Commodity Supply Chain Risks: Analysis of Sectors Most Vulnerable to Disruptions

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Table of Contents
INTRODUCTION
Scope
Key findings

ANALYSIS OF COMMODITIES SUPPLY
Increased supply risks encourage supply chain diversification
Commodity price shocks require a better understanding of supply networks
Commodity supply disruptions contribute to global inflation surge
Key factors influencing commodity supply risks
Methodology used to measure commodity supply risks

CONCENTRATION IN METALS PRODUCTION
Production of metals used in green energy transition is the most concentrated
Availability of bauxite deposits shapes aluminium supply
China’s dominance in the cobalt industry threatens battery industry's supply chains
Graphite supply heavily concentrated due to China’s dominance
Long mining project cycles prevent faster diversification of lithium supplies
Rising geopolitical risks encourage magnesium production diversification
Political risks put pressure on the global nickel supply
Factors driving concentration in the metals and mining industry
Metal supply disruptions would impact hi-tech goods, construction and automotive sectors
Metals supply problems would largely affect Asian and European countries

CONCENTRATION IN ENERGY COMMODITIES PRODUCTION
Supply of energy commodities remains diversified
Changes in demand structure led to higher supply concentration of coal
Political risks remain among the key challenges for stable oil supply
Political risks and infrastructure constraints put pressure on natural gas supply
Factors driving concentration in the energy commodities industry
Transportation and chemicals sectors face the highest energy supply risks
Countries with large chemical products industry are vulnerable to energy supply risks

CONCENTRATION IN AGRICULTURAL COMMODITIES PRODUCTION
Supply of key agricultural commodities is concentrated
Natural conditions shape the supply of palm oil
Climate change poses biggest threat to the global supply of rice
Global soybeans supply largely relies on production in Brazil and the US
Natural conditions restrict sugar cane supply diversification
War in Ukraine challenges global supply of sunflower oil
Factors driving concentration in the agricultural commodities industry
Food sector is the most sensitive to agricultural commodity supply disruptions
Low income countries with high food imports share are the most affected by supply risks

CONCLUSION
Production of commodities is forecast to remain concentrated
Steps for companies to reduce commodity supply risks

APPENDIX
Methodology of the HHI

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