TRANSCRIPT

Online Event

“Agriculture and Food Security: Casualties of the War in Ukraine”

DATE
Wednesday, March 16, 2022 at 3:30 p.m. ET

FEATURING
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Hello and welcome to CSIS. I’m Caitlin Welsh, director of the CSIS Global Food Security Program.

Today’s event concerns the effects of Russia’s war in Ukraine on agriculture and food security around the world, and it’s difficult to overstate the magnitude of our concerns. Ukraine and Russia are both global agricultural powerhouses, accounting for a significant amount of the world’s exports of wheat, maize, oilseeds, and fertilizers. Russia’s war in Ukraine is affecting all aspects of agriculture in Ukraine and it’s slowing exports from Russia.

Around the world, 26 countries sourced at least half of their wheat imports from Russia and Ukraine. And low supplies and high prices will hit these countries first, many of which are already food insecure. When it comes to maize, oilseed, and fertilizer, low supplies and high prices will have spillover effects, pushing up the prices of other commodities.

And the timing of these disruptions couldn’t be worse. The FAO recently announced – the U.N. FAO recently announced that in February the Global Food Price Index had reached an all-time high following steady increases for about the past year. And the U.N. has also estimated that the number of people experiencing food insecurity around the world could be at a 15-year high because of the effects of COVID on top of the impacts of climate change and other – (audio break) – impacts of Russia’s war in Ukraine on global food security.

These are very initial estimates subject to revision, but what they said was when it comes to wheat prices, in its moderate scenario the FAO estimated that wheat prices could increase by almost 9 percent, in its severe scenario by perhaps over 21 percent in the short term. And when it comes to undernourishment, these scenarios indicate that the additional increase in the number of undernourished people around the world could range from just over 7 ½ million to potentially over 13 million people in the next several years. In sum, Russia’s war on Ukraine is threatening food security for millions of people around the world.

I am extraordinarily pleased to have gathered what I consider to be the best possible panel to discuss this topic. We have the deputy director-general of the U.N. Food and Agriculture Organization, Beth Bechdol, who’s based in Rome but joining us in studio today; Taras Dozba, deputy minister for digital development, digital transformation, and digitalization in Ukraine’s Ministry for Agrarian Policy and Food, joining us remotely from Kyiv; and Joe Glauber, senior fellow at IFPRI, the International Food Policy Research Institute, and a former U.S. – former chief economist of the U.S. Department of Agriculture. Thank you each for joining us for today’s incredibly important and incredibly timely conversation.
I’d like first to turn to Beth Bechdol, deputy director-general of the U.N. Food and Agriculture Organization, to talk about the risks to global food security as the – from this war in Ukraine as the U.N. FAO conceives them. So, Beth, over to you.

Beth Bechdol: Thank you so much, Caitlin, for inviting me to be a part of this and for organizing such an important discussion at such a critical time for all of us around the world.

And Deputy Minister Dozba, it is so inspiring to have you here with us in such a critical time that you personally and all of the Ukrainians are facing today. Taking the time to impart this very, I think, important message about the direct impacts that you are seeing on your own country’s agricultural production sector is just so important to all of us.

It’s also an incredibly important day. I cannot underscore the fact that so many of us got to hear President Zelensky’s direct message to U.S. congressional members today – again, another very powerful message.

All of this discussion comes, as Caitlin mentioned, at a critical time for global food and agricultural systems. I question whether or not we may truly be at what's sometimes called a tipping point or an inflection point as we think about long-term stability of the entire global food and agricultural and trade markets. We are coming in the midst with this current crisis into a period of time where we are already dealing with the effects of climate change. We are still navigating collectively as a global society the ramifications of the COVID-19 pandemic. And we are also, as Caitlin mentioned and I know Joe will talk about more, navigating some of the most treacherous economic situations that we see with food-price inflation and other challenging trade dynamics in the global system. Simply put, production, supply chain, and logistical disruptions taking place in this very Black Sea region are, indeed, already reverberating throughout the world and I fear have potentially grave repercussions on global food security.

So I know we will talk a bit more about the facts as we know them, but I would like to cover just a few of the risks to not only this current region but also the global system as we see them.

