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Russia and Africa: the Invasion of Ukraine Leads to the Next Major Crisis

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Abstract

Everything that was true until recently is no longer valid. Russia's war against Ukraine has consequences for the entire world. In particular, low-income countries and countries that need to import food and energy have been plunged into crisis. Food, oil and gas exporters, on the other hand, benefit. African countries are experiencing the negative effects even more than other regions of the world. Following the consequences of the pandemic and the climate crisis, Africa is once again being dragged into an externally induced crisis, with hunger and poverty continuing to rise.

Keywords: Food Crisis, Ukraine, Russia, Africa.



1. Everything Wastepaper

One of Russia's key foreign policy goals for 2022 was to prioritise relations with Africa. Before the 2019 Sochi summit, President Putin had outlined that Russia was ready "not to redivide the continent's wealth, but to compete and cooperate with Africa. The main point is that competition should be developed in a civilised manner and in accordance with the law. We have something to offer our African friends ... Our African agenda has a positive, forward-looking character. We do not align ourselves with one party against another and reject any kind of geopolitical games with Africa".¹

Now, all that is wastepaper. And whether the planned Russia-Africa summit will take place in the autumn of 2022 is still written in the shadows because Russia has lost a great deal of credit in the UN and has damaged its own economy so badly through its war of destruction against Ukraine that it can no longer make an attractive offer to the African countries. This applies economically but also militarily and politically. And the African countries, which were hesitant in condemning the invasion, must ask themselves what meaning agreements under international law actually hold for them.

2. The Vote at the UN

In the vote on the Russian invasion of Ukraine, 17 African countries abstained, eight did not vote, Eritrea voted against, and 28 condemned Russia's violation of sovereignty. The Russian war on Ukraine has been greeted with conspicuous silence in some countries, and many African states are taking ambivalent positions. Some African countries have also maintained long-standing relations with Russia, dating back to the Cold War era. This can be explained by the fact that the West is less well-liked than before on the continent. The discredited post-colonial behaviour of the West is also reflected in the behaviour of African countries towards Russia. However, it also has something to do with the increasing influence Russia, China, India and many other emerging countries have gained on the continent in recent decades. Many experts, therefore, speak of a new "Scramble for Africa".

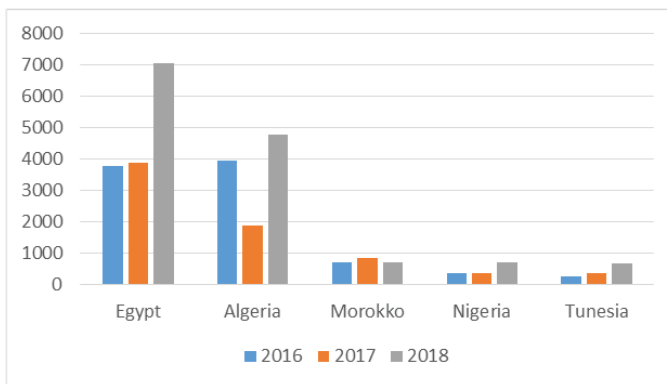
¹ *Deutsche Welle*, 23 October 2019. <https://www.dw.com/de/afrika-gipfel-in-sotschi-russlands-renais-sance-in-afrika/a-50955481>

3. Russia's Continental Agenda

The Russian government emphasised four strategic goals for its relations with Africa following the Russia-Africa Summit in 2019 (Shubin 2020).

- First, Russia wants to use African states to expand its power on the global stage. African countries represent the largest voting group in the UN and provide Russia with a pool of allies against the continued dominance of the United States and other Western powers. The voting behaviour of African countries shows that this has succeeded to some extent.
- Secondly, Russia is keen to obtain access to African countries' raw materials and natural resources. Russian mining companies extract diamonds in Angola and platinum in Zimbabwe. The aluminium producer Rusal owns mines in Guinea, which has the largest bauxite deposits in the world. The increasingly close military ties with the Central African Republic (gold, diamonds, uranium) and the Democratic Republic of Congo (diamonds, copper, cobalt and coltan) were meant to secure Russian mining companies access in these two countries. Russia is launching joint economic projects with African countries to secure access to Africa's natural resources. Although Russian-African trade has more than doubled in the last five years, it is quite small at around \$20 billion per year—less than a quarter of this trade with sub-Saharan Africa.

