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

1998/0027(CNS) - 20/07/1998 - Final act

OBJECTIVE: to reform the COM in tobacco in order to better adapt supply to demand through greater flexibility in premiums. COMMUNITY MEASURES: Council Regulation (EC) No 1636/98 amending Regulation (EEC) No 2075/92 on the common organization of the market in raw tobacco. CONTENT: the new regulation proposes a radical reform of the raw tobacco sector, the main aims of which are to: - gear Community aid to the quality of production, - make the quota system simpler and more flexible, - allow controls to be stepped up, - improve compliance with public health and environmental protection requirements. 1) Encouraging the production of better quality tobacco: a new system of premiums has been introduced with effect from the 1999 harvest. The amount of these premiums will be set for all varieties of tobacco in the various groups. However, a supplement will be granted for certain varieties of so-called "flue-cured", "light air-cured" and "dark air-cured" tobaccos cultivated in Belgium, Germany, France and Austria. In order to encourage an improvement in quality and to the value of Community production, the regulation links payment of part of the premium to the value of the tobacco produced. The premium will therefore consist of a fixed component, a variable component and specific aid: - the fixed component of Community aid will be paid either to the group of producers, which will distribute it to the members of the group, or to each individual producer; - the variable component, which will account for 30 to 45% of the total premium, will be paid solely to groups of producers, which will distribute it to individual producers on the basis of the purchase price paid by the initial processing company for the tobacco produced (this system will be implemented gradually and will be fully operational by 2001). It should be noted that the level of this component may vary depending on the varieties and the Member States in which the tobacco is grown; - the specific aid, which is limited to 2% of the premium, will be paid to the group of producers in order to help them carry out their new administrative tasks and to finance more ecological methods; 2) Making the quota system simpler and more flexible: the new system will allow production quotas to be transferred between producers in order to improve production structures. The regulation also makes provision for the implementation of a quota buy-back system for the benefit of producers who decide to leave the sector or who cannot find a buyer for their quotas. Provision is also made for a new auction system for culture contracts so that contract prices better reflect market trends (this system will be introduced on a voluntary basis in the Member States in order to take account of different national production structures); 3) Stepping up controls: the new regulation introduces a processing company approval system to enable Member States to impose more appropriate penalties for non-compliance with Community law. Provision is also made for a new series of compulsory controls (mainly on production and processing installations, areas planted by individual producers etc.); 4) Improving compliance with public health and environmental requirements: the regulation makes provision for the deduction from the premium for financing the Community tobacco research and information fund to be doubled. Environmental actions should also be financed by groups of producers using the specific aid paid to them (2% of the premium). Finally, it should be noted that, by replacing the present allocation of quotas to individual producers by a system whereby quotas are distributed to producer groups every three years and making provision for the variable component of the premium also to be distributed to groups of producers, the regulation considerably reduces the number of operations which need to be carried out by the national authorities, thereby considerably simplifying the administration of the sector. ENTRY INTO FORCE: 4 August 1998. The regulation will apply from the 1999 harvest.