

Servicio Integrado de Información Arrocera
(5 mayo 2008)

Tico Times

World Food Prices Hitting Home

Rising cost of eating threatens gains against poverty, may cause 'great discontent' among Ticos

By Gillian Gillers and Leslie Friday
Tico Times Staff | ggillers@ticotimes.net lfriday@ticotimes.net

For Carmen Molina, ¢10,000 no longer stretches far at the supermarket.

With that sum, which is about \$20, she used to be able to buy enough food to prepare dinners for herself and her daughter for four days. Now, she can only cobble together dinners for two days with that amount.

An administrative secretary, Molina has been out of work for five months. To keep up with rising food costs, she has bought less meat and vegetables – preferring to go to whichever store has the best deals.

“It's not fair,” Molina said as she stood outside the supermarket Más x Menos in downtown San José. “The government has to do something very urgent.”

And it seems the government is listening. On Wednesday, President Oscar Arias' administration announced plans to promote national production and help the poor cover food costs.

Acknowledging that Costa Rica's dependence on imports is partly to blame for rising prices here, Agriculture Minister Javier Flores said the government would substantially increase local production of rice, beans and white corn by offering credit, insurance and technical assistance to Tico farmers.

Promising to give more details next week, Presidency Minister Rodrigo Arias said the government would also compensate consumers whose bills have dwarfed their salaries.

The price of the basic food basket – a measure of 10 items, such as rice, beans, eggs and vegetables – rose 13.3% in the first quarter of 2008.

Price hikes in March were greatest for bread, cheese and the casado, a favorite Tico dish of rice, beans, meat and salad.

Empty Bellies

Costa Rica is not the only country whose citizens are feeling a blow to their pocketbooks and stomach from rising food costs.

U.N. World Food Programme Director Josette Sheeran said high global food prices were creating a “silent tsunami” that threaten to plunge 100 million people into hunger, according to the program's Web site.

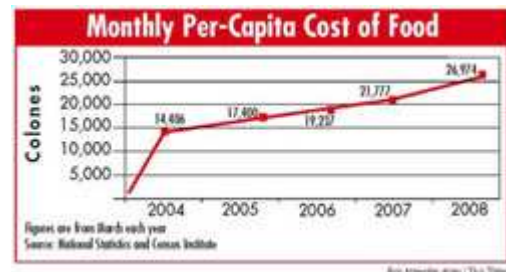
Rising demand, spiking oil prices, with petroleum trading about \$111 per barrel on Thursday, and the increasing use of grain crops to manufacture biofuels have caused the cost of basic goods to soar around the world.

On Wednesday, Arias is expected to join other Central American presidents for an “emergency” meeting in Managua, Nicaragua, to address the problem.

High prices threaten to reverse one of the Arias administration's proudest achievements – a decrease in poverty levels to 16.7% in July 2007 from 20.2% the year before. The National Statistics and Census Institute (INEC) will publish new poverty levels after surveying households in July 2008.

Poor Hit Hard in Nicaragua

With his already impoverished people struggling to put food on the table, Nicaraguan President Daniel Ortega pushes for more food production in the country. See The Nica Times inside.



“I left my crystal ball at home...but poverty will likely return to its original level, or slightly less,” said economist Pablo Sauma. “There will be great discontent.”

In Costa Rica, the monthly per-capita cost of food in January was ¢26,420, or roughly \$52. By the end of March, that figure morphed into ¢29,974 (\$60). Compare that to the same period last year, when the basic food basket cost ¢21,777 (\$43.50), or 24% less.

Salaries have not kept pace. According to a recent study by the Spanish-language daily *Al Día*, a family of four needs about ¢447,788 (\$911) to cover basic needs (utilities, transportation, food and mortgage payments). The average Costa Rican per-person income is ¢259,722 (\$529).

Two months ago, the Economy Ministry began meeting with companies that produce eggs, milk and other foods to make sure they are not making excessive profits.

“We gave producers a clear message that we are monitoring prices and that we all have to fight against inflation,” said Economy Minister Marco Vargas.

A Boon or Farmers?

