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Report

drawn up on behalf of the Committee on Development and Cooperation

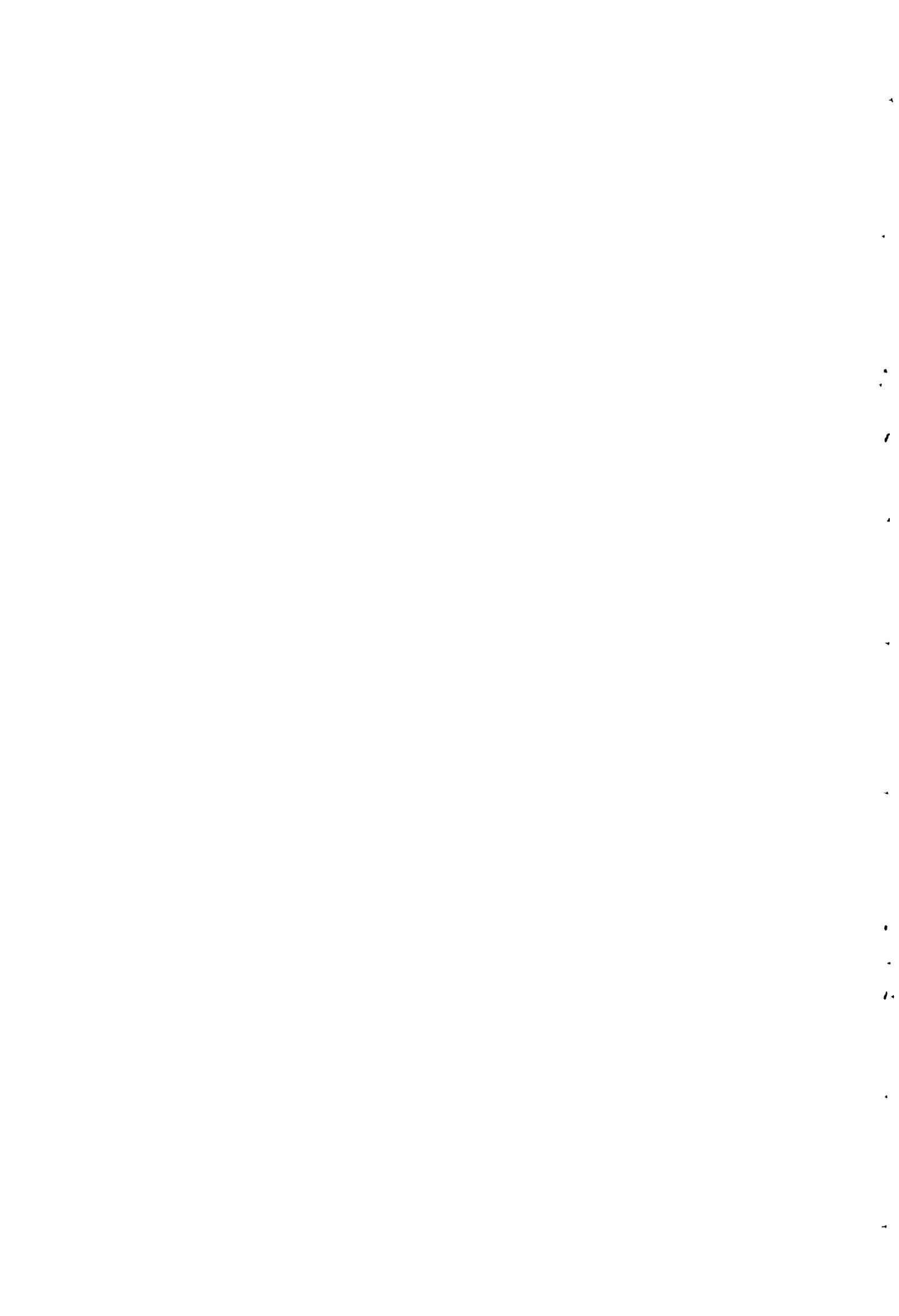
on the proposal from the Commission of the European Communities to the Council (Doc. 183/76) for a regulation amending the regulation laying down the /general rules for the supply of skimmed-milk powder as food aid to certain developing countries and international organizations under the 1976 programme

Rapporteur: Mr J.B. BROEKSZ

PE 45.156/fin.

