

What about the key consequences on Africa of Russia's war in Ukraine?

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Roma-Berlin-Nice, April 2023

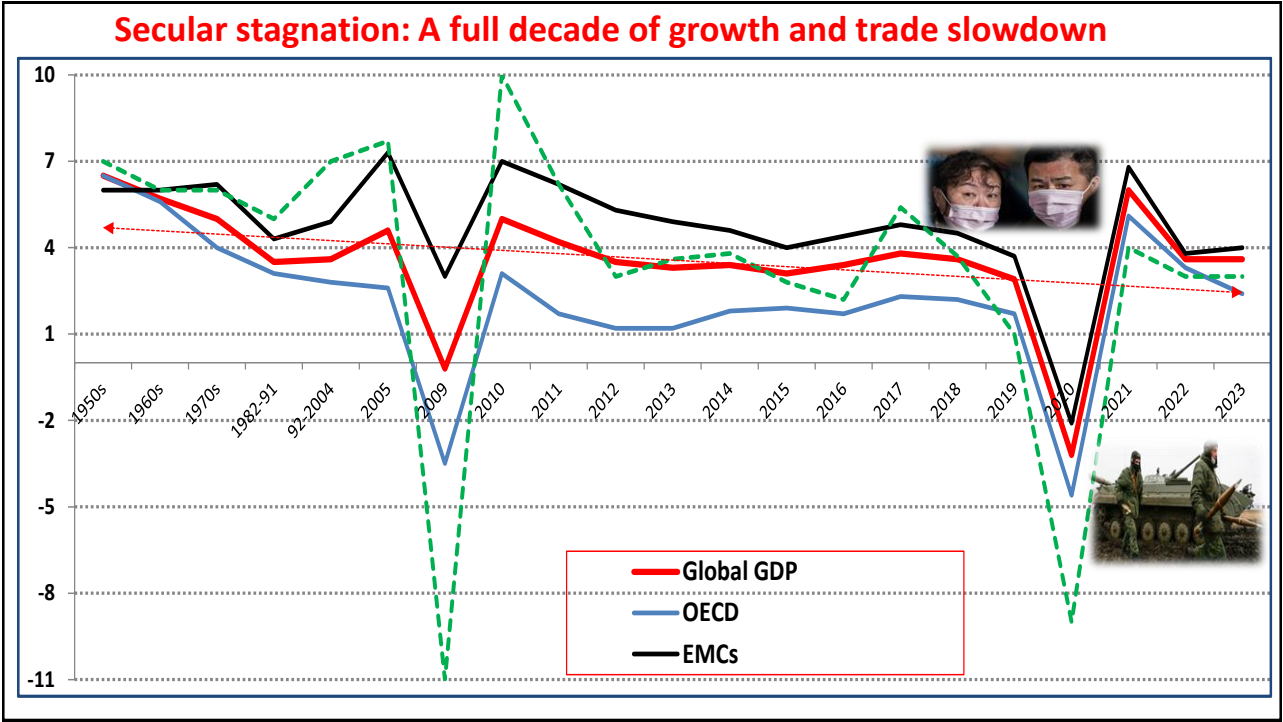


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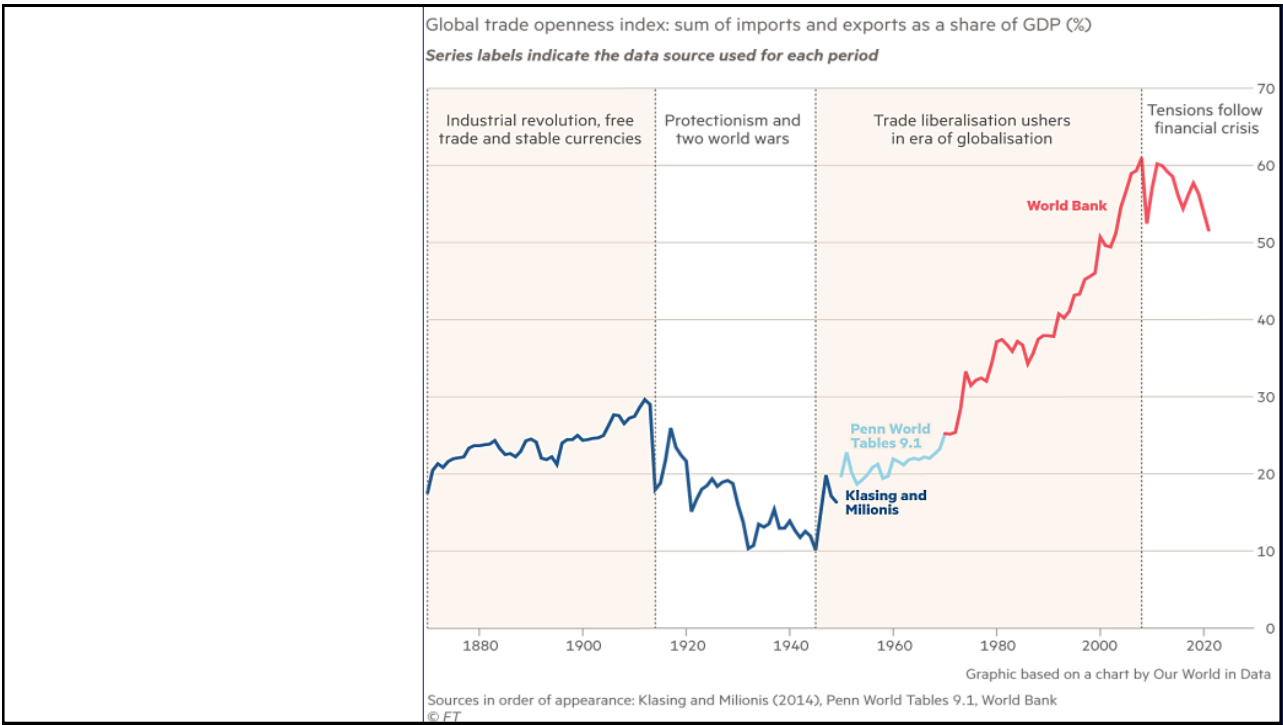


1. Macro Outlook : Twofold risk of Recession + Inflation = Stagflation ahead!
2. Secular stagnation coupled with rising indebtedness and inflation threats
3. Living standards will fall in most developing countries (but also in the OECD!)
4. Africa cannot afford high oil prices for long. Energy consumption per capita will shrink as well as production of goods and services
5. Most significant shockwaves outside of Ukraine are in Africa (Δ wheat & energy prices= no fiscal space)
6. With higher rates looming, many countries in Maghreb and Africa will default

