Funding the Future

Why are we facing a food crisis?

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Four crises are converging on the world's food supply. War has closed the Strait of Hormuz. Extreme heat is cutting crop yields. The strongest El Niño in a decade is forecast. And Trump's tariffs are fracturing the trade networks that keep food moving. The UK could face food shortages as early as this summer.
World food prices are already at their highest level since November 2023, and that pressure has not yet fully been transmitted to what you pay at the till.

UK inflation is already expected to breach 5% in 2026, partly as a result of these pressures and the Bank of England warns it could get worse.

Meanwhile, it's the developing world faces the sharpest pain. In countries where food takes the largest share of household income, price spikes tip millions into food insecurity. But the UK is not immune

None of these four pressures arose by accident. Each is the consequence of political choices: the decisions to wage war, to burn fossil fuels, to impose tariffs. And the political response so far is nowhere near equal to the scale of the threat. Will you go hungry? That's the question now? The possibility is real.

https://www.youtube.com/watch?v=MHKPqx87JAE?si=iyA_yBohUMnBFGKa

This is the audio version:

https://www.podbean.com/player-v2/?i=xqjv3-1ab211f-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

As Bloomberg have reported in the last week, the world's food supply is at massive risk at this moment as we face a quadruple attack on its stability, and I agree with them.

War in the Middle East, extreme heat, El Niño and Trump's tariff-based trade shocks are all hitting food supplies simultaneously. A single one of these might be manageable on its own, but together they are potentially catastrophic.

Food prices are already at their highest level since November 2023, according to the Bloomberg Index, and I think they could go very much higher still. This is not a future risk. It is unfolding now, and the question is, what's causing this and what can we do about it?

The fact is that the Strait of Hormuz is now closed, and all the messaging coming from Washington suggests that this is going to remain the case for some time to come. It is that fact, which is focusing attention on this issue, and we are wrong to think this is just about oil. The closure of the Strait of Hormuz has also severely impacted fertiliser supply chains, and urea and ammonia, which are the core components of much fertiliser, are the foundations of modern crop production, and those supplies are being choked off by the war between the USA, and Israel and Iran.

At the same time, fuel shortages are already preventing farmers from operating machinery across Asia and Europe, and all of this matters.

The fact is modern farming depends on both fertiliser and fuel supplies to deliver what we need, which is food on our plates. This conflict has cut off some of those supplies at the worst possible moment, during the spring planting season. Governments are now racing to secure fertiliser stocks before the growing window closes because without fertiliser, this season's harvests are already being put at risk, and remember, this is not a one-year risk. Next season's seed supplies are grown this year, and if there's a food crisis this year, they may not be available in the quantities required. This then is not a one-year issue.

And heat is now another structural threat to food production. A new joint report by the Food and Agriculture Organisation of the United Nations, plus the World Meteorological Organisation, finds that extreme heat events are rising sharply in frequency, intensity, and duration. Extreme heat intensity roughly doubles at two degrees of global warming and quadruples at three degrees, relative to a 1.5-degree increase in average global temperatures. So for every moment that we go beyond that 1.5-degree increase, the threat to world food supplies goes up, and for most major crops, yields decline as average temperatures go above 30 degrees Celsius, and that is a very real risk in major parts of the world right now.

For every additional degree of warming, maize and wheat yields are projected to fall by between four and 10%. And livestock faces heat stress at even lower temperatures, reducing productivity and increasing mortality amongst herds.

Meanwhile, marine heat waves have already caused an estimated £6.6 billion of losses in fishery production. This is really important. In 2025, more than 90% of the global ocean experienced at least one marine heat wave. Warming oceans reduced dissolved oxygen levels, causing fish cardiac failure, and population collapse. Marine heatwaves are now a regular feature of the global food system and not an occasional shock. Fishery losses compound pressure on protein supplies then, at exactly the moment when land-based crops are also failing. The World Meteorological Organisation describes extreme heat as a compounding risk that magnifies every other weakness in our food system.

And on top of all of this, El Niño is about to make everything worse. Forecasts point to the strongest El Niño effect in a decade, emerging this summer and affecting us all in the summer and autumn of 2026. Japan's weather bureau puts the probability at 70% whilst China fears it could persist until the year-end.

India is expecting below average monsoon range as a result, for the first time in three years, and the last comparable event to this, the 2015 to 2016 El Niño effect, caused widespread drought across Asia, and cut grain and oilseed outputs.

