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# European Communities

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## EUROPEAN PARLIAMENT

# Working Documents

1975-1976

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3 November 1975

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DOCUMENT 326/75

## Report

drawn up on behalf of the Committee on Development and Cooperation

on the outcome of the World Food Conference (Rome, 5 – 15 November 1974)  
and on the Community's position as regards a world food policy

Rapporteur: Mr E. GLINNE

By letter of 19 December 1974 the Committee on Development and Cooperation requested authorization to draw up a report on the outcome of the World Food Conference (Rome, 5 - 15 November 1974) and on the Community's position as regards a world food policy.

Authorization was given by the President of the European Parliament in his letter of 22 January 1975. The Committee on Agriculture was asked for its opinion.

On 7 January 1975 the Committee on Development and Cooperation appointed Mr GLINNE rapporteur.

It considered the draft report at its meetings of 4 March 1975 and 1 and 2 July 1975 and adopted the motion for a resolution by 9 votes with three abstentions on 7 October 1975.

Present: Mr Sandri, acting chairman; Mr Glinne, rapporteur; Mr Broeks, Sir Geoffrey De Freitas, Mr De Keersmaeker (deputizing for Mr Bersani), Mr Flämig, Mr Härzschel, Mr Klepsch (deputizing for Mr Galli), Mr Krall, Mr Mursch, Lord Reay, Mr Walkhoff.

The opinion of the Committee on Agriculture is attached.

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

on the outcome of the World Food Conference (Rome, 5-15 November 1974) and on the Community's position as regards a world food policy

The European Parliament,

- having regard to the communications from the Commission of the European Communities to the Council of 30 January 1974 (SEC(74) 377 final), 9 December 1974 (SEC(74) 4955 final) and 3 March 1975 (SEC(75) 704 final),
  - having regard to the report of the Committee on Development and Cooperation and the opinion of the Committee on Agriculture (Doc. 326/75),
  - recalling its resolution of 12 July 1974 on the memorandum from the Commission of the European Communities on Community food aid policy<sup>1</sup>,
1. Stresses the importance of the World Food Conference, which - constituting a first step towards international consultation in this sphere - has made it possible to view the food problem in a world-wide context;
  2. Observes that - despite sound preparation by the Commission's departments - the Council and the Member States failed to present a united front at the Conference;
  3. Stresses once again the urgent need for the European Community to make a real increase in its food aid, so that it at least reaches the level proposed by the Commission, i.e. to increase:
    - aid in the form of cereals by 356,500 tonnes, which would bring the total aid in cereals from the Community and its Member States to 1,643,500 tonnes;
    - aid in dairy products by 25,000 tonnes, bringing the total aid from the Community to 80,000 tonnes;
    - aid in sugar products by 3,900 tonnes, bringing the total aid to 10,000 tonnes,
 by allocating an additional 20m u.a.;

<sup>1</sup> OJ No. C93, 7.8.1974, p. 88

13. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities, and to the United Nations Food and Agriculture Organization and the World Food Council.

4. Food aid. The EEC emphasized the importance of its action in this field and drew attention to the decisions already taken for 1975 (including an increase in Community food aid up to 200m u.a., which would make it possible to maintain the present volume of aid despite increased costs).

5. Trade in agricultural products. The Community agreed that market stability should be improved, given that the negotiations on this matter would take place within existing international forums.

6. Action following the conference. The Community was against setting up new organizations of funds, taking the view that it was preferable to improve coordination between the various international organizations whose activities fell within the terms of reference of the conference. The need, then, was for effective coordinating machinery and the creation of new institutions should be avoided.

2. It was also agreed that the President of the Council of Ministers, at that time Mr BONNET, French Minister of Agriculture, would state the EEC's position and that this would serve as a guide for the statements made by the other ministers.

It was further agreed to undertake further coordination at the conference itself.

