

EUROPEAN PARLIAMENT

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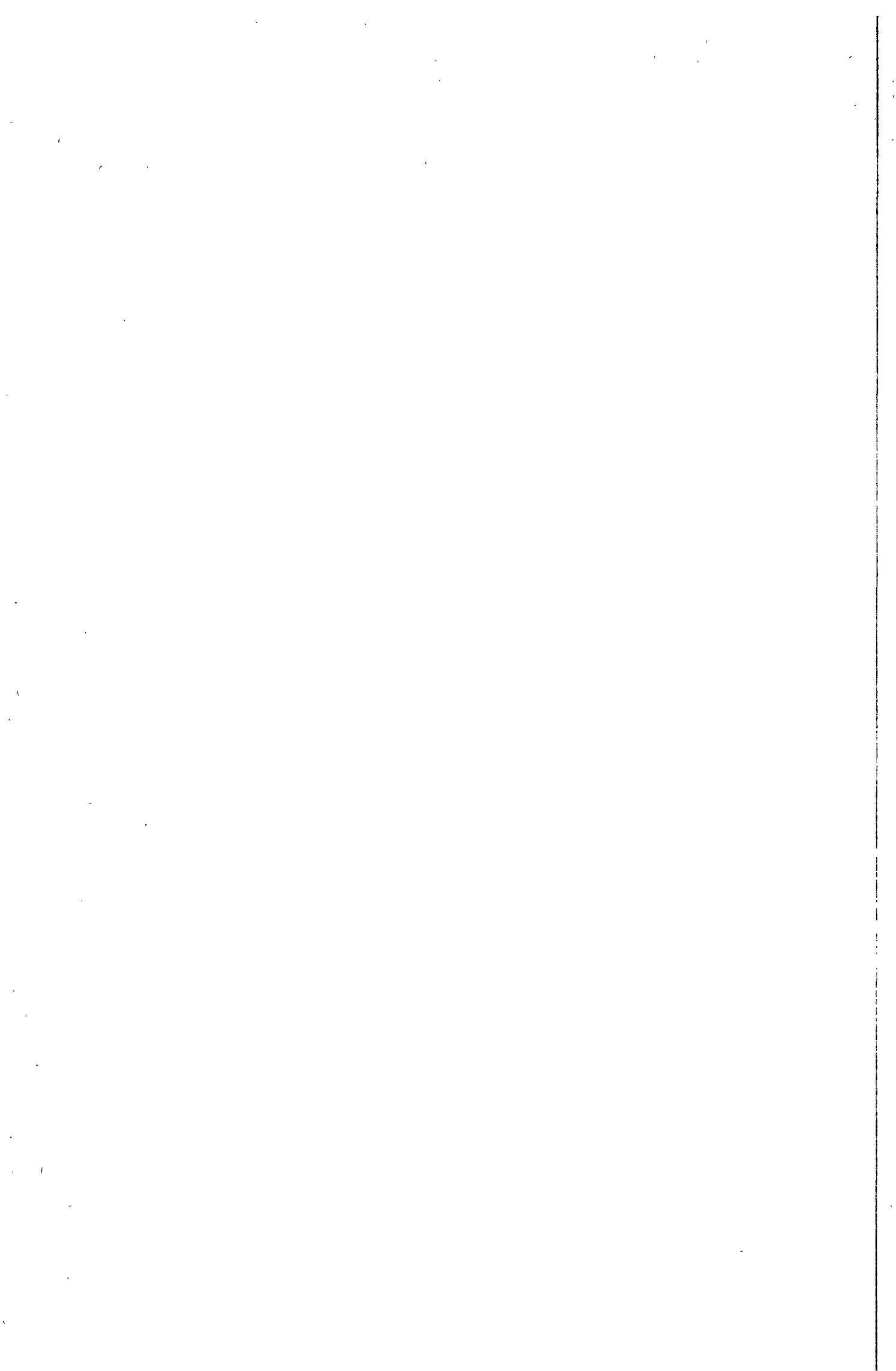
Report

drawn up on behalf of the Committee on Agriculture
on the proposals from the Commission of the
European Communities to the Council (Doc. 1-817/79)
for

- I. a regulation on monetary compensatory amounts
- II. a regulation on the value of the unit of account and the conversion rates to be applied for the purposes of the common agricultural policy

Rapporteur: Mr I. FRÜH

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By letter of 25 February 1980, the Council of the European Communities consulted the European Parliament pursuant to Article 43 of the EEC Treaty on the proposals from the Commission of the European Communities to the Council for a regulation on monetary compensatory amounts and a regulation on the value of the unit of account and the conversion rates to be applied for the purposes of the Common Agricultural Policy.

The President of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

At its meeting of 11 March 1980, the Committee on Agriculture appointed Mr Früh rapporteur.

It considered these proposals at its meeting of 17/19 March 1980 and the motion for a resolution and the explanatory statement were adopted unanimously.

Present: Sir Henry Plumb, chairman; Mr Früh, vice-chairman and rapporteur; Mr Abens (deputizing for Mr Lynge), Mr Barbagli (deputizing for Mr Colleselli), Miss Brookes (deputizing for Mr Battersby), Mr Bocklet, Mr Costanzo (deputizing for Mr Clinton), Mr Dalsass, Mr Diana, Mr Helms, Mr Howell, Mr Key (deputizing for Ms Quin), Mr Maher, Mr Mertens (deputizing for Mr Tolman), Mr Nielsen, Mr d'Ormesson, Mr Provan and Mr Wettig.



