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Committee on Agriculture

STATEMENT BY THE EXECUTIVE DIRECTOR OF THE INTERNATIONAL GRAINS COUNCIL AT THE 26-27 JUNE 1997 MEETING OF THE COMMITTEE ON AGRICULTURE (PART II, AGENDA ITEM B)

I am pleased to provide you with a report on recent and planned activities by the Food Aid Committee in relation to the Decision of the WTO Singapore Ministerial Conference concerning the question of Net Food-Importing Developing Countries.

Background

To put the activities of the Food Aid Committee in some perspective, I would like briefly to recall a few points.

First, the present Food Aid Convention (FAC) came into effect on 1 July 1995, for a duration of three years, unless extended in its present form or otherwise modified.

Second, since then, there have been a number of developments which have taken place in the area of food aid:

- the role of food aid was discussed by the World Food Summit in the context of world food security objectives;
- the financial impact of world grain prices on the import bills of developing countries was drawn to the attention of international financial institutions by the WTO Singapore Ministerial Conference.
- food aid policies have been under review in a number of donor countries. These reviews are taking place in the light of broader longer-term food security concerns, the fact that an increasing proportion of food aid is going to emergency humanitarian assistance as opposed to programme food aid, as well as mounting budgetary pressures on ODA's.
- world wheat prices are currently in the US\$140-US\$150 range, compared to a US\$250 peak about one and a half years ago.

Third, over the years, food aid levels have generally exceeded the minimum annual commitments under the FAC. Since they are now at about the minimum levels set in the Convention, this situation effectively increases the value of the international food safety net which is being guaranteed to food deficit and poor developing countries. Because the obligations are in volume terms (of wheat equivalents) not in value, this minimum level food aid is made available irrespective of world grain prices.

FAC activities

In January 1997, I received a letter from the Director-General of the WTO asking me to inform members of the Food Aid Committee about the outcome of your Singapore Ministerial Conference, in respect of food deficit developing countries.

FAC members immediately started meeting to develop an approach, which would both respond to the WTO Decision and their own requirements bearing on the future of the Convention.

As a practical matter, FAC members have arranged meetings along four lines:

1. With potential new FAC members as food aid donors. On 9 April, a meeting was held with some 16 non-FAC members. About one third have subsequently shown interest in follow-up activities. In the autumn, dialogue with all 16 governments will continue.
2. Second, with relevant international organizations. On 16 June, the Food Aid Committee held discussions with representatives of the WFP and FAO, on the basis of written submissions setting out their views on the current Convention as well as on elements that should be covered by a new Convention. Discussions will continue on certain matters of particular interest to FAC members. At the appropriate time, similar discussions will also take place with the World Bank, the IMF, as well as UNCTAD and the OECD.
3. Third, with food aid recipients. All representatives of countries and territories on the WTO list of Net Food-Importing Developing Countries were invited to a meeting with the Food Aid Committee on 17 June. In attendance, there were 18 representatives, 10 from Africa, 4 from Asia Pacific, and 4 from the Caribbean and South America. The main elements of the Convention were explained and the views of recipients expressed on what a future Convention might include.

The immediate follow-up to discussions with food aid recipients include this briefing of the WTO Committee on Agriculture concerning FAC activities, and an information letter I will send shortly to participants on the outcome of the Food Aid Committee on the future of the Convention. If and when FAC members formally decide to open the convention to modifications, further discussions will take place on matters of mutual interest. It was agreed to maintain liaison in London through the High Commission of Mauritius.

4. Fourth, among members of the Food Aid Committee themselves. At its 17 June meeting, the Committee decided to maintain the momentum created by the activities of recent months. It agreed that a decision on whether to open the FAC for possible modifications on certain elements would be taken at its next regular meeting in December 1997. In the meantime, members will continue their examination of what the specific issues for possible modifications could be, the terms of reference for any review and the time-frame for completing it.

Areas of particular interest mentioned by some members include the list of potential FAC donors, the list of donable products, the list of eligible recipients, a strengthening of triangular and local transactions, improving the coordination and effectiveness of food aid, the terms of aid, the role and objectives of a new Food Aid Convention in the world food security and trade liberalization context.

Members also agreed, in principle, that subject to a formal decision in December 1997, the FAC should be extended for one year. This would avoid any legal vacuum after 30 June 1998,

when the Convention expires, and allow time for the necessary legislative approvals and ratification procedures by members.

Throughout these activities, liaison between the Secretariats of the IGC and the WTO is being actively maintained.