

Supply bottlenecks could intensify due to shortage of Ukrainian drivers and pallets

The logistics industry in Europe could soon be facing “immense problems.” Russia’s attack on Ukraine could exacerbate the driver shortage so much that it will be impossible to maintain many supply chains. What is more, production outages, export bans of timber and PEFC’s announcement to consider timber from Russia and Belarus conflict timber might lead to a shortage in pallets.

Elvis, the leading network of hauliers and freight forwarders in Europe, and German industry association BVMW say looming supply shortages could have a “lasting and significant impact” on industry, trade and the population. They therefore call on freight forwarders and logistics firms to prepare immediately and as best they can for the expected capacity shortfalls in the transport market.

According to Germany’s road toll statistics, transport fleets from Eastern Europe account for a significant portion of lorry traffic in Germany. It is impossible to say how many of the drivers are Ukrainian, since the German Federal Office for Goods Transport (BAG) does not separately track their mileage. However, it is common knowledge in the industry that many of the drivers employed in Poland come from Ukraine. In the current situation, the majority of these drivers cannot or do not want to perform this work – either because they have been conscripted to defend their country under the mobilisation ordered by President Zelenskyy or because they are returning to Ukraine to look after their families and bring them to safety.

Klaus Meyer, chairman of the logistics and mobility commission in the BVMW, warned: “We are talking here about an estimated 100,000 Ukrainian drivers currently in Poland alone, who might soon be unavailable to work for transport companies.” It would be almost impossible to compensate for such a dramatic exodus in the workforce, he added.

Elvis and BVMW therefore call on all German freight forwarders and transport firms to intensify contacts to their customers and contractors as quickly as possible, while simultaneously preparing for the expected reduction in transport capacities. They also urge policymakers to work with the industry to find solutions. One possibility they mention is a temporary suspension of the Mobility Package.

Sanctions hit pallet markets

The war in Ukraine will have a significant impact on the Western European markets for sawn softwood lumber and, above all, for wood packaging and pal-

lets. The war has largely brought production and exports in Ukraine to a standstill. The sanctions imposed by the EU against Russia and Belarus since 24 February 2022 and the classification of wood products from these two countries as “conflict wood” by PEFC on 4 March make imports to Western Europe largely impossible. Accordingly, supply gaps are looming in Western Europe for the coming months, both for raw material and finished goods.

On the pallet markets there have already been initial attempts by customers and traders to place pallet quotas with other manufacturers. According to market participants, there are signs of considerable price increases for both sawn timber and pallets in April. Already in the course of the second quarter, an insufficient supply of load carriers could have a negative impact on the transport of goods within Germany and Europe. For the rest of the year, market participants expect considerable supply problems on the European pallet markets. □

Timber from Russia and Belarus is now “conflict timber”

All timber originating from Russia and Belarus is now considered “conflict timber” and therefore cannot be used in PEFC-certified products, the Board of PEFC International stated.

The clarification follows an extraordinary meeting by the PEFC International Board to discuss President Putin’s military aggression against Ukraine and its implications for PEFC and PEFC-certified forest owners and companies.

The categorisation of timber from Russia and Belarus as conflict timber follows the adoption of the Resolution on Aggression against Ukraine by the United Nations General Assembly, which “deplores in the strongest terms the aggression by the Russian Federation against Ukraine [...] [and] the involvement of Belarus”.

The PEFC International Board continues to monitor the situation and will consider additional measures as necessary. □

Statistical snapshot Germany

Printing business faces increasing uncertainty

The seasonally adjusted business telegram published by the German printing and media industry association Bvdm notes a slight improvement in the business climate for February. It indicates a 2 per cent improvement month-on-month to 102.2 per cent. The improvement takes the index above the pre-crisis level for the first time since October 2021. The growth is attributed to more optimistic expectations of surveyed companies that reflect hopes for a rapid easing of most Corona-related restrictions. These expectations must, however, be interpreted with caution in view of the sustained shortage of printing paper and the looming impact of the Ukraine war on energy prices.

Printing and media industry companies were more confident in the assessment of their current business situation as well as business development in the next six months than in January. After a pronounced fall at the beginning of the year, the seasonally adjusted business situation index marginally increased in February by 1.4 per cent above the level in January to 99.7 points, which still falls short of the pre-crisis level in February 2020 by 2.1 per cent. On a year-on-year basis, the index has risen by 18.5 per cent. The increase is mainly attributed to significantly better order situation and demand development compared to the same month last year. Still, the sustained paper shortage hinders steady recovery of output from printing and media companies. In February, although around 17 per cent of surveyed companies reported greater production activity, roughly 42 per cent of survey participants reported receding output.

Notwithstanding these difficulties, German printing and media companies report a more optimistic assessment of future business development than in January. In February, the seasonally adjusted business expectations index improved month-on-month by 2.6 per cent to 104.8 points. 33 per cent of surveyed companies currently believe that their business situation will improve in the next six months compared to the present. These expectations are possibly linked especially to hopes of a near-term fall in infection rates and attendant easing of corona-related restrictions. However, around 20 per cent of respondents anticipate weaker development of their business situation. These companies possibly refer to persistent bottlenecks in upstream goods as well as the economic risks of an escalation in the Ukraine conflict which might sharply push up energy prices.

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