

Fallout of Russia-Ukraine Conflict: Food Crisis is Looming on the Horizon

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Introduction

Once again, the world realizes, though with massive cost, as the old powerful and heart-touching saying reminds us, "when elephants fight, the grass gets trampled." Over the last year, while the globe was just about to return to its regular track after the costliest sufferings of mankind from Covid-19, ongoing conflict appeared like "a bolt from the blue". Under a destructive global pandemic, the Russian-Ukrainian struggle has dashed hopes for a smooth recovery of the delicate global economy. It has also caused a global humanist crisis in Europe, raising food and commodity prices and worsening deflationary imperatives. On the other hand, the blockade of Black Sea ports due to this conflict, which significantly complicates the supply chain, reminds the importance of 'Sea Lines of Communication (SLOC).' Today, the confrontation in the Black Sea, one of the world's six bread basket regions and a

significant supply and transit hub for grain and fertilizer, is putting global food security at significant risk.

Changing Geopolitics

The conflict has opened up new fronts; Proxy War is being continued. Some are sweeping Russia politically and economically, whereas Russia is rocking Ukraine militarily. The world is reeling from conflicts, diplomatic tensions, recessions, and imbalances. Global energy crises are causing political instability and unrest in some places. This conflict has triggered a dramatic new phase in the long-term reshaping of our world. These power politics are changing the global geopolitical orbit. The conflict in Ukraine harbingers the most critical geopolitical shift since the end of the Cold War. The world order has become progressively

volatile, which began a shift from a unipolar to a multipolar world, from one global superpower to several great powers, and from non-align to multi-align policies.

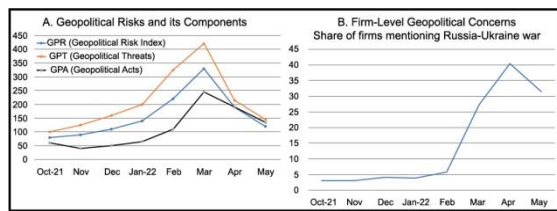


Figure 1: Risk and Concerns of Geopolitics (Source: Staff Calculations of Federal Reserve Board)

Grain Corridor Diplomacy of Turkey

Turkey has become an appropriate actor in the ongoing hostilities by pursuing HADR and mediation activities. Turkey's role in the grain corridor negotiations reflects its contemporary foreign policy. She is marching forward where soft power components are being used in a more poised manner. Her successful mediation in the grain corridor talks helped to normalize relations with the countries concerned and gave her more significant exposure to global geopolitics. Indeed, Turkey is a critical player in the Black Sea region precisely because it possesses maritime choke points and vital straits.

Russia and Ukraine in the Context of Global Food Supply Chain

Russia and Ukraine export about 31% of wheat and barley to the world market. They are the two leading suppliers of corn and sunflower oil. The importance of Black Sea region is dominant in the supply of various crops, fertilizers, and energy. Most of the world's countries, such as North Africa and the Middle East, EU countries, South Asian countries, and China, depend on this region for their nutritional needs.

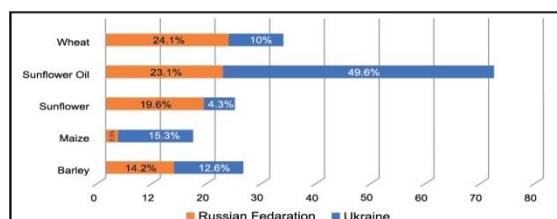


Figure 2: Statistics of Russia and Ukraine in Global Food Trade (Source: Laborde and Glauber)

and many high-income countries also import other grains from this region. "Among countries from the ECA region, the Netherlands imports 30% of its consumption from the Black Sea region and Portugal 24%" (Report of World Bank Group 2022). The following table is giving an idea about the dependency on wheat of a few countries from this region:

Ser	Country	Dependency on Wheat
1.	Nicaragua	86%
2.	Lebanon	86%
3.	Congo	67%
4.	Niger	60%
5.	Bangladesh	41%

Table 1: Dependency of Few countries on Wheat.

