COMMISSION REGULATION (EC) No 1591/2001
of 2 August 2001
laying down detailed rules for applying the cotton aid scheme

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Protocol 4 on cotton annexed to the Act of Accession of Greece [1], as last amended by Council Regulation (EC) No 1050/2001 [2],

Having regard to Council Regulation (EC) No 1051/2001 of 22 May 2001 on production aid for cotton [3], and in particular Article 19(1) thereof,

Whereas:

(1) In view of the fluctuations which normally occur in world market prices for fibre, the average world market price for unginned cotton should be determined several times each month. To facilitate the disposal of cotton on the world market, it is necessary to determine the period during which that price is fixed and during which aid applications may be submitted, taking account of the time limits required for proper administration of the aid scheme.

(2) If there are no representative offers or quotations for unginned cotton, the world market price for this product should be determined on the basis of the world market price for ginned cotton. For the purposes of Article 4(1) of Regulation (EC) No 1051/2001, the coefficients representative of the historical relationship between the world market price for ginned cotton and the price calculated for unginned cotton should be fixed.

(3) Offers and quotations need to be adjusted to compensate for any deviation from the quality and terms of delivery for which the world market price is determined.

(4) Article 8 of Regulation (EC) No 1051/2001 provides for the amount of the aid to be increased where certain conditions are fulfilled and up to certain maximum limits. Rules should be laid down for determining this increase. In view of the adjustments and increases to be determined, the amount of aid should be fixed after those adjustments and increases have been made but before a final date which allows the balance of the aid to be paid before the end of the marketing year.

(5) Detailed rules on the submission of aid applications should be laid down for the purpose of applying the amount of the aid to the corresponding quantities of cotton eligible for aid on the basis of the exact period during which the aid applications covering those quantities are submitted. To prevent speculation during periods of sudden disturbance on the world market for fibre, it is appropriate to authorise aid applications to be submitted during such periods subject to specific conditions.

(6) Adequate controls must be set up in order to check the quantity of unginned Community cotton entering each ginning plant. To that end, the terms 'batch' and 'entry of the batch in the ginning plant' should be defined, an application for supervised storage should be required and detailed rules should be laid down on how such applications are to be submitted. In order to prevent growers from holding unginned cotton for too long, thereby allowing the quality of the stored product to deteriorate, the Member States should be authorised to fix a final date by which applications for supervised storage must be submitted which is earlier than the final date for submission of aid applications. For administrative reasons, cotton should be ginned within a certain period.

(7) Detailed rules on calculating and paying aid advances should be laid down. Payment of advances should be subject to the lodging of a security in order to ensure that the amounts in question are paid or forfeit if a given obligation is not fulfilled. Unless otherwise provided, such securities must meet the requirements set out in Commission Regulation (EEC) No 2220/85 of 22 July 1985 laying down common detailed rules for the application of the system of securities for agricultural products [4], as last amended by Regulation (EC) No 1932/1999 [5].

(8) Payment of an advance on the minimum price to be paid to producers is notably one of the requirements to be met by undertakings ginning on their own account in order to qualify for aid. The detailed rules for calculating and paying to the producer that advance on the minimum price should therefore be laid down.

(9) In order to ensure that cotton covered by aid applications is of proper origin, it must be possible to identify areas sown to cotton by means of the system for identifying agricultural plots provided for in Council Regulation (EEC) No 3508/92 of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes [6], as last amended by Commission Regulation (EC) No 495/2001 [7].

[1] OJ L 291, 19.11.1979, p. 174.
[2] OJ L 148, 1.6.2001, p. 1.
[3] OJ L 148, 1.6.2001, p. 3.
[4] OJ L 205, 3.8.1985, p. 5.
[5] OJ L 240, 10.9.1999, p. 11.
[6] OJ L 355, 5.12.1992, p. 1.
[7] OJ L 72, 14.3.2001, p. 6.

(10) So that entitlement to aid can be checked, and in particular compliance with the minimum price, the conditions to be satisfied by the contracts provided for in Article 11(a) of Regulation (EC) No 1051/2001 should be specified. To that end, reference should be made to the stock accounting of undertakings.

