



# **African Countries Response to Russia Ukraine Conflict and their Potential Implications on Food Systems**

## **Policy Brief**

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## Key Messages

*Several countries are responding to food supply decline on the international market and surging food prices by putting in place trade measures. The measures are restrictions on exports aimed at ensuring domestic supply or those that will facilitate imports and market access.*

*Non-tariff measures introduced on the continent threaten to derail efforts to foster regional integration. Although some countries have not been explicit in declaring new restrictions on commodity exports in response to RUC, many choose to retaliate by also introducing export restrictions, further undoing decades of trade liberalization efforts in Africa.*

*Imposing export bans and related restrictions, will further disrupt the food markets in Africa. More so in a period when below normal cereal production has been recorded in several countries.*

*The high fertilizer prices coupled with the import substitution drive in most countries in response to RUC will compel farmers to produce oil seeds (sunflower and soybean) that are less fertilizer hungry but that also fetch high prices on the international market. However, in countries where farm households have small landholding, this would entail moving land away from the production of key staples such as maize, resulting in reduced national production and potentially food insecurity.*

# Introduction

Africa's food insecurity situation has been worsening over the last decade. For instance, moderate or severe food insecurity (based on the Food Insecurity Experience Scale) rose from 47.6% and 52.5% (FAO, ECA, et al., 2021). In 2020 the year the COVID 19 pandemic spread across the globe the metric rose by 5.4 percentage points (FAO, IFAD, et al., 2021). The main culprits causing the deterioration of food security were conflict, weather extremes, and economic slowdowns and downturns. Conflict does affect every aspect of the food system. Its direct impacts include the destruction of agricultural and livelihood assets, and the displacement of people. Climate variability affects agricultural productivity thereby negatively impacting food availability. Economic slowdowns and downturns regardless of the cause have negative effects on people's access to food including the affordability of healthy diets.

At the start of 2022 the three traditional drivers of food insecurity showed no sign of easing: armed conflicts were ongoing in DR Congo, Ethiopia and western Sahel; unfavorable weather conditions such as tropical storms and droughts have negatively affected production in most eastern and southern African countries; and most economies are yet to fully recover from the effects of COVID 19 pandemic. The already dire food security outlook has been worsened by the Russia-Ukraine Crisis (RUC). The immediate impact from global trade disruptions and surging food prices has been reduced food availability and access. In the medium term the general inflation and slowing down of economic activity is raising concerns that economies could be heading into stagflation (World Bank, 2022). In sub-Saharan Africa, economic growth is projected at meager 3.8 percent in 2022 (International Monetary Fund, 2022). This will lead to high levels of unemployment and reduced purchasing power further impacting food insecurity.

## What policy measures have countries taken?

Since the outbreak of the RUC several countries in Africa have implemented policy measures affecting trade in agricultural and food products. In some countries, trade policy restrictions, prohibitions and more stringent licensing requirements sought to guarantee the adequate supply on domestic markets. Countries such as Burkina Faso, Algeria, Tunisia, Ghana, Egypt, and Cameroon have banned exports of cereals and vegetables. Although only Morocco has introduced export licensing in response to the effects of the RUC, many African countries have maintained export permit requirements instituted in the past. In others, the objective is to facilitate market access through the temporary elimination of tariffs and other taxes. Ethiopia, Mali and Zimbabwe have moved to promote import of strategic commodities into their territories through measures such as tariff removals and import subsidies.

Some countries have used domestic policies to either cushion consumption or promote production of key commodities for import substitution. In addition to other price control measures, Burkina Faso has removed Value Added Tax on cereals, cooking oil and other essential foods to protect consumers from the high level of inflation. The same has also been used in Mozambique to ensure input such as fertilizers remain affordable to farmers. Other strategies include increasing the supply of commodities to create excess supply to bid down the domestic prices as is the case in Kenya. Inward looking strategies to ensure availability of commodities have also been observed. Promotion of local soybean, wheat and sunflower production for import substitution is part of the government response in Uganda, and Mozambique. In Malawi, domestic production of fertilizer is seen as key ensuring that the input remains affordable to most farmers in the medium to long term.

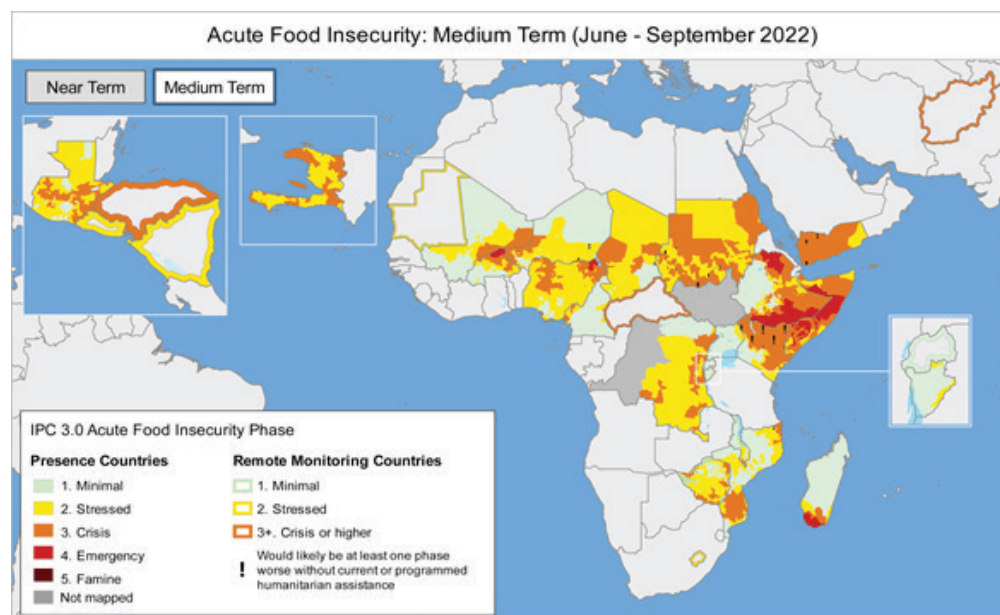
## What are the potential implications of the measures on Africa's food systems?

