

Procedure file

| Basic information | |
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| COS - Procedure on a strategy paper (historic) | 1997/2030(COS) |
| Olive and olive oil sector: reform of the common organisation of the market COM | Procedure completed |
| Subject 3.10.07 Animal and vegetable fats, oils | |

| Key players | | | | |
|-------------------------------|---|--|------------|--|
| European Parliament | Committee responsible | Rapporteur | Appointed | |
| | AGRI Agriculture and Rural Development | | 18/12/1996 | |
| | | GUE/NGL JOVÉ PERES Salvador | | |
| | Committee for opinion | Rapporteur for opinion | Appointed | |
| | REGI Regional Policy | | 08/04/1997 | |
| | | ELDR VALLVÉ Joan | | |
| Council of the European Union | CONT Budgetary Control | | 19/03/1997 | |
| | | UPE GIAN SILY Jean-Antoine | | |
| | Council configuration | Meeting | Date | |
| | Agriculture and Fisheries | 2006 | 20/05/1997 | |
| | Agriculture and Fisheries | 2000 | 21/04/1997 | |

| Key events | | | |
|------------|--|---|---------|
| 12/02/1997 | Non-legislative basic document published | COM(1997)0057 | Summary |
| 10/03/1997 | Committee referral announced in Parliament | | |
| 21/04/1997 | Debate in Council | 2000 | |
| 20/05/1997 | Debate in Council | 2006 | |
| 26/11/1997 | Vote in committee | | Summary |
| 26/11/1997 | Committee report tabled for plenary | A4-0374/1997 | |
| 17/12/1997 | Debate in Parliament |  | |
| 18/12/1997 | Decision by Parliament | T4-0635/1997 | Summary |
| 18/12/1997 | End of procedure in Parliament | | |

| Technical information | |
|----------------------------|--|
| Procedure reference | 1997/2030(COS) |
| Procedure type | COS - Procedure on a strategy paper (historic) |
| Procedure subtype | Commission strategy paper |
| Legal basis | Rules of Procedure EP 142 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | AGRI/4/08674 |

| Documentation gateway | | | | | |
|---|--|--|------------|-----|---------|
| Non-legislative basic document | | COM(1997)0057 | 12/02/1997 | EC | Summary |
| Economic and Social Committee: opinion, report | | CES0600/1997 OJ C 287 22.09.1997, p. 0061 | 28/05/1997 | ESC | Summary |
| Committee report tabled for plenary, single reading | | A4-0374/1997 OJ C 014 19.01.1998, p. 0004 | 26/11/1997 | EP | |
| Text adopted by Parliament, single reading | | T4-0635/1997 OJ C 014 19.01.1998, p. 0105-0190 | 18/12/1997 | EP | Summary |

Olive and olive oil sector: reform of the common organisation of the market COM

OBJECTIVE: to present the various options for the reform of the olive and olive oil sector (including the economic, cultural, regional, social and environmental aspects). **CONTENTS:** In its document analysing and setting out the options for the common regime in olive oil (addressed for discussion to the Member States, the European Parliament and the professional organizations), the Commission notes that, despite having served its purpose well since 1966, the common organization of the market in olive oil has fallen increasingly out of step with Member States' production potential, as well as suffering from gaps which make controls difficult and multiply the opportunities for fraud. Other drawbacks of the existing regime include the risk of overproduction, structural surpluses (estimated at between 150 000 and 300 000 tonnes), and a system of aids which is far from perfect. The Commission, ruling out from the outset any notion of retaining the status quo, believes that reform is essential. It suggests two main options: either the existing support regime should be improved or it should be replaced by an 'aid per tree' system. This would mean: 1) The present set-up would continue, but with improvements aimed at reducing fraud risks and cutting back the national production limits. This option would have the advantage of continuity for producers; its main drawback would be that it would not eliminate the defects of the aid regime for big producers. It would also call for controls on the real production of a number of producers two-and-a-half times higher than that under the existing regime, while keeping the incentive to produce at its present level. 2) A unitary 'aid per tree' system would be introduced: the two existing forms of production aid (producer aid and aid per tonne) would be abolished and replaced by an 'aid per tree' model. This aid would be calculated on the basis of the historic yield levels of the production area concerned. It would vary according to region and production method, and would be linked to socio-economic, regional and environmental criteria. A computerized integrated control system (GIS - Geographical Information System) would be created to monitor tree numbers and cross-check applications for aid. This option would have a number of advantages: all Community producers would be targeted directly, and controls would therefore be easier; it would also permit increased transparency and more effective use of public funds. The Commission intends to submit formal proposals in time to allow the new regime to come into force from the 1998/1999 marketing year.

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In the Committee's view, the Note does not improve upon the existing CMO for the reasons set out below. From the political point of view, it does not promote the development of the traditional olive-growing regions of the Community. From the economic point of view, it provides no incentive for competitiveness in the European olive oil sector. In practice, the tree aid option entails giving up future sustainable olive cultivation, which is essential if Europe's leading position is to be maintained. The ESC believes that from the market point of view, the Commission document confirms the non-existence of structural surpluses. From the consumption point of view, the promotion campaigns designed to boost demand on the internal and external markets should be funded by the CMO budget. The Committee would also propose that such campaigns be sustained over time and tailored to the local conditions of each country. From the development point of view, it is also clear that the current CMO has underpinned levels of activity, investment and innovation: whether they would continue if changes are made is doubtful. The Committee is convinced that it is essential to maintain intervention and lengthen the intervention storage period, making use of private storage if necessary, in order to maintain producers' incomes. From the quality point of view, the Commission should take the initiative and put forward rules to the Council to guarantee olive oil authenticity with a labelling system which would inform consumers and guard against possible confusion arising from blends. Effective control instruments should be built into the present CMO to prevent fraud. The Committee does not consider the Commission Note to be an adequate basis for amending the CMO for olive oil. The description given of the sector (claiming to cover economic, cultural, regional, social and environmental aspects) completely fails to reflect what is a plural and diverse

picture in either its production and processing aspects, or in the most important aspect of all: its cultural, social and economic impact on the areas in question. The Committee consequently urges that, before any action is taken, the need for reform be demonstrated by means of detailed and rigorous studies. This CMO, which has shown its worth over 31 years, should not be modified without prior assessment of the effects of such changes. ?

