

## September 2023 Newsletter

Hello Colleagues and Friends,

Welcome to our monthly newsletter! This month's features are:

- The Market Corner article titled **The Black Sea Grain Initiative and the Uncharted Waters of Food Security** by C-FARE Board Member, David Ortega
- New Direction features articles and papers titled:
  - [Uncovering the Impacts of Steel Tariffs on the Canned Foods Sector: Reevaluating Trade Policy Winners and Losers](#)
  - [Policy Durability: Taxes versus Standards](#)
  - [Agricultural Soils and the Quest for Net Zero Emissions](#)

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**C-FARE**

### Market Corner

#### **The Black Sea Grain Initiative and the Uncharted Waters of Food Security**

The Black Sea Grain Initiative, a pact brokered to safeguard the flow of food commodities from Ukraine, finds itself at a crossroads, and the implications resonate globally. As the world grapples with the aftermath of Russia's invasion of Ukraine, which disrupted maritime grain shipments from the Black Sea region, the future of this initiative remains uncertain.

The initiative, brokered between Russia, Ukraine, Turkey, and the United Nations, was designed to ensure the safe passage of vessels transporting commercial food and agricultural exports from key Ukrainian ports along the Black Sea. Its significance lies in its role as a lifeline for world food security. Russia's withdrawal from the agreement has raised concerns and questions about what's next.

Russia's rationale for pulling out of the deal centers on its claim of being unable to export its own foodstuff due to Western sanctions, which, while not directly targeting agricultural products, have prevented shipping companies, banks and insurers from engaging with its agricultural sector. United States Secretary of State Antony Blinken has accused Russia of “weaponizing food, using it as a tool, as a weapon in its war against Ukraine.”

Ukraine, often referred to as the "breadbasket of Europe," together with Russia supplies a quarter of the world's wheat and three-fourths of the world's sunflower oil, a crucial ingredient in the production of numerous processed food products. Ukraine alone accounts for half of the global market for sunflower oil. This region's significance in the global commodity market cannot be overstated.

The suspension of the Black Sea Grain Initiative poses a threat to global food prices and world hunger. Countries in North Africa and the Middle East, heavily reliant on this region for cereals and grains, are particularly vulnerable. Last year, the invasion of Ukraine led to record-high global commodity food prices, further compounding the effects of the covid-19 pandemic and agri-food supply chain disruptions.

The main challenge on the horizon is ensuring the safe transport of grain and food commodities out of the region and into the world market. This challenge is crucial in preventing a worsening food crisis that disproportionately affects lower-income countries. The crux of the issue lies not in the quantity of food (we produce more than enough food in the world) but in its accessibility and affordability.

While Ukraine has sought alternative routes for grain exports, such as the Danube River and rail transportation through Europe, these options are more costly. Recent attacks on Danube ports by Russia have created uncertainty, potentially rendering these routes untenable. If these alternatives become unviable, global commodity prices could rise, impacting countries that depend on the region for their food security. Furthermore, the ongoing conflict is discouraging Ukrainian farmers from planting more grain, leading to a production deficit that will necessitate other regions to fill the gap, further driving up costs.

The path forward remains uncertain. As stakeholders grapple with geopolitical complexities and shifting dynamics, it is imperative that a concerted international effort be made to safeguard global food security. The Black Sea Grain Initiative, in its uncertain future, serves as a stark reminder that global food security remains a shared responsibility that transcends borders and politics.

**David Ortega, C-FARE Board Member and Professor at Michigan State University**

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## ICYMI

- C-FARE's Webinar on "**Agricultural Commodities, Livestock, & Specialized Crop Prices: Trends and Turnarounds**" is now available on our [website](#) and through this [recording](#).
  - C-FARE's Webinar on "**The Challenge of Providing Safe and Accessible Food for a Healthy Life**" is now available on our [website](#) and through this [recording](#).
  - Check out our fourth episode of C-FARE's podcast [Get a Grip with FARE](#) featuring Peyton Ferrier and Steve Neff from the USDA Economists Group.
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## New Directions

- **Uncovering the Impacts of Steel Tariffs on the Canned Foods Sector: Reevaluating Trade Policy Winners and Losers.** Producers and users of steel are a

perfect example of competing special interests: Both groups have lobbied the government on behalf of their sectors, respectively arguing for and against the tariffs on imported steel imposed by the Trump administration in 2018. One group on the “against” side is the U.S. canned food sector, which has relied on imported tinfoil (tin-plated steel) for production. [Learn more here.](#)

- **Policy Durability: Taxes versus Standards.** In the realm of economics, efficiency is king. However, the influence of politics is undeniable: It shapes economic intuition and strikes a delicate balance between economic efficiency and political motives (e.g., Frieden, 2020). To further investigate this claim and shed new light on the topic, this paper delves into environmental policy choices within democratic regimes, taking a political-dynamic perspective. [Read more here.](#)
- **Agricultural Soils and the Quest for Net Zero Emissions.** Climate change impacts how we live, work, and grow food/fiber. It affects agriculture directly by altering productivity and indirectly through efforts on adaptation (which reduces damages without changing the extent of climate change) and mitigation (which reduces drivers of climate change like greenhouse gas emissions and thus alters the future extent of climate change). [Learn more here.](#)