



منظمة الأغذية  
والزراعة  
للأمم المتحدة

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  
Agricultura  
y la  
Alimentación

## COMMITTEE ON COMMODITY PROBLEMS

### Sixty-eighth Session

Rome, 14-16 June 2010

### CONSULTATIVE SUBCOMMITTEE ON SURPLUS DISPOSAL (CSSD) FORTY-THIRD REPORT TO THE CCP

## INTRODUCTION

1. The Consultative Subcommittee on Surplus Disposal (CSSD) was established by FAO in 1954 to monitor international shipments of surplus agricultural commodities used as food aid in order to minimize the harmful impact of these shipments on commercial trade and agricultural production. Over the years, members of the CSSD have developed a comprehensive set of rules and procedures designed to assist aid-supplying countries to account for and identify the flow of food aid shipments. These rules, endorsed by the major suppliers of commodity assistance, are embodied in the handbook entitled *Principles of Surplus Disposal and Consultative Obligations of Member Nations*. This report covers activities for the period from January 2009 to January 2010 (from 468th to 470th meetings).

2. The Principles set out detailed procedures for reporting food aid to the CSSD by aid-supplying countries including notification of the various categories of food aid, prior consultation with other exporters and the establishment of usual marketing requirements (UMRs). The reporting obligations of aid-supplying countries vary according to the type of food aid supplied and whether governments, private charitable organizations or multilateral agencies are the vehicles for distribution. Meetings of the Subcommittee are held on a quarterly basis to keep track of the continual flow of food aid reported to the CSSD, however, some of the work of the Subcommittee is done in bilateral consultations between formal meetings. The CSSD is located in Washington D.C. and is serviced by the staff of FAO's liaison office. During the review period (from November 2008), the following officers were elected: Mr Christian Ligeard (France) as Chairperson and Mr Emerson Kloss (Brazil) as Vice-Chairperson.

3. From January 2009 to January 2010, CSSD members reviewed only 6 notifications of food aid transactions. During CSSD meetings a number of questions were raised about consultation and notification obligations; and other matters related to the reporting procedures for food aid.

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## A. ADHERENCE TO THE REPORTING OBLIGATIONS

4. The reporting procedures of the Subcommittee, formulated and revised over the past 55 years, rely on transparency. This is achieved through the notification process whereby aid-supplying countries which adhere to the Principles, report to CSSD with information about their food aid transactions with recipient countries. For some types of transactions, aid suppliers are obliged to consult with other CSSD members in advance. The different types of transactions are listed in a Register of Transactions (Appendix VII) and comprise the more common kinds of assistance such as government-to-government grants for free distribution, grants for sale in the open market, concessional assistance and monetary grants. In order to ensure that the commodity supplied does not displace normal commercial trade, the consultative process involves the establishment by the aid-supplying country of a benchmark import level known as the usual marketing requirement (UMR). The UMR is a commitment by the recipient country to maintain its normal intake of commercial imports, in addition to the food supplies as a grant or concessional shipment. The UMR is based on average commercial imports over the most recent five-year period for which statistics are available. In certain circumstances, the UMR can be waived or reduced to take into consideration unusual situations such as severe drought, floods, balance of payments difficulties or the absence of reliable import data.

5. While aid-suppliers are obliged by the CSSD rules to engage in prior consultation, notification and the establishment of UMRs for a broad list of concessional transactions, there are instances where an official notification of transactions is sufficient. When food aid is shipped to meet an emergency situation, for example, or when the shipment is of a relatively small size or is distributed through a private charitable organization or a multilateral body such as the World Food Programme (WFP), the supplier need only provide a notification on an *ex post facto* basis. The CSSD reviews these notifications at its regular meetings, allowing other members, particularly those that are not part of the consultative process, to participate in the review process.

6. Issues discussed in the Subcommittee are generally resolved by consensus. At times questions raised in committee are referred back to capitals. They may be subject to additional bilateral discussion by the parties concerned. Most suppliers of food aid and commodity assistance follow the rules and procedures set out in the Principles.

## B. MONITORING TRANSACTIONS

7. During the reporting period, the CSSD received notifications from the United States only. CSSD members saw a significant drop in the volume of food aid transactions being notified to the Committee in 2009, from 2 715 thousand metric tonnes in 2008 to 100.8 thousand metric tonnes in 2009.

