

 BRIEF

Russia-Ukraine Conflict: Supply Chain Updates

ZEROFOX INTELLIGENCE

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Scope Note

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Russia-Ukraine Conflict: Supply Chain Updates

Executive Summary

China's zero-tolerance COVID-19 policy is being implemented on the coastal cities of Shanghai and Shenzhen, meaning economic activity has come to a halt. If exceptions are not made for ports, expect far greater supply chain problems than anything caused by the Russia-Ukraine crisis, particularly for the United States. A previous partial lockdown of the port caused global supply chain issues that took two months to resolve, and this lockdown is more extreme. The Biden administration has quietly been pushing for consequential improvements to U.S. supply chains to make them more resilient to geopolitical crises, but they will take years to implement. Globally, commodities prices remain elevated, even if oil and natural gas prices drop. The impact this has on food prices will be consequential, particularly for emerging markets where food makes up the bulk of their purchases. Global social unrest in countries where food and transportation has become unaffordable is likely.

Analyst Commentary

Oil Prices

- In the third week of Russia's military escalation in Ukraine, energy prices fell. In week two, a barrel of oil went as high as USD 130; it is now around USD 100. Liquid Natural Gas (LNG) prices have also dropped after going up 300 percent in the first two weeks. This is largely due to Western sanctions, particularly from Europe, maintaining the flow of Russia energy. Speculation that Middle Eastern nations, along with others, will increase oil output also contributed to the decrease in energy prices. Lastly, suggestions that talks between Russia and Ukraine on ending the conflict have progressed have also contributed to the price decline.
 - **Impact:** Alternative supplies and western Europe not shifting off Russian energy will be reliable indicators for energy prices going forward. However, it appears to be overly optimistic to believe talks between Russia and Ukraine will result in the end of the conflict. Russia is demanding unlikely



concessions from Ukraine, like “denazifying” the country and recognizing Russian control of certain areas.

- The drop is likely temporary, and a return to week two price levels is possible if no significant announcements are made. Furthermore, if the West follows through with its threat to cut off Russian oil, the price could rise to USD 240 a barrel by April 2022. A complete embargo would likely go into effect by then, and it would leave a 4.3 million barrel per day gap in supply even if China and India continue importing from Russia at current levels. At this price point, there would likely be a global recession by the end of 2022 along with a destruction in oil prices, as those prices would only be able to be maintained for a few months before demand drops precipitously.¹
 - o **Impact:** This is an unlikely scenario as the United States is working on increasing output, and China and India will likely pick up some of the slack. A more realistic price point is USD 150 if Russian oil continues to be rejected voluntarily by the West and no new supply comes online.
- Part of the reason there are high oil prices is because the high price has not coincided with new producers. U.S. oil producers, mainly shale producers, have a higher price point than producers in places like Russia and Saudi Arabia. Those producers lost money drilling when prices were low— notably during the COVID-19 pandemic when prices were very depressed. As a result, those producers are reluctant to restart operations even when prices are high because they are concerned about a price drop. This is leading to an insufficient supply response to the much-needed demand. Without their participation, it is unlikely the oil price will go down unless the global economy becomes much less healthy.
 - o **Impact:** One avenue could be to open reserves, known as the Strategic Petroleum Reserves (SPR); however, recent examples of that have not led to major price decreases. That is because it has not been done in concert with increased production. However, the United States could reassure investors and producers of the need to restart production by promising to pay producers to refill the SPR at the current high prices. For example, the United States has led an effort to release 60 million barrels of oil—about two months of global supply. The SPR could then be refilled by producers who have been “on the sidelines.”
- The United States is considering sanctioning Russia’s state-owned atomic energy company, a major supplier of fuel to power plants around the world. This would have a similar economic impact to moving off Russian dependencies for oil and gas.
- On March 9, 2022, the U.S. House of Representatives voted to approve a ban on imports of Russian oil, natural gas, and coal products. The bill will also include “revisiting” Russia’s role in the World Trade Organization and reauthorization of the Magnitsky Act, through which sanctions against Russia for alleged human

