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DOCUMENT 1-817/81

SECOND 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. 1-676/81) for a
regulation concerning an exceptional food aid for
the least developed countries

Rapporteur: Mr R. COHEN

PE 75.646/fin.II

On 19 November 1981, pursuant to Rule 85 of the Rules of Procedure, the European Parliament referred back to the Committee on Development and Cooperation the motion for a resolution¹ on the proposal from the Commission of the European Communities to the Council (Doc. 1-676/81) for a regulation concerning an exceptional food aid for the least developed countries.

On 30 November 1981, the Committee on Development and Cooperation reconsidered the motion for a resolution and adopted it unanimously with 3 abstentions.

Present

Mr Poniatowski, chairman; Mr Cohen, rapporteur; Mrs Cassanmagnago Cerretti (deputizing for Mr Lecanuet), Mr Enright, Mr De Gucht (deputizing for Mr Sablé), Mr Ferrero, Mrs Focke, Mr Fuchs, Mr C. Jackson, Mr Kazazis (deputizing for Mr Papageorgiou), Mrs Poirier (deputizing for Mr Vergès) and Mr Michel.

¹Doc. 1-708/81

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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 concerning an exceptional food aid for the least developed countries (LDCs)

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(81) 632 final),
- having been consulted by the Council (Doc. 1-676/81),
- having regard to the second report by the Committee on Development and Cooperation (Doc. 1-817/81),
- recalling its resolutions of 18 September 1980, 23 April 1981 and 10 July 1981¹

1. Welcomes the Commission initiative which, although admittedly limited, represents the first constructive step to be taken since the United Nations Conference on the LDCs;
2. Recalls that the chronic food shortage in most of the LDCs is worsening each year;
3. Feels that in such a situation it is the Community's duty to take special steps to help the LDCs; points out however that in future food aid for the LDCs should not depend on the existence of amending budgets but should form an integral part of the coherent programmes for which appropriations are entered in the annual budgets;
4. Points out that the exceptional food aid proposed should in no circumstances serve as a pretext for reducing the share of food aid normally earmarked for the LDCs;
5. Notes that, at current world rates, the 40 m ECU entered in amending budget No. 2 for 1981 is equivalent to a total of 330,000 tonnes of food aid and not 230,000 tonnes as claimed by the Commission;
6. Endorses the proposal to allocate 100,000 tonnes of cereals to the international emergency food reserve;

¹ OJ No. C 265, 13.10.1981
OJ No. C 144, 15. 6.1981
OJ No. C 234, 14. 9.1981

7. Points out that, to be effective, the food aid granted must consist of a variety of products that meet the nutritional requirements of the populations concerned; recalls that it has already expressed the view that such products should be obtained not only on the Community market but also on the world market, with priority being given to purchases from other developing countries;
8. Realizes that as this allocation of food aid is an exceptional, temporary and emergency measure, it cannot readily be incorporated into development or food strategy programmes; points out however that food aid will in the long term effectively serve the interests of the developing countries only if it is incorporated into food strategies;
9. Reserves the right to monitor the application of such criteria when considering the plan of action to combat world hunger proposed by the Commission;
10. Is of the opinion that no special regulation is needed for the allocation of 100,000 tonnes of cereals to the international emergency food reserve or for exceptional food aid for the LDCs as such measures are covered by the existing regulations and budgetary provisions; this is evidenced by the European Parliament's adoption of Amendment No. 2/rev. to the Supplementary and Amending Budget for 1981;
11. Has taken note of the public statements made by the Commission during the November 1981 part-session of Parliament from which it emerged that the former shared the views of the European Parliament, but felt for other reasons that it had to accede to the Council's request for the submission of a proposal for a regulation;
12. Has also taken note of the statement made by the Commission during the same part-session to the effect that, even if the European Parliament were to request the withdrawal of the proposal for a regulation, the Commission would not comply;
13. Considers, under these circumstances, that it must abstain from delivering an opinion on the content of the proposal for a regulation;
14. Instructs its Legal Affairs Committee and its Committee on Budgets to report on the institutional problem thus raised within three months and to recommend possible courses of action to be taken against the Council and Commission.

EXPLANATORY STATEMENTINTRODUCTION

The communication from the Commission concerning 'an exceptional food aid operation for the least developed countries (LDCs)' is part of a 'plan of action to combat world hunger'¹ currently being considered by the Council.

This plan of action, drawn up by the Commission, is partly in response to the UN Conference on the LDCs (1-14 September 1981 in Paris) and to the Italian Government's initiative in the campaign against world hunger.

In order to clarify the position as far as Parliament's consideration of these different subjects is concerned, it should be made clear that:

- the 'Plan of action to combat world hunger' will be dealt with in the context of a report by the Committee on Development and Cooperation on the action taken on Parliament's resolution on the campaign against hunger in the world (FERRERO resolution of 18 September 1980) - rapporteur: Mr MICHEL;
- the results of the Paris Conference on the LDCs will be analysed in a special report by the Committee on Development and Cooperation;
- finally, the budgetary implications of the exceptional food aid for the LDCs have been set out in draft amending budget No. 2 for 1981, which is why Parliament's opinion on this point must be expressed separately from its opinion on the plan of action as a whole, to enable it to be delivered in good time.

