

Ukraine hopes to begin shipping grain again this week

By admin On July 26, 2022 In Cargo, Insurance Marine News, Keep, Marine Hull, Marine Liability

Ukraine said on Monday July 25th that it would be able to resume at least some grain exports via the Black Sea region sometime this week.

Deputy infrastructure minister Yuriy Vaskov told a news conference that he hoped the first grain shipment from Ukraine could be made this week from Chornomorsk, with shipments from other Odesa and Pivdeny following over the next two weeks.

“We believe that over the next 24 hours we will be ready to work to resume exports from our ports. We are talking about the port of Chornomorsk, it will be the first, then there will be Odesa, then the port of Pivdeny,” he said.

Having declined by 2% on Friday when the agreement was signed, global wheat prices rose sharply on Monday due to fears that the Russian missile attack on Odesa could scupper the deal. Most of the falls seen on Friday were erased. The prospect of shipments resuming as quickly as the Ukrainian minister hoped looked unlikely to external observers.

Daejin Lee, lead shipping analyst at S&P Global Market Intelligence, reckoned it would take a few weeks to months to resolve insurance and safety concerns for the Black Sea routes from major grain ports. Lee said that Danube River ports will likely remain a safe and attractive option for grain exports in the near term.

There were reports that a Lloyd's consortium could emerge this week, but that would be just the first step in the insurance process. The ships would have to be found, and the premiums agreed with the shipowners.

There are also more than 80 ships still stuck in Black Sea ports. Many of these have cargoes onboard, including grain. Coordination efforts are continuing for the first ship loaded with grain to depart from Ukraine's Black Sea ports, the Turkish National Defence Ministry said on Sunday.

Ukraine shipped 50m tonnes of grain in 2021, accounting for 10% of global exports. However, in Q2 it shipped only 1.3m tonnes, down by some 90% year-on-year, according to data from Clarksons Research.

“While there remain some concerns around implementation, and there are a range of scenarios around how quickly exports may ramp-up, the deal should facilitate some increase in shipments from Ukraine, helping to free up storage space (already largely full with last year’s crops) ahead of this year’s wheat and corn harvests which are due in the coming months,” Clarksons said in its most recent weekly report.