



India Committee of the Netherlands

Outdegracht 36
3511 AP Utrecht

tel 030-321 340
bank ABN Utrecht 555383539

Utrecht, July 1986

INFORMATION TO WHOM IT CONCERNS
PRESS REPORT
REC UNDER PRESSURE TO
RECONSIDER DAIRY AID TO INDIA

In the European Economic Community (EEC) there is growing pressure on the policy making institutions to phase out dairy aid to India and to review the conditions under which any additional dairy aid might be given. A request for such dairy aid for the third phase of India's national dairy development programme Operation Flood (1986-1990) has been submitted to the EEC by the Indian government. Already since 1970 India has been receiving large amounts of skimmed milk powder and butteroil for Operation Flood from the EEC. At the end of 1986 or the beginning of 1987 the EEC will decide whether it wants to continue dairy aid for this programme. This decision, which was first to be taken in April or May 1986, was postponed at least partly as the result of the campaigning on the issue of European non-governmental organizations (NGO's).

The European Parliament and the European Commission (the executive body of the EEC) are now first awaiting the results of an EEC/World Bank mission, which will evaluate the results of Operation Flood II. The mission will be in India between the middle of July and the end of August 1986 and probably present its report in October.

CAMPAIN

Pressure from European NGO's to reshape EEC's dairy aid policy towards India, has acquired a very broad base since the General Assembly of European Development NGO's adopted a resolution on the subject in April 1986. This General Assembly, consisting of national delegations representing around 600 organizations in Europe, called upon the EEC member states, the European Parliament and the European Commission 'agreedly to review the conditions under which any new aid (to India) may be given.' It called for the incorporation of four main principles and ten specific recommendations. The primary focus of the resolution is a reorientation of Operation Flood in favour of the rural poor, including a different use of the funds that are to be generated by EEC dairy aid. (for more information see Annex 1)

In the beginning of this year the European Action Group on Operation Flood was formed, consisting of representatives from five European countries. The aim of this group is to bring about a change in EEC's dairy aid policy towards India, in order to minimize its present negative effects on India's self-sufficiency in milk production and maximize the positive effects on small milk producers and poor consumers.

The Action Group for example had discussions with members of the European Parliament, officials from the EEC and the person of the Embassy of India in Brussels taking care of Operation Flood matters.

ICN is a voluntary organization (non-fund-raising) in solidarity with the oppressed in India.

In December 1985 the India Committee of the Netherlands (ICN) started its campaign 'EEC Milk Out Of India' with the publication of a 12-page campaign manifesto and the book 'India as EEC Milk Cow'. This campaign is aiming to stop the vicious circle of EEC dairy aid to, and animal feed imports from India. In this still ongoing campaign the main points for action are:

- phase out dairy aid to India within two years
- no dairy aid for bottle feeding in India
- no aid for exotic cross-breeding in India
- stop EEC animal feed imports from India

More information on these points can be found in the campaign manifesto 'EEC Milk Out Of India'. Comparing the 'points for action' of this campaign with the resolution of the joint European Development NGO's, it will be clear that the proposals of the first are more drastic.

One of the results of this campaign was a number of publications in the Indian press (including long articles in some newspapers of the dairy-state of Gujarat) and in the press of the Netherlands and other European countries. A letter of the ICN to three European Commissioners (a sort of ministers), resulted in a fast and quite extensive reply on behalf of all three by Commissioner Mr. Claude Cheysson. Although generally defending Operation Flood as a 'most successful example how food aid is used constructively in the service of development', he also states that "it is most likely that adjustments should be made to any prolongation of the programme".

The Embassy of India in Brussels reacted to the manifesto by distributing a 'Folder on some facts about Operation Flood', explicitly replying to the points raised by the ICN. Development Board (NDDB) and Dr. Kurien, chairman of the National Dairy Development Board (NDDB) and the Indian Dairy Corporation (IDC) - the organizations that are implementing Operation Flood - reacted furiously to the campaign in front of a number of journalists from the Netherlands. This press meeting took place when Queen Beatrix and Prince Claus from the Netherlands visited the NDDB in January this year. Kurien said that the four main points of criticism were absurd, but nevertheless had "serious implications that even the reduced food aid to finance the project might not come through in view of the massive propaganda launched against the project by certain groups in the Netherlands and West Germany". (Times of India, 18-1-1986)

There were also quite a few positive reactions from India to the campaign. For example, the Akhil Bharat Krishi-Goseva Sangh, a Gandhian organization which recently did a nation-wide study on the effects of exotic cross-breeding and published a book on it, wrote to the ICN: "we wholeheartedly support the campaign you have launched" and adds "it will not be an exaggeration to say that you have echoed in it the feelings of a vast majority of the people of this country". The National Dairy Employees Federation wrote the European Parliament and the European Commission that it has "every hope that the EEC will have an indepth look at the vast analytical literature that has come up on Operation Flood projects since 1978, despite efforts of the project authorities to destroy those who have expressed themselves honestly and disagree with both the planning and implementation of the project".

Also a number of social scientists and dairy experts wrote to the ICN that they agree with the campaign issues. Shanti George, who recently wrote a book on Operation Flood, did send a 13-page background document to the European Commission on the changes required in Operation Flood Phase III. The campaign 'EEC Milk Out Of India' also resulted in a number of questions of members of Parliament in India to the minister of Agriculture Mr. Bata Singh.

