Priority markets and trade issues for olive sector

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OLIVE OIL

cooperativas agro-alimentarias España

The World of OLIVE GROWING

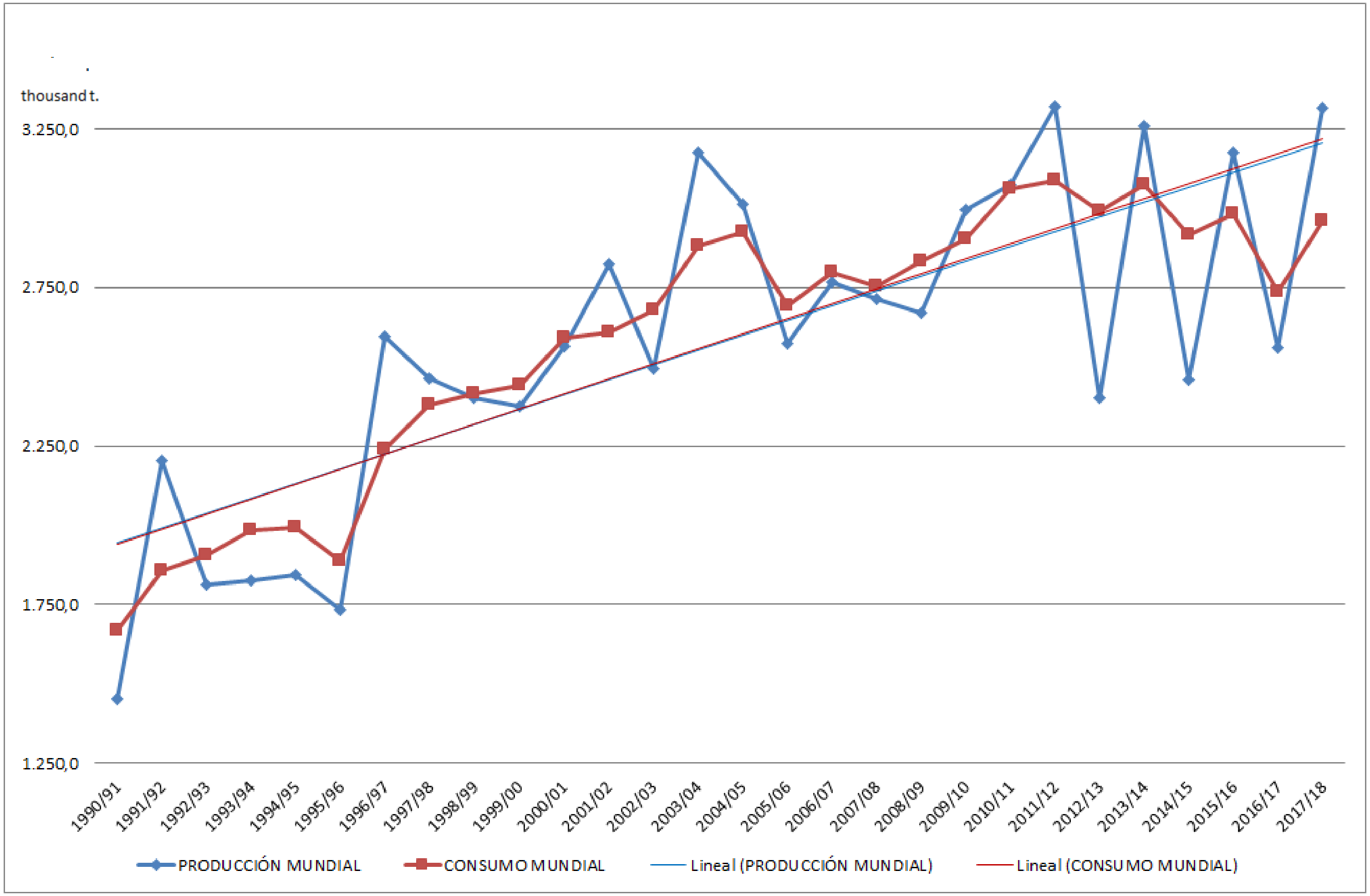
- > 11.450.000 ha.
- > 1.450.000.000 OLIVE TREES

- + 50 PRODUCER COUNTRIES
- 98% PRODUCTION IN MEDITERRANEAN REGION
- + 12 000 MILLS

- THE PRODUCTION OF ONE LITRE OF OLIVE OIL CAPTURES 10.64 kg/CO_2.
- THE WORLD PRODUCTION OF OLIVE OIL COULD ABSORB THE EMISSIONS OF A CITY OF MORE THAN 7 MILLION PEOPLE LIKE HONG KONG.

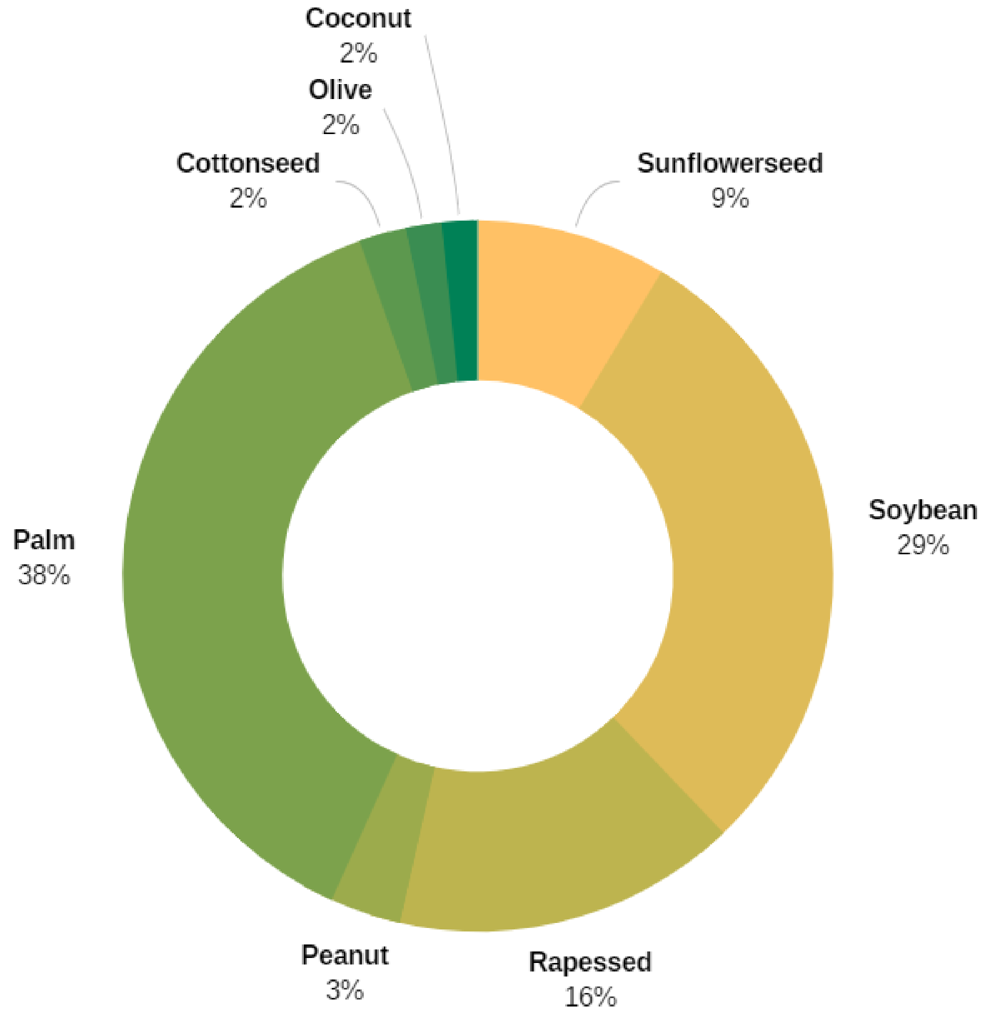
Source: *IOC, 2018*

Evolution of PRODUCTION and CONSUMPTION at WORLD level



Source: *Own development from IOC data*

World Seed Oils vs Olive Oil CONSUMPTION



Just only **2%** of all vegetable oils consumed in the world corresponds to **olive oil.**