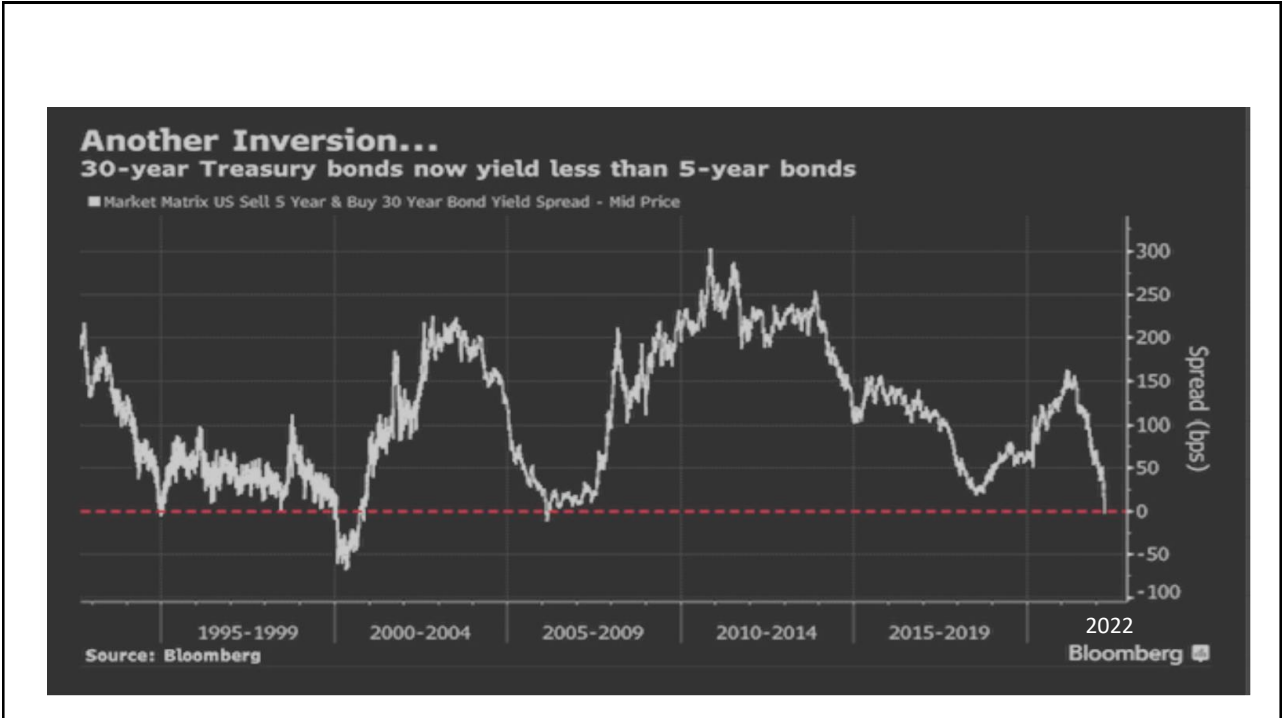
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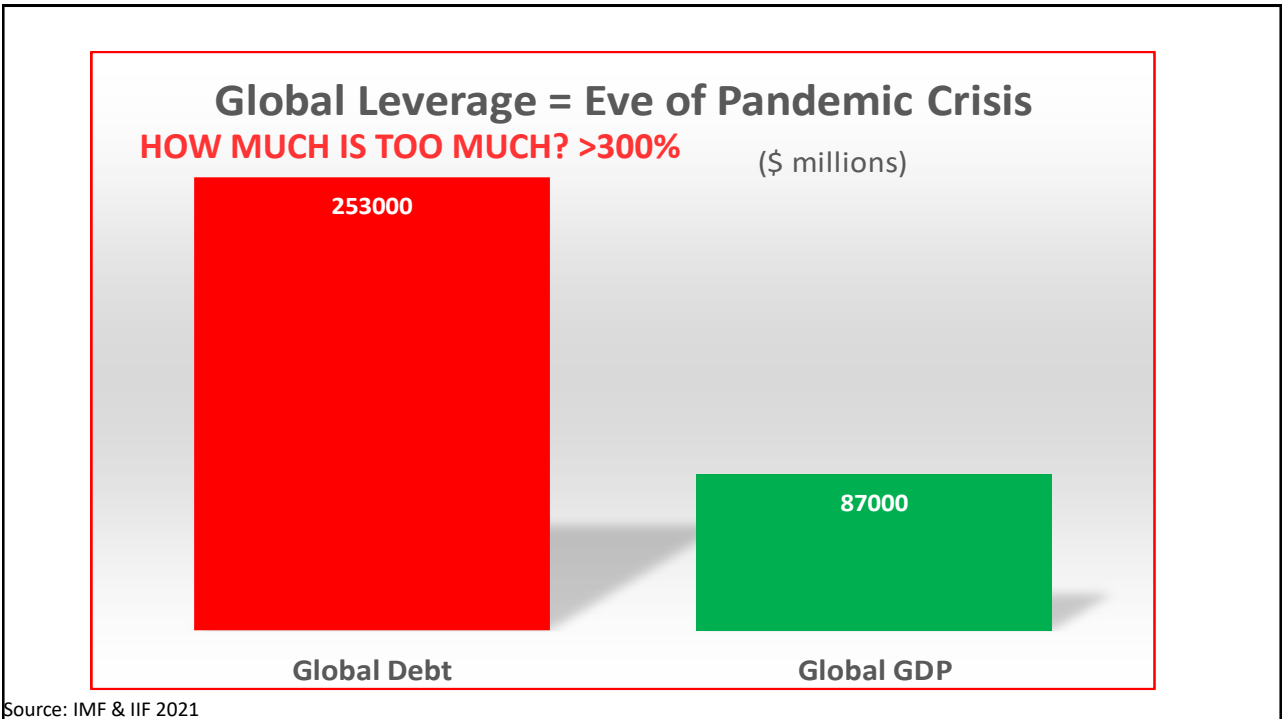
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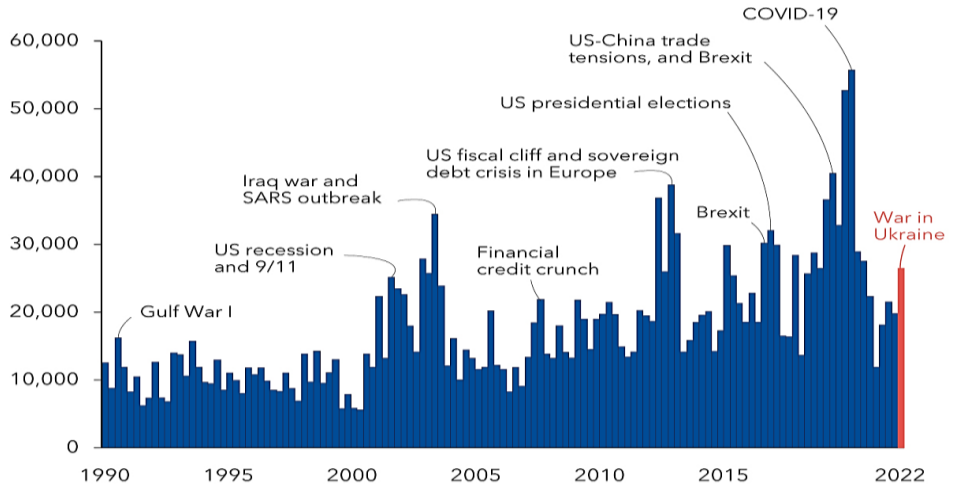
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6