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English Edition



By letter of 18 June 1976 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. laying down the general rules for the supply of skimmed milk powder as food aid to certain developing countries and international organizations under the 1976 programme.

The President of the European Parliament referred this proposal to the Committee on Development and Cooperation as the committee responsible, and to the Committee on Agriculture and the Committee on Budgets for their opinions.

On 25 June 1976 the Committee on Development and Cooperation appointed Mr Broeksz rapporteur.

It considered the draft report at the same meeting.

After detailed consideration the motion for a resolution and explanatory statement were unanimously adopted.

Present: Miss Flesch, chairman; Mr Broeksz, rapporteur; Mr Boano (deputizing for Mr Galli), Miss Boothroyd, Mr Deschamps, Mr Fabbrini (deputizing for Mrs Goutmann), Mr Girardin, Mr Glinne, Mr Jacobsen, Mr B. Nielsen, Mr Seefeld (deputizing for Mr Flämig) and Lord Walston.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending the Regulation (EEC) laying down general rules for the supply of skimmed milk powder as food aid to certain developing countries and international organizations under the 1976 programme

The European Parliament,

- having regard to the communication from the Commission of the European Communities to the Council (COM (76) 269 final),
 - having been consulted by the Council (Doc. 183/76),
 - having regard to the report of the Committee on Development and Cooperation and the opinions of the Committee on Agriculture and the Committee on Budgets (Doc. 208/76),
 - having regard to the fact that the food situation has continued to deteriorate in many developing countries in recent years,
1. Welcomes the decision of principle of the Council of 2/3 March 1976 to increase the amount of food aid to 200,000 tonnes of skimmed-milk powder;
 2. Agrees with the Commission's proposal to increase the supply of skimmed-milk powder in 1976 to 150,000 tonnes, i.e., following the decision on 1 June to supply 55,000 tonnes, to make available a further 95,000 tonnes under the 1976 food aid programme in the second half of 1976 and to allocate the remaining 50,000 tonnes under the 1977 programme;
 3. Supports the Commission's demand that an extra 93 million u.a. should be allocated in the budget to finance this programme and urges the Council to approve these appropriations as quickly as possible in order that this aid can be duly supplied in the second half of 1976;
 4. Welcomes the expansion of the skimmed-milk powder programme since the Community is now able to make a positive response to applications received from countries and institutions, which already total 201,195 tonnes;

5. Considers the increased supply of skimmed-milk powder particularly important because the Community is practically the only supplier of this highly nutritive product;
6. Considers it essential for moral reasons that parallel with the use of part of the skimmed-milk powder stocks as animal feed, a substantial proportion of the milk powder mountain, which has already exceeded the million tonne mark, should be made available to the developing countries;
7. Takes the view that this will constitute a positive Community response to the appeals made at the World Food Conference and to the requirements of the Second Development Decade;
8. Supports the Commission's view that the milk powder should go mainly to the most severely affected areas but also feels that priority should be given to those countries which are not able to meet their requirements by normal imports;
9. Warmly welcomes the fact that the Commission draws attention in its communication to possible damage to health which may occur as a result of the use of skimmed-milk powder in the developing countries and emphasizes the fact that everything must be done to avoid any such damage;
10. Considers it appropriate therefore that the skimmed-milk powder should be processed by the milk and food industry of the countries receiving the aid;
11. Notes with satisfaction the Commission's intention to draw up a multi-annual programme for the planned supplies of aid to enable the countries concerned to receive and process these supplies and, where appropriate, make allowance for them in particular development projects;
12. Considers it appropriate to adopt the principle of a tendering procedure to ensure that delivery is effected at the most favourable rates but also takes the view that in particularly urgent cases non-bureaucratic methods could be used;
13. Hopes that everything will be done to ensure that supplies actually reach those in need;
14. Calls on the Commission, when assigning priorities in development policy, to give the highest precedence to the development of agricultural infrastructure in the developing countries in order to increase their degree of self-sufficiency;
15. Stresses in conclusion that food aid must not be dependent on the vicissitudes of the common agricultural market, but should be granted for humanitarian reasons and must therefore be a permanent, integral part of the Community's overall development policy.