On the positive side, high prices present an opportunity for local growers, long sidelined by free-market policies. Until the early 1990s, the state's National Production Council bought Tico grain farmers' entire crop at fixed prices, said Flor Mora, an analyst at the council.

But Costa Rica phased out the policy under structural adjustment programs pushed by the World Bank and the International Monetary Fund.

Tico farmers, who previously produced most of the rice, corn and beans consumed here, were unable to compete. Today, Costa Rica imports black beans from China and Argentina, red beans from Nicaragua, and rice, wheat and corn from the United States.

Flores, the agriculture minister, said the country must become more self-sufficient to protect consumers against worldwide grain shortages. He wants Costa Rica to produce 80% of the rice it consumes within two years, up from about 50% today. Within three years, he said, Tico farmers should be growing 70% of the beans and white corn eaten here, up from 25% today.

To reach these figures, Flores promised to give growers tools to take advantage of high prices. The administration will offer credit to grain farmers and improve roads that transport harvests, he said. The ministry will also sign an accord with the National Insurance Institute (INS) to offer inexpensive policies to cover harvest failures.

The plan could cost about ₡7,000 million (\$14 million), he said.

The proposal is a good start, said Oscar Campos, a leading member of the National Rice Association (CONARROZ). But Arias should have announced it in the presence of all his ministers, Campos said.

Instead, Flores gave a solitary press conference. It's a sign, Campos said, that the administration may not give Flores the support he needs to implement the plan.

"It's stubborn not to declare a state of emergency and give this crisis the attention it deserves," Campos added.

Rice Fever

Of all the basic grains, rice is perhaps most important to the Tico diet. The average Costa Rican consumes more than a kilogram each week, and the dish is often present at all three meals.

Biofuels Not Yet A Food Concern in C.R.

Going green never looked so bad.

With talk of biofuels as a cause of rising food prices, global leaders are rethinking their push to produce the more environmentally friendly energy product.

Costa Rica is just getting into the biofuel game, using crops such as sugarcane and sorghum in its production. Less than 10% of those crops are being directed to biofuel locally, according to a spokesman for the Environment and Energy Ministry (MINAE).

Meanwhile, the National Oil Refinery plans to introduce a blend of ethanol and gasoline and biodiesel with regular diesel in October, according to the organization's Web site.

MINAE representatives doubt the level of Costa Rica's involvement in biofuel production will have a negative impact on the price of food locally.

Yet the United States is dedicating large swaths of land to corn and soybean production for eventual conversion into biofuel – acres that could have otherwise been used for food crops.

Corn and soybean prices have skyrocketed on the world market, and those costs are being passed on to consumers.

Biofuels are a renewable source of energy that produce fewer emissions and typically are made from corn, soybeans, sugarcane and beets.

–Leslie Friday

kilogram (about 89¢).

Campos expects that figure to increase in July, when the Economy Ministry adjusts local prices according to international prices. Rice became 141% more expensive on the world market between January and April.

Responding to fears about rice prices and availability, the ministry authorized the National Rice Association to import 162,000 tons of rice tariff-free to last Costa Ricans until the end of the year.

The rice will be sold to retail companies such as Wal-Mart Central America, whose stores include Hipermás, Más x Menos, Palí and Super Bodega.

Sam's Club took a drastic move in the United States by temporarily limiting the sale of large quantities of imported rice to 80 pounds per customer. The same move is not slated for Wal-Mart Central America.

“We have contacted our rice providers in all Central American countries, and they have stated that they do not plan any changes in their deliveries,” said Aquileo Sánchez, spokesman for Wal-Mart Central America. “Wal-Mart Central America is not applying any type of measure to limit the access of rice to our customers.”

So far, Costa Ricans have taken the rising prices calmly.

“There hasn't been any panic,” said Yolanda Fernández, Wal-Mart's corporate affairs manager for Costa Rica.

Molina, who lives in Tres Ríos east of San José, said she has not had the luxury of buying in bulk. Instead, she sticks to her daily grocery budget. She hates to think of a scenario in which people would begin hoarding at local stores.

“A crisis period would be a terrible situation,” Molina said.