
EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-178/81

REPORT

drawn up on behalf of the Committee on Development
and Cooperation

on the proposals from the Commission of the European
Communities to the Council (Doc. 1-963/80) for
regulations concerning food aid in 1981

Rapporteur: Sir Frederick WARNER

1.2.2

PE 72.593/fin.

By letter of 2 March 1981 the Council of the European Communities requested the European Parliament to deliver an opinion on a communication from the Commission to the Council for regulations concerning food aid in 1981.

On 9 March 1981, the President of the European Parliament referred these proposals to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets for its opinion.

On 17 March 1981, the Committee on Development and Cooperation appointed Sir Frederick Warner rapporteur and held an initial exchange of views on these Commission proposals.

The committee considered the draft report at its meetings of 17 March and 22/23 April 1981 and adopted the motion for a resolution unanimously on 23 April 1981.

Present: Mr Bersani, acting chairman; Mr Kühn, vice-chairman; Sir Frederick Warner, rapporteur; Mr Barbi (deputizing for Mr Mücke), Mrs Castellina, Mr Caborn (deputizing for Mr Enright), Mr Cohen, Mr Ferrero, Mrs Focke, Mr C. Jackson, Mr Michel, Mr Narducci, Mrs Rabbethge, Mr Sherlock, Mr J.D. Taylor (deputizing for Mr Pearce), Mr Wawrzik.

The opinion of the Committee on Budgets is attached to this report.

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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 proposals from the Commission of the European Communities to the Council for regulations concerning food aid in 1981

The European Parliament,

- having regard to the proposals submitted to the Council by the Commission of the European Communities (COM(81) 41 fin.),
- having been consulted by the Council (Doc. 1-963/80),
- having regard to the report of the Committee on Development and Cooperation and to the opinion of the Committee on Budgets (Doc. 1-178/81),
- having regard to the resolution contained in the report by Mr Ferrero and adopted by the European Parliament on 18 September 1980 on the European Community's contribution to the campaign to eliminate hunger in the world¹,
- having regard to the results of the meeting of the Council of Ministers for Development of 18 November 1980,
- having regard to the document issued by the Commission of the European Communities concerning the present situation with regard to Community action as a follow-up to the European Parliament debate on hunger in the world (PE 71.248),
- having regard to the resolution contained in the report by Mrs Rabbethge and adopted by Parliament on 21 November 1980 for a regulation laying down general rules for the supply as food aid of products other than cereals, skimmed-milk powder or butter-oil to certain developing countries and specialized bodies²,
- having regard to the resolution contained in the Lezzi report and adopted by Parliament on 9 April 1979 on procedures for the management of food aid³,

¹ OJ No. C 265 of 13 October 1980, p. 37 ff., Ferrero report, Doc. 1-341/80 and Annex I;

² OJ No. C 327 of 15 December 1980, p. 102 ff.; Rabbethge report, Doc. 1-551/80;

³ OJ No C93 of 9 April 1979, p. 64 ff.; Lezzi report, Doc. 669/78

- having regard to the resolution contained in the report by Mr Michel and adopted by Parliament on 18 April 1980 relating to regulations concerning food aid in 1980¹.
- having regard to the resolution contained in the report by Mr Wawrzik and adopted by Parliament on 21 November 1980 on the second Lomé Convention²,
- having regard to the resolution contained in the report by Mr AIGNER and adopted by the European Parliament on 20 January 1978 on the 1978 programmes for food aid in cereals, skimmed milk powder and butteroil and the nutritional and developmental perspectives for dairy products in the third world³
- having regard to the annual report of the Court of Auditors of the European Communities for the financial year 1979⁴,
- having regard to the two motions for resolutions on food aid to Vietnam⁵ tabled by Mr Alf Lomas pursuant to Rule 25 of the Rules of Procedure.

1. Approves the Commission's proposals for the 1981 food aid programme and welcomes in particular the increase in cereals aid from 1,287,000t to 1,650,000t (29%);
2. Notes however that food aid as such can only be a temporary solution to the problem of hunger and emphasises the link between food aid and rural development policies and national food strategies; urges that as far as possible food aid goes hand in hand with practical agricultural and rural development projects.
3. Takes the view that the Community's food aid will only be effective if the basic principles are laid down within the framework of a long-term strategy, concentrating on the requirements of the poorest countries;
4. Reiterates its frequently expressed view that food aid should play a parallel role to rural development policies and should be integrated into national food strategies and Community backed development projects;
5. Is encouraged by the Commission's intention to ensure that counterpart funds be used towards rural development and the increase of local food production; requests the Commission to keep Parliament informed of what progress is being made with the use of such counterpart funds.

