



FAC ACTIVITIES IN

2010/11

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Notes

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

HIGHLIGHTS OF FAC ACTIVITIES IN 2010/11

Food Aid Committee

- Members express concern about the sharp increase in international food prices since mid-2010 which could lead to additional humanitarian resource requirements.
- Donors report their responses to current food emergencies, particularly in the Horn of Africa. Priority given to the most immediate needs, and on life-saving operations.
- Committee begins the formal process of drafting a new Convention committed to providing appropriate and effective food assistance to vulnerable populations in response to needs.
- Food Aid Convention, 1999 further extended until 30 June 2012.

FOOD AID COMMITTEE 2010/11

Membership and meetings

Chair

Ms Leslie Norton (Director-General, International Humanitarian Assistance Directorate,
Canadian International Development Agency)

Membership

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

The Food Aid Committee administers the Food Aid Convention, 1999 (FAC)¹, the latest in an evolving series of legal instruments which, since 1968, have provided for continuous intergovernmental cooperation in food aid matters. The objective of the FAC 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, ensuring that food aid is directed to the alleviation of poverty and hunger of the most vulnerable groups. FAC members (listed above) pledge to provide to developing countries specified minimum amounts or values of food aid annually.

The Food Aid Committee held two **sessions** in 2010/11, both of them in London. The 103rd Session was on 14 December 2010 and the 104th Session was on 18 May 2011. Representatives of donor members and observers from international organisations, including the FAO, the WFP, and the WTO, attended the meetings. Two non-member governments (India and the Republic of Korea) were represented as observers.

In December 2010 the Committee's review of the FAC, 1999, begun two years earlier, culminated in a decision to replace it with an up-to-date instrument that would more effectively provide appropriate food assistance to vulnerable populations in response to needs. **Informal meetings, conference calls** and meetings of the **negotiating group** held during 2010/11 to discuss the FAC and its renegotiation are referred to in this report under "Food Aid Convention - future action".

Developments in 2010/11

Food situation in developing countries

The Committee reviewed the food situation in developing countries in the light of reports by the IGC Secretariat on the latest developments in grains and oilseeds markets². At the May 2011 session the Committee noted the very tight situation which had developed in global

¹ 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.

² See the section of this report headed "Market Conditions in 2010/11"

grains and oilseeds markets in recent months, contributing to increased price volatility. The Secretariat, which closely monitored the situation, expected that the balance between production and consumption of all grains would remain tight in the year ahead, although the rice outlook was easier. At the December 2010 session the WFP observer provided an update on the “hunger hotspots” of Afghanistan, Chad, North Korea, Ethiopia, Haiti, Niger, Pakistan, Somalia, Sudan and Yemen. At the same meeting the observer from FAO pointed out that although the quantity of cereal imports by low-income food deficit countries was lower than in the previous season, their cereal import bill was forecast to be 11% more than in 2009/10. Members expressed concern about the continued increase in international food prices, and the likelihood that they would stay high in the medium to long-term, probably leading to additional humanitarian resource requirements. Comprehensive action was required to address the needs of the most vulnerable people.

Members informed the Committee of their responses to current food emergencies, particularly in the Horn of Africa where, due to severe and prolonged drought, there was a pressing need for large amounts of emergency food assistance. Priority was being given to allocating aid to meet the most immediate needs, and on life-saving operations.

Operations in 2010/11

At each session members reviewed progress with the fulfilment of their obligations under the Convention in 2010/11. Appendix Table 6 shows the amounts shipped by each member in recent years.

At the December 2010 session some members pointed out that the “capping” restrictions on the provision of certain types of aid under the FAC meant that donors who were responding to the nutritional needs of vulnerable groups were unable to count all of their aid towards their quantitative annual obligations. While the product limits could only be changed as part of a renegotiation of the FAC, it was possible to re-interpret their application and thereby ameliorate their effects. The Committee therefore agreed that, with effect from members’ 2009/10 obligations, the caps set out in Article IV of the FAC should be based on the total amount of assistance provided by members rather than on their minimum annual commitments.

Food aid policy developments

Representatives informed the Committee of recent developments in their governments’ policies which could affect the provision of food aid. The Government of **Canada** was championing an initiative to improve the health of women and children in world’s poorest regions. Core elements, including provision of basic nutrition, were complementary to the promotion of timely, effective and appropriate food assistance to meet the needs of vulnerable populations. The **European Union**’s humanitarian assistance policy aimed to provide the most appropriate response to existing acute food insecurity needs, and to support the most effective combination of response options and tools. The strategy for 2011 was based on the advancement and roll-out of operationally-centred policy initiatives and the effective and efficient management of the budget allocated to food assistance and nutrition. The urgent financial crisis in **Japan**, following the March 2011 earthquake, had obliged the government to make a temporary 10% reduction in its allocation for development aid, but steps would be taken to minimise the impact on assistance channelled through international organisations. **Switzerland**’s food assistance policy concentrated on ensuring food supply for vulnerable populations, improving crisis resistance and preparedness for crises at national and local levels. It also sought to promote local agriculture in the countries concerned, especially

involving small farmers; and the creation of conditions which promoted sustainable production, free access to food and the strengthening of national and regional markets. The **United States** government was considering reformed specifications for the quality of food aid products shipped, from the US and internationally, to ensure the best nutrition.

