

Signals on food security

Russia's war against Ukraine is a real threat to global food security.

- Russia's war on Ukraine is a main cause of a global food crisis that brings serious political and economic consequences. The war pushed the prices of food and fertilizers higher hurting importers and prompting several countries to impose export restrictions.
- Ukraine has become one of the biggest suppliers of foods such as sunflower oil, wheat and corn for the low-income countries worldwide as well as for the international development organizations.
- Ukraine had a record-breaking grain harvest last year, collecting 107 mmt (million metric tons).
- Ukraine is one of the largest world grain suppliers with a share in a world trade about 10%, having shipped about 48 mmt of wheat, corn and barley combined in 2021/2022 marketing year (MY)¹ while a total world grain trade (including rice) in 2021/2022 MY is 470 mmt.
- Ukraine's exports comprise more than 10% of all wheat, 14% of all corn and 47% of all sunflower oil in the world².
- Today it is not possible to find alternative suppliers and replace such volumes of agricultural products from Ukraine. Experts claim it is literally impossible even within the next 3-5 years.
- Agricultural and food sector represents almost 10% of its GDP of Ukraine. Last year, we exported food products totaling almost \$28 billion to the world, including 7 billion euros (\$7.4 billion) to the EU.
- Experts emphasize that more than 400 mln people in the world depend on grain supplies from Ukraine. The population of most of these countries traditionally suffers from food shortages and even hunger.

Dependence of countries on Ukrainian supplies (the share of Ukrainian main commodities in the country's total imports, according to ITC, 2020, 2021):

- Wheat: Egypt - 26%; Indonesia - 27%, Turkey - 18%, Pakistan - 46%, Morocco - 15%, Bangladesh -23%, Libya - 44%, Tunisia - 42%, Ethiopia - 26%, Lebanon - 80%, Yemen - 22%, Israel - 20%.
 - Corn: EU27 - 32%, China - 55%, Egypt - 26%, Turkey - 32%.
 - Sunflower oil: EU27 - 62%, China - 59%, India - 75%, Turkey - 5%, Iraq - 74%.
- The war in Ukraine poses a threat to global food security, which is particularly acute today in some of the MENA region countries (Egypt, Yemen, Lebanon, Israel, Libya, Lebanon, Tunisia, Morocco, Iraq, Saudi Arabia) and Asian countries (Indonesia, Bangladesh, Pakistan), which are the main buyers of wheat and corn on the world markets).
 - The FAO Cereal Price Index averaged 147.8 points in September, up 2.2 points (1.5 %) from August and 14.9 points (11.2 %) above its September 2021 value. In September, international wheat prices rebounded by 2.2 percent, underpinned by heightened uncertainty about the Black Sea Grain Initiative's continuation beyond

¹ <https://agropolit.com/news/24029-u-novomu-mr-agrariyi-eksportuvali-ponad-48-mln-t-zernovih>

² USDA <https://www.fas.usda.gov/sites/default/files/2022-03/Ukraine-Ag-Production-Trade.pdf>

November (120-days Grain Initiative deadline) and the potential impact on Ukraine's exports.³

- Due to the war Ukraine has lost about 20% of sown area this year (territory is occupied or under hostilities).

Ukraine and Ukrainian farmers are ready to fulfill their obligations in supplying grain and other agriculture products to the world market as soon as all our seaports are unblocked and free to navigate.

