

MS DAILY BRIEF - 20 August 2022

Contents

Russia has lost half of its Black Sea Fleet aircraft after mysterious explosions in Crimea.

Moscow is finding it harder and harder to hide the truth

Russia's Black Sea Fleet to get more military hardware, announces new commander

Naval bulletin. Driven to the depths by lack of a viable naval anti-aircraft system

2nd Kormoran II MCM ship delivered to Polish Navy

Denmark announces significant investment for its navy

Ukraine names its first Milgem corvette "Hetman Ivan Mazepa"

Crews win compensation as abandonment hits record high in 2021

Royal Navy's oldest frigate gets a second LIFEX career, adding 5 years to its life

Ukraine's grain transport corridor appears to be working

Russia has lost half of its Black Sea Fleet aircraft after mysterious explosions in Crimea. Moscow finds it harder and harder to hide the truth

DefenseRomania Team / 19 Aug 2022, 19:56, Belbek Air Base, where the 38th Fighter Regiment of the Russian Aerospace Forces is deployed with all its Su-27 and Su-30M2 aircraft. Belbek" Air Base, where the 38th Fighter Regiment of the Russian Aerospace Forces is deployed with Su-27 and Su-30M2 aircraft.

The recent explosions that took place far behind Russian lines in Crimea have had a major psychological effect on the leadership in Moscow, Western officials said Friday, according to Agerpres, citing DPA. More than half of the Russian Black Sea Fleet's fighter jets based at the Saki military airfield in western Crimea have been taken out of service following last week's explosions in an area previously considered safe by Moscow, according to the British Defence Ministry. The Kremlin is looking for someone to blame for the disaster and President Vladimir Putin is finding it hard to hide Ukraine's success from the Russian population as thousands of Russians fleeing Crimea have entered the country, Western officials said on Friday. The attacks, they say, have forced Russia's Black Sea Fleet into a defensive posture and have hampered Russia's ability to launch a successful amphibious assault on Odessa, a port city on Ukraine's Black Sea coast. It comes as the war has entered a phase approaching operational stalemate, with neither side's ground forces lacking sufficient concentrated combat power to launch effective offensive action.

Russia is facing an increasingly acute shortage of stocks

Russia is facing an increasingly acute shortage of stocks, even basic ammunition, as well as manpower as it struggles to rebuild its forces, the same Western officials note. At the same time, the head of the British intelligence service GCHQ (Government Communications Headquarters) said Moscow had failed to gain ground in the information war against Ukraine. "So far, President Putin has completely lost the information war in Ukraine and the West," Sir Jeremy Fleming assesses in an editorial in The Economist.

"As with his ground invasion, Russia's initial online plans appear to have failed to achieve their objectives," he believes. On 9 August, a series of explosions rocked the Saki military airfield, the main airbase of the Russian Black Sea Fleet in Crimea. After the attack, which Ukraine did not claim responsibility for, the Ukrainian army general staff said the Russians lost nine fighter jets, according to Ukrainian publication Focus. Some 160 Russian pilots were killed or wounded in the attack, according to Ukrainian Interior Ministry information cited by Focus. On 16 August, another explosion occurred at a military warehouse near Djankoi in northern Crimea. Crimea, a Ukrainian peninsula annexed by Moscow in 2014, has been at the forefront of Russia's military offensive against its Ukrainian neighbour since 24 February.

Source: https://www.defenseromania.ro/rusia-a-pierdut-jumatate-din-avioanele-flotei-marii-negre-dupa-exploziile-misterioase-din-crimeea-moscovei-ii-e-tot-mai-greu-sa-ascunda-adevarul_617796.html

