

**Opinion of the Economic and Social Committee on:**

- the 'Commission Report to the Council and the European Parliament on the quality strategy for olive oil', and
- the 'Proposal for a Council Regulation amending Regulations No. 136/66/EEC and (EC) No 1638/98 as regards the extension of the period of validity of the aid scheme and the quality strategy for olive oil'

(2001/C 221/10)

On 19 January 2001 the Council decided to consult the Economic and Social Committee, under Article 37 of the Treaty establishing the European Community, on the above-mentioned report and proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 May 2001. The rapporteur was Mr Barato Triguero.

At its 382nd plenary session (meeting of 30 May 2001), the Economic and Social Committee adopted the following opinion by 110 votes to one with five abstentions.

**1. Introduction**

1.1. The Economic and Social Committee has drawn up an opinion on the Commission's proposal on the extension of the aid scheme and the quality strategy for olive oil. It also makes appropriate comment on the report on the quality strategy for olive oil, given its influence on the future CMO (common market organisation) arrangements for olive oil.

1.2. The ESC also wishes to highlight the social importance, both historically and in the present, of olive production, which is part of the culture of many regions of the Union.

1.3. The primary objective of any CMO is indisputably to preserve production and the social fabric it supports. Olives have been and remain a basic element in the economic and social life of the producer regions. Their location and concentration in some of the Union's most depressed regions, their vital employment role in many regions (accounting for 90 % of farm employment in some), the high number of farms depending on the crop, the associated processing industry etc. place olives at the heart of the economic and social life of such areas<sup>(1)</sup>.

1.4. The ESC would point out that olive production represents a stable source of employment, supported by the current CMO. Countless olive-producing farms provide income both for workers and small producers in areas with no alternative employment. Any modification of the current CMO which failed to take account of this fact could have a negative impact on employment, with an ensuing loss of population and territorial imbalance<sup>(1)</sup>.

1.5. Olive groves represent a crop of major ecological and environmental value. They often serve to protect against soil erosion and provide nesting areas and food for birds and hoofed animals.

1.6. The ESC would argue that as the southernmost productive wooded areas in the EU, olive groves play a key social and environmental role in areas where they could not, or could not easily, be replaced with other crops, and help rural populations to continue living in the countryside.

1.7. The EU leads in olive oil production, with 74 % of the world total. As such, it underpins the work and income of many farms.

1.8. The ESC would stress the nutritional and health importance of olive oil in preventing disease, and not only of the cardiac and cardiovascular type; consumption should be encouraged worldwide in view of the innumerable benefits it provides.

1.9. Regarding quality, the Commission must propose clear rules to the Council to guarantee olive oil authenticity, by improving consumer information with a labelling system which prevents confusion<sup>(1)</sup>.

1.10. The ESC wishes to indicate its interest in the following to the Commission:

- certification and safeguarding of olive oil quality;
- enhancing the quality and reducing the environmental impact of production;
- improving sector and market management.

<sup>(1)</sup> CES 600/97 — OJ C 287, 22.9.1997.

## 2. The proposal

### 2.1. General comments on the proposal

2.1.1. The ESC considers that the Commission's proposal to extend the current support system for the sector for a further two marketing years, while gathering more detailed information on the state of olive-growing, is the best decision at present. Given the current lack of data indicated by the Commission, it would be inappropriate to carry out any other kind of reform until there is greater knowledge of the sector. Many of the factors requiring a transitional CMO in 1998 remain unresolved.

2.1.2. The ESC believes, however, that this two-year period should be used to improve a number of aspects and adjust the present regulation of the European olive oil market, by immediately acknowledging present conditions. The Commission should also urge the Member States to complete their work on the Geographical Information Systems (GIS) and other systems which enhance monitoring.

2.1.3. This period should also be used to implement more flexible machinery, to ensure that the market is not affected by lengthy price slumps: producers have been left vulnerable to market turbulence since public aid was abolished under the 1998 reform, which basically affects family-run farms and less productive areas.

