

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 19 March 1976

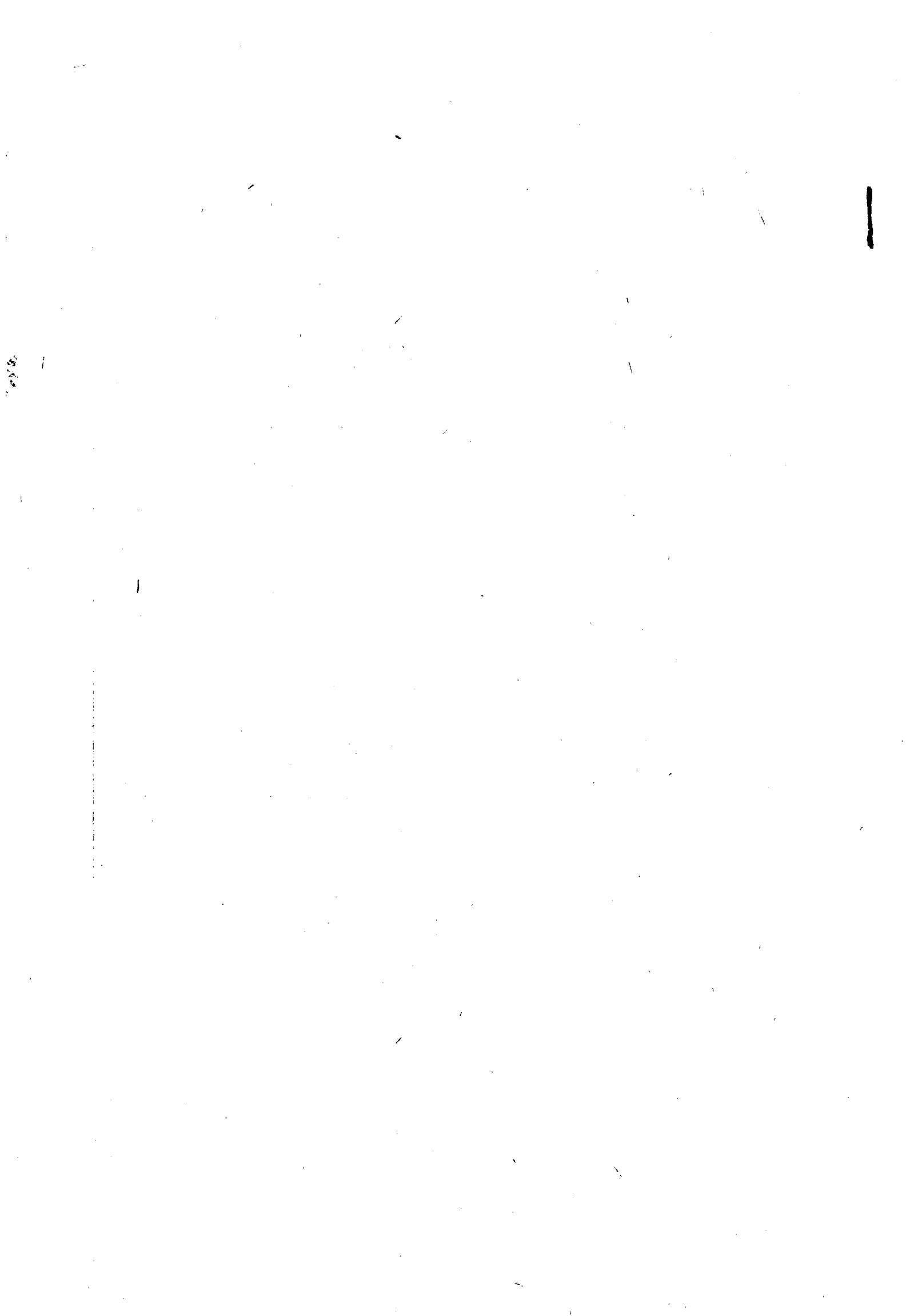
Proposal for a

## REGULATION (EEC) OF THE COUNCIL

amending the rate of exchange to be applied for  
agricultural purposes to the French franc

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(submitted to the Council by the Commission)



EXPLANATORY MEMORANDUM

Council Regulation (EEC) No /76 of on the exchange rate to be applied for agricultural purposes and repeaking Regulation (EEC) No 475/75<sup>1</sup> introduced a representative rate for the French franc which in fact reintroduced the application of the central rate for that currency for the conversion into national currency of the amounts fixed in u.a. under the common agricultural policy. The fixing of this rate corresponded to a 1.42% revaluation of the "green" franc. It was to come into effect in principle at the beginning of the marketing year for the different agricultural products concerned and therefore for milk and milk products, beef and veal, pigmeat and for the products covered by Regulation (EEC) No 1059/69, on 15 March 1976.

