

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 345 final

Brussels, 4 July 1975

COMMUNICATION FROM THE COMMISSION

to the Council on the renewal of the convention between the
European Economic Community and the
United Nations Relief and Works Agency for Palestine Refugees (UNRWA)

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COMMUNICATION FROM THE COMMISSION TO THE
COUNCIL ON THE RENEWAL OF THE CONVENTION
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND THE UNITED NATIONS RELIEF AND WORKS
AGENCY FOR PALESTINE REFUGEES (UNRWA)

On 18 December 1972 the Community concluded with UNRWA a three-year Convention on aid to refugees in Middle Eastern countries. The Convention covered the period from 1 July 1972 to 30 June 1975 and related to donations in kind and cash contributions to the UNRWA food distribution programme.

So that it can continue its activities in this field in the future, UNRWA has requested the Community for the conclusion of a new convention along similar lines.

For the reasons stated below in section A, the Commission feels that this request should be given a favourable response. The Commission hereby proposes that the Council authorize it to negotiate a new convention with UNRWA on the bases set out in section B below.

A. Reasons for the renewal of the Convention

Given the present political situation in the Middle East, UNRWA's programme constitutes a stabilizing element which is irreplaceable. Its importance was stressed by many countries at the last session of the United Nations General Assembly in December 1974 and the general view was that any reduction in UNRWA's activities could have serious social and political consequences. Notwithstanding the efforts being made to achieve an overall peaceful settlement, it was accordingly decided by the General Assembly to prolong UNRWA's mandate, which was due to expire on 30 June 1975, for a further period of three years. This being so, the Commission feels that the Community

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must make its contribution so as to enable UNRWA to continue its humanitarian programme. Moreover, it should be noted that the countries and organizations concerned, notably the Arab League and the Syrian and Jordanian Governments, have made it known to the Commission that they would like the Community to contribute generously once again to refugee assistance (see annexes).

In the field of good aid UNRWA provides essential foods for approximately 800.000 people¹ as part of a monthly distribution programme.

However, these basic rations provide only 1500 to 1600 calories per day, which is not enough², particularly for people who are vulnerable because of their age (babies, children) or their physiological condition (pregnant women, nursing mothers, invalids), and so UNRWA has had to supplement the rations for these categories of people with fresh produce, milk, vitamins and so on. This has been done through a support programme covering more than 200 000 people in over a hundred distribution centres.

This aid has been kept up over the last three years only because of the Community's contributions in kind and in cash, since UNRWA has been encountering increasingly serious financial difficulties. The organization's financial situation has become even worse this year.

In spite of an increase in contributions from certain countries and the UN General Assembly's decision to foot the salary bill for UNRWA's international staff, the present deficit is in the region of \$ 22 million.

¹Out of a total of about 1 500 000 in receipt of aid.

²According to FAO and WHO norms, daily needs in this region are 2 330 calories per person.

The factors at the root of this financial situation are mainly the increase in the prices of all foodstuffs (especially flour); the continuing depreciation of the dollar and other currencies in relation to three local currencies and also the large increase in the cost of living in the areas receiving aid.

Consequently, should the Community not renew its donations, UNRWA would be obliged to stop its support programme in spite of the effect this would be bound to have on the categories of people in question.

For these reasons the Commission feels that the Community should continue granting aid to UNRWA under a new convention.

B. Technicalities of a new convention

1. Duration

The Commission considers that a new convention should be concluded for a three-year period corresponding to the duration of UNRWA's mandate.

The characteristics of the support programme are such that a certain distribution structure and relatively specialized staff are required because of the kind of aid provided, and this means that it is essential for UNRWA to be assured of a certain continuity. It is understood, however, that the convention should provide for an annual reconsideration by the Community of the convention's objectives and the volume of aid donated, as has been the case in the preceding years.

2. Volume of aid

As was the case under the first Convention, the donations requested of the Community are intended mainly for the support distribution programme, with the exception of 6 000 t of sugar distributed under the normal programme.

The donations needed by UNRWA for 1975-76 are shown in the table below, which compared them with those made under the first Convention:

	Donations made in			Donations requested for 1975-76
	1972-73	1973-74	1974-75	
A. <u>Under the normal distribution programme</u>				
White sugar + internal transport and distribution costs	6 000 t 70 680 u.a	6 000 t 70 680 u.a	6 000 t 70 680 u.a	6 000 t ^{a)} 111 060 u.a
B. <u>Under the support distribution programme</u>				
1. Donations in kind				
Wheat flour (wheat equivalent)	3 070 t (4 636 t)	1 868 t (2 821 t)	2 353 t (3 553 t)	2 450 t (3 403 t)
Milled rice (husked rice equivalent)	240 t (309 t)	122 t (157 t)	150 t (193 t)	171 t (220 t)
Skimmed-milk powder	1 100 t	1 600 t	300 t	1 600 t
White sugar	150 t	62 t	94 t	102 t
2. <u>Donations in cash for:</u>				
Support programme	1 610 000 u.a	1 610 000 u.a	2 161 000 u.a	2 778 000 u.a
Construction of distribution centres	41 500 u.a	-	11 000 u.a	-

a) Those quantities still remaining to be deöcovered under the last Convention are not included in this figure.