3. In the Council's debates on the preparations for the conference, the only differences of opinion arose on the matter of food aid. Several Member States thought the Community should undertake to maintain the present volume of aid for three years; the Netherlands took the view that the EEC should increase aid. Other Member States, however, were opposed to an isolated decision on the volume of food aid. They thought that this aspect was inseparable from the overall concept of development cooperation. The Council was unable to reach a unanimous decision on either the increase in the volume of food aid or three-year programmes. The situation has scarcely changed since (see draft budget for 1976, Annex II).

On the eve of the World Food Conference, the EEC and the United States attempted to narrow down certain differences in approach. The American Secretary of State for Agriculture, Mr BUTZ, held talks with Mr LARDINOIS and Mr ORTOLI in Brussels. The following points emerged from the subsequent press conference:

1. Despite the surveillance system for cereal and soya bean exports, the United States did not intend to take severe measures to restrict exports as was the case in July 1973 with soya beans.
2. The views expressed by Europe and America on how world food needs should be met in the years ahead differed more on practical details than on basic principles. This applied to storage policy, the establishment of new international organizations, and food aid.

6. Promotion of the production of foodstuffs in the developing countries;

The United States would be prepared to offer technical assistance to developing countries as an incentive to stimulate production. At the same time, they would try to increase their own production. The EEC, on the other hand, seemed unable to accept any substantial commitments in this field. In Mr LARDINOIS' view, although the EEC recognized the need to increase agricultural production, it would find it difficult to enter into new financial commitments or provide aid in kind (for example, supplies of fertilizer) over and above its food aid, which was already considerable.

Both America's and the Community's declarations on increasing food aid commitments were fairly vague and non-committal on that occasion. Mr BUTZ declared that the United States' intention was to arrive at a genuine allocation of responsibilities in the matter. The United States took the view that together with Canada and the EEC it had made the largest contribution to the food aid effort.

II. Preparations for the participation of the Community and the Member States in the World Food Conference

7. The Commission forwarded a communication to the Council on the participation by the Community and the Member States in the World Food Conference in Rome (Doc. SEC(74) 377 final).

On page 3 of this document the Commission suggested that the Community and the Member States could accept a programme for the World Food Conference based on the following considerations: as a first step the conference should review existing and foreseeable world supply and demand for food products; once this had been done it should define ways and means of increasing food production, consumption and trade in developing countries and indicate how these could be made effective.

These ways and means of improving the food situation in developing countries would probably fall into two categories:

- action by the developing countries themselves, notably to step up food production to cover a larger proportion of their basic requirements thus achieving a higher degree of self sufficiency etc.;
- action based on the food resources of the developed countries (this could include food aid) and steps to be taken at international level to ensure the developing countries got adequate and steady supplies of food (for example, concerted national policies on stockpiling).

8. According to the General Assembly of the United Nations the conference should concentrate on ways and means of solving the world food problem. The Commission took the view that international sugar problems, for instance, could only be discussed in this context, as an extension of the main views

#### A. Creation of an International Fund for Agricultural Development

Resolution XIII, which was proposed by the first conference committee, stipulated that an international fund for agricultural development should be set up without delay to finance agricultural projects centering principally on agricultural production in the developing countries. This proposal came specifically from the oil-producing countries such as Saudi Arabia, the United Arab Emirates, Kuwait, Libya and Venezuela. Of the Member States of the European Community, only the Netherlands sponsored this resolution.

The fund would be financed by voluntary contributions from all the developed countries and any developing countries in a position to make such contributions. The fund would be administered by a Board of Management consisting of representatives of the developed and developing countries from which it received contributions, and representatives of the potential beneficiary states. The fund would make payments through the intermediary of existing international or regional institutions in accordance with rules and criteria to be fixed by the Board of Management.

In addition to the Netherlands, Australia, Norway and the United Kingdom apparently also approved this initiative. The Federal Republic of Germany did not disguise its disapproval of the formula. France and Japan also expressed unfavourable opinions. Explaining their attitude, the French said that their country already gave more aid than any other developed country to the development of agricultural production in the Third World. The United States also indicated that they would not participate in the fund. They have since changed their minds (see paragraph 16).

