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REGULATION (EEC) No 1697/71 OF THE COUNCIL

of 26 July 1971

on the financing of intervention expenditure in respect of raw tobacco

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)[1] 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 2591/70[2], and in particular Article 6 (2) thereof;

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

Having regard to the proposal from the Commission;

Whereas it is necessary to determine the conditions for granting aid from the Guarantee Section of 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 expenditure, and possibly losses, are entailed by premiums granted in pursuance of Articles 3 and 4 of Council Regulation (EEC) No 727/70[4] of 21 April 1970 on the common organization of the market in raw tobacco, and by buying-in, first processing and storage under Articles 5, 6 and 7 of that Regulation; whereas those premiums and intervention measures constitute intervention within the meaning of Article 6 (1) of Regulation No 17/64/EEC and Article 3 (1) of Regulation (EEC) No 729/70;

Whereas interventions by intervention agencies in pursuance of Articles 5, 6 and 7 of Regulation (EEC) No 727/70 entail several operations, in particular buying-in, first processing and market preparation, storage and sale; whereas the balance-sheet method is consequently the most appropriate for showing items of expenditure and receipt and hence for calculating the resultant net losses; whereas a standard method should be established for determining certain items of such expenditure,

HAS ADOPTED THIS REGULATION:

Article 1

Pursuant to Article 6 (1) of Regulation No 17/64/EEC and Article 3 of Regulation (EEC) No 729/70, expenditure resulting from the following interventions in respect of raw tobacco shall be chargeable to the Guarantee Section of the Fund under the conditions laid down in this Regulation:

(a) premiums granted in accordance with Articles 3 and 4 of Regulation (EEC) No 727/70;

(b) interventions consisting of buying-in and subsequent operations carried out by an intervention agency in accordance with Articles 5, 6 and 7 of Regulation (EEC) No 727/70.

Article 2

For the purposes of Article 1 (a), expenditure shall be taken as equal to the amount paid under provisions adopted in pursuance of Articles 3 and 4 of Regulation (EEC) No 727/70, less amounts claimed back.

Article 3

1. The amount of the expenditure resulting from the intervention measures referred to in Article 1(b) shall be calculated by determining the net losses sustained by the intervention agency concerned.

These net losses shall be determined by drawing up for each year an account which shall be:

(a) debited with the items mentioned in Article 4(1);

(b) credited with the items mentioned in Article 4(2).

2. If the account for a given year shows a credit balance, this balance shall be carried over to the account for the following year.

Article 4

1. The account referred to in Article 3(1) shall be debited with:

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[1] OJ No 34, 27.2.1964, p. 586/64.
[2] OJ No L 280, 26.12.1970, p. 63.
[3] OJ No L 94, 28.4.1970, p. 13.
[4] OJ No L 94, 28.4.1970, p. 1.
[5] OJ No L 164, 27.6.1970, p. 32.

(a) the value of the quantities of tobacco brought forward from the previous year, this value being calculated in accordance with Article 5;

(b) the value of tobacco bought in;

(c) expenditure under Article 3(4) of Council Regulation (EEC) No 1467/70[5] of 20 July 1970 fixing certain rules governing intervention for raw tobacco;

(d) the storage costs, comprising:

- in the case of leaf tobacco taken over in collection centres, costs of entry into, storage in and removal from such centres,
- in the case of leaf tobacco taken over in a processing and storage centre, costs of entry into that centre,
- in the case of baled tobacco, costs of entry into a processing and storage centre.

These costs shall be calculated on the basis of standard amounts per metric ton determined in accordance with Article 6 (1);

(e) the costs incurred in removal from storage, calculated on the basis of a standard amount per metric ton removed from storage, this standard amount to be determined in accordance with Article 6 (1);

(f) the costs resulting from the operations referred to in Article 7 (1) of Regulation (EEC) No 727/70.

Where the intervention agency itself undertakes these operations, such costs may not exceed the amounts fixed, in accordance with the procedure laid down in Article 6 (1), at a level corresponding to that applicable under the terms of the contract;

(g) the storage costs, apart from the financing costs, calculated on the basis of a standard amount per metric ton/period of storage, this standard amount to be determined in accordance with Article 6 (1);

(h) the financing costs, calculated by a method and at a rate of interest to be determined in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

2. The account referred to in Article 3 (1) shall be credited with:

(a) the total amount of receipts from disposals;

(b) the value of the quantities of tobacco carried over to the following year, calculated in accordance with Article 5;

(c) the value of the quantity losses exceeding the maximum tolerance to be fixed in accordance with the procedure laid down in Article 17 of Regulation (EEC) No 727/70. This value shall be calculated for each variety and shall be determined by multiplying the quantity exceeding the maximum tolerance by the intervention price for the highest quality in the relevant period.

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 period 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.

Products which have been damaged by bad first processing, market preparation or storage conditions attributable to the intervention agency, and which no longer satisfy the minimum quality characteristics referred to in Article 5 of Regulation (EEC) No 1467/70 shall be entered as losses in excess of the maximum tolerance;

(d) the amounts recovered as a result of non-compliance with legal or contractual obligations by sellers or buyers;

(e) the amounts recovered from contracting parties within the meaning of the second subparagraph of Article 7 (1) of Regulation (EEC) No 727/70 because of deterioration or loss of products, in so far as these amounts have not been taken into account under the provisions of subparagraph (c).

Article 5

The value of the quantities of tobacco brought forward from the previous year shall be equal to the total value of the various varieties and qualities of tobacco in storage on the first day of the new year; the latter value shall be determined by multiplying the metric tonnage of each variety and quality by the relevant price, that is to say:

(a) in the case of leaf tobacco, the intervention price valid for tobacco of the relevant crop, adjusted by applying the scale of price increases and reductions provided for in Article 5 (3) of Regulation (EEC) No 727/70;

(b) in the case of baled tobacco:

- either, where it has been fixed, the derived intervention price valid for tobacco of the relevant crop, adjusted by applying the scale of price increases and reductions provided for in Article 6(7) of Regulation (EEC) No 727/70,
- or a value determined on the basis of the intervention price fixed for leaf tobacco of the relevant crop and the following items: first processing and market preparation, costs, weight losses and any quality coefficients which are applicable.

Weight losses and quality coefficients shall be determined in accordance with the procedure laid down in Article 17 of Regulation (EEC) No 727/70. For the purposes of the application of this Regulation, first processing and market preparation costs shall be determined in accordance with the provisions of Article 6(1).

Article 6

1. Each of the standard amounts adopted under this Article shall be uniform for the Community. Each amount shall be determined in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/

70, account being taken of the results of the examination made under Article 18 of Regulation (EEC) No 727/70.

2. Save as otherwise provided in this Regulation, the detailed rules for its application shall be adopted, as necessary, in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70.

Article 7

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*. It shall take effect from 29 April 1970.

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

Done at Brussels, 26 July 1971.

For the Council

The President

A. MORO