

AN-ADC-172

**Supporting
Egypt's
Processed
Foods
Export
Industry**

**USA Import
Market for
Olive Oil
and Olive
Oil Products**

**Prepared By
Agriculture-Led
Export
Businesses
(ALEB)**

July 2000

**Funded by
U.S. Agency for
International
Development**

**USAID/Egypt
RP 0264
Under Contract No:
263-C-00-99-00011-00
USAID Cognizant**

**Technical Office:
USAID/Egypt/EG/ED
CTO: Mr. Tarek Shata**

**Researched and Written by
Hilton P. Settle**

ALEB Short Term Technical Advisor

For Abt Associates Inc.

Under the Direction of

**Douglas A. Anderson, MBA - Director/Business Development Services
Manal Karim, Ph.D. – Co-Director/ Business Development Services**

**With Research, Editing and Contributions by
Douglas A. Anderson**

TABLE OF CONTENTS

Heading	Page
Acronyms	ii
Executive Summary	iii
USHTS Code Product Tariff Classification Description	1
CIF values of U.S. imports during CY 1999	2
Worldwide Olive Oil Facts	2
Charts	
World Olive Oil Imports 1999	3
World Olive Oil Exports 1999	3
Major Suppliers of Olive Oil and Olive Oil Products to the U.S. Market	
Italy	4
Table 1. US Imports of Olive Oil & Olive Oil Products From Italy	6
Spain	7
Table 2. US Imports of Olive Oil & Olive Oil Products From Spain	8
Turkey	9
Table 3. US Imports of Olive Oil & Olive Oil Products From Turkey	10
Greece	11
Table 4. Monthly prices received by Greek farmers for the Extra and Lampante 3 ^o grades (in 1998 and 1999), in US Dollars per kilogram	12
Table 5. US Imports of Olive Oil & Olive Oil Products From Greece	13
Morocco	14
Table 6. US Imports of Olive Oil & Olive Oil Products From Morocco	15
Tunisia	16
Table 7. US Imports of Olive Oil & Olive Oil Products From Tunisia	18
Egypt	19
Recommendations & Conclusions	19
Table 8. US Import Prices of Olive Oil Products in Containers Weighing More Than 18 Kg, By Country	20

List of Acronyms

CAP	Common Agricultural Policy (of the European Union)
CIF	Cost, Insurance, Freight (export term for a landed cost)
CY	Calendar Year
Drs	Drachmas (currency unit of Greece)
ECU	European Currency Unit (referred to now as the "Euro")
EU	European Union
FAS	Foreign Agricultural Service (a department of United States Department of Agriculture)
FOB	Freight On Board (export term that gives the cost of the product ex-factory and loaded on board but does not include the cost of freight to get the product to its destination)
HRI	Hotel, Restaurant and Institutional trade
IOOC	International Olive Oil Council
Kg	kilogram
KG	Kilogram
MT	Metric Ton
MY	Mid Year
OPE	Organization for the Promotion of Exports (a Greek organization)
TD	Tunisian Dinar (Tunisian currency unit)
US	United States
U.S.	United States
USD	United States Dollar
USHTS	United States Harmonized Tariff System

Executive Summary

Consumer demand for olive oil continues to grow in the United States with a twenty percent growth in consumption per annum. While California olive growers produce over ninety-nine percent (99%) of the United States domestic olive oil – 325,000 US gallons – they provide less than one percent (1%) of total US consumption and less than one tenth of one percent (.1%) of total worldwide production. The US imports twenty-nine percent (29%) of the olive oil that is in international transit.

In 1999 the United States imported \$368.2 million of olive oil and olive oil products. Total quantities of these product imports into the U.S. market have increased 44% in the last three years to annual levels in excess of 162,000 metric tons.

The U.S. imports from Italy, which supplied almost 68 percent of the total trade in these products, dominate the olive oil and olive oil products market. In 1999, the U.S. imported almost 110,000 MT of olive oil and olive oil products from Italy, with a CIF value of almost \$249.5 million.

Spain is the second leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of Spanish olive oil products during 1999 totaled almost 22,500 MT with a CIF value of about \$59.1 million, for a market share of 16 percent.

Turkey is the third leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of Turkish olive oil products during 1999 totaled almost 16,500 MT with a CIF value of about \$30.8 million, for a market share of 8 percent.

Greece is the fourth leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of Greek olive oil products during CY 1999 totaled 3,119 MT with a CIF value of about \$9.3 million, for a market share of 2.5 percent.

Morocco is the fifth leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of olive oil products from Morocco during CY 1999 totaled 6,434 MT with a CIF value of about \$7.6 million, for a market share of 2 percent.

Tunisia is the sixth leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of olive oil products from Tunisia during CY 1999 totaled 2,245 MT with a CIF value of \$5 million, for a market share of 1.4 percent.

Over the five-year period from 1995 through 1999, Egypt's only olive oil shipments to the U.S. market occurred in 1998. In that year, the U.S. imported slightly more than 4 MT of refined olive oil from Egypt, valued at only \$13,000 in CIF terms.

Due to the dominance of Italian exports of retail pack consumer ready olive oil products to the U.S. market, and the high cost of successfully entering this market segment, it is recommended that Egyptian olive oil exporters initially concentrate on penetrating the institutional market.

This is a market segment that is at least \$60 million in size that may present opportunities for Egyptian olive oil exporters if they can meet the price and quality requirements of this segment. Major suppliers of institutional size (in containers weighing more than 18 kilograms) olive oil products to the U.S. market are: (1) Turkey with exports of \$20.9 million; (2) Spain (\$19.7 million); (3) Italy (\$13.4 million); (4) Morocco (\$7.6 million); and (5) Tunisia (\$4.2 million).

Egyptian prices will need to be competitive with those of these major five supplying countries listed above, with particular attention to Turkish prices. Turkey is the major exporter of institutional size olive oil products to the U.S., and the average CIF import prices of their olive oil products shipped to the U.S. market during 1999 were the lowest of all major suppliers for all the various olive oil products, except for olive-residue oil and blends of olive-residue oil and olive from Morocco.

