



AGRA

Sustainably Growing
Africa's Food Systems

African
Union



Potential Impact of the Suspension of the **Black Sea Grain Initiative** on Food Security in Africa

Chiyembekezo Chafuwa¹, and Protase Echessah²

¹ AU Food Security Analyst (Consultant)

² Regional Food Trade and Resilience Unit, Policy and State Capability Division, AGRA,



Key messages

Africa remains the most food insecure region globally, despite having 60 percent of the world's uncultivated land. As the continent struggles to cope with conflict, climate crisis and the global economic downturn, it relies heavily on external sources of food and fertilizer to meet its food and nutrition demand. Africa's food import bill has therefore risen exponentially over the past few decades, having more than tripled to about USD50 million annually. Heightened trade frictions in recent years have affected the stability of global trade, thereby worsening Africa's food and nutrition insecurity state due to the region's high dependence on food and fertilizer imports. In addition, food and fertilizer prices continue to skyrocket due to uncertainty from trade fragmentation resulting from escalated geopolitical tensions. Self-sufficiency in food production, sustainable and resilient food systems, and enhanced intra-African trade can contribute to the continent's drive towards reducing its external dependence on food and essential agricultural commodities.

Introduction

Africa remains the region hardest hit by hunger. Nearly 20 percent of the region's population was hungry in 2022, compared to 8.5 percent in Asia and 6.5 percent in Latin America and the Caribbean. While hunger rates declined in Asia and Latin America in 2022, rates continued to rise in all sub-regions of Africa¹. For instance, in Africa south of the Sahara, the share of the population facing food insecurity is more than double that of any other region in the world. In recent years, Africa's food security challenges have been compounded by multiple crises such as the war in Ukraine, supply chain shortages, various conflicts, and extreme events due to climate change. Further, there has been a fresh spike in food prices and a further deterioration in inflation outlook in the wake of adverse weather conditions that have heavily impacted the region, compounded by the collapse of the Black Sea Grain Initiative, a crucial grain export deal between Russia and Ukraine. These have had tremendous effects on crop productivity, food trade, and consumption, thereby deteriorating the food security situation on the continent. It has been projected that African countries are headed to miss their own target of reducing hunger through better agricultural investments, with only four African Union Member States on track to deliver key nutrition targets, just two years to the deadline agreed on in the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.



¹ <https://ssa.foodsecurityportal.org/node/2485>

The Black Sea Grain Initiative

With the major escalation of hostilities between Russia and Ukraine since February of 2022, the crisis of food insecurity in Africa has gone from bad to worse. Russia and Ukraine are at the center of global agriculture markets. Together, they provide around 30 percent of the world's wheat and barley, one fifth of its maize, and over half of its sunflower oil. Ukraine is the largest exporter of sunflower oil, the fourth largest exporter of maize (corn), and the fifth largest exporter of wheat (Odiwuor, 2022²).

About 80 percent of the wheat consumed in Africa is imported from Russia and Ukraine, with North African countries (Egypt, Algeria, Libya, Morocco and Tunisia) accounting for a very large share, as well as a number of other African countries such as Ethiopia, Sudan, Nigeria and South Africa. In addition to wheat, African countries also import a number of other products from the Russian-Ukrainian zone, including corn, sunflowers, fertilizers and edible oils. As a result of the war in Ukraine, it is therefore undeniable that the dependence of African countries on Russia and Ukraine, particularly for their agricultural needs, has greatly contributed to worsening the tensions and difficulties that already existed on the food front (Bebada, 2023³). These include unavailability, and high prices of food and fertilizers. Figure 1 illustrates selected African countries' wheat imports from Russia, Ukraine, and the rest of the world over the past decade. It is evident that the majority of the countries import substantial quantities of wheat from Russia and Ukraine.

