

5 Key Facts on U.S. International Food Aid Reform

FACT 1: American farmers will continue to thrive with negligible impact from reforms of U.S. food aid. U.S. food aid accounts for less than 1% of total U.S. agriculture exports, and in 2011 accounted for only 0.56% of net farm income.¹ Under reform, the majority of authorized emergency food aid (55%) will continue to be used for the purchase, transport, and related costs of utilizing American commodities for humanitarian assistance.²

FACT 2: Impacts on U.S. shipping industry would be small as U.S. food aid is reformed. Food aid is a minimal proportion of overall U.S.-flagged preference shipping. U.S. flag-preferences represent more than 1 billion metric tons of cargo annually compared to just 1.5 million metric tons from USAID in the past year.^{3,4,5} The Defense Department estimated that reform “may affect 8-11 vessels” (emphasis added) the reform proposal “may affect 8-11 vessels” (emphasis added) and “roughly 360 to 495 mariners.”⁶ Potential impacts on mariner jobs are limited given that food aid transport is such a small part of affected vessels’ business — jobs should be retained as excess capacity is sold to other U.S. exporters.⁷

FACT 3: U.S. national security will remain strong as the U.S. modernizes U.S. food aid. Per the Defense Department’s analysis, Undersecretary of Defense Frank Kendall stated in a letter to Chairman Royce on June 18, 2013 that the proposed reforms “will not impact U.S. maritime readiness and national security,” and confirmed that reforms would have no bearing on any militarily useful vessels.^{8,9} A GAO report issued the same findings.¹⁰

FACT 4: Purchasing food aid closer to where it is needed, known as Local and Regional Purchase (LRP), is a well-tested, widely-used, and highly accountable process. LRP is just as secure against corruption as other forms of food aid.^{11,12} Reputable organizations including the World Food Program and large NGOs have developed robust LRP accountability mechanisms that parallel those used for standard in-kind food aid.¹³

FACT 5: By creating greater flexibility in U.S. food aid programs, the Royce-Engel amendment (#15) to H.R. 1947¹⁴ will strengthen the Food for Peace (FFP) program and maintain visibility of American generosity. Increasing the flexibility to use cash transfers and food vouchers alongside commodities, and reducing “monetization” of food aid, will make the FFP program more efficient, cost-effective, and result in reaching millions more people with the same level of investment.^{15,16} The image of the U.S. around the world will be unaffected, as LRP commodities would still be distributed in U.S.-branded packaging.¹⁷ This is why major Food for Peace partners, anti-hunger advocates, conservative think tanks, farmers groups, U.S. business, and current and former Secretaries of State, Agriculture, and USAID Administrators all have endorsed these kinds of changes.¹⁸

- ¹ U.S. Agency for International Development (USAID). "Maintaining the Partnership with U.S. Farmers," USAID, (June 27, 2013). <http://www.usaid.gov/foodaidreform/us-farmers>.
- ² House Committee on Foreign Affairs. "Chairman Royce and Ranking Member Engel to Offer Farm Bill Amendment to Reform Food Aid to Feed More People, More Quickly, at Lower Cost," (Jun 18, 2013). <http://foreignaffairs.house.gov/press-release/chairman-royce-and-ranking-member-engel-offer-farm-bill-amendment-reform-food-aid-feed>.
- ³ U.S. Maritime Administration. "U.S.-Flag Waterborne Domestic Trade and Related Programs," http://www.marad.dot.gov/ships_shipping_landing_page/domestic_shipping/Domestic_Shipping.htm.
- ⁴ USAID. "Decline in Food Aid Volumes: Impact on Ports," (June 27, 2013). <http://www.usaid.gov/foodaidreform/impact-on-ports>.
- ⁵ U.S. Government Accountability Office (GAO). "Objectives Not Significantly Advanced When Used in U.S. Food Aid Programs," p. 21, (1994). <http://www.gao.gov/assets/160/154635.pdf>.
- ⁶ Kendall, Frank, on behalf of Secretary of Defense Chuck Hagel. Letters to Representatives Royce and Engel. (June 18, 2013).
- ⁷ USAID. "Frequently Asked Questions on Food Aid Reform," (June 21, 2013). www.usaid.gov/foodaidreform/frequently-asked-questions-food-aid-reform.
- ⁸ Kendall, Frank. Letters to Representatives Royce and Engel.
- ⁹ Bageant, E., Barrett, C., Lentz, E. (2010). "Food Aid and Agricultural Cargo Preference," Applied Economic Perspectives and Policy, (2010). <http://aep.oxfordjournals.org/content/32/4/624.short>.
- ¹⁰ U.S. GAO. "Objectives Not Significantly Advanced When Used in US Food Aid Programs," p. 5.
- ¹¹ Management Systems International, "USDA Local and Regional Food Aid Procurement Pilot Project, independent evaluation report," (2012). <http://1.usa.gov/17F723s>.
- ¹² USAID. "Food Aid Reform: Behind the Numbers," (June 27, 2013). http://www.usaid.gov/sites/default/files/documents/1869/FoodAidReform_BehindtheNumbers.pdf.
- ¹³ *World Development*, Volume 31, Issue 5, May 2003, Pages 813–829. http://www.plataformademocratica.org/Publicacoes/575_Cached.pdf.
- ¹⁴ Royce, Ed. H.AMDT.190 (A015) to H.R. 1947, Thomas (Library of Congress).
- ¹⁵ USAID. "Food Aid Reform: Behind the Numbers."
- ¹⁶ U.S. GAO. "Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation," (2009). <http://www.gao.gov/products/GAO-09-570>.
- ¹⁷ USAID. "Frequently Asked Questions on Food Aid Reform."
- ¹⁸ American Enterprise Institute. <http://www.aei-ideas.org/2013/06/feeding-the-worlds-poor-through-efficient-markets-a-step-in-the-right-direction/>; also:
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- ³⁰ U.S. Humanitarian and Advocacy Organizations Encourage Support for Royce-Engel Amendment. <http://foreignaffairs.house.gov/sites/republicans.foreignaffairs.house.gov/files/US%20NGO%20Letter%20Supporting%20Royce-Engel%20Food%20Aid%20Reform%20Amendment.pdf>.