



Cross-Asset and Strategy Research

War and migration: What could still await us

A new "Arab Spring" could bring more refugees

In addition to energy prices, food prices have also risen since Russia's attack on Ukraine. Russia and Ukraine are among the largest [grain exporters](#) of the world. At least in Ukraine, farmers are currently unlikely to be able to sow their crops. Moreover, it is difficult to process exports via blocked port facilities there. Instead, Ukraine is threatened with hunger itself in remote and cut-off areas. The trade restrictions against Russia are also likely to lead to a reduction in exports here.

In the MENA region new bread riots could loom

Many countries in the Middle East and North Africa are particularly dependent on food imports. The same applies to the Sahel. Ukraine and Russia are [important supplier countries](#) for the region.

The supply situation is likely to deteriorate noticeably. Already there are now [reported protests](#) by the population against rapid price increases. The parallels to the Arab Spring, which began in Tunisia in 2010, are unmistakable. Sharply rising prices for basic foodstuffs mobilised the masses back then and toppled despots. Hopes for more democratic societies were, of course, often disappointed.

A shortfall in grain supplies from Russia and Ukraine is hitting an already weakened regional economy. The [World Bank](#) estimates that the population living in poverty in the region has grown to 189 million in 2021 (income less than US\$5.50 per day). Rising food prices and energy costs will further accentuate social risks. Unrest and social destabilisation cannot be ruled out.

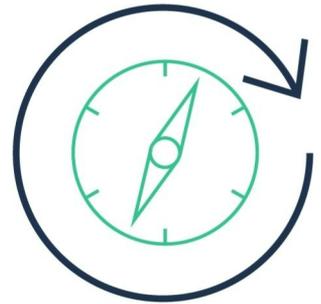


Dr Moritz Kraemer

Chief Economist and Head of Research

LBBWResearch@LBBW.de

March 25, 2022



The price of wheat has risen by 20% since the outbreak of war

More refugees from MENA region possible

All this concerns us not only because we must never turn a blind eye to humanitarian emergencies. Rather, Europe may also be directly affected. Specifically, the number of refugees from the region could swell again.

The civil war in Syria and the wave of refugees from 2015 onwards had their direct cause in a deteriorated supply situation following climate-related crop failures. When political oppression was joined by hunger, the Syrian powder keg exploded. This could now be repeated elsewhere.

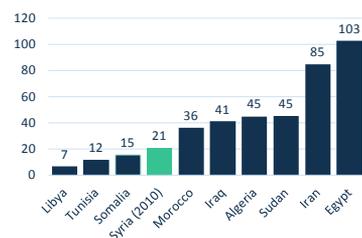
The graph opposite shows that Syria is one of the less populous countries. If even a small part of the region's population were to seek a better future in Europe, the influx could dwarf 2015. Europe's absorption and integration capacity would quickly reach its political breaking point.

Europe should stand by North Africa

With all the necessary focus on helping Ukraine, we must not overlook the second-round effects of the war. If the populations of Europe's southern neighbours are not fed, this may undermine the security situation in the region and trigger massive migration movements. Our own political stability and economic outlook could then be at risk.

For its own sake, Europe would be well advised to support the neighbouring countries with financial and food aid. Looking the other way is possible, but it could cost us all the more later.

Population in millions (2021)



Source: IMF

Supporting the people in the Middle East and Africa is also in our own interest

Disclaimer:

This publication is intended exclusively for recipients in the EU, Switzerland and Liechtenstein.

This publication is not being distributed by LBBW to persons in the USA and LBBW does not intend to address persons in the USA.

LBBW's supervisory authorities: European Central Bank (ECB), Sonnemannstrasse 22, 60314 Frankfurt am Main and Federal Financial Supervisory Authority (BaFin), Graurheindorfer Str. 108, 53117 Bonn / Marie-Curie-Str. 24-28, 60439 Frankfurt.

This publication is based on generally accessible sources which we cannot verify and which we consider to be reliable, but for whose accuracy and completeness we cannot assume any liability. It reflects our non-binding view of the market and the products at the time of going to press, notwithstanding any proprietary holdings in these products. This publication is not a substitute for personal advice. It is for information purposes only and does not constitute an offer or solicitation to buy or sell. For more timely information on specific investment opportunities and for the purpose of individual investment advice, please contact your investment advisor.

We reserve the right to change our opinions expressed herein at any time and without notice. We also reserve the right not to update this information or to discontinue it entirely without further notice.

Past performance, simulations or forecasts shown or described in this document are not reliable indicators of future performance.

The receipt of research services by an investment services company can be qualified as a grant for regulatory purposes. In these cases, LBBW assumes that the grant is intended to improve the quality of the respective service for the client of the grant recipient.