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https://www.rigzone.com/news/oil_prices_could_hit_240_this_summer-10-mar-2022-168199-article/



rights violations are approved. According to the White House, the United States imported almost 700,000 barrels of Russian oil and refined petroleum products per day in 2021.² The UK also announced sanctions on Russian oil, with the government stating it would phase out imports by the end of 2022. Russian oil accounts for eight percent of total UK oil demand.³

Russia Threatens to Seize Assets of Firms That Leave

- Russia may seize the assets of businesses that have stopped operating in Russia over the invasion of Ukraine. Members of the ruling United Russia party proposed a plan to nationalize production plants or factories where work has been suspended that have over 25 percent foreign ownership.
- On March 14, 2022, Russian President Vladimir Putin signed into law a measure that will allow Russian airlines to possess and utilize foreign aircraft that were leased by domestic airlines. The law will effectively nationalize hundreds of foreign aircraft to stabilize the Russian air transportation industry as it faces sanctions-related bans and the withdrawal of major Western airlines. President Putin has warned that Western businesses' physical assets could be seized if they leave Russia.⁴
 - **Impact:** The move could possibly allow Russia to continue receiving some technology or products it would otherwise be cut off from. It may also convince other companies who have not yet left not to do so or convince others to reverse course. However, in the long term, it would isolate Russia from foreign investors for years to come, even if the conflict is resolved.

Russia-Ukraine Conflict Increases Food Protectionism

- Russia's military escalation in Ukraine has worsened already existing economic problems more so than created new ones. Delivering goods and overloaded ports were already a problem that will now worsen with the Black Sea area and its ports essentially off-limits—meaning ships have one less passageway and place to dock. Inflation was already bad with food, energy, and housing leading price increases for almost a year. Finally, there was already a commodity super cycle before the invasion due to under investment in agricultural production, the energy transition, and rare-earth minerals that worsened with an upsurge in demand post COVID-19. The invasion made all these problems worse.
- Food protectionism was another phenomenon that resurfaced in the post COVID-19 period. Food protectionism existed decades earlier but had hardly been used since the 1970s. Food protectionism is withholding exports to protect domestic supply and prices. Even before the invasion, Russia was limiting its wheat sales to keep prices at home low. Argentina was doing something similar for its meat, corn, and soy exports.

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<https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/08/fact-sheet-untied-states-bans-imports-of-russian-oil-liquefied-natural-gas-and-coal/>

³ <https://www.gov.uk/government/news/uk-to-phase-out-russian-oil-imports>

⁴ <https://tass.ru/ekonomika/14061267>



- **Impact:** Food protectionism does not work because these are globally traded commodities, and a limitation in supply while demand remains high will ultimately worsen the price increase. However, it does spare some short-term pain. The problem has worsened since the invasion.
- Moldova, Hungary, and Serbia have banned some grain exports, while Indonesia is tightening controls over palm oil shipments. Palm oil is a substitute for the sunflower oil produced in Russia/Ukraine, and Indonesia is the world's biggest supplier. Egypt announced a ban on exports of staples including flour, lentils, wheat, and pasta for three months. Russia formally introduced a temporary ban on grain exports to Armenia, Belarus, Kazakhstan, and Kyrgyzstan and is calling on fertilizer producers to do the same.
- Ukraine has suspended rye, barley, wheat, millet, and salt exports until the end of the year, while new rules for overseas sales of corn, buckwheat, sugar, live cattle, and meat have also been established. Before the invasion, Ukraine expected to export 60 million tons of grain from its 2021/22 harvest, including 33 million tons of corn and 23 million tons of wheat. On February 23, 2022, the day before the military invasion, Ukraine's Ministry of Agriculture announced the country had already exported 43 million tons of grains in 2021/22.⁵

United States to End Russia's Preferential Trade Status Along With G7

- On March 11, 2022, U.S. President Joe Biden called for an end of normal trade relations with Russia by downgrading their trade status from “most favored nation” (MFN). This allows for increased tariffs on Russian imports. This has immediate impacts on imports of Russian seafood, alcohol, and diamonds, but overall, the United States has limited trade exposure to Russia. Like the earlier announcement regarding a ban on Russian energy imports, the real economic impact is if it forces other nations more reliant on Russia to join in. In this case, both the European Union (EU) and Group of Seven (G7) countries will do the same. This also limits the flow of higher-end products like cars, jewelry, and certain technology to Russia.⁶
 - **Impact:** MFN status ensures that countries within the World Trade Organization (WTO) are treated similarly. Some countries in the WTO have special privileges due to their status as developing economies, but MFN is applied to almost all trade. Russia is now in the same category as Cuba and North Korea.