Regarding the global market and trade in fertilizers, Russia is the primary initiator. Belarus is also a key country in this respect. Both countries are the center of supply of potassium fertilizers, occupying the 2nd and 3rd place in the world order, respectively. Brazil suffers the most as soybean cultivation heavily depends on potash fertilizers from Russia and Belarus. The country is severely affected as the world's largest soybean producer. This is a testament to the world's interdependence, especially regarding food.



Figure 3: Impacts of the Russia-Ukraine Conflict on the Global Food Supply Chain

Importance of SLOC in The Black Sea and Turkey's Mediating Role

The world again realizes the dependency on the Black Sea in the global food trade. Approximately 90% of wheat and other grain from Ukraine are shipped to the world market by sea, which is now being disrupted. Ukraine provides 4% of the global seafarers. Sanctions on the banking sector and shipping make it harder for Russia to export food and fertilizer. Foreign shipping companies are also denying to carry those. Turkey proposes to open a grain corridor in the Black Sea to prevent the threat of famine in the global context as a repetition of the history of WW I. The agreement was signed on 22 July 2022 by the UN Secretary-General. Subsequently, a Joint Coordination Center (JCC) was established in Istanbul. This agreement brought the Ministers of Defense to the negotiating table. Both sides showed how much they needed this corridor. The shipping commenced on 02 Aug 2022 with the sailing of an Egyptian vessel laden with food grain from the Port of Odesa destined for Lebanon. Although the corridor continues, there are still shipping problems. Insurance companies like P&I Club are urging for clearing the sea mines and international protection as a prerequisite. The IMO assumes that it is impossible to normalize shipping traffic unless the threat of sea mines is neutralized.

Way Forward

The global community needs urgent action to meet the Sustainable development goal requirements for food stability. The Secretary General of the United Nations urges world leaders to find a solution and must work in coordination with global solidarity. Developed countries can help others by abandoning food nationalism, export restrictions, and policies that badly affect the global food trade, such as lifting

sanctions against Russia. The blockade of ports must be lifted immediately to ensure grains and fertilizers flow freely, where the IMO may play a pivotal role. Addressing the root causes of food insecurity is the way forward. Governments may have a long-term plan to diversify agriculture and reduce dependency. The role of the UN, FAO, the International Fund for Agricultural Development, and WFP could be strengthened. Global awareness to reduce food loss and waste is a call of the times. There is also the need to materialize the "leave no land uncultivated" policy. Like South Sudan, "although 50% of its arable land is primarily agricultural land, only 4% of this area is under cultivation. With its high potential for agricultural production, South Sudan could become the bread basket of Africa". Global dependency on maritime choke points is growing for grain and fertilizer trade. Therefore, the IMO may design regulatory policies to keep maritime choke points open for peaceful use, even during the hostilities.

Conclusion

Finding ways out of hostilities is difficult as long as strategic interests and rights of geopolitical actors take precedence over the international system. Geo-economics is increasingly influencing modern geopolitics. As the ongoing confrontation drags on, global suffering continues. The effects of this conflict and economic shocks combine to create an unprecedented food crisis. The Pulitzer Prize-winning picture of 1993, "The Vulture and the Little Girl" by Kevin Carter, is still fresh in our memory, depicting the sufferings of starved children. Should we return to that while trying to portray the world as one family? Maritime trade depends on complex global shipping and port operations. If world trade is to be smoother, it must be ensured that ports are open to international shipping. In this respect, the Grain

Corridor Agreement is a timely and effective measure that needs to work correctly. Humanity first and careful diplomacy in this VUCA world is at the heart of passage planning. Both Russia and Ukraine are considered 'global breadbasket.' What if they become a bottomless basket? Those who use food as

a weapon may consider that revolutions are built on an empty stomach. Time flies, if not now, never again. We need to stop the conflict - is a clarion call of the times.

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