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NATION

U.S. olive oil producers urge Congress to impose stricter import standards

BY MARY CLARE JALONICK, ASSOCIATED PRESS *February 18, 2014 at 3:15 PM EDT*

Are European olive oil producers passing off "extra rancid" as "extra virgin"? Maybe not to that extent, but U.S. producers still want Congress to impose stricter standards on imports, which now make up 97 percent of the market. Photo by Flickr user Allen Sheffield

WASHINGTON — Need olive oil? American shoppers are more likely to pick a European brand, which is cheaper and viewed as more authentic than U.S.-produced olive oil.

But U.S. producers contend that "extra virgin" olive oil from Europe may not be as pure as you think. They've asked the federal government to intervene by imposing stricter standards on the imports, which now make up 97 percent of the market.

Olive oil production is steadily growing, and the domestic industry says it has gone from 1 percent of the national olive oil market five years ago to 3 percent today. Most of that is in California, though there are smaller operations in Texas, Georgia and a few other states.

U.S. producers are seeking to build on that growth in a struggle reminiscent of the California wine industry's push to gain acceptance decades ago.

They've mounted an aggressive push in Washington, holding olive oil tastings for members of Congress and lobbying for stricter standards on imports. The strategy almost worked last year when industry-proposed language was included in a massive farm bill passed out of the House Agriculture Committee.

The provision backed by California lawmakers would have allowed the Agriculture Department to extend mandatory quality controls for the domestic industry to imports. The bill's language would have allowed government testing of domestic and imported olive oil to ensure that it was labeled correctly.

That testing, intended to prevent labeling lower-grade olive oil as "extra virgin" or fraudulently cutting in other types of oil, would be much more comprehensive than what imported oils are subjected to now. Extra virgin olive oil is considered to be the highest quality.

But the language on labeling was stripped from the bill on the House floor, an effort led by lawmakers from New York, where many of the country's olive oil importers are based. They had the backing of food companies and grocery stores that use and sell olive oil.

Republican Rep. Doug LaMalfa, a farmer from Northern California, suggested that labels for imported oil should say "extra rancid."

"What we're after here is not to cause problems for our friends who would like to market it. It's more just the truth in advertising that's necessary," LaMalfa said.

New York Republicans said new testing standards would cost importers millions of dollars. Republican Rep. Michael Grimm of Staten Island, N.Y., said his Greek-American and Italian-

American constituents know good oil and haven't had problems.

"It's not rancid," he said. "There is always going to be a problem in every industry, but this is nothing more than a multimillion-dollar earmark," he added, using the term for special provisions that sometimes are inserted into legislation.

In the end, the final farm bill signed by President Barack Obama earlier this month was silent on olive oil.

But a nonbinding statement accompanying the bill encouraged the Agriculture Department, the U.S. Trade Representative and the Food and Drug Administration to "remove the obstacles that are preventing the U.S. olive oil industry from reaching its potential." It cited a 2013 U.S. International Trade Commission report that said international standards are widely unenforced and allow many varieties to be mislabeled and possibly even adulterated.

The report also cited subsidies for European olive oil producers and tariffs as barriers to the domestic industry's success.

The California olive oil industry boasted of helping to influence the report. According to the American Olive Oil Producers Association, California producers arranged farm tours for federal investigators, arranged for witnesses to testify to the group, and even held an olive-oil tasting on Capitol Hill for lawmakers and administration officials.

For now, the domestic industry says it will keep pushing. Kimberly Houlding, executive director of the American Olive Oil Producers Association, says producers are still considering petitioning the USDA for an order to establish mandatory quality standards, including frequent testing. Ideally the order would apply to the entire domestic industry, including importers, Houlding says.

