

# Quarterly Report

2<sup>nd</sup> Quarter 2026

## European Supply Chain Risk Indicator (ESCRI)

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# Middle East Tensions drive new Supply Chain Risks in Europe as ESCRI rises slightly from 70.31 to 71.15



The European Supply Chain Indicator for Q2 2026 shows only a slight overall increase in total risk exposure, but at the same time substantial shifts within the ten risk categories.

The main driver of these changes is the escalation of geopolitical tensions, especially the war involving Iran and the wider Middle East.

Transportation risk recorded the sharpest increase, driven above all by concerns about the Strait of Hormuz, unstable shipping routes, fuel price volatility and lower planning reliability across road, sea, and intermodal networks. Economic risk also rose further. Rising energy costs remain the most visible pressure factor, but the more critical concern for supply chain managers is the growing uncertainty regarding the actual availability of oil and gas.

Supplier risk intensified significantly as procurement costs, lead times and delivery reliability deteriorated further. Government intervention risk remains elevated due to expanding compliance and due diligence requirements, particularly in connection with the EUDR, the Supply Chain Act (CSDDD) and broader EU reporting obligations like the digital product passport.

Customer and demand risk declined only marginally, as demand remains difficult to forecast in an environment shaped by geopolitical shocks, changing cost structures and weak economic growth. Cybersecurity and data risk moved somewhat into the background compared with other developments, although cyberattacks continue to increase; nevertheless, previous investments in cybersecurity appear to be supporting resilience.

Technological and competitive risk eased slightly as first practical AI applications are moving from experimentation into implementation. Operational risk remains under pressure due to labour shortages and internal structural weaknesses. Environmental and Quality risk show the smallest increase of all categories.

Overall resilience in European supply chains is improving, as companies respond to external disruptions with well-considered measures and strategic action, making Supply Chain Resilience more than ever a core responsibility of top management.

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## TOP 4 – Supply Chain Risks

Our SCM-Experts across Europe compared ten different risks to see which ones are the most serious right now. They didn't worry about the past or future; they just ranked them by importance. This results in the four biggest Supply Chain challenges we are facing today.

1. **Transportation Disruption Risk**
2. **Economic Risk**
3. **Government Intervention Risk**
4. **Supplier Risk**

## ESCRI – Supply Chain Risk Development

The ESCRI Indicator does not show an absolute level of risk but rather the perceived change in risk. The Risk Indicator shows, on a scale of 0 to 100, whether overall risks are decreasing, remaining the same, or increasing. A value below 49 indicates decreasing risk, 50 represents no change, and values above 51 indicate increasing risk. The further the value is from 50, the greater the perceived change in risk.

| Rank.                     | Risk Type                         | Risk Index   | Trend    |
|---------------------------|-----------------------------------|--------------|----------|
| 01                        | Transportation Disruption Risk    | 85,19        | ↑        |
| 02                        | Economic Risk                     | 80,84        | ↑        |
| 03                        | Supplier Risk                     | 79,63        | ↑        |
| 04                        | Government Intervention Risk      | 79,17        | ↑        |
| 05                        | Customer Risk                     | 72,22        | ↓        |
| 06                        | Cybersecurity and Data Risk       | 70,83        | ↓        |
| 07                        | Technological or Competitive Risk | 64,81        | ↓        |
| 08                        | Operational Risk                  | 62,96        | ↑        |
| 09                        | Environmental Risk                | 57,94        | ↓        |
| 10                        | Quality Risk                      | 57,87        | ↑        |
| <b>Average Risk Index</b> |                                   | <b>71,15</b> | <b>↑</b> |

# 01 Transportation Disruption Risk

**85.19**

*very sharp increase*

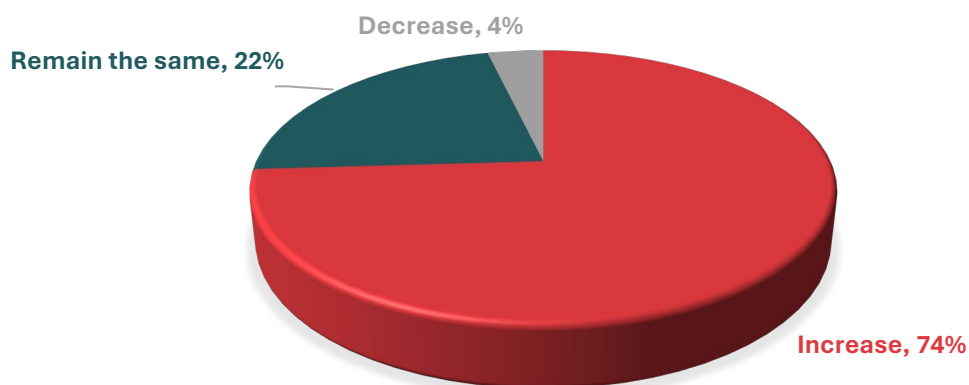
Transportation disruption risk in European supply chains increased very sharply in the second quarter of 2026 because several structural weaknesses were reinforced by a new geopolitical shock.

