



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

### TABLE OF CONTENTS

#### COMPETITION

- ECJ clarifies meaning of an 'act open to challenge' on the basis of article 230 EC 2
- Commission sends second statement of objections to Intel 4
- General Block exemption regulation adopted (GBER) 5
- Maritime transport services guidelines on competition law compliance 7

#### TELECOMMUNICATIONS

- European Data Supervisor on safer Internet for children 9
- Telecoms package reform vote underway but controversy remains 10

#### INTELLECTUAL PROPERTY

- Commission bans restrictive clauses and practices among collecting societies 12

#### INTERNAL AFFAIRS

- Brussels plans to increase EU excises duties on cigarettes 16

#### HEALTH & CONSUMERS

- Stricter EU rules for food additives to be adopted 17

#### SPORTS

- Social dialogue committee on professional football launched 19

#### SPECIAL REPORT

- Common Agricultural Policy: The new cotton support scheme 21



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

### COMPETITION

- ECJ clarifies meaning of an ‘act open to challenge’ on the basis of article 230 EC

On July 17th, the European Court of Justice, judging on the case C-521/06 (*Athinaiki Techniki vs. Commission*), quashed the order of the Court of First Instance of 26 September 2006 (Case T-94/05). The Court referred the case back to the Court of First Instance, which will now judge on the merits and annul or uphold the Commission’s decision of 2 June 2004 on a complaint concerning an alleged State aid. This ‘aid’ was granted by the Hellenic Republic to the Hyatt Regency consortium, in a case linked to the public contract for the disposal of 49% of the capital of Casino Mont Parnès.

Previously, the Court of First Instance had dismissed as inadmissible the action seeking annulment of the Commission's letter of 2 December 2004 which informed the applicant that no further action would be taken in regard to the complaint. The argument put forward by the Commission at the time was that





Pappas  
&  
Associates

*Attorneys at law*

## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

State aid had been granted by the Hellenic Republic in the context of a public contract tendering procedure which was found to be in conformity with EC rules and could therefore not be contested. Furthermore, the Court of First Instance considered that the letter in which the Commission informed the applicant of the complaint's inadmissibility was not an actionable measure for the purposes of article 230 EC Treaty.

However, the European Court of Justice looked closer at the case and stipulated that, essentially, even in the absence of a decision taken by the College of Commissioners, an information letter by the Services may, under certain conditions, contain a "decision" such as the one in the case at hand which closed the case and thus constitute an actionable measure for the purposes of article 230 EC Treaty. Since the Commission adopted its position on the ground that the State measure at issue did not constitute State aid, the contested act, despite not fulfilling the formal criteria thereof, must therefore be classified as a decision within the meaning of article 4(2) of Regulation No 659/1999, read in conjunction with articles 13(1) and the third sentence of article 20(2) of the same regulation.

In other words, the crucial point which should allow for the Commission's letter to be scrutinised (as an actionable measure) is that the latter did, indeed, adopt a definite position on Athinaiki Techniki's request which was seeking a finding of infringement of





Pappas  
&  
Associates

*Attorneys at law*

## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

Articles 87 EC and 88 EC. This new case law thus reinforces the rights of defence and affirms the accountability of the EU's executive body beyond formal prerequisites.

- **Commission sends second statement of objections to Intel**

On July 17<sup>th</sup>, the European Commission confirmed having sent a supplementary Statement of Objections (SSO) to Intel while investigating the case of possible abuse of the company's dominant position in the x86 Central Processing Units market. The Commission investigation has began several months ago, by conducting raids in the offices of the main European electronic goods retailers, notably Media Markt, PPR and DSG International and of Intel itself (see: *Pappas&Associates Newsletter*, February 2008, "EU regulator raids Intel offices", p.4).

Intel is believed to have tried to exclude its main rival, AMD, by employing anticompetitive practices such as providing substantial rebates to a leading European personal computer (PC) retailer conditional on it selling only Intel-based PCs and making payments in order to induce a leading Original Equipment Manufacturer (OEM) to delay the planned launch of a product line incorporating an AMD-based Central Processing Unit. Also, the Commission is looking into substantial rebates provided by Intel to that same manufacturer in a subsequent period which were conditional on it obtaining all of its laptop CPU requirements from Intel.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

Intel's spokesperson expressed disappointment in the Statement of Objections which appears to support AMD's position in the case. AMD has appealed to regulators and courts around the world for several years trying to prove that such market behaviour employed by Intel was clearly aiming at excluding it from the market.