Russia's Black Sea Fleet to get more military equipment, announces new commander

Russia's Black Sea Fleet is to receive 12 new ships along with aircraft and ground vehicles in 2022, its new commander, Vice Admiral Viktor Sokolov, announced on Friday, Reuters reports. "The Black Sea Fleet is taking part in the special military operation and is successfully achieving the objectives set for it," Sokolov was quoted by the Russian TASS news agency as telling a group of young officers. The RIA Novosti news agency announced on Wednesday that Viktor Sokolov has been appointed to head the Russian Black Sea Fleet. He replaced Igor Osipov, who has led the Black Sea Fleet since 2019 after a series of failures, in the post. A week earlier, explosions at an air base in Crimea caused major damage to one of the Russian Black Sea Fleet's airborne regiments. In April, that fleet's flagship, the cruiser Moskva, was sunk in what the Ukrainian Defence Ministry said was a missile strike. Two months later, the Russian Black Sea Fleet withdrew from Snake Island, a strategic island near the port of Odessa. Russia calls its military campaign in Ukraine a "special military operation" designed to demilitarise and "denazify" Ukraine. But Kiev and Western countries see this as a pretext for an imperialist-style war of co-optation.

Source: https://www.economica.net/flota-rusa-de-la-marea-neagra-va-primi-mai-multa-tehnica-militara-anunta-noul-sau-comandant_606473.html

Naval Bulletin. Driven to the depths by lack of a viable naval anti-aircraft system

Much excitement around the Russians lately: the "special military operation" in Ukraine and its lessons, the adoption of a new maritime doctrine, events that are likely to shape new courses of action, shipbuilding programs, tactics, etc. etc. Returning to the "special military operation" in Ukraine, I read relatively recently on Naval News (which in turn quotes TASS) an article listing some of the conclusions of Russian military expert Vladimir Karnozov writing in Independent Military Review about the Black Sea war. According to him, the most effective means of combat for the Russian Black Sea fleet was the submarine. The Black Sea Fleet has been equipped in recent years with 6 (six) Kilo Improved - Project 636.3 submarines and the old Alrosa, a Project 877 Kilo (read more about it here) jet-powered submarine, has been undergoing major repairs with the intention of being reactivated as soon as possible. As a reminder, after the start of the "special military operation", Turkey closed the straits under the provisions of the Montreux Convention (which you can read more about here). Here's what Karnozov has to say about the

development of the Black Sea air-naval conflict: NATO reconnaissance means, which are actively working for the Ukrainian Armed Forces, are not able to track all the movements of Black Sea Fleet submarines, that is why, a submarine can be generally detected only by the point at sea, from which 3M-14 missiles emerge. Such surprise reduces the enemy's ability to cut losses in manpower and equipment by quickly dispersing them immediately before a missile strike. Surface ships are increasingly turning into targets for a high-tech enemy, since their movements can be easily tracked by reconnaissance aircraft and satellites of NATO countries. Ships are highly vulnerable to weapons in service with the Ukrainian Armed Forces, such as the Neptune, Harpoon and Brimstone anti ship missiles. The expert suggests using the high stealth capabilities of submarines for reconnaissance and monitoring of enemy coastal targets at a short distance from the coast. And Karnozov goes on to the Baltic Sea where, with the accession of Sweden and Finland to NATO, things will look increasingly bad for the Russians: Taking into account the significant numerical superiority of the NATO naval forces, it seems most logical to equip the Baltic Fleet with advanced missile-carrying submarines. It seems that the Russians have got all they can out of the old Kilo, which has reached the limit of what can be upgraded. Development of a successor, the Project 677 - Lada submarines, has been dragging on for years, with the Russians unable to build and operate an Air Independent Propulsion (AIP) for the class. However, Karnozov argues that the old Kilo has reached its limits and that the future belongs to the quieter, more automated, more country-like Lada class... He argues that Lada class submarines are much better suited to the Baltic environment, have a much more powerful Lira-type sonar than the Rubicon-type one on board the Kilo and, although smaller than the latter, can carry as many weapons - 18 missiles and/or torpedoes. Without trying to diminish the value of submarines on the battlefield of the future, I dare say that what we are actually seeing from this new direction of action by the Russian Navy is the direct consequence of a few factors: The loss of access to gas turbines (after 2014) and high-performance diesel engines (also after 2014) has led to the inability of the Russian industry to produce large combat vessels (from frigates upwards), the only ones capable of providing anti-aircraft cover for a group of ships. However, the Russians have greatly delayed the replacement programmes for large ships inherited from the former USSR and new projects have mostly stagnated - the Gorshkov-class frigates. Moreover, the Russians were very late in modernising ships inherited from the defunct USSR and some were not modernised at all - see the case of the Moscow cruiser sunk by 2 (two) subsonic missiles of the Neptune type with a razor flight profile. The lack of availability of turbines has limited the deployment of ships produced by Russian industry in recent years: several long-range cruise missile ships - the famous Kalibr - have been built, but with serious deficiencies in terms of air defence. New naval anti-aircraft systems were born hard, see the Poliment-Redut system (basically a naval S-350) installed on Gorshkov-class frigates and some of the new Project 20380 corvettes and their derivatives. Shtil medium-range anti-aircraft systems (basically a naval Buk) installed on Grigorovich-class frigates have modest performance (according to publicly available data) compared to similar Western systems and have been insufficiently tested under live-fire conditions against targets simulating unmanned aerial systems or anti-ship missiles. The sinking of the Moscow cruiser had the immediate effect of removing Russian surface ships from the range of Ukrainian coastal battleships but also of adopting improvisations of the kind seen on the Project 22160 - Vasily Bykov ships which I discussed in an earlier article which can be re-read here. Russia's "famous" anti-aircraft, the one that determined Russia's "even more famous A2/AD zone" that you couldn't take off without being shot down by the Russians even from Odessa. Early warning aircraft could have surveyed the conflicting airspace by coordinating

