



PUBLIC WEBINAR **JUNE 2022**

Middle East and North Africa's looming food crisis

June 21, 2022 | 3pm - 4pm UK (10am – 11am ET)


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Monday, June 20, 2022



CHINA

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The Party Congress this autumn will almost certainly give Xi another term, but there will be other important changes too



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To make you aware

- This webinar will be recorded and made available to those who register for two weeks
- We encourage you to submit questions during the webinar via the Q&A function at the bottom of the screen. Please tick '**Send anonymously**' if you don't wish to be identified by name.

Your panel today:

- _ **Martin Keulertz**, *Lecturer in Environmental Management at the University of the West of England, Bristol; Adjunct Assistant Professor in Food Security, American University of Beirut; Member of the Oxford Analytica Expert Network*
- _ **David Butter**, *Associate Fellow, Middle East and North Africa Programme; Oxford Analytica Region Head*
- _ **Elizabeth Rust**, *Senior Analyst, Global Economics at FrontierView*
- _ **Chair: Nick Redman**, *Editor in Chief and Director of Analysis, Oxford Analytica*

Elizabeth Rust

*Senior Analyst,
Global Economics
at FrontierView*



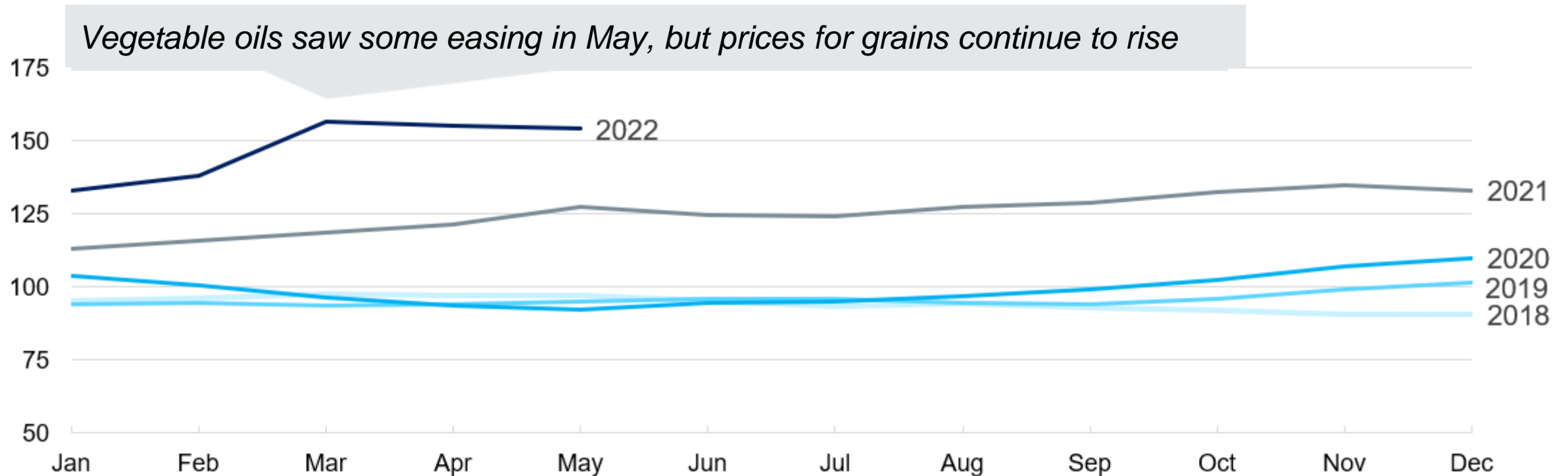
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Food prices are at all-time highs due to war-related supply disruption, export bans, and input cost inflation

