

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.

R. Baroudi (CEO Energy & Environment Holding): “Key” to Europe’s energy independence, Eastern Mediterranean deposits of hydrocarbons and offshore wind farms



Αθήνα, 27.05.2022 – “Climate change and market instability are the two main parameters in recent years for the global energy market,” highlighted Mr. Roudi Baroudi, CEO of Energy & Environment Holding at his speech on the second day of the 10th Athens Energy Dialogues conference on May 26-27.

According to Mr. Baroudi the goal is a new energy mix that is both environmentally sustainable and economically viable. Another crucial point is that reliability of cleaner and greener sources are not yet sufficient to fully meet demand, and getting there will require years of planning, investment, and construction. If we take existing technologies offline before newer ones can replace them, the resulting shortages will cause prices to spike, driving up the cost of living and

causing whole economies to collapse. On the other hand, if we wait too long to decarbonize the global economy, climate change threatens to inflict even greater damage.

The Russian invasion to Ukraine has changed the geopolitical status quo, according to Mr. Baroudi.

The war in Ukraine, has exposed not only Europe's dangerous over-reliance on natural gas and other energy imports from Russia, but also the extent to which disrupting that relationship could wreak havoc around the world. Ever since Moscow launched its invasion in late February, the European Union has been hesitant to impose sanctions on Russia's energy industry because it lacks other alternatives, and it lacks those alternatives because of a years-long hesitance to maintain a sufficiently diverse basket of sources and suppliers.

The continent also suffers from inadequate regasification capacity, which means it cannot fully replace piped gas from Russia with seaborne loads of LNG from other countries.

Mr. Baroudi highlighted that there are solutions for all of these problems, and some are already under way.

"Europe could also bolster its energy security by helping to develop the increasingly promising gas fields of the Eastern Mediterranean, the output of which could then be linked by undersea and/or overland pipeline to the European mainland. The utility of these and other moves would also be significantly enhanced by building new storage facilities for both LNG and conventional gas, which would make Europe a lot more resistant to future supply disruptions," said Mr. Baroudi.

But most importantly in the long term, Europe needs to seize the opportunity presented by the great potential for offshore wind energy in the Mediterranean, since making full use of this potential – just in the coastal waters – could generate

at least some 500 MILLION megawatts of electricity: in other words, the same as the entire global nuclear industry.

The Mediterranean region – including both its EU and non-EU components – can and should be a huge part of this drive for a dual resiliency against economic and environmental challenges alike. European investments in MENA countries' energy output makes sense for several reasons, including lower labor and other construction costs, as well as more diversified – and therefore more reliable – energy supplies.

About a week ago, the European Commission outlined a new plan to end Europe's dependence on Russian gas, one that envisions spending of more than 200 billion Euros over the next five years. That is a significant number, but now the plan needs to be funded.

This means that not just the EU itself but also the European Investment Bank, the World Bank, and the IMF – all need to open up their vaults. Needless to say, the private sector would do well to get in on the action as well.

Unfortunately, it is too late to prevent war in Ukraine. But the faster Europe moves effectively to end its reliance on Russian gas, embraces closer partnership with its Mediterranean neighbors, and achieves the full independence of its foreign policy, the sooner it can help to restore the peace – and prevent similar calamities in the future.

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