

Research Report

COMMITTEE: SECURITY COUNCIL

ISSUE: How to limit the shortages of hydrocarbons and crops linked to the war in Ukraine?

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INTRODUCTION



Hello everyone! My name is Noor Fakhruddin, I am 16 years old and am a Capricorn if that interests anyone. I'm a senior at Fénélon in Grasse and am planning to work in the music industry. I've always gravitated to music and think music is something that can bring people together and make them feel heard. Coming together is also what MUN does, it brings together schools and motivated students in order to discuss current affairs. This is the third time I've participated in a MUN since my old schools didn't offer this opportunity. I am beyond ecstatic to be working with my co-chair on the issue of hydrocarbons and crop shortages linked to the war in Ukraine.

KEYWORDS

War: A war of aggression is **a crime against international peace.**

Hydrocarbons: Any of a class of organic chemical compounds composed only of the elements carbon (C) and hydrogen (H). The carbon atoms join together to form the framework of the compound, and the hydrogen atoms attach to them in many different configurations. Hydrocarbons are the principal constituents of petroleum and natural gas. They serve as fuels and lubricants as well as raw materials for the production of plastics, fibers, rubbers, solvents, explosives, and industrial chemicals.

Crop: A cultivated plant that is grown on a large scale commercially, especially a cereal, fruit, or vegetable.

Shortages: A condition in which there is not enough of something needed.

Inflation: Inflation is the rate of increase in prices over a given period of time. Inflation is typically a broad measure, such as the overall increase in prices or the increase in the cost of living in a country.

Export bans and restrictions: Export restrictions, or a restriction on exportation, are limitations on the number of goods exported to a specific country or countries by a Government. Export restrictions could be aimed at achieving diverse policy objectives such as environmental protection, economic welfare, social wellbeing, conversion of natural resources, and controlling inflationary pressures.

Trade sanctions: economic sanctions are commercial and financial penalties applied by one or more countries against a targeted self-governing state, group, or individual.

OVERVIEW

CONTEXT:

Armed conflict in eastern Ukraine erupted in early 2014 following Russia's annexation of Crimea. In March 2014, Russian troops took control of Ukraine's Crimea region. Russian President Vladimir Putin cited the need to protect the rights of Russian citizens and Russian speakers in Crimea and southeast Ukraine. Russia then formally annexed the peninsula after Crimeans voted to join the Russian Federation in a disputed local referendum.

Armed conflict in the region quickly broke out between Russian-backed forces and the Ukrainian military. Moscow denied military involvement, though both Ukraine and NATO reported the buildup of Russian troops and military equipment near Donetsk and Russian cross-border shelling immediately after Russia annexed Crimea. Beginning in February 2015, France, Germany, Russia, and Ukraine attempted to kickstart negotiations and broker a cessation of violence through the Minsk Accords. The agreement framework included provisions for a cease-fire, withdrawal of heavy weaponry, and full Ukrainian government control throughout the conflict zone. However, efforts to reach a diplomatic settlement and satisfactory resolution were largely unsuccessful.

Since Russia launched a full-scale military invasion into Ukraine on February 24, 2022, fighting has caused nearly three thousand civilian deaths and internally displaced more than seven million people, according to the United Nations. The conflict has forced another five million Ukrainians to flee to neighboring countries—the majority of whom have arrived in Poland, a NATO country where the United States and other allies are helping to accommodate the influx of refugees.

CONCERNS:

Inflation and shortages of hydrocarbons:

Russia's invasion of Ukraine is causing a severe humanitarian crisis and requires critical humanitarian aid. Ukraine's economy is being wrecked and the critical trauma suffered by the population will have long-lasting effects. The war in Ukraine has set back the global response to—and the recovery of the global economy from—the COVID-19 pandemic. Prior to the invasion, the world was focused on health and economic challenges caused by said pandemic: reversing the severe loss of human capital and supporting the global economy amid an uneven

recovery characterized by rising inflation, including for food and energy. The war has already added an immediate global adverse impact, especially on commodity markets. The war is worsening close-term global economic prospects. It is having substantial economic spillovers through commodity and financial markets, trade and migration linkages, and investor and consumer confidence.

Commodity prices in constant USD per Metric Ton

Prices expressed in 2022 USD.

