

The European Community and world hunger

European File

The fact that a fifth of the world's population is undernourished is an absolute scandal. Despite substantial achievements in some areas, the overall situation is continuing to worsen: 20 years ago 300 million men, women and children were starving or seriously underfed; this figure had risen to 450 million by 1975 and the World Bank estimates that it will soar to 700 million by the year 2000.

According to the United Nations Food and Agriculture Organization (FAO), total food production in the developing countries rose by 29% between 1970 and 1979, but population growth meant a real increase of only 5% per person and in Africa resulted in a fall of 9% (20% in some countries). The record 1981 cereals harvest of 129 million tonnes in the poorest nations was only due to progress made in some countries; in others, production dropped. In these countries — where up to a quarter of output is sometimes lost after the harvest — the average annual cereals ration per head has fallen from 165 to 155 kilos in the past five years and is always at the mercy of climate, conflict or financial upset.

The consequence is that while 40 years ago, Asia, Africa and Latin America were net exporters of basic foodstuffs, today they have to import them. During the 1970s, Third World cereal imports doubled in volume (around 105 million tonnes in 1982, with the poorest nations importing 26 million tonnes). In the meantime, the price of cereal imports has quadrupled. How can the poorest developing countries meet the cost when they do not possess sufficient quantities of raw materials or manufactured goods to sell in return and when they have to devote most of their slender national resources to buying imported oil, upon which everything from transport to heat and lighting

depends? This is the explanation behind increasing demands for food aid, which consistently outstrip the amounts on offer. The industrialized countries have decided to increase food aid to 10 million tonnes of cereals per year, but the FAO calculates that world needs will reach 18 million tonnes by 1985.

Hunger must be eliminated. It is one of the most serious problems we face and in the long term it poses a threat to world peace. Public opinion is becoming increasingly aware of the problem, as debates and resolutions in the European Parliament and national parliaments, the activities of non-governmental organizations and individual initiatives by Nobel prize-winners and others show. The European Community must respond by stepping up its action to fight harder and more effectively against hunger.

The Community can make a unique contribution in the search for a solution to world food problems:

- The Community's agricultural policy and its position as the world's number one food importer gives it a special responsibility towards both its Member States and the rest of the world. The Community must organize its agricultural production, arrange its imports and participate in the organization of world markets in such a way that the Third World countries are no longer deprived of their rights and can find new areas for development.
- The Community offers the world an example of continent-wide cooperation; by its very existence, its own development and its relations with numerous Third World countries (African, Caribbean and Pacific countries, which are signatories to the Lomé Convention, the Mashreq and Maghreb countries, the Association of South East Asian Nations, the Latin American Economic Integration Organization), the Community encourages other countries to work together as a larger unit, which is often a key to more effective action.
- Because of its organizational tradition, as witnessed by its own gradual unification, its agricultural policy and its relations with poorer countries, the Community is in a better position than other major international organizations to solve food problems. Its demographic, political and economic weight enables the Community to do more than its individual member countries, whose actions it coordinates and enhances.

Food aid

The Community has been supplying food aid to the Third World since 1968. In 1981, the main figures were: 927 663 tonnes of cereals (plus 722 337 tonnes from the individual Member States which means that together the Ten supplied 17.5% of the total granted under the International Food Aid Convention), 150 000 tonnes of milk powder and 45 000 tonnes of butter oil (Europe is the principal donor of these products). The cost of aid provided by the Community as such amounted to 725 million ECU in 1981.¹ (Part of this sum covers transport costs and the difference between European and world market prices.)

¹ 1 ECU (European currency unit) - about £ 0.55. Ir. £ 0.69 or US \$ 0.96 (at exchange rates current on 17 June 1982).

Food aid is justified on obvious humanitarian grounds but can involve risks. If it allows beneficiaries to save money that could have been spent on development, it can discourage local production. Food aid policy must therefore be implemented within the framework of a global cooperation and development strategy and not be used as a means of disposing of European surpluses, some of which are not even suitable for use in the Third World. For example skimmed-milk powder, which has to be mixed with water, can cause serious illness unless it is used in strictly hygienic conditions.

