

**Erasmus
Commodity &
Trade Centre**

Bulk markets, war and political disruptions

23-10-2024 Bulk Terminals Antwerp

Erasmus University Rotterdam
Making Minds Matter

The Erasmus University logo, featuring the word "Erasmus" in a white, elegant, cursive script font.

We live in a VUCA world

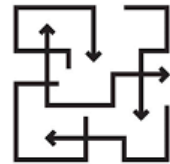
- Volatility



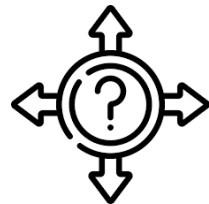
- Uncertainty



- Complexity



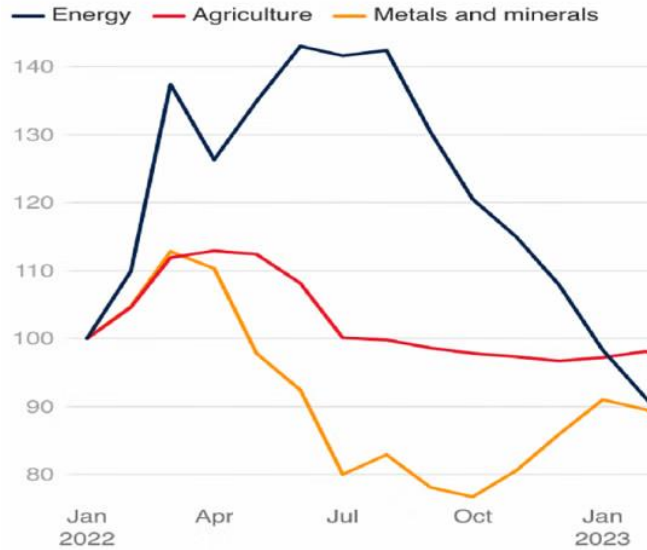
- Ambiguity



Impact of War and Geopolitics

Commodity price indexes

Index, 100 = 2010



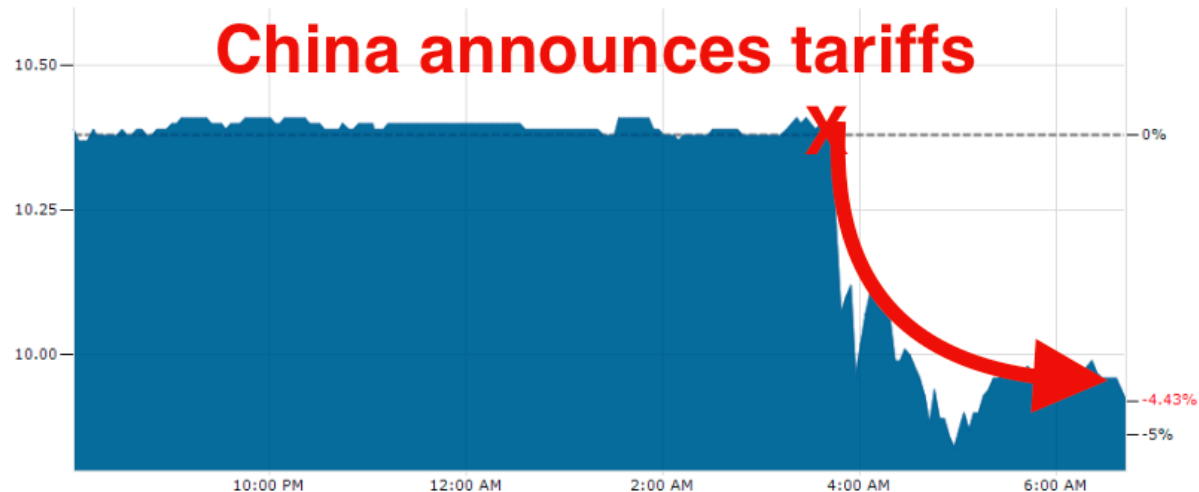
Note: Monthly data, last observation is April 2024.
Source: World Bank.

