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*(Acts whose publication is obligatory)***COUNCIL REGULATION (EEC) No 855/84****of 31 March 1984****on the calculation and the dismantlement of the monetary compensatory amounts applying to certain agricultural products**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof,

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 ⁽³⁾,

Having regard to the opinion of the European Parliament ⁽⁴⁾,

Having regard to the opinion of the Economic and Social Committee ⁽⁵⁾,

Having regard to the opinion of the Monetary Committee,

Whereas currency instability has necessitated the use in the agricultural sector of special currency conversion rates designed to ensure the stability of the prices of agricultural products; whereas the application of these representative rates entails differing prices in the various Member States; whereas these price differences must, for the purposes of trade, be compensated for by the application of monetary compensatory amounts; whereas this system has led to difficulties;

Whereas experience has shown that it is difficult to reintegrate the agricultural sector into the general

economy by the alignment of the representative rates on the central rates, particularly for those Member States applying positive monetary compensatory amounts, the dismantlement of which must entail lower prices when expressed in national currency;

Whereas, for this reason, the price differences resulting from representative rates tend to be self-perpetuating; whereas, in order to re-establish the unity of the market, these differences will have to be reduced for the future; whereas rules must therefore be adopted concerning the dismantlement of the monetary compensatory amounts introduced by Council Regulation (EEC) No 974/71 of 12 May 1971 on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuations for the currencies of certain Member States ⁽⁶⁾, as last amended by Regulation (EEC) No 2025/83 ⁽⁷⁾;

Whereas these rules must cover both the methods of calculation of the monetary compensatory amounts and the representative rates; whereas the resulting changes have effects also in respect of the gradual elimination of the differential amounts introduced by Council Regulation (EEC) No 1569/72 of 20 July 1972 laying down special measures for colza, rape and sunflower seed ⁽⁸⁾, as last amended by Regulation (EEC) No 2027/83 ⁽⁹⁾;

Whereas the creation of new positive monetary compensatory amounts must therefore be avoided by changing the present system of calculation of these amounts so as to take as the basis in future the strongest Community currency complying with the 2,25 % fluctuation margin within the European monetary system; whereas this method of calculation

⁽¹⁾ OJ No 106, 30. 10. 1962, p. 2553/62.

⁽²⁾ OJ No L 263, 19. 9. 1973, p. 1.

⁽³⁾ OJ No C 62, 5. 3. 1984, p. 79.

⁽⁴⁾ Opinion delivered on 15 March 1984 (not yet published in the Official Journal).

⁽⁵⁾ Opinion delivered on 29 February 1984 (not yet published in the Official Journal).

⁽⁶⁾ OJ No L 106, 12. 5. 1971, p. 1.

⁽⁷⁾ OJ No L 199, 22. 7. 1983, p. 11.

⁽⁸⁾ OJ No L 167, 25. 7. 1972, p. 9.

⁽⁹⁾ OJ No L 199, 22. 7. 1983, p. 14.

can be changed by applying to the central rates of the currencies complying with the 2,25 % margin a coefficient expressing the revaluation of that central rate, which, on the occasion of a realignment, is revalued most against the ECU; whereas a corresponding increase in the negative monetary compensatory amounts will result;

Whereas, by its very principle, the new method of calculation will lead to the creation of more negative monetary compensatory amounts; whereas it should therefore be introduced only provisionally for a limited period, at the end of which an assessment should be made on the basis, in particular, of experience; whereas, should the Council not have adopted before the beginning of the 1987/88 milk marketing year decisions designed either to extend the current system or to create another, the system applicable since the introduction of the ECU into the common agricultural policy will be reintroduced with effect at the beginning of the 1987/88 marketing year for each of the relevant products;

Whereas it would seem appropriate to use the change in the system of calculation for the existing positive monetary compensatory amounts as well, by reducing the highest of them by three percentage points; whereas for this purpose the central rates of the currencies complying with the 2,25 % fluctuation margin must be made subject to a coefficient of 1,033651; whereas the negative monetary compensatory amounts created by this operation should be dismantled immediately and this change should be put into effect normally, at the beginning of the marketing years for the products concerned;

Whereas, on this occasion, the prices for agricultural products existing in the relevant Member States should be brought closer to the level of the common prices by changing the representative rates of the French franc, the Greek drachma and the Italian lira; whereas the representative rates of the currencies of the Federal Republic of Germany and the Netherlands should be revalued in accordance with the same objective;

