

## 5. UN emergency operation for the benefit of the developing countries

Operation: developing countries

### Community participation in the UN emergency operation for the benefit of the developing countries

1501. The Community has decided to make an immediate contribution of US \$150 000 000 to the emergency operation in favour of the developing countries hardest hit by the rise in international prices. This is the first instalment of a contribution which could amount to US \$500 000 000. The final amount of the Community's share will be determined at the latest by the end of January 1975, in the light of information as to the participation of the other potential donor countries: the members of OPEC (Organization of the Petroleum-Exporting Countries), the USA and other industrialized nations.

Thus an important initiative on the part of the Commission put to the Council on 21 March 1974,<sup>1</sup> has, partially at least, taken practical shape. This Community action in favour of the developing countries hardest hit by recent international price movements, which is to fit into the broader span of concerted action by the rich nations to help the poorest, has been taken up by the United Nations. The 6th General Meeting of the United Nations Organization on raw materials and development,<sup>2</sup> held in New York from 9 April to 2 May 1974, determined on special emergency measures for the developing countries most seriously affected by the economic crisis, and included them in its Action Programme, adopted at the end of the proceedings.

### The Community initiative of March 1974

1502. Struck by the extent and gravity of the consequences, especially for the developing countries, of the oil crisis, and developments on the

raw material markets, the Commission had made an appeal in March.

In its Communication, sent to the Council, entitled 'An attempt to neutralize certain international price movements for the hardest hit developing countries', the Commission proposed that the Community ask all rich countries to help in setting up a World Fund of US \$3 000 million for the benefit of the most seriously affected countries, with a Community contribution of possibly US \$500 000 000.

By provisional reckoning, the increased prices of three products alone (oil, wheat and fertilizers), which are vital to the countries which do not produce them, would amount in 1974 to an overall extra import expenditure of US \$15 000 million, apart from the general increase in export prices applied by the industrialized countries. This figure is equivalent to 30% of the total value of the developing countries' exports for 1972, and to nearly twice the amount of public development aid provided by the member countries of DAC (the OECD Development Aid Committee).

Some of the developing countries can cushion the blow, either because their debt capacity allows them to fall back on loans, or because the higher prices of their own export products offset the cost of their imports.

The situation is grimmer for the countries hardest hit by the crisis, namely India, Pakistan, Sri Lanka, Bangladesh, the Central American and Caribbean countries and certain countries of tropical Africa such as Kenya, Tanzania and the Sahel region. The international community must take special action to help them, for they are facing a problem of sheer survival. The responsibility of the rich countries is involved.

<sup>1</sup> Bull. EC 3-1974, points 1301 to 1311.

<sup>2</sup> Bull. EC 4-1974, points 1301 to 1303.

### The United Nations Emergency Operation

1503. The Commission's move crystallized during the Special General Meeting of the United Nations on raw materials and development. The suggestions from the Community, the practical proposals made at the Meeting by the Shah of Iran and the President of Algeria, Mr Boumédiène, all led to the adoption, as part of the Action Programme approved by the United Nations, of the decision to 'launch an emergency operation to provide assistance, in good time, to the hardest hit developing countries.' The United Nations Secretary-General was assigned to initiate this project and to ask the industrialized, or any other, countries, to announce in June 1974 the amount of the bilateral or multilateral contributions which they would be able to make.

In a letter to Mr Waldheim, the United Nations Secretary-General, (the text of which had been approved by the Council on 25 June) the Community, confirming the declaration by its spokesman to the United Nations General Assembly on 1 May, announced that it was ready to contribute up to a sixth of the total amount collected. The Community's contribution would not, however, exceed US \$500 000 000, and the oil-producing countries were to bear the balance. Moreover, the Community's participation hinged on reaching an agreement concerning the terms for granting special aid, and the criteria for selecting the beneficiaries.

### The Community's contribution to the emergency operation

1504. In a Communication on taking part in the United Nations emergency operation, which it put to the Council on 11 September, the Commission proposed to confirm its decision of principle taken on 25 June (and transmitted to Mr Waldheim), to formally request all those

potential donor countries who had not yet done so, to indicate the final amount of their contributions. It also proposed a decision to post into the Community budget an initial outlay of US \$150 000 000, representing the first instalment of the Community's share of the emergency operation.

On 24 September the Council confirmed its Decision to contribute to the Emergency Operation on the terms quoted in its letter of 25 June to the United Nations Secretary-General, but with the reservation that it would await the outcome of a meeting of potential donor countries to be held within the UN on 27 September, before formally deciding to grant an initial contribution of US \$150 000 000.

Meeting again on 3 October, the Council found that some progress had been made in respect of the rich countries' contributions, under the emergency programme, to the countries most affected.

In considering only emergency aid offered on absolutely clear terms and conditions, and comparable to the Community offer, the Council found that the various contributions from the industrialized nations (apart from the USA and the EEC) already amounted to US \$350 000 000, while the offers from the oil-exporting countries had reached, at the very least, US \$1 000 million including donations to the equivalent value of US \$500 000 000.

In the light of this information, the Council felt that all requirements had been met to justify the release, 'as part of the global offer by the Community', of an immediate initial Community contribution of US \$150 000 000, of which US \$300 000 000 will be paid into the United Nations' special account, and US \$120 000 000 directly allocated by the Community, under the United Nations emergency operation, to the countries hardest hit by the rise in international prices.