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Inside C2

# Southern DAILY

Make Today Different

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## Exclusive: China quietly increases purchases of low-priced Russian oil

SINGAPORE, May 20 (Reuters) - China is quietly ramping up purchases of oil from Russia at bargain prices, according to shipping data and oil traders who spoke to Reuters, filling the vacuum left by Western buyers backing away from business with Russia after its invasion of Ukraine in February.

The move by the world's biggest oil importer comes a month after it initially cut back on Russian supplies, for fear of appearing to openly support Moscow and potentially expose its state oil giants to sanctions. read more

China's seaborne Russian oil imports will jump to a near-record 1.1 million barrels per day (bpd) in May, up from 750,000 bpd in the first quarter and 800,000 bpd in 2021, according to an estimate by Vortexa Analytics.

Unipet, the trading arm of Asia's top refiner Sinopec Corp (600028.SS), is leading the purchases, along with Zhenhua Oil, a unit of China's defense conglomerate Norinco, according to shipping data, a shipbroker report seen by Reuters and five traders. Livna Shipping Ltd, a Hong Kong-registered firm, has also recently emerged as a major shipper of Russian oil into China, the traders said.

Sinopec declined comment. Zhenhua and Livna did not respond to requests for comment.

The firms are filling the hole left by western buyers after Russia's invasion of Ukraine, which Russia calls a "special military operation."

The United States, Britain and some other key oil buyers banned imports of Russian oil shortly after the invasion. The European Union is finalizing a further round of sanctions, including a ban on Russian oil purchases. Many European refiners have already stopped buying from Russia for fear of running afoul of sanctions or drawing negative publicity.

Vitol and Trafigura, two of the world's biggest commodity traders, phased out purchases from Rosneft, Russia's biggest oil producer, ahead of an EU rule that came into effect on May 15 barring purchases unless "strictly necessary" to secure the EU's energy needs. read more

"The situation began taking a drastic turn after the exit of Vitol and Trafigura that created a vacuum, which could only be filled by companies that can provide value and are trusted by their Russian counterparts," one Chinese trader, who asked not to be named, told Reuters.



The low price of Russia's oil – spot differentials are about \$29 less per barrel compared with before the invasion, according to traders - is a boon for China's refiners as they face shrinking margins in a slowing economy. The price is well below competing barrels from the Middle East, Africa, Europe and the United States. read more

China separately receives some 800,000 bpd of Russian oil via pipelines under government deals. That would bring May imports to nearly 2 million bpd, 15% of China's overall demand. For Russia, oil sales are helping to cushion the blow to its economy from sanctions.

### STATE BUYERS

State-owned Chinese companies, led by Sinopec and Zhenhua, are set to buy two thirds of Russia's flagship Far Eastern export grade ESPO (Eastern Siberia-Pacific Ocean oil pipeline) blend in May, up from a third before the invasion of Ukraine, traders who closely monitor the flows told Reuters. Russia exported about 24 million barrels in May, 6% higher than April.

Sinopec alone is likely to buy at least 10 ESPO shipments in May, doubling its volume before the invasion, with some of the trades hitting a record discount of \$20 a barrel below benchmark Dubai crude on FOB Kozmino basis, three of the traders said.

Sinopec, Zhenhua and Livna are moving more oil from both Russia's Baltic Sea ports in northwestern

Europe and its Far East export hub Kozmino.

Zhenhua, the smallest state-owned Chinese oil trader, has chartered ships to move Russian oil, according to shipping data and traders with knowledge of the matter. North Petroleum International Co, a unit of Zhenhua, loaded two ESPO shipments in early May, and another two cargoes of Urals from Baltic Sea port Ust-Luga in late April and mid-May, according to data from Refinitiv and Vortexa, a shipbroker report and traders.

