COUNCIL REGULATION (EC) No 1553/95

of 29 June 1995

adjusting, for the fifth time, the system of aid for cotton introduced by Protocol 4 annexed to the Act of Accession of Greece

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to the Act of Accession of Greece, and in particular paragraph 11 of Protocol 4 on cotton, as last amended by Regulation (EC) No 2760/94 [1],

Having regard to Council Regulation (EEC) No 2052/92 of 30 June 1992 adjusting, for the second time, the system of aid for cotton introduced by Protocol 4 annexed to the Act of Accession of Greece [2], and in particular Article 5 thereof,

Having regard to the proposal from the Commission [3],

Having regard to the opinion of the European Parliament [4],

Having regard to the opinion of the Economic and Social Committee [5],

Whereas a review of the operation of the system established by Protocol 4 as referred to in Article 5 of Regulation (EEC) No 2052/92 has shown that the system needs to be adjusted;

Whereas a study on the impact of cotton growing in the regions where it is practised points to a potential for increasing production in those areas of the Community most suitable for this crop, taking into account the Community's demand for cotton fibre; whereas the guaranteed maximum quantity should accordingly be increased;

Whereas, on the other hand, to ensure that production of this crop does not expand in those regions less suited to it and to avoid an increase in expenditure, the guide price should be reduced in proportion to the increase in the guaranteed maximum quantity and no limit should be placed on the reduction in aid should the guaranteed maximum quantity be exceeded; whereas, in fixing the guide price, account must be taken of the adjustment to the price in ecus laid down in Council Regulation (EC) No 150/95 of 23 January 1995 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 [6];

Whereas, with a view to facilitating budgetary arithmetic and fairness among operators, any deferral of the reduction in aid should be disallowed;

Whereas the diverging production trends in the producer Member States have produced inequitable effects in the operation of the system of stabilizers; whereas, with a view to establishing a fairer system, provision should be made so that, where the guaranteed maximum quantity is exceeded, the aid should be reduced proportionately in the Member States responsible for the excess; whereas, however, the effect of such reduction may be moderated, to the extent that, taking into account the average price level on the world market, the budget forecasts are not overrun; whereas, moreover, provision should be made whereby Member States which are potential cotton producers can start to grow cotton by setting production at a level at which the system of stabilizers does not apply;

Whereas, to enable operators to run longer production and processing programmes, the guide price and the minimum price payable to the producer to ensure the benefits from the aid should no longer be fixed annually;

Whereas the system of aid for small cotton producers set up by Regulation (EEC) No 1152/90 [7] has had the effect of changing production structures to the extent that it has vitiated the desired objective; whereas, therefore, the said system should be abolished by repealing Regulation (EEC) No 1152/90;

Whereas, taking into account the drought problem suffered by one producer Member State and the serious consequences for its operators, it is particularly urgent to set up a fairer management system and whereas the pursuit of the other objectives resulting from the analysis of the abovementioned system also necessitates adaptations as soon as possible; whereas, in particular, the system of aid to small producers should be abolished

(1) OJ No L 294, 15. 11. 1994, p. 1.
(2) OJ No L 215, 30. 7. 1992, p. 10.
(3) OJ No C 94, 14. 4. 1995, p. 4.
(4) OJ No C 151, 19. 6. 1995.
(5) OJ No C 155, 21. 6. 1995, p. 21.
(6) OJ No L 22, 31. 1. 1995, p. 1.
(7) OJ No L 116, 8. 5. 1990, p. 3. Regulation as amended by Regulation (EEC) No 2054/92 (OJ No L 215, 30. 7. 1992, p. 13).

as soon as possible in order to bring to an end the inefficient and undesirable use of Community funds; whereas the various measures form part of an overall package; whereas provision should therefore be made for all these measures to be applied in the 1995/96 marketing year;

Whereas experience may show that other adjustments to the system provided for in the abovementioned Protocol are necessary; whereas a procedure allowing the Council to adjust the system should accordingly be laid down,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation provides for adjustments to the system of aid for the production of cotton provided for in paragraphs 3, 8, 9 and 11 of Protocol 4 annexed to the Act of Accession of Greece and adjusted by Regulation (EEC) No 1964/87 ([1]).

