Proposal for a Council Regulation setting the limits to the Community financing of work programmes drawn up by approved operators' organisations in the olive oil sector provided for in Regulation (EC) No 1638/98 and derogating from Regulation No 136/66/EEC

(2002/C 262 E/16)

COM(2002) 343 final — 2002/0134(CNS)

(Submitted by the Commission on 28 June 2002)

EXPLANATORY MEMORANDUM

This proposal is being presented under Article 4a of Council Regulation (EC) No 1638/98 of 20 July 1998 amending Regulation No 136/66/EEC on the establishment of a common organisation of the market in oils and fats [1], which aims to encourage operators in the olive oil sector to organise themselves, particularly with a view to improving quality. To that end, the Article concerned allows Member States to withhold a portion of production aid to finance work programmes in the areas specified in that Article by approved producers' organisations, approved interbranch organisations and other approved operators' organisations.

The new arrangements must be available to interested parties from 1 November 2002, and from 1 November 2004 will replace the other Community financing raised by withholding amounts from production aid under Council Regulation No 136/66/EEC on the establishment of a common organisation of the market in oils and fats.

The measures to improve quality provided for in Article 5(9) of Regulation No 136/66/EEC are currently financed by compulsory withholding of 1,4 % of production aid, providing an annual budget of around EUR 33 million for the whole of the Community, and concern work carried out during the production cycle following the marketing year in which the amount is withheld from the aid. Additional national financing is permitted subject to certain conditions.

Under Article 20d(1) of Regulation No 136/66/EEC, producer organisations and their associations currently receive a compulsory levy of 0,8 % from the aid granted to their members, amounting to some EUR 17 million per marketing year for all producer Member States. This assistance is paid as a lump sum during the marketing year for which the deduction is made. Additional national financing is permitted under certain circumstances.

The budgets for these two measures depend on the volume of production in each Member State and therefore vary from one year to the next. This state of affairs is not conducive to multiannual programming of work and unlikely to encourage approved organisations to undertake medium-term projects.

The Commission therefore thinks that the ceiling on the amounts withheld from aid to finance the work programmes of approved organisations should be fixed at the beginning of the marketing year concerned, irrespective of the actual production volume. Given the key role that such organisations can play in improving the quality of olive oil and table olives, Member States should be allowed to devote substantial resources to them. However, the differences between the amounts withheld by the Member States must not be allowed to distort the market.

The Commission is proposing that the maximum percentage that each Member State may withhold to finance the work programmes of approved organisations be set at 3 % of the amount arrived at by multiplying the unit amount of production aid, expressed in tonnes, by its national guaranteed quantity. Setting the ceiling at this level would bring expenditure up to a maximum of EUR 70 million, higher than the current amount of the compulsory deductions for the Community as a whole and consistent with the planned expansion of work.

(1) OJ L 210, 28.7.1998, p. 32.

The current deductions to finance measures to improve quality and assist producer organisations will stay in force until the end of the 2003/04 marketing year, so that there will be a transitional period during which they might co-exist with the newly introduced deduction to finance the work programmes drawn up by approved organisations. The 3 % ceiling should therefore apply to all the amounts withheld from production aid during the 2002/03 and 2003/04 marketing years.

However, the Member States concerned should be allowed to concentrate their resources on the new measures to assist the work programmes of approved organisations. To that end, therefore, during the 2002/03 and/or 2003/04 marketing years, the Member States will be allowed to reduce or abolish the compulsory deductions for quality improvement and/or assisting producer organisations and their associations, provided that those reductions are accompanied by an equivalent increase in the resources channelled into the work programmes provided for in Article 4a(1) of Regulation (EC) No 1638/98.

The proposed measures conern the budgets for 2003 and subsequent years and entail no additional expenditure.

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas:

(1) Under Article 4a(1) of Council Regulation (EC) No 1638/98 of 20 July 1998 amending Regulation No 136/66/EEC on the establishment of a common organisation of the market in oils and fats [1], Member States producing olive oil may withhold, within certain limits, a portion of the aid payable to producers of olive oil and/or table olives, with a view to providing Community funding for work programmes drawn up by approved producers' organisations, approved interbranch organisations and other approved operators' organisations or their associations in one or more of the areas provided for in that paragraph. Pursuant to the first indent of Article 4a(3) of that Regulation, the ceiling on that aid should be set.

(2) In order to be effective, such work programmes need a forecast budget which is not affected by the volume of olive oil or table olives, as the case may be, produced each year in each Member State. The ceiling on Community funding should therefore be based on fixed parameters such as the unit amount of production aid as referred to in Article 5(2) of Regulation No 136/66/EEC on the establishment of a common organisation of the market in oils and fats [2], and the national guaranteed quantities referred to in paragraph 3 of that Article.

(3) In order to prevent market distortions, there should be a system preventing the total of amounts withheld by Member States from the production aid for olive oil or table olives pursuant to Article 5(9) and Article 20d(1) of Regulation No 136/66/EEC and Article 4a(1) of Regulation (EC) No 1638/98 from exceeding the limit fixed in this Regulation pursuant to Article 4a(1) of Regulation (EC) No 1638/98.

(4) In order to encourage the work programmes of approved organisations during the 2002/03 and 2003/04 marketing years, Member States must be allowed to concentrate the resources from the other amounts withheld from production aid as referred to in Article 5(9) and/or Article 20d(1) of Regulation No 136/66/EEC on those programmes. To that end, the Member States must be allowed to reduce or abolish such withholding of amounts in order commensurately to increase the resources available for the work programmes of approved organisations. The Commission should be empowered to set the time limit within which this option may be exercised,

HAS ADOPTED THIS REGULATION:

Article 1

From the 2002/03 marketing year, the ceiling on the share of the aid reserved pursuant to Article 4a(1) of Regulation (EC) No 1638/98 for each Member State shall be equal to 3 % of the amount arrived at by multiplying its national guaranteed quantity, as fixed in Article 5(3) of Regulation No 136/66/EEC, by the unit amount of the production aid in euro per tonne, as fixed in Article 5(2) of that Regulation.

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[1] OJ L 210, 28.7.1998, p. 32. Regulation amended by Regulation (EC) No 1513/2001 (OJ L 201, 26.7.2001, p. 4).

[2] OJ 172, 30.9.1966, p. 3025/66. Regulation last amended by Regulation (EC) No 1513/2001 (OJ L 201, 26.7.2001, p. 4).

Article 2

By way of exception to Article 1, for the 2002/03 and 2003/04 marketing years the percentage of 3 % referred to in that Article shall be reduced, where applicable after applying Article 3 of this Regulation, by the percentage points referred to in Articles 5(9) and 20d(1) of Regulation No 136/66/EEC.

Article 3

By way of exception to Article 5(9) and Article 20d(1) of Regulation No 136/66/EEC, for the 2002/03 and 2003/04 marketing years each Member State may, before a date to be fixed, either reduce the percentages referred to in those paragraphs or not apply those provisions, provided that it allocates the funds thus released to the share of the aid reserved pursuant to Article 4a(1) of Regulation (EC) No 1638/98.

The date referred to in the first subparagraph shall be fixed by the Commission in accordance with the procedure referred to in Article 38 of Regulation No 136/66/EEC.

Article 4

This Regulation shall enter into force on the seventh day following its publication in the *Official Journal of the European Communities*.

It shall apply from 1 November 2002.

This Regulation shall be binding in its entirety and directly applicable in all Member States.