

The Effects of the Russian Invasion of Ukraine on Trade and Shipping

Cary B. Sifferath
Vice President
U.S. Grains Council



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A global network of professionals building worldwide demand and developing markets for U.S. grains and ethanol.



Black Sea Region & Dnieper River



Ukraine – A Major Corn Exporter

- In 2019/2020, Ukraine was responsible for over 16% of the world's corn exports, with production having grown almost 84% over the past 10 years.
 - Big reason is depreciation of Ukrainian hryvnia
- Had reduced US market share in the Mediterranean Sea Region
- Had GMO-free advantage** for all European markets concerned about biotech corn



General Information (prior to 2/24/2022)

Wheat

- Russia – world's largest wheat exporter (17%)
- Ukraine – world's third-largest wheat exporter* (12%)
 - ~30% of world wheat exporters come from these two
 - Exports primarily go to North African countries, who depend on wheat imports to keep people fed

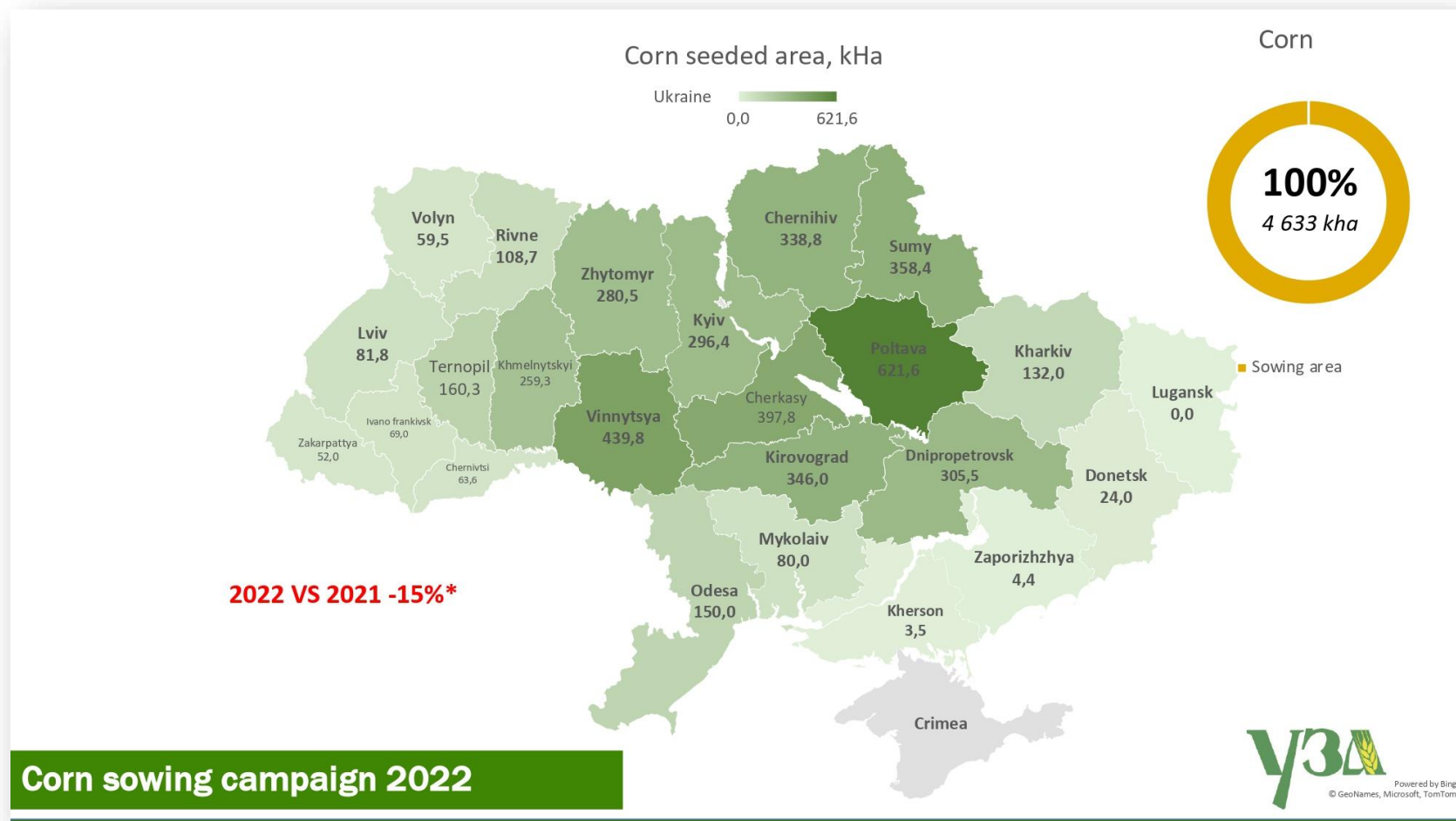
Corn

- Russia – export anywhere from 4 and 5 MMT per year
 - Fifth-largest corn exporter in the world, but not significant (2%)
- Ukraine – fourth-largest corn exporter (16%) and growing
 - U.S.A (30%), Brazil (21%), and Argentina (19%)
 - Large exporter to China

*Australia is number two (12.4%)

Fast Forward – 2022

- Corn plantings down 15% by area, yields down significantly, with crop expected to decrease by over 27%



Ukrainian Grain Export Capacity (March, April, May, June, July)

POLAND

Warszawa
Brest

Minsk
Baranavičy

Minsk
Hemel

Moskva
Brjansk

*More Capacity Though Baltic?
Yes, But Limited So Far & Likely Fairly
Negligible; Demand More For EU
Destinations Anyway*

STORAGE ISSUES (193 TMT)

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astopol



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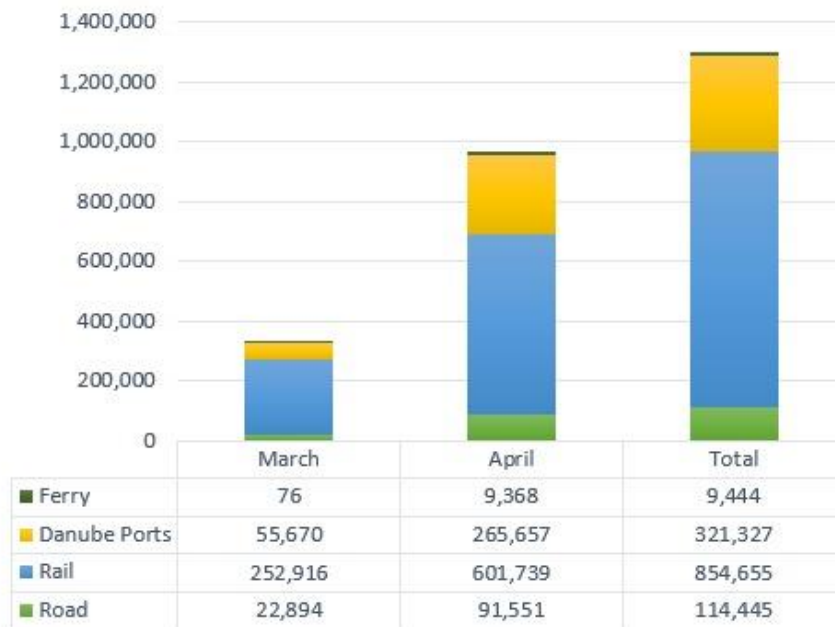
Exports Significantly Impacted



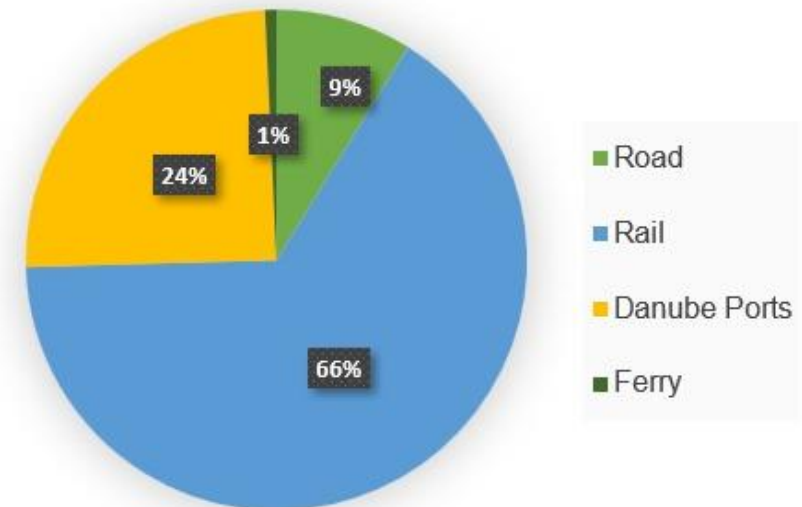
Ministry of
Agrarian Policy and
Food of Ukraine