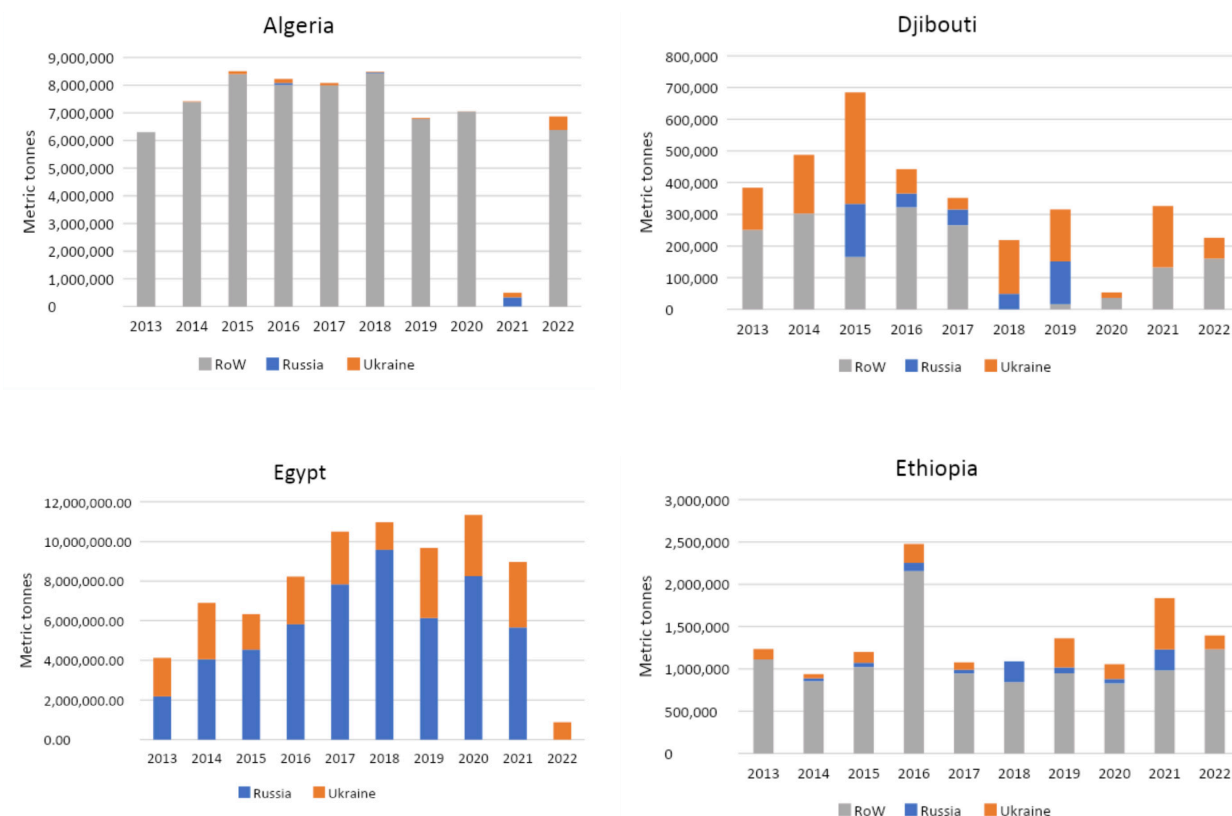


Figure 1. African countries' wheat imports from Russia, Ukraine, and the rest of the world

Source: Author's calculations using International Trade Centre – Trade Map⁴ data

² <https://www.wilsoncenter.org/blog-post/russia-ukraine-africa-food-security>

³ <https://genevasolutions.news/global-news/deal-or-no-grain-deal-africa-is-too-dependent-on-global-food-markets>

