

# **Final Minutes of the “CDG HORTICULTURE, OLIVES & SPIRITS” - “OLIVES SECTOR” on 19<sup>th</sup> November 2015**

## **1. Adoption of the agenda and the minutes of the meeting of the 5/6/15**

The minutes of the previous CDG meeting were approved, as was the agenda. The Chair clarified that the strategic agenda for the CDG had already been adopted and could not be changed.

## **2. Information on production estimates:**

### **a) Provisional balance sheets 2014/15 and forecast 2015/16 balance sheets for olive oil and table olives, prices and exports trends**

### **b) Information and discussion on the market situation and price trends**

Production in the 2015-2016 marketing year was expected to reach 2.049 million tonnes, equating to approximately 30% more than during the previous marketing year. Spain would produce 1.3 million tonnes and production in Italy would also increase, but would not reach its highest levels. Greek production should remain at the same level as the current year the following year.

As regards olive oil production in third countries, Morocco, Syria, Tunisia and Turkey would produce around 628,000 tonnes in 2015-2016, which was less than in the previous marketing year. Tunisian production in particular was expected to decrease from 295,000 tonnes in 2014-2015 to 140,000 tonnes in 2015-2016. Tunisian exports had fluctuated in recent years. Exports from Morocco remained at the same level.

As regards EU exports, the EU exports mainly extra virgin and virgin olive oil. During the 2014-2015 marketing year, 35 % of the exports went to the USA, 10 % to Brazil, 9% to Japan and 5% to China. In 2014-2015, the EU imported 197,000 tonnes of which 123,000 were virgin and extra virgin.

Meanwhile, the Tunisian import quota had reached 56,700 tonnes in 2015, and 52,000 in 2012 and 2013. The levels of olive oil imports from Tunisia under the TPA regime were also higher in 2015 than in previous years.

The trade balance over the last 5 years had increased. On the subject of EU intra-trade: Italy mainly exports to Germany (around 40,000 tonnes) and then to France and the UK. Spain exports mainly to Italy (more than 400,000 tonnes) and then to Portugal and the UK.

Greece also mainly exports to Italy and then to Germany.

Extra virgin olive oil prices have been on the rise in Italy since 2013, with a significant increase in November 2014, but from September 2015 they had decreased. The prices for Spain and Greece followed a similar increase and decrease of prices. Virgin olive oil and lampant olive oil prices in Italy, Spain and Greece also rose in 2013; however, they had decreased since August 2015.

As regards the balance sheet, EU production was set to increase from 1.43 million tonnes in 2014/2015 to 2.049 in the following marketing year. EU olive oil stocks at the end of the 2011-2012 marketing year, the stocks amounted to 887, 700 tonnes, while they were estimated at 257,000 tonnes in September 2015.

As regards table olives, Spain is the main producer followed by Greece, with respective production of 547, 000 tonnes and 231,000 tonnes for 2014-2015.

FoodDrinkEurope asked a question about Syria's production figures, as they seemed too high. The Commission answered that the figures came from the IOC and that it also had some doubts about their reliability.

Copa praised the Commission's figures for their exhaustive nature. The production year looked set to be better in Italy, although production would still be lower than in the last 5 years. In addition, 3 days after the announcement of the Commission's proposal to increase the Tunisian quotas, EU prices started to decrease.

CELCAA said that Greek production in 2014-2015 would be below the figures provided by producers.

The Commission asked the trade and industry to share their market information.

FoodDrinkEurope stated that because of price increases it had lost business on the international market.

CELCAA said that the decrease in prices could be explained by the prospects for the crop, with better climatic conditions and better production figures.

The Commission asked a question about the difference in virgin olive oil prices, particularly in Italy and Spain.

FoodDrinkEurope said that in Italy virgin olive oil was not a product that was consumed much and that there was no real distribution of it.

CEJA commented that as regards the price trend, in the last 3 months prices are collapsing, which coincided with the beginning of the marketing year.

The Chair mentioned that the situation this marketing year would be very different from the previous one. One key element would be rainfall during the autumn.

### **3. CAP Reform:**

#### **a) State of play of the guidelines of Article 169 of Regulation 1308/2013 on contractual negotiations in the olive oil sector (poss.)**

The Commission presented the state of play of the guidelines of Article 169. The reasons behind the need for such an article were explained, as well as the conditions for the derogation. The guidelines provide detailed explanation on each condition of the derogation, give concrete examples of efficiency enhancing activity for each sector and did not only list negative examples, but also provided specific positive examples where the derogation can be applied. In terms of the adoption process, an Advisory Committee with the Member States took place on 23<sup>th</sup> September 2015 and the publication of the guidelines was expected before the end of 2015.

FoodDrinkEurope asked why this derogation applied only to these 3 products and whether this was tantamount to preferential treatment?

