

COMMISSION DES COMMUNAUTES EUROPEENNES

COM (75) 569 final.

Brussels, 7 November 1975.

COMMISSION COMMUNICATION TO THE COUNCIL

concerning the 1975/76 cereals food aid programme and the allocation of the "Sahel" reserve under the 1974/75 programme.

PROPOSAL FOR A REGULATION (EEC) OF THE COUNCIL

derogating from regulation in respect of mobilization procedures for cereals to be supplied as food aid.

PROPOSAL FOR A COUNCIL DECISION

on the Community financing of certain expenditure relating to food aid supplied under the 1975/1976 programme.

COM (75) 569 final.

SUMMARY

1. The object of this communication is to establish the cereals food aid programme for 1975/76 and to allocate the Sahel reserve from the 1974/75 programme.

The total quantity of cereals provided in this programme is 707 850 metric tons, representing an increase of 64 350 over the 1974/75 total of 643 500 t. This arises because these proposals are based on the Council decision of 28.5.75 prolong the Food Aid Convention and to fix the Community share of the total at 707 850 t (i.e. 55 % of the Commitment for 1 287 000 t for Community and member States together).

2. In summary the Commission proposes the allocation of the 707 850 t of cereals as follows :

- 544 000 t to developing countries
- 105 000 t to five international agencies
- 58 850 t as a reserve.

Transport would be paid by the Community in the case of Bangladesh, Haiti, Honduras, Guinea-Bissau, Cape Verde Islands, Ethiopia, Somalia and the institutions, as well as the reserve, which makes a total of 365 350 t or 51 % of the total quantity.

Also proposed is the allocation of the reserve of 44 000 t provided under the 1974/75 programme for Sahel and Ethiopia.

3. The cost of the programme is estimated at 97.10 Muc at world prices, chargeable to post 9201 of the 1976 budget. In the draft budget adopted by the Council after the first reading, the credit provided for this post was 97.97 Muc.

4. The Council is recommended to take a decision on this proposal before the end of the year.

PART ONE : BASIC DATA

1. SCOPE OF THIS COMMUNICATION

A. The subject of this Communication is the establishment of the cereals food aid programme for 1975/76 and the allocation of the "Sahel" reserve provided for in the 1974/75 programme¹.

In submitting this Communication, the Commission would like to draw the Council's attention to the problem of the time taken to reach decisions on Community programmes. In the past, the belated adoption of programmes has involved irretrievable administrative delays and the delivery of considerable quantities has had to be held up beyond the end of the calendar year for which they were budgeted. This has created difficulties for the Community at the level of the Food Aid Convention. It should be recalled that under this Convention the Community undertook to deliver the products before the end of the calendar year (before the end of 1976 as regards the 1975/76 programme). Furthermore, excessive delay in making decisions entails the bunching of deliveries in the second half of the year and restricts the Community's freedom of manoeuvre in meeting the developing countries' requirements, some of which - because of the time of the harvest - are greater in the first half of the year than in the second (India, Pakistan, etc.).

Fundamental progress has, it is true, been made recently on the more general problem of the time taken to implement aid since in future the procedure for supply agreements concluded by the Council is to be replaced by a simplified procedure of an exchange of letters between the recipient country and the Commission.

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In addition the following are annexed : a draft decision concerning the financing of transport costs beyond the fob stage in respect of the 1975/76 programme and, in implementation of the Council Decision of 14 August 1975, a draft Regulation on mobilization procedures for emergency measures to be taken under the Food Aid Convention.

The fact remains that considerable further progress could be made if food aid programmes were adopted in good time, as indeed required by the Decision taken by the Council when drawing up detailed rules for implementing the second Food Aid Convention¹.

For this reason the Commission :

- transmits herewith the 1975/76 food aid programme,
- urges the Council to adopt the programme before the end of the year.

The transmission of this programme at the beginning of November means that the Commission has again - as last year - been unable to study the requests which the Member States intend to meet since it has not yet received them. Consequently, it has not been able either to make a proposal as to the distribution of the 1 287 000 t of cereals representing the commitment by the Community and the Member States under the 1971 Food Aid Convention. It follows that the Commission has been unable to carry out the customary exercise of checking coherence between national and Community schemes ; so, like last year, it should be done during the discussion of this paper by the Council's Food Aid group.

B. Furthermore, the Commission would like to emphasize that in order to achieve better coordination than in the past between WFP actions and those of the Community, discussions have been held with the WFP on the outlines of the Community programme and the WFP's programme.

Discussions were also held with the FAO for the purpose of making a joint analysis of the food situation in the requesting countries (production of cereals, import requirements, etc).

¹ This decision laid down in particular that :

- by not later than mid-November, the Commission would transmit to the Council a communication on the establishment of the programme ;
- in mid-December the Council would adopt the scheme of execution.

