

**Committee on Agriculture**

**IMPLEMENTATION OF THE DECISION ON MEASURES CONCERNING THE POSSIBLE  
NEGATIVE EFFECTS OF THE REFORM PROGRAMME ON LEAST-DEVELOPED  
AND NET FOOD-IMPORTING DEVELOPING COUNTRIES**

Note by the Secretariat

Revision

1. The present note updates the information provided in the Secretariat note G/AG/W/42 circulated on 10 February 1999. The earlier Secretariat note had been prepared in response to the request made at the November 1998 meeting of the Committee on Agriculture that the Secretariat provide an overview on the state of play in implementing the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (the "Decision") (G/AG/R/17, page 6). Following a brief introduction on the follow-up process to the Decision as a whole (Part I), this note sets out the substantive provisions of the Decision and provides information regarding their implementation (Part II). A list of related Committee on Agriculture documents is contained in Attachment 1. Further details are presented in Attachments 2 to 5.

**I. MONITORING OF THE FOLLOW-UP TO THE DECISION**

2. The follow-up to the Decision has represented an important element in the Committee's work. This subject has been on the agenda at each regular Committee meeting.

3. In 1995, the Committee established notification requirements under which donor Members are required to submit data on food aid donations (quantity and concessionality) as well as information on technical and financial assistance and other relevant information on actions taken within the framework of the Decision (G/AG/2, pages 33-34). The annual monitoring of the follow-up to the Decision in accordance with Article 16 of the Agreement on Agriculture and under paragraph 18 of the Working Procedures of the Committee on Agriculture is undertaken on the basis, *inter alia*, of these Table NF:1 notifications.

4. Attachment 2 summarizes compliance with NF:1 notification requirements in the first three years of implementation. For the purposes of Attachment 2, "compliance" refers to any NF:1 notification received by the eight Members (counting the EC as one) that are donors under the Food Aid Convention and three other Members that have identified themselves as donors in their notifications (Cuba, New Zealand and South Africa). It should be noted that a number of other Members have submitted NF:1 notifications stating that no food aid or technical/financial assistance was provided or that Table NF:1 was not applicable.

5. In 1996, the Committee established a WTO list of net food-importing developing countries.<sup>1</sup> This list currently contains the 48 least-developed countries as defined by the United Nations and 19 other developing country Members.<sup>2</sup>

6. In the same year, the Singapore Ministerial Conference ("SMC") adopted the Committee's specific recommendations regarding the Decision (G/L/125).

7. At various stages of the Committee's annual monitoring exercise of the Decision, some of the international observer organizations, including the IMF, have commented on the development of world food prices.<sup>3</sup> International wheat prices increased sharply in 1995/96 (Chart 1). By 1999, however, world market prices for wheat had fallen, in nominal terms, to their lowest level since 1990 – the year of the highest world wheat crop ever except for 1997/98. A variety of supply and demand factors caused the observed price development, however as a practical matter, it is hardly feasible to identify and accurately quantify each of them.

8. Attachment 3 shows the development of various IMF commodity price indices since 1987.<sup>4</sup> Following peaks in 1995 (agricultural raw materials) and 1996 (food), the respective price indices have fallen steadily in terms of US dollars and are currently at the same level or lower than in the early 1990s. Chart 2 shows the trend of the non-fuel primary commodity price index which covers more commodities than the food price index (column 3 of Attachment 3).<sup>5</sup> The broken line in Chart 2 which tracks the price development in real terms shows that non-fuel primary commodity prices in the first half of 1999 were as low as in 1992.

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<sup>1</sup> The decision to establish this list was taken on the understanding that "being listed would not as such confer automatic benefits since, under the mechanisms covered by the Marrakesh Ministerial Decision, donors and the institutions concerned would have a role to play" (G/AG/R/14, paragraph 17).

