FOOD SECURITY AND THE NEW POST-PANDEMIC CONTEXT FOR THE EUROPEAN UNION AND LATIN AMERICA AND THE CARIBBEAN

THE NEW FOOD SECURITY SCENARIO AFTER THE PANDEMIC: IMPLICATIONS FOR THE EUROPEAN UNION AND LATIN AMERICA AND THE CARIBBEAN

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1. Introduction

The war in Ukraine has exacerbated the global food crisis, especially in poor countries, and it poses major challenges to the European Union (EU) and Latin America and the Caribbean (LAC), both within the regions and as political and trading partners. The declaration of the EU-CELAC (Community of Latin American and Caribbean States) Summit of July 2023 refers to food (in)security three times: (1) it is mentioned as one of the multiple challenges of our times; (2) the declaration's signatories express their deep concern about the ongoing war against Ukraine, which heightens food insecurity, and (3) they pledge to enhance cooperation and coordination in the relevant multilateral fora on issues of common interest, including food security.

Before that, the communication "A new agenda for relations between the EU and Latin America and the Caribbean" from the European Commission and the high representative of the union for foreign affairs and security policy, of June 7th, 2023, also referred to food (in)security (again, three times). It said: "People on both sides of the Atlantic aspire to live in inclusive and prosperous societies, leaving no one behind", explaining that: "The COVID-19 pandemic and the Russian war of aggression against Ukraine have exacerbated existing structural challenges and inequalities, leading to increasing levels of poverty, debt, and food insecurity" (European Commission *et al*., 2023: 12).

According to the definition established at the 1996 World Food Summit, food security exists when all people, at all times, have physical, social and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. It is calculated that 9.2% of the world population (6.2% in LAC), that is to say, 735 million people (43 million in LAC), faced undernourishment in 2022. Nearly 30% of the world's population (2,356,900,000 people) lived in a state of moderate or severe food insecurity (FAO *et al*., 2023: 19).

The concept of "food security" has acquired new significance in terms of reducing dependence and boosting food supply autonomy.

2. Repercussions of the war in Ukraine

One of the side effects of the war in Ukraine is how it has impacted global food security, a situation aggravated in July 2023 by Russia halting its participation in a deal allowing Ukraine to export grain. Both the Russian Federation and Ukraine are major contributors to global supplies of staple foods (FAO, 2022; Rabbi *et al*., 2023). Before the war, Russia and Ukraine accounted for around 12% of total calories traded in the world (Glauber and Laborde, 2022). In 2021, exports from Ukraine and Russia amounted to over 34% of the global trade in wheat (Ukraine, 10%), 17% of maize (Ukraine, 15%), 27% of barley (Ukraine, 13%) and over 80% (Ukraine, 61%) and 55% (Ukraine 31%) of the global trade in sunflower oil cake and oil, respectively (Rabbi *et al*., 2023: 7). The war has triggered a rise in food prices, possibly more because of speculation and profit maximisation on the part of the big grain trading companies than shortage (Ghosh, 2023), with negative impacts on the rest of the world, especially in poor countries.

The Russian Federation is also a key exporter of fertilisers. In the years 2018 to 2020, Russia accounted for 15% of global trade in nitrogenous fertilisers and 17% of global potash fertiliser exports. Belarus, meanwhile, accounted for another 16% of the global potash market. Some countries' dependence on supplies from these two states is extremely high (up to 60% or more) (Glauber and Laborde, 2022).

In its attacks on Ukraine, Russia has destroyed food on a massive scale and is trying to block exports to achieve geopolitical goals in its neighbourhood and across the world. As a result, ensuring food security is an increasingly important policy issue for many countries. The concept of "food security" has acquired new significance in terms of reducing dependence and boosting food supply autonomy.

The Versailles Declaration, approved at an informal meeting of EU heads of state or government in Versailles on March 10th and 11th, 2022, states that: "We will improve our food security by reducing our dependencies on key imported agricultural products and inputs, in particular by increasing the EU production of plant-based proteins". According to a European Parliament resolution of 2023, "reducing dependency on imports of critical goods such as plant-based protein sources and feed" forms part of the EU's "open strategic autonomy" (European Parliament, 2023).

