

**STATEMENT OF THE *AD HOC* COALITION IN SUPPORT
OF SUSTAINED FUNDING FOR FOOD AID**

Submitted for the Hearing Record
of the
Subcommittee on Agriculture, Rural Development,
FDA, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
May 1, 2009

Madam Chairman, Members of the Subcommittee, this statement is respectfully submitted on behalf of the *ad hoc* coalition composed of the organizations listed below. The coalition supports sustained funding for our nation's food aid programs, including Titles I and II of P.L. 480, and therefore strongly opposes all proposals to divert funding away from these important programs.

FOOD AID'S UNIQUE ROLE

The donation of American commodities as food aid has been the cornerstone of U.S. and global foreign assistance programs since their inception. However, food aid has evolved in important ways over the years. Food aid began as an outgrowth of American farm policy that generated sizeable surpluses and American foreign policy characterized by a Cold War competition for the hearts and minds of impoverished populations across the globe. Since then, American farm policy has evolved away from surpluses, and therefore food can no longer be mischaracterized as "dumping" of excess commodities. Indeed, the United States now purchases commodities for donation on the open market. In today's economic climate, the need to provide societal stability, avoid failed states, prevent terrorist breeding grounds, and bolster America's image abroad has never been more important.

In recent years, debate in the foreign assistance community has at times questioned the role of food aid. Led by European Union trade negotiators who have complained about American food aid as a smokescreen to shield their own protectionist agriculture policies, some have bemoaned the potential distorting effects that food donations might have on local agriculture where U.S. food is disbursed. Other opponents of food aid have suggested that perhaps we would be better off if we did not donate commodities, but instead relied solely on agricultural development and local purchases. Like others in the aid community, we look forward to the day when food aid is no longer needed, but we are nowhere near that goal today. Our in-kind food aid programs are needed now more than at any time in their history.

Donated food aid is the most reliable means of introducing food to needy communities in order to combat hunger and save lives. This is not to say that other, creative means available under the Foreign Assistance Act or elsewhere have no role. To the contrary, these are an important part of the aid "tool kit", which can and should be employed to further developmental goals, including food self-sufficiency among food aid recipients and to address unforeseeable

breaks in the food aid pipeline. But those that paint food aid as unnecessary and even harmful exhibit shortsightedness that does a great disservice to those we all strive to help.

The need for food aid today is stronger than ever. Hunger is a powerful destabilizing force, and America faces a convergence of terrorist and other security threats from failed and unstable states that feed on ill will toward our nation. The U.N. WFP tells us that in recent years the food insecure have been hit by a “perfect storm” of increases in food prices coupled with export restrictions imposed by traditional regional and local food exporters. Here at home, the economy has lost 5.1 million jobs since December 2007. U.S. food aid programs not only further our humanitarian and food security goals by allowing Americans to contribute to the needy in a tangible way, but the programs also provide stable jobs for Americans. These programs help us get more from our aid dollars both here and abroad.

THE SHARP DECLINE IN FOOD AID

Despite the broad, bipartisan support that food aid has long enjoyed, shipments declined by 71%, from 9.1 million tons in 1999 to a low of 2.7 million tons in 2007. These shipment levels are less than one-third of what they were a decade ago even though the most fragile communities now find themselves in the grip of an unprecedented food crisis. Therefore, we respectfully request that this steady erosion of food aid be reversed, and that funding be at least maintained at the \$2.5 billion level appropriated in FY 2008 to ensure the continued effectiveness and stability of these important and historically successful programs.

FOOD AID VERSUS CASH DONATIONS FOR “LOCAL AND REGIONAL PURCHASES”

Food for Peace, which provides farm products grown in the United States to millions overseas in bags marked “From the American People,” is a clear and tangible sign of America’s concern and generosity to its recipients. This same “in-kind” composition generates important economic benefits to our nation—vital jobs in many industries, farm income, markets for agriculture processors, and revenue for American transportation providers and ports. It also generates Federal, state, and local tax revenues, as well as secondary economic effects, such as farm equipment purchases and farm family spending in our broader economy. For these reasons, a strong domestic constituency for food aid, in good economic times and bad, has sustained America’s food aid programs through decades of competing funding priorities. As Secretary of Agriculture Vilsack said during the 2009 International Food Aid Conference, “[O]ur capacity to meet this extraordinary need [of global hunger] must start with a commitment to build a strong economy here in the United States. Without that strong economy, we cannot make a strong commitment to International Food Aid.”

