

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 712 final.

Brussels, 12 December 1978

Recommendation for a
COUNCIL DECISION
extending for the year 1977 the Convention between the European
Economic Community and the United Nations Relief and Works Agency
for Palestine Refugees (UNRWA)

(submitted to the Council by the Commission)

COM(78) 712 final.

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EXPLANATORY NOTE

A. INTRODUCTION

Purpose of communication

- 1) This communication proposes to the Council the extension, for the year 1977, of the assistance given by the Community to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), under the multi-annual Convention already concluded with the agency.

Relations between UNRWA and E.E.C.

- 2) E.E.C. Member States have been major contributors to UNRWA since the agency was set up in 1949/50 following the partition of Palestine; They have always been as a group either the second largest (after U.S.A.) or the largest contributor to its finances (See Table 1). It should be recalled that UNRWA depends wholly on voluntary contributions, and that these in most recent years have fallen short of operational expenses
- 3) The Community as such has contributed to UNRWA since 1970/71, principally by way of food aid. This consists at present of :
 - a) the Basic Rations Program (monthly free distribution, to all eligible refugees) : wheat flour, butteroil and sugar, together with a cash contribution to distribution costs ;
 - b) the Supplementary Feeding Program (special nutrition, limited to vulnerable groups) : wheat flour, rice, sugar and skimmed milk powder, together with a cash contribution intended to cover the costs of running the program.

A summary of Community contributions to UNRWA since 1971 is given in Table 2.

- 4) A substantial part of the above contributions is the subject of the three-year Convention between UNRWA and E.E.C., the remainder being covered by annual exchanges of letters under normal food aid procedures. The Convention provides for :
 - a) the sugar for the Basic Rations Program (all the Program's requirements), with a contribution to distribution costs ;

b) the commodities (listed above) for the Supplementary Feeding Program, with a contribution to the running costs.

Details will be found in Table 3.

- 5) The present Convention runs in principle for three years from July 1975, but needs to be extended periodically within those three years ; this proposal is for the extension for the calendar year 1977. A previous Convention ran from July 1972 to June 1975. It is generally recognized that the present arrangements have become complicated, and a proposal to combine all E.E.C. contributions into a single Convention is under consideration.

B. OPERATION OF CONVENTION, JULY 1975 - DECEMBER 1976

Basic Rations Program : Sugar contribution

- 6) For the period July 1975 - December 1976, the E.E.C. shipped 6 000 t sugar for use in the basic rations program. In normal circumstances, 9 000 t would have been shipped and distributed for this eighteen month period ; however net requirements were reduced in view of substantial shipments made at the beginning of the period under the agreement for the previous year.
- 7) Sugar rations issued to refugees totalled 8 593 t, some 95% of the quantity planned. The shortfall was largely the result of the civil war in Lebanon, although UNRWA reports that it was possible in both zones to maintain the basic rations program to a surprising degree, the average number of monthly recipients in Lebanon having fallen only to 92 300 from the normal total of some 101 000. The ration was however reduced from 600 gr. to 500 gr. owing to disruption of supplies. In the other four areas (Syria, Jordan, West Bank, Gaza) distribution proceeded normally.
- 8) The cost of inland transport and distribution is estimated at \$ 266 500, or \$ 31/t on average, the amount varying considerably from area to area. Towards this the E.E.C. contributed at the rate of 18,50 UA/t, which produced \$ 23,12/t, or about 75 % of estimated costs. An increase is sought for 1977.

Supplementary Feeding Program.

9) During the period under review the civil war in Lebanon seriously affected the smooth running of the Supplementary Feeding Program. In Lebanon itself, the program was interrupted in many areas for varying periods and three supplementary feeding centres were looted or seriously damaged. Other fields suffered from loss of contact with headquarters and from shortages of commodities usually supplied through Beirut.

10) Largely as a result of the war, there was very considerable underspending during the eighteen month period, both of commodities and of cash donated by the E.E.C. The position is summarized in Table 4, from which it will be seen total expenditure amounted to only \$ 3 986 000 instead of a planned \$ 5 081 000, a difference of \$ 1 095.000. This figure can be analysed as follows :

	<u>\$ x 1000</u>
Savings on staff	: 364
Savings on corned beef purchases	: 578
Other savings	: 153
	<hr/> 1 095

11) The savings on staff arise essentially for two reasons :

- a) approximately \$ 214 000 from saving in wage rates, notably in cost of living allowance, where increases were less than expected. This was offset to an extent by certain increases in the costs of temporary labour.
- b) the remainder, \$ 150 000, from planned and unplanned reductions in the number of staff employed in the supplementary feeding program.