(11) Where ginning is carried out on behalf of third parties, detailed rules should be laid down for paying and administering the aid in such cases, as well as the obligations to be fulfilled by the parties concerned.

(12) There must be a system of checks to ensure that operations are conducted properly. The detailed rules on such checks should be laid down.

(13) Penalties should be laid down for cases where the provisions of this Regulation are not complied with. These penalties must be an adequate deterrent, while complying with the principle of proportionality.

(14) So that the aid scheme can be properly administered, it is necessary to specify which information operators should send to the competent authorities and which communications the Member States should make to the Commission.

(15) In order that advance payments on the aid can be made as the marketing year progresses and the balance paid before the end of the marketing year, the dates referred to in Article 19(2) of Regulation (EC) No 1051/2001 should be fixed.

(16) In order to ensure a smooth transition to the new scheme, transitional provisions are needed during the 2001/02 marketing year regarding certain documents to be drawn up before the beginning of that marketing year.

(17) Regulation (EC) No 1051/2001 introduces a new production aid scheme for cotton from the 2001/02 marketing year and repeals Council Regulations (EEC) No 1964/87 [1] and (EC) No 1554/95 [2] with effect from 1 September 2001. Commission Regulation (EEC) No 1201/89 of 3 May 1989 laying down rules implementing the system of aid for cotton [3] should therefore also be repealed with effect from the 2001/02 marketing year.

(18) To ensure that this Regulation applies on 1 September 2001, it should enter into force on the day following its publication.

(19) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Natural Fibres,

HAS ADOPTED THIS REGULATION:

Article 1

Purpose

This Regulation lays down the detailed rules for implementing the production aid scheme for cotton introduced by Protocol 4 on cotton annexed to the Act of Accession of Greece and Regulation (EC) No 1051/2001.

Article 2

World market price for unginned cotton

1. The Commission shall determine the world price for unginned cotton in euro per 100 kilograms in the period running from 1 July before the start of the marketing year concerned to the following 31 March. The price shall be determined on the last working day preceding the first, 11th and 21st of each month and shall enter into force on the day following the date on which it is determined. The working days taken into account shall be those applied by the Commission. The exchange rate for the euro used to determine the world market price shall be that applicable on the day on which the offers and quotations referred to in Article 3 are established.

However, in the event of significant changes of 5 % or more in cotton prices expressed in euro on the world market, the Commission may amend the price referred to in the first subparagraph without delay.

2. The world market price for unginned cotton shall be equal to a percentage of the price of ginned cotton determined in accordance with Article 3.

This percentage shall be set at:

(a) 20,6 if the price is EUR 110 or less per 100 kilograms;

(b) 21,8 if the price is more than EUR 110 but less than EUR 120 per 100 kilograms;

(c) 23,0 if the price is more than EUR 120 but less than EUR 130 per 100 kilograms;

(d) 24,4 if the price is EUR 130 or more per 100 kilograms.

3. As soon as the price referred to in paragraph 1 is determined, the Commission shall inform the Member States thereof, and in any case before the date on which it comes into force.

Article 3

World market price for ginned cotton

1. To determine the world price for ginned cotton, the Commission shall take account of an average of the offers and quotations obtaining on one or more European exchanges representative of the market for cotton delivered cif at a Community port and originating in various supplier countries regarded as the most representative in international trade.

[1] OJ L 184, 3.7.1987, p. 14.
[2] OJ L 148, 30.6.1995, p. 48.
[3] OJ L 123, 4.5.1989, p. 23.

The offers and quotations taken into account shall relate to the marketing year for which the price is determined and to shipments to be made during the months nearest to the date on which the price is determined.

2. Where the offers and quotations relate to:

(a) ginned cotton of a quality other than the quality for which the guide price is fixed, they shall be adjusted as shown in Annex I;

(b) cotton seed delivered c and f, they shall be increased by 0,2 % to take insurance costs into account;

(c) cotton delivered fas, fob or otherwise, they shall be increased, as appropriate, by the lowest loading, transport and insurance costs from the point of shipment or loading to the frontier crossing point.

