

The Food and Energy Crisis of the 2020s as a Vehicle of Western Anti-Russian Policy¹

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Abstract. Western officials and media have accused Russia of worsening the situation on the global food and energy markets in connection with its Special Military Operation in Ukraine. In addition to existing financial, diplomatic, political, and other restrictions, the West is waging an anti-Russian information campaign, blaming Moscow for the global food and energy crises. In practice, food and energy crises have long existed in certain states and regions, as well as at the global level, going through phases of transformation, aggravation, and mitigation, depending on a combination of causes. The authors do not deny that geopolitical events have had an impact on the stability of the energy and food systems, but not to the extent that Western countries claim. The profitability of speculation on global and local food and energy markets; the effectiveness of the G7 measures to control prices and pricing; the firm intention to further the sanctions pressure on the Russian fuel and energy complex; the launch of pilot mechanisms for the West to collect a kind of rent from the global fuel and energy complex; and the consolidation of the goals of decarbonizing the world economy in binding regulations at the national, regional, and global levels – all this indicates that the West's reactionary measures against Russia will not stop any time soon and in the future may be deployed against other actors to achieve their political and economic goals. In a practical sense, these actions require a certain consolidation of efforts and a change in the strategy of Russia and friendly states towards Western countries to reduce dependence on their information agenda and political actions aimed at instigating crises in various spheres.

Keywords: food crisis; energy crisis; securitization; fertilizer market; US; EU; anti-Russian sanctions

Since mid-2022, discussions about the causes of the global food and energy crises have intensified. Although the underlying issues in the grain and energy markets are deep-rooted, the United States, the EU, and their allies have blamed Russia for volatile food and energy prices, as well as food shortages, attributing these problems to its special military operation in Ukraine. While Russian suppliers are significant

¹ English translation from the Russian text: Entin M., Entina E., Babkina S. 2024. *Prodoovol'stvennyj i energeticheskij krizisy 2020-h godov kak instrument antirossijskoj politiki Zapada. Mezhdunarodnye processy* [International Trends]. No 22 (1). P. 148-169. DOI: 10.46272/IT.2024.22.1.76.2

players in both markets, Western countries have framed the price surges as global crises caused by Moscow. In reality, the volatility stems from a range of factors rooted in broader, more complex challenges dating back to the late 2010s and early 2020s. These include the climate policies of certain EU member states and the European Union as a whole, oil price fluctuations driven by OPEC+ decisions, population growth, and the aftermath of the COVID-19 pandemic affecting supply chains.

The rhetoric from Washington and Brussels reflects their own domestic and foreign policy goals. In 2022, attributing the rise in food and energy prices and the overall market deterioration directly to Russia served to discredit the country and unite the West, fostering solidarity with Ukraine.

The energy and food crises that emerged between 2021 and 2022 have scarcely been addressed in academic literature. Most existing publications tend to align with the official narratives of Western countries. This is due not only to the short time elapsed since these events but also to the highly politicized nature of the topic at the level of institutions, organizations, and official representatives of various states, which hinders objective analysis. Additionally, the scarcity of non-politicized statistical data makes impartial research difficult, along with the absence of a universally accepted interpretation of the energy and food crises or standardized parameters for assessing them.

The connection between the energy and food crises and Russia's foreign policy, including its special military operation in Ukraine, is predominantly covered in reports from EU institutions,² relevant United Nations agencies, and government research centers in Western countries (Ferris, 2023, Gross, 2023).³ There are also some academic studies on the subject (Ben Hassen, El Bilali, 2022; Zheng, 2023; Qi, 2023). Recent domestic research includes analytical reports by E. Ya. Arapova and E.A. Maslova, E.A. Sergeev and V.V. Vorotnikov, as well as articles by Yu.V. Borovsky, A.A. Bakulina, and I.A. Bakulin, which directly explore potential scenarios and risks related to the global food crisis (Arapova, Maslova, 2022; Sergeev, Vorotnikov, 2023; Borovsky, 2022; Bakulina, Bakulin, 2023).

The aim of this article is to examine whether the deterioration of the food and energy crises in the 2020s is part of a broader anti-Russian agenda pursued by Western countries, which intensified following the onset of the special military operation in Ukraine. To address this, the article approaches energy and food security through the lens of securitization theory.

The analysis begins by outlining the theoretical framework underpinning the study. It then defines the concepts and criteria used to evaluate food and energy security and their associated crises. Additionally, the article assesses the state of these

² See, e.g.: Caprille A. Russia's war on Ukraine: Impact on food security and EU response // European Parliamentary Research Service. April 2022. URL: [https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/729367/EPRS_ATA\(2022\)729367_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/729367/EPRS_ATA(2022)729367_EN.pdf) (accessed: January 23, 2024).

³ Hillebrand E. (Ed.). Energy Without Russia. How Europe Has Reacted to the Supply Crisis after the Attack on Ukraine // Friedrich-Ebert-Stiftung. November 20, 2023. URL: <https://library.fes.de/pdf-files/bueros/budapest/20680-20231120.pdf> (accessed: January 23, 2024).

sectors prior to the special military operation and highlights the changes observed up to spring 2023, while also evaluating the actual role and influence of Moscow and Kyiv in the energy and food markets. Based on this research, the authors offer practical recommendations for Russia on how to respond to the policies of the United States and the EU, which are contributing to the worsening of crisis conditions and heightening tensions in the global economy.

Energy and food security through the lens of international relations theories

Global security encompasses multiple dimensions, including energy and food security. Key theoretical perspectives help explain the behavior of actors in global politics within these sectors. From a realist standpoint, both energy and food security play crucial roles in a state's projection of power on the international stage (Luft, Korin, 2009; Borovsky, 2022). States may prioritize securing energy sovereignty as a primary objective⁴ (Schelly et al., 2020), or they may seek to influence other actors by shaping the status quo⁵ (Borovsky, 2020; Golunov, 2021). Likewise, food security and sovereignty help states ensure the population's basic food needs are met, while also enabling them to exert influence over others. This can take the form of restricting exports of critical food products or, alternatively, providing food aid to other countries (Essex, 2012, p. 192).

Advocates of liberalism tend to interpret the situation in the energy sector primarily as a result of economic relations that should evolve according to free market principles. They emphasize the importance of mutually beneficial cooperation, often facilitated through international institutions (Luft, Korin, 2009; Borovsky, 2022). Similarly, they view food relations through this economic lens. Since liberals do not see the state as an independent political actor, but rather as a reflection of the interests of individuals and groups it represents, ensuring the population's access to food – particularly via trade liberalization – becomes central to security (Johnson, 1978). Liberal theory places significant emphasis on institutions and regimes. In the food sector, this role is fulfilled by organizations such as the United Nations International Fund for Agricultural Development (IFAD), the United Nations World Food Programme, and the Food and Agriculture Organization of the United Nations (FAO).

However, since the 1990s, international relations theory has increasingly shifted from narrow to broader interpretations of security. Within this evolving framework, aspects such as food and energy security are understood largely as socially constructed concepts. Proponents of the Copenhagen School of security studies argue that functional issues transform into security concerns when they are framed as existential

⁴ For example, by reserving limited (carbon) energy resources for emergencies or diversifying supply sources and routes.

⁵ For instance, by imposing embargoes or enforcing price caps on energy supplies.

threats – this is referred to as securitization theory (Buzan, Wæver, 2003; Borovsky, Shishkina, 2021). We believe this theory offers the most insightful explanation for the intensifying food and energy crises seen in the 2020s.

The authors of this theory adopt a fluid understanding of security, offering no rigid definition of the category or limits to the issues it can encompass. This theoretical framework posits that any issue can be elevated to a security concern if an interested party successfully portrays it as an existential threat to a specific audience. For instance, a government might frame an issue as a survival threat to its population, thereby securitizing it at the national level. Similarly, one or more power centers can attempt to securitize certain issues for other states, integrating these issues into the realm of international security. Following this logic, energy and food issues, like any others, are susceptible to securitization (Buzan, Wæver, de Wilde, 1998, p. 71-75).

