

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 555 final
Brussels, 05.01.1995

95/0001 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

amending Regulation (EEC) No 2075/92 on the common
organization of the market in raw tobacco

(presented by the Commission)

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EXPLANATORY MEMORANDUM

It is proposed that the Council adopt this proposal for a Regulation amending Council Regulation (EEC) No 2075/92 on the common organization of the market in raw tobacco.

In the light of experience gained during the first years of application of the new arrangements for raw tobacco, certain amendments are called for.

Firstly, the Member States now have accurate data of production of all producers for the three harvests preceding the year of the last harvest, broken down by variety and quantities produced and delivered to processors. As from the 1994-95 harvest it will therefore be possible to introduce a single production quota system.

Secondly, the Member States which so wish should be able to pay premiums directly to the producers.

Lastly, there should also be some flexibility in the administration of quotas with the Member States being given the right to set up a national reserve and with producers having the possibility of carrying over to the following harvest, for each category of varieties, the surplus production from one harvest corresponding to up to 10% of their quotas.

The amendments in question will apply as from the 1995 harvest, except for the possibility of paying premiums directly to the producers, which will apply from the 1994 harvest.

This proposal has no financial impact on the budget of the European Union.

Proposal for a
COUNCIL REGULATION (EC) No/..
of

amending Regulation (EEC) No 2075/92 on the common organization
of the market in raw tobacco

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Whereas Council Regulation (EEC) No 2075/92 of 30 June 1992 on the common organization of the market in raw tobacco⁽⁴⁾ lays down measures to orientate and limit production; whereas, in view of experience gained, provision should be made for several amendments with a view to better production orientation;

Whereas the whole premium must ultimately be paid to the growers or producer groups; whereas it seems possible that some Member States can henceforward pay the premiums directly to the growers or recognized producer groups;

(1) OJ No C

(2) OJ No C

(3) OJ No C

(4) OJ No L 215, 30.7.1992, p. 70.

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Whereas the quantities produced and qualifying for the premium must be determined in respect of each producer or recognized producer group; whereas the Member States should divide up the quotas among the growers concerned, subject to the guarantee thresholds fixed, the aim of the Community rules laid down for the purpose being to ensure fair allocation on the basis of quantities delivered in the past, unusually high or low production figures being disregarded;

Whereas tobacco produced by growers or recognized producer groups in excess of their quotas cannot grant entitlement to the premium; whereas, however, account should be taken of the possibility of unintentional overproduction; whereas the parties concerned should be permitted to carry over those surpluses, within certain limits, to the following harvest, provided the combined quotas for the two harvests are not exceeded;

Whereas the Member States able to do so should be permitted to pay premiums directly to growers as from the 1994 harvest,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 2075/92 is hereby amended as follows:

1. Article 6 is replaced by the following:

"Article 6

1. *Cultivation contracts shall include:*

- *an undertaking by the first processor to pay the grower the purchase price and, where the competent body of the Member State does not pay the premium to the grower directly, a sum equal to the premium for the quantity under contract and actually delivered,*

- an undertaking by the grower to deliver raw tobacco meeting the quality requirements laid down in the contract to the premises of the first processor.

2. The competent body of the Member State shall pay the premium to the grower or shall reimburse the premium to the first processor where the latter has paid the producer a sum equal to the premium, against presentation of proof of delivery of the tobacco by the grower and payment of the sum referred to in paragraph 1."

2. In Article 7:

the fourth indent is replaced by the following:

"- the possible obligation on first processors or growers to provide a security and the conditions governing the lodging and release of securities in the event of an application for an advance,".

3. Article 9 is replaced by the following:

"Article 9

1. To ensure observance of the guarantee thresholds, a system of production quotas shall apply for the 1995, 1996 and 1997 harvests.

2. In accordance with the procedure laid down in Article 43(2) of the Treaty, the Council shall allocate the quantities available in each group of varieties for each harvest among the producer Member States.

3. On the basis of the quantities allocated pursuant to paragraph 2 and without prejudice to the application of paragraph 4, the Member States shall divide up production quotas among the growers or recognized producer groups in proportion to the average quantities delivered for processing in the three years preceding the year of the last harvest, broken down by group of varieties. However, production in 1992 and deliveries from that harvest shall not be taken into account. The procedure for allocating production quotas for subsequent harvests shall not be affected by this distribution.
4. When quotas are divided up as provided for in paragraph 3, no account shall be taken in particular, when calculating the reference production, of quantities of raw tobacco produced in excess of the maximum guaranteed quantities applicable pursuant to Regulation (EEC) No 727/70.

Where appropriate, only production within the quotas allocated during the years taken into consideration shall be taken into account.

4. Article 10 is replaced by the following:

"Article 10

1. Without prejudice to paragraph 2, no premium may be paid in respect of quantities produced in excess of the quota allocated to the grower.
2. However, growers may deliver surplus production corresponding to up to 10% of their quotas for each group of varieties, that surplus being eligible for the premium granted in respect of the following harvest on condition that, during the latter harvest, the party concerned reduces his production by a corresponding amount so that the combined quotas for the two harvests in question are not exceeded."

5. Article 11 is replaced by the following:

"Article 11

Detailed rules for the application of this Title shall be adopted in accordance with the procedure laid down in Article 23. They shall include in particular the adjustments to the method for dividing up the quotas provided for Article 9(4)."

Article 2

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

It shall apply from the 1995 harvest, except for Article 1(1), which shall apply from the 1994 harvest.

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

Done at Brussels,

For the Council

8 FINANCIAL STATEMENT

Date: [REDACTED]

1. BUDGET HEADING: Expenditure B1 - 171

APPROPRIATIONS: ECU 1.025 million

2. TITLE: Proposal for a Council Regulation amending Regulation (EEC) No 2075/92 on the common organization of the market in raw tobacco

3. LEGAL BASIS: Articles 42 and 43 of the Treaty

4. AIMS OF PROJECT: To improve product quality through a modification of the premiums with the necessary adjustments to Council Regulation (EEC) No 2075/92

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS		CURRENT FINANCIAL	FOLLOWING FINANCIAL
	(ECU million)		YEAR (1995)	YEAR (1996)
			(ECU million)	(ECU million)
5.0. EXPENDITURE				
- CHARGED TO THE EC BUDGET (INTERVENTIONS)	-	-	-	-
-				
-				
5.1.				
-				
-				
	1997	1998	1999	2000
5.0.1. ESTIMATED EXPENDITURE	-	-	-	-

5.2. METHOD OF CALCULATION:

6.0. CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? YES

6.1. CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? YES

6.2. IS A SUPPLEMENTARY BUDGET NECESSARY? NO

6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?

COMMENTS:

The measure has no budgetary consequences, assuming that all production is carried out by producer associations.

The possibility of transferring 10% of the quota to the following harvest reduces the risk of any underuse of the quota and could reduce the potential risk of an underuse of appropriations, since the proposal encourages the full use of the quota. It is, however, impossible to place a figure on this.

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