

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 33 final.

Brussels, 23 January 1978.

Proposal for a  
COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 878/77 as regards  
the exchange rate for the pound sterling and the  
Italian lira to be applied in agriculture

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(submitted to the Council by the Commission)



EXPLANATORY MEMORANDUM

Council Regulation (EEC) No 878/77 of 26 April 1977 on the exchange rates to be applied in agriculture (OJ No L 106, 29.4.77, p. 27) as last amended by Regulation (EEC) No 2840/77 (OJ No L 328, 21.12.1977, p. 1) fixed the representative rates to be used in agriculture, in particular for the Italian lira and the pound sterling. There is a considerable difference between these representative rates and the current market rates, with the result that the monetary compensatory amounts currently applicable are calculated by reference to a rate of 24.4 for the Italian lira and 29.2 for the United Kingdom (31.1 for milk). It should be mentioned in this context that the United Kingdom have to make<sup>a</sup> further devaluation of 2% in respect of milk, to take effect from 1 April 1978 (Article 3 of Regulation (EEC) No 877/77).

Italy and the United Kingdom have requested that the Commission propose the measures required to adjust the representative rates for their currencies, by 6% and 5% respectively, which would enable a reduction in the monetary compensatory amounts.

In view of the present difference in exchange rates, it is proposed to accede to the Italian and United Kingdom requests and to alter the representative rates in question.

The following tables show the effect of the proposed measures. It is proposed that the United Kingdom bring forward to the 1 February the 2% devaluation in the milk sector which had been deferred until 1 April 1978.

## 1. Italian lira:

Old rate	New rate	Deval. in %	Effect on	
			prices in %	m.c.a.'s reduction of x
Lit 100 = 0.0970874 u.a. 1 u.a. = Lit 1,030.00	Lit 100 = 0.0912409 1 u.a. = Lit 1,096.00 <sup>u.a.</sup>	6,022	+6,408	- 7,6

x) calculated on the basis of the difference at 20.1.1978:

applied rate: 24.4;

current rate: 25.9

2. Pound sterling:

Old rate	New rate	Deval. in %	Effect on	
			prices in %	m.c.a.'s reduction of x
£1 = 1.70463 u.a. 1 u.a. = £0.586638	{ £1 = 1.61940 u.a. 1 u.a. = £0.617513	5	+5.263	6.5

x) calculated on the basis of the difference at 20.1.1978:

applied rate: 29.2;

current rate: 30.7.

COUNCIL REGULATION (EEC) No /78

of 1978

amending Regulation (EEC) No 878/77 as regards the exchange rate for the pound sterling and the Italian lira to be applied in agriculture.

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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 of the exchange rates to be applied for the purposes of the common agricultural policy<sup>1</sup>, as last amended by Regulation (EEC) No 2543/73<sup>2</sup>, and in particular Article 3 thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 878/77 of 26 April 1977, on the exchange rates to be applied in agriculture<sup>3</sup>, as last amended by Regulation (EEC) No 2440/77<sup>4</sup>, fixed a representative rate for the pound sterling and the Italian lira, inter alia; whereas the fluctuations in these currencies make it appropriate that a new representative rate should be fixed at a level closer to present economic reality;

Whereas provision should be made in principle for these new representative rates to take effect immediately, due account being taken, however, of special needs in some sectors;

Whereas Article 3 of Regulation (EEC) No 878/77 provides that for milk and milk products the devaluation of the representative rate of the pound sterling shall become operative in two stages, with a final stage taking effect from 1 April 1978; whereas provision should be made to combine this latter lateration of the representative rate with that provided for in this Regulation;

Whereas the Monetary Committee will be consulted; whereas in view of the urgency of the matter the envisaged measures should be adopted in the manner specified in Article 3(2) of Regulation No 129,

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(1) OJ No 106, 30.10.1962, p. 2553

(2) OJ No L 263, 19.9.1973, p. 1

(3) OJ No L 106, 29.4.1977, p. 27

(4) OJ No L 328, 2.12.1977, p. 1

HAS ADOPTED THIS REGULATION:

Article 1

In Article 2(1) of Regulation (EEC) No 878/77, subparagraph (f) and (h) are amended to read as follows:

"(f) for the Italian lira:  
100 lira = 0.0912409 u.a.;

(h) for the pound sterling:  
£1 = 1.61940 u.a."