EXPLANATORY STATEMENT

1. The food problem in many developing countries has assumed drastic proportions. Surrounding the industrialized countries there is a starvation belt, extending from Bangladesh through India and the West African Sahel area into the drought stricken North-East of Brazil. The most pressing problems are over-population, unemployment and hunger. How are three times as many people to be fed in the foreseeable future, when we cannot do it now with a smaller population? Even today half of the world's population suffers constant hunger and 70 million people a year die of malnutrition. The population of the developing countries is growing by an average of 2.7% per year, but their food production by only 1%. A third of the people of working age in the developing countries are unemployed, and an additional 300 million people will be looking for jobs in the next 10 years: in India alone the army of the unemployed is growing by 6,000 daily. These figures are not intended to cause sensation or panic; they were given at the United Nations World Population Conference in Bucharest in 1974.
2. It is generally estimated that between 1975 and 2075, the population of Europe will probably increase by half, that of North America, the Soviet Union and East Asia will double, that of Oceania will grow 2½ times, that of Southern Asia 4 times (Bangladesh alone will increase from its present 74 million to 220 million in the year 2000), that of Latin America 5 times and that of Africa almost 6 times. Medical progress is chiefly responsible for this population explosion: more and more are surviving the first critical years after birth, and many people are living increasingly longer. Life expectancy which in the highly developed countries averages 70 years has grown rapidly in the countries of the Third World, particularly since the last war and this has created a vicious circle of overpopulation and poverty in the world. The more people multiply, the smaller are the chances of creating new jobs and the greater the number of starving unemployed; and the greater the poverty and squalor of mankind, the more rapidly it multiplies. Experience shows that it is not until a certain standard of living, a certain degree of economic security and independence is reached that population growth decreases, thereby bringing the food problem closer to solution.
3. When deciding priority sectors for development policy, precedence must be given to rural development, since increased food production in developing countries can help solve a number of important problems. These problems include the lack of food itself, shortage of productive employment and the need to create more economic activity in the countryside in order to slow down the growing movement of the rural population towards the cities. Such a development can also contribute to the creation of a progressive social climate in which the

birth rate will drop. For this reason the Community should consistently apply the instruments at its disposal to develop the agricultural sector. This would comprise not only agriculture proper but also transport and social infrastructures. Moreover, an adequate supply of fertilizers to the developing countries must be assured, since the growth of agricultural production stands or falls with the use of fertilizers. In view of the spread of famine in Africa and Asia, the European Community should make every effort to alleviate at least the greatest need of the developing countries.

4. At the same time the countries of the Third World must themselves take steps to increase food production. With few exceptions they all need

- (a) a government policy which gives more weight to agriculture, and
- (b) agrarian reform which includes a more equitable distribution of land amongst those who work it and ensures that the poorer farmers will receive the money and technical assistance they need.

Many developing countries were and are prepared to discuss reform and the need for a new world economic order on the international level, but have done little to promote reform at home. Although a large number of scientific studies show more and more clearly that most of the remaining agriculturally usable land lies in the Third World, there are many reasons why it will not be easy to use this potential. The development of agriculture in poor countries involves social, political and economic changes at different levels. It is to be hoped, however, that the attention which the World Food Conference focused on agriculture will encourage the governments of developing countries to commit themselves more fully to agricultural development. Help from abroad is no substitute for an internal commitment to reform and agricultural development. However, in most countries, technical and financial help from richer countries can help to promote agricultural development when this help is aimed at promoting small, work-intensive holdings. This is all the more important in view of the fact that since the first World Food Conference in Washington (1963) the supply situation in a large number of developing countries has worsened if anything, and there has been no sign of a reversal of this trend in recent years. On the contrary, natural catastrophies, bad harvests, the energy crisis and bottlenecks in the supply of fertilizers have made the situation worse.

5. In recent years, food prices have risen sharply as a consequence of increasing demand and the depletion of world food reserves. Higher food prices are unpleasant enough for unprosperous countries, but are catastrophic for countries of the so-called fourth world which have no raw materials and are dependent on the industrial countries and their increasingly expensive products. High prices have meant that those who have to spend 80% of their income on food, can barely afford essential foodstuffs.