The most important trigger is the escalation risk around Iran and the wider Middle East, including concerns about the Strait of Hormuz. This has increased oil and fuel price volatility, raised transport surcharges, and created uncertainty around shipping schedules, route availability, and access to the Gulf region. As a result, sea freight, road transport and intermodal flows are all facing higher cost pressure and lower planning reliability.

At the same time, European inland transport remains under severe strain. Driver shortages continue to limit available road capacity, while persistent labour market constraints reduce operational flexibility across logistics networks. Rail transport is additionally affected by extensive infrastructure works, especially on major German corridors, which are causing delays, lower punctuality, and rising costs.

These disruptions also increase the risk of delivery deviations, cargo losses, and short-term replanning. Demand imbalances are intensifying the situation in specific markets. In Greece, for example, stronger road import demand since September has reduced truck availability and pushed up freight rates for both import and export flows.

## TRANSPORTATION DISRUPTION RISK, 85.19



# 02 Economic Risk

**80.84**

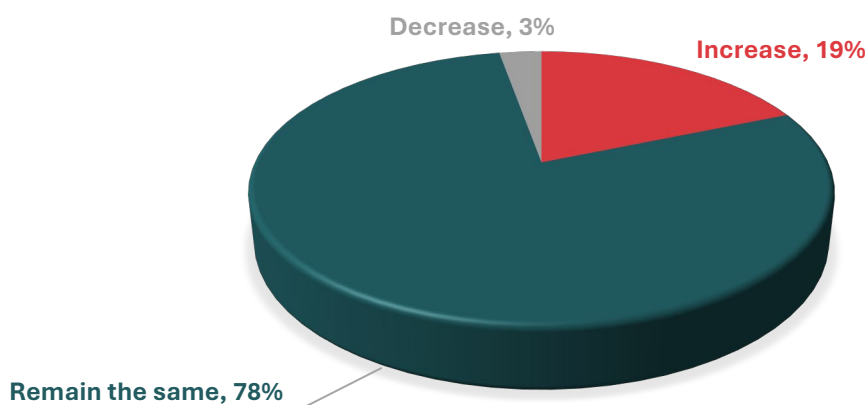
*very sharp increase*

In the second quarter of 2026, economic risk in European supply chains increases slightly from 80.49 to 80.84, reflecting a modest but clear intensification of pressure across several interconnected risk areas. The latest survey results show that the increase is driven less by a broad deterioration of all economic conditions than by the growing weight of a few particularly influential factors. Rising energy costs are by far the most prominent concern and remain the main reason for higher risk exposure. They continue to raise transport, warehousing and production costs, while also undermining the cost position of European industry. In addition, the risk profile has shifted from pure cost pressure toward a stronger concern about energy security, as respondents now also mention energy disruption and possible constraints in oil and gas availability.

Demand-side uncertainty has likewise become more visible. References to sudden demand shocks and uncertain demand linked to delivery times and cost increases indicate that planning reliability remains weak and that supply chains continue to face unstable market conditions.

Geopolitical disruption risks have also gained relevance. Mentions of wars, border closures and border delays point to a heightened perception of cross-border instability, with direct consequences for lead times, routing flexibility and inventory needs. Commodity price volatility remains a relevant factor, but it appears less central than energy-related risks.

## ECONOMIC RISK, 80.84



# 03 Supplier Risk

79.63

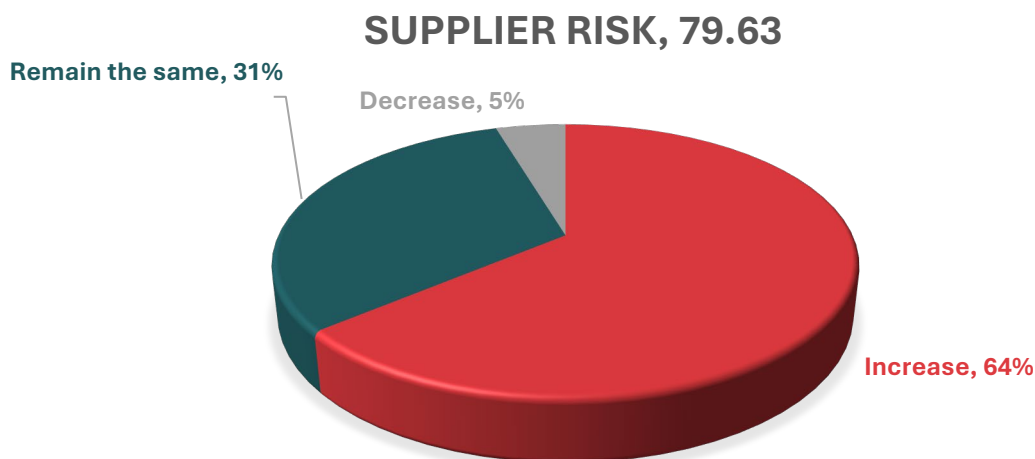
*sharp increase*

Supplier risk in European supply chains increased very sharply in the second quarter of 2026 because several structural vulnerabilities were intensified at the same time by geopolitical escalation, market volatility and supplier-side adjustments.