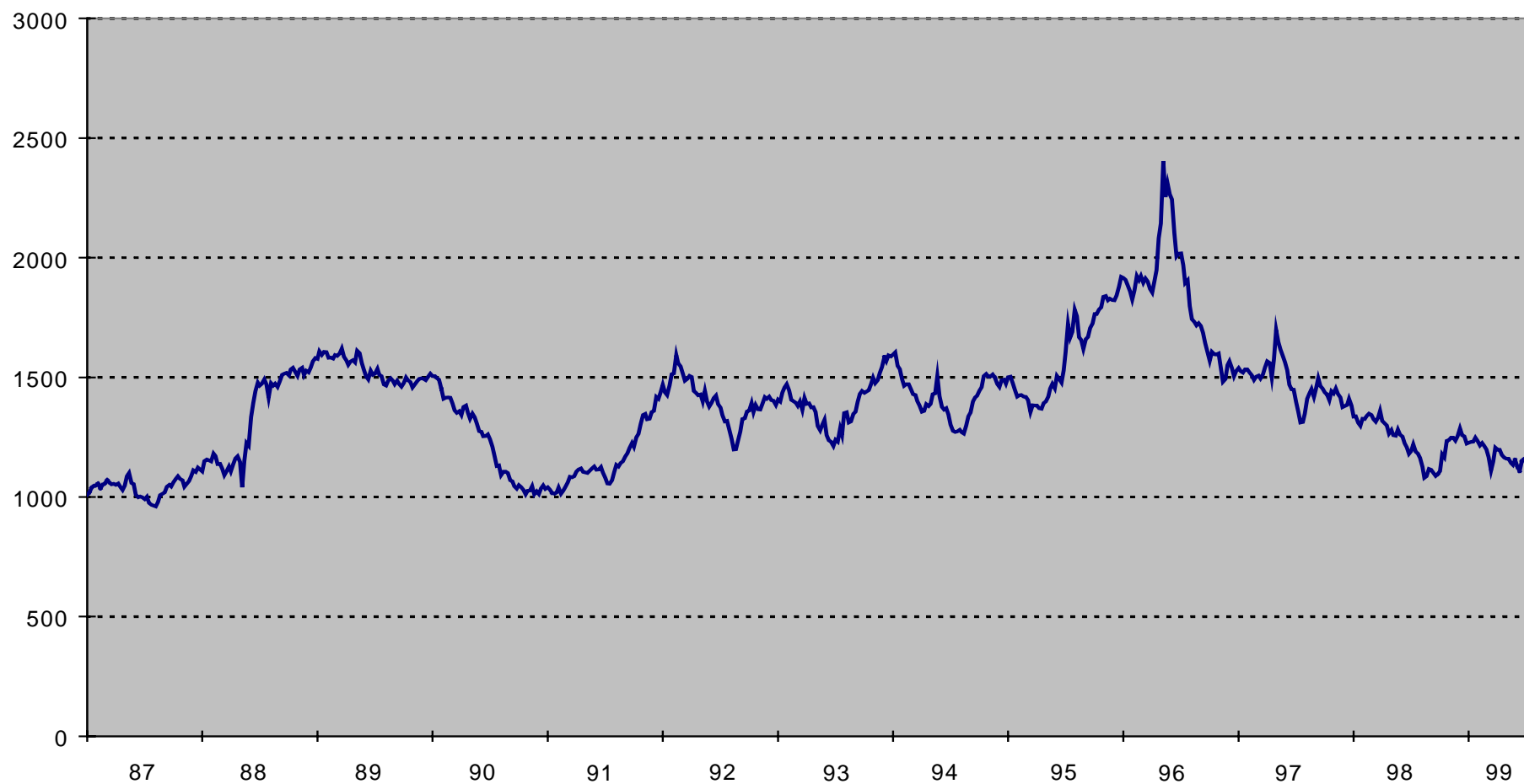
<sup>2</sup> Barbados, Botswana, Côte d'Ivoire, Cuba, Dominican Republic, Egypt, Honduras, Jamaica, Kenya, Mauritius, Morocco, Pakistan, Peru, Saint Lucia, Senegal, Sri Lanka, Trinidad and Tobago, Tunisia and Venezuela (G/AG/5/Rev.3).

<sup>3</sup> See FAO in G/AG/GEN/31, page 2 and G/AG/GEN/36, page 1; IMF in G/AG/GEN/15, page 2 and G/AG/GEN/31, page 6; International Grains Council in G/AG/R/4, page 6; UNCTAD in G/AG/GEN/31, page 12; World Bank in G/AG/GEN/15, page 3 and G/AG/W/12, page 4-6; see also the points raised by Members in G/AG/R/3, page 6.

<sup>4</sup> For further details, see the IMF's web site [www.imf.org/external/np/res/commmod/index.htm](http://www.imf.org/external/np/res/commmod/index.htm). For UNCTAD's commodity price indices, see G/AG/GEN/31, page 20.

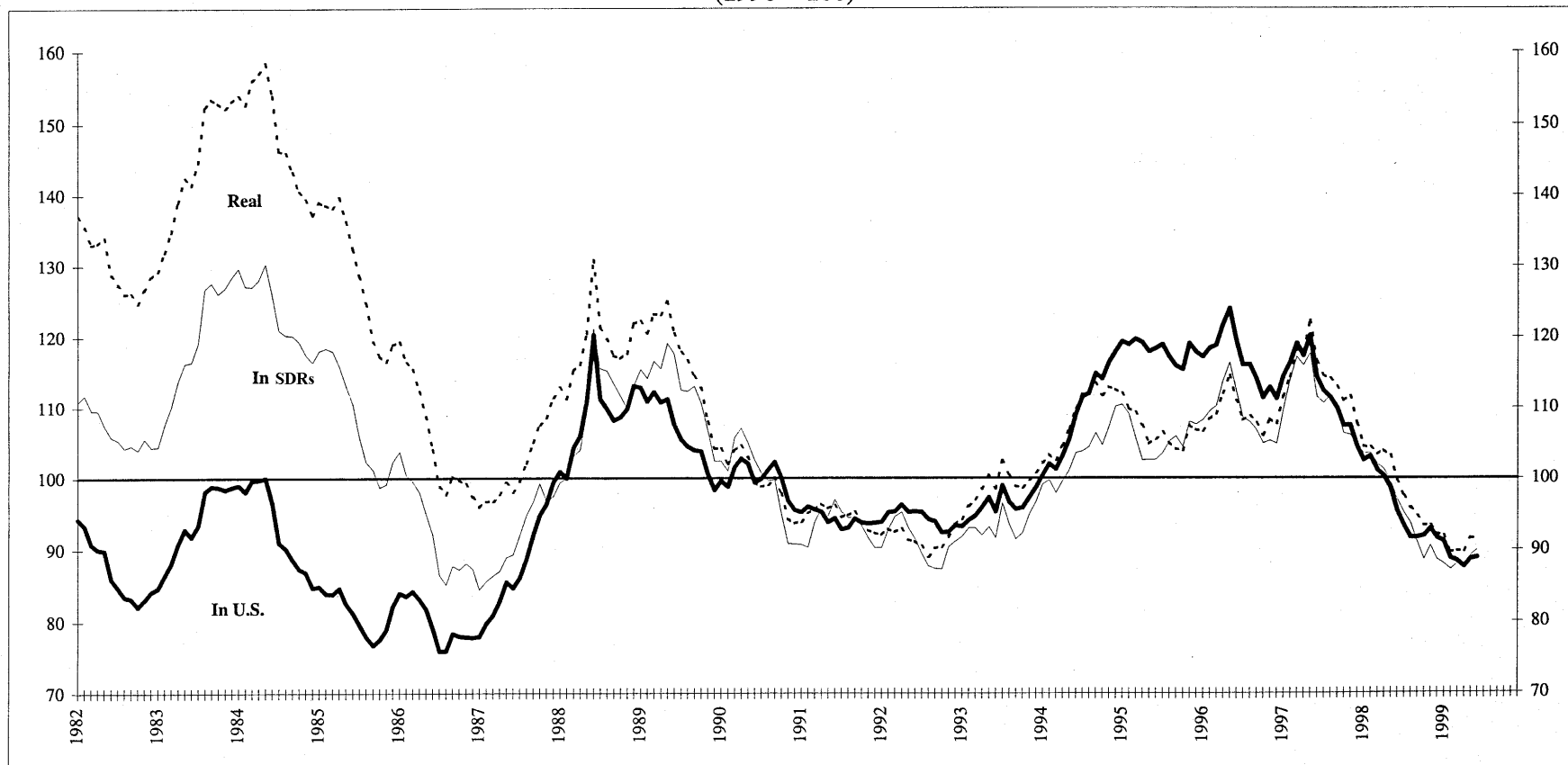
<sup>5</sup> It should be noted that in this index metals and fertilizers carry a weight of 26.7 per cent and 1.3 per cent, respectively.

