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INTERIM REPORT

drawn up on behalf of the Committee on Budgetary Control
on control problems in the olive oil sector

Rapporteur: Mr R. BATTERSBY

PE 88.684/fin.

On 29 June 1983 the Committee on Budgetary Control has been authorized to draw up a report on control problems in the olive oil sector. At its meeting on 13 July 1983 the Committee designated Mr Battersby as rapporteur.

The Committee on Budgetary Control considered the draft report at its meetings on 3/4 November 1983 and 1/2 March 1984. At the last-mentioned meeting the motion for a resolution was adopted by 7 votes in favour with 1 against and 2 abstentions.

The following took part in the vote: Mr Aigner, Chairman, Mrs Boserup, vice-chairman; Mr Price, vice-chairman; Mr Battersby, rapporteur; Mr Kellett-Bowman; Mr Marck; Mr Mart; Mr Notenboom; Mr O'Donnell (deputising for Mr Konrad Schön); Mr Protopapadakis (deputising for Mr Gontikas).

The report was submitted on 6 March 1984.

The deadline for the tabling of amendments to this report appears in the draft agenda for the part-session at which it will be debated.

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A

MOTION FOR A RESOLUTION

on control problems in the olive oil sector

The European Parliament

- A. having regard to the proposals from the Commission of the European Communities to the Council for regulations on the olive oil sector (COM(83) 480 final - Doc. 1-772/83),
- B. having regard to the interim report of the Committee on Budgetary Control (Doc. 1-1537/83),
- C. having regard to the resolution of the European Parliament of 12 January 1983¹,
- D. having regard to the frequent reports in the media on the inadequacy and ineffectiveness of controls on the granting of production aid for olive oil,
- E. having regard to the practical difficulties in implementing controls in this sector, in view of the wide dispersion of the production areas, the large number of producers and presses concerned and the weaknesses that have long existed in the matter of estimation and verification of quantities produced,
- F. anxious to ensure that the best possible use is made of EC taxpayers funds and that the funds allocated to the olive oil sector go to those individuals and organizations whom the budgetary authority intended to finance,
 1. Recalls with concern the series of rumours regarding frauds and irregularities in the olive oil sector which allegedly result in the attempted misuse of a substantial part of the EC funds devoted to this sector in the budget and which has been estimated at as high as 10%-15% of the total by some observers; noting moreover that the total appropriation for olive oil was 493.1 million ECU in 1982 and 675.5 million ECU in 1983; 773 million ECUs have been allocated for 1984, despite the historical cyclic nature of olive oil production;

¹ OJ No. C 42, 14.2.83.

2. The present system being so open to abuse, fears that rumours of attempted fraud and irregularities are well founded in principle, although the sums involved may be exaggerated in volume;
3. Stresses the need for improving control systems so as to eliminate weaknesses in the arrangement for the flow of funds, if the continuation of these aids is to be defensible;
4. Stresses the need for the Commission to exercise a greater degree of control and accuracy in the presentation of statistical data in the highly sensitive agricultural sector;

Control of production aid

5. Stresses the need for the forward budgetary appropriations to conform more closely to the cyclic pattern of olive oil production;
6. Insists in particular on the need to coordinate the various control bodies, ensuring compatibility in the computer support used;
7. Points out that the inclusion of land register data in the intervention agency's central computer would provide a significant improvement in controls on applications for aid in Italy and urges that the necessary work be pushed ahead speedily; considers that the introduction of tighter control measures does not have to wait for the detailed aerial survey to be completed;
8. Insists that the olive grove register be used immediately in the areas where it can be introduced quickly;
9. Notes that it is urgent to extend controls on oil presses, possibly giving some responsibility in this area to oil press associations, and to introduce an olive oil press register;

Producers' associations

10. Recognises the role of producers' organisations in this sector as a factor in the control process;

11. Stresses the urgent need for definitive recognition of associations of producers' groups; in laying down the requirements for recognition it is necessary to ensure that these associations represent a broad enough spectrum of membership and a free and voluntary association; it is also essential that registration implies the obligation to provide information and statistics to facilitate control of applications; believes that the minimum terms for recognition of producers' organizations in Italy of 25,000 producers or 13,000 tonnes per year are too exclusive, and should be reduced to 10,000 producers or 5,000 tonnes;

