

## THE UKRAINE CRISIS AND THE FOOD SECURITY IN IRAN

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**Introduction.** After the beginning of the Ukraine crisis, new political, economic and human changes have occurred in the world. The war is the most important sector that has affected food security. Global food security is one of the most critical sectors affected by this crisis. Of course, its effects have not been the same in all countries. Some countries have been more dependent on food imports, and those dependent on imports from Ukraine have suffered more damage. There is a dangerous situation in some poor countries. In fact, the war has caused considerable inflation in food items by affecting the world food market. Ukraine and Russia are important food producers. By considering it, one can realize the importance of their role in the world market and the impact of war on it. It should also be mentioned that Iran is one of the importers of food for its large population. In this article, an attempt is made to discuss the relationship between food security in Iran and the war in Ukraine. Has the war in Ukraine significantly affected food security in Iran? And whether there is a direct relationship between food insecurity in Iran and the war in Ukraine.

**Methodology.** This article aims to show that the relationship between the war in Ukraine and food insecurity in Iran is complex relationship. This complexity is more than what many other countries have experienced. The method of investigation and research in this research was in the form of a library, as well as interviews and discussions with experts. Some of the information in this research has monthly changes, but the general trend has been constant in recent months. In this regard, it is essential to look at the statistics and research of international organizations. Interviewing and discussing and reviewing the analysis of experts and researchers has been another part of this project. A part of the theoretical structure of the article, which requires basic knowledge of Iran and its systems, can be found in research and books in library study. Considering the daily and rapid changes in Iran's economy, politics, and instability, an essential part of the research has been carried out by following the news and reports of organizations and ministries. Interviewing and discussing and reviewing the analysis of experts and researchers has been another part of this research.

**Literature review.** Different researches have been conducted on the Ukraine crisis. Also, the regular reports of international organizations that exist around this crisis. Each of these reports and researches examines the conditions from an aspect. In the report of the World Bank in December 2022, it examined the situation of food security in the

world [The World Bank, December 2022]. The view of World Bank's report was the study of food security in the world. That report has a more descriptive view, while in this research, the goal was to find the roots and examine the links between events. In the UNCTAD report entitled Global Impact of war in Ukraine on food, energy and finance systems. It has focused on the global effects of the war in Ukraine, especially on the food, energy and financial sectors. This report describes the situation in detail [UN, 2022]. This report is global and unlike the current research, it does not enter into the complex regional debate of Iran. Also, reports and expert statements of the United Nations [UN press release, 2022] and the World Trade Organization regarding energy conditions or agricultural inputs have been considered in our research [FAO and WTO, 2022]. Each of these reports deals with specific aspects of the crisis, but they do not deal with examining the regional effects of them.

In the joint report of WFP and FAO, the three-month perspective of hunger in the world has been investigated. In this report, the hotspots of hunger have been discussed (WFP & FAO, 2022). But these researches are regional and general. We have been looking in the present research to examine the impact of the Ukrainian war on Iran. But what the reporters and writers say in Iran can also be checked. These writings and experts generally do not investigate the role of war on Iran or try to show it in a weak light. In the Khabar online report, the importance of Ukraine in the world's food market is discussed in order to point out the effect of the war on this market [Khabar, 2022]. But the discussion of its direct connection with the Iran crisis has been avoided. In some reports, the issues of currency price management in Iran have been investigated and they have considered the cause of the food inflation crisis. In an article titled Iran's Food Inflation Reached 71%, Bahar News describes the components of that inflation [Bahar, 2022]. But it does not mention the role of the war in Ukraine.

**Scientific novelty.** In general, if we want to point out the innovation of this article, we should consider it in the examination of the role of the war in Ukraine on the disturbance of the food market in Iran. Has the turbulent situation of the Iranian market been affected by the war in Ukraine, like many other countries in the world!? Due to the lack of transparency between the Iranian authorities and the policy-making of management, there are many differences in the thoughts and opinions of various economic and political officials in Iran. Also, in foreign sources, the claims of Iranian managers and authorities have been discussed less. Iran's developments are happening rapidly. The conditions of food insecurity are also expanding. Considering the totality of these issues, the investigation of this issue and claims is important.