Figure 1: Russia's Foreign Trade with Africa, USD Million, 2016–2018



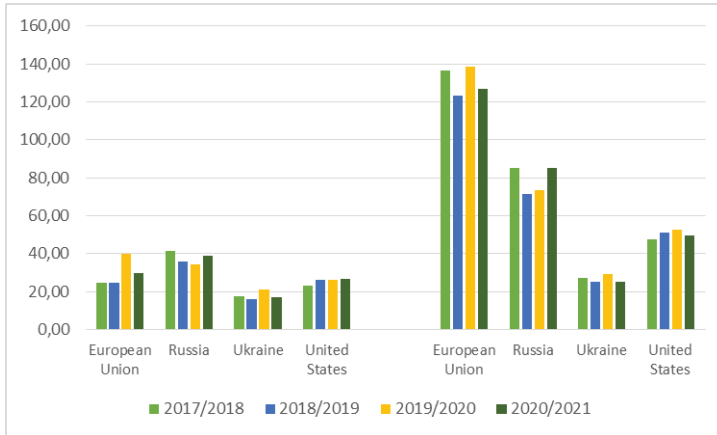
Source: GTAI. 2019. "Russland startet Afrikainitiative." Berlin. <https://www.gtai.de/de/trade/russland/wirtschaftsumfeld/russland-startet-afrikainitiative-115384>

- Thirdly, Russia is seeking to expand its dominance as a supplier of arms exports and security in Africa. Russia has become Africa's largest arms provider, accounting for 35 per cent of arms exports to the continent. Since 2015, Russia has signed over 20 new bilateral military cooperation agreements with African states. Russia currently has military agreements with a total of 40 African countries. For example, the armed forces of Algeria, Angola and Ethiopia are almost entirely equipped with Russian-made weapons and military instruments. Russian weapons are attractive to African states because they are cheaper than American weapons. In addition, more than 2 500 military personnel from African countries have graduated from Russian military academies in the last five years.
- And fourthly, Russia wants to support the development of energy and electricity supply by Russian companies. Companies such as Gazprom, Lukoil, Rostec and Rosatom have invested on the continent. In 2018, for example, Rosneft signed a contract to supply Ghana with liquefied natural gas. Rosneft also has oil and gas projects in Algeria, Egypt and Mozambique, while Lukoil operates in Cameroon, Egypt, Ghana and Nigeria. There is an opportunity for Russian energy companies to expand production at lower costs than in Russia. One example is the joint venture between Russia and Zimbabwe's Pen East Ltd to develop one of the world's largest platinum metal deposits. The state atomic energy agency Rosatom is building a nuclear power plant in Egypt. It has also signed an agreement to build two more power plants in Nigeria and has nuclear energy agreements with several other African countries, including Ghana and Kenya. According to the African Development Bank, Russian investment in Africa peaked at \$20 billion in 2008. Less than 1% of total foreign direct investment came from Russia in 2017. Although this is a small investment compared to France, the UK or China, Russia has secured significant influence over key economic sectors in Africa through its energy and commodity investments, making Russia a geostrategic player. This is also reflected in its significant role in Africa's food markets.

4. Russia and Ukraine as Important Exporters of Wheat and Maize

Both Russia and Ukraine play an important role in global agricultural markets and food supply for Africa:

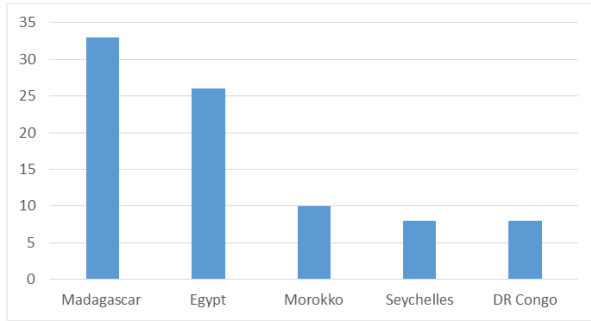
Figure 2: Main Exporters and Producers of Wheat, Million Tons, 2017–2021



