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Logistics and the Rise of the Pipeline

Logistics providers have always had to adopt a fluid and often innovative approach to the movement of goods, whether it be trying to navigate the issues posed by Covid-19 or problems caused by the world's weather or conflicts and wars.

The current war in Ukraine has highlighted the difficulty in trying to keep supply chains open and the challenges of trying to keep goods and commodities moving in and out of Ukraine and its neighbouring countries.

The Ukraine is one of the largest producers of sunflower seed oil in the world and exported that produce to 107 countries before the invasion of territory by Russia. The European market took 37% of those exports, South east Asia 29% and Asia 14%.

The oil is traditionally exported by ship, but the waters around Ukraine are heavily mined and the Russian have blockaded Ukraine's Black Sea Ports. Sunflower oils supplies across the world have been decimated as a consequence of that and the sanctions on Russia which is also a significant exporter of the oil.

It has been announced in the last few weeks that discussions are under way to explore whether it would be possible to build a 600 kilometre pipe line between Ukraine to the port of Gdansk in Poland. The discussions around this plan are likely to take some time. In 2017, Cargill successfully built a pipeline to move edible oil in India from Mumbai's Jawaharalal Nehru Port to its processing plant in Maharashtra. Prior to that the oil had been moved by a large number of road tankers.

Gas and oil are already being successfully moved by pipeline. Natural gas is moved through bi-directional pipelines between England and Belgium (the Interconnector (North Sea) pipeline and England and the Netherlands (the BBL pipeline). Looking forward, there might be potential for other products such as milk, beer, wine and olive oil to be moved in the same way rather than more traditional methods for speed, as well as environmental considerations.