- The Community has therefore drawn up a number of objectives that govern its food aid policy. These are: to meet emergency needs and to contribute to economic development and improved nutrition by boosting local production. Beneficiaries should either distribute the aid to those most in need or sell it locally, using the income to finance development programmes. The Community is currently trying to tighten controls on the quality of food sent and its distribution at local level. Each year requests have to be denied because of the distribution system.
- The share-out of aid, which is provided free of charge, is done on the basis of requests and governed by three criteria: the food requirements of each country, its degree of development and its balance-of-payments situation. In the case of dairy products, account is taken of the capacity of people to use them. The principal beneficiaries of aid since 1968 have been Egypt, India, Bangladesh and Pakistan. An increasing proportion of aid is being sent to the poorest and neediest countries. In 1982, countries whose per capita gross national product is lower than 730 dollars per year will receive, depending on the products concerned, between 92 and 100% of direct aid delivered. The remaining aid is channelled through specialized organizations (the World Food Programme, the United Nations organizations for Palestinian, Afghan or Cambodian refugees, non-governmental organizations, etc.) or kept in reserve for emergency relief for peoples affected by war or natural disasters.
- In order to integrate aid better into a rural and food development policy, the Community sometimes buys the necessary supplies in neighbouring countries with surpluses. It also supports projects which combine rural development with food aid, for example to feed workers building a road or dam. The Community is currently contributing 50% of the cost to what is perhaps the largest integrated rural development programme in the world: Operation Flood II: in 142 Indian towns, 150 million people should receive milk between 1978 and 1983; the income from milk sales and the distribution network established will enable producer cooperatives to be set up, providing work for some 10 million families and helping India to achieve a measure of self-sufficiency.
- The Community intends to expand the contribution that its food aid makes to the development effort. European aid could be available in future, in the form of multi-annual programmes for two groups of countries: those which plan to implement a global food strategy and those which use the aid to complement development projects financed by the Community or one of its Member States. For the first group, food aid could also serve as buffer stocks.

Agricultural and rural development aid

Only the development of the Third World, coupled with a fairer organization of international relations, will secure a lasting solution to the problem of famine. The difficulties of the rural world deserve special attention in achieving this. The Community also makes an important contribution in this area.

- First of all, the Ten form a valuable market for Third World exports and more specifically, for agricultural products, of which the Community is the world's number one importer. This trade ensures outlets, jobs and income for thousands of Third World farmers. It is not necessarily contradictory to the development of subsistence farming: in Senegal, for example, a project funded by the Community aims to increase cotton production by 24 000 tonnes, groundnut production by 4 500 tonnes and cereals production for domestic consumption by 40 000 tonnes.

60% of Third World agricultural produce enters the Community free of customs duties and 35% at reduced rates. Generalized preferences granted to Third World industrial products have been extended to over 300 processed agricultural products, which enjoy, usually with no limit on volume, abolition of customs duties (particularly those from the least developed countries) or a cut in duties. Special measures have been taken to help exports of craft products from a number of developing countries and to promote other exports: for example, jute from India and Bangladesh, coconut products from India and Sri Lanka, etc. In addition, the Community organizes promotion drives for Third World products. It is also party to several international commodities agreements, as well as the United Nations Convention on Trade, Aid and Development (Unctad) Common Fund, which aims to regulate prices of these products.

- Some 60 African, Caribbean and Pacific (ACP) countries, linked to the Community by the Lomé Convention, enjoy:
 - Duty-free access to the Community for 99.5% of their agricultural and industrial exports. Special measures govern some products enjoying customs preferences, such as sugar for which purchases and prices are guaranteed under a quota system). In 1975, a new mechanism, Stabex, was introduced. This covers 46 commodities, mostly agricultural, and compensates ACP countries when a bad harvest or fall in price cuts their earnings from exports to the Community.
 - Technical and financial aid in the form of grants (about 80% of the total) and loans amounting to some 5 700 million ECU for the period 1980-84. Over the past few years, the proportion of these funds going to the agricultural sector rose from 29 to 40%. Within this percentage, the share going to produce for export fell from 45 to 30%. Between 1976 and 1980, 2.5 million hectares of new crops were planted; stock-rearing, fisheries and forestry have been intensified; numerous projects connected with farming have been completed in health, education and water supply; the European Investment Bank has financed food-processing factories (26 loans in 15 countries) and other investments connected with agriculture, such as energy and fertilizer production, irrigation systems, etc.