Under pressure from the developing countries for an international system of emergency reserves extending to 500,000 tonnes of cereals, which was rejected by the developed countries, it was agreed to consider the possibility of establishing reserves of cereals in strategic locations.

The American delegation expressed a desire for stockpiling commitments going beyond the international undertaking proposed by Dr BOERMA, and to be entered into before the multilateral negotiations.

In accordance with its instructions, the Community prepared to keep within the limits of the international undertaking, although there might have to be subsequent negotiation, at the multilateral talks, of more detailed storage commitments in the framework of international agreements on individual products.

The two delegations arrived at a compromise which left problems for the future.

13. A third resolution dealt with the improved food aid policy. Confirmation was given in particular to the need for sustaining a minimum volume of supplies for food aid in order to protect food aid programmes from fluctuations in production and price.

It should be remembered that when this resolution was drafted the food aid requirement was estimated at between 6 and 7 million tonnes of cereals annually for the Third World. The conference thought that from 1975 10 million tonnes would be a suitable target. However, Dr BOERMA, Director-General of the FAO, has since stated at the extraordinary meeting of the FAO Council on 10 March that the food deficit of the 33 poorest countries had decreased since November 1974 from 7.5 million tonnes of cereals to 4 million. He nevertheless went on to say that the situation in these countries remained serious and could only be improved by continued food aid in the coming months. It is estimated, however, that the 1975 harvest will be more satisfactory than in previous years except for rice. The total aid promised now amounts to 8.8 million tonnes, so the objective of 10 million tonnes has almost been reached. Annex I gives a detailed summary of the course taken by cereal aid deliveries since 1969.

Resolution I of the first committee appealed to the governments of all developing countries to give high priority to the development of the agricultural and fishing industries. Governments capable of supplying external aid should substantially increase their official assistance to agriculture in the developing countries, in particular the least developed countries. Governments were also strongly urged to respond to the UN Secretary-General's appeal to them to participate in the special programme to help solve the food problem of developing countries seriously affected by the economic crisis.



The first meeting of the World Food Council was held in Rome in June 1975. It had to be satisfied with production of a text noting the seriousness of the world food situation. The Community and its Member States were unable to adopt a common position.

The European Community must participate fully in the work of the Council. In view of the fact that many of the subjects created by the World Food Council relate to matters within the competence of the Community, the Community institutions should establish the positions to be adopted on these subjects, put them forward at the World Food Conference, engage in the relevant negotiations and accept, as necessary, any resulting commitments.

The most appropriate solution would be for the Community itself to join the Council<sup>1</sup> but it has not proved possible to follow this course.

In the present circumstances the Commission feels that an appropriate solution satisfying the Community's specific needs, could be as follows: when the rules of procedure of the World Food Conference are being adopted, to insert into these rules a provision which, without granting the Community voting rights, would give it the opportunity to express its views to the Council without restriction and to submit texts on matters within its competence.

The ad hoc consultations on the security of world food supplies, held in Rome from 19 to 23 May 1975, examined the problems connected with setting up a Standing Committee on the security of world food supplies. Such a committee could, in all probability, be set up by the next FAO Conference in November.

Finally, it is recommended that the intergovernmental committee of the world food programme should be remodelled to enable it to participate in the development and coordination of the short-and long-term food aid policies recommended by the Conference, while continuing to fulfil its present functions. This committee would be called the Committee on Food Aid Policies and Programmes and its functions would be in keeping with this title. The committee would submit regular and special reports to the World Food Council.

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<sup>1</sup> The Council consists of 36 members, of which 8 are chosen from the west-European States and other states (Italy, UK, France, German Federal Republic, Japan, Sweden, Australia, United States).

