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REPORT

of the Committee on Agriculture, Fisheries and Rural
Development

on the Commission proposals to the Council

- (1) for a regulation amending Regulation No. 136/66/EEC on the establishment of a common organization of the market in oils and fats
(COM(90) 270 final - C3-0292/90)
- (2) a regulation removing oil and oil cake from the list of products subject to the supplementary trade mechanism (STM) in Portugal
(COM(90) 270 final - C3-0297/90)

Rapporteur: Mrs Teresa DOMINGO SEGARRA

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A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

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= Consultation procedure requiring a single reading

**II

= Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

**I

= Cooperation procedure (first reading)

= Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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By letter of 7 September 1990 the Council consulted the European Parliament, pursuant to Article 43 of the EEC Treaty and to Article 234(3) of the Act of Accession of Portugal to the EEC, on the proposals from the Commission to the Council for a regulation amending Regulation No. 136/66/EEC on the establishment of a common organization of the market in oils and fats and for a regulation removing oil and oil cake from the list of products subject to the supplementary trade mechanism (STM) in Portugal.

At the sitting of 14 September 1990 the President of Parliament announced that he had referred these proposals to the Committee on Agriculture as the committee responsible and the Committee on Budgets for its opinion. At its meeting of 19 September 1990 the Committee on Agriculture appointed Mrs Domingo Segarra rapporteur.

By letter of 26 October 1990 the Council requested the application of the urgent procedure pursuant to Rule 75 of the Rules of Procedure. This request was approved by Parliament on 20 November 1990.

At its meetings of 16 October, 8 November and 20 November 1990 the committee considered the Commission proposals and the draft report.

At the last meeting it adopted the draft legislative resolutions unanimously.

The following took part in the vote: Killilea, vice-chairman and acting chairman; Domingo, rapporteur; Adam (for Stevenson), Arias Cañete (for Navarro), Bocklet, Böge (for Mottola), Carvalho Cardoso, Dalsass, Funk, Görlach, Guillaume, Keppelhoff-Wiechert, Lataillade (for Lane), Livanos, McCubbin, Maher (for García), Miranda da Silva (for Piquet), Morris (for Rothe), Newens, Partsch (for de Verbeek), F. Pisoni (for N. Pisoni), Saridakis, Sierra Bardají, Sonneveld, Thareau and Vázquez Fouz.

The opinion of the Committee on Budgets is attached.

The report was tabled on 20 November 1990.

The deadline for tabling amendments expires at 5 p.m. on Wednesday, 21 November.

A

Proposal from the Commission to the Council for
a regulation amending Regulation No. 136/66/EEC
on the establishment of a common organization
of the market in oils and fats

Commission text

Amendments

(Amendment No. 1)

Before the first recital, new recital

Whereas olive growing is a characteristic activity in the less-favoured Mediterranean areas of the Community, in some of which it is virtually the sole source of income for agricultural producers; whereas this form of cultivation is particularly well adapted to the physical setting and to the climate and thus plays an important role in environmental conservation; whereas the sector has a substantial social dimension in view of the large number of persons employed; and whereas it is therefore desirable that the measures taken in this sector should guarantee stable and permanent support for producers with a view to maintaining regional equilibrium in the producer areas;

Commission text

Amendments

(Amendment No. 2)

First recital

Whereas a system of maximum guaranteed quantities has been introduced by Article 5(1) of Council Regulation No. 136/66/EEC¹, as last amended by Regulation (EEC) No.² for production aid; whereas under this system the unit amount of the aid is reduced when the maximum quantity fixed for a given marketing year is exceeded; whereas, in order to ensure better market equilibrium and to curb expenditure on the disposal of olive oil, this system should be extended to cover the intervention price; whereas, however, the intervention price should be reduced only from the following marketing year; whereas a limit to this price reduction should be fixed;

Whereas a system of maximum guaranteed quantities has been introduced by Article 5(1) of Council Regulation No. 136/66/EEC¹, as last amended by Regulation (EEC) No.² for production aid; whereas under this system the unit amount of the aid is reduced when the maximum quantity fixed for a given marketing year is exceeded; whereas, in order to prevent possible imbalances, to ensure better market equilibrium in the future and to curb expenditure on the disposal of olive oil, this system could be extended to cover the intervention price on the basis of reducing this price only from the following marketing year; whereas, at all events, a limit to this price reduction must be fixed;

Commission text

Amendments

(Amendment No. 3)

