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High Food Prices Reflect Impact of Drought, Other Climatic Factors

by Carlos Navarro

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Dry conditions in northern Mexico pose a major threat to agricultural production in 2012, increasing the cost of many basic foodstuffs. The government recently acknowledged that Mexico is suffering its worst drought in the past seven decades, which has forced the government to put in place a plan to bring water to nearly 2.5 million people in central and northern states. The Secretaría de Desarrollo Social (SEDESOL) said the drought is having its worst impact on the states of Sonora, Chihuahua, Coahuila, Durango, Nuevo León, Guanajuato, and Zacatecas. Hurricane Beatriz helped ease some of the impact of the drought in June, but the storm only made a small dent in the long-term prognosis for Mexico ([SourceMex, June 29, 2011](#)).

In late December, the federal water commission (Comisión Nacional del Agua (CONAGUA)) confirmed that the drought's impact had extended to the Lerma-Santiago-Pacific basin, which includes the states of México, Querétaro, Guanajuato, Michoacán, Jalisco, Zacatecas, Aguascalientes, Nayarit, and Colima. CONAGUA said rainfall in the basin had fallen to historically low levels.

Because of this, water allocations for regional irrigation districts during the next cycle will be reduced. The cycle runs from November through October.

Experts believe situation could worsen in 2012

Food prices were already showing some effects of drought, which, along with recent freezes in states like Sinaloa and Zacatecas, nearly doubled the cost of some basic foodstuffs. Agricultural experts believe the situation is bound to worsen because conditions are expected to remain dry in the months ahead. Droughts have caused major production declines in recent years, including 2007 ([SourceMex, Aug, 1, 2007](#)).

The extended drought in northwest Mexico, particularly in Sinaloa, is a prelude to a difficult year, in which Mexico will have to contend with low production and a need to boost imports of basic grains and animal feed.

The drought has also had a major effect on other key northern states such as Nuevo León, which produces both crops and livestock. By all accounts, the current drought is the worst that the state has experienced in 50 years. "Our fields are dry," local farmer Epifanio Salazar told the Mexico City daily newspaper *El Universal* in late November.

Salazar—who owns a grove of orange, tangerine, and other citrus trees in southern Nuevo León—raised concerns about the drought's impact on the state's agricultural producers. "The harvest declines are considerable, and our earnings fall even more," said Salazar. "Additionally, the quality of our fruit is falling significantly. We need water, but supplies are not sufficient."

An even greater concern is the production of corn, the staple of the diet of most Mexicans. The Confederación Nacional de Productores Agrícolas de Maíz de México (CNPAMM) said the dry conditions in Sinaloa are going to have a severe impact on national production. About 1.3 million

hectares of cropland were lost because of weather conditions in Sinaloa during 2011, resulting in the loss of 3.5 million tons of corn, said CNPAMM president Carlos Salazar Arriaga.

The shortfall will force Mexico to import about 5 million tons of corn from the US and other countries during the coming year, about 45% of the country's total consumption.

On top of this, the cost of these imports will be high because of high global prices. "This will have a negative effect on the pocketbooks of Mexicans," said the Mexico City daily newspaper La Prensa.

Some industry sources pointed to a direct link between climatic conditions and the high cost of corn at the global level. The price of corn increased by 2,400 pesos (US\$175) per ton in 2011 after approaching 3,600 pesos (US\$262) in 2010, said Porfirio Garza Rojas, president of the Asociación de Industriales de la Masa y la Tortilla (AIMT) in Nuevo León state.

Tortilla prices take a hit

Garza Rojas said the increase in the cost of corn forced the milling industry to raise the price of cornmeal to 1,580 pesos (US\$115) per ton in the last half of December, which boosted the price of tortillas to 14 pesos (US\$1.02) per kg in parts of Nuevo León. Tortilla prices were reported as high as 15 to 16 pesos (US\$1.17) per kg in early January at some sites in Nuevo León and Veracruz states.