SOYBEANS PRICE COMMODITY

▼ 9.92 USD -0.46 (-4.41%) 06:42:00 AM EDT

Prev. Close	10.38	Open	10.39	Day Low	9.84	Day High	9.92	52 Week Low	9.00	52 Week High	10.71
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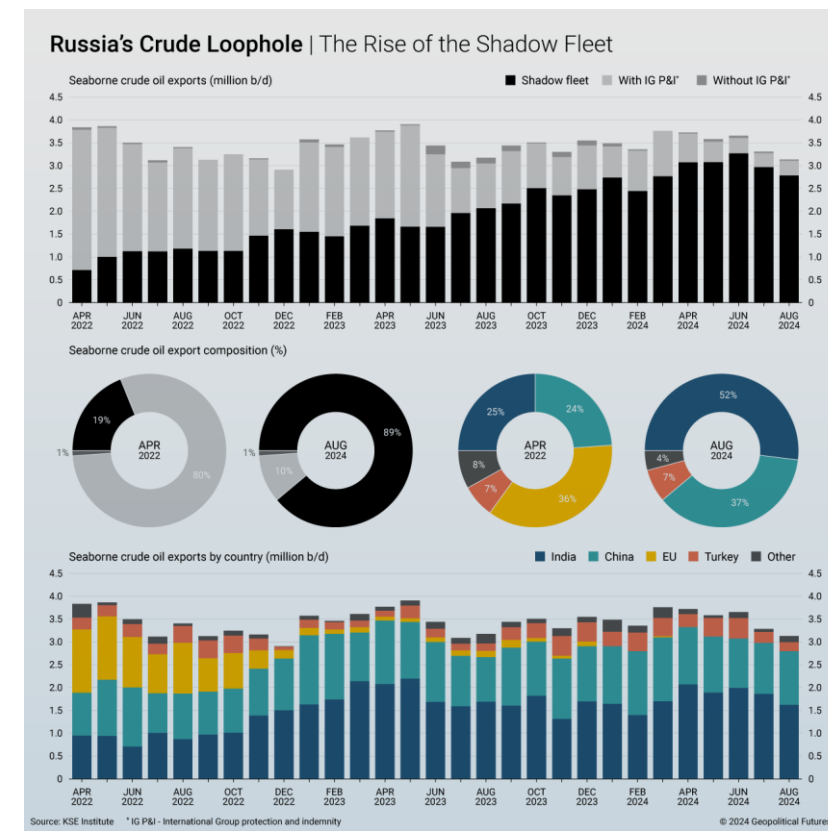
INTRADAY 1W 3M 1Y 3Y 5Y MAX SOYBEANS PRICE CHART OPTIONS