¹ OJ No C. 117 of 12 May 1980; Michel report, Doc. 1-105/80

² OJ No C. 327 of 15 December 1980; Wawrzik report, Doc. 1-559/80

³ OJ No C36 of 13 February 1978, p. 54 ff, Aigner report, Doc. 492/77

⁴ Doc. 1-662/80

⁵ Doc. 1-619/80 and Doc. 1-722/80

6. Welcomes the Council's Resolution of November 18th, 1980 on the use of food aid which opens up at least two important opportunities:
 - the multiannual allocation of food aid
 - the use of food aid to create decentralized stocks;
7. Notes, nevertheless, the chronic imbalance between the Community's food aid and the nutritional requirements of developing countries and therefore expects the allocation of cereals and other products to rise still further next year;
8. Welcomes the inclusion of a summary report on food aid operations in 1980 with this programme for 1981 but looks forward to receiving the Annual Report which should contain details of the first steps the Commission will have taken towards the implementation of Parliament's Resolution of September 18th, 1980;
9. Is astonished that no reference is made in the Commission's proposals to the Community's and Member States' respective shares in administering food aid and recommends that the Commission take the opportunity provided by the renegotiation of the Food Aid Convention to propose to Council that the proportion of the Community's obligations under the Convention administered by the Community are gradually increased, providing the Community's performance is satisfactory;
10. Insists that in order to develop greater convergence between the objectives of Community bilateral and multilateral aid and in view of the vital importance of the adequate coordination of all major food programmes, the Commission provide Parliament with information on its cooperation with other donors in this field, thus satisfying a request first made by Parliament in 1977¹;
11. Deplores, the Council's cuts in Parliament's proposals in the 1981 budget allocation for food aid programmes;
12. Requests the Commission to state how and when it intends to adopt the other points contained in Parliament's Resolution on hunger in the world, adopted on 18 September 1980;
13. Deplores the fact that agreement has not yet been reached on a new Food Aid and Wheat Convention, respectively, and urges that the Council and Commission do all that is possible to reach agreement without delay;
14. Urges the Commission to adapt the Community's food aid more closely to the food requirements of recipient countries, noting also the importance of programming food aid in relation to the crop seasons in beneficiary states;

¹Doc. 492/77

15. Considers that funds destined for food aid must be used in such a way as to obtain the optimum benefit;
16. Urges the Commission to re-examine its rules and practices in respect of the purchase of food aid and calls once again for a report on the present situation with regard to this matter;
17. Regrets profoundly that there should have been no change in management procedures since 1975/1977 and agrees with the Annual Report of the Court of Auditors for 1979¹ that the management of food aid showed no improvement not least because the draft regulation to modify the policy and management of food aid, submitted by the Commission as long ago as January 1979, is still before Council;;
18. Insists that under the proposed new Regulation on food aid management, on which the Council has not yet been able to reach agreement, food aid should be based jointly on Articles 235 and 43 of the Treaty of Rome (EEC), and not on Article 43 alone, since this implies that food aid is a mere device of the Common Agricultural Policy and that it comes under compulsory expenditure;
19. Endorses the opinion of the Court of Auditors that more realistic budgetary estimates can only be achieved by introducing differentiated appropriations, especially as the Community will, in practice, enter into multiannual commitments in respect of food aid;
20. Reminds the Commission that Parliament expects to be informed of its multiannual food aid programmes on a case by case basis, beginning in 1981;
21. Urges the Commission to step up its efforts at monitoring the distribution of food aid to ensure that the food supply reaches the most needy inhabitants of beneficiary countries; further requests that the Commission inform Parliament of the results of these efforts;
22. Welcomes the Commission's intention to allocate food aid under the 1981 programme towards the setting up of decentralized buffer stocks for food security and wishes to remind the Commission that it expects to receive details of what progress is being made with this policy during the course of the year, particularly with regard to the course of negotiations with beneficiary countries;
23. Informs Council of the great importance it attaches to the adoption of the regulation on the supply of additional products as food aid in time for the 1982 food aid programme;
24. Is similarly concerned that the 1982 programme should be able to mark considerable further progress in the field of the purchase of food aid in non-Member States (three-way transactions);