the joint navy and naval aviation response against threats from Ukrainian unmanned aerial systems and coastal batteries. If Russia had had this 24/7 technical-tactical capability at its disposal, I don't think the Black Sea Fleet would have suffered so many losses or been driven away from the Ukrainian shores. Naturally, the most effective assets of the Russian Black Sea Fleet were submarines, while the Ukrainian navy has no technical-tactical means capable of fighting them... Ukraine simply has no anti-submarine warfare systems. And the American P-8 Poseidon and P-3 Orion have mostly remained either in international space or just over Romania. Reading the article on Naval News I couldn't help but immediately think of the situation of the German Navy in WWII. Unable to build a surface fleet capable of fighting the British navy in time, geographical constraints and the "obligation" to disrupt Britain's supply lines led the German navy to bet everything on the submarine weapon. The outcome of the Battle of the Atlantic is familiar to us all. That's because there are no single miracle solutions except in stories. The experience of the Russians might lead some of us more hasty (and shallower I might add) to believe that surface ships are sitting ducks in a possible conflict in the Black Sea. Nothing could be further from the truth. The Russian experience only shows that surface ships in the Black Sea need to be equipped with credible, effective anti-aircraft and modern countermeasures supplemented by passive all-spectrum ship masking measures. And displacement is not necessarily related to the degree of passive masking of a ship (although it helps) an example of this is the Zumwalt class ships: 15000 tons displacement but radar signature similar to a small-scale fisherman. And surface ships need to be integrated into the mix of other technical assets that will operate in the maritime space. In this respect, in my opinion, the ability to have a clear, real-time overview of the battlefield and to be able to execute joint military operations in the Black Sea area will be the key to success in the event of a potential conflict. Briefly: Joint military operations are 'the totality of land, air and sea actions carried out by a group of forces or elements and assets belonging to several categories of armed forces, in the appropriate environment specific to each of them, in a given geographical area, within a given period of time, in a single concept and under a single command exercised by a joint operational command in order to achieve specific objectives'. The acquisition of technical equipment and the training of the Romanian Naval Forces should be circumscribed to this concept of joint military operations. However, from what I have seen so far, in terms of naval procurement, we only have specific Romanian hei-groups which, at least in my opinion, do not reflect a realistic approach from a budgetary point of view, coordinated by and based on a clear combat concept. But maybe I'm wrong...

