

## AFRICA IS TO BRACE FOR MORE FOOD INSECURITY: CONFLICT GRAINS AND THE EFFECTS

The end of Q1 2022, sees food prices still spiralling out of control and dangerously heading towards unprecedented levels, there is a global food inflation from the cost of bread all the way to the cost of banana fruit hawked in markets. This has been a culmination and a series of unfortunate events that has led to this very sticky situation Nigeria and Africa has found themselves in.

The Covid-19 pandemic wrecked havoc on food systems in the world. Nigeria and Africa were no exception, governments were ill-prepared and reluctant to strengthen food systems, this left food producers and all commodity based value chains to function as essential services. I can remember a video clip that trended on social media where massive amounts of eggs were being thrown away, solely because transporters couldn't move these commodities from one point to another due to government's restrictions, that seemingly small business poultry owner would have definitely felt that loss not covered by any form of agricultural or commodity insurance, which might have led to the demise of their operations.

The impact of COVID-19 pandemic was at most, marginal in Africa compared to Europe and America with respect to rate of transmission and mortality. The rate of deaths was almost negligible and almost shockingly low in Nigeria and other sub-Saharan African countries. These countries should have used this opportunity to start reviewing their integral value chains and food systems, but were also whipped into a fear frenzy, even though the impact of the pandemic on labour and workforce was minimal.

Africa has the lowest vaccine mandate across the world, due to vaccine cost and opinionated distrust of foreign pharmaceutical companies and lock down measures, not backed by government social intervention and the available ones were rife with graft and corruption. The damage was done, value chains had been disrupted, local production had been affected due to the lackadaisical government policy of copying and pasting foreign policy on covid-19 and like every weak, plagiarised and non-cerebral approach to solving problems, this effect will linger for a while in the African continent. In June, 2022, China just lifted its lockdown on 2 of its largest cities (Shanghai & Beijing), with a combined population of over 45 million people as a result of another outbreak strain of Covid-19.

The current war of attrition between Russian and Ukraine caught everybody's attention in February, 2022. Everyone thought the troop build-up in December, 2021 at the Ukrainian border, was supposed to be a show of force by the President of Russia, Vladimir Putin in strong-arming Ukraine to negotiate some of the regions that had already been captured in 2014 (unknown to a a lot of people this conflict had been active for a while).

Russia clearly misjudged the conflict, and therefore overplayed its hand, got a bloody nose and is now stuck between a rock and a very hard place, whilst still trying to save face. The Vietnam war comes to mind all over again.

The economic restrictions on Russia have been swift and far reaching, the resultant effect of having oligarchs move to Turkey and the Middle East, away from their rich enclaves of 'Londongrad' - mostly the expensive and



affluent parts of West London in the United Kingdom. Russian assets and proceeds in bank accounts have been seized & frozen. Anyone with links to the Kremlin is treated as a high risk individual and brandished an economic leper.

The sanctions were so severe, the swift payment platform shutdown services in Russia, which resulted in global transactions becoming near impossible. Companies have left in droves and Russia is gradually transforming into a Pariah state

Russia has been countering and insisting their gas customers (most of continental Europe) should pay gas export bills in Russian Rubles, a few countries have walked away from this arrangement, events still unfolding have seen the Russian nation turn off its gas supply taps to other neighbouring countries and has seen countries like Sweden and Finland want to join the north Atlantic Treaty Organisation (NATO), more horrid news for Russia.

There is a common rhetoric that in all of history 'Most revolutions always start with the increase in the price of bread'. From a global trade and agricultural perspective, Nigeria and other African countries in the Africa Union are at risk of increased food insecurity and extreme hardship for its populace. Nigeria imported over USD\$400M worth of wheat in 2021 from Russia, an integral ingredient for bread, an important universal staple. Egypt in the North isn't fairing any better, they had both Russia and Ukraine supply them over USD\$3.2B of wheat in 2021, for now they can't pay for wheat in Russia because of the economic embargo and Ukraine has stopped exporting most of their commodities because there is a Russian Naval armada Blocking maritime traffic in the Black Sea.

Tunisia also imported about USD\$200M of wheat from Ukraine in 2021, Indonesia purchased USD\$600M, Bangladesh did USD\$525M, Yemen USD\$317M, Turkey purchased from Ukrainian and Russian wheat for USD\$1.5B in 2021 (in the true spirit of capitalism and global trade, Turkey is also selling Ukraine the Bayraktar weaponised drones being used to decimate Russian troops, artillery, tanks and supply columns), but lets not get side tracked here. The sanctions and conflict has exacerbated the food crisis and will push more people into poverty and starvation in Nigeria.

The Chairman of the African Union, Senegalese president Mr.Macky Sall, visited Mr.Putin at the Bocharov Ruchei residence in Sochi, Russia. This dialogue concerned trade, most particularly wheat and fertiliser exports destined for most African countries from both Ukraine and Russia as there is an artificial barricade in the Black Sea stopping Ukrainian-exports. Africa as usual has been caught in the crossfire of Russia and the West as a result of this conflict, which is basically a proxy war and is slowly degenerating into a war of attrition.