2.1.4. The aid scheme for table olive producers has helped to stabilise markets, make them more transparent, improve verification and boost employment. All the producing countries have progressively adhered to the voluntary option of directing aid to the table olive sector: this option should therefore be retained in the CMO to come into force from 1 November 2001.

2.1.5. The ESC warmly welcomes the Commission's decision to give close consideration to the quality strategy for olive oil in the EU, believing that this should represent the main objective of CMO reform over the coming years. The ESC shares the Commission's concern to boost transparency, crack down on fraud and provide consumers with more information to help them choose which oil to buy.

2.1.6. In this regard, the proposals to rationalise the number of designations, particularly at retail level, appear sound, provided that they are backed up with the necessary efforts for consumers to be fully informed of the choices the market provides and the real differences between such choices. Action of this kind could increase general knowledge of the properties of the different types of olive oil among both existing and potential consumers.

2.1.7. Since the present CMO restricts eligibility for aid to olive groves planted before 1998, the ESC proposes that in order to prevent the amount of aid being affected, the control methods be broadened. This would guarantee that aid is channelled only to olives and oil from eligible groves.

2.1.8. Without prejudice to the above comments, in view of the length of the Commission report, the ESC has analysed the main aspects of the document in greater detail.

## 3. The report

### 3.1. Comments on the report

#### 3.1.1. Comments on the introduction

3.1.1.1. From the outset of its analysis of the situation in the sector in the EU, the Commission voices its preference for giving priority to aspects bearing on quality strategy before launching upon a proposal for definitive reform. Control and organisation of the sector also feature prominently in this part of the document. Dislocations are detected in the formation of prices for olive oil which are not in line with the quality expected by consumers, with considerable overlap between categories.

3.1.1.2. The Commission is aware that some decisions, such as those regarding oil designations, may be challenged by certain subsectors of the industry, but has decided to press ahead with its proposal because aspects such as labelling which accurately reflects package contents, and the development of analysis techniques for better identification of olive characteristics, justify this type of initiative on quality strategy for olive oil and table olives.

#### 3.1.2. Analysis of the present situation (section 1)

##### 3.1.2.1. Rules and standards (1.1)

3.1.2.1.1. The ESC endorses the aim of carrying forward the application and development of existing standards on olive oil, such as Directive 2000/13/EC on labelling, and on the guarantee of product authenticity. However, it believes that the Commission will fail to achieve its aim in full unless this is accompanied by a blanket prohibition across the EU on

offering consumers lawful blends of olive oil with other vegetable oils. The ESC is aware of the legal difficulties which could arise from a blanket prohibition throughout the EU on blending olive oil with other vegetable oils, but feels that the positive effects in terms of market transparency might justify the work involved. Given the health-promoting nature of the product, the ESC urges that efforts be made to make olive oil more accessible to lower-income consumers.

3.1.2.1.2. The ESC believes that under present circumstances, in which consumers are insufficiently familiar with the oils available on the market, using acidity as the classification parameter could, in some cases, confuse consumers and lead them to make wrong judgements. For this reason, it considers that the packaging of currently designated 'olive oils' should not indicate their degree of acidity, since they are obtained from a blend of refined and virgin oil. This would prevent acidity being perceived in inverse proportion to quality by consumers. Natural acidity is in fact one of the final quality parameters for virgin oils.

3.1.2.1.3. Over recent years, the production sector has accomplished major efforts to adjust its equipment to the more modern extraction processes which have enhanced the quality of the oil obtained and minimised the environmental impact of mill operations. In the light of this, the ESC would urge the Commission to allocate the bulk of the 1.4 % currently withheld from production aid to promoting olive oil, under the sector's supervision. This comment should not be taken to imply giving up the use of phytosanitary treatments in areas of endemic infection, as this is necessary to maintain product quality, but should be effectively supervised by specialist personnel and carried out only when necessary.

