EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

Brussels,
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MINUTES

MEETING OF THE CDG HORTICULTURE, OLIVES AND SPIRITS OLIVES SECTOR

Meeting via videoconference (Interactio)
on Tuesday 25 October 2022 from 14:30 to 17:30

Chair: AGRI E4

The following organisations were represented: BEUC, BirdLife, CELCAA, COPA, COGECA, European Coordination Via Campesina, CEJA, FoodDrinkEurope.

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

The Agenda of the meeting was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

3.1. Rendition Working Group

The Commission updated stakeholders on the meeting of the Working Group on olives, market situation and technical issues.

World production is forecast at almost 2.9 million tonnes for the new marketing year 2022/23, decreasing by 15% compared to the previous marketing year, and by 12% compared to the five-year average. EU olive oil production for 2022/23 is estimated at almost 1.7 million tonnes (decrease by 22% year-on-year), whilst production outside the EU is expected to remain stable at around 1.1 million tonnes. Extreme weather conditions over summer 2022 (rain deficit, and several heatwaves that hit the south of Europe) hampered yields in most producing regions.

In Greece, production is expected to recover, as olive groves should be in an “on-year”. Production in Greece would reach around 315 000 tonnes in the new marketing year. In the other main producing Member States, production is forecasted to decrease strongly. Portugal should produce around 115 000 tonnes, following a record production of 206 000 tonnes in marketing year 2021/22. Irrigated olive groves in the region of Alentejo have benefitted from enough water availability from the Alqueva reservoir and have been less affected by the drought. In Spain, production is forecasted to decrease by around 30% to around 1.0 million tonnes, driven by the negative impact of the drought on olive yields. Quality of the olive oil is expected to be good as weather conditions prevented the emergence of pests. In Italy, production is expected to decrease by around 30% to 235 000 tonnes. Same as Portugal, Italy is also expected to be in an “off-year” in marketing year 2022/23.

Latest trade data for the first eleven months of marketing year 2020/21 were presented. The first three quarters of marketing year 2021/22 recorded lower trade flows amid uncertainties on the supply side, as well as on the demand side driven by higher prices, not only for olive oil, but also for other vegetable oils. In the first eleven months of marketing year 2021/22, EU imports of olive oil from third countries reached around 142 000 tonnes, decreasing by 9% compared to 2020/21, and by 10% compared to the five-year average. The Russian invasion of Ukraine might have raised concerns on food security in producing countries, which might prioritise domestic stocks over higher exports. On this basis, EU imports of olive oil are estimated at around 145 000 tonnes for marketing year 2021/22, and forecasted to increase by 38% to around 200 000 tonnes for marketing year 2022/23, according to the recently published Short-Term Outlook (STO). EU exports to third countries remained broadly stable, compared to the same period of the previous marketing year, reaching around 747 000 tonnes, and remaining 15% above the five-year average. According to the STO, EU exports are estimated at around 800 000 tonnes, driven by an increase in exports to the United States with an improvement of bilateral trade relations and a devaluated euro against the dollar, enabling EU exports to regain some market shares.

The low production prospects for the new harvest have pushed prices up in the recent weeks. At retail level, prices have escalated as a result of increasing transport costs and strong demand, as consumers were anticipating shortages and stockpiling olive oil. In Spain, EVOO prices have recently increased again on the back of supply concerns until the upcoming harvest as well as the negative impact of the extreme weather conditions on the olive yields; in the third week of October, EVOO price reached a record level of EUR 4.61 per kg, 64.3% above the five-year average price. Prices in Italy have steadily increased in the last months, and recently accelerated, to around EUR 5.42 per kg in the third week of October for the EVOO category, moving 12.6% above the five-year average price. In Greece, prices of extra virgin olive oil have steadily increased above the five-year average during the last marketing year, and strongly rebounded in the first weeks of the current marketing year, reaching EUR 4.11 per kg in the third week of October.

In the table olives sector, world production is forecasted at 2.8 million tonnes for 2022/23 according to the IOC, stable compared to the previous marketing year (-5% compared to the five-year average). EU production of table olives is forecast to decrease by 16% in marketing year 2022/23, compared to 2021/22. Production in Spain is expected to strongly decrease by 20%, reaching around 530 000 tonnes, after the record production reached in 2021/22 at 661 000 tonnes, while production in Greece should remain broadly stable at around 145 000 tonnes. EU trade balance increased by 8% (y/y) in the marketing year 2021/22; imports decreased by 4%, reaching 149 000 tonnes, whereas exports increased by around 4% in the same period, reaching 470 000 tonnes.

3.2. Input from the sector on the market situation

COPA/COGECA delivered a presentation on the market situation, the harvest forecast and the prospects for the sector. Driven by the heatwaves that hit the EU in the summer 2022, the harvest started 15 days earlier compared to previous marketing years. According to the COPA/COGECAforecast figures, production is expected to decrease by 35% for olive oil and by 30% for table olives. By Member State, production is forecast to fall by 48% in Spain, by 30% in Italy, by 39% in Portugal and by 44% in France, whilst in Greece it is set to increase by 29%.