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<https://en.mercopress.com/2022/03/11/ukraine-suspends-exports-of-cereals-to-avoid-a-humanitarian-crisis-strong-imf-financial-support>

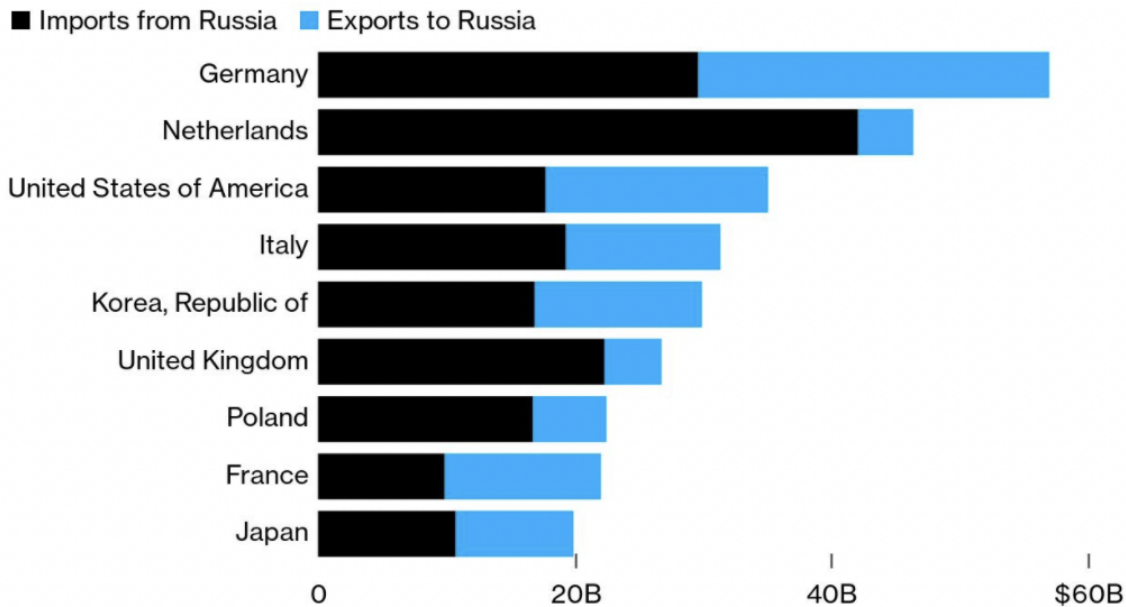
⁶

<https://apnews.com/article/russia-ukraine-biden-business-europe-european-union-97a45ede39b8582d5c184bb70134325b>



Russian Trade Exposure

EU, G-7 nations deny Russia most-favored-nation rights



Source:

<https://www.bloomberg.com/news/articles/2022-03-15/the-unprecedented-end-of-russia-s-basic-trade-rights-quicktake>

- o **Impact:** This is the latest Western measure to limit funds to Russia it needs to finance its war effort. Other measures include freezing of central bank assets, limits on exports, and sanctions against Russian oligarchs and their families. These financial tools have led to the Russian ruble losing 76 percent of its value against the U.S. dollar over the past month and potential losses of billions in revenue daily. However, the measures do little if Russia still receives revenues for energy, which has been dinged but not to the point Russia will run out of money to fund its war effort.