⁴ <https://www.usaid.gov/fact-sheet/food-security/black-sea-grain-initiative>

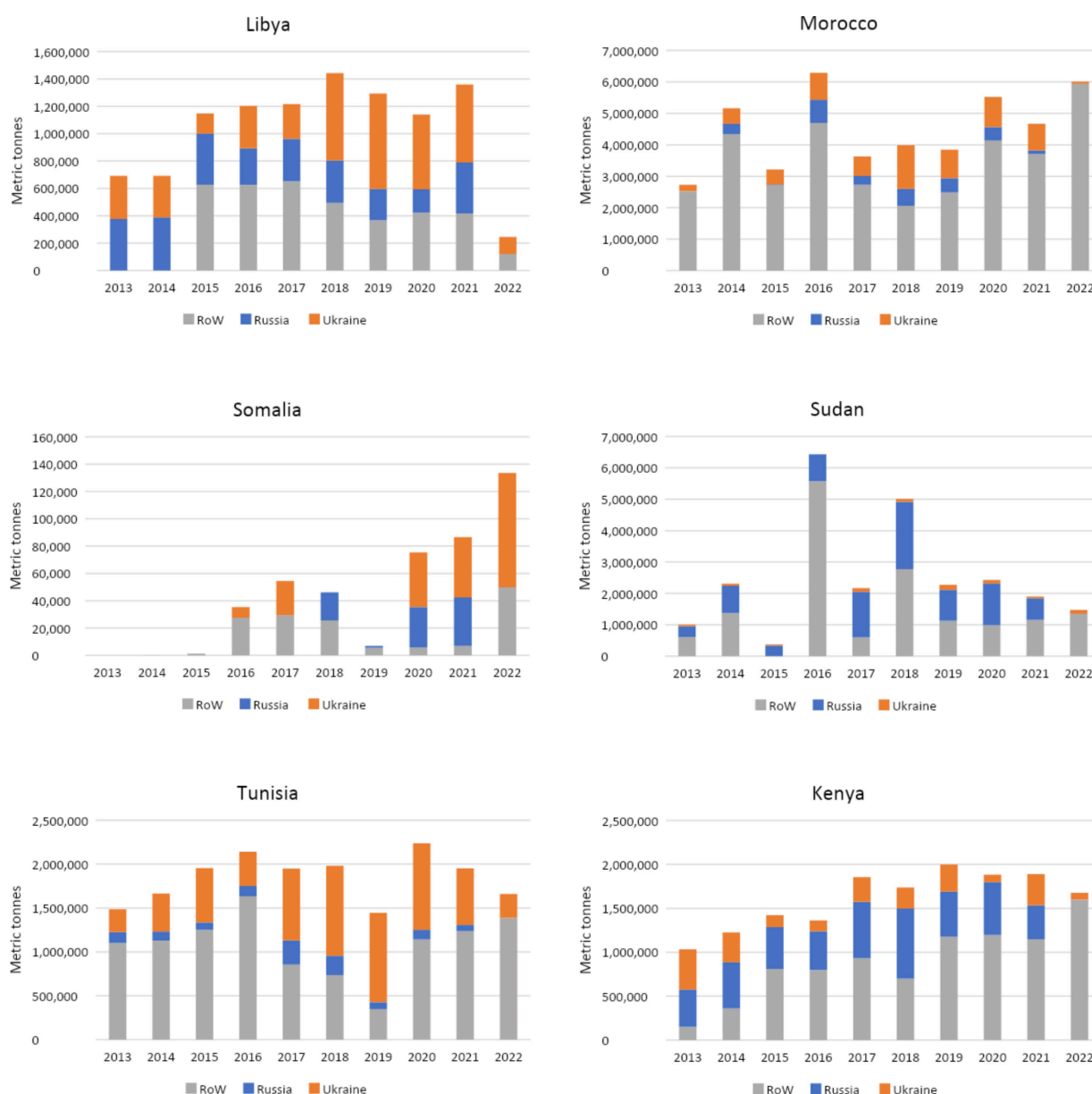


Figure 1. African countries' wheat imports from Russia, Ukraine, and the rest of the world

Source: Author's calculations using International Trade Centre – Trade Map⁴ data

“ As a result of the war in Ukraine, it is therefore undeniable that the dependence of African countries on Russia and Ukraine, particularly for their agricultural needs, has greatly contributed to worsening the tensions and difficulties that already existed on the food front.

