

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

THE IMPACT ON **TRADE AND DEVELOPMENT** OF THE WAR IN UKRAINE

UNCTAD RAPID ASSESMENT

16 March 2022



UNITED NATIONS
UNCTAD

UNCTAD has prepared a rapid assessment of the impact of war in Ukraine on trade and development, and interrelated issues in the areas of finance, technology, investment and sustainable development.

The results confirm a rapidly worsening outlook for the world economy, underpinned by rising food, fuel and fertilizer prices, heightened financial volatility, sustainable development divestment, complex global supply chain reconfigurations and mounting trade costs.

This rapidly evolving situation is alarming for developing countries, and especially for African and least developed countries, some of which are particularly exposed to the war in Ukraine and its effect on trade costs, commodity prices and financial markets. The risk of civil unrest, food shortages and inflation-induced recessions cannot be discounted, particularly given the fragile state of the global economy and the developing world as a result of the COVID-19 (coronavirus disease) pandemic.

A key area of concern is the two fundamental “Fs” of commodity markets: food and fuels. The Russian Federation and Ukraine are global players in agrifood markets (figure 1). Together, the countries represent 53 per cent of the share of global trade in sunflower oil and seeds, and 27 per cent of the share of global trade in wheat.

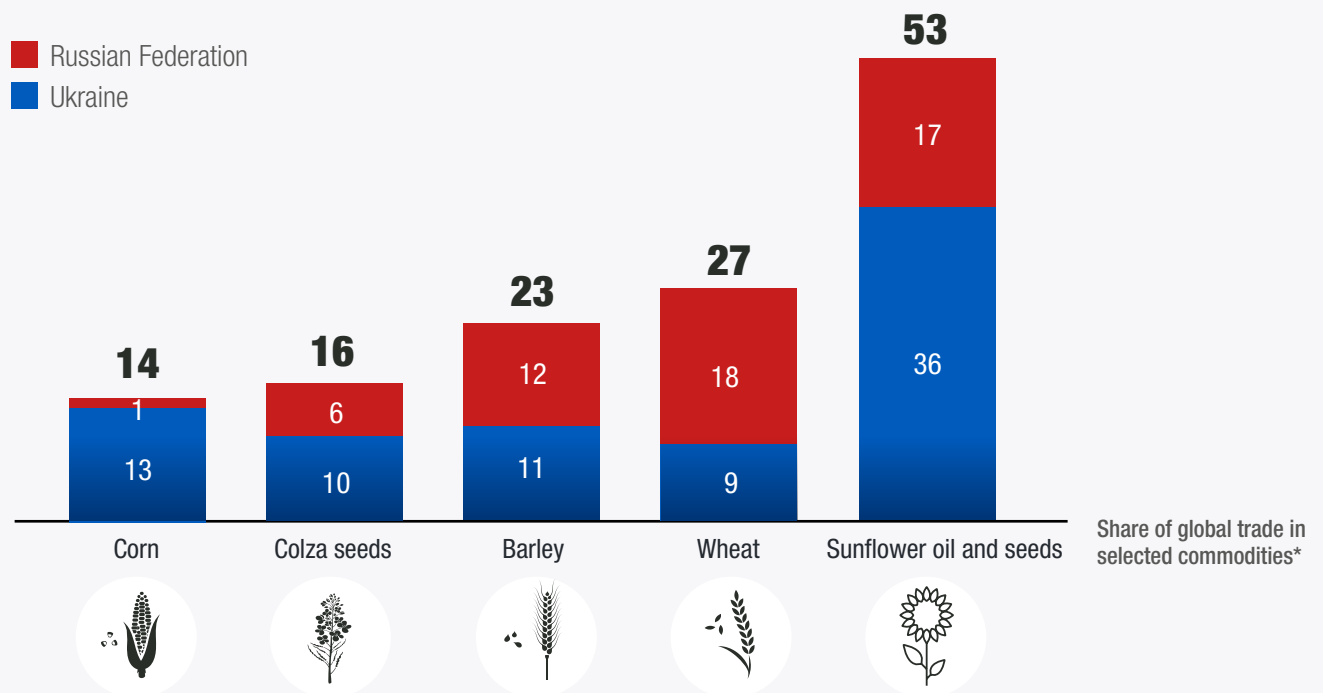
In the area of fuels, global energy prices are skyrocketing with the prospect of reductions in purchases of oil, gas and coal from the Russian Federation. The country is the second-largest oil exporter in the world, selling about 5 million barrels of oil daily.

The Russian Federation is also a major global supplier of chemical products – including fertilizers, as well as metals and wood products.

