



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

**Food Aid for the Republics of Armenia, Georgia, Azerbaijan, Kyrgyzstan and
Tajikistan**

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Subject: Food Aid for the Republics of Armenia, Georgia, Azerbaijan, Kyrgyzstan and Tajikistan

1. The Commission is now able to confirm that over the course of the coming winter the food situation in the countries of the Caucasus, Kyrgyzstan and Tajikistan is again expected to be critical. The European Union has received requests from the heads of state or government of these countries requesting the continuation of the food aid in 1995/6. The Member States have requested the Commission to undertake an analysis of the situation and the food perspectives. Last May, a joint EU-US food evaluation mission visited these countries. This mission confirmed the severity of the problem and estimated its magnitude (see annex 4 of the attached working document).
2. It is necessary for the Union to settle this question now.
3. The Commission takes the initiative to seize the Council on this matter to which there are two possible approaches:

Option 1: The Union may consider that it has not the means to give a positive response to the requests presented by the heads of state or government of the recipient countries. This option would imply a serious threat both on the political and economic level. On the political level, this option would lead to social destabilisation which could even undermine the structure of the state in certain countries and, in all countries, would seriously threaten the democratisation process. On the economic level, the absence of this assistance would jeopardise the stabilisation efforts undertaken by the EU and by international institutions, notably the IMF.

In general, this approach would undermine the credibility of the EU in the region and, as a consequence, the future strategy outlined in the Commission's communications to the Council as well as the common position currently under discussion within the Council. In fact, a new food aid operation constitutes an essential element in the transcaucasian common position in that it creates the sole link between community aid and potential political and economic conditionality.

Option 2: The Union may decide on an action inspired by the experience of the previous food aid operation. During exploratory discussions with the Member States, the Commission has outlined the elements and modalities which a new operation should include. The Commission considers that a new aid package, besides the free supply of agricultural products, should focus on all structural aspects which would allow these countries not to rely on large-scale food aid in the future.

A new operation should focus on the development of local agricultural production through the provision of agricultural inputs, technical assistance and expertise on the use of the counterpart funds generated by the food supplies. The modalities of such an operation and the structural component are outlined in the attached working document.

The cost of such an operation is estimated at 197 MECU, comprised of the following:

- 110 MECU: free supply of agricultural products;
- 35 MECU: agricultural inputs and related technical assistance;
- 35 MECU: humanitarian aid for the most vulnerable groups of the population;
- 17 MECU: technical assistance for the restructuring of the agricultural sector, the rehabilitation of the railways and the monitoring of the operation.

This option would require certain decisions of principle given its budgetary consequences. The Commission has examined all budgetary lines which would allow to cover such an operation. From this analysis, it results that budgetary resources for the financing of the structural elements (agricultural inputs and technical assistance) and the humanitarian component of the proposed operation are available in rubric 4 of the budget.

In contrast, the free supply of agricultural products on such a scale could not be financed by rubric 4 given the lack of available resources. It would thus be necessary to mobilise the credits of the 1995 EAGGF Guarantee.

4. The Commission considers that option 2 should be recommended. The Commission is ready to present to the Council a formal proposal on a regulation which would permit the utilisation of the credits of the EAGGF Guarantee, when the Council declares itself in favour of the principle of the use of the EAGGF Guarantee.

Given that the EAGGF budget closes on 15 October and that there is no availability in the 1996 EAGGF budget, it is indispensable that a decision of principle is taken by the Council in July. The regulation in question could subsequently be adopted by written procedure. This timetable would also allow the operation to begin in October, at the start of the 1995/6 winter.

As a consequence, the Commission requests the inclusion of this point in the agenda of the General Affairs Council of 17 July.

COMMISSION STAFF WORKING PAPER

**FOOD AID REQUIREMENTS IN ARMENIA, GEORGIA, AZERBAIJAN,
TAJIKISTAN AND KYRGYZSTAN**

1. Introduction

In the three republics of the Caucasus, Kyrgyzstan and Tajikistan, the problem of food supply is two-fold:

- 1) a food deficit (particularly of grain) which if not addressed could threaten the countries' fragile stability and jeopardise the reform process;
- 2) the need to restructure the agricultural sectors and boosting local production so as to reduce the dependency on international aid in the future.