Impact of War and Geopolitics

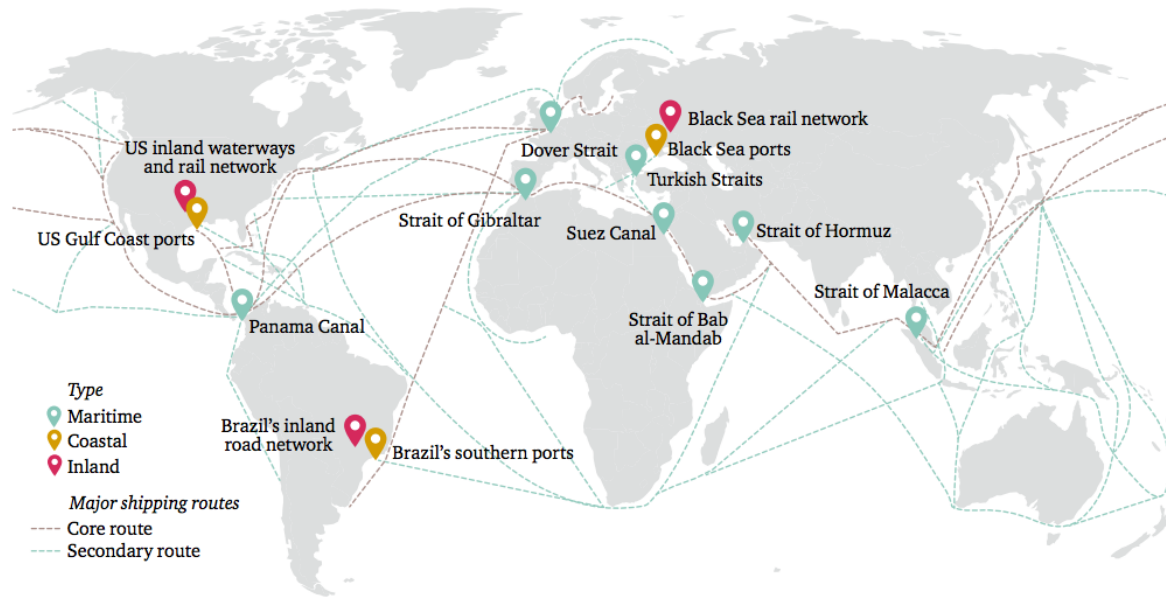


- Prices of Commodities
 - Interdependencies e.g. gas for fertilizers, iron ore for steel, diesel for agriculture,
- Substitution of compromised cargoes and impact on stowage plans
- Tariffs and Sanctions
- Lloyd's Joint War Committee and Insurance Rates
- Cyber security
- Fuel costs
- Scrutiny over flags of convenience



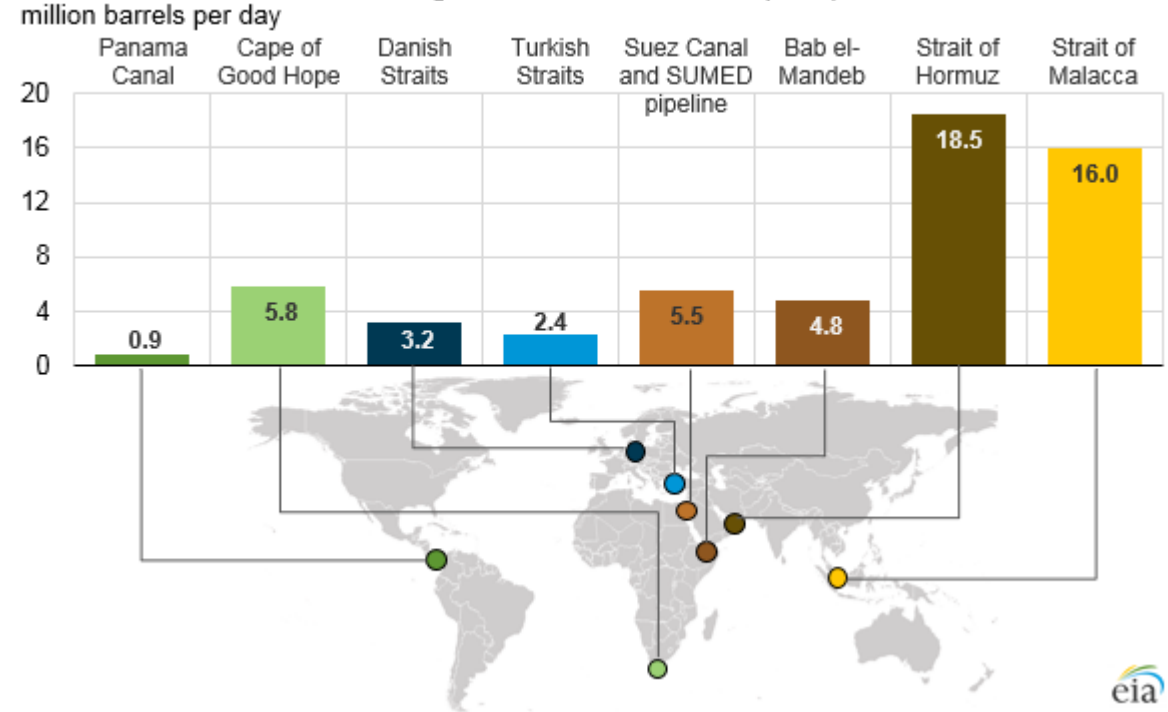
Maritime Chokepoints in International Trade

Figure 1: Maritime, coastal and inland chokepoints and major shipping routes



Source: Shipping routes adapted from Rodrigue, J.-P., Comtois, C. and Slack, B. (2017), *The Geography of Transport Systems*, New York: Routledge, <https://people.hofstra.edu/geotrans/>.

