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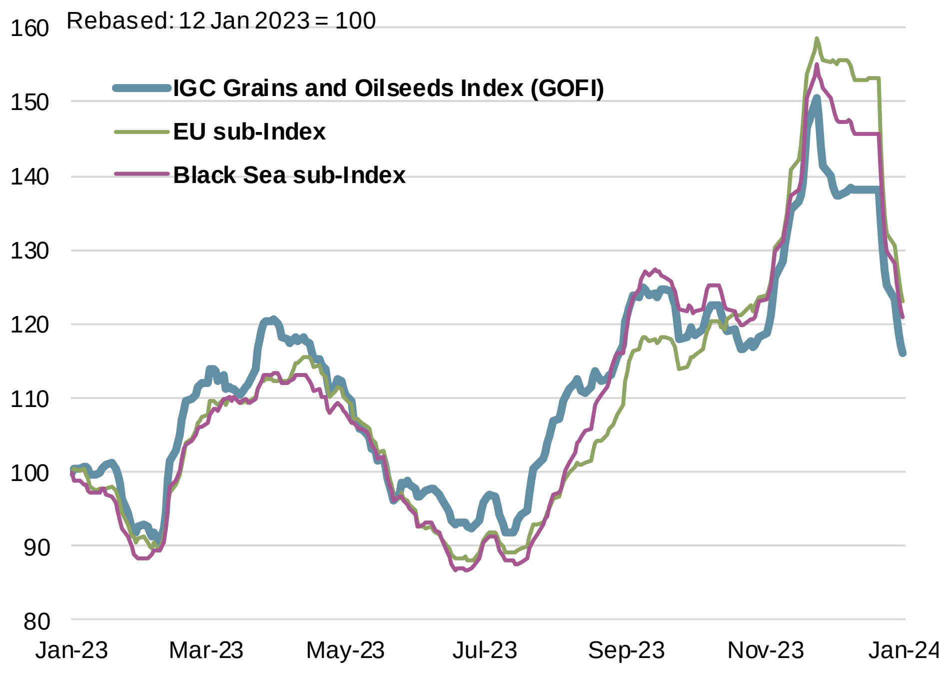
Information note: Grains and oilseeds flows via the Suez Canal

Summary

In recent weeks, many markets have been focusing on developments in the Red Sea and the Gulf of Aden, with reported attacks on cargo vessels fuelling worries about commodity flows via the Suez Canal – the world's crucial chokepoint. While the situation remains fluid, the impact to date is understood to have been mainly confined to the container sector, with no major disruption reported in the dry bulk complex, which accounts for the largest share of total global grains and oilseeds trade.

The limited impact of the Red Sea situation on dry bulk voyage rates is highlighted by movements in the IGC Grains and Oilseeds Freight Index, which measures freight costs on key grains and oilseeds routes, including fuel expenses. The Index fell sharply after the early-December spike and was quoted at a four-month low in mid-January. The origin-based sub-Indices for the EU and the Black Sea exhibited a broadly similar pattern.

IGC Grains and Oilseeds Freight Index (GOFI) and selected sub-Indices



Despite a lack of data on containerised trade by commodity, it is estimated that up to 60% of rice exports from Asia travel by container. With a number of container shipping companies presently avoiding deliveries via the Red Sea and the Suez Canal, market reports suggest that rice exporters are facing rising containerised shipping rates and logistical challenges, particularly to markets in Near East Asia, Europe and parts of Africa. Costs for containerised trips have reportedly increased by up to six times on some routes, with re-routing via southern Africa adding to fuel expenses and operational costs. More broadly, the benchmark Shanghai Containerized Freight Index has doubled since mid-December 2023.

As the IGC continues to monitor developments in the Red Sea, this note provides information on recent shipments of key selected grains, oilseeds and oilseed products, likely via the Suez Canal. According to estimates, around 76m t of grains, oilseeds and oilseed products are transhipped annually from the EU, Russia and Ukraine to Asia and Eastern Africa, representing 17% of trade in those commodities. Near East Asia appears to be most reliant on grains and (selected) oilseeds and product shipments via the Suez Canal, with the average share of flows in the region's total imports ranging from one-third for maize to almost three-quarters for wheat.