IMPACT

Where Operation Flood was non-controversial before in European Parliament and the European Commission, it now has become a subject of political debate. Both European institutions have become keenly interested in the subject.

The Committee on Development and Cooperation of the European Parliament had discussions on it, including a meeting with a delegation of the General Assembly and Liaison Committee (executive body) of European Development NGO's in which the above mentioned resolution was presented and discussed.

An important reason for the active interest of the European Parliament in a more indepth analyses of Operation Flood, is the fact that this programme is being propagated by the European Commission as a model for dairy aid to other developing countries. At the moment there are requests for this type of dairy aid from Sri Lanka, Pakistan and China.

The 'Delegation for relations with South Asia' of the Parliament visited India last May to get an on-the-spot impression of the working of Operation Flood. Their report will also be used by the Committee on Development and Cooperation. But before starting the next round of discussions on the issue this Committee first wants to await the results of the evaluation mission of EEC and World Bank.

On March 1986 the European Commission published its Report on Operation Flood II. It has the character of an interim report because the evaluation has to provide additional information.

Presenting the report to the press EEC Commissioner Claude Cheysson said that continuation of dairy aid to Operation Flood will only be possible on a multi-annual basis after the evaluation of Operation Flood II. He also said the EEC could not continue to give dairy aid on a year-to-year basis. This has been done for the last two years. The report shows that the EEC has supplied India with 242,000 tons of skimmed milk powder, 86,700 tons of butteroil and 1,500 tons of vegetable oil, which is for the first two products respectively 30% and 14% more than the quantities initially foreseen.

The present report is quite positive in its conclusions, but also admits that there are a number of shortcomings. According to the European Commission Operation Flood has received both 'unqualified praise and exaggerated criticism, without saying however that the Commission has been doing a lot of the unqualified praising itself.

In a more realistic tone the report is now stating :
" A Third Phase of Operation Flood has already been planned for another five years to reach a degree of self-propelled development and total self-sufficiency from external aid. But still, the targets fixed for the year 1990 seem to ambitious with respect to historical performance and predictable difficulties in achieving them."

Some other interesting statements in the report are :

- "The distribution of import food to needy people has been abandoned, this role having been left to other organizations and funding.
- The rate of acceptance by farmers of the services provided by the Unions or the Central Offices of the Cooperatives is not very high" of which one of the reasons according to the report is "low performance in providing services which have resulted in a very low credibility of various programmes among small producers.
- It might be, as remarked by the Jha committee report, that recourses have gone to freely in what might be called the hardware sector and not generously enough deployed in sustaining the inputs programme.
- Finally a crucial element is still missing from the production enhancement component of the OF project. This is the extension of credit to non-animal owners for acquiring animals.

-regions around the metro-cities, such as Delhi and Calcutta, where for political reasons consumers' prices have been fixed to low in relation to production, processing and distribution costs, making it necessary to extend a subsidy to the processing plant by pricing the donated commodities somewhat lower than they should have been, in order not to compete with domestic production.
- On the production and productivity enhancement aspects, the programme overall has shown the lowest rate of achievements with respect to targets.

- An irrefutable fact is the very low degree of acceptance of cross-bred cows, which do not reach 6% of milk animals in Operation Flood areas.

- Too much has been promised on the impact of social transformation.. However it could not be expected that by itself a sectoral cooperative could change the production structure and the distribution of productive assets, nor could it reverse established trends in the social distribution of wealth."

Of course also quite a few positive statements on Operation Flood can be found in the report. The core of these arguments might be seen in the statement which speaks of "... a considerable contribution to towards the betterment of many poor producers' families and the positive impact which comes from mobilisation of large numbers of people towards the objective of self-reliance.. " Contradicting other statements in the report the European Commission also says that EEC dairy aid did not have a depressive influence on prices and therefore on local production. The general conclusion is drawn that : " turning to Flood as a development project, the results so far are without any doubt good. This does not mean that, like all human enterprises, it could not be improved". The report however adds " The continuation of Operation Flood does not necessarily mean that food aid would be continued at the time when the local production of milk would be able to satisfy the demand."

CAMPAIGN TO CONTINUE

Judging from its report, the recent refusal to continue dairy aid on a year-to-year basis and the postponement of the decision on new multi-annual dairy aid until after the evaluation, the European Commission is already at least partly taken the broad-based criticism on EEC dairy aid to India into account. On the other hand it is of course difficult for the European authorities to drastically reconsider its ideas about Operation Flood and refuse a surplus commodity to a politically and economically important country like India. Pressure to continue dairy aid is of course also coming from the European dairy interests and the governments of EEC member countries. This was recently made very clear by the ministers of both Agriculture and Development Cooperation in the Netherlands, in their written reply to questions of two members of Parliament. The ministers jointly stated : " A proposal from the European Commission for possible new dairy aid, will be evaluated in the usual way. In doing so the consequences for the international dairy market of an eventual stopping of dairy aid to India, will play a role as well."

Campaigning to phase out dairy aid to India and review conditions for any additional dairy aid will continue. All concerned individuals and organisations in India and the EEC member countries can join this campaign. More information can be sent to you on request. Please write to :

India Committee of the Netherlands
Oude Graacht 36
3511 AP Utrecht
The Netherlands