COUNCIL OF
THE EUROPEAN UNION

Brussels, 16 May 2006

9410/06

AGRI 173
AGRIORG 42

NOTE

from :	Swedish delegation
for :	Council
Subject :	The market situation in the olive oil sector

Delegations will find enclosed a note from the Swedish delegation, supported by the Czech Republic and the United Kingdom, concerning the market situation in the olive oil sector.

ANNEX

The market situation in the olive oil sector

The olive harvest of 2005/2006 is reported to be much lower than usual at the same time as the stocks are at a low level. At present market prices for extra virgin oil, virgin olive oil and lampante olive oil are 33-46 % above the threshold level where measures may be taken to guarantee adequate levels of supply in the Community. According to market statistics from earlier years there has never been such exceptional high prices for such a long time period. The different olive oil prices have been above the trigger level since September 2005. With an import tariff level on olive oils of 53-65 % there is no manoeuvre for the market forces to handle this high price level. As a consequence, consumers and food manufacturers are facing significantly higher costs.

The present market situation has been expected, through estimates, long before the harvest took place. The Commission therefore, already in September 2005, indicated that it might propose to decrease the import tariffs in order to limit the market disturbance caused by the shortage of olive oil.

The Council Regulation EC No 865/2004 on the common organisation of the market in olive oil and table olives, article 11.2, stipulates that the Commission may take action and introduce lower tariff levels or an autonomous import quota when prices have been higher than the threshold level for more than three months.

Given the current market situation with market prices 40 % above the threshold level for much longer than three months we urge the Commission to introduce lower tariff levels or an autonomous import quota.