



ACC NEWS



Conflict Update

March 13th, 2022

Former Russian foreign minister lays out 3 key false things Putin believed before invading Ukraine

Russian President Vladimir Putin isn't acting irrationally in his invasion of Ukraine, but he made several flawed assumptions beforehand based on bad information and wishful thinking, Andrei Kozyrev, foreign minister of Russia from 1991 to 1996, argued on Twitter Sunday.

To understand why the invasion was rational for Putin, we have to step into his shoes. Three beliefs came together at the same time in his calculus:

1. ***Ukraine's condition as a country*** – Putin spent the past 20 years believing that Ukraine is not a real nation and, at best, should be a satellite state. Maidan ended any hope of keeping Ukraine independent and pro-Kremlin. He thought the West was behind it.
2. ***Russian military's condition*** - The Kremlin spent the last 20 years trying to modernize its military. Much of that budget was stolen and spent on mega-yachts in Cyprus. But as a military advisor you cannot report that to the President. So, they reported lies to him instead. Potemkin military
3. ***The West's geopolitical condition*** - the Russian ruling elite believed its own propaganda that Pres. Biden is mentally inept. They also thought the EU was weak because of how toothless their sanctions were in 2014. And then the U.S. botched its withdrawal from Afghanistan, solidifying this narrative.

Widening of Conflict

US – Has been reinforcing positions around the conflict zone. Of note are, inter alia;

- B52 bombers arriving in Greece and the UK
- F35 Lightning fighters arriving in the UK
- C17 Squadrons being relocated from Maine to the UK
- C130 Hercules transport and refueling planes continually active across western and eastern EU
- U.S. Troops being moved to the Baltic countries
- U.S. troops are being called up and positioned in Alaska
- U.S. has added an additional 1,000-members to its NATO force in eastern Europe in recent weeks, bringing the total number of U.S. troops in the region to 2,000

Lithuania - With Putin on the warpath, we'd understand if Lithuanians were more than a little bit nery right now. And the government isn't taking any risks, having declared a state of emergency on February 24. But Lithuania and its citizens have also totally ramped up their opposition to Putin, both expressing solidarity with Ukraine and sticking two fingers up to the dictator next door.

Lithuania has also been one of the main voices within the EU pressuring for harsher sanctions and isolation measures on Russia and Belarus. It was among the first to hassle the rest of the union into cutting Russia off from the SWIFT

international banking system, and to call for sanctions on Belarus for hosting Russian troops prior to the invasion of Ukraine.

Denmark is to increase defense spending and phase out Russian natural gas. Denmark will significantly increase its defense budget and aim to become independent of Russian natural gas in response to Moscow's war on Ukraine, Danish Prime Minister Mette Frederiksen said in a press conference Sunday evening. (Politico).

Copenhagen will also hold a referendum on June 1 on whether it should join the EU's common defense policy.

Under an agreement between Denmark's main parliamentary parties, the country will gradually increase its defense budget until it reaches 2 percent of GDP by 2033, in line with the NATO goal.

Greece Hits Back at “Unacceptable” Rhetoric from Russia. Greece said that the statements made by Russian officials which accused Athens of anti-Russia propaganda in Ukraine war are “unacceptable.”

The Greek foreign ministry responded to the statements by the spokesperson for the Russian Ministry of Foreign Affairs, Maria Zakharova, who alleged that there is an orchestrated defamation of Russia ongoing in Greece. (The Greek Reporter)

Australia - \$10 billion move in face of China threat - Defense officials have been tasked with talking to the NSW and Queensland governments on setting up the base for Australian and visiting nuclear-powered submarines.



Russia – has vowed to react to 'confrontational' build-up of NATO on its border and has warned it will respond to what it describes as NATO's "provocative" deployment of soldiers and military hardware near its border.

"The build-up of NATO forces on the “eastern flank” is openly provocative," it said. "The containment of Russia has obviously become the alliance's main mission again. Russia’s “eastern flank” is taken to include Japan, South Korea and the Balkan zone, including Greece and Turkey.