Article 4

Calculating and fixing the aid

1. No later than 30 June of the marketing year concerned, the Commission shall fix the amount of aid for unginned cotton applicable for each period for which a world market price for unginned cotton has been determined in accordance with Article 2(1).

2. The amount of aid to be granted in euro per 100 kilograms shall be that which is valid on the day on which the aid application is lodged in accordance with Article 5.

3. To determine the amount of aid, the increase referred to in Article 8 of Regulation (EC) No 1051/2001 shall be established in accordance with paragraphs 4 and 5.

4. The difference between EUR 770 million and total budget expenditure on the aid scheme, calculated in accordance with Article 7 of Regulation (EC) No 1051/2001, shall be divided by the total actual production of the Member States whose actual national production exceeds the guaranteed national quantity.

The increase shall be equal to the result of the division referred to in the first subparagraph, without prejudice to the second paragraph of Article 8 of Regulation (EC) No 1051/2001.

5. However, where:

(a) the actual production of Spain and Greece exceeds the respective guaranteed national production of those countries, and

(b) the amount of the aid, increased in accordance with paragraph 4, exceeds one or other of the ceilings laid down in the second paragraph of Article 8 of Regulation (EC) No 1051/2001 in either Greece or Spain but not both,

the increase applicable in the Member State referred to in point (b) above shall be calculated so that the amount of the increased aid is equal to the lower of the two ceilings concerned.

Without prejudice to the second paragraph of Article 8 of Regulation (EC) No 1051/2001, the increase applicable to the other Member State shall be calculated, taking account of the first subparagraph, to obtain a total level of Community expenditure not exceeding EUR 770 million.

Article 5

Aid applications

1. To qualify for the production aid for cotton, ginning plants shall submit aid applications to the body appointed by the Member State, hereinafter referred to as the 'competent body'.

Applications shall be submitted from 1 July before the start of the marketing year for which the aid is requested until 31 March of the marketing year concerned.

2. Aid applications shall contain the following information:

— the name, forenames, address and signature of the applicant,

— the date of the application,

— quantity of unginned cotton for which aid is requested.

3. Where an aid application is submitted before the application for supervised storage referred to in Article 6 is made, it shall be valid only if a security of EUR 12 per 100 kilograms is lodged. The security shall be released in proportion to the quantities for which the supervised storage obligation provided for in Article 6(1) is fulfilled.

Regulation (EEC) No 2220/85 shall apply to the securities provided for in this paragraph and the obligation provided for in the first subparagraph shall constitute a primary requirement within the meaning of Article 20 of that Regulation.

4. Without prejudice to Article 6(5), aid applications submitted during a period when a world market price for unginned cotton fixed in accordance with Article 4(2) of Regulation (EC) No 1051/2001 is in force may cover only the quantities in supervised storage on the date the application is submitted.

Article 6

Application for supervised storage

1. When unginned cotton enters the ginning plant, the plant shall identify the batch, the quantity and the contract(s) concerned and submit an application for supervised storage. The contracting parties shall then take, by mutual agreement, the samples needed to establish the quality of each batch.

2. A batch is a specified quantity of unginned cotton numbered when it enters the ginning plant.

Unginned cotton is considered to have entered the ginning plant when it enters:

(a) any building or other place within the precincts of a cotton ginning plant; or

(b) any place of storage outside the ginning plant offering sufficient and adequate security for the purposes of control of the stored products and which has been approved in advance by the inspection body.

Except in cases of *force majeure*, or where the inspection body grants prior authorisation, unginned cotton which has entered a ginning plant and for which an application for supervised storage has been submitted may not leave the plant unginned.

3. Applications for the supervised storage of one or more batches shall be submitted to the inspection body for ginning plants, between 1 September and 31 March of the marketing year concerned.