The most important trigger is the conflict around Iran and the wider Middle East, including uncertainty around the Strait of Hormuz. This has raised energy and fuel prices, disrupted feedstock availability and increased volatility for oil-based raw materials, polymers, and transport-dependent inputs. As a result, procurement costs, lead times and delivery reliability have all deteriorated significantly.

At the same time, supplier markets remain financially fragile. Rising insolvencies, allocation risks for raw materials and capacity shortages in sectors such as electronics are reducing supply security. Shortages, volatility in the energy market and the influence of dominant suppliers in segments such as automotive electronics are further increasing dependency risks.

In addition, European companies are being pushed to reconsider sourcing structures, especially regarding Chinese suppliers. This is accelerating supplier changes, make-or-buy decisions and the expansion of second- and third-source networks. While diversification is intended to reduce dependency, it also creates transition risks and makes it more difficult to secure alternative suppliers at the same quality level.



# 04 Government Intervention Risk

**79.17**  
*sharp increase*

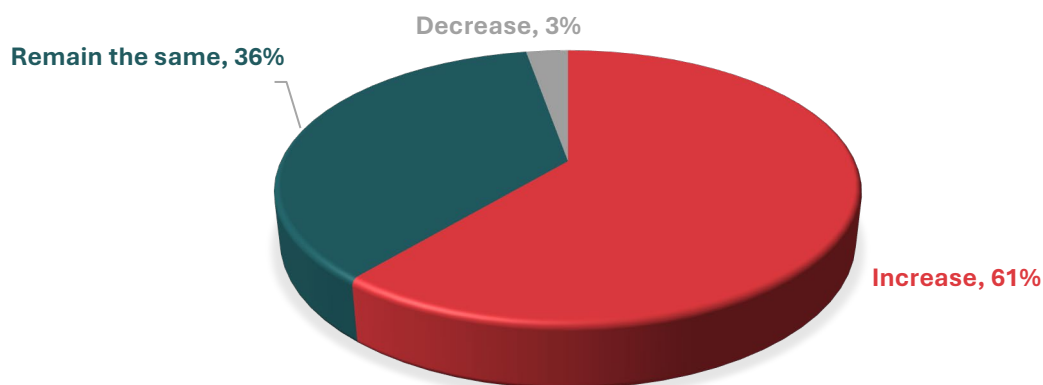
In the second quarter of 2026, Government Intervention Risk in European supply chains rises only slightly from 78.75 to 79.17, indicating not a fundamental deterioration but a modest reinforcement of already elevated structural pressures.

The new survey comments suggest that geopolitical uncertainty is the main reason for this increase. References to potential new conflicts, geopolitical aspects, geopolitical chaos and growing political instability show that respondents perceive a somewhat higher probability of political decisions affecting trade conditions, border procedures and supply continuity.

At the same time, regulatory pressure within the European Union remains a central burden. Comments referring to the EUDR, the Supply Chain Act and increasing compliance requirements indicate that companies continue to face expanding documentation, reporting and due diligence obligations. These requirements consume additional resources and create costs without directly contributing to market success, thereby reducing flexibility and increasing administrative complexity.

The mention of a new customs platform also points to transitional burdens associated with regulatory or procedural change. In addition, expectations of possible energy restrictions and the continued dependence on crude oil as a key raw material underline the sensitivity of supply chains to politically influenced market conditions.

## GOVERNMENT INTERVENTION RISK, 79.17



# 05 Customer and Demand Risk

72.22

*sharp increase*

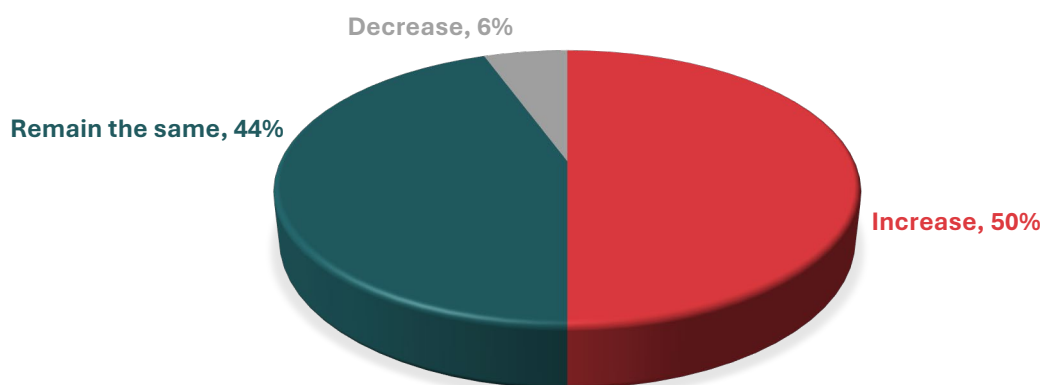
Customer and demand risk in European supply chains declined only minimally in the second quarter of 2026 because the main destabilising factors remain in place, while only a few moderating effects have emerged.

Demand is still difficult to forecast, as customers continue to react quickly to geopolitical tensions, changing cost levels, and uncertain business conditions. Short-term order intake, fluctuations in call-offs, postponed projects and cautious inventory strategies show that many customers are still avoiding long commitments and maintaining high flexibility.

