

SUBMISSION NO. 5

TT on 14 May 2013

Please see AusAID's response to the JSCOT enquiries of 24 July 2013: '(1) does the US currently meet the requirement of article 5.7 (to provide at least 80% of assistance in cash)? And, (2) if not, do they have an exemption, or will US ratification of the FAC bring them into line with this requirement?'

- (1) The term **fully grant form** as stated in the Article 5.7 '*...With respect to food assistance counted towards a Party's commitment, not less than 80 per cent ...as further elaborated in the Rules of Procedure and Implementation, shall be in fully grant form...*' is defined as the terms through which food assistance is provided – that is unconditionally, and could be in cash or in-kind (commodity).

The terms which the commitment can be provided under the Convention are further elaborated in subsequent articles:

- Article 5.8 'The Parties shall undertake to conduct all food assistance transactions under this Convention in such a way as to avoid harmful interference with normal patterns of production and internal commercial trade'
- Article 5.9 '*...ensure that the provision of food assistance is not tied directly or indirectly, formally or informally, explicitly or implicitly, to commercial exports of agricultural product or other goods and services to recipient countries*'.

The distinction the Convention is making by stating 'fully grant form' also relates to food assistance not being provided in terms of, or linked to, sales on concessional long-term credit, or loans.

The most recent **Food Aid Convention Report** (2010-2011) states that the USA provided 2,209,249 *wheat equivalent tonnes* (this was a mix of cash and in-kind assistance) against their commitment of 2,500,000 *wheat equivalent tonnes*. The report also states that all of the USA's contributions were provided in "*fully grant form*" for 2010-2011. [The first report of Members' commitments under the Food Assistance Convention (2012) is still being drafted].

- (2) The **USA is not exempt** from providing food assistance '**not less than 80 per cent in fully grant form**'. There is **no exemption** for any Party to the Convention concerning the provision of food assistance being **not less than 80 per cent in fully grant form**. To note, the USA *Accepted* (the same legal effect as ratification) the Food Assistance Convention on 26 September 2012 and is therefore recognised as a Party to the Convention.