



## Socio-Economic Research and Applications (SERAP)

### A Glimpse of Food Crisis and Inflation in Developing Countries

**This newsletter highlights the evolution of inflation and the food crisis that has taken hold in developing countries. In the context of COVID-19 and the Ukraine/Russia crisis, this newsletter provides insight into its ripple effects of the supply chain and price of food. Furthermore, the newsletter sheds light on the possible ways to address the current food crisis.**

Food insecurity is one of humanity's biggest threats, with severe implications for sustainable development. Food security permeates all aspects of society, including social, environmental, and economic fronts; it also implicates several other industries and ecosystems, ranging from food production and processing to supply chains and retail.

In recent years, the food insecurity has expanded. Data from FAO has shown that the number of hungry people in Africa has risen by around 48 million since 2014 and stands at 250.3 million as of 2019: this amounts to a fifth of the African population. Furthermore, there is a clear upward trend in the number of people affected by severe food insecurity. FAO recorded that 420 million Africans are affected by moderate food insecurity. The situation has worsened due to the Covid-19 pandemic and the Ukraine-Russia crisis.

Since 2020, COVID-19 has led to a significant disruption in food supply chains combined with containment measures. It has exposed the weaknesses of the globalized agricultural and food systems. Many farmers have lost crops that they could not sell locally due to market closures. In West Africa, COVID-19 and the response measures taken to combat its spread have impacted the functioning of agro-pastoral sectors and agricultural trade. The closure of borders, and the isolation of entire regions and urban centers, have disrupted the transport of agricultural products to consumption areas, even at the local level. The crisis is vulnerable to industrialized food systems and highlighted the structural problems that hinder people's food sovereignty.

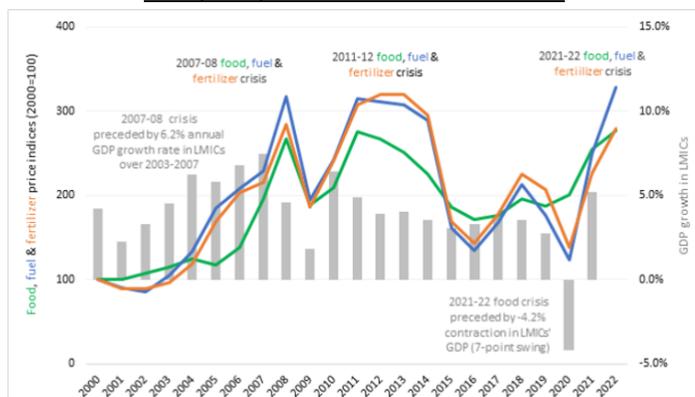
The Russia Ukraine crisis, both among the top global wheat exporters, has led to a rise in grain prices, and a significant food crisis threatens the world. On a global scale, these two countries together provide 19% of the barley supply, 14% of the wheat supply, and 4% of the corn supply and account for more than a third of world exports of cereals. They are also significant suppliers of rapeseed, which also account for 52% of world exports of sunflower oil. The world supply of fertilizers is also highly concentrated, with Russia being the leading producer. About fifty countries are threatened due to their heavy dependence on Russian and Ukraine's exports. Many of them, located in North Africa, Asia, and the Near East, are the least developed or low-income food-deficit countries.

Many countries are trying to build "territorialized food systems" as possible solutions. Territorializing a food system means offering a alternative to domestic/regional systems instead of the current globalized food system. This system is currently structured around large industrial firms for trade-in inputs (seeds, pesticides, fertilizers) and highly processed food products while sustainability its aspects are being questioned.

