



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23.8.2006
COM(2006) 464 final

2006/0157 (ACC)

Proposal for a

COUNCIL DECISION

**regarding the position to be taken by the Community within
the International Coffee Council on the extension of the International
Coffee Agreement, 2001**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The International Coffee Agreement of 2001 was concluded for the European Community by Council Decision 2001/877/EC of 24 September 2001. The Agreement entered into force provisionally on 1 October 2001 and definitively on 17 May 2005. It is due to expire on 24 September 2007 unless it is extended.

At the meeting of the International Coffee Council scheduled in London in September 2006 members may be requested, under the provisions of Article 52(2) of the Agreement, to adopt a resolution providing for the extension of the current Agreement of 2001 for one or more periods not exceeding six years in total, in order to allow sufficient time for the negotiation of amendments or a successor Agreement.

The contracting parties must notify the UN headquarters in New York that they accept an extension before the current Agreement expires. In the case of the European Community, participation in the Agreement is in accordance with its exclusive competence. However, Decision 2001/877/EC also authorises the Member States to conclude the Coffee Agreement of 2001 at the same time as the Community, so as to avoid any temporary operational difficulties. Therefore, it might also be necessary for certain Member States to initiate their domestic constitutional procedures in order to accept an extension of the Coffee Agreement of 2001.

Under the legal basis, the proposed decision does not change the European Community's contribution to the Administrative budget of the International Coffee Organisation, which remains due for every coffee year.

The purpose of this proposal is to authorise the European Community to vote in favour of extending the Agreement.

The Commission therefore suggests that the Council adopts the attached decision.

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**regarding the position to be taken by the Community within
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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 in conjunction with Article 300(2) thereof,

Having regard to the proposal from the Commission¹,

Whereas:

- (1) The International Agreement on Coffee of 2001 has been signed and concluded on behalf of the European Community on 24 September 2001 by Council Decision 2001/877/EC².
- (2) Under the provisions of Article 52(1) and (2), the International Coffee Agreement of 2001 is due to expire on 30 September 2007 unless it is extended beyond that date by decision of the International Coffee Council for one or more periods not exceeding six years in total.
- (3) The contracting parties of the International Coffee Agreement of 2001 must notify the United Nations headquarters in New York if they accept an extension of the Agreement.
- (4) The extension of that Agreement is in the interest of the European Community.
- (5) The European Community's position in the International Coffee Council should be determined,

¹ OJ C ...

² OJ L 326, 11.12.2001, p.22

HAS DECIDED AS FOLLOWS:

Sole Article

The European Community's position within the International Coffee Council shall be to vote in favour of extending the International Agreement on Coffee, 2001, for one or more periods not exceeding six years and to notify this extension to the United Nations Secretary-General.

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

This document is intended to accompany and complement the Explanatory Memorandum. As such, when completing this Legislative Financial Statement, and without prejudice to its legibility, an attempt should be made to avoid repeating information contained in the Explanatory Memorandum. Before filling in this template, please refer to the specific Guidelines that have been drafted to provide guidance and clarification for the items below.

1. NAME OF THE PROPOSAL:

Proposal for a Council Decision regarding the position to be taken by the Community within the International Coffee Council on the extension of the International Coffee Agreement of 2001

2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

External Relations, Development and relations with ACP countries. Obligations vis à vis of the International Commodities organisations

3. BUDGET LINES

3.1 Budget lines (operational lines and related technical and administrative assistance lines (ex- B..A lines)) including headings :

21 07 04 Commodities agreement

3.2 Duration of the action and of the financial impact:

Maximum Six years unless the Agreement is renegotiated in the meantime

3.3 Budgetary characteristics (*add rows if necessary*) :

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
	Comp	Diff ³ /	NO	NO	NO	No [4]

³ Differentiated appropriations

4. SUMMARY OF RESOURCES

4.1 Financial Resources

4.1.1 Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
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Operational expenditure⁴

Commitment Appropriations (CA)	8.1	a	1,250	1,312	1,378	1,447	1,519	1,595	8,501*
Payment Appropriations (PA)		b	1,250	1,312	1,378	1,447	1,519	1,595	8,501

* The calculation takes into account an annual average of increase equal to 5%.

Administrative expenditure within reference amount⁵

Technical & administrative assistance (NDA) *	8.2.4	c							
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* No need for technical and administrative assistance

TOTAL REFERENCE AMOUNT

Commitment Appropriations		a+c	1,250	1,312	1,378	1,447	1,519	1,595	8,501
Payment Appropriations		b+c	1,250	1,312	1,378	1,447	1,519	1,595	8,501

Administrative expenditure not included in reference amount⁶

* No need for technical and administrative assistance

Human resources and associated expenditure (NDA)	8.2.5	d							
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e							

⁴ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

⁵ Expenditure within article xx 01 04 of Title xx.

⁶ Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources		a+c+d+e	1,250	1,312	1,378	1,447	1,519	1,595	8,501
TOTAL PA including cost of Human Resources		b+c+d+e	1,250	1,312	1,378	1,447	1,519	1,595	8,501

Co-financing details

No co-financing

4.1.2. *Compatibility with Financial Programming*

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement⁷ (i.e. flexibility instrument or revision of the financial perspective)

4.1.3. *Financial impact on Revenue*

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

4.2. **Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.**

The needs for human and administrative resources shall be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure.

