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Committee on World Food Security (CFS)

Research Report

Topic 3: Addressing grain scarcity due to the Russia-Ukraine crisis.



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Introduction

Also known as the ‘Bread Basket’ of Europe, Ukraine has a large agricultural sector, particularly grain, which it exports world wide. With the current conflict in Ukraine ongoing, grain is in danger of not reaching the international market. This is particularly concerning in regards to some LEDCs which rely on importing Ukrainian grain as well as a shortage potentially triggering a rise in grain prices.

Definition of Key Terms

LEDCs: Less economically developed countries, previously also known as third world countries.

Recession: A decline in economic activity often leading to a decline in investment and trade as well as worse living conditions.

Exports: Products and services sold to another country

Donbas: A border region in Ukraine with a large Russian speaking population, in part occupied by Russia.

Horn of Africa: A region in northeastern Africa comprising countries such as Ethiopia, Djibouti, Somalia and Eritrea.



Background Information

The Ukrainian Economy has had a significant agricultural sector since before the 19th century. This continues to this day with agricultural exports accounting for 41% of total exports and the sector employing ca. 14% of the entire Ukrainian population. Particularly corn, wheat, sunflower oil and barley are important with them accounting for ca. 18,7 billion dollars of exports.¹

This also seemed to have been a rising trend as the USDA reported a steady increase until 2019². A noticeable decrease was however measured after 2014 due to the de facto loss of parts of the Donbas as well as Crimea. With the conflict now escalated on a far larger scale, agricultural exports have dropped, overall falling by 30% between 2022 and 2023, reasons for this are most likely the blockades by Russia of the Black Sea ports used to export the grain.³ The largest trading partners of Ukraine are the EU, by which Ukraine is still able to export some grain through “solidarity lanes”, China which is its largest single trading partner with Ukrainian exports going towards China in about 12% of cases, and until recently Russia.⁴ Furthermore Ukrainian grain has also played an important role food security, particularly with various countries located in/near the horn of Africa.⁵

¹ <https://fas.usda.gov/sites/default/files/2022-04/Ukraine-Factsheet-April2022.pdf>

² https://en.wikipedia.org/wiki/Economy_of_Ukraine#mediaFile:Agricultural_output_Ukraine.svg

³ <https://reliefweb.int/report/ukraine/exports-ukrainian-grain-continue-albeit-reduced-levels>

⁴ <https://ukraine.ua/invest-trade/trade-with-ukraine/>

⁵ <https://www.consilium.europa.eu/en/infographics/ukrainian-grain-exports-explained/>

Major Countries and Organizations Involved

Ukraine

Ukraine single current major goal is to sustain its economy while at war. Given this, trade is very important as it strengthens diplomatic ties and can be utilized for the purchase of defense systems. Due to this Ukraine is both invested in bringing the issue of the current conflict up as well as securing trading partners and finding ways of exporting to them. While compromise with Russia is possible it is unlikely to happen without foreign pressure.

Russia

As Russia is most likely preparing for a longer sustained war in Ukraine,⁶ Ukrainian diplomatic isolation and inability to export would aid in the conflict, however this is easy to backfire so being able to get compensation for Ukrainian exports with still being able to threaten blockading Ukraine might be the best Russia can aim for.

China

While China and Russia are strategic allies, China is also Ukraine's biggest trading partner.⁷ As China has economic interest in Ukraine but does not wish to alienate an ally, they will strive towards striking a deal which secures Ukrainian grain exports, without using too aggressive means, however China does prioritize its alliance with Russia and would side with them if they had to choose.

EU

While de facto all EU nations support Ukraine, importing Ukrainian grain as well as transferring it within and through the EU is very difficult given regulations. If countries within the EU wish to do so they will have to keep in mind that changing those regulations might anger countries like Poland and Hungary who were unable to compete with Ukrainian grain prices.⁸ Additionally because of economic plans to transition to cleaner energy, and provide infrastructure, and recent stagnation, and recession within core EU countries such as Germany, financial resources are limited and should not be overestimated.

USDA: United States Department of Agriculture

⁶ <https://www.theguardian.com/world/2023/mar/28/putin-prepares-russia-for-forever-war-with-west-as-ukraine-invasion-stalls>

⁷ <https://emerging-europe.com/news/china-becomes-ukraines-largest-trading-partner/>

⁸ <https://www.euractiv.com/section/europe-s-east/news/poland-hungary-slovakia-to-introduce-own-bans-on-ukraine-grains/>

Previous Attempts to Solve the Issue

Black Sea Grain Initiative: This initiative allowed the export of grain through the Black Sea with Turkey and UN institutions monitoring ships to ensure the fulfillment of requirements that Russia had. This initiative failed with the exit of Russia from the initiative which resulted in expiration of the initiative in July 2023.⁹

Solidarity lanes in the EU: These routes through the EU have been used to export “ca 60% of the Ukraine’s grain since the start of the war”¹⁰ and are still being used. However logistical problems, lack of coordination as well as issues with Polish and Hungarian Grain as competition mean that an alternative or improvement would need to be made to guarantee continued export. This method also means slower delivery as grain would take longer to reach ports.

Possible Solutions

Something like the Black Sea Grain Initiative is likely to succeed in the short term, however more thought would have to be put in to figure out more sustainably viable and stable export methods.

Coordination effort like the Solidarity lanes might be difficult to implement in a UN setting, especially with a lack of EU countries present. Perhaps projects involving countries bordering the black sea led by the UN, particularly to ensure supply to the UNWFP which relies on Ukrainian Grain, could be more successful.

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<https://www.un.org/en/black-sea-grain-initiative/update-15-july-2023>

⁹ <https://www.un.org/en/black-sea-grain-initiative>

¹⁰ https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/eu-ukraine-solidarity-lanes_en

