



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.6.2003
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2003/0112 (ACC)

Proposal for a

COUNCIL DECISION

**establishing the Community position in the respect to the prolongation
of the International Agreement on Olive Oil and Table Olives, 1986**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The International Agreement on Olive Oil and Table Olives of 1986, of which the Community is a member, entered into force on 1 July 1986. It was amended in 1993 and its application prolonged to 1998. It has been extended twice for further periods of two years until 31 December 2000 and 31 December 2002. In December 2002 it was extended for a period of six months ending on 30 June 2003.

Under Article 61 of the International Agreement on Olive Oil and Table Olives of 1986 and Article 9 of the Protocol amending and extending the Agreement, the International Olive Oil Council (IOOC) may decide to prolong the Agreement for successive periods not exceeding two years on each occasion.

The IOOC is planning to take the decision to prolong the Agreement for a further period, in the course of its 88th session, which will take place between 23 and 27 June 2003.

The budgetary implications are as follows:

The European Community participation share pertaining to the Administrative Budget amounts to 781/1000, i.e. 78.1%, which is paid under budget-item B7-8210. The Community share of the IOOC-budget for 2003 is estimated at about € 4,000,000. This estimate has to be divided into two equal parts, as there has already been an extension of this Agreement for the first semester 2003. In the draft preliminary budget for 2004, an amount of € 4,235,000 is foreseen.

Moreover, the Agreement foresees an obligatory contribution of € 500,000/year to the Promotion Fund to be paid under budget line B1-3811. The European Community share is 809.7/1000, i.e. 80.97% and, therefore, amounts to € 404,850/year. This amount is fixed and will stay the same for the years 2003 and 2004.

Moreover, the mission-man-day-involvement of Commission staff for the participation in IOOC-sessions twice per year and in the various committees can be estimated at around 70 man-days/year.

The purpose of this proposal is to authorise the Commission on behalf of the Community to vote in favour of the prolongation of the Agreement for a period of 18 months maximum. Pending the results of an audit into the entire financial management of the IOOC the Commission does, however, reserve the right to alter this proposal once these results are available.

Proposal for a

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**establishing the Community position in the respect to the prolongation
of the International Agreement on Olive Oil and Table Olives, 1986**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133, in conjunction with the first sentence of Article 300 (2) thereof,

Having regard to the proposal from the Commission¹,

Whereas:

- (1) The International Agreement on Olive Oil and Table Olives, 1986, (hereafter: the Agreement), was concluded by the Community by Council Decision 87/401/EEC², amendments thereof were approved in 1993 by Council Decision 93/622/EC³. It was prolonged thereafter for additional periods of two years and lately for a period of six months ending on 30 June 2003. It will expire then unless the International Olive Oil Council (hereafter: IOOC) decides on a prolongation for a further period. It is proposed that this prolongation is agreed for a period of up to eighteen months,
- (2) The objective of the Agreement is to promote the international co-operation in the field of olive oil and table olives. The prolongation of the Agreement is, therefore, in the interest of the Community,
- (3) The Commission, representing the Community in the IOOC, should, therefore, be authorised to vote in favour of such prolongation,

HAS DECIDED AS FOLLOWS:

¹ OJ C ..., ..., p. ...
² OJ L 214, 4.8.87, p. 1.
³ OJ L 298, 3.12.1993, p. 36.

Sole Article

1. The prolongation of the International Agreement on Olive Oil and Table Olives for a period of up to eighteen months is hereby approved.
2. The Commission is hereby authorised to express this position within the spring session of the International Olive Oil Council.

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

Policy area: Agriculture

Activities: External Relations (B7-8210) and General Operational Support and Co-ordination (B1-3811)

TITLE OF ACTION: INTERNATIONAL AGREEMENT ON OLIVE OIL AND TABLE OLIVES, 1986 (B7-8210); PROMOTION MEASURES (B1-3811)

1. BUDGET LINES + HEADINGS

B7-8210: International Agricultural Agreements
B1-3811: Measures in Third Countries

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): € million for commitment

(a) 2003 (second semester):

€ 1.962 (budget-line B7-8210)

€ 0.202 (budget-line B1-3811)

(b) 2004:

€ 4.235 (budget-line B7-8210)

€ 0.405 (budget-line B1-3811)

2.2. **Period of application:** Calendar years 2003 (from 1 July to 31 December) and 2004

2.3. Overall multiannual estimate of expenditure

(a) Schedule of commitment appropriations/payment appropriations (financial intervention)

€ million (to three decimal places)

	2003	2004	Total
Commitments	€ 1.962 (B7-8210) € 0.202 (B1-3811)	€ 4.235 (B7-8210) € 0.405 (B1-3811)	€ 6.197 (B7-8210) € 0.607 (B1-3811)
Payments	€ 1.962 (B7-8210) € 0.202 (B1-3811)	€ 4.235 (B7-8210) € 0.405 (B1-3811)	€ 6.197 (B7-8210) € 0.607 (B1-3811)

2.4. Compatibility with financial programming and financial perspective

X Proposal is compatible with existing financial programming.