Where applicable, the Member State may fix a final date between the above two dates. However, in the event of unfavourable weather conditions, Member States may authorise the cotton concerned to be placed in supervised storage during the last five working days in March.

4. Applications for supervised storage shall contain the following information:

— the name, forenames, address and signature of the applicant,

— the date of the application,

— the quantity of unginned cotton covered by the application,

— the number(s) of the batches(es) concerned,

— the number or identification of the contract(s) covering each batch,

— where applicable, without prejudice to paragraph 5, a statement that the aid application will be submitted at a later date.

5. The quantities taken into supervised storage shall be set off against the aid applications, without reference to batches, in the chronological order in which the applications are lodged.

6. The quantity taken into supervised storage must be ginned within a period laid down by the Member State concerned and in any case within 90 days of its entry into supervised storage.

Within 90 days of being taken into supervised storage, and in any case before 10 April of the marketing year concerned, the ginning plant shall notify the Member State of the quantity of ginned cotton produced from the quantity of unginned cotton taken into supervised storage, specifying the quantities ginned for third parties in accordance with Article 12 of Regulation (EC) No 1051/2001. The quantity of ginned cotton shall be established using the method set out in Annex II.

Article 7

Advances on the aid

1. From the start of supervised storage, but not before 16 October of the marketing year concerned, the Member States shall grant those concerned an advance on the aid, provided a security equal to at least 110 % of the advance is lodged. The advance shall be paid within 20 days following the application therefor.

At the request of the parties concerned, advances paid before 16 December of the marketing year concerned shall, where applicable, be increased in accordance with the second subparagraph of Article 14(3) of Regulation (EC) No 1051/2001. Such requests shall be accompanied by an additional security set at a level that will ensure compliance with the first subparagraph.

2. The amount of the advance in euro per 100 kilograms shall be equal to the guide price referred to in Article 3(1) of Regulation (EC) No 1051/2001, less:

(a) the world market price referred to in Article 2 of this Regulation; and

(b) the provisional reduction of the guide price referred to in Article 16(1) or (2) of this Regulation, as the case may be.

The advance to be paid shall be equal to the amount referred to in the first subparagraph valid on the day on which the application for supervised storage was submitted, multiplied by the quantities covered by the application for the advance.

3. Regulation (EEC) No 2220/85 shall apply to the securities provided for in this Article.

Notwithstanding Article 19(1)(a) of Regulation (EEC) No 2220/85, the security on the advance shall be released:

(a) up to 60 % not before 1 April of the marketing year concerned, for the quantities complying with the requirement referred to in the first subparagraph of Article 6(6); and

(b) in full, between the first and the 15th day following payment of the balance of the aid referred to in the second subparagraph of Article 14(2) of Regulation (EC) No 1051/2001, in proportion to the quantities for which the Member State has granted the aid.

However, where significant irregularities are found, all the available securities lodged by the ginning plant and the marketing year concerned shall be released in accordance with point (b) of the second subparagraph.

The security shall be forfeited in proportion to the amount by which the advance paid exceeds the amount of the aid to be granted.

Article 8

Advance on the minimum price

No more than 30 days after submitting the application for supervised storage, all ginning plants as referred to in Article 11 of Regulation (EC) No 1051/2001 shall pay the producers, for the quantities covered by the application, an advance on the minimum price taking account of:

(a) the provisional reductions of the guide price referred to in Article 16(1) and (2); and

(b) the quality of the product delivered, in accordance with the second indent of Article 11(a) of Regulation (EC) No 1051/2001.

However, where the advance on the minimum price referred to in the preceding paragraph relates to quantities placed in supervised storage between 1 and 25 September of the marketing year in question, the advance shall be paid to the producer between the following 16 and 26 October.

Article 9

Declaration of areas sown

1. Before the final date set by the Member State, all Community cotton growers shall submit an application form for area aid, as provided for under the integrated administration and control system, by way of a declaration of areas sown for the following marketing year. The agricultural plot or plots concerned shall be identified in accordance with the system for identifying agricultural plots provided for under the integrated administration and control system. Where applicable, growers shall submit a corrected declaration to take account of the area actually sown to cotton by the date fixed by the Member State, and no later than 31 May preceding the marketing year concerned.

