

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 334 final

Brussels, 11 June 1980

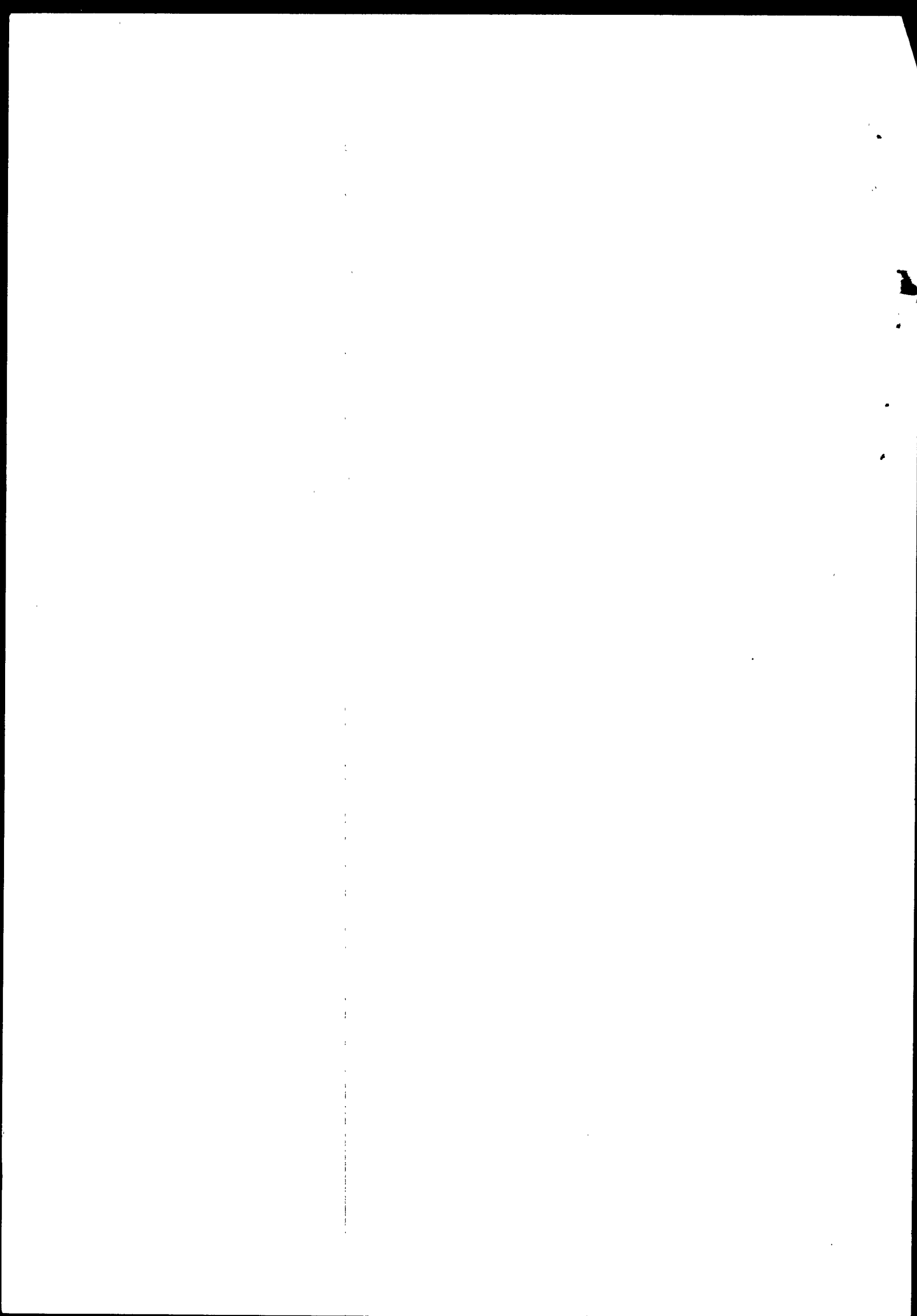
Proposal for a  
COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 1172/76 of 17 May 1976  
setting up a financial mechanism

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(submitted to the Council by the Commission)

COM(80) 334 final



## EXPLANATORY MEMORANDUM

1. As part of the discussion on convergence and budgetary questions within the Community Institutions, the Council of Ministers (Foreign Ministers), meeting on 29 and 30 May 1980, agreed that payments be made to the United Kingdom so as to reduce its net contribution to the Community Budget. One of the measures to be taken so as to achieve this aim, while complying with the Community's own resources arrangements, is the setting-up of an altered financial mechanism by amending Regulation (EEC) No 1172/76 of 17 May 1976 setting up a financial mechanism.