In discussions with a trade contact who had until recently been involved in building a market in the U.S. for a Greek olive oil company, it was learned that the U.S. olive oil market is extremely competitive and price sensitive. This trade contact agreed with the initial focus of concentrating on food service distributors, but also highly recommended that Egyptian exporters not only be competitive on price, but be in a position to offer lower prices than the competition in order to get started in the U.S. olive oil market.

The trade contact also recommended that Egyptian exporters take a look at the olive oil blends market, which according to him, is a very large volume market on the institutional side. Popular blends are olive oil with either canola or safflower oils, with the olive oil portion consisting of 10 to 20 percent of the blended oil product.

Egyptian olive oil companies need to also be aware that in addition to stiff competition from other competitor countries, many of these countries are also actively trying to promote their olive oil exports through government-funded marketing programs or export subsidies.

U.S. Import Market for Olive Oil and Products

Citing health benefits and preferential tastes including flavored olive oils, consumer demand for olive oil continues to grow in the United States. Yet US olive oil production only supplied 325,000 US gallons or 700 short tons in 1998, of which 130,000 gallons/280 tons were extra virgin olive oil. While California olive growers produce over ninety-nine percent (99%) of the United States domestic olive oil, they provide less than one percent (1%) of total US consumption and less than one tenth of one percent (.1%) of total worldwide production. US domestic olive oil consumption in 1998 approached 350 million pounds, or 175,000 tons. The US imports twenty-nine percent (29%) of the olive oil in international transit and growth trends in US consumption reflect a twenty percent (20%) increase each year.

According to calendar year (CY) 1999 import statistics, U.S. imports of olive oil and olive oil products totaled \$368.2 million (CIF value) last year, up slightly from the CY 1998 level of \$365.2 million. This level of import trade in olive oil and olive oil products was also the same as that of CY 1995, though this trade surged dramatically in CY 1997 and 1998 to levels of \$451.7 million and \$485.2 million, respectively, in terms of CIF value. This was due primarily to higher average CIF import prices.

Total quantities of olive oil and olive oil product imports into the U.S. market have increased the last three years to annual levels in excess of 162,000 metric tons (MT), up from almost 113,000 MT in CY 1996 and 122,000 MT in CY 1995.

U.S. imports of olive oil and olive oil products are classified under the U.S. Harmonized Tariff Schedule into seven different categories, as follows:

<u>USHTS Code</u>	<u>Product Tariff Classification Description</u>
1509102000	Olive Oil and Its Fractions, Virgin, Weighing With the Immediate Container under 18 KG, Not Chemically Modified
1509104000	Olive Oil and Its Fractions, Virgin, Weighing with the Immediate Container 18 KG or More, Not Chemically Modified
1509902000	Olive Oil and Its Fractions, Refined, Weighing With the Immediate Container under 18 KG, Not Chemically Modified
1509904000	Olive Oil and Its Fractions, Refined, Weighing with Immediate Weighing with Immediate Container 18 KG or More, Not Chemically Modified
1510002000	Olive-Residue Oil And Blends Of Olive Oil And Olive-Residue Oil, And Their Fractions, Not Chemically Modified, Rendered Unfit For Use As Food
1510004000	Olive-Residue Oil & Blends Of Olive Oil & Olive-Residue Oil, And Their Fractions, Not Chemically Modified, Edible, Weighing Under 18 KG With Container
1510006000	Olive-Residue Oil & Blends Of Olive Oil & Olive-Residue Oil, And Their Fractions, Not Chemically Modified, Edible, Weighing 18 KG Or More With Container

The two largest categories of import trade on the U.S. market are for virgin olive oil in containers weighing less than 18 kilograms and refined olive oil also in containers weighing less than 18 kilograms. This represents a CIF value of imports totaling \$145.8 million and \$144.1 million, respectively, during CY 1999. These two categories therefore account for 79 percent of total U.S. imports of olive oil and olive oil products, based on CY 1999 CIF values.

The total CIF values of U.S. imports during CY 1999 are given below, according to the above listed seven tariff classification categories.

<u>USHTS Code</u>	<u>Product Description</u>	<u>1999 Imports (\$1000 CIF)</u>
1509102000	Olive Oil, Virgin, Container < 18 KG	\$145,827
1509104000	Olive Oil, Virgin, Container > 18 KG	40,825
1509902000	Olive Oil, Refined, Container < 18 KG	144,120
1509904000	Olive Oil, Refined, Container > 18 KG	23,331
1510002000	Olive-Residue Oil and Blends of Olive Oil Rendered Unfit for Use as Food	3
1510004000	Olive-Residue Oil & Blends of Olive Oil Container < 18 KG	9,076
1510006000	Olive-Residue Oil & Blends of Olive Oil Container > 18 KG	<u>4,894</u>
	TOTAL	\$368,176

It was assumed for the purposes of this initial analysis that the trade in olive oil and olive oil products in containers weighing less than 18 kilograms is made up of consumer ready retail size products. And those olive oil and olive oil products packed in containers weighing more than 18 kilograms are institutional size products intended for the hotel, restaurant and institutional (HRI) trade. But in discussions with a contact who until recently had been involved with importing Greek olive oil, it was learned that imports of olive oil products in containers less than 18 kilograms also go into the institutional trade. This is validated by "The Olive Oil Source" website, which claims that consumption channels in the United States are broken down as follows: retail sales - 45%; food service sector - 50%; commercial ingredient sector - 5%. Accordingly, forty-three percent (43%) - almost \$125 million - of olive oil in containers less than 18 kilograms are used in the HRI and ingredient sectors.

