

Food Justice Update is an occasional newsletter of the Canadian Foodgrains Bank. It is distributed to supporters of the Foodgrains Bank who are working for public policies that support small-holder farmers in developing countries, the human right to food and fairer agricultural trade rules.

Food Aid on the Chopping Block in Hong Kong...

*"World Trade Negotiators could Starve
the Hungry"*

Such was the headline of a full page ad in the Washington Post last week. The debate about food aid at the WTO has quickly escalated to trading various emotional 'missiles' in the media – almost all of them unrelated to the real issues being discussed. Nonetheless, it is true that some of the trade disciplines being discussed could seriously alter global food aid.

The roots of the problem lie in the now almost-extinct practice of giving huge 'gifts' of US wheat and other food commodities to poorer countries to ensure their loyalty to US interests while at the same time reducing the surpluses held in the US. This food was often poorly used as rations for government employees or sold on local markets thereby pushing out commercial imports from other food exporters. This practice was roundly criticized for distorting trade, allowing countries to ignore their own food producers and making inefficient use of aid money.

Over the past twenty years this practice has declined rapidly. Over half of global food aid is now distributed by the UN World Food Program, most of this for the growing number of food emergencies around the world. The remainder is given by donor countries directly to other governments for development projects or channelled through large NGOs in the US to be used directly for development projects like food-for-work. It is also sometimes sold on the developing country markets to generate cash to fund development projects (monetization).

Despite the improved use of food aid, it remains true that $\frac{3}{4}$ of all food aid is in the form of commodities purchased from donor countries. And, with one of the main objectives of the WTO to eliminate the practice of governments paying companies to export their farm products (export subsidies), there is a growing tendency to channel overproduction into food aid. The rapidly expanding practice in the US of channelling skim milk powder to food aid reflects this. As the US is no longer allowed to pay to export its surplus milk powder, it has resorted to pushing more milk powder into food aid, much of it sold in developing countries by large US NGOs. Dairy producers in these countries complain bitterly about the effect these sales have on their local markets.

With the intense pressure on the European Union to set a date for the end of its use of export subsidies, the EU is also demanding that the US stop using food aid in place of export subsidies. Its demand is that the practice of contributing in-kind food aid be eliminated completely, a measure that would affect almost all US food aid – about 60% of the global total. This has been strongly criticized by others outside the US, including the UN World Food Program.

The final outcome of this trade fight is not yet clear. It seems likely that the practice of selling food aid (monetization), an activity that does nothing to add to the food available to hungry people, will be eliminated. However, achieving more than this may simply be beyond the ability of trade negotiators to resolve.

- Stu Clark