### 3.1.2.2. Market situation (1.2)

3.1.2.2.1. The ESC believes that analysis of the market situation should extend beyond the sector's operators and olive oil categories. The opportunity presented by the forthcoming reform of the CMO should be taken to correct or address points such as obvious market distortions or the ineffectiveness of the present private storage system.

#### 3.1.2.2.2. *Operators and their organisations (1.2.1)*

3.1.2.2.2.1. The high number of producers in the EU warrants efforts to encourage them to join together. Consolidation can boost the functions of these producer organisations and foster a more organised structure for production from the bottom up, thereby mirroring the process of industrial

concentration under way in the sector. In the ESC's view, a number of functions must necessarily be performed by the appropriate authorities, such as monitoring of aid and its recipients.

#### 3.1.2.2.3. *Categories of olive oil produced and sold (1.2.2)*

3.1.2.2.3.1. The ESC agrees with the Commission that technical developments have brought about a considerable reduction in the production of lampante categories. Bearing in mind that olive harvesting is influenced by weather and climate, significant percentages of defective or lampante oils cannot be completely avoided.

#### 3.1.2.3. Quality factors (1.3)

3.1.2.3.1. The proposal to draw up a Community-wide code of good olive cultivation practice covering both olive groves and mills could provide an incentive to promote oils produced in accordance with the code, as this would be indicated on labels. In any case, the code should be drafted in full agreement with the relevant subsectors, to ensure that it can be put in practice.

3.1.2.3.2. Emphasis must continue to be placed on replacing conventional pressing systems, which produce an effluent which is highly polluting for water and require prior decantation which also has an environmental impact, with modern centrifuging extraction systems, under which the rich residue can be further exploited to obtain olive-pomace oil.

3.1.2.3.3. Oils obtained by exhausting pulp by physical means away from the mills in which oil is extracted from the olives as harvested is of lower quality. On account of the length of time since initial extraction, certain values can often significantly exceed those considered normal for quality parameters. These oils could therefore be placed in a lower category, as for example the Commission suggests for olive-pomace oils.

3.1.2.3.4. Olive paste, once processed in mills, retains a percentage of oil which can be extracted by chemical or physical processes. With a view to improving control of the quantities produced and the aid granted, it would seem appropriate to propose at this stage that the current flat-rate aid for olive-pomace oil production be replaced with a new procedure reflecting the quantities actually produced.

3.1.2.3.5. The ESC shares the Commission's view that all oils derived from pomace should be described as crude olive-pomace oil, and regrets that the opportunity has been missed to introduce payment of the aid for olive-pomace oil on the basis of the actual quantity produced. This would also help to ensure more effective supervision of the quantities of olive oil produced.

3.1.2.3.6. Regarding the possible uses of pomace, in addition to obtaining pomace-olive oils, thought should be given to using the substance as an organic fertiliser (after composting), particularly in areas of predominantly chalky or high pH soils. This would reduce the use of synthetic chemical fertilisers and the energy costs involved in producing them would be saved. The costs of transporting a pulp such as pomace, which has a high water content, would also be saved.

### 3.1.2.3.7. *Oils sold for consumption (1.3.3)*

3.1.2.3.7.1. Aware of the low level of consumer knowledge concerning the quality and types of olive oil, the Commission proposes to clarify and reduce the number of current designations at both the wholesale and retail levels. The ESC welcomes the Commission's stance, and it is to be hoped that its proposals will be sufficiently understood by consumers, for whom the suggested changes are basically intended.

3.1.2.3.7.2. There is a clear lack of analytical procedures for identifying specific lawful blends of olive oil and determining the proportions involved. The most sensitive point of the Commission proposal under this heading is the present use of the term 'olive oil', which is at the same time a generic designation and a specific category.

