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DOCUMENT 669/78

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. 583/78) for

- I. a regulation on the management of food aid
- II. a regulation amending Regulations (EEC) Nos 2052/69, 1703/72 and 2681/74
on Community financing of expenditures incurred in respect of the supply of
agricultural products as food aid, and repealing Decision 72/335/EEC

Rapporteur: Mr P. LEZZI

1.22

PE 57.195/fin.

By letter of 29 January 1979 the Council of the European Communities requested the European Parliament to deliver an opinion on the proposals from the Commission of the European Communities to the Council for a regulation on the management of food aid and a regulation amending Regulations (EEC) Nos 2052/69, 1703/72 and 2681/74 on Community financing of expenditures incurred in respect of the supply of agricultural products as food aid, and repealing Decision 72/335/EEC.

On 5 February 1979 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 28 February 1979 the Committee on Development and Cooperation appointed Mr Lezzi rapporteur. It considered the report on 28 February 1979 and unanimously adopted it together with the motion for a resolution at the same meeting.

Present: Miss Flesch, chairman; Mr Lagorce, vice-chairman; Mr Lezzi, rapporteur, Mr Andersen (deputizing for Mr Dondelinger), Mr Broeksz, Mr Cunningham, Mr Dewulf, Lady Fisher of Rednal, Mr Seefeld, Mrs Squarcialupi (deputizing for Mrs Iotti) and Mr Wawrzik.

The opinion of the Committee on Budgets is attached.

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A

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

- I. a regulation on the management of food aid
- II. a regulation amending Regulation (EEC) Nos. 2052/69, 1703/72 and 2681/74 on Community financing of expenditures incurred in respect of the supply of agricultural products as food aid, and repealing Declaration 72/335/EEC

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council (Doc. 583/78),
 - having regard to its resolution of 14 November 1978²,
 - having regard to the report of the Committee on Development and Cooperation and the opinion of the Committee on Budgets (Doc. 669/78),
1. Acknowledges that the Commission's new proposals contain improvements in substance and of a legal nature in comparison with those put forward in June 1978;
 2. Considers the new proposals to be an entirely suitable means of simplifying, improving and above all accelerating the Community's decision-making and implementing procedures for the management of food aid;
 3. Welcomes in particular the inclusion of Title I, Articles 1 to 3, in the new proposals because the application of these guidelines will enable and initiate a qualitative improvement in the food aid granted by the Community;
 4. Fully endorses the Commission's intention of developing the Community's food aid into one of the essential elements of Community development policy on the basis of multiannual programmes;
 5. Calls on the Commission to consider how greater account can be taken in the allocation of food aid of countries whose development projects provide in the short or long term for the improvement of agricultural structures;

¹ OJ No. C 26, 30.1.1979, pp. 2 and 5

² OJ No. C 296, 11.12.1978, p. 16

6. Welcomes the fact that the Commission bases its new proposals on Article 235 of the EEC Treaty as well as Article 43, since this underlines the difference of the concepts on which the agricultural policy and food aid policy are based and the voluntary aspect of food aid which, in its view, means that its financing must come from non-compulsory expenditure and therefore be of a non-automatic nature;
7. Reiterates in this context its view that it is the responsibility of the budgetary authority, and not only of the Council, to decide on the financial contribution to be made by the Community and to translate it into annual or multiannual global quantities on the basis of the food aid products defined by the Council;
8. Considers that the new content of the food aid should also be reflected in the budgetary sphere and consequently endorses the Commission's intention to group together all food aid appropriations under Title 9 of the general budget of the Communities; approves, therefore, the proposal for a regulation amending Regulations (EEC) Nos 2052/69, 1703/72 and 2681/74 on Community financing of expenditures incurred in respect of the supply of agricultural products as food aid, and repealing Decision 72/335/EEC;
9. Has in principle no objection to the setting up of a Committee on Food Aid as provided for in Article 7 of the proposed regulation, but objects to the wording of Article 8(3), according to which the Council may, if the Commission and committee do not agree, take a different decision within two months, because responsibility for the management of food aid would then automatically revert to the Council;
10. Hopes, therefore, that the Commission, which is directly responsible to Parliament, will retain the last word, i.e. assume the political responsibility for activities in the field of food aid;
11. Deeply regrets in this connection that the Commission's new proposals do not take account of Parliament's views on this subject and calls on it, therefore, to amend the text of its proposal for a regulation pursuant to Article 149, second paragraph, of the EEC Treaty;
12. Calls for the initiation of the conciliation procedure with the Council and Commission should the Council depart from the opinion of the European Parliament;
13. Calls on the Commission to initiate the decision-making procedure in good time so that food aid may be provided within the scheduled period, having regard to the budgetary provisions in force;
14. Regards the Commission's proposals, taken as a whole, as progressive and calculated to place the whole food aid procedure on a sound and permanent legal footing and to improve radically the implementation of food aid.