Third recital

Whereas in the interests of sound management and in order to simplify the system of granting production aid, a distinction should be made between two categories of olive growers depending on whether or not they produce more than a given quantity of olive oil; whereas the unit amount of the aid should be fixed according to a flat rate for producers who do not exceed this quantity;

Whereas in the interests of improved management and in order to introduce greater transparency and to simplify the system of granting production aid, such aid should in future be granted to all producers on the basis of their actual production; whereas, however, as an intermediate measure, a distinction could be made between two categories of olive growers depending on whether or not they produce more than a given quantity of olive oil; whereas the unit amount of the aid should be fixed according to a flat rate for producers who do not exceed this quantity;

(Amendment No. 4)

After the third recital, new recital

Whereas the level of olive oil consumption in the traditional consumer countries should be maintained, and encouragement should be given to consumer promotion campaigns based on the food and dietary value of olive oil; whereas, however, there is an equally good case for also aiming such campaigns at the countries of Northern Europe, which could provide an important potential new consumer market;

Commission text

Amendments

(Amendment No. 5)

ARTICLE 1 (1)

Article 4(4) (Regulation No. 136/66/EEC)

'If actual olive oil production during a marketing year exceeds the maximum guaranteed quantity fixed for that year, the intervention price for the following year shall be reduced by applying the coefficient referred to in the fourth subparagraph of Article 5(1) under (b). However, the reduction may not exceed 3% and it shall be effected by the Commission each year before the beginning of the periods during which intervention buying is open.'

'If actual olive oil production during a marketing year exceeds the maximum guaranteed quantity fixed for that year, the intervention price for the following year shall be reduced by applying the coefficient referred to in the fourth subparagraph of Article 5(1) under (b). However, the reduction may not exceed 3% and it shall be effected by the Commission each year before the beginning of the periods during which intervention buying is open. However, within the overall framework of the proposed revision of the stabilizers due to take place before the end of the 1991/92 marketing year, the Council may, on a proposal from the Commission and subject to the report of Parliament, alter both this mechanism and the maximum guaranteed quantity in accordance with the evolution of production, consumption and exports.'

Commission text

Amendments

(Amendment No. 6)

ARTICLE 1 (2) and (3)

Regulation No. 136/66/EEC, Article 5(1)(2)

2. In Article 5(1) the figure '400' is replaced by '500'.

3. Article 5(2) is replaced by the following:

'2. The aid shall be granted:

- to growers who produce at least 500 kg of olive oil in a given marketing year, on the basis of the quantity of olive oil actually produced;
- to other growers, on the basis of the number and production potential of the olive trees which they grow and of the yields of those trees as fixed according to a flat rate and provided the olives produced have been pressed.'

2. In Article 5(1) the figure '400' is replaced by '800'.

3. Article 5(2) is replaced by the following:

'2. The aid shall be granted:

- to growers who produce at least 800 kg of olive oil in a given marketing year, on the basis of the quantity of olive oil actually produced;
- to other growers, on the basis of the number and production potential of the olive trees which they grow and of the yields of those trees over the last four marketing years as fixed according to a flat rate and provided the olives produced have been pressed.'

(Amendment No. 7)

Article 5(2a)(Regulation 136/66/EEC)

1. Until the end of the transitional period, olive-oil presses may be provisionally recognized in the case of Portugal as a basis for the allocation of olive-oil production aid, providing organizations exist that are able to issue a declaration in respect of each olive grower establishing the quantity of crushed olives and the quantity of olive-oil obtained. Portugal shall adopt the control measures necessary to verify by taking samples the declarations issued by the olive oil presses recognized on a provisional basis.
2. Until the end of the transitional period, aid for small-scale olive growers in Portugal may be granted on the basis of revenue, up to a fixed threshold, from sales of olives for olive-oil production, providing a bill of sales of olives or crushed olives is presented.

(Amendment No. 8)

ARTICLE 1(4)

Regulation No. 136/66/EEC, Article 5(a)

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none">1. As from the 1991/92 marketing year for the duration of the period of application of the second subparagraph of Article 4(4), additional production aid shall be granted to growers who produce 500 kg per year or less. This aid shall amount to ECU 3/100 kg. | <ol style="list-style-type: none">1. As from the 1991/92 marketing year for the duration of the period of application of the second subparagraph of Article 4(4), additional production aid, <u>fixed at a sufficiently high level to provide adequate compensation</u>, shall be granted to growers who produce <u>800 kg per year or less, to offset the loss of income resulting from the reduction of the intervention price</u>. This aid shall amount to ECU <u>8/100 kg</u>. |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Commission text

Text amended by Parliament

(Amendment No. 9)

Article 11(8a) (new)(Regulation No. 136/66/EEC)

Community aid for olive consumption in Spain and Portugal shall apply from the beginning of the 1991 olive oil marketing year.

