

Special conference on the international consequences of the current military operations in Ukraine

*Mitigating the impact of global food shortages
due to disrupted food export from Ukraine and
Russia*



Research Report

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Fake news

Forum: *Special Conference on the international consequences of the current military operations in Ukraine*

Issue: *Mitigating the impact of global food shortages due to a disrupted food export from Ukraine and Russia*

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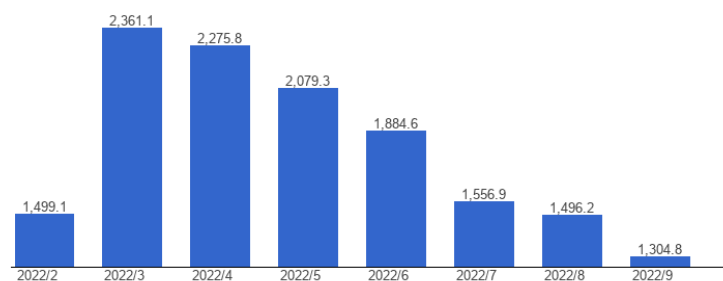
Introduction

On the 24th of February 2022, the Russian military started its invasion of Ukraine. Ever since there has been continuous fighting in the country (BBC News). Due to this conflict, there has been a major disruption in Ukraine's food production and food export and a significant decrease in the export of food and agricultural products, such as fertiliser, from the Russian Federation (The Impacts and Policy Implications).

In 2021, Ukraine was the largest exporter of sunflower oil, with 46% of global exports, the fourth largest exporter of corn, with 12% of global exports, the fifth largest exporter of wheat, with 9% market share, and the third largest exporter of rapeseed with a 20% market share (Feingold). Due to the war, production, export, and the sowing of seeds have been drastically reduced.

In 2021, Russia set a record by exporting over seventy-one million tonnes of food. The total export value of these goods was 37,1 billion USD (Makeeva). Of this, more than 10 billion USD was in wheat exports. After the start of the war, Russia's food exports decreased severely, even though there are no sanctions on food exports from Russia (The Impacts and Policy Implications).

When the war started, exports from Ukraine were made impossible, because the Russian Federation seized ports used to ship the products. This caused direct shortages in global markets, leading to a significant increase in prices and availability of goods imported from Ukraine.



Lastly, global trade, still recovering from the pandemic, is undergoing growing stress due to rising energy and fuel prices. This leads to rising import costs, meaning that nations that are dependent on imports to feed their populations will be faced with rising costs.

Definition of Key Terms

Agricultural:

“Used for farming or related to farming”¹

Export:

“A product that you sell in another country, or the business of sending goods to another country in order to sell them there”²

Fertilisers:

“A natural or chemical substance that is spread on the land or given to plants, to make plants grow well”³

Food insecurity:

“The fact that a person or family is not always able to get enough food”⁴

Inflation:

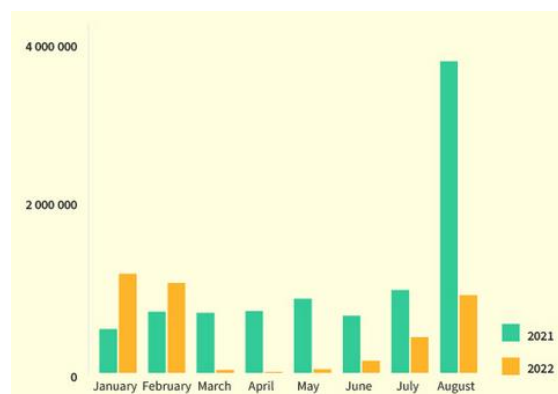
“A general, continuous increase in prices”⁵

Ukrainian conflict:

In this report, when Ukrainian conflict is used, the 2022 invasion of Ukraine is meant, not the annexation of Crimea. Other ways in which this event is referred to in this report are for example Ukraine invasion, Ukraine war, or Russian invasion of Ukraine.

General Overview

Ukraine is one of the breadbaskets of Europe (Jagtep, Sandeep, et al.). By August 2022 Ukraine's grain exports were down by 51,6% compared to the year before. Besides that, it only harvested fifty million tonnes of grain this year, which is thirty-six million tonnes less than last year (Polityuk).



¹“Agricultural Definition:” *Cambridge dictionary*, 19 Oct. 2022, dictionary.cambridge.org/dictionary/english/agricultural.

² “Export Definition:” *Cambridge dictionary*, 19 Oct. 2022, dictionary.cambridge.org/dictionary/english/export.

³ “Fertilizer Definition:” *Cambridge Dictionary*, 19 Oct. 2022, [ionary.cambridge.org/dictionary/english/fertilizer?q=fertilizer](https://dictionary.cambridge.org/dictionary/english/fertilizer?q=fertilizer).

