



Food and Agriculture
Organization of the
United Nations

Rome, 2022

Extraordinary Meeting of the G7 Agriculture Ministers

11 March 2022

“GLOBAL FOOD MARKETS AND PRICES”

Presentation by Director-General QU Dongyu

Mr Chairman,

Excellencies,

1. Thank you for inviting me to this extraordinary meeting.
2. Secretary-General Guterres, on behalf of the UN family, repeatedly called for the war in Ukraine to stop.
3. We support his tireless efforts to bring an end to this conflict, which has taken a heavy toll on Ukraine and its people and could have a serious effect on the food security of millions around the world.
4. At FAO, we are following the situation with great concern and doing our best within FAO's mandate.
5. **Already prior to the crisis, international food prices reached an all-time high.**
6. This was mostly due to market conditions, but also high prices of energy, fertilizers and also all other agricultural services.
7. In February 2022, the FAO Food Price Index reached a new historical record, 21 percent above its level a year earlier, and 2.2 percent higher than its previous peak in February 2011.
8. **The Russian Federation and Ukraine are prominent players in global trade of food and agricultural products.**
9. In 2021, **wheat** exports by the Russian Federation and Ukraine accounted for about 30 percent of the global market. Combined, sunflower oil exports represented 55 percent.
10. The prominence of the two countries in the world trade arena is also noteworthy in world markets of maize, barley and rapeseed oil.
11. The Russian Federation is also a key exporter of fertilizers. In 2020, it ranked as the top exporter of nitrogen fertilizers, the second leading supplier of potassium, and the third largest exporter of phosphorous fertilizer.

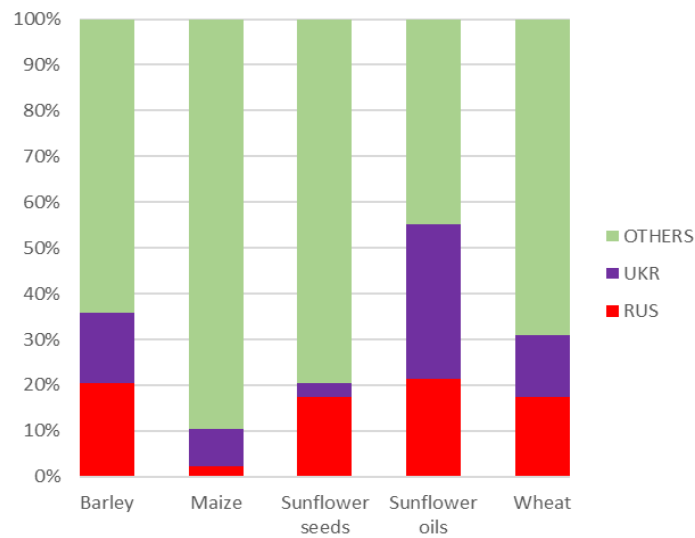
Overall view

Food price are at a record high, according to the latest FAO Food Price Index



Source: FAO

Global market shares (quantities) of Ukraine and the Russian Federation of key agricultural commodities (in percent, 2021)



