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NEWS JUICE

Intelligent Compilation from The Hindu, Indian Express & others along with News Background

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What is News Juice?

BY PREPMATE
1. The Ukraine war and the global food crisis

Relevant for GS Prelims & Mains Paper II; International Issues

Russia’s invasion of Ukraine and the subsequent sanctions on its economy have sent global food prices soaring, threatening to push millions of people, especially those in low-income countries, into starvation. Ukraine and its allies in the West have accused Russia of weaponising food, saying that its blockade of Ukraine’s Black Sea ports is the primary reason for the rising prices, while Moscow has blamed Western sanctions for the crisis. As the war, in its fourth month now, is still raging in Ukraine’s east with no political solution on the horizon, the United Nations and Turkey have initiated talks with the Russian leadership to facilitate the exports of grains and fertilizers from Russia and Ukraine.

How serious is the food crisis?
Many countries were facing growing food insecurity even before Russia’s war. Climate shocks, conflicts and the COVID-19 pandemic had disrupted supply chains, pumping up prices of both commodities and crops. The war in Ukraine has aggravated this situation. As of June 1, 2022, the Agricultural Price Index was 40% higher compared to January 2021, according to the World Bank. Maize and wheat prices rose 42% and 60%, respectively, from the levels of January 2021. Global food, fuel and fertilizer prices are projected to be sharply higher this year and will remain elevated into 2024, the Bank estimates.

Almost all economies in the world have been hit by higher food prices. Across the western world, there’s a cost-of-living crisis with food and energy prices rocketing. In the U.S., Treasury Secretary Janet Yellen told senators on Tuesday that the country was facing “unacceptable levels of inflation” which would stay so in the coming years. In the U.K., inflation numbers have already hit a 40-year high. Almost 90% of emerging markets and developing economies experienced food price inflation greater than 5% this year. Low-income countries that are reliant on imports for basic food consumption, are the hardest hit. According to the UN World Food Programme (WFP), Ethiopia, Nigeria, South Sudan and Yemen remain at ‘highest alert’ as hotspots with “catastrophic conditions”, as Afghanistan and Somalia are added to this category.

How important are Russia and Ukraine for global food security?
Russia and Ukraine together account for more than a quarter of the world’s wheat supplies. Russia’s share in the global exports of wheat, the world’s most widely grown crop, is some 20%, while Ukraine accounts for 8%, according to the U.S. Food and Drug Administration’s Foreign Agricultural Service (FAS). Wheat is a staple food for at least 35% of the world’s population, as per the estimates of the UN Food and Agriculture Organization (FAO). About 50 countries depend on Russia and Ukraine for more than 30% of their wheat imports, according to the FAO. If Azerbaijan and Georgia source more than 80% of their imported wheat from Russia and Ukraine, Turkey, Egypt, Bangladesh and Lebanon meet over 60% of their imports from these two countries. Besides wheat, Ukraine is the world’s eight largest producer and fourth largest exporter of corn, accounting for 16% of global exports. Furthermore, Ukraine, which produces up to 46% of sunflower-seed and safflower oil is the world’s largest exporter of sunflower oil. So, the war and the sanctions have clearly hit the world’s bread basket region, adding pressure on food prices.

What is causing the crisis?
Before the Russian invasion of Ukraine started, Ukraine had the capacity to export up to six million tonnes of wheat, barley and maize a month, mainly through its ports in the Black Sea/Sea of Azov. In the eight months before the war, some 51 million tonnes of grain were exported through Ukraine’s Black Sea ports, according to the WFP. But exports have collapsed since the invasion as the Russian war effort is entirely focused on Ukraine’s eastern and southern parts along the Black Sea/Sea of Azov coast. Now, several Ukrainian port cities, including Mariupol, Kherson and Berdyansk, are under Russian control. Although the southern cities of Mykolaiv and Odessa, which is known as the ‘Pearl of the Black Sea’, are still with the Ukrainians, commercial ships cannot dock at these ports because of two reasons — Ukraine has mined the waters around these ports as a deterrent against potential Russian attacks and Russia has enforced a naval blockade in the waters of the Black Sea.
These factors have in effect brought exports from Ukraine to a grinding halt. According to Ukrainian authorities, more than 20 million tonnes of grain are stuck in warehouses and containers. June marks the beginning of a harvesting season in Ukraine and this season, the country is expected to produce some 30 million tonnes of corn, wheat and sunflower oil, half of which are meant to be exported. But unless the blockade is lifted and Ukraine starts exports, the country would not even find enough warehousing capacity to store this year’s harvest. This would make the food crisis worse.

