

Food insecurity, a challenge for all!

EFFECTS ON AGRIFOOD SYSTEMS IN THE AMERICAS



GreenRio, September 2nd, 2022
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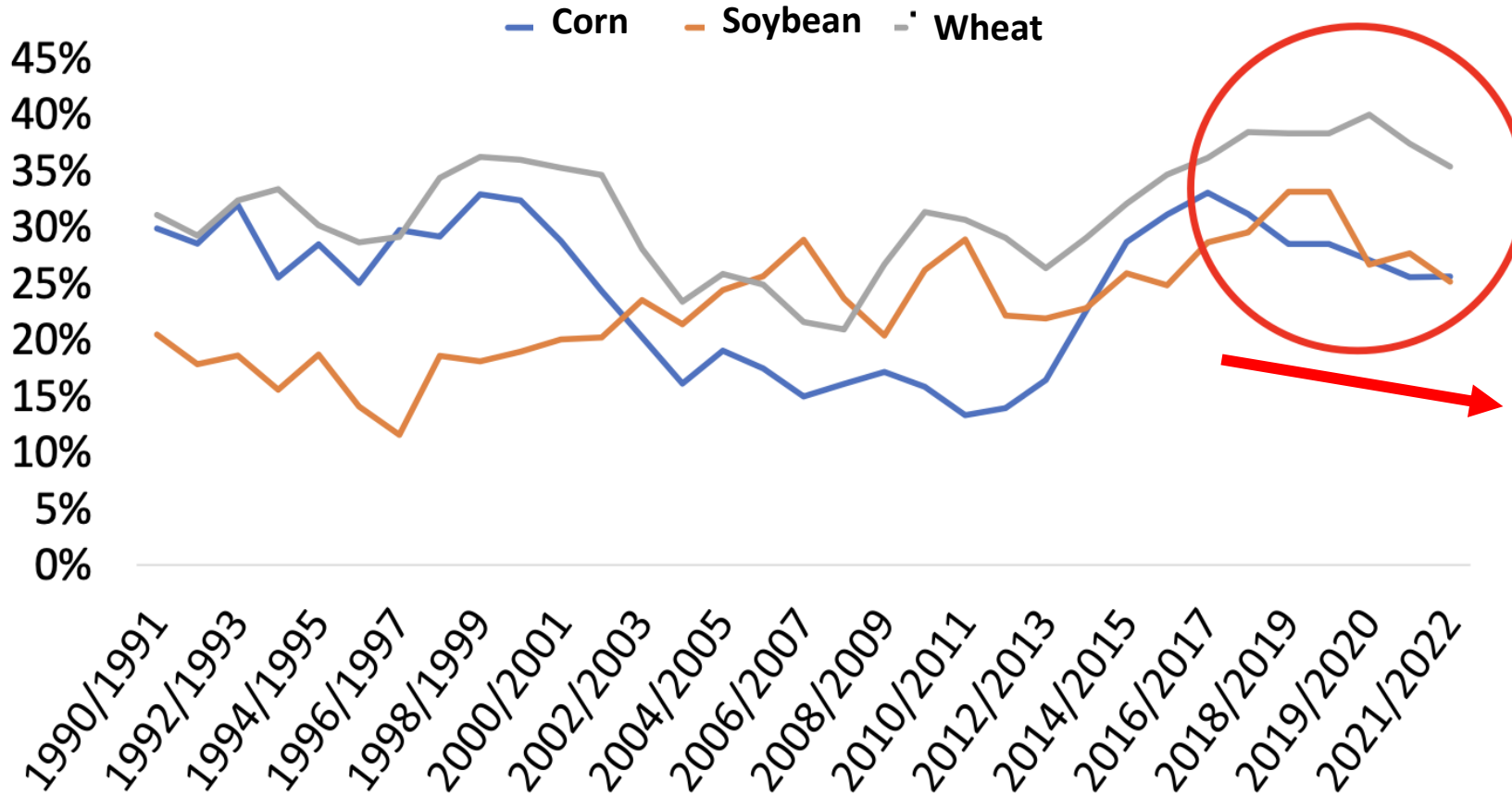


SOURCES OF UNCERTAINTY



STOCK/CONSUMPTION RATIOS

INCREASED PRESSURE DUE TO GROWING DEMAND



- ❑ Stock/consumption ratios declining in recent crop years.
- ❑ Consumption growing at a faster pace than production.
- ❑ Poor harvests, economic recovery, Chinese excess demand, and disruptive factors that have been affecting market dynamics since the onset of the trade war.