First, trade risks. This is, I think, one of the most obvious. And as we are seeing already with the sudden and steep reduction in shipments between the two countries – by the two countries, other wheat-importing countries will certainly need to find alternative sources, pay higher prices, or worst of all face shortages of supply. The invasion has already closed ports and other important trade facilities such as oilseed processing facilities and other critical infrastructure.
There is also price risk. Caitlin has already mentioned the situation that we find ourselves in globally, with the Food Price Index that our organization publishes already reaching a record high for February of 2022. Very importantly to note, that index report only included two days that were connected to the conflict in the region, which means that as we begin to think about the impacts that will come for March they will clearly see another upward trend and another record being set.

Logistics and logistical risk is next. This is, I think, also one of the most obvious, but also worth a moment to consider. This includes the damage being done to roads, to seaports, to storage and processing facilities. All of these are already damaged and being severely impacted.

Production risk. This concerns us gravely as we think about the livelihoods of the farmers in Ukraine, their families, and their rural communities. Already, we are watching very closely the status of crops currently in the ground and very much focused on whether or not all of us together will be able to assist Ukrainian farmers in ensuring that next – or, next seasonal crops are able to be planted as well. We are concerned that there will be field damage, other logistical issues, and it’s clear that there is also going to be impacts on labor that will also be a continued challenge for this space.

Energy risks. Agriculture is wholly dependent on energy for fuel, electricity, fertilizers, pesticides, lubricants, and many other products. And obviously, the key reliance that not only this region but also the entire world has on Russia as being a major supplier of fertilizer and other energy-oriented inputs puts an additional layer of risk.

Exchange rates, debt, and economic growth risks. Clearly, we’re already seeing a significant depreciation of currencies, which will negatively affect investments. Remittances are also demonstrating a decrease in terms of their levels. And we know that agriculture is the backbone of so many other developing countries around the world, many of whom rely on the U.S. dollar for borrowing, and this lasting appreciation of the U.S. dollar against these other currencies will have negative significant consequences for these other economies around the world.

And finally – and I think what is most important – is the humanitarian risk, the people-centered risk: the lives and the livelihoods of those in Ukraine that need our full support. Already, before February 24th one in four eastern Ukrainians was already food insecure, and FAO programming and support was being provided to them. Now, with agricultural production being down, economic activity down, and prices up, this means that we are entering a period where overall the purchasing power for an entire nation and so many
others beyond will also be down, and we know this will increase food insecurity and malnutrition.

Ms. Welsh: Thank you so much, Deputy Director-General Bechdol, for starting off our conversation.

Very pleased to turn right now to Deputy Minister of Agriculture in Ukraine Taras Dozba. Thank you so much for joining us. We’re aware that there is a curfew imposed in Kyiv tonight because Kyiv is being targeted, so thank you for your bravery. It’s incredibly important for us to hear from you right now.

We’re reading the headlines in our newspapers just in this past day: “Ukraine Farmers Urged To Sow, But Fear For Workers’ Lives.” “A Warehouse Is Bombed, Tractors Stolen As Russia Strikes Ukraine Food.” And “A College Student In Occupied Ukraine Says Buying Food Means It’s A Lucky Day.” So, again, we’re hearing all – we’re reading these things. We’re seeing them on the news. Can we hear from you how has the war affected agricultural productivity, all aspects of agriculture in Ukraine?

Taras Dozba: Thank you for the words of support and for the opportunity to show off the position and the view of what is ahead of us.

It’s pretty clear that ahead of us is a huge period of turbulence and uncertainty of all kinds and aspects in different dimensions and increased volatility on the global markets. It’s in evidence that even in boycotting urgent imports sometime can drive prices very high, and you can imagine what uncertainty appeared with a large-scale military operation, with missiles bombing all over the infrastructure/different cities affecting thousands people lives and their business and their activity and their opportunity to do their job. You can imagine what consequences is of mobilization of the society against the war and against the invasion, pure military brutal invasion, and the people, like in medieval times, have to go to war to defend their own country to be independent. So this altogether create a big, big mess and uncertainty, which will definitely affect and boost the global food-price inflation and then spill over to other sectors related and not only related. And then, consequently, the immigration waves and other – and other complex factors might be boosted as well.

