**Update: is the war in Ukraine still hurting food prices?**

*The protracted war in Ukraine cannot keep food prices on the rise perpetually. Costs have started receding in the international market, as well as across several advanced economies. But food inflation persists in many developing countries, due to domestic challenges that stretch beyond the fighting in Ukraine.*

As the fighting in Ukraine enters its 2nd anniversary, the humanitarian effects on lives and livelihoods continue to deepen. Although interventions from the United Nations World Food Programme (UN-WFP) and the European Union (EU) have succeeded in pushing global food prices down overall, the effect lingers in many developing countries. Many nations, particularly low- and middle-income economies, are still entrapped in the food crisis precipitated by the ongoing conflict.

Ukraine, often referred to as the ‘breadbasket of Europ’, is a significant global exporter of agricultural commodities, including grains and sunflower oil. It plays a pivotal role in meeting the food demands of numerous nations. With prolonged disruption of agricultural production, distribution networks and trade routes, the ongoing conflict in one of the most fertile countries in the world has exacerbated existing challenges and created new hurdles for ensuring access to food and improved socio-economic well-being for millions of people. The pain of the fighting extends far beyond Ukraine’s borders.

**What is the state of food exportation from Ukraine and Russia?**

Shortages remain, two year into the war. Several regions dependent on agricultural products from Ukraine still face reduced imports to meet their food needs, as well as rising food import bills. For example, besides the EU, most regions experienced a dip in wheat importation from 2021/2022 to 2022/2023 (see Figure 1). In terms of numbers, South East Asia – [one of the largest wheat importers from the Eastern Bloc nations](https://www.economicsobservatory.com/how-is-the-war-in-ukraine-affecting-global-food-security) – saw the biggest drop in wheat exports from Ukraine for the period under review.

**Figure 1: Change in Wheat Imports from 2021/2022 to 2022/2023 Agricultural Season**

Source: [World Trade Organisation (WTO), 2024](https://globaltradedata.wto.org/real-time-data-based-on-non-wto-data-sources)

The story is different regarding wheat exports from Russia. It appears that some regions are looking to Russia for more wheat to feed their people. Aside from Europe, South East Asia, and Southern Africa, other regions for which data are available witnessed a Russian wheat boom. For example, Eastern Asia, where wheat imports from Ukraine fell by about 66%, increased their imports from Russia by 49%.

This trend is highlighted in Figure 2. The chart shows Russia’s total wheat exports trending upwards, while wheat exports from Ukraine continue to trend down. Rather than die of starvation or suffer malnutrition due to a war, countries (primarily low-income economies) simply ‘follow the food’ to stay alive. Whether this pattern is replicable for other food products remains to be seen. The picture will become clearer when the World Trade Organisation (WTO) releases updated data for other grain commodities (like maize). What we do know is that with boots occupying Ukraine’s farmlands, [its grain exports, which declined by 24% in 2023/24,](https://www.reuters.com/markets/commodities/ukraine-says-its-grain-exports-24-down-so-far-202324-2023-10-04/) are forecasted to [continue nosedive further in 2024/25](https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/agriculture/122123-ukraine-corn-exports-set-to-fall-in-2024-amid-logistical-issues-russian-attacks). This suggests the pattern shown in Figure 2 is likely to persist.

**Figure 2: Total Wheat Exports (up to 01 January 2024)**

Source: [World Trade Organisation (WTO), 2024](https://globaltradedata.wto.org/real-time-data-based-on-non-wto-data-sources)

**How have food prices changed?**

Food inavailabilty and instability will make more people ‘food insecure’. This will bring with it wider health and social consequences, such as medical conditions associated with malnutrition as well as social unrest and crime. It is projected that [almost 600 million people will be chronically undernourished in 2030](https://www.fao.org/3/nn735en/nn735en.pdf) if the war is sustained, with Africa – [home to some of the world’s poorest and most hungry populations](https://www.economicsobservatory.com/how-is-the-war-in-ukraine-affecting-global-food-prices) – hit the hardest. This is around [23 million more than if the war in Ukraine had not happened](https://www.fao.org/3/nn735en/nn735en.pdf). Beyond the vast casualties seen in Mairiupol, Kherson and Kharkiv, the human cost of the war is spreading.