Norinco, one of the world's largest defence contractors, branched into oil more than two decades ago, winning a concession to produce oil in Iraq in the 1990s. Its trading vehicle Zhenhua recently expanded into gas terminal investment and trading. read more

Zhenhua has bought some of its supply of Russian oil via Switzerland-based Paramount Energy, a trader specializing in marketing oil from independent Russian and Kazakhstan producers to mostly private end-users, said two traders with knowledge of the matter.

A regular marketer of ESPO to China's independent refiners since 2016, Paramount Energy expanded its China business by boosting sales to Zhenhua after it set up a Beijing office in 2020, said the trading executives.

In response to Reuters' questions, Paramount Energy did not address trades made after Russia's invasion of Ukraine. It said it "has customers in China for ESPO crude cargoes delivered under long-term contracts established well before Feb. 24," the date of the invasion. "This crude is supplied exclusively by independent oil producers and non-state companies, as has long been our policy."



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# WEA LEE'S GLOBAL NOTES

05/21/2022



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## Greater Houston Recovery Nearly Complete



The mission of the Greater Houston Partnership is to make Houston one of the world's best places to live, work and to build a business. The Partnership works to ensure that Houston places among the world's greatest global cities by promoting economic development, foreign

trade and investment. It serves the 12-county greater Houston region and represents 900+ member companies.

On Friday, the Greater Houston Partnership sponsored a luncheon and invited the Houston Consular Corp and its many members to talk about the Global Houston Economic

outlook.

Two and one-half years have passed since the first Covid-19 case was detected in Wuhan, China. Since then, more than 500 million people have contracted the virus worldwide and over 6.2 million have died. The U.S. was hit hardest by the virus, logging 81

million infections and more than one million people lost their lives. In the metro Houston area, 1.6 million residents, one of every five, contracted the virus and nearly 16,000, one of every 45 have died. It is just so horrible that the pandemic caused so many cases and caused the worst economic downturn since the Great Depression.

percent of jobs lost and the U.S. gross domestic product now exceeds pre-pandemic levels.

Recently many people have moved to the Texas area because we have a very good business climate and lower housing prices, plus, we don't have a personal income tax.

But still, we are very worried about the war, inflation and rising prices. Unless all these can be put under control, we still are facing a recession in the near future.



**Southern DAILY** Make Today Different

## Editor's Choice



A woman walks past a mural titled Puppet Soldiers painted in a building in 2010 by Italian artist Blu, in central Warsaw, Poland. REUTERS/Jorge Silva



Buffalo shooting suspect, Payton S. Gendron, appears in court, accused of killing 10 people in a live-streamed supermarket shooting in a Black neighborhood of Buffalo, New York. REUTERS/Brendan McDermid



Soldiers of the National Guard of Ukraine attend a training in tactical medicine, as the Russian invasion in Ukraine continues, in the Transcarpathian region, Ukraine. REUTERS/Serhii Hudak



Members of the British Military take part in the The Brigade Major's Review on Horse Guards Parade, the final rehearsal of Trooping of Colour before the Queen's Platinum Jubilee celebrations, in London, Britain. REUTERS/Henry Nicholls



Israeli troops shoot tear gas as people protest after Israeli top court paved way for razing eight Palestinian hamlets, in Masafer Yatta, south of Hebron, in the Israeli-occupied West Bank. REUTERS/Mussa Qawasma



Emma Todt poses at the screening of "Armageddon Time" at the Cannes Film Festival. REUTERS/Stephane Mahe



# Southern DAILY

Make Today Different

## “Serious Threats” To Global Food Security As Ukraine 2022 Grain Harvest Could Fall by 55%

# Global Food Crisis Stalks The Starving As War And Covid Choke Supplies

Compiled And Edited By John T. Robbins, Southern Daily Editor



“Global food security faces ‘serious threats’ from a combination of soaring prices, fertilizer shortages and a potential loss of production due to the war in Ukraine, according to the Syngenta Group.

