



Brussels,
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MINUTES

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

by videoconference (Interactio) on Friday 19 November 2021 from 09:30 to 12:30

Chair: AGRI G4

Delegations present: All Organisations were present, except CEJA and IFOAM

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

As usual, the meeting included discussions on the situation of the olive oil and table olives markets in the EU, followed by two presentations on the medium-term outlook of the EU olive sector.

3.1 Olive oil and table olives

The presentation by DG AGRI focused on the market situation in the olive oil and table olive sectors.

In the olive oil sector, the world production is forecast at 3.1 million tonnes, in line with the five-year average world production and slightly decreasing by 3% compared to the previous marketing year 2020/21. This is the result of a production increase by 15% outside the EU (at 1.1 million tonnes), offsetting a production decrease by 3% in the EU. In the EU, production is forecast at almost 2 million tonnes, as Spain and Greece estimate a decrease in their production by 6% and 15% respectively, whilst production in Italy and Portugal would increase by 15% and 20% respectively. The forecast EU balance sheet was presented; on the one hand, supply is forecast at 2.7 million tonnes (imports

estimated at 210 000 tonnes), and on the other hand, uses are forecast at 2.3 million tonnes (860 000 tonnes exports combined with 1.5 million tonnes consumption), bringing ending stocks at around 420 000 tonnes.

Trade data for marketing year 2020/21 was presented to the audience. EU imports from third countries reached 167 000 tonnes, decreasing by 34% compared to the previous marketing year. Import share from Tunisia remained high at 84% of total EU imports. Imports from Tunisia under the zero duty quota reached 35 000 tonnes by the 11 November 2021, 12% below the five-year average cumulated imports. EU exported 800 000 tonnes for marketing year 2020/21, slightly below the record level of exports recorded in 2019/20. Slightly higher exports to the US partly compensated for lower exports to all the other main trade partners.

On prices until the first week of November, Extra Virgin Olive Oil (EVOO) prices in Spain and Greece rebounded strongly in April 2021, following the suspension of the US tariffs on Spanish bottled olive oil, and reached a level above their five-year average before stabilising between 3.2 and 3.3 EUR per kg. In Italy, EVOO prices moved above average for almost 50 consecutive weeks between November 2020 and August 2021. Prices of EVOO in Italy hit 4.44 EUR per kg in the first week of November. Selling prices of organic EVOO in Italy and Greece were also presented. Since January 2021, the organic premium was 54% and 32% respectively in these two Member States.

As regards the table olive sector, world production is forecast at 2.8 million tonnes for 2021/22 according to the IOC, increasing by 3% compared to the previous marketing year. Production outside the EU would increase by 5%, offsetting the decrease by 3% in the EU. In Spain, the production is forecast to increase by 4% to 570 000 tonnes, offsetting the decrease by 28% in Greece to 165 000 tonnes, where low yields are due to the rain deficit and the extreme weather conditions during the summer 2021.

Trade balance for the last marketing year increased marginally by 2.4%, where imports reached 154 000 tonnes and exports were at 452 000 tonnes. US imports of Spanish table olives show a strong decrease since the adoption of additional duties on imports of Spanish ripe olives. On 5 March 2021, the US and the EU decided to suspend import duties in the context of the trade dispute on subsidies to aircraft companies, which affected the Spanish green olives.

After this presentation, the Chair opened the floor to participants. The Portuguese experts informed the participants that they forecast olive oil production in Portugal at record levels (150 000 tonnes to 180 000 tonnes), on the back of favourable weather conditions and new super-intensive olive groves. Some participants raised concerns as regards risks of labour shortages and capacity limitations, as the harvest season appears to be very limited this year.

Spanish experts informed that prices for organic EVOO in Spain would range between EUR 3.9-4 per kg. These experts would see olive oil production at maximum 1.35 million tonnes. They raised concerns over the current lack of water availability that might hamper already now marketing year 2022/23.

Olive oil availabilities seem to be tightening this marketing year, on the back of a strong external demand and the positive impact of the pandemic on olive oil consumption.

