12.5.71 Official Journal of the European Communities No L 106/1

REGULATION (EEC) No 974/71 OF THE COUNCIL

of 12 May 1971

on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuation for the currencies of certain Member States

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 103 thereof;

Having regard to the proposal from the Commission;

Whereas in the course of the last few weeks certain foreign exchange markets within the Community have been disturbed by speculative movements involving an abnormal influx of short-term capital; whereas this influx was such as to provoke an excessive increase in the volume of money in the economies concerned and, consequently, dangerous inflationary effects for economic development;

Whereas, in order to put an end to the abnormal movements of capital, the Council was prepared to envisage that in certain circumstances Member States may, for a limited period, widen the margins of fluctuation for the exchange rates of their currencies in relation to their present parities;

Whereas if, in one Member State, the current rate of exchange deviates from the official parity by more than a specified margin, serious difficulties may arise as regards the proper functioning of the common market; whereas trade to which the current rate of exchange applies may then be effected at a price, in national currency, lower than the intervention or buying-in prices laid down by Community rules on the basis of the official parity;

Whereas in the Member State concerned this may entail a disruption of the intervention system laid down by Community rules and abnormal movements of prices jeopardising a normal trend of business in agriculture;

Whereas it would seem justifiable to forestall these difficulties by providing that the Member State concerned may, within the framework of Community rules, apply a system of compensatory amounts in trade with other Member States and third countries;

Whereas the compensatory amounts should be limited to the amounts strictly necessary to compensate the incidence of the monetary measures on the prices of basic products covered by intervention arrangements and whereas it is appropriate to apply them only in cases where this incidence would lead to difficulties;

HAS ADOPTED THIS REGULATION:

Article 1

1. If, for the purposes of commercial transactions, a Member State allows the exchange rate of its currency to fluctuate by a margin wider than the one permitted by international rules, it shall be authorised to:

(a) charge on imports from Member States and third countries,

(b) grant on exports to Member States and third countries,

compensatory amounts for the products referred to below under the conditions determined hereinafter.

2. Paragraph 1 shall apply:

(a) to products covered by intervention arrangements under the common organisation of agricultural markets;

(b) to products whose price depends on the price of the products referred to under (a) and which are governed by the common organisation of market or are the subject of a specific arrangement under Article 235 of the Treaty.

This option shall be exercised only where application of the monetary measures referred to in paragraph 1 would lead to disturbances in trade in agricultural products.

Article 2

1. The compensatory amounts for the products covered by intervention arrangements shall be equal to the amounts obtained by applying to the prices the percentage difference between:

— the parity of the currency of the Member State concerned declared to and recognised by the International Monetary fund, on the one hand, and

— the arithmetic mean of the spot market rates of this currency against the US dollar during a period to be determined.

2. For the other products referred to in Article 1, the compensatory amounts shall be equal to the incidence, on the prices of the product concerned, of the application of the compensatory amount to the prices of the product referred to in paragraph 1, on which they depend.

3. However, with regard to trade between one Member State referred to in Article 1 and another Member State referred to in that Article, the compensatory amount applicable to a specified product shall be reduced by the compensatory amount applied to that product in the latter Member State.

Article 3

If the difference referred to in Article 2 (1) changes by at least 1 point from the percentage taken as a basis for the preceding determination, the compensatory amount shall be altered by the Commission in line with the change in the difference.

Article 4

1. No compensatory amount shall be fixed where, in any Member State, the percentage referred to in Article 2 (1) does not exceed 2·5%.

2. No compensatory amount shall be fixed for products for which the amount calculated in accordance with Article 2 is negligible in relation to their average value.

Article 5

Until the Member States concerned are in a position to charge compensatory amounts on imports, they may make imports of the products referred to in Article 1 dependent on the lodging of a deposit intended to guarantee payment of these amounts.

Article 6

1. Detailed rules for the application of this Regulation, which may include other derogations from the regulations on the common agricultural policy, shall be adopted in accordance with the procedure laid down in Article 26 of Council Regulation No 120/67/EEC[1] of 13 June 1967 on the common organisation of the market in cereals, as last amended by Regulation (EEC) No 2434/70[2], or, if appropriate, the corresponding article of the other regulations on the common organisation of agricultural markets.

2. Subject to the provisions of Article 3, the detailed rules for application shall cover in particular the fixing of the compensatory amounts.

Article 7

Partial or temporary use may not be made of the authorisation provided for in this Regulation.

Article 8

1. This Regulation shall be applicable with effect from 12 May 1971.

2. It shall cease to be applicable as soon as all the Member States concerned again apply the international rules on margins of exchange rate fluctuation around official parity.

3. The Commission shall submit a monthly report to the Council on the way this Regulation is being applied.

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

Done at Brussels, 12 May 1971.

For the Council

The President

M. SCHUMANN

[1] OJ No 117, 19.6.1967, p. 2269/67.

[2] OJ No L 262, 3.12.1970, p. 1.