

Flax and hemp

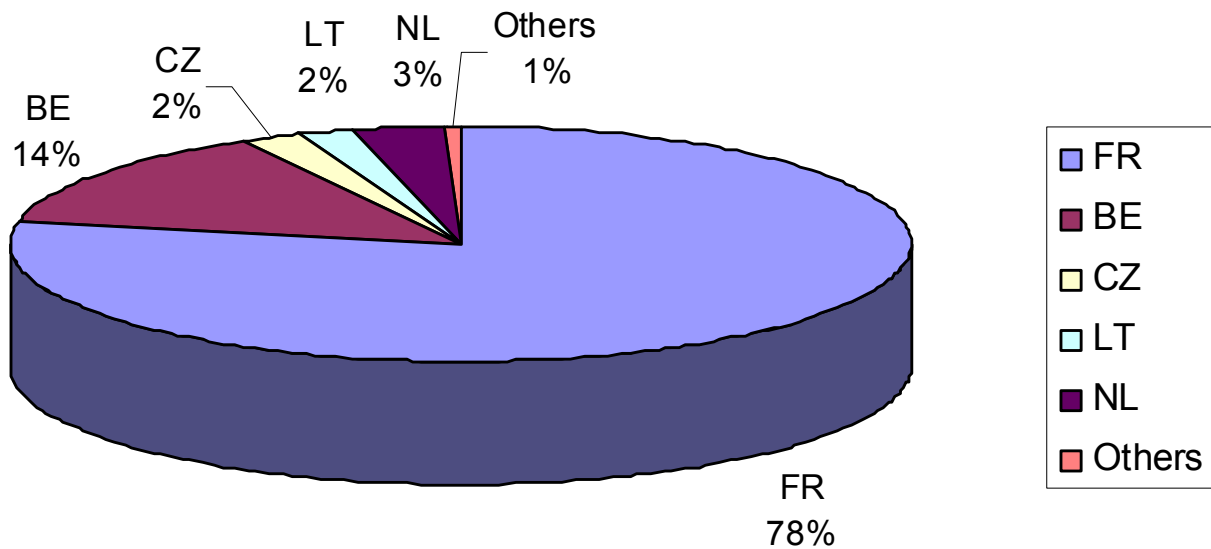
- Traditional production of natural fibres
- Textile and non textile uses
- 1970 - Establishing of specific Common Market Organisation

Production and surfaces of flax (2004/5)

| | Production of long fibres (t) | Production of short fibres (t) | Surfaces (ha) |
|--------------|-------------------------------|--------------------------------|----------------|
| FR | 105 000 | 75 000 | 80 530 |
| BE | 19 030 | 11 900 | 19 820 |
| CZ | 2 930 | 3 550 | 5 370 |
| LT | 2 550 | 3 800 | 5 500 |
| NL | 4 515 | 3 333 | 4 517 |
| EU-25 | 134 700 | 99 050 | 118 240 |

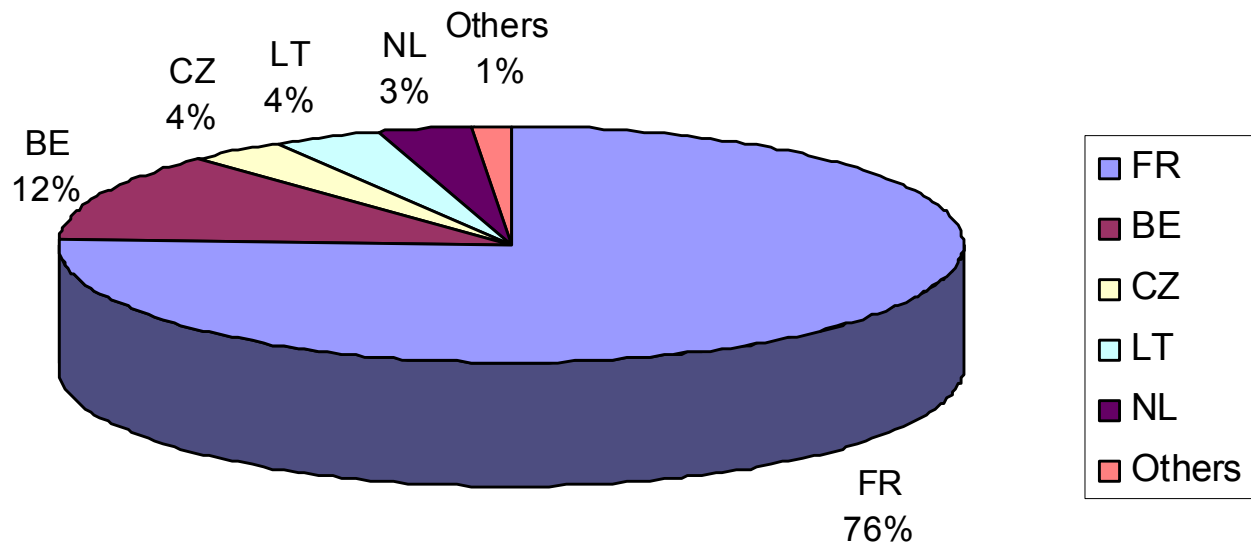
Production of long flax fibres in the EU-25

