



Digital Intelligence
Securing the Future



Will Food Become Russia's Next Weapon?

Suddenly countries that we never spend much time thinking about are on the front lines of an epic struggle between an anachronistic, totalitarian regime- which also happens to be running the world's largest country by land mass- and a western European economy built on a consumer growth influenced by various levels of socialism. It was never unlikely that a conflict would eventually erupt between these power spheres, but the limits of western democratic "Sense and Sensibility" failed to prevent the Russian government led by Vladimir Putin from exercising an unprovoked assault on the periphery of western Europe. The forces unleashed will not be vanquished quickly. In fact, one may consider that the events in Ukraine are a manifestation of the post-Soviet era and a view that as a nation state, bigger is better. Sadly, for the countries in proximity to the contested ground in Ukraine, the ramifications will be profound, generational and regressive to the past 30 or so years of progressive westernisation.

Anyone familiar with the last hundred or so years of Eastern European history will need to observe that the region has never been stable, nor will it be in the next 25 to 50 years. While it can be argued that Russia has been the largest influence post-World War II in the adjacent ex-Soviet, ex-Warsaw Pact and even some EU countries, it is readily apparent that Russia has huge leverage due to energy exports over the following countries: Lithuania, Slovakia, Hungary, Netherlands, Greece, Finland Poland and Germany. However, the full scope of Russian leverage is well hidden in the export data:

Denmark: 50% of net-imports from Germany are assumed to be from Russia; Estonia: 80% of imports from Latvia are assumed to be from Russia; Croatia: 80% of net-imports are assumed to be from Russia; Austria: 80% of net imports are assumed to be from Russia; Romania: 80% of imports from Hungary are assumed to be from Russia; Slovenia: 80% of imports from Austria are assumed to be from Russia; Finland: 80% of imports from Estonia are assumed to be from Russia.¹

When it comes to EU, Baltic and former Soviet republics, dependence on Russian energy supplies and the long reach into adjacent economies is significant.

In addition to the energy leverage it also should be accepted that while Moscow's activities have been acutely destabilising since the fall of the Berlin Wall and the dissolution of the Soviet Union, this destabilisation has largely been facilitated and encouraged by western governments and financial institutions which turned Gorbachev's "Glasnost" into "Cash-nost".

The rise of the extremely rich post-communist regime supporters, rampant government corruption and a thriving criminal black market did little to elevate the common people in the region and set in motion the powerful economic forces responsible for the current predicament we now face. Some nations have fared better than others but all- at least at this moment in history- are very uncomfortable with what appears to be an aggressive, wild, unpredictable and cyber-armed Russia.

Europe and the G-20's experiment with Russian engagement after the fall of the Berlin Wall was generally twofold and primarily defined by purchasing large amounts of petroleum products without the encumbrance of Middle East politics, and a much shorter supply line to the market. The access to the Russian economy for western brand growth was seen as a huge potential opportunity unencumbered by the awkward, unreliable and incoherent Chinese government market controls. In the shadows of what appeared to be a massive effort to engage in trade were of course Europe and the UK's roles in ensuring freshly-minted oligarchs had access to the western financial system and the creative- some may say illegal- vehicles to hide and launder their extraordinary personal wealth.

1 [https://www.europarl.europa.eu/RegData/etudes/IDAN/2022/699525/IPOL_IDA\(2022\)699525_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2022/699525/IPOL_IDA(2022)699525_EN.pdf)

There are those that consider the Russian engagement strategy to be very successful at maintaining cordial relationships among EU and adjacent nation states- with a small “look the other way” policy towards Russian operations which occurred in Chechnya, Georgia and Ukraine, along with meddlesome political behaviour in Bosnia and Herzegovina, Montenegro, Azerbaijan and Moldova, for example. Russia’s actions were treated as a cost of doing business. The oil was flowing, no-one was under direct threat of invasion and most importantly, the oligarchs’ money was now in western- and middle eastern- hands so they could enjoy the finer things in life.

Carl von Clausewitz postulated that “war is a continuation of policy by other means”². But at the time of writing, General von Clausewitz could not have foreseen that there was an opportunity for continuation of policy via cyber means, a rivalry which could maintain cordial relationships in person between nations but online descend into disinformation, disruption, theft of intellectual property and the stirring up of internecine conflict between Russian minority populations and their sympathisers, as well as the impact of significant economic costs associated with cyber criminals operating with near impunity from the shelter of the aggressor nation state. What has this brought us too?