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The Committee having debated the subject at a number of meetings, adopted the report by Salvador JOVE PERES (EUL/NGL, E) which constitutes its response to the Commission's controversial discussion paper on reform of the common organisation of the market (COM) in olive oil. MEPs believe that the present Common Organisation of the Market has been a success. The results have been as follows: fair income levels have been preserved, farm holdings have been modernised, product quality has improved and the environment has been protected. The EU has become the world's leading producer, consumer and exporter. These achievements must therefore be defended under the coming reform, which - it must be said - is essential. The methods for calculating the quantities of olive oil produced in each country are currently being subjected to serious criticism. If nothing changes, there is a real risk that the Commission will refuse to pay out Community aid. The Commission's paper has been severely criticised for containing serious shortcomings. * MEPs utterly reject the Commission's starting point and its only option: aid per tree. They call on the Commission to base any legislative proposals it puts forward on this subject on the following points. Instead of aid per tree, the Agriculture Committee proposes a single form of production aid. This would, it argues, guarantee a fair income for all producers on the basis of the quantity of oil actually produced, by including small producers, facilitating checks and creating yr additional system of aid to small farms. MEPs believe that the Commission's proposal entails environmental risks, the danger of depopulation of the countryside and the introduction of speculative plantations and does not take into account two fundamental objectives (in view of the great annual fluctuations in production): quality and market stability. * This would mean abolishing consumption aid (which is granted to bottling firms) and setting up yr integrated control system for checking both production and consumption. Such a system would be reliable and effective for preventing fraud (with the bottling firms having appropriate accounting arrangements to allow cross-checks to be made of their stocks and sales) and could be used to ensure that aid was granted only if the oil were marketed by financing a global policy to promote consumption and quality and looking for new markets. The necessary resources would be come from the abolition of consumption aid. * The report also calls for olive-growing registers to be set up, as they have been in Italy. These would be a vital instrument for ensuring that declared production matches the production potential of farms. Yr instrument of this kind is particularly necessary when the aid system is applied uniformly to all producers on the basis of the quantity of olive oil actually obtained. To guarantee quality, the report also calls for a ban on the marketing of olive oil blended with other oils. * On the subject of the Maximum Guaranteed Quantity (MGQ), and to bring it into line with other COMs, the committee wishes to it to be adjusted up to the level of total Community consumption plus average annual exports and a margin for security. It also calls for national reference quantities (NRQs) to be established, based on yr objective estimate of production trends, in order to make each producer Member State responsible for the effects of exceeding the MGQ in proportion to the volume of the production obtained. It may be helpful to recall that the MGQ established in 1987 (1 350 000 tonnes) is less than Community consumption in 1996/97 (1 657 000 tonnes). * Lastly, the committee does not agree with the Commission's wish to include this reform in Agenda 2000, which, it says, discriminates against Mediterranean produce (expenditure on market regulation on continental products was 70% of the draft budget in 1992 and is 75% in the draft budget for 1998, whereas for Mediterranean products the figure has fallen from 22% to 19%. This imbalance is likely to be accentuated as a result of Agenda 2000. The committee therefore calls on the Commission to draw up a general framework for possible variations in aid going beyond the olive oil sector. It believes that this framework should set out the different production methods and govern the relationship between aid and socio-economic, regional and environmental criteria (cross-compliance). ?

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In adopting the report by Mr Salvador JOVE PERES (GUE/NGL, E) Parliament rejected the only option put forward by the Commission for the reform of the COM for olives and olive oil, namely aid per tree. This move would entail risks to the environment, a risk of rural depopulation and could lead to speculative planting and it did not take account of two fundamental objectives: the quality and stability of the markets. Parliament therefore called on the Commission to submit legislative proposals for a reform of the COM based on the following aspects: - the granting of a single form of production aid: this would have the advantage of guaranteeing a fair income for all producers on the basis of the quantity of oil actually produced (inclusion of small producers in the general production aid scheme, improved controls, creation of an additional system of aid to small farms); - increasing the maximum guaranteed quantity to bring it into line with total Community consumption, average annual exports and a margin for security; - establishing national reference quantities (NRQs) for the producer Member States; - final abolition of the consumption aid and the application of an integrated control system from production to consumption; - maintaining the intervention mechanism and the intervention price, with measures for private storage and the establishment of buffer stocks; - the implementation and financing of a global policy for the promotion of consumption and quality; - the overall simplification of the system with a view to achieving the increased transparency needed for combating fraud in the sector. Parliament urged that olive cultivation registers should be drawn up in the Member States which did not have them as yet. With regard to Agenda 2000, Parliament stressed the discriminatory treatment applied to Mediterranean crops and noted that the imbalance in the distribution of financial aid between these products and continental products could get worse. It called on the Commission to draw up a general framework for possible variations in aid going beyond the olive oil sector. This framework should set out the different production methods and govern the relationship between aid and socio-economic, regional and environmental criteria. It also called on the Commission in its legislative proposals to make the necessary adjustments to take into account the links between agriculture and the economy as a whole. ?