

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 101/75

Report

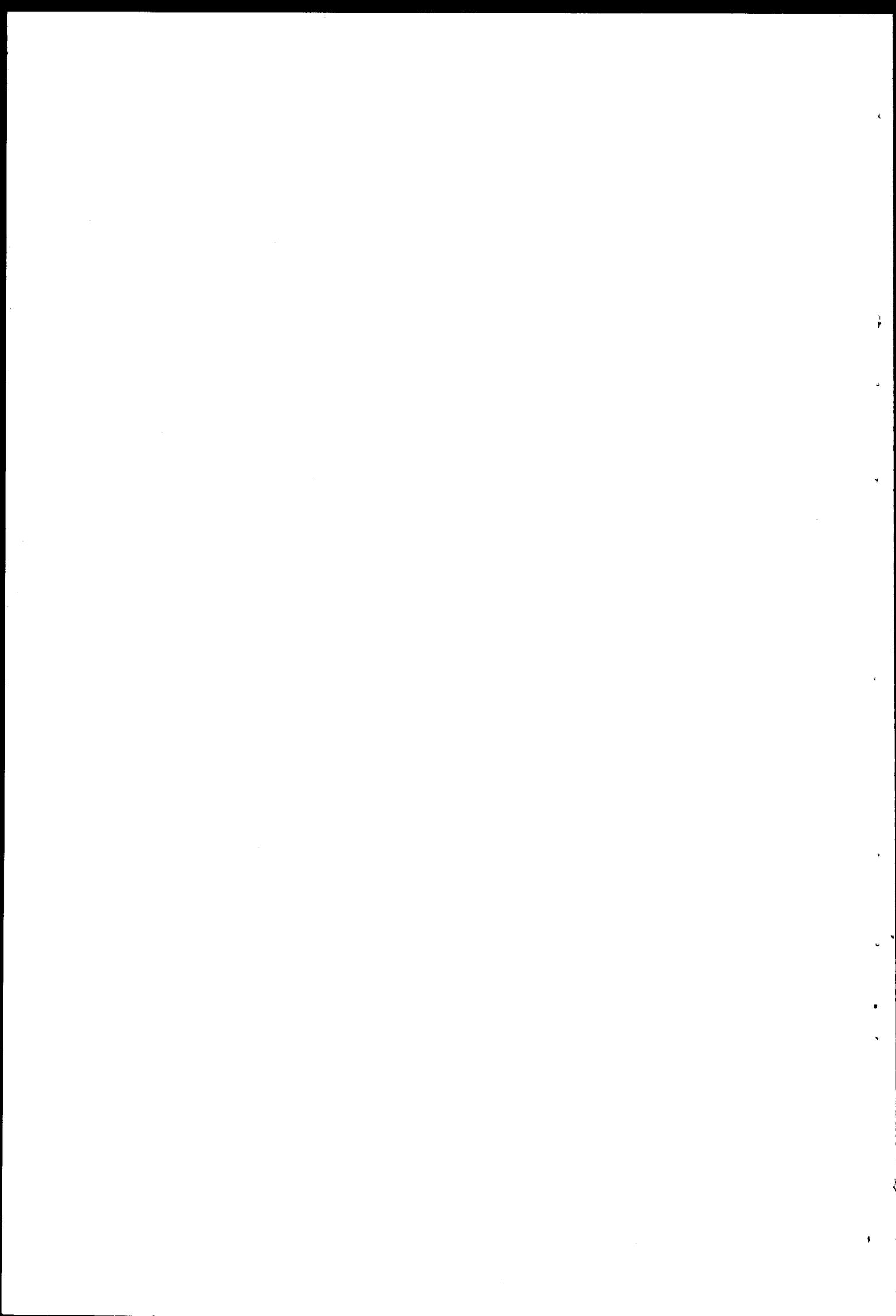
drawn up on behalf of the Committee on Development and Cooperation

on the proposal from the Commission of the European Communities to the Council (Doc. 62/75) for a regulation establishing general rules concerning the supply of milk fats as food aid under the 1975 programme to certain developing countries and international agencies

Rapporteur: Mr P. DESCHAMPS

PE 40.503/fin.

