Food and Agriculture Organization of the United Nations

WFP World Food Programme

Possible Impacts of Conflict between Russian Federation and Ukraine on Food and Agricultural Markets in Pakistan

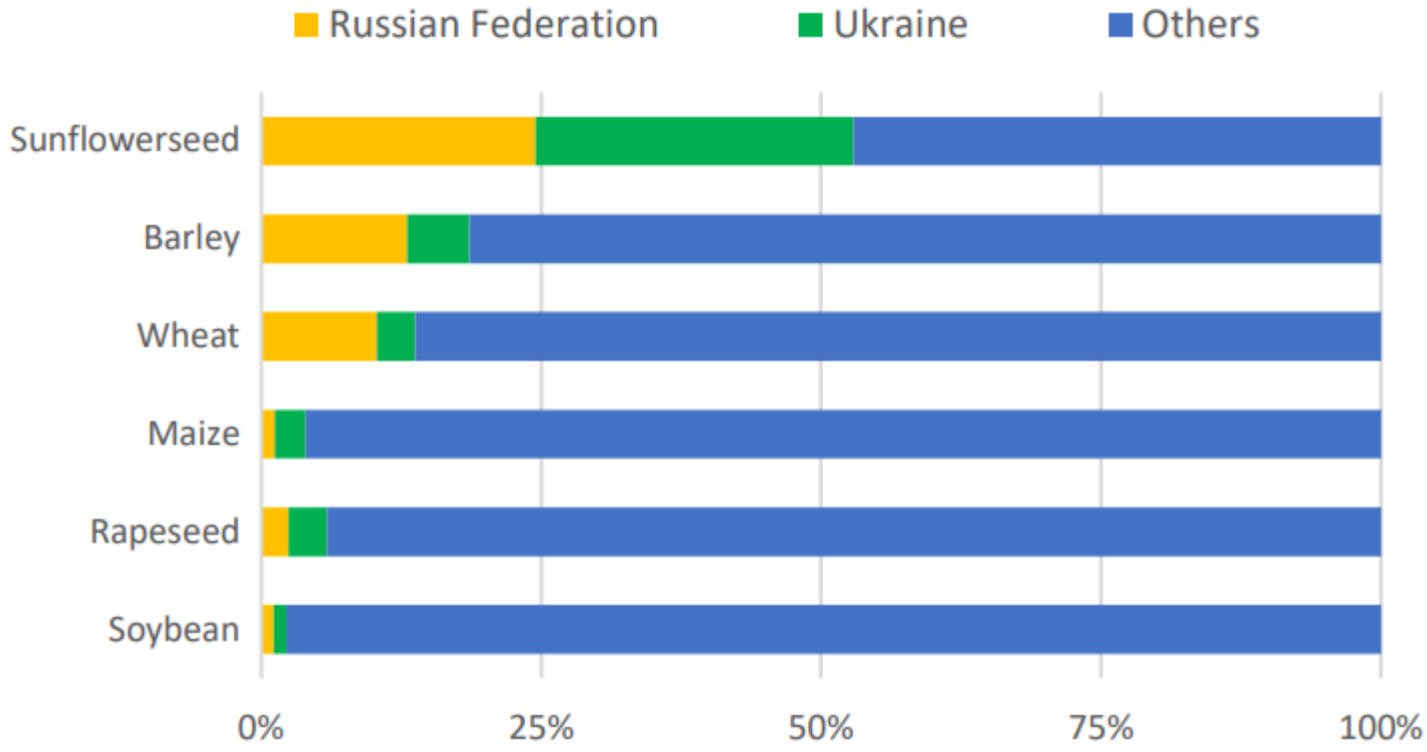
Food Security and Agriculture Working Group (FSAWG) Meeting
April 12, 2022

Share of Russian Federation and Ukraine in Global Production of Selected Crops

The Russian Federation and Ukraine produce:

- More than half of world's Sunflower seed
- 19% Barley
- 14% Wheat
- 4% Maize
- 6% Rapeseed
- 2 % Soybeans

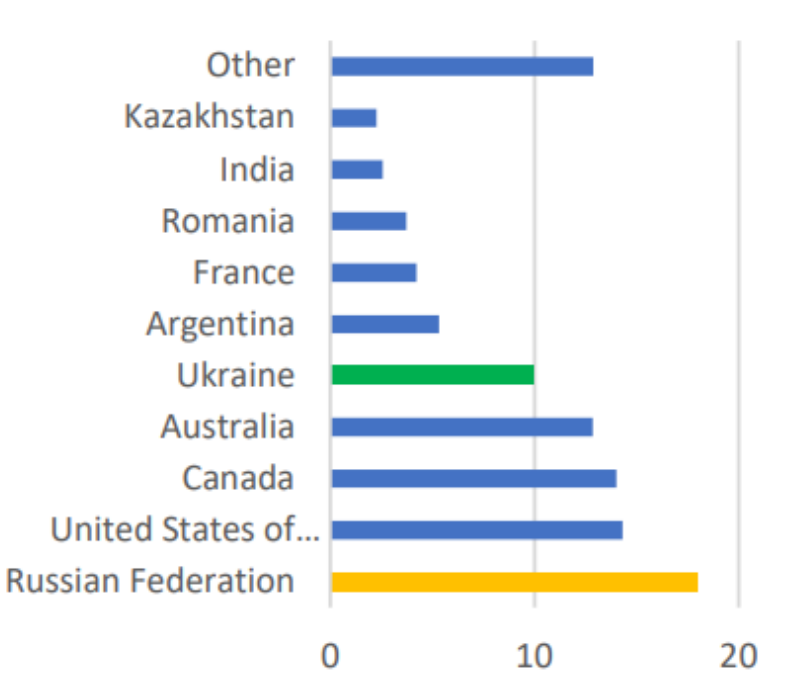
Share in Production of Selected Crops
(2016/17-2020-21 Average)