According to this theory, an issue becomes a security threat through a ‘speech act’ performed by securitizing actors, typically the political elite. This process highlights how threats are socio-politically constructed using specific discursive tools (Jiayi, 2022, p. 26). This was strikingly evident during the escalation of the energy and food crises in 2022, where informational speculation played a significant role. The primary purpose of securitization is to justify the use of extraordinary measures, normally considered unacceptable, by framing an issue as a security imperative.

At the same time, a contradiction emerges when crisis situations primarily threaten the security of the global population, yet political elites exploit these issues to advance their own foreign policy and economic agendas. For instance, the anti-Russian sanctions regime disrupts and even dismantles existing supply chains – such as airspace closures and the suspension of grain and fertilizer exports – leading to price surges. Despite this, Western political elites overlook the impact of their actions on consumers and instead place the blame for the resulting volatility on Moscow.

Representatives of the Copenhagen School highlight how the concept of security becomes relativized and susceptible to political manipulation. However, securitization theory does not deny that genuine harm can occur to states and societies, including in the food and energy sectors. Rather, it emphasizes that there is no straightforward connection between actual damage and how security threats are perceived. Objective events can be reframed through speech acts to serve the interests of specific actors. Furthermore, securitizing an issue can divert the attention of target audiences away from the consequences of these actors’ own policies by exaggerating external threats.

Global food and energy crises prior to the launch of the special military operation in Ukraine

Western officials, scholars, and the media frequently attribute the food and energy crises to Russia.⁶ However, the underlying causes of these crises are more deeply rooted. Additionally, establishing a clear timeline for when these problems began presents significant challenges. The food and energy crises have garnered considerable attention in academic and public discussions, especially since the onset of the COVID-19 pandemic. It is important to analyze the factors that have contributed to their intensification.

Energy crisis

The global energy crisis that began in 2021 resulted from several factors, including (1) the COVID-19 pandemic, which caused a sharp decline in energy demand, a significant cutback in oil production, disruptions to global supply chains, and a rapid economic rebound following the easing of restrictions;⁷ (2) the worldwide initiative to reduce carbon dioxide emissions that started in the 2000s; (3) a shortage of fossil fuels to meet increasing demand, leading to price volatility during the transition away from fossil fuels;⁸ and (4) the interconnected nature of energy markets.⁹

The primary driver of the current energy crisis is the pandemic and the subsequent recovery process. During the coronavirus restrictions, energy demand and prices experienced a historic drop. However, after restrictions were lifted and supply chains and industrial production began to recover, tensions emerged in fossil fuel markets, including oil, natural gas, and coal. The surge in energy prices during this period was mainly due to supply shortages that had not yet caught up with recovering demand. Additionally, the interconnection between fuel markets has amplified crises across oil, natural gas, coal, and electricity sectors.

⁶ See, e.g.: Vazquez M., Fossum S. Biden blames Russia's war in Ukraine for food supply shortages and price hikes // CNN. May 11, 2022. URL: <https://edition.cnn.com/2022/05/11/politics/bidenfood-supply-russia-ukraine/index.html> (accessed: July 6, 2023); Wingrove J. Biden Says to Expect 'Real' Food Shortages Due to Ukraine War // Bloomberg. March 24, 2022. URL: <https://www.csis.org/analysis/creating-new-energy-strategy-post-ukraine-war-world> (accessed: July 6, 2023); FACT SHEET: President Biden and G7 Leaders Announce Further Efforts to Counter Putin's Attack on Food Security // The White House. June 28, 2022. URL: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/28/fact-sheet-president-biden-and-g7-leaders-announce-further-efforts-to-counter-putins-attack-on-foodsecurity/> (accessed: July 6, 2023); EU's von der Leyen says Russia is using food supplies as a weapon // Reuters. May 25, 2022. URL: <https://www.reuters.com/world/europe/eus-von-der-leyen-says-russia-is-using-food-supplies-weapon-2022-05-24/> (accessed: July 6, 2023); Gross S. Energy and climate challenges will continue in 2023 // Brookings. March 1, 2023. URL: https://www.brookings.edu/wp-content/uploads/2023/03/FP_20230301_climate_energy_2023_gross.pdf (accessed: July 6, 2023).

⁷ In their recovery from coronavirus restrictions, national economies increased industrial production, which inevitably resulted in higher energy consumption.

⁸ Essentially, fossil fuels and nuclear energy have been 'demonized' in favor of more socially acceptable low-carbon alternatives.

⁹ Gilbert A., Bazilian M. D., Gross S. The emerging global natural gas market and the energy crisis of 2021–2022 // Brookings. December 2021. URL: <https://www.brookings.edu/articles/the-emerging-global-natural-gas-market-and-the-energy-crisis-of-2021-2022/> (accessed: July 6, 2023).

Food crisis

Similar to the energy crisis, the coronavirus pandemic has had a detrimental effect on the global food system. Climate change also poses a significant challenge, bringing periods of drought, natural disasters, and other adverse conditions. Before 2020, the FAO Food Price Index remained relatively stable, fluctuating within a narrow range around 95 points over a five-year span. Several factors contributed to this stability being disrupted: (1) a substantial US monetary expansion in 2020–2021, which fuelled increased demand;¹⁰ (2) the energy crisis in the EU, which caused a decline in fertilizer production, compounded by sanctions on Belarusian and Russian suppliers; and (3) restrictions affecting companies involved in the food supply chain.

The COVID-19 pandemic has intensified the issue of food insecurity by causing declines in household incomes and disrupting global supply chains. The most severely affected have been the poorest and most vulnerable populations, particularly in African countries. However, there is enough food globally to feed the entire population. Despite this, (1) the majority of people worldwide consume food beyond the physiological norms set by the UN;¹¹ (2) 30–40% of all food is wasted; and (3) speculation in the food market contributes to price volatility. A key factor in food waste is the lack of adequate infrastructure, technology, and knowledge to preserve food freshness in less developed countries, while in developed countries, food's relatively low cost creates less incentive to avoid waste.¹²

In reality, food and energy crises have existed for a long time in various countries, regions, and globally, fluctuating in intensity depending on the mix of underlying causes. While the authors of this article acknowledge that the geopolitical events of 2022 have impacted the stability of energy and food systems, they argue that the actual effects are significantly less severe than those claimed by the so-called collective West.

Crisis mitigation in energy and food markets and the global economy by spring 2023

While the energy and food crises that started in 2020–2021 persist, statistical data indicate that by spring 2023 their effects were less pronounced than Western countries have suggested.¹³

¹⁰ Within a span of less than two years, the money supply grew by 6.2 trillion dollars, representing a 39% increase. See: Rasstrigin M. Nerasskazannyye prichiny prodovol'stvennogo krizisa [Unspoken Causes of the Food Crisis] // Vedomosti, June 23, 2022. URL: <https://www.vedomosti.ru/opinion/articles/2022/06/22/927998-prichini-prodovolstvennogo> (accessed: July 6, 2023) (in Russian).

¹¹ 2021 Global Nutrition Report. The state of global nutrition // UN. 2021. URL: https://www.un.org/nutrition/sites/www.un.org.nutrition/files/global_nutrition_report_2021.pdf (accessed: July 6, 2023).

¹² Erdman J. We produce enough food to feed 10 billion people. So why does hunger still exist? // Medium. February 2, 2018. URL: <https://medium.com/@jeremyerdman/we-produce-enough-food-to-feed-10-billion-people-so-why-does-hunger-still-exist-8086d2657539> (accessed: July 6, 2023).