Source: <https://www.rumaniamilitary.ro/buletin-naval-alungati-in-adancuri-de-lipsa-unui-sistem-naval-antiaerian-viabil>

The 2nd Kormoran II MCM has been delivered to the Polish Navy

Polish company Remontowa Shipbuilding has delivered the second Kormoran-II class minehunter, ORP Albatros (602), to the Polish Navy on 12 August 2022. On 12 August this year, at Remontowa Shipbuilding shipyard, acceptance documents were signed for the second in a series of modern minehunters - the ORP Albatros being built for the Polish Navy. The ship was built by a consortium consisting of: the leader - Stocznia Remontowa Shipbuilding S.A. belonging to the REMONTOWA HOLDING S.A. capital group and the members - Ośrodek Badawczo - Rozwojowy Centrum Techniki Morskiej S.A. (OBR CTM S.A.) and PGZ Stoczniowy Stoczni Marynarki (OBR CTM S.A.). The handover of the vessel was preceded by several months of delivery and acceptance tests, during which the offshore platform and mine threat equipment and systems were checked. The successful completion of acceptance trials confirmed the vessel's ability to perform its main tasks, which include:

detecting, identifying and countering sea mines and other objects and explosives in sea areas; securing sea lanes of communication, conducting operations in mine-threatened areas, environmental assessment in underwater areas. The ORP ALBATROS is already the second of the KORMOARAN II series of mine destroyers. Five years ago, a prototype ORP KORMORAN was handed over to the Polish Navy. ORP Kormoran was handed over to the Navy five years ago. On the basis of the experience gained during its operation, certain modifications were introduced in the construction of subsequent ships. Thanks to these, ORP ALBATROS, as well as later ships, are equipped with new devices for checking sea areas. The ship's gunnery system was also changed to a more modern one. ORP ALBATROS will become part of the 13th Mine Squadron, which reports to the 8th Coastal Defence Flotilla in Świnoujście.

Source: <https://www.navalnews.com/naval-news/2022/08/2nd-kormoran-ii-mcm-vessel-delivered-to-polish-navy/>

Denmark announces significant investment for its navy

The Danish Ministry of Defence (MOD) announced on 18 August a plan to invest up to DKK 40 billion (USD 5.5 billion) to strengthen the Royal Danish Navy (Søværnet). Naval News Staff 19 August 2022 Danish MoD press release - translated by Naval News The war in Ukraine increases the need for stronger national maritime security equipment. Denmark must be able to build its own warships - and in the coming years this could lead to investments of up to DKK 40 billion. The new partnership will examine and recommend what is needed to support Danish shipbuilding capacity. Minister of Defence Morten Bødkov is today launching a new national maritime partnership. The partnership must work towards stronger security of supply for Danish defence and at the same time use the enormous potential that exists in the Danish maritime sector to support ongoing defence needs. "With Russia's attack on Ukraine and the new European security situation, it is more important than ever that Denmark is able to defend itself. Here, security of supply plays a decisive role. It is essential that the armed forces are able to obtain the material that is absolutely essential to ensure a strong Danish defence. This applies not least at sea, where Denmark is one of the largest maritime nations in the world. Defence Minister Morten Bødkov. "In the next few years, the Defence Force will have to replace a large number of ships. This means purchases in the region of DKK 40 billion. The new partnership will make recommendations for the Danish maritime defence industry to participate in these investments. For the benefit of the Danish defence industry, Danish jobs and not least for the security of Denmark," says the defence minister. The Defence Minister has appointed Anne H. Steffensen, CEO of Danske Redier, as chair of the partnership. Anne H. Steffensen says: "We are a large maritime nation with a strong maritime industry, both by virtue of our civilian merchant fleet and our navy, which have always interacted closely. In the coming years, we need to strengthen the navy as an essential part of Denmark's defence. A close public-private partnership is the right way forward. In Denmark, we have many competences that can and should be used when new ships are to be developed and built. As chairman of the new partnership, I look forward to making recommendations on how we can best and reasonably support the needs of the armed forces in the maritime area." Dansk Industri CEO Lars Sandahl Sørensen says: "To this extent, we look forward to contributing very actively to the new partnership with the knowledge, technology and innovation we have in the business world. It is a natural extension of the national compromise on Danish security policy, which we in the business community fully support. Stronger Danish security requires closer and more intensive cooperation between defence and industry. We have a proud tradition of developing and building ships for

Danish defence and with this partnership we are continuing and strengthening this." Dansk Metal President Claus Jensen says: "Denmark faces massive maritime investments in the coming years, which Danish shipyards can bid for. It is visionary that someone politically wants to combine defence policy with industrial policy. This is what we at Dansk Metal have been asking for for many years - it could become a new business venture and create many Danish jobs. The maritime partnership ensures that everyone is working in the same direction for the benefit of Denmark."

