

**ARCHIVES HISTORIQUES
DE LA COMMISSION**

**COLLECTION RELIEE DES
DOCUMENTS "COM"**

COM (78)235

Vol. 1978/0077

Historical Archives of the European Commission

Disclaimer

Conformément au règlement (CEE, Euratom) n° 354/83 du Conseil du 1er février 1983 concernant l'ouverture au public des archives historiques de la Communauté économique européenne et de la Communauté européenne de l'énergie atomique (JO L 43 du 15.2.1983, p. 1), tel que modifié par le règlement (CE, Euratom) n° 1700/2003 du 22 septembre 2003 (JO L 243 du 27.9.2003, p. 1), ce dossier est ouvert au public. Le cas échéant, les documents classifiés présents dans ce dossier ont été déclassifiés conformément à l'article 5 dudit règlement.

In accordance with Council Regulation (EEC, Euratom) No 354/83 of 1 February 1983 concerning the opening to the public of the historical archives of the European Economic Community and the European Atomic Energy Community (OJ L 43, 15.2.1983, p. 1), as amended by Regulation (EC, Euratom) No 1700/2003 of 22 September 2003 (OJ L 243, 27.9.2003, p. 1), this file is open to the public. Where necessary, classified documents in this file have been declassified in conformity with Article 5 of the aforementioned regulation.

In Übereinstimmung mit der Verordnung (EWG, Euratom) Nr. 354/83 des Rates vom 1. Februar 1983 über die Freigabe der historischen Archive der Europäischen Wirtschaftsgemeinschaft und der Europäischen Atomgemeinschaft (ABl. L 43 vom 15.2.1983, S. 1), geändert durch die Verordnung (EG, Euratom) Nr. 1700/2003 vom 22. September 2003 (ABl. L 243 vom 27.9.2003, S. 1), ist diese Datei der Öffentlichkeit zugänglich. Soweit erforderlich, wurden die Verschlussachen in dieser Datei in Übereinstimmung mit Artikel 5 der genannten Verordnung freigegeben.

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 235 final.

Brussels, 2 June 1978

Proposal for a

COUNCIL DECISION (EEC)

on the Community financing of certain costs in respect of
cereals food aid under the 1978 programme

Proposal for a

COUNCIL REGULATION (EEC)

on the supply of butteroil to the Democratic Republic
of Somalia as food aid pursuant to Regulation (EEC)

No 831/78

(submitted to the Council by the Commission)

A. EXPLANATORY STATEMENT

1. The Government of Somalia presented a request to the Commission in October 1977 for food aid in the form of cereals, skimmed milk powder and butteroil. This request was received too late for inclusion in the general programs for 1978 ; however, when these were adopted, a note was made that the Council would be favourably disposed at a later stage towards an allocation to Somalia from the reserves.

Food situation in Somalia

2. The request has now been examined together with supporting information received from FAO and the Commission Delegation in Mogadishu. An approximate summary of the food supply, demand and stocks can be made and this is given in Annexe 1.

In spite of reasonable stock levels following good sorghum crops, the general outlook for 1978 is less favourable than 1977 owing to flood damage in certain areas, and to an increase in consumption needs due to the conflict in the Ogaden.

Food import requirements will thus be higher than in the previous year.

Cereals

3. Production in 1977 of coarse grains (principally sorghum, and maize) showed an increase to an estimated 260 000 t, as a result of a good sorghum crop, offset by a below average crop of maize. However import requirements for calendar year 1978 are still assessed by FAO at 142 000 t, of which only 20 600 t are covered by planned food aid. Commercial imports during 1977 were 30 000 t, in addition to 9 000 t of food aid, mostly in the form of maize.
4. Import requirements for rice for 1978 are estimated at 36 000 t, of which 11 900 t are covered by planned food aid. For wheat (and flour equivalent), estimated requirements are 57 000 t, covered by planned food aid as to 35 000 t. Local production of rice and wheat is very small.

5. In summary therefore : total cereal import requirements are estimated at 235 000 t for 1978. Against this, food aid shipments of 67 500 t are expected, leaving an uncovered deficit of 167 500 t for the year.

Milk powder

6. Stocks in Mogadishu at end-January 1978 were estimated at 1 631 t, being essentially the balance from EEC food aid deliveries in 1977 under the 1976 program. Arrival of a further 675 t through World Food Program, and 2 500 t from U.S.A. is expected during the first quarter of 1978. This gives a total availability of over 4 800 t, which is high compared with estimated absorptive capacity through existing channels. No plans have therefore yet been made for delivery of the 2 750 t outstanding from the EEC 1977 program.

Edible oils and fats

7. Although precise figures for production and requirements of edible oils and fats has not been obtainable, it is estimated that import requirements for 1978 will be between 10 000 t and 15 000 t; this is assuming annual production of 7 000 t, principally sesame and ghee. Expected aid during 1978 amounts to 4 800 t, including 1 600 t butteroil from the EEC 1977 food aid program. Uncovered import requirements will be therefore between 5 000 t and 10 000 t.

