

# Subsidised bread staving off starvation and uprisings

Mary Fitzgerald Irish Times 16/4/08

**WORLD FOOD SECURITY:** Tension is high in the queues outside the bread shops of Egypt, as **Mary Fitzgerald** reports from Alexandria in the first of a series on the world food crisis

FOR MONTHS now, the queue outside Ahmed Shandawili's tiny bakery in Alexandria has formed long before dawn each morning. Men, women and even bleary-eyed children join the often disorderly line to make sure they can buy enough bread before it runs out.

More than 1,200 puffy discs of rough baladi (country) bread tumble out of Ahmed's dusty oven every day but he says he could easily sell five times that amount.

"There is huge pressure these days because other foods have become so expensive," he explains.

"People are eating more subsidised bread because they can afford little else."

The global rise in food prices, which has prompted warnings from the World Bank, the IMF and the UN's World Food Programme, is being keenly felt in Egypt, the Arab world's most populous nation and a country where an estimated 40 per cent of people live in poverty.

With almost 20 per cent of Egyptians living on less than \$1 a day, even a slight wobble in food prices brings the potential for crisis. But what Egypt has experienced in the last 12 months, say analysts, is not so much a wobble as a devastating lurch. Official figures show the price of food in Egypt has increased by an average of 23.5 per cent in the past year.

The price of both cereals and bread has soared by 48.1 per cent; cooking oil by 45.2 per cent; dairy goods 20 per cent and vegetables 15 per cent.

The price hikes mean rice and pasta - staple foods among the country's poor, particularly when combined with lentils in the popular dish known as "koshari" - are now out of reach for millions of Egyptians. The government, however, has managed to keep the price of subsidised bread stable at less than one cent per loaf.

It needs to. For decades Egypt, one of the world's largest importers of wheat, has provided subsidised flour to bakers to produce cheap bread for the poor as a costly but essential element of its economic policy.

State-subsidised bread enables millions of Egyptians to survive on meagre salaries and - so official thinking goes - helps stave off political discontent. About 85 percent of Egypt's bread, some 230 million loaves a day, is subsidised.

As a result bread is central to the Egyptian diet - reflected in the fact that Egyptians refer to it using the colloquial word "aish", which means life, rather than the standard Arabic "khobz".

Outside Ahmed's bakery in Ghobrian, a working-class district of Alexandria, Egypt's second largest city, people are getting irritable in the morning heat. Some have been queuing for hours to buy the subsidised bread, which costs less than 20 cent for 20 round, flat loaves, the maximum allowed at one time.

Many will join the queue several times to make sure they have enough for their large, extended families that day. In the jostling for position tempers begin to fray.

"We are close to killing each other for bread," one woman moans. She is half-joking but others in the queue talk of what has happened in other parts of Egypt. Since early February at least 11 people have died in bread lines, either from exhaustion, heart attacks or accidents.

Two were stabbed when fights broke out between customers vying for places in the queue. In Alexandria, lurid rumours swirl of the man whose hand was chopped off when he tried to skip a queue, or the angry customer who set fire to a bakery because the owner refused to sell him more loaves.

"All we have left to survive is bread," says one woman, the mother of five children. Another, Hanan, is six months pregnant and complains of the daily wait. "Every day I'm standing here for hours just to get enough to feed my family," she says. "What did we do to deserve this?" A man behind her interrupts: "The government is not doing enough. These difficulties will force people to take desperate measures."

Everyone here remembers the bread riots of 1977, when a government decision to lift subsidies on bread triggered the only mass popular uprising in Egypt in the last 50 years.

More than 70 people died before then president Anwar Sadat restored the old policy.

Earlier this month thousands of workers and youths clashed with police in the industrial town of Mahalla el-Kubra in the Nile Delta. Four people, one aged 15, were killed and scores more injured and detained. Many fear wider unrest.

"What we are witnessing now is a very unstable situation," says Daaa Rashwan, an analyst at Cairo's Al-Ahram Centre for Political and Strategic Studies.

"There is very real suffering and we cannot exclude the possibility of serious violent confrontation. Everyone in government here has such fears."

In an effort to alleviate the crisis, President Hosni Mubarak recently ordered the army to bake and distribute bread, and drew on currency reserves to import more wheat. An extra \$850 million (€540 million) has been spent on wheat this year and the total bill is expected to be well over \$2.5 billion (€1.6 billion). Mubarak also ordered a crackdown on unscrupulous bakers who sell their subsidised flour on the black market.

Ahmed El-Naggar, an economist who has advised the government on the crisis, says. "It's a huge problem. The government should remove all subsidies on flour and put them on bread instead so only the customer benefits," he said. "It should also increase the overall subsidy."