⁴ <https://www.usaid.gov/fact-sheet/food-security/black-sea-grain-initiative>

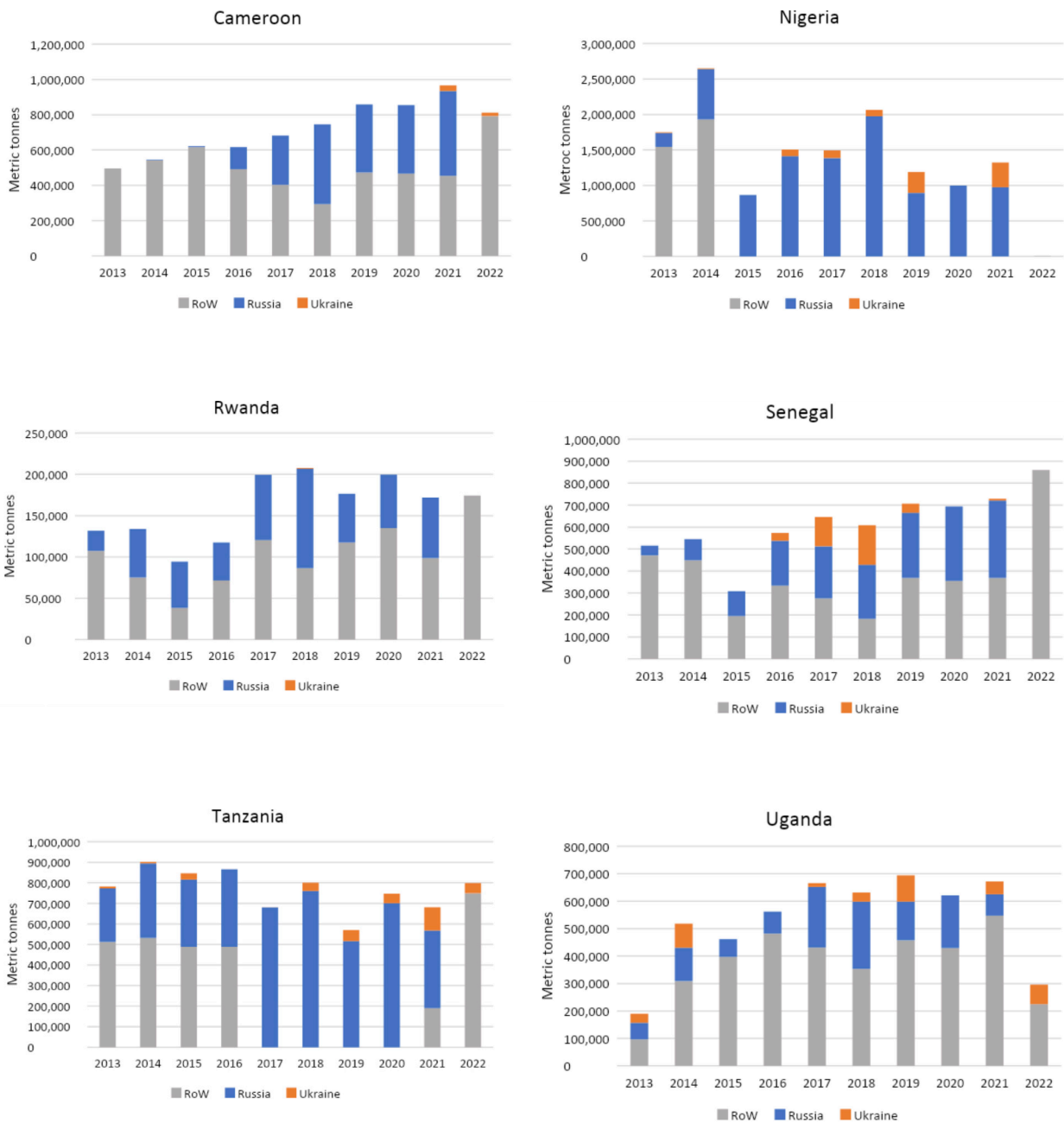


Figure 1. African countries' wheat imports from Russia, Ukraine, and the rest of the world

Source: Author's calculations using International Trade Centre - Trade Map⁴ data

⁴ <https://www.usaid.gov/fact-sheet/food-security/black-sea-grain-initiative>

The Russia-Ukraine conflict therefore has major implications for food security around the world and especially in Africa. Starting amidst a worsening food security and nutrition status in Africa, the Russia-Ukraine Conflict (RUC) continues to have a significant direct impact on global agricultural commodity markets. The RUC has led to the disruption of African food supply chains, subsequently threatening food security through disruption of access to energy markets and shipping routes, unavailability and unaffordability of fertilizers, and also negative externalities of financial measures and trade sanctions imposed on Russia and the counter-sanctions imposed by Russia⁵. The war has prevented food exports, which account for 40 percent of the African food supply, from leaving Ukraine. For instance, Nigeria obtains a quarter of its wheat imports from Russia and Ukraine. Further, according to Human Rights Watch (HRW), Cameroon, Tanzania, Uganda, and Sudan source “more than 40 percent of their wheat from Russia and Ukraine.” Sixty four percent of wheat and fourteen percent of fertilizers in Rwanda come from Russia, and Senegal imports up to 650,000 tonnes of wheat, partly from Russia and Ukraine, annually⁶.



The Black Sea initiative was agreed by Russia, Ukraine, Türkiye and the UN in Istanbul in July 2022, along with a parallel accord between the UN and Russia on grain and fertilizer exports from that country. It allows for cargo ships to sail along a corridor in the Black Sea 310 nautical miles long and three nautical miles wide, transporting commercial food and fertilizer (including ammonia) exports from three key Ukrainian ports in the Black Sea – Odesa, Chornomorsk, Yuzhny/Pivdennyi. The deal unlocked millions of tonnes of desperately needed grain and other foods that would otherwise be stuck in Ukraine, and helped people in need across the globe by directly delivering urgently needed grains to lower-income countries and bringing down food prices⁷. The Black Sea Grain Initiative has been crucial for ensuring the export of Ukraine's grain to global markets, helping vulnerable populations in need. Together with the EU-Ukraine “Solidarity Lanes”, the partial reopening of the Black Sea ports has been instrumental in stabilizing and lowering unprecedented high food prices caused by Russia's war of aggression against Ukraine. Prices of global food staples had steadily declined over the last year, bringing the Food Price Index of the UN Food and Agriculture Organization (FAO) down by 23 percent from the peak reached in March 2022, which was at 159.7.

Since its inception, the Initiative has allowed the safe export of nearly 33 million tonnes of grain and foodstuffs to 45 countries by over one thousand vessels. The lifesaving deal enabled Ukraine to resume shipping millions of tonnes of desperately needed grain exports through the international waters of the Black Sea. The commodities are corn (51 percent), wheat (27 percent), sunflower meal (6 percent), sunflower oil (5 percent), barley (4 percent), rapeseed (3 percent), and others (4 percent).

