

**Proposal for a Council regulation amending Council Regulations
Nos. 20, 21 and 22 with regard to refunds on exports to Member States**

(submitted by the Commission to the Council on 12 December 1963)

COM (63) 491 final
11 December 1963

Supplement to

BULLETIN

of the European Economic Community

No. 1 - 1964

Pages 7-8

EXECUTIVE SECRETARIAT OF THE COMMISSION
OF THE EUROPEAN ECONOMIC COMMUNITY

Proposal for a Council regulation amending Council Regulations
Nos. 20, 21 and 22 with regard to refunds on exports to Member States

(submitted by the Commission to the Council on 12 December 1963)

The Council of the European Economic Community,

Having regard to the provisions of the Treaty establishing the European Economic Community and in particular Article 43 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas, in conformity with Article 10 of Council Regulation No. 20 ⁽¹⁾, Article 7 of Council Regulation No. 21 ⁽²⁾ and Article 7 of Council Regulation No. 22 ⁽³⁾, a Member State may, upon exportation to a Member State of the products referred to in Article 1 of each of the above-mentioned regulations, refund either :

a) an amount corresponding to the incidence on feeding costs of the difference in feed-grain prices as between the importing and exporting Member States; or

b) an amount equal to the sum of the first two components of the levy vis-à-vis third countries;

Whereas the practice of refunds paid in accordance with b) above has not produced satisfactory results and should be discontinued;

Whereas for the products listed in Article 1(1) c) of Council Regulation No. 20 it should be possible to refund the weighted average as defined in Article 4(2) a) and b) of the said regulation,

Has adopted the present regulation :

Article 1

Article 10(1), first paragraph, of Council Regulation No. 20 on the progressive establishment of a common organization of the market in pigmeat shall read as follows :

"1. A Member State which, in accordance with the provisions of the present regulation, applies levies vis-à-vis another Member State may refund upon exports to such Member State either :

a) an amount corresponding to the incidence on feeding costs for the products referred to in Article 1(1) a) and b) of the difference in feed-grain prices as between the importing and exporting Member States; or

b) an amount corresponding to the weighted averages referred to in Article 4(2) a) and b) for the products referred to in Article 1(1) c)".

Article 2

The second paragraph of Article 10(2) of Council Regulation No. 20 shall be deleted.

Article 3

Article 7(1) of Council Regulation No. 21 on the progressive establishment of a common organization of the market in eggs, and Article 7(1) of Council Regulation No. 22 on the progressive establishment of a common organization of the market in poultry meat shall read as follows :

"1. A Member State which, in accordance with the provisions of the present regulation, applies levies vis-à-vis another Member State may, upon exportation to such Member State, refund an amount corresponding to the incidence on feeding costs of the products referred to in Article 1 of the difference in feed-grain prices as between the importing and exporting Member States."

Article 4

The second paragraph of Article 7(2) of Council Regulations Nos. 21 and 22 shall be deleted.

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

(1) See official gazette of the European Communities, No. 30, 20 April 1962, p. 945.

(2) *ibid.*, p. 953.

(3) *ibid.*, p. 959.

Explanatory Memorandum

1. Amendment of Council Regulation No. 20

Intra-Community refunds are governed as desired by one or other of the two arrangements laid down in Article 10(1) *a*) and *b*) of Council Regulation No. 20. By an agreement of 19-20 June 1962 the Member States decided to use only the refund facilities granted under Article 10(1) *b*) for intra-Community exports of pigmeat, and to waive refunds of amounts corresponding to the incidence on feeding costs of the products referred to in Council Regulation No. 20 Article 1(1) of the difference between the prices of feed-grain in the importing and exporting Member States.

In practice, however, application of Article 10(1) *b*) has led to considerable difficulties and given rise to abnormal trade flows. It therefore appears desirable to rescind the agreement of 19-20 June 1962 and to authorize refunds solely on the basis of the incidence of the difference between the prices of feed-grain, in accordance with Article 10(1) *a*).

A distinction should be made between the products referred to in Article 1 *a*) and *b*), and those referred to in *c*) : for the former, only the difference of the raw material costs, that is to say the feed costs, should be refunded, whereas for the second the same refund should be made, but from now on in the form of the weighted average of the levies fixed for these products, such weighted average being calculated in accordance with Article 4(2) *a*) and *b*).

2. Amendment of Council Regulations Nos. 21 and 22

Article 7 of Council Regulations Nos. 21 and 22 provides that :

A Member State which in accordance with the provisions of the said regulations applies levies vis-à-vis another Member State may, upon exportation to such Member State, refund either :

a) an amount corresponding to the incidence on feeding costs of the products referred to in Article 1 of the difference in feed-grain prices as between the importing and exporting Member State; or

b) an amount equal to the sum of the first two components of the levy vis-à-vis third countries as determined in Article 4(1) *a*) and *b*) of the said regulations and, in respect of the products referred to in Article 1 of Council Regulation No. 21, other than shell eggs, and in respect of the products referred to in Article 1(1) of Council Regulation No. 22, other than slaughtered poultry, by taking account of the rules set out in Article 4(2) of the said regulations.

At the request of the Netherlands delegation the Council on 20 and 21 March 1963 considered the second form of refund provided for in Article 7 of Council Regulations Nos. 21 and 22.

The Netherlands delegation felt that refunds of this type, which were being applied by Belgium and France on their exports of slaughtered poultry to the Federal Republic of Germany, considerably disturbed the conditions of competition; unduly high refunds do, in fact, create an artificial export stimulus so that poultry-raising expands at a faster rate than normal.

Meanwhile the Council took note on 30 May 1963 of a joint declaration, by which —

Belgium and France undertook, in the case of exports to the Federal Republic of Germany, not to make full use of the second form of refund provided for in Article 7 of Council Regulations Nos. 21 and 22;

The Netherlands undertook not to grant any refund on exports of slaughtered poultry to the Federal Republic of Germany.

Since the application of Article 7 of Council Regulations Nos. 21 and 22 is limited by these agreements and since the grounds for these agreements will continue to exist in the future, Article 7 of the above-mentioned regulations should be amended to conform with these agreements.