

FAC ACTIVITIES IN 2008/09

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Notes

- *All figures in tons refer to metric tons.*
- *“m.” stands for “million”.*

HIGHLIGHTS OF FAC ACTIVITIES IN 2008/09

Food Aid Committee

- Committee notes that food prices in many developing countries remained high in 2008/09, exacerbating food insecurity for many millions and requiring more food assistance.
- Members inform Committee of their responses to the latest food emergencies, notably in the Horn of Africa, Sudan, the Democratic Republic of Congo and Zimbabwe.
- Members again exceed their combined minimum obligations under the Convention, supplying around 7.9m. tons (compared with 7.1m. in 2007/08).
- Committee discusses long-term food security concerns including recent initiatives such as the Global Partnership for Agriculture, Food Security and Nutrition (GPAFSN).
- At informal meetings, members continue intensive discussions on how to improve the effectiveness of the current Food Aid Convention and the possible aims of a new one.
- Committee extends the FAC until June 2010. Although it is not yet possible to start the renegotiation of the Convention, members consider that there is no need to await the completion of the WTO discussions before beginning intensive work on the possible elements of a new FAC.
- Members amend the Rules of Procedure to facilitate the supply of micronutrients.
- Secretariat launches new FAC website (www.foodaidconvention.org).

FOOD AID COMMITTEE

Membership and meetings

Chairman

Mr Hiroshi Oka (Minister (Economic Affairs) Embassy of Japan, London)¹

Membership

Argentina	Japan
Australia	Norway
Canada	Switzerland
European Community and its twenty-seven member States	United States of America

The Food Aid Committee administers the Food Aid Convention, 1999 (FAC), the latest in a continuous and evolving series of legal instruments which, since 1968, has provided for intergovernmental cooperation in food aid matters. The Convention's basic objective is to contribute to world food security and improve the ability of the international community to respond to emergency food situations and other food needs of developing countries, in particular by making appropriate levels of food aid available on a predictable basis. Members each pledge to provide specified minimum annual amounts of grains and other eligible products to developing countries needing food aid. The current FAC emphasises the importance of monitoring and evaluating the effectiveness of food aid operations in alleviating poverty and hunger among the most vulnerable groups.

As constituent parts of the International Grains Agreement, 1995, the Food Aid Convention, 1999 and the Grains Trade Convention, 1995 (administered by the International Grains Council - IGC) are institutionally linked. The IGC Secretariat provides administrative services for the Food Aid Committee.

The Food Aid Committee held two **sessions** in 2008/09, both in London. The 99th Session was on 9 December 2008 and the 100th Session on 5 June 2009. The meetings were attended by donor members and observers from international organisations, while the governments of South Africa and the Russian Federation were represented as observers. **Informal meetings** on questions concerned with improving the effectiveness of the current FAC and the eventual negotiation of a new one (see the section on "Food Aid Convention - future action" later in this Report) were arranged in conjunction with each session and, in addition, video conferences, linking members' capitals, took place in November 2008 and March 2009. Results of these informal discussions and conferences were reported at each session of the Committee.

Developments in 2008/09

Food situation in developing countries

The Committee reviewed the food situation in developing countries, also in the light of reports by the IGC Secretariat on grain and oilseed market developments. Record global grain harvests in 2008 were expected to restore world stocks to comparatively ample levels

¹ Mr Masato Takaoka, the then Minister (Economic Affairs) at the Japanese Embassy, who had been appointed Food Aid Committee Chairman for 2008/09 in June 2008, was subsequently appointed to another post by his government. The appointment of Mr Oka as Chairman was confirmed by Committee members with effect from 7 October 2008.

and removed the fears of imminent grain supply shortfalls which had contributed to the extraordinary market turmoil of 2007/08. However, the underlying supply/demand balance remained tight and the influence of external factors could keep markets potentially volatile. **Although export prices had fallen sharply from the second quarter of 2008, they remained, particularly for rice, above the levels of the mid-2000s. The Committee noted that in many developing countries local food prices were still unusually high in 2008/09, pushing many millions of people into food insecurity, and requiring more food assistance.**

Members informed the Committee of their responses to current food emergencies, including increases in humanitarian food aid budgets and accelerated provision of food assistance. The observer from the World Food Programme reported a record level of donor support in 2008, with a doubling of food aid funding compared with the year before, but stated that further resources needed to be mobilized urgently to deal with various complex food emergencies, notably in the Horn of Africa, Sudan, the Democratic Republic of Congo and Zimbabwe.

At the 99th Session the United States delegate referred to USAID's continuous monitoring of urban food markets in twenty-five highly food-insecure countries, most of them in Sub-Saharan Africa. Up-to-date information on staple food prices in those markets, and other relevant developments, was posted on the Famine Early Warning Systems Network (www.fews.net). At the 100th Session, the World Food Programme observer made a presentation on new indicators being developed by WFP to measure the nutritional value of food aid.

Fulfilment of obligations

At each session members reviewed progress with the fulfilment of their obligations under the Convention. Preliminary estimates provided at the June 2009 meeting suggested that they had supplied at least 6.6m. tons² of food aid under the FAC in 2008/09 (Appendix 6) compared with 7.1m. tons in 2007/08. Although food aid operations remained below the levels seen earlier in the decade, members continued to meet or exceed their combined minimum obligations under the Convention.

Food aid policy developments and long-term food security concerns

Representatives of a number of members informed the Committee of important recent developments in their governments' policies which could affect the provision of food assistance. **The dramatic cereals market events of 2007-08 had brought the precarious state of world food security into sharper focus. Long-term food security concerns were discussed by the Committee at its June 2009 session, which recognised that agricultural development was crucial to tackling this issue.** Members were updated on the Global Partnership for Agriculture, Food Security and Nutrition (GPAFSN)³, whose parties commit to coordinating their allocation of resources for agricultural development in order to maximize their effective and efficient use. It was recommended that the Food Aid Committee should carefully monitor the progress of the GPAFSN.