12) The savings on corned beef can also be attributed to two causes :

- a) a marked fall occurred in the price of the corned beef bought in France ; UNRWA paid an average of \$ 1,18/kg., compared with the planned cost of \$ 2,06 based on the prices and exchange rates prevailing in November 1974. This produced a saving of \$ 360 000 ;
- b) only 413 t were bought during the period, instead of the 520 t that had been planned but could not have been consumed in view of the situation at the time. This produced a saving of \$ 218 000.

13) The most important further savings were on purchases of other foodstuffs, principally as a result of reduced requirements but also of certain falls in unit prices. These savings were upon :

Tomato paste (bought in E.E.C.)	\$ 24 000
Pulses	\$ 53 000
Fresh foods	\$ 50 000

- 14) A further favourable difference arose on the conversion into dollars on the EEC cash contribution of 4 212 000 UA. This was calculated on the basis of UNRWA's estimated requirement for 1975/76 of \$ 5 081 514 (after negotiated reduction) using the IMF rate of \$ 1,206349 as requested by the Budgetary Committee. Actual payment was made at the rate ruling during 1976 (\$ 1,25), resulting in a difference of some \$ 184 000.

- 15) The surplus over the eighteen month period should be viewed in the context of operating the supplementary feeding program since 1972, when the EEC first started its support. During the first Convention (7/72 to 6/75) expenditure was generally covered by contributions except for 1973/74 ; over the three years there was a small surplus of \$ 390 000 on a budget of \$ 7,1 million. As regards 1977, estimates made early in 1978 show expenditure of approximately \$ 3,0 million, which is the amount now being requested as EEC contribution (CF. Part C of this communication).

- 16) The savings of \$ 1 095 000 were used for the purchase of flour for free distribution to refugees under the monthly rations program. Approximately 6 640 t were bought for this purpose, on the market of the Community, at an average price of \$ 165/t. This enabled the Agency to avoid a further reduction in monthly rations, beyond that which had already been imposed by the general budget deficit for the year.

- 17) Bearing in mind UNRWA's chronic financial problems and also the unprecedented difficulties overcome during the period 1975/76, the Commission considers that no attempt should be made to recover the money underspent on the program, whether by direct reimbursement or by reduction in contributions for 1977. It is therefore proposed that the Council take note of the situation, but take no further action.

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C. EXTENSION OF CONVENTION FOR 1977

Period of extension

- 18) The request from UNRWA (summarized in Table 5) concerns the twelve months from January to December 1977. The previous period lasted eighteen months ; that was a transitional arrangement intended to bring each year of operating the Convention into line with the E.E.C. and U.N. accounting year. It has not been possible to prepare a proposal earlier because of the disruption caused by the civil war.

Details of request

- 19) UNRWA requests that the E.E.C. continue to contribute
- a) the annual requirement of sugar (6 000 t) for the basic rations program, together with a payment towards internal transport and distribution costs ;
 - b) commodities (flour, rice, sugar) required for the supplementary feeding program, together with a payment towards the cost of purchasing other commodities (mostly in Europe) and the costs of running the program.

The request can be evaluated at \$ 6 395 000 (4 724 000 EUA), of which \$ 3 180 000 is in cash, the balance representing the estimated market value of the commodities donated and shipped by the E.E.C.

Basic rations program (sugar)

- 20) The annual requirement of sugar for the basic rations program is 6 000 t, which it is proposed the Community should continue to supply on CIF terms as before. No donations of sugar are received from elsewhere (1).
- 21) UNRWA has also requested an increase in the contribution towards inland transport and distribution expenses, from \$ 23,125/t (\$ 138 750) to \$ 38,667/t (\$ 232 000). It is proposed that the Council should agree to a contribution of thirty dollars (approximately 22,16 EUA), which is in line with a similar contribution already negotiated by the Commission for normal 1977 food aid deliveries of cereals and butteroil for the basic rations program.

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(1) It should be noted that the Community in fact already decided to supply this sugar, for a period of three years, by Council Regulation 1034/76 of 30 April 1976. 1977 is the second year of the three. This provision in the Convention is therefore a matter of form.