Only months ago some Egyptian officials were proposing a change in the country's food subsidy policy to help reduce a budget deficit estimated at more than 5.3 per cent of gross domestic product in 2006-2007.

No one dares mention such a plan now.

Gamal Mubarak, son and heir-apparent of President Mubarak, said recently that the government would not hesitate "for a minute" to increase subsidies on basic products if necessary.

Meanwhile, back at Ahmed's bakery the grumbling continues. "Even in Iraq they have enough bread," says one man bitterly. "Everything is wrong with our country."

### ***Tomorrow: The factors that have contributed to the crisis***

**Egypt's inflation** □ In the 12-month period up to March, the price of both cereals and bread rose by 48.1 per cent, according to Egypt's Central Agency for Public Mobilisation and Statistics.

The price of cooking oil rose by 45.2 per cent while foodstuffs as a whole rose by an average of 23.5 per cent. Prices for dairy goods rose 20 per cent and vegetables 15 per cent. The general inflation rate for the 12-month period stood at 15.8 per cent.

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## Dash to biofuels a risk to poor

Mary Fitzgerald 17/4/08

**EGYPT:** The demand for biofuels has combined with other issues to whip up a "perfect storm" on food prices and supply, writes **Mary Fitzgerald** from Alexandria in the second part of her series World food security

WITH FOOD riots helping to topple a government in Haiti, deadly protests in Egypt and Cameroon, and increasing desperation in dozens of developing countries, it is clear that the soaring cost of basic foodstuffs is provoking much soul-searching and no little fury across the world.

In less than 12 months, wheat prices have risen 130 per cent, soya by 87 per cent and rice by 74 per cent. In general, food prices have climbed about 83 per cent worldwide over the past three years, according to World Bank figures.

The spiralling cost of rice, a staple food for nearly half the world's population, has led several major rice-producing countries, including India and Vietnam, to impose severe limits on exports to ensure domestic stocks.

According to the World Bank, 33 countries are now in danger of political instability and domestic unrest following food price inflation.

In the words of Jacques Diouf, executive director of the UN's Food and Agriculture Organisation (FAO), the current crisis presents "a risk for peace and stability around the world".

Last weekend World Bank president Robert Zoellick warned that 100 million people faced being pushed deeper into poverty as a result of rising food prices. The repercussions, he said, could be felt well into the future.

"This is not just about meals forgone today, or about increasing social unrest, it is about lost learning potential for children and adults in the future, stunted intellectual and physical growth," Zoellick explained.

The reasons why the world has arrived at this point are many and complex but economists and development experts highlight several factors that have combined to create what they say is something of a "perfect storm" with the potential to wreak catastrophe on a global scale.

Zoellick and many others in the development sector believe a key factor is the growing biofuel industry and, in particular, the US government's policy of giving subsidies to farmers so they can grow corn for the making of ethanol, a biofuel which can be blended with petrol.

Ethanol production is set to account for some 30 per cent of America's corn sector by 2010 as part of US attempts to reduce its dependence on oil imports.

Critics charge that by taking over land that would otherwise be used to grow food crops, the ethanol industry has caused food production in the US to plummet.

Last year the FAO predicted the making of biofuels would increase world food costs by 10 to 15 per cent, if current levels continue. The US-based International Food Policy Research Institute suggests biofuel production accounts for a quarter to a third of the recent hike in global commodity prices.

But biofuels is not just a US issue. Last week, an environment advisory panel

urged the EU to suspend its aim of having 10 per cent of transportation fuel made from biofuels by 2020.

Everyone should examine the effects of "the dash for biofuels," Zoellick said last weekend. "I would hope countries that . . . have emphasised biofuel development will be particularly sensitive to the call to meet the emergency needs for people who may not have enough food to eat."

Ismail Serageldin, director of the Bibliotheca Alexandrina and a former vice-president of the World Bank, is more blunt. "We have to recognise that we have a disastrous situation before us. The corn ethanol policy of the United States is terribly wrong . . . it has an enormous impact."

This week Serageldin hosted a conference in the Egyptian coastal city of Alexandria bringing together Nobel Laureates, scientists, academics and researchers to examine how to tackle the problems of the developing world. Not surprisingly rising food prices dominated many of the sessions.

Richard R Ernst, a Swiss chemist and Nobel prize winner did not mince his words when it came to ethanol and the food versus fuel debate. "This is taking the food of the poor to burn it as fuel for the cars of the rich," he told delegates during the opening session. "By any standard that is not acceptable."

