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Final Minutes
Meeting of the Civil Dialogue Group « HOS – OLIVE SECTOR »
Date: 04/06/2021

(Videoconference)

Chair: Mr Rafael SANCHEZ DE PUERTA DIAZ

Organisations present: All organisations were present, except BEUC, EFNCP, EPHA, IFOAM Organics Europe, PAN Europe, SACAR, TomatoEurope.

1. Approval of the agenda
The agenda was approved as circulated.

2. Nature of the meeting
Non-public virtual meeting.

3. List of points discussed

a. Restitution from the morning session of the Market Working Group
The European Commission (**EC**) updated the stakeholders on the Market Working Group.
According to the outlook, world production was stable for the marketing year 2020-21. It would marginally decrease for the third consecutive year to 23.1m tonnes, although still in line with the five-year average production at world level. In the EU, production was expected to increase by 7% to 2.1m tonnes compensating for the 22% decrease in the non-EU producing countries the same marketing year. The production in the EU was lower than initially expected driven by low yields resulting from adverse weather conditions during the summer of 2020. This lower than initially expected supply coupled with an increase in consumption in the last year had tightened the market in the recent months and as a result olive oil prices had been steadily increasing. On the trade front, imports from third countries had remained strong during the first half of this marketing year at around 100,000 tonnes, although it was expected that supply would slightly tighten in the coming months as non-EU producing countries had had lower production that marketing year. On the export front, exports to third countries had remained very strong in the first half of that marketing year with an increase of 10% compared to the first half of the previous marketing year resulting from larger exports to the US, UK and Canada. Over the last seven weeks, prices of extra virgin olive oil had remained above the five year average prices across all producing Member States and this after a strong

increase in prices in the last weeks resulting, among other factors, from the four-month suspension of US sanctions on imports of Spanish bottled olive oil.

Short-term outlook and medium-term perspectives for the EU olive oil

According to the short-term outlook, published in April 2021, EU exports could decrease due to low availabilities and this despite the recovery in consumption in the EU in the 2020-21 marketing year throughout several channels (mainly the retail sales and the expected recovery of the Horeca sector in the coming months). EU imports could decline because of lower production outside the EU and this could further decrease the ending stocks for this marketing year.

The discussion of the medium-term prospects focused on three elements: the impact of climate change, the valorisation of the olive oil production and the future market balance. Regarding climate change, more frequent weather events and more incidents of pests and diseases, together with an increase of temperatures, could require adaptation and mitigation strategies from the sector. On the valorisation of the olive oil production, several possibilities to bring value added were presented: quality schemes, organic labelling and valorisation of by-products that could bring added value to EU olive oil production and help the traditional growers against other intensive and super-intensive production systems. On the future market balance, factoring in the impact of the pandemic on the olive oil market, supply should seek for more sustainable production systems and anticipate the effects of climate change, whilst demand had proven to remain strong as consumer preferred more healthy diets, more home-cooking and therefore made greater use of olive oil.

The chair, Gabriel Vigil, had reminded the experts of the promotion strategies (there is 200 m Euros budget for the promotion of agricultural products as well as one organisation for specific CDG on promotion of agricultural products).

On table olives, there was a presentation from the EC. World production of table olives was forecast at 3.1m tonnes, above average production for the second consecutive marketing year. The production in the EU was expected to increase by 11% the 2020-21 marketing year and reach 855,000 tonnes. The trade balance in the first 7 months had seen a decrease with imports increasing by 5% and exports decreasing by 6%.

b. Ongoing work in the revision of EU legislation and standards (IOC, CODEX)

The **EC** delivered a presentation on the marketing standards which revolved around three axes: 1. the DG AGRI plans to revise the EU olive oil marketing standards; 2. the IOC ongoing work of the same olive oil standards; 3. the ongoing work of the Codex Alimentarius. There were three pieces of legislation governing the olive oil standards: a. Regulation 1308/2013, b. Commission Implementing Regulation 29/2012 and c. Commission Regulation and 2568/91. The EC informed of the plan to revise the latter two in two steps. In the first step, the legal provisions would be clarified and simplified, whereas in the second they would be modernised to respond to new objectives such as sustainability set by the EU Green Deal. The revision would result in an alignment of the two latter Regulations with the former.

- The first legislative act would mostly comprise requirements on the marketing of olive oil at retail stage, such as labelling and packaging, as well as the parameters for defining the different categories of olive oils.
- The second legislative package act would comprise provisions on conformity check carried out by Member States as well as references to the methods of analysis to be used during the conformity checks. With this revision, the EC aimed at including clarifications already provided, harmonising the terminology and referencing directly the IOC methods of analysis in the Regulation. On the Regulation 1308/2013 and the second step, the EC could not provide additional information because the former was part of the ongoing trilogues on the single CMO, whereas the latter was under discussion with the EC looking for feedback from the stakeholders.

