

**Committee on Agriculture
Special Session**

G-20 COMMENTS ON FOOD AID

The following communication, dated 19 May 2006, is being circulated at the request of the G-20.

I. OVERALL COMMENTS

1. In the interest of moving forward the discussion on food aid and the design of disciplines in order to achieve parallelism of commitments in the export competition pillar, the G-20 presents the contribution below that further elaborates on its previous proposal on export competition.

2. Paragraphs 3(i) and 3(iii) of the Decision on Measures concerning the Possible Negative Effects of the Reform Program on Least Developed and Net Food Importing Developing Countries must be implemented integrally as regards the commitment of adequate food aid levels as well as the consideration of technical and financial assistance to LDCs and NFIDCs to improve their agricultural productivity and infrastructure.

II. BASIC G-20 APPROACH

3. In keeping with the Hong Kong Ministerial Declaration, the G-20 understands that the provision of *bona fide* food aid should not be jeopardized by WTO disciplines to be developed. Thus, disciplines should ensure the elimination of commercial displacement without compromising humanitarian considerations and the effectiveness of food aid. For this reason, any text dealing with food aid should at least reiterate the commitment by members to ensure the continuation of current levels of food aid or their increase, if possible. The design of disciplines in this area should be such to carve-out *bona fides* food aid in a safe-box. All other situations outside the safe-box are to be disciplined in order to avoid loopholes for the continuation of export subsidies.

III. SAFE BOX FOR EMERGENCY FOOD AID

4. The entire set of disciplines on food aid revolves around the concept of a safe-box for emergency situations. It is clear that the WTO does not possess the expertise and should, indeed, avoid running the risk of taking up this heavy responsibility. Furthermore, we share the Chairman's view that we do not need to tie ourselves to any particular definition of an emergency situation that can evolve over time in response to specific circumstances.

5. Therefore, rather than arrive at a precise definition, we should focus on the declaration of the emergency, as those institutions in charge will make such declarations based on their expert assessment of the situation for which WTO is not equipped. Furthermore, the institutions in charge of the declaration will also be in a better position to assess the duration of the emergency. Therefore, we do not deem it important to define a specific period for the duration of an emergency. In any event the situation should be reviewed after a prudential period.

6. The G-20 considers that the bedrock for the entire system rests with a multilaterally-oriented trigger to determine the situations that will be considered under the Safe-Box. To that effect, the United Nations Consolidated Appeal System, as instituted by Resolution 46/182, constitutes the centre piece of the system in terms of international recognition of humanitarian emergencies.

IV. APPROACHES TO ESTABLISHING A "TRIGGER" FOR SAFE BOX STATUS

7. The G-20 is of the view that the trigger for the Safe Box constitutes a fundamental test and that it entails important consequences in terms of disciplines. Being the keystone of the system, the declaration of emergencies should not be treated lightly.

8. The G-20 is in principle in agreement with the Chairman's suggestion that beyond the UN Consolidated Appeal System, the International Committee of the Red Cross or the International Federation of Red Cross and Red Crescent Societies can be viewed as "appeal trigger". We acknowledge the important role of recipient governments in delivering food aid. In general, they operate in tandem with the intergovernmental organizations mentioned above. As regards other international organizations, NGO and charitable bodies, it is our viewpoint that their role merits further consideration. In any event, all actions must receive an *ex-post* fact endorsement by the UN Consolidated Appeal System. Hence, the ultimate test for the scope of an emergency will continue to rest with an intergovernmental agency.

9. We should also contemplate the possibility of some overall disciplines that could apply to the Safe Box.

Approaches to other substantive disciplines

10. As food aid is provided through a variety of types, situations and practices, we need to map them out to develop disciplines:

- (a) Cash-only donations. It constitutes one of the preferable means to address humanitarian emergencies and to provide development assistance;
- (b) Untied to commercial operations. Commercially tied operations, either in cash or in kind, should be banned in any circumstance;
- (c) In-kind operations. They tend to generate commercial displacement both at the origin of food aid operations, as well as in the recipient country both in terms of dislocating commercial sales from other providers and they may also affect local agriculture. In-kind operations should be disciplined and phased-out in non-emergency situations without prejudice to paragraph 3(i) and 3(iii) of the Marrakech Decision;
- (d) Fully grant form only. Donations should be made only in fully grant form; otherwise, they would be incompatible with the emergency character of these operations;
- (e) Re-export of food aid. Likewise, the humanitarian nature of food aid operations rules out the possibility of re-exportation of food aid to avoid it entering into the international commercial chain. Re-exportation of food aid in any form should be prohibited and not be confused with transshipment of food aid stocks being operated by intergovernmental agencies in response to urgent need; and
- (f) Monetization of food aid should be disciplined. Food aid may be monetized, under exceptional circumstances, to fund activities that are directly related to the delivery of the food aid to - or facilitating procurement of agriculture inputs, where necessary by - the final recipients. Monetization should only be carried out under the auspices of a UN agency and

the recipient governmental authority, to ensure that there is no risk of commercial displacement and disincentive to local production.

Disciplines for food aid in non-emergency situations

11. In line with the criteria set out above, and having in mind the Chairman comments, the G-20 supports that the following notions guide the design of disciplines on non-emergency in-kind food aid: It should be needs based, untied, targeted and provided for specific objectives, but not for market development objectives of the donors, and should take into account local market conditions. To that extent, decisions concerning disciplines on monetization of food aid shall derive from the extent to which we will be limiting in-kind food aid outside the safe box and its phase-out without prejudice to paragraph 3(i) and 3(iii) of the Marrakech Decision.

Developing countries as providers of food aid

12. Developing countries should be encouraged to provide food aid so as to increase its availability.

Local/sub-regional/regional sourcing

13. To the extent possible, food aid should be sourced locally or on neighbouring countries of the region so as to encourage local/regional production and rural development.

Implementation, notification, consultation, monitoring and transparency

14. It is beyond doubt that monitoring and surveillance plays a fundamental role on the implementation of the disciplines and to ensure that food aid operations will not be a continuation of export subsidies and will not displace commercial operations.

15. In principle, we should enhance the existing notification mechanism on food aid, by making it more regular and predictable and with additional information on the type of operation, beneficiaries, duration and other relevant details. Therefore, the providers will be required to be more forthcoming regarding their activity on this domain.

16. Regular updating on information regarding appeals launched by the United Nations system and the ICRC will be required to keep the Committee on Agriculture abreast of recognitions of emergency situations, the trigger for the derogations of disciplines contained in the Safe-Box. It would also be of value to count with regular information concerning dispatch of needs assessment teams, evolution of situations that may give rise to an emergency situation.