Foreign trade in agricultural products

Total export by mode of transport, tons



Distribution of export by mode of transport (for 2 months)

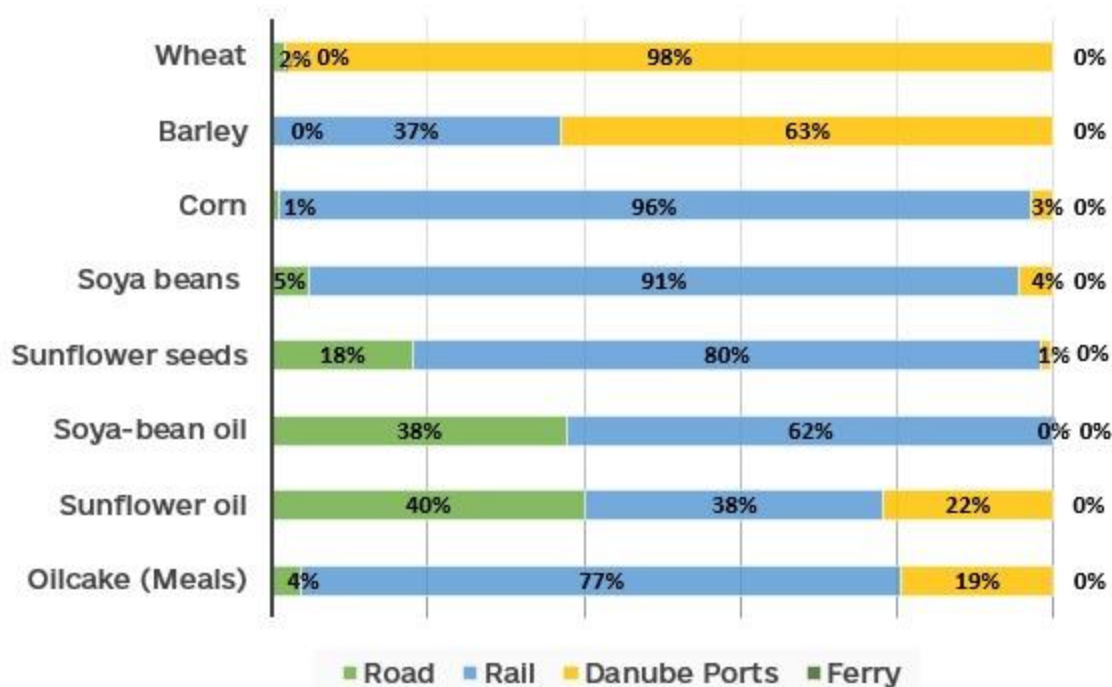


Exports Significantly Impacted



Ministry of
Agrarian Policy and
Food of Ukraine

