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# **Gulf Food Security in the Times of Conflict: How Russia's Invasion of Ukraine Impacts Grain Imports by The GCC Member States**

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## **Gulf Food Security in the Times of Conflict: How Russia’s Invasion of Ukraine Impacts Grain Imports by The GCC Member States <sup>1</sup>**

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### *Introduction*

As of 2020, numerous countries worldwide were reliant on food imports from Russia and Ukraine. These two countries were, and still are, significant global wheat exporters, collectively responsible for approximately 30% of international grain trade as well as for 32% of barley, 17% of corn, and over 50% of sunflower oil exports in the world. In 2020, Russia accounted for 18.7% of the world's [wheat exports](#), while Ukraine’s contribution was 9.1% of global wheat exports.

In 2021, among the major seven wheat and rye exports, Russia ranked the second largest grain exporter, providing 32.9 million tons of both products, which accounted for 15% of global shipments. Meanwhile, Ukraine emerged as the sixth largest [grain exporter](#), shipping 20 million tons of wheat and rye, representing 10% of international trade.

Due to the processes of globalization, most countries are interconnected from both political and economic standpoints. When one country experiences a crisis, currency devaluation or conflict, its allies may also be impacted by the prevailing

geopolitical and economic conditions. Consequently, the unprecedented full-scale war that erupted in Ukraine on February 24, 2022, had a profound influence on the world, particularly in terms of its food supply chains.

The armed conflict had adverse effects on [global food markets](#), resulting in heightened risks of shortages, unmet import demands, and an increase in global food prices. Additionally, the war has disrupted agricultural and food product supply chains due to the inability to export from Ukrainian ports in the Black Sea.

In February 2022, and due to the Russian invasion of Ukraine, the [global prices of grain](#) surged and reached their highest peak since 2008, costing 1207.3 USD/bushel (60 pounds), which triggered food supply disruptions.

With regard to arable farming, although Russia remained relatively unaffected by war disturbances, economic sanctions on both food and fertilizers could potentially hinder the import of agricultural products. As a result, the combined factors of reduced exports from Ukraine and Russia resulting from high prices, fertilizer shortages, and logistical challenges may lead to food scarcity in regions

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<sup>1</sup> All articles published under “Gulf Insights” series have been discussed internally but they reflect the opinion and views of the authors, and do not reflect the views of the Center, the College of Arts and Sciences or Qatar University, including the terms and terminology used in this publication.

heavily relying on food imports like the Asia-Pacific, Sub-Saharan Africa, the Middle East, and North Africa. This situation could potentially result in an increase in the number of [undernourished people](#), ranging from 8 to 13 million in the coming years.

### *Russian and Ukrainian Wheat in the Middle East*

Ukraine is known for having one-third of the world's most fertile soil, known as [Chernozem](#), a black-colored

soil containing a high percentage of organic matter called “humus”, which consists of decayed plants and organisms. Of Ukrainian exports, 45% are [agricultural](#), as it is one of the most important exporters of oil, wheat, poultry and sunflower oil to the Middle East and North Africa.

Ukraine exports around 40% of its [wheat and corn](#) to the Middle East, while imports of grain from Ukraine and Russia account for approximately 75% of total wheat imports in most Middle Eastern countries.

Share of Wheat Imports in the Middle East and North Africa (2020, in %)

Country/Region	Russia	Ukraine	Other countries
Egypt	60,4	25,6	14,0
Lebanon	15,5	80,4	4,1
Sudan	90,1	1,9	8,0
Yemen	26,7	14,5	58,7
Jordan	7	17,7	57,3
Tunisia	4,1	48,6	47,3
Morocco	7,4	14,6	78,0
Arab World	24,4	15,9	49,7

[Source: Arab Reform Initiative, 2022](#)

[Traditional bread](#) (particularly wheat baked pita) is one of the fundamental components of the daily diet in the Middle East, leading to higher wheat consumption among Arabs compared to other countries. In the Arab region, the per capita wheat

consumption stands at 128.4 kilograms per year, whereas the average grain consumption per individual in other countries is 65.4 kilograms per year.