Eryn Balch of the North American Olive Oil Association, which represents the importers, says they want to work with the domestic industry to grow the olive oil market in the United States. There's still a lot of the market to grab – only around 40 percent of U.S. consumers use olive oil, and olive oil has only about 15 percent of the volume share compared to other cooking oils. But that market is growing along with increased awareness of olive oil's health benefits compared with other oils. Extra virgin olive oil is often rich in polyphenols, nutrients that are thought to be helpful in preventing heart disease and other illnesses.

"If the industry promoted the key proven benefits with a common voice and positive message, the growth potential could be almost limitless," Balch said.

The United States now consumes the third largest amount of olive oil of any nation, behind Italy and Spain, according to the trade commission report. The report said consumption has risen by more than 50 percent since 2001 but said most U.S. consumers aren't able to distinguish good olive oil from bad, so they gravitate toward the least costly.

Patricia Darragh, director of the California Olive Oil Council, says the domestic industry wouldn't have the capacity to supply all of the country's olive oil, but it is a grassroots industry that is continuing to grow. And in another decade or two, Americans may be more familiar with the domestic variety.

"We're where the California wine industry was 20 or 30 years ago," Darragh says.

California olive oil producers seek new rules to compete with imports

By DAVID PIERSON

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There's a war over your salad dressing, and the front line has been drawn in California.

The Golden State is considering first-of-its-kind grading standards for olive oil that could have far-reaching consequences for the $5.4-billion global industry.

For the Record

California olive oil: An article in the Sept. 3 Business section about proposed standards for California olive oil said that "pure" olive oil was extracted from a second pressing of olives and would have to be labeled "olive pomace oil." It is a mixture of virgin and refined olive oils. Under the proposed rule, a label would have to identify the oil as a refined olive oil.

The California Department of Food and Agriculture may soon agree to require testing and certification for purity and quality. New labeling could also be introduced that would bar common terms such as "light" and "pure" olive oil.

The proposed standards would apply only to the largest California olive growers and millers, but they drew a rebuke from the European Union and the olive oil importer community, which view the rules as a blueprint for wider trade restrictions.

"The manipulative and confrontational tactics are not serving any California industry segment," Eryn Balch, executive vice president of the North American Olive Oil Assn., which represents importers, wrote in a letter to the California Department of Food and Agriculture.

Supporters of the proposed rules say they would level the playing field against government-subsidized European producers who don't have to adhere to enforced quality standards.

"The importers know that if we establish ourselves as the premier, authentic producers of olive oil, we'll cut into their business over time," said olive grower Jeff Colombini of Lodi Farming, just north of Stockton. "They're running scared."

At stake is the lucrative U.S. olive oil market, the world's third largest. Exporters prize America because it's a growing market, whereas European olive oil consumption has been stagnant.

The U.S. consumed 293,000 metric tons of the fruity oil last year, and virtually all of it was imported from countries such as Spain and Italy.

A burgeoning domestic industry is quickly growing, however, almost all in California. Using mechanized farming tools popular outside of Europe, these growers and millers have helped boost American olive oil production tenfold since 2007 to 10,000 metric tons. Industry officials liken the growth to that of the state's wine industry several decades ago.

California producers say they can guarantee a higher-quality olive oil than most of their European counterparts — seizing on years of bad publicity for the European olive oil industry, which has been accused of widespread fraud and adulteration.

There are currently no federal laws strictly regulating olive oil in the U.S. The U.S. Department of Agriculture issues only voluntary certification for extra virgin olive oil, the highest grade available, low in acidity and free of chemicals or additives.

California olive oil makers have lobbied Washington in recent years for federal rules that would have led to testing of imported olive oil, but they couldn't muster enough political support.

Then late last year, the California Legislature voted to establish a commission to boost the competitiveness of the state's olive oil industry. Similar efforts in the past on behalf of the state's almond and pistachio growers have helped those industries thrive.

Made up of local growers and millers, the Olive Oil Commission of California submitted standards to the state's food and agriculture department that included redefining terms for different olive oil products in an attempt to better inform consumers.