6. Until the developing countries can grow enough food of their own, food aid from the Community and other industrial countries must not only be continued but increased considerably. The fact that almost 1,000 million people are threatened by starvation or are living at subsistence level should make this an obvious humanitarian duty. Nor should it be forgotten that economic expansion is not possible unless the people concerned are adequately provided with food. Parliament welcomes what the Community has done in this field, but has long been calling for greater efforts and new initiatives, which are feasible, given the economic power of the EEC.

7. The European Community has been providing food aid since 1968, and could give considerably more, since it already has sufficient experience in the field and is an important producer of basic foodstuffs. Quite apart from this, increased food aid would enhance the Community's prestige and would have both political and economic advantages:

- they would lead to an increase in development aid by the Member States. The Commission now looks after about half of the Community countries' deliveries of cereals and has from the outset been responsible for food aid in the form of other products (skimmed-milk powder, butter oil, sugar and dried eggs). Community donations of cereals have mostly been delivered to the developing countries directly, while milk products were initially almost entirely handled by international organizations (the UN World Food Programme, the International Committee of the Red Cross, etc.). Recently the Commission has increasingly preferred direct delivery to developing countries in the case of milk products, too, since it sees food aid as a valuable instrument for cooperation with individual developing countries¹;
- food aid is the first joint development aid programme that also includes those developing countries with which there are no association agreements², but some of them are among the most populous and poorest fed countries in the world. They have received almost 85% of all deliveries of cereals and butter oil and 40% of the milk powder. A large part of the aid in cereals went to Bangladesh, India and Pakistan. In the case of milk products, the main beneficiaries in addition to Afghanistan and India were the Sahel countries and Ethiopia. The Community worked out a special aid programme for them during the devastating drought;
- increased food aid would be a component part of a European development and peace policy, would enhance the Community's moral standing and help achieve the objectives of the Second Development Decade.

¹ see the memorandum on Food Aid Policy of the European Economic Community, COM (74) 300 final, p. 14 ff.

² as long as the Commission's proposals for technical and financial cooperation with non-associated developing countries are not taken into account; see in this connection the HARZSCHEL Report, Doc. 133/75, 18.6.1975.

8. It is beyond question that the food shortages in the developing countries must continue to be made good from abroad for many years to come. The conclusion has sometimes been drawn that the Community ought not only to increase its food aid but simultaneously to expand agricultural production. However, the call for an increase in EEC agricultural production as a stronger weapon against hunger in the world is not convincing as long as large quantities of surplus agricultural produce in the European Community are converted into animal feeding-stuffs at considerable expense. To take the three most important products¹, the Community has in recent years spent almost five times as much on subsidies for conversion into animal feed and similar measures to reduce surpluses as on food aid. During the financial year 1972/73, when the Community raised its cereals aid by 126,000 tonnes to 1.2 million tonnes as a consequence of enlargement, 7.8 million tonnes of wheat were being denatured in the nine Community countries, and in the following year a further 4.4 million tonnes, while cereals aid was increased by 126,000 tonnes. It was not until February 1974 that short supplies higher prices on the world market led to the abolition of the denaturing premium. This kind of agricultural policy hits both the poorest and the more advanced developing countries, since the underfed receive less food than could in fact be supplied and the conversion subsidies prevent developing countries that export feedingstuffs from marketing their produce.

9. Coming to the 1976 food aid programme, it should be noted that for all products, the 1976 planning figures are the same as in 1975². This is extremely regrettable since hunger in the world has increased rather than diminished. Despite this, when considering the budget for 1976, the Council did not adopt the increases proposed by the Commission and supported by the European Parliament. The resources earmarked for food aid in the 1976 budget amount to a mere 206.6 million u.a. although in its preliminary draft general budget of the European Communities the Commission had, in line with the policy it had spelt out in its memorandum on Community food aid policy³ proposed a total of 294,350,000 u.a. In view of the precarious economic situation in the Community, the Commission had advocated the minimum proposals in its memorandum; the Council ignored even this and in fact reduced them by some 30%, remarking that in view of the fall in world market prices it would be possible to finance the same food aid programme as in 1975 at a lower cost. The Council seems to have forgotten that on 12 July 1974, Parliament delivered a favourable opinion on the proposals contained in the memorandum. Moreover, the President-in-Office of the Council, Italy's Foreign Minister, Mr Rumor, had told the Seventh United Nations Special Session on 2 September 1975 that the Community would further step up its efforts in the area of food aid and take account of the objectives of the World Food Conference. Despite the success of the Community's performance in