New EU Sanctions on Russia

- While the EU rejected calls for a total ban on Russian gas imports, it introduced the REPowerEU plan on March 9, 2022, which proposes to make the EU independent from Russian energy by 2030 and reduce the demand for Russian gas by two-thirds by the end of 2022. The plan calls for a higher minimum level of gas storage and an immediate diversification of gas imports. Negotiations with Algeria, Norway, and Azerbaijan are reportedly ongoing for urgent deliveries, while long-term prospects for LNG purchases will focus on the United States, Australia, Qatar, and other exporters.⁷

⁷ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1511



- On March 14, 2022, the EU announced new sanctions targeting Russia. The new sanctions will fully prohibit transactions with certain Russian state-owned enterprises, ban new investment in the Russian energy sector, and impose a EUR 3.3 billion import ban on steel products from Russia.
- The EU will also ban the export of luxury goods such as cars and jewelry in a move aimed at Russian elites. Companies that are active in the military sector or provide logistical support will be prohibited from dealing with Russia. Finally, the EU agreed to deny Russian products and services MFN treatment in EU markets. This comes days after the United States made the same announcement.⁸
 - **Impact:** The biggest financial impact is likely related to steel, where prices in Europe reached a record high over the news. Russia is responsible for exporting about one fifth of European steel. Expect the price to remain high, but there are alternatives from across the globe. China is the biggest consumer given its massive infrastructure projects worldwide and would be the most obvious candidate to consume steel intended for Europe. Australia has also been shut off from the Chinese market for geopolitical reasons and could instead ship to Europe. Logistically, these are not optimal outcomes but could ease price pressures.

EU Summit on Ukraine and Energy Independence on March 10 and 11, 2022

- On March 10 and 11, 2022, EU leaders held a summit in Versailles near Paris. The conference was dominated by Ukraine, with EU leaders promising more sanctions against Russia and greater military and financial support for Ukraine. However, the prospect of early Ukrainian membership into the EU was largely rejected. The EU also debated speeding up its energy transition away from fossil fuels, given its dependence on Russia. Early details indicate the EU wants to end its dependence on Russian energy before 2023, which would require spending on a level not seen since World War II. The details include fossil fuel sourcing from elsewhere, mainly the United States, Middle East, and Northern Europe; rationing energy; and greater spending on renewables. For fossil fuels alone the EU needs an additional 40 million tons from elsewhere per year. The plan already seems ambitious, with Italy calling for a transition by 2025 while also rapidly approving new wind farms. Similar large-scale investments are expected quickly, but early talk of ending Russian energy dependence by 2023 shifted during the summit to 2027.⁹
 - **Impact:** Substituting natural gas is the most problematic of the Russian energy sources because it is delivered via purpose-built pipelines directly

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<https://www.brusselstimes.com/eu-affairs/210737/eu-to-hit-russia-with-fourth-set-of-sanctions>

⁹

<https://www.rfi.fr/en/france/20220310-ukraine-and-russia-overshadow-eu-leaders-gathering-in-versailles>



from the source. Transporting it by ship is possible but less convenient. Also, the EU does produce coal, which can replace gas but is even more environmentally problematic. As a result, natural gas prices have been rising even higher than oil. At one point, European natural gas prices hit an all-time high of EUR 345 per MGH before dropping back to 150. If the EU does move in earnest to replace gas this year, the peak in LNG would come when Europe begins stockpiling for winter in September 2022. At that point, prices could be EUR 450—which is 300 percent higher than the current high price.

Economic Impacts on Russia

- Western sanctions during the first three weeks of Russia's invasion of Ukraine have seen the ruble lose 75 percent of its value, a host of Western business end operations, and inflation that is expected to escalate sharply in the coming weeks. Russia's economy is expected to crash 15-30 percent in 2022 based on sustained Western sanctions. This would see Russia's GDP drop to 2007 levels in a matter of weeks.