- **General Block exemption regulation adopted (GBER)**

On July 7<sup>th</sup>, the European Commission has adopted a Regulation, which automatically approves several aid measures, thus permitting Member States to adopt such aid without first notifying the Commission. Exempted from the obligation to notify are measures designed to promote SMEs, such as: investment and employment, research and development, technical feasibility studies, small enterprises newly created by female entrepreneurs or in assisted regions, young innovative enterprises, consulting, participation in fairs, provision of risk capital etc.

Additional aid types covered are the ones destined to facilitate training and recruitment (of disadvantaged or disabled workers in the form of wage subsidies, employment and compensation of the additional costs of employing disabled workers) as well as regional investment and employment. Further aid measures falling under the exemption are the ones aiming at protecting the environment, such as investments in energy saving measures, in high efficiency cogeneration, in the





## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

promotion of energy from renewable energy, environmental studies, in the form of tax reductions etc.

The new Block Regulation, which consolidates the patchwork of rules existing in five Regulations, is also meant to reduce the administrative hurdles for public authorities, the stakeholders and the Commission. "These new rules set out a clear framework to allow Member States to grant aid targeted at creating jobs, boosting competitiveness and improving the environment without the Commission having to get involved at all" said EU Competition Commissioner Neelie Kroes. The Commissioner drew parallels with the State Aid Action Plan and the Small Business Act, which help clarify the conditions of compatibility outlined in Article 87(3) of the EC Treaty. Therefore, these instruments are meant to help simplify the adoption of "block exemptions" exempting Member States from the obligation of prior notification of the aid to the Commission.

All in all, the Block Regulation harmonises many horizontal aspects regarding aid granting in different areas, consistent with the Commission's Better Regulation policy. It rationalises five until now fragmented aid instruments (aid to SMEs, research and development aid in favour of SMEs, aid for employment, training aid and regional aid) and foresees five additional categories (environmental aid, innovation aid, research and development aid for large companies, aid in the form of risk capital and aid for enterprises newly created by female entrepreneurs).



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

- **Maritime transport services guidelines on competition law compliance**

On July 1<sup>st</sup>, the European Commission published Guidelines on the application of EC competition rules on restrictive business practices (article 81 EC Treaty) to maritime transport services. After the exemption from EU competition rules for liner shipping conferences have been repealed in 2006, the liner companies will be obliged, as of coming October 18<sup>th</sup>, to assess themselves whether their business practices comply with the above mentioned rules.

These Guidelines, which are an integral part of the Commission's Action Plan to implement the Integrated Maritime Policy, will be instrumental in helping the companies understand and comply with the new status. Most notably, they explain how to provide details on market definition, information exchange in liner shipping and on so-called pool agreements, i.e. operational co-operation agreements between tramp operators (as the case is for unscheduled maritime transport of non-containerised bulk cargo). "By providing guidance to maritime operators on EU competition rules, these Guidelines mark a significant step towards better enforcement in the maritime sector ", Competition Commissioner Neelie Kroes said.





Pappas  
&  
Associates

*Attorneys at law*

## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

Also, the scope of the procedural antitrust rules (EC Regulation No 1/2003 – which implements the rules laid down in articles 81 and 82 EC Treaty) will be extended to cabotage (i.e. the transport of goods between two points in the same country) and tramp shipping services (unscheduled maritime transport of non-containerised bulk cargo).

After a public consultation, the guidelines issued aim at clarifying the rules on information exchanges and trade associations in the liner sector and on the legal treatment of tramp pools. Special reference is made to the circumstances in which the anti-competitive effects of a pool agreement may be countervailed by its pro-competitive effects (e.g. better quality services or lower prices for customers). The next steps in the maritime sector reform include a public consultation on a preliminary draft regulation on the renewal of the block exemption Regulation for liner shipping consortia (Commission Regulation (EC) No 823/2000 of 19 April 2000). According to this regulation, shipping lines may cooperate extensively in order to provide a joint service (so-called "consortia").





## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

### TELECOMMUNICATIONS

- **European Data Supervisor on safer Internet for children**

On June 23<sup>rd</sup>, the European Data Protection Supervisor adopted an Opinion on children protection as users of the internet and other communication technologies. As a first step, Peter Hustinx said that children's data should by all means be protected. Further data protection should also apply to those who are connected in some way with pieces of information circulating on the network in delicate situations, such as for example within the framework of a case of illegal conduct (e.g. person reported as suspect, reporting person, victim of abuse).

