

Final Minutes of the CDG on Horticulture, Olives & Spirits – Olives Sector on 27th May 2016

1. Adoption of the agenda and minutes of the meeting on 05/06/15

The agenda and minutes were adopted. The Commission informed the members that the head of unit C2 would be moving to Washington to represent DG AGRI. A farmers' representative congratulated him on his new position and hoped that he would continue to play a key role for the olive oil sector. The rest of the group also expressed their congratulations.

2. Presentation and discussion on the status and management of the market: provisional 2015/16 balance sheets and 2016/17 forecast balance sheets for olive oil and table olives, and price developments

Production in the 2015/2016 marketing year is estimated to 2.3 million tonnes, equating to approximately 61% more than the previous marketing year. Spain had produced 1.39 million tonnes and production in Italy had reached 472,000 tonnes.

As for third countries, Morocco, Syria, Tunisia and Turkey estimated production is around 400,000 tonnes of olive oil in 2015/2016, which is less than the previous marketing year. Tunisian production in particular decreased from 340,000 tonnes in 2014/2015 to 140,000 tonnes in 2015/2016. Tunisian exports had fluctuated in recent years. Olive oil production in Morocco was stable.

Extra virgin olive oil prices had been on the rise in Italy and Spain during the 2014/2015 marketing year, yet had been decreasing since November in Italy and since March in Spain. Virgin olive oil prices in Italy had fallen since November 2015. However most of the markets remain well above the 5 years average for this period of the year, with the single exception of EVOO in Italy which is at the average price level.

Global table olive production is provisionally estimated to reach 2.7 million tonnes in 2015/2016 and the EU production is estimated to 0.82 million tonnes of table olives during the same marketing year. The EU mainly imported table olives from Morocco (+/- 50%), Turkey (+/- 20%) and Egypt. The EU mainly exported table olives to the USA, Russia and Canada.

Another Commission representative went through data up to 2013 from the FADN (Farm Accountancy Data Network) on specialist olive farms in the EU, and particularly focussed on productivity, net worth, the liabilities to assets ratio, the return on assets ratio, income per person and subsidies.

More information on the FADN database can be found here:

http://ec.europa.eu/agriculture/rica/database/database_en.cfm

An industry representative said that EU olive oil exports to Brazil had fallen by 25% because of the economic crises and believed that this would continue. EU exports to Russia had also decreased. However, if we excluded these two countries, exports from Spain had increased compared to the previous year. Forecasted exports from Portugal to Brazil in 2016/2017 were not good due to the political situation in Brazil.

Several producers provided further information on the market situation. In Spain, prices had started to decrease, as the weather conditions had been favourable. The coming harvest would be good, yet would fall short of previous records. In Greece, the next marketing year was not looking good, as it followed two very good marketing years. Production in Italy was better this year than last, and imports had fallen. In France, the harvest was better than expected, totalling 5,500 tonnes, which marked an approximate 10% increase on the previous marketing year. It was however very difficult to make accurate forecasts for the next marketing year as much could still happen.

The Commission representative said that the Commission was working with the Member States to improve price notification.

3. Olive oil exports: trends and potential

An industry representative gave a presentation on this point. Tariffs were becoming of less and less import when it came to accessing third country markets, for example due to recent improvements in Mexico and Peru. The main issues today were SPS and non-tariff barriers. It was essential to understand the legislation of all countries in order to guarantee compliance with the requirements, which was very burdensome.

For example, the USA were criticising EU olive oil and trying to adopt new production standards in California, e.g. with the marketing order. The USA was the second largest consumer of olive oil after the EU. Under TTIP negotiations, the industry had drafted a document aiming to achieve certain objectives during the negotiations for denomination, labelling, chemical research, analysis methods for pesticides, and the USA's membership in the IOC. However, they had heard that the objective of the TTIP was not to harmonise rules between the EU and USA, and that the TTIP would not cover pesticide issues. There was a similar problem with Australia. It would be possible to reach an agreement with Taiwan on copper chlorophyllin. Non-tariff barriers also existed in Brazil, Saudi Arabia, India, Vietnam, China, Canada and South Africa.

In addition, a multi-country promotion programme had been sent to the Commission, which included organisations from Greece, Italy, Portugal and Spain. The aim was to promote EU olive oil in the USA. The industry hoped to enjoy the Commission's support for said programme.

The Commission representative welcomed the presentation and its exhaustive content. He supported the idea of the representatives of the sector that they compile a list of all trade barriers the olive oil sector. He informed that the Commission (under the lead of DG TRADE) has specific fora where stakeholders can raise and discuss the different types of barriers to exports.

BEUC agreed with the idea of presenting a document on barriers to trade under the TTIP, and were indeed already working on such an initiative.

