International Grains Council

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I. Introduction

The International Grains Council (IGC) is an intergovernmental organization whose aim is to oversee the implementation of the 1995 Grains Trade Agreement (GTA). The GTA comprises two separate Conventions: the 1995 Grains Trade Convention and the 1999 Food Aid Convention. The first Convention, concluded at London on 7 December 1994, seeks to further market stability and international cooperation in grains trade, also enhancing world food security. In turn, under the 1999 Food Aid Convention (concluded at London on 5 December 1994), donors pledge to provide certain minimum amounts of food aid to developing countries in the form of grains, and other eligible products. ICG’s activities are thus closely related to the Food Aid Committee, which works in the implementation of the 1999 Food Aid Convention. The Council also analyzes and reviews global grain markets, monitors grain-related domestic and international policies, and sponsors grain-related projects funded by the UN Common Fund for Commodities. The ICG and the Food Aid Committee share the same Secretariat, headquartered in London.

II. Origins and Development

Comprehensive intergovernmental cooperation in grain trade began in 1933 with the Conference of Wheat Exporting and Importing Countries, held in London from 21–25 August of that year. The Conference was intended to deal with oversupply and low prices of wheat and, indeed, Article 1 of the Conference’s Final Act provided that:

The Governments of Argentina, Australia, Canada and the United States of America agree that the exports of wheat from their several countries during the crop year August 1st, 1933, to July 31st, 1934, shall be adjusted, taking into consideration the exports of other countries, by the acceptance of export maxima on the assumption that world import demand for wheat will amount during this period to 560,000,000 bushels (Société des Nations 1933).
Similar pledges were entered by Bulgaria, Hungary, Romania, Yugoslavia, and the USSR – the latter of which, however, did not define a specific cap of supply. Importing countries, in turn, agreed under Article 6, *inter alia*, that,

[… ] henceforth not to encourage any extension of the area sown to wheat and not to take any governmental measures, the effect of which would be to increase the domestic production of wheat (*Société des Nations*, 1933).

Such important promises were not to bear fruit. Importing countries were not willing to keep such limitations, and exporting countries did not limit their output as required. However, the London Conference did set the administrative layout for a Wheat Advisory Committee, which would be retaken as the blueprint for a fully functional international organization. In 1942, a Memorandum of Understanding was signed to establish an International Wheat Council (IWC), which was by then a mere mechanism for sharing information regarding price and output, yet had no competences regarding maximum quotas. That Council was integrated to the International Wheat Agreement, concluded in Washington on 6 March 1948 (*International Organizations* 1949). However, the 1948 IWC still lacked widespread ratification, so a new International Wheat Conference was summed in January 1949. This time, all important exporting and importing nations (with the exception of the USSR and Argentina) joined in, thus adopting the 1949 International Wheat Agreement. Under the Agreement, exporting countries would sell importing countries a given amount of wheat at no more than a maximum given price, and importing countries pledged to buy the same amount at no less than a minimum price (*International Organizations* 1949). Such compromises would be overseen by the IWC, newly empowered to do so by the 1949 Agreement.

It is worth noting that, unlike the 1934 Final Act, the 1949 Agreement did not impose a cap on production by exporting countries. The compromise was that the agreed volume would be sold within the price band, yet all further production could be sold in the free market. Such an arrangement kept IWC as an important agent in world wheat trade, even if market conditions would eventually change over time. And change they did; from 1949 to 1962, the Agreement was revised several times (1953, 1956, 1959, and 1962), in order to adjust maximum and minimum trading price among members and specified quantities or percentages of trade that were to be included. Such revisions would come to an end in 1967 when, within the GATT Kennedy Round, the International Grain Arrangement was adopted (IGA).

The 1967 IGA included two separate instruments: (1) a Wheat Trade Convention (WTC); and (2) a Food Aid Convention (FAC). The Wheat Trade Convention took the place of the International Wheat Agreement (as revised