Spanish experts also raised concerns on increasing production costs (energy, fertilizers). They see risks on the downside for exports as prices are currently increasing. Therefore, following the opinion of some experts, ending stocks could be higher than the figure presented by DG AGRI. Another Spanish experts raised concerns over the difficult situation of the traditional groves, hardly competitive compared to the super-intensive ones. On table olives, a Spanish expert informed that the production in Spain could be much higher than the one presented, reaching between 607 000 and 650 000 tonnes.

Problems related to the procedure for registering exporters to the Chinese market were raised. This mandatory registration has a deadline for January 2022, but the Chinese authorities are behind schedule and many exporters have not received any confirmation. DG AGRI informed that this issue is being dealt with by the EU Delegation in Beijing. A delay on the application of this mandatory registration has been requested.

The Italian experts confirmed the production at 315 000 tonnes of high quality olive oil, although presenting low uniformity across regions. They also raised concerns on high production costs, including irrigation costs, as well as higher freight costs and requested information on organic production. Other Italian experts reflected on production costs and its impact on consumers at the end of the value chain.

A presentation by COPA-COGECA followed, on table olive production in Greece for marketing year 2021/22. Due to higher temperatures and lower soil humidity, production is expected to be much lower than average. The expert focused on weather conditions that caused this decrease, highlighting the impact that climate change already has on the sector. For some varieties, as Chalkidiki and Konservolia green olives, production is expected to reach 60 000 tonnes, compared to 170 000 tonnes in marketing year 2020/21. Black olives were less affected with a forecast of 55 000 tonnes (80 000 tonnes in the previous marketing year).

3.2 Medium-term outlook

The next presentation by DG AGRI focused on the medium-term outlook (2021-31) for the EU olive oil that will be presented in December 2021. The production area in the EU is expected to increase by 170 000 hectares, mostly on intensive and super-intensive systems, but organic production is also expected to gain share in the future. On yields, climate change will pose a challenge in the next decade although new varieties could be developed with better resistance to extreme weather conditions. In terms of production, EU olive oil production could reach 2.5 million tonnes by 2031 (22% higher than the 2016-20 average).

On trade, exports will rise due to the production increase forecast, reaching 1 million tonnes in 2031. The US will continue as the first destination for EU exports (27%), followed by China (9%), Brazil (9%) and Japan (8%). Imports remain high on average, reflecting an increase production in non EU-countries.

Finally, on consumption, growth is expected to be driven by non-producing countries. Historically high per-capita consumption in the main EU producing countries could drop further, -0.6% per year. Organic olive oil could gain some retail market share.

An expert from the AGMEMOD consortium closed the meeting with a presentation based on the model developed by this consortium of universities on table olives and olive oil production for main producing Member States (Spain, Italy, Greece and Portugal). The model was presented for validation from experts.

This model predicts that for olive oil, the producing area will be extended in Greece and Spain, but will decrease in Italy. Yields will increase in Spain (11%), but particularly in Portugal (up 57% for 2031). Portugal will increase its olive oil production over 2021-31 by up to 60% and Spain by up to 25%. Following this model, production will decrease in Greece (-21%) and Italy (-16%). On table olives, production is forecast at a higher level in all Member States due to an increase in yields. For 2031 production in Portugal is expected to double and in Greece to increase by 17%. Overall prospects for consumption of both table olives and olive oil are positive in this model.

4. Next meeting

The next meeting of the Working Group Olives is scheduled on 10 June 2022.

5. List of participants

See in annex.

e-signed

Caroline JEANDIN
Acting Head of Unit

List of participants– Minutes

***Meeting Of The Working Group On Olives
Of The Civil Dialogue Group On Horticulture, Olives And Spirits
by videoconference (Interactio) on Friday 19 November 2021 from 09:30 to 12:30***

MEMBER ORGANISATION	MS	NUMBER OF PERSONS
BEUC	IT	1
CELCAA	IT	1
COPA/COGECA	EL	2
COPA/COGECA	ES	3
COPA/COGECA	FR	1
COPA/COGECA	HR	1
COPA/COGECA	IT	3
ECVC	PT	1
FoodDrinkEurope	EL	1
FoodDrinkEurope	ES	3
FoodDrinkEurope	PT	1
FoodDrinkEurope	IT	1