2022: Global uncertainty is rising and undermines growth and development prospects in both developed and developing countries

The World Uncertainty Index is climbing again as the invasion of Ukraine clouds the economic outlook.
(Index, GDP weighted average)

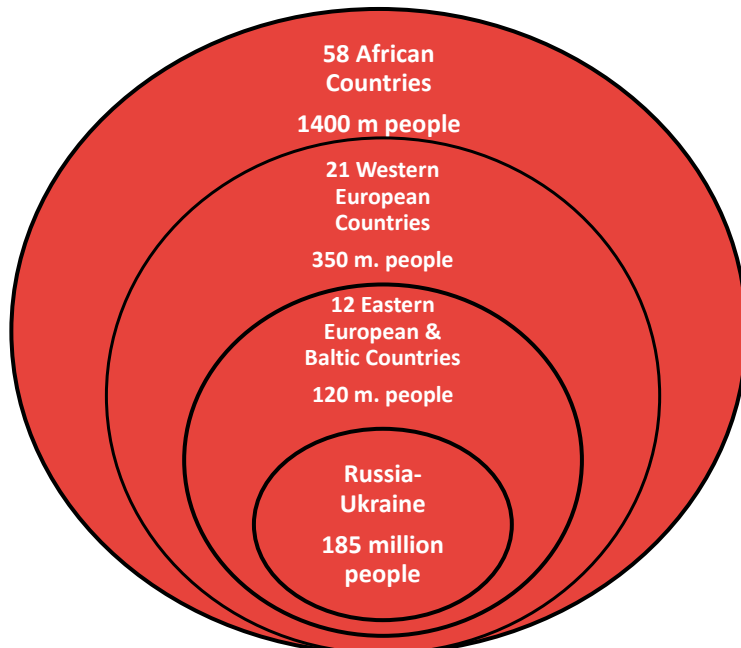


Source: Ahir, Bloom, and Furceri (2022).
Note: The chart is computed by counting the percent of the word "uncertain" (or its variant) in the Economist Intelligence Unit country reports. The index is rescaled by multiplying by 1,000,000. A higher number means higher uncertainty and vice versa.

