

REAL LOGISTICAL ISSUES UNDER WAR SITUATIONS

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The report examines the challenges for logistics in the context of military operations in Ukraine. The author gave a succinct overview of the current logistical issues that Ukrainian companies are facing. You will be able to discover how the conflict has affected international logistics and how businesses are overcoming these challenges to keep their revenues stable.

The ongoing conflict between Russia and Ukraine has transformed into a business experiment. Freight transportation issues necessitated a swift revision and streamlining of company processes. In order to lessen the impact of the conflict on Ukraine's economy, Ukrainian businesses had to restructure their export and import logistics.

What logistical problems did Ukrainian companies face? First of all, border crossing processes, the restricted capacity of Ukrzaliznytsia (Ukrainian state – owned railway business) and EU railroads, and the lack of both road and rail border crossings caused obstacles for exporters of agricultural products. The Grain Initiative was effectively executed in 2022 despite major regulatory obstacles, an energy crisis, and frequent missile assaults. Transshipment capacity, however, need large expenditures in order to export grain from Ukraine to both EU nations and Ukraine itself.

Rejecting accumulation is the second logistical challenge. As more items are kept in warehouses, the amount of frozen funds rises. Furthermore, storing items in warehouses for an extended period of time poses a risk of loss in the case of an assault. This causes another issue, which is a reduction in the number of suppliers due to a limited selection of items.

The corporations were compelled to modify their storage arrangements with the outbreak of war. The Kyiv region is home to one of the biggest hubs in Ukraine, accounting for 70–80% of all professional warehouse space. Most businesses were forced to move their goods to the west of Ukraine, where there weren't really any warehouses this large. Fortunately, a study was carried out in late 2022 by the EBA Logistics Committee in

Ukraine. Consequently, in the aftermath of the conflict, a network of strategically located universal transport hubs was advocated for by 79% of the players involved in the transport industry in the western regions of Ukraine. This is included in the post-war Ukraine Recovery Plan that was given at the Lugano Conference in July of last year. Global experience indicates that PPP-schemes and industrial parks are the best financial instruments for completing these kinds of large-scale projects.

The obstruction of seaports, checkpoints, inspections, curfews, and a significant burden on the railway system are all equally problematic for logistics. This makes logistical operations more difficult since it necessitates preplanning backup routes due to the possibility of further attacks. Due to their close economic integration, the conflict in Ukraine and the sanctions placed on Russia have a significant impact on global commercial operations as well as European logistics. The conflict hindered trade, increased prices and product shortages, and caused severe food shortages all across the world.

Approximately five hundred companies said that they would be ceasing operations in Russia because to the conflict. The nation's car industry was negatively impacted by the mass closure of its facilities. The world's biggest shipping companies announced they would no longer be making any supplies to Russia. Conventional pathways and chains appear to be disrupted as a result. Another problem is that, in order to protect civilian airplanes, the airspace over Ukraine is restricted. The routes have changed and gotten longer as a result of this limitation. This will lead to a considerable rise in costs and dangers. The violence has affected several forms of transportation, including trucks, ships, and airplanes; as a result, 3PL and 4PL suppliers must adapt their performance.

Despite the problems, a large number of firms continue to run. Entrepreneurs sell goods they import into Ukraine, mostly from Europe and America. Even after accounting for transportation expenses, the variety, quality, and affordability of items offered by American and European manufacturers make imports lucrative.

Due to the Russian-Ukrainian war, companies began to develop cooperation and partnerships to preserve the "last mile". This notion refers to the final phase of the product's distribution from the producer to the client. The hazards are highest in this section of the supply chain. Whoever is nearer to the customer prevails. As a result, there is a growing need for PUDOs (pick up drop off), or mini-points where packages can be received

and sent. Combining cargoes to prevent sending half-empty vehicles is another instance of collaboration (LTL logistics).

Sadly, company revenues are declining nowadays, which raises the issue of cutting costs and maximizing efficiency right away. The problem of digitization is becoming more urgent as a means of controlling the online environment and looking for opportunities for efficiency. Digitizing business and logistical processes is therefore becoming more and more crucial.

Conclusion

War is a stress test for businesses; it will force weak and tiny companies to liquidate their assets and collapse. But businesses are also keeping an eye on new global markets. Ukrainian businesses are beginning to look for new markets and niches as they realize that the country's sales market is contracting. Logistics will be significantly impacted by this cross-border approach as there will be a rise in demand for international commodities transportation.

References

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