At the same time, price competition remains intense. In several markets, customers are becoming more cost-focused, are more willing to accept “good enough” solutions and can switch suppliers more easily when prices or service conditions change. This continues to weaken loyalty and keeps replacement risk elevated, especially in segments with aggressive competitors or easily substitutable products.

However, the risk assessment improved slightly because there are limited signs of stabilisation. Some customers may have become less demanding and in sectors such as critical infrastructure, demand remains comparatively resilient even during economic uncertainty. In addition, slower ordering behaviour and more cautious replenishment strategies can reduce the amplitude of sudden demand spikes. Nevertheless, these positive effects are not strong enough to change the overall picture materially.

## CUSTOMER & DEMAND RISK, 72.22



# 06 Cybersecurity and Data Risk

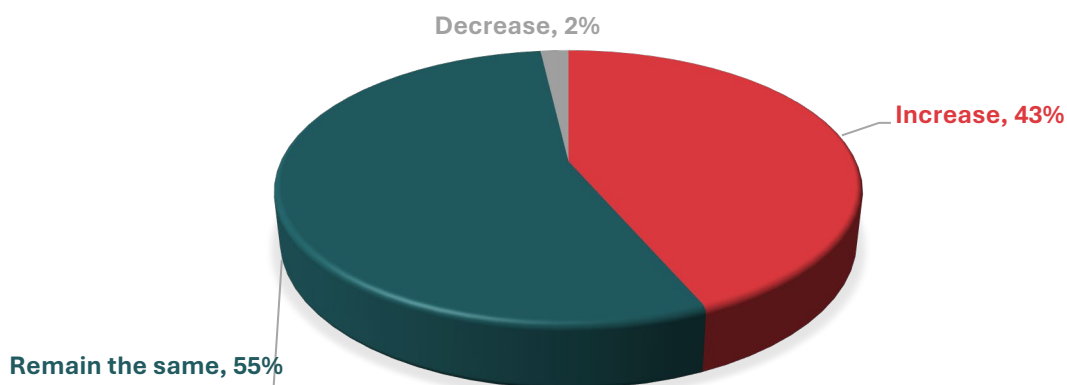
**70.83**  
*sharp increase*

In the second quarter of 2026, Cybersecurity and Data Risk in European supply chains declines markedly from 79.76 to 70.83. This decrease does not indicate that cyber threats have disappeared. On the contrary, the survey comments still refer to increasing cyberattacks, growing threat complexity, attacks via emails and the vulnerability of logistics operators as attractive targets. Data corruption also remains an explicit concern. Interface problems with connected companies indicate continued exposure at system boundaries. However, the new assessment suggests that these threats are being viewed as more manageable than other Supply Chain Risks.

Several comments imply a relative de-escalation in perceived urgency: cyber risk is described as increasing, but less significantly than other risks and in some organizations management attention is currently focused elsewhere. Most importantly, one comment explicitly states that substantial investment has been made, leading to greater confidence in this area. This points to improved preparedness, stronger protection measures and higher organizational resilience.

At the same time, the comments emphasize that cyber and data risks remain permanently high and strongly dependent on employee behaviour, especially in the context of email-based attacks. Overall, the lower index value is best explained by a shift from a perception of accelerating and difficult-to-control escalation toward a view of still-high but better-contained risk, supported by investment, experience and comparatively lower pressure than in other risk categories.

## CYBERSECURITY AND DATA RISK, 70.83



# 07 Technological or Competitive Risk

64.81

*moderate increase*

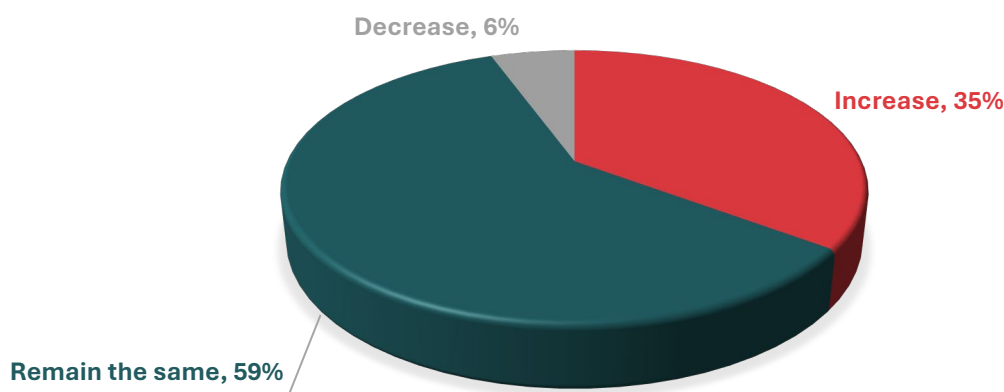
Technological and competitive risk in European supply chains declined slightly in the second quarter of 2026 because the main pressure factors remain relevant but there are now clearer signs of technological adaptation and a somewhat more manageable competitive environment.

A key reason is that first practical AI applications are now moving from experimentation into implementation. This reduces some uncertainty around the operational value of digital technologies and shows that companies are beginning to convert technological change into usable process improvements. At the same time, AI is lowering barriers to entry in some areas, which increases competition, but it also makes access to productivity-enhancing tools broader and more affordable. This creates a small stabilising effect, especially for firms that can adopt existing solutions without carrying full development costs.

