



联合国
粮食及
农业组织

Food and Agriculture
Organization of the
United Nations

Organisation des Nations
Unies pour l'alimentation
et l'agriculture

Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الغذية والزراعة
للأمم المتحدة

COMMITTEE ON COMMODITY PROBLEMS

Seventieth Session

Rome, 7-9 October 2014

ROLE OF THE CONSULTATIVE SUB-COMMITTEE ON SURPLUS DISPOSAL (CSSD) IN THE CONTEXT OF WTO COMMITMENTS AND THE WAY FORWARD

Executive Summary

This document comes in response to the recommendation by the CCP at its 69th Session in 2012 that a formal review of the Consultative Sub-Committee on Surplus Disposal (CSSD) should be undertaken to determine what role the Sub-Committee could play in the context of WTO commitments. It provides a factual background on food aid flows in recent years, the state of play in recent institutional developments dealing with food aid and, building on existing structures, identifies possible ways of moving towards establishing an effective mechanism to monitor food aid transactions in the future.

Suggested action by the Committee

The Committee is invited to:

- Establish a Working Group composed of a small number of CCP members to consider the merits and practicality of the proposals advanced in this document taking also into consideration the views of the relevant organizations.
- Establish a timeframe for the Working Group to complete its work (one year should be adequate) and prepare its recommendations for the consideration of the CCP.
- Instruct the Secretariat to call a special session of the CCP to consider the recommendations of the Working Group concerning a successor to the CSSD.

Queries on the substantive content of the document may be addressed to:

Boubaker Ben Belhassen
Secretary of the Committee on Commodity Problems (CCP)
Email: boubaker.benbelhassen@fao.org

*This document can be accessed using the Quick Response Code on this page;
a FAO initiative to minimize its environmental impact and promote greener communications.
Other documents can be consulted at www.fao.org*



mk965e

I. INTRODUCTION

1. The Committee on Commodity Problems (CCP) last discussed the role of the FAO Consultative Sub-Committee on Surplus disposal (CSSD) at its 65th Session in 2005 when the Doha Round negotiations were in full swing and expected to lead to new disciplines on food aid. Concerns were expressed about the continuing relevance of the CSSD and its ability to meet its mandate. Its monitoring of food aid transactions was increasingly compromised as major donors failed to make timely notifications. A thorough review of the CSSD and the reasons for the difficulties it faced was therefore seen as appropriate¹. Renewed concerns about the status of the reporting to the sub-Committee were expressed at the 68th Session of the CCP in 2010 (the last report of the CSSD to the CCP) including on the length and frequency of its meetings. The CSSD report suggested then to have “less frequent meetings or to keep things open for ad hoc meetings if there are issues to be brought up”². At its 69th Session in 2012, the CCP considered a recommendation of the Secretariat that “the regular meeting cycle of the CSSD should be dropped in favour of meeting on an ad hoc basis as the need arises or that a formal review of the CSSD undertaken to determine whether it should continue”³. The CCP concurred that “a formal review of the CSSD should be undertaken to determine what role it could play in the context of WTO commitments”⁴.

2. This document responds to this recommendation by the CCP. It provides a factual background on food aid flows in recent years, the state of play in recent institutional developments dealing with food aid and, building on existing structures, identifies possible ways of moving towards an effective mechanism to monitor food aid transactions in the future.

II. OVERVIEW OF TRENDS IN FOOD AID FLOWS

3. The importance of food aid as a means of resource transfer has declined over the past two decades, falling from around 20 percent of total Official Development Assistance (ODA) in the 1960s to less than 5 percent in recent years. Food aid is a small share of world cereal trade (just above 1 percent in recent years) and much smaller share of total world cereal production (less than 0.2 percent). However, food aid is still an important source of supplies for several recipient countries, contributing around 5-10 percent of the net food imports of some countries that regularly receive food aid. In absolute quantities, food aid decreased from 16.9 million MT in 1993 to below 5 million MT in recent years.

4. Some 150 different types of food products have been provided as food aid with cereals accounting for about 90 percent of total shipments. While a handful of donors (Australia, Canada, the European Union and its Member States, Japan, and the United States) have traditionally provided well over 90 percent of total food aid, there are over 100 donor countries contributing smaller amounts⁵, often sporadically, of which some have become important in recent years, particularly Brazil, China, Korea and the Russian Federation.