Worldwide Olive Oil Facts

The annual worldwide olive oil production in 1998 was four hundred sixty-five million US gallons. Worldwide olive oil consumption exceeded production by twenty-six million US gallons. The average annual world olive oil consumption over the last thirty years is 1,465,000 metric tons. The largest producers worldwide are Spain, Italy, Greece, Portugal, Tunisia, Turkey and Syria. According to the International Olive Oil Council

(IOOC) in December 1999 the estimated production of the top producers for 1999-2000 year in (1.000 metric tons) is:

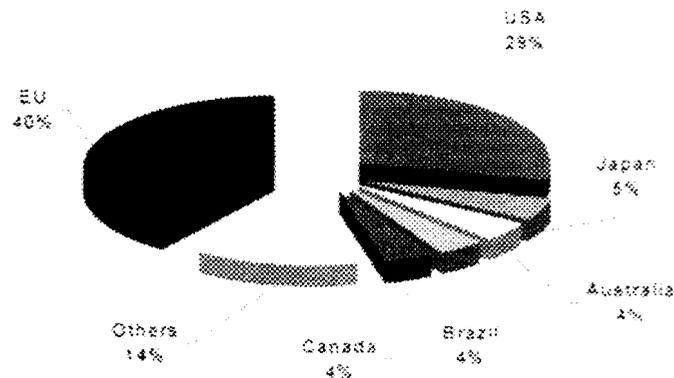
Country	EU	Tunisia	Syria	Turkey	Morocco	Jordan	Palestine	Libya
1000MT	1.563	200	80	70	40	25	7	7

Other producing countries account for the following:

Country	Argentina	Lebanon	Cyprus	Israel	USA	Other
1000MT	5.5	5.0	3.5	1.5	1.0	16.0

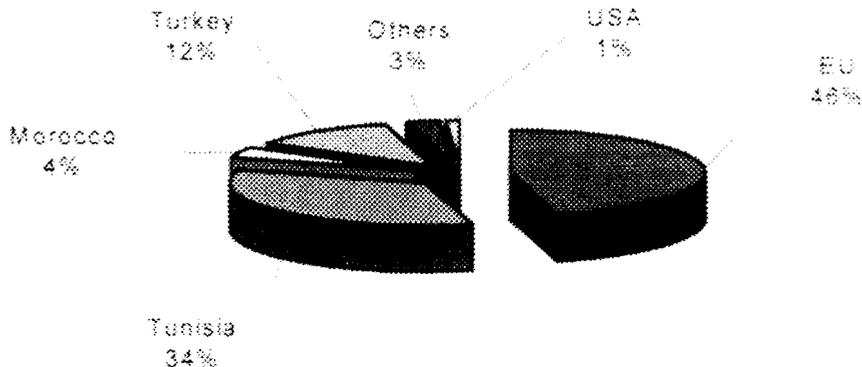
Of the olive oil production in international transit, the European Union accounted for most of the world's imports and exports, reflecting a thriving and dynamic trade of exchange between EU countries (intra-EU), but also considerable trade between the EU and other producing countries (extra-EU). It is known, for example, that Tunisia, Turkey and Morocco, as well as Egypt export olive oil to Spain, Italy and Greece where the oil, sometimes superior in grade, is blended and packaged with the importing country's oil. It is then sold under that respective country's label as the source of origin.

WORLD OLIVE OIL IMPORTS 1999



Source: The Olive Oil Source

WORLD OLIVE OIL EXPORTS 1999



Source: The Olive Oil Source

Major Suppliers of Olive Oil and Olive Oil Products to the U.S. Market

Italy

The U.S. import market for Italy, which supplied almost 68 percent of the total trade in these products, dominates olive oil and olive oil products. During CY 1999, the U.S. imported almost 110,000 MT of olive oil and olive oil products from Italy, with a CIF value of almost \$249.5 million. Most of this trade is in refined olive oil in containers weighing less than 18 kilograms and virgin olive oil in containers weighing less than 18 kilograms, which together totaled \$229 million in CIF value during CY 1999.

Table 1 below shows total U.S. imports of olive oil and olive oil products, by USHTS code, from Italy during CY 1995—1999, as well as CY 1999 average CIF import prices and market share.

According to the Annual Oilseeds Report from the FAS office in Italy (#IT0019 dated 12 June 2000), olive oil production for 1999/2000 is unofficially estimated at 614,000 tons (including some 35,000 tons of olive residues oil), or 23 percent larger than in 1998/99, an "off" year in the production cycle. Weather conditions in 1999 were generally good in all the leading production areas, except a continued drought created some problems, particularly in Sardinia where olive dropping was reported, and Sicily. The largest crop increases from 1998 were reported in Calabria (+62 percent) and Apulia (+45 percent) while in central Italy, where the quality of the production is generally better than in the south, the fluctuations of the crop are usually lower.

Preliminary indications for the 2000/01 olive oil crop are still uncertain. Being an "off" year, output is expected to be close to the 1998/99 level, but weather conditions in the summer months can still affect the total production volume and quality.

Domestic olive oil consumption is anticipated to remain virtually unchanged both in MY 1999/2000 and in 2000/01. According to ISMEA, 1998/99 Italian farm gate prices for olive oil averaged 11 percent more than the previous year because of relatively low domestic supplies. During the first months of 1999/2000, the Italian olive oil market benefited from drastically reduced sales by the local grower cooperatives in Spain who were trying to improve their market situation which was dominated by large stocks. Domestic per capita olive oil consumption is stable at about 11/12 kilograms, while that of seed oil is also unchanged at about 13 kilograms.

In 1998/99, despite the lower domestic crop, Italian olive oil imports were only marginally larger than in the previous year because of the large carry over stocks from record production in 1997/98. The leading supplier was Greece, with about 45 percent of the total, while Spain reduced drastically its sales into the Italian market as mentioned above. Most of this product is virgin olive oil that is blended with Italian oil and sold under Italian labels in both the domestic and the export markets.

Huge levels of temporary imports, mainly coming from Turkey and Tunisia distort trade figures for the Italian product, which are processed locally and/or blended with other olive oils and then re-exported. Italian imports from Tunisia are regulated by a bilateral agreement with the EU, which provides for an annual quota of 46,000 tons that can be imported at a reduced duty rate.

Italian olive oil exports continue to grow, reaching a new record high level of over 239,000 tons in 1998/99, although much of this includes blended products containing a large share of non-Italian olive oils. The major outlet remains the U.S. (36 percent of the total), followed by some EU countries, Japan, Canada, and Australia.

