



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 04.12.1996
COM(96) 629 final

Proposal for a

COUNCIL REGULATION (EC)

**amending Regulation (EEC) No 619/71 laying down
general rules for granting aid for flax and hemp**

(presented by the Commission)

EXPLANATORY MEMORANDUM

Introduction

1. Under the 1996/97 price proposals the Commission proposed that the Council amend Regulation (EEC) No 1308/70 on the common organization of the market in flax and hemp. That proposal provides for the application, from the 1997/98 marketing year, of a maximum guaranteed area for fibre flax.
2. The said proposal also provides for the introduction of a cut in the aid where harvesting is done other than by the traditional method of pulling the whole plant, thereby reducing production costs. The reduction is to take the place of the present system of coefficients based on the average seed yield for an area with a reduction in the aid for non-deseeded retted flax.
3. The current system has one notable weakness: the reason for the relatively high rate of aid was the constraint of the growing methods (dense seeding, harvesting by pulling the whole plant using special equipment, retting involving a risk of loss), which were made necessary by the quality requirements of the primary processing industry. Now, however, growers, on increasingly large areas of land, are adopting simplified growing methods and producing flax in order to receive the Community aid, while having no real outlet for their production.
4. To put an end to these practices, which have led to a substantial increase in the areas sown with fibre flax, appropriate measures need to be taken, by amending the Regulation laying down the general rules for granting aid.

Measures proposed

5. It must be ensured that the aid cannot be paid for areas which have not been fully utilised. The key is to establish compulsory contracts between growers and processors approved by the Member State, together with a processing commitment. Primary processors will be approved by the competent authorities of the Member States, not by the Commission, having regard to the principle of subsidiarity. Contracts are already provided for under the current legislation, but they are not compulsory since, in the absence of a contract, 100% of the aid is paid to the grower.
6. Given that in some cases the grower processes the flax straw himself or has the processing done on his behalf, and cannot therefore conclude a contract of this kind with a processor, provision should also be made for a processing commitment and for approval in such cases.
7. In the case of "growing contracts" whereby the grower is someone who has entered into a special contract with the owner or user of the land, there is a similar need for a processing commitment and approval.
8. The Member States should also be obliged to check not only the accuracy of area declarations and aid applications (and on this point the use of certain elements of the integrated administration and control system is appropriate) but also the proper execution of contracts and processing commitments, as well as fulfilment of conditions of approval.
9. To prevent abuse, to qualify for aid, land must have undergone normal cultivation, and the Commission should be able to lay down provisions on the matter.
10. Since it is likely that contracts will already have been concluded by some growers before this proposal is adopted, the Commission must be able to adopt transitional provisions for the first marketing year of application.
11. Should the proposal not be adopted before sowing starts (mid-March), its entry into force would have to be postponed until the following marketing year.

Proposal for a
COUNCIL REGULATION (EC) No/.

of

**amending Regulation (EEC) No 619/71 laying down
general rules for granting aid for flax and hemp**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1308/70 of 29 June 1970 on the common organization of the market in flax and hemp¹, as last amended by Regulation (EC) No², and in particular Article 4(4) thereof,

Having regard to the proposal from the Commission,

Whereas the first subparagraph of Article 3(2) of Regulation (EEC) No 619/71³ laying down general rules for granting aid for flax and hemp, as last amended by Regulation (EC) No 1989/93⁴, lays down that three quarters of the aid for flax is to be granted to any natural or legal person who has concluded with the grower, before a date to be determined, a contract transferring ownership of the flax straw; whereas to ensure that the flax is actually processed, provision should be made for payment of the aid to the primary processor to be subject to an explicit commitment on his part to undertake processing and also to an approval procedure;

Whereas the second subparagraph of Article 3(2) of the said Regulation lays down that growers may under certain conditions qualify for all the aid; whereas in those cases a processing obligation and a system of approval of primary processors should be established;

¹ OJ No L 146, 4.7.1970, p. 1.

² OJ No L

³ OJ No L 72, 26.3.1971, p. 2.

⁴ OJ No L 182, 24.7.1993, p. 6.