5. Most food aid continues to be in-kind (direct transfers) but there is a clear and welcome increase in the share of cash resources used to support local purchases and triangular transactions (Figure 1.1). For most donors, these latter modes account for at least 50 percent of the food aid they provide and for several of them nearly 100 percent. Nearly three-quarters of food aid in recent years has been for emergency operations. This, together with food aid in support of projects, targeted to vulnerable segments of the population (some 24 percent), amounts to 97 percent of total food aid, with

¹ Para 31 of Report of the 65th Session of the CCP, 11-13 April 2005.

² Para 10 of CCP 10/Inf.7, 68th Session of the CCP, 14-16 June 2010.

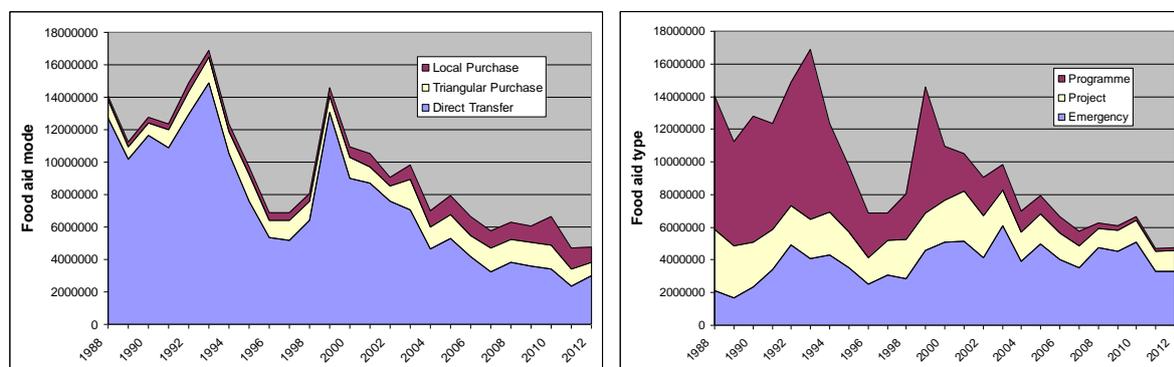
³ Para 8 of CCP 12/INF/11, 69th Session of the CCP, 28-30 May 2012.

⁴ Para 27(f) of C 2013/23, Report of the 69th Session of the CCP, 28-30 May 2012.

⁵ Many of these countries are making small local currency joint contributions to WFP in connection with activities within their own national borders.

the remaining being programme food aid (Figure 1.1). The majority of donors channel nearly all their food aid to emergency operations and project support and only very few continue to make large programme food aid allocations.

Figure 1.1. Total food aid by modes of distribution and types of use



Source: WFP/FAIS database

6. These trends suggest that the realities of donor food aid practices and the use made of food aid are moving away from the two major concerns of the CSSD, i.e. market displacement and disincentives to domestic production. Less in-kind food aid and more triangular transactions and local purchases, combined with the substantially reduced overall volumes of food aid, would strongly suggest that concerns over commercial displacement are substantially reduced. At the same time, the use of food aid for emergencies, meeting the needs of individuals with limited purchasing power would imply that this type of assistance results in additional consumption (i.e. consumption that does not manifest itself in the market) and hence potential risks for disincentives to domestic production are also reduced.

III. FOOD AID GOVERNANCE AND RECENT DEVELOPMENTS

A. FAO Consultative Sub-Committee on Surplus Disposal (CSSD)

7. The origins of CSSD date back to the early 1950s, when the accumulation of agricultural surpluses in North America gave rise to the idea that these surpluses could be ‘disposed of’ to help countries experiencing shortages⁶. This led to the establishment of the *FAO Principles of Surplus Disposal* (referred throughout this paper as the *Principles*): “a code of international conduct adopted by the FAO Council in 1954 which encourages the constructive use of surplus agricultural commodities and at the same time safeguards the interest of commercial exporters and local producers.”⁷ The CSSD was established in 1955, as a subsidiary body of the FAO Committee on Commodity Problems (CCP) to oversee adherence to the *Principles*⁸. It meets in Washington D.C., serviced by the FAO Liaison Office for North America (LOW).

