

# The Food, Conservation and Energy Act of 2008

## Title III – Trade and Food Aid

- **REFORMS FOOD AID OPERATION AND OVERSIGHT:** The bill addresses many of the shortcomings of U.S. international food aid programs identified in an April 2007 Government Accountability Office report, by requiring assessment of food aid quality and adjustment of products and formulations to better address nutritional objectives. The bill also allows the U.S. Agency for International Development (USAID) to use food aid funds from title II of P.L.-480 to assess and monitor the effectiveness of development assistance activities in recipient countries. It also increases the percentage of funds from Title II that can be used to cover administrative and logistical expenses of eligible entities from the current range of 5 to 10 percent to a range of 7.5 percent to 13 percent.
- **SPEEDS EMERGENCY FOOD RESPONSE:** The bill increases the cap on available funds that can be used to transport U.S. food aid commodities to be stored in overseas warehouses, a mechanism called pre-positioning, thus allowing expedited food donations to countries facing dire emergencies.
- **PROMOTES DEVELOPMENT BY MODIFYING THE BILL EMERSON HUMANITARIAN TRUST:** P.L.480, title II funds are intended for both emergency and agricultural development assistance. The bill reforms operation of the Bill Emerson Humanitarian Trust by encouraging the Secretary of Agriculture to maximize management of its resources and specifies that the Trust should be used as a source of funding in humanitarian emergencies in order to maintain more funding under P.L.-480, Title II for development activities.
- **ESTABLISHES A LOCAL AND REGIONAL FOOD AID PROCUREMENT PILOT PROGRAM:** The bill includes a pilot program funded at \$60 million over four years for the purpose of evaluating the effectiveness of local or regional procurement of food for humanitarian assistance. The Secretary of Agriculture is required to establish projects using locally purchased food in a variety of regions and situations, and to arrange for independent evaluation of the projects' efficacy in a report to the House and Senate Agriculture Committees prior to the expiration of this bill in 2012.
- **ESTABLISHES A SAFE BOX FOR DEVELOPMENT ASSISTANCE FUNDING UNDER P.L.-480, TITLE II PROGRAM:** The bill sets minimum annual funding levels for non-emergency, development assistance under the P.L.-480 Title II program, beginning at \$375 million in fiscal 2009 and reaching \$450 million in fiscal 2012. Development assistance activities include projects that help improve local infrastructure such as wells and roads and teach farmers better cultivation practices. It also allows the President to waive the requirement and use development funds for emergency aid if a determination is made that an extraordinary emergency exists that cannot be addressed through existing Title II resources

and Bill Emerson Humanitarian Trust resources, provided a supplemental appropriations request for replacing the funds drawn from the development safe box and the Trust has been submitted.

- **PROVIDES FUNDS FOR MCGOVERN-DOLE FOOD FOR EDUCATION**

**PROGRAM:** The bill provides \$84 million for fiscal 2009, available until expended, for this valuable program. Funds will also be available to this program through the appropriations process—it has received over \$100 million annually in recent years. The program provides commodities to support efforts to attract and keep children in developing countries in school.

- **SUPPORTS GLOBAL CROP DIVERSITY TRUST:** The bill requires USAID to make a contribution on behalf of the United States to the Global Crop Diversity Trust of up to \$60 million over the next five years out of appropriated funds. The Global Crop Diversity Trust provides for storage and maintenance of seed from food crops from all over the world in a facility in the Arctic Circle in northern Norway. U.S. contributions may not exceed one fourth of the total of funds contributed to the Trust from all sources

- **REFORMS AND EXTENDS EXPORT AND FOOD AID PROGRAMS:** The bill terminates the Supplier Credit and GSM-103 export credit guarantee programs and removes the 1 percent loan origination fee cap for the GSM-102 program, in order to make U.S. policy consistent with the ruling in the World Trade Organization cotton case. It also reauthorizes without change the Food for Progress Program, Market Access Program, and the Foreign Market Development Program. Food for Progress is a food aid program that encourages institution- and capacity-building in developing countries, while the Market Access Program and Foreign Market Development Program provide matching funds to promoting U.S. food and agricultural products in overseas markets. The Emerging Markets and Facilities Loan Guarantee program, which supports loan guarantees for constructing port facilities to receive U.S. goods, is modified to permit a waiver of a requirement to buy U.S. goods requirement if they are not available and extends the loan length to match the depreciation schedule for the project, not to exceed 20 years. Authority for the Export Enhancement Program, which provides direct subsidies for U.S. exports and has not been used for nearly 15 years, is repealed.

- **EXPANDS TECHNICAL ASSISTANCE FOR EXPORTS OF SPECIALTY CROPS:** This program provides financial assistance to producers and exporters of specialty crops in addressing technical and sanitary and phyto-sanitary barriers to trade in their products in overseas markets. Funding for the program is increased from the current level of \$2 million annually to \$9 million annually by 2012.

- **ESTABLISHES A CONSULTATIVE GROUP ON FOOD IMPORTS PRODUCED WITH THE USE OF CHILD AND FORCED LABOR:** The bill sets up a consultative group of interested stakeholders from industry, academia, and labor groups, to work with officials from the Departments of Agriculture, Labor, and State. This group is charged with developing recommendations on what are best practices that would enable companies to voluntarily monitor and verify whether the food products they import are made with the use

of child or forced labor. Guidelines developed from these recommendations would be released after a public comment period.

- **INSTITUTES A SOFTWOOD LUMBER DECLARATION PROGRAM:** The bill includes a softwood lumber importer declaration program. The purpose of the program is to assist in the enforcement of any international obligations that the United States and our trading partners assume with respect to trade in softwood lumber and softwood lumber products. Declarations to the U.S. Customs and Border Protection Agency will be required on the level of export charges assessed against certain categories of softwood lumber and softwood lumber products imported into the United States.