Since the Black Sea Grain Initiative<sup>2</sup> that was launched on August 1, 2022, over a thousand ships have

<sup>2</sup> Black Sea Grain Initiative was signed on the 22<sup>nd</sup> of July, 2022 by the *Republic of Türkiye, Russia, Ukraine and the Secretary-General of the United Nations*. The purpose of this Initiative is to facilitate the safe navigation for the export of grain and related foodstuffs and fertilizers, including ammonia from three key ports in Ukraine - Odesa, Chernomorsk and Yuzhny/Pivdennyi. The UN plan, which is linked to efforts to ensure Russian food and fertilizer reach global markets, supports the stabilization of spiralling food prices worldwide. The UN acts as the Secretariat for the Joint Coordination Center (JCC) located in Istanbul to check fulfilments of Parties' obligations. Ukrainian vessels guide cargo ships into international waters of the Black Sea, evading naval mines. Then, through the agreed maritime humanitarian corridor, cargo ships head toward Istanbul. There, JCC teams consisting of Russian, Turkish, Ukrainian and UN inspectors check vessels heading to and from the Ukrainian ports. Black Sea Grain Initiative might remain

transported 32.9 million tons of [agricultural products](#) from Ukraine. Notably, 4 million tons were shipped to African countries, and 5.27 million tons were delivered to Middle Eastern countries.

Since Russia did not renew the Black Sea Grain Initiative on 17<sup>th</sup> of July, 2023, one third of [Ukrainian crop exports were destroyed](#). While Ukrainian ports are key to the transportation of grain exports, all of them have been blocked since July 2023. This could decrease 3% of Ukrainian gross domestic product in the second half of the year which is quite beneficial for Russia's grain trade where it is expected to account for a quarter of global wheat trade in 2023-2024.

During the meeting with government members on 19<sup>th</sup> of July, 2023, President Putin announced that Russia is ready to replace Ukrainian grain in the global market, expecting a new record harvest in 2023-2024. Additionally, the President said that [Russia harvested](#) 156 million tons of grain last year and exported 60 million tons, 48 million tons of which were wheat. Moreover, Russia proposed a plan to supply grain to Africa in order to isolate Ukraine from the global market after Russia quit the Black Sea Grain Initiative. According to the plan, Qatar would pay Moscow to ship its grain to Turkey, which would allocate the grain to African developing countries. This [plan](#), however, has not

yet been agreed upon by either Qatar or Turkey, or raised on an official level.

The rise in grain and staple food prices could potentially undermine food security in the Middle East. Consequently, if the supply of wheat imported from Russia and Ukraine becomes insufficient due to an extended conflict in Ukraine, these nations might have to explore alternative exporters, such as the USA, Canada, India, France, Australia, and Russia.

#### *The Gulf Cooperation Council's (GCC) Wheat Imports from Russia and Ukraine*

Given the arid climate in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, these countries rely on foreign food suppliers, primarily Russia and Ukraine, to meet their basic food needs. The Gulf countries highly depend on food imports, with some states having a share of consumption exceeding 80%.

According to the Ukrainian Agropolit website, in 2016, Ukraine exported products such as poultry, eggs, wheat, oil, sugar, and tobacco to the GCC countries with a net total of \$507,133. Saudi Arabia accounted for 66% of these exports, the United Arab Emirates for 21%, Oman received 8% of all exports, while Kuwait and Qatar each received 3% and 2% of the total exported goods, respectively.

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in effect for 120 days of signature by all Parties. However, the fourth term of this agreement was not renewed on 17<sup>th</sup> of July 2023.

The United Arab Emirates, as one of the largest countries in the Gulf, imports 54% of its grain from Russia and Ukraine. In the [2020-2021](#) period, the UAE imported intermediate goods and raw materials, including sunflower oil, barley, corn, wheat, and beet, valued at \$750 million, and vegetables worth \$98 million from Ukraine. During the same years, Ukraine exported intermediate goods and raw materials worth \$640 million and vegetables worth \$127 million to Saudi Arabia.

In [2020-2021](#), Qatar imported raw materials valued at \$38 million and vegetables worth \$43 million from Ukraine. Oman stands out as the leading wheat importer in the GCC, with 70% of its imports originating from Russia and Ukraine. During the same period, Oman imported Ukrainian intermediate goods worth \$30 million, along with vegetable imports valued at \$29 million.

Ukraine exported raw materials worth \$25 million to Kuwait and vegetables valued at \$24 million. Bahrain, in the [same period](#), appeared to be the least dependent on Ukrainian imports, exporting intermediate goods valued at \$15 million and raw materials worth \$15 million.