This aid shall amount to ECU 55/100 kg. for Spain and ECU 60/100 kg. for Portugal. These figures shall apply until 31 October 1991, providing no contrary transitional measures are adopted under Articles 90 and 257 of the Act of Accession.

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission to the Council amending Regulation No. 136/66/EEC on the establishment of a common organization of the market in oils and fats

The European Parliament,

- having regard to the Commission proposal to the Council (COM(90) 270 final)¹,
 - having been consulted by the Council pursuant to Articles 42 and 43 of the EEC Treaty (C3-0292/90),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (A3-0319/90),
1. Approves the Commission proposal subject to Parliament's amendments and in accordance with the vote thereon;
 2. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 3. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
 4. Instructs its President to forward this opinion to the Council and Commission.

¹ OJ No. C 277, 5.11.1990, p.1

Proposal for a Council regulation (EEC) removing oil and
oil cake from the list of products subject to
the supplementary trade mechanism (STM) in Portugal

Commission text

Text amended by Parliament

(Amendment No. 10)
Title

Proposal for a Council regulation (EEC) removing oil and oil cake from the list of products subject to the supplementary trade mechanism (STM) in Portugal

Proposal for a Council regulation (EEC) removing oil cake from the list of products subject to the supplementary trade mechanism (STM) in Portugal

(Amendment No. 11)
Third recital

Whereas the total opening up of the Portuguese market in vegetable oils and fats at the expiry of the standstill period and the introduction at the same date of aid for the consumption of olive oil in Portugal require the liberalization of imports of olive oil and oil cakes from the other Member States into Portugal; whereas those products should therefore no longer be subject to the STM.

Whereas the total opening up of the Portuguese market in vegetable oils and fats at the expiry of the standstill period and the introduction at the same date of aid for the consumption of olive oil in Portugal require the liberalization of imports of oil cakes from the other Member States into Portugal; whereas those products should therefore no longer be subject to the STM.

(Amendment No. 12)
Article 1

The following products:

- olive oil falling within codes CN 1509 and 151000
- oil cake falling with codes CN ex 23040000, 23050000 and 2306, with the exception of codes CN ex 23069011 and 23069019

are hereby removed from the list of products subject to the STM on importation into Portugal from the other Member States.

The following products:

- oil cake falling with codes CN ex 23040000, 23050000 and 2306, with the exception of codes CN ex 23069011 and 23069019

are hereby removed from the list of products subject to the STM on importation into Portugal from the other Member States.

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament
on the proposal from the Commission to the Council for a regulation removing
oil and oil cake from the list of products subject to the supplementary trade
mechanism (STM) in Portugal

The European Parliament,

- having regard to the Commission proposal to the Council
(COM(90) 270 final)¹,
 - having been consulted by the Council pursuant to Article 234 of the Act of
accession of Portugal to the EEC (C3-0297/90),
 - having regard to the report of the Committee on Agriculture and the opinion
of the Committee on Budgets (A3-0319/90),
1. Approves the Commission proposal subject to Parliament's amendments and in
accordance with the vote thereon;
 2. Calls on the Council to notify Parliament should it intend to depart from
the text approved by Parliament;
 3. Asks to be consulted again should the Council intend to make substantial
modifications to the Commission proposal;
 4. Instructs its President to forward this opinion to the Council and
Commission.

¹ OJ No. C 277, 5.11.1990, p.2

EXPLANATORY STATEMENTI. INTRODUCTION

1. Concurrently with the end of the standstill period and the liberalization of the oils and fats sector in Spain and Portugal, the Commission has submitted to the Council a package of four proposals for regulations concerning olive oil. Two of these proposals (concerning, respectively, aid for consumption in Spain and Portugal and amendment of the rules on aid to producers), while of considerable importance, do not require Parliament's report for their formal adoption, and Parliament is therefore not entitled to table amendments.

II. GENERAL CONSIDERATIONS TO BE TAKEN INTO ACCOUNT REGARDING ANY REFORM IN THIS SECTOR

2. Olive growing has an important social dimension, by reason of the large number of persons employed, and is a key factor for regional and ecological equilibrium. It is carried out in semi-arid regions, where it helps to prevent the desertification and deterioration of land which is generally very poor in itself. In addition, it should not be forgotten that olive-growing is the basic source of livelihood for approximately 1 m households in Italy, 600 000 in Spain, 400 000 in Greece, 250 000 in Portugal and 45 000 in France. Altogether, some 2.3 m farmers in Europe are entirely dependent on olive growing.

