

**REGULATION (EEC) No 786/69 OF THE COUNCIL****of 22 April 1969****on the financing of intervention expenditure in respect of the domestic market in oils and fats**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community;

Having regard to Council Regulation No 17/64/EEC<sup>1</sup> of 5 February 1964 on the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund, as last amended by Regulation (EEC) No 1892/68<sup>2</sup>, and in particular Articles 2 (1) and 6 (2) thereof;

Having regard to the proposal from the Commission;

Whereas it is necessary to determine the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund (hereinafter called the 'Fund') for Community financing of intervention expenditure in each sector of the common organization of the markets;

Whereas the subsidies granted in pursuance of Articles 10 and 27 (1) of Council Regulation No 136/66/EEC<sup>3</sup> of 22 September 1966 on the establishment of a common organization of the market in oils and fats, as last amended by Regulation (EEC) No 2146/68<sup>4</sup>, satisfy the conditions laid down in Article 6 (1) of Regulation (EEC) No 17/64/EEC; whereas this is also true of the production refunds granted in pursuance of Article 19 of Regulation No 136/66/EEC, the storage premiums granted in pursuance of Article 11 (2) of that Regulation and the additional subsidies for colza and rape seeds processed in Italy;

Whereas the rules concerning subsidies for olive oil and oil seeds include a control system which entails, for imported seeds and products containing olive oil, the lodging of a deposit which is forfeited if, within a given period, proof is not furnished that the products concerned have been rendered ineligible to benefit from the subsidy; whereas where the deposit is forfeited it is fair to presume that the subsidy was wrongly paid; whereas, therefore, the amount of subsidies due from the Fund should be reduced by the amount of deposits not repaid;

Whereas any losses which may arise from the interventions referred to in Articles 11 (1) and 26 (1) of Regulation No 136/66/EEC must be charged to the Fund, since those interventions satisfy the conditions laid down in Article 6 (1) of Regulation No 17/64/EEC; whereas a standard method should be established for taking over such losses, taking into account the degree of discretion which Member States have under Community rules and the fact that a certain number of costs are not harmonized;

Whereas provisions must be laid down enabling the Fund to avoid bearing the financial consequences of any negligence discovered in the application of the intervention system;

Whereas the measures laid down in Articles 12 and 27 (2) of Regulation No 136/66/EEC; also fulfil the conditions laid down in Article 6 (1) of Regulation No 17/64/EEC; whereas those measures have not yet been put into effect, but the principle of their eligibility under Article 6 should now be acknowledged;

Whereas for the purpose of applying the so-called 'basic products' method provided for in Article 2 of Regulation No 17/64/EEC to the repayment of refunds on exports to third countries for the period 10 November 1966 to 30 June 1967, it is necessary to determine the basic product for olive oil and the by-products thereof; whereas in fact, in that field, the import charge is only calculated in accordance with specific criteria in the case of olive oil falling within subheading No 15.07 A II of the Common Customs Tariff,

HAS ADOPTED THIS REGULATION:

*Article 1*

In connection with the common organization of the market in oils and fats, interventions on the domestic market within the meaning of Article 6 (1) of Regulation No 17/64/EEC means actions arising from the application of Articles 10, 11 (1) and (2), 12, 19, 26 (1), 27 (1) and (2) of Regulation No 136/66/EEC and the additional subsidies decided upon under Article 36 of that Regulation.

*Article 2*

1. The following shall be chargeable to the Guarantee Section of the Fund:

<sup>1</sup> OJ No 34, 27.2.1964, p.586/64.

<sup>2</sup> OJ No L 289, 29.11.1968, p.1.

<sup>3</sup> OJ No 172, 30.9.1966, p.3025/66.

<sup>4</sup> OJ No L 314, 31.12.1968, p.1.

- (a) subsidies granted in pursuance of Articles 10 and 27 (1) of Regulation No 136/66/EEC;
- (b) production refunds granted in the form of a cash payment in pursuance of Article 19 of Regulation No 136/66/EEC;
- (c) net losses borne by intervention agencies on quantities of olive oil and oil seeds, of Community origin, bought in by those agencies in pursuance of Articles 11 (1) and 26 (1) of Regulation No 136/66/EEC;
- (d) storage premiums granted in pursuance of Article 11 (2) of Regulation No 136/66/EEC;
- (e) additional subsidies for colza and rape seeds processed in Italy, granted in pursuance of Article 36 of Regulation No 136/66/EEC;

2. The conditions for eligibility of the expenditure arising from Articles 12 and 27(2) of Regulation No 136/66/EEC shall be laid down after the relevant implementing provisions have been adopted.