3.1.2.3.7.3. This overlap introduces an element of confusion which should be removed. This could be achieved by selecting a new term for the present 'olive oil' category (blend of refined and virgin oils), adding some qualification — with neither a negative or a positive connotation — which clearly distinguishes it from the generic term olive oil. Given the possible economic repercussions for some of the subsectors involved, the ESC proposes a prior survey of consumers and users to sound out their reaction to a possible change in the current designation of olive oil. In any case, efforts must continue to raise the profile of higher-quality oils and allow base prices for the different categories of olive oil to be more clearly differentiated. In so doing, it must be borne in mind that because of their unique production process, higher-quality oils generate more employment, require shorter processing times and are more environment-friendly.

3.1.2.3.7.4. A temporary compromise solution might be to retain the 'olive oil' category until the study is completed, but for labels to include the expression 'refined and virgin olive oil' in clear lettering,  $\frac{2}{3}$  of the size of that used for the 'olive oil' designation. This would give consumers an extra element of choice in comparing olive oil prices and qualities. The compromise could be accompanied by further research into analytical methods to enable the proportions present in blends in each batch to be identified, or at least using tracers combined with random checks.

3.1.2.3.7.5. The ESC agrees with the Commission on the need to stamp out practices such as deodorising lampante oils for subsequent direct consumption: they constitute economic fraud for consumers and unfair competition for other producers and packagers.

3.1.2.3.7.6. The sector's image is tarnished by the cases which have been revealed of blends of seed oil with olive oil, fraudulently sold as 'olive oils'. If unscrupulous operators are not to be tempted, it is essential for this latest, quality-oriented reform to impose a blanket prohibition across the EU on the production and sale of blends of vegetable oils with olive oil. In any case, a tightening-up of the labelling rules is necessary.

## 3.1.3. Suggested approaches (section 2)

### 3.1.3.1. Classification of olive oil (2.1)

3.1.3.1.1. The Commission's proposed amendment to the Annex to Regulation No. 136/66 on the designation and definition of olive oils introduces a new term in the wholesale trade (crude olive oil) to designate all virgin oils, and abolishes the ordinary category. The ESC considers the amendment to be acceptable since the quality parameters, such as acidity, which must be met for a given designation are stricter.

3.1.3.1.2. The current 'olive oil' category, which the Commission proposes to describe as 'standard', also covers blends of refined and virgin oil. Since the refining process enables the degree of acidity to be verified in the refined oil element, acidity should be regarded exclusively as an upper limit (1°) which may not be exceeded. At consumer level, however, and in order to avoid confusion, acidity should not be considered as a sign of quality: in the ESC's view, therefore, this parameter should not appear on labelling.

3.1.3.1.3. The ESC welcomes the Commission's proposal to impose a maximum limit of 5 litres on packages for the retail trade, in order to step up safeguards regarding the quality of oil consumed by consumers.

3.1.3.1.4. Directive 2000/13/CE further develops and updates labelling rules for foodstuffs. Moves to standardise label contents will be helpful, provided they do not involve repetition, and particularly on condition that any claim made on a label can be proved by the company responsible for the packaging. If left unregulated, the proliferation of descriptions and claims on labels could confuse consumers. The ESC therefore recommends that information included on labels or back labels be brought into line with existing law, and in any case that optional indications can be checked by the official supervisory bodies in each Member State. In this regard, certain marketing approaches which push the truth to the limit should be reigned in.

3.1.3.1.5. The optional designation of origin in the virgin and extra virgin olive oil categories is worth mentioning. Indication of origin would boost clarity and transparency.

3.1.3.1.6. The Commission's proposals on restricting the option of indicating regional origin of virgin olive oils produced in the EU exclusively to Protected Denomination of Origin (PDO) and Protected Geographical Indication (PGI) are inadequate. The possibility of indicating origin, defined as the place of origin of the olives, should be extended to all virgin olive oils.

3.1.3.1.7. This possibility would ensure that the origin of olive oils from each region or Member State would have to be determined regardless of where the product was eventually packaged. This approach would also distinguish EU-produced olive oils from imports from third countries.

