



MEDIA RELEASE

Wednesday 19 June 2024

Russia-Ukraine war is affecting food supply in PNG

In the just released National Research Institute publication titled "**The Russian-Ukraine Conflict: Agrifood trade, market disruptions and policy responses in Papua New Guinea**" the authors Dr Francis Odhuno, Joe Barak and Julian Melpa use import data and responses from a survey of key informants to investigate the extent to which the war might have disrupted the country's food supply chains.

Russia and Ukraine have been at war since February 2022. Not long after the war started, the media began reporting how Russia's military invasion disrupted Ukraine's ability to harvest and ship its agricultural products to its regular markets across the globe. The most affected were the supply of key agricultural produce and inputs to parts of the world where food supply was already under pressure. The authors believe that although there is plenty of food in Papua New Guinea (PNG), it is still possible that the effect of the war may have reached the country, disrupting food supply chains because of our limited trade relationship with Russia. This can happen even when there is no exchange of essential agri-food, animal and stock feeds, fertilizer, or fuel commodities between PNG and Russia. The war between Russia and Ukraine could disrupt food supply chain in PNG through four major channels: energy markets and shipping routes, availability and prices of agricultural production inputs, domestic food price inflation, and trade sanctions and other financial measures.

Looking at the situation in 2022 compared to 2021, the authors find that the effect of the Russia-Ukraine conflict on the PNG economy was a blessing in disguise. The increase in international prices of oil and gas was a blessing to PNG in that the country received large volumes of foreign exchange inflows because of the war. But it came with the boomerang effect of importing inflation through the importation of certain foods and other consumer goods at high prices. Prices of imported meat, wheat, and cooking oil declined; while prices of imported maize, milk, and refined sugar increased.

Since food and energy imports are only small shares in PNG's overall imports, the increase in world market prices of oil and gas ensured that PNG received large foreign exchange inflows that enabled the country to wade through the vagaries of the war. Hence, there were no specific policy interventions needed to counter the effect of the ongoing Russia-Ukraine conflict in PNG.

The Publication and Media Release can be accessed on the PNG NRI website <https://www.pngnri.org>.

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