

**Draft Minutes**  
**Advisory Group on Olives and Derived Products**  
**14<sup>th</sup> June 2013**

**1. Adoption of the agenda and approval of the minutes of the last meeting.**

Both agenda and minutes were adopted.

**2. Election of the Chair and Vice-Chair.**

The mandate of the Chairman of the Advisory Group on Olives and Derived Products, Mr Forcella, had come to an end after two consecutive terms.

Mr Sanchez de Puerta Diaz, representing the producers, stood for the position of Chair and was unanimously elected.

The candidate for the position of Vice-Chair was Mr Pico Lapuente and he was elected with one abstention.

Mr Sanchez thanked the participants, underpinned the challenges that the sector was facing and informed members that he would present the Advisory Group's strategic agenda during the next meeting.

**3. Presentation and exchange of views on the market situation and market management; provisional balance sheet for the 2012/13 marketing year and forecasts for 2013/14 for olive oil and table olives; prices and exports.**

A Commission representative presented an overview of the recent situation, in particular regarding EU production and internal and external trade, with a brief look at the US market, mainly concerning olive oil imports.

Due to recent weather conditions, production in Spain for the current season was at its lowest level in six marketing years. Nevertheless, Spain still remained the main producer country.

Spanish exports to outside of the EU fell by 23% for the current season, which was merely the consequence of dissatisfactory production. In comparison to the previous season, Spain had fallen to second place in terms of exports to outside of the EU.

Imports from outside of the EU had increased due to lower Spanish production. Tunisia was the main supplier. In Syria, production had doubled since 2007 and was expected to rise further. In Morocco, production was lower than in previous years.

Total EU production amounted to 2,444 million tonnes for the 2011/2012 marketing year and this decreased to 1,525 million tonnes for the 2012/2013 marketing year.

Figures revealed that, compared to the same period in the previous year, exports from Spain to all other EU countries dropped by 60% from October 2012-March 2013.

The trend for EU imports was rather stable. As for exports outside of the EU, the trend was increasing.

The Commission representative provided figures on the ratio of different olive oil categories that were imported from the main non-EU suppliers to Spain and Italy. Figures were also given on olive oil imports to the US from 2007-2012. The US was the main importer of olive oil and 75-80% of its imports came from the EU.

The Commission representative also informed the Committee members about the situation concerning olive oil imports under zero-duty regime, especially regarding Tunisia. While Tunisian import licence requests were in general low in 2010 and 2011, the demands increased

substantially in 2012. During the current year the available quantities practically got exhausted in the first week of the sub-period.

Prices for extra virgin olive oil had been quite stable in Italy and Greece since December 2012 and had slightly decreased in Spain since February 2013. The same trend could be seen for virgin olive oil. Since January 2013, the price of lampant olive oil in Spain and Italy had fallen and prices had been rather stable in Greece since January 2013.

The Commission representative reminded members that the EU was obliged to communicate figures to the IOC. Furthermore, a Commission Regulation stipulated that Member States had to regularly provide the Commission with information on stocks. Although it was very important to compile an exhaustive balance sheet, many experts believed that having comprehensive figures on the upcoming marketing year was more important than information on the current one. The Commission representative advocated caution when putting the forecasts for the next year on paper, given that this could indirectly influence prices. In addition, much could still happen before the start of the harvest next October, such as adverse climatic situations.

Several producers' representatives commented on the market situation. In Portugal, consumption was expected to decrease due to the economic crisis. Prices for extra virgin olive oil and virgin olive oil were not significantly improving. Greece was facing production problems due to the drought. In Italy, it was not yet possible to provide forecasts for the next marketing year, because of potential climatic variations. Prices in Italy were increasing, but not yet in a satisfactory manner. The market was stagnant. In Spain, it was also difficult to predict figures for next year for the same reasons.