**Chart 1 – The International Grains Council wheat price index, January 1987 – July 1999**



\* Average wheat prices of seven widely traded varieties of bread wheat: July/Dec 1986=1000

**CHART 2**  
**INDICES OF NON-FUEL PRIMARY COMMODITY PRICES**  
**(1990 = 100)<sup>1</sup>**



1/ Indices comprise 39 price series for 33 non-fuel primary commodities. Weights are based on the 1987-89 average of world export earnings.

2/ Deflated by the export unit value index for manufactures of industrial countries.

Source: International Monetary Fund.

## II. PROVISIONS OF THE DECISION AND IMPLEMENTATION

9. The Decision states:

*"Ministers recognize that the progressive implementation of the results of the Uruguay Round as a whole will generate increasing opportunities for trade expansion and economic growth to the benefit of all participants" (paragraph 1).*

*"Ministers recognize that during the reform programme leading to greater liberalization of trade in agriculture least-developed and net food-importing developing countries may experience negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources on reasonable terms and conditions, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs" (paragraph 2).*

10. The remaining paragraphs of the Decision contain a number of specific agreements in the areas of food aid, technical and financial assistance, differential treatment within the framework of any agreement on agricultural export credits, and a recognition regarding access to the resources of the international financial institutions. In the following, these paragraphs are taken up one by one and supplemented by information available to the Secretariat regarding implementation.

### **Food aid and technical and financial assistance**

11. In light of paragraphs 1 and 2 of the Decision quoted above,

*"Ministers accordingly agree to establish appropriate mechanisms to ensure that the implementation of the results of the Uruguay Round on trade in agriculture does not adversely affect the availability of food aid at a level which is sufficient to continue to provide assistance in meeting the food needs of developing countries, especially least-developed and net food-importing developing countries" (chapeau to paragraph 3).*

(i) Review of Food Aid Levels and Initiation of Food Aid Negotiations

12. To the end enunciated in the chapeau of paragraph 3 of the Decision, Ministers agreed:

*"...to review the level of food aid established periodically by the Committee on Food Aid under the Food Aid Convention 1986 and to initiate negotiations in the appropriate forum to establish a level of food aid commitments sufficient to meet the legitimate needs of developing countries during the reform programme..." (paragraph 3(i) of the Decision).*

#### *Review of food aid levels*

13. In reviewing developments with regard to food aid levels, the Committee considered background notes by the Secretariat which indicated that both the international food aid commitments and the actual deliveries had declined sharply in recent years (G/AG/W/20 and G/AG/W/36 refer).<sup>6</sup> While the decline in food aid reflected reduced availabilities, and coincided with rising world market prices for cereals, it appears that reduced *demand* for food aid was also an important factor. As Table 1 indicates, in 1994 a large share of global food aid deliveries (excluding Europe and the CIS) was in the form of emergency relief provided in response to man-made or natural disasters. More

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<sup>6</sup> It may be noted that food aid in value terms is small compared to total Official Development Assistance (3 per cent in 1996). See OECD Development Assistance Committee Report 1997.

than 50 per cent of the 1.9 million tonne decline in global food aid between 1994 and 1998 was due to lower levels of such emergency relief food aid.

**Table 1: Composition of global food aid deliveries, excl. Europe and the CIS ('000 tonnes)**

	1994	1998	Decline from 1994 to 1998	% change
Relief food aid	3,590	2,563	1,027	- 29
Programme food aid	2,824	2,071	753	- 27
Project food aid	2,706	2,553	153	- 6
<b>Total</b>	<b>9,120</b>	<b>7,187</b>	<b>1,933</b>	<b>- 21</b>

Notes: All figures include cereal (in grain equivalent) and non-cereal food aid (in product weight).

