



## A Comprehensive Analysis of the Ukraine -Russia Battle Food Grain Lacks and Economic Impacts

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### ABSTRACT

Background- Ukraine and Russia both two-sided cover almost 24% of wheat to the world especially developing countries that depend on wheat apart from this they also import some other edible items. Aim- Thus the goal of the study is to analyze the damages of the Ukraine-Russia conflict on food grain shortage and other sectors' impacts. Methods- We used 2 country analyses Pakistan and Ethiopia to analyze the condition between the two continents Asia and Africa analysis included, GDP fallout, increasing unemployment rate, with the association of people suffering in urban and rural areas of both countries. Results- From the results, it is clearly indicated that due to the Russia-Ukraine conflict developing countries suffer economically, in the agriculture sector, and service and industry sectors. Conclusion- Concluding the remarks about the conflict is that developing countries are suffering from lack of wheat shortages, high commodity prices, market volatility, high inflation rate, disruption of supply-demand, and many other consequences. While policy implication the world's big countries must take initiative to preclude the Russia-Ukraine conflict to avoid further big losses and environmental damage as well

## **INTRODUCTION**

An unprecedented food crisis is waiting for the world due to the overlap of calamities in the world Covid-19, according to WFP World Food Programme annual food requirements for the world are US\$22.2 billion a time high now which previously this need was only limited to US\$4.8 billion & now WFP is calling to the world to take immediate actions to stop this world food crisis if this matter not handled on time maybe it brings more horrible disaster for the world in the form of other crisis. So developed countries need to address this issue and try to stop the war between Ukraine and Russia. (Bricout, 2020) According to McKee (2022), When Russia did invasion in Ukraine, Meanwhile, the whole world was returning to its old routine after dealing with a deadly disease like the COVID-19 Corona Virus, Apart from this there is also a big issue of climate change in the world because of environmental pollution many new diseases are emerging in the world which have very negative impact on the world environment & people lifestyle and especially in LMIS'S Lower middle income countries, most of their income portion almost 60% spent on their daily needs & ratio of income to savings is very low. This war is not good in any way for the developing countries that depend on these countries for wheat the effects of this war will not only go to the entire world but many developing & LMIC Lower middle income countries will fall into the grip of inflation & financial & economic because of this conflict. A recent live example is Pakistan. Pakistan imports 20% to 30% from Russia & Ukraine to meet the shortage of wheat, which is absolutely unavoidable & impossible in this state of war, due to which the supply & demand of wheat in the country will be affected & inflation will increase. Due to increase in inflation, other food items will also increase, unemployment will increase and the country will suffer from instability. In order to avoid & get rid of all such consequences it is necessary that all the developed & developing countries of the world coordinate each other find out possible & immediate solution to this war in order to save their current interest & future losses.

Recently entire world passed through the food crisis because of COVID-19 Pandemic, Supply & demand of food extremely affected during COVID-19 crisis inflation was also increased because of supply chain issue. In 2020 food prices was very high in entire world it was record prices until now. This situation was tragic for the LMIC & developing countries because they are already suffering from financial distress & financial debt problems.

Entire world market of food (grain) is already strenuous and intense because of supply demand and reserves. Comparing the wheat in terms of exportation 7 countries export 86% of wheat to entire world and from this 7 countries 3 countries hold major portion of export around 68% (Swinnen, 2021). The configurations are alike when it comes to rice, coarse grains, soybean, and corn. Ukraine and Russia covered about 30% of the world's barley and wheat before the conflict. Thirty-six countries bore on them for their wheat imports (Kharroubi, 2021).

Such thin and centralized markets mean that when tensions like the battle in Ukraine happen, the world supply chain of food will be suffered fast, and it will cause of inflation and market uncertainty. For example, insurance premiums brokers which are doing work for shipping in black sea for vessel business which only further raises prices for staple foods (Wang, 2022).

In the current unpredictability all the countries that depends on Russia & Ukraine for food grain they will try to find out the alternate source to fulfil the shortage of food grain & they have to take immediate action for this purpose, to contact Canada, Australia, or any other country which can supply food to them, Even they found the solution of alternate source of food shortage still they have some risk & concerns like food security, cost, delivery timeline & many other factors associated with it. If the cost of food is higher than Russia & Ukraine that will also another factor of affordability because poor countries or LMIC they have not enough finance to buy these foods from Australia or Canada because Russia & Ukraine supply them on low cost so affordability is also big issue for lower middle income countries. Also they must assure the availability of food (Zakari, 2021).

Recently lot of developing & lower middle income countries are suffering from food & peoples are starving to death in Yemen, Syria, South African countries they are already suffering from food crisis. In the meantime more shortage of food is very big disaster for the developed countries also. In developing countries population is increasing sources of foods are less so hunger & poverty is also increasing. According to survey hunger can be projected to 276 million people to 323 million, increase of 47 million people in hunger this is a dizzy 17% leap, with the sharpest ascents in sub-Saharan Africa (Jiang, 2022).

