



## Biden Admin Quietly Urging Companies To Purchase Russian Fertilizer

### Description

Well this is awkward...

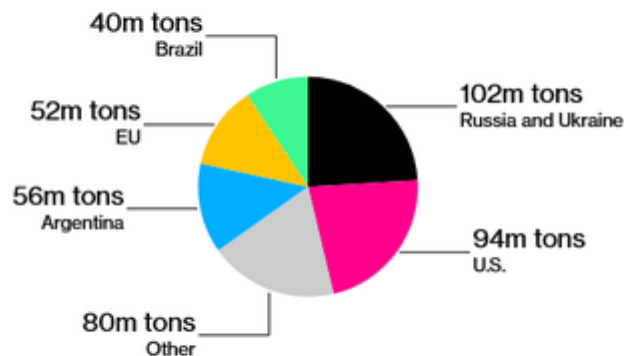
The Biden administration has been quietly urging agricultural and shipping companies to **buy and carry more Russian fertilizer**, according to [Bloomberg](#), citing people familiar with the efforts.



The move comes as fears over sanctions have led to a sharp drop in supplies, **contributing to the ongoing 'spiraling global food costs.'**

### Breadbasket to the World

Russia and Ukraine account for a quarter of global grains trade



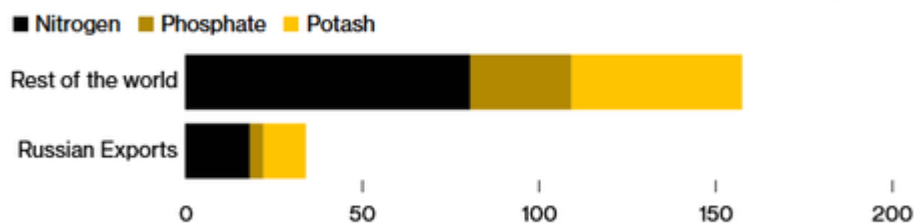
Source: International Grains Council  
Note: Estimates for the 2021-22 season, for wheat and coarse grains

*The effort is part of complex and difficult negotiations underway involving the United Nations **to boost deliveries of fertilizer, grain and other farm products** from Russia and Ukraine that have been disrupted by President Vladimir Putin's invasion of his southern neighbor.*

***US and European officials have accused the Kremlin of using food as a weapon**, preventing Ukraine from exporting. Russia denies that even as it has attacked key ports, blaming the shipment disruptions on sanctions imposed by the US and its allies over the invasion. -Bloomberg*

With Moscow being a key supplier of fertilizer, the US and EU have included **exemptions** on sanctions against doing business with Russia – however many shippers, banks and insurers have been **cautiously staying away** out of fear that they might accidentally run afoul of the rules in an expensive lesson. Now, US officials are trying to encourage activity in the space.

### Russia Accounted for Almost a Fifth of 2021 Fertilizer Exports



Source: Trade Data Monitor, Green Markets, a Bloomberg company. Data are in million metric tons.

Exports of Russian fertilizer are notably down 24% YTD.

As *Bloomberg* notes, the new push by Washington underscores the current challenge facing the west –

which seeks to punish Russian President Vladimir Putin over the invasion of Ukraine, while also easing pressure on economy-damaging food inflation during an election year in America. Since the war began in February, **already-high inflation spiked further** – a point Putin regularly makes while railing against sanctions.

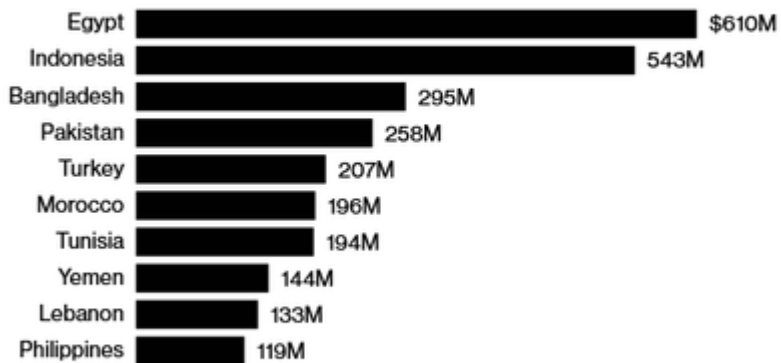
Earlier this month, the Biden admin sent a representative to UN-led talks with Moscow regarding supply issues – as **insufficient deliveries of fertilizer could also negatively affect next year's crops**.

The Kremlin has insisted that the US provide assurances to global buyers that they won't face sanctions, suggesting it as a condition to unblock any shipments of Ukrainian farm products now.

### Buyers at Risk

Countries in Africa and Asia are among the most reliant on Ukraine grain

■ Ukraine wheat exports



Source: UN FAO data for 2020

“For Russia, it’s really important that U.S. authorities send a clear signal that these deals are permitted and in the interest of global food security and they shouldn’t refuse to carry them out,” said Ivan Timofeev, a sanctions specialist at the Kremlin-founded Russian International Affairs Council.

Russian grain exports are down only 14%, while wheat exports doubled in May, according to the Russian grain union, while more than **25 million tons of Ukrainian grains, sunflower oil and other commodities are stuck in Ukraine** due to security fears over Black Sea ports and shipping lanes. With the new harvest beginning, **officials caution that the situation will become more dire**.

*Talks on releasing those shipments have gone slowly, with Putin seeking to pin the blame on Ukraine for not wanting to remove mines from ports placed to defend them from possible attacks by Russian forces. Kyiv has said it's not convinced by Moscow's assurances that it won't strike, noting that Russia also insisted before the war that it wouldn't invade.*

*De-Mining Ukraine's Ports May Take Months, UN Agency Says Russia won the support of Turkey in its calls for sanctions relief last week, but Ankara's efforts to mediate a solution to restart shipments so far haven't yielded results. -Bloomberg*

According to James O'Brien, head of the Office of Sanctions Coordination at the State Department, "We're working together with our partners to get about half of what Ukraine exports out each month," adding "So we're looking at a substantial shortfall."

Finally, we can't help but see the irony that Washington is urging farmers to buy Russian fertilizer (implicitly in part funding Putin's war against Ukraine), while at the same time providing arms and funding to Ukraine (in Ukraine's war against Russia). **A real MIC reacharound.**

by Tyler Durden

### Category

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