What we have? We see that we have a complete blockade of ports, and ports accounted for 90 percent of the export out of Ukraine. So, basically, we have in Ukraine more than 15 million metric tons of different commodities which stay here, which are at the risk of destruction, which we cannot – which Ukrainian farmers cannot efficiently export.
The bottleneck of western Ukrainian border and railroad connection is around about 300 metric – 300,000 metric tons per month. This is the capacity. Usually, in spring months we were exporting around about 4 ½, 5 million metric tons of commodities. This will not be the case.

And we have also people who are crossing the border. We have locomotives which are working prioritizing human movements, which are still ongoing because Russia is still bombing all over Ukraine, including civil objects.

We have multinational companies who have stopped their operation because of security reason of their workers. So even in cities where the sunflower, for example, could be crushed, it is not crushed.

We have huge uncertainty for farmers. How are they going to make business and invest in planting and sowing campaign with complete uncertainty with even old crop how to realize, how to sell it, how to find out money for the new crop campaign?

So it’s a big, big question mark. And obviously, this question mark was used and was calculated by Russia to be used for negotiation for the new international order, and would be probably used in that way. There is a huge impact on the vegoil complex because Ukraine was the biggest exporter of sunoil in the global market, which has stopped, so there will be a deficit. There will be a ruin of supply chains, with a consequent adverse effect on the – on the economy.

For the new spring campaign, we launch a big ag survey where we managed to mobilize pretty good activity of farmers. So we have gathered the answers from around about 2 ½ thousand farmers, which jointly represent 3.2 million hectares, and we asked them what is the deficit of inputs which they need for the spring campaign. And the number – the numbers are dramatic. Obviously, we need to take it with a bit of salt and rational understanding that people in these type of events might be scared and might overwhelm the situation, but the answers are pretty self-speaking. They declared that they have 20 percent of their need of fuel and from 40 to 65 percent of other inputs. But without fuel, they cannot do it. We also are – we also see that they declare that it is already that – from those who are not under occupation, that they lost around about 10 percent of their land that they will not be able to operate on it due to military effects, either bombs or other type of impact which they – which they assess. And we have a very short period or window for our spring campaign to be performed, and in these circumstances under the sky which is full of bombs it’s pretty unclear how to – how to do it.

On the positive side, Ukrainian farmers are courageous people and patriots, and they – and they treat their business as their service for the state and service for the global community, and they honestly and consciously want to
do and – go out to fields and do what they can. And I think it was yesterday when in Kherson Oblast, in the part which is under control of Russian army nowadays, Ukrainian farmers put their flags on tractors and they went out to fields to do their field works. And this is really a great example of courage of people and how they believe in their country and in their job and their mission.

What is important to mention, that international community and international organizations particularly haven’t seen this act of aggression for a long time, and especially this act of a large-scale operation in a big country – and Ukraine is the biggest country in Europe – and they don’t have real fast and quick mechanisms to act and intervene and provide aid. Now we have a very short period of time how partners of Ukraine can, if they want to help the situation and contribute. But this should be very, very effectively organized and effectively distributed in very uncertain conditions, including security of people.

And this is, I think, the biggest challenge because this situation is an example for the whole world how fragile the stability and supply chains are. And in agriculture, we have a very, very unique situation that there are net importers countries and net exporters countries, and that the agriculture is not evenly distributed. And the agriculture is one of their basic need, and this type of situation bring a lot of risks to many countries, and this create a lot – a lot of uncertainty.

Ms. Welsh: OK. Thank you so much, Taras. Everything that you shared with us is incredibly valuable.

And I think this is a perfect time for us to turn to Joe Glauber, who’s a senior fellow with the International Food Policy Research Institute – IFPRI – former chief economist with USDA. Joe, welcome and thank you for joining us.

I’d like to start by talking about what you expect the war’s impact to be on supplies and prices of agricultural commodities around the world.

Joe Glauber: Yeah, no, thanks. And again, hearing the experiences in Ukraine, it’s hard to kind of move away and talk about the rest of the world. But, in fact, as you had mentioned at the top of the show, the world already had very high prices and at record levels. Stock levels for the major grains like wheat and maize and soybeans were at the lowest levels since the last time we had price spikes in those commodities. So for soybeans, that would have been 2012-13; maize, same period; and wheat, all the way back to 2007/8.

