

## Impending Food Wars SWY

Last year, the price of grains soared worldwide, sending shock waves in many Asian countries where rice is a staple food. In early 2008, international rice prices ranged from USD 200 to 1,000 per ton, triggering supply shortages, hoarding, and other serious problems, which resulted in social instability and political rifts.

The Philippines, the world's largest rice importer, reached a point where it required restaurants to serve half servings of rice to customers. The country faced an impending shortage of 18 to 21 million tons of rice, as Thailand and Vietnam prohibited exports. There was wide-scale dissatisfaction over the soaring prices and shortages, especially from low income groups. Consequently, the government banned the further conversion of farmland into residential areas or golf courses.

In Indonesia, the international prices of soybean peaked in January 2008 where many food companies had to shut down their factories, causing protests from labourers. In Bangladesh, the floundering economy further suffered from flour shortages caused by sudden price increases. Meanwhile, India was not spared, when the 1970s Green Revolution reduced the country's dependency on food imports many years ago. Nonetheless, two years ago, India began to import wheat as experiencing food scarcity due to price hikes. On the other hand, the Pakistan government reintroduced food rationing, which was discontinued in 1980s.

In early 2008, China began to restrict exports including rice and other crops. China's rapid industrialization has had damaging effects to itself. For an example, farmlands that used to grow staple crops like rice, wheat, corn, and beans, have decreased while the demand for food in the countryside has increased. Although China is one of the world's biggest rice-producer, the drastic price increases resulted from a combination of factors—transporting, rice hoarding, and poor administration.

As global food crisis continued, China, the world's largest grain producer that feeds 1.3 billion people, seemed impervious to the shock that was shaking the rest of the world. It is because China was able to manage the supply of its own food. However, rising demand for rice and beans resulted in the sudden decrease of global crop prices, causing grain price rises at the domestic and global fronts. In 2008, China started to feel the pressure from increased prices due to rising grain price rises. In response, the Chinese government held the China Provisions Market Prospects Conference in 2008 to draw up ways on maintaining grain price stability and security.

Oil-producing countries in the Gulf Region were not spared from the food crisis. In the United Arab Emirates, farm-product prices increased up to 30 percent in 2007. The government responded by introducing in 2008 a price ceiling for grains and food items -including chicken, eggs, and water - setting up penalties for violations. For example, basmati rice from India and Pakistan was fixed at 143 dirham (\$40 for 39 kg). In Yemen, food riot and protest continued throughout 2008. To make matters worse, soaring oil prices improved the

economy of the region, but they led to higher food demand. Also, the dollar depreciation made imports more expensive, aggravating food shortages. Even though the oil-producing countries controlled the oil market, their food market suffered nevertheless.

Food crisis has a deadly effect on the poor. For millions of people, the supply of grains means their survival. It is not far-fetched to say that many Asian countries are facing the threat of food wars.

There are many reasons for the food crisis, but the main reason is the failure of policy and administration. Until now, many Asian countries have pursued economic growth through investments in the manufacturing sector and have neglected agriculture.

The policies of Asian countries have focused on reducing the price of agricultural products to avoid social unrest. They have provided farmers with subsidies to manage their dissatisfaction, rather than increasing production or securing farmland. According to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), current agriculture policy in Asia has deepened the gap between the rich and the poor. Agricultural productivity has reduced from 2.5 percent to 1 percent, aggravating the poverty situation in the region. Two-thirds of the world's poor live in Asia, and 70 percent of them live in agricultural areas. The scarcity of food in these areas results from industrial development focused on manufacturing, leaving agriculture with insufficient support and investment.

Is there no other way to pursue economic growth apart from focusing on the manufacturing industry? In truth the neglect in the investment and support for agriculture policies is rooted in WTO free trade politics, or the opening of agriculture markets. Another cause is the distortion of international food market led by developed nations. Many "industrializing countries" import cheaper food from other countries, believing it is more efficient and economical. In the process, they neglect their own food production. These countries now have to pay the price for their distorted policies.

To solve the ongoing food crisis that's not only in Asia but also the rest of the world, major agriculture exporting countries should not impose free-trade of agriculture on other countries. Instead, respect their sovereignty and food security of nation, especially food importing countries. Many Asian countries and developing nations are facing many difficulties due to the indiscriminate acceptance of "the theory of globalization". In 2009, global food problems still remain 14 years after WTO's establishment. In fact, the problem is getting worse: food riots are looming on the horizon and threatening the lives of people in many countries.

Also, major organic produce-exporting countries have to reduce the vast amounts of subsidies that they provide to their producers. Although WTO has proposed free trade as "cure" to the food crisis, developed nations like the United States and the European Union (EU) continue to provide astronomical subsidies for their own agriculture, disregarding fair trade policies. While importing and exporting countries have been compelled to reduce tariffs, developed countries have followed the route of conservatism. As a result, agriculture in importing nations and developing countries have either diminished or disappeared. The EU

has put forward a plan to increase the amount of subsidy to the farmers, and the US also said that they have no plan to reduce their support for the farmers.

Major organic produce-exporters should systematically support countries that are struggling from food scarcity. Providing humanitarian aid is necessary but establishing infrastructure of support and developing agricultural technology are more important. These interventions will not only benefit both advanced and underdeveloped countries but also will promote global peace and justice in the long term.

Asian countries tend to emphasize developing their economy through the manufacturing industry. However, they should realize the importance of agriculture by sustaining their farmlands and increasing their investments in agricultural production. □□□