Source: *USDA, 2017*

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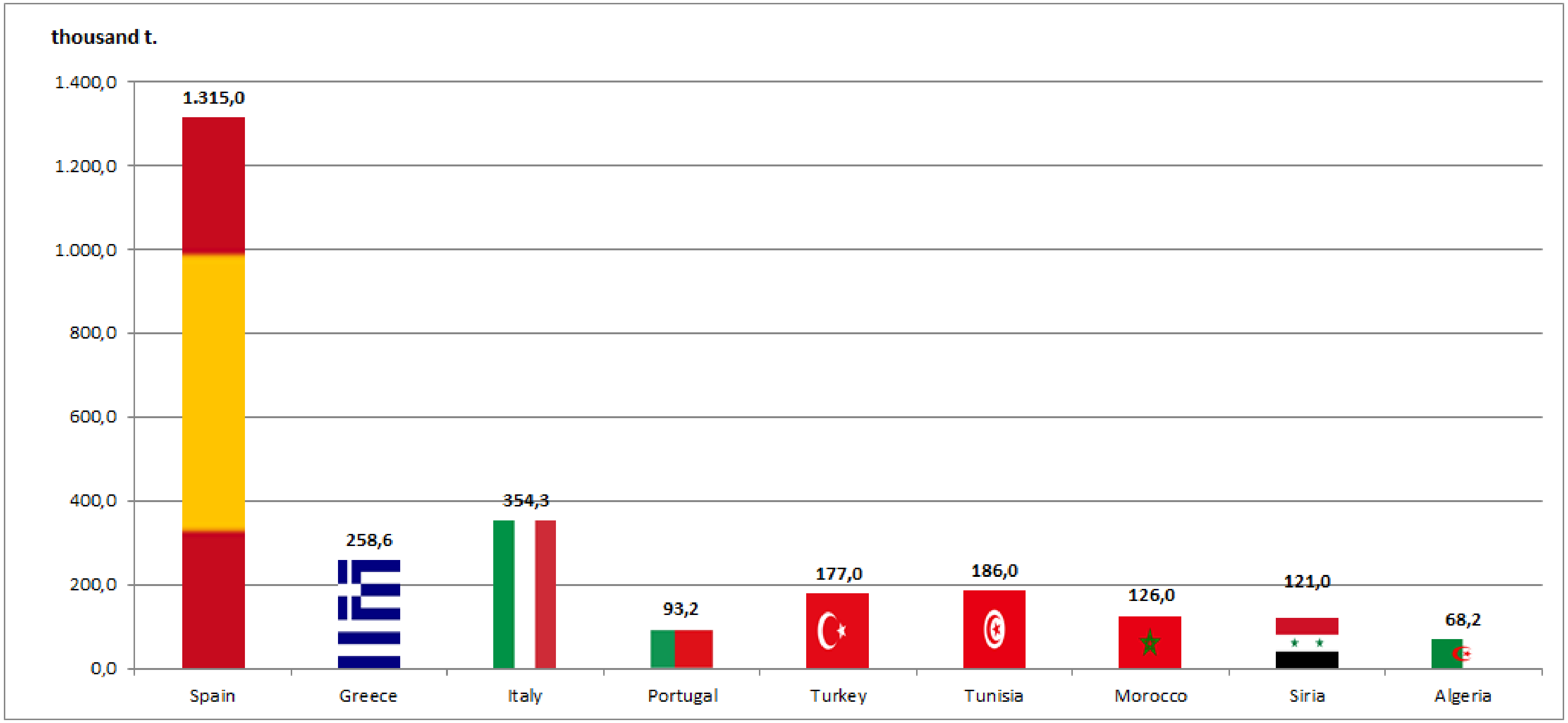
Olive oil production by COUNTRIES

- Spain is the main producer of olive oil. The average production during the last 5 seasons is around 1,315,000 t., representing almost 45-50% of world production.
- In Jaén region alone, an average of 485,000 t. have been produced in the same period, or in other words, around 18% of world production.



Source: *Own development from IOC data*

Main CHALLENGES

- Reduce the volatility of prices at source. Dispose of **market management mechanisms** that allow, in certain situations of high supply, guarantee the profitability of the producing sector.

- In the face of a greater internationalization of the product, with the emergence of new producer countries, it is necessary to have **harmonized trade rules**. We need to speak the same language.

- Work to remove existing trade barriers. **Non tariff barriers** affect free trade twice as much than traditional tariff barriers do. These barriers have increased in practically all countries.

- Its aim is to protect domestic products and make imports difficult or expensive. Represents a significant **increase in costs** for companies.

