

Mr. Chairman, thank you for the opportunity to testify today on the World Trade Organization (WTO) Doha Round Trade Negotiations. I am Mark Viso, Vice President of Operations for World Vision United States.

World Vision is a Christian relief and development organization operating in nearly 100 countries with 22,000 employees worldwide. In fiscal year 2004, World Vision handled 820,000 metric tons of food aid serving 7.2 million beneficiaries in 33 countries.

World Vision recognizes the staunch support this Committee has shown over past decades for ensuring that hungry people around the world are fed and provided a helping hand. Your track record reflects a genuine concern for the world's poor. I am sure this will continue and we thank you.

My testimony will focus on food aid in the Doha Round. It reflects the views of the 16 American private voluntary organizations and cooperatives (jointly called "PVOs") that are members of the Coalition for Food Aid.

Because food aid is part of the international flow of commodities, it has been included in the Doha agriculture trade negotiations. PVOs are very concerned that as negotiators make trade-offs to derive a final agreement, restrictions on food aid could be adopted that would limit the availability of food aid to help the poor and hungry. It is critical that the United States stands firm against restrictions that could cause harm.

The United States Trade Representative should continue to reject proposals in the World Trade Organization's Doha Round that would eliminate in-kind food aid or monetization, restrict food aid provided through PVOs, or limit food aid to emergency uses. At the USDA Kansas City Food Aid Conference in May of this year, Agriculture Secretary Mike Johanns outlined critical issues that we believe should continue to form the basis of the U.S. position in the Doha Round.

First, the Secretary stated "[we] understand the important, often life-saving role of food aid. Unfortunately, others in some countries take a dim view of the way in which US Food Aid is delivered, characterizing it as a subsidy for our producers. We here know this is not the case."

We agree. As recipient countries have commented during the Doha negotiations, the needs of recipients for food aid to address chronic and emergency needs should be put first. Moreover, claims that food aid has potential for commercial trade displacement are overstated. Food aid comprises 2 percent of international agricultural trade and nearly all is used in least developed countries or low-income food deficit countries.

Second, Secretary Johanns said, "What the world needs is more food aid commodities, more cash, and more donors--not new and impractical rules that require everyone to contribute in exactly the same way."

We agree. Several exporting countries claim that in-kind food aid creates unfair competition for their commercial agricultural exports and therefore have put forward proposals to restrict food

aid. The most extreme suggestion is to phase out in-kind food aid, defined as food procured in the donor country, and then only permit food in times of crisis. Other proposals would require all food aid to go through international organizations. This would, for example, no longer allow World Vision and other U.S. PVOs to partner with the U.S. Government to provide food aid for mother-child health care, food for education, and agriculture development projects.

A variety of options for providing food aid are needed, including in-kind commodities for targeted distribution and monetization and cash available for local purchase and program support. These aspects of food aid are beyond the interest, scope and expertise of the WTO, and the Doha negotiators should not attempt to define or to limit these activities.

Third, Secretary Johanns said, "We also believe that any new disciplines applied to food aid should be discussed by international food aid experts, not just trade experts negotiating the trade agreement."

Again, we agree. The WTO's objective is to provide ground-rules for international commercial trade. The 2004 WTO Doha Negotiating Framework states that negotiators will develop "disciplines" on food aid to avoid commercial displacement. Negotiators must be very careful when developing such "disciplines" or else they could eliminate a greatly needed form of humanitarian aid.

Thus, the Doha Round decisions will determine whether millions of the world's poor and hungry have access to adequate food aid in the future. We therefore look to the United States for leadership to protect this critical assistance program.

#### Limitations on Food Aid Proposed in the Doha Agriculture Negotiations.

Food aid poses special concerns and considerations for the WTO because it is not a commercial program. Food aid's purpose is to provide assistance to low-income, developing countries that are dependent on agricultural imports and to assist people who are suffering from emergencies or chronic hunger. Great care must therefore be taken to assure that the Doha agreement does not discourage donors from providing food aid or limit the ability of developing countries to access food aid.

Yet, proposals raised during recent Doha negotiation sessions would severely reduce the availability of food aid. Several papers were introduced during the June 2005 agriculture sessions that would eliminate (1) bilateral agreements between donors and PVOs or recipient countries; (2) "non-emergency" food aid (such as food-for-work, food for agricultural programs, mother-child health care, and food for education); and (3) nearly all in-kind food aid.

"In-kind" is food aid that is procured in the donor country, compared to "cash for food" which is the provision of cash by a donor that is used to buy food aid commodities from any country. Eighty percent of food aid, today, is in-kind; nearly all US food aid is in-kind; and the US is the largest provider of food aid worldwide. Many other countries provide in-kind food aid as well, including Canada, Korea, India, Italy and France. Even though the EU has a "cash for food" program, most of the food aid is actually procured from country members of the EU.

These proposals to limit food aid are extreme. The trade distorting potential of food aid is minimal - it comprises 2% of international agriculture trade and, of this, 78% is for emergencies. Nearly all of it is provided to least developed countries or low-income food deficit countries.