1. Food items and countries exposed to supply shocks

Figure 1. Russian Federation and Ukraine: Global players in agrifood markets

(Percentage)

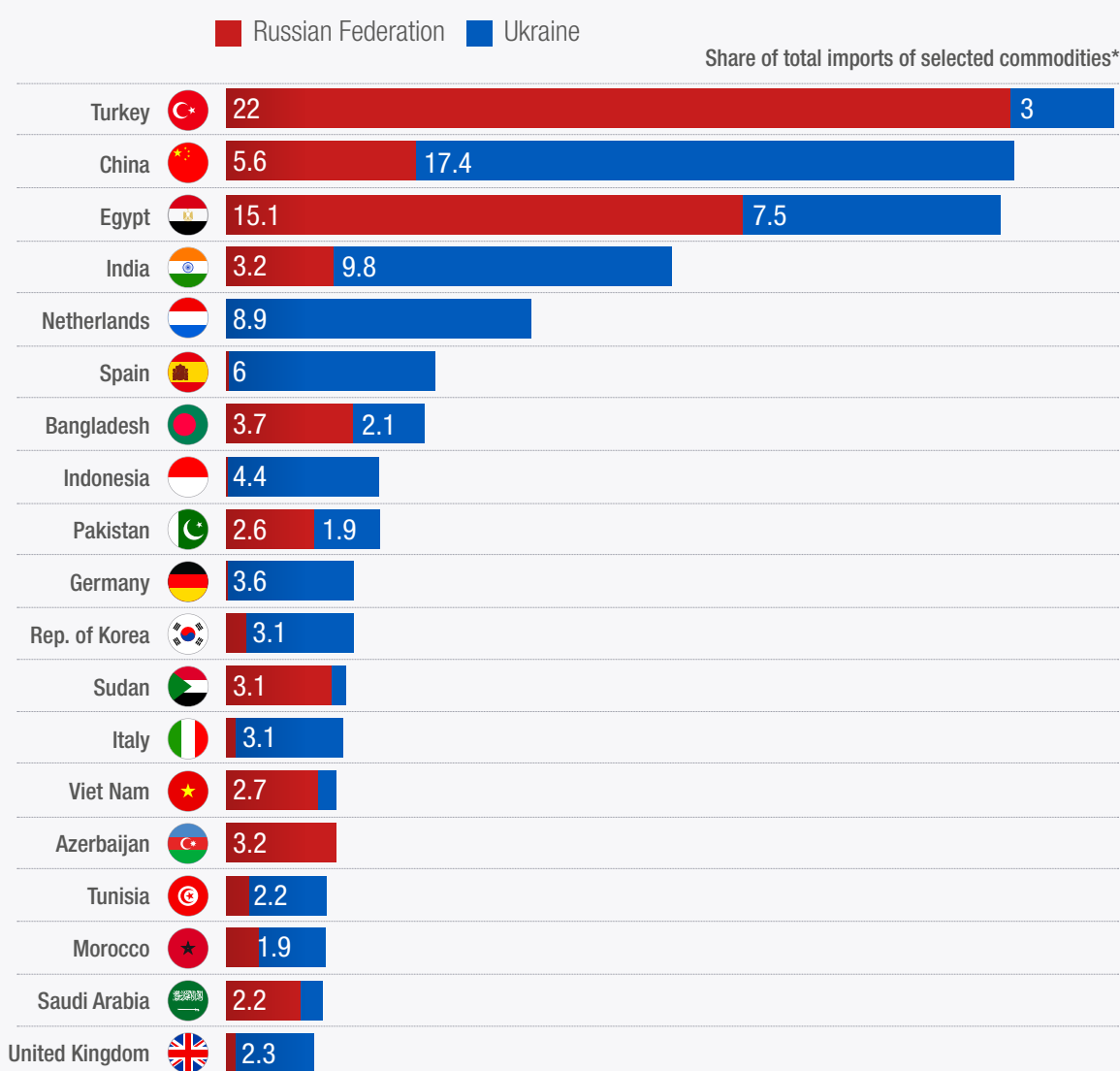


Source: UNCTAD calculations, based on 2020 data from United Nations Comtrade Database.

* Harmonized System codes are 1001 (wheat), 1003, (barley) 1005 (corn), 120510 (colza seeds) and 120600 and 151211 (sunflower seeds and oil).

The crisis' effect on the food front is particularly worrying. Some countries are particularly dependent on agrifood commodities coming from the Russian Federation and Ukraine. For example, the share of imports from the Russian Federation and Ukraine – as a percentage of total imports of wheat, corn, barley, colza, sunflower oil and seeds – is 25.9 per cent for Turkey, 23 per cent for China and 13 per cent for India (figure 2). Troublingly, lower income countries are the most exposed. Based on UNCTAD calculations, on average, more than 5 per cent of the import basket of the poorest countries are products that are likely to face a price hike resulting from the ongoing war in Ukraine. The share is below 1 per cent for richer countries.

Figure 2. Food front line: Dependence on agrifood commodities from the Russian Federation and Ukraine (Percentage)



Source: UNCTAD calculations, based on 2020 data from United Nations Comtrade Database.

