


Procedure file

Basic information		
CNS - Consultation procedure Regulation	1999/0202(CNS)	Procedure completed
Cotton: production aid		
Subject 3.10.06.05 Textile plants, cotton		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development	GUE/NGL KORAKAS Efstathios	19/10/1999
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2348	22/05/2001
	Agriculture and Fisheries	2343	24/04/2001
	Agriculture and Fisheries	2339	19/03/2001
	Agriculture and Fisheries	2256	17/04/2000

Key events			
13/12/1999	Legislative proposal published	COM(1999)0492	Summary
02/02/2000	Committee referral announced in Parliament		
17/04/2000	Debate in Council	2256	
23/01/2001	Vote in committee		Summary
23/01/2001	Committee report tabled for plenary, 1st reading/single reading	A5-0022/2001	
15/02/2001	Debate in Parliament		
15/02/2001	Decision by Parliament	T5-0090/2001	Summary
22/05/2001	Act adopted by Council after consultation of Parliament		
22/05/2001	End of procedure in Parliament		

01/06/2001	Final act published in Official Journal		
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Technical information	
Procedure reference	1999/0202(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 000
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/5/12438

Documentation gateway					
Legislative proposal		COM(1999)0492	13/12/1999	EC	Summary
Economic and Social Committee: opinion, report		CES0366/2000 OJ C 140 18.05.2000, p. 0033	29/03/2000	ESC	
Committee report tabled for plenary, 1st reading/single reading		A5-0022/2001	23/01/2001	EP	
Text adopted by Parliament, 1st reading/single reading		T5-0090/2001 OJ C 276 01.10.2001, p. 0160-0246	15/02/2001	EP	Summary
Court of Auditors: opinion, report		RCC0013/2003 OJ C 298 08.12.2003, p. 0021-0039	24/09/2003	CofA	Summary

Additional information	
European Commission	EUR-Lex

Final act
Regulation 2001/1051 OJ L 148 01.06.2001, p. 0003 Summary

Cotton: production aid

PURPOSE : Commission proposal for a Council Regulation on production aid for cotton. CONTENT : This measure amends the common organisation of the market in cotton : - The amount of production aid for unginmed cotton is fixed on the basis of the difference between the guide price and the world market price. The guide price is set at EUR106.30. This proposal does make provision for the guide price to be reduced under certain circumstances. Provision is also made for determining the world market price. - A guaranteed national quantity for unginmed cotton for each Member State is laid down, and provisions are made for a stabiliser mechanism. - Provisions are made for the payment of aid in full to beneficiaries, and the period during which aid applications may be submitted is extended. Methods for determining the amount of aid are laid down. - The proposal deals with the environmental impact of cotton production. Member States are required to take measures to protect the environment and to send the Commission a report on national measures adopted before 31 December 2003. - This proposal is also a simplifying measure and certain other regulations affecting the sector are repealed.?

Cotton: production aid

The committee adopted the report by Efstratios KORAKAS (EUL/NGL, GR) approving the proposal under the consultation procedure.?

Cotton: production aid

The European Parliament adopted the report by Mr Efstratios KORAKAS (EUL/NGL, Gr) by 341 votes to 65, with 38 abstentions. The Parliament states that there is a vital need to improve the existing arrangements for cotton, so as to be able to safeguard cotton growing the European Union and also maintain cotton farmers' income levels and enable the ginning industry to continue to operate. Therefore, certain adjustments should nevertheless be made in order to increase their effectiveness. Furthermore, the guaranteed national quantities (GNQs) of unginned cotton should be adjusted as closely as possible to actual production in each Member State with a view to obviating distortions in the operation of the budgetary stabiliser, together with pressure on holdings whose activities are unprofitable, as is often the case in structurally disadvantaged areas. While pointing out that cotton production is less harmful to the environment than other similar subsidised crops that growers have abandoned to grow cotton, Parliament also advocates collective environmental measures by producers' organisations to reduce its ecological impact. With regard to the price guide, this shall be set at EUR 117 per 100 kg of unginned cotton. As for the minimum price, this shall be set at EUR 111 per 100kg of unginned cotton for the quality selected for the ex holding guide price. Commissioner Franz FISCHLER told the House that Parliament's amendments would substantially increase the EC budget for the cotton sector (by some EUR 650 million a year) and create incentives to increase production further. Given the present budgetary situation, this was unacceptable, he said.?

