Report

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 332/72) for a regulation concerning interest on sums paid out of the EAGGF and by way of food aid which are recoverable.

Rapporteur: Mr. C. DURAND
By letter of 6 March 1973, the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver its opinion on the proposal from the Commission of the European Communities to the Council for a regulation concerning interest on sums paid out of the EAGGF and by way of food aid which are recoverable.

On 12 March 1973 the President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible and to the Committee on Agriculture for its opinion.

On 4 April 1973 the Committee on Budgets appointed Mr Durand rapporteur. It considered this proposal at its meetings of 17 April and 2 May 1973.

At its meeting of 2 May 1973, the committee unanimously adopted the motion for a resolution and the accompanying explanatory statement, with two abstentions.

The following were present: Mr Spänele, chairman; Mr Durand, rapporteur; Mr Artzinger, The Earl of Bessborough, Mr Beylot, Mr Boano, Mr Gerlach, Mr Mueller, Mr Noè (deputizing for Mr Pisoni), Mr Nolan, Mr Offroy, Mr Pêtre, Mr Poher and Mr Pounder.
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The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

**MOTION FOR A RESOLUTION**

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation concerning interest on sums paid out of the EAGGF and by way of food aid which are recoverable

**The European Parliament,**

- having regard to the proposal from the Commission of the European Communities to the Council (COM (73) 206 final).

- having been consulted by the Council pursuant to Article 43 of the Treaty establishing the EEC (Doc. 332/72),

- having regard to the report of the Committee on Budgets and the opinion of the Committee on Agriculture (Doc. 45/73),

1. Welcomes this proposal for a regulation on the recovery of interest earned on the investment of sums paid in error;

2. Considers, however, that recovery should be extended to cases where beneficiaries cannot plead good faith;

3. Is of the opinion that in fixing the rate of interest to be charged it will be necessary, on the one hand, to take account of the interest rates at which these sums can be invested and of the time for which they will have been held, and, on the other hand, to amend provisions already embodying an increase so as to harmonize them with the provisions of this regulation;

4. Accordingly invites the Commission to endorse the following amendment, pursuant to Article 149(2) of the Treaty establishing the EEC;

5. Wishes to be informed of the rules for applying Article 1 as specified in para 3 thereof;

6. Instructs its President to forward this resolution to the Council and to the Commission of the European Communities.
Proposal for a regulation of the Council concerning interest on sums paid out of the EAGGF or by way of food aid which are recoverable

Preamble and recitals unchanged

Article 1
1. Interest shall be payable on sums to be recovered from beneficiaries in respect of expenditure financed in whole or in part by the EAGGF and by way of food aid, from the date of payment to those sums to the beneficiary, where the reason for recovery is not attributable to the Community or to the Member State concerned. Where the amount of such interest is collected by the Member State, it shall be paid by the latter to the Community in the proportion in which the Community financed the expenditure in question and in accordance with the rules applicable to repayment of sums recovered in respect of such expenditure.

2. The foregoing provisions shall not apply in cases where Community provisions already provide for sums recoverable to be increased.

1 For full text see COM(73) 206 final

AMENDED TEXT
Proposal for a regulation of the Council concerning interest on sums paid out of the EAGGF or by way of food aid which are recoverable.

Article 1
1. Interest shall be payable on sums to be recovered from beneficiaries in respect of expenditure financed in whole or in part by the EAGGF or by way of food aid, from the date of payment of those sums to the beneficiary, where the reason for recovery is not attributable to the Community or to the Member State concerned or where the beneficiary cannot plead

In the latter instance the Commission shall lay down the criteria used to determine the sums to be taken into consideration.

Where the amount of such interest is collected by the Member State, it shall be paid by the latter to the Community in the proportion in which the Community financed the expenditure in question and in accordance with the rules applicable to repayment of sums recovered in respect of such expenditure.

1a. The Commission of the Communities may call upon Member States to initiate the necessary procedures.

2. unchanged
3. The detailed rules for applying this Article shall be adopted in accordance with the procedure provided for in Article 13 of Council Regulation (EEC) No. 729/70 on the financing of the common agricultural policy

Article 2 unchanged

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B

EXPLANATORY STATEMENT

PURPOSE OF THE PROPOSAL FOR A REGULATION

1. The aim of this proposal is to provide for the recovery of interest which might be earned by the short-term investment of sums which are recoverable, as well as of the sums themselves. This proposal is submitted pursuant to Regulation 729/70 and supplements the arrangements already made for the recovery of payments made in consequence of error, negligence, or fraud.

2. The Commission proposes to determine the method of fixing the rate of interest on these sums after hearing the opinion of the Committee of the EAGGF.

3. The Commission proposes not to charge such interest in cases where Community provisions already embody an increase or where the reason for recovery is attributable to the Community or to the Member State concerned.

COMMENTS AND CONCLUSIONS OF THE COMMITTEE ON BUDGETS

4. This proposal for a regulation gives cause for satisfaction. Irregular payments may in fact involve considerable amounts which could be invested on a short-term basis. This would represent a real and unwarranted gain for the beneficiaries, and it is proper that the Commission should make provision for the recovery not only of the sums themselves, but also of the interest on them.

5. The Committee on Budgets considers that if the notion of unwarranted gain is taken as the basic factor then such interest should be charged on sums in respect of which the beneficiary cannot plead good faith.

6. As to the method of fixing the rate of interest to be charged, in the opinion of the Committee on Budgets it will be necessary to take account of the rates at which such sums may be invested, considering the period for which the sums have been invested, and, moreover, to take steps to harmonize existing similar provisions with the new arrangements.

7. Subject to the above comments and proposed amendment, the Committee on Budgets approves this proposal.
Letter from Mr Houdet, Chairman of the Committee on Agriculture, to Mr Spénale, Chairman of the Committee on Budgets

Brussels, 4 May 1973

Dear Mr President,

The Committee on Agriculture has been instructed to deliver an opinion, for the information of your Committee, on the proposal from the Commission of the European Communities to the Council for a regulation concerning interest on sums paid out of the EAGGF and by way of food aid which are recoverable.

I have pleasure in informing you that at its meeting of 3 May the Committee on Agriculture unanimously delivered a favourable opinion. At the same time it again expressed the hope that the most-effective checks possible would be kept of EAGGF transactions in order to avoid frauds which not only deplete the Community's budget but are likely to provoke reactions which are at times justified among the general public.

The following were present at the time of voting: Mr VETRONE, Vice-Chairman; Miss LULLING (deputizing for Mr VREDELING, Vice-Chairman, Rapporteur); Mr BAAS, Mr BRUGGER, Mr CIPARELLI, Mr FRUH, Mr HILL, Mr HILLIARD, Mr LEBEPBRE, Mr MCDONALD, Lord St.OWALD, Mr SCOTT-HOPKINS and myself.

Yours sincerely,

(sgd.) R. HOUDET