Source: US Department of Agriculture. 2022. Grain: World Markets and Trade, Washington, DC. <https://apps.fas.usda.gov/psdonline/circulars/grain.pdf>

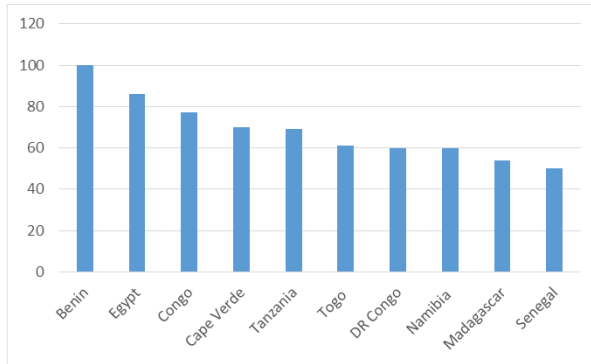
- Russia accounts for 10% and Ukraine for 4% of global wheat production. They are the world's largest grain exporters: together, they supply about 30% of the world's traded wheat. Ukraine is the fourth-largest provider of wheat and maize.
- Africa imported around US\$4 billion (2020) of agricultural products from Russia. Wheat accounted for almost 90% of these imports. At the same time, African imports of agricultural products from Ukraine amounted to US\$2.9 billion. Of this, 48% was wheat and 31% maize.

Figure 3: Imports of Maize, Dependence on Supply from Russia and Ukraine, % Share, 2020



Source: Based on UNDP Regional Bureau for Africa. 2022. “The Potential Impact of the Russia-Ukraine Conflict on Africa.” New York.

Figure 4: Wheat Imports, Dependence on Supply from Ukraine and Russia, % Share,



2020

Source: Based on UNDP Regional Bureau for Africa. 2022. “The Potential Impact of the Russia-Ukraine Conflict on Africa.” New York.

- South Africa receives about 30% of its wheat imports from Russia and Ukraine. Dependence on wheat and maize is particularly high in Benin,

Egypt and Congo (see Figures 3 and 4).

- Russia is also one of the world's largest exporters of fertilisers. The war has led to a sharp increase in fertiliser prices and could exacerbate the food crises of some African countries, especially those that rely on agricultural development.
- As Russia is also a major producer of oil, gas, aluminium, palladium and nickel, the war disruption to supply chains has also caused commodity prices to skyrocket. African oil-importing countries have already felt the impact of rising oil prices through significantly higher transport prices. The consequences of that are inflation and lower incomes for their populations. Oil exporters like Nigeria and Angola, on the other hand, have benefited from the commodity price development through higher foreign exchange earnings.
- Wheat and wheat products account for one-third of average national cereal consumption in the East Africa region, with per capita consumption highest in Djibouti, Eritrea and Sudan. Imports meet 84% of wheat demand in the region.
- Given the size of wheat demand and the high dependence on imports from Russia and Ukraine, Sudan has already felt the impact of the ongoing conflict the most, followed by Kenya and Ethiopia. Other countries in the region are also likely to be affected either directly (through higher prices for wheat products) or indirectly (through consumption of substitute products leading to an increase in prices for other cereals).
- In addition, Ethiopia, Sudan and South Sudan are particularly affected by wheat price shocks as they face climatic crises that have already led to high food prices (Fox and Jayne 2020).
- Regions that have already experienced famine due to the climate crisis and the pandemic are now even more at risk, as international aid agencies are buying up wheat and grain to fight the famine. As a result, food prices have risen, putting extra strain on countries that rely on imports. Countries on the continent that have been classified as starvation zones by the United Nations and need access to aid include Madagascar, Ethiopia, South Sudan, Chad, Burkina Faso and the Democratic Republic of the Congo.
- The global supply crisis in grains, oilseeds and vegetable oils has been further complicated by China's activities to buy up more than half of the world's

grain stocks, including 51% of the world's wheat reserves. The Chinese State Council fears a "large-scale resurgence of poverty in China",² which is why China imported a record 164.5 million tonnes of grain in 2021. The aim is to guarantee the country's food supply, which is why the State Council assesses procurement as a security strategy. Chinese demand on world markets contributed to global grain prices soaring even before Russia's invasion of Ukraine. The war against Ukraine significantly worsened the situation. The closure of Ukrainian ports caused Ukraine's grain exports to collapse, reducing global supply and pushing up prices.

