COMMISSION REGULATION (EEC) No 1203/89
of 3 May 1989
fixing the aid for cotton

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and Portugal,

Having regard to the Act of Accession of Greece, and in particular paragraphs 3 and 10 of Protocol 4 on cotton annexed thereto, as amended by Protocol 14 annexed to the Act of Accession of Spain and of Portugal, and Regulation (CEE) No 4006/87 (1),

Having regard to Council Regulation (EEC) No 2169/81 of 27 July 1981 laying down the general rules for the system of aid for cotton (2), as last amended by Regulation (EEC) No 791/89 (3), and in particular Article 5 (1) thereof,

Having regard to the opinion of the Monetary Committee,

Whereas, under Article 5 of Regulation (EEC) No 2169/81, aid must be granted for unginned cotton harvested in the Community when the world market price for unginned cotton is below the guide price;

Whereas the aid is equal to the difference between these two prices;

Whereas in the absence of the guide price for cotton applicable during the 1989/90 marketing year, the aid amount have been fixed on the basis of the Commission's latest proposals to the Council; whereas this amount must be provisionally applied and confirmed or altered when the 1989/90 marketing year prices are known;

Whereas the abatement of the subsidy which arises, where appropriate, from the system of maximum guaranteed quantities for the 1989/90 year, has not, to date, been fixed; whereas the amount of the subsidy for the 1989/90 year has been provisionally calculated on the basis of an abatement of 24,005 ECU per 100 kilograms;

Whereas the world market price for unginned cotton is determined periodically on the basis of the world market prices recorded for ginned cotton and cotton seed, taking into account the estimated yield of the Community harvest in cotton seed and in ginned cotton and also the net cost of ginning;

Whereas the world market price for ginned cotton and cotton seed is determined in accordance with Article 4 of Regulation (EEC) No 2169/81;

Whereas, if the world market price for unginned cotton cannot be determined as described above, this price shall be established on the basis of the most recent price determined;

Whereas the world market price for unginned cotton is equal to the sum of the values for ginned cotton and cotton seed defined in Article 1 of Commission Regulation (EEC) No 1201/89 of 3 May 1989 laying down rules implementing the system of aid for cotton (4), minus the cost of ginning;

Whereas the above values are established on the basis of the prices determined in accordance with Articles 2 and 3 of Commission Regulation (EEC) No 1201/89; whereas the world market price is determined on the basis of the most favourable offers and quotations recorded, excluding offers and quotations which cannot be regarded as representative of the real market trend;

Whereas the necessary adjustments must be made in cases where the offers and quotations recorded do not satisfy the requirements indicated above;

Whereas, under Article 4 (4) of Regulation (EEC) No 2169/81, if there are no suitable offers or quotations for determining the world market price for cotton seed, that price shall be established on the basis of the most favourable offers and quotations for cotton seed recorded on the Community market or, if those offers and quotations cannot be established on the basis of the value of the products obtained from processing the seed in the Community, less the processing cost; whereas this value is determined in accordance with Article 4 of Regulation (EEC) No 1201/89;

Whereas, if the subsidy system is to operate normally, subsidies should be calculated on the following basis:

— in the case of currencies which are maintained in relation to each other at any given moment within a band of 2,25 %, a rate of exchange based on their central rate, multiplied by the corrective factor provided for in the last paragraph of Article 3 (1) of Council Regulation (EEC) No 1676/85 (5), as last amended by Regulation (EEC) No 1636/87 (6),

— for other currencies, an exchange rate based on the arithmetic mean of the spot market rates of each of these currencies recorded over a given period in relation to the Community currencies referred to in the previous indent, and the aforesaid coefficient;

Whereas the aid must be fixed once a month, and in such a way that it can be applied from the first day of the month following the date of fixing; whereas it may be altered between fixings;

(1) OJ No L 377, 31. 12. 1987, p. 48.
(2) OJ No L 211, 31. 7. 1981, p. 2.
(3) OJ No L 85, 30. 3. 1989, p. 7.

(4) See page 23 of this Official Journal.
(5) OJ No L 164, 24. 6. 1985, p. 1.
(6) OJ No L 153, 13. 6. 1987, p. 1.

Whereas it follows from applying these provisions to the offers and quotations known to the Commission that the aid for cotton should be as set out in this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

1. The aid for unginned cotton provided for in Article 5 of Regulation (EEC) No 2169/81 shall be 46,839 ECU per 100 kilograms.

2. However, the amounts of the aid will be confirmed or replaced with effect from 4 May 1989 to take account of the guide price of cotton adopted in respect of the 1989/90 marketing year and, as the case may be, which appear to have been offered in the largest quantities.

Article 2

This Regulation shall enter into force on 4 May 1989.

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

Done at Brussels, 3 May 1989.

For the Commission

Ray MAC SHARRY

Member of the Commission