According to various news outlets, it was verified that Chechen forces embedded within the Russian army stole tractors, combined harvesters and other equipment worth \$USD5Million and these were transported to Grozny, Chechnya. Fortunately the manufacturer, John Deere in the United States of America was able to remotely switch off the equipment by the use of a GPS-enabled function to render the equipment non-operational.

The New York Times also confirmed that Ukrainian grain is being stolen and sold by Russia. It highlighted the plight of African countries stuck between the conflict in the East and the sanctions placed by the West. Allegations that Russia has stolen 500, 000 metric tonnes of Ukrainian wheat, since the beginning of the conflict worth \$USD100Million on the commodities market, most of which was hauled to Crimea and then shipped out onwards from the Ports. Ukraine claims to have over 20Million tonnes of grain waiting to be exported at the Ukrainian port of Odessa.

According to Reuters and wall street journal (WSJ), as of the June/July 2022 harvest season the amount of grain export has increased to almost 48Million tonnes (breakdown-18.578 Million tonnes of wheat, 22.4Million tonnes of corn & 5.7Million tonnes of barley). Unless the black Sea blockade is lifted, alternative transport will have to be used to ferry the grains, these are usually expensive and Ukrainian infrastructure is being decimated gradually by Russia and may not be able to support such volume of grain exports. If the latter option of moving the grains by road or lorries is opted for, this will only introduce an increased measure of food loss through transport, handling and logistics, a conservative estimate should be between 15%-20% of the grain, not to mention outright grain theft.

Martin Frick, World Food Programme (WFP), in an interview, spoke about collateral hunger as a side effect of the conflict caused by the black sea blockade, not letting grains flow out of Ukraine to the rest of the world thereby increasing food costs and triggering a global food crisis. He also mentioned that the progress made of making people less food insecure has been wiped out via covid and this lingering conflict.

Planet Labs, a satellite imaging company was able to capture a Russian flagged dry grain bulk carrier- The *Matros Poznyich*, carrying 27,000 tonnes, alleged to be stolen Ukrainian grain, which left the Russian controlled port of Crimea. It was originally destined for the port of Alexandria in Egypt, but when the Ukrainian authorities flagged the vessel and its stolen cargo, it redirected itself to the Syrian port city of Latakia. Subsequently, Two other Russian vessels have been turned back from berthing in Egypt.

With the above listed issues of conflict and theft, in my opinion Mr.Sall's effort is probably not going to yield much results and with the pending conflict which has conscripted most farmers to front line soldiers combining that with the insecurity in the fields being not safe enough to plant grains during the upcoming planting season. The silos are still brimming with grains that should otherwise have been exported and sold.

In summary, Russia will not be able to sell their grains and fertilisers due to the ongoing embargo by the West, while the unabated theft of Ukraine's grains and the blockaded from exporting grains & cereals from the Black Sea by the Russian Navy has grounded everything to a halt. The Ukrainian President, Mr Zelenskiy, further reiterated that there may be as much as 75million tonnes of grain by the end of autumn, waiting to be exported to global markets around the world.

According to the World Bank's report on Global report on food crises, food insecurity is at an all-time high in emerging markets and developing countries. There are officially 23 million food insecure person in Nigeria. The National Bureau of Statistics's inflation figures for April, 2022 was 16.82%, while food inflation was at 18.37%. There really isn't any joy these days when it comes to purchasing food commodities and things are set to become increasingly worse.

Deliberate or in-deliberate collateral hunger or not, Africa is seemingly the oblivious, but not so innocent offspring of two warring parents breaking the entire glass and chinaware in the house in a bid for a peaceful resolution. It is inevitable that these grains are going to be stuck in Ukraine and Russia until the foreseeable future. The price of wheat was up by 53% at the start of January 2022, and spiked a further 6% mid may when India restricted imports as a result of heatwave sweeping through the country. The economist reports that Russia and Ukraine are jointly responsible for 28% of globally exported wheat, 29% of barley, 15% of maize and 75% of sunflower oil. Russian is definitely trying to weaponise food insecurity and hunger in developing countries and emerging markets. Hoping for a last ditch effort to force negotiations or a surrender.

There are a few solutions in the offing for Nigeria and Africa as a whole, these strategies have long been proffered, but Africa is a consuming continent and would rather choose short term solutions for long term problems. These grain and cereal imports were supposed to be stop gaps to augment shortages to stabilise local market pricing to avoid artificial shortages which would sky rocket prices. A combination of private sector, Government, Research & Development institutions & academia will have to synergise their strengths to make this a reality.

Commodity value chains will have to be evaluated, reviewed and strengthened. Major food loss choke points have to be clearly identified, with reference to successful food loss programmes, some element of mechanisation will have to be introduced. Policy will have to be reviewed, implemented and supported by individual governments. Heavy Investment in infrastructure from food basket regions to processing areas or consumers to reduce food loss during planting, harvesting, logistics and transportation. Conducive business environment for farmers and the agri-business value-chain. These are the options that are available to solve this current conundrum curve ball served to us, the other unsavoury option will be for Mr.Sall to make more unsuccessful trips to Russia to persuade an already exasperated Mr.Putin who is still bewildered and scrambling to win a 4-month conflict against his neighbour that could have been avoided through dialogue and negotiations.

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