Between 2000 and 2021, food exports from Russia and Ukraine to all GCC countries gradually increased, starting from 0 million tons and reaching 12 million tons. During this period, GCC states successfully diversified their sources of agricultural food,

strengthening their food security. However, the conflict in Ukraine resulted in a decrease in food exports to them. Despite this challenge, the Gulf countries are recognized as having the most [food security](#) in the Arab world, according to the Global Food Index in 2022, and remain relatively minimally vulnerable to food shortages due to the ongoing conflict in Ukraine.

With the block of Ukrainian ports since Russia' quit the Black Sea Grain Initiative in July 2023, Russia has considerably benefited from the situation, replacing the Ukrainian grain in the global markets. Since the beginning of the season 2023 (from June to September) grain exports from Russia have increased by 42%, which accounted for 17 million tons. In September 2023, Russia exported 6.99 million tons of grain, which exceeded by 17,6%, compared to September of last year. Meanwhile, barley supplies did not dramatically change and remained 790 thousand tons. However, corn [exports](#) reached 201 thousand tons, increasing by 7.7 times, in comparison with September 2022.

Although Egypt imported 31% less wheat from Russia than it did last year, it became the leading importer of Russian wheat accounting for 782 tons. Despite the decrease of wheat exports to Turkey during those several months, Turkey's imports of Russian wheat exceeded by 4 % in September 2023, which valued for 616 thousand tons, in comparison with the same time last



year. Iran imported 490 thousand tons of wheat from Russia, which accounted for 32% less. 281.5 thousand tons of wheat were shipped to Indonesia. Russia did not export its wheat to Indonesia during spring season 2023. Pakistan's imports of wheat from Russia increased by 3.2 times, which accounted for 274 thousand tons. Moreover, there is the [increase of exports](#) to the countries of Latin America, Central Africa and the Gulf countries.

According to the Statistical Center for the Cooperation Council of the Gulf countries, general consumer [price index](#) in GCC increased by 0.8 % and reached 3.2 % in 2022, as compared to 2021. The increase in

customer prices was primarily due to the rise of food and energy prices. While global food prices rose by 14.8 % in 2022, the prices of natural gas grew by 105.6 % as a result of political crisis in Russia because of its full-scale invasion in Ukraine.

General consumer price inflation rate in GCC countries for 2022 looks as follows: [inflation rate](#) reached 4 % in Kuwait, and 5% in Qatar. Meanwhile, price inflation rate in Oman accounted for 2.8%, and 2.5% in Saudi Arabia. The percentage of inflation in Bahrain was 3.6 %, and 4.8% in the United Arab Emirates.

Share of the main groups, which were subjected to the inflation in GCC in 2022 (in %):

Transportation	30.9%
Food and beverages	27.3%
Housing	10.7%
Restaurants and hotels	8.5%
Culture and recreation	8.3%
Goods and services	5.5%
Education	4.4%
Furniture	2.6%

*Source: GCC-STAT, 2023*

Overall, the impact of the full-scale war in Ukraine on the Gulf Countries has been two-sided. The GCC countries were influenced by the instability of international commodity prices, which, in turn, led to the rise in domestic prices; consequently, leading to inflation, which reached its peak in the GCC. On the other hand, oil-exporting countries benefited from [increased petrol prices](#), allowing them to bolster

their fiscal and current-account balances.

In analyzing the current situation in Ukraine, where only 3 out of 13 ports are operational, it's evident that the Gulf countries are actively seeking alternative avenues for wheat imports. Presently, most GCC countries are favoring grain imports from Australia, the European Union, South America, and North America.

### *Conclusion*

Russia's war against Ukraine has caused global supply shortages of strategic goods such as food, vegetable oils, fertilizers and fuel prices. Inflation accelerated mainly due to the global rally in goods and energy prices and in GCC countries. The GCC oil producing countries, despite their benefits from growth petrol prices, are not wholly immune to global inflation, which comes from global commodity prices.

Russia has considerably replaced the portion of Ukraine in grain exports to the Middle East, starting with quitting the Black Sea Grain Initiative in July 2023. Due to the difficulties of delivering food commodities from Ukraine, there is a tendency that MENA countries would import more grain from Russia in the future, compared to the previous years

### **About the author**

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### **About the Gulf Insights series**

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