



European Economic and Social Committee

NAT/532
Distribution of food
products to the most
deprived persons in the
Union

Brussels, 8 December 2011

OPINION

of the

European Economic and Social Committee

on the

Amended proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1290/2005 and Council Regulation (EC) No 1234/2007 as regards distribution of food products to the most deprived persons in the Union

COM(2011) 634 final – 2008/0183 (COD)

Rapporteur: **Mr Somville**

On 17 October 2011, the Council decided to consult the European Economic and Social Committee, under Article 43(2) of the Treaty on the Functioning of the European Union, on the:

Amended proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1290/2005 and Council Regulation (EC) No 1234/2007 as regards distribution of food products to the most deprived persons in the Union

COM(2011) 634 final – 2008/0183 (COD).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 21 November 2011.

At its 476th plenary session, held on 7 and 8 December 2011 (meeting of 8 December), the European Economic and Social Committee adopted the following opinion by 139 votes to 1, with 5 abstentions.

*

* *

1. **Conclusions and recommendations**

- 1.1 The Committee welcomes the Commission's proposal, especially the plans to broaden the legal basis for the implementation of the European food aid scheme for the most deprived (PEAD) in 2012 and 2013. This change would ensure that the scheme was focused on strengthening social cohesion within the Union as well as meeting the objectives of the CAP and, still more importantly, that it reflected the objectives of the Europe 2020 Strategy.
- 1.2 The EESC agrees that it is necessary to continue to implement the scheme under the CAP and to finance it from the CAP budget, with the current level of funding, in 2012 and 2013. Solidarity with disadvantaged groups is a value which the European Union has always upheld, across its various policies, and it must continue to do so.
- 1.3 In the Committee's view, this support is truly vital, given that ever increasing numbers of people are now turning to the scheme in the wake of the economic and financial crises.
- 1.4 As a body with its roots in civil society, the Committee stands still more firmly behind this proposal. At national level, the scheme is largely implemented by volunteers from charitable organisations, who would find it incomprehensible for PEAD funding to be cut by 75% between 2011 and 2012, or for the programme to be all but abandoned in 2013 due to a lack

of intervention stocks. In the Committee's view, this EU-funded programme gives the European public a positive image of the European Union.

- 1.5 The Committee also welcomes the fact that the Commission has taken account of certain recommendations it made in its previous opinion issued in January 2011¹, in particular that the scheme should continue to be fully funded from the CAP budget in 2012 and 2013 and that it should be made possible for some of the administrative, transport and storage costs incurred by charitable organisations to be reimbursed.
- 1.6 The EESC endorses the proposal to allow Member States the option of selecting products of Union origin. This will mean that, as well as fulfilling its role of stabilising the internal market, the scheme will also offer every guarantee that the products that are delivered will meet the stringent standards required of European producers.

2. **Background**

- 2.1 It should be remembered that free food distribution to the most deprived people in the Community began in 1986/87, following a particularly harsh winter. The food redistributed by charitable organisations in the various Member States came from the surplus stocks of farm produce known as intervention stocks.
- 2.2 The use of intervention stocks, which subsequently became official policy, allowed for the simultaneous pursuit of the two goals of assisting the EU's most disadvantaged people whilst also helping to re-stabilise agricultural markets.
- 2.3 Beginning in 1992, successive reforms of the CAP have helped to bring about significant reductions in intervention stocks. Once systemic, they have gradually become a short-term phenomenon. In recent years, stock levels have declined to the point where the demand for food aid can no longer be met from this source alone.
- 2.4 Changes had already been made to the programme in 1995 to allow the shortfall in products from intervention stocks to be compensated by purchases on the market.
- 2.5 As a result of the enlargement of the European Union, the Commission adapted the programme in 2009, by increasing the budget allocated to the scheme.
- 2.6 In 2008, recognising that the situation had evolved, the Commission launched a debate on the food aid programme for the most deprived, which led to a proposal for a Council Regulation aimed at putting the programme on a permanent footing.

¹ OJ C 84, 17.3.2011, p. 49.