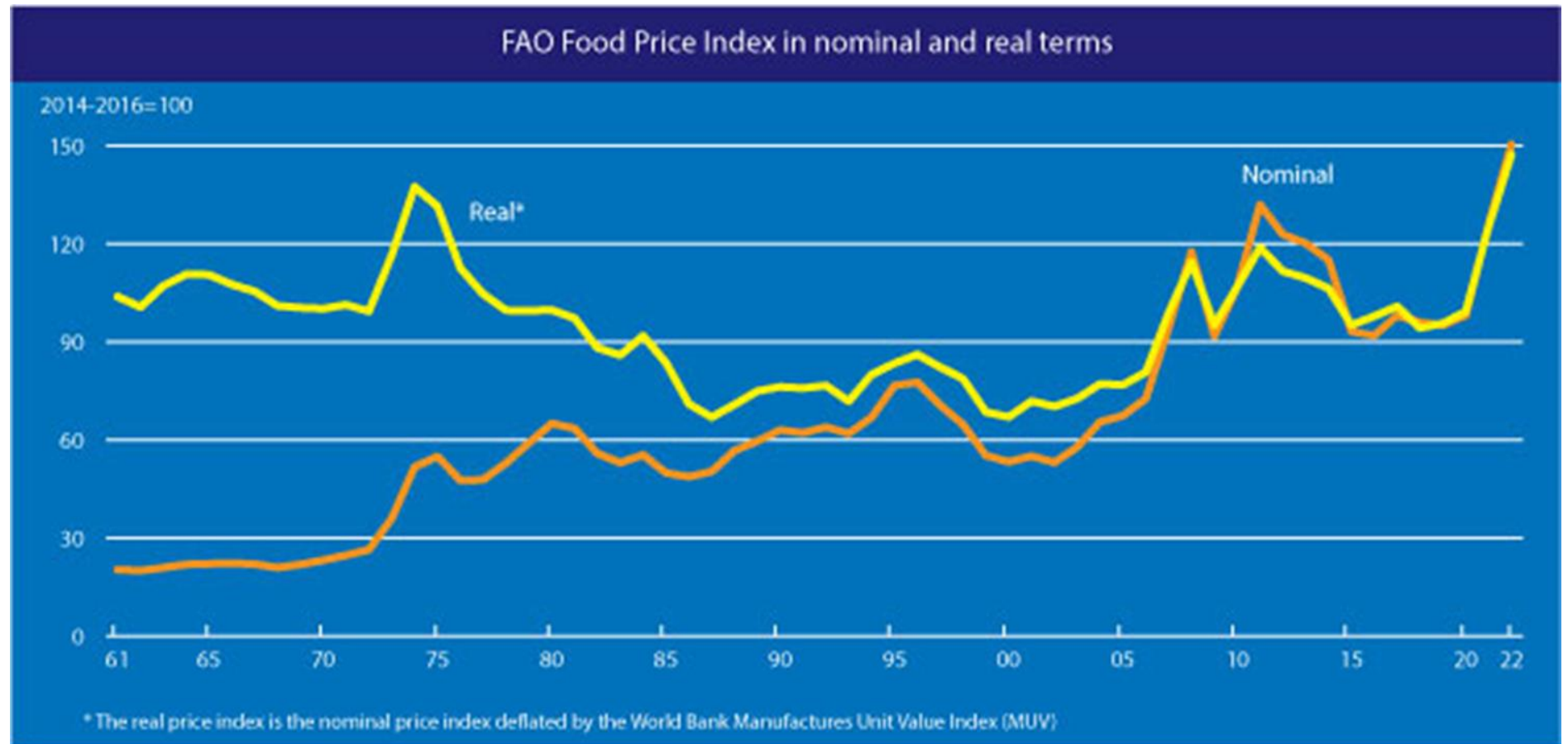
Real Global Food Price Index, 2014-16 = 100



Martin Keulertz

- *Lecturer in Environmental Management at the University of the West of England, Bristol*
- *Adjunct Assistant Professor in Food Security, American University of Beirut*
- *Member of the Oxford Analytica Expert Network*

