International Sugar Agreement, 1992: amendment

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PURPOSE: to approve the conclusion of the amendments to the 1992 International Sugar Agreement.

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 Union is a party to the International Sugar Agreement 1992, which was concluded by the Union under Council Decision 92/580/EEC, and a member of the International Sugar Organisation (the ISO).

On the basis of the authorisation given by Council Decisions (EU) 2017/2242 and (EU) 2019/2136, the Commission, on behalf of the Union, has been negotiating with other members of the ISO with a view to amending the Agreement under the guidance of the United Nations Conference on Trade and Development.

Negotiations on amendments to the Agreement have been completed and the wording was approved by the International Sugar Council at its 57th session in November 2020 and its 58th session in June 2021.

At its 59th Session, held on 26 November 2021, the International Sugar Council voted unanimously to recommend to ISO members that the Agreement be amended in accordance with the results of the negotiations.

CONTENT: the Commission proposes that the Council should decide to **approve, on behalf of the Union, the amendments to the International Sugar Agreement 1992**.

The objectives of the International Sugar Agreement of 1992 are:

- to ensure enhanced international cooperation in connection with world sugar and sweeteners matters as well as related issues, including bioenergy and fuel ethanol production from sugar crops;

- to provide a forum for intergovernmental consultations on sugar and sweeteners markets as well as markets for sugar industry by-products as well sugar-crop based fuel ethanol;

- to facilitate trade by collecting and providing information on the world sugar market and other sweeteners, as well as bioenergy and sugar-crop based fuel ethanol;

- to encourage increased demand for sugar and sugar crops, particularly for non-food uses.

The amendment concerns the administrative budget and contributions of members, broadening of the objectives, studies, evaluations and research activities, allowing for the inclusion of other sugar-related products and the rules for the appointment of the Executive Director.

In particular, Article 25 (adoption of the administrative budget and contributions of members) includes a **revised calculation method** and a **more effective adjustment mechanism** to standardise the Union's share of budgetary costs and responsibilities within the IOS.

The Council should appoint the Executive Director by special vote for a period of four years. The Council may reappoint the Executive Director by special vote for a second period of four years. The Executive Director should not be appointed for more than two terms.

BUDGETARY IMPLICATIONS: 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.

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.