

EUROPEAN PARLIAMENT

Working Documents

1980 - 1981

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DOCUMENT 1-694/80

REPORT

drawn up on behalf of the Committee on
External Economic Relations

on the proposals from the Commission of the
European Communities to the Council (Doc. 1-432/80)
for

I. / a regulation amending Regulations (EEC)

Nos. 1508/76, 1514/76 and 1521/76 on imports
of olive oil originating in Tunisia, Algeria
and Morocco (1980/1981)

II. a regulation amending Regulation (EEC)

No. 1180/77 on imports into the Community
of certain agricultural products originating
in Turkey (1980/1981)

Rapporteur: Mr V. GIUMMARRA

By letter of 22 September 1980 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the following :

- a PROPOSAL FOR A COUNCIL REGULATION (EEC) amending Regulations (EEC) Nos. 1508/76, 1514/76 and 1521/76 on imports of olive oil originating in Tunisia, Algeria and Morocco (1980/1981)
- A PROPOSAL FOR A COUNCIL REGULATION (EEC) amending Regulation (EEC) No. 1180/77 on imports into the Community of certain agricultural products originating in Turkey (1980/1981).

The President of the European Parliament referred the proposals to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture, the Committee on Budgets and the Committee on Development and Cooperation for their opinions.

On 26 November 1980 the Committee on External Economic Relations appointed Mr GIUMMARRA rapporteur.

At its meeting of 2 December 1980 it considered the motion for a resolution and explanatory statement and adopted them unanimously.

Present : Sir Frederick Catherwood, chairman; Mrs Wiczorek-Zeul, vice-chairman; Mr van Aerssen, vice-chairman; Mr Giummarra, rapporteur; Mrs Caretoni Romagnoli, Mr Hänsch, Mr Lemmer, Mr Pelikan, Mr Rieger (deputizing for Mr Seal), Mr Seeler, Sir John Stewart-Clark, Mr Taylor (deputizing for Mr Spicer) and Mr Welsh.

The opinions of the Committee on Agriculture, the Committee on Budgets and the Committee on Development and Cooperation are attached.

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A.

The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation amending Regulations (EEC) Nos. 1508/76, 1514/76 and 1521/76 on imports of olive oil originating in Tunisia, Algeria and Morocco (1980/1981)
- II. a regulation amending Regulation (EEC) No. 1180/77 on imports into the Community of certain agricultural products originating in Turkey (1980/1981)

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council pursuant to Articles 43 and 113 of the EEC Treaty (Doc. 1-432/80),
 - having regard to the report of the Committee on External Economic Relations and the opinions of the Committee on Agriculture, the Committee on Development and Cooperation and the Committee on Budgets (Doc. 1-694/80),
 - aware of the urgent need to renew for the period 1 November 1980 - 31 October 1981 the rules applying to Community imports of the agricultural products in question,
- Approves the Commission's proposals.

¹ OJ No. C 238, 17.9.1980, pages 15 and 16

EXPLANATORY STATEMENT

1. The proposals for regulations in question concern the provisions that must be renewed annually on the fixing of an additional amount which, in certain circumstances, may be deducted from the levy on imports into the Community of untreated olive oil.

This additional amount is fixed each year by an exchange of letters between the contracting parties, taking into account the situation on the olive oil market.

2. The Committee on External Economic Relations is therefore regularly requested to give its opinion on the matter. The last time it did so was in December 1979¹.

3. The possibility of adjusting this levy is based on Annex B to the Cooperation Agreements between the EEC and Tunisia, Morocco and Algeria and on Annex IV to Decision No. 1/77 of the EEC-Turkey Association Council of 28.12.1976 on the outcome of the second review of the arrangements applicable to Turkish agricultural products.

4. The Commission proposes that between 1 November 1980 and 31 October 1981 the additional amount should be maintained at its present level. However, it recommends that it be authorized to negotiate with the interested countries the exchange of letters, the text of which is attached to the proposals.

5. The committee approves the Commission's proposal that for the period 1 November 1980 - 31 October 1981 the additional amount should be maintained at its present level.

¹Doc. 1-546/79, Report by Mrs T. CARETTONI ROMAGNOLI

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman : Mr G. SUTRA

At its meeting of 20, 21 and 22 October 1980 the Committee on Agriculture appointed Mr Georges SUTRA draftsman.

It considered and unanimously adopted the draft opinion at its meeting of 26, 27 and 28 November 1980.

Present : Mr Sir Henry Plumb, chairman; Mr Ligios, vice-chairman; Mr Sutra, draftsman; Mr Barbagli (deputizing for Mr Diana), Mrs Barbarella, Mrs Castle, Mr Clinton, Mr Curry, Mr Davern, Mr De Keersmaeker (deputizing for Mr Bocklet), Mr Delatte, Mr Helms, Mr Hord, Mr Howell (deputizing for Mr Provan), Mr Louwes, (deputizing for Mr Jürgens), Mr Maffre-Baugé, Mr Maher, Mr Newton Dunn (deputizing for Mr Kirk), Mr d'Ormesson, Mr Pranchere, Miss Quin, Mr Vernimmen, Mr Vitale and Mr Woltjer.