II. GENERAL CONSIDERATIONS

A. The food situation in the development countries continues to be a source of concern in 1975/76. According to the latest FAO estimates, the developing countries' cereals shortfall for the year in question will be between 55 600 000 t and 58 500 000 t (compared to 56 800 000 t in 1974/75 and 51 500 000 t in 1973/74).

Furthermore, the drop in the world prices of most of the products exported by the developing countries which are not oil producers, combined with the high cost of energy and other vital products will bring about a further deterioration in 1975 in the developing countries' external finance, particularly those of the least developed. According to the IMF, the current account deficit of the developing countries as a whole will rise from \$40 000 million in 1974 to \$47 000 million in 1975, and that of the least developed countries from \$28 to \$35 thousand million. The developing countries will therefore continue to experience the utmost difficulty in importing on commercial terms the cereals and other food products they need.

B. This trend was foreseen by the Commission in its document "Fresco of Community Action", in which it made the point that the food shortage had "gone beyond warning point". The policy guidelines then adopted (for instance, serving as a matter of priority those who are suffering the most) are today more valid than ever. Hence the Commission considers, as it proposed for the 1975 programmes, that the principal feature of its proposal must be a concentration of food aid on the hardest hit countries. Thus 82 % of the proposed aid to go directly to countries will be for the countries of the Indian subcontinent and the least developed countries of Africa (Ethiopia, Somalia, Sudan, Tanzanian) and Latin America (Haiti, Honduras).

C. This concentration on the most needy countries does not, however, constitute a response to the developing countries that is appropriate to their needs. Nor does it take account of the outcome of the World Food Conference.

The current proposal is based on the Council Decision of 28 May 1975 prolonging the Food Aid Convention and fixing the Community's share at 707 850 t (55 % of the 1 287 000 t committed by the Community and the Member States), and on the draft 1976 budget as adopted on its the first reading by the Council. The Commission therefore earnestly calls upon the Council to adopt the Commission's proposal in the preliminary draft budget for 1976 that the quantities of cereals to be supplied as Community aid in 1975/76 be increased to 1 064 350 t. This proposal follows the suggestions made by the Commission in its Memorandum on food aid policy sent to the Council in 1974, and since repeated on several occasions, especially when preparing for the World Food Conference, each time with the strongest support of the European Parliament.

Such a decision would be especially timely in that the necessity was emphasized at the World Food Conference of bringing the total annual amount of food aid up to 10 million tons. Appeals were made to the Community during the meeting of the World Food Council, held in June 1975, to contribute towards the achievement of this objective¹, which was confirmed for 1975/76 at the United Nations Seventh Special Session at the beginning of September 1975.

III. REQUESTS RECEIVED BY THE COMMUNITY FOR FOOD AID IN THE FORM OF CEREALS

The Community has so far received (or received notice of) 36 requests for food aid. The total amount involved is 1 860 000 t, and this figure must be taken as a minimum since some countries have not quantified their request. Details are given in Table 1 below.

¹ Increases already decided by other donors bring commitments for 1976 to 9 060 000 t only (including the 1 287 000 t representing the commitment by the Community and Member States under the Food Aid Convention).

TABLE 1

REQUESTS FOR FOOD AID IN THE FORM OF CEREALS FOR 1975/76

(+) Notice given of request

Requesting countries and organizations	Quantities and nature of products t	Quantities in equivalent cereals t
<u>LATIN AMERICA</u>		
Bolivia (+)	-	-
Haiti	18 500 t cereals	18 500
Honduras	(108 000 t maize	108 000
	(58 000 t wheat	58 000
Peru	50 000 t wheat	50 000
<u>EASTERN AFRICA</u>		
Ethiopia	-	-
Kenya	40 000 t wheat	40 000
Mauritius	20 000 t rice preferably	40 000
Uganda(+)	-	-
Somalia	60 000 t cereals	60 000
Tanzania	(60 000 t sorghum	210 000
	(25 000 t rice	
	(100 000 t maize	
Sudan	-	-
<u>CENTRAL AND WEST AFRICA</u>		
Dahomey	(10 000 t wheat	20 000
	(5 000 t rice	
Guinea-Bissau(+)	-	-
Cape Verde Islands(+)	-	-
Zaire(+)	-	-
<u>SAHEL</u>		
Mali(+)	-	-
Mauritania	15 000 t cereals	15 000
Niger	10 000 t "	10 000
Senegal	25 000 t "	25 000
Upper-Volta	-	-
The Gambia	3 000 t rice preferably	6 000
<u>NEAR EAST</u>		
Egypt	-	-
Jordan	(33 800 t wheatflour	51 000
	(1 650 t rice	
Yemen Arab Republic	35 000 t cereals	35 000
Syria	-	-
<u>ASIA</u>		
Afghanistan	-	-
Bangladesh	250 000 t cereals	250 000
India	500 000 t "	500 000
Pakistan	-	-
Sri Lanka	100 000 t wheat	100 000
Philippines	10 000 t wheatflour	15 100
<u>INTERNATIONAL ORGANIZATIONS</u>		
ICRC	10 000 t Cereals	10 000
League of Red Cross Soc.	(5 000 t wheat	5 000
	(1 000 t rice	
UNICEF	60 000 t rolled oats	120 000
WFP	(24 000 t sorghum and/or maize	84 000
	(60 000 t wheat and/or flour	
UNRWA	25 000 t cereals	25 000
	TOTAL	1 860 000