“Even before the war, the world was already in a food crisis as prices of staples surged and hunger was on the rise.” About 400 million people are dependent on Russia and Ukraine for food due to their significant roles within the global food supply chain, according to Syngenta. Bloomberg writer Alonso Soto reported yesterday that, “The Spanish government will allow rationing of some products by retailers, as part of broad measures to cushion the economic impact of the war in Ukraine.

“Stores will be allowed to temporarily limit ‘the number of goods that can be bought by a client,’ according to the rule published in the Official Gazette Wednesday. The government didn’t name any specific type of products that could be affected.”

Soto explained that, “Ukraine is the main supplier of corn and sunflower oil to Spain, providing 30% and 60% of imports respectively, according to Madrid-based economic consultancy Afi. Madrid has eased grain import rules to increase supplies from Brazil and Argentina.”

And Melissa Eddy and Raphael Minder reported in today’s New York Times that, “A crucial portion of the world’s wheat, corn and barley is trapped in Russia and Ukraine because of the war, while an even larger portion of the world’s fertilizers is stuck in Russia and Belarus. Global food and fertilizer prices are soaring as a result. Since the invasion last month, wheat prices have increased by 21 percent, barley by 33 percent and some fertilizers by 40 percent.

“Supermarket shelves in Germany were empty where stocks of flour and sunflower oil normally stand, as consumers have snapped up more than their share in anticipation of potential shortages. “Germany’s Agriculture Ministry sought to assuage fears of food shortages on Wednesday, pointing out that the country is largely self-sufficient in producing wheat. But the ministry acknowledged that prices for food were rising, driven by an increase in prices for energy and fertilizer.”

The Times article stated that, “In recent weeks, Spanish super-markets have at times run out of items, like sunflower oil, that are usually imported from Ukraine and Russia.” Dow Jones writer Kirk Maltais reported yesterday that, “Corn for May delivery rose 1.6% to \$7.38 a bushel on the Chicago Board of Trade Wednesday as peace talks fail to end a conflict threatening global grain supplies.”

Meanwhile, Reuters News reported today that, “Russia plans to increase its export quotas for nitrogen and complex fertilizers, its economy ministry said in a statement on Thursday.

“Russia is a major producer of potash, phosphate and nitrogen containing fertilizers – key crop and soil nutrients. It produces more than 50 million tonnes a year of them, 13% of the global total, and exports to Asia and Latin America.

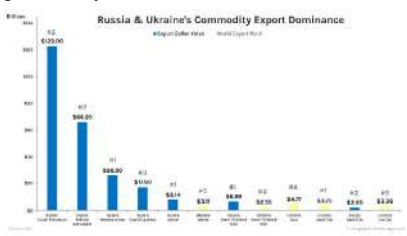
“In November, Moscow decided to limit exports of nitrogen fertilizers and complex nitrogen-containing fertilizers for Dec 1-May 31 to help curb any further increase in food prices amid higher gas prices.” The Reuters article noted that, “The quotas will be raised by 231,000 tonnes for nitrogen fertilizers and by 466,000 tons for complex fertilizers, the ministry said in a statement.

“The measure will help to increase exports of these products and at the same time secure sufficient amount of the crop nutrients for domestic farmers, it added.”

And a separate Reuters article from yesterday reported that, “Belarus will allow companies to export potash fertilizer in response to Western sanctions, Tass news agency said on Wednesday, citing a government decision. It did not give details.

“State-owned Belaruskali is one of the world’s largest producers of potash.” Also yesterday, Reuters writer Jonathan Saul reported that, “Ukraine accused Russia on Wednesday of planting mines in the Black Sea and said some of those munitions had to be defused off Turkey and Romania as risks to vital merchant shipping in the region grow.

“The Black Sea is a major shipping route for grain, oil and oil products. Its waters are shared by Bulgaria, Romania, Georgia and Turkey as well as Ukraine and Russia.”



