COM 2112

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 38 final.

Brussels, 9 February 1979.

Proposal for a

COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 974/71 with regard to the calculation of monetary compensatory amounts in the wine sector

(submitted to the Council by the Commission)

COM(79) 38 final.

Explanatory Memorandum

1. In the wine sector the monetary compensatory amounts currently apply to wines imported from non-member countries, certain sparkling wines and certain table wines; however, these m.c.a.'s are applied only in France and Italy as well as, in the case of certain wines of the German type, in Germany.

   In Italy and France, these amounts are levied on export and granted on import; in Germany, the reverse is the case.

2. On 20 September 1978 the French Government submitted a memorandum to the Commission in which it suggested that m.c.a.'s should no longer be applied in France, in the case of Italian and French wines and, that in Italy only the difference between the m.c.a. normally calculated for France and Italy should be applied, since the Italian m.c.a. is currently greater than the French m.c.a.

3. The attached proposal for a Council Regulation which is intended to amend Regulation (EEC) No 974/71 is inspired by the idea put forward by the French Government.

   Application of the proposed arrangements

   - does not alter the situation as regards competition between French and Italian wines;
   - encourages exports of Community wines, by reducing or abolishing the m.c.a.'s levied on export;
   - has practically no effect on import, since, in trade with non-member countries, most countries have undertaken to observe a reference price, and the measure is without effect so far as they are concerned.

   This being so, it appears sufficient, in order to remedy the effects of the monetary difficulties, to compensate for the monetary differences between France and Italy.

4. The Commission would stress that this proposal will entail an exceptional measure for the wine sector, where special conditions of production exist, and that such a measure could not be contemplated for other sectors.

5. As regards the budgetary aspect of this proposal, it should be emphasized that advantages for the management of the market, namely a certain degree of price stabilization, appear likely; however, an estimate of this particular aspect is hardly possible.

PROPOSAL

for

COUNCIL REGULATION

amending Regulation (EEC) No 974/71 with regard to the calculation of monetary compensatory amounts in the wine sector

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 28, 43 and 235 thereof,

Having regard to Council Regulation No 129 on the value of the unit of account and the exchange rates to be applied for the purposes of the common agricultural policy[1], as last amended by Regulation (EEC) No 2543/73[2], and in particular Article 3 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Having regard to the opinion of the Monetary Committee,

Whereas the rules for calculating the monetary compensatory amounts were established by Council Regulation (EEC) No 974/71 of 12 May 1971 on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuations for the currencies of certain Member States[3], as last amended by Regulation (EEC) No 557/76[4] ;

Whereas, in accordance with those rules, these amounts are normally fixed separately for each Member State; whereas, however, in the wine sector because of the special nature of the production and marketing of the product the monetary compensatory amounts are applied only in the producing Member States and only in respect of wines produced therein;

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[1] OJ No 106, 30.10.1962, p. 2553/62

[2] OJ No 263, 19.9.1973, p.1

[3] OJ No L 106, 12.5.1971, p.1

[4] OJ No L 67, 15.3.76, p.1

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Whereas given these conditions and the desirability of limiting the application of monetary compensatory amounts as much as possible use should be made of them in this situation in restricted fashion only ; whereas it appears possible, withoud disturbing trade, to apply only the difference between the monetary compensatory amounts in question,

HAS ADOPTED THIS REGULATION :

Article 1

Regulation (EEC) No 974/71 is amended as follows:

1. The following paragraph is added to Article 2:
" 4. The monetary compensatory amount to be applied in the wine sector by Member States with depreciated currencies shall be that of the Member State in question, less the lowest monetary compensatory amount of the Member States with depreciated currencies.
The conversion rate shall be that used for the application of Article 2a."

2. The following paragraph is added to Article 3:
"For the purposes of Article 2(4) the balance of the monetary compensatory amounts shall be fixed by the Commission by reference to changes in these amounts".

Article 2

This Regulation shall enter into force on the sixth Monday following its publication in the Official Journal of the European Communities.

