

**Proposal for a financial regulation relating to the European Agricultural
Guidance and Guarantee Fund and to the European Fund for Structural
Improvements in Agriculture**

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**SECRETARIAT OF THE COMMISSION OF
THE EUROPEAN ECONOMIC COMMUNITY**

Proposal for a financial regulation relating to the European Agricultural Guidance and Guarantee Fund and to the European Fund for Structural Improvements in Agriculture

(Submitted by the Commission to the Council on 5 March 1963)

The Council of the European Economic Community,

Having regard to the Treaty establishing the European Economic Community and in particular Article 209 thereof;

Having regard to Regulation No. 25 of the Council on Financing of the Common Agricultural Policy;

Having regard to Regulation No. ... of the Council on the granting of aid by the European Agricultural Guidance and Guarantee Fund;

Having regard to Regulation No. ... of the Council on the European Fund for Structural Improvements in Agriculture;

Having regard to the proposal of the Commission;

Whereas under Article 1 of Regulation No. 25 of the Council on Financing of the Common Agricultural Policy the European Agricultural Guidance and Guarantee Fund forms part of the Community's budget;

Whereas the European Fund for Structural Improvements in Agriculture will likewise form part of the Community's budget;

Whereas for these two agricultural funds to serve their purpose the financial and budgetary conditions under which they operate must be embodied in the Community's budget;

Whereas for satisfactory operation of the European Fund for Structural Improvements in Agriculture a financial link must be established between that Fund and the European Agricultural Guidance and Guarantee Fund;

Whereas such financial link should take the form of certain limited drawings on the European Agricultural Guidance and Guarantee Fund appropriated to the European Fund for Structural Improvements in Agriculture, and whereas it is necessary to ensure the smooth functioning of the latter Fund, which undertakes short- and long-term operations, by supplementing its revenue from the ordinary budget;

Whereas because of the number and the importance of such financial and budgetary provisions it is appropriate to consolidate them in a separate Financial Regulation applying to both Funds,

Has adopted the present Regulation :

General

Article 1

Except as otherwise provided in this Regulation, the Financial Regulations adopted under Article 209 shall be applicable to the European Agricultural Guidance and Guarantee Fund, hereinafter referred to as the EAGGF, and to the European Fund for Structural Improvements in Agriculture, hereinafter referred to as the EFSIA.

Budget provision

Article 2

1. The expenditure of the EAGGF shall constitute a special section in the budget of the Community. This section shall be divided in two chapters :

a) Expenditure for refunds on exports to non-member countries and for intervention in the home market eligible by virtue of Article 3 (1), a), b) and c) of Regulation No. 25 of the Council on Financing of the Common Agricultural Policy, hereinafter referred to as Council Regulation No. 25;

b) Expenditure on structural improvements for agricultural markets, eligible by virtue of Article 3 (1) d) of Council Regulation No. 25.

2. The expenditure of the EFSIA shall constitute a special section in the budget of the Community. This section shall be divided in two chapters :

a) Expenditure in respect of previous commitments;

b) Expenditure in respect of new commitments.

Article 3

1. The estimates in the preliminary draft budget shall be computed on the basis of the information available at the time. Before approval of the draft budget by the Council, the Commission may submit revised estimates in the light of additional information.

2. Any further expenditure required to meet the Commission's commitments relating to the EAGGF and the EFSIA shall be the subject of a supplementary budget.

Article 4

1. The funds available to the EAGGF under Article 5 (2) of Council Regulation No. 25 shall be drawn from the budget of the financial year following the marketing season for which such expenditure is chargeable to the Fund under Article 3 (1), a), b) and c) of that Regulation, and in the first instance from the 1964 budget.

2. For EAGGF operations, the term "marketing season" shall run from 1 July to the 30 June following.

Contributions of Member States

Article 5

1. Notwithstanding the provisions of Article 3 (2) of the Financial Regulation concerning the drawing up and execution of the budget of the EEC and the responsibility of certifying officers and accountants, the financial contributions of the Member States shall be appropriated to the expenditure of the EAGGF and EFSIA.

2. Where necessary a new apportionment of the financial contributions of the Member States shall be made by way of a supplementary budget, after the Member States have furnished the Commission with their import statistics, with a view to final calculation of the special scale provided for in Article 7 of Council Regulation No. 25.

Article 6

The Member States' contributions to the EAGGF required to cover the expenditure referred to in Article 5 (2) of the Council

Regulation No. 25 shall be allocated in part to the EFSIA, but the amounts so allocated shall not exceed one quarter of the amount arrived at in accordance with the said Article 5 (2).

