Agenda 2000: raw tobacco, reform of the common organisation of the market COM (amend. regul. 2075/92/EEC)

1998/0027(CNS) - 28/01/1998 - Legislative proposal

OBJECTIVE: to reform the COM in tobacco, in particular to better adapt supply to demand through greater flexibility in premiums. SUBSTANCE: in accordance with the conclusions of the Commission report on the common organization of the market in the raw tobacco sector (see COS 0527), a new regulation is proposed to reform the sector and take account of the report's proposals. The new regulation pursues six specific objectives: (1) encouragement of the production of higher quality tobacco: it is proposed to encourage the production of higher quality tobacco by varying a proportion of the premium granted to each producer depending on the quality of his produce determined by the purchase price; this system compares the value of the tobacco produced by all producers within one and the same group; an amount of 35 to 45% of the premium is variable; a transitional period of three years is provided for to set up this system; (2) increasing awareness of public health and environmental concerns: the Commission proposes to double the size of the deduction from the premium for financing the research fund and information on tobacco; measures to improve environmental protection would also be funded by the producer groups by means of the specific aid paid out to them; (3) enabling producers to convert to other activities: it is proposed to set up a quota buy-back system for the benefit of producers who decide to leave the sector; this mechanism will involve the reallocation of resources within the overall budget allocated to the sector, thus facilitating structural adjustment; it is also intended that tobacco producers who wish to do so should already be able to benefit from Regulation 2079/92/EEC on early retirement from farming, provided they meet the conditions laid down in the national implementing regulation; (4) strengthening supervision: it is proposed to set up a processor approval system to enable Member States to impose more appropriate penalties for non-compliance with Community law; provision is made for a number of compulsory checks, such as on individual areas planted; (5) making the quota system more flexible: it is proposed to make it easier to transfer production quotas between groups of varieties provided the principle of budgetary neutrality is complied with; the text also proposes to facilitate the transfer of production quotas between producers; it is also proposed to introduce an auction system for cultivation contracts, so that contract prices better reflect market trends; (6) simplifying administration of the sector: by replacing the present allocation of quotas to individual producers by a system whereby quotas are distributed to producer groups every three years, the text also proposes to considerably reduce the number of operations that must be carried out by the national authorities.