Source: <https://twitter.com/RobinBrooksIIF/status/1501655620105166852>



- These impacts have arisen despite Russia spending years building its economy to withstand Western sanctions based on low debt; government control of most of the banking system and energy system; and a central bank able to intervene and prop up the currency and banks even when it makes little economic sense to do so.
- Russia's government plays a vital role in its economy, which allows the government to directly profit from oil and gas sales—funds they can still use to pay government salaries. The current economic situation also allows Russia to profit in some ways. While a weak ruble is largely a negative, if Russia's energy sales remain intact, it can be a positive. Energy is priced in U.S. dollars, and Russia gets more rubles for its dollar now when it sells energy. The rubles cover far less of everyday purchases but paying salaries will not be a problem.
- Iran has used a similar model to help it avoid complete financial collapse despite decades of sanctions. This gives Westerners another huge reason to wean themselves off Russian energy, which Europe has been unable to do for decades.
- When the government borrows, its creditors are mostly domestic banks—not foreign investors who could abandon it in a crisis. The government announced support this week for large companies deemed crucial to the economy.
- The central bank has stepped in to bolster the ruble and the banking system—restricting withdrawals in foreign currency and keeping the stock market closed for nearly two weeks. The government also has announced measures to restrict foreign investors from fleeing.
 - o **Impact:** While such restrictions shore up the financial system against complete collapse, they also close off the economy to trade and investment that could fuel growth. This will ultimately be bad for Russian business, as many are struggling and may need money to pay bills, staff, etc. The options would either be a loan or the stock market. However, the stock market is closed, and any interest on a loan is now 20 percent. This scenario will apply to countless Russian businesses in the coming weeks.¹⁰

Russia Bans Some Exports

- On March 10, 2022, the Russian government banned exports of telecom, medical, auto, agricultural, electrical and tech equipment, and some forestry products until the end of 2022 in retaliation for Western sanctions. In total, 200 products were banned—but not the sale of energy and raw materials. This will not be impactful, as Russia refrained from banning its most vital exports such as oil and gas, which generate more than half their revenues. They also refrained from banning other commodities like nickel and palladium, which provide higher revenues than the banned items.
 - o **Impact:** An export ban more likely hurts Russia than it does the West. Russia is a big enough commodities exporter that a cut-off will cause short-term

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<https://apnews.com/article/russia-ukraine-business-europe-global-trade-economy-cd99ba45b1e36bb2ab80574eeaa69e4c>



economic pain in the form of lowering growth in those countries. Germany, for example, may see economic growth slow by as much as two percent; however, the West can diversify their imports from other places for commodities like palladium, noble gasses, fertilizer, oil, and gas.

- o Russia, on the other hand, needs imports for its industry to function. Chips and the like are under embargo, and Russia cannot produce them. It is likely that the jobs that heavily rely on imports and exports cannot be replaced with government subsidies—especially now that the government is likely facing major budget cuts and the central bank might default. Any private investor in Russia looking to start their own production will need a loan; rates are now 20 percent, making private investment cost prohibitive as well.

Impacts on Food Production in Ukraine and Russia

- Both Ukraine and Russia are global powerhouses in grains and oilseeds, as well as being large consumer markets for food products. Therefore, companies across the food supply chain will experience effects from the conflict.

		Wheat		Corn		Barley		Sunflower oil	
Russia									
Total exports (2020, US\$m)		7,918		395		899		2,472	
Top three destinations (% share)									
	Egypt	23	Turkey	29	Saudi Arabia	57	China	23	
	Turkey	21	Viet Nam	23	Jordan	8	Turkey	18	
	Bangladesh	5	Rep. of Korea	12	Turkey	8	India	13	
Ukraine									
Total exports (2020, US\$m)		3,594		4,885		878		4,703	
Top three destinations (% share)									
	Egypt	17	EU	30	China	54	India	31	
	Indonesia	15	China	28	Saudi Arabia	13	EU	30	
	Bangladesh	8	Egypt	10	Libya	8	China	20	

Source:

<https://think.ing.com/articles/the-impact-of-the-war-in-ukraine-on-food-agri-has-only-just-started-to-unravel>

- o **Impact:** A further rise in grain, vegetable oil, and fertilizer prices will lead to more cost inflation in food supply chains. The impact of higher prices will mainly be felt by companies in the feed industry, the baking industry, brewers, and producers of vegetable oils and spreads due to their heavy reliance on grains and oilseeds. Companies do not have many options other than to pay higher prices and try to pass them on to their customers. Passing on costs will be necessary given the narrow margins in the sector, but it can be difficult. Food companies have already been passing on food price



increases since the spring of 2021, and overall inflation is already hurting consumers. In some cases, companies will look to substitute palm oil instead of sunflower oil to keep up production.

