

## Fertilisers, rice and food security

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The relationship with Africa, which is not confined to African exports, also comprises imports that Geneva traders organise towards the continent. Fertilisers, of which Africa imports the greater part of its needs, together with rice, wheat, sugar and vegetable oils, on which several African countries depend for their food supply, are bought on world markets by traders and sold to African importers, public or private, with the financing that Part H has described.<sup>1</sup> The war in Ukraine disrupted these flows in 2022, making Black Sea wheat and Russian and Belarusian fertilisers scarce. Geneva traders were among the actors in the reorganisation of African supplies, which the international organisations in Geneva followed closely.

These flows show that Geneva's trading sector is, for Africa, a supplier as much as a buyer, and that its contribution to the continent's food security is real, though rarely highlighted. They also raise questions: prices, payment terms, the dependence of importing states on a handful of suppliers, and the risks of corruption in public import procurement, which have given rise to cases in several countries. The grid of three models of relationship, buyer, financier and partner, described above for African exports, applies equally to imports.

**Worked example.** A Geneva trader sells 50,000 tonnes of rice to a public importer in West Africa for USD 30 million, payable by documentary credit confirmed by a Geneva bank, with the cargo prefinanced through a transactional line. The price comprises USD 24 million of rice bought in Asia, USD 2.5 million of freight, USD 0.5 million of insurance and inspection, USD 1 million of financing and compliance costs and a gross margin of USD 2 million, or 6.7 per cent. The trader's compliance function checks the public tender, the absence of any unjustified intermediary and the origin of the importer's funds. The bank, for its part, checks the importer and the issuing bank. The transaction, which feeds a population

of several million people for a month, exposes the trader to the payment, exchange-control and corruption risks that this chapter has described.

## 1 Notes

1. African Development Bank, press release of 20 May 2022: shortfall of at least 30 million tonnes of foodstuffs (wheat, maize, soya) imported from Russia and Ukraine, fertiliser prices up 300 per cent, shortfall of 2 million tonnes of fertiliser; Wikipedia (en), art. "Black Sea Grain Initiative": nearly 33 million tonnes exported to 45 countries between August 2022 and July 2023, of which 57 per cent to developing countries; Public Eye, 17 January 2024 (fleets of Cargill, Bunge and Louis Dreyfus Company). ↩

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