

HOME PAGE MY TIMES TODAY'S PAPER VIDEO MOST POPULAR TIMES TOPICS

The New York Times

World Business

WORLD U.S. N.Y. / REGION BUSINESS TECHNOLOGY SCIENCE HEALTH SPORTS OPINION ARTS

AUTOS

MEDIA & ADVERTISING WORLD BUSINESS SMALL BUSINESS YOUR MONEY DEALBOOK MARKETS RESEARCH



THE FOOD CHAIN

A New, Global Oil Quandary: Costly Fuel Means Costly Calories

More Art

Get De



E-MAIL



Justin Mott for The New York Times

A worker on a plantation in Sungai Buloh, Malaysia, collects oil palm fruit. Malaysia is the center of the global palm oil industry. [More Photos >](#)

By KEITH BRADSHER
Published: January 19, 2008

KUANTAN, [Malaysia](#) — Rising prices for cooking oil are forcing residents of Asia's largest slum, in Mumbai, [India](#), to ration every drop. Bakeries in the United States are fretting over higher shortening costs. And here in Malaysia, brand-new factories built to convert vegetable oil into diesel sit idle, their owners unable to afford the raw

MOST PC

- [E-MAIL](#)
- [PRINT](#)
- [SINGLE PAGE](#)
- [REPRINTS](#)
- [SAVE](#)
- [SHARE](#)

1. [C](#)
2. [S](#)
3. [G](#)
4. [T](#)
5. [T](#)
6. [F](#)

material.

The Food Chain *The High Cost of Eating*

Articles in this series will examine growing demands on, and changes in, the world's production of food.

Multimedia



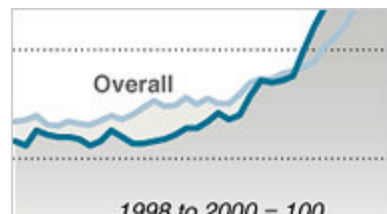
Audio Slide Show

[The Other Oil Shock](#)



Slide Show

[The Struggle for Palm Oil](#)



Graphic

[Rising Costs Felt at the World's Dinner Tables](#)

[Enlarge This Image](#)

This is the other oil shock. From India to Indiana, shortages and soaring prices for palm oil, soybean oil and many other types of vegetable oils are the latest, most striking example of a developing global problem: costly food.

The food price index of the Food and Agriculture Organization of the [United Nations](#), based on export prices for 60 internationally traded foodstuffs, climbed 37 percent last year. That was on top of a 14 percent increase in 2006, and the trend has accelerated this winter.

In some poor countries, desperation is taking hold. Just in the last week, protests have erupted in [Pakistan](#) over wheat shortages, and in Indonesia over soybean shortages. Egypt has banned rice exports to keep food at home, and China has put price controls on cooking oil, grain, meat, milk and eggs.

According to the F.A.O., food riots have erupted in recent months in Guinea, Mauritania, Mexico, Morocco, Senegal, Uzbekistan and Yemen.

“The urban poor, the rural landless and small and marginal farmers stand to lose,” said He Changchui, the agency’s chief representative for Asia and the Pacific.

A startling change is unfolding in the world’s food markets. Soaring fuel prices have altered the equation for growing food and transporting it across the globe. Huge demand for biofuels has created tension between using land to produce fuel and using it for food.

A growing middle class in the developing world is demanding more protein, from pork and hamburgers to chicken and ice cream. And all this is happening even as global [climate change](#) may be starting to make it harder to

ARTICLE TOOLS
SPONSORED BY
Rock 'n Roll
will never die

- 7. [Th Cr](#)
 - 8. [Lo](#)
 - 9. [Ne](#)
 - 10. [Lo](#)
- [Go to Co](#)

The N

Do tl
Also in l
[Do yo](#)
[Depre](#)
[How to](#)

ADVERTI

All the ne

INSIDE



Michael Rubenstein for The New York Times

A PRECIOUS COMMODITY In Mumbai, Rajkanya Kawle, 11, held palm oil for her family's dinner. The 250 milliliters of oil cost 16 rupees, about 41 cents. [More Photos »](#)

grow food in some of the places best equipped to do so, like Australia.