8. The main focus of the CSSD is ‘programme’ food aid – commodities provided in-kind from government-to-government to be monetized in the domestic market of the recipient country. As such donations may displace commercial trade, they fall strictly under the CSSD monitoring mechanism,

⁶ The intellectual underpinning of this development originates in two ground-breaking studies undertaken by FAO at the time the creation of the CSSD was considered: "Disposal of Agricultural Surpluses", FAO Commodity Policy Studies No. 5, 1954; and "Uses of Agricultural Surpluses to Finance Economic Development in Under-Developed Countries", FAO Commodity Policy Studies No. 6, 1955.

⁷ Annex G in *Reporting procedures and consultative obligations under the FAO principles of surplus disposal: A guide to members of the FAO Consultative Subcommittee on Surplus Disposal*, FAO, Rome 2001.

⁸ Membership in the CSSD is open to all FAO members and, as of 2007, comprised 41 members, 16 observers and seven international organizations. All countries with significant agricultural trade interests are members (both donors and recipients), usually represented by commercial attaches in their embassies located in Washington D.C.

including adherence to the *Principles*. In this connection, a direct link to the *Principles* is made in Article 10.4(b) of the Uruguay Round Agreement on Agriculture (AoA) under the export competition pillar (see below).

B. World Food Programme (WFP)

9. The WFP was established in 1962 in response to the desire by the international community to broaden the donor basis by creating a multilateral mechanism to channel food assistance. WFP's scope of operations and focus has evolved in line with the level of resources channelled through it and the needs for food aid. However, emergency response has always been central to its strategic objective. In addition, WFP aims to improve the nutritional status of vulnerable groups in cases of chronic food insecurity, as well as in strengthening the capacity of countries to reduce hunger, particularly through labour-intensive work programmes and targeted nutritional interventions. Assistance through WFP largely excludes programme food aid⁹ so it is generally assumed that risks of commercial displacement and disincentives to domestic production are minimal.

10. While the WFP is primarily concerned with the operational aspects of delivering food assistance, its role in developing multilateral rules and disciplines governing food aid is highly relevant when the largest share of food aid is now used for emergencies and project support, two types of assistance handled nearly exclusively by the WFP.

C. Food Aid/Assistance Convention (FAC)

11. The first Food Aid Convention (FAC) of 1967, and its successors, involved a pledge by its members to provide a minimum annual tonnage of food aid, thus guaranteeing a minimum quantity of food aid even in years of high world grain prices¹⁰.

12. The FAC was replaced by the *Food Assistance Convention* in January 2013 which builds upon the scope and objectives of previous Conventions but expands the commodity coverage to all forms of food assistance (including non-food commodities essential to food and nutrition) and presents a comprehensive list of principles to be adhered to in providing and delivering food assistance. These principles go well beyond the scope of the CSSD *Principles* but they also encompass the specific issues of direct relevance to CSSD, including those related to avoiding commercial displacement and adverse effects on local production.

13. The new FAC makes explicit reference to the primacy of the WTO in cases of possible conflicts between FAC principles and WTO disciplines, by stating in Article 3 on the "*Relationship with WTO Agreements*" that:

"Nothing in this Convention shall derogate from any existing or future WTO obligations applicable between Parties. In case of conflict between such obligations and this Convention, the former shall prevail. Nothing in this Convention will prejudice the positions that a Party may adopt in any negotiations in the WTO."

D. WTO Agreement on Agriculture (AoA) and the Doha Round Draft Modalities

14. The existing WTO disciplines on food aid came into force in 1995, under the export competition pillar of the AoA. They were intended to prevent food aid from being used to circumvent commitments on export subsidies. Specifically, as regards the CSSD, Article 10.4 (b) states that:

⁹ This has not always been the case. WFP has been involved in sale of food aid in the domestic market to raise funds for internal transport and other logistical needs associated with the delivery of project and emergency food aid. This practice has been abandoned in recent years as cash resources provided by donors cover such internal costs.