Besides the blockade, the western sanctions on Russia are also contributing to the crisis. Russia, besides being the world’s top wheat exporter, is also a leading exporter of fertilizer, an essential commodity for food production. Russia and its ally Belarus together account for some 38% of potassic fertilizers, 17% of compound fertilizers, and 15% of nitrogenous fertilizers. Fertilizer prices are also on the rise, which would make food production costlier. Russia’s food and fertilizer sectors were not directly targeted by western sanctions, but the sanctions on its financial sector, which made payments difficult for Russia, has complicated its exports, including food grains. Also, the targeted sanctions on Russian oligarchs have choked finances for the agricultural industry.

Is there a way out?

Russia has suggested that it would resume exports (not sure whether Ukrainian or Russian grains) from the ports on the Sea of Azov that it controls (Mariupol and Berdyansk) and that it would open a corridor for commercial vessels in the Black Sea if Ukraine demines the ports it controls (mainly Odessa and Mykolaiv). But these proposals, which were discussed in Ankara on Wednesday, could be implemented only as part of a deal between Moscow and Kyiv, with blessings from the West as Russia seeks sanctions relief in return for opening the maritime corridor. Ukraine, however, is sceptical, saying it doesn’t trust Moscow. No breakthrough has been achieved so far.

Ukraine has little good options to ship its grains out of the country if its ports remain blockaded. One option is to transfer the grains overland to the Baltic states, either through Poland or Belarus, and then ship them out from the Baltic Sea ports. According to UN officials, Kyiv has dismissed the proposal to seek help from Belarus, a Russian ally that also faces western sanctions. A Wall Street Journal report stated on Tuesday that the U.S. State Department also stays staunchly opposed to giving any concession to Belarus in return for help for moving food grains. Moving them overland via Poland is challenging because the rail track gauge in Poland is smaller than that of former Soviet countries such as Ukraine and the Baltic states — this means cargoes will have to be moved to different trains at the Polish-Ukraine border and then again at the Polish-Lithuania border to start exporting them from the Baltic ports. So, the only practical solution to take Ukrainian grains to the global markets is to open the Black Sea routes. And to ease the pressure on global food items, Russia will also have to step up exports of both grains and fertilizers. For this, Kyiv and its allies may have to strike a deal with Russian President Vladimir Putin.

Source: The Hindu

2. Safe foods

Relevant for GS Prelims & Paper II; Polity & Governance

Food safety and consumer empowerment are areas in need of constant attention in India, where enforcement is often lax. But in this, Tamil Nadu deserves credit for finishing at the top among 17 large States for food safety; it was ranked third in the previous edition of the State Food Safety Index. That Tamil Nadu, with 82 marks, is ahead of Gujarat by 4.5 marks and Maharashtra by 12 marks, highlights its creditable showing. Developed by the Food Safety and Standards Authority of India (FSSAI), the Food Safety Index evaluates States and Union Territories on these parameters, apart from their size: human resources and institutional data; compliance; food testing – infrastructure and surveillance; training and capacity building, and consumer empowerment.

