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MINUTES

Meeting of the Civil Dialog Group on Agricultural Market – Olives

11 July 2023

Chair: AGRI.E4

Following organisations were represented:

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, EFFAT - European Federation of Trade Unions in the Food, Agriculture and Tourism sectors, FEDOLIVE - Federation de l'Industrie de l'Huile d'Olive de l'UE, FoodDrinkEurope

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

Market situation in the olive oil and table olives sectors

The Commission (DG AGRI) presented the market situation in the olive oil and table olives sectors. For the marketing year 2022/23, world production is estimated at around 2.5 million tonnes, decreasing by 26% compared to previous marketing year, and by 23% compared to the five-year average. The decrease is driven by the low production in the EU.

EU olive oil production is forecast to decrease by 39% to almost 1.4 million tonnes, the lowest level since marketing year 1994/95. In Greece, production is expected to recover, as olive groves should be in an “on-year”. Production in Greece would reach 340 000 tonnes in the new marketing year. In the other main producing Member States, production is forecast to decrease strongly. Portugal should produce around 126 000 tonnes, following a record production of 206 000 tonnes in the marketing year 2021/22. In Spain, production is forecast to decrease strongly by 56% to 663 000 tonnes, driven by the negative impact of the drought on olive yields. The lack of rainfall in the last months is likely to impact the flowering and the fruit setting of the olive trees, and therefore next harvest’s yields. In Italy, production is expected to decrease by around 27% to 241 000 tonnes. Same as Portugal, Italy is in an “off-year” in the marketing year 2022/23. In non-EU countries, production is expected to remain stable at 1.1 million tonnes, with a decrease in Tunisia (by 25% to 180 000 tonnes) and in Morocco (by 22% to 156 000 tonnes) compensated by higher productions in Türkiye and Syria (+17% and +27% respectively).

On trade, during the first seven months of marketing year 2022/23, EU imports of olive oil from third countries reached around 87 000 tonnes, decreasing by 3% compared to the same period of previous marketing year, and by 20% compared with the five-year average. For the current marketing year 2022/23, EU imports of olive oil are estimated at around 170 000 tonnes, increasing by 13% year-on-year, to compensate for the low EU production. Imports from Tunisia are below average resulting from the production decrease in this country. During this same period, EU exports to third countries decreased by around 17% year-on-year, reaching around 376 000 tonnes, and 12% below the five-year average. Driven by lower EU availabilities, EU exports are forecast to decrease by 24% year-on-year to around 620 000 tonnes in the current marketing year. Combining these trade estimates with EU consumption at around 1.3 million tonnes (decreasing by 14% compared to previous marketing year), ending stocks are forecast to fall sharply to around 280 000 tonnes.

The low production expectations for current marketing year pushed prices up already over summer 2022, and these have remained at above-average levels for the last months across all producing Member States. At retail level, prices have escalated as a result of increasing transport costs and resilient demand. EVOO prices have recently increased further as operators are already anticipating the impact of the drought on next year’s harvest. As a result, prices are reaching new record-high levels across producing Member States, and pressure is expected to remain high in the coming months.

For table olives, world production in the marketing year 2022/23, is expected to remain stable compared to the previous marketing year at almost 2.9 million tonnes, resulting from a slight production recovery outside the EU (by 2% at almost 2.1 million tonnes), compensating for a decrease by 10% of EU production (at 825 000 tonnes).

A member of COPA-COGECA informed that prices in Italy could reach levels at around EUR 11 per kg during the next marketing year, and that current stocks of olive oil are at around 235 000 tonnes in Italy (40% lower compared to June 2022). COPA-COGECA raised concerns on consumers shifting to other products given the current price levels. For the upcoming marketing year 2023/24, olive oil production in Italy is forecast to improve, although the recent rainfall in Italy might have hampered the flowering of the olive trees.