3. BUDGET CHARACTERISTICS (WITH REGARD TO BUDGET-LINE B7-8210)

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Comp	Diff	no	no	no	No 4 External Relations

BUDGET CHARACTERISTICS (WITH REGARD TO BUDGET-LINE B1-3811)

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Comp	Non-diff	no	no	no	No 1a Agric. Expenditure

4. LEGAL BASIS

Article 133 in conjunction with the first sentence of Article 300(2) of the Treaty establishing the European Community

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

Due to its economic importance in the agricultural sector the Community should be represented in international agricultural organisations. Being a member of the International Olive Oil Council, in particular, enables the Community to pursue the developments of the markets for olive oil and table olives and, thus, to defend its interest with regard to these products. The International Agreement on Olive Oil and Table Olives 1986 supports international co-operation and contributes to the development and the stability of the markets for these products.

5.1.2. Measures taken in connection with ex ante evaluation

N/A

5.1.3. Measures taken following ex post evaluation

N/A

5.2. Action envisaged and budget intervention arrangements

The Community pays its annual membership contribution as fixed in accordance with the International Agreement and the obligatory contribution to the Promotion Fund of the IOOC as fixed in the International Agreement. These obligations continue as long as the Community is a signatory of the International Agreement.

The Commission, representing the Community, as well as the other members of the IOOC participates actively in the IOOC-activities and profits fully of the advantages of being a member of the IOOC.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown	2003	2004	Total
Action 1 (B7-8210)	€ 1.962	€ 4.235	€ 6.197
Action 2 (B1-3811)	€ 0.202	€ 0.405	€ 0.607
TOTAL	€ 2.164	€ 4.640	€ 6.804

6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)

For Action 1, the amount is estimated, taking account of the current EC share, on the basis of the administrative budget established by the COI for the first semester 2003. For 2004, an increase of 5% is foreseen. Final 2004 figures may only be decided upon more precisely on the basis of new internal rules of the IOOC to be implemented as a consequence of the internal reform of the IOOC, currently under preparation and discussion.

For action 2, the same reasons apply. Calculations are based on the "Promotion" obligatory contribution laid down by the COI Agreement (500 000 Euro), taking account of current EC share of 80.97%.

These sums are forecasts. Factors of uncertainty that could have an impact on the forecasted amounts are the accession of new members to the COI (Jordan and maybe Libya) leading to changes in the EC share and the weight of moving exchange rates between the US dollar and the Euro leading to unforeseeable changes in the COI administrative budget.

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A	0.25	-	0.25	
	B	0.25	-	0.25	
	C	-	-	-	
Other human resources		-	-	-	
Total		0.5	-	0.5	

7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation
Officials Temporary staff	€ 75,000 ⁴	Assuming that an average salary of an official amounts to € 75,000/year half an annual salary would amount to € 37,500. Taking into account all further contributions of the Community (contributions to the various funds and overhead costs) this amount was doubled to € 75,000.
Other human resources		
Total	€ 75,000	

The amounts are total expenditure for twelve months.

⁴ This is just an estimation.

7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7) A0701 – Missions	€ 30,000	2 sessions of 5 days/year which are attended by 3 staff in the average = 30 daily allowances in Spain plus 10 return flights (different staff at different days) to Madrid. Various IOOC committee-meetings to be attended by Commission staff rounding up to 40 daily allowances in Spain plus 20 return flights to Madrid.
Total	€ 30,000	

The amounts are total expenditure for twelve months.

I.	Annual total (7.2 + 7.3)	€ 105,000 per year
II.	Duration of action	one and a half years (2003 second semester, 2004)
III.	Total cost of action (I x II)	€ 152,500

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The IOOC-activities are closely followed by its members and there are regular meetings which are attended by Commission staff.

8.2. Arrangements and schedule for the planned evaluation

Activity reports are regularly distributed by the IOOC, which allows an evaluation of the activities. Commission staff reports back to the PROBA-group of the Council and the IOOC activities are followed up in that context, too.

9. ANTI-FRAUD MEASURES

Article 17(10) and 24 of the International Agreement on Olive Oil and Table Olives 1986 and Article 28, lit d) of the Internal Rules of the IOOC provide for control and audit mechanisms. The accounts have to be certified by an independent account commissioner.

With regard to the contributions to the Promotion Fund the Commission carries out controls of the accounts by own staff, as the case may be, on-the spot, and monitors the contracts.

Moreover, the IOOC-members have recently agreed upon an in-depth audit into the overall financial management of the IOOC. The results of that audit are to be expected later in 2003.