“ The war has prevented food exports, which account for 40 percent of the African food supply, from leaving Ukraine. For instance, Nigeria obtains a quarter of its wheat imports from Russia and Ukraine.

⁵ Abu Hatab (2022). Russia's invasion of Ukraine jeopardizes food security in Africa: Shocks to global food supply chains could lead to social and political unrest. (NAI Policy Notes, 2022:5). Uppsala: Nordiska Afrikainstitutet.

⁶ <https://www.wilsoncenter.org/blog-post/russia-ukraine-africa-food-security>

⁷ <https://www.usaid.gov/fact-sheet/food-security/black-sea-grain-initiative>

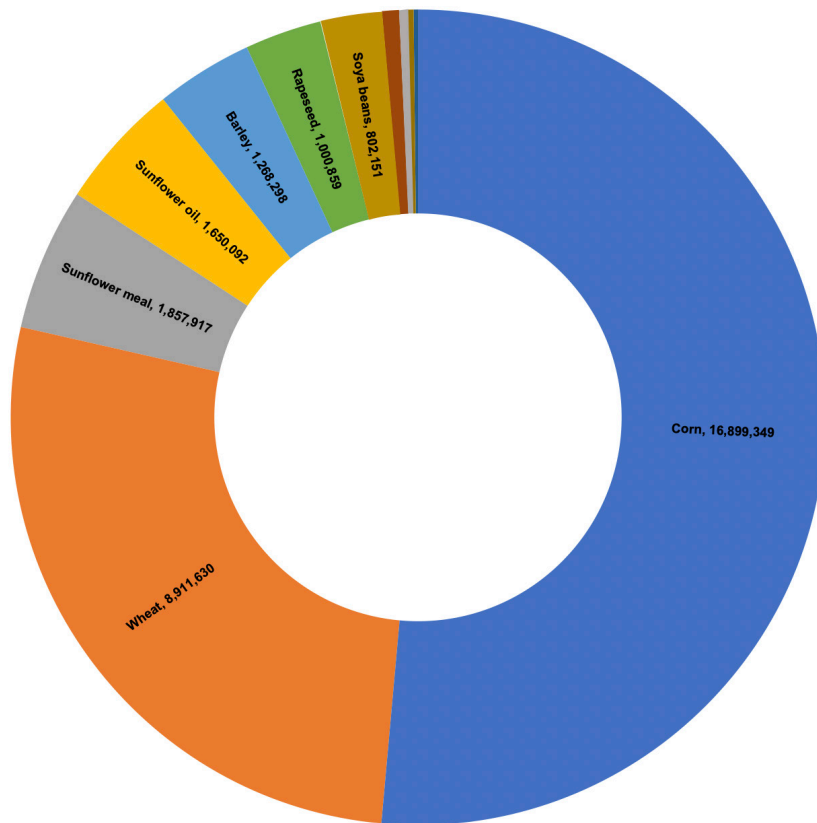


Figure 2. Grain transported under the Black Sea Grain Initiative since July 2022 (metric tonnes)

Source: Author's calculations using United Nations¹⁰ data

About 12 percent (4 million tonnes) of this amount was exported to Africa¹¹. This includes a considerable amount of 725,000 tonnes of grain shipped by vessels chartered by the World Food Programme (WFP) in support of its humanitarian operations in African countries such as Ethiopia, Kenya, Sudan, and Somalia. Even throughout the war, Ukraine remained WFP's biggest supplier of wheat in 2022, supplying more than half of WFP's global wheat grain procurement.