- 2.7 The proposal set out a series of changes to the existing rules regarding: sources of supply; the variety of foods available; a three-year distribution plan; the establishment of priorities by the Member States; the progressive introduction of co-financing and an increase in the budget for the scheme. This proposal was opposed by a blocking minority in the Council.
- 2.8 On 17 September 2010, the Commission adopted an amended proposal reflecting some of the changes proposed in the European Parliament's opinion of 26 March 2009 on the initial proposal regarding the increase in the co-financing rate, the annual ceiling of EUR 500 million for the EU's financial contribution to the scheme and the option for Member States to give preference to food products of Union origin.
- 2.9 The discussions at the Agriculture and Fisheries Council of 27 September 2010 ended with the confirmation of the blocking minority.
- 2.10 The EESC submitted an opinion on the amended proposal on 20 January 2011².
- 2.11 On 13 April 2011, the European Court of Justice issued a judgment (Case T-576/08) on an action introduced by Germany against the 2009 plan for the supply of food from intervention stocks for the benefit of the most deprived persons in the Union. Whilst the volume of aid from intervention stocks was not affected, the Court set aside the provisions of the 2009 plan for products purchased in the market.
- 2.12 Consequently, since the plan had to be based solely on intervention stocks, the Commission proposed to greatly reduce the budget for the 2012 budget year.
- 2.13 At the Agriculture and Fisheries Council on 20 September 2011, the proposal of 17 September 2010 failed to win a sufficient majority.
- 2.14 A new amended proposal, dated 3 October 2011, was put before the Agriculture and Fisheries Council of 20 October 2011. However, despite the new elements incorporated into the initial proposal, the blocking minority was maintained. It is on this latest proposal that the Committee has been asked to issue its opinion, as a matter of urgency.

3. **The Commission's proposal**

- 3.1 For over twenty years, food aid for the most deprived has come from intervention stocks. At the outset, these stocks were sizeable, but successive reforms of the CAP have enabled significant reductions to be made in these surpluses and they have now, once again, become a short-term rather than a systemic phenomenon.

² OJ C 84, 17.3.2011, p. 49.

- 3.2 The primary objective of the initial CAP, which was to boost productivity, has gradually been replaced by the goal of ensuring the sustainability of agricultural production, including a better match between supply and demand. This shift in direction necessitates changes in the legal framework of the PEAD.
- 3.3 Successive enlargements, rising food prices and, most recently, the economic crisis, have led to a surge in the need for food aid. The number of deprived people in the Union is rising. In 2008, the scheme had over 13 million beneficiaries. In 2010, the figure had risen to 18 million people across the 20 Member States where the European Food Aid Scheme (PEAD) was in operation.
- 3.4 In the wake of these various changes, although the current PEAD is still primarily based on the distribution of food from European intervention stocks, the plan was to allow food to be purchased on the market, as a temporary measure, to make up for the shortfall in these stocks.
- 3.5 In April 2011, the intervention stocks having declined, the European Court of Justice judged illegal the provisions in the 2009 distribution plan providing for the purchase of food products for the programme in the open market.
- 3.6 Following this judgment, the Commission made sure, in its Implementing Regulation, that the food products for the 2012 PEAD would come exclusively from intervention stocks. In concrete terms, the sum earmarked for the 2012 plan is EUR 113 million, a quarter of the amount made available in previous annual plans.
- 3.7 In the proposal referred to us for an opinion, the Commission takes account of the Resolution adopted by the European Parliament on 7 July 2011, in which the EP calls on the Commission and the Council to prepare a transitional solution for the remaining years of the current multiannual funding period so as to avoid a sharp cutback in food aid and ensure that people dependent on food aid do not suffer from food poverty.
- 3.8 The Commission's new proposal has a dual legal base, since it refers not only to the Treaty articles concerning the CAP, but also to the article concerning economic and social cohesion.
- 3.9 The proposal contains a number of elements that were already present in the 2010 proposal, such as the possibility for Member States to decide to give preference to food products of Union origin or to reimburse some of the administrative, transport and storage costs currently borne by the designated organisations, within the limits of the resources available.
- 3.10 The introduction of co-financing, included in the initial 2008 proposal and confirmed in the 2010 proposal, has now been abandoned. In the new proposal, it is suggested that the current system of funding the PEAD fully from the EU budget should continue to be applied and that the current annual ceiling of EUR 500 million for the EU's financial contribution to the scheme should be maintained.

