

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 761 final

Brussels, 26 November 1980

Proposal for a
COUNCIL REGULATION (EEC)

relating to the financing by the EAGGF Guarantee Section of certain
intervention measures, particularly those involving the buying-in,
storage and sale of agricultural products by intervention agencies

(submitted to the Council by the Commission)

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proposed Council Regulation relating to the financing by the EAGGF Guarantee Section of certain intervention measures, particularly those involving the buying-in, storage and sale of agricultural products by intervention agencies

EXPLANATORY MEMORANDUM

1. Intervention measures involving the purchase, storage and disposal of agricultural products by intervention agencies (public storage) are complex operations which, under the Community rules governing the common organizations of markets, are controlled by Member States. The definitive arrangements for the financing of the CAP, as set out in Regulation (EEC) No 729/70 have, partly because of their complexity, temporarily extended the financing rules governing public storage as laid down in the financing regulations concerning intervention on the various sectors. Over the years, these regulations have been amended on a number of occasions to take account of changes in the various market measures.
2. In 1978, the Council adopted Regulation (EEC) No 1883/78 on the general rules for the financing of interventions. This Regulation sets out certain basic rules for the financing of expenditure arising from public storage and in Article 4(3) requires the Council, acting on a proposal from the Commission, to adopt more detailed rules and conditions, particularly with regard to the annual accounts to be drawn up by the intervention agencies.
3. The present proposal contains these rules and conditions, which are largely based on those included in the various financing regulations for specific sectors, but brings them together in a single regulation and harmonizes them as much as possible. To this extent the proposal is a consolidating regulation. However, the experience gained in recent years make it possible to introduce in legal form certain rules which give added guidance, with particular reference to the responsibility for keeping products in good condition; for example the financial rules to be

applied when bought-in products deteriorate. It is also proposed that certain special rules concerning individual products be adapted so that specific situations which arise can be taken into account more fully.

4. Article 4(3) of Regulation (EEC) No 1883/78 also requires that where the items to be taken into account for the purpose of financing have not been determined within the framework of a common organization of the market, these must be fixed. The reference is to costs entailed by the free distribution of agricultural products withdrawn from the market. Because the items are technical ones, namely transport costs, the proposal is for the maintenance of standard rate financing for the expenditure, and that the Commission should determine the standard amounts after consulting the EAGGF Committee. This is the procedure also proposed for the other standard amounts.

Proposal for a Council Regulation relating to the financing by the EAGGF Guarantee Section of certain intervention measures, particularly those involving the buying-in, storage and sale of agricultural products by intervention agencies

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1883/78 of 2 August 1978, laying down general rules for the financing of intervention by the European Agricultural Guidance and Guarantee Fund, Guarantee Section¹, as amended by Regulation (EEC) No 249/80², and in particular Article 4(3) thereof,

Having regard to Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy³, as last amended by Council Regulation (EEC) No 929/79⁴,

Having regard to the proposal from the Commission,

Whereas Article 4(3) of Regulation (EEC) No 1883/78 requires that the rules and conditions governing the annual accounts referred to in Article 4(1) of that Regulation should be determined in respect of intervention measures entailing the buying-in and storage of agricultural products by the intervention agencies;

Whereas the various headings to be included on the debit and credit sides of the annual accounts should be specified; whereas, for this purpose, the principal headings appearing in the Regulations governing the financing of intervention expenditure in the various sectors should be retained, but be brought together in a single Regulation and in accordance with a standard account valid for all sectors, due regard being had to such special features as may arise for each of them;

Whereas, under the agricultural Regulations, intervention agencies buy-in products offered for intervention; whereas rules are needed with regard to the responsibility for the condition of stored products and financing rules are needed covering quantity loss, deterioration of products, transport of products offered for intervention and amounts recovered from sellers, purchasers and storers;