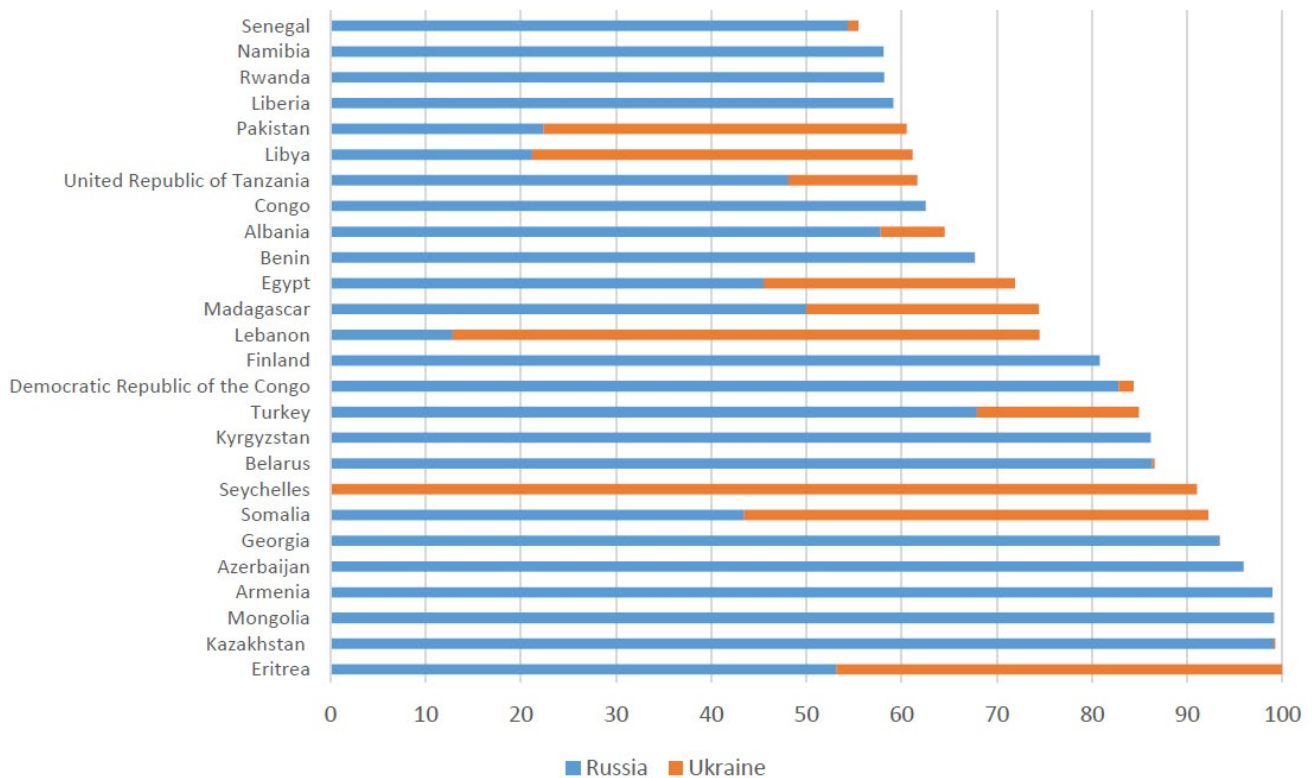
Source: TDM

12. **In terms of trade networks, both countries are key suppliers of wheat to many countries in the world.**
13. Nearly **50 countries** depend on the Russian Federation and Ukraine **for at least 30 percent** of their wheat import needs. Of these, **26 countries** source **over 50 percent** on their wheat imports from these two countries.
14. For fertilisers, **25 countries** rely on the Russian Federation, with an import dependency **of 30 percent or more** for the N, P, and K fertilizer.
15. **The conflict can have multiple implications for global markets and food security.**
16. Wheat is a staple food for over 35 percent of the world's population, and the lack of a substitute is likely to compound the pressure on wheat prices.
17. Thus, **the crisis represents a challenge for food security for many countries, and especially for low-income food import dependent countries and vulnerable population groups.**
18. Sourcing from different origins **will increase shipping and other operational costs** for many importers, particularly in those countries that rely on the Black Sea supplies due to geographical proximity.

Trade networks

Wheat Import Dependency (percent, 2021)

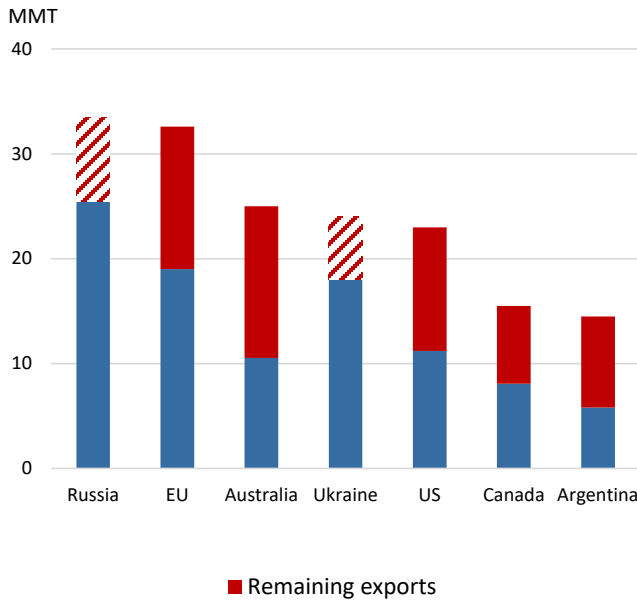
- Trade networks for specific commodities can be highly concentrated
- This can have multiple implications for global markets and food security
- 26 countries source at least 50 percent of their wheat needs from the Russian Federation and Ukraine