Where the amount so calculated is nil or is insufficient to provide the necessary appropriations for the operation of the EFSIA, due regard being had to the provisions of the preceding paragraph, supplementary estimates shall be made in the budget.

Article 7

The EFSIA shall re-apply to its purposes any sums representing reimbursement of advances made by it to extend the redemption periods of loans and the interest received on such amounts.

Article 8

1. The financial contributions, expressed in national currencies, shall be credited by each Member State to the special accounts opened for the Commission with the Treasury or any other authority designated by the Member States concerned. Such accounts shall be kept separate from all other accounts opened for the Commission under the budget procedure.

2. Credits shall be made:

a) In respect of contributions to cover the expenditure referred to in Article 2 (1) a) above:

in full at latest by 20 January or within 30 days from the final adoption of the supplementary or revised budget;

b) In respect of contributions to cover the expenditure referred to in Article 2 (1) b) and (2) above:

i) as to 7/12ths of the annual amount by 20 January or within 30 days from final determination of the budget if the provisions of Article 204 of the Treaty are applied;

ii) as to the remaining 5/12ths on 1 July of the year in question.

3. The Commission shall maintain, in each Member State, with the Central Bank or other financial establishment approved by the State concerned, operational accounts for the EAGGF and the EFSIA bearing the same names as those opened in pursuance of paragraph 1 of this Article.

Commitment of funds
and carrying forward

Article 9

1. The following shall be considered as commitments of funds:

i) For the EAGGF: recognition by the Commission of Member States' claims in respect of expenditure for refunds and interventions;

ii) For the EAGGF: in respect of expenditure on structural improvement of agricultural markets, the Commission's decisions taken under paragraph 2 of Article 19 of Council Regulation No. on the granting of aid by the EAGGF;

iii) For the EFSIA: the Commission's decisions taken under Article 10 (2) of Council Regulation No. on the EFSIA.

2. Amounts committed within the meaning of the foregoing paragraph, but not paid out by the end of the financial year, shall be automatically carried forward to the next financial year. Amounts not used for expenditure on refunds or intervention in the home market shall lapse.

3. Amounts included in the chapters referred to in paragraph 1 *b*) and paragraph 2 *b*) of Article 2 above, but not committed, shall be carried forward to the subsequent financial year only, unless the Council shall decide otherwise by qualified majority within six weeks of the Commission having submitted its reasons for such carry forward.

Repayment to the Member States of expenditure on refunds or intervention through the EAGGF

Article 10

Expenditure on refunds and intervention shall be approved, certified and paid once in each marketing season. For this purpose the Commission shall determine:

1. The balance of the account of each Member State, regard being had to its final contribution and to the total expenditure refunded to it under Article 10 of Council Regulation No.

2. The amount of the transfers to be made in order to clear credit or debit accounts.

Article 11

As soon as the operations stipulated in Article 10 of the present Regulation have been concluded, the Commission shall notify:

1. To debtor Member States the amounts to be paid by them to the Commission;
2. To creditor Member States the amounts to be paid to them by the Commission.

Article 12

Within two months from such notification the Commission shall pay to the creditor Member State, through the account opened for this purpose with the Central Bank or approved establishment, the amount referred to in Article 11 *b*) by debiting the corresponding amount to the account opened in the name of the Commission in conformity with Article 8 of the present Regulation.

Article 13

1. The amounts to be repaid by the EAGGF to the Member States shall be determined, in the national currencies of the latter, on the basis of decisions taken by the Commission in conformity with Article 10 of Council Regulation No.

2. In determining the contributions and the balances of the accounts of the Member States, the amounts of the refunds shall be converted into units of accounts.

3. Payments made in order to clear accounts expressed in units of account shall also be made in the national currencies of the Member States.

Article 14

Creditor Member States shall receive from the Commission a payment in their national currencies at the rate of exchange obtaining on the day the accounts were balanced as stipulated in Article 10.

Article 15

If there is a change in the exchange rate of the currency of a creditor Member State between the date of the balancing of accounts stipulated in Article 10 and the time of payment, any surplus accruing, in the case of a devaluation, to the accounts opened for the EAGGF in the name of the Commission shall be divided among all Member States in accordance with the special scale laid down in Article 7 of Council Regulation No. 25; in the case of revaluation all Member States shall make corresponding supplementary payments into the account opened for the EAGGF in the name of the Commission.

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