

War in Ukraine drives global food crisis

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Abstract

The war in Ukraine has thrown the world economy into a crisis. The Russia and Ukraine war has many detrimental socioeconomic effects currently being felt internationally. It could get worse, especially for global food security. The conflict between two of the world's most prominent players in the food and fertilizer industries is causing great concern for the future of the world's food supply and security. Before the Ukrainian crisis, several countries were already in a highly critical state due to security, economic, and climatic fragilities, as well as the COVID-19 pandemic's consequences, which have resulted in many people suffering from hunger worldwide. Also, due to economic sanctions imposed on Russia, there is uncertainty regarding Russian export possibilities in the future. The article emphasizes how the war has immediate and extensive cascading effects on the global crisis. It also discusses the Russia and Ukraine wars' direct and indirect impact on global food security.

Keywords: War, Ukraine, Russia, crisis, food security, and impact.

Introduction:

Recently, the Russia-Ukraine conflict has thrown the world economy into a food crisis. It can potentially have a cascade effect on global economies and society. Russia began a full-scale military assault on Ukraine on February 24, 2022, which resulted in civilian casualties and infrastructure destruction. As a result, the United States, Europe, and many other western countries, such as Canada and Australia, have imposed sanctions targeting exports, individuals, banks, businesses, and significant state-owned corporations. The loss of life and the humanitarian catastrophe that many besieged and displaced people in Ukraine reveal that country is under the most severe effects of the war. At the same time, the war substantially impacts commodity markets, particularly food and energy. These changes to global trade, production, and consumption patterns will keep prices at high levels until the end of 2024.

¹ The conflict between two of the world's most prominent players in the food and fertilizer industries is causing great concern for the future of the world's food supply and security.² Before the Ukrainian crisis, several countries were already in a highly critical state due to security, economic, and climatic fragilities, as well as the COVID-19 pandemic's consequences, which have resulted in more than 120 million people suffering from hunger worldwide. ³Economists claim that the Ukraine war has increased global economic uncertainty, which is the most worrying aspect because uncertainty is economic growth's most viable threat. Professor Nouriel Rubini, an emeritus economics professor at New York University, was one of the Clinton administration's economic advisers; he predicted last December that 2022 will be more challenging than 2021.⁴Inflationary pressures will persist in the coming year, and the coronavirus also remains a source of uncertainty. The geopolitical crisis, on the other hand, will only exacerbate the uncertainties.⁵All countries will bear the cost regardless of their engagement in the war to a sharp rise in different product prices. The article emphasizes how the war has immediate and extensive cascading effects on the global crisis. It also discusses the Russia and Ukraine wars' direct and indirect impact on global food security.

Direct impacts of war on food security:

Despite only 2% of the world's GDP, Russia and Ukraine are regarded as "global breadbasket". Ukraine and Russia export 30% of the world's wheat and 19% of corn, both used in the food processing industry.⁶ Both countries are significant producers and exporters of essential agricultural products like fertilizers, minerals, and energy, where exportable resources are frequently concentrated in many countries. This concentration may make these markets more susceptible to shocks and volatility.⁷

¹ World Bank. Commodity Markets Outlook: The Impact of the War in Ukraine on Commodity Markets; OECD. Economic and Social Impacts and Policy Implications of the War in Ukraine| OECD Economic Outlook, Interim Report, March 2022. <https://www.oecd-ilibrary.org/sites/4181d61b-en/index.html?itemId=/content/publication/4181d61b-en> (accessed on 15/10/2022).

² Berkhout, P., Bergevoet, R., & van Berkum, S. (2022). A brief analysis of the impact of the war in Ukraine on food security (No. 2022-033). Wageningen Economic Research.

³<https://www.diplomatie.gouv.fr/en/french-foreign-policy/development-assistance/food-security-nutrition-and-sustainable-agriculture/global-governance>(accessed on 10/10/2022).

⁴Russia's War and the Global Economy (February 25, 2022) <https://www.project-syndicate.org/onpoint/russias-war-and-the-global-economy-by-nouriel-roubini-2022-02>(accessed on 15/9/2022).

⁵ ibid

⁶Russia-Ukraine war's impact on the global economy: What is at stake?

<https://www.businesstoday.in/latest/world/story/russia-ukraine-wars-impact-on-global-economy-whats-at-stake-324513-2022-03-02>(accessed on 15/7/2022).