1. The Cooperation Agreements between the Community and the Maghreb countries (Algeria, Tunisia and Morocco) and the Association Agreement between the Community and Turkey lay down special arrangements for imports into the Community of untreated olive oil (CCT subheading 15.07 A 1) originating in those countries.

These arrangements include reductions in the levy applicable to such imports, provided that a special export charge is applied by the countries concerned and that this charge is reflected in the import price.

2. The reductions laid down are as follows:

- a) a fiat-rate reduction of 0.5 units of account per 100 kilogrammes;
- b) a reduction of an amount equal to that of the special charge paid, within a limit of 10 units of account per 100 kilogrammes;
- c) the latter amount may be increased by an additional amount; this measure is justified by the importance of the olive oil sector to these four countries, the programmes and actions which they have undertaken to reorganize and improve their olive oil markets, and lastly by the traditional patterns of trade between the EEC and the countries in question.

3. This additional amount is fixed for each year of application by an exchange of letters between the contracting parties, taking into account the situation on the olive oil market.

The proposal referred to the Committee on Agriculture is intended to fix the additional amount to be deducted from the levy applicable to untreated olive oil for the period 1 November 1980 to 31 October 1981. The Commission proposes to maintain this amount at its present level, that is 12.09 ECU per 100 kilogrammes for Tunisia, Algeria and Morocco, and 10.88 ECU per 100 kilogrammes for Turkey. There is thus no change in relation to the arrangements which currently apply.

4. The present situation as at 24 October 1980¹ is as follows:

CCT heading	Standard levy (ECU/100 kg)	Reduction applicable		Actual levy	
		Maghreb	Turkey	Maghreb	Turkey
15.07 A I					
Untreated olive oil					
a) Virgin olive oil	38.00	24.78	22.36	13.22	15.64
b) Virgin lampante olive oil	37.00	24.78	22.36	12.22	14.64
c) Other	33.00	24.78	22.36	8.22	10.64

¹ See Regulation (EEC) No. 2704/80, OJ No. L 280, 24.10.1980, p.8

It can be seen that the levy actually applied represents only around 35% (Maghreb) and 40% (Turkey) respectively of the standard levy applied to other third countries exporting olive oil to the Community, such as Spain.

5. As for the quantities imported from the countries in question, it should be noted that the figure of 70,000 tonnes (including 62,000t from the Maghreb countries) which the Commission has put forward in the financial memorandum attached to its proposal is given only as a guide.

In fact, as olives are a biennial crop, production of and consequently trade in oil are prone to substantial fluctuations from one year to the next. Thus imports from the three countries (imports from Algeria being negligible) have developed as follows (figures in tonnes):

<u>Country of origin</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>
Turkey	36	21,095	8,609
Tunisia	28,085	62,435	35,815
Morocco	16,001	15,386	4,437
<u>Total</u>	<u>44,122</u>	<u>98,916</u>	<u>48,861</u>

6. The Committee on Agriculture, having been requested to give its opinion on the Commission's proposals for maintaining the reduction in the levy applicable during the previous season, can only reiterate the view it has taken in previous years. Insofar as this reduction derives from long-standing undertakings and agreements entered into by the Community, to which the European Parliament has given its approval, and insofar as there is no change in relation to the present situation, the Committee on Agriculture can only express a favourable opinion on the Commission's proposals. The olive oil market might be seriously affected if substantial changes in the present arrangements were proposed by the Commission. Since this is not the case, it would be difficult, in the Committee on Agriculture's view, to call into question the existing cooperation and association agreements, which are of vital importance to the Community's partners.

7. There remains, however, the problem raised by certain members of our committee during the discussion of this proposal, namely that of the future for the Community's olive oil producers in the event of the Community being enlarged to include Spain, a country whose output is almost equal to the total production of the Community of the Nine

(94% on average from 1974/75 to 1977/78). The accession of Spain would result in the Community's production of olive oil being doubled. Clearly, the complex problem of the effects of enlargement on the olive oil market goes far beyond the very limited scope of this opinion, and these effects will have to be considered thoroughly in the context of the general report on the various agricultural aspects of enlargement. This report is now being drawn up by our committee.

