EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

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MINUTES CDG

Meeting of the Civil Dialogue Group on Agricultural Markets – Olive oil

11 November 2024

Chair: AGRI E.4

1. Approval of the agenda and of the minutes of previous meeting

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

MOSH/MOAH

DG SANTE provided an overview of recent and future legislative developments concerning mineral oil hydrocarbons (MOH) in food.

The initial significant development in this area was EFSA's 2012 opinion, which highlighted concerns over consumer exposure to mineral oil saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH).

Data collected by 2020 enabled a reassessment, and in 2021 EFSA updated their risk assessment, confirming the concerns regarding MOH in food.

Member states agreed in April 2022 to withdraw or recall products from the market if MOAH exceeded specific quantification limits depending on fat content.

EFSA's reassessment in 2023 concluded that the current dietary exposure to MOSH was not a health concern; however, the margin for safe exposure was slim, implying that increased MOSH levels could pose health risks. EFSA confirmed that certain MOAH are genotoxic carcinogens and that the current consumer exposures to MOAH raises health concerns.

To address these risks, the European Commission is planning to implement three legislative pieces: establishing maximum levels for MOAH in foods, issuing a monitoring recommendation, and setting detection and sampling requirements for mineral oil hydrocarbons in food.

The regulation on maximum levels targets significant exposure contributors such as edible oils and lesser-consumed items with high contamination levels, like spices and food supplements. The primarily implicated processed foods will see their maximum permissible levels set based on the maximum levels for raw agricultural commodities, considering concentration factors and the ingredient composition. The initially proposed maximum levels were set at the limit of quantification, taking into account reasonably achievable levels with good practices. These maximum levels are achievable for the majority of the foods. However, due to varying compliance levels for some specific foods, for those products temporarily higher maximum levels are in the meanwhile under discussion, with a phased approach to lowering them. The transition measures and appropriate application dates are under ongoing discussion, with full stakeholder engagement.

The second legislative piece, a monitoring recommendation, advises continued monitoring and source investigation for MOH, applying mitigation measures supported by indicative levels for further investigation rather than as market removal standards.

Lastly, the regulation on methods for analysis and sampling integrates mineral oil hydrocarbons into existing frameworks, specifying measures to prevent contamination during analysis and setting analytical method requirements.

To mitigate MOH presence in food, the industry must monitor production processes meticulously, avoid contamination during transport and packaging, and ensure clean extraction processes. Food contact materials should be verified for MOH contamination, and contaminated ingredients and additives must be excluded. This thorough legislative framework and industry engagement aim to ensure food safety concerning mineral oil hydrocarbons, with ongoing evaluation and adjustments based on the latest data and technological advancements.

FEDOLIVE highlighted ongoing uncertainties about mineral oil hydrocarbons' (MOH) genotoxicity and toxicity. Despite having access to scientific expertise from the Seville Oils Institute, which contests some presented information, FEDOLIVE emphasised the need for any EU measures to be based on clear scientific evidence. FEDOLIVE indicated that Spain is developing a good practice guide for olive oil producers to minimize MOH contamination, acknowledging challenges with pesticides containing these compounds. FEDOLIVE suggested that resolving these issues may require broader EU-level changes and emphasised the need for extensions to allow for thorough analysis and avoid economic harm.

EUROLIVEPOMACE highlighted several concerns. Firstly, the data collection by EFSA, based on the limit of quantification (LOQ) of the officially recognized method, was acknowledged, but uncertainty about the method persists despite recent updates. The sector is open to new data collection for a more reliable evaluation to ensure decisions are based on rigorous science, prioritizing consumer protection. Then, regarding contamination, research indicates that contamination can occur throughout the entire production chain. EUROLIVEPOMACE raised questions about the FAQ's interpretation regarding MOSH levels and their significant exceedance, seeking clarity on what constitutes a substantial exceedance. EUROLIVEPOMACE pointed out that some Member States might use higher guidance limits, potentially affecting free competition and marketing within the EU.