Export of certain products by mode of transport: **March**



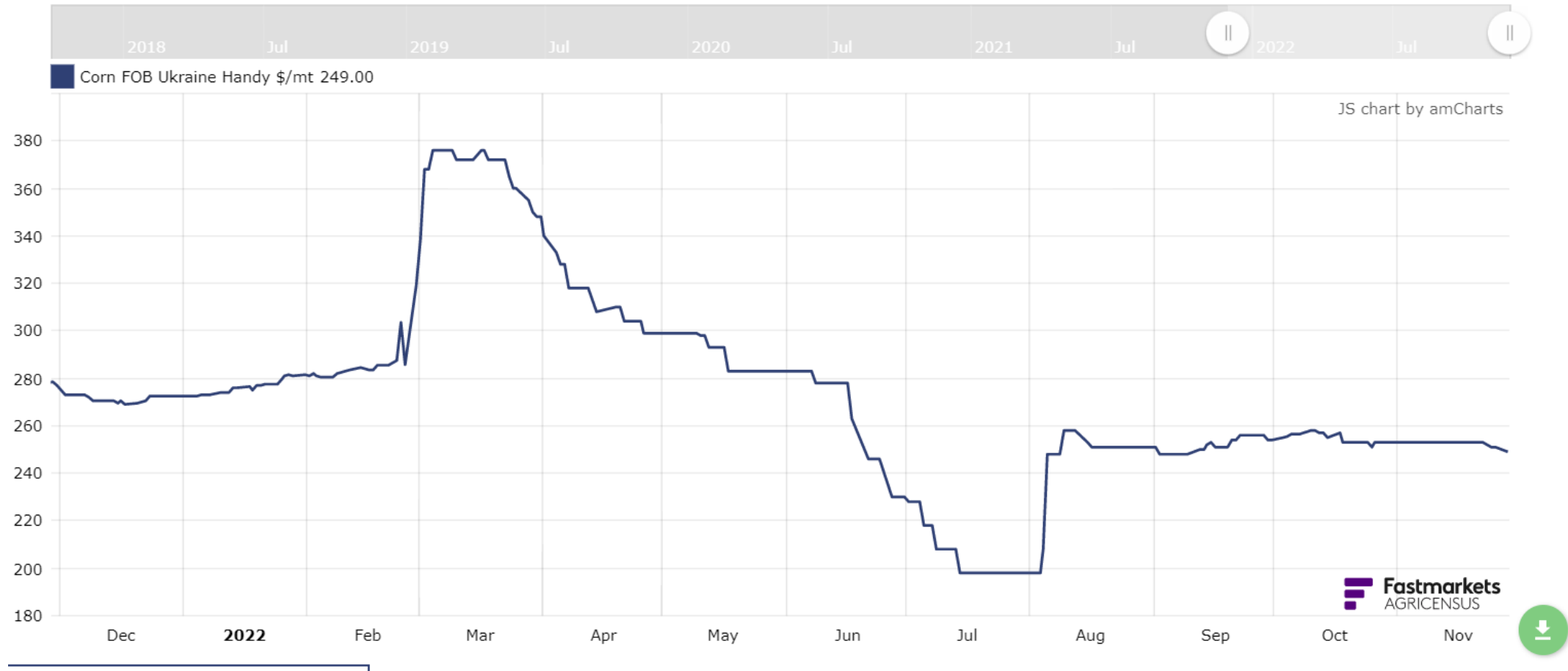
Products	Export (tons)
Wheat	33 209
Barley	6 599
Corn	176 614
Soya beans	36 036
Sunflower seeds	9 535
Soya-bean oil	11 550
Sunflower oil	29 061
Oilcake (Meals)	28 954

