

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 10 final - VOLUME III

Brussels, 5 February 1979.

Proposal for
COUNCIL REGULATION (EEC)

on the exchange rates to be applied in agriculture

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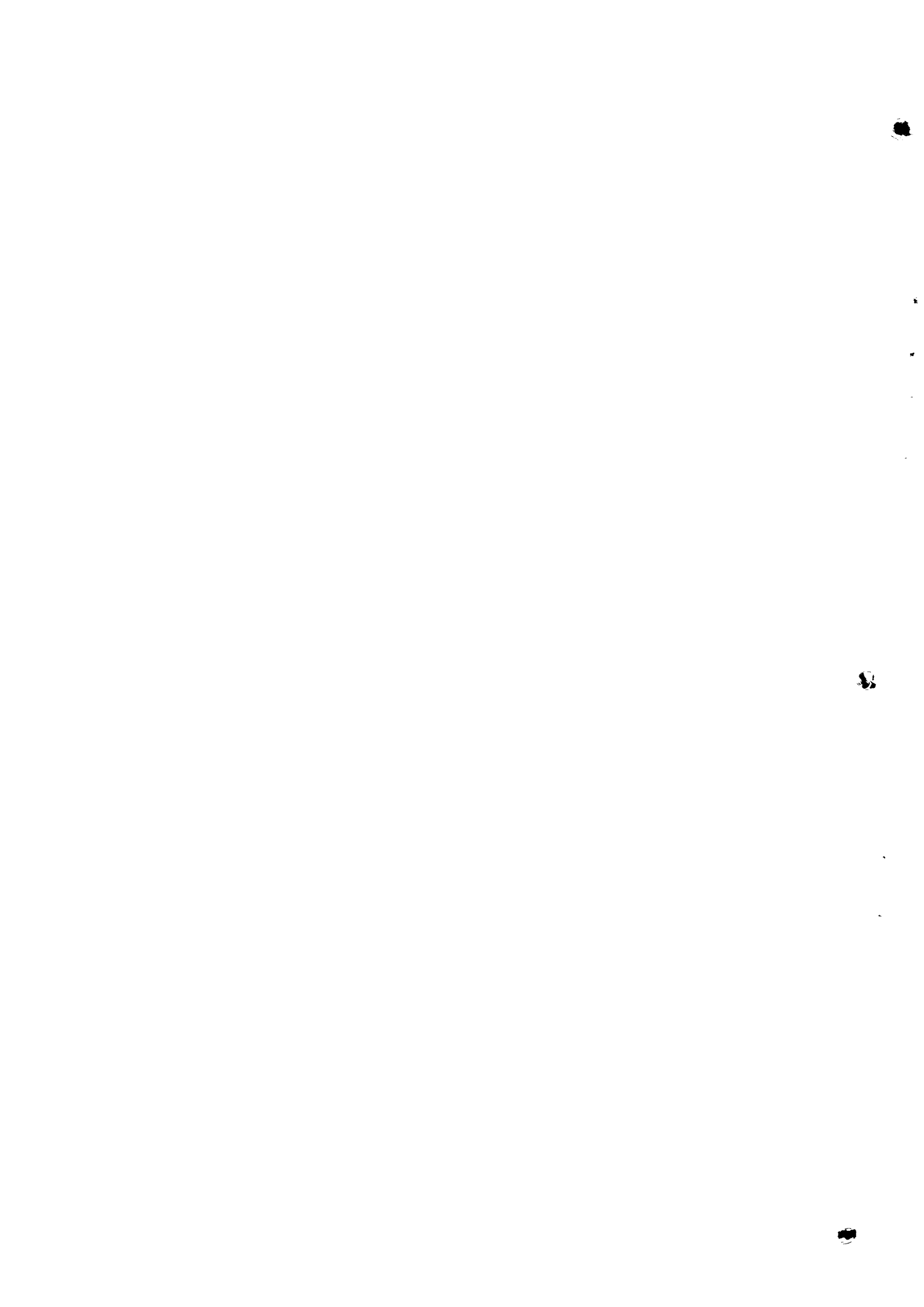
on the progressive dismantling of monetary compensatory amounts
and differential amounts applicable to certain agricultural pro-
ducts and processed products

Proposal for
COUNCIL REGULATION (EEC)

amending, as regards the French franc, the Italian lira and the
pound sterling Regulation (EEC) No 878/77 on the exchange rates
to be applied in agriculture

(presented by the Commission to the Council).