2. If the areas declared differ from those found during the inspections, the Member States shall adjust the declarations concerned. Without prejudice to the penalties laid down in accordance with Article 14(1), the Member States shall take account of these adjustments when determining the total area declared.

Article 10

Contract

1. When unginned cotton is taken into supervised storage at the latest, ginning plants shall submit one or more contracts for each batch to the competent body.

2. Contracts shall contain at least the following particulars:

(a) the names, forenames, addresses and signatures of the contracting parties;

(b) the date of signing and the year of sowing;

(c) the area, expressed in hectares and ares, with identification of the agricultural plot or plots in accordance with the system for identifying agricultural plots laid down under the integrated administration and control system;

(d) a reference to the declaration of areas sown to cotton; however, if the declaration is not available when the contract is concluded, a reference to it shall be added to the contract as soon as the declaration is submitted and in all cases no later than 1 June preceding the marketing year concerned;

(e) the quantity harvested on the area referred to at (c) covered by the contract or, if the contract is concluded before harvesting, an undertaking by the producer to deliver, and by the purchaser to take delivery of, the quantity harvested on the area concerned. In this case, the contracting parties shall estimate quantity on the basis of the historical yields recorded in the region concerned;

(f) the selling price of the unginned cotton by unit of weight, with the following specifications:

(i) the selling price is fixed for cotton of the standard quality laid down for the guide price, ex-holding; the adjustments to be made to that price to take account of the difference between the standard quality and the quality of the delivered cotton shall be determined by mutual agreement in accordance with the second indent of Article 11(a) of Regulation (EC) No 1051/2001;

(ii) where Article 7 and, where applicable, Article 8 of Regulation (EC) No 1051/2001 are applied, the selling price shall be adapted by the respective resulting amounts;

(g) the terms of payment of the advance on the minimum price and of the selling price, particularly as regards the time limits, adjustments for quality, and method for calculating those amounts.

Article 11

Ginning on behalf of third parties

1. Notwithstanding Article 10, this Article shall apply where the cotton is to be ginned on behalf of an individual producer or a producer group in accordance with Article 12 of Regulation (EC) No 1051/2001.

2. No later than 10 days before the date on which the first quantity concerned is taken into supervised storage, ginning plants shall lodge a declaration of ginning on behalf of third parties with the competent body.

3. The declaration shall include:

(a) the names, addresses and signatures of the parties concerned;

(b) how the ginning plant is to administer the applications provided for in Article 5 and the applications for supervised storage provided for in Article 6;

(c) how the ginning plant is to ensure that the individual producers or producer groups, as the case may be, have complied with the obligations giving them entitlement to the aid;

(d) an undertaking that the aid and the advance thereon will be passed on to the contracting individual producer or producer group, as the case may be.

This undertaking is fulfilled where the group furnishes proof that it has undertaken to pay each member at least the minimum price, adjusted in accordance with Article 11(a) of Regulation (EC) No 1051/2001. To that end, the producer group shall supply, in particular, the price at which the producers deliver the unginned cotton, in accordance with Article 10(2)(f) and (g).

4. Article 10(2)(d) shall analogously apply where the cotton is ginned on behalf of an individual producer or a producer group.

Without prejudice to Articles 5 and 6, aid applications and applications for supervised storage shall include a reference to the declaration of ginning on behalf of a third party.

The competent body may forward the documents referred to in Articles 5 and 6 relating to the aid application and the application for supervised storage to the individual producer or producer group concerned, upon request.

Article 12

Stock records

The stock records provided for in Article 11(c) of Regulation (EC) No 1051/2001 shall contain at least the following information, separately in respect of cotton harvested inside and outside the Community:

(a) the quantity of ginned cotton produced, with reference to the unginned cotton taken into supervised storage;

(b) the quantities of unginned cotton, ginned cotton, seed and cotton linters in stock on the first day of each month;

(c) for each batch of products as referred to at point (b), the quantity concerned and the number of the receipt or invoice or any other equivalent document issued per batch;

(d) for each batch of products as referred to at point (b) leaving the ginning plant, the quantity concerned and the number of the receipt or invoice or any other equivalent document issued per batch.