General considerations

12. Stresses that an appropriate system of substantial uniform penalties, to be set up by the Member States, would be a useful instrument for discouraging fraud;
13. Points out that the creation of an independent Community control agency responsible for coordinating checks in the olive oil sector could improve results provided its international character were guaranteed;
14. Believes that there is an urgent need to find a suitable solution to the problem of controls in this sector so as to put the Community's house in order before enlargement adds to the scope of the problem;
15. Awaits the special ECA report in the matter with keen interest and will deliberate further on the subject on its receipt with a view to preparing a definitive report and appropriate recommendations;
16. Will consider the subject further in the light of the additional information which has been requested from the Greek authorities;
17. Instructs its President to forward this resolution to the Council, the Commission, the Court of Auditors and the governments of Greece, France and Italy.

EXPLANATORY STATEMENTBackground

1. When examining the implementation of the Community budget and checking on the sound use made of Community funds, the Committee on Budgetary Control has to pay particular attention to the agricultural sector because this area accounts for about three quarters of all EC budgetary outlay. The Committee has produced a certain number of reports on various aspects of agriculture: cereals, fruit and vegetables and hill and mountain farming; as well it has reacted to the Court of Auditors' annual report when preparing the discharge decision. Therefore, it is appropriate that the Committee should look at the olive oil sector, especially since 773 MECUs has been provided for this in the 1984 estimates.

2. In view of the foregoing considerations, and having noted the spate of press reports, the Committee on Budgetary Control asked Parliament's President to write to the Court of Auditors asking that body to draw up a report on the olive oil sector. This report should cover:-

- an analysis of organization of the market in olive oil and how it has operated over the past three years;
- a description of the trend of appropriations devoted to the functioning of that market organization;
- an analysis of the various types of fraud and irregularities observed in the sector;
- a study of the proposals put forward by the different institutions to improve the functioning of the mechanism and to suppress the cost of fraud and irregularity;
- conclusions and recommendations relative to the overall improvement of the situation, especially in the area of protection of taxpayers' money.

3. This letter was sent on 4 February 1983 and the Court of Auditors commenced work on the required report.

The enlargement aspect

4. Further grounds for concern about the budgetary aspects of the olive oil sector arose from the following quotation from the Commission information memo number P-18 of March 1983:

'Now that Greece is a Community member, Community self-sufficiency on the basis of current trends is estimated at almost 100%, which means that there is no significant problem of disposal. This would change with the accession of Spain and Portugal. If nothing is done, the Commission could see the enlarged Community having a permanent surplus of around 230,000 tonnes per year, nearly 20% of its total production. There are two main reasons for this.

(a) On the basis of recent production figures, it looks as if the enlarged Community would have an actual surplus of around 80,000 tonnes, mainly as a result of the accession of Spain. In addition, allowance would have to be made for an increase in production in both applicant countries, which is difficult at present to estimate.

(b) Following accession the new member countries would be obliged, in the normal course of events, to dismantle their present arrangements for marketing vegetable oils, which are geared to controlling the amount of other vegetable oils sold on their internal markets and hence to maintaining the consumption of olive oil at a relatively high level. Application of the liberal import arrangements in force in the Community would result in a substantial drop - estimated at more than 100,000 tonnes - in the applicant countries' current consumption of olive oil.'

Confirmation of rapporteur's mandate

5. At its meeting on 12/13 July 1983, the Committee on Budgetary Control deliberated further on the various aspects of a political audit nature arising in the olive oil sector. The Committee confirmed Mr Battersby's mandate as rapporteur and asked the Bureau to authorise an on-the-spot control visit by him.

Interim report

6. In view of the urgency of commencing work on the re-shaping of the instruments in the sector so that they may better serve budgetary control purposes, the Committee considered it desirable to proceed with the adoption of an interim report. The final report is to be adopted when the findings of the Court of Auditors have been fully analysed.