Supplementary Feeding Program - commodities

22) Contributions requested in kind are :

- 171 t rice ;
- 2 450 t wheat flour ;
- 102 t sugar.

These are at the same annual level as in previous periods. The amounts fall within allocations already decided in favour of UNRWA under the 1977 cereals food aid program (in the case of rice and wheat flour), and under the Council decision of 30 April 1976 (in the case of sugar)(1).

23) No request was made for skimmed milk powder for 1977, although the supplementary feeding program has an annual need for this commodity. Adequate stocks exist for the time being, as a result partly of disruption of the school milk program during the Lebanon civil war and partly owing to suspension of the program in certain areas as an anti-cholera measure.

Supplementary Feeding Program - cash

24) The contribution requested in cash is now \$ 3 000 000, a decrease of \$ 337 000 from the amount requested earlier in 1977, following reviews carried out during the year.

25) As in previous years, the cash contribution is intended to cover the following (cf. Table 6) :

- a) Purchase of preserved foodstuffs - corned beef, tomato paste, pulses, and burghol, the first two to be purchased inside the E.E.C. (Estimated cost : \$ 482 000) ;
- b) Purchase of other foods, supplies, premises, contractual services, and staff costs (the last being the major item). The estimated cost is \$ 2 550 000, offset by a contribution of \$ 32 000 recovered from the Jordan Government.

26) The contribution requested for 1977 compares with 1976 expenditure of \$ 2 838 000, an increase of \$ 162 000 (5,7 %). The increase is due essentially to two factors :

- a) a rise in staff costs of \$ 251 000, or 14,7 %, UNRWA having been obliged to grant large cost-of-living increases as a result of inflation in all areas of operations ;
- b) increased costs of local purchases, especially fresh foods (21 % increase), again as a result of the inflation that was particularly marked in Jordan, Syria and Lebanon.

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(1) Arrangements have already been made for shipment ; this provision is again a matter of form.

These two items are however heavily offset by a fall in the costs of commodities purchased abroad, in particular corned beef purchased in Europe.

- 27) It should be emphasized that the above estimates of 1977 supplementary feeding program costs are still provisional, as a result of disruptions caused by the aftermath of the Lebanese troubles and by two moves of UNRWA's head office ; the figures are the best available at the time of preparing this document. It is possible that the Commission may introduce modifications during discussions in the Council.

Budget charge

- 28) The estimated cost of the requested contribution is 4 724 000 EUA.
This can be broken down as follows :

	(EUA x 1000)		
	<u>Commodities</u>	<u>Cash</u>	<u>Total</u>
- Basic rations program : 6 000 t sugar	1 703	133	1 836
- Supplementary feeding program : sugar, flour, rice	672		2 888
- Purchase of other commodities, and running costs		2 216	
- Total	2 375	2 349	4 724

Further details are given in Table 5.

- 29) The contribution is chargeable to Chapters 92 (Food Aid) and 94 (Cooperation with developing countries) of the 1977 budget.
No new expenditure for the Community arises since sufficient appropriations already exist under the appropriate budget headings. A financial annex is attached.
- 30) Since the cash contribution has not yet been paid or committed, owing to the difficulty in establishing requirements for 1977 (See above), a carryover of the appropriation under Article 94G has been made (19-6-78).

Action proposed

31) The Commission considers that the Community should continue its support for UNRWA, and should accept the request for the continuation of the Convention for the year 1977. The Commission therefore proposes that the Council take the following decision of which the text is attached in Annex :

- Council decision (EEC) concluding an agreement, in the form of an exchange of letters, to extend for the year 1977 the Convention between UNRWA and the E.E.C. dated 20 July 1976.

Table 1

(US Dollars x 1000)

UNRWA : INCOME AND EXPENDITURE 1971 - 1977

	1971	1972	1973	1974	1975	1976	1977 (prov.)
<u>INCOME</u>							
European Economic Community							
- member states:							
B	507	382	262	674	771	996	1110
Da	715	914	890	1109	1186	1567	1800
D	3476	3430	4968	2963	3304	3312	3260
F	1445	1262	1269	1343	1295	1568	1320
Irl.	60	65	80	100	81	89	100
I	188	198	160	153	148	200	200
L	4	16	5	6	144	54	10
N	176	180	135	565	1562	1837	1940
UK	4512	4886	4960	4760	6809	6929	8500
	11083	11333	12729	11673	15300	16552	18240
Community	240	2410	6891	24041	13771	14321	16570
Total EEC - 9	11323	13743	19620	35714	29071	30873	34810
USA	22981	24376	23200	28285	42055	38700	48700
Arab states	1677	2322	2069	3090	16234	14847	5830
Other income	7942	8947	17643	18231	26218	30299	34640
<u>TOTAL INCOME</u>	47675	49388	55269	85320	113578	114719	123980
<u>TOTAL EXPENDITURE</u>	48432	52126	62532	88149	111809	114775	127480
<u>SURPLUS/ (DEFICIT)</u>	(757)	(2738)	(7263)	(2829)	1769	56	(3500)

