

Food prices are likely to increase

Rice prices are likely to increase with major rice exporters Vietnam and India confirming that they will curb overseas sales in an effort to combat food inflation (Arab News). In response to that Egypt is doubling its export duties on rice, Egypt's trade ministry plans to double export duties on rice to LE2,000 (\$358) per ton, the daily al Mal has reported. Egypt's trade ministry had informed companies which sell rice to the state's General Authority for Supply Commodities (GASC) of the increase, the council member has said. (AME Info) According to the World Bank, global prices of food such as rice, corn and wheat would go up by 30 percent in the near future. Rocketing food prices had caused political and economical instability and social unrest in both poor and developed nations in the last 2 years but that was due to 2 main reasons as the initial causes of the late 2006 price spikes included unseasonable droughts in grain-producing nations and rising oil prices. Oil prices further heightened the costs of fertilizers, food transport, and industrial agriculture. Other causes may be the increasing use of biofuels in developed countries. Between the start of 2006 and 2008, the average world price for rice rose by 217%, wheat by 136%, maize by 125% and soybeans by 107%. Financial speculation in commodity futures following the collapse of the financial derivatives markets has contributed to the crisis due to a "commodities super-cycle." Financial speculators seeking quick returns have removed trillions of dollars from equities and mortgage bonds, some of which has been invested into food and raw materials. And what is quite shocking to me is that Japan is forced to import around 1 million tons of rice annually from the United States, Thailand, and other countries due to WTO rules. This is despite the fact that Japan produces over 100% of domestic rice consumption needs with 11 million tonnes produced in 2005 while 8.7 million tonnes were consumed in 2003-2004 period. Japan is not allowed to re-export this rice to other countries without approval. This rice is generally left to rot and then used for animal feed. In addition, some countries like Sri Lanka and China have switched from growing enormous numbers of tons of rice crop to potatoes. I personally see a good point in that shift. As potatoes require less water and the yield per hectare could be almost 6 times more than rice in terms of tonnage, also, potatoes are more nutritious than rice. This shift has contributed a lot to the farmers' financial prosperity in those countries. End of story I see this as a good move from the Egyptian government protecting against food inflation, and I hope things will be better in the future.

About the Author

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