3. Although olive oil production is an integral part of the oils and fats sector, it presents certain problems which are completely different from, and in some cases opposed to, those of the other vegetable oils. In the basic rules introduced over 20 years ago, olive oil is considered as a special case requiring a special regime. At the time, the arrangements introduced were almost exclusively to the benefit of Italy. The situation has been altered by the subsequent accessions of Greece, Spain and Portugal, and the Community, which formerly had a shortfall of olive oil, now accounts for 80% of world production.

A transition period for the alignment of price and aid levels currently applies to Spain and Portugal, and is due to expire at the end of 1995.

4. Olive oil consumption in the Community is confined almost entirely to the producer regions and countries. Northern European consumers are, in general, reluctant to use a type of oil about which they lack sufficient knowledge, or whose special taste they fail to appreciate. At all events, however, the main factor discouraging consumption is the price of olive oil, given that this product has to compete on the Community market with other, imported, vegetable oils which are not subject to customs barriers. For this reason, it has been necessary to institute a system of aids to production and consumption.

III. PROPOSAL FOR A REGULATION AMENDING REGULATION NO. 136/66/EEC ON THE ESTABLISHMENT OF A COMMON ORGANIZATION OF THE MARKET IN OILS AND FATS

Background to the proposal

5. The Commission has already made several attempts, not all of them successful, to reform the oils and fats sector with the aim of improving and simplifying the regime. At the time of Spanish and Portuguese accession, the Commission estimated the final cost of enlargement to the olive oil sector at 1230 m ECU. To pay for this expenditure, it proposed, in the 1987/88 price package, a mechanism for the stabilization of consumer prices in the sector. The Council rejected this proposal, but the decision was taken to revise the COM in olive oil, on the following basis:

- establishment of a maximum guaranteed quantity (henceforth referred to as MGQ) to apply to production aid, with provision for the aid to be reduced once this ceiling was exceeded;
- limitation of intervention to the last four months of the marketing year;
- abolition of the monthly increases in respect of expenditure on storage and financing.

The Commission's present proposal

6. This proposal extends the stabilizing mechanism to the intervention price, with the result that where the MGQ is exceeded (taking into account, in some cases, the quantity carried over from the previous year), not only is the production aid reduced for the current marketing year, but, in addition, the intervention price for the following year is lowered, subject to a maximum reduction of 3%. Where the MGQ is exceeded repeatedly, the reduction in the intervention price is to be cumulative, as is already the case in the cereals sector.

The Commission also proposes a number of alterations in the definition of production aid, to the effect that aid should be granted on the basis of actual production to all olive growers, whether members of a producer group or not, with the exception of small producers (to be defined in future as those producing less than 500 kg, rather than 400 kg, per marketing year). For small producers, the system of flat-rate aid is retained, provided the olives are pressed on authorized premises.

Factors to be taken into account before evaluation of the Commission proposal

7. The somewhat fatalistic forecasts made by the Commission at the time of accession regarding the future of the oils and fats sector have fortunately not been borne out by events. In fact, at present the olive oil sector may be considered to enjoy a certain stability, as the following data show:

- (a) In 1988/89, the initial appropriations for olive oil stood at 1365 m ECU, whereas expenditure was no more than 945.1 m ECU; in 1989/90, 314 m ECU of the appropriations for the oils and fats sector were not utilized.
- (b) In 1986, stocks stood at 273 000 tonnes, a figure which had fallen to only 71 000 tonnes by 1 June 1990.

(c) Community olive oil exports have registered a constant increase, from 157 500 tonnes in 1985/86 to 172 000 tonnes in 1989/90, while consumption is also rising significantly at world level.

Analysis and assessment of the proposal

8. The Commission's intention in submitting this proposal is to take preventive action, with a view to future containment of the probable costs of the progressive alignment of the aid and intervention price arrangements in respect of Spain and Portugal. Since the various mechanisms of the COM are all interrelated, any reduction in the intervention price implies the revision of the target price and the market price and thus adversely affects the level of consumption aid.

9. The questions must be asked, in the first place, whether the present moment is the right one for altering the stabilizing mechanism in this sector. In this connection, it might perhaps have been advisable to wait for the outcome of the GATT negotiations and for the general revision of the system of stabilizers which is planned for the remaining sectors for the end of the 1991/92 marketing year.