¹⁰ FAC minimum commitments over time have changed as follows: about 4.3 million MT from 1968 to 1980; about 7.6 million MT from 1981 to 1986; about 7.5 million MT from 1987 to 1995; about 5.35 million MT from 1996 to 1999; and 4.895 million MT plus €130 million from 1999 to 2012. These minimum commitments were exceeded, often by a considerable margin in all years, as evident from the actual shipments reported in Section II.

“Members donors of international food aid shall ensure that international food aid transactions, including bilateral food aid which is monetized, shall be carried out in accordance with the FAO Principles of Surplus Disposal and Consultative Obligations, including, where appropriate, the system of Usual Marketing Requirements (UMRs).”

15. Notwithstanding the significance of the CSSD becoming an instrument of compliance under the WTO rights and obligations, the *Principles* remained non-binding. The AoA did not establish a formal link between the Committee on Agriculture (responsible for monitoring the AoA in its totality) and the CSSD (responsible for monitoring the *Principles* explicitly included in the AoA).

16. Food aid has been negotiated under the Doha Round in parallel with other aspects of export competition, to safeguard against the possibility of using food aid as another form of export subsidization. While the negotiations under the Doha Round stalled for some time following the difficulties in reaching an agreement in July 2008, there is a high degree of convergence regarding the envisaged disciplines on food aid contained in the *Draft Modalities* texts (see CCP 14/INF/10)¹¹.

17. Beyond general principles to be applicable to all food aid¹² a clear distinction is made between emergency and non-emergency food aid. The important innovation in the new food aid disciplines under the *Draft Modalities* is in internalizing the expertise in the multilateral food-related institutions in determining the legitimacy of different forms of providing and using food aid. This extends the responsibility of monitoring food aid well beyond the WTO and has implications for the institutional framework and the required collaboration.

IV. ASSESSING A FUTURE ROLE FOR A CSSD-TYPE MECHANISM

A. Recent activities of the CSSD

18. Compliance with the *Principles* involves prior consultation and formal notification of individual food aid transactions to the CSSD Secretariat. Such notifications are made on a “transaction by transaction” basis and generally in “real time” and include pertinent information of the commodity involved, how it is to be supplied by the donor and how it is to be delivered and used in the recipient country. Normally this notification and review by the CSSD takes place prior to signature of the assistance agreement and shipment of the commodity.

19. Between its inception in 1954 and its last formal meeting in January 2010, the CSSD held some 470 meetings¹³. However during the last 10 years of its operation only a small fraction of total food aid shipments were notified to the CSSD – only 2-4 percent of the total volume of food aid shipments, compared to an average of 67 percent during the 1990s and even greater shares in earlier decades. Up to the mid-1990s meetings were held on a monthly basis to monitor the steady flow of food aid transactions notified, subsequently on a quarterly basis, and during the last few years of its operation on an ad hoc basis, normally two to three times a year and, as of 2010, none. Together with the reduced frequency of formal meetings, the attendance also dwindled.

20. The drastic decline in the volume notified to the CSSD and the declining interest of its membership reflect the drastic reduction in the overall volume of food aid and the shift away from in-kind food aid in favour of emergency aid and targeting vulnerable populations.

21. Furthermore, policy developments under the Doha Round have been successful in clarifying several issues and in providing reassurance on displacement and disincentive risks in the provision of food aid. The negotiated texts on food aid were among the first to be “stabilized” within the overall

¹¹ *Revised Draft Modalities for Agriculture*, TN/AG/W/4/Rev.4, WTO, 6 December 2008.

¹² Needs-driven; in fully grant form; not tied directly or indirectly to commercial exports of agricultural products or of other goods and services; not linked to the market development objectives of donor Members; and not to be re-exported in any form.

¹³ In addition to the formal meetings, some of the work of the Subcommittee was done in bilateral consultations between meetings.

modalities texts on agriculture. The compromises struck at the WTO were fairly close to the balance achievable between the humanitarian imperative of food aid and the need to avoid market displacement, reflecting a good measure of practicality and proportionality by the negotiating parties on the concerns surrounding food aid¹⁴. This was also reflected in discussions in the CSSD and the FAC where the WTO negotiations were seen as an opportunity to achieve policy coherence in this area. While CSSD and FAC members recognized their institutional mechanisms and operational procedures needed to adapt to the changing food aid landscape, they opted to defer to the WTO process¹⁵.