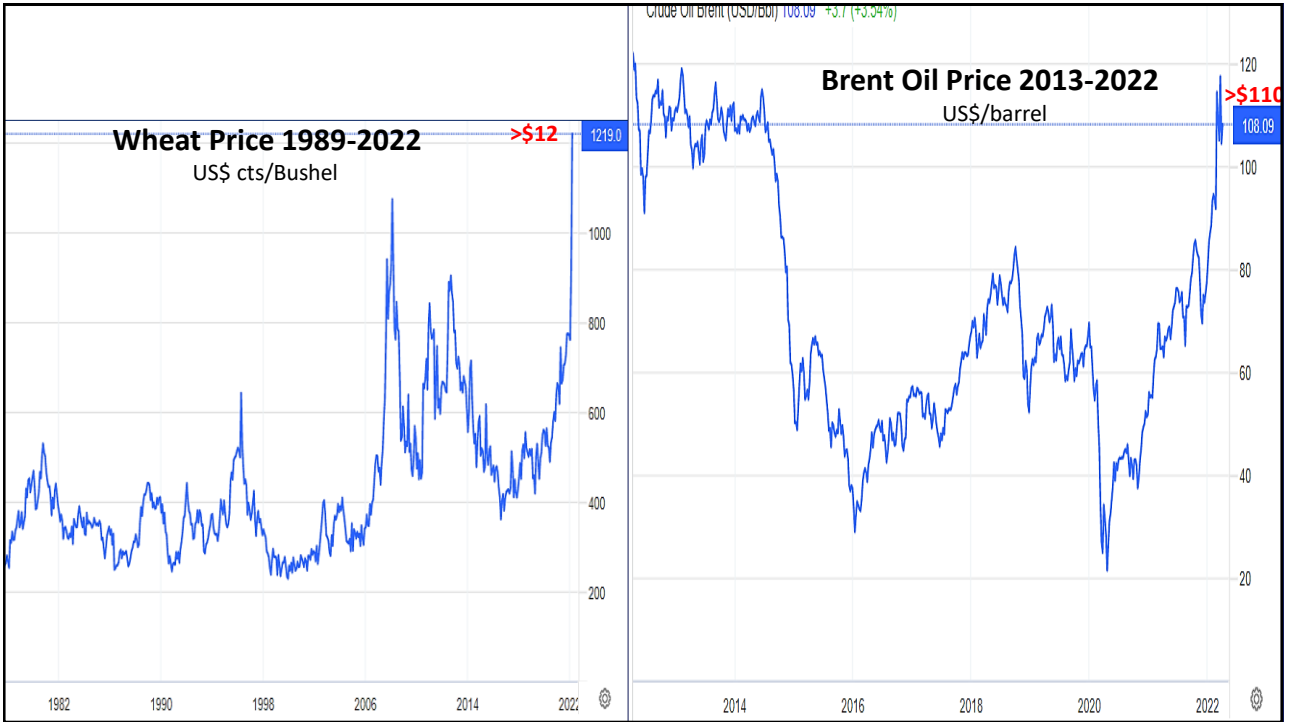


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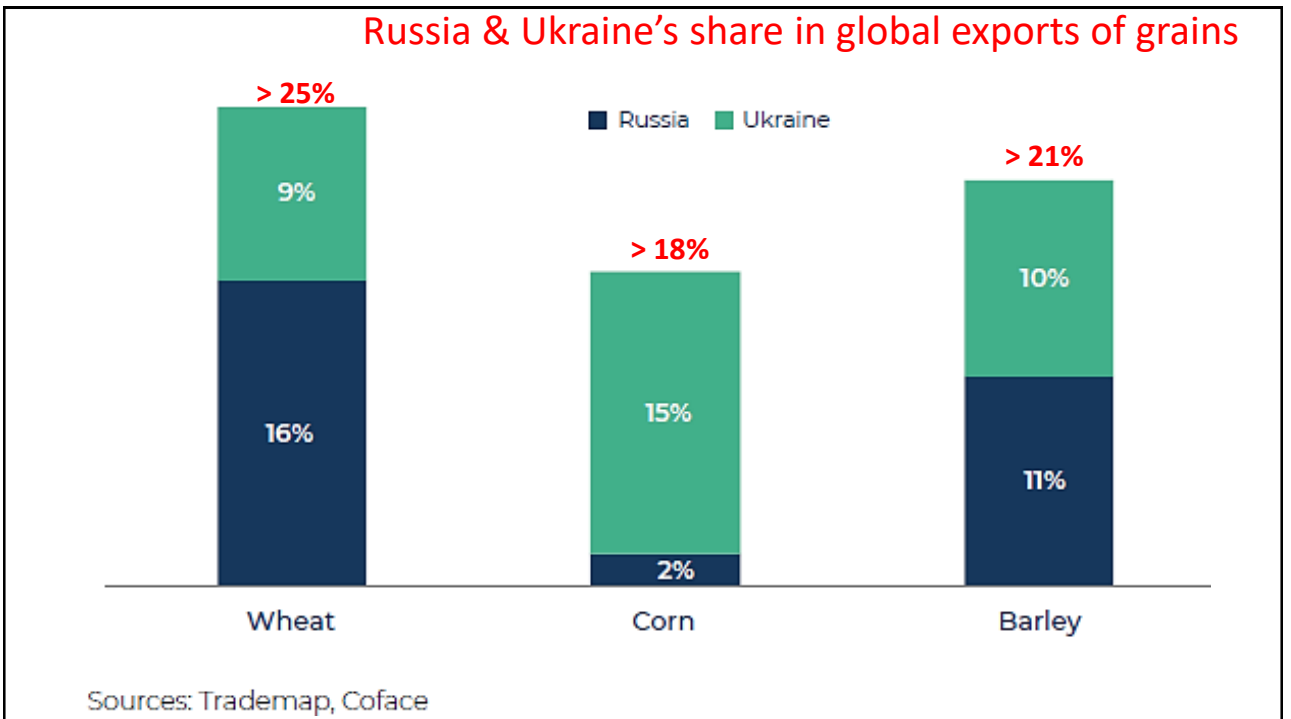
4 Concentric & Interconnected circles >90 countries = 2 billion people