Instability in Ukrainian agricultural markets also manifests in food price fluctuations. Although global food and fuel prices have receded from their peak levels witnessed at the inception of the conflict in February 2022, they remain high compared with pre-conflict levels (see Figure 3). Notably, as of December 2023 food and grain prices are still roughly 12-13% above December 2020 levels.

**Figure 3: Commodity price indices**

Source: [The World Bank (2024)](https://datacatalog.worldbank.org/search?q=&fq=(geographical_extent%2Fcoverage%2Fany(geo:geo%2Fname%20eq%20%27Nigeria%27)))

Price volatility affects importing countries, particularly those with vulnerable populations or limited financial resources to absorb sudden rises in food bills. Comparing developed and developing economies over the few years the war has raged, there is a divergence between how domestic food prices have responded to the sluggish downward trend in international markets. Food price inflation (also known as ‘food-flation’) is easing off in many advanced economies like the United States and the UK, but is rising elsewhere. This is especially true in more ‘fragile’ economies (see Figure 4)**.** Investigating and addressing the causes of this divergence would help solve some aspects of food insecurity in developing countries, where citizens are taking to the streets in some major cities (like Kano, Nigeria) to protest the rising food costs.

**Figure 4: Percentage change in food prices (December 2022 to December 2023)**

Source: [FAO Food Price Monitoring and Analysis, 2024](https://www.fao.org/giews/food-prices/home/en/)

Not only do food price changes vary across different economies, the effect of price fluctucations on people’s wellbeing also differ. Households in rich economies spend a smaller proportion of their income on food than those in low-income economies, where [an average household spends more than half of their wages on food](https://www.economicsobservatory.com/how-is-the-war-in-ukraine-affecting-global-food-security). Higher food prices in such regions cause a greater strain on household budgets, exacerbating poverty and food insecurity in already vulnerable communities.

**How has the termination of the Black Sea Grain Initiative affected food security?**

There was a brief respite from escalating prices thanks to the UN-brokered ‘Black Sea Grain Initiative’ (BSGI). This policy allowed for the safe passage of Ukraine’s grain exports through three ports: Chornomorsk, Odesa and Yuzhny/Pivdennyi. But the BSGI collapse in July 2023, with Russia pulling out of the agreement a year after it was first signed. The BSGI facilitated about [20% of Ukraine’s wheat exports getting to developing countries](https://www.economicsobservatory.com/has-global-food-security-been-improved-by-the-black-sea-grain-initiative). Its collapse could prove catastrophic.

Alternative trade routes are either expensive or problematic. Disruptions within the Red Sea shipping route – due to recent attacks of Yemen-based Houthi rebels – have reduced trade volumes in the Suez Canal by about 40% (according to a report from [The Economist](https://www.economist.com/the-americas/2024/01/09/the-dwindling-of-the-panama-canal-boosts-rival-trade-routes)). Disturbances within these trade routes interrupt supply chains, raising shipment and warehousing costs. These costs are often passed on to consumers, putting pressure on domestic food prices and reducing producers’ profits. As fighting intensifies and spreads, and further conflicts bubble up, more and more people stand to lose out.

Since the annulment of the BSGI, of which many food-insecure countries were huge beneficiaries, [the United Nations](https://press.un.org/en/2023/sc15362.doc.htm) reports that Russia’s attacks on Ukraine’s ports and export facilities have seen the destruction of about 60,000 metric tonnes of grains – enough to feed about 270,000 people a year. This is more than the combined population of the Seychelles and Kiribati.

**What is happening to fuel prices?**

Fuel prices influence food prices, especially in monocultural, oil-dependent countries like Nigeria. But increases in energy prices in the international market triggered by sanctions on Russian oil appear to have tapered off (see Figure 3). This comes at a time when there are concerns that the Israel-Hamas war in the Middle East will resuscitate energy price spikes. But a report from the International Monetary Fund (IMF) suggests that the initial surge in oil prices that followed the start of the fighting in Gaza was [due to investors’ speculations and not due to disruption in production](https://www.imf.org/en/Blogs/Articles/2023/12/01/middle-east-conflict-risks-reshaping-the-regions-economies). With continued supply, oil prices are now relatively stable. Unlike the sharp rise in prices that followed Russia’s invasion of Ukraine last year, the warring parties in the Middle East conflict are not significant oil producers.