¹ OJ No L 216, 5.8.1978, p.1

² OJ No L 28, 5.2.1980, p.1

³ OJ No L 94, 28.4.1970, p.13

⁴ OJ No L 117, 12.5.1979, p.4

Whereas in accordance with Article 4(3) of Regulation (EEC) No 1883/78, in respect of intervention measures other than those entailing purchase and storage, the items to be taken into account for the purposes of financing should be determined where these have not been determined within the framework of a common organization of the market; whereas this is the case in particular with costs arising from the free distribution of products bought-in by an intervention agency or withdrawn from the market;

Whereas since the rules and conditions governing the annual accounts and the items referred to in Article 4(3) of Regulation (EEC) No 1883/78 have thus been determined for all sectors, the regulations governing financing of intervention expenditure in the various sectors should be repealed,

Article 1

1. The accounts referred to in Article 4 of Regulation (EEC) No 1883/78 shall be established for each product for which a different intervention or reference price has been fixed. These accounts shall show separately the following three classes of expenditure:

a) expenditure on material operations resulting from the buying-in of the product by intervention agencies, and in particular taking into store, conditions, transport, processing, storage and withdrawal from store;

b) interest costs in respect of funds originating in the Member States used for intervention purchases;

c) the differences between the value of quantities entered and carried over from the previous year on the one hand and the value of the quantities disposed of and carried over to the following year on the other hand, and any other expenditure or revenue.

2. The Member States shall draw up accounts in accordance with the specimen set out in Annex 1 to the extent that the items in the specimen are provided for in Community regulations.

In addition, for products listed in Annex II, the Member States shall draw up accounts in accordance with the indications given in Annex II, to the extent that the conditions mentioned there are met.

The time of the material operation resulting from the intervention measure is the time to which the entry in the accounts of the various elements of expenditure and receipts relates.

3. Where an account shows a credit balance, this is deducted from the expenditure for the year.

Article 2

1. For the establishment of the accounts, the Member States shall ensure in particular that the storage of the product and related operations are carried out in accordance with Community regulations and in such a way that normal care is taken with regard to the quantity and quality of the product stored.

2. The Member States shall inform the Commission of all provisions laid down by law, regulation or administrative action governing storage and related operations.

Article 3

1. With regard to the preservation of products stored, a tolerance may be fixed in accordance with the procedure laid down in Article 26 of Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals¹, as last amended by Regulation (EEC) No 1547/79² or, as the case may be, in accordance with the procedure of the corresponding article of the other regulations establishing common organizations of agricultural markets.

2. The value of any quantities exceeding the tolerance shall be entered on the credit side in the accounts. Subject to the specific provisions set out in Annex II, this value shall be calculated by multiplying such quantities by the highest intervention price for the standard quality valid during the relevant year, including any monthly increases.

Quantity losses shall be equal either to the difference between the theoretical stock shown by the current inventory and the actual physical stock remaining on the last day of the year or, failing this, to the stock shown as remaining on the books after the physical stock has been exhausted.

In the event of deterioration of the product referred to in Article 4, the provisions of that Article apply and the quantities in question shall accordingly not be included for the purpose of calculating the tolerance.

Discrepancies in quantities due to theft or loss shall not be taken into account for the purpose of calculating the tolerance. The value of these quantities, which is determined according to the provisions for quantities exceeding the tolerance, shall be entered on the credit side of the accounts.

3. In respect of a product for which the intervention agency does not apply the tolerance but stands guarantee to the EAGGF for the whole quantity of this product in store, it may be decided that the standard amount for storage referred to in Article 6 of Regulation (EEC) No 1883/78 should be increased.

The Member State shall inform the Commission, when submitting the statements referred to in Article 5 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy³, as last amended by Council Regulation (EEC) No 929/79⁴, if it has had recourse to the above provisions, stating the starting and finishing dates of such recourse.

