

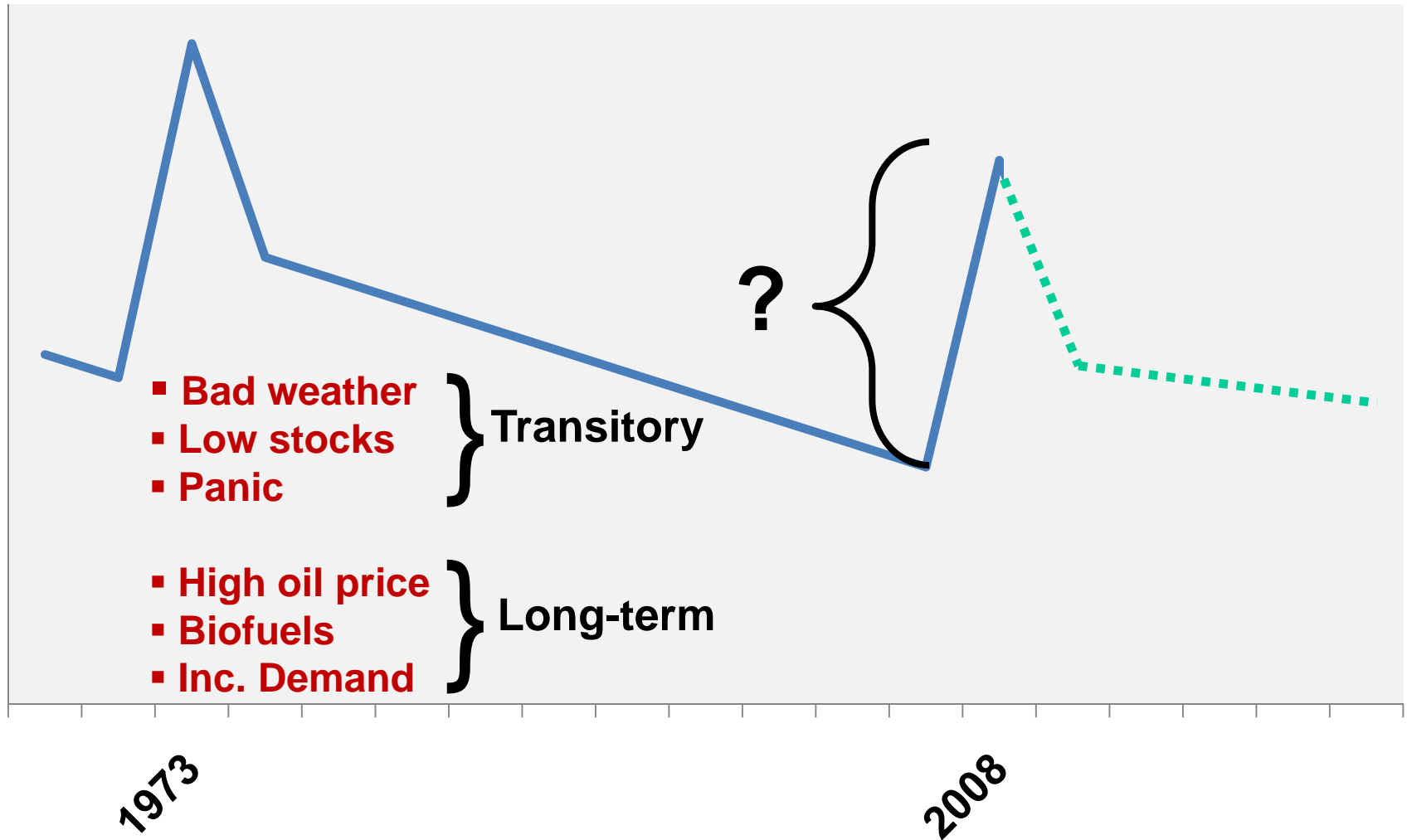
# Rising Food Prices, Causes & Consequences

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# Cereal prices in real terms, schematic





- **OECD countries: some inflationary pressure, particularly on low-income consumers**
- **Developing countries:**
  - Commercial producers gain
  - Net food consumers lose (majority of the poor, even in many rural areas)
  - Import bill of net food importers rises (+10% prices of cereals: USD 4.5 billion)



# Responses: Immediate



- **Humanitarian assistance, preferably in cash/vouchers**
- **Provide analysis + evidence, to calm down markets + policies, prick bubble**
- **Balance of payments assistance**
- **Reconsider biofuel support policies**



## Responses: *short term*



- **Reduce tariffs and other taxes on key staples**
- **Open up agricultural markets, resist calls for protection + subsidies**
- **Mitigate concerns over food security**
- **Conclude ambitious Doha Round agreement**



## Responses: *medium to long term*



- **Improve productivity of global agriculture, particularly in developing countries**  
  
... through education, R&D, extension services, market integration, .....
- **Improve purchasing power of the poor in developing countries**
- **Analyse and develop options for volatility reduction, risk management**