The low production forecast is already affecting the prices for the new harvest's olive oil (approximately EUR 6 per kg) and traditional olive groves (one million holdings in Europe). Notwithstanding the high olive oil prices, producers are unlikely to benefit from them due to the compound effect of reduced 2022/23 production, skyrocketing production costs (input, energy, irrigation, and labour) and rampant inflation that are eroding profit margins.

Looking forward, farmers and cooperatives are worried about the next marketing year and the state of production, as more and more often, olive trees are affected by droughts and adverse meteorological events. The lack of rainfall in the coming months (November and December 2022) could already hamper the production of the next marketing year 2023/24.

The sector is increasing areas under intensive and irrigated groves in new producing areas, at the expense of traditional producing regions. In the expert's opinion, a plan should be prepared for those regions where traditional olive production is becoming more challenging year after year.

3.3. New CAP Network

The Commission presented to stakeholders the new European CAP Network in the field of agriculture and rural development at Union level, as set up in Regulation (EU) 2021/2115 art. 126.

Although other networks in the field of agriculture already existed since the last programming period (European Network for Rural Development and the EIP-AGRI Network - Agricultural European Innovation Partnership), there was a need to spread the networking from the Rural Development to the whole CAP (pillar I, direct payments and sectoral interventions), in the context of the new CAP Plans and Strategic Objectives.

The tasks of the EU CAP Network are clearly described in the legal basis. The European CAP Network should increase the involvement of all relevant stakeholders in the implementation of CAP Strategic Plans as well as accompany the Member States' administrations in their implementation. The EU CAP Network shall also foster innovation in agriculture and rural development and support peer-to-peer learning and the inclusion of, and the interaction between, all stakeholders in the knowledge-exchange and knowledge building process. The EU CAP Network should also improve the transparency and the communication by contributing to the information of the public and potential beneficiaries on the CAP and contributing to the dissemination of CAP Strategic Plans results.

The new European CAP Network aims at supporting the implementation of CAP Strategic Plans, by organising and coordinating networking activities and exchanges of good practices relating to the design and implementation of the CAP Strategic Plans. At the same time, the EU CAP Network enhances innovation and knowledge exchange (i.e., including EIP-AGRI, connecting research and practice). Finally, the EU CAP Network provides support to Member States and the European Commission in their evaluation of the CAP Strategic Plans.

On the communication of the European CAP Network, events are planned (workshops, seminars and conferences), as well as thematic working groups and focus groups on dedicated topics. In the official site of the CAP Network (https://eu-cap-network.ec.europa.eu), information is regularly published (newsletters, magazines, brochures, factsheets).

After this presentation, the Chair opened the floor to participants.

ECVC asked on the timing of the next meeting of the European CAP Network governance, and mentioned it will be particularly relevant for the valorisation of traditional olive groves. The Commission took note of the interest of the sector on the European CAP Network and informed the audience that both the setting up of the new assembly of the EU CAP network and its first meeting are planned in 2023-Q1.

3.4. Biopesticides to fight Xylella fastidiosa

A representative of the Consiglio Nazionale delle Ricerche (CNR) from the Institute of Sustainable Plant Protection, Bari, Italy, presented the EU-funded BIOVEXO project for the biocontrol of *Xylella* and its vector in olive trees for integrated pest management.

BIOVEXO demonstrates environmentally sustainable and economically viable plant protection solutions, combining the use of *Xylella*-targeted biopesticides with biopesticides combatting the insect vectors transmitting the disease (mainly spittlebug *Philaenus spumarius*), and makes them available for ready use in integrated pest management.

Looking at the biological cycle of *P. spumarius*, olive tree is the main host of the insect and the major inoculum source for the transmission of *Xylella* from plant to plant. Once the plant is infected with *Xylella*, symptoms range from leaves desiccation to death of the plant in susceptible cultivars, as the disease spreads through the xylem of the olive tree. EFSA estimated yield losses in olive trees range from 34.6% in young trees (below 30 years), to 69.1% in older ones.

From the first discover in 2013 in Puglia (Italy), different *Xylella* subspecies has been found in other Member States (FR, ES, PT) affecting several types of crops (olive trees, almond trees, grapevine) and shrubs.

The BIOVEXO project explores innovative biopesticides, which target the *Xylella* bacterium and in particular, six candidate biocontrol solutions acting either on *Xylella* or on its vector. From the six candidates, two are bacterial strains, one is a microbial metabolite, two are plant extracts and one an entomopathogenic fungus.

In olive trees, biopesticides for *Xylella* control are based either on a beneficial stimulating the plant immune response, or on plant extracts inhibiting *Xylella* growth in vitro. These biopesticides were tested in two locations (Puglia and Mallorca/Alicante).

Biopesticides for vector control, targeting the different life stages of the insects, were tested at small-scale field trials in Puglia.