Partnership facts

The new national maritime partnership must ensure coordination between the state, industry, professional organisations and financial institutions. This applies, among other things, to the work to strengthen Denmark's national shipbuilding capacity. The Partnership should prepare an analysis resulting in concrete recommendations on how best to support the long-term needs of the Norwegian Armed Forces for the procurement of ships - among other things by ensuring that Denmark has the skills to design, build and maintain warships. The partnership consists of members appointed by the following organisations: Ministry of Defence ("Deputy Chairman"), The Defense Command at the Defense Ship Programme, The Ministry of Defence's Materiel and Procurement Agency, Ministry of Business, Ministry of Education and Research, Danish Industry, Danish Metal, Danish Maritime, 3F Industry, Insurance & Pension, Maritime DTU, MARTEC in Frederikshavn.

Source: <https://www.navalnews.com/naval-news/2022/08/denmark-announces-significant-investment-for-its-navy/>

Ukraine names its first Milgem corvette "Hetman Ivan Mazepa"

Ukraine names first Milgem corvette "Hetman Ivan Mazepa" Ukrainian President Volodimir Zelenski announced the name of the first Milgem (Ada class) corvette as "Hetman Ivan Mazepa" on 18 August 2022. On 19 August 2022 Decree No 586/2022 is published on the website of the Head of State. In order to restore the historical traditions of the national army, to perpetuate the memory of the outstanding Ukrainian statesman Ivan Mazepa, hatman of the Zaporizhzhya Army, Decree: 1. Assign to the corvette "Ada" class of the Naval Forces of the Armed Forces of Ukraine the name of hatman Ivan Mazepa and in the future name this corvette "hetman Ivan Mazepa". Volodymyr ZELENSKY, President of Ukraine Turkey and Ukraine signed a military cooperation agreement on 16 October 2020, outlining the parties' intentions to launch and implement joint projects for the construction of warships, unmanned aerial vehicles and all types of turbine engines. Turkiye is building two corvettes for the Ukrainian navy under the terms of the agreement. Turkiye's RMK shipyard laid the keel of Ukraine's first Ada-class corvette in Istanbul on September 7, 2021, with construction of the vessel continuing. Initially it was planned that the ship would be towed to Ukraine with partial equipment for completion by the end of 2022. During 2023, the corvette was to be outfitted with the necessary equipment and armament, and government testing was to begin. But due to the Russian-Ukrainian war, the fate of the implementation of these plans is unknown. The forward section of the MILGEM corvette, built for Ukraine at the RMK Marine shipyard, is enclosed in a circle. The ship has begun to take shape. (February 03, 2022)
pic.twitter.com/xr6d6BqJQb - Tayfun Ozberk (@TayfunOzberk) February 3, 2022 Although no official statement has been made about the sensor suite and weapons configuration due to the confidentiality of the project, on August 9, 2021, Ukrainian news outlet Radio Svoboda claimed that the Ukrainian Ministry of Defense had unveiled the weapons systems for the Ada-class. corvettes. The corvettes will be equipped with Harpoon anti-ship missiles as the

main strike system. Ukraine's Deputy Defence Minister said the country is considering the indigenous Neptune anti-ship missile, as well as the Harpoon, Atmaca and Naval Strike missiles. However, the Harpoon was an unexpected choice. According to Radio Svoboda, the VL-MICA missiles, launched from a vertical launch system (VLS), would serve as the corvette's air defence system. However, the rendering of the corvette on the poster displayed at the keel-laying ceremony does not show the VLS. Leonardo's 76mm Super Rapid gun, Rheinmetall Oerlikon's 35mm Millennium close-in weapon system and Aselsan's 12.7mm STAMP pistol will be mounted on the corvette. The main weapon against the submarine threat will be the MU-90 impact torpedoes.