Another producers' representative requested the Commission to improve the level of information available by assisting Member States to amass national statistics that were as exhaustive as those in Spain. This would provide a general overview of the situation for all market operators, as well as data on the quantities available and stocks. This point was also supported by some trade representatives.

A discussion was held on how to improve the legal certainty of panel tests.

#### **4. Information on the follow-up on the Commissioner's Action Plan: status of implementation, including the HORECA provision.**

A Commission representative sketched out the state of play regarding the implementation of the Action Plan in terms of inspections and checks to be carried out by Member States. In addition, new regulation had been prepared, which would affect sampling and various parameters for chemical analyses. The draft regulation had already been prepared and the Commission expected that it would be submitted to a vote by the end of the year.

22 experts from across the globe (the US, Australia, Argentina, Turkey and EU Member States) had recently met in Madrid for 2 days within a seminar on authenticity of olive oil. During the first day, 11 presentations were given on the market, fraud and methods of analysis. On the second day, experts were divided into small groups to identify 4 areas for research on authenticity of olive oil. The PowerPoint presentations would soon be available on DG AGRI's website, as would a newsletter on the conclusions of the event.

A draft regulation concerning the proposal to amend Regulation 29/2013 had been put to a vote in the Management Committee and was supported by 15 MS. However, this was not enough to adopt the regulation and the Commission had decided to withdraw the proposal. The measure dealt in particular with the HORECA sector and aimed to better inform consumers and protect them against fraud. Nonetheless, this measure could still be implemented at national level. The draft regulation also contained other proposed measures on labelling.

Commissioner Ciolos intended to meet with representatives of consumers, restaurants and producers in mid July to discuss the best ways to achieve the aims of the Action Plan. Participants would be asked to express their opinions on different ways to reach said aims, now that the proposal had been withdrawn. Furthermore, over the next few months, the Commission was planning to look at the best ways to improve the quality of olive oil and consumer awareness thereof.

A trade representative insisted that discussions had already taken place, in particular on labelling and how to avoid technical problems.

A producers' representative informed members that a similar measure had been proposed and adopted in 2005 in Portugal. Questioning such a proposal at EU level would have a detrimental effect on the measure in place in Portugal. He also cited figures on the costs incurred by implementing this measure, which were negligible.

Another producers' representative reminded the Commission that the measure had already been discussed by the Advisory Group and that the Group supported the Commission's initiative. In addition, given that another regulation had previously been adopted by the Commission without the green light from the Management Committee, it was unclear as to why the Commission had decided to withdraw the proposal.

A trade representative highlighted that producer countries were also the main consumers of olive oil.

An industry representative outlined that the sector needed legal certainty regarding the requirements for labelling and packaging.

The Commission representative informed participants that their comments would be passed on to his seniors. He also reminded them of the meeting scheduled by the Commission with representatives of consumers, restaurants, producers, trade and the industry.

## **6. The International Olive Council: state of play of the approval of the 2013 budget.**

A Commission representative informed members that the economic, financial and promotion reports had been adopted at the end of the latest session, along with the 2013 budget. She outlined the results of the latest extraordinary session. A discussion on the role of the IOC was held. The Commission's position was that the IOC should play a strong role as the guardian of quality at global level and should be the reference point for standardisation and balance sheets. It was also time to start thinking about expanding the IOC's membership base.

The discussion then turned to the 2-day meeting of chemists on olive oil and the need for the EU to play a leading role at the IOC.

## **7. Non-tariff barriers to trade: the US, Japan and Australia.**

A Commission representative informed participants about the state of play of FTA negotiations with the US. The Commission was willing to finalise negotiations by the end of 2015. Stakeholders were invited to send their contributions to the Commission on the impact of such an FTA.

The representative continued, stating that olive oil producers set new quality standards in the US. The Commission was monitoring developments and was in contact with US authorities. The Commission was trying to raise awareness about this issue and was very committed to working on it.

An industry representative stressed that Californians should comply with the same requirements as EU operators, so that we all played by the same rules.