The Commission replied that there was already a general derogation for the agri-food sector, but the negotiations between the co-legislators during the CAP revision focused on these three sectors. This guidance was in place to provide greater legal certainty to the operators involved in those sectors. This tool does not aim to manage the fluctuations of the market, however.

#### **b) State of play on the simplification procedure (“Lisbonisation process”) of Regulations 29/2012 and 2568/1991**

The Commission informed the members that the “Lisbonisation” process of Regulations 29/2012 and 2568/1991 is underway and carries out at the same time that the other marketing standards. A draft delegated and implementing acts replacing the two above-mentioned Regulations should be presented to the Member States beginning of spring 2016.

Regarding the olive oil chemistry issues, by end of November, the IOC Council should adopt a new method on the determination of free acidity based on the current method which is in Regulation No 2568/1991 and the updating of the organoleptic method.

Concerning the conflict with Taiwan on the presence of copper chlorophyll in olive-pomace oil, a report had been sent to Taiwan by IOC and it seemed that the conflict should be solved.

As regards Ethyl esters, the limit of 35 mg/kg was maintained for the 2015-2016 crop year; however, a group of experts were scheduled to draft a report with recommendations for the limits for next crop year. Concerning the work on campesterol, it is underway, a first report should be communicate to the members of the eWG at the end of the year.

Copa referred to some problems in Italy related to the limit of heptadecanoic acid for the

varieties Carolea and Coratina which seems exceed the legal limit for the current crop year. A limit with one decimal instead of two could solve the case.

The Commission replied that it was not possible to change this decimal value because of the homogenous approach taken by IOC for all fatty acids limits. Any request of modification of the limit for heptadecanoic acid can be examined in the framework of the IOC chemists meeting based on significant data that could demonstrate that the authorised limits are exceeded for this parameter.

The Chair mentioned that it is important that decision-making in the IOC be transparent and the agreements based on science. There should not be the result of political agreements.

FoodDrinkEurope confirmed that they have the same point of view on the need to have a transparent decision making process based on scientific evidence.

### **c) State of play of the “Lisbonisation process” for private storage**

The Commission explained the reasons to update the CMO Commission’s regulation, as there are a very high number of regulations and several had been declared obsolete. The priority for the Commission was to enhance the quality of the EU regulation and to reduce the risk of payment error and reduce administrative burden.

On private storage, the Commission aims to have a simplified system to conclude contracts, simplified rules on contractual quantity, to introduce clearer rules relating to the removal of products from storage, and to have simplified eligibility requirements for operators.

The Commission presented the mechanism underpinning the new private storage system, which involves operators, paying agencies and the Commission. Aid in the olive oil sector is usually determined by a tendering process and that mechanism will remain.

Cogeca asked a question about the new criteria to open private storage compared to the previous system. It asked how the decision was going to be adopted and how much time it would take from proposal to action.

Copa also asked how the Commission would decide if the sector was in a bad situation if there were no reference prices.

The Commission replied that the decision is made by means of an implementing regulation adopted after consultation of the Member States in the CMO Committee i.e. with a vote and rules of majority. It was decided not to include criteria in order to increase the responsiveness of the measure e.g. as regards the pig sector, where it can be seen that the Commission acted swiftly, and the Commission is prepared to enable this mechanism when needed. In addition, a crisis does not occur overnight, and the Commission monitors the situation.

"EFNCP asked a question about how the Commission is determining the contribution of olive farming to Target 3 of the EU Biodiversity Strategy, specifically the target to maximise the area of permanent crops that are covered by biodiversity-related measures under the CAP. EFNCP requested that the Commission presents information on progress towards this target in the case of olives at the next Olives CDG. As there are no greening requirements for olives, the measures concerned will be mainly Agri-Environment-Climate measures under Pillar 2."

The Commission replied that this item could be dealt with under the Civil Dialogue Group on Rural Development. However, it could also be addressed with under the next CDG on Olives if a representative from the Commission were available.

## **4. International Olive Oil Council: state of discussions for a new agreement**

The Commission indicated that the text of the Agreement that would succeed the current 2005 International Agreement on Olive Oil and Table Olives as of 1<sup>st</sup> January 2017 had been adopted by consensus at the United Nations Conference for Trade and Development (UNCTAD) in Geneva where it was negotiated between 5<sup>th</sup> and 9<sup>th</sup> October.

Standardisation on the physical, chemical and organoleptic characteristics of olive oils, olive pomace oils and table olives in order to prevent obstacles to trade was the main priority. New decision-making arrangements were adopted and distinguish between decisions that must be made exclusively by consensus and decisions that may be made by a vote if consensus is not reached. In addition, this new agreement aims to facilitate the

participation of consumer countries and features a modified system to calculate the distribution of participation shares that is meant to encourage consumer countries to join.

The selection of a new executive director was under way. Thereafter, there would be a decision on the deputies.