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## Statistics and Graphs

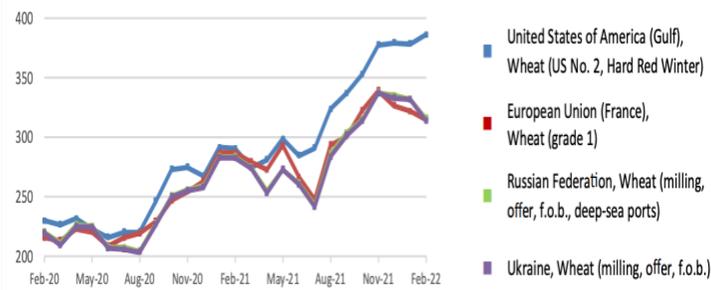
### Food, Fuel, and Fertiliser Price VS GDP



Source: [FAO/IMF/World Bank](#)

### Wheat Price fluctuations

United States dollar per tonne

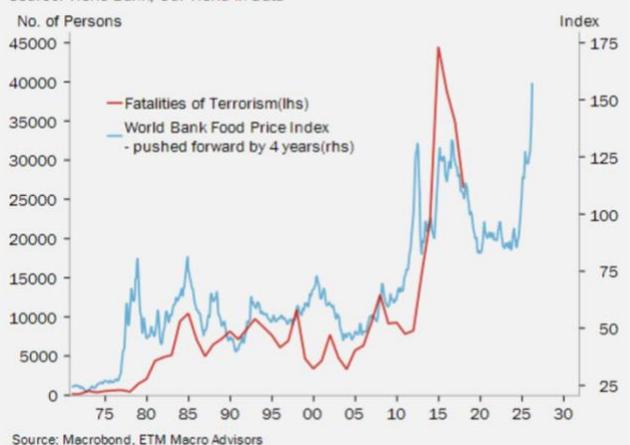


Sources: International Grains Council; APK-Inform Agency.

### Food Crisis and Political Unrest

#### Rising food prices lead to more political instability

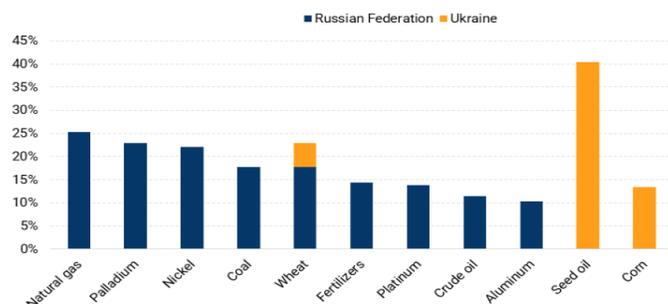
Source: World Bank, Our World in Data



### Some Developing Economies' Dependence on Russia and Ukraine

#### Figure 1. Some developing economies are heavily reliant on Russia and Ukraine for food

Ukraine and Russia's commodity exports as a percentage of global exports



Source: Comtrade, World Bank.

BROOKINGS

## Three Suggestions to Counter the Food Crisis

In this section, we provide three policy options to help low-income countries cope with food crises globally:

- **An obligation for major grain producers to increase food supply: this can be done by solving logistical problems and releasing stocks**
- **Oil-producing nations could increase their fuel supplies in the short run to reduce fuel prices, thereby lowering fertilizer and shipping costs.**
- **National authorities need to work alongside international organizations to implement efficient social protection policies regarding food and financial aid.**

## Supporting articles



### The Russia-Ukraine crisis is exacerbating international food price volatility.

The current situation vs. the early pandemic period: Food prices were already high before the crisis began in Ukraine. Poor harvests in South America, strong global demand, and pandemic-related supply chain issues had reduced grain and oilseed inventories and drove prices to their highest levels since 2011-2013. Prices of critical energy-intensive inputs such as fertilizer were and continue to be at near-record levels. Then came the invasion, which created significant market disruptions. Russia and Ukraine account for 30% of global wheat exports and supply millions of tons of wheat to food import-dependent developing countries in the Middle East and North Africa (MENA), South Asia, and sub-Saharan Africa. An ongoing crisis will drive prices higher still and erode food security for hundreds of millions of people.