FEDOLIVE supplied information about samples from Portugal. FEDOLIVE reported 1 400 samples of extra virgin and organic olive oil, revealing that 24.8% of the samples exceeded expected limits. FEDOLIVE stated they are collaborating with the General Directorate of Food and Health Safety and have published best pre-harvest practices to

address issues identified during the olive harvesting process in Portugal. Despite these efforts, technological solutions are still needed, which would incur additional costs. FEDOLIVE emphasised the necessity for harmonisation and suggested a progressive implementation of regulations rather than setting immediate lower limits. This gradual approach would allow the sector time to adapt and comply with the standards.

FOODDRINKEUROPE echoed their colleagues' concerns about the scientific methods, the ALARA principle (As Low As Reasonably Achievable), and the challenges with maximum levels for raw and refined products. FOODDRINKEUROPE highlighted worries about the impact on processed foods, mentioning that beverages like coffee and tea, which are diluted preparations. FOODDRINKEUROPE emphasised that mineral oil hydrocarbons are not consumed as stand-alone foods but as ingredients in various products, an aspect not adequately addressed in current documents.

COPA expressed shared concerns about the seriousness of the MOAH contamination issue, emphasising the need for extraordinary and urgent measures, particularly in stepping up research, which should be fully supported by the Commission. This includes investigating the origins, toxicity levels, and developing reliable detection methods to ensure a uniform approach. COPA highlighted the necessity for contingency measures on phytosanitary formulations that might contain contaminants and called for actions related to all aspects of olive oil production, including machinery and equipment.

Market situation in the olive oil and table olives sectors

DG AGRI presented a brief olive oil and table olives market situation, particularly regarding the current marketing year 2024/25. The recovery of olive oil production to average levels after previous years of decline was highlighted. According to the data collected from Member States, total expected production for the EU in the upcoming marketing year stands at almost 2 million tonnes. Non-EU production is set to increase by 36% to 1.4 million tonnes. This production recovery is projected to reduce market pressures on prices, particularly within the EU.

Spain is expected to witness a substantial production growth of 50% reaching approximately 1.3 million tonnes. Other producing Member States like Greece and Portugal are also expected to see significant increases in production. Conversely, Italy might face a decrease in production due to drastic reductions in the southern regions, only somewhat offset by slight increases in the central and northern parts of the country. The shifting dynamics in olive oil availability due to these production changes are crucial for market balance. Beginning stocks for the new marketing year have been updated to about 300,000 tonnes, combined with the strong production recovery, fostering an optimistic outlook for market stabilisation and potentially easing price pressures.

On trade, total import volumes witnessed a notable increase, driven by essential categories such as extra virgin and pomace olive oils, increasing by 24%, and expected to reach approximately 215 000 tonnes for the marketing year 2023/24. Exports have remained stable at 556 000 tonnes, despite poor harvests within the EU. The price evolution within the EU reached record highs in January 2024 due to two consecutive years of low harvests. Prices have since stabilized yet remain high, ranging from EUR 6.6 per kg in Greece to EUR 9.2 per kg in Italy. A presentation by AEMO at the meeting of the EU Olive Oil and Table Olives Market Observatory on production costs highlighted the rising input costs, which should create a new price equilibrium. While availability is increasing and prices are expected to decline in the coming months, the sharp rise in input costs over the last three years complicates the situation.

In the table olives sector, a recovery is anticipated, with EU production projected to return to average levels of around 800 000 tonnes. Spain and Greece are major contributors, with expected outputs of 470 000 tonnes and 240 000 tonnes, respectively. There are concerns over the quality of data from certain producing countries outside the EU and the potential impact of the new US Administration on trade flows.

ECVC provided an update on Portugal's olive production, noting increased production but challenges due to high temperatures and phytosanitary concerns. Harvesting is being accelerated to address quality issues. There is a shift towards irrigated, super-intensive olive groves, replacing traditional apple and pear orchards. The projected production figure of 165 000 tonnes is deemed low.

