

Russia resumes participation in Ukraine grain deal

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Russia said yesterday November 2nd that it would renew its involvement in the Black Sea grain deal.

Meanwhile, Lloyd's insurer Ascot has resumed quoting on its cargo insurance facility for the Black Sea grain corridor, the facility's lead underwriter said on Wednesday.

"In response to today's news, the Ascot-led 'AsOne' facility is quoting again, effective immediately, and we have already issued quotes this morning," Chris McGill said.

The sudden reversal was announced by the Defence Ministry after Turkey and the UN had kept Ukrainian grain shipments going.

The Russian Defence ministry justified the change by saying it had received guarantees from Ukraine not to use the Black Sea grain corridor for military operations against Russia.

Ukraine has always denied in the past that it was using the shipping corridor as cover for attacks, a denial backed by UN observers.

"The Russian Federation considers that the guarantees received at the moment appear sufficient, and resumes the implementation of the agreement," the Russian ministry statement said.

The deal is still due to expire on November 19th, 120 days after it was agreed in late July. However, the move by the Russian Ministry of Defence will have raised hopes that there will be a renewal.

Russia suspended its involvement in the deal on Saturday, stating that it would not resume a blockade of Ukrainian ports, but that any ships travelling the corridor did so "at their own risk".

The shipments resumed on Monday without Moscow's participation but backed by Turkey and the United Nations. Turkish President Tayyip Erdogan said Russian Defence Minister Sergei Shoigu had told his Turkish counterpart that the deal would resume. "The grain transports will continue as agreed before as of 12 (pm) today," Erdogan said while addressing members of his AK Party.

President Erdoğan said that exports to African nations would be prioritized. A recurring Russian complaint was that too many of the ships leaving the Ukrainian ports were taking grain to EU countries rather than developing nations.

Prices of wheat, soybeans, corn and rapeseed fell sharply on global markets following the announcement.

President Putin said on Wednesday that Russia reserved the right to withdraw from the grain deal if Ukraine violated its guarantees. But that, if it did so, it would not impede grain supplies from Ukraine to Turkey.

A senior Ukrainian official who declined to be identified told Reuters that Moscow's decision was mainly the result of Turkish pressure on Russia.

Turkish Foreign Minister Mevlu Cavusoglu had said earlier that Russia was concerned about its fertilizer and grain exports. Russian officials had previously complained that the ships carrying them could not dock, even though the exports were not included in Western sanctions. Interestingly, there was no mention of these matters in the Russian statement on the resumption. The UN statement said that Secretary-General Guterres would work to get those obstacles removed.

UN spokesman Stephane Dujarric said that "the Secretary-General continues his engagement with all actors towards the renewal and full implementation of the Initiative, and he also remains committed to removing the remaining obstacles to the exports of Russian food and fertilizer".

Movement of grain carrying cargo ships out of and into the Ukrainian ports of Odesa, Chornomorsk and Yuzhne had been suspended while UN officials continued discussions with Russia, Turkey, and Ukraine in an attempt to resume full participation in the programme.

Traffic dropped from more than a dozen on Monday to three on Tuesday. "The Joint Coordination Centre can best deliver on its mandate with the full and active participation of all four delegations," the UN said.

The Russian Federation had suspended its participation in the JCC's efforts from Saturday October 29th and publicly stated that the safety of vessels operating on the route could not be guaranteed. Russian officials had accused Ukraine and the west of using the vessels for military purposes.

UN officials rebutted Russia's claims that the corridor was being used for military purposes or transporting equipment. It noted that each vessel was inspected at Istanbul before being permitted to proceed across the Black Sea. The vessels were checked again on their return from Ukraine.

Russia asserted that the drone attacks on its naval vessels off Sevastopol were launched from merchant ships in the corridor. Martin Griffiths, head of the UN's humanitarian efforts, told the Security Council that no vessels were in the corridor at the time of the attacks.

The UN Coordinator for the Black Sea Grain Initiative, Amir Abdulla, said that, in close cooperation and consultation with the Turkish delegation at the JCC, Turkey and the UN were "exerting all efforts to resume full participation at the JCC." He later tweeted a brief message saying that he expected loaded ships to sail on Thursday.

The Ukrainian Ministry of Infrastructure had said that export volumes could be between 30% and 40% higher if Russia had not been interfering with the inspections in the Bosphorus.

Of the three vessels that departed Ukraine on Monday, two were carrying wheat for Libya and sunflower oil for Morocco, while the third was carrying corn that was bound for Germany. Two were reported to be UAE-owned while the third was owned by a Turkish company.

Two tankers were reported to have arrived in Ukrainian ports to load oils for Jordan and Romania. The JCC said that inspectors also completed 36 inspections on outbound vessels. Two additional inspections were suspended while the cargoes on the vessels were fumigated.

The Monday caravan of 15 or more grain ships safely reached the Bosphorus zone. As of Tuesday, there remained more than 10 ships docked in Ukrainian ports awaiting departure. Dozens of ships in ballast (possibly more than 100) were waiting at Istanbul anchorages to be inspected by the JCC.