Article 2

Article 2 of Regulation (EEC) No 1964/87 shall be replaced by the following:

'*Article 2*

1. A guaranteed maximum quantity (GMQ) is hereby established for which the aid referred to in point 3 of Protocol 4 on cotton shall be granted.

This quantity shall be fixed for each marketing year at 1 031 000 tonnes of unginned cotton.

2. The GMQ shall be allocated as follows among the Member States (guaranteed national quantity — GNQ):

Spain: 249 000 tonnes,

Greece: 782 000 tonnes.

3. Without prejudice to paragraph 4, if during a marketing year actual production exceeds the GMQ, the guide price for that year shall be reduced in any Member State where production exceeds GNQ by a percentage equal to half of that by which the GNQ is exceeded. This reduction shall be established by, on the one hand, taking into account the amount by which the GMQ is exceeded and, on the other hand, by taking the proportion of the difference between the actual production of each Member State and its GNQ.

The reductions applicable shall be fixed in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1308/70 ([*]).

4. If during a marketing year:

— the provisions of paragraph 3 are applied,

— the weighted average of the world market price adopted in order to fix the amount of aid is greater than ECU 30,2 per 100 kg, and

— the total budgetary expenditure on the aid system is less than ECU 770 million,

the budgetary difference referred to in the third indent shall be used in order to increase aid in each Member State where actual production exceeds its GNQ.

However, the amount of aid, increased pursuant to the first subparagraph, may not exceed:

— the amount of aid calculated without the application of paragraph 3, nor

— the amount of aid calculated after application of paragraph 3, on the basis of a GMQ of 1 120 000 tonnes of unginned cotton where the GNQ for Spain is 270 000 tonnes and the GNQ for Greece is 850 000 tonnes.

The detailed rules for determining the increase in the aid and the information to be supplied by the Member States to the Commission with a view to such determination shall be fixed in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1308/70.

5. Paragraphs 3 and 4 shall not apply to Member States other than Greece and Spain. However, in the event that in one of these Member States, the actual production of unginned cotton exceeds 1 500 tonnes during the marketing year and the actual production of the Community exceeds the GMQ, the guide price shall be reduced in the Member State concerned by a percentage equal to half of that by which the quantity of 1 500 tonnes is exceeded.

([*]) OJ No L 146, 4. 7. 1970, p. 1. Regulation as last amended by Regulation (EC) No 3290/94 (OJ No L 349, 31. 12. 1994, p. 105)'

Article 3

Paragraph 8 of Protocol 4 is replaced by the following:

'8. The guide price shall be set at ECU 106,30 per 100 kg of unginned cotton.

This price shall relate to cotton:

— of fair, sound and merchantable quality,

— having a 10 % moisture content and 3 % impurity content,

— having the necessary characteristics to produce, after ginning, 32 % grade 5 fibres (white middling) of 28 mm length (1-3/32M).'

([1]) OJ No L 184, 3. 7. 1987, p. 14. Regulation as last amended by Regulation (EC) No 2760/94 (OJ No L 294, 15. 11. 1994, p. 17).

Article 4

The following paragraph is inserted in Protocol 4:

'8a. Production aid shall be granted only to those undertakings which buy unginned cotton at a price at least equal to a minimum price. The minimum price shall be set at ECU 100,99 per 100 kg of unginned cotton for the quality selected for the guide price at the farm gate.'

Article 5

Point (a) in the second subparagraph of paragraph 9 of Protocol 4 shall be deleted.

Article 6

Paragraph 11 of Protocol 4 shall be replaced by the following:

'11. Before the start of the 1999/2000 marketing year at the latest, the Commission shall send the Council a report on the operation of the system of aid for cotton. If the report shows it to be necessary, the Council, acting by qualified majority on a proposal from the Commission and having consulted Parliament, shall decide on any adjustments to the system, account being taken of the experience acquired in operating both this system and the system of support for arable crops.'

Article 7

Regulation (EEC) No 1152/90 shall be repealed with effect from 1 September 1995. However, it shall continue to apply to requests for aid relating to the 1994/95 marketing year.

Article 8

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

It shall apply from the 1995/96 marketing year.

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

Done at Luxembourg, 29 June 1995.

For the Council

The President

J. BARROT