European action is increasingly concentrated on individual projects and integrated rural development programmes (40% of aid to the agricultural sector between 1976 and 1981, compared with 8% previously). The former particularly benefit the poorest rural populations, providing irrigation, food stocks, the building of schools and clinics, etc. The latter concern the human as well as the economic and technical aspects of development. They provide basic training, combat disease, exploit new energy sources (solar power for example), improve seeds, fertilizers, irrigation, stocks, processing and marketing of agricultural products, profits, the general level of food supply, production, prices and the standard of living in general. The establishment of the Centre for Technical Agricultural and Rural Cooperation under the Lomé Convention strengthens the Community's technical assistance, research and information effort.

- The cooperation agreements concluded in 1976 and 1977 between the Community and eight Southern Mediterranean countries provide free access to the Community market for industrial products from these countries, reductions in customs duties for certain agricultural products and technical and financial aid. The latter should reach 1 015 million ECU between 1981 and 1986. Until now, the beneficiary nations have channelled 8% of grants and 18% of loans into the agricultural sector. The development of agriculture and particularly the important potential of the Sudan also figure on the agenda for the Euro-Arab Dialogue.
- The Community is giving an increasing amount of technical and financial aid (20 million ECU in 1976, 200 million in 1982) to about 30 non-associated countries in Asia (74% of aid granted between 1976 and 1980), in Latin America (20%) and Africa. 89% of this aid goes to agriculture and 78% to the poorest countries with the neediest peoples. Stress is laid on increasing production and increasing availability of supplies. As in the ACP countries, a great number of projects throughout the production process concern social and educational accompanying measures, irrigation and stocks, processing and marketing structures, rural credit and agricultural research. Here too, there is an increasing shift in emphasis towards integrated rural development. In India, for example, this is partially financed by the sale of fertilizer provided by the Community.
- The Community co-finances a number of projects run by non-governmental development aid organizations (2.5 million ECU in 1976, 18 million in 1982). These projects benefit the poorest people in the Third World, particularly in rural areas.
- Finally, the Community grants emergency aid (47 million ECU in 1981) to associated and non-associated countries affected by natural disasters, war and other exceptional circumstances. Several of these aids have assured the survival of rural populations who have been deprived of their living by an unforeseen event.

An action plan against hunger

At the end of 1981, the Community decided to implement an action plan against world hunger to expand its aid programme. While the plan does not claim to deal with all the

problems head on, it does involve action in the short term as well as longer-term structural measures designed to increase security of food production in Third World countries in need. The plan is to be financed by both the Community and its Member States, which are asked to honour commitments made to contribute 0.15% of their gross national product to the least developed Third World countries. The plan is already underway and requires close cooperation between the Community, its Member States and other countries or organizations involved in development. The plan has four main elements:

- A special food aid programme to offset the consequences of existing shortfalls in the least developed countries. 40 million ECU have been set aside to buy 230 000 tonnes of cereals and other products, enough to feed about two million undernourished people for a year. The beneficiaries will be on the one hand, countries whose needs are the greatest and who are least able to feed themselves, and on the other hand, the international emergency food reserve. This reserve is the only instrument that the international community has been able to devise to improve the security of food supplies. Thanks to an extra donation of 100 000 tonnes, the Community has enabled the reserve for the first time to reach its target of half a million tonnes set in 1977.
- International support for countries wanting to create and implement food strategies. The development of food resources is not merely a technical matter. In each Third World country, it involves the whole social system and can only succeed if it is undertaken by a convinced and motivated population. The developing countries' own efforts, backed up by external aid, can only hope to produce lasting results if they are integrated in a global strategy.