I think if I were – if you had asked me what would happen this year, if you had asked me three weeks ago I’d say, well, crops – farmers will plant crops and we’ll see those prices start to moderate, assuming good weather.
Ukraine was a big part of that because they've been such a powerhouse in world markets. And you've mentioned the numbers, but when you're talking 10 percent or so of the wheat – world wheat market – and again, adding Russia in there nearly a third of the world wheat trade; maize, big important supplier for EU, big important supplier for China, big important supplier for other countries in the MENA region; and, as the minister mentioned, sunflower oil, where it's 50 percent of the global market; these are large deficits to try to make up for the rest of the world. And because of that, I think we've seen – you know, there's one reason we have seen the impact on futures markets and other things over the last three weeks. So very bad situation for – with the lack of this. Again, on top of a horrendous situation within Ukraine, but also for big wheat-importing countries and others.

Ms. Welsh: Yeah. How about spillover effects into other commodities?

Dr. Glauber: Yeah, no, I think that's certainly true. The commodities are linked at some level. And I think, unfortunately, that's part of the problem. I think a lot of people would say, well, wheat prices are so high, how come the rest of the world can't plant wheat? About 60 percent of the wheat – all of the wheat in Ukraine, but 60 percent of the wheat in the world – was planted in the fall, so that's going to come to harvest. Hopefully, we'll have good weather. Hopefully, Ukraine will be able to harvest their grain. But the fact is with prices at such high levels there's only about 40 percent of the wheat area actually can respond to those prices right now, and that will be at springtime. We do have countries like Canada that plant a lot of spring wheat, and Kazakhstan, and Russia, and the U.S., but not a lot of wheat. And again, they're going to be competing with very high prices for corn and soybeans.

Ms. Welsh: Yeah. Can you speak a little bit about vegetable oil, which is an important commodity, important ingredient all over the world?

Dr. Glauber: Yeah, absolutely. Yeah. And the loss of 50 percent of the sunflower seed oil is very important in that context. Vegetable oils have been at record-high prices, in part due to droughts in South America which has reduced the soybean crop there. So soybean oil prices have been through the roof. Demand is very strong, including demand for non-fuel – non-food uses like biodiesel. And on top of that you had a typhoon in Malaysia that disrupted the palm oil production there. So the vegetable oil market was at record-high levels prior to the Russian invasion.

And so particularly for – again, much like wheat, particularly for those countries who depend specifically on sunflower oil from Ukraine, they are now searching for other potential suppliers. But just to say these are world prices, so it's not just those countries who are importing that wheat. Wheat is going up everywhere. Sunflowers are going up everywhere, as is maize.
Ms. Welsh: Yeah. Fertilizer, can we talk about that?

Dr. Glauber: Yes, no, and that’s the other big thing. You mentioned Russia as being a very important exporter of fertilizer. Well, so, too, is Belarus, particularly of potash. And natural gas, which, you know, is a big – major feedstock for nitrogen-based fertilizers in the world. All those are now impacted. And you know, the minister mentioned even getting – for farmers within Ukraine, actually getting access to those inputs is very much in doubt now. But around the rest of the world, people are paying much higher prices. And in some countries, I fear that availability itself will be limited. That is, particularly if you look at countries in sub-Saharan Africa and other places like that, who can’t afford the price to purchase fertilizer at higher prices.

Ms. Welsh: Thank you for all of that. Turning to the global effects of what is an incredibly dire situation in Ukraine, because of the war what regions and particularly what countries do you think will experience the greatest increases in food security – food insecurity?

Dr. Glauber: Well, I – yeah, no, I think you have to go to North Africa and the Middle East right off because, remember, here in the U.S. we consume a lot of wheat. They consume twice that level in North Africa. And it’s a huge part of their diet. And import – for the most part, they import most of it. So even a country like Egypt that does produce some wheat, you’re talking about a population of 105 million people. They import anywhere from 60 to 70 percent of their wheat needs.

