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**Amended proposal for a financial regulation of the Council relating
to the European Agricultural Guidance and Guarantee Fund**

(Submitted by the Commission to the Council on 27 September 1963)

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**EXECUTIVE SECRETARIAT OF THE COMMISSION
OF THE EUROPEAN ECONOMIC COMMUNITY**

Amended proposal for a financial regulation of the Council relating to the European Agricultural Guidance and Guarantee Fund

(Submitted by the Commission to the Council on 27 September 1963)

Explanatory Memorandum

1. The draft financial regulation relating to the European Agricultural Guidance and Guarantee Fund contains all the financial and budgetary provisions needed for the operation of the Fund. It is based on Article 209 of the Treaty and supplements the draft Council Regulation on the granting of aid by the European Agricultural Guidance and Guarantee Fund.

2. Regulation No. 25 on the financing of the common agricultural policy, which institutes the European Agricultural Guidance and Guarantee Fund (EAGGF), makes reference to both the Title on agriculture in the Treaty of Rome (Articles 38 to 47) and the Title on financial provisions (Articles 199 to 209). The regulations governing the EAGGF must therefore be made under Articles 199 to 209. Article 1 (2) of Council Regulation No. 25 states, moreover, that "the Fund shall form part of the Community's budget".

3. Consequently, the general financial rules of the EEC apply automatically to the EAGGF. Provision is expressly made

for adapting them to the case of a fund, adding supplementary details or introducing special arrangements necessitated by the content of Council Regulation No. 25.

4. According to the draft Council Regulation on the granting of aid by the Fund, the EAGGF comprises a Guarantee Section and a Guidance Section. The rather divergent financial characteristics of the two sections make it necessary in some cases for special rules to be laid down. For instance, the machinery for reimbursing Member States set up in the Guarantee Section is largely based on provisions already made in the Community budget for another fund. Measures to achieve the objective set out in Article 39 (1 a) of the Treaty, including structural changes necessitated by the development of the common market — measures to be taken under the Guidance Section — spread in many cases over a number of years, so that provision must be made for such operations to be carried out without prejudice to the principle of annual budgeting.

Amended proposal for a financial regulation relating to the European Agricultural Guidance and Guarantee Fund

(Submitted by the Commission to the Council on 27 September 1963)

The Council of the European Economic Community,

Having regard to the Treaty establishing the European Economic Community and in particular Article 209 thereof;

Having regard to Council Regulation No. 25 on the financing of the common agricultural policy;

Having regard to Council Regulation No. ... on the granting of aid by the European Agricultural Guidance and Guarantee Fund;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Having regard to the opinion of the Economic and Social Committee;

Whereas under Article 1 of Regulation No. 25 on the financing of the common agricultural policy the European Agricultural Guidance and Guarantee Fund forms part of the Community's budget;

Whereas for the European Agricultural Guidance and Guarantee Fund to serve its purpose the financial and budgetary provisions under which it operates must be embodied in the Community's budget;

Whereas the financial and budgetary provisions must enable the Fund to operate effectively and in accordance with Regulation No. 25 and Council Regulation No. ... on the granting of aid by the European Agricultural Guidance and Guarantee Fund;

Whereas the European Agricultural Guidance and Guarantee Fund comprises two sections operating in different fields in

some cases requiring specific financial provisions;

Whereas in view of their number and importance these financial and budgetary provisions should be consolidated in a separate financial regulation for the European Agricultural Guidance and Guarantee Fund,

Has adopted the present financial regulation:

General

Article 1

Except as otherwise provided in the present regulation, the financial regulations

adopted under Article 209 of the Treaty shall be applicable to the European Agricultural Guidance and Guarantee Fund, hereinafter referred to as the EAGGF.

Budget provision

Article 2

1. The expenditure of the EAGGF shall constitute a special section in the budget of the Community. This section shall be divided into two heads corresponding to the two sections mentioned in Article 1 of Council Regulation No. ... on the granting of aid by the EAGGF.

2. The head relating to the Guarantee Section shall comprise expenditure that may be charged to the EAGGF by virtue of Article 2 (2 a and b) and Article 3 (1 a, b and c) of Council Regulation No. 25 on the financing of the common agricultural policy; this expenditure shall come under two sub-heads: for payments in respect of refunds on exports to non-member countries and for intervention in the home market.

3. The head relating to the Guidance Section shall comprise expenditure that may be charged to the EAGGF by virtue of Article 2 (2 c) and Article 3 (1 b); this expenditure shall come under two sub-heads: for previous commitments and for new commitments.

