



▶ **Why not consider maize as second staple**

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In aggregate, the prediction about the what price in the international market has turned out to be a complex one. According to FAO (Food and Agricultural Organization) projection, we do not have any good news in 2008. FAO says - '... [there is] no expected change in the ability of the exporters to meet the global demand for wheat imports and points to a likely continuation of a tight market situation in the new season (first half of 2008)'. And, as per many agriculture market analysis websites, the scenario may turn worse in 2009 as wheat-based ethanol distillers in a larger number than before are in the process of erection in various parts of the world. The only good news is - this year the wheat farmers in our country has increased wheat acreage to cash on the high price of wheat. This will not down the wheat price in the domestic market (because imported wheat constitute around 72 per cent of our total wheat consumption and as such wheat price in the domestic market exclusively follows the international trend) but it will produce smile on farmers' face.

How the high price of flour is augmenting the demand for rice: This article started with a real life example where a family that belongs to low income bracket is now consuming rice, instead of flour, at breakfast. At present, the low quality flour price is Taka 38 per kg while the low-grade rice price is Taka 31 per kg. Six months earlier, price per kg flour and rice were Taka 32 and Taka 26 respectively. This has generated demand for consuming extra rice. First, the flour price has risen too far. Many of the low and middle income group people have therefore been searching for a cheaper alternative. And surely it is rice. Second, as rice is our staple food, the recent rise in rice price has substantially increased the food bill, thus, forcing many people of low and middle income group to shift to more rice consumption (as rice is cheaper than flour). The internet was again searched to see whether this is happening in other countries also. The result is - similar developments were observed in Sri Lanka and Pakistan and published in various newspapers and articles.

The Sri Lankan government has gone much further. Though currently there is no rice shortage in Sri Lanka, they asked the Food Ministry to analyze the findings and its implications for the domestic rice demand. The Ministry in December, 2007 estimated that shifting from flour to rice has generated an extra 2000 MTs of rice demand each day. Being informed of the findings, the Sri Lankan government abandoned rice export from the country and urgently contacted the Indian government and proposed to import 50,000 MTs of rice. To sweeten the proposal, they offered higher price (\$500 per MTs) than that of the government of Bangladesh. India finally agreed and the rice reached Sri Lanka within February, 2008. They are procuring the rice to increase their buffer stock.

In 2007, total rice consumption in Bangladesh was 27.95 million MTs (local

production 27.3 million MTs and import 0.65 million MTs). The two floods and Cyclone Sidr destroyed around 2.5 million MTs of Aman rice. To fill up this gap, (i) the government targeted an increase in the Boro production by 2.5 million MTs. In this regard, government has taken some laudable steps - fertilizer availability, loan disbursement and cash subsidy for irrigation. However, according to many independent agricultural experts, the Boro production may increase by 1.5 million MTs at best. (ii) The government also asked rice assistance of 0.5 million MTs from international donors. It is yet to be clear how much rice donors will provide. Let us assume that they will provide 0.3 million MTs. (iii) We will then need to import 1.35 million MTs of rice to achieve last year's consumption level. So, the government promoted rice imports in both private (0.8 million MTs) and public (0.5 million MTs) sectors. The private sector imported around 0.95 million MTs until March, 2008 and they expect to import additional around 0.3 million MTs. That means up to now the country is already on the process of consuming additional 0.4 million MTs of rice and this increase will be buoyed up in the next part of this year.

Based on the findings of the Food Ministry of Sri Lanka, this writer tried to do some calculation and figure out the extra demand for rice generated due to high price of flour. First, the estimate was made about per capita rice demand of different age groups. It is shown in the following table. This assumption is that only half of the 0-4 age-group eats rice once a day. In the calculation of extra rice demand estimation, this 0-4 age group has been discarded.

Then, it was guessed that if flour could replace rice in one meal, especially at breakfast, it will result in 0.2, 0.2 and 0.15 kg daily rice demand for each member of 5-14, 10-64, 65-80+ age group respectively. Now the most difficult part of the calculation - how many people will shift to rice giving up flour? The population is first divided into two groups, poor and non-poor, considering that 40 per cent of the people live below the national poverty line (HIES 2006). Afterwards the extra demand is calculated estimating a large range -- 5.0 to 10 per cent of the poor people (whose income are close to the poverty line) and 20 to 40 per cent of the non-poor people (these people are exclusively from low income group and also a part of middle income group) who have already moved or on the process of moving from flour to rice.

