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The War in Ukraine and Food Security in Regional and Global Perspective (part 1)

Overall 22 million tons of grain were blocked in Ukrainian ports as a result of Russia's aggression and the suspension of Ukrainian agricultural exports by sea. This significantly reduced the ability of Ukrainian farmers to sell the 2021 grain harvest, while increasing the threat of global hunger, since almost half of all UN World Food Program deliveries come from Ukraine. The unblocking of Black Sea ports and the resumption of grain and oilseed exports is of key importance for both the Ukrainian economy and world food security.

Warnings about upcoming crises. UN Secretary General António Guterres pointed out in his statement on the 100th day of Russian aggression on June 3, 2022, that the war in Ukraine is inflaming a three-dimensional global crisis: food, energy, and finance. According to him, military operations not only affect the situation in Central and Eastern Europe, but also significantly increase the risk of the most vulnerable countries and economies in the world to end up on the verge of malnutrition and hunger.

Achim Steiner, the Administrator of the United Nations Development Program, also spoke about these challenges at the World Economic Forum in Davos in May 2022. He stressed that food, fuel, and financial crises caused or exacerbated by the war in Ukraine could trigger unrest in poorer countries and lead to the bankruptcy of more than 70 countries. Sri Lanka fell into default this May for the first time in its history after mass protests spread across the country.

Russia has been blocking Ukrainian ports in the Black Sea for the fourth month, creating food shortages and driving up food prices in countries that are almost entirely dependent on imports, inter alia in Egypt. Against this background, world cereal prices grew by 50% in 2022 and approached record levels. Corn increased by 32% and soy by 26%. At the same time, we are observing the global price escalation of energy resources, which, combined with rising prices of fertilizers, accelerates food inflation worldwide.

According to experts from the Food and Agriculture Organization (FAO) and the World Food Program (WFP), the current world hunger situation is the most difficult in the last few decades. The existing dynamics of worsening global food security results from a combination of several factors: conflicts (including the war in Ukraine), the COVID-19 pandemic, extreme weather and climate phenomena, growing external indebtedness of poor countries, and financial shocks. It is also worth noting that FAO-WFP recently included Ukraine in the top twenty countries at risk of famine.

The situation in the territories controlled by the government of Ukraine. According to the Ministry of Agrarian Policy and Food of Ukraine, the sowing campaign in the country ran successfully despite military operations and a constant shortage of fuel, in particular due to the destruction of Kremenchuk oil refinery (Poltava region). Sowing started in March in all regions, with the exception of the Luhansk region and partly in areas close to the front lines (see ["IEŚ Commentaries", no. 575](#)). This work was almost fully completed at the beginning of June. The main problems for farmers now are the availability of financial resources and access to fuel necessary for further crop care and harvesting, as well as the issue of unblocking the Black Sea ports in order to empty the granaries for the new crops.



According to the data of the Ministry of Agrarian Policy and Food of June 3, 2022, 13.18 million hectares of land were sown with basic agricultural crops during the 2022 sowing campaign, which is 91.5% of the 14.4 mln ha planned for the current season. The sown area was 80.6% of the land from the previous year, in which 16.92 mln ha were sown. The greatest losses of land occurred in the south, east, and north-east of the country. The areas unfit for cultivation are partly located in the war zone (parts of the Donetsk, Luhansk, Zaporizhzhia, Kherson, and Kharkiv regions). Some areas have already been liberated from occupation, but sowing there is still impossible because of the threat of mines and destroyed agricultural infrastructure (part of the Kyiv, Chernihiv, and Sumy regions). It is worth adding that in the fall of 2021, 7.7 mln ha were sown with winter crops, including 6.5 mln ha of winter wheat, 1.02 mln ha of rape, 1 mln ha of barley, and 0.16 mln ha of rye.

As of June 2, 2022, the area under sunflower cultivation is 4.27 mln ha (87% of the planned acreage), corn 4.57 mln ha (94%), spring barley 948,300 ha (93%), spring wheat 189,300 ha (99.7%), oats 157,400 ha (96%), and peas 130,600 ha (89%). In addition, the area of sown potatoes is 1.11 mln ha (93%), soybean 1.19 mln ha (95%), sugar beet 182,100 ha (88%), spring rape 32,400 ha (98%), millet 47,300 ha (76%), and buckwheat 68,800 ha (84%). Under the conditions of war and a general lack of exports, the structure of crops has changed slightly. As expected, farmers focused on crops with increased domestic demand. At the same time, there was a noticeable decrease in the area of high-margin crops (sunflower, corn), as well as an increase in the area of crops that are easier to produce, but very important in terms of the country's food security, namely peas, barley, oats, and buckwheat.

According to forecasts, the total 2022 grain harvest will amount to approximately 50.4 mln tons, and oilseeds 16.3 mln tons. These figures are much lower than last year, when Ukrainian farmers produced a record harvest of grains (86 mln tons) and oilseeds (22.8 mln tons). However, it should be taken into account that the gross harvest will decrease both due to the loss of sown areas and a decrease in yield caused by partial non-compliance with all technological procedures (see ["IEŚ Commentaries", no. 575](#)).

Also noteworthy is that the granting of numerous loans was a significant support for the agricultural sector in the first months of the war. In fact, farmers were probably the largest borrowers in Ukrainian banks at the time. 38.5 billion worth of UAH loans were issued since March 2022 to the Ukrainian agricultural sector, including almost UAH 25 billion at a reduced 0% rate under the government program "Available loans 5-7-9%".

The situation in the uncontrolled territories. It is difficult to assess how much of the occupied territories have been sown and what will happen to this year's harvest. Russian troops deliberately mine Ukrainian fields, steal and blow up agricultural machinery, destroy agricultural infrastructure (enterprises, food warehouses), and rapidly reduce food stocks¹. Ukrainian farmers are forced to give away their goods for next to nothing, and in case of refusal, the goods are simply taken away. Occupation authorities are also forcibly re-registering ("nationalizing") enterprises. In this way, stocks of Ukrainian grain are emptied in the elevators and granaries in Kharkiv, Kherson, Mykolaiv, and Zaporizhzhia regions. The grain is then loaded onto ships in Crimean ports and sold as Russia to other countries, in particular Syria and Turkey. The government of Ukraine recently announced that

¹ In order to understand the geography and size of losses, the "Ukrainian Club of Agricultural Business" Association with the support of the Ministry of Agrarian Policy and Food of Ukraine created an electronic platform for collecting information on damages in the agricultural sector. With the help of this tool, farmers, agricultural households, and enterprises can submit an application and report the damage caused to them for processing by state authorities for further indemnification and compensation.

Russia wanted to sell stolen grain in Egypt and Lebanon as well, but the authorities of these countries did not agree to the purchase. According to the vice-chairman of the All-Ukrainian Agricultural Council, Denys Marchuk, Russia has already illegally exported 600,000 tons of grain from Ukraine.