



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 06.05.1998  
COM(1998) 280 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. At the Council meeting in June 1997 on the adoption of the 1997/98 prices package the Council asked the Commission to examine the possibility of introducing compulsory contracts between producers and the processing industry in the hemp sector.
2. As part of the 1998/99 prices package, the Commission proposed a reduction of 25% of the per hectare aid because of the significant and constant growth in land sown to hemp over the past few marketing years.
3. To slow down that not insignificant increase in land sown to hemp and to provide better guarantees as to the reliability of controls, it is necessary to take the appropriate additional measures by amending the Regulation laying down the general rules for the grant of aid.

### Proposed measures

4. It is necessary to ensure that aid cannot be granted for land which is not actually used. The key to solving that problem lies in the introduction of compulsory contracts between producers and processors approved by the Member State and of an undertaking to process. Contracts are already provided for in the current rules but they are not compulsory. The compulsory approval of primary processors will be the duty of the competent authorities of the Member States and not the Commission, in line with the principle of subsidiarity.
5. To reduce still further the risk of the arrangements being used improperly, in addition to the abovementioned measures, we also propose to reduce the maximum authorised THC limit, to confirm the requirement of harvesting after seed formation and to introduce additional measures for supervision of the crop.
6. It is likely that contracts will already have been signed by some producers before this proposal is adopted so the Commission must be able to take transitional measures for the first marketing year of application.

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 organisation of the market in flax and hemp<sup>1</sup>, as last amended by Regulation (EC) No 3290/94<sup>2</sup>, and in particular Article 4(4) thereof,

Having regard to the proposal from the Commission,

Whereas the second subparagraph of Article 4(1) of Regulation (EEC) No 1308/70 stipulates that aid is granted only for hemp grown from seed of varieties providing certain safeguards to be determined in respect of the content of intoxicating substances in the harvested product; whereas Article 3(1) of Regulation (EEC) No 619/71 laying down general rules for granting aid for flax and hemp<sup>3</sup>, as last amended by Regulation (EC) No 154/97<sup>4</sup>, lays down a maximum limit for the average content of tetrahydrocannabinol (THC) to determine the varieties of seeds which can be accepted; whereas in order to strengthen the measures ensuring that land eligible for production aid cannot be used for illegal cultivation the maximum limit currently laid down should be reduced; whereas, for the same purpose, the grant of aid should be made conditional upon harvesting after seed formation;

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<sup>1</sup> OJ L 146, 4.7.1970, p. 1.

<sup>2</sup> OJ L 349, 31.12.1994, p. 105.

<sup>3</sup> OJ L 72, 26.3.1971, p. 2.

<sup>4</sup> OJ L 27, 30.1.1997, p. 1.

Whereas Article 3(2) of Regulation (EEC) No 619/71 lays down, for the grant of aid for fibre flax, a system of compulsory contracts between producers and primary processors containing a processing undertaking; whereas a similar system of compulsory contracts should be introduced in the hemp sector so as to improve control of the final use of the crop and to guarantee that the crop is actually processed;

Whereas Article 4 of Regulation (EEC) No 619/71 provides for a system of administrative supervision guaranteeing that the product for which aid has been requested qualifies for that aid; whereas that supervision system should be strengthened in the hemp sector by the introduction of prior administrative authorisation for sowing;

Whereas the measures provided for in this Regulation must be implemented under the best possible conditions; whereas, therefore, transitional measures may be needed to facilitate the changeover to the new system,

HAS ADOPTED THIS REGULATION:

#### **Article 1**

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

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

“1. For hemp, aid shall be granted only to growers who have concluded, before a date to be specified, a contract with a primary processor approved by the competent authority in the Member State on whose territory his establishments are situated, under which the primary processor obtains ownership of the hemp and undertakes to process it.

Aid shall be granted only for hemp harvested after seed formation and grown from certified seed of varieties contained in a list to be drawn up in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1308/70. This list shall include only varieties for which a Member State has found by analysis that the weight of THC (tetrahydrocannabinol) in the weight of a sample maintained at constant weight is no more than 0.15%.

The sample referred to above shall consist of the upper third of a representative number of plants selected at random at the end of their flowering period and with stalks and seeds removed.”

2. In Article 4(1), the following subparagraph is added:

“For hemp, Member States shall introduce administrative arrangements for crop supervision comprising a system for the prior authorisation of sowing on land eligible for aid for the production of hemp. The criteria and rules relating to the system shall be adopted in accordance with the procedure laid down in Article 12 of Regulation (EEC) No 1308/70.”

3. Article 6a is replaced by the following:

“Article 6a

Should transitional measures be strictly necessary to facilitate the implementation of the adjustments to the arrangements laid down in Regulation (EC) No ..../98 with effect from the 1998/99 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 1999/2000 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 1998/99 marketing year. However, Article 1(3) shall apply from the entry into force of the Regulation.

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

Done at

For the Council

# FINANCIAL STATEMENT

VI/2561/98F (PHOPT\EN\0051.doc)

Date: XXXXXXXXXX

1. BUDGET HEADING: B1-1402

APPROPRIATIONS:  
ECU 16 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 4(4) of Regulation (EEC) No 1308/70

4. AIMS:  
To introduce new provisions to provide better guarantees that the hemp for which aid is requested is grown for real and legitimate uses.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR	
	(ECU million)	(98) (ECU million)	(99) (ECU million)	(99) (ECU million)
5.0 EXPENDITURE				
- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION)	(1)	-		(1)
- NATIONAL AUTHORITIES				
- OTHER				
5.1. REVENUE				
- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)				
- NATIONAL				
	2000	2001	2002	2003
5.0.1 ESTIMATED EXPENDITURE	(1)	(1)	(1)	(1)
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	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?	YES/NO
6.3	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?	YES/NO

OBSERVATIONS:

- (1) The proposed measure has no direct impact on the budget. However, the obligation to conclude contracts and to have the hemp processed by approved processors along with the new conditions regarding the harvesting of seed and the introduction of an administrative supervision system could result in a decrease in land eligible for aid. Any savings resulting from such a decrease are difficult to calculate.

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# DOCUMENTS

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