The agri-monetary system for the single market, 1 July 1995 to 30 June 1996

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The Commission has produced a report on the agri-monetary system between 1 July 1995 and 30 June 1996. This report is partly in response to a demand by Parliament that it be kept up to date on developments in this area. The report includes information on the granting of compensatory aid, an assessment of the economic and financial impact, and makes proposals for the future of the system. It concludes that essentially there should at present be no basic change in current arrangements in the light of the advent of EMU and the effects of enlargement on the CAP. On behalf of the committee, David Hallam (Herefordshire and Shropshire, PES) broadly agrees with the Commission's conclusions. However he does consider that the opportunity exists to examine the fundamental principles which should underlie the agri-monetary system. He wants it to have simplified rules and for changes to be restricted to appreciable currency devaluations and revaluations. Mr Hallam also notes that proposals for a reform of the agri-monetary system will have to be made in 1998; he wants it in future to act as a safety net when currencies get too far out of line with a ceiling and a floor within a band of plus or minus 5% of an agreed reference point. Finally he wants the agri-monetary system to aim to be self-financing in the long run since amounts paid to farmers in countries that are revaluing should be balanced by savings made from amounts paid to farmers who are receiving more in local currency due to devaluations.