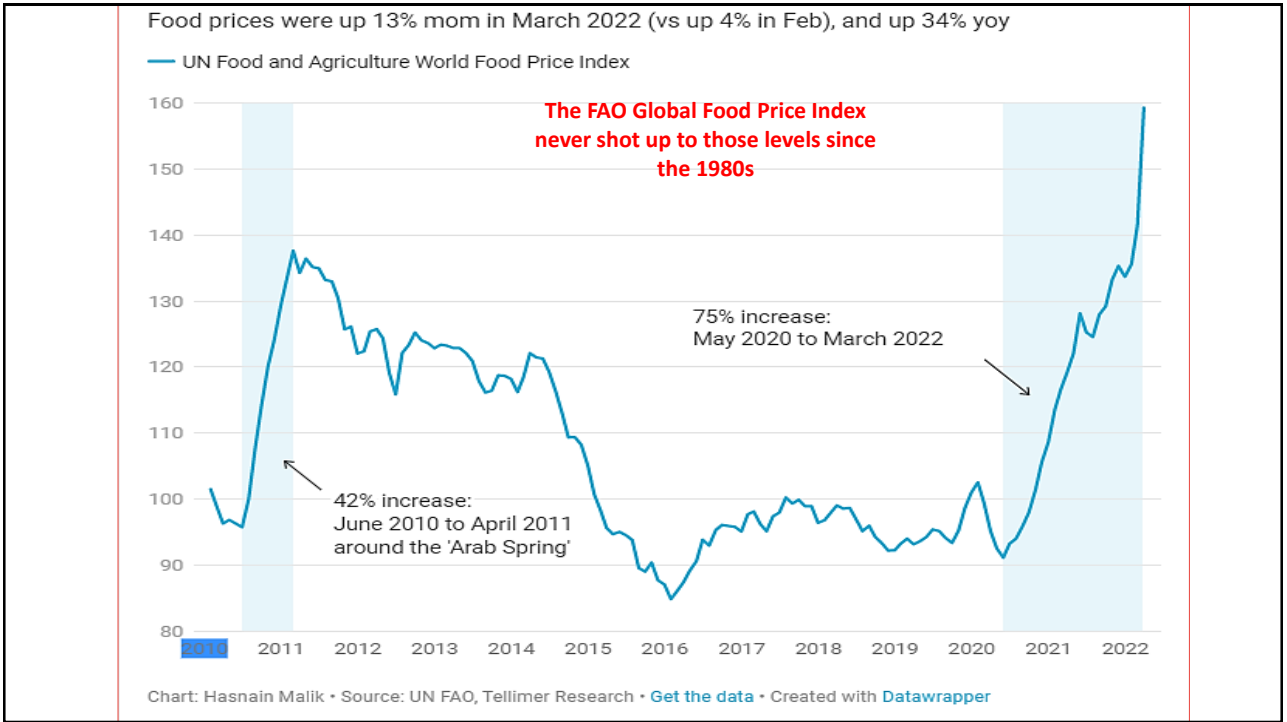
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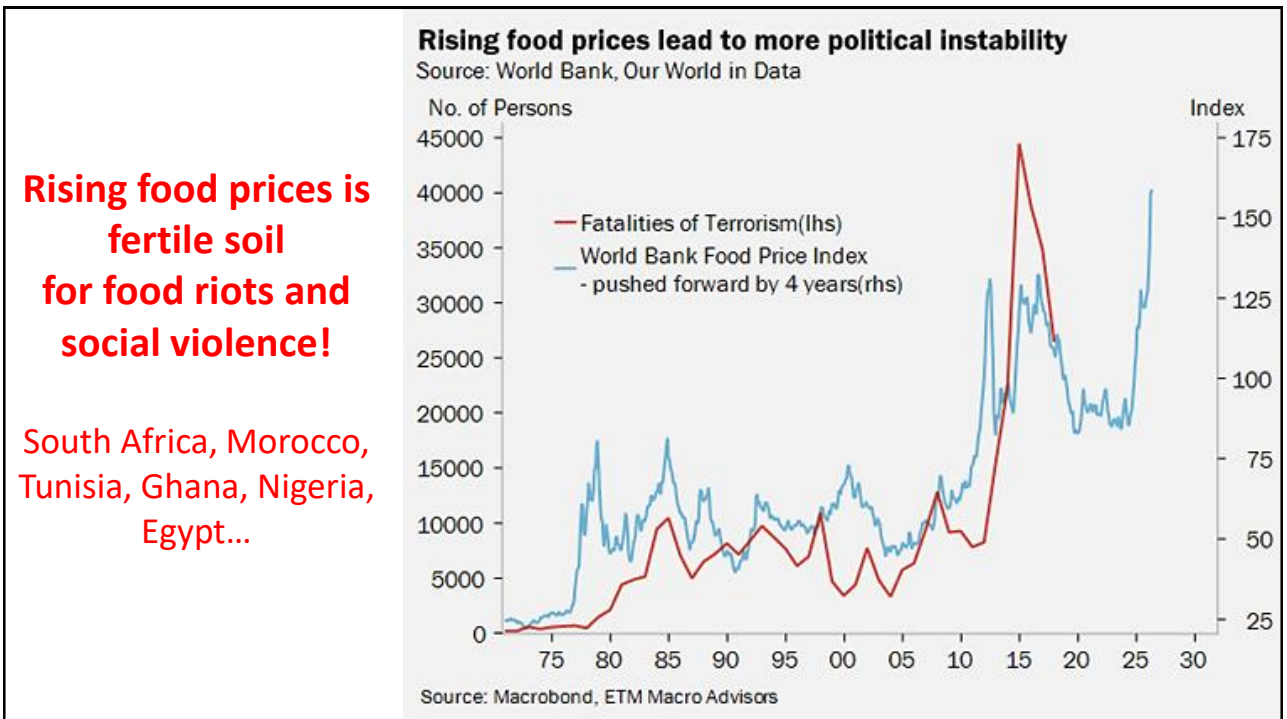
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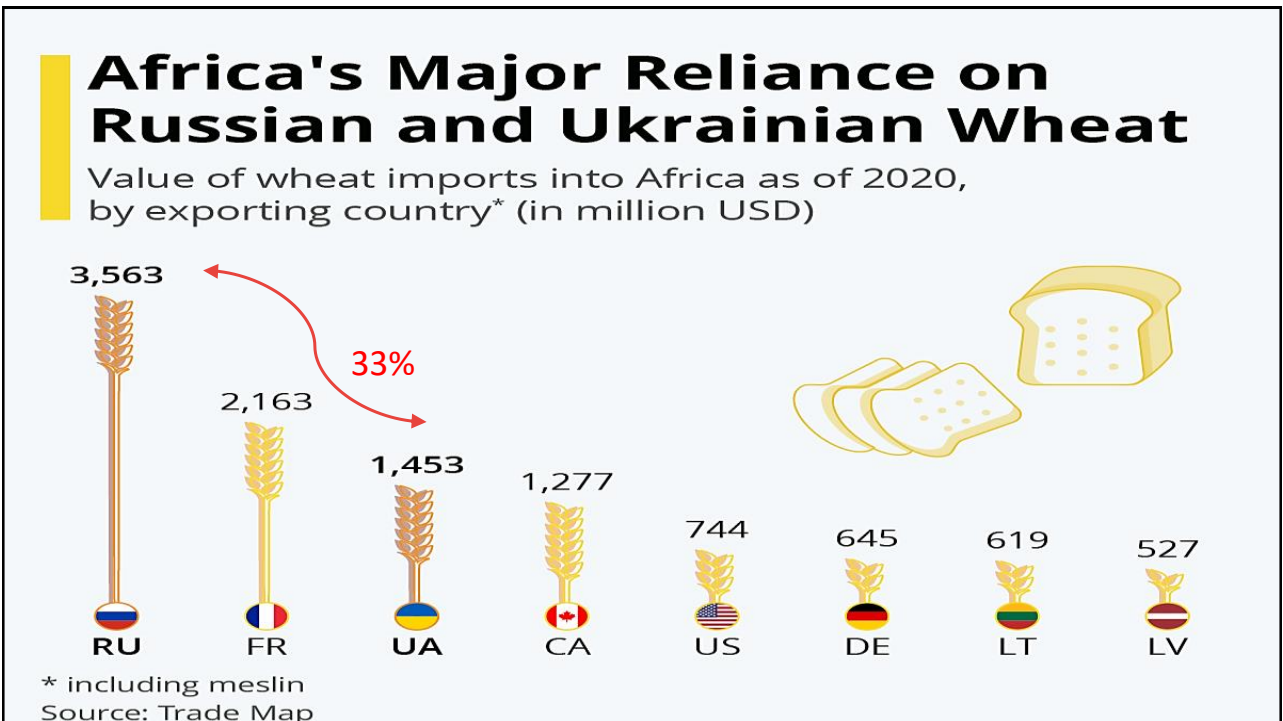
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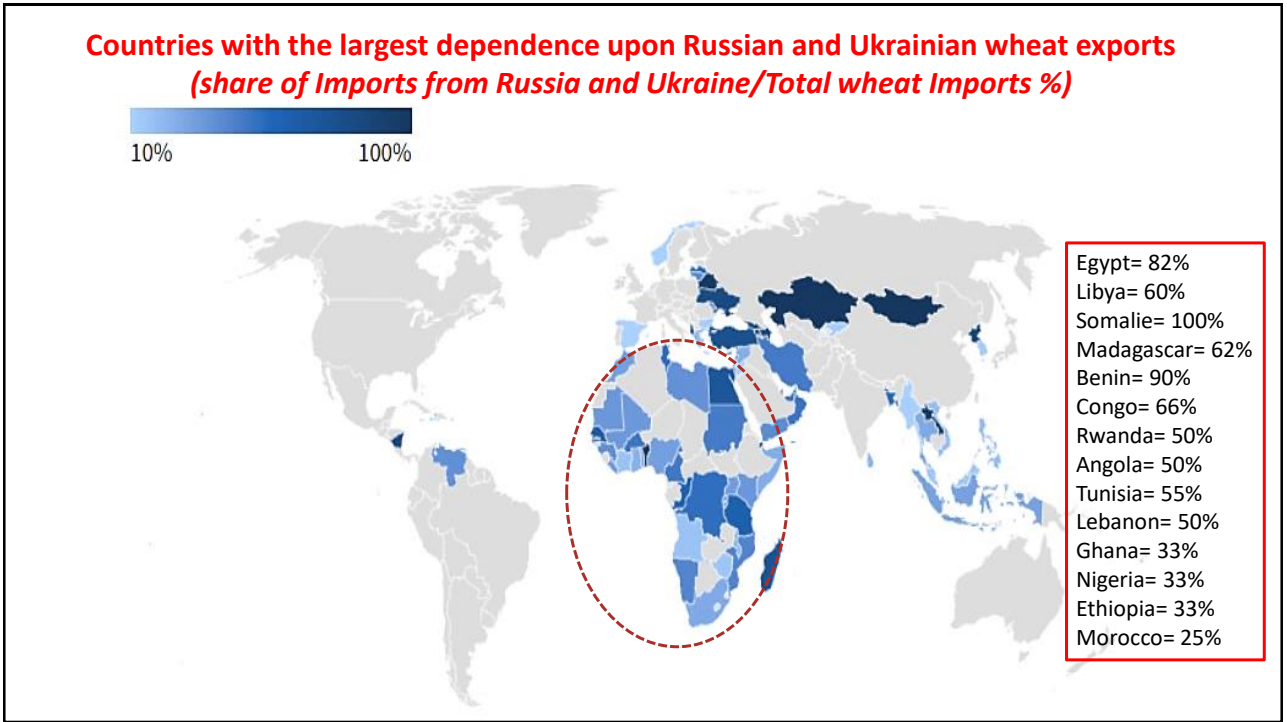
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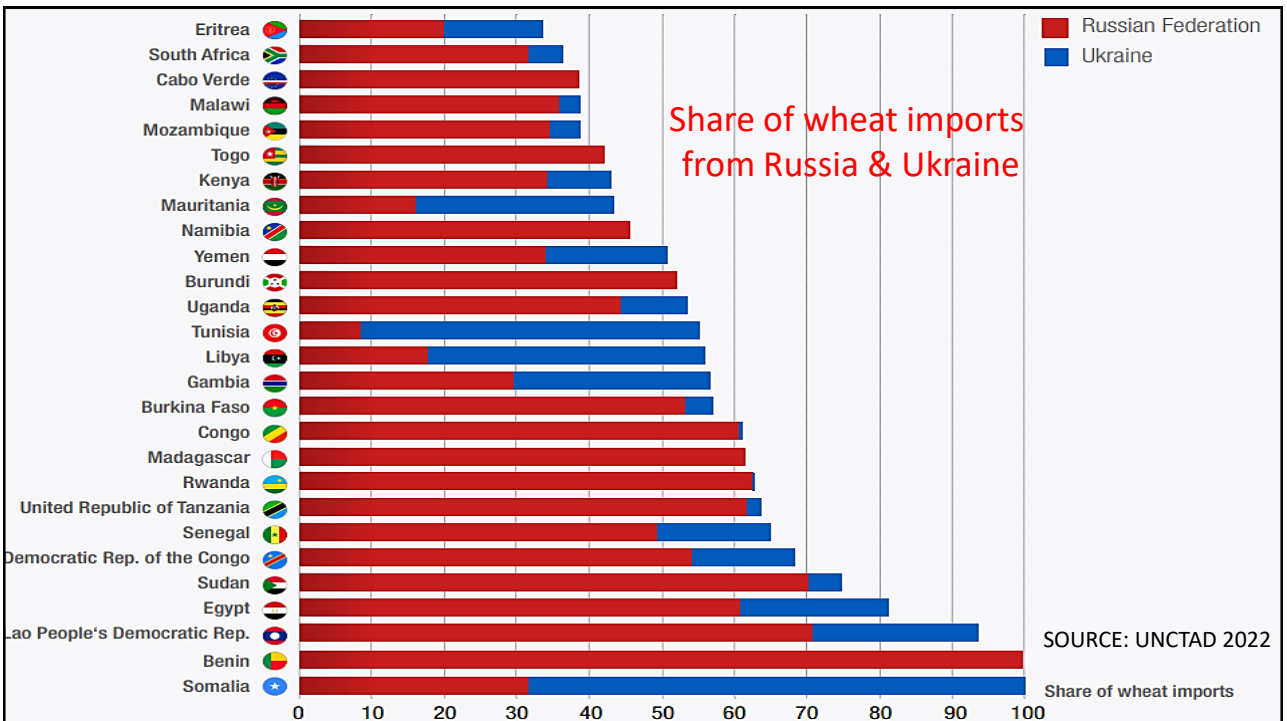
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15