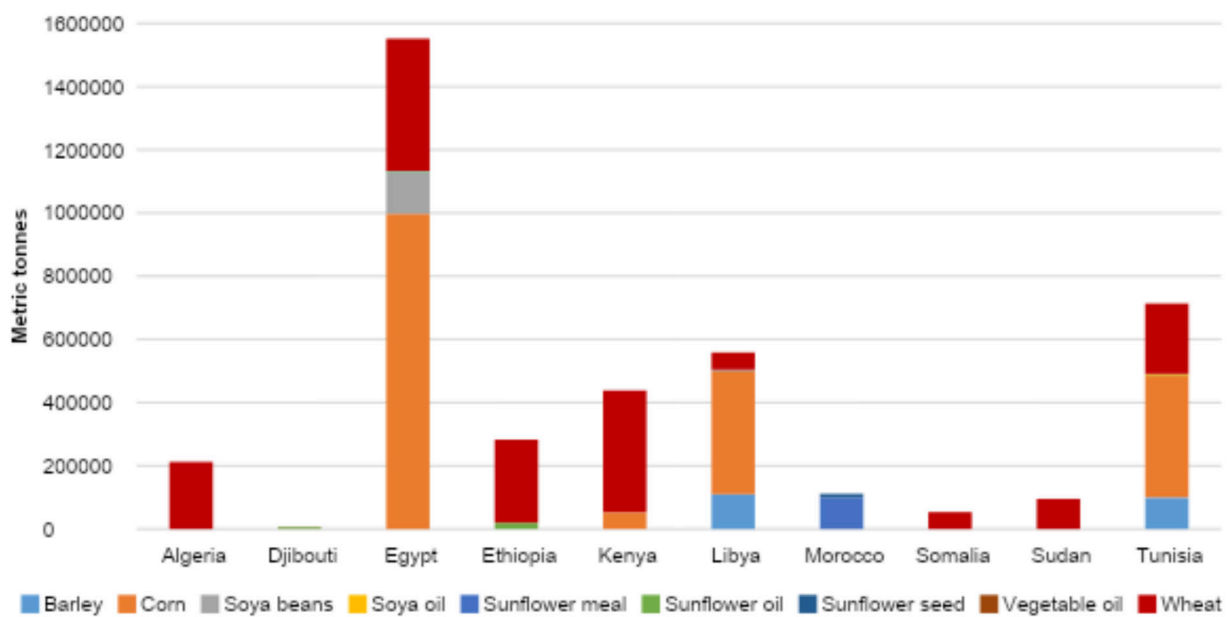


Figure 3. Grain shipped to Africa under the Black Sea Grain Initiative

Source: Author's calculations using United Nations¹² data

^{10, 11, 12} <https://www.un.org/en/black-sea-grain-initiative/data>

Potential impact of the suspension of the Black Sea Grain Initiative on food security in Africa

On July 17, 2023, Russia suspended the Black Sea Grain Initiative, a deal brokered by the UN and Turkey last July to ensure seamless grain exports from Ukraine to several African countries. Russia halted the breakthrough wartime deal, and has refused to extend the it, citing worldwide sanctions as a barrier to agricultural exports, stating that promises to free up its own shipments of food and fertilizers have not been kept. Further, Russia's foreign ministry said none of its requirements - including the resumption of ammonia exports and reconnection of its banks to the SWIFT international payments system - had been met. The collapse of the deal therefore means the withdrawal of safety guarantees for shipping, the ending of a maritime humanitarian corridor and the disbanding of the Joint Coordination Centre (JCC), which facilitates the implementation of the Black Sea Grain Initiative to establish a humanitarian maritime corridor to allow ships to export grain, other foodstuffs and fertilizers, including ammonia from Ukraine. The JCC was established on 27 July 2022 in Istanbul, to monitor the implementation of the deal ¹³.

“ One of the looming implications of the suspension of the deal is worsening food inflation across African countries.

¹³ <https://www.eco-business.com/news/why-the-collapse-of-russia-ukraine-black-sea-grain-deal-matters/>

With the walk-back on the deal, African countries will usher back in the era of high food prices, given 44 percent of the wheat consumed on the continent comes from Russia and Ukraine. The European Union Council has condemned Russia's decision to suspend the deal, saying it "is further exacerbating the global food security crisis it created by its war of aggression against Ukraine and its blockade of Ukrainian sea ports."¹⁴

One of the looming implications of the suspension of the deal is worsening food inflation across African countries. Global food prices rose for the first time in months following the collapse of the landmark agreement. The FAO Food Price Index (FFPI) averaged 123.9 points in July 2023, up 1.5 points (1.3 percent) from June 2023, but remaining 16.6 points (11.8 percent) below its value in the corresponding month in 2022. The FFPI's rebound in July 2023 was led by a solid rise in the vegetable oils price index, partially offset by a significant decline in the sugar price index, together with small decreases in the price indices for cereals, dairy and meat.

