

Global Food Crisis: Egypt and Sudan Join Forces For Food Security

By [Muriel Mirak-Weissbach](#)

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No one can doubt that the news being transmitted from Egypt, and also from Sudan in early May, is dramatic. Egypt is in the throes of an economic crisis, inflation is reeling out of control, people have taken to the streets, and desperate measures taken by the government in an attempt to alleviate the strains on the population, may be not only ineffective, but even counterproductive.

In Sudan, for the first time, rebel troops of the Justice and Equality Movement (JEM), based in Darfur, have managed to penetrate the capital and to engage government military forces in combat in Omdurman. Both developments are expressions of the economic and strategic crisis engulfing the entire world, and neither can be understood as a “local” phenomenon. It is not Egyptian government policy which has “created” the economic crisis, and there is nothing “Sudanese” to explain the incredible escalation of military aggression against the central government in Khartoum.

What we are dealing with is the manifestation in two key Horn of Africa nations, of the worldwide economic breakdown crisis, and the concomitant strategic assault by Western financier-backed forces, to break the will of independent nations, smash their sovereignty, and impose their own economic and political agenda. At the same time, powerful national-patriotic circles in both countries, are moving forward to consolidate groundbreaking economic and infrastructural agreements with their neighbors, which have powerful implications for long-term development, and stability. One such area of cooperation is in transnational railway links, as reported in an earlier article (“Build Railways for Peace in Africa,” Global Research, May 21, 2008). Now, the focus is on food.

Egypt In Crisis

As if out of nowhere, masses of Egyptians suddenly took to the streets a month ago to protest the incredible rise in the price of bread. Even though Egypt has a system of subsidies, to guarantee that basic food items, including bread, be available for the broader layers of the population, the sharp increases in bread prices led to an increase in demand for subsidized products and inadequate supplies. Thus, Egyptian women found they had to stand in line for hours for bread at subsidized distribution centers.

Protests broke out on April 6, in Mahalla al-Kubra, north of Cairo. A strike committee of the huge Misr Spinning and Weaving Co., which is the biggest industrial enterprise in Egypt, had organized a strike, to demand implementation of promises made by the company, but it soon generated a call for a nationwide protest, against rising food prices, and demanding an increase in the minimum wage. A report by Joel Beinin on May 21 in Aljazeera, entitled

“Undermining Mubarak,” chronicled how the protests developed into demonstrations against the government, prompting the deployment of a government delegation under Prime Minister Ahmad Nazif, to restore calm on April 8. The several days of protests were marked by hundreds of arrests and clashes with the authorities, which left several wounded and one dead.

The population was reacting to runaway inflation, especially affecting basic necessities. Urban inflation officially had hit 14.4% in the year to March, and then 16.4% in the year to April. According to Abu Bakr El-Guindi, head of the Central Agency for Public Mobilization and Statistics (CAPMAS), who spoke with the press May 8, the new highs had been fuelled by an explosion of 22 % over the year in food prices. Although he said that key prices of rice and wheat flour had fallen in the month to April (by 8.4% and 6.5% respectively), food and beverage prices shot up 1.6%.

The political response of the government to the riots, had been perhaps well meant, but ill conceived. On Egyptian Labour Day, President Hosni Mubarak announced in a speech that all 6 million public service employees would be given a 30% wage increase, in order to keep up with inflation. However, just five days later, on May 5, a parliamentary committee dominated by the ruling National Democratic Party, issued a booklet which outlined the measures whereby the pay hikes would be financed: subsidies on automobile fuel would be cut, raising the price for consumers at the gas station by 40% and 47% for diesel, while high octane fuel would be increased by 57%. In addition vehicle license fees would be raised. Taxes on cigarettes were also to be increased, 10% for local products and 33% for imported brands. Tax breaks enjoyed by private schools and universities would be cut.

To add insult to injury, the pro-government parliamentary groups which convened the session to present the bill with the measures to finance the wage hikes, did so reportedly without having given adequate prior notice to the opposition, which provoked significant protest from that quarter. The measures went through.

It was not only the opposition which cried foul play, but also commentators in the pages of the government-backed newspaper Al Alhram, which published an issue with banner headlines, “Bittersweet Medicine,” and a full color picture of motorists lining up to fill up their tanks just before the price hike went into effect. The basic point made by all critics was that the government had given the people something with the right hand and then taken it away, with the left. And the immediate effect was to jack up prices even more. Taxi drivers immediately upped their charges, and anything transported by motor vehicles also increased in price. One economist from the Egyptian investment bank EFG-Hermes, said he thought inflation would hit 20% by mid-year. Then the Central Bank on May 17, raised lending rates for the third time this year, in an attempt to stem inflation.

The World Needs Food

Although the response of the government was inadequate, that was not the cause of the problem. Egypt is just one of many countries worldwide, which are being hit by hyperinflationary trends in food products. The cause lies in the insane international economic system, in which speculative funds drive up basic commodities, while globalization agencies like the World Trade Organization, the International Monetary Fund, the World Bank et al discourage or even punish production.(1) Add to this the psychotic craze of biofuels, which has further diverted arable land to grow corn for ethanol instead of food or fodder.