Six of last year's applicants for Community aid have neither made nor given notice of any request this year : Tunisia, Burundi, UNHCR (for Cyprus), Lebanon, Indonesia and Malta¹; three new requests have been made, by the League of Red Cross Societies and the International Committee of the Red Cross, and the Philippines, and notice has been given of two more, from Uganda and Zaire.

IV. PRINCIPAL TYPES OF REQUESTS.

A. Requests from countries

As in the past, the purpose of the majority of requests is to make good the cereals shortfall of the countries concerned, the aid being sold on the local markets and the proceeds used to finance development projects. In some countries, such as Jordan, Egypt and Senegal (as regards a portion of the quantities), Haïti, Honduras, Mauritania, Niger and The Gambia, the aid would be distributed free in order to meet the needs of certain sections of the population. The use to be made of the aid will, in any case, be specified in discussions with the recipients.

B. Requests from institutions

The requests made by institutions have the following objectives :

- the WFP request is for carrying out development projects in the countries listed in Annex II and for emergency actions ;
- the purpose of the UNRWA request is to meet the food requirements of groups of Palestinian refugees, under its normal and supplementary programmes ;
- the UNICEF request is for carrying out its normal programme, which is aimed at meeting the food requirements of vulnerable sections of the population (children and expectant mothers) ;

¹ Because of an epidemic of food and mouth disease, this country submitted a request for emergency food aid on 14 July 1975. In response the Commission accelerated the deliveries planned under the 1974/75 programme.

- the request from the ICRC is for emergency actions for victims of conflicts or for carrying on its regular assistance programme for victims of disturbances, or persons in need ; that from the League is for emergency actions other than those resulting from state of war.

V. ANALYSIS OF REQUESTS.

In order to divide up the total as equitably as possible according to needs, the criteria employed were : cereals deficit, per capita income and external finance, the first of these being necessary condition for the grant of aid. In order to qualify, a country should also satisfy the other two criteria employed ; a country with per capita income over \$ 300 can not normally become a recipient ; however, in certain cases, an exception could be proposed in favour of a country if it has a serious cereal deficit and its external finances are precarious. Similarly, a country whose external finances have improved will be considered eligible if its per capita income is relatively low and has an extremely large cereals deficit.

A. First criterion : a substantial cereal deficit.

The following table shows that all the requesting countries have a substantial cereal deficit except Afghanistan.¹

¹Certain other countries (The Gambia, Guinea-Bissau, Cape Verde, etc..) have deficits that are low in absolute terms, but nonetheless high relative to production.

TABLE 2

CEREAL IMPORT REQUIREMENTS OF REQUESTING COUNTRIES

Requesting countries	1973/74 ('000 t)	1974/75 ('000 t)	1975/76 (+) ('000 t)
LATIN AMERICA	1 445	1 735	1 940
Bolivia	137	249	250
Haiti	97	90	150
Honduras	49	104	140
Peru	1 162	1 292	1 400
EASTERN AFRICA	774	1 126	1 108
Ethiopia	98	91	221
Kenya	36	44	25
Mauritius	142	165	175
Somalia	57	182	170
Sudan	241	135	215
Tanzania	173	480	270
Uganda	27	29	32
WEST AND CENTRAL AFRICA	192	196	205
Dahomey	12	18	18
Guinea Bissau	34	31	31
Cape Verde Islands	35	36	45
Zaire	(111)	(111)	(111)
SAHRL	992	758	575-595
Mali	119	140	90
Mauritania	110	88	55
Niger	161	82	30-50
Senegal	484	410	350
Upper-Volta	104	25	35
The Gambia	14	13	15
MIDDLE EAST	4 003	4 306	4 766
Egypt	3 620	3 800	4 000
Jordan	144	191	300
Yemen Arab Republic	89	165	201
Syria	(150)	150	265
ASIA	9 677	12 343	9 725-11875
Afghanistan	10	18	25
Bangladesh	1 927	1 992	2 100
India	4 715	6 738	4200-6300
Pakistan	1 246	1 750	1 800
Sri Lanka	951	1 016	900-950
Philippines	(828)	828	700
TOTAL	17 083	20 463	18319-20489

(+) provisional figures

Wide disparities are to be noted, moreover, between countries and between regions, in the extent and trend of requirements. By comparison with 1973/74, the position in the Sahel countries appears to show a clear improvement, whereas it has worsened in the countries of Latin America, the Middle East, Eastern Africa and Asia.