Romania – The U.S reaffirmed its commitment to eastern European NATO allies in the face of the Russian invasion during a visit to the country by the U.S. VP.

Sun Tzu - The Art of War – “When you surround an army, leave an outlet free. Do not press a desperate foe too hard.”

Containment

Airbases in the UK – From USAF B52s to RAF Eurofighters, the military planes roaring over the UK amid Ukraine tensions.

The sight and sound of heavy bombers and fighter jets in the skies above the UK have taken on an extra resonance following Vladimir Putin's invasion of Ukraine. Military training flights regularly take place, but conflicts and tensions mean more attention than normal is being taken of these RAF and USAF missions.

Across the country, people have been reporting planes such as B52 bombers and F-35B and F-16 fighter jets. Bases being used include RAF Fairford in Gloucestershire, RAF Brize Norton in Oxfordshire, RAF Lakenheath in Suffolk and RAF Marham in Norfolk.

Airbases in Greece - U.S. Sends Tankers to Greece as Ukraine War Enters Third Week. The U.S. is sending a number of KC-135 tankers to Greece a Pentagon spokesperson confirmed on Tuesday as the Russian invasion of Ukraine enters its third week. The KC-135 Stratotankers will deploy to Souda Bay, Greece, and the remaining U.S. forces will head to Poland, Germany, and Romania. Kirby said that the troops in Poland and Romania will “provide additional command and control for U.S. European Command flight operations.”

The presence of range-extending tankers means that U.S. and NATO attack aircraft would not need to be positioned further than Germany to operate in Ukrainian airspace.

US B-52 strategic bombers in training with Greece's air force - The news comes as US Strategic Task Force type B-52 bombers conducted a training flight accompanied by two Hellenic F-16 fighter jets in the Athens FIR, sending a message to Russia. The exercise was carried out in the context of the “Onyx Hook” operation.

Ground forces ramping up

Space-Tech Firm MDA Will Feed Satellite Images of Ukraine to Aid Military Effort. MDA Ltd. received permission from the Canadian government to use its satellites to track the movement of troops and equipment in Ukraine, putting the space-technology firm into the military intelligence operation that's fighting Russia's invasion.

MDA's synthetic aperture radar can see through weather to measure changes in the landscape nearly in real time. The company will now be authorized to use it across all of Ukraine and surrounding waterways and feed the images to groups acquiring intelligence for the Ukrainian government, Chief Executive Officer Mike Greenley said in an interview.

The satellites can detect even small changes and make the pictures available in as little as 15 minutes, Greenley said. That includes troop movements, vehicle or equipment convoys, ships and changes to infrastructure such as bridges or buildings, he said.

Ukrainian air power – the deal for Polish Su29 jet fighters to be transferred to Ukraine appears to have been stopped. A few reasons are apparent being (i) the threat of widening the war as the planes will need to fly from a NATO airbase to Ukraine and (ii) currently Russian air sorties are outnumbering Ukrainian flights by 10 to 1. There are multiple ground-to-air missile systems across Ukraine – both Ukrainian and Russian – so addition of further Ukrainian jets fighters may not be as battle influential as initially thought.

Geographic – the longer the conflict is contained in Ukraine, the lower the threat of it spreading to other neighboring countries. As brutal as this is, it appears to be a primary motivator of thought.

U.S. and NATO Concerns

Concerns of note are;

Nuclear threat – the U.S. and EU are taking very seriously the threat of Russia escalating the war, particularly if they see (i) their economy sinking too far, (ii) diplomatic off ramps out of reach, (iii) internal dissent becoming too vociferous and (iv) a military loss in and around Kyiv.

Thus, dramatically increased military reinforcement (see above) and diplomatic is underway, Russia is being surrounded with

- EU arming
- Its eastern flanks being reinforced (world ranking)– Greece, Turkey (#10), South Korea (#7), Japan (#4)

Cyber warfare threat – there is increasing concern that Russia will engage in this threat. The U.S. is taking immediate steps to counter this possibility together with stepping up NATO cyber warfare activity and intrusion into Russian airspace.