As far as the work in the IOC was concerned, there had been a few developments impacting on the EU legislation. 1. a decision to include tree for delta-7-stigmastenol in lampante olive oil (November 2019) and in refined olive oils and olive oils composed of refined olive oils and virgin olive oils (June 2020); and 2. to amend the gas chromatography method for determining sterols and sub-type of alcohols, including the name of the method. These changes would be included in the first-step revision. In addition to the above, there were also guidelines and documents that would not be included in EU legislation. The EC had proposed to the EU Council Ministers to adopt a position on behalf of the EU in the June session. On linoleic acid, the work was underway at technical level. As for the organoleptic, upcoming decisions taken by IOC would not have direct impact on EU legislation.

Finally, on the Codex Alimentarius - Standard for Olive Oils and Olive Pomace Oils (CXS 33-1981), which had been under division since 2017, the EC reported that there were considerable differences between delegations on a number of important issues. The next discussion of the Codex Committee for Fats and Oils would be held on 18-26 October 2021.

A **Copa-Cogeca** representative underscored that marketing standards remained a fundamental instrument for the olive oil sector to promote trade on the basis of clear rules and welcomed the decision to revise them to meet thereby the sustainability challenges. As consumers were becoming more attentive to health and sustainability issues, olive oil would play an important role in this respect. The speaker insisted on the need to step up efforts to communicate on the product, improve the use of nutritional information to foster better understanding amongst consumers, making the indications easier to read and understand, especially the optional mentions. An issue of key importance was the extension of the protection for the name “extra virgin” so that its characteristics would be protected. In addition to this, there was need to rethink the logic and protection of producers and preconditions for making the production legitimate because it is responsible. As the marketing rules were revised, it would be important to bear in mind that beyond producers’ responsibilities, other actors in the food chain had responsibilities as well when it came to the characteristics of the product.

A **FoodDrinkEurope** representative requested information on the positions of the Member States, and consequently of the EU, during the ongoing discussions on the Codex revision. It was stressed that clarity was important as any changes to the Codex would have an influence on the market.

Another **FoodDrinkEurope** representative endorsed the points that had been raised earlier by the Copa-Cogeca representative. The speaker stressed that when the rules and standards would be revised, one would have to bear in mind what would come afterwards, after the olive oil is being bottled. The responsibility would go beyond the transport and distribution of the product.

The **EC** replied by saying that the revision formed part of a larger picture, the Farm to Fork strategy, and other initiatives such a nutritional labelling. Additional consultation would come out in September. On Codex, the EC estimated that an EU position would be ready after September 2021.

The **Chairman** wished for as much harmonisation as possible of marketing standards in the EU and in Codex as well as with the US. He raised the issue of possible introduction of new parameters and standards, and particularly the chemical ones. He advised extreme caution when new parameters of the chemical kind were adopted without adequate scientific backing.

c. US additional duties on olive oil and table olives / US additional duties on ripe olives from Spain

The **EC** informed on the current state of play following the four-month suspension of the retaliatory tariffs related to the Airbus/Boing dispute from both sides and until 11 July 2021. Negotiations were ongoing but no other details were known outside of the negotiating team of DG Trade and USTR. It was however clear that the two sides were striving to avoid a continuation of a tit-for-tat and cooperate more closely. From the US Administration there seemed to be a willingness to work closely, although no radical change of position on trade complaints was expected. The changes consisted in a different approach and open channels.

A **FoodDrinkEurope** representative raised the issue of additional duties and highlighted their severe impact on Spain which had lost 80% of its market share in the US as a result. The speaker lamented the loss of 30 years of promotion campaign and efforts to win market share. The suspension was proving challenging for companies due to a shortage of container ships and increased costs. While suspension was welcome and so was a better climate, the lack of information was particularly difficult for exporting companies wishing to know the state of play in order to conduct their day-to-day business.

The **Chairman** contended that the additional duties had been incredibly difficult and unfair for Spain. Despite having nothing to do with the olive sector, the duties had had serious repercussions for the country. In addition to the cost of the duties, an amazing cost was being paid out in lawyers, plus cost for legal fees amounting to 12 million euros thus far. The speaker called for aid from the EU side, some clear action that would be legally justifiable to resolve the issues.

