

**Minutes of the Advisory Group on “Olives and Derived Products”  
of June the 12<sup>th</sup>, 2009**

- **Chairman of the Advisory Group:** Mr. G. Forcella.

**1. Election of the second Vice-chairman**

Their producers COPA-COGECA have proposed Mr. José Maria AMORIM FALCAO for the post of second Vice-chairman of the Advisory Group, 10 November 2010. His proposal was voted and adopted unanimously by the Committee.

**2. Approval of the agenda and report of the last meeting of the Advisory group on the 10<sup>th</sup> of November 2008**

The report of the last Advisory group meeting and agenda were approved.

**3. Possible presentation of the Strategic Agenda by the Chairman and others of the sector economics representatives** *(Attached copy in annex)*

The Chairman asked for the input of the other associations, in order to draw up a Strategic Agenda containing all subjects of interest. Several points were brought to attention by the Chairman which, in view of their importance, should be tackled with in the future: the subject of low olive oil prices, the nutritional aspects and health claims, the promotion of the olive oil sector, the subject of customs duties which are scheduled to be reduced since January 2010 as well as the harmonisation of rules foreseen by Regulation 182/2009, especially national ones, in order to reduce competition between companies in different member states.

Several representatives of the producers, industry, consumers and workers showed their interest towards the five subjects proposed by the Chairman but also the intention to put forward additional points in the Strategic Agenda and will send their contribution in writing. Additionally, the issue of quality and quality research, aside from those concerning the Mediterranean countries, was identified by the BEUC representative as an important topic to be included in the final draft of the provisional agenda.

The Commission stressed that the coordination should be done by the Chairperson and that all communications should be made in writing, within 15 days and should include a small argumentation. All contributions will be used to create a common document, which will be later on available on the Commission website.

**4. LIFE program and olive oil: Information by the Commission services on the state of play**

The Commission presented the Financial Instrument for the Environment (LIFE) and the opportunities it creates for the olive oil sector. LIFE + is a program entirely dedicated to the environment, which provides co-financing for implementing projects aiming at the information, the monitoring and the preservation of nature and biodiversity. For olive oil, it provides the opportunity to develop waste management solutions as well as the dissemination of knowledge. After the presentation of four projects already concluded regarding the olive oil sector, the Commission drew the participants' attention on the opening of a new call for proposals in May. For more information on this issue, see annex 1.

#### **5. Health Check on the CAP: Information by the Commission services on the state of the play.**

The Commission presented the main features of the CAP Health Check: decoupling, additional measures of specific support (replacing measures of art 68), the extension of payments on surface to 2013 and the suppression of set aside.

According to the new Regulation 73/2009, coupled aids will be maintained until 2010, date after which they will be integrated in the single payment scheme. The Regulation eliminates the programs which were available until now for the organisations of approved operators.

In what regards the specific support regime, Member states are allowed to allocate 10% of the total volume of direct payments in order to finance a specific payment, in certain situations. In this respect, in the framework of improving the quality and the commercialisation of olive oil, Member states have to notify the Commission before the 1<sup>st</sup> of August in order to receive the Commission's approval for 2010 aids. The commercialisation measures (mainly the information activities concerning the quality and the characteristics of the product) have been allocated a supplementary yearly payment. The Commission also recalled that double financing is prohibited.

The Chairman raised the problem of an operator being compelled to belong to a single association, in the framework of Regulation 867/2008. The solution suggested by the Chair in order to overcome this situation, was that in the event of community financing, the operator in question should be excluded from any financing or program. The Italian producer representative underlined the need to have a single community framework which would allow a regrouping of various financing opportunities, which would give access all available aids. The producer representatives also asked clarifications on the additional rights introduced by the Health Check, the possibility to access funds at a national level for the improvement of quality and the simplification of the current administrative procedure for the improvement of marketing standards.

The Commission clarified that new rights will be created only for Spain, which is currently giving aid to olive growers and which will be integrated in the single payment. In addition, it is of the competence of the Member states to ensure coherence between community and national aid, while avoiding accumulation. The Commission representative also mentioned that question on administrative simplification should be answered by another Unit.

