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ORAL QUESTION (O-20/78)

with debate pursuant to Rule 47 of the Rules of Procedure by Sir Brandon RHYS WILLIAMS on behalf of the Committee on Economic and Monetary Affairs to the Commission of the European Communities

Subject : The economic aspects of the system of MCAs

The Committee on Economic and Monetary Affairs,

- Stressing that problems connected with the agri-monetary system should be seen in the context of the insufficient development of Community economic and monetary policies;
- Welcoming the publication by the Commission of documents on the use of the E.U.A. in the Common Agricultural Policy (COM(77) 480 final) and the "economic effects of the agri-monetary system" (COM(78)20 final) on 10 February 1978;
- Appreciating the difficulty of quantifying precisely the effects of the agri-monetary system in certain economic areas in view of the multiplicity of factors involved;

Asks the Commission to reply to the following questions:

1. Can the Commission publish a statement of the origins of the MCA system and the reasons why it has become established ?
2. Structural effects
Can the Commission give details indicating more precisely the importance of the green currency system within the economies of the different Member States taking into account the differing importance of agriculture in the economy of each ?
3. Budgetary effects
The Commission states in par. 39 of the communication that "the application of the agri-monetary system MCAs has placed a financial burden on the budget of the EAGGF, Guarantee section and in certain cases on the budgets of Member States". Could the Commission give more details with particular reference to individual products and the net gains and losses to the different Member States ?
4. Trade and Investment
Could the Commission quantify the estimated effects of the agri-monetary system on total trade flows between Member States ? What is the effect of the green currency system on the pattern of investment in agriculture ?
5. "Economic Cost"
In par. 42 the Commission states : "The budgetary cost should not make us forget the economic cost of the agri-monetary system, although this is difficult to estimate. Its link with the "snake" draws common prices upwards and strengthens guarantees to producers. Its application, which is beneficial in the short-term has inevitable pernicious effects in the longer term which contradict its economic logic". Would the Commission elucidate ?
6. Customs/frontier formalities
The payment of MCAs necessitates certain frontier formalities. Would such formalities be eliminated wholly or partially if the Commission's present proposals to reform the system were put into operation ?
7. Exchange Rates
To what extent does the agri-monetary system aggravate or attenuate the instability of the monetary system through the fact that MCAs influence the consequences of exchange rate changes ?
8. Adoption of the new Community Unit of Account (E.U.A.)
Can the Commission give indications of the likely effects on national economies of practical proposals for changing from the existing Agricultural Unit of Account (A.U.A.) to the new Community Unit of Account (E.A.U) based on market currency rates ?