Article 2

The following paragraph is added to Article 2 of Regulation (EEC) No 878/77:

"5. The representative rates for the Italian lira and the pound sterling, fixed by Regulation (EEC) No /78 shall apply with effect from:

- a) 1 August 1978 for eggs, poultry, ovalbumin and lactalbumin;
- b) 16 December 1978 for wine; however, other dates may be laid down for distillation operations;
- c) 1 January 1979 for fishery products;
- d) subject to the provisions laid down under e), from the beginning of the 1978/1979 marketing year for the other products for which the marketing year has not yet commenced on the day on which this Regulation enters into force;
- e) the date on which this Regulation enters into force for
  - milk and milk products, beef and veal and pigmeat;
  - sugar, in the case of Italy;
  - the additional aid referred to in Article 1(2) of Regulation (EEC) No 2511/69<sup>5</sup>,
  - all other cases.

Article 3

Article 3 of Regulation (EEC) No 878/77 is hereby repealed.

Article 4

This Regulation shall enter into force on 1 February 1978.

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

Done at Brussels,

For the Council  
The President

# FINANCIAL STATEMENT

DATE : 20.1.1978

1. BUDGET LINE CONCERNED : Own resources Chap. 10; Chapters 45 and 46
2. ACTION : Proposal for a Council Regulation amending the representative rate for the Italian lira and the pound sterling to be applied in agriculture.
3. LEGAL BASIS : Regulation 129, Article 3.
4. OBJECTIVES : To realise the representative rates, introducing a reduction of 6% for the Italian lira and of 5% (6.4% for milk products) for the pound sterling.

5. FINANCIAL CONSEQUENCES (in E.E.U.)	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR
<b>5.0 EXPENDITURE</b>		( )	( )
- CHARGED TO THE EC BUDGET (ADMIN/INTERVENTIONS)	- 05 (lira) - 126 (£)	- 05 (lira) - 75 (£)	- 05 (lira) - 126 (£)
- CHARGED TO NATIONAL ADMINISTRATIONS	- 191	- 103	- 191
- CHARGED TO OTHER NATIONAL GROUPS			
<b>5.1 RECEIPTS</b>			
- EC FINANCINGS OF THE EC (LEVIES/CUSTOMS DUTIES)	+ 116	+ 67	+ 116
- NATIONAL			

	YEAR .....1979.....	YEAR .....1980.....	YEAR .....1981.....
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE	- 191	- 191	- 191
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS	+ 116	+ 116	+ 116

5.2 METHOD OF CALCULATION (over 12 months)	<u>Lira</u>	<u>£ Sterling</u>
<b>A. Expenditure : ECA's (without dual rate)</b>	- 150	- 179
Dual rate on common organisations of market	- 58	- 9
Dual rate on ECA's	+ 27	+ 22
Total.	- 65 MEUA	- 126 MEUA
<b>B. Receipts : Levies, sugar and isoglucose levies</b>	+ 63 MEUA	+ 53 MEUA

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|---|--------|
| 6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? | YES/NO |
| 6.1 FINANCING POSSIBLE BY TRANSFER FROM OTHER CHAPTERS OF CURRENT BUDGET ?            | YES/NO |
| 6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ?  | YES/NO |
| 6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ?                                       | YES/NO |

**COMMENTS** The change in expenditure represents a saving compared with the expenditure which the current situation would have warranted. The downward trend in the lira and the expenditure which would have been necessary in the current situation exceeds budget estimates. Consequently the saving in relation to the budget figures will be less than that indicated above.