* Commodities represented are wheat, barley, corn, colza seeds and sunflower oil and seeds.

Wheat markets are a case in point. In 2018–2020, Africa imported \$3.7 billion in wheat (32 per cent of total African wheat imports) from the Russian Federation and another \$1.4 billion from Ukraine (12 per cent of total African wheat imports). The corresponding imports of wheat from the two countries by the least developed countries were, respectively, \$1.4 billion (29 per cent) and \$0.5 billion (10 per cent).

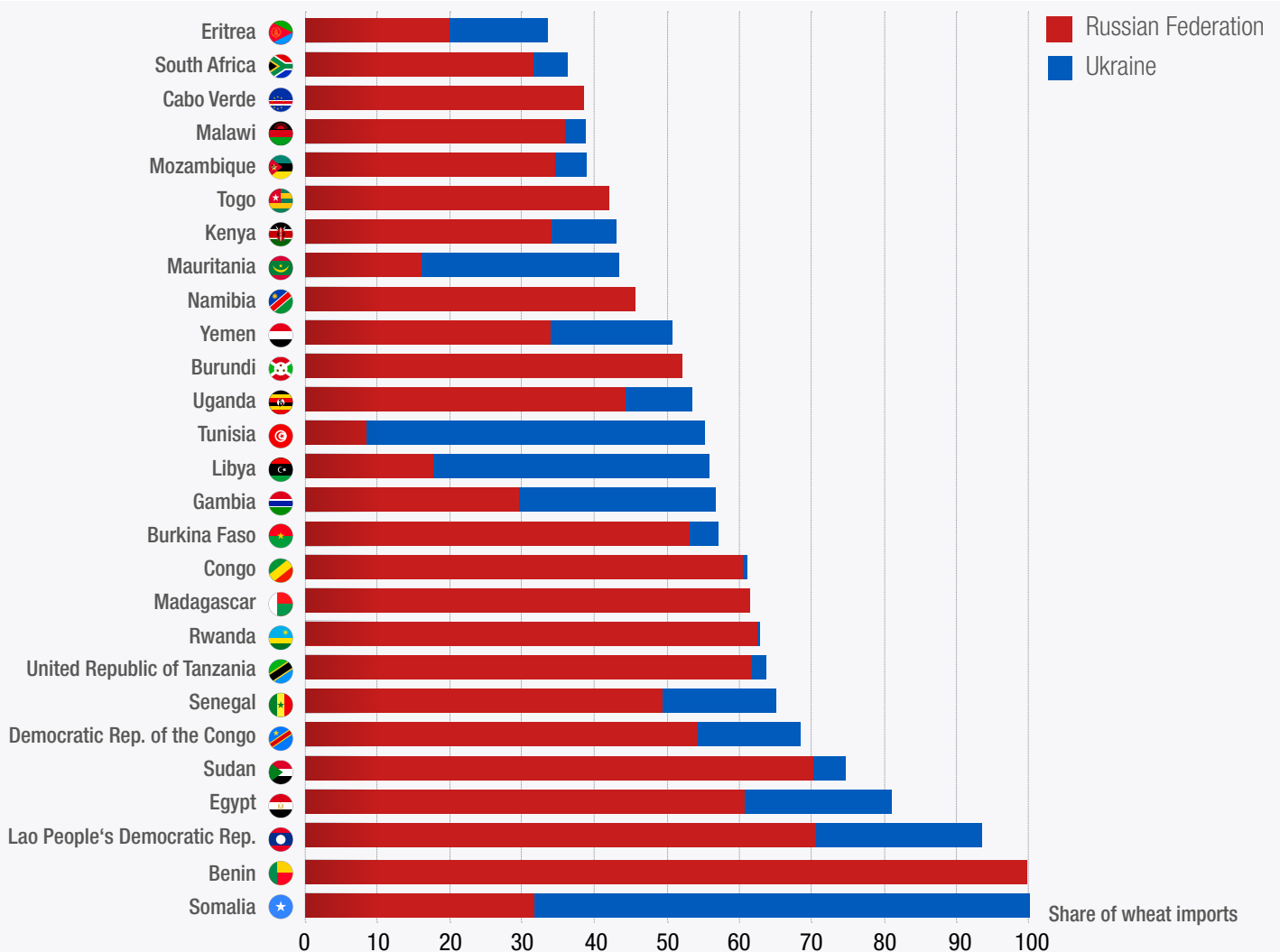
A look at specific African countries, including some least developed countries, reveals a far higher degree of dependence for many on wheat imports from the Russian Federation and Ukraine than these overall percentages. As many as 25 African countries, including many least developed countries, import more than one third of their wheat from the two countries, and 15 of them import over half (figure 3).

