Basic information

1994/0265(CNS) CNS - Consultation procedure Regulation	Procedure completed
Unit of account and the conversion rates to be applied for the purposes of the CAP **Subject** 3.10.12 Agrimonetary policy, compensatory amounts	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	MULDER Jan (ELDR)	14/11/1994

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets		
ECON Economic and Monetary Affairs, Industrial Policy		

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	1826	1995-01-23
Agriculture and Fisheries	1816	1994-12-15

Key events

Date	Event	Reference	Summary
16/11/1994	Legislative proposal published	COM(1994)0498	Summary
12/12/1994	Committee referral announced in Parliament		
16/01/1995	Vote in committee		
16/01/1995	Committee report tabled for plenary, 1st reading/single reading	A4-0005/1995	
20/01/1995	Debate in Parliament		
23/01/1995	Act adopted by Council after consultation of Parliament		
23/01/1995	End of procedure in Parliament		
31/01/1995	Final act published in Official Journal		

Technical information	
Procedure reference	1994/0265(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 170 EC Treaty (before Amsterdam) E 042 EC Treaty (before Amsterdam) E 043
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/4/06235

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0005/1995 OJ C 043 20.02.1995, p. 0017	16/01/1995	
Text adopted by Parliament, 1st reading/single reading		T4-0029/1995 OJ C 043 20.02.1995, p. 0119-0126	20/01/1995	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(1994)0498 OJ C 360 17.12.1994, p. 0017	16/11/1994	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 1995/0150
OJ L 022 31.01.1995, p. 0001-0004 Summary

Unit of account and the conversion rates to be applied for the purposes of the CAP

1994/0265(CNS) - 16/11/1994 - Legislative proposal

Regulation (EEC) No 3813/92, amended by Regulation (EEC) No 3528/93, which governs the current agrimonetary arrangements, contains different elements which become null and void on 31 December 1994, namely the switch-over mechanism and the current system for adjusting the agricultural conversion rates, which seeks to prevent any monetary difference greater than 5 points. The Commission's proposals on the system which will come into force on 1 January 1995 involve modifications in three areas: 1) the switch-over system, that is to say the factor of 1.207509 which reflects the difference between the green ecu (in which agricultural prices are fixed) and the commercial ecu, which has been designed to guarantee agricultural revenues in any Member State which undertakes a re-evaluation, while allowing farmers in other Member States to obtain higher amounts. The Commission proposes: - to abandon this mechanism at the end of 1994 and to set agricultural prices in commercial ecus as from 1 January 1995; prices shall continue to be converted into national currencies at "green rates", but the latter shall be fixed in relation to the commercial ecu and not to the agricultural ecu; - to remove the current possibility of reintroducing the switch-over system, pointing out that this mechanism is incompatible with the reform of the CAP, the agreements which have been concluded under the GATT agreement and the medium-term financial discipline. 2) the system for adjusting agricultural conversion rates, which has until now not been symmetrical but rather based on a ratio of +3/-2, may be extended to +5/0 in order to avoid any re-evaluation of the agricultural rates. The Commission proposes introducing a symmetrical allowance and limiting the mobility of this allowance in order to avoid any unnecessary expenditure and reduce the frequency of the devaluations caused by certain overprotective measures designed to offset falls in the agricultural conversion rate (ACR). The agricultural rates may in principle be adjusted if the monetary gap exceeds 4.5 points. In the event of strong currency levels (positive monetary gap) the value shall be reduced by one half when the monetary gap is greater than 4.5 points during two successive reference periods. In the case of weak currency rates the monetary gap is reduced by half if it is greater than 4.5 points during one reference period. In addition, if the difference between the gap for a weak currency and that for another currency (otherwise known as the bilateral gap) is greater than 5 points, the gap for the first of these shall be reduced by half. 3) the revision of compensation mechanisms which may be implemented in the event of re-evaluation. Before any reduction in the agricultural conversion rates, it is proposed that there will be a short period during which monetary trends are confirmed. There will also be a suspensive period for ACR reductions in the event of an "appreciable" re-evaluation (that is to say, one which exceeds the previous devaluations, taking into consideration the intervening period). In addition, the possibilities for triggering compensation measures shall be limited to instances involving "appreciable" re-evaluation, and the principle of the graduated and transitional aid mechanism shall be extended to aid per hectare or per animal, whereby the possibility for introducing short-term measures is also provided for. According to the proposed system, a Member State may grant compensation to farmers for a period of three years when the agricultural rate which applies to aid for stabilization is appreciably re-evalued. The aid is only granted to farmers who have been the victim of a reduction, and it shall be withdrawn or reduced in the event of a subsequent devaluation. The European Community contribution to the financing of the compensatory aid scheme shall amount to 75% for regions covered by Objective I (Guarantee section) and 50% in other cases.

Unit of account and the conversion rates to be applied for the purposes of the CAP

1994/0265(CNS) - 20/01/1995 - Text adopted by Parliament, 1st reading/single reading

Parliament approved the Commission's proposal subject to the eleven amendments it had introduced. The aims of these were: - to include in the recitals a reference to Article 39 of the Treaty which sets as an objective of the common agricultural policy that of ensuring that the farming community has an equitable standard of living; The Commission rejected the amendment. - to underline that the switch-over mechanism had led to a 20% increase in prices between 1982 and 1994 and that it was essential to return to a system which was more market based; The Commission rejected this amendment. - to point out that if the mobilization of the monetary reserve provided by the budget proved necessary in the event of agricultural expenditure exceeding the guidelines as a result of modifications to the EMS pivot rate, the Commission should initiate the procedures provided for under point 15 of the Interinstitutional Agreement of 29 October 1993; The Commission rejected this amendment. - to withdraw the 0.5 point reduction applying to the allowance referred to in Paragraph 5; The Commission accepted this amendment. - to withdraw the provision contained in Article 7, point 9, concerning the increase in ecus of the aid or amounts in accordance with the procedure referred to in Article 12, and provided for in the event that the agricultural conversion rate applying to an amount of a structural or environmental nature should undergo an appreciable fall; The Commission accepted this amendment. - to extend from three to four years the period during which the Member States can grant compensatory aid to farmers; The Commission rejected this amendment. - to withdraw the mechanism for the reduction in successive annual instalments provided for when the agricultural conversion rate, as applicable to flat-rate aid determined by hectare or by unit of large livestock, and to compensatory premiums for sheep and goats, undergoes an appreciable fall; The Commission accepted this amendment. - to delete paragraph 3 of Article 8 of the proposal; The Commission accepted this amendment. - to increase to 100 % the Commission's contribution to the financing of the compensatory aid which is effectively granted to farmers; The Commission rejected this amendment. - to give the Council responsibility for taking all necessary measures in the event of an appreciable revaluation, while authorizing the former to implement the necessary derogations in order to ensure that the agreements concluded under the GATT and the budgetary discipline arrangements were respected; these derogations should however not lead to an increase in the allowance; The Commission accepted this amendment.

Unit of account and the conversion rates to be applied for the purposes of the CAP

1994/0265(CNS) - 23/01/1995 - Final act

Following the political agreement reached under the general compromise of December, the Council adopted Regulation (EC) No 150/95 amending 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. DATE OF ENTRY INTO FORCE: 31.01.1995.