Black Sea Grain Corridor Agreement

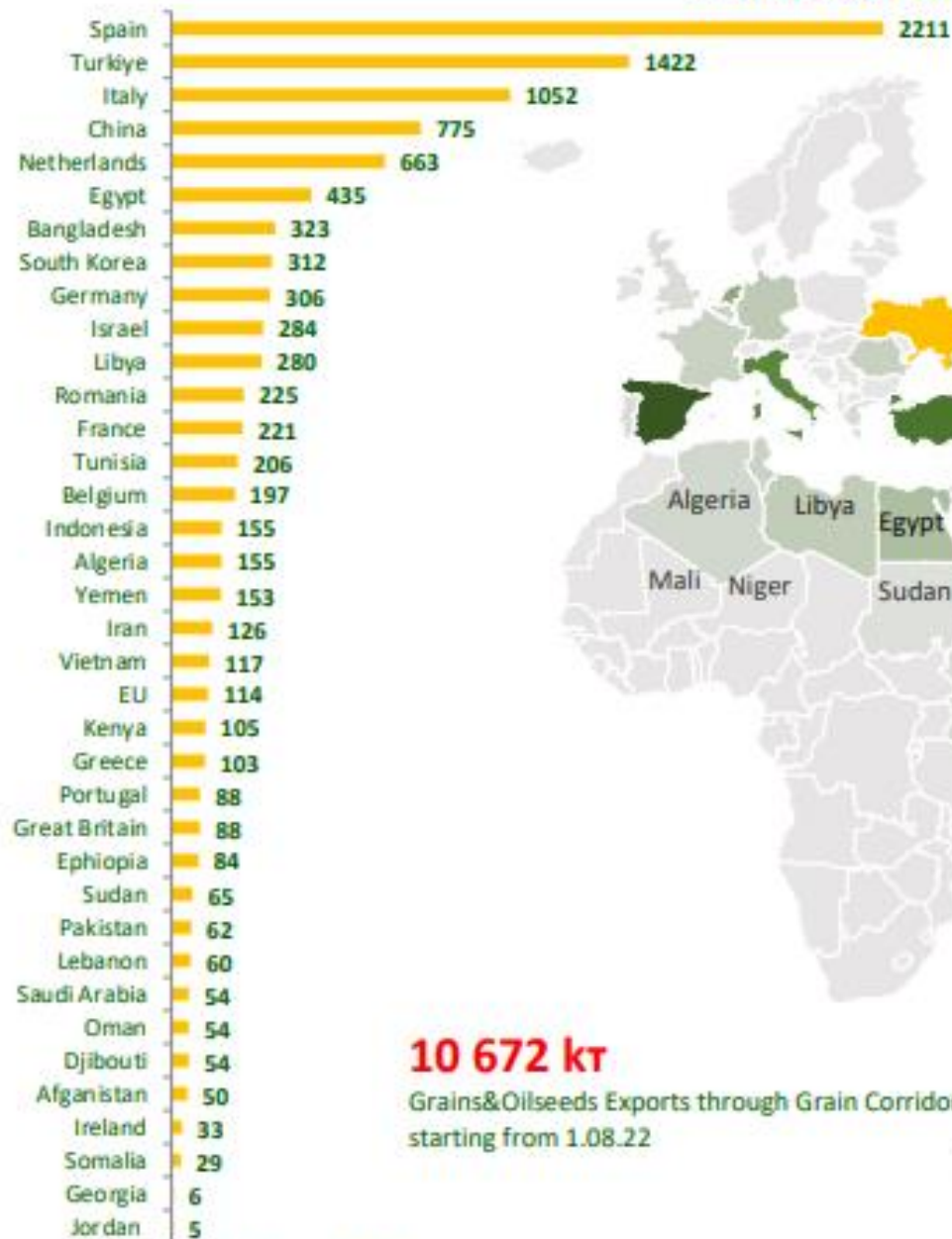
- July 22 – November 19
- UN led 120-day agreement with Russia, Ukraine on Ukrainian grain exports
 - Russia to stop targeting Ukraine export ports.
 - Ukraine to lead cargo ships through mined waters
 - Turkey and the UK will inspect inbound vessels to insure no weapons on board
 - Russian grain and fertilizer exports will be “facilitated”
- Recently Extended another 120 days; November 20 – March 19