⁷ See points 19 and 24 of the Interinstitutional agreement.

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term.

Mandatory obligation to be member to the Coffee Agreement by virtue of a Council Decision.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy.

The present membership to the Coffee Organisation derives from the broader approach always followed by the Community in signing and concluding international commodity agreements once negotiated, as a tool for facilitating exchanges and trade relations among importers and exporters. This facilitates development and responds to the mandate of DG DEV to contribute to policy formulation in several Community policies such as trade, environment, agriculture, and sustainable development as well as other policies with an external dimension. In the particular case of the present international agreement, the Council has also recognised the exclusive competence to the Commission on the basis of Art.133. The main objectives of the agreement are: promote international cooperation in coffee matters; provide forum for intergovernmental consultations; search ways to achieve a reasonable balance between supply and demand of coffee at fair prices to consumers and remunerative to producers; facilitate expansion and transparency of the international trade of coffee; encourage members to develop a sustainable coffee economy. The nature of the present agreement is political, administrative and economic. We consider that a clear positive indicator to measure the achievements of these targets is the unanimous satisfaction of the members to continue the international cooperation through the present agreement.

The proposal is coherent with other financial instruments ensuring the EC participation to international organisations. No synergies possible at the present stage.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

Within the ABM framework, the present proposal responds to the objective of developing the Commission's role as an intellectual focal point for development and ensures effective participation in the international policy debate.

The main output indicator could be considered the EU positions for major international initiatives, Conventions, fora and platforms agreed with MS. The impact indicator may be considered the reflection of the EU positions in international partnerships and funds as well as international fora.

Looking to the proposal, its objective is to allow the Commission, acting on behalf of the Community, to express the will for an extension of the coffee agreement and by that, ensuring the continuation of the agreement to be in force for a period not exceeding six years. The purpose for extending the validity, will give time for undertaking a negotiation for amending the current agreement or renegotiating a new legal instrument before the end of its duration. Therefore there is an interest of the Commission, within its own competencies, to propose the present decision in conformity with the mandate received by the Member States.

5.4. Method of Implementation (indicative)

Show below the method(s)⁸ chosen for the implementation of the action.

	↑ Centralised Management		
	X Directly by the Commission		
		↑ Indirectly by delegation to:	
		↑	Executive Agencies
		↑	Bodies set up by the Communities as referred to in art. 185 of the Financial Regulation
		↑	National public-sector bodies/bodies with public-service mission
	↑ <i>Shared or decentralised management</i>		
		↑	With Member states
		↑	With Third countries
	↑ <i>Joint management with international organisations (please specify)</i>		

Relevant comments:

⁸ If more than one method is indicated please provide additional details in the "Relevant comments" section of this point

6. MONITORING AND EVALUATION

6.1 Monitoring system

The Commission Services attend regularly the Council sessions as well as the financial Committee of the International Coffee Organisation. These two bodies are mandated to propose and approve the administrative budget and the inherent contributions. The administrative budget, its utilisation, the financial status of the expenditures and accounts of the International Coffee Organisation are at the disposal of the members.

6.2. Evaluation

6.2.1 Ex-ante evaluation

Evaluation of the compatibility of the annual proposal with our financial policy

6.2.2 Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

This exercise is carried out, if necessary, at the moment of a renegotiation

6.2.3 Terms and frequency of future evaluation

7. ANTI-FRAUD MEASURES

The Commission will ensure the constant monitoring of the administrative management of the financial resources of the International Coffee Organisation.

If so required, the International Coffee Organisation is willing to grant the access to its records and books to OLAF as well as to all other financial and audit services if so required by the Commission.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year n		Year n+1		Year n+2		Year n+3		Year n+4		Year n+5 and later		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No.1 ⁹	Contributions to the International Commodities Organisations		1	1,250	1	1,312	1	1,378	1	1,447	1	1,519	1	1,595	6	8,501
TOTAL COST	1		1	1,250	1	1,312	1	1,378	1	1,447	1	1,519	1	1,595	6	8,501

⁹ As described under Section 5.3

8.2 Administrative Expenditure

8.2.1 Number and type of human resources

The needs for human and administrative resources shall be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure. The staff and the administrative expenditure are included in the normal allocation of the DG.

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff ¹⁰ (XX 01 01)	A*/AD						
	B*, C*/AST						
Staff financed ¹¹ by art. XX 01 02							
Other staff ¹² financed by art. XX 01 04/05							
TOTAL							

8.2.2 Description of tasks deriving from the action

Attendance to meetings, study of documents, discussion with Member States in Council and finally negotiations within the International Coffee Organisation.

8.2.3 Sources of human resources (statutory)

(When more than one source is stated, please indicate the number of posts originating from each of the sources)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n

¹⁰ Cost of which is NOT covered by the reference amount

¹¹ Cost of which is NOT covered by the reference amount

¹² Cost of which is included within the reference amount

- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

8.2.4 *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

No need

8.2.5 *Financial cost of human resources and associated costs not included in the reference amount.*

The needs for human and administrative resources shall be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure. The staff and the administrative expenditure are included in the normal allocation of the DG.