COUNCIL REGULATION (EEC) No 1571/93

of 14 June 1993

amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy [1], and in particular Article 3 (2) thereof,

Having regard to the proposal from the Commission [2],

Having regard to the opinion of the European Parliament [3],

Whereas, for intervention operations for which a unit amount has not been set by market organization rules, basic Community financing rules have been set by Regulation (EEC) No 1883/78 [4], in particular as to the method of establishing the amounts to be financed, the financing of expenditure resulting from tying up the funds needed for intervention purchasing, the valuation of stocks to be carried over from one year to another and the financing of expenditure resulting from the physical operations of storage;

Whereas Article 5 of Regulation (EEC) No 1883/78 provides that the interest charges incurred by Member States in mobilizing the funds used to purchase public intervention products are to be financed by the Community at a uniform interest rate;

Whereas it is possible that in a Member State the buying into public intervention of agricultural products can be financed only at interest rates which are substantially higher than the uniform interest rate;

Whereas, in so far as such a difference in interest rates is deemed excessive for a given Member State, provision should be made for a correcting mechanism to be applied in such situations;

Whereas, in such cases, the difference between the particularly high interest rate paid by a Member State and the uniform interest rate should nevertheless be partially borne by the Member State concerned in order to encourage it to seek the least costly financing method;

Whereas this amendment to the rules should be carried out for a limited period and must apply from the beginning of the current financial year;

Whereas the option, provided for in the second subparagraph of Article 5 of Regulation (EEC) No 2050/88 [5], to set the uniform interest rate at a level which is lower than its representative level is an instance of the application of the principle set out in the first subparagraph of Article 2 of the Financial Regulation of the Community [6]; whereas this provision should no longer be of a period of limited duration,

HAS ADOPTED THIS REGULATION:

Article 1

Article 5 of Regulation (EEC) No 1883/78 is hereby amended as follows:

1. in the second subparagraph the words 'in respect of the financial years 1989 to 1992' shall be deleted;

2. the following third subparagraph shall be added:

   'The first paragraph notwithstanding, if the interest rate borne by a Member State is more than twice the uniform interest rate, the Commission may, for the financial years 1993 to 1995, in financing the interest costs incurred by that Member State, apply the uniform rate of interest plus the difference between double that rate and the actual rate borne by the Member State.'

Article 2

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

It shall apply to expenditure incurred from 1 October 1992.

(1) OJ No L 94, 28. 4. 1970, p. 13. Regulation as last amended by Regulation (EEC) No 2048/88 (OJ No L 185, 15. 7. 1988, p. 1).
(2) OJ No C 57, 27. 2. 1993, p. 7.
(3) Opinion delivered on 28 May 1993 (not yet published in the Official Journal).
(4) OJ No L 216, 5. 8. 1978, p. 1. Regulation as last amended by Regulation (EEC) No 787/89 (OJ No L 85, 30. 3. 1989, p. 1).
(5) OJ No L 185, 15. 7. 1988, p. 6.
(6) OJ No C 80, 24. 3. 1991, p. 1.

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

Done at Luxembourg, 14 June 1993.

For the Council
The President
B. WESTH