Relief food aid: targeted and freely distributed to victims of natural or man-made disasters.

Project food aid: provided to targeted beneficiary groups to support specific development objectives. Always supplied on a grant basis.

Programme food aid: Usually supplied as a resource transfer for balance-of-payments and/or budgetary support objectives. Provided as a grant or loan on a bilateral basis. Not targeted at specific beneficiary groups but sold on the market of the recipient country.

Source: WFP Food Aid Monitor: Food Aid Flows 1998, special issue, May 1999 from the Internet ([www.wfp.org](http://www.wfp.org)).

14. FAO estimates that in the marketing year 1998/99 (July/June) cereal food aid provided to least-developed and net food-importing developing countries increased by 15 per cent, to approximately 3.8 million tonnes compared to 3.3 million tonnes in 1997/98 (Table 2). This level still falls substantially short of the corresponding levels in 1993/94 and 1994/95.

**Table 2: Cereal food aid provided to least-developed and net food-importing developing countries, 1993/94 – 1998/99 ('000 tonnes grain equivalent)**

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
Least-developed countries	3,932	4,326	3,305	2,553	2,669	3,157
Net food-importing developing countries	1,857	1,325	641	495	622	616
<b>Total</b>	<b>5,789</b>	<b>5,651</b>	<b>3,946</b>	<b>3,049</b>	<b>3,291</b>	<b>3,773</b>

Source: FAO.

#### *Initiation of food aid negotiations*

15. In anticipation of the expiry of the Food Aid Convention, 1995 ("FAC") the SMC agreed that, in preparation for the re-negotiation of the Food aid Convention, action be initiated in 1997 within the framework of the Convention, under arrangements for participation by all interested countries and by relevant organizations, to develop recommendations with a view towards establishing a level of food aid commitments, covering as wide a range of donors and donable products as is possible, which is insufficient to meet the legitimate needs of developing countries during the reform programme (G/L/125, paragraph 18(i) refers).

16. Since January 1997 several meetings took place within the framework of the FAC, including meetings with least-developed and net food-importing developing countries as well as potential new food aid donors. In December 1997 the FAC Food Aid Committee decided to extend the FAC for one year (until June 1999) and to open the Convention for renegotiation taking into account, among other things, "the food security and trade liberalization objectives under the WTO and the World Food Summit Action Plan" (IGC statement in G/AG/GEN/20).

17. In early 1998 the Food Aid Committee confirmed its intention to bring a new Food Aid Convention into effect on 1 July 1999 and requested the Working Group which was undertaking the re-negotiation of the FAC to aim to conclude the substantive negotiations by the end of 1998.

18. In November 1998, the Food Aid Committee held a further dialogue meeting with representatives of food aid recipient countries regarding the main elements of the new Convention (G/AG/GEN/31, page 4 refers).

19. The negotiations on the Food Aid Convention, 1999 were completed on 24 March 1999 and the new Convention provisionally entered into force on 1 July 1999. Its members, including provisional members, are the same as the members of the Food Aid Convention, 1995 (Argentina, Australia, Canada, EC and its member States, Japan, Norway, Switzerland and the United States).

20. Under the new Food Aid Convention, the list of eligible products which may be supplied has been broadened significantly beyond cereals. When allocating their food aid, FAC members undertake to give priority to the least-developed countries and Low-Income Countries, many of which are on the present WTO list of net food-importing developing countries. Other eligible food aid recipients include Lower Middle-Income Countries and all other countries included in the WTO list of net food-importing developing countries at the time of negotiation of the new Convention. Attachment 4 reproduces a summary by the IGC Executive Director of the outcome of the negotiations on the New Food Aid Convention.

(ii) Concessionality of Food Aid

21. To the end stated in the chapeau of paragraph 3 of the Decision Ministers also agreed:

"...to adopt guidelines to ensure that an increasing proportion of basic foodstuffs is provided to least-developed and net food-importing developing countries in fully grant form and/or on appropriate concessional terms in line with Article IV of the Food Aid Convention 1986..." (paragraph 3(ii) of the Decision).

22. The SMC agreed that the recommendations to be developed by the FAC referred to in paragraph 15 above should include guidelines in accordance with paragraph 3(ii) of the Decision, as well as means to improve the effectiveness and positive impact of food aid.

23. Table 3 shows the proportion of food aid provided to least-developed and net food-importing developing countries in the form of donations as notified by Members. All notifying Members, except the United States, provided the food aid to the countries concerned in fully grant form. In the case of the United States, in the first three years of implementation between 83 and 93 per cent of food aid was donated, with the remainder being provided in accordance with the relevant FAC guidelines.

**Table 3: Proportion of food aid provided in fully grant form**

<b>Member</b>	<b>Concessionality of food aid</b>
<b>FAC donors</b>	
Argentina	no notification received
Australia	100 % grant terms
Canada	100 % grant terms
EC	100 % grant terms
Japan	100 % grants of cash
Norway	100 % grant terms
Switzerland	100 % grant terms
USA	proportion of food aid to LDCs and NFIDCs on 100 % grant terms: 1995/96 - 84 % 1996/97 - 93 % 1997/98 - 83 % the remainder is provided in accordance with FAC guidelines
<b>Other donors</b>	
Cuba	100 % grant terms
New Zealand	100 % grants of cash
South Africa	not applicable (no food aid provided)

## (iii) Technical and Financial Assistance

24. To the end stated in the chapeau of paragraph 3 of the Decision Ministers agreed

"...to give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least-developed and net food-importing developing countries to improve their agricultural productivity and infrastructure" (paragraph 3(iii) of the Decision).