CONTENT OF THE PROPOSAL

We have already observed that this report restricts itself to exceptional food aid for the LDCs. The Commission's proposal which relates to this action is based on two communications to the Council (COM(81) 546 final and COM(81) 583 final) as well as on the proposal for a regulation.

The main points of the proposal may be summarized as follows:

- allocation to the International Emergency Food Reserve of 100,000 tonnes of cereals to be used as aid for the LDCs;
- allocation of various foodstuffs to the populations of the LDCs (cereals, oils, leguminous products, sugar and other products). This action

¹ COM(81) 560 final

may also take the form of indirect aid to international organizations or NGOs carrying out specific nutritional support programmes in favour of the populations of the LDCs;

- in addition to the 100,000 tonnes of cereals allocated to the Emergency Reserve, the exceptional aid would be the equivalent of 130,000 tonnes of cereals;
- the overall cost of the action is estimated at 40 m ECU, which has been entered in draft amending budget No. 2 for 1981.

Your rapporteur's initial observation concerns the amount of food aid in cereal equivalent which corresponds to an appropriation of 40 m ECU. The Commission gives a total of 230,000 tonnes (100,000 tonnes for the emergency reserve and 130,000 tonnes for the exceptional aid). However, it appears that at current world prices 40 m ECU corresponds to a total of some 330,000 tonnes. Or are we to understand that the 40 m ECU also covers the refunds payable in connection with this food aid?

ASSESSMENT

The Committee on Development and Cooperation welcomes the proposal for an additional effort on the part of the Community to assist the LDCs,

The fact that the Commission has been able to submit so soon after the Paris Conference on the LDCs a practical proposal to help those countries is in itself most welcome. However, it must be pointed out that it was only possible to draw up the proposal so quickly because a draft amending budget for 1981 had to be submitted. It should be emphasized that future proposals for practical measures to assist the LDCs cannot depend on opportunities which become apparent in the budget at the end of a financial year, they must be part of the Community's normal policies. The resolution adopted by the European Parliament on 10 July 1981¹ states specifically that the Community must implement a plan of action in favour of the LDCs. Clearly, such a plan cannot be based on budgetary quirks.

In this connection, the most important aspect of the proposal, apart from the allocation of 100,000 tonnes of cereals to the emergency reserve, is the willingness expressed by the Commission to:

- respond, through this action, to the specific nutritional needs of the populations concerned (hence the variety of products to be mobilized not only on the Community market but also on the world market, and as a priority in other developing countries);
- incorporate the aid as far as possible in the development process and make provision for the most urgent needs.

¹ OJ No. C 234, 14.9.1981

On the subject of the allocation of 100,000 tonnes of cereals to the emergency food reserve, it should be recalled that Parliament itself has stressed the need for the Community to take a decision to this effect on several occasions, most recently in its resolution of 10 July 1981 on the LDCs¹. The recent Paris Conference also echoed this demand, calling for the establishment of an International Emergency Food Reserve of 500,000 tonnes principally through the participation of new donors. Finally, this committee has tabled an amendment to the same effect to the draft budget for 1982.

Furthermore, the Committee on Development and Cooperation considers that the scope of the Commission's proposal can only be assessed if the exceptional and urgent nature of the action is taken into account. The aim is to alleviate the most serious food deficits in the LDCs immediately. This is all the more essential because, contrary to what the Commission affirms in one of its documents, so far the LDCs have not been given priority in the allocation of Community food aid.

In 1980 the percentages of Community food aid allocated to the LDCs were 23.2% for skimmed-milk powder, 22.4% for butteroil and 40.8% for cereals, of which a third went to Bangladesh alone (which means that the other 30 LDCs received only 26% of the total cereal aid).

The exceptional food aid proposed here will help to improve this situation provided that it does not result in a reduction in the share of the normal food aid earmarked for the LDCs. The European Parliament will have to monitor compliance with this provision most carefully.

At all events, the Commission's proposal covers no more than a fraction of the LDCs' total requirements, and it is therefore essential that the countries and the quantities to be supplied should be carefully selected. For example it has become apparent that this year the harvest in Bangladesh has been very abundant and that its food aid requirements should therefore be reviewed.

The Commission's proposal provides for the supply of a number of products under the exceptional food aid operation, such as cereals, oleaginous products, leguminous products and sugar.

Attention should be drawn to the fact that - in particular for as long as this aid remains an isolated phenomenon and outside the scope of other actions in favour of these countries - this exceptional food aid should be regarded initially as a partial solution to the balance of payments problems facing the countries in question. Consequently, the choice of products - so important in the case of emergency aid - is less important than the speed with which the Commission's proposals are adopted and implemented. At all events, it is clear that cereals and rice should form the bulk of this aid.

