

**FOLLOW-UP TO THE RECOMMENDATIONS OF THE SINGAPORE MINISTERIAL
CONFERENCE CONCERNING THE IMPLEMENTATION WITH REGARD TO FOOD
AID MATTERS 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**

The following is the text of the communication from the Executive Director of the International Grains Council/Food Aid Committee to the Director-General which was presented at the 25-26 March meeting of the Committee on Agriculture (Part II, agenda item A(ii) refers).

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 1999.¹

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

¹ Copies are available from the Agriculture and Commodities Division, Office 1035.

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.