8. Your draftsman wishes to draw attention here and now to some problems which he regards as particularly striking. This is an opportunity for our committee to start giving serious consideration to possible solutions:

- a) the serious crisis which the olive oil sector is undergoing at present, owing to the steady decline in consumption caused by competition from other cheap vegetable oils, is bound to become worse if the frontiers are suddenly opened up to Spanish competition; moreover, if Spain, as a member of the Community, had to apply the more liberal European system in this sector and open its borders to imports of oils costing half as much, particularly groundnut oil, a spectacular fall in olive oil consumption could occur in that country, which would create chaos on the Community market;
- b) the overproduction and structural surpluses in the sector will entail expenditure, particularly for intervention, which is difficult to estimate at the present time;
- c) if the existing Community system of aid to production and consumption were extended in its present form to a far greater number of producers and to a level of production more than double that of present Community output, this would involve a financial contribution from the EAGGF which could amount to a thousand million ECU; moreover, this system could not be abolished or reduced in scope without causing serious social disruption; the economic foundations of certain regions, which are amongst the poorest in the Community, would collapse;
- d) the present imports from the Maghreb countries, particularly Tunisia, and from Turkey and other Mediterranean countries, will have to be halted or curbed by withdrawing the preferential access granted to such countries; this would make it necessary to grant them substantial financial compensation in order to avoid any reprisals on their part in particularly sensitive sectors (imports of petroleum and other raw materials, exports of industrial products, fisheries agreements, etc.).

9. These very brief observations should suffice to illustrate the probable effects of enlargement on a sector such as olive oil, which is already suffering from the effects of a crisis difficult to control. The only solution suggested hitherto would involve imposing a tax on oils and fats, excluding olive oil, produced in or imported into the Community, the revenue from which could be used to finance an organization of the market, which may well be extremely expensive. However, such a tax would be very difficult to apply for various reasons; the clearly negative attitude of certain Member States and of consumers, the divided opinions within the Community institutions and the difficulties in GATT and with regard to the United States. The tax would not solve the problem of disposing of the surpluses on the world or Community market, where demand is low, nor that of the total exclusion of some of the Community's traditional suppliers.

On the other hand, a drastic reduction in productive capacity (grubbing-up, redevelopment) cannot be contemplated for social, economic and ecological reasons, given that this is a staple product of regions which generally possess no other alternative.

Do any other solutions exist?

They must be sought immediately.

It will be the task of our committee to tackle this serious problem. The Commission of the European Communities must submit to us practical proposals which meet the needs of this market.

This problem is serious now, before enlargement, and action must be taken to secure an overall balance in the Mediterranean countries, whether they are already members of the Community, potential members, or third countries.

CONCLUSIONS

10. The Committee on Agriculture considers that the Commission's proposals can be accepted. They derive directly from cooperation and association agreements signed by the Community and on which the European Parliament of the day delivered a favourable opinion. Furthermore, these proposals are limited to maintaining, for the 1980/81 season, concessions which already apply (the additional reduction in the levy), without amending them in any way. The present situation is therefore completely unchanged. This should enable the extremely delicate balances, which were achieved with great difficulty, to be maintained.

As regards the more general problem of olive oil, and in particular the effects of the enlargement of the Community to include Greece, Spain and Portugal, the Committee on Agriculture considers that this problem goes far beyond the limited scope of this opinion and reserves the right to give its opinion on the subject, with a view to drawing up specific proposals, during the consideration of a general report on all the agricultural aspects of enlargement, which is now in preparation. The Committee on Agriculture will thus have the opportunity of stating its views precisely at a later date.

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

Letter from the chairman of the committee to Sir Frederick CATHERWOOD,
chairman of the Committee on External Economic Relations

23 October 1980

Dear Sir Frederick,

At its meeting of 20/21 October 1980 in Brussels the Committee on Development and Cooperation discussed the recommendation for a Council regulation (EEC) concluding an agreement in the form of an exchange of letters between the European Economic Community and the Republic of Tunisia, the Kingdom of Morocco and the People's Republic of Algeria fixing, for the period 1 November 1980 - 31 October 1981, the additional amount to be deducted from the levy on imports into the Community of untreated olive oil originating in Tunisia, Morocco and Algeria, and the proposal for a Council regulation (EEC) amending Regulations (EEC) Nos. 1508/76, 1514/76 and 1521/76 on imports of olive oil originating in Tunisia, Algeria and Morocco (1980/1981) (COM(80) 492 final).

The committee endorsed the Commission's proposal that between 1 November 1980 and 31 October 1981 the additional amount should be maintained at its present level and that, accordingly, the Council should be recommended to authorize the Commission to exchange letters with the countries concerned.

Yours sincerely,

(sgd) M. Poniatoski

Present : Mr Bersani, acting chairman; Mr Kühn, vice-chairman; Mr Barbi (deputizing for Mr Lecanuet), Mrs Castellina, Mr Clément, Mr Cohen, Mr Enright, Mr Estgen (deputizing for Mr Narducci), Mr Ferrero, Mrs Focke, Mr Jaquet, Mr Kallett-Bowman, Mr Lezzi, Mr Michel, Mr Pearce, Mrs Rabbethge, Mr Sablé, Mr Sherlock, Mr J.D. Taylor (deputizing for Sir Frederick Warner), Mr Vergeer and Mr Wawrzik.

