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Mr Wolfgang Burtscher
Director-General
DG AGRI
European Commission
200, rue de la Loi
B-1000 Brussels

Brussels, 20 May 2020

Re: Impact of Covid 19 on the olive oil and table olives markets

Dear Director-General,

Olive oil is one of the most important agri-food sectors in the European Union: European countries produce two in three bottles of the olive oil consumed worldwide. Unfortunately, since the beginning of 2019, the olive oil sector has been suffering from one of the most severe price crises in history. Indeed, hundreds of thousands of olive farms risk having to abandon their activities due to a lack of profitability. Due to ample beginning stocks, overall availabilities remain high and continue to exert pressure on prices.

The United States' imposition of tariffs on imports of bottled olive oil of Spanish origin has made the situation even worse, weakening the global demand for EU olive oil. The EU exports 226 thousand tonnes of table olives and 541 thousand tonnes of olive oil. The slowdown in exports, which are expected to drop by 8% compared to the previous year, has resulted in larger surpluses. This has led to an even greater collapse in prices throughout Europe. In addition to this already dramatic situation, the COVID-19 crisis is having an enormous impact on international markets. Despite the encouraging numbers recorded in the large-scale distribution channels, the closure of the HORECA channel triggered a drop in sales, mainly affecting high-value products. The lockdown measures adopted by national governments to try to prevent the spread of COVID-19 have also severely affected tourism. For olive growers, the abrupt halt to tourism is a major cause for concern. *Olive oil tourism*, which has grown in popularity over the past few years, generates additional and diversified income for farmers, while also preventing rural depopulation. In light of this, it is absolutely essential to adopt measures to alleviate the serious market disruption that the sector is facing and to put to good use the urgent measures that the European Commission has been adopting in support of the agricultural sector. It is indispensable to include the olive oil sector in these measures so as to guarantee its viability. Such measures should be financed with budget coming from outside the CAP budget.

We believe that the following measures should be urgently addressed:

Market management tools

- There is an urgent need to activate a new private storage aid for the three categories of olive oil (extra virgin, virgin and lampante olive oil) given the persistent negative price situation in the main producing countries, where prices are falling below the reference thresholds laid down in Article 7 of Regulation 1308/2013. The private storage aid that was recently activated with four tendering procedures from November 2019 to February

2020, only partially alleviated the market imbalances. With the impact of the COVID-19 crisis, prices continue to fall and there is high risk of further market disruptions.

- The private storage mechanism in the CMO needs to be reinforced so that it can be activated at higher prices than those currently provided for, which are outdated, and in sufficient volumes to contribute effectively to price recovery. Instead of having tenders, prices should be known in advance to allow for a better evaluation by operators.
- Producer organisations (POs) and associations of producer organisations (APOs) should be given adequate flexibility to manage the support programmes for olive oil and table olives.
- Olive oil should be included in Article 167 of Regulation 1308/2013 (CMO).
- Interbranch organisations should be allowed to adopt agreements on product withdrawal, by extension of rules.
- Alternative uses to human consumption for olive-pomace oil, such as, industrial, biodiesel or animal feed uses, should be promoted. If pomace oil is destined for these alternative uses, producers should receive a subsidy that encourages channelling pomace oil into alternative value chain uses and that reflects its value.

Supporting quality and preventing fraud

It is important to encourage and support quality, promoting the different segments of extra virgin olive oil (PDO, PGI, monovarietal, organic or produced with distinctive nutritional benefits) and thus enable farmers and cooperatives to achieve higher margins in the supply chain. It is also necessary to implement efficient quality control mechanisms at EU level that offer consumers greater reassurance, improve the image of the product and provide more legal certainty to companies. In order to guarantee such efficiency, real-time traceability systems should be implemented at all stages of the supply chain.

Supporting demand

Given the current international context, the domestic EU markets and producing countries will play a key role in boosting the EU olive oil consumption. Promotion should be fully supported and more economic resources should be earmarked for this purpose in a bid to increase consumption and open new markets. Support should be granted to POs, APOs or interbranch organisations involved in internationalisation processes and sales incentives in all distribution channels currently open to the public, high-value products, PDOs and PGIs included, should be offered.

The sector is in a critical situation, one that cannot be prolonged any further. Indeed, the potential damage of this crisis to all levels of the food chain risks spelling the end of a sector that is essential to the economy of the countries in the Mediterranean basin.

In light of the unprecedented situation that the European olive oil sector is experiencing, we hope that you will take into account the arguments put forward by Copa and Cogeca.

We remain at your disposal should you have any additional questions or wish to discuss any details.

Yours faithfully,

Pekka Pesonen
Secretary General