- During spring sowing campaign Ukraine managed to sow a total of 13.4 mln hectares, or 95% of the projected sown area (that is also 20% less than in 2021). Combined with winter seeds the total sown area in 2022 is about 19.1 mln hectares.
- Due to hostilities the harvested area this year was decreased by 1 mln ha to 18 mln ha.
- With the absence of timely input of fertilizers, the yields will be significantly lower. Experts estimate 20% less productivity than a year before.
- Market experts forecast the domestic production of grain in 2022 at the level of about 65 mmt (grain and oilseeds) that is about 40% less than in 2021.⁴
- We estimate internal consumption needs at the level of 20 mmt.
- In the October report USDA experts left unchanged the forecast for the corn harvest in Ukraine in 2022/23 MY — 31.5 mmt. At the same time, according to USDA analysts, corn exports from Ukraine will increase by 2.5 mmt to 15.5 mmt (13 mmt in September).
- The forecast of export in 2022/23 MY by main commodities according to USDA recent reports:
 - wheat – 11 mmt;
 - corn – 15.5 mmt;
 - sunflower oil and meal – 6 mmt;
 - barley – 2 mmt.
- During the current marketing year (July 2022 - June 2023 MY), based on harvest forecast we may export about 65-70 mmt of agricultural products, taking into account the remaining stocks from the 2021/2022 MY (about 20 mmt).
- The only way to deliver this amount of grain to the world market is the transportation by sea routes. We expect that the Grain Initiative will be further extended on other remaining blocked Ukrainian seaports, including Mykolaiv seaport.
- **The harvesting campaign is underway in Ukraine. Despite the war, as of October 28, about 45 million tons of grain and oil crops were harvested from about 13.6 million hectares of cultivated areas (70% from total planned areas to harvest).**
- The resumption of Ukraine's grain export is necessary for ensuring world's economic stability, overcoming sharp increases in prices and mitigating the effect of the food crisis for the most vulnerable people in Africa and Asia.

Logistics is the key issue for Ukrainian traders to export grain and oilseeds

³ FAO Food Price Index <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

⁴ Ukrainian Grain Association

<https://uga.ua/en/news/uga-increased-the-current-year-s-crop-forecast-to-almost-70-mmt-of-grains-and-oilseeds/#undefined>

- Ukraine as one of the guarantors of global food security is determined to fulfill its export obligations.
- Before war, Ukraine exported 5-6 mmt of agricultural products on monthly basis; 90% out of this volume were exported from seaports in the Black Sea and the Azov Sea.
- The full-scale russian invasion of Ukraine caused damages to the agricultural sector of the country for the total amount of \$4.29 billion.⁵
- Ukraine has already adjusted new logistics routes to supply grain to the world market by trucks, railway and river transport.
- In September we managed to increase our food and agricultural export by 50% compared to August - up to 6.9 mmt (in August – 4.5 mmt, in July – 2.9 mmt). With Grain Initiative being in force we managed to reach the pre-war volumes of agricultural export.
- We managed to extend the capacity of inland and river shipments to its almost maximum capacity. In September, almost 1.2 mmt of agri products were exported from the Danube riverports, by rail — about 0.9 mmt, and by road — more than 0.85 mmt.
- On June 29, 2022 Ukraine and the EU signed an agreement on road freight transport. It eliminates the need for Ukrainian carriers to obtain appropriate permits for bilateral and transit traffic to EU countries and allows avoiding cessation of the export of Ukrainian products through motor vehicle checkpoints.
- Border countries responded to the problem of grain exports from Ukraine to third countries and either has significantly simplified the procedures for processing cargo transportation or are actively working on this by simplifying phytosanitary procedures.
- We fully support the implementation of the European Commission's action plan to create "Solidarity Lanes" for the export of Ukrainian agricultural products to the EU. Solving existing transport problems, reducing bureaucratic and technical obstacles, expanding the capabilities of the existing ground infrastructure will significantly accelerate and increase the volume of exports of vegetable oils, corn and wheat.
- Meantime, the EU should be prepared for the complication of the situation with the "Grain corridor" across the Black Sea and even more actively develop alternative export routes for Ukrainian agricultural products through the EU countries as part of the "Solidarity Lanes" in view of russia's ongoing armed aggression against Ukraine and rising food prices.
- In this regard we rely on EU support of two major projects: a complex of grain transshipment terminals in neighboring EU member states (one terminal will provide transportation of up to 2 mmt per year) and a vegetable oil cross-border pipeline from Yahodyn to the Polish port of Gdansk (cost - approximately 100 mln. euro; length - 550 km, export capacity – about 2 mmt of vegetable oil per year).
- The development of logistics capabilities at the border with EU nations is necessary in order to lower the cost of agricultural products transportation to European ports and meet the urgent need for dependable transport routes, such as "Solidarity Lanes".
- On June 13, 2022, the EU introduced the Grain Ways platform “Grainlane” (App.grain-lane.com), which offers the first features of a grain trading platform,

⁵ <https://kse.ua/agricultural-war-damages-review/>

accelerating the process of aligning opportunities between supply and demand. If the Grainlane is successful, more features might be added, like requirements for border crossings or a demand database for short-term logistics.

