

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM (77) 190 final

Strasbourg, 11 May 1977

## MONETARY COMPENSATORY AMOUNTS (MCA's)

(Statement by the Commission)

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## STATEMENT BY THE COMMISSION

Subject: Monetary Compensatory Amounts (MCA's).

The Commission has continually stressed that the system of MCA's is a transitional instrument to maintain the machinery of the Common Agricultural Policy in operation in the presence of monetary disturbances.

The Commission has always insisted that MCA's should be temporary and should not become permanent factors generating distortions of competition. They should serve only to prevent short-term fluctuations in exchange rates from immediately affecting agricultural prices expressed in national currencies.

In line with these principles, the Commission last October sent a proposal to the Council concerning longer term measures to be taken in the field of MCA's.

In the light of the discussions in the organs of the Council, the Commission is re-examining its proposal with a view to finding a solution which - whilst fully reflecting the Commission's basic objectives - might be more acceptable to the Council. The following are the ideas under consideration:-

It would seem to be appropriate to differentiate between the MCA's existing at the present time and those which might come into being in the future.

As far as the former are concerned one could fix a schedule including a definite final date for their elimination. The schedule should, however, be sufficiently flexible to take into account the political and economic difficulties involved.

In respect of the latter, namely those created by future events, their elimination must be assured within a short time. One could, for example, envisage a procedure whereby the Council examined the question on the basis of a report from the Commission, accompanied if necessary by appropriate proposals, if a given level were to be exceeded in the marketing year. Normally, these MCA's would be eliminated each year during the annual fixation of prices by the adoption of appropriate green rates.

The Commission is also carrying out a detailed examination of whether it would be opportune to use the European Unit of Account (EUA) for the mechanisms of the Common Agricultural Policy. Use of the EUA would seem to entail significant implications for the distribution of MCA's among Member States.

The Commission's conclusions accompanied by suitable proposals will be submitted to the Council before 1 October 1977.