

A TRADE HOPE

THE ROLE OF THE BLACK SEA GRAIN INITIATIVE IN BRINGING UKRAINIAN GRAIN TO THE WORLD

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UNITED NATIONS
UNCTAD



PHOTO/MARK GARTEN/ONU

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Today, there is a beacon on the Black Sea. A beacon of hope – a beacon of possibility – a beacon of relief -- in a world that needs it more than ever.

I want to recognize and thank all those who helped make it happen.

To our hosts, President Erdoğan and the government of Türkiye:

Your facilitation and persistence have been essential through every step of this process. (...) Thank you very much.

To the representatives of the Russian Federation and Ukraine:

You have overcome obstacles and put aside differences to pave the way for an initiative that will serve the common interests of all.

António Guterres,

United Nations Secretary-General, on the signing of the Black Sea Grain Initiative, Istanbul, July 2022

ACKNOWLEDGEMENTS

This report would not have been possible without the essential contributions of the Joint Coordination Centre for the Black Sea Grain Initiative, comprised of senior representatives from Ukraine, the Russian Federation, Türkiye and the United Nations, which ensures the safe maritime transportation of grain and other foodstuffs from three key Ukrainian ports in the Black Sea to the rest of the world.

The Global Crisis Response Group convened by the UN Secretary-General played an important role, focusing the world's attention on the food insecurity crisis, providing analysis and calling on the international community to avert the worst cost-of-living crisis in a generation and its devastating impact on billions of people.

INTRODUCTION

As two of the world's largest suppliers of grain, Ukraine and the Russian Federation are important sources of food for many developing countries. However, the war brought grain exports from Ukraine to an almost grinding halt and slowed down exports of grain and fertilizers from the Russian Federation.

Faced with the threat of food insecurity for millions of people around the world, on 22 July, 2022, the United Nations brokered two initiatives. One is the memorandum of understanding between the UN and the Russian Federation to facilitate unimpeded access for their food and fertilizers exports to global markets. The second, and the focus of this analysis, is the Black Sea Grain Initiative (BSGI) signed by the UN, the Russian Federation, Türkiye and Ukraine to resume Ukrainian grain exports via the Black Sea amid the war.

In a short space of time, the BSGI has gathered momentum. Port activity in Ukraine is picking up and large shipments of grain are reaching world markets. The Initiative has helped to stabilize and subsequently lower global food prices, and move precious grain from one of the world's breadbaskets to the tables of those in need.

However, with the BSGI ending in just over a month and its renewal uncertain, the price of some commodities, such as wheat and maize, is rising again. Without The Initiative, there is little hope for providing food security, especially for developing and least developed countries.



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Increasing port activity

As the war erupted in Ukraine, the world watched as valuable grain corridors were closed off. Weekly ship departures from Ukrainian ports plummeted. There was a marginal recovery in subsequent weeks but port departures remained considerably below their 2021 levels. After the signing of the Initiative, there was a gradual rise in ship departures. While shipments are still about 40-50 per cent below the pre-war period, the trend is in the right direction (Figure 1).

Figure 1. Port activity in Ukraine is rising

Number of departures of all cargo ships by week



Source: UNCTAD secretariat, based on data provided by Sea/ (www.sea.live).

The war has caused significant changes in port call patterns in Ukraine and the Black Sea region. While Ukrainian port calls fell, they increased in [Romania](#) and [Bulgaria](#) as Ukrainian traders were seeking alternative viable routes.

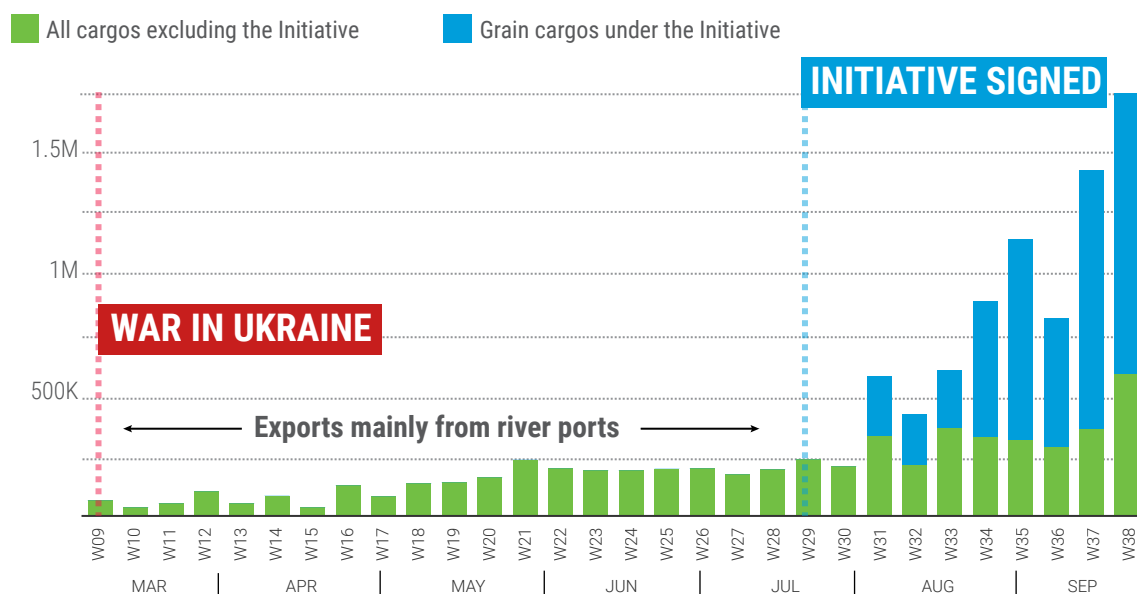
In addition, the halt of operations at Black Sea ports resulted in an important shift: rivers became the main artery of Ukrainian trade. Before the war, more than 90 per cent of ships departed from seaports. Following the invasion, this share dropped to 20 per cent. After the signing of The Initiative (August-September), this share increased to 36 per cent.