China (importing Russian goods) – It is reported that Russia is trying to divert some exports to China in the hope of realizing foreign currency, particularly sensitive since their foreign reserves have been locked down.

Although there are some worrying signs that this may assist Russia in avoiding 100% sanctions, it appears that the Chinese are having second thoughts.

The US\$ is the dominant global currency, and China is the biggest user of US\$’s as is the entire global trading system. It doesn’t pay China to buck sanctions as a peril to themselves. Plus, their signature ambit – BRI (Belt Road Initiative) will be put at risk, at a time when post-COVID rail traffic increases to the west are most desired. Any foolhardy minimizing of the sanctions bite on Russia by China will see suffer more than what is worth in comparison to implementing these barriers.

The U.S. has also advised China that any undermining of the sanctions will see financial impact on China.

China (invading Taiwan) – The ferocity of the Ukrainian resistance is sure to have provided the Chinese with more than enough to think about with regard to entering Taiwan.

Taiwan is also an island state so reinforcing any invading force will require monumental effort, if not impossible. The level of military and civilian defense is a deterring factor for the Chinese.

What is also creating concern for the Chinese is (i) the massive level of cooperation in NATO and EU countries – not thought possible prior to the Russian invasion of Ukraine.

Finally, China is hugely dependent upon the U.S. commercial market and any invasion of Taiwan will see this disappear, threatening their entire existence and ratcheting up the distinct possibility of an internal revolution, a la 1949.

Russian Concerns

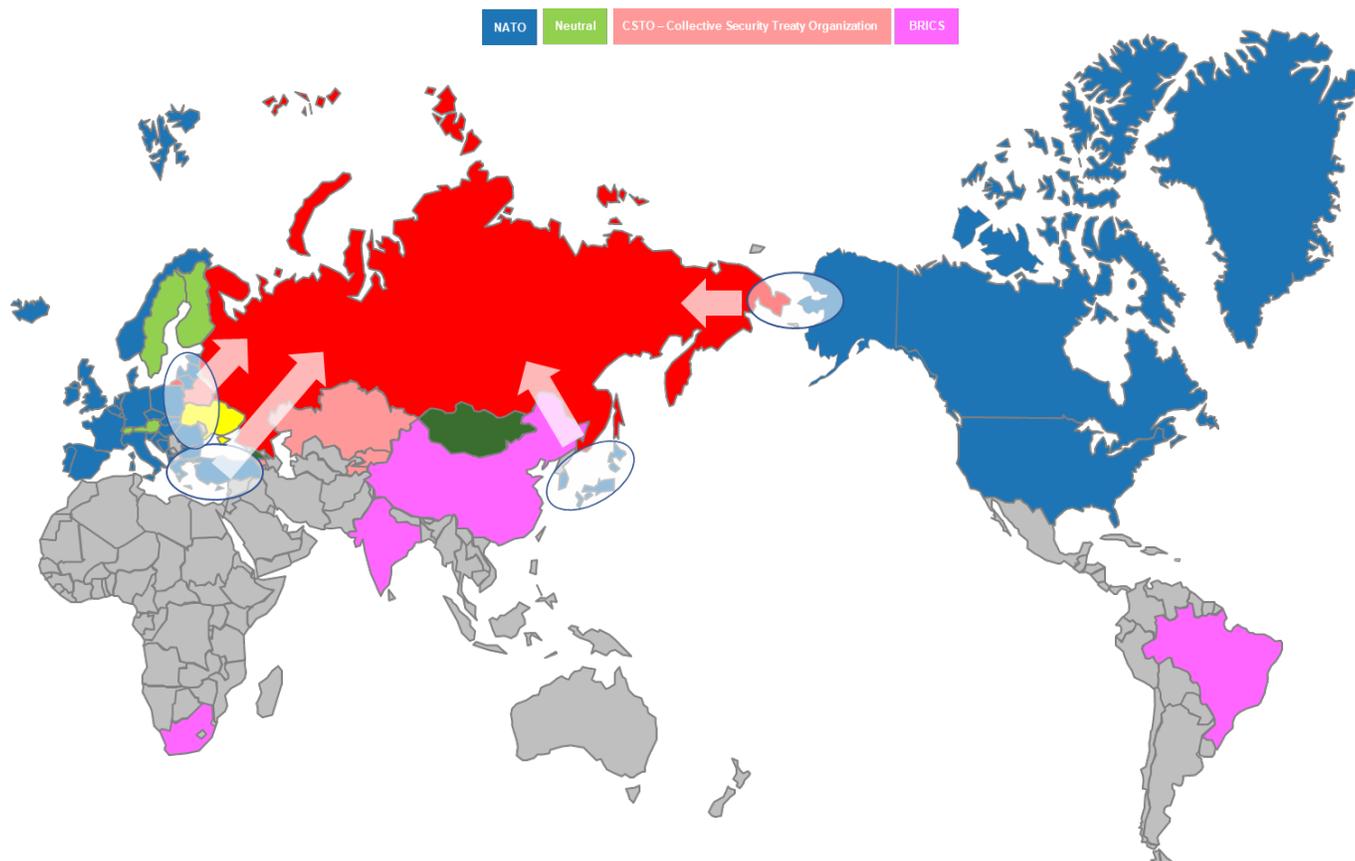
Russia has shown some concern regarding, inter alia;