A member from FEDOLIVE indicated that the situation is complicated, as current availabilities are very limited (at around 500 000 tonnes in Spain), and still several months before the new harvest kicks in. The current price levels have already had an impact on the export volumes but later than expected, as exporters have been slow in transferring the price increase to clients since the beginning of the marketing year. At international level, there are many other alternatives to olive oil that consumers are more prompt to choose. FEDOLIVE also commented on importers from third countries turning to other non-EU producing countries, and these new trade relations would be harmful in the long run for EU producers. The low availabilities of olive oil are also going to have an impact on the labour force of the olive oil industry. On the Tunisian TRQ, FEDOLIVE requested that the Tunisian authorities should comply with the terms of the agreement for the management of the quota and suggested a temporary full liberalisation to foster EU imports of olive oil and compensate for the current low availabilities.

Another member from FEDOLIVE confirmed the drop in production by 40% in Portugal for the current marketing year and informed that there is potential for a record production in Portugal in the marketing year 2023/24, although the current drought might hamper in the end the production of olive oil. Therefore, production in Portugal could be at around 150 000 tonnes.

From EUROLIVEPOMACE, a member indicated that the situation is currently very complicated resulting from the low availabilities, as the pomace oil industry is concentrated on the export market.

A member from COPA-COGECA confirmed the current difficult situation of the sector, which is not ready to cope with the current low availability levels. In Spain the current stocks of olive oil are virtually all sold and not yet delivered, therefore hardly anything left for sale. In Spain, the upcoming harvest could reach at most 800 000 tonnes.

For Greece, a member from COPA-COGECA raised concerns on the Greek market as prices have raised from around EUR 3.00-3.50 per kg up to EUR 6.00-6.50 per kg currently, which leads to olive oil producers to sit on their stocks waiting for further price increases. Next harvest looks worse in terms of volume and quality, resulting for heatwaves during the spring 2023. The current price levels are leading towards a lower consumption at national and at EU level.

A member of CEJA indicated that production in Spain in the next marketing year could be 30% lower compared to the previous one, driven by the adverse climate conditions, and by the burden of the new eco-schemes that are now in place particularly in traditional non-irrigated olive groves.

A member from FEDOLIVE confirmed the significant price increase in Italy, not only driven by high inflation but also by the low availability of olive oil in the EU. Prices of EVOO are now at least at around EUR 8.00 per kg, leading already to a decrease in marketed olive oil. Supermarkets would also have to accept the significant price increase when negotiating with the sector. FEDOLIVE again requested the Commission to amend the TRQ agreement for a temporary full liberalisation.

Looking forward to the medium-term, the Commission (DG AGRI) presented a survey ahead of the upcoming publication of the Medium-Term Outlook, for the analysis of trends over the next 10-12 years, considering past observations as well as climatic, social and geopolitical events to forecast future developments. The Commission will share some questions to assess future trends on the olive oil sector, covering production

(climate change, yield and area developments), consumption (main drivers of EU consumption) and trade (trade growth sustainability, opportunities and challenges of the EU trade) elements of the balance sheet.

Smart farming practices safeguarding the environment and the quality of olive products: the example of gaiasense

COPA-COGECA, presented the example of Gaiasense, an innovative smart farming system adopted by GAIA EPICHEIREIN in various EU co-funded projects, in different crops and countries, aiming to safeguard the environment and bring sustainability and competitiveness to the sector. GAIA EPICHEIREIN is an alliance between the primary, banking and technology sectors. It provides services related to direct payments, rural development programmes, business development, cooperation, and smart farming. The digital transformation of the agricultural sector in the context of the new CAP 2023-2027, and in particular the Greek olive oil sector, results in a data-driven decision making, the development of the precision agriculture, the adoption of farm management systems, as well as the development of agricultural research and innovation. Gaiasense smart farming system, provides an integrated approach for the management of agricultural activities, combining different data sources adjustable to different regions, types of soil and crops. Gaiasense is combining IT technologies with agronomic science in a holistic way. The analysis of the data allows for Smart Farming Advice, including irrigation advice, crop management advice and fertilisation advice. This complete farm management system has led to reduction of costs (irrigation, fertilisation, crop management and energy) at significant levels.

