

Global food prices are rising to dangerous levels and threaten tens and millions of people around the world," said the World Bank Group President Robert B Zoellick.

"The price hike is already pushing millions of people into poverty and putting stress on the most vulnerable, who spend more than half of their income on food," he continued.

fifth of Sri Lanka's cultivated paddy land, have been ravaged by flooding.

Though buffer stocks or rice could cushion off the shortage, it may not be enough to meet it outright. Rice may have to be imported but prices will remain higher.

The attempts of the government to

Crop yields:

Because of the inelasticity of demand for food, a slight change in the supply can cause food price fluctuations. Unfavourable weather conditions, droughts

Rising food prices a world phenomenon

The World Bank's food prices index rose by 15 percent between October 2010 and January 2011 and it is 29 percent above the level a year earlier and only 3 percent below its 2008 peak.

encourage consumption of locally produced rice by imposing taxes on wheat flour and encouraging the growth of paddy by generous fertilizer subsidies and bringing the neglected paddy land in the northern and eastern provinces under

to floods in Russia, Pakistan, Europe and North America, and the growing demand for food by the fastest growing China invariably caused prices to fluctuate wildly.

Food stock levels:

As food stocks fall, price volatility rises. Bumper crops or increasing stocks in anticipation of shortages and lowering of stocks to revision of policies relating to reserves cause volatility in prices.

Exchange rates:

Changes in exchange rates, especially of major exporting countries, are likely to affect international food prices. Thus, macroeconomic factors lead to more volatile exchange rates, and food price volatility also rises.

According to the World Bank, rising food prices have created a range of "macro vulnerability" - meaning that higher food prices are the cause of social unrest and popular uprisings as witnessed in the Arab world.

Where Sri Lanka is concerned, it is predominantly an agricultural country, and there is scope and ample opportunities for growth and development in agriculture and agro-based industries provided the community changes its attitude towards farming, which is still considered a low-status category of employment.

It recently farming was relegated to the landless and debt-ridden peasantry, and the educated and the well-to-do people in the villages migrated to the cities in search of paid employment. Soon the numbers swelled creating unemployment, over-crowding and increasing social problems among the ranks.

Successive governments since independence have taken various steps to improve and enhance the society's attitude towards agriculture and encourage the younger generations to take to farming which is not only a noble but also a free and independent vocation.

It is essential to introduce agriculture and

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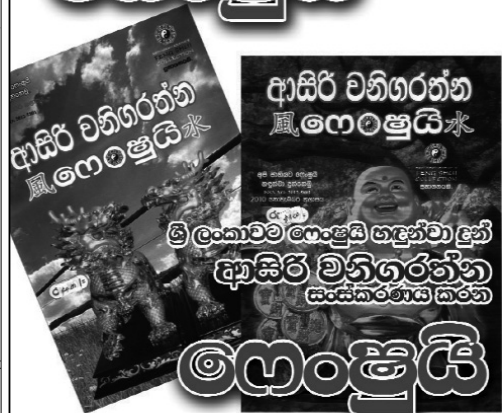


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Graphics - Shanalee



Global wheat prices have risen sharply, doubling between June 2010 and January 2011; maize prices about 73 percent higher but, fortunately for the world's poor, prices of rice have increased at a lower rate. Sugar and edible oils have also gone up sharply. The prices of vegetables and beans, which form dietary diversity in many countries, have also skyrocketed.

the plough once again have been reversed by natural disasters. It is simply a case of "man proposes; god disposes."

The main causes of increases in food prices are due to four variables:



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Petroleum prices:

They affect food prices through transportation costs, fertilizer prices and the introduction of the ethanol industry, which requires food crops as inputs, can change food prices. More ethanol means less corn for human and livestock consumption with the resultant rise in the prices of meat, dairy products and eggs, to mention a few.

Sri Lanka is no exception. The food prices cannot be brought down overnight as most people clamour from public platforms.

The 30-year civil war between the terrorists and the government, the recent devastating flood and land-slides not only affected the livelihood of the people and threw the paddy and cultivable land into neglect and disuse but also caused the food prices to rise to unprecedented levels as a result.

Prices of food are bound to ease when conditions come to normal but it may take time. There is certainly no magical cure.

The UN Food and Agriculture Organisation in Sri Lanka has estimated that 15.5 percent of the rice harvest or about \$120 million worth of rice was lost as a result of the floods.

Over 2000,000 acres of paddy land have been damaged and of about 1.5 million acres cultivated for the season in Trincomalee, Batticaloa, Ampara and Polonnaruwa, which account for one-