COMMISSION REGULATION (EEC) No 3578/88

of 17 November 1988

laying down detailed rules for the application of the system for the automatic dismantlement of negative monetary compensatory amounts

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1677/85 of 11 June 1985 on monetary compensatory amounts in agriculture (1), as last amended by Regulation (EEC) No 1889/87 (2), and in particular Articles 6 (2) and (3), 6a and thereof,

Whereas Regulation (EEC) No 1677/85 lays down rules for the dismantlement of newly created negative monetary compensatory amounts; whereas detailed rules should be laid down to ensure that they are applied in the same way in every Member State and for all group of agricultural products;

Whereas Article 6 (3) of Regulation (EEC) No 1677/85 provides that when the adjustment of the agricultural conversion rates takes effect by virtue of the dismantlement of 25 % of the transferred monetary compensatory amounts, prices fixed in ECU under the common agricultural policy are to be reduced in such a way as to neutralize the increase in prices in national currency which arises as a result of the change in the agricultural conversion rates; whereas in order to ensure that the neutralization is fully effective the dismantlement must be based on the newly created real monetary gaps applying to all groups of products, whether or nor those gaps lead necessarily to the introduction of or an increase in monetary compensatory amounts;

Whereas the procedures required to ensure compliance with the limits on dismantlement laid down by Article 6 (2) of Regulation (EEC) No 1677/85 should be specified;

Whereas it is advisable to set minimum limits and thereby avoid adjustments to the agricultural conversion rates for which there is no economic or administrative justification;

Whereas, in order to offset the increase in agricultural prices arising from the 25 % dismantlement of the transferred real monetary gaps pursuant to the first indent of Article 6 (2) (a) of Regulation (EEC) No 1677/85, prices fixed in ECU under the common agricultural policy should be reduced by a factor which matches the said increase in accordance with paragraph 4 of that Article;

Whereas, in the case of products for which there is no marketing year, the date on which the new prices resulting from the dismantlement arrangements take effect should be that on which the prices fixed for the products concerned under the common agricultural policy take effect;

Whereas Article 6a of Regulation (EEC) No 1677/85 provides, with respect to pigmeat, that the agricultural conversion rate of a Member State must be adjusted so as to avoid the creation of new monetary compensatory amounts; whereas, where the real monetary gap exceeds 2 000 points, this is achieved by maintaining this gap unchanged;

Whereas, where the difference between the monetary gap for pigmeat and that for cereals reaches the eight-maximum referred to in the second sentence of Article 6a (2) of Regulation (EEC) No 1677/85, the dismantlement arrangements provided for in Article 6 (2) of the said Regulation should be activated;

Whereas dismantlement pursuant to Article 6a of Regulation (EEC) No 1677/85 does not provide for the elimination of the real monetary gap if the latter is below the level at which the measures for the application of monetary compensatory amounts are activated; whereas rules, based on Article 6 of Regulation (EEC) No 1677/85, should be laid down for the dismantlement of such gaps;

Whereas the measures provided for in this Regulation are in accordance with the opinion of the Management Committees concerned,

HAS ADOPTED THIS REGULATION:

Article 1

For Member States which maintain their currencies among themselves within a maximum spread at any given time, of 2,25 %:

1. the total of the newly created real monetary gaps shall be the difference between the real monetary gap resulting from the parity realignment and the real monetary gap on the day before the realignment;

2. newly created transferred real monetary gaps shall be equal to the result, multiplied by 100, of a calculation of the difference between the old value and the new value of the correcting factor referred to in Article 6 (1) of Regulation (EEC) No 1677/85, multiplied by the new central rate resulting from the parity realignment, divided by the agricultural conversion rate for the product group concerned;

(1) OJ No L 164, 24. 6. 1985, p. 6.
(2) OJ No L 182, 3. 7. 1987, p. 1.

3. newly created natural real monetary gaps shall be equal to the difference between the total of the newly created real monetary gaps referred to in point 1 and the transferred real monetary gaps referred to in point 2.

Article 2

For the Member States other than those referred to in Article 1 :

1. (a) the total of the newly created real monetary gaps shall be the difference between the real monetary gap calculated immediately after the realignment creating new real monetary gaps and the real monetary gap resulting from the preceding realignment, reduced by the dismantlement resulting from changes in the agricultural conversion rate during the period between the two realignments ;

(b) however, where the real monetary gap valid on the day before the realignment creating new real monetary gaps is a greater algebraic value than the real monetary gap resulting from the preceding realignment, reduced by the dismantlement resulting from changes in the agricultural conversion rate during the period between the two realignments, the total of the newly created real monetary gaps shall be determined on the basis of the criteria referred to in Article 1 (1) ;

