

REGULATION No 25

on the financing of the common agricultural policy

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY;

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 40, 43 and 199 to 209 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Whereas the operation and development of the common market for agricultural products require the concurrent development of a common agricultural policy comprising in particular a common organisation of agricultural markets;

Whereas, to enable that common organisation to attain its objectives, a European Agricultural Guidance and Guarantee Fund should be set up and the conditions under which that Fund shall operate should be laid down;

Whereas, in connection with the setting up of that Fund and the implementation of a common agricultural policy, it has clearly become necessary to adopt certain common rules of financial and budgetary policy;

HAS ADOPTED THIS REGULATION:

Article 1

In order to enable the common organisation of agricultural markets to attain its objectives, a European Agricultural Guidance and Guarantee Fund (hereinafter called the 'Fund') is hereby set up. The Fund shall form part of the Community budget.

TITLE I

Single market stage

Article 2

1. Revenue from levies on imports from third countries shall accrue to the Community and shall be used for Community expenditure so that the budget resources of the Community comprise those revenues together with all other revenues decided in accordance with the rules of the Treaty and the contributions of Member States under Article 200 of the Treaty. The Council shall, at the appropriate time, initiate the procedure laid down in Article 201 of the Treaty in order to implement the above-mentioned provisions.

2. Since at the single market stage price systems will be standardised and agricultural policy will be on a Community basis, the financial consequences thereof shall devolve upon the Community.

The Fund shall accordingly finance:

- (a) refunds on exports to third countries;
- (b) intervention aimed at stabilising markets;
- (c) common measures adopted in order to attain the objectives set out in Article 39 (1) (a) of the Treaty, including the structural modifications required for the proper working of the common market, provided that those measures do not encroach upon the work of the European Investment Bank and the European Social Fund.

TITLE II

Transitional period

Article 3

1. The following expenditure shall be eligible for aid from the Fund:

- (a) refunds on exports to third countries calculated, on the basis of the net quantities of exports and

the rate of refund in the Member State whose average refund is the lowest, in accordance with the provisions of the Regulations on individual products;

- (b) intervention on the domestic market the aim and function of which is identical with that of the refunds referred to in subparagraph (a); the Council, acting unanimously during the second stage and by a qualified majority thereafter on a proposal from the Commission, shall establish that these are identical;
- (c) other intervention on the domestic market effected in accordance with Community rules; the conditions governing the eligibility of the expenditure relating thereto shall be determined by the Council, acting unanimously during the second stage and by a qualified majority thereafter on a proposal from the Commission;
- (d) action undertaken in accordance with Community rules for attaining the objectives set out in Article 39 (1) (a) of the Treaty including structural changes necessitated by the development of the common market; the conditions governing the eligibility of the expenditure relating thereto shall be determined by the Council, acting unanimously during the second stage and by a qualified majority thereafter on a proposal from the Commission.

2. The Commission shall submit initial proposals in pursuance of paragraph 1 (b), (c) and (d) not later than 30 September 1962 to enable the Community to finance the transactions referred to in those subparagraphs as from the year 1962/63.

3. From the first year, the Council shall each year, on the basis of a report from the Commission, examine how the Community financing of export refunds provided for in paragraph 1 (a) has affected guidance of production and development of outlets.

The Council, acting unanimously during the second stage at the request of one of the Member States or of the Commission, and by a qualified majority thereafter on a proposal from the Commission, may amend the criteria adopted for the Community financing of those refunds.

The Council shall also, on the basis of a report from the Commission, examine every year the effect on the common agricultural policy of the Community financing provided for in paragraph 1 (b), (c) and (d).

Article 4

Before the end of the third year, the Council shall, on the basis of a report from the Commission, carry out a comprehensive examination of the development of

the transactions of the Fund as a whole, the nature of expenditure from the Fund, the conditions governing the eligibility of that expenditure, the apportionment of the revenue of the Fund, and the progress made in implementing the common agricultural policy, and in particular the guidance of agricultural production in Member States, price harmonisation, and the development of intra-Community trade. This examination shall precede the decisions to be taken in pursuance of Articles 5 (1) and 7 (2).

Article 5

1. For expenditure eligible under Article 3 (1) (a), (b) and (c), the contribution from the Fund shall, as regards the first three years, be fixed at one-sixth for 1962/63, two-sixths for 1963/64, and three-sixths for 1964/65.

From 1 July 1965 and until the end of the transitional period, contributions from the Fund shall increase regularly so that, at the end of the transitional period, all eligible expenditure shall be financed by the Fund. In the light of the results of the comprehensive examination provided for in Article 4, the necessary decision shall be taken by the Council according to the voting procedure laid down in Article 43 of the Treaty.

2. The contribution from the Fund to the expenditure eligible under Article 3 (1) (d) shall, as far as possible, correspond to one third of the amount fixed in pursuance of paragraph 1 of this Article.

Article 6

1. The total amount allocated to the Fund to enable it to meet the expenditure defined above shall be fixed every year by the Council in accordance with budgetary procedure.

2. The sums fixed every year may be increased by a decision of the Council acting according to the same procedure.

Article 7

1. The revenue of the Fund shall consist, for the first three years, of financial contributions from Member States calculated for the first part according to the scale laid down in Article 200 (1) of the Treaty and for the second part in proportion to net imports from third countries effected by each Member State.

The two parts of the contributions from Member States shall constitute the total receipts of the Fund in the following proportions:

	1962/63 %	1963/64 %	1964/65 %
According to the scale laid down in Article 200 (1)	100	90	80
In proportion to net imports	—	10	20

2. Before the end of the third year and in the light of the results of the comprehensive examination provided for in Article 4, the Council, acting in

accordance with the procedure laid down in Article 200 (3) of the Treaty, and with the aim of ensuring that progressive advance is made towards a single market system, shall draw up rules concerning the revenue of the Fund which shall be valid from 1 July 1965 until the end of the transitional period.

Article 8

This Regulation, under the conditions laid down in the Regulations relating to each of the individual products, shall apply to the markets in cereals, pigmeat, eggs and poultrymeat from 1 July 1962, to the market in milk and milk products from 1 November 1962, and where necessary, to other markets from dates to be determined by the Council.

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

Done at Brussels, 4 April 1962.

For the Council

The President

M. COUVE de MURVILLE