Purpose of food aid requested

8. Food aid from the Community would be distributed free to former nomads from the north of the country, reinstalled with Government assistance in farming or fishing settlements. Details are given in Annex 2, from which it will be seen that the annual requirements for the 96 400 persons are 17 350 t cereals, 1 040 t milk powder and 695 t butteroil (1).
9. Distribution would be under control either of the Settlement Development Agency, or of the Coastal Development Agency, the Government organizations responsible for implementing the resettlement programs.

(1) It should be stressed that this is the usage currently intended for the food aid. Requirements may change, and in particular other groups of beneficiaries may emerge. Part of the aid could be sold on the local market with the proceeds being invested in development projects. Precise usage, and details of the commodities to be supplied, will as always be specified in the conditions negotiated with the recipient country.

Commission proposals

- 10. In view of the foregoing, and of the current economic position of Somalia (see Annex 3), the Commission proposes the allocation of the following quantities, for delivery to port of unloading :
 - 12 000 t cereals
 - 500 t butteroil.

- 11. No allocation of milk powder is proposed at this time in view of existing ample supplies (See para 6 above).

- 12. The proposed allocations would be taken from the existing reserves under the 1978 food aid programs in cereals and butteroil. After this action, these reserves would stand at 24 200 t and 1 990 t respectively (1)

- 13. The cost of this action to the 1978 budget can be estimated 4 315 000 EUA. using internal product prices and estimated transport rates. Of this 2 231 000 EUA. is chargeable to the Food aid budget and 2 084 000 EUA. to the FEOGA on the basis of current level of restitutions (see Annex 5). No additional expense for the Community arises since these costs are chargeable to existing credits already approved in the 1978 budget.

Conclusion

- 14. The Commission therefore proposes to the Council :
 - to decide to allocate 12 000 t cereals and 500 t butteroil to Somalia from reserves of the 1978 food aid programs ;
 - to decide to finance forwarding costs incurred between port of loading and port of unloading ;
 - to adopt the annexed legal texts in consequence.

./..

(1) Cereals : Initially 48 200 t ; reduced to 36 200 t after allocations decided or proposed for Djibouti, Mali and Syria.
Butteroil : Initially 1 440 t, in addition to 1000 t remaining from 1977 program.

B. PROPOSED COUNCIL DECISION AND REGULATION

COUNCIL DECISION

on the Community financing of certain costs in respect of cereals food aid under the 1978 program.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) N° 1703/72 of 3 August 1972 amending Regulation (EEC) N° 2052/69 on the Community financing of expenditure arising from the implementation of the Food Aid Convention of 1967 and laying down rules for the Community financing of expenditure arising from the implementation of the Food Aid Convention of 1971 (1), and in particular Article 8 thereof,

Having regard to the proposal from the Commission,

Whereas the Democratic Republic of Somalia would have difficulty, in view of its economic and financial situation, in covering the forwarding costs from the port of loading of cereals food aid allocated under the 1978 program ;
whereas these costs should therefore be borne by the Community,

HAS DECIDED AS FOLLOWS :

Sole Article

Community financing shall cover the forwarding costs between the port of loading and the port of unloading in respect of cereals food aid allocated to the Democratic Republic of Somalia under the 1978 program.

Done at Brussels,

For the Council
The President.

COUNCIL REGULATION (EEC)

on the supply of butteroil to the Democratic Republic of Somalia
as food aid pursuant to Regulation (EEC) N°

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) N° 830/78 of 25 April 1978
laying down general rules for the supply of milk fats to certain developing
countries and specialized bodies , under the 1978 food aid program (1),
and in particular Articles 3 and 8 thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) 831/78 of 25 April 1978 on the supply
of milk fats to certain developing countries and specialized bodies
under the 1978 food aid program (2) provides for a reserve of 1440 tonnes
of butteroil ;

Whereas the Democratic Republic of Somalia has requested food aid in the form
of butteroil ; whereas its needs warrant food aid from the Community ;
whereas it would have difficulty, given its economic and financial situation,
in covering the forwarding costs from the port of loading ;
whereas these costs should therefore be borne by the Community ,

(1) O.J. N° L 115, 27.4.1978, p.6.

(2) O.J. N° L 115, 27.4.1978, p.8.

HAS ADOPTED THIS REGULATION :

Article 1

Of the 1440 tonnes of butteroil provided for as a reserve by Regulation (EEC) N° 831/78 , 500 tonnes shall be allocated to the Democratic Republic of Somalia.

Article 2

Community financing shall cover the forwarding costs incurred between the port of loading and the port of unloading.

Article 3

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council,

The President.