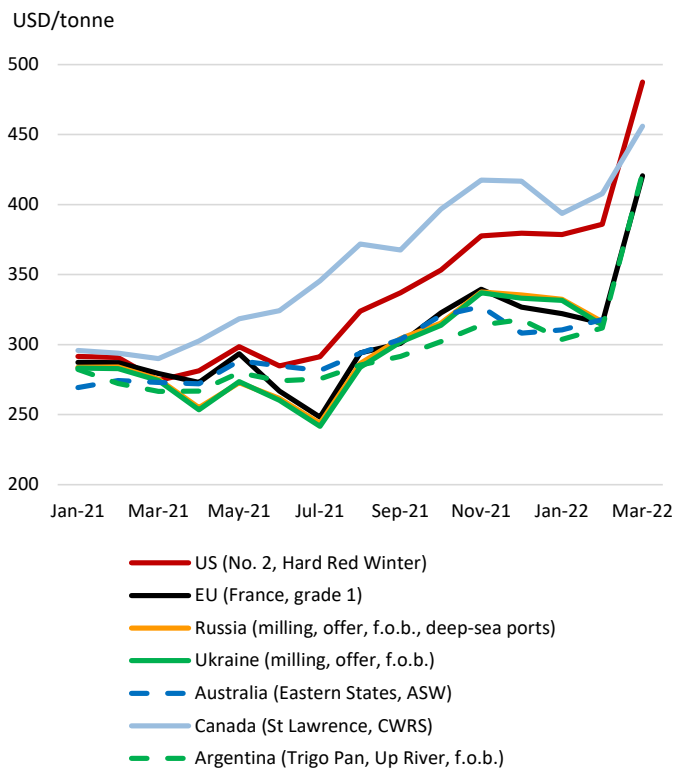
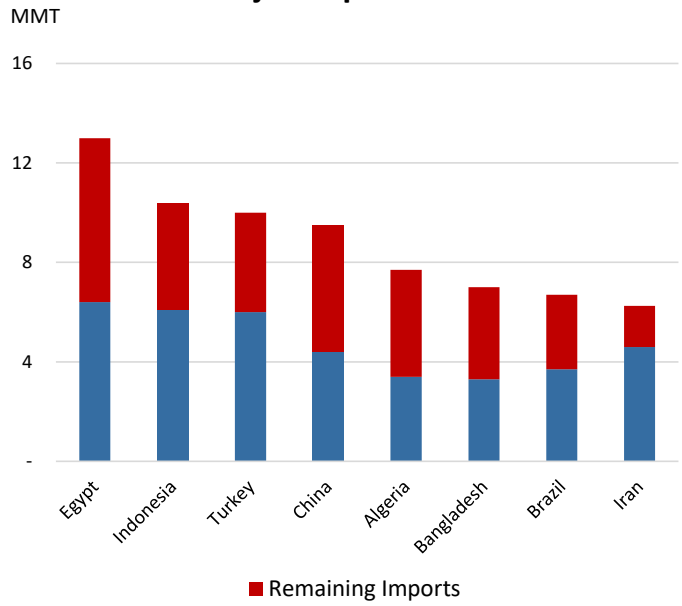
19. **Prior to the conflict, FAO expected** Ukraine to export around 6 million tonnes of **wheat** between March and June 2022, and the Russian Federation to export 8 million tonnes during this period.
20. This represents about 7 percent of total world wheat trade in 2021/22, which is forecast by FAO at 194 million tonnes.

Wheat

21/22 Export forecasts of major exporters



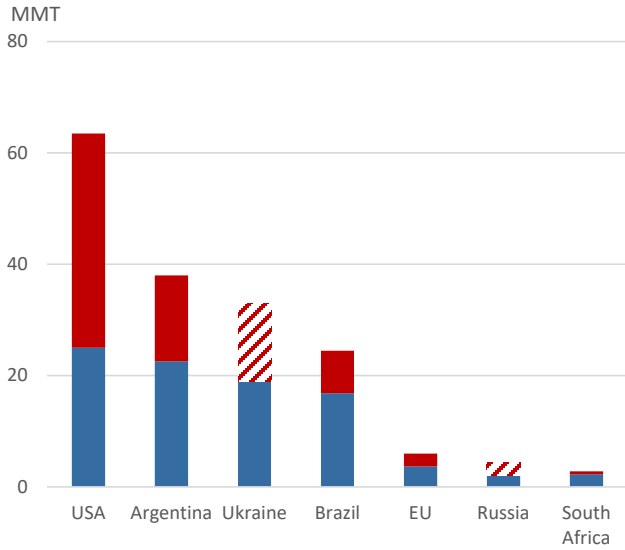
21/22 Import forecasts of major importers



21. Ukraine was expected to export approximately 14 million tonnes of **maize**, and the Russian Federation 2.5 million tonnes.
22. Ukraine's expected exports would have represented 18 percent of global maize trade this season. This would have made Ukraine the world's third largest maize exporter in 2021/22.

