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G.4. Arable crops and olive oil

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MINUTES

OF THE MEETING OF THE “WORKING GROUP ON OLIVES” OF THE CIVIL DIALOGUE GROUP ON "HORTICULTURE, OLIVES AND SPIRITS"

Date: 7 June 2019 (p.m.)

Chair: Miguel Garcia Navarro (DHoU AGRI G4)

1. APPROVAL OF THE AGENDA

The agenda was approved.

2. NATURE OF THE MEETING

The meeting was non-public.

3. LIST OF POINTS DISCUSSED

3.1. Welcome and presentation of the structure and functioning of the working group

The Chair introduced this first meeting by reminding the experts of the purpose of the group as well as of the terms of reference. The objective of the group is to increase the knowledge on the olive oil and table olives markets, and ultimately to allow the olive oil and table olives sector to benefit from the exchanges of information within the group. He invited the experts to share accurate experiences or report on accurate facts, only related to market developments. Any policy issue will continue to be discussed in the Civil Dialogue Group (CDG). For future occasions, the intention will be to organise this Working Group meetings preceding the CDG meeting on the same day without excluding the possibility for additional meetings if the situation so require.

3.2. OLIVE OIL: Market situation (DG AGRI) and new market opportunities (FoodDrinkEurope) in the olive oil sector

Market situation

The Commission representative presented the olive oil market situation and main global market news.

The world olive oil production is expected to reach 3.2 million tonnes in 2018/19 (-5% y/y) while the EU production is estimated at 2.3 million tonnes (+2% y/y). Spain reached a record level of 1.79 million tonnes produced this marketing year. On the contrary, Italy, Greece and Portugal reached only 175 000 tonnes (-59% y/y), 185 000 tonnes (-47% y/y), and 101 000 tonnes (-25% y/y) respectively.

The EU provisional ending stocks for the current marketing year 2018/19 have been revised up to 633 000 tonnes.

During the first half of the current marketing year (October 2018 to March 2019), imports from third countries into the EU decreased by 18.1% compared to the same period of the previous marketing year (from 94 071 tonnes down to 77 011 tonnes). This is in coherence with the decrease of production in third countries (Tunisia -57% y/y) and with more availabilities in Spain. EU exports in the same period amounted to 310 137 tonnes, increasing by 16.1% compared to the previous year.

Driven by a record production and upward revisions of ending stocks for the end of the current marketing year, prices of extra virgin olive oil in Spain have remained subdued since December and reached EUR 2.33 per kg (-13.3% y/y) in the third week of May. In Italy, low production expectations and resilient demand for domestic origin have put pressure on Italian prices of extra virgin olive oil since the beginning of the marketing year, hitting EUR 5.21 per kg (+28.6% y/y).

Experts requested clarification on stocks per Member State and considered the ending stocks estimation as too low for the current marketing year

New market opportunities

The ES expert (ASOLIVA-FoodDrinkEurope) presented the world importations by category of olive oil and by EU producing countries. Extra virgin olive oil and virgin olive oil are the categories most exported to third countries and Spain and Italy are the biggest exporters. The trends regarding the EU exports to the US, China, Russia, Japan, Mexico and Brasil were presented.

On consumption, the largest consumers per capita are by far the Greek citizens (16.3 kg per capita) in comparison to Spain in second position with 10.4 kg per capita while France and the US are around 1 kg per capita. The consumption of olive oil accounts for only 3% of the world consumption of fat (palm oil accounts for 38%).

During the discussion, experts stressed the importance on communicating on the high quality of EU olive oils.

3.3. TABLE OLIVES: Market situation (DG AGRI) and new market opportunities (FoodDrinkEurope) in the table olives sector

Market situation

The Commission representative presented the table olives market situation and main global market news.

In marketing year 2018/19, the global production is forecast at 2.8 million tonnes (-5% y/y). During the first seven months of the current marketing year 2018/19, imports of table olives remained stable at 88 000 tonnes, compared to the same period of the previous marketing year. During the same period, exports of table olives to third countries increased by 3.4%, reaching 241 000 tonnes.