4. International Olive Oil Council

a) State of play on quality standards (in particular heptadecanoic, heptadecenoic and eicosenoic acids for the Carolea and Coratina varieties, and ethyl esters)

The Commission stated that it was possible to slightly review-up the values of heptadecanoic, heptadecenoic and eicosenoic acids. The limit of 35 mg/kg was maintained for ethyl esters.

A farmers' representative commented that the procedure to change these values was too long and burdensome, and needed to be simplified. A trade representative agreed.

b) State of play of discussions on the organoleptic method

In October 2015, a workshop on the authenticity of olive oil was organised in Milan and four electronic groups consisting of the heads of panels were set up. The aim was to set recommendations by September 2016.

A trade representative said that the sector needed to be informed and involved in the recommendations.

The Commission representative suggested that the European organisations draft a document with suggestions to improve the panel test.

5. State of play of *Xylella fastidiosa* and information on the state of play of Horizon 2020 research projects on *Xylella fastidiosa*

A Commission representative went over the state of play. He mentioned the previous measures that had been adopted and explained that the EU had also adopted strengthened measures under Decision 2015/789/EU. He explained the differences between containment measures and eradication measures in the infected zone and in the buffer zone in Italy. He explained the restrictions on the movement of specified plants within the EU. Since the first outbreak of *Xylella fastidiosa* in Italy, notified on 21st October 2013 in the province of Lecce (Apulia), the Commission had carried out four audits; Italy had made extensive resources available, although a limited amount of groves have been removed with limited implementation of EU emergency measures. Nonetheless, *Xylella fastidiosa* had continued to spread outside of the original infected area. Currently, no movement of specified plants was authorised outside of the demarcated area.

In France, the first outbreak of a subspecies *multiplex* was notified in Corsica on 27th July 2015. More than 249 outbreaks had so far been reported in Corsica, 13 in the PACA region (mainland France). In addition, the number of plant species affected was increasing (21 so far) and included *polygala myrtifolia*, *prunus cerasifera* and *quercus suber*. There were ongoing analyses of the insect vectors and trace-back activities. A Commission audit was carried out in February 2016 and the report was being finalised.

Another Commission representative presented the state of play of Horizon 2020 research projects into *Xylella fastidiosa*. He explained the target pathosystems and objectives of the project SFS-03a-2014: Native and alien pests in agriculture and forestry. He also explained the scope and activities of the topic SFS-09-2016: Spotlight on critical outbreak of pests: the case of *Xylella fastidiosa*.

A producers' representative stressed that research was fundamental in order to fight this bacteria.

6. Follow-up on imports from Tunisia following the adoption of an additional quota

A Commission representative detailed the current state of play. A duty free TRQ of 35,000 tonnes had been approved for 2016 and 2017, in addition to the normal quota. A mid-term assessment had also been added, which would lead to the measures being updated if they prove to harm EU olive oil market. The regulation also included a "tracking clause" obligation to ensure that all olive oil under the quota was obtained entirely in and transported directly from Tunisia.

Considering the harvest in Tunisia this year, expected imports were not too high and should arrive throughout the year. Although all licences under the first quota had been used, only 17,000 tonnes had actually been imported on 24th May.

A producers' representative said that the Commission should establish a thorough surveillance system to ensure that the mid-term assessment clause be effectively implemented if need be. Indeed, farmers were worried by this proposal as they expected a third good harvest in the EU and prices were below production costs.

The Commission representative said that the levels of imports from Tunisia (quota + inward processing) were in line with production levels in Tunisia.

7. State of play of the revision of the Combined Nomenclature for virgin olive oils

A Commission representative gave a presentation on this point. He said that a DG TAXUD document had been presented to the Management Committee on possibly creating two new CN codes to differentiate between virgin olive oil and extra virgin olive oil, and six new statistical TARIC codes to record trade for bottled and bulk olive oil. The document will now be discussed and voted by the Custom Committee. This would enter into force on 1st January 2017.

A trade representative stated that this was better suited to the needs of the sector. However, it would also have been good to introduce new codes for other categories, such as pomace olive oil.

The Commission representative explained that the choice was based on restricting the number of 8 digits CN codes, which was why there would only be a distinction drawn between virgin olive oil and extra virgin olive oil. This would have no impact on trade and would help to collect more accurate data.

8. AOB

EFNCP hoped that at the next CDG meeting, there could be a discussion on the implementation of greening for olive groves and the effect that this had on the environment.

Birdlife explained the life project for olive groves in Andalucía, which focused on increasing biodiversity. This project also aimed to add value for the consumer. Birdlife requested to include a point to present the project in the next CDG-HOS, olives sector meeting, and as it hasn't be included in November meeting Birdlife requests again its inclusion for the next one.

The Chair concluded the meeting by saying that the CDG should work more on four topics, i.e. how to improve the supply and demand mechanism, improving exports, improving the panel test method, and greening in olive groves.

Disclaimer

"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."