As regards the requests made with a view to free distribution, a more detailed analysis of these particular requirements has been carried out on the basis of the number of people to be fed, for a period of 12 months, at an average rate of distribution of 500 g per person per day. The results of this analysis are given in the following table:

TABLE 3

REQUIREMENTS OF RECIPIENT POPULATIONS IN REQUESTS
FOR AID FOR FREE DISTRIBUTION

Country	Number of persons to feed	Annual requirements on the basis of a ration of 500 g per person per day
Jordan	260 000	51 000
Honduras	300 000	54 000
Haiti	600 000	108 000
Mauritania	137 000	25 000
Niger	491 000	88 000
Senegal ¹	82 000	15 000
The Gambia ²		
Egypt ¹⁻²		

¹Free distribution of part of the quantities requested.

²Information requested from the Embassies but not yet received.

R. Second criterion: per capita income below \$ 300 per annum (on the basis of 1972 statistics).

Annual income is equal to or below \$ 300 in all the countries except Honduras, Peru and Syria, which however have substantial cereal deficits. It is to be seen, furthermore, that there are rather wide variations in the standard of living of the various applicants and this will be taken into account in the allocation proposals.

TABLE 4
PER CAPITA INCOME IN 1972
in US \$

<u>LATIN AMERICA</u>		<u>SAHEL</u>	
Bolivia	200	Mali	80
Haiti	130	Mauritania	180
Honduras	320	Niger	90
Peru	520	Senegal	260
		Upper Volta	70
		The Gambia	140
<u>EASTERN AFRICA</u>		<u>MIDDLE EAST</u>	
Ethiopia	80	Egypt	240
Kenya	170	Jordan	270
Mauritius	300	Yemen Arab Rep.	90
Somalia	80	Syria	320
Sudan	120		
Tanzania	120	<u>ASIA</u>	
Uganda	150	Afghanistan	80
<u>WEST AND CENTRAL AFRICA</u>		Bangladesh	70
Dahomey	110	India	110
Guinea-Bissau	230	Pakistan	130
Cape Verde Islands	240	Sri Lanka	110
Zaire	100	Philippines	220

C. Third criterion : precarious external finances in 1975.

In the absence of information on the projected 1975 balances of payments, each country's foreign exchange reserves¹, in the last month of 1975 for which figures are available, were taken for comparison with the situation at the end of December 1974.

¹Net official reserves (assets less short-term commitments).

TABLE 5
FOREIGN CURRENCY RESERVES

Country	Currency unit	Situation at end 1974	Situation in 1975	Change + improvement - deterioration
<u>LATIN AMERICA</u>				
Bolivia	\$ b million(pesos)	2 944	2 979 (May)	-
Haiti	G million(gourdes)	53.2	40.2 (Feb.)	-
Honduras	L million(lempiras)	46.8	42.4 (Mar)	-
Peru	S.'000million(soles)	27.2	27.6 (Mar)	-
<u>EASTERN AFRICA</u>				
Ethiopia	Eth \$ million	555.9	590.3 (June)	+
Kenya (1)	US \$ million	191.8	175.3 (July)	-
Mauritius (1)	US \$ million	131.1	92,5 (July)	-
Somalia	So Sh.million	90.9	282.9 (June)	+
Sudan	LSd million(pounds)	- 41.9	- 93.67 (June)	-
Tanzania (1)	US \$ million	50.2	46.0 (July)	-
Uganda		-	-	- (2)
<u>WEST AND CENTRAL AFRICA</u>				
Dahomey	CFAF '000 million	7.73	5.24(Apr)	-
The Gambia(1)	million dalasis	54.64	71.13(May)	+
Guinea Bissau		-		
Cape Verde Islands		-		
Zaire (1)	US \$ million	140.8	32.76(July)	-
<u>SANEL</u>				
Mali	MF '000 million	- 55.15(Aug)	-	- (2)
Mauritania (1)	US \$ million	101.3	72.0 (July)	-
Niger	CFAF million	10 016	9 281 (Apr)	-
Senegal	CFAF '000million	- 1.19	- 11.63 (Apr)	-
Upper Volta	CFAF '000million	18.12	16.14(Apr)	-
<u>MIDDLE EAST</u>				
Egypt	LE million	- 249.6	- 162 (Feb)	+
Jordan	US \$ million	349.7	474.3 (July)	+
Yemen Arab Rep.		-		
Syria (1)	US \$ million	835	1 147 (May)	+
<u>ASIA</u>				
Afghanistan	Af million	3 121	3 917 (May)	+
Bangladesh	US \$ million	64(June)	185 (June)	+
India	Rs '000 million	6.15	6.01(Mar)	-
Pakistan	PRs million	2 260	1 257 (May)	-
Sri Lanka	Rs Million	- 704	- 885 (April)	-
Philippines	Ps million	7 429	6 982 (April)	-

(1) Gross reserves.

