Aide-mémoire

The negative impact on global food security of sanctions against Belarusian potash fertilizers

The Republic of Belarus has repeatedly raised the issue that sanctions against Belarusian potash fertilizers, including Lithuania's illegal ban on the transit of Belarusian potash, threaten to cause world hunger and endanger global food security. Aides-mémoires from Belarus on this matter have been issued as official documents of the United Nations General Assembly (A/76/513, A/76/677 and A/77/809).

However, Lithuania continues to claim that Belarus' contribution to global food security is supposedly insignificant, despite **Belarus having a 20 per cent share in the global trade in potash fertilizers up until 2022**.

The shortage of potash fertilizers as a result of the restrictive measures imposed against Belarusian potash has led to a shortage of potash fertilizers on the world markets and to an increase in their price and, consequently, a reduction in their use, lower crop yields and higher food prices. The situation is particularly dangerous in the least developed countries of the world, with the potential for widespread hunger.

The following conclusions have been drawn by reputable international organizations and agencies.

1. The briefs of the **Global Crisis Response Group on Food, Energy and Finance** established by United Nations Secretary-General Guterres, issued on 13 April 2022 and 8 June 2022, note that, together, **Belarus** and the Russian Federation export around a fifth of the **world's fertilizers**. In addition, a loss of **fertilizer supply from** the Russian Federation and **Belarus** has led to fertilizer prices rising even faster than food prices. Many farmers, and especially smallholders, are thus squeezed to reduce production, as the **fertilizers** they need **become more expensive than the grains** they sell. Furthermore, because of this key fertilizer issue, global food production in 2023 may not be able to meet rising demand. It is also noted that one out of **every two people worldwide depend on agricultural products that use fertilizers**.

2. According to the joint recommendations of the **Food and Agricultural Organization of the United Nations** (FAO) and the **World Trade Organization** to the Group of 20, entitled "Global fertilizer markets and policies", dated 14 November 2022:[1]

- Global fertilizer prices have risen significantly;
- The price increase has been facilitated by the reduction of fertilizer

[1] https://www.wto.org/english/news_e/news22_e/igo_14nov22_e.pdf.

supplies to the world markets;

– Exports of potash fertilizers from Belarus declined sharply from 3.62 million tons in the first quarter of 2021 to 1.95 million tons in the first quarter of 2022. Import statistics for the most recent months suggest that the decline in supplies from Belarus has accelerated;

– Africa only accounts for 3 to 4 per cent of global fertilizer use, of which approximately 50 per cent of its fertilizer supplies nutrify Africa's all-important cash crops. Consequently, contractions in fertilizer use would have severe ramifications, including undermining the food security of some agrarian-based communities;

– Every effort should be made to keep international trade in fertilizers open to meet domestic and global demand.

3. According to an article from **the International Food Policy Research Institute** (IFPRI), dated 9 November 2022:[2]

– As a result of the sanctions, Belarusian potash fertilizer exports decreased from 9.1 million tons (1 December 2021) to 3.9 million tons (1 December 2022);

– Potash importers may refuse to buy from Russia and Belarus due to the additional costs and risks associated with doing business with the countries subject to sanctions.

4. From a **World Bank** article dated 5 January 2023:[3]

– Global potash prices were **$562 per ton as at 1 December 2022**, compared to **$221 per ton as at 1 January 2022**;

– Potash exports from Belarus have fallen by more than 50 per cent due to the restriction on using European Union territory for transit purposes. In particular, **Lithuania has halted the use of its railway network to transport Belarusian potash to the port of Klaipeda, which typically handles 90 per cent of Belarusian exports**.

5. From the concluding observations of the **Committee on Economic, Social and Cultural Rights** on the third periodic report **of Lithuania**, dated 30 March 2023:[4]

– The Committee remains concerned by recent measures taken by the State party that have prevented transportation of potash from Belarus destined for third countries in Africa and Latin America, leading to a shortage of fertilizer and adversely affecting food security in those countries;

– The Committee recommends that the State party review the recent

[2] https://www.ifpri.org/blog/how-sanctions-russia-and-belarus-are-impacting-exports-agricultural-products-and-fertilizer

[3] https://blogs.worldbank.org/opendata/fertilizer-prices-ease-affordability-and-availability-issues-linger

[4] https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=E%2FC.12%2FLTU%2FCO%2F3&Lang=en

measures that have had an adverse effect on the price of fertilizer and on food security in third countries.