And Reuters writers Natalia Zinets and Luizla Ilie reported

yesterday that, “Ukraine is in talks with Romania on shipping its farming exports via the Romanian Black Sea port of Constanta, as Russia’s invasion has blocked off Ukrainian ports, Ukraine’s agriculture ministry said in a statement on Wednesday.”

“Romania’s agriculture ministry confirmed the talks over how to help Ukraine deliver its exports through Constanta port ‘as soon as possible,’” the Reuters article said.

With respect to production prospects, Reuters writer Pavel Polityuk reported today that, “Ukraine’s 2022 grain harvest could fall by 55% to 38.9 million tonnes due to a sharp decrease in sowing and harvesting areas caused by the Russian invasion, the APK-Inform agriculture consultancy said.”

**The Global Report on Food Crises 2022** Globally, levels of hunger remain alarmingly high. In 2021, they surpassed all previous records as reported by the Global Report on Food Crises (GRFC), with close to 193 million people acutely food insecure and in need of urgent assistance across 53 countries/territories, according to the findings of the GRFC 2022. This represents an increase of nearly 40 million people compared to the previous high reached in 2020 (reported in the GRFC 2021).

This increase must be interpreted with care, given that it can be attributed to both a worsening acute food insecurity situation and a substantial (22 percent) expansion in the population analyzed between 2020 and 2021. However, even when considering the share of the analyzed population in Crisis or worse (IPCCH Phase 3 or above) or equivalent, the proportion of the population in these phases has increased since 2020.

When considering the results of the six editions of the GRFC, the number of people has risen by 80 percent since 2016, when around 108 million people across 48 countries were acutely food insecure and in need of urgent assistance (Crisis or worse (IPCCH Phase 3 or above) or equivalent).

When comparing the 39 countries/territories that were consistently in food crisis in all six editions of the GRFC, the number of people in Crisis or worse (IPCCH Phase 3 or above) or equivalent almost doubled between 2016 and 2021 – up from 94 million to almost 180 million.

This increase across the six years of the GRFC – both in terms of absolute numbers and the percentage of the analyzed population in these three highest acute food insecurity phases – reflects increased availability of acute food insecurity data, broader geographical coverage, revised population figures, and deteriorating food security contexts in a number of countries.

The outlook for global acute food insecurity in 2022 is expected to deteriorate further relative to 2021. In particular, the unfolding war in Ukraine is likely to exacerbate the already severe 2022 acute food insecurity forecasts included in this report, given that the repercussions of the war on global food, energy and fertilizer prices and supplies have not yet been factored into most country-level projection analyses.

The GRFC focuses on food crises where the local capacities to respond are insufficient, prompting a request for the urgent mobilization of the international community, as well as in countries/territories where there is ample evidence that the magnitude and severity of the food crisis exceed the local resources and capacities needed to respond effectively.

It provides estimates for populations in countries/territories where data are available, based on the Integrated Food Security Phase Classification (IPC) and Cadre Harmonisé (CH) or comparable sources. Populations in Crisis or worse (IPCCH Phase 3 or above) or equivalent are in need of urgent food and livelihood assistance.

### A closer look at 2021

In 2021, almost 40 million people were facing Emergency or worse (IPCCH Phase 4 or above) conditions, across 36 countries. Of critical concern were over half a million of people (570 000) facing Catastrophe (IPCCH Phase 5) – starvation and death – in four countries: Ethiopia, South Sudan, southern Madagascar and Yemen.



The number of people facing these dire conditions is four times that observed in 2020 and seven times higher than in 2016. During the first half of 2021, localized areas in South Sudan continued to face Famine Likely (IPC Phase 5).

An additional 236 million people were in Stressed (IPCCH Phase 2) across 41 countries/territories in 2021 and required livelihood support and assistance for disaster risk reduction to prevent them from slipping into worse levels of acute food security.