8. Wheat, wheat flour and other grains/cereals were the main commodities notified in the CSSD during the reporting period (Appendix III). Wheat and wheat flour dropped from 1 093 thousand metric tonnes in 2008 to 75 thousand metric tonnes in 2009. Rice dropped from 236.3 thousand metric tonnes in 2008 to 7 thousand metric tonnes in 2009. Total volume of soybean/soybean meal reported to the Committee decreased from 72.3 thousand metric tonnes in 2008 to 17.4 thousand metric tonnes in 2009. Only 0.7 thousand metric tonnes of dairy products have been reported to the Committee in 2009 compared to 6.5 th. metric tonnes in 2008.

9. The CSSD Register of Transactions, as revised and approved in the 113th Session of the FAO Council, now includes 16 types of food aid transactions. In 2009 only direct government to government transactions have been reported to the Committee, while in 2008 direct government transactions represented 13.3 percent of all transactions reported to the Committee, 39.7 percent were reported with the Private Voluntary Organizations and 47 percent by WFP. Only two transactions of Type 1, which is Food aid supplied for free distribution directly, have been reported to the Committee in 2009 compare to 498 in 2008. Four transactions of Type 2, which are grants for sale in the open market of the recipient country, have been reported in 2009

compared to 40 in 2008. Zero transactions of other types have been reported to the Committee in 2009.

10. The delegations expressed their concerns about the status of the reporting to the Committee, as well as the issue of the length and frequency of the CSSD meetings. It was suggested to have less frequent meetings or to keep things open for ad hoc meetings if there are issues to be brought up.

11. During the 470th meeting of the CSSD, the delegations were informed about the forthcoming meeting of the CCP and that if any issues regarding the function of the Committee arise, they can be addressed to the CCP in a written form. The delegate from the United States suggested discussing the issue of reporting similar data to different organizations, like the World Trade Organization (WTO) or International Grains Council (IGC).

### **C. ISSUES ARISING FROM SPECIFIC TRANSACTIONS**

12. The United States notification of the Transaction with Pakistan has been changed from Type 2 to Type 1 after the United States Government received a request from the Government of Pakistan. Originally the Government of Pakistan was going to sell wheat on the open market in country, but taking into consideration the political situation in the country they distributed the food aid with the help of WFP.

**APPENDIX I**  
**MEMBERS, OBSERVERS AND OBSERVER ORGANIZATIONS**

(As of 30 November 2007)

**Members (41)**

Argentina	Germany	Myanmar
Australia	Ghana	Netherlands
Austria	Greece	New Zealand
Bangladesh	Guyana	Pakistan
Belgium	India	Paraguay
Bolivia	Indonesia	Peru
Brazil	Iraq	Spain
Canada	Ireland	Sri Lanka
Costa Rica	Italy	Thailand
Cuba	Jamaica	Turkey
Ecuador	Japan	United Kingdom
EU	Lebanon	United States
Egypt	Malawi	Uruguay
France	Mexico	

**Observers (16)**

Chile	Honduras	Panama
Denmark	Iran	Philippines
Dominican Republic	Jordan	Sweden
El Salvador	Republic of Korea	Switzerland
Finland	Malta	
Guatemala	Norway	

**International Organizations (7)**

International Bank for Reconstruction and Development (IBRD)  
International Cotton Advisory Committee (ICAC)  
International Federation of Agricultural Producers (IFAP)  
International Monetary Fund (IMF)  
Organization of Economic Cooperation and Development (OECD)  
Organization of American States (OAS)  
United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

**APPENDIX II**

**MEETINGS CONVENED AND ATTENDANCE DURING PERIOD UNDER REVIEW**

(from January 2009 to January 2010)

Meetin 9468th	incl.) Dat	Members and Observers
468th	18 February 2009	8
469th	21 May 2009	8
470th	6 January 2010	7