As reported last year, the 1996 Common Agricultural Policy (CAP) for the olive oil sector fixes a Maximum Guaranteed Quantity for Italy of 543,164 tons, which is a level between a normal crop in an "off" year and "on" year. The current policy will possibly be revised in 2001, but Italian farmers want to maintain the aid per tons, as opposed to aid per tree as preferred by the Spanish.

Table 1. US Imports of Olive Oil and Olive Oil Products from Italy, by USHTS Product Codes, CY 1995-1999, with 1999 Market Share and Average CIF Prices

USHTS Code	Product Description	Country	CY 1999 CIF \$1,000	CY 1998 CIF \$1,000	CY 1997 CIF \$1,000	CY 1996 CIF \$1,000	CY 1995 CIF \$1,000	1999 Market Share CIF Value	CY 1999 KG	Average 1999 CIF Price \$/KG
1509102000	Virgin Olive Oil, Containers < 18 KG	Italy	\$112,792	\$114,972	\$134,664	\$130,192	\$92,978	77.35%	43,181,737	\$2.61
1509104000	Virgin Olive Oil, Containers > 18 KG	Italy	\$5,331	\$7,678	\$11,991	\$7,384	\$7,917	13.06%	2,162,926	\$2.46
1509902000	Olive Oil, Refined Containers < 18 KG	Italy	\$116,242	\$126,361	\$171,233	\$200,244	\$148,166	80.66%	65,366,034	\$2.10
1509904000	Olive Oil, Refined Containers > 18 KG	Italy	\$6,789	\$6,664	\$9,403	\$12,933	\$12,113	16.63%	3,547,819	\$1.91
1510002000	Olive-Residue Oil & Blends, Unfit for Food	Italy	\$3	\$0	\$4	\$0	\$0	100.00%	1,000	\$2.76
1510004000	Olive-Residue Oil & Blends of Olive Oil, Containers < 18 KG	Italy	\$7,000	\$4,363	\$3,437	\$2,480	\$1,370	77.13%	4,808,845	\$1.46
1510006000	Olive-Residue Oil & Blends of Olive Oil, Containers > 18 KG	Italy	\$1,322	\$675	\$1,234	\$1,074	\$276	26.47%	895,323	\$1.48
Subtotal Italy			\$248,478	\$260,943	\$331,998	\$364,317	\$262,842	67.76%	109,963,764	

Source: STAT-USA®/Internet™, a service of STAT-USA®, U.S. Department of Commerce, compiled by ALEB.

Spain

Spain is the second leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of Spanish olive oil products during CY 1999 totaled almost 22,500 MT with a CIF value of about \$59.1 million, for a market share of 16 percent.

Major olive oil products shipped by Spain to the U.S. market are virgin olive oil (\$19.8 million) and refined olive oil (\$19.5 million) in containers weighing less than 18 kilograms. Spain also ships these products in containers weighing more than 18 kilograms, with trade valued at \$16.5 million for virgin olive oil and \$3.6 million for refined olive oil.

Table 2 below shows total U.S. imports of olive oil and olive oil products, by USHTS code, from Spain during CY 1995—1999, as well as CY 1999 average CIF import prices and market share.

According to the Annual Oilseeds Report from the FAS office in Spain (#SP0022 dated 31 May 2000), total olive oil production in MY 1999/00 dropped almost 13 percent to 650,000 MT because of persistent dryness. Due to price rises associated with this fall in production, domestic consumption also has fallen in recent years to an estimated 520,000 MT during MY 99/00. Also as a result of these high domestic prices, Spanish imports of olive oil last year also increased to 111,000 MT, with 60,000 MT coming from Tunisia, 22,000 MT from Turkey and 26,000 MT from other EU countries. Total Spanish exports of olive oil also dropped 35 percent to 264,000 MT.

The olive oil crop in MY 2000/01 is currently projected to be a bumper crop of about 1 million MT due to this year's better moisture conditions. Exports are projected to rebound to 375,000 MT, while imports are expected to drop to a more normal level of 30,000 MT.

The EU olive oil sector is scheduled to be reformed again as the 1998 reform ends in MY 2000/01. Spain has a production quota of 760,000 tons, representing 43 percent of the overall EU quota.

Below is a price table that shows the evolution in olive oil prices during the last five years (retail prices in pesetas/USD/EL (Egyptian Pound)* per 1 liter bottle).

Period	May 00	May 99	May 98	May 97	May 96
ESP/1 liter	389 - 595	429 - 589	289 - 655	387 - 599	695 - 815
USD/1 liter	2.19 - 3.35	2.42 - 3.20	1.63 - 3.69	2.18 - 3.38	3.92 - 4.59
EL/1 liter	7.50 - 11.47	8.26 - 10.93	5.57 - 12.60	7.45 - 11.54	13.40 - 15.68

* Exchange rates are current - July 2000 - from Bloomberg Business News, not adjusted for inflation or exchange fluctuations over the past five years.

Table 2. US Imports of Olive Oil and Olive Oil Products from Spain, by USHTS Product Codes, CY 1995-1999, with 1999 Market Share and Average CIF Prices

