

## **UNDERLYING CAUSES OF GLOBAL FOOD PRICE CHANGES**

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There is a significant increase in food prices all over the world. Rate of annual increases in prices of all kinds of food is more than 100 percent. However, this can lead to long-term food crisis. The research aims to find out the factors that contribute to a large increase in food prices, as well as to predict the likely consequences of food price increases. Then potential solutions related to specific problems should be highlighted. In this study several factors were determined, which were contributed to central (global food price increase) and general problems. These problems were separated by cause and consequences, they were structured and ordered hierarchically. Through outline the problems it can be improved that in global market of foods both demand and supply are influenced by many factors. The most important factors affected demand are: increase of population and urban population all over the world and increase of income level and internal migration in emerging countries. Supply is influenced by the following factors: a decrease in the yield of agricultural crops, low level of productivity in agricultural sector, as well as reduction in food crops production area because of unfavourable weather and increased production of biofuels. Most of general and specific factors, which affect food price increase, are related to each other causally but there are also separate factors. The most effective solution to the problem is increasing of agricultural productivity at the same time investments into agricultural researches and rural infrastructure.