In 1994 the EU delivered over 1 million tonnes of food to cover the region's immediate needs, to alleviate extreme hardship and so minimise the risk of widespread unrest. There were no budgetary possibilities at that time to provide more structural assistance.

On the basis of information gathered by the EU-US food assessment mission, there remains a significant lack of foodstuffs in the region. It is therefore strongly recommended that, in order to encourage stability and economic reform, the EU again addresses a part of the urgent food requirements. However, any new assistance package should target as a matter of priority the development of the local agricultural sectors.

The Commission's proposal, as outlined in the ensuing document, therefore has a dual objective:

- A. To address the immediate food needs, in order to minimise the risks of social unrest and create an environment conducive to basic economic transformation, as well as to meet basic humanitarian needs by specific targetting of beneficiaries;
- B. To promote the development of the agricultural sectors by boosting local production and creating stable market conditions.

2. The 204 MECU Food Aid Operation

Under the 204 MECU food aid operation, the EU has delivered over 1 million tonnes of basic food products. In general, the operation has achieved its objectives: the EU safeguarded the minimum food requirements of the recipient populations over the winter months thus ensuring regional stability in the Southern Caucasus despite the highly sensitive situation resulting from the conflicts in Chechnya and Nagorny Karabakh.

The wider economic impact of the EU's food aid operation is considered to have been significant. In addition to alleviating hardship over the winter, it stimulated the operation and management of the handling, transportation, storage and distribution systems, and provided a much needed cash

flow to governments (in the Caucasus). Moreover, the Counterpart Funds (CPF) represented a significant part of the governments' budgetary income.

In political terms, the EU's profile in the region has been significantly enhanced.

3. Requests Received

The EU has received requests from the Heads of State or Government of all the five countries for further food assistance in 1995/6 (copies attached at annex 1). The letters all express the countries' appreciation of the EU's support during the previous winter and stress the importance of this support to the reform process. As an indication of the commitment of the recipient governments to the smooth implementation of the EU's food supply operation, President Shevardnadze, in his letter, refers to the unprecedented cooperation between the three Caucasian republics (Representatives of Armenia, Georgia, Azerbaijan and the Commission met together on a daily basis to ensure effective coordination and prompt distribution of the food supplies to their populations).

4. EU-US Food Aid Assessment Mission

In order to respond to the abovementioned requests, a joint EU-US food assessment mission visited the region in April/May. The team, consisting of independent consultants, attempted to evaluate the food situation over the coming winter taking into account expected local production, import capacity, and other international assistance. An Executive Summary of the team's findings is attached at annex 2.

In short, the mission recommended a multi-faceted aid package targetting primarily the urgent food needs, but also focusing on support to the local agricultural sectors through the provision of agricultural inputs (eg. fertilisers and seeds) and technical assistance, and also supporting the most vulnerable sections of the population through the provision of carefully targetted humanitarian assistance.

5. Other Donors' Activity

Through the 204 MECU food aid operation and other humanitarian food aid previously supplied by ECHO, the EU has become the main donor of food assistance to both regions. The second donor is the US. Preliminary information on future US assistance is provided in the tables in annex 3.

The amounts earmarked by the US for 1996 are provisional only. Congress is currently pushing for significant budgetary reductions which, if adopted, would reduce by 50% the quantities foreseen for 1996. It should also be noted that Turkish assistance to Azerbaijan is likely to decrease sharply in the light of Azerbaijan's inability to repay its existing debt. It therefore seems likely that the EU will again be called upon to provide the greater share of the international assistance to the region.

6. Proposal

The operation's dual objective as outlined in the introduction could be met in the following way:

- A. To address immediate food needs through the provision of bulk food to the official distribution system and specifically targetted humanitarian food aid;
- B. To promote development of the agricultural sectors by:
 - i) boosting local production through the provision of seeds and fertilisers;
 - ii) creating a stable market through use of the counterpart funds;
 - iii) supporting restructuring through the provision of technical assistance.

Objective A: Food and Humanitarian Assistance

i) Food Aid

The table in annex 4 indicates the extent of the expected wheat deficits in each country on the basis of data provided by the assessment mission. The total wheat deficit is estimated at over 1.6 million tonnes.