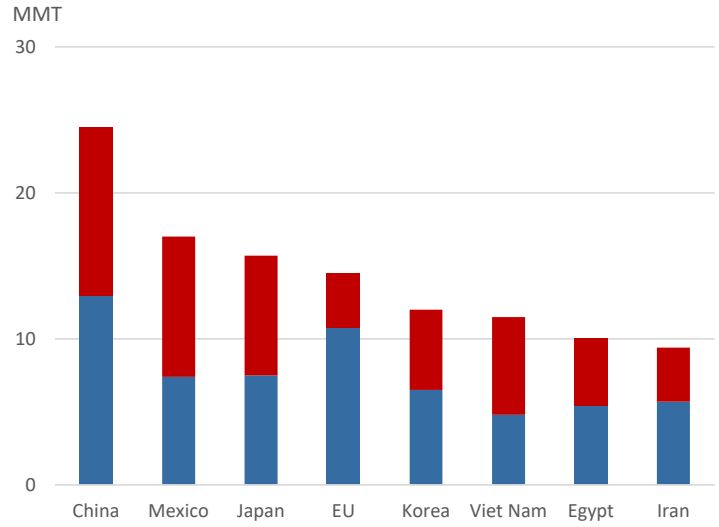
Maize

21/22 Export forecasts of major exporters

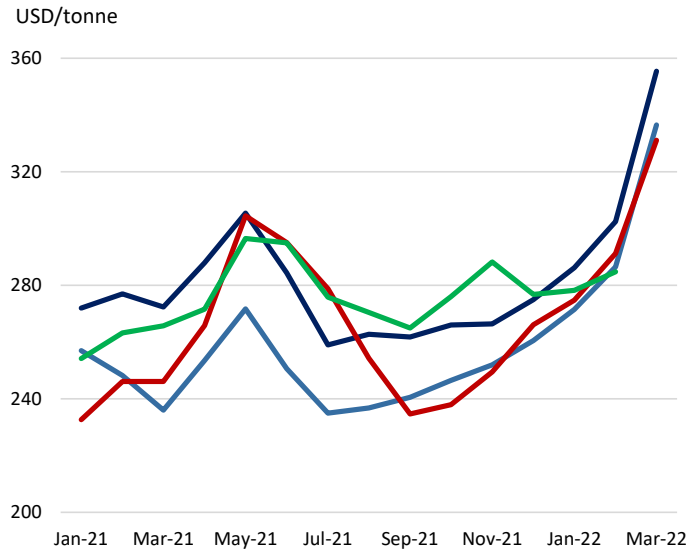


■ Remaining exports

21/22 Import forecasts of major importers



■ Remaining Imports

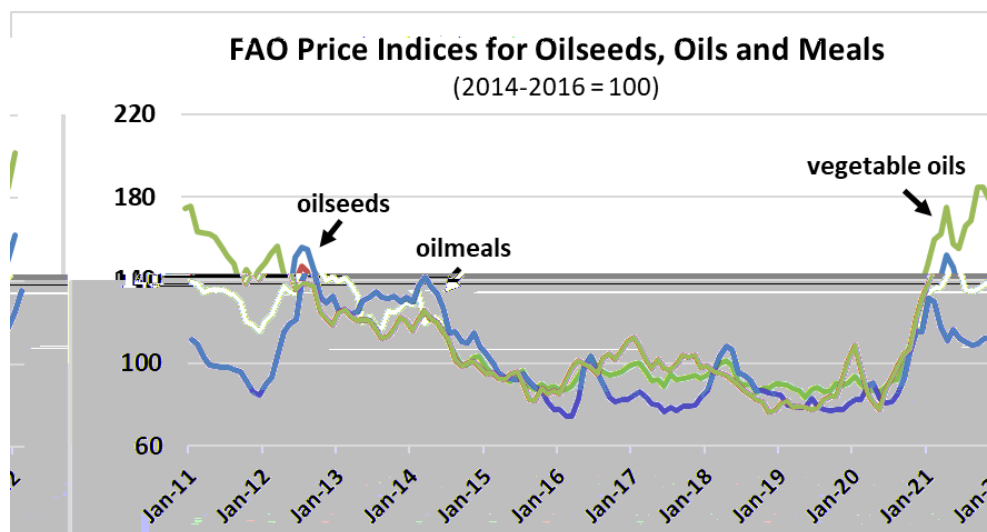


- Argentina (Up River, f.o.b.)
- Brazil (Paranagua, feed)
- US (US No. 2, Yellow)
- Ukraine (offer, f.o.b.)

