

Somalis rally against rising food prices, inflation

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MGADISHU: Thousands of Somalis burned tires and threw stones in demonstrations on Monday against record-high inflation and rising food prices made worse by the devaluation of the local currency. Angry protestors, who numbered around 7,000, accused unscrupulous traders of pushing inflation to its highest level in at least 17 years by refusing to

accept Somali shillings and favoring dollars.

Although there are no official inflation figures, UN monitors say cereal prices have increased by between 110 and 375 percent in the past year as central Somalia has endured its worst drought in recent memory.

Currently, one dollar is equivalent to 25,000 shillings up from an average of 4,000 shillings in 1991 when the country descended into lawlessness after the ouster of Mohammad Siad Barre.

Since then, it has had no central bank to regulate inflation.

"We are asking traders to stop their cruel business practices. They are refusing to take the Somali shilling and are instead insisting on the dollar," said Hussein Mohamed Ali, a demonstrator. "Aren't we Somalis? Is the US dollar our money? The answer is no."

"We have our own currency, if that currency is rejected, it means that we have no way to live and that is why we are demonstrating to day," added Mukhtar Ali, another protester.

A shortage of dollars has led to a bumper crop of fake 1,000-shilling notes - the only available denomination - appearing in market places and fueling the inflation problem in the war-ravaged Horn of Africa nation.

Faced with rising exchange rates, the Somalis in 2001 dropped lower denominations and retained only the 1,000-shilling-note, but this failed to stem the ever-rising inflation.

"The government has no money, therefore, some traders are printing fake Somali currencies and others refusing to accept the old Somali 1,000-shilling-note," said Mire Hussein, a resident.

Residents blame the fake notes for weakening the shillings, and fear the practice will lead to eventual invalidation of the local currency and the adoption of the dollar.

A vibrant trade in mobile phones, weapons and basic foodstuffs has helped to keep Somalia's inflation in check over the years.

But last week, the UN warned that hyperinflation and a sharp devaluation of the Somali shilling - more than 100 percent in the last 15 months - have increased food prices, threatening the livelihood of millions of people.

Some 2.6 million Somalis now require help to feed themselves, an increase of 40 percent since January, according to figures compiled by the Food Security Analysis Unit, part of the United Nations' Food and Agriculture Organization.

The dire situation has been exacerbated by relentless conflict as well as the delayed start to the April-June rainy season.

Global food prices have nearly doubled in three years, according to the World Bank, sparking riots last month in Egypt and Haiti, protests in other countries and restrictions on food exports from Brazil, Vietnam, India and Egypt.

Rising use of biofuels, trade restrictions, increased demand, poor harvests and increasing transport costs have all been blamed for the price rise.

World Bank President Robert Zoellick has said two billion people across the world are struggling with high food prices, and 100 million people in poor countries may be pushed deeper into poverty by the crisis.

The UN World Food Program is seeking contributions for a \$755-million emergency fund to alleviate the surge in prices.