5. Egypt in Particular Dependence

The Egyptian food security situation is precarious because the agricultural sector is unable to produce enough cereals, especially wheat and oilseeds, to meet even half of the domestic demand. Egypt relies on large quantities of heavily subsidised imports to ensure the supply of bread and vegetable oil for its 105 million citizens. The war is hitting Egypt's supply particularly hard, as 85% of its wheat and 73% of its sunflower oil comes from Russia and Ukraine. In 2020, Egypt imported about 54% of its sunflower oil supply from Ukraine and 19% from Russia.

The US Department of Agriculture estimates that Egyptian wheat production will reach about 9 million tonnes in fiscal year 2021/22, while Egyptian consumption will be 21.3 million tonnes, leaving a deficit of 12.3 million tonnes that will have to be made up by imports. Even before Russia's invasion of Ukraine, prices for these imports were at record levels. The price of soft wheat used for bread-making was \$271 per tonne at the end of the third quarter of 2021, up 22% from a year earlier. The price continued to rise in the fourth quarter of 2021 as global stocks fell after producers in the US, Canada, Russia, Ukraine and the rest of the Black Sea region suffered crop damage from drought, frost and heavy rains. On 3 March 2022, just seven days after the Russian invasion of Ukraine, the price of soft wheat on the Chicago Board of Trade was US\$389 per tonne.

With Russia imposing tariffs on its wheat exports, the Egyptian population was already facing limited access to food. With access to grain from Ukraine threatened by

2 See China's National Food and Strategic Reserves Administration, 16 April 2022, http://www.lswz.gov.cn/html/xinwen/2021-04/16/content_265375.shtml.

the war, Egypt's food security and economic and political stability are at risk.

Egypt's wheat imports are driven by the widespread consumption of the flatbread Eish Baladi, which is the staple food among the poor. Egyptians consume 150–180 kilograms of bread per capita. More than 88% of the Egyptian population depends on the bread ration system. The government allocated US\$3.3 billion for bread subsidies last year. Egypt's new wheat purchases and subsidies will now place an even greater financial burden on the national budget.

6. Nigeria's Food Crisis

The situation in Nigeria is quite different. But here, too, the dependence on food imports is very high. Nigerian President Buhari said in 2021: "Nigeria spends over \$2 billion annually on wheat imports". And the Governor of the Central Bank of Nigeria, Godwin Emefiele, underlined: "Wheat is the third most widely consumed grain in Nigeria after maize and rice. It is estimated that the country only produces about one per cent (63 000 metric tons) of the 5–6 million metric tons of the commodity consumed annually in Nigeria".³

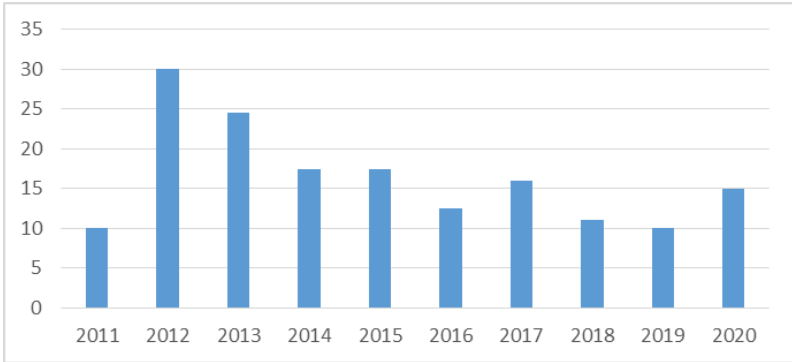
Nigeria has been dependent on \$10 billion of food imports to make up for its food and agricultural production deficits. This is especially true for wheat, rice, poultry and fish. According to the National Bureau of Statistics, Nigeria spent about \$46.2 billion on imported food alone in 2019. To protect domestic producers and encourage the growth of Nigeria's agricultural industry, the government has introduced trade barriers on certain agricultural products and offered some economic incentives to investors in the industry, such as import duty exemptions on farm equipment, income tax relief and VAT exemptions. Nevertheless, demand for imported products continued to rise.

