

Many Roots to Food Aid Crisis

By Marcia Zarley Taylor

KANSAS CITY, Mo. (DTN) -- High commodity prices are escalating concerns about world hunger. But the core reasons for global food price inflation have been decades in the making and **can't be blamed solely on the advent of biofuels**, speakers at an international food aid conference here said this week.

Patrick Packnett, assistant deputy administrator of global analysis for USDA's Foreign Agricultural Service stressed, "stressed the main factors igniting prices have more to do with **Asia's rapidly growing middle class; crop failures in other parts of the world; a cheap U.S. dollar that puts exports on full throttle; misguided overseas policies like embargoes or export taxes; and under investments in technologies that could have significantly increased world yields.** Since 2002, global incomes and demand for food in Asia and other developing countries grew faster than at any time in the last three decades, Packnett said.

Ken Eriksen, senior vice president of transportation for Informa Economics, also agreed that **"commodity prices alone aren't always the problem in global trade."** Ocean freight prices have soared 42 percent over a year ago, in large part because demand for items like steel and coal in Asia has commandeered so many ships. The challenge for humanitarian aid, however, is that many organizations are now spending a third of their budgets just moving in-kind donations across the world. The U.S. government's Food for Peace program, however, must budget far more than that, he added, since it is required to hire a limited number of U.S. flag vessels with much higher labor costs.

Cris Muyunda, a senior agricultural adviser for the Common Market for Eastern and Southern Africa -- a trade block representing 19 countries and half of Africa's 800 million population -- identified other problems that heighten food insecurity. **"Even when we have food surpluses, we have distribution problems,"** Muyunda said. In his region of Africa, countries pave only 60 kilometers of road for every million people; in Brazil that's over 1,000 kilometers; in the developed world, the ratio is over 20,000. For some landlocked African countries, lack of decent roads means 55 percent of the cost of providing food aid is due to transportation, Muyunda said.

Given the extreme nervousness about food supplies for both rich and poor in 2008, however, there is no margin for error this season. On Monday, the White House announced USDA would release \$200 million in extra emergency food aid from the Emmerson Humanitarian Trust for overseas use. Plus, USDA is counting on a crop rebound for wheat, corn and soybean acres here in the U.S. in 2008. **"We're running such tight supplies on everything that any major production problem on any major crop, anywhere in the world, leaves us without a buffer,"** Packnett said. **"If that happens, all bets are off. We're in uncharted territory."**