

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 621 final

Brussels, 22nd October 1980

RECOMMENDATION FOR A COUNCIL DECISION
ON COMMUNITY PARTICIPATION IN THE COMMON FUND
FOR COMMODITIES AND THE SIGNING BY THE
COMMUNITY OF THE AGREEMENT ESTABLISHING THE FUND

(presented by the Commission to the Council)

COM(80) 621 final

1

EXPLANATORY MEMORANDUM

1. Conclusion of the Negotiating Conference on a Common Fund

The Negotiating Conference on a Common Fund for Commodities adopted the text of the Agreement on 27th June.

During the various negotiating sessions, the Community was able to take initiatives on a number of important points (payments to the Fund under commodity agreements, limitation of the financial contributions payable by small countries, establishment of a Consultative Committee for the Second Account, Community participation in the Fund, etc.).

The Fund's purpose is to encourage global action to improve market structures in international trade in commodities of interest to developing countries.

It is made up of two accounts. The First Account, which has a capital of US \$ 470 million, will be used to help finance arrangements for stocking commodities run by international commodity organisations. When they join, these bodies will have to make a payment of one-third of their maximum financial requirements. The Second Account, which will initially receive US \$ 280 million in voluntary contributions, will be used to help finance measures other than stocking such as research and development, productivity improvements, marketing and vertical diversification which are sponsored and followed up jointly by producers and consumers within the framework of an international commodity organisation.

2

In addition to those states listed in Schedule A to the Agreement, the participation of "any intergovernmental organisation of regional economic integration which exercises competence in fields of activity of the Fund" is allowed.

This formula was devised, in agreement with the Commission and the Member States, mainly to allow the Community to take part in the Fund.

The Agreement is open for signature from 1st October, 1980 until one year after it comes into force (which will be when at least ninety states have deposited their instruments of ratification). Any signatory state or signatory intergovernmental organisation may become a party to the Agreement by depositing an instrument of ratification, acceptance or approval until 18 months after the date of its entry into force.

II. Council in agreement on the mechanism for Community participation in the Fund.

Agreement has already been reached within the Council on the mechanism for Community participation in the Common Fund (doc. 7647/80 UNCTAD 25 of 5th June, 1980).

III. Commission Recommendation

It transpires from the foregoing that all the external and internal conditions which had to be satisfied for the Council to decide on participation by the Community, alongside the Member States, in the Common Fund have now been met.

Now that the prolonged negotiations on the implementation of a fundamental aspect of international economic co-operation, the foundations which were laid at UNCTAD IV in Nairobi, have been successfully concluded, the Commission regards it as highly desirable that the procedures required for the entry into force of the Agreement should be completed as soon as possible.

The Community, like the Member States, should therefore sign the Agreement at an early date and follow the normal practice of depositing its instrument of approval after all the Member States have completed their ratification procedures.

The Commission therefore recommends that the Council:-

- decide that the European Economic Community will become a member, alongside the Member States, of the Common Fund for Commodities from the start of its operations;
- decide that the European Economic Community should therefore sign the Agreement establishing the Common Fund for Commodities;
- authorise the President of the Council to designate the person who will sign the Agreement on behalf of the Community.