COM(79) 10 final - VOLUME III



PROPOSAL ¹

for

COUNCIL REGULATION (EEC) NO /79

of

on the exchange rates to be applied in
agriculture

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 (3),

Having regard to the Opinion of the Economic and Social Committee (4),

Whereas the situation referred to in Article 3(1) of Regulation No 129 now obtains in various Member States;

Whereas it has been possible to solve the problems posed by such a situation by applying monetary compensatory amounts and representative conversion rates for the purposes of the common agricultural policy; whereas this arrangement leads to divergent price levels in the Member States concerned; whereas certain adjustments may be made to the rates to adapt them to the actual economic situation in the Member States; whereas representative rates for the currencies of the Member States concerned should therefore be fixed at levels more closely related to the actual economic situation;

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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) OJ No
(4) OJ No

Whereas in adapting these rates account must be taken of the effects on prices in the Member States concerned; whereas, for this reason, among others, the new rates should be applied within a reasonable period, coinciding if possible with the beginning of the marketing year or with a change in prices;

Whereas it is necessary, in order to avoid treating interdependent products differently, to specify that the new rates apply to both sugar and isoglucose from the same date;

Whereas Council Regulation (EEC) No 2511/69 of 9 December 1969 laying down special measures for improving the production and marketing of Community citrus fruits (1), as last amended by Regulation (EEC) No 1034/77 (2), provides for the granting of additional aid to small undertakings to offset a part of the loss of income resulting from the conversion of orange and mandarin plantations to other varieties; whereas, in order not to delay the conversion work, the date when the new representative rates take effect should be advanced for this additional aid;

Whereas the representative rates currently in force were fixed by Council Regulation (EEC) No 878/77 of 26 April 1977 (3), as last amended by Regulation (EEC) No /79 (4); whereas Article 2a(3)(b) of the said Regulation provides for a representative rate for France for the 1980/1981 marketing year, the said rate already being applicable in the pigmeat sector; whereas the present Regulation provides for another rate for the marketing year in question; whereas, for reasons of clarity, the abovementioned provision should be repealed; whereas all the representative rates should be re-published in a new text;

Whereas it should be recalled that Council Regulation (EEC) No 129/78 of 24 January 1978 (5) includes specific provisions with regard to the exchange rates to be applied for the purposes of the common agricultural structures policy;

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- (1) OJ No L 318, 18.12.1969, p. 1
 - (2) OJ No L 125, 19.5.1977, p. 1
 - (3) OJ No L
 - (4) OJ No
 - (5) OJ No L 20, 25.1.1978, p. 16

Whereas fixing a new representative rate leads to an alteration in agricultural prices; whereas the problems raised by alterations to exchange rates have been the subject of Community Regulations, in particular Council Regulation (EEC) No 1134/68 of 30 July 1968 laying down rules for the implementation of Regulation (EEC) No 653/68 on conditions for alterations to the value of the unit of account used for the common agricultural policy (1); whereas those provisions relate only to the case of^a change in the parity of a currency; whereas they should also be applied in this case; whereas, however, as the parties concerned may request the cancellation of documents or certificates, such application would be justified only if they are placed at a disadvantage as a result of the fixing of the new representative rates; whereas, however, provision should be made for this right to be replaced by another giving rise to compensation for the disadvantage suffered;

Whereas there should be a simplified procedure available for the adoption of provisions derogating from Regulation (EEC) No 1134/68, where efficient management of markets so requires;

Whereas the Monetary Committee will be consulted and whereas, in view of the urgency, the measures envisaged should be adopted in accordance with the conditions laid down in Article 3(2) of Regulation No 129,

HAS ADOPTED THIS REGULATION:

Article 1

1. When transactions to be carried out in pursuance of instruments relating to the common agricultural policy, or specific rules laid down by virtue of Article 235 of the Treaty, require currencies to be expressed in another currency or in ECU's, the rate of exchange shall, by way of derogation from Article 2(1) of Regulation No 129, be that corresponding to the representative rate for that currency.

