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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.5.2008  
COM(2008) 303 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 2008, following its extension by decision of the Food Aid Committee at its 96<sup>th</sup> session on 1 June 2007.

The Grains Trade Convention of 1995 (GTC) was extended by decision of the Grains Trade Council at its 25<sup>th</sup> session on 11 June 2007 until 30 June 2009.

In 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. Renegotiations of FAC have, so far, been put on hold with a view to taking into account the outcome of the negotiations of the WTO Doha Development Agenda. As desirable as it would be to include the results of the Doha negotiations because of the significant time which has elapsed as well as the unpredictable timeline for the conclusion of these negotiations, the Commission, on behalf of the European Communities and its Member States, will insist with the other FAC members at the next FAC meeting in June 2008 in London on the commencement of the FAC renegotiations process.

It is therefore considered necessary to further extend the Food Aid Convention for a period of one year. This would allow enough time for the renegotiation process of the FAC.

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.

- **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 remain in force until 30 June 2009.

### 2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

At the Council Working Group on Food Aid on 15 February 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 2009 to be decided at the next Food Aid Convention 1999 meeting in London in early June 2008.

- **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 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). The cost estimated of this proposal is EUR 0.440 million, but it has already been taken into consideration at the moment of the last extension of the Grains Trade Convention, 1995.

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. In view of increasing food prices and rising transport costs (due to high energy costs), which have an impact on the costs of meeting the Commission's commitments towards the Food Aid Convention 1999, the Commission is in the process of identifying the budgetary needs and ways to mobilise additional resources to address any possible shortfall in these commitments.

### **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 2009, since 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.

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**

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/EC<sup>1</sup> and extended by decisions of the Food Aid Committee in June 2003, June 2005 and June 2007, so as to remain in force until 30 June 2008.
- (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. 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, since the Grains Trade Convention 1995 remains in force for the same period, i.e. until 30 June 2009. The European Community's position within the Food Aid Committee shall be to request the commencement of a renegotiation of the Food Aid Convention 1999 without further delay. The EC will insist on the urgency to embark on the renegotiation process at the forthcoming FAC meeting in June 2008 with a target completion date of end June 2009, coinciding with the end of the extended Food Aid Convention 1999.

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<sup>1</sup> 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:** EUR 440 000 for the one year extension

**2.2. Period of application:** 1.7.2008 to 30.6.2009 (budget 2009)

**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 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**

Commitments (to the 3rd decimal place): The cost estimated of this proposal is €0.440 million (GBP 0.327 million), but it has already been taken into consideration at the moment of the last extension of the Grains Trade Convention, 1995.

While the subject of this decision is to extend the Food Aid Convention 1999, it should also be taken into consideration that, in view of increasing food prices and rising transport costs (due to high energy costs), the Commission is in the process of identifying the budgetary needs and ways to mobilise additional resources to address any possible shortfall in these commitments.

### **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 2006/07. The same figure is projected for 2008/09. The estimated cost per vote for the period of extension is €1 103 (399 votes x €1 103/vote = €440 000).



## 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	35 400	0.3 x 118 000
Other human resources		
Total	35 400	

\* 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 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.