3. Food security in Latin America

Food insecurity in LAC deteriorated during the COVID-19 pandemic. According to the figures from the Americas Barometer survey, in 2021 it impacted one in three households in Latin America and most that faced food insecurity in 2021 blamed the COVID-19 pandemic (Lupu, Rodriguez & Zechmeister, 2021: 32-33). As the Latin American economies were beginning to recover slowly, in February 2022 Russia invaded Ukraine. Although the proportion of the population facing severe or moderate food insecurity fell slightly from 40.3% in 2021 to 37.5% in 2022, it remains well above pre-pandemic levels (31.5% in 2019) (FAO *et al*., 2023: 19). According to the *Agricultural Outlook 2023-2032* by the Organisation for Economic Cooperation and Development (OECD) and the Food and Agriculture Organization of the United Nations (FAO) (OECD/FAO, 2023: 132), some of the main food security challenges in Latin America "emanate from affordability constraints, rather than availability, and are underpinned by a combination of income distributional issues and current high prices".

While LAC is a net exporter of agricultural products, several countries in the region are also net importers. Twenty-six countries in Latin America and the Caribbean are highly dependent on wheat imports and 13 are highly reliant on imports of maize (ECLAC/FAO/WFP, 2022: 6-7). Yet unlike other regions of the world, they do not rely on the Russian Federation and Ukraine for wheat, maize and vegetable oil imports. Latin American food imports are, however, impacted by the rise in international prices owing to the war in Ukraine, although food price increases have exceeded headline inflation since late 2018, prior to the conflict (ECLAC/FAO/WFP, 2022: 10).

The rise in prices of agricultural inputs, particularly fertilisers and energy, has triggered a significant increase in food prices in Europe and contributed to the general growth of inflation.

Where there certainly is dependence on the Russian Federation is for fertiliser imports. The LAC states import around 85% of the fertilisers they use and Russia provides a fifth of them (and a quarter of the nitrogen fertilisers). Brazil is the main market for Russian fertiliser exports worldwide (ECLAC/FAO/WFP, 2022: 8). According to a joint report by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), FAO and the World Food Programme (WFP) (*idem*, 2022), there is a risk that many small farmers who produce for local consumption will be obliged to reduce the use of fertilisers because of the increase in prices. This would cause a drop in yields and production and would impact the region's food security. Therefore, "unequal access to agricultural inputs amplifies the structural heterogeneity of agriculture in Latin America and the Caribbean" (*idem*, 2022: 3).

4. Food security in the EU

In Europe, food supply is not in jeopardy. Most EU countries benefit from a well-developed agricultural sector. Broadly speaking, the bloc is self-sufficient in staple crops like wheat, barley, maize and sugar; in various animal products, such as dairy and meat products; as well as in fruit and vegetables. However, the EU must import tropical produce (fruit, coffee and tea), oilseeds (soybeans, above all) and natural fats and oils (including palm oil) (Rabbi *et al*., 2023: 8).

The European agriculture industry relies on imports of certain essential products like animal feed and fertilisers. Before the war, the Russian Federation accounted for approximately one-fifth of the EU's inorganic fertiliser imports, while Ukraine was a major supplier of maize (accounting for 29% of EU grain imports in 2021) and vegetable fats and oils (24% of the EU's imports between 2019 and 2021) (Rabbi *et al*., 2023).

The rise in prices of agricultural inputs, particularly fertilisers and energy, has triggered a significant increase in food prices in Europe and contributed to the general growth of inflation. This has impacted food availability and the access of the most vulnerable sectors of the population to food. But relative to other regions of the world, on average Europeans face less hunger and food insecurity. The prevalence of moderate or serious food insecurity in Europe, then, increased slightly from 7.8% to 8.2% in 2022 over 2021 (in western Europe it rose from 4.9% to 5.7%; in northern Europe, from 4.5% to 6.6%; in southern Europe it fell from 8.6% to 7.5%). In 2019, before the pandemic, it stood at 6.9% (FAO *et al*., 2023: 10).