(1) OJ No L 188, 1.8.1968, p. 1

Article 2

The representative rates, in view of the fact that the UA-ECU conversion coefficient is not yet known, the Annex still defines the representative rates in relation to the unit of account. The final version of the Regulation will, however, have to be drafted in ECU's. The conversion being made by means of the coefficient expressing the value between the UA and the ECU, and the dates on which they come into effect are set out in the Annex to this Regulation.

Article 3

The provisions of this Regulation shall apply subject to the provisions of Regulation (EEC) No 129/78.

Article 4

1. The provisions of Regulation (EEC) No 1134/68 in respect of an alteration of the relationship between the parity of the currency of a Member State and the value of the unit of account shall apply.

2. However, the second subparagraph of Article 4(1) of Regulation (EEC) No. 1134/68 shall apply only if the application of the new representative rates is disadvantageous to the party concerned.

Before the date of application of the new rate, it may be decided to offset this disadvantage by an appropriate measure. In this case, advance fixing and the certificate or document attesting thereto may not be cancelled.

3. It may be decided, in accordance with the procedure laid down in Article 5, to make derogations from the provisions referred to in paragraph 1.

Article 5

4
Rules for the application of this Regulation 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 (1), as last amended by Regulation (EEC) No 1254/78 (2), or, where appropriate, in the corresponding Article of the other agricultural Regulations establishing a similar procedure, if necessary by way of derogation from the rules governing the fixing of prices laid down in the relevant provisions, to the extent and so long as strictly necessary for implementation of this Regulation.

Article 6

1. The provisions of (b) of Article 2a(3) of Regulation (EEC) No 878/77 are hereby repealed.
2. The provisions of Regulation (EEC) No 878/77 shall cease to be applicable for the sectors concerned on the date on which the provisions of this Regulation become applicable to the sectors in question.

Article 7

This Regulation shall enter into force on the day of 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

For the Council

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ANNEX

1. Representative rates

- (a) 1 Belgian franc/Luxembourg franc = 0.0202640 unit of account
- (b) 1 Danish krone = 0.116733 unit of account;
- (c) 1 German mark = 0.293912 unit of account;
- (d) 1 French franc = 0.152607 unit of account;
- (e) 1 Irish pound = 1.21607 units of account;
- (f) 100 Italian lire = 0.0823045 unit of account;
- (g) 1 Dutch guilder = 0.293884 unit of account;
- (h) 1 pound sterling = 1.49794 units of account.

2. Dates of application of the representative rates referred to under 1

- a) 1 April 1979 for the pigmeat sector
- b) 1 July 1979 for the isoglucose sector
- c) 1 August 1979 for the eggs, poultry, ovalbumin and lactalbumin sectors
- d) 16 December 1979 for the wine sector;
However, other dates may be set for the distillation operations
- e) 1 January 1980 for the fisheries sector
- f) date of the fixing by the Council of the aid to producers in respect of the 1978 crop for the hops sector
- g) beginning of the 1979/1980 marketing year, with the exception of indicated under h) for the other products in respect of which the marketing year has not begun on 1 April 1979;
- h) 1 April 1979
 - for the additional aid referred to in Article 2(1) of Regulation (EEC) No 2511/69

.../...

3. Specific provisions for the FF

The representative rate for

- 1 FF = 0.147113 unit of account shall apply from
 - a) 1 April 1979 for the pigmeat sector
 - b) 1 July 1980 for the isoglucose sector
 - c) 1 August 1980 for the eggs, poultry, ovalbumin and lactalbumin sectors
 - d) 16 December 1980 for the wine sector;
however, other dates may be set for the distillation operations
 - e) 1 January 1981 for the fishery products sector
 - f) beginning of the 1980/1981 marketing year for the other products in the case of which there is a marketing year
 - g) beginning of the 1980/1981 milk marketing year in all cases not mentioned above.
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Proposal for
COUNCIL REGULATION (EEC) No /79

of
on the progressive dismantling of monetary
compensatory amounts and differential amounts
applicable to certain agricultural products and
processed products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and
in particular Articles 28, 42, and 43 and 235 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 introduction of the new European monetary system provides the basis
for a more harmonious economic and monetary development in the Community; whereas
the very great harm which monetary instability has done to the common agricultural
policy should be avoidable in future; whereas the time therefore seems propitious
to establish rules on the dismantling of the monetary compensatory amounts introduced
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 fluctuation for the currencies of certain Member States (1), as last
amended by Regulation (EEC) No 557/76 (2), and of the differential amounts introduced
by Council Regulation (EEC) No 1569/72 of 20 July 1972 laying down special measures
for colza and rape (3), as last amended by Regulation (EEC) No 3477/73 (4);