⁴ “Food Insecurity Definition:” *Cambridge Dictionary*, 19 Oct. 2022, dictionary.cambridge.org/dictionary/english/food-insecurity.

⁵ “Inflation Definition:” *Cambridge Dictionary*, 19 Oct. 2022, dictionary.cambridge.org/dictionary/english/inflation.

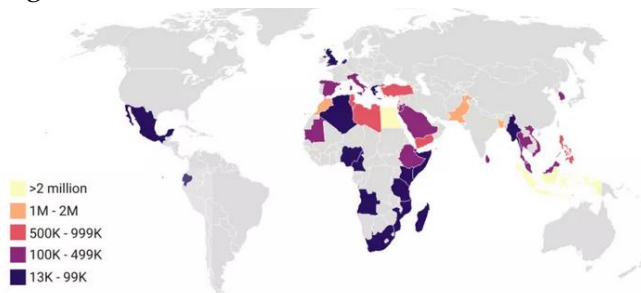
Before the war started, Ukraine exported 96% of its sunflower oil by sea. When naval exports were blocked because of the conflict, the oil had to be exported by land. This caused the volume of oil exported by Ukraine to decrease, as these methods of transportation are much less efficient. Besides that, many of the railways used for transport over land had been abandoned, because they were no longer needed after being replaced by ships. Despite the war, 1,1 million tonnes of sunflower oil were exported in the period between March and August 16, which is 37% less than the export from March to July in the previous year (Platonova).

In Russia, there is no expected decrease in food production. Furthermore, every nation has excluded food exports from sanctions against the Russian Federation in their sanctions in response to the 2022 aggression, meaning that the Russian Federation can still export agricultural goods if they wish to. However, Russia had already started to reduce food exports because of adverse weather effects on 2021 harvests. After the start of the invasion, Russian export dropped even more, with more export restrictions on products such as cereals and fertilisers (The Impacts and Policy Implications).

At the start of the war, food prices increased dramatically, but in just a few months they were already dropping (FAO food price). This is because the conflict will especially affect global prices in the long term (Eriksen). The issue is the cost of food, rather than the availability, it is unlikely that there will be too little food on a global scale. This means that first-world citizens are unlikely to starve. People living in low-income countries in Africa, Southeast Asia, and the Middle East, which heavily rely on food imports, will be confronted with higher import costs, meaning that there will be a threat to food security for many living in those nations (Meijl, et al.).

		Restriction of wheat exports by Russia			
		0%	-10%	-25%	-50%
Reduction of Ukraine exports	0%	0	2%	5%	11%
	-25%	4%	6%	10%	16%
	-50%	9%	11%	15%	21%
	-100%	19%	22%	26%	34%

This means that first-world citizens



Rising food prices can be a major cause of conflict. An example of this was during the Arab spring in the early 2010s. The causes of this series of protests, which has seen over 180.000 casualties and 6 million people displaced (World Bulletin), can be found in a rise in cereal prices in the region, at the time. Now, more than a decade later, the escalation of food prices could again amplify instabilities in emerging economies, which could lead to civil wars if no action is undertaken to lessen the rise in prices people will have to pay for their food (Emediegwu).

The rising energy prices also play an important role in the price increase of agricultural products. Energy is used in every part of the agricultural industry. Very high amounts of energy are required to produce fertiliser, farm machinery needs a constant supply of fuel, food processing and packaging products is impossible without energy, and transportation and distribution is a very energy-intensive process too. In modern agriculture, up to 50% of total variable costs can be attributed to energy. This means that rising energy prices, caused by the Ukraine conflict will directly impact the cost of food, especially in regions that are dependent on imports (Levi).

Especially fertiliser prices will see a substantial rise, as 20 percent of global export is from Russia. Rising prices are of special concern because they would likely make farmers use less fertilisers. This will negatively impact crop yields in the next year, leading to even higher prices and thwarting attempts to raise domestic production to compensate for the decreasing global supply (Levi).

According to the World Bank, the already existing food crisis in West Africa and the Sahel region could become way worse. It is predicted that an extra 7 to 10 million people will be facing food insecurity in West Africa. This insecurity is compounded by the immense impact that the COVID-19 pandemic has had on these fragile supply chains which are the lifeline of this region. The region needs assistance to be able to deal with this crisis, however, because of the Ukraine war and its implications, most nations are focussing on supporting Ukraine and its citizens and combating the consequences of inflation domestically. This leaves little funds left to be used for crisis alleviation, which at the same time has become more expensive because the cost of food assistance is directly impacted by the rise in global food prices (Ehui).