The result is shown in the following table. It is found that extra rice demand generated for each one per cent of the total poor and total non-poor people shifting is 36.5 thousand MTs per year and 54.8 thousand MTs per year respectively. Thus, the lowest combination -- 5.0 per cent poor and 20 per cent non-poor shifted -- creates an extra rice demand for 1.278 million MTs in a year (3.5 thousand MT in each day) and the highest combination -- 10 per cent poor and 40 per cent non-poor shifted -- creates an extra rice demand for 2.557 million MTs in a year (7.0 thousand MTs each day).

This shows if there is bumper Boro crop, the country will need to import extra 1.0 million MTs of rice in the most optimistic case (the lowest combination) and 2.3 million MTs of rice in the extreme case (the highest combination). It seems to this writer that shifting of 5.0 per cent poor and 30 per cent non-poor is the most possible combination. In that case, the country will need to import an extra 1.6 million MTs of rice in 2008.

Is there a way to offset this extra rice demand? The simple explanation, as assured, no longer remains simple. It has turned out to be a formidable problem of food security for our people. We desperately need to sort out a solution. The most worthwhile solution would be to reduce the price of flour at earlier level, i.e. around Taka 30 per kg. As has already been explained earlier, wheat price in the international market will not decline in 2008 from the current high level. There is rather a chance of further increase. And we must

not ask for subsidy - as the government, multilateral organizations (WB, IMF and ADB) and donors hate it.

During this writer's visit to Rangpur region, he asked many people -- farmers, retailers, hotel owners, wheat millers etc. -- what may be the solution? A poor farmer in Gaibandha said that a nearby shop sells low quality flour at Taka 31-32 per kg and he buys it. The suspicion was: could it be that the flour was produced from rotten wheat! The farmer told a very different story. The retailer mills maize (maize price Taka 12 per kg) and produces maize flour. He mixes the maize flour with the wheat flour. Maize flour constitutes about 30 per cent weight of the flour. The wheat millers were enquired about this flour mixed with maize. They agreed to talk about the matter but informally. They mix maize with the flour only while selling to the hotel owners. The hotel owners tell them in what proportion of weight maize is to be mixed with wheat. The majority prefers 40 per cent weight mixture but some asks for even higher 50 per cent weight mixture. With the team, we visited many of those hotels, talked with the hotel owners and tested the 'parata', 'singara' and 'samucha' in those shops. You would be happy to know that all the team members expressed that it is tasty (surely more than regular flour) and gives a better look, a yellowish look, to the food. Now, look to the maize-mixed flour price: (i) 30 per cent maize flour, 70 per cent wheat flour - Taka 30, (ii) 40 per cent maize flour, 60 per cent wheat flour - Taka 27.5, and (iii) 50 per cent maize flour, 50 per cent wheat flour - Taka 25. So, it was the solution!

The internet, again. The findings may amaze one. Maize is the third largest food grain in the world after rice and wheat. Maize flour is the staple food of the majority of the Latin American people (Mexicans, Brazilians, Argentines, etc.) and almost 80 per cent of African people. It is also the second most staple food in Indonesia, one of our neighbours in Asia. They make breads and confectionary items from maize flour. So, there is nothing wrong to mix maize flour with regular flour. Rather the nutritional contents in maize are better than those in wheat.

At present, mixing maize into flour is benefiting only the hotel-owners. The largest group of consumers -- households -- has no access to this maize mixed flour. Why? As per law, this is illegal. The food law in Bangladesh prohibited any fortification in flour without the prior permission of relevant administration. But we must remember that getting permission is a long, cumbersome, time consuming, bothersome, and corruption-ridden process. Definitely no one is going to apply for that. The vocal civil society members and policymakers need to take the lead. This scribe urges them to talk about this matter with the government and pass a new law which will permit mixing of maize in flour. However, the amount mixed must be printed on the packet so that consumers can choose from them.

The 40 per cent maize-flour, 60 per cent wheat-flour mix can be a good option. The hotel owners are widely using it and it will cost around Taka 28 at consumer level. The price is even less than low-grade rice. So, accepting the solution not only will eliminate the extra rice demand generated in the country but also can decrease the aggregate rice demand marginally.

Some readers can argue that this decision will eventually lead to an increase in maize price and may hamper the poultry. The price of maize in the world market is now and always half the wheat price. Recent 'Bird flu' cost Bangladesh 0.45 million poultry birds and 2.45 million poultry birds in the Indian state of West Bengal. The governments asked these farmers not to raise poultry for at least next three months. This disaster has led to a substantial decline of maize price in Bangladesh and India.

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