USHTS Code	Product Description	Country	CY 1999 CIF \$1,000	CY 1998 CIF \$1,000	CY 1997 CIF \$1,000	CY 1996 CIF \$1,000	CY 1995 CIF \$1,000	1999 Market Share CIF Value	CY 1999 KG	Average 1999 CIF Price \$/KG
1509102000	Virgin Olive Oil, Containers < 18 KG	Spain	\$19,832	\$20,442	\$18,988	\$21,488	\$18,184	13.60%	7,425,113	\$2.67
1509104000	Virgin Olive Oil, Containers > 18 KG	Spain	\$16,048	\$16,358	\$17,827	\$21,188	\$12,570	68.77%	8,755,850	\$2.79
1509902000	Olive Oil, Refined Containers < 18 KG	Spain	\$19,451	\$17,048	\$18,973	\$18,881	\$18,198	13.60%	7,887,888	\$2.57
1509904000	Olive Oil, Refined Containers > 18 KG	Spain	\$3,828	\$2,213	\$3,541	\$3,238	\$3,223	15.54%	1,828,013	\$2.23
1510002000	Olive-Residue Oil & Blends, Unfit for Food	Spain	\$0	\$0	\$0	\$0	\$0	0.00%	0	NA
1510004000	Olive-Residue Oil & Blends of Olive Oil, Containers < 18 KG	Spain	\$128	\$288	\$129	\$0	\$0	1.38%	64,378	\$1.94
1510006000	Olive-Residue Oil & Blends of Olive Oil, Containers > 18 KG	Spain	\$20	\$28	\$18	\$0	\$0	0.40%	14,584	\$1.37
Subtotal Spain			\$69,099	\$69,362	\$69,272	\$64,867	\$48,145	18.88%	22,455,804	

Source: STAT-USA@Internet™, a service of STAT-USA®, U.S. Department of Commerce, compiled by ALEB.

Turkey

Turkey is the third leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of Turkish olive oil products during CY 1999 totaled almost 16,500 MT with a CIF value of about \$30.8 million, for a market share of 8 percent.

Major olive oil products shipped by Turkey to the U.S. market are refined olive oil (\$10.7 million) and virgin olive oil (\$10 million) in containers weighing more than 18 kilograms. Turkey also ships these products in containers weighing less than 18 kilograms, with trade valued at \$4.8 million for refined olive oil and \$3.9 million for virgin olive oil.

Table 3 below shows total U.S. imports of olive oil and olive oil products, by USHTS code, from Turkey during CY 1985—1999, as well as CY 1999 average CIF import prices and market share.

According to the Annual Oilseeds Report from the FAS office in Turkey (#TU0015 dated 31 March 2000), Turkish olive oil production during MY 2000/01 is projected to rebound to an estimated 180,000 MT, after an "off" year in 1999/2000. Olive oil exports are projected to double to 60,000 MT, but this level will still be below the 103,000 MT exported during MY 1998/99. Major export destinations were Italy (43,187 MT), Spain (32,741 MT) and the U.S. (12,458 MT).

This record high export level was largely due to a program announced by the Government of Turkey during MY 1998 which paid a US\$0.40 per kilogram bonus for olive oil production and increased the export subsidy to US\$200/MT for packed and branded olive oil exports. A similar export support program was announced for MY1999, which could stimulate imports of olive oil for refining and export. The current export price of bulk, refined olive oil is about US\$1,900 per MT FOB Turkey.

Table 3. US Imports of Olive Oil and Olive Oil Products from Turkey, by USHTS Product Codes, CY 1995-1999, with 1999 Market Share and Average CIF Prices

USHTS Code	Product Description	Country	CY 1995 CIF \$1,000	CY 1996 CIF \$1,000	CY 1997 CIF \$1,000	CY 1998 CIF \$1,000	CY 1999 CIF \$1,000	1999 Market Share CIF Value	CY 1999 KG	Average 1999 CIF Price \$/KG
1509102000	Virgin Olive Oil, Containers < 18 KG	Turkey	\$3,880	\$1,124	\$3,573	\$3,577	\$5,612	2.66%	1,777,779	\$2.18
1509104000	Virgin Olive Oil, Containers > 18 KG	Turkey	\$9,999	\$4,322	\$7,599	\$2,138	\$1,276	24.49%	5,277,953	\$1.89
1509902000	Olive Oil, Refined Containers < 18 KG	Turkey	\$4,803	\$4,931	\$4,128	\$8,082	\$7,877	3.33%	2,248,084	\$2.14
1509904000	Olive Oil, Refined Containers > 18 KG	Turkey	\$10,771	\$7,843	\$13,074	\$11,263	\$15,765	46.17%	6,170,466	\$1.75
1510002000	Olive-Residue Oil & Blends, Unfit for Food	Turkey	\$0	\$0	\$0	\$0	\$0	0.00%	0	NA
1510004000	Olive-Residue Oil & Blends of Olive Oil, Containers < 18 KG	Turkey	\$1,177	\$0	\$0	\$0	\$29	12.97%	843,822	\$1.39
1510006000	Olive-Residue Oil & Blends of Olive Oil, Containers > 18 KG	Turkey	\$120	\$167	\$84	\$0	\$0	2.40%	98,000	\$1.28
Subtotal Turkey			\$30,780	\$18,167	\$28,488	\$25,968	\$30,688	8.38%	16,413,204	

Source: STAT-USA@Internet™, a service of STAT-USA®, U.S. Department of Commerce, compiled by ALEB.

Greece

Greece is the fourth leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of Greek olive oil products during CY 1989 totaled 3,119 MT with a CIF value of about \$9.3 million, for a market share of 2.5 percent.

Major olive oil products shipped by Greece to the U.S. market are virgin olive oil (\$6.8 million) and refined olive oil (\$1.4 million) in containers weighing less than 18 kilograms. Greece also ships these products in containers weighing more than 18 kilograms, with trade in these products valued at \$598,000 for virgin olive oil and \$204,000 for refined olive oil.

According to the Annual Olives Report from the FAS office in Greece (#GR0014 dated 2 June 2000), total olive oil output has shown an increasing trend since 1983, ranging from a low of 280,000 MT in 1985/86 to a maximum 480,000 MT in 1998/99. Annual harvests fluctuate due to the biennial nature of the olive tree. Until the early 90s, olive trees were rarely irrigated and usually grown on farms with poor soils and limited orchard management. With immigrant labor from the former communist countries, olive trees now receive better care and farmers are obtaining higher output. New orchards, developed illegally on public land following forest fires, also are responsible for the increase in production to over 400,000 MT. Estimates by various official sources (Ministry of Agriculture & olive oil cooperatives), show an increase of productive tree numbers from 12.2 million to 13.5 million, which correspond to approximately 761,000 hectares and 890,000 hectares (150-180 trees per hectare).