Website: www.prepmate.in
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Performance of Tamil Nadu
Tamil Nadu has improved its standing in ‘human resources and institutional data’, and ‘training and capacity building’. There has been incremental progress in ‘compliance’ (which measures overall coverage of food businesses in licensing and registration), and ‘food testing’ (which scrutinises availability of adequate testing infrastructure with trained manpower in the States/Union Territories for testing food samples). The State has performed marginally lower than what it did last year in ‘consumer empowerment’. But barring Tamil Nadu, there is nothing for the other southern States to cheer about despite the region being more advanced than the rest of India in many socio-economic indicators.

Performance of other Southern States
Kerala, which came second last time, is now at sixth spot; Karnataka has retained its ninth position; Telangana slipped from 10 to 15 and Andhra Pradesh dropped to the last slot from the penultimate slot in the previous edition when 20 States were covered, unlike the 17 now. Among Union Territories, Puducherry rose from seventh to sixth spot.

Support of Central Government
But in an area such as food safety, States alone cannot make a big difference without the support of the Central government. Liberal assistance should be provided to the States and Union Territories as far as laboratory infrastructure and improvement of manpower, both technical and non-technical, are concerned. The private sector should come forward in a big way to have staff trained at their cost and where such persons are used productively for the purpose. There are inspiring accounts of the participation of some information technology majors in getting surplus food distributed to the needy, of course with the help of non-governmental organisations, and this should serve as a lesson to those who are still hesitant to make their contribution. What every player in the field of food safety should realise is that each one has a critical role to play, and there has to be collective and well-coordinated action.

Source: The Hindu

3. Testosterone deficiency & the safety of replacement therapy

Relevant for GS Prelims & Mains Paper III; Science & Technology

Hypogonadism is a condition caused by the deficiency of the male sex hormone, testosterone, and a new study in Lancet Health Longevity looks at the short- to medium-term safety of testosterone treatment. Analysis of data from more than 3,400 patients with hypogonadism from 17 clinical trials found little evidence that testosterone treatment increases the risk of cardiovascular events such as arrhythmia, heart attack, and stroke, in the short to medium terms.

Testosterone replacement therapy is the standard treatment for hypogonadism, which can cause sexual dysfunction, weakening of bones and muscles, and reduced quality of life. Risk factors include ageing (as testosterone levels decline with age), obesity and diabetes. Contacted via email, Dr Channa Jayasena, Reader in Reproductive Endocrinology, Imperial College London and study author, said that worldwide, 2% of men aged over 40 are affected, and this is growing as the population gets older.

Despite being widely used, the cardiovascular safety of testosterone treatment had so far remained unclear due to inconsistent findings. Most previous clinical studies relied on aggregate data, rather than individual participant data and have not published details of individual adverse events.

"Prescribing of testosterone for hypogonadism is increasing globally, but conflicting messages about its safety may have led to many patients not receiving the treatment. Ongoing studies should help to determine the longer-term safety of testosterone but, in the meantime, our results provide much-needed reassurance about its short-to-medium term safety. Our findings could have important implications for the treatment of men.
with hypogonadism worldwide,” lead author Jemma Hudson from the University of Aberdeen said in the report.

Funded by the UK National Institute for Health Research Health Technology Assessment Programme, the study identified 35 eligible clinical trials published since 1992, of which 17 provided individual participant data. None of the studies were from India, Dr Jayasena said.

In the 17 trials, 1,750 participants received testosterone and 1,681 were given a placebo. The average length of testosterone treatment was 9.5 months. The rate of cardiovascular events was not significantly higher for participants receiving testosterone treatment (7.5%) compared to placebo (7.2%). Fewer deaths were reported during testosterone treatment (0.4%) than in the placebo group (0.8%), but these numbers were too small to establish whether testosterone reduced mortality risk, according to the study authors.

The researchers found that testosterone significantly reduced serum total cholesterol, HDL, and triglycerides compared with placebo.

However, there were no significant differences in LDL, blood pressure, glycaemic parameters, diabetes incidence, and prostate adverse outcomes between the testosterone and placebo groups, according to the report.