To alleviate a part of the deficit, it is proposed that the EU covers 40% of the open wheat needs (ie. those not covered by local production, commercial imports or other donors). This would amount to 656,000 t for the five countries. By covering only 40% of the deficit (in contrast to 50% last year) we would give a clear signal to recipient countries that they need to reduce their dependency on international aid.

So as more accurately to target the assistance according to objective needs, it is recommended that the food be allocated in two tranches: 60% of the total amount could be allocated immediately, with the remainder distributed among recipients at a later date. This would have the advantage of allowing adjustments of the total quantities to take into account changing circumstances. Later in the year more accurate data on local production, import capacity, etc, will be available. In addition, this mechanism would serve as an incentive to recipient governments to ensure the smooth implementation of the programme in their countries.

The above scheme gives the following breakdown:

Republic	Open needs (wheat)	EU contribution to cover 40% of open needs (contribution under 1994 programme*)	1st tranche (60% of EU contribution)	2nd tranche (40% of EU contribution)
Armenia	350,000	140,000 (189,000)	84,000	To
Georgia	480,000	192,000 (270,000)	115,200	be
Azerbaijan	340,000	136,000 (290,000)	81,600	determined
Tajikistan	360,000	144,000 (62,000)	86,400	
Kyrgyzstan	110,000	44,000 (49,000)	26,400	
Total	1,640,000	656,000 (860,000)	393,600	262,400

* It should be noted that quantities of rye, butter, olive oil and meat were also supplied according to the requests of the recipient countries.

For all countries, it is suggested that deliveries of the first tranche begin in early October. This would allow EU supplies to take over from local production which is expected to cover the August/September period.

The food provided would be sold on the open market and the sales revenue used to constitute counterpart funds which could finance restructuring initiatives (see point 6Aii below).

ii) Humanitarian Aid

In all republics the consequences of regional conflicts and economic reforms are placing a heavy burden on the local populations. With social safety nets as yet inadequately established, vulnerable groups are increasingly at risk. It is recommended that the overall assistance package includes a component which would target those most at risk, eg. socially vulnerable groups such as displaced

people, the elderly, refugees, mothers and young children. Over the last three years these needs have been addressed as far as possible by ECHO. All such aid is distributed free of charge through chosen NGOs and international organisations and, therefore, does not generate any counterpart funds. The humanitarian needs are similar to those of last year.

Objective B: Agricultural Development

The developmental component includes the provision of agricultural inputs, the use of counterpart funds for restructuring, and the provision of technical assistance.

i) Agricultural Inputs

All countries in question have urgent needs for agricultural inputs. In order to stimulate the local agricultural sectors, it is proposed that the assistance package includes the provision of seeds, fertilisers and other essential agricultural inputs. In order to ensure compatibility with existing agricultural techniques and to maximise the EU's purchasing power, the majority of inputs could be acquired on traditional local markets, eg. Russia, Ukraine and Kazakstan.

The assessment mission recommends that, where appropriate, the distribution of agricultural inputs should target individual producers to ensure their domestic use. In countries where reform is more advanced, inputs could be sold by auction, in quantities accessible to individual producers. Where reform is less advanced, inputs could be distributed through existing marketing channels. The counterpart funds resulting from the sale of the inputs could be devoted to restructuring activities (see point 6Aii below).

ii) Use of the Counterpart Funds

Counterpart funds (CPFs) resulting from the sale both of the food products and the agricultural inputs represent an important element in the overall strategy of encouraging the development of the local agricultural sectors. The experience in Georgia under the 204 MECU operation has clearly illustrated the potential of the CPFs. In Georgia, the CPF constituted some 20% of budgetary expenditure which, if added to the income from transit transport of goods through Georgian Black Sea ports and on railways, amounted to over 50% of all government expenditure. This result has received the unequivocal support of the IMF.

In the event of a new operation, the CPFs should be used primarily to boost the availability of locally produced wheat within the countries. To date, there has been little progress in establishing mechanisms for the purchase of local production at commercial rates. This has had the effect of discouraging local producers and creating a tendency towards self-sufficiency. The CPFs could be used to address this problem in two ways:

- a) by establishing a structured private market through the financing of credit guarantees which would enable traders to purchase grain on the local or world markets;
- b) by stabilising the market by enabling governments to purchase local production at a guaranteed minimum price.

