



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 09.09.2005
COM(2005) 414 final

2005/0172 (ACC)

Proposal for a

COUNCIL DECISION

**establishing the Community position in respect of the prolongation
of the International Sugar Agreement, 1992**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. The International Sugar Agreement 1992 entered into force on 1 January 1993. It has been prolonged five times for a two-year period. This means that the Agreement is due to expire on 31 December 2005.
2. At the meeting of the International Sugar Council on 26 May 2005 it has been proposed to prolong the Agreement for a further two-year period until 31 December 2007 under the provisions of Article 45.2 of the Agreement.
3. The budgetary implications of this proposal are as follows:

The European Community's contribution to the administrative budget of the International Sugar Organisation is entered under budget line 05 06 01 (International agricultural agreements) on heading 4 of the financial perspectives (External Relations).

The budgetary implications of this agreement in 2006 were taken in consideration in the Preliminary Draft Budget of the European Communities and for 2007 they were foreseen and are compatible with the proposed financial perspectives.
4. The purpose of this proposal is to authorise the Commission to express a favourable opinion with regard to the prolongation of the International Sugar Agreement 1992 on behalf of the Community.

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of the International Sugar Agreement, 1992**

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission,

Whereas:

- (1) The International Sugar Agreement 1992 was approved on behalf of the European Economic Community by Council Decision 92/580/EEC¹, and was prolonged most recently in 2003 for an additional period of two years. This Agreement remains in force until 31 December 2005, unless it is prolonged beyond that date by decision of the International Sugar Council for a period of no more than two years.
- (2) If the EC has to carry out on its own the same actions as are carried out by the International Sugar Organisation, which is responsible for administering the Agreement, the total cost would be much greater than the cost of the membership contributions. Therefore the prolongation of the Agreement is in the interest of the Community.
- (3) The Commission, representing the Community in the International Sugar Council, should therefore be authorised to express a favourable opinion, including delivering a favourable vote, with regard to such a prolongation,

HAS DECIDED AS FOLLOWS:

¹ OJ L 379, 23.12.1992, p. 15.

Sole Article

The Commission is hereby authorised to express within the International Sugar Council on behalf of the European Community a favourable opinion, including delivering a favourable vote, with regard to the prolongation of the International Sugar Agreement 1992 for a period of up to two years after 31 December 2005.

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

Policy area: Agricultural and Rural Development

Activity: International Agricultural Agreements

TITLE OF ACTION: EUROPEAN COMMUNITY CONTRIBUTION TO THE INTERNATIONAL SUGAR ORGANISATION

1. BUDGET LINE + HEADING:

Heading 4 – External Relations

05 06 01: International agricultural agreements

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): EUR 930,000 for commitment

2.2. Period of application: 1.1.2006 to 31.12.2007

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

	2006	2007	Total
Commitments	0.460	0.470	0.930
Payments	0.460	0.470	0.930

(*) Account has been taken of the enlarged EUR-25 on the basis of ISO estimates of future contributions for the new Member States.

2.4. 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 External action

4. LEGAL BASIS

Article 133 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 enables the objectives of the International Sugar Agreement to be attained. The International Sugar Organisation, which is responsible for administering the Agreement, promotes the objectives of the Agreement, such as international cooperation, exchange of statistical information, forecasting market trends, etc. It is therefore in the interests of the EC to be a part of the Agreement.

The membership contributions are determined on an annual basis and are due for as long as the EC is a member of the Agreement.

It is clear that if the EC had to carry out on its own the same actions as are carried out by the ISO, 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 Sugar Agreement.

The dues are paid for as long as the EC remains a signatory to the Agreement.

The European Commission participate fully in the activities of the ISO and take full advantage of the benefits of membership.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B (*)

Commitments in EUR million (to the 3rd decimal place)

Breakdown	Year 2006	Year 2007	Total
EC Contribution	0.460	0.470	0.930
TOTAL	0.460	0.470	0.930

(*) Account has been taken of the enlarged EUR-25 on the basis of ISO estimates of future contributions for the new Member States.

6.1. Calculation

Each contribution is fixed in proportion to the number of votes attributed to the member concerned (out of a total of 2 000) and proportionally to its importance in the international market of sugar. For 2006 and 2007, the number of votes allocated to the Community is estimated at 542 resulting in a Community contribution of EUR 460 000 and 470 000 respectively.

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 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	0.3	–	0.3	<i>Preparation for attendance at and follow up from meetings of the ISO</i>
	B	–	–	–	
	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	32 400	0,3 x 108 000
Other human resources		
Total	32 400	

The amounts are total expenditure for twelve months.

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The ISO activities are closely followed by its members and EC fully participate in ISO's regular meetings. A report of ISO activities is regularly published.

9. ANTI-FRAUD MEASURES

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