Evolution of EU exports by DESTINATION COUNTRY

EXTRA UE

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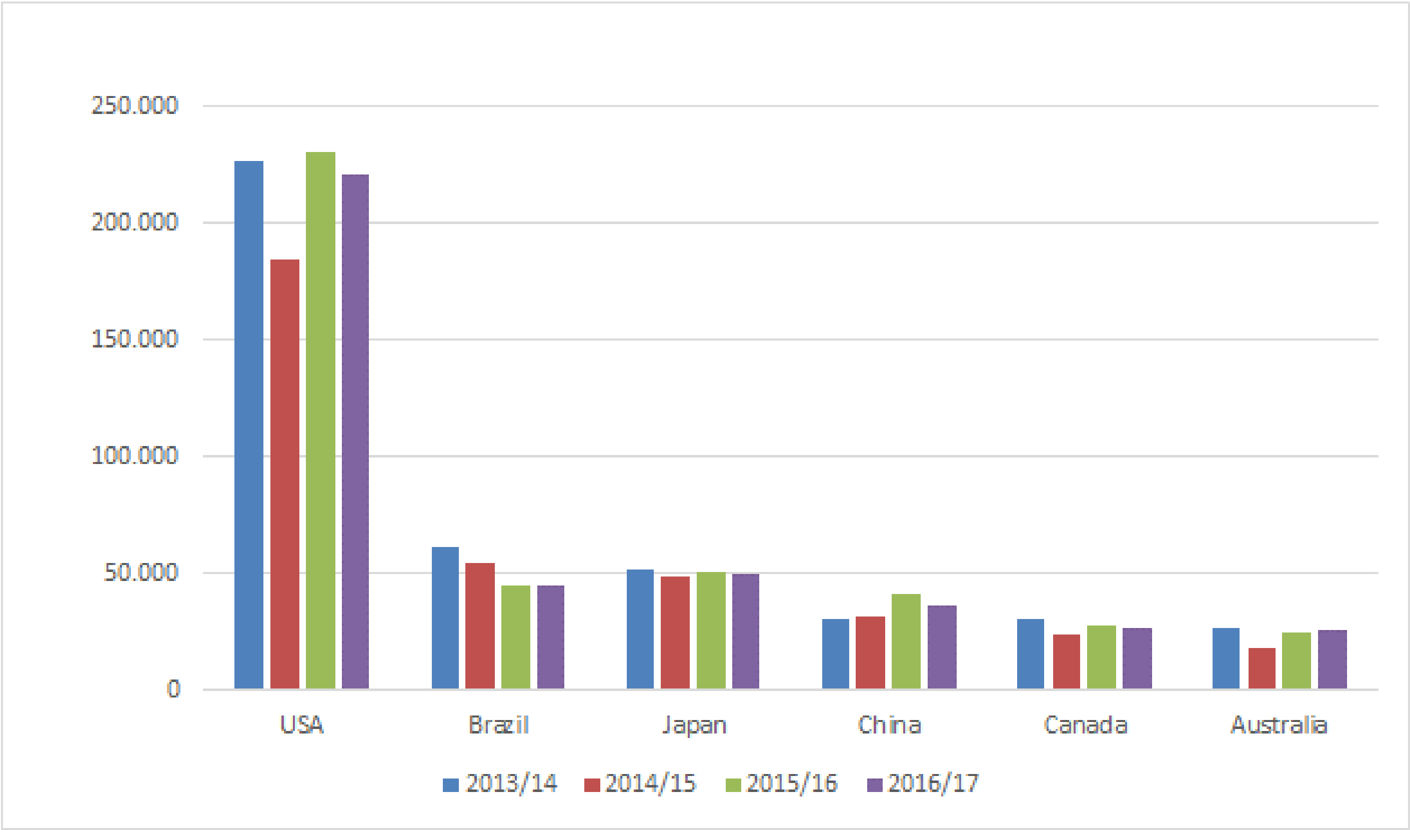
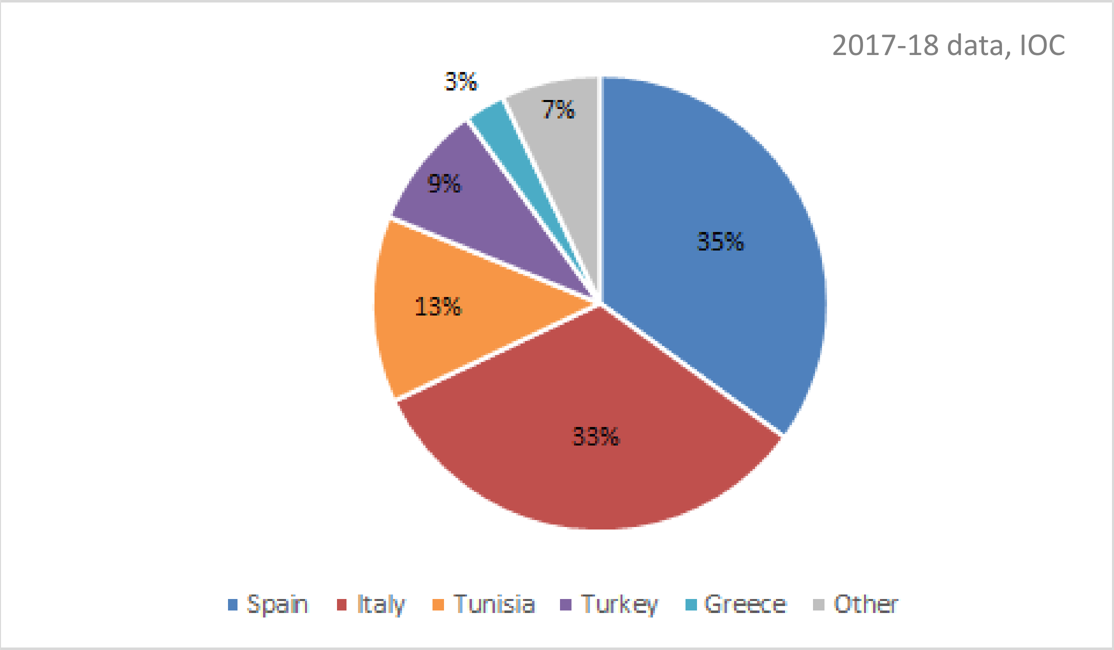


Source: *Own development from DG AGRI data*

US IMPORT MARKET

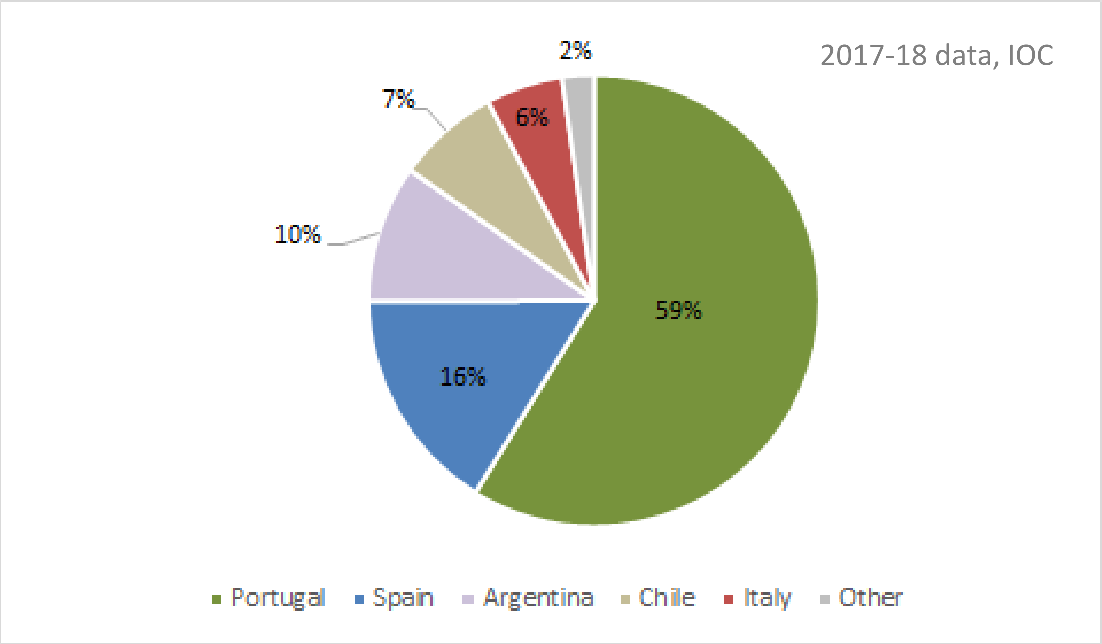
≈ 300.000 tons



- Authorised pesticides are not the same in the US that in the UE. FDA's black list. When a positive is found, the company involved will always be subjected to analysis, until 5 shipments are found trouble free.
- Risk of requesting of a Marketing Order. Controls would extend to 100% of imports, with a cost of 7.000 USD per container
- Quality standard based on freshness.

