

## COMMISSION REGULATION (EC) No 660/2006

of 27 April 2006

**amending Regulation (EC) No 1973/2004 laying down detailed rules for the application of Council Regulation (EC) No 1782/2003 as regards the support schemes provided for in Titles IV and IVa of that Regulation and the use of land set aside for the production of raw materials**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001<sup>(1)</sup>, and in particular Articles 113(2), 145(c), (d), (da) and (f) and Article 155 thereof,

Whereas:

- (1) Member States should provide the Commission with the available data related to the application of the aid for starch potato provided for in Article 93 of Regulation (EC) No 1782/2003 and the aid for sugar beet and cane producers provided for in Chapter 10f of Title IV of Regulation (EC) No 1782/2003. Article 3(c) of Commission Regulation (EC) No 1973/2004<sup>(2)</sup> should be amended accordingly.
- (2) Article 90 of Regulation (EC) No 1782/2003 as amended by Regulation (EC) No 319/2006, provides for the possibility to grant aid for energy crops in respect of areas whose production is covered by a contract between the farmer and the collector. Implementing rules on the aid for energy crops set out in Regulation (EC) No 1973/2004 should be adapted accordingly.
- (3) Article 33 of Regulation (EC) No 1973/2004 provides that energy products have to be obtained at the most by

a second successive processor. However, as far as the non-food on the set-aside scheme is concerned, Article 156 of that Regulation provides that non-food products shall be produced at the most by a third successive processor. Experience after two years of implementation of the energy crops scheme shows that it is appropriate to align the two schemes introducing the third successive processor also in the energy crops scheme. Articles 33, 37 and 38 of Regulation (EC) No 1973/2004 should, therefore, be adapted accordingly.

- (4) Provision should be made to determine the detailed rules of the integrated administration and control system set out in Commission Regulation (EC) No 796/2004 of 21 April 2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers<sup>(3)</sup> to be applied as regards the separate sugar payment scheme established under Article 143ba of Regulation (EC) No 1782/2003.
- (5) One of the aims of the reform in the sugar sector, as provided for in Council Regulation (EC) No 318/2006 of 20 February 2006 on the common organisation of the markets in the sugar sector<sup>(4)</sup>, is to enhance the market-orientation of the Community sugar sector. Therefore, in order to increase the outlets for the products in this sector, it is appropriate to consider sugar beet, Jerusalem artichokes and chicory roots eligible for the aid for energy crops scheme and to accept the cultivation of those crops, for purposes other than sugar production, on land eligible to receive set-aside entitlements.
- (6) Article 171cm(5) of Regulation (EC) No 1973/2004 prevents the farmers from lodging an application for an advance on tobacco aid once they have begun making deliveries. That provision does not allow for applications to be lodged in the case of producers of early tobacco varieties. It is therefore appropriate to remove that provision.

<sup>(1)</sup> OJ L 270, 21.10.2003, p. 1. Regulation last amended by Regulation (EC) No 319/2006 (OJ L 58, 28.2.2006, p. 32).

<sup>(2)</sup> OJ L 345, 20.11.2004, p. 1. Regulation last amended by Regulation (EC) No 263/2006 (OJ L 46, 16.2.2006, p. 24).

<sup>(3)</sup> OJ L 141, 30.4.2004, p. 18. Regulation as last amended by Regulation (EC) No 659/2006 (see page 20 of this Official Journal).

<sup>(4)</sup> OJ L 58, 28.2.2006, p. 1.