This is far from an exhaustive list of such publications.

In 2021, Belarus and Russia almost equally accounted for more than 40 per cent of potash supplies, with 35.9 per cent covered by Canada and 5.8 per cent by the United States of America.

Belarus' share in the global potash trade in 2022 decreased to about 9 per cent and Russia's share was around 16.4 per cent. As a result of the drop-off in volumes from Belarus and Russia, potash fertilizer prices simultaneously increased.

The **sanctions** imposed on the potash industry of Belarus therefore became one of the main **reasons for a significant rise in fertilizer prices in 2022**, resulting in a sharp rise in the price of ready-to-eat food products.

For example, the price of potassium chloride in Brazil in 2022 reached an all - time high of $1,200 per ton. The impacts of this shock were felt for a long time by international buyers of Brazilian agricultural products, when the price of some types of ready-to-eat food products increased by almost five times.

In 2023, according to the World Bank's April forecast, on average, the world price for potash fertilizers will roll back to $475 per ton, and to $425 per ton in 2024. However, **potash prices in both 2023 and 2024 will be higher than in 2021 (the period when the restrictive measures were imposed on Belarusian potash)**.

It should be recalled that, according to the World Bank, global potash prices **as at 1 January 2022 were $221 per ton**. Despite a slight drop in prices, affordability for farmers is still low.

Vulnerable countries are the most affected by the sanctions.

Belarus' share in Africa's potash markets decreased from 41.7 per cent to 2.8 per cent in 2022. While Belarus supplied about 632,000 tons of potassium to 30 countries on the African continent in 2021, it supplied about 30,000 tons to six countries in 2022. Such countries as Cameroon, Kenya, Reunion, the United Republic of Tanzania, Zambia and Zimbabwe were supplied exclusively with Belarusian fertilizers. A number of countries, including Côte d'Ivoire, Gabon, Madagascar, Malawi, Senegal and Sierra Leone, met 50 per cent of their fertilizer needs with Belarusian potash.

According to our calculations made based on FAO data, the almost complete disappearance of Belarus from the list of potassium suppliers in 2022 **led to a 16.1 per cent drop in Africa's cereal harvest**.

In 2023, supplies to Africa have been completely paralysed because of Lithuania's actions.

The widespread uncertainty about potash fertilizer supplies from Belarus

among potash market players and related industries could **have devastating impacts on agricultural supply chains and food security around the world**.

The shortage of potash on the international market cannot be filled in the short term: it is difficult for existing producers to quickly increase their current production volumes and the entry of "new players" requires significant development costs and time. The construction of a new mine takes a minimum of 5 to 7 years from the time a decision is made until the first ton is produced.

Thus, while the current food crisis is related to lack of access to fertilizer, it may be related to a lack of food in the coming years. This has been repeatedly stated by United Nations Secretary-General Guterres.

It should be borne in mind that t**he world's population is projected to grow**. According to United Nations experts, the world's population is expected to increase by nearly 2 billion in the next 30 years, from the current 8 billion to 9.7 billion in 2050, and could peak at nearly 10.4 billion in the mid-2080s.

As the world population grows, there will be a further increase in potassium consumption owing to shrinking and impoverished arable land and rising disposable incomes in developing countries. At the same time, this will cause a deficit in the global potash supply.

Belarus had always made a substantial contribution to ensuring global food security. However, the illegal unilateral coercive measures against Belarus have brought the population of vulnerable countries to the brink of starvation and are leading to food insecurity in the countries initiating such measures.

Belarus once again urges the United Nations to harness its capacity to persuade Lithuania to refrain from political manipulation and abuse of its position as a transit State and to return to the implementation of its international obligations.

We call for the rejection of unilateral coercive measures, which not only contravene international obligations, including within the framework of the implementation of the 2030 Agenda for Sustainable Development, but also run counter to the provisions of the Charter of the United Nations and relevant United Nations General Assembly resolutions.

Addendum to the aide-mémoire «The negative impact on global food security of sanctions against Belarusian potash fertilizers» published as document of the UN General Assembly under number A/77/978

Statistics provided by United Nations agencies show that the world hunger situation continues to worsen.

