

Calorie trade and geopolitical stability

by Stephen Adams



→ It is a simple reality of the global economy that the production of basic food commodities is unevenly distributed across it in ways that reflect agricultural potential and productivity. If we take the combination of wheat, rice and maize, which have been estimated to account for around

half the global diet, the world economy is characterised by a relatively small set of calorie superpowers on whom much of the world depends. Conversely, a small number of states run stark calorie trade deficits. Both these features represent potential stability issues.

Global wheat, rice and maize trade has evolved in important ways over the last thirty years. In 1992 this trade was dominated by a small number of North Atlantic producers (see left) led by the US, France and Canada. Thailand, Pakistan and China produced rice in relatively smaller volumes for a generally regional Asian market.

In this decade, the key players remain broadly the same. However, global economic growth and calorie demand (coupled with improving agricultural productivity) mean that total export volumes have risen sharply along with the number of importing markets for each major exporter. Within this mix the Asian producers are serving a much larger set of global markets and have been joined by India as a major rice-based calorie exporter.

Despite the rise in rice trade, absolute volumes remain dominated by the wheat exporters of Europe and the Americas, all of whom have also expanded their pool of import markets by a significant degree. It follows that the major exporters have more diversified demand. But the corollary of this is that an even larger set of importers are dependent on them for some part of their calorie consumption. This includes a set of major calorie importers for whom dependence on trade is a stability variable

– including Mexico and Egypt. In the last two decades both of these states have experienced political volatility linked to traded-calorie availability.

The most important diversification in export markets has been the reduction in global dependence on the US and Canada. This was – until recently - often cited as a net positive for systemic resilience. The problem with the resilience argument in this case is that the two cereal superpowers that have emerged in the last two decades to reshape global production of cereal calories are Russia and Ukraine. Over the last year, the consequences of this dependence have become starkly apparent.