The BIOVEXO project then worked on large-scale formulation and production for field trials, the development of parameters of bio-process control and the evaluation of optimal efficacy and economic viability. The large-scale validation of the control strategies for integrated pest management included preventive and curative trials on olive trees in the regions of Puglia and Mallorca. Finally, the BIOVEXO project is undertaking toxicity and sustainability of the biopesticides (economic sustainability and environmental impact, compared to conventional pesticides).

3.5. Implementation of WTO ruling on US additional duties on ripe olives from Spain

The Commission informed the stakeholders that following the decision of the WTO panel in November 2021, US announced its intention to implement the WTO ruling.

The Commission indicated that following the start of the procedure, there has been a preliminary determination by the Department of Commerce and that the Commission submitted its comments a few weeks ago; the Commission expressed its disappointment on what has been included in this preliminary determination, and believed that these elements are incorrect and inconsistent with the WTO panel ruling.

The procedure of the sanction 129 will lead to a final determination by the Department of Commerce by 3 January 2023, before what is considered a reasonable amount of time for the implementation of the WTO ruling.

The Commission will raise this issue with their US counterparts at every possible occasion, taking it extremely seriously.

After this presentation, the Chair opened the floor to participants.

FoodDrinkEurope indicated that the current dispute with the US on Spanish ripe olives could affect any other sector of the EU and could be initiated by any other member of the WTO, competing with the EU sector.

FoodDrinkEurope urged the Commission to take the necessary retaliatory measures shall the US administration apply the same legislation on any other sector competing with them.

The Commission confirmed that following the submission of the comments on the preliminary determination it would do its utmost in the coming weeks and until the final determination is released, before analysing what further steps should be taken.

3.6. Any Other Business

3.6.1. Marketing standards: upcoming proposal on bulk sale of olive oil

The Commission introduced the agenda item. There has been an open public consultation on the revision of some marketing standards for some agricultural products. One of the questions inquired about the possibility to allow the sale of bulk olive oil to the final consumer. The question triggered many replies, and at this stage, the Commission is in the process of analysing and studying all the replies, hence currently there is no proposal on the table.

The Commission indicated that the sector will be informed in due time if and when a proposal on bulk sale of olive oil is tabled for discussion.

The Commission updated stakeholders on the current revision of the olive oil marketing standards. The purpose of this revision was to simplify and clarify provisions in the current legislation and bring the regulations in line with the requirements of the Lisbon Treaty. For that, the provisions of the two regulations currently in force were divided in a part on parameters and labelling requirements, and in another part on the control requirements. These two acts were adopted over the summer 2022, followed by the two-month scrutiny period of the European Parliament and the Council for the Delegated Regulation. The acts will be published in the coming days.

A big majority of stakeholders took the floor to state their general opposition against a potential change in the marketing standards of olive oil related to bulk sales. Concerns were shared by participants on the impact in terms of quality, safety and image of the product.

3.6.2. Front-of-package nutrition labelling

The Commission updated the stakeholders on the ongoing proposal for the revision of the front-of-package nutrition labelling.

Like for all legislative proposals, an impact assessment is being prepared. It is based on scientific evidence provided by the European Food Safety Authority and the Joint Research Centre and consultations with citizens, stakeholders and targeted surveys with Member States, businesses, SMEs and consumer/health organisations. Some Member States have introduced national recommendations or legislation on front-of-pack nutritional, alcohol and origin labelling as well as regarding date marking. Member States have also requested to have a homogeneous label, for consumers to have a unique system at EU level.

The Commission communicated to stakeholders that they would be informed once the final proposal is published.

3.6.3. Marketing standards in Brazil and the United States

FoodDrinkEurope informed that Brazil is planning to implement the organoleptic panel tests in its marketing standard. For the sake of consistency, FoodDrinkEurope requested that this marketing standard should comply with the international marketing standards for olive oil, so to avoid uncertainty for the operators wishing to trade with Brazil.

FoodDrinkEurope also informed that the US is currently working on a quality marketing standard, which include chemical parameters that are not included in the international standards (CODEX, IOC). They added that international standards include no method for the verification of such parameters either, and the US does not have accredited laboratories to carry out the analyses related to those parameters. FoodDrinkEurope urged the Commission to take position on this issue to provide legal certainty to operators exporting to the US.

4. Conclusions/recommendations/opinions

No conclusions nor recommendations or opinions to report.

5. Next steps

No further steps were agreed.

6. Next meeting

The next meeting is tentatively scheduled on 15 June 2023.

7. List of participants

See Annex.

(e-signed)

Pierre BASCOU

List of participants– Minutes

MEETING OF THE «CDG HORTICULTURE, OLIVES AND SPIRITS» FRUIT & VEGETABLES - OLIVES SECTOR

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ORGANISATION
BEUC
BirdLife
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COGECA
European Coordination Via Campesina
CEJA
FoodDrinkEurope

speaker from Consiglio Nazionale delle Ricerche (CNR)