- o **Impact:** For foreign food manufacturers and traders with operations in Russia, these companies are facing the impact of sanctions and a worsening economic situation. There is increased demand for products sourced from or produced in Russia because food imports have decreased. Many international food companies in Ukraine have temporarily closed their operations, while some have also suspended exports to Russia. If the security situation allows it, there will be pressure to reopen facilities in Ukraine to meet domestic demand. Companies will have to decide whether to keep operating in the region, decrease operations, or leave the market entirely.
- Logistical difficulties are a key challenge for many food companies trading with Ukraine and Russia because of the closure of Ukrainian ports and the security situation on the Black Sea. Although food products are excluded from the financial sanctions, importers and exporters can still experience difficulties with settling payments in case their trade partners work with sanctioned Russian banks.
 - o **Impact:** Disruption in shipments of food products leads to supply issues across different regions, with governments likely to intervene in markets to secure domestic food supplies. Food protectionism is an example of this.
 - o **Impact:** Importers of agricultural commodities will look for alternative markets to source their grains and vegetable oils. Exporters will be looking for ways to continue trading, but, due to the difficulties, products destined for Russia and Ukraine will be diverted to other markets. This can lead to excess supply elsewhere. Over time, exporters will decrease their exposure to the region.
 - o **Impact:** It also leads to more demand and higher prices for grains and vegetable oils from other regions. For example, Asian palm oil producers and suppliers and Australian wheat producers and suppliers are experiencing additional demand. Most alternative producers around the world will likely try to increase production and make up for the drop in supply, but supply in other regions cannot go up instantly.
 - o **Impact:** The high costs of fertilizer and lack of supply also represent a risk for producers on crop production.

Ukraine Isolation Threatens Semiconductors

- The world has been experiencing a shortage and delay in receiving semiconductors—the vital chips used in cars and technology—since the pandemic. This has resulted in a slowdown in car production and delays and price hikes on smart phones and laptops. This is mainly due to the overreliance on Taiwan for advanced semiconductor production. The issue could worsen even more; Ukraine produces about half the world's supply of neon, which is needed for the chips. Some 45-55 percent of the world's semiconductor-grade neon comes from two Ukrainian companies, Ingas and Cryoin, which have



halted their operations. Before the invasion, Ingas produced 15,000 to 20,000 cubic meters of neon per month for customers in Taiwan, Korea, China, the United States, and Germany, with about 75 percent going to the chip industry. It is unclear how much is stockpiled, but the longer the invasion goes on the more limited semiconductor production will be. Companies elsewhere could initiate neon production, but it would take nine months to two years to ramp up.¹¹

Russia Rejecting Some Imports Over Devalued Ruble

- Exporters reliant on Russian purchases are also struggling with Russian importers increasingly rejecting offers due to the devalued ruble currency. The crux of the issue is that Russia can no longer afford to accept imports. In some instances, the shipment already went out and exporters are left trying to find alternative customers in the vicinity.¹²
- Other companies exporting to Ukraine have also had to cancel shipments after major shipping lines Maersk, Hapag Lloyd, MSC, and CMA CGM announced they would no longer operate in Black Sea ports and are suspending all types of standby bookings to and from Russia, including the Baltic, Black Sea, and Russian Far East.
 - **Impact:** If exporters cannot find an alternative port, they are required to return home. This has the potential to decimate entire industries.

Latin America Calls for Fertilizer to be Excluded from Russia Ban

- Latin American nations are calling for regional trade bodies to exclude fertilizers from the list of sanctions on Russia.
- Many LATAM nations, led by Brazil and Argentina, are agricultural powerhouses. Brazil is the world's top importer of fertilizers, which are needed for high yields of food production. Brazil relies on imports for 85 percent of the fertilizer it needs for crops; over one-fifth of its imports, totaling 9 million tons in 2021, came from Russia.
- Even before the war in Ukraine, the global supply of fertilizers, especially potash, was already being curtailed after the United States sanctioned Belarus, another major producer.¹³
 - **Impact:** LATAM nations are looking to alternative suppliers, mainly in Canada. While Russia is Brazil's main supplier of the NPK fertilizer

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<https://www.reuters.com/technology/exclusive-ukraine-halts-half-worlds-neon-output-chips-clouding-outlook-2022-03-11/>

¹²

<https://en.mercopress.com/2022/03/14/argentine-fisheries-industry-exports-hit-by-the-russia-ukraine-war>

¹³

<https://en.mercopress.com/2022/03/15/mercosur-and-associate-members-want-fertilizers-off-russia-s-sanctions-list>



mixture of nitrogen, phosphorus, and potassium, Canada is Brazil's main source of potash used to raise crop yields.