Such a strategy would guarantee to local producers the sale of their produce at profitable rates and, at the same time, would establish a regulated grain-trading mechanism. Moreover, it would allow the governments to build up strategic stocks and so protect against market fluctuations.

It is estimated that the above measures would increase the availability of locally produced wheat to 800,000 t (as opposed to 400,000 t this year) thus making further large-scale food aid operations unnecessary. A detailed proposal for use of the CPF is given in annex 5.

iii) Technical Assistance

This component would provide essential support to ensure the fulfillment of the operation's objectives and the smooth implementation of the operation. The following elements are proposed:

- Technical assistance to focus on issues of agricultural restructuring (and particular to rehabilitate the local trade of agricultural production) raised by the food aid operation, including recommended use of the agricultural inputs, and support to initiatives financed by the counterpart funds.
- National and regional transport is playing a key role in the success of the agricultural rehabilitation as it constitute a prerequisite to local and regional trade of local production. The track between the ports of Poti and Batumi and Tbilissi (the crossing point between Georgia and Armenia and Azerbaidjan) constitute the backbone of the transport network in the Caucuses. In view of reactivating local and regional trade it will be essential that this track operates under the best possible conditions. However the intense use of the Georgian railway under the 204 MECU operation has led to the exhaustion of rolling stock and rail tracks. (Nearly 800,000 t of food supplies were delivered between December and May, representing 92% of the goods carried by the railways over this period). In order to get this railway working properly again some urgent support need to be given to the Georgian railways as there is an essential need to restore 200 km of rail track and to repair/maintain a large part of the rolling stock. The well functioning of this track will also be indispensable for the proper implementation of a new food aid operation.
- A monitoring structure similar to that set up under the 204 MECU operation would be required to provide quality and quantity control, and to monitor delivery and distribution of supplies and utilisation of the counterpart funds.

7. Financing Requirements

In order to provide the above package the following financial resources would be required:

Objective A: Food and Humanitarian Assistance

i) Food Aid Component

If the EU is to meet 40% of the wheat deficits in the recipient countries, it would need to provide 656,000 t of wheat. On the world market this is valued at 132 MECU (including transport). The equivalent FEOGA price is estimated at 110 MECU (see table below). It should be noted that the proposed food aid component is significantly less than last year's (165 MECU) and that the overall emphasis has shifted towards short to medium term structural assistance.

Republic	Proposed EU contribution	Estimated cost (incl.transport)	
		world market	FEOGA cost
Armenia	140,000	24	20
Georgia	192,000	36	30
Azerbaijan	136,000	24	20
Tajikistan	144,000	36	30
Kyrgyzstan	44,000	12	10
Total	656,000	132	110

ii) Humanitarian Aid Component

Under the 204 MECU food aid operation, 35 MECU was provided for humanitarian assistance targeted at vulnerable groups and distributed through non-governmental organisations. According to the findings of the recent assessment mission, the needs this year are at least of a similar scale. The ECHO component, therefore, should ideally be of the same magnitude, ie.35 MECU.

Objective B: Agricultural Development

i) Agricultural Inputs

Demands within the recipient countries for agricultural inputs are enormous. However, given budgetary restrictions (see point 8Bi below) and the limited absorption capacities of the NIS countries in question, it is estimated that not more than 35 MECU could be mobilised for the package. This amount should be devoted to the provision of seeds and fertilisers, and technical assistance to support the distribution and utilisation of these inputs.

ii) Counterpart Funds

The CPFs are generated by the sale of the food and agricultural inputs and do not require any budgetary provision. It is estimated that, under a new operation, the CPFs for the five countries will amount to 50 MECU (in local currency).

iii) Technical Assistance

It is estimated that the technical assistance component in support of agricultural and food distribution restructuring would amount to 17 MECU:

- Technical assistance for agricultural and food distribution restructuring - 8 MECU (to be divided between the five countries);
- Support to the Georgian railways in order to support food distribution improvement measures: repair of 200 km of railtrack - 2.5 MECU, and repair/maintenance of rolling stock - 2.5 MECU;
- Monitoring structure - 4 MECU.

8. Availability of budgetary resources

In order to provide the required financial package, the EU would need to mobilise all available budget lines. A summary of the available budgetary resources is provided in annex 6.