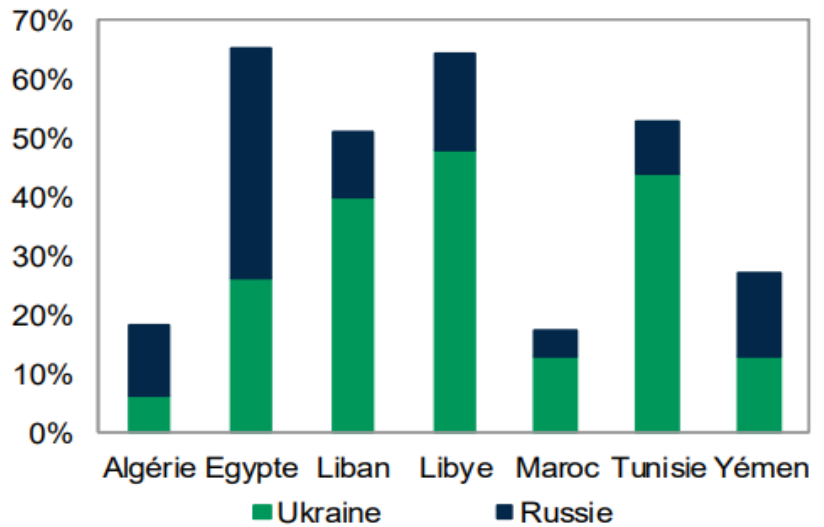


16

Short-term impact = Higher food import prices
Medium-term impact = Lower import volumes + Subsidies
Long-term impact = Fiscal deficits + stagflation + socio-political turmoil