**Analysis.** First, there is a need to look at the changes in global inflation from the perspective of the World Bank. 88.2% of low-income countries, 91.1% of lower-middle-income countries, and 93% of upper-middle-income countries have seen inflation levels

above 5%, with many experiencing double-digit inflation. The share of high-income countries with high inflation has also increased sharply, with about 82.1% experiencing high food price inflation [World Bank, 2022].

In the second stage, there is a need to examine the position of Iran in this global inflation. For a better understanding, you can refer to the report of the Iran Statistics Center. In its latest report, this organization announced the point inflation for Mehr (September) 1401 (2022) at 48.6 percentage points. In the meantime, the inflation of food items, that is, the group of foods and beverages, has been on the index of 71.4 percentage points. This high inflation rate shows the severity of the crisis [Bahar, 2022].

According to the report of the World Bank, the spot inflation of food in Iran has reached 84% during this period, which is the sixth in the nominal index, but in the real inflation index, Iran ranks third after Zimbabwe and Lebanon, the highest real food inflation rate in the world (The World Bank Food security update, December 2022).

The statistics show the crisis in rising prices. This shows the inability of the government to manage the crisis. Although the Iran government declares its economic policies very successful, the reality shows something different. This failure in food policies will have short and long-term effects. Here again, some important statistical data are mentioned. In the last year (2021), the prevalence of moderate or severe food insecurity in Iran was 42.40% which includes (35.60 million people). The severe food insecurity rate in Iran was 7.70% (6.50 million people) and the prevalence of undernourishment in Iran was 4.10% (3.40 million people). As per the last report in December 2022, the prevalence of insufficient food consumption in poor and borderline food consumption scores in Iran is 10.33% (GAFC. December 2022).

There are several reasons for food insecurity in Iran. One of the most important reasons is that Iranian have become poorer over time. This problem has different economic, political and international reasons, all of which are rooted in the inability of the country's management and lack of understanding of national interests on the one hand, and economic corruption on the other, among the reasons for this crisis. Apart from those long-term root causes also the war in Ukraine has affected this crisis.

In order to make the issue clear, it is necessary to examine the possible ways of impacting the war in Ukraine on food security in Iran. Ukraine plays a unique role in global food production and its market. Some of the most important agricultural products are produced there and exported from there. Ukraine is the seventh-largest producer and fourth-largest exporter of corn in the world, responsible for 13% of global exports in 2021-2020. Ukraine is the eighth-largest producer and sixth-largest exporter of wheat in the world, responsible for 8.5 percent of global exports in the 2021-2020 business year. According to the Iran Livestock and Poultry Importers Union inspector, corn, oilseeds,

soybean meal, seeds, soybean wheat and barley are imported from Ukraine (Khabar online, 4.2022). Ukraine is the largest producer and exporter of sunflower seeds and its products in the world, which was responsible for 47% of global exports in the business year 2020-2021 [Irna, 2022].

Here, we should also mention the important role of Ukraine in the chemical fertilizer production market in the world. The spokesperson of the Iranian Customs Organization says this about the number of imports from Ukraine and the imported goods: In 11 months of this year (2021- March 2022), we exported 105 thousand 249 tons of goods worth 67 million 34 thousand 13 dollars to Ukraine. Also, during this period, the number of imports from Ukraine was 174 thousand 589 tons of goods worth 111 million 985 thousand 274 dollars. He continued: The main goods imported from Ukraine include wheat, corn, oilseeds, and cocoa powder (sedayebourse, 3.9.2022).