25. The SMC called on developed country Members to continue to give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance. This recommendation reflects the fact that technical and financial assistance is essentially a bilateral matter between donors and recipients based on requests made by recipient countries.

26. The Secretariat has no information whether least-developed and net food-importing developing countries made requests pursuant to this paragraph. However, Attachment 5 provides an overview of spending on bilateral technical and financial assistance programmes as notified by Members, including in a number of cases funding given to multilateral organizations and other aid. Some Members noted in their notifications that it had not always been possible to identify expenditures that were exclusively targeted to agriculture and to least-developed and net food-importing developing countries.



27. In addition, in their contributions to the Committee's annual monitoring exercise of the Decision several of the international observer organizations have provided information on their respective activities in the area of technical assistance.<sup>7</sup>

### **Differential treatment within the framework of an agreement on agricultural export credits**

28. In light of paragraphs 1 and 2 of the Decision quoted above, Ministers agreed:

"...to ensure that any agreement relating to agricultural export credits makes appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries" (Paragraph 4 of the Decision).

29. Ministers reaffirmed this commitment at the SMC. In the ongoing negotiations on an understanding regarding agricultural export credits undertaken within the framework of the OECD, consideration is being given to this matter (OECD statement in G/AG/GEN/15, page 8 refers).

### **Access to the resources of the international financial institutions**

30. In the Decision Ministers furthermore recognized that:

"... as a result of the Uruguay Round certain developing countries may experience short-term difficulties in financing normal levels of commercial imports and that these countries may be eligible to draw on the resources of international financial institutions under existing facilities, or such facilities as may be established, in the context of adjustment programmes, in order to address such financing difficulties. In this regard, Ministers take note of paragraph 37 of the report of the Director-General to the CONTRACTING PARTIES to GATT 1947 on his consultations with the Managing Director of the International Monetary Fund and the President of the World Bank (MTN.GNG/NG14/W/35)" (Paragraph 5 of the Decision).

31. At the SMC it was agreed that WTO Members, in their individual capacity as members of relevant international financial institutions, take appropriate steps to encourage the institutions concerned, through their respective governing bodies, to further consider the scope for establishing new facilities or enhancing existing facilities for developing countries experiencing Uruguay Round-related difficulties in financing normal levels of commercial imports of basic foodstuffs.

(i) Ability to finance commercial imports

32. As noted above, the Decision recognizes that as a result of the Uruguay Round certain developing countries may experience short-term difficulties in financing normal levels of commercial imports of basic foodstuffs. Whether or not such difficulties have occurred or to what extent they are likely to materialize in the future is essentially an empirical question. In this context, the FAO presented to the Committee in November 1997 the main findings of a study on the food situation in the least-developed and net food-importing countries (G/AG/GEN/15, page 5-6). The study provides quantitative results on a number of variables affecting the ability to finance commercial imports, including export earnings, the balance-of-payments situation and the debt service ratio. FAO emphasized the fact that as the result of declining levels of food aid and export subsidies "a much greater volume of cereals is now imported under commercial terms." In conclusion FAO noted that "all the relevant statistics differentiate clearly the LDCs and the NFIDCs from the rest of the developing countries as regards food availability and capacity to import. The food security situation

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<sup>7</sup> See World Bank, "A partial listing of projects in LDCs" in G/AG/GEN/31, page 23-27; World Bank in G/AG/GEN/15, page 3-4; FAO, "Special Programme on Food Production in Support of Food Security in LIFDCs" in G/AG/R/9, paragraph 33.

in both the LDCs and the NFIDCs remains precarious and FAO will continue to monitor this situation as it evolves."<sup>8</sup> An update on the food security situation in the countries covered by the Decision was presented in November 1998 (G/AG/GEN/31, page 2-3 refers) and in March 1999. At the March meeting, FAO concluded that "overall, despite the fall in the [cereal] import bill of the LDCs and the NFIDCs during the current season, their food security situation remains precarious in a large number of these countries as it is regularly reported by the Global Information and Early Warning System" (G/AG/GEN/36, page 2).

(ii) Access to the facilities of the IMF and the World Bank

33. At the November 1995 meeting the IMF informed the Committee of the IMF's two principal facilities to assist net food-importing countries, i.e. the Enhanced Structural Adjustment Facility (ESAF) and the Compensatory and Contingency Financing Facility (CCFF). Under ESAF arrangements, funds may be provided on concessional terms in the event of *persistently* higher import prices for food, regardless of whether or not these are caused by the Uruguay Round. The CCFF, particularly its cereal element, was established to deal with financing needs in the event of *temporarily* higher food prices (for further details of the CCFF see page 6 of document G/AG/W/12). At the September 1996 Committee meeting, the IMF gave a detailed account on how these facilities had been used by the least-developed and net food-importing countries in the wake of rising world food prices. The general conclusion of the IMF was that, under existing facilities and with anticipated resources, the IMF was in a position to meet any additional balance-of-payments related needs that may arise from higher world food prices.

34. At the November 1998 meeting the IMF advised the Committee that 27 least-developed and net food-importing developing countries, nine more than 1997, presently received financial support from the IMF to support their adjustment programmes or to deal with emergency situations. Among the additional countries receiving IMF loans in 1998 are seven WTO Members (Bangladesh, Central African Republic, Côte d'Ivoire, the Gambia, Rwanda, Senegal and Uganda). In conclusion the IMF reiterated that "the Fund has the resources under existing facilities and has shown its willingness to use these resources in the last year, to meet the balance of payments needs of net food-importers."