SOURCE: GPS

RUSSIA AND UKRAINE ARE KEY PLAYERS IN GLOBAL COMMODITY PRODUCTION AND TRADE

Share of global exports



Wheat

Russia

16.9%

Ukraine

11.6%

Total

28.5%



Corn

2.2%

16.4%

18.7%



Sunflower oil

28.5%

49.8%

78.3%

☐ Russia and Ukraine are two of the leading global exporters of wheat, corn and sunflower oil.

☐ Russia is one of the leading exporters of energy and fertilizers.

SOURCE: GPS

Russia



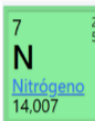
Petroleum

11%



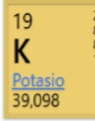
Natural gas

20% (40% of EU's supply)



Nitrogen fertilizers

15%



Potassium fertilizers

17%

Product	Share of global exports
Petroleum	11%
Natural gas	20% (40% of EU's supply)
Nitrogen fertilizers	15%
Potassium fertilizers	17%

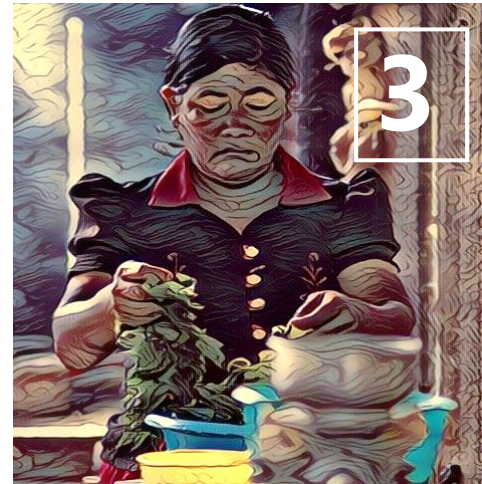
4 CONFLICT TRANSMISSION CHANNELS



Restrictions to
agrifood trade



Trade in and
price of
fertilizers



Accelerated
growth in
commodity
prices



Increase in
energy prices

1

RESTRICTIONS TO AGRIFOOD TRADE



1.5%

of LAC's total agrifood exports go to Russia.

Main products exported: bananas, soybeans and beef.



0.13%

of LAC's total agrifood exports go to Ukraine.

Main product exported: bananas



- **ECUADOR:** Russia is the primary market for overseas **banana** sales (**20%**).
- **COLOMBIA:** Russia is the main destination market for **frozen beef** (**47%**).
- **PARAGUAY:** Russia is the main destination market for **frozen beef** (**39%**).
- **URUGUAY:** Russia is the main destination market for **butter** (**51%**).

