

Final Minutes of the Civil Dialogue Group on Olives

5 June 2015

1. Adoption of the agenda and of the minutes of meetings of 10.06.14 and 31.10.14

The agenda and the minutes were approved.

2. Adoption of the strategic agenda

The Chair presented the strategic agenda that covers all the sections included in the CDG. The strategic agenda was then adopted.

3. Information on production estimates

a) Provisional balance sheets 2013/14 and forecast 2014/15 balance sheets for olive oil and table olives, prices and exports trends

A Commission representative made a presentation on the olive oil market situation. During the marketing year 2014/2015, there is quite significant reduction of the production of olive at 1.4 million which is close to production results in marketing year 2012-2013. The production of olive oil in Spain will decrease from 1.7 million tonnes in 2012-2013 to 800 000 tonnes in 2014-2015. It is also expected that the Italian production will decrease in 2014-2015 (-50%). Greece on the contrary is recovering with an increased production in 2014-2015 reaching 300 000 tonnes compared to the marketing year 2012-2013 with a production of 132 000 tonnes.

As regards the production of olive oil in third countries, Tunisia is the first producing country with a production reaching 280 000 tonnes in 2014-2015. It recovered from the bad results the previous year.

As regards the exports, the EU is keeping its export market shares. USA is the primary destination of EU exports (35 %), followed by Brazil (10%) and Japan (9%). As regards the imports, the situation is more variable as it depends more on the level of EU production in a given year.

As regards the current situation on olive oil imports under zero duty quota from Tunisia, up to May 2015 more than a half of import licences have been allocated.

As regards the structure of olive oil trade balance, in 2014 it surpassed the level of 2 billion euro (an increase of more than 30% compared to 2013). Extra virgin and virgin categories contribute significantly to the positive trade balance.

As regards the prices within the EU, they have been increasing since November 2014 for all categories of olive oil.

The Commission also presented data on the table olives production in the EU. Then the Commission explained the functioning of the Olive oil dashboard which will provide updated data every month on prices and trade and once per year on production, consumption and stocks. It will be available in the DG Agri website by the end of 2015:

<http://ec.europa.eu/agriculture/>

b) Information and discussion of the market situation and price trends

The producer representatives provided more details about the marketing year in Spain, Italy, France, Greece and Portugal.

FoodDrinkEurope inquired about the reasons why data from Morocco and Jordan were missing. The Commission replied that as regards Morocco there is a free trade agreement and as regards Jordan this needs to be checked.

The Chair concluded the discussion by saying even though policies of previous years have shown that there is an over production, this is not the case as we can see that there is variability which is linked with the weather, so there is no structural over production. Therefore the legislation should adapt.

4. CAP Reform:

c) State of play on the simplification procedure (lisbonisation process) on regulations 29/2012 and 2568/1991

The Commission presented a state of play. A working document on issues related to the simplification process was discussed by Member States in April. This document contained 3 main issues. The first one deals with the alignment of the presentation of quality and purity parameters in Regulation (EEC) No 2568/1991 with the IOC standard .

The second issue addresses the removing of all methods of analysis and of the organoleptic assessment method in Regulation 2568/1991 and replacing them with a link to the IOC standard. The third issue aims a possible removing of the mandatory indication of origin for extra virgin and virgin olive oil.

As a result of the discussion, most of Member State agreed with the first issue, concerning the second issue, several Member States expressed reservations, and as regards the third issue, there was many opposition to this point. In addition, a Member State made a proposal to amend article 2 of regulation 29/2012 in order to allow the use of 5-litre "bag-in-a-box" self-service containers in shops. Another Member State made a proposal on the tolerance on the limits of quality parameters indicated on the labelling olive oil .

As regards the next steps, the Commission will draft a policy paper but the final legislative acts will not be finalised before one year.

Copa-Cogeca said that dividing the chemical parameters of the different categories of olive oil and olive-residue oil into purity and quality parameters, in line with the International Olive Council's (IOC) standard is not needed and that the current presentation of the chemical parameters laid down in Annex I of Regulation 2568/1991 should be maintained. It also does not think that removing the methods of analysis and the organoleptic assessment from European legislation, and replacing them with a link to the International Olive Council's standard and ISO standards are an adequate approach for the sector. As regards labelling of origin, it considers that it essential to maintain the obligation to label of origin of virgin olive oils and extra virgin olive oils, as set forth in Article 4 of Regulation 29/2012. Finally, it does not support the approach of allowing the use of 5-litre "bag-in-a-box" self-service containers in shops because of the negative impact on quality of olive oils.

CELCAA said that regarding the methods of analysis it is better to keep them in the EU legislation. Concerning the use of 5-litre "bag-in-a-box", it seems that there is already a court ruling on this. Finally the industry does not ask for tolerance levels as this could be risky. It is also very important to maintain the current rules on labelling of origin as this relevant for consumers.

