



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

THE EXTENSION OF THE INTERNATIONAL GRAINS AGREEMENT, 1995
AND THE NEGOTIATION OF A SUCCESSOR AGREEMENT

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I. Explanatory Memorandum

1. The International Grains Agreement, 1995, is made up of two parts: the Grains Trade Convention, 1995 and the Food Aid Convention, 1995.
2. The European Community, as well as Member States individually, are parties to the Agreement and members of both Conventions.
3. Both Conventions must be extended or replaced as from 1 July 1998. Extension may be affected simply by decisions of the International Grains Council and the Food Aid Committee. Replacement, on the other hand, requires negotiation of a new Agreement and new conventions.
4. During a series of informal meetings of members of the Conventions, it has emerged that there is a preference for an extension of both Conventions for a year. 1 July 1998 including 30 June 1999 and the negotiation of new Conventions during that period.
5. It is intended that negotiations should take place during this period in order to agree the texts of the new conventions. The Commission should participate in that negotiating work on behalf of the European Community.

II. Objectives with regard to the extension of the Agreement

6. It is intended that the International Grains Agreement will be extended for a year: 1 July 1998 including 30 June 1999.
The two separate legal instruments which form these Agreement will accordingly be extended for the same period.
Therefore each of the two Conventions shall be extended as follows:
 - a) The Grains Trade Convention 1 July 1998 including 30 June 1999
 - b) The Food Aid Convention 1 July 1998 including 30 June 1999

III. Objectives with regard to the negotiation of a new International Grains Agreement

7. Grains Convention from 1 July 1999 onwards
The majority of the provisions contained in the new Grains Convention will be the same in substance as those contained in the current Convention, therefore no substantial modifications are to be foreseen.
8. Food Aid Convention from 1 July 1999 onwards
The Convention could be amended along the following lines:
 - 1) To bring the Food Aid Convention in line with thinking on Food Aid as we approach the millennium.
 - 2) To meet the perceived need for a Food Aid Code of Conduct.

- 3) To meet the need for a reaction to the Singapore decision and the Marrakech declaration.

IV. Financial implications

9. The EC-15 contribution to the administrative budget, shown under item B2-5160 of the European Union budget, in principal will remain unchanged and at any event will not exceed the present level. On the contrary, a reduction of the contribution could be envisaged in case of new accessions to the Convention.

V. Conclusions

10. The Commission proposes to the Council to authorise the Commission to vote on behalf of the European Community.
 - a) according to Article 33 § 2 of the Grains Trade Convention in favour of the extension of this Convention for the period from 1 July 1998 to 30 June 1999;
 - b) according to Article XXII § 2 of the Food Aid Convention 1995 in favour of the extension of this Convention for the period from 1 July 1998 to 30 June 1999.
11. The Commission recommends to the Council to authorise the Commission to negotiate a successor agreement to the International Grains Agreement, 1995 and decide that the negotiations shall be conducted in consultation with the special committee provided for in Article 113 of the treaty and in accordance with the attached negotiating directives”.

NEGOTIATION DIRECTIVES

A) Grains Convention

The Grains Convention has been substantially modified in 1995. Therefore there are no important changes foreseen for the future Convention. A change in the depository Body could be examined in order to establish a better link with the World Trade Organisation.

B) Food Aid Convention

- 1) Incorporation of the proposed Food Aid Code of Conduct into the Convention
- 2) Widening coverage of the Convention to cover all products found in a traditional food aid food basket. Widening coverage should not solely be based on the wish to encourage new donors to join the Convention. Beneficiary needs must come first.
- 3) Limiting the Convention to grant food aid.
- 4) Limiting countries eligible as destinations under the Convention to least-developed countries and low-income countries with a structural food deficit.
- 5) Making clear provision for all forms of food aid to be eligible for inclusion under the Convention, including triangular purchases, local purchases, provision of foreign exchange for food purchases.
- 6) Making it easier for other donors to join the Convention, enlarging also the range of products by reducing the minimum commitment level. Attention needs to be given to the desirability of opening the Convention too widely and how this could affect the current consensus approach to decision-making.

FINANCIAL STATEMENT

Date:

1. BUDGET HEADING: B2 - 516

APPROPRIATIONS:

2. TITLE: Communication to the Council regarding EC participation in negotiation work on a New Agreement to replace the International Grains Agreement, 1995.

3. LEGAL BASIS: treating establishing the European Community, particularly Article 113.

4. AIMS: Authorization for the Commission to participate in the negotiation of a new agreement

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS (ECU million)	CURRENT FINANCIAL YEAR (97) (ECU million)	FOLLOWING FINANCIAL YEAR (98) (ECU million)	
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER				
5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIÉS/CUSTOMS DUTIES) - NATIONAL				
	1998	1999	2000	2001
5.0.1 ESTIMATED EXPENDITURE	430,500	430,500	430,500	430,500
5.1.1 ESTIMATED REVENUE				

5.2 METHOD OF CALCULATION:

Calculation based on experienced of budgetary policy of the Internation Grains Council in recent years, as well as the new calculation of contributionss that have been fixed by the agreement negotiated in 1995.

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? YES/NO

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? YES/NO

6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY? YES/NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? YES/NO

OBSERVATIONS:

The amount indicated cover the participation of the EC to the administrative budget of the Agreement.