Grain Deal Begins—Prices React



Grain Corridor: Grains&Oilseeds export, kt



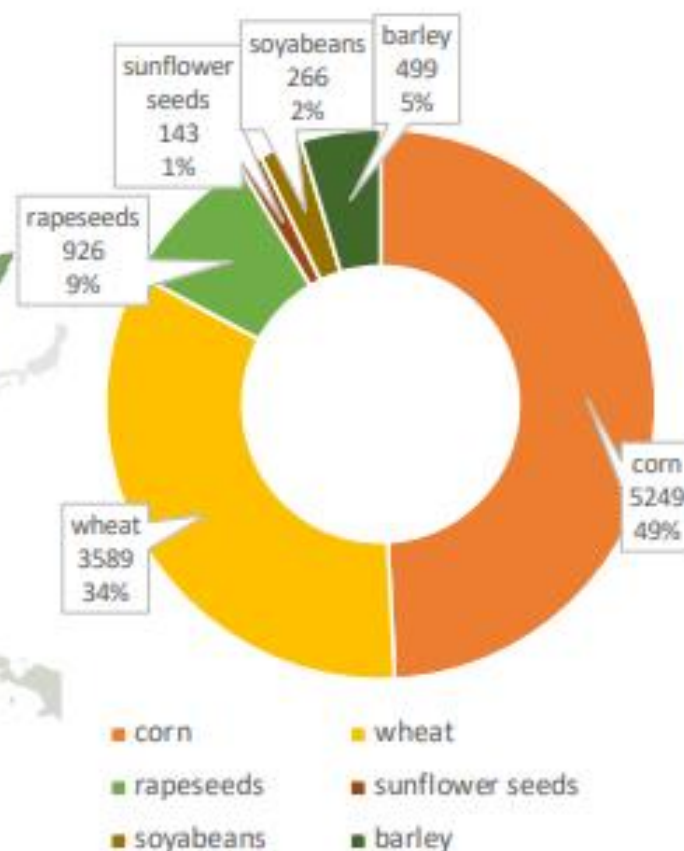
10 672 kt

Grains&Oilseeds Exports through Grain Corridor starting from 1.08.22

Aug 22	1 492 kt
Sep 22	3 431 kt
Oct 22	3 490 kt
Nov 22	2 259 kt

Volume, kt
0 1 106 2 211

Grain&oilseeds export, kt



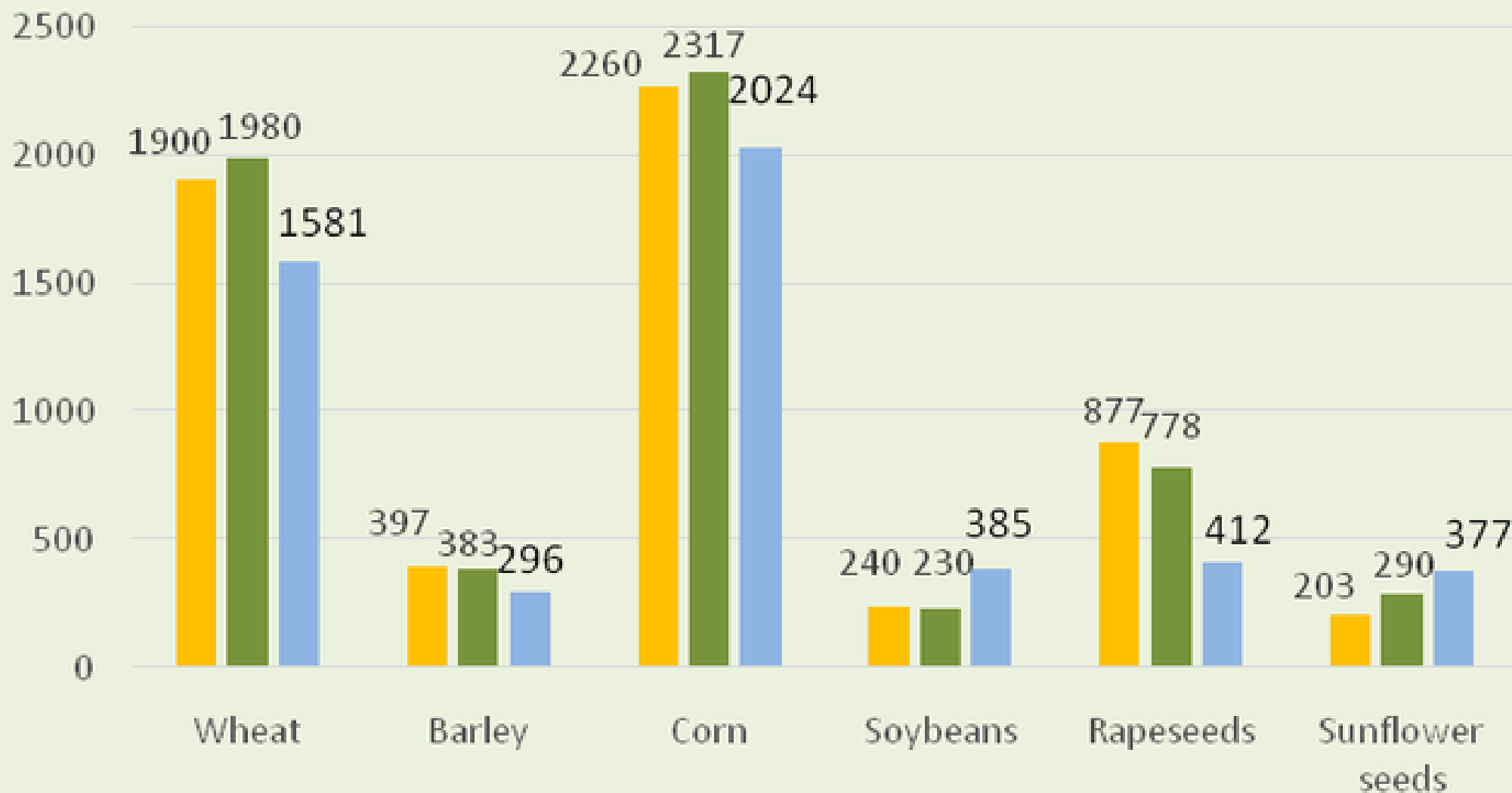
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as of 30 Nov 2022