Whereas adaptation of these rates must take account of its effects, in particular on prices, and of the economic situation in the Member States concerned; whereas, particularly for this reason, it should be stipulated that the application of the new rates will generally be made operative within a reasonable time, linked in principle to the beginning of the marketing year or to a price change, this not to be taken to mean that there can be no immediate entry into force for all sectors in certain cases;

Whereas, to avoid differing treatment of interdependent products, it should be stipulated that the new rates will apply in the cereals sector and in that for eggs and poultry, ovalbumin and lactalbumin from the same date;

Whereas it should be specified, in order to clarify the situation, that the representative rates adopted previously remain in force, except where this Regulation provides otherwise;

Whereas the representative rates now in force were fixed by Regulation (EEC) No 1223/83 ⁽¹⁾, as last amended by Regulation (EEC) No 1877/83 ⁽²⁾; whereas, to avoid confusion, all the representative rates should be republished;

Whereas adaptation of the representative rates in the Federal Republic of Germany and the Netherlands entails a reduction in prices expressed in national currencies and consequently lower farm incomes; whereas, by way of compensation, the possibility of granting national aids to the financing of which the Community will contribute on a temporary and degressive basis should be provided for;

Whereas, for the calculation of the monetary compensatory amounts, Regulation (EEC) No 974/71 distinguishes between basic products covered by intervention and other products for which the amounts are derived from those applicable to the basic products; whereas pigmeat has so far ranked as a basic product, since it can be bought in; whereas this product has in fact seldom been bought in; whereas, therefore, for the purpose of the calculation of the monetary compensatory amounts for this sector, pigmeat should henceforth rank as a product derived from cereals;

Whereas the levels of the monetary compensatory amounts are influenced by the 'neutral margin' system, referred to in Article 2 (1a) of Regulation (EEC) No 974/71; whereas this system entails certain restrictions designed to avoid excessively wide monetary gaps not covered by the monetary compensatory amounts; whereas these rules have not given entire satisfaction; whereas they should be changed to restrict their impact;

Whereas rules of principle governing the dismantlement of the positive monetary compensatory amounts which may remain in the Federal Republic of Germany and the Netherlands after the aforesaid dismantlement measures have been put into effect should be established forthwith;

Whereas, as far as the United Kingdom is concerned, the status of the pound sterling does not make it possible to programme any dismantlement of positive compensatory amounts which may arise other than that provided for under the change in the method of calculating monetary compensation amounts; whereas

⁽¹⁾ OJ No L 132, 21. 5. 1983, p. 33.

⁽²⁾ OJ No L 186, 9. 7. 1983, p. 24.

a dismantlement in excess of this one will therefore be provided for, if necessary, when the farm prices of the Community are fixed annually;

Whereas, with regard to the negative monetary compensatory amounts applicable in the wine sector, Article 2 (4) of Regulation (EEC) No 974/71 provides for a system of deduction of the lowest amount; whereas experience has shown that in certain circumstances this rule can lead to frequent, unforeseeable and economically inappropriate changes; whereas, consequently, it should be discontinued; whereas the features of the market organization in this sector permit, however, a larger increase in the neutral margin,

HAS ADOPTED THIS REGULATION:

TITLE I

Changes in the calculation of the monetary compensatory amounts

Article 1

Regulation (EEC) No 974/71 is hereby amended as follows:

1. Article 2 is replaced by the following:

'Article 2

1. For the products covered by intervention arrangements, hereinafter referred to as "basic products", the monetary compensatory amounts shall be equal to the amounts obtained by applying to the prices the monetary gap as defined in paragraph 2.

For the other products referred to in Article 1, hereinafter referred to as "derived products", the monetary compensatory amounts shall be equal to the incidence, on the price of the product concerned, of the application of the monetary compensatory amount to the prices of the basic product on which they depend.

With effect as from 1 January 1985, pigmeat shall for the purposes of this Regulation rank as a product derived from cereals. This rule shall remain valid for such time as the arrangements referred to in Article 2b apply.