¹ OJ No L 281, 1.11.1975, p.1

² OJ No L 188, 26.7.1979, p.1

³ OJ No L 94, 28.4.1970, p.13

⁴ OJ No L 117, 12.5.1979, p.4

Article 4

1. Where a product has deteriorated or been destroyed as a result of accidents / ^{other than} natural disaster, it shall be considered as sold and having left the intervention stock on the date of the accident, or failing this, on the date when the deterioration was discovered. In this case,

- the price to be entered in the accounts shall be the price which is used, in accordance with Article 8 of Regulation (EEC) No 1883/78, for the calculation of the value of the quantities carried forward at the beginning of the year;
- the standard amount for the withdrawal of the product shall not be entered in the accounts.

Revenue deriving from the sale of deteriorated products and other amounts received in this connection shall not be entered in the accounts. In all such cases the product shall be considered as deteriorated if, as a result of the accident, its quality is no longer what it was at the time of buying-in.

2. Where a bought-in product has deteriorated because of storage, transport or processing conditions, the provisions of paragraph 1 shall apply by analogy unless, in accordance with the procedure laid down in Article 26 of Regulation (EEC) No 2727/75 or, as the case may be, in the corresponding Articles of the other Regulations establishing common organizations of agricultural markets;

a) it is decided to offer the product for sale so that it leaves intervention storage within three months of the date when the deterioration was noted;

b) the amount which the intervention agency records in the accounts as revenue obtained from the sale to be realized is established at the same time and according to the same procedure; this amount may not be less than that which would derive from the application of the provisions of paragraph 1.

3. Where the deterioration has been caused by natural disaster, the Member States involved shall inform the Commission. The Commission shall then adopt, if necessary, appropriate decisions according to the procedure laid down for the clearance of accounts.

Article 5

1. The costs entailed by transport within the Member State in question of the product held by the intervention agency, necessitated and approved in accordance with the procedure laid down in Article 26 of Regulation (EEC) No 2727/75, or, as the case may be, in the corresponding Articles of the other Regulations establishing common organizations of agricultural markets, shall be entered on the debit side of the accounts.

2. For transport operations outside the Member States in question, the costs shall be entered on the debit side of these accounts, provided such operations have been authorized under Council Regulation (EEC) No 1055/77 of 17 May 1977 on the storage and movement of products bought in by an intervention agency.¹

3. Transport costs incurred by an intervention agency on the occasion of the transfer of products from one intervention agency to another intervention agency, effected in particular cases pursuant to a decision of the Council, acting on a proposal from the Commission, shall also be entered on the debit side of these accounts.

4. Entry and withdrawal costs, established at fixed rates for this purpose, shall also be entered on the debit side of these accounts, if these costs do not rank as an integral part of transport costs under Community regulations.

5. Any transport costs paid in accordance with Community regulations at the time of purchase of products shall be entered on the debit side of the accounts under heading I "Transport".

Article 6

All amounts collected or recovered by intervention agencies:

- following failure on the part of sellers or purchasers to comply with regulations or contracts;
- from storers for the depreciation or loss of the products, as long as this is not covered by the application of Articles 3 and 4, shall be entered on the credit side of the accounts.

Article 7

Where a product bought-in by an intervention agency or withdrawn from the market is distributed freely under Community regulations, the costs so incurred shall be financed, on the basis of the distance between the place of storage of these products and the place where they are distributed, by the application of standard rates, uniform for the Community, to be determined according to the procedure laid down in Article 13 of Regulation (EEC) No 729/70 and, if necessary, after examination by the Management Committee concerned.

Article 8

1. Regulation (EEC) No 786/69¹, (EEC) No 787/69², (EEC) No 788/69³, (EEC) No 2334/69⁴, (EEC) No 2305/70⁵, (EEC) No 2306/70⁶, (EEC) No 1697/71⁷, (EEC) No 272/72⁸, and (EEC) No 273/72⁹, concerning the financing of expenditure on intervention in the various sectors, are hereby repealed with effect from 1 January 1981.