Under the proposal, California producers would be barred from using the common labeling terms "light," which describes oil that has been refined with chemicals or additives (not less caloric) and "pure," which means an oil was extracted from a second pressing of the olives.

Instead, labels would have to read "refined olive oil" and "olive pomace oil."

Balch of the importers' North American Olive Oil Assn. accused California lawmakers of crafting a proposal ultimately aimed at one day disrupting imports. American olive oil makers generally make extra virgin olive oil, not pure and light grades, so new regulations would have little effect on the domestic industry.

California olive oil makers "represent 0.2% of world production and 3% of U.S. consumption, yet purport it will be less confusing if the new standard requires different labeling and trade terminology than what is used by the rest of the world," Balch said.

Gregg Kelley, chief executive of the state's largest olive oil producer, California Olive Ranch, said the rules are needed to prevent the erosion of quality.

"We can't sit back," Kelley said. "If we don't get on this wagon educating consumers then the industry won't have a brighter future."

Kelley estimates the standards would apply to just over a dozen millers and about 100 growers in the state. The rules target only growers and millers who handle at least 5,000 gallons of olive oil a year.

In addition to labeling, the proposed standards recommend taste panels to test for defects such as rancidity — something importers say is too subjective.

The proposal also calls for widening the parameters for chemical testing from those recommended by the International Olive Council, a Madrid-based nonprofit organization whose members account for more than 98% of the world's olive oil producers, but not those from the U.S.

New testing parameters are necessary, state producers say, because California's soil is different from Europe's. As a result, an olive oil from the U.S. may show characteristics of another seed or nut oil in European tests. Importers say such a move would welcome more adulteration.

In a letter to the California Department of Food and Agriculture, the European Union warned that the standards would be burdensome and confusing for consumers.

"The EU remains deeply concerned about possible implications to trade in the short and long term," wrote João Vale de Almeida, the EU ambassador to the U.S. "Potential trade effects should be carefully considered by the California Department of Food and Agriculture."

A spokesman for the California agency said its marketing branch would issue a recommendation about the standards as early as mid-September. The department can then choose to adopt, reject or make some of the standards effective, he said.

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EU expands Tunisian olive oil imports ahead of trade talks

Borderlex.eu (http://www.euractiv.com/content-providers/borderlexeu)
by Iana Dreyer (http://www.euractiv.com/authors/iana-dreyer)