Council Regulation on the management of food aid
Preamble and recitals unchanged
Articles 1 to 6 unchanged

Article 7

1. There is hereby established a Committee on Food Aid, chaired by a representative of the Commission and composed of representatives of the Member States. The secretariat of the Committee shall be provided by the Commission.

2. Where recourse is had to the procedure defined in Article 8, the votes of the Member States shall be weighted as set out in Article 148(2) of the Treaty. The chairman shall not vote.

3. The Committee shall draw up its rules of procedure

Article 8

1. Where recourse is had to the procedure defined in this Article, the Committee shall be duly informed by its chairman, either on the latter's own initiative or at the request of a representative of a Member State.

2. The Commission representative shall submit drafts of decisions to be taken. The Committee shall deliver its opinion on these drafts within a time limit which may be fixed by the chairman according to the urgency of the matters under examination. It shall act by a majority of 41 votes.

3. The Commission shall take decisions which are immediately applicable. If, however, such decisions are not in accordance with the opinion delivered by the Committee, they shall be communicated to the Council by the Commission forthwith. In that event, the Commission shall postpone, for not more than two months following the date of said communication, the application of the decisions taken by it. The Council, acting by a qualified majority, may take a different decision within two months.

Articles 9 to 12 unchanged

Article 7

1. There is hereby established an Advisory Committee on Food Aid, chaired by a representative of the Commission and composed of representatives of the Member States. The secretariat of the Committee shall be provided by the Commission.

2. Save in emergencies the Commission shall consult the Committee before taking the decisions referred to in Article 5.

3. deleted

Article 8

1. deleted

2. deleted

3. deleted

¹For complete text see OJ No. C 26, 30.1.1979, p.2

B

1. These proposals from the Commission of the European Communities to the Council concern the management of food aid, the amendment of Regulations (EEC) Nos. 2052/69, 1703/72 and 2681/74 on Community financing of expenditures in respect of the supply of agricultural products as food aid and the repeal of Decision 72/335/EEC.

2. As long ago as 14 June 1978 the Commission submitted to the Council a proposal for a regulation on the procedures for the management of food aid¹. This proposal also included a 'proposal for a Council regulation amending Regulation (EEC) No. 1703/72 as regards the Community financing of expenditure arising from the implementation of food aid conventions' and a 'proposal for a Council decision amending Decision 72/335/EEC on the Community financing of a certain special expenditure arising from the implementation of the Food Aid Convention of 1971'.

3. The Committee on Development and Cooperation discussed these proposals at length and submitted a detailed report on them². The European Parliament delivered its opinion in the form of a resolution on 14 November 1978³ on the basis of Mr Lezzi's report and Mr Scott-Hopkins' opinion on behalf of the Committee on Budgets.

4. The object of the Commission's original proposals was to establish management procedures which were more effective and more in keeping with the letter of the EEC Treaty, without raising the substantive problems linked with the concept of food aid policy. Specifically, the Commission proposed the following innovations:

- The general political decisions (definition of basic products, decision on annual quantities, formulation of general aid guidelines) should be assigned to the Council and adopted by a qualified majority;
- The management powers at present held by the Council should be transferred to the Commission, in particular the annual allocation of quantities and decisions on emergency aid, derived products and transport problems;
- Provision should be made for closer cooperation between the Member States and the Commission within a Committee on Food Aid.

