

# ISSA and Ship Supply News

## Major Dutch ship supplier NeKo Ship Supply B.V. highlights eye-watering commodities' price increases



**Eric Bezemer, Commercial Director of NeKo, believes a “perfect storm” of events has significantly impacted basic commodities’ prices**

**M**ajor Dutch ship supplier and long-time ISSA Member, NeKo Ship Supply B.V., is keen to flag up the significant price increases in basic commodities.

Commercial Director Eric Bezemer – who recently joined the Board of the Dutch Ship Suppliers Association – believes it is high time to give a clarion call to the ship supply industry and would welcome input from ISSA Members also suffering from the pricing hit to their bottom lines.

The Ship Supplier caught up with Mr Bezemer and asked him what were the key factors that have caused this massive hike in prices of basic commodities.

“We have, if you like, a perfect storm here. Five key factors have impacted the rise in prices:

- Significant increase in freight rates (particularly from the Far East and Middle East to Europe)
- The lingering impact of Covid-19 where it is often the case we can still not visit ships
- The wider geo-political realities now prevalent
- An inflation figure now higher than at any time since World War 2
- And the environment

“All these factors have led to the significantly higher cost of importing these basic commodities. Add to the mix the increase in interest rates and because of the business model of big contracts at fixed prices, ship suppliers will soon find their operations unsustainable.”

To give an idea of just how dramatic the price rises have been – and seem set to continue to be – Mr Bezemer cited the UN’s Food & Agriculture World Food Situation Report.

Covering meat, dairy, cereals, vegetable oils and sugar the extrapolated figures produce the latest Food Price

Index that shows a steady increase in the Index from 122.1 in April 2021 to 158.5 in April 2022. There was a broader spike in prices of these basic commodities in March and April 2021.

Mr Bezemer believes this upward trend will continue.

Whilst his focus is on the basic commodities detailed earlier he also counsels caution when it comes to “fresh steel” products and recommends ship suppliers maintain vigilance of the spot steel market – particularly in Asia.

Other contributory factors to this “perfect storm” of escalating prices world-wide include port disruption – particularly in Asia – leading to a scarcity of products and the recent phenomenon of labour problems.

Turning to this latest blow to the industry, Mr Bezemer highlighted his own experience of the labour market in the Netherlands where there are for every 100,000 unemployed workers 130,000 vacancies. In addition sub-contractors are presently operating a three days delivery service for items that need to be specially made instead of one day.

The economic impact of this aspect of the crisis – for crisis it is – will include higher wages and “signing bonuses” to attract the necessary staff to operate the business.

Mr Bezemer: “We ourselves operate in a hugely competitive market here in Rotterdam. The port is and always has been competitive. At NeKo we rise to the challenge and I am glad to report that after more than 20 years we continue to flourish and prosper and are stronger than ever.

“However I want to issue this call to industry colleagues: let us together try and work out a mutually acceptable way to cope with this major problem and its constituent parts to the benefit of ourselves and our customers alike.”

The word on the street is that with many ship owners benefiting from unprecedented levels of freight rates there is room for negotiation to soften the blow of these massive hikes in commodities prices along with the other contributory factors worrying ship suppliers at the moment.

When asked about his fears for the future, Mr Bezemer countered: “Fear of the future is not helpful. That is why I believe we can overcome this economic perfect storm as I call it if colleagues come together and tackle the problems with the support and understanding of our customers.” ♦

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