

# Procedure file

Basic information	
CNS - Consultation procedure Regulation	1995/0247(CNS) Procedure completed
Fruit and vegetables: common organisation of the market COM	
Amended by <a href="#">1998/0309(CNS)</a> Amended by <a href="#">2000/0191(CNS)</a>	
Subject 3.10.06.01 Fruit, citrus fruits 3.10.06.02 Vegetables	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>AGRI</b> Agriculture and Rural Development	PSE <a href="#">COLINO SALAMANCA</a> <a href="#">Juan Luis</a>	04/06/1996
	Former committee for opinion		
	<b>BUDG</b> Budgets	PSE <a href="#">COLOM I NAVAL Joan</a>	24/11/1995
	<b>JURI</b> Legal Affairs, Citizens' Rights	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1959</a>	28/10/1996
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1944</a>	23/07/1996
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1940</a>	27/06/1996
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1932</a>	04/06/1996
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1925</a>	21/05/1996
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1918</a>	30/04/1996
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1908</a>	19/03/1996
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1896</a>	18/12/1995
	<a href="#">Agriculture and Fisheries</a>	<a href="#">1889</a>	29/11/1995
<a href="#">Agriculture and Fisheries</a>	<a href="#">1876</a>	25/10/1995	

Key events			
26/06/1995	Additional information		Summary
04/10/1995	Legislative proposal published	COM(1995)0434	Summary
25/10/1995	Debate in Council	<a href="#">1876</a>	Summary

17/11/1995	Committee referral announced in Parliament		
29/11/1995	Debate in Council	<a href="#">1889</a>	Summary
18/12/1995	Debate in Council	<a href="#">1896</a>	Summary
20/02/1996	Vote in committee		Summary
20/02/1996	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0041/1996</a>	
13/03/1996	Debate in Parliament		
14/03/1996	Decision by Parliament	T4-0124/1996	Summary
19/03/1996	Debate in Council	<a href="#">1908</a>	Summary
30/04/1996	Debate in Council	<a href="#">1918</a>	Summary
13/05/1996	Amended legislative proposal for reconsultation published	COM(1996)0177	Summary
21/05/1996	Debate in Council	<a href="#">1925</a>	
28/05/1996	Formal reconsultation of Parliament		
04/06/1996	Debate in Council	<a href="#">1932</a>	Summary
27/06/1996	Debate in Council	<a href="#">1940</a>	
08/07/1996	Vote in committee		Summary
08/07/1996	Committee report tabled for plenary, reconsultation	<a href="#">A4-0233/1996</a>	
05/09/1996	Decision by Parliament	T4-0440/1996	
28/10/1996	Act adopted by Council after consultation of Parliament		
28/10/1996	End of procedure in Parliament		
21/11/1996	Final act published in Official Journal		

### Technical information

Procedure reference	1995/0247(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by <a href="#">1998/0309(CNS)</a> Amended by <a href="#">2000/0191(CNS)</a>
Legal basis	Rules of Procedure EP 163; EC before Amsterdam E 042; EC before Amsterdam E 043
Stage reached in procedure	Procedure completed

### Documentation gateway

Legislative proposal		COM(1995)0434	04/10/1995	EC	Summary
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Economic and Social Committee: opinion, report	<a href="#">CES1452/1995</a> <a href="#">OJ C 082 19.03.1996, p. 0021</a>	20/12/1995	ESC	Summary
Committee of the Regions: opinion	<a href="#">CDR0018/1996</a> <a href="#">OJ C 129 02.05.1996, p. 0024</a>	17/01/1996	CofR	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0041/1996</a> <a href="#">OJ C 078 18.03.1996, p. 0003</a>	20/02/1996	EP	
Text adopted by Parliament, 1st reading/single reading	T4-0124/1996 <a href="#">OJ C 096 01.04.1996, p. 0222-0240</a>	14/03/1996	EP	Summary
Amended legislative proposal for reconsultation	COM(1996)0177	13/05/1996	EC	Summary
Committee final report tabled for plenary, reconsultation	<a href="#">A4-0233/1996</a> <a href="#">OJ C 261 09.09.1996, p. 0004</a>	08/07/1996	EP	
Text adopted by Parliament after reconsultation	T4-0440/1996 <a href="#">OJ C 277 23.09.1996, p. 0012-0028</a>	05/09/1996	EP	
Follow-up document	COM(2001)0036	24/01/2001	EC	Summary
Implementing legislative act	<a href="#">32003R1432</a> <a href="#">OJ L 203 12.08.2003, p. 0018-0024</a>	11/08/2003	EU	
Implementing legislative act	<a href="#">32003R1433</a> <a href="#">OJ L 203 12.08.2003, p. 0025-0038</a>	11/08/2003	EU	Summary
Implementing legislative act	<a href="#">32003R1943</a> <a href="#">OJ L 286 04.11.2003, p. 0005-0009</a>	03/11/2003	EU	

