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## **Ukraine War and Food Security: How Should ASEAN Respond?**

*By Jose M.L. Montesclaros and Mely Caballero-Anthony*

### **SYNOPSIS**

*ASEAN should come together and assess what regional mechanisms it can leverage in addressing the looming threat of food trade protectionism within the region, amid Russia's invasion of Ukraine.*



*The Ukraine War is causing a global shock to food security, with knock-on effects on other sectors of the global economy. Getty Images*

## COMMENTARY

THE ONGOING war in Ukraine has raised serious concerns about global food security. The United Nations Food and Agriculture Organization's (UN FAO) Food Price Index ([FPI](#)) reached an all-time high in March 2022, surpassing price levels in 2007-08 during when the global food price crisis occurred. The impact of the war on food security is best captured by the UN FAO's Director General who said that "the most significant threats (to food security) stem from conflict, and the associated humanitarian impact, together with multiple [overlapping crises](#)."

The escalating events and hike in food prices have led some countries to resort to protectionist policies, further aggravating food security concerns. India, for example, has imposed an export ban on wheat — one of the staples most affected by the ongoing war. In Southeast Asia, Indonesia's ban on palm oil exports and Malaysia's recent ban on chicken exports portend further protectionist actions by other countries in responding to the fluidity in the global food supply chains. Such trends require urgent collective efforts by countries in the region to address a looming disaster that can lead to cascading threats to human security. What can ASEAN do to respond to the shared threat of food insecurity?

### **Rice Bowls, Breadbaskets and the Global Food Supply Chain**

Cereal prices peaked in end-March to more than 70% higher than end-2019, based on the FAO's Cereal Price Index. While ASEAN is the world's "Rice Bowl", having two of the three top global rice exporters (Vietnam and Thailand), Russia and Ukraine are the world's "Breadbasket", contributing approximately 24% of global wheat exports.

Rice is the most widely consumed commodity across ASEAN, constituting half of total caloric intake, but the region nonetheless relies on international markets for its wheat and maize consumption.

Over the past decade, wheat imports by Indonesia, ASEAN's most populous country, have more than doubled from 4.8 million tonnes (2010) to close to 11 million tonnes (2019). Indonesia's largest use of wheat is for producing noodles (70%), followed by bread (20%) and cakes/biscuits (10%).

Wheat and maize also serve as feeds for livestock. Regional meat consumption has grown [rapidly](#), given growing populations and rising income-per-capita levels, [especially](#) in Indonesia, Malaysia, the Philippines and Vietnam.

Neither Russia nor Ukraine are expected to normalise exports in the coming months owing to the war. Al Jazeera's analysis shows that agricultural production in Ukraine's contested territories constitute a significant [23%](#) of its agricultural output, which will likely remain unharvested in the near-term. Logistical challenges abound, since close to [50 percent](#) of Ukraine's wheat is currently stored in areas where active fighting is taking place.

### **Rising Prices and Protectionism**

Compounding the disruptions in supply chains is rising protectionism, particularly in

palm oil exports. Vegetable oils (e.g., sunflower oil and palm oil) make up [10% of consumers' diets globally](#), mainly as cooking oil within households.

In end-April 2022, international vegetable oil prices increased to more than triple their pre-COVID-19 levels in end-2019. This is partly from reductions in Russian and Ukrainian exports of more than [50%](#) of sales in global sunflower seeds, used for producing sunflower oil.

Since sunflower oil is a substitute for palm oil, conflict-induced disruptions to sunflower oil exports feed into higher vegetable oil prices globally, and in turn to rising domestic prices in Indonesia. Indonesia's palm oil prices have in fact risen to as high as IR 18,000 (US\$ 1.23) in March 2022.

Higher domestic prices translate to a larger fiscal burden for countries within and outside the region. Indonesia's decision to ban exports of palm oil in late April 2022 is driven by the need to ensure affordable food domestically; it is set on only lifting its export ban once domestic palm oil prices have returned to its normal level of IR 14,000 (US\$ 0.96). Extending the ban worsens international food prices. Thus, domestic worries on demand and supply of food items trump regional cooperation.

### **Wolf at ASEAN's Door?**

The wolf of trade protectionism is potentially at ASEAN's door. Palm oil makes up [58%](#) of the global vegetable oil trade, with Indonesia being the largest exporter of palm oil. Indonesia's protectionist policies may trigger similar actions by other ASEAN countries by aggravating the food price inflation brought about by the war.

A new wave of protectionism may extend beyond palm oil. There is growing risk of competition with [Middle Eastern and North African](#) countries, which are highly dependent on Russia and Ukraine for wheat and maize. Should these turn towards ASEAN's sources for these commodities, food prices will no doubt further increase.

To top it off, today's challenge extends further up the [supply chain](#), to include inputs such as fertilisers; Russia is the world's [top exporter](#) of fertilisers, and yet, its trade and industry ministry recommended its traders to postpone fertiliser exports temporarily.

In general, export bans on commodities are not only knee-jerk reactions with short-term gains, but could also potentially trigger retaliatory trade measures by affected countries, further disrupting food supply chains.

### **Strengthening Regional Cooperation**

In mid-April, the head of the World Trade Organisation and the United Nations World Food Program (among others) issued a [joint statement](#) calling on countries to "keep trade open and avoid restrictive measures such as export bans on food or fertilizer".

While the disruptive effects of the war in Ukraine on food supply will continue until there is some resolution to the conflict, collective efforts must be strengthened to prevent its impact on global food security to worsen.

ASEAN needs to seriously consider how it can build on its existing mechanisms in riding the wave of rising prices across its commodities. One among these is the ASEAN Plus Three Emergency Rice Reserve ([APTERR](#)) mechanism, established in 2011 to avert rapid rice price inflation and discourage price speculation and trade protectionism among member states.

While ASEAN has no parallel mechanisms for wheat, maize, vegetable oils or fertilizers, there is compelling need to explore how to mobilise its regional frameworks to provide additional ammunitions to nip the budding food price crisis.

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