Source: Principally UNRWA reports and estimates.

Table 2

UNRWA : EEC CONTRIBUTIONS 1971 - 1977

	1971	1972	1973	1974	1975	1976	1977 (prov.)	TOTAL
<u>COMMODITIES (mtn)</u>								
Cereals:	4500	21945	20000	20000	25000	25000	35000	151445
in form of:								
Flour	2980	11765	11184	13117	14241	17842	25984	97113
Rice	-	3240	2412	150	171	85	171	6229
Skimmed milk powder	-	-	1100	1600	2000	700	-	5400
Butteroil	-	-	2000	2000	3000	3000	3200	13200
Sugar	-	-	6150	6062	6094	6153	6102	30561
=====								
Estimated commodity value (\$ 000)	240	1441	4614	12479	10334	10554	12596	52258
=====								
<u>Cash contributions (\$ 000)</u>								
Basic rations	-	50	107	110	167	221	972	1627
Supplementary feeding	-	919	2170	2571	3270	3546	3000	15476
Education	-	-	-	8881	-	-	-	8881
Total cash	-	969	2277	11562	3437	3767	3972	25984
Total commodities and cash (\$ 000)	240	2410	6891	24041	13771	14321	16568	78242

NOTE: Evaluations are based on UNRWA's yearly estimates of commodity values. These are slightly lower than EEC figures, mainly as a result of UNRWA's practice of valuing butteroil in terms of vegetable oil replaced. There are also certain differences resulting from the year by year allocation of contributions. The commodity quantities are taken from the EEC annual food aid programmes.

Table 3

EEC CONTRIBUTIONS UNDER CONVENTION

Convention year	1972/73	1973/74	1974/75	1975/76	1977 (proposed)
Period of application	July-June	July-June	July-June	July-Dec.	Jan.-Dec.
Duration	12 months	12 months	12 months	18 months	12 months
<u>Contributions in kind (1)</u>					
Wheat flour	3070 t	1868 t	2353 t	3675 t	2450 t
Rice	240 t	122 t	150 t	256 t	171 t
Skimmed milk powder	1100 t	1600 t	300 t	2400 t	e
Sugar (supplementary feeding)	150 t	62 t	94 t	153 t	102 t
Sugar (basic rations)	6000 t (3)	6000 t	6000 t	6000 t	6000 t
Value (estimated) (2)	2,534 Mua	3,273 Mua	3,362 Mua	4,530 Mua	2,375 Mua
<u>Contributions in cash</u>					
Basic rations sugar	71	71	71	111	133
Supplementary feeding	1,610	1,610	2,161	4,212	2,216
Feeding centres	42	-	11	-	-
<u>Total contributions</u>	4,257 Mua	4,954 Mua	5,605 Mua	8,853 Hua	4,724 Mua

(1) Commodities form part of total EEC contributions listed in Table 2

(2) Internal prices, less restitutions, plus sea transport

(3) Including 4000 t already decided before signature of Convention

TABLE 4

SUPPLEMENTARY FEEDING PROGRAM : July 1975 - December 1976

PLANNED AND ACTUAL : COMMODITIES DISTRIBUTED AND EXPENDITURE

A. COMMODITIES DISTRIBUTED	(metric tons)		
	<u>Planned</u>	<u>Actual</u>	<u>Variance</u>
Wheat flour	3 675	3 113	562
Rice	256	232	24
Sugar	153	137	16
Skimmed milk powder	2 400	1 153	1 247

B. EXPENDITURE	(US dollars x 1000)		
	<u>Planned</u>	<u>Actual</u>	<u>Variance</u>
(a) <u>Purchases abroad</u>			
• Corned beef (EEC)	1 067	489	578 (1)
• Tomato paste (EEC)	56	32	24
• Other purchases	248	167	81
	<u>1 371</u>	<u>688</u>	<u>683</u>
(b) <u>Local purchases</u>	799	751	48
(c) <u>Staff costs</u>	2 911	2 547	364
Total expenses	<u>5 081</u>	<u>3 986</u>	<u>1 095 (2)</u>

- (1) of which \$ 360 000 due to reduced price, \$ 218 000 due to reduced quantities.
- (2) in addition to favourable variance on exchange of \$ 184 000, the EEC cash grant of 4,212 Mua having produced \$ 5 265 000.