#### Additional information

European Commission

[EUR-Lex](#)

#### Final act

[Regulation 1996/2200](#)

[OJ L 297 21.11.1996, p. 0001](#) Summary

## Fruit and vegetables: common organisation of the market COM

1. SUBJECT OF REFERRAL Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No. 426/86 on the common organization of the market in products processed from fruit and vegetables 2. DATE OF REFERRAL Expected to be March 1995 3. COMMITTEE RESPONSIBLE Committee on Agriculture and Rural Development 4. COMMUNITY LEGISLATION IN FORCE Basic regulation: a) fresh fruit and vegetables: Council Regulation (EEC) No. 1035/72 of 18 May 1972 (OJ L 188, 20.5.1972, p. 1); b) processed fruit and vegetables: Council Regulation (EEC) No. 426/86 of 24 February 1986 (OJ L 49, 27.2.1986, p. 1). The COM in fresh fruit and vegetables was created in 1962 (Council Regulation (EEC) No. 23/62 of 4 April 1962, OJ 30/965, 20.4.1962). The COM in processed fruit and vegetables was created in 1967 (Council Regulation (EEC) No. 220/67 of 30 June 1967, OJ 165/2906, 30.6.1967). The COM in fresh fruit and vegetables is structured around producers' organizations and covers common quality standards, a prices and interventions regime (basic prices, purchase prices and withdrawal prices) and a regime for trade with third countries (customs duties, entry prices, a compensatory levy on imports, import safeguards and export refunds). The COM in processed fruit and vegetables comprises a system of production aids for processors, together with minimum guaranteed prices for producers (in the case of dried grapes and figs this has now been replaced by an aid per hectare system), and a regime for trade with third countries (customs duties, minimum prices, a compensatory levy on imports, import safeguards and export refunds). The two COMs do not offer the same type or degree of support for all products. Expenditure, which is managed by the European Agricultural Guidance and Guarantee Fund (EAGGF), accounts for 3.9% of the total EAGGF (Guidance) budget (ECU 1262 m in 1992); the sector contributes 18% of the Union's final agricultural output. 5. POSITION OF THE EUROPEAN PARLIAMENT With respect to the Commission communication COM(94)0360 of 27 July 1994 (see paragraph 7 below), the European Parliament welcomed the Commission's initiative and drew attention to the need for speedy reform of the sector, which was not included in the CAP reform of 1992. Parliament stressed that sound management in the sector could only be achieved if the existing statistical deficiencies were made good, pointing out, in particular, that the excessively globalized nature of the figures made it difficult to take appropriate action. The EP affirmed the principle of financial solidarity, while nonetheless strongly criticizing the Commission's

call for public funding of the revolving funds required to support certain activities of the producers' organizations. Parliament noted that the existing market management instruments were working reasonably well, and emphasized the likely long-term adverse impact of the GATT agreements on farm incomes and on the Union's capacity to maintain certain types of production. To make up for the undermining of Community preference, Parliament advocated strengthening the effectiveness of the COM's mechanisms, to be accompanied by rigorous anti-fraud controls (see the Arias Cañete report -A4-0015/95 - of 1 February 1995, adopted in plenary on 17 February 1995).

