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**Trade Interruptions Due to the
Ongoing Conflict in Ukraine**

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Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the UNCSW the topic synopsis entitled "Trade Interruptions Due to the Ongoing Conflict in Ukraine." (GA/CTAD/SYN/IIC/00.2).

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Trade Interruptions Due to the Ongoing Conflict in Ukraine

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Section I—Introduction

The United Nations Conference on Trade and Development (UNCTAD) is a committee that analyzes global trade patterns for the purpose of stimulating global trade and decreasing inflation. Currently, the UNCTAD has been focusing on increasing trade with less developed countries in an attempt to help boost their economies. In light of recent events, however, much of their resources and thus capabilities have been focused on trade during the COVID-19 pandemic and the recent Russo-Ukrainian conflict.

Section II—Background Information

The Russo-Ukrainian War has had severe implications on global trade, notably as it relates to Russian oil and natural gas resources. Russian oil exports have drastically decreased as a result of numerous sanctions; specifically, the European Union has seen the most drastic decrease of Russian oil imports, going from 1.09 million tons of crude oil to 0.77 million tons of crude oil. The Russo-Ukrainian War's impact can be felt most significantly in regards to food supplies; Ukraine primarily exports food products, and is the 5th largest exporter of wheat in the world. One event in particular serves as a precursor for the current hostilities--Ukrainian sea access has been restricted since the Russian annexation of Crimea in 2014. Fighting has further disrupted Ukraine's sea trading routes. Although a limited amount of trade can occur over land, trade over maritime waters is more efficient, resulting in a drastic decrease in the amount Ukraine is able to export. This UNCTAD session will focus on the central issue of increasing trade in the area so that the economies can once again prosper.

The United Nations Joint Coordination Centre's Black Sea Grain Initiative committee has recently been formed by the United Nations Conference on Trade and Development. The Initiative's mission is to form a peaceful agreement and allow food products to continue to be shipped out the Black Sea by both Ukraine and Russia, utilizing Turkey as a mediator. This committee was created in the hopes that through peace between Russia and Ukraine, trade around the Black Sea can recover and continue to flourish.

Section III—UN Involvement

The United Nations supports a peaceful resolution to the Russo-Ukrainian conflict. However, many of these attempts go through the Security Council, which has the Russian Federation among its five permanent members--each holding veto power. These efforts have therefore been stagnated by the immense power that the Russian Federation exerts in the Security Council. A majority of nations in the UN condemn Russia's actions in Ukraine and continue to support bills promoting human rights and the protection of Ukrainian citizens. Multiple times Ukraine has called for the International Criminal Court (ICC) to get involved in the apparent war crimes being committed by Russian soldiers. Most of the United Nations' efforts have been dedicated towards protecting human rights, passing bills that lend \$2.24 billion. The United Nations and their many humanitarian partners have been quite active in Ukraine, helping 13.3 million people who have been in danger due to the fighting.

Despite the United Nations' position that the conflict should end, numerous countries turned their attention towards more immediate solutions that do not hang on an end to the war. One of these solutions is the Black Sea Grain Initiative (BSGI), signed on July 22, 2022, which facilitates wheat and grain trade from both Russia and Ukraine. The deal has so far been successful, with Ukraine exporting over 14 million tons of wheat alone to nations in desperate need. Although Russia and Ukraine are hostile with each other, and the deal was canceled for a short time, the BSGI has been extended another 120 days to March 19, 2023.

Section IV—Possible Solutions

Most solutions will inevitably hinge on the end of the Russo-Ukrainian War; this committee requests that the delegates focus on plans for what comes after a cessation of hostilities. Discussions on reconciliation should place particular emphasis on potential new economic developments, proposals for trade routes and interactions with future trade partners. Discussions regarding funding will not be necessary unless infrastructure is brought up as a solution. If so, then funding sources would be a natural part of the discussion, as well as potential committees which would facilitate that. It is likely the Black Sea Grain Initiative will come into the discourse. Please be specific in such cases, especially regarding who is benefitting and where the food products will go. Solutions must be diplomatic and focused on peaceful solutions. There may be discussion on a division of territory after peace is achieved, however the lion's share of the day's discourse should be on trade and development.

