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Conflict Factsheet

## Droughts and the Grain Export Ban in Russia

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Type of conflict  
Sub

Intensity  
1

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Conflict Locality  
Eastern Europe

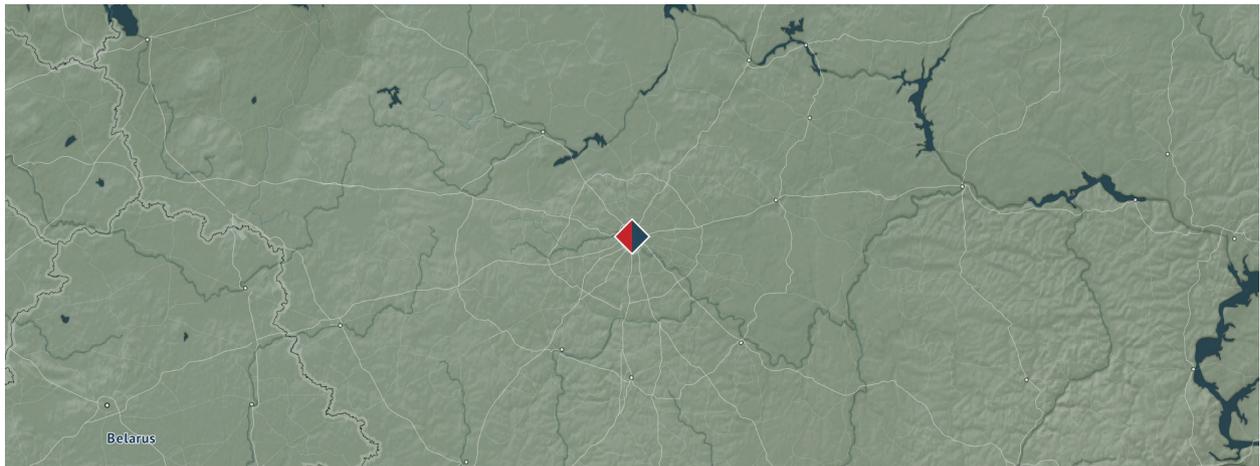
Time  
2010– 2012

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Countries  
Russia

Resources  
Agricultural / Pastoral Land

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Volatile food  
prices and  
provision

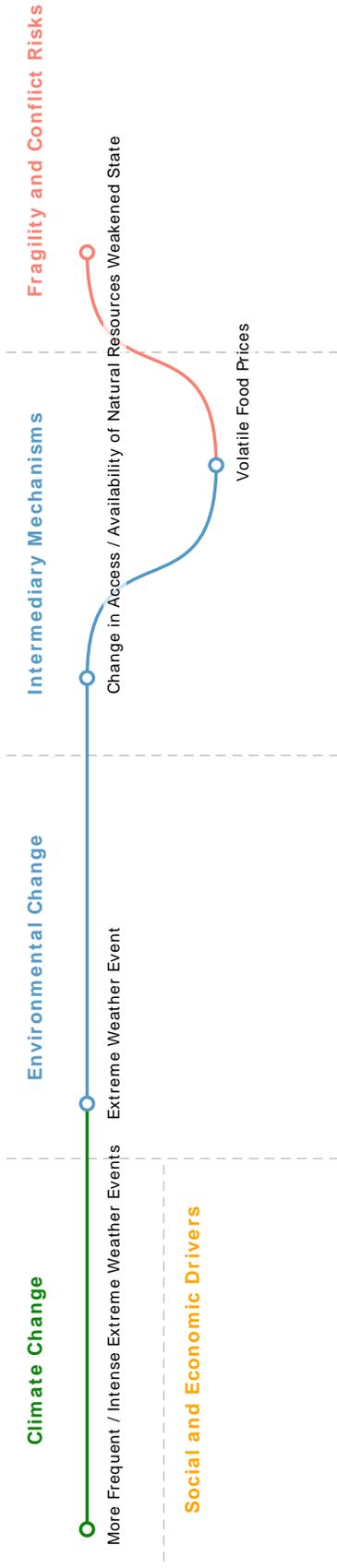
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### Conflict Summary

This brief case illustrates the drivers behind Russia's grain export ban as an example for the policy dynamics of a major grain exporter and the consequences for importers.



### Conceptual Model



### Context Factors



Agricultural / Pastoral Land



## Conflict History

In July 2010, Russia experienced a heat wave which witnessed summer temperatures peak at their highest level in 130 years. The ensuing drought and fires decimated the summer harvest, especially in Russia's south western regions which produce the majority of the nation's grain. As the third largest global exporter of wheat, Russia saw its grain output fall from 97m tonnes in 2009 to an estimated 60m tonnes in 2010 ([Oxford Business Group, 2011](#)).

