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EUROPEAN PARLIAMENT

# Working Documents

1981 - 1982

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4 May 1981

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 world<sup>1</sup>,
- 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 bodies<sup>2</sup>,
- 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 aid<sup>3</sup>,

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

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

<sup>3</sup> 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 1980<sup>1</sup>.
- having regard to the resolution contained in the report by Mr Wawrzik and adopted by Parliament on 21 November 1980 on the second Lomé Convention<sup>2</sup>,
- 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 world<sup>3</sup>
- having regard to the annual report of the Court of Auditors of the European Communities for the financial year 1979<sup>4</sup>,
- having regard to the two motions for resolutions on food aid to Vietnam<sup>5</sup> 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.

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

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

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

<sup>4</sup> Doc. 1-662/80

<sup>5</sup> 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 1977<sup>1</sup>;
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;

<sup>1</sup>Doc. 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 1979<sup>1</sup> 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 Council<sup>1</sup> 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 aid<sup>2</sup>, the Commission published a document on the current situation with regard to Community action<sup>3</sup> 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.

<sup>1</sup> COM(80) 631 fin., 22 October 1980

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

<sup>3</sup> 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<sup>(1)</sup>, 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<sup>(2)</sup>. 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<sup>(3)</sup>. The

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(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<sup>1,2</sup>, 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 world<sup>1</sup>. 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

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<sup>1</sup> Doc. 1-364/80

<sup>2</sup> Doc. 1-551/80

<sup>3</sup> 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 practices<sup>1</sup>. 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 world<sup>2</sup>. 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.

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<sup>1</sup> Doc. 1-551/80

<sup>2</sup> 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 world<sup>1</sup>. 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 1979<sup>2</sup>, 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, 1979<sup>3</sup>, 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.

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<sup>1</sup>Doc. 1-341/80

<sup>2</sup>Doc. 1-662/80

<sup>3</sup>Doc. 669/78