

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 419 final.

Brussels, 8 September 1977

Proposal for a

COUNCIL DECISION

Amending the Decision of 3 August 1972 (72/335/EEC)

on the Community financing of certain expenditure

arising from the implementation of the Food Aid

Convention of 1971

(submitted to the Council by the Commission)

COM(77) 419 final

EXPLANATORY MEMORANDUM

The Council Decision of 3.8.1972 (72/335/EEC) on the Community financing of certain special expenditure arising from the implementation of the Food Aid Convention of 1971 centres round the distinction between the value of food aid calculated at the world price level and the amount corresponding to the refund.

This distinction entails two entries in the Budget, one under Title 9 (Chapter on 'Food aid expenditure') for the value at the world price level and the other under the Guarantee Section of the European Agricultural Guidance Fund for the refund.

Experience has shown that the application of this accounting method has the following disadvantages as regards the management of appropriations:

- the need for the paying authorities of Member States to draw an artificial distinction between refunds and other expenditure on an operation, thus creating a source of confusion and error;
- complex administrative work for the Commission staff;
- the need to transfer appropriations during the financial year between the Guarantee Section of the EAGGF and food aid, depending on the rates of the refunds, which often vary.

Furthermore, as the EEC's agricultural products are given at the Community's internal prices, the total cost of the food aid policy corresponds to those prices.

3. In order to reduce these drawbacks, it is proposed that the entire cost of food aid at Community level should be entered in the Budget in the Chapter on 'Food aid expenditure', thereby eliminating the need to enter the amount corresponding to the export refunds.

However, since it is necessary to know and inform the competent international bodies of the value of the food aid at the world price, this will be indicated in the "Remarks" on the Budget. Similarly, the value corresponding to the refunds could be given by way of information, because if the food products were not disposed of as gifts, additional outlets would have to be found inside or outside the EEC and in this latter case provision would have to be made for corresponding appropriations to the EAGGF.

4. This proposal has no financial repercussions on the Community's Budget, but will mean a change in presentation in line with the draft Council Regulation amending Regulations (EEC) N° 2052/69 of 17 October 1969, N° 1703/72 of 3 August 1972 and N° 2681/74 of 21 October 1974 presented on

It is consequently appropriate to amend the sole article of the Decision in question, as proposed in this draft Council Decision amending the Decision of 3 August 1972 (72/335/EEC) on the Community financing of certain special expenditure arising from the implementation of the Food Aid Convention of 1971.

COUNCIL DECISION

amending the Decision of 3 August 1972 (72/335/EEC) on the Community financing of certain expenditure arising from the implementation of the Food Aid Convention of 1971.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43 and 209 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas the Community grants food aid to developing or disaster-stricken countries and is responsible for the financing thereof,

Whereas under present rules the part of this expenditure which relates to export refunds is financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund and the remainder is financed under Title 9 (Chapter on 'Food aid expenditure');

Whereas experience has shown that such a distinction involves several disadvantages in the management of appropriations of the Community budget; whereas the entire cost of food aid should consequently be charged solely to Title 9 (Chapter on 'Food aid expenditure');

Whereas it is therefore necessary to amend the sole Article of the Council Decision of 3 August 1972 (72/335/EEC) on the Community financing of certain special expenditure arising from the implementation of the Food Aid Convention of 1971¹

AS DECIDED AS FOLLOWS

Article 1

The sole Article of Decision 72/335/EEC of 3 August 1972 is amended as follows;

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"Where measures are taken under the Food Aid Convention of 1971 and pursuant to the Decisions adopted by the institutions of the Community, in exceptional or urgent cases the following types of expenditure may qualify in whole or in part for Community financing:

- the value, at the fob or equivalent stage, of cereals or rice in the form of goods not listed in Annex II to the Treaty;
- forwarding costs to the frontier of the country of destination and, if necessary, to the destination itself;
- distribution costs where the goods are distributed through an international agency.

Such cases shall be determined by the Council acting unanimously on a proposal from the Commission.

In such cases Article 10(1) of Regulation (EEC) N° 1703/72² shall apply mutatis mutandis and the expenditure shall be financed from the food aid appropriations in the Budget of the European Communities."

Article 2

This Decision shall enter into force on the third day following its publication in the Official Journal of the European Communities. It shall apply with effect from 1 January 1978.

Done at Brussels

For the Council

The President

¹ OJ N° L 227, 5.10.1972, p. 11

² OJ N° L 180, 8.8.1972, p. 1.