



Written by [David Kelly](#) on September 20, 2022

## Disappointing U.S. Crop Report Reveals Global Food Supply at Risk

Adding to the woes to the global food supply, historic drought conditions in the United States and farming countries in South America, along with uncertainty over crop production in Ukraine, are lending to gloomy harvest predictions for this year.

Senior executives from companies such as Bayer AG, Corteva Inc., Archer Daniels Midland Co., and Bunge Ltd. told the [Wall Street Journal](#) this week that worldwide crop supplies remain tight, and some said at least two more years of good harvests in North and South America are needed to ease the pressure.



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“When it comes to the global food-supply situation, I think things are going to continue to be tight for the time being,” said Werner Baumann, Bayer’s chief executive.

Severe drought conditions in the Southwest along with this summer’s heat waves over the great plains, America’s breadbasket, are blamed for the reduced harvest forecast. High temps in states such as Kansas, Nebraska, and Oklahoma set in as corn crops were pollinating in many parts of the plains, when the plants require the most water. Some corn crops were also planted late this year after a wet spring, causing some yield loss, according to agriculture analysts.

The recent U.S. Agriculture Department (USDA) [crop production report](#) showed that corn, soybean, and cotton production is down from 2021. The USDA reported, “corn production is down 8% from last year, forecast at 13.9 billion bushels; soybean growers are expected to decrease their production 1% from 2021, forecast at 4.38 billion bushels; cotton production is down 21% from 2021 at 13.8 million 480-pound bales.”

The *Wall Street Journal* reported:

Agriculture advisory firm Professional Farmers of America Inc. last month cut its outlook for corn yields by 13% in Nebraska and 22% in South Dakota, compared with last year.

The corn harvest this year is currently expected to come in below typical recent yields in North America and Europe, hindering 2022 from being a year of restocking worldwide supplies, said Chuck Magro, chief executive of seed and pesticide maker Corteva, at an investor presentation this week.

“The current market expectation is that global grain and oilseeds markets need two consecutive normal crop years to stabilize global supplies,” Mr. Magro said.

Bad weather has been key to the reduced harvests in large crop-producing regions, including in South America, which has in turn stretched global crop supplies. And the lackluster harvests with the war in



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Ukraine have fueled inflation with higher food prices around the world.

A glimmer of hope to ease fears of world-wide grain shortages came with the agreement in July between Russia and Ukraine, which has enabled more than a million tons of grain trapped in Ukrainian silos to be exported via the Black Sea.

Archer Daniels Midland CEO Juan Luciano shared with the [Wall Street Journal](#) at a September 7 investor conference that between March and August, Ukraine exported about 40 percent of the grain it would normally ship in that particular period. Under the Black Sea grain deal this summer, the country has shipped about 60 percent of what it has done in past years, he said. For September, he said it could improve further to be closer to 80 or 90 percent.

“It has recovered pretty quickly,” Luciano said. “Hopefully, that continues to happen because I think that it goes a long way to alleviate any pressure in the food system.”

It would likely take two or three years of good crops in the Southern and Northern hemispheres for the world crop supply to reach sufficient levels, he said, echoing Magro.

But it seems that the Black Sea grain deal is fragile at best, as Russian officials warned in recent weeks that they are unhappy with the terms, raising the threat that Moscow could leverage the arrangement in its widening economic war with the West.

Russian President Putin has threatened that Russia [could pull out](#) of the United Nations-brokered grain deal, claiming the West had taken advantage of the grain corridor at the expense of the developing world. The Russians have said that parts of the agreement that were intended to help Russia sell its fertilizer and other agricultural products amid sanctions weren't having much effect. The current Black Sea grain deal is set to expire in late November, and, if not renewed, it will add to pressure on global food stockpiles.

While the threat of grain shortages and potential famine looms, the Biden administration ignored the grain forecasts. Instead of seeking ways to conserve the reduced grain supplies, Biden focused on helping out his leftist “green madness” supporters by announcing last week that his administration through the USDA is investing up to \$2.8 billion in 70 selected projects under the [Partnerships for Climate-Smart Commodities](#) funding opportunity.

The projects are designed to implement climate-smart production practices; pilot innovative and cost-effective methods for quantification, monitoring, reporting, and verification of greenhouse gas benefits; and develop markets to promote the resulting climate-smart commodities.

Thus while the world is edging on food shortages and economic duress that could easily cause panic, riots, or worse — as recently seen in [Haiti](#) — we have the illustrious leader of the free world lost in his own false narrative of saving the world from climate change. Say it ain't so, Joe.



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