## LITERATURE REVIEW

Due to the globalization of the economy, food supply and demand are interrelated in each country (Gaupp, 2020). The Ukraine- Russia battle dramatically affected the economy and food security globally. Ukraine has fertile soils in the world which affects food production. The conflict is still continuing and significant uncertainty exists about its effects (Pereira et al., 2022). However, the results of this tension have had a detrimental effect on the Russian economy. The global economy has also felt the effect of this war (Mbah and Wasem, 2022). The preview results present the challenging economic effect of the Ukraine-Russian battle (Deng M. et al., 2022).

Ukraine and Russia are famous as the world's largest provisioner of wheat, both countries supplying almost a quarter of the world's wheat stock (Cohen and Ewing, 2022). Specialists from many countries around the world suggest that Europeans will face supply chain disruptions due to Russia's attack on Ukraine (Lanktree, 2022). This crisis led to reduction in household consumption, higher inflation due to higher prices (wheat, minerals, oil, and gas), uncertainty, disruption in the supply chain, and a hindrance to economic growth, reduction in investment and stock fluctuations globally especially in Europe. Since both Russia and Ukraine are considerable exporters to Europeans (Mbah and Wasem, 2022).

The Russian attack of Ukraine has made a philanthropic tragedy that meantime disrupts the world's agronomy markets. Russia and are Ukraine main manufacturers of world wheat, corn and fertilizer as well as oilseeds. Due to war, exports are to be extremely interrupted. Africa and the Middle East are highly attached to imported grains from the region and accept the most impact. Increasing grain prices can lead many of people in these areas to hunger and poverty. Russia and Ukraine are main exporters of global oilseeds and grains. Increasing food insecurity for millions of imported people in Africa and the Middle East is an issue that has raised many concerns with the start of the war. There are countries in the world where their wheat demands come from Russia and Ukraine. The affected people that may lead to acute hunger is estimated at 47 million (Pörtner et al., 2022). The world is progressively instable and thus exposed to shock, it is necessary to confirm the systemic essence of the food system and strengthen its resistance (Gaupp, 2020).

### **Research Purpose/Objective**

1. Main purpose of research to identify food problems of developing countries which depend on Russia and Ukraine.
2. Analysis of war damage and its global impact regarding grain supply demand shortage.
3. Analysis of developing countries agri economic weakness and their dependencies on other countries.
4. The economic loss of the entire world and its other consequences resulting from the Ukraine-Russia war, Climate change, Human loss, energy crisis etc.

### **METHODOLOGY**

The Russia-Ukraine conflict left many impacts on developing countries, but its impact on the three sectors has been more severe & devastating on the agricultural sector service sector & industry sector. Recently Pakistan has passed from 2 natural disasters & calamities COVID-19 & flood disasters in three provinces of Pakistan because of these 2 natural calamities Pakistan suffered almost 49\$ billion loss in terms of finance & 3 hundred thousand goats died 750,000 cattle lost more than 1200 human loss during flood disaster overall the condition of the country is very bad almost on the verge of destruction (Ali, et, al .2022). In the industry sector, almost 1600 Textile mills are shut down in Pakistan because of energy prices & high inflation rates more than half a million 5M people lost their jobs & became unemployed & they don't even have any second way of earnings. In Ethiopia, the prices of petroleum increased by 88% compared with the 2021-22 prices of edible things, wheat & fertilizer products increase by 100% 104%, 12% and 84% respectively. Petroleum worth would grow by 86% compared to their value in 2021-2022. Likewise, worth of wheat, eatable oil, metal products, and DAP fertilizer would grow by 100%, 11%, 108%, and 82% respectively. Figure 3 below displays the overall negative effects in Ethiopia on the main economic parts- services, industry, and agriculture.

### **Impacts on Rural and Urban Areas People**

The war between Ukraine-Russia has had very devastating impacts on rural & urban areas people, rural area people suffered more because of high inflation & commodity prices increase in petroleum prices & edible things suffered negatively in terms of commodity prices. Most of the population in Pakistan lived in rural areas almost 68% population lived in a rural area & 32% lived in an urban area, the rural areas people mostly depend on the agriculture sector & they have no alternate way of income, so most in Pakistan majority of families boys go abroad for employment for the survival of their family (Ali, et, al, 2022), because agriculture sector is not enough to meet their needs & other compulsory formalities. Because of the conflict as the prices have risen in Pakistan middle class & poor people suffered a lot but businessmen also suffered a lot even more than the above two categories because of the business slump COVID-19 flood disaster & conflict. Same in Ethiopia people also suffered a lot In Ethiopia businessmen suffered more than middle & poor-class families, the rural rich suffered less the urban rich rural poor suffered more the urban poor & rural middle class suffered less than his counterparts in the urban area in Ethiopia because of commodity prices & other factors. In the analysis of the current impact of conflict & other calamities, both countries suffered negatively & almost entire developing countries suffered negatively because of both natural & man-made calamities. Sri Lanka also bank corrupted during the COVID-19 Crisis same like Sri Lanka other developing countries like Yemen, Syria, Iraq & many other developing countries suffering & hundreds of people are starving to death (Ali et al., 2022).

