

RUSSIA-UKRAINE GRAIN EXPORT DEAL & ITS SIGNIFICANCE FOR GLOBAL FOOD SECURITY

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



According to the UN Report titled, *“The State of Food Security & Nutrition in the World 2022”*¹, it’s estimated that around 702 to 828 million people were affected by hunger in 2021 alone. Since the outbreak of COVID-19 pandemic, this number grew by 150 million. The situation was made worse by the commencement of the Russia-Ukraine War on February 24, 2022.

The war will enter its 6th month on August 24 and it has brought the world to the brink of a severe global food crisis with acute energy shortage, unprecedented inflation, steep price hikes and major disruption in supply chains across the globe.

Observing the prevailing situation on ground, it seems that the Russia-Ukraine War is far from over and it would be long before any negotiated settlement is reached between the warring parties, however, the signing of a landmark grain export deal between Russia and Ukraine has been an extremely encouraging and positive development amidst all the hostilities and violence.

Many international political experts term the deal to be an effort too little, too late; nevertheless, something is better than nothing at all. This deal can be a substantial confidence building measure between Russia and Ukraine who have no love lost between them and do not trust each other one bit, to say the least.

1 FAO, IFAD, UNICEF, WFP & WHO, “The State of Food Security and Nutrition in the World”, FAO, IFAD, UNICEF, WFP & WHO, Place of Publication: Rome, Italy, Published in July 2022.
<https://www.fao.org/3/cc0639en/online/cc0639en.html>

According to former German Chancellor Gerhard Schroeder, “the deal between Ukraine and Russia to unblock Ukrainian grain exports may offer a way forward to a possible ceasefire in the five-month conflict.”²

What is the Russia-Ukraine Grain Export Deal?

The landmark deal, termed by the United Nations (UN) Secretary General Antonio Guterres as, “beacon of hope, possibility and relief”³ was signed on Friday, July 22, 2022 in Istanbul, Turkiye.⁴ This deal was brokered by Turkiye and the UN after months of negotiations, and signed separately by the Russian Defence Minister Sergei Shoigu and Ukrainian Infrastructure Minister Oleksandr Kubrakov in the presence of Turkish President Erdoğan and UN Secretary General Antonio Guterres.

According to the signed agreement, the grain export deal will be valid for 120 days (4 months) from the date of final signature and may further be automatically renewed without any negotiations.

The basic purpose of this deal was to lift the blockade of Ukrainian Black Sea Ports in order for Ukraine to be able to export its wheat, sunflower oil, fertilisers and other agricultural products such as grains to the international market in order to avoid lingering global food crisis, including for humanitarian needs as well.

Under this deal, 3 major Ukrainian Black Sea ports will be allowed to export wheat and other agricultural products via sea vessels that will be protected from attacks and targeting, namely, Odessa, Chernomorsk and Yuzhny.

The deal also stipulates that a coalition of Turkish, Ukrainian and UN staff will monitor vessels loading in Ukrainian ports. The Ukrainian pilots will then be responsible for safely guiding the vessels through heavily mined coastal waters (a defensive manoeuvre by Ukraine against Russia) into the Black Sea and towards Turkiye’s Bosphorus Strait, where the vessels will be monitored & inspected by members of a Joint Coordination Centre (JCC) manned by officials from Russia, Ukraine, Turkiye and the UN. And after final inspection at Turkish port, the vessel will move on to its final destination in the international market.

² “Ukraine-Russia grain deal could expand into ceasefire: Schroeder”, Al-Jazeera, published on August 03, 2022.

<https://www.aljazeera.com/news/2022/8/3/ukraine-russia-grain-deal-could-expand-into-a-ceasfire-schroeder>

³ Antonia Guterres, Twitter Post, July 22, 2022, 7:29 p.m.

<https://twitter.com/antonioguterres/status/1550488103344807936?s=20&t=YjMKyib3wV8WCluYxMJ4fA>

⁴ Russia, Ukraine sign UN-backed grain export deal”, Al-Jazeera, published on July 22, 2022.

<https://www.aljazeera.com/news/2022/7/22/the-grain-export-deal-what-to-know>

This grain export deal will also allow Russian grain and fertilisers to be exported to the international market as well, helping Russia to skirt the Western economic sanctions levied in the wake of its invasion of Ukraine.