Russian mothers – Putin stated that there were no conscripts in Russian forces. A combination of growing awareness to the contrary as well as the Ukrainian website established for captured Russian soldiers to contact their families has shown this to be untrue. Earlier this week Putin addressed this by going on Russian TV and stating that yes, there had been conscription, but “their” boys are heroes, both family and Russian.

In response, Russia authorities have OK'd 16,000 mercenaries from mainly North Africa, to join in the fight. This I believe is to reduce his exposure to the Russian mothers, who collectively form an immensely powerful bloc within Russia.

NATO Supplies – Senior Russian government officials have started warning that Russia views NATO supplies and re-supplies reaching Ukrainian forces will not be tolerated and may be targeted. This will lead to a higher probability of escalation should any NATO forces be affected.

Russia' eastern flank – Russia has voiced intense concern at being surrounded by NATO forces.



Earlier this week Putin remonstrated that he wasn't happy with these NATO moves.

Russian off-ramp – Ukraine believes Russian overtures have softened over the past few days, leading to a possibility of an off-ramp for Putin. Although marginal, it may be that he (Putin) will look for a DMZ between east and west, perhaps to the east of the Dnieper River.

With a battle for Kyiv looking imminent, with consequent and huge losses for both combatant states, with Ukraine having received staggering amounts of anti-tank and anti-aircraft/helicopter missiles and Russia now realizing an urban war is not something they are accustomed to, this may provide him the face-saving opportunity to withdraw whilst claiming success.

Nuclear Threat

Just days into Russia's invasion of Ukraine, Dmitri Medvedev, the former president and prime minister of Russia, took to social media to post a chilling message. He raged against Western sanctions on his country and suggested darkly that Russia could rip up some of its most important agreements with the West. He mentioned the New START treaty, the nuclear arms reduction agreement signed with the United States over a decade ago, but the threat was broader still:

the sundering of all diplomatic ties with Western countries. “It’s time to hang huge padlocks on the embassies,” he wrote, reports Foreign Affairs.

Now that Russian President Vladimir Putin has taken steps to mobilize his nuclear forces—and made more likely the once remote possibility that nuclear weapons might be used in modern conflict—Medvedev’s post presages a dangerous turn. Furious at the response to its war in Ukraine, Russia might cut itself off from everything that it has accomplished in controlling and limiting nuclear weapons.

Russia has been a giant of the nonproliferation regime. The major treaties of the twentieth century all benefitted from the skills of Russian negotiators and the wisdom of Russian experts.