2. The draft Regulation amending the Regulation referred to above confirms the aim provided for when the financial mechanism was set up in 1976, which was to prevent a situation - incompatible with the proper functioning of the Community - from arising whereby the economy of a Member State, whilst in a special situation, would be obliged to bear a disproportionate burden in the financing of the Community Budget. However, a simplification of the methods of calculating the payment to be made to the Member State applying is provided for, in particular the abolition of the provisions which had the effect of preventing the mechanism from entirely fulfilling its intended role.

### Analysis of the amendments to Regulation No 1172/76

#### 1. Amendments concerning the method of determining the amount of the payment

A feature of the old Regulation was that Article 3 provided for the division into tranches of the excess amount - determined in accordance with Article 2(c) - of the applicant Member State's contribution to the Community Budget.

This division into tranches, which resulted in a considerable reduction of the payment, has been deleted in the Commission's proposal.

In the light of the decisions taken by the Council on 29 and 30 May 1980, Article 4, which limited payments in the event of a positive balance of payments, will also have to be deleted. Similarly, it is necessary to remove the limit to the amount of the payment, which was the higher of the following amounts: 250 million u.a. or 33% of the total expenditure chargeable to the financial year to which the Member State's application refers.

## 2. Technical adjustment

However, some of the amendments to Regulation No 1172/76 are designed to solve technical or practical problems which have cropped up during the period in which the Regulation has been in force.

These mainly concern the consequences of using the European unit of account in the Budget, which raises the problem of the rate to be applied for the various calculations provided for by the Regulation (see, in particular, the amended version of Article 2(c)). In addition, the term "gross domestic product" should replace the term "gross national product", a concept no longer used in statistical and economic analysis. Otherwise, this figure would have to be reconstituted each time the Regulation was applied. It was also necessary to specify that the statistics to be used are to be the most recent ones compiled by the Statistical Office. These amendments have been incorporated in particular in Article 7, which sets out the procedure for calculating the final amount of the payment.

- external identification letters and numbers,
  - serial number of the message for the voyage in question,
  - indication of the type of message according to the following code
    - message — when entering the zone IN
    - message — when leaving the zone OUT
    - weekly message WKL,
  - the geographical position,
  - the date on which fishing is expected to commence,
  - the quantity of each species of fish in the hold,
  - the quantity of each species discarded since the previous transmission,
  - the quantity of each species transhipped since the previous transmission,
  - the quantity of each species landed in a port of the Community since the previous transmission,
  - the name of the master
- 4 The code to be used to indicate the species in the communications referred to above:
- A Deep-water prawn (*Pandalus borealis*)
  - C Greenland halibut (*Rheinhardtius hippoglossoides*)
  - D Cod (*Gadus morhua*)
  - F Halibut (*Hippoglossus hippoglossus*)
  - I Round-nose grenadier (*Coryphaenoides rupestris*)
  - U Redfish (*Sebastes marinus*)
  - R Other

**Proposal for a Council Regulation amending Regulation (EEC) No 1172/76 of 17 May 1976 setting up a financial mechanism**

