

Russia's war on Ukraine: EU food policy implications

The impact on EU food markets of Russia's war on Ukraine is likely to be multi-faceted, with many companies already struggling with shortages of food ingredients and packaging materials. Using alternative ingredients requires altering labels, but this could mean months of testing recipes and waiting for new packaging with accurate labels. EU and global food prices are rising, but so are production costs, and transport and energy prices.

Feared impacts in food sector

The impact of Russia's aggression on [EU-Russia](#) and [EU-Ukraine](#) trade in agri-food products has been immediate. Ukraine normally [supplies](#) almost half of the cereals (52 % of EU maize imports) and vegetable/rapeseed oils (23 % and 72 % of EU imports respectively) and a quarter of the poultry meat imported to Europe, and Russia is a major global exporter of fertilisers, vegetable oils, wheat and barley. The two countries [together account](#) for more than 30 % of world wheat exports and nearly 30 % of barley exports. Russia is also a major exporter of [white fish](#) (40 % of global production), and supplies [16 % of the Alaskan Pollock](#) used in the fish processing industry. Since the Russian invasion, prices on [wheat futures markets](#) have increased by 70 %. EU [food prices](#) are 5.6 % higher than they were last February. Grain and oilseed prices are rising to record highs, as it is [difficult to predict](#) how long the disruptions in supplies will last and how severe they will be. It is not certain if Ukrainian farmers will be able to harvest or plant their crops in the coming months or years.

EU countries are in very different positions regarding their dependency on Russian and Ukrainian imports. For example, Russia's share of Finland's [wheat imports](#) is more than 80 %, whereas for Greece it is only 20 %. For [fertilisers](#), Finland and Estonia both import more than 70 % from Russia, whereas the Netherlands and Sweden import less than 15 %.

Shortages of sunflower oil, wheat and corn

FoodDrinkEurope, which represents the European food industry, [cautions](#) that stocks of some critical raw materials are already running low and prices are rising steeply. Using alternatives means changing the list of ingredients on the package – but the waiting time for new packaging material is several months. Changing and testing a new recipe normally takes a year; now it must be done in a few weeks. Product reformulation and ingredient label adaptation will add to costs, which are likely to be passed onto consumers. FoodDrinkEurope calls for temporary flexibility on [food labelling](#) and [official controls](#) across the EU to help companies deal with the rapidly changing availability of ingredients. In some countries, inspection departments have already been asked to [show leniency](#) if alternative ingredients do not immediately show on product labels.

FEDIOL, representing the EU vegetable oil industry, [warns](#) that the EU **sunflower oil** supply is critical. The European and global food industry is competing for the supplies and it will be difficult, if not impossible, to replace the approximately 200 000 tonnes per month normally imported to EU from Ukraine at short notice. Sunflower seed oil that was destined for biodiesel is now being redirected back to the food market. The latest warning comes from the [confectionery industry](#), which is running out of sunflower lecithin – an emulsifier that is crucial in their products. The [restaurant and food service](#) industries also often rely on sunflower oil for cooking and frying meals. Uncertainty over sunflower oil supplies is also boosting prices for its alternatives, such as rapeseed, palm and soy oil.

The World Food Programme [warns](#) that the war could prompt an extremely serious global food crisis. Ukraine and Russia account for [more than half](#) of the **cereal imports** of North Africa and the Middle East. (See [EPRS paper](#) on the war's impact on food security.) Exports from other countries are likely to be limited, as governments will try to ensure domestic supply. Both Russia and Ukraine have already [suspended](#)

[exports or introduced export licences](#) for their key agricultural commodities (cereals, corn, sunflower oil, and also poultry and eggs), to protect their own food security. The closure of Ukrainian ports on the Black Sea and the lack of an operational railway system to compensate may aggravate the situation, as [warned](#) by the Food and Agriculture Organization of the United Nations (FAO).

The EU imports [52 % of its maize](#) from Ukraine. Maize is an important ingredient in **animal feed**, and supply disruptions could affect in particular pig and chicken farms across Europe. In a [meeting](#) in March 2022, the European Commission noted that a number of Member States had signalled critical shortages of animal feed in the coming weeks, or may have supply issues in the mid- to long-term following the war in Ukraine. Ukraine is a major source of imported cereals in several Member States, with maize, grains, sunflower seeds, rapeseed, flaxseed and soybean mentioned as the commodities worst affected. To address possible shortages, traders could try to secure imports from other non-EU countries, but strict [maximum residue levels \(MRLs\)](#) set for pesticides in products imported to the EU can pose a problem. The Commission therefore suggested that Member States facing acute shortages could make use of an article in the [MRL Regulation](#) enabling them to set temporary national MRLs very quickly. National MRLs must, however, be limited in time, and the products concerned are not to be traded with other countries. Spain and Portugal were the first countries to make use of this possibility.

Fertilisers, energy and other concerns

Russia is the world's biggest supplier of **fertilisers**, and [second largest](#) exporter of potash, a key ingredient in fertilisers. The recently adopted sanctions will oblige the EU to [replace](#) the import share of Russia and Belarus, respectively 60 % for potash and 35 % for phosphates. In the EU, some fertiliser producers have temporarily [halted production](#), as [energy costs](#) were too high and some companies have even [ceased to accept](#) further orders as prices and availability are very unclear for the rest of spring 2022.

In the [first days of the war](#), **energy prices** spiked and further impacted on the production costs of, for example, vegetables [grown in heated greenhouses](#); in animal farming, electricity is needed for ventilation, lighting and other electric equipment, such as milking machines. High fuel prices have also increased transport costs. These simultaneous disruptions to harvests and global fertiliser production are likely to cause [merging crises](#) in global food markets, which were already strained by the Covid-19 pandemic.

As **Western brands** [withdraw from Russia](#) to express condemnation of the country's invasion of Ukraine, food companies operating in Russia are facing a [moral dilemma](#) because of the role they play in access to nutrition. Some groups have suspended the sale of some of their brands, while continuing to supply essential goods such as basic foods, dairy products and infant nutrition. Some brands worry about consumer boycotts if they continue their business as usual.

The FAO also warns of [other risks associated](#) with the invasion, such as Ukraine's ability to [control animal diseases](#), like [African swine fever](#), which has already been reported in the region in pigs and wild boars.

Immediate EU food policy action

On 23 March 2022, the Commission adopted a [communication](#) on safeguarding EU food security and reinforcing the resilience of food systems. Agriculture commissioner Janusz Wojciechowski has [emphasised](#) that, in the light of the Russia's war in Ukraine, 'agriculture has become a crucial security policy'. While there is no immediate threat to food availability in the EU at present, to keep food affordable, the Commission will allow EU countries to use reduced value added tax (VAT) rates on food and temporarily allow farmers to use areas that were to be left fallow for biodiversity for food and feed production. In addition, the Commission adopted a [temporary crisis framework](#) to enable EU Member States to support affected companies, and has set up an expert group within the European food security crisis preparedness and response mechanism ([EFSCM](#)), as part of its [food crisis contingency plan](#). The European Parliament adopted a [resolution](#) on 24 March 2022 on the need for an urgent EU action plan.

The Commission's last-minute decision in March to delay two highly anticipated Green Deal proposals (on the sustainable use of pesticides and nature restoration) was [fiercely criticised](#) by environmentalist non-governmental organisations. Speaking at the meeting of Parliament's Committee on Agriculture and Rural Development on 31 March 2022, Food Safety Commissioner Stella Kyriakides [assured](#) Members that the EU would continue to move towards a system that was more shock resilient. The delayed proposals should still be published [before summer](#) 2022.