These figures show that the volume of donations in kind is broadly equivalent to that of previous years, with the exception of milk aid which was very insubstantial in 1974-75 because of reduced consumption in the preceding years following delays in Community deliveries.

All these deliveries are made cif. Sugar does not form part of the support programme, and so internal transport and distribution costs are not covered by the cash donation for that programme. It is therefore proposed to allot UNRWA a lump sum to help cover these expenses. This contribution was set at 11.78 u.a. per t in the preceding Convention and it should now increase to 18.5 u.a. per t to take into account the rise in costs.

As regards the donation, its function, as in the preceding Convention, will be to enable UNRWA to:

- (i) purchase fresh, dried and preserved foodstuffs¹ worth \$ 1 331 004 (1 103 332 u.a.);
- (ii) cover the cost of distributing the food rations, amounting to \$ 2 020 037 (1 674 504 u.a.);

The annex contains a breakdown of this expenditure compared with that of the preceding years.

The 28% increase in the amount of this donation over the sum recorded for the last year of the old Convention is mainly due to the increase in expenditure on personnel as a result of inflation on the one hand, and to the high prices of fresh produce on the other.

¹As under the preceding Convention purchases of preserved products - tomato concentrate and corned beef - will have to be made by invitation to tender on the Community market. These purchases would cost approximately 896.000 US \$.

3. Financial consequences

The amount of expenditure resulting from a new convention should be assessed by taking into account the fact that the contributions in kind, other than the supplies of sugar, are set off against the quantities provided for in the Community's annual food aid programmes, in respect of which the total volume and relevant expenditure have already been decided by the Council.

Thus, the additional expenditure resulting from renewal of the Convention would be 5.03 million u.a., broken down as follows:

2.26 million u.a. for the purchase and transportation of sugar

2.77 million u.a. for the cash donation

If we add to this sum the cost of the cereals and milk powder donations (see annex for details) the total cost of the Convention may be estimated at 5,59 u.a.

For sugar an appropriation of 2.3 million u.a. has been set aside in the 1975 Budget in case the Convention is renewed.

At present prices this appropriation covers the estimated costs. If it should prove necessary, however, to make certain adjustments because of a rise in sugar prices, these would be covered by 1976 Budget appropriations.

As far as the cash donation is concerned, a sum of 1 190 000 u.a. has been entered under Article 980 (non-allocated provisional appropriations) to cover the first tranche of the expenditure which would result from the Convention being renewed. Once the Council decides upon renewal, a transfer will have to be made to Article 930 so that there is no delay in making the payment for this first tranche.

The balance of the cash contribution - 1 588 000 u.a. - will be covered by appropriations to be entered in the 1976 Budget.

Therefore, the Commission proposes that the Council:

1. decide to make the following donations to UNRWA in 1975/76 for the refugees of the Middle East under a three-year convention:

i. donations in kind:

6 000 t white sugar

for use in the normal distribution programme, and

2 450 t wheat flour

171 t milled rice

102 t white sugar

1 600 t skimmed-milk powder

for use in the support distribution programme;

ii. cash donations:

(a) for the purchase of dried foodstuffs	\$ 896 000
(b) for the purchase of fresh foodstuffs and vitamins	\$ 435 000
(c) to cover the cost of distributing milk, hot meals, etc.	<u>\$ 2 020 000</u>
totalling	\$ 3 351 041

2. instruct the Commission to enter into the necessary negotiations with UNRWA for the conclusion of the convention.

FINANCIAL ANNEX

A. Estimate of expenditure¹

1. White sugar

(a) value of raw materials			
6 102 t @ 301 u.a. per t ¹	=		1.81 million u.a.
(b) transport costs			
6 102 t @ 55 u.a. per t	=		0.34 million u.a.
(c) cost of internal distribution			
6 000 t @ 18.6 u.a. per t	=		0.11 million u.a.
			<hr/>
	Total		2.26 million u.a.

2. Cash contribution 2.77 million u.a.

3. Grand total 5.03 million u.a.

B. Budgetary headings involved

1. Sugar

1975 Budget: item 9221 makes provision for an appropriation of 2.30 million u.a.

2. Cash contribution

1975 Budget: Article 980 (non-allocated provisional appropriations) earmarks an appropriation of 1 190 000 u.a. for expenditure resulting from agreements between the EEC and UNRWA for the period from July 1975 to December 1975. It is requested that these appropriations be transferred to Chapter 930.

1976 Budget: the balance of 1.58 million u.a. will be covered by appropriations in the 1976 Budget.

¹Note that the cost of the donations in kind other than of sugar mentioned in this communication is covered by the 1975 programmes for cereals and milk already adopted by the Council.

