

# The crisis felt around the world

Globe and Mail Update

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## Argentina

Farmers in Argentina called off their 16-day strike against higher taxes on grains exports yesterday, aiming to ease talks with the government, strike leaders said.

The national farm and ranch strike has all but paralyzed one of the leading world exporters of soybeans, beef and wheat. There were no reports of major violence. President Cristina Fernandez had angrily refused to roll back new export taxes, facing down angry farmers.

Thousands took to the streets this week to support the farmers.

Spreading shortages of beef, milk, cooking oil and other farm products on supermarket shelves only compounded public angst. *AP*

## Asia-Pacific region

Biofuels are not only hurting poor consumers in Asia by driving up crop prices, they are also failing to help farmers who have not been able to adapt their production to cash in on the boom, a UN report said this week.

The UN report noted that the sector has the potential to lower oil prices as well as provide higher demand for farmers, but urged governments to "carefully consider the impact on the poor."

The report calls for a "revolution" in the agriculture sector, saying that it could lift 218 million people living across the Asia-Pacific region out of poverty.

Urging attention on the sector that employs 60 per cent of the region's workers, the report says that raising average agricultural labour productivity is needed. *AFP*

## Australia

Australia, once the second largest exporter of grain, would harvest about 25 million tonnes in a good year. But, because of the worst drought in a century, the 2006 crop yielded only 9.8 million tonnes.

Global wheat stocks are at their lowest levels since 1979, and the Australian drought is one of the reasons why.

But things are looking up as rainfall in grain-growing regions has replenished soil moisture after years of drought, improving prospects for this year's crop. "Rain in late April, May and June will be the key for production this year," said Luke Chandler, a senior commodities analyst in Sydney. *Bloomberg and BBC*

## **China**

China said yesterday it will pay farmers more for rice and wheat, trying to raise output and cool surging inflation that threatens to fuel unrest ahead of the Beijing Olympics.

Beijing has frozen retail prices of rice, cooking oil and other goods in an effort to rein in food costs that jumped 23.3 per cent in February over the same month last year.

But analysts warn that holding down prices paid to farmers will discourage them from raising production and easing shortages blamed for the increases. *AP*

## **Egypt**

Egypt banned rice exports from April to October to ensure availability of the grain at affordable prices and as an alternative food to wheat products, the government-run news agency said, citing Trade and Industry Minister Rachid Mohamed Rachid.

"Consumption of rice went up because the price of pasta and bread soared," Mr. Rachid said to MENA. "We had to make sure there is enough rice available in the local market, so we halted exports." A global increase in grain prices pushed up food costs in Egypt, which imports about half of its wheat. Bread and grain prices jumped 27 per cent last month in Egypt, which imports about half of its wheat. *Bloomberg*

## **Philippines**

Higher rice prices have sparked protests in the Philippines.

President Gloria Macapagal Arroyo, worried about anything that could spark a revolt against her, is assuring the public rice won't run out or skyrocket in price during the traditionally lean months of July to September.

This week, she arranged the purchase of up to 1.4 million tonnes from Vietnam. She also has ordered a crackdown on price manipulation, hoarding and profiteering on subsidized rice and will hold a food summit April 4.

Things are so tight the Agriculture Secretary has asked people not to throw away leftover rice and urged fast-food restaurants to dole out less rice. *AP*

## **Russia**

Russian consumer prices probably rose between 1 per cent and 1.2 per cent in March from the month before, driven by food costs, the Economy Ministry said.

"Accelerating inflation at the start of 2008 is principally due to food price growth," which was twice as high as in the first two months of last year, the ministry said in its monthly review posted on its website yesterday.

In a bid to rein in food prices, the government has cut dairy and vegetable oil import duties, sold grain from state reserves and added a grain export duty. *Bloomberg*

## **United States**

The worst case of food inflation in nearly 20 years has more Americans giving up restaurant meals to eat at home.

Record-high energy, corn and wheat prices in the past year have led to sticker shock in the grocery aisles. At \$1.32, the average price of a loaf of bread has increased 32 per cent since January, 2005. In the past year alone, the average price of a carton of eggs has increased almost 50 per cent.

Ground beef, milk, chicken, apples, tomatoes, lettuce, coffee and orange juice are among the staples that cost more these days, according to the federal Bureau of Labor Statistics.

Overall, food prices rose nearly 5 per cent in 2007, according to the U.S. Department of Agriculture, and a survey by the Food Marketing Institute showed the average number of weekly shopping trips falling below two per household for the first time. Food banks are seeing increases in their overall client loads. *AP*

## **Vietnam**

A sharp rise in the price of rice has Vietnamese exporters and farmers stockpiling it in expectation of further price increases.

The U.S. Department of Agriculture forecasts global rice stocks for 2007-08 at 65 million tonnes, the lowest since 1983-84 and about one-half of the peak in 2000-01.

In Vietnam, a major rice exporter, the crop has been hit by a virus called tungro and infestations of the brown plant-hopper insect.

Farmers there say they are not benefiting from the higher prices.

"The rice price has gone up 50 per cent over the past three months but I'm not making any more money because I have to pay double for fertilizer, insecticides and labour costs," said one farmer in Ha Tay province, just outside Hanoi. *AP*