

HOW RUSSIA HAS BECOME THE WORLD'S TOP WHEAT EXPORTER AT UKRAINE'S EXPENSE



A wheat field in Ukraine's Lviv region. *Wikimedia Commons*

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RUSSIA IS consolidating its position as the world's top wheat exporter, even as Ukraine's shipments are projected to more than halve from their peak and production plunge to a 11-year-low.

The US Department of Agriculture (USDA) has estimated Russia's wheat exports at a record 45.5 million tonnes (mt) in 2022-23 (July-June), up from 33 mt, 39.1 mt and 34.5 mt in the preceding three marketing years. In the process, it has left behind the European Union, which had exported 39.8 mt in 2019-20, before slipping to 29.7 mt, 32 mt and 34 mt in the following three years.

Moreover, Russia's wheat exports are expected to touch a new high of 47.5 mt in 2023-24, way ahead of the EU (38.5 mt), Canada (26.5 mt), Australia (25 mt) and Argentina (11 mt). Russia has gained largely at the expense of Ukraine. The war-torn nation's exports fell from 21 mt in 2019-20 to 16.8 mt in 2022-23 and are forecast to further decline to 10.5 mt in the new marketing year. USDA has pro-

jected the country's production, too, to dip to 17.5 mt, the lowest since 2022-13.

The primary destinations for Russian wheat are the Middle East, North Africa and Central Asia, led by Egypt, Iran and Algeria. While the Black Sea Grain Initiative helped Ukraine export 16.8 mt in 2022-23, about 39% of its wheat actually moved via the land route to Eastern Europe, instead of the specially-created corridors for shipping from the three designated ports of Odesa, Chornomorsk and Yuzhny. Ukraine's markets have shifted dramatically from Asia and North Africa before the war to mainly Europe, mostly due to ease of shipment, according to the USDA.

Ample supplies from Russia have helped soften global wheat prices. Russian wheat is now being exported at around \$235 per tonne, as against \$275 three months ago, \$310 six months ago and \$375 a year ago. The relatively low international prices of wheat can be a comfort factor for countries like India; it might have to consider that option if the kharif rice crop does not turn out too good due to poor monsoon rain in major paddy-growing states.