A part of the food imports and agricultural products originates from the USA. These averaged US\$537 million over the last five years, of which wheat accounted for about 70%. Last year, Nigeria imported over 1.29 million tonnes of wheat from the US. Nigeria also imports American soybeans, vegetable oils and animal fats, processed vegetables, dairy products and fish. The market share of wheat from the US was still over 90% in 2012 but has fallen to less than 40% in 2020 due to strong competition

3 *The Cable*, 10 November 2021, <https://www.thecable.ng/150000-farmers-to-benefit-as-cbn-flags-off-wheat-production-programme>.

from wheat exports from Russia and Ukraine.⁴ This very high dependence on imports is now reflected in significant local price increases for food due to supply bottlenecks and the sharp rise in import prices, and it has consequences for the survival of the population.

Figure 5: Nigeria’s Food Imports—Share of Merchandise Imports, %



Source: World Bank. 2022. “Nigeria’s Food Imports, % of Merchandise Imports.” <https://tradingeconomics.com/nigeria/food-imports-percent-of-merchandise-imports-wb-data.html>

The Nigeria National Bureau of Statistics report on international trade shows that the main agricultural products imported into Nigeria are durum wheat and seeds. Nigeria’s dependence on foreign imports to meet rising wheat consumption could become its biggest challenge yet because of the war between Russia and Ukraine. Bread, noodles, pasta and semolina, which are made from wheat flour in Nigeria, are among the most important food items. These products have experienced a 50% or more increase in price between the end of 2020 and January 2022. Supply pressures will lead to further price increases. Prices of cereals, sweet potatoes, meat, fish and fruits increased across the board (by more than 23 per cent in 2021). For years, the causes of food inflation have included intensifying conflict between local farmers and livestock owners, Boko Haram’s terrorism, kidnappings and insurgencies in Nigeria’s Middle Belt. Additional

⁴ International Trade Administration, 13 October 2021, <https://www.trade.gov/country-commercial-guides/nigeria-agriculture-sector>.

price pressure comes from the devaluation of the local currency, the Naira, which has been devalued several times since 2021. Higher fuel prices have also contributed to the rise in food prices.

Nigerian-Russian trade is not very large but is important in many ways. The main Russian exports to Nigeria are grain, maize, iron and steel, mineral fuels and fertilisers. The total value of these exports was estimated at about US\$423 million in 2020, according to UNCTAD's COMTRADE database.

In summary, this means that Nigeria will not be able to close the wheat gap of over 6 million tonnes via import substitution measures: Nigeria will continue to rely on food imports. Central to this is that, on the one hand, import dependency on Russia and Ukraine is reduced, but at the same time, the long overdue measures to develop agriculture must be tackled—a sector of the economy that has been severely neglected for a long time but in which a large proportion of the people live and work (see You, Takeshima, and Xie 2018).

7. Conclusion

Many African countries have been plunged into economic and social crises by the war brought on by Russia. Especially those countries that are heavily dependent on food imports from Ukraine and Russia are now facing inflation, social hardship, more hunger and more poverty. It will not be long before new poverty revolts or bread-and-wheat riots break out in some countries, especially in fragile states. The supply crisis highlights the need for African states to make much greater efforts to prioritise the development of agriculture and food industries and to ensure sustainable supply security. The global food crisis illustrates the imbalance that many countries have created through their high dependence on food imports, not only in Nigeria and Egypt but in all commodity-producing countries. Farmers and rural populations are suffering because of decades of marginalisation of rural Africa. Poverty and employment crises are widespread here (Kappel 2021). The challenges for most African states are particularly severe because, in addition, food is imported from countries whose agricultural production is far more productive (EU, USA, Ukraine and Russia) and supported by government subsidies, such as those of the European Union and the USA.

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