2. (a) the real monetary gap valid on the day before the realignment shall be the real monetary gap referred to on the occasion of the last fixing of the applied monetary gaps ;

(b) the real monetary gap calculated immediately after the realignment shall be determined in accordance with the provisions of Article 5 (2) (b) of Regulation (EEC) No 1677/85 for the period of the two working days following the realignment ;

3. the newly created transferred real monetary gaps shall be equal to the result, multiplied by 100, of a calculation of the difference between the old value and the new value of the correcting factor, multiplied by the new average exchange rate calculated in accordance with the second indent of Article 5 (2) (b) of Regulation (EEC) No 1677/85 for the period specified in point 2 (b), divided by the agricultural conversion rate for the product group concerned ;

4. the newly created natural real monetary gaps shall be equal to the difference between the total of the newly created real monetary gaps referred to in point 1 and the newly created transferred real monetary gaps referred to in point 3.

Article 3

Where the dismantlement scheme established in accordance with Article 6 (2) of Regulation (EEC) No 1677/85 would lead to a dismantlement of a real monetary gap exceeding :

— the total of the newly created real monetary gaps, or

— the negative real monetary gap immediately after the realignment,

the last stage, or where necessary, the last stages of this scheme shall be adjusted to avoid such excess.

Article 4

1. Where the total of the newly created real monetary gaps, as referred to in Article 1 (1) and 2 (1), is less than or equal to 0,5 points, the real monetary gap in question shall be dismantled in its entirety at the beginning of the marketing year following the realignment.

2. Without prejudice to the provisions of paragraphs 1 and 3, if the dismantlement provided for in the second subparagraph of Article 6 (2) of Regulation (EEC) No 1677/85 leads to intalments of less than 0,5 points, the rate of dismantlement laid down shall be adjusted so as to dismantle 0,5 points in each instalment.

3. Where the balance of the newly created real monetary gap to be dismantled in subsequent instalments in less than 0,5 points, that real monetary gap shall be dismantled in the relevant instalment.

Article 5

1. Without prejudice to measures to be taken, where necessary for the other amounts fixed in ECU under the common agricultural policy, when a change in agricultural conversion rated takes effect pursuant to the first indent of Article 6 (2) (a) of Regulation (EEC) No 1677/85, prices fixed in ECU in accordance with market-organization arrangements shall be divided by the coefficient provided for in paragraph 4 of that Article, established on the basis of one quarter of the ratio between the old and the new correcting factor.

2. The coefficient reducing agricultural prices referred to in paragraph 1 shall be calculated to six decimal places.

Article 6

For products for which these is no marketing year, the new agricultural conversion rates fixed pursuant to Article 6 (2) (a) and (b), second indent, of Regulation (EEC) No 1677/85 and the new prices fixed in ECU pursuant to the first subparagraph of Article 6 (3) of that Regulaiton shall take effect on the day on which the price fixed for the product concerned under the common agricultural policy takes effect.

Article 7

1. Where, following a change in the market rate used for calculating monetary compensatory amounts, an increase in the applied monetary gap for pigmeat is required, the Commission shall adjust the agricultural conversion rate concerned in accordance with the adjustments provided for in Article 6a (2) of Regulation (EEC) No 1677/85 and the provisions of this Article in such a way at to leave the real monetary gap unchanged so long as the limit referred to in that provision is not reached.

However, in the case of realignment within the framework of the European Monetary System, adjustments of the agricultural conversion rate shall be made in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1677/85.

2. However, the adjustment of the agricultural conversion rate referred to in paragraph 1 may not result in a real monetary gap which is less than the neutral margin specified in the first subparagraph of Article 5 (3) of Regulation (EEC) No 1677/85, plus 0,500 points.

Where the limit is reached, the balance of the total of the newly created real monetary gap shall be dismantled on the date of entry into force of the basic price for pig carcases following the date of the monetary realignment.

3. Where the real monetary gap calculated immediately after the realignment is less than or equal to the neutral margin provided for in the first subparagraph of Article 5 (3) of Regulation (EEC) No 1677/85, plus 0,500 points, the newly created gap shall be dismantled on the date of entry into force of the basic price for pig carcases following the date of the monetary realignment.

Where the difference between the monetary gap applicable to pigmeat and the monetary gap applicable to cereals reaches the maximum referred to in Article 6a of Regulation (EEC) No 1677/85, newly created real monetary gaps shall be dismantled in accordance with Articles 1 to 6 of this Regulation.

However, the agricultural conversion rate for pigmeat shall, where appropriate, be adjusted in such a way that the difference between the monetary gaps in question is not increased.

Article 8

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

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

Done at Brussels, 17 November 1988.

For the Commission

Frans ANDRIESSEN

Vice-President