

# The American Farmer and U.S. Food Aid

Bruce Odyssey

*As the U.S. Congress considers a five-year farm bill, the Bush administration is pushing for change to allow delivery of some food aid by procuring commodities from local markets rather than providing only U.S.-produced commodities. Resistance to change is strong, and the outcome is uncertain.*

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Government decisions about food aid spending involve a political calculation, of course. The biggest U.S. food aid program is called Public Law 480, Title II. For a long time this program has required that all U.S. foreign donations of food aid consist of U.S.-produced commodities.

Right now Congress is considering U.S. agricultural policy for the next five years as the 2002 farm bill expires at the end of September 2007. Whether Congress will change the food aid policy part of the bill remains uncertain.

Passed by Congress about every five years, a farm bill regulates U.S. agriculture policy, covering not only foreign and domestic food aid but also support for commodity prices and farm incomes, loans, conservation, research, and rural development.

The fact that U.S. food aid helps support American farmers and agribusiness interests has been crucial in Congress's support for these programs over the years.

## DIFFERING VIEWPOINTS

Among several changes the Bush administration wants

from Congress in the 2007 farm bill is some flexibility for the U.S. food aid program.

The administration wants authority to use up to 25 percent of the money allocated to the food aid program every year to be able to buy food commodities in the local and regional markets of developing countries. In some emergency situations, buying in local or nearby markets could hasten food delivery to victims.

The version of the 2007 farm bill passed by the House of Representatives by a vote of 222 to 202 in July would leave the existing program unchanged. House members did not raise the issue during full House debate.

"They're still of the mode that this should be American products we're using our tax dollars to provide them," said Representative Collin Peterson, Democratic chairman of the House Committee on Agriculture.

The American Farm Bureau Federation opposes local and regional purchases of emergency food.

Chris Garza, the

group's director of congressional relations, says the existing program of sending U.S.-grown commodities has worked well.

"A lot of the product ... that would be purchased is obviously coming from countries that don't always have enough food of their own, and so it could cause food prices in those countries to go up," Garza said.

The final outcome remains uncertain, however. To become law, a final version of the 2007 farm bill must be passed by both the House and Senate and signed



Congress is deciding whether U.S. food aid will consist entirely of U.S.-produced commodities or whether some part of the food could be purchased from foreign producers closer to a site of emergency.

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## U.S. INTERNATIONAL FOOD AID PROGRAMS: BASIC DESCRIPTIONS

PROGRAM	PURPOSE
P.L. 480, Title I	Concessional commodity sales through long-term loans. In fiscal year (FY) 2006, approximately 178,000 metric tons (MT) of commodities, valued at \$50 million, were provided to three countries under P.L. 480, Title I.
P.L. 480, Title II	Development and emergency-relief programs in partnership with private voluntary organizations (PVOs), nongovernmental organizations (NGOs), the U.N. World Food Program (WFP), and government-to-government programs (emergency only). In FY 2006, approximately 1.7 million MT of emergency food aid, valued at \$1.2 billion, were provided to 42 countries through 68 programs. An estimated 38 million people benefited from U.S. assistance. Approximately 664,000 MT of nonemergency food aid, totaling \$342 million, were provided to 30 countries through 77 programs. An estimated 10 million people benefited from Title II nonemergency activities.
P.L. 480, Title III	Government-to-government commodity donations to the least developed countries; linked to policy reforms. No money was appropriated for this program in FY 2006.
Food for Progress Act of 1985	Commodity donations offered for emerging democracies and developing countries making commitments to introduce or expand free-enterprise elements in their agricultural economies. Agreements may be with governments, PVOs, NGOs, private entities, cooperatives, and intergovernmental organizations. In FY 2006, Commodity Credit Corporation (CCC) financed the purchase and shipment of 275,000 MT of commodities to 20 countries at a value of \$147 million. In addition, Title I resources were used to deliver 212,000 MT, with a value of \$73 million, under the Food for Progress program.
Agriculture Act of 1949, Section 416(b)	Surplus commodities to PVOs, NGOs, WFP, and government-to-government, donated to accomplish foreign food aid objectives. Some 9,600 MT of non-fat dry milk were delivered to four countries during FY 2006, with a value of \$20 million.
McGovern-Dole International Food for Education and Child Nutrition	Commodity donations and financial assistance to provide incentives for children to attend and remain in school, as well as helping to improve child development through nutritional programs for women, infants, and children under age 5. USDA's Foreign Agricultural Service provided more than 82,000 MT of commodities to support child nutrition and school feeding programs in 15 countries, the total value of which was more than \$86 million.

Sources: U.S. Department of Agriculture (USDA) and U.S. Agency for International Development (USAID).

by the president. And the Senate has yet to begin its consideration of the bill — in fact, final passage of the 2007 farm bill remains unlikely to happen until months after the 2002 farm bill expires.

If the Senate passed a bill differing from the House version, then the House and Senate would have to reconcile the different versions. Most likely a House-Senate conference would work to put together a compromise bill for final votes in the House and Senate.

Senator Tom Harkin, Democratic chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, has indicated interest in creating a small pilot program for local procurement, perhaps \$25 million a year for four years. “The goal is to help us respond more quickly to dire humanitarian emergencies,” Harkin said.

#### **ADMINISTRATION POSITION**

Mark Keenum, under secretary of agriculture, agrees that local procurement would be used only for emergencies. “It would mean the difference in saving lives,” Keenum said. Even in emergencies, he said, the

United States would send U.S. food when and where no local or regional food is available for purchase.

Keenum added that the flexibility to buy locally, instead of shipping U.S.-sourced food aid, should have no notable effect on U.S. commercial markets.

According to Keenum, the vast majority of U.S. food aid consists of grains and oil seeds. Annual U.S. production of these commodities amounts to about 200 million tons a year. Annual food aid donations of these amount to less than 3 million tons. And the administration proposes providing locally procured food instead of U.S. food for only up to 25 percent of donations, he said.

Some U.S. nongovernmental organizations (NGOs) that distribute food aid around the world support the local procurement concept; others do not.

Also, the United States is under pressure in the long-stalled World Trade Organization (WTO) negotiations to make a change. The United States resists any agreement letting the WTO dictate what quantity or proportion of food aid must be cash or commodities, Keenum said. ■