1.2.2



By letter of 16 April 1975, the President of the Council of the European Parliament requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation establishing general rules concerning the supply of milk fats as food aid under the 1975 programme to certain developing countries and international agencies.

At the plenary sitting of 28 April 1975, the President of the European Parliament referred this proposal to the Committee on Development and Cooperation as the committee responsible.

On 14 May 1975, the Committee on Development and Cooperation appointed Mr DESCHAMPS rapporteur.

It considered this proposal on 14 May 1975 and **unanimously adopted** the motion for a resolution and explanatory statement on the same date.

Present: Mr Deschamps, acting chairman and rapporteur; Mr Bersani, Mr Broeksz, Mr Dondelinger, Mr Glinne, Mrs Goutmann, Mr Härzschel, Mr Jakobsen, Mr Lagorce, Mr Ligios, Mr Nolan, Lord Reay, Mr Seefeld, Mr Walkhoff, and Mr Zeller.

C O N T E N T S

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

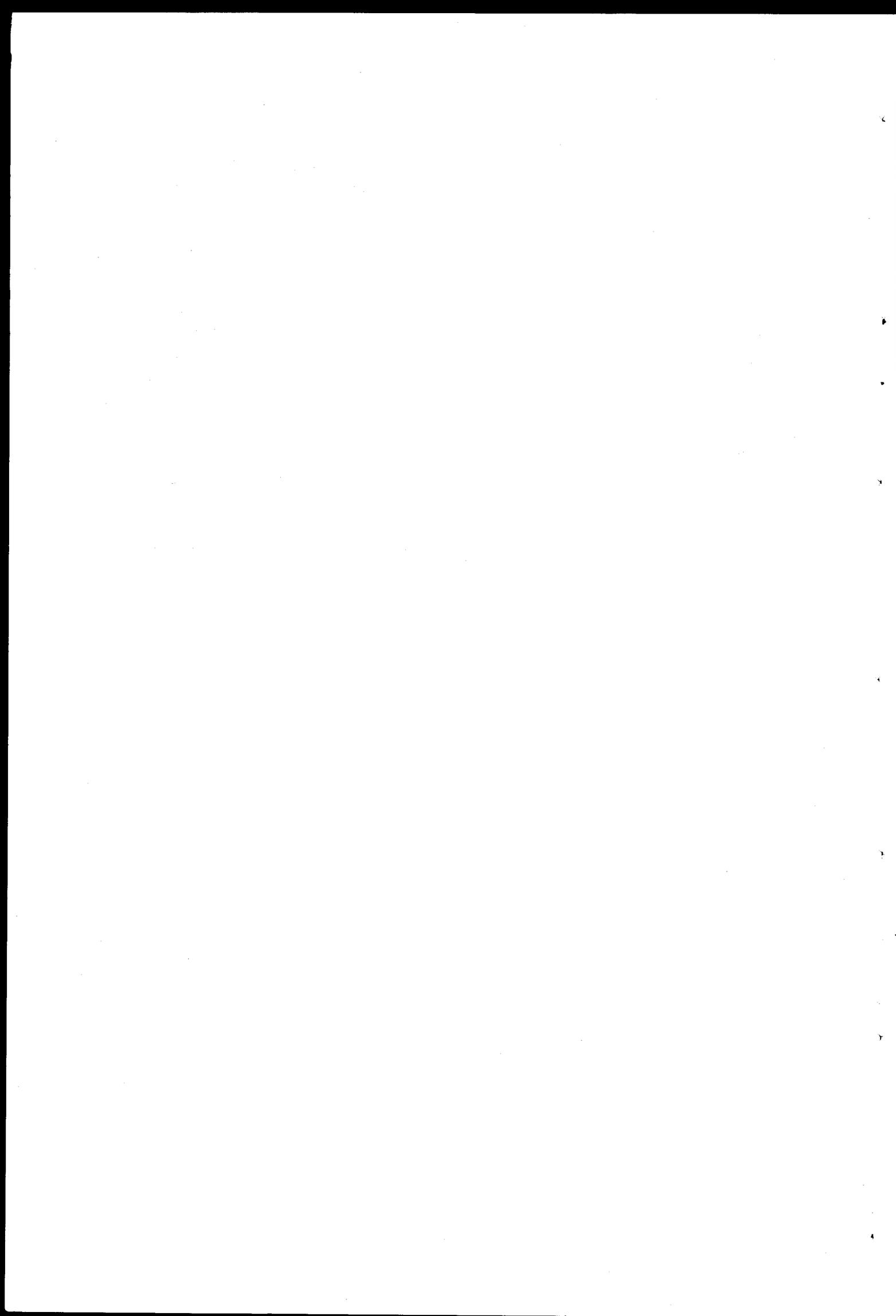
MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation establishing general rules concerning the supply of milk fats as food aid under the 1975 programme to certain developing countries and international agencies