(2) There is likely to be a decline, other things being equal, in the case of
 . Mali, as a result of the fall in the price of cotton (36 % of exports)
 . Uganda, as a result of the fall in the price of coffee (73 % of exports).

.../...

There are twenty countries whose external finances are precarious. In 1975 foreign currency reserves fell in eighteen of these countries and in many cases the decline has been continuous since 1963 (India, Pakistan, Sri Lanka, Haiti, etc). The financial situation of Peru has stabilized in 1975, but in 1974 there was a balance of payments deficit on current account of \$ 809 m , equivalent to 40 % of imports of goods. Lastly, Egypt is still in overall debt in the short term, although the amount is lower than at the end of 1974.

Eight countries have improved their external finances : Syria, Bolivia, (whose reserves remain stable since end 1974), Ethiopia, Somalia¹, The Gambia, Jordan, Afghanistan and Bangladesh. None of these countries should be excluded, however, since they still have a serious cereal deficit and a relatively low per capita income².

¹ The explanation of the spectacular rise in Somalia's foreign currency reserves is that at the end of 1974 its net reserves had fallen to an abnormally low level owing to Somalia's extremely difficult situation at that time.

² Although their incomes are relatively higher, Jordan and Syria should be eligible for Community food aid, since they have to assist a large number of refugees which imposes a heavy financial burden of their budget.

PART TWO : THE COMMISSION'S PROPOSALS

1. THE 1975/76 PROGRAMME

In the light of the preceding considerations, the Commission proposes that the 707 850 t for Community actions be distributed as set out below. The proposals also cover the delivery terms determined by reference to requirements and the available funds (fob, cif¹ or free to the place of destination specified in the delivery terms to be decided with each recipient).

The principal features of the programme are as follows :

A. Direct aid

1. Concentration of aid on the most needy countries, which in practical terms means allocating to the poorest countries in the Indian subcontinent, Africa and Latin America a total of 446 000 t, equivalent to 82 % of the direct aid allocated.

2. It is not proposed to make any allocation at this stage to the Sahel countries since the 44 000 t reserve set up under the 1974/75 programme has not yet been delivered (see section II of the Commission's proposals) and the situation in the area has improved. Obviously, the Commission would put forward additional proposals, to be implemented from the general reserve, should the report of the current multi-donors mission or any other source of information subsequently bring to light further requirements.

3. Similarly, the amount proposed for Somalia takes account of the reserve from the 1974/75 programme (10 000 t), which has now been released by the Commission and will be available on the spot early in 1976. The total amount delivered to Somalia next year will therefore be

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25 000 t, it being understood that additional quantities could be delivered from the reserve should the situation deteriorate.

¹Cif ship's hold or cif quay or lighter.

COMMISSION PROPOSAL
CEREALS FOOD AID PROGRAMME 1975/76
 (Community actions)

Country or organization	1975/76 Programme		1974/75 Programme (t)
	(t)	Financing arrangements	
COUNTRIES	544 000		473 000
LATIN AMERICA	<u>26 000</u>		-
Bolivia (+)	(5 000)	FOB	-
Haiti	9 000	CIF	3 000
Honduras	7 000	CIF	3 500
Peru	5 000	FOB	7 500
EASTERN AFRICA	<u>55 000</u>		
Ethiopia	10 000	Free at destination	-
Kenya	2 500	FOB	5 000
Mauritius	7 500	FOB	7 500
Somalia	15 000	Free at destination	15 000 + 10 000
Sudan	10 000	FOB	5 000
Tanzania	10 000	FOB	20 000
Uganda (+)	p.m. (5)	FOB	-
WEST AND CENTRAL AFRICA	<u>18 000</u>		
Dahomey	2 500	FOB	2 500
Guinea Bissau (+)	(5 500)	CIF	5 500
Cape Verde Islands(+)	(5 000)	CIF	4 000
Zaire (+)	(5 000)	FOB	
MIDDLE EAST	<u>55 000</u>		
Egypt	25 000	FOB	10 000
Jordan	15 000	FOB	10 000
Yemen Arab Republic	10 000	FOB	7 500
Syria	5 000	FOB	-
ASIA	<u>390 000</u>		
Bangladesh	150 000	CIF	150 000
India	180 000	FOB	163 000
Pakistan	30 000 (1)	FOB	20 000 + 4 000
Sri Lanka	25 000	FOB	20 000
Philippines	5 000	FOB	-
II. ORGANIZATIONS	105 000	(4)	
WFP	50 000	Free at destination	40 000
UNICEF	15 000	Free at destination	10 000
UNRWA	25 000	CIF	20 000
ICRC	10 000	Free at destination	-
League of Red Cro soc.	5 000	Free at destination	-
III. RESERVE	58 850		17 589 (2)(3)
IV. OTHER	-		82 911
V. GRAND TOTAL	707 850		643 500