In a press release issued on 10 April 2022 in the wake of the Russian invasion of Ukraine on 24 February, the World Bank stated: “Ukraine’s economy is expected to shrink by an estimated 45.1 percent this year, although the magnitude of the contraction will depend on the duration and intensity of the war... Russia’s economy has already plunged into a deep recession with output projected to contract by 11.2 percent in 2022.”³ The World Bank goes on to say: “The war is also hitting hard the emerging and developing economies of Europe and Central Asia, a region that was already heading for an economic slowdown this year from the ongoing effects of the pandemic. In addition to Russia and Ukraine, Belarus, Kyrgyz Republic, Moldova and Tajikistan are projected to fall into recession this year, while growth projections have been downgraded in all economies due to spill overs from the war, weaker-than-expected growth in the euro area, and commodity, trade and financing shocks.” The more these adjacent countries suffer from the contagion of Ukraine conflict, the easier it becomes for Russia to spread a campaign of disinformation undermining the governments of these nation states and backing pro-Russian parties and leadership candidates.

What exacerbates the situation tremendously and presents the Russians with unprecedented opportunities to leverage and manipulate adjacent countries is simple trade economics. According to the European Commission, “Explicit embargoes, implicit bans and voluntary withdrawal from trade are inevitably having an impact on commerce. This may prove particularly important for some Member States with stronger links to Russia. In the Baltic states, for instance, exports to Russia account for some 5% to 8.5% of total exports, compared to 1.8% for the EU.”⁴ Not only would a more favourable relationship with Russia be palatable for “some Member States with stronger links to Russia”, jumping on the anti-Russia bandwagon might inflict even more significant economic harm than already forecast. Depending on the nature and usefulness of the Russian exports from the country in question, the Kremlin may react unfavourably and initiate new disinformation and destabilisation campaigns, and perhaps cyber-attacks via criminal proxies; or even a “special military operation” to secure the precious resource(s) of that nation.

Russia was the world’s 11th largest economy as of 2020, with a GDP of \$1.48 trillion, 3% lower than in 2019. So, even before the invasion of Ukraine, it was beginning to retract in part due to the pandemic, inefficiencies, a lack of economic diversification, and corruption in getting goods to market. At the same time, the GDP figure in 2020 was \$155,300 million for Ukraine, ranking it 56th in in the world. The absolute value of GDP in Ukraine dropped \$1,303 million with respect to 2019, for perhaps the very same reasons as the Russian economy. Despite these trends, the economic damage of the invasion has had a ripple effect through the global supply chain. Both countries are large producers and exporters of key food items,

2 <https://mspace.lib.umanitoba.ca/bitstream/handle/1993/22156/Owen%20Fergusson%20Thesis-%20August%202019,%202013%20-%20Final%20copy.pdf?sequence=1>

3 <https://www.worldbank.org/en/news/press-release/2022/04/10/russian-invasion-to-shrink-ukraine-economy-by-45-percent-this-year>

4 https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_22_1969

minerals and energy: Ukraine is also a key transit corridor for those Russian energy exports. The war has already resulted in sizeable economic and financial shocks, particularly in commodity markets, with the prices of oil, gas and wheat soaring. This does not bode well for the world.

One could argue that Russia has now “broken trust” with its EU energy partners, and the experiment with trade to reduce hostilities between nation states spectacularly failed with the invasion of the Ukraine. The war has now unified Europe to make efforts to minimise the dependence on Russia for key energy imports. Energy security has now become a very uncomfortable topic of conversation: Germany and other countries such as Bulgaria and Poland (and to a much lesser extent the UK) continue to consume and pay for Russian energy despite sending millions of dollars to Kyiv to fund Ukraine’s war effort. Poland and Bulgaria have already been victims of Russia weaponising energy exports.⁵ This action has forced the hand of the EU, UK and other countries to move forward towards a green energy transition, widely supported by the voting public. The long-term damage to Russian energy exports will be irreparable, as once more green options are built it is unlikely to see that the dirty and political problematic energy market will return for Russian exports. With supplies from Russia being used as leverage being degraded, and the priority of former customers to end their dependency on Russian oil and gas, the Russian energy export leverage on internal politics and the economies most exposed will disappear. But if the Kremlin believes energy can be used to support foreign policy goals, what about food as well?

In terms of what happens next with Russian foreign policy aggression, one need only look at the last 100 years of Eastern European history. The Holodomor ‘to kill by starvation’, also known as the Terror-Famine or the Great Famine, was a Stalinist policy carried out in Soviet Ukraine from 1932 to 1933 that killed millions of Ukrainians. The Russians weaponised famine to attempt to implement foreign obedience- if you were a Ukrainian Patriot- or subjugation if you were anyone else in the region, by withholding food. The reasons for the Holodomor are complex and have been explored thoroughly by numerous authors. For example, in *Red Famine*, published in 2017, Anne Applebaum relates:

As the food shortages increased, people began reacting in a hostile manner towards the [soviet] regime, but they were in an already-weakened state due to the annihilation of the elites in the SVU trial. This led to arrests and deportations, while peasants fled to cities.

It is here that collectivisation in Ukraine took a genocidal turn according to Applebaum, as in 1932 Stalin installed a repressive system involving the harsh requisitioning of food, the blacklisting of individuals and the closing down of borders.

