

A Culinary and Cultural Staple in Crisis

Mexico Grapples With Soaring Prices for Corn -- and Tortillas

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NEZAHUALCOYOTL, [Mexico](#) -- Thick, doughy tortillas roll hot off the conveyor belt all day at Aurora Rosales's little shop in this congested city built on a dry lake bed east of Mexico City.

Using cooking techniques that date to the Mayan empire, Rosales has never altered her recipe. Nor did her father, grandfather or great-grandfather.

On good days, the neighbors line up for her tortillas.

But these are not good days, and sometimes hours pass without any customers.

Mexico is in the grip of the worst tortilla crisis in its modern history. Dramatically rising international corn prices, spurred by demand for the grain-based fuel ethanol, have led to expensive tortillas. That, in turn, has led to lower sales for vendors such as Rosales and angry protests by consumers.

The uproar is exposing this country's outside dependence on tortillas in its diet -- especially among the poor -- and testing the acumen of the new president, Felipe Calderón. It is also raising questions about the powerful businesses that dominate the Mexican corn market and are suspected by some lawmakers and regulators of unfair speculation and monopoly practices.

Tortilla prices have tripled or quadrupled in some parts of Mexico since last summer. On Jan. 18, Calderón announced an agreement with business leaders capping tortilla prices at 78 cents per kilogram, or 2.2 pounds, less than half the highest reported prices. The president's move was a throwback to a previous era when Mexico controlled prices -- the government subsidized tortillas until 1999, at which point cheap corn imports were rising under the NAFTA trade agreement. It was also a surprise given his carefully crafted image as an avowed supporter of free trade.

"There are certainly some contradictions in Calderón's positions here," said Arturo Puente, an economist at the National Institute for Forestry, Agriculture and Livestock Research in Mexico City.

Calderón's administration portrayed the cap as a get-tough measure that, coupled with his earlier approval of new corn imports from the United States and other countries, would stem the crisis. In an interview two days before the price-cap announcement, Calderón's undersecretary of industry and commerce, Rocio Ruíz Chávez, boasted that Mexico's tortilla problems would stabilize in "one to two weeks."

But Calderón's price cap does not carry the force of law. It is "a gentleman's agreement," said Laura Tamayo, a spokeswoman for the Mexico division of Cargill, a Minneapolis-based company that signed the pact and is a major player in the Mexican corn market.

A study this week by the lower house of Mexico's National Congress showed that many tortilla makers are ignoring Calderón's edict. The average price of tortillas is 6 cents higher than the cap, and some shops are charging between 59 cents and \$1.04 above the government threshold.

"Going ahead, it looks very good for high corn prices," said William Edwards, an agricultural economist at Iowa State University.

In another place, a rise in the cost of a single food product might not set off a tidal wave of discontent. But Mexico is different.

"When you talk about Mexico, when you talk about culture and societal roots, when you talk about the economy, you talk about the tortilla," said Lorenzo Mejía, president of a tortilla makers trade group. "Everything revolves around the tortilla."

The ancient Mayans believed they were created by gods who mixed their blood with ground corn. They called themselves "Children of the Corn," a phrase Mexicans still sometimes use to describe themselves.

Poor Mexicans get more than 40 percent of their protein from tortillas, according to Amanda Gálvez, a nutrition expert at the National Autonomous University of Mexico. Modern-day tortilla makers such as Rosales use "an ancient and absolutely wise" Mayan process called "nixtamalización," Gálvez said.

The process is straightforward. Large kernels of white corn are mixed with powdered calcium and boiled, then ground into a dough with wheels made of volcanic rock.

The resulting tortillas are more pliable and more durable than those typically found in U.S. stores. Mexicans say tortillas are their "spoons" because they use them to scoop up beans, and can serve also as their "plates" because they're sturdy enough to hold a pile of braised meat and vegetables.