- (+) Notice given of requests. The corresponding quantities will have to be placed in reserve if the requests have not been officially lodged at the time of the Council Decision.
- (1) In accordance with the discussions held within the Working Party on Food Aid, the Commission further proposes to allocate to this country the quantities which, at the time of the Council Decision on the 1975/76 programme, will still be available from the reserve under the 1974/75 programme (between 10 000 t and 14 000 t assuming no unexpected developments to be delivered FOB).
- (2) Originally, at the time of the Council Decision on the programme, the general reserve and Sahel reserve together amounted to 90 000 t.
- (3) Of which 500 t earmarked for Burundi.
- (4) FOB + lumpsum contribution.
- (5) Discussions are in progress with the Ugandan Embassy concerning this request, which will be specified in due course.

B. Indirect aid

The amount allocated is 105,000 t (14.8 % of the total quantities), the increase over 1974 (8.9 % under the 1974/75 programme) being the result of an increase in the quantities earmarked for the WFP, UNICEF and UNRWA, the allocation of quantities to the ICRC - which was not a recipient in 1974/75 - and the inclusion of the request from the League of Red Cross Societies. On the subject of indirect aid, the following points should be noted:

- (a) Aid to WFP: The Commission requests the Council to decide, as it did last year, on both the Community programme and - at the same time - the allocation of the quantity allotted to WFP (50 000 t). There will thus be a greater degree of coherence between Community and WFP actions (in this connection it will be seen that the main effort has been concentrated on the Asian countries, as in the case of direct Community actions), and also WFP actions will be undertaken more effectively (shorter decision times). Annex II sets out how the quantities established by the WFP are allocated.
- (aa) It will be noted that there is a reserve of 12 500 tons for emergency measures. Under the new cooperation arrangements between the WFP and the EEC, advocated in the Memorandum of March 1974¹, the Commission and WFP have studied the possibility of extending this to emergency measures, such cooperation was hitherto practically non-existent because of the difficulties involved in decision procedures. The Commission therefore proposes that the Council make provision for the above reserve to be set up as part of the appropriation for the W.F.P. The emergency measures taken on the strength of the reserve would be implemented in accordance with the procedures recently

1) Under these cooperation arrangements the Council has already accepted - when the 1974/75 programme was being drawn up - the principle of joint EEC-WFP projects. A number of practical cases of application of this principle are currently being studied.

adopted by the Council for deciding on emergency measures (see Doc. S/1158/75 COMER 337). This means that the Commission would be authorized to decide such measures ¹ (up to a limit of 5 000 t of cereals) after consulting the Member States, which would have two working days in which to reply; the only difference being that such quantities would not be set off against the general reserve included in the programme but against the reserve earmarked as part of the WFP appropriation.

(bb) For normal WFP projects, the Council adopted the following approval procedure last year: quantities to be fixed definitively by region and on an indicative basis by country, with the Commission having the power in the event of necessity to modify the distribution by country within the limits of the regional amounts already established; any decision on the inclusion of new recipients must, however, be taken by the Council. On the basis of the first year's experience, the WFP drew the Commission's attention to the following two points:

- i. Because of the time elapsing between the Council's decision on distribution and the implementation of the aid, such indicative distribution by country obliges the WFP, to ask for frequent changes when the implementing details are being negotiated, and again when the aid is implemented in accordance with the transport facilities available at the time, deliveries made by other donors, etc.

The WFP requests accordingly that, instead of the quantities being fixed by country, a list of the potential recipients be given within the overall quantities for each region.

(1) For the countries listed in Annex II or countries not included in that list

- ii. The definitive fixing of the regional amounts entails excessive rigidity, since unforeseen situations can oblige the WFP to request the adjustment of such amounts. Accordingly it would like to be able to use the emergency measures reserve too where necessary to alter the regional distribution, it being understood moreover, that if at the end of the year concerned the reserve quantities had not been allocated for emergency measures, they would be used to increase the regional amounts.

The Commission acknowledges that the requests submitted by the WFP are well founded and therefore proposes that the Council make some changes in the procedure adopted last year. The new procedure could be summarized as follows:

- the Council would fix the regional quantities and the list of potential recipients when establishing the programmes, and the inclusion of any new recipients would have to be decided by the Council;
 - the Commission would have the authority to fix the quantities by country within the pre-established regional amounts, and to increase the regional amounts by drawing on the reserve.
- (b) Aid for UNICEF: The Commission requests that the Council decide on the allocation of the 15 000 t allotted (see Annex III) in accordance with the same procedure as that established last year for the purpose of the WFP and UNICEF (see beginning of point (bb) above).

