


Procedure file

Basic information		
CNS - Consultation procedure Regulation	2007/0005(CNS)	Procedure completed
European Agricultural Guidance and Guarantee Fund (EAGGF) - 'Guarantee' section: amendment of Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions		
Subject 3.10.13 European Agricultural Guidance and Guarantee Fund, EAGGF and EAGF		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		23/01/2007
		PPE-DE PARISH Neil	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2806	11/06/2007
	Agriculture and Fisheries	2777	29/01/2007
European Commission	Commission DG Agriculture and Rural Development	Commissioner FISCHER BOEL Mariann	

Key events			
17/01/2007	Legislative proposal published	COM(2007)0012	Summary
29/01/2007	Debate in Council	2777	Summary
01/02/2007	Committee referral announced in Parliament		
27/02/2007	Vote in committee		Summary
01/03/2007	Committee report tabled for plenary, 1st reading/single reading	A6-0038/2007	
13/03/2007	Results of vote in Parliament		
13/03/2007	Decision by Parliament	T6-0058/2007	Summary
11/06/2007	Act adopted by Council after consultation of Parliament		

11/06/2007	End of procedure in Parliament		
29/06/2007	Final act published in Official Journal		

Technical information

Procedure reference	2007/0005(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 037-p2
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/44855

Documentation gateway

Legislative proposal	COM(2007)0012	17/01/2007	EC	Summary
Committee draft report	PE384.458	01/02/2007	EP	
Committee report tabled for plenary, 1st reading/single reading	A6-0038/2007	01/03/2007	EP	
Text adopted by Parliament, 1st reading/single reading	T6-0058/2007	13/03/2007	EP	Summary

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Regulation 2007/734](#)
[OJ L 169 29.06.2007, p. 0005](#) Summary

European Agricultural Guidance and Guarantee Fund (EAGGF) - 'Guarantee' section: amendment of Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions

PURPOSE : to establish rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section and amending Regulation 1883/78/EEC.

PROPOSED ACT : Council Regulation

CONTENT : Common Agricultural Policy legislation obliges Member States to buy from producers agricultural products which are subject to an intervention mechanism. When these producers present their products in an approved intervention centre, this purchase obligation results in an economic burden for the Member States which have to put forward the funds necessary for these intervention purchases. Member States also have to bear the economic burden for the full period in which these products remain in intervention stores until their removal from public storage.

Council Regulation 1883/78/EEC provides the general rules on the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee section. Community legislation further stipulates that the incurred financial charges are reimbursed to the Member States on the basis of a uniform rate of interest for the community as a whole. This is, then, the interest rate used in order to cover the Member States' cost of mobilisation of funds aimed to finance public storage operations. This cost is reimbursed to the Member States concerned within a 2-month delay following the month of their being declared to the Commission.

In 2005, the Council adopted, for the budget years 2005 and 2006, a disposition (Council Regulation 695/2005/EC) concerning Member States which were mobilising the necessary funds at interest rates which were higher than the uniform rate of interest, by amending Regulation 1883/78/EEC. On the basis of this disposition, the EAGGF Guarantee reimbursed to any Member State, which incurred an interest rate which

was higher than the double of the uniform rate, the interest rate difference for the part borne by it beyond this level. The part of the charge defined as the difference between the uniform rate and the double of this rate remained at the charge of the Member State concerned. This disposition was applied for two years.

Following the recent increases in interest rates, certain Member States, which still have to bear significant financial charges due the large quantities of cereals offered and stored into intervention, requested that the Commission examines the possibility to propose specific measures in order to alleviate the Member States' financial burden for a limited period of time. Therefore, the Commission, after examination of this request and because of the large quantities of cereals in public storage, is hereby proposing to the Council a specific treatment in such cases for a limited period of time, i.e. for the financial years 2007 and 2008.

Specifically, the Commission proposes that in the cases where the average interest rate, in the course of the third month following the reference period utilised for the establishment of the uniform interest rate, is more than twice the uniform interest rate for a given Member State, provision should be made for the application of a correcting mechanism. In such cases, the Commission will cover the amount which corresponds to the interest rate borne by this Member State minus the uniform rate of interest fixed by the Commission. The difference should nevertheless be borne by the Member State concerned in order to encourage it to seek the least costly financing method.

This proposal involves additional expenditure for the Community budget which is currently estimated at approximately EUR 9.3 million for the 2007 budget and at EUR 10.4 million for the 2008 budget. It will apply retroactively as of 1 October 2006. The Commission considers that this proposal is interlinked with the proposal for abolition of the maize intervention and requests the Council to examine and adopt these proposals at the same time.

European Agricultural Guidance and Guarantee Fund (EAGGF) - 'Guarantee' section: amendment of Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions

The Council took note of the proposal on maize intervention, which introduces a temporary amendment relating to conditions applied by the EAGGF for financing the cost of public maize storage operations.

The Council invited the Special Committee on Agriculture to continue the examination of this proposal and to report to the Council. Consideration needs to be given to the proposal's link with the abolition of maize intervention.

The proposed measure seeks to alleviate, in 2007 and 2008, the additional costs for such operations incurred by Member States with very high internal interest rates. (Hungary, which has the main concentration of maize bulk storage, is one of them).

European Agricultural Guidance and Guarantee Fund (EAGGF) - 'Guarantee' section: amendment of Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions

The committee adopted the report by its chairman, Neil PARISH (EPP-ED, UK), approving unamended - under the consultation procedure - the proposed regulation 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.

European Agricultural Guidance and Guarantee Fund (EAGGF) - 'Guarantee' section: amendment of Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions

The European Parliament adopted a resolution drafted by Neil PARISH (EPP-ED, UK), approving the proposed regulation amending Regulation 1883/78/EEC laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section. The report was adopted by 352 votes in favour to 29 against with 11 abstentions.

European Agricultural Guidance and Guarantee Fund (EAGGF) - 'Guarantee' section: amendment of Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions

PURPOSE: to finance the additional costs related to interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section.

LEGISLATIVE ACT: Council Regulation (EC) No 734/2007 of 11 June 2007 amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee.

CONTENT: the Council adopted a regulation introducing a temporary amendment of the financing conditions by the European Agriculture Guidance and Guarantee Fund (EAGGF) for the cost of the funds mobilised by EU Member States for public storage operations. The United Kingdom abstained and Slovakia voted against.

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.

This Regulation provides that that in the cases where the average interest rate, in the course of the third month following the reference period utilised for the establishment of the uniform interest rate, is more than twice the uniform interest rate for a given Member State, provision should be made for the application of a correcting mechanism. In such cases, for the financial years 2007 and 2008, the Commission will cover the amount which corresponds to the interest rate borne by this Member State minus the uniform rate of interest fixed by the Commission.

The measure is intended to alleviate in 2007 and 2008 the additional costs for such operations incurred by member states with very high internal interest rates (Hungary, which also used to have the main concentration of maize bulk storage, is one of them).

ENTRY INTO FORCE: 29/06/2007. The Regulation will apply to expenditures incurred from 01/10/2006.