This interim report concentrates on the situation in Italy, the main olive oil producer in the Community and on the measure that has given most cause for controversy and discussion, aid for the production of olive oil. Your rapporteur intends to devote greater attention to the other producer countries and other Community measures in the final report.

I. Basic principles

7. Many of the basic principles applied by the Community to the production and marketing of olive oil are contained in the Council Resolution of 23 December 1963, which stresses the need:

- given the volatility of world prices, to stabilize the Community market by setting a Community threshold price and import levies
- to stabilize Community consumption of olive oil by introducing a representative market price related to the price of seed oil
- to improve olive groves, particularly in the Mezzogiorno, and the marketing and processing of olives by means of aid from the EAGGF Guidance Section
- to introduce direct aid to be paid to producers in view of the need to maintain the volume of Community production.

8. These principles provided the basis for Regulation No. 136/66/EEC on vegetable oils and fats of 22 September 1966 which regulated both the olive oil and vegetable oil sectors in an attempt both to protect the production of olive oil and to liberalize imports into the Community of vegetable oils in which the Community's self sufficiency was low.

We shall therefore describe briefly how the market functions as a result of the various measures adopted.

9. Each year, the following prices are fixed in the olive oil sector:

- (a) the production target price: the price considered necessary to guarantee producers reasonable earnings
- (b) the representative market price: the price that should permit normal marketing of olive oil, taking account of the price of competing products
- (c) the intervention price: the intervention agencies are obliged to buy in the quantities of olive oil offered by producers at this price

- (d) the threshold price is fixed by the Commission so that the selling price of the imported product becomes the same as the representative market price at the Community frontier.

As regards frontier arrangements, olive oil is subject to an import levy and export refunds may be granted for it.

10. Production aid

Production aid is fixed by the Council and is designed to guarantee producers reasonable earnings. It is granted only for areas planted with olive trees as at 31 October 1978 and, in the case of Greece, 1 January 1981. It is paid to olive growers who are members of a registered producers' group on the basis of the quantity of oil actually produced and to other olive growers on the basis of the number and production potential of the olive groves and the yields fixed at a standard rate provided the olives produced are in fact harvested.

11. Consumer aid

Consumer aid is granted for olive oil processed in the Community, packaged in 5 litre or smaller containers and sold on the Community market. It is paid to the processing industry and is fixed so that the sum of production aid and consumer aid is equal to the difference between the production target price and the representative market price.

II. The production of olives and olive oil

12. The olive is a perennial crop, and the olive tree continues to be productive for some 250 years. Olive growing is therefore a valuable heritage of the Mediterranean regions of the Community and is essential for preservation of the natural environment as well as demographic and social stability in many regions where, because of the conformation of the land and the precipitation rate, there is no alternative crop.

There are estimated to be some 300 million olive trees in the Community, covering an area whose size is difficult to determine since olives are often grown as mixed crops. In any case the total area is around 2 million hectares and about 1 million families depend entirely or partly on olive growing for their livelihood.

13. Many of the Community's olive groves are to be found in hill and mountain areas in which it is difficult to harvest the olives by mechanized means. Consequently manpower costs form a considerable and increasing proportion of production costs. It should also be borne in mind that most of the olive groves are smaller than one hectare and that in recent years there has been a trend towards specialized olive groves to the detriment of mixed crops.

14. Oil produced from olives accounts for about 20% of total production which in 1981/82 amounted to some 740,000 tonnes (Italy 66.8%, Greece 33%, France 0.2%); there are considerable production swings due to climatic factors and the fact that good crops one year are followed by poor crops the next.

The Commission has regrettably not produced any statistics for the production of olive oil for some years. Olive oil accounts for some 3.9% of total agricultural production in Italy and 7.5% in Greece. For the Community as a whole, the figure is 1.2% (1981).

15. The consumption of olive oil depends to a considerable extent on how its price compares with that of seed oil. In the period 1966/72, the prices fixed by the Council were 2.2 times higher than that of seed oil and consumption stabilized at around 670,000 tonnes a year. Between then and the end of 1981 there was a net drop in consumption due to a worsening of the price ratio to the disadvantage of olive oil.