Whereas the checks referred to in Article 5 of the said Regulation should also cover fulfilment of the processing obligation and the conditions of approval; whereas the effectiveness of those checks can be increased by using certain elements of the integrated administration and control system and whereas, therefore, provision should be made for that possibility;

Whereas Article 6 of the said Regulation lays down that the amount of the aid is to be calculated in relation to the area sown and harvested; whereas, to prevent abuse, the said area must have undergone normal cultivation and whereas the Commission should be able to lay down criteria on the matter;

Whereas the measures provided for in this Regulation must be properly implemented; whereas transitional measures may therefore be required to facilitate the introduction of the new arrangements,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 619/71 is hereby amended as follows:

1. Article 3(2) is replaced by the following:

"2. For the flax grown mainly for the production of fibre, one quarter of the aid shall be granted to the grower and three quarters to the primary processor approved by the competent authority of the Member State on whose territory his establishment is situated, who has concluded with the grower, before a date to be determined, a contract transferring ownership of the flax straw and who undertakes to process it.

However, the entire amount of the aid shall be granted to the grower where:

- a) the grower within the meaning of Article 3a(a) undertakes to process the flax straw and is approved for that purpose by the competent authority, or
- b) the grower within the meaning of Article 3a(a) undertakes to have the flax straw processed on his behalf by an approved primary processor, or
- c) the grower within the meaning of Article 3a(b) undertakes to process the flax straw and is approved for that purpose by the competent authority, or
- d) the grower within the meaning of Article 3a(b) undertakes to have the flax straw processed on his behalf by an approved primary processor."

2. The following shall be added to Article 4(2):

"and shall establish a system of approval of primary processors and, where appropriate, of growers who undertake processing."

3. Article 5 is replaced by the following and is renumbered paragraph 1:

"1. Member States shall verify the accuracy of the declarations of areas sown and harvested and applications for aid submitted by the producers and also the execution of contracts and fulfilment of processing obligations and of conditions of approval by means of spot checks."

4. The following paragraph 2 is added to Article 5:

2. Detailed rules for the application of checks shall be adopted in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1308/70, such measures being able to provide for the use of certain elements of the integrated administration and control system."

5. The following is added to Article 6:

"on which normal cultivation work has been carried out.

The Commission may, in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1308/70, lay down criteria regarding normal cultivation work, in particular by setting a minimum yield to be respected."

6. The following Article 6a is added:

"Article 6a

Should transitional measures be required to facilitate the implementation of the adjustments to the arrangements laid down in Regulation (EC) No with effect from the 1997/98 marketing year, such measures shall be adopted in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1308/70. They shall apply until the end of the 1997/98 marketing year at the latest."

Article 2

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

It shall apply from the 1997/98 marketing year. However, point 6 shall apply from the entry into force of this Regulation.

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

Done at ... ,

For the Council

FINANCIAL STATEMENT

1. BUDGET HEADING: B1-1400 APPROPRIATIONS: ECU 91 million

2. TITLE:
Proposal for a Council Regulation amending Regulation (EEC) No 619/71 laying down general rules for granting aid for flax and hemp.

3. LEGAL BASIS: Article 43 of the Treaty

4. AIMS OF MEASURE:
To amend the rules governing the granting of aid for flax by introducing compulsory contracts between growers and processors approved by the Member State.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (96)	FOLLOWING FINANCIAL YEAR (97)	
	million ecu	million ecu	million ecu	
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL ADMINISTRATION - OTHER	-	-	-	
5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL				
	1998	1999	2000	2001
5.0.1. ESTIMATED EXPENDITURE	-	-	-	-
5.1.1. ESTIMATED REVENUE				

5.2. METHOD OF CALCULATION:

6.0. CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? YES/NO

6.1. CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? YES/NO

6.2. IS A SUPPLEMENTARY BUDGET NECESSARY? YES/NO

6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? YES/NO

OBSERVATIONS:

The proposed Regulation has no financial impact, it might even enable payment of aid for areas not fully utilised to be avoided.

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DOCUMENTS

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