- Companies Transporeon and Railneteuropa have finished creating an e-platform/application to reflect the transportation of agricultural products from one location to another for the EUC's order.
- Ukraine may experience a storage capacity shortage of 10-15 mmt this fall for new crops. It is crucial to engage partners for creating additional grain storage facilities and providing farmers with the necessary equipment for 2022-2023 season.
- The restoration of the destroyed silos is estimated at about \$1 billion. Due to Russian aggression the total capacity of the destroyed grain storage capacities reaches 6.5 mln tons, and the capacity of the damaged ones – 2.9 mln tons.

The Initiative for the Safe Transportation of Grain and Food Products from Ukrainian Ports (so-called Grain Initiative)

- With signed on July 22, 2022 Initiative on the Safe Transportation of Grain and Foodstuffs from Ukrainian Ports the transportation of Ukrainian agricultural commodities (incl. fertilizers) from three seaports — Odesa, Chornomorsk and Pivdennyi has been resumed. The humanitarian grain corridor became operational.
- On October 29 Russia has suspended its participation in the Black Sea Grain initiative, which allowed food exports from Ukrainian ports. They used false pretext to justify this long-intended move and to blame Ukraine instead.
- Russia signed commitments on the Grain initiative with the UN and Türkiye. Therefore, Russia's actions mean violations of its commitments to the UN and Türkiye.
- Russia began deliberately aggravating the food crisis back in September, when it blocked the movement of ships with our food. At the end of October over 200 vessels participating in the Black Sea Grain Initiative were actually blocked. We believe that all delays in Russia's inspections of the Grain initiative's vessels are politically motivated.
- The Ukrainian side did not stop the movement of goods through the grain corridor, even despite Russian military attacks on the port and energy infrastructure.
- On November 2 President of Türkiye announced resumption of the grain corridor operations.
- We express gratitude to Türkiye and the United Nations for their roles in Russia's decision to resume its participation in a deal to free up grain exports from Ukraine. We appreciate Türkiye's efforts with all sides to solve problems regarding the implementation of the deal.
- We made no new commitments to Russia that go beyond terms of grain deal. The parties committed to guarantee a safe and reliable functioning environment for the grain corridor. We did not use and did not plan to use the grain corridor for military purposes. Ukraine has never put a grain route in danger.

- Since August 1, during 3 months of Grain initiative operations 430 ships have exported over 10 million tons of Ukrainian agriculture products to 43 countries of Africa, Asia and Europe. 60% were sent to Africa, Asia and Middle East countries.
- In October, export volumes could have been 30-40% higher if Russia had not artificially blocked inspections in the Bosphorus.
- We call on the international community, in particular African and Asian states who rely on Ukraine's grain exports, to demand that Russia immediately stops these artificial delays in the inspections of the grain corridor vessels. We must not allow the Kremlin to keep millions of people hostage to its famine games.
- Since the Grain Initiative became operational UN World Food Programme has loaded 7 ships with 220 thousand tons of wheat that were sent to Ethiopia, Yemen, Somalia, Sudan and Afghanistan.
- Under the auspices of the World Food Program 7 vessels with 220,000 tons of Ukrainian wheat have been sent to countries on the verge of starvation.
- Experts highlight the significant impact of the increased Ukrainian agri supplies on the gradual stabilization and reduction of world cereal prices, particularly wheat.
- Russia is doing exactly what we warned - renewing famine games and threatening the Grain initiative as 120-days of the "grain" initiative comes to its end (on November, 19).
- The food crisis in some African and Asian countries provoked by Russia, will lead to social and political destabilization, and therefore to new waves of mass migration - in particular to the European countries.
- If Russia is not forced to stop its famine games, millions across the world will face malnutrition or starvation.
- Ukraine remains committed to its obligations and is ready to continue shipping agricultural products to ensure global food security and price stability on the international grain market.
- The time to protect the Black Sea grain corridor is now. We urge all states and organizations to increase pressure on the Russian Federation and protect the Grain Corridor. Moscow should be given a clear understanding that it has no right to endanger millions of people.
- It is important to agree the indefinite period of operation of the Grain corridor to ensure stability in the grain market, as well as to ensure global food security. We count on our partners' support on this matter.