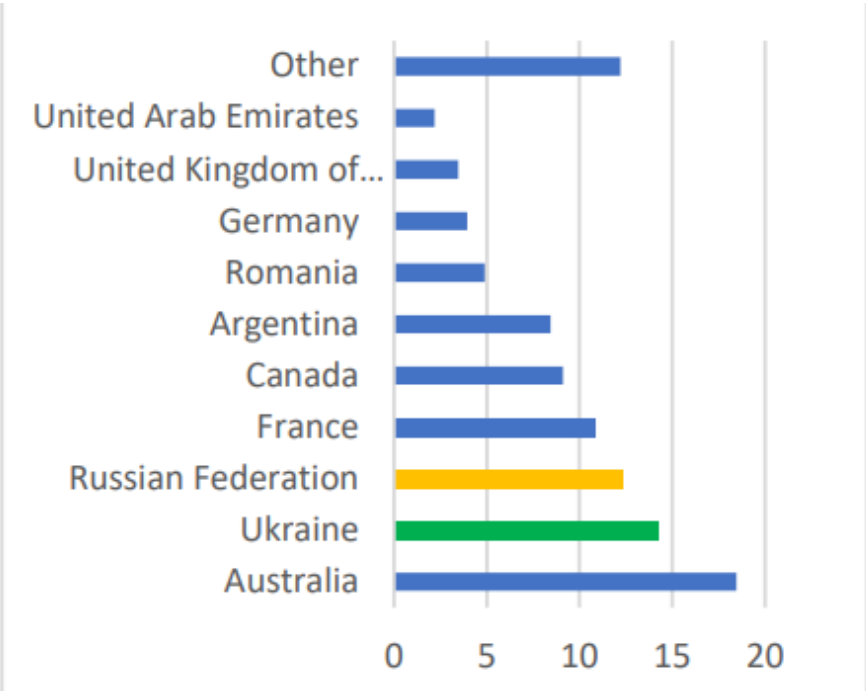
Source: FAO XCBS System

Share in Global Exports-I

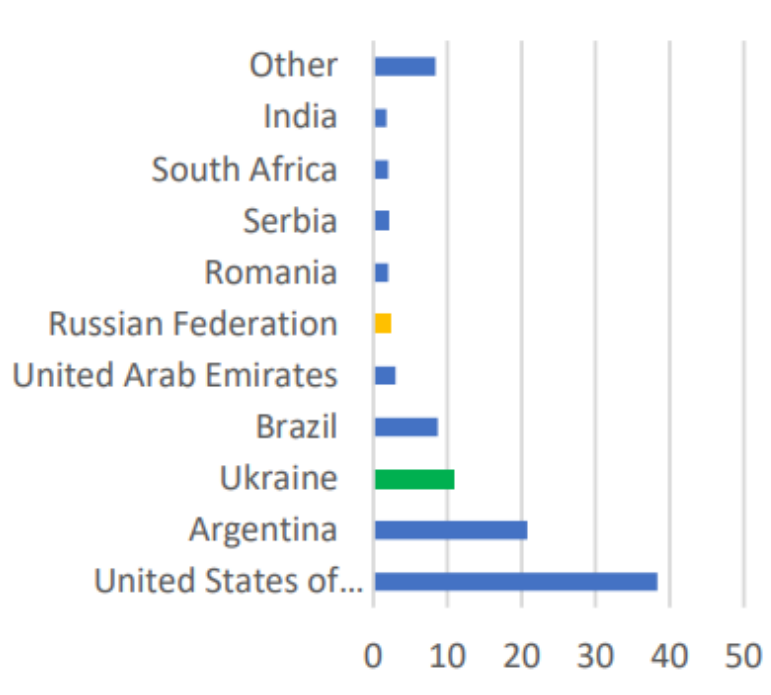
Share in Global Exports in 2021 (%)



Wheat



Barley

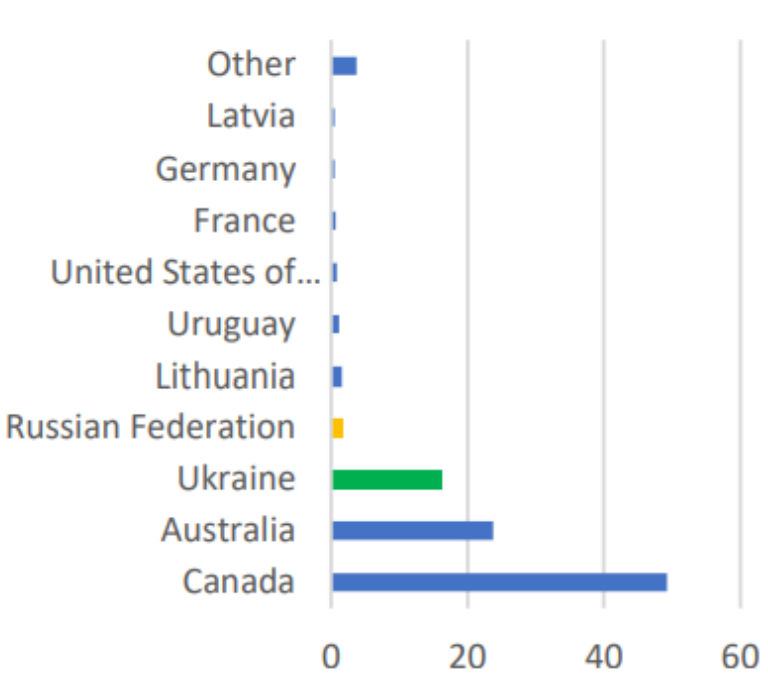


Maize

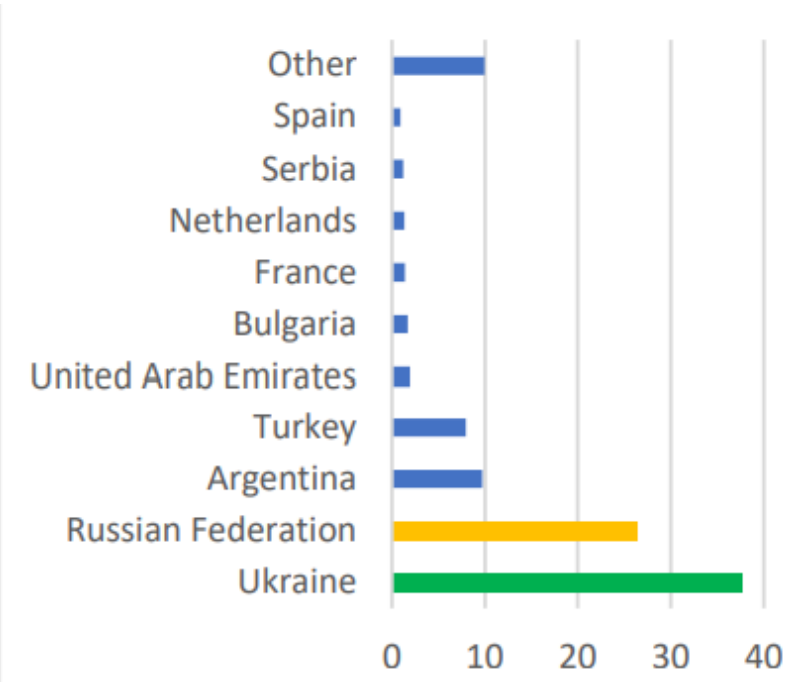
Source: Trade Data Monitor, FAO

Share in Global Exports-II

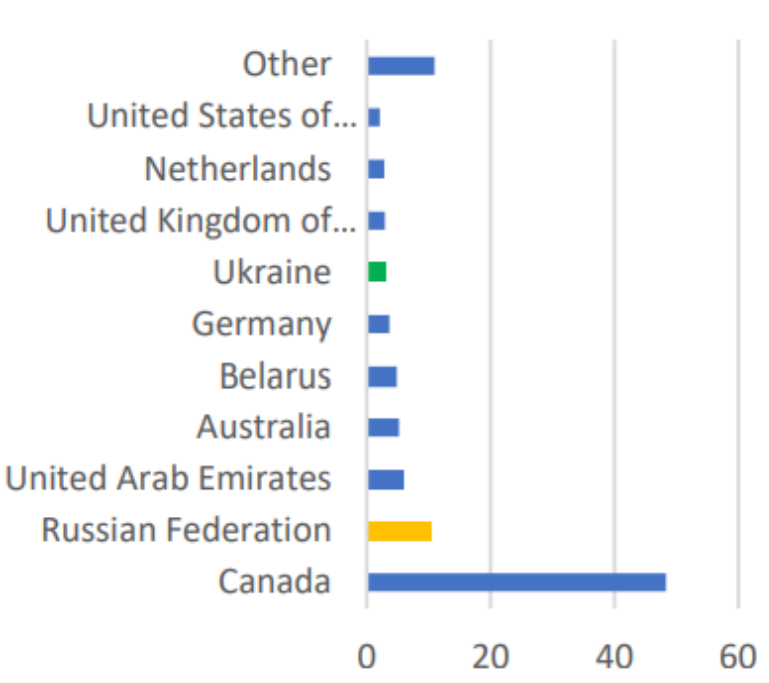
Share in Global Exports in 2021 (%)



