

BUSINESS

Ukraine struggles to get its wheat to the world

Ukraine can't export most of its grain due to the Russian blockade of its Black Sea ports. As the new harvest season begins, fears are growing that much of the grain needed in Africa and the Middle East will go to waste.



Grain in Ukrainian wheat warehouses are waiting to be shipped abroad

Ukraine's infrastructure minister, Oleksandr Kubrakov, last week accused Russia of "terrorism," saying Moscow is "holding people all over the world hostage" [by blocking the country's grain exports](#). Putin wants to force the international community "to take off some of the sanctions and then the grain can get out," he said.

Ukraine normally exports 6 million to 7 million tons of grain per month. Last month, however, the "breadbasket of the world," as Ukraine is frequently referred to, shipped out only 2.2 million tons, according to the Ukrainian Grain Association.

Worse yet, [22 million tons of grain from last year's harvest](#) is now trapped inside Ukraine due to the war. US business daily *The Wall Street Journal* recently reported that Moscow is "quietly institutionalizing" the theft of hundreds of thousands of tons of Ukrainian grain by shipping it to Russia-friendly countries in the Middle East.

The Kremlin, meanwhile, claims that Kyiv is free to ship grain from its ports, with Foreign Minister Sergey Lavrov saying Moscow is ready to negotiate with Ukraine and Turkey over grain exports.

Awash in wheat and barley

As Ukrainian farmers begin the summer harvest this month, many fear that they will not have a place to store freshly harvested grain if Russia's export blockade is not lifted.

Ukraine has around 65 to 67 million tons of commercial grain storage capacity. Since about 20% of that is in Russian-occupied territories, farmers are left with only about 20 to 25 million tons of accessible storage capacity. Many are now scrambling to build temporary storage.

As Ukraine is expecting a new grain harvest of at least 50 million tons this year, the government in Kyiv is [looking hard for alternative routes for its exports](#).

One possible option is ports along the Danube river in southwestern Ukraine, which would be capable of shipping about 30% of the harvest. Another would be shipments via 12 border crossings with European countries. But even though exports through what the EU dubbed "solidarity lanes" have doubled to 5.8 million tons in June, Europe's infrastructure simply has limits on volumes.



Ukraine's grain, such as the barley pictured here, would normally have been shipped from Ukraine's southern ports

Transport costs a 'big issue'

Anna Nagurney, a Ukrainian-American mathematician and economist at the University of Massachusetts, explained that agricultural products like wheat and barley are "perishable goods that need to be brought to markets as soon as possible" to preserve their quality.

"Higher-quality products command higher prices," she told DW. This makes transport costs "a big issue."

With the peak grain export period in Ukraine being July through December, farmers are under pressure to sell as much as possible, [as quickly as possible](#).

The price to deliver barley harvested in Ukraine to the Romanian port of Constanta is currently €160 (\$160) to €180 per ton — up from \$40 to \$45 last year.

While farmers get less than \$100 per ton, traders earn about \$60 per ton because of the high costs of getting the grain out of the country. That includes expensive fuel and border delays.

Romania offers hope

Romania's biggest port, Constanta, has emerged as a main conduit for Ukraine's grain exports. It boasts Europe's fastest-loading grain terminal, and has processed nearly a million tons of grain from Ukraine since the invasion started in February.

Gennadiy Ivanov, CEO of dry-bulk operator BPG Shipping, said Constanta has begun "trans-shipping" Ukrainian grain on anchorage, meaning it is reloading grain with floating cranes from small ships onto large ships. "This will definitely help to increase exports because of

reducing the elements of the logistics chains," he told DW.

Romania helps Ukraine ship grain

The next step planned by port authorities, he said, is putting stationary storage vessels on the road to avoid stoppages while waiting for the small ships, known as coasters. "Loading can be even done from both storage vessel and coasters at the same time, and this will considerably boost the loading rate," Ivanov said.

But port operators say maintaining the volume [could soon be impossible without EU support](#). And Ivanov underscored that the main goal would remain the same: "unblocking the seaports of Ukraine."

Meanwhile, Romania has also reopened a Soviet-era rail link connecting its Danube port of Galati to Ukraine a month earlier than expected. That means grains coming from Ukraine via Moldova can reach Galati directly to be transferred onto barges and may then be brought further, including to Constanta.

Polish route awkward

Under efforts to safeguard Ukraine's grain harvests, the United States has pledged to build temporary silos for storing Ukrainian grain near the Ukrainian border in Poland.

Current infrastructure allows only a maximum amount of about 1.5 million tons to be shipped into Poland, while the needs from Ukraine are about 5 million tons per month. Warsaw said improvements in infrastructure would take about three to four months to be implemented.

"With many of the roads and other transportation links compromised in Ukraine, plus the various logistical bottlenecks and the need to secure enough vehicles for the transport and drivers, determining where to site the silos in Poland is in itself an important problem," Nagurney said.



The Polish route would involve shipping grain overland via trucks — congestion at the Ukraine border crossing was an issue in the past

There are also [political issues to resolve](#). Polish Prime Minister Mateusz Morawiecki recently felt obliged to assuage Polish farmers' concerns that grain from Ukraine would not be sold in Poland, but would be delivered onward to Africa and the Middle East.

Turkish leverage and Russian spin

Turkish President Recep Tayyip Erdogan has said [his country is working with the UN, Ukraine and Russia](#) to find a solution, offering safe corridors in the Black Sea for wheat shipments. This would make logistics much cheaper than the existing export routes through the western border with Poland, which cost almost 40% of the price of grain itself.

But which grain will Turkey ship? According to Russian news agency TASS, authorities in the Russia-controlled southeastern Zaporizhzhya region of Ukraine said that last week an agreement had been reached to sell grain abroad, mainly to the Middle East.

Much to Kyiv's ire, Russia in fact started shipping grain on a vessel carrying 7,000 tons from Ukraine's occupied port of Berdyansk. The government in Kyiv summoned the Turkish ambassador last week after Turkey had allowed the Russian-flagged ship to leave the Turkish port of Karasu.

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