FoodDrinkEurope said that regarding the first issue they agree with the proposal of the Commission, and as regards the proposal from the Member State on the use of 5-litre "bag-in-a-box", they disagree. On the labelling of origin, it would be relevant not to change the current regulation.

The Commission replied that the use of 5-litre "bag-in-a-box" is already allowed but the Member State's request has to to be investigated in depth. Concerning the first issue, the aim is just to change the presentation and not the nature of the parameters or their limits, and on the second issue, the Commission proposes to reduce the time between the adoption of the method by IOC and is the inclusion in the EU regulation which can take 6 months or more .

a) Implementation of private storage arrangements

The Commission explained the current process of simplification as regards private storage. Traditionally, public intervention and private storage aid keep products off the market when prices are low. The new CMO intends to have more flexible triggering conditions for optional private storage aid.

There are new working methodology put into practice inside the CMO Task Force. The delegated act and implementing acts are not directly submitted but issue papers are discussed in the GREX and Committees for collecting ideas. This new methodology was already used for the discussion of the delegated act and implementing act on public intervention.

The Commission described then the content of the future delegated act which should include in particular provisions on rules and conditions applicable where the quantity stored is lower than the contracted quantity, the conditions for granting an advance payment of such aid; the conditions under which it may be decided that products covered by private storage contracts maybe re-marketed or disposed of. The future implementing act should include provisions on conclusion and content of contracts; placing into storage, keeping and removing from storage; duration of PSA period, prolongation or shortening of this period; amount of the security and advance payment of aid and provisions related to the tendering procedure (submission, minimum quantity applied for, amount of security, choice of offers).

The issues under consideration relate to the fixing of aid (tendering or fixed amount), the storage of bulk products, the removal from storage, advance payments and eligibility conditions for olive oil.

Copa-Cogeca said that private storage is the only market management mechanism available to the sector. However, to make it efficient, it requires modifications to the mechanism and in particular to update activation prices in line with current production costs, to make activation automatic, to create more flexibility in the volume and duration of storage, depending on the circumstances in each marketing year and the level of storage aid should be set in advance by the Commission (as with butter) and not using a tendering procedure.

b) State of play of the guidelines of Article 169 of Regulation 1308/2013 on contract negotiations in the olive oil sector

The new EU Regulation 1308/2013 establishing a Common Market Organisation for agricultural products modifies the rules in particular as regards the olive oil, beef and veal and arable crops sectors. The CMO regulation allows producers of olive oil, beef and veal live animals and arable crops to jointly commercialise their products through Producer Organisations subject to some conditions. There are in particular two key conditions. First, these POs should create efficiencies through common activities other than joint commercialisation. Second, the volumes subject to joint commercialisation should not exceed certain caps. These rules form a new Derogation to competition rules. This Derogation sets a new standard for allowing joint commercialisation by producers which is different from the one applied under general competition law.

The Commission is drafting guidelines about potential competition law issues arising in the implementation of this new Derogation. These guidelines are meant to ensure consistency across EU Member States and help producers, authorities and courts implement the new rules. The Commission has launched a public consultation of the draft text of the Guidelines on 15 January 2015 and invited citizens and organisations to contribute.

As regards the timeline for the adoption of the guidelines, on 8 June the COMAGRI meeting will take place in Strasbourg and the Commission for agriculture and the Commissioner for competition will present the results of the public consultation. After the summer and before the end of the year, the guidelines will be adopted.

Copa-Cogeca said that the guidelines identify three distinct markets, namely olive oil for the retail trade, olive oil for industrial clients; and olive oil for clients in the hotel and catering sector. However, Copa-Cogeca does not hold the view that this differentiation is adapted to the current sector. Olive oil for consumers must be considered as a single market. Indeed Copa-Cogeca considers that the same actors are involved in this single market and the prices are the same, therefore Copa-Cogeca does not understand the reasons that lead to differentiate three markets. As regards the geographical market, the relevant market should be the European Economic Area.

The Chair indicated that there are no differences as regards the three markets identified in

the guidelines.

5. International Olive Oil Council

a) State of discussions for a new agreement

The International Agreement on Olive Oil and Table Olives 2005 expired at the end of last year but in the framework of the negotiations for a new international agreement it was prolonged until the end of 2015. If the ongoing negotiations succeed, the 2005 Agreement will remain valid until the end of 2016. As of 1st May 2015, the EU assumes the presidency of the IOC; significant progress has been made on different topics and in particular on the issue of standardisation and on the membership of consuming/importing countries.

It is expected that the new agreement will be adopted in mid-June and enter into force on the 1st January 2017.

b) Comprehensive Method and alkyl ester

As regards the issue on alkyl ester, it will be discussed in the IOC technical committee in 15 days. In April, Spain has presented studies asking that the limit would stay at 35 but at that time there was no consensus with other Member States.