A second **FoodDrinkEurope** representative pointed out that US duties were having not only on Spain but on Europe as a whole. Some alternative solution needed to be found to overcome the difficulties and enormous costs. The speaker reiterated the importance of information on the ongoing negotiations in order for the sector to have an idea of future perspectives.

d. Nutritional labelling for olive oil and table olives

Copa-Cogeca presented the topic of nutritional labelling. Welcoming the opportunity to support a measure that improves citizens' health, transparency and food information to consumers, the speaker introduced the principles that should underlie any future FOP labelling scheme. Any labelling system should be:

- Informative and easy to understand, not overly simplistic and lead to a classification of food products between "good", in green, and "bad", in red. Such a dichotomy would stigmatise highly nutritious products praised for their nutritional value by nutritionists around the world, such as olive oil, and would penalise specific products that were historically an integral part of European gastronomy and rural traditions and which, consumed in appropriate quantities, played a key role in a balanced diet. Copa-Cogeca was in favour of an FOP labelling system that would not stigmatise any food product. In particular, an EU system should not directly or indirectly endanger EU quality food products - e.g. PDOs, PGIs and TSGs - which, unlike highly processed products, could not be reformulated and must follow strict, traditional codes of production.
- Science-based and independent. The new FOPNL nutritional labelling scheme should be based on the best scientific advice and should ensure that consumers have access to more detailed and easy-to-understand information about the food they consume, without undermining the competitiveness of the European agricultural system or damaging quality supply chains.
- Harmonised and Europe-wide. Any European FOP labelling scheme should be harmonised across the EU and developed according to EFSA's scientific guidance. The use of a variety of FOPNL systems in the internal market could lead to costs for businesses, distortions in the market and increased consumer confusion, undermining consumer confidence. The free movement of goods should be ensured and every label would have to be adapted to each Member State where the product was expected to be sold.
- Based on dietary guidelines. A positive label should only be allowed on foods and beverages that fall under science-based dietary guidelines.
- Based on all nutrients, micro- and macro- nutrients.
- Portion-based. People consume portions, the size of which varies from one product category to another. Evaluating a product on the basis of 100g when it is consumed in much smaller quantities is misleading and does not allow a clear understanding of dietary guidelines.
- Voluntary. As any additional labelling could increase costs and administrative burden for operators in the food chain, it should be left to the operator in the food chain to determine whether it is relevant and consistent to apply a FOP label or not.

<u>The case of olive oil</u>

The speaker pointed out that many FOP labelling systems did not allow the distinction between product categories of the same product, i.e. oils with different characteristics. From the different categories, extra virgin olive oil was the only foodstuff that has been proven to play a role in preventing cardiovascular disease, diabetes and breast cancer. Although olive oil was high in calories, it should be taken into account that average consumption did not exceed 40-45 g per day. The speaker maintained that the choice of

an inappropriate FOPNL system for the sole reason that it was already used in some countries posed a serious risk with far-reaching consequences.
While many FOPs were easily understood by consumers and could be very effective tools to promote health in public policies related to nutrition, as they seemed to be overly simplistic and potentially misleading. More specifically, the approach of many FOPs towards dietary fats clearly downplayed the proven health properties of extra oil. One very important aspect of olive oil was that, used as a condiment, it promoted the consumption of vegetables, thereby being a considerable advantage to sustainable diets. Moreover, being an integral part of the Mediterranean Diet, olive oil consumption had been proven beneficial not only to preserving public health, but also highly sustainable in terms of greenhouse effects, land use, water use and energy needs.
Lastly, any FOP systems should not undermine this message or penalise production methods that already contributed to sustainability goals. The speaker stressed the importance of awareness campaigns for the consumption of olive oil and healthy eating in general as the lack of knowledge could not be overcome by any label on its own.

A **FoodDrinkEurope** representative asked for the EC's position on the matter. The speaker agreed on the need to have clear labelling on packaging but was opposed to the idea of differentiation between the various qualities when it came to labelling. According to scientific studies, all different olive oil products possessed beneficial attributes and not only the extra virgin olive oil.

A second **FoodDrinkEurope** representative reiterated the call for a harmonised EU model in order to provide information to consumers and avoid the high costs incurring from differentiated systems. Furthermore, the speaker emphasised the need to draw a difference between highly processed food products and olive oil. With systems such as nutri-score there was a risk that consumers would make purchases based on the score letter and not on the health aspects of the products. FoodDrinkEurope raised the issue of promotion campaigns and emphasised the need to ensure that they would not turn out counterproductive.

The **EC** presented the state of play on the FOPNL issue. It recalled that the topic of nutritional labelling was part of the Farm to Fork strategy, that a public consultation had been launched in December 2020 and that the topic of front-of-pack labelling was being handled by DG SANTE. The EC informed that a Civil Dialogue Group would be dedicated on the issue in the future during which stakeholder would have the possibility to provide additional feedback. The proposal was expected to be presented at the end of 2022 and discussed with the Council and the European Parliament. Prior to it, a public consultation would be launched in the last quarter of 2021. At the moment, there was no particular position on the table besides the four different options of labelling and the 'status quo' option - all included in the impact assessment. The system was currently a voluntary one, but scientific-based nonetheless as EFSA had been consulted. The EC informed that the possibility to apply specific conditions to certain categories of food products would be explored.