Petroleum transit volumes through select maritime routes (2016)



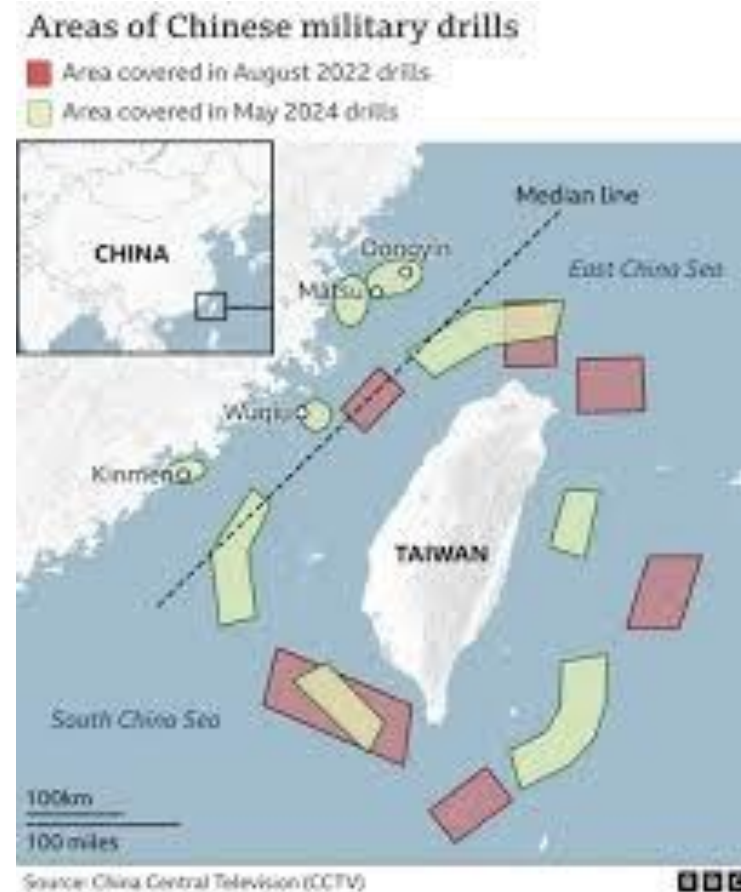
Black swans swimming in the pond right in front of you

East Asian Maritime Claims

The Pacific Rim has numerous overlapping maritime claims. As China moves to secure access to transit routes, it has pressed its longstanding claim to a “nine-dash line” encompassing territory claimed by Vietnam, the Philippines, Indonesia, Malaysia and Brunei.



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From Geopolitics to Geo-economics

- States engage in geo-economic competition through both through assisting or directing domestic private entities, or through direct action opposing foreign commercial interests
- Geoeconomics is the use of economic tools to advance geopolitical objectives (R&D, state enterprises and FDI, tariffs, cyber capabilities, interest rates etc)

"Just as in war the artillery conquers territory by fire, which the infantry can then occupy, the aim here is to conquer industries of the future by achieving technological superiority" (Lutwak, 1990)