Objective A: Food and Humanitarian Assistance

i) Food Aid Component - 110 MECU

In order to finance the provision of 656,000 t of wheat, the Commission has explored all relevant budget lines. In all cases the amounts available are insufficient to cover such a quantity of food. The use of FEOGA thus seems unavoidable.

ii) Humanitarian Aid Component - 35 MECU

ECHO supports the overall conclusions of the assessment mission. However, it has already allocated 20 MECU to the five countries in 1995 for humanitarian food aid operations in favour of the most vulnerable groups and its budgetary resources are exhausted. Further allocations would require the support of the emergency reserve fund (budget line B7/910).

Objective B: Agricultural Development

i) Agricultural Inputs - 35 MECU

Structural food assistance is traditionally provided through budget line B7/200. This budget of 590 MECU currently covers some 70 traditional developing countries, excluding the NIS. The modification of Regulation n° 3972/86, including inter alia its extension to the NIS, is currently

under discussion and a final decision is expected only towards the end of the year. Given the enormous demands from all developing countries on this budget line, not more than 35 MECU could be mobilised for the package.

ii) Counterpart Funds

No budgetary provision is required.

iii) Technical Assistance - 17 MECU

This amount could be financed by the TACIS programme. As it is expected that TACIS funds will be fully committed for 1995, a part of the required amount could be covered by the additional allocation resulting from the accession of new Member States. The remaining amount could be financed by the inter-state programme.

9. Conclusion

The proposed assistance package seeks to address:

- a. the immediate bulk and humanitarian food needs and,
- b. to encourage structural reform in order to reduce future requirements for international assistance. It is estimated that implementation of the package would increase the availability of locally produced wheat from 400,000 to 800,000 tonnes per year. This would make further large-scale food aid operations unnecessary, although further humanitarian assistance will be required for vulnerable groups for the foreseeable future.

The package envisages the following components:

- food aid (FEOGA) - 110 MECU;
- humanitarian aid (ECHO) - 35 MECU (sums already allocated for 1995 should, however, be taken into account);
- agricultural inputs (budget line B/7200) - 35 MECU;
- technical assistance, including support for agricultural restructuring and use of CPFs, support to the Georgian railways, and a monitoring mechanism (TACIS) - 17 MECU.

The mobilisation of FEOGA funds, and of budget line B7/200 and B7/910 would require ad hoc decisions by the Council. In order to allow deliveries of food to begin in early October, and given that the FEOGA budget closes on 15 October, it is essential that the Council's decision is taken in July.

ANNEX 3

US WHEAT ASSISTANCE - 1995-6

(Amounts in metric tonnes)

Republic	Armenia	Georgia	Azerbaijan	Kyrgyzstan	Tajikistan
In remainder of 1995	55,000	55,000	0	40,000	30,000
To June 1996	100,000	125,000	0	40,000	na

EU AND US FOOD AID DONATIONS - 1994 - 1996

(Amounts in MECU)

	ARMENIA	GEORGIA	AZERBAIJAN	KYRGYZSTAN	TAJIKISTAN
1994-5					
EU:					
Monetised Aid	34.0	41.0	43.0	14.0	11.0
Hum.aid (ECHO)	10.0	9.2	10.0	5.0	9.0
Total	44.0	50.2	53.0	19.0	20.0
US:					
Monetised Aid	23.0	19.2	0.0	11.5	5.4
Hum.aid	11.5	7.7	7.7	3.9	3.9
Total	34.5	26.9	7.7	15.4	9.3
Other:					
	3.6	5.4	2.9	na	na
Total	82.1	82.5	63.6	34.4	29.3
1995-6					
EU:					
Monetised Aid	?	?	?	?	?
Hum.aid (ECHO) ¹	3.6	4.5	3.8	3.0	5.0
Total	3.6	4.5	3.8	3.0	5.0
US:					
Monetised Aid ²	20.0	22.0	0	11.5	5.4
Hum.aid	na	na	na	na	5.7
Total	20.0	22.0	0	11.5	11.1
Other :					
	na	na	na	na	na
Total	23.6	26.5	3.8	14.5	16.1

¹ Allocated to June 1995. Further amounts are to be allocated in the second half of the year.

² Amounts are provisional only, as the US Congress is currently pushing for budgetary reductions. Amounts could be reduced by upto 50%.

