Commission Regulation (EC) No 956/2005 of 23 June 2005 amending Regulation (EEC) No 411/88 on the method and the rate of interest to be used for calculating the costs of financing intervention measures comprising buying-in, storage and disposal

COMMISSION REGULATION (EC) No 956/2005

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THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1883/78 of 2 August 1978 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section[(1)], and in particular Article 5 thereof,

Whereas:

(1) The third subparagraph of Article 5 of Regulation (EEC) No 1883/78 provides that, where the average rate of interest costs borne by a Member State in respect of intervention measures is more than twice the uniform interest rate determined for the Community, the Commission may finance those interest costs, during the budget years 2005 and 2006, by applying the uniform rate of interest plus the difference between double that rate and the actual rate borne by that Member State.

(2) In order to determine the interest rate to be taken into consideration for the Member States concerned, the method to be applied during 2005 and 2006 should be specified in Commission Regulation (EEC) No 411/88[(2)].

(3) Where a Member State fails to communicate to the Commission the average rate of interest costs that it has borne, the Commission will apply a specific reference rate, determined on the basis of the representative reference interest rates in the Member States.

(4) Following the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia on 1 May 2004, this reference rate should also take account of the representative reference rates for each of them. Those rates should therefore be defined on the same terms as for the other Member States.

(5) Regulation (EEC) No 411/88 should be amended accordingly.

(6) The measures provided for in this Regulation are in accordance with the opinion of the Fund Committee,

HAS ADOPTED THIS REGULATION:

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 956/2005. (See end of Document for details)*

Article 1

Regulation (EEC) No 411/88 is hereby amended as follows:

1. Article 4 is replaced by the following:

Article 4

1 If the rate of interest costs borne by a Member State is lower for at least six months than the uniform interest rate fixed for the Community, a specific interest rate shall be fixed for that Member State.

2 The average rate of interest costs borne by a Member State shall be communicated to the Commission not later than 20 days before the end of the year. It shall cover the six-month period preceding communication. However, in the case of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia it shall cover, for 2005, the period from 1 May to 31 August 2004.

Where the average rate of interest costs is not communicated, the rate of interest costs to be applied shall be determined on the basis of the reference interest rates shown in the Annex. If not all of these reference interest rates are available for the whole of the reference period referred to in the first subparagraph, the rates available during that reference period shall be applied.

3 For 2005 and 2006, where the average rate of interest costs borne by a Member State is more than twice the uniform interest rate determined for the Community, the interest rate reimbursed by the Community budget shall be calculated by applying the following formula:

$$TR = TIU + [TIC - (2 \times TIU)]$$

where:

TR	=	interest rate reimbursed to the Member States,
TIU	=	uniform interest rate,
TIC	=	interest rate communicated by the Member State in accordance with the first subparagraph of paragraph 2, or the interest rate applicable in the absence of communication in accordance with the second subparagraph of paragraph 2.

2. The Annex is replaced by the text set out in the Annex to this Regulation.

Article 2

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

It shall apply to expenditure effected from 1 October 2004.

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

Done at Brussels, 23 June 2005.

For the Commission

Mariann FISCHER BOEL

Member of the Commission