When the food runs out

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AN impending food crisis could see escalating prices and shortages in many countries as the cost of staple foods and vegetables reached their highest levels in two years, with scientists predicting widespread droughts and floods.

Although food stocks are generally good after a year that saw harvests wiped out in Pakistan and Russia, sugar and rice are at their highest price levels.

Global wheat and maize prices recently jumped almost 30 per cent in a few weeks. At the same time, global meat prices are at 20-year highs and last week the US predicted that global wheat harvests would be 30 million tonnes lower than last year. Meanwhile, the price of tomatoes in Egypt, garlic in China and bread in Pakistan are at near-record levels.

"The situation has deteriorated since September," says Abdolreza Abbassian, of the UN Food and Agriculture Organisation.

"In the last few weeks there have been signs we are heading the same way as in 2008 … [and] this time they could stay high much longer."

But opinions are sharply divided over whether these prices signal a world food crisis such as the one in 2008 that saw riots in 25 countries, or simply reflect volatility in global commodity markets as countries claw their way through recession.

"A food crisis on the scale of two or three years ago is not imminent, but the underlying causes [of what happened then] are still there," says Chris Leather, Oxfam's food policy adviser.

But others point to food riots in Mozambique that killed 12 people last month and say prices could spiral and lead to political turmoil.

They say this is particularly possible if the price of oil jumps, if there are further climatic shocks - such as this year's floods in Pakistan or the heatwave in Russia - or if speculators buy deeper into global food markets.

"There is growing concern among countries about continuing volatility and uncertainty in food markets," says Robert Zoellick, president of the World Bank.

"These concerns have been compounded by recent increases in grain prices. World food price volatility remains significant, and in some countries the volatility is adding to already higher local food prices."

Mounting anger has greeted food price inflation of 21 per cent in Egypt in the past year, along with 17 per cent rises in India and similar amounts in many other countries. Prices in Britain have risen 22 per cent in three years.

In the past month, the governments of Kenya, Uganda, Nigeria, Indonesia and the Philippines have all warned of possible food shortages next year, citing this year's floods and droughts, expected extreme weather next year and speculation by traders who are buying up food stocks to release when prices rise.

The UN's food price index rose 5 per cent last month and now stands at its highest level in two years. World wheat and maize prices have risen 57 per cent, rice 45 per cent and sugar 55 per cent in the past six months and soybeans are at their highest price for 16 months. Meat prices are at a 20-year high.

The UN's special rapporteur on the right to food, Olivier de Schutter, says a combination of environmental degradation, urbanisation and large-scale land acquisitions by foreign investors for biofuels is putting pressure on land suitable for agriculture.

"Worldwide, 5 to 10 million hectares of agricultural land are being lost annually due to severe degradation, and another 19.5 million are lost for industrial uses and urbanisation," he says in a new report.

"But the pressure on land resulting from these factors has been boosted in recent years by policies favouring large-scale industrial plantations. According to the World Bank, more than one-third of largescale land acquisitions are intended to produce agrofuels."

Five staples under threat

Cabbage in South Korea

To South Koreans, the long-leafed cabbage is part of the national identity as the most common staple ingredient of kimchi, the spicy pickled vegetable dish that accompanies every meal.

But a frosty spring and hot summer followed by floods ruined this year's crop and caused prices to rise between three- and five-fold. Chinese media reported that heads of cabbage were selling at a record high of 13,800 won (about $12) in Seoul last month.

Garlic in China

Garlic was last year's best-performing commodity in China, Morgan Stanley says, and it has continued to appreciate. By April last year, demand was far outstripping supply and the price began to rocket. A bad harvest this year sent it up again and caused speculators to pile in; some made hundreds of thousands of dollars trading warehouses-full. This July the price hit a high of 13 yuan ($2) a kilogram, where it remains.

Tomatoes in Israel

They are as much part of the Middle Eastern diet as hummus and olive oil, but the rocketing price of tomatoes has led many families to treat them as an
expensive delicacy. The cost of a kilogram has risen seven- or eight-fold in Israel and Palestine in the past month as a result of the scorching summer, with some retailers charging up to 15 shekels ($4.20) a kilogram.

In Egypt there have been reports of street protests over the cost of tomatoes, and in Turkey their price has tripled.

**Bread in Russia** The price of bread has risen dramatically in Russia after the heatwave in August, which wiped out more than a fifth of the country's grain crop and prompted devastating wildfires in the European part of the country.

Prices have risen by at least 20 per cent over the past two months, with further rises likely. Before August's drought, a loaf of white bread cost about 16 roubles. Now it is 20 roubles (67¢).

**Sugar in Pakistan**

Wheat may be Pakistan's staple food, but sweet, milky chai (tea) is the national drink. Sugar is the country's second-largest cash crop, after cotton, and since December 2008 sugar prices have more than doubled, to about $1 a kilogram.

Sugar is a source of crime: dealers smuggle it across the border into Afghanistan, where it fetches a higher price.

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