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### West Africa faces mixed food security impacts from the Russia-Ukraine conflict

Food security in West Africa has been deteriorating since 2015: The proportion of the population affected by undernutrition rose from 11.5% in 2015 to 18.7% in 2020, a total of 75.2 million people. Now, like the rest of the world, the region faces rapidly growing impacts from the conflict in Ukraine, including spiking food prices and disruptions in markets for cereals and other commodities, including fertilizers and fuels. Overall, the greatest risk is from rising global prices. The region imports relatively little food or fertilizer (with some exceptions) from Russia and Ukraine, insulating it from many of the current market disruptions and can substitute some lost fertilizer imports. The good news for West Africa is that it trades little with Russia and Ukraine, except for Benin's exports to Ukraine (4.7% of its total exports) and Benin and Senegal's imports from Russia (between 4% and 5% of total imports, respectively). [Read More...](#)

### Impact of the conflict on food security in Ukraine

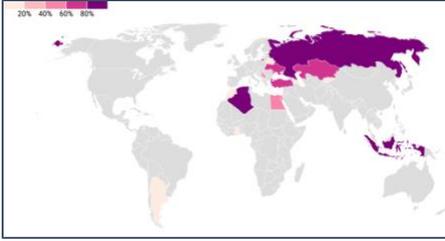


It is uncertain whether Ukraine will be able to harvest existing crops, plant new ones or sustain livestock production as the conflict evolves. The conflict has led to port closures, the suspension of oilseed crushing operations, and the introduction of export licensing restrictions and bans for some crops and food products. Key cities are being encircled and continue to experience heavy bombardment, leaving people isolated and facing severe shortages of food, water, and energy supplies. As insecurity persists and both local and national supply chains are disrupted, people are likely to fall deeper into emergency levels of hunger and malnutrition. Major concerns include disruption to spring planting, agricultural labor availability impacted by displacement, access to and availability of agricultural inputs, particularly fuel, etc. [Read More...](#)



### 'Insane' price rises in US

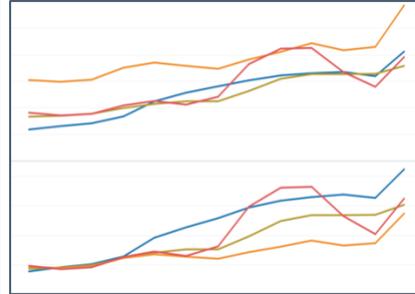
The Russia-Ukraine conflict has added further fuel to the blazing inflation rate via higher energy, food, and commodity prices that are turbocharged by a worsening supply chain problems," said Kathy Bostjancic, chief US economist at Oxford Economics. On Tuesday, Russian President Vladimir Putin said that inflation and rising food and petrol prices in Western countries would pressure politicians there. Rising inflation rates before Russia's invasion of Ukraine as many global economies reopened following the lifting of Covid restrictions. However, prices appear to be accelerating when wage growth is struggling to keep up. Recent figures show that average hourly earnings in the US rose by 5.6% in the year to March, well below the latest rise in the cost of living. [Read More...](#)



### Food export restrictions in response to the conflict

As food price inflation grows around the world and no quick resolution to the Ukraine crisis is in sight, past experiences suggest that more countries will impose restrictions. Countries that have implemented export restrictions (figure 2) represent large shares of some of the critical commodities traded in the world. Starting with the epicenter of the conflict, Ukraine has restricted exports to ensure adequate supplies for its population during the conflict; Russia's export restriction on wheat predates the war and includes a floating export tax and export quota. Together, the two countries account for around 35% of total global trade dollar value in restricted items. Measured in terms of caloric value, an important indicator of nutrition and food security, the percentage share is even higher—around 42% of total calories in restricted products. Other notable suppliers imposing export restrictions include Indonesia (ban on palm oil exports), Argentina (ban on beef exports), and Turkey, Kyrgyzstan, and Kazakhstan (bans on a variety of grain products).

