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**THE THABO MBEKI FOUNDATION (TMF), IN PARTNERSHIP WITH THE ANDREY MELNICHENKO FOUNDATION, LAUNCHES MAJOR FOOD SECURITY REPORT TITLED “MAJOR CHANGES IN THE FERTILIZER MARKET IN 2022-2023 AND THE IMPACT ON GLOBAL FOOD SECURITY”**

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Today at *Cape Town Conversation*, the Thabo Mbeki Foundation, which aims to be the catalyst for the achievement of an African Renaissance, called for urgent action to improve global food security and officially launched a groundbreaking report delving into major recent shifts in the fertilizers market and the devastating effects on the populations of the world’s most vulnerable countries.

*Cape Town, South Africa, November 27, 2023*

Entitled “Major changes in the fertilizers market in 2022-2023 and their impact on global food security” the report is released by the Thabo Mbeki Foundation (TMF), in partnership with the Andrey Melnichenko Foundation, on the occasion of the first edition of Cape Town Conversation, an annual South Africa-based platform that brings together key stakeholders and new voices.

Held on November 24-26 in Cape Town, South Africa, this event brings together 400 high-level delegates from all over the world, to discuss contemporary issues of global governance and development, through the lens of the Global South.

**Alerting to the immediate urgency of the situation with unprecedented food security challenges and threats to the populations of some of the most vulnerable countries, the report unveils that the supply of fertilizers has never been so crucial and provides a set of recommended actions to restore normal fertilizer market balance, compensate the most affected countries, and prevent similar crises in the future.**

Fueled by COVID-19 pandemic, climate change and conflicts, the crisis is escalating as the conflict in Europe, and the subsequently imposed limitations on global trade decreases fertilizers supply globally and hence drives up the costs of food and fertilizers.

As a consequence, hunger globally has reached unparalleled levels, with the direst situation observed in sub-Saharan Africa and Asia. In 2022, the number of people facing acute food hunger reached 262 million in Sub-Saharan Africa. Without any support measures and given the current trend, it can reach a dramatic 400+ million by 2026 in sub-Saharan Africa.

*“We are at a critical crossroads, the world is facing the worst food crisis in decades, particularly in several regions of Africa. The reduction of fertilizer supplies together with their increased prices leads to a surge in global food prices and to a multidimensional crisis: degradation of farms’ crop yields, rising poverty and health issues, decreased access to food, regional GDP slowdown, political unrest, and social conflicts. We are fast approaching a tragic situation. We need to act collectively and urgently.”* emphasized Max Boqwana, CEO of the Thabo Mbeki Foundation.

The decline in global fertilizer supply led to significant price shifts – at their peaks in spring and summer 2022, fertilizer prices were approximately 100-200% higher than their 2021 annual averages. Various trade restrictions following the implementation of sanctions to fertilizers producers and related limitations have led to a global disruption in the whole fertilizers supply chain, which directly reduced global supply by 16 million tons in the period between March 2022 - April 2023. Combined with other production and trade disruptions (including rising production costs, trade barriers imposed by Russia and China to protect domestic markets, global conflicts, etc.) the global market was deprived of more than 40 million tons of fertilizers and ammonia cumulatively.

The research points to a redirection of trade flows in favor of the US and Europe, with these two markets drawing an estimated 2 million tons of fertilizers away from sub-Saharan African market in 2022. This,

coupled with the 85% increase in the cost of imported fertilizers, in turn has led to a drop in use of fertilizers in the regions and an immediate hike in the number of people facing acute hunger.

The report provides thorough economic analysis of how, despite the European Union's desire to support fertilizer supplies, the sanctions regime and, above all, personal sanctions against individuals allegedly involved in the fertilizer sector, have led to negative market consequences.

Finally, the report explores several paths to restore the balance in the fertilizer market, firstly by starting a public discussion involving all the stakeholders to assess the situation at the international level, and then by taking effective steps to lift restrictions on fertilizer supply, compensate the most affected countries and prevent similar crises in the future.

*“Last year we saw how sanctions and other artificial restrictions on trade have led to an imbalance in a highly interconnected market, resulting in the sharp increase in fertilizer prices and severe supply shortages. Fertilizer producing companies and transportation service providers were able to earn good money from this imbalance, which occurred at the expense of consumers in the most vulnerable regions of the world. This imbalance cannot be corrected manually. The value of this report is that it illustrates with facts and figures why this happens and how to fix it. We urgently need to find a systemic solution to stop worsening of food security in the most vulnerable communities, in order to get back on track towards the Sustainable Development Goal 2 - Creating a world free of hunger by 2030.”* said Ilya Tipunin, Director General of Andrey Melnichenko Foundation.

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#### **About Cape Town Conversations**

Organized by Thabo Mbeki Foundation, in partnership with Observer Research Foundation, Cape Town Conversations will serve as an annual South Africa-based platform that brings together key stakeholders and new voices. It is designed as a common platform where established and emerging actors convene for a global conversation on contemporary issues of global governance —identifying new challenges, ideating possible solutions and shaping the world order of the future.

This first Edition “Indonesia, India, Brazil and South Africa – four emerging economies, four G20 Presidencies” to be held on November 24-26 in Cape Town will feature a series of 25 to 30 conversations around 6 thematic pillars: Achieving Just Green Transition, Women-led Development, The Development Imperative, Data for Development, Making Multilateralism Deliver, Reclaiming Peace: Building Bridges in a Turbulent World.

#### **About Thabo Mbeki Foundation (TMF)**

The Foundation was established in 2008 as non-profit organisation by its Patron, Mr Thabo Mbeki, upon his retirement as president of the Republic of South Africa. The vision of the Thabo Mbeki Foundation is to be a catalyst for the achievement of an African Renaissance. It seeks to mobilise Africa’s progressive forces, support platforms for dialogue and reflection and to promote efforts for Africa’s political, social, economic and cultural development.

<https://mbeki.org>

#### **About Melnichenko Foundation**

The Andrey Melnichenko Foundation is a private foundation with a mission to develop educational infrastructure projects in Russia’s regions, and enable science-based sustainable development. Its scope of work includes projects that take action for the sustainable development goals, with a focus on zero hunger, quality education and climate action.

<https://aimfoundation.info>

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