In 2021, almost 70 percent of the total number of people in Crisis or worse (IPCCH Phase 3 or above) or equivalent were found in ten food crisis countries/territories: the Democratic Republic of the Congo, Afghanistan, Ethiopia, Yemen, northern Nigeria, the Syrian Arab Republic, the Sudan, South Sudan, Pakistan, and Haiti. In seven of these, conflict/insecurity was the primary driver of acute food insecurity.

### Drivers of acute food insecurity in 2021

While the food crises profiled in the GRFC continue to be driven by multiple, integrated drivers that are often mutually reinforcing, conflict/insecurity remains the main driver. In 2021, around 139 million people were facing Crisis or worse (IPCCH Phase 3 or above) or equivalent across 24 countries/territories where conflict/insecurity was considered the primary driver.

This is a marked increase from 2020, when 99 million people in 23 conflict-affected countries/territories were in Crisis or worse (IPCCH Phase 3 or above) or equivalent. It was the key driver in three of the four countries with populations in Catastrophe (IPC Phase 5) – Ethiopia, South Sudan and Yemen.

Economic shocks formed the main driver in 21 countries in 2021, where 30.2 million people were in Crisis or worse (IPCCH Phase 3 or above) or equivalent. Global food prices rose to new heights in 2021 as a result of a combination of factors, notably an uneven global economic recovery from the COVID-19 pandemic and widespread supply chain disruptions.



Domestic food price inflation in many low-income countries rose significantly, particularly those with weak currencies and a high reliance on food imports, in those where border closures, conflict or insecurity disrupted trade flows and where weather extremes severely curtailed food production/avail-

ability. These macroeconomic factors had a major impact on the purchasing power of the poorest households, many of which were still experiencing job and income losses due to pandemic-related restrictions.

Weather extremes were the main drivers of acute food insecurity in eight African countries, with 23.5 million people in Crisis or worse (IPCCH Phase 3 or above) or equivalent, including in southern Madagascar, where nearly 14 000 people were in Catastrophe (IPC Phase 5) in April–September 2021 due to the effects of drought.

The impact of weather-related disasters on acute food insecurity has intensified since 2020, when it was considered the primary driver for 15.7 million people across 15 countries. Weather shocks – in the form of drought, rainfall deficits, flooding and cyclones – have been particularly detrimental in key crises in East, Central and Southern Africa, and Eurasia.

### Malnutrition in food-crisis countries

Malnutrition remained at critical levels in countries affected by food crises, driven by a complex interplay of factors, including low quality food due to acute food insecurity and poor child-feeding practices, a high prevalence of childhood illnesses, and poor access to sanitation, drinking water and health care.

While data is limited, according to analyses carried out in 2021, almost 26 million children under 5 years old were suffering from wasting and in need of urgent treatment in 23 of the 35 major food crises. Within this, over 5 million children were at an increased risk of death due to severe wasting. In the ten food-crisis countries with the highest number of people in Crisis or worse (IPCCH Phase 3 or above) or equivalent, 17.5 million children were wasted.



**Displacement in 2021** People uprooted from their homes are among the most vulnerable to acute food insecurity and malnutrition. In 2021, out of 51 million internally displaced people (IDP) globally, nearly 45 million were in 24 food-crisis countries/territories. The six countries/territories with the highest numbers of IDPs – the Syrian Arab Republic, Afghanistan, the Democratic Republic of the Congo, Yemen, Ethiopia and the Sudan – were among the ten largest food crises in 2021 by numbers of people in Crisis or worse (IPCCH Phase 3 or above) or equivalent.

Out of around 21 million refugees and 4 million asylum seekers globally in 2021, over 60 percent (around 15.3 million people) were hosted in 52 food-crisis countries/territories, where a mix of conflict/insecurity, COVID-19, poverty, food insecurity and weather extremes compounded their humanitarian plight (UNHCR, November 2021).