Rapeseeds



Sunflower Seeds Oil

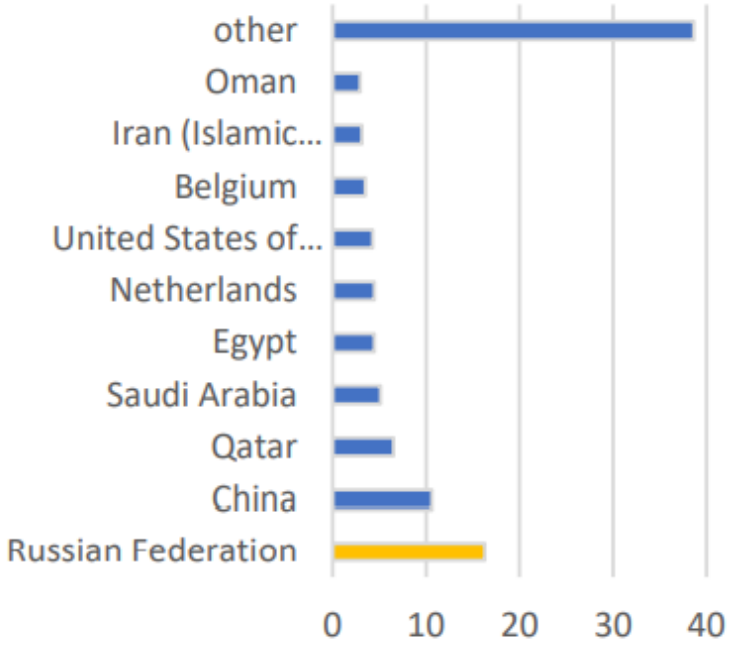


Rapeseeds Oil

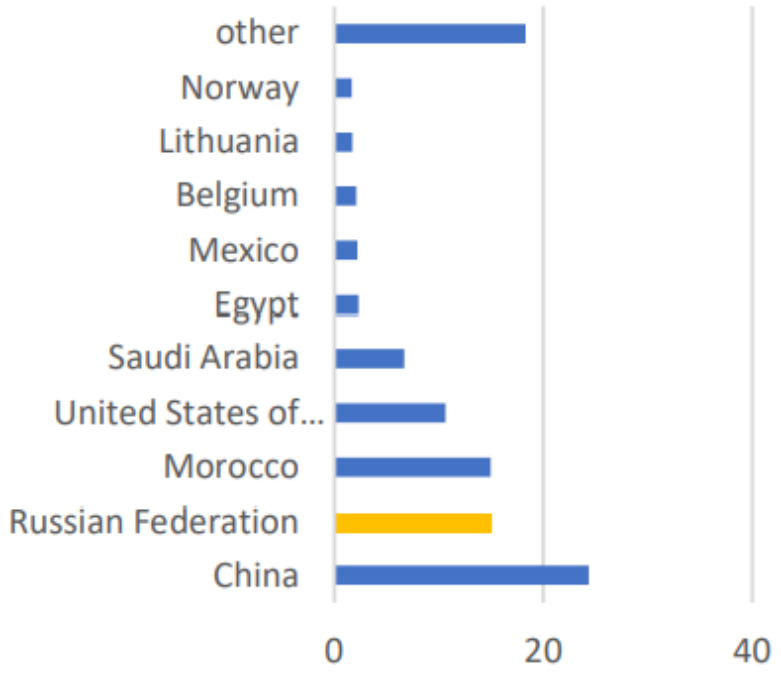
Source: Trade Data Monitor, FAO

Share in Global Exports-III

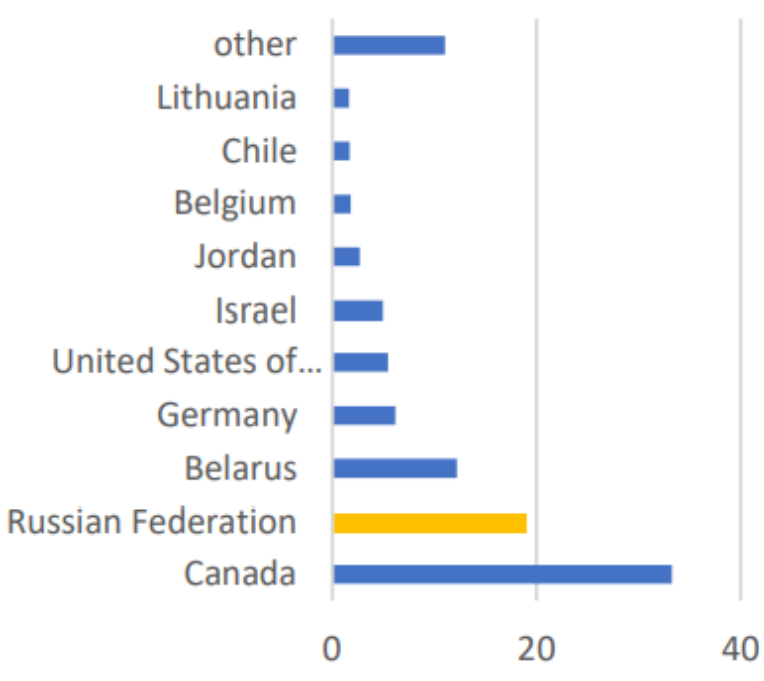
Share in Global Exports in 2021 (%)