Copa asked for more details on the new distribution of participation shares and in particular for the EU. The Commission replied that this information was not yet public.

CELCAA said that one of the key element was the inclusion of consumer countries. It was important to think of the best ways to attract them. The Commission replied that an increased participation share would be used as one of the incentives. Brazil had expressed its willingness to become a member.

Cogeca said that it would make sense for the EU to have the presidency, as olive oil is a major production sector for the EU.

## **7. Horizon 2020:**

### **a) Ongoing Innovation Project in the olive oil sector on quality**

### **b) Research lines for *Xylella fastidiosa***

The Commission gave a presentation on both points. Point a): there was an ongoing projection on olive oil authentication which was still at the assessment stage. Point b): the Commission presented the openings for research on plant health and plant protection under Horizon 2020 with a focus on *Xylella fastidiosa*.

Copa stressed that research was very important in the case of *Xylella fastidiosa*, as today the only measure taken is eradication and added that farmers were not being compensated properly.

Pan Europe expressed concerns about the measures taken in terms of plant protection products and the consequences for landscapes. Biodiversity needs to be preserved.

## **8. Conclusion of the Workshop on the quality of olive oil held in Milan**

The Commission gave a presentation on the conclusions of the workshop. Then four main issues were highlighted: i) Training of the trainers and trainees; ii) Accreditation of sensory panels and harmonisation of existing standards; iii) lack of reference materials; and iv) Statistics - Interpretation of results - Reporting. .

CELCAA asked if the conclusions were available.

The Commission replied that once finalised, the conclusions would be published on the website.

FoodDrinkEurope said that these discussions were important in order to ensure more legal certainty for operators.

Copa stressed that more efforts were needed in this area.

## **5. State of play on *Xylella fastidiosa***

The Commission presented the state of play of the situation. The Commission had been monitoring the situation for 2 years. The Commission had also adopted strict measures in order to prevent the spread of this disease. Lecce was an exception, because in that region eradication was no longer realistic, so different measures were being applied there. Currently there was an audit ongoing that would end the following day. There was also a problem in Corsica where the strain of *Xylella fastidiosa* mainly ornamental plants.

In Lecce, a proposal would be made to allow planting of young plants for trial purposes in order to identify resistant varieties. There would be an update on the list of host plants, as it would be split according to the strain of the bacteria (pauca or multiplex). The vote was going to take place in the standing committee in the coming weeks.

Copa stressed that producers in the infected areas needed support as they were bearing all the negative consequences.

Pan Europe expressed concerns about the lack of resilience of the current farming areas, as this case will not be the only one. Biodiversity needs to be better protected, as it is a way to mitigate this kind of outbreak.

FoodDrinkEurope said that all the measures to avoid the spread of the disease had to be taken but farmers needed to be supported during these difficult times.

## **6. Discussion on the legislative proposal from the Commission giving Tunisian olive oil extra temporary access to the EU market**

The Commission gave a presentation starting with the background to this initiative. After the terrorist attacks that took place in Tunisia, the Commission recommended assisting this country in its democratic process. A discussion is ongoing with the Member States. Olive oil was chosen because the EU is the biggest producer of olive oil and this sector has a positive impact on the Tunisian economy. The scope of the additional quotas is 35,000 tonnes of olive oil during two years. These new quotas would be opened only when the existing ones are exhausted. The Commission believes that this additional quota can be absorbed by the EU with no negative impact.

In addition, another initiative to amend Regulation (EC) 1918/2006 that manages this quota was proposed in order to delete the monthly limits and extend the validity of the import licence and increase the security from €15 to €20 per 100 kg. Those amendments were adopted on 13<sup>th</sup> November 2015.

Copa said that olive oil provides the main source of income in production areas, predominantly in the south of the EU. Imports of Tunisian olive oil mainly target the Italian market. The new TRQ represents 20% of the Italian market, i.e. the equivalent of 285,000 hectares of olive groves, which is more than all the olive oil produced in Calabria. In addition, only a few days after the Commission had announced this proposal, prices of olive oil began to decrease.

Cogeca said that the current TRQ management system, which allocates monthly import licences, makes it possible to avoid extremely high levels of imports during a certain month, which could result in European prices collapsing during the rest of the year. Therefore this system is the best suited for this situation.

FoodDrinkEurope asked a question about timeframe, as it seemed that the vote in COMINTA in the European Parliament is going to be delayed.

The Commission replied that it seemed that the vote in plenary would take place in February 2016. The Commission official added that as they did not believe that the current quotas would be exhausted in February, the measure would not be retroactive. As regards the monthly limits, it is solely an administrative constraint.

CELCAA said that the objective was laudable; however, the market situation in the EU in 2017 is not at all certain, and nor is the impact of such a measure on the EU market certain.

### *Disclaimer*

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