UA Grains and Oilseeds Export, kt



Source: Customs Data

■ September 2022 ■ October 2022 ■ November 2022

Main points of export – corn



Grain Logistics Being Destroyed



Photo: Phoenix News

Ukraine
Export
Compa



老鱼的冷知识



3%
.3%
%
2%

Russian Grain Ports

Deep water ports of
Novorossiysk, Taman &
Taupse handle 21.5 MMT

Shallow water port of Azov
handle 18.0 MMT

Shallow water port of Rostov
handle 7.5 MMT

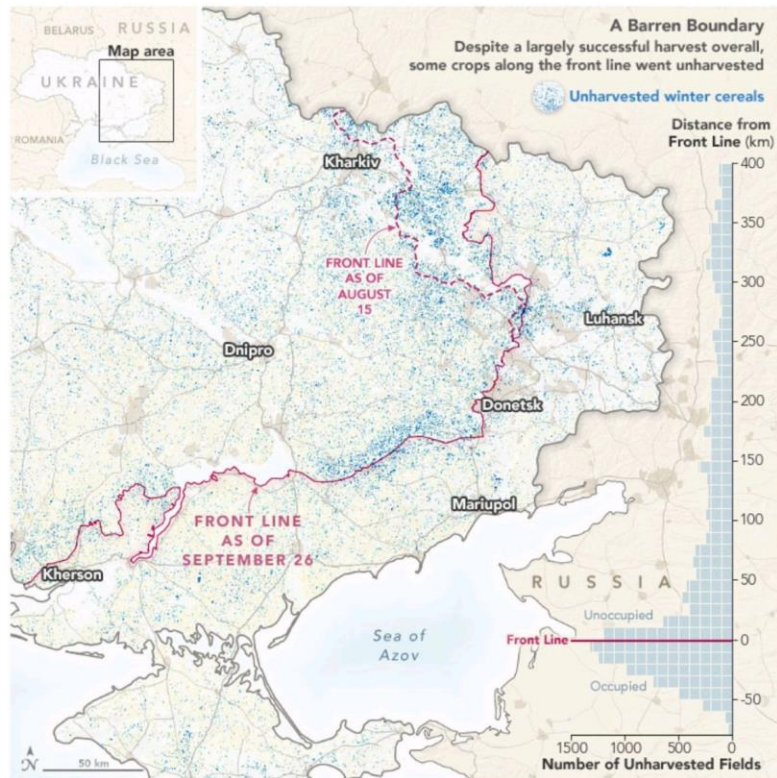
Coaster sized ports handle
1.2 MMT



Was That Russian or Ukrainian Wheat?

Russia Reaped \$1 Billion of Wheat in Occupied Ukraine, NASA Says

- NASA Harvest uses satellite imagery to model wheat crop
- A quarter of Ukraine wheat is grown on land claimed by Russia



Ships Linked to Russia's Biggest Grain Exporter Moved Stolen Ukrainian Wheat



Global Wheat Balance Sheet 2022/23

World Wheat Supply and Use 1/ (Cont'd.) (Million Metric Tons)