"The price of tortillas rose to between 12 pesos (US\$0.87) and 16 pesos (US\$1.17) in the metropolitan area of Veracruz-Boca del Río," said local AIMT official Cenobio Flores García, who justified the increase because of a 40% rise in the cost of cornmeal.

"We are the ones who least want an increase in the price of tortillas so that we can sell more product," said Garza Rojas. "But climate conditions have resulted in low corn production, and anytime you have shortages you have higher prices."

Gerardo Sánchez Torres, a researcher at the Universidad Autónoma de Tamaulipas, said the high prices for foodstuffs will especially hurt low-income Mexicans and will have a negative impact on food security in both rural and urban areas.

The situation is similar for beans, with prices at the wholesale market in Mexico City in early January reaching 28.50 pesos (US\$2.10) per kg, nearly twice as high as the price of 15 pesos (US\$1.09) per kg quoted in January 2011. "According to some producers and merchants at the wholesale market, the price is expected to continue to increase, since drought and freezes have raised the cost of the product," said Milenio.com

Sánchez said recent droughts, the result of global climate change, would continue to have an impact on Mexico's water infrastructure. This will not only affect the availability of water for agriculture, he said, but also hydroelectric facilities. He noted that climate change would affect some regions of the country, such as the southeast, in a much different manner. These regions will continue to have heavy rainfall, overwhelming the ability of local infrastructure to handle flooding. Tabasco is one state that has frequently faced this situation in recent years ([SourceMex, Oct. 19, 2011](#)).

Salazar urged the federal government to try to compensate for the losses in Sinaloa by boosting production in other regions of the country that have ample moisture, particularly the southeastern states. The CNPAMM president suggested that Sinaloa farmers could contribute expertise and technological knowledge to counterparts in other states.

Government rationing water in some areas

The dry conditions have forced the government to implement rationing, in addition to bringing supplies to areas with water deficits. Social Development Secretary Heriberto Félix Guerra, whose department is coordinating efforts to mitigate the drought, the most severe to hit Mexico since 1941, said it was "caused in large part by the climate change affecting the entire planet."

As a result of the water deficit, CONAGUA is providing support to more than 770 municipalities, including 1,500 communities, throughout the country on the watch list. As part of the scheme, the government is also offering direct subsidies to agriculture producers and a program to provide temporary employment for farmers affected by the dry conditions.

CONAGUA director José Luis Luege Tamargo said his agency and the Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA) are offering other support to producers, including rehabilitating infrastructure and repairing canals to prevent water leakages.

But some agriculture officials believe that the government needs a more comprehensive plan to address the drought's impact on Mexican producers. "Agriculture is currently seen as a sector that does not make money, and the government has tended to ignore it," said the CNPAMM's Salazar.

Others believe that the lack of water is going to force many rural communities that rely on agriculture to find alternative sources of water, including by constructing desalination plants. These types of facilities are currently under consideration in some of the areas most affected by drought in recent years ([SourceMex, Nov. 2, 2011](#)). "The population is going to have to acknowledge that water has an important economic and social value," said Sánchez Torres.

Another major concern about the recent dry conditions is the ever-present possibility of a severe fire season, a problem that occurred in 2005 ([SourceMex, May 4, 2005](#)), 2009 ([SourceMex, Aug. 12, 2009](#)), and 2011 ([SourceMex, April 27, 2011](#)). Luege said CONAGUA is very much aware of this problem and is taking necessary precautions to minimize the damage. Most of these efforts include education and prevention, particularly to reduce the number of fires caused by human activity.

Luege, who noted that the number of forest fires in Mexico in 2011 was the largest since 1998, is very concerned about the coming year because of forecasts that Mexico will continue to receive below-normal rainfall in the first quarter of 2012. "If the situation was critical in 2011, we believe that 2012 could be worse," said the CONAGUA official. [Peso-dollar conversions in this article are based on the Interbank rate in effect on Jan. 4, 2012, reported at 13.69 pesos per US\$1.00.]

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