

Procedure file

Basic information	
CNS - Consultation procedure Regulation	1999/0237(CNS) Procedure completed
Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)	
Amended by 2003/0006(CNS) Amended by 2003/0275(CNS) Amended by 2006/0043(CNS)	
Subject 3.10.06.05 Textile plants, cotton	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		19/10/1999
		PPE-DE SCHIERHUBER Agnes	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets		27/01/2000
	ITRE Industry, External Trade, Research, Energy	The committee decided not to give an opinion.	
	Council configuration	Meeting	Date
	Agriculture and Fisheries	2284	17/07/2000

Key events			
10/11/1999	Legislative proposal published	COM(1999)0576	Summary
13/12/1999	Committee referral announced in Parliament		
18/04/2000	Vote in committee		Summary
18/04/2000	Committee report tabled for plenary, 1st reading/single reading	A5-0124/2000	
15/05/2000	Debate in Parliament		
16/05/2000	Decision by Parliament	T5-0211/2000	Summary
03/07/2000	Vote in committee		
06/07/2000	Decision by Parliament	T5-0307/2000	Summary

27/07/2000	Act adopted by Council after consultation of Parliament		Summary
27/07/2000	End of procedure in Parliament		
29/07/2000	Final act published in Official Journal		

Technical information

Procedure reference	1999/0237(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by 2003/0006(CNS) Amended by 2003/0275(CNS) Amended by 2006/0043(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 037; EC Treaty (after Amsterdam) EC 036
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/5/12285

Documentation gateway

Legislative proposal		COM(1999)0576	10/11/1999	EC	Summary
Economic and Social Committee: opinion, report		CES0359/2000 OJ C 140 18.05.2000, p. 0003	29/03/2000	ESC	
Committee report tabled for plenary, 1st reading/single reading		A5-0124/2000 OJ C 059 23.02.2001, p. 0004	18/04/2000	EP	
Text adopted by Parliament, partial vote at 1st reading/single reading		T5-0211/2000 OJ C 059 23.02.2001, p. 0020-0056	16/05/2000	EP	Summary
Committee of the Regions: opinion		CDR0099/2000 OJ C 317 06.11.2000, p. 0050	14/06/2000	CofR	
Text adopted by Parliament, 1st reading/single reading		T5-0307/2000 OJ C 121 24.04.2001, p. 0160-0339	06/07/2000	EP	Summary
Follow-up document		COM(2008)0307	20/05/2008	EC	Summary
Follow-up document		SEC(2008)1905	20/05/2008	EC	

Additional information

European Commission	EUR-Lex
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Final act

Regulation 2000/1673 OJ L 193 29.07.2000, p. 0016 Summary
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Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)

PURPOSE : Proposal on the common organisation of the market in flax and hemp grown for fibre. **CONTENT :** The proposal concerns aid for the processing of fibre. - Granting of the aid is made subject to certain conditions, in particular the authorisation of primary processors and the requirement that such processors purchase the straw under contract. - In view of the differences between the market for long flat fibre and the market for short flax fibre and the market for hemp fibre, the aid is differentiated according to which of the two types of fibre is obtained. - A maximum guaranteed quantity of 75500 tonnes per marketing year is established for long flax fibre and a maximum guaranteed quantity of 119250 for short flax fibre. - To enable Member States to make adjustments between quantities, conditions are laid down governing transfers between the two national guaranteed quantities allocated to each. - Quantitative restrictions and taxes will not be required in the regime governing third countries. Licences will be issued if certain conditions are met.?

Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)

The committee adopted the report (consultation procedure) by Agnes SCHIERHUBER (EPP/ED, A) amending the Commission proposal on including flax and hemp grown for fibre in the regulation establishing a support system for producers of certain arable crops. The committee was critical of the Commission's efforts to bring about reform in this area. While endorsing the incorporation into the regulation of area payments for flax and hemp grown for fibre, it felt that such payments should be made without any additional administrative and control requirements and that differentiation on the basis of use was inappropriate. The committee also adopted an amendment pointing out that the regional base areas should be increased accordingly if flax and hemp were to be introduced into the regulation. The years 1995 to 1997 should be used as reference years for the new Member States, as the system existing prior to their accession was not compatible with the EC system. Other amendments adopted sought to simplify administrative procedures and ensure that the production of flax and hemp fibre continued to be attractive to producers, in order to maintain diversification in agriculture and provide an alternative source of income for farmers in the non-food sector. In order to prevent abuses, the committee called for area payments to be provided only if the producer could furnish proof of delivery to the processor. Lastly, the committee felt that 1 July 2001, rather than 1 July 2000, was a more realistic date for the new arrangements to come into force. ?

Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)

The European Parliament adopted its report drafted by Agnes SCHIERHUBER (EPP/ED, Germany) amending the Commission proposal for a regulation on the common organisation of the market in flax and hemp grown for fibre. The main amendments are as follows: -the Commission's original proposal on the distinction between the market in long flax fibre and the market for short flax fibre and hemp fibre was amended to state that processing aid should be granted on the basis of the economic viability of the sector. -in order to prevent misuse of funds, processing aid should be granted only if the processor provides, within a period of 18 months, proof of processing. -processing aid will also be granted where the farmer and the primary processor are one and the same person and no purchase contract therefore exists. -the new arrangements will apply from 1 July 2001 rather than 1 July 2000.?

Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)

The European Parliament adopted the resolution drafted by Agnes Schierhuber (EPP/ED, Austria) adding compromise amendments which replace some of its amendments adopted on 16/05/00. The main changes are as follows: -the aid shall be granted in certain cases where there is no sales contract -the amounts payable for long flax fibre have been changed for each marketing year -the quantities of fibre eligible for aid are restricted on the basis of the areas for which there is a contract, where the producer and primary processor are one and the same person or where the farmer retains ownership of the straw and contracts processing out to service providers and proves that the processed fibre has been marketed. -the level of permitted impurities for short flax and hemp fibre is raised to 7.5%. National guaranteed quantities will not apply from 2006/2007 marketing year. Member States may exchange with each other part of the national guaranteed quantities. -In 2003, the Commission must submit a progress report on production trends. In 2005, the Commission must submit a report on processing aid. The contents of the report are specified. -In 2002, the Commission must submit a report on the impact of these reforms on producer income. ?

Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)

The Council formally adopted the regulation on the common organisation of the market in the flax and hemp grown for fibre with an abstention from the Belgian delegation.?

Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)

PURPOSE : to organise the flax and hemp market. **COMMUNITY MEASURE :** Council Regulation 1673/2000/EC on the common organisation of the markets in flax and hemp grown for fibre. **CONTENT :** after examining the Commission proposals for the reform of the flax and hemp sector and the prices for agricultural product for 2000/2001, the Council unanimously approved the compromise package submitted by the Presidency and endorsed by the Commission. The Council shall adopt the new Regulations for the flax and hemp sector which includes this

current Regulation 1673/2000/EC on the common organisation of the markets in flax and hemp grown fibre. The common organisation of the markets in flax and hemp grown fibre shall compromise arrangements governing the internal market and trade with third countries. It shall apply to the following products: - flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock); - true hemp (*cannabis sativa* L.) raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock). With regard to aid for processing the straw of flax and hemp grown for fibre, the aid shall be granted to authorised primary processors on the basis of the quantity of fibre actually obtained from straw for which a sale/purchase contract has been concluded with a farmer. It should also be noted that no aid shall be paid to authorised primary processors or farmers who are found to have artificially created the conditions for receiving the aid, thereby enjoying an advantage that does not conform to the objectives of this scheme. The amount of processing aid per tonne of fibre shall be fixed as follows: a) for long flax fibre: - EUR 100 for the 2001/2 marketing year, - EUR 160 for the year 2002/3, 2003/4, 2004/5 and 2005/6 marketing years, - EUR 2000 from the 2006/7 marketing year onwards; b) for short flax fibre and hemp fibre containing not more than 7,5% impurities and skives: EUR 90 for the 2001/2 to 2005/6 marketing years. However, for the 2001/2 to 2003/4 marketing years, the Member State may, with reference to traditional outlets, also decide to grant aid: - for short flax fibre containing a percentage of impurities and skives of between 7,5% and 15%, - for hemp fibre containing a percentage of impurities and skives of between 7,5% and 25%. In relation to the national guaranteed quantities, a maximum guarantee quantity of 75 250 tonnes per marketing year shall be established for long flax fibre and apportioned among all the Member States as national guarantee quantities. The NGQs for long flax fibre have not been changed since the initial Commission proposal. On the other hand, a maximum guaranteed quantity of 135 900 tonnes per marketing year shall be established for short flax fibre and hemp fibre in respect of which aid may be granted has been amended as follows: - 10 350 tonnes for Belgium, - 12 800 tonnes for Germany, - 20 000 tonnes for Spain, - 61 350 tonnes for France, - 5 550 tonnes for the Netherlands, - 2 500 tonnes for Austria, - 1 750 tonnes for Portugal, - 2 250 tonnes for Finland, - 2 250 tonnes for Sweden, - 12 100 tonnes for the UK. For the 2000/1 marketing year, the amounts of aid for flax and hemp produced by in the Community shall be fixed no later than 31 October 2000. Furthermore, the Commission shall submit a report to the European Parliament and to the Council, if necessary, no later than 31 December 2003, accompanied by proposals, on production trends in the various Member States and the impact of reform of the common organisation of the market on the outlets and economic viability of the sector. It shall also examine the maximum content of impurities and skives applicable to short flax fibre and hemp fibre. In 2005 the Commission shall submit another report on processing aid, including an assessment of the impact of processing aid, in particular on: - the position of producers as regards areas sown and prices paid to producers; - market trends for textile fibres and the development of new products, and; - the processing industry. The report will also deal with the possibility of putting the aid for processing short fibre and the supplements for long fibre in zones I, II and III on to a permanent footing. ENTRY INTO FORCE : the present aid system is applicable for the marketing year 200/2001, which ends on 30 June 2001. The provisions on amounts of aid are transitional measures within the WTO reform. The new aid systems become applicable from the marketing year 2001/2.?