Copa-Cogeca said the previous decision was taken with not enough evident proof.

BEUC indicated that according to samples made in Calabria and Sicily, the limits should be decreased.

FoodDrinkEurope agrees with the fact of maintain the current limit for one more year.

7. Follow up of the implementation of the External Action Plan and in particular the measures relating to quality control and panel tests

The Commission presented this point. On the 2nd of October a workshop will be organised by DG AGRI and JRC on the sensory analysis of virgin olive oil in the context of the Expo Milano. The draft agenda was presented to the members.

FoodDrinkEurope indicated that as regards the panel test they submitted a proposal on how to decrease the legal uncertainty for operators. These studies will be sent to the Commission.

CELCAA confirmed that solutions needed to be found so as to have more legal certainty.

Copa-Cogeca indicated that further studies are needed but the issue should be focused on how to ensure legal certainty for the operators. The panel should be maintained as the debates should not focus on this but on the guarantees for the operators.

6. State of play on *Xylella fastidiosa*

The Commission presented the recent developments of *Xylella fastidiosa* in Italy and the recently adopted EU emergency measures in force since 18 May 2015. The bacterium is a regulated quarantine organism which is heavily affecting olive trees in Southern Italy and potentially dangerous for a broad range of other plants important for the EU agriculture.

The occurrence of *Xylella fastidiosa* in the EU was notified for the first time by the Italian authorities on 21 October 2013. The area affected by this organism is the entire province of Lecce in the Southern Italy, with a new outbreak recently confirmed in the neighbouring province of Brindisi, in the Municipality of Oria. EU emergency measures were first taken in February 2014 and further detailed in July 2014. On 18 May 2015, the Commission adopted strengthened EU emergency measures with the aim to prevent further introduction into and spread within the Union of *Xylella fastidiosa*.

These measures take into account new scientific evidences provided by the pest risk

assessment published by the European Food Safety Authority in January 2015, as well as the outcome of two audits carried out by the Commission's Food and Veterinary Office in Italy in 2014.

The new measures include annual surveys in the whole Union territory, demarcation of infected areas and a surrounding buffer zone, as well as the establishment of an intensified surveillance zone adjacent to the infected area of Lecce. In addition, strict eradication measures in the infected areas are put in place, which include removal and destruction of infested plants, and all host plants within a radius of 100m, irrespective of their health status. The measures also provide the possibility for Italy to apply containment measures in Lecce where eradication is no longer possible. In this case, the systematic removal of infected plants and testing of host plants within a 100 metre radius is required within a distance of 20 km from the border of the containment area.

The new measures provide a more precautionary approach as regards movement of plants susceptible to *Xylella fastidiosa*, including plants for planting of *Citrus* and *Vitis*, out of the demarcated areas, and obligatory sampling and testing of plants susceptible to *Xylella fastidiosa* imported into the Union from countries where *Xylella fastidiosa* is known to occur. A specific ban is put in place on the import of coffee plants originating in Honduras and Costa Rica, considering the high risk of being infected by the bacterium.

Copa-Cogeca said that in Puglia olive trees are the main crop grown in this region and this sector provides many jobs and is an important source of economic activity. The Commission should analyse the social costs (job losses), economic consequences (costs of grubbing up and loss of income for several years) and environmental repercussions (impact on soil erosion and the loss of carbon sinks) at stake. The Commission should table income support mechanisms for farmers impacted by the bacteria so that they can make it through this difficult period. In addition, noting that there is no known cure for *Xylella fastidiosa*, but merely treatments to avoid the spread of the disease, it is also vital to carry out research into curative measures, so as to establish a comprehensive range of tools to combat this harmful organism. The research programme Horizon 2020 should be used as soon as possible, notably by prioritising calls for tender on *Xylella fastidiosa* and by granting additional funds.

EFFAT mentioned that according to an investigation in the area, this situation will create losses of jobs for 7000 workers. There is a social side to this situation, as olive oil is the main agricultural resource of the region. It is important to highlight that.

ECVC highlighted also that it is a serious problem with social consequences. More funds in research in order to find a treatment for these regions are needed.

CEJA said that the focus should be now on finding a treatment for this and research is the priority.

BEUC said that the situation in Italy was not easy as in the beginning different messages were put forward regarding the way to fight the bacteria. More action should have been done from the beginning and this would have avoided from getting to this point.

The Commission mentioned that early actions are indeed essential in a situation like this one. There is a need of objective communication to ensure that everyone feels committed to take action on the ground; stakeholders can play an important role in this respect. Although Commission shares the need of further research, EU emergency measures have to be implemented without further delays.

The Chair mentioned that it is a major threat for the whole sector and research and support for farmers are needed.

8. State of play of trade negotiations with the USA: harmonization of phytosanitary issues

This item was covered by a written consultation.

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