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MINUTES

Meeting of the CDG ON AGRICULTURAL MARKETS – OLIVES

27 October 2023

Chair: AGRI.E.4

Following organisations were represented:

CEJA, CELCAA, COGECA, COPA, ECVC, EFFAT, EuroCommerce, FEDOLIVE, FoodDrinkEurope, IFOAM (details in annex)

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

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

3.1 Market situation in the olive oil and table olives sectors

The Commission gave an update on the market situation in the olive oil and table olives sectors. For marketing year 2023/24, world production is forecast to remain below average, resulting from low production prospects in the EU. Drought and extreme weather events in the south of the EU during spring and summer 2023 have significantly hampered olive yields; in marketing year 2023/24, EU olive oil production is forecast to increase only by 6% (year-on-year) to around 1.5 million tonnes, following marketing year 2022/23, with the lowest production level in the EU since 1994/95. The extreme weather events in the south of the EU over spring and summer 2023 (high temperatures and lack of rainfall), are expected to hamper the production recovery in Spain, Portugal and Italy, which should be in an “on-year” in marketing year 2023/24. In Greece, production is expected to decrease, as olive groves should be

in an “off-year”. Production in Greece could reach around 260 000 tonnes in the new marketing year. In the other main producing Member States, production is forecast to recover below potential. Portugal should produce around 150 000 tonnes in 2023/24. In Spain, production is forecast to increase slightly to around 765 000 tonnes according to the Ministry of Agriculture, driven by the negative impact of the drought on olive yields. In Italy, production is expected to increase by around to 289 000 tonnes. Same as Portugal and Spain, Italy is also expected to be in an “on-year” in marketing year 2023/24. Combining the limited EU production with the below-average beginning stocks, low availabilities should keep price pressure high. In non-EU countries, production in Tunisia should increase by 11%, and reach around 200 000 tonnes in marketing year 2023/24, compensating for a decrease of around 9% of production in Türkiye.

In the first eleven months of marketing year 2022/23, EU imports of olive oil from third countries reached around 156 000 tonnes, increasing by 9% compared to the same period of previous marketing year, although remaining 8% below the five-year average level of imports. For current marketing year 2022/23, EU imports of olive oil are estimated at around 160 000 tonnes, increasing by 6% year-on-year, to compensate for the low EU production, according to the latest update of the Short-Term Outlook. Imports from Tunisia are below average resulting from the production decrease in this country.

During the first eleven months of marketing year 2022/23, EU exports to third countries decreased by around 26% year-on-year, reaching around 554 000 tonnes, and 19% below the five-year average. Driven by lower EU availabilities, EU exports are forecast to decrease by 24% year-on-year to around 600 000 tonnes in marketing year 2022/23.

The low production in marketing year 2022/23 pushed prices up throughout 2023, and these have reached record high levels during the last months, across olive oil categories and across producing Member States. The beginning of the harvest for marketing year 2023/24 has somewhat alleviated the price pressure, as stocks are starting to build up. However, the low production prospect in the EU for current marketing year is likely to keep the pressure in the market over the coming months. In the second week of October, EVOO prices ranged between EUR 7.74 per kg in Greece (157.3% above the five-year average price) to EUR 8.72 per kg in Italy (84.60% above the five-year average price).

Regarding the table olives sector, the harvest in Spain in the new marketing year 2023/24 was forecast to around 480 000 tonnes by online media, whilst it is expected to decrease strongly in Greece. Trade flows for the entire marketing year 2022/23 confirm a decrease by 3% of imports from third countries to around 144 000 tonnes, combined with a decrease by around 5% of exports to around 445 000 tonnes.

ECVC found the forecast production for Portugal of 150 000 tonnes too optimistic; ECVC informed that its estimate for production in Portugal should be between 140 000 and 145 000 tonnes, as extreme weather events have strongly impacted yields in the region of Trás-os-Montes (north of the country), where traditional olive groves are struggling with high input costs (fertilisers, phytosanitary products). Finally, the current level of high prices is of limited added value as there is no production to market.

FEDOLIVE informed on limited availabilities in Spain for the marketing year 2023/24, at around 1 225 000 tonnes, 100 000 tonnes lower compared from the previous marketing year, from beginning stocks at barely 250 000 tonnes, combined with production at 765 000 tonnes and imports at 210 000 tonnes. It stressed the difficulty of the sector to market product at the current price levels. Also stressed the importance of

a solid legal framework for the EU operators that market around 500 000 tonnes of olive oil at domestic level, and export around 1.1 million tonnes of olive oil.

COPA/COGECA shared their concerns on the downward trend on EU production of olive oil in the last marketing years, compared with a stable production outside the EU. Also, the current prices level, that have more than doubled compared to previous year, have had a negative impact on consumption. Finally, the price increase in the last marketing years have been absorbed by inflation and input costs and have not improved producers' revenues.

