Basic information

2006/0043(CNS) CNS - Consultation procedure Regulation	Procedure completed
Processing aid for flax and hemp grown for fibre; hemp eligible for the single payment scheme Amending Regulation (EC) No 1673/2000 1999/0237(CNS) Amending Regulation (EC) No 1782/2003 2003/0006(CNS) **Subject** 3.10.06.05 Textile plants, cotton 3.10.14 Support for producers and premiums	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	DAUL Joseph (PPE-DE)	21/03/2006

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	2739	2006-06-19

European Commission

Commission DG	Commissioner
Agriculture and Rural Development	

Key events

Date	Event	Reference	Summary
16/03/2006	Legislative proposal published	COM(2006)0125	Summary
06/04/2006	Committee referral announced in Parliament		
25/04/2006	Vote in committee		Summary
27/04/2006	Committee report tabled for plenary, 1st reading/single reading	A6-0145/2006	
16/05/2006	Decision by Parliament	T6-0187/2006	Summary

16/05/2006	Results of vote in Parliament		
19/06/2006	Act adopted by Council after consultation of Parliament		
19/06/2006	End of procedure in Parliament		
29/06/2006	Final act published in Official Journal		

Technical information

Procedure reference	2006/0043(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 1673/2000 1999/0237(CNS) Amending Regulation (EC) No 1782/2003 2003/0006(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 037-p2
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/35057

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE371.826	23/03/2006	
Committee report tabled for plenary, 1st reading/single reading		A6-0145/2006	27/04/2006	
Text adopted by Parliament, 1st reading/single reading		T6-0187/2006	16/05/2006	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2006)0125	16/03/2006	Summary

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2006/0953
OJ L 175 29.06.2006, p. 0001-0003

Processing aid for flax and hemp grown for fibre; hemp eligible for the single payment scheme

2006/0043(CNS) - 19/06/2006 - Final act

PURPOSE: to revise the amount of aid as regards the i) processing of flax and hemp grown for fibre and ii) hemp eligible for the single payment scheme.

LEGISLATIVE ACT: Council Regulation 953/2006/EC amending Regulation 1673/2000/EC as regards the processing aid for flax and hemp grown for fibre and Regulation 1782/2003/EC as regards hemp eligible for the single payment scheme.

CONTENT: the Council adopted, by qualified majority, a Regulation amending Regulation 1673/2000/EC on the common organisation of the markets in flax and hemp grown for fibre and Regulation 1782/2003/EC as regards hemp eligible under the single payment scheme. The Czech delegation abstained.

The aim of the Regulation is to extend until the end of the 2007/2008 marketing year processing aid for short flax fibre and hemp fibre (EUR 90 per tonne) and for long flax fibre (EUR 160 per tonne for 2006/2007 and 2007/2008 and EUR 200 per tonne from 2008/2009 onwards).

The Regulation also provides for the extension of transitional additional aid (from EUR 50 per hectare to EUR 120 per hectare depending on the different regions) in certain regions of the Netherlands, Belgium and France until the 2007/2008 marketing year. Such measures should allow for the gradual adaptation of farm structures to the new market conditions.

The Regulation also makes the cultivation of hemp for other industrial uses eligible for the single payment scheme, as well as hemp grown from fibre.

ENTRY INTO FORCE: 6 July 2006. Article 2 (production of hemp) will apply from 1 January 2007.

Processing aid for flax and hemp grown for fibre; hemp eligible for the single payment scheme

2006/0043(CNS) - 16/03/2006 - Legislative proposal

PURPOSE : report assessing the impact of the aid for processing flax and hemp straw into fibre, and proposal to extend the support for short flax and hemp fibre production for the next two marketing years, amending Regulation 1673/2000/EC, as regards the processing aid for flax and hemp grown for fibre, and Regulation 1782/2003/EC, as regards hemp eligible for the Single Payment Scheme.

PROPOSED ACT : Council Regulation.

CONTENT : this report is produced pursuant to Council Regulation 1673/2000/EC, which requires, inter alia, an assessment of the impact of processing aid, in particular on the position of producers as regards areas sown and prices paid to them, market trends for textile fibres and the development of new products, and the processing industry.

