COUNCIL REGULATION (EC) No 1584/96

of 30 July 1996

amending Regulation (EC) No 1554/95 laying down the general rules for the system of aid for cotton

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 Protocol 4 on cotton, as last amended by Regulation (EC) No 1553/95 [1],

Having regard to the proposal from the Commission [2],

Whereas the second subparagraph of Article 5 (2) of Regulation (EC) No 1554/95 [3] provides in particular for the possibility of lodging an application for aid before the application for supervised storage; whereas use of this provision has caused distortions of competition between operators; whereas, therefore, the provision should be withdrawn;

Whereas Article 5 (3) of Regulation (EC) No 1554/95 provides in particular that aid may be paid in advance from 16 October following the start of the marketing year in which the unginned cotton enters the cotton-ginning undertaking; whereas the level of this advance, which is a set percentage of the guide price, is based on both the estimated production of unginned cotton and the likely amount of the aid; whereas, as a result, the level of the advance does not fluctuate during the marketing year in line with the world-market price; whereas, consequently, a drop in the world price causing an increase in the aid widens the gap between the level of the aid and the level of the advance to the detriment of operators; whereas such a situation is also likely to disturb commercial dealings between producers and ginning undertakings; whereas, to offset these disadvantages, it is proposed that advances be equal to the guide price minus the world price and reduced further by an amount determined by reference to the likely level of the aid, provided that the latter is set so as to include an adequate safety margin,

HAS ADOPTED THIS REGULATION:

Article 1

Article 5 of Regulation (EC) No 1554/95 is hereby amended as follows:

1. Paragraph 2 shall be replaced by the following:

'2. The amount of the aid to be paid shall be the amount applicable on the day the application for aid is made.'.

2. Paragraph 3 shall be replaced by the following:

'3. Entitlement to the aid shall be acquired when the cotton is ginned. However, aid may be paid in advance from 16 October following the start of the marketing year when the unginned cotton enters the cotton-ginning undertaking, provided that an adequate security has been lodged. The level of the advance shall be equal to the guide price minus the world price and reduced further by an amount calculated using the method provided for in Article 6, but replacing actual production by the estimated production of unginned cotton plus 15 %. Any aid balance outstanding shall be paid once the actual quantity produced has been determined and any adjustments to the aid as referred to in Article 2 (3) and (4) of Council Regulation (EEC) No 1964/87 (*). It shall be paid before the end of the marketing year, at the latest.

(*) OJ No L 184, 3. 7. 1987, p. 14. Regulation as last amended by Regulation (EC) No 1553/95 (OJ No L 148, 30. 6. 1995, p. 45).'.

Article 2

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

It shall apply from the 1996/97 marketing year.

(1) OJ No L 148, 30. 6. 1995, p. 45.
(2) OJ No C 125, 27. 4. 1996, p. 18.
(3) OJ No L 148, 30. 6. 1995, p. 48.

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

Done at Brussels, 30 July 1996.

For the Council
The President
H. COVENEY