Decarbonization and Energy transition

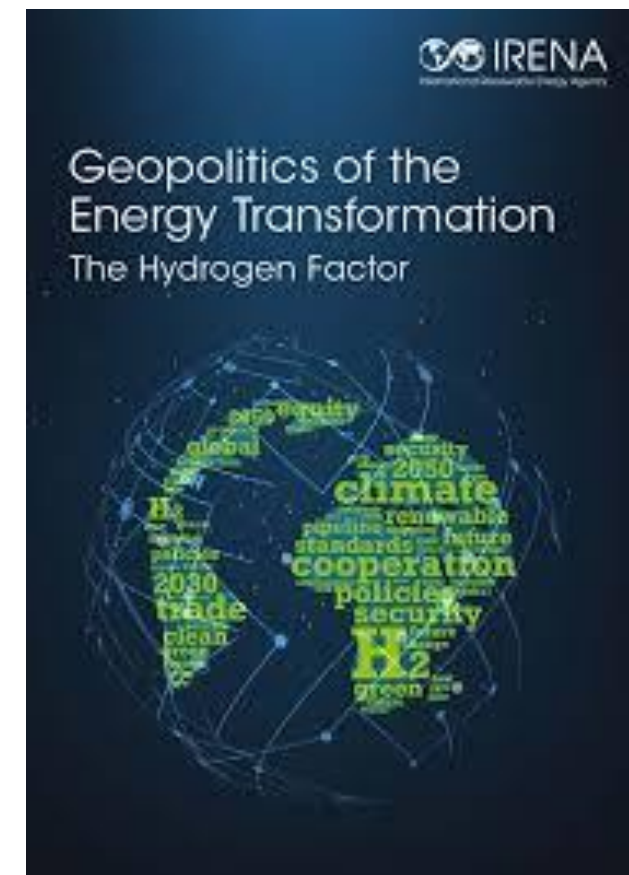
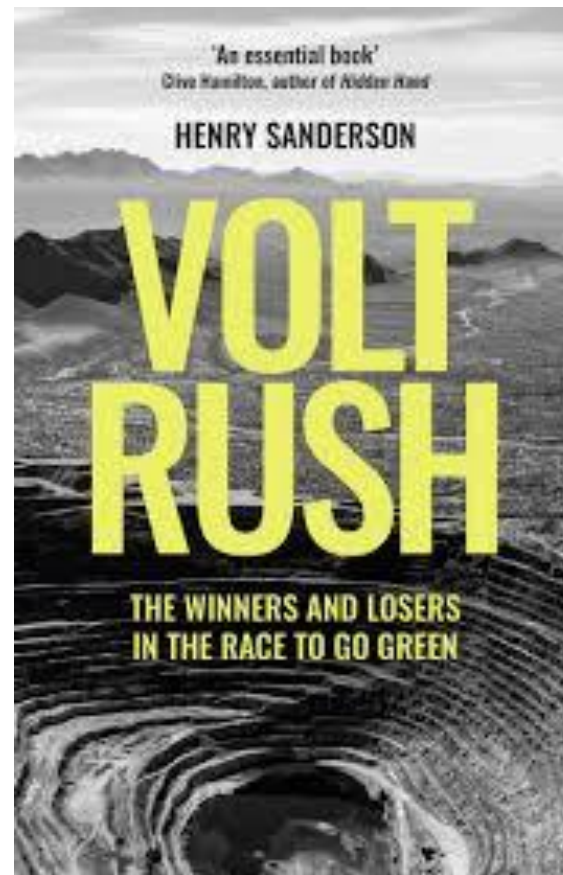
Low to zero carbon energy transition pathways

- LNG
- Biofuels
- Ammonia
- Methanol
- Batteries
- Nuclear

Carbon off- and insets

CRMs in energy transition technologies

The Trilemma: Security, Affordability and Sustainability → political problem.