Food Aid Convention

Future action

At their June 2008 session, members had agreed to set up a preparatory structure within the Committee for the possible renegotiation of the Food Aid Convention, 1999. It was recognised

² Subsequently revised to 7.9m. tons.

³ Established by the leaders of the G8 group of industrialised countries at their summit meeting in June 2008.

that until the outcome of the World Trade Organisation's Doha Development Round (DDR) was known there could be no start to formal negotiations, but members considered that discussions could usefully take place on changes to the operation of the current FAC and its Rules of Procedure that would improve the Convention's effectiveness, as well as on the aims of a possible new Convention.

Provision had already been made for informal meetings to be held in conjunction with the Committee's December 2008 session, but there was a consensus that exploratory discussions should start sooner than that. A video conference, linking members' capitals, accordingly took place on 12 November 2008. The points discussed were reflected in the agendas of the two informal meetings on 5 December (when members considered the objectives and related key provisions of a new Food Aid Convention) and on 8 December (when the main theme was improving the effectiveness of the current FAC).

Reporting to the Committee's 99th Session, the Chairman said that members had held frank and constructive exchanges of views on the FAC and its role in the context of recent developments. They had agreed that, pending a decision to renegotiate the FAC, the Committee should continue to exchange views on the objectives of a new Convention and that they intensify efforts to improve the effectiveness of the current Convention, especially as regards information-sharing and donor coordination. Several Rules of Procedure might potentially be improved, especially those on new eligible products, micro-nutrients and simplified reporting procedures. The Committee agreed that the next series of informal discussions should, *inter alia*, identify which matters could be addressed through changes in the Rules of Procedure and which required a change to the Convention itself. They should also consider the possibilities of expanding the list of eligible products under the FAC and review the Rules covering donations of fortified products and micronutrients.

A second informal video conference was held on 6 March 2009 and further informal meetings took place on 3rd and 4th June in conjunction with the Committee's 100th Session. At that session the Chairman reported that there had been good progress in the discussions. The Committee agreed that, although it was not yet possible to start the renegotiation of the Convention, which awaited the completion of the Doha process, members could begin intensive work on examining possible elements of a new FAC. Other questions were identified by the Committee for further examination, with the aim of also engaging other stakeholders. A questionnaire had been prepared to ascertain members' views on a range of issues. It was also agreed to amend Rule 6 of the Rules of Procedure to further facilitate the supply of micronutrients (including iodised salt) in emergency or other situations where food aid was being provided and there were known micronutrient deficiencies or documented malnutrition.

Extension of the Food Aid Convention

The Committee agreed, at its June 2009 session, that the Food Aid Convention, 1999, which had been due to expire on 30 June 2009, should be extended for a further year, to 30 June 2010.

Administrative and other matters

FAC, 1999: member actions

By 30 June 2009 twenty-five of the thirty-five members of the Food Aid Committee had completed their formal procedures of ratification or accession to the FAC, 1999: the situation

was unchanged from a year earlier. At its June 2009 session the Committee granted the other ten members extensions of time to 30 June 2010 in which to deposit their instruments.

Chairman and Vice-Chairman for 2009/10

At its June 2009 session the Committee appointed Ms Sharon Murphy (Deputy Head of the Economic and Planning Division, Department of Agriculture, Fisheries and Food, Ireland) Chair of the Committee for 2009/10. It appointed Ms Leslie Norton (Director General, International Humanitarian Assistance Directorate, CIDA, Canada) Vice-Chair for 2009/10.

New website

Coinciding with the Committee's 100th Session in June 2009, the Secretariat launched a new FAC website (www.foodaidconvention.org) developed to improve understanding of the work of the Food Aid Committee and the role of the Food Aid Convention. Included on the site were the text of the Food Aid Convention, 1999, detailed reports on donors' shipments over the last ten years, and much other information.

APPENDIX 1

Food Aid Convention

Annual operations: 2003/04-2008/09*
(July/June years)

metric tons: wheat equivalent

DONOR	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
ARGENTINA	-	-	-	-	-	-
AUSTRALIA	177,984	168,083	180,667	114,530	216,726	163,857
CANADA a)	351,168	437,341	448,534	474,438	520,903	551,475
EC c)	2,218,065	2,151,958	2,853,063	2,488,053	2,178,310	2,263,593
JAPAN a)	580,953	578,261	354,289	318,964	428,301	556,078
NORWAY a)	165,510	145,586	196,034	179,408	102,955	89,382
SWITZERLAND	69,689	71,854	61,608	71,051	69,872	59,368
USA	5,801,724	5,363,186	4,830,710	3,869,162	3,630,343	4,256,834
TOTAL b)	9,365,093	8,916,269	8,924,904	7,515,606	7,147,410	7,940,587

* These figures refer to the wheat equivalent of actual operations completed during the years shown, including EC value commitments (as estimated by the IGC Secretariat). They are not adjusted for product limits under Article IV of the Food Aid Convention 1999 and do not necessarily represent the performance of members in relation to their annual commitments, which are as follows (in tons):

Argentina: 35,000

Australia: 150,000

Canada: 420,000

EU: 1,320,000 tons (tonnage commitment) and €130,000,000 (value commitment)

Japan: 300,000

Norway: 30,000

Switzerland: 40,000

USA: 2,500,000

- a) Wheat equivalent of cash contributions as calculated on the basis of the "prevailing international market price". These figures therefore do not correspond to quantities actually shipped.
- b) Includes contributions under IEFRR - Immediate Response Account (IRA), as reported by WFP.
- c) EC and its member States. Includes FAC "value" contributions.