6. SITUATION OF THE WORLD AND COMMUNITY MARKETS A. The world market In 1992, world fresh fruit and vegetable production stood at 830 m tonnes. Average world fruit consumption is estimated to be 60 kg per person per year, with the corresponding figure for vegetables being 120 kg per person per year (the average annual increase is approximately 2%). Despite progress in transport methods, the highly perishable and fragile nature of fruit and vegetables means that consumption typically takes place within the country of production; storage is only possible for short periods. Consumption is rising (along with population) in the developing countries, but static in the industrialized countries. Trade concerns some 25.2 m tonnes of fruit and 17 m tonnes of vegetables, accounting for a mere 5% of world production. At world level, there are two major poles of imports and consumption, i.e. the EU and the US: 50% of all fruit exports and 30% of all vegetable exports are to the EU, which thus forms a key market for third countries. Most of these imports are governed by preferential regimes.

B. The Community market Community production (for products covered by the COM in fresh fruit and vegetables) amounted to approximately 79.6 m tonnes in 1992, with 80% of the total supplied by four Member States: Italy, France, Spain and Greece. Intra-Community trade essentially consists of south-north movements of citrus fruit, peaches and grapes and, for vegetables, north-south movements of carrots, cucumbers, onions, cauliflowers, lettuces and even greenhouse tomatoes and cucumbers. Consumption in the Union stands at around 128 kg per person per year for fruit and 133 kg per person per year for vegetables. The Union's self-sufficiency rate is 85% for fruit (other than citrus fruit) and 104% for vegetables. The EU is also a major producer of processed fruit and vegetables. In 1991-1992 it produced approximately 6.5 m tonnes of processed tomatoes (self-sufficiency rate: 117%) and 570 000 tonnes of processed peaches (self-sufficiency rate: 132%).

7. CONTENT OF THE PROPOSED LEGISLATION In July 1994 the Commission opened the debate on the reform of the COMs in fresh and processed fruit and vegetables with its communication to the Council and Parliament on the development and future of Community policy in the fruit and vegetables sector (COM(94)0360, 27 July 1994). The proposed reform is centred on enhancing the resources available to producers' organizations so as to strengthen their role as economic operators and discourage the production of surpluses by setting withdrawal subsidies at obviously non-remunerative levels, i.e. much lower than the existing withdrawal prices. However, financial support for producer organizations would be based on private/public cofinancing according to the formula 'one public ECU for each ECU of private money'. The Commission considers that, in the light of analysis of the world and Community markets in fruit and vegetables, surpluses may be expected to rise considerably by the year 2000 unless the present policy is changed. According to the Commission, analysis of the COM mechanisms reveals a number of weaknesses, including: - the still unsatisfactory operation of certain producers' organizations; - the fact that subsidized withdrawals have become a profitable phenomenon in certain regions of the Union; - standardization problems; - major statistical shortcomings (divergences between different official sources, lack of reliable consumption statistics, non-existence of registers, etc.); The Commission's main objective is to aid and encourage producers' organizations, while other goals include: - to consolidate the achievements of the present COM while simplifying it and removing its less fortunate effects; - to reorient budget expenditure, giving priority to measures seen by the Commission as 'positive', aimed at building for the future and incorporating environmental concerns. To this end, the Commission proposes: - better grouping of supplies to match increasingly concentrated distribution; - a new way of managing short-term surpluses, with elimination of structural surpluses; - a better balance between fresh and processed products; - redefinition of standards; - particular attention to 'minor' products; - more stringent controls. There would be a four-year transition period, accompanied by adaptation programmes (conversion, grubbing-up, etc.) with Community cofinancing. The Commission also intends to make every effort to ensure that the Uruguay Round conclusions are successfully implemented, especially as regards market access; the discussion document does not, however, contain any details on this.

8. LEGAL BASIS: Articles 42 and 43 of the EEC Treaty

9. BIBLIOGRAPHY - Documents of the European institutions: - Commission: 'Recueil des Actes Agricoles', vol. IV/1, 2 and 3, 'Fruits et légumes frais et transformés' - Commission: The Agricultural Situation in the Community - 1993 Report (Brussels and Luxembourg, 1994) - Commission: COM(94)0360, 27 July 1994 - Other sources: - FAO - Production 1992, vol. 46. Commerce 1992. - DICOPAC - Dictionnaire de la Politique Agricole Commune - Le guide de la nouvelle Europe Verte, Agra-Europe (1994 edition)

10. FURTHER PROPOSED RESEARCH A working document prepared by the Directorate-General for Research will be available in due course. ?