¹ grain, powdered milk and butter

² the planned increases in the powdered milk programme are the only exception

³ Doc. 37/74, 5.4.1974

New York, some scepticism is in order when one considers the budget cuts in development aid and in particular food aid, and the most recent meetings of the Council of Development Ministers in October 1975. It is simply not enough for the Community to put on a show of unity at international conferences; plans of action are much more important. Australia, Canada, Sweden and USA are making substantial increases in their food aid programmes over those of previous years. The Community is not. If the Community wishes to achieve credibility, it must at least keep the promises it makes at international meetings.

10. The 1976 food aid programme originally provided for 55,000 tonnes of skimmed-milk powder - the same amount as in 1974 and 1975. Your Committee has time and again sharply criticized the smallness of this figure since requests for food aid in the form of skimmed-milk powder for 1976 already amounted to 201,195 tonnes. Moreover, the Community already had a milk powder mountain of over 1 million tonnes. The value of the milk powder currently in store is 1000 million dollars and the storage costs for 1 million tonnes run, according to the figures supplied by the Commissioner for Agriculture, Mr Lardinois, to 200,000 u.a. per week, including interest. In line with the European Parliament's repeated calls and proposals, especially during the budget debates when Parliament called for supplies of milk powder to be increased by 50 million u.a., the Commission, in its report to the Council of 10 December 1975¹ on the fixing of prices for certain agricultural products, proposed that the Community programme for skimmed-milk powder should be increased to 200,000 tonnes. The Commission repeated this proposal in its communication to the Council² in mid-February on the 1976 skimmed-milk powder food aid programme.

11. At its meeting of 2 and 3 March 1976, the Council of Ministers of Agriculture took the basic decision to increase food aid in the form of skimmed-milk powder to 200,000 tonnes. The Commission is now reiterating its proposals for the delivery of 150,000 tonnes in 1976 and 50,000 tonnes in 1977. Since on 1 June 1976 the Council approved delivery of 55,000 tonnes of skimmed-milk powder as part of the 1976 food aid programme, 95,000 tonnes remain to be delivered under the 1976 programme. Parliament has expressed its agreement with the Commission's proposals and supports its demand that 93 million u.a. be entered in the budget to finance this programme³, in line with the Commission's announcement at the Council meeting of 2 and 3 March. It calls on the Council to take the appropriate decisions as quickly as possible so that the additional delivery of 95,000 tonnes of skimmed-milk powder can be made in the second half of 1976.

¹ COM (75) 600 final./2

² COM (76) 55 final./2

³ 40.63 million u.a. fall under the heading of Food Aid (Item 9211) and 52.73 million u.a. under EAGGF (Item 6201)

12. Parliament welcomes the increase in the skimmed-milk powder programme especially as the Community is now in a position to give a positive answer to the requests received from various countries and institutions (World Food Programme, Red Cross, UNICEF and UNRWA). Since food aid is not only a matter of quantity but also of quality and since milk powder has a particularly high nutritional value, the additional programme is more than justified. It should also be stressed that the Community is, in practice, almost the sole supplier of this product. Parliament also takes the view that, considering the Community's stocks of milk powder which are already in excess of 1 million tonnes, there is no defensible reason for not increasing deliveries. In view of world hunger and the growing milk powder mountain in the Community, it would surely be completely unintelligible if new regulations were passed to use up skimmed milk by adding it to the animal feed, and at the same time restrictions were placed on its use as part of the food aid programme. It is depressing enough that from 1973 to 1975 far less was spent on food aid in the form of skimmed-milk powder than on subsidies for the use of skimmed milk in feedingstuffs. Parliament therefore considers it essential on moral grounds that, at a time when part of the skimmed milk powder is all the more timely in that the Community can thus make a positive response to the appeals from the World Food Conference and the World Food Council for an increase in the food programme, and thereby make a major contribution to the second development decade.

