Cotton: System of aid introduced by Protocol 4 annexed to the Act of Accession of Greece, fifth adjustment

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The Committee unanimously adopted a report by Mrs Carmen FRAGA ESTEVEZ (EPP, SP) on the system of aid for cotton introduced by Protocol 4 annexed to the Act of Accession of Greece (fifth adjustment). Members generally supported the Commission's proposals of retaining the current basic structure of the aid system for cotton based on a maximum guaranteed quantity (MGQ), adapted to present conditions, but felt in particular that given the great shortage of cotton fibre in the Community, it would be inappropriate to reduce the level of support. At present cotton is produced only in Greece, where output was 1 050 000t in 1994-95 and in Spain, where the corresponding figure was 120 070. However, while production has been growing in Greece over recent years, drought and water shortages have resulted in a significant decrease in Spain. Under present rules, this has produced an unfair situation, whereby expanding production in one Member State, leading to the MGQ being exceeded, has led to aid reductions for all Community producers. Aware of the problem, the Council in December 1993 "noted that the Commission intended to reflect on the specific problems of the cotton sector in the spirit of fair management." In its amendments to the Commission's proposals, there was a clear indication of the Committee's belief that the Commission's response to this situation was inadequate. A compromise proposal by Mr Willi GÖRLACH (PES, GER) was accepted to raise the MGQ to 1 000 000t for Greece and to 300 000t for Spain, compared to the Commission's proposals of 698 000t and 249 000t respectively. It was agreed moreover that instead of reducing the guide price in proportion to the increase in the MGQ as put forward by the Commission, the reduction should be confined to 5% and a limit should continue to be placed annually on the reduction of aid in the event of the MGQ being exceeded. When this occurs, the Commission had suggested that, where the MGQ is exceeded by no more that 10%, the reduction in aid should apply equally in all producer Member States, with additional penalties for the Members States responsible, where the excess is greater than 10%. Members felt however that in both cases, the reduction should only apply in the Member States in which production has exceeded the MGQ. Furthermore, an amendment was adopted to the effect that any savings made as a result of the fact that the MGQ has not been exceeded or because of changes in the world price, may be used to reduce penalties in succeeding years. The Committee also felt that the guide price should continue to be fixed annually and for specific support programmes to be introduced for small producers.