The supervisor added on the issue: "An appropriate protection of the personal information of the child is an essential preliminary step to ensure safety while being online. The protection of children's personal data is of course the main issue, but it should be kept in mind that the protection of children occurs in an environment where the rights of others might also be at stake. Any surveillance of the network should therefore only take place with due respect for the fundamental rights of all individuals involved."

Some of the main points included in the opinion touch upon the role of the data protection authorities in this context and the need to reconcile possible systems to report illegal or harmful content online with the



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

existing data protection framework. Filtering or blocking tools to control access to networks should be used with caution so as to obviate adverse effects (e.g. preventing access to legitimate information) and any new technological opportunities to protect privacy should be put to place. The industry could also promote the development of relevant ‘best practices’ on the issue. As to the surveillance of telecommunication networks, in cases where this is deemed necessary for law enforcement etc. serious reasons, should lie with the law enforcement authorities.

- **Telecoms package reform vote underway but controversy remains**

On June 10<sup>th</sup>, the Parliament Committees voted on the Reform of the Telecoms Package. They accepted some of the Commission’s key proposals, such as the possibility that national regulators order functional separation of incumbents in case this is necessary to ensure competition. Under that scenario, a dominant operator would be asked to separate its access network infrastructure and service arms, so that other competitors have a fair chance to compete using that infrastructure. According to Viviane Reding, the EU Telecoms Commissioner, this tool “will enable national regulators to address cases of persistent competition bottlenecks”.

To the issue of the regulatory authority, the Parliament Committees voted in favour of a new Body of European Regulators for Telecommunications, composed of independent national telecoms regulators and financed by



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

2/3 by national taxpayers. On this note, Commissioner Reding welcomed the 'good intentions' behind the idea of creating a new Body of European Regulators for Telecommunications (BERT) but also expressed her doubts regarding "whether BERT and the heavy Article 7-procedure now created will be able to deliver coherent regulatory responses to the regulatory obstacles still far too present in Europe's single telecoms market. Questions remain especially as regards the financing of the new Body as well as its capability to arrive swiftly and efficiently at common positions". It is reminded that the Commission had originally proposed a new European Telecommunications Agency which was turned down by the Parliament. On another note, the mandate of the existing European Network Information and Security Agency (ENISA) will be prolonged until 2012.

The IMCO Committee approved most of the measures aiming at enhancing transparency on pricing and conditions and improving number portability rules. For disabled users, services such as 112 or television programmes' subtitles will become widely available.

However, some debate still remains after the Internal Market (IMCO) Committee's vote on one of the Telecom regulation issues which fall within its sphere of competency. Despite the necessity to work together under the "enhanced cooperation" procedure at issues which touch upon the competence of both committees, the Internal Market (IMCO) Committee did not include the opinion of the Civil Rights Committee's





Pappas  
&  
Associates

*Attorneys at law*

## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

(LIBE) on the contestable issue of processing of electronic traffic data (review of the Directive on personal data and protection of privacy for electronic services). According to the new wording, data by "any natural or legal person", without the consent of the user, may be used if necessary for security purposes.

The opposing MEPs, which are mainly socialists and greens, point out that traffic data includes sensitive information, such as IP addresses as well as information relating to the duration, timing, volume and origins of an electronic communication. On the other hand, the LIBE Committee suggests traffic data processing is essential "to preserve and enhance the security of their services and the network", such as of bank transactions or personal health records transmissions. If the IMCO Committee continues to disagree, the plenary vote on the whole Telecoms package, which is planned for September 3<sup>rd</sup>, will be postponed.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

### INTELLECTUAL PROPERTY

- European Commission bans restrictive clauses and practices among collecting societies

On July 16<sup>th</sup>, the European Commission announced its decision to prohibit twenty-four European collecting societies ‘from restricting competition by limiting their ability to offer their services to authors and commercial users outside their domestic territory’. Collecting societies may maintain their current bi-lateral agreements and keep their right to set levels of royalty payments due within their domestic territory.