2. The monetary gap shall be equal to the real monetary gap minus the neutral margin as defined in paragraph 3.

The real monetary gap shall be equal:

(a) in respect of those Member States whose currencies are maintained as between themselves within a spread at any given moment of a maximum of 2,25 %, to the percentage difference between:

— the conversion rate used under the common agricultural policy, and

— the conversion rate resulting from the central rate;

(b) in respect of Member States other than those referred to in point (a), the average of the percentage differences between:

— the relationship between the conversion rate used under the common agricultural policy for the currency of the Member State concerned and the central rate of each of the currencies of the Member States referred to in point (a), and

— the spot market rate for the currency of the Member State in question in relation to each of the currencies of the Member States referred to in point (a), as recorded over a period to be determined.

3. The neutral margin for the purposes of the calculation of the monetary compensatory amounts shall be:

— 1,50 percentage points for the Member States applying monetary compensatory amounts charged on exports and paid on imports,

— one percentage point for the Member States applying monetary compensatory amounts charged on imports and paid on exports.

However:

(a) a percentage of:

— zero shall be applied for as long as, after deduction of the neutral margin, the result is equal to or less than 0,50 but exceeds zero,

— one shall be applied for as long as, after deduction of the neutral margin, the result obtained is equal to or less than one but exceeds 0,50;

(b) according to the procedure provided for at Article 6, the neutral margin may, for the monetary compensatory amounts applicable to wine, be fixed at a higher level, which may not however exceed five percentage points.

4. Should the market price for adult bovine animals remain below the intervention price during a relatively long period, the monetary compensatory amounts applicable in the beef and veal sector may be altered accordingly, following the procedure laid down at Article 6.'

2. The following Article 2b is inserted after Article 2a:

'Article 2b

1. Notwithstanding the provisions of Article 2 (2), the monetary gap shall be calculated according to the system laid down at paragraph 2 during the period, for each of the products concerned, from the beginning of the 1984/85

marketing year to the end of the 1986/87 marketing year.

However:

- with regard to the eggs and poultry sectors, their marketing years shall be deemed to be identical with that for the cereals sector, not including durum wheat,
- with regard to the pigmeat sector, the system shall apply from 1 November 1984 to 31 October 1987.

2. The monetary gap shall be equal to the real monetary gap minus the neutral margin.

The real monetary gap shall be equal:

(a) in respect of those Member States whose currencies are maintained as between themselves within a spread at any given moment of a maximum of 2,25 %, to the percentage difference between:

- the conversion rate used under the common agricultural policy, and
- the conversion rate deriving from the central rate to which a coefficient of 1,033651 has been applied;

(b) in respect of Member States other than those referred to in point (a), the average of the percentage differences between:

- the relationship between the conversion rate used under the common agricultural policy for the currency of the Member State concerned and the central rate of each of the currencies of the Member States referred to in point (a), to which a coefficient of 1,033651 has been applied, and
- the spot market rate for the currency of the Member State in question in relation to each of the currencies of the Member States referred to in point (a), as recorded over a period to be determined.

The coefficient referred to in the first indent shall be adjusted, on the occasion of each realignment under the European monetary system, on the basis of the revaluation of the central rate of that currency, among those maintaining as between themselves a maximum spread at any given moment of a maximum of 2,25 %, revalued most against the ECU. The adjustment shall be made according to the procedure laid down at Article 6.

3. Before 31 December 1986, the Commission shall lay before the Council a report on the application of the system referred to at paragraph

2. Where appropriate, it shall make proposals on the basis of the economic and monetary situation of the Community, the development of farm incomes and experience gained.

Should the Council not have taken decisions, before the beginning of the 1987/88 milk marketing year, in the light of the report referred to in the first subparagraph, either to extend the current system or to create another one, the system applicable before the 1984/85 marketing year shall once again apply.

3. Article 3 is replaced by the following:

'Article 3

If the gap referred to in Article 2 (2) diverges by at least one percentage point from the percentage referred to on the previous occasion, the monetary compensatory amounts shall be altered by the Commission on the basis of the change in the gap.'

TITLE II

Alteration of the representative rates and compensatory measures

Article 2

1. The Annexes to Regulation (EEC) No 1223/83 are hereby replaced by the Annexes to this Regulation.

2. The provisions fixing the representative rates adopted previously shall remain valid except where they conflict with the provisions of this Regulation.

Article 3

1. Any special aid granted to German agricultural producers under the conditions referred to below shall be deemed to be compatible with the common market.

2. The Federal Republic of Germany shall be authorized to grant separately the special aid by payment mentioned in the invoicing and/or the VAT declaration using the VAT as an instrument.

