COUNCIL DECISION
of 28 November 2002
authorising the Greek Government to grant aid to cotton growers in Greece

(2002/972/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 88(2), third subparagraph, thereof,

Having regard to the request made by the Greek Government on 14 October 2002,

Whereas:

(1) In 2001 the Community aid scheme for cotton was amended by the entry into force of Council Regulation (EC) No 1051/2001 of 22 May 2001 on production aid for cotton [1], which henceforth allows Member States to take measures limiting the production of cotton for environmental reasons. This new scheme introduced a stricter co-responsibility mechanism than before. This gave rise to serious problems in applying the scheme, the detailed implementing rules of which are laid down in Commission Regulations (EC) No 1591/2001 [2] and (EC) No 1398/2002 [3].

(2) The implementation of the new scheme for cotton harvested in 2001, for which yields per hectare were extremely high, has meant that the total cotton production levels for the 2001/2002 marketing year are very high, which has brought about a sharp cut in the compensation paid pursuant to Regulation (EC) No 1051/2001.

(3) The Greek authorities excluded 206 365 tonnes of unginned cotton from the quantity eligible for aid for the period 2001/2002. However, Commission Regulation (EC) No 1398/2002 set the quantity of unginned cotton at 1 246 839 tonnes. Hence, application of the stabiliser mechanism resulted in a reduction of Community aid.

(4) This reduction in aid consequently affected the incomes of 93 405 farmers. Many of these farmers had made considerable investments to meet the environmental requirements and observe good agricultural practice. The loss of income jeopardises the viability of many cotton farms in Greece and could have a very negative social impact in the regions concerned.

(5) In order to offset the reduction in income of the families affected by the application of the stabiliser mechanism, the Greek Government has envisaged granting aid to those cotton producers who have complied with good agricultural practice to meet the environmental requirements. The maximum amount of the aid concerned will not exceed EUR 90 000 000.

(6) Exceptional circumstances exist, making it possible to consider, by way of derogation and to the extent strictly necessary in order to remedy the situation of imbalance recorded, such aid to be compatible with the common market, on the terms specified in this Decision,

HAS ADOPTED THIS DECISION:

Article 1

Exceptional aid by the Greek Government in the form of payment for the 2001/2002 marketing year to cotton growers in Greece who have observed good agricultural practices of national compensation totalling not more than EUR 90 000 000 for the quantities produced recognised by the Commission as eligible for aid under Regulation (EC) No 1398/2002 shall be considered compatible with the common market.

Article 2

This Decision is addressed to the Hellenic Republic.

Done at Brussels, 28 November 2002.

For the Council
The President
M. FISCHER BOEL

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[1] OJ L 148, 1.6.2001, p. 3.
[2] Commission Regulation (EC) No 1591/2001 of 2 August 2001 laying down detailed rules for applying the cotton aid scheme (OJ L 210, 3.8.2001, p. 10). Regulation as last amended by Regulation (EC) No 1486/2002 (OJ L 223, 20.8.2002, p. 3).
[3] Commission Regulation (EC) No 1398/2002 of 31 July 2002 fixing, for the 2001/2002 marketing year, the actual production of unginned cotton in Greece and the resulting reduction of the guide price and derogating, for the 2001/2002 marketing year, from certain management rules and aid award procedures in Greece (OJ L 203, 1.8.2002, p. 24).