In addition, regulated business environments in parts of the European market are helping to contain disruption. Where regulatory structures are clearer, technology is increasingly seen as an enabler rather than only a source of competitive threat. Companies with proprietary technologies are also in a better position to defend differentiation and reduce direct dependence on external platforms or standardised market solutions.

The growing number of available solutions makes strategic technology choices more difficult. This may intensify regional competition, but overall risk has still eased slightly because technology adoption is becoming more tangible, practical, and strategically controllable than before.

## TECHNOLOGICAL / COMPETITIVE RISK, 64.81



# 08 Operational Risk

62.96

*moderate increase*

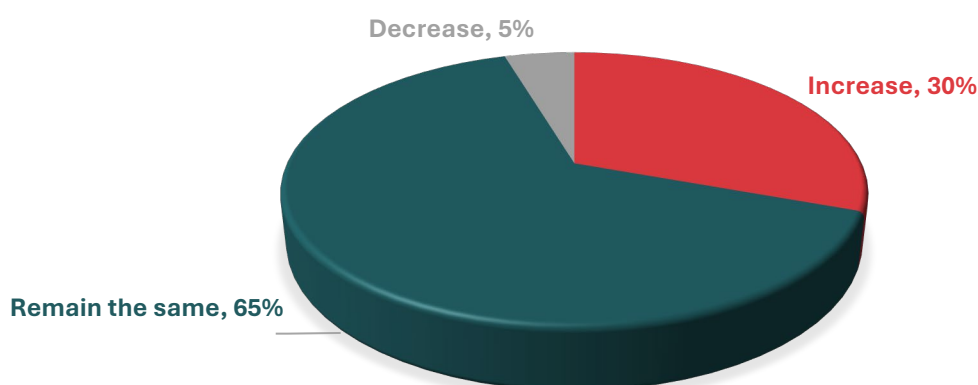
Operational risk in European supply chains increased in the second quarter of 2026 because several internal and external disruption factors intensified at the same time.

A major driver is the worsening geopolitical environment, especially the Iran and wider Middle East conflict, which has increased oil and energy costs, reduced planning visibility and created additional volatility in production, transport and inventory decisions. This is further amplified by changing tariff conditions, secondary market effects and unpredictable cost movements, all of which reduce operational stability.

At the same time, many companies continue to face structural internal weaknesses. Labour shortages, especially the lack of qualified personnel, are reducing operational flexibility and slowing recovery from disruptions. Aging machinery and outdated technical infrastructure are increasing the frequency of breakdowns and lowering process reliability. In parallel, supply problems in sensitive inputs such as helium, Semiconductors and energy-related materials are creating additional friction in production planning.

In some European areas operational execution is also under pressure from theft, robberies and the need for reinforced security standards. Congestion at the port of Trieste, bottlenecks on corridor routes and railway works in Serbia are disrupting important continental flows between Türkiye and central Europe. Weather volatility and fuel shortages add further instability, while speculative buying behaviour suddenly overwhelms existing delivery capacity and retail replenishment systems.

## OPERATIONAL RISK, 62.96



# 09 Environmental Risk

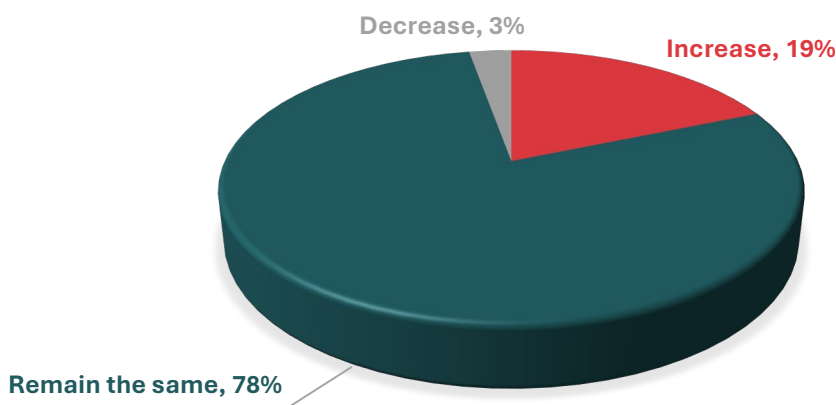
**57.94**

*slightly increasing*

Environmental risk in European supply chains declined further in the second quarter of 2026 and now shows the lowest risk increase across all ten criteria because no major new environmental risk drivers were identified beyond the already known long-term effects of climate change. The expert comments continue to point mainly to extreme weather and natural disasters, but they do not indicate a significant escalation, new regulatory shock, or broader environmental disruption affecting supply chains at the same intensity as geopolitical, supplier, transport, or demand-related risks. This suggests that environmental threats remain relevant, but comparatively stable in the current assessment period.