- **Impact:** Alternative suppliers are necessary, especially as the private sector will assess the risk of making investments considering the possibility of the market shifting back to Eastern Europe. If the conflict resolved soon, it could flatten potash prices and reintroduce exporting countries.

Russia-Ukraine Crisis Impacts on Japan

Japan: Several Major Japanese Companies Shut Down Operations in Russia

- On March 10, 2022, several international Japanese companies such as Marugame Seimen, Hitachi, Nintendo, and others also planned to shut down their operations in Russia. Tridor Holdings, which operates Marugame Seimen, has decided to suspend operations at seven of its stores in Russia. The company claims that this is due to difficulties in procuring foodstuffs due to disruptions in the supply network. Hitachi, Ltd. will sequentially shut down operations, with the exception of power facilities that are essential for daily life.
- Sony Interactive Entertainment and Nintendo have suspended shipments of PlayStation and Nintendo-Switch game consoles and software downloads, respectively, while Shiseido and Seiko Epson have also announced they have suspended product shipments and other operations.
- Fast Retailing, which operates the UNIQLO chain of stores, announced it would temporarily halt operations in Russia. UNIQLO operates 50 stores in Russia.

Japan: Decision to Ban Exports to Russia of 57 New Items, Including Semiconductors

- On March 12, 2022, the government banned exports of 57 selected items to Russia, including semiconductors, starting on March 18, 2022. The new ban on exports covers items that have the potential for military use, including semiconductors, radar, communications equipment, and software.

Japan Request Middle East Oil Companies Increase Production

- On March 13, 2022, Prime Minister Kishida of the Liberal Democratic Party in Tokyo requested that Middle East oil producers increase their production to lower oil prices that have been caused by the Russia-Ukraine conflict.
 - **Impact:** Additionally, Kishida noted that the government will provide subsidies to oil distributors to avoid Japan's average gas prices rising above 172 yen per liter. Unlike the United States and some areas of Europe, Kishida made it clear that Japan will not impose sanctions against Russia's energy sector due to the need to protect Japan's interests in ensuring steady energy supplies.

Japan: Government to Raise Selling Price of Imported Wheat Starting in April 2022

- On March 9, 2022, the Japanese government announced it will raise the average price of imported wheat delivered to flour millers by 17.3 percent due to supply



shortages. The government imports wheat and sells it to flour millers, and the price is reviewed every six months.

- The price increase was largely due to poor harvests caused by unseasonable weather in the United States and Canada. Although Japan does not import wheat from Russia, supply concerns due to the worsening situation in Ukraine have also had an impact. The Ministry of Agriculture, Forestry, and Fisheries estimates that the impact on households will be a price increase of 2.6 yen per loaf of bread.

Appendix: Traffic-Light Protocol for Information Dissemination

Color	When Should It Be Used?	How May It Be Shared?
RED	Sources may use TLP: RED when information cannot be effectively acted upon by additional parties and could lead to impacts on a party's privacy, reputation, or operations if misused.	Recipients may not share TLP: RED with any parties outside of the specific exchange, meeting, or conversation in which it is originally disclosed.
AMBER	Sources may use the TLP: AMBER when information requires support to be effectively acted upon but carries risks to privacy, reputation, or operations if shared outside of the organizations involved.	Recipients may only share TLP: AMBER information with members of their own organization and only as widely as necessary to act on that information.
GREEN	Sources may use TLP: GREEN when information is useful for the awareness of all participating organizations, as well as with peers within the broader community or sector.	Recipients may share TLP: GREEN information with peers and partner organizations within their sector or community but not via publicly accessible channels.
WHITE	Sources may use TLP: WHITE when information carries minimal or no risk of misuse in accordance with applicable rules and procedures for public release.	TLP: WHITE information may be distributed without restriction, subject to copyright controls.