Food prices are at an all-time high



Source: Food and Agriculture Organisation of the United Nations, 2022



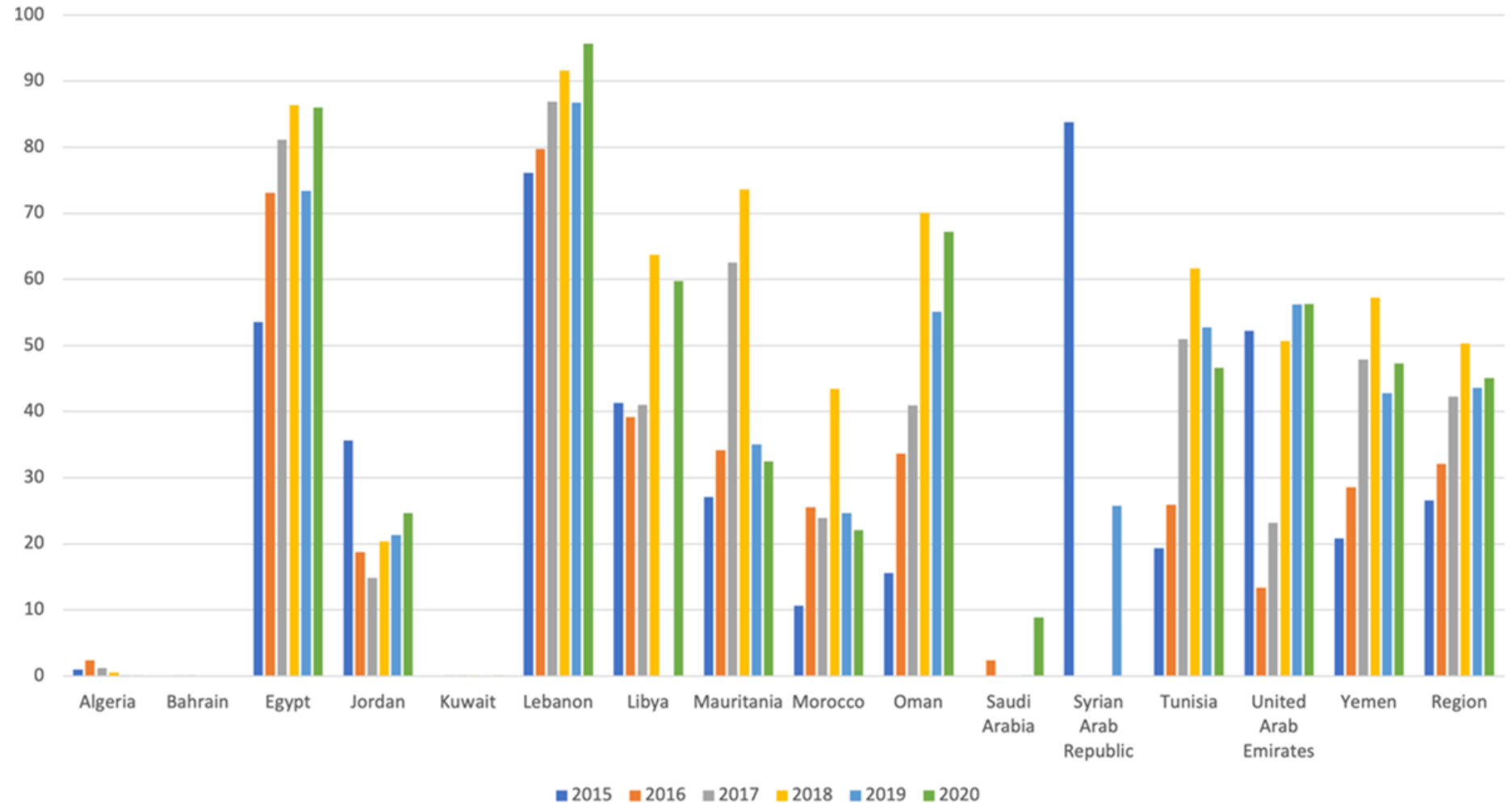
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MENA's reliance on Black Sea Wheat