CEJA asked the European Commission about plans for an impact assessment in light of potential future US tariffs. CEJA highlighted concerns over Trump's proposed 10% tariffs on all products and emphasised the need for a contingency plan, given past trade issues in 2017 and 2019.

COPA emphasised the impact of climate on fruit ripening and oil production, noting the expectation of high-quality yields if colder weather arrives. COPA highlighted falling prices and the need to regain lost market share due to previous campaigns. COPA commented on the need to revise reference price levels for private storage and to increase funding for promotion. COPA stressed the importance of modernising production methods to stay competitive internationally and advocated for a two-pronged strategy: modernising traditional olive groves and boosting promotion efforts.

FOODDRINKEUROPE expressed concern about the US situation and the possibility of additional tariffs. FOODDRINKEUROPE noted that no progress has been made in the negotiations under aircraft subsidies, reminding that despite past efforts and favourable WTO rulings, the US has continued its stance, hurting exports and market share. FOODDRINKEUROPE emphasised the need for the EU to implement countervailing measures against US products to address the unfair market conditions. The potential increase in tariffs by the new US administration could impact trade, especially if distinctions are made by country of origin.

ECVC also expressed concern about potential future issues based on past events, especially regarding tariffs impacting the agriculture sector. ECVC highlighted that new tariffs could lead to a severe crisis for the table olives sector, particularly in the south of Spain, and urged the EU to take appropriate measures.

Situation in the olive oil farming sector

COPA presented the situation in the olive oil farming sector, providing first some insights into the situation in Portugal. Over the past five years, there has been nearly a 12% increase in surface area for olive cultivation in the Alentejo region, which produces about 80% of Portugal's olive oil. The production systems are diverse, encompassing both traditional and modern methods. Approximately 85% of the oil produced is extra virgin olive oil, with primary export markets being Brazil, Spain, and Italy.

COPA presented the key results of a SWOT analysis recently conducted. Europe's key strengths include its position as a global leader in olive oil production and quality. Environmental respect is emphasized, contributing to carbon sequestration and soil conservation. Cooperative presence in the sector boosts local economies and biodiversity.

However, there are significant weaknesses as the value chain is divided, and producer concentration is weak. Production areas are limited, and yields fluctuate in both quantity

and quality. Optimization of water resources and labour shortages are critical issues. Generational renewal is low, and adoption of innovations and digitalisation is slow. Furthermore, diseases like *Xylella fastidiosa* pose significant threats for the future in some areas. High initial investment costs and inadequate insurance coverage are also ongoing concerns. COPA also mentioned that there is a heavy dependence on the Spanish market for pricing, adding vulnerability. Eco-schemes face significant red tape, and import controls are weak.

Opportunities were mentioned in relation to technology, as it offers the potential for more stable and efficient production methods. Expanding production areas due to climate change is viable in previously unsuitable regions. The development of oil tourism and the use of by-products can improve farmers' revenue. Promotion in new markets and maintaining high quality through Geographical Indications present key strategies for growth. Nevertheless, the threats are substantial, from international competition with lower production costs and weaker environmental regulations to other vegetable oils. Water scarcity is a persistent issue, significantly impacting production. There is a constant risk of new diseases and pests. High prices may deter consumers without proper education about the quality of the products. Ensuring fair wages amidst high production costs is also necessary.

In terms of recommendations, COPA suggested defensive measures which are needed to combat unfair competition and fraudulent practices, addressing climate change, water scarcity, and speculation, developing protection against pests and diseases, and supporting rural communities to prevent abandonment. Proactive measures should include fostering generational renewal, embracing digital infrastructure and innovation, and valorising secondary products like bioenergy and fertilizers to maximize the sector's potential.

