

The Impact of Russia-Ukraine War on Global Agricultural Trade with Special Reference to India.

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Russia waged a war against its neighbour Ukraine earlier this year which has had a lot of repercussions all across the globe and we are yet to face so many other negative consequences of this conflict. It is imperative to realise that the major shock-wave is always felt by developing, under developed and third world countries. As because the developed part of the world is much more resilient, it is always the poor nations which bear the brunt of devastating interests of those who rule the world. Actually, both of these countries on war, Russia and Ukraine play pivotal role in running the global affairs as far as agriculture is concerned. Russia and Ukraine collectively dominate 25 per cent of global export of agricultural commodities. Specifically, both the countries rule the world trade export in agricultural sector dominating, for example 30 percent of total global Wheat export, 32 percent of Barley export and 17 percent of Maize export.

The share is over 50 percent in case of Sunflower oil, oilseeds and meal. Ukraine which has a relatively weaker hand in this war is called as Breadbasket of Europe because of the huge amounts of grains being exported from Ukraine to European Union. This is evident from the statistical figures telling that the total grain export to European Union rose from 682 thousand metric tonnes in 2010 to 15.9 million metric tonnes in 2019. The major uplift is seen in the export of Corn from 533 thousand metric tonnes in 2010 to 14.3 million metric tonnes in 2019. Ukrainian export of grain to EU has seen an increase of 23.9 percent annually valuing almost 3 billion USD each year which fell by nearly 36.8 percent in 2020 to again rise by 34.1 in 2021. It was because the world was hit by COVID-19 pandemic which affected every part of the globe. Not only Europe, Ukraine is grain provider to so many other countries in Asia and Africa, thanks to Ukraine's fertile Black soils. Largest importers of Ukrainian Wheat in 2021 were countries like Egypt, Bangladesh, Indonesia, Turkey and Yemen. The dependence of world on Ukraine is so much that richest of richest countries and poorest of poor look at it for their food security.



If we talk in context of Sunflower, Ukraine is still on the top constituting 40 percent of total world exports valuing 6000 million USD in 2021. India is one of the top importers of Sunflower oil with China, Netherlands, Spain and Italy. But now that the country is stuck in a deadly war facing destruction of its people, infrastructure and resources, it becomes primary to note that the food security of many countries is at enormous risk. This war has increased the vulnerability of already suffering countries like Yemen, Sudan, Tanzania etc. The trade with Ukraine is hampered because of the war and Russia is facing trade sanctions by so many nations. Though we have now anticipated an end to the war as Russia is withdrawing its forces from Kyiv, it will still take some time to revive its trade. This comes as an opportunity for a country like India to work on her export dealings. India is among the largest producers of so many agricultural commodities like Wheat, Rice, Milk, Veggies etc. In the past few years, India is observing an erratic trend in the export of agricultural commodities. In 2017, export of agricultural commodities fetched India 1.5 billion USD and we did not even account for 2 percent of global exports. But things began to change when in 2020-21,

India's total agricultural exports soared to a 6 year-old high of more than 19 billion USD which APEDA considered an overall growth of nearly 25 percent as compared to the values in 2019-20. India exported 20 million metric tonnes of grains in the same year constituting 13.9 million MT of Non-Basmati rice, 4.6 million MT of Basmati rice and 2.98 million MT of Wheat. In 2021-22, up-to January India had exported agricultural commodities worth 40.87 billion USD. After 2014 this is the time when India has emerged again in world market. India's poor performance at exporting can be attributed to a number of factors. We have a large population to feed which is not the case with other well performing nations. Also, our major grain producing states like Punjab and Haryana have a strong agricultural market network where most farmers sell their produce atleast at MSP. Now the bidding price at global markets is generally lesser than what farmers get at MSP which makes it difficult for Indian dealers to get a hand in International trade. Countries like Ukraine, Thailand, Vietnam, Australia give India a tough competition. But of late as seen in 2020, India witnessed a bumper production and also it could bid against the International prices better. Indian Basmati rice was priced at 360-390 USD per ton against Thailand's 495 USD per ton or Vietnam's 470 USD per ton. India sold its Wheat at 280 USD per ton whereas Ukraine's price was 290 USD per ton and Australia was bidding at 330 USD per ton.



Now here, an interesting thing to notice is that the exported grain from India does not come from Punjab or Haryana but rather from Uttar Pradesh, Bihar, West Bengal, Rajasthan etc. In these states, low procurement is done at MSP because most of the farmers are small, marginal and illiterate with very less negotiating powers as compared to large, literate and organised farmers of Punjab and Haryana. So they sell their produce at relatively lesser price than what is set by the Government as MSP which we generally refer to as distress sales. So, this produce is then exported to countries in the Middle east or South eastern region. It is like a paradox where on one hand, we are getting good with our exports while on other, it is all on the shoulder of poor farmers. And we cannot continue with that because our farmers are already suffering. This time, Russia-Ukraine war has come with an opportunity for India to make a strong position in International market while simultaneously working on strengthening our small farmers. Initiatives like 'Farmer Connect Portal' are in place where farmers can directly connect with the exporters. This way they can get good prices for their produce. But it is not an easy task. Creating awareness among farmers, providing necessary skill and training is equally important and time consuming. But that should not deter us from achieving our targets. India has a policy of universal brotherhood and it can showcase it while the world is facing threat to its food security. India's neutral position is also viewed as a benefactor by some predictors, so in that case, it will be a win-win situation for us. As International prices for agricultural commodities will increase, it will be a chance for Indian farmers to sell their produce even at a slightly higher price, even more than MSP. This will motivate farmers from all across the country to be able to contribute to the exportable stock. At this moment, India has everything: bumper grain stocks, strong bidding and negotiation powers and a rapport in International market. It is right time to enter the market when all other competitors are somehow impaired. This moment is right for India to show to the world its competence, power and policy.