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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	21 March 2022
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2022) 117 final
Subject:	Proposal for a COUNCIL DECISION concerning the conclusion of the amendments to the International Sugar Agreement, 1992

Delegations will find attached document COM(2022) 117 final.

Encl.: COM(2022) 117 final



EUROPEAN
COMMISSION

Brussels, 21.3.2022
COM(2022) 117 final

2022/0082 (NLE)

Proposal for a

COUNCIL DECISION

**concerning the conclusion of the amendments to the International Sugar Agreement,
1992**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- **Reasons for and objectives of the proposal**

The Union is a party to the International Sugar Agreement¹ ('the Agreement') and a Member of the International Sugar Organisation ('ISO'). By Council Decision (EU) 2017/2242 of 30 November 2017² and Council Decision (EU) 2019/2136³ the Commission was authorised by the Council to open negotiations with the other parties to the Agreement, with a view to modernise the Agreement, in particular as regards the discrepancies between the number of votes and financial contributions of Members and their relative position in the global sugar market.

The amendment of the Agreement was negotiated in consultation with the Working Party on Commodities (PROBA) and duly reflects the negotiating directives issued by the Council. Changes concern the following three areas: the administrative budget and contributions of Members under Article 25; the broadening of the objectives, studies, evaluations and the research activities, allowing for the inclusion of other sugar related products (in particular bioethanol) in the scope of Articles 1, 32, 33 and 34; and the rules for the appointment of the Executive Director under Article 23.

During the 59th meeting of the International Sugar Council on 26 November 2021, the International Sugar Council ('ISC') voted unanimously in favour of recommending the Members of ISO to amend the Agreement, in accordance with the outcome of the negotiations.

The objective of this Council Decision is to approve the amendments and designate the person(s) empowered to deposit, on behalf of the Union, the notification of acceptance of the amendment at the designated location.

2. LEGAL BASIS

In accordance with Articles 207(4) and 218(6) point (a)(v) of the TFEU, the Commission as the negotiator of the amendments to the Agreement should make a proposal to the Council to conclude, after the consent of the European Parliament, the amendments to the Agreement.

3. BUDGETARY IMPLICATIONS

Under current rules on financial contributions to the ISO, the Union's share of the financial contribution has remained practically the same since 1992, although the global sugar market,

¹ Council Decision of 13 November 1992 on the signing and conclusion of the International Sugar Agreement 1992 (92/580/EEC) (OJ L 379 of 23.12.1992, p.15).

² Council decision 2017/2242 of 30 November 2017 authorising the opening of negotiations to amend the International Sugar Agreement 1992 (OJ L 322, 7.12.2017, p. 29).

³ Council Decision (EU) 2019/2136 of 5 December 2019 authorising the opening of negotiations to amend the International Sugar Agreement 1992 (OJ L 324, 13.12.2019, p. 3–4).

and in particular the Union's relative position in it, has substantially changed since then. As a result, the Union has assumed a disproportionately large share of the budgetary costs⁴.

With the approval of the amendment of Article 25 of the Agreement, which governs the adoption of the administrative budget and contributions of Members, the calculation for distribution of votes will be better aligned with the current world sugar market. A transition period of maximum ten years is provided for, in which the annual change in the number of votes is limited to 15% in the first five years and 20% for the remaining part of the transition period. The change in the calculation method will lower the amount of votes for budgetary purposes distributed to the EU, which in turn will reduce the contribution of the EU to the ISO.

4. OTHER ELEMENTS

- **Detailed explanation of the specific provisions of the proposal**

In accordance with Article 44(1) of the Agreement, each Member shall notify the depositary of its acceptance of the amendment within the time fixed by the ISC. Following the timetable as agreed by the ISC, Members have until 25 November 2022 to obtain approval for the amendments in accordance with their constitutional procedures. After the approval is obtained, Members have to provide a depositary notification of acceptance of the amendments at the United Nations Secretary-General in New York before 30 June 2023.

⁴ The number of votes determined according to Article 25 together with the amount per vote are used to calculate the financial contribution of each Member to the ISO annual budget.