SOIL-O-LIVE project and feedback from the sector and the farmers

An expert from the University of Jaén presented SOIL O-LIVE, an EU-funded project on soil biodiversity and functionality of Mediterranean olive groves. The project studies soil erosion by water in agricultural lands, linking the level of land degradation with the land management of cultivated areas, where the lack of plant coverage and the extensive use of phytochemicals during the last decades seem to be critical factors. Scientific papers estimate the annual loss of soil between 29 000 and 47 000 tonnes of soil per hectare. As an example, the extensive use of copper in the EU for pest control (fungicide treatments) has led to relatively high levels of copper in olive grove soils (estimated at around 33.5 mg/kg, and is correlated to soil properties). The experts mentioned the JRC report on the proportion of land affected by soil degradation in the EU which is estimated between 60% and 70% (soil compaction, salinisation risk, phosphorus deficiency).

The SOIL O-LIVE project aims at performing a rigorous diagnosis of the environmental situation of olive orchards in the main producing areas and agronomic modes of olive production across the Mediterranean region and its relationships to olive oil quality across the food chain. The project's tasks include the biological restoration and the physical and chemical remediation of the soil (microbiome inoculation, electrokinetic remediation), as well as promoting the plant covers offering significant advantages (soil conservation, weed control, biodiversity enhancement and water cycle regulation). The fraction of cover crops in the EU is currently extremely low and there is therefore a large margin for improvement. Lastly, the SOIL O-LIVE project will run a validation procedure, to estimate the effectiveness of the soil restoration.

Towards in-season harvest forecasting of olive production in the EU

The Commission (JRC) presented the project “Towards in-season harvest forecasting of olive production in the EU” aiming at providing independent, timely, and accurate information on the growing conditions of crops and quantitative crop yield forecasts for the EU and its neighbourhood. The model should also allow to provide ad-hoc analysis of extreme weather situations and their impacts on agriculture. In terms of design, the MARS crop monitoring and yield forecasting system can be characterized as a model and data driven decision support system, with analysis based on “near-real-time” weather observations, crop model results, and remote sensing information. Input data is used for qualitative interpretation at country level, as well as at pan-European level. The system proposed would integrate two components: (1) assessment of flowering intensity based on data from representative network of aerobiological stations in all main olive producing regions of importance, and (2) simple mechanistic model ingests pollen information to assess output variables. This model should also provide with early warnings. The feasibility of the project requires the support of Member States’ public sector and stakeholders.

Any other business

US tariffs on Spanish black olives

The Commission updated the audience on the US tariffs on Spanish ripe olives case. While the US claim to have completed the implementation of the panel recommendations, the EU considers that the US failed to take the necessary steps to bring itself into compliance with the WTO Panel’s ruling despite a very clear WTO report which was adopted on 20 December 2021 without any objection by the US. In light of this outstanding disagreement, on 28 April 2023 the EU requested consultations with the US on its measures to implement the WTO panel report. Consultations took place during the month of May, but they did not result in any progress towards the resolution of the dispute. Unfortunately, all parallel attempts by the EU to find a negotiated solution with the US to ensure full implementation of the WTO ruling and removal of the duties failed due to the lack of engagement by the US. Therefore, in order to preserve the rights of the EU olive growers, the EU is considering the next possible steps and the request of the establishment of a compliance panel to evaluate the measures taken by the US to implement the WTO panel report. This is consistent with our rights under the WTO procedural framework.

Sterols

The Commission updated the audience on the sterols study currently carried out by the International Olive Council. The IOC is currently running the second year of a three-year study. During the current second year, the IOC has received samples from Spain, Greece and Italy and they are being analysed for the time being. The results of the study will be communicated in due time.

US tariffs on Spanish olive oil

The Commission received a request of information from FEDOLIVE on the ongoing case on additional duties on Spanish olive oil in the context of the US-EU dispute on subsidies to large aircraft companies.

4. Next meeting

Next meeting is foreseen to take place on 18 October 2023.

5. List of participants

See in annex.

Pierre BASCOU

List of participants– Minutes
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ORGANISATION
BEUC - Bureau Européen des Unions de Consommateurs
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EUROLIVEPOMACE
ECVC - European Coordination Via Campesina
FEDOLIVE - Federation de l'Industrie de l'Huile d'Olive de l'UE
FoodDrinkEurope
1 "ad hoc" expert