EXPECTED WHEAT DEFICITS IN 1995/96
(Amounts in '000 tonnes)

	Armenia	Azerbaijan	Georgia	Kyrgyzstan	Tajikistan
Food Use	478	1,073	572	500	570
Feed Use	35	41	0	70	30
Other Use	46	229	33	152	105
Closing Stock	40	36	48	33	20
Total needs	599	1,379	653	755	725
Opening stocks	40	36	60	50	3
Local production	150	690	108	360	182
Imports	0.15	285	0	150	150
Exports: unregistered			-50		
Food Aid	55	33	57	85	30
Total Resources	245	1,044	175	645	365
Balance	-354	-335	-478	-110	-360

UTILISATION DES FONDS DE CONTREPARTIE DANS LE CADRE D'UNE NOUVELLE OPERATION D'AIDE ALIMENTAIRE

INTRODUCTION

Dans chacun des pays bénéficiaires de l'aide alimentaire on a observé qu'aucun circuit de commercialisation de la production locale n'a été à ce jour mis en place. En effet, il ne subsiste que des fragments de structures étatiques hérités de l'ancien régime qui, faute de moyens financiers et d'un personnel motivé et compétent, s'acquittent tant bien que mal de cette tâche. Ces sociétés sont forcées de pratiquer des prix dissuasifs ou encore abandonnent une part de la commercialisation de la production au commerce privé qui exploite une situation n'encourageant en aucun cas le paysan à mettre sa production sur le marché.

Devant le manque de perspectives d'une rétribution équitable de son travail le paysan a tendance à se limiter à "l'autosuffisance" ne voyant pas l'intérêt de produire en vue de commercialiser.

Cette situation liée aux autres contraintes telles que le manque de moyens financiers, d'intrants, d'équipement et de structure d'encadrement conduit inévitablement à une diminution généralisée de la production agricole.

PROPOSITIONS

En vue de redynamiser le secteur de la production agricole une politique de commercialisation basée sur des prix plus justes et sur la libre concurrence doit être mise en place, ceci tout en protégeant le producteur dans un premier temps contre les tendances spéculatives du commerce privé.

Pour ce faire les fonds de contrepartie pourraient servir au financement de deux instruments:

- l'installation d'un commerce privé;
- d'une structure para-étatique destinée à protéger le paysan et le consommateur contre les spéculations du commerce privé.

a) Organisation du commerce privé

Trente cinq %(35) des fonds de contrepartie devront servir à garantir le crédit qui sera mis à la disposition de la commercialisation privée des céréales; ceci devrait permettre de mobiliser au niveau des banques privées une somme trois fois supérieure à ce pourcentage. Si l'on escompte que les 35 % des fonds de contrepartie qui seront accumulés représenteront environ en monnaie locale l'équivalent de dix sept (17) MECU la somme totale mobilisable sous forme de crédit bancaire pourrait représenter pour les cinq pays quelques cinquante(50) MECU. Ceci représente l'achat de plus de 500 000 tonnes au prix du marché mondial. Pour organiser le secteur privé les cinq pays devront mettre sur place des services du type "chambre de commerce" regroupant les commerçants en céréales capables de s'acquitter de cette tâche (ils devront notamment démontrer qu'ils ont un accès au crédit bancaire et qu'ils disposent de moyens suffisants et d'équipement pour remplir leurs obligations). L'assistance technique de TACIS sera fournie au niveau de la mise en place des "chambres de commerce" et des crédits de campagne. Dans le cas où il y a un accord avec le F.M.I. il sera nécessaire de procéder à une révision des taux d'intérêt de crédit qui seront pratiqués au cours de la campagne d'achat.

b) Structure d'état garantissant le prix au producteur

.65 % des fonds de contrepartie seront utilisés afin de protéger le producteur contre les excès spéculatifs du commerce privé Une structure appropriée sera mise en place qui achètera à un prix minimum garanti la quantité équivalente à ce fonds. Ce % représente un montant en monnaie locale équivalent à 32 MECU devant permettre l'achat dans les cinq pays concernés de plus de 320.000 tonnes à un prix minimum garanti équivalent à 90 ECU/tonne.

Ce prix est comparable aux tendances actuelles du marché international et représente suivant les cas de figure une augmentation variant entre 30 % et 300 % des prix pratiqués à ce jour dans chacun de ces pays.