¹ OJ C 234 of 14.9.1981

It is well known that the Community's procedures in connection with food aid are extremely cumbersome. It normally takes twelve months for the Commission to submit a proposal, the Council to adopt it, for contacts to be established with the recipient countries and for tenders to be submitted. Then in addition there is the actual purchase and despatch of supplies. The average length of time between the submission of a proposal and the arrival of the products in an Asian port is

377 days in the case of cereals, and
535 days in the case of milk products

We cannot solve all the procedural problems that arise in the context of exceptional food aid. And in addition, it is clear that if we increase our capacity to deliver food aid, we are increasing the organizational and procedural problems involved. It therefore becomes increasingly urgent for us to find solutions to these problems. The European Parliament must turn its attention to them, both as regards monitoring the utilization of the food aid and the regulation governing its management.

In stressing the exceptional and temporary nature of the proposed measures, the Committee on Development and Cooperation is aware that they cannot satisfy all the criteria laid down by Parliament in its resolution of 18 September 1980, following the FERRERO report on the campaign against hunger in the world. With more particular reference to the LDCs, paragraph 13 of the resolution of 10 July 1981 laid special emphasis on 'the need for Community aid in the formulation, acceptance and implementation of a food strategy for the least developed countries'. The same preoccupation may be found in paragraphs 79 - 88 of the general resolution adopted on 30 September 1981 by the ACP-EEC Consultative Assembly.

Finally, the new substantial action programme adopted by the Paris Conference also puts the emphasis on the need for the LDCs to devise national food strategies in which temporary food aid must play a role. The new programme also points out that food aid is one of the critical elements of any national food strategy.

It will be the task of this committee and of Parliament to ensure that these criteria are taken into account when consideration is given to the general document submitted by the Commission entitled 'towards a plan of action to combat world hunger'.

Is there a need to adopt a separate regulation

The Committee on Development and Cooperation takes the view that the exceptional food aid for the LDCs proposed by the Commission does not require the Council to adopt a separate regulation. Furthermore, it considers that such a procedure would create a dangerous precedent.

A separate regulation is superfluous to the extent that the statutory and budgetary provisions in force are sufficient for the implementation of the proposed action in favour of the LDCs. All that is required is the entry in the amending budget No. 2 for 1981 of the required appropriation in the relevant budget lines (food aid, cereals; food aid, other products; food aid, transport costs and refunds in connection with food aid in Title 6). With regard to the Community contribution to the emergency reserve, this would be made possible by the creation of a new budget line (as proposed in an amendment to the 1982 budget tabled by this committee) and the entry of the corresponding appropriation for the allocation of 100,000 tonnes of cereals.

In a more general manner, the remarks set against these budget lines would enable more details to be given as to the aim of the actions being undertaken, i.e. an indication that this food aid was being allocated to the LDCs as a direct result of the Paris Conference.

The adoption of a separate regulation for this action would create a dangerous precedent because the custom would then become established that any specific allocation of Community aid (on a geographical or economic basis) would require a unanimous decision by the Council pursuant to Article 235 of the EEC Treaty. What is more, Article 4 of this proposal for a regulation strengthens the conviction of the Committee on Development and Cooperation that this would be the case since it lays down that the Commission is responsible for the implementation of the special operation. This provision corresponds exactly to that set out in Article 205 of the EEC Treaty concerning the implementation of the budget of the Communities. Consequently, the simple entry in the amending budget No. 2 for 1981 of the appropriation required for this action would be enough for it to be implemented.

The Committee on Development and Cooperation finally wonders why the Commission and the Council have not entered in the draft amending budget No. 2 for 1981

- the appropriation required to cover the cost of transporting the food aid supplied under this operation, and
- an appropriation to cover the refunds in connection with this food aid.

CONCLUSIONS

The Committee on Development and Cooperation considers that an exceptional food aid of 40 m ECU for the LDCs represents an initial response, albeit very limited in its aims and scope, to the measures called for at the recent Paris Conference. The action proposed by the Commission will only alleviate temporarily the chronic food shortages in most of the LDCs. It partly responds to one of the immediate practical measures set out in the new substantial action programme adopted by the Paris Conference, namely the allocation of substantial resources to overcome as a matter of urgency the severe shortages of essential commodities, in particular foodstuffs and energy products.

To ensure that this slight improvement in the situation of the LDCs is followed up, it will be necessary in future to make food aid part of a development strategy. The Committee on Development and Cooperation will submit appropriate proposals in its next two reports which will deal respectively with the action taken on the resolution on hunger in the world and the results of the Paris Conference. Meanwhile, the committee signals its agreement to the implementation of an exceptional food aid of 40 m ECU in favour of the LDCs. It feels, however, that this action may be successfully carried out through the entry of the required appropriation in the draft amending budget No. 2 for 1981 and therefore calls on the Commission to withdraw its proposal for a separate regulation.