- (7) In application of Article 71(1) of Regulation (EC) No 1782/2003, Slovenia decided to apply the single payment scheme in 2007. The third subparagraph of Article 71(1) of that Regulation provides that the transitional period shall apply only until 31 December 2005 in respect of hops. Slovenia would therefore be obliged to implement the single payment scheme only for that sector and integrate all the other sectors in 2007. In order to facilitate the transition towards the single payment scheme, Article 48a(11) of Commission Regulation (EC) No 795/2004 of 21 April 2004 laying down detailed rules for the implementation of the single payment scheme provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers<sup>(1)</sup>, provides for the continuation of the applicability of the previous hops regime in Slovenia until 31 December 2006 and therefore to proceed to the implementation of the single payment scheme for all sectors concerned in 2007. It is, therefore, appropriate to align the provisions of Regulation (EC) No 1973/2004 with those contained in Regulation (EC) No 795/2004 and, thus, to provide for the applicability, in Slovenia until 31 December 2006, of the implementing rules provided for in Commission Regulation (EC) No 609/1999 of 19 March 1999 laying down detailed rules for granting aid to hop producers<sup>(2)</sup>.
- (8) Pursuant to the second paragraph of Article 71 of Regulation (EC) No 1973/2004, Spain has proposed an amendment of Annex X to that Regulation with a view to adding the less-favoured areas in the provinces of Coruña and Lugo situated in the Autonomous Region of Galicia and provided the Commission with a detailed justification of this proposal which indicates that the criteria referred to in Article 113(2) of Regulation (EC) No 1782/2003 are fulfilled. Taking account of this justification, Annex X to Regulation (EC) No 1973/2004 should be amended in order to insert the areas in question.
- (9) Annex II to Commission Decision C(2004) 1439/3 of 29 April 2004 concerning the minimum size of eligible area per holding, the agricultural area under the single area payment scheme and the annual financial envelope in respect of the year 2004 for the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Poland and Slovakia, sets out the agricultural area under the single area payment scheme referred to in Article 143b(4) of Regulation (EC) No 1782/2003. The respective figure concerning Poland has been amended by Commission Decision C(2005) 4553 of 25 November 2005. That amount should also be reflected in Annex XXI to Regulation (EC) No 1973/2004.
- (10) Annex XXI to Regulation (EC) No 1973/2004 sets the agricultural area under the single area payment scheme for Slovakia at 1 976 thousand hectares. However, the correct area to be taken into account amounts to 1 955 thousand hectares as it has been established in Annex II to Decision C(2004) 1439/3. That amount needs to be reflected in Annex XXI to Regulation (EC) No 1973/2004.
- (11) Following a further review in Lithuania of the estimation of the agricultural area under the single area payment scheme in accordance with Article 143b(4) of Regulation (EC) No 1782/2003, Commission Decision C(2006) 1691 of 26 April 2006 increased the overall agricultural area from currently 2 288 thousand hectares to 2 574 thousand hectares. Annex XXI to Regulation (EC) No 1973/2004 should be adapted accordingly.
- (12) New tobacco varieties have been introduced to the Community market, which should be included in Annex XXV to Regulation (EC) No 1973/2004.
- (13) Regulation (EC) No 1973/2004 should therefore be amended accordingly.
- (14) Since the amendments provided for in this Regulation relate to the marketing years starting as from the year 2006, this Regulation should apply as of 1 January 2006. However, as regards the amendment of the agricultural area under the single area payment scheme in relation to Poland, this Regulation should take effect as from the year 2005 as it leads to higher payments to the applicants under that scheme.
- (15) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Direct Payments,

HAS ADOPTED THIS REGULATION:

*Article 1*

Regulation (EC) No 1973/2004 is amended as follows:

<sup>(1)</sup> OJ L 141, 30.4.2004, p. 1. Regulation as last amended by Regulation (EC) No 658/2006 (see page 14 of this Official Journal).

<sup>(2)</sup> OJ L 75, 20.3.1999, p. 20.

## 1. Article 3(c) is replaced by the following:

(c) by 31 July of the following year at the latest, after, where applicable, the deduction of the reductions in area provided for in Chapter I of Title IV of Regulation (EC) No 796/2004, the final data corresponding to the following:

- (i) the areas or quantities referred to in point (a) for which the aid has actually been paid for the year concerned;
- (ii) the quantities expressed in starch equivalent in the case of the aid for starch potato provided for in Article 93 of Regulation (EC) No 1782/2003 for which the aid has actually been paid for the year concerned;
- (iii) the quantities of sugar under quota obtained from sugar beet or cane delivered under contract in the case of aid for sugar beet and cane producers provided for in Chapter 10f of Title IV of Regulation (EC) No 1782/2003, for which aid has actually been paid for the year concerned.;

## 2. in Article 23, the following point is added:

(c) "collector" means any person concluding a contract with an applicant as referred to in Article 26, who purchases on his own account raw materials referred to in Article 24 and intended for the uses provided for in the second paragraph of Article 88 of Regulation (EC) No 1782/2003.;

## 3. Article 24 is amended as follows:

(a) in paragraph 1, the first subparagraph is replaced by the following:

'Any agricultural raw material may be grown on the areas covered by the aid provided for in Article 88 of Regulation (EC) No 1782/2003 provided that they are intended primarily for use in the production of the energy products referred to in the second paragraph of that Article.;

(b) paragraph 3 is amended as follows:

(i) the first subparagraph is replaced by the following:

'Applicants shall deliver all raw materials harvested to a collector or first processor who shall take delivery of them and ensure that an equivalent quantity of such raw materials is used within the Community for the manufacture of one or more energy products as referred to in the second paragraph of Article 88 of Regulation (EC) No 1782/2003.;

(ii) the third subparagraph is replaced by the following:

'In the case referred to in the second subparagraph, or where the collector sells an equivalent quantity of the raw material harvested, the first processor or the collector shall so inform the competent authority with whom the security is lodged. Where such equivalent quantity is used in a Member State other than that in which the raw material is harvested, the competent authorities of the Member States concerned shall inform each other of the details of such transaction.;

(c) paragraph 4 is replaced by the following:

'4. In accordance with the national provisions governing contractual relations, the first processor may delegate to a third party the collection of the raw material from the farmer applying for the aid. The processor remains solely responsible with regard to the obligations laid down by this Chapter.;

## 4. Article 26 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. In support of their aid applications, applicants shall submit to their competent authorities the contracts they have concluded with a collector or first processor.

However, Member States may decide that the contract may only be concluded between an applicant and a first processor.;

(b) paragraph 3 is replaced by the following:

'3. Applicants shall ensure that the contracts are concluded in time to allow collectors or first processors to deposit a copy with their competent authorities within the time-limits laid down in Article 34(1).;

5. Article 29 is amended as follows:

(a) the first paragraph is replaced by the following:

‘Without prejudice to Article 27, collectors or first processors may alter the intended primary end uses of raw materials, as referred to in Article 26(2)(f), once the raw materials under contract have been delivered to them and once the conditions laid down in Article 31(1) and in the first subparagraph of Article 34(3) have been fulfilled.’;

(b) the third paragraph is replaced by the following:

‘The collectors or first processors shall give prior notice to their competent authorities with a view to the requisite controls.’;

6. in Article 31(2), the first subparagraph is replaced by the following:

‘The actual quantities to be delivered by the applicants to the collectors or first processors shall at least correspond to the representative yield.’;

7. in Article 32, paragraph 1 is amended as follows:

(a) the introductory terms are replaced by the following:

‘The aid may be paid to applicants before the raw material is processed. However, such payments shall be made only where the requisite quantities of raw materials pursuant to this Chapter have been delivered to the collector or first processor and where:’;

(b) point (b) is replaced by the following:

‘(b) a copy of the contract has been deposited with the collector’s or first processor’s competent authority in accordance with Article 34(1) and the conditions provided for in Article 24(1) have been fulfilled.’;

8. in Chapter 8, the heading of Section 6 is replaced by the following:

#### **SECTION 6**

*Obligations on applicants, collectors and first processors*

9. Article 33 is replaced by the following:

‘Article 33

#### **Number of processors**

Energy products shall be obtained at the most by a third successive processor’;

10. Article 34 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Collectors or first processors shall deposit a copy of the contract with their competent authorities under a timetable to be established by the Member State concerned and no later than the closing date for the submission of aid applications for the year in question in the Member State concerned.

Where applicants and collectors or first processors amend or terminate contracts prior to the date referred to in Article 27 in a given year, the collectors or first processors shall deposit with their competent authorities a copy of the amended or terminated contract, no later than that date.’

(b) paragraph 3 is replaced by the following:

‘3. Collectors or first processors who have taken over the raw materials from applicants shall inform their competent authorities of the quantities of raw materials received, specifying the species, the name and address of the party to the contract who delivered the raw materials, the place of delivery and the contract reference, within a time-limit to be set by the Member States that allows the payments to be made within the period specified in Article 28 of Regulation (EC) No 1782/2003.

Where the Member State of the collector or first processor is not the same Member State in which the raw materials have been grown, the competent authorities concerned shall inform the competent authority of the applicant of the total quantities of raw materials delivered, within 40 working days of receipt of the information referred to in the first subparagraph.’;

11. Article 35 is amended as follows:

(a) the title is replaced by the following:

‘Article 35

#### **Collectors and first processors’;**

(b) paragraphs 1 and 2 are replaced by the following:

'1. Collectors or first processors shall lodge a full security as provided for in paragraph 2 with their competent authorities by the closing date for submission of payment applications for the year in question in the Member State concerned.