The authors have acknowledged some limitations to their study. There was little available data evaluating the cardiovascular safety of testosterone treatment beyond 12 months, and the very small number of deaths recorded during testosterone trials hampered the authors’ ability to analyse why they occurred. However, the longer-term safety of testosterone treatment is currently being investigated in another clinical trial, Dr Jayasena said.

Source: The Indian Express

4. Why bond yields are rising, and what it means for markets and investors

Relevant for GS Prelims & Mains Paper III; Economics

With the Reserve Bank of India hiking rates to rein in inflation, which is expected to remain above 7% until at least September, bond yields have risen to their highest levels in three years. What does that mean for the markets and investors?

The big jump
The yield on benchmark 10-year government bonds has shot up by 149 basis points to 7.50% in the last one year. Since the start of the year, long-term yields have risen by over 100 bps, and short-term yields by over 150 bps.

Bond yields have been rising across the world amid higher inflation and plans for policy normalisation. Seeing the writing on the wall, buyers of government bonds have been demanding higher yields. “Data showing further increase in inflation leading to higher-for-longer inflation expectations may result in further increase in bond yields and correction in markets. We expect inflation in India to trend down sharply in the second half of FY23 on high base effects but note upside risks to inflation from higher-than-expected domestic food prices and global fuel prices,” said a report from Kotak Securities.

What it means
The rise in yields means markets have already factored in the worst of the rate movements. This also hints at the possibility of overnight rates rising to 6%-plus over the medium term. With current repo rates at 4.90%, this implies incremental rate hikes of more than 100 bps have been factored into bond yields. The rise indicates that the cost of funds in the financial system is rising and so are interest rates. A section of the
market also attributes the rise in yields to the RBI’s plan to exit from its accommodative stance and tighten interest rates in the coming months.

The rise means the government will have to pay more as yield (or return to the investors), leading to a rise in cost of borrowings. This will put upward pressure on general interest rates in the banking system. Further, if the RBI opts for normalisation of the monetary policy and intervenes less in the market, interest rates are bound to go up.

Analysts say expectations of higher inflation and the possibility of a rate hike can trigger a flight of capital from bank fixed deposits to RBI sovereign guaranteed bonds, as the difference in yields is now almost 150 bps.

**Bond investors...**
The rise in yields means investors expect higher interest rates and are selling their bonds, because higher rates would result in a decline in the bond price of existing bonds (and thereby capital loss on sale before maturity). Debt investors are set to get impacted. When yields rise and bond prices fall, net asset values of debt funds, which hold a sizeable chunk of government securities in their portfolios, will also decline. It will also impact corporate bonds, which are priced higher than government bonds.

The RBI’s change of stance on liquidity is likely to impact corporate spreads, especially AAA-rated bonds, when compared to government securities. The yield curve presents material opportunities for investors in the 4-7-year segment, and also offers a significant safety margin given the steepness of the curve. For investors with a medium-term investment horizon (3 years+), incremental allocations may offer significant risk reward opportunities. For investors with a short-term horizon (6 months-2 years), floating rate strategies are attractive as interest rate resets and premiums offer competitive “carry” and low volatility, said Kotak Securities.

**... and equity investors**
Rising bond yields are generally not good news for equity investors as they raise the cost of funds for companies and start hurting their earnings. It thus leads to outflow of funds from equities towards a less risky debt instrument. The CIO-debt of a leading mutual fund said that if a sovereign instrument starts paying 8%, it definitely attracts investors. “However, since the earnings of companies continue to be strong as of now, the impact will not be much. As and when higher interest rates start hurting companies’ earnings per share, it will put pressure on equity markets as outflows from equities will be higher.”

Traditionally, bond yields have an inverse relationship with equities as a rise in bond yields means that the risk premium on equities will have to go up.