The aid may not exceed 3 % of the ex-VAT price paid by the purchaser for the agricultural product.

Article 4

1. The Community shall contribute to the financing of the aid referred to in Article 3 on a degressive basis at a rate of 120 million ECU in 1985 and 100 million ECU in 1986.

2. In 1987 the Council, acting by a qualified majority, on a proposal from the Commission, shall take a decision concerning Community participation in the light of the development of the level of national compensation in the Federal Republic of Germany.

Article 5

1. The positive monetary compensatory amounts for the Federal Republic of Germany and the Netherlands remaining after 1 January 1985 shall be abolished by the beginning of the 1987/88 marketing year at the latest for each product by means of a modification of the representative rates.

2. Bearing in mind the status of the pound sterling, the dismantlement of any positive monetary compensatory amounts for the United Kingdom remaining after the introduction of the system provided for in Article 2b of Regulation (EEC) No 974/71 shall be undertaken, if necessary, by modifying the representative rate when the annual decisions concerning the farm prices for the Community are taken.

Article 6

The Kingdom of the Netherlands shall be authorized to adopt national measures similar to those for the Federal Republic of Germany. If the Kingdom of the

Netherlands uses that authorization, the Council, acting by a qualified majority, on a proposal from the Commission, shall adopt Community measures similar to those decided for the Federal Republic of Germany.

Article 7

Transitional measures necessary for:

- easing the passage from one system for calculating monetary amounts to the other,
- avoiding disturbances following the revaluation of the representative rates of the German mark and the Dutch guilder as at 1 January 1985,

may be adopted according to the procedure provided for in Article 6 of Regulation (EEC) No 974/71.

Article 8

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

However, Article 2 (3), second subparagraph, point (a) of Regulation (EEC) No 974/71, as amended by this Regulation, shall enter into force at the same time as the system provided for in Article 2b of Regulation (EEC) No 974/71 takes effect.

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

Done at Brussels, 31 March 1984.

For the Council

The President

M. ROCARD

*ANNEX I***BELGIUM/LUXEMBOURG**

1 ECU = 46,4118 Belgian francs/Luxembourg francs.

This rate shall apply from:

- 2 April 1984 for the milk and milk products sector,
- 2 April 1984 for the beef and veal sector,
- 2 April 1984 for the sheepmeat and goatmeat sector,
- 1 July 1984 for the sugar and isoglucose sector and for durum wheat and durum wheat groats and meal,
- 1 August 1984 for the cereals sector, with the exception of durum wheat and durum wheat groats and meal, and for the eggs and poultrymeat, ovalbumin and lactalbumin sectors,
- 1 November 1984 for the pigmeat sector,
- 1 January 1985 for the fishery products sector,
- 1 July 1986 for the seeds sector,
- the beginning of the 1984/85 marketing year for other products for which there is a marketing year which has not yet started by 2 April 1984,
- 2 April 1984 in all other cases.

*ANNEX II***DENMARK**

1 ECU = 8,41499 Danish kroner.

This rate shall apply from:

- 2 April 1984 for the milk and milk products sector,
 - 2 April 1984 for the beef and veal sector,
 - 2 April 1984 for the sheepmeat and goatmeat sector,
 - 1 July 1984 for the sugar and isoglucose sector and for durum wheat and durum wheat groats and meal,
 - 1 August 1984 for the cereals sector, with the exception of durum wheat and durum wheat groats and meal, and for the eggs and poultrymeat, ovalbumin and lactalbumin sectors,
 - 1 November 1984 for the pigmeat sector,
 - 1 January 1985 for the fishery products sector,
 - 1 July 1986 for the seeds sector,
 - the beginning of the 1984/85 marketing year for other products for which there is a marketing year which has not yet started by 2 April 1984,
 - 2 April 1984 in all other cases.
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*ANNEX III***FEDERAL REPUBLIC OF GERMANY**

1. 1 ECU = 2,38516 German marks.
This rate shall apply from 1 January 1985.
2. However:
 - (a) with regard to the milk and milk products sector the following rate shall apply from 1 January 1985:
1 ECU = 2,41047 German marks;
 - (b) with regard to the cereals sector the following rate shall apply from 1 January 1985:
1 ECU = 2,39792 German marks.
3. The representative rate applicable for the seeds sector from 1 July 1985 shall remain that indicated in paragraph 1 above.