Last year the UN's special rapporteur for the right to food, Jean Ziegler, attempted to draw attention to the issue, going as far as describing biofuels as a "crime against humanity" because of effect on global food prices.

The impact of climate change is another factor. Drought, desertification, more frequent flooding and changing weather patterns in general have affected agricultural production worldwide. In Australia, once a leading producer of wheat, consecutive droughts have devastated crop yields, pushing prices up even further.

But the main reason why prices are rising - and will continue to rise, say experts - is simply that the population of the world is growing to the point where it is expected to top nine billion by the middle of this century, a rate which puts pressure on energy, other resources and food supply.

Not only that, but increasing wealth in emerging economies such as China and India has led to dietary changes that effect the global food balance.

"It's not just a case of more people, it's a case of more people moving up the income scale and people eating greater quantities of better food as a result of higher incomes," says Eduardo Trigo, an Argentinian economist attending the Alexandria conference.

The expansion of China's middle class has led to a doubling in meat consumption in the country. Chu Chengcai, a Chinese delegate, points out that his nation imported more than 50,000 tonnes of beef from the US last year. "People in China did not have the money to eat meat before but now they can," he says. "Eating a diet rich in meat protein is seen as healthier there."

Increased consumption of meat in countries such as China and India means there is greater demand for grain to be used as a feedstuff for livestock, sending prices soaring.

As queues for state-subsidised bread swell in his native Egypt due to the price squeeze on other staple foods, Ismail Serageldin admits the immediate future looks bleak. "This problem is not going to go away anytime soon."

## **Haiti**

Port-au-Prince- Sellers and customers have been clashing over the price of rice in Haiti, three days after the government announced a deal to reduce the price by 15 per cent after food riots that killed at least five people.

Vendors said customers had expected rice prices to drop immediately after the government announced an agreement with importers to cut the cost of a 110-pound (50kg) sack of rice from \$51 (≈32) to \$43. But vendors were still selling older, higher-priced stocks, angering Haitians and keeping alive tensions over skyrocketing living costs in a nation where most people get by on less than \$2 a day.

The senate fired prime minister Jacques-Édouard Alexis on Saturday after days of unrest over the high cost of living in the impoverished Caribbean nation of almost nine million people, where malnutrition is rampant. Five people were killed in the early days of the unrest when crowds attacked UN peacekeepers and Haitian police. - **(Reuters)**

## **North Korea**

North Korea, which suffered from a famine in the 1990s that may have killed three million, faces a "potential humanitarian crisis" after harvests fell on poor weather and food prices surged, the World Food Programme (WFP) says. The country has a grain shortfall of 1.66 million metric tonnes this year, the highest since 2001, the agency said in a statement yesterday.

"It takes a third of a month's salary just to buy a few days' worth of rice," Jean-Pierre de Margerie, the WFP's country representative in North Korea, said in the statement. The situation is "not yet" on the scale of the 1990s famine, but "yellow lights have to be flashed", he added in an interview.

Prices of staple foods in the North Korean capital have doubled over the past year following floods last August that reduced agricultural output, the WFP statement said. Last year's harvest was a quarter less than that gathered in 2006, it said. - **(Bloomberg)**

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# Farm reform is key to battling hunger

# Mary Fitzgerald 18/4/08

**EGYPT:** World food security A new report has called for a fundamental change in world farming to remedy inequality, writes **Mary Fitzgerald** from Alexandria in the last of her series on the world food crisis.

IT TOOK 400 scientists more than three years and much wrangling, but the report published this week calling for radical changes in world farming in order to remedy inequalities could not have come at a more opportune time.

With dozens of developing countries finding themselves stretched and experiencing internal unrest as a result of rising food prices, and everybody from the World Bank, the International Monetary Fund and the UN's World Food Programme warning of worse times to come, the report by the International Assessment of Agricultural Science and Technology for Development (IAASTD) proved a timely call for action.

The 2,500-page report concluded that while advances over the last half century had resulted in the world's food production increasing at a faster rate than its population, the present system of production and trade meant the benefits were spread unevenly and at an "increasingly intolerable price" paid by small-scale farmers, workers, rural communities and the environment.

"Malnutrition and food insecurity threaten millions," the report's authors wrote. "Rising populations and incomes will intensify food demand, especially for meat and milk which will compete for land with crops, as will biofuels. The unequal distribution of food and conflict over control of the world's dwindling natural resources presents a major political and social challenge to governments, likely to reach crisis status as climate change advances and world population expands from 6.7 billion to 9.2 billion by 2050."

Launching the report, IAASTD director Prof Robert Watson said recent food price hikes had been driven by increased demand, poor weather, export restrictions, more land use to produce biofuels such as corn-derived ethanol, commodity market speculation and higher energy costs.

