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(Acts whose publication is obligatory)

COUNCIL REGULATION (EC) No 1419/98

of 22 June 1998

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 paragraph 9 of Protocol 4 on cotton annexed to the Act of Accession of Greece [1],

Having regard to the proposal from the Commission,

Whereas paragraph 3 of Protocol 4 provides for production aid to be granted through cotton ginning undertakings; whereas, when such undertakings buy unginned cotton, they pass the aid on to producers by paying a price at least equal to the minimum price referred to in paragraph 8a of Protocol 4; whereas these undertakings may also gin cotton for third parties;

Whereas Article 7(1)(b) of Regulation (EC) No 1554/95 [2] provides that where a ginning undertaking gins cotton on behalf of an individual producer or a producer associated with that undertaking, a statement must be submitted giving details of how the aid is passed on to the producers; whereas the concept of associated producers should be replaced by that of producer groups, and the conditions to be met by groups in such cases should be laid down to ensure that the aid is passed on, particularly through payment of the minimum price to its members;

Whereas Article 8 of Regulation (EC) No 1554/95 provides for the estimated production of unginned cotton to be fixed before 1 October for the purpose of calculating the amount of the advance; whereas, in order to improve initial harvest forecasts and ensure that the amount paid in advance is a close as possible to the final amount of aid due, the production estimate should be revised at a date by wich a large proportion of the unginned cotton harvest has already been placed in supervised storage; whereas the increased reliability of such a revised estimate would require application of a percentage increase of less than 15 % when calculating the resulting advance, without this causing any risks for the budget; whereas the advances paid prior to the revised estimate should be adjusted, taking account of the administrative costs of applying the new mechanism,

HAS ADOPTED THIS REGULATION:

Article 1

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

1. Article 5(3) shall be replaced by the following:

'3. Entitlemnt 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 amount of the advance shall be calculated in accordance with paragraph 3a.

Any aid balance outstanding shall be paid once the actual quantity produced has been determined and any adjustment to the aid referred to in Article 2 of Regulation (EEC) No 1964/87 (*) has been made. It shall be paid before the end of the marketing year, at the latest.

(1) OJ L 291, 19. 11. 1979, p. 174. Protocol as last amended by Regulation (EC) No 1553/95 (OJ L 148, 30. 6. 1995, p. 45).
(2) OJ L 148, 30. 6. 1995, p. 48. Regulation as amended by Regulation (EC) No 1584/96 (OJ L 206, 16. 8. 1996, p. 16).

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

2. The following paragraph shall be inserted in Article 5:

'3a. The level of the advance per 100 kg of unginned cotton 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 fixed in accordance with Article 8(1) plus 15 %.

From 16 December following the start of the marketing year, the amount of the aid referred to in the first subparagraph shall be replaced by a revised amount calculated using the same method but based on the revised production estimate for unginned cotton fixed in accordance with Article 8(2), plus at least 7,5 %. Advances paid between 16 October and 15 December shall be increased accordingly, except where the difference between the two amounts is less than ECU 1/100 kg.'

3. Article 7 shall be replaced by the following:

'Article 7

1. Without prejudice to paragraph 2, aid shall be granted only to those cotton ginning undertakings which apply for it and which:

(a) have submitted a contract stipulating payment to the producer of a price at least equal to the minimum price referred to in Article 8a of Protocol 4 and containing a clause specifying that:

— where Article(s) 2(3) and/or 2(4) of Regulation (EEC) No 1964/87 is applied, the agreed price will be adjusted in consequence of the effect of the application of that Article upon the aid,

— where there is a difference between the quality of the cotton delivered and the standard quality, as referred to in paragraph 8 of Protocol 4, the price agreed will be adjusted proportionally by common consent between the contracting parties;

(b) keep stock amounts on ginned and unginned cotton that satisfy requirements to be laid down, so that entitlement to the aid can be checked;

(c) provide the other supporting documents needed for checking entitlement to the aid;

(d) furnish proof that the cotton delivered under the contract is the subject of the declaration of area sown referred to in Article 8.

2. Aid shall be granted to those cotton ginning undertakings which apply for it and which gin cotton on behalf of an individual producer or a producer group meeting the criteria laid down in the third subparagraph of paragraph 4 of Protocol 4, provided such undertakings:

(a) satisfy the conditions referred to in paragraphs 1(b) and (c);

(b) have submitted a statement giving details of the conditions under which the ginning is carried out and how the aid is administered;

(c) undertake to pass on the aid to the individual producers or, where applicable, the producer groups concerned;

(d) furnish proof that the cotton referred to in the statement referred to in (b) has been the subject of the declaration of area sown referred to in Article 8;

(e) furnish proof that producer groups are obliged to provide for and comply with a clause equivalent to that in paragraph 1(a) and an undertaking by such groups to keep and produce supporting documents concerning payment of the minimum price.

3. Failure to comply with the clause or undertaking referred to in paragraph 2(e) by a producer group having ginning carried out on its behalf shall be considered a failure to meet the criteria referred to in the third subparagraph of paragraph 4 of Protocol 4.'

4. Article 8 shall replaced by the following:

'Article 8

1. Before 1 October, the estimated production of unginned cotton referred to in the first subparagraph of Article 5(3a) shall be drawn up using the procedure referred to in Article 11(1), account being taken of crop estimates.

In order to draw up these estimates, a system of declarations of the areas sown shall be established.

2. Before 1 December, the revised estimate of production of unginned cotton and the percentage increase referred to in the second subparagraph of Article 5(3a) shall be drawn up using the procedure referred to in Article 11(1), account being taken of the progress of the harvest.'

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 1 September 1998.

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

Done at Luxembourg, 22 June 1998.

For the Council

The President

J. CUNNINGHAM