



World Food Price Index: FAO

For Prelims: UN Food and Agriculture Organization and its Initiatives, FAOs Food Price Index.

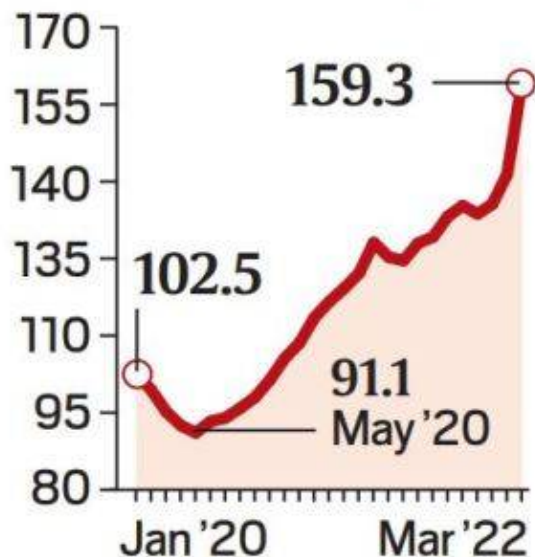
For Mains: Important International Institutions, Reasons of Global Food Price Surge.

Why in News?

According to the [UN Food and Agriculture Organization's \(FAO\)](#), the [World food price index](#) averaged 159.3 points in March, breaking an earlier record of 137.6 points scaled **11 years ago in February 2011**.

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RECORD LEVEL
FAO Food Price Index is
at an all-time high



What are the Reasons of Global Food Price Surge?

- **Huge Volatility:**
 - The FAO index has exhibited huge volatility in the last two years through the [Covid-19 pandemic](#) and now the [Russia-Ukraine war](#).

- The index had crashed to a **four-year low of 91.1 points in May 2020, due to demand destruction triggered by pandemic-induced lockdowns** across countries.
- But as demand returned with governments lifting economic activity and movement restrictions, **supply chain disruptions** — from shortages of everything, from harvesting labourers to packaging materials and shipping containers — came to the fore.
- **Supply Shortages:**
 - The supply shortages have worsened with the **Black Sea region** tensions, leading to the index moving up almost 24 points or 17.5% between January and March 2021.
 - The FAO's cereal and vegetable oil price indices hit record highs of 170.1 points and 248.6 points, respectively, in March 2021.
- **Russian Banks Cutoff from International Payment System:**
 - Port closures in the **Black Sea** and Azov Sea, plus Russian banks being cut off from the international payments system, have resulted in massive shipping disruptions from this key **agri-commodities** supply region.

What is FAOs Food Price Index?

- It was **introduced in 1996** as a public good to help in monitoring developments in the global agricultural commodity markets.
- The **FAO Food Price Index (FFPI) is a measure of the monthly change** in international prices of a basket of food commodities.
- It measures changes for a basket of cereals, oilseeds, dairy products, meat and sugar.
- **Base Period:** 2014-16.

What is the Food and Agriculture Organization?

- **About:**
 - FAO is a specialised agency of the **United Nations** that leads international efforts to defeat hunger.
 - **World Food Day** is celebrated every year around the world on 16th October. The day is celebrated to mark the anniversary of the founding of the FAO in 1945.
 - It is one of the UN food aid organisations based in Rome (Italy). Its sister bodies are the **World Food Programme** and the International Fund for Agricultural Development (IFAD).
- **Initiatives Taken:**
 - **Globally Important Agricultural Heritage Systems (GIAHS).**
 - Monitors the **Desert Locust** situation throughout the world.
 - The **Codex Alimentarius Commission or CAC** is the body responsible for all matters regarding the implementation of the Joint FAO/WHO Food Standards Programme.
 - The **International Treaty on Plant Genetic Resources for Food and Agriculture** was adopted by the Thirty-First Session of the Conference of the FAO in 2001.
- **Flagship Publications:**
 - The State of World Fisheries and Aquaculture (SOFIA).
 - The State of the World's Forests (SOFO).
 - **The State of Food Security and Nutrition in the World (SOFI).**
 - The State of Food and Agriculture (SOFA).
 - The State of Agricultural Commodity Markets (SOCO).

Source: IE