



10 DOWNING STREET

From the Private Secretary

31 December 1984

The Prime Minister has seen and noted your letter of 28 December to Charles Powell about food aid for Africa.

David Barclay

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

lc



Foreign and Commonwealth Office

London SW1A 2AH

28 December, 1984

Dear Charles,

Food Aid for Africa

Colin Budd wrote to you on this subject on 5 December. Since then there has been agreement on how to implement the European Council's commitment that the Community and its Member States would provide 1.2 million tonnes of cereals for Africa between now and the next harvest. The outcome is not wholly as predicted in our earlier letter.

The Commission proposals were that:

- (a) 300,000 tonnes should be allocated from the 1985 food aid programme. This is a smaller total than that advocated by the Prime Minister in Dublin, but in itself it causes no problems for us nor, so far as we are aware, for any other Member State.
- (b) An allocation of 80 mecu (£47 million) from the emergency provision of the European Development Fund. The use of this source of funds was also supported by the Prime Minister in Dublin: the amount proposed would provide up to 230,000 tonnes, but the Commission consider that a minor (but unspecified) proportion of it should be used to provide seeds and other emergency assistance.
- (c) The allocation of 95 mecu (£56 million) from the emergency aid provision of the 1984 budget. 90 mecu of this has been found by transfers from other parts of the 1984 budget including 51 mecu transferred from Article 800 (which covers refunds payable to Member States) and 37 mecu by an "open transfer", ie from budget lines which the Commission finds at the end of this year have unspent money remaining in them. This should finance up to 270,000 tonnes.
- (d) Action by Member States to provide 400,000 tonnes. This was discussed at a meeting in Brussels on 20 December, when we said that most, if not all, of our bilateral programme of 110,000 tonnes would be used to relieve famine. Other member states were not so specific and more work will be needed to obtain firm commitments.



The 90 mecu budget transfer ((c) above) is unsatisfactory in principle, and the UK share of it (about £11.6 million) will be an unexpected additional charge on our overseas aid programme for 1985/86. We therefore lobbied hard in capitals against the proposal. When it was discussed in the Budget Committee on 17 December virtually all other Member States raised a series of technical objections but in the final roll-call the Germans in particular were unwilling to maintain their opposition because they and others considered that politically they could not oppose a transfer for the purpose of relieving famine; it was therefore approved by a qualified majority. Although the proposal was put forward before the Parliament rejected the 1985 budget, the Commission argued that the provisional twelfths regime would make it more difficult for them to meet the Dublin commitment from the 1985 budget.

During the course of 1985 we shall seek to identify potential savings within the Community aid budget to offset the cost of the budget transfer, but it will not be easy to do this nor to persuade other Member States to endorse them, particularly in the uncertainty over the 1985 budget. The Commission intend to propose that the February Foreign Affairs Council should review progress towards meeting the Dublin commitment.

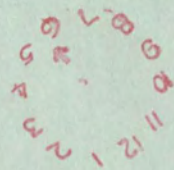
The unexpected character of this additional cost and the uncertainty of the EC budget next year will require the ODA to make changes in next year's aid programme in order to contain this additional requirement within its agreed public expenditure provision for 1985-86; essentially it means that less funds will be available for bilateral aid. Other EC countries will not face the same difficulties either because EC aid spending is not attributed in the same way to their own aid budgets or (in the case of Denmark and the Netherlands) because they can accommodate it within a growing aid programme; and this influenced their decisions not to oppose the budget transfer.

I am copying this letter to David Peretz (HM Treasury).

Yours ever,
Peter Ricketts
 (P F Ricketts)
 Private Secretary

C D Powell Esq
 10 Downing Street

Overseas Aid : Policy Review 174



28 DEC 1984

