

LOGISTIC COLLAPSE OF A GRAIN EXPORT THROW WESTERN BORDERS OF UKRAINE CAUSED BY RUSSIAN INVASION

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Introduction. Ukraine is a great agriculture country; the gross harvest of grains and oilseeds last years is about 100 million tons. The main export grains are winter wheat, feed corn, sunflower, soy-bean, barley, oats, millet, buckwheat, rye, rice and others. It normally produces 42% of the world's sunflower oil, 16% of its maize and 9% of its wheat. Traditionally, Ukraine was an exporter of grain and due to the war was forced to minimize exports, almost stop it [1,2]. There is a lack of everything – funds, grain wagons, trucks and so on. In addition, it is not clear which countries to export to and how to find counterparties there. Cars with Ukrainian grain have been going to Poland for 2.5 months and have not yet reached. And this situation is actually for all farmers in Ukraine. They hire some cars, use the services of freight forwarders, but this export can be called a “drop in the sea”. Before the war, exports of medium-sized farms amounted to about ten thousand tons and now do not exceed a thousand tons of products, which, as already mentioned, are on the border [3,4].

According to optimistic expectations, the total economic benefits of unblocking Ukrainian ports will amount to USD 5.5 billion, or 4.5% of the National Bank of Ukraine pessimistic Gross Domestic Product (GDP) forecast for 2022. These are the forecasts of the KSE Institute Centre for Food and Land Use Research. Additional export revenues from agricultural products are expected at about USD 14.7 billion or about 30% of all exports of Ukraine according to the pessimistic scenario of the National Bank of Ukraine. Analysis of historical values of the price difference (basis) between domestic prices in Ukraine and world prices (futures prices on the Paris Euronext Exchange, Free On Board FOB prices in the Romanian port of Constanta) shows that after the pores are fully unblocked, prices can potentially increase by about USD 150/

ton. Moreover, it will take time for the “market and its players” to fully believe the effectiveness and safety of grain contract.

The aim of the research was to value the grain export logistics as a traditional Ukrainian business which was destroyed during the Russian aggression.

Results. For example, the agricultural company “Perlyna Podillya”, located in the Khmelnytsky region, reduced production volumes by an order of magnitude. Purchase prices for grain in the domestic market in the west are somewhat higher due to the proximity of the border, but do not cover the cost of cultivation. Perhaps in the western regions of Ukraine in the domestic market the situation is better than, for example, in the Chernihiv region. Higher purchase prices are offered there, but still they are below costs. Thus, at a cost of 6000 UAH/ton, they buy grain at 4200 UAH/ton. Raising tariffs by “Ukrainian Rail Ways” has hit the agricultural sector and the ability to export grain. If 3000 UAH/ton is offered for barley and tree thousand UAH is to take it by rail to the border, then it makes no sense to export it.

As for the transition to the use of trucks, cars at the border stay for five days in both directions – this is a mockery of drivers. Secondly, grain trucks have their own specifics, so it is difficult to find cargo for the return journey. This is a vicious circle from which it is difficult to find a way out. Farmers are trying to expand dairy cattle breeding in order to “exchange grain for milk”. As for unblocking seaports, to restore full-fledged exports, a victory of the Armed Forces of Ukraine is needed. Port unlocking is all the theory of probability, tomorrow a mine or a missile strike can change everything. Expectations of farmers regarding the establishment of maritime exports are high, but we need to really look at things. Now there is an export by ships of previously purchased grain. When the turn will reach new deliveries is unknown. It all depends on the situation at the front. So far, exports will take place in small volumes, because we have low throughput at the border. As for Odesa, the establishment of the export flow can take months. Now, it seems that it is risky to send goods to Odesa; we need a victory for the Armed Forces of Ukraine.

Conclusions. The export potential of the 2021 harvest of grains and oilseeds in Ukraine due to the blocking of ports is estimated at 20 million tons. Because Russian – Ukrainian war 2022, the export felled down significantly. There is an export by ships of previously purchased grain. When the turn will reach new deliveries is unknown. It all depends on the situation at the front. So far, exports will take place in small volumes, because we have low throughput at the border. As for Odesa, the establishment of the export flow can take months. Now, it seems that it is risky to send goods to Odesa; we need a victory for the Armed Forces of Ukraine.

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