## Fruit and vegetables: common organisation of the market COM

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OBJECTIVE: to reform the common organisation of the market in fruit and vegetables with a view to: - improving the efficiency and quality of production; - encouraging producers to orientate their supply to demand and gradually reduce the quantities of produce put forward for intervention; - halting the increase in costs and making better use of the appropriations available; - correctly implementing the agreements concluded in the context of the Uruguay Round with regard to the gradual decrease in customs duties on imports.

SUBSTANCE: The proposal for a Council regulation relates mainly to the following aspects: \* Classification of products: - the Community shall adopt the UN's quality standards; - exceptions are provided for products sold by the producer on local markets or products destined for processing, packaging or storage; - a derogation is granted to take account of products traditionally consumed locally. \* Producer organisations: - an enhanced model of producer organisations is proposed, which should concentrate supply and strengthen the position of the products in the market; - producers must belong to only producer organisation and market their entire production through it; - funding is envisaged to establish groupings and for an operational fund financed through the organisations and public funds (80% from the Community budget, 20% from the Member States), based on the principle that one public ecu equals one private ecu. \* Intervention arrangements: - the concept of "withdrawal price" is abolished: withdrawals are determined by the producer organisation both in terms of quantities and for periods which they consider appropriate; - there is no time limit for granting Community withdrawal compensation; - a limit on quantities is introduced, by product and by producer organisation, for withdrawals eligible for Community withdrawal compensation: 10% of production marketed under the normal system and 50%, 40%, 30% and 20% successively during the transitional period; - the "serious crisis" system is abolished and replaced by the possibility for individual growers to effect withdrawals through a producer organisation in return for reduced Community compensation; - Community withdrawal compensation is significantly reduced with regard to the current withdrawal price. \* Trade with third countries: inclusion of a provision to establish another possible procedure for verifying the entry price of certain products entering the Community with a licence and destined for processing, rather than using a flat-rate import value. \* Checks: it is proposed to establish a Community corps of inspectors with the task of ensuring compliance with the rules governing the market in fruit and vegetables. ?

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Commissioner Fischler presented two proposals adopted by the Commission on 4 October that followed up the Commission communication of August 1994 on the development and future of Community policy in the (fresh and processed) fruit and vegetables sector. The Council held an initial discussion on the proposals. It had before it for that purpose an interim report summarising discussions within the SCA (on fresh fruit and vegetables only). It emerged from that discussion that the major issues on which discussion should be continued in future were the following: - the conformity of the Commission proposals with the undertakings by the Council and the Commission at the joint jumbo Council meeting in September 1993; - the fact that the proposals did not include = a number of products (strawberries, melons, nuts, etc.) and = reform of the processed citrus fruit sector; - reduction of Community aid without compensation or accompanying measures; - co-funding of operations by the Community, the Member States and producers; - criteria governing recognition, the objectives and obligations of producer organisations; - choice between the existing Community standards and adoption of the standards established by the United Nations Economic Commission for Europe (ECE/UN); - compatibility between the proposed measures concerning inter-branch organisations and agreements and observance of the principles of free movement and competition; - arrangements to be adopted for processed tomatoes; - tighter controls and their financing. In conclusion, the Council instructed the SCA to continue examining the proposals with a view to submitting a detailed report at its next meeting.

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The Council held a policy debate on this matter, on the basis of the intensive work already done by the Special Committee on Agriculture and the Working Party. The major problems considered in the course of the debate were: - the classification of products (quality standards); - the rules proposed for producers' organisations; - the financial aspects and, in particular, the co-financing of contributions to the operational fund; - the new intervention and withdrawal arrangements; - the arrangements laid down for processed products, in particular for tomatoes. In conclusion, and pending delivery of the European Parliament's opinion, the Council instructed the Special Committee on Agriculture to continue the examination of the proposals, taking account of the guidelines laid down by today's discussions, with the aim of reaching political agreement at the December meeting.

