

**COUNCIL REGULATION (EC) No 1259/96**  
of 25 June 1996

**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 UNION,

Having regard to the Treaty establishing the European Community,

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

Having regard to the proposal from the Commission,

After consulting the Fund (EAGGF) committee,

Whereas, for intervention operations for which a unit amount has not been set by market organization rules, the basic rules applicable to Community financing are those of Council Regulation (EEC) No 1883/78<sup>(2)</sup>, in particular as concerns the method of establishing the amounts to be financed, the financing of expenditure resulting from the mobilization of the funds needed for intervention buying, 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 for public intervention buying are to be financed by the Community at a uniform interest rate;

Whereas it may appear in a Member State that 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 provision should be made, in such cases, for a correcting mechanism to compensate for a part of the difference between the particularly high interest rate paid by the Member State and the uniform interest rate, while

leaving responsibility for a part of the difference to the Member State in order to encourage it to seek the least costly financing method;

Whereas the mechanism introduced to that end in Article 5 of Regulation (EEC) No 1883/78 by Council Regulation (EEC) No 1571/93<sup>(3)</sup> for a period of three years is functioning satisfactorily, but whereas that provision expired at the end of the 1995 financial year;

Whereas the substantial differences between the costs of financing which were noted in 1993 and were the reason for the introduction of that mechanism continue to exist; whereas it would therefore be useful to extend the period of application of the mechanism,

HAS ADOPTED THIS REGULATION:

*Article 1*

The third subparagraph Article 5 of Regulation (EEC) No 1883/78 is hereby replaced by the following:

'The first subparagraph notwithstanding, if the interest rate borne by a Member State is more than twice the uniform interest rate, the Commission may, for the financial year 1996, 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 that of its publication in the *Official Journal of the European Communities*.

It shall apply to expenditure incurred from 1 October 1995.

<sup>(1)</sup> OJ No L 94, 28. 4. 1970, p. 13. Regulation last amended by Regulation (EC) No 1287/95 (OJ No L 125, 8. 6. 1995, p. 1).

<sup>(2)</sup> OJ No L 216, 5. 8. 1978, p. 1. Regulation last amended by Regulation (EEC) No 1571/93 (OJ No L 154, 25. 6. 1993, p. 46).

<sup>(3)</sup> OJ No L 154, 25. 6. 1993, p. 46.

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

Done at Luxembourg, 25 June 1996.

*For the Council*

*The President*

M. PINTO

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