25. Also looks forward to receiving in the coming year the proposed regulation on the transport of food aid announced by the Commission, but not introduced during 1980;
26. Emphasises that maximum use must be made of non-governmental organizations (NGOs) in appropriate circumstances and that any expenditure incurred by NGOs on behalf of the Community is reimbursed without undue delay; considers that the Commission should use as intermediaries only those bodies or agencies that submit to control by the Community;
27. Calls on the Commission to increase its efforts to improve the internal administration of food aid; also requests once again that the Commission department concerned be given the additional staff needed for this purpose; it is further hoped that some differences or difficulties between the Directorates-General VI and VIII will not adversely affect the implementation of the food aid policy;
28. Looks forward to the opportunity for further comments which Parliament's forthcoming Resolution on the Court of Auditors' Special Report on
29. Food Aid will provide when this report is received;
29. Looks forward to receiving the Commission's implementation of this programme in its Annual Report on food aid administration for 1981;
30. Considers that, despite the Community's duty to encourage human rights wherever possible, food aid should not be conditional on the political climate prevalent in the beneficiary state.
31. Urges the Commission to look into the food aid requirements in Vietnam immediately and underlines again that populations requiring food aid should in no way be deprived of it for political reasons, providing reasonable assurances can be given to ensure that the food actually reaches the people affected;
32. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission of the European Communities.

EXPLANATORY STATEMENTI. INTRODUCTION

1. The directly elected European Parliament spent over a year immediately following its appointment tackling the problem of world hunger. The resolution on this subject which was finally adopted by Parliament on 18 September 1980 includes a comprehensive range of concrete measures, particularly of a practical nature, stating what had to be done where and how, in order to bring about an immediate improvement in the world food situation. One specific paragraph of the resolution examines in detail the arrangements for Community food aid and indicates clearly what must be done to organize this aid as efficiently as possible and to integrate it into general policy on development.

2. One month after the adoption of the resolution, the Commission of the European Communities submitted a communication to the Council¹ entitled 'Follow-up to the Parliament Debate "Hunger in the World"'. Following the meeting of the Council of Ministers of 18 November 1980, at which the Ministers for Development considered the resolution of the European Parliament and possible improvements to various aspects of Community food aid², the Commission published a document on the current situation with regard to Community action³ in January 1981.

3. It is important to know how far Parliament's ideas have been incorporated in the Commission proposals for the 1981 food aid programme, i.e., what practical and concrete proposals for improvements in Community food aid the Commission is presenting. Above all, the deciding factor will be whether Community food aid is thoroughly revised in the context of the agricultural and rural development of the developing countries to ensure food supplies and is modified accordingly. It is also important to know whether the Council is at last prepared to make fundamental improvements in Community food aid on the basis of the many different proposals submitted by the Commission and the resolutions adopted by Parliament on this subject.

¹ COM(80) 631 fin., 22 October 1980

² Press Release No. 11344/80 (press 169), 669th Council meeting - Development Cooperation

³ Notice to Members, PE 71.248, 6 February 1981

II. GENERAL CONSIDERATIONS

4. The Community's food aid obligations for 1981 amount to some 1,700,000 tonnes of cereals in total under the Food Aid Convention. Of this, the share administered by the Commission amounts to 927,663 tonnes or 56%. The other 44% comes directly from Member States' exchequers. Since the Food Aid Convention is to be renewed later this year, alongside the International Wheat Agreement, the Parliament would like to take this opportunity to point to the administrative duplication involved in this split responsibility. Given the Commission's experience and ability in the management of food aid, there should be advantage in an increase in that part of the Community's food aid obligations administered by the Commission to some 66% of the total as a first step. It is suggested that the Commission formulate a proposal to Council to this effect in time for the renegotiation of the Food Aid Convention. Furthermore, Parliament looks forward to a decision, at the appropriate moment, making the Commission solely responsible for the administration of the Community's food aid obligations under the Convention.

5. Such a development is made all the more necessary by the difficulties of cooperation with other donors which still impede the Community's food aid policy. Parliament has already, in an earlier report⁽¹⁾, deplored the divergent objectives of the Community's bilateral and multilateral aid. At a time, such as the present, when other donors are cutting back on their proposed aid programme, adequate coordination of the Community's aid with that of all other organizations is all the more vital. Parliament asked for information on this subject as long ago as 1977, in its resolution on the Commission's food aid programme for that year⁽²⁾. As adequate planning of food aid throughout the world becomes all the more important, Parliament must insist on a satisfactory reply to this request to be delivered without further delay.

6. Your rapporteur also suggests that Parliament may wish to express its serious disappointment at the Council's cuts in the proposed budget allocations for food aid for 1981. The money available under Chapter 92 of the budget is lower for 1981 than last year's allocation.