The changes and drastic reduction in trade between Iran and Ukraine should be considered based on the political relations and economic results of its. The Eco Iran economic research website shows that after the start of the war, this trade decreased drastically. The analysis of Iran's customs statistics in the first six months of this year (Iranian Year, March-August 2022) shows that the volume of trade between Iran and Ukraine is 13 million and 283 dollars. Meanwhile, Iran's export amount is 11 million and 765 thousand dollars. Although Iran's customs authorities stated that Iran-Ukraine trade has never been high but in Iran's special conditions, this decrease in trade is significant. In the report of the Iranian Chamber of Commerce, quoted by UNCTAD, this is what is said about the war in Ukraine. The Food and Agriculture Organization of the United Nations (FAO) reported the third consecutive record of the food price index (April 8, 2022). Food prices have increased by 34% compared to last year at the same time. Global inflation last year reached the highest level. The limit of the last decade increased by 5.2 per cent [Iran Chamber of Commerce, 2022, pp.6-8].

Here, although it can be said that there is not much connection between the Iran-Ukraine trade and the food insecurity crisis in Iran, this does not mean that the Ukraine crisis has no effect on the food security situation in Iran. The increase in fuel prices caused by the war crisis in Ukraine has been influential both by increasing the costs of planting, growing and harvesting on the farm and the lives of farmers and by increasing the cost of producing chemical fertilizers. Russia, the world's largest manufacturer of chemical fertilizers, is involved in the war. Belarus is also as most important Russian supporter who has a role indirectly in the fight against Ukraine. Both of these countries have a significant share in the production of chemical fertilizers in the world. According to the FAO report, although the changes in the number of fertilizer exports from Russia were not significant, the amount of potassium fertilizer exports from Belarus decreased significantly in the first half of 2022. Belarus' exports of potassic fertilizers declined

from 3.62 million tons in H1-2021 to 1.95 million tons in H1-2022 [FAO, 2022]. As mentioned earlier, Ukraine plays an important role in the chemical fertilizer production market in the world. The war crisis in Ukraine has hurt this sector too. The production of chemical fertilizers is a very energy-intensive process. Especially in the nitrogen fertilizer process, there is a lot of gas is required for factories. According to the research of the International Fertilizer Association, 50 to 70% of nitrogen fertilizer production factories in Europe are working with less capacity. FAO adds in its report that many greenhouses in Northern Europe are also suffering from energy problems. It is believed that this will affect the amount of agricultural production and ultimately the price of food crops in 2023 in the world [Ibid, p.5]. In this way, food security in Iran has been damaged like many other countries. If we look at Iran's statistics, we can understand the country's significant dependence on imported fertilizers .150,000 tons of chemical fertilizers were imported in 2021. It had a value of about 104.7 million dollars. If it compared with the previous year (2020) decreased by 28% in weight and 14% in value [ISNA, 2021]. Although this amount is not much compared to the total consumption of 4.5 million tons of chemical fertilizers per year, it has affected the market price of fertilizers. The crisis of subsidies, taxes, and chemical fertilizers caused a jump in the prices of these products in Iran. As a result, the country's fertilizer consumption has decreased. Reducing the amount of fertilizer consumption will be directly related to the amount of production of products and their prices.

The Iranian government provides statistics whose accuracy is not yet known. For example, wheat, as a strategic product on which the government claims a lot, has increased its production by 2.6 million tons in a one-year period and reached 13 million tons in 2022. Also, the country's total grain production increased from 17.9 million tons in 2021 to 20.3 million tons in 2022 [ISNA, 2021]. In this way, even if we trust the accuracy of Iran's statistics, some of which are approved by international organizations, this increase in production has not prevented the rampant inflation of food prices and the threat of food insecurity. Of course, it should be noted that this increase in production is only in some food products. Iranian Experts give different reasons for this high rate of food inflation. One of the most important reasons is the removal of government subsidies for some food items. A large part of the Iranian people has reduced their food consumption. The consumption of essential products such as dairy products, beans, rice, meat, and fruits has decreased a lot. Some of these main foods' consumption has reached half during a year. Also, due to the continuous and rapid decline in the value of the national currency, people's purchasing power has decreased day by day, and the cost of producing products has also increased. One of the most important reasons is the sanctions against Iran, which have greatly increased the cost of producing products in the country. But what Iranian experts rarely mention is the role and contribution of the destructive policies of the Iranian government in the creation of sanctions. As a result of

