Urgent efforts needed to ensure global food security

Food price increases are having devastating effects on the poorest and most vulnerable around the world.
People most impacted by higher food prices live in the developing world, where a larger percentage of incomes is spent on food.
Global food prices started to rise in mid-2020 when businesses shut down due to the Covid-19 pandemic, straining supply chains.
The pandemic has had effects on global supply chains. In the early phase, lockdowns and mobility restrictions led to severe disruptions in various supply chains, causing supply shortages.
Farmers dumped out milk and let fruits and vegetables rot due to a lack of available truckers to transport goods to supermarkets, where prices spiked as consumers stockpiled food. A shortage of migrant labour was felt as lockdowns restricted movement across the world.

Since then, there have been problems with key crops in many parts of the world. Brazil, the world's top soybean exporter, suffered from severe drought in 2021.

China's wheat crop has been among the worst ever this year. Concerns about food security, heightened during the pandemic, have led some countries to hoard staples to ward off future shortages, limiting supplies on the global market.

Food prices have also jumped. Russia's invasion of Ukraine in late February dramatically worsened the outlook for food prices.

According to the International Monetary Fund, the Russian invasion of Ukraine has led to rising energy and food prices, which will inevitably mean higher inflation globally. Both Russia and Ukraine are exporters of major commodities, and the disruptions from the war and sanctions have caused global prices to soar, especially for oil and natural gas.

Wheat prices are at record highs – Ukraine and Russia account for 30% of global wheat exports. These effects will lead inflation to persist longer than previously expected. The impact will likely be bigger for low-income countries and emerging markets, where food and energy are a larger share of consumption (as high as 50% in Africa).

The World Bank forecasts wheat prices could rise more than 40% in 2022. The Bank expects agricultural prices to fall in 2023 versus 2022. But that depends on increased crop supplies from Argentina, Brazil and the United States – by no means guaranteed.

The World Bank is working with countries on the preparation of $12bn of new projects for the next 15 months to respond to the food security crisis. These projects are expected to support agriculture, social protection to cushion the effects of higher food prices, and water and irrigation projects, with the majority of resources going to Africa and the Middle East, Eastern Europe and Central Asia, and South Asia.

In addition, the World Bank's existing portfolio includes undisbursed balances of $18.7bn in projects with direct links to food and nutrition security issues, covering agriculture

and natural resources, nutrition, social protection, and other sectors.
Altogether, this would amount to over $30bn available for implementation to address food insecurity over the next 15 months.
It is time countries made concerted efforts to increase the supply of energy and fertiliser, help farmers increase plantings and crop yields, remove policies that block exports and imports and ensure global food security.

GCC chemical industry to see ‘planned, committed investments’ of $71bn up to 2024: GPCA

Pratap John
The GCC region will see “planned and committed investments” totalling $71bn up to 2024 in its chemical industry, according to Gulf Petrochemicals and Chemicals Association (GPCA).
This is despite considerable reductions in global investments, GPCA noted in its latest annual report.
However, there are concerns that petrochemical companies in the region may hold on from bringing additional capacity before the demand for chemical products completely recovers.
According to GPCA, GCC chemical revenue may have ranged between $60bn and $63bn in 2021.
Mena’s chemical output is expected to rise by 3.6%, and by about 1.2% in the GCC.
GCC’s lower than usual output growth last year was largely due to no major capacity coming onstream in 2021, GPCA noted in its latest annual report.
The GCC chemical industry appears to be on the recovery path

and witnessed a rebound in growth in 2021, though at a gradual pace.

The World Bank estimated GCC economies to return to an aggregate growth of 2.6% in 2021, buoyed by global economic recovery, due to stronger oil prices and the growth of non-oil sectors.

Brent crude prices rose to their highest levels in November 2021 since October 2018, reaching $86.04 per barrel.

GPCA expects the current positive momentum to carry into 2022, thanks to stronger oil exports, public expenditure, and credit growth. This acceleration can be attributed to the phased-out Opec+ mandated oil production cuts.

Moreover, higher oil prices attract additional investment and improve business attitude due to favourable oil market conditions. However, the outlook in the medium-term is bound by risks from slower global recovery, potential new coronavirus outbreaks, and oil market instability.

According to GPCA, the Covid-19 pandemic caused an unprecedented blow to the GCC economy in 2020 due to measures associated with the pandemic, national lockdowns, and the collapse in crude oil prices.

The chemical industry in the region is closely linked to economic activity, demand and supply headwinds, fluctuations in feedstock prices, and growth in end-user industries. It, naturally, experienced the negative implications of the coronavirus pandemic and the overall economic situation.

The GCC chemical industry is one of the most important contributors to the manufacturing value added, in addition to the indirect and direct impact it has on other sectors of the economy.

Therefore, the performance of the chemical industry has a significant impact on economic development, especially the non-oil sector. It is also widely recognised as the cornerstone in the economic diversification drives of GCC countries.

The report also noted GCC chemical companies are pivoting towards renewable energy to secure clean, reliable, and competitive power sources.

To decarbonise the world, hydrogen can play a powerful role in enabling the energy transition. Green hydrogen produced by using renewable energy sources (wind or solar) with no carbon emissions is gaining attraction in the GCC region thanks to its strong potential to provide clean power for manufacturing.