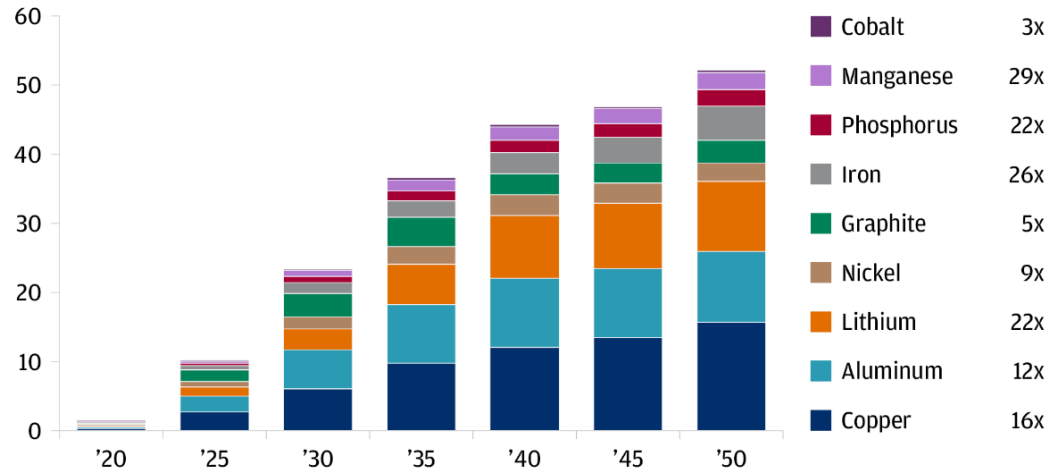
Critical Raw Materials

China plans biggest ever cobalt purchases for state reserves

Bloomberg News | May 23, 2024 | 7:57 am Battery Metals China Cobalt

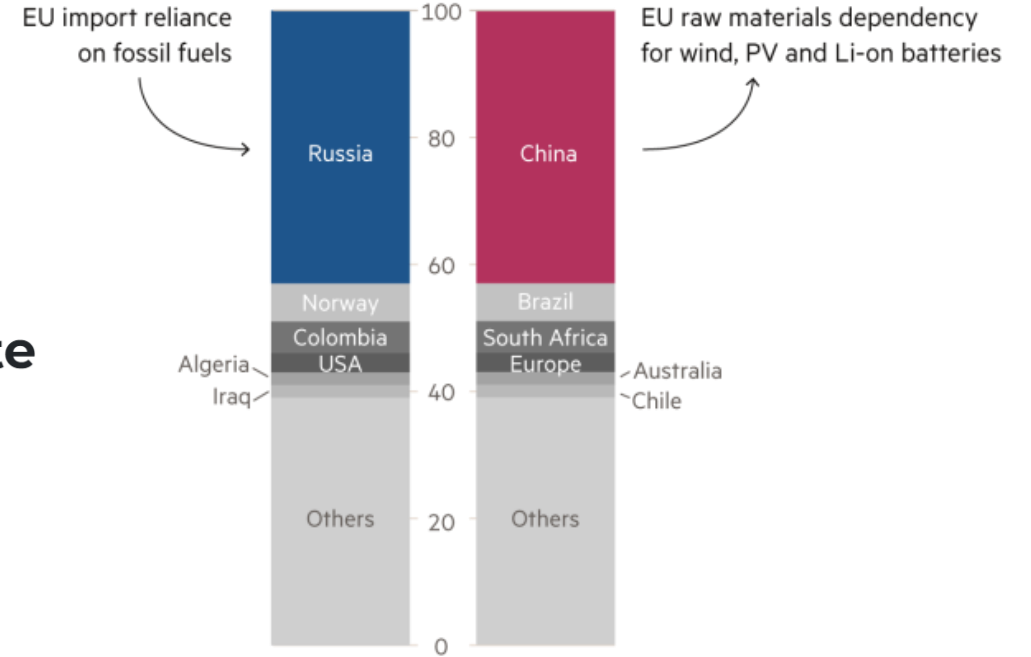
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The geopolitical shift facing the EU

