COMMISSION REGULATION (EEC) No 2775/88

of 7 September 1988

laying down detailed rules for the application of Article 5a of Council Regulation (EEC) No 729/70

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy [1], as last amended by Regulation (EEC) No 2048/88 [2], and in particular Article 5a thereof,

Whereas the last subparagraph of Article 4 (2) of Regulation (EEC) No 729/70 provides for the financial resources intended to cover the expenditure referred to in Article 1 (2) of that Regulation to be provided by the Member States according to the needs of their paying agencies;

Whereas Article 5a of Regulation (EEC) No 729/70 makes provision for the Community being responsible for all or part of the interest to take account of any difficulties which some Member States might encounter because of the introduction of the new system;

Whereas in the light of the current situation in the Community it appears advisable to limit the Community budget's responsibility for interest charges to four Member States;

Whereas it appears desirable to lay down a formula for calculating the annual interest and to make provision for such interest being paid monthly;

Whereas the measures provided for in this Regulation are in accordance with the opinion of the EAGGF Committee,

HAS ADOPTED THIS REGULATION:

Article 1

1. Responsibility for the interest charges incurred by Member States because of the introduction of the system provided for in the last subparagraph of Article 4 (2) of Regulation (EEC) No 729/70 shall be limited to 6,8 % per year on the capital provided by Greece, Spain, Ireland and Portugal.

2. The average period for which the capital made available to the paying agencies by the Member States is tied up shall be considered to be 1,5417 months.

Article 2

1. For determining the total amount of interest for which the Community is to be responsible in respect of a given financial year, the following formula shall be used:

$$\frac{M \times 1{,}5417 \times i}{12}$$

M = total expenditure for the financial year
1,5417 = average period for which capital is tied up
i = annual rate of interest (0,068).

2. The interest may be calculated monthly in the course of a financial year with the aid of the coefficient 0,008736 but the total amount eligible in respect of a financial year shall be determined by the formula given in paragraph 1.

Article 3

Commission Regulation (EEC) No 3187/87 [3] is cancelled as from 16 October 1988.

Article 4

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities.*

It is applicable to expenditure paid from 16 October 1988 onwards.

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

Done at Brussels, 7 September 1988.

For the Commission
Frans ANDRIESSEN
Vice-President

[1] OJ No L 94, 28. 4. 1970, p. 13.
[2] OJ No L 185, 15. 7. 1988, p. 1.
[3] OJ No L 304, 27. 10. 1987, p. 8.