Nitrogen Fertilizers



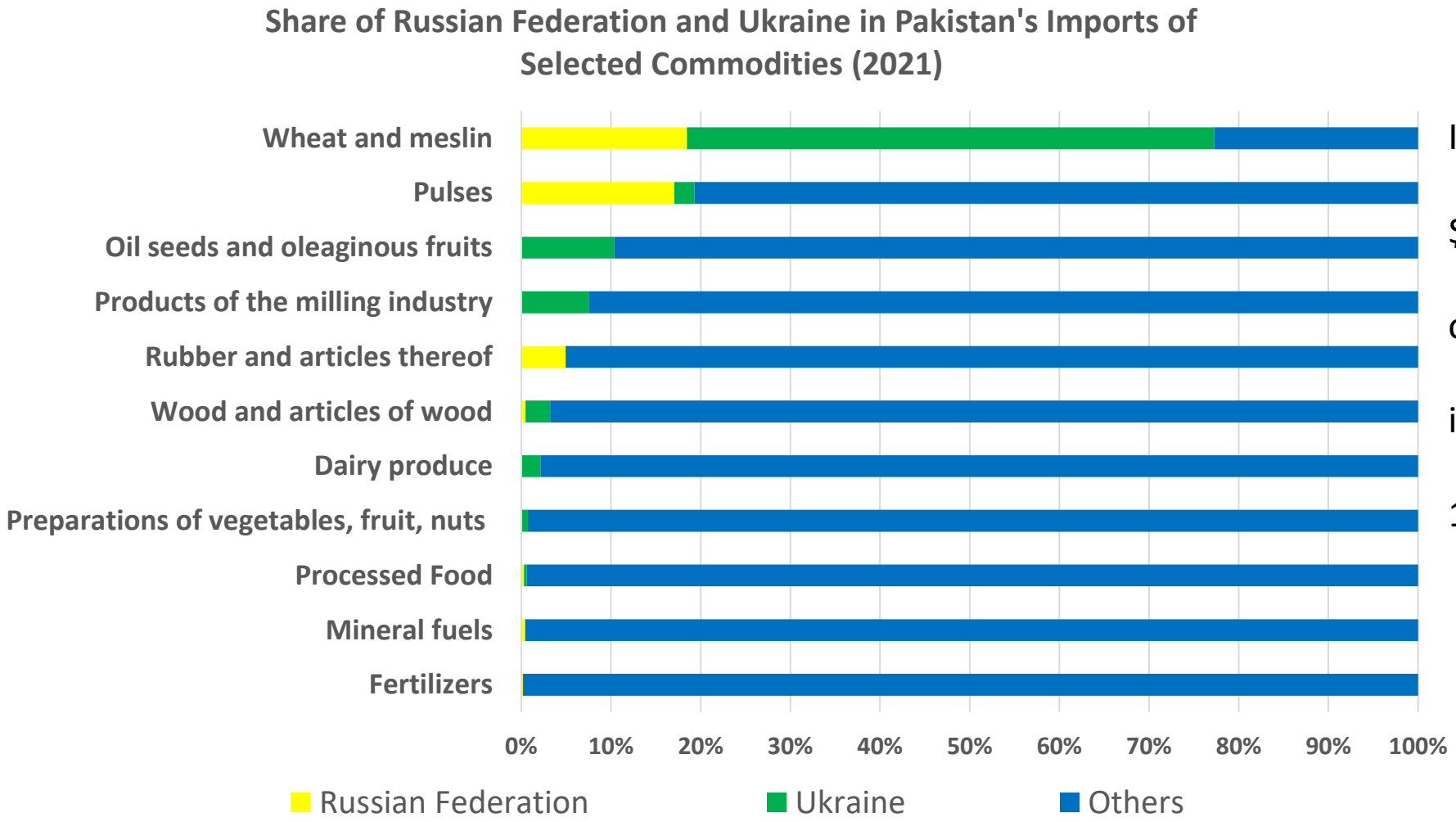
Phosphorus Fertilizers



Potassium Fertilizers

Source: Trade Data Monitor, FAO

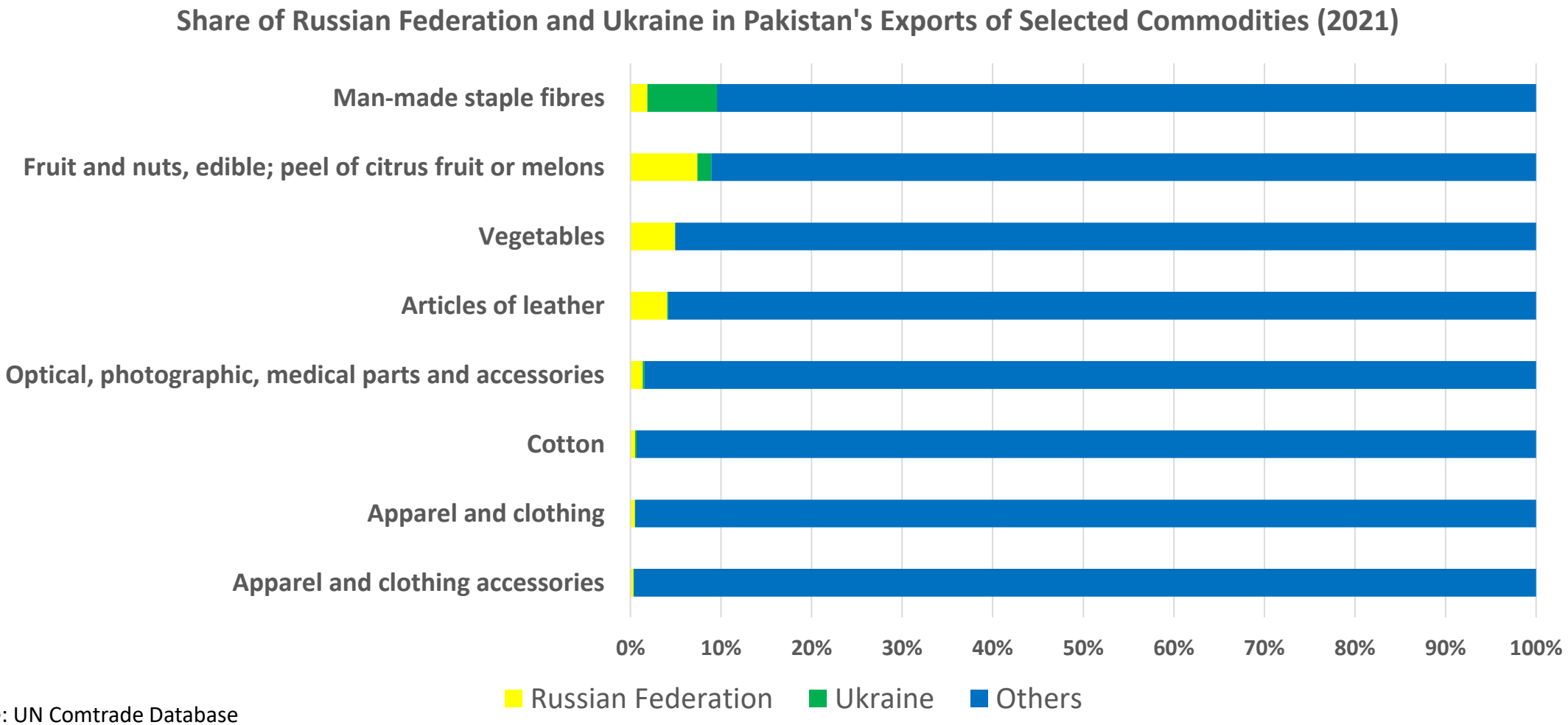
Pakistan's Imports-2021



In 2021, Pakistan imported $813 million worth of wheat, out of which 58.8% was imported from Ukraine and 18.5 % from Russia

