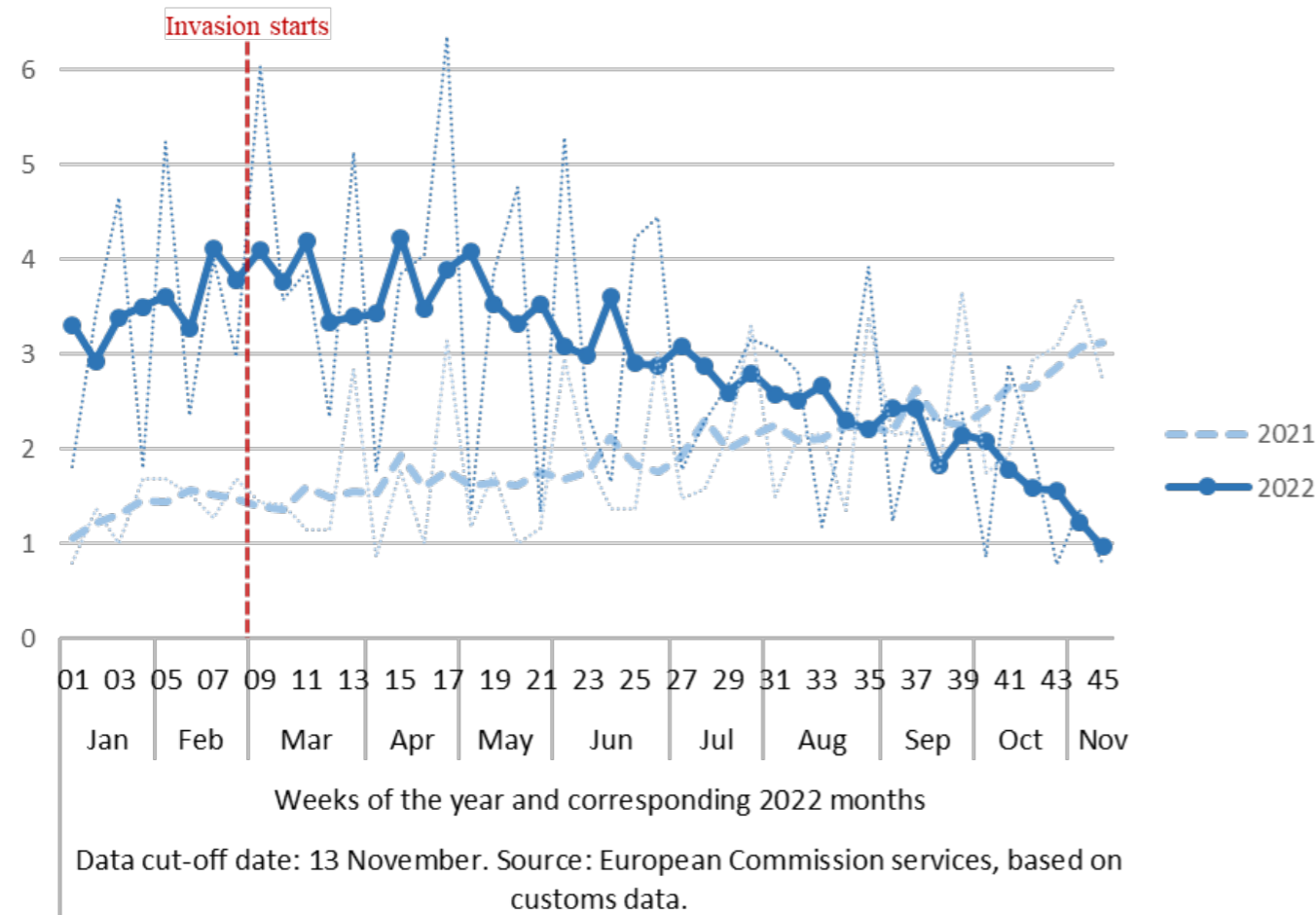
- Completed withdrawal from Russia
- Curtailed operations in Russia
- Reduced operations in Russia and hold off new investments
- Continue operations in Russia

Source: Kyiv School of Economics (KSE) (update 4 December 2022). Assessment done by KSE Institute experts, using official company statements, news agencies, international media publishers. Yale's School of Management database used to partially fulfill the KSE database. [#LeaveRussia: The List of Companies that Stopped or Still Working in Russia \(leave-russia.org\)](https://leave-russia.org)