UNRWA REQUEST FOR 1977

<u>COMMODITIES</u> (1)	<u>US \$ x 1000</u>	<u>EUA x 1000</u> (2)
1. <u>Basic rations program</u>		
6 000 t sugar	2 305	1 703
2. <u>Supplementary feeding program</u>		
171 t rice)		
2 450 t wheat flour)	910	672
102 t sugar)		
	<u>3 215</u>	<u>2 375</u>
 <u>CASH</u>		
1. <u>Basic rations program</u>		
Inland transport and distribution costs (3)	180	133
2. <u>Supplementary feeding program</u>		
a) Purchases abroad :		
351 t corned beef)		
28 t tomato paste)	482	356
188 t pulses)		
141 t burghol)		
b) Other expenses	2 550	1 884
c) Costs recovered from Jordan	(32)	(24)
	<u>3 180</u>	<u>2 349</u>
 <u>T O T A L</u>	<u>6 395</u> =====	<u>4 724</u> =====

(1) Evaluation at estimated world prices delivered port of unloading

(2) Assuming 1 EUA = \$ 1, 35363 (11-1978)

(3) Assuming \$ 30 per tonne.

Table 6

**REQUESTED CASH CONTRIBUTION TO 1977
SUPPLEMENTARY FEEDING PROGRAM**

ITEM	Hot Meal \$	Milk Programs \$	Other Rations \$	Admin. \$	Total \$
A. Purchase of:					
a) Corned beef - hot meal quality	164,100	-	-	-	164,100
b) Corned beef - protein supplement quality		-	173,000	-	173,000
c) Tomato paste	25,200	-	-	-	25,200
d) Pulses	89,000	-	-	-	89,000
e) Burchol	30,700	-	-	-	30,700
Total "A"	309,000	-	173,000	-	482,000
B. 1. Other purchased food supplies:					
a) Local purchases (in particular fresh fruits and vegetables)	408,000	-	-	-	408,000
b) Vitamins	12,000	-	8,000	-	20,000
2. Other supplies	46,000	17,000	1,000	1,000	65,000
3. Premises:					
a) Rentals	8,000	5,000	-	-	13,000
b) Maintenance	17,000	5,000	-	-	22,000
c) Utilities and cleaning	8,000	3,000	-	-	11,000
4. Contractual services: Principally baking of bread	58,000	-	-	-	58,000
5. Staff costs:					
a) Remuneration	1,330,000	380,000	-	223,000	1,933,000
b) Travel costs and clothing	10,000	4,000	-	6,000	20,000
Total "B"	1,897,000	414,000	9,000	230,000	2,550,000
C. Costs recovered from Jordan Government	(32,000)	-	-	-	(32,000)
NET TOTAL (\$,000)	2,174,000	414,000	182,000	230,000	3,000,000

FINANCIAL ANNEX

1. RELEVANT BUDGET HEADINGS

1977 BUDGET

- . Item 9201 : "Food aid in cereals - 1977 Program"
- . Item 9221 : "Food aid (sugar) - 1977 Program"
- . Article 940 : "Expenditure resulting from Convention between EEC and UNRWA"

2. DESCRIPTION AND PURPOSE OF OPERATION

Continuation for 1977 of Convention between EEC and UNRWA granting contributions in commodities and in cash for use in UNRWA's feeding programs for Palestine refugees.

3. LEGAL BASIS

- a) Cereals : Council decision of 8 February 1977 on the 1977 EEC food aid program in cereals.
- b) Sugar : Council regulation (EEC) 1034/76 of 30 April 1976 on the supply of white sugar to UNRWA as food aid.
- c) Convention : Council decision of 20 July 1976 on conclusion of the Convention between the EEC and UNRWA concerning aid to refugees in countries of the Near East.