¹ Doc. 237/78 of 10 July 1978

² Lezzi report, Doc. 414/78

³ OJ No. C 296, 11.12.1978, pp. 16 f.

5. In its resolution of 14 November 1978, Parliament agreed with the Commission that the decision-making and implementing procedures relating to food aid should be amended in order to improve the management and speed up the supply of Community food aid. Parliament did not, however, agree to the legal basis for food aid proposed by the Commission, to the procedures of the planned Committee on Food Aid or to a number of budgetary provisions that concern food aid. Parliament's view was quite clearly that it was the responsibility of the budgetary authority, and not only of the Council, to decide on the financial contribution to be made by the Community and to translate it into annual or multiannual global quantities on the basis of the food products defined by the Council. The Commission's proposals and Parliament's debates on them pinpointed the differences, which consisted in the Commission aiming merely at an improvement of the management procedures - in order to avoid, as it stresses in its new proposals, delays in the adoption of the new procedures - while Parliament's resolution called for the inclusion of new basic elements designed to enable food aid at last to become one of the pillars of the Community's development policy.

6. Parliament therefore welcomes the Commission's new proposals, since they contain not insignificant changes compared with the June 1978 proposals and above all take account of a number of decisive requests made by Parliament. This is particularly true of Title I of the new proposal, which consists of three articles and defines the objectives and general guidelines for food aid. This part of the proposal is of fundamental importance, since it may initiate and enable a decisive qualitative improvement in the establishment and shaping of the Community's food aid policy.

7. The present arrangement, under which the Council is responsible for all food aid management, has frequently been criticized by Parliament in the past. Such criticism has been voiced principally because the omnipotent Council has led to considerable delays in food supplies, thus detracting from the effect of the not inconsiderable aid granted by the Community. Parliament shares the Commission's view that the present procedure must be changed not only to prevent delays but also for legal considerations, by analogy with Article 205 of the EEC Treaty it is for the Commission alone to implement the budget, and it has also been given full responsibility for this. As the Council has hitherto reserved for itself the right to take any decision connected with food aid, Parliament has rightly referred in the past to the Council's 'presumption'.

To make it quite clear, it cannot be the Council's task to become bogged down in questions of administrative detail. It should be for the Council to establish comprehensive guidelines and to adopt an outline regulation. The Commission, for its part, should be responsible for the allocation of available quantities to countries and organizations and for

ensuring the rapid and unbureaucratic transport of these quantities. Administrative reasons should never be quoted as a cause of delays in the implementation of these decisions.

8. All those in positions of responsibility in the Community must realize what part food aid should play in the Community's development concept. Greater efficiency in the food aid sector can be achieved only if there is not merely a quantitative increase but also a qualitative improvement in such aid. A certain number of projects in the agricultural sector has already been determined, but listing projects does not in itself constitute a policy. Only when projects have been implemented and the results analysed can it be seen to what extent a policy exists. The results already known and the forecast of a world-wide food deficit of 130 million tonnes in 5 years clearly indicate that this policy is in need of some change.

9. The Commission's new proposals at least provide an opportunity to improve the present policy and to make it more effective. In view of the ominous food situation, Parliament therefore calls on the Council and the Member States to take further action principally to achieve a better relationship between aid on the one hand and the strategy of cooperation and solidarity on the other. In plain terms this means that by taking new initiatives, providing better information on what has already been achieved, utilizing the positive results gained and mobilizing the energies that exist in the world, the ideas that have been and are mooted by the Commission and Parliament must now be put into practice. For we must be clear about one thing: food is the primary right of man. What use is any debate on human rights if this basic right is not fulfilled? There can be no progress, be it in the economic, social, political or human sphere, as long as men, women and children go hungry or even die of hunger.

10. Parliament regards in particular the stipulation made in Title I, Article 2, that the granting of food aid will, if necessary, be conditional on the implementation of annual or multiannual development projects, as a major step forward compared with the earlier proposals. It therefore takes the view that the proposals now before it provide an opportunity to improve the present policy and make it more effective. As the object of food aid is to alleviate need in emergencies (immediate action) and to raise the level of nutrition in the long term as a contribution to economic development, a multiannual policy is essential. Parliament has for many years called for such a long-term solution and readily acknowledges that the Commission too has in the past repeatedly advocated that it should be allowed to enter into multiannual commitments. Unfortunately, with the exception of Operation Flood I and II, which can therefore be described as a precedent, these efforts have foundered on the resistance of the Council.