10. At all events, a critical assessment of the proposal cannot disregard the fact that, as a result of the liberalization of the oils and fats sector, other vegetable oils will appear on the market in Portugal and Spain (a country which has been up till now a major consumer of olive oil) at significantly lower prices, since their importation into the Community will no longer be subject to customs barriers; there are grounds for fearing that by the end of the transition period the price ratio in Spain and Portugal could have risen to 4:1, i.e. the ratio currently prevailing in the rest of the Community. In view of this prospect, there is a need for a rational policy for a stable level of support to olive oil production; proposals should be made for the modification of the price ratio and, possibly, as the Commission proposal suggests, the gradual reduction of the price of olive oil (which should on no account be increased).

11. Another consideration to be taken into account is that in the Mediterranean regions of the Community the olive growing sector has until now been subject to considerable neglect; failure to apply suitable techniques has led to low yield levels and, consequently, high prices for olive oil have been necessary to make olive growing viable for the more than 2 m farmers whose livelihood it represents. Both yield and product quality could be improved by a strategy for improving and modernizing production.

12. At all events, the alterations proposed by the Commission can only be considered acceptable if they are accompanied by further measures, whether at market level (establishment of an adequate level of consumption aid) or of a socio-structural nature (production aids, improvements in cultivation and special protection for small olive growers), aimed at guaranteeing an equitable minimum income for producers.

13. With respect to protection for small olive growers, the rapporteur considers that the main objective of the aid regime should be to support producers whose viability is, due to the small size of the holding, jeopardized by the restrictive measures determined at Community level. The Commission proposal is severely lacking in this respect. Thus, as may be seen from the estimates set out in the table in the Annex, the penalizing effect of

the stabilizer on the intervention price may range from 6.44 to 9.64 ECU/100 kg. It must therefore be concluded that the Commission's proposed supplementary aid to small olive growers to the sum of 3 ECU/100 kg is far from sufficient. This aid should be fixed at a level which would fully compensate small olive growers for the income loss arising from the reduction of the intervention price.

14. In addition, the current threshold for the definition of a small producer corresponds to an amount of olive oil which may well be almost entirely absorbed by the producer's own household consumption; the definition should cease to be merely symbolic, and should be revised in accordance with a meaningful socio-economic conception of a small producer, i.e. the owner of a smallholding whose characteristics permit production to take place at a minimum level of viability. The rapporteur has accordingly tabled an amendment proposing that the threshold for the definition of a small producer should be raised to no less than 800 kg of olive oil per marketing year (rather than the 500 kg proposed by the Commission). She further considers that in the near future this threshold should be fixed at 1000 kg per marketing year, which would correspond to a 3-hectare holding. This would be in line with a more realistic socio-economic yardstick as regards olive growing at Community level, and would cover 28% of total production.

15. With respect to the production aid scheme, the Commission aims to improve the monitoring conditions and to ensure greater transparency as regards the processing of olives into olive oil, in order to remedy the current situation where aid is granted for greater quantities than those actually produced. The rapporteur endorses the Commission's proposals as a first step towards creating a single system based on actual production. It must be recalled that olive harvesting accounts for over 50% of production costs, in view of which it would be most unjust to grant aid on the basis of tree numbers to producers who may be city-dwellers who never harvest their olives.

Other problematic aspects:

16. (a) The Commission refers to a possible alteration of the conditions for intervention in the report accompanying this package of proposals.

The intention appears to be to confine intervention to the lower quality oils, and to remove the provision for intervention in the case of higher quality oils. Producers have recently made considerable efforts to invest in presses to improve oil quality, but there is a risk that implementation of this measure could create a situation in which producers, encouraged by the security offered by the intervention mechanism, ceased to expand or contracted production of higher quality but less profitable oils.

17. (b) Consumption aid in Spain and Portugal should be fixed at a level permitting the gradual revision of the prices of olive oil and the remaining vegetable oils in such a way as to ensure a stable price ratio enabling the existing consumption balance to be maintained. This level should not be lower than 55 ECU/100 kg for Spain and 60 ECU/100 kg for Portugal, in order to avoid a substantial decline in olive oil consumption and the appearance of surpluses which the market could not easily absorb and which would cause even worse problems for the Community budget.

This consumption aid should come into force with effect from 1 November 1990, that is, the first day of the marketing year (the industry should begin to change its packaging and labelling to adapt them already to the Community rules, and steps should also be taken to prevent speculative operations in the distribution sector which could lead to market shortages).