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- (1) OJ No L 106, 12.5.1971, p. 1
(2) OJ No L 67, 15.3.1976, p. 1
(3) OJ No L 167, 25.7.1972, p. 9
(4) OJ No L 357, 28.12.1973, p. 6

Whereas the rules must be so drawn as to prevent henceforth the creation of amounts of indefinite duration and they must serve to phrase out existing amounts so as to restore the unity of common agricultural prices, due regard being had to the prices policy;

Whereas as regards the new amounts the basic principle should be that the adjustment of a central rate should not lead to increases in the related amounts, but that the Council should immediately decide upon the measures necessary for preventing such a consequence, at least in the medium term; whereas, however, in the event of such a decision not being taken, provision should be made for a system whereby the new amounts are dismantled in two equal stages beginning if necessary after one year's interval;

Whereas as regards the amounts obtaining previously, the system could be more flexible, providing for progressive dismantling, which should be sufficiently rapid to retain significance but would take into consideration the exigencies of the prices policy and the general economic situation,

HAS ADOPTED THIS REGULATION:

Article 1

1. After any alteration in central rates, the Council shall meet as rapidly as possible, in any case within three ^{working} days following the official announcement of the alteration in the central rate, in order to examine the consequences of that alteration on the functioning of the common agricultural policy.
2. At this meeting the Council shall decide, by a qualified majority on a proposal from the Commission, if necessary by way of derogation from existing provisions,
 - a) either to take the necessary measures to avoid the creation of new monetary compensatory amounts,
 - b) or to create new monetary compensatory amounts; in this case it shall also fix the conditions under which the new monetary compensatory amounts must be dismantled.
3. If the Council does not take one or other of the decisions referred to in paragraph 2, the monetary compensatory amounts shall be fixed in accordance with the rules laid down in Regulation (EEC) No 974/71.
4. In cases where the Council has not laid down the conditions under which the new monetary compensatory amounts must be dismantled, the new monetary compensatory amounts shall be abolished in accordance with the following provisions:
 - a) the representative rates shall be adjusted in such a way as to dismantle the new monetary compensatory amounts in two equal stages, with effect from the beginning of the first and second marketing years following the introduction of these amounts.
 - b) However, the Council, acting by a qualified majority on a proposal from the Commission may postpone by one year all or part of the adjustment to be made at either of the two stages.

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Article 2

1. The representative rates shall be adjusted in such a way as to dismantle the old monetary compensatory amounts gradually within two years after the start of the final phase of the European monetary system.
2. The adjustment in the representative rates shall be decided on by the Council, acting by a qualified majority on a proposal from the Commission.
3. Old monetary compensatory amounts which are not dismantled within the time limit referred to in paragraph 1 in accordance with the procedure specified in paragraph 2 shall be abolished at the beginning of the third year following the start of the final phase of the European monetary system by means of a corresponding adjustment in the representative rates.

Article 3

The Council, acting by a qualified majority on a proposal from the Commission may derogate from the provisions of this Regulation in order to dismantle the monetary compensatory amounts more rapidly.

Article 4

For the purposes of this Regulation:

1. "representative rate" means the conversion rate to be applied where operations to be carried out under the instruments relating to the common agricultural policy or special rules adopted under Article 235 of the Treaty require that amounts indicated in the currency of one Member State or in ECU be expressed in the currency of another Member State and vice versa;
2. "old monetary compensatory amount" means the monetary compensatory amount existing at the time of entry into force of the European monetary system;
3. "new monetary compensatory amount" means:
 - the newly introduced monetary compensatory amount and
 - the portion by which the old monetary compensatory amount is increased following the entry into force of the European Monetary System.

