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Analysis of today
Assessment of tomorrow

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There will be disruptions in 2023, but some of them are coming to an end

Disruptions in world markets from previous years will continue in 2023, although there are already prospects for some of them to be significantly mitigated this year. Geopolitics continues to influence greatly supply chain stability and will remain one of the most pronounced negative trends in 2023.

The energy market remains an area of great turbulence and the search for stability will continue this year as well. After an extremely unstable 2022, caused by the Russian aggression against Ukraine, disruptions in this area have a prospect of a remedy during 2023.

This primarily refers to Europe, as the largest global buyer of Russian energy until a year ago. With energy sanctions against Russia in place, the European market has faced major disruptions over the past year.
However, with a bit of luck, due to a relatively warm winter, but increasingly because of extensive measures to introduce alternatives to Russian gas, the EU market ended the year with much more optimism.

The EU reduced its gas demand by approximately 12% in the previous year, with the reduction in the second half of the year being greater than this annual average, which heralds a trend of less gas reliance in 2023.

“The European Union has made significant progress in reducing reliance on Russian natural gas supplies, but it is not out of the danger zone yet”, said IEA Executive Director Fatih Birol.

The path to elimination of disruptions caused by Russia

Europe has moved towards the goal of zero natural gas imports from Russia, but imports will continue in 2023, which in itself will be a strong driver for disruption.

However, European economies have shown their capability to distance themselves permanently from the Russian supplier by saving, reorienting to other energy sources, and relying more on renewables, but also by turning to new suppliers.

This is a trend that will rule out Russia as a disrupti factor in the energy supply this year and the following year. This shift was quick and very expensive. Its main consequence is still high inflation in the EU and the Eurozone, as a disruptive factor that will not only affect European economies. But in the long run, eliminating Russia as a security disruption factor will pay off.

“In the short run, Europe is in a difficult predicament. But in the long run, Russia simply can’t win this energy war”, Agathe Demarais, global forecasting director at the Economist Intelligence Unit, wrote in Politico. European plans for removing disruptions caused by Russian aggression against Ukraine will have to take into account the prospect of increased demand for energy products from China, which could raise the price of energy products on the world market. The lifting of the lockdown in China will increase its economic activity, and its demand for energy products, which is expected at the beginning of 2023.

Slowing down green goals

Although disruptions in the energy market could stabilise in 2023, they will leave behind long-term disruptions with regard to implementing green goals. One of the measures to reduce gas dependence is the return or increase of the capacity to produce electricity from coal.

This negative energy transfer will make it very difficult to achieve the green goals of many countries to, for example, reduce the production of electricity from coal to zero by 2030, or to eliminate carbon emissions by 2050.
The shortage in the semiconductor market will continue in 2023, due to the growth in demand for electric cars. The forecasts are unfavourable in the long term, because the gap between demand and supply is not decreasing at a speed that would indicate stabilisation in

the short term.

“What we’re anticipating is through the end of this decade, power semiconductors could see a 14 per cent compounded annual growth rate, which means all of us will be running as fast as we can, trying to catch up with the demand,” Gregg Lowe, chief executive of Wolfspeed, a leading SiC (silicon carbide chips) substrate materials supplier told the FT.

The geopolitical tensions and disruptions they produce will make nations turn inward and become sceptical about cooperation and interdependence, evaluates KPMG in its forecast for 2023, regarding the supply chain.

“Governments and industry leaders are exploring domestic self-sufficiency in material supply and manufacturing. They are looking to build ‘friend shoring’ relationships – trade links with like-minded and most likely geographically close countries (‘nearshoring’) where the supply of goods will likely be more secure.”