¹³ See, e.g.: Borrell J. A year of war and energy and climate crises // European Union External Action Service. January 2, 2023. URL: https://www.eeas.europa.eu/eeas/year-war-and-energy-and-climate-crises_en (accessed: March 5, 2024); Biden: 'Putin tried to starve the world' // Politico. February 21, 2023. URL: <https://www.politico.com/news/2023/02/21/biden-putin-russia-ukraine-00083786> (accessed: March 5, 2024).

Energy market

According to the International Energy Agency (IEA),¹⁴ by early spring 2023, issues in the European and global energy markets had largely been resolved. However, tensions could reemerge if China's economy experiences rapid growth, if the United States and European Union see stronger economic recoveries, and if fossil fuel production in Russia declines due to the impact of sanctions. This potential risk can be mitigated by increasing export capacities in the United States, Canada, Brazil, Norway, and Guyana,¹⁵ as well as by maintaining stable supply levels from Saudi Arabia and the United Arab Emirates.

By spring 2023, oil and natural gas prices, which had increased several fold the previous year, fell back to levels similar to those seen in mid-to-late 2021 – prior to the West's (the United States, the EU, and their allies) full-scale sanctions campaign against Russia and the dramatic reduction in Russian natural gas, oil, and petroleum product supplies to EU member states. By mid-March 2023, natural gas prices in EU countries hit their lowest point in the past 18 months, driven by an unusually mild winter and high wind energy generation, which eliminated the need to draw from European energy reserves.¹⁶ This price decline was supported by both voluntary and mandatory consumption cuts, replacement of lost Russian supply volumes with alternatives – which now make up about half of the region's imports (for instance, the United States is the second-largest LNG supplier after Norway)¹⁷ – as well as record growth in domestic energy production. Consequently, natural gas injections into European underground storage (UGS) facilities in early 2023 exceeded withdrawals,¹⁸ and it is expected that the EU “will have no problems reaching the regulatory target of 90% storage capacity by the start of the new gas year in October.”¹⁹

Food and fertilizer market

Following the drop in energy prices, a similar downward trend was observed in food products, including wheat and other grains. This is largely because food market prices are closely linked to the costs of energy, fertilizers, and transportation services.

¹⁴ Oil Market Report – February 2023 // IEA. February 15, 2023. URL: <https://www.iea.org/reports/oil-market-report-february-2023> (accessed: February 17, 2023).

¹⁵ According to IEA estimates, these countries are expected to contribute to an increased market supply thanks to record oil production levels anticipated in 2023.

¹⁶ EU gas prices drop to 18-month low // RT. March 3, 2023. URL: <https://www.rt.com/business/572387-gas-prices-eu-drop/> (accessed: March 7, 2023).

¹⁷ Shiryayevskaya A., Liao R., Stapczynski S. Gas-Addicted Europe Trades One Energy Risk for Another // Bloomberg. January 27, 2024. URL: <https://www.bloomberg.com/news/features/2024-01-27/europe-s-energy-security-at-risk-due-to-reliance-on-us-natural-gas-exports> (accessed: March 5, 2024).

¹⁸ Zakachka gaza v PHG ES snova prevysila otbor [Gas injection into EU underground storage facilities has once again exceeded withdrawal] // TASS. March 24, 2023. URL: <https://tass.ru/ekonomika/17359629> (accessed: March 27, 2023) (in Russian).

¹⁹ Dyatel T. «Gazprom» pokholodel k Evrope. Eksport rossiyskogo gaza v ES snizhaetsya [Gazprom has cooled off toward Europe. Russian gas exports to the EU are declining] // Kommersant. April 2, 2023. URL: <https://www.kommersant.ru/doc/5912881> (accessed: April 3, 2023) (in Russian).

However, despite the price decreases after the sharp spikes in 2022, levels have not yet returned to pre-pandemic figures.²⁰ Some stabilization of fertilizer prices has prompted²¹ the European Parliament to call on EU member states to seriously reconsider their support policies for the agro-industrial sector, aiming to reduce reliance on Russian supplies and move toward self-sufficiency.²²

Additionally, commodity market speculation played a significant role, causing energy and food prices to fluctuate dramatically – sometimes soaring or plummeting – even when supply and demand remain relatively stable.

Accordingly, the energy and food crises were not only driven by factors that existed before the start of Russia's special military operation in Ukraine but were, to a large extent, already resolved during the course of the operation. Nevertheless, Western socio-political discourse, even prior to the special military operation, consistently places the blame for the worsening food and energy security solely on Russia. For instance, it has been claimed that (1) “[i]n many regards, the energy crisis the EU is currently undergoing, sparked by Russia's invasion of Ukraine, is not really any different from the 1973 oil crisis;”²³ (2) in explaining the significance of China's peace proposals, “[m] any developing nations want the war to end, partly due to the shortages and inflation that has come with it”;²⁴ and (3) “Russia's invasion of Ukraine has disrupted economies and markets around the world, from energy and food prices to European banks, emerging market stocks and the Russian currency.”²⁵ Given this narrative, it is important to closely examine how the actions of Western actors themselves contributed to the worsening of crisis trends in the global energy and food sectors in 2022.

The energy market.

The ‘NextGenerationEU’ and the transition to climate neutrality

In March 2022, EU leaders agreed in the European Council to “phase out Europe's dependency on Russian energy imports as soon as possible.” In May of that year, the EU adopted the REPowerEU program, which set out measures to rapidly reduce de-

²⁰ Food Inflation on the Rise. Most countries have been affected by the problem // Geopolitical Futures. February 20, 2023. URL: <https://geopoliticalfutures.com/food-inflation-on-the-rise/> (accessed: February 28, 2023).

²¹ Baffeswee J., Koh C. Fertilizer prices ease but affordability and availability issues linger // January 5, 2023. URL: <https://blogs.worldbank.org/opendata/fertilizer-prices-ease-affordability-and-availability-issues-linger> (accessed: July 5, 2023).

²² Andrés P. Commission's actions on fertilisers not long-term enough, MEPs warn // Euractiv. February 17, 2023. URL: <https://www.euractiv.com/section/agriculture-food/news/commissions-actions-on-fertilisers-not-long-term-enough-meps-warn/> (accessed: February 17, 2023).

²³ Messad P. For EU's sake, invest in nuclear // Euractiv. February 16, 2023. URL: <https://www.euractiv.com/section/eet/opinion/the-brief-for-eus-sake-invest-in-nuclear/> (accessed: February 17, 2023).

²⁴ Next China: Playing Peacemaker // Bloomberg. March 24, 2023. URL: <https://www.bloomberg.com/news/newsletters/2023-03-24/xi-jinping-s-diplomatic-push-picks-up-following-moscow-visit-next-china> (accessed: March 27, 2023).

²⁵ One year of war in Europe: How the dollar, energy and food prices swirled // Reuters. February 24, 2023. URL: <https://www.reuters.com/markets/one-year-war-europe-how-dollar-energy-food-prices-swirled-2023-02-24/> (accessed: February 28, 2023).

pendence on Russian fossil fuels by fast forwarding the clean transition.²⁶ Then, on February 21, 2023, following earlier approval of amendments by the European Parliament and the EU Council, Brussels made these measures a mandatory part of building a “next-generation European Union”, entirely free from Russian energy dependence.²⁷

A portion of the 800 billion euros raised by the European Commission to rebuild the region’s economy under this plan can be allocated to projects aimed at replacing Russian imports. Meanwhile, member states were encouraged to submit their national spending plans funded by this additional EU budget for approval by April 1, 2023, including sections dedicated to the implementation of the REPowerEU plan.²⁸ According to the plan’s provisions, “[t]he green transformation of Europe’s energy system will strengthen economic growth, reinforce its industrial leadership, and put Europe on a path towards climate neutrality by 2050.”²⁹

This perspective, shared by the United States, rests on several key assumptions. *First*, Washington and Brussels believe the global economy is undergoing an unprecedented and profound restructuring.³⁰ They see this transformation as something that should be guided and managed by Western countries. *Second*, they consider such a transformation feasible both technologically and financially, largely due to significant reductions in the costs of renewable energy sources.³¹ *Third*, they argue that tax incentives, preferential financing, and subsidies alone are insufficient to sustain the competitiveness of renewable energy. The costs of the energy transition ultimately fall on end consumers. To support this, Western states require an energy crisis that generates substantial revenues for energy companies and businesses involved in advancing the transition, along with continuous growth in green economy investments. Additionally, the implementation of anti-Russian sanctions and other restrictive measures pursued political objectives aimed at altering Russia’s foreign policy.