Even though commercial displacement has been shown to be very limited and often overstated, the focus on this issue rather than meeting the legitimate needs of developing countries has overtaken the debate. This is largely driven by the EU pronouncement that it will eliminate export subsidies if there is "full parallelism" in other areas, including the elimination of trade distorting food aid. It is also because the WTO's mandate and competencies are related to commercial trade, not to food aid and other forms of humanitarian and development assistance.

The Coalition has engaged in discussions with developing countries at the Doha negotiations. We understand that in recent Doha food aid meetings, these developing countries have become more engaged to effectively protect food aid program that they believe are very important, which we hope will help balance the call for restrictions on food aid promoted by certain exporting countries.

#### Monitoring the Potential for Commercial Displacement

Currently, the UN Food and Agriculture Organization (FAO) Subcommittee on Surplus Disposal (CSSD) is responsible for monitoring food aid flows to assess the potential for commercial displacement. We believe that improvements are needed in the way that the CSSD operates to make it more effective, but we do not believe that the WTO should try to take over the CSSD's role. We believe that the CSSD should continue to have this responsibility and that the FAO is the appropriate forum because:

- (1) one of its key mandates is promoting food security in developing countries;
- (2) it has an institutional history of working on food aid issues since 1954;
- (3) its membership is similar to the WTO, but with the benefit that many least developed countries (LDCs) that are not members of the WTO belong to the FAO; and
- (4) the CSSD meets in Washington, where most LDCs have embassies with adequate staffing and can be encouraged to participate.

#### Increased Commitments to Food Aid are needed

Predictable levels of food aid, rather than surplus-driven donations are necessary to assure that net food importing developing countries and least developed countries have adequate access to food on a regular basis. We are dismayed that donor volume commitments under the FAC decreased from 7.52 million metric tons (wheat equivalents) in 1986 to 4.895 million metric tons in 1999. We urge donors to commit to higher levels in the future for both acute and

chronic hunger.

We are seeing many protracted and complex emergencies drain the few food aid resources that are currently available and believe more is needed, not less. As provided for in the 1994 Marrakesh Declaration on Least Developed and Net Food-Importing Countries, Food Aid Convention food aid commitments should increase to meet these legitimate needs. In the new Food Aid Convention a laudable outcome would be donor commitments that reach 10 million metric tons - the original goal of the Food Aid Convention. It is therefore critical that Doha Round negotiators do not take any actions that result in declining availability of food aid.

#### Maintaining Programs Conducted by PVOs

Food aid must remain directly available to PVOs for meeting emergency needs and for developmental programs. Any text emerging from the Doha negotiations must continue to permit full and direct PVO participation in food aid without unduly limiting the options for how the resource is used to meet identified needs.

With over 50 years experience in food aid programming, US PVOs take pride in the responsible use of this resource. As the global environment has changed and become more interconnected and complex, we have adapted our programs to meet the changing needs. We regularly evaluate our work to see how we can be even more effective, with the aim of contributing to the Millennium Development Goals, particularly the first goal: to eradicate extreme poverty and hunger, reducing by half the proportion of people who suffer from hunger.

We conduct both emergency and non-emergency programs. In the case of emergency needs, PVOs coordinate with communities (a) to identify the interventions that are needed immediately, such as the types of food, who should receive commodities and the best ways to deliver goods and services; (b) to identify the interventions for recovery, such as seeds, tools and fertilizer; and (c) to implement and to monitor programs. In the case of chronic hunger, the goal is to help people achieve food security, through integrated programs to improve rural infrastructure, flood protection, access to clean water, sanitation, agricultural development and the nutrition of infants and children, and primary education, particularly of girls. We help reduce vulnerability in high-risk populations, such as those affected by HIV/AIDS. PVOs have the comparative advantage of being development agencies with multi-sector expertise, grass roots community involvement, and our long experience and expertise in food programming.

PVOs cooperate directly with the poor and develop approaches from the perspective of people involved, increasing the capacity of local groups and administrative structures to address a range of social service and development problems.

Over the years, US PVO non-emergency food aid programs have evolved from a focus on food distribution to sustainable development. For example, food-assisted agricultural programs have been integrated with complementary activities such as technical assistance and training. Agricultural yields have been increased, storage losses reduced and household provisioning

improved. Monetization has been a critical factor in achieving these goals.

Very little food aid is monetized. Currently, the total amount of PL 480 Title II that is monetized is about 400,000 metric tons out of approximately 2,500,000 metric tons. And yet monetization is of critical importance for low-income food deficit countries. First, there may be limited numbers of importers who have the liquidity or are able to obtain the credit needed to import adequate amounts of food into a developing country. Second, the proceeds are put to good use for a variety of food security programs. Finally, the monetization itself can help the local agriculture sector, such as internal traders or small mills that cannot afford to import themselves, but are eligible to bid on food aid commodities.

### Conclusion

Food aid is not a bargaining chip to be used in the geo-political game of reducing agriculture subsidies. World Vision and the Coalition urge you to continue keeping poor and hungry people at the center of your decisions. We ask that the world's poor do not become the unintended victims of our negotiations of WTO agreements.

Thank you again Mr. Chairman for allowing World Vision to testify today. I would be happy to entertain any questions you may have for me.