In November 2021, three months before the Russian invasion of Ukraine, the European Commission (2021a, 2021b) presented its contingency plan for ensuring food supply and food security in times of crisis in response to the experience of the COVID-19 pandemic. It also undertook the creation of a European food security crisis preparedness and response mechanism (EFSCM), which entered into operation on March 9th, 2022. Similarly, the European Commission communication (2022) entitled "Safeguarding food security and reinforcing the resilience of food systems", from March 2022, released after the Russian invasion, states that an especially important objective is to reduce reliance on mineral fertilisers produced with fossil fuel. Another objective is "reducing dependence on feed imports".

The agri-food trade between the EU and Latin America has the same structure and same bias as the EU's overall agri-food trade, with one difference: the trade balance is negative for the EU.

Meanwhile, a European Parliament resolution from June 2023 "highlights the need for the EU to strengthen its food security, strategic autonomy and the resilience of its farming sector and entire supply chain by reducing dependence on imports from outside the EU" and "stresses that short and regional supply chains should be improved in a sustainable manner". This stance from the European Parliament, but also from the European Commission, could impact the trade in agricultural products between the EU and Latin America in the medium and long term (see next section).

5. The EU and Latin America in agricultural production and trade

The European Commission's new agenda for relations between the EU and Latin America and the Caribbean says: "As major food producers, both regions share a responsibility for global food security" (European Commission, 2023: 14).

From an economic point of view, the EU is the world's biggest exporter of agri-food products. The EU accounts for 28% of global exports of dairy products and around 40% of livestock products (OECD and FAO, 2023: 118). In 2022, the EU's agri-food exports came to €229.8bn, while imports from the same sector amounted to €172bn. This gave the EU a trade surplus of €58.04bn, although it falls to €33.86bn if we include fish and fish products, where the EU imports quite a lot more than what it exports (EC, 2023a).

But, as the World Wildlife Fund for Nature (WWF) (2022) condemns, the trade surplus reflects a model of importing low-value raw products and exporting high-value ones. As a result, "we import cocoa and export chocolate, import soy for feed and export dairy products" (WWF, 2022: 8). Rather than feeding the world, the EU imports many more calories than what it exports. According to the WWF (2022: 8), the EU relies on imports for the equivalent of 11% of the calories and 26% of the proteins consumed in Europe.

Food production in the EU, then, largely depends on imports of fertilisers, cereals and oilseed flour (especially soy) as feed. Yet soy is the imported agricultural product that causes most deforestation in the world. In 2022, oilseeds and protein crops topped the list of the EU's agri-food imports (15%), ahead of fruit and nuts (13%), and coffee, tea, cocoa and spices (13%) (EC, 2023a).

Cereals and cereal preparations and milling products were the EU's main agri-food exports (17%), followed by dairy products (9%) and wine and wine based products (8%) (EC, 2023a). Thus, "rather than the world's granary, the EU is the world's high-end grocery store, selling products aimed primarily at wealthier consumers" (WWF, 2022: 9). This limits the EU's role in the global supply of food. The five main recipients of agri-food products (the United Kingdom, United States, China, Japan and Switzerland) accounted for around 50% of the EU's exports in 2022.

There is no shortage of food there, but many Latin Americans lack the financial means to buy it, or it is exported to other regions of the world.

There is not a single Latin American country among the 15 main recipients of the EU's agri-food exports, while the situation is very different in the case of imports. Here, Brazil was in first place in 2022 (with a quota of 12%); Argentina came sixth (4%); and Peru was fifteenth (with 2%) (EC, 2023a). Agri-food sector imports account for over a third (34.4%) of the EU's total imports from Latin America (39.3% for South America and 44.7% in the case of the Southern Common Market, Mercosur) and more than a quarter (27.7%) of the EU's overall agri-food imports (EC, 2023b).

The agri-food trade between the EU and Latin America has the same structure and same bias as the EU's overall agri-food trade, with one difference: the trade balance is negative for the EU. In 2022 the agri-food trade between the two regions had a value of €55.93bn (exports to the value of €9.99bn and imports of €45.94bn), with a balance of €35.95bn in favour of Latin America. In the EU's agri-food imports from Latin America, oilseeds and protein crops accounted for 26.7% (31.7% for South America and 43.1% in the case of Mercosur); vegetable oils (oilseeds and palm), for 4.1%; fruit and nuts, for 19.3%; coffee, tea, cocoa and spices, for 17.7%; cereals, for 5.9%; and preparations of fruits, nuts and vegetables, for 4.4% (EC, 2023b).

