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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 1999/2000 information campaign to increase consumption of olive oil and table olives in non-member countries

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1. Article 11(1) of Council Regulation No 136/66/EEC 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 1999 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 ECU 5 970 450 in 1998 for a total programme cost of ECU 6 109 400.

The programme, devoted in the main to information, education and research activities, was gradually 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), 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.

It is therefore proposed that the Promotion Fund continue to be supported by means of a financial contribution for the 1999/2000 programme.

¹ OJ 172, 30.9.1966, p.3025/66.

² OJ L 210, 28.7.1998, p.32.

4. In July 1998 the IOOC sent the Commission its programme for 1999/2000 (March 1999 to February 2000) 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 abovementioned 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 6 148 950, broken down as follows:

– non-member country activities	4 325 400 EUR
– scientific research	400 000 EUR
– dissemination of results	171 000 EUR
– production of material and international events	510 000 EUR
– market/assessment studies	120 000 EUR
– other (table olives, quality control, etc.)	622 550 EUR
	6 148 950 EUR

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.

However, given the changed economic and financial situation in the countries in question as a result of the significant depreciation of certain currencies, and in the interests of sound financial management, the Commission considers that a reduction (in euros) in the funds allocated to activities in these countries is warranted and will not compromise the effectiveness of the action. This reduction can be 3% (dollar zone), 8% (Japan and Brazil) and 14% (South-East Asia).

As a consequence the total budget proposed by the IOOC should be altered to:

– non-member country activities *	4 054 000 EUR
– scientific research	400 000 EUR
– dissemination of results	171 000 EUR
– production of material and international events	474 950 EUR
– market/assessment studies	120 000 EUR
– other (table olives, quality control, etc.)	616 450 EUR
	5 836 400 EUR

6. The above sum is covered by:

- a compulsory contribution from IOOC members equalling EUR 500 000 (the Community contribution amounts to EUR 405 050 in accordance with the cost-sharing formula provided for in the Agreement),
- a voluntary contribution from the Community not exceeding EUR 5 301 400,
- estimated income of EUR 35 000 from the sale of IOOC publications.

In conclusion, the total Community contribution for 1999/2000 equals EUR 5 706 450, which is 4.4% down on the total contribution to the previous programme (EUR 5 970 450).

However, the imposition of an import tax by the Argentine authorities leads the Commission to conclude that for the moment promotional action should be discontinued there. If the situation does not alter before the beginning of the new programme (1 March 1999), the amount made available could be used to boost other action under the programme, with the exception of action in producer countries outside the EU. Should the tax be withdrawn, however, the Commission could authorise continuation of IOOC promotional action in Argentina.

* A budget of EUR 302 000 is scheduled for action in Argentina.

Increase in consumption on the basis of import figures

(1.000 tonnes)

	USA	JAP	AUS	CAN	ARG	BRA	ASIA	TOTAL
Initial consumption	25	2	4	6	1	26	3	67
Consumption at commencement of IOOC action	38	4	10	11	1	26	4	94
Present consumption	140	30	21	19	7	29	6	252
Consumption target (2000/2001)	160	50	24	30	20	40	15	339