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At its meetings in October, November and December, the Council analysed the Commission proposal on the basis of the work carried out by the Special Committee on Agriculture and by the Working Party on Fruit and Vegetables. Today's debate and, in particular, the positive statements from the Commissioner, augur well for a rapid conclusion of this dossier. The Council congratulated the members of the SCA and the Working Party as well as the Commission services on the effort and devotion demonstrated, which have contributed to a clearer understanding of the scope of the Commission's proposal and to the identification of problems that this proposal raises at the delegations. No decisions can be reached in advance of the opinion of Parliament. It is, however, useful at this stage for the Presidency to set out the key issues on which compromises will be needed, as a means of targeting the technical work to be carried out in the Special Committee on Agriculture and its Working Group, and the Council's work under the Italian Presidency. 1. Producers' groups - It is a central principle of the Commission proposal that the producers' organisations should deal with all the produce of their members, so as to allow the groups themselves to define priorities. The question arises, however, whether without damage to this objective, some degree of specialisation might be permitted, for example by providing for groups dealing exclusively with fruit and exclusively with vegetables, as indeed the Commissioner suggested. - The question arises whether the transitional period for the creation of the new producers' organisations should be the same as the transitional period for the full adoption of the reduced prices fixed for withdrawals. - The question needs to be addressed as to whether the limit of 10% in the percentage of the revolving fund that may be spent on withdrawals could cause practical problems of implementation. An issue that should be examined is whether an alternative means could be found of achieving the objective that withdrawal should be an increasingly less important part of the tasks and objectives of producers' groups. - In order to enable the producer groups to begin to work more easily, the question of paying advances, subject - as the Commissioner has stated - to the constitution of adequate guarantees, deserves examination. Similarly, the possibility of providing a somewhat higher level of Community financing of the revolving fund to assist the development of producers' groups in the region where they are at present least advanced should be examined. The Commissioner's open attitude for that suggestion should be emphasised. 2. Interprofessional organisations This proposal represents an important part of the total package but is subject to strong objections from some delegations. The implication of applying here the compromise solution that was applied in the case of tobacco, or the system proposed for wine should be examined. 3. Intervention system All delegations believe that withdrawal should not be the normal destination of production. The question that will need to be further examined is the way in which this objective can be achieved whilst still providing an adequate safety net.

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The Committee considers that the proposal takes only partial account of the commitments entered into under the CAP, and that it discriminates between products, between regions and between Member States. The Committee considers that financial compensation is needed in order to ensure the continuation of activities that are environmentally useful and safeguard rural employment. Account must be taken of the commitments entered into in the WTO negotiations, and in particular the gradual reduction in Community preference. However, this reduction must not allow the EU's self-sufficiency rate for fruit and vegetables to fall in general below the strategic threshold of 40%. The Committee supports the Commission proposal concerning producer organizations insofar as it sees a need to strengthen the role of such organizations in an increasingly competitive market and in the face of growing supply. To ensure that they operate smoothly, the Committee feels that it would be helpful to establish: - the legal position of producer organizations vis-à-vis other economic operators; - a mandatory accounting standards and publication of accounts; - a requirement for the accounts to be officially inspected and audited; - 100% financing for the first six years (transitional period), to be followed by co-financing from the operational fund. The Committee advocates the establishment of a special financial mechanism fully funded by the EAGGF, for making the requisite changes via the adjustment programmes during the transitional period which should last at least six years. Turning to the intervention arrangements, the Committee thinks that the limit for the amount withdrawn should be raised to 20% of the production marketed by the respective producer organizations. The transitional period should be extended to six years, and the Community withdrawal compensation for each product should be based on the weighted average of average monthly withdrawal prices during the 1995/96 marketing year. In order to prevent any adverse effects resulting from trade from third countries, the Committee calls for: - effective, clear control of the entry price; - effective, clear control of quality and information on production

and conservation methods; - the same product labelling requirements as for EU products. The Committee supports the stepping-up of national and Community checks and the establishment of a special body of inspectors.?

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The Opinion stressed that it was important to take account of geographical, social, cultural and economic diversity and referred to the severe impact that economic globalisation was having on the fruit and vegetable sector, which was particularly sensitive because of the size of its workforce, the geographical disparity of its social costs, the urban pressure acting on its production centres and various environmental problems. The products concerned were localized in areas where alternatives in respect of agricultural diversification were strictly limited and where the growing phenomenon of urban concentration brought additional expenses, to which had to be added the costs resulting from the abandonment of entire sections of territory. The opinion called for agricultural revenues and Community preference to be assured, for competition not to be distorted by monetary fluctuations and by disparity between social costs and for much greater attention to be paid to the direct and indirect consequences of commercial agreements with third countries. It praised the way in which specific situations affecting products of local and regional importance were being taken into account and also welcomed the proposals for organisations and interprofessional agreements aimed at promoting the efforts of producers towards product quality and respect for the environment. However, as the guardian of regional interests the CoR expressed concern about the risks of relocation and various radical measures such as grubbing-up.