## **6. Discussion on the management of the market situation.**

Several statistical documents were presented by the Commission services with the purpose of giving an overview of price, exchanges, production, consumption and exports trends for olives and olives oil (annex 2-working document of the services of the Commission). Statistics showed among others, a fall in prices beneath the trigger level in Spain and Greece, which has determined the Commission to take the measure of private storage aid. No other document on this point of the Agenda was made available to the Committee on 12/6/2009.

## **7. Communication as regard quality of the agricultural production: Presentation by the Commission services, followed by an exchange of views**

The Commission issued its Communication on the quality of agricultural production on the 28<sup>th</sup> of May. The document is intended to offer a way forward for the work on quality, while being directed by the principles of coherence and simplification and dissemination of information.

The Communication isn't accompanied by any legislative proposal at this time, but has established a few guidelines: no accessory labelling for imported products, the indication of the place of farming, the possible merge of the three current indications (PGI, PDO and TSG), the possible inclusion of other terms and criteria (i.e. sustainability, eco label for feed, carbon footprint etc) as well as the protection of European indications in third countries through bilateral agreements.

An industry representative raised the point of lack of substance for certain terms used at an EU level, such as a "traditional product". The Commission replied that the terms have received a Community definition, but that indeed there is no coherence among member states in what concerns the content of the term "traditional". Some terms, as "mountain product" are regulated at Member state level only, while the Commission has worked to ensure consistency in what regards other terms (sustainability, for example).

The Chairman as well as the Italian producer's representative raised the issue of the future of PDOs and PGIs and asked clarifications in what concerns the possibility of depicting the region of production on the label. The issue of the recognition of the added value of indications of origin was also raised by one of the Spanish producers' members. The Commission explained that a legal framework has been offered and Member states are in

charge of implementing it. In the same way, only the indications put forward by the Member states can be recognized at an EU level, leading to the creation of a double system of registration. In conclusion, the simplification of the current system is wanted, with the respect of the WTO IPR agreement.

#### **8. Private storage: Information by the Commission services followed by an exchange of views.**

Despite the abstention of certain Member states at the Management Committee of June 9<sup>th</sup>, the Commission will adopt a Regulation on the financing of private storage for virgin and extra virgin olive oil as of July. The Commission underlined that its reaction was quick, after the recent fall of prices under the minimum price threshold in Spain and Greece. The measure will be in place for a period of six months, which could be reduced, through a unilateral Commission decision, if there will be an immediate increase in price. The maximum quantity foreseen by this measure is of 110 000t.

However, it was noted that the price degradation cannot be explained through a decrease in consumption or demand, indicators which have remained stable.

In order to have a clearer view of the market situation, the Commission stressed the need for statistical data, which will be sent by the producers COPA-COGECA as soon as possible.

Operators also underlined the need for reliable data and confirmed that the measure *is* necessary but that its duration should probably be different: either extended, in the views of the Chairman and Producers and Cooperatives or shorter, for the representative of consumers. Some other measures should also be conceived to reduce the negative effects of the good production to follow, which will lead to the availability of the same quantity of olive oil on the market Producers (COPA-COGECA).

The problem of the low price should continue to be discussed in the future, as its causes have not been identified yet. Furthermore, the price difference between the lampant and extra virgin olive oil is very low, which goes against the Commission's policies on quality improvement and lacks incentive for operators (COPA-COGECA, Consumers). The workers' and olive industry representative confirmed that the price doesn't reflect the efforts for the improvement of product quality, which could lead to land abandonment and unemployment.

One of the Spanish producers' representatives underlined the price setting monopoly of the large distribution chains, which has negative effects on the promotion of olive oil quality. It was also confirmed that the economic crisis had repercussions on consumption, producing a crisis in sales since January and singling out promotion as a means of stimulating sales. The

Commission was requested to open an investigation on the functioning of the large distribution chains on account of their dominant position.

**9. Modifying the marketing standards for olive oil Regulation (EC) N° 182/2009: Information by the Commission services, followed by an exchange of views.**

The Chairman drew the Commission's attention on the fact that the pictogram of region producing the olive oil cannot be put on the label. The Commission replied that this aspect of Regulation 1019/2002, which should be amended in order to allow the reference to regional production of olive oil on the labels, has not been addressed in the recent amendment, as Member states hadn't supported the Commission on this. It is suggested that operators contact Member state authorities in this respect.

