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PRESS RELEASE

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U.S. Food Aid Needs Major Reform, New Report

Current System Not Addressing Long-term Causes of Hunger

Minneapolis - U.S. food aid programs are plagued by inefficiency and are not addressing the long-term causes of hunger and food insecurity in the developing world, according to a new report by the Institute for Agriculture and Trade Policy (IATP).

The report, *U.S. Food Aid: Time to Get it Right*, points out that the main beneficiaries of the U.S. food aid system are agribusiness companies bidding on food aid contracts, U.S. shipping companies that transport the food internationally, and private voluntary organizations (PVOs) that rely on sales of food aid in developing countries to generate funds for their other aid work (a practice called monetization).

The report found that this unusual political alliance blocks urgently needed reforms of U.S. food aid. The U.S. practice of sending food for sale or distribution in countries facing hunger is inefficient, expensive and slow. The U.S. should move towards food aid programs based on cash for purchasing food in or near the country where food aid is required. Almost all other major food aid donors have moved away from the donation of commodities.

The report, authored by IATP Trade Program Director Sophia Murphy, and Kathleen McAfee, Visiting Scholar in Geography, University of California-Berkeley, can be read at: iatp.org.

“Food aid is about saving lives—often in desperate situations,” said Murphy. “But food aid also has to be part of a much larger strategy to build and protect food security. We have to make sure we are not feeding children now who will still be food aid recipients in 20 years. U.S. food aid today fails this critical test.”

U.S. food aid programs are a hot topic at the World Trade Organization (WTO), where other countries criticize the two practices that are largely unique to the U.S. First, the monetization of food aid generates development dollars for PVOs at enormous expense and often to the detriment of local producers and traders in developing countries. Second, taxpayer-funded export credits facilitate food dumping: overseas sales of program food aid for less than the costs of production. A European Union proposal at the WTO would require that all food aid be cash-based and untied from requirements to source commodities in the donor country. Food aid is expected to be a point of contention at the next WTO Ministerial in Hong Kong in December.

U.S. food aid also suffers from administrative confusion, according to the report. Two departments - USAID and the U.S. Department of Agriculture - oversee six separate programs. The U.S. is the world's largest food aid donor, funding 57 percent of global food aid deliveries in 2004. Yet, the U.S. is the only food aid donor, aside from South Korea, that sells part of its food aid. All other countries donate all their contributions. And, the U.S. provides less food aid when food prices are high and aid is most needed.

The report concludes, "in the name of the poor overseas, very large sums of money are now paid to prop up U.S. shipping firms and to buy food at higher than market prices from U.S. based food processors and other agribusinesses." The report found that most food aid is self-interested and politicized, rather than focused on the needs of the hungry.

While the world has seen increases in food production, food dependency in many developing countries has grown. Food production per in Africa is 10 percent less than it was in 1960. Sub-Saharan Africa now receives half of total food aid contributions. More than 200 million people in Africa are undernourished and of those, about 40 million in any one year face acute hunger. Countries in parts of Latin America and much of sub-Saharan Africa that once fed themselves and exported food are now net food importers.

"African farmers are capable of producing a lot more food for their communities and nearby regions. But policies of the U.S., the WTO, and the World Bank promote the use of African land and resources for export crops instead, and many African governments neglect agriculture for domestic food needs. This must change, or hunger will increase," Dr. McAfee explains.

Food aid programs must have a two-fold objective: to meet emergency needs, preventing deaths today, and to help build sustainable and self-reliant food systems across the world for tomorrow. The report makes a series of recommendations on how to improve U.S. food aid, including:

- Transition to an untied, cash-based food aid system;
- Phase out sales of food aid;
- Impose strict limits on in-kind food aid;
- Protect and promote people's right to food;
- Protect and promote countries' rights to determine their own food security strategy;
- Establish strong and enforceable multilateral guidelines.

The full report can be read at: iatp.org.

The Institute for Agriculture and Trade Policy works globally to promote resilient family farms, communities and ecosystems through research and education, science and technology, and advocacy.