## APPENDIX III

### I. COMMODITY TRANSACTIONS REPORTED TO THE CSSD, BY COMMODITY GROUP

Commodity	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
- 000 metric tons -											
Wheat/wheat flour	4 351.6	415.2	228.4	72.0	13.1	198.7	88.9	177.4	13.1	1 093.1	75
Other grains/cereals	1 20.8	58.5	20.2	8.3	18.0	0.0	0.0	48.0	0.0	954.2	0.0
Rice	567.2	11.0	187.9	15.5	78.3	171.5	111.5	108.0	78.3	236.4	7
Oil	159.7	9.6	0.3	8.9	0.0	0.0	0.0	0.0	0.0	143.4	0.0
Dairy products	112.6	1.0	0.7	0.1	0.0	10	0.0	0.0	0.0	6.5	0.7
Soybean/soybean meal	653.2	0.0	0.0	0.0	16.4	0.0	3.0	38.4	16.4	72.3	17.4
Pulses	46.9	7.4	3.8	1.9	0.0	0.0	0.0	0.0	0.0	208.0	0.0
Sugar	3.4	2.0	0.6	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other commodities	438.9	2.0	0.2	0.1	1.6	525.1	0.0	0.0	0.0	1.6	0.0
<b>Total</b>	<b>7 854.3</b>	<b>506.7</b>	<b>442.1</b>	<b>107.1</b>	<b>127.4</b>	<b>905.3</b>	<b>203.4</b>	<b>371.8</b>	<b>107.8</b>	<b>2 715.5</b>	<b>100.1</b>

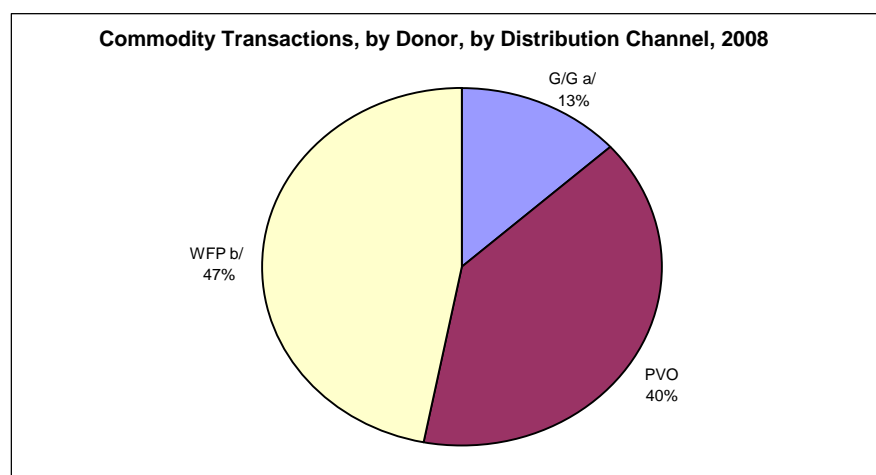
## APPENDIX IV

### Ia. COMMODITY TRANSACTIONS, BY DONOR, BY DISTRIBUTION CHANNEL, 2008

	G/G a/		PVO O		WFP b/		Total I
	000 mt	%	000 mt	%	000 mt	%	
United States	161.5	44.9%	1 078.4	100.0%	1,277	100.0%	2 517.1
Spain	198.4	55.1%	0.0	0.0%	0.0	0.0%	198.4
<b>Total</b>	<b>359.9</b>	<b>13.3%</b>	<b>1 078.4</b>	<b>39.7%</b>	<b>1 277.2</b>	<b>47.0%</b>	<b>2 715.5</b>

a/ Government to government grants for free distribution (type 1), grants for sale in the local market (type 2)

b/ Transactions channeled through the WFP and other UN organizations (types 5 & 6)





## APPENDIX IV

III. COMMODITY TRANSACTIONS REPORTED TO THE CSSD,  
2009

Type of Transaction, Volume	(All Commodities)			
	No.	%	MT	%
Type 1	2	33.3%	56,800	56.8%
Type 1 & 2	0	0.0%	0	0.0%
Type 3	4	66.7%	43,280	43.2%
Type 4	0	0.0%	0	0.0%
Type 5	0	0.0%	0	0.0%
Type 6	0	0.0%	0	0.0%
10a	0	0.0%	0	0.0%
Total	6	100.0%	100 080	100.0%

Types of Transactions by number and volume