Some analysts argue that a severe El Niño now, coupled with drought and water scarcity, could matter more than the fertiliser shortages I've already talked about, and El Niño's reach is wide, although it can be very specific. Southeast Asia faces drought, threatening rice and palm oil production. A strong El Niño effect could reduce palm oil output by 5% to 12%, and the effects lag for up to 15 months. India's summer crops, including rice, cotton, and soybeans, are directly threatened by weakened monsoon rains and drier conditions are also forecast for the EU and the Black Sea region, compounding grain supply pressures, and note that in East Anglia, where I am filming this right now, we've had one millimetre of rain in the last month. We are already seeing drought conditions here.

On top of all of this, there are trade shocks to take into account. The Bloomberg framing of a quadruple attack includes Trump's tariff-based trade shocks as a distinct and separate threat from all the others. Trump's tariffs are disrupting the agricultural trade flows that countries depend on to offset domestic shortfalls. When conflict cuts supplies and tariffs cut trade, the normal adjustment mechanisms within global markets break down, and that is the risk we are facing now. Import-dependent nations, including the UK, are already facing higher fertiliser and fuel costs, and then lose access to affordable alternatives. The four pressures are not independent. They are reinforcing each other, and prices are already responding.

As I noted at the beginning of this video, the Bloomberg Agricultural Spot Index has risen for three consecutive months, and at the moment, crop prices are at their highest level since November 2023. The combination of war disruption, heat damage, and El Niño forecasts is already being priced in, and price rises at the commodity level always transmit to consumer food prices.

The inflationary pressure is then very real. It’s likely to accelerate, and it’s not yet fully reflected in what people are paying at the till.

The developing world, as ever, faces the sharpest pain from all of this. Farmers in Bangladesh, Pakistan, and Vietnam are among the worst affected by fuel and fertiliser costs, and we know they are already being impacted. Reports in reliable sources like the New York Times are already highlighting this issue.

In countries where food takes up the largest share of household income, price spikes tip millions into food insecurity. That is the crisis we are now facing, and the United Nations has already warned of severe risks to global food security, with aid shipments also delayed by conflict, a factor which has to be taken into account. Those hit hardest and who are denied a voice on many of the decisions on the issues that are creating this crisis, on war, on emissions and on trade are seeing the greatest impacts as a result.

But the UK has not shielded. The UK could face food shortages as early as this summer. British farmers face the same rising fertiliser and fuel costs as their counterparts abroad. The UK’s food import dependency means global price shocks are transmitted quite quickly to domestic consumers in this country, and UK inflation is already expected to breach 5% in 2026, partly as a result of these pressures, and the Bank of England is now warning it could get worse. No advanced economy is insulated from a disruption of this scale and this breadth, and the most vulnerable in our society will, of course, be impacted most. Do not rule out the possibility that some will suffer extreme hunger as a consequence.

There is one slight cushion available in all of this, and that is, according to Bloomberg, that global food inventories are currently higher than at the start of previous food crises. This has so far limited the full scale of commodity price increases, but inventories are only a buffer; they’re not a solution. They deplete as supply disruption continues. If the conflict, El Niño and heat stress persist through the summer, that cushion will disappear very rapidly. The window for effective intervention to prevent all this happening is now, and not after the next harvest fails.

This is then political economy compounding crises. None of these four pressures arose by accident, a point that I have to stress. All are the consequence of political choices. The decision to wage war, to burn fossil fuels, to impose tariffs, each carries food system consequences. Those consequences fall hardest on people who had no voice in any of those decisions. Energy dependency, fertiliser dependency, and food import dependency are all long-term policy failures, and the vulnerabilities we are now exposed to has been decades in the making.

The question then is whether governments will act now. Emergency international coordination on fertiliser access and food security is needed at this moment. Food security must be treated as a strategic national interest, not just now, but in the future, and markets cannot by themselves dictate outcomes in this situation. Long-term

investment in agricultural resilience, domestic food production, and input independence is essential. Climate change must be tackled.

Governments that treat this as a temporary market disruption will be overtaken by events. These four crises are real. They are converging, and the political response so far is nowhere near equal to the scale of the threat that we are facing, which is quite simply that people are going to go hungry, and some will die as a consequence of this multiple threat to world food supplies.

That’s what I think. What do you think? There’s a poll down below. Please let us have your views. Please like this video if that’s what you do. Please share it. Please subscribe to this channel, and if you’d like to make a donation through our Kofi link, please do that as well. We’d be very grateful.

Poll

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