2. The securities to be lodged in respect of each raw material shall be calculated by multiplying the sum of all areas covered by a contract signed by the collector or first processor concerned and used to produce that raw material, by the rate of EUR 60 per hectare.;

(c) paragraph 4 is replaced by the following:

'4. A percentage of the security shall be released for each raw material on condition that the competent authority of the collector or first processor concerned is in possession of proof that the quantity of raw material in question has been processed in compliance with the requirement laid down in Article 26(2)(f), account being taken, where necessary, of any changes pursuant to the Article 29.;

(d) the following paragraph is added:

'5. Without prejudice to paragraph 4, where the security has been lodged by the collector, it shall be released once the raw material in question has been delivered to the first processor, provided that the collector's competent authority has proof that the first processor has lodged an equivalent security with their competent authority.;

12. in Article 36(2), the introductory terms are replaced by the following:

'The following obligations, incumbent on collectors or first processors, shall constitute subordinate requirements within the meaning of Article 20 of Regulation (EEC) No 2220/85.;

13. in Article 37, the first paragraph is replaced by the following:

'Where first processors sell or transfer to second or third processors in other Member States intermediate products covered by contracts as provided for in Article 26, the

products shall be accompanied by T5 control copies issued in accordance with Regulation (EEC) No 2454/93.

Where collectors sell or transfer to first processors established in other Member States raw materials covered by contracts, the first paragraph shall apply.;

14. Article 38 is amended as follows:

(a) the introductory terms are replaced by the following:

'If the T5 control copy is not returned to the office of departure of the body responsible for control in the Member State in which the collector or first processor is established two months after expiry of the deadline for the processing of raw materials provided for in Article 36(1)(a), as a result of circumstances for which the first processor is not responsible, the following documents may be accepted as alternatives to the T5 control copy.;

(b) points (b) and (c) are replaced by the following:

'(b) statements by the second and third processors verifying the final processing of the raw materials into energy products as referred to in Article 88 of Regulation (EC) No 1782/2003;

(c) certified photocopies from the second and third processors of accounting documents providing that processing has been carried out.;

15. Article 39 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) the first subparagraph is replaced by the following:

'The competent authority of the Member State shall specify the records to be kept by collectors or processors and the frequency thereof, which shall be at least monthly.;

(ii) in the second subparagraph, the introductory sentence is replaced by the following:

'In the case of processors, such records shall comprise at least the following information.;

(iii) the following subparagraph is added:

'In the case of collectors, such records shall comprise at least the following information:

- (a) the quantities of all raw materials purchased and sold for processing under this scheme;
- (b) the names and addresses of the first processors.;

(b) paragraph 2 is replaced by the following:

'2. The competent authority of the collector or first processor shall check that the contract submitted complies with the conditions laid down in Article 24(1). Where those conditions are not met, the applicants' competent authorities shall be notified.;

16. Article 40(1) is replaced by the following:

'1. The competent authorities of the Member States in which collectors are located shall carry out checks on the premises of at least 25 % of the collectors established in their territory, selected on the basis of a risk analysis. Such checks shall comprise physical checks and inspections of commercial documents, with a view to verifying consistency between the purchases of raw materials and the corresponding deliveries.

1a. The competent authorities of the Member States in which processing takes place shall check compliance with Article 24(1) at the premises of at least 25 % of the processors located in their territory, selected on the basis of a risk analysis. Such checks shall involve at least:

- (a) a comparison of the sum of the values of all the energy products with the sum of the values of all other products intended for other uses and obtained from the same processing operation;
- (b) analysis of the processor's production system, comprising physical checks and inspections of commercial documents, with a view to verifying, in the case of processors, that deliveries of raw materials, end products, co-products and by-products tally.

For the purpose of the checks referred to in point (b) of the first subparagraph, the competent authorities shall base themselves in particular on the technical processing coefficients for the raw materials concerned. Where such coeffi-

cients exist for exports in Community legislation, they shall be applied. Where they do not, but other coefficients do exist in Community legislation, they shall be applied. In all other cases, inspection shall rely mainly on the coefficients generally accepted by the processing industry.;

17. the following Chapter is inserted after Article 142:

'CHAPTER 15a

#### SEPARATE SUGAR PAYMENT

*Article 142a*

#### **Application of Regulation (EC) No 796/2004**

As regards the separate sugar payment established in Article 143ba of Regulation (EC) No 1782/2003, Articles 5, 10, 18 to 22, 65, 66, 67, 70, 71a, 72 and 73 of Regulation (EC) No 796/2004 shall apply.;

18. in Article 143, paragraph 2 is replaced by the following:

'2. Sugarbeet, Jerusalem artichokes or chicory roots may be grown on set-aside land provided that:

- (a) the sugarbeet does not serve for the production of sugar, as defined by Commission Regulation (EC) No 314/2002 (\*), either as an intermediate product, co-product or by-product;
- (b) the chicory roots and Jerusalem artichokes do not undergo the process of hydrolysis as referred to in Regulation (EC) No 314/2002, either in their natural state or as an intermediate product such as inuline, or as a co-product such as oligofructose, or as any by-products.