Collecting societies acquire from music authors (lyricists and composers) the rights to manage on their behalf, worldwide, the copyright of their musical works. Under the current International Confederation’s of Societies of Authors and Composers (CISAC) model contract, collecting societies have concluded reciprocal representation agreements for the collective management of the public performance rights of their musical works. That way, each one of them may offer the repertoire of all the artists represented by all the collecting societies which participate in those agreements. Authors of musical works benefit from the public performance rights by authorising (or prohibiting) the exploitation of their works by commercial users such as TV channels and radio stations, and receiving royalties every time their music is played.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

The Commission's decision does not impose fines but asks the collecting societies to modify their agreements and practices in order to comply with competition law. If those restrictions are removed from the contracts, authors will be able to choose which collecting society will best manage their copyrights, says the Commission. Also, it will be easier for users to obtain licences for broadcasting music over different infrastructures, such as the internet, by cable and by satellite in several countries from a single collection society of their choice.

The clauses which should be abolished and currently apply to the twenty four collecting societies and CISAC members based within the European Economic Area are the membership clause, which prevents authors from choosing or moving to another collecting society, territorial restrictions (such as the one preventing collecting society from offering licences to commercial users outside their domestic territory) and exclusivity clauses included therein. According to the latter, a collecting society authorises another CISAC member to administer its repertoire on a given territory on an exclusive basis. Such concerted practices result in a terrestrial segmentation on a national basis. Therefore, commercial users may not acquire a licence which covers several or all Member States if they want to offer a pan-European media service, but are obliged to negotiate with each individual national collecting society.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

"This decision will benefit cultural diversity by encouraging collecting societies to offer composers and lyricists a better deal in terms of collecting the money to which they are entitled. It will also facilitate the development of satellite, cable and internet broadcasting, giving listeners more choice and giving authors more potential revenue", Competition Commissioner Neelie Kroes said. More efficiency and competition will be the focus of collecting societies, which will have to strive for more quality of their services and administrative cost-cuttings (these costs are deducted from the fees before the actual author's remuneration).

However, the European Composer and Songwriter Alliance (ECSA) has "severe doubts" about the effects of tempering with the existing system of reciprocal contracts among collecting societies. If, as the DG Competition is appearing to suggest, the Societies are required to 'compete' with one another across national boundaries on price, the whole system will collapse. Major rights holders will withdraw their repertoires and either place them with an agency [...] or they will look towards direct licensing themselves", ECSA said in a statement. The Association suggests that enhanced competition among collecting societies would in effect harm the smallest societies – "who represent less mainstream repertoires". Thus, according to this opinion, cultural diversity in the European music landscape will ultimately decline.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

### INTERNAL AFFAIRS

- [Brussels plan to increase EU excise duties on cigarettes](#)

The European Commission is planning to raise the EU's current minimum excise duties on cigarettes and tobacco so as to reflect inflation. This move is also thought to result in decreased consumption as well as smaller price differences between Member States. EU tax commissioner Laszlo Kovacs said that "[s]ubstantial differences in tax and price levels of tobacco products lead to considerable cross-border shopping and intra-community smuggling. These differences undermine the budgetary and health objectives of the Member States and result in a distortion of the functioning of the Internal Market".

The Commissioner admitted, however, that the price increase for countries which joined the EU will be very sharp (e.g. price in Poland will rise by 46%). It is therefore expected that Member States will have difficulties accepting the new measures, which will have to be approved of unanimously. Kovacs mentioned the possibility to extend the time frame for countries facing difficulties by one or two years (so that if the deadline is planned for 2014, they would be given until 2016).





## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

Currently, the EU's excise duties levied on cigarettes must account for at least 57 percent of the price, and must be at least €64 per 1000 cigarettes of the prevailing brand in a given Member State. The new proposal envisages scrapping the most popular brand concept, which is considered outdated given the modern market dynamics, and raising duties to the 63 percent of the weighted average price for the rate of €90 by 2014. Also roll-your-own tobacco, which is up to now been treated differently in EU Member States, will fall under the cigarette tax scheme, according to the proposals.

The Commission refers to World Bank's studies which indicate that price increase is the most effective smoking preventive measure and estimate that the price raise will contribute to reducing tobacco consumption by 10 percent in five years in the majority of Member States.

### HEALTH AND CONSUMERS

- [Stricter EU rules for food additives to be adopted](#)

The Commission's proposals for a regulation establishing a common authorisation procedure for food additives, enzymes and flavourings and certain ingredients with flavouring properties were discussed at the European Parliament earlier this month. On July 8<sup>th</sup>, the final report on the proposal highlights that sweeteners, colourings, preservatives, antioxidants, emulsifiers, gelling agents and packaging gases may only



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

be authorised if they are safe and bring benefits to consumers, if there is a technological need for their use and if (lack of) information on their use does not mislead the consumer.

