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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 1889/87

of 2 July 1987

amending Regulation (EEC) No 1677/85 as regards the rules for calculating monetary compensatory amounts in agriculture

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 the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Monetary Committee,

Whereas Article 6 of Council Regulation (EEC) No 1677/85 of 11 June 1985 on monetary compensatory amounts in agriculture (3), as last amended by Commission Regulation (EEC) No 90/87 (4), lays down arrangements applicable for the calculation of monetary compensatory amounts until the end of the 1986/87 marketing year; whereas the experience gained suggests that those arrangements should be maintained;

Whereas it appears appropriate to take advantage of the extension of the calculation arrangements also in order to dismantle existing positive monetary compensatory amounts by reducing them by 1,0 percentage points; whereas, to this end, it is necessary to increase the correcting factor;

Whereas, however, applying those arrangements may, in view of the current priorities of the common agricultural policy, give rise to problems; whereas, desirable though it may be in principle, eliminating negative monetary compensatory amounts raises prices expressed in national currency, and may lead to further overproduction; whereas this runs counter to a policy aimed at controlling agricultural production; whereas the existing arrangements should be supplemented by rules designed to reconcile those divergent objectives;

Whereas the arrangements currently applicable differ from the standard method only as regards the application of the correcting factor; whereas the other components used in the calculation are identical; whereas those components include the neutral margin applied in respect of the real monetary gap;

Whereas the experience gained in certain agricultural sectors shows that monetary gaps can be higher than those corresponding to the present neutral margins without trade necessarily being disrupted by the lack of monetary compensatory amounts;

Whereas Article 5 (5) of the Regulation in question provides, in the case of pigmeat, for two specific equivalent calculation methods applicable for a certain period; whereas, in the light of experience, the calculation method using the basic price of pig carcases should become the definitive method; whereas, having regard to the features peculiar to this sector, provision should be made for specific arrangements for dismantling monetary compensatory amounts;

Whereas Regulation (EEC) No 1677/85 should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Article 5 and 6 of Regulation (EEC) No 1677/85 are hereby replaced by the following Articles:

'Article 5

1. For basic products, the monetary compensatory amounts shall be equal to the amounts obtained by applying to the prices a percentage, hereinafter referred to as the "monetary gap".

For derived products, the monetary compensatory amounts shall be equal to the effect, on the price of the product concerned, of the application of the monetary compensatory amount to the price of the basic product or products on which they depend.

(1) OJ No C 89, 3. 4. 1987, p. 94.
(2) OJ No C 150, 9. 6. 1987, p. 8.
(3) OJ No L 164, 24. 6. 1985, p. 6.
(4) OJ No L 13, 15. 1. 1987, p. 12.

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 time of a maximum of 2,25 %, to the percentage representing, for the currency of the Member State concerned, the difference between:

— the agricultural conversion rate, and

— the central rate;

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

— the rate resulting from the relationship between the agricultural conversion rate for the currency of the Member State concerned and the central rate of each of the currencies of the Member States referred to in (a), and

— the rate corresponding to the average spot exchange rate for the currency of the Member State concerned in terms of each of the currencies of the Member States referred to in (a), recorded over a period to be determined according to the procedure in Article 12.

3. For the purposes of calculating the monetary compensatory amounts, the neutral margin shall be 1,50 percentage points, except for the Netherlands, for which it shall be 1,0 percentage point.

However:

(a) a percentage of:

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

— 1,0 shall be applied for as long as, after deduction of the neutral margin, the result obtained is equal to or less than 1,0 but exceeds 0,50;

(b) following the procedure provided for in Article 12, the neutral margin may be set at a maximum level of:

— five percentage points for the monetary compensatory amounts applicable in the wine and poultry raising sectors,

— 10 percentage points for the monetary compensatory amounts applicable in the olive oil sector.

4. Should the market price for adult bovine animals remain below the intervention price for a relatively long period, the monetary compensatory amounts applicable in the beef and veal sector may be altered accordingly, following the procedure provided for in Article 12.

Article 6

1. For the purposes of applying Articles 1, 2, 3 and 5, the central rates shall be multiplied by a coefficient, which shall be called a "correcting factor".