(c) Aid for the Red Cross:

— For the ICRC the Commission proposes that 10 000 t be earmarked and asks the Council to decide:

- the allocations by country (see Annex IV) up to a limit of 7 000 t (corresponding to the ICRC's normal assistance programmes) - the distribution by country being indicative and capable of being altered by the Commission at the request of the ICRC;

• on the setting up of a reserve of 3000 t for emergency measures ; as regards the management of this reserve, the Commission proposes that the same arrangements be adopted as in the case of previous aid decided in favour of the ICRC under the 1973/74 programme, in other words the Council would decide on emergency measures involving more than 1 000 t of cereals or processed cereals and the Commission would decide on measures involving quantities up to that amount¹ inclusive ;

- as regards the League of Red Cross Societies, it is proposed that 5 000 t be earmarked for emergency situations dealt with by the League, and that the procedure referred to above be adopted ; namely, as for the ICRC under 1973/74 programme.

C. As a general reserve 58 850 t² are earmarked for dealing with emergency situations, this being lower than last year's figure (42 000 t as a general reserve plus 48 000 t as a reserve for the Sahel). This reserve, moreover, will help to achieve the objective of world food security and give practical expression to the idea of setting up a 500 000 t reserve for emergency measures ; this idea received recent emphasis at the Seventh Special Session of the United Nations General Assembly, and is in line with the statements made on that occasion by the Community and the Member States. For the allocation of this reserve, it would be possible to use the procedure established by the Council on 14.8.75³ and thereby to use private contract procedure for mobilisation.

¹The decision would also cover the delivery arrangements.

²If the reserves of the individual organisations are added to this amount (WFP : 12 500 t, ICRC : 3 000 t, League : 5 000 t) a total of 79 350 t will be available for coping with emergency situations.

³enabling the Commission to decide, in case of natural and unforeseeable disasters, on actions not exceeding 5 000 t cereals after consulting member states.

II. BREAKDOWN OF THE 44 000 TONNES RESERVE EARMARKED FOR THE
SAHEL UNDER THE 1974/75 PROGRAMME

On the basis of the analysis in Part One of the requirements of the various Sahel countries, the Commission proposes that the 44000 t reserve earmarked under the 1974/75 programme be distributed as follows:

The Gambia	1 500 t
Ethiopia	5 000 t
Upper Volta	3 500 t
Mali ¹	5 000 t
Mauritania	5 000 t
Niger	10 000 t
Senegal	<u>14 000 t</u>
Total	44 000 t =====

It should be noted that the total amount of cereals in the form of aid to be delivered in 1975/76 is 51 000t, since a delivery of 7000 t of cereals for Niger under the 1974/75 programme is also to be made in this period.

The Community will cover the cost of forwarding to the "free at destination" stage, in accordance with the decision adopted by the Council when drawing up the 1974/75 programme, the destination being the place specified in the delivery terms to be determined with each recipient.

(1) Notice given of request

ANNEX IFINANCIAL ANNEX1976 CEREALS PROGRAMMEI. COSTCost at world prices

1. Raw material: 707 850 t, of which:		million u.a.
675 850 t of cereals other than rice,	=	68.35
50 000 t of cereals in the form of 25 000 t of husked rice: 25 000 t x 254.59 u.a./t	=	6.37
		<hr/>
		74.72
2. <u>Transport and distribution</u>		
Bangladesh	150 000 t x)	
Haiti/Honduras	16 000 t x)45 u.a./t =	7.92
Guinea-Bissau/Cape Verde Is.	10.500 t x)	
Ethiopia/Somalia	25.000 t x 100 u.a./t =	2.50
WFP	50 000 t x 46 u.a./t =	2.30
UNRWA	25 000 t x 30 u.a./t =	0.75
UNICEF/ICRC/LEAGUE	30 000 t x 100 u.a./t =	3.00
RESERVE	58 850 x 100 u.a./t =	5.89
		22.38
	TOTAL	97.10 million u.a.
		=====

II. BUDGET APPROPRIATION

1976 Budget, Item 9201

The preliminary draft budget as adopted at the first reading by the Council provides under this Item for an appropriation of 97.97 million u.a.

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ANNEX II

ALLOCATION OF THE AID PROPOSED FOR THE WFP

<u>West Africa</u>	10 700 (sorghum and/or maize)
Angola	
Cape Verde Islands	
Dahomey	
Central African Republic	
Guinea-Bissau	
Sahel	
Togo	
<u>Asia</u>	26 800 (wheat and/or wheat flour)
Afghanistan	
Bangladesh	
South Korea	
India	
Nepal	
Pakistan	
Samoa	
Sri Lanka	
South Vietnam	
<u>Reserve for emergency aid and contingencies</u>	12 500
Total	<u>50 000</u>

ANNEX III

Breakdown by region of the aid proposed for UNICEF and indicative
breakdown by country within each region

