



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.03.2005
COM(2005) 95 final

Proposal for a

COUNCIL DECISION

**establishing the position to be adopted on behalf of the Community
in the International Grains Council and in the Food Aid Committee**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The International Grains Agreement 1995, is made up of two parts: the Food Aid Convention 1999 and the Grains Trade Convention 1995.

The Food Aid Convention of 1999 (FAC) was concluded by the Community by Council Decision 2000/421/EC. That Agreement remains in force until 30 June 2005, following its extension by decision of the Food Aid Committee on 23 June 2003.

The Grains Trade Convention of 1995 (GTC) was extended by decision of the Grains Trade Council on 24 June 2003 until 30 June 2005.

According to the interest of both the Commission and the Member States, some specific changes to the current FAC are required. It is a general agreement that these changes should be discussed amongst the members, within the FAC, during the last allotted two years extension. However, the linkages of these issues with the negotiations currently underway in the WTO Doha Development Agenda, including the discussions on the rules and disciplines applicable to all food aid in this framework, make it premature to agree on the above changes at this stage.

It therefore proves convenient to further extend both conventions until the successful outcome of the WTO negotiations, and for a period of up to two years. To this purpose, the decision authorising the Commission to negotiate, on behalf of the European Community, the revision of the Food Aid Convention 1999, adopted by the Council on 27 November 2003 will implicitly have to remain applicable until the end of the proposed extension of the FAC.

Financial implications

The Community contribution to the administrative budget of the International Grains Agreement, which covers the two conventions, is entered under item 05 06 01 (ex B7-8210) of the European Union budget (International agricultural agreements). The EC commitment to provide food aid under the Food Aid Convention implies expenditure under items 21 02 01 (products mobilised under the Food Aid Convention) and 21 02 02 (other aid in the form of products, support operations and transport, distribution, flanking measures and measures to monitor implementation).

Conclusions

- The Commission proposes that the Council authorise the Commission to vote on behalf of the European Community, in accordance with Article XXV(b) of the Food Aid Convention 1999, in favour of the further extension of this Convention, for a period of up to two years.
- The Commission proposes that the Council authorise the Commission to vote on behalf of the European Community, in accordance with Article 33(2) of the Grains Trade Convention 1995, in favour of the further extension of this Convention, for a period of up to two years.

The extension of both agreements is in the interest of the Community. Taking the above prorogation into consideration, it is agreed upon that the mandate given by the Council to the Commission to negotiate the revision of the FAC, is hereby applicable for the same period.

Proposal for a

COUNCIL DECISION

**establishing the position to be adopted on behalf of the Community
in the International Grains Council and in the Food Aid Committee**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 181 in conjunction with Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Food Aid Convention 1999 was concluded by the Community by Council Decision 2000/421/EC¹ and extended by decision of the Food Aid Committee in June 2003. This Agreement remains in force until 30 June 2005. A further extension of up to two years of this agreement is in the interest of both the Community and its Member States. The Commission, which represents the Community in the Food Aid Committee, should therefore be authorised by a Council Decision to vote in favour of such extension.
- (2) The Grains Trade Convention 1995 was concluded by the Community by Council Decision 96/88/EC², amended and extended in June 1999 by Council Decision 1999/C262/01 for a two-year period³. This Agreement was last extended again by decision of the Grains Trade Council in June 2003 and remains in force until 30 June 2005. A further extension of up to two years of this agreement is in the interest of both the Community and its Member States. The Commission, which represents the Community in the Grains Trade Convention, should therefore be authorised by a Council Decision to vote in favour of such extension,

¹ OJ L 163, 4.7.2000, p. 37.

² OJ L 21, 27.1.1996, p. 47.

³ OJ C 262, 16.9.1999, p. 1.

HAS DECIDED AS FOLLOWS:

Sole Article

1. The European Community is in favour of the extension of the Grains Trade Convention 1995 for a further period, up to two years.
2. The European Community is in favour of the extension of the Food Aid Convention 1999 for a further period, up to two years.
3. The Commission is hereby authorised to express this position within the International Grains Council and within the Food Aid Committee.

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

Policy area: External aspects of certain Community policies

Activities: International Agricultural Agreements

TITLE OF ACTION: EUROPEAN COMMUNITY CONTRIBUTION TO THE INTERNATIONAL GRAINS COUNCIL

1. BUDGET LINE + HEADING: ARTICLE 05 06 01 (EX B 7-8210): INTERNATIONAL AGRICULTURAL AGREEMENTS

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): EUR 930 000 for the two years extension.