The blooming stage for olive trees and current weather conditions are both considered excellent. A good harvest is expected for 2000/2001, ranging from 365-375,000 MT (provided weather conditions continue to be favorable). The EU has set the production quota for Greece at 419,000 MT of olive oil.

Total domestic consumption of olive oil is approximately 270,000 - 280,000 MT annually, while exports fluctuate between 130,000 - 150,000 MT per annum, according to output. About 83 percent of the exports go to other EU member states, mainly to Italy (much of which is blended, rebottled and then re-exported). The exported product is mostly in bulk with small quantities packaged in retail packages.

There were no changes for institutional prices for the 1989/2000 period in ECU's. The base producer target price for olive oil in MY 1989/2000 was 383.77 ECU/100 kilograms (1ECU=327.15 Drs in January 1, 1989 and 1ECU=330.35 Drs in January 1, 2000). Production support (or aid) was set at 132.25 ECU/100 kilograms. The intervention price was 175.16 ECU/100 kilograms (for semi-fine 3.3 degrees) and the support for consumption at 12.07 ECU/100 kilograms. Actual producer prices change every month and vary according to quality, grade and period of the year, with higher prices being paid from May-September and lower prices in October. Spain's annual production also influences prices. The following table depicts monthly prices received by Greek farmers for the extra and Lampante 3^o grades (in 1988 and 1989), in US Dollars per kilogram.

Table 4. Monthly prices received by Greek farmers for the Extra and Lampante 3^o grades (in 1998 and 1999), in US Dollars per kilogram

Grade	Sep 98	Oct 98	Nov 98	Dec 98	Jan 99	Feb 99	Mar 99	Apr 99
Extra	2.23	2.35	2.50	2.59	2.26	2.25	2.25	2.24
Lampante 3 ^o	1.55	1.54	1.54	1.55	1.49	1.50	2.01	2.01
Grade	May 99	June 99	July 99	Aug 99	Sept 99	Oct 99	Nov 99	Dec 99
Extra	2.38	2.38	2.40	2.43	2.50	2.49	2.21	2.16
Lampante 3 ^o	2.19	2.12	2.25	2.25	2.25	2.25	1.69	1.68

There are over 4,500 olive crushing facilities in Greece, of which 83 percent are private and 17 percent cooperative. There are over 180 olive oil packaging firms around the country, but only 40 brand names are commercially available in the major food stores. The major brand names are responsible for packaging approximately 120,000 - 150,000 MT annually and are slowly expanding production. Improved packaging facilities are enabling Greek producers and packers to sell more of their olive oil directly into the international markets rather than selling it in bulk to other oil producing countries (i.e., Italy) for repackaging.

Good quality Greek oil is sold to Italy at about 750-950 Dra/Kg FOB (\$ 2.20-2.79) (acidity levels between 0.2-0.3 degrees). Lower quality olive oil is sold at 500-600 Dra/Kg (\$ 1.47-1.76) to the domestic food industry (canning, hydrogenating and fish processing industries). In April and May 2000, Spain sold olive oil, with less than 0.5 acidity, to Italy at very low prices, which equaled to 615 Dra/Kg (1.80/Kg), making the Greek product less competitive.

Outside of the EU, Greece exports a small amount of olive oil to the United States and Japan. The Government of Greece is working to increase this trade through the OPE (Organization for the Promotion of Exports). An amount of 4,165 MT of good quality oil was sold to the U.S. in 1998 with a total value of \$10.0 million (at approximately \$2.4/Kg FOB).

Table 5 below shows total U.S. imports of olive oil and olive oil products, by USHTS code, from Greece during CY 1985—1999, as well as CY 1999 average CIF import prices and market share.

Table 5. US Imports of Olive Oil and Olive Oil Products from Greece, by USHTS Product Codes, CY 1995-1999, with 1999 Market Share and Average CIF Prices

USHTS Code	Product Description	Country	CY 1995 CIF \$1,000	CY 1996 CIF \$1,000	CY 1997 CIF \$1,000	CY 1998 CIF \$1,000	CY 1999 CIF \$1,000	1999 Market Share CIF Value	CY 1999 KG	Average 1999 CIF Price \$/KG
1509102000	Virgin Olive Oil, Containers < 18 KG	Greece	\$6,783	\$7,715	\$9,758	\$8,703	\$4,581	4.85%	2,008,772	\$3.38
1509104000	Virgin Olive Oil, Containers > 18 KG	Greece	\$596	\$477	\$387	\$287	\$267	1.48%	196,295	\$3.04
1509902000	Olive Oil, Refined Containers < 18 KG	Greece	\$1,401	\$1,882	\$2,727	\$3,801	\$3,355	0.97%	623,394	\$2.25
1509904000	Olive Oil, Refined Containers > 18 KG	Greece	\$204	\$537	\$935	\$279	\$1,855	0.87%	71,937	\$2.54
1510002000	Olive-Residue Oil & Blends, Unfit for Food	Greece	\$0	\$0	\$0	\$0	\$0	0.00%	0	NA
1510004000	Olive-Residue Oil & Blends of Olive Oil, Containers < 18 KG	Greece	\$336	\$378	\$596	\$506	\$527	3.70%	218,568	\$1.54
1510006000	Olive-Residue Oil & Blends of Olive Oil, Containers > 18 KG	Greece	\$0	\$118	\$0	\$815	\$0	0.00%	0	NA
Subtotal Greece			\$9,320	\$11,104	\$14,893	\$14,193	\$10,886	2.83%	3,119,067	

Source: STAT-USA®/Internet™, a service of STAT-USA®, U.S. Department of Commerce, compiled by ALEB.

Morocco

Morocco is the fifth leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of olive oil products from Morocco during CY 1989 totaled 6,434 MT with a CIF value of about \$7.6 million, for a market share of 2 percent.

Major olive oil products shipped by Morocco to the U.S. market are virgin olive oil (\$3.6 million) and refined olive oil (\$1.1 million) in containers weighing more than 18 kilograms. Morocco also ships olive-residue oils and blends of olive oil and olive-residue oil in containers weighing more than 18 kilograms, with trade in these products valued at \$2.9 million during CY 1989.