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In adopting the report by Mr MIGUEL ARIAS CANETE (EPP, E), the European Parliament amended the proposal to amend the COM in fresh fruit and vegetables as follows. Parliament: - opposes the replacement of Community quality standards by those laid down by the UN Economic Commission for Europe; - rejects the possibility of allowing Member States to exempt a number of products (traditional local consumption) from compliance with the standards; - calls for the transitional period of four years granted to the Member States to be extended to six years in order to allow the development of adjustment plans financed entirely by the EU and designed to facilitate the integration of POs with serious structural deficiencies and the creation of new ones; - recommends, with regard to the Operational Fund, modifying financing and making the use of the Fund's resources more flexible in order to ensure that withdrawals of up to 15% of the marketing volume of the POs are financed 80% by the Community budget; - supports the maintenance of the basic withdrawal prices at the level of the weighted average of the average monthly prices applicable during the 1995/1996 marketing year; - requests, for products with institutional prices, that withdrawal compensation remain unchanged throughout the year and be financed by the EAGGF. Such compensation should be established for each variety, except in the case of tomatoes, for which compensation should always be at the highest level for any of the varieties; - in the case of citrus fruit, the EP adopts, for the withdrawal compensation for oranges and lemons, the weighted average withdrawal price for each of these products applicable for the 1995/1996 marketing year, and in the case of clementines and satsumas, the weighted average withdrawal price of mandarins for the same marketing year. Finally, the EP supports: - the strengthening of measures to combat fraud, the laying down of penalties and the Community character of checks; - campaigns to promote consumption of fresh products and the maintenance of existing measures in the case of nuts; - the funding of income support programmes for regions largely dependent on fruit and vegetables. ?

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The Presidency has therefore, together with the Commission, embarked on bilateral consultations with delegations on the main questions raised by the proposals. Those relate chiefly to: - the rules proposed for producer organizations; - the operational fund; - intervention and withdrawal arrangements; - withdrawal compensation; - interbranch organizations; - processed products. Following the bilateral talks, the Presidency will, with the help of the Commission, draw up a draft compromise on the basis of which the Council will endeavour to complete its discussions at its next meeting.?

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Having been presented with Parliament's opinion on the matter, the Council examined a compromise from the presidency on the two proposals for a regulation, as drawn up in cooperation with the Commission following bilateral meetings held during the March 1996 sitting. It was agreed that this would be further examined at the next meeting with a view to deciding on the reform of this sector during the May sitting.

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During the Council of 10 November 1995, the Commission confirmed that it would propose to the Council a new system of aid for producers of certain citrus fruits. In this new system, the minimum price that the processor must pay to the producer is done away with. It would be appropriate to take account of this in the present proposal. ?

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On the basis of the compromise from the presidency, which had already been discussed during the meetings of 29-30 April and 20-21 May 1996, the Council continued to examine in depth a number of the questions involved, including the level of Community set-aside compensation, national cofinancing by the operational fund, the recognition of inter-trade organisations and the system of quotas being applied to processed tomatoes.

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**OBJECTIVE:** to reform the common organization of the market in fruit and vegetables. **COMMUNITY MEASURE:** Council Regulation (EC) No 2200/96 on the common organization of the market in fruit and vegetables. **SUBSTANCE:** the reforms include inter alia: - a better coordination of Community supply by strengthening the role of the producer organizations as commercial operators, accompanied by greater stringency in Community criteria for their recognition and by the establishment of an operational fund with Community co-financing and intended, first, to finance actions to improve product quality, and their commercial value and, second, to increase Community withdrawal compensation, to pay compensation for market withdrawals not covered by Community withdrawal compensation, and to increase the prices obtained for products sold for processing; - for Member States that so wish, the option of drawing up a light framework for the Interbranch organizations in the industry; - a new method of administering short-term surpluses by lowering withdrawal compensation to an unrewarding level, and the option for producer groups to augment withdrawal compensation; - specific solutions, apart from the general instruments in the common organization of the market, to problems facing certain products or local or regional importance in economic terms; - stricter checks, in particular as regards proper management of the operational fund by the producer organizations, on observance of trade and health quality standards and on the proper functioning of the entry price arrangements, through close cooperation and coordination between the various competent regional and Community organizations, which should also result in a uniform and non-discriminatory implementation of the checks. **DATE OF ENTRY INTO FORCE:** 21 November 1996. The Regulation is applicable from 1 January 1997. ?