Concerning the American marketing act, a trade representative mentioned that IOC standards should be adopted and applied to imports and domestic products in the US.

FTA negotiations with Japan began in mid April. The first round had been concluded and the next was scheduled to be held in Tokyo. Stakeholders were invited to assist the Commission in determining any barriers to trade.

There were no imminent plans to begin FTA negotiations with Australia and these would be unlikely to start within the next few years. The Australian government confirmed that the standards they had put forward in 2011 would remain voluntary and there was no evidence that this could change any time soon.

An industry representative asked the Commission to remain cautious on this, as the sector was not completely reassured that these standards would remain voluntary, given that there was a lot of pressure from Australian producers.

A Commission representative from the unit dealing with enlargement countries gave an update on the situation with Turkey. In general, no major progress had been made on accession negotiations, including discussions on chapter agriculture. Regarding trade aspects, no further liberalisation of the TR-EU bilateral trade agreement on agricultural products is foreseen as long as TR maintains import restrictions on beef and bovines from some EU MS.

#### **7.1 . Non-tariff barriers to trade Recent problem residue of a non-authorised pesticide in olive oil exported to the US.**

A Commission representative explained the situation regarding an active substance called “Chlorpyrifos-ethyl” and the recent rejections of EU consignments of extra virgin olive oil due to the presence of this pesticide at the US borders. It was also clarified that the rejection was due to the presence of Chlorpyrifos-ethyl, a pesticides for which there is not maximum residue level (MRL) set up for olive oil. Currently, this pesticide is authorised in the US and has MRL setting for other agricultural products, but not for olive oil. The absence of MRL for olive oil means that in practice any trace of this pesticide could lead to refusal of the shipment, even if the pesticide is widely used and approved for other products in the US or in third countries.

A Commission representative indicated that the solution pass by the submission of an application for the setting of an import tolerance to the US Environment Protection Agency. The Commission representative is contact with the concerned Member States on this matter and is ready to support such submission and raise the issue in the bilateral contacts. More generally, it was also outlined the differences between the EU and EU system as regards authorisation of crop protection products and the setting of maximum residue levels (MRLs) in products.

An industry representative highlighted that this issue could affect any entity that exported to the US. The Commission should intervene to solve this issue in order to ensure that existing limits in the EU were recognised in the US.

### **8. State of play of the CAP reform: follow-up on triologue negotiations and the impact on the olive oil sector.**

The Commission representative explained that the institutions were now entering the final stage of negotiations. This involved intense discussions between the European Parliament, the Council and the Commission. Discussions on the next multiannual financial framework were also ongoing. It was hoped that there would first be an agreement on the budget and then on the CAP by the end of June.

Next week, two trialogues on the Single CMO Regulation and on direct payments would take place. Discussions would address the olive oil sector and in particular the issue of private storage. The Commission representative reminded participants of the Commission’s position and that they were not in favour of raising the trigger prices, however the European Parliament had a different position. The European Parliament believed that the provisions from the milk package should also cover other sectors, yet the Commission had a different view on this matter. It was expected that the key sensitive issues would be resolved during the Agricultural Council on 25<sup>th</sup> and 26<sup>th</sup> June.

A producers’ representative asked the Commission about the interpretation of greening for olive trees. He mentioned that there should be other ways to comply with greening instead of uprooting trees. Another producers’ representative outlined that the trigger prices for private storage must be updated.

The Commission representative replied that the Commission was not willing to increase the trigger prices for private storage, as this would impact on WTO rules and the budget. On greening, the Commission reiterated its position, but the EP and Council had different opinions.

**9. Elimination of customs duties applicable to table olives in the US, India and Algeria.**

Some participants stated that EU competitiveness had to be improved by removing current import duties for the US, Indian and Algerian markets.

An industry representative explained the matter concerning Algeria and requested that this duty be removed.

The Commission would have the opportunity to raise this item with Algerian officials at a later stage.

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