Somehow, no matter how bad the crisis, the two countries continued talking to keep nuclear weapons under control and prevent their spread. The invasion of Ukraine may end this admirable tradition. Russia could become more isolated and cease to play any responsible international role, as Medvedev’s threat to leave the New START treaty and shutter the embassies in Moscow suggests.

Costs

Commodities

Electronics is likely to take the largest hit in the near future, as Russia supplies over 40% of the world’s palladium, one of the main resources in the production of semiconductors. Computer chips also require neon, of which Ukraine produces over 70% of the world’s total supply. In addition, the two major purifiers for Russian and Ukrainian neon are in Odesa, an area where access is now virtually impossible. Disruption of such supplies is an illustration of the wide-scale global impact the conflict will have, reaching corners of the world presumed to be untouched by the invasion occurring in eastern Europe.

Core metals are also experiencing rocketing prices. Russia produces 14% of global aluminum, and, with all factors put into perspective regarding economic sanctions, this will only reduce and cause supply shortages in the future. To add, with a largely reduced number of road freight and trucks making their way into and through Russia, its productivity has started to steadily decline. In Ukraine, with rockets and missiles causing sustained damage to buildings, roads and other infrastructure, the physical act of moving materials across the country has reduced by almost 80.0% in most areas and ceased altogether in the other 20%.

Russian hardwood - The U.S. probably imports much more than 10% of its hardwood plywood from Russia, as Vietnam and Indonesia ship large amounts of birch originating in Russia themselves. Also in 2019, Russia surpassed Canada to become the world’s largest exporter of softwood lumber, which is primarily used in home building.

Ukrainian farmer review - A farmer in Ukraine has given a stark account of how the war is crippling production, as fears increase about the global supply and increasing cost of food.

There is major concern among farmers and field workers in eastern Ukraine who have not received seed deliveries and are afraid to go on their land due to the Russian occupation.

“I ordered and paid for seed a few weeks ago, but it has not yet been delivered. And will no longer be delivered. I actually have no alternatives to sow, and do not yet know what I will feed my cows with. I have 500ha of irrigation on my 1,500ha farm. It is very uncertain whether it can be used. But if I can’t sow, I don’t need irrigation either.”

“My agronomist [responsible for the crops] and the engineer [the machine man] live on the other side of the road in a destroyed house and cannot come to my farm; they are stopped by the Russians or shot dead as they walk through. They also have no electricity.”

“Food produced on my friend’s farm is given for free to people in villages and Kherson city who need it. The shops are empty, the bread is gone. A famine is imminent. Potatoes are now sold for €1.30 [£1.07], which was 30 cents/kg two weeks ago.”

Food continuity

The impact of the conflict in Eastern Europe on the production and distribution of fruit and vegetables on the continent is certainly impossible to define. There will be consequences at every level, with great uncertainties emerging on the horizon, first and foremost the increase in energy costs.

Movement of goods with the producers of brands in Spain, Greece, the Netherlands and France effectively vary the timing of field harvests and shipments, regularly reviewing strategies according to market trends, making the supply chain of products more efficient also in terms of shelf life.

With the present disruption these arrangements fall away, which will lead to food supply disruption across the EU and UK.

Fuel

- It’s Not Too Late for **Keystone XL**, Alberta’s Premier Says. TC Energy Corp.’s Keystone XL crude pipeline could be built by the first quarter of next year if the Biden administration were to reverse its decision to cancel the project.

Construction of the controversial pipeline, which would have raised Canada’s oil-sands export capacity to the U.S. by almost 900,000 barrels a day, had already begun when the project was scrapped last year by U.S., Alberta Premier Jason Kenney said during a news conference. U.S. President Joe Biden canceled a key permit for Keystone XL on his first day in office, citing environmental concerns. “We could turn this around in less than a year,” Kenney said on Monday.

- **China’s oil prices** go through the roof as Ukraine crisis hits home with refined oil prices soaring to near 10-year highs after international crude prices went through the roof in the wake of the Russia-Ukraine conflict.

