

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 590 final.

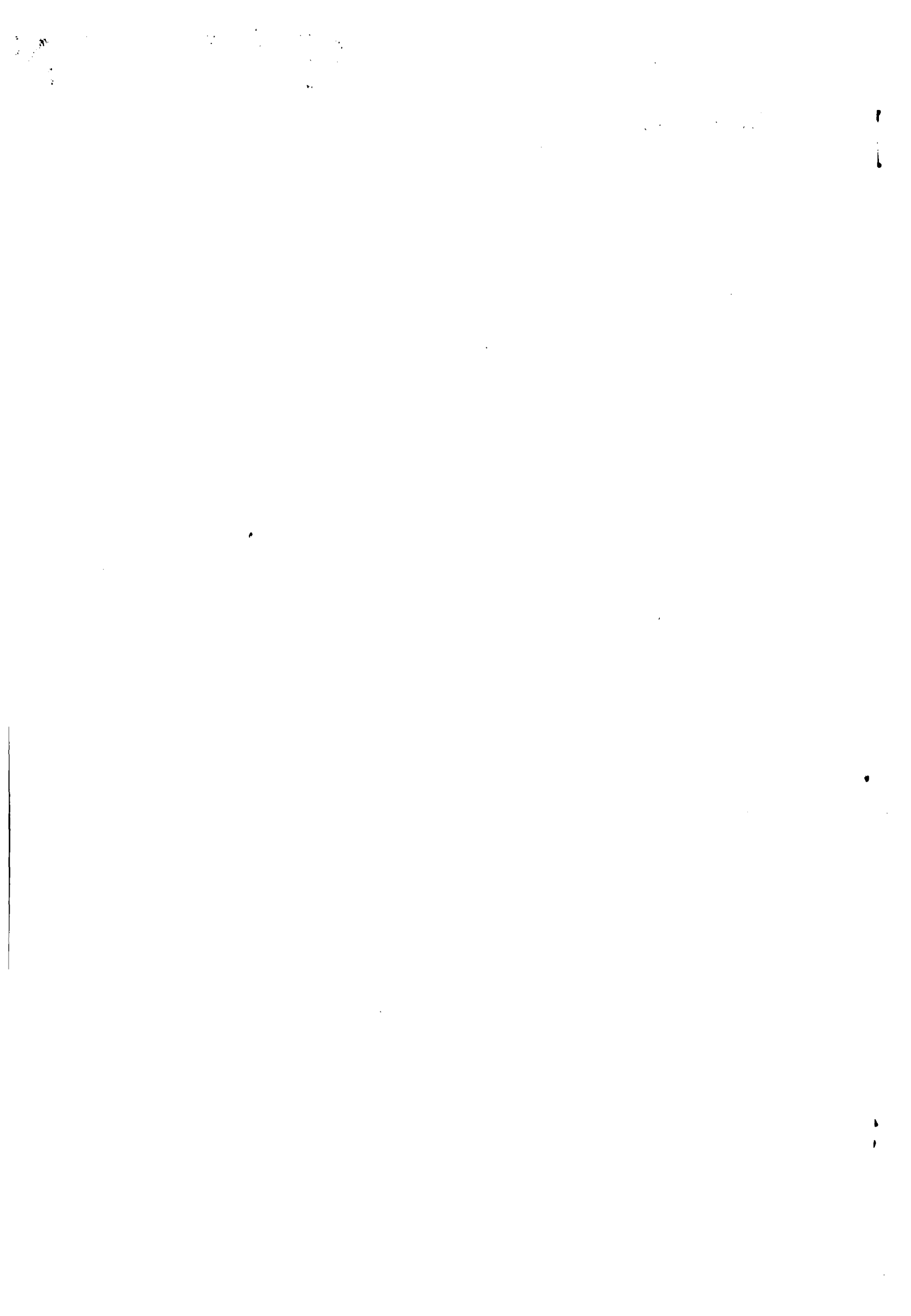
Brussels, 4 November 1976.

PROPOSAL FOR A COUNCIL REGULATION (EEC)

relating to the fixing of representative exchange rates in the
agricultural sector.

(submitted to the Council by the Commission)

COM(76) 590 final.



Proposal for a Council Regulation (EEC) No /76
of
relating to the fixing of representative exchange rates
in the agricultural 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 the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Having regard to the Opinion of the Monetary Committee,

Whereas Council Regulation (EEC) No 129, as last amended by Council Regulation (EEC) No 2543/73¹, relating to the value of the unit of account and to the exchange rates to be applied for the purposes of the common agricultural policy², fixed the value of the agricultural unit of account and the conversion rates to be applied for the purposes of the common agricultural policy between this unit of account and the national currencies, on the one hand, and between the national currencies themselves, on the other hand; whereas Article 3 of this Regulation enables derogations to be made from the rules originally established to meet cases of exceptional monetary practices; whereas, since the utilization of floating rates by some Member States, this provision has been resorted to on numerous occasions for the purpose of introducing and modifying the representative rates;

Whereas, since 1975, these rates have been applied by all the Member States; whereas they serve to harmonize the rates used in connection with the agricultural policy on market rates; whereas they thus contribute particularly to a diminution of the monetary compensatory amounts fixed by Council Regulation

¹OJ No L 263 of 19 September 1973, p. 1.

²OJ No 106, of 30 October 1962, p. 2553/62.