This Stalin era policy seems to be playing out once again as part of a Russian subjugation attempt on the people of the Ukraine resisting Russian occupation. “Russian forces have stolen “several hundred thousand tonnes” of grain in the areas of Ukraine they occupy, Ukraine’s deputy agriculture minister said”⁶ and there was a recent ill-fated attempt to steal agricultural equipment.⁷ The war in Ukraine will certainly have an impact on food supplies and agricultural exports with two potential forecasts: “The [Ukraine Agriculture] ministry gave no 2022 grain harvest forecast, while analysts see output at 41.4 million tonnes this year compared with 86 million tonnes in 2021. While the consultancy APK-Inform said 2022/23 grain exports could total 33.2 million tonnes versus 45.5 million expected for the 2021/22 season that ends in June.”⁸

Potentially, the combination of reducing Ukraine agriculture output and Russian leverage as the largest wheat-producing country in the world- Russia produced 39.5 million metric tons of wheat in 2020- could have far great consequences than the weaponisation of energy, as there really is no alternative to food. A scarcity resulting in higher prices, combined with cyber disinformation and destabilisation campaigns could radically alter the current posture of countries highly dependent on keeping agricultural commodities at a low price. Nothing is more dangerous to any type of government than the starving mob.

5 <https://www.bbc.com/news/business-61237519>

6 <https://www.reuters.com/world/europe/ukraine-says-russia-stole-several-hundred-thousand-tonnes-grain-2022-04-30/>

7 <https://edition.cnn.com/2022/05/01/europe/russia-farm-vehicles-ukraine-disabled-melitopol-intl/index.html>

8 <https://www.reuters.com/world/europe/ukraine-says-russia-stole-several-hundred-thousand-tonnes-grain-2022-04-30/>

When we look at the output of other nations' wheat production, we see a significant problem:

- EU: 27.5 million metric tones
- Canada: 27.0 million metric tones
- US: 27.0 million metric tones
- Australia: 19.5 million metric tones⁹

As a result of global climate change, the best intentions of agricultural output can easily be thwarted by a poor harvest in countries or regions. Both the uncertainty of meeting production and export targets will be built into the commodity futures markets, but if Russia decides to weaponise its agricultural exports in such a way as to destabilise the governments of the countries dependent on their production, the pro-Russian sphere of influence could grow dramatically. As the OECD suggests: "In the near term, many governments will need to cushion the blow of higher energy prices, diversify energy sources and increase efficiency wherever possible. For food, higher production in OECD countries, refraining from protectionism and multilateral support for logistics will help the countries most affected by a disruption to supply from Russia and Ukraine."¹⁰

Given the above scenario, if the Russians weaponise their food export capabilities and combine that policy with one of aggressive cyber destabilisation and disinformation campaigns to move nation states and their governments into a more pro-Russian alignment, which nations will be most at risk? The Top 5 wheat importing countries in 2020/21 are:

- Egypt: 13.0 million metric tones
- Indonesia: 10.5 million metric tones
- China: 10.5 million metric tones
- Turkey: 8.2 million metric tones
- Philippines: 6.8 million metric tones

All these countries could prove to be very useful to support the current Russian regime. Strategically, Turkey and China are already leaning slightly towards a "look the other way" pro-Russian position, but Turkey controls egress and ingress of Russian warship access to the Black Sea via the Bosphorus. As noted in this article, Turkey's Russia-crisis strategy rests on one fact: It has too much to lose, "Turkey has pushed back against Russian allies and proxies in Syria, Libya, and the South Caucasus, all while maintaining an important economic partnership with Russia and continuing to rely heavily on Russian natural gas to meet its energy needs."¹¹ If Russia leveraged agriculture exports to Turkey, threatened energy supplies to Turkish customers and deployed its significant cyber disinformation and disruption capabilities, it is possible that Turkey's government and President Recep Tayyip Erdoğan may – to appease domestic political forces – need to be more supportive of Russian foreign policy objectives. NATO and the EU should be aware of these new Russian economic tactics and prepare countermoves against them, including energy price guarantees, and agriculture export increases to defend against Russian leverages.

9 <https://latifundist.com/en/rating/top-10-stran-proizvoditelej-pshenitsy-v-202021-mg>

10 <https://www.oecd.org/economy/Interim-economic-outlook-report-march-2022.pdf>

11 <https://www.atlanticcouncil.org/blogs/turkeysources/turkeys-russia-crisis-strategy-rests-on-one-fact-it-has-too-much-to-lose/>

About Cyjax

Cyjax was formed in 2012. Working closely with the financial sector, we developed technologies and methodologies to help stem the advance of digital threats impacting banks and consumers around the world. We quickly established ourselves as a leading provider of cyber threat intelligence capabilities across all industry verticals, a journey we continue today. Cyjax is built on its own growth and remains wholly owned by its founding members in the UK.



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