2.2. Period of application: 1.7.2005 to 30.6.2007

2.3. Compatibility with the financial programming and the financial perspective

X Proposal compatible with the existing financial programming

2.4. Financial impact on revenue

X No financial implications (involves technical aspects regarding implementation of a measure)

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA participation	Participation applicant countries	Heading Financial Perspective
Comp	Diff	NO	NO	NO	4 External action

4. LEGAL BASIS

Article 181 of the Treaty in conjunction with Article 300(2).

Council Decisions 96/88/EC of 27.1.1996 (OJ L 21 of 27.1.1996), 2001/C 195/01 (OJ C 195 of 11.7.2001) and 2000/421/EC (OJ L 163 of 4.7.2000).

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

Because of its economic importance, especially in the agricultural sector, the EC must be represented in international agricultural agreements, which represent an important means for following global developments and defending Community interests for the products concerned.

The payment of EC membership contributions enables the objectives of the International Grains Council (IGC) to be attained. The IGC, which is responsible for administering the Agreements relating to the Grains Trade Convention, 1995 and the Food Aid Convention,

1999, promotes the objectives of the Agreements, including international cooperation, exchange of statistical information and forecasting market trends, etc., and for the Food Aid Convention the guarantee that developing countries are ensured a minimum amount of food aid by the European Union. It is therefore in the interests of the EC to be a part of the Agreements.

The membership contributions are determined on an annual basis and are due for as long as the EC is a member of the Agreements.

It is clear that if the EC had to carry out on its own the same actions as are carried out by the IGC, the total cost of these would be much greater than the cost of the membership contributions.

5.2. Actions envisaged and arrangements for budget intervention

The EC pays membership dues on an annual basis for the International Grains Council.

The dues are paid for as long as the EC remains a signatory to the Agreements.

The European Community and the Member States participate fully in the activities of the IGC and take full advantage of the benefits of membership.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B

Commitments (to the 3rd decimal place): EUR 0.930 million for the period of two years. €0.465 million cost is estimated for each year.

6.2. Calculation

The expenditure involved in the application of the two Conventions is covered by annual contributions from all members of the Grains Convention. The contribution of each member for each financial year is fixed in proportion to the number of votes attributed to that member in relation to the total number of votes held by members. The number of votes attributed to each member is adjusted on the basis of the composition of the IGC when the budget for the financial year in question is adopted. There is a total of 2 000 votes in the Convention, of which the European Union holds 410 for 2004/05 (after enlargement). The same figure is projected for 2005/06 and for 2006/07. The estimated cost per vote for the period of extension is €1 134 (410 votes x €1 134/vote = €465 000).

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Type of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A	0.2	-	0.2	<i>Preparation for attendance at and follow up from meetings of the IGC</i>
	B	0.1	-	0.1	
	C	-	-	-	
Other human resources		-	-	-	
Total		0.3	-	0.3	

7.2. Overall financial impact of human resources

Type of human resources	Amount in EUR	Method of calculation *
Officials Temporary staff	32 400	0.3 x 108 000
Other human resources		
Total	32 400	

* Human resources and administrative requirements will be covered from the allocation given to the managing DG under the annual allocations procedure. The amounts are total expenditure for twelve months.

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The Commission services will participate fully in the Administrative Committees and Council of the IGC; these are the bodies responsible for determining budgetary contributions.

A report of these meetings and of the decisions taken in the course of these meetings is published and is freely available to members.

8.2. Details and frequency of planned evaluations

In view of the specific nature of the proposed intervention (extension of Community contribution to the administrative budget of the International Grains Agreement) and of the relatively small sum involved, an external evaluation does not seem justified. The relevance and usefulness of continuing with a contribution to the administrative budget of this Agreement will be evaluated internally, at regular intervals, by means of active Commission involvement in the management committees and in the International Grains Council.

9. ANTI-FRAUD MEASURES

The execution and the control of EC contributions are checked in conformity with the rules foreseen by the IOOC Agreement.

Specific modalities of audit and control are laid down within the legal basis of this international organisation.

The accounts of this organisation are certified by an independent external auditor. This certification is submitted to the competent body of the IOOC in view of its approval and subsequent publication.