

Task Force 1: Peace, Security and Global Governance



International Support to Ukraine for Provision of the Global Food Security

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Abstract

Coordinated action by the world's leading countries, primarily the G7, to ensure reliable international supplies of agricultural commodities and food is a prerequisite for enhancing global food security. The absence or inconsistent support from the G7 in implementing agreed practical steps could result in further food security risks. Ukraine's role in the global food system is significant, but due to the Russian aggression and its military threats to maritime transport, Ukraine's ability to export agricultural products to international markets has been greatly reduced, also affecting global food security. The G7 countries should take the lead in developing institutional mechanisms to ensure the supply of Ukrainian agricultural exports to international markets in times of war.

The challenge

The issue of global food security, particularly in developing countries, is a significant challenge for human development. The Global Food Security Initiative (GFSI) measures global food security annually using the Global Food Security Index, which assesses factors such as availability, accessibility, safety, sustainability of access to food and its quality.

In the 2010s, there has been notable progress in food security, as evidenced by a marked increase in the GFSI score, largely due to the efforts of the developed countries and international financial institutions. Ukraine has played a crucial role in ensuring global food security in recent years as one of the largest exporters of agricultural goods – with 9-11 per cent in global wheat exports and 13-16 per cent in corn exports, even despite the fact that Ukraine's GDP is less than 0.2 per cent of global GDP.

However, the Covid-19 outbreak in 2020 and especially the large-scale Russian aggression against Ukraine in February 2022 have led to a deterioration in the food security situation, which is largely attributable to the damage and losses caused to Ukraine:

- Disruption and even destruction of logistics and supply chains for agricultural and food products to international markets. This sector of Ukraine's economy, which is important for global food security, is also critical for maintaining sufficient foreign exchange reserves, a stable national currency, and macro-financial balance, which is a prerequisite for the sector's further development and its inclusion in international food and financial flows.
- Deterioration in the ability to meet external demand for food, primarily due to the blocking of Ukrainian food exports to international markets. This resulted in a shock increase in global prices and disruptions in the international distribution of agricultural resources (Filho et al. 2023). War-related obstacles to Ukrainian exports resulted in significant decline in supplies, with Ukraine's share in global exports of wheat and corn falling to 5 and 7-8 per cent, respectively, in 2022-2023 (USDA 2024).

With the onset of Russian aggression and the blocking of grain routes out of Ukraine, many countries, especially developing ones, are facing increased food insecurity. This has critical implications for some of the most vulnerable peoples, and rising costs of food and its supply are also making it more difficult for humanitarian agencies to reach those in greatest need.

Further reduction in Ukraine's agricultural production and exports because of Russia's ongoing aggression will lead to a significant shortage of agricultural products in many countries, adversely affecting the social and humanitarian rights and freedoms in these countries. The consequences of this crisis extend beyond food availability, as it also contributes to poverty, political and social instability in developing countries. International efforts will be needed to restore secure supplies of agricultural and food products to world markets.

The war has had a negative impact not only on grain supplies to developing countries, but also on food safety and quality in developed nations. Thus, European farmers began to buy more genetically modified livestock feed in the US and South America after Russia's invasion disrupted supplies of non-genetically modified organism (GMO) corn from Ukraine. In other words, due to Russia-induced global food crisis, EU countries are forced to abandon high environmental and food standards they have achieved over the past decade (Kulynych 2023).

Notably, it was the G7 countries that responded quickly to the losses in the food security system. Already at the end of February 2022, the G7 and the EU introduced alternative export routes for Ukrainian agricultural products, known as "solidarity routes", as part of an economic support package for Ukraine. The package also included autonomous trade measures that abolished tariffs and quotas on Ukrainian agricultural imports to the EU. Grain, oilseeds and other goods were transported by land and river and crossed solidarity lanes on Ukraine's western border to neighbouring countries for further export to their final destinations.

In May 2022, the G7 and the World Bank launched the Global Alliance for Food Security aiming to assist countries in need to get food and other essentials, ease tariffs on agricultural products and provide financial support to vulnerable economies. These actions helped avoid the mistake made during the Covid-19 pandemic, when the inability to deliver promised vaccines beyond its major producers caused enormous frustration in developing countries.