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### Fertilizer market tracker

The crisis in Ukraine is sending fertilizer prices soaring, intensifying fears of reduced global food production and higher food prices. Prices for all main fertilizers have spiked given sanctions against and export restrictions by Russia, the world's largest fertilizer producer. Prices for natural gas, a key input for fertilizer production, are up, resulting in higher costs for fertilizer producers and reduced output - further affecting global supplies. The Fertilizer Market Tracker provides several ways to monitor this unfolding situation. The latest monthly prices for major fertilizers and natural gas are provided, alongside tabs that show the importance of fertilizer imports for a country's agricultural sector and exposure to the Ukraine-Russia conflict.

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### Ramadan in 2022: Back to normal, almost

Ahead of Ramadan, most Middle Eastern countries have eased restrictions to near pre-pandemic times. However, increases in prices and food shortages due to the war in Ukraine are casting new shadows on the Holy Month. "Inflation and food insecurity have started to affect many countries unprecedentedly," Fuchs said. Egypt, in particular, has suffered from price hikes and a devaluation of the currency ahead of this Ramadan. "We expect Ramadan to be extremely hard as a soar in prices happened just a few days before the Holy Month," Haitham El-Tabei, said CEO of the Abwab Elkheir NGO in Cairo. "This year, the situation is exacerbated by decreased donations and a stark increase in prices," El-Tabei said.

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### Africans are feeling the impact of the Ukraine crisis in wrenching increases in the price of fuel, grain, and fertilizer.

If the crisis is sustained, said Eurasia Group analyst Amaka Anku, African countries which are big importers of fuel and grain would rank among the losers. However, exporters of those commodities may be among the winners. There are also heavily indebted countries, such as Ghana, which will struggle with higher borrowing costs as investor risk appetite lowers. Gas producers like Tanzania, Senegal, and Nigeria may benefit from Europe's moves to end its dependence on Russian energy, said Danielle Resnick at the Brookings Institution think tank. But, she said, the immediate. High prices will, for instance, aggravate food insecurity in conflict-torn Ethiopia, where nearly 20 million people need food aid.

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## 62% of South Sudan will face food insecurity: UN says

The United Nations Children's Fund warned Wednesday that 62

percent of the population in South Sudan would face food insecurity in the coming months. According to the Integrated Food Security Phase Classification analysis, The Hill reported, that the organization said 62.7 percent, or 7.74 million people, will face a crisis or worsening levels of food insecurity between April and July. The analysis says 1.34 million children under five will be impacted by acute malnutrition due to food insecurity. More than 80 percent of those who are food insecure in the country come from the states of Jonglei, Unity, Upper Nile, Lakes, and Eastern Equatoria. According to the United Nations, the condition has worsened due to floods, droughts, conflicts, economic downturns, displacement, and disrupted livelihoods. "FAO is concerned by the rising number of food-insecure people driven by the additional burden of heavy flooding in the country for the last three years," Meshack Malo, the Food and Agriculture Organization of the United Nations (FAO) representative in South Sudan, said.

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## EU to discuss growing food insecurity with the UN

As of September 2021, 161 million people were already facing acute food insecurity worldwide. The UN estimates that an additional 8 to 13 million persons across the globe can become undernourished due to the ongoing war. In March, the food prices had already jumped nearly 13% to a new record high.

Commissioner Lenarčič said: *"The rising food prices are putting the most vulnerable people across the globe in an even worse situation. Russia's invasion of Ukraine increases the pressure on food systems and threatens millions worldwide with hunger. We are now at a turning point, and urgent action is required. The EU is committed to strengthening our partnership with the United Nations to ensure that we leave no one behind and continue to provide humanitarian aid to the most vulnerable while keeping our longer-term engagement to address the root causes of food crises."* During his visit, the Commissioner will meet the representative of the World Food Programme, the Food and Agriculture Organization, the International Fund for Agricultural Development, and the Committee on World Food Security.

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