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|  | **NEWS RELEASE** |

**News Release**

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**Food Prices Rise Again on Higher Oil Prices and Adverse Weather**

*Increases reverse downward trend that began in October 2011*

**WASHINGTON**, April 25, 2012—Global food prices increased by 8 percent from December 2011 to March 2012 due to higher oil prices, adverse weather conditions, and Asia’s strong demand for food imports, according to the World Bank Group’s latest *Food Price Watch.*

The World Bank’s Global Food Price Index was only 1 percent below a year ago and 6 percent below the February 2011 historic peak. If the current forecasts for increased food production do not materialize, global food prices could reach higher levels, underscoring the need to remain very vigilant.

*“After four months of consecutive price declines, food prices are on the rise again threatening the food security of millions of people,”* said **Otaviano Canuto, World Bank Vice President for Poverty Reduction and Economic Management (PREM)**. *“Putting food first must remain a priority for the international community and in our work in developing countries.”*

According to the quarterly *Food Price Watch* report, prices of all key staples increased between last December and March of this year, except for rice, due to both abundant supply and strong competition among exporters. Maize prices increased by 9 percent, soybean oil by 7 percent, wheat by 6 percent, and sugar by 5 percent. Crude oil prices rose by 13 percent.

In addition, domestic food prices remain high, especially in Africa as the result of a combination of large food imports and local factors, such as trade restrictions between neighbors, hoarding, civil unrest, high fuel transportation costs and bad weather conditions.

In a global context, domestic food price increases have been larger than price declines across countries. Wheat prices from March 2011 to March 2012 rose 92 percent in Belarus, while the price of maize increased by 82 percent in Malawi, 80 percent in Ethiopia, and 71 percent in Mexico.

Production outlooks remain strong for 2012/13 and a number of factors have kept pressures on prices at bay. Record prices in late 2010 and early 2011 led to increased production of major crops worldwide, and are a key factor in the strong projections for the 2012/13 season. The slowdown in maize use for ethanol production in the U.S. and weak global demand due to the euro crisis are contributing to keeping upward price pressures on check.

How the World Bank Group (WBG) is helping to put food first

* In response to drought in the Horn of Africa, the WBG is providing $1.8 billion to save lives, improve social protection, and foster economic recovery and drought resilience.
* A first-of-its-kind risk management product, provided by the International Finance Corporation (IFC), will enable protection from volatile food prices for farmers, food producers, and consumers in developing countries.
* The Global Food Crisis Response Program is helping 40 million people in 47 countries through $1.5 billion in support.
* The WBG is boosting spending on agriculture to some $6 to $8 billion a year from $4 billion in 2008.
* Supporting the Global Agriculture and Food Security Program (GAFSP), set up by the WBG in April 2010 at G20’s request. Seven countries and the Gates Foundation have pledged about $1.1 billion over 3 years, with $612 million received.
* The WBG is coordinating with UN agencies through the High-Level Task Force on the Global Food Security Crisis and with non-governmental organizations.
* Advocacy for more investment in agriculture research -- including through the Consultative Group on International Agriculture Research (CGIAR) – and monitoring agricultural trade to identify potential food shortages.
* Supporting improved nutrition among vulnerable groups through community nutrition programs aimed at increasing use of health services and improving care giving. As part of its response to the food crisis, the Bank has supported the provision of some 2.3 million school meals every day to children in low income countries.
* IFC will invest up to $1 billion in the Critical Commodities Finance Program, aimed to support trade in key agricultural and energy-related goods, to help reduce the risk of food and energy shortages, as well as improve food security for the world’s poorest.

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