

Web Box 3.1 Seminar on effects of food and fuel price surge

More than 100 representatives from the media, civil society organizations, and academia attended a July 2008 seminar at IMF headquarters to discuss the food and fuel price crisis. Though surging oil and food prices were felt globally, the impact was most severe for import-dependent poor and middle-income countries confronting balance of payments problems and higher inflation, with the poor in those countries facing the most acute difficulties.

In opening remarks at the seminar, the Managing Director said that higher oil and food prices were reducing living standards everywhere, making it more difficult for governments to support growth and contain inflation at the same time. The stakes were much higher for middle- and low-income countries than for advanced economies, he said: "For the very poor, high food prices can mean deep poverty, hunger and malnutrition." The Managing Director called for a "broad cooperative approach" to help tackle higher oil and food prices.

IMF staff from several departments gave presentations at the seminar on the factors driving high food and fuel prices and what the future might hold. They outlined the budgetary implications of the measures taken by countries to mitigate the impact of the price shock and the impact on the balance of payments and inflation. They also talked about the impact of the shock on African countries in particular. The panel took questions from the audience that included the effect of financing offered under the IMF's Poverty Reduction and Growth Facility on countries' debt burdens and on other possible types of assistance to affected countries besides increased food aid.

A number of questioners inquired about the impact of high food and fuel prices on specific countries and regions. In responding to the inquiries, staff observed that the impact differed not only from country to country, but also within countries, with the urban poor being most at risk of malnutrition.