Elena Skrynnik, the then minister for agriculture, suggested that 43 regions had been affected and 13.3 million acres of crops destroyed. This number equated to 17% of the total crop area, including roughly 25,000 farms ([Welton, 2011](#)). Although perceived at the time as a one-off, most notably by the National Oceanic and Atmospheric Administration and US Department of Commerce, these severe drought events have been increasing in frequency within the region and a subsequent drought was experienced again in the summer of 2012 ([Hoerling, 2010](#)).

### The Russian export ban

In response to the drought and escalating rise in grain prices, the Russian government introduced a temporary grain export ban on wheat, barley, rye, maize, and wheat and rye flour in August of 2010. Originally, the ban was to last until the 31st December 2010; however this was extended to the 30th June 2011 when the magnitude of the harvest loss became apparent ([OECD, 2011](#)). Essentially, the ban nullified pre-existing contracts that exporters had with foreign clients, further exempting them from liability on those contracts. This then allowed sellers to resell their grain at prices that were, in the short-term, higher than those in the existing contracts ([Welton, 2011](#)).

### Impacts on Egypt and Pakistan

The ban on grain export had various short and long-term consequences. Globally, the absence of Russian grain on the world market in 2010 and 2011 contributed towards a renewed increase in world grain prices ([OECD, 2011](#)). The ban had immediate implications on Russia's traditional wheat trading partners in North Africa, forcing them to source alternative supplies. A predominant loser was Egypt and the ban was in part responsible for inducing social unrest within the country. Egypt was hard hit by the wheat crisis, as the country is only 60% self-sufficient in this cereal grain, relying heavily on Russian supply for around 50% of its wheat imports. Prior to the crisis, Egypt was purchasing wheat at 183 USD per tonne from Russia. After the export ban, the General Authority for Supply Commodities (GASC) needed to pay around 280 USD per tonne to France and the U.S. on the global market. The former trade minister, Rachid Mohamed Rachid, estimated that the ban on Russian wheat imports cost Egypt an extra 696.8 million USD in 2010 ([Oxford Business Group, 2011](#)). Another country severely affected by the ban was Pakistan, Russia's fourth biggest global customer, but also one of its poorest. Pakistan witnessed a 16% increase in the price of wheat, just as the government was reducing food price protections. According to the World Bank, the knock-on effect from the ban was a 1.6% increase in poverty at the time ([Welton, 2011](#)).

### Long-term impacts

In terms of longer-term impacts, the grain export ban has arguably created a climate where price spikes and uncertainty are far more likely in the future. Indeed, if grain importers sense small interruptions in supply to be met with protectionism by the exporters, they will most probably increase demand when



facing supplier issues. In turn, this exacerbates the problem. Reputational costs are another longer-term impact to Russia as a reliable partner. Reputational costs may negatively affect grain demand in the future, thus hindering the ability of exporters to engage in forward pricing ([Ibid, 2011](#)).

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## Case Study

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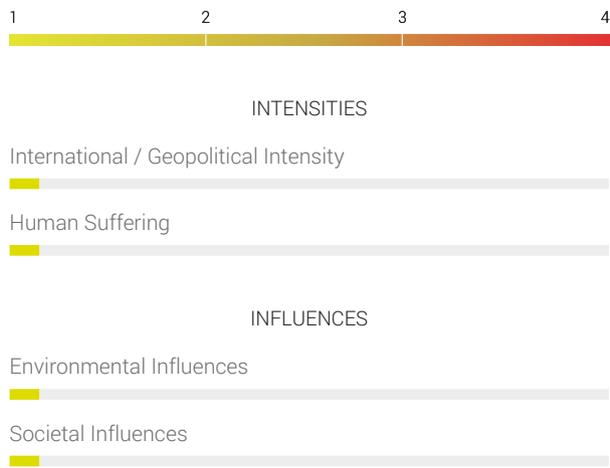


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### Intensities & Influences

### Resolution Success



### Resources and Materials

#### References with URL

[Arsenault, C., 2015. Global dependence on food imports leaves countries vulnerable – TRFN](#)  
[Hoerling, M., 2010. 'Russian Heatwave 2010,' Earth Systems Research Laboratory, NOAA](#)  
[OECD., 2011. Agricultural Policy Monitoring and Evaluation 2011: OECD Countries and Emerging Economies](#)  
[Oxford Business Group., 2011. The Report: Egypt 2011.](#)  
[Welton, G., 2011. The Impact of Russia's 2010 Grain Export Ban](#)

Further information

<https://factbook.ecc-platform.org/conflicts/droughts-and-grain-export-ban-russia-overview-case>