4. General comments

- 4.1 As the Committee pointed out in its previous opinion, "the food distribution scheme for deprived people is operational in 20 Member States (...) food is distributed in partnership with (...) non-governmental organisations".
- 4.2 These organisations are heavily reliant on the work of volunteers, who would find it difficult to understand why they might have to reduce their humanitarian work to a quarter of what it was in previous years if an agreement were not reached rapidly at European level, at a time when the need on the ground has never been as great.
- 4.3 Following successive reforms of the CAP since 1992, intervention stocks have gradually resumed their role as short-term measures. In future, the combined result of these reforms and the outlook for markets is likely to be that stocks will be limited or will even disappear entirely for some food products at certain times.
- 4.4 Consequently, the Committee considers that, in order to compensate for the shortfall in stocks, a proposal that will enable Member States to purchase food products on the market to complement intervention stocks needs to be introduced as swiftly as possible. In our view, with increasing numbers of people now turning to food aid, it is even more important that this option be introduced.
- 4.5 In the Committee's view, the action called for in point 4.4 needs to be taken urgently, so as to avoid a drastic reduction in the food available under the PEAD between now and 2014, when the new 2014-2020 multiannual financial framework comes into effect.
- 4.6 The Committee, which represents the diverse facets of European civil society, does not understand why the EU should envisage reducing support for the most impoverished, especially at this time of economic and financial crisis. It should be recalled that 13 million people across 18 EU Member States benefited from the PEAD in 2008 and that the number of beneficiaries rose to over 18 million in 2010.
- 4.7 In this context, the Committee is pleased that, despite the failure of the Agriculture and Fisheries Council of 20 October 2011 on this issue, the Polish Presidency intends to continue to work towards a solution, so as to avoid a 75% reduction in the budget allocated to the food aid scheme for 2012 and the risk of there being no scheme at all in 2013 for the people who are most in need, should intervention stocks at that time be too low.
- 4.8 The Committee – whilst drawing attention to the fact that this proposal applies only to 2012 and 2013 – very much welcomes the fact that the scheme will now have a dual legal basis, stipulating that, as well as being directed towards meeting the objectives of the CAP,

including that of ensuring that the population has a safe food supply, it must also strengthen social cohesion within the EU.

- 4.9 Both these dimensions are an integral part of the Europe 2020 Strategy. As far as social cohesion is concerned, the Committee draws attention to the section in the Strategy on combating poverty. The right to sufficient food and a balanced diet is the cornerstone of all programmes to combat exclusion.
- 4.10 The Committee is pleased that the Commission still proposes to allow account to be taken of certain administrative, transport and storage costs incurred by the designated organisations. However, it draws attention to the fact that these will be deducted from the financial resources available to implement the plan.
- 4.11 The Committee joins the European Parliament in welcoming the fact that Member States will have the option of giving preference to products of Union origin in their calls for tender. This aid scheme has both a social and an economic objective. On the one hand, it must help to stabilise the internal market. On the other, it would be inappropriate for the food products intended for the PEAD not to offer the necessary safeguards in terms of the high standards required of European producers.
- 4.12 On the issue of co-financing, the Committee is pleased to note that, contrary to the suggestions made in the previous amended proposal, the current proposal stipulates that the food aid scheme should continue to be fully funded from the EU budget. This change, which reflects one of the recommendations made in the Committee's previous opinion, is particularly important, since, in the light of the current economic and financial crises, there would have been a real danger that some Member States with lesser financial capabilities would have been unable to co-finance the programme, had the percentages proposed in the previous amended proposal been maintained.

Brussels, 8 December 2011.

The President
of the
European Economic and Social Committee

Staffan Nilsson