Regulation 182/2009, adopted in March and to be applied as of July, introduces the compulsory labelling of origin and the use of certain organoleptic reserved terms for olive oil.

The Italian representative producers stressed that at least two other issues should have been included: mixtures of oils, references of quality for non refillable bottles. In addition, terms weren't clearly defined (Industry) or limited the freedom of operators (as the "intense and smooth" terms, which aren't foreseen but are crucial for the Spanish market). The date of the entry into force was raised by the participants, as it seemed unlikely for July from a practical point of view or, as the Chairman noted, the provisions may be interpreted more restrictively at a national level. For the presentation of olive oil in restaurants, the disparities between Member state regulations were underlined. The Portuguese representative of the Industry presented the positive results they obtained using non refillable bottles in restaurants since 2005.

The Commission underlined that the reserved terms were meant to give greater certainty to the consumer. If the term isn't reserved, it can be used, without prejudice to the application of the general principles of the labelling directive (non misleading). Furthermore, concerning mixtures of olive oils from several Member States, the reference to the origin can appear on the label in whatever form.

The Regulation will apply directly in all Member states as of July. Member states will have to refrain from interpretations contrary to community law concerning the designation of origin and in particular for the term "blends" for which the Commission foresaw the alternative to use equivalent terms.

In response to the increasing worries of a good part of the participants, the Commission confirmed that for the mixtures of olive oils with other vegetable oils it didn't change any of the current provisions but only gave more legal certainty to operators. Concerning the non refillable bottles used in restaurants, a proposal for a regulation at the Community level had been

made to Member states but was unsuccessful. The problem can be regulated at a national level and, as it doesn't concern the sale of olive oil, could need another legal base than the CAP one (subject to co decision) and is situated in a different field of competence altogether. However, the Commission will receive contributions for a future modification of Regulation 182/2009.

#### **10. Promotion programs approved by the Commission for the Olive Oil in the internal market: Exchange of views on the measures to be taken place at middle and long term as regards the market situation on the olive oil.**

The Commission underlined that though the olive oil sector is still taking advantage of promotion programs, the quality of the applications (in terms of argumentation, proof of added value, clear objectives, measurable effects and evaluation) has to be improved.

The participants raised the problem of the message of the promotional activities, which is failing to reach the consumers or is distorted (Workers, Consumers, Producers and Cooperatives) and asked information on the budget. The Chairman supported the Spanish producer's proposal for different professions working together and contributing to the financing of olive oil promotion.

The Commission insisted that the consumer's awareness of a product is a measurable indicator, which could be used to evaluate information and promotion programmes. The total annual budget is currently about 50 millions €, split in indicative budgets for every eligible product according the Commission regulation n° 501/2008. Furthermore, a project is acceptable in principle, if it complies with both the indicative budget and guidelines included in annex 1 of the regulation 501/2008. At the renewed request from the consumer side that consumers themselves should be included in the promotional activity, the Commission answered that they could not be associated to the programs as they are not identified as such by the legal provisions of the community law establishing the rules applicable to co-financed information and promotion programmes.

#### **11. Olive Council International: Information by the Commission services on current activities**

As the working documents to be analysed by the Technical Committee, following the last meeting of the International Olive Council, were not available on CIRCA before the meeting of the Advisory Group, all comments will be received in writing. The draft provisions will be subject to a vote in November. The documents are attached in Annexes 4-6.

#### **12. Any other business**

The market discussion was continued and the Commission was asked to perform a study on the activity of the large distribution chains and of the types/quality of olive oil consumed.

The Commission took note of the studies requested by the participants clarifying that an evaluation on the CAP reform of 2004 for olive oil is ongoing (there could also be a presentation in a future meeting from the services involved).

As per point 6 of the Agenda: "*The socioeconomic organisations of the sector are requested to submit written data relating to the above items of the Agenda*", the Commission requested the submission and circulation of the relevant data to all the Members of the Group. The data will be sent as soon as possible, within one week at the latest. *(Attached 2 Copy's in annexes provided at a later stage)*

The next date for the meeting of the Advisory Group on Olives and Derived products has been provisionally established for the 10<sup>th</sup> of November 2009.