²⁶ Communication from the Commission to the European Parliament, the European Council, The Council, the European Economic and Social Committee and the Committee of the Regions “REPowerEU Plan” COM(2022) 230 final {SWD(2022) 230 final} // European Commission. Brussels. May 18, 2023. URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A230%3AFIN> (accessed: February 28, 2024).

²⁷ EU recovery plan: Council adopts REPowerEU // Council of the EU. Press releases. February 21, 2023. URL: <https://www.consilium.europa.eu/en/press/press-releases/2023/02/21/eu-recovery-plan-council-adopts-repowerEU> (accessed: February 28, 2023).

²⁸ Simon F. EU opens up €800bn recovery fund to financing of Russian fossil fuel exit // Euractiv. February 24, 2023. URL: <https://www.euractiv.com/section/energy/news/eu-opens-up-e800bn-recovery-fund-to-financing-of-russian-fossil-fuel-exit/> (accessed: February 28, 2023).

²⁹ Communication from the Commission to the European Parliament, the European Council, The Council, the European Economic and Social Committee and the Committee of the Regions “REPowerEU Plan” COM(2022) 230 final {SWD(2022) 230 final} // European Commission. Brussels. May 18, 2023. URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A230%3AFIN> (accessed: February 28, 2024).

³⁰ See, e.g.: Williams A., Brower D. US makes ‘no apologies’ for prioritising American jobs, clean energy tsar tells EU. John Podesta pushes back at European criticism of \$369bn climate spending // Financial Times. February 24, 2023. URL: <https://www.ft.com/content/cb0a8ddf-6b32-49d8-8870-d1384580e9c9> (accessed: February 28, 2023).

³¹ Ashkenaz A. EU humiliated as Biden’s energy aide refuses to apologise after sparking trade war. The US Inflation Reduction Act could see green industries and electric car manufacturing leave Europe // Express UK. February 24, 2023. URL: <https://www.express.co.uk/news/science/1739014/eu-humiliated-biden-inflation-reduction-act-podesta-energy-trade-war-exodus> (accessed: February 28, 2023); Data point: clean energy costs are falling // Economist Impact. May 30, 2022. URL: <https://impact.economist.com/sustainability/net-zero-and-energy/data-point-clean-energy-costs-are-falling> (accessed: July 7, 2023).

Despite the significant costs – and in many ways because of the investments made – the EU and its member states are steadily advancing the transition to renewable energy sources. This trend is evident in the actions of individual energy companies, regardless of their financial results. For example, the French company Engie, which allocated 95% of its 2022 profits to payments and obligations, has initiated the second phase of its strategic plan. This phase prioritizes the expansion of renewable energy sources while maintaining natural gas as a backup to ensure a stable transition to the energy system of the future. The plan envisions increasing global installed renewable capacity by 4 gigawatts (GW) annually up to 2025, and by 6 GW annually from 2026 to 2030, aiming for a total of 50 GW by 2025 and 80 GW by 2030.³²

Meanwhile, the European Commission continues to roll out new initiatives as planned, while the European Parliament and the Council of the EU enact regulations for the phased implementation of a decarbonization strategy across all sectors of the regional economy. For instance, on March 23, 2023, the EU's political institutions agreed on landmark legislation aimed at reducing carbon dioxide, methane, and nitrous oxide emissions from large marine vessels.³³ This decision targets approximately 3–4% of the total emissions of EU member states. The new law sets reduction goals for shipping emissions – 2% by 2025, 6% by 2030, 14.5% by 2035, 31% by 2040, 62% by 2045, and 80% by 2050 – which are more ambitious than those previously established for air carriers. Shipowners who fail to meet these targets will face substantial fines, with the collected funds being invested in decarbonization projects for maritime transport.

A general picture of the specific steps the EU and its member states are taking to meet their strategic goals of reducing carbon dependence and building a green economy – aligned with the European Climate Program “Fit for 55 by 2030” and the European Climate Law’s aim of achieving climate neutrality by 2050 – can be obtained from the agreement between the European Parliament and the Council to tighten the requirements of the revised Renewable Energy Directive of 2023.³⁴ It is also important to highlight the growing practice in member states of court rulings prompted by environmental NGOs, which compel energy companies to develop comprehensive long-term strategies. Since February 2023, similar lawsuits have been filed against financial institutions that continue to fund oil and gas projects. One of the earliest legal actions was taken by a coalition of climate organizations (Oxfam, Friends of the Earth, Notre Affaire à Tous) against BNP Paribas, the largest bank in the eurozone, accusing it of

³² Engie : le chiffre d'affaires 2022 a bondi de 62% à 93,9 milliards d'euros // Le Figaro. February 21, 2023. URL: <https://www.lefigaro.fr/societes/engie-le-chiffre-d-affaires-2022-a-bondi-de-62-a-93-9-milliards-d-euros-20230221> (accessed: February 28, 2023).

³³ Carroll S.G. EU strikes 'ground-breaking' deal to cut maritime emissions // Euractiv. May 23, 2023. URL: <https://www.euractiv.com/section/maritime/news/eu-strikes-ground-breaking-deal-to-cut-maritime-emissions/> (accessed date: March 27, 2024).

³⁴ Borovikova K. Kilovattam predpisano zelenet' [Kilowatts are prescribed to turn green] // Kommersant. March 31, 2023. <https://www.kommersant.ru/doc/5902755> (accessed date: July 7, 2023) (in Russian).

failing to fulfill its duty to prevent environmental damage.³⁵ While this legal development is not a direct result of Russia's special military operation in Ukraine, it has unfolded alongside the evolving geopolitical situation and has intensified over the past year and a half.

Between 2021 and 2023, public opinion polls show that EU citizens have supported the energy transition and the move away from Russian energy imports. Although some skepticism was evident in France in 2021, by spring 2023, French public sentiment had shifted strongly in favour of rapidly expanding renewable energy capacity and significantly more active and effective action by the national government and EU institutions in this direction.³⁶

Simultaneously, the European Union has started discussions on signing long-term supply contracts with partners from North America, Africa, and other regions worldwide. Brussels has also revised regulations that previously discouraged investments in fossil fuel extraction and transportation. Under the Net-Zero Industry Act (NZIA), nuclear, thermonuclear, and renewable energy sectors have been partially recognized as strategic industries.³⁷ As of 2022, thirteen EU countries operated nuclear reactors: Belgium, Bulgaria, the Czech Republic, Finland, France, Germany, Hungary, the Netherlands, Romania, Slovakia, Slovenia, Spain, and Sweden. Nuclear power contributed approximately 21.8% of the EU's total electricity generation that year.³⁸ However, nuclear energy remains relatively uncommon across the EU, with France standing out as an exception due to its dominant nuclear sector—an exception that results from a democratic deficit and lack of representativeness of the ruling elite rather than acceptance from the general public of nuclear power (Baykov, Crowley-Vigneau, Kalyuzhnova 2023, p. 115). Meanwhile, Germany, once a leader in Europe's nuclear industry, ended its 'atomic era' by shutting down its last three nuclear power plants in April 2023.³⁹

The surge in prices triggered by the sanctions war has generated unprecedented profits for global energy giants, with only a portion benefiting Russian companies. Western energy transnational corporations have capitalized on the rising energy prices. For instance, the British-Dutch oil and gas company Shell earned

³⁵ Van Gaal W. French bank BNP Paribas sued over fossil-fuel lending // EU Observer. February 23, 2023. URL: <https://euobserver.com/green-economy/156752> (accessed date: February 28, 2023).