7. Since Parliament gave its opinion on the 1980 food aid programme, much emphasis has been laid on the necessity of linking food aid to food strategies in the beneficiary countries. Parliament itself took the initiative in this field in paragraph 32 of its resolution on hunger in the world⁽³⁾. The

(1) Doc. 1-551/80

(2) Doc. 492/77

(3) Doc. 1-341/80

dovetailing of food aid into national or regional food strategies is particularly important where the Community can provide technical assistance towards drawing up these strategies and ensure that they both fully reflect the needs of the population and contribute towards the rural development of the beneficiary states. We are pleased to note Council's acceptance of this principle in its resolutions of November 1980. Furthermore, we welcome the fact that the Commission has taken notice of this decision in its programme for 1981. Not only should the Community's food aid thus attain greater effectiveness, but it will also be quite unique: where other donors are content to supply shortfalls as they become apparent, the Community will attempt to make a permanent contribution towards the raising of nutritional standards in the most deprived regions.

8. The role of food aid in national food strategies has already been pointed out in other reports of the Parliament. It must be an active one - that is to say, food aid should make a genuine contribution to the rural development of beneficiary countries. At a time when the potentially adverse effect of food aid on local food production is increasingly criticised it is most important for the Commission to bear this objective in mind. Food aid has an important place alongside other development projects in which the Community or its Member States are participating. An early case was the Flood II programme in India. Your rapporteur is pleased to note that the programme for 1981 includes other possible schemes of this kind for Kenya, Sri Lanka and Nicaragua. The Committee on Development and Cooperation has also been pleased to note that the Commission intends that the counterpart funds saved by beneficiaries of food aid be accounted for and used to encourage local production; it is very much hoped that the Commission will ensure that this is done and thus implement the principle adopted by the Council in its Resolution dated 18 November 1980.

9. Clearly, food aid cannot be expected to play an active part in the agricultural development of developing countries if it is allocated on a short-term basis. The 1981 programme will be the first to make use of the provisions for long-term commitments, repeatedly put forward by Parliament and also recognised in the recent resolution of the Council referred to above. Parliament expects to receive information of the Commission's multiannual programmes on a case by case basis as they arise and notes that the Commission intends to present the first of these later this year.

10. Equally vital to the effectiveness of the Community's food aid is the provision of a proper range of products. In this field also, your rapporteur is pleased to note that there is a considerable identity of views between Parliament and the Commission. Unfortunately, although Parliament welcomed the Commission's proposal for a regulation on the supply of products other

than cereals, milk powder or butteroil as food aid^{1,2}, the Council has found itself unable to reach a decision on this subject. Consequently, the Commission has not been able to propose further extensions to its efforts in this sector (such as the successful emergency supply of red beans to Nicaragua last year) in its 1981 programme. Parliament may wish once again to emphasize the importance of this. If food aid is to be effective, it must include products which form part of the staple diet in beneficiary countries. Moreover, such products as sugar and vegetable oils are of great nutritional worth and they are in over-supply in the Community. Parliament wishes to support the Commission in asking the Council to agree to the inclusion of additional products as food aid in time for the 1982 programme.

11. The case for additional products is strengthened by the failure to increase the maximum permitted amount of butteroil to be allocated as food aid. On the other hand, your rapporteur draws attention to the increase in the amount of cereals for food aid under the 1981 programme. This increase of 29% represents a significant addition to the Community's efforts in what is perhaps the most valuable sector of food aid operations. It must however be stressed that the 927,663 tonnes of cereals provided multilaterally by the Community and administered by the Commission will supply just under 1% of the developing world's food import requirements. It is therefore much to be hoped that the amount of cereals allocated to food aid programmes will continue to increase in the coming years. Your rapporteur is pleased to note in this context that the Commission referred in its programme for this year to Parliament's request that 1,155,663 tonnes of cereals be made available in view of the scale of the problem of hunger. It is to be regretted that Council did not accept this proposal.

12. Parliament has been calling for the setting up of buffer stocks against emergency food shortfalls for some time and most notably in paragraph 33 of its resolution on hunger in the world¹. It is therefore pleased to note that Council accepted this principle last November and that, for the first time, the Commission has been able to set aside a limited quantity of food for this purpose in its 1981 programme. We note that the provision for the reserve, at 15% of all the cereals allocated as food aid, is somewhat higher than expected because of the need to take into account the late requests expected from some of the most needy regions, including Kampuchea and the Sahel. It is also to be noted that the 1981 programme does not make separate, detailed provisions for the setting up of buffer stocks, as distinct

¹ Doc. 1-364/80

² Doc. 1-551/80

³ Doc. 1-341/80

from the Community's general, emergency reserve. Parliament will therefore look forward to hearing from the Commission in the near future what plans it has for the implementation of this initiative. In particular, Parliament expects to be informed of the progress of negotiations with beneficiary states which the setting up of buffer stocks must necessarily entail.