Cereals imports

► Share of Imports from Ukraine & Russia

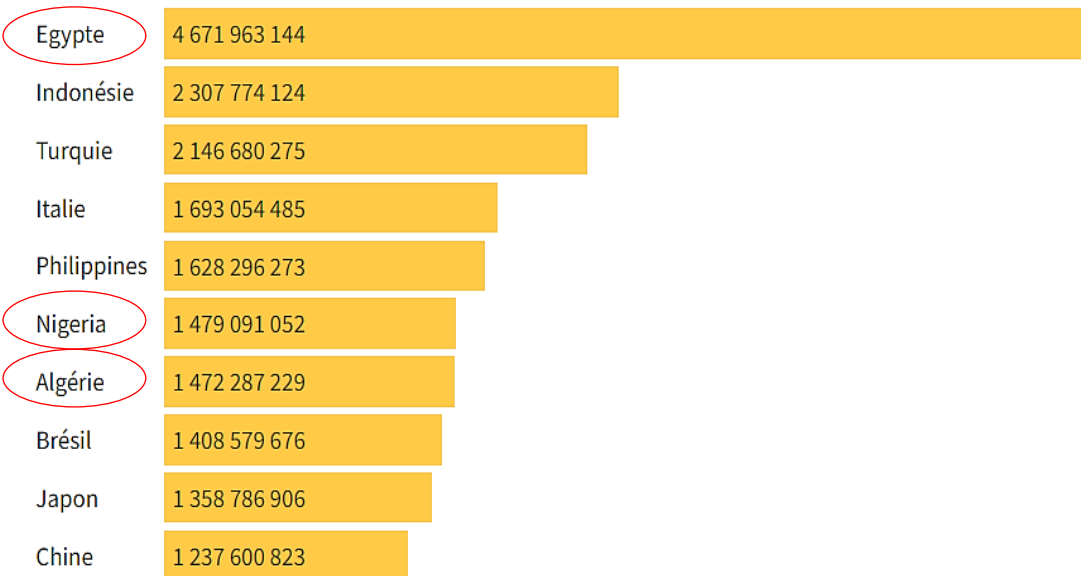


Sources : UNcomtrade, Crédit Agricole S.A.

17

The 10 most important wheat importers worldwide in US\$

■ Importations en valeur (en dollars)



18

Maghreb: Tunisia's evolution of cereals import volumes and prices 2022/2021

	Q1-2021	Q1-2022	2022/2021	2021	2022	2022/2021
	(In 1000 Tons)			(Local currency Dinars/Kg)		
Durum wheat	213	166	-22%	1	1,98	+97%
Soft wheat	248	166	-33%	0,75	1,09	+44%
Barley	143	131	-8%	0,65	1,02	+57%
Corn	137	145	6%	1,06	1,25	+34%

Source: ONAGRI/INS

19



20

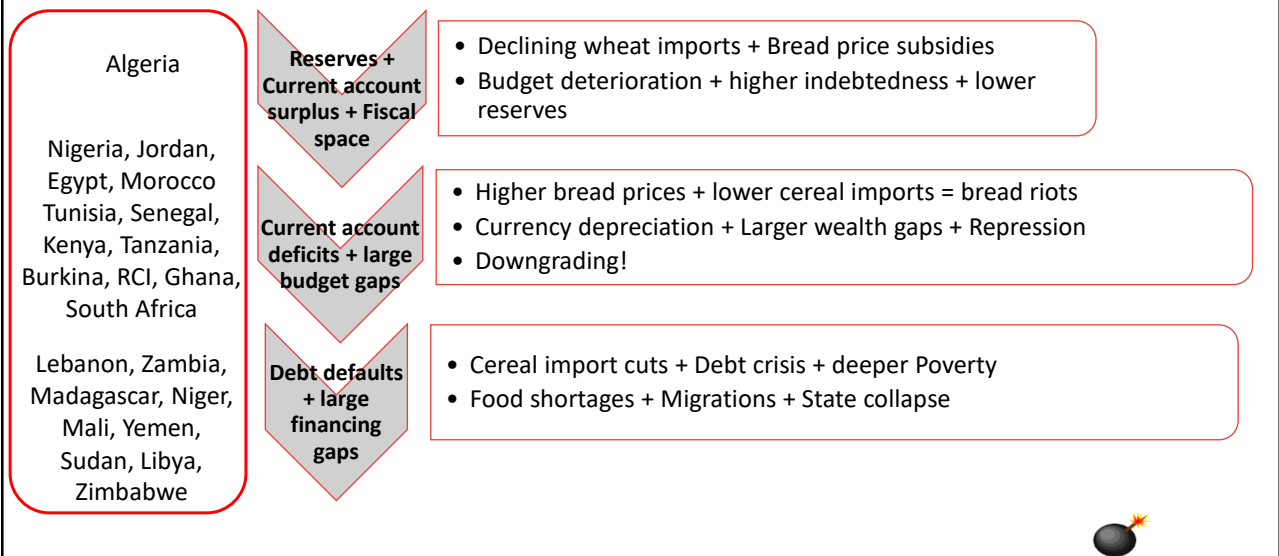
Apart from a dozen exporters, Sub-Saharan Africa consists of a large number of low-income countries, highly dependent on oil imports as a source of primary energy. They all depend on Cereal Imports : Wheat, maize, rice, oil seeds, sugar and livestock = 60% of African countries' food imports