The Committee noted recent international initiatives on food security including the progress by the L'Aquila Food Security Initiative (AFSI) group³ to make national pledges and associated disbursements more transparent. The observer from WTO informed the Committee of the latest position regarding the Doha Development Agenda (DDA)⁴. The pace of work on questions concerning agriculture had recently increased. From the food security perspective, the potential DDA outcomes of key interest to vulnerable developing and net food importing countries involved disciplines on international food aid, export credits, and export restrictions and prohibitions. Progress with the DDA should be seen as running in parallel with negotiations on the future of the Food Aid Convention, ensuring consistency between the FAC and the WTO's disciplines on food aid.

Food Aid Convention

Future action

In 2008 the Food Aid Committee instituted a series of informal meetings between members to consider the replacement of the Food Aid Convention, 1999 (FAC) by an up-to-date instrument that would more effectively provide appropriate food assistance to vulnerable populations in response to needs. The pace of discussions accelerated in the first half of 2010, when the Committee established a Working Group on the future of the Food Aid Convention. The Group's report, considered by the Committee in June 2010, set out a shared vision of the objectives and principles of a new food assistance convention, members' commitments, the role of the Food Aid Committee and the next steps. The Committee agreed that more informal discussions should be held prior to the next session with the aim to further develop and crystallise aspects of the consensus and obtain a clear future vision. Some members of the Committee indicated that they were now ready to begin the formal process of negotiation, but other members were not yet in that position.

Informal meetings between members were held in Ottawa from 27-29 September, 2010 and in London on 14 December, 2010, immediately prior to the 103rd Committee Session. After considering members' comments on, and suggestions for improvements to, the current FAC, the discussions focused on the principles and objectives of a new Convention, the structure of members' commitments, and the functions of the Committee. Members agreed, at the 103rd Session, to begin at once the formal process of renegotiating the FAC. Intensive negotiations and consultations would take place over the coming months with the aim of drafting, as soon as possible, a new Convention committed to providing appropriate and effective food assistance to vulnerable populations in response to needs.

Outline drafts of a possible new Convention and its Rules of Procedure were discussed by Committee members at **conference calls** on 17 January and 8 February 2011. Draft provisions were then considered in detail in the **Negotiating Group**, which held three meetings in London (28 February-3 March, 12-15 April and 16-18 May 2011) before the 104th Committee Session. Reviewing the progress of the negotiations, the Committee agreed a further timetable of Negotiating Group meetings up to the end of 2011.

³ Established following the G-8 Summit at L'Aquila (Italy) in July 2009.

⁴ The Doha Round of trade negotiations among WTO members, launched in 2001, aims to achieve major reform of the international trading system through lower trade barriers and revised trade rules. A fundamental objective is to improve the trading prospects of developing countries.

Extension of the Food Aid Convention

The Committee agreed that the Food Aid Convention, 1999, which had been due to expire on 30 June 2011, should be extended for one further year, to 30 June 2012.

Administrative and other matters

FAC, 1999: member actions

By 30 June 2011 twenty-five of the thirty-five members of the Food Aid Committee had completed their formal procedures of ratification of or accession to the FAC, 1999: the situation was unchanged from a year earlier. At its May 2011 session the Committee granted the other ten countries extensions of time to 30 June 2012 in which to deposit their instruments.

Chair and Vice-Chair for 2011/12

At its May 2011 session the Committee agreed that Ms Leslie Norton (Director General, International Humanitarian Assistance Directorate, CIDA, Canada) should continue to chair the Committee in 2011/12. The Committee appointed Mr Kilian Greter (Advisor, International Trade Policy Unit, Federal Office for Agriculture, Federal Department of Economic Affairs, Bern, Switzerland) Vice-Chair for 2011/12. It agreed that should the Chair be unable to complete her term of office, the Vice-Chair would take over the role of Chair for the rest of 2011/12.

APPENDIX 1

Food Aid Convention

Annual operations: 2005/06-2010/11*
(July/June years)

metric tons: wheat equivalent

DONOR	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
ARGENTINA	-	-	-	-	-	-
AUSTRALIA	180,667	114,530	216,726	163,857	165,081	185,067
CANADA a)	448,534	474,438	520,903	551,475	524,148	603,760
EUROPEAN UNION c)	2,853,063	2,488,053	2,178,310	2,263,456	1,691,765	1,500,000 d)
JAPAN a)	354,289	318,964	428,301	556,078	691,326	915,223
NORWAY a)	196,034	179,408	102,955	89,382	62,774	109,885
SWITZERLAND	61,608	71,051	69,872	59,368	47,861	97,738
UNITED STATES	4,830,710	3,869,162	3,630,343	4,256,834	3,745,514	2,900,000 d)
TOTAL b)	8,924,904	7,515,606	7,147,410	7,940,450	6,928,469	6,311,673

* 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:

Argentina: 35,000 tons
Australia: 150,000 tons
Canada: 420,000 tons
EU: 1,320,000 tons (tonnage commitment) and €130,000,000 (value commitment)
Japan: 300,000 tons
Norway: 30,000 tons
Switzerland: 40,000 tons
USA: 2,500,000 tons

- 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 IEFER - Immediate Response Account (IRA), as reported by
c) EU and member States. For the purpose of this table, includes the wheat equivalent of FAC "value" contributions.
d) Preliminary estimate.