



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.6.2003
COM(2003) 308 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 Grains Trade Convention, 1995 and the Food Aid Convention, 1999.

The Food Aid Convention of 1999 was concluded by the Community by Council Decision 2000/421/EC. That Agreement remains in force until 30 June 2003, following its extension by decision of the Food Aid Committee on 9 December 2002. Although, according to the interest of both the Commission and Member States, some specific changes to the current Convention are required, it is a general agreement that these changes should be discussed amongst the members within the Food Aid Convention during the next two years. Therefore, the extension of this Convention may be achieved by decision of the Food Aid Committee.

The Grains Trade Convention of 1995 was extended in 2001 for two years. This Convention expires in June 2003 unless it is extended for a period of no more than two years.

Financial implications

The Community contribution to the administrative budget of the International Grains Agreement, which covers the two Conventions, is entered under item B7-8210 of the European Union budget.

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 extension of this Convention for a period of up to two years.
- Independently of this position, 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 extension of this Convention for a period of up to two years.

The extension of both agreements is in the interest of the Community. The Commission, which represents the Community in the Food Aid Committee and in the International Grains Council, should therefore be authorised by a Council Decision to vote in favour of such extension.

Proposal for a

COUNCIL DECISION

**establishing the position to be adopted on behalf of the Community
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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 December 2002. That Agreement remains in force until 30 June 2003, unless it is extended beyond that date by decision of the Food Aid Committee for a period of no more than two years. The extension of that 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 extended again by decision of the International Grains Council in June 2001 and remains in force until 30 June 2003, unless it is extended beyond that date for a period of no more than two years. The extension of that 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 of up to two years.
2. The European Community is in favour of the extension of the Food Aid Convention, 1999 for a further period of 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 B7-8210: INTERNATIONAL AGRICULTURAL AGREEMENTS

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): EUR 850 000 for the two years extension

2.2. Period of application: 1.7.2003 to 30.6.2005

2.3. Compatibility with the financial programming and the financial perspective

Proposal compatible with the existing financial programming

2.4. Financial impact on revenue:

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 Decision 96/88/EC of 27.1.1996 (OJ L 21 of 27.1.1996), Council Decision 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 0.850 million for the period of two years of which 0.400 million for 2003 and 0.450 million for 2004.

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 on the basis of a cost of GBP 655 per vote for 2002/03. 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 411 for 2002/03 but 379 are projected for 2003/04 and 409 are projected for 2004/05 (after enlargement). An increase of 5% for 2004/05 is projected in the rate of contribution per vote. This 5% increase is divided into two parts of 2,5% each during the period of extension. The cost is, therefore, $379 \times \text{GBP } 671 = \text{GBP } 254\,451$ for 2003/04 and $411 \times \text{GBP } 688 = \text{GBP } 282\,665$ for 2004/05 (EUR 832 529.80 at an exchange rate of 1.55 € = 1 GBP). The estimated cost is rounded up in order to cover fluctuations in the exchange rate of pound sterling and any amendment in the number of votes.

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 at them 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

Payments will only be made directly to the bank account of the IGC on receipt of a written request, after verification that the request coincides with the figure agreed by the International Grains Council.