⁷ OECD (fn 1)

Simultaneously, the disruptions in the supply chain due to the pandemic are also a factor combined to drive up food prices.⁸ Because companies are trying to obtain enough raw materials and components to produce items to fulfil growing client demand due to the world's unexpectedly rapid recovery from the pandemic slowdown, disruptions to industries in Russia and Ukraine could delay a return to new normal conditions. Shortages, shipping delays, and increased pricing have resulted from overburdened factories, ports, and freight yards. Consequently, the global supply chain process may be hampered. Ukraine, Russia, Kazakhstan, and Romania, four essential exporters, ship grain from Black Sea ports that might be disrupted by military action or sanctions. The war has many direct and indirect consequences for global food security. There are some reasons:

Military action may have immediate and long-term effects on Ukraine's ability to transport agricultural goods within and outside its borders if its port infrastructure and railroads are destroyed. The war directly impacted grain exports from Ukraine, mainly maize, which arrive in the country generally in the spring and early summer.⁹The ports of Odesa, Mariupol, and Kherson have sustained considerable damage, which handles 95% of Ukraine's grain exports by sea. Most Ukrainian exports are also no longer possible because all Black Sea ports have been closed. Even if inland transportation infrastructure remained intact, shipping grain by rail would be challenging due to the absence of a functional railway system. For instance, four dealers reported that in May 2022, roughly 300,000 tonnes of Ukrainian wheat that Egypt's state grains buyer had ordered for delivery in February and March were stuck in Ukraine, with one shipment being held in port and others needing to be loaded. There are potential options for Ukraine to ship food through Poland or Romania. However, the Constanta port in Romania cannot handle the influx of Ukrainian crops.¹⁰Ukraine is the biggest producer and exporter of sunflower oil in the world. Importers will fail to replace supplies if harvesting and processing are hampered in a war-torn Ukraine or exports are halted.¹¹In many countries, with the severe threat of supply disruptions, companies have few options but to contemplate raising prices for daily used edible oils.

⁸ Benton, T. G., Froggatt, A., Wellesley, L., Grafham, O., King, R., Morisetti, N., ... & Schröder, P. (2022). The Ukraine war and threats to food and energy security. Chatham House—International Affairs Think Tank.

⁹ FAO. Rapid Response March–December 2022: Plan Supporting Agricultural Production to Bolster Food Availability and Access. Available online: <https://www.fao.org/3/cb9457en/cb9457en.pdf> (accessed on 12/10 2022).

¹⁰Chatham House (2020), 'Resource Trade Earth Dashboard'.

¹¹Ukraine war is an economic catastrophe, warns World Bank <https://www.bbc.com/news/business-60610537>(accessed on 15/8/2022).

In addition, farms in eastern Ukraine could be threatened due to war. Farmers are unable to work in their fields due to the war. There are labour shortages because of population shifts and conscription. Agricultural activities are anticipated to suffer from disruptions to vital public services. Critical agricultural inputs are less accessible and available, which worsens the problem.¹² According to the Food and Agriculture Organization of the United Nations (FAO) report, one-third of crops and agricultural land may not be harvested or farmed by 2022. It is also unknown whether other exporters can fill the gap. Rising insurance prices for the Black Sea region will also worsen high shipping costs and drive up the cost of imported food. A prolonged war and sanctions would likely weaken millions of people's food security. Also, due to economic sanctions imposed on Russia, there is uncertainty regarding Russian export possibilities in the future. It might slow down growth and productivity while ultimately driving up the price of agricultural production. In addition, in reaction to Western sanctions, in April 2022, Russia vowed to restrict its food and agricultural exports to only "friendly" nations. The ban would make the world's food shortage worse.¹³

The world's poorest people live in developing economies, where food shortages have struck the hardest due to the war. According to the Food and Agriculture Organization of the United Nations (FAO), the global Food Price Index (FPI) increased by 17.9 points (12.6%) from February to an average of 159.3 points in March 2022. Since 1990, it has been at its highest level. The most recent increase shows all-time highs for cereals (170.1 points) and vegetable oils (248.6 points). It highlights the direct impact of the Ukraine war. According to statistics at the country level, sub-Saharan Africa experienced the most increase in food price inflation between February and March 2022. Over this time, some countries have seen food prices rise above the average global rate (12.6%). For example, Lebanon (396%), Zimbabwe (75%), and Turkey (70%) get the highest food price inflation between February and March. As a result, rising food costs cause households' average incomes to decline, which causes more people to fall into the food poverty trap, where they cannot afford a good and nourishing meal.¹⁴ According to World Bank, 10 million people

¹² FAO (fn 9)

¹³ Ben Hassen, T., & El Bilali, H. (2022). Impacts of the Russia-Ukraine war on global food security: towards more sustainable and resilient food systems. *Foods*, 11(15), 2301.