And over the last fifteen years, that’s become increasingly dependent on Black Sea. I mean, this was a region, remember thirty years ago was a net importer after the breakup of the former Soviet Union. They’ve become dynamos. You know, they are the breadbasket of the world. And to see that cut off in a horrible war like this is devastating for the rest of the world as well.

Ms. Welsh: Yeah. Are there other countries that you’re looking at right now?

Dr. Glauber: Yeah, no, absolutely. So, you know, if you’re a middle-income country, presumably you can help your consumers, we’ve seen that in the past at least, by targeted subsidies. But you get to the poor countries that consume a lot of wheat, like the Yemens of the world or Sudan or other places. They are – to provide that sort of aid is well beyond their capacity in terms of revenues. So they’re going to be depending very much on institutions like the World Food Programme.

And there, the World Food Programme is facing much, much higher costs than what they had anticipated at the beginning of the year. So, much like
they were in 2007-8, much like they were in 2010-11, they’re going to be going around looking for additional funding to be able to afford the wheat. And I might add, World Food Programme also sourced a lot of the wheat out of the Black Sea, so.

Ms. Welsh: Yeah. So steps that can be taken to quell the impact. Steps from producing countries, from international organizations, from companies. What can we do to tamp down the negative effects of what’s happening?

Dr. Glauber: Well, definitely I think the humanitarian aid is something that should be a priority everywhere. That is, they should be able to access to purchase wheat from wherever they can to feed needy people. And the funding – they are going to need a lot more funding. I think generally – as I mentioned, I think it’s harder – it’s going to be difficult for the world to respond, to fill this hole right away. I think it’s going to take time. And so, I mean, the best of all worlds would be for everything to flip a switch and everything to go back to normal. That doesn’t look likely, at least certainly not in the near term.

And I think what I would say for – in terms of policy responses, the best thing would be do no harm, because a lot of – there’s a lot of policies that can make matters a lot worse. And we saw back in 2007-8 and 2010-11 countries putting on export restrictions to – understandably, they want to keep prices low at home. But what that does is that – all that protection, then the cost of it is, of course, everyone else pays a lot more. And at the end of the day it’s the poor countries and others who can’t afford to do that, or net wheat importing countries.

And so I think that’s the – those are the difficult challenges. And I think there are a lot of policies if we have time we can get into, but I think the one I would say, the overarching thing, would be don’t do anything that’s going to distort markets further.

Ms. Welsh: Yeah. Yeah. Thank you so much for lending all of your experience to our conversation.

I want to turn now to have a conversation amongst all of us. And I’ll turn first back to Beth Bechdol, from the U.N. Food and Agriculture Organization to talk about what the U.N. FAO is recommending in response to what we’re seeing right now.

Ms. Bechdol: Yeah. So I think this follow squarely on Joe’s comments, and in fact really just echoes it. Which is, number one for us is making sure that we do, all of us collectively, keep international trade in food and fertilizers open to meet the domestic and global demand that’s there. And for us, with our network and our reach into and relationships with national governments, ministries of agriculture, other economies, it’s very important for us, as FAO, to be
delivering that message, including, as Joe said, ensuring that export restrictions are avoided. We are strongly encouraging member countries and the national governments that we interact with to not place export restrictions on their own supplies at this moment in time. Much as we did see, as Joe mentioned, in 2008.

So far, we have seen an early indication of one country that may be considering this. I am very much hoping that that’s not a slippery slope of entering into a piling on or an adding on. But this is number one policy recommendation, I think, that we all need to keep our eye on. I think we also have to make sure that, from a policy perspective, we are mindful of the importance of well-targeted social protections that need to be in place for people who are suffering in this period – the refugees especially. Over 3 million, I think, we have now seen. The minister would be able to give us an update on that. But the internally displaced people, the countries who are actually hosting the refugees, it’s critically important to make sure that all of the kinds of protections that are needed to ensure that they are able to enter a country and have the appropriate support is necessary.