The market rates shall be established allowing for the correcting factor applied to the central rates.

The correcting factor shall be 1,137282 with effect:

— at the beginning of the 1987/88 marketing year for those products for which such marketing year has not yet started on the date on which Regulation (EEC) No 1890/87 takes effect,

— on the date on which Regulation (EEC) No 1890/87 takes effect for the remaining products.

The correcting factor shall be altered whenever parities are realigned within the European Monetary System, on the basis of the revaluation of the central rate of that currency, among the currencies maintained among themselves within a maximum spread at any given time of 2,25 %, the revaluation of which *vis-à-vis* the ECU is the highest. The procedure followed shall be that laid down in Article 12.

2. For the purposes of this Article, "transferred-negative monetary compensatory amounts" shall mean those amounts resulting from the application of paragraph 1, being supplementary as compared with those which would have resulted from the application of Article 5 alone.

The agriculture conversion rates shall be adjusted in such a way as to eliminate any newly created monetary gaps, for each of the currencies concerned. The said elimination shall be carried out by instalments as follows:

(a) in the case of transferred negative monetary compensatory amounts created during a marketing year:

— 25 % at the beginning of the marketing year which follows the realignment or realignments of parities,

— 37,5 % at the beginning of the second and third years which follow the realignment or realignments of parities;

(b) in the case of the other negative monetary compensatory amounts created since the last realignment of parities:

— a maximum of 30 % when parities are realigned,

— at the beginning of the two years following realignment of parities: in two equal instalments for monetary compensatory amounts which are not dismantled.

The abovementioned adjustments shall be carried out following the procedure in Article 12. However, the negative monetary gaps which are eliminated shall in no case exceed the negative real monetary gap obtaining when the agricultural conversion rate was adjusted.

3. When the amendment of the agricultural conversion rates takes effect, under the first indent of (a) of the second subparagraph of paragraph 2, the prices fixed in ECUs under the common agricultural policy shall be reduced in accordance with the procedure provided for in Article 12 so as to neutralize the increase in the prices in national currency which arises as a result of the amendment of the agricultural conversion rates.

Those Member States in which prices in national currency fall as a result of the first subparagraph's being applied shall be authorized, according to a procedure to be determined by the Council, acting by a qualified majority on a proposal from the Commission, to grant national compensation aid. Such aid must be directed towards the socio-structural field and may not be linked to production.

4. For the purposes of applying the first subparagraph of paragraph 3:

(a) a coefficient shall be established which expresses the relationship between the new and old correcting factor, allocated, as appropriate, on the basis of the dismantling stages envisaged;

(b) the prices fixed under the common agricultural policy shall be divided by the coefficient referred to in (a). The other amounts fixed in ECU under the common agricultural policy shall, as far as the need arises, be amended as appropriate.

5. This Article shall aplly without prejudice to:

— Article 2 of Regulation No 1676/85 [2], where an additional dismantling of monetary compensatory amounts is being contemplated,

— Regulation (EEC) No 129/78 [3].

6. Where this Article provides that a measure is to take effect from the beginning of a marketing year, the date concerned shall, in the case of products or sectors for which there is no marketing year, be fixed in accordance with the procedure introducing the measure in question.

7. The arrangements provided for in this Article will be re-examined before 1 July 1988.

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[1] OJ No L 182, 3. 7. 1987, p.

[2] OJ No L 164, 24. 6. 1985, p. 1.

[3] OJ No L 20, 15. 1. 1978, p. 19.

Article 6a

The following provisions shall apply in the pigmeat sector:

(1) the monetary compensatory amounts shall be fixed on the basis of a price equal to 35 % of the basic price;

(2) in accordance with the procedure provided for in Article 12, the agricultural conversion rate of a Member State shall be adjusted so as to avoid new compensatory amounts being created. However, such adjustment may not bring about a situation whereby, for the Member State concerned, the difference between the monetary gap applicable in the pigmeat sector, on the one hand, and the gap applicable in the cereals sector, on the other, exceeds eight percentage points.'

Article 2

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

It shall be applicable with effect from 1 July 1987.

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

Done at Brussels, 2 July 1987.

For the Council

The President

K. E. TYGESEN