Food Prices Soaring Worldwide
By KATHERINE CORCORAN – Mar 24, 2008

MEXICO CITY (AP) — If you're seeing your grocery bill go up, you're
not alone.

From subsistence farmers eating rice in Ecuador to gourmets feasting
on caviar in Japan, consumers worldwide face rising food prices in what analysts call a
Freak weather is a factor. But so are dramatic changes in the global
prices, lower food reserves and growing consumer demand in China

The world's poorest nations still harbor the greatest hunger risk. Clas of food riots broke out in Burma last week, and similar food riots broke out in Burma last week, and similar food riots broke out in Burma last week, and similar food riots broke out in Burma last week, and similar food riots broke out in Burma last week.

But food protests now crop up even in Italy. And while the price of subsistence food, consumers have no choice but to cut consumption. It's not likely that prices will go back to as low as we're used to," said economist and secretary of the Intergovernmental Group for Grains
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No one knows that better than Eugene Thermilon, 30, a Haitian day laborer who can't afford pasta to feed his wife and four children since the price nearly doubled in a month. Their only meal on a recent day was two cans of corn grits.

"Their stomachs were not even full," Thermilon said, walking toward the precipice of a garbage-filled ravine. By noon the next day, he still had the same meal.

Their hunger has had a ripple effect. Haitian food vendor Fabiola Duval said that many customers like Thermilon that she had to pull her daughter, Fyva, from school because she can't afford the $20 monthly tuition.

Fyva was just beginning to read.

In the long term, prices are expected to stabilize. Farmers will grow more food and eventually bring prices down. Already this is happening with rice, which is being planted in the U.S., Canada and Europe in the coming year.

However, consumers still face at least 10 years of more expensive food according to FAO projections.

Among the driving forces are petroleum prices, which increase the cost of fertilizers to transport to food processing. Rising demand for meat and other meats also contribute to higher food prices.
countries such as China and India is sending up the cost of grain, us
demand for raw materials to make biofuels.

What's rare is that the spikes are hitting all major foods in most cour
4 percent in the U.S. last year, the highest rise since 1990, and are c again this year, according to the U.S. Department of Agriculture.

As of December, 37 countries faced food crises, and 20 had impose controls.

For many, it's a disaster. The U.N.'s World Food Program says it's f funding this year to feed 89 million needy people. On Monday, it app step up contributions, saying its efforts otherwise have to be scaled

In Egypt, where bread is up 35 percent and cooking oil 26 percent, t proposed ending food subsidies and replacing them with cash payo was put on hold after it sparked public uproar.

"A revolution of the hungry is in the offing," said Mohammed el-Ask High Cost of Living, a protest group established to lobby against enc

In China, the price hikes are both a burden and a boon.

Per capita meat consumption has increased 150 percent since 1980 months ago to switch from selling auto parts to pork. The price of po the past year, yet every morning housewives and domestics still cro more customers order choice cuts.

The 26-year-old now earns $4,200 a month, two to three times what And it's not just pork. Beef is becoming a weekly indulgence.

"The Chinese middle class is starting to change the traditional thou luxury," said Kevin Timberlake, who manages the U.S.-based West China's Inner Mongolia.

At the same time, increased cost of food staples in China threatens been selling grain from its reserves to hold down prices, said Jing Ul equities for JP Morgan.

"But this is not really solving the root cause of the problem," Ulrich s. is a supply-demand imbalance. Demand is very strong. Supply is co that."

Chinese Premier Wen Jiabao says fighting inflation from shortages c priority. Inflation reached 7.1 percent in January, the highest in 11 ye jump in food prices.

Meanwhile, record oil prices have boosted the cost of fertiliz up 80 percent in 2007 over 2006. The oil spike has also turned up th switch to biofuels, which the FAO says will drive up the cost of corn,
many more years to come."

In Japan, the ethanol boom is hitting the country in mayonnaise and ingredients, as biofuels production pushes up the price of cooking oil.

A two-pound bottle of mayonnaise has risen about 10 percent in two (nearly $3), said Daishi Inoue, a cook at a Chinese restaurant.

"It's not hurting us much now," he said. "But if prices keep going up, our prices."

Miso Bank, a restaurant in Tokyo's glitzy Ginza district, specializes in soybean paste.

"We expect prices to go up in April all at once," said Miso Bank man would affect our menu. So we plan to order miso in bulk and make c

Italians are feeling the pinch in pasta, with consumer groups staging against a food deeply intertwined with national identity. Italians eat a pasta per capita a year.

The protest was symbolic because Italians typically stock up on past a time. But in the next two months pasta consumption dropped 5 pei Rolando Manfredini.

"The situation has gotten even worse," he said.

In decades past, farm subsidies and support programs allowed majc hold large surpluses, which could be tapped during food shortages t trade policies have made agricultural production much more respons putting global food reserves at their lowest in a quarter century.

Without reserves, bad weather and poor harvests have a bigger imp

"The market is extremely nervous. With the slightest news about ba said economist Abbassian.

That means that a drought in Australia and flooding in Argentina, tw suppliers of industrial milk and butter, sent the price of butter in Fran 2006 to 2007.

Forty percent of escargot, the snail dish, is butter.

"You can do the calculation yourself," said Romain Chapron, preside which supplies escargot. "It had a considerable effect. It forced peop their belts to the maximum."

The same climate crises sparked a 21 percent rise in the cost of mill another famous French food item — the croissant. Panavi, a pastry . retail prices of croissants and pain au chocolat by 6 to 15 percent.
Already, there's a lot of suspicion among consumers.

"They don't understand why prices have gone up like this," said Nico at the Federation of French Bakeries and Pastry Enterprises. "They from this. But it's not us. We're paying." Food costs worldwide spiked 2007, according to the FAO. Grains went up 42 percent, oils 50 perc

Economists say that for the short term, government bailouts will have to keep unrest at a minimum. In recent weeks, rising food prices sparked unrest in nations of Burkina Faso, where mobs torched buildings, and Cameroon died.

But attempts to control prices in one country often have dire effects on world markets. The Ukraine and Russia imposed export restrictions on wheat, causing it to soar for importing countries. Partly because of the cost of imported wheat, eating bread made from potato flour, a native crop.

"We need a response on a large scale, either the regional or interna- tional," says François de Chauvin, the director of the environmental research organization Worldwatch Institute. "All the world food markets that this is a global crisis."

Poorer countries can speed up the adjustment by investing in agriculture. Farmers can turn high prices into an engine for growth. But in countries like Burkina Faso, the crisis is immediate.

Days after the riots, Pascaline Ouedraogo wandered the market in the village where she lives looking to buy meat and vegetables. She said a good meal cost $10 long ago. Now she needs twice that.

"The more prices go up, the less there is to meet their needs," she says. "You wonder if it's the government or the businesses that are responsible for the hikes."

Irene Belem, a 25-year-old with twins, struggles to buy milk, which has recently increased in price.

"We knew we were poor before," she said, "but now it's worse than ever."

Katherine Corcoran is based in Mexico City. AP correspondents wrote this report.

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