Source: <https://www.navalnews.com/naval-news/2022/08/ukraine-names-its-1st-milgem-corvette-hetman-ivan-mazepa/>

Crews earn compensation as abandonment hits record high in 2021

The number of crew abandonment cases continues to rise, possibly due to strains on the industry during the pandemic. While countries such as Australia have been aggressive when cases are reported to them, the International Transport Workers' Federation and the charity Stella Maris are also reporting, with increased support from organisations and government, that they are making progress in winning compensation for crew members globally. The ITF reported 85 cases of abandonment to the International Labour Organisation (ILO) last year, a record level according to the union. In many of these cases, they report that abandoned crew had already been waiting weeks or months for unpaid wages. "It is not uncommon for crew to be paid at the wrong rate by a shipowner, or less than the rate set out in the employment contract covering the vessel," said Steve Trowsdale, ITF inspectorate coordinator. "Seafarers might think it's normal to go unpaid for a few months waiting for a shipowner to sort out the funding, but they need to be aware that non-payment can also be a sign that a shipowner is about to let them go and walk away. Abandoned them."

Often cases end when port states and governments step in to return their citizens after they have been abandoned around the world. Stella Maris, the world's largest ship-visiting network and the official maritime charity of the Catholic Church, reports, however, one case where it was able to build trusting relationships with the crew and help them obtain additional compensation in the courts. A group of 32 Thai crew members working on a fishing vessel took to social media in June 2019 after they were abandoned by the merchant vessel Wadani 1 without payment in Somalia. Some of the crew had been on board for a year, working first in Iran and later in Somalia, without being properly paid. Stranded in Somalia, their food supplies were dangerously low. Stella Maris, director of the Thai Seafarers' Centre and port chaplain Apinya Tajit, worked with the Thai Ministry of Foreign Affairs and the Thai Embassy dealing with Somalia. The embassy negotiated with the Somali authorities and the ship's owners to send the men home. They were returned to Thailand by the end of August 2019, where these stories normally end. Instead, working with local lawyers, Stella Maris helped the sailors to initiate legal proceedings for human trafficking and recover unpaid crew wages. Last month, Thailand's Central Labour Court ruled in favour of the 32 crew members, awarding them about \$255,000 in compensation to cover unpaid wages and holiday pay. The ITF reports that its 125 inspectors and coordinators completed 7,265 inspections in 2021 to assist thousands of seafarers with wage claims and repatriation cases. They are trained to look for exploitation, overwork and signs of forced labour. On many ships, inspectors have the right to examine wage accounts and employment contracts and review recorded hours of work and rest.

"Worryingly, we are seeing an increase in the number of seafarers reporting non-payment of wages for periods of two months or more, which meets the ILO definition of abandonment," Trowsdale reports. He said the ITF still managed to recover nearly \$37.6 million in unpaid wages and entitlements from shipowners in 2021. As an example of their work, the union pointed out that its Hong Kong-based surveyor, Jason Lam, helped eight Burmese seafarers leading the MV Lidia crew recover unpaid wages of nearly \$30,000 after they ran aground in October 2021. They had been left nearly shipwrecked after a typhoon, the ITF says, with the shipowner refusing to pay the two months' wages owed to the crew and without assistance to get them home. "I am extremely proud of the work our surveyors have done to support seafarers over the past year, often working in the face of incredibly difficult circumstances," Trowsdale said. "As the crew change crisis worsened in early 2021, a flood of requests filled ITF email inboxes from crew desperate to close up and get home." The ITF reports that breach of contract was the number one failure of shipowners identified by its surveyors in 2021. Of the 7,265 inspections carried out, a quarter were the result of requests from crew or individual seafarers, and 1,795 cases were classified as a breach of contract. The ITF uses this term to include illegitimate extensions of working periods, unacceptable or unsafe working conditions and failure to comply with agreed rates of pay.