The fact that Egypt has been hit by such a crisis, which takes on the ostensible form of a crisis in the supply of bread, is a tragic irony. Earlier, in the 1960s, Egypt had been able to provide wheat, grains etc. to satisfy the needs of its population. This was until the 1990s, when the U.S. intervened to demand that Egypt import wheat from America. The idea at the time was to make Egypt dependant on US wheat and grain shipments, and thus control its policy decisions. As Henry Kissinger had put it, "Control oil and you control nations; control food and you control the people."(2)

Today Egypt produces 8 million tons of wheat per year, which falls far short of the 14 million tons required to feed its 80 million people. The difference is made up by imported wheat from the United States, financed by aid money. This is the source of the subsidized bread, which costs Egypt about \$3.1 billion per year. In Sudan, too, where wheat consumption has moved from 600,000 tons in the 1990s, to 2 million now, the country currently provides less than half that amount. The rest must be imported.

It is well-known that if Egypt and Sudan were to cooperate in agricultural production, the two could produce enough food to feed the entire continent of Africa, and then some, for export. This happy perspective has been systemically sabotaged by the Malthusian and financier factions, who are committed to the idea that feeding Africa would be a mistake (Africa is "overpopulated"), and that the solution to the world economic crisis lay in reducing the world's population. In 1974, Henry Kissinger, then National Security Director, issued a National Security Study Memorandum NSSM 200, entitled, "Implications of Worldwide Population Growth for U.S. Security and Overseas Interests." The paper, which remained classified for 15 years, outlined Kissinger's strategic doctrine that, since population growth in resource-rich less developed countries (LDCs) would tend to push governments to protect their resources, develop their economies, and secure their sovereignty, this would constitute a strategic threat to U.S. security, in that continued looting of resources might be stymied. Thus, wrote Kissinger, the need to reduce population growth, even if that means unleashing the four horses of the apocalypse. As for the option of enhancing production, especially of food, the document spoke of "how much more efficient expenditures for population control might be than (would be funds for) raising production through direct investments in additional irrigation and power projects and factories." Among the thirteen nations named in the study as "key countries" where there is "special U.S. political and strategic interest," was Egypt.(3)

But Egypt's special strategic interest must be to cooperate with Sudan to produce food. Now, an agreement is in the works between the two nations, to launch a giant cooperative effort to massively increase wheat production. According to a report in Business Daily Africa, picked up by Sudanese Media Center on May 18, Sudan and Egypt have agreed to allocate 2 million acres of new land near their common border, to grow wheat. Amin Abaza, Egypt's Minister for Agriculture, announced that joint effort to render both countries self-sufficient, would be concentrated in a location near Wadi Halfa. The plan, still being finalized, foresees the production there of 2 mn tons of wheat per year. However, in order to provide the required amounts of wheat for both countries, Business Daily Africa says that 4 million acres would be needed. This is feasible. According to Clive James, Chairman of the International Service for the Acquisition of Agro-biotech Application, Egypt's bid to reach wheat self-sufficiency could also be helped by expanding the cultivation of dry-resistance wheat, which is now being cultivated in Toshka, the North Coast and eastern Owainat. Clive was quoted by the Middle East Observer May 7, saying also that Egypt could raise corn production by 30% with the introduction of modern agriculture technology, thus becoming self-sufficient

also in this key commodity.(4)

President Hosni Mubarak clearly responded to the message of the food riots, and of the social protest following parliament's inflationary bill. In his address to the Davos World Economic Forum in Sharm al Sheikh on May 18, Mubarak hammered away at one theme: more food must be produced. As reported by the State Information Service (sis.gov.eg), Mubarak said the meeting was opening at a time when "the Middle East region and the world stand at a crossroad, amidst difficult regional and international conditions and several challenges." He went on to address the financial, monetary and economic crises in unprecedented terms:

"The world is facing an acute economic crisis that started with the collapse of the US sub-prime (mortgage market) crisis followed by the regression of projected growth rates of global economy. The world is surged with (sic) by rough inflationary waves causing unprecedented hikes [in] prices of energy, basic food commodities and raw materials and imposing the larger portion of its consequences and implications on poor countries and on the poor population within the same country.

"This forum convenes at a time these issues have become a core topic for both developed and developing countries alike as well as an engrossing preoccupation for international organizations and institutions, politicians, academics, thinkers, economists and people interested in global affairs."