Source: UN Comtrade Database

Pakistan's Exports-2021



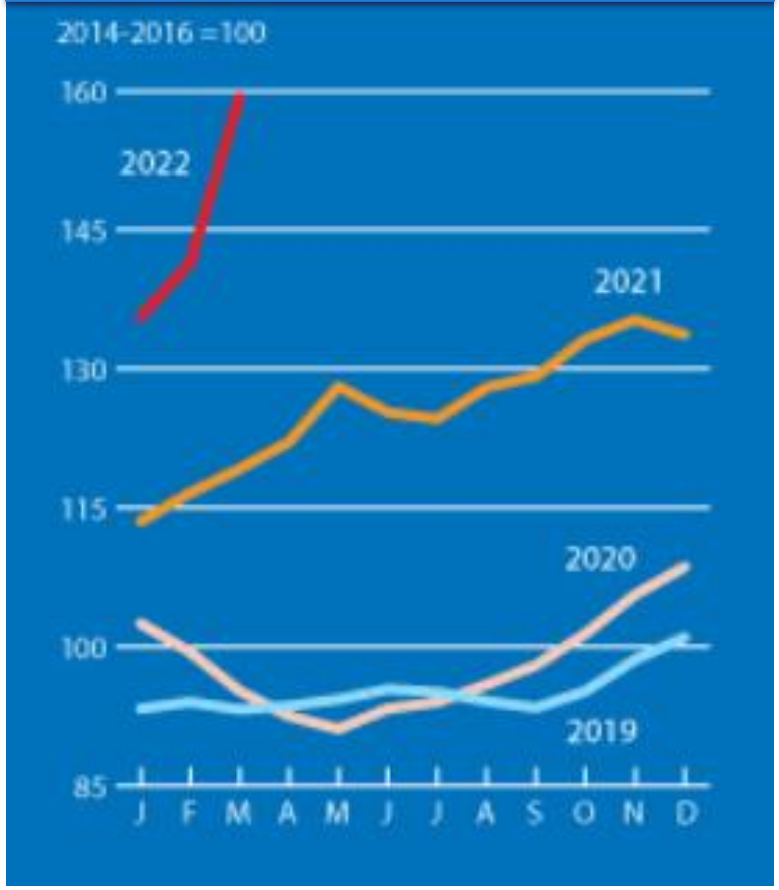
Source: UN Comtrade Database

Risks to Pakistan's Food and Agriculture Markets

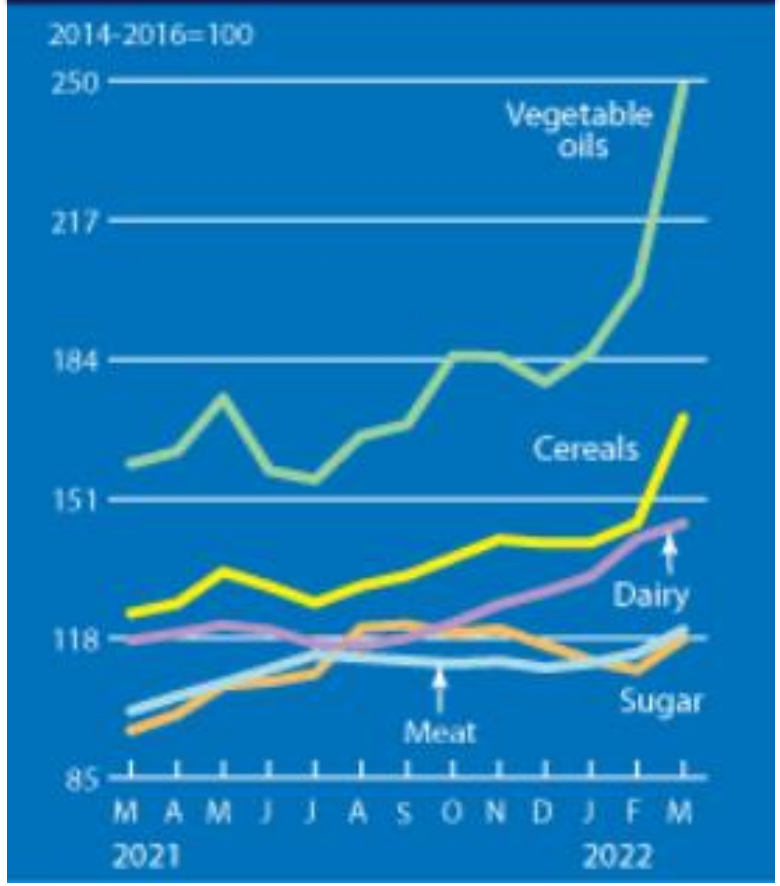
- Trade Risks
- Price Risks
  - Wheat
  - Pulses
  - Cooking Oil
  - Fertilizer
  - Fossil Fuels
- Logistical Risks
- Energy Risks
- Production Risks
- Exchange rate Risks

