

Agrimonetary arrangements for the euro

1998/0214(CNS) - 10/06/1998 - Legislative proposal

OBJECTIVE: to establish new, simplified agrimonetary arrangements upon the introduction of the euro.

SUBSTANCE: the Council's agrimonetary rules essentially comprise Regulation (EEC) No 3813/92 on the unit of account and the conversion rates to be applied for the purposes of the common agricultural policy, and Regulation (EC) No 724/97 determining measures and compensation relating to appreciable revaluations that affect farm incomes. The Commission proposes repealing these two Regulations and replacing them with a single Regulation establishing the agrimonetary arrangements for the euro with effect from 01/01/1999. The gist of the proposed new arrangements would be as follows: - abandonment of the 'green rates' for currencies, both for countries within the euro zone and for those outside it; - elimination of currency fluctuations, and hence of the need to compensate for them, between the countries in the euro zone; - the possibility of fluctuations, and therefore compensation, in the currencies of the four countries outside the euro zone (United Kingdom, Sweden, Denmark and Greece). Compensation will be based on market exchange rates. The compensation system will be applied on a degressive basis and financed jointly by the Union and the countries concerned.