On March 7, the real-time wholesale price of gasoline reached 10,306 yuan (\$1,630) per ton on average, a 30% surge from Jan. 1, while diesel jumped 15.5% to 8,657 yuan per ton, figures from energy market information provider 315i.com showed. Both of the prices touched a 10-year high.

- **Oil Traders** Believe Barrels Could Jump to \$200 This Month - Oil traders spoke to Fox News and believe the ongoing Russian-Ukraine war could have dire repercussions for the oil industry. According to them, the international fallout could drive prices up this month, with optimistic traders thinking it will be more than \$200 per barrel.

- **National U.S. Gas Price Average Reaches Level Not Seen Since July 2008**

- The national average for a gallon of gasoline continues to rise to levels not seen in 14 years, reaching \$4.06 on March 7 as the conflict between Russia and Ukraine continues. This is 45 cents more than a week ago, 62 cents more than a month ago and \$1.30 more than a year ago, according to AAA.
- The national average has not been this high since July 2008.
- The nation's top 10 largest weekly increases were in Rhode Island (+58 cents), Nevada (+57 cents), Connecticut (+56 cents), Kentucky (+56 cents), Alabama (+56 cents), West Virginia (+55 cents), Virginia (+55 cents), Massachusetts (+54 cents), New Hampshire (+52 cents) and New Jersey (+52 cents).
- The nation's top 10 most expensive markets are California (\$5.34 per gallon), Hawaii (\$4.69), Nevada (\$4.59), Oregon (\$4.51), Washington (\$4.44), Alaska (\$4.39), Illinois (\$4.30), Connecticut (\$4.28), New York (\$4.26) and Pennsylvania (\$4.23).

Financial

China - Sanctions on Russia Sound Alarm for Chinese Banks - Top Chinese banks are rushing to ensure they can maintain business ties with Russian clients without running afoul of a barrage of Western sanctions, people with knowledge of the matter told Reuters.

China - First Chinese backed businesses implement sanctions - China's relations with Russia have strengthened in recent weeks with the country refusing to condemn the country's invasion of Ukraine, however the first Chinese backed business has moved to implement its own sanctions. The **Asian Infrastructure Bank (AIIB)** confirmed on Thursday 3rd that it would suspend business related to Russia and Belarus.

A statement issued by the bank said that: "in the best interests of the bank, management has decided that all activities relating to Russia and Belarus are on hold and under review."

Shanghai-based **New Development Bank**, which was set up around the same time and with similar goals to the AIIB, confirmed that it had to "put new transactions in Russia on hold."

Russia and Belarus are members of AIIB, with the organisations currently having little investment in Russia with around 730 million euros (\$800m) in approved loans and two projects have also been approved for public health and transport projects in Belarus.

With the decision by Chinese backed AIIB to implement sanctions may seem relatively insignificant it is an important one as it remained one of the few avenues open to Russia and Belarus. Furthermore, it puts pressure on other Chinese backed businesses to take a stand.

China eases control to let ruble fall faster against yuan - China is easing government exchange rate controls to let the Russian ruble fall faster in value against the Chinese yuan to help insulate Beijing from economic sanctions on Moscow.

The margin by which the ruble is allowed to fluctuate against the yuan in state-controlled daily trading will be doubled in size to 10% above or below the day's opening price starting Friday, the China Foreign Exchange Trade System announced.

The ruble has lost about 40% of its value since Western governments cut off some Russia banks from the international SWIFT payment system in retaliation for President Vladimir Putin's Feb. 24 attack on Ukraine. Russia's central bank was blocked from using its foreign currency reserves to defend the exchange rate.

Russia - Russian default would hit emerging markets — and China, Economist Stephen Roach warned effects from any default on Russia's sovereign debt as a result of Ukraine crisis would spill over to emerging markets, including China.

