

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 409 final

Brussels, 14 July 1981

Proposal for a
COUNCIL DECISION

on the granting of exceptional food aid (commodities other than cereals, milk products or sugar) to Nicaragua

(submitted to the Council by the Commission)

COM(81) 409 final



C O M M U N I C A T I O N
FROM THE COMMISSION
TO THE COUNCIL
CONCERNING A DECISION
TO GRANT FOOD AID
TO NICARAGUA

1. GENERAL SITUATION

The food situation in Nicaragua nearly two years after the fall of Somoza continues to be difficult. The food shortage place a heavy foreign exchange burden on the country and is impeding the implementation of development projects needed for its recovery.

A deficit on the external balance of at least \$300 million¹ is expected in 1981 in spite of the Government's austerity policy, and this already substantial deficit is further increased whenever basic food products are purchased abroad.

Bad weather, especially at the beginning of 1981, and the crisis situation in Central America (absence of Salvadorian and Honduran labour, which has traditionally provided supplementary agricultural manpower in Nicaragua, plus the influx of refugees from El Salvador²) have resulted in inadequate agricultural output of both food products (mainly rice and red beans) and export produce (coffee and cotton).

The result is that Nicaragua has been unable to return to the surplus situation in cotton or oil, its principal by-product for home consumption, which it enjoyed prior to the disasters of the civil war.

Since the Revolution, the aid provided by the Community and its Member States has been substantial and unconditional and thus doubly appreciated. The EEC as such has been able to contribute actively, in the form of food aid and financial and technical assistance, in Nicaragua's recovery effort. In this context, Community aid amounting to approximately 25 million ECU has been granted to Nicaragua since 1979 (see Annexes).

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(1) Of which \$190 million for foreign debt repayments, since the new government of Nicaragua decided to take on the financial liabilities of the Somoza government.

(2) Currently exceeds 20 000.

Besides the economic problems facing any developing country which has experienced a civil war, Nicaragua is currently in a sensitive position politically due principally to the troubled scene in Central America in recent months. It is against this background - which sets fully in perspective the pluralist decision taken by the Nicaraguan Government - that any appeal for international aid must be judged.

Nicaragua, aware that previous European aid has been a factor of equilibrium among the various aid contributions from abroad, has made a further request to the Community for supplementary aid in the form of vegetable oil and legumes.

The food aid approved by the Council decision of 19 May 1981¹ will be delivered before the end of the summer. It will meet only part of Nicaragua's needs, the full extent of which is now apparent, and it is therefore necessary that a decision be taken as quickly as possible concerning the new request.

2. REQUEST

This concerns items not traditionally supplied under food aid programmes but which, apart from cereals (maize and rice), represent the basic diet of the Nicaraguan population.

Nicaragua will become short of oil as from July and the greatest shortage will be felt between September and November. The likely shortfall of 10 000 tonnes of oil will cost a total of around 8 million ECU (\$9 million).

With regard to legumes (chiefly red beans), there is likely to be a shortfall in 1981 of over 20 000 tonnes, which will cost almost \$20 million to provide.

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(1) 10 000 tonnes of cereals, 2 000 tonnes of milk powder and 200 tonnes of butteroil.

3. PROPOSAL

Under its General Budget the Community is able to finance food aid in "other commodities". For this purpose it is possible to effect a supplementary transfer to Article 923 "Food aid (other commodities)", for which 3 945 000 ECU¹ has already been made available.

Given the Community's financial resources and Nicaragua's expressed requirements, exceptional food aid amounting to 5 million ECU could be granted to Nicaragua. Such aid would make a significant contribution in that it would provide the Nicaraguan population with approximately one month's supply of oil and legumes; this would correspond to about one-fifth of the aid requested by Nicaragua.

In the interests of financing such aid rapidly, a transfer of 5 million ECU should be effected within Chapter 92 under the 1981 Budget. As implementation of the food aid programmes stands, this amount is currently available; however, to ensure the proper implementation of the aid programmes adopted by the Council, a proportion of which will be implemented in 1982, the appropriations should be replenished under the 1982 Budget.