The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution together with explanatory statement

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on:

- the proposal for a Council regulation (EEC) on monetary compensatory amounts,
- the proposal for a Council regulation (EEC) on the value of the unit of account and the conversion rates to be applied for the purposes of the Common Agricultural Policy

The European Parliament,

- having regard to the proposals from the Commission to the Council (COM(80) 43 final),
 - having been consulted by the Council pursuant to Article 43 of the Treaty establishing the European Economic Community (Doc.1-817/79),
 - having regard to the report from the Committee on Agriculture (Doc.1-38/80),
 - whereas the existence of the EMS implies that the ECU will be applied to the Common Agricultural Policy and thus involve a reorganization of the agri-monetary system,
1. Approves the introduction of the ECU into the Common Agricultural Policy on a permanent basis provided that the Commission takes all the necessary steps to
 - (a) avoid any disruption of agricultural markets,
 - (b) forestall any possible speculation;
 2. Requests the Council to adopt the measures required to effect this introduction no later than 31 March 1980 in order to avoid creating a legal vacuum;
 3. Approves the redrafting of Regulation (EEC) No. 974/71 to take account of the existence of the EMS and the introduction of the ECU in the common agricultural policy.

EXPLANATORY STATEMENT

1. By adopting Regulation (EEC) No. 3180/78 changing the value of the unit account used by the European Monetary Cooperation Fund¹ and Regulation (EEC) No. 3181/78 relating to the European monetary system², the Council introduced a new unit-of-account basket, the ECU, which is intended to replace gradually the various units of account used in the European Communities.
2. The ECU has therefore replaced the UA (unit of account) in the Common Agricultural Policy. EEC Regulation No. 652/79 on the impact of the European monetary system on the common agricultural policy³ provided for the ECU to be provisionally applied to the CAP until 30 June 1979. This was extended until 31 March 1980 by Regulation (EEC) No. 1264/79⁴.
3. Fears were expressed at the time that the application of a floating unit of account to the CAP would create problems, particularly in calculating intervention prices expressed in national currencies. Experience has shown, however, that these fears were not justified in that the EMS has lent greater stability to the currencies of the Member States participating since the maximum fluctuation between currencies allowed is 2.25%. (At the same time it should be noted that Italy is allowed a 6% margin).
4. For this reason, in its proposal for a regulation on the value of the unit of account and the conversion rates to be applied for the purposes of the Common Agricultural Policy, the Commission seeks to introduce the use of the ECU into the CAP on a permanent basis.
5. This proposal is acceptable provided that the Commission ensures that the introduction of the ECU into the CAP on a permanent basis does not disrupt trade in agricultural products or lead to speculation in these products. It is therefore understandable that the Commission wishes to be able to deal with out-of-the-ordinary monetary practices as indicated in Article 10 of its proposal. While appreciating that it is impossible to consult the European Parliament on monetary matters when sudden bouts of speculation threaten

¹ OJ No. L 379, 30.12.1978, p.1

² OJ No. L 379, 30.12.1978, p.2

³ OJ No. L 84, 4. 4.1979, p.1 - Doc. 523/78 rapporteur: Mr Früh

⁴ OJ No. L 161, 29. 6.1979, p.1

to endanger the very existence of the EMS, it would nonetheless be desirable in the interests of smooth cooperation between the institutions if the President of the European Parliament could be informed immediately of measures decided upon by the Council.

6. In addition to introducing the ECU into the CAP, the Commission proposes amending Regulation (EEC) No. 974/71¹ which created the monetary compensatory amounts (MCA)².

Under this regulation, MCAs expressed the difference

- in the case of the 'snake' currencies, between the 'green' rates of exchange used for the CAP and the central rates of 'snake' currencies,
 - in the case of other currencies, the difference between the 'green' exchange rate/official parities and the average spot market rates of the relevant currencies calculated on the basis of one week.
7. With the application of the ECU to the CAP, the MCAs will be introduced as follows:
 - (a) for those States participating in the EMS, i.e. those whose currencies are linked by fluctuation margins of 2.25%, the MCAs will express the difference between the agricultural rates of exchange ('green' rates) and the central rates;
 - (b) for Italy, which is a member of the EMS but is allowed a wider fluctuation margin of 6%, the MCAs will express the difference between the 'green' rates of exchange/central rates and the average spot market rates for the lira calculated on the basis of one week;
 - (c) for the United Kingdom, which is not a member of the EMS, the MCAs will be calculated in a manner analogous to that for Italy.
 8. This is the basic difference between the Commission proposal and Regulation (EEC) No. 974/71. The provisions of this latter regulation have otherwise been kept, particularly the franchise of 1.5 points for those countries with negative MCAs and 1 point for those with positive MCAs.
 9. The Committee on Agriculture can therefore approve the Commission's proposal on monetary compensatory amounts, which merely restates the main provisions of Regulation (EEC) No. 974/71, adapting it to take account of the existence of the EMS and the introduction of the of the ECU in the common agricultural policy.

¹ OJ No. L 106, 12.5.1979, p.1

² see Working Document PE 62.826, Rapporteur: Mr Delatte

