

# Round Table I: Food Systems in a Changing Global Order

## Context

The world is changing. A new trend in international relations has been emerging for some time. We are moving from the 'unipolar moment' to de-globalisation and fragmentation. In the report 'The Netherlands in a Tilting World Order', the Scientific Council for Government Policy WRR points out that the time when the Netherlands could count on a favourable international context is over. It will have to make costly efforts to stay afloat in a more turbulent, darker world ([WRR, 2024](#)). The WRR speaks of five centres of power: the US, China, India, Russia and the EU. These fragmented centres differ in the sources of power they can draw upon and seek different forms of global order. In addition, the report speaks of fragmentation in the 'theatres of power'. Areas previously excluded from geopolitics are being drawn in (through trade wars, export licensing, etc). Export restrictions on machines of the Dutch chip giant ASML are a well-known example from recent times, but food is affected as well, as is technical knowledge in universities and companies. According to the report, a final, third axis of fragmentation exists around worldviews (authoritarian populism, anti-colonialism, revisionism).

With this increased fragmentation comes increased risk, in this case especially from geopolitical shocks. Such shocks refer to unexpected events or disruptions arising from instability on a global or regional scale. Examples include wars, terrorism, sanctions, trade disputes, coups or major changes in policies of powerful governments. These impact international relations, markets, supply chains and in some cases the stability of nations. As food systems are globally interconnected, increased fragmentation also exposes food chains to risks that may result in increased prices, increased inefficiencies and possibly increased food insecurity as governments pass protectionist laws and companies try to diversify their sourcing strategies. This has both direct and indirect consequences for the prosperity and food security of the Netherlands, exemplifying the interconnection of domestic and foreign policy. The Dutch food system is intimately connected with global food and commodity chains, both as an exporter and importer. In 2023, the value of Dutch food exports was almost €124 billion ([CBS, 2024](#)). Nearly €42 billion of this was earned from re-exports, based on imports of raw materials from around the world. At the same time, the total value of food related imports in 2023 was about €90 billion ([CBS & WUR, 2024](#)). The Netherlands for

instance depends on imports of raw materials for fertiliser such as potassium and phosphorus for its agricultural production. Considering the possible politicisation of food trade due to geopolitical developments it is worthwhile to consider which countries these products are sourced from, and how easily these sourcing countries might be replaced. See also the table below from a report by HCSS and LEI (2013).

COMMODITY GROUP	ECONOMIC SIGNIFICANCE	DIMENSIONS OF ECONOMIC RISK IN RELATION TO PRICE FORMATION*		CURRENT TOP 5 SOURCING COUNTRIES OF RAW MATERIAL #
		GLOBAL MARKET CONCENTRATION	SOURCING OPTIONS IN THE EUROPEAN UNION	
Fruit, nuts and spices	High / high	Competitive, integrated supply chains	Limited (for specific tropical fruit and spices) to fair/good as most fruit, nuts and spices have good substitutes that grow in the EU	Fruits and nuts: South Africa Chile Brazil United States Costa Rica  Spices: Vietnam Indonesia China India Brazil
Coffee, tea and cocoa	High / high	Few producer regions, strong market concentration	None (tropical commodity)	Cocoa: ^ Côte d'Ivoire Ghana Cameroon Nigeria Dominican Republic
Margarine, fats and oils (incl. palm oil)	High / fair	Several producer regions, land use constraints	Fair (substitute vegetable oil crops)	Indonesia Malaysia Philippines Papua New Guinea United States
Nitrogen, phosphorus and potassium	High / high	Few producer regions, strong market concentration	None for phosphorus, limited for other	Israel Russian Federation Norway United States Tunisia
Coarse grains and soy bean for animal feed	Fair / fair	Strong market concentration, land use constraints, GM regulations create segmented markets	EU supply insufficient to meet EU demand	Soy bean, incl. oil cakes: Brazil United States Australia Paraguay Argentina Grains: Ukraine Brazil Argentina Thailand United States