¹⁴ <https://www.economicsobservatory.com/how-is-the-war-in-ukraine-affecting-global-foodprices>(accessed on 6/9/2022).

will fall into extreme poverty for every percentage point increase in food costs. Global poverty might increase by more than 100 million if food prices stay this high for a year.¹⁵

Indirect impacts of the war on food security:

The war has specific indirect and cascading effects. According to estimates from the International Grains Council, Ukraine is expected to be the world's third-largest corn exporter and fourth-largest wheat exporter in the 2021/22 season. Following the economic harm caused by the COVID-19 outbreak, any disruption in the supply of grain out of the Black Sea region is likely to influence prices and further food inflation worldwide significantly.¹⁶ Mainly, prices for necessary commodities like fertilizer are approaching all-time highs. As a result, many farmers worldwide, including those in the USA, are switching out expensive fertilizer-dependent crops like wheat and maize for low-cost ones like soy. This might worsen the present supply constraints and drive up the price of bread, cereals, and other essential food items since it is mostly utilized in animal feed and biofuel.¹⁷ Similar consequences could be seen with fertilizer shortages and high prices in developing nations where price impacts could severely restrict consumption. It also leads to lower yields in the face of a constrained worldwide supply and high global pricing.¹⁸

In the past, countries have frequently used restrictive trade policies to address food supply disruptions. The Ukraine and Russia war is not an exception. Several countries have implemented export restrictions in various ways. Since the Russian invasion of Ukraine, many countries have applied export restrictions on food, including bans and export licensing requirements. It has climbed from 3 to 16, covering 40 food items, since the start of the war.¹⁹ Regarding calories, these agricultural products account for nearly 90% of imported calories now affected by export restrictions: Wheat (31 per cent of total calories affected), palm oil (29 per cent), maize (12 per cent), sunflower oil (11 per cent), and soybean oil (5.6 per cent). Regarding total trade in specific foodstuffs, export limitations impact nearly 36% of wheat exports, 55% of palm oil exports, 17% of corn exports, 78 %

¹⁵ World Bank. Remarks by World Bank Group President David Malpass to the U.S. Treasury's Event on "Tackling Food Insecurity: The Challenge and Call to Action".

<https://www.worldbank.org/en/news/speech/2022/04/19/remarks-by-world-bank-group-president-david-malpass-to-the-u-s-treasury-s-event-on-tackling-food-insecurity-the-challeng> (accessed on 11/10/2022).

¹⁶How a Russia-Ukraine conflict could hit global markets (February 20, 2022).

<https://thefinancialexpress.com.bd/economy/how-a-russia-ukraine-conflict-could-hit-global-markets-1645330964>(accessed on 6/8/2022).

¹⁷Glauber, J. W., & Laborde, D. (2022). How Russia's Invasion of Ukraine Is Affecting Global Agricultural Markets.

¹⁸ Hebebrand, C., & Laborde, D. (2022). High fertilizer prices contribute to rising global food security concerns. *IFPRI Blog*.

¹⁹<https://www.ifpri.org/blog/bad-worse-how-export-restrictions-exacerbate-global-food-security>(accessed on 6/10/2022).

of sunflower oil exports, and 5.8% of soybean oil exports. The remaining 10% of traded calories are under export limitations, including different types of goods like tomatoes, other vegetables, poultry, and beef.²⁰ These actions may have significant effects on the cost and security of food around the world.