2

TRADE IN AND PRICE OF FERTILIZERS

RUSSIA IS ONE OF THE WORLD'S LEADING EXPORTERS OF NITROGEN-, PHOSPHORUS- AND POTASSIUM-BASED FERTILIZERS

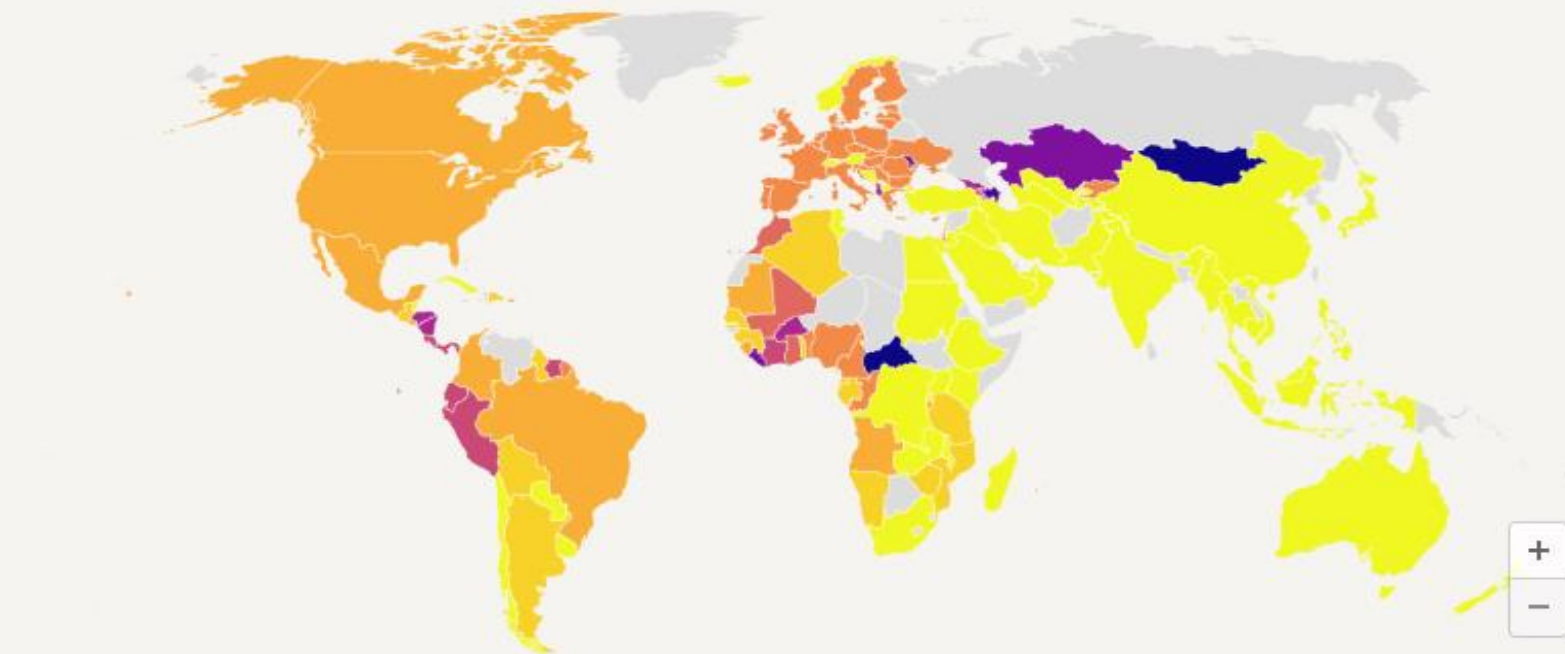
85%

of fertilizers imported by Brazil come from Russia and Belarus

> 60%

of nitrogen fertilizers imported by PER, ECU, HND, NIC, CRI, PAN and SUR come from Russia and Belarus

Percentage of the Russian Federation and Belarus in nitrogenous fertilizer imports by country



Map: David Laborde • Source: COMTRADE • [Get the data](#) • [Download image](#) • Created with [Datawrapper](#)

Source: IFPRI.

3

ACCELERATED GROWTH IN COMMODITY PRICES

AFFECTING COUNTRIES IN THE REGION WITH A HIGH LEVEL OF VULNERABILITY TO FOOD INSECURITY (NET FOOD IMPORTERS AND HIGH PREVALENCE OF UNDERNUTRITION)

▲ **45%**

Prices for wheat futures

▲ **18%**

Prices for corn futures

▲ **11%**

Prices for soybean futures

▲ **8-22%**

Estimated increase in food and feed prices (FAO)

Vulnerability index, from minimum (0, green) to maximum (red)



Food trade balance, per capita (USD)



Prevalence of undernutrition



Government deficit (% of GDP)



Source: Prepared by IICA with data from the World Bank (WDI, 2020), FAO (2020), IMF (WEO Report 2020), WTO (2020). More information at: <https://blog.ica.int/en/blog/vulnerabilidad-alimentaria-ante-covid-19>. Data as at June 2020.

