COMMISSION REGULATION (EC) No 805/97

of 2 May 1997

laying down detailed rules for compensation relating to appreciable revaluations

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 724/97 of 22 April 1997 determining measures and compensation relating to appreciable revaluations that affect farm incomes [1], and in particular Article 7 thereof,

Whereas Regulation (EC) No 724/97 allows Member States to grant compensation to farmers who have suffered the effects of an appreciable revaluation; whereas part of that compensation relates specifically to certain actual reductions in the aid referred to in Article 7 of 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 [2], as last amended by Regulation (EC) No 150/95 [3]; whereas Regulation (EC) No 724/97 lays down certain conditions for granting compensatory aid and its staging over time, and indicates the method for determining the maximum amount that may be allocated by a Member State; whereas the compensation concerned is financed, entirely or in part, by the Community budget;

Whereas it is necessary to define the operative event which determines the agricultural conversion rate used to convert amounts expressed in ecus into the national currencies of the Member States; whereas, to facilitate financial management, the payment of more than one annual compensation tranche in the same budget year should be avoided; whereas, to take account of the European Community's international commitments, and in the interests of administrative transparency, the procedures to be followed by Member States wishing to grant compensation should be laid down;

Whereas, in order to fulfil its purpose, the compensation must be granted directly to the beneficiaries, in principle farmers, within a fixed period and for amounts not exceeding the income losses concerned; whereas, in particular, the part of the compensation granted to offset reductions in the aids referred to in Article 7 of Regulation (EEC) No 3813/92 should supplement the amounts allocated for those aids; whereas, however, to avoid administrative complications arising from the grant of small amounts to beneficiaries, simplified procedures may be used in certain cases;

Whereas the measures provided for in this Regulation are in accordance with the opinions of the Management Committees concerned,

HAS ADOPTED THIS REGULATION:

Article 1

1. This Regulation lays down the detailed rules for granting compensatory aid under Regulation (EC) No 724/97 without prejudice to the methodology and criteria to be used for examination under Article 8 of that Regulation of the effects on agricultural income of reductions in the agricultural conversion rates.

2. Each tranche of compensatory aid shall consist of a principal amount and, where the conversion rate referred to in the first subparagraph of Article 3 (1) of Regulation (EC) No 724/97 or in Article 3 of Regulation (EC) No 1527/95 [4] or (EC) No 2990/95 [5] is reduced during the period 1 January 1997 to 30 April 1998, one or more supplementary amounts.

The maximum levels of the abovementioned amounts shall be determined in accordance with Article 4 of Regulation (EC) No 724/97 and, in particular, with the first subparagraph as far as the principal amount is concerned or, with the second subparagraph as far as supplementary amounts are concerned, of its paragraph 2.

Article 2

1. Without prejudice to Article 4:

(a) Member States may grant compensatory aid only by means of payments to beneficiaries and without conditions relating to its use, and

(b) compensatory aid may be granted only to agricultural holdings, the definition of an agricultural holding being established by the Member State concerned on the basis of objective criteria.

The supplementary amounts of compensatory aid shall be granted on the basis of the aid concerned, as referred to in Article 7 of Regulation (EEC) No 3813/92 and allocated for the twelve-month period preceding the respective application of the reduced agricultural conversion rate.

[1] OJ No L 108, 25. 4. 1997, p. 9.
[2] OJ No L 387, 31. 12. 1992, p. 1.
[3] OJ No L 22, 31. 1. 1995, p. 1.
[4] OJ No L 148, 30. 6. 1995, p. 1.
[5] OJ No L 312, 23. 12. 1995, p. 7.

2. The maximum level of the principal amount of compensatory aid shall be converted into national currency using the agricultural conversion rate valid immediately before the revaluation concerned. The maximum level of any supplementary amount of compensatory aid shall be converted using the agricultural conversion rate concerned valid immediately before the reduction which gave rise to that supplementary amount.

3. The payment of an annual tranche of compensatory aid shall be made after the observation period referred to in Article 4 (3) of Regulation (EC) No 724/97 and after the beginning of the first month of the tranche concerned. Furthermore, payment of any supplementary amount of compensatory aid shall be made after the date of and in proportion to the actual reduction in the amounts referred to in Article 7 of Regulation (EEC) No 3813/92 which are concerned.

Payment to the same beneficiary of the principal amount or of one of the supplementary amounts of a compensatory aid tranche may not be made during the same budget year as payment of the corresponding amount of another tranche.

Article 3

1. The principal amount of compensatory aid granted to the beneficiary shall be linked to the size of the holding during a period to be stipulated in each case, according to the criteria laid down in the second subparagraph of Article 4 (1) of Regulation (EC) No 724/97.

In determining the size of the holding, account shall be taken only of the types of production referred to in Article 6 (1) (a) of the said Regulation.

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

2. The total amount of compensatory aid that may be granted for a production sector may not exceed, at macroeconomic level, that proportion of the total loss which affects the sector in question in the Member State concerned.

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

Article 4

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

— which are of collective and of general interest, and/or

— where Community provisions allow Member States to grant national aid, provided the intensities under the State aid policy are respected.

The implementation of the measures in question may not exceed the duration of the three annual tranches and shall be completed within the following six months.

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

Article 5

1. The application for authorization to grant compensatory aid shall be submitted to the Commission by the Member State concerned before the end of the twelfth month following that in which the appreciable revaluation concerned occured. However, in the case of supplementary amounts of compensatory aid, the application may be supplemented up to the end of the sixth month following the reduction of the agricultural convesion rate in question. The application must include sufficient information for the Commission to check the compatibility of the measure with the rules as provided in paragraph 2.

2. In accordance with the procedure laid down in Article 93 (3) of the Treaty and the provisions of this Regulation, the Commission shall check the compatibility of the aid applications with the rules in force concerning compensation for appreciable revaluations.

3. The Commission may take up to two months from the date of receipt of the application referred to in paragraph 1 to approve the compensatory aid. If the Commission has not delivered an opinion within that period, the measures planned may be implemented provided that the Member State gives the Commision prior notification of its intention so to act.

4. Any Member State intending to grant compensatory aid shall adopt the necessary national measures within one year of the date of the Commission decision or the prior notification by the Member State provided for in paragraph 3.

Article 6

Every year the Member State concerned shall submit to the Commission a report on the implementation of the compensatory aid measures, giving details of the amounts paid out. The first of these reports shall be submitted not later than eighteen months after the decision or the notification by the Member State referred to in Article 5 (3).

Article 7

This Regulation shall enter into force on the seventh day following 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, 2 May 1997.

For the Commission
Franz FISCHLER
Member of the Commission