I think just to very quickly on policy maybe close, I think it’s critically important to ensure as well that all of us together are focused on market transparency and ensuring that there are important policy dialogues that take place, Caitlin, much like this very conversation. All of us at different stakeholders, the national government level, and at the humanitarian/U.N. system level need to ensure that we are staying in very close communication together as we navigate this very uncertain – and as Joe has said, there’s no clear path forward. We’ve now been having these conversations for over two and a half to three weeks. And there’s no solution yet. We are still simply reacting. And we need to, I think, continue to stay very closely together to get to a place where we are putting a plan together.

The last thing I would just say on this part, Caitlin, is that for us at FAO, we had really been in sort of a resilience, development mindset in the Ukraine, for all the reasons that Joe had started, of just how far along the entire country and its economy and its production practices had come. We are now, alongside the World Food Programme, alongside UNICEF, alongside UNHCR and so many others, stepping back into emergency mode. And with us, that means making sure that while we’re supporting our colleagues at WFP on making sure that there is food access to the people of Ukraine that, very importantly, there is also seed, fertilizer, tools, equipment access, cash transfers, whatever we can make available to the Ukrainian farmers is the other very important part of humanitarian assistance. And we need to make sure that humanitarian assistance is also about agricultural and rural livelihoods assistance – all in real time.
And I think we also all need to remind ourselves that while we are in the middle of navigating a global crisis, this is, importantly, the time to make sure that we do think about longer-term, directional, fundamental changes in global food and agricultural systems. We will build back better from this. As the minister stated, the fragility of global supply chains has become more evident than ever before, but it will take all of us to be focused on the need for resiliency and the development aspects that we’ll have to take on to rethink global food and agricultural systems long term.

Ms. Welsh: Yeah. Thank you so much. I’d like to turn to Deputy Minister Dozba. Do you have comments to add here? I know you spoke a little bit about what the international community can do to support Ukraine. Is there anything that you would like to add on top of what we just heard from the U.N. FAO?

Dep. Min. Dozba: Yeah. I think that basically it is pretty clear that the international stability is fragile, and Ukrainian example is a great evidence of this fragility and the consequences which the whole world will have out of this situation. So the price which everybody will pay for this is huge. And this price is increasing each day. So it’s in favor of international community to impose new sanctions, to use new methods of diminishing aggression, and making Russia paying their price for this act of aggression. Because if the world will not be able to stop it and help Ukraine to stop it, then this is huge example and big risky example for each and every country in the world, that powerful states are more equal than others, that they can afford to do what they want and then everybody will have to live with it.

And this example will definitely encourage other countries to change their policies, to work inside rather than outside, to reconsider the international trade, the international treaties, their behavior. And we might have an effect of domino of things passing down one after – one after another, and the crisis might go from Ukraine to other countries, burning the region and burning things in many countries. So in order to protect the world from these consequences, it is of the interests of international community to intervene and impose measures each day before Russia stops its aggression, because otherwise the price of each economy will be higher than the price of those difficult but necessary decisions.

And second of all, of course the international community should act immediately and fast on humanitarian aid and these type of solutions because in this three weeks of work, we have seen a lot of walking and walk and talking and talk with many international organizations, but not so much has been done already. Like, really committed, done, signed, delivered, organized, and on the ground. And this is very important, because the cost of this not in time decisions is the cost of lives of people right now. And this is the straightforward message which I want to put.
Ms. Welsh: Thank you for giving us that message. Even if the war were to stop tomorrow, and we hope that it stops as soon as possible – we want that to happen – what impacts are already baked in? How would your agriculture sector already be affected, even if the conflict were to end tomorrow?

Dep. Min. Dozba: Well, for sure we will have much less acreage for spring crops. Last year we used to have more than 15 million hectares. If it ends up tomorrow, probably we might have eight, nine, if logistics-wise we manage to bring the fuel, redistribute among crowds of farmers, launch the financial system to work in these conditions and make it work. There is really a big, big uncertainty around this. We have our plants, which are – which are injured by the missiles. So it is still unclear what can be launched. The livestock market has been also under very critical damage.

Ukraine was the biggest ag producer from the Eurasia region. We were also exporting a lot of chicken out of Ukraine. And all these operations would be affected because the plants are not working, they don't produce meal, meal cannot be delivered and cannot be stored for ages, so the ration should be changed. This will affect on the farms. We have seen also big farms affected by the war. So we lost chickens, we lost pigs, we lost beef. And the exact numbers are still to be discovered and to be calculated, and the effect out of it. But definitely this will spill over to other countries and affect their economies. And this is very serious impact.