The IAASTD report, commissioned by the UN and the World Bank, prescribed a fundamental rethink of agricultural knowledge, science and technology to develop a sustainable global food system. "Modern agriculture will have to change radically if the international community wants to cope with growing populations and climate change, while avoiding social fragmentation and irreversible deterioration of the environment," said Salvatore Arico from Unesco, the UN's educational, scientific and cultural division, in a summary of the report.

Outlining some of the challenges facing world farming in the next decades, Prof Watson said: "We need to enhance rural livelihoods where most of the poor live on one or two dollars a day.

"At the same time, we need to meet food safety standards. All of this must be

done in an environmentally and socially sustainable manner." Agriculture should no longer be treated merely as a single issue of production, he said, adding that this approach had resulted in "an increasingly degraded and divided" planet.

"We need to consider the environmental issues of biodiversity and water; the economic issues of marketing and trade, and the social concerns of gender and culture."

IAASTD co-chairman Hans Herren charged that "contentious political and economic stances" were hampering attempts to address some of the imbalances outlined in the report. Specifically, he referred to OECD countries who are "deeply opposed to any changes in trade regimes or subsidy systems".

The report, which some hope will prove an agricultural equivalent to the Intergovernmental Panel on Climate Change that provided an impetus for the current climate change agenda, is backed by 60 countries. The US, Canada, Australia and Britain have so far withheld support, however, due to scepticism over the role of GM (genetic modification) technology.

The report's authors said they were not convinced that GM technology, as it is currently practised, could help in the battle against hunger. "Assessment of the technology lags behind its development, information is anecdotal and contradictory, and uncertainty about possible benefits and damage is unavoidable," the report added. The GM debate is one many scientists and development experts believe will intensify as the world searches for possible solutions to the food crisis.

At this week's BioVision conference in the Egyptian city of Alexandria, a gathering where scientists, academics and representatives from the development sector discussed the role of life sciences in tackling problems in developing countries, the GM issue reared its head in several meetings.

Roger Beachy, president of the US-based Donald Danforth Plant Science Centre and a strong advocate of GM technology, argued that "over-precaution" on the issue of GM "in the face of strong scientific evidence to the contrary" was partly to blame for the current world food crisis.

Tom Arnold, chief executive of Concern and chairman of the European Food Security Group, acknowledged GM technology may form part of future strategies to combat hunger. "You can't rule out the possibility of GM foods, in the longer term, having an increasing role to play in food security," he said. "There has to be a potential in some of this gene technology to breed shorter cycle or drought resistant plants, for example." Mr Arnold said a "much more open and genuine" discussion about the possibilities, risks and concerns was required.

Above all, he stressed, the issue of political will and leadership was crucial in the fight against hunger and malnutrition. "The combination of the energy crisis and the food crisis means we have now moved onto a new plateau. There's going to have to be a clear focus on more food security and more

investment in agriculture. That demands a policy shift."

Mr Arnold, who sits on the Hunger Task Force set up last year to recommend ways in which the Irish Government can best contribute to tackle food insecurity, noted how the work of the taskforce had become even more relevant in recent months.

"We are facing an objectively different food situation in the world than we were when the taskforce was set up a year ago. The urgency of dealing with the food crisis in terms of short-term safety nets for the poor and the beginnings of much more focused attention on food security has become very relevant." He said the decision of the taskforce to focus on increasing agricultural productivity as well as improving nutrition, reflected current thinking on battling hunger.

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## Biofuels and food prices

Letter to the Editor 21/4/08 from John O'Shea, Director of GOAL, Irish NGO in ODA.

Madam, - Mary Fitzgerald is right to highlight the risk biofuel plays when it comes to feeding the poor ("Dash to biofuels a risk to poor", World News, April 17th).

It is ridiculous that we are prepared to take an item like maize, the staple food for many of the world's most vulnerable people, and turn it into fuel to quench our insatiable thirst for cars.

It is morally unacceptable that we are putting the threat of climate change ahead of our duty to make sure that every person goes to sleep with some food in their bellies.

Of course, the current global food crisis is not helped by corrupt leaders such as Robert Mugabe, who has turned Zimbabwe from one of the most plentiful countries in Africa into a crisis zone with his land redistribution policies.

Because he was more interested in lining the pockets of the rogues gallery supporting him than in providing for his own people, millions are facing an uncertain future. It is only when accountable, transparent leaders are in office that we will see real development in Africa. - Yours, etc,

**JOHN O'SHEA, Dún Laoghaire, Co Dublin.**

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