C. Estimates of disbursements for 1976/77 and 1977/78

	<u>1976/77</u>	<u>1977/78</u>
1. White sugar :		
a) cost of raw material at world price	6.102 x 285,60 = 1,74	6.102 x 285,60 = 1,74
b) cost of transport and distribution	6.102 x 96 = 0,59	6.102 x 96 = 0,59
2. Monetary contribution	3,18	3,63 ⁽¹⁾
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Total	5,51	5,95

(1) Estimated on the basis of the increase of 76/77 over 75/76

Supplementary distribution programme : Estimate for 1975/76

	Average number of recipients	Products distributed (kg)			
		flour	rice	sugar	milk
Hot meals	39.100	821.100	164.220	93.840	117.300
Pregnant & nursing women	27.750	1.485.000	-	-	-
Sick	1.060	142.464	6.360	7.632	-
Infants	4.460	-	-	-	-
Others	156.075	-	-	-	-
Total	228.445	2.448.564	170.580	101.472	593.864

AnnexBreak-down of the monetary contribution allocated to UNRWA in US \$

	1972/73	1973/74	1974/75	1975/76
Tomatoe concentrate	28.062	27.260	31.791	36.432
Corned Beef	507.120	533.652	726.972	697.710
Dried vegetables	85.562	66.927	108.000	112.608
Burghol	-	-	-	-
Sub-total	620.744	627.839	918.529	896.016
Fresh vegetables	143.496	215.029	350.963	385.847
Distribution costs	1.019.302	1.332.298	1.804.097	2.069.178
Total	1.783.542	2.175.166	3.073.589	3.351.041



League of Arab States

The Secretary General

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April 29th, 1975

Dear Mr. Cheysson,

I have been informed by Sir John Rennie
(The Commissioner General of UNRWA) of the help
he is getting from the E.E.C.

I have the pleasure to express to you our
gratitude and thanks to the E.E.C. for its help,
Service and aid to the palestine refugees, and
I hope that the E.E.C. will continue to provid
UNRWA with this aid in the future.

With all my best regards.

Yours Sincerely,

Mahmoud Riad

Secretary General
League of Arab States

Commission des Communautés
Européennes
Rue de la loi 200
10 40 Bruxelles
Belgique

AMBASSADE
DE LA
RÉPUBLIQUE ARABE SYRIENNE
BRUXELLES

Bruxelles, le 9 juin 1975.

AVENUE FRANKLIN ROOSEVELT 8
1050 BRUXELLES

356 (CEE)

Excellence,

17. VI. 1975

J'ai l'honneur de porter à Votre connaissance que le Gouvernement de la République Arabe Syrienne m'a chargé de vous communiquer son acceptation pour la reconduction pour une période de trois ans de la Convention triennale d'Aide Alimentaire, passée en 1972 entre les Communautés Economiques Européennes et l'U.N.R.W.A., Convention qui rentre dans le cadre du programme d'Aide alimentaire supplémentaire accordée de la part des Communautés Economiques Européennes à la dite organisation.

En priant Votre Excellence de prendre acte de ce fait, je saisis l'occasion pour Vous renouveler les assurances de ma très haute considération.

Kassem MARDAM,

K. Mardam

Ministre Plénipotentiaire,
Chargé d'Affaires a.i.

S.E. Monsieur Claude CHEYSSON,
Membre de la Commission,
Chargé du Développement et de la Coopération,
COMMUNAUTÉS ECONOMIQUES EUROPEENNES,
Boulevard de la Loi, 200,
1040-BRUXELLES.



Cover :-

MISSION OF THE H. K. OF JORDAN
TO THE EUROPEAN COMMUNITIES

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April 15th, 1975

Mr.
Claude Cheysson
Commissioner for Development
-Commission of the
European Communities-
200, Rue de la Loi

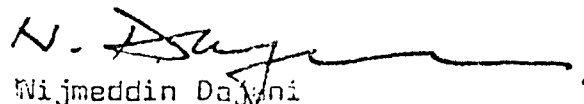
B-1040 Brussels

Dear Mr. Cheysson,

I have been instructed by my Government to inform the Commission of the European Communities that the United Nations Relief and Works Agency for Palestinian refugees is facing serious financial difficulties in meeting its obligations towards the Palestinian refugees. The Government of Jordan considers the continuation of financial assistance by the European Communities to the budget of UNRWA as essential towards overcoming the financial deficit which the Agency is facing in its operations. The Government of Jordan considers the EEC's financial support as essential for enabling UNRWA to continue its services to the Palestinian refugees in Jordan.

It will be appreciated if the contents of this letter about Jordan's position towards the European Communities' financial support to UNRWA is communicated to the members of the Commission.

Yours sincerely



Dr. Wajmeddin Dajani

-Ambassador-