A further reason for the relative decline is that many companies have already incorporated environmental risk into their operational planning. Monitoring systems, emergency procedures, business continuity measures, and more structured site and logistics planning have improved the ability to manage weather-related disruptions. As a result, environmental risk is increasingly seen as a persistent but more predictable risk category than several other supply chain threats. In contrast to other criteria, which were strongly affected by war-related uncertainty, fuel price volatility, supplier instability, and shifting customer behaviour, environmental risk did not experience a comparable short-term intensification. It therefore remains important from a long-term resilience perspective, but in the second quarter of 2026 it shows the smallest upward pressure and the most stable overall development among the ten assessed risk dimensions.

## ENVIRONMENTAL RISK, 57.94



# 10 Quality Risk

57.87

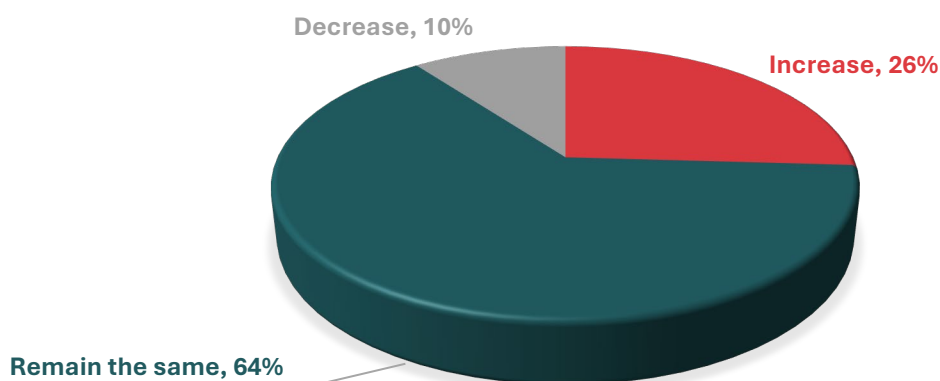
*slightly increasing*

Quality risk in European supply chains increased only minimally in the second quarter of 2026. On the risk side, companies continue to face complex handling steps, demanding inspection systems and resource constraints in both operational and quality functions. In addition, changing quality standards, norms and regulatory requirements are increasing compliance effort and administrative complexity. Transport-related disruptions also contribute indirectly to quality risk, as delivery deviations, cargo losses, longer transit times and shifting volumes from road and sea into multimodal systems raises the probability of damage, timing problems and process inconsistency.

Higher export volumes of parts from Asia further increase coordination and quality assurance requirements across longer and more complex supply chains.

At the same time, however, the overall increase remained minimal because no broad-based deterioration in core quality capability was indicated. Some experts explicitly reported no major change in supplier risk because supplier structures remain stable. Others noted that recent issues have already been resolved and that organisational awareness has improved, reducing the likelihood of repeated failures. In addition, quality continues to hold high strategic importance in many companies, which supports stable governance, sustained controls and corrective action discipline.

