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A key element related to the matter of world malnutrition, and the possibility of attaining the goal of world food and nutrition security, is fertilizer. Without fertilizer, it would be impossible to sustain the levels of growth in agriculture seen since the beginning of the Green Revolution. Global fertilizer consumption has increased at similar rates as cereal production, and they are 'closely correlated' in this regard according to Food and Agriculture Organization (FAO) and International Fertilizer Industry Association data.[1] Fertilization crosses the breadth of the food security issue, impacting at every level.

A particular example within this wide scope is potash, specifically in terms of trade, distribution and globalization. Over 90 percent of potash production worldwide is destined towards some sort of fertilizer, as either a strict potassium-base fertilizer, or a compound fertilizer that also utilizes phosphate and nitrogen.[2] Food security is not strictly about food, and it is important to recognize the diverse elements that are involved at key points in production and distribution chains. Without potash fertilizers, food security would be an even harder goal to accomplish than it already is.

A very current and pertinent example may be examined. Until recently, over 70% of the world's potash supply was provided by the Belorussian Potash Company (BPC) and Canpotex, a Canadian consortium, often described as cartels. The BPC was a joint venture of Belaruskali and Uralkali, of Russia, which has now been broken up on orders from the Kremlin. This has caused a sudden drop in the price of potash and potash-derived fertilizers, as well as seen a heavy investment by China Investment Corp into Uralkali, allegedly in step with the aims of both the Russian and Chinese governments.[3]

Furthermore, Uralkali has now announced that it will produce at full possibly capacity, increasing its production of potash by a forecasted 3.5 million tons per year. This is an increase of about ten percent of global production, which will drop the price to an estimated 300 USD per ton (for comparison, last year's average price was 485 USD per ton). As an example of how significant this price collapse is, BHP Billiton is likely to go back on its plan to invest 15 billion dollars on western Canadian potash mines.[4] It is possible that Uralkali and China Investment Corp. aimed to do exactly this, and undermine any further Canadian developments within what, up to the past few weeks, was taken as the standard of the potash market.

Richard Levick, providing market analysis for *Forbes*, notes that the market in its present state cannot sustain such a price deflation. He also states that the Uralkali move undermines Belorussian prospects just as much as those of Canpotex, either of who will struggle to produce potash just as cheaply. Levick states that it was wrong to label BPC as a cartel, and notes the fact that dominating

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[1] Bruulsema, Thomas W., Patrick Heffer, Ross M. Welch, Ismail Cakmak, and Kevin Moran. "Fertilizing Crops to Improve Human Helath: A Scientific Review." IPNI, IFA: Paris, France. 2012. 16-17

[2] Jasinski, Stephen M. "Potash". http://minerals.usgs.gov/minerals/pubs/commodity/potash/myb1-2008-potas.pdf. USGS. Retrieved September 28 2013.

[3] Devitt, Polina, and Ron Bousso "China gets stake in Russian potash giant to secure supply". *Reuters*, September 24, 2013, retrieved September 28 2013.

[4] Spano, Kirk. "Russia frees the potash market." *Wall Street Journal*. August 8, 2013, retrieved September 29, 2013.

partner Uralkali moved in the way it did because there was no monopolistic pressure on the market, and evidently had an unconsolidated market model that made such a move possible. For Levick, the perceptions of a cartel will only "further confuse the marketplace", and inspire a harsh response by controllers when no such thing is needed.[5]

Canpotex, on the other hand, is easier to define as a cartel, although many are quick to jump to its defence regardless. Defenders sustain that it manages a stable supply at a large scale, promotes the use of potash-based fertilizers in increasing yields, and increasing potash consumption in developing markets with diminishing arable land. Justifying not only the current efforts of the company, but also therefore the past policies of the Canadian state, at the federal and provincial levels, that laid the foundations for Canpotex.[6]

A concrete example of a developing market that is strongly affected by this change in the distribution of potash is India, which is the fourth largest consumer of potash worldwide and imports the entirety of its stock.[7]India's great quantity of farmers of scant means relies strongly upon government subsidies on fertilizer. There have been consistent and sustained cuts in this subsidy, which has led to a fall in potash and phosphate based fertilizer consumption of just under 30 per cent in 2012.[8]

The breakup of BPC has, in this case, balanced out the reduced subsidies from the Indian government, with the slump in cost being a boon to low-income farmers. However, what this does is transfer the savings to the government budget, covering their previous subsidy outlays. [9] This means that, in effect, the food security situation of the Indian smallholder, in terms of being able to increase production through fertilizer, has not improved.

For a developed economy that imports high quantities of potash, one can examine the case of the USA, where farmers are indeed collecting savings from the price collapse. [10] However, in general terms the American consumer base suffers neither from food or nutrition insecurity on a large scale. Those producers that are already in a precarious state suffer the worst from market changes.

Cartels or not, it is clear that the concentration of potash production in a few hands has allowed for strong manipulation of the market. The mass-scale mining and storage of potash lends itself well to systems that benefit from economies of scale. It is evident that potash consortiums, and the states that back them, either directly or indirectly, have not created a 'stable platform' for the market, as its defenders claim, but has rather muddled the field and affected international trade. Potash is, like many other commodities, subject to great political and economic intervention. The Russian, Belorussian and Chinese operations are still strictly controlled by their respective governments, and Canpotex has a

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[5] Levick, Richard. "Games Putin Plays: The Lamentable War Over Potash". *Forbes*, September 27 2013, retrieved September 29, 2013.
[6] Johnstone, Bruce. "Canpotex: Can a cartel be good?" *Regina Leader-Post*, August 30 2013, retrieved October 5 2013.
[7] Mukherjee, Prashant. "Fertilizer importers hunt for discount on pricey potash." *The Financial Express*, September 18, 2013, retrieved October 5 2013.
[8] "Subsidy for phosphate and potash-based fertilisers cut". *Reuters*, May 1 2013, retrieved October 5 2013.
[9] Prithiani, Rahul. "Potash market: India to gain from global shake-up" *The Hindu*, October 6 2013, retrieved October 6 2013.
[10] Kramer, Andrew E. "A Bitter 'Fertilizer War' Gripping Belarus and Russia Is Helping U.S. Farmers" *New York Times,* September 16, 2013, retrieved October 5, 2013.

strong tradition of state backing and preferential treatment. Therefore, it is no surprise that potash is a commodity with few avenues of supply from the perspective of importers. Ideally, the Uralkali move would result in a true lowering of the global price and increased yields, meaning increased access to potash-based fertilizer for developing world farmers. Sadly, in many cases, such as that of Indian farmers, the market has been distorted to the point where farmers, let alone the general population, are no closer to achieving the objective of food and nutrition security.