Table 6 below shows total U.S. imports of olive oil and olive oil products, by USHTS code, from Morocco during CY 1985—1989, as well as CY 1989 average CIF import prices and market share.

Table 6. US Imports of Olive Oil and Olive Oil Products from Morocco, by USHTS Product Codes, CY 1995-1999, with 1999 Market Share and Average CIF Prices

USHTS Code	Product Description	Country	CY 1995 CIF \$1,000	CY 1996 CIF \$1,000	CY 1997 CIF \$1,000	CY 1998 CIF \$1,000	CY 1999 CIF \$1,000	1999 Market Share CIF Value	CY 1999 KG	Average 1999 CIF Price \$/KG
1509102000	Virgin Olive Oil, Containers < 18 KG	Morocco	\$0	\$5	\$227	\$0	\$0	0.00%	0	NA
1509104000	Virgin Olive Oil, Containers > 18 KG	Morocco	\$3,609	\$4,004	\$2,977	\$5,993	\$418	8.84%	1,657,366	\$2.18
1509902000	Olive Oil, Refined Containers < 18 KG	Morocco	\$5	\$0	\$0	\$48	\$85	0.00%	671	\$7.45
1509904000	Olive Oil, Refined Containers > 18 KG	Morocco	\$1,097	\$786	\$3,008	\$3,130	\$980	4.70%	666,600	\$1.94
1510002000	Olive-Residue Oil & Blends, Unfit for Food	Morocco	\$0	\$0	\$0	\$0	\$0	0.00%	0	NA
1510004000	Olive-Residue Oil & Blends of Olive Oil, Containers < 18 KG	Morocco	\$40	\$20	\$0	\$0	\$0	0.44%	34,750	\$1.15
1510006000	Olive-Residue Oil & Blends of Olive Oil, Containers > 18 KG	Morocco	\$2,693	\$1,496	\$1,203	\$391	\$206	57.93%	4,174,520	\$0.99
Subtotal Morocco			\$7,844	\$8,321	\$7,418	\$8,982	\$1,990	2.09%	6,433,907	

Source: STAT-USA@Internet™, a service of STAT-USA®, U.S. Department of Commerce, compiled by ALEB.

Tunisia

Tunisia is the sixth leading supplier of olive oil and olive oil products to the U.S. market. Total U.S. imports of olive oil products from Tunisia during CY 1999 totaled 2,245 MT with a CIF value of \$5 million, for a market share of 1.4 percent.

The major olive oil product shipped by Tunisia to the U.S. market is virgin olive oil in containers weighing more than 18 kilograms. During CY 1999 the CIF value of this trade was almost \$3.3 million. Tunisia also ships virgin olive oil in containers weighing less than 18 kilograms, as well as refined olive oil in containers weighing more than 18 kilograms, and olive-residue oils and blends of olive oil and olive-residue oil.

Table 7 below shows total U.S. imports of olive oil and olive oil products, by USHTS code, from Tunisia during CY 1995—1999, as well as CY 1999 average CIF import prices and market share.

According to the Annual Oilseeds Report from the FAS office in Tunisia (#FTS0001 dated 28 March 2000), olive production in 1999/2000 is expected to reach 1,100,000 MT as compared to an average production of about 740,000 MT. This substantial increase (of about 49 percent) in olive production, compared to the average, was due to the crop cycle coupled with above average rainfall during the flowering stage of olives.

In 1999/2000, olive oil production is estimated at about 220,000 MT representing a 16 percent increase from the previous year and a 49 percent increase over the average. This large increase is attributed to a cyclical crop production factor coupled with above average rainfall during the olive growing season. For the 1999/2000 crop, olive oil extraction and refining is handled by about 1400 plants operating throughout the olive production regions in Tunisia.

In 1999, domestic olive oil consumption increased to 60,000 MT compared to its previous year level of 50,000 MT. This situation is primarily due to the lower consumer prices for olive oil that prevailed in the early part of 1999 when, traditionally, Tunisian households buy and stock up their olive oil supply for the year. In 2000, it is projected that annual domestic consumption of olive oil will remain at the previous year's level of 60,000 MT.

Tunisian olive oil exports represent a main source of foreign exchange. Total olive oil exports in 1999, most of it to European Union (EU) countries, increased substantially to 164,000 MT, valued at USD 319 million, compared to 124,000 MT, valued USD 202 million in 1998. This sharp increase in value of about 20 percent from the 1998 level is a direct result of the higher export prices caused by the reduced available supply of olive oil for export in other olive oil producing countries of the world such as Spain and Italy that registered lower production in 1998.

Because of the substantially higher demand in 1999 for imports of olive oil by some EU countries that traditionally import Tunisian olive oil (for further processing, blending, packaging and re-exporting to their long time customer countries), total exports climbed to 164,000 MT compared to 124,000 MT in 1998. On another score, the reduced supply of olive oil existing on the international market in 1999 caused export prices to increase about 15 percent compared to their previous year's average level of USD 2,026/MT for the extra virgin grade. Of the above level of 164,000 MT, about 143,000 MT were exported essentially to Italy and Spain, which represented 87 percent of Tunisia's overall olive oil exports in 1999. Tunisian olive oil exports to the US skyrocketed in 1999 to reach 7,000 MT compared to 2,000 MT in 1998. This result is due to aggressive market promotion initiatives undertaken by some Tunisian private operators.

Domestically, consumer average retail prices for olive oil remained at the level of TD 3 (USD 2.75) per liter reached in July 1999 during the peak demand for export. With respect to domestic consumption of vegetable oil, it is projected that it will remain at its 1999 level of 151,000 MT.

In 2000, Tunisian olive oil exports are expected to reach about 130,000 MT, a 21 percent decrease compared to the previous year's level because of the relatively abundant world supply and stabilizing international prices. In order to strengthen the level of its exports in future years, the high scale international market promotion campaign that was launched by the Government of Tunisia in the winter of 1999 to make Tunisian olive oil better known to potential new consumers, is expected to continue in 2000. The base theme used in the promotion campaign is "olive oil is cholesterol free; Tunisian olive oil is better for your health".