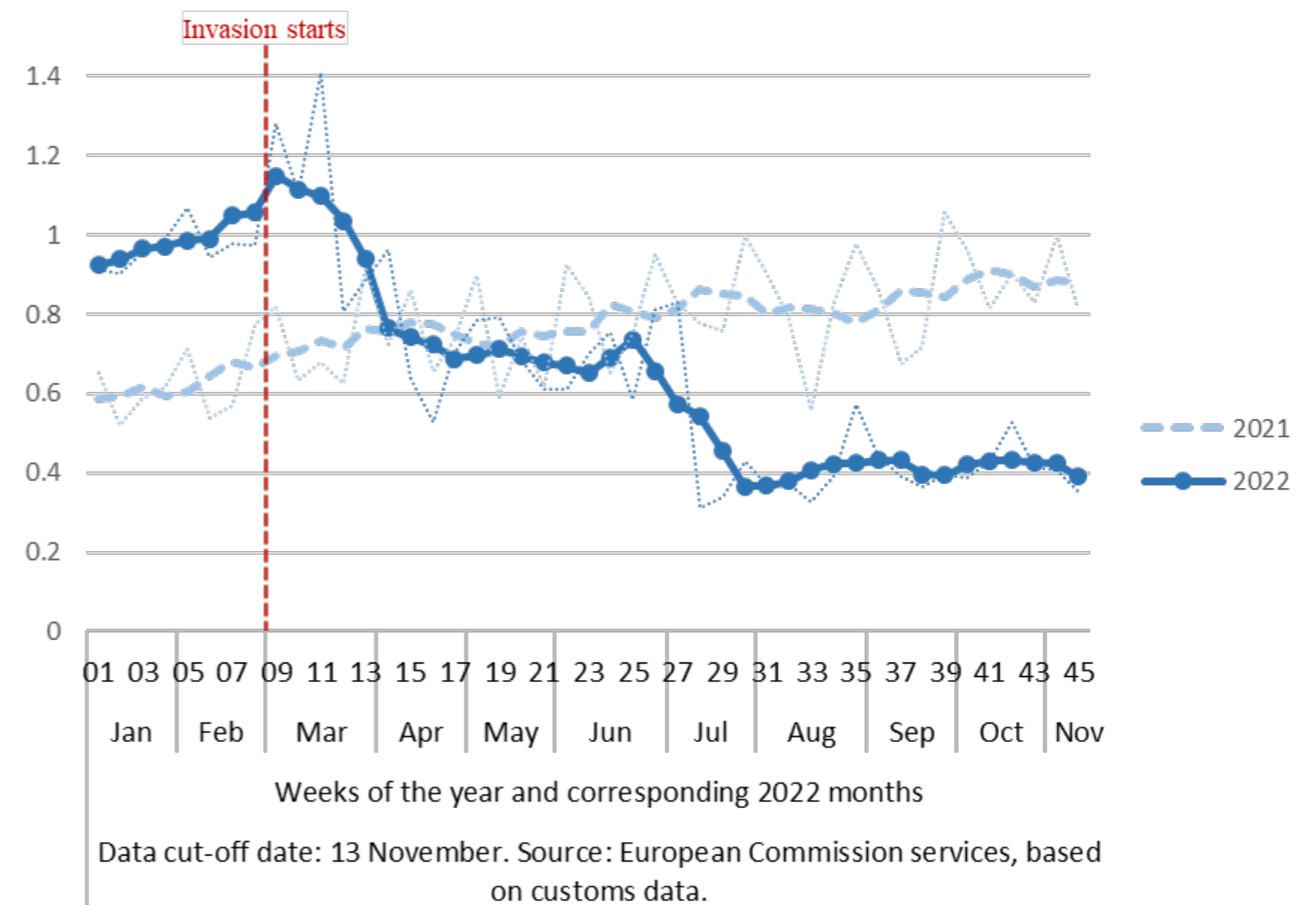


# EU imports from Russia (as of 13/11/2022)

**Energy imports from Russia (€bn, 5-week moving average)**



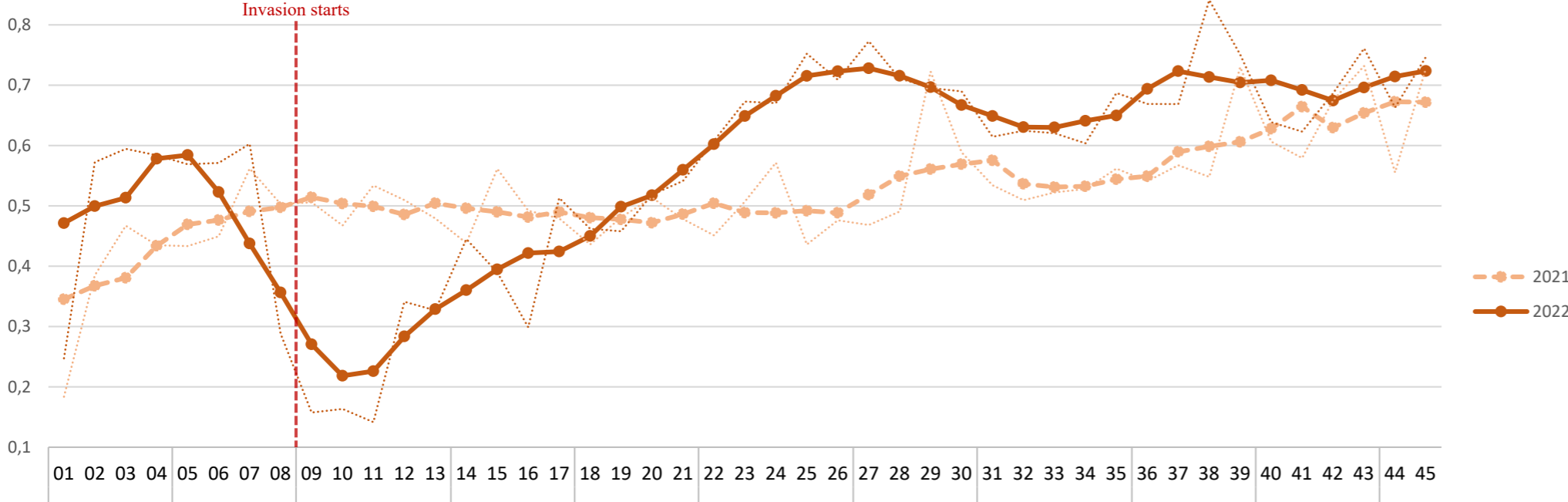
**Import from Russia, excluding energy (€bn, 5-week moving average)**



- Energy imports still account for most of the weekly imports from RU, but are decreasing rapidly.

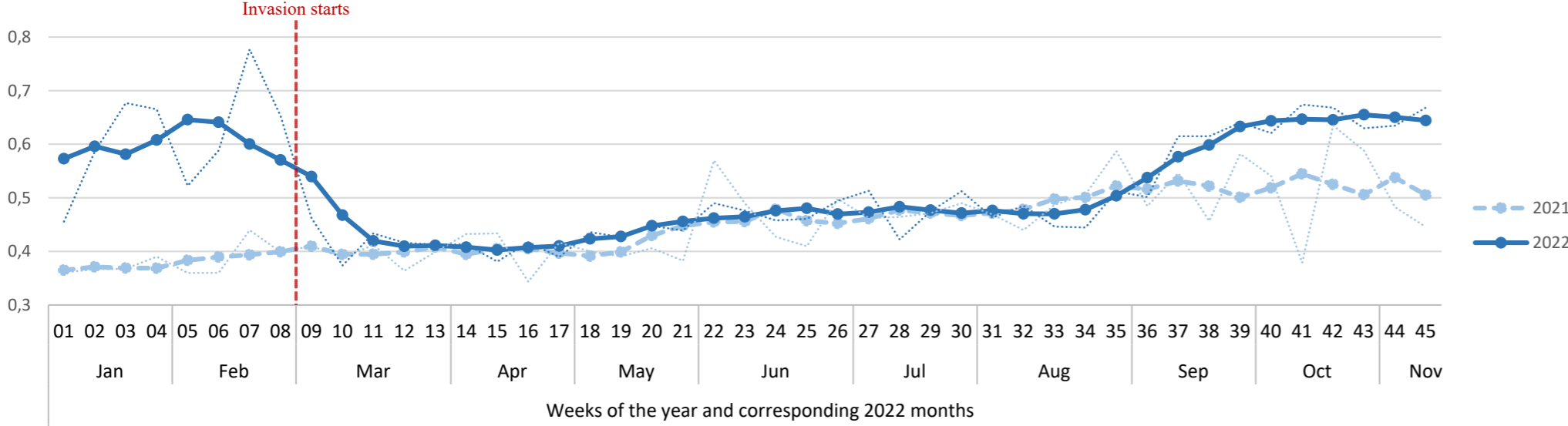
# Overall trade trends with Ukraine (as of 13/11/2022)

Export to Ukraine (€bn, 5-week moving average)



- Exports in goods to UA bounced back in the course of the year, after a sudden fall following the Russian invasion (week 8). They are now stable;

Import from Ukraine (€bn, 5-week moving average)



- Imports from Ukraine remain close to 2021 levels, below the levels of the first weeks of 2022.

Data cut-off date: 13 November. Source: European Commission services, based on customs data.



# Selected weekly updates from Member States



## Sweden

- **All Swedish companies have now left Russia and Swedish trade with Russia has more or less ceased.** During the third quarter, imports from Russia fell, from just over SEK 7 billion in 2021 to SEK 0.5 billion in 2022 (– 93 %). Swedish export of goods to Russia has also decreased, from just over SEK 5 billion to SEK 1.4 billion (– 73 %).



## Estonia

- **Pulpwood and firewood prices increased significantly in the third quarter of 2022.** Compared with the previous quarter, softwood log prices were on a downward trend in the third quarter, while hardwood log prices remained on the rise.
- The **construction market continues to be affected by high construction costs.** The total production value of Estonian construction enterprises in Estonia and abroad combined fell by 3 percent at constant prices, on year to the third quarter of 2022 (Q3 2022).