16. Since the accession of Greece, the Community has become basically self-sufficient in olive oil. The EEC nevertheless remains the world's leading net importer of olive oil, this oil being used for blending to improve quality in certain cases.

III. Control regulations

17. The regulation on controls in the sector was radically revised in 1978 following adoption of Regulation No. 1360/78 on producer groups and associations thereof (1), and its application to the olive oil sector in Regulation No. 1562/78 (2) on the establishment of a common organization of the market in oils and fats.

(1) O.J. No. L 166, 23.6.1978

(2) O.J. No. L 185, 7.7.1978

The production trend and changes in the market prompted the Community to entrust essential tasks such as examining and forwarding applications for production aid and application checking to producers' groups. This procedure has recently been changed in Regulations Nos. 2958 and 2959/82 (1)

Under this system, olive growers who belong to a recognized producer organization submit crop declarations and requests for aid to their respective organizations who:

(a) 'check the crop declaration of a percentage to be determined of growers who are members of the organization' (Regulation No. 2959, Article 3(1));

(b) check

- 'that the production of olives declared by each grower as having been pressed in an approved mill tallies with the particulars given on this crop declaration';
- 'that the particulars supplied by each grower relating to the quantities of olives pressed and the quantities of oil obtained tallies with the quantities of olives and oil stated in the stock records of approved mills' (Regulation No. 2959/82, Article 5).

If, even after examination of any other supporting documents doubts still exist, the file relating to the grower concerned is forwarded to the appropriate authority in the Member State. Following further controls by the national authorities, 'the producer Member State shall determine the quantity of olive oil eligible for aid on the basis of the application submitted' (Article 10).

Producer Member States must also 'verify the activities of each producer organization and, in particular, that the checking operations have been carried out by these organizations' (Regulation No. 2959, Article 8(2)).

As for olive oil produced by growers who are not members of a producer organization 'the check shall be carried out by random sampling on the spot' by the Member State and must make it possible to verify that crop declarations are accurate, that the olive harvests have been completed and, if possible, that the olives have actually been processed into oil (Regulation No. 2959, Article 8(3) and (4)).

(1) O.J. No. L 309, 5.11.1982

In the case of growers who are not members of a producer organization, aid is granted on the basis of the number and production potential of the olive groves and yields fixed at a standard rate, provided the olives are in fact harvested.

Regulation No. 2959/82 also provides that producer organizations must reimburse the Member State concerned any sums wrongly paid as aid to grower members.

Regulation No. 2964/82 of 5 November 1982 (1) lays down the terms on which producer organizations may be recognized (at least 25,000 producers or a total production of 13,000 tonnes a year in Italy; 1,000 producers or at least 1,000 tonnes a year in France; 1,000 producers or at least 500 tonnes a year in the Greek islands). This regulation also sets at 2.4% the amount of production aid which may be retained by the producer organizations to cover the cost of the work required of them.

Under Article 6 of Regulation No. 2959/82, producer organizations may, upon application, receive from the Member State an advance on the amount of aid arising from applications submitted by member growers. For the 82/83 and 83/84 marketing years, the maximum advance is equal, for each olive grower:

- to the amount resulting from applying the olive yields and oil yields fixed in accordance with the number of olive trees in production (the system chosen by Italy), or
- 50% of the amount of aid requested (the system chosen by Greece).

Producer organizations are also made responsible (Regulation No. 2959/82, Article 7, for checking 'activities and stock records of the approved mills'). The mills are chosen by the Member States, and rules are laid down for approving the mills and for withdrawing approval.

(1) O.J. No. L 310, 6.11.1982

IV. The situation in Italy

17. In recent years Italian olive oil production and anticipated yield statistics have given rise to considerable controversy. The Commission has provided the following statistics: the figures for the marketing years 1978/79, 1979/80, 1980/81 and 1981/82 are the most recent (31 December 1983) forwarded by the Italian Ministry of Agriculture.