Another cascading effect of the war is panic buying at the national and personal levels. Stockpiling and panic buying are essential elements of consumers' crisis and disaster-related behaviour that attracted media interest during the COVID-19 pandemic.²¹ Due to the war, many European nations experienced an increase in panic buying in March 2022. For instance, while several merchants began to ration some food goods in the United Kingdom, more than a third of consumers rushed to stock up on essential supplies like pasta and cooking oils.²² Additionally, some countries were stockpiling food to ensure the local supply, including China. It is a less well-known factor driving up food prices. The Chinese government massively stockpiles food to avoid shortages and reduce import dependency. The war may reduce purchasing power at the national and individual levels, reducing economic access to food by delaying the post-COVID-19 economic recovery. In reality, the world economy was still reeling from the COVID-19 pandemic's consequences and was at its most vulnerable when the war in Ukraine broke out. The terrible worldwide economic and social conditions were made worse by the war.²³

The International Monetary Fund forecasted that between 2022 and 2023, global growth would slow from an anticipated 6.1% to 3.6%. In addition, prices for food and fuel would rise by 3.0% in 2022 and 2.3% in 2023.²⁴ Since the poor and middle classes will be disproportionately affected by rising food and energy prices, this could have severe societal repercussions. Furthermore, many importing nations are more vulnerable than others and rely on the food produced in Russia and Ukraine. For instance, more than 50% of the countries in the Middle East and North Africa region cereal needs are imported, with a significant portion of the wheat, maize, and barley coming from Ukraine and Russia. For

²⁰ *ibid*

²¹ Hall, C. M., Fieger, P., Prayag, G., & Dyason, D. (2021). Panic buying and consumption displacement during COVID-19: Evidence from New Zealand. *Economies*, 9(2), 46.

²² The Independent. Ukraine War Fears Saw Surge in British Shoppers Panic Buying Essentials from Toilet Roll to Dried Pasta. <https://www.independent.co.uk/news/uk/home-news/uk-stockpiling-food-panic-buying-ukraine-b2056297.html> (accessed on 9/10/2022).

²³ Radical, N. The War in Ukraine and Food Security in Africa.

²⁴ IMF. World Economic Outlook, April 2022: War Sets Back the Global Recovery.

<https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022> (accessed on 9/10/2022).

instance, Lebanon gets 80% of its wheat from Ukraine.²⁵ In countries like Egypt and Lebanon, where government-subsidized bread dominates diets, this might result in greater food insecurity and poverty.²⁶

The Ukraine crisis has heightened a threat to several economic issues in the global economy. According to various news reports, the ongoing dispute might harm sectors that rely on the supply of raw materials, particularly industrial commodities, as Russia bears the weight of Western sanctions, which include cutting off several Russian banks from the interbank payments system SWIFT. Furthermore, the consequences are endangering the global economy, causing financial markets to tremble, and making life more dangerous for everybody.²⁷

Conclusion and recommendation:

The human right to food is accepted in the Universal Declaration of Human Rights, 1948. According to article 25(1), ‘Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in the circumstances beyond his control.’ However, due to war, the right to food is hampered by commodity export restrictions worldwide. The export restrictions also lead to higher global prices that food importing countries to buy food. Moreover, export bans tend to be contagious, as other exporting countries follow suit and implement their bans. The global community should ensure that most countries refrain from implementing bans and where implemented. This is the way to secure food rights for everyone. Even if the war ends, different sanctions would still significantly impede the movement of commodities from Russia into international markets. Although the current crisis's circumstances are unique, the direct effects and cascading dangers it caused include supply-chain disruptions, high resource prices, market volatility, energy, economic strife, and food insecurity. It is urgently necessary to develop long-term resistance against the Ukraine crisis's effects. In most circumstances, war leads a country to be deprived of resources which causes famine

²⁵ FAO. Impact of the Ukraine-Russia Conflict on Global Food Security and Related Matters under the Mandate of the Food and Agriculture Organization of the United Nations (FAO). <https://www.fao.org/3/ni734en/ni734en.pdf> (accessed on 5/10/2022).

²⁶ Wilson, J., Magdy, S., Batrawy, A., Asadu, C. Russian War in World’s “Breadbasket” Threatens Food Supply

²⁷ IMF Staff Statement on the Economic Impact of War in Ukraine (March 5, 2022) <https://www.imf.org/en/News/Articles/2022/03/05/pr2261-imf-staff-statement-on-the-economic-impact-of-war-in-ukraine> (accessed on 6/10/2022).

and death. Rather than involving in war, it is better to concentrate on building and strengthening solid diplomatic relationships and alliances between countries.

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