This has led to the creation of organizations to assist Third World countries, whose administrative means are frequently limited. These bodies, consisting of representatives from the country concerned, the Community, interested Member States and other donor countries or specialized international organizations, will help Third World countries wanting to create and implement food strategies. They will seek to increase the volume and efficiency of the resources available for rural development and call on various forms of external aid in a sort of global rural development and food supply contract, involving reciprocal commitments. The recipient country will undertake to improve coherence in implementing policies that it has chosen (payment of producers, land ownership, which often dictates the volume of production, loss after the harvest, etc.). For their part, the donors commit themselves to greater coherence and continuity in their aid. Each individual action fits into an overall framework to improve efficiency by offering greater safety margins and guarantees for the longer-term future. The operation of the system must, however, be sufficiently flexible to allow, where necessary, the revision of certain policies. In this context, multi-annual food aid commitments would enable countries to build up stocks, adjust prices, etc., with aid representing a step on the way to greater autonomy if not regional or national self-sufficiency. The first countries chosen to launch this action are Kenya, Mali and Zambia.

- The intensification of regional action beyond individual countries aimed at safeguarding the potential agricultural value of the Third World. By their size, these actions often require costly and sustained efforts and a coordinated intervention by one or several countries or organizations. Aid from the Community and its Member States should lead to an extension of certain programmes already supported by the Ten, other countries or international organizations, as well as the launch of new actions in a variety of fields including: the battle against erosion and the spread of deserts, reforestation and more rational use of timber as an energy source, intensification of research in livestock rearing, and the fight against disease, which often blocks agricultural development in some regions, etc.
- A greater Community contribution to international actions strengthening security of supply in Third World countries. While waiting for the actions outlined above to bear fruit, the developing countries will continue to acquire basic foodstuffs, particularly cereals on the world market, where prices and volumes fluctuate wildly, since volume is determined by what is left after the producer countries have met their own needs. The Community should therefore continue to press for a better organization of world markets based on international agreements (especially for wheat). It must be ready to contribute to greater security of supply for developing countries by improving not only food aid but also the mechanisms of supply of commodities. First multi-annual supply contracts for agricultural products could be negotiated with Algeria, Egypt, Morocco and Tunisia.

The European Commission proposed a special new programme, on the same lines, for the big new debate on world hunger, which took place in the European Parliament in June 1982. Worth 184 million ECU, the programme would provide about another 35 million ECU in aid for refugees, 100 million to help food production, mainly in Central America, and 49 million to protect the rural environment by distributing more economical wood-burning stoves, improving water supplies, containing the spread of deserts, reducing animal disease and developing basic training ■



The contents of this publication do not necessarily reflect the official views of the institutions of the Community.

Commission of the European Communities

Information offices (countries fully or partially English speaking*)

Ireland 39 Molesworth Street, Dublin 2 – Tel. 71 22 44

United Kingdom 20 Kensington Palace Gardens, London W8 4QQ – Tel. 727 80 90
– 4 Cathedral Road, Cardiff CF1 9SG – Tel. 37 16 31
– 7 Alva Street, Edinburgh EH2 4PH – Tel. 225 20 58
– Windsor House, 9/15 Bedford Street,
Belfast BT2 7 EG – Tel. 40 708

Australia Capitol Centre, Franklin Street, P.O. Box 609,
Manuka 2603, Canberra A.C.T. – Tel. 95-50 00

Canada Association House (Suite 1110), 350 Sparks Street,
Ottawa Ont. K1R 7S8 – Tel. 238 64 64

USA 2100 M. Street, N.W., Suite 707,
Washington D.C. 20037 - USA – Tel. 202-862-9500
– 245 East 47th Street, 1 Dag Hammarskjöld Plaza,
New York, N.Y. 10017 - USA – Tel. 212-371-3804

* Offices also exist in other countries including all Member States.

