Ref. Ares(2021)4064766 - 22/06/2021

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate G. Markets and observatories
G.4. Arable crops and olive oil

Brussels,
AGRI.DDG3.G.4/GV/ck (1.2.5) D-21-4486361

MINUTES

Meeting of the **WORKING GROUP ON OLIVES**
of the Civil Dialogue Group "Horticulture, olives and spirits"
organised by videoconference on 4 June 2021

Chair: Gabriel VIGIL, Team Leader Olive Oil AGRI G4

Delegations present: All Organisations were present, except CEJA (IT) and IFOAM (IT)

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

The objective of the meeting was to discuss on the situation of the olive oil and table olives markets in the EU.

3.1. Olive oil

The **presentation by DG AGRI on the market situation in the olive oil sector** showed a stable world production in 2020/21, marginally decreasing for the third consecutive year to 3.1 million tonnes, although in line with the five-year average. In the EU, production is expected to increase by 7% to 2.1 million tonnes, compensating for the 22% decrease of production outside the EU. The production in the EU is lower than initially expected, driven by low yields resulting from the extreme weather conditions in the summer 2020. This lower than initially expected supply, combined with an increase in consumption in the last year resulting from the lockdown measures, has tightened the market in the recent months. As a result, olive oil prices have been steadily increasing in recent months across producing Member States. Over the last seven weeks, prices of Extra Virgin Olive Oil have remained above the five-year average in all main EU producing Member States, after a strong price increase triggered, among other factors, by the four-month suspension of the US sanctions on imports of Spanish bottled olive oil. In relation to trade, imports of olive oil from third countries remained strong, at around 100 000 tonnes, in the first half of the current marketing year, although supply is likely to tighten in the following months. Exports of olive oil to third countries increased by 10% in the same period at 415 000 tonnes, with higher exports to the US, the UK and Canada.

The next **presentation by DG AGRI focused on the short-term/medium-term outlook for the EU olive oil**. For the short-term outlook already presented in April 2021, EU exports could decrease due to limited availabilities due to consumption recovery in the EU, mainly higher retail sales and an expected recovery in the foodservice sector. EU imports could decline on the back of lower production outside the EU, which could further decrease ending stocks this marketing year.

The discussion on the medium-term prospects focused on the impact of climate change, the valorisation of the olive oil production, and the future market balance. On climate change, more frequent weather events, higher incidence of pests and diseases and an increase of temperatures might require adaptation and mitigation strategies from the sector. On the valorisation of the olive oil production, several possibilities to bring value were presented, such as quality schemes, organic labelling and use of by-products. Some of these schemes could help traditional growers against intensive and super-intensive production systems. For instance, the organic share of olive oil consumption reaches 20% in Scandinavian countries and 17% in France, compared to 0.5% in Spain and Greece.

The chair reminded participants that one of the roles of the working group on olives is to serve as a point of debate and sharing of information, in particular for market insight. In particular, he invited participants to give their opinion on the specific questions raised by DG AGRI. The Chair mentioned that the questions will be again circulated in writing.

On the future market balance, supply should seek for more sustainable production systems, and anticipate the effects of the climate change. Meanwhile, demand has proven to remain strong as consumer’s preference goes towards a healthier diet and home cooking. New market opportunities, such as e-commerce, are also available.

Participants commented on the challenges of the sector, as exports and demand remain strong and reflected on factors that would allow for higher volumes of olive oil to be marketed. On the one hand, the harmonisation of the trade standards and on the other side the nutritional labelling of olive oil should bring up the quality of the product. On new market opportunities, information on the quality of the product combined with promotion campaigns are key. One of the experts confirmed that production is expected to steadily increase in Portugal and Spain in the coming years, and that there is margin for increasing consumption at world level.

Another **presentation by Food Drink Europe** followed, on consumption of olive oil with a focus on the EU and Portugal. At world level, consumption of vegetable oils has increased by 25% in the last seven years, mainly driven by higher consumption of palm oil. World consumption of olive oil increased by 4% during the same period, but the consumption share of olive oil is very limited (only 1.5%). There are growth opportunities for olive oil and lessons can be learnt from promotion of other vegetable oils.

By country, olive oil consumption is highly concentrated in 12 countries that represent 80% of the world consumption. In the presentation, EU olive oil consumption by country was clustered into three groups. The first one includes Spain, Italy, Greece and Portugal, mature markets well aware of the product but on a progressive decline in consumption and a recent rebound due to the Covid-19 outbreak. The second one corresponding to France and Germany with an increasing trend in consumption, at relatively high levels. This group would benefit from more promotion and information on nutritional benefits of olive oil to boost consumption. The third group corresponding to other Member States with a marginal consumption of olive oil. For this group, more knowledge would help to understand the reasons of this low level of consumption.

The chair pointed out the budget of nearly EUR 200 million for the promotion of agricultural activities in the EU and third countries. Other participants drew some conclusions from the pandemic on the olive oil market, highlighting the increased consumption of olive oil due to its healthy aspects, particularly in the US, and insisted on the fact that nutritional properties of the olive oil should be put forward to support higher consumption.

3.2. Table olives

On the table olives sector, the Commission representative presented the market situation. World production is forecast at 3.1 million tonnes, above average for the second consecutive marketing year. Production in the EU is estimated to increase by 11% compared to the previous marketing year, reaching 855 000 tonnes. Trade balance decreased in the first seven months, as imports increased by 5% and exports decreased by 6%.

The **final presentation of the session, by Food Drink Europe focused on a detailed market situation of the table olive sector in Spain**. Spain represents 12% of the total area used for table olives production with 187 000 hectares, and the share of the double use olives is increasing (61% in 2020). Production in Spain is stable at around 542 000 tonnes, and 52% of the production corresponded to the variety Hojiblanca.

Spanish exports of table olives to the US have been hit by sanctions in the last marketing years. Exports of ripe olives decreased by 51% year on year in the first quarter of 2021. Exports of green olives increased by 20% in the same period, after a 22% decrease year on year in 2020-Q1. The market share of Spanish exports to the US has shrunk strongly in the last years from 74% to 40%.

New market opportunities were also presented, with increasing exports to countries like Chile and South Korea outside the EU, and Romania or Denmark in the EU. The expert also informed the group on higher consumption of table olives in the first months of the lockdown in Spain at household level that somewhat compensated for the stop of the foodservice sector.

4. Next meeting

The next meeting of the Working Group Olives is expected to take place on 19 November 2021.

5. List of participants

See annex.

(e-signed)

Silke BOGER
Head of Unit

List of participants

MEETING OF THE WORKING GROUP ON OLIVES OF THE CIVIL DIALOGUE GROUP ON HORTICULTURE, OLIVES AND SPIRITS

by videoconference (Interactio) on Friday 4 June 2021 from 09:30 to 12:30

MEMBER ORGANISATION	MS	NUMBER OF PERSONS
BEUC	IT	1
CELCAA	IT	1
COPA/COGECA	EL	2
COPA/COGECA	ES	3
COPA/COGECA	FR	1
COPA/COGECA	HR	1
COPA/COGECA	IT	3
ECVC	PT	1
FoodDrinkEurope	EL	1
FoodDrinkEurope	ES	3
FoodDrinkEurope	PT	1