Despite the ongoing hostilities, Ukraine is making a significant contribution to tackling the food crisis, and first results are already visible. Ukrainian food producers are resuming operations on the de-occupied territories and are building new facilities in western and central regions of the country. The G7 has recognised Ukraine's efforts in food security, including the use of maritime corridor and solidarity routes (G7 2024).

Although the industry faces challenges such as rising production costs due to logistical difficulties and increasing energy prices, some Ukrainian producers maintain production volumes, including in an effort to expand their presence in European and global markets, which, however, is hampered by numerous barriers.

In the past, the lion's share Ukraine's grain and food exports went through Black Sea ports, but they have become unsafe since the outbreak of hostilities. Although exports via the Black Sea partially resumed with the signing of the so-called "grain deal" in Istanbul, on 22 July 2022, this agreement was terminated in the summer of 2023 due to the ongoing war.

There are few alternative ways to supply grain and food to foreign markets. This was partly addressed by expanding exports to EU countries and transit to their seaports for further transfers to Africa and Asia. However, the "dissatisfaction" of farmers in some Central and Eastern European countries with Ukrainian supplies and the subsequent blocking of cross-border movement of

goods from Ukraine has prompted domestic exporters to look for new routes to international markets.

While the Ukrainian Armed Forces have partially unblocked the Black Sea, a positive shift for exporters may be due to the potential revival of logistics and transport using ports on the Black Sea's western coast and the Danube river infrastructure.

Ukraine has already established routes to Romanian ports that can be used to deliver goods to the EU. The largest alternative sea route for Ukrainian exports today goes through Constanta, Romania. Servicing Ukrainian cargo traffic helped this port achieve record-breaking results over the past two years and allowed Ukrainian farmers to deliver agricultural goods to German and Austrian cities by river. Further expansion of this route is expected, but it would require financial and logistical support.

Furthermore, Ukraine, with the G7 support, is working on implementing modern financial instruments to restore and support maritime transport. The Unity project, launched in January 2024, provides insurance for merchant ships in the Black Sea, making it one of the first major war risk insurance projects to be implemented in Ukraine. However, further steps are needed in insuring investments against financial losses. The World Bank's Multilateral Investment Guarantee Agency (MIGA) and the US International Development Finance Corporation (DFC) have started providing investment guarantees, but these are only sporadic projects so far (Yakovleva 2024).

The overall infrastructure expansion in Central and Eastern Europe, including Ukraine, could be another important step in this direction. The European Commission has connected Ukrainian logistics routes to four Trans-European Transport Network (TEN-T) routes. In particular, the North Baltic Corridor was extended to Ukraine, creating favourable conditions for further transport infrastructure development in the region. Of course, this expansion would require investment, which could be initiated by the G7 countries.

Preserving and increasing logistics services related to agricultural production and the food industry, especially in the face of the threats of a naval blockade, is crucial for global food security, where the role of the G7 can be decisive.

Expanding infrastructure in Ukraine also seems relevant, as the country has significant potential for the production and export of agricultural products that are in high and steady demand globally, and the country can quickly regain its important place in global food flows. Ukraine's agricultural sector is already showing good signs of resilience and recovery.

Thus, the US Department of Agriculture (USDA) has raised its forecast for global wheat exports in 2023/24 by 1.15 to 210.7 million tonnes. Although the wheat harvest in Ukraine is projected

to remain unchanged at 23.4 million tonnes, the exports estimate increased to 15 million tonnes (+1 million tonnes). This means that Ukraine will again account for about 11 per cent of global wheat exports, returning to the level of previous years. Moreover, almost all of the growth in global exports is driven by Ukraine's exports, and this is despite the country's ongoing struggle against the Russian aggressor.

Therefore, military and humanitarian aid, spearheaded by the G7 countries, will have even greater impact if it is seen by partners' governments and civil society institutions not only as a matter of international solidarity with Ukraine, but also as a task and a need of global food security. At the same time, supporting Ukraine today means strengthening food security in the present and in the future.

The role of the G7

Russia's aggression against Ukraine poses a significant contemporary threat to global food security and the overall order of civilisation. Therefore, all efforts of democratic countries aimed at stopping the aggression are at the same time effective steps to tackling the global food problem.