The tortilla-making process, Gálvez said, releases antioxidants and niacin, which allows them to be absorbed by the body, and the membranes on each corn kernel provide important dietary fiber. As a result of eating tortillas, Mexican children have a very low incidence of rickets, a bone disease caused by calcium deficiency that is common in developing countries.

"It is absolutely crucial for our population to keep eating tortillas," Gálvez said.

Gálvez said she believes the price increase is already steering Mexicans toward less nutritious foods. The typical Mexican family of four consumes about one kilo -- 2.2 pounds -- of tortillas each day. In some areas of Mexico, the price per kilo has risen from 63 cents a year ago to between \$1.36 and \$1.81 earlier this month.

With a minimum wage of \$4.60 a day, Mexican families with one wage earner have been faced in recent months with the choice of having to spend as much as a third of their income on tortillas -- or eating less or switching to cheaper alternatives.

Many poor Mexicans, Gálvez said, have been substituting cheap instant noodles, which often sell for as little as 27 cents a cup and are loaded with less nutritious starch and sodium.

"In the short term, the people who can buy food are going to get fatter," she said. "For the poor, the effect is going to be hunger."

There is almost universal consensus in Mexico that higher demand for ethanol is at the root of price increases for corn and tortillas.

Ethanol, which has become more popular as an alternative fuel in the United States and elsewhere because of high oil prices, is generally made with yellow corn. But the price of white corn, which is used to make tortillas, is indexed in Mexico to the international price of yellow corn, said Puente, the Mexico City economist.

A combination of tortilla-maker organizations, farming groups and members of the Mexican Congress are clamoring for an investigation into alleged monopolies, commodity speculation and price fixing.

"It is probable that monopolistic practices played a role in the problem," Eduardo Pérez Mota, head of Mexico's federal competition commission, which investigates anti-trust cases, said in an interview. "In the recent past we have detected collusion on prices by corn buyers and by some tortilla makers."

Some tortilla makers claim Cargill is among those unfairly raising prices, an allegation that Tamayo, the company's spokeswoman, calls "absolutely false."

Mexico's corn behemoth is Grupo Gruma, owner of the Maseca tortilla brand and the world's largest tortilla maker. Mota said the company may control as much as 80 percent of the Mexican tortilla flour market. The company has already drawn his ire by allegedly buying a competitor without the competition commission's approval.

Mexico, which counts corn as one of its major agricultural products, now faces a shortage. As part of Calderón's plan to combat high tortilla costs, he gave emergency approval -- as suggested by large corn brokers -- to import more than 800,000 tons of corn from the United States and other countries.

But just the year before, Mexico was exporting corn. The administration of Calderón's predecessor, Vicente Fox, allowed brokers to export 137,000 tons of corn, which farming groups say should have been warehoused for future use.

Rafael Rodríguez, finance director of a farming trade group, said the contradictory decisions by the two presidents are proof of government favors to big corn companies.

"Instead of sanctioning them," Rodríguez said, "the government sat down with them and made deals."

No one knows for sure how many tortilla makers are in Mexico. Estimates range from 65,000 to 200,000.

Long a fixture of the Mexican street scene, tortilla makers in the past few months were suddenly being accused by their customers of being the villains in the tortilla crisis.

As his prices rose, Salvador León, owner of the venerable El Mexicano tortilla shop in Nezahualcoyotl, watched his sales plummet.

"The customers just got mad at me," León said. "I tried to give an explanation, but they just went on in ignorance."

A few miles away, Rosales surveyed her shop, perplexed about how to cut costs.

She pointed at a stooped man struggling with a big ball of tortilla dough.

"He's a senior citizen, and those women over there," she said, nodding toward the counter, "they're single mothers. How can I fire any of them?"

While she talked, a 73-year-old woman named María Neri approached the counter. Neri has no pension and no savings, but she gets a few pesos each month from a nephew and a daughter.

She lives just around the corner from Rosales's tortilla shop and has been buying two kilos a week for years. On this day, even with the Mexican government's new price control, she could afford only one.