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

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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.