A **FoodDrinkEurope** representative recognised the importance of providing consumers with the best information possible but noted that labelling made less sense when it came to single-ingredient products.

The **Chairman** noted that all speakers had agreed on the necessity to have a harmonised labelling system, while ensuring that table olives and olive oil should not suffer as a result. Badmouthing olive oil to be a threat to the sector. Any labelling system should not harm the reputation and image of olive because its health and nutritional claims were backed up backed up by science.

e. Innovation and ecological transition in the olive oil sector

Copa-Cogeca delivered a presentation on innovation and ecological transition in olive groves. The presenter started by highlighting that the olive grove was a production system totally adapted to the Mediterranean climate; a capacity which had enabled it to form one of the most important forests in the EU. In recent decades, the sector had undergone an evolution towards very different production systems, with larger plantation frames and a much greater use of inputs, although the traditional olive grove had remained the basis of the olive sector in the EU.

While the olive sector had shown its capacity to adapt and improve, training and advice for producers were necessary in order to face the challenge of climate change and deliver on the policy objectives set by the European Green Deal, the Biodiversity Strategy and the Farm-to-Fork Strategy. The ecological transition was based on reasonable use of natural resources but it was necessary that farm profit margin were ensured. With sustainability being a threefold concept: economic, social and environmental, and as the olive grove would need to comply with all ecological requirements, farmers should be the basis for research and improvement projects and receive support through eco-schemes.

The speaker introduced the project INFODAPTA - AGRI carried out in Spain which sought to adapt farms to climate change. Among the specific measures were: changes to pruning systems; plant coverage between trees, implementation of multifunctional margins, soil analyses; more organic fertilisers and the modernisation of irrigation systems.

It was emphasised that innovation in the olive oil sector should range from the improvement of production processes to product differentiation at the end of the value chain and that collaboration between the different agents was key for yielding results. Lastly, the presenter offered an example of sectorial innovation underlining the importance of consumer awareness and the commitment to share value throughout the chain.

f. CAP reform: update on the legislative process

The **EC** offered a brief overview of the state of play of the ongoing CAP negotiations with focus on the technical works on the three regulations forming the CAP. As the negotiations were still underway and nothing was agreed until everything was agreed, the EC could not offer additional details on their content, but hoped that they would be concluded in June.

A **Copa-Cogeca** representative raised the issue of operational programmes and interbranch organisations. Following an overview of the state of play in the French olive oil market, the speaker warned that all work done in the past 20 years risked being lost because the EC reserved access to operational funds to producer organisations only, thereby leaving out interbranch organisations which would have a negative impact on the olive oil sector in France. The speaker underlined that interbranch organisations had a role to play as they created value for producers and met citizens' expectations. Lastly, the speaker requested the EC to elaborate on the allocation of CAP funds.

An **ECVC** representative requested info on social conditionality and aid redistribution.

Another **Copa-Cogeca** representative insisted that the CAP should continue to support the income of farmers and olive growers. On strategic plans, it would be important to continue supporting producers organisations in order to advance the work already started that included modernisation etc. but with greater flexibility. Furthermore, the speaker maintained that there was need for a separate chapter on traditional olive groves which were an essential part of heritage. Lastly, on the single CMO, the speaker underlined the importance of working on a harmonised EU system for table olives, marketing standards, quality etc.

The **EC** expressed confidence that the CAP reform would continue to support the olive oil sector. On interbranch organisations, the EC explained that they did not benefit from sectorial programme funds and thus it had proposed that the totality of sectorial interventions be reserved to farmers as they benefit farmers and hence the added value should go to them. Furthermore, while the EC had not proposed that interbranch organisations benefited from those aids, it recognised that interbranch organisations remained major actors which would continue to benefit from a set of rules that allowed them to have exemptions in the framework of the CMO. The approach therefore was that operational programmes, which now formed part of the national strategic programmes aimed to support farms, should support farmers.
On redistribution and social conditionality, the EC could not comment.
On marketing standards, the EC informed that they could be discussed in the framework of a broader discussion on the matter that would include all agricultural products.

4. **Next steps**

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5. Next meeting

The next meeting will take place on 19 November 2021 (TBC).

6. List of participants - Annex

<u>Disclaimer</u>

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes

Meeting of the Civil Dialogue Group

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MEMBER ORGANISATION	NUMBER OF PERSONS
European agri-cooperatives (COGECA)	7
European Coordination Via Campesina (ECVC)	2
European Council of Young Farmers (CEJA)	2
European farmers (COPA)	8 + notetaker
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	1
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	4
FoodDrinkEurope (FoodDrinkEurope)	8
Stichting BirdLife Europe (BirdLife Europe)	1