Ces achats devront permettre la régulation des prix à la production en offrant aux producteurs la possibilité de choisir entre le prix offert par le commerce privé et le prix minimum garanti offert par la structure para-étatique.

Par ailleurs, les quantités achetées par la structure para-étatique ajoutées aux quantités livrées par l'aide alimentaire permettront par la suite de réguler le prix aux consommateurs. En effet, ces stocks pourront si besoin briser les hausses de prix qui pourraient résulter d'une rétention de stocks par le commerce privé, rétention ayant pour objectifs des hausses artificielles du prix au niveau des consommateurs.

T.A.C.I.S. fournira l'assistance technique nécessaire en vue de mettre en place la structure appropriée.

RESULTATS ESCOMPTES

-Cette stratégie offre au producteur la garantie de commercialiser sa production.

-Cette approche permettra la mise en place d'un commerce des céréales structuré qui évitera dans une certaine mesure de laisser cette activité aux mains de structures mafieuses profitant comme dans beaucoup d'autres pays d'une dérégulation sauvage de ce commerce.

-Par les moyens financiers mis à la disposition de cette structure le producteur aura la garantie non seulement qu'il sera payé mais également que son labeur sera rémunéré à un juste prix.

-Le producteur aura l'opportunité de choisir entre l'offre du commerce privé et celle des organismes d'état et de conclure un accord commercial avec le circuit qui lui convient le mieux .

-La redistribution dans le milieu rural de ces moyens financiers devra permettre au paysan de recapitaliser et donc de lui permettre d'investir dans le système de production agricole.

-L'ensemble de ces mesures devrait encourager à moyen terme une relance de la production agricole et in fine un meilleur échange des flux commerciaux entre la ville et la campagne.

-Les pays bénéficiaires disposeront de ressources alimentaires suffisantes qui devront permettre d'éviter les spéculations abusives sur les prix aux consommateurs et donc de contribuer à la stabilité sociale.

-L'ensemble de cette approche devra permettre de libérer plus de 800.000 tonnes de production locale en céréale (à comparer avec moins de 400.000 tonnes commercialisées à ce jour) et mettre en place une structure qui permettra à l'avenir aux pays bénéficiaires de mieux combler leurs besoins alimentaires et donc de se passer d'une aide alimentaire massive .

**RESUME PAR PAYS DES DISPONIBILITES FINANCIERES ET DES
OBJECTIFS D'ACHAT**

Pays	Quantité d'aide alimentaire à livrer en 95-96 MT	Fonds de contrepart ie attendus en MECU	Appui au commerce privé en MECU (35 %)	Achat du commerce privé MT (*)	Appui à la sécurisation en MECU	Achat à prix garanti en MT
Arménie	140.000	10,5	3,68	110.400	6,82	68.200
Azerbaïdjan	136.000	10,2	3,57	107 100	6,63	66.300
Géorgie	192.000	14,4	5,04	151.200	9,36	93.600
Kyrgistan	44.000	3,3	1,16	34.800	2,14	21.400
Tadjikistan	144.000	10,8	3,78	113.400	7,02	70.200
TOTAL	656.000	49,2	17,23	516.900	31,97	319.700

(*) Ces quantités sont calculées sur le fait que la garantie bancaire offre 3 fois plus de crédits et donc trois fois plus de possibilités d'achat

ANNEX 6

AVAILABILITY OF BUDGETARY RESOURCES

N° of budget line	Title	Budget MECU	Disbursements & commitments	Remarks on utilisation	Earmarked MECU	Balance MECU
B7/210	ECHO general	51.86 ¹	31.60		20.26	0
B7/211	Hum. food aid	33.6	26.09		7.51	0
B7/214	Centr. & East. Europe	102.70	99.70		3.00	0
B7/215	Hum. aid in ex-USSR (ex TACIS)	46.70	43.20		3.50	0
B7/216	Hum. actions through NGOs	12.10 ²				0
B7/217	Refugee operations	26.14 ³	23.30		2.84	0
Food aid B7/200	Food aid for developing countries	290	290		-	0
Rub. 4 Emergency Reserve						

¹Including 0.86 MECU transferred from budget line B7/216 and a BRS of 10 MECU.

²All transferred to budget lines B7/210 and B7/217.

³Including 11.24 MECU transferred from budget line B7/216.

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