## QUALITY RISK, 57.87



## Appendix A: Risk Indicator Summary

**The Risk Index is a number between 0 – 100**

Risk Index  $\leq$  49 suggests less risk

Risk Index = 50 indicates no change in risk

Risk Index  $\geq$  51 suggests greater risk

**The further the number is from 50 greater the level of risk**

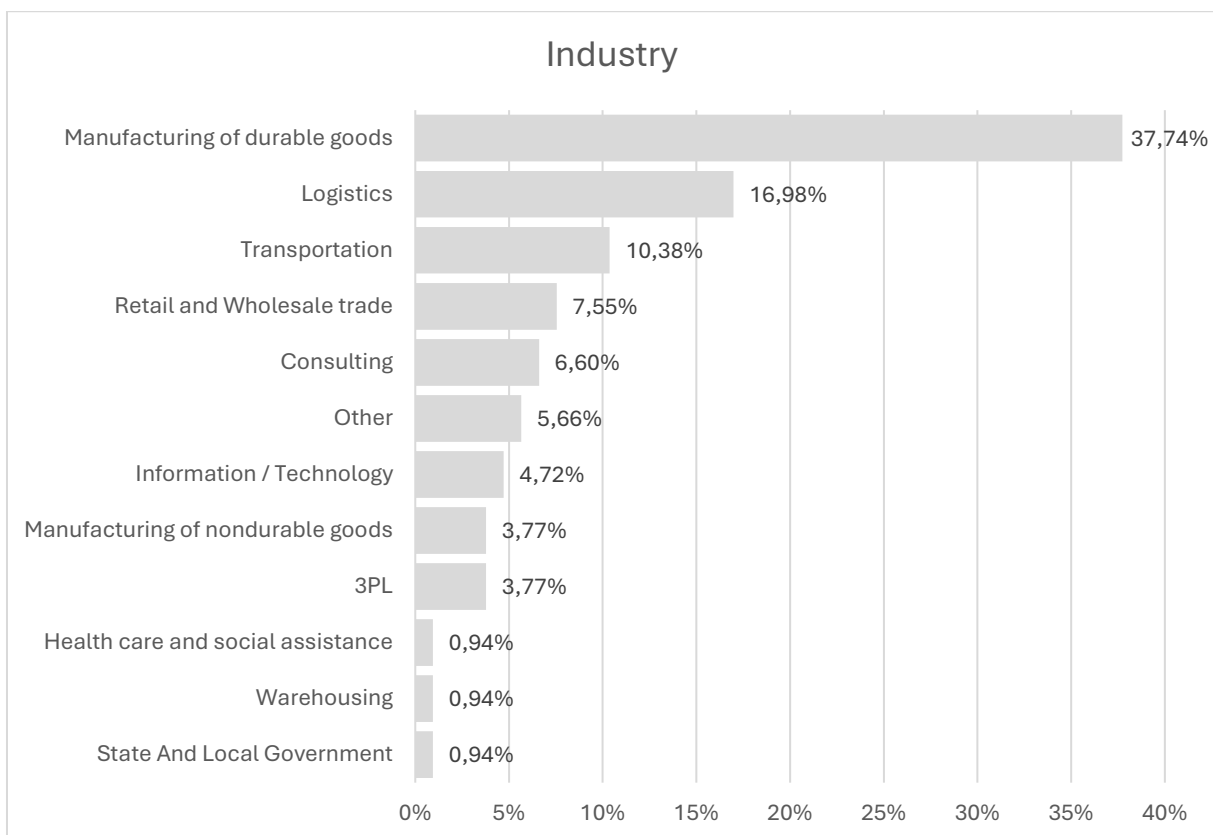
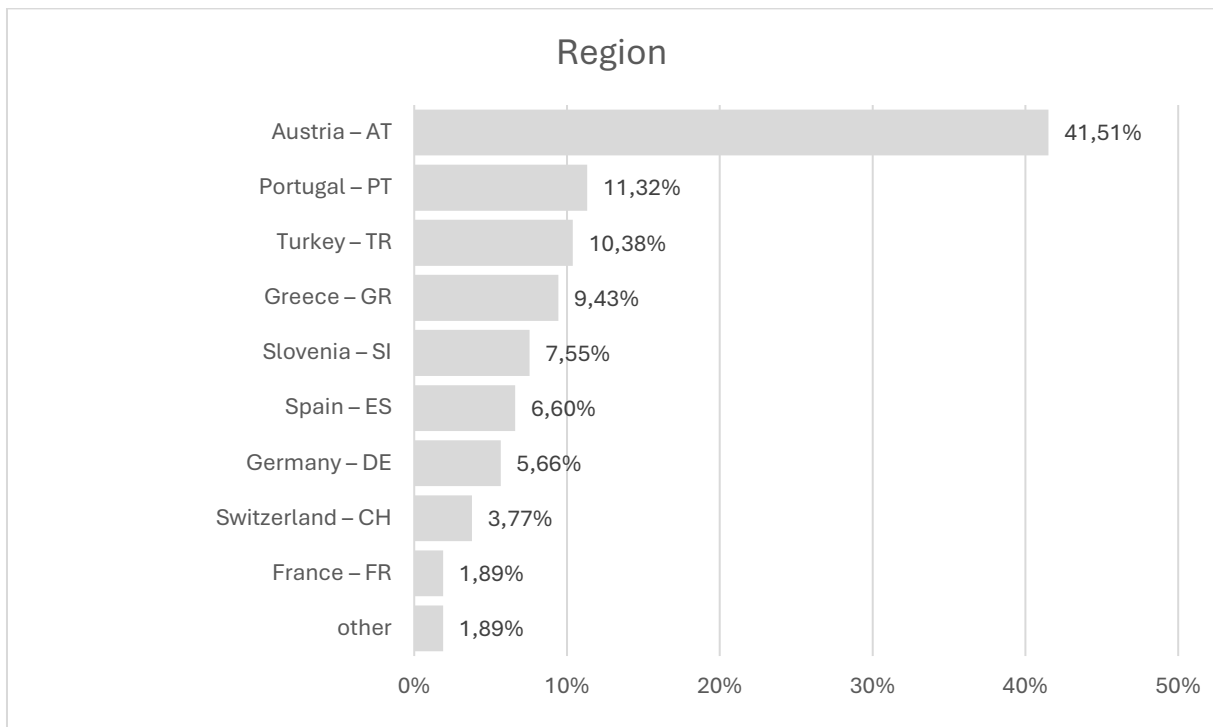
$$\text{LBRI} = (P1 * 1) + (P2 * 0.5) + (P3 * 0)$$