"If Russia does default on its debt ... there will be broad spillover effects to sovereign debt in emerging markets around the world and China will not be unscathed from that," he told CNBC's "Squawk Box Asia." "But I'm talking really of broader risks — guilt by association."

Singapore - Singapore is trimming Vladimir Putin's fallback options and is clawing away at Russian President Vladimir Putin's fallback options. A decision by Singapore to sanction certain Russia banks and transactions,

despite no binding resolution from the U.N. Security Council, is a bold move for the typically neutral financial centre. It spotlights Moscow's shrinking economic ground in Asia. (Reuters).

Russia - Russia 'Erases' \$14 Billion Worth Of Aircraft - Aircraft owners are trying to find hundreds of Airbus and Boeing jets that Russian carriers have stashed under their skirts (to stop them being seized) behind what has been called "a new incarnation of the Iron Curtain."

An industry insider told Bloomberg that foreign leasing firms have repossessed only about 24 of the more than 500 aircraft rented to Russian carriers. The remaining planes are reportedly worth about \$10.3 billion USD.

Russia - Russia's economy will struggle to pay the price of invading Ukraine

The invasion of Ukraine has placed Russia on the verge of bankruptcy. Interest rates have doubled, the stock market has closed, and the ruble has fallen to its lowest level ever.

The military costs of war have been exacerbated by an unprecedented level of international sanctions, sustained by a large coalition of countries. Russian citizens, now unable to spend at IKEA, McDonald's or Starbucks, are not allowed to convert any of the money they do have into foreign currency.

Generous estimates suggest the Russian economy could shrink by 7% next year, instead of the 2% growth that was forecast before the invasion. Others say the drop could be as much as 15%.

Such a fall would be bigger than the 1998 crash of the Russian stock markets – a major shock to an economy which has hardly seen any growth in the last decade and failed to diversify away from exporting oil and gas.

Russia currently spends roughly \$4 billion per year in each of Chechnya and Crimea – just in maintaining its presence. Doing so in Ukraine will be far higher, which they do not have. It is also estimated that destruction of Russian tanks and equipment – just in the first 2 days of the Ukrainian invasion – has cost \$5 billion – The Conversation.

Russia - Threatening to seize the businesses of Western companies - Russia has threatened to seize businesses that have withdrawn from the country after it invaded Ukraine. More than 300 companies, including iconic American brands such as McDonald's, Apple and Nike, have announced they are exiting or pausing business in Russia. Russia's Economic Development Ministry has drafted legislation "potentially laying the groundwork for nationalizing" international businesses.

Russia – Tourists

Thousands of Russian tourists are stranded around the world in holiday areas without access to money or flights back home.

Shipping

U.S. West Coast - Russian ocean cargoes are already having difficulty getting to market as industry and labor get ahead of official government sanctions with unofficial embargoes of their own.

The International Longshore and Warehouse Union, representing about 20,000 dockworkers at West Coast ports, said last week it will not load or unload any Russian cargo imports or exports.

“With this action in solidarity with the people of Ukraine, we send a strong message that we unequivocally condemn the Russian invasion,” ILWU International President Willie Adams tweeted.

Shipping lines, freight forwarders, and stevedores from all over the world tighten the economic siege on Russia

The shipping lines are playing a key role in the economy siege that the international community is tightening around Russia for invading and starting a war in Ukraine. The 10 largest shipping lines are responsible for mobilizing nearly 80% of world trade and almost all of them- with the notable exception of the Chinese Cosco Shipping - have stopped accepting Russian cargo reserves and ports.

European countries and the US are rejecting ships from that country. Some companies are choosing to sanction themselves by refusing to buy Russian products, although it is still legal to do so. They are being joined by dockworkers and freight forwarders from all over the world.

According to Bloomberg, the stevedoring unions of Canada, the USA, and Australia have taken action on their own or are calling on their governments to refuse entry to Russian merchant ships, following the UK's decision to do so as part of a growing series of sanctions against Vladimir Putin's regime.