### A grim outlook for 2022

The situation is expected to worsen in 2022. In 41 out of the 53 countries/territories included in this report, as well as Cabo Verde, between 179 million and 181 million people are already forecast to be in Crisis or worse (IPCCH Phase 3 or above) or equivalent in 2022. No forecast was available at the time of publication for 12 of the 53 countries/territories with an estimate reported in 2021.

For most of the world’s major food crises, acute food insecurity is expected to persist at similar levels to 2021 or increase. Major deteriorations are anticipated in northern Nigeria, Yemen, Burkina Faso and the Niger due to conflict, as well as in Kenya, South Sudan and Somalia, largely due to the impact of consecutive seasons of below-average rains. Though significant uncertainty exists, an estimated 2.5–4.99 million people in Ukraine will likely need humanitarian assistance in the near term (FEWS NET, April 2022).

(Article Continues Below)

# Southern DAILY

Make Today Different

## Global Food Crisis Stalks The Starving As War And Covid Choke Supplies

Compiled And Edited By John T. Robbins, Southern Daily Editor



### A grim outlook for 2022



During 2022, around 329,000 people will likely face Catastrophe (IPC Phase 5) in three countries. It is expected that for the fifth consecutive year, Yemen will have populations in Catastrophe (IPC Phase 5), with 161 000 people projected to be in this phase in the second half of 2022 under the most likely scenario. In a less likely, worst-case scenario, there is a Risk of Famine in at least two districts. Another 87 000 people are projected to face Catastrophe (IPC Phase 5) in South Sudan due to the cumulative effects of conflict/insecurity, weather extremes and macro-economic challenges. In Somalia, prolonged drought could push 81 000 people into Catastrophe (IPC Phase 5). Although not the most likely scenario, a Risk of Famine could emerge in Somalia by mid-2022, if the April–June Gu season rains fail, if conflict intensifies, if drought increases displacement and if food prices continue to rise. An additional factor influencing a Risk of Famine is if humanitarian assistance is not scaled up and does not reach the country’s most vulnerable populations.

### Our collective challenge

The alarmingly high incidence of acute food insecurity and malnutrition starkly exposes the fragility of global and local food systems that are under mounting strain from the increased frequency and severity of weather extremes, the COVID-19 pandemic, increasing conflict and insecurity and rising global food prices. The interconnectedness of drivers is further laid bare by the unfolding war in Ukraine, which not only compromises the food security of those directly affected by the war, but compounds existing challenges faced by millions of acutely food-insecure people worldwide. Some countries facing food crises are particularly vulnerable to the risks to food markets created by the war in the Black Sea area, notably due to their high dependency on imports of food, fuel and agricultural inputs and/or vulnerability to global food price shocks.

While the international community has stepped up to

calls for urgent famine mitigation action, global humanitarian and development funding for food crises is failing to match growing needs. While funding for humanitarian food assistance has been falling since 2017, the current shortfall is particularly stark due to the COVID-19-induced economic slowdown and prioritization of the public health response to the pandemic.



**The way forward** The international community must anticipate and act to mitigate the severe consequences of those already experiencing the highest levels of acute food insecurity, as well as of those in food stress. The situation calls more than ever for at-scale action to protect lives and livelihoods and support sustainable food systems and production where it is needed most.

In contexts where food availability is limited by reduced imports and food access curtailed by higher prices and reduced humanitarian food assistance, providing support to farmers to raise their productivity and improve their access to markets, and to rural communities to diversify their livelihoods and enhance their resilience to shocks is crucial.

The international community must mobilize the investments and political will needed to collectively address the causes and consequences of escalating food crises across humanitarian, development and peace perspectives. The urgency to do this will likely continue to grow in the coming months and years, driven by the direct and indirect effects of the war in Ukraine.

The GRFC is a powerful guide for decision-makers in the international community. Though this report demonstrates that overall quality of data has improved, further work is needed to improve coverage, quality and timeliness of data collection and analysis. High quality and timely food security and nutrition data and information are vital in ensuring a situation analysis that identifies not only outcomes, but hunger’s main drivers, for a targeted and integrated response.