BRAZIL IMPORT MARKET

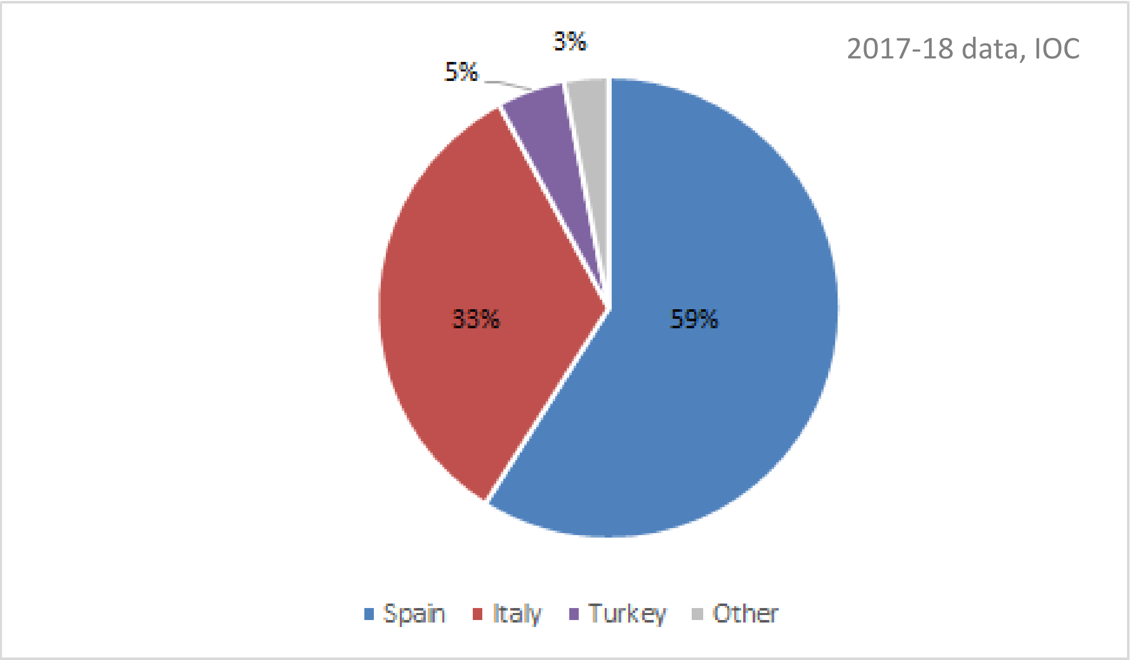
≈ 77.000 tons



- Since 2012 there are new mandatory regulations for imports. Analyses must be carried out by a recognized official laboratory.
- If the product is not certified, it is analysed there, the cost borne by the exporter. In practice, they reject the goods.
- There was an agreement with the Spanish Official Inspection Service (SOIVRE)

JAPAN IMPORT MARKET

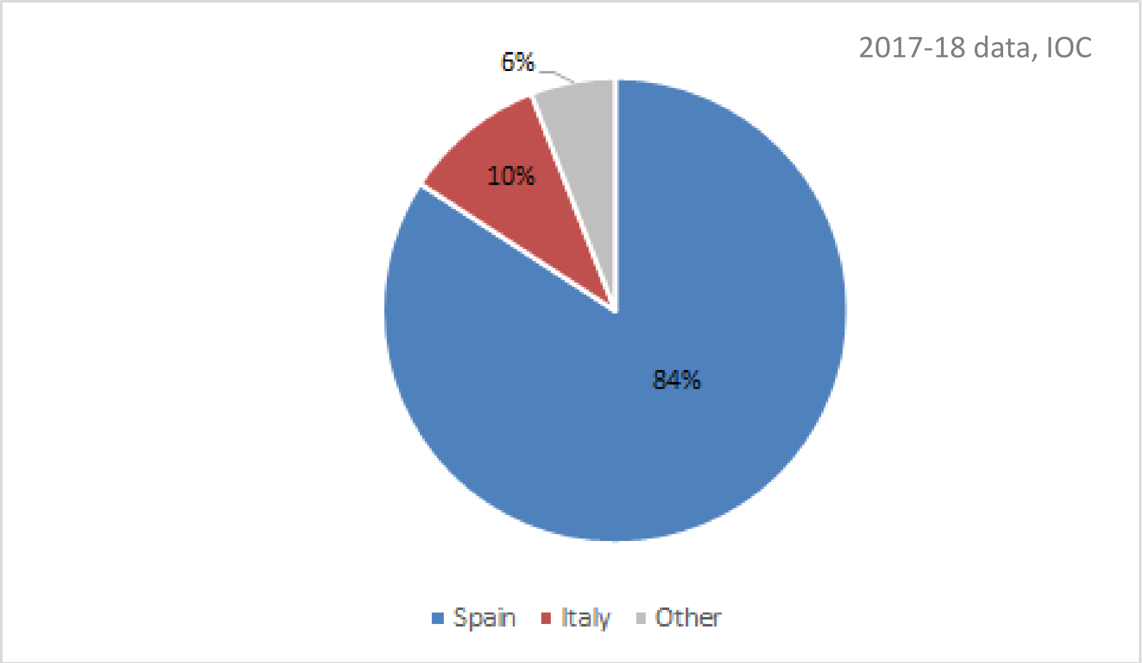
≈ 57.000 tons



⚠ Exhaustive administrative procedures during the import (documentation, requirements, etc.)

CHINA IMPORT MARKET

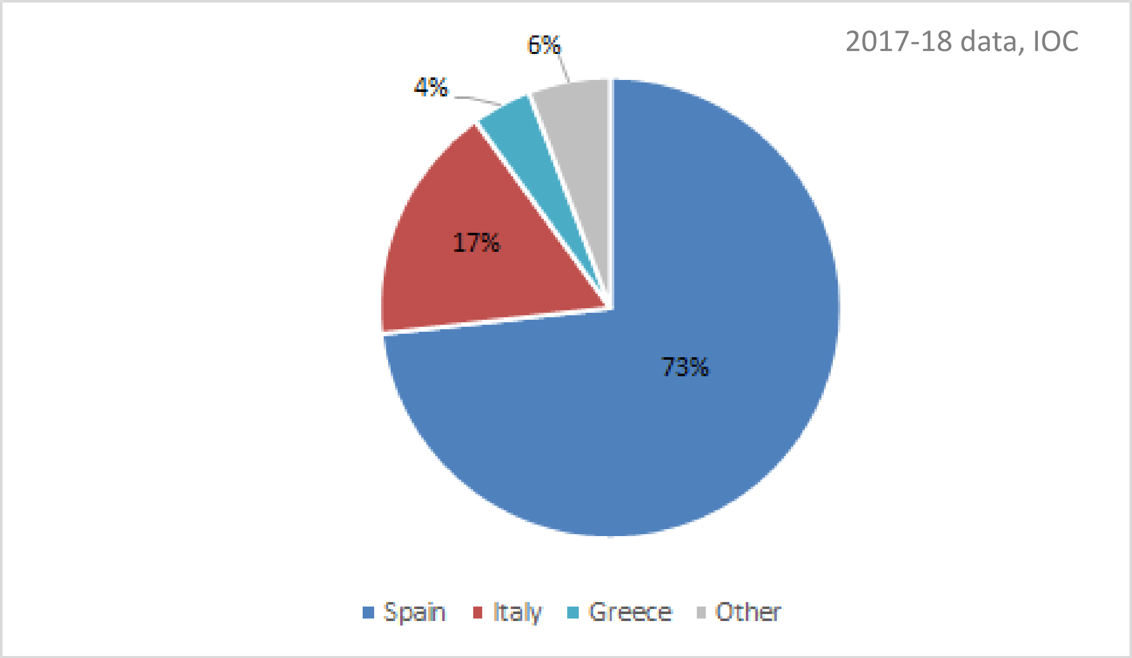
≈ 45.000 tons



- China has its own standard, and some definitions are different, basically for Olive Oil and Pomace Olive Oil. Until this day, they respect the IOC legislation, but they could use their own at any moment.
- Problems regarding rejects of Virgin Olive Oil with 0.3% acidity, considered refined.
- There is a phytosanitary certificate for Olive Oil in bulk.

