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# Dynamics Of Faster Rise In World Prices Causes Rise In Prices For Food Products In Armenia

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The rise in prices for food products in Armenia can be attributed to the dynamics of faster rise in the world prices, particularly in the prices for grain, butter and sugar.

At a meeting of the interagency task group for price monitoring, RA Deputy Minister of Trade and Economic Development Vahram Gushchyan reported that a 41% rise in the prices for vegetable oil was recorded in February 2008 as compared with the year 2006, with an approximate 180% rise in the world price for this product recorded.

A 128% rise in the international price for butter was recorded, with a 28% rise recorded in Armenia.

A 120% rise in the world prices for grain crops was recorded, with a 90% rise recorded in Armenia.

As regards sugar prices, they have shown a downtrend both on the world and Armenian markets since 2006, whereas a rise in the prices has been recorded on both the markets over the last two months.

"Among the main factors that caused a price rise are global climatic changes and unfavourable weather, which cause yield reduction, and a rise in the international oil prices," Gushchyan said.

As regards demand, the main factors are increased consumption due to the population's increased incomes as well as a sharp increase in the bioenergy output.

He pointed out a sharp increase in the production of biofuel in the world.

Cereals are used in biofuel production, which influences the world demand.

In the context of the available scenarios of biofuel use and development until 2020, international experts forecast a 26% rise in the price for cereals, 12% rise in the price for sugar and an 18% rise in the price for vegetable oil, Gushchyan said.

He pointed out that, with larger-scope scenarios considered, the prices in question may rise by 72%, 27% and 44% respectively.

A rise in prices for a number of food products was recorded in Armenia in February 2008 as compared with February 2007: a 26.1% rise in the prices for grain crops, 46.9% rise in the prices for vegetable oil, 12.1% rise in the price for rice, 32.5% rise in the price for flour, and 5.6% rise in the price for cheeses.

The prices for butter and sugar fell by 4.9% and 16.3% respectively.