

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 668 final

Brussels, 22 November 1978

Proposal ~~ON~~  
COUNCIL REGULATION (LIBRARIES  
of  
on the impact of the European monetary system on the common  
agricultural policy

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(Submitted by the Commission to the Council)

COM(78) 668 final



"103" REGULATION PROPOSAL

EXPLANATORY MEMORANDUM

The Commission is transmitting to the Council a proposal for a regulation concerning the consequences of the European monetary system upon the common agricultural policy (see Doc. (78) 658 final).

It is based on Articles 28, 43 and 235 of the Treaty and consultation of the European Parliament is required. The ECU has to be applied to the common agricultural policy immediately the European monetary system is introduced on 1 January and there is a risk that the necessary consultation procedures will not be completed before then. The Commission has therefore considered it advisable to submit the attached proposal for a temporary regulation based on Article 103 of the Treaty in order that the essential transitional measures can be taken in good time.

The Commission would point out that previous Court of Justice rulings appear to make it possible in urgent cases to adopt Article 103 as a temporary basis provided that it is later replaced, by the normal procedure, by the appropriate legal basis.

PROPOSAL FOR A  
COUNCIL REGULATION (EEC) No /78

of  
on the impact of the European monetary  
system on the common agricultural policy

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 103 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 Monetary Committee,

Whereas Regulations (EEC) No /78 (3) and No /78 (4) introduced a unit  
of account called the ECU as the basis of the new European monetary system;  
whereas this unit of account should also be applied for the purposes of the  
common agricultural policy; whereas under the existing provisions, the  
new system will be taken into account for calculating the monetary compensatory  
amounts and will thereby determine the level of the common price;

Whereas the value of the new unit of account does not correspond to that used  
until now; whereas it will result in a reduction of the level of the common  
price which will deeply affect the application of the mechanisms of the  
monetary compensatory amounts;

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(1) OJ No 106, 30.10.1962, p. 2553/62  
(2) OJ No L 263, 19.9.1973, p. 1  
(3)  
(4)

Whereas in these conditions it appears appropriate to take provisional measures to ensure a smooth transition to the new system; whereas it is appropriate to keep the principle of the maintenance of the situation existing before 1 January 1979; whereas in order to maintain the common level of prices the amounts fixed in u.s.a., must be multiplied by the appropriate coefficient; whereas in order to prevent changes in the level of the prices and other amounts in national currencies the representative rates must therefore be adjusted by using the reciprocal coefficient of the first; whereas the representative rates applicable at present were fixed by Council Regulation (EEC) No 878/77 of 26 April 1977 (5) as last amended by Regulation (EEC) No 2580/78 (6);

Whereas article 2 of 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 fluctuation for the currencies of certain Member States (7) as last amended by Regulation (EEC) No 557/76 (8) provides that the monetary compensatory amounts for Member States with floating currencies are calculated on the basis of a difference between the representative rate and the actual rate minus 1.50 points if the currency has depreciated; whereas in order to ensure continuity in calculating the monetary compensatory amounts this rule should also be applied where a Member State with a depreciated currency which had been floating joins the Member States the currencies of which are maintained within a maximum difference of 2.25% at any given moment.

Whereas the changeover to the new system could present unforeseen difficulties which would require immediate action; whereas therefore the Commission should be authorized to adopt the necessary measures in accordance with the Management Committee procedure and, where appropriate, by way of derogation from the existing provisions,

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- (5) OJ No L 106, 29.4.1977, p. 27
  - (6) OJ No L 309, 1.11.1978, p. 13
  - (7) OJ No L 106, 12.5.1971, p. 1
  - (8) OJ No L 67, 15.3.1976, p. 1

Whereas the urgency of the measures to be taken and their temporary character and because of the absence, in the legislation, of provisions allowing such situations to be faced will all the necessary diligence, leads to the application, exceptionally, of Article 103 of the Treaty, subject to the later introduction of this measure into the common agricultural policy.

HAS ADOPTED THIS REGULATION:

Article 1

The amounts fixed in u.a. for the purposes of the common agricultural policy or special trade arrangements for goods resulting from the processing of agricultural products are adjusted by a coefficient of 1.21.

Article 2

In Article 2a of Regulation (EEC) No 878/77 the exchange values in the currencies indicated shall be replaced by the amounts resulting from the application of a coefficient of  $\frac{1}{1.21}$  to the amounts applicable at present.

Article 3

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

1. The last sentence of Article 2(1)(b) is deleted.
2. The third paragraph is supplemented as follows:

"The percentage referred to in (a) and the average of the percentages referred to in (b) shall be reduced by 1.50 points in the case of Member States with depreciated currencies".

Article 4

The necessary rules for the application of this Regulation in particular the transitional provisions to facilitate the changeover to the new monetary system shall be adopted in accordance with the procedure laid down in Article 26 of Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals (9) as last amended by Regulation (EEC) No 1254/78 (10), or if appropriate, the corresponding Article of the other agricultural regulations establishing similar procedures or where necessary by way of derogation from the existing rules to the extent and for the duration strictly necessary to take account of this Regulation.

(9) OJ No L 281, 1.11.1975, p. 1

(10) OJ No L 156, 14.6.1978, p. 1

Article 5

This Regulation shall enter into force on 1 January 1979.

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

Done At Brussels;

For the Council