### 3.1.3.2. Analytical checks (2.3)

3.1.3.2.1. The ESC shares the Commission's opinion on the need to improve the accuracy of the analyses carried out on olive oil in order to prevent or detect improper blends.

3.1.3.2.2. Panel testing remains a valid method for qualifying olive oils, despite its high cost per unit sampled. However, the significant element of subjectivity and randomness in the current analysis should offer sufficient reason for more intensive efforts to devise an alternative, more reproducible,

method of analysis. The Community therefore needs to adopt the new IOOC (International Olive Oil Council) method while research designed to improve it continues.

3.1.3.2.3. Oils to be submitted for analysis should include all those marketed within the EU, in order to avoid practices such as bulk selling which still continue in certain producer countries for final consumption. This represents a worrying proportion of total production. The practice should be stamped out in order to provide consumers with a guaranteed product.

### 3.1.3.3. Operators' organisation and activities (2.4)

3.1.3.3.1. The most efficient approach would appear to be to organise the olive oil production sector by strengthening and extending the role of existing producer bodies in the sector, in order to harness the level of integration producers have achieved.

3.1.3.3.2. Extending the scope of these bodies' involvement would be one way of optimising existing organisational resources. This may not however be universally applicable, and in the ESC's view aspects such as preventing fraudulent labelling must be the exclusive responsibility of the appropriate authorities.

3.1.3.3.3. Sector and market management might be one of the new functions for the sector's producer organisations most worthwhile pursuing. The way they are spread across the various production areas means they have direct access to highly reliable information. Duly processed, this information can play a key role in enhancing market trend forecasting, sales decisions, transition from one marketing year to another etc., thereby optimising use of resources and avoiding major price fluctuations on the olive oil markets.

3.1.3.3.4. Environmental management of the products and subproducts of the olive oil cycle, including action such as the phytosanitary treatments needed to maintain quality, is another area to which the functions of producer organisations might be extended.

3.1.3.3.5. In any case, there must be the greatest possible degree of cooperation between producer organisations and the appropriate authorities, as well as between Community, national, regional and local authorities, with a view to ensuring that measures taken comply with the relevant legislation.

### 3.2. *Comments on the operational conclusions of the report*

3.2.1. Following a one-year transitional period, labelling will have to comply with the specifications arising from the CMO applicable with effect from 1 November 2001. This should also be the deadline for making it mandatory to retail olive oil in packages of not more than 5 litres fitted with a non-reusable seal, designed to make refilling impossible.

3.2.2. The ESC is pleased that the Commission acknowledges the enormous promotional and research work being carried out by the IOOC, but regrets that this is not reflected more widely in areas such as promotion in the internal market, and that its research budget has not been increased.

3.2.3. The ESC proposes that, in the light of the IOOC's international experience with olive oil and given the huge importance which a change of designation can have for the external and internal promotion of olive oil, the body's views should be heard before making any such changes.

## 4. **Final comments**

4.1. The ESC wishes to draw attention to the importance of the olive oil sector in the EU and, consequently, to the need

for a CMO which helps maintain production as a means of achieving appropriate development of the rural environment.

4.2. The ESC supports the Commission's plan to extend the current CMO for a further two marketing years, since systems providing a complete picture of the sector have not yet been completed. However, certain instruments such as private storage, which have been revealed as ineffective in periods of low market prices, must be corrected.

4.3. The ESC welcomes the Commission's aim for consumers to be better informed on the olive oils offered on the market, and the opportunity to amend a number of designations, as part of a quality strategy for olive oil. A start should be made on these approaches in the near future: there is no need to wait a further two marketing years to implement them.

4.4. The ESC advocates stepping up research in the sector with a view to obtaining higher quality oils and boosting exports.

4.5. It is essential, in the ESC's view, to continue and intensify the EU's promotion policy for this sector, in terms of both market regulation and increasing olive oil exports.

Brussels, 30 May 2001.

*The President*  
*of the Economic and Social Committee*  
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