Major Parties Involved

Russian Federation

Russia is the source of the conflict. By invading Ukraine, they caused many products to rise in price significantly. As of writing this report, Ukraine has retaken a lot of the occupied areas, but there is little hope for an end to the conflict. Russian farmers should still be able to export their goods, but it is uncertain in what quantities these will be exported compared to levels before the invasion of Ukraine (The Impacts and Policy Implications).

Türkiye

Türkiye has so far played a key role in negotiations surrounding the conflict. Despite being a NATO member state, it has not condemned the invasion and is functioning as a neutral ground to facilitate negotiations between the UN, Ukraine, and Russia. The most notable outcome of these negotiations has been a deal to allow Ukraine to export food through the Black Sea

Ukraine

Ukraine is the victim of Russia's aggression. Due to the Russian invasion, it has been hindered in exporting and sowing crops. Although more and more food is being exported this year, alleviating the crisis in the short term, it is expected that most of the consequences will be in the following years, due to the damage caused by the war and because it has been difficult for farmers to sow seeds for next year's harvest.

United States of America (USA)

The USA is the largest exporter of food globally (Ross). Therefore, goods that would previously come from Ukraine or Russia are now more likely to be imported from the USA.

European Union (EU)

The European Union shares a large border with Ukraine and is its main trade partner. About 4,6% of all food imports into the EU come from Ukraine. The main import products are cereals, fats, oils, fruits, and nuts (Vinci). 4,6% might seem like a small amount, but even minor changes in supply can have a tremendous impact on the prices paid by consumers.

Food and Agricultural Organisation (FAO)

The Food and Agricultural Organisation is a UN body that came to life in 1945. It strives to eliminate worldwide food insecurity and hunger. Since then, it has passed many resolutions to improve food access and safety (About FAO). Furthermore, it does a lot of research to quantify world hunger.

World Bank

The World Bank is a global partnership of 189 member countries. It seeks to provide sustainable solutions to reduce poverty and help developing nations prosper. In total it has over 45 billion USD in loans and grants over 12.000 projects (Malpass).

World Food Programme (WFP)

Employing over 20.000 staff worldwide, the World Food Programme is the largest humanitarian organisation. It believes that hunger should be an issue of the past in a world where enough food is produced to feed the entire planet. Because of its tremendous efforts, the WFP has received the 2020 Nobel Peace Prize. It helps those in need by providing food assistance, reducing losses due to external factors such as climate change and by promoting good nutrition (Who We Are:).

Timeline of events:

Date	Description of event
20/02/2014	Annexation of Crimea
24/02/2022	Start of the Russian invasion of Ukraine
07/03/2022	The global price of wheat reaches a record high due to the Ukraine conflict (Wheat prices - 40 Year)
22/07/2022	Russia and Ukraine signed a deal to allow Ukraine to safely transfer Ukrainian food and fertilisers (teleSUR/MS)
22/07/2022	Wheat prices drop to pre-war levels due to the deal made by Russia and Ukraine (Cooper)
16/08/2022	The first shipment of Ukrainian grain through the Black Sea since the start of the war (Bulk carrier sets off)
16/10/2022	Russia threatens to withdraw from the Grain Export deal signed in July. It states that the UN does not honour the commitments it made in the deal (Abbasova)

Past Attempts To Solve The Issue

An attempt to prevent/solve this issue was already made at the very start of the war when every nation excluded agricultural products from sanctions that prevented Russia from exporting goods. Despite this effort, the exports from Russia still severely decreased because export from Russia has still dropped.

A second attempt at solving this issue was made when it became apparent that the war was preventing ships that would have exported wheat from leaving their Ukrainian ports to transport it across the world. Negotiations between Russia and Ukraine started and on the 22 of July, a deal was struck. Although this provided hope for more improvements in the future, Russia is already saying it is not satisfied with the way it is currently handled.

Possible Solutions

End of the war

In an ideal world, Ukraine and Russia would come to an agreement that satisfies both countries, ending the war and restoring exports and agricultural produce. Sadly, the countries have proven to have a major difference in expectations of such an agreement, meaning that it will not happen in the foreseeable future.

The war could also end when Ukraine recaptures all its lost territory, but it is unlikely that Russia will stop their aggression, since it has declared the regions Donetsk and Luhansk part of its territory.

Food aid

Food aid is a satisfactory solution to food insecurity in the short term; however, it is not feasible to keep providing aid for an extended period, especially now that the costs of food aid have risen together with the price of food. Food aid is currently solely funded by (governmental) donations. Due to the war, the current efforts of organisations such as the WFP will have to be expanded because the number of people facing food insecurity is expected to rise significantly.

Raising exports from other regions

To reduce the long-term consequences of this crisis, the food that was previously imported from Ukraine will have to be imported from elsewhere. A complicating factor is that the investments that this would require are quite risky in the current economic climate, which sees a lot of uncertainty.

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