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Russian has said that ships sailing to Ukraine to pick up grain are henceforth a military target. (Reuters)

Russia's decision to pull out of the Black Sea Grain Initiative risks increasing food security for more than 50 million Africans hit by drought.

The Black Sea Grain Initiative was brokered by the United Nations and Turkey in July 2022 to allow the safe passage of Ukrainian grain exports through the Black Sea, in the context of Russian's war on Ukraine.Russia announced on 17 July that it will not be renewing the agreement, and has said that ships in the Black Sea sailing to Ukrainian ports will be regarded as military targets.

"Moscow must know its abrupt halt in permitting Ukrainian grain export shipments via the Black Sea will cause further increases in grain import prices, thus hurting some of the poorest countries in the world," says Harry Broadman, a former senior World Bank official in Russia and Africa.

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More than 50 million people across Somalia, Kenya, Ethiopia, Sudan, South Sudan and Uganda need food aid, owing to long-term drought, according to East Africa's Intergovernmental Authority on Development (IGAD). Kenya's foreign ministry has labelled Russia's decision a "stab in the back".

"It's hard to fully understand Russian President Vladimir Putin's benefit-cost assessment of pursuing this strategy, given his desire to expand Russian influence on the continent," says Broadman, now chair of the emerging markets practice at Berkeley Research Group LLC in Washington DC.

Egypt is likely to be among the most affected countries, says Jacques Nel, head of Africa macro at Oxford Economics. "Bread subsidies are a real burden on the fiscus but politically untouchable, so the government will be in a real bind if international wheat prices again trend higher," Nel says.

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The Egyptian government has had some success in **diversifying its wheat supplies**. Callee Davis, an economist at Oxford Economics, points to data from TradeMap showing that Ukraine accounted for 25.3% of total Egyptian wheat imports in 2021, but only **5.7% in 2022**, as imports from Russia, Romania, France and the US increased.

Still, higher international prices would add to pressures on **Egyptian inflation**, which is already running at record levels. Year-on-year inflation in the country increased to 35.7% in June, from 32.7% in May.

Limited African benefit

In reality, the Black Sea initiative was of limited direct benefit to many parts of Africa. The countries that received most of the imports were **China**, **Spain**, **Turkey** and **Italy**, according to figures from the United Nations. Of the 32.9m tonnes of grains and other foodstuffs shipped, Africa received only 12.2%, the UN data shows.

The prospect of diminished grain supplies is "less of a shock" than it was before the UN-brokered deal, says Thomas Gillet, director of sovereign and public sector ratings at Scope Ratings in Paris. African countries have been proactive over the past 12 to 18 months in reorganising supply chains and accumulating stocks and "so should be better positioned to deal with renewed trade disruption," Gillet says.

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Still, a prolonged suspension of the deal could **push up global commodity prices**, according to research from Davis at Oxford Economics. The impact of higher prices will be magnified at a time when many of the continent's countries are experiencing drought, she argues. "Although we think it is unlikely that prices will rise as much as they did last year, even minor upward adjustments to global commodity prices would have negative implications for African countries."

Food prices are likely to be high on the agenda at the **Russia-Africa Summit** to be held July 26-29 in Saint Petersburg. Putin may at some point need to make gestures of food aid to the Horn of Africa to calm African leaders' nerves, Davis argues, making Russian **food-export assurances** to countries such as Egypt and Algeria a possibility.

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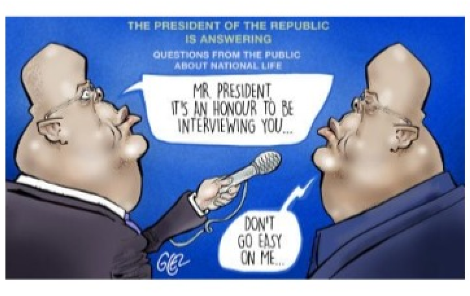

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