As per Ukraine's President Volodymyr Zelensky, the deal will allow approximately 20 million tonnes of grain (last year's harvest) worth \$10 billion to be up for sale and export.⁵ Moreover, Turkiye also believes that via this deal, it would be possible to transport 3.5 million tonnes of wheat per month.⁶ This means that four to five large bulk carriers will need to leave Ukrainian ports (per day) to transport grain to different parts of the world that are facing food shortage.

However, despite guarantees by Turkiye and the UN, there is a great deal of uncertainty that still looms over the success of the grain export agreement. Logistical and chartering issues, detailed safeguarding procedures, combined with lack of vessel insurers' confidence are some of the problems that cast doubts over the deal.

But, due to the pressing concerns of looming starvation in different parts of the globe, the UN World Food Program (WFP) have already arranged to charter much of the grain for urgent humanitarian needs.⁷

Amid the growing mistrust between Russia and Ukraine, combined with statements by their respective officials voicing concern over the safety and security of their personnel and vessels and possibility of malpractice under the guise of this agreement, uncertainty over the continuity and survivability of the grain export deal increased manifolds when Russia targeted the Odessa port a day after the agreement was signed.⁸

Nevertheless, all stakeholders of the deal persevered and on August 01, 2022, the first cargo ship (*Razoni*) carrying Ukrainian grain (26,000 tonnes of corn) shipment left the Ukrainian port of Odessa

⁵ Russia, Ukraine sign UN-backed grain export deal", Al-Jazeera, published on July 22, 2022.
<https://www.aljazeera.com/news/2022/7/22/the-grain-export-deal-what-to-know>

⁶ Zvi Bar'el, "Erdogan navigates between Ukrainian Wheat, Russian Nukes and Israeli Gas", Hareetz, published on July 04, 2022.
<https://www.haaretz.com/israel-news/2022-08-04/ty-article-magazine/.premium/erdogan-navigates-between-ukrainian-wheat-russian-nukes-and-israeli-gas/00000182-689e-d2f5-a3e6-ed9f32420000>

⁷ "Zelenskyy inspects Turkish ship loaded with 1st grain for exports", Daily Sabah, published on July 29, 2022.
<https://www.dailysabah.com/business/economy/zelenskyy-inspects-turkish-ship-loaded-with-1st-grain-for-exports>

⁸ "Russia hits key Odesa port a day after landmark grain deal: Ukraine", Al-Jazeera, published on July 23, 2022.
<https://www.aljazeera.com/news/2022/7/23/russia-hits-key-odesa-port-day-after-landmark-grain-deal-ukraine>

under the agreement.⁹ *Razoni* reached Turkiye the next day and its inspection by the JCC officials commenced on August 03, 2022.¹⁰ And after due procedure by the JCC officials, *Razoni*, after clearing inspection, sailed off to Lebanon.¹¹

Observers are trailing *Razoni* closely and if it completes its voyage successfully, there are 17 other ships, fully loaded with agricultural produce ready to sail out but those ships are still waiting to receive the green signal for departure.

The Grain Export Deal & its significance for Global Food Security:

In the prevailing ominous situation of global food insecurity, the Russia-Ukraine grain export deal is a highly significant development.

A world that was already suffering from issues of food security and hunger owing to the COVID-19 global pandemic, world hunger rose further in 2021. Undernourishment jumped to 9.3% in 2020 (when pandemic began) and 9.8% in 2021.¹²

As per FAO estimates, in 2021, hunger affected 278 million people in Africa, and 425 million in Asia. These regions have the highest number of undernourished people in the world. Asia is one of the most densely populated regions in the world and along with Africa; these regions are marred by violent conflicts, economic instability, and political turmoil and highly vulnerable to the drastic effects of climate change such as droughts, floods, forest fires etc.

According to recent estimates, around 20+ million tonnes of grain is stuck in Ukraine which is causing serious problems of hunger and malnutrition around the world that majorly depend on this supply such as Asia, Africa and the Middle East.

⁹ Blann & Fraser, "1st ship carrying Ukrainian grain leaves the port of Odesa", AP News, published on August 02, 2022.

<https://apnews.com/article/russia-ukraine-middle-east-turkey-istanbul-932888f2e144b61accc855bba49c83cc>

¹⁰ Maishman & Chatterjee, "Ukraine war: First grain ship out of Ukraine cleared to sail to Lebanon", BBC, published on August 04, 2022.

<https://www.bbc.com/news/world-europe-62401342>

¹¹ "First Ukraine grain ship passes inspection in Istanbul", Al-Jazeera, published on August 03, 2022.