13. Food aid necessarily demands a certain amount of expenditure by the beneficiary country, e.g. storage, distribution costs etc. But it also alleviates the burden on the external finances of developing countries which would otherwise be incurred by the high cost of importing food. Parliament therefore welcomes the attention paid by the Commission, and emphasized in the programme for 1981, to the external economic condition of beneficiary states and to their balance of trade. The inclusion of these economic indicators amongst the Commission's criteria for the allocation of aid may serve as a welcome reminder of food aid's role in development policy.

III. MANAGEMENT

14. The impact of the budget allocated for food aid depends to a large extent on the cost at which supplies are procured. Your rapporteur finds it almost impossible to comment on this subject in the absence of any information in the programme for 1981 and in the absence of the report which Parliament has already urgently requested from the Commission on Procurement policies and practices¹. We trust that the report will now be forthcoming. It is however possible to make a few general comments. Food aid must not be a mere dumping ground for agricultural surpluses. Such practice would inevitably lead to positive damage to the agricultural economies of developing countries. Parliament may therefore wish to emphasize the great importance which it attaches to the recognition of the principle of three-way transactions: transactions in which the Commission is empowered to purchase food for aid from the region in which the beneficiary country is situated. It therefore fully supports the Commission's request for permission to carry out such transactions, in accordance with paragraph 34 of its resolution on hunger in the world². Three-way transactions have the advantage of supplying products which form part of the customary diet of the peoples of developing countries whilst also expanding the markets available to the agricultural products of other developing countries, thereby gearing up the effects of aid expenditure. Moreover, three-way transactions minimize transport costs and the risks of wastage and demurrage necessarily involved in long distance food aid operations.

¹ Doc. 1-551/80

² Doc. 1-343/80

15. Your rapporteur once again draws attention to the Commission's repeated and urgent request that the Council adopt the proposed regulation on food aid management, which it has had ample years to consider. This is in accordance with a wish frequently expressed by Parliament, notably in paragraph 36 of its resolution on hunger in the world¹. The Committee on Development and Cooperation does not believe that the Community's food aid programmes can attain a maximum of efficiency without agreed guidelines. This belief is endorsed in the recently received Report by the Court of Auditors for 1979², from which your rapporteur wishes to quote the following comment:

'The management of food aid showed no notable improvement, not the least because the draft regulation to modify the policy and management of this aid, submitted by the Commission in January 1979, is still before the Council.'

Your rapporteur wishes to suggest, however, that the adoption of a regulation on food aid should not alter the fundamental duty which the Commission bears to keep the Development and Cooperation Committee fully informed of the details of food aid operations. In this context, Parliament's resolution of March 9th, 1979³, and especially paragraphs 10 and 11, are relevant.

16. Your rapporteur also wishes to express disappointment at the fact that the proposed regulations accompanying the 1981 programme for food aid still find their legal basis in Article 43 of the Treaty. Attention is drawn once again to the remarks frequently made in Parliament's reports (as well as in paragraph 14 of this document) on the vital importance of guaranteeing that food aid is not merely a dumping ground for the Community's agricultural surpluses. Furthermore, since food aid undoubtedly comes under the heading of non-compulsory expenditure, it is unacceptable that the sole legal basis of food aid regulations should be Article 43. Parliament may, therefore, wish to urge the Council and the Commission once again to take note of its view that the legal basis for food aid operations should be Article 235 of the Treaty and that this view should be integrated in the proposal for a regulation governing the management of food aid to be adopted at the earliest possible opportunity.

17. The Commission may be congratulated on its success in ensuring that the vast proportion of food aid was distributed to countries with a per capita GNP of less than \$680 p.a. under the programme for 1980 and it is to be hoped that this practice will continue in 1981. In spite of the difficulties of distribution which are very real ones, the Committee will wish to be certain that food aid is going to the poorest inhabitants of those countries.

¹Doc. 1-341/80

²Doc. 1-662/80

³Doc. 669/78

The Commission should be encouraged to step up its efforts at monitoring the distribution of food aid in the beneficiary countries themselves and to report the results of these efforts to the Development Committee.