### Impede regional integration

Historically, many African countries trade more with the rest of the world than with other African countries. For instance, in 2019, Sub-Saharan African countries imported \$1.1 billion worth of cereals from Sub-Saharan Africa countries compared to \$12.8 billion from rest of the world (Adjogatse et al., 2021). Altering these trade patterns and increasing intra-regional trade among African countries is essential in building Africa's resilience to international market shock and achieving economic growth (Goundan & Fall, 2018). Mindful of this reality, African leaders have at many forums and discussions positioned regional economic integration on the agenda including the 2012 African Union Summit which primarily focused on boosting intra-African trade. As countries seek alternative sources of cereals and other foodstuffs due to the disruption of the global markets caused by the RUC, an opportunity has arisen for African countries to expand production and also increase intra-regional trade. However, non-tariff measures on the continent not only pose a threat to intra-regional trade but also threaten to derail efforts to foster regional integration. Although some countries have not imposed restrictions on commodity exports in response to RUC, they may opt to retaliate to the other that have explicitly done so further undoing decades of trade liberalization efforts in Africa.

## Further disruption to food markets

The imposition of export ban and related restrictions will further disrupt the food markets in Africa. More so in a period when below normal cereal production has been recorded in several countries. Coupled with conflict in certain parts of the continent, unfavorable weather conditions such as tropical storms and droughts have negatively affected production in most African countries with a lower-than-normal harvest expected in most eastern and southern African countries. Fig 1 shows the acute food insecurity forecast between June and September 2022 with Ethiopia, South Sudan, Madagascar, Yemen, Burkina Faso, Niger, Nigeria, and Mali being the areas of highest concern. The combined effect of RUC and limited intra-regional trade due to new measures threatens to worsen food insecurity in sub-Saharan Africa.



**Figure 1 Acute Food Insecurity: Medium Term (June – September 2022)**

Source: (FEWSNET, 2022)

## Changes to cropping patterns and threats to food production

The surging prices of oil seeds (sunflower and soybean) have created incentives for producers to allocate more land to their production. Adding incentives from import substitution drive in most countries in response to RUC and the high prices of nitrogen fertilizers will compel farmers to invest in less fertilizer hungry sunflower and soybean. However, in countries where farm households have small landholding, this would entail moving land away from the production of key staples comprising domestic supply. Such a shift would entail a reduction in domestic food production that would impact food supply and prices in the short to medium term.

## Creating industries dependent on protection

Lessons from the 1970s through 1980s point to the unsustainability of industries set up with public policy incentives. The structural adjustment programs implemented in many African countries were designed to reduce the fiscal burden exerted by government support to import-substituting sectors. The new wave of measures in response to the RUC appears to mimic the pre-adjustment period policies. This threatens to further destabilize economies.

## Policy Considerations

**Subsidies should be based on Abuja Declaration Principles** – The Abuja Declaration lays out principles for sustainably managing agricultural subsidies in African countries. These include the targeting of beneficiaries, private sector participation, and having a clear exit strategy. Countries that are introducing subsidies for import-competing industries should adhere to these principles.

**Incentives for staple food production should be maintained** – Countries promoting domestic production of commodities on which they were previously import-dependent commodities should ensure that incentives for staple food production are maintained to avoid reduced production as cropping patterns change.

**Leverage on existing regional integration areas** – Dialogue within regional trading blocs is required to ensure that intra-regional trade remains open while addressing food security concerns of member states.

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**Table 1: Policy measures being undertaken by countries in response to RUC**

	Trade Policy	Domestic Policy		
Country	Trade Restrictions	Trade Facilitation	Other measures	Commodities
Ethiopia		Tariffs and VAT removed		Wheat, oils, pasta, eggs
		Import subsidies	Price controls	Wheat, sugar, rice, cooking oil
				sugar, wheat and edible oils
Kenya			Boost supply	Cereals
Uganda			Promotion of local production	soybean and sunflower
Mozambique			VAT exemption	Fertilizers
			Production subsidies	fertile eggs, day old chicks
			Expansion of local production	Wheat
Mali		Subsidies		
Burkina Faso	Export Ban			Millet, maize, sorghum
			Price controls	
Algeria	Export ban			Pasta, Wheat, vegetable oil, sugar
Tunisia	Export Ban			Fruits and Vegetables
Ghana	Export Ban			Maize, Rice, Soybean
Egypt	Export Ban			Vegetable oil, grits, maize, wheat, pasta, beans
Cameroon	Export Ban			Cereals, vegetable oils
Morocco	Export Licensing			Tomato
Zimbabwe		Removal of import ban on maize		



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