SOMALIA : ESTIMATION OF THE FOOD SITUATION : 2/78

mtn x 1000

Product	Production 1977	1977 Imports		Stocks 1/78	Import Requirements 1978	Planned Aids 1978	Uncovered Requirements 1978
		Commercial	Non- commercial				
Wheat (1)	1,0	24,0	55,0	27,0	57,0	35,0	22,0
Rice	1,0	20,0	11,0	25,0	36,0	11,9	24,1
Coarse grains (2)	260,0	30,0	9,0	61,0	142,0	20,6	121,4
Total - Cereals	262,0	74,0	75,0	113,0	235,0	67,5	167,5
Milk powder	0	0	3,0	1,6	.	5,9	.
Edible oils	7,0	11,0	0	3,8	10,0-15,0	4,8	5,0-10,0

(1) Including flour, etc..., expressed in tons of wheat equivalent

(2) Sorgho/Dura, and maize

Sources : (1) FAO (2) Delegation Commission, Mogadishu.

PROPOSED USE OF 1978 FOOD AID TO SOMALIA

	Population (1)	Annual requirements (t) (2)		
		Cereals	Milkpowder	Butteroil
Settlement Development Agency :				
Kurtum Warey	21 000	3 780	227	151
Dujumma	39 400	7 090	424	283
Sablaleh	22 200	4 000	240	161
Coastal Development Agency :				
Brava	5 800	1 040	63	42
Adale	4 900	880	53	35
Eyl	2 900	520	31	21
El Almed	200	40	2	2
Total	96 400	17 350	1 040	695

(1) Adults and children

(2) Based on daily ration 500 gr. cereals, 30 gr. milkpowder, 20 gr. butteroil.

S O M A L I ABasic country data

GNP per caput (1975 est.)	:	§ 110
Population (mid-1976 est.)	:	3,26 million
Balance of payments (1976)	:	§ 69,2 million deficit
Imports of goods and services (1976)	:	§ 221,8 million
International reserves (8/1977)	:	§ 82,2 million
Classification	:	MSA country FAO food priority country.

(Sources : IBRD and IMF)

Previous EEC food aid

	<u>Cereals</u>	<u>SMP</u>	<u>Butteroil</u>
1970	8 000 t	-	-
1971	-	-	-
1972	15 000	-	-
1973	7 000	-	-
1974	5 000	1 060	650
1975	25 000	2 000	850
1976	25 000	3 000	1 100
1977	25 000	2 750	1 600
Total	110 000 t	8 810 t	4 200 t.

FINANCIAL STATEMENT1. Relevant budget headings

- 1978 budget, article 920, post 9201
- 1978 budget, article 921, post 9212
- 1978 budget, article 600, post 6001
- 1978 budget, article 620, post 6201

2. Budget heading descriptions

- Post 9201 : "Food aid in cereals - 1978 program"
- Post 9212 : "Food aid in dairy products - 1978 butter/buteroil program"
- Post 6001 : "Restitutions for Community food aid in cereals for current year"
- Post 6201 : "Restitutions for Community food aid in dairy products for current year".

3. Legal basis

- Cereals : Council decision of 30 January 1978
- Buteroil : Council regulation 831/78 of 25/4/78

4. Description, purpose and justification

Allocation of food aid to Somalia under 1978 programs.

5. Credits5.1 Computation- Cereals :

Commodity	:	12 000 t x 163 ⁽¹⁾ EUA/t	1 956 000	EUA
Sea transport	:	12 000 t x 50 EUA/t	600 000	
			<hr/>	
			2 556 000	
Restitutions	:	12 000 t x 79 EUA/t	948 000	
			<hr/>	
			<u>1 608 000</u>	<u>EUA</u>

- Butteroil :

Commodity	:	500 t x 3 367 ⁽¹⁾ EUA/t	1 684 000	EUA
Sea transport	:	500 t x 150 EUA/t	75 000	
			<hr/>	
			1 759 000	
Restitutions	:	500 t x 2 272 EUA/t	1 136 000	
			<hr/>	
			<u>623 000</u>	<u>EUA</u>

- Total net cost

			<hr/>	
			<u>2 231 000</u>	<u>EUA</u>

(1) Internal price including transport to port

5.2 ImputationTitle IX : Cooperation with developing countries

- Post 9201 - Cereals food aid		1 608 000	
- Post 9212 - Butteroil food aid		623 000	
		<hr/>	
		<u>2 231 000</u>	<u>EUA</u>

Title VI : FEOGA

- Post 6001 - Cereals food aid		948 000	
- Post 6201 - Dairy products food aid		1 136 000	
		<hr/>	
		<u>2 084 000</u>	<u>EUA</u>

5.3 Additional expenses

This action does not involve expenses for the Community additional to those already approved under 1978 food aid programs.

6. Control

Financial regulation dated 21 December 1977 applying to the general budget of the Communities.