AFRICA AND MIDDLE EAST

2 000 t of cereals in the form of 1 000 t
of rolled oats

Tanzania	2 000 t
Sudan	-
North Yemen	-
South Yemen	-

FAR EAST

13 000 t of cereals in the form of 6 500 t
of rolled oats

Burma	500 t
India	12 500 t
Afghanistan	-
Bangladesh	-
Bhutan	-
Cambodia	-
Laos	-
Nepal	-
Pakistan	-
South Vietnam	-
Sri Lanka	-
Timor	-

ANNEX IV

INDICATIVE DISTRIBUTION BY COUNTRY AND RESERVE
AS PROPOSED FOR THE ICRC

	<u>Quantities of wheat equivalent</u>	<u>Types of cereals</u>
West Bank - Gaza - Sinai	3 600	wheat flour and rice
Jordan	1 200	wheat flour
Chile	1 400	wheat flour and rice
Angola	400	rice
Philippines	400	rice
Reserve for emergency actions	3 000	
T O T A L	<u>10 000</u>	

PROPOSAL FOR
REGULATION (EEC) No OF THE COUNCIL
of
DEROGATING FROM REGULATION IN RESPECT OF MOBILIZATION
PROCEDURES FOR CEREALS TO BE SUPPLIED AS FOOD AID

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community ;

Having regard to Council Regulation N° 120/67/EEC ¹ of 13 June 1967 on the common organization of the market in cereals, as last amended by Regulation (EEC) n° 665/75 ², and in particular Article 22(a) thereof ;

Having regard to Council Regulation N° 359/67/EEC ³ of 25 July 1967 on the common organization of the market in rice, as last amended by Regulation (EEC) N° 668/75 ⁴, and in particular Article 23(a) thereof ;

Having regard to the proposal from the Commission ;

Whereas it is desirable that in certain exceptional cases cereals supplied as aid should be mobilized by means of a sufficiently flexible and rapid procedure ;

Whereas use of the tendering procedure provided for in Article 4 (1) and (3) of Council Regulation (EEC) N° 1693/72⁵ of 3 August 1972, establishing criteria for the mobilization of cereals to be supplied as food aid, does not always permit the objectives of flexibility and speed to be met ; whereas it should consequently be possible to have recourse to another procedure ;

¹ OJ N°117, 19.6.1967, p. 2269/67

² OJ N°L 72, 20.3.1975, p. 14

³ OJ N°174, 31.7.1967, p.1

⁴ OJ N° L 72, 20.3.75, p. 18

⁵ OJ N° L 178, 5.8.1972, p. 3

HAS ADOPTED THIS REGULATION :

Article 1

Notwithstanding Article 4 of Regulation (EEC) N° 1693/72, it shall be possible in exceptional cases to have recourse to a procedure other than a tendering procedure for the supply to the fob (or corresponding) stage or to a subsequent stage of cereals and rice supplied as food aid.

Article 2

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at , 1975

For the Council

The President

PROPOSAL
FOR A COUNCIL DECISION

on the Community financing of certain expenditure relating to food aid supplied under the 1975/76 programme.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community ;

Having regard to Council Regulation (EEC) N° 1703/72¹ of 3 August 1972 amending Regulation (EEC) N° 2052/69 on the Community financing of expenditure arising from the implementation of the Food Aid Convention of 1967 and laying down rules for the Community financing of expenditure arising from the implementation of the Food Aid Convention of 1971, and in particular Articles 8 (1) and 10 (1) thereof ;

Having regard to the proposal from the Commission ;

Whereas certain countries and organizations in receipt of food aid in the form of cereals under the 1975/76 programme would have difficulty, given their economic and financial situation, in covering forwarding costs beyond the fob stage ; whereas such costs should consequently be borne by the Community,

¹ OJ N° L 180, 8.8.1972, p.1

HAS DECIDED AS FOLLOWS :

Sole Article

Within the framework of Community food aid measures under the 1975/76 programme, Community financing shall cover forwarding and distribution costs incurred beyond delivery to the port of shipment, in accordance with the following arrangements :

- World Food Programme : financing shall cover both the expenditure incurred between the fob stage and the destination and distribution costs ;
- Ethiopia, Somalia, the ICRC, the United Nations Children's Fund, the League of Red Cross Societies : financing shall cover expenditure incurred between the fob stage and the destination ;
- Bangladesh, Guinea-Bissau, the Cape Verde Islands, Haiti, Honduras, and the United Nations Relief and Works Agency for Palestine refugees : financing shall cover expenditure incurred between the fob stage and the cif stage ;
- emergency measures set off against the reserve : financing may cover both the expenditure incurred between the fob stage and the destination and distribution costs, where the aid is forwarded through an international organization ;
- all or part of the financing may take the form of a lump-sum contribution where this is provided for in the delivery arrangements established with the recipient.

Done at

For the Council

The President