



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

**on the contribution to be paid to the Promotion Fund of the International Olive
Oil Council (IOOC) for the 2000/01 information campaign to increase
consumption of olive oil and table olives in non-member countries**

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on the contribution to be paid to the Promotion Fund of the International Olive Oil Council (IOOC) for the 2000/01 information campaign to increase consumption of olive oil and table olives in non-member countries

1. Article 11(1) of Council Regulation No 136/66/EEC of 22 September 1966 on the establishment of a common organisation in the market in oils and fats¹, as last amended by Regulation (EC) No 1638/98², authorises the Community to undertake measures directly or indirectly to provide information or to promote, in Member States or non-member countries, the consumption of olive oil and table olives produced in the Community.

Article 11(2) of Regulation No 136/66/EEC calls on the Commission to send the Council a programme of the measures it contemplates undertaking during the following marketing year(s).

2. As a full signatory to the International Agreement on Olive Oil and Table Olives signed at Geneva in 1986, extended for five years from 1 January 1994 and prolonged for two years until 31 December 2000, the Community must contribute each year to the IOOC Promotion Fund for increasing olive oil and table olive consumption in non-member countries.

Chapter B1-38 (Promotion measures) of the 2000 budget makes provision for a contribution.

3. For a number of years the Commission has made a compulsory and a voluntary contribution. The amount paid has increased over the years to reach EUR 5 706 450 in 1999 for a total programme cost of EUR 5 836 400.

The programme is devoted in the main to information, education and research activities which have gradually been launched in various non-member countries.

Promotional activity began in the United States (1983/84), Australia (1989/90) and Japan (1991/92) and has subsequently commenced in Canada (1994/95), Argentina (1994/95)³, Thailand (1996/97), South-East Asia (Taiwan 1998/99) and Brazil (1998/99).

Given the very substantial increases in olive oil consumption achieved in the countries in which programmes have been mounted by the IOOC (see annexed table) and the supply side outlook for olive oil in the Community, the Commission considers it necessary to continue, in parallel with campaigns within the Community, promotional action in certain non-member countries through the IOOC.

¹ OJ 172, 30.9.1966, p. 3025/66.

² OJ L 210, 28.7.1998, p. 32.

³ Promotional activities in Argentina were discontinued in 1999, because of the imposition of an import tax on olive oil by the Argentine authorities.

It is therefore proposed that the Promotion Fund continues to be supported by means of a financial contribution for the 2000/01 programme.

4. In July 1999 the IOOC sent the Commission its programme for 2000/01 (March 2000 to February 2001) and a breakdown of the draft budget required.

The programme embraces:

- promotional and public relations activities and provision of scientific, nutritional and gastronomic information in the above-mentioned countries,
- continuation of scientific research and dissemination of the results of research already carried out,
- production of information material and its distribution at international events in various countries,
- market studies and assessment studies for the programmes mounted.

The cost of the programme presented by the IOOC is EUR 6 123 650 with a possible breakdown as follows:

- non-member country activities	EUR 4 546 650
- scientific research	EUR 400 000
- dissemination of results	EUR 135 000
- production of material and international events	EUR 407 000
- market/assessment studies	EUR 128 000
- other (table olives, quality control, etc.)	EUR 507 000
	EUR 6 123 650

5. The Commission has examined the draft programme, which is a continuation of the work of previous years. The strategy seems well adapted to the objectives in view and the means proposed appropriate to that strategy. Further, the assessment studies carried out in previous years confirm the effectiveness of the action mounted.

The only new measure is including China in the promotional activities, which, according to market studies, represent an interesting and potential market.

However, given the resources in the 2000 budget for promotion outside the Union, and the possibility that promotional activities may be launched for other products in these countries in the year 2000, the Commission considers that, in order to maintain balance, a slight reduction in the funds allocated to olive oil is justified.

Since significant funds have already been invested and the scope of promotional measures widened, the Commission is convinced that the changed budgetary situation will not jeopardise the efficiency of the promotional activities of the IOOC in any way.

The total budget proposed by the IOOC should therefore be amended as follows:

- non-member country activities	EUR 4 192 270
- scientific research	EUR 400 000
- dissemination of results	EUR 135 000
- production of material and international events	EUR 357 000
- market/assessment studies	EUR 128 000
- other (table olives, quality control, etc.)	EUR 447 000
	EUR 5 659 270

It should be noted that the above figures are maximum amounts: the final amounts will be fixed following a call for tenders launched by the IOOC. The call for tender procedure ensures sound financial management.

6. The above sum is covered by:

- a compulsory contribution from IOOC members equalling EUR 500 000 (the Community contribution amounts to EUR 404 850 in accordance with the cost-sharing formula provided for in the Agreement),
- a voluntary contribution from the Community not exceeding EUR 5 094 270,
- estimated income of EUR 65 000 from the sale of IOOC publications.

In conclusion, the total Community contribution for 2000/01 equals EUR 5 499 120, which is 3.7% down on the total contribution to the previous programme (EUR 5 706 450).

It should be noted that the present Agreement expires on 31 December 2000. A first commitment is proposed to cover expenditure until that date. A further commitment will be proposed when the Agreement is extended beyond 1 January 2001.

Development of consumption based on import figures

(1 000 tonnes)

	USA	JAP	AUS	CAN	BRE	ASIA	TOTAL
Initial consumption	25	2	4	6	26	3	66
Consumption when IOOC activities commenced	38 (1985)	4 (1991)	10 (1990)	11 (1994)	26 (1998)	4 (1997)	93
Current consumption	160	30	23	19	29	8	269
Target consumption (2001/02)	180	50	28	30	45	20	353

FINANCIAL STATEMENT

1. BUDGET HEADING: B1-381	APPROPRIATIONS: EUR 21 million (letter of amendment - 2000)
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2. TITLE:
Communication from the Commission to the Council on the contribution to be paid to the Promotion Fund of the International Olive Oil Council (IOOC) for the 2000/01 information campaign to increase consumption of olive oil and table olives in non-member countries.

3. LEGAL BASIS: Council Regulation No 136/66/EEC

4. AIMS:
Financial contribution to the IOOC for the 2000/01 marketing year.

5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (Mio EUR)	CURRENT FINANCIAL YEAR 2000 (Mio EUR)	FOLLOWING FINANCIAL YEAR 2001 (Mio EUR)
5.0 EXPENDITURE	5,5 *	5,5 *	-
- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION)			
- NATIONAL AUTHORITIES			
- OTHER			
5.1 REVENUE	-	-	-
- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
- NATIONAL			
	2000	2001	2002
5.0.1 ESTIMATED EXPENDITURE	-	-	-
5.1.1 ESTIMATED REVENUE	-	-	-

5.2 METHOD OF CALCULATION:

- | | |
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| 6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? | YES |
| 6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? | YES / NO |
| 6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY? | YES / NO |
| 6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS? | YES |

OBSERVATIONS:

* Amount already included in the letter of amendment for the PDB 2000.