Proposal for a

COUNCIL DECISION

**concerning the conclusion of the amendments to the International Sugar Agreement,
1992**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(4) in conjunction with Article 218(6), second subparagraph, point (a)(v), thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament,

Whereas:

- (1) The Union is a Party to the International Sugar Agreement, 1992 ('the Agreement'), which was concluded by the Union by Council Decision 92/580/EEC¹ and a member of the International Sugar Organization ('ISO').
- (2) Based on the authorisation given by Council Decisions (EU) 2017/2242² and (EU) 2019/2136³, the Commission on behalf of the Union, negotiated with other ISO members to amend the Agreement, under the guidance of the United Nations Conference on Trade and Development.
- (3) The negotiations on the amendments to the Agreement have been completed and the wording was approved by the International Sugar Council during its 57th session in November 2020 and 58th session in June 2021.
- (4) Any amendments agreed upon in negotiations are to be recommended to the ISO members by the International Sugar Council in accordance with the procedure set out in Article 44 of the Agreement.
- (5) Council Decision (EU) 2021/1851⁴ authorised the Commission to vote in favour of recommending the ISO members to amend the Agreement, during the special vote that

¹ Council Decision of 13 November 1992 on the signing and conclusion of the International Sugar Agreement 1992 (92/580/EEC) (OJ L 379 of 23.12.1992, p.15).

² Council Decision 2017/2242 of 30 November 2017 authorising the opening of negotiations to amend the International Sugar Agreement 1992 (OJ L 322, 7.12.2017, p. 29).

³ Council Decision (EU) 2019/2136 of 5 December 2019 authorising the opening of negotiations to amend the International Sugar Agreement 1992 (OJ L 324, 13.12.2019, p. 3–4).

⁴ Council Decision (EU) 2021/1851 of 15 October 2021 on the position to be taken on behalf of the European Union within the International Sugar Council as regards amendments to the International Sugar Agreement 1992 and the timetable for their implementation (OJ L 374, 22.10.2021, p. 49–51).

took place at the 59th session of the International Sugar Council in November 2021. The International Sugar Council voted unanimously in favour.

- (6) Pursuant to Article 44(1) of the Agreement, each ISO Member is to notify the depositary of its acceptance of the amendments.
- (7) The amendments to the Agreement should be approved by the Union,

HAS ADOPTED THIS DECISION:

Article 1

The amendments to the International Sugar Agreement, 1992, are hereby approved on behalf of the Union.

The text of the amendments is attached to this Decision.

Article 2

The Commission shall, on behalf of the Union, notify the depositary of the acceptance of the amendments as provided for in Article 44(1) of the Agreement, with a view to expressing the Union's consent to be bound by the amended Agreement.

Article 3

This Decision shall enter into force on []⁵.

Done at Brussels,

For the Council
The President

⁵ The date of entry into force of the Agreement will be published in the Official Journal of the European Union by the General Secretariat of the Council.

FINANCIAL STATEMENT		FinancSt/10/ PSH/cl/830164		
		6.22.2022.1		
		DATE: 01.02.2022		
1.	BUDGET HEADING: 14 20 03 06 International organisations and agreements		APPROPRIATIONS: B2022 5 300 000 EUR	
2.	TITLE: Proposal for a Council Decision concerning the conclusion of the amendments to the International Sugar Agreement, 1992.			
3.	LEGAL BASIS: Article 207(4) and Article 218 (6) point (a)(v) of the Treaty on the Functioning of the European Union			
4.	AIMS: The objective of this Council Decision is to approve the amendments and designate the person(s) empowered to deposit, on behalf of the Union, the notification of acceptance of the amendment at the designated location, according to Article 44(1) of the Agreement. The amendment concerns the administrative budget and contributions of Members (Article 25); the broadening of the objectives, studies, evaluations and the research activities, allowing for the inclusion of other sugar related products (Articles 1, 32, 33 and 34), and the rules for the appointment of the Executive Director (Article 23). In particular, Article 25 offers a revised calculation method and a more effective updating adjustment mechanism in order to normalise the EU's share of the budgetary costs and responsibility within ISO.			
5.	FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2022 (EUR million)	FOLLOWING FINANCIAL YEAR 2023 (EUR million)
5.0	EXPENDITURE - CHARGED TO THE EU BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER	-	-	-
5.1	REVENUE - OWN RESOURCES OF THE EU (LEVIES/CUSTOMS DUTIES) - NATIONAL			
		2024 (EUR million)		
5.0.1	ESTIMATED EXPENDITURE	-		
5.1.1	ESTIMATED REVENUE			
5.2	METHOD OF CALCULATION:			
6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?			YES
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			-
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			-
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?			YES
OBSERVATIONS:				
The proposal may have financial consequences as of 2024 but these cannot be quantified at present. The Union's share of the financial contribution will vary depending on the final number of votes attributed to the EU				

after the amendment agreement. Most likely the EU share will decrease.