Ms. Welsh: Yeah. Thank you. So we’re based in Washington right now and we’re receiving a lot of questions about prices around the world, including in the U.S. I’m wondering, Joe, do you mind commenting on this, on what price increases we can expect domestically because of this?

Dr. Glauber: Yeah, no, it’s a good question – I mean, a good question. We have seen, again, prices hit nominal records. I mean, adjusting for inflation. They’re not quite at record levels. They’re far from record levels. But, still, high nominal records. And food price inflation, that is what the consumer actually pays, you know, it’s the highest levels for 40 years. Now, that all was before Ukraine. I mean, that was all the price impacts of supply chain issues during COVID, because of a whole range of factors, particularly disruptions in the meat industry that caused meat prices to go so high. Those, again, forecasts at the beginning of the year were by the end of the world we would be back in the historical range of inflation of more two to three percent. I think that adjustment’s going to take a much longer time.

Now, you take a bushel of – or, a ton of wheat, it’s a small part of the cost of the overall loaf of bread. So, you know, the estimates by USDA are about 5 percent of the value of a loaf of bread in a grocery store comes actually from the farm, on a wheat level. But it’s still – these are all prices that are going up. They are reverberating with higher maize prices, higher oil seed prices.
That’s going to put pressure on livestock producers, hog producers, poultry producers. So that will all reverberate through the overall economy. And I think all – what that means is even though price inflation is still projected to fall, I think it won’t fall nearly as fast as it was.

And, again, these are – I hate to say this, because poor people with limited incomes are going to be paying a larger share of their income, so I don’t want to downplay food inflation. But frankly, food inflation is probably the last thing to worry about here in the grand scheme of things, with high commodity prices and the tragedy going on in – particularly in the large net food-importing countries.

Ms. Welsh: Yeah, certainly. Thank you. Thank you for that.

While we have some time left, Taras, do you have any questions or comments for Joe or Beth? Or vice versa?

Ms. Bechdol: If I might, I’d like to ask the minister a question about how in the farming communities – understand almost 40 percent of the agricultural production in Ukraine is done by small-holder farmers, not larger more commercial maybe, or more modernized, farms. Can you give us a sense of really sort of what the current state is for these farms that are of a much smaller size? And how you might also be suggesting to some of us to think about ways to better support them and their families and their communities?

Dep. Min. Dozba: Yeah. So those farmers most probably mostly engaged now in the territorial defense and their – and their military service, as they are in rural area. And let’s say, most of our smallholder farmers, they are in the south region. So Kherson, Mykolaiv, Kirovohrad Oblasts, they are in the south. They have bigger portion in the south than the central and north and west, where we have our relatively big guys, mostly. So it’s also the zone of risk weather conditions. So before the war we had big plans and projects for irrigation for that region, because it is – it is a fact that we have global warming which is moving from south to north.

And this zone became really risky. And we used to have a loss of crop in 2019. That the best way to help those people is just to provide the direct payments that can be allocated to specific regions to people living in rural areas, because most of them are anyway doing small-holding farming or agriculture. Most probably those farmers can change their plans in terms of crops and go with spring wheat in contrast to their plans of sun seeds, for example, because it’s pretty clear that sun is not – it’s not clear how to realize and how to sell after all that, because plants are not working, the seed is under blockade, and wheat is something which is always in use and you can consume yourself. You can meal, you can produce bread. So I would expect them to look for this type of change of plans and crop structure.
And other crops, like not cereals, not granules, these— they might go and plant with potato and some other stuff which they might have at place. But it’s definitely these are people. And I think it was right about 10 days ago when we asked this question and it was, like, 10 percent of workers at farms are doing their military service now. And that was in that moment of time, and war is ongoing. So the demand for people is higher, and people are volunteering to go and defend the country. So it’s also a matter of variability to be in place and do farming, versus other important asks in these circumstances.

