

Poverty & Food Security

Domestic Context

Vegetable, Fruit Export seen Declining 30Pc

While the consumers have still been paying higher prices since August, the exporters expect 25-30 per cent decline in vegetable and fruit export this year (2010) in the wake of massive crop damages due to floods. Vegetable exports plunged to 7,473 tons (\$2.8 million) in August as compared to 22,201 tons (\$7.8 million) in July 2010, while in August 2009 exports were 15,731 tons (\$3.5 million). In July-August 2010 vegetable exports fell to 29,674 tons (\$8 million) as compared to 38,131 tons (\$10.7 million) in the same period of 2009. The Federal Bureau of Statistics (FBS) data showed that the fruit exports in July-August 2010 fell to 63,426 tons (\$28 million) as compared to 71,985 tons (\$30 million) in the same period of 2009. However, fruit exports in August 2010 remained at 31,710 tons worth \$14.5 million as compared to 31,716 tons (\$13 million) in July 2010. Exports in August 2009 were 40,216 tons (\$16.6 million). Since the last week of July when the floods had started playing havoc in Khyber Pakhtunkhwa followed by wreaking devastation in Punjab and Sindh, Pakistan had been importing onion and tomato from India, Afghanistan and Iran for bringing some stability in prices. Exporters alleged that retailers after procuring onion and tomato at Rs20-40 per kg from the Sabzi Mandi were fleecing the consumers by selling the commodities at over 100 per cent profit margin.

[Dawn – October 01, 2010]

Pulses' Rates up by 100pc in One Year

The prices of all the pulses at wholesale as well as retail level on average have shown a leap of at least 100 per cent in one year while on weekly basis the commodities' rates soared by 30 to 50 per cent, pushing them further beyond the buying power of a large section of society already reeling under the unchecked inflation. Market sources told that during the week most of the pulses' rates shown an increase of Rs10 to Rs 60 mainly due to short supply. Wholesalers of Punjab biggest market, Akbari Mandi said that while making annual comparison it was found that the goods prices climbed in the range of 100 per cent to 200 per cent, A wholesaler in pulses, Tariq Murtaza, observed that the prices of per kilogram grams (Chana dal) further increased from Rs70 and it was being sold at the rate of Rs75-80 per kg. While the same commodity was available for Rs37 per kg in the same month last year, showing almost 100 per cent increase in a year. He attributed several factors for this regular hike in prices of pulses, including rupee depreciation, crops destroyed due to floods and sharp rise in prices of kitchen items in international markets. According to him, Masoor pulse rates were increased from last week Rs120 per kg to Rs160-170 per kg this week, showing a rise of Rs50 per kg in just seven to 10 days. He said the same item was selling in the range of Rs90 to Rs110 for different qualities in the Oct-Nov, 2009, translating into a hike of around 90 per cent in one year. He said the wholesale rate of Canadian Masoor in Oct 2009 was Rs3,920 per 40 kg while local Masoor was sold at the rate of Rs4,400 per 40 kg. Moong pulse prices jumped to Rs160 from Rs100 per kg last week, a lift of Rs 60 per kg in one week. This is also to be noted that this pulse was selling in the same month last year for Rs48 per kg, which is an alarming boost of over 200 per cent in one year. He said the VIP Moong pulse was sold at the rate of Rs1,920 per 40 kg on wholesale rate. Similarly, the Mash pulse prices were enhanced by Rs20 per kg to reach Rs180 from Rs160 per kg last week. And the same pulse was available in markets in 2009 for Rs102 per kg, also up by 95 per cent. Its wholesale price was Rs4,100 per 40 kg.