*ANNEX IV***FRANCE**

1. 1 ECU = 6,93793 French francs.
This rate shall apply from 2 April 1984 for the milk and milk products sector.
 2. 1 ECU = 7,10590 French francs.
This rate shall apply from:
 - 1 September 1984 for the wine sector,
 - 1 November 1984 for the pigmeat sector.
 3. 1 ECU = 6,86866 French francs.
This rate shall apply from:
 - 2 April 1984 for the beef and veal sector,
 - 2 April 1984 for the sheepmeat and goatmeat sector,
 - 1 July 1984 for the sugar and isoglucose sector and for durum wheat and durum wheat groats and meal,
 - 1 August 1984 for the cereals sector, with the exception of durum wheat and durum wheat groats and meal, and for the eggs and poultrymeat, ovalbumin and lactalbumin sectors,
 - 1 January 1985 for the fishery products sector,
 - 1 July 1986 for the seeds sector,
 - the beginning of the 1984/85 marketing year for other products for which there is a marketing year which has not yet started by 2 April 1984,
 - 2 April 1984 in all other cases.
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*ANNEX V***GREECE**

1 ECU = 90,5281 Greek drachmas.

This rate shall apply from:

- 2 April 1984 for the milk and milk products sector,
- 2 April 1984 for the beef and veal sector,
- 2 April 1984 for the sheepmeat and goatmeat sector,
- 1 July 1984 for the sugar and isoglucose, and cereals sectors,
- 1 August 1984 for the eggs and poultrymeat, ovalbumin and lactalbumin sectors,
- 1 November 1984 for the pigmeat sector,
- 1 January 1985 for the tobacco and fishery products sector,
- 1 July 1986 for the seeds sector,
- the beginning of the 1984/85 marketing year for other products for which there is a marketing year which has not yet started by 2 April 1984,
- 2 April 1984 in all other cases.

*ANNEX VI***IRELAND**

1 ECU = 0,750110 Irish pound.

This rate shall apply from:

- 2 April 1984 for the milk and milk products sector,
 - 2 April 1984 for the beef and veal sector,
 - 2 April 1984 for the sheepmeat and goatmeat sector,
 - 1 July 1984 for the sugar and isoglucose sector and for durum wheat and durum wheat groats and meal,
 - 1 August 1984 for the cereals sector, with the exception of durum wheat and durum wheat groats and meal, and for the eggs and poultrymeat, ovalbumin and lactalbumin sectors,
 - 1 November 1984 for the pigmeat sector,
 - 1 January 1985 for the fishery products sector,
 - 1 July 1986 for the seeds sector,
 - the beginning of the 1984/85 marketing year for other products for which there is a marketing year which has not yet started by 2 April 1984,
 - 2 April 1984 in all other cases.
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*ANNEX VII***ITALY**

1 ECU = 1 432,00 Italian lire.

This rate shall apply from:

- 2 April 1984 for the milk and milk products sector,
- 2 April 1984 for the beef and veal sector,
- 2 April 1984 for the sheepmeat and goatmeat sector,
- 1 July 1984 for the sugar and isoglucose sector and for durum wheat and durum wheat groats and meal,
- 1 August 1984 for the cereals sector, with the exception of durum wheat and durum wheat groats and meal, and for the eggs and poultrymeat, ovalbumin and lactalbumin sectors,
- 1 November 1984 for the pigmeat sector,
- 1 January 1985 for the fishery products sector,
- 1 July 1986 for the seeds sector,
- the beginning of the 1984/85 marketing year for other products for which there is a marketing year which has not yet started by 2 April 1984,
- 2 April 1984 in all other cases.

*ANNEX VIII***NETHERLANDS**

1. 1 ECU = 2,68749 Dutch guilders.

This rate shall apply from 1 January 1985.

2. However:

- (a) with regard to the milk and milk products sector the following rate shall apply from 1 January 1985:
1 ECU = 2,71620 Dutch guilders;
- (b) with regard to the cereals sector the following rate shall apply from 1 January 1985:
1 ECU = 2,70178 Dutch guilders.

3. The representative rate applicable for the seeds sector from 1 July 1985 shall remain that indicated in paragraph 1 above.

*ANNEX IX***UNITED KINGDOM**

1 ECU = 0,618655 pound sterling.