PRODUCTION OF OLIVE OIL IN ITALY

(tonnes)

Marketing year	Quantity for which production aid has been requested	Quantity for which aid has been granted
1966/67	322,000	318,000
1967/68	538,000	522,000
1968/69	458,000	420,000
1969/70	536,000	507,000
1970/71	466,000	439,000
1971/72	729,000	691,000
1972/73	467,000	394,000
1973/74	640,000	556,000
1974/75	488,000	434,000
1975/76	727,000	682,000
1976/77	309,000	296,000
1977/78	751,000	714,000
1978/79	462,000	435,000
1979/80	613,000	516,000
1980/81	732,000	567,000
1981/82	657,000	340,000

For the marketing years 1980/1981 and 1981/82, the quantities for which aid has been granted should be regarded as provisional since not all applications have yet been processed.

It can be deduced from these data that press reports in some Community countries (particularly those at the beginning of 1983) which cited applications involving some 800,000 tonnes in 1981/82 and levelled accusations of fraud involving some 350,000 tonnes were highly exaggerated.

Nevertheless, although it can be shown that the media was clearly inaccurate and tendentious, it cannot be denied that a variety of serious problems have arisen in connection with the control of production aid.

18. Management and control of production aid in Italy provides for intervention at various levels and at various stages by a large number of bodies and organizations: the Ministry of Agriculture, the AIMA (agricultural market intervention agency), regional authorities, provincial authorities, the IPALs (provincial food inspectorates), the ESAs (agricultural development boards), ONCs (national servicemen's organizations) and, finally, provincial oil committees, producers' groups and associations of producers' groups.

The result of this is a cumbersome, often ineffective and costly control superstructure that leads to lengthy delays and at the same time fails to provide adequate and timely information on the results of the checks.

19. This has prompted the Commission to propose (see COM(83) 480/final) that a further control body be set up to coordinate all the results of all the checks carried out by the individual bodies.

20. Producer groups

As mentioned earlier, producer groups are required to carry out many management and control activities. Set up in pursuance of Regulation No. 1360/78, they are also governed by subsequent national and regional laws.

Producer groups in Italy are further organized into associations of producer groups which centralize the data to be transmitted to the AIVA and are currently responsible for the accuracy of the information forwarded by member groups. It should also be noted that, since no provisions have been adopted in implementation of Regulation No. 1413/82, associations of producer groups are recognized simply as producer groups although they serve a completely different purpose. As they have to be approved each year, they are prevented from acting in any long-term perspective and their function becomes mainly one of data collection for granting production aid.

Four associations of producer group are recognized in Italy. They are organized on an essentially political basis (i.e. parties and trade unions) and represent some 92% of producers.

In your rapporteur's view, it would therefore be essential, when laying down the criteria for recognizing associations, to allow others to be set up so as to create greater pluralism and reduce dependence on political forces.

21. The financing of producers' organizations

The associations of producer groups retain a percentage of the production aid granted (2.4% for the 1982/83 marketing year) and in turn finance the groups.

This amount is by no means sufficient to cover the cost of the management and control activities required of the organizations and the fact that the financing of the groups depends on the amount of aid granted is certainly not an incentive to rigorous control.

The Commission however proposes to change the financing system (see COM(83) 480 final) so that the amount withheld by the Member State will eventually be paid to the associations on the basis of the number of member groups, and to the groups on the basis of the number of checks carried out. This approach can be approved in principle.

22. Difficulties in the control system

One of the basic defects of the Italian control system is the plethora of bodies involved and their failure to communicate with each other in order to centralize the results of the checks carried out. In addition:

- (a) it is not possible to preclude the submission of an application for aid for a non-existent undertaking: up to the 1981/82 marketing year applications for aid did not have to be accompanied by a land register certificate, and even today, an affidavit may be and is often used instead;
- (b) it is not possible to preclude the possibility of applications for aid being submitted by several individuals for the same land. This is because the AIMA computer memorizes only the name of the recipient of aid and not the land register reference shown on the application for aid. The four associations which transmit the basic data to the AIMA have also adopted different computer criteria;
- (c) as regards the accuracy of the crop declarations, the place where they can be most effectively and accurately checked is the oil press. Taking due account of the technical and legal problems involved, it is possible that giving press operators and their organizations greater responsibility and strengthening state controls of press declarations (comparison with declared capacity, control and weighing of olive residues) would be an important step in the right direction; moreover, the AIMA computer should be compatible with that of the associations;
- (d) if the AIMA computer were required to store register references it would be an intermediate stage towards creating a proper olive grove register, work on which has suffered long delays. It is to be hoped that further details will soon be available on the stage reached in this work and on the terms and signatories of the contracts. According to the Ministry of Agriculture, the survey of the main olive provinces will be completed in the spring of 1984;
- (e) the olive grove register should be drawn up step by step as the land register is updated. Nevertheless, in the meantime controls could be directed primarily towards growers who submit out-dated register references along with attested affidavits and declarations;
- (f) The Italian authorities should issue precise rules governing access to the AIMA's computerized information, and ensure confidentiality.

23. Future prospects

In the course of my contacts with the associations of Italian producer groups, I have noticed a significant shift by some of them towards the idea of fixing production aid on a flat-rate basis. They no longer reject this principle a priori but claim that its usefulness is limited to small producers.

One possible solution would therefore be to introduce a system of flatrate payments of production aid in the case of oil for the producers' own consumption. Payments on the basis of actual production would remain limited to the oil intended for marketing. Then (it is to be hoped) the quantities of oil receiving consumer aid could be comparable with the quantities receiving production aid.

24. Advances

The press misinterpretation on Italian olive oil appears to be due to the difference between the quantity of oil for which consumer aid was granted and that for which production aid was granted, or to a misinterpretation of wrongly presented Commission statistics. In any case, the figures for the applications for aid submitted were inaccurate, and the estimated quantities of oil for the producers own consumption and direct sales quite arbitrary. The Italian authorities did their best to control the effect of excess claiming by individuals and, until the 1980/81 marketing year, advance payments were made on the basis of 70% of the amount requested due to the suspicion that a large proportion of individual applications were over-stated.

The Italian Government has also blocked payments for the 1979/80 and 1980/81 marketing years and rechecked the applications for aid. This has produced the final figure of 508,000 tonnes receiving aid in the 1979/80 marketing year, against a declared application total of 613,000, i.e. a theoretical over-statement of circa 20%.

Various criteria have been applied to the payment of advances in recent years: 55% of the amount requested in 1981/82; 100% of the yield up to 1983/84 and now the Commission (see COM(83) 480 final) is proposing that 70% of the standard yield be set as the maximum advance in 1984/85. In view of the 1979/80 evidence, this is possibly over-cautious and it could penalize small producers to an extent where essential input purchases could become impossible.

25. Sanctions

It is difficult to ascertain that Community expenditure has been incurred in a regular manner in the olive oil sector because of the many shortcomings in the system of administrative sanctions applied by the Member States. This therefore limits the possibility of imposing sanctions to those cases where it is possible to institute criminal proceedings or, in the case of organizations of producers or press operators, to withdraw approval.

Your rapporteur intends to obtain more detailed information on the criminal proceedings instituted, the amounts involved and cases where approval has been withdrawn. The Commission's proposal (see COM(83) 480 final) is therefore to be welcomed since it provides for specific sanctions fixed at Community level in the case of declarations that do not correspond to the actual situation, especially where the Member States concerned have not fulfilled their obligation under Article 11a of Regulation No. 136/66 (as amended by Regulation No. 152/78(1)) to take the necessary measures to impose specific administrative sanctions.

As regards the Commission's proposals, it should be noted that:

- (a) provision must be made to make the fine imposed on the producer commensurate not only with the amount involved but also with the size of the undertaking;
- (b) as regards responsibility to be shared jointly by growers and producers' organizations the same remarks could be applied.

26. Independent control agency

As mentioned above, the Commission proposes (see COM(83) 480 final) that autonomous control bodies be set up in the producer Member States to coordinate and reinforce controls.