COPA/COGECA forecast a lower production of olive oil in Greece at around 220 000 tonnes for marketing year 2023/24. For table olives, the production should be severely impacted, with a decrease of around 90% compared to the previous marketing year. The situation is extremely worrying for Greek producers of table olives, as production and transformation costs keep increasing strongly; structural measures at national and EU levels are requested to support the sector.

COPA/COGECA confirmed the difficult situation in Spain in the current marketing year 2023/24, where the first official production forecast, at 765 000 tonnes, was based on the situation up to September 2023. Since then, an additional period of above-average high temperatures in the beginning of October might further hamper olive yields. Same as in Portugal, Spanish producers are currently struggling with limited production, despite the high prices and the increasing production costs.

FEDOLIVE reminded the impact of the extreme drought in the EU in the past two years, that has brought below-average productions. With the current availabilities levels, prices have increased strongly in the recent months, but this is not the main concern of the sector; instead, the industry worries on decreasing consumption in non-producing Member States as well as in third countries, where consumers are more willing to shift to other sources of vegetable and animal fats. Finally, the current prices of lampante olive oil result in producers not necessarily looking for the high-quality olive oil categories, as all categories are profitable now.

3.2 Trade developments in the olive oil sector

FEDOLIVE presented the trade developments in the olive oil sector. The presentation covered both the olive oil export statistics of the main olive oil producers (Spain, Italy, Portugal, Greece, and Türkiye), as well as the olive oil import statistics of total olive oil categories. At world level, olive oil exports amounted between 865 522 tonnes in the first half of 2019 and 999 489 tonnes in the first half of 2020, reaching only 857 572 tonnes in the first half of the last available year 2023, because of the low olive oil production in the last two marketing years. In non-producing countries, consumption of olive oil is very dependent on price levels, and recently the share of olive oil consumption, compared to other vegetable and animal oils and fats. Promotion is key to increase consumption of olive oil across countries. In Spain, exports have strongly decreased by 39% in the first half of 2023, compared to the same period of 2022, reaching 337 180 tonnes. Italian exports in the first half of 2023 also decreased, although at a lower extent, by 21%. Portuguese exports were also heavily affected, dropping by 36% (y/y) in the same first half of 2023. Driven by a good production of olive oil, Greek exports increased sharply by 108% in the first half of 2023. Türkiye also increased strongly exports by 248% in the same period, as the recent ban on exports of olive oil in the country started in August 2023.

FEDOLIVE encouraged promotion efforts to ensure olive oil does not lose additional market share, stressing the health benefits of its consumption.

Total imports of olive oil in the first half of 2023 decreased by 18 compared to the same period of the previous year, reaching 932 662 tonnes; the main importers being Italy and US. During this period, the carryover of increasing producer prices and production costs has been progressive to the consumer prices.

The Commission commented on the lesser impact of the marketed Italian olive oil as Italy is concentrating its exports on bottled EVOO. FEDOLIVE confirmed that, according to the Spanish industry, Spain exported 1 150 000 tonnes of which 60% was in bulk; as bulk export is a price market, the impact has been much greater for Spain.

COPA/COGECA informed on the huge repercussions of the drop of olive oil production on the market. As a result, monthly marketed olive oil in Spain has dropped from around 140 000 tonnes down to 50 000 tonnes. Market loss is expected to be difficult to recover, after two consecutive bad harvests. It is crucial to invest on water management, as more and more production areas are moving from traditional ones to new areas, with water availability and therefore higher production potential.

3.3 Market situation in the Spanish table olives sector

FoodDrinkEurope presented the market situation in the Spanish table olives sector, showing the production of table olives evolution from 2013 until now. In the last five marketing years (2018-2022), Spanish average production, at 533 000 tonnes, has dropped by 7.6% compared to the average production of the previous five years (2013-2017). In Spain, the main varieties are Hojiblanca and Manzanilla, representing 90% of the total production (Hojiblanca 50%, Manzanilla and similar varieties 40%).

For the current marketing year 2023/24; production of table olives in Spain is forecast at around 429 000 tonnes, recovering marginally by 3.3% compared to the previous marketing year, and 17.5% compared to the five-year average. Combined with the beginning stocks at 323 000 tonnes, and imports forecast at 24 000 tonnes, availabilities should reach around 776 000 tonnes. Exports are forecast to reach around 300 000 tonnes, whilst domestic consumption should remain stable at 130 000 tonnes, bringing ending stocks at 312 000 tonnes (-3.2% y/y).

Spanish exports decreased by around 9.5% in the first eight months of 2023, reaching 188 000 tonnes, mainly driven by lower exports to America and Arab countries. By consumption, the main export opportunities remain producing countries, which are the main consumers, as well as other big markets like US, Canada, Brazil, Russia, or Australia. Challenges ahead would be increasing consumption in other non-producing countries like India, Japan, China, Korea, and Southeast Asia. On the antidumping and countervailing duties on US imports of Spanish ripe olives, Spain has lost 70% of the US ripe olives market and has been prevented from exporting EUR 220 million since their implementation. Furthermore, 100% of the legal costs was borne by the industry; EU support is requested.