*(Submitted by the Commission to the Council on 12 June 1980)*

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

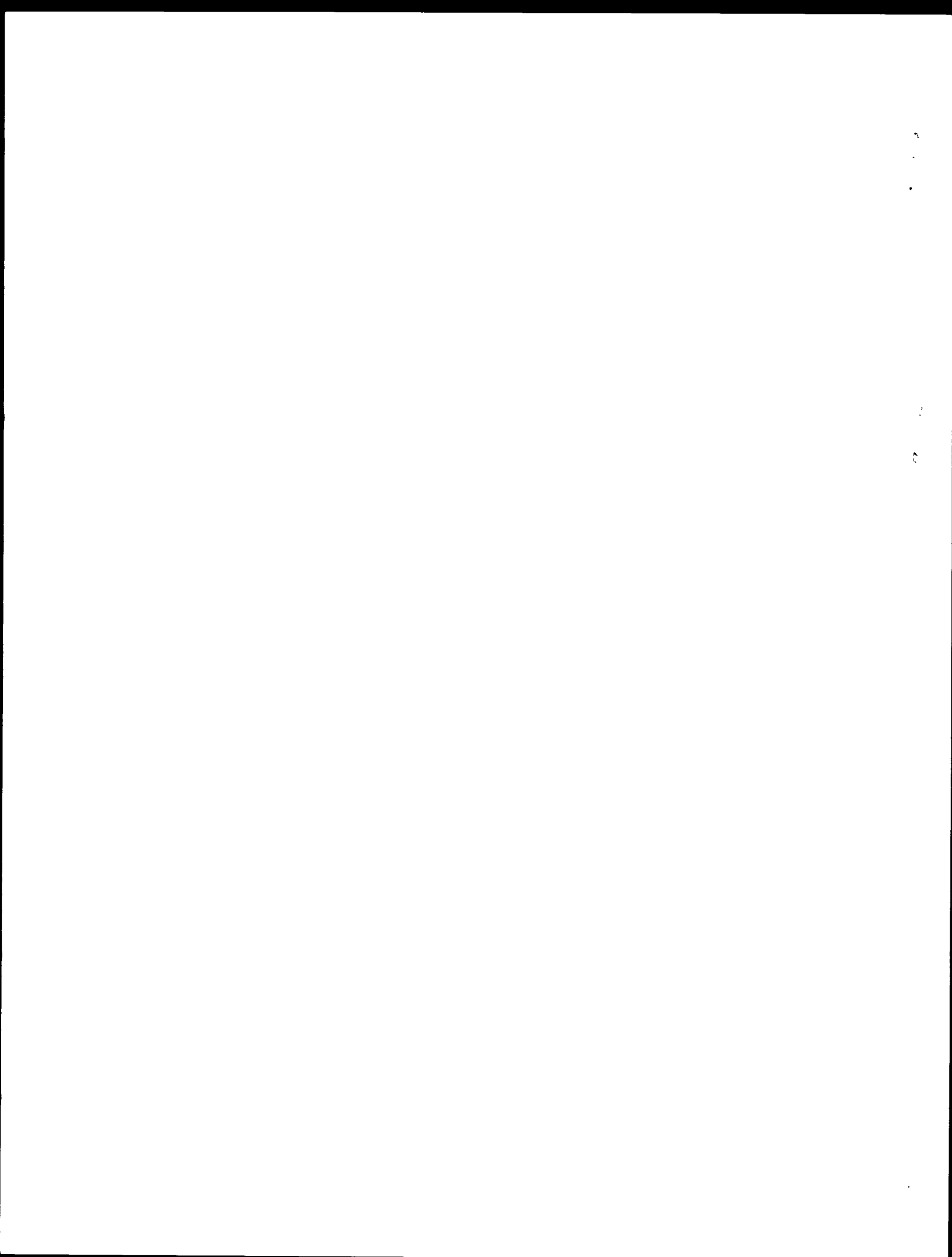
Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Court of Auditors,

Whereas conditions incompatible with the proper functioning of the Community could arise if a Member State's economy, whilst in a special situation, is forced to bear a disproportionate burden in the financing of the Community budget;

Whereas, in accordance with the guidelines laid down by the Heads of Government in Paris on 10 December 1974 and made more specific in Dublin on 10 and 11 March 1975, and in order to prevent such conditions from arising during the process of convergence of the economies of the Member States,



Council Regulation (EEC) No 1172/76 of 17 May 1976 setting up a financial mechanism <sup>(1)</sup> provided for a payment to be made from the budget of the Communities to the Member States in question;

Whereas these guidelines have since been confirmed on several occasions by the European Council, and whereas the Council agreed on 29 and 30 May 1980 that changes should be made to this financial mechanism so that it can entirely fulfil its intended role;

Whereas these changes must take account of existing Community acts and Community solidarity,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

Council Regulation (EEC) No 1172/76 of 17 May 1976 is hereby amended as follows:

##### 1. In Article 2:

(i) The terms 'gross national product (GNP)' and 'GNP' in (a), (b) and (c) shall be replaced by 'gross domestic product (GDP)' and 'GDP' respectively.

(ii) The second paragraph shall be replaced by the following:

'The figures referred to in (a) and (b) shall be calculated, as moving averages, from the results for the preceding three years and on the basis of the most recent statistics compiled by the Statistical Office of the European Communities.'