COPA emphasised the increasing competitive pressure from third countries and highlighted the EU olive sector's efforts in sustainability and quality. COPA considered future policies should support these efforts, making consumers aware of the role olive growers play in maintaining landscapes and rural areas. Despite rising prices, consumers continued to purchase olive oil, indicating the importance of defending its value. Educating consumers about the true value behind the price is essential.

Future works of the International Olive Council (IOC)

The Executive Director of the IOC presented the organisation, created 65 years ago under the auspices of the United Nations. The IOC comprises 20 members and represents 46 countries, accounting for 95% of global olive oil production. The organization includes observers like the United States, Peru, Brazil, and Australia, and has an Advisory Committee that engages with the private sector.

ED detailed the IOC's operations, which include setting standards for olive oil production, coordinating research efforts in areas such as health, and facilitating knowledge transfer through training and conferences to disseminate best practices among producers. The IOC also collects and compiles statistics, such as production forecasts, which are crucial for understanding market trends.

Addressing future challenges, ED stressed the need to produce more olive oil sustainably. With the global population expected to reach 10 billion in the next 30 years, there's a critical need for increased production amid the backdrop of climate change, characterised by rising temperatures and less water availability. ED underscored the resilience of olive trees and their capacity as carbon sinks, noting the importance of plant genetic

improvements, sustainable resource use, and technological advancements in meeting these challenges.

ED advocated for a broad view of quality that includes the entire production process and emphasised the importance of harmonising quality standards globally. He detailed efforts to recognize more laboratories for quality testing and the role of the IOC in ensuring that consumers have confidence in the quality of olive oil, regardless of where it is produced. ED further advanced the health benefits of olive oil, linking it to the Mediterranean Diet and stressing the importance of promoting these benefits to boost consumption globally. He emphasised the sector's role in supporting planetary health, noting that olive trees act as carbon sinks and contribute positively to the ecosystem.

ED closed by understating the importance of developing reliable methods to quantify the carbon balance of olive oil production, and to communicate this effectively to consumers. ED stressed the need for continued collaboration with members, non-members, and official institutions to meet future challenges and enhance the sector's contributions to human and planetary health.

FEDOLIVE expressed strong support for the appointment of the new Executive Director of the IOC, pointing out that associations previously lacked the opportunity to voice their concerns effectively in the Advisory Committee of the IOC. FEDOLIVE emphasised the need to give the Advisory Committee ample space to discuss important issues. Further, FEDOLIVE highlighted the importance of the Chemical Experts Committee and called for greater access to documentation and meetings for observers to improve global understanding, particularly regarding the chemical aspects of olive oil production.

FOODDRINKEUROPE emphasised the importance of organisations' involvement in the IOC's annual meetings. FOODDRINKEUROPE called for a higher level of participation of olive oil associations to the work of the IOC, describing it as helpful and constructive for all parties, including the IOC.

COPA also thanked the Executive Director for the comprehensive overview of the challenges facing the sector and the role the IOC can play in promoting it internationally. COPA raised a specific issue related to assessing and marketing high-value, single-variety olive oils in Italy.

ECVC disagreed with the notion of increasing olive oil production without ensuring fair prices for producers, emphasising that good harvests should not result in lower profits. ECVC highlighted the shift towards super-intensive production in Spain and its potential negative impact on water resources amid climate change. ECVC also emphasized the need to support traditional olive production methods, cautioning against the negative consequences of rapidly shifting to super-intensive practices.

BEELIFE raised the question whether there is specific proposal in terms of sustainable practices, in line with the Pollinator Friendly Olives production initiative.

Olive cultivation and voluntary carbon credit markets

DG CLIMA presented the EU regulation that aims to establish a framework for certifying carbon removals and emission reductions from soils, with a particular emphasis on soil management and agroforestry. This regulation, scheduled to be published soon in the Official Journal, sets comprehensive criteria to ensure the quality of carbon removals and details the rules for the certification process. It includes provisions for the roles of certification schemes and auditors, as well as mandates the creation of a registry by the Commission to track carbon removal units verified through these guidelines.