#### Article 3

The amount of expenditure chargeable under Article 2 (1) (a) shall be determined, after deduction of the total amount of such subsidies as may have been wrongly paid. This amount shall be calculated:

- (a) for olive oil, by multiplying the quantity of oil contained in the products which were the subject of a forfeited deposit by the amount of subsidy applying on the final date by which the proof required to redeem that deposit should have been furnished;
- (b) for oil seeds, by multiplying the quantities of imported seeds in respect of which no proof has been furnished that they have been placed under the control laid down in Article 2 of Regulation No 116/67/EEC<sup>1</sup> or that they have been rendered unsuitable to benefit from a subsidy, by the amount of subsidy applying on the final date by which the proof should have been furnished.

#### Article 4

1. In order to apply Article 2 (1) (c), the intervention agencies shall draw up, for each marketing year and for each product for which an intervention price is fixed, an account which shall be:

- (a) debited with the items mentioned in Article 5 (1);
- (b) credited with the items mentioned in Article 5 (2).

2. The balances of the accounts referred to in paragraph 1 shall be carried over to a single account drawn up for each accounting period.

3. The debit balance of the single account referred to in paragraph 2 shall constitute the total amount of net losses borne by the intervention agencies within the meaning of Article 2 (1) (c).

4. Any credit balance of the single account referred since in paragraph 2 shall be carried over to the single account for the following accounting period.

#### Article 5

1. The account referred to in Article 4 (1) shall be debited with:

- (a) the value of the quantities in stock at the beginning of the marketing year, calculated by multiplying those quantities by the intervention price operative on the first day of that marketing year for the standard quality and, where olive oil is concerned, taking into account scales of price increases and reductions.
- (b) the total amount of expenditure on buying-in during the marketing year in question;
- (c) the total amount of the costs incurred, during buying-in and selling, by placing in and, where appropriate, removing from storage, calculated on the basis of a standard amount per unit of weight on entry into storage and per unit of weight on removal from storage determined in accordance with Article 6 (2);
- (d) the total amount of the costs incurred through storage, calculated on the basis of a standard amount per unit of weight/period of storage determined in accordance with Article 6 (2);
- (e) the total amount of the costs incurred through transportation made necessary after the taking over of goods by the intervention agency, and carried out under conditions concerning, in particular, the need for transportation to be determined according to the procedure provided for in Article 38 of Regulation No 136/66/EEC; this amount shall include the costs of placing in and removing from storage arising from such transportation, calculated as provided for under (c).

2. The account referred to in Article 4 (1) shall be credited with:

- (a) the total amount of the receipts from sales effected during the marketing year in question;
- (b) the value of the quantities in stock on the last day of the marketing year in question, calculated by multiplying those quantities by the intervention price operative on the first day of the following marketing year for the standard quality and, in the case of olive oil, taking into account scales of price increases and reductions;
- (c) the value of the quantity losses exceeding the maximum tolerance to be fixed in accordance with the procedure laid down in Article 38 of Regulation No 136/66/EEC, calculated by multiplying those quantities by the basic intervention price operative on the first day of the marketing year in question for the standard quality, without taking scales of price increases and reductions into account, plus the total monthly increases for that marketing year.

<sup>1</sup> OJ No 111, 10.6.1967, p.2198/67.

Quantity losses shall be equal either to the difference between the theoretical stock shown by the current inventory and the actual physical stock remaining on the last day of the marketing year in question and established by taking an inventory, or to the stock shown as remaining on the books after the actual physical stock has been exhausted;

- (d) the amounts recovered from warehousemen for deterioration or loss, in so far as there is no duplication with subparagraph (c) or Article 7.

#### *Article 6*

1. The intervention prices referred to in Article 5 (1) (a) and (2) (b) shall be those operative for the intervention centre where the products concerned are stored or, if the products are stored elsewhere, for the intervention centre to which they may be taken at the least cost.

2. The standard amounts referred to in Article 5 (1) (c) and (d) shall be uniform for the Community. They shall be fixed in accordance with the procedure laid down in Article 26 of Regulation No 17/64/EEC, account being taken of the results of an examination made under Article 39 of Regulation No 136/66/EEC.

#### *Article 7*

From the amount of expenditure which is chargeable within the meaning of Article 2 (1) (c) there shall be deducted losses incurred as a result of negligence attributable to Member States; this shall be established in accordance with the procedure laid down in Article 26 of Regulation No 17/64/EEC, account being taken of the results of an examination made under Article 39 of Regulation No 136/66/EEC.

#### *Article 8*

1. For the common organization of the market in oils and fats, the basic product shall be the following: olive oil falling within subheading No 15.07 A II of the Common Customs Tariff.

2. For the 1966/67 accounting period, subsidies granted under Article 10 of Regulation No 136/66/EEC in respect of olive oil extracted, up to 30 June 1967, from olives harvested within the Community shall be eligible in respect of the 1966/67 marketing year.

#### *Article 9*

This Regulation shall take effect as from the 1966/67 marketing year for olive oil and the 1967/68 marketing year for oil seeds.

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

Done at Luxembourg, 22 April 1969.

*For the Council*

*The President*

J. P. BUCHLER