Latin America is not only a major exporter of agricultural products to Europe, it is also one of the main contributors to agriculture, accounting for 14% of the net value of agriculture and fish production globally in the period 2020-2022, with a share of agricultural exports of 17% (OECD and FAO, 2023: 132). But its endowment of natural resources related to agricultural is much greater: Latin America has 16% of the world's agricultural land and 33% of the land suitable for agriculture but not used (ECLAC, 2023a: 22). Currently, Latin America is responsible for a little over half of the world's soybean production, 16% of global livestock production and in 2032 in could produce 19% of its maize (OECD and FAO, 2023: 132).

Like the EU, Latin America and the Caribbean is a net agricultural exporter on average. Between 2018 and 2020, LAC had an average annual agricultural surplus of over $127bn (109.26bn excluding fish) (ECLAC, FAO and WFP, 2023: 5). The share of exports in Latin America's total agricultural production has increased consistently and could reach 50% by 2032, with a share of global exports by then of almost 18% (OECD and FAO, 2023: 134).

Latin America is among the world's biggest exporters of several foods. There is a clear predominance of soy derivatives: in the last decade, soy, soybean cake and soybean oil accounted for 26% of the value and 38% of the volume of agricultural exports (ECLAC, 2023a: 22). Similarly, by 2032 Latin America is expected to sustain a global export share of more than 30%, at least, for maize, soybeans, sugar, beef and veal, poultry and fishmeal. It is also conceivable that maize, soybean, beef, sugar and poultry hit global market shares of 44%, 64%, 43%, 55% and 31%, respectively (OECD and FAO, 2023: 135).

There are no proposals on how Europe and Latin America could work together to bolster food security in other regions of the world.

6. Different perspectives and limited cooperation

Food security has different connotations in Latin America and Europe. For Europe, it is basically about ensuring access to certain agricultural inputs or products by diversifying its trading partners and reducing dependence (security of the access to food and inputs). At the same time, the EU promotes the transformation of agriculture with a view to greater sustainability and healthier food (food safety). A European Commission communication (2022: 10) says: "Food sustainability is fundamental for food security". In addition, the EU provides funds to ensure food security in other regions of the world in accordance with the objectives of the Sustainable Development Goals (SDGs) and the World Conference on Hunger. According to the European Commission (2022: 3-4), "for the period 2021-2024, the EU is pledging at least €2.5bn (€1.4bn for development and €1.1bn for humanitarian aid) for international cooperation with a nutrition objective. In the 2021-27 international cooperation programme the EU will support food systems in about 70 partner countries".

In Latin America, food insecurity is closer to the traditional notion, as nearly one in four people face it to a moderate or severe degree. That insecurity is a reflection of Latin America's structural problems as the region with greatest social inequality and a high proportion of poor among the population. There is no shortage of food there, but many Latin Americans lack the financial means to buy it, or it is exported to other regions of the world (like Europe, for example).

When it comes to addressing food security both regionally and globally, the differences between the two regions are clear. With the EU, Europe has a regional organisation in which the Common Agricultural Policy plays a central role. The various aspects of food security are debated in the European Commission and Parliament with a view to developing and implementing a common European strategy. In Latin America, meanwhile, the policy to ensure food security is simply the sum of all the national policies; the regional organisations play no part.

This hampers coordination of food security policies between the two regions. In addition, the agricultural sector has been a repeated source of problems in EU-Latin America trade relations. Agricultural protectionism is one of the main reasons why the free trade agreement between the EU and Mercosur, Latin America's agricultural powerhouse, is still unsigned after nearly 25 years of negotiations. The EU's eagerness to increase its own food security as part of its quest for strategic autonomy, as well as the planned transformation of its agriculture in the framework of the European Green Deal, could put trade in agricultural products between the EU and Latin America under even further strain. Given the history described above, it is no surprise that the references to food (in)security in the joint declaration from the EU-CELAC Summit are very vague. Likewise, there are no proposals on how Europe and Latin America could work together to bolster food security in other regions of the world.

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