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IMPACT OF WAR ON WATER TRANSPORTATION**Ursulian Oleksandr-Albert***National Aviation University, Kyiv**Academic Supervisor – Kateryna Molchanova, PhD in Economics, Associate Professor*

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Maritime transport plays a crucial role in the world economy as it is the backbone of global trade, carrying over 80% of the world's trade by volume and supporting industries such as energy, mining, and agriculture [1]. According to the data of United Nations Conference on Trade and Development in 2020, because of the fallout from the COVID-19 pandemic, international maritime trade contracted nearly 4 %, but in 2021 there was a rebound as the global economy started to recover and continued consumer spending, along with an easing in pandemic-related restrictions. Maritime trade grew by 3,2% to a total of 11 billion tons – only slightly below the pre-pandemic level (see Fig. 1).

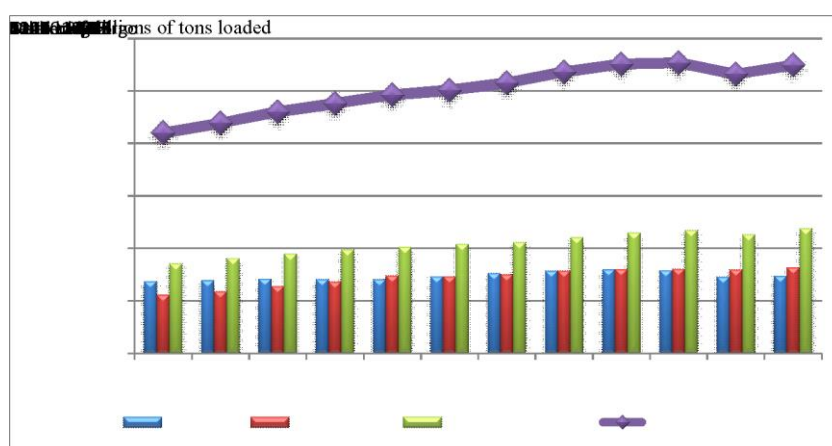


Figure 1. International maritime trade

Overcoming the consequences of the pandemic was not the last challenge for maritime transport. A full-scale war threatens not only the state and the people, but also world shipping. Disrupted regional logistics, the halting of port operations in Ukraine, the destruction of important infrastructure, trade restrictions, increased insurance costs, and higher fuel prices, have all contributed to the logistical hurdles arising in the Black Sea region [2]. They have also contributed to a more costly and unpredictable global trading and shipping environment. Many countries have had to look further afield for suppliers of oil, gas and grain. Consequently, shipping distances increased, along with transit times and costs. It is not possible to associate all developments in global shipping with a specific cause. The war in Ukraine is one of several major issues currently

affecting international maritime transport, compounding other challenges such as the COVID-19 pandemic, port congestion, the need to switch to low carbon fuels, to name but a few. Nevertheless, it is clear that the disruptions and the higher ton-mile demand caused by the war in Ukraine contribute strongly to higher shipping costs (see Fig. 2).

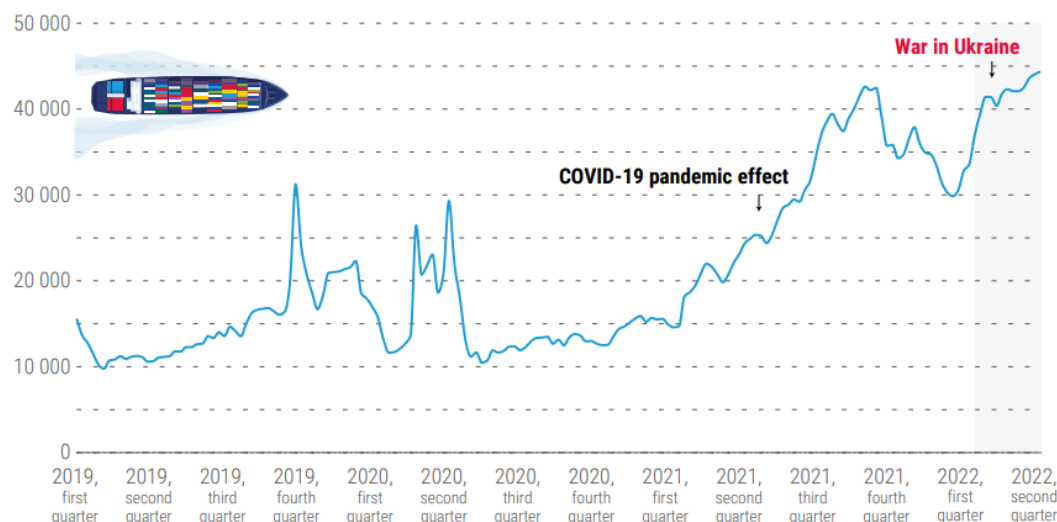


Figure 2. The price of shipping in dollars/day, all shipping markets

The war in Ukraine had a significant impact on the structure of cargo sea flows. Ukraine exported around 50 million tons of grain in 2021. Now, however, they are projected to shrink by 3.8 per cent in 2022. To compensate for the decrease in exports from Ukraine, flows of wheat, soybeans and coarse grain from Brazil, Argentina, and the USA are increasing. The change in the logistics corridors for the delivery of food cargo, the increase in transportation rates, in turn, causes an increase in the prices of products for the population.

Conclusion

Overall, it is difficult to predict with certainty what will happen to maritime transport in Ukraine after a hypothetical victory over Russia. However, it is clear that there are both potential benefits and risks to consider, and much will depend on the political and economic situation in the region in the aftermath of any conflict.

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