Source: <https://www.maritime-executive.com/article/crews-win-compensation-as-abandonment-reached-record-high-in-2021>

Royal Navy's oldest frigate gets a second LIFEX career, adding 5 years to its life

Britain's Royal Navy, already facing accusations that it is operating too many "old ships" in a security environment that is becoming less stable, has begun an effort to keep its oldest frigates in service. Commissioned in 1991, HMS Argyll is the oldest Type 23 frigate in the fleet, and now the ship is undergoing its second life-extension overhaul. She was scheduled to retire in 2023. Contractor Babcock International has begun what is called a post-life extension (LIFEX) for HMS Argyll at its Devonport Royal shipyard. She is the first of the Type 23 frigates to undergo the following post-LIFEX maintenance. The overhaul, which aims to keep the 31-year-old Argyll in service for at least another five years, comes just five years after the frigate became the first British Navy warship to undergo LIFEX. She underwent an extensive overhaul from 2015 to 2017, which became a blueprint for upgrades that were subsequently carried out across the fleet. Despite this significant investment, politicians and others criticise the Royal Navy and its approach to managing the fleet. They argue that old ships are expensive to operate and cannot respond effectively to an increasingly hostile and unpredictable international environment.

Source and Continued: <https://www.maritime-executive.com/article/royal-navy-s-oldest-frigate-gets-a-second-career-lifex-adding-5-years>

Ukraine's grain corridor appears to be working

Ukrainian grain flows push global prices down as new export corridor shows initial success. More than 500,000 tonnes of food on board 21 ships were exported from the country's major ports to the Black Sea in the first half of August under an agreement agreed late last month. This is well below the normal pace, but provides some relief for grain supplies strained by the Russian invasion and bad weather limiting harvests elsewhere. "We have seen signs that global food markets are beginning to stabilise," UN Secretary-General Antonio Guterres said in a statement on Thursday. An influx of new ships is arriving,

signalling shipments will continue to follow. A key challenge is whether the larger ships normally in Ukraine's ports are willing to transit the corridor and boost flows, even as Moscow continues its assault. "Ukraine has unlocked grain that has been stuck in silos across the country and will push the market down," Elena Neroba, an analyst at brokerage Maxigrain, said by phone. "The main hurdle is to assure shippers that this corridor is safe and they can use it without additional payment." Ukraine's crop export corridor covers Odessa and two other key ports, while hubs such as Mykolayiv remain closed. The agreement was brokered by Turkey and the United Nations. Ukrainian President Volodymyr Zelenskii was due to meet his Turkish counterpart and the UN secretary-general in Lviv on Thursday. The UN official will also visit Odessa. Ukraine's grain exports in the 2022-2023 season are now seen at 30.4 million tonnes, compared with July's forecast for 22.6 million tonnes. After the war, 5 to 6 million tonnes could leave Ukrainian ports monthly. However, prospects for accelerating flows are hurting grain prices and Thursday's UN visit is expected to give a "reassuring first picture" despite the limited pace, said Agritel's adviser in Paris. Ukraine also continues to deliver crops via alternative land and river routes established during the war. Chicago wheat futures fell as much as 4.8% Thursday to \$7.4325 a bushel, the lowest level since January - before the war began. The first sea cargoes to move were ships stranded since the February invasion, supplied mainly with corn and sunflower products. New ships are also leaving, including a shipment of wheat bound for Ethiopia as part of the UN World Food Programme. Many cargoes were relatively small. Traders and shipowners are likely looking to ensure the corridor is working as planned and to assess transit times before agreeing to larger sales, Neroba said. Vessels must be inspected in Turkey before entering and leaving Ukraine under the terms of the agreement. War risk insurance premiums can also limit competitiveness to distant destinations. Historically, Ukraine is a major supplier of corn to China and exporter of sunflower oil to India.

Source: <https://gcaptain.com/ukrains-grain-shipping-corridor-appears-to-be-working/>