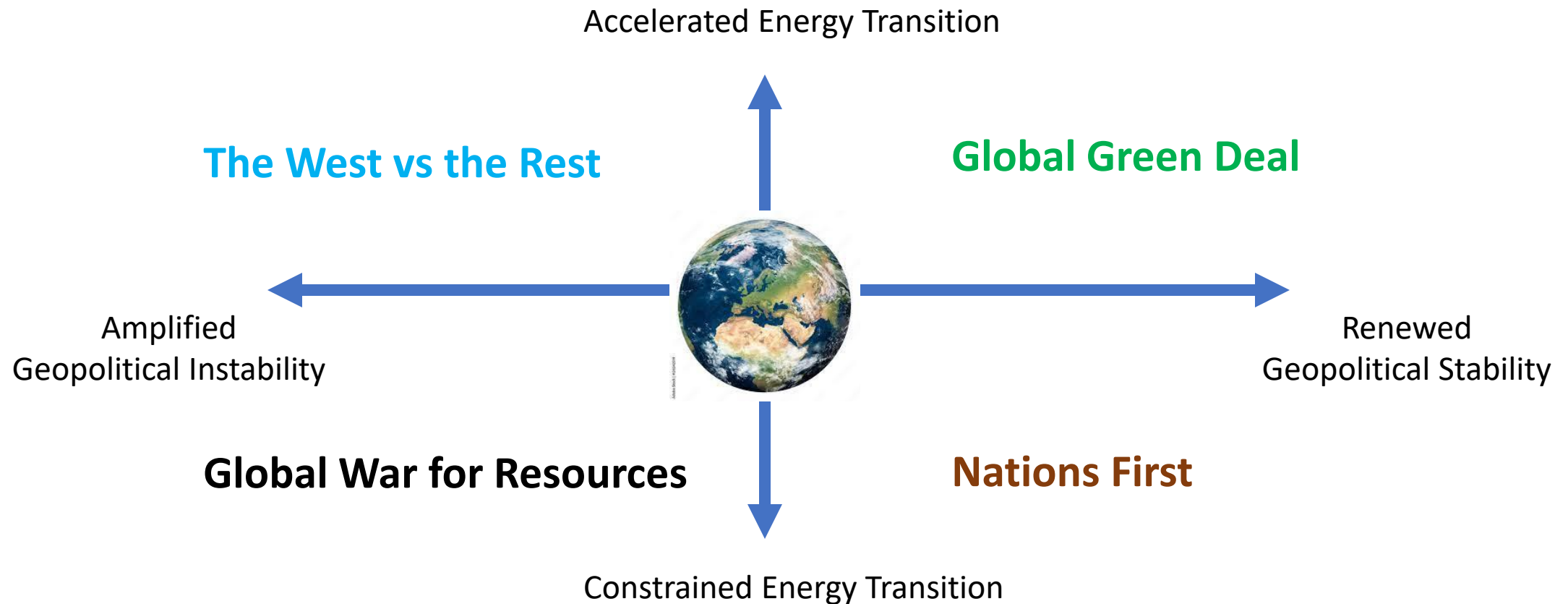
Per cent



Source: JRC Petten, Darina Blagoeva, 2017 data © FT

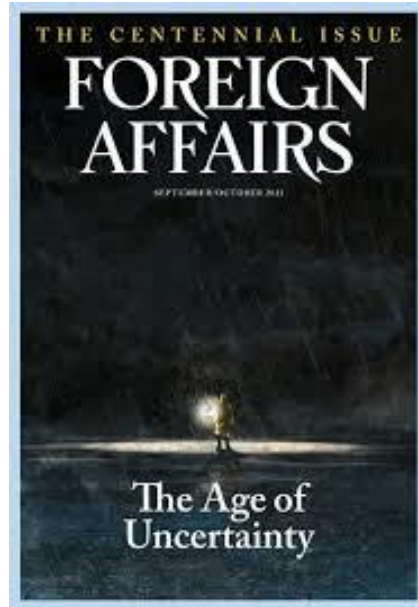


The Geopolitics of Energy Transition



Source: Jacobs, W & Widdershoven, C. (2022)

We live in a VUCA world.



THE NEXT AGE OF UNCERTAINTY

HOW THE WORLD CAN ADAPT
TO A RISKIER FUTURE

STEPHEN POLOZ

FORMER GOVERNOR OF THE BANK OF CANADA



It is all about what animal you look at!