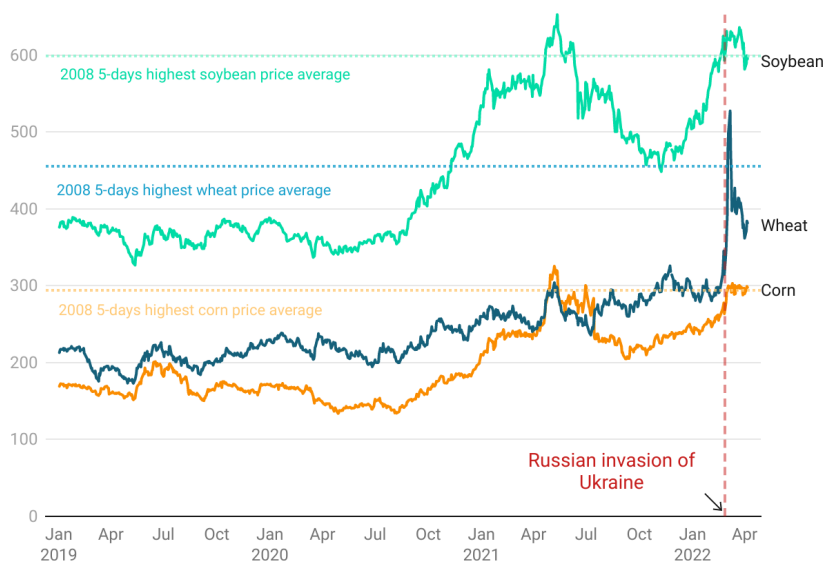


Chart: David Laborde • Source: IFPRI based on CBOT quotation and US Bureau of Labor statistics

Because of their substantial direct trade, financial, and migration ties with Russia and Ukraine, neighboring countries in Eastern Europe, the South Caucasus, and Central Asia are expected to suffer considerable economic damage. Several major economies in Europe are dependent on Russia for natural gas and oil, and will be affected by the cost of oil and gas itself which may have the effect of raising transport and commodity prices creating inflationary pressures and potentially disrupting supply chains for essential and non-essential goods that will further unsettle already fragile economies. In addition, the rising oil price will force oil-poor countries to lower the exchange rate for their national currencies, further depressing incomes and worsening living conditions. While most of the effects have been limited to the region thus far, there are also important implications for the global economy. Sharply higher food and energy prices are adding to inflation pressures and leading to expectations of markedly faster monetary policy tightening around the world.

The risks of the inflation itself:

Russia's invasion of Ukraine has worsened the food security crisis in many African countries, Human Rights Watch said today. Many countries in East, West, Middle, and Southern Africa rely on Russia and Ukraine for a significant percentage of their wheat, fertilizer, or vegetable oils imports, but the war disrupts global commodity markets and trade flows to Africa, increasing already high food prices in the region. Even countries that import little from the two countries are indirectly impacted by higher world prices for key commodities. Governments and donors should ensure affordable food access in Africa by scaling up economic and emergency

assistance and social protection efforts. Otherwise, millions of people across the African continent may experience hunger.

Russia and Ukraine are among the top five global exporters of barley, sunflowers, and maize, and account for about a third of the world's wheat exports. Nigeria, the world's fourth largest wheat importer, receives a fourth of its imports from Russia and Ukraine. Cameroon, Tanzania, Uganda, and Sudan source more than 40 percent of their wheat imports from Russia and Ukraine. The UN World Food Programme (WFP) buys half of the wheat it distributes around the world from Ukraine. With the war, supplies are squeezed, and prices rise, including fuel, increasing the cost of transporting food in and to the region.

Before the war, the cost of nutritious foods and high rates of poverty and inequality kept healthy diets out of reach for 66.2 percent of people in the region, according to FAO estimates for 2020. In West Africa and Middle Africa, the share of food insecure populations is even higher, 68.3 percent and 70 percent, respectively. The number of people affected by food insecurity continued to increase under the shadow of the Covid-19 pandemic.

In the words of UN Secretary-General Guterres, “the war is supercharging a three-dimensional crisis – food, energy, and finance – that is pummeling some of the world's most vulnerable people, countries, and economies.” since Russia and Ukraine are large exporters of commodity inputs that are upstream in many global value chains, shortages of these commodities may severely affect a wide range of industries globally, including food, construction, petrochemicals, and transport. The war has increased the risks to global growth and widespread food and energy insecurity.

