

## I

(Acts whose publication is obligatory)

## COUNCIL REGULATION (EC) No 1527/95

of 29 June 1995

regulating compensation for reductions in the agricultural conversion rates of certain national currencies

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to the proposal from the Commission,

Having regard to Council Regulation (EEC) No 3813/92 of 28 December 1992 on the unit of account and the conversion rates to be applied for the purposes of the common agricultural policy<sup>(1)</sup>, and in particular Article 9 thereof,

Whereas there is a risk of substantial reductions in the agricultural conversion rates for the Belgian/Luxembourg franc, the Danish krone, the German mark, the Dutch guilder and the Austrian schilling; whereas monetary gaps greater than 5 % have already been recorded for these currencies over several reference periods; whereas it is necessary to take steps at Community level to prevent distortions in the implementation of the common agricultural policy due to monetary causes;

Whereas, in order to curtail the risk of distortions to trade flows caused by the monetary gaps of the said currencies, these gaps should be reduced if they prove to be still over 5 % by the end of the reference periods introduced to confirm the monetary situation;

Whereas Article 9 of Regulation (EEC) No 3813/92 provides for a Council decision, in the event of an appreciable re-evaluation, primarily to comply with obligations under the GATT agreement and budgetary discipline, on all necessary measures, which may involve derogations from the provisions of the said Regulation

concerning aid and the amount by which the monetary gaps are dismantled, without, however, resulting in the threshold being extended; whereas the measures provided for in Articles 7 and 8 of the said Regulation cannot be applied as they stand; whereas, however, compensation for losses of income caused by a reduction in agricultural conversion rates needs to be provided, while taking into account on a flat-rate basis the effects of the 1993 devaluations, the movements of prices in real terms for products qualifying for compensatory payments as part of the reform of the common agricultural policy, and the acknowledged sensitivity of market prices and incomes to agrimonetary adjustments;

Whereas there should be provision for extending the compensatory aid granted over three successive 12-month tranches should the duration of the effects of the reduction in the agricultural conversion rates in forthcoming years so require;

Whereas the date set for the third stage for achieving economic and monetary union is 1 January 1999, at the latest; whereas, with regard to the national currencies in question, the agricultural conversion rate applicable to the amounts referred to in Article 7 of Regulation (EEC) No 3813/92 should not be reduced until fixed conversion rates between the currencies of the Member States have been established,

HAS ADOPTED THIS REGULATION:

*Article 1*

This Regulation shall apply in the event of significant reductions in agricultural conversion rates in accordance with Article 4 of Regulation (EEC) No 3813/92 introduced between 23 June 1995 and 1 January 1996.

<sup>(1)</sup> OJ No L 387, 31. 12. 1992, p. 1. Regulation as last amended by Regulation (EC) No 150/95 (OJ No L 22, 31. 1. 1995, p. 1).

*Article 2*

1. In the event of a reduction in agricultural conversion rates as referred to in Article 1, the Member State affected may make compensatory payments to farmers in three successive tranches lasting twelve months each, starting with the month following the relevant reduction in the agricultural conversion rate. These compensatory payments shall not take the form of aid linked to production, other than production during a stipulated period prior to introduction of the compensation scheme; they shall not favour any particular type of production or be dependent on production subsequent to the period stipulated.

2. The total compensatory aid in the first twelve-month tranche shall not be more than:

- ECU 18,0 million in the case of Belgium,
- ECU 15,3 million in the case of Denmark
- ECU 95,4 million in the case of Germany,
- ECU 1,4 million in the case of Luxembourg,
- ECU 38,5 million in the case of the Netherlands,
- ECU 16,8 million in the case of Austria,

to be multiplied by the reduction in the agricultural conversion rate referred to in Article 1 expressed as a percentage, less 1,015 percentage points in respect of the Belgian/Luxembourg franc and 2,626 percentage points in respect of the Danish krone, if the reduction of the agricultural conversion rate concerned takes place respectively before 14 October 1995 or before 17 August 1995.

The amounts paid out under the second and third tranches shall not exceed the amount paid out in the previous tranche in each case, less at least a third of the amount paid out in the first tranche.

3. The Community contribution to financing these compensatory payments shall be 50 % of the amounts that may be paid out.

For the purposes of the financing of the common agricultural policy, this contribution shall be considered to form part of the assistance designed to regularize agricultural markets. The Member State may withdraw from national participation in financing the aid.

4. The Commission shall, in accordance with the procedure provided for in Article 12 of Regulation (EEC) No 3813/92, adopt detailed rules for applying this Article and in particular in cases where the Member State does not participate in financing the aid, lay down the conditions for paying that aid.

*Article 3*

1. In cases referred to in Article 1, the agricultural conversion rates applicable on 23 June 1995 to the amounts referred to in Article 7 of Regulation (EEC) No 3813/92 shall remain unchanged until 1 January 1999.

2. Articles 7 and 8 of Regulation (EEC) No 3813/92 shall not apply to the reductions in agricultural conversion rates referred to in Article 1 of this Regulation.

*Article 4*

Before the end of the third period during which the compensatory aid is granted, the Commission shall examine the effects on agricultural income of the reductions in agricultural conversion rates as referred to in Article 1.

Where it is established that income losses are likely to continue, the Commission may, in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 3813/92, extend the possibility of granting compensatory aid as provided for in Article 2 by a maximum of two additional 12-month tranches, the maximum amount per tranche being equal to that granted in the third tranche.

*Article 5*

This Regulation shall enter into force on 30 June 1995.

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

Done at Luxembourg, 29 June 1995.

*For the Council*

*The President*

J. BARROT