

General recommendation: For the issues of the reform of the cotton regime that played a role in the Court's judgement (such as viability of cotton production and ratio of coupled/decoupled aid for cotton farmers; effects on the processing industry; relevance of unpaid/family labour in the production cost calculation), the report should present the results of the analysis in a manner to clearly show that it responds to the Court's criticism of the 2004 reform legislation. The Board notes that DG AGRI agreed to implement the following specific recommendations:

(1) The report should **more clearly describe the problems**, relevant for producers and/or the processing industry, that the reform aims to address; it should present more clearly why a **35%-65% ratio of coupled/decoupled support** was found to meet the objectives of the reform in a better way than any other ratio, and why this ratio respects the principle of proportionality of EU action.

(2) More information should be given on the extent to which **Rural Development measures**, e.g. agri-environmental measures, could alter the presented forecasts of impacts under the different options. To what extent could Rural Development measures help mitigate negative impacts, particularly social/employment impacts, of the preferred option in the regions concerned?

(3) The report should present more clearly how the issue of **family/unpaid labour in cotton production** has been taken into account in the analysis under the different options and in the different cotton-producing regions.

(4) More detailed information should be provided for the **environmental impact of each option**, also in relation to alternative crops production, including quantitative data on water demand and pollution, and soil. The Board invites DG AGRI to draw on specific expertise that is available in DG Environment.

(D) Procedure and presentation

It appears that all necessary procedural elements have been complied with.

2) IAB scrutiny process

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