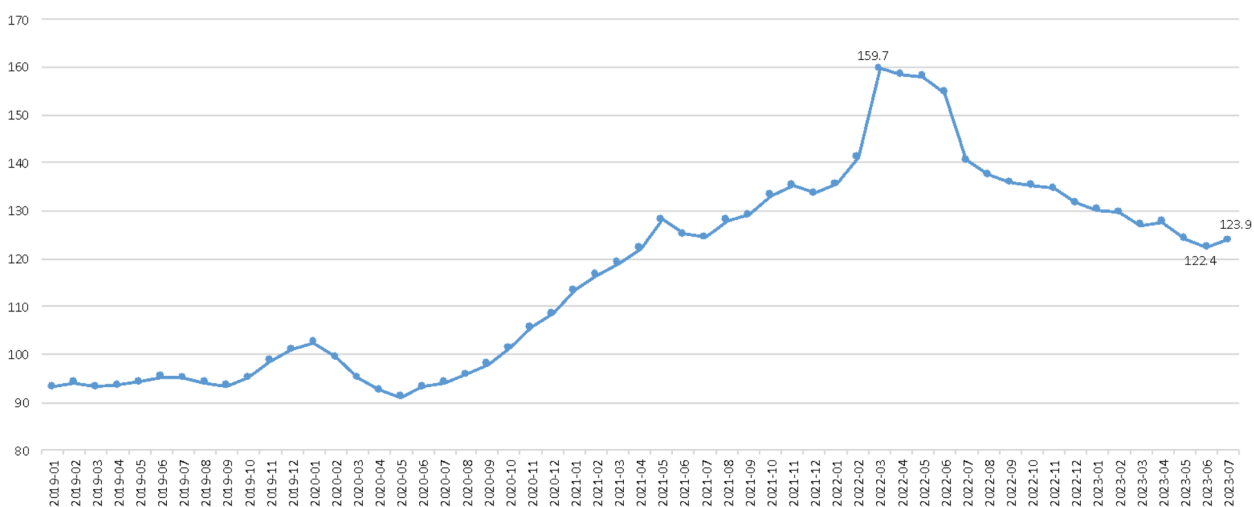


Figure 5. FAO Food Price Index (2014–2016 = 100)

Source: Author's calculations using FAO¹⁵ data

Although the overall FAO Cereal Price Index averaged 125.9 points in July 2023, down 0.7 points (0.5 percent) from June 2023 and 21.3 points (14.5 percent) below its value a year ago, international wheat prices rose by 1.6 percent, marking their first month-on-month increase in nine months, mainly driven by the uncertainty over Ukraine's exports following the decision taken by the Russian Federation to terminate the implementation of the Black Sea Grain Initiative and the subsequent damage to Ukraine's port infrastructure on both the Black Sea and the Danube River. Similarly, the FAO Vegetable Oil Price Index averaged 129.8 points in July 2023, up 14.0 points (12.1 percent) from June 2023, marking the first increase after seven months of consecutive declines. This pronounced increase in July 2023 was driven by higher world quotations across sunflower, palm, soy, and rapeseed oils. International sunflower oil prices also rebounded by more than 15 percent month-on-month, primarily underpinned by renewed uncertainties surrounding the exportable supplies out of the Black Sea region after the decision taken by the Russian Federation to terminate the implementation of the Black Sea Grain Initiative¹⁶.

¹⁴ <https://www.theeastafrican.co.ke/tea/science-health/weather-aborted-ukraine-grain-deal-spell-doom-to-ea-4311930>

^{15, 16} <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

Policy considerations

Conflict, climate extremes, economic shocks, rising costs, the effects of the COVID-19 pandemic, and continuing impact of the conflict in Ukraine on food and energy prices are pushing millions towards starvation in Africa as a whole. With the Black Sea Grain Initiative in the balance, it is imperative that African governments find ways to become self-sufficient and reduce dependence on food and input imports.



Reinstatement of the Black Sea Grain Initiative

Global and African leaders need to exert pressure on Russia to re-consider the suspension of the Black Sea Grain Initiative so as not aggravate global food insecurity especially for countries that are dependent on imports from the region, both for food commodities and fertilizers..



Strengthening strategic food reserves and food aid

African countries should be deliberate in the optimization of strategic food reserves where they exist, and consider establishing them where they don't exist. Strategic Food Reserves (SFRs) have been used as a tool to cope with emergency food needs, for example under different shock scenarios. Indeed, functional strategic food reserves are critical in food supplies and price stabilization, in addition to other support approaches. This is notable for ensuring food security in times of crisis. They are one of the main cornerstones of a genuine crisis prevention and management strategy, and critical for price stabilization. In the short term, the importance of food aid cannot be discounted, as this is imperative to address urgent food and nutrition needs among vulnerable populations, and further prepare them for recovery from the effects of shocks.



Increasing investment in agriculture

In order to enhance production of food, African agriculture could benefit from increased donor and national government support for initiatives such as the CAADP through investment in agriculture and agribusiness to ensure efficient and sustainable agricultural production, more focus on water productivity and irrigation, promotion of improved agricultural technologies and practices, as well as development of systems and safety nets to manage risk for African agriculture in the face of climate change and conflict. Sub-Saharan Africa has the highest area of arable uncultivated land in the world, making it a huge agricultural growth potential (Kanu et al., 2014¹⁷). To address food security in the longer term and outside the context of conflict, there is need for repurposing public support to food and agriculture systems in order to reduce the cost and increase the availability of healthy foods, particularly for vulnerable populations. Further, African governments need to promote investment in domestic value addition in the agriculture sector so as to attain higher returns from their commodities, integrate into global value chains, and promote vertical and horizontal diversification anchored in value addition and local product development. These efforts should be coupled with increased investment in social safety nets and emphasis on creating a proper enabling environment to ensure that development activities are inclusive and wide-reaching. Further, the resilience of food systems depends critically on good governance; governance determines the ability to implement and sustain effective policies and programming to offset negative shocks, and support the functioning of markets and private sector investments.