Article 13

Checks

1. The inspection body appointed by the producer Member State shall verify:

(a) that the declarations of areas sown to cotton are accurate, by an on-the-spot check relating to not less than 5 % of declarations;

(b) that the requirements laid down in Article 10 are complied with;

(c) that the quantity of cotton covered by aid applications are consistent with the total quantity of unginned cotton produced on the areas indicated in the contracts;

(d) the accuracy of the quantities of ginned cotton communicated by the ginning plants in accordance with the second subparagraph of Article 6(6);

(e) that the stock records provided for in Article 11(c) of Regulation (EC) No 1051/2001 have been kept in accordance with Article 12 of this Regulation. In particular, checks shall establish whether the invoices and other documents referred to in Article 12 have been signed by identifiable operators who can, if necessary, demonstrate the origin of the unginned cotton to the satisfaction of the Member State concerned;

(f) by cross-checks, that the agricultural plots mentioned in the contracts correspond to those declared by the growers in their declaration of areas sown to cotton.

2. Where irregularities are found in connection with the declaration of areas referred to in Article 9, subject to the application of penalties as referred to in Article 14(1), aid shall be granted for the quantity of cotton for which all the other requirements have been met.

3. Where several bodies are responsible for the inspection arrangements, the Member State shall establish a system of coordination to this end.

Article 14

Penalties

1. Member States shall establish penalty arrangements for violations of this Regulation and shall take any measure necessary to ensure their application. The penalties shall be effective, proportionate and dissuasive. The Member States shall notify the Commission of these arrangements no later than 31 December 2001, and any subsequent amendments thereto as soon as possible.

2. Without prejudice to the penalties laid down by the Member State for the marketing year concerned:

(a) any ginning plant making a false declaration intentionally or as a result of serious negligence shall be excluded from the aid scheme for the following marketing year;

(b) any producer group failing to comply with the provisions referred to in Article 11(3)(d) shall be excluded from the aid scheme for the following marketing year.

3. Except in cases of *force majeure*, where aid applications are lodged after 31 March of the marketing year concerned, the amount of the aid applying on that date shall be reduced by 1 % per working day of delay. Applications submitted more than 25 days late shall be inadmissible.

Article 15

Communications

1. The producer Member States shall communicate to the Commission the names and addresses of the bodies appointed to implement this Regulation, as soon as they are appointed.

2. No later than the 15th of each month, the Member States shall communicate to the Commission, specifying for each period for which a different world market price applies:

(a) the quantities covered by aid applications during the previous month;

(b) the corresponding quantities taken into supervised storage during the previous month.

3. No later than 30 January each year, Spain and Greece shall notify the Commission of the measures and programmes adopted under Article 17(1), (2) and (3) of Regulation (EC) No 1051/2001 for the following marketing year.

4. Producer Member States shall notify the Commission:

(a) no later than 15 May each year:
   (i) a summary of the quantities for which aid was approved for the current marketing year, broken down for each period for which a different world market price applies;
   (ii) a summary of the quantities of cotton ginned for the current marketing year on the behalf of individual producers or producer groups in accordance with Article 12 of Regulation (EC) No 1051/2001;
   (iii) the average quality of ginned cotton and average yields of ginned cotton and cotton seed recorded during the current marketing year;

(b) no later than 31 August each year:
   (i) the areas sown to cotton during the current year, where necessary adjusted in accordance with Article 9(2);
   (ii) an estimate of the corresponding production of unginned cotton;

(c) no later than 25 November each year:
   (i) the most recent figures on quantities placed in supervised storage;
   (ii) the revised production estimate for unginned cotton.