Grains, oilseeds and oilseed products: EU, Russia and Ukraine exports to Asia and Eastern Africa

t	20/21	21/22	22/23	*20/21-22/23 ave.*	23/24 (through Oct 2023)
Exports to Asia and Eastern Africa	**78,094,542**	**75,085,234**	**75,021,700**	***76,067,159***	**20,102,011**
Asia, incl.	**72,507,842**	**70,640,219**	**68,825,725**	***70,657,929***	**17,541,346**
Near East Asia	35,571,546	42,596,228	43,534,532	*40,567,435*	8,394,768
Pacific Asia	27,745,316	22,930,242	17,201,870	*22,625,809*	6,708,812
South Asia	9,190,980	5,113,749	8,089,324	*7,464,684*	2,437,767
Eastern Africa	**5,586,700**	**4,445,015**	**6,195,975**	***5,409,230***	**2,560,665**
Exports to Asia and Eastern Africa as % of global trade	**17%**	**17%**	**17%**	**17%**	**14%**

Note: Exports from Russia through Jan 2022 based on customs data, from Feb 2022 - private shipping data and import statistics (mirror data).
Data compise wheat, maize, barley, rapeseed/canola, rapeseed/canola oil, sunflowerseed and sunflowerseed oil.
Data includes different marketing years for selected commodities: Jul/Jun for wheat, maize and barley, Oct/Sep for oilseeds and products.

According to IGC calculations, the re-routing of shipments from Europe and the Black Sea region to Asia and Eastern Africa via the Cape of Good Hope may add about 10-15 days to voyage duration and around US$6-US$8/t in dry bulk freight costs. It should also be noted that around 15%-20% of total voyage costs are attributed to marine fuel expenses, which are directly correlated with crude oil prices.

Wheat

Wheat: EU, Russia and Ukraine exports to Asia and Eastern Africa (Jul/Jun)

t	20/21	21/22	22/23	*20/21-22/23 ave.*	Jul-Oct 23/24
Exports to Asia and Eastern Africa	**39,433,535**	**40,357,300**	**43,289,193**	***41,026,676***	**14,116,898**
Asia, incl.	**34,042,551**	**36,044,552**	**37,258,090**	***35,781,731***	**11,623,550**
Near East Asia	18,558,483	23,963,467	28,353,671	*23,625,207*	6,252,438
Pacific Asia	8,633,007	8,621,536	2,894,767	*6,716,437*	3,036,664
South Asia	6,851,062	3,459,549	6,009,652	*5,440,088*	2,334,448
Eastern Africa	**5,390,983**	**4,312,748**	**6,031,103**	***5,244,945***	**2,493,348**
Exports as % of total imports by Asia and Eastern Africa	**39%**	**38%**	**40%**	***39%***	**46%**
Asia	**38%**	**37%**	**37%**	***37%***	***42%***
Near East Asia	70%	70%	76%	*72%*	*76%*
Pacific Asia	18%	18%	6%	*14%*	*19%*
South Asia	43%	25%	47%	*38%*	*69%*
Eastern Africa	**55%**	**42%**	**67%**	***55%***	***74%***
Exports to Asia and Eastern Africa as % of total exports	**47%**	**49%**	**44%**	***47%***	**44%**
Russia	*52%*	*53%*	*55%*	*53%*	*62%*
Ukraine	*64%*	*67%*	*45%*	*59%*	*18%*
EU	*31%*	*34%*	*28%*	*31%*	*31%*
Exports to Asia and Eastern Africa as % of global trade	**20%**	**20%**	**21%**	***21%***	**23%**

Note: Exports from Russia through Jan 2022 based on customs data, from Feb 2022 - private shipping data and import statistics (mirror data).

- Shipments from Russia, Ukraine and the EU to Asia and Eastern Africa averaged around 41m t during the past three seasons (Jul/Jun). This accounts for around one-fifth of global trade.
- The above volume accounted for 39% of combined wheat imports by Asia and Eastern Africa during the past three marketing years, while this share increased to 46% during the first four months (Jul-Oct) of the 2023/24 season.
- The volume represented more than one-third of total wheat imports by Asia in 2020/21-2022/23 (increased to 42% in Jul-Oct 2023) and more than one-half for Eastern African's imports (increased to 74% in Jul-Oct 2023).
- In Asia, Near East Asia is most dependent on wheat imports via the Suez Canal, with deliveries averaging 24m t over the past three years, accounting for almost three-quarters of the region’s total imports.
- The share of flows to South Asia, which averaged 38% in the past three seasons, has surged to almost 70% during Jul-Oct 2023.
- In terms of exports, the estimated flows via the Suez Canal to Asia and Eastern Africa account for around one-half of Russia’s shipments and for around one-third of EU exports. The share for Ukraine was close to 60% over the past three marketing years, but the level has dropped to 18% during Jul-Oct 2023.