Article 9

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

It shall take effect on 1 January 1981. However, for the intervention measures provided for in Council Regulation (EEC) No 1837/80 of 27 June 1980 concerning the common organisation of the markets in the sheepmeat and goatmeat sectors¹⁰, it shall take effect on the date that these measures are implemented.

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

Done at

For the Council

The President

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- (1) OJ N° L 105 of 2.5.1969, p. 1
 - (2) OJ N° L 105 of 2.5.1969, p. 4
 - (3) OJ N° L 105 of 2.5.1969, p. 7
 - (4) OJ N° L 298 of 27.11.1969, p. 1
 - (5) OJ N° L 249 of 17.11.1970, p. 1
 - (6) OJ N° L 249 of 17.11.1970, p. 4
 - (7) OJ N° L 175 of 4.8.1971, p. 1
 - (8) OJ N° L 35 of 9.2.1972, p. 1
 - (9) OJ N° L 35 of 9.2.1972, p. 3

ANNEX I

I - Standard account with expenditure and revenue items for determining the amount to be financed by the EAGGF in respect of intervention measures entailing the purchase, storage and disposal of agricultural products (Article 4 of Regulation (EEC) No 1883/78).

DEBIT

CREDIT

I. Costs, material operations

1. Standard amounts for costs incurred:
 - a) entry into stock
 - b) storage,
 - c) withdrawal from stock
 - d) by processing or market preparation,
 - e) by drying and homogenisation and special cooling processes,
 - f) by transport.
2. Transport costs not covered by a standard amount.
3. Other costs deriving from operations provided for by Community regulations.

II. Financing costs

(Article 5 of Regulation (EEC) No 1883/78).

III. Price difference and other items

- | | |
|--|---|
| <ol style="list-style-type: none">1. Value of quantities in stock at the beginning of the year2. Value of quantities purchased.3. Other. | <ol style="list-style-type: none">1. Receipts from sales.2. Value of quantities in stock at the end of the year3. Value of quantity losses exceeding the tolerance.4. Amounts collected or recovered from sellers, purchasers and storers.5. Other. |
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IV. Debit balance

Credit balance

ANNEX II

Additional indications as regards the different products, concerning the expenditure and revenue items in the accounts referred to in Article 4 of Regulation (EEC) No 1883/78 (1)

1. Cereals

1. Drying: The additional costs of drying designed to lower the moisture rate below that fixed for the standard quality shall be taken into account, provided that the necessity of this operation has been shown to be necessary in accordance with the procedures laid down in Article 26 of Regulation (EEC) No 2727/75.

2. Homogenization or special cooling : Financing for one year may not exceed processes:

- the quantities purchased during the marketing season which began during the preceding year,
- an average duration of twelve months of submission to these processes.

3. Value of quantities purchased and receipts from sales

: The intervention agency shall be authorized, in respect of all these purchases, to use a system of contracts with the storers based on the standard quality of cereals. In this case, the value of the quantities bought-in and sold to be entered in the account shall refer to the standard quality. Where there are transfers between intervention agencies at zero prices or in the case of similar measures, the increases and reductions recorded at the time of the withdrawal of the product from store shall be entered as a negative or positive amount on the debit side of the account under the heading "Other" (III/4)

4. For the purposes of applying the provisions relating to the tolerance for
-breadmaking wheat the reference price shall be used instead of the intervention price.
-losses in quantity as a result of drying are not taken into account in the calculation

(1) There are no additional indicators for products not mentioned specifically in this annex.

II.-Pigmeat

1. Transport of meat held by an intervention agency : For transport operations other than those arising from a transfer between intervention agencies, the transport costs shall be financed on the basis of a standard amount. The entry and withdrawal costs incurred in respect of such transport shall be financed on the basis of a separate standard amount fixed for this purpose.