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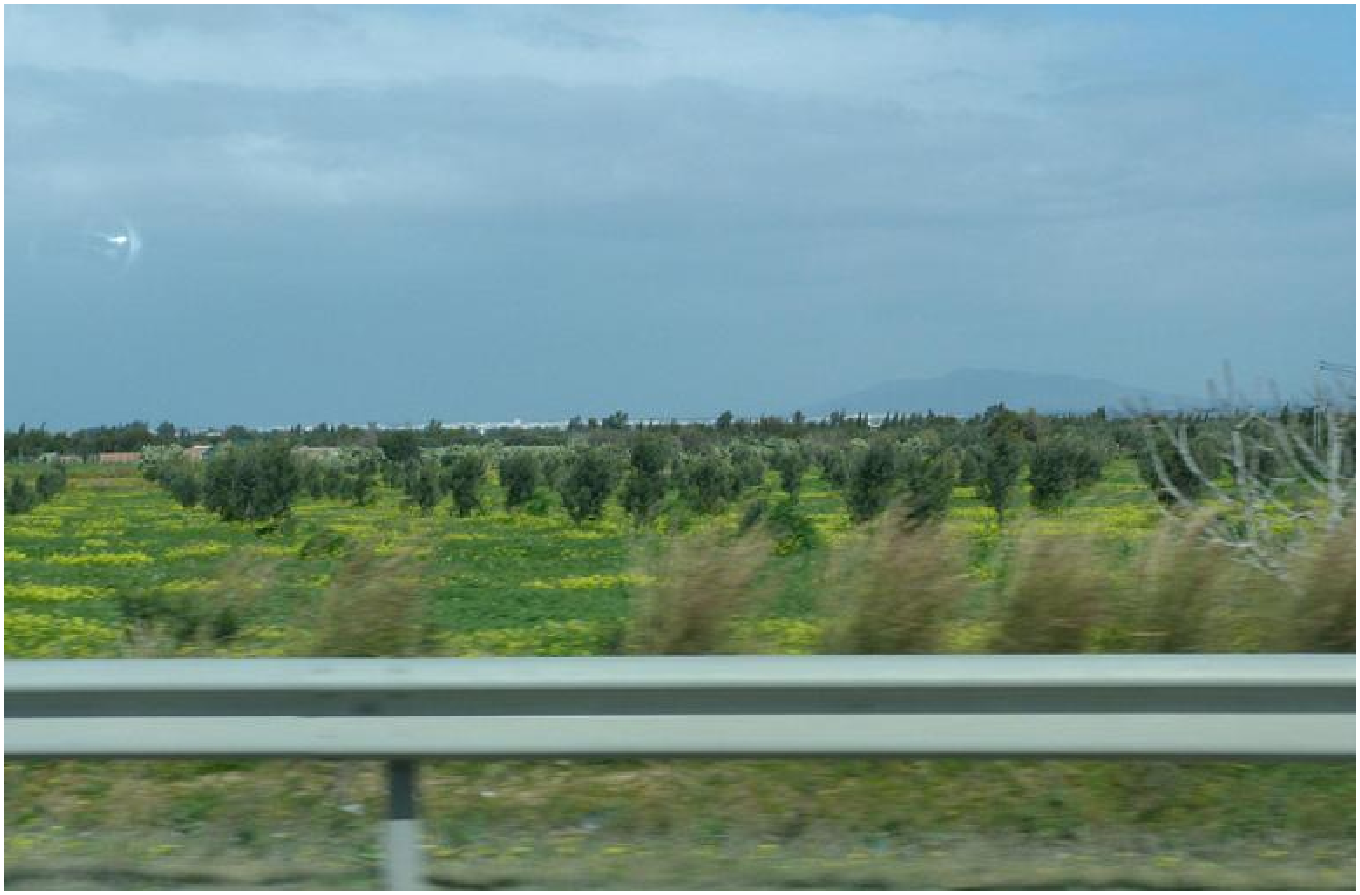

Tunisian olive grove. Sousse to to Tunis highway, 2012. [Rusty Clark/Flickr] (https://www.flickr.com/photos/rusty_clark/7008642381/in/photolist-bFk8cK)

With its announcement on Thursday (17 September) that it is expanding its import quota of olive oil from Tunisia, the European Union signaled it is preparing for fresh trade talks with the North African country. Borderlex reports. (http://www.borderlex.eu/next-dcfta-tunisia/)

The EU and Tunisia will launch negotiations towards a 'deep and comprehensive free trade agreement' (DCFTA) in October 2015. A Commission decision on 17 September to expand an import quota on olive oil originating from the North African country shows the bloc is already preparing to open up to Tunisian agricultural products. But it is not clear how far it will be able to go down that path.

In 2011, the EU's response to Tunisia's democratisation process included an offer to launch negotiations towards a DCFTA. Four years later, both parties are finally getting started. Brussels and Tunis seek to update a 1998 free trade pact included their current Association Agreement. The latter is part of a series of Euromed agreements the EU signed with North African and Middle Eastern countries in the mid-1990s. Economists have criticised these agreements for not opening up

European markets sufficiently to meet North African export needs, and for not reducing key trade and investment barriers in these countries, notably in the services sector.

