



Tropentag, October 6-8, 2009, Hamburg

“Biophysical and Socio-economic Frame Conditions  
for the Sustainable Management  
of Natural Resources”

**Global Rise in Food Prices and Countervailing Measures: Analyzing  
Determinants for Heterogeneity in World-Wide Policy Response**

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**Abstract**

This research seeks to contribute to the ongoing world-wide discussion about appropriateness and motivation of policy reactions to rising world food prices, as well as to provide information on why various governments and policy makers in attempting to react to soaring food prices chose certain policy types. It highlights the true motivations of governments in addressing a global food crisis based on political-economic theories of food policy. The interaction between policies taken by various countries world wide in response to the 2008 global food crisis, and their respective drivers were examined. Countries affected by soaring food prices have responded in various ways and the institutional policy heterogeneity that emerged was found worthy of being analyzed. With the use of descriptive statistics and multivariate regression analysis, panel data from the World Bank's aggregate governance indicators and FAO's database on basic food market situation of countries were analyzed between 2006 and 2008. Results showed that the adequacy and heterogeneity of global responses as countervailing measures depends to a large degree on the governance infrastructure in existence, macro-economic indicators, policy and program-related reactions of national-level policymakers. Tax reduction on food and other trade measures such as lowering/abolition of import tariffs were the most common policy response imposed by net food importing countries. Close to 30% of countries outside sub-Saharan Africa used food grain stocks, export taxes and quantitative export controls to increase supply, stabilize domestic market and curb price shocks. Aggregate global policy responses were more producer and trade oriented than consumer oriented. There was a significant relationship between single policy response to high food prices taken by countries and their food trade/market situation, population size, urbanization, land-locked ness, food price protest, governance indicators and some macro-economic factors. Recommendations on ways by which countries could enact collective actions according to common country food market characteristics that could lead to a more effective food crisis policy response in the future were made.

**Keywords:** Food crisis, food market, political economy, food policy, world-wide policy response