[The Nation – October 11, 2010]

High Food Prices Trigger Massive Increase in CPI

Prices of essential food items shot up unprecedentedly 53.86 percent during the month of September (2010) in the current fiscal over the same period of previous year mainly on account of floods causing severe damage to agriculture sector and disrupting food supplies. Because of this phenomenal rise in the prices of food items, the Consumer Price Index (CPI) also grew 15.71 percent in the month of September current fiscal over the same month last year. Federal Board of Statistics (FBS) reported on October 11th that during the first quarter July-September 2010-11, CPI rose 13.77 percent over the corresponding period of previous year. Analysts said that surge in the inflation was mainly caused by the unprecedented floods damaging agriculture produce to a horrible extent – which combined with supply disruptions and the Ramazan effect – caused food prices to jump steeply in the month of September. Analysts said that in the food category, the impact was more visible in prices of heavyweights like wheat, pulses, meat & poultry, sugar and vegetables (clearly associated with flood related disruption). Though dramatic rise in food inflation, analysts said that core inflation has so far been contained. A breathing space has thereby been created within CPI basket in the form of easing inflationary pressure from the

non-food items, supported by downward slide in the core inflation. During the month of September, food inflation rose 21.24 percent with perishable food items prices jumping 53.86 percent and non-perishable food items prices rising 16.04 percent. Fuel and lighting index recorded a 20.81 percent growth; transport & communication 15.55 percent and health expenses increased 12.47 percent. Education cost increased 6.54 percent and house rents went up 7.62 percent. During the month under review, Sensitive Price Index (SPI) and Wholesale Price Index (WPI) increased 19.53 percent and 21.50 percent respectively.

[Daily Times – October 12, 2010]

30% Increase Likely in Water Tariff

The Water and Sanitation Agency (WASA) is waiting for the nod of Punjab government for making a 30% increase in water tariff. Well-placed sources told on October 11 that WASA had forwarded a proposal in 2009 to the Punjab government demanding it to approve an increase in water tariff by 30 per cent. However the provincial government had not agreed with the proposal of making increase in the water tariff on the intervention of MPs. According to sources, WASA authorities, in June this year, had again forwarded a fresh proposal for enhancing the water tariff by 30% for both residential and commercial consumers. Sources said that the proposal was made because of unprecedented increase in the power tariff over last couple of years and equipment. The WASA is left with no other option but to increase the water tariff to meet its expenditures. In this connection, Managing Director Chaudhry Naseer Ahmed represented WASA in a meeting held in Lahore with the housing secretary in the chair on October 11. The objective of the meeting was to discuss the proposal of WASA with regard to an increase in water tariff. According to sources, if the Punjab government approves the proposal then the decision would be implemented in the next meeting of Rawalpindi Development Authority (RDA). However the decision would be enforced in the next quarter billing on both residential and commercial consumers. Sources said that the last time WASA enhanced the water tariff in 2007. Since 2007, electricity rates were increased a number of times, but WASA in the best interest of its consumers did not make any raise in water tariff. Now in view of the prevailing situation, it has become necessary to make an increase in water tariff. The decision of increase in tariff would be implemented on all consumers, irrespective of any category. The consumers were divided into A, B, C and D categories. Now 30 per cent increase would be made on all consumers. Besides this, WASA has expedited its process of recovering dues from defaulters. As part of the plan, the staffers of Water Section were collecting dues from every locality one by one. The defaulters had also been issued notices to clear their dues as non-payment was causing a huge loss to WASA. Over 30 per cent consumers, both residential and commercial, are defaulters but they have installed water connections. In order to regularize their connections, they have to clear their arrears otherwise WASA through a legal action would not only disconnect their water connections but also refer their cases to the judicial magistrate for further action. The official spokesman agreed to the fact that a proposal is under consideration of Wasa to enhance water tariff. It depends upon the Punjab government to make an increase or reject the proposal, the spokesman added. The WASA managing director was not present to record his comments in this connection as he had gone to Lahore to attend the meeting chaired by the housing secretary of the Punjab government.

[The News – October 12, 2010]

Global Context

UN Conference Calls for Unity against World Hunger

Celebrities and government officials called on October 15 for urgent collective action to eradicate world hunger that is still afflicting nearly a billion people globally ahead of World Food Day. Rwandan President Paul Kagame said in a speech at the UN food agency FAO that with prosperity all around us and significant advances in technology and modern science, we cannot accept the numbers dying in the world for hunger. Kagame said governments needed to unite their political will and determination and collectively deliver on their commitments. "It begs the question, what is the missing link? We know hunger kills and deprive people of their dignity, so why are we not doing more to combat it?" Kagame said there had been "misguided presumptions" that the private sector would take responsibility for tackling the problem of the world's starving. He called on nations to focus on "food security measures" but warned that small farmers must not be bypassed and "must be involved in finding solutions." Small farmers and their families represent some 2.5 billion people, more than one-third of the global population. The 30th celebration of World Food Day on Saturday (16th October, 2010) has the slogan: "United against hunger." The main issues in focus are rapidly increasing demand for food commodities and changing climates that affect abilities to produce food.