4. APPROPRIATIONS

4.1 Calculation of costs

a) Item 9201 - Cereals

- 2 450 t flour (equivalent 3 259 t cereals)

	<u>EUA/t</u>	<u>EUA</u>
Internal price :	267	654 000
Restitution :	106	259 000
	<u>161</u>	<u>395 000</u>
Transport	50	123 000
	<u>211</u>	<u>518 000</u>

- 171 t rice (equivalent 441 t cereals)

	<u>EUA/t</u>	<u>EUA</u>
Internal price :	775	133 000
Restitution :	94	16 000
	<u>681</u>	<u>117 000</u>
Transport	50	8 000
	<u>731</u>	<u>125 000</u>

- Total 643 000 EUA.

b) Item 9221 - Sugar

- 6 102 t white sugar :

	<u>EUA/t</u>	<u>EUA</u>
Internal price :	424	2 588 000
Restitution :	190	1 160 000
	<u>234</u>	<u>1 728 000</u>
Transport	50	305 000
	<u>284</u>	<u>1 732 000</u>

- Cash contribution

Inland transport and distribution for basic rations program
6 000 t at € 30 /t : 133 000 EUA

- Total 1 865 000 EUA

c) Article 940 - Convention

Contribution \$ 3 million (see text)

Conversion to EUA at assumed rate \$ 1,35363 (11-1978)

2 216 000 EUA

d) Total appropriation

4 724 000 EUA.
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4.2 Incidence of costs

- a) The operation does not imply additional expenses beyond those appropriations already in the 1977 budget.
- b) The commodities have already been delivered (on the basis of Council decisions fixing food aid programs) and have been charged to the 1977 budget appropriations for food aid in sugar and in cereals. The cash contributions have not been paid ;
 - a carryover of the 1977 budget appropriation was agreed on 19 June 1977

5. CONTROL OF EXPENDITURE

Financial regulation of 21 December 1977 applicable to general budget of the Communities.

COUNCIL DECISION

extending for the year 1977 the Convention between
the European Economic Community and the United Nations
Relief and Works Agency for Palestine Refugees
(UNRWA).

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community
and in particular Article 113;

Having regard to the recommendation from the Commission ;

Whereas on 20 July 1976 the Community concluded a Convention with UNRWA
concerning aid to refugees in the countries of the Near East
during the period July 1975 to December 1976 (1) ;

Whereas under Article 10 the Convention may be extended for subsequent
periods with or without amendment by agreement between the two parties
until 30 June 1978;

Whereas the Convention should, subject to certain amendments be extended for the
year 1977 in order that the aid of the Community can be granted in a comprehensive
and continuous fashion,

(1) OJ ..L 203, 29.7.1976, p. 40

HAS DECIDED AS FOLLOWS :

Article 1

The exchange of letters concerning the extension until 30 June 1977 of the Convention concluded on 20 July 1976 between the European Economic Community and the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) concerning aid to refugees in countries of the Near East is hereby approved on behalf of the Communities.

The text of the said exchange of letters is annexed to this Decision.

Article 2

The President of the Council is authorized to designate the persons empowered to sign the exchange of letters and to confer on them the necessary powers to bind the Community.

Done at,

For the Council,

The President

EXCHANGE OF LETTERS

(a) Letter from EEC to UNRWA

With reference to the Convention concluded on 20 July 1976 between the European Economic Community and the United Nations Relief and Works Agency for Palestine Refugees concerning aid to refugees in the countries of the Near East, the Community proposes that in accordance with Article 10 the Convention be extended for the year 1977, subject to the following amendments :

(i) For the year 1977 the contribution mentioned in Article 4 Paragraph 2 shall be thirty US Dollars per metric ton.

(ii) The following text is joined to the Annex of the Convention:

SUPPLEMENTARY FEEDING PROGRAM

Second period of Convention (Calendar year 1977)

1. Contributions in kind

Wheat flour	2 450	metric tons
Milled rice	171	metric tons
White sugar	102	metric tons

2. Contributions in cash

3 000 000 U S dollars

3. Foodstuffs to be purchased in the Community

Corned beef	approximately	350	metric tons
Tomato paste	approximately	28	metric tons

The Community would be obliged if the Agency would signify whether it is in agreement with this proposal.

(b) Reply from UNRWA to EEC

The Agency acknowledges receipt of the Community's letter dated and reading as follows :

(Text of EEC letter to UNRWA)

The Agency wishes to confirm its agreement to the above.