New market opportunities

The ES expert (ASEMESA-FoodDrinkEurope) illustrated that the table olives sector has a great stability although it is very difficult to have consistent data and to treat the complex information on table olives (source: IOC and Eurostat). What is certain is that 83% of production is concentrated in eight countries (EU is the biggest producer with 31% share) and nearly 70% of consumption is concentrated in 10 countries, mainly producing countries. To notice that the new player on table olives is Egypt, producing 17% of the world production.

The main importers, apart from the EU, are the US, Brazil and Canada.

The consumption of table olives per capita is very low (between 0.7 and 7.2 kg per capita), except in the large producing countries.

World trade of table olives is relatively limited: 23% of total consumption and six countries concentrate 53% of imports. The consumption of non-producing countries represents 31% of the total.

Total consumption has grown by almost 10% in the last five years, mainly due to the consumption growth in non-EU IOC countries, by 20.4%.

As a conclusion, the ES expert said that are great opportunities of growth in this sector by increasing for example the consumption in countries where table olives production is well introduced but where the annual consumption per capita is still very low (e.g. the US where it is 0.6 kg per capita).

3.4. Short-term outlook on olive oil (DG AGRI)

The Commission representative presented the olive oil production prospects of 2019/20 based on trend analysis.

The EU exports are expected to be record high (+ 20% compared to 2017/18), with an overall EU production increase by 4% expected.

Low prices are expected to support the growth in consumption.

3.5. Current situation and perspectives on future harvest 2019/20 (discussion)

As general considerations, the Commission representative explained that olive yields are weather-dependent and variable over years. In addition, farm structures are different across Member States (large farms in ES and PT while small in IT and EL).

The total EU area remains stable but the share of irrigated olive groves is slightly increasing.

Based on trend analysis, production in 2019/20 is expected to be as follows, compared to the current harvest:

- 19% ES
- +91% IT
- +15% EL
- +13% PT

Overall production -6% in the main EU producing countries (+7% above last 5-year).

During the discussion, the experts of the working group made the following comments on the figures presented by the representative of the Commission:

On current harvest 2018/19:

- Stocks should be higher in ES and PT at the end of the current marketing year. In ES it should not be below 700 000 tonnes (resulting from lower-than-expected exports and domestic consumption).
- PT said that the consumption should be lower than the current notification, resulting in increased ending stocks (consumption between 63 000 and 65 000 tonnes, and ending stocks reaching at least 10 000 tonnes).

Production estimates for 2019/20:

- ES - decline could be even more than 19% (max. 1.25 million tonnes) due to lack of rain but also to nutritional deficits in trees and its alternate bearing.
- IT - likely that the production could even double (close to Commission's estimation)
- EL – expects a good year (good rains) – production could be between 320 000 and 340 000 tonnes. The area is 1.1 million hectares with 20% irrigated.
- PT - indications are positive but there was a heat wave recently and still many other factors could play a role. However, there are new

plantings, in 2-3 years it could become a standard to have a harvest of more than 130 000 tonnes (record of last year), but next year could be around this level as well.

- FR - the next harvest should be around 5 000 tonnes (against 6 000 tonnes for 2018/19)

4. NEXT MEETING

The next meeting is foreseen to take place on 22 October 2019 (indicative date). Some experts proposed to make a focus point on the trends in production outside the EU.

5. LIST OF PARTICIPANTS

The list of participants is enclosed in Annex.

(e-signed)
Miguel Garcia Navarro
Deputy Head of Unit

List of participants - Minutes

**MEETING OF THE "WORKING GROUP ON OLIVES"
OF THE CIVIL DIALOGUE GROUP ON "HORTICULTURE, OLIVES AND
SPIRITS"**

Date: 7 June 2019 (p.m.)

ORGANISATION	NAME OF THE PARTICIPANT	
BEUC	Melissano	Marino
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CELCAA	Forcella	Tullio
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