³⁶ Messad P. Sondage: les Français plébiscitent un mix renouvelable et nucléaire // EURACTIV France. April 6, 2023. URL: <https://www.euractiv.fr/section/energie/news/sondage-les-francais-plebiscitent-un-mix-renouvelable-et-nucleaire/> (accessed date: April 7, 2023).

³⁷ Evroparlament utverdil svoyu pozitsiyu po zakonoproektu v podderzhku nizkouglerodnoy energetiki i promyshlennosti [The European Parliament has approved its position on the bill supporting low-carbon energy and industry] // Atomnaya energiya 2.0. November 28, 2023. URL: <https://www.atomic-energy.ru/news/2023/11/28/140916> (accessed: January 24, 2024) (in Russian).

³⁸ Nuclear energy statistics // Eurostat Statistics Explained. December 2023. URL: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Nuclear_energy_statistics#Nuclear_heat_and_gross_electricity_production (accessed: March 5, 2024).

³⁹ The nuclear phase-out in Germany // Federal Office for the Safety of Nuclear Waste Management. n.d. URL: https://www.base.bund.de/EN/ns/nuclear-phase-out/nuclear-phase-out_node.html (accessed: March 5, 2024).

\$39.9 billion in 2022, the American corporation ExxonMobil took in over \$56 billion, and the American oil and gas company Chevron reported \$36.5 billion. Overall, revenues in the global oil and gas sector soared from \$1.5 trillion to \$4 trillion.⁴⁰ A significant share of these gains has contributed to the budgets of the United States, Great Britain, the EU, and its member states.

Additionally, some Western countries have introduced special taxes on the excess profits of energy companies and banks, redirecting these funds to their national treasuries. Notably, in 2022, the United Kingdom implemented a 25% windfall tax on domestic oil and gas production, raising the one-time levy to 35% in 2023.⁴¹ Within the EU, Spain was the first member state to impose additional charges, framing them as ‘solidarity taxes’ for businesses and the public.⁴²

Global food market

The global market for agricultural commodities and food products, as well as the agro-industrial and logistics systems that support their production and distribution, is currently facing a crisis. These systems fail to meet both present and future demands. Moreover, they perpetuate inequalities in food access and consumption, with the number of people lacking adequate nutrition rising to 3.1 billion.⁴³ A small group of multinational corporations,⁴⁴ along with regional and global powers, dominate

⁴⁰ The figures from the International Energy Agency and consulting firms are presented according to: Massive global oil and gas industry proceeds revealed. The head of the International Energy Agency called for investment in transition after a bumper 2022 // RT. February 11, 2023. URL: <https://www.rt.com/business/571328-iea-oil-gas-trillion-income/> (accessed: February 17, 2023). See also: The energy crisis gives the US a chance to woo big European companies // Financial Times. November 11, 2022. URL: <https://www.ft.com/content/0a78d7e8-c148-41a2-ba9e-6fedd89d2e04> (accessed: July 6, 2023); Crisis year 2022 brought \$134 billion in excess profit to the West's five largest oil and gas companies // Global Witness. February 2, 2023. URL: <https://www.globalwitness.org/en/campaigns/fossil-gas/crisis-year-2022-brought-134-billion-in-excess-profit-to-the-west-s-five-largest-oil-and-gas-companies/> (accessed: July 6, 2023); Shareholders reap record payouts from price surge during energy crisis // The Guardian. November 16, 2022. URL: <https://amp.theguardian.com/business/2022/nov/16/shareholders-reap-record-payouts-from-price-surge-during-energy-crisis> (accessed: July 6, 2023); Meredith S. Big Oil rakes in record profit haul of nearly \$200 billion, fueling calls for higher taxes crisis // CNBC. February 8, 2022. URL: <https://www.cnbc.com/amp/2023/02/08/big-oil-rakes-in-record-annual-profit-fueling-calls-for-higher-taxes.html> (accessed: July 6, 2023).

⁴¹ Kirka D. UK energy giant BP's profits double to \$27.7 billion // AP. February 7, 2023. URL: <https://apnews.com/article/united-kingdom-government-business-earnings-850e02d38fdb43e1a48d9666654b412> (accessed: February 28, 2023).

⁴² Heller F. Spain collects millions in ‘solidarity taxes’ imposed on banks, energy firms // Euractiv. February 22, 2022. URL: <https://www.euractiv.com/section/politics/news/spain-collects-millions-in-solidarity-taxes-imposed-on-banks-energy-firms/> (accessed: February 28, 2023).

⁴³ The State of Food Security and Nutrition in the World 2022. Repurposing food and agricultural policies to make healthy diets more affordable // FAO. 2022. 234 p. URL: <https://www.fao.org/documents/card/en/c/cc0639en> (accessed: February 17, 2023).

⁴⁴ The leading positions in global agricultural trade are held by Cargill (USA), COFCO Corp (China), Archer Daniels Midland (USA), Wilmar (Singapore), Bunge (USA), Itochu (Japan), Louis Dreyfus (Netherlands), Viterra Group (Netherlands), Olam International (Singapore), and Conagra (USA). For more details, see: Food Barons 2022 // ETC Group. September 20, 2022. 143 p. URL: <https://etcgroup.org/content/food-barons-2022> (accessed: February 17, 2023). The ten largest food and beverage companies by sales comprise Swiss-based Nestlé; American firms PepsiCo, Tyson Foods, Archer Daniels Midland Company, Cargill, The Coca-Cola Company, and CHS Inc.; Brazilian meat producer JBS; Belgian brewing giant Anheuser-Busch InBev; and Singapore's Olam International. For more details, see: 2023 Top 100 Food & Beverage Companies // ETC Group. September 7, 2023. URL: <https://public.flourish.studio/visualisation/14949606/> (accessed: March 5, 2024).

the global food market, exerting monopoly control and extracting excessive profits from price fluctuations driven by natural and human-induced factors.

Table 1. FAO Food Price Index, 2019–2023

	Food Price Index	Meat	Dairy	Cereals	Vegetable oils	Sugar
2019	95.1	100.0	102.8	96.6	83.2	78.6
2020	98.1	95.5	101.8	103.1	99.4	79.5
2021	125.8	107.7	119.6	131.2	164.9	109.3
2022	144.7	118.8	149.5	154.7	187.8	114.5
2023*	128.86	114.81	133.89	139.63	131.36	135.11

* Average for January to May 2023.

Source: Calculated and compiled by the authors of this article based on FAO data: FAO Food Price Index // FAO, n.d. URL: <https://www.fao.org/worldfoodsituation/foodpricesindex/en> (accessed: July 5, 2023).

By December 2022,⁴⁵ the steps taken by the United States, the EU, and its member states in response to Russia's special military operation in Ukraine, along with the escalating sanctions conflict, led to a brief spike in global prices for food, agricultural, and related products. However, this increase was short-lived and had largely dissipated by spring 2023. By that time, the overall food price index, as well as specific indices for meat, dairy, cereals, vegetable oils, and sugar, had fallen significantly (see Table 1).

In spring 2023, the decline in global prices accelerated significantly. By March, the Russian Ministry of Agriculture was considering advising domestic producers of sunflower oil, sunflower seeds, and wheat to halt exports.⁴⁶ Due to unfavourable price trends and an oversupply in the domestic grain market caused by both surplus harvests and export difficulties, the government decided to increase grain purchases for the state reserve to around 7 million tons – approximately 5% of the total harvest⁴⁷ – and to shift agricultural trade toward a system modeled after the successful export scheme used in the natural gas sector.⁴⁸

⁴⁵ World Cereals Price Index // Trading Economics. November 2022. URL: <https://tradingeconomics.com/world/cereals-price-index> (accessed: February 17, 2023).

