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Exploring New Export Routes for Ukrainian Grain

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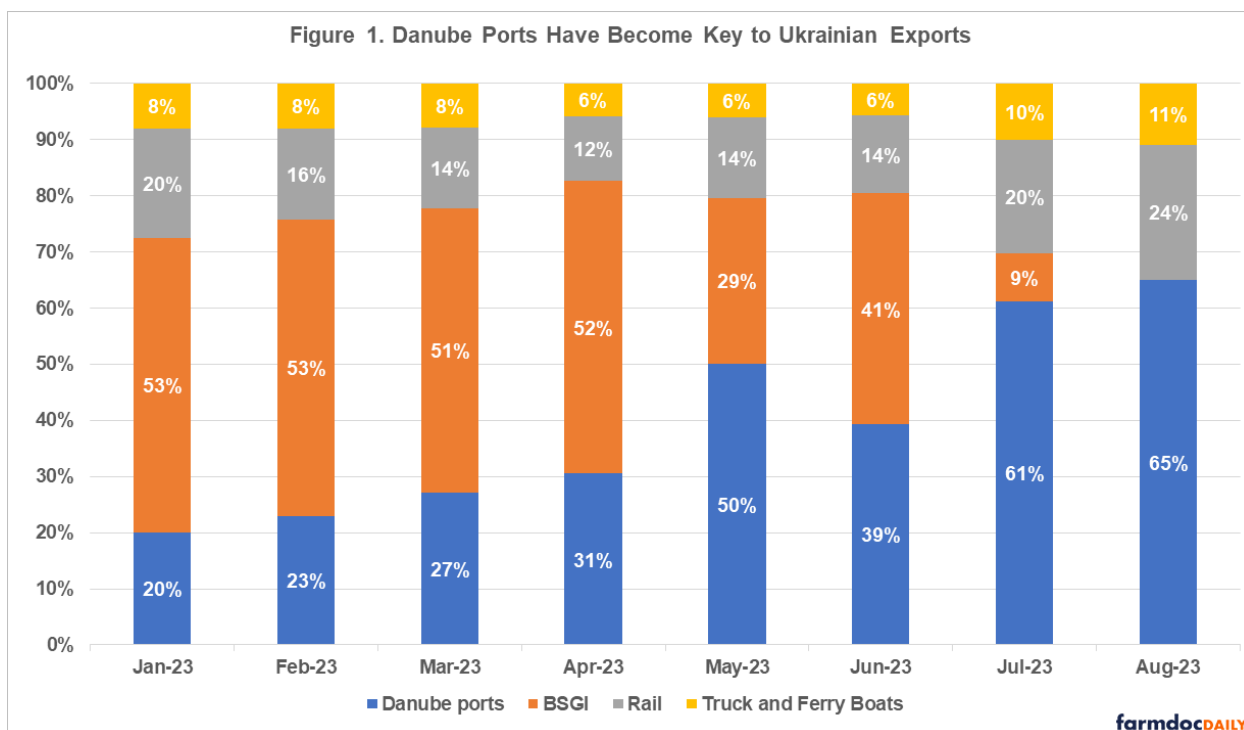
Strong yields and good harvest conditions have lifted the spirits of Ukrainian farmers' (see *farmdoc daily*, [October 11, 2023](#)), but a new challenge awaits: finding ways to export crops to international markets. After withdrawing from the Black Sea Grain Initiative (BSGI) in July 2023, Russia has attacked and damaged over 100 port infrastructure facilities and warehouses in the Black Sea and the Dnipro and Danube Rivers, along with 25,000 metric tons of grain (Welsh et al. 2023). This article examines the new export routes for Ukrainian grain since the BSGI expired.

As of November 1, Ukrainian grain and legume export volumes for the 2023-2024 marketing year are 4.2 million tons lower than in the same period for the 2022-2023 marketing year. Between July 1 and November 1 of 2023, Ukraine exported 4.6 million metric tons of wheat and 3.8 million metric tons of corn compared to 5.1 million and 7.1 million at the same time in 2022 (Ministry of Agrarian Policy and Food of Ukraine, November 1, 2023).

