

SUPPLEMENTARY SUBMISSION NO. 5.1

TT on 14 May 2013

Further to the email received yesterday in response to questions from the Joint Standing Committee on Treaties, the Committee requests further clarification for its consideration of the Food Assistance Convention.

- The Committee understands that, for the purposes of the Convention, ‘**fully grant form**’ means contributions may be provided as either cash or in-kind (commodity). The conditions which are important in this definition are a) that there should be no harmful interference with normal patterns of production and internal commercial trade; b) that the provision of assistance is not tied to commercial exports to recipient countries; and c) that there is no agreement for repayment.
- Therefore, in relation to the ‘not less than 80 per cent’ of Australia’s minimum annual commitment provided under this Convention (which is to be in fully grant form), the assistance may be comprised of grants of commodities or cash, in any proportion, so long as they are provided unconditionally.
- The remaining 20 per cent (or less) of Australia’s minimum annual commitment, may therefore have conditions attached to it (and must be accounted for in its annual report).

Could you please confirm that this interpretation is correct?

AusAID’s Response:

1. AusAID considers this interpretation does not fully consider the intention and principles of the Convention. ‘Fully grant form’ means there is no agreement and/or expectation for repayment – it is provided unconditionally. Further, Article 2 (a) (iv) of the Food Assistance Convention states that Parties should ‘provide food aid in fully grant form, whenever possible’ and Article 2 (b) (iii) and (iv), respectively, concerning the principles of food assistance effectiveness, that food assistance should be purchased ‘locally or regionally, whenever possible and appropriate’ and ‘increasingly provide untied cash-based food assistance, whenever possible and based on needs’.
2. The JSCOT may also take into consideration that Article 5.7 of the Food Assistance Convention refers to a Party’s contributions that can be counted towards that Party’s Food Assistance Convention minimum annual commitment. That is, anything not provided in line with the stipulations of Article 5.7 and other criteria for eligibility cannot be counted toward a Party’s Food Assistance Convention minimum annual commitment.
3. Also for consideration, on the basis of advice from DFAT, the provision of food assistance being provided on grant terms is in accordance with the World Trade Organization rules [Article 10.4(c) of the Agreement on Agriculture] that require food aid to be ‘provided to the extent possible in fully grant form or on terms no less concessional than those provided for in Article VI of the Food Aid Convention 1986’.
4. This response has been cleared with the Department of Foreign Affairs and Trade Office of Trade Negotiations, and Acting First Assistant Director General, Humanitarian and Stabilisation Division, AusAID.