And it’s also highly dependent on military actions, because we see Russia invading the south and, you know, this is war – pure, brutal war. And we have evidence that Russian soldiers are violating the international conventions. They misbehave with Ukrainian women and then it’s a nightmare what is there happening on the ground and what type of stress and effect it might have on the people and their ability to work and live as if it is not there, however it is there.

Ms. Welsh: Yeah. Thank you. Thank you for sharing all of that. Any further questions here? Joe, anything from you, or?

Dr. Glauber: No, I think the point that’s been made several times is we have a very short window for spring planting too. I mean, the minister was very clear. You’re essentially talking two months, maybe, two and a half months at best, to get these crops in. And it’s a very, very difficult situation.

Ms. Welsh: Yeah. OK, thank you.

As we wrap up, I’d like to open the floor for final comments from each of you, and turn to you, first, Deputy Minister Dozba, for our audience. Final messages to share before we close.

Dep. Min. Dozba: I will try to be positive. And still a big thanks for international community and each and every country which supports Ukraine by good word. And bigger thanks for – (laughs) – for any type of material help which can be addressed, which can be sent to Ukraine in this – in this moment of time.

It’s also very important that international community sends courage messages to the Ukrainian people. I think that if you know a Ukrainian to send him an SMS or message that you take care, you don’t want to support what is going on, because the war is also very disgraceful and – in the emotional side, because you can imagine the stress living in these conditions when your country is under bombs each day. So it’s a lot of stress and a lot of emotions which people lose. And it’s important that people feel the support and care of other civilized world.
I would also like to underline that it is a favor of international community, international law, and each and every country to find a way how to they can contribute to stop this brutal aggression right now, and that action should be committed each day because this is only what affects and what will make the difference and what will bring us to the – to the peace. And I would address to international organizations that they need to mobilize themself and find a way how they can make fast and quick decisions in place and do real stuff right now.

Ms. Welsh: Thank you so much.

Beth, over to you.

Ms. Bechdol: It’s sort of hard to, I think, find the right words to conclude a conversation like this. But let me just say very personally and very directly to the minister on behalf of the U.N. family and one FAO, we are indeed with you, and we will do all that we can collectively to support you and Ukraine through this incredibly difficult time.

As I mentioned earlier, I think for us as the Food and Agriculture Organization we see a tremendous opportunity to, along with our other U.N. partners and the national governments, the national community of stakeholders, to provide as much – as the minister has very clearly said – direct, tangible, real support, emergency and humanitarian assistance that are needed. And so I can say we, too, are very concerned on a human and a personal level, as FAO has 81 staff in the country of Ukraine. Seventy-six of those, Minister, are Ukrainian nationals. And so, for us, an incredibly high priority has been to ensure their safety and to ensure their families’ safety and their ability to still, all of them, wanting to do their jobs, wanting to represent their country, and wanting to play a very important role in this challenging conflict-ridden time is something that we know is critically important.

We are going to stay in Ukraine and we are going to deliver in Ukraine. That is something that I can absolutely commit to you. And I think we also look forward, Minister, to the day when we get beyond this conversation. And I think a very large group of us can continue to, together, reimagine new approaches to food and agricultural production because, as Joe mentioned, it’s been very clear that Ukraine and this region are the powerhouse. You will be a powerhouse again. And we know that there is an opportunity to ensure that the resiliency of Ukrainian agriculture – its farmers, its rural communities, and its people – will be sustained and will be something that all of us will continue to admire for a very long time to come.

Thank you so much for being with us.
Ms. Welsh: Yeah. Perfectly stated.

Dr. Glauber: Yeah, no, just thanks. And it’s a real honor to be on the program with deputy undersecretary – or, Minister Dozba. And, yes, let’s hope for the best.

Ms. Welsh: Yeah. OK. Thank you.

So thank you to our panelists for joining us – Taras, Beth, and Joe – with particular thanks to Deputy Minister Dozba for joining us from Kyiv while there’s a curfew in place, Kyiv is under attack. Please stay safe.

I’d like to thank also the U.N. FAO’s Liaison Office in Washington for partnering with us for today’s important event. Thank our audience for joining us, as well. Again, thanks to everybody.

Please follow us at CSIS – at @CSISFood on Twitter for further updates. Thank you.