The overall assessment of the present organisation of the flax and hemp sectorseems positive and points to the conclusion that the current common market organisation is working well. The most significant consequence of the introduction of the processing aid for fibres has been that it has eliminated speculative production. The reform undertaken in 2000 has led to a significant reduction in Community expenditure and stabilisation of the budget at about EUR 20 million. In addition, the reform has resulted in growth of the economically viable outlets and generally safeguarded or, in some cases, improved producers' income over the period concerned.

The processing aid has supported EU production of flax and hemp fibres, materials which have a positive impact on environment. Moreover, the CMO processing aid has helped to preserve and create jobs in traditionally producing regions and other areas and to support investments in R&D to improve processing methods and develop new products containing vegetable fibres.

It is difficult to evaluate the full impact of the 2000 reform and the exact role of the processing aid on the EU-15 Member States production. Only the figures for the 2002/2003 and 2003/2004 marketing years are definitive and can be considered representative, since the 2001/2002 harvest was severely affected by bad weather.

Among the new Member States which acceded to the EU on 1 May 2004, six of them are producers of flax fibres and three producers of hemp fibres. The data currently available do not allow detailed analysis of production trends and implementation of the system in those new Member States.

Under these circumstances, a two-year extension of the system in force during the 2005/2006 marketing year is proposed. Therefore, until the 2007 /2008 marketing year the aid for long flax fibre would remain at the current level of EUR 160 per tonne and the aid for short flax and hemp fibres would be kept at EUR 90 per tonne. As for the national guaranteed quantities, the present levels would continue to apply.

As regards the maximum content of impurities and shives, considering that most Member States make use of the derogation from the 7.5% limit and that certain end-uses require a high level of impurities, the current system should be maintained in order to permit the Member States to grant aid for short flax fibre containing a maximum of 15% of impurities and shives and hemp fibre containing a maximum of 25%.

The additional aid granted to primary processors of long flax fibre in certain traditional production areas of the Netherlands, Belgium and France would remain unchanged, that is aid of EUR 120 per hectare in zone I and of EUR 50 per hectare in zone II, as laid down in Regulation 1673/2000/EC.

This extension of the current system will allow a more in-depth analysis based on experience gathered in the mean time and will also leave sufficient time to complete an overall impact assessment in order to evaluate the possibility of simplifying this aid scheme by means of its integration in the general framework of Council Regulation 1782/2003/EC establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers.

On the occasion of the revision of the regime of flax and hemp grown for fibre, it is convenient to amend Council Regulation 1782/2003/EC in order to make the cultivation of hemp compatible with uses other than just for the production of fibres. According to Article 52 of the above Regulation, land under hemp is eligible under the Single Payment scheme if the hemp variety has a THC content not exceeding 0.2% and the raw production is used for textile fibre processing. The second condition, which originates from the previous relationship between the arable crops regime and the aid to the fibre

industry, is not anymore necessary under the Single Payment scheme, and in addition to that, this condition prohibits de facto the use of hemp for other industrial uses e.g. for energy purposes.

FINANCIAL IMPLICATIONS :

Budget heading: 05 02 07 01.

Appropriations: EUR 24 million.

Expenditure charged to the EC budget : 12 month period : EUR 4.84 million; current financial year 2006 : EUR 0; following financial year 2007: EUR 2.9 million.

Estimated expenditure: 2008: EUR 4.84 million; 2009 EUR 1.84 million.

Calculation method:

Total expenditure for this item in 2005: EUR 20.045 million;

Total expenditure for this item in 2004: EUR 17.893 million;

Expenditure – current arrangements

2002/03 marketing year: EUR 18.8 million, broken down as follows:

Long flax fibres: 100 000 tonnes x EUR 160 = EUR 16 million;

Short flax fibres/hemp: 14 444 tonnes x EUR 90 = EUR 1.3 million;

Additional aid: EUR 1.5 million.

2003/04 marketing year: EUR 20.19 million.

Long flax fibres: 101 125t x EUR 160 = EUR 16.18 million;

Short flax fibres/hemp: 21 767 tonnes x EUR 90 = EUR 1 959 million;

Additional aid: EUR 2 million.

Comments: If the current trend continues, the foreseeable impact is EUR 4.84 million. However, if the MGQs for long and short fibres are reached, the impact would be EUR 11.94 million and total expenditure EUR 28.10 million.

Processing aid for flax and hemp grown for fibre; hemp eligible for the single payment scheme

2006/0043(CNS) - 16/05/2006 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Joseph **DAUL** (EPP-ED, FR), and approved the Commission’s proposal.