Today, more than ever, it is necessary to focus joint efforts on quickly eliminating all the factors influencing the spread of hunger.

Belarus has always made a significant contribution to ensuring global food security. The country exported agricultural products and food to more than 100 countries. However, the illegal sanctions policy of Western countries towards Belarus leads to extremely negative consequences for global food security. Belarus has repeatedly drawn attention at various levels and platforms to the fact that such unilateral coercive measures by Western countries increase food risks.

Affordability of fertilizers

A report from the Food and Agriculture Organization of the United Nations (FAO) of 3 July 2023[5] called for "every effort should be made to keep international markets and trade in food and fertilizers open. Supply chains should be kept operational… and all logistical and marketing systems". The document concludes that despite the price decline, ***"fertilizer affordability and accessibility continue to be a serious concern*** especially in lower-income countries like Sub-Sahara Africa, reflecting also the cost of shipping and logistics".

The same conclusion is contained in an article by the International Food Policy Research Institute (IFPRI) dated 9 March 2023[6]. It noted that ***while international prices fell during 2022 and 2023, fertilizers "remained unaffordable in many African countries due to persistently high domestic price inflation. Even without the price pressure, fertilizer prices in Africa are generally higher than in the rest of the world, given the still significant transportation infrastructure and regulatory bottlenecks".***

Further confirmation of this conclusion is the discussion that took place during the UN Food Systems Summit +2 Stocktaking Moment, which was held at the FAO site on 24-26 July 2023. African countries speaking at the special event "Fertilizers: Meeting short-term needs while working towards sustainable solutions" acknowledged the high prices of fertilizers in the region,

[5] https://www.fao.org/3/cc6797en/cc6797en.pdf

[6] https://www.ifpri.org/blog/russia-ukraine-war-after-year-impacts-fertilizer-production-prices-and-trade-flows

which they believe significantly limits farmers' access to them. They stated that there were millions of starving people in the region. At the same time, representatives of EU countries did not dispute the existence of unilateral coercive measures regarding food and fertilizers and their impact on world hunger, but called for the use of other ways to increase global food production (innovative technologies, healthy eating, etc.).

Prices for potash fertilizers and, accordingly, their availability for farmers on the ***European*** market in 2022 remained extremely high for a long time - both significantly exceeding historical values for this region, and for a long time lagging behind the downward price trends that began in other world markets around July 2022.

According to the Argus agency, the price for granulated potassium chloride in Europe reached 950 euros per ton by April 2022 and remained above 800 euros per ton for almost the entire remaining period of 2022. By June 2023 it had dropped to 440 euros per ton, but is ***still higher than the June 2021 level*** of 215 euros per ton. At the same time, prices for granulated potassium chloride in Brazil (peak in April 2022 - 1023 US dollars per ton) began their active decline in July 2022 (975 US dollars per ton) and by the end of 2022 fell to 530 US dollars.

Thus, ***prices for potash fertilizers in 2023 are higher than in 2021 (the period before the introduction of restrictive measures on Belarusian potassium)***. Despite some fall in prices, availability for farmers, especially in African countries, is still low.

Belarus' share in African potash markets

In 2021, 1.8 million tons of potash fertilizers were exported to African countries, including ***683 thousand tons from Belarus, which amounted to 38% of the total export volume in physical terms***. At the same time, in the potassium markets in a number of African countries, Belarusian Potash Company OJSC was ***the only supplier*** of this product (Zambia, Sierra Leone, Gabon, Chad, Madagascar), and in some other countries (Cameroon, Zimbabwe, Tanzania) the share of OJSC BKK" market share exceeded 90%.

An analysis of customs statistics data from African countries notes a significant decrease in the volume of imports of potassium chloride after 2021. For example, for 5 months of 2022 and 2023, 55.4 and 52.3 thousand tons of potassium chloride were imported by Morocco, respectively. During the same period in 2021, 206.6 thousand tons of potassium chloride were imported. Such a significant decrease in the volume of imports of this product occurred, with a high probability, due to the withdrawal of Belarusian Potash Company OJSC from the list of suppliers.