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INCREASE IN ENERGY PRICES

MULTIPLIER EFFECT ON COSTS FOR INPUTS, PRODUCTS AND SERVICES THROUGHOUT AGRIFOOD CHAINS

▲ **70%**

Increase in maritime transport costs due to increase in petroleum prices

CL1:COM
Generic 1st 'CL' Future

+ ADD TO WATCHLIST

AS OF 04:28 PM EDT 03/14/2022 EDT

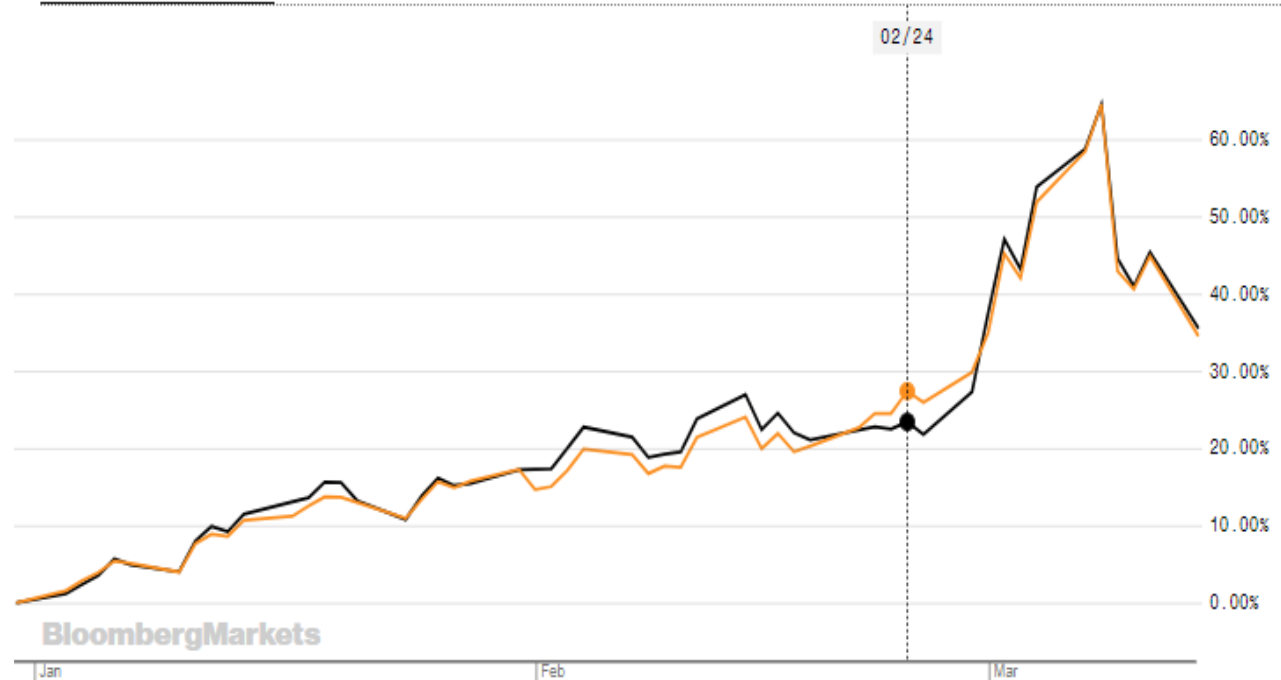
102.24 USD/bbl -7.09 -6.49% ▼

1D 1M 6M **YTD** 1Y 5Y

MINIMIZE CHART

Q cO1

● CL1:COM 23.40% ● GO1:COM 27.38% x



BloombergMarkets

Source: Bloomberg.

MEASURES ADOPTED IN RESPONSE TO THE CONFLICT IN EASTERN EUROPE





SOME FINAL THOUGHTS

- FOOD SECURITY AT THE TOP OF THE GLOBAL AGENDA
- AGRICULTURE AS AN INSTRUMENT FOR PEACE
- THE AMERICAS AS A GUARANTOR OF FOOD/NUTRITIONAL SECURITY AND GLOBAL ENVIRONMENTAL SUSTAINABILITY
- ARE ENVIRONMENTAL PRIORITIES BEING POSTPONED?



SOME FINAL THOUGHTS

- IICA AS THE FLAGSHIP INSTITUTION FOR THE TRANSFORMATION OF AGRIFOOD SYSTEMS IN THE AMERICAS
- FROM CONSENSUS TO ACTION:
 - FOSTERING TRADE AND REGIONAL INTEGRATION
 - DEVELOPING SCIENCE AND INNOVATION FOR SUSTAINABLE DEVELOPMENT
 - NEW GENERATION OF PUBLIC POLICIES FOR FAMILY FARMING, WITH SPECIAL EMPHASIS ON COOPERATIVISM



THANK YOU_{1/}

1/ I am grateful for the valuable contributions made by:

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