

Posted on Sun, Apr. 13, 2008

Grocery bills spark deadly riots, trigger inflation

BY TYLER BRIDGES, JACQUELINE CHARLES AND FRANCES ROBLES

Jenny Díaz pays a mark up for scarce eggs, sugar and cooking oil because she sometimes has to buy them from the back of a truck. Dayra Barreto gave up eating pricey asparagus, palm hearts, mushrooms and artichoke hearts. And Andrea González substitutes baloney for ham.

This snapshot of shoppers at a middle class grocery store in Caracas illustrates how rising food prices are hurting not just the poor in Latin America and the Caribbean, a region where some people spend more than half their income on food.

Many countries rely so heavily on imports -- from rice to cooking oil to beans -- that they are especially slammed when costs rise worldwide. A 34-cent increase for a pound of rice -- like the spike being felt in Haiti -- packs a punch.

The rising frustrations over increasing food costs fueled in part by escalating gasoline prices and globalization have led to street demonstrations in at least a half-dozen countries, including Mexico, Nicaragua and the Dominican Republic.

In Haiti, protests erupted in various regions of the country, with the most dramatic and violent occurring in the capital of Port-au-Prince.

With five people dead and more than 60 injured -- including three United Nations peacekeepers who were shot -- as well as scores of businesses looted there, international agencies are looking closer than ever at the root cause of the region's latest crisis.

Grocery bills have risen at least 30 percent in the past year in Caracas. A liter of cooking oil that sold for \$1.40 a year ago in Nicaragua now costs \$2.10. In the first three months of the year, grocery prices in Colombia jumped 6.39 percent, compared to 2.73 percent in the same period last year, causing the government to propose permanently extending price freezes that are usually offered only during Christmas and Lent.

Escalating food costs have fueled double-digit inflation in Argentina and Bolivia, pushing leftist governments there to implement price controls and export bans to try to keep costs down. In Nicaragua, only intervention by President Daniel Ortega kept down the price of beans, which had skyrocketed from 32 cents a pound to \$1.10.

"I worry about this issue not only for Haiti but for many countries," said Luis Alberto Moreno, the head of the Inter-American Development Bank. "On the one hand, they are importers of food as they are importers of oil, and of course that is having a tremendous impact on inflation. In fact, inflation perhaps is the biggest challenge in the hemisphere for countries today."

Venezuela's inflation rate last year was 22.5 percent, and it's expected to reach 30 percent this year. In Nicaragua, it was 17 percent last year, up from 9.4 percent in 2006.

The United Nations' Food and Agriculture Organization said in a report Friday that soaring prices are likely to continue, despite an increase in crop production. Corn costs at least a third more than last year and wheat and rice have doubled in the past year, the report said.

"We think there is a need for immediate emergency action," the agency's director, Jacques Diouf, said in a recording posted on the agency's website. "To be frank, I think we have already lost a lot of time."

Prices are so high, experts say, because the success of globalization is also its Achilles' heel.

The rising price of commodities, ranging from oil and steel to corn and wheat, are in many ways a reflection of the growth in the global economy.

China's rise has meant it is now taking a greater bite of the world's soybean and grain exports. As the standard of living rises in China, more Chinese can afford to purchase meat. That means grains are needed to feed chickens, hogs, cattle and other livestock.

The price of food is increasingly tied to the cost of oil. In Africa and Latin America, most food moves on trucks, and the cost to deliver products has soared as a barrel of oil topped \$112 last week on the New York Mercantile Exchange.

Rising commodities prices cascade through the food and production chain: Seed is up 36 percent and fertilizer 59 percent. The price of wheat? 72 percent higher.

"High food prices are here to stay," said Haiti's Finance Minister Daniel Dorsainvil.

The recent crisis in Haiti has forced the international community to search for short- and long-term solutions, with several countries and international agencies pledging help.

Some 400 tons of rice, worth more than \$1.5 million, is available for delivery as emergency food aid to Haiti, especially for those in greatest need, the Pan American Development Foundation announced Friday.

And the United States plans to redirect more than \$5.5 million to generate short-term projects. "The idea is to get that money into people's pockets so they can buy food on the local markets," said U.S. Embassy Spokesman Jim Ellickson-Brown.

While experts agree that the situation in Haiti has not reached famine status, they stress high costs have put basic goods out of reach for the majority of Haitians who live on less than \$2 a day.

Poor people are buying rice without beans or one container of milk instead of two.

"People come when they need something," said Jeanne Germain, 46, a food vendor at a Haitian market. "Business isn't good."

Contributors to this report: Bridges from Caracas; Charles from Haiti; McClatchy News Service correspondents Kevin G. Hall and Jack Chang from Washington, D.C. and Rio de Janeiro; and special correspondents Tim Rogers from Nicaragua and Sibylla Brodzinsky from Colombia. It was written by Robles in Miami.

© 2008 Miami Herald Media Company. All Rights Reserved.
<http://www.miamiherald.com>