2. For the purpose of applying the provisions relating to the tolerance for products which have not been processed, the highest purchase price charged during the relevant intervention period shall be used with the addition of the standard amount for entry and the standard amount for storage, the latter being related to the longest storage period; for processed products, this price is also increased by the processing and transport costs.

III. Sugar

1. Transport of sugar from the factory to the store : Transport costs shall be financed on the basis of a standard amount.
2. Costs of conditioning : These costs are financed on the basis of a standard amount.
3. Reimbursement of storage costs : Reimbursement of storage costs made under Article 8 of Regulation (EEC) No 3330/74 and received by the intervention agencies shall be entered on the credit side of the account under the heading "Other".

IV. - Beef

1. Transport of meat held : For transport operations other than those by an intervention agency arising from a transfer between intervention agencies the transport costs shall be financed on the basis of a standard amount.
The entry and withdrawal costs incurred in respect of such transport shall be financed by a separate standard amount fixed for this purpose.

2. For the purposes of applying the provisions relating to the tolerance, the price to be referred to shall not be the intervention price but the highest guide price during the relevant year, multiplied by a coefficient adopted according to the procedure set down in Article 27 of Regulation (EEC) No 805/68.

V - Tobacco

1. Value of quantities bought-in

: For quantities bought-in on or after 1.1.1982

the amount of the premium included in the amount paid shall be deducted from the amount paid at the time of buying-in and recorded against the budget item for this premium. The amount paid, less the premium component, shall be recorded under the heading III/2. For this purpose, where baled tobacco is bought-in, the amount of the premium, expressed in terms of leaf tobacco, shall be multiplied by the processing coefficient to be fixed according to the procedure provided for in Article 17 of Regulation (EEC) No 727/70.

2. Costs of first processing and market preparation of leaf tobacco (Article 7 of Regulation (EEC) No 727/70)

: Where the intervention agency itself carries out these operations, the amount to be financed shall be fixed at a standard rate according to the procedure laid down in Article 6 of Regulation (EEC) No 1883/78. This amount may not exceed the corresponding costs under the processing contracts.

3. For the purposes of applying the provisions relating to the tolerance, use shall be made of the intervention price for the variety in question and for the best quality of the harvest in question.

ANNEX TO THE FINANCIAL STATEMENT

Purchases have been estimated at 42,2 mio EUA (1) per year for the purposes of this calculation; it is estimated that the tobacco will be sold in the second year after purchase.

	1982	1983	1984	1985	1986	1987	1988	
<u>1. Purchases 1982</u>								
- allocation of the premium element under the heading for premiums (= 60 % of the purchase value of the tobacco) (a)	+ 25,3	-	-	-	-			
- decrease in the net loss at the time of sale (b)	-	-	- 25,3	-	-			
- saving in interest costs on capital need by the intervention agencies (c)	- 1,1	(2) - 2,3	- 2,0	-	-			
<u>2. Purchases 1983</u>								
- (a)	-	+ 25,3	-	-	-			
- (b)	-	-	-	- 25,3	-			
- (c)	-	- 1,1	- 2,3	- 2,0	-			
<u>3. Purchases 1984</u>								
- (a) & (b)	-	-	+ 25,3	-	- 25,3			
- (c)	-	-	- 1,1	- 2,3	- 2,0			
<u>4. Purchases 1985</u>								
- (a) & (b)	-	-	-	+ 25,3	-	- 25,3		
- (c)	-	-	-	- 1,1	- 2,3	- 2,0		
<u>5. Purchases 1986</u>								
- (a) & (b)	-	-	-	-	+ 25,3	-	- 25,3	
- (c)	-	-	-	-	- 1,1	- 2,3	- 2,0	
Etc...						etc.	etc.	
Total	+ 24,2	+ 21,9	- 5,4	- 5,4	- 5,4	- 5,4	- 5,4	

(1) Budget estimates for 1981

(2) 25,3 mio EUA x 0,09 = 2,3 mio EUA