Article 5

1. Where this Regulation specifies the beginning of a marketing year as the date of entry into force of a measure, this date shall, in the case of products or sectors for which there is no marketing year, be fixed in accordance with the procedure establishing the measure.
2. This Regulation shall apply without prejudice to the provisions of Regulation (EEC) No 129/78.

Article 6

1. In so far as the provisions of this Regulation concern adjustments of the representative rates they shall apply only in respect of those Member States maintaining their exchange rates within a maximum spot margin under the European monetary system.
2. Once a Member State rejoins those States maintaining a maximum spot margin in respect of their currencies the following rules shall apply to that Member State:
 - (a) the new monetary compensatory amounts shall be dismantled in accordance with Article 1;
 - (b) Dismantling of the monetary compensatory amounts existing at the time when the Member State concerned maintained a maximum spot margin shall be carried out by adjusting the representative rate within a time limit of four years under a decision taken by the Council, acting by a qualified majority on a proposal from the Commission;
 - (c) The monetary compensatory amounts referred to in (b) which are not dismantled within the time limit in accordance with the procedure specified in (b) shall be abolished at the beginning of the fifth year by means of a corresponding adjustment in the representative rates.

Article 7

The provisions of this Regulation shall apply by analogy to the differential amounts fixed for colza and rape seed.

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Article 8

The adjustments to the representative rates provided for in Articles 1(4)(a), 2(3) and 6(2)(c) and any detailed rules for the application of this Regulation shall be adopted in accordance with the procedure laid down in Article 26 of Regulation (EEC) No 2727/75 (5), as last amended by Regulation (EEC) No (6), or, as appropriate, in the corresponding Article of other agricultural Regulations.

Article 9

This Regulation shall enter into force on the third day 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

(5) OJ No L 281, 1.11.1975, p. 1
(6) OJ No

EXPLANATORY MEMORANDUM

In the explanatory memorandum relating to the proposals made under the "prices package", the part relating to agri-monetary measures indicates the broad lines along which the Commission intends to proceed regarding adjustments to the representative rates.

This proposal is the first result of this; it envisages an immediate alteration of the representative rates of the French franc, the Italian lira and the pound sterling.

The effects of this proposal are given in the following table:

Currency	Representative rates		Devaluation in %	Effects	
	Present	Future		on Mca's ² reduction in points	on prices increase in % terms
FF (1)	1 FF = 0,154856 u.a. 1 ua = 6,45761 FF	1 FF = 0,149281 u.a. 1 ua = 6,69878 FF	3.6	- 3.9	+ 3.7
Lira	100 Lirs = 0,0866551 u.a. 1 ua = 1154 Lira	100 Lira = 0,0823045 ua 1 ua = 1215 Lira	5	- 6	+ 5.3
£	1 £ = 1.57678 u.a. 1 ua = 0,634204	1 £ = 1,49794 ua 1 ua = 0,667583 £	5	- 6.5	+ 5.3

(1) The rate taken into consideration is the rate applicable to the pigmeat sector.

(2) Calculated on the basis of figures for week 24 to 30 January 1979.

Proposal for

COUNCIL REGULATION (EEC) No /79

of

amending, as regards the French franc, the Italian lira and the pound sterling Regulation (EEC) No 878/77 on the exchange rates to be applied in agriculture

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

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,

Whereas the representative rates currently applicable were fixed by Council Regulation (EEC) No 878/77 of 26 April 1977 (3), as last amended by Regulation (EEC) No 2580/78 (4); whereas certain adjustments of the rates to the current economic circumstances of Member States may be carried out in France, Italy and the United Kingdom; whereas therefore, a representative rate more closely reflecting current economic circumstances should be fixed in respect of the currencies of these Member States;

Whereas adjustment of these rates must take account of its effects, particularly on prices and of the current economic situation in the Member States concerned;

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- (1) OJ no L 106, 30.10.1962, p. 2553/62
(2) OJ no L 263, 19.9.1973, p. 1
(3) OJ No L 106, 29.4.1977, p. 27
(4) OJ No L 309, 1.11.1978, p. 13

Whereas, for this reason in particular, it is necessary that the new rates should be applied within a reasonable period, theoretically linked to the beginning of the marketing year or to an alteration in prices, without, however, ruling out their entry into immediate effect in certain cases;