POSSIBLE SOLUTIONS

1. Trade sanctions should exempt food and fertilizer

Trade sanctions are targeted to inflict economic pain on Russia in order for them to reconsider their actions. Still, it is essential that trade and financial sanctions continue to exempt food products and inputs like fertilizer. These products account for less than 5% of Russia's export earnings, but if sanctioned could have adverse impacts on global food security.

Russia's exports of natural gas, a key feedstock for producing nitrogenous fertilizers, are a more sensitive issue due to its role in Russia's economy (accounting for about 7% of its exports in 2019). While the European Union continues its purchase from Russia, any disruption in supply will have even larger consequences on European fertilizer production and farm input availability, than current high energy prices.

2. Countries should refrain from implementing export bans and restrictions

During the food price spikes of 2007/08 and 2010/11 and again during the first months of the COVID pandemic, a number of countries restricted exports in order to ensure adequate supplies

at home. But export restrictions can also drive global prices even higher, making it even more difficult for net food importing countries to purchase food. Moreover, export bans tend to be contagious, as other exporting countries follow suit and implement their own bans. The way the global community handled this issue in early 2020 should be an example to follow now: Most countries refrained from implementing bans, and those that were implemented were relatively short-lived.

3. Countries should target food subsidies toward the neediest

While the world will not run out of wheat, prices will likely remain high for some time and could go higher if harvest problems cause further drawdowns in global stocks. High food prices are difficult to absorb in poor households with limited resources that consume a limited range of foodstuffs. To avoid an increase in food insecurity, and as was seen in 2007/08 and 2010/11, food riots and increased political instability, countries have provided subsidies to keep food costs low. Accurate targeting is crucial to ensure that subsidies go to the truly needy and not to more prosperous households that can absorb increased food costs or households that can readily switch to lower-cost alternative foods.

As shown by Turkey, deals can be made for the benefit of their country's needs. Turkey has announced a deal with Ukraine, Russia, and the UN aimed at resuming Ukrainian grain exports blocked by Russia, raising prospects for an end to a standoff that has exposed millions to the risk of starvation. Apart from being major global wheat suppliers, Russia is also a large fertilizer exporter, and Ukraine is a significant producer of corn and sunflower oil. Clinching a deal to unblock exports is seen as vital for food security, notably among developing nations, and for stabilizing markets.

4. Measures to mediate transportation routes and create international corridors.

In order to remedy the damaging effects of the war and the sanctions, varied steps sustaining traffic flows, restoring freight supply chains, and helping to move civilians in need of medical care and humanitarian aid have been put in place. These have been introduced both at the European level and by Member States. To facilitate this support, seven European countries along major transport routes towards Ukraine exempted humanitarian transport from tolls and rules on professional driving time and rest time. Many transport operators have also offered support. In addition to extra train services organized by Ukrainian Railways, rail companies in neighboring countries have also organized humanitarian trains to evacuate refugees from Ukraine and send humanitarian aid back into the country.

Things to think about :

Can shortages be avoided by lifting Russian restrictions?

How can countries implement bans and sanctions on Russia without hurting their own economies?

UN TREATIES AND INITIATIVES

- **IMO 35th Extraordinary Council Session held to discuss the impacts on shipping and seafarers of the situation in the Black Sea and Sea of Azov 10-11 march 2022**

The IMO Council made the following decisions.

1. condemned the Russian Federation of a "special military operation" and demanded that the Russian Federation immediately cease its use of force against Ukraine and refrain from any further unlawful threat or use of force against any Member State;
2. strongly condemned the Russian Federation's violation of the territorial integrity and the sovereignty of a United Nations Member State, extending to its territorial waters, which was inconsistent with the principles of the Charter of the United Nations, and represents a grave danger to life and serious risk to the safety of navigation and the marine environment;
3. deplored the attacks of the Russian Federation aimed at commercial vessels, their seizures, including Search-and-Rescue vessels, threatening the safety and welfare of seafarers and the marine environment;
4. demanded that the Russian Federation cease its unlawful activities to ensure the safety and welfare of seafarers and the security of international shipping and the marine environment in all affected areas, respect its obligations under relevant international treaties and conventions, and called upon all parties to seek to resolve the crisis through peaceful dialogue and diplomatic channels;

FIGURES

EU sanctions in response to Russia's invasion of Ukraine.

Economic sanctions

→ Finance



→ **Transport**



→ **Energy**



→ **Defence**

Ban on exports to Russia of civilian goods and technology used for military purposes.



→ **Raw materials and other goods**



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