

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 531 final.

Brussels, 4th October 1976

PROPOSAL FOR A COUNCIL REGULATION (EEC)
AMENDING THE EXCHANGE RATE TO BE APPLIED
TO THE IRISH POUND AND THE POUND STERLING
FOR AGRICULTURAL PURPOSES.

(submitted to the Council by the Commission)

COM(76) 531 final.

EXPLANATORY MEMORANDUM

Council Regulation (EEC) No 557/76 of 15 March 1976 on the exchange rates to be applied in agriculture (OJ No L 67, 15 March 1976, p. 1) fixed a new representative rate for the Irish pound and retained unchanged the representative rate for the pound sterling which had been applied since 27 October 1975.

In recent weeks, these two currencies have depreciated sharply, with the result that the differences used to calculate monetary compensatory amounts have widened appreciably.

These amounts are used to compensate in the short term for fluctuations in the exchange rates of currencies in relation to the rates used to fix agricultural prices. When the difference between the "green" rate and the real rate widens, the monetary compensatory amounts, instead of preventing distortions, actually give rise to serious imbalances, thus preventing a return to a normal balance.

Differences in the region of 30% have rarely been recorded before.

Moreover, the financial implications for the Community are very serious:

If the monetary compensatory amounts were to be maintained at a rate based on the provisional average for the present week and remained unchanged for the whole of 1977, appropriations totalling 900 million u.a. would be required, whereas the estimate for the EAGGF Guarantee Section budget for 1977 is 582 million u.a.

It would therefore be appropriate to change the representative rates for these currencies so as to bring about:

a substantial adjustment in the case of Ireland, and
in the case of the United Kingdom an adjustment to prevent the difference in relation to the real rate from widening still further by maintaining the monetary compensatory amounts at the previous week's level.

The table below shows the implications of the proposed measure:

Member State	Old rate	new rate	devaluation in %	Effects of	
				price increase in %	monetary compensatory amounts * calculated on the basis of the average between 22.9 and 1.10.1976
Ireland	£1=1.69653 u.a. 1 u.a. = £0.589438	£1=1.56778 u.a. 1 u.a.= £0.637845	7.589	8.212	20.3 applies 21.8 real
United Kingdom	£1=1.75560 u.a. 1 u.a.=£0.569606	£1=1.67642 u.a. 1 u.a.=£0.596509	4.510	4.723	28.7 applied 30.2 real

COUNCIL REGULATION (EEC)

amending the exchange rate to be applied
to the Irish pound and the pound sterling
for agricultural purposes

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 Council Regulation (EEC) No 557/76 of 15 March 1976 on the exchange rates to be applied in agriculture and repealing Regulation (EEC) No 475/75⁽³⁾, as last amended by Regulation (EEC) No 1451/76⁽⁴⁾, fixed representative rates for the Irish pound and the pound sterling; whereas the movement of these two currencies indicates the advisability of fixing new representative rates which reflect more closely the present economic situation; whereas it would be appropriate to bring them into force in principle on the dates on which a price change occurs;

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

HAS ADOPTED THIS REGULATION:

Article 1

In Article 2(1) of Regulation (EEC) No 557/76, points (e) and (h) are amended as follows:

"(e) for the Irish pound:

£1 Ir = 1.56778 units of account

(h) for the pound sterling:

£1 = 1.67642 units of account;"

(1) OJ No 106, 30 October 1962, p. 2553
(2) OJ No L 263, 19 September 1973, p. 1
(3) OJ No L 67, 15 March 1976, p. 1
(4) OJ No L 163, 24 June 1976, p. 5

Article 2

This Regulation shall enter into force on 11 October 1976.

However, for the purposes of calculating monetary compensatory amounts and factors for determining differential amounts applicable to colza and rape seed, it shall take effect from 4 October 1976.

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

Done at Brussels,

For the Commission

INCIDENCES FINANCIERES

1. La présente proposition amène, par rapport aux pourcentages MCM, qui résulteraient de la récente évolution monétaire, à une réduction de ces pourcentages de
- 6,2 points pour le £ St
 - 10 points pour le £ Irlandais
- Comme il s'agit d'une modification du taux représentatifs, il y a également un effet de double taux.

2. L'incidence financière se chiffre comme suit :

	<u>Variation des dépenses</u> <u>(12 mois en Muc)</u>
U.K. - réduction des MCM de 6,2 points (6,2 x - 30 Muc)	- 186
- effet de double taux sur les dépenses autres que les MCM	+ 8
Irlande - réduction des MCM de 10 points (10 x + 9,2)	+ 92
- effet de double taux sur les dépenses autres que les MCM	+ 20
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TOTAL	- 66

3. Compte tenu de la date d'entrée en vigueur et des délais de paiement, l'incidence au titre du budget 1976 sera limitée à environ - 10 MUC.