B. Is there a need for a CSSD-type instrument?

22. Under the present world market environment characterized by supply constrained markets and much higher prices than in past decades, combined with a rapid increase of emergency needs, the risks of food aid posing a problem of market displacement are reduced. Overall food aid levels are historically low and, as emergency needs absorb the bulk of whatever food aid is made available, in-kind programme food aid is insignificant.

23. However, this situation may not persist indefinitely and possibilities of oversupply in the world market, as a result of productivity increases or policy changes, are not implausible. Even if such possible future episodes of glut in the market are of short duration, in the absence of operationally effective constraining disciplines, pressures to find outlets in the form of food aid may prove strong. The threat of such an eventuality exists also on account of the new but irregular donors that have emerged in recent years but are not integrated into established food aid institutional mechanisms and related disciplines, and tend to dispose their in-kind food aid primarily bilaterally for programme support. To the extent that these new donors continue to be sporadic providers of in-kind programme food aid, there is a risk of such assistance creating market tensions, even unintentionally.

24. The conclusion of the Doha Round would provide much stronger disciplines on food aid, especially non-emergency in-kind programme food aid and some of the risks mentioned above could be abated. However, there are some provisions for monetization under certain conditions in the *Draft Modalities* and, depending on how the related disciplines are interpreted, they could provide openings for programme food aid. It follows that while the Doha texts on food aid (if they indeed materialize) would be a major step forward, they would not be fully watertight in avoiding all possible risks of disruptive market behaviour originating from misconduct in the provision of food aid.

25. In no instance during the various discussions in the CCP of the role of the CSSD did members question the need for a mechanism to monitor food aid transactions¹⁶. What they have questioned is the effectiveness of the CSSD under its present form but this has not led to convincing proposals for strengthening it. Partly, this has been the result of the CSSD not being an integral part of its parent organization, being delinked from it physically and substantively¹⁷. Despite best intentions by all concerned, not having ready access to the full strength of the global and country-specific information resources, knowledge and analytical capacity that exists in FAO and other multilateral food-related organizations located in Rome, proved to be a serious limitation. The location of the sub-Committee was raised as early as 1968 when it was noted that while the CSSD had been located in Washington from the beginning, there was “...no reason it should necessarily stay there. Washington was the natural choice in the early ‘50’s because virtually the whole surplus problem was in the United

¹⁴ The useful concepts of *practicality* and *proportionality* in the provision of food aid have been advanced by Clay, E. (2012). “Trade Policy Options for Enhancing Food Aid Effectiveness”, ICTSD.

¹⁵ Obviously, this is rational given the largely common membership of all these organizations.

¹⁶ The need for such a mechanism was reconfirmed by CSSD members interviewed in the context of preparing this document.

¹⁷ Some of these issues have been addressed in Konandreas, P., “Multilateral mechanisms governing food aid and the need for an enhanced role of the CSSD in the context of the new WTO disciplines on agriculture”, Background paper presented at the FAO Informal Expert Consultation on Food Aid, Rome, 27–28 January 2005.

States.” The Report went on to note, “*There are a number of factors which influence the choice of location, including the scope to be given to the CSSD in the future, the availability and expertise of delegates, and the desirability of close contacts with other bodies which are concerned with trade in agricultural products.*”¹⁸

26. Realization of these inherent problems in the functioning of the CSSD is perhaps the reason why the *Draft Modalities* do not make any reference to the CSSD, while it was explicitly included in the 1995 AoA (Article 10.4). Nevertheless, it is also the case that the *Draft Modalities* give a central role to the multilateral food-related organizations in establishing the legitimacy of food aid transactions. Therefore, it is in this direction that the new role and function of a reformed CSSD-type mechanism has to be sought. The new instrument should be capable in providing the needed assurance to the food aid community and the WTO membership that it is an impartial, dependable and enforceable in monitoring adherence of food aid transactions to existing WTO disciplines and those likely to follow.

