

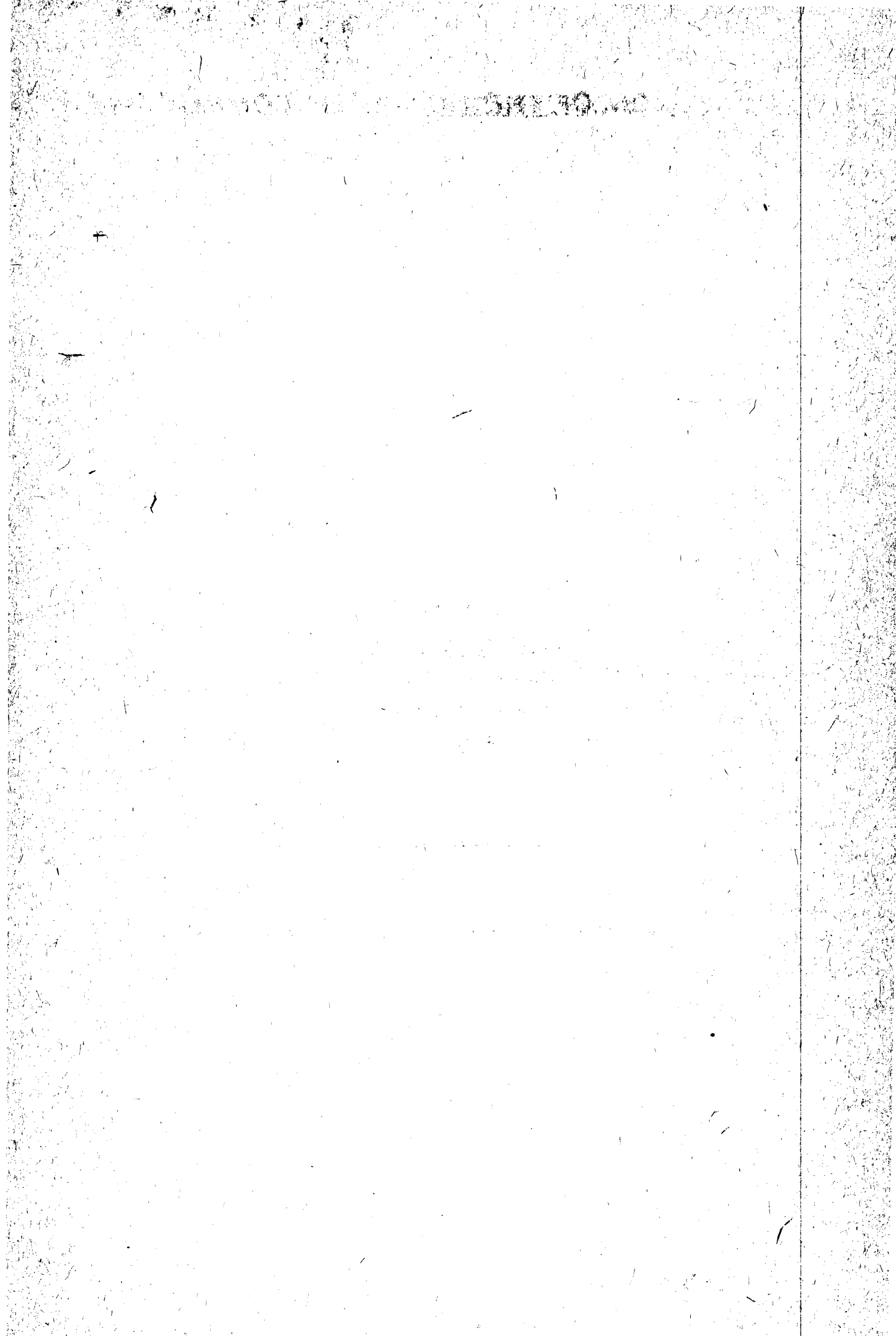
COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 74 final

Brussels, 13 July 1976

Proposal for a
COUNCIL REGULATION
amending Council Regulation (EEC) N° 2306/70 on the financing
of intervention expenditure in respect of the internal market
in milk and milk products

(submitted to the Council by the Commission)



EXPLANATORY MEMORANDUM

Proposal for a Council Regulation amending Council
Regulation (EEC) No 2306/70 on the financing of
intervention expenditure in respect of the internal
market in milk and milk products

1. The present system of financing intervention stocks is based on the financing by the Guidance Section of the EAGGF, of net losses incurred by intervention agencies as a result of obligations stemming from Community regulations. These net losses which are determined by annual accounts, by product and by Member State, include in addition to any sales losses and costs connected with storage operations, the interest on funds immobilized by the intervention agency for the purchase of goods.

2. When intervention products are sold for export, particularly in the milk products sector, if the purchaser is allowed to defer payment until after removal of the goods, it sometimes leads to better sales conditions or increases the quantities disposed of. However, according to present EAGGF rules no provision is made to cover interest costs resulting from deferment of payment after removal of the goods.