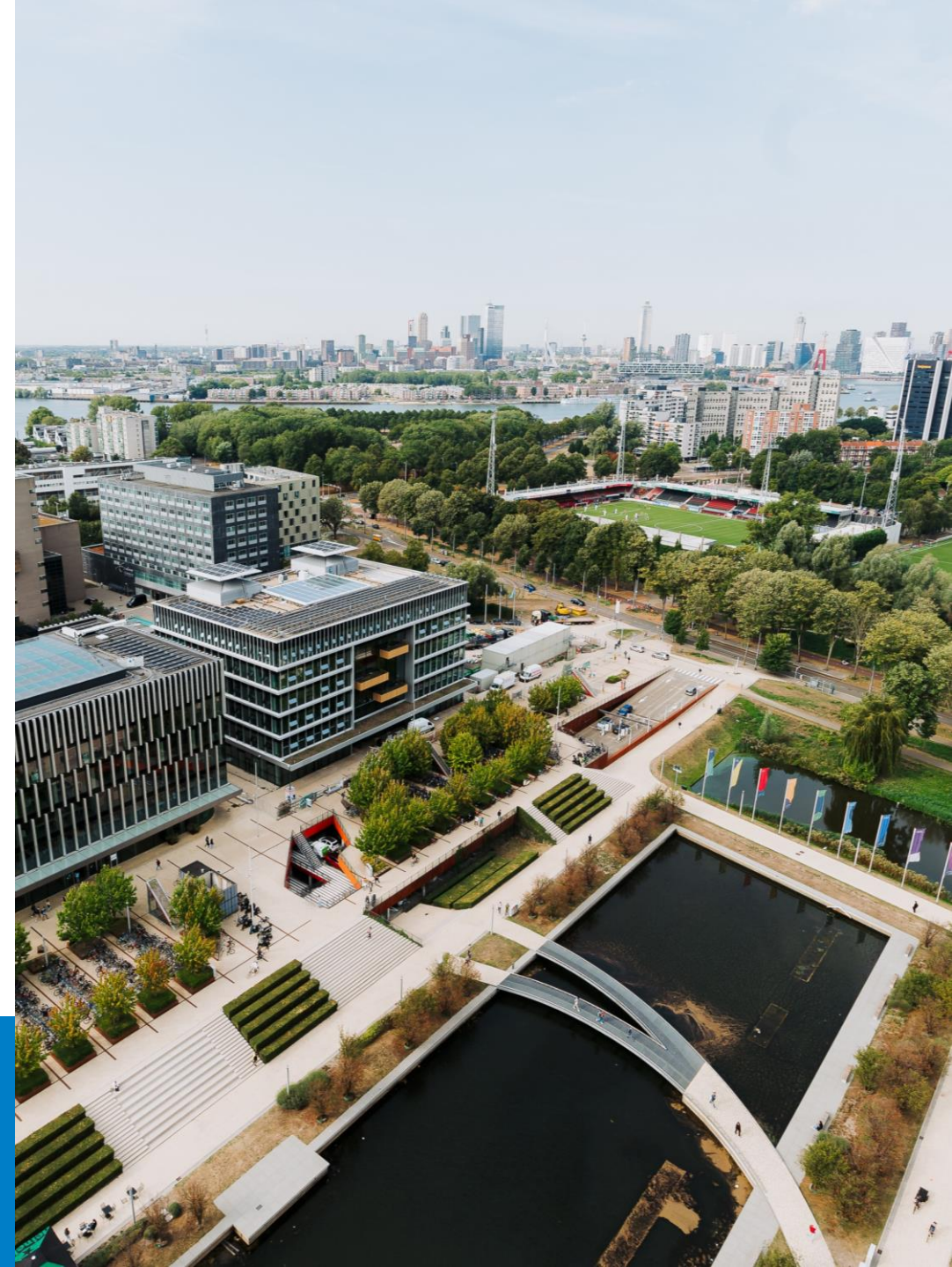
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Erasmus Commodity & Trade Centre

MISSION: Nurturing talent and ideas for tomorrow's trade.

VISION: ECTC as the globally leading university-based platform for knowledge and talent development in commodity trading, at all levels of experience and in all the major trading geographies.

1. Academic Education

2. Executive Education

3. Research

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