4. DECISION

In conclusion, it is proposed that the Council approve the following exceptional food aid for Nicaragua.

"In view of the situation in Nicaragua, exceptional food aid in the form of other commodities, at a cost of 5 million ECU, shall be allocated to Nicaragua for the supply of foodstuffs such as oils or legumes not covered by the Community's food aid programmes.

(1) 3 900 000 ECU for the purchase of oil as emergency aid for China, and 45 000 ECU for the purchase of sundry products following the floods in Somalia.

This aid shall be charged to Article 923 of the Budget - the necessary funds having been made available under this Article by internal transfer within Chapter 92 - under the 1981 Budget. However, for the implementation of food aid decided on by the Council, the appropriation for Chapter 92 "Food aid" should be replenished in 1982.

The food aid decided on above shall be financed by the Community up to "port of unloading" or "free at destination" in the case of land transport.

The Commission of the European Communities shall take the measures required to implement this exceptional food aid scheme immediately."

PROPOSAL
FOR A COUNCIL DECISION ON THE GRANTING
OF EXCEPTIONAL FOOD AID (COMMODITIES
OTHER THAN CEREALS, MILK PRODUCTS OR SUGAR)
TO NICARAGUA

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission,

Whereas the Community has received a request for exceptional food aid
in the form of commodities other than cereals, milk products or sugar,

Whereas the Community should respond favourably to this request,

HAS DECIDED AS FOLLOWS:

Sole Article

Exceptional food aid in the form of commodities other than cereals, milk products
or sugar, at a cost of five million ECU, shall be allocated to Nicaragua
for the supply of foodstuffs such as oil legumes or other products not
covered by the Community's regular food aid programmes. Such aid shall
be charged to Article 923 of the General Budget of the Communities and
shall be delivered "free at destination".

Done at Brussels,

For the Council

The President

AIDES DE LA C E E ACCORDEES AU NICARAGUA

(en MIO ECU)

	Aides alimentaires	Aides financières et techniques	TOTAL APPORTS BUDGETAIRES	Pour information (1)	
				Fonds de contrepartie aide alimentaire	Total apports finance- ment projets
	a	b	c = a + b	d	e = b + d
1979	4,4	2,5	6,9	2	4,5
1980	6,2	3,3	9,5	5,5	8,8
1981 (aides déjà program- mées)	3,1	<u>15,87</u>	<u>18,97</u>	3	<u>18,87</u>
- SOUS- TOTAL (aides décidées ou en cours de décision)	13,7	<u>11,67</u>	<u>25,37</u>	10,5	<u>22,17</u>
Aide com- plément- aire proposée	5			4 (2)	
TOTAL	18,7	<u>11,67</u>	<u>30,37</u>	14,5	<u>26,17</u>

1) Les fonds de contrepartie de l'aide alimentaire ne constituent pas un apport budgétaire net. Toutefois, il est intéressant d'avoir une vue d'ensemble de tous les fonds disponibles pour le financement des projets.

2) Estimation.

AIDES 1979

	Montants (1)	
	U C E	Dollars US
A. Dons en nature		
- <u>Article 950 (aide d'urgence)</u>		
. Semences	250.000	360.000
. Médicaments	200.000	285.000
Total 950	<u>450.000</u>	<u>645.000</u>
- <u>Chapitre 92 (aide alimentaire)</u>		
. <u>Aide indirecte</u>		
* 500 t riz, 100 t flocons d'avoine	360.000	525.000
* 100 t lait en poudre		
. <u>Aide directe</u>		
* aliments mobilisés en Europe : 5.000 t céréales (900 t froment, 1.345 t riz) 500 t lait en poudre	930.000	1.350.000
* céréales mobilisées en Amérique centrale : 5.000 t céréales (1.364 t farine, 1.130 t riz)	710.000	1.025.000
* 2 MUCE pour achat autres produits (article 923) (3.320 t haricots rouges, 35,2 t aliments pour enfants)	2.000.000	2.860.000
Total CH 92	<u>4.000.000</u>	<u>5.760.000</u>
B. Dons en espèces (chapitre 930)		
Aide financière pour la reconstruction, le rééquipement du système national de collecte, de stockage et de commercialisation des aliments de base	<u>2.500.000</u>	<u>3.500.000</u>
TOTAL GENERAL APPORTS BUDGETAIRES DIRECTS	<u>6.950.000</u> =====	<u>9.905.000</u> =====
C. Fonds de contrepartie de l'aide alimentaire		
- Centre de rééducation		600.000
- Participation à la campagne d'alphabétisation		<u>2.000.000</u>
Total		<u>2.600.000</u>