18. Prominence is given to cooperation with non-governmental organizations (NGOs) in the Food Aid Programme for 1981. This practice is especially valuable in politically sensitive sectors of food aid operations. The experience acquired by NGOs in dealing with particular problems and particular regions has frequently been of great service to the Community when emergencies arise, as in normal times. Thus, for example, attention has often been drawn to the very great care which must be taken with the distribution of milk powder and infant foods to developing countries. This will, once more, in 1981, be a field in which the Commission will rely on NGOs to a considerable extent. In the light of this extremely useful relationship, your rapporteur feels that there will be no repetition this year of those unjustifiable delays in reimbursing NGOs for expenses incurred on behalf of the Community, which have sometimes arisen in the past.

IV. ADMINISTRATION

19. In general, your rapporteur would like to emphasize the overwhelming importance of efficient accounting and administration in food aid operations. He therefore welcomes the allocation of a slightly larger amount towards quality control in the 1981 budget and hopes that the Commission will use this to maximum effect. Also, while welcoming the fact that, as in 1980, a separate sum has once again been set aside for additional transport costs, the Committee on Development and Cooperation looks forward to receiving the regulation on the transport of food aid which it did not prove possible to introduce in 1980.

20. The Commission is to be thanked for the very regular way in which it attends meetings of the Development and Cooperation Committee of the Parliament; such discussions are invaluable and provide the full and frank exchange of views which the Parliament's responsibility in the field of food aid - as in other fields - demands. For a number of years now and particularly with its resolution on hunger in the world, Parliament has made every effort to support the Commission in its development of comprehensive food aid programmes. Furthermore, together with the Committee on Budgetary Control, the Development and Cooperation Committee is jointly responsible for controlling expenditure on food aid. Consequently, your rapporteur welcomes the introduction of the Commission's Annual Reports on the Food Aid Programme and believes that Parliament will look forward to receiving the Annual Report on operations in 1981 for which the present Programme is only a preparation.

21. Parliament has frequently considered the staffing difficulties which beset the management of the Commission's food aid programmes and has supported the Commission's wish that these difficulties be removed in the future, since adequate staffing is clearly a prerequisite of efficient management. Your rapporteur suggests that DG VIII's pressing requirements be singled out for special mention in the next budget, as well as appearing under the general heading of Chapter 1. Moreover, it is recommended that the Development and Committee fully support this request in its opinion on the budget.

V. HUMAN RIGHTS

22. Various problems may be expected to arise in the coming year concerning the relationship between giving aid and the enjoyment of human rights in the beneficiary country. The views of the Parliament on this subject are quite clear: populations requiring food aid should in no way be deprived because of the activities of their governments. The Development and Cooperation Committee notes with satisfaction the guidelines on this subject contained in paragraph 75 of Parliament's report on the Second ACP-EEC Convention¹ and trusts that the Commission will continue to follow these guidelines. One particular case which may arise is that of food aid for Vietnam, which is the subject of a motion for resolution dated December 16th, 1980 and currently before the Committee². It is the view of the Committee on Development and Cooperation that the Commission should make urgent enquiries into Vietnam's requirements for food aid with a view to making provisions from its reserve.

VI. CONCLUSION

23. The 1981 programme for food aid represents a step forward. Most notably, the Parliament's resolution on hunger in the world³ and the consequent decisions taken by the Council in November have enabled the Commission to announce the setting up of multiannual food aid programmes and of buffer stocks against food shortfalls. These announcements are yet to be implemented. Moreover, Parliament may wish to take this opportunity to express its serious disappointment at the number of other desirable steps which have not yet been taken. In spite of the Commission's follow-up document, and the grounds for hope which it affords, much of the above-mentioned resolution remains to be implemented. Yet many of its recommendations were urgent. Many also were already reiterations of ancient grievances. Above all, your rapporteur must express surprise at the fact that the Council, in its resolution of 18 November 1980, felt able to agree that the regulation on food aid

¹ Doc. 1-559/80

² Doc. 1-722/80

³ Doc. 1-341/80

management was urgently needed without actually adopting the regulation. It is to be hoped that the Council will not adopt a similarly contradictory position regarding other outstanding proposals such as those which would allow three-way transactions and the supply of other products as food aid.

24. Nevertheless, within the limits of the money available, Parliament may wish to welcome the food aid programme for 1981 while looking forward to being able to comment further on this subject in the context of its opinions on the Court of Auditors' Report for 1979¹ and the Court of Auditors Special Report on Food Aid, when this is received. Finally, your rapporteur would like to stress that there remains much information which Parliament has asked for, in this field, and which has not yet been received. This should not be allowed to prejudice the existing cooperation between the DG VIII and the Committee on Development and Cooperation, nor should it be allowed to hamper the Parliament's work in this field.