35. The position of the World Bank on the issue of access to its resources was outlined in November 1997 as follows:

"The World Bank continues to monitor the progress of liberalization resulting from the implementation of commitments made under the Uruguay Round Agreement. A number of recent studies using different methodologies and assumptions confirm that the long run impacts of the Uruguay Round agreement on agricultural prices will be relatively small - certainly far smaller than the price increases that have been experienced in recent years. Given the small size of the shocks resulting from the Round and the Bank's substantial headroom above current IBRD loans outstanding, it seems clear that the Bank will be in a position to meet any additional demands generated by the Round for loans on IBRD terms.

"In response to the Ministerial Decision, a Working Group involving the World Bank, the Food and Agriculture Organization, the World Food Programme and the IMF met in 1995 to address the special needs of least-developed and net food-importing countries. The Working Group reviewed the range of facilities available for additional financing needs for developing countries in the event of world price shocks and production shortfalls and provided a report to the WTO in late 1995. Given the wide range of facilities and the small price impacts expected to arise as a consequence of the Round, and the difficulty involved in distinguishing Uruguay Round impacts

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<sup>8</sup> See also "Food Security Assessment: Why Countries are at Risk" by the Economic Research Service of the U.S. Department of Agriculture, August 1999, available via the ERS web site at [www.econ.ag.gov](http://www.econ.ag.gov).

from other shocks, it did not seem appropriate to establish a special Uruguay Round adjustment facility" (G/AG/GEN/15, page 3).

36. Furthermore, at the November 1998 review of the Decision, the World Bank provided an overview of the World Bank's lending programmes in terms of agricultural development projects (see above), structural adjustment lending and emergency lending (G/AG/GEN/31, page 25-27).

### **Attachment 1**

#### **List of documents related to the implementation of the Decision**

G/L/125	Report by the Committee on Agriculture on the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (COA report for the SMC)
G/AG/5/Rev.3	WTO list of net food-importing developing countries for the purposes of the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries
G/AG/GEN/36	Statement by the Observer from the FAO presented to the 25-26 March 1999 meeting of the Committee on Agriculture
G/AG/GEN/35	Communication from the Executive Director of the International Grains Council presented to the 25-26 March 1999 meeting of the Committee on Agriculture
G/AG/GEN/31	Annual monitoring exercise in respect of the follow-up to the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (statements by the international observer organizations)
G/AG/GEN/20	Communication from the Executive Director of the International Grains Council presented to the 19-20 March 1998 meeting of the Committee on Agriculture
G/AG/GEN/15	Annual monitoring exercise in respect of the follow-up to the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (statements by the international observer organizations)
G/AG/W/36	Review of food aid levels (note by the Secretariat)
G/AG/W/20	Preparatory work programme in respect of paragraph 3(i) and 3(ii) of the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (note by the Secretariat)
G/AG/W/12 and Add.1	Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries: the Director-General's consultations with the IMF and the World Bank
G/AG/R-series	Reports of COA meetings

Attachment 2

**Compliance with notification requirements in respect of actions taken within  
the framework of the Decision, 1995-97 (Table NF:1)**

Member	1995	1996	1997	Notification received
<b>Food Aid Convention donor</b>				
Argentina				
Australia	X	X	X	AUS/5, 13, 21
Canada	X	X	X	CAN/11, 18, 25
EC	X			EEC/9
Japan	X	X	X	JPN/15, 27, 33
Norway	X	X	X	NOR/6, 19 and Corr.1, 20 and Corr.1
Switzerland	X	X	X	CHE/23
United States	X	X	X	USA/7, 20, 21
<b>Other donors</b>				
Cuba	X	X		CUB/4, 5
New Zealand	X	X	X	NZL/6, 13, 17
South Africa	X	X	X	ZAF/7, 9, 17
<b>"Nil" notifications</b>				
Brazil	X	X		BRA/2, 7
Burkina Faso			X	BFA/2
Fiji		X	X	FJI/3, 5
Indonesia	X	X		IDN/6, 7
Korea	X	X		KOR/9, 17
Malta		X		MLT/3
Morocco			X	MAR/9
Philippines	X			PHL/7
United Arab Emirates		X		ARE/1
Uruguay	X			URY/6
<b>Compliance calculated as:</b>				
<b>... number of notifications received by FAC donors (%)</b>	<b>88</b>	<b>75</b>	<b>75</b>	
<b>... number of notifications received by FAC &amp; other donors (%)</b>	<b>91</b>	<b>82</b>	<b>73</b>	

Notes: Annual reporting periods differ among Members.

"X" means that a notification was received. A blank means that no notification was received.

"Nil" notification means that the notification indicated that no food aid or technical/financial assistance was provided or that Table NF:1 was not applicable.

