

Leaf tobacco: premiums and guarantee thresholds for the 2002, 2003 and 2004 harvests (amend. Regulation (EEC) No 2075/92)

2001/0276(CNS) - 21/11/2001 - Legislative proposal

PURPOSE: To fix the premiums and guarantee thresholds for leaf tobacco by variety group and Member State for the 2002/03/04 harvests. **CONTENT:** In a recently published Communication, "A sustainable Europe for a better world: A European Union strategy for sustainable development", the Commission committed itself to reducing public health risks. In terms of how this may affect the Common Agricultural Policy, the Communication notes that the CAP should reorient its priorities "to reward health, high-quality products and practices rather than quantity; adapt the tobacco regime at the end of its review in 2002 so as to allow for the phasing out of tobacco subsidies while putting in place measures to develop alternative sources of income and economic activity for tobacco workers and growers and decide on an early date accordingly". The phasing out of tobacco subsidies is dependant on a Commission study into the most effective means for achieving this goal. Before such a study can take definition the Commission is in need of tobacco data from Member States. In the meantime a Commission study in raw tobacco production is under way and expected to be completed by late 2002. Based on such reports and studies, the Commission is expected to present a proposal incorporating the wishes of the Communication by the first quarter of 2003. Given the time lap between a Commission proposal on redefining the EU tobacco leaf market and the completion of the studies needed for the formulation of such a proposal, the Commission is proposing this Council Regulation, which fixes the premium and guarantee thresholds in the tobacco leaf market for the next three years. In terms of fixing the premium and thresholds for the 2002/03/04 harvest, the proposal is actively encouraging the abandonment of the Group V varieties since they have a low market outlet. Producers are being encouraged either to opt for more popular varieties or else abandon tobacco production all together through recourse to the quota buy back scheme. Premiums for other variety groups should be set at the level for the 2001 harvest. In terms of the guarantee thresholds, the aims of the proposal are two-fold: 1. To update the production profile based on the transfers applied for within the guarantee threshold in the last three marketing years and which have enabled production to be redirected towards varieties in greater market demand. 2. To adapt the quantities selectively in line with both use as recorded in recent years and market demand, especially for group I, II, III and V varieties. The reduction in the guarantee thresholds will produce a budget saving of EUR 31.4 million. Further, the proposal seeks to amend Article 6(5) of Regulation No 2075/92 by allowing Member States the option of applying the auction system to a single variety group. In addition the system would seek to simplify procedures and do away with national reserves. Lastly, the proposal seeks to amend the objectives of the "Community Tobacco Fund". Rather than financing agronomic research, the Fund should concentrate on measure which supportspecific initiatives such as supporting tobacco growers to switch from tobacco to other crops or economic activities that create employment.