25. The principal matters reported here and those on which urgent action is particularly requested are set out in the attached resolution.

¹Doc. 1-662/80

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr P. BARBI

On 23 April 1981, the Committee on Budgets appointed Mr BARBI draftsman.

The committee considered the draft opinion at its meeting of 23/24 April 1981 and adopted it unanimously.

Present: Mr Lange, chairman; Mr Notenboom, vice-chairman; Mr Barbi, draftsman; Mr Adonnino, Mr Arndt, Mr Balfour (deputizing for Mr Baillot), Mr Brok (deputizing for Mr Aigner), Mr Dankert, Mr Doublet (deputizing for Mr Ansquer), Mrs Hoff, Mr Jackson, Mr Langes, Mr Orlandi, Mr Schön, Mr Simonnet.

I. INTRODUCTION

1. The European Community's food aid is concentrated primarily on the poorest and most needy countries in the world, These include countries with a per capita GNP of less than 680 US dollars and/or a difficult balance of payments situation.
2. Community food aid has for many years been the target of criticism from the European Parliament, particularly as regards the amount of aid and the way it is entered in the Community budget, the correct implementation of aid, its effectiveness and the adequacy of control over it.
3. These considerations led the European Parliament to commission the recently established Court of Auditors to draw up a special report on food aid. This report is now available. Some points raised in this report will be discussed here where they are relevant to the 1981 food aid programme.
4. The Court of Auditors' report also contains a survey of food aid since 1969: ¹

Year	Cereals	Skimmed Milk powder	Butteroil	Sugar powder
1969	301,000			
1970	336,900	127,000	37,000	
1971	353,140			
1972	414,000	60,000		6,150
1973	464,400	13,000	15,000	6,062
1974	580,000	55,000	45,000	6,094
1975	643,500	55,000	45,000	6,153
1976	708,000	150,000	45,000	-
1977	720,500	105,000	45,000	6,102
1978	720,500	150,000	45,000	6,142
1979	720,500	150,000	45,000	6,153
1980	720,500	150,000	45,000	7,200
Total	6,682,940	1,105,000	367,000	50,056

¹P. 12 of the Court of Auditors' report

5. Total expenditure on aid for each product in the period 1969 to 1979 amounted to:¹

Type	Value of goods	(in m EUA)	
		Refunds	Total
Cereals	683,938 (75.02%)	227,789 (24.98%)	911,727 (100%)
Skimmed milk powder	361,603 (48.88%)	378,238 (51.12%)	739,841 (100%)
Butteroil	342,933 (40.37%)	506,589 (59.63%)	849,522 (100%)
Other	18,148 (89.89)	2,042 (10.11%)	20,190 (100%)
Total	1406,622 (55.51%)	1114,658 (44.49%)	2521,280 (100%)

II. THE COMMISSION PROPOSAL

6. The Commission's food aid programme for the 1981 financial year provides for 937,663 tonnes of cereals (cereals and rice), 150,000 tonnes of skimmed milk powder and 45,000 tonnes of butteroil.

The Commission estimates that expenditure on the programme will amount to about 583 million EUA at domestic prices.

7. As the figures in the first table demonstrate the proposed quantities of food aid in the form of cereals exceed the figure of 720,500 tonnes which has been the norm since 1977. However, the proposal still falls far short of the quantities of 1,135,000 tonnes already proposed by the Commission in its draft budget for 1980 and of the compromise agreed on by Parliament of 1,020,500 tonnes

The quantities of skimmed powder and butteroil remain the same as in 1980 and the preceding years.

8. These quantities or the requisite funds have already been provided for in the 1981 budget. The Commission's most recent cost estimates differ slightly from the appropriations entered in the 1981 draft budget. The following table shows the costs of the food aid proposed in the Commission's 1981 programme (on the basis of the costs accepted by the Council at the first reading of the draft 1981 budget)¹:

¹See also the Commission's financial record p. 62.