18. The attitudes adopted by the USSR and China are open to severe criticism; these countries seem, in fact, to want to make strategic use of their potentials in the field of agricultural production. It goes without saying that this attitude is based on a complete mistrust of the other countries in the world. Such an attitude, which is fundamentally at variance with the interests of the developing countries affected by the food crisis, should be vigorously rejected. Moreover, there is no guarantee that the attitude of the United States will be basically any different from that of the above two countries. Indeed, according to an article published in the International Herald Tribune on 18 March 1975, the CIA drew up in August 1974, i.e. just before the beginning of the Food Conference in Rome, a report pointing clearly to the United States' ability to 'lay down the law' on the fate of thousands of people afflicted by famine. Food stocks are political weapons.

It is certainly not possible to form a valid opinion on the basis of press articles. It would, therefore, be useful to carry out more thorough research in this field. The European Community, for its part, contented itself with accepting the objective of 10 million tonnes of cereals recommended by the conference. It has since been stressed in certain quarters that this is only a recommendation and not a legal obligation....

19. Since the end of the conference, Australia, Canada and the United States have adopted decisions to increase their food aid. Canada intends to increase its aid to 1 million tonnes this year (as against 516 thousand in 1974/75); the United States has undertaken to supply 5.9 million tonnes as against 5,430,000 in 1974/75 and Australia intends to increase its aid for 1975/76 to 400 thousand tonnes from 320 thousand in 1974/75.

In these circumstances, therefore, the Community and its Member States, which are the second largest donors of food aid in the form of cereals (see the commitments of the signatory members of the Convention on Food Aid in Annex I to this document), must also make a greater contribution to the achievement of the objective of 10 million tonnes per year.

Nevertheless, the Council saw fit to reduce considerably the appropriations the Commission wanted to allocate to food aid (see Annex II). This is particularly serious as the fall in world prices makes it possible to finance a greater amount of food aid than last year. In other words, even if the Council had wanted to spend no more than in 1975, it could still have supplied a higher tonnage.

The table in Annex I shows that an increase over 1974 of about 4 million five hundred thousand tonnes is required to achieve the objectives set by the World Food Conference. At present, i.e. at the beginning of March, we are 1,419,000 tonnes short of this target. It is clear from these figures that the main suppliers of aid have considerably increased their contributions. The increase in food aid in the form of cereals from the Community and its Member States

In the GATT multilateral negotiations the EEC has submitted an outline for an agreement on cereals. This proposal includes a storage system.

The Community's participation in the work of the bodies responsible for the implementation of certain recommendations - in particular its participation in the work of the World Food Council - appears to raise certain problems.

To the extent that the planned activities concern the Community as such, it must be able to participate actively at all stages in discussions and negotiations in the appropriate organizations. This presupposes recognition of the Community as a full member. The Community's representation should be ensured by the rules normally governing similar cases. It should, however, be obvious that as regards Community matters, the responsibility and the power of decision must rest with the European Commission.

## ANNEX II

## FOOD AID IN THE COMMUNITY BUDGET (1975-1976)

m/u.a.

Art.	Item	Heading	1975 Budget	Commission proposals for 1976 budget <sup>1</sup>	Draft budget for 1976 drawn up by by the Council
920	9201	<u>Food aid: cereals</u> Cereals programme	91.30 (643,500 t.)	139.66 (1,064,350 t.)	97.97 (707,850 t.) <sup>2</sup>
921	9211	<u>Food aid: milk products</u> Programme for skimmed milk powder	42.90 (55,000 t.)	53.56 (80,000 t.)	36.35 (55,000 t.)
	9212	butter oil programme	63.50 (45,000 t.)	68.95 (45,000 t.)	68.95 (45,000 t.)
922	9221	<u>Food aid: sugar</u> Sugar programme	2.30 (6,100 t.)	3.82 (10,000 t.)	2.33 (6,100 t.)
923		<u>Food aid: other commodities</u>	token entry	20.00	token entry
924		<u>Other expenditure</u>	1.00	2.00	1.00
		<u>CHAPTER 92 - TOTAL</u>	201.00	287.99	206.60

<sup>1</sup> Minimum commitment laid down in memorandum (Doc. 37/74)

<sup>2</sup> The percentage of Community aid has risen from 50 to 55. Since the share contributed by the Member States fell in the same proportions, total aid from the Community and the Member States remains unchanged.

