

MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

Ukraine War: Rising Food Prices are not the only Global Economic Fallout

This summary comes from [this article](#) in the Conversation.

Theme:

Ukrainian conflict and its effects on global political agendas.

Area of Focus:

The article focuses on Ukraine, the wide-ranging food crisis, and future US-China relations.

Key Findings:

As the war in Ukraine heads into its fourth month, its economic consequences are becoming more apparent and begin to move up on the [global political agenda](#). And in the same way in which Russia's aggression has had political ramifications far beyond Ukraine, so do the economic repercussions. This is not to belittle the devastation of Ukraine, but to highlight the far-reaching impact of the war and how it is amplified by associated [global economic dynamics](#).

Beyond Ukraine, the war has already led to [gloomy predictions](#) about the slowdown of the global economy, and possibly a recession. This is primarily driven by the surge in the price of oil and has and the [instability](#) in international markets since the start of the war as well as the lack of certainty about how and when it will end.

The other global economic fallout is the major [food crisis](#) affecting many of the world's most vulnerable populations. Ukraine is a major exporter of agricultural goods products, especially sunflower oil, and wheat, but key export routes, are now blocked because of a de-facto Russian [naval blockade](#). In addition, there have been reports that Russia, itself a major exporter of wheat, has [stolen](#) approximately 400,000 tons of grain from storage facilities in Ukraine. However, it is not simply the current lack of Ukrainian products which contributes to the food crisis, it is expectations of its continuity which drives prices of grain and cooking oil making imports less affordable, alongside the rising energy prices and the [cost-of-living crisis](#), thereby further increasing the [likelihood](#) of a global recession.

Equally, the war is likely to accelerate the [decoupling of Chinese and US economies](#), with China learning from the Western response which [froze](#) nearly half of Russia's (£500bn) in foreign exchange and gold reserves causing China to be wary of holding abroad dollar reserves.



Midlands Engine Impact:

- Gloomy predictions of the global economy will certainly affect the UK, highlighting rising food costs and thus exacerbating the cost-of-living crisis amongst other factors like increased fuel poverty or rising inflation. The Midlands will especially feel the tough year ahead as it already struggles with poverty in parts.
- The possibility of a prolonged recession rather than the expected rapid post-pandemic recovery will have additional repercussions for stability, reducing business sentiment and slowing down economic growth.
- As a major importer of its food, the Midlands will still feel effects of rising costs despite containing major agricultural clusters like those in Lincolnshire, Shropshire, and Herefordshire.
- The decoupling of Chinese and US economies may hinder international trade, reducing the Midlands possible trade partners.

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