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This report from the Commission concerns the state of the implementation of Regulation 2200/96/EC on the common organisation of the market in fruit and vegetables. Most recently, on 12 July 2000 the European Commission adopted a proposal to amend the common organisation of the market for fruit and vegetables. This proposal was aimed at providing solutions to shortcomings that had to be addressed urgently, with a view to possible amendments to the market organisation being implemented from the 2001/02 marketing year. This report aims to describe the current situation. It is intended as a background for policy proposals that might be made at a later stage, depending on the outcome of the debate that will take place in the Council, within the sector and more broadly in society. It is a first step in answering the Council's request of October 1996 to examine the situation of the sector and to come forward with new proposals if necessary. Against this background, the main conclusions of the report are the following: - fruit and vegetables occupy around 4% of the EU Utilised Agricultural Area (UAA) and the relative importance of the sector is extremely variable from one Member State to another; - standardisation has played a crucial role for forty years as a classification system for fresh fruit and vegetables, contributing to market transparency and development; - taste quality standards have been timidly introduced into some marketing standards regulations. Some progress has been made on possible criteria for organoleptic standards even if analytical methods are still under scrutiny; - the question of the possible insertion of SPS (food safety) standards into the common organisation of the market standards is implicitly raised; - to face a growing concentration of demand, it is necessary to strengthen the position of producers in the market by increasing the grouping of supply; - as far as the economic dimension of Producer Organisations (POs) is concerned, an important share of the overall production marketed through POs is concentrated on a small number of POs; - regional analysis sheds light on the present weaknesses of the organisation of fruit and vegetable production; - it is not possible to make any direct link between the regional importance of Fruit and Vegetables production and the degree of production organisation; - the 1996 reform has not led to any substantial and global increase in the economic dimension of POs; - interbranch organisations were recognised by the 1996 Regulation. They are defined as legal entities made up of representatives of economic activities linked to the production and/or trade and/or processing of Fruit and Vegetables. ?

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**COMMUNITY MEASURES :** - Commission Regulation 1432/2003/EC laying down detailed rules for the application of Council Regulation 2200/96/EC regarding the conditions for recognition of producer organisations and preliminary recognition of producer groups; - Commission Regulation 1433/2003/EC laying down detailed rules for the application of Council Regulation 2200/96/EC as regards operational funds, operational programmes and financial assistance. **CONTENT :** the Commission has adopted two Regulations: - the first Regulation lays down detailed rules for the application of Regulation (EC) No 2200/96 regarding the conditions for recognition of producer organisations and preliminary recognition of producer groups referred to in Articles 11 and 14 respectively of that Regulation. It contains measures relating to the following aspects: categories of producer organisations; minimum size of producer organisations; minimum length of membership; structures and activities of producer organisations; producer organisations' main activity; producer organisations' subsidiaries; Associations of producer organisations; transnational producer organisations; transnational association of producer organisations; mergers of producer organisations; non-producer members; democratic accountability of producer organisations; submission, content, approval and fulfilment of implementation plans; control measures and penalties. - the second Regulation lays down rules applicable to Community financial assistance to operational funds and to operational programmes as provided for in Articles 15 and 16 of Regulation 2200/96/EC. Producer organisations may qualify for aid on the terms set out in Articles 15 and 16 of Regulation 2200/96/EC and those laid down herein. Article 15 of Regulation 2200/96/EC provides for financial assistance to be granted to producer organisations setting up an operational fund in accordance with certain rules and within certain limits. Article 16 of that Regulation lays down certain rules for the implementation of operational programmes. Detailed rules should be laid down for the application of those provisions. The Regulation specifies the terms of application of these measures.