

Munch ON THIS



Global Grain

By Marcia Rae
August 11, 2010

For me, it is often only in looking back that I realize the significance of something. But as I read and study more about what is going on in our global world economy, I start to notice things in real time. So I was struck by what I heard this week about Russia and wheat.

Russia, which is the world's fourth largest exporter of grain, has banned the export of wheat. High temperatures, lack of rain, and wildfires have devastated more than a third of cultivable land in Russia with more than 600 separate fires. August temperatures, which are usually in the mid-70s in Moscow, are exceeding 100 degrees. Exports from Ukraine, another major exporter, are down sharply this year. At the same time, Canadian wheat exports will fall 17%, the result of flooding and excessive rain.

I read about this current situation in the context of the following information: according to Lester Brown of the Earth Policy Institute, to insure access to wheat, "countries are resorting to buying and/or leasing land in other countries." This is a significant change from purchasing grain from producing countries. Says Brown, "the land-buying countries are mostly those whose populations have outrun their own land and water resources. Among them are Saudi Arabia, South Korea, China, Kuwait, Libya, India, Egypt, Jordan, the United Arab Emirates, and Qatar."

"In contrast, countries selling or leasing their land are often low-income countries and, more often than not, those where chronic hunger and malnutrition are commonplace. Some depend on the World Food Programme (WFP) for part of their food supply." For instance the Saudis are importing grain from Ethiopia, a country where the WFP is working to feed some 5 million people and the Sudan, the site of the WFP's largest famine relief effort.

The Chinese firm, ZTE International, has secured rights to 6.9 million acres in the Congo. This compares with 4.7 million acres used by the Congo's 66 million people to produce corn, their food staple. The Congo also depends on a WFP lifeline. South Korea has deals for 1.7 million acres in the Sudan for growing wheat. For perspective, this land acquisition is nearly three fourths the size of the area South Korea now uses at home to produce rice, its staple food.

These land acquisitions are also water acquisitions and represent a claim on the water resources in the host country. Will the investing country have to hire security forces to ensure that the harvests can be brought home? The government of Pakistan, which is trying to sell or lease 4.6 million acres, is offering to provide a security force of 100,000 men to protect the land and assets of investors. And we heard again this week about the need to protect shipping lanes from pirates.

What does this mean to us? Well, I am not sure. Grain is no longer just food. It quickly is becoming currency, dividing the haves from the have nots. For now, we in this country benefit since the sharp curtailment of supply means a spike in price – good for the US as the largest exporter of wheat worldwide and making us among the haves. But what if it were the Midwest that was experiencing record breaking heat and resulting fires?

Maybe we are in the middle of something that we will only understand when we can look back. It does seem like it might be a good idea to buy wheat -- i.e. food -- by walking down the street to the little house behind Randy's. There I can buy directly from the people who grow it right here in our backyard. This wheat is not part of the world commodities game of supply and demand. Maybe if I support what our local growers are trying to do by how I spend my "wheat" money, I can make sure I have bread for my breakfast tomorrow.

Munch on This – Who can you rely on for your bread?

PS – Seems that some BV bakers are up in arms about the audacity of those who cast aspersions on their bread making ability. The gauntlet is thrown down. Will it be a food fight? Stay tuned for this fast breaking bread news.

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