Jacques Diouf, Director General of the UN Food and Agriculture Organisation (FAO), said that world hunger "threatens global security," and called for "greater coherence and co-ordination" among government efforts. Diouf said "urgent collective action" was necessary for any chance of achieving the Millennium Development Goal

of halving the proportion of hungry people in the world from its 1992 level of 20 per cent to 10 per cent by 2015. He said that World food production will need to increase by 70 per cent to feed a population of over nine billion people in 2050. The FAO estimates that 925 million people suffer from chronic hunger, compared to 1.023 billion people last year following the effects of the global recession and the 2007-08 spikes in food prices. Kanayo Nwanze, head of the International Fund for Agricultural Development (IFAD), said small farmers had the potential to feed themselves and the world, but foreign investors were needed to create the necessary opportunities. Josette Sheeran of the World Food Programme said the time had also come for women, who produce the bulk of food in developing countries but have limited access to production, to become a force against global hunger. She said that women can be our secret weapon in the race to beat hunger.

[Dawn – October 16, 2010]

UN Expert Called for Farming Changes

The United Nations top official on the right to food called for wholesale changes in farming methods to safeguard the environment and ensure everyone has enough to eat. Olivier De Schutter, the UN special rapporteur on the right to food, said in a statement to mark World Food Day that there is currently "little to rejoice about," and "worse may still be ahead." He said that current agricultural developments are ... threatening the ability for our children's children to feed themselves. A fundamental shift is urgently required if we want to celebrate World Food Day next year. De Schutter said the emphasis on chemical fertilisers and a greater mechanisation of production was far distant from the professed commitment to fight climate change and to support small-scale, family agriculture. He added that giving priority to approaches that increase reliance on fossil fuels is agriculture committing suicide. He said that agriculture is already directly responsible for 14 percent of man-made greenhouse gas emissions -- and up to one third if we include the carbon dioxide produced by deforestation for the expansion of cultivation or pastures. Climate change and agricultural development must be thought of together, instead of being dealt with in isolation from one another, De Schutter urged. The 30th celebration of World Food Day on Saturday has the slogan: "United against hunger." The main issues in focus are rapidly increasing demand for food commodities and changing climates that affect abilities to produce food.

[The News – October 17, 2010]

Wheat Turmoil to make Rice Prices Volatile: Institute

International Rice Research Institute experts warned on October 27 that major crop losses in key wheat-growing regions around the world are likely to lead to more volatile prices of rice over the coming months. They said that the problem is compounded by flood damage in Pakistan's rice-growing areas and drought and floods in China, with the latter potentially causing a 5-10 per cent output drop this year. Overall, the global rice supply is tightening but it is not as bad as what is happening in the major wheat-growing regions in the world," the Philippine-based IRRI said in its quarterly magazine "Rice Today". "Given these supply uncertainties, (rice) prices are likely to be more volatile in the coming months, but nothing points to a repeat of the 2008 price crisis," when rice prices rocketed to 30-year highs. The price of wheat spiked to two-year highs in August when Russia imposed a temporary ban on 2010 wheat exports following drought and wildfires that are forecast to cut its annual output by more than 30 per cent. Neighbours and fellow exporters Kazakhstan and Ukraine were also hard-hit, while heavy rain has wrought havoc in major Canadian wheat-growing regions. The US agriculture department expects global wheat production in the 2010-2011 cropping season to fall 5.44 per cent from a year earlier to 643 million tonnes, IRRI said. Meanwhile, global rice production for the same period is likely to rise 3.26 per cent to 455 million tonnes, it quoted the US agency as saying. The institute said higher rice stockpiles compared to 2008 may not be much benefit because many are sitting in India and China, which it said are unlikely to release the stocks in the international market during any crisis.

[Dawn – October 28, 2010]