Long flax fibres production (t)



Production of short flax fibres in the EU-25

Short flax fibres production (t)

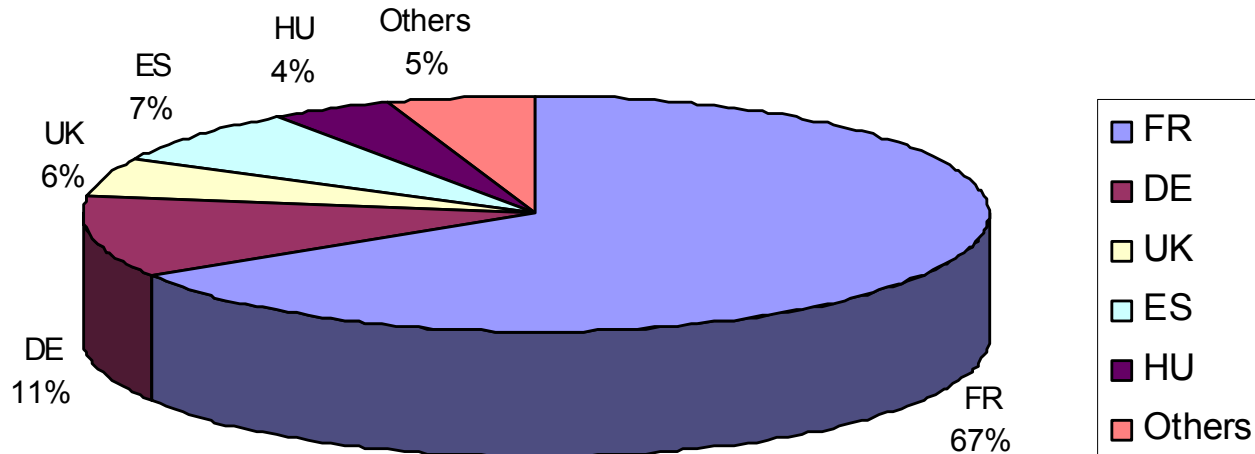


Production and surfaces of hemp (2004/5)

| | Production of hemp fibres (t) | Surfaces (ha) |
|--------------|-------------------------------|---------------|
| FR | 14 000 | 8 430 |
| DE | 2 360 | 1 730 |
| UK | 1 175 | 1 640 |
| ES | 1 570 | 680 |
| HU | 945 | 540 |
| EU-25 | 21 150 | 14 410 |

Production of hemp fibres in the EU-25

Hemp fibres production (t)



System of aid

- Farmer – Single Farm Payment
- Processor – aid per tonne of processed and marketed fibres

Basic regulations with regard to processing aid

- Council Regulation (EC) n° 1673/2000 of 27 July 2000 on the common organisation of the market in flax and hemp grown for fibre
- Commission Regulation (EC) n° 245/2001 of 5 February 2001 laying down detailed rules concerning the aid

Processing aid

100% aid granted to authorised primary processor on the basis of a **sale/purchase contract**

Detailed **conditions for an authorisation** of primary processors are listed in article 3 of Regulation 245/2001 and specify among others that:

- applications for authorisation shall include a description of undertaking, processing plant, equipment and storage facilities
- The authorisation is granted after an on-the-spot inspection

Processing aid

- Current level of aid (may be subject to a revision in 2006):
 - **Long flax fibres:**
 - 160 euro/tonne
 - **Short flax and hemp fibres:**
 - 90 euro/tonne

- Regular notifications from primary processors
- payment period of 22 months

- condition: **low level of impurities** - 7,5%
but a possibility to apply derogations:
 - 7,5% - 15% for short flax fibre
 - 7,5% - 25% for hemp fibre

National Guaranteed Quantities

Maximum guaranteed quantities divided among the Member States:

- 80 823 tonnes per marketing year of long flax fibres
 - 145 296 tonnes per marketing year of short flax and hemp fibres
- Possibility of transfer between the quotas (on a basis of a coefficient)

Additional aid for flax

- for certain traditionally producing areas of the Netherlands, Belgium and France
 - 120 euro/ha (zone I)
 - 50 euro/ha (zone II)

Hemp

- Strict controls ensure the use of hemp varieties with a low THC (tetrahydrocannabinol) content - equal or lower than 0.2%
- All imports of hemp seeds from third countries are subject to the issue of a licence