AUSTRALIA IMPORT MARKET

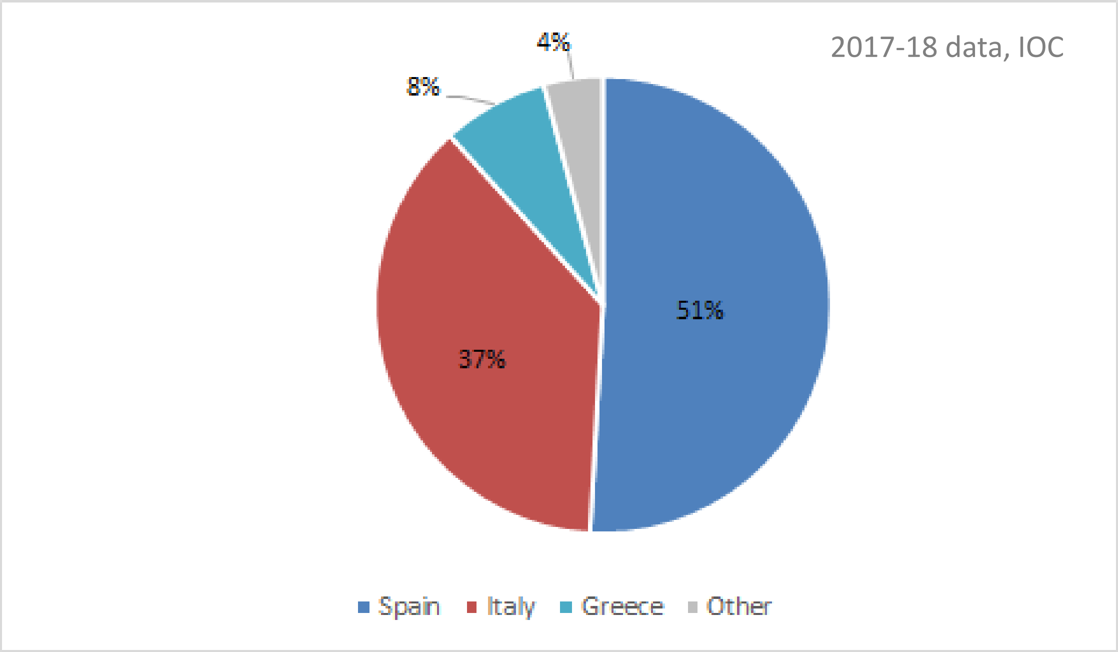
≈ 31.000 tons



- In 2012 a new Standard was approved, with important differences with the IOC Standard.
- Priority is given to the consumption of olive oil of Australian origin. Incorporation of icons in the labelling showing this guarantee of origin.

RUSSIA IMPORT MARKET

≈ 25.000 tons



⚠ There is no defined legislation for oils, which allows fraud with Pomace Olive Oil and Olive Oil.

TABLE OLIVES

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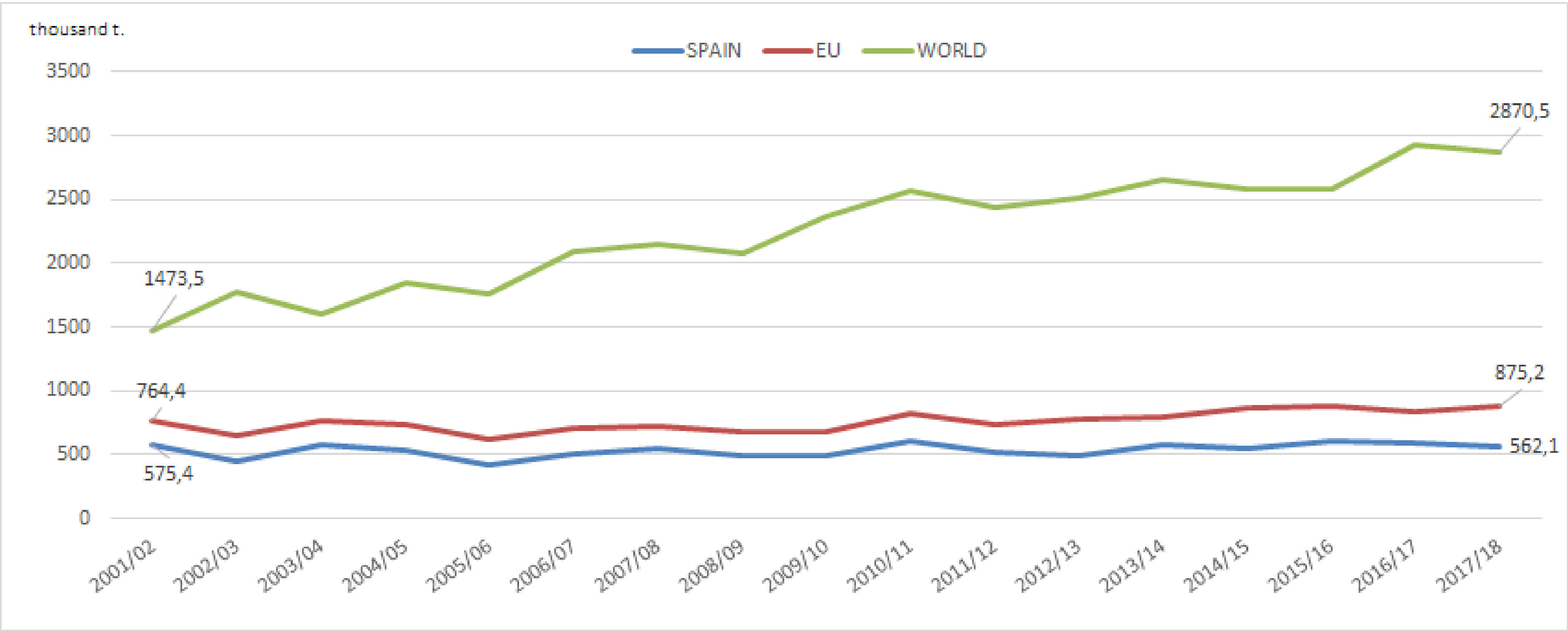
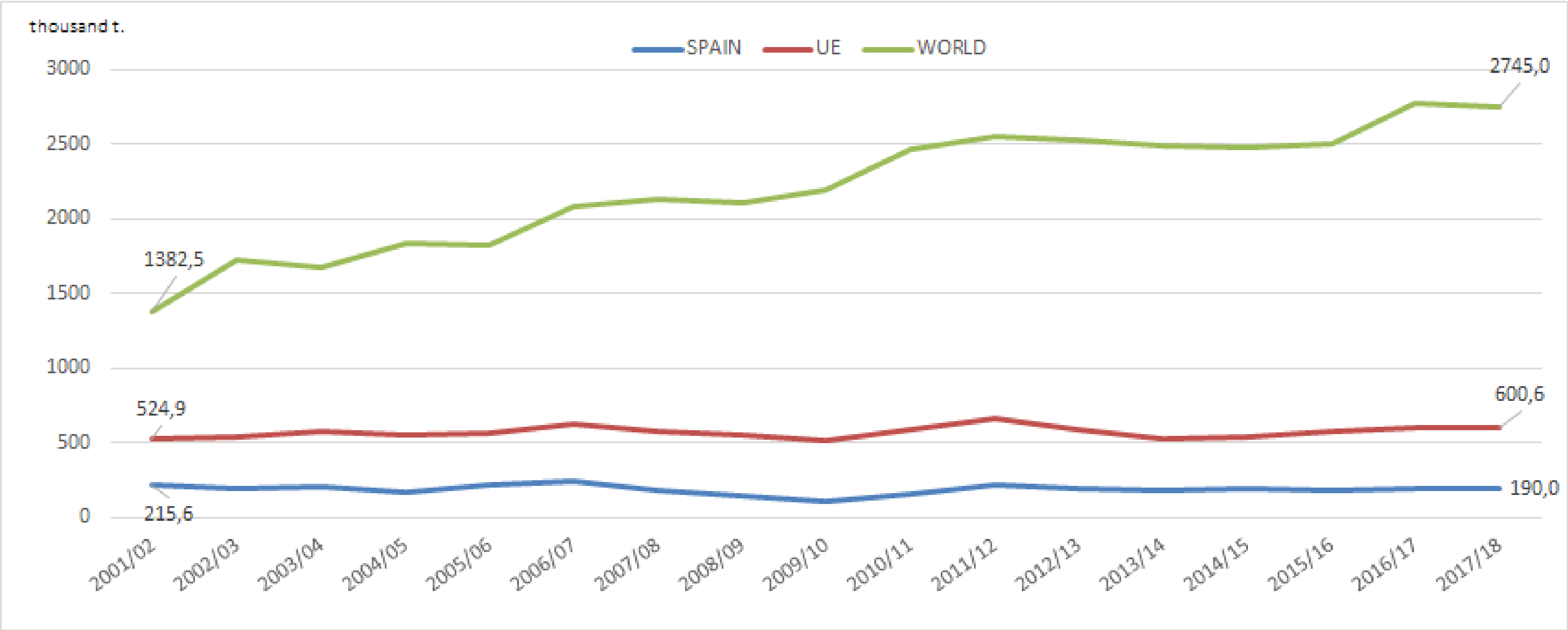
Evolution of PRODUCTION at WORLD level



