

Rectification of the actual level of Indian domestic food aid in cereals

Jacques Berthelot, Solidarité, November 23, 2013

On November 20, 2013, in the statement "Do not Dilute G 33 Proposal", more than 270 groups of the global civil society have urged the Director-General of the World Trade Organisation, Roberto Azevedo, and the heads of member states, to take the issue of food security in developing countries as a matter of serious and immediate concern.

Unfortunately a slip of the pen, for which I apologize, appears in the figures given at the end of this statement on the level of food aid in cereals received per person in India. Instead of "*The poor in India received on average of only 58 kg per person, 3.1 times less than the 182 kg per person of the 80 million beneficiaries of cereals food aid in the USA. This is also 4.2 times less than the 241 kg for each of the 46.6 million beneficiaries of the Supplemental Nutrition Assistance Program (SNAP) or food stamp programme in the USA*", you should read "*The poor in India received on average in 2012-13 87.3 kg of cereals per person, 48 percent of the 182 kg received by each of the 80 million beneficiaries of the US food aid, or 36 percent of the 241 kg received by each of the 46.6 million beneficiaries of the Supplemental Nutrition Assistance Program (SNAP) or food stamp programme*".

The same correction should be made in the last paragraph of the Press Release of the Third World Network "No Temporary Peace Clause" on 20 November.

This slip of the pen is due to the fact that, instead of the updated figures for 2012-13 appearing in my presentation at the WTO Public Forum (slide 21) on 3 September¹, the statement and press release used former figures for 2009-10, themselves underestimated, appearing in the paper "*Analysis of the G-33's proposal to change the AoA provision on Public stockholding for food security*"². This paper is now also corrected.

I take the opportunity of this rectification to specify the comparison between the US and Indian domestic food aid subsidies.

The US spent in 2012 \$100 billion in total domestic food aid, net of administration costs, or \$1,250 per capita for around 80 million beneficiaries without double count, of which \$74.9 billion for food stamps to 46.6 million beneficiaries, or \$1,608 per person, and \$17.7 billion to 45 million school children plus several other small programmes. If we concentrate now only on the US food aid containing cereals – cereals products, meat, dairy, eggs and soft drinks –, so as to compare with the Indian food aid essentially limited to rice and wheat, they used 14.6 million tonnes (Mt) of cereals, of which 4.6 Mt of wheat in cereals products, 9 Mt of feed cereals in meat, dairy & eggs and 1.1 Mt of corn in high fructose corn syrup for soft drinks. The US farm value of these 14.6 Mt of cereals (rice excluded) was \$3.685 billion, corresponding to an average market price at the farm gate of \$252.5 per tonne of cereals. This means that, on average, each of the 80 M of beneficiaries of the US food aid consumed 182 kg of cereals with a farm value of \$46. And looking specifically at the SNAP programme which concentrates 76.9% of all nutrition programmes for 46.6 M of beneficiaries, they consume 11.223 Mt of cereals at a farm value of \$2.834 bn, implying a food aid of 241 kg of cereals with a farm value of \$60.8 per beneficiary.

¹ *Solidarité on public stock at the WTO Public Forum*, 3 October 2013, http://www.solidarite.asso.fr/IMG/pdf/Solidarite_on_public_stocks_at_the_WTO_Public_Forum_3_October_2013.pdf

² <http://www.solidarite.asso.fr/Papers-2013>

At the same time the Indian food aid is essentially restricted to rice and wheat, and very marginally to sugar. About 475 M poor Indians received in 2012-13 41.5 Mt of cereals (87.3 kg per person) for a total farm value of \$12.382 billion, of which 17.5 Mt of wheat (36.8 kg per person) for \$4.347 billion paid to farmers at the minimum support price (MSP) of \$248.4 per tonne, and 24 Mt of rice (50.5 kg per person) for \$8.035 billion, paid to farmers at the MSP of \$334.8 per tonne. Which means that the farm value of these 83.7 kg of cereals per beneficiary of the food aid was of \$26, of which \$9.1 for wheat and \$16.9 for rice. But the food subsidy in 2012-13 – total economic costs of acquisition and distribution minus the same quantity times the highly subsidized price (the "consumers' issue price") to the beneficiaries – represented a total of \$12.723 billion or \$26.8 per beneficiary for rice and wheat, plus \$53 M for sugar or \$1.1 per beneficiary.

Conclusion: the total food aid subsidy of India represented in 2012 12.8 percent of that in the US for a number of beneficiaries 5.9 times higher. So that the \$27.9 of total food aid subsidy per Indian beneficiary represented only 2.2 percent of the total US food aid of \$1,250 per beneficiary or 1.7 percent of the \$1,608 per beneficiary of food stamps. Restricting the comparison to the food aid subsidy in cereals per person, that of India represented in 2012 58 percent of that in the US and only 44 percent of that per beneficiary of food stamps.