3.4 Latest developments in olive oil marketing standards

The Commission gave an update on the forthcoming revisions of Regulation 2022/2104 on olive oil marketing standards and Regulation 2022/2105 on conformity checks for olive oil marketing standards. The revisions are meant mainly to bring the regulations in line with the International Olive Council (IOC) Trade Standard on olive oil and olive pomace oil with regard to parameters and methods of analysis. Clarifications will also be provided on the organoleptic counter-analysis in case it is requested by the operator and the sampling methodology for conformity checks. Further, the Commission informed about upcoming decisions regarding the IOC Trade Standard and upcoming

discussion on the Codex Alimentarius Standard for olive oil and olive pomace oil in the Codex Committee on Fats and Oils.

3.5 Additional data on the application of the OLEUM method to quantify volatile molecules

Two experts presented the additional data on the application of the OLEUM project to quantify volatile molecules. The method that has been developed to support the organoleptic evaluation, and to assess the conformity of the product in the event of borderline cases where EVOO and VOO are not classified the same way by different panels. The Standard Operating Procedure (SOP) is intended to be as simple as possible to be applied in borderline cases to reduce non-conformity cases, as a support to panel tests and in no case as a replacement of panel tests. Eighteen volatile compounds have been identified and selected to make it possible for laboratories that carry out conformity checks with two detectors; this minimum number of highly relevant compounds requires only materials that are available commercially.

For the validation of the method, an international ring test was organised; twenty laboratories participated at the ring test. As a result, no issue with repeatability were registered, although regarding reproducibility, there were some differences between the compounds. It is foreseen to move forward with the method and publish it, so that it can allow a harmonised quantification of those compounds, and to make the method available for the stakeholders, as an additional tool for classification and decision-making. Currently, the method is now fully validated through the IOC and it is expected to support panels for screening purposes and to handle borderline samples.

Stakeholders reacted positively to the method presented by the experts and welcomed the new method as it positively supports the work of panels.

3.6 Any other business

Tunisia: management of the TRQ

The Commission updated the stakeholders on the current situation regarding the management of the Tunisian TRQ on olive oil. In the last years, Tunisian authorities have issued the authorisations to export olive oil under the TRQ early in the year only for bottled and organic olive oil, delaying the export authorisation of bulk olive oil to a later stage. The Commission has been in contact with the Tunisian authorities to stress that the issue of Tunisian authorisations should be compliant with the association agreement and should not prioritise specific virgin olive oil categories or types of container.

Türkiye: export ban on exports of bulk olive oil

The Commission updated the stakeholders on the recent ban on exports of olive oil established by Turkish authorities. The Commission has sent a letter to the Turkish trade minister requesting clarifications on the ban and expressing its concerns regarding the compliance of the ban with the association agreement in place. The Commission has not yet received a reply from Turkish authorities.

FEDOLIVE stressed the fact that the export ban has not been published in the Turkish Official Journal and considered that there is no valid reason for the ban to be established.

US tariffs on Spanish black olives

The Commission updated the stakeholders on US antidumping and countervailing duties on Spanish ripe olives. On 25 and 26 October 2023, an oral hearing took place in Geneva. The US insisted in its claim that it has correctly implemented the recommendation of the panel concerning the pass-through of the benefit from the olive growers to the transformers. However, the EU explained in clear terms why the final determination of the US Department of Commerce in the Article 129 procedure implementing the recommendations and findings of the panel report had not been able to address the finding of incompatibility with WTO law on the pass-through finding of the panel report. The ruling of the compliance panel is expected for early 2024. Depending on the findings of the compliance panel, the Commission will examine the most appropriate steps to make sure that the rights of the Spanish producers are respected.

4. Next meeting

Next meeting is foreseen to take place on 17 April 2024.

5. List of participants

See in annex.

(e-signed)

Pierre BASCOU

List of participants– Minutes
Meeting of the Civil Dialog Group Agricultural Markets – Olives
27 October 2023

ORGANISATIONS
CEJA - Conseil Européen des Jeunes Agriculteurs / European Council of Young Farmers
CELCAA - European Liaison Committee for the Agricultural and AGRI-Food Trade
COGECA - European agri-cooperatives / General Confederation of Agricultural Co-operatives of the European Union
COPA - "European farmers / Committee of Professional Agricultural Organisations of the European Union
ECVC - European Coordination Via Campesina
EFFAT - European Federation of Trade Unions in the Food, Agriculture and Tourism sectors
EuroCommerce
FEDOLIVE - Federation de l'Industrie de l'Huile d'Olive de l'UE
FoodDrinkEurope
IFOAM - International Federation of Organic Agriculture Movements European Regional Group

Ad-hoc experts (2)