Source: *Own development from IOC data*

Evolution of CONSUMPTION at WORLD level



Source: *Own development from IOC data*

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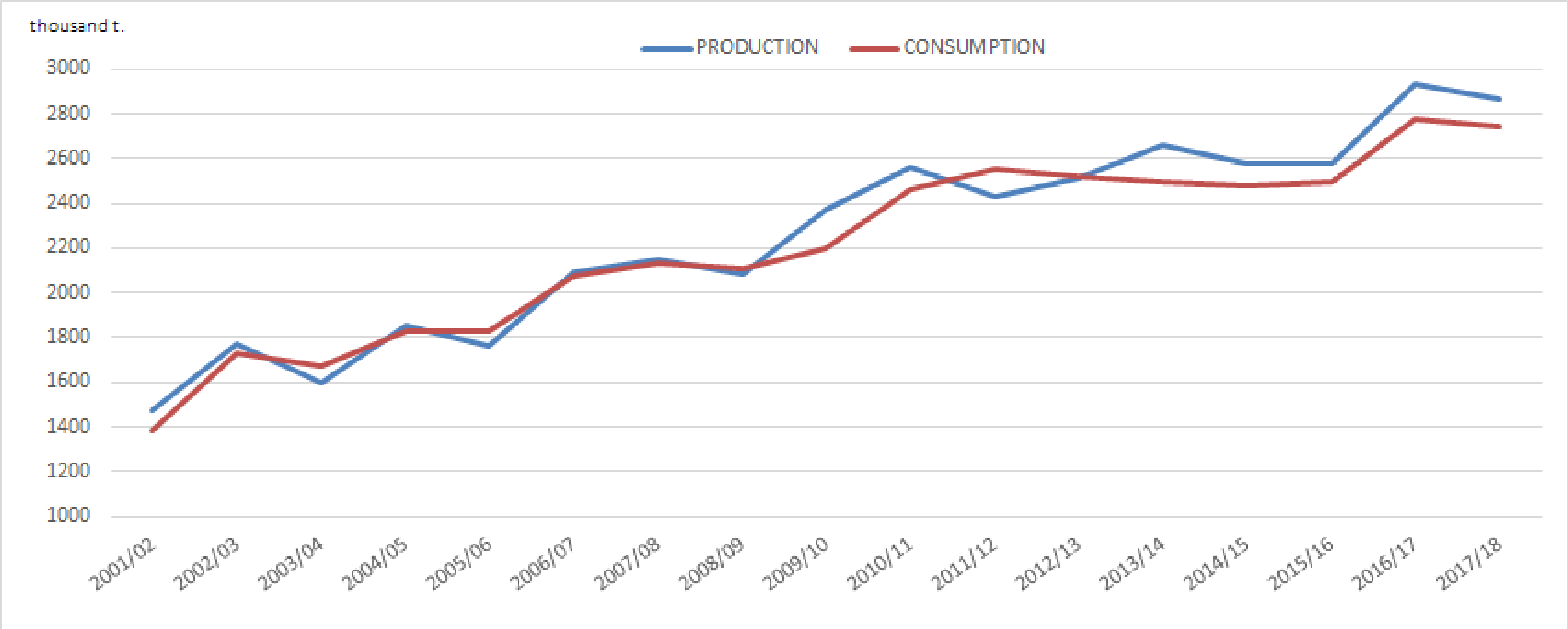
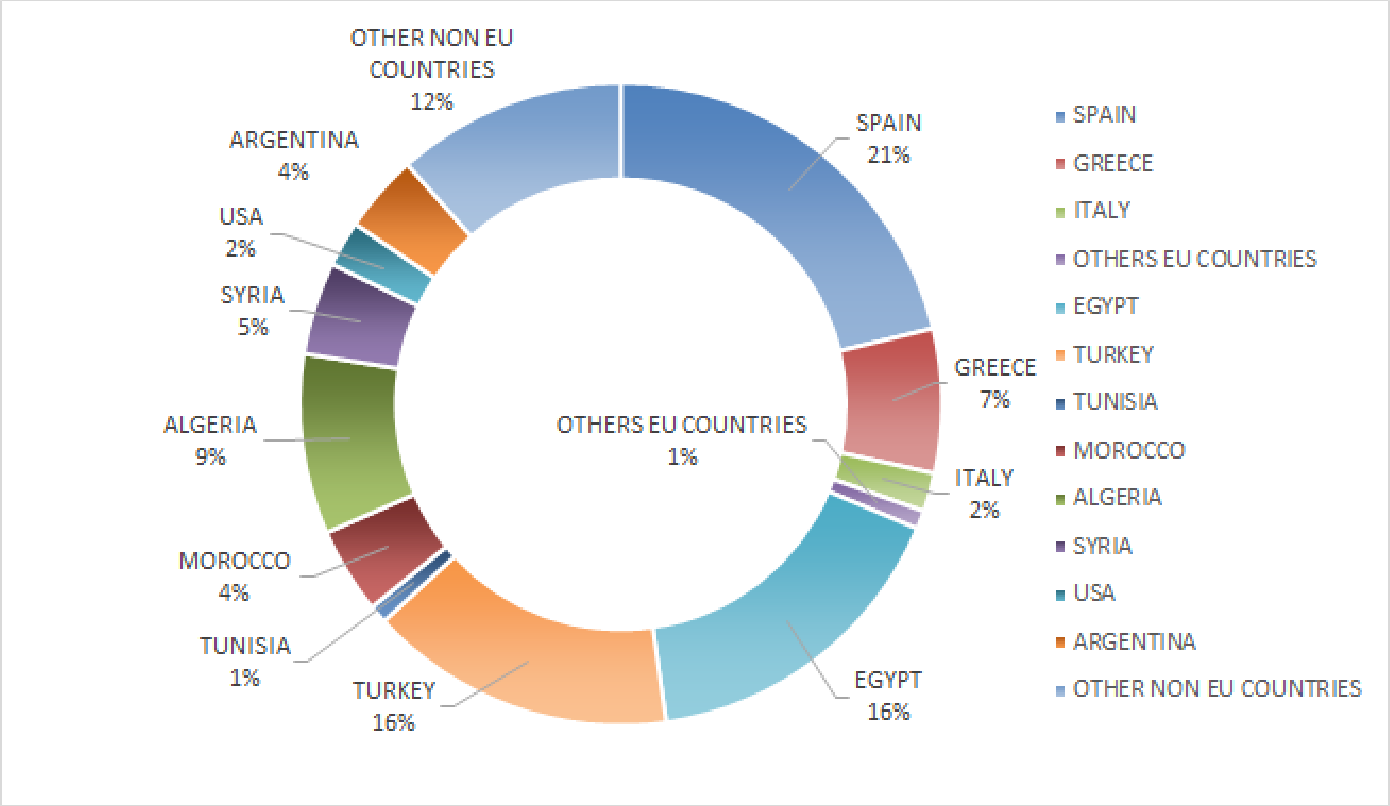
Evolution of PRODUCTION and CONSUMPTION at WORLD level