The G7 countries are already playing a crucial role in supporting Ukraine in its struggle for freedom and independence, thus contributing to food security and improving the global security as a whole. By strengthening their coordinated economic, military, and humanitarian measures, the G7 countries will not only demonstrate the effectiveness of democratic countries' partnership and hasten an end to the war, but also remove important threats in agricultural markets and highlight the ability of the world's leading countries to protect the social and economic needs of developing nations.

In recent decades, the developed countries have been criticised for ignoring the needs of the Global South and hindering its social and economic development. Addressing food security today provides an opportunity for the G7 and other leading countries to restore their leadership in building the civilised world.

However, without the G7's consistent support and adequate implementation of agreed practical measures to establish a food security system, there is a risk of further imbalance in global food and agricultural markets, leading to developing world's disappointment in the G7's ability to effectively address global issues.

The G7's effective initiatives in addressing food security issues become particularly relevant because existing international food security organisations, such as the UN's Food and Agriculture Organization (FAO), International Fund for Agricultural Development, and others have shown to be reactive and can only mitigate crises rather to prevent them or influence their sources

(Kulynych 2023).

Therefore, it is the G7 countries that should take the lead in developing institutional mechanisms and international legal regulations aimed at preventing the use of food as a tool for political and economic pressure, which will make a significant contribution to global food security.

Given the proximity of aggressive Russia to EU's borders, with Ukraine acting as Europe's eastern outpost, there is a need to strengthen Ukraine's security sector in all dimensions, including food and military. This can only be achieved if the G7 countries provide significant investment resources to create and strengthen a reliable security outpost in Europe.

Recommendations to the G7

- Strengthening Ukraine. Russia's ongoing war in Ukraine poses a threat to stability and peace in Europe, as well as to global food security. Russia's imperial ambitions are the source of aggression and the cause of military and humanitarian disasters. Therefore, one of the G7's key priorities is to strengthen Ukraine, support its accelerated European integration, and prevent Russia's military power from growing.
- Finding ways to prevent the weaponization of food. The G7 should step up the search for ways to create an institutional framework that reduces the possibility of using hunger or the threat of hunger as a weapon. Additionally, the G7 and the EU should work together to develop systemic solutions to ensure the unimpeded movement of food to and through the EU on legal grounds.
- Strengthening the EU's eastern borders. The war in Ukraine is not likely to end soon, so the G7 countries should focus on strengthening the eastern borders of the European community as the eastern outpost of the democratic world. Therefore, the G7's support should encompass a much broader area, with food security (and efforts to ensure the supply of Ukrainian agricultural products to foreign markets) being just one component of the overall EU security system.
- Renovating the cross-border infrastructure network. In practical terms, the main actions that need to be taken involve establishing a renewed cross-border transport and infrastructure network to enhance territorial and sectoral mobility aimed at protecting Central and Eastern Europe and Ukraine from Russian aggression, as well as preserving and improving logistics to facilitate safe and speedy transport of goods along the EU's eastern borders and the supply of Ukrainian products to foreign markets.
- Securing infrastructure networks. The G7, together with the EU, should initiate the expansion and better security of infrastructure networks in areas potentially close to the war zones, including Ukraine. Such networks will require significant investments, which will be more likely if investors receive clear instrumental signals of support from the G7, especially in terms of insurance against political and war risks for international businesses willing to

support Ukraine, which will also make a significant contribution to strengthening the food security system.

- Insuring cross-border investment. In particular, this includes: (1) Ukraine concluding investment insurance agreements (investment guarantees) in the largest donor countries (G7) for investments in cross-border transport infrastructure. The resources could include confiscated Russian assets in these countries or income from them. Therefore, the G7 countries should step up the elaboration of mechanisms for the use of frozen Russian assets or at least income from them. (2) Creating specialised funds based on G7 financial institutions to insure political and war risks for foreign investors. Such funds could also be used to support Ukrainian exporters.

Despite the challenges and contradictions, despite multiple scenarios of bankruptcy and collapse, Ukraine has proven its ability to consistently implement and adhere to civilisation principles, to join the global development process, to prioritise wellbeing and human rights, and to democratise society. Such dedication alone deserves the full support of the G7 countries.

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