## Attachment 3

Indices of Primary Commodity Prices, 1987-99  
(1990=100)<sup>1</sup>

	All Primary Commodities <sup>2</sup>	Non-Fuel Primary Commodities <sup>3</sup>					Petroleum <sup>5</sup>	
		Non-fuel Primary Commodities	Food	Beverages	Agricultural Raw Materials 4/	Metals	Fertilizers	
(weights)		(100.0)	(32.9)	(6.8)	(32.3)	(26.7)	(1.3)	
-----In Terms of US Dollars-----								
1987	84.0	87.5	84.3	134.6	87.3	79.4	88.9	79.2
1988	89.8	108.6	108.6	138.3	94.2	118.8	102.5	64.3
1989	94.6	106.8	110.6	114.6	97.3	112.0	104.7	77.9
1990	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991	90.1	94.3	99.1	93.5	96.4	85.7	103.2	84.3
1992	89.5	94.4	101.3	80.5	99.0	83.7	98.0	82.8
1993	86.4	96.1	100.0	85.6	115.0	71.9	83.0	73.0
1994	92.2	109.0	105.1	149.7	125.9	83.8	89.6	69.4
1995	99.8	118.1	113.7	151.1	131.3	100.2	99.1	74.8
1996	104.9	116.7	127.5	124.9	127.7	88.2	112.7	88.6
1997	100.6	112.9	113.7	165.5	119.1	90.9	113.9	83.8
1998	79.6	96.2	99.2	140.3	99.6	76.1	117.1	56.9
97Q1	106.1	116.6	120.3	147.0	126.8	92.0	116.3	91.7
97Q2	101.7	117.2	116.6	189.6	123.0	92.8	114.2	80.5
97Q3	98.5	111.2	107.5	167.6	117.8	93.4	111.9	81.2
97Q4	96.1	106.4	110.4	157.8	108.7	85.4	113.3	82.0
98Q1	85.1	102.2	106.4	165.1	102.8	79.6	117.1	61.6
98Q2	81.1	98.2	101.2	141.8	102.0	77.6	118.0	57.8
98Q3	77.2	92.3	93.3	129.1	96.8	74.9	117.9	56.6
98Q4	75.0	92.2	96.1	125.3	96.8	72.2	115.5	51.6
99Q1	73.3	89.4	89.8	119.3	99.3	68.1	115.4	51.3
99Q2 <sup>6</sup>	80.7	87.7	83.8	110.9	98.5	72.2	115.1	71.2
97Oct.	99.0	107.4	109.7	155.6	110.5	88.3	111.5	87.5
97Nov.	97.3	107.5	111.9	152.5	111.1	85.9	114.2	83.4
97Dec.	92.0	104.4	109.6	165.5	104.4	82.0	114.2	75.0
98Jan.	86.9	102.5	107.7	169.7	100.8	80.2	117.0	65.5
98Feb.	85.6	103.1	106.9	170.6	104.2	79.1	117.0	61.7
98Mar.	82.7	101.1	104.6	154.8	103.3	79.6	117.3	57.6
98Apr.	82.5	100.3	103.2	150.2	102.8	80.1	117.5	58.3
98May	82.7	98.7	101.8	141.4	103.0	77.7	117.8	60.8
98June	78.1	95.5	98.7	133.9	100.1	74.9	118.6	54.3
98July	77.3	93.4	97.1	128.7	96.1	75.1	118.6	55.3
98Aug.	75.9	91.7	91.5	132.8	96.5	74.4	118.1	54.3
98Sep.	78.3	91.7	91.2	125.9	97.8	75.1	117.0	60.0
98Oct.	77.5	92.0	95.5	123.3	96.5	72.9	116.6	57.7
98Nov.	75.5	93.0	97.5	126.4	97.0	73.0	115.3	51.7
98Dec.	72.1	91.7	95.3	126.3	97.0	70.7	114.7	45.3
99Jan.	73.7	91.2	94.0	124.2	99.2	68.3	115.9	49.8
99Feb.	71.0	88.8	88.8	118.1	98.5	68.4	115.2	46.8
99Mar.	75.3	88.5	86.6	115.6	100.2	68.2	115.2	57.3
99Apr.	79.8	87.6	85.0	110.9	97.8	71.4	115.2	69.0
99May <sup>6</sup>	81.6	88.7	83.9	112.1	100.2	73.5	115.2	71.9
99June <sup>6</sup>	82.1	89.0	82.6	109.7	104.5	71.7	114.8	72.7

<sup>1</sup>Weights are based on 1987-89 average world export earnings.<sup>2</sup>Petroleum and non-fuel primary commodities index. The weights are 57 percent for the index of non-fuel primary commodities prices and 43 percent for the index of petroleum prices.<sup>3</sup>Indices comprise 39 price series for 33 non-fuel primary commodities.<sup>4</sup>Includes forestry products.<sup>5</sup>Spot crude. Average of U.K. Brent, Dubai, and West Texas Intermediate, equally weighted.<sup>6</sup>Provisional.

Source: International Monetary Fund.

#### **Attachment 4**

##### **G/AG/GEN/35: Communication from the Executive Director of the International Grains Council presented to the 25-26 March 1999 meeting of the Committee on Agriculture**

In my letter of 3 December 1997, I informed you that members of the Food Aid Committee had decided to open the Food Aid Convention, 1995 for re-negotiation, thus following up on the Recommendations that WTO Ministers adopted at their Singapore Conference in respect of Least-Developed and Net Food-Importing Developing Countries.

These negotiations were completed on 24 March. Under cover, I have pleasure in conveying to you the text of a new Food Aid Convention 1999 (FAC) which, subject to the necessary actions by member Governments, will come into effect on 1 July 1999.

The objectives of the FAC 1999 are "to contribute to world food security and to improve the ability of the international community to respond to emergency food situations and other food needs of developing countries".

Under the new Convention, the list of eligible products which may be supplied has been broadened significantly beyond cereals. There are also stronger provisions to cover transportation and other operational costs associated with food aid transactions, especially when food aid is directed to least-developed countries and in emergencies.

FAC donors may now express their commitments in tonnage, or in value, or in a combination of tonnage and value. Accordingly, the minimum annual tonnage and value commitments of FAC members amount in total to 4,895,000 tonnes (wheat equivalent) and €130 million, respectively.