Source: *Own development from IOC data*

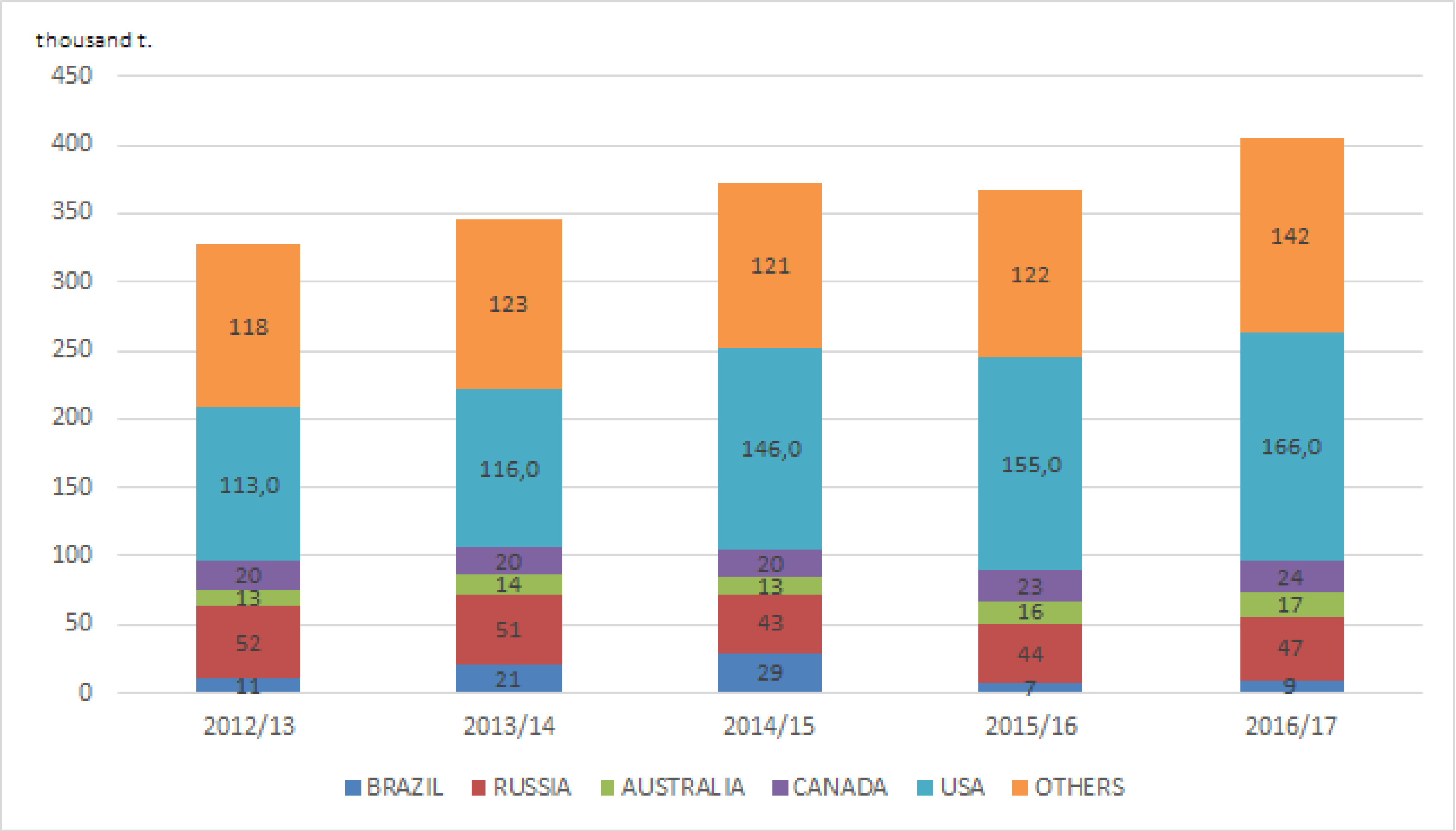
Table olives PRODUCTION by COUNTRIES

- World production is led by Spain, although countries in the Mediterranean basin such as Egypt, Turkey and Algeria have significantly increased their production capacity.



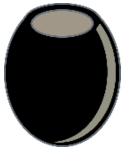
Source: *Own development from IOC data (2013-2017)*