**What to expect now**
Market participants say it is tough to figure out the peak in the current market as global uncertainties remain. However, markets have already factored in a rate hike of another 100 basis points by RBI. While the yields may rise by another 25-50 basis points depending on the government’s borrowing programme and global oil prices, debt fund managers say investors can go for short-term duration investment for 1-2 years. “A 3-year AAA-rated paper is trading at a yield of around 7.25%. Even if the yields were to rise by 50 bps over the next one year, if an investor remains invested for two years, he came make an annual return of 7%, which is good,” said the CIO of a leading mutual fund.

**Source: The Indian Express**

**5. After ExpressVPN, why Surfshark shut down its servers in India**

**Relevant for GS Prelims & Mains Paper III; Science & Technology**
Surfshark is shutting down its Indian servers in response to the country's cybersecurity rules. The norms, released by the Indian Computer Emergency Response Team (CERT-In) in April, require VPNs to record and keep users’ logs for 180 days as well as store a range of information for five years. The company said its users’ would still be able to use its services via “virtual” servers located in Singapore and London.

Surfshark follows ExpressVPN, which also pulled its India servers last week in the aftermath of the cybersecurity rules, which have received widespread criticism from VPN providers along with other stakeholders.

**Why has Surfshark removed its India servers?**
In a blog post, the Netherlands-based company said India’s cybersecurity rules “go against the core ethos” of the company’s “no logs” policy.

“The infrastructure that Surfshark runs on has been configured in a way that respects the privacy of our users and we will not compromise our values – or our technical base,” it said. “Ultimately, collecting excessive amounts of data within Indian jurisdiction without robust protection mechanisms could lead to even more breaches nationwide”.

Surfshark runs a network of over 3,200 servers in more than 65 countries.

Surfshark said India’s cybersecurity directive “is not good for its burgeoning IT sector”.

Citing its own data, it said that since 2004, around 15 billion accounts have faced data breaches, out of which more than 250 million belonged to Indian users. “The situation is extremely worrying in terms of lost data points, considering that per every 10 leaked accounts in India, half are stolen together with a password. Taking such radical action that highly impacts the privacy of millions of people living in India will most likely be counterproductive and strongly damage the sector’s growth in the country,” the company said.

**How have other VPN providers reacted?**
Last week, ExpressVPN pulled its India servers, saying it “refuses to participate in the Indian government's attempts to limit internet freedom”.

Surfshark may not be the last provider to shut down its India servers. Panama-based NordVPN has also been considering going the same route if the rules are implemented in their current form.

**What are India’s rules related to VPNs?**
The guidelines, released by CERT-In on April 28, asked VPN service providers along with data centres and cloud service providers to store information such as names, e-mail IDs, contact numbers, and IP addresses, among other things, of their customers for a period of five years.

While the government has said it wants these details to fight cybercrime, the industry argues that privacy is the main selling point of VPN services, and such a move would be in breach of the privacy cover provided by VPN platforms.

However, despite these concerns, Minister of State for Electronics and IT Rajeev Chandrashekhar had earlier said that VPNs who would not adhere to the rules are free to exit the country.

The rules will come into effect on June 27.

**What happens to Indian users of Surfshark?**
Despite the company shutting down its servers, Surfshark said its Indian users will continue to be able to access its services. “Surfshark’s physical servers in India will be shut down before the new law comes into power. Up until then, users will be able to connect to servers in India as usual. After the new regulations come
into effect, we’ll introduce our virtual Indian servers – which will be physically located in Singapore and London. Users will be able to find them in our regular list of servers,” Surfshark said.

“Virtual servers are functionally identical to physical ones – the main difference is that they’re not located in the stated country. They still provide the same functionality – in this case, getting an Indian IP,” it added.

While it is possible that connecting to virtual servers may face some lag, Surfshark’s users in India who don’t use Indian servers will not notice any differences.

Source: The Indian Express

6. Why has Kazakhstan voted to amend its Constitution?

Relevant for GS Prelims & Mains Paper II; International Issues

Citizens of the Central Asian nation, Kazakhstan, in a historic vote on June 5, gave an overwhelming majority to proposed constitutional amendments to soviet-era laws under former president Nursultan Nazarbayev. The former president unexpectedly resigned in March 2019 after being in power for three decades.