⁴⁶ Proizvoditeli podsolnechnogo masla i pshenitsy mogut vremennno priostanovit' eksport. S takimi rekomendatsiyami k nim na fone snizheniya tsen na mirovykh rynkakh planiruet obratit'sya regulator [Sunflower Oil and Wheat Producers May Halt Exports as Regulator Considers Recommendations Amid Global Price Declines] // Vedomosti. March 24, 2023. URL: <https://www.vedomosti.ru/business/articles/2023/03/24/967936-proizvoditeli-podsolnechnogo-masla-mogut-vremennno-priostanovit-eksport> (accessed: March 27, 2023) (in Russian).

⁴⁷ Borovikova K., Sapozhkov O. Gosudarstvo rasshirit khleбноye mesto. Zakupki zerna v gosfond mogut byt' uvelicheny bolee chem vtroe [The State to Boost Grain Reserves with More Than Triple Increase in Purchases] // Kommersant, No. 50. March 24, 2023. P. 1. URL: <https://www.kommersant.ru/doc/5889610> (accessed: March 27, 2023) (in Russian).

⁴⁸ Regarding the Special Procedure for Opening Accounts with Non-Bank Credit Institutions Acting as Central Counterparties by Foreign Agricultural Product Buyers // Federal Portal of Draft Laws and Regulations. March 20, 2023. URL: <https://regulation.gov.ru/projects#npa=136807> (accessed: March 27, 2023) (in Russian).

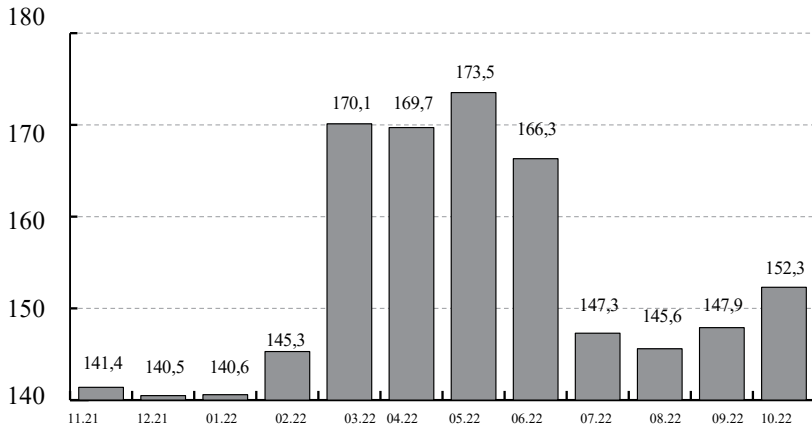


Figure 1. FAO Aggregate Cereals Index, November 2021 – October 2022

Source: UN FAO. URL: <https://www.fao.org/worldfoodsituation> (accessed: February 17, 2023).

Figure 1 illustrates that market participants showed limited concern about the risks of supply disruptions from Russia and Ukraine or the future of the Black Sea Grain Initiative. Following Russia's announcement of its rejoining the grain deal, wheat prices on the Chicago Board of Trade exchange declined by less than 6%.⁴⁹ Notably, even at the height of price surges, strategic reserves were not deployed to curb prices or ease shortages.

By spring 2023, farmers in several EU member states, including Bulgaria, Hungary, Poland, Romania, and Slovakia, called for protectionist measures against Ukrainian grain. In response to the market oversupply stemming from its own policy decisions, the European Commission pledged timely financial support, allocating 56 million euros to farmers in Bulgaria, Poland, and Romania, along with 450 million euros from the EU agricultural fund.⁵⁰ However, many farmers, especially in Poland, remained dissatisfied with these assurances. Public discourse increasingly highlighted concerns about excess supply and raised the prospect of converting agricultural land back to biofuel production.⁵¹

⁴⁹ Na birzhe v Chikago na fone vosstanovleniya zernovogo koridora podeshevela pshenitsa [Wheat prices fell on the Chicago exchange amid the restoration of the grain corridor] // Izvestia. November 2, 2022. URL: <https://iz.ru/1419847/2022-11-02/na-birzhe-v-chikago-na-fone-vosstanovleniia-zernovogo-koridora-podeshevela-pshenitca> (accessed: February 17, 2023) (in Russian).

⁵⁰ Fortuna G. EU triggers crisis fund to bail out farmers hit by Ukraine grain influx // Euractiv. March 22, 2023. URL: <https://www.euractiv.com/section/agriculture-food/news/eu-triggers-crisis-fund-to-bail-out-farmers-hit-by-ukraine-grain-influx/> (accessed: March 27, 2023).

⁵¹ Packroff J. Wheat surplus makes phasing out biofuels obsolete, say producers // Euractiv. February 28, 2023. URL: <https://www.euractiv.com/section/agriculture-food/news/wheat-surplus-makes-phasing-out-biofuels-obsolete-say-producers/> (accessed: March 7, 2023).

Market volatility has been amplified by speculation driven by informational, political, and financial motives. These speculative influences compounded objective factors that were already in place before the start of Russia's special military operation in Ukraine and the subsequent restrictions.

According to reviews compiled by the Agricultural Market Information System, based on surveys of experts from various countries,⁵² the primary drivers of this volatility were:

- 1) Persistent droughts in major grain-producing regions since 2020;
- 2) The increasing conversion of agricultural land from food crop cultivation to industrial crops, notably for biofuel production;
- 3) Soil fertility depletion caused by overly intensive farming practices;
- 4) Economic pressures on developing countries to specialize in the production of certain agricultural commodities, which increases their reliance on external food supplies.

These factors exert long-term effects and are expected to sustain an unstable and precarious situation of food shortages in the global market. Meanwhile, prices are expected to fall or stagnate due to consumers' limited purchasing power, despite persistent demand. Consequently, a significant portion of the rapidly growing global population faces the risk of hunger and malnutrition.

Imbalances in the agricultural sector will also have significant consequences. Out of the 1.5 billion hectares of agricultural land worldwide, only about one-third is dedicated to growing food crops. The remaining land is primarily used for livestock production. Given that 38% of global agricultural crops are used as animal feed, just 20% of the world's agricultural land is actually allocated to cultivating crops for direct human consumption.⁵³

Another factor contributing to the instability of the global agricultural and food market is the **conflicting interests between governments in developing countries and agricultural producers**, which forces authorities to continuously adjust their policies. Government bodies prioritize food security, aiming for full saturation of the domestic market and ensuring food remains affordable for the population. In contrast, agricultural producers focus on maximizing their profits.

When it becomes financially advantageous, they tend to export products or withhold them from the domestic market, creating scarcity and driving up local prices. In response, governments often implement emergency measures to curb speculation, such as imposing export bans and quotas. These actions result in unfulfilled export commitments, shortages in global markets, and escalating prices, thereby perpetuating a recurring cycle of conflict. Consequently, government intervention intended to stabilize the domestic market contributes to destabilizing the global market.

⁵² Agricultural Market Information System. www.amis-outlook.org.

⁵³ The Global Food System: An Analysis // Metabolic. March 2017 Report. URL: <https://www.metabolic.nl/publication/global-food-system-an-analysis/> (accessed: February 17, 2023).

In this scenario, a lower-than-expected harvest and Egypt's unexpected rise as a major new grain importer led the global market in 2022 to lose access to the millions of tons of grain that India had blocked through its export ban.⁵⁴ Ahead of the 2024 general election, the Indian government imposed restrictions not only on rice, wheat, and sugar exports but also banned onion exports, regulated sugar use for ethanol production, and imposed stricter caps on wheat stocks that traders and small sellers can hold.⁵⁵ Concerned about potential food shortages and price spikes, many governments – such as those of Egypt and Morocco – prefer to invest in futures contracts proactively, which inevitably drives up prices.⁵⁶

In India, government agencies employ several large-scale mechanisms to control food inflation, such as the Price Deficiency Payment Scheme (PDPS), the Private Procurement and Stocklist Scheme (PPSS), the Price Stabilization Fund (PSF) managed by the Ministry of Consumer Affairs, Food and Public Distribution, and the Market Intervention Scheme (MIS) and the Price Support Scheme (PSS) overseen by the Ministry of Agriculture and Farmers Welfare. Notably, budget funding for these schemes has been significantly cut for 2023 and 2024.⁵⁷ This reduction is one reason some global stakeholders remain skeptical about the feasibility of establishing long-term food contracts and forming producer pools.