11. The policy hitherto pursued of implementing individual projects is inadequate. The countries that grant aid must stop basing their activities on short-term programmes and adopt a long-term plan for supplies. Food aid can perform a very important function in the short term, but in view of the present development requirements it is a relatively weak instrument. Although it offers a means of helping in emergencies, it must not be regarded either as a salve to the conscience or as the only method of helping the developing countries. Nor must food aid be considered a valve for disposing of agricultural surpluses. It must be seen as a form of structural assistance and be aimed at supporting the governments of the developing countries in mobilizing their resources to meet their own needs.

With the Flood II project, which is fully endorsed by Parliament¹, the Community has taken an important step in the right direction. Food aid as part of a project of this kind not only poses far fewer problems, it is also of immediate advantage in the economic and social advancement of the recipient country. The objects are many and varied: improvement of living conditions, increased productivity in agricultural areas, creation of new employment and progressive improvement of the food situation. This is why the Commission's new proposals are so important, and the Council is urged to adopt them as soon as possible so that the Community may in future play its proper role in such projects by dividing up its food aid into multi-annual programmes providing for given supplies over given periods.

12. Unfortunately the granting of food aid has resulted in many developing countries, including some of the poorest in the world, neglecting their own efforts in the agricultural sector. This is particularly disastrous because about 70 to 80% of the population of the developing countries live on the land, some of them producing only for their own needs rather than for the rest of the population or for a market. The advancement of agricultural areas has, however, a key role to play in employment and development policy. Parliament therefore calls on the Commission to give preference in allocating food aid to developing countries whose programmes provide for improvements of agricultural structures in the short or medium term. If food aid is to fulfil its purpose, its aim must also be to help countries of the Third World to act in a spirit of self-responsibility. The establishment of multiannual food aid for long-term development projects is crucial because the object is to help countries to help themselves.

¹ See the report by Mr Aigner on the communication from the Commission to the Council on the supply of food aid in the form of skimmed-milk powder and butteroil to India for the 'Operation Flood II', Doc. 461/77 of 11 January 1978 and the resolution adopted by Parliament on 20 January 1978, OJ No. C 36, pp. 53 ff.

13. The legal basis for the supply of food aid is an important aspect of the proposals. In its original proposals the Commission took the view that Article 43 of the EEC Treaty, on which the European agricultural policy is based, also forms an adequate legal basis for food aid, a view for which, however, the Commission did not give any justification. Parliament did not share this opinion on the grounds that the objects of the agricultural and food aid policies are based on completely different concepts and machinery. As Parliament was interested not only in simplifying and improving the food aid management procedure but also in giving this policy a new content, it proposed Article 235 of the EEC Treaty as the legal basis.

14. The inclusion of new basic elements in the Community concept of food aid represents a 'qualitative improvement', as the Commission stresses in its new proposals. It approves this qualitative improvement and bases its proposals, in view of the new content to be given to food aid and in line with Parliament's requests, on Article 235 as well as Article 43 of the EEC Treaty.

Parliament views the application of Article 235 of the EEC Treaty as necessary for several reasons:

- For political reasons it is of fundamental importance that a distinction should be made between the supply of food aid for humanitarian reasons and the management of the Community's surpluses by the Commission. Food aid should in fact form an essential part of development policy and in no event be dependent on the imponderables of the agricultural policy;
- Article 43 refers only to the internal organization of the agricultural market. Article 235 is therefore a more suitable basis, it being designed to give the Community an opportunity to take action in areas that were not envisaged or were not acutely important at the time the Treaties establishing the Communities were signed;
- If payments are governed by Article 235, they are non-compulsory and Parliament thus has greater influence in the fixing of this expenditure;
- The fixing of the amount of food aid is a political decision, a question of political willingness to make available a given amount of money. As a great deal of money is involved, the decision is a budgetary one. As the decision is a budgetary one and Parliament forms part of the budgetary authority, Parliament's word must carry considerable weight in this matter.

