

COUNCIL REGULATION (EC) No 2990/95
of 18 December 1995
regulating compensation for appreciable reductions in the agricultural
conversion rates before 1 July 1996

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⁽¹⁾, and in particular Article 9 thereof,

Whereas Council Regulation (EC) No 1527/95 of 29 June 1995 regulating compensation for reductions in the agricultural conversion rates of certain national currencies⁽²⁾ lays down special rules applicable between 23 June 1995 and 1 January 1996 to currencies which experience during that period an appreciable reduction in their agricultural conversion rate; whereas the risk of an appreciable reduction in the agricultural conversion rates has arisen in the case of the Finnish markka and the Swedish krona since monetary gaps of more than 5% have occurred for those currencies; whereas this situation could lead to an appreciable reduction in the agricultural conversion rates after the period referred to in Regulation (EC) No 1527/95;

Whereas Article 9 of Regulation (EEC) No 3813/92 provides for the Council to take all necessary measures in the event of an appreciable revaluation, which, primarily to comply with obligations under the GATT Agreement and budgetary discipline, 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 it is necessary to take steps at Community level to prevent distortions of monetary origin affecting the implementation of the common agricultural policy;

Whereas on the basis of the information available it is impossible to know what the situation will be after 30 June 1996; whereas application of the rules laid down in Regulation (EC) No 1527/95 would be justified in similar cases up to that time; whereas the amounts of the aid provided for in Regulation (EC) No 1527/95 must be determined using the criteria employed when that Regu-

lation was adopted, and in particular by reference to the most recent data available; whereas, in order to reflect the most recent data available, the amount of the aid must be fixed for those Member States, such as Finland and Sweden at present for which there is a risk of an appreciable reduction in the agricultural conversion rate,

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 up to 30 June 1996.

Article 2

1. Provided an amount is fixed for the purpose in paragraph 2, in the event of a reduction in an agricultural conversion rate 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 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. In the case of Sweden the overall amount of compensation allocated for the first 12-month tranche may not exceed ECU 10,8 million multiplied by the fall in the agricultural conversion rate referred to in Article 1 expressed as a percentage and reduced, in the case of the first appreciable reduction, by 1,564 points if the reduction occurs before 13 January 1996 or by 1,043 points if it occurs thereafter.

In the case of Finland the overall amount of compensation allocated for the first 12-month tranche may not exceed ECU 14,6 million multiplied by the fall in the agricultural conversion rate referred to in Article 1 expressed as a percentage and reduced, in the case of the first appreciable reduction, by 1,119 points if the reduction occurs before 21 January 1996 or by 0,746 points if it occurs thereafter.

The amounts paid out under the second and third tranches shall be reduced, *vis-à-vis* the previous tranche, by at least a third of the amount paid out in the first tranche.

⁽¹⁾ 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).
⁽²⁾ OJ No L 148, 30. 6. 1995, p. 1.

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 as forming 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 laid down 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 as referred to in Article 1, the agricultural conversion rates applicable, on the date of the appreciable reduction, 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 compensation 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 compensation as provided for in Article 2 of this Regulation by a maximum of 2 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 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, 18 December 1995.

For the Council
The President
L. ATIENZA SERNA