Persistent droughts in recent years caused the cereal price index to rise by more than 50% between January 2020 and January–February 2022.⁵⁸ According to the OECD-FAO Agricultural Outlook 2022–2031, this price increase was driven by growing demand as the global economy recovered from the coronavirus pandemic and by disruptions to transport networks resulting from the crisis.⁵⁹ The already elevated price levels made the market highly sensitive, causing a sharp reaction in spring and summer 2022 even to minor changes in market conditions, which were amplified by speculative information.

⁵⁴ Kupriyanov A. Pochemu Indiya gotova eksportirovat' ris, a pshenitsu – net [Why India is willing to export rice, but not wheat?] // Profile. June 7, 2022. URL: <https://profile.ru.turbopages.org/profile.ru/s/abroad/pochemu-indiya-gotova-eksportirovat-ris-a-pshenicu-net-1093632/> (accessed: February 17, 2023) (in Russian).

⁵⁵ Parija P. India seen keeping rice export bans into 2024, holding up global prices // The Economic Times. November 19, 2023. URL: <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-seen-keeping-rice-export-bans-into-2024-holding-up-global-prices/articleshow/105324980.cms> (accessed: November 20, 2023).

⁵⁶ *Ibid.*

⁵⁷ Hussain S. How Budget 2023 choked three schemes critical to managing food inflation. The reduced allocation may imply that government agencies will not procure and sell any pulse, oilseeds or cotton if their prices fall below MSP during FY24 // The Print. February 6, 2023. URL: <https://theprint.in/opinion/how-budget-2023-choked-three-schemes-critical-to-managing-food-inflation/1355537/> (accessed: February 17, 2023).

⁵⁸ Market Monitor // AMIS. November 2022. URL: https://docs.google.com/viewerng/viewer?url=http%3A%2F%2Fwww.amis-outlook.org%2Ffileadmin%2Fuser_upload%2Famis%2Fdocs%2FMarket_monitor%2FAMIS_Market_Monitor_current.pdf&urp=gmail_link (accessed: February 17, 2023).

⁵⁹ OECD-FAO Agricultural Outlook 2022–2031 // OECD Publishing. Paris. 2022. URL: <https://www.fao.org/3/cc0308en/cc0308en.pdf> (accessed: February 17, 2023).

According to Eurostat estimates, annual inflation in the eurozone slowed from 10.1% in November 2022 to 9.2% in December and had declined to a more manageable level by 2024. The largest price increases were seen in energy, with costs rising 25.7% year-on-year in December compared to 34.9% in November.⁶⁰

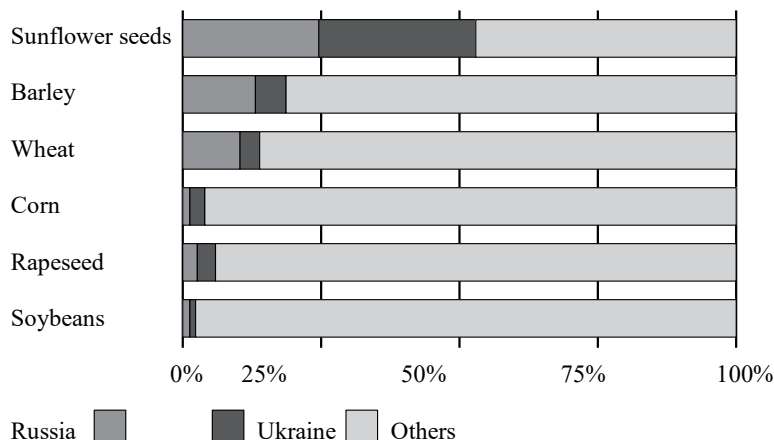


Figure 2. Shares of Russia and Ukraine in Global Cereal Production

Source: UN FAO. URL: <https://www.fao.org/worldfoodsituation> (accessed: February 17, 2023).

The state of the cereal market depends on the total harvest volume across all crops rather than on any single crop alone. The top three global wheat producers are China, the EU, and India, contributing 18%, 17%, and 14% of global production, respectively. They are followed by Russia with 12% and the United States with 6%. In corn production, the United States leads with 30%, followed by China at 24%. Brazil, Argentina, and the EU come next, accounting for 10%, 5%, and 5%, respectively. For rice, China and India dominate the market, producing 28% and 24% of the global supply. Other significant rice producers include several Asia-Pacific countries, such as Indonesia (7%), Vietnam (5%), and Thailand (4%).

Finally, the soybean market is largely controlled by Brazil (39%), the United States (30%), and Argentina (12%), with China (5%) and India (3%) as secondary players.

Figure 2 presents the share of Russia and Ukraine in global cereal production.⁶¹

Russia's special military operation in Ukraine has not – and likely could not – have an independent, let alone decisive, impact on the global food market. According to the ITC Trade Map,⁶² Russia's share of global agricultural exports increased from 0.7% in

⁶⁰ Edovina T. Evropeiskaya inflyatsiya snizilas' k zime [European Inflation Decreased by the Start of Winter] // Kommersant. January 11, 2023. URL: <https://www.kommersant.ru/doc/5760059> (accessed: February 17, 2023) (in Russian).

⁶¹ The Importance of Ukraine and the Russian Federation for Global Agricultural Markets and the Risks Associated with the War in Ukraine // Food and Agriculture Organization of the United Nations. June 10, 2022. P. 6. URL: <https://www.fao.org/3/cb9013en/cb9013en.pdf> (accessed: February 17, 2023).

⁶² International trade in goods statistics by product. Exports 2001-2021 // Trade Map. 2023. URL: <https://www.trademap.org/TradeStatistics/TradeMap/Yearly/ByProduct/Export/En> (accessed: February 17, 2023).

2010 to 1.8% in recent years, effectively doubling over a decade but remaining relatively small. In 2020, Russia became a net exporter of agricultural commodities and food products,⁶³ whereas Ukraine satisfied about 70% of its demand through imports. Both countries' agricultural trade was structurally unbalanced: they primarily exported low-value raw materials while importing higher-value processed foods.

Figure 3. Top 10 Exporters of Nitrogen, Phosphorus, and Potash Fertilizers (% of Global Exports)

Азотные удобрения	Nitrogen fertilizers
Остальные	Others
США	US
Иран	Iran
Египет	Egypt
Марокко	Morocco
Саудовская Аравия	Saudi Arabia
Оман	Oman
Катар	Qatar
EU27	EU27
Китай	China
Россия	Russia
Фосфорные удобрения	Phosphorus fertilizers
Остальные	Others
Норвегия	Norway
Иордания	Jordan
Австралия	Australia
Египет	Egypt
EU27	EU27
США	US
Саудовская Аравия	Saudi Arabia
Россия	Russia
Марокко	Morocco
Китай	China
Калийные удобрения	Potash fertilizers
Остальные	Others
Норвегия	Norway
Чили	Chili
Китай	China
Иордания	Jordan
Израиль	Israel
США	US
EU27	EU27
Беларусь	Belarus
Россия	Russia
Канада	Canada

Source: UN FAO. URL: <https://www.fao.org/worldfoodsituation> (accessed: February 17, 2023).

⁶³ Commodity structure of exports and imports of the Russian Federation, annual data from 1995 onwards // The Federal State Statistics Service of Russia. November 8, 2022. URL: https://rosstat.gov.ru/statistics/vneshnyaya_torgovlya (accessed: March 5, 2024) (in Russian).