13. In drawing up the programme for the first tranche (55,000 tonnes) the Commission followed the same guide-lines as for the 1976 grain programme, that is to say, the guide-lines follow those set out in the document 'Fresco of Community Action Tomorrow'. Parliament supports the Commission's plan to allocate most of the skimmed-milk powder to the hardest hit areas. It is proposed to distribute 81% of the direct aid to the neediest countries of the Indian sub-continent, Africa (Ethiopia, Somalia, The Sudan and the Sahel countries, Tanzania) and Latin America (Haiti and Honduras). The aid to Asia is particularly important, for it is here that since 1974 the worst shortages ever known on any continent have arisen. Moreover, the Indian sub-continent is an example of ecological over-strain. The devastating flood disasters of recent years are well known, and even larger floods and hence even severer famine must be expected in the future.

With regard to the second tranche of 95,000 tonnes, Parliament has expressed its agreement with the Commission's intention to again give priority to the poorest developing countries on the basis of the following criteria:

- large deficiency in protein-rich food
- per capita income of less than 150 dollars a year and countries which have been hardest hit by the economic crisis;
- finally countries whose per capita income is in the region of 600 dollars.

Since the Community has an additional 95,000 tonnes at its disposal, Parliament regards as reasonable the Commission's proposal that after the poorest countries, deliveries should be made to countries which, although their per capita income is higher, are not capable of covering their requirements through normal imports.

14. Parliament especially welcomes the fact that in its communication to the Council, the Commission has pointed to the possible damage to health which may arise from the use of skimmed-milk powder in developing countries and that it has already made contact with representatives of FAO, the World Food Programme, the Red Cross, the recipient countries and with specialists for the purpose of finding an answer to this problem. In particular, the following points should be noted:

- the absence of vitamin A in milk powder can cause serious damage to sight in very young children; it is therefore necessary to add vitamins A and D to milk powder in order to prevent possible damage;
- the improper use of milk powder such as incorrectly mixing it with water or with contaminated water can be injurious to health. Processing by the milk and food industries in the recipient countries would therefore be advisable. Since the developing countries do not always have sufficient capacity for this purpose, it would be useful to set up the sort of multiannual programme for food aid in the form of milk products (milk powder and butter oil) which the Community accepted in principle at the Seventh UN Special Session and the North-South dialogue;
- there is a danger that the use of skimmed-milk powder as food for infants will lead to breastfeeding being replaced by bottle-feeding. In discussing supply terms, the Commission should draw the attention of all countries receiving food aid in the form of skimmed-milk powder to the resolution¹ of the 27th World Health Conference recommending breastfeeding in infant nutrition².

15. Since delivery should be made at the lowest possible cost, Parliament considers it appropriate to apply a tendering procedure. It also takes the view that in particularly urgent cases, non-bureaucratic methods should be used, so that delivery can be rapid and flexible. Furthermore, steps should be taken to ensure that the supplies do in fact reach those in need, in other words the milk powder must be carriage paid up to the final destination. Steps should also be taken to ensure satisfactory distribution at destination since it is known that in many cases, goods intended for aid have perished as a result of being immobilized by financial and transport difficulties. The Commission should

¹ WHO Resolution, 27.43 of 23.5.1974 'Infant Nutrition and Breastfeeding'

² See Written Question No. 117/75 by Mr LABAN to the Commission, O,J, No. C 192, 22.8.1975, p.p. 12f.

also do everything possible to ensure that existing market relations are not disrupted and that individual recipient countries do not withdraw from the market in order to take advantage of increased Community aid.

16. Parliament again points to the need to set up a multiannual programme for supplying skimmed-milk powder and indeed for all food aid deliveries. In view of the plans to increase skimmed-milk powder deliveries, the question arises whether certain developing countries are capable of receiving and processing the amounts involved. A programme designed to run for a fixed number of years would make it easier for the recipients to make preparations for receiving this aid, and, in certain cases, to coordinate it with specific development projects.

17. In conclusion, your Committee wishes to make the point that future food aid should be motivated primarily by humanitarian considerations. Food aid should not be subject to the vicissitudes of the Common market in agriculture, but must be a firmly established and integrated part of the European Communities' development policy. There should be no objections when specific surpluses lead to a significant increase in aid in certain areas, but as a general rule food aid must be made completely independent of EEC surpluses.