Whereas in Article 2a(3) of Regulation (EEC) No 878/77 a representative rate is laid down for France for the 1979/1980 marketing year which already applies in the pigmeat sector; whereas it appears appropriate to make this rate immediately applicable for all sectors, while maintaining the principle of laying down henceforth the representative rate valid for that currency during the following marketing year; whereas, however, the current situation in the pigmeat sector makes it possible to bring forward the entry into effect of the latter rate in the sector in question;

Whereas it appears necessary, in order to avoid differential treatment on interdependent products, to provide that the new rates should apply to sugar and isoglucose as from the same date;

Whereas Council Regulation (EEC) No 2511/69 of 9 December 1969 laying down special measures for improving the production and marketing of Community citrus fruit (1), as last amended by Regulation (EEC) No 1034/77 (2), provided for additional aid to small farmers to offset part of the losses in earnings resulting from the conversion of their plantations of orange and mandarin trees; whereas, in order not to delay the completion of the conversion measures of the plantations in question, the date of the entry into effect of the representative rates for the additional aid should be brought forward;

Whereas the Monetary Committee will be consulted and whereas, in view of the urgency, it is necessary to adopt the measures envisaged in the conditions laid down in Article 3(2) of Regulation No 129,

HAS ADOPTED THIS REGULATION:

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- (1) OJ No L 318, 18.12.1969, p. 1
(2) OJ No L 125, 19.5.1977, p. 1

Article 1

In Article 2a of Regulation (EEC) No 878/77, paragraph 3 is replaced by the following paragraphs:

"3. By way of derogation from paragraph 2, as regards the French franc

a) the representative rate of 1 French franc = 0.154856 ua shall apply with effect from

- 17 May 1978 for the pigmeat sector
- 1 July 1979 for the sugar and isoglucose sectors
- 1 August 1979 for the cereals sector
- 19 February 1979 in all other cases;

b) the representative rate of 1 French franc = 0.149281 ua shall apply with effect from

- 19 February 1979 for the pigmeat sector
- 1 July 1980 for the isoglucose sector
- 1 August 1980 for the eggs, poultry, ovalbumin and lactalbumin sectors
- 16 December 1980 for the wine sector;

However, other dates may be set for the distillation operations

- 1 January 1981 for the fishery products sector
- the beginning of the 1980/81 marketing year for other products in the case of which a marketing year exists
- the beginning of the 1980/81 milk marketing year for all other cases not referred to above.

4. By way of derogation from paragraph 2 as regards the Italian lira, the representative rate of 100 Lit = 0.0823045 ua shall apply with effect from

- a) 19 February 1979 for the milk and milk products, beef and pigmeat sectors
- b) 1 July 1979 for the isoglucose sector
- c) 1 August 1979 for the eggs, poultry, ovalbumin and lactalbumin sectors
- d) 16 December 1979 for the wine sector;

However, other dates may be set for the distillation operations

- a) 1 January 1980 for the fishery products sector

- f) the beginning of the 1979/1980 marketing year, with the exception of what is indicated under h), for other products in respect of which the marketing year has not begun on the date of the entry into force of [this] Regulation (EEC) No /79
- g) the date of the fixing of the aid to producers in respect of the 1979 crop for the hops sectors
- h) 19 February 1979
- for the additional aid referred to in Article 2(1) of Regulation (EEC) No 2511/69
 - in all other cases not mentioned above.
5. By way of derogation from paragraph 2 as regards the pound sterling, the representative rate of 1 pound sterling = 1.49794 ua shall apply with effect from
- a) 19 February 1979 for the milk and milk products, beef, pigmeat, sugar and isoglucose sectors and in all other cases not mentioned below.
 - b) 1 August 1979 for the eggs, poultry, ovalbumin and lactalbumin sectors
 - c) 16 December 1979 for the wine sector;
- However, other dates may be set for the distillation operations
- d) 1 January 1980 for the fishery products sector
 - e) the beginning of the 1979/1980 marketing year for other products in respect of which the marketing year has not begun on the date of the entry into force of [this] Regulation (EEC) No /79
 - f) the date of the fixing of aid to producers in respect of the 1979 crop for the hops sector".

Article 2

This Regulation shall enter into force on the day of 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,