2022/23 Proj.		Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	Oct	276.01	781.70	203.86	155.50	790.17	208.33	267.54
	Nov	276.31	782.68	202.59	156.39	791.17	208.65	267.82
World Less China	Oct	134.25	643.70	194.36	125.50	646.17	207.43	123.18
	Nov	134.55	644.68	193.09	126.39	647.17	207.75	123.46
United States	Oct	18.21	44.90	3.27	1.36	29.61	21.09	15.68
	Nov	18.21	44.90	3.27	1.36	29.75	21.09	15.54
Total Foreign	Oct	257.80	736.80	200.60	154.14	760.56	187.24	251.86
	Nov	258.10	737.77	199.32	155.03	761.42	187.56	252.28
Major Exporters 4/	Oct	39.53	331.75	6.71	80.55	188.35	151.00	38.63
	Nov	39.58	330.80	7.21	81.05	188.75	150.00	38.83
Argentina	Oct	2.03	17.50	0.01	0.05	6.25	12.00	1.28
	Nov	2.08	15.50	0.01	0.05	6.15	10.00	1.43
Australia	Oct	3.50	33.00	0.20	5.00	8.55	25.00	3.15
	Nov	3.50	34.50	0.20	5.00	8.55	26.00	3.65
Canada	Oct	3.67	35.00	0.60	4.00	9.10	26.00	4.17
	Nov	3.67	35.00	0.60	4.00	9.10	26.00	4.17
European Union 5/	Oct	13.43	134.75	5.50	45.00	108.75	35.00	9.93
	Nov	13.43	134.30	6.00	45.50	109.25	35.00	9.48
Russia	Oct	11.09	91.00	0.30	21.00	45.00	42.00	15.39
	Nov	11.09	91.00	0.30	21.00	45.00	42.00	15.39
Ukraine	Oct	5.81	20.50	0.10	5.50	10.70	11.00	4.71
	Nov	5.81	20.50	0.10	5.50	10.70	11.00	4.71

Global Corn Balance Sheet 2022/23

World Corn Supply and Use 1/ (Cont'd.) (Million Metric Tons)

2022/23 Proj.		Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	Oct	307.01	1,168.74	178.96	740.23	1,174.55	183.04	301.19
	Nov	307.68	1,168.39	177.60	740.33	1,175.30	182.74	300.76
World Less China	Oct	97.77	894.74	160.96	526.23	879.55	183.02	94.98
	Nov	98.54	894.39	159.60	526.33	880.30	182.72	94.64
United States	Oct	34.98	352.95	1.27	133.99	304.81	54.61	29.77
	Nov	34.98	353.84	1.27	134.63	305.45	54.61	30.02
Total Foreign	Oct	272.03	815.79	177.69	606.24	869.74	128.43	271.42
	Nov	272.70	814.55	176.33	605.71	869.86	128.13	270.74
Major Exporters 4/	Oct	13.86	244.80	1.36	102.30	126.20	111.20	22.62
	Nov	13.86	244.20	1.36	102.30	126.20	110.90	22.32
Argentina	Oct	1.49	55.00	0.01	10.00	14.00	41.00	1.49
	Nov	1.49	55.00	0.01	10.00	14.00	41.00	1.49
Brazil	Oct	4.95	126.00	1.30	65.50	77.00	47.00	8.25
	Nov	4.95	126.00	1.30	65.50	77.00	47.00	8.25
Russia	Oct	0.93	15.00	0.05	10.00	11.20	4.00	0.78
	Nov	0.93	15.00	0.05	10.00	11.20	4.00	0.78
South Africa	Oct	1.92	17.30	0.00	7.30	13.30	3.70	2.22
	Nov	1.92	16.70	0.00	7.30	13.30	3.40	1.92
Ukraine	Oct	4.57	31.50	0.00	9.50	10.70	15.50	9.87
	Nov	4.57	31.50	0.00	9.50	10.70	15.50	9.87

Today – Ukraine World's Cheapest



Conclusions

- Ukraine, in theory, should be able to push out 15+ MMT of corn this year – down almost 50% from year before
 - Principally will go to EU and Mediterranean Sea Region
 - China to switch to Brazil?? Seems highly possible/likely
 - Ukraine wheat to Egypt, Indonesia, others..
 - Shipowners' premium? Willingness to engage? Insurance Premium
- Grain deal only good for 120 days
 - Expires March 19, 2023
 - Russia continues to apply pressure
 - Very difficult to predict where we go from here
 - That said, many think the grain deal should continue into perpetuity, but that's as the conflict sits today...things could change in the blink of an eye...