(1) Aide alimentaire estimée aux prix mondiaux.

AIDES 1980

	Montants estimés (1)	
	U C E	Dollars US
A. Dons en nature		
- <u>Chapitre 92 (aide alimentaire)</u>		
• <u>aide indirecte</u>		
300 t lait en poudre	200.000	280.000
• <u>aide directe</u>		
* 1.000 t lait en poudre	654.000	910.000
* 6.000 t céréales (maïs mobilisé au Guatemala)	835.000	1.170.000
* autres produits (haricots rouges, aliments pour enfants, huile, etc...)	3.500.000	4.900.000
* transport	200.000	280.000
Sous-total aide alimentaire programme normal :	<u>5.389.000</u>	<u>7.540.000</u>
• <u>programme alimentaire d'accompagnement campagne d'alphabétisation</u>		
* 2.600 t céréales (maïs mobilisé au Guatemala)	270.000	380.000
* 600 t haricots rouges	400.000	560.000
Sous-total programme d'accompagnement :	<u>670.000</u>	<u>940.000</u>
Total CH 92	<u>6.259.000</u>	<u>8.760.000</u>
B. Dons en espèces : chapitre 930		
- Projet d'assistance technique : 2.800.000 UCE		
- Etude palmier à huile : 100.000 UCE		
- Etude Waslala : 200.000 UCE		
	<u>3.100.000</u>	<u>4.300.000</u>
- Promotion commerciale	<u>200.000</u>	<u>280.000</u>
TOTAL GENERAL APPORTS BUDGETAIRES DIRECTS	<u>9.559.000</u>	<u>13.340.000</u>
	=====	=====
C. Fonds de contrepartie de l'aide alimentaire		
- Financement pré-projet Waslala		1.500.000
- Participation à l'effort d'éducation : construction d'environ 100 écoles rurales		2.200.000
- Participation à l'effort de développement de la zone atlantique		700.000
- Autres projets		<u>1.100.000</u>
		5.500.000

(1) Aide alimentaire estimée aux prix mondiaux.

AIDES 1981
(Aides déjà programmées)

	Montants estimés (1)	
	E C U	Dollars US
A. <u>Dons en nature</u>		
- <u>Chapitre 92 (aide alimentaire)</u>		
• <u>aide indirecte</u> (à définir)		
• <u>aide directe</u>	3.100.000	3.400.000
* 10.000 t de céréales (3.000 t de froment CEE et 7.000 t équivalent céréales en riz mobilisé au Costa Rica)		
* 2.000 t de lait en poudre		
* 200 t de butteroil		
B. <u>Dons en espèces (chapitre 930)</u>		
- Formation (Enabas) (2)	850.000	930.000
- Waslala (développement rural intégré) (3)	<u>5.000.000</u>	<u>5.500.000</u>
TOTAL GENERAL APPORTS BUDGETAIRES DIRECTS	<u>8.950.000</u>	<u>9.830.000</u>
	=====	=====
C. <u>Fonds de contrepartie de l'aide alimentaire</u>		
Projets à définir		3.000.000
D. <u>Proposition d'aide supplémentaire exceptionnelle</u>		
Aide alimentaire en autres produits (huile, légumineuses)	5.000.000	5.500.000

(1) Aide alimentaire estimée aux prix mondiaux.

(2) Proposition de la Commission.

(3) Projets envisagés : financement à hauteur de 4 à 6 MIO ECU.