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Southeast Asian Food Security One Year Into the Ukraine War

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SYNOPSIS

Since the outbreak of war between Russia and Ukraine more than a year ago, supply chains of food and fertiliser from the two countries have been disrupted and food insecurity of many countries heightened. Southeast Asia has weathered the overall impact of the war relatively well. Although the region has witnessed short-term food shortages and price hikes, neither widespread food insecurity nor mass hunger has visibly increased. As the prospect of a prolonged conflict continues, governments must now consider implementing longer-term measures to help safeguard their domestic food security.

COMMENTARY

Ukraine and Russia, two agricultural powerhouses, jointly account for between 25-30 per cent of the world's wheat exports and 15 per cent of the world's corn exports. As the Russo-Ukrainian war significantly disrupted their supplies of grains (and fertilisers) to the rest of the world, the resulting shocks in the global food system have caused increased hunger in many countries reliant on them, and revealed import dependency-related vulnerabilities.

These consequences have been exacerbated by continued COVID-19 pandemic management measures in some countries, and extreme weather events (such as droughts) in others. Overall, Southeast Asia has fared better than other regions due to quick responses from governments to prevent food shortages and its innate agricultural production capacity.

Southeast Asia plays important dual roles in the global food system, concurrently being an important food exporter and food importer. The world's top two rice exporting countries – Thailand and Vietnam – are in Southeast Asia.

However, the region also imports significant amounts of wheat for food along with corn and soybeans for animal feed. The latter two are needed to produce meat and fish in Asia for domestic markets to feed the region's growing urban middle class. In the coming years, Southeast Asia's food balance will likely tilt in favour of imports to meet this demand.

Dependency on Ukraine and Russia

Overall, Southeast Asia is relatively dependent on Ukraine and Russia for raw commodities and fertiliser. The region's main importers of Russian and Ukrainian grain are Indonesia, Laos, Myanmar, the Philippines, Thailand and Vietnam, with Laos importing over 98 per cent of its wheat from Ukraine and Russia.

With regard to fertiliser imports, Indonesia and Brunei are the two Southeast Asian countries most reliant on Russian (and Belarusian) fertiliser with imports accounting for 31.75 per cent and 26.49 per cent respectively of their total fertiliser imports.

In this context, the war-induced disruptions to global supply chains have impacted exports to Southeast Asian countries and also other Asian countries (such as China) from where Southeast Asia also imports food, placing the region in a vulnerable position.

Southeast Asian Vulnerability

The impact of the war on food security may be viewed from three aspects – the impact on food/fertiliser exports from Ukraine and Russia, the impact on food production in Southeast Asian countries, and the impact on food production in other countries which export food or compete in the global marketplace for food. The impact of the crisis on Ukrainian and Russian exports is now well documented, with a flow-through effect on reduced meat production and higher meat prices due to increased animal feed costs.

The reduction in exports of Russian fertiliser has impacted Southeast Asia's crop productivity in both the immediate and longer-term outlooks. Notably, rice yields before the crisis are already stagnating or in some cases, even declining, with yield gaps of 50 per cent being common. In addition to extreme weather events, fertiliser price increases have also resulted in less planted areas and lower yields. As a result, farmers have been forced to prioritise either production or productivity.

In Ukraine, the fighting in rural areas has affected crop planting and harvesting. Disruptions to essential public services (such as water supply networks) could further hinder agricultural activities, reducing exports.

As the global food trade system is strongly interconnected, many countries have had to secure or even compete against each other for alternative sources of grain or fertiliser. The rise of government-imposed food protection measures like export restrictions and bans have further reduced the availability of some staples. Notably, by the end of March 2022, 53 new policy interventions affecting food trade had been undertaken – of which 31 restricted exports, and nine involved curbs on wheat exports.

Another aspect to consider is economic access to food, i.e., how a jump in retail food

prices and general food price inflation impact on the availability of food in Southeast Asia. To add to consumers' woes, retail food costs continue to increase due to soaring energy prices. With average households spending 31 per cent of their income on fresh and packaged food in countries like the Philippines and lower-income households in countries like Indonesia spending as much as 64 per cent on food every month, food price inflation undoubtedly impacts average and lower-income households the most, while also increasing risks of undernutrition and malnutrition among vulnerable populations.

Southeast Asian Response

Southeast Asian governments have undertaken a range of policy measures to reduce food insecurity fears. While Singapore has emphasised its diversification strategy, some countries like the Philippines have sought to expand reserve stockpiles. Cambodia has urged domestic food companies to increase production. As for Indonesia and Malaysia, they have implemented export bans (albeit temporary) on their key food exports to ensure adequate domestic supplies.

To support these efforts in the long term, governments could also consider strengthening domestic agricultural production. Singapore, for instance, using its urban and peri-urban space, has aimed to domestically produce 30 per cent of its nutritional needs on 1 per cent of its land by 2030, instead of the current 10 per cent production target. An essential part of these efforts is policy adaptation and technological innovation.

Looking ahead

With the region entering an era of "volatile deficits", in which the stability of food security is not assured, Southeast Asian countries must become better equipped to deal with uncertainty.

Governments may consider investing in domestic sources of inputs (like fertilisers and bio-fertilisers), novel technologies, and food zones overseas. Southeast Asian countries should also find alternative sources of food import and form supply chains with Australia and New Zealand, while also undertaking an import source diversification strategy to avoid reliance on one country or region.

On the supply side, the war in Ukraine offers opportunities to farmers in other agricultural exporting countries to boost production and export more to Southeast Asia. More cooperative research across national borders is definitely needed to develop longer-term strategies in food security. In doing so, technological innovation for food crops and supply chain infrastructure in the region must be accelerated as well.

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