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹
 - having been consulted by the Council pursuant to Article 43 of the Treaty establishing the EEC (Doc.62/75)
 - having regard to the report of its Committee on Development and Cooperation (Doc.101/75),
1. Approves the proposal that butter or butteroil equivalent to an amount of 43,400 metric tons of butteroil shall be made available to developing countries and international organizations as food aid under the 1975 programme;
 2. Requests the Commission and Council to take, if necessary, appropriate steps to make a greater quantity available;
 3. Reiterates the importance of the proposals and ideas laid down by the Commission in its memorandum on food aid policy of the EEC (Doc. 37/74) and in its communication on the Community's future development aid policy (Doc. 430/74), in particular with regard to quantitative proposals of the first indicative three-year programme;
 4. Requests the Council, therefore, formally to adopt this proposal as soon as possible.

¹OJ No. C 101, 3 May 1975, p.5



EXPLANATORY STATEMENT

1. The Commission of the European Communities, which recently made proposals on the 1975 food aid programme concerning cereals and milk powder for 1975 makes proposals in the present document for the 1975 food aid programme concerning butteroil. At the same time, it makes proposals for regulations concerning:

- the supply of milk fats as food aid under the 1975 program to certain developing countries and international agencies
- the determination, with the recipient developing countries and agencies, of the manner of implementation of the food aid in milk fats provided under EEC Regulations above.

Parliament is not consulted on the last two proposals. However, since the proposal for a regulation on the supply of milk fats as food aid also indicates the countries to which aid is to be given, your committee feels that it must also express its views on this point.

2. The Commission bases its food aid program on the guidelines contained in the document 'Development Aid - "fresco" of Community action tomorrow'¹. Although in its explanatory memorandum the Commission does not mention its Memorandum of 6 March 1974 on the food aid policy of the European Economic Community², your committee presumes that the Commission has been guided by the guidelines and proposals contained in that document when drawing up its proposals regarding butteroil.

3. It is proposed to make available a total of 45,000 metric tons. This corresponds with the quantity made available in 1974 (see table below):

1974 BUTTEROIL PROGRAM

Standard aid	34,600 metric tons
Emergency aid	10,250 metric tons
Reserve	<u>150 metric tons</u>
	45,000 metric tons

This quantity is allocated as follows:

- Sahel countries, Ethiopia and Somalia	10,200 metric tons
- WFP	15,000 metric tons
- IRCC) UNRWA)	3,000 metric tons
- Cyprus, Malta, Morocco, Jordan, Lebanon, Egypt, Afghanistan, Bangladesh, Pakistan, India, Peru	<u>16,800 metric tons</u>

¹Doc. 430/74

²Doc. 37/74

The Commission proposes that the amount of 45,000 metric tons for 1975 referred to above be made available as follows:

- World Food Program	16,000 metric tons
- UNICEF	2,000 metric tons
- UNRWA	3,000 metric tons
- Cyprus, Egypt, Jordan, Yemen, (Arab Republic) Afghanistan, Bangladesh, Pakistan, Sri Lanka, Somalia, Tanzania, Cape Verde Islands, Guinea Bissau, Haiti, Peru	19,550 metric tons
- reserve	4,450 metric tons
	<hr/>
	45,000 metric tons

4. In 1974, a considerable proportion of aid went to the Sahel countries and India. The latter has made no request for 1975. It will, however, receive a large part of the butteroil made available to the institutions.