### **Fall of GDP Output and Unemployment Surge**

The conflict has a long-lasting negative impact on GDP growth & unemployment also increasing in the entire world, In the Covid-19 crisis only in China more than 50 Million people lost their jobs (Ali et al., 2022) although it was recover a less amount after the lockdown in China, same like in the USA also more than 20 Million people lost their jobs same situation in exist in developed & developing countries millions of people lost their jobs in past 6 months in Pakistan more the 5 million people lost their jobs because of 1600 industrial mill shutdown (Ali et al., 2022). The GDP growth rate was in the Pakistan conflict almost 5.9% but now it is decreasing day by day now presently GDP growth in Pakistan is 3.8% almost according to the World Bank & IMF reports. Pakistan only has 6\$ Billion in reserves out of this 6\$ billion 4.5\$ billion belongs to friendly countries Saudi Arabia, Dubai & China 3\$billion, 1\$ billion 1.5\$ billion respectively rest of the half billion \$ belongs to Pakistan so this is the very worst situation for the country's development people in Pakistan going to depression & another psychological disease (Ali et al., 2022). On the other hand, Ethiopia is also suffering the same problems the GDP fallout is around 7.8% in Ethiopia in the usual case business scenario previously in Ethiopia two sectors agriculture & Service sector contribute around 70% of the total GDP 39% & 31% respectively but now because of a negative trend in agriculture & service sector the GDP is declined form 7.8% almost. According to Social Accounting Matrix Ethiopia, almost 18% of fallout is directly related to unemployment because in Ethiopia

71% of labor are unskilled & they do not have employment so employment is also a big issue for unskilled people in Ethiopia.

## **RESULT AND DISCUSSION**

Inflation rate will increase in those countries which depends on Russia & Ukraine for wheat & other items for example Pakistan, In present situation a huge unrest & inflation exist in Pakistan because lack of supply & demand, In Pakistan within last 7 month Inflation rate doubled, unemployment increase according to survey 31% University graduates are unemployed (Dr Karim Khan, Pakistan Low investment conundrum) Pakistan Institute of Development Economics Islamabad. In Ethiopia's unemployment and inflation rate increased at very high level almost 47% and 29% respectively, apart from this agriculture sector growth suffering negatively, service sector suffered very badly in both countries in Pakistan and Ethiopia as well, Industry shut down in both countries overall situation in both countries are very worst economically and socioeconomically. Poverty rate will be increased because of huge inflation. In Pakistan more than 65% of the populations are living beneath the poverty line same situation almost more than 75% populations are living below the poverty line in Ethiopia.

Unrest and psychosocial problems will increase. Mental health and psychosocial problems will cause the socio-economic problems. Countries development process will be effected badly & produce many other big challenges, for the countries which depends for their grain on Russia-Ukraine. Hence these all problems will increase lot of other challenges for developing countries.

## **CONCLUSION**

Changes to higher use of beans, fruits, and vegetables fewer animal supplies can reduce pressure on global seed resources. This method can compensate for the collapse of Ukraine's export of cereals and oils by one- third. Agriculture depends on compressed nitrogen fertilizers. Resources are now being cut since Russia is the producer of the world's natural gas and fertilizers. Half of the nitrogen surplus and organic farming expansion greatly reduce this dependence on imports. Improving the efficiency of nitrogen consumption at a better dose reduces imports and can also be a huge benefit to weather, water, and air quality. Additionally, implementation of this tactic quickly improves soil quality and enhances biodiversity in agriculture, therewith ensuring long-term food security by maintaining ecosystem services.

Trying to decrease food losses along the worthiness chains from badgers to private houses can decrease short-term pressure on world markets. 30 % of the food made at distinct levels of consumption and manufacturing is wasted. Political metrics have failed to show this problem properly. The Russian attack to Ukraine and the constant conflict have sent trauma waves via the food chain. Investing to transfer to sustainable and healthy dietary systems is currently necessary to enhance resistance to future tensions and warrant a secure and life- planet for future populations (Pörtner et al., 2022).

## RECOMMENDATION

### Policy Recommendation

Countries like Pakistan India, Bangladesh & other developing countries which depend on their countries should make their new policies & revisit their old policies for the sake of their public & country interest. Developing countries must be deploying new agriculture technology which brings more benefits and crops with short period of time. Countries must be changed their old agriculture infrastructure which they are using from last 5 to 7 decades. These countries should be educate their farmers & aware them new agriculture Technology for example ,water irrigation system, water spraying with drone method & other crops growing method hydroponic techniques, In developing countries most of the farmers are ignorant & illiterate they don't know the new system of technology & agriculture so it's essential to aware them with new technology. Therefore, they can bring more benefits for the society. In most of developing countries agriculture is the back bone of the country economy like Pakistan etc.

In developing countries they need to bring high good governance in agriculture sector if they want to produce good economic results. Government of the developing countries should initiate some small projects for agriculture innovation & bring new diversity in agriculture sector so country can take benefit from new technology & innovation because it's important to bring fruitful reforms in agriculture sector.

### FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic of A Comprehensive Analysis of the Ukraine -Russia Battle Food Grain Lacks and Economic Impacts to improve this research and add insight to readers.

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