		WINNERS	LOSERS & VULNERABLE
Higher oil/gas prices	5 Net oil exporters 45 Net oil importers	Nigeria, Angola, Algeria, Libya, Egypt Sudan, Eq Guinea, Gabon, Cameroun, Congo	Lebanon , Morocco, Tunisia , South Africa, Kenya , Malawi, Burkina, Ethiopia, Rwanda, Togo, Tanzania, Zambia , CAR, Mali , Uganda
Higher cereal and food prices	25 food-dependent and vulnerable countries		Lebanon , Morocco, Nigeria, Libya, Ethiopia, Angola, RCI, Kenya, Ghana, Tunisia , Benin, Togo, Chad, Senegal, Cameroun, Djibouti, Cabo Verde, Mauritius, Gabon, Egypt, Algeria, Niger, Malawi, Mali , Madagascar, Zambia
Higher phosphates prices	Higher prices of fertilizers = lower agricultural yield	Morocco, Western Sahara, Egypt	Lebanon, Kenya , Jordan, Tunisia , Nigeria, Zambia, Ghana, Mali, Tanzania, RCI

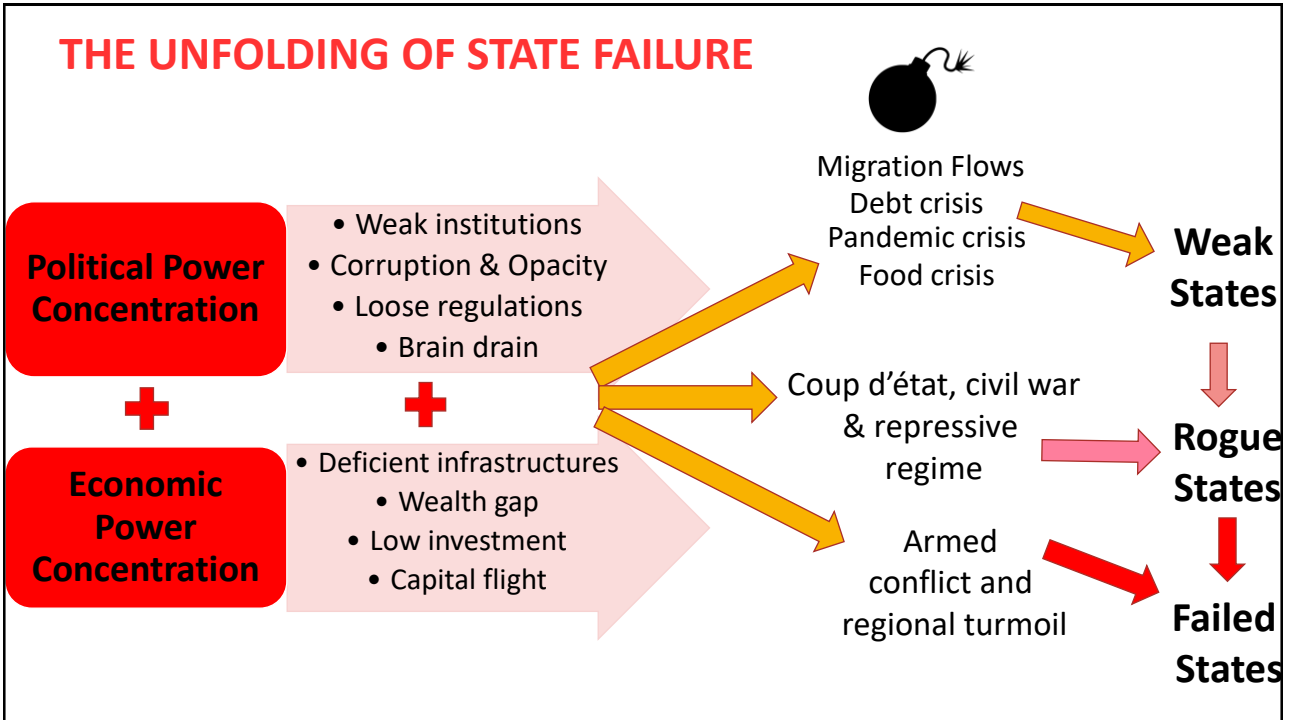
21

The dangerous spill-over effect of wheat prices on socio-political stability in Africa

The most dependent countries are also the most vulnerable and institutionally fragile



22



23

WEAK STATES	FAILED STATES	ROGUE STATES
corruption and low development	external destabilization	dictatorial and military rule
illiberal democracies/electoral autocracies	endemic criminal violence	repression and arbitrariness
low public trust in institutions	regional fragmentation	arms & drug trafficking
political cronyism	ethnic/religious tensions	closed economy/disputed borders
low economic freedom/weak investment	politized armed forces	internal/external terrorist groups
wealth gaps and low literacy	declining pc income growth	shrinking life expectancy
lack of transparency and accountability	growing wealth gaps	high mortality rates
low labor productivity	human rights abuse	despotism, civil war, insurgencies
poor physical infrastructures	armed revolts	external disruptor
brain drain and capital flight	dollarization and smuggling	privation and starvation

24

Economic, Financial, & Socio-political turmoil ahead!		Rating Coface	Debt/GDP	CA Deficit	UNDI HDI/189	Life Expectancy	Corruption Ranking/180	Political regime
	Tunisia	C	95%	-8%	95	77	70	Multiparty state with authoritarian president
	Lebanon	D	240%	-20%	92	79	154	Multiparty state with religious/ethnic tensions
	Egypt	B	93%	-4%	116	72	117	Authoritarian regime
	Burkina	D	50%	-8%	182	62	78	Authoritarian regime
	Zambia	D	130%	-8%	146	63	117	Authoritarian regime
	Madagascar	C	50%	-6%	164	67	147	Multiparty state with disputed elections
	Mali	D	50%	-6%	184	59	136	Authoritarian regime
	Yemen	E	75%	-9%	179	66	174	Authoritarian regime
	Sudan	E	242%	-10%	166	65	164	Authoritarian regime
	Niger	D	50%	-13%	189	62	124	Authoritarian regime
	Chad	D	45%	-10%	187	54	164	Authoritarian regime
	CAR	D	48%	-10%	188	53	154	Authoritarian regime
	Algeria	C	60%	-12%	91	77	117	Authoritarian regime
	Libya	E	>150%	-10%	105	73	172	Rival governments
Zimbabwe	E	60%	-3%	150	61	157	Authoritarian regime	

25