



Facts on Global Reform

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Flexibility in Food Aid Critical to Addressing World Hunger

Worldwide, 852 million people live with hunger, including nearly 300 million children who are chronically hungry – more than the entire population of the United States. Every 5 seconds a child's life is lost because of hunger-related disease: 18,000 a day, more than 6 million a year. Food aid contributions remain woefully short of even emergency needs. In 2005, the U.N.'s World Food Program (WFP) expects to experience a \$1 billion dollar shortfall in food aid contributions.

In the export competition pillar of the agriculture negotiations, WTO members agreed to develop disciplines on food aid that would prevent commercial displacement. The European Union proposes that members go beyond the WTO mandate, and have called for rules that would restrict aid to a “cash only” basis. Rather than restrict members to “cash only” aid, the United States supports solid disciplines that seek to prevent commercial displacement, while still allowing for the provision of assistance to those who need it most.

“Cash Only” Leads to Decline in Food Aid Contributions

- Experience clearly shows that switching from in-kind food aid to cash results in a net decline in food assistance. Both the OECD and the WFP indicate that overall EU food aid in cash and in kind declined after the Commission and member states moved to “cash only” food aid in 1996.
- According to the OECD, the EU and its member states normally provided 2 to 5 million tons of cereal food aid between 1970 and 1996. EU food aid rarely exceeded 2 million tons after 1996, and in 2002, EU food aid was approximately 1 million tons.
- In recent years, food aid donors have increasingly included developing countries that are willing to donate food. If developing countries were not allowed to donate food directly, the equivalent cash resources probably would not be forthcoming.

“[R]eforms should be carefully designed to protect millions of the world's children, refugees and malnourished people who count on donations of food aid for their survival, nutrition and health. . . We ask that WTO negotiations recognize the crucial role that United Nations food aid plays in humanitarian operations and reaching out to the poorly nourished. Undernutrition remains the greatest threat to health worldwide (WHO, 2002) and there are chronic shortfalls in food rations for refugees, especially in Africa.”

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James Morris, World Food Programme
Ann Veneman, UNICEF
Antonio Guterres, United Nations High Commissioner for Refugees

Food Aid is Not Economically Distorting

- U.S. food aid has recently averaged less than 2 percent of U.S. agricultural exports by value and less than 3 percent by volume.
- Food aid from all sources accounts for less than 1 percent of world agricultural trade.
- Forty-five percent of all food aid is delivered to countries that are not members of the WTO. More than 60 percent of this food aid is delivered to countries classified as Least Developed Countries by the United Nations.