

World Food Price Index: FAO

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

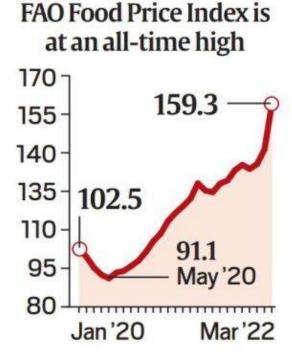
For Mains: Important International Institutions, Reasons of Global Food Price Surge.

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. The Vision

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RECORD LEVEL



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 <u>lockdowns</u> across countries.
- But as demand returned with governments lifting economic activity and movement restrictions, <u>supply chain disruptions</u> — 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 <u>Black Sea region</u> 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 <u>Black Sea</u> and Azov Sea, plus Russian banks being cut off from the international payments system, have resulted in massive shipping disruptions from this key <u>agri-commodities</u> 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 <u>United Nations</u> 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 <u>Desert Locust</u> situation throughout the world.
- The <u>Codex Alimentarius Commission or CAC</u> 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).

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