1. The United Nations World Food Conference held in Rome in November 1974 took place at a time when the world food situation had seriously deteriorated; this deterioration first became really evident in 1972 when, world food production having risen steadily on the whole for years, albeit with inevitable fluctuations, world cereal production began to lag seriously behind demand, which had increased considerably.

The conference had to find a solution above all to the following problems:

- How to improve agricultural production in the developing countries both in volume and quality, and thus tackle the world food shortage problem at its roots;
- The creation of a world-wide food supply system in anticipation of achieving this long-term objective.

To this end, a programme in the form of resolutions to be implemented by the governments of the participating countries was adopted.

2. In 1972, world cereal production fell by 33 million tons. The wheat reserves of the major wheat-producing countries, headed by the United States, fell from 49 million tons in 1971/72 to 29 million tons in 1972/73, as a result of which world cereal reserves reached the lowest level in years. This change in the world food situation is due above all to exceptionally unfavourable weather conditions, such as persistent drought, and to the poor wheat harvests in Asia and Australia, which led to massive purchases on the world market. Between 1972 and 1974, wheat and rice prices trebled and soya bean and fodder grain prices more than doubled. These high prices have meant that it has become increasingly difficult for a large part of the world population, which has to spend more than 80% of its income on food, to afford even basic foodstuffs. The cost of fertilizers and energy have also risen. The increase in petroleum prices put a large number of countries in balance-of-payment difficulties which had a negative effect on their economic development and resulted in a shortage in many developing countries at the very moment when these countries needed this commodity most, especially for the production of fertilizers to help them increase their agricultural production.

3. A number of factors have contributed to the deterioration in the world food situation, which is characterized mainly by the structural gap between production and demand. World-wide inflation, monetary instability and the steady increase in population in the poorer countries have made it even more difficult for these countries to procure sufficient food for their people by increasing their own agricultural production, which is necessary if they are to increase their export revenue, and by importing the necessary foodstuffs.

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their own agricultural production. A viable agricultural sector is essential to successful economic development in general, since agriculture not only provides the basis for an increase in incomes on the domestic market, but also contributes towards external stability. The ultimate effect of such a process would be to make food aid unnecessary.

6. For years the Community has been stimulating food production in the developing countries. Of the total investments made by the European Development Fund, 37% of the appropriations are devoted at the moment to agricultural projects. The Community wishes to continue its present policy and has announced its intention of progressively intensifying its efforts. It did not actually adopt a position with regard to the creation of an agricultural development fund, and no particular reasons were given for this. The positions adopted by the Member States, however, varied considerably. Although the fund is to be financed by means of voluntary contributions, there is inevitably the politically delicate problem of an equitable distribution of the burden, which means that it is practically impossible to ignore the aid which has already been granted to date.

7. The Committee on Agriculture feels that it would be preferable to study the question of food production in the long term, and to concentrate in particular on the application of technology and the results of scientific research in the sphere of agriculture. Since an increase in food production depends to a considerable extent on the use of fertilizers and on such factors as climate and soil exploration, an area in which it has acquired a great deal of experience, the Community is technically in a position to provide effective aid in this field. The possibility of cultivating new and more productive types of cereal should be considered, and attention should be paid to stock-farming problems, such as cattle diseases, and to genetic research in general, including for instance the breeding of a better quality of cattle more suited to the climate. The Community should also investigate the possible effects of an intensified use of fertilizers and pesticides on the environment and the ecological balance in the countries in question. Since fertilizers are financially beyond the reach of most developing countries, the possibility of extending Community aid to include these products should be investigated. The Commission has so far not commented on this question.