The detailed draft rules aim at simplifying, clarifying existing rules as well as enhancing consumer information on existence of artificial flavourings and other food additives. The majority of the MEPs are not in favour of banning them but rather of establishing stronger labeling systems. The Greens argued that this should also be the case for GMO additives.

The modified proposal on nanotechnology in food additives foresees that no separate limit values will apply. Instead, a new authorisation process and safety evaluation will have to be carried out if an additive's production process is changed. Bright colouring additives, which were found to cause hyperactivity in children, will not be banned but, in addition to the traditional E number, they will be labeled as products which "may have an adverse effect on activity and attention in children". Flavourings, i.e. substances which change the smell and/or taste of food products, will only be characterised 'natural' if 95% of their elements are of natural origin.

Also, certain food ingredients with flavouring properties, such as herbs and spices destined to private use and not fresh or dried or the ones included in industrially-processed food, will have to contain a reduced level of toxins in order to be authorised for use. For enzymes, i.e.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

substances alternative to chemicals meant to improve the texture, appearance and nutritional value of foods, will only be authorised if they do not mislead consumers regarding their properties (freshness, nature and quality of the products and nutritional quality).

It is foreseen that the EU centralised authorisation procedure will be based on a scientific opinion by the European Food Safety Authority (EFSA), therefore guaranteeing common high consumer protection standards. In parallel to the authorisation procedure for new additives, flavourings and enzymes which are already on the market will be re-evaluated. For reasons of legal certainty, currently authorised substances will not be removed from the market until the updating process is complete and only if they are not in the approved list. The regulations are expected to come into effect by 2010.

### SPORTS

- [Debate on football players' quotas heats up](#)

On July 2<sup>nd</sup>, the Commission launched – after six years of negotiations – a European social dialogue committee on professional football, which will be chaired by the president of UEFA. The goal is to enhance the dialogue between employers (clubs) and players and upgrade their professional relations. The players will be represented by the International Federation



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

of Professional Footballers' Associations Division Europe (FIFPro) and the clubs by the Association of European Professional Football Leagues (EPFL) and the European Club Association (ECA).

In order "to bring more legal certainty and stability to footballers' contracts", several issues will be discussed such as, for example, minimum requirements regarding insurance, education, health, safety and image rights. "Footballers are some of the most mobile professionals in Europe, so this new social dialogue will help to tackle issues that simply cannot be resolved at national level" Vladimír Špidla, EU Social Affairs Commissioner, said on the subject.

The EU commissioner in charge of sport, Ján Figel, believes that this dialogue reflects "an increased willingness and openness for lasting, constructive dialogue in the sporting world between the sports organisations, sportspersons themselves and the European Commission". As a spill-over effect, this social dialogue initiative may pave the way towards "commonly agreed codes of conduct or charters," which could address important issues related to training, working conditions or the protection of young people.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

### SPECIAL REPORT

- [Common Agriculture Policy: The new cotton support scheme](#)

–by Angeliki Barmpagalou, Pappas & Associates

The cotton sector in the EU has a strong regional importance in Greece and Spain, the two main producing Member States. Around 76% of the EU's total output is cultivated in Greece and the rest in Spain. A small amount of cotton is produced in Bulgaria and Portugal. Generally cotton contributes only 0.15% to the final agricultural output of the EU.

In Greece, most of the 370 000 ha devoted to growing cotton can be found in three regions: Thessaly, Macedonia–Thrace and Sterea Ellada. In Spain, production is concentrated in Andalusia, mainly in the provinces of Seville and Cordoba with the total cotton cultivation area in the whole land being about 65,000 ha in 2007.

In both mainly producing countries, farms growing cotton are characterised by their small size (4.5 ha in Greece and 11.0 ha in Spain). In Greece, cotton holdings have a higher degree of specialisation; Thessaly is devoted almost exclusively to cotton production.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

Unfortunately, the cotton cultivation has caused a huge environmental negative impact over the years. Dependent on irrigation and fertilisers, cotton has caused low biodiversity and soil impoverishment. In addition, the intensive use of phytosanitary products, especially insecticides, and leaf defoliants which assist during harvest, are a further source of concern.