V. TOWARDS AN EFFECTIVE FOOD AID MONITORING MECHANISM

27. An effective food aid monitoring mechanism needs the following characteristics:

- be based on a “transaction by transaction” and “real time” food aid notification system, not an ex-post historical reporting;
- to the extent possible, avoid duplication in notification obligations by donors of the same information in different forms to different bodies;
- to the extent possible, avoid duplication in monitoring compliance to food aid principles/legal obligations and commitments that donors have made to different institutions/organizations;
- be flexible so as to evolve over time in parallel with the evolution of the international disciplines on food aid; and
- be enforceable, by requiring mandatory timely notification of the totality of food aid transactions.

28. Monitoring food aid shipments for potential market displacement requires first, information gathering (i.e. notifications) and secondly, assessing the legitimacy of the transactions described in these notifications. Both require specialized capacity and impartiality.

29. To the extent possible, the monitoring mechanism should build upon proven existing reporting systems rather than creating new structures. The most comprehensive existing system is the Food Aid Information System (FAIS) maintained by WFP, although this currently has limitations regarding the timeliness and content of the information reported.

30. Assessment of notified transactions would need to be entrusted to a secretariat that has access to related information and proven analytical capacity to assess that information. As recognized by the *Draft Modalities*, the relevant multilateral organizations have the competence in monitoring food security situations at country level and assessing possible adverse market displacement and disincentive effects. FAO’s Global Information and Early Warning System (GIEWS) and WFP undertake joint country assessments while related supporting information and analytical commodity-specific capacity available from FAO’s Trade and Markets Division (EST) where the secretariats of both GIEWS and CCP reside.

31. With the view of building upon existing and functional systems in the multilateral system, the following considerations are relevant in creating a new and effective food aid monitoring mechanism as successor to the CSSD.

¹⁸ CCP/CSD/68/44, entitled “Role of the Sub-committee (CSD) in Light of Current and Prospective Developments in Agricultural Surpluses and Food Aid”, dated 26 July 1968 (Paragraph 94).

Establishing the new food aid monitoring secretariat in Rome and broadening its institutional base

32. Locating the new secretariat in Rome gives direct access to the information base and a critical mass of relevant analytical capacity, not only in FAO but also the other key food-related institutions (WFP and IFAD) located in Rome as well as the Committee on World Food Security (CFS).

Recognizing the broader issues involved in the provision of food aid and its effective utilization, as well as the competence and specialized knowledge that exists in these Rome-based food-related institutions, the new secretariat could also include representatives from them, as necessary.

33. Besides a location shift, another important change of semantic nature concerns dropping the anachronistic notion of “surplus disposal” from the title of the new mechanism. The successor to CSSD could simply be renamed the Consultative Subcommittee on Food Aid (CSFA) and continue to be affiliated with the CCP and report to it.

34. Unlike the secretariat of the existing CSSD, the secretariat of the new CSFA would have a substantive role in evaluating food aid transactions before bringing its recommendations to the CSFA meetings for the member’s approval. Finally, the CSFA would need to establish a regular schedule for reporting to the WTO CoA. The frequency of such reporting may follow the frequency of the CoA regular quarterly meetings.

Strengthening the WFP Food Aid Information System (FAIS)

35. WFP’s FAIS should become the information arm of the CSFA. It may need to be strengthened to register individual food aid transactions in real time, amenable to timely monitoring. This may need only marginal changes to the architecture of the existing database to also include transaction-specific supporting background information that would allow a subsequent assessment of legitimacy of food aid. As regards the timing of notifications by donors, similar practices to those that have been used at the CSSD may be adopted, whereby non-emergency food aid be notified in advance of its despatch while food aid in support of emergencies may be notified ex post, at predetermined intervals, as also stipulated in the *Draft Modalities* for this type of food aid.

Establishing legal obligations for notification of food aid transactions

36. While understandably WTO disciplines require a built-in monitoring and surveillance mechanism, ideally that should be based on systems in the relevant organizations and not be independent from them. The latter would go against the principles of an efficient and effective food aid monitoring system outlined above, such that it avoids duplication of reporting by donors as well as duplication (and possibly substantive differences) in monitoring compliance by different institutions. Hence an operational relationship would need to be established between the WTO CoA (responsible for monitoring the AoA in its totality) and the CSFA (responsible for monitoring food aid transactions). In this connection, donors would have an obligation to notify to the latter all their food aid transactions which, in turn, after assessing legitimacy would be reported to the CoA.