Aid is delivered either f.o.b., or in some cases free destination. The WFP receives the aid f.o.b. and a sum of 79 u.a. per ton. UNRWA will receive aid c.i.f. and in addition a sum of 20 u.a. per ton. The usual procedure is followed for the purchase. Butteroil may also be purchased on the Community market where necessary.

5. Since the Commission was guided by the guidelines of the 'fresco' in drawing up the 1975 butteroil program, it seems appropriate to recall that the main ideas of the fresco were, in brief, as follows¹:

- to each according to his needs
- bringing all our means to bear.

Your committee is not sure that the proposals for the 1975 program are altogether in keeping with these criteria. With regard to the first criterion, it is clear that the needs of developing countries are much greater. A total of 125,000 tons has been requested, and - as the Commission itself states on page 3 of Doc. 62/75 - this quantity has been clearly underestimated inasmuch as some countries have not requested a precise amount. The Commission itself has indicated a quantity of 45,000 tons of butteroil as the minimum. In the indicative programme published on page 19 of Doc. 37/74 on the EEC's food aid policy, a minimum quantity of 45,000 tons and a maximum of 65,000 tons of butteroil are given for the 1974-1977 program.

¹See first page of Doc. 430/74

It should be noted that the 45,000 tons now proposed will cost the Community quite a bit more than the 45,000 tons of butteroil supplied under the 1974 program (a difference of about 10 million u.a.) Your committee is unfortunately unable to judge whether the proposed expenditure (about 64 million u.a.) is enough to satisfy the criterion of 'bringing all our means to bear'. It suspects that, if necessary - and it is necessary - the Community is in a position to make a greater effort.

6. In drawing up its proposals, the Commission has appraised the situation in applicant countries on the basis of three criteria, viz:

- established need for edible oils and fats,
- low annual per capita income (less than \$ 300),
- balance-of-payments situation.

As regards the first two criteria, your committee would just state that, generally speaking, it has no objections to the recipient countries being chosen on this basis. It does, however, consider that available data are usually so incomplete that they should be used with caution. For instance, a country's needs are assessed on the basis of figures on consumption, production and imports supplied by the developing country itself, and on the basis of population figures. It is generally recognized that most developing countries unfortunately do not yet have access to reliable statistical data.

7. Annual per capita income is taken from information supplied by the World Bank. This institution itself admits that its figures are only an approximation of the actual situation (see pages 21 and 22 of the 1974 World Bank Atlas). Furthermore, the Commission has not been consistent in the application of its own criteria. For example, it is proposed to supply butter oil to Peru, although according to the World Bank's information that country had an income of \$ 520 per inhabitant in 1972. Yet, on 30 April 1975, when the European Parliament was considering the Bersani report, Mr Cheysson repeated that the annual income must be below \$ 300.

Your committee can only explain the proposal to provide aid to Peru, despite the fact that that country's income is over 70% higher than the required maximum, by assuming that in addition to the criteria already mentioned, political criteria are also being applied. The statement on page 10 of Doc. 62/75 to the effect that food aid to organizations should be given on condition that Middle East countries clearly show that they are keen to receive Community aid also points in this direction. Your committee is not opposed to the application of political criteria as such, but it would prefer that this should be clearly stated.

8. With regard to the final criterion, namely the balance-of-payments situation, your committee wonders whether there might not be a danger that developing countries that have made a special effort to keep their balance-of-payments deficit as small as possible will be penalized in this way. In itself, the proposed criterion does not seem unfair, but on the other hand care should be taken that no advantage is to be gained from bad financial and economic management.

Subject to the above remarks, your committee approves the proposals on the 1975 butteroil food aid program.