In what he termed the "current global crisis," Mubarak identified "many problematic issues that intertwine in their economic and social dimensions" and are related to "issues of climate change and energy and water supplies; ... food security, economic growth rates and standards of living in both developed and developing countries." Thus, "Providing food security for the poor poses a basic challenge as well as a major responsibility towards poor and limited income brackets, including the poor in the rich developed countries." The Egyptian president then honed in on two key causes of inflated food prices, speculation and biofuels. "This goal [of proving food] must by no means [be] subject of speculations leading to rises in food prices or orientation to use human food as engine fuel. Is it sensible," he asked, "that some proceed with producing biofuel under government subsidy to producers? Is it sensible or acceptable to use farm crops in manufacturing ethanol, thus exacerbating the rising food price crisis? The international community needs to re-estimate the real cost of biofuel production, with its social and environmental reflections and its implication for the food security of humans," he said.

Mubarak concluded his remarks on the crisis, by stressing the "pressing need for an urgent international dialogue, where exporters and importers of energy and food from both developed and developing countries can meet. We need a dialogue that can find solutions to ensure that world population needs of food, while securing in the same time energy supplies for the global economy; a dialogue that generates solutions to be agreed on and complied with by all of us." He characterized the relationship between food and energy supplies, as a "vicious circle" whereby each becomes "simultaneously both a cause and effect of the current crisis of global economy, both together helping exacerbate, aggravate and even threaten to turn it into an endemic crisis, unless we hasten to contain it." He added that the upcoming conference of the Food and Agriculture Organization (FAO) in Rome should be the venue for grappling with these problems.

A New Bretton Woods

Although Mubarak did not identify the solutions to the global crisis, and indeed expressed support for globalization, and the liberal free market economy, while criticizing trends towards “advocates” of “protectionist measures and state hegemony,” a wide-ranging debate has been unleashed in the country precisely around the interrelationship between the food crisis and the breakdown of the world monetary and financial system. During a conference of the Coordinating Committee for Worker and Union Rights and Freedoms in Cairo on May 9, leading economists attacked globalization as the cause of Egypt’s current woes. Economist Ilhamy Merghany blamed the shrinking of manufacturing and agriculture, and the concomitant ballooning of the service sector (especially real estate and telecommunications) for the fact that an estimated half of the population currently lives below the poverty line. He also denounced the shift from the public to the private sector, and the latter’s “dictating prices without government intervention,” as responsible for inflation. Another economist, Ahmed Al-Naggar joined the chorus of critics who faulted the parliament’s decision to raise fuel prices.

But this is just one example of the debate, which is raging in daily commentaries in the Egyptian press and television. Another, particularly insightful contribution came from Abdul Azhim Hammad, a journalist, who not only identified the causes of the food and financial crises, in globalization, but offered viable proposals for their solution. Writing in Al-Ahram on April 21, Hammad reviewed the chronology of the crisis in the developing sector in the 1990s, and the initial stirrings of protest against globalization and unbridled free trade, leading into the drive for a New Bretton Woods monetary system. In Hammad’s view, Egypt should join ranks with those seeking to rein in globalization, and introduce protectionist measures at home.

In a discussion with this author in Cairo in mid-May, Hammad said globalization had “led to the enlargement of markets without any protection, especially in food,” and added that the “turn to biofuels” had aggravated the problem. Thus the need for “international institutions which can rationalize these practices.” He also criticized the measures introduced by the Egyptian parliament, saying that, rather than increase fuel prices, more should be done by the government to “encourage investment in public transportation.” But the main focus remains on food, and how to increase production. Here, he agreed, discussions with Sudan are at the top of the agenda.

Although Hammad complained that support for the New Bretton Woods proposal in Egypt was, in his estimation, superficial, limited to academic circles and some political party organizations, worldwide the moves towards monetary reform are growing. The New Bretton Woods idea is being debated in Russia and Italy, while fifteen former political leaders in Europe, including Helmut Schmidt, Jaques Delors, Massimo d’Alema and Hans Eichel, called on the EU Commission leadership on May 19 to pull together a “European Crisis Committee” of political and economic experts, to assess the crisis and prepare for a “World Financial Conference” to deal with it.

This dovetails nicely with the call launched in Sharm al Sheikh, by President Mubarak, for a “dialogue” to be opened on the interconnected financial and food crises at the upcoming FAO conference in Rome. The recent steps forward in Sudanese-Egyptian cooperation, to increase food production, should be placed on the agenda, as a showcase example of what can and must be done. Massive expansion of the program should be discussed, as well as other joint projects, like Egypt’s ongoing work to build a dam in Southern Sudan. At the same time, world monetary reform should be high on the agenda, to tackle the root causes of the financial and economic crises, and hammer out viable solutions.

NOTES

1. Michel Chossudovsky, "Global Famine," Global Research, May 2, 2008.
2. Cited by Chossudovsky, *ibid.*
3. "December 10, 1974, Classified by Harry C. Blaney, III, subject to general declassification schedule of Executive Order 11652 automatically downgraded at two year intervals and declassified on December 31, 1980." (www.population-security.org/28-APP2.html)
4. For more production data, see "Wheat Production in Sudan and Efforts to Realize Self-Sufficiency," Sudan Media Center, (<http://english.smc.sd/enmain/entopic/?artID=12442>).

The author may be contacted at mirak.weissbach@googlemail.com

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