The global fertilizer market

Amid unfounded claims about Russia's role in intensifying the energy and food crises, a distinct situation has emerged in the fertilizer market, which significantly influences agriculture. Even before the special military operation in Ukraine began, Russia held a leading position in this market (see Figure 3). The global supply of calcium carbonate from Belarus and anhydrous ammonia from Russia – both traditionally exported through ports in EU member states and Ukraine – declined sharply. At the same time, fertilizer production plants in the European Union faced closures due to the high cost of natural gas and electricity. Similar to the grain market, these factors triggered a temporary surge in fertilizer prices.⁶⁴

At the height of the price spike, nitrogen fertilizers in Western Europe reached US\$1,310 per ton, while prices in the United States rose to US\$755 per ton.⁶⁵ Potash fertilizers in the US reached prices of US\$635 per ton, while phosphorus fertilizers peaked around US\$562.50 per ton. In Germany, the Federal Statistical Office reported that by November 2022, prices for basic chemicals, fertilizers, and nitrogen compounds had increased 32.8% year-on-year. Prices for fertilizers and nitrogen compounds surged even more sharply, climbing 113.1%. Ammonia, a key input for fertilizer production, saw its prices soar by 182.3%.⁶⁶ However, after this wave of speculation subsided, hydrocarbon prices fell, and fertilizer production in the EU partially resumed, fertilizer costs began to decline. Consequently, the disruption in these markets was short-lived, too.

* * *

Western accusations against Russia amid escalating imbalances in the food and energy markets fit well with the concept of securitization. These accusations sought to frame the actual crises in a politically advantageous way by manipulating how the causes of market volatility were explained and timed. Furthermore, they diverted attention from how policies pursued by the United States and the EU contributed to worsening the objective challenges.

The global energy and food crises did not originate with Russia's special military operation in Ukraine, but rather stemmed from a complex set of factors, mainly the COVID-19 pandemic and drought conditions. Sanctions and other anti-Russian measures imposed by the United States, the EU, its member states, and their allies **led**

⁶⁴ Glauber J., Laborde D. How sanctions on Russia and Belarus are impacting exports of agricultural products and fertilizer // International Food Policy Research Institute. November 9, 2022. URL: <https://www.ifpri.org/blog/how-sanctions-russia-and-belarus-are-impacting-exports-agricultural-products-and-fertilizer> (accessed: February 17, 2023).

⁶⁵ Mil'kin V. Minfin raskryl usloviya vvedeniya eksportnykh poshlin [The Ministry of Finance disclosed the conditions for introducing export tariffs] // Vedomosti. October 3, 2022. URL: <https://www.vedomosti.ru/business/articles/2022/10/04/943714-minfin-raskril-usloviya-vvedeniya-poshlin> (accessed: February 17, 2023) (in Russian).

⁶⁶ Producer prices in October 2022: +34.5% on October 2021. Press release No. 488 of 21 November 2022 // Destatis. November 21, 2022. URL: https://www.destatis.de/EN/Press/2022/11/PE22_488_61241.html (accessed: February 17, 2023).

to a brief, minor spike in prices for energy, food, agricultural, and related goods, which relatively quickly subsided. Market responses indicate that the risks associated with cutting off supplies of energy, agricultural, and food products from Russia and Ukraine, as well as the future of the Black Sea Grain Initiative, are manageable. Notably, even at the height of the price surge, major market players did not put their reserves on the market to reduce prices or ease supply constraints.

Market volatility was amplified by speculation driven by informational, political, and financial motives. Among the objective causes of this instability were persistent droughts affecting major grain-producing regions for three consecutive years; the increasing conversion of agricultural land from food crops to industrial crops used in biofuel production; soil fertility depletion caused by overly intensive farming; and economic pressures on developing countries to specialize in certain agricultural commodities, heightening their reliance on external food supplies. In addition, only about 20% of the world's arable land is dedicated to growing grain crops for human consumption.

Another factor contributing to the fragility of the global agricultural and food market is the conflicting interests between developing nations and agricultural producers, which force governments to adjust their policies. A clear example of this dynamic is India's export restrictions.

An examination of Russia's share in the global cereal market – including wheat, rice, corn, and soybeans – indicates that its special military operation in Ukraine could not have an independent, let alone decisive, impact on the global food market.

The persistent nature of the West's anti-Russian measures is highlighted by several factors. These include: the profitability of speculation in both global and local food and energy markets; the effectiveness of coordinated G7 actions to manage prices; the strong resolve to intensify sanctions targeting the Russian fuel and energy sector; the introduction of pilot programs imposing windfall taxes on the global fuel and energy sector; and the formalization of decarbonization goals in binding regulations at national, regional, and global levels. Collectively, these developments illustrate the ongoing and multifaceted approach of Western countries in response to Russia, which could potentially be applied to other global political actors in the future, enabling Western nations to advance their own political and economic interests.

Such a strategy runs counter not only to Moscow's interests but also to those of many countries, especially those affected by food and energy crises. To address these threats, the following countermeasures can be considered:

- 1) Collaborate with Russia-friendly countries to develop a climate change mitigation and adaptation framework as an alternative to the Western-promoted decarbonization goals. This framework should be endorsed at regional and international forums such as the Eurasian Economic Union (EAEU), Shanghai Cooperation Organisation (SCO), BRICS, and subsequently within the United Nations.

- 2) Intensify systematic outreach to political and business leaders, as well as the broader public – both in friendly and unfriendly countries – to expose the true causes

behind Western-driven speculation and political rhetoric framing the food and energy crises.

3) At upcoming summits and other forums, invite countries from Africa, Asia, and Latin America to jointly build infrastructure aimed at achieving food and energy security.⁶⁷ This includes transitioning to new systems for transactions, insurance, re-insurance, lending, leasing, and freight, establishing specialized hubs and exchanges, and addressing transport, logistics, and related challenges.

4) Greatly expand incentives that enable the practical implementation of national economic priorities focused on reducing energy intensity in manufacturing sectors, increasing energy efficiency across all facilities in Russia, and driving a breakthrough in high technologies in this field as part of import substitution and technological sovereignty policies.

5) Encourage the largest domestic energy companies, backed by the state, to transition their business models from export-oriented production and processing of hydrocarbons and other feedstocks to building a self-sufficient petrochemical sector.⁶⁸

6) Review and optimize logistics routes to positively impact food security in friendly countries, especially in Africa. Revising the supply chains for energy, food, and fertilizers⁶⁹ will weaken Western economies' stability and better align with Russia's political and economic interests. For example, the Black Sea Grain Initiative fails to serve Russian interests or those of the primary victims of the global food crisis since 2021 – African states – due to such factors as: (1) a limited number of ships reaching African countries, and (2) a portion of Russia's economic gains being diverted to intermediaries, including unfriendly states.⁷⁰

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⁶⁷ Lissouba J. Europe's relations with Africa and Asia are on the brink of collapse, and Russia is benefiting // Modern Diplomacy. March 22, 2023. URL: <https://moderndiplomacy.eu/2023/03/22/europesrelations-with-africa-and-asia-are-on-the-brink-of-collapse-and-russia-is-benefiting/> (accessed: March 27, 2023).

⁶⁸ A fully self-sufficient petrochemical sector should be capable of producing the entire range of approximately two thousand petrochemical products. Currently, domestic producers manufacture only about 700 of these, with the remainder being imported. China's experience offers a useful example: despite being a net importer of hydrocarbons, China has sustained an average annual growth rate of 13% in its national petrochemical sector for decades and now accounts for nearly 50% of global petrochemical production.

⁶⁹ Some of these substances, like ammonia, are also utilized in the manufacture of ammunition.

⁷⁰ Additionally, Russia mainly exports raw materials in their unprocessed form – that is, products with relatively low added value – unlike processed goods such as flour or butter.

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