



| Flash |

Black Sea Grain Initiative

F-2023-07-13a

Classification: TLP:CLEAR

Criticality: High

Intelligence Requirements: Geopolitical, Supply Chain, Negotiations

July 13, 2023

Scope Note

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› Key Findings

The Black Sea Grain Initiative is once again set to expire on July 17, 2023. Since the last 60-day extension was agreed to on May 18, Russia has warned it will not consent to another renewal past July 17 unless the West removes sanctions that Russia claims harm its agricultural sector. Ukrainian President Volodymyr Zelensky met with Turkish President Recep Tayyip Erdogan to discuss the initiative on July 7, after which both leaders expressed their hope the agreement would be extended. Discussions between Turkish and Russian officials are also ongoing.¹

| Analyst Commentary

Russia has refused to inspect ships inbound to Ukraine since June 26. Just six ships have left Ukrainian ports throughout July, leaving 29 ships waiting to be inspected in the Bosphorus Strait.² Russia has blocked all ships headed for the Pivdennyi port—one of the three ports covered under the initiative—for two months. This blockade has effectively halted all exports from Pivdennyi since May.³

¹

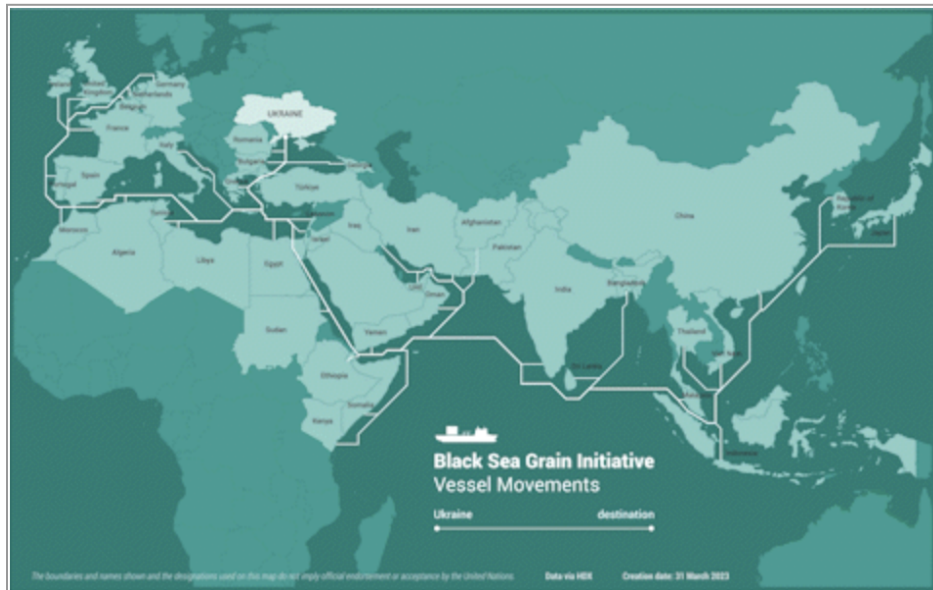
[hXXps://www.reuters\[.\]com/world/europe/un-aid-chief-russia-dont-chuck-away-black-sea-grain-deal-2023-07-07/](https://www.reuters.com/world/europe/un-aid-chief-russia-dont-chuck-away-black-sea-grain-deal-2023-07-07/)

²

[hXXps://www.facebook\[.\]com/Ministry.for.restoration/posts/pfbid0LXan5dVhooe49ifjPpdcDPRLZWFQBCGiMswybM2WuzF5fjU81pSqx4Xy5MEj55XUI](https://www.facebook.com/Ministry.for.restoration/posts/pfbid0LXan5dVhooe49ifjPpdcDPRLZWFQBCGiMswybM2WuzF5fjU81pSqx4Xy5MEj55XUI)

³ [hXXps://www.un\[.\]org/en/black-sea-grain-initiative/data](https://www.un.org/en/black-sea-grain-initiative/data)

ZeroFox's Geopolitical Working Group assesses the Black Sea Grain Initiative will likely be extended for another 60 days; however, the possibility of a Russian withdrawal remains. Despite its complaints, Russia actually benefits by destroying the initiative from within rather than quitting it outright. Since May 2023, Russia has significantly reduced its pace of ship inspections required for the vessels to leave port, which in turn has reduced Ukraine's exports—but has maintained the public perception that Russia is cooperating.



Black Sea Grain Initiative Vessel Movements

Source: <https://www.un.org/en/black-sea-grain-initiative/vessel-movements>

Russia likely knows it could still sell its grain without a deal but does not want to risk retaliation elsewhere, likely through financial sanctions, if it ends the agreement. By slowing inspections of Ukrainian grain to a crawl while continuing to sell its own, Russia can have the best of both worlds. Through this furtive sabotage of the initiative, Russia can continue to receive international recognition for remaining within the deal while limiting Ukraine's exports. Russia has thus been able to capture a higher share of the global wheat export market by forcing lower Ukrainian wheat exports. The U.S. Department of Agriculture predicts Russia will hold 21.9 percent of the global wheat export market compared to Ukraine's 4.9 percent during the 2023/2024 season. This marks a significant shift from 2022, when Russia held 16.3 percent and Ukraine 9.3

percent of the market.⁴ Meanwhile, Russia's threats of withdrawal each time the deal is up for renewal align with its role as a global disruptor; such rhetoric keeps the West, Ukraine, and global grain markets on edge.

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[hXXps://www.bloomberg\[.\]com/news/articles/2023-06-30/russia-is-seeking-to-tighten-its-grip-on-world-s-wheat-supply](https://www.bloomberg.com/news/articles/2023-06-30/russia-is-seeking-to-tighten-its-grip-on-world-s-wheat-supply)

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	Red	Amber
WHEN SHOULD IT BE USED?	Sources may use TLP:RED when information cannot be effectively acted upon by additional parties and could lead to impacts on a party's privacy, reputation, or operations if misused.	Sources may use TLP:AMBER when information requires support to be effectively acted upon but carries risks to privacy, reputation, or operations if shared outside of the organizations involved.
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	Green	Clear
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