However, this increased reliance on river ports came with constraints. Unlike seaports, these river routes were unable to handle large dry bulk vessels and instead catered to small cargo and multipurpose vessels from Ukraine. This resulted in noticeably low volumes traded.

Under the Initiative, these seaports were reopened – Odesa, Chornomorsk, Pivdennyi/Yuzhny. As a result, the number of port calls increased, and more importantly, the volumes carried increased significantly (Figure 2). Even though Danube River ports still account for the majority of vessel departures, seaports account for the majority of the volume shipped, as they are important hubs for much larger vessels.

Figure 2: Ukrainian port exports are rising too

Weekly volume of all cargo shipped from Ukrainian ports (millions of tonnes)

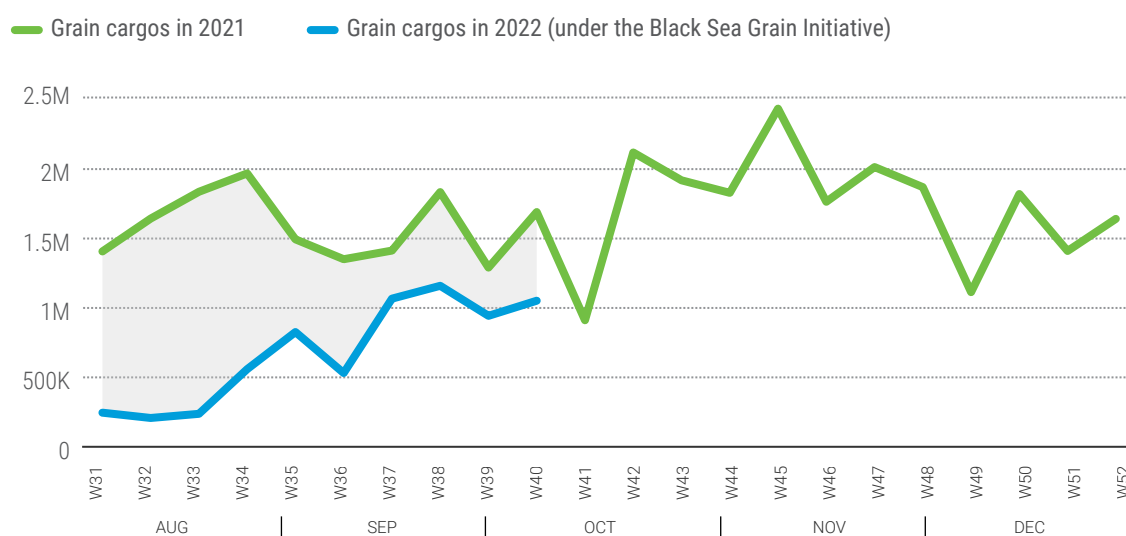


Source: UNCTAD secretariat, based on data provided by Sea/ (www.sea.live) and the Joint Coordination Centre.

As departures of dry bulk carriers from these major ports increased so did the amount of grain traded. Weekly tonnage shipped under the Black Sea Grain Initiative reached 1.2 million tonnes by September. This is still below 2021 levels, but the gap is closing. (Figure 3).

Figure 3: The grain gap is closing but more is needed

Weekly volume of grain shipped from Ukrainian ports, 2021 vs 2022 (millions of tonnes)



Source: UNCTAD secretariat, based on data provided by Sea/ (www.sea.live) and the Joint Coordination Centre.

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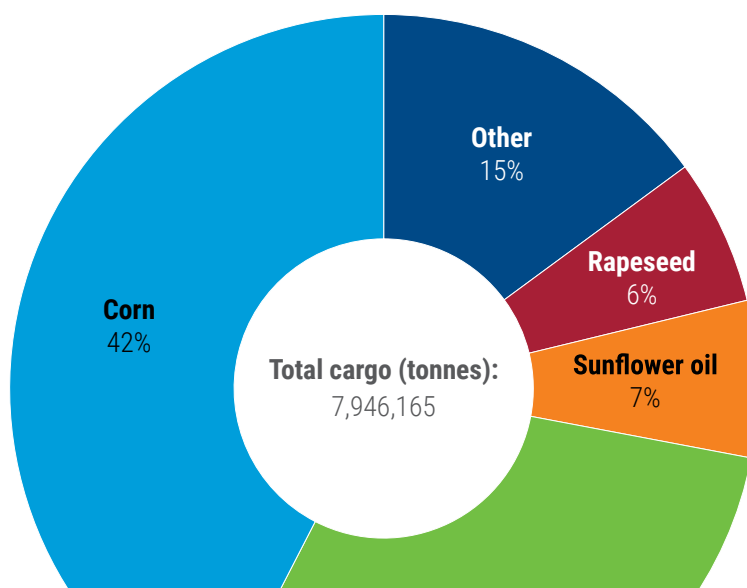


Reopening the grain gates of Ukraine to developing countries

The BSGI reopened the grain gates of Ukraine to the world. As at 17 October 2022, nearly 8 million tonnes of grain and foodstuff have let Ukrainian ports under the Initiative. [And this figure keeps rising every day](#). So far, from the total cargo shipped, maize and wheat account for more than 70 per cent of total exports. (Figure 4).

Figure 4. Food is reaching global markets

Composition of food exports, as a share of total (percentage)



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https://www.yunbaogao.cn/report/index/report?reportId=5_31858

