

At present a disproportionate amount of food aid goes to the urban centres at a subsidized price and because the Government's rice procurement scheme does not produce a significant volume of foodgrains, imports must meet the needs of the ration system. The combination of these two factors, the high level of government subsidy on food distributed through the ration system and the large foodgrain imports required to meet the needs of this system places a severe strain on the economy, both on its budgetary and its foreign exchange resources.

The problems related to food distribution are extremely complex and can only be dealt with by domestic policy changes. A donor's role must be one of supporting those actions which the Government takes to improve the system. This was the approach taken by the Canadian delegation to the last Bangladesh Aid Group Meeting in October 1974 when the Government's efforts towards increased rice procurement and an increased level of food distribution to the poorer elements of society was supported. This action was based on the assumption that Canadian food assistance should meet two basic criteria: first, it should support economic growth, especially agricultural production; and second, it should promote social welfare.

#### Conclusions

The proposed course of action for future Canadian food aid to Bangladesh will be based on:

- (a) the understanding that Bangladesh has a legitimate claim on our food assistance. This new country has one of the lowest per capita incomes in the world and is plagued by drought, floods and cyclones. The level of our food aid allocation should be based increasingly on shortfalls in production as compared to consumption rather than on the needs of the present ration system with the difference between shortfalls and ration needs being met either through local procurement