This proposal has caused considerable perplexity in the organizations concerned:
For instance :

(1) OJ No. L 185, 7.7.1978

- (a) whilst the Italian Government does not in principle oppose such a body, it considers it to be superfluous and feels that the cost should be borne by the Community;
- (b) the associations of producer groups feel it would be more appropriate to reinforce state controls (AIMA, Guardia di Finanza, etc); some associations fear that the agency will be exploited for political purposes, or that the incorruptibility of the inspectors could not be guaranteed.

It should therefore be noted that :

- (a) there is a risk that, in the form proposed, this will merely add to the multiplicity of controls already in force and lead to further delays;
- (b) as regards the composition of the agency, its independence could perhaps best be guaranteed by means of a Community agency financed and controlled by the Community with officials fully accountable to the Community, which would dissipate doubts and reassure those concerned.

V. Consumer aid

Regulation No. 1562/78 (1) introduced consumer aid for oil produced and marketed in the Community; the provisions governing this aid (it is paid to the processing industry and limited to oil packaged in non-resealable containers with a capacity of less than 5 litres and bearing an identification number) ensure that it can be more easily administered and controlled.

The economic effects of this form of aid are to dissuade producers from selling the oil direct to consumers or to use it for their own consumption. The distribution system is thus made rather more rigid and it discourages the use of large capacity containers and the recycling of empties. However, it does prevent double or treble payment of consumer aid.

It is difficult to establish how consumer aid is distributed between consumers, producers and intermediaries, although it obviously benefits producers only when the market is perfectly competitive. Between 1980 and 1983, consumer aid expressed as a percentage of production aid increased from 40 to 66%. It is therefore obvious that this instrument is being given an increasing role to play in the financing and support of the olive oil industry, and the Commission should be called upon to justify the effectiveness of concentrating on this aspect, and not on production aid.

(1) OJ No. L 185, 7.7.1978

The effect of consumption aid on retail prices (as compared to wholesale prices) is considered satisfactory by the Commission; nevertheless, the price ratio between olive oil and seed oil has gone up consistently in the last years, and only the last months of 1983 show a different trend. The Commission considers that controls on consumption aid are comparatively easy to carry out, and did not give any reason for suspicion. Only two or three cases of irregularities have been noticed so far; it remains to be seen whether intensive investigation would reveal more cases.

As regards storage, the situation has been getting better in the last year: stocks went down from 181,400 tonnes (31.12.1982) to 117,000 tonnes (30.9.1983), and are still falling. The figure shown in the 1983 agricultural report (287.8 million ECU), as value of the 181,400 tonnes in stock is, possibly, a moderate evaluation, and takes into account a considerable quality deterioration which will probably occur, as stocking conditions are not uniformly good.

27. Further information in relation to Greece

The rapporteur has addressed a series of questions to experts in the service of the Greek Government and expects to have further information from that source in the course of the next few weeks. Account will be taken of this additional information when preparing a final report on the subject of the control problems in the olive oil sector.

VI. Budget data

The budget data for the olive oil sector (Chapter 63) can be summarized as follows :

million ECU

financial year	total costs	production aid	consumer aid
1977	221.0	205	-
1978	183.0	144	-
1979	389	358	-
1980	317.8	237.9	52.3
1981	439.6	274.2	105.7
1982 (a)	491.4	254.9	152.4
1983 (a)(b)	665.8	376	207
1984 (a)(b)	664.2	435.1	229.1

(a) Chapter 12

(b) appropriations entered in the budget

In 1982, budget appropriations for the olive oil sector were implemented as follows:

	B	DK	GER	GR	FR	IRL	IT	LUX	NL	UK	EEC	TOTAL
1) Refunds				4.3	0.1		4.5					8.9
2) Production aid				26.3	0.7		227.9					254.9
3) Consumer aid				4.0	-0.5		148.3			0.7	.	152.4
4) Specific measures concerning production and consumption							2.5			2.8		5.3
5) Intervention in the form of stockpiling				41.7			14.6					56.3
6) Other intervention measures					0.9		14.4					15.3
Total				76.3	1.2		412.2			0.7	2.8	493.1