### Related

**Ukraine Invasion May Lead To Worldwide Food Crisis, Warns UN** *Global Organization sounds alarm as war threatens supply of wheat and other staples*

UN Secretary General Antonio Guterres warned last week against the emergence of the global food insecurity which cannot be solved without restoring Ukrainian agricultural production to the world market. UN Secretary-General Antonio Guterres has warned of the “hurricane of hunger and a meltdown of the global food system” in the wake of a simmering crisis in Ukraine.

The UN chief in March warned of the “hurricane of hunger and a meltdown of the global food system” in the wake of a simmering crisis in Ukraine.



**UN Secretary-General Antonio Guterres warns of ‘hurricane of hunger’ amid Ukraine crisis.** According to International Grains Council data, Ukraine was the world’s fourth largest exporter of maize (corn) in the 2020/21 season and the number six wheat exporter. However, a UN food agency official said on Friday that nearly 25 million tonnes of grains are now stuck in Ukraine. The exportable surplus, as Ukrainian agriculture officials say, is around 12 million tonnes and the country’s stocks are so high that there will not be enough room to store the new harvest when it comes.

Ukrainian Agriculture Minister Mykola Solskiy said earlier on Monday that the country has sown about 7 million hectares of spring crops so far this year, or 25-30% less than in the corresponding period of 2021. Solskiy added that Ukraine had exported 1.090 million tonnes of grain in April, but that the sowing was not of the same quality as last year and the sowing area for corn was smaller.

The agriculture minister underlined the importance of exports of Ukrainian grain via Romania, where they are being taken by rail, but said those exports could be complicated in two months by exports of the new wheat crop in Romania and Bulgaria.

The world is facing a potential food crisis, with soaring prices and millions in danger of severe hunger, as the war in Ukraine threatens supplies of key staple crops, the UN Food and Agriculture Organization has warned.

Maximo Torero, the chief economist at the FAO, said food prices were already high before Russia invaded Ukraine, owing to the effects of the Covid-19 pandemic. The additional strain of war could tip the global food system into disaster, he warned.



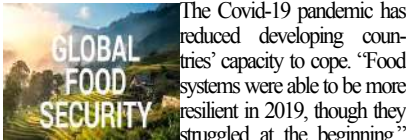
“We were already having problems with food prices,” he told the Guardian in an interview. “What countries are doing now is exacerbating that, and the war is putting us in situation where we could easily fall into a food crisis.”

Wheat prices hit record highs in recent days, though they have fallen back slightly. Overall, food prices have been rising since the second half of 2020, according to the FAO, and reached an all-time high in February, after wheat and barley prices rose by nearly a third and rapeseed and sunflower oil by more than 60% during 2021. The price of urea, a key nitrogen fertilizer, has more than tripled in the past year, on rising energy prices.

At least 50 countries depend on Russia and Ukraine for 30% or more of their wheat supply, and many developing countries in northern Africa, Asia and the near east are among the most reliant. Poor countries are bearing the brunt of the price increases. Many of the poorest countries were already struggling financially, with some facing debt crises, amid the pandemic.

“My greatest fear is that the conflict continues – then we will have a situation of significant levels of food price rises, in poor countries that were already in an extremely weak financial situation owing to Covid-19,” said Torero, one of the world’s foremost experts on

food and hunger. “The number of chronically hungry people will grow significantly, if that is the case.”



The Covid-19 pandemic has reduced developing countries’ capacity to cope. “Food systems were able to be more resilient in 2019, though they struggled at the beginning,” said Torero. “Stocks were very high at the beginning of Covid-19, there was the capacity then to respond to the shock. But having Covid-19 for two years has weakened the resilience of food systems.”