Evolution of EU exports by DESTINATION COUNTRY

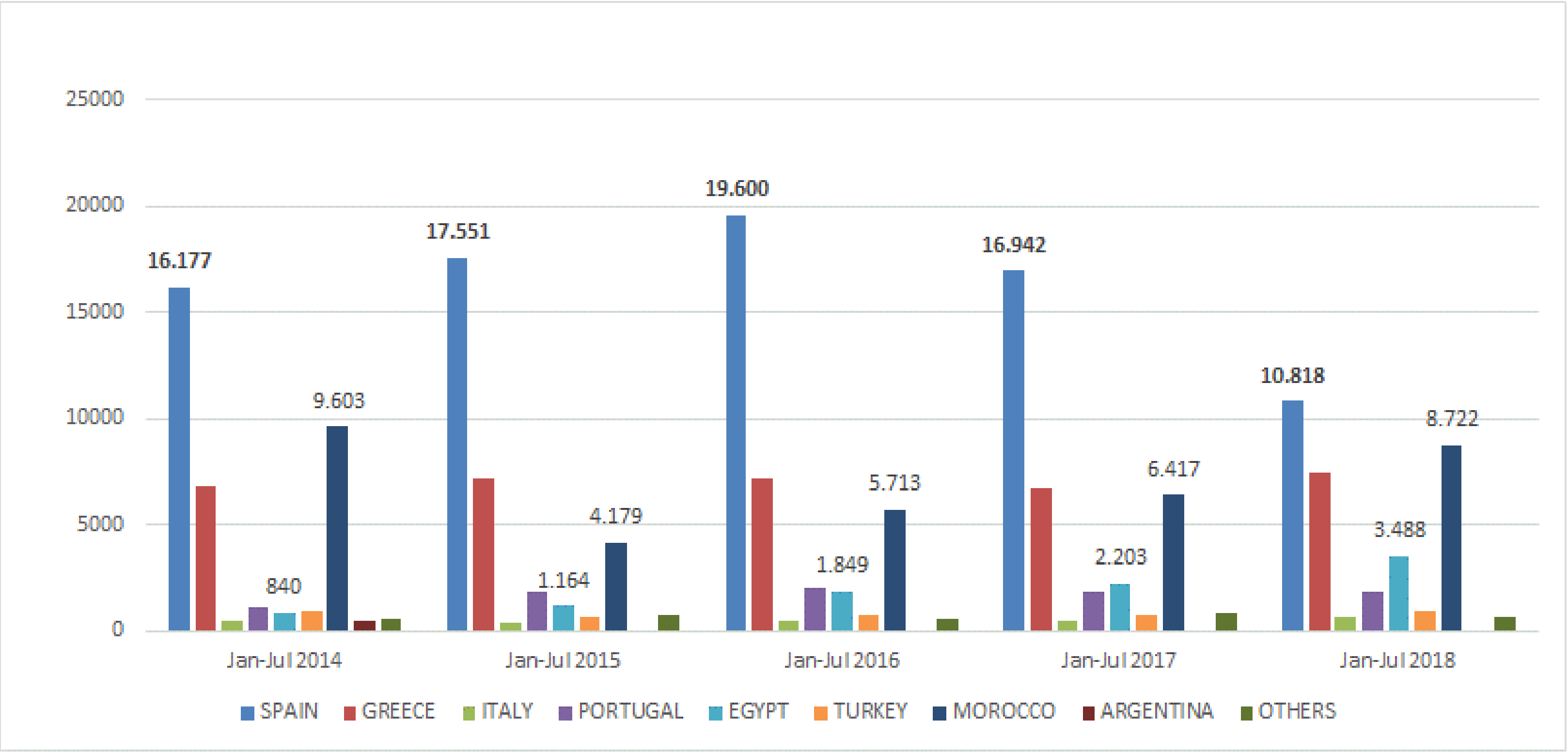


Source: *Own development from EUROSTAT/COMEXT data*

US IMPORT MARKET – BLACK OLIVES



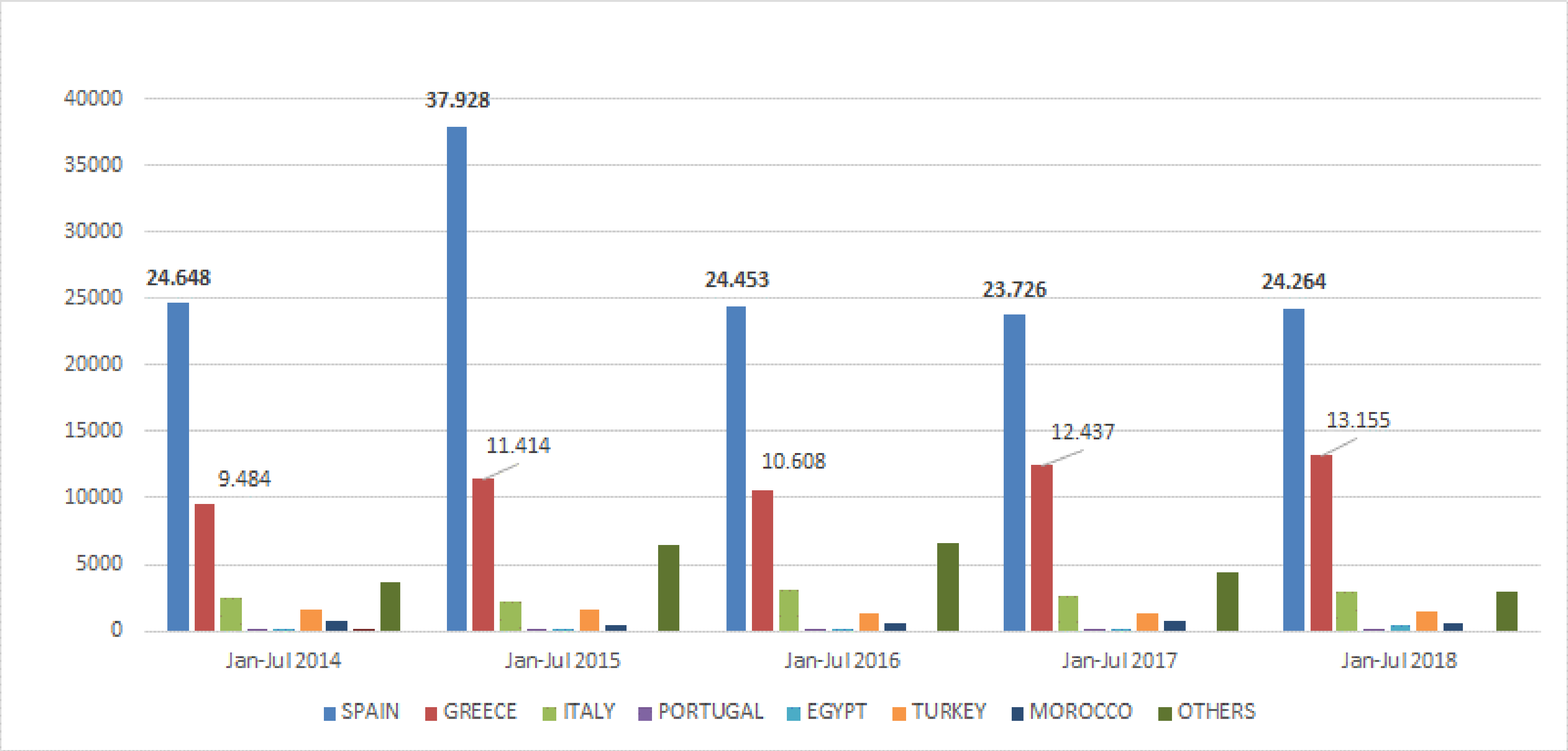
≈ 70.000 tons



Source: *Own development from EUROSTAT/COMEXT data*

US IMPORT MARKET – GREEN OLIVES

≈ 90.000 tons



Source: *Own development from EUROSTAT/COMEXT data*

US MARKET – CONSEQUENCES

- 2017: U.S. Department of Commerce initiates Antidumping and Countervailing Duty Investigations Procedure. Ripe olives imports are subsidized under the CAP.

- 2018: Affirmative final determination in the Antidumping and Countervailing Duty investigations of ripe olives from Spain. Imports of ripe olives from Spain injure the domestic industry. Total taxes of **34,75%** to enter to the U.S market.

- Disastrous impact on the Spanish market, growth and jobs.

- The gap is not being replace by U.S production but by an important increase in imports from Morocco, Egypt and Turkey.

- This precedent could mean that any agricultural sector in any country that competes with EU products that receive CAP assistance could ask its government to act like the U.S.

- We hope the EU will react soon against US protectionist measures. International trade rules have to be respected.

Thank you for your attention!

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