(iii) The third paragraph shall be replaced by the following:

'The calculations provided for in this Article in respect of the GDP and per capita GDP referred to in (a) and (b) shall be made on the basis of the average annual value of the European unit of account (EUA). The payments made by the Member States referred to in (c) are taken to be the EUA estimates given in the Budget for the current financial year. The GDPs for the current financial year shall be the most recent estimates worked out by the Commission in EUA.'

##### 2. Article 3 shall be replaced by the following:

'On assessing the facts of the situation, the Commission shall, if necessary, enter in an appropriate subdivision of the preliminary draft budget for the year following the year in which the Member State's application was made an appropriation equal to the provisional amount of the payment.

The amount of the payment shall be the excess amount established under Article 2 (c), but it may in no case exceed the smaller of the following amounts:

— the net transfers from the Member State during the current financial year under Article 31 of the Financial Regulation of 21 December 1977, regardless of net payments made to that State under this Regulation; transfers received by the Member State during the current financial year shall include payments made on its behalf by other Member States as monetary comensatory amounts paid pursuant to Article 2a of Council Regulation (EEC) No 974/71 of 12 May 1971 on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuation for the currencies of certain Member States <sup>(2)</sup>;

— the payments by the Member State to the budget of the Communities for the current financial year after deduction of the customs duties and agricultural levies defined in Article 2(a) and (b) of Decision 70/243/ECSC, EEC, Euratom. <sup>(3)</sup>

##### 3. Articles 4, 5 and 6 shall be deleted.

##### 4. The second paragraph of Article 7 shall be replaced by the following:

'After the revenue and expenditure account has been drawn up, and as soon as it has the final data referred to in this Regulation, the Commission shall, on the basis of this data, calculate the final amount of the payment and settle the balance. The above-mentioned GDP data shall be the first figures published by the Statistical Office of the European Communities after the revenue and expenditure account has been drawn up.'

<sup>(1)</sup> OJ No L 131, 20. 5. 1976, p. 7

<sup>(2)</sup> OJ No L 106, 12. 5. 1971.

<sup>(3)</sup> OJ No L 94, 28. 4. 1970, p. 19

The payments made under this Regulation shall be expressed in EUA and paid in the currency of the Member State. The exchange rate used shall be that of the day the Commission received the application referred to in Article 2<sup>1</sup>.

5. Articles 8 and 9 shall be deleted.

#### Article 2

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*. It shall apply from the Financial year 1980.

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

### Proposal for a Council Directive determining the scope of Article 14 (1) (d) of Directive 77/388/EEC as regards exemption from value added tax on the final importation of certain goods

(Submitted by the Commission to the Council on 13 June 1980)

THE COUNCIL OF THE EUROPEAN  
COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 99 and 100 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas, pursuant to Article 14 (1) (d) of Council Directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value added tax: uniform basis of assessment (<sup>1</sup>), Member States shall, without prejudice to other Community provisions and under conditions which they shall lay down for the purpose, *inter alia*, of preventing any possible evasion, avoidance or abuse, exempt final importation of goods qualifying for exemption from customs duties other than as provided for in the Common Customs Tariff or which would qualify therefor if they were imported from a third country;

Whereas, in accordance with Article 14 (2) of the abovementioned Directive, the Commission is required to submit to the Council proposals designed to lay down Community tax rules clarifying the scope of the exemptions referred to in paragraph 1 of the said Article and detailed rules for their implementation;

Whereas, while it is deemed desirable to achieve the greatest possible degree of uniformity between the system for customs duties and that for value added tax, account should be taken, in applying the latter system, of the differences as regards objective and structure between customs duties and value added tax;

Whereas arrangements for value added tax should be introduced that differ according to whether goods are imported from third countries or from other Member States and to the extent necessary to comply with the objectives of tax harmonization; whereas the exemptions on importation can be granted only on condition that they are not liable to affect the conditions of competition on the home market;

Whereas certain reliefs at present applied in the Member States stem from conventions with third countries or with other Member States which, given their purpose, concern only the signatory Member States; whereas it is not expedient to define at Community level conditions for granting such reliefs, and whereas the Member States concerned need merely be authorized to retain them,

(<sup>1</sup>) OJ No L 145, 13. 6. 1977, p. 1.