% of wheat
imports from
Russia and
Ukraine to Arab
countries

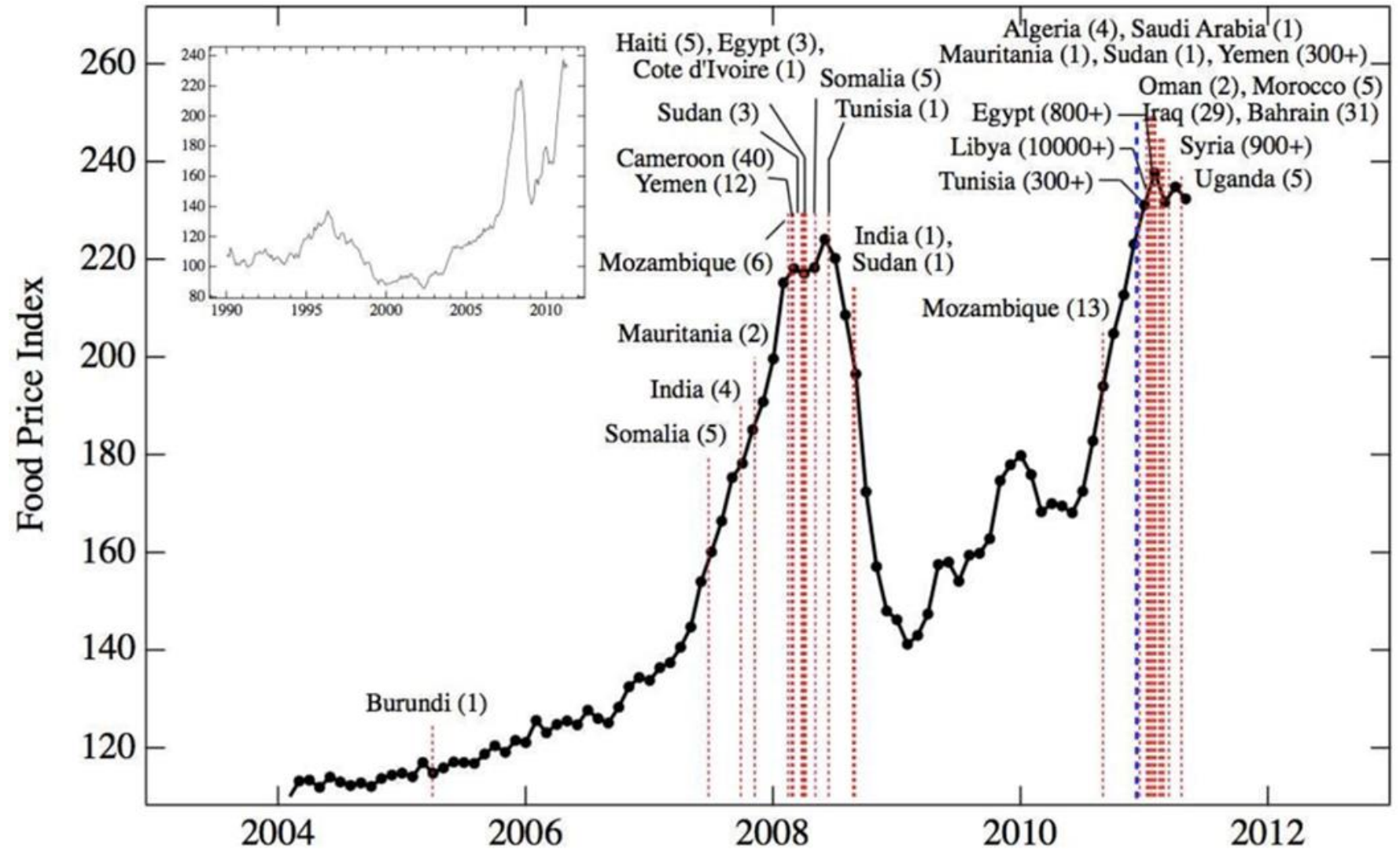
Source: Food and Agriculture
Organisation of the United
Nations, 2022



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Food price spikes and social unrest



