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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.2.2009
COM(2009) 46 final

Proposal for a

COUNCIL DECISION

establishing the position to be adopted on behalf of the Community within the Food Aid Committee as regards the extension of the Food Aid Convention, 1999

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

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 Convention remains in force until 30 June 2009, following its extension by decision of the Food Aid Committee at its 98th session on 6 June 2008.

The Grains Trade Convention of 1995 (GTC) was extended until 30 June 2009 by decision of the International Grains Council (IGC) at its 25th session on 11 June 2007. A further extension of the Grains Trade Convention 1995 for two years will be decided at the IGC meeting in June 2009.

The Commission acts on behalf of the European Community, under the authorisation to negotiate the revision of the Food Aid Convention 1999, conferred on it by Council Decision on 27 November 2003.

In the interest of both the Community and the Member States, some essential changes to the current FAC are required. There is a general agreement that these changes should be discussed amongst the other FAC members, a process which has started informally in November 2008 within the FAC framework. Formal renegotiations of FAC have, so far, been deferred with a view to taking into account the outcome of the negotiations of the ongoing WTO Doha Development Agenda. Whilst the aim is to include the results from the ongoing WTO DDA negotiations, due to the significant time which has elapsed since the last time the FAC was renegotiated as well as the unpredictable timeframe for the conclusion of these negotiations, the Commission, on behalf of the European Communities and its Member States, has insisted together with the other FAC members at the FAC meeting on 9 December 2008 in London on the urgency to commence the FAC renegotiation process as soon as possible.

Given that the starting date of the re-negotiation will ultimately be decided by a common agreement of all FAC Members, an extension of the FAC for one year maximum seems, therefore, unavoidable. Otherwise the current FAC would elapse at the end of June 2009 with the negative consequences that this will signal.

Therefore a one year extension would send out a right message regarding the renegotiation of the FAC, and allow enough time for the actual renegotiation process of the FAC to take place.

- **Existing provisions in the area of the proposal**

Council Decision 2000/421/EC

Council Decision 2006/906/EC

Council Decision 2007/317/EC

- **Consistency with the other policies and objectives of the Union**

This decision is consistent with the Grains Trade Convention 1995 that remains in force until 30 June 2009. A further extension for two years of the Grains Trade Convention 1995 will be decided at the IGC meeting in June 2009.

2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

At the Council Working Group on Food Aid on 12 November 2008, Member States were favourable to a Community position regarding the prolongation of the Food Aid Convention, 1999 for a period of one year, i.e. until 30 June 2010 to be decided at the next Food Aid Convention 1999 meeting in London on 5 June 2009.

Collection and use of expertise

There was no need for external expertise.

- **Impact Assessment**

Not applicable.

3. LEGAL ELEMENTS OF THE PROPOSAL

- **Legal basis**

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

- **Subsidiarity**

The proposal falls under the mixed competence of the Community.

- **Proportionality**

The proposal complies with the proportionality principle.

- **Choice of instrument**

Proposed instruments: Council Decision

Other means would not be adequate for the following reason: it is the only way to adopt the European Community's position to be expressed within the Food Aid Committee.

4. BUDGETARY IMPLICATIONS

The Food Aid Convention may only be extended when the Grains Trade Convention 1995 exists for the same period. The contribution to the administrative budget of the International Grains Agreement also covers the Food Aid Convention 1999. That contribution is budgeted under item 05 06 01 of the Community budget (International agricultural agreements). The estimated cost of this proposal is EUR 0.450 million and will be updated and taken into consideration at the moment of the extension of the Grains Trade Convention 1995. A Financial Statement is attached to the Decision to extend the Grains Trade Convention 1995.

The extension of the Food Aid Convention 1999 means that yearly commitments to provide food aid by the European Community and its Member States under Article III(e) of the Convention will be extended for one year only. In line with the agreement between the European Commission and the Member States the Commission has taken responsibility for part of the minimum commitments taken by the EC and its Member States within the Food Aid Convention. A single FAC notification is consolidated together with EU Member States and does not indicate separate operations. The FAC (article V1) provides for carryover and carry forward but this has never been invoked.

CONCLUSIONS

The Commission proposes that the Council authorises 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 one year, i.e. until 30 June 2010, subject to that the Grains Trade Convention 1995 remains in force until and including that date as stipulated in Article XXV(a) of the Food Aid Convention 1999.

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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), second paragraph, thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Food Aid Convention 1999 (hereinafter: the "Convention") was concluded by the Community by Council Decision 2000/421/EC¹ and extended by decisions of the Food Aid Committee in June 2003, June 2005, June 2007 and June 2008 so as to remain in force until 30 June 2009.
- (2) A further extension of one year of the Convention is in the interest of both the Community and its Member States. Pursuant to Article XXV(b) of the Convention, that extension is conditional upon the remaining in force, for the same period, of the Grains Trade Convention 1995. The Grains Trade Convention 1995 remains in force until 30 June 2009, and a further extension is envisaged. 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.

HAS DECIDED AS FOLLOWS:

Sole Article

The European Community's position within the Food Aid Committee shall be to vote in favour of the extension of the Food Aid Convention 1999 for a period of one year, subject to that the Grains Trade Convention 1995 remains in force during the same period, i.e. until 30 June 2010. A further extension of the Grains Trade Convention 1995 will be decided at the International Grains Council (IGC) meeting in June 2009.

¹ OJ L 163, 4.7.2000, p. 37.

The Commission is hereby authorised to express this position within the Food Aid Committee.

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

Policy area: Agriculture and Rural Development

Activity: International aspects of Agriculture and Rural Development policy area

TITLE OF ACTION: EXTENSION OF THE FOOD AID CONVENTION 1999

(COMMUNITY CONTRIBUTION TO THE INTERNATIONAL GRAINS COUNCIL)

1. BUDGET LINE + HEADING

Heading 4 – The EU as a global partner
05 06 01: International agricultural agreements

2. OVERALL FIGURES

2.1. Total allocation for action: The amount estimated for one year extension is EUR 450 000.

2.2. Period of application: 1.7.2009 to 30.6.2010 (budget 2010)

2.3. Compatibility with the financial programming and the financial perspective

Proposal compatible with the existing financial programming

2.5. 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 The EU as a global partner |

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 interest of the EC to be a part of the said 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

Commitments (to the 3rd decimal place): The cost estimated of this proposal is € 0.450 million.

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 399 for 2007/8. The same figure is projected for 2009/2010. The estimated cost per vote for the period of extension is €1 128 (399 votes x €1 128/vote = €450 000). This amount being indicative could be updated in the upcoming proposal for the extension of the Grains Trade Convention, 1995.

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

| Types of post | | Staff to be assigned to management of the action using existing resources and/or additional resources | | Total | Description of tasks deriving from the action |
|----------------------------------------|---|-------------------------------------------------------------------------------------------------------|---------------------------|-------|-----------------------------------------------------------------------------|
| | | Number of permanent posts | Number of temporary posts | | |
| Permanent 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 EUR | Method of calculation* |
|------------------------------|------------|------------------------|
| Officials Temporary staff | 36 600 | 0.3 x 122 000 |
| Other human resources | | |
| Total | 36 600 | |

* 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 IGC 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 IGC in view of its approval and subsequent publication.