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

Done at Brussels,

For the Council

FINANCIAL STATEMENT

DATE : 15.1.1979

1. BUDGET LINE CONCERNED : Chapter 78	Appropriations : 809.2 Meua

2. ACTION : Council Regulation amending Regulation (EEC) No 974/71 regarding the calculation of the monetary compensatory amounts in the wine sector

3. LEGAL BASIS : Art. 28, 43 and 235 of the Treaty

4. OBJECTIVES : Proposal that, in the case of Italian and French wines, MCA should no longer be applied in France and that in Italy only the difference between the MCA normally calculated in the case of France and Italy should be applied

5. FINANCIAL CONSEQUENCE	Period of 12 months	CURRENT FINANCIAL YEAR (79)	FOLLOWING FINANCIAL YEAR (80)
5.0 EXPENDITURE -CHARGED TO THE EC BUDGET ~~XXXXXXXXXXXXXXXXXXX~~ ~~CHARGED TO NATIONAL ADMINISTR.~~ ~~XXXXXXXXXXXXXXXXXXXXXXXX~~	+ 17.3 Meua (1)	+ 13.- Meua (1)	+ 11.2 Meua (1)
5.1 RECEIPTS -OWN RESOURCES OF THE EC ~~XXXXXXXXXXXXXXXXX~~ ~~XXXXXXX~~	+ 3.5 Meua	+ 3.2 Meua	+ 2.2 Meua

5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE				
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS				

5.2 METHOD OF CALCULATION

see Annex

6.0 FINANCING POSSIBLE BY MEANS OF APPROPRIATIONS INCLUDED IN THE CHAPTER OF THE CURRENT BUDGET ? YES/~~NO~~

6.1 ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ ~~XXX/XXX~~

6.2 NEED FOR A SUPPLEMENTARY BUDGET ? ~~YES~~/NO

6.3 APPROPRIATIONS TO BE INCLUDED IN FUTURE BUDGETS ? YES/~~NO~~

COMMENTS : (1) This expenditure in respect of the MCA is to be understood as appropriate, since this measure is such as to encourage the expansion of intra-Community trade towards Northern Europe and, thus, earnings deriving from the export of wine from Italy which are increasing and could, in part, offset the expenditure of the MCA resulting from this measure; there [illegible] also result a better balance among the wine [illegible] and, hence, a [illegible] reduction [illegible] expenditure of common organisations of markets in this sector. For 1980, the expenditure is
4 calculated on the basis of the MCA resulting from the representative rate applicable to France, as from the 1979/80 marketing year.

ANNEX

I. BASIC FIGURES

A. Intra-Community trade subject to MCA

France : net imports : 10 Mua

Italy : net exports : 160 Mua

B. Extra-Community trade subject to MCA

France : net imports : 30 Mua

Italy : net imports : -

C. Rates of the MCA

		Marketing year 78/79	Marketing year 79/80
Present situation as at 15.2.79	France	- 10.68%	- 6.64%
	Italy	- 18.04%	- 18.04%
Future situation following this proposal	France	0	0
	Italy	- 6.65%	- 10.69%
Abolition of the MCA	France	10.68%	6.64%
	Italy	11.39%	7.35%

II. METHOD OF CALCULATION

- Marketing year 78/79

. Intra-trade

France = 10 x (-10.68%) =- 1.1 Mua x coeff. DR 1.081 =- 1.2 Meua

Italy = 160 x (-11.39%) =+ 18.2 Mua x coeff. DR 1.015 =+ 18.5 Meua

+ 17.1 Mua + 17.3 Meua

. Extra-trade

France = 30 x (-10.68%) =+ 3.2 Mua x coeff. DR 1.081 =+ 3.5 Meua

-Marketing year 79/80

. Intra-trade

France = 10 x (- 6.64%) =- 0.7 Mua x coeff. DR 1.121 =- 0.8 Meua

Italy = 160 x (- 7.35%) =+ 11.8 Mua x coeff. DR 1.015 =+ 12.- Meua

+ 11.1 Mua + 11.2 Meua

. Extra-trade

France = 30 x (- 6.64%) =+ 2.- Mua x coeff. DR 1.121 =+ 2.2 Meua

Comment : For the 1979 financial year, for the purposes of these calculations, it is assumed that this measure will enter into force on 1 February 1979.

Increase in expenditure for a 12 month period : 17.3 Meua x $\frac{9}{12}$ = 13.- Meua

Increase in own resources for a 12 month period : 3.5 Meua x $\frac{11}{12}$ = 3.2 Meua