Russia is committing food terrorism by purposefully destroying our agricultural infrastructure and stealing Ukrainian grain and agricultural machinery.

- While Ukraine seeks to continue exporting in accordance with its international obligations, Russia is committing food terrorism, purposefully destroying our agricultural infrastructure and stealing Ukrainian grain and agricultural machinery.
- There are credible reports of looting of Ukrainian grain by the Russian military from the temporarily occupied territories in Luhansk, Donetsk, Kherson, Kharkiv and Zaporizhia regions. Many testimonies and evidence confirm that the Russian occupiers have seized and exported already over 2 million tons of Ukrainian grain crops.
- The actions of the Russian Federation are aimed at undermining world food security and causing famine, in particular in the TOTO of Ukraine.

- According to satellite images russian-flagged ships are carrying grain harvested in Ukraine and transporting it from russian-controlled Crimean port of Sevastopol and from port of Berdyansk (Zaporizhzhya region) mainly to Syria, Turkey or Lebanon.
- Over 110 bulk carriers under mostly russian and Syrian flags were identified to transport the looted Ukrainian grain. In most of the cases, these ships switch off its Automatic Identification Systems transponders (AIS) to hide the fact of loading in the occupied ports of Crimea.
- The Ukrainian courts have already issued rulings to arrest other ships involved in grain trafficking (FEDOR, SV KONSTANTIN, SORMOVSKIY-48, MATROS KOSHKA, MATROS POZYNICH, NADEZHDA, EMMAKRIS II, EMMAKRIS III, LAODICEA, FINIKIA, AMUR-2501, ALEXANDER GRIN, M. ANDREEV, CAPITAN KORCHIN).
- According to analysts, the fact that the russian TOT of Crimea is exporting more than 50 times the volume of food it typically does at this time of year is another evidence of looting and exporting Ukrainian grain.⁶
- The Ukrainian Foreign Ministry has previously warned consumer countries that grain consignments sold by russia might contain partially or in full stolen grain seized as a result of looting by russian troops. Numerous testimonies from Ukrainian farmers and documented evidence serve as proof of russia's plunder of Ukrainian grain.
- Illegal trade of stolen grain has a serious negative impact on the image of the country and the companies involved. In addition, there is a serious risk for these companies to appear in the US and EU sanctions lists, as we coordinate this work with our partners, and constantly share relevant information with them.
- Consignments exported by russia could contain stolen grain obtained as a result of russian occupation authorities' plundering. We will monitor every illegal shipment of grain being exported from Ukraine. Any country that knowingly purchases stolen grain is considered to be complicit in the crime.
- We warn consumer countries not to buy stolen Ukrainian grain. In case the vessels with looted grain somehow gets to the country and there is evidence received from the Prosecutor General Office and through diplomatic channels, we are ready to discuss with our traders the option of selling this grain at a significant discount. We also call on to arrest those vessels and are ready to provide legal support in this regard.
- We emphasize that the Ukrainian side raises this issue constantly at international institutions and during bilateral and multilateral discussions with foreign partners at all levels.
- We must combine our efforts in order to prevent some consumer countries and relevant companies from buying illegally exported Ukrainian grain. It is important to consider imposing sanctions against companies and ships involved in the trade of looting Ukrainian grain. We count on the support of our international partners in this regard.