ELENA DMITRIEVA, VALENTINA SCHENSONVICH. PROBLEMS OF GRAIN SUPPLY TO DEVELOPING COUNTRIES IN THE CONDITIONS OF SMO

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Abstract. In response to the SMO in Ukraine, the Western alliance led by the United States imposed economic sanctions against Russia, which led to the disruption of grain supplies, creating a threat to food security. Russia and Ukraine account for over a third of world grain exports and are key players in the global food system.

In February 2022, Russia launched a Special Military Operation (SMO) in Ukraine. In response, the West imposed large-scale economic sanctions against Russia, which led to a violation of grain supplies and created a threat to food security. Ukraine and Russia are among the key participants in the global food system, as together they provide more than a third of the world’s grain exports.

Under these conditions, Russian food exports faced refusals to insure and service ships in ports, and Rosselkhozbank, through which the payment of Russian agricultural products took place, was disconnected from the international system of interbank payments SWIFT. As a result, developing countries suffered from these actions. A food crisis broke out in the world, as a result of which Lebanon, Libya, Tunisia and Egypt suffered the greatest damage.

Egypt, along with Lebanon, imports 75 per cent of wheat from Russia and Ukraine. In the first months of the conflict, not a single ship with grain arrived from Ukraine, which forced the governments of dependent countries to resort to emergency measures. By early March 2022, Egyptian authorities had to
encourage farmers to sell more wheat to the state. They raised purchase prices, set quotas and threatened farmers with jail in case they failed. Moreover, the economic crisis in Egypt led to the repeated devaluation of the Egyptian pound.

In Tunisia, in the spring of 2022, on the eve of the Ramadan holiday, all shelves were emptied in supermarkets: flour, cereals, sugar and eggs were almost impossible to find. In addition, since December 2019, due to the lack of financial stability, the Tunisian government has been forced to pay cash for imports. Given the lack of funds and frozen imports from Ukraine, goods were kept in offshore pending payment.

In May 2022, UN Secretary General Antonio Guterres suggested easing restrictions on suppliers of Russian fertilizers in exchange for the passage of ships with grain from the ports of Ukraine. In turn, the Turkish authorities said they could provide security guarantees for the supply of Ukrainian grain by the Black Sea. On May 30, Russian President Vladimir Putin, in a telephone conversation with Turkish leader Recep Tayyip Erdogan, said that the Russian party was ready to export fertilizers and food, granting the lifting of sanctions from Moscow. On July 22, 2022, the signing of the so-called “grain deal” took place at the Dolmabahce Palace in Istanbul. It should be noted that under the terms of the agreement, it is planned to automatically extend the grain transaction when its term comes to an end.

Russia and Ukraine signed an agreement on grain exports separately: each of the countries signed a document with Turkey and the UN. At the same time, a Memorandum of Understanding was concluded in Istanbul between the Russian Federation and the UN secretariat on assistance to promote Russian food and fertilizers to world markets, according to which the UN was supposed to join in the work to remove restrictions that impede the export of Russian products and fertilizers. The term of the agreements was 3 years.

In August 2022, ships with grain finally left Ukraine in accordance with the agreement on a safe passage between Moscow and Kyiv, which was signed in July with the mediation of Turkey
and the UN. Thus, the first ship with the Ukrainian grain Razoni under the flag of Sierra Leone headed for Lebanon. However, the Lebanese buyer refused the cargo, alleging grain quality problems due to a five-month delay in shipment. As a result, the cargo was sold to Turkey.

By mid-November 2022, over 10 million tons of grain were exported from Ukraine along the sea grain corridor. According to the Russian Foreign Ministry, 51 per cent of supplies were for developed countries and only 3 per cent to those states that the UN calls “the poorest.”

The Russian authorities have repeatedly stated that some points of the deal were not complied, according to which grain should flow to the poorest countries. Promises to lift sanctions on Russian shipping engaged in grain and fertilizer exports have not been fulfilled. After the aggravation of the situation in October 2022 (it was a terrorist attack on the Crimean bridge, an impact with the ships and structures of the Russian Navy, which were involved in ensuring the safety of the grain corridor), Russia announced the suspension of its participation in the grain deal. However, having received written guarantees from the Ukrainian party that it would not use the Black Sea corridor for military purposes, Russia resumed the grain deal on November 2, 2022. In turn, Erdogan said that an agreement was also reached with the Russian Federation on the supply of grain to the poor countries of Africa, in particular to Djibouti and Sudan.

It should be noted that the countries of North Africa are the world's largest importers of wheat. Egypt, Algeria, Tunisia and Libya grow less than half the amount of cereal consumed and import about half of their food needs. About a fourth of the population of these countries faces food shortages.