The war in Ukraine presents multiple threats to food security that will be felt across the world, according to the FAO. Ukraine and Russia are major food exporters, so the war directly threatens supplies of staples such as wheat, maize and sunflower oil.

Ukraine alone supplied 12% of global wheat before the war, and was the biggest producer of sunflower oil. About two-thirds of the country’s wheat exports had already been delivered before the invasion, but the rest is now blocked, and farmers may be unable to continue with spring planting, or take in grain harvests in the summer.

But the crisis goes deeper: Ukraine and Russia are also major producers of fertiliser, prices for which had already leapt under high energy prices – and the war is sending energy prices higher still, with further impacts on agricultural production costs.

There is also the threat of countries closing their markets in response. The worst food price spikes in recent memory struck in 2007-08 and resumed in 2010-12, caused by high energy prices followed by poor weather. Those sudden peaks contributed to riots and political upheavals, the shocks of which are still being felt. The agriculture ministers of the G7 group of richest countries met on Friday to coordinate a response, urging countries to keep markets open.



Russia played a role in the crises more than a decade ago, with restrictions on exports, especially in 2010 when Vladimir Putin banned all grain exports after drought in key growing regions.

If Putin were to restrict or redirect exports again – after his manipulation of energy exports in the run-up to the war – it would cause severe problems in global food markets. “Right now, we can’t say prices are higher than in 2007-08, but it can get worse. If the energy and fertilizer situation becomes more serious, that will be worse than in 2007-08. If you add to that the potential for export restrictions, it will get worse,” Torero said. “Of course Russia can do what they want with their production. If they restricted exports, then the situation would get worse. Prices would increase even more,” he added. “We urge all countries, not only Russia but all countries, not to put export restrictions in place.”

Torero urged countries to keep food systems open and to share information on stocks, harvests and food availability, to try to even out supply issues. Countries that were in a position to produce more should do so, he said.

“Right now, the short-term problem is availability. We need to find ways to fill the gap [in production caused by the war],” he said. “We think the gap can be closed somewhat, but not 100%. Countries should also try to diversify their suppliers.”



Even if the conflict were to be resolved quickly, the impacts would be felt for some time, he said. The soaring price of fertilizer, for instance, will have a delayed impact, reducing yields for harvests still to come, as farmers start to use less of it now.

“These are the problems we will see next year,” said Torero. (Courtesy <https://www.theguardian.com/>)

**Related** **“World Must Take Immediate Steps To Unblock Ukrainian Ports, Prevent Global Food Crisis” –Ukraine President Volodymyr Zelenskyy**



**Ukrainian President Volodymyr Zelenskyy** Ukrainian President Volodymyr Zelenskyy has accused Russia of blocking his country’s ports, saying the international community should take immediate steps to end the move in order to allow wheat exports and prevent a global food crisis.

Zelenskyy made his comments in an online post on Monday after speaking to European Council President Charles Michel, who was visiting the city of Odesa, a major Black Sea port for exporting agricultural products.

“It is important to prevent a food crisis in the world caused by Russia’s aggressive actions,” Zelenskyy claimed on the Telegram messaging app. “Immediate measures must be taken to unblock Ukrainian ports for wheat exports,” he added, without specifying the types of measures he would like. Michel, who chairs summits of the European Union’s national leaders, also tweeted that he had seen silos full of grain, wheat and corn in Odesa that was ready for export but blocked.



**A combine harvests wheat in the Novovolodzhysky district of Ukraine’s Kharkiv region on July 25, 2017. (Photo by Reuters)**

“This badly needed food is stranded because of the Russian war and blockade of Black sea ports, causing dramatic consequences for vulnerable countries. We need a global response,” the European Council official wrote.

Russia has been accused of blocking Ukrainian ports after Russian President Vladimir Putin announced the launch of the “special military operation” on February 24.

The conflict has provoked a unanimous response from Western countries, which have imposed a long list of sanctions on Moscow. (Courtesy <https://www.nbc24.org/>)