Danube River Ports: Critical Export Routes

Since the end of the BSGI agreement, Ukraine has been relying on the Danube River ports, Romanian ports and the European Union's Solidarity Lanes for its agricultural exports. The Danube River ports allow for shipping grain from Ukrainian river ports to Romania, reloading to larger grain vessels and then shipping through Romanian waters of the Black Sea to the rest of the world. Only 4% of all Ukrainian grain exports were shipped through these ports before the war, but they now help move about 65% of all Ukrainian grain exports, as shown in Figure 1 (Agriculture and Horticulture Development Board, 2023). The maximum shipping potential of the Danube River ports is 35 million metric tons of grain per year.

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In August, Ukraine established a temporary humanitarian corridor (not recognized by Russia). It collaborated with several grain shipping companies from Turkey and African countries to start the delivery of Ukrainian grain from the Black Sea ports using the humanitarian corridor along the Romanian and Bulgarian coasts. The corridor is protected by Ukrainian military boats accompanying grain vessels to ensure their safety. About 700,000 tons of grain have left Ukrainian ports via the new route from September through early October of 2023, compared to 3.5 million metric tons that used to be exported through the BSGI monthly. The new corridor has not replaced BSGI, but the export volumes are anticipated to increase to 1.82 million metric tons monthly once all grain vessels clear in the ports (UkrAgoConsult, November 2, 2023).

Ukraine shipped up to six million tons of grain a month from its Black Sea ports before Russia's full-scale invasion in February 2022. On September 27, a London-based insurance company agreed to insure grain shipping vessels delivering grain out of Ukraine (Reuters, 2023). The insurance product is a result of the collaboration between the insurance company, technology company and the state-owned bank and road infrastructure fund. While these developments give hope that new export routes will enable Ukraine to export its grain during the 2023/2024 marketing year, the threats remain. According to UK intelligence, Russia is preparing to sabotage Ukraine's grain shipments by using sea mines.

According to the Ukrainian Grain Association, Ukraine could potentially export around 49 million metric tons of grain this marketing year if the current export logistics remain functioning. This would involve 15-16 million metric tons exported by truck and railway through the European Solidarity Lanes, 30 million metric tons through the Danube River ports and Romania, and the remainder through the available Black Sea routes (Gordijchuk, 2023).

Looking into the Next Planting Season

While the 2023 grain harvest looks strong (see *farmdoc daily*, October 11, 2023), farmers are anxious to see if grain can be shipped to international markets to help support stronger domestic prices and improve their liquidity for the next planting season. Winter wheat planting is underway, and acres planted are expected to remain almost unchanged from last year (Gordijchuk, 2023). Meanwhile, corn acres are expected to decline as farmers are more likely to turn to high-margin crops like rapeseed, sugar beets and soybeans (Gordijchuk, 2023).

According to the recent producer survey, 38% of farmers plan to expand acres in 2024, and 48% plan to reduce acres minimally (Ministry of Food and Agricultural Policy of Ukraine, 2023). Similar to other industries, agriculture in Ukraine has been able to exceed global market expectations through resilience and close collaboration between farmers, transportation networks, government, and foreign allies, but significant challenges remain.

Conclusions

The future of grain exports from Ukraine is still uncertain. It will depend on the degree to which Ukraine can utilize alternative export routes and minimize the impacts of damages to port infrastructure and grain storage facilities discussed above. Since the end of the BSGI agreement, Ukrainian grain exporters have relied mainly on the Danube River ports that helped move about 65% of all grain in the first two months of the 2023-2024 marketing year.

The importance of the newly established humanitarian grain corridor in the Black Sea protected by the Ukrainian military is growing and expected to allow Ukraine to ship up to 1.8 million metric tons monthly. Meanwhile, farmers are waiting to see how domestic prices will respond to these new routes to finalize plans for the next planting season.

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