When allocating their food aid, FAC members will give priority to Least-Developed Countries and Low-Income Countries – many of which are on the WTO list of Net Food-Importing Developing Countries (NFIDCs). Eligible food aid recipients will include Lower Middle-Income Countries and all other countries on the present WTO list of NFIDCs, when experiencing food emergencies or internationally recognized financial crises leading to food shortage emergencies, or when food aid operations are targeted on vulnerable groups.

The new FAC contains stronger provisions to promote local agricultural development in recipient countries. This includes possible "triangular transactions" i.e. donor countries using their cash contributions to purchase food in developing countries for supply to a recipient country, and "local purchases", i.e. food being purchased by donors in one part of a developing country for supply to a deficit area in that country.

All FAC food aid to least-developed country recipients covered by members' commitments will be in the form of grants. Overall, food aid provided in the form of grants under this Convention will represent not less than 80 per cent of a member's contributions and, to the extent possible, members will seek progressively to exceed this percentage.

In determining whether, and the extent to which, food aid provision on long-term concessional credit terms should continue to be covered under any Food Aid Convention, FAC members will take account of the results of relevant multilateral negotiations bearing on food aid.

All FAC members agreed that the provisions of the new Convention should neither prejudice nor constrain future negotiations, including those in the framework of the WTO, on the status of food aid provisions on concessional credit terms. The EU and some other members re-affirmed their

opinion that food aid provided under credit terms should no longer be included in the list of food aid operations.

The new FAC will seek to improve the effectiveness and the impact of food aid transactions, *inter alia*, in terms of the assessment of food aid needs, the monitoring of the aid provided, and co-operation between food aid donors, recipients and others concerned. In addition, the provision of food aid under the FAC will not be tied in any way to commercial exports of goods or services to recipient countries.

During the negotiations, a dialogue was maintained with food aid recipient countries. Efforts to broaden the list of FAC donors were also made and will continue. I am also pleased to note that close co-operation with the WTO was maintained throughout, regular progress reports being made to the Committee on Agriculture.

FAC members have emphasized that the new Food Aid Convention is evidence of their desire to maintain international cooperation in support of world food security and to follow up on the WTO Singapore Ministerial recommendations. Whether their specific FAC commitments are expressed in volume or in value, they are all about meeting the food aid needs of developing countries adequately, irrespective of fluctuations in world food prices and supplies.



## Attachment 5

## Technical and financial assistance under paragraph 3(iii) of the Decision

Notifying Member	Programme	Currency	1995	1996	1997
Australia	Total	A\$ mill.	351.8	400.4	263.0
	AusAID multilateral core funding		227.0	230.5	161.9
	AusAID regional funding		11.4	9.7	8.1
	AusAID bilateral		24.2	48.1	44.5
	AusAID scholarships		42.0	18.1	30.4
	AusAID humanitarian relief		13.4	81.5	7.2
	ACIAR multilateral programmes		24.0	9.4	8.9
	ACIAR bilateral programmes		9.8	3.2	2.1
Canada	Total	C\$ mill.	299.3	271.3	290.9
	CIDA multilateral core funding		253.4	215.8	243.3
	CIDA bilateral programmes		25.2	25.3	16.9
	CIDA Canadian Partnership Branch		8.3	5.8	5.4
	IDRC bilateral programming		4.5	3.6	3.2
	DFAIT multilateral core funding		7.9	20.8	22.1
EC	Total	ECU mill.	1,117.0	NNR	NNR
	EDF- ACP countries		465.9		
	Development projects with other countries		651.1		
Japan	Total	US\$ mill.	434.3	688.2	395.8
	grant aid		268.1	202.1	158.0
	technical cooperation		107.1	129.7	114.4
	ODA loans		59.1	356.5	123.4
New Zealand	Total	NZ\$ mill.	3.3	4.2	5.9
	multilateral core funding/other multilateral		1.5	2.4	3.8
	regional		0.7	0.5	0.3
	bilateral		1.1	1.4	1.8
Norway	Total	NOK mill.	648.6	718.9	818.5
	WFP contribution		213.0	219.0	208.2
	bilateral programmes		285.8	297.7	338.1
	emergency relief aid		149.8	202.2	272.2
South Africa	Total bilateral aid	'000 Rand	705.6	355.0	865.0
Switzerland	Global total international cooperation	SFr mill.	1,356.9	1,373.3	1,334.9
	bilateral ODA – Africa		n.a.	280.9	269.6
	bilateral ODA – Asia		n.a.	249.6	216.5
	bilateral ODA – Latin America		n.a.	118.4	100.4
USA	Total	US\$ mill.	1,080.1	889.1	1,256.6
	USAID global assistance to agriculture		88.0	37.1	33.6
	USAID bilateral assistance to agriculture		157.7	--	--
	contributions to multilateral organizations		829.5	846.4	1217.5
	Cochran Fellowship Program		0.3	0.3	0.3
	Peace Corps		4.7	5.2	5.2

Abbreviations:

NNR no notification received  
 AusAID Australian Agency for International Development Agency  
 ACIAR Australian Centre for International Agricultural Research  
 CIDA Canadian International Development Agency  
 IDRC International Development Research Centre  
 DFAIT Department of Foreign Affairs & International Trade  
 EDF European Development Fund  
 ODA Official Development Assistance

Notes: Annual reporting periods differ among Members.  
 EC aid excludes aid provided by member States.  
 For further details, see NF:1 notifications.