Cotton: production aid

PURPOSE : to lay down the measures needed for the grant of the production aid provided for in Protocol 4 annexed to the Act of Accession of Greece. COMMUNITY MEASURE : Council Regulation 1051/2001/EC on production aid for cotton. CONTENT : after the examination by the Council of the operation of the aid scheme provided for in Protocol 4 annexed to the Act of Accession of Greece, it was revealed that there was a need to maintain the existing arrangements for cotton, but with certain adjustments. (Please refer to CNS990201). The guide price, the minimum price payable to producers and the guaranteed national quantities should be fixed at levels that maintain the balance achieved between crops and enable operators to run medium-term production and processing programmes. Therefore, this Regulation adjusts the scheme in the following ways: - the amount of the production aid for unginned cotton shall be fixed by the Commission on the basis of the difference between a guide price fixed for unginned cotton and the world market price. The aid shall be granted for unginned cotton purchased at a price at least equal to the minimum price. Moreover, the price guide shall be set at EUR 106,30 per 100 kg of unginned cotton. The price shall relate to cotton of sound and fair merchantable quality; containing 10% moisture and 3% impurities; with characteristics needed to produce, after ginning, 32% grade 5 fibres (white middling) 28 mm in length (1-3/32"). The minimum price shall be set at EUR 11,99 per 100 kg of unginned cotton for the quality selected for the ex holding guide price. Lastly, it should be noted that Regulations 2799/98/EC and 1258/1999/EC on the financing of the common agricultural policy shall apply, mutatis mutandis, to the arrangements provided for in this Regulation. ENTRY INTO FORCE : this Regulation shall enter into force on 01/06/01.?

Cotton: production aid

Special Report No 13/2003 on production aid for cotton. This report contains the Court's findings from a sound financial management audit of the production aid scheme for cotton. This scheme had previously been audited in the early 1990s. The objectives of the audit were to examine: - the degree of monitoring of the operation of the scheme in the Member States; - whether the scheme is an efficient and effective means of providing support to cotton producers; - the impact of the scheme on production, the quality of the cotton produced, alternative crop production and the environment; - the reliability of the internal control system operating in the Member States and the legality and regularity of payments made under the regime. The main findings of the Court are: - amending legislation introduced in 2002 defines eligibility criteria. Only cotton coming from areas declared under IACS and not from areas restricted for environmental reasons is eligible under the scheme. Greek authorities are constrained by failings in the operation of IACS when assessing the eligibility of cotton and the ability of the Commission to monitor this aspect of the scheme has been weakened. If ineligible production goes undetected, all producers are penalised through a higher penalty imposed by the stabiliser mechanism; - for the 2001/02 marketing year, Greek authorities estimated that about 10 % of the land planted with cotton was either not declared under IACS or declared as planted with another crop. In the case of the latter, producers may receive aid twice for the same parcels of land, once on the basis of the arable crop declaration and again on the basis of the actual production of cotton; - cotton production can have a negative impact on the environment and Member States should determine and adopt the measures they consider suitable to regulate the use of land for cotton production. Currently no information is available on the application of this provision since it is not continuously monitored by the Commission; - budget neutrality cannot be assured as market prices for cotton can be volatile and Community expenditure rises in those years when market prices are consistently low. In contrast, in those years when market prices are high, additional support is paid to the producers provided certain conditions are met. This measure mitigates the effect of the stabiliser mechanism; - the Commission is unaware of the effectiveness of the incentive given to the ginners to improve the quality of the cotton produced. In addition, it has not compared funding received by the ginners with the actual costs incurred by them. The Commission had indicated that it wished to introduce a reform of the present scheme to be effective from the marketing year commencing on 1 September 2003. This deadline has not been met and it is intended to submit a proposal for a reform of the aid scheme for cotton to the Council and the European Parliament in the autumn of 2003. The Court recommends that the Commission takes the opportunity of the proposed reform to address weaknesses in the present regime. The Court recommends that the Commission takes the opportunity to address the weaknesses identified in the present regime when formulating its reform proposals. In particular, the Court recommends that the Commission : - considers the incorporation of a mechanism which ensures budget neutrality and which does not mitigate against the impact of the stabiliser mechanism; - has regard to the relative attractiveness of the aid for cotton and the effect of the aid on quantities produced; - obtains data on the negative impact of cotton production on the environment. With regard to the present scheme the Court recommends that the Commission: - ensures that the controls operated in Member States for establishing eligibility for aid are transparent, well-founded and applied consistently; - reviews the financial arrangements for the ginners; - examines the effectiveness of the incentive offered to improve the quality of the cotton produced. ?