Source: New England Complex Systems Institute, 2012



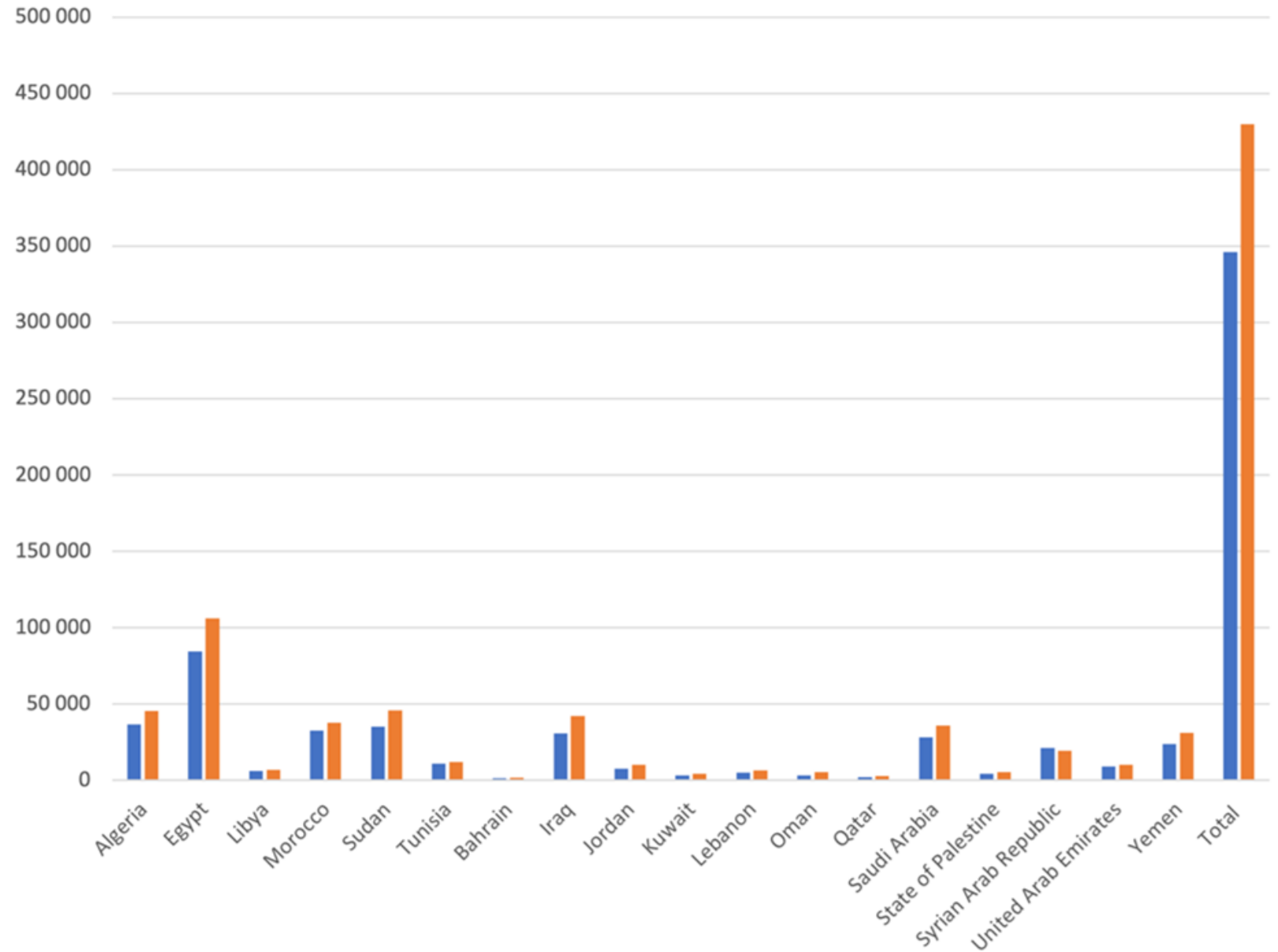
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Population development

Population growth from 2011 to 2022

■ 2011
■ 2022



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David Butter

*Associate Fellow, Middle East
and North Africa Programme;
Oxford Analytica Region Head*



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Egypt's food subsidy budget (2022/23)

- £E90bn (\$4.8bn), accounting 4.3% of total expenditure of £E2trn
- Bread subsidy allocation is £E48.9bn (\$2.6bn)
- Most of remainder, £E36bn, is for other items on the ration card: 63.3m people; £E50/month for families of up to four; £E25 for each additional member; covers rice, tea, pasta, cooking oil

Breaking down Egypt's bread subsidy

- 8.5m tonnes of wheat needed, of which 7.878m to make 90bn loaves of bread + 622k for flour storage
- Extra budgetary costs for measures to procure more wheat from local farmers put at £E5bn, including price rise to equivalent of \$375/tonne, and transportation allowance.
- Extra budgetary cost for higher wheat import prices put at £E3bn
- Costs covered partly by streamlining ration card system and internal efficiencies
- Policy decision on increasing price from 5p/loaf and moving to cash subsidies likely to be deferred. But IMF?
- Bread production cost estimated at 65p/loaf in 21/22, now much higher



Knock-on budgetary costs

- Interest payments budgeted at £E690bn (90% domestic), accounting for one-third of total expenditure, 45% of revenue
- Interest costs will rise because of rate hikes and increased borrowing
- Fuel subsidies budgeted at £E28bn, but will come in much higher if current policy of limiting price increases continues
- Diesel price unchanged since July 2019, now equivalent to 37cents per litre – positive for farmers and distribution
- Natural gas price for industry and electricity unchanged since early 2020; \$5.75/mmBtu for fertilizer producers

Fiscal scenarios

- Actual food subsidy cost could reach £E150bn
- Actual fuel subsidy cost could reach £E100bn
- Actual interest payment cost could reach £E800bn
- Assuming revenue hits target and unchanged nominal GDP assumption, deficit will be 8-9% of GDP rather than 6.1% target

Question and answer


- Please submit questions via the Q&A function at the bottom of the screen.
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