Of the 1.8 million tons of potash fertilizers supplied to African countries in 2021, ***only 218 thousand tons were supplied collectively from the EU countries (Germany, Spain, Great Britain) and Israel, which is no more than 12%. The remaining volumes were supplied from Belarus (38%), Jordan (20%), Russia (20%), Chile (6%) and Canada (5%).***

The importance of potassium in agriculture

The supply of fertilizers and their affordability affect crop yields.

The World Bank report[7] states that "crops depend directly on fertilizers."

Potassium has a direct effect on the productivity (yield) of crops[8]. If there is not enough potassium, it reduces plant growth and reduces yield. However, as noted in an IFPRI article dated 9 March 2023, the possible effects of reducing potassium intake on crop yields and soil health may take several years to become apparent.

It is potassium that is the nutrient that increases the resistance of plants to various stresses, including climatic ones: drought, high temperatures, frosts, waterlogging, pests and diseases, soil salinity[9].

As stated in the EU document, potassium is one of the three essential macronutrients required for plant growth and currently has no cost-effective substitutes[10].

Only with a balanced application of nitrogen, phosphorus and potassium fertilizers, in scientifically based doses, can the maximum crop yield be obtained. Excluding at least one of these three main elements from the fertilizer system will lead to a decrease in yield and, accordingly, will have a negative impact on production and food security.

The current shortage of potash fertilizers on world markets is reducing crop yields, which could cause food prices to soar.

The EU sanctions documents indicate that the EU is committed to ensuring that its sanctions do not affect food security. For these purposes, quotas have been established for the supply of Russian potassium to the EU, and official explanations have been given that nothing should interfere with its supplies to third countries, including transit through the EU[11].

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[7] https://thedocs.worldbank.org/en/doc/40ebbf38f5a6b68bfc11e5273e1405d4-0090012022/related/Food-Security-Update-LXXXIX-July-13-2023.pdf

[8] https://www.mdpi.com/2073-4395/8/3/31, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3645691/, https://www.cropnutrition.com/resource-library/nitrogen-and-potassium-work-together-for-higher-yields/ , https://pubmed.ncbi.nlm.nih.gov/18331406/ , https://www.ipipotash.org/uploads/udocs/potash_facts.pdf

[9] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3645691/ , https://naldc.nal.usda.gov/download/IND23337733/PDF

[10] https://rmis.jrc.ec.europa.eu/uploads/rmprofiles/Potash.pdf

[11] https://finance.ec.europa.eu/system/files/2023-07/faqs-sanctions-russia-listed-goods_en_0.pdf

However, the EU sanctions measures against Belarusian potash, introduced in 2021, do not have any exceptions, which directly affects the global trade of potash fertilizers.

EU High Representative for Foreign Affairs and Security Policy Josep Borrell admitted that "pre-war sanctions against Belarus on the export of potash fertilizers could affect the distribution of this product around the world" and that they had heard "concerns from some African leaders about the consequences of the [EU] sanctions".[12]

Growth opportunities for the global potash fertilizer market

According to statistics from the International Fertilizer Association (IFA), global potash fertilizer production in 2022 amounted to 60.7 million tons and decreased by 12.4 million tons or 17 percent compared to 2021. In its forecast for June 2023, IFA estimates the growth potential of global potash fertilizer production in 2023-2027 by 16.9% relative to 2022 levels. At the same time, potassium production capacity is expected to increase by 11.2%.

According to the U.S. Geological Survey (USGS) Mineral Commodity Summaries, ***most of the growth will come from new mines and projects in Belarus, Canada and Russia***. New mines will be developed in Australia and Eritrea. A polyhalite mine (a raw material for fertilizer production) in the UK will also contribute to capacity expansion. New mines in Brazil, Canada, Ethiopia, Morocco, Spain and the United States are planned to be operational ***only by 2025***.

These facts lead to the conclusion that ***it is not possible to replace in 2023 or 2024 the volume of Belarusian potash that is currently not reaching the market due to restrictive measures.***

Belarus calls for the abandonment of the use of unilateral coercive measures on Belarusian potash, which negatively affect global food security, and also contradict international obligations, including within the framework of the implementation of the 2030 Agenda for Sustainable Development, and run counter to provisions of the UN Charter and relevant resolutions of the UN General Assembly.

[12] https://newsroom.consilium.europa.eu/events/20220620-foreign-affairs-council-june-2022/135699-1-press-conference-part-1-20220620