¹⁷ Kanu, B. S., Salami, A. O., and Numasawa, K. 2014. Inclusive growth: An imperative for African agriculture. Tunis: African Development Bank.



Enhancement of intra-regional trade

In terms of trade, The African Continental Free Trade Area (AfCFTA) is one of the Flagship Projects of Agenda 2063 Africa's development framework. The AfCFTA was approved by the 18th ordinary Session of Assembly of Heads of State and Government, held in Addis Ababa, Ethiopia in January 2012 which adopted the decision to establish an African Continental Free Trade Area and the Action Plan for boosting intra-African trade as key initiatives whose implementation would promote socio-economic growth and development in Africa. The AfCFTA aims at accelerating intra-African trade and boosting Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations. In addition, African states would benefit from exploring options to eliminate non-tariff barriers, including streamlining customs procedures, reducing bureaucracy, harmonising trade policies and regulations, and establishing a free trade area to allow free flows of goods, services, investment, and ideas across the continent.



Increasing fertilizer production and use

Increasing regional production of fertilizers is also crucial for raising fertilizer use and yields within Africa. Countries with lower distances to fertilizer production tend to have lower fertilizer costs on average, and are associated with greater fertilizer use. Reducing fertilizer costs increases its use and raises yields, and is associated with a higher GDP per capita. African governments recognize the need to increase domestic fertilizer production and intra-regional trade, to accelerate progress towards increasing fertilizer application. Most African countries have not met a regional commitment, called the Abuja Declaration, to increase average fertilizer use to 50 kg/ha by 2015¹⁸. African countries have sufficient raw materials to produce dramatically more nitrogen and phosphate fertilizers. Ammonia or urea are nitrogen-based fertilizers that can be produced from natural gas, while phosphate-based fertilizers could be produced in multiple ways, including treating phosphate rock with acid and adding ammonia salts. Therefore, with ample raw materials and the African Continental Free Trade Area providing opportunities for developmental banks and institutions to invest in fertilizer production across African countries, fertilizer manufacturing, access, and use can be scaled up, thereby boosting productivity and stabilizing food prices across the continent.



Establishment of commodity-for-food initiatives

Initiatives such as Ghana's Gold-for-oil programme can be adopted by other African countries in an effort to stabilize food prices, as well as reduce the levels of food insecurity across the continent. Under this programme, Ghana aims to secure competitively priced oil by selling gold to ease pressure on the local currency, reverse rocketing fuel prices, and fixing the balance of payment problems. This can be applied to other resources that are abundant on the continent. Africa has about 12 percent of the world's oil reserves, 42 percent of its gold, 80 percent – 90 percent of chromium and platinum group metals, and 60 percent of arable land, in addition to vast timber resources¹⁹. African countries can therefore trade in these resources for food commodities, particularly grains, in response to the escalating levels of food insecurity and high food prices resulting from shocks.



Agricultural research and development

Agricultural research and development (R&D) has the potential to reduce food insecurity and poverty by making food more abundant and cheaper, and also by reducing the variability of agricultural production, prices, and incomes. The role of national research institutions, especially in the generation of technologies for improved crop and animal productivity can therefore not be overlooked. African countries need to devote more resources to these institutions for research, beyond just paying salaries for staff.

¹⁸ <https://thebreakthrough.org/issues/food-agriculture-environment/expand-fertilizer-manufacturing-across-africa>

¹⁹ <https://au.int/en/articles/africas-commodities-strategy-value-addition-global-competitiveness>

Disclaimer:

The Policy Brief was produced by AGRA's Regional Food Trade and Resilience Unit with support from the Rockefeller Foundation.

The opinions expressed in this policy brief are those of the authors and do not reflect the official policy or position of AGRA or African Union (AU), its employees, partners or its affiliates in any way. The mention of specific companies, manufacturers or their products, whether or not these have been patented, does not imply endorsement or recommendation or approval by AGRA or AU, its employees, partners or their affiliates in preference to others of a similar nature that are not mentioned. The descriptions, charts and maps used do not imply the expression of any opinion whatsoever on the part of AGRA or AU concerning the development, legal or constitutional status of any country.





AGRA
Sustainably Growing
Africa's Food Systems

African
Union