Since that date, the French franc has left the "snake" of currencies which maintain a maximum gap of 2.25% in their spot rates and is now floating. In these circumstances, the abovementioned revaluation is no longer economically justifiable. It is therefore proposed that the value fixed by Regulation (EEC) No 475/75<sup>2</sup> should be restored for the "green" rate of the French franc.

It had also been laid down in Article 7 of Regulation (EEC) No /76 that the rate to be used for the conversion into French francs of the premium for tobacco, fixed in u.a. for the 1975 harvest, would be that value before 15 March 1976. It would thus have been possible to prevent the premium paid from 15 March 1976 from being less in national currency than that granted before that date. With the cancellation of the revaluation, which forms the basis of that provision, there is no longer any need for the abovementioned Article 7.

Timetable: In view of the economic importance of the proposed measure, it is advisable for the Council to take a decision as quickly as possible, for implementation on 1 April.

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(1) OJ No L  
(2) OJ No L 52,



PROPOSAL FOR  
COUNCIL REGULATION (EEC) No /76

of

amending the rate of exchange to be applied  
for agricultural purposes to the French franc

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) 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<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 /76 of on the exchange rate to be applied for agricultural purposes and repealing Regulation (EEC) No 475/75<sup>3</sup> introduced a representative rate for the French franc to take effect basically at the beginning of the marketing year for the various agricultural products and, in certain cases, from 15 March 1976 ; whereas the movement of the French franc shows that it is necessary to revert to the representative rate previously valid for that currency ;

Whereas Article 7 of the abovementioned Regulation provides for a special measure in view of the fact that the new representative rate may, in certain circumstances result in a reduction in terms of the national currency of amounts fixed in units of account; whereas that special measure is no longer necessary if the old representative rate is restored;

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:

(1) OJ No 106, 30.10.1962, p. 2553/62  
(2) OJ No L 263, 19.9.1973, p. 1  
(3)

Article 1

1. In Article 2(1)(d) of Regulation (EEC) No /76,  
"Ffrs 1 = 0.18044 unit of account" is hereby replaced by  
"Ffrs 1 = 0.177520 unit of account".
2. Article 7 of Regulation (EEC) No is repealed.

Article 2

This Regulation shall enter into force on 1 April 1976.

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

Done at Brussels,

For the Council

## FINANCIAL RECORD SHEET

Date 17.3.1976

1. Relevant budget heading: Various Articles and items of Titles 6 and 7
2. Title of project: Proposal for a Council Regulation amending the exchange rate to be applied to the French franc for agricultural purposes.
3. Legal basis: Article 3 of Regulation No 129
4. Purpose: Realignment of the representative rate of the French franc at the level fixed by Regulation (EEC) No 475/75, following the movement of that currency.

| 5.0 Cost                                | 12 months         | current financial year (76) | following financial year (77) |
|---|-------------------|-----------------------------|-------------------------------|
| assigned to the EC Budget (expenditure) | + 17 million u.a. | + 1 million u.a.            | + 17 million u.a.             |
| Revenue (own resources)                 | + 1 million u.a.  | + 0.5 million u.a.          | - 1 million u.a.              |

5.1 Multiannual timetable Year 1977      Year 1978      Year .....  
     + 17 million u.a.

## 5.2 Method of calculation

- Expenditure: the realignment of the representative rate produces the effect of the double conversion rate of 1.42%. On the basis of an expenditure level in France of 1 200 million u.a., over 12 months, the effect of the double rate is an increase in expenditure of 17 million u.a. For the 1976 financial year, allowing for the entry into force of the representative rate sector by sector, the effect of the double rate on expenditure will be + 9 million u.a., and the revaluation in French francs of the intervention stocks estimated at 8 million u.a, should be deducted from that amount. It should be noted that the proposed measure, in line with the floating of the French franc, will preclude or delay the introduction of monetary compensatory amounts into French trade. Owing to the structure of French trade, the possible application of monetary compensatory amounts will result in revenue which will be deducted from other EAGGF expenditure.
- Revenue: The effect of the 1.42% double rate on the revenue from levies and contributions in France (78 million u.a.) will result in additional revenue of 1 million u.a.

6.1 Can the project be financed from appropriations entered in the relevant chapter of the current Budget?

Yes      ~~MX~~ (in view of the negligible effect)

6.2 ~~Can the project be financed by a transfer between chapters of the current Budget?~~

Yes      ~~No~~

6.3 Will a Supplementary Budget be needed      Yes      ~~No~~

6.4 Are there appropriations to be entered in future budgets?      Yes

