

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 78 final.

Brussels, 10 March 1977

COMMISSION COMMUNICATION TO THE COUNCIL
ON EMERGENCY FOOD AID IN THE FORM OF
BUTTEROIL FOR INDIA

PROPOSAL FOR COUNCIL REGULATION (EEC)

laying down general rules for the supply of milk fats to India
as food aid

(submitted to the Council by the Commission)

COM(77) 78 final.

1. The Indian Government's request and analysis of requirements

The Indian Government has recently appealed to the Community for emergency food aid in the form of 10 000 tonnes of butteroil.

In view of the erratic monsoon conditions during the 1976/77 agricultural year in the oil seed production areas, there was a very marked decrease in the crop, of the order of 20% to 25%¹ according to the most recent estimates by comparison with the preceding agricultural year, in fact a much greater decrease than was initially forecast.

This drop in the harvest and the resulting loss of oil production have brought with them an unforeseeably dramatic rise in the price of vegetable² and animal oils, which is reaching its peak at this precise time when stocks are used to bridge the gap until the next harvest in May. Unlike cereals, the prices of oils and fats are not subsidized by the Government for the neediest sections of the population. For this reason these people are particularly affected by the present situation. Moreover it should be noted that the rise in the price of ghee has also resulted in a decrease in the availability of fresh milk, which finds a more advantageous outlet in the production of ghee, and therefore disturbs the normal supplies of this product, which is equally important for the needy sections of the population.

Because of the deficit in production mentioned above, the country's needs in imports of animal and vegetable oils and fats has increased considerably and, faced with this serious situation, the Government has just taken steps to abolish the restrictions on imports which it had set up since the oil crisis (imports have been of the order of 250 000 tonnes per annum in recent years). As regards food aid, the United States have recently decided to send aid in the form of 50 000 tonnes of soya oil and cotton-seed.

¹In 1975/76, the total production of oil seeds was 9.96 million tonnes of which 6.9 million tonnes of groundnuts. The latter fell to 6 million tonnes in 1976/77.

²Between June and December 1976, according to the kind of oil, the rise in prices was between 60% and 87%.

Community aid would therefore help to remedy the present general scarcity. It would be sold on the local market and the counterpart funds would be used to finance a development project in the dairy industry.

2. Commission proposals

In view of the preceding considerations, the Commission is of the opinion that the Community should reply favourably to the request from the Indian Government by granting emergency food aid to India. However, since the quantities available for the 1977 programme are restricted to 45 000 tonnes¹ the Commission feels that the request cannot be met in its entirety. It therefore proposes delivering 3 000 tonnes of butteroil to the port of shipment. This quantity is greater than the last allocation of butteroil to India (2 500 tonnes in 1974).

The cost of this measure, which will be charged against the 1977 programme and is estimated at 2.70 million units of account (at world prices), does not involve any expenditure for the Community in excess of that already provided for in the 1977 Budget².

¹ And the reserve for 1976 is almost entirely used up (239 tonnes still available).

² See financial annex.

CONCLUSION

In view of the foregoing, it is proposed that the Council

- decide to grant emergency food aid to India in the form of 3 000 tonnes of butteroil to be delivered to the port of shipment;
- adopt accordingly the regulation annexed hereto.

PROPOSAL FOR COUNCIL REGULATION (EEC) No /77

of

laying down general rules for the supply of milk fats to India as food aid.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 804/68 of 27 June 1968 on the common organization of the market in milk and milk products¹, as last amended by Regulation (EEC) No 559/76², and in particular Article 6(6) thereof,

Having regard to the proposal from the Commission,

Whereas India has indicated its requirements in milk fats; whereas these fats may be supplied in the form of butter or butteroil produced within the Community and meeting certain quality standards;

Whereas the amounts of butter held at present by the intervention agencies are sufficient to permit a quantity of butter or butteroil corresponding to 3 000 tonnes of butteroil to be supplied as food aid;

Whereas delivery must be made at the cheapest possible price; whereas, in order to achieve that aim, provision should be made for a tendering procedure; whereas, however, to save time, it may be desirable in exceptional cases to negotiate private contracts;

¹OJ No L 148, 28.6.1968, p. 13.

²OJ No L 67, 15.3.1976, p. 9.

HAS ADOPTED THIS REGULATION:

Article 1

A quantity of 3 000 tonnes of butteroil shall be made available to India in the form of food aid.

Article 2

The butteroil referred to in Article 1 shall be processed from butter purchased in accordance with Article 6(1) of Regulation (EEC) No 804/68.

Article 3

For the purposes of Article 1, the cost of the butteroil delivered to the port of shipment or to a corresponding stage, shall be financed by the Community.

Article 4

Contracts for delivery of the product, including packing, labelling and forwarding to the port of shipment or to a corresponding stage shall be put out to tender, save where there are particular reasons justifying the negotiation of private contracts.

Article 5

The sums to be paid to the undertaking selected shall be due only if:

(a) the undertaking satisfies the conditions laid down in the invitation to tender or the private contract;

and

(b) the quality and packing of the delivered product are found on inspection to comply with the relevant Community provisions.

Provision may be made for part of such sums to be paid in advance.

Article 6

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

For the Council

The President

Annex II

Financial Annex

1. Relevant budget heading code

- Article 921 - item 9212 of 1977 budget (appropriation = 47 million u.s.)

2. Title of budget heading

- Item 9212 - food aid in dairy products - 1977 butter/butteroil programme

3. Legal basis

Council Decision of 23 November 1976 (Budget).

4. Description, objective and justification of the project

- Allocation of 3 000 tonnes of butteroil to the Indian Government

5. Appropriations

5.1 Method of calculation

o Raw material

Butteroil 3 000 tonnes x 901.58 u.s./t = 2.70 million u.s.

5.2 Implications in respect of expenditure

This measure would not involve any expenditure in addition to that forecast for the 1977 programme.

6. Type of control to be applied

Financial Regulation of 25 April 1973 for the general budget of the Communities.