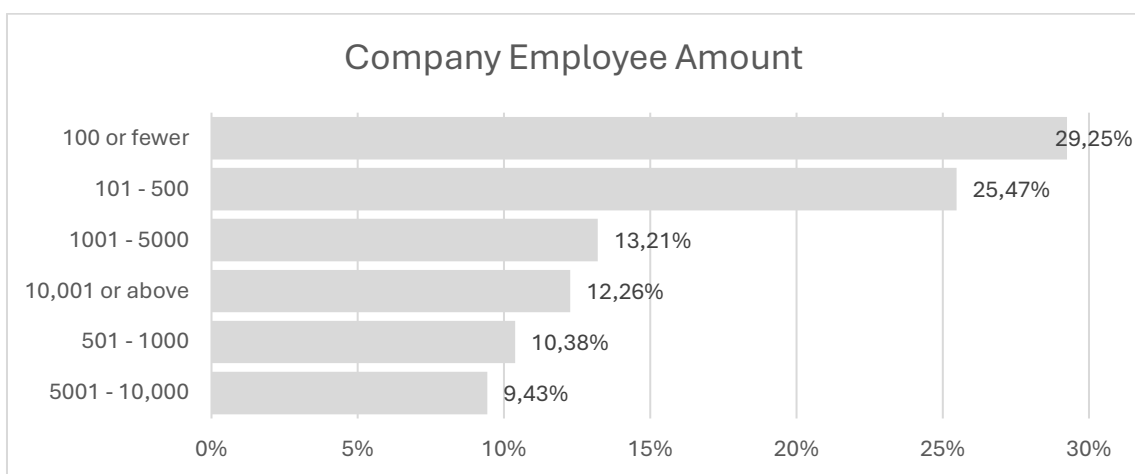
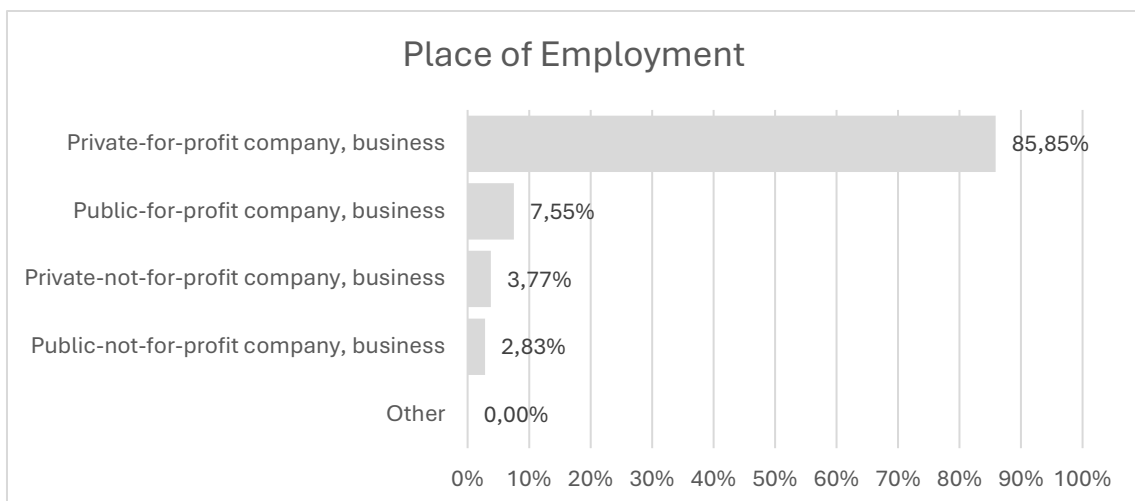
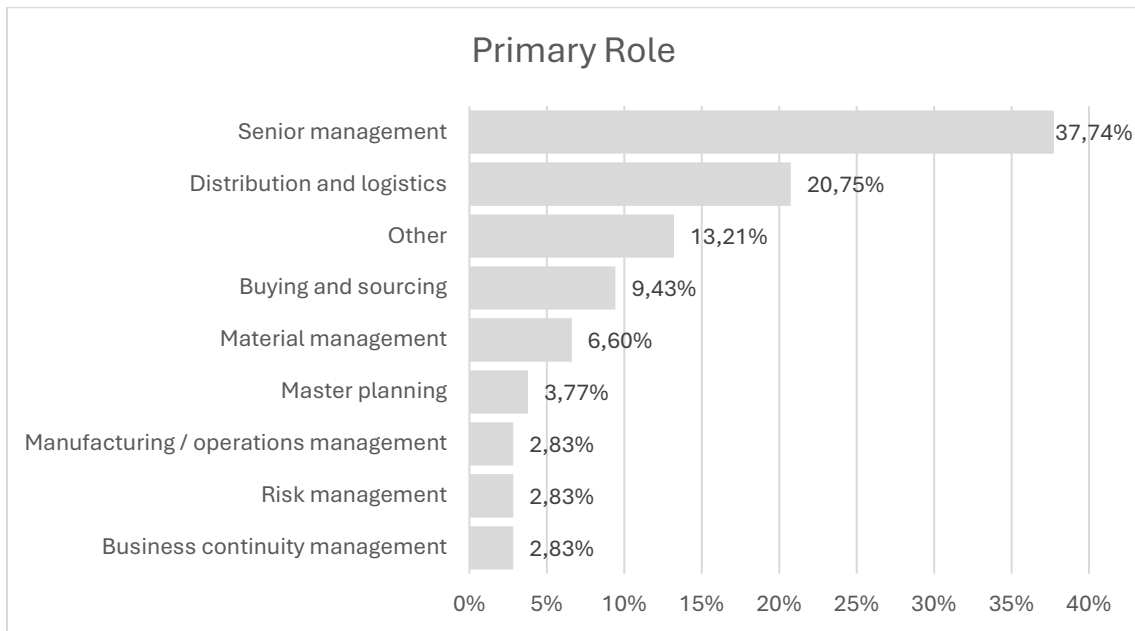
P1 = percentage of answers reporting an improvement

P2 = percentage of answers reporting no change

P3 = percentage of answers reporting a deterioration

## Appendix B: Demographics





## **Imprint**

### **Publisher**

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