The Committee on Agriculture recommends that the committee responsible should acquire information on what is being done with regard to the supply of fertilizers and the carrying out of additional research to help the developing countries and whether the Commission intends to take appropriate measures and to incorporate this element in its development policy.

In view of the importance for world food supplies of maintaining an adequate fish population, the Commission should take account of current fishing problems in its policy vis-à-vis the developing countries. Although your committee realizes that the problem of preserving and exploiting

10. The Committee on Agriculture is pleased that the Community abolished denaturing premiums as from 16 February 1974 in consideration of the crisis situation in the developing countries. The European Parliament had already pointed out earlier that, with the prevailing world market prices, denaturing was inadmissible.

11. Your committee feels that the Community must undertake to increase food aid as recommended by the Conference. Attention should be given in this connection to the problem of agricultural surpluses. In the dairy sector in particular, food aid has been too closely connected with the existence of surpluses resulting from intervention. Speaking at the Conference on behalf of the Community, Mr Lardinois stated that the amount of food aid should not depend on the existence of surpluses. He announced that the Council was discussing Commission proposals involving a comprehensive approach to the food-aid problem, and in particular a system of multiannual planning to ensure continuity. The Committee on Agriculture approves these developments, which Parliament recommended some time ago.

12. Of course the food aid policy can make use of the products which become available as a result of the Common Agricultural Policy, provided these products really do correspond to the food requirements of the developing countries. The Committee on Agriculture is convinced that the food aid policy must be incorporated in the Community's overall policy on economic development. To this end, national food aid programmes should be harmonized and brought into line with the general objectives of the development cooperation policy. This means an effective food aid policy on a Community scale, partly in view of the link with the Common Agricultural Policy.

13. The Committee on Agriculture would welcome it if the Commission were to investigate, together with the appropriate F.A.O. departments, which products are most needed in the developing countries besides cereals and dairy products, also from the point of view of nutritive value. It should be borne in mind in this connection that the Community's agricultural production consists to a large extent of processed products. The food aid programme must comprise a variety of products so as to ensure that the Community's food aid policy achieves the desired results.

14. The Community approved the plan of the Director-General of the F.A.O. to create a world-wide system of food supplies by setting up reserve stocks at strategic points on an international basis. With regard to this proposal for dealing with emergency situations, the Committee on Agriculture feels that it would be useful to investigate, together with the F.A.O., which food-stuffs are best suited to this purpose, what quantities should be contributed by the Community and what changes will need to be made in the reserves intended



existence of periodic surpluses and should be integrated in the Community's overall development and agricultural policies. The Committee on Agriculture feels it would be useful if the Commission, taking into account the structure of European agricultural production, were to investigate, if necessary together with the F.A.O., the possibility of compiling a varied list of products adjusted to meet the qualitative and quantitative food requirements of the developing countries.

The Committee on Agriculture considers it most important that Community aid should be provided in such a form as to ensure that it reaches its proper destination. The Community must therefore be prepared to assume responsibility for transport costs and to exercise supervision over distribution.

3. The Community is under a special obligation to help improve the situation on the world food market. Since it is a major trading partner on the foodstuffs market, the Community must pursue a policy aimed at stabilizing world food markets. If this policy is to be successful, it is essential to join with the United States in an agreement on a world stabilization policy.
4. The Committee on Agriculture joins the Commission in approving the plan to set up, under international supervision, world food reserves to cope with emergency situations. It feels that this plan will help to solve the hunger problem and should be complemented by more far-reaching measures as indicated above.
5. As regards the setting up of institutions as recommended by the Conference, the Committee on Agriculture agrees with the Commission that a bigger institutional structure is in itself no guarantee of greater effectiveness. The important point is that care should be taken to ensure that all countries participate in the implementation of these world-wide measures.
6. The European Parliament should be kept informed of the action taken following the recommendations of the World Food Conference and of the consequences for the Common Agricultural Policy of the initiatives to be taken by the Commission in connection with a world food policy.