International Price Risks-I

FAO Food Price Index



FAO Commodity Price Indices



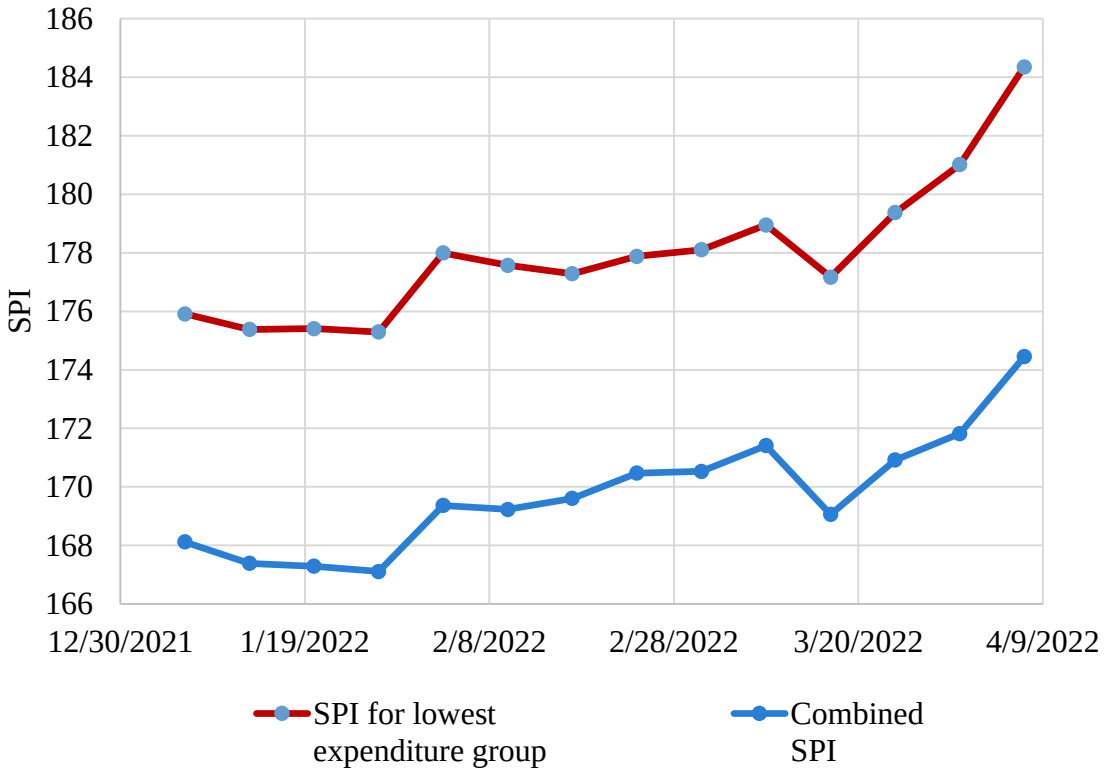
Source: FAO World Food Situation

Price Risks-Wheat

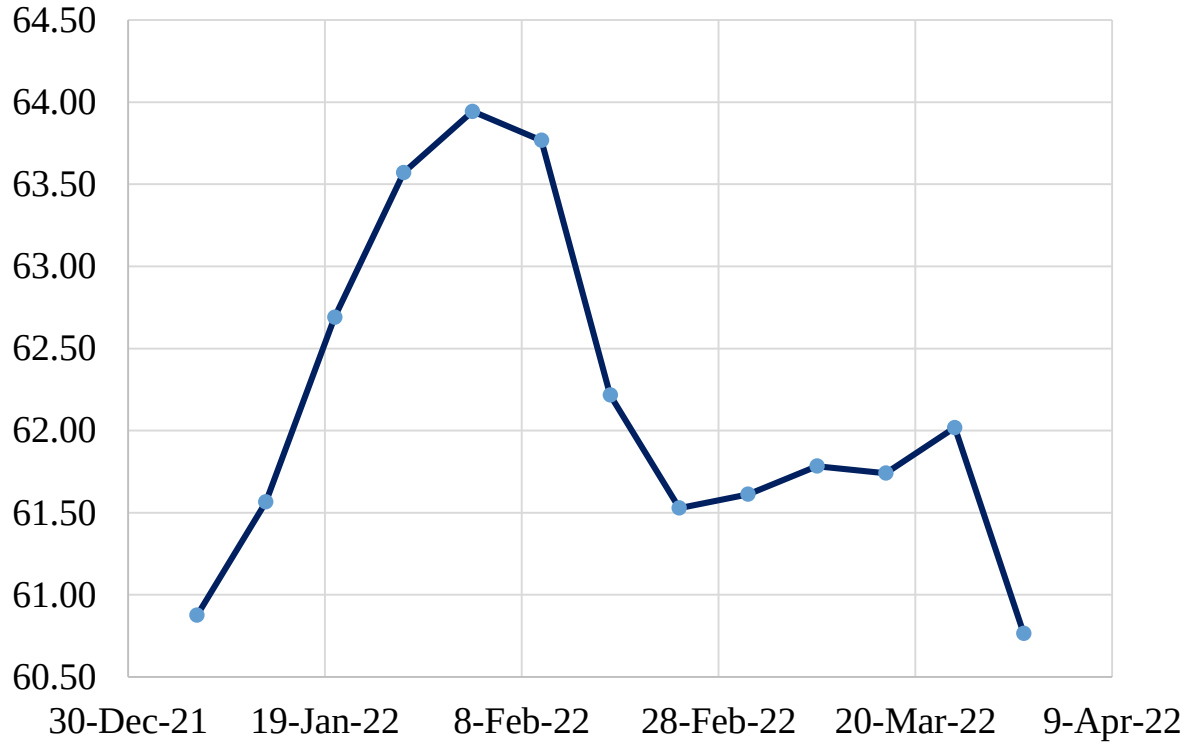
- Second largest share of monthly food consumption expenditure (11.2%)
- Pakistan's wheat production forecast for 2021-22 is 26.8 MMT against the target of 28.90 million metric tons (MMT) and the government plans to import 3 MMT
- Afghanistan may need to import over 3.4 MMT and about 2 MMT of wheat may be provided by Pakistan through private channels
- International Price Increase ⟹ Larger import bill ⟹ Impact on domestic price & affordability