Moving to a needs-based measure in establishing legitimate food aid

37. The operational instrument that has been used by the CSSD for ensuring compliance with the Principles is the Usual Marketing Requirement (UMR), i.e. a commitment by the recipient country to maintain a normal level of commercial imports of the same commodity specified in the concessional transaction, in addition to the food aid received. The UMR concept has not been universally accepted¹⁹ and may not guarantee additionality of food aid which is a precondition for avoiding displacement and disincentive effects. The UMR concept could be replaced by a ‘needs-driven’ principle which is fundamental in rationalizing the provision of food aid and among the first principles mentioned in the *Draft Modalities* and the new FAC. A needs-based monitoring of food aid transactions would provide

¹⁹ It may be noted that of the 46 members of the CSSD in 1992, some 28 of them did not subscribe to Council Resolution 2/55 which established the UMR mechanism (“Principles of Surplus Disposal and Consultative Obligations of Member Nations”, Rome 1992, pages 58 and 59) and this issue has been raised on several occasions during CSSD meetings. It has also been argued at the CSSD that UMRs exert undue economic pressure on the recipient countries which distorts the humanitarian aspect of food aid.

a more convincing criterion than the UMR measure in safeguarding the interests of both commercial exporters and local producers.

Making full use of GIEWS and WFP assessments of food aid needs

38. The needs-driven principle in the provision of food aid in conjunction with the monitoring role assigned to multilateral agencies in the *Draft Modalities* provides an excellent opportunity for the new CSFA to draw on the authoritative, timely and comprehensive needs assessment capacity and related expertise available in Rome. GIEWS in collaboration with WFP has a track record in country-specific assessments of the supply/demand situation of basic foodstuffs²⁰. Such assessments have been carried out continuously for many years and include calculation of both emergency food aid needs and structural deficits of food insecure countries, taking into account their capacity to import commercially. GIEWS in collaboration with WFP monitors the situation in vulnerable countries and reports its findings to donors through special reports and country-specific special alerts in cases of emergency situations.

39. This well-established, dependable, practical and timely system which enjoys the confidence of the donor community could become the basis for CSFA's mechanism in establishing legitimate food aid needs²¹. This, together with the transaction-specific background documentation reported to the FAIS by donors, could be the basis for assessing the merits of individual food aid transactions.

VI. GUIDANCE SOUGHT FROM THE CCP AND THE NEXT STEPS

40. World food market trends and institutional developments in recent years have reduced the risks of food aid becoming a contentious trade issue in the short to medium term. Yet, there is a need to have at the international level an efficient food aid notification system and the capacity to assess legitimacy of notified food aid transactions. However, the ability of the present CSSD in discharging its responsibilities has suffered from both substantive and operational deficiencies. This document identified the basic criteria for an effective food aid monitoring mechanism and the key issues to be addressed in building a successor to the CSSD based on existing, proven instruments within the relevant multilateral institutions.

41. While the CSSD remains dormant and may remain so while global food markets remain tight, a successor body along the lines suggested above still needs to be established. The momentum on the institutional and policy side in view of the fairly complete disciplines in the WTO Doha Round Draft Modalities and the recently agreed FAC makes this timely. The prevailing global market conditions are also conducive to objective discussion on the issues involved.

42. The CCP is invited to consider the following:

- establish a Working Group composed of a small number of CCP members to consider the merits and practicality of the proposals advanced in this document taking also into consideration the views of the relevant organizations;
- establish a timeframe for the Working Group to complete its work (one year should be adequate) and prepare its recommendations for the consideration of the CCP;
- instruct the Secretariat to call a special session of the CCP to consider the recommendations of the Working Group concerning a successor to the CSSD.

²⁰ The GIEWS/WFP country specific food security assessments contain a wealth of timely food security information, often commodity-specific data on local crop prospects, movements in market prices, stock volumes, planned commercial imports, effective demand, nutrition intervention needs at national level, identification of specific undernourished population groups, etc.

²¹ The recently established Agricultural Market Information System (AMIS) by the G-20 is also an important supplier of market information. It is based in Rome and works in close collaboration with GIEWS. AMIS enjoys the support and confidence of a large number of countries (both exporters and importers) as well as the analytical support of as many as ten relevant international organizations, which comprise its Secretariat.