



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.01.1996
COM(95) 557 final

Proposal for a

COUNCIL REGULATION (EC)

amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section

(presented by the Commission)

EXPLANATORY MEMORANDUM

Community rules on the common agricultural policy impose an obligation on Member States to buy agricultural products covered by an intervention mechanism when the producers present such products to them. This involves expenditure by the Member States which is reimbursed by the Commission two months later.

Since most Member States must borrow the funds necessary for intervention purchases, Community rules provide for the reimbursement of financing costs on the basis of a uniform rate for the whole Community.

In 1993, the Council adopted rules for Member States paying interest rates much higher than the uniform rate (Council Regulation (EEC) No 1571/93 of 14 June 1993 amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section, OJ No L 154, 25.6.1993, p.46.)

Under these rules, the EAGGF will reimburse any Member State paying an interest rate more than double the uniform rate the interest paid above that threshold. Interest paid between the uniform rate and double that rate remains the responsibility of the Member State concerned.

This provision was to apply for three years. It is proposed that the Council extend it for a second one-year period to cover the 1996 EAGGF financial year.

The measure is based on Article 3(2) of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy (OJ No L 94, 28.4.1970, p. 13.) which gives the Council sole responsibility for adopting rules for financing measures implemented under the CAP and the principle of subsidiarity referred to in Article 3b of the EC Treaty does not therefore apply.

The continuance of the scheme for Member States bearing high financial charges, established by Council Regulation (EEC) No 1571/93, requires the adoption of this Regulation.

Proposal for a

COUNCIL REGULATION (EC)

amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission⁽²⁾,

After consulting the Fund Committee,

Whereas, for intervention operations for which a unit amount has not been set by market organization rules, basic Community financing rules have been set by Regulation (EEC) No 1883/78⁽³⁾, in particular as to the method of establishing the amounts to be financed, the financing of expenditure resulting from the mobilization of the funds needed for intervention buying, the valuation of stocks to be carried over from one year to another and the financing of expenditure resulting from the physical operations of storage;

⁽¹⁾ OJ No L 94, 28.4.1970, p. 13. Regulation last amended by Regulation (EC) No 1287/95 (OJ No L 125, 8.6.1995, p. 1).

⁽²⁾ OJ No C

⁽³⁾ OJ No L 216, 5.8.1978, p.1. Regulation last amended by Regulation (EEC) No 1571/93 (OJ No L 154, 25.6.1993, p. 46).

)

Whereas Article 5 of Regulation (EEC) No 1883/78 provides that the interest charges incurred by Member States in mobilizing the funds used for public intervention buying are to be financed by the Community at a uniform interest rate;

Whereas it is possible that in a Member State the buying into public intervention of agricultural products can be financed only at interest rates which are substantially higher than the uniform interest rate;

Whereas, in such cases, provision should be made for a correcting mechanism to compensate for a part of the difference between the particularly high interest rate paid by the Member State and the uniform interest rate, while leaving responsibility for a part of the difference to the Member State in order to encourage it to seek the least costly financing method;

Whereas the mechanism introduced to that end in Article 5 of Regulation (EEC) No 1883/78 by Regulation (EEC) No 1571/93⁽⁴⁾ for a period of three years is functioning satisfactorily; whereas that provision expires at the end of the 1995 financial year;

Whereas the substantial differences between the costs of financing noted in 1993 and which were the reason for the introduction of that mechanism continue to exist; whereas it would therefore be useful to extend the period of application of the provision concerned;

HAS ADOPTED THIS REGULATION:

⁽⁴⁾ OJ No L 154, 25.6.1993, p. 46.

Article 1

The third subparagraph of Article 5 of Regulation (EEC) No 1883/78 is hereby replaced by the following:

"The first paragraph notwithstanding, if the interest rate borne by a Member State is more than twice the uniform interest rate, the Commission may, for the financial year 1996, in financing the interest costs incurred by that Member State, apply the uniform rate of interest plus the difference between double that rate and the actual rate borne by the Member State."

Article 2

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

It shall apply to expenditure incurred from 1 October 1995.

FINANCIAL STATEMENT

1.	BUDGET HEADING: B1-1012 B1-1231	APPROPRIATIONS: ECU 84 and ECU 8 million		
2.	TITLE: Council Regulation amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section			
3.	LEGAL BASIS: Regulation (EEC) No 729/70 of 21 April 1970			
4.	AIMS: To extend by one year the derogation from the application of the uniform rate introduced by Regulation (EEC) No 1571/93			
5.	FINANCIAL IMPLICATIONS:	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (95)	FOLLOWING FINANCIAL YEAR (96)
		(ECU million)	(ECU million)	(ECU million)
5.0.	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER			6
5.1.	REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL			
		1997 (ECU million)	1998 (ECU million)	1999 (ECU million)
5.0.1.	ESTIMATED EXPENDITURE	-	-	-
5.1.1.	ESTIMATED REVENUE			
5.2.	METHOD OF CALCULATION: The cost of applying an identical Regulation (No 1571/93) was around ECU 13.5 million for the 1993 and 1994 EAGGF financial years. The reduction in annual appropriations is a result of the reduction in public stocks and the gradual disappearance of existing intervention stocks of tobacco.			
6.0.	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?			YES
6.1.	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			NO
6.2.	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			NO
6.3.	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?			YES
OBSERVATIONS	This Regulation is identical to Council Regulation (EEC) No 1571/93 of 14 June 1993 (OJ No L 154, 25.6.1993, p. 46). To date, these provisions have been applied to Greece.			

ISSN 0254-1475

COM(95) 557 final

DOCUMENTS

EN

03

Catalogue number : CB-CO-95-597-EN-C

ISBN 92-77-95961-4

Office for Official Publications of the European Communities

L-2985 Luxembourg

5