## Czech Republic

- The **boycott of the Russian market by large Czech breweries continues**, although the daily Hospodarske noviny found that their beer is still available there at much higher prices (which could support the theory that there are middlemen involved). Beer exports to Russia fell y/y by 36% in the first nine months of this year, **but some smaller Czech breweries have either resumed exports to Russia or never halted them.** Russia represented one of the largest export markets for CZ before the war.



## Poland






- **Poland's government has announced that it is taking over Gazprom's assets in the country**, meaning the Russian firm's share in the company managing the Polish section of the Yamal gas pipeline. Poland argues that the move will ensure the security of the country's critical infrastructure amid Russia's aggression against Ukraine.



## Slovakia

- **The largest domestic chemist and the only large Slovak producer of fertilizers, has started all its production again.** This may have happened thanks to the reduction in natural gas prices in recent times.
- **More and more builders are falling into bankruptcies.** Between January and October, 41 construction companies in Slovakia went bankrupt. This is the largest number of bankruptcies in at least six years. This is due to (1) the increase (60-100%) in the price of building materials, (2) outflow of Ukrainian labour (to find other workers is complicated and expensive) and (3) fewer public orders

# Selected weekly updates from Member States

 <p><b>Germany</b></p>	<ul style="list-style-type: none"> <li>• <b>Sentiment in the German economy has improved, except in energy-intensive industries.</b> The ifo Institute Business Climate Index rose to 86.3 points in November, up from 84.5 points in October. While companies were somewhat less satisfied with their current business, pessimism regarding the coming months reduced sharply. The recession could prove less severe than many had expected. In manufacturing, the index rose significantly. Companies were considerably less pessimistic about the future.</li> </ul>		
 <p><b>Belgium</b></p>	<ul style="list-style-type: none"> <li>• A study from the federal ministry of economy on <b>Belgian strategic products dependencies</b> from extra EU countries shows that for the 135 strategic products identified, main partner countries in values imported are Singapore, the United States and Russia. Without surprises, <b>dependency from Russia appears to be in the oil products and steel</b> with a particular mention of Wallonia which imports a substantial share of steel from Russia</li> </ul>		
 <p><b>Croatia</b></p>	<ul style="list-style-type: none"> <li>• The US Treasury Department's Office of Foreign Assets Control (OFAC) has published its set of guidelines for implementing the policy on limiting crude petroleum prices originating in the Russian Federation, which lists rules that must be followed in order not to come under sanctions. The document lists derogations and exemptions, including for Croatia. Namely, <b>it is possible for Croatia to purchase, import or transfer vacuum gas oil originating or exported from Russia in cases when no alternative supply is available.</b> Croatia has already informed the European Commission of this, and the Commission provided no objections.</li> </ul>		
 <p><b>Greece</b></p>	<ul style="list-style-type: none"> <li>• <b>The Greek government has cancelled the privatization of the port of Alexandroupolis and Kavala in Northern Greece</b>, a process that had started already in 2017. The Greek government has now announced that the port is too important to be entrusted to a private investor. The war in Ukraine has played a major role to the decision to cancel the privatization.</li> </ul>		
 <p><b>Portugal</b></p>	<ul style="list-style-type: none"> <li>• The <b>Commission has authorized Portugal to support the electro-intensive industries with EUR 175 m</b> for the so-called "indirect costs" of CO2 (produced using coal or natural gas) that companies depend on to stay in operation, following the energy crisis caused by the Russian invasion of Ukraine.</li> </ul>		

# Updates on relevant DG GROW work

**WINTERISATION** Ongoing contacts with networks, industry associations, Industrial Forum members to help Ukrainians cope with this winter. Stock of available light bulbs found. Companies ready to sell generators to Ukraine found. Network of European cities ready to donate generators following joint message with CoR and EP.

## **PARTNERSHIP ON RAW MATERIALS**

The first Review meeting of the EU-UA Strategic Partnership on Raw Materials took place. The partners discussed the progress on the implementation of the Strategic Partnership, which aims at achieving closer integration of raw material and battery value chains, and the roadmap for the next two years.

## **SMP**

The negotiations for an agreement for Ukraine's association to the Single Market Programme are progressing well and Ukraine is expected to join the programme soon, which will provide funding for Ukrainian SMEs and help a better integration of Ukraine in the single market.

## **INTEGRATING UKRAINE IN THE SINGLE MARKET**

EU and Ukraine agreed to revise and extend the priorities for 2023-2024 under the framework of the Deep and Comprehensive Free Trade Agreement. Relevant workstreams include public procurement, standardisation, industrial cooperation, Technical Barriers to Trade, and the negotiation of an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA agreement).