

Withdrawal of the European Union from the International Rubber Study Group (IRSG)

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PURPOSE: to propose the withdrawal of the European Union from the International Rubber Study Group.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: the International Rubber Study Group (IRSG) is an intergovernmental organisation established in 1944 and composed of rubber producing and consuming stakeholders. It provides a forum for the discussion on supply and demand issues for both natural and synthetic rubber.

By Council Decision 2002/651/EC, the European Community became a member of the IRSG. The accession of the EU as a single member dates back to 1 July 2011.

During the preparation of the amended IRSG constitution in 2011, the Commission has repeatedly stressed its concern on the **limited and declining relevance of IRSG** following the withdrawal in 2010-2011 of important member countries (USA, Thailand, Malaysia).

IRSG's current membership is representative of only about 10% of the world production and 25% of the world consumption of natural rubber, respectively.

In its [resolution](#) approving Council Decision 2012/283/EU on 2011 constitution, the European Parliament asked the Commission to work on the expansion of the membership of the International Rubber Study Group.

Therefore, the Commission called upon IRSG and its other members as well as industry to encourage non-member governments to join IRSG. However, despite repeated efforts by the IRSG Secretariat in the last four years, none of the potential new members that have been approached gave any reliable indication that they would be prepared to join the Group. There are no reasonable perspectives of this situation being reversed.

During a period marked by significant increases in natural rubber prices (mid-2008 to mid-2011), the IRSG was considered by industry as a tool to control excessive volatility in commodity prices. This argument is no longer valid given that the largest producers are no longer represented in the IRSG and that natural rubber prices have fallen to less than half the record level reached six years ago.

The Commission questions whether membership in IRSG remains a priority in the context of increasing budget restrictions and new challenges. This concern is reinforced by increasing membership fees, which are the consequence of the reduced number of member governments. For the financial year 2016/17, the EU contribution to the IRSG's budget was EUR 132 000 and will increase to EUR 135 000 for the next financial year (2017-2018).

For these reasons, the Commission considers that the EU should withdraw from the International Rubber Study Group.

CONTENT: the Commission proposes that the European Union **withdraws from the International Rubber Study Group**. It considers that the withdrawal of the EU is necessary in order to put an end to annual budgetary expenses that bring limited benefits, lower than those expected at the time when the European Community joined the IRSG.

BUDGETARY IMPLICATIONS: by withdrawing from the IRSG, the Union could **save over EUR 150 000 in annual contributions**, as well as the human and logistical resources needed to manage membership.