According to preliminary results, Kazakhstan’s Central Election Commission on Monday said that 77 per cent of voters supported the constitutional amendments, while just under 19 per cent voted against them.

The reforms are a part of a drive called “New Kazakhstan”, headed by the current President, Kassym-Jomart Tokayev.

What was the referendum in Kazakhstan?

The referendum to the proposed changes in the constitution were first disclosed by President Tokayev during his State of the Nation address in March 2022, after thwarting an attempted ‘coup’ in January, and removing the former president and his relatives from key positions in the government. Nazarbayev was head of the security council. The protests against Nazarbayev’s government were sparked by a sharp rise in fuel prices, but the overall agitation also reflected wide public discontent with a stagnant economy and authoritarian government.

The 56 amendments include changes that will strip Nazarbayev of his “national leader” status which grant him lifetime privileges.

The most important amendment is the transition of the government body from a super-presidential model, which existed under the former president, to a presidential republic. Under these amendments, the president will be prohibited from having an affiliation with any political party during his tenure. This will also apply to the presidents and judges of all the courts, along with chairpersons and members of the Central Election Commission. The heads of the Supreme Audit Chamber will also have to follow the same.

In a report published by the state news agency, The Astana Times, the presidential quota in the Senate, the upper chamber of the Kazakh Parliament, will be reduced from 15 to 10 deputies, and five of them will be proposed by the Assembly of the People of Kazakhstan. The Assembly is a consultative/advisory body which represents ethnic groups in the country.

The reforms will also see changes in the judiciary. The re-establishment of the Constitutional Court will change the number of judges to 11, four more than at present. Six judges will be appointed by Parliament, while the other four will be appointed by the president. The Chairperson of the Constitutional Court will be appointed by the president with the consent of the Senate.
Further amendments to the constitution will focus on strengthening the role and enhancing the status of Parliament, instead of the president. President Tokayev has also called for higher taxes on the extractive industries and on high-income individuals.

The proposed changes included specific questions on modifications like prohibiting the death penalty.

They will also provide Kazakhs the right to directly appeal to the Constitutional Court for a review of normative legal acts.

State Secretary of Kazakhstan Erlan Karin, in a statement, said, “This will strengthen systemic human rights activities and supreme supervision over the observance of the rule of law in the territory of the country on behalf of the state.”

With the amendments to the laws, the ‘New Kazakhstan’ government promises to strengthen and protect the rights of citizens, which was under question during the 30-year rule of Nazarbayev.

**How do these amendments help President Tokayev?**

Hoping to move out of his predecessor's shadow, Tokayev will want to cement his role as a long-awaited reformer after the referendum.

According to a report by news agency Reuters, the vote indicates that many citizens support the ouster of Nazarbayev, who ran the country for three decades before giving up the presidency in 2019 and picking Tokayev as a successor.

Securing domestic support will also help the 69-year-old career diplomat navigate the Ukrainian crisis, which has destabilised Kazakhstan’s economy and put it in a difficult geopolitical position between Russia and the West.

Tokayev was previously criticised for his decision to ask a Russia-led security bloc for help in January's unrest, putting the Kazakh leadership in Russia's debt, weeks before it invaded Ukraine. The violent protests had led to the deaths of more than 230 people.

With the passing of the referendum, Kazakhstan has moved away from Moscow and closer towards the West. While Russia is Nur Sultan's major economic and security partner, the West has invested hundreds of billions of dollars in its oilfields and mines.

Western sanctions against Russia due to the Ukrainian crisis have also hurt the Kazakh economy. The country’s currency Tenge plunged almost as much as the Russian Rouble did in March. However, President Tokayev has been very cautious in commenting on the crisis, urging all sides to act in line with the United Nations charter. The course of the Russia-Ukraine war will also decide Kazakhstan’s economic fate.

*Source: The Indian Express*
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