18. (c) The current multilateral negotiations in GATT represent a threat to the entire agricultural sector in the Community. However, when proposing possible reductions in the existing support mechanisms, it should be recalled that even under present conditions the market in the competing vegetable oils which enter the Community without customs barriers is already highly liberalized. In addition, the final stage of the standstill period for Spain and Portugal represents a further effort in the direction of liberalization.

19. (d) As a product, olive oil should be clearly differentiated from the other vegetable oils, in view of its particular organoleptic and dietary characteristics; the Commission has made efforts to stress these aspects in its consumer promotion campaigns. These campaigns have been carried out mainly in the producer countries, where consumption is also established; it could be worthwhile, in the present circumstances, to reorient these campaigns with a view to conquering the potential market represented by the consumers of Northern Europe.

IV. PROPOSAL FOR A REGULATION REMOVING OLIVE OIL AND OIL CAKE FROM THE LIST OF PRODUCTS SUBJECT TO THE SUPPLEMENTARY TRADE MECHANISM (STM) IN PORTUGAL

20. According to Article 249 of the Act of Accession of Portugal, imports of olive oil and oil cake into Portugal are subject to the supplementary trade mechanism (STM) until 31 December 1995. Any change in this date must be approved by unanimous vote in Council.

The Commission proposal advocates a shorter transition period and the total liberalization of imports of olive oil and oil cake.

Portugal at present imposes high customs duties on olive oil imports; however, the conditions governing imports of oilseeds for pressing are extremely advantageous for the Portuguese processing industry.

The Commission justifies its proposal in terms of the convenience of instituting liberalization concurrently with the expiry of the standstill period and the introduction of consumption aid for olive oil.

The Committee on Agriculture, Fisheries and Rural Development has recommended the exclusion of olive oil from the products no longer subject to the supplementary trade mechanism applicable to Portuguese imports under this proposal.

ANNEX

LIKELY EFFECTS OF THE STABILIZER ON THE INTERVENTION PRICE

Hypothesis I (production 1990/91 < M.G.Q.)

Unit: ECU/100 kg

<u>Marketing year</u>	<u>M.G.Q. (in tonnes)</u>	<u>Relation of production to M.G.Q. (estimate)</u>	<u>Intervention price</u>	<u>Penalization</u>	<u>Intervention price corrected for EEC - 10</u>	<u>Supplementary aid proposed by the Commission</u>
1990/91	1 350 000	lower	216.24	0.0	216.24	0.0
1991/92	N/A	higher	216.24	0.0	216.24	3.0
1992/93	N/A	lower	216.24	6.49	209.75	3.0
1993/94	N/A	higher	209.75	6.49+0	209.75	3.0
1994/95	N/A	lower	209.75	[6.49]+6.29	203.46	3.0
average of last 4				6.44	209.80	3.0

Hypothesis II (Production 1990/91 > M.G.Q.)

1990/91	1 350 000	higher	216.24	0.0	216.24	0.0
1991/92	N/A	lower	216.24	6.49	209.75	3.0
1992/93	N/A	higher	209.75	[6.49]+0	209.75	3.0
1993/94	N/A	lower	209.75	(6.49)+(6.29)	203.46	3.0
1994/95	N/A	higher	203.46	(12.78)+0	203.46	3.0
average of last 4				9.64	206.60	3.0

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the Chairman of the committee to Mr COLINO SALAMANCA, Chairman of the Committee on Agriculture, Fisheries and Rural Development

Brussels, 8 November 1990

Subject: Opinion of the Committee on Budgets on:

- the proposal for a Council regulation amending Regulation No. 136/66/EEC on the establishment of a common organization of the market in oils and fats (COM(90) 270 - C3-0292/90)
- the proposal for a Council regulation removing oil and oil cake from the list of products subject to the supplementary trade mechanism (STM) in Portugal (COM(90) 270 - C3-0297/90)

Dear Mr Colino Salamanca,

At its meeting of 6 and 7 November 1990, the Committee on Budgets considered the above proposals relating to document COM(90) 270, on which Parliament was requested to deliver an opinion.

The committee members voted in favour of the two proposals.

Yours sincerely,

(sgd) Thomas von der VRING

The following were present for the vote: von der Vring, chairman; Arias Cañete, Goemakers, Langes, Lo Giudice, Kellet-Bowman, Marques Mendes, Miranda da Silva, Theato and Wynn.