A possible solution would be that after Russia succumbs to international pressure, they would be forced to pay reparations to Ukraine and all claimed territory that Russia took in the war should be returned to Ukraine, including Crimea. Part of the reparations would be used to expand trade infrastructure and the production of grain in Ukraine. Using the Black Sea Grain Initiative, Ukraine will be allowed to trade without consequences towards nations in East Africa through the World Food Programme. Countries would include Somalia, Ethiopia, and Eritrea.

Section V—Bloc Positions

African: The African Bloc is all but entirely allied with the Ukrainians, largely due to the reliance on Ukrainian grain exports. Through the Mediterranean, many coastal African countries received regular exports of grain from Ukraine through the United Nations World Food Programme (WFP).

Asia-Pacific: The Asian-Pacific Bloc is divided on the issue of Russia and Ukraine between allies of Russia and rivals of Russia. Russian allies depend greatly on trade with Russia, specifically due to its oil and grain exports. However, Russian rivals (supporting Ukraine) would like to see an end to the war with former Ukrainian land returned to them, specifically Crimea, as well as the continued export of grain and fertilizer. It is up to the delegate's own responsibility to research their own country's political position.

Eastern European: The Eastern European Bloc is similarly divided between Russian allies and Ukrainian allies. Many of these countries do not see the effects of disruptions in the oceanic trade routes, but rather the lack of export of oil from Russia. Russian allies do not have this issue; however, Ukrainian allies are scrambling to find new sources of energy, causing a large amount of inflation.

Latin American and Caribbean: The Latin American and Caribbean Bloc is not directly affected by this conflict, but rather is affected by the increase in prices for most items due to the lack of energy and lack of food. This Bloc is mostly interested in the conflict being resolved quickly and returning trade to normal, but will otherwise be supported by regional powers such as the United States of America.

Western European and Others: The countries in the Western European and Others Bloc have witnessed the effects of the Russo-Ukrainian conflict firsthand, and largely support Ukraine. These countries have been vocal supporters of Ukraine, and in a variety of degrees have supported a Ukrainian war effort. While some have been providing solely humanitarian aid, others have contributed missile systems, tanks, anti-aircraft systems, and so on. They approve most of the actions that Ukraine takes to win the war and attempt to restore Ukraine's trade routes to their original state.

Section VI—Questions That Should Be Taken Into Consideration

What measures would ensure that this conflict will end peacefully and trade will prosper in the region?

What trade routes have been interrupted due to the conflict, and how should they resume business until the war is over?

How much should these countries export considering their current state of war that will take up many of their natural resources?

To what extent will new trade routes and infrastructure be needed to help develop trade around the Black Sea, if any new infrastructure is needed at all? How and who will fund such said infrastructure?

Section VI—Helpful Sites and Resources

UNCTAD—Website—About UNCTAD

bit.ly/IIMUN2023-UNCTAD01 (Shortened URL from unctad.org)

United Nations—Article—Black Sea Grain Initiative Joint Coordination Centre

bit.ly/IIMUN2023-UNCTAD02 (Shortened URL from un.org)

Bruegel—Article—Russian Crude Oil Tracker

bit.ly/IIMUN2023-UNCTAD03 (Shortened URL from bruegel.org)

European Council—Infographic—Ukrainian Grain Exports Explained
bit.ly/IIMUN2023-UNCTAD04 (Shortened URL from europa.eu)

World Bank —Article—How the War in Ukraine is Reshaping World Trade and Investment
bit.ly/IIMUN2023-UNCTAD05 (Shortened URL from worldbank.org)

Potential Search Terms: Russo-Ukrainian War, Black Sea Grain Initiative, Black Sea Trade Routes,
Russian Trade Routes, Ukrainian Trade Routes, Russian Oil Exports, Ukrainian
Wheat Exports