Thus, despite the obstacles created by the United States and the European Union, the supply of Russian grain was not interrupted to the countries of the Middle East and North Africa, and recently is even growing.
One of the buyers of our grain and petroleum products is Lebanon. In the near future, Lebanon is waiting for the supply of 25 thousand tons of wheat and 10 thousand tons of fuel from Russia. In March 2023, Lebanese Ambassador to the Russian Federation Shauki Bu Nassar said that Moscow is working on logistics to transport grain and fuel to the port of Beirut. Lebanon has been struggling with a deep financial and economic crisis for more than three years, where up to 70 per cent of the population is below the poverty line. As for the countries of Africa, instead of the countries of Africa, Ukrainian wheat got, for example, to Spain to feed cattle. The bulk of the Ukrainian grain sent through Turkey did not go to poor countries of Asia or Africa, as originally planned, but to Spain, which offered a higher price for wheat. The fact is that Spain is one of the largest pork producers in the world, and 2.9 million tons of wheat and corn from Ukraine as a result were to feed cattle.

In due time, the slogan “Without wheat from the granary of Europe – Ukraine – the poorest countries in Asia and Africa face endemic hunger” was the EU’s main argument in negotiations with Russia when it came to exporting millions of tons of Ukrainian wheat through Turkey. Russian President V.V. Putin agreed to this project. When the first ships unmoored of the coast of Ukraine, this event was celebrated all over the world. But instead of the poorest countries, Spain became the main buyer of grain, although the Spaniards produce enough grain for their own needs. And in the countries of the third world (Ethiopia and Sudan) only about 15 per cent of Ukrainian export grain were received.

Russia has been the world leader in wheat exports for six years. More than 120 million tons of grain are harvested from the fields annually, two-thirds of which are wheat. At the end of 2022, about 150 million tons of grain were harvested in the Russian agricultural sector. Thus, the harvest of 2022 turned out to be the largest in the history of the Russian Federation. Internal needs for cereals have already been provided, and the crop that has exceeded all expectations allows us to increase supplies abroad.
Russia has been leading in wheat exports since 2016; 138 countries of the world buy Russian grain. Cereals account for 33 per cent of all Russian food exports. Wheat from Russia accounts for 20 per cent of global exports and 78 per cent of Russian grain exports. Next come Canada and the United States (17 per cent each) and Ukraine and France (12 per cent of the market each) close the list of the largest exporters. Wheat is imported mainly by countries in Africa and the Middle East, as well as Southeast Asia and Latin America with arid climatic conditions. In 2022, Russia exported about 30 million tons of grain to these regions.

According to the logistics company Logistic OS, in the first two months of 2023, Russian wheat exports almost doubled. The Bloomberg news agency admitted that importers of Russian grain have adapted to sanctions and are ready to increase purchases.

The grain deal was scheduled to end on March 18, 2023, but the Russian President extended the deal for two months until May 18 and then for another 60 days until mid-July. By July 17, 2023, no requirements of the Russian Federation within the framework of the grain transaction were fulfilled and the Russian Foreign Ministry said that the transaction was suspended from July 18, 2023 until these requirements were fulfilled. The Russian Foreign Ministry drew attention to the fact that Moscow will be ready to consider the restoration of the grain deal only if specific results are obtained, and not assurances.

The demand for Russian grain is now high. As a result, in January-February 2023, marine wheat exports increased by almost 90 per cent compared to the same period in 2022. Food did not fall under sanctions, but the restrictions imposed on Russian state-owned companies and banks significantly hampered grain trade. Hundreds of thousands of tons of Russian fertilizers have not yet been exported by sea from Europe, but Russian exporters supply huge quantities of wheat abroad.

As we have already noted, the main importers of Russian grain are the countries of the Middle East, primarily Turkey and
Egypt. At least a million tons were exported by Iran, Saudi Arabia, Pakistan, Bangladesh, Algeria, Libya, Sudan.

Exports of Ukrainian grain, unlike Russian, decreased over the year. In Kyiv, they blame the decline in exports on the slow work of Russian inspectors checking, according to the terms of the agreement, ships with grain. In total, the export of Ukrainian grain (including transportation by road and rail) was almost 25 per cent lower than expected during the specified period.

It should be noted that 50 countries of the world, including the least developed countries, are 30 per cent or more dependent on Russia and Ukraine for wheat supplies.

In the context of increasing rates of climate change and the number of extreme weather events (droughts, floods), crops are destroyed and become less productive, and livestock are reduced. Due to global warming from 2000 to 2019, the number of droughts increased by 29 per cent and continues to grow rapidly. Although droughts account for only 15 per cent of all natural disasters, they account for 45 per cent of deaths associated with natural disasters. In 2022, up to 323 million people suffered from acute food shortages. Currently, more than 2.3 billion people around the world are affected by an arid climate.

If the Ukrainian government continues to pursue destructive policies, the problem of grain supplies to developing countries will worsen. The negotiations that are being held on the grain deal are crucial for solving the problem of grain supplies, since the Russian party has repeatedly pointed out that the provisions of the deal that relate to the export of Russian food and fertilizers to world markets are not being implemented.

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SWETLANA POGORELSKAYA. MOSLEMS IN GERMANY: IS RADICALIZATION POSSIBLE?

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