(\*) OJ L 50, 21.2.2002, p. 40.;

19. in Article 171cm(5), the last sentence is deleted;

20. in Article 172(3), the following sentence is added:

'It shall also continue to apply in Slovenia to applications for payments in respect of the 2006 harvest with regard to Regulation (EEC) No 1696/71 and until 31 December 2006 with regard to Council Regulation (EC) No 1098/98 (\*).

(\*) OJ L 157, 30.5.1998, p. 7.'

21. Annex IX is amended as follows:

- (a) the paragraph relating to line 23 is deleted;
- (b) in the table, line 23 is deleted.

22. in Annex X, point 3 is replaced by the following text:

‘3. Spain: the autonomous regions of Andalusia, Aragon, Balearic Islands, Castile-La-Mancha, Castile-Leon, Catalonia, Extremadura, Galicia (excluding those areas in the provinces of A Coruña and Lugo that are not considered as less-favoured areas pursuant to Regulation (EC) No 1257/1999), Madrid, Murcia, La Rioja and Comunidad Valenciana and the Canary Islands (\*), and all mountain areas within the meaning of Article 18 of Regulation (EC) No 1257/1999 situated outside these regions.

(\*) The French overseas departments, Madeira, the Canary and Aegean Islands shall be considered as excluded from this Annex in the event of application of the optional exclusion provided for in Article 70(1)(b) of Regulation (EC) No 1782/2003 by the interested Member State.’;

23. Annex XXI is amended as follows:

- (a) the figure for Lithuania is replaced by ‘2 574’;

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 27 April 2006.

(b) the figure for Poland is replaced by ‘14 337’;

(c) the figure for Slovakia is replaced by ‘1 955’.

24. in Annex XXIII, the last indent is replaced by the following text:

‘— all products referred to in Council Regulation (EC) No 318/2006 (\*) on condition that they are not obtained from sugar beet cultivated on land set aside, and that they do not contain products derived from sugar beet cultivated on land set aside.

(\*) OJ L 58, 28.2.2006, p. 1.’

25. Annex XXV is replaced by the text in the Annex to this Regulation.

#### Article 2

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall apply to aid applications relating to marketing years starting from 1 January 2006. However, Article 1(23)(b) and (c) shall apply to aid applications relating to marketing years starting from 1 January 2005.

For the Commission

Mariann FISCHER BOEL

Member of the Commission

## ANNEX

## ‘ANNEX XXV

## CLASSIFICATION OF TOBACCO VARIETIES

## as referred to in Article 171ca

## I. FLUE-CURED

Virginia	Wilia
Virginia D and hybrids thereof	Waleria
Bright	Watra
Wiślica	Wanda
Virginia SCR IUN	Weneda
Wiktoria	Wenus
Wiecha	DH 16
Wika	DH 17
Wala	Winta
Wisła	Weronika

## II. LIGHT AIR-CURED

Burley	Baca
Badischer Burley and hybrids thereof	Bocheński
Maryland	Bonus
Bursan	NC 3
Bachus	Tennessee 86
Bożek	Tennessee 97
Boruta	Bazyl
Tennessee 90	Bms 3

## III. DARK AIR-CURED

Badischer Geudertheimer, Pereg, Korso	Goyano
Paraguay and hybrids thereof	Hybrids of Geudertheimer
Dragon Vert and hybrids thereof	Beneventano
Philippin	Brasile Selvaggio and similar varieties
Petit Grammont (Flobecq)	Fermented Burley
Semois	Havanna
Appelterre	Prezydent
Nijkerk	Mieszko
Misionero and hybrids thereof	Milenium
Rio Grande and hybrids thereof	Małopolanin
Forchheimer Havanna Ilc	Makar
Nostrano del Brenta	Mega
Resistente 142	

## IV. FIRE-CURED

Kentucky and hybrids  
Moro di Cori  
Salento  
Kosmos

## V. SUN-CURED

Xanthi-Yaka  
Perustitza  
Samsun  
Erzegovina and similar varieties  
Myrodata Smyrnis, Trapezous and Phi I  
Kaba Koulak (non-classic)  
Tsebelia  
Mavra

## VI. BASMAS

## VII. KATERINI AND SIMILAR VARIETIES

## VIII. KABA KOULAK (CLASSIC)

Elassona  
Myrodata Agrinion  
Zichnomyrodata'

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