5. Where significant irregularities are found, particularly where they concern 5 % or more of the areas inspected under Article 13(1)(a), the Member States shall so inform the Commission without delay, stating what measures have been adopted.

6. Where a Member State decides under the second subparagraph of Article 6(3) to fix a final date earlier than 31 March for the submission of applications for supervised storage, it shall adopt the new date no later than 30 days before that date and shall inform the Commission thereof immediately.

Where a Member State decides under the second subparagraph of Article 6(3) to authorise taking into supervised storage during the last five days of March, it shall inform the Commission thereof not less than 10 days before that period.

Article 16

Determining estimated and actual production

1. The estimated production of unginned cotton referred to in the first subparagraph of Article 14(3) of Regulation (EC) No 1051/2001 and the resulting provisional reduction of the guide price shall be established before 10 September of the marketing year concerned.

2. The revised production estimate referred to in the second subparagraph of Article 14(3) of Regulation (EC) No 1051/2001 and the resulting new provisional reduction in the guide price shall be established before 1 December of the marketing year concerned.

3. The actual production, the reduction in the objective guide price referred to in Article 7 of Regulation (EC) No 1051/2001 and any increase in the aid as referred to in Article 8 of that Regulation shall be established before 15 June of the marketing year concerned.

Article 17

Transitional measures

For the 2001/02 marketing year, the declarations of areas sown referred to in Article 8 of Regulation (EEC) No 1201/89 and the contracts and declarations of ginning as referred to in Article 10 of that Regulation submitted before 1 September 2001 shall be considered equivalent to declarations of areas sown, contracts and declarations of ginning on behalf of third parties as referred to in Articles 9, 10 and 11 of this Regulation, respectively.

Article 18

Repeal of Regulations

Regulation (EEC) No 1201/89 is hereby repealed with effect from 1 September 2001.

Article 19

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

It shall apply from 1 September 2001.

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

Done at Brussels, 2 August 2001.

For the Commission

Frederik BOLKESTEIN

Member of the Commission

ANNEX I

Coefficients of equivalence for ginned cotton

Increase or reduction of price by:

(a) 1 % for each mm more or less than 28 mm;

(b) 1,5 % for each half grade higher or lower than grade 5.

ANNEX II

Determination of the weight of a batch of ginned cotton

1. A batch of ginned cotton means a ball of ginned cotton as produced by the undertaking in question.

2. Without prejudice to point 4, the actual weight of a batch of ginned cotton is to be increased by 0,6 % for each half-point of moisture below 8,5 % and reduced by the same percentage for each half-point of moisture above 8,5 %.

   The moisture content of a batch:

   — is established by the inspection body appointed by the Member State by taking samples from at least 5 % of the batches produced by each ginning plant, or

   — is equal to the average moisture content recorded for each ginning plant as a result of sampling as referred to in the first indent if the batch concerned has not been sampled. This impurity content is to be communicated to the ginning plant by the inspection body.

3. Without prejudice to point 4, the actual weight of a batch of ginned cotton is to be adjusted as follows:

   (a) for batches graded by the inspection body appointed by the Member State, the table below applies:

Grade	Percentage by which the weight is adjusted
3,5 and less	plus 1,5
4	plus 1
4,5	plus 0,5
5	—
5,5	less 0,5
6	less 1
6,5	less 1,5
7	less 2
7,5	less 2,5
8	less 4
8,5 and more	less 5

   (b) for batches not graded by the inspection body appointed by the Member State, the actual weight is adjusted by taking into account the average impurity content recorded for each ginning plant on the basis of samples taken by the inspection body from at least 5 % of the ungraded batches. This impurity content is to be communicated to the ginning plant by the inspection body.

   The actual weight is to be increased by 0,6 % for each half-point of impurities below 2,5 % and reduced by the same percentage for each half-point of impurities above 2,5 %.

4. However, if the ginned cotton is not stored under normal storage conditions, in particular if it is not kept in a dry place or if the moisture content of the outer layers of the bale exceeds the limits practised by the trade, the determination of weight as described above may proceed only after the limits practised by the trade are complied with.