Flax and hemp: common organisation of the markets CMO (amend. Regulation (EEC) No 1308/70)

The Commission presents this report on flax and hemp pursuant to Article 15(3) of Council Regulation (EC) No 1673/2000. The report is required to assess the impact of processing aid on producers, the processing industry and the market for textile fibres. The Commission must examine the possibility of extending processing aid for short flax fibre and hemp fibre and the additional aid beyond the 2007/2008 marketing year as well as the possibility of integrating this aid scheme in the general framework of support for farmers under the common agricultural policy laid down by Regulation (EC) No 1782/2003.

The report notes that the 2003 reform continued the shift from product to producer support through the introduction of a decoupled Single Payment Scheme. This was done in order to encourage competitiveness and market orientation and at the same time increase the transfer efficiency of income payments. The Health Check review poses the question whether coupled support, despite the overall orientation towards full decoupling, is still pertinent.

The additional processing aid for processors of flax grown in traditional areas was introduced by the Council as a transitional measure, and is scheduled to be abolished. The aid has contributed to competitiveness of flax cultivation in these regions (in particular in Belgium and the Netherlands), but it should not be continued from the 2009/2010 marketing year in view of its transitional character (to allow for gradual adjustment of the sector) and its application in three Member States only.

The objective of the temporary processing aid for short flax and hemp fibres is to encourage the development of new (industrial) products and potential outlets. The Commission questions whether years of support for short fibres have been most effective in encouraging such development. The use of short flax fibres has only slightly increased since 1999. Besides the traditional outlet for specialty papers, only use as composite material in the car industry shows significant growth.

Comparing the gross margins for hemp production with those for alternative crops shows that without aid for short fibre, margins would be narrower, specifically taking into account that hemp production is more labour intensive than alternative crops. This may lead to some reduction in the area under hemp.

The Council decided in 2000 to phase out the aid for short fibres, which has been extended for three additional years only to allow an assessment in the context of the overall Health Check review. Project support through Rural Development or research programmes may be a more cost efficient way to stimulate development of competitive renewable products. On the basis of these developments and considerations, the specific processing aid for short fibres should not be continued from the 2009/2010 marketing year.

Continuing processing aid for long flax fibres could contribute to maintaining employment and economic activity in production regions. However, maintaining processing aid is not in accordance with the principles of the 2003 CAP reform. In addition, continued high cereal prices would most likely entail a reduction in production and a loss of environmental benefits and employment, which, despite this specific aid, raises questions regarding its effectiveness.

Therefore full decoupling and integration of the aid in the Single Payment Scheme appears to be the best solution. Similar to the earlier integration of support for hemp and flax growers in the Single Payment Scheme, decoupling would integrate the processing aid budget into this system. This option would allow for considerable simplification compared to the relatively complex current regime.

Decoupling introduces flexibility in choice for producers. Farmers will continue to produce where it is profitable, and adapt their production to the market or change to alternative products where it is adequate, while they are still obliged to keep land in good agricultural and environmental condition, in line with cross-compliance rules. Overall, decoupling leaves the producer at least as well off as before, and most

likely better off as a result of production flexibility and market orientation.

In view of the gross margins of alternative crops and the higher costs and risks of flax production, it is estimated that the area under flax will decrease. And without processing aid the smaller processors especially would face serious difficulties, specifically in the traditional production regions. For this reason, gradually phasing out processing aid for long flax fibres, together with the possibility to apply Article 69 of Regulation (EC) No 1782/2003, seem appropriate to allow restructuring and modernisation of the industry.