(EEC) No 974/71 of 12 May 1971, relating to certain political measures of medium-term economic planning to be taken in the agricultural sector as a result of the temporary enlargement of the margins of fluctuation in the currencies of certain Member States³, as modified subsequently by Regulation (EEC) No 557/76⁴;

Whereas the development of the currency of certain Member States has several times led to compensatory monetary amounts of such a nature as to turn a government from its original objectives; whereas these amounts have been introduced for the purpose of preventing these exchange rates from having immediate repercussions on the agricultural prices expressed in national money; whereas maintaining them permanently causes disturbing effects on the unity of the agricultural market and distortions of competition;

Whereas, in addition, this reasoning is equally valid for the differential elements introduced by Council Regulation (EEC) No 1569/72 of 20 July 1972, providing special measures for rape and turnip seeds⁵, as modified subsequently by Regulation (EEC) No 3477/73⁶;

Whereas, under these conditions, it is appropriate to administer the system in force by means of measures which produce direct effects upon the representative rates and hence on the level of compensatory amounts and differential units; whereas it is appropriate that the new system shall act at two different levels, i.e., by introduction, on the one hand, of an upper limit to the amounts involved, which, if it were to be exceeded, would lead to an adaptation of the representative rates, and on the other hand, a permanent system for managing these rates; whereas, in practice, the latter ought regularly to be modified as a function of market development in the currency concerned during a reference period;

Whereas it is necessary to limit the incidences of these measures, particularly in respect of their effects on the level of prices on production and consumption;

³OJ No L 106 of 12 May 1971, p. 1.

⁴OJ No L 67 of 15 March 1976, p. 1.

⁵OJ No L 167 of 25 July 1972, p. 9.

⁶OJ No L 357 of 28 December 1973, p.6.

whereas for this purpose, a reference period must first be chosen which is sufficiently long that it is truly representative of the value of currency concerned; whereas it is necessary to proceed with caution in the fixing of the limits for triggering the mechanism and to take account of the various economic situations of the original and new Member States on the one hand, and of the Member States with depreciated or valorized currency on the other; whereas it is indicated that changes only be permitted in the representative rates within reasonable limits and on condition that the gaps existing between the exchange rates are not increased and that no new gaps are introduced,

HAS ADOPTED THE PRESENT REGULATION

Article 1

1. The provisions of this Regulation shall compliment those of Regulation No 129.
2. The provisions of Article 3 of Regulation No 129 cannot be applied in such a way as to introduce or increase the monetary compensatory amounts.

Article 2

1. The representative rate of a currency shall be modified when the gap in the monetary compensatory amounts applied to the Member State concerned does not exceed a triggering level, which has to be determined. In the case of valorized currencies, this level is less than that taken for depreciated currencies, and up until 30 June 1978 in the new Member States, is greater than the value for the other Member States.
2. According to the case, the adaptation of representative rates, shall consist of a revaluation or devaluation of such a type that the gap provided for in paragraph 1 is carried to the triggering point.

Article 3

1. The representative rates shall be modified regularly in accordance with the development of market rates during a reference period.
 - (a) every six months, and with effect from 1 January 1977, for the Member States with depreciated currency,
 - (b) with effect from the beginning of each trading year for the Member States with valorized currency.
2. The reference period shall be the period of 18 months commencing:
 - (a) in the case of Member States with depreciated currency:
two years before the date on which the representative rate comes into effect in accordance with this article,
 - (b) in the case of Member States with valorized currency:

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The 1 January of the second year preceding that in which the modifying decision was taken.

Article 4

1. The application of the provisions of Articles 2 and 3 cannot lead during a period, to be determined, to the adaptation of a representative rate which exceeds a maximum percentage. This maximum percentage is lower for valorized currencies than for depreciated currencies.
2. Nevertheless, the Council acting by a qualified majority on a proposal from the Commission may derogate the rule in paragraph 1.

Article 5

Within the meaning of this regulation, the following meanings shall apply:

- (a) representative rate: the conversion rate to be used when the operations to be implemented in the application of the acts relating to the common agricultural policy of the specific regulations taken under the heading of Article 235 of the Treaty require the sums mentioned to be expressed in the currency of a Member State or in units of account, or vice versa,
- (b) valorized currency: the currencies of the Member States in which the monetary compensatory amounts are collected on export and granted on import.

Article 6

The Council acting upon a qualified majority on a proposal from the Commission shall adopt general rules for the application of this regulation, and in particular

- (a) the triggering level provided for in Article 2(1),
- (b) the period and hence the maximum percentage provided for in Article 4(1).

Article 7

1. The modifications of the representative rates provided for in Articles 2 and 3 shall be carried out according to the procedure laid down in Regulation (EEC) No 2727/75¹, as subsequently modified by Regulation (EEC) 1143/76² or according to the case, according to the article corresponding to other agricultural regulations which institute an analogous procedure.

2. In the case of Article 3, the modification is made after consultation with the Monetary Committee.

For the consultation of the Monetary Committee, the provisions of Article 3(2) of Regulation 129 shall apply.

Article 8

This regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

It shall be binding in all its parts and directly applicable to all Member States.

Done at Brussels

For the Council
The President

¹OJ No L 281 of 1 November 1975, p.1.
²OJ No L 230 of 19 May 1976, p.1.