15. Parliament has no objection to the Commission's new proposals having a composite legal basis, i.e. Articles 43 and 235. What is decisive is that Article 235 has been included, since it will underline the independent and new nature of the food aid policy. The reference to Article 43 as part of the legal basis merely means that priority will be given to the Community market as a source of agricultural products intended for food aid. The composite legal basis further means that in emergencies or when they are not available within the Community, products may be obtained elsewhere.

16. It is logical for the new content of food aid also to be reflected in the budgetary sphere. In this context a proposal¹, which although approved by Parliament, was rejected by the Council, was submitted as long ago as 15 July 1977. The present arrangement for food aid expenditure is as follows: a portion of the expenditure considered to represent the refunds on exports of the products delivered is charged against the Guarantee Section of the EAGGF (Title 6 of the budget); the other portion, considered to represent the 'world price' of the goods supplied to developing countries, is included in Title 9 of the budget under Chapter 92 (food aid). This artificial breakdown of the appropriations has in the past caused delays and complications at all administrative levels involved in the implementation of the aid. As the object is to make food aid an effective instrument of the Community's development policy, food aid appropriations must be grouped together and charged against Title 9 of the general budget, as this will make for greater budgetary transparency and improved management of the aid.

17. As regards the transfer of a number of management powers from the Council to the Commission, Parliament does not intend to go into detail but simply refer to Mr Lezzi's report on the subject (Doc. 414/78). Reference will be made here to one point only: in Title II, Article 4, of its proposal the Commission states that the Council will determine by 31 October each year, within the framework laid down by Article 2, the general guidelines which will govern the aid for the following year. If the proposals provide for the Council to take the final decisions on quantities and allocation - as Commissioner Cheysson told the European Parliament on 13 November 1978¹ - before Parliament has completed the budgetary procedure in December, does the Commission really believe that it will manage to persuade the Council to take a decision by the end of October of each year?

18. In its new proposals concerning the creation of a Committee on Food Aid the Commission has unfortunately not taken account of Parliament's views. To make it quite clear once again, Parliament has in principle no objection to the committee provided for in Article 7 of the proposal. But it does object to Article 8(3) (formerly Article 5(3)), according to which the Council may take a different decision within two months if agreement cannot be reached between the Commission and Council.

¹ Official Journal of the European Communities, Annex, No. 236
November 1978, pp. 24 ff.

19. As the text now reads, the committee would have a delaying right of veto in the case of decisions for which the Commission is responsible, and where agreement was not reached between this committee and the Commission, the right of decision would revert to the Council, which would have the final say. It is illogical for a right of veto of this kind to be retained in the Commission's proposals because it will lead to the recurrence of the disadvantages that the proposed regulation is intended to eliminate. As the Commission is responsible to Parliament, the latter would like to see the planned committee having only an advisory function, while the Commission has the final say and thus assumes the political responsibility for activities in the food aid field. Parliament therefore calls on the Commission to amend its proposal accordingly. If the Council departs from Parliament's opinion, Parliament feels that the procedure for conciliation with the Council and Commission should be initiated.

20. To summarize, Parliament considers the Commission's new proposals to be a suitable means for simplifying, improving and accelerating the Community's decision-making and implementing procedures for the management of food aid. As the present procedure is not based on formal administrative provisions and in addition has worked extremely unsatisfactorily, it is quite understandable that the Commission should attempt with its proposals to place the management procedure on a sound and permanent legal footing. It is particularly gratifying that the Commission has complied in its new proposals with a number of basic requests made by Parliament by taking account, for example, of Article 235 as part of the legal basis and by developing food aid into a cornerstone of the Community's development aid. But it is regrettable that the Commission has not adopted Parliament's views on the Committee on Food Aid.