Source: 12th financial report on the EAGGF Guarantee Section

Production of olives and olive oil

(no indications available whether main or subsidiary crop)

in 1000 MT

	Olives					Olive oil					
	I	F	G	E	P	I	F	G	E	P	
1962	1708	8	447	1602	334	545	2	69	333	56	
1963	2806	9	1040	3049	716	584	1	251	685	107	
1964	1847	3	650	554	245	334	1	141	116	45	
1965	2175	6	986	1630	480	455	1	191	323	72	
1966	1755	6	911	2070	248	357	1	180	464	38	
1967	2628	20	1020	1284	547	594	3	224	269	81	
1968	1879	9	1026	2210	354	429	2	228	462	53	
1969	2358	20	774	1693	492	521	4	178	393	72	
1970	2068	3	850	1987	437	464	1	190	434	67	
1971	3210	20	1000	1749	299	670	3	218	380	42	
1972	1870	10	1090	2323	410	370	2	255	491	54	
1973	2696	16	1060	2257	285	595	2	170	481	42	
1974	2237	12	1230	1648	340	480	2	190	368	48	
1975	3228	13	1365	2358	350	696	1	238	509	58	
1976	1668	17	1350	2139	279	325	1	251	442	40	
1977	3626	12	1370	1934	232	737	2	259	395	33	
1978	2308	17	1280	2781	309	454	2	263	548	47	
1979	2496	15	1183	2300	410	511	2	228	483	67	
1980	3690	16	1550	2255	250	730	2	336	497	39	
1981	2800	16	1350	1348	220	566	2	280	281	33	
	49 053	248	21532	39171	7237	10217	37	4390	8354	1094	
						0,20828	0,14919	0,20388	0,21327	0,15116	
						-----	-----	-----	-----	-----	
						Extraction rate :	= 20,8%	= 14,9%	= 20,3%	= 21,3%	= 15,1%

Area 1000 ha (20 years span)

	Italy	France	Greece	Spain	Portugal
1963	898,9	40,8	-	-	-
1964	905,3	36,2	-	2 359,7	-
1965	906,2	34,5	-	2 356,6	-
1966	929,5	34,3	-	2 353,5	-
1967	932,3	34,0	-	2 344,2	-
1968	941,9	34,2	-	2 347,6	-
1969	941,6	33,8	508,5	2 338,8	-
1970	973,5	30,3	518,1	2 196,9	1 114,0
1971	1 046,3	30,2	534,9	2 272,3	-
1972	1 040,6	30,3	534,1	2 258,3	-
1973	1 050,8	30,3	547,6	2 341,3	-
1974	1 057,1	30,4	563,7	2 199,2	-
1975	1 056,6	30,6	572,6	2 207,3	-
1976	1 053,9	30,8	580,1	2 192,5	-
1977	1 054,4	30,5	589,3	2 165,8	-
1978	1 053,5	30,5	599,7	2 144,9	-
1979	1 052,0	30,6	605,0	2 131,8	-
1980	1 050,4	19,2	631,1	2 113,4	-
1981	1 048,9	19,1	-	2 091,9	-
1982	1 044,6	23,6	-	-	-
	over 4 million allotments				

Source : Anuario de estadística agrícola for Spain and Portugal 1980 ; informations given by the International olive oil Council.

Consumption (in 1000 To)

(20 year span)

	Italy	France	Greece	Spain	Portugal
1964					68
1965					53
1966					45
1967				312	30
1968				311	43
1969				314	46
1970				325	57
1971				365	62
1972				305	52
1973	670	25		315	56
1974	649	17		370	44
1975	665	15	170	287	41
1976	645	20	172	299	371 087 hl
1977	616	24	172	317	309 871 hl
1978	622	21	180	354	472 279 hl
1979	618	21	200		618 912 hl
1980	616	24	179	331	314 731 hl
1981	753	33	296 (est.)		

EEC - 10 : 1975-80 average consumption = ca. 3 Kg per person /year

Source : OECD Food Consumption Statistics