So, fossil fuel price escalation is not the main driver of current ‘food-flation’. With stable oil prices in the global market, the food inflation still experienced in many countries is mainly due to issues with food production, processing and pricing, as well as local inappropriate or ill-timed economic policies. For example, the unpopular removal of fuel subsidies by [the Nigerian government in 2023 quadrupled food prices](https://www.reuters.com/world/africa/nigeria-inflation-2820-yy-november-statistics-office-2023-12-15/) – an impact far greater than the original effect of the Russo-Ukrainian conflict.

**What Next?**

Beyond immediate disruptions, the persistent conflict may have long-term consequences for agricultural productivity in Ukraine and other affected regions. Damage to infrastructure, military occupation of agricultural land, costly movement of agricultural goods, and displacement of farmers could impede future production capacity, [prolonging the recovery process](https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023) (as reported by the IMF) and exerting sustained pressure on local food markets. Except for a miracle, Ukraine’s production and export outlooks look bleak. Ukraine has already lost three planting seasons to war. Without urgent interventions, production and exports will keep dropping from their 2022/2023 levels.

More prosperous economies appear successful in adapting and mitigating the food impact of the war in Ukraine. But many developing and emerging economies are still grappling with the food crisis problem. Just like Covid-19, the issue of food insecurity should be a global concern, as ‘hunger in one country is a threat to other countries’. Concerted efforts must be made to support struggling countries. After all, achieving a world free from hunger and malnutrition is one of the UN’s ‘Sustainable Development Goals’ (SDG 2). Conflicts around the world are a dangerous barrier to meeting this target.

The current food crisis presents an opportunity to learn some vital lessons. Countries heavily reliant on Ukrainian grains, such as wheat and corn, must intensify their diversification and self-sufficiency efforts. They should seek alternative suppliers to mitigate potential shortages, as well as create a secure and business-friendly environment and policies that would allow for huge FDI into the agricultural sector to chart the course for self-sufficiency in the production of basic food staples.

While the outcome of the Russo-Ukrainian war is far beyond the control of many developing and emerging economies, how they react to sustained food shortages is not. An active policy response, propped up by international support, is vital to protect the most vulernable households around the world. The war has claimed many lives already. Keeping the tally of victims of food shortages down to a minimum should be a critical concern for policy-makers worldwide.

**Where can I find out more?**

* The [World Trade Organisation](https://globaltradedata.wto.org/real-time-data) regularly releases real-time datasets showing trends and directions of agricultural exports and imports worldwide.
* [The International Food Policy Research Institute (IFPRI)](https://www.ifpri.org/landing/war-ukraine-blog-landing-page) hosts a blog series where the impact of global phenomena like the war in Ukraine on food systems is routinely discussed.
* The Food and Agricultural Organization (FAO) has a [Food Price Monitoring and Analysis (FPMA) Tool](https://fpma.fao.org/giews/fpmat4/" \l "/dashboard/home) that monitors and analyses food prices in domestic and international markets.

**Who are experts on this question?**

* Sascha O. Becker
* Lotanna Emediegwu
* Erkal Ersoy
* Wandile Sihlobo
* David Ubilava
* Alfons Weersink

**Author:** Lotanna Emediegwu

**Topics:**

Prices and interest rates

Aid and international development

Trade and supply chains

**Related ECO articles:**

<https://www.economicsobservatory.com/has-global-food-security-been-improved-by-the-black-sea-grain-initiative>

<https://www.economicsobservatory.com/how-is-the-war-in-ukraine-affecting-global-food-security>

<https://www.economicsobservatory.com/how-is-the-war-in-ukraine-affecting-global-food-prices>

<https://www.economicsobservatory.com/sanctions-on-russia-what-are-the-ramifications-of-this-new-trade-war>