Parliament also agrees with the Commission that the proposed procedure complies with the provisions of the EEC Treaty, and in particular Article 205 thereof, and calls on the Council to adopt the new procedure so that the Community's food aid programme may be implemented more smoothly and effectively and the programme for 1979 established on the basis of the new procedures.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr J. SCOTT-HOPKINS

On 21 February 1979 the Committee on Budgets appointed Mr Scott-Hopkins draftsman.

It considered the draft opinion at its meeting of 1 March 1979 and adopted it unanimously.

Present: Mr Lange, Chairman; Mr Scott-Hopkins, rapporteur; Lord Bessborough, Lord Bruce of Donington, Mrs Dahlerup, Mr Ripamonti, Mr Schreiber, Mr Shaw and Mr Würtz.

Introduction

1. On 14 June 1978 the Commission submitted proposals for improving the procedures for managing food aid.⁽¹⁾ The European Parliament delivered its Opinion⁽²⁾ during the November 1978 part-session: Mr LEZZI being rapporteur for the Committee on Development and Cooperation and Mr SCOTT-HOPKINS draftsman for the Committee on Budgets. Internal work within Council was proceeding concurrently although without any clear conclusions.

2. The Commission has now amended its original text in the light of the views expressed both within the European Parliament and within Council and on the basis of an Opinion of the Court of Auditors⁽³⁾ in accordance with Article 149 of the Treaty. It has resubmitted its proposal to the European Parliament.

PART I - The Commission's original proposals (Doc. 237/78)

3. The aim of the initial proposals from the Commission was to simplify the decision-making procedures as regards food aid programmes in order to avoid the delays and disruptions which had characterised this policy in the past.

(i) It proposed removing ambiguity as regards the legal basis of the policy by basing it exclusively on Article 43 of the Treaty.

(ii) As regards decision-making procedures, it proposed the following breakdown of responsibilities:

Council would define the products to be distributed, fix annual quantities to be delivered, determine the framework of the policy and decide on the criteria of eligibility. The Commission would assume management responsibilities as regards the annual allocation of quantities, decisions on emergency aid, derived products and transport problems etc.

4. A Committee on food aid would be set up, composed of representatives of the Member States, which could postpone decisions as regards any aspect of the implementation of the policy in case of disagreement with Commission, until a final decision was taken by Council.

(1) Doc. 237/78

(2) Doc. 414/78)

(3) R/2820/78 of 6 November 1978

PART II - Attitude of Parliament and its Committee on Budgets (Doc. 414/78)

5. The European Parliament welcomed the attention being given to the problem of the management of food aid policy - which it has been obliged to criticise severely in the past. However, important differences emerged upon examination of the Commission's text.

- (i) As regards the legal basis, the Committee on Budgets and Parliament considered Article 235 to be the most appropriate legal basis in order to underline the distinct nature of the policy and the fact that the financing of the policy would be of a non-compulsory nature. (1)
- (ii) As regards the distribution of responsibilities, Parliament agreed that Council should set the framework for the policy, determine the products supplied and define criteria for eligibility: as regards the annual amounts of aid, it was felt that it was most appropriate for this to be decided in the light of decisions taken by the budgetary authority during the annual budgetary procedure.

6. Parliament agreed that the Commission should take up direct management responsibilities but should keep Parliament informed.

7. Parliament considered that the food aid Committee should be purely consultative.

8. In the light of this, Parliament adopted a series of amendments to the Commission's original text and set down a marker whereby, if Council intended diverging from our views in any important fashion, the conciliation procedure would be invoked.

PART III - The revised Commission proposal (COM(79) 1 final)

9. The revised Commission text has certain new features. It underlines the distinct nature of food aid policy by adding to the preamble and the body of the text the separate objectives of food aid policy (particularly Articles 1 to 3). It will be for the Committee on Development and Cooperation to scrutinise these objectives and to say to what extent they correspond to the objectives elaborated by Parliament.

(1) The Committee on Budgets gave close examination to this point when adopting its opinion and considered that expenditure should be non-compulsory, particularly since the arguments of the other institutions were not valid: for the most part, food aid amounts are not decided on the basis of international agreements: the amounts are determined after the adoption of the budget. Finally, the main factor in determining the levels of food aid has not been the situation in agricultural markets - rather it has been a question of financial considerations.