Furthermore, for decades American agriculture interests have provided a dependable source of high-quality nutritious food that is not always reliably available to local or regional markets. Given the ongoing food crisis for many nations, in terms of price, availability, and quality, and considering the recent actions by some food-exporting nations to halt food exports when domestic shortages occur, the amount and dependability of U.S.-produced food aid in P.L. 480 is crucial to our humanitarian assistance effort.

Using American taxpayer dollars to purchase foreign agricultural commodities would forego the unique benefits of U.S. food aid, such as predictable food aid supply and good American jobs, when our country and food-deficit areas need them most. Nevertheless, additional resources have already been directed to so-called “local and regional purchases”: USAID was recently provided new funding of \$125 million under the Foreign Assistance Act through the International Disaster and Famine Assistance Account and Congress also established a \$60 million CCC-funded USDA pilot program in the 2008 Farm Bill to examine the potential dangers and benefits of this approach before considering further expansion of its use in conjunction with a strong in-kind food aid program centered around American commodities.

RESTORATION OF TITLE I/FOOD FOR PROGRESS

Recent focus has been upon Title II emergency food aid, but the Title I concessional sales food aid program is also an important tool in the aid “toolbox”. In order to ensure that countries with the most dire need have sufficient donated food aid, the coalition recommends that USDA offer the Title I concessional sales program to countries that can afford it. Title I allows us to leverage our aid dollars, helping more people in need with our limited budget resources.

To the extent that the Title I funding truly cannot be used for concessional sales, it may be converted to donations on full grant terms through the Food for Progress (“FFP”) program. There is strong demand for Title I funding channeled through FFP: For FY 2007, 100 proposals were submitted by PVOs and 16 by governments, but only 11 new proposals were approved.

CONCLUSIONS AND RECOMMENDATIONS

Madam Chairman, the coalition is committed to maintaining the funding for America’s food aid programs to meet humanitarian needs, enhance the potential for economic growth in recipient countries, and stimulate the economy here at home. Our recommendation is to increase, over time, annual food assistance with a blend of programs supported by direct appropriations and CCC program authorities. Specifically, the coalition respectfully recommends the following:

- o Full funding of Title II at the \$2.5 billion authorized by law, which is consistent with the FY 2008 appropriation level.
- o Title I/Food for Progress program levels should be restored to responsible levels so that the unique efficiencies of the program are not lost and more people can be fed.
- o In committee report language, the Committee should reiterate its FY 2003 directive to the administration to make greater use of existing CCC authorities to expand food aid to regions in critical need.

P.L. 480 Food for Peace is the world’s most successful foreign assistance program, and has saved countless lives. Its straightforward delivery of American food to the hungry fills a

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clear and immediate need overseas, and its unique architecture has made it a successful program here at home that has endured for over fifty years. While we support creative efforts to address the root causes of hunger, we cannot emphasize enough that now, more than ever, the world needs P.L. 480 food aid.

Thank you, Madam Chairman.

America Cargo Transport Corp.	National Corn Growers Association
American Maritime Congress	National Council of Farmer Cooperatives
American Maritime Officers	National Oilseed Processors Association
American Maritime Officers' Service	National Potato Council
American Peanut Council	Seafarers International Union
American Soybean Association	Sealift, Inc.
Global Food and Nutrition Inc.	Tosi Maritime Consultants, LLC
International Organization of Masters, Mates & Pilots	Transportation Institute
Liberty Maritime Corporation	United Maritime Group, LLC
Maersk Line, Ltd.	U.S. Dry Bean Council
Marine Engineers' Beneficial Association	U.S. Dry Pea & Lentil Council
Maritime Institute for Research and Industrial Development	U.S. Wheat Associates, Inc.
National Association of Wheat Growers	USA Rice Federation