

Proposal for a Council regulation on the financing of intervention expenditure  
in the cereals sector of home markets

(submitted by the Commission to the Council on 11 December 1963)

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EXECUTIVE SECRETARIAT OF THE COMMISSION  
OF THE EUROPEAN ECONOMIC COMMUNITY

Proposal for a Council regulation on the financing of intervention expenditure  
in the cereals sector of home markets

(submitted by the Commission to the Council on 11 December 1963)

*The Council of the European Economic Community,*

*Having regard to the Treaty establishing the European Economic Community;*

*Having regard to Regulation No. 25 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, and in particular Articles 5 and 6 thereof;*

*Having regard to the proposal of the Commission;*

*Whereas* under Articles 5 and 6 Council Regulation No. ... on the Granting of Aid by the European Agricultural Guidance and Guarantee Fund the conditions of such aid must be determined for the joint financing of intervention expenditure in each sector of the common organization of markets:

*Whereas* in the cereals sector denaturing as provided for in Article 7(4), second paragraph, of Regulation No. 19 satisfies the conditions laid down in Article 5(1) of Council Regulation No. ... on the Granting of Aid by the European Agricultural Guidance and Guarantee Fund;

*Whereas* in view of the obligation of the intervention agencies to purchase home-grown cereals in accordance with Article 7(3) of Regulation No. 19, together with the existence of graduated prices during a marketing year, it is possible that at the time of transition from one such year to another losses may be sustained which satisfy the conditions laid down in Article 6(1) of Council Regulation No. ... on the Granting of Aid by the European Agricultural Guidance and Guarantee Fund;

*Whereas* in these two cases, in the absence of a common price level for cereals, prices differing from one Member State to another and the present price ratios within each Member State must serve as a basis;

*Whereas* year-end stocks occur, and denaturing is justified, mainly in areas producing a surplus; and whereas therefore the basis of calculation adopted should be the intervention price in the area of greatest surplus in each Member State;

*Whereas* in these two cases general criteria must be adopted such as to eliminate any difference other than that resulting from the prices and price ratios obtaining in the Member States,

*Has adopted the present Regulation :*

#### *Article 1*

1. For the common organization of the markets in cereals, intervention in home markets whose aim and effect are identical with those of refunds on exports to non-member countries, in accordance with Article 5(1) of Council Regulation No. ... on the Granting of Aid by the European Agricultural Guidance and Guarantee Fund, shall be understood to be expenditure arising under Article 7(4), second paragraph, of Regulation No. 19, namely —

a) Losses sustained in the sale of rye or wheat other than durum at a price below the target prices for these cereals, provided they have been rendered unfit for human consumption.

b) The denaturing premiums granted by the Member States for rye and wheat other than durum.

2. In determining the losses and the denaturing premiums the following shall be taken into account :

a) The cost of the denaturing operation fixed at a standard rate for the Community according to the procedure laid down in Article 26 of Regulation No. 19;

b) Ninety per cent of the difference, in the first month of the marketing year, in each Member State between the derived target price for rye or for wheat other than durum in the area of greatest surplus and the target price for barley in the same area.

The payments made by the Fund shall not exceed the actual expenditure incurred by Member States.

#### *Article 2*

1. With regard to the common organization of the market in cereals, if, at the time of transition from one marketing year to another, the unsold stocks of home-grown cereals purchased by the Member States' intervention agencies in pursuance of Article 7(3) of Regulation No. 19 have depreciated owing to a fall in prices, the losses sustained by such intervention agencies shall be chargeable to the Fund under Article 6(1) of Regulation No. ... on the Granting of Aid by the European Agricultural Guidance and Guarantee Fund.

2. The losses sustained shall be calculated in each Member State on the basis of the difference between the intervention price for the last month of the marketing year in the area of greatest surplus and the target price for the first month of the following marketing year for the product in the same area. Nevertheless, Member States which shall not have introduced a monthly graduation of intervention prices up to the end of the marketing year shall increase the intervention price by an amount corresponding to the incidence on their price of the number of steps needed to reach the end of the said year. Such incidence shall be calculated on the basis of the average graduation in the Member State concerned.

3. The Fund shall accept no liability in respect of reserves held under international agreements independently of national or Community policies.

The present regulation shall be binding in all its parts and directly enforceable in all Member States.