Article 3

Each year the Commission shall draw up, as an annex to the preliminary draft budget, a table of estimates of expenditure arising from:

a) previous commitments in the case of interest subsidies or in extending the redemption date of loans,

b) advance commitments where the Council has adopted Community programmes within the meaning of Article 16 of Council Regulation No. ... on the granting of aid by the EAGGF,

c) new commitments.

Article 4

1. Such estimates shall be included in the budget for the financial year following the end of each marketing season, and in the first instance in the 1964 budget.

The term "marketing season" shall mean the period from 1 July to 30 June.

2. The budget appropriations in respect of the expenditure of the Guidance Section shall as far as possible be equal to the amount specified in Article 5 (2) of Regulation No. 25. They may not be less than the sum of previous commitments or advance commitments shown in the table of estimates.

Article 5

1. The estimates in the preliminary draft budget shall be computed on the basis of the information available at the time. Before approval of the draft budget by the Council, the Commission may submit revised estimates in the light of further information received.

2. Any further expenditure required to meet the Commission's commitments relating to the EAGGF shall be the subject of a supplementary budget.

Contributions of Member States

Article 6

1. Notwithstanding the provisions of Article 3, second paragraph, of the Financial Regulation concerning the drawing up and execution of the budget of the EEC and the responsibility of certifying officers and accountants, the financial contributions of the Member States calculated according to the special scale set out in Article 7 of Regulation No. 25 shall be appropriated to the expenditure of the EAGGF.

2. Where necessary, a new apportionment of the financial contributions of the Member States shall be made by way of a revised budget, after the Member States have furnished the Commission with their import returns, with a view to final calculation of the scale of contributions set out in Article 7 of Regulation No. 25.

Article 7

Annual redemption or interest payments relating to the Guidance Section shall be reappropriated under the same Section.

Article 8

1. The financial contributions, expressed in national currencies, shall be credited by

each Member State to the special accounts opened for the Commission (EAGGF) with the Treasury or any other authority designated by the Member State concerned. Such accounts shall be kept separate from all other accounts opened for the Commission under the budget procedure.

2. a) Contributions to cover expenditure under the Guarantee Section shall be credited in full by 20 January at latest or within thirty days of the final adoption of the supplementary or revised budget.

b) In respect of contributions to cover expenditure under the Guidance Section:

i) seven-twelfths of the annual amount shall be credited by 20 January or within thirty days of the final determination of the budget if the provisions of Article 204 of the Treaty are applied;

ii) the remaining five-twelfths shall be credited on 1 July of the year in question.

3. In each Member State the Commission shall maintain, with the Central Bank or other financial institution approved by the State concerned, operational accounts for the EAGGF bearing the same names as those opened in pursuance of paragraph 1 of this article.

Commitment of funds and carrying forward

Article 9

1. Decisions taken by the Commission under Article 23, second paragraph, of Council Regulation No. ... on the granting of aid by the EAGGF shall be deemed to be commitments of funds.

Amounts committed but not paid out by the end of the financial year shall be automatically carried forward to the next financial year only.

2. Decisions on Community programmes taken by the Council in pursuance of Arti-

cle 16 (1 and 2) of Council Regulation No. ... on the granting of aid by the EAGGF shall be deemed to be advance commitments of funds.

3. Amounts included under the head relating to the Guidance Section but not yet committed shall be carried forward to the next financial year only, unless the Council decides otherwise by qualified majority within six weeks of the Commission having submitted its reasons for such carry-forward.

Reimbursement of Member States for expenditure under the Guarantee Section

Article 10

1. Expenditure under the Guarantee Section shall be approved, certified and paid once in each marketing season. For this purpose the Commission shall establish the balance of the account of each Member State.

2. As soon as the operations specified in the foregoing paragraph have been carried

out, the Commission shall notify each Member State of the balance of its account.

Article 11

Within two months of such notification the Commission shall audit and close the account of each Member State opened in pursuance of Article 8 (1).

Article 12

1. The amounts to be repaid to the Member States by the Commission on behalf of the EAGGF shall be expressed in their national currencies on the basis of decisions taken by the Commission in pursuance of Article 10 of Council Regulation No. ... on the granting of aid by the EAGGF.
2. In determining the contributions and the balances of the accounts of the Member States, the amounts of the refunds shall be converted into units of account.
3. Payments made in order to close accounts shall be made in the national currency of each Member State.

Article 13

1. Creditor Member States shall receive from the Commission a payment in their national currencies at the rate of exchange obtaining on the day the accounts were balanced as stipulated in Article 10.
 2. If there is a change in the exchange rate of the currency of a Member State between the date of the balancing of accounts stipulated in Article 10 and the time of payment, the result of such change shall be credited or debited to the Member States in accordance with the scale laid down in Article 7 of Regulation No. 25.
- The present Regulation shall be binding in all its parts and directly enforceable in all Member States.