Internationally, the connectivity of countries and their embeddedness in agricultural commodity trade networks is diverse. The general picture however shows that food and agricultural trade has expanded

rapidly in the early 2000's, and stagnated with the onset of the financial crisis of 2008. Between 1995 and 2019 FAO shows that a movement from globalisation to regionalization happened: whereas in 1995 a few large trade hubs dominated, with the expansion of trade and emergence of new players the number of trade hubs increased and a trend can be seen where on average countries tended to trade more with countries in their own neighbourhood ([FAO, 2023](#)). The European Union is one of the main regional trade networks, and has recently assessed the vulnerability of its food system regarding the sourcing of inputs. The report concludes that despite its global resource dependencies there is little risk to food availability for Europe as a whole. Still, it makes recommendations to increase resilience to disruptions in trade flows and price increases of imported products as the bloc relies too heavily on imports from a small group of suppliers for animal feed and fertilisers. It also states that one way to reduce this need for imports could be the promotion of organic agriculture and lower consumption of animal products ([EU, 2024](#)).

Looking to Africa, a different picture emerges. On the whole, despite being less integrated in global trade networks African countries are generally more dependent on food imports when compared to the global average, especially for grains and oils. Research on numbers of 19 African countries, representing 70% of the African population, shows that import dependence is highest in palm oil (83%), wheat (74%) and rice (55%). In addition, many low income consumers in urban areas are dependent on these cheap imports of key food products and it is this group that is hit hardest when geopolitical shocks cause spikes in prices ([de Steenhuijsen-Piters et al., 2023](#)). Despite high agricultural potential, African farmers often cannot compete on price with their (subsidised) counterparts in other parts of the globe. Food self-sufficiency is therefore high on the agenda of many African governments, while the AU is trying to boost regional trade through the African Continental Free Trade Area.<sup>1</sup> Import dependency in food however is still expected to rise for both Sub-Saharan and North African regions as estimated by the OECD-FAO Agricultural Outlook 2024-2033 ([OECD & FAO, 2024](#)). Similarly, China is struggling with its food self-sufficiency which fell from 94.6% to 65.8% between 2000-2020.<sup>2</sup> With only 7% of Chinese land suitable for agriculture (and 20% of global population), Chinese use of African arable land through trade dynamics is growing by 11% annually ([Ji et al. 2023](#)).

Global trade thus plays a key role in food and nutrition security outcomes and prosperity of countries as countries are trying to balance food self sufficiency and trade, independence and connection.

Interdependencies and networks in which agricultural commodities are traded play a key role in balancing against geopolitical shocks that may arise. When food production drops, interconnectedness in a trade network can provide necessary buffering capacity. China, for instance, is trying to secure its food security

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<sup>1</sup> <https://au.int/en/african-continental-free-trade-area>

<sup>2</sup> <https://www.foodlog.nl/artikel/beijing-is-vermoedelijk-op-zoek-naar-71-miljoen-hectare-landbouwgrond/>

through its New Silk Road infrastructure project and in the process is restructuring the global food system ([Tortajada, Zhang, 2021](#)). However many inequities and power imbalances are currently built into the food trade. European and American subsidy regimes for instance artificially lower the price of food and stimulate food exports which in extreme cases can result in dumping practices.

Further, in the case of grains, trade is concentrated in a small number of major trading companies who have expanded into value chain activities - like processing and storage - as well. These companies are invaluable intermediaries between supply and demand globally, in part mitigating the effects of crises like Covid-19 and the Ukraine war on supply. However, due to this concentration, these few traders largely are the ones setting prices - meaning that the countries with lowest buying power will lose out during a crisis. For those countries unable to afford the higher prices this concentration therefore has a destabilising effect. The dominance of these traders has prompted states like China to invest in state backed trading companies like [COFCO](#). Meanwhile the Saudi Arabian state investment company SALIC Group bought a 35% share of major food trader Olam Group in 2022, calling it a strategic partnership to realise the food security strategy of the kingdom.<sup>3</sup> In a similar vein Abu Dhabi's sovereign wealth fund bought into the major trader Louis Dreyfus in 2020.<sup>4</sup> Still, some researchers argue that reliance on trade and interconnectedness also brings increased volatility and vulnerability to shocks ([Hamilton et al. 2020](#)).

### Discussion questions

- How can we work through multi-stakeholder collaborations to create a global food system that is more resilient to disruptions and price instability from geopolitical shocks?

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<https://www.olamgroup.com/news/all-news/press-release/olam-group-completes-sale-of-substantial-minority-stake-in-olam-agri-to-salic.html>

<sup>4</sup> <https://www.ft.com/content/481f3646-6b0f-4512-a0f8-f4746fc4c7ab>