The figure includes mainly North African and East African economies, as well as a few countries already struggling with internal conflicts and precarious food security situations.

Furthermore, there is limited scope to replace imports from the Russian Federation and Ukraine through intra-African trade, as the regional supply of wheat is comparatively small, and many parts of the continent lack efficient transport infrastructures and storage capacity. In this context, and considering country-specific shocks, climate change, export restrictions and stockpiling, there might be a potential for food insecurity crises in some regions, especially if increased costs of fertilizers and other energy-intensive inputs negatively impact the next agricultural season. A further rise in the costs of inputs is a significant risk factor in Africa, as the costs of urea and phosphate – two major components of fertilizer – had already risen by 30 per cent and 4 per cent, respectively, by the end of 2021.

Figure 3. Wheat Dependence in African and Least Developed Countries

(Percentage)



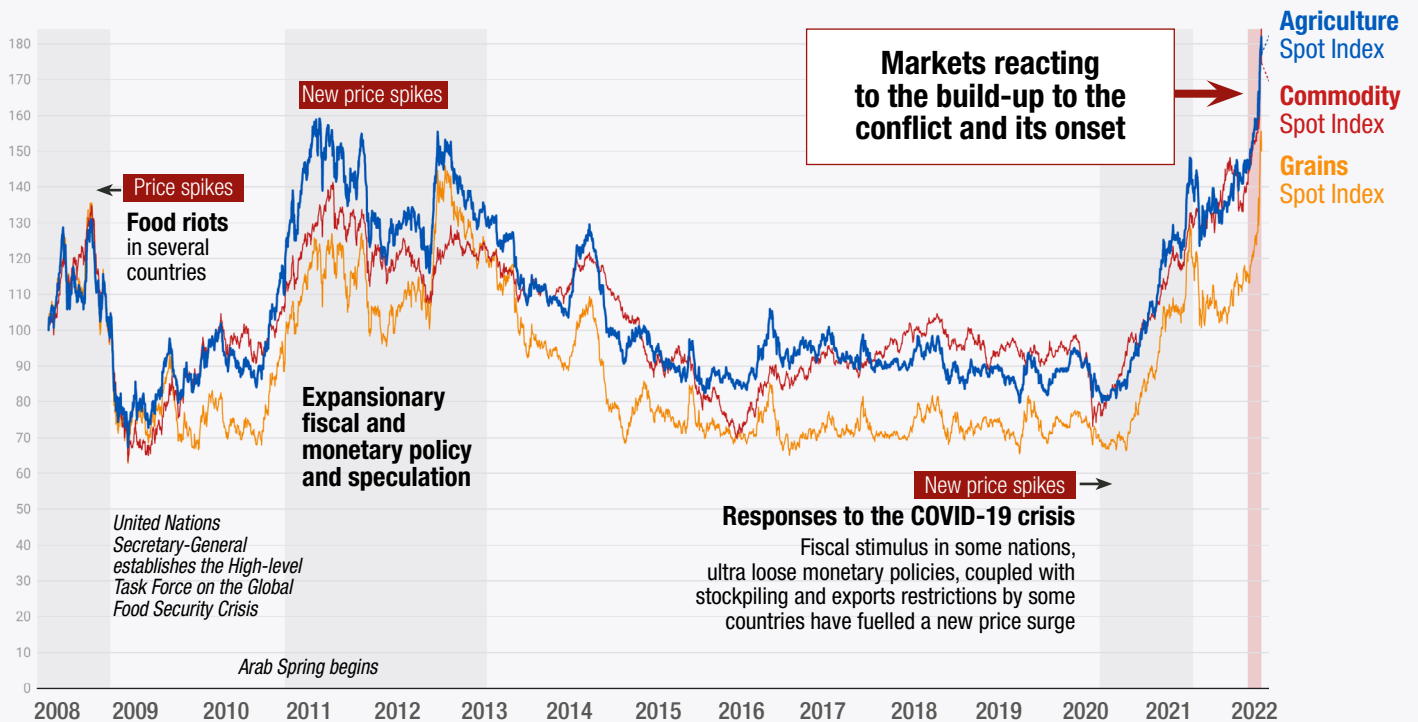
Source: UNCTAD calculations, based on data from the UNCTADstat database (accessed 4 March 2022).

Long-standing effects of rising food prices are hard to predict, but an UNCTAD analysis of historical data sheds light on some troubling possible trends. In general, political instability and increases in agrifood commodity prices are highly correlated.

Agrifood commodity cycles have coincided with major political events, such as the 2007–2008 food riots and the Arab Spring (figure 4).

Figure 4. Rising prices elevate the alarm for food security and political stability

Price index (Base year =100)



Source: UNCTAD Secretariat based on data from Thomson Reuters (Bloomberg Commodity Index).

2. Impact on transport

It is unclear to what extent the war will reduce commodity supplies from the Russian Federation

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_30936

