



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.11.2006
COM(2006) 678 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

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 2007, following its second extension by decision of the Food Aid Committee on 13 June 2005.

The Grains Trade Convention of 1995 (GTC) was extended by decision of the Grains Trade Council on 14 June 2005 until 30 June 2007. It is envisaged that the GTC will be further prolonged for a period up to 30 June 2009.

According to the interest of both the Commission and the Member States, some specific changes to the current FAC are required. Therefore, there is a general agreement that these changes should be discussed amongst the members, within renegotiations of the FAC. However, due to the linkages of these issues with the negotiations in the WTO Doha Development Agenda, it is premature to start renegotiations at this stage.

It is therefore considered necessary to further extend the Food Aid Convention for a period of up to one year. This would allow enough time for the renegotiation process of the FAC, also in respect of the outcome of the WTO negotiations. To this purpose, the Commission will act under the authorisation to negotiate, on behalf of the European Community, the revision of the Food Aid Convention 1999, conferred on it by Council Decision on 27 November 2003.

Financial implications

The extension of the Food Aid Convention entails the prolongation of the Community contribution to the administrative budget of the International Grains Agreement, which covers the two conventions. That contribution is budgeted under item 05 06 01 of the Community budget (International agricultural agreements). As regards the extension of the Grains Trade Convention 1995 which will be subject to a separate decision, the financial statement will include the financial impact part of the EC membership, that is estimated at €0.464 million for each year.

The extension of 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.

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 one year, i.e. until 30 June 2008, provided 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 and in June 2005, so as to remain in force until 30 June 2007.
- (2) A further extension of up to 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 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 further period, up to one year, on the condition that the Grains Trade Convention 1995 remains in force for the same period.

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

Done at Brussels,

*For the Council
The President*

¹ OJ L 163, 4.7.2000, p. 37.

LEGISLATIVE FINANCIAL STATEMENT

Policy area: Agricultural and Rural Development

Activity: International aspects of Agricultural and Rural Development policy area

TITLE OF ACTION: EXTENSION OF THE FOOD AID CONVENTION 1999

(COMMUNITY CONTRIBUTION TO THE GRAINS TRADE CONVENTION 1995)

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 (Part B):** EUR 0.464 million

2.2. **Period of application:** 1.7.2007 to 30.6.2008

2.3. **Overall multi-annual estimate on expenditure (EUR million):**

€0.464 million both for commitment and payments

2.4. **Compatibility with the financial programming and the financial perspective**

X Proposal compatible with the existing financial programming

2.5. **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 The EU as a global partner

4. LEGAL BASIS

Article 133 and 181 in conjunction with Article 300(2) of the Treaty.

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 to the International Grains Council (IGC) enables the objectives of the international agreements to be attained. The IGC which is responsible for administering the Agreement relating to the Grains Trade Convention 1995 and Food Aid Convention 1999, promotes the objectives of the Agreements, including international cooperation, exchange of statistical information, 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 these 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 of the Agreements.

The European Commission participates fully in the activities of the IGC and takes full advantage of the benefits of its membership.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B

Commitments (to the 3rd decimal place): EUR 0.937 million for the two years, since it is planned that the Grains Trade Convention, 1995 will be extended for two years. Therefore, regarding this proposal €0.464 million is estimated for a 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 the 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 IGC when the budget for the financial in question is adopted.

There is a total of 2000 votes in the Convention, of which the European Union holds 406 (after enlargement). The same figure is projected for 2007/2008. The estimated cost per vote for the period of extension is €1.143 resulting in a Community contribution of EUR 0.464 million.

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		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	35 400	0,3 x 118 000
Other human resources		
Total	35 400	

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

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

Reports on these meetings and of the decisions taken in the course of these meetings are published and are freely available to members.

9. ANTI-FRAUD MEASURES

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

Specific modalities of audit and control are laid down with in 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.