Impact on global trade of fruit exports

Russia alone imported about 4 million tons of fresh produce by sea in 2021, 40% of which was bananas, mainly from Ecuador. Drewry estimates that nearly 50 percent of the volume of bananas arriving in Russia is transported in container ships. This is equivalent to about 600 40-foot containers per week on average, and the rest in two weekly specialized refrigerated vessel services.

Any reduction in cargo demand will provide at least a respite to cargo owners, as there will be a surplus of equipment and space that is likely to be taken advantage of in the short term by shippers of seasonal products from the west coast of South America, who are currently struggling to gain the capacity to Europe and North America.

The volumes of deciduous trees from Chile, Peru, and Argentina will be affected immediately since all countries are currently in the middle of the export season. As for citrus fruits, Morocco's fruit shipment is ending, but South Africa and Argentina will start exporting citrus fruits in May.

Ukraine imports approximately 250,000 tons of bananas directly a year, with smaller quantities of citrus and deciduous fruits normally coming from closer countries. It's worth noting, however, that direct cargo services in the Black Sea have ceased with immediate effect, posing a serious logistical problem for cargo already in the water.

Overseas fruit exporters enter the Russian market via Turkey - Overseas fruit exporters, from South Africa and South America among others, are trying to get their fruit to Russia via Turkey. Turkish fruit exporters report that they are being called non-stop by overseas producers who have unloaded their products in the port of Istanbul. By allowing imports from Turkey, Russia seems to be securing its food supply and other exporters are trying to hitch a ride on this.

Containers destined for Russia stockpile in Chittagong depots - Containers have started stockpiling in Chittagong depots and factory premises in Bangladesh as major shipping lines have stopped sending them towards Russian destinations. According to Bangladesh Inland Container Depot Authority (BICDA), some 166 TEU of full containers, mainly containing apparel, are now lying with nine depots at the port city of Chittagong while a good volume of cargoes remained un-stuffed at the depot"

Perishables

All containers bound for Russia have stopped; huge oversupply of imported fruit expected on European market" warehouses - The situation in Ukraine and Russia has a significant impact on the trade flows of imported fruit. "Yesterday we were informed by Customs that all containers with destination Russia will get a Customs 'blockade' for the time being. This means that we are not allowed to load these containers. In close consultation with Customs, it will be determined in the coming period what will happen to these containers and whether certain containers may still be loaded. Together, we must ensure that we comply with these instructions. Together with the shipping companies we have decided not to accept any containers with destination Russia for the time being," Dutch handlers report.

Moldova reports that the ports of Odessa and Istanbul are blocked, which means that no exports can take place to regular customers, mainly apples.

Egypt / Morocco - At the moment, nothing is coming out Egypt. Normally, Russia is a major buyer of citrus from Egypt at this time of the season.

South America – Enquiries from South American fruit exporters are flooding EU importers – as to whether the EU can take over containers of pomegranates, pears and other produce bound for Russia.

This constitutes a looming challenge for the global perishables market, as should 3rd World growers experience cash flow problems and start folding, imports into North America, EU, UK and other non-Russian markets will be adversely affected.

Russia is a buyer of a range of products, such as bananas, pineapple, mango, citrus, pomegranates, but also hard fruits. Unfortunately, in these product groups this will start to lead to a huge oversupply, which is being attempted to be squared away on the European market.

Wood

EU sanctions restricting trade with Russia and Belarus includes trade in timber. The Netherlands imports a huge volume of wood from the Eastern European region, and it is therefore expected that the loss of this volume will have an effect on the supply of wooden products, such as pallets, boxes and crates.

In addition, transport is also hard hit by the war and the sanctions. In addition to being an exporter of wood, Russia is a large importer of various raw materials from Western Europe. Russian drivers who pick up products in the Netherlands, for example, take a load of wood with them on the way there, so that they do not drive empty. The sanctions against Russia will completely eliminate this. In addition, many Eastern European drivers have Ukrainian or Belarusian nationality. Their availability is now gone, as they are called upon to assist in the war within the country's borders.