DG CLIMA emphasised the necessity of harmonized rules for carbon credit supplies, given the current fragmented landscape with diverse regulations leading to inconsistency and inefficiency. The regulation's goal is to streamline processes to create a reliable and credible market for carbon credits, offering predictability and stability. This harmonisation encompasses both the certification of valid carbon removals and the procedural aspects related to certification schemes and auditing. In addressing the need for a balanced market, DG CLIMA's work is focusing on both supply and demand. On the supply side, the certification framework will ensure that issued carbon credits are of high quality, backed by standardized certification rules. Concurrently, DG CLIMA is organising workshops with stakeholders to discuss mechanisms to foster a stable and predictable demand for carbon credits from the agricultural and forestry sectors.

DG CLIMA presented the development of specific methodologies for different sectors. While the primary regulation sets a broad framework, it lacks detailed rules for particular sectors like agriculture, forestry, or technological carbon removal. To bridge this gap, secondary legislation is being developed. Early drafts of these methodologies have been presented to an expert group for feedback. The intention is to finalise these methodologies by 2025.

For farmers, especially in the olive sector, key methodologies under development relate to soil management and agroforestry. These include carbon removal from soils and trees and emission reductions associated with fertiliser use. There is a significant emphasis on improving management practices to increase soil carbon storage and leveraging the carbon sequestration potential of olive trees. However, the additionality criterion, which ensures that carbon removals are solely due to certification incentives, poses challenges for including long-standing trees. Consequently, while carbon removals from recently planted trees might meet the certification criteria, those from long-standing trees might instead be reported in the final product's carbon footprint, rather than within voluntary or compliance carbon markets.

DG CLIMA outlined a detailed timeline for stakeholder engagement and methodology development. Initial drafts have been shared to gather comprehensive feedback. Further discussions are planned through workshops and conferences, such as the Carbon Farming Summit, set for early March 2025. After the adoption of certification methodologies and rules in 2025, the certification processes are expected to commence by 2026. Furthermore, an EU registry dedicated to tracking carbon removal units is anticipated to be established by 2028, providing a comprehensive market overview.

CEJA questioned the rationale behind choosing five years instead of a longer period like 10 or 15 years, raising concerns about the potential for incentivizing crop planting merely for benefit claims. CEJA called for precise guidelines to avoid misguided investments and ensure proper carbon credit mechanisms.

4. Next meeting

Next meeting is foreseen to take place on 18 November 2024.

5. List of participants

The member organisations that were present are listed in the Annex. The Committee of the Regions was present as observer.

List of participants– Minutes
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ORGANISATION
BEELIFE - BEE LIFE - EUROPEAN BEEKEEPING ORGANISATION
BEUC - BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS
CEJA - CONSEIL EUROPÉEN DES JEUNES AGRICULTEURS / EUROPEAN COUNCIL OF YOUNG FARMERS
CELCAA - EUROPEAN LIAISON COMMITTEE FOR THE AGRICULTURAL AND AGRI-FOOD TRADE
COGECA - EUROPEAN AGRI-COOPERATIVES / GENERAL CONFEDERATION OF AGRICULTURAL CO-OPERATIVES OF THE EUROPEAN UNION
COPA - "EUROPEAN FARMERS / COMMITTEE OF PROFESSIONAL AGRICULTURAL ORGANISATIONS OF THE EUROPEAN UNION
ECVC - EUROPEAN COORDINATION VIA CAMPESINA
EUROLIVEPOMACE
FEDOLIVE - FEDERATION DE I'INDUSTRIE DE I'HUILE D'OLIVE DE I'UE
FOODDRINKEUROPE
IFOAM - INTERNATIONAL FEDERATION OF ORGANIC AGRICULTURE MOVEMENTS EUROPEAN REGIONAL GROUP

AD HOC EXPERT
MR LILLO LÓPEZ