Iran's severe economic sanctions, the government's revenues have decreased drastically in recent years. The government of Iran tried to allocate a part of the government currency to the import of essential goods for the country with the policy of multiple currency rates. In this way, several different currency rates were allocated with different priorities. Imported goods were also prioritized in order of importance. The government currency at a lower price was in the hands of some people to import essential goods, but this policy failed badly and fueled economic corruption. Certain people with rent could import goods with government currency and sell them at a much higher price in the open market. Also in this way, unnecessary goods were also imported. In this way, this policy could not secure the market of essential goods for Iranians, including the stable supply of food security.

Although most of these crippling sanctions are due to Iran's nuclear program, part of it is also due to Iran's policies against the war in Ukraine. It is not possible to separate the various factors that caused the sanctions from their effects and the foreign policy of the Iranian government. In the most obvious form of these policies, the government of Iran, and especially the leader of Iran, by supporting Russia in the Ukraine war, practically undermined Iran's historical neutrality policy. Although Iran's government has repeatedly claimed neutrality, its practical behaviour does not show anything like that. Also, the controversy over the sale of Iranian drones to Russia and their important role in the battles has caused the Iranian government to point fingers. Due to the severe tensions regarding Iran's nuclear program with Western countries and the historical and ideological anti-Westernism of the Iranian government, this government has become increasingly dependent on Russia over the years. Iran may be subject to more sanctions in the future due to its involvement in the Ukraine war. Even without direct sanctions, due to the reputation of the Iranian government as a supporter of Russia in the war, the global image has been severely damaged, and this has a great effect on the customers of Iranian products. Also, helping to continue the war will indirectly cause more inflammation in the world market of fertilizers, poisons, energy and food, which will have an effect on the deterioration of the situation at the global level and in Iran.

**Conclusion.** By examining the set of conditions that have led to the chaotic state of the food market in Iran, we can find out various reasons. Severe economic sanctions due to Iran's nuclear program cutting off some subsidies for several food items, ineffective management of the country's food security, and the effects of the Ukraine war on food security worldwide. How much the war in Ukraine has affected the food insecurity crisis in Iran is a complicated issue. The war in Ukraine, by increasing the value of food and agricultural inputs in the world, has caused high food inflation in the world and in Iran too. But the war in Ukraine has other complex connections because the government of Iran is an indirect supporter of Russia and therefore is the object of the wrath of the

world. Overall, the food security crisis in Iran has been affected by the war in Ukraine, even though Iran has not had much trade with Ukraine. It can be evaluated as such. Iran's fragile and semi-bankrupt economy is affected by any global event more than other countries. In this way, when the waves of global food inflation hit the broken ship of political and economic management of the Iranian government left many traces.

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### **The Ukraine crisis and the food security in Iran**

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In the past year, Iran has witnessed high inflation of food items and the spread of food insecurity. However, the whole world has witnessed the crisis of rising food prices after the war in Ukraine. Russia and Ukraine are two large producers of agricultural fertilizers and some food products, which, along with Belarus (sanctioned supporter of Russia and producer of fertilizers), can play an important role in price changes in the market. But this trend of rising prices has been more intense in Iran. So much so that according to the official report of the World Bank, Iran is the third country in the world in the real rate of food inflation. According to the rapid changes in food prices, there is a connection between the war in Ukraine and food inflation in Iran. On the other hand, studies show that due to the lack of high food trade between Iran and Ukraine, this unbridled food inflation in Iran cannot be caused by the problem of imports from Ukraine. As a result, there is an indirect relationship between the war in Ukraine and food inflation in Iran. A set of factors such as harsh sanctions, non-payment of subsidies, multi-rate currency, rent, etc. has created a potential for explosion. And the war in Ukraine played a role of a match on this gunpowder store.