3. It is therefore proposed to amend Council Regulation (EEC) 2306/70 on the financing of intervention expenditure in respect of the internal market in milk and milk products to permit EAGGF to assume the interest cost arising from the immobilization by the intervention agency of the funds required to grant the purchaser deferred payment facilities. Assumption of the interest cost would be restricted to intervention stocks sold for export. Deferred payment for such sales would be granted on a case-by-case basis according to the procedure provided for in Article 30 of Regulation (EEC) No 804/68 (Commission decision after Opinion of the Management Committee). It must not be granted for more than twelve months after removal of the product.

..../..

4. With regard to financing procedure, as with sales with no deferred payment, sales receipts should be entered in the accounts provided for in Regulation (EEC) No 2306/70 on the day the product is removed by the purchaser. Then, to enable deferred payment to be granted, the intervention agencies would continue as during the period of intervention storage, to provide the required funds. The interest cost in respect of these immobilized funds, calculated according to a method and rate to be decided in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70 (Commission decision after Opinion of the EAGGF Committee), would be borne by EAGGF. It should be noted that for the last two years the interest rate has been 8% for funds immobilized during a storage period. Any risks of non-payment must be covered by provision of a security or bank guarantee by the purchaser, or by other means on a national level. Risks of changes in exchange rates can be avoided by providing that the price is expressed in the currency of the Member State to which the intervention agency selling the product belongs.

5. In applying the proposed provisions account will be taken of the Community's international commitments.

Proposal for Council Regulation
of
amending Council Regulation (EEC) No 2306/70 on the financing
of intervention expenditure in respect of the internal market
in milk and milk products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy ⁽¹⁾, as last amended by Regulation (EEC) No 2788/72 ⁽²⁾, and in particular Article 3 (2) thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 2306/70 of 10 November 1970 on the financing of intervention expenditure in respect of the internal market in milk and milk products ⁽³⁾, as last amended by Regulation (EEC) No 330/74 ⁽⁴⁾, provides, in respect of the purchase, storage and sale of products held in intervention storage, for annual accounts by product to determine net losses incurred by intervention agencies; whereas the interest cost in respect of funds immobilized by the intervention agency for the purchase of products constitutes one of the elements in these accounts;

Whereas in the case of a sale where payment is deferred until after removal from intervention storage, as provided for in Community rules, the costs arising from the extended immobilization of funds by the intervention agency should also be taken into account in calculating net losses borne by the intervention agency;

HAS ADOPTED THIS REGULATION :

(1) OJ No L 94, 28.4.1970, p.13.

(2) OJ No L 295, 30.12.1972, p. 1.

(3) OJ No L 249, 17.11.1970, p. 4.

(4) OJ No L 37, 9.2.1974, p. 5.

Article 1

Article 4 (1) (g) and Article 5 (1) (g) of Regulation (EEC) No 2306/70 are amended as follows:

"(g) the financing costs, calculated by a method and at a rate of interest to be determined in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70 :

- for the period of intervention storage,
- for the period during which payment is deferred after the removal from storage of products sold for export, such period being granted where necessary for a given sale in accordance with the procedure provided for in Article 30 of Regulation (EEC) No 804/68."

Article 2

The following is added to Article 4 (2) (a) and Article 5 (2) (a) of Regulation (EEC) No 2306/70 :

" this amount shall be entered in the account on the day of removal from storage"

Article 3

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

The President

FINANCIAL STATEMENT

DATE : 9.7.1976

1. BUDGET LINE CONCERNED : Article 621, Item 6214 and article 622, Item 6221

2. ACTION : Proposal for a Council Regulation amending Council Regulation (EEC) n° 2306/70 on the financing of intervention expenditure in respect of the internal market in milk and milk products.

3. LEGAL BASIS : Article 3 (2) of Council Regulation 729/70.

4. OBJECTIVES : Financing of the deferment of payment on the sale of intervention goods for exportation.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR ()	FOLLOWING FINANCIAL YEAR ()
5.0 EXPENDITURE			
-CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	0	0	0
-CHARGED TO NATIONAL ADMINISTR.	-	negligible	negligible
-CHARGED TO OTHER NATIONAL GROUPS	-	-	-
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
-NATIONAL			

	YEAR1977.....	YEAR1978.....	YEAR1979.....
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE	0	0	0
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS			

5.2 METHOD OF CALCULATION For skimmed milk powder during a deferment lasting 12 months the cost of financing would rise to 26 u.a./T (based on a world price of 325 u.a./T). These expenses would be laid to item 6214 of the budget. On the other hand, this deferment of payment offered to the exporter for a definite quantity is conducive to the best conditions of sale (saving under item 6214), and will allow a reduction or inhibit a rise in export refunds (saving under item 6200). The proposed measure might be capable of enlarging the exported quantities. For the moment it is not possible to estimate the quantities which will be exported under this regime and consequently it is not possible to evaluate the budgetary effects of this provision ; it might be nil.

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? YES/NO

~~6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES/NO~~

~~6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES/NO~~

~~6.3 CREDITS TO BE WRITTEN OFF IN FUTURE BUDGETS ? YES/NO~~

COMMENTS :