An EU-Tunisian DCFTA would address many of these shortcomings. DCFTAs are agreements initially offered to Europe's eastern partners Ukraine, Georgia, Moldova and Armenia. In contrast to standard European free trade agreements, DCFTAs require partners to align part of their legislation, and technical and sanitary standards with those of the EU. Though DCFTAs go very far in liberalising trade, they do not throw open markets immediately, let alone fully. Existing DCFTAs so far provide for transition periods and maintain import barriers in very sensitive products.

A key political challenge in the EU is to satisfy the demands of its North African partners, while managing resistance to import competition by Southern European farmers. So far, these have fought hard to maintain high barriers to imports of Mediterranean produce. The 1998 Association Agreement with Tunisia maintains import quotas on products like tomatoes, cucumbers, aubergines, peas, oranges and mandarins - and olive oil. However, the EU's high barriers to agricultural trade have complicated its political relationships with North African partners.

EU strategists believe the bloc must make an effort and open its agricultural markets quickly in a period of high political turbulence in the region.

>>Read: EU leaders march in Tunis in solidarity against Islamist militants (http://www.euractiv.com/sections/global-europe/eu-leaders-march-tunis-solidarity-against-islamist-militants-313368)

"What [North African countries] need - if we really want to help them – are immediate market openings in relatively few products where they have a competitive advantage. And these are mostly agricultural products where there is strong vested interests on the EU side," Michael Leigh, Senior Advisor to the German Marshall Fund told Borderlex (http://www.borderlex.eu/enp-overhaul-dcftas-still-good-idea-michael-leigh-shares-views/), in April 2015.

DCFTAs involve a cumbersome negotiation process that can take years. DCFTA negotiations launched with Morocco in 2013 are currently on hold.

The EU is ostensibly trying to send a signal of commitment to Tunisia, the only country that has successfully managed its democratic transition after the 2011 Arab Spring, but which has recently been rattled by terrorist attacks. Today, the Commission announced "a unilateral annual duty free tariff rate quota of 35,000 tonnes for Tunisia's exports of olive oil to the EU, in addition to the existing 56,700 tonnes under the [1998] EU-Tunisia Association Agreement". The measure will be in place until 2017.

EU foreign policy chief Federica Mogherini said: "Exceptional times call for exceptional measures. Today's proposal is a strong signal of EU solidarity with Tunisia. Tunisia can count on the EU's support in such a difficult time."

Arnaud Petit, director for bilateral free trade agreements at the agricultural producer association Copa Cogeca in Brussels told Borderlex that increasing imports from Tunisia could put further downward pressure on olive oil prices in Europe. This would add to the current problems of producers in Spain and Italy, who are already facing challenges to their business because of the olive tree desease caused by the bacterium *Xylella fastidiosa.*

With the Commission's announcement today "there is likely to be major worries in Italy and Spain", Petit said. He also added that increasing imports from Tunisia could lead to further risks of illegal olive oil mixtures leading to lower quality standards, which is already a widespread problem in Europe. Petit questions whether Tunisia's administration can implement adequate controls.

>>Read: EU to rush trade deal with Tunisia as 'exodus' continues (http://www.euractiv.com/global-europe/eu-rush-trade-deal-tunisia-exodu-news-502150)

Olive oil is Tunisia's eighth most important export product after wires & cables, electrical equipment, textiles, garments, and petroleum. In 2013, it exported € 570 million worth of olive oil. The EU mostly imported machinery products (€ 3.5 billion in 2014) and textiles and clothing (€ 2.4 billion) from Tunisia.

The North Africa country is a small market for European exporters. Yet it offers opportunities for European agricultural exporters and investors.

"Tunisia has an excellent climate for certain seeds and for reproduction of seeds such as rapeseed," Petit explained. Tunisia is also an interesting market for European white meat and wheat, which currently face trade barriers there.

Tunisia unilaterally eliminated most import tariffs on EU industrial imports in 2008. However it has hardly committed to liberalising its services sector in any international trade agreements, be it in the World Trade Organization or in its Association Agreement with the EU.