In the last few years, world demand for crops and meat has been rising sharply. It remains an open question how and when the supply will catch up. For the foreseeable future, that probably means higher prices at the grocery store and fatter paychecks for farmers of major crops like corn, wheat and soybeans.

There may be worse inflation to come. Food experts say steep increases in commodity prices have not fully made their way to street stalls in the developing world or

supermarkets in the West.

Governments in many poor countries have tried to respond by stepping up food subsidies, imposing or tightening price controls, restricting exports and cutting food import duties.

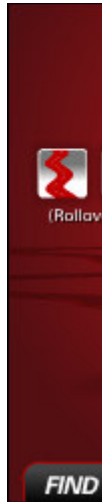
These temporary measures are already breaking down. Across Southeast Asia, for example, families have been hoarding palm oil. Smugglers have been bidding up prices as they move the oil from more subsidized markets, like Malaysia's, to less subsidized markets, like Singapore's.

No category of food prices has risen as quickly this winter as so-called edible oils — with sometimes tragic results. When a Carrefour store in Chongqing, China, announced a limited-time cooking oil promotion in November, a stampede of would-be buyers left 3 people dead and 31 injured.

Cooking oil may seem a trifling expense in the West. But in the developing world, cooking oil is an important source of calories and represents one of the biggest cash outlays for poor families, which grow much of their own food but have to buy oil in which to cook it.

Few crops illustrate the emerging problems in the global food chain as well as palm oil, a vital commodity in much of the world and particularly Asia. From jungles and street markets in Southeast Asia to food companies in the United States and biodiesel factories in Europe, soaring prices for the oil are drawing environmentalists, energy companies, consumers, indigenous peoples and governments into acrimonious disputes.

The oil palm is a stout-trunked tree with a spray of frilly fronds at the top that make it look



like an enormous sea anemone. The trees, with their distinctive, star-like patterns of leaves, cover an eighth of the entire land area of Malaysia and even greater acreage in nearby Indonesia.

An Efficient Producer

The palm is a highly efficient producer of vegetable oil, squeezed from the tree's thick bunches of plum-size bright red fruit. An acre of oil palms yields as much oil as eight acres of soybeans, the main rival for oil palms; rapeseed, used to make canola oil, is a distant third. Among major crops, only sugar cane comes close to rivaling oil palms in calories of human food per acre.

Palm oil prices have jumped nearly 70 percent in the last year because supply has grown slowly while demand has soared.

1 | [2](#) | [3](#) | [NEXT PAGE »](#)

Contributing reporting were Andrew Martin in New York, Anand Giridharadas in Kale, India, and Michael Rubenstein in Mumbai.

[More Articles in Business »](#)

Need to know more? 50% off home delivery of The Times.

Ads by Google

[what's this?](#)

[As the Dollar Collapses](#)

Gold, Uranium, Oil? Learn Which Commodities Will Make Huge Gains!
[MoneyAndMarkets.com](#)

[8 Mistakes Investors Make](#)

Learn how to avoid them. Download latest report by Forbes Columnist
[www.fi.com](#)

[Oil Price Comparison](#)

Top 6 Websites For Oil Price Comparison
[www.Top-4-Picks.com](#)

Tips

To find reference information about the words used in this article, double-click on any word, phrase or name. A new window will open with a dictionary definition or encyclopedia entry.

Past Coverage

[INTERNATIONAL BUSINESS; Europe Leaves Modified Corn Inquiry to U.S. \(April 6, 2005\)](#)
[Spain's Olive Growers Seek Their Day in the Sun - in the U.S. \(November 27, 1994\)](#)
[Europeans Warn of Reprisal For 200% U.S. Tax on Wine \(November 10, 1992\)](#)

For Amber Waves of . . . Canola? (September 5, 1990)

Related Searches

- International Trade and World Market [Add Alert](#)
- Oils and Fats [Add Alert](#)
- Food [Add Alert](#)
- Food and Agriculture Organization [Add Alert](#)

OPINION »



Photo-Op: A Man on the Street

WORLD »

A Finnish Turf Battle Pits Wolf Against Reindeer Herder

MAGAZINE »



A Cutting Tradition

U.S. »



A Missing Son, 'Confused and Unable to Call Home'

OPINION

THE
Age
In
Sta
his
ind
anc