Maize

Maize: EU, Russia and Ukraine exports to Asia and Eastern Africa (Jul/Jun)

t	20/21	21/22	22/23	*20/21-22/23 ave.*	Jul-Oct 23/24
Exports to Asia and Eastern Africa	**17,095,604**	**17,016,908**	**14,265,940**	***16,126,151***	**1,507,119**
Asia, incl.	**17,093,084**	**16,976,402**	**14,192,859**	***16,087,448***	**1,443,112**
Near East Asia	6,633,301	8,498,818	6,205,765	*7,112,628*	601,548
Pacific Asia	10,459,226	8,477,488	7,987,095	*8,974,603*	834,264
South Asia	556	96	0	*218*	7,300
Eastern Africa	**2,521**	**40,506**	**73,080**	***38,702***	**64,006**
Exports as % of total imports by Asia and Eastern Africa	**16%**	**19%**	**17%**	***17%***	**4%**
Asia	**16%**	**19%**	**17%**	***17%***	***4%***
Near East Asia	34%	42%	32%	*36%*	*10%*
Pacific Asia	13%	13%	13%	*13%*	*3%*
South Asia	0%	0%	0%	*0%*	*2%*
Eastern Africa	**0%**	**4%**	**10%**	***5%***	***15%***
Exports to Asia and Eastern Africa as % of total exports	**56%**	**51%**	**38%**	***48%***	**28%**
Russia	*77%*	*74%*	*79%*	*77%*	*73%*
Ukraine	*51%*	*47%*	*28%*	*42%*	*16%*
EU	*61%*	*55%*	*58%*	*58%*	*45%*
Exports to Asia and Eastern Africa as % of global trade	**9%**	**9%**	**8%**	***9%***	**2%**

Note: Exports from Russia through Jan 2022 based on customs data, from Feb 2022 - private shipping data and import statistics (mirror data).

- Maize shipments from Russia, Ukraine and the EU to Asia and Eastern Africa averaged around 16m t during the past three seasons (Jul/Jun), accounting for just under 10% of global trade.
- The above volume accounted for 17% of combined maize imports by Asia and Eastern Africa during the past three seasons. However, this share dropped to 4% during the first four months (Jul-Oct) of the 2023/24 season, likely tied to low exportable supplies, especially from Ukraine.
- The flows accounted for around 5% of total maize imports by Eastern Africa in 2020/21-2022/23, but the share has increased to 15% in Jul-Oct 2023 (however, the volume is relatively small in absolute terms).
- In Asia, Near East Asia is most reliant on maize shipments via the Suez Canal, with about 7m t delivered annually over the past three years, accounting for more than one-third of the region's total imports.

- Average annual deliveries to Pacific Asia exceed those to Near East Asia, but account for a markedly smaller portion (13%) of total arrivals to that region. The share has dropped to just 3% in Jul-Oct 2023, in part owing to a shift to Brazilian supplies.
- In terms of exports, the estimated flows via the Suez Canal to Asia and Eastern Africa account for around just over three-quarters of shipments and for just under 60% of EU exports. The share for Ukraine was around 42% over the past three seasons, albeit with a continued decline noted in 2022/23 and during Jul-Oct 2023, as more shipments are destined for the EU.

Barley

Barley: EU, Russia and Ukraine exports to Asia and Eastern Africa (Jul/Jun)

t	20/21	21/22	22/23	*20/21-22/23 ave.*	Jul-Oct 23/24
Exports to Asia and Eastern Africa	**14,032,306**	**12,415,732**	**8,456,807**	***11,634,949***	**3,606,818**
Asia, incl.	**14,027,970**	**12,415,552**	**8,455,075**	***11,632,866***	**3,606,648**
Near East Asia	8,054,249	7,396,000	5,885,754	*7,112,001*	1,413,750
Pacific Asia	5,945,037	5,015,303	2,475,144	*4,478,495*	2,152,361
South Asia	28,684	4,249	94,177	*42,370*	40,536
Eastern Africa	**4,336**	**181**	**1,732**	***2,083***	**170**
Exports as % of total imports by Asia and Eastern Africa	**50%**	**50%**	**40%**	***47%***	**51%**
Asia	**50%**	**50%**	**40%**	***47%***	***51%***
Near East Asia	64%	60%	56%	*60%*	*95%*
Pacific Asia	39%	41%	24%	*35%*	*39%*
South Asia	82%	7%	47%	*45%*	*86%*
Eastern Africa	**22%**	**0%**	**100%**	***41%***	***100%***
Exports to Asia and Eastern Africa as % of total exports	**79%**	**75%**	**67%**	***74%***	**68%**
Russia	*79%*	*79%*	*70%*	*76%*	*75%*
Ukraine	*85%*	*81%*	*42%*	*69%*	*15%*
EU	*76%*	*68%*	*76%*	*73%*	*75%*
Exports to Asia and Eastern Africa as % of global trade	**40%**	**38%**	**29%**	***36%***	**38%**

