

How drought in Russia can cause chaos in Africa

EGYPT, Nov. 05, 2015 (Mail & Guardian Africa) -- The weather in Russia and Ukraine isn't something that would ordinarily make it to Africa news, but the world is interconnected in some strange ways.

Reports indicate that cereal crops in Russia and Ukraine have been damaged by the dry start to this planting season, with Russian Agriculture Minister Alexander Tkachev saying a quarter of the country's winter crops are in poor condition as planting nears completion.

In Ukraine, almost a third of winter wheat and triticale, a hybrid of the grain, was weak and thinned, according to data from UkrAgroConsult. That's comparable to conditions in 2011, which resulted in a 29% drop in output, according to Paul Gaffet, an analyst at Offre & Demande Agricole in France, Bloomberg reports.

The world has become more dependent on output from the Black Sea region in Russia and Ukraine in recent years as buyers shifted from more expensive suppliers such as the U.S.

But the last time there was a drought in Russia, it was a bigger story than just that – the indirect consequence was political upheaval in North Africa.

Four years ago – in 2011, the very year wheat prices soared on the back of drought in Russia – food was the principal factor driving the initial unrest in Tahrir Square.

Egypt is the world's biggest importer of wheat, and in 2010, a drought in Russia – Egypt's main supplier of wheat – had killed 40% of the wheat harvest.

North African governments largely subsidise the price of wheat, but even that wasn't enough to keep the prices down - the Food Price Index had been rising since the beginning of 2009, and by the time it peaked in February 2011, the index had registered a 68.3% increase. The Cereals Price Index rose an even sharper 75.5%, from a low in June 2010 to a high in April 2011.

Protests

With that, masses took to the streets demanding bread, and the protests spiraled into a wider movement pressing for political and economic change.

This time, economists say it's too early to draw conclusions about 2016 Black Sea production as poor crops in some areas "could be made up with yields in the other parts," said Abdolreza Abbassian, a senior economist at the United Nations' Food & Agriculture Organisation.

International cereal prices are also on the downward trend, the latest food price update from the Food and Agriculture Organisation indicates, amid large inventories and generally good crop prospects.

The FAO Cereal Price Index averaged 154.8 points in September, nearly unchanged from August and 13.1% down year-on-year. Wheat is now over 20% cheaper than in September last year, following this season's record production.

But analysts are starting to get nervous about the coming few months, with benchmark prices on the Chicago Board of Trade rising to an almost eight-week high on Oct. 7, partly on concerns drought would damage the harvests in the two countries.

"The [planting] situation was critical," Tkachev said at a government meeting outside Moscow led by Prime Minister Dmitry Medvedev. "The crops didn't emerge."

Most of Ukraine and western Russia received less than 80%, and in some cases less than 20%, of normal rainfall in the 90 days through Oct. 31, while temperatures were unusually high, according to data compiled by World Ag Weather.

But smart governments, particularly in North Africa, where wheat is a staple crop, should be watching closely to see how this year's wheat story unfolds.

Already rising

In Egypt, the economic pressure – and political discontent – is already rising.

A fortnight ago, the country depreciated its pound for the third time this year after foreign reserves tumbled and the currency fell to a record in black-market trading; the Egyptian pound has declined 9.8% this year, making it the worst performer in the Middle East behind Algeria's dinar.

Foreign reserves fell the most in almost four years in September, the same month the country announced its current account deficit had ballooned to \$12.2 billion, the biggest gap in central bank data going back to 2000.

In September, the prime minister and entire cabinet resigned amid allegations of corruption; and legislative elections held last week saw a voter turnout of just 26.6%.

"A general sense of disillusion with the current system has driven Egyptians away from elections," Yehia El Gammal, an Egyptian writer and political analyst, wrote in an article for the Tahrir Institute for Middle East Policy.

"Since the outbreak of the first uprising almost five years ago, two presidential elections, three referendums over constitutions, and two parliamentary elections have been held; queuing at polling stations has not, thus far, led to change," Gammal wrote.

Egypt has been here before – and it ended up in running battles in Tahrir Square.

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Thursday, 05 November 2015 09:56