<https://www.aljazeera.com/news/2022/8/3/first-ukraine-grain-ship-passes-bosphorus-en-route-to-lebanon>

¹² FAO, IFAD, UNICEF, WFP & WHO, "The State of Food Security and Nutrition in the World", FAO, IFAD, UNICEF, WFP & WHO, Place of Publication: Rome, Italy, Published in July 2022.

<https://www.fao.org/3/cc0639en/online/cc0639en.html>

Ukraine is one of the world's major grain producers and exporters and accounts for 10% of the world's wheat market, 15% of the corn market, 13% of the barley market and it accounts for 50% of the world trade for sunflower oil.¹³ It is also the 3rd biggest exporter of rapeseed in the world.¹⁴

According to a Wilson Center's blog post, 40% of the WFP's wheat supplies come from Ukraine.¹⁵ This is the wheat that the WFP supplies to the world's poorest and most vulnerable people that are on the brink of starvation.

Success of this grain export deal mean that the most vulnerable and poor people of the world will soon be receiving the emergency food supplies which could be a life saver for them as the world's 7th largest producer of wheat (in 2021/22) will be able to export the already harvested and leaded grains that were stuck in its sea ports since February 24, 2022.

This deal will also facilitate the export of Russian grains and fertilisers to the international market as well, export of which was blocked due to Western economic sanctions. This will help in alleviating considerable pressure from the global food markets that was looming since the Russian invasion of Ukraine.

Besides acting as an effective confidence building measure between the warring parties (which might pave way for cessation of hostilities and begin peaceful negotiations), this grain export deal will also help in bringing down the commodity prices of not only the world's major agricultural products (corn and wheat are the top two widely grown cereals) but also help in controlling the prices of commodities of their related industries as well.

Conclusion

Food insecurity is a major threat, not only to national security but to international peace and stability as well. Food shortage is a real phenomenon which is pushing states to the brink of

¹³ "The European Commission steps up its monitoring of agricultural markets impacted by Russia's invasion of Ukraine", Directorate-General for Agriculture and Rural Development, European Commission, published on May 20, 2022.

https://agriculture.ec.europa.eu/news/european-commission-steps-its-monitoring-agricultural-markets-impacted-russias-invasion-ukraine-2022-05-20_en

¹⁴ "Ukraine Agricultural Production and Trade", Foreign Agricultural Service, US Department of Agriculture (USDA), published in May 2022.

<https://www.fas.usda.gov/sites/default/files/2022-05/Ukraine-Factsheet.pdf>

¹⁵ Ambassador Mark Green, "Forty Percent of the World Food Program's Wheat Supplies Come from Ukraine", Wilson Center, published on June 02, 2022.

<https://www.wilsoncenter.org/blog-post/forty-percent-world-food-programs-wheat-supplies-come-ukraine>

starvation, especially in regions like Africa and Asia. According to the UN Secretary General Antonio Guterres, there is a risk of declaration of multiple famines in 2022. And 2023 can be worse.¹⁶

The Russia-Ukraine War has threatened multilateral cooperation and has risked fragmenting the global food market.¹⁷ There are massive disruptions in the global food market, resulting in immensely increasing risks for global food security.

Due to the Russia-Ukraine War and the blocking of grain exports from both warring parties (due to blockade of Black Sea ports and Western economic sanctions), this grain shortage has resulted in massive price hikes across the globe and rescinded the world into a tough competition for resources. There has also been a meteoric rise in the prices of fertilisers as well.

Global food security threats are further increased by impacts of climate change which has resulted in destruction of crops and low yields throughout the world. In the backdrop of such circumstances, the Russia-Ukraine grain export deal is a silver lining which will definitely result in mitigating the impacts of Russia-Ukraine war and its various consequences for the world, including help in averting the malnutrition and starvation around the world and augmenting global food security.

¹⁶ "UN chief Antonio Guterres warns of risk of 'multiple famines' in 2022", DW, published on June 24, 2022. <https://www.dw.com/en/un-chief-antonio-guterres-warns-of-risk-of-multiple-famines-in-2022/a-62252148>

¹⁷ "The Geography of Food and Agricultural Trade – Policy approaches for sustainable development", Food and Agricultural Organization of the United Nations, accessed on August 07, 2022. <https://www.fao.org/interactive/state-of-agricultural-commodity-markets/en/>