- Barley shipments from Russia, Ukraine and the EU to Asia and Eastern Africa averaged just under 12m t during the past three seasons (Jul/Jun). This accounts for over one-third of global trade.
- The above volume accounted for nearly half of combined barley imports by Asia and Eastern Africa during the past three seasons, with the share holding at a similar level during the first four months of the 2023/24 season (Jul-Oct).
- The volume represented just about half of total barley imports by Asia in 2020/21-2022/23 (increased to 51% in Jul-Oct 2023) and more than two-fifth of Eastern African barley imports. The latter region has sourced all its barley imports in 2022/23 and during Jul-Oct 2023 from Russia, Ukraine and the EU, albeit the volumes remain small compared to deliveries to Asia.
- In Asia, Near East Asia is most dependent on barley imports via the Suez Canal, with 7m t delivered annually over the past three years, accounting for around 60% of the region's total imports.
- Shipments to Pacific Asia averaged around 4m t in 2020/21-2022/23, equivalent to one-third of total imports. The share rose to 39% in the first four month of the current marketing year.
- The share of flows to South Asia, which averaged 45% in the past three seasons, has surged to almost 90% during Jul-Oct 2023.
- In terms of exports, the estimated barley flows via the Suez Canal to Asia and Eastern Africa accounted for around three-quarters of Russia's shipments, with a similar share dispatched from the EU. The share for Ukraine was close to 70% during the past three seasons, but the level has dropped to 15% during Jul-Oct 2023.

Selected oilseeds and products

Selected oilseeds and products: EU, Russia and Ukraine exports to Asia and Eastern Africa (Oct/Sep)

t	20/21	21/22	22/23	*20/21-22/23 ave.*	Oct 23/24
Exports to Asia and Eastern Africa	**7,533,096**	**5,295,293**	**9,009,760**	**7,279,383**	**871,176**
Asia, incl.	**7,344,236**	**5,203,713**	**8,919,700**	***7,155,883***	**868,036**
Near East Asia	2,325,514	2,737,943	3,089,342	*2,717,600*	127,031
Pacific Asia	2,708,045	815,915	3,844,864	*2,456,275*	685,523
South Asia	2,310,677	1,649,855	1,985,494	*1,982,009*	55,483
Eastern Africa	**188,860**	**91,580**	**90,060**	***123,500***	**3,140**
Exports as % of total imports by Asia and Eastern Africa	**43%**	**40%**	**45%**	***43%***	**43%**
Asia	**42%**	**40%**	**45%**	***43%***	***43%***
Near East Asia	57%	63%	65%	*61%*	*61%*
Pacific Asia	28%	14%	34%	*25%*	*43%*
South Asia	65%	62%	54%	*61%*	*31%*
Eastern Africa	**54%**	**36%**	**31%**	***40%***	***12%***
Exports to Asia and Eastern Africa as % of total exports	**49%**	**37%**	**47%**	***44%***	**45%**
Russia	*51%*	*56%*	*81%*	*63%*	*90%*
Ukraine	*50%*	*33%*	*31%*	*38%*	*19%*
EU	*38%*	*25%*	*46%*	*37%*	*30%*
Exports to Asia and Eastern Africa as % of global trade	**20%**	**16%**	**22%**	***20%***	**22%**

Note: Exports from Russia through Jan 2022 based on customs data, from Feb 2022 - private shipping data and import statistics (mirror data).
Data comprise rapeseed/canola, rapeseed/canola oil, sunflowerseed and sunflowerseed oil.

- In the three-year period (2020/21-2022/23), combined shipments by Russia, Ukraine and the EU of selected oilseeds and products, namely rapeseed/canola, rapeseed/canola oil, sunflowerseed and sunflower oil, averaged around 7.3m t, equivalent to about one-fifth of world trade. In the first month (Oct) of the 2023/24 (Oct/Sep) trade year, around 871,000 t were exported, largely to markets in Pacific Asia.
- Within the Asian region, deliveries to Near East Asia averaged 2.7m t (or 38% of total dispatches to Asia), with Pacific Asia at 2.5m (34%) and South Asia at 2.0m (28%) over the 2020/21-2022/23 period.
- Sunflower oil was the most abundantly traded in the prior three years, principally to food-dependent nations in Asia, with total volumes averaging 5.3m t, or almost three-quarters of the total flows of all oilseeds and products considered.
- Shipments of rapeseed/canola, rapeseed/canola oil and sunflowerseed averaged around 562,000 t, 690,000 t and 691,000 t, respectively, during 2020/21-2022/23. This also represented shares of 3%, 12 % and 20%, respectively, of global import demand.
- Exports of selected oilseeds and products to Eastern Africa, by contrast, are relatively meagre, averaging just 123,500 t in the past three years. In the first month of 2023/24, dispatches were only 3,140 t.
- Estimated flows of selected oilseeds and products via the Suez Canal to markets in Asia and Eastern Africa accounted for more than 60% of Russian exports during 2020/21-2022/23, with almost a 40% share for both Ukraine and the EU.