Domestic Price Risks-II

Trend in Weekly Sensitive Price Indicator (SPI) of Pakistan

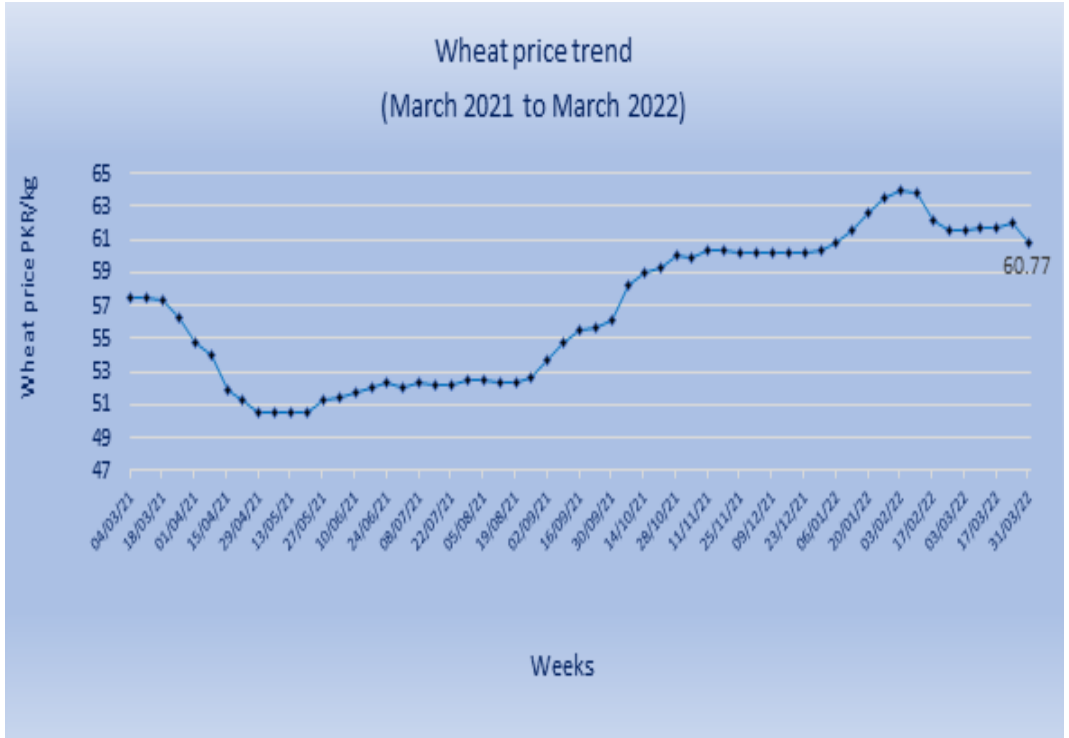


Trend in Weekly Price of Wheat in Pakistan

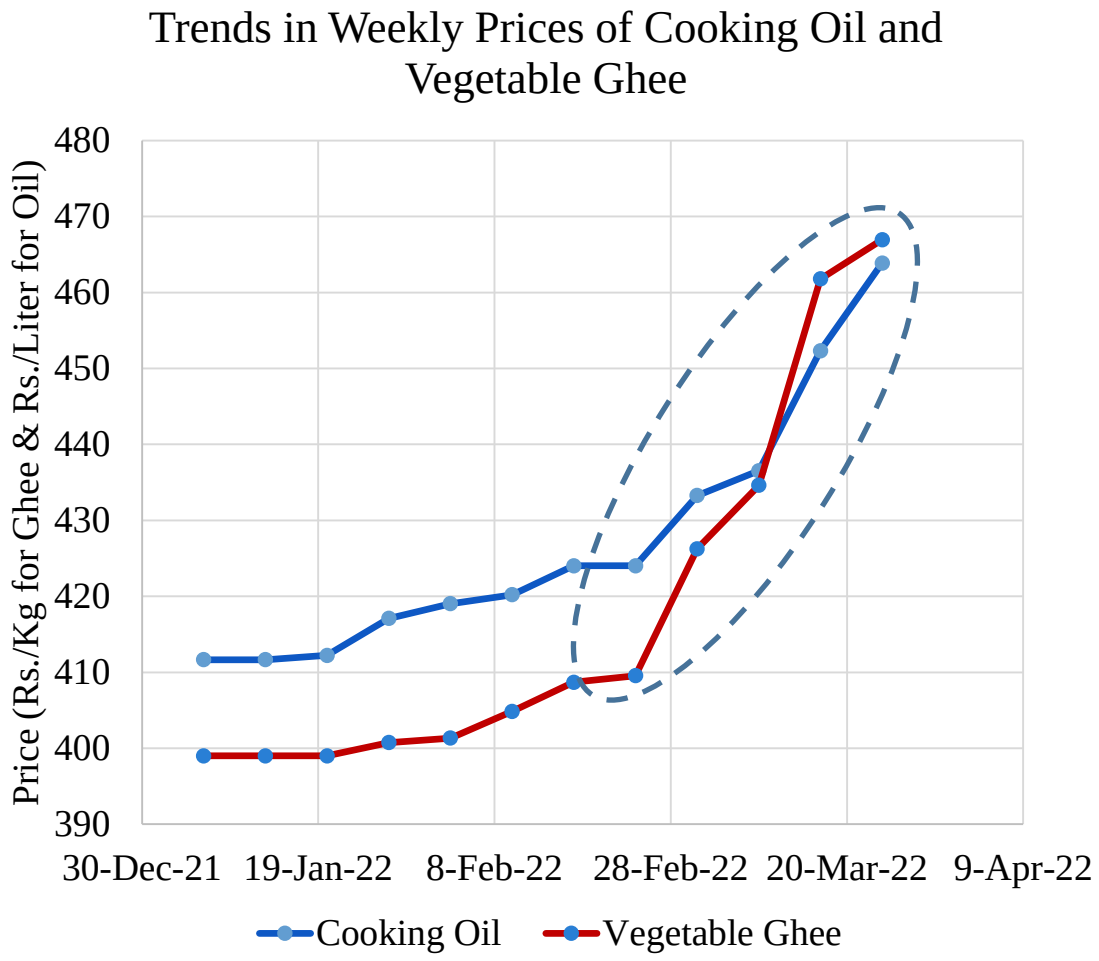


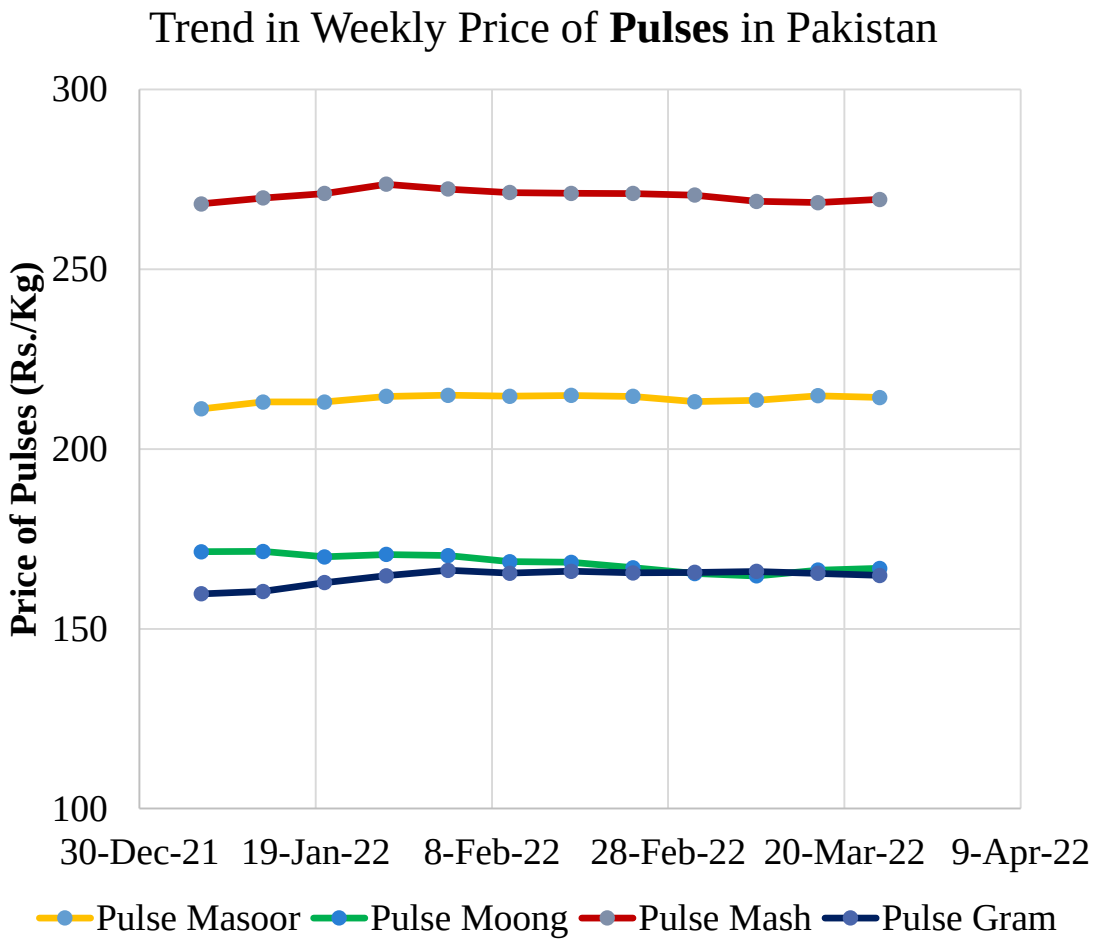
Source: Pakistan Bureau of Statistics, FAO

