



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Black Sea grain deal

Published On: 06-09-2023

Why is in news? Black grain deal will be restored 'soon', says Turkey's Erdogan: What is the agreement; its significance

?Turkish President on September 4 said he was confident Russia would "soon" revive the Black Sea grain deal, which was signed in July 2022 and assured safe passage to ships carrying grain from Ukraine. In July this year, Russia refused to extend the deal.

Black Sea:

The Black Sea lies between the continents of Asia and Europe.

It is bound to the west by the Balkan Peninsula in South-eastern Europe, to the east by the Caucasus, north by East European Plains, and south by Anatolia of Western Asia.

It is bordered by Ukraine to the north, Russia to the northeast, Georgia to the east, Turkey to the south, and Bulgaria and Romania to the west.

The black Sea drainage basin drains several countries, including the six countries that share its coast.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**



About the deal:

Ukraine is among the **world's biggest exporter of foodgrains**, such as wheat and corn, and a **major contributor to the UN's food aid programmes**.

When Russia invaded the country and blockaded its ports, it sent food prices soaring and raised fears of food security in the poorer nations of the world.

Pakistan, for instance, saw wheat prices skyrocket to crisis levels.

Against this backdrop, the **UN and Turkey got Russia to agree to the Black Sea Grain Initiative**.

In **July 2022**, Russia and Ukraine signed a **deal to reopen grains exports from Ukrainian Black Sea ports**.

The agreement is also known as the Black Sea Initiative.

Initially **stipulated for a period of 120 days**, the deal was to provide for a **safe maritime humanitarian corridor** for Ukrainian exports (particularly for food grains).

The central idea was to calm markets by ensuring an adequate supply of grains, thereby limiting food price inflation.

Under the initiative, cargo ships would be **allowed to travel from and to three Ukrainian ports** of **Odesa, Chornomorsk and Pivdennyi (Yuzhny)**, after inspection that they weren't carrying arms.

The safe passage in the Black Sea was 310 nautical miles long and three nautical miles wide.

A control centre was established in Istanbul, staffed by U.N., Turkish, Russian and Ukrainian officials, to run and coordinate the process.

The deal has **been extended twice**, and is due to expire on July 17.

Why did Russia refuse to renew it?

Russia has continued to claim that the **promises made to it under the deal have not been met** and that it is **facing trouble exporting its own agricultural products and fertilisers** because of the many sanctions the West has slapped on it.

While there is no direct restriction on Russia's agricultural products, the country says **barriers on payment platforms, insurance, shipping and other logistics** are hampering its exports.

Russia has also said it had agreed to the grain deal in order to help ensure global food security, but Ukraine has since exported mainly to **high-and middle-income countries**. The UN has pointed out that while this is true, poorer countries have been helped by food prices cooling down.

The **primary destinations for Russian wheat** are the Middle East, North Africa and Central Asia, led by Egypt, Iran and Algeria.

Ukraine's markets have **shifted dramatically from Asia and North Africa** before the war **to mainly Europe**, mostly due to ease of shipment.

What has happened since the deal came to an end?

Since its refusal to extend the end, Moscow has repeatedly attacked the Odesa region, which is Ukraine's main Black Sea port.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040
Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

A Russian drone strike targeted the Danube River port of Izmail in Odesa, damaging warehouses and buildings, according to the Ukrainian Air Force. The attack took place just hours before Putin and Erdogan met.

Russia is also looking to export grain to African nations. Putin said Moscow was close to a deal with six African countries over a plan to supply Burkina Faso, Zimbabwe, Mali, Somalia, the Central African Republic and Eritrea with up to 50,000 tonnes of grain, Al Jazeera reported. Russia would supply the food and carry out logistics at no cost, and deliveries “would begin in the next couple of weeks,” the Russian president added.

Why is the Black Sea Grain Initiative Important?

Ukraine is among the largest exporters of wheat, maize, rapeseed, sunflower seeds and sunflower oil, globally.

Its **access to the deep-sea ports** in the Black Sea enables it to directly approach Russia and Europe along with grain importers from the Middle East and North Africa.

The initiative has also been credited for having made a **huge difference to the global cost of living crisis**.

Under the pact, some 21.1 million tonnes of agricultural products have been shipped, including 10 million tonnes of corn.

People hoarding the grain in the hope of selling it for a sizable profit owing to the supply crunch were now obligated to sell.

Although the **initiative alone cannot address global hunger**, it can avert the chances of the global food crisis spiralling further, especially when the region is yet to scale prior year levels.

Conclusion:

The Black Sea deal is absolutely critical for the food security of a number of countries and its loss would compound the problems for those facing high debt levels and climate fallout.

The rising interest rates meant to target inflation as well as weakening currencies “are making it harder for many developing countries to finance purchases in dollars on the global markets.”

However, analysts don't expect more than a temporary bump to food commodity prices because places like Russia and Brazil have ratcheted up wheat and corn exports, food insecurity is growing.