	(in m EUA)			
	'World price'	'Export refunds'	'Transport costs'	Total
Cereals	134,5	58,5	30	223
Skimmed milk powder	104,4	103	19,1	226,5
Butteroil	67,8	114,8	6,2	188,8
Total	306,7	276,3	55,3	638,3

III. CRITICISMS OF FOOD AID

9. Criticisms raised by the European Parliament or its Committee on Development and Cooperation and the Committee on Budgets over the last few years concern:

- the Council's classification of expenditure on food aid as compulsory expenditure,
- the way the expenditure is entered in the budget and the resulting lack of transparency,
- the inadequate administration of food aid by the Commission and the Council's delay in adopting or failure to adopt a new Commission proposal for a regulation on the administration of food aid dating from 1978 (amended in 1979 in accordance with Parliament's opinion)
- the dilatory implementation of the programmes and allocation of funds available,
- problems in earning aid reaches its determination as it should,
- control problems encountered by the Commission

10. Without prejudice to the conclusions to be drawn in due course by the Committee on Budgetary Control on the Court of Auditors' special report on food aid, some points from this report are worth considering here as they are very relevant to an assessment of the economic viability and effectiveness of food aid and thus for an assessment of the new programme for 1981

¹ see also the Commission's financial record p.62

The special report of the Court of Auditors

11. The Committee on Budgets considers that the report of the Court of Auditors, which is to be examined in detail by the Committee on Budgetary Control, shows many of the criticisms and fears it has raised over the last few years to have been justified.

The Court of Auditors' conclusions which are most important and interesting for the Committee on Budgets are summed up below:

- As is clear from the second table, the cost of refunds for food aid in the form of cereals, skimmed milk powder and butteroil ranges from 25% to 60% i.e. on average 45%. Transport costs accounts for a further 20% of the value of food aid, calculated at world prices, so that only 35 % of total expenditure on food aid is actually used for food.

In 1980 expenditure on refunds and accounting expenditure due to dual conversion rate alone amounted to 121.43 million EUA, i.e. 52.5% of total expenditure on food aid.

- total expenditure on food aid has approximately doubled in the period from 1976 to 1979, rising from 273 m u.a. to 560 m EUA. The value of this aid at world prices has more than doubled from 114 million to 259 million, while the budgetary items for refunds have almost trebled, rising from 109 million to 301 million. (This could be the result of the greater increases in Community prices, by comparison with world market prices).

In this connection the Court of Auditors points to the fact that the level of Community refunds for Member States' own food aid is an unknown quantity, amounting in the case of cereal deliveries, for example, to 44 % of total Community aid.

- Food aid needs to be improved in a variety of ways, particularly with regard to the speed of the process from the taking of a decision to the final distribution of aid (on average 377 days for cereals; 535 days for milk products);
- Estimates of the possible deliveries to developing countries in each budgetary year and of the appropriations required are extremely bad and justify Parliament's often-voiced criticism: in 1977, 1978 and 1979 carry overs of appropriations from one year to the next were as follows:

- . cereals: 36%, 18% and 34% respectively,
- . skimmed milk powder: 96%, 81% and 70.4%,
- . butteroil: 33%, 86.4% and 73.7%.

Despite this wholesale carry-overs, a large proportion of these appropriations had to be cancelled after the second year.

- in addition numerous transfers are made from budgetary items for the current year to items for previous programmes and ones which have not yet been executed. In 1978 these transfers amounted to 10.20% of planned expenditure on food aid in the form of cereals and 25.6% of planned expenditure on milk products.
- There is a need for a flexible, medium-term food aid programme, which takes greater account of the individual needs of the various developing countries and which is implemented and supervised more efficiently.

IV. CONCLUSIONS

12. The Committee on Budgets

- points to the problems associated with food aid (paragraph 9) which have been evident for many years and have still not been solved:
- points also to the recent report by the Court of Auditors, which provides an overall view of the problems still to be solved and the deficiencies to be rectified (paragraph 11);
- draws from the above the conclusion that
 - . a large proportion of expenditure on food aid is used to cover refunds and transport costs,
 - . the appropriations entered in the budget for each year usually bear little relation to actual needs,
 - . this state of affairs is reflected in the wholesale carry-overs of appropriations to the following financial year, in the transfer of appropriations to previous years' programmes and in cancellations;
- therefore call for better forecasts from the Commission and for more rapid processing of aid;
- considers this to be particularly necessary in view of the ceiling on own resources and will pay particular attention to this in the 1982 budgetary procedure;
- call on the Committee on Development and Cooperation as the Committee responsible to include the following paragraphs in its motion for a resolution:

- (a) Strongly criticizes the behaviour of the Council in delaying the adoption of the regulation on the administration of food aid;
- (b) Refers again to its resolutions of 16 March 1979¹ and 18 April 1980², the demands set out in which have not yet been met; calls in this connection for the immediate resumption of the conciliation procedure;
- (c) Calls on the Council and the Commission to draw forthwith the appropriate conclusions from the Court of Auditors' special report, so that they may be applied already to the 1981 food aid programme.

¹OJ No. C 93 of 9.4.1979 p.76

²OJ No. C 117 of 12.5.1980 p.71