Domestic Price Risks-III



Domestic Price Risks-IV

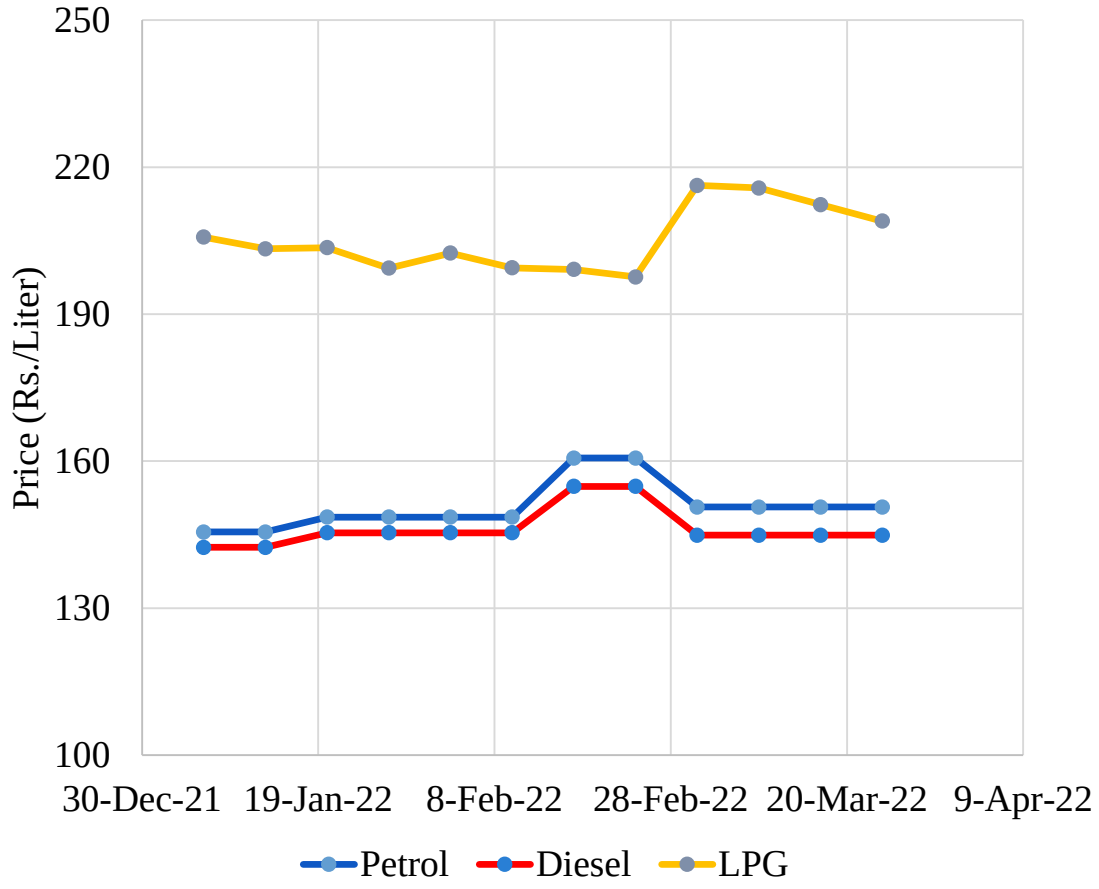




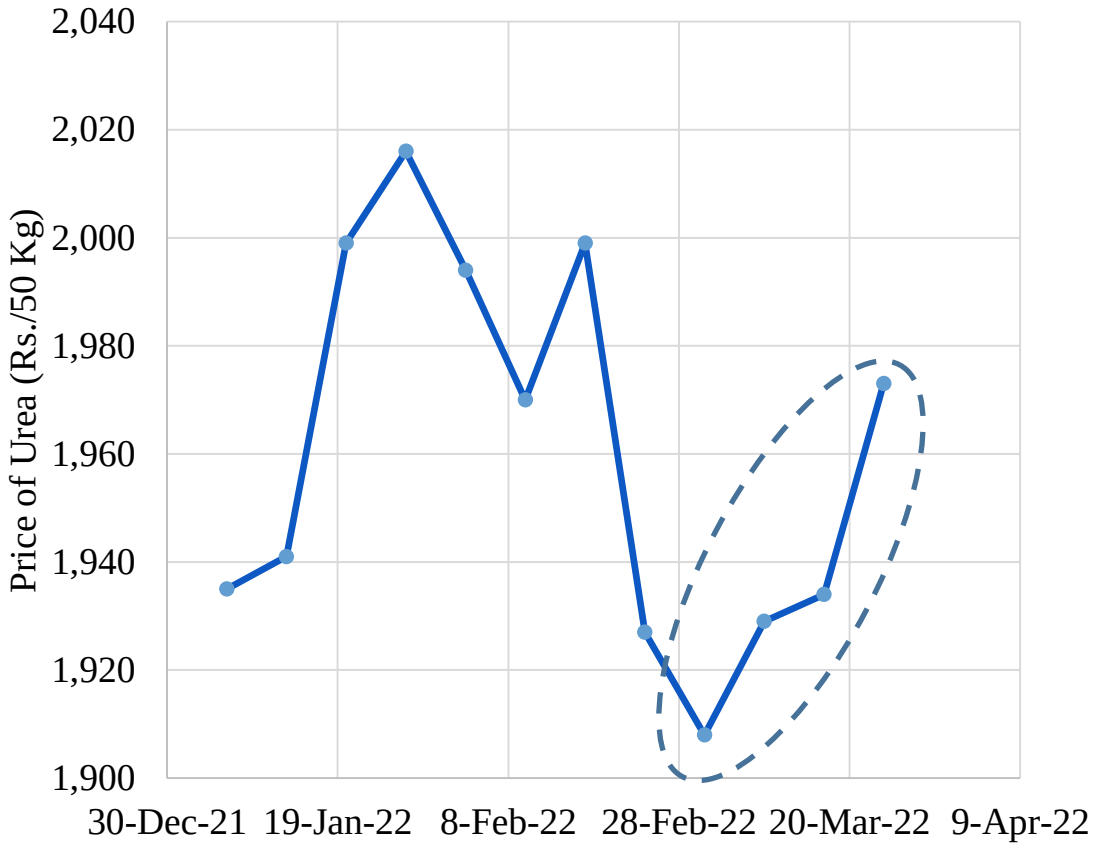
Source: Pakistan Bureau of Statistics

Domestic Price Risks-V

Trend in Weekly Prices of Fossil Fuels in Pakistan



Trend in Weekly Price of Urea Fertilizer in Pakistan



Source: Pakistan Bureau of Statistics

Trade Risks

- Port closures
- Suspension of oilseeds crushing operations in Ukraine
- Ukrainian farmers' ability to sow/harvest crops
- Economic sanctions on Russia
- Pakistan may look for alternate origins for imports

Logistical Risks

- Damaged transport infrastructure in Ukraine
- Losses to storage facilities
- Losses to processing facilities
- Spike in insurance premium on vessels in the Black Sea region
- Rise in Maritime transportation costs

Energy Risks

- Following the news of the conflict, prices surged by USD 8/bbl (from USD 97 to 105/bbl)
- Agriculture relies on energy:
  - Directly through fuel and electricity use in farm operations
  - Indirectly through the use of agrochemicals
- Higher production costs leading to expensive food

Production Risks

- Rise in the price of inputs leading to their reduced use
- Reduced use of inputs affects yields
- Low yields affecting farmer's income
- Lower income adversely affect production decisions

Exchange Rate Risks

- Pakistan rupee has depreciated from PKR157/USD in June 2021 to PKR184/USD in March 2022
- Pakistan's total imports increased from $34.8 billion in 2019-20 to $39.5 billion in 2020-21 (↑13.6%).
- During the same period, **food imports** increased from $3.9 billion to $6.1 billion (↑ 54.5%).

International Price Increase ⟹ Larger import bill ⟹ Impact on domestic price & affordability

Source: Economic Survey of Pakistan (2020-21)

Implications

- The conflict between the Russian Federation and Ukraine is likely to create a considerable shortfall in global supply of grains, oilseeds, and vegetable oils.
- The capacity of alternative origins to boost their supply is likely to be limited.
- The supply gap may push the food and feed prices up by 8 to 22 percent globally (FAO scenarios).
- **Rise in global prices will ultimately affect local food prices and access to food especially for the low income groups (particularly urban poor).**
- **Severe implications for the poor population who spend a significant portion of their incomes on food.** In **Pakistan 15% of people cannot access basic food needs and 67% of people cannot access a healthy diet and are in need of greater affordability.**
- **As per latest IPC acute food insecurity analysis conducted in October 2021, around 4.69 million people are estimated to be food insecure (in IPC Phase 3 and 4) during April-June 2022.**
- **Though impact of rising food prices was considered in the IPC analysis. However, additional rise in food prices may push more people into food insecurity.**

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Thank You

http://www.fao.org/pakistan

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Price Risks-Monthly Household Food Expenditure

Item	Share (%)
Wheat & Wheat Flour	11.2
Rice & Rice Flour	3.89
Pulses ,Split & Whole	1.97
Bread and Other Cereals	2.15
Vegetable Ghee	4.59
Tea(black & green)	2.81
Milk, Fresh & Boiled	22.81
Milk Tetra Pack	0.94
Mutton	2.2
Beef	3.15
Chicken	3.58
Fish	0.69
Fruits(fresh & dried)	4.79
Vegetables	8.66
Salt	0.16
Spices	1.79
Sugar Mill/Desi	3.31
Gur & Shakkar	0.24
Mineral Water Soft Drinks Fruits and Vegetable Juice	1.71
Hotel and Restaurants	6.15

Source: Household Integrated Economic Survey 2018-19

Assessed Control of Terrain in Ukraine and Main Russian Maneuver Axes as of April 11, 2022, 3:00 PM ET
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Belarus
Russia
Supporting effort 3 - Kyiv and northeast Ukraine
Chernihiv
Sumy
Supporting effort 1 - Kharkiv and Izyum
Poland
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Vinnytsia
Ukraine
Dnipro
Luhansk
Main effort - Eastern Ukraine
Donetsk
Zaporizhia
Mykolaiv
Kherson
Mariupol
Odesa
Romania
Supporting effort 2 - Southern Axis
Significant Fighting in the Past 24 Hours
Russian-controlled Ukrainian Territory before February 24
Assessed Russian Advances in Ukraine*
Assessed Russian-controlled Ukrainian Territory
Claimed Russian Control over Ukrainian Territory
Claimed Ukrainian Counteroffensives
0
225
450
900 Kilometers
Map by George Barros, Kateryna Stepanenko, and Thomas Bergeron
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