



RESOURCE SECURITY WATCH

The American Foreign Policy Council's Review of
Changes to the Global Strategic Environment

Resource Security Watch No. 30

September 2, 2020 **Annie Swingen, Diana Glebova**

Related Categories: Democracy and Governance; Human Rights and Humanitarian Issues; International Economics and Trade; Corruption; Resource Security; Global Health; China; Latin America; Middle East; Russia

OIL MARKETS STABILIZE, SLOWLY

All eyes are on the oil market, as OPEC and Russia cautiously increase oil production in an effort to expand their respective shares of the global energy market. With lockdowns letting up and demand again rising, July saw a two million barrel per day jump in production - a trend which is expected to last through the end of the year. Then, in 2021, the oil cartel and its allies plan to scale back the cuts even further, adding an additional two million barrels per day to global oil capacity.

Yet, although the per-barrel price of crude doubled from \$20 to \$40 between April and mid-July, oil traders are still nervous. The Paris-based International Energy Agency (IEA) reports that oil demand fell by more than 16 million barrels a day in the second quarter of this year, as compared with the same period in 2019, as a result of the coronavirus pandemic - and market watchers are worried that some of the same conditions that caused this year's slump could return, as spikes in virus cases in places like the U.S. and Brazil raise the specter of renewed lockdowns and continue to discourage travel. Nevertheless, OPEC remains optimistic about a growth in global demand in the months ahead, especially from major importers like China and India. (*Financial Times*, July 15, 2020; *New York Times*, July 12, 2020)

AMAZON DEFORESTATION BECOMES A GLOBAL TRADE ISSUE

Deforestation levels in the Amazon hit new highs in June, which saw a 10.7% increase as compared to the same month last year. June marked the fourteenth consecutive month of worsening tree loss in the world's largest rainforest. According to Brazil's Amazon Environmental Research Institute (IPAM) and the U.S.-based Woods Hole Research Center, "deforestation and fires in Brazil's Amazon released 115 million metric tonnes of carbon dioxide, up roughly 20% from the same period a year ago." The country's national space research agency, INPE, confirmed this data, noting that deforestation was up 25% in the first half of 2020. In an interview with Reuters, IPAM science director Ane Alencar warned that, if the trend continues, it will mark the worst year for deforestation in more than a decade, "eradicating more than 5,791 square miles of forest — an area larger than the state of Connecticut."

Europe is taking notice. The EU warned Brazilian President Jair Bolsonaro that it would back out of the \$19 trillion European Union-Mercosur free trade agreement if immediate actions weren't taken to mitigate the existing damage and better protect the Amazon. Additionally, in June, seven European investment firms threatened to divest from Brazilian beef producers, grains traders and government bonds. And in a letter addressed to Bolsonaro, twenty-nine international financial institutions, including the Church of England, communicated shared uncertainty about conditions for investing, given the government's lack of action in the Amazon. (Reuters, June 13, 2020; *Yale Environment 360*, July 10, 2020; *London Guardian*, June 23, 2020)

KIDS, A CASUALTY OF THE PANDEMIC

Spikes in food prices, rising unemployment and growing economic hardship brought about by the ongoing coronavirus pandemic are exacting a heavy toll on the most vulnerable segment of the global population. For instance, international organizations have warned that virus-linked hunger is responsible for more than 10,000 child deaths per month since the start of this year. Additionally, more than half-a-million others are affected by chronic malnutrition and suffer from a condition called "wasting." In all, the number of children globally deemed at risk has risen nearly seven million over last year's total of 47 million, and experts warn that the negative effects could be lasting, and societal in scope. (*Washington Post*, July 27, 2020)

FATF TO FOCUS ON ENVIRONMENTAL CRIMES

On July 1st, the Financial Action Task Force (FATF), an intergovernmental watchdog group that works to eliminate money laundering and illicit finance worldwide, welcomed Germany's Marcus Pleyer as its president. Pleyer promptly laid out his objectives for Germany's two-year term at the organization's helm - including a ramped up focus on curtailing funds generated by environmental crimes such as illegal logging and unlawful wildlife trade. Such a campaign, if it materializes, would represent an overdue initiative to combat some of the world's most lucrative, but poorly understood, criminal enterprises. According to the UN Environmental Programme and Interpol, "[i]t is estimated that the total monetary value of illegal extraction of and trade with natural resources and waste alone is worth between USD 91–259 billion annually." (Financial Action Task Force, July 2020)

THE MYSTERY OF THE CHINESE SEEDS

Over the course of this summer, residents in all 50 U.S. states have found mysterious seeds in their mailboxes. The seeds, sent without solicitation and apparently originating from China, could be an invasive species of plant life, and agriculture officials across the country have warned recipients against planting them. It is not known whether the packages were sent as part of a mail-order business scam, a form of bio-terrorism, or for other motivations altogether. The U.S. Department of Agriculture has launched an investigation into the occurrences. (*CBS News*, July 29, 2020)