In 2004, the notion of Mediterranean products (tobacco, olive oil and cotton) were introduced in the Common Agricultural Policy Regulation EC/1782/2003 [Chapter 10a of Title IV as inserted by article 1(20) of Council Regulation EC/864/2004] –a legislative act which promulgates a new beginning for cotton cultivation.

On September 7<sup>th</sup>, 2006, the European Court of Justice’s judgement on case C-310/04 annulled the 2004 cotton reform, concluding that the proportionality principle was infringed upon because the European Commission had failed to carry out an impact assessment study and to consider direct labour costs in the evaluation and decision process. Finally, it had failed to take into consideration the impact of the new regime on the ginning industry which, although not included in the Protocol 4 (Act of Accession of Greece), is directly linked to cotton production as a business segment.



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

Thereupon, a new scheme of specific payment for cotton, compliant with both the Common Agricultural Policy and the Protocol 4 obligations, had to be adopted in conformity with the Court's judgement in case C-310/04. In order to fulfil these obligations the Commission carried out three case studies, one in Spain and two in Greece. The output of these studies was that a reform had to take place in the cotton sector.

The new proposed draft Regulation of November 2007 establishes 270.000 ha eligible area for Greece, 50.000 ha respectively for Spain, 10.237 ha for Bulgaria and 360 ha for Portugal. The reduction of the eligible area was unavoidable in both Greece and Spain, since there are strong indications that the cultivation of cotton is in a recession phase.

However, it is not only the general trend of the sector that determined this key element change in the new cotton reform, but also the necessity to provide a safety net so as to secure the financial resources for the coupled aid. The establishment of a large eligible area – such as for example 370.000 ha – would cause a significant loss in case of a lower cultivated area since the 35% of the aid is coupled. (The remaining 65% is decoupled and is given to the historical producers, according to Regulation EC/1782/2003). Thus, the definition of a smaller eligible area will guarantee the resources and in case of surplus will only cause a linear reduction in the aid per ha (see Table 1 for the situation in Greece and Table 2 for the situation in Spain).



## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

Another key element of the new proposal is the so called “national support programme”. Its annual budget will be allocated to a restructuring programme for Greece and Spain, will descend from the reduction of the available resources for each member state and will amount to more than 1% of the overall amount of coupled support, according to recent official press releases from both major producing member states.

Such national support programmes might include measures for the improvement of cotton quality (quality schemes) and the support of the ginning industry. The restructuring programmes must be compatible with Community law and consistent with the activities, policies and priorities of the Community.

The amount of the aid per eligible hectare shall be at least 751.67 euros/ha for Greece and 1,450.00 euros/ha for Spain. In case of a surplus of the eligible area, the aid will be calculated according to Tables 1 and 2 respectively. The establishment of a smaller eligible area will lead to an increase of the aid per hectare.

The new proposal guarantees that the financial resources will be made available for the cotton sector according the 2004 reform and constitutes a flexible political instrument for the development of the sector through restructuring programmes. It therefore appears to be in line with the







## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

obligations imposed by Protocol No. 4 and the objectives of the Common Agricultural Policy.

| area (Ha) | aid (euro/Ha) | area (Ha) | aid (euro/Ha) |
|-----------|---------------|-----------|---------------|
| 270.000   | 751,67        | 310.000   | 654,68        |
| 275.000   | 738,00        | 315.000   | 644,29        |
| 280.000   | 724,82        | 320.000   | 634,22        |
| 285.000   | 712,11        | 325.000   | 624,46        |
| 290.000   | 699,83        | 330.000   | 615,00        |
| 295.000   | 687,97        | 335.000   | 605,82        |
| 300.000   | 676,50        | 340.000   | 596,91        |
| 305.000   | 665,41        | 345.000   | 588,26        |

Table 1 (Greece)\*





## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

| area (Ha) | aid (euro/Ha) |
|-----------|---------------|
| 50.000    | 1.450,00      |
| 55.000    | 1.318,18      |
| 60.000    | 1.208,33      |
| 65.000    | 1.115,38      |
| 70.000    | 1.035,71      |
| 75.000    | 966,67        |

**Table 2 (Spain)\***

\* The final support (aid per hectare) will be determined by the amount that will be allocated to each national support programme and the eligible area for Greece and Spain respectively. The table calculations refer to a national support programme equal to 1.0% of the overall amount of coupled support.





Pappas  
&  
Associates

*Attorneys at law*

## Pappas&Associates – Newsletter July/August 2008 European Law & Policy

