

COMMISSION REGULATION (EC) No 2921/95

of 18 December 1995

laying down detailed rules for compensation for reductions in certain agricultural conversion rates

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS REGULATION :

Having regard to the Treaty establishing the European Community,

Article 1

Having regard to Council Regulation (EC) No 1527/95 of 29 June 1995 regulating compensation for reductions in the agricultural conversion rates of certain national currencies⁽¹⁾, and in particular Article 2 (4) thereof,

This Regulation defines the implementing rules for applying compensatory aid pursuant to Regulation (EC) No 1527/95 without prejudice to the methodology and criteria to be used for the examination under Article 4 of that Regulation of the effects on incomes in agriculture of the reductions in agricultural conversion rates.

Whereas Regulation (EC) No 1527/95 allows Member States to make payments to farmers to compensate for reductions in agricultural conversion rates of certain national currencies; whereas that Regulation also lays down certain conditions concerning the grant of aid, upper limits on such payments by Member States, their development over time and provided for them to be financed either in total or in part by the Community budget;

Article 2

Whereas to take account of the Communities international commitments and for reasons of sound management it is necessary to lay down certain, in particular, procedural arrangements to be followed by Member States intending to apply compensation payments;

1. Without prejudice to the provisions of Article 4:

- (a) Member States may grant aid only through annual payments to beneficiaries without conditions relating to its use; and
- (b) aid may be granted only to agricultural holdings, the definition of such holdings being established by the Member State concerned on the basis of objective criteria.

Whereas to fulfil the compensation objective it is necessary for Member States to grant aid within set time limits, as a general rule directly to beneficiaries, in principle farmers, at rates which do not exceed their imputed income loss and without conditions relating to its use; whereas, however, to avoid the burdens of systems involving the grant of small amounts to beneficiaries, simplified implementing provisions may be used when the average level of aid is below a given threshold;

2. The amounts in ecu set in Article 2 (2) of Regulation (EC) No 1527/95 shall be converted into national currency with the agricultural conversion rate valid immediately preceding the first reduction in this rate covered by that Regulation.

Article 3

Whereas during the period when compensatory aid can be granted an increase may occur in the agricultural conversion rate of the national currency of the Member State concerned; whereas in such a case it would be necessary to examine whether any unpaid annual aid amounts should be granted;

1. The amount of aid granted to each beneficiary must be linked for farm size for a period prior to 1 July 1995.

2. For the purpose of assessing farm size account shall be taken only of production for which the reduction in agricultural conversion rate has had a significant impact.

Whereas it is necessary to define the operating event which determines the agricultural conversion rate to convert amounts fixed in ecu in Article 2 (2) of Regulation (EC) No 1527/95 into national currencies;

The distribution of the total aid amount which may be granted shall reflect at a macro economic level the proportional share of the loss of all sectors where this significant impact has occurred.

Whereas the relevant management committees have not delivered opinions within the time limits set by their chairmen,

3. Member States may set minimum farm sizes only to the extent necessary to facilitate administration of the aid.

4. In all cases aid must be in conformity with the international commitments of the Community.

⁽¹⁾ OJ No L 148, 30. 6. 1995, p. 1.

Article 4

When the total compensatory aid which is to be granted for any annual tranche divided by the estimated number of agricultural holdings concerned is below ECU 400, aid for all beneficiaries may be granted for the tranche concerned for measures concerning the agricultural sector:

- of collective, general interest, and/or
- where Community provisions allow Member States to grant national aid, provided the intensities under State aid policy are respected.

The introduction of the measures in question shall not exceed the duration of the three annual tranches referred to in Article 2 (1) of Regulation (EC) No 1527/95 and shall be completed within six months of that period.

To be eligible for Community finance the measures must be additional either by their nature and/or aid intensity to those that Member State would have applied in the absence of the aid and not to benefit from other Community aid.

Article 5

1. A request for authorization to grant aid must be made by a Member State to the Commission by 30 June 1996. That request shall include information sufficient to enable the Commission to verify the compatibility as required by paragraph 3.

2. A Member State intending to grant aid must adopt the national implementing measures within one year from the date of the Commission decision, or of prior notice of the Member State, provided for in paragraph 4.

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

Done at Brussels, 18 December 1995.

For the Commission

Franz FISCHLER

Member of the Commission

3. The Commission, in conformity with the procedure laid down in Article 93 (3) of the Treaty and in accordance with the provisions of this Regulation, shall verify the compatibility of aid requests with this Regulation and with Regulation (EC) No 1527/95.

4. The Commission shall decide whether to approve an aid within two months of receipt of the request referred to in paragraph 1. If the Commission does not take a decision within that period, the measures envisaged may be implemented provided the Member State has given prior notice to the Commission of its intention so to act.

Article 6

1. The Member State concerned shall submit to the Commission each year a report on implementation of the aid measures giving details of amounts paid. The first such report shall be submitted no later than 18 months after either the Commission decision or the Member State has given due notice in conformity with Article 5 (4).

2. Aid schemes shall be reviewed by the Commission in the event of an increase in agricultural conversion rates being introduced for the currency of the Member State concerned before the beginning of the second or third successive 12 month tranches of aid are due to be granted. Taking account of the impact of such devaluations on farm incomes the Commission, in accordance with the procedure provided for in Article 12 of Council Regulation (EEC) No 3813/92⁽¹⁾, may decide that successive aid tranches shall not be granted or their size shall be reduced.

Article 7

This Regulation shall enter into force on the seventh day following its publication in the *Official Journal of the European Communities*.

⁽¹⁾ OJ No L 387, 31. 12. 1992, p. 1.