23. Disruptions to the sunflower oil trade would lead to substitution with other vegetable oils, likely causing spillover effects to the prices of other vegetable oils, such as palm, soy, and rapeseed oils.
24. This development comes at a time of already high vegetable oil prices.

Oilcrops complex

- Limited impact on global soybean market
- More than 50% of global sunflowerseed produced in Ukraine and the Russian Federation
- Disruptions on global sunflower oil trade flows
- International prices for oilseeds and derived products already at multi-year highs



Share of selected oilseeds in global production

3-year average (2018/19 - 2020/21)

	Sunflowerseed	Rapeseed	Soybean
Ukraine	28.1%	4.1%	1.0%
Russian Federation	25.8%	2.9%	1.2%
Total	53.9%	7.0%	2.2%

Share of sunflowerseed and products in global exports

3-year average (2018/19 - 2020/21)

	Sunflowerseed	Sunflower oil	Sunflower meal
Ukraine	3.4%	51.1%	56.1%
Russian Federation	20.5%	27.1%	20.6%
Total	23.9%	78.2%	76.7%

25. **To assess the potential impact of the conflict, preliminary simulations were undertaken using FAO scientific model to estimate the impact on prices and undernourishment.**
26. It should be noted that these scenarios are preliminary and subject to continuous revisions. They are meant to provide indicative impacts.
27. Results for a moderate scenario show that a reduction in grain exports from Ukraine and the Russian Federation would lead to increases in global prices relative to the baseline, in short term (2022):
- Wheat prices up by nearly 8.7%
 - Maize by 8.2%
 - Other coarse grains by 9.6%
 - Other oilseeds by 10.5%
27. Over the medium term, the scenario suggest that world prices would increase by:
- 10.3% for wheat
 - 8.5% for maize
 - 9.1% for other coarse grains
 - 8.5% for other oilseeds

Scenario simulations

Moderate scenario: impacts on world market prices and undernourishment

Short term

Price (wheat): +8.7%
Price (maize): +8.2%
Price (other coarse grains): +9.6%
Price (other oilseeds): +10.5%

Undernourishment
+7.6 million

Medium term

Price (wheat): +10.3%
Price (maize): +8.5%
Price (other coarse grains): +9.1%
Price (other oilseeds): +8.5%

Undernourishment
+8.1 million

Other coarse grains include barley, rye, oats, sorghum and millet.
Other oilseeds include rapeseed, sunflower and groundnut.

28. For a severe scenario, the results indicate that in the short term, world prices would increase by:

- 21.5% for wheat
- 19.5% for maize
- 20% for other coarse grains
- 17.8% for other oilseeds

29. For the medium term, the severe scenario indicate increases in world prices of:

- Wheat by 19.4%
- Maize by 13.9%
- Other coarse grains by 15.4%
- Other oilseeds by 13.3%

30. These scenarios indicate an additional increase in the number of undernourished people ranging from 7.6 to 13.1 million people between 2022 and 2026, compared to the baseline.

Scenario simulations

Severe scenario: impacts on world market prices and undernourishment

Short term

Price (wheat): +21.5%
Price (maize): +19.5%
Price (other coarse grains): +20%
Price (other oilseeds): +17.8%

Undernourishment
+13.1 million

Medium term

Price (wheat): +19.4%
Price (maize): +13.9%
Price (other coarse grains): +15.4%
Price (other oilseeds): +13.3%

Undernourishment
+11.2 million

Other coarse grains include barley, rye, oats, sorghum and millet.
Other oilseeds include rapeseed, sunflower and groundnut.

Excellencies,

31. **To conclude, let me recall that the situation is evolving rapidly, and much uncertainty remains regarding the conflict, its intensity, and duration.**
32. These simulations can serve to inform collective action to foster global food security, but they are subject to many areas of uncertainty.
33. In this regard, the work of **the Agriculture Market Information System – AMIS – which secretary is hosted at FAO, is invaluable.** With its regular release of up-to-date and reliable data, AMIS is a pillar of agricultural market governance.
34. Furthermore, **the Rapid response Forum of AMIS** provides an excellent platform for policy dialogue and coordination of responses in times of market uncertainty.
35. **We deplore the loss of life and displacement of populations.** We join the call of the UN Secretary-General to end the war, restore peace and protect people's lives.
36. We stand on the side of the suffering people in the Ukraine crisis, and express our solidarity with the people and particularly the ones deriving their livelihood from agriculture.
37. At FAO, we are mobilising our resources and capacities to assist within the limitations the conflict impose.
38. FAO calls for the protection of food production and food supply.
39. Please help farmers back field to work peacefully as soon as possible.
40. Thank you for your attention.