Table 7. US Imports of Olive Oil and Olive Oil Products from Tunisia, by USHTS Product Codes, CY 1995-1998, with 1999 Market Share and Average CIF Prices

USHTS Code	Product Description	Country	CY 1999 CIF \$1,000	CY 1998 CIF \$1,000	CY 1997 CIF \$1,000	CY 1996 CIF \$1,000	CY 1995 CIF \$1,000	1999 Market Share CIF Value	CY 1999 KG	Average 1999 CIF Price \$/KG
1509102000	Virgin Olive Oil, Containers < 18 KG	Tunisia	\$609	\$584	\$320	\$0	\$1,045	0.42%	196,944	\$3.09
1509104000	Virgin Olive Oil, Containers > 18 KG	Tunisia	\$3,255	\$2,686	\$2,671	\$0	\$3,106	7.97%	1,382,114	\$2.36
1509902000	Olive Oil, Refined Containers < 18 KG	Tunisia	\$26	\$0	\$0	\$0	\$680	0.02%	7,548	\$3.44
1509904000	Olive Oil, Refined Containers > 18 KG	Tunisia	\$356	\$439	\$17	\$0	\$270	1.53%	188,159	\$1.90
1510002000	Olive-Residue Oil & Blends, Unfit for Food	Tunisia	\$0	\$0	\$0	\$0	\$0	0.00%	0	NA
1510004000	Olive-Residue Oil & Blends of Olive Oil, Containers < 18 KG	Tunisia	\$131	\$0	\$0	\$0	\$0	1.44%	78,323	\$1.72
1510006000	Olive-Residue Oil & Blends of Olive Oil, Containers > 18 KG	Tunisia	\$626	\$0	\$0	\$0	\$0	12.56%	393,766	\$1.60
Subtotal Tunisia			\$6,007	\$3,689	\$3,008	\$0	\$6,103	1.96%	2,944,873	

Source: STAT-USA@Internet™, a service of STAT-USA®, U.S. Department of Commerce, compiled by ALEB.

Other Minor Suppliers

Lebanon also shipped a small amount of olive oil (178 MT) to the U.S., with this trade valued at \$602,000 in CIF terms during CY 1999. Most of this trade was in virgin olive oil with some refined olive oil also shipped to the U.S. last year.

Syria also shipped 101 MT of virgin olive oil, valued at \$222,000 in CIF terms, to the U.S. market during CY 1999.

Egypt

Over the five-year period from 1995 through 1999, Egypt's only olive oil shipments to the U.S. market occurred in 1996. In that year, the U.S. imported slightly more than 4 MT of refined olive oil from Egypt, valued at only \$13,000 in CIF terms.

Recommendations

Due to the dominance of Italian exports of retail pack consumer ready olive oil products to the U.S. market, and the high cost of successfully entering this market segment, it is recommended that Egyptian olive oil exporters initially concentrate on penetrating the institutional market.

This is a market segment that is at least \$69 million in size that may present opportunities for Egyptian olive oil exporters if they can meet the price and quality requirements of this segment. Major suppliers of institutional size (in containers weighing more than 18 kilograms) olive oil products to the U.S. market are: (1) Turkey with exports of \$20.9 million; (2) Spain (\$19.7 million); (3) Italy (\$13.4 million); (4) Morocco (\$7.6 million); and (5) Tunisia (\$4.2 million).

Table 8 below shows U.S. imports of institutional size containers of olive oil products, by major supplying countries and USHTS tariff classifications, as well as average CIF import prices for each product and country for CY 1999.

Egyptian prices will need to be competitive with those of these major five supplying countries listed above, with particular attention to Turkish prices. Turkey is the major exporter of institutional size olive oil products to the U.S., and the average CIF import prices of their olive oil products shipped to the U.S. market during CY 1999 were the lowest of all major suppliers for all the various olive oil products, except for olive-residue oil and blends of olive-residue oil and olive from Morocco.

In discussions with a trade contact who had until recently been involved in building a market in the U.S. for a Greek olive oil company, it was learned that the U.S. olive oil market is extremely competitive and price sensitive. This trade contact agreed with the initial focus of concentrating on food service distributors, but also highly recommended that Egyptian exporters not only be competitive on price, but be in a position to offer lower prices than the competition in order to get started in the U.S. olive oil market.

The U.S. food service market for olive oil is also highly influenced by the Italians, especially in the upper end restaurant trade. U.S. food service container sizes for olive oil are mostly 1 or 3 gallons, but also some 5-gallon container sizes are used.

The trade contact also recommended that Egyptian exporters take a look at the olive oil blends market, which according to him, is a very large volume market on the institutional

side. Popular blends are olive oil with either canola or safflower oils, with the olive oil portion consisting of 10 to 20 percent of the blended oil product.

Egyptian olive oil companies need to also be aware that in addition to stiff competition from other competitor countries, many of these countries are also actively trying to promote their olive oil exports through government-funded marketing programs or export subsidies.

Table 8. U.S. Import Prices of Olive Oil Products in Containers Weighing More than 18 KG, by Major Supplying Countries and USHTS Tariff Classifications, and Average CIF Prices, CY 1999

1999 CIF Imports in \$1000 by Product and Country	Virgin Olive Oil, Containers > 18 KG	Olive Oil, Refined Containers > 18 KG	Olive-Residue Oil & Blends of Olive Oil, Containers > 18 KG	Total Olive Oil & Products, Containers > 18 KG
Total US Imports	\$40,825	\$23,331	\$4,904	\$69,150
Imports from Turkey	\$9,999	\$10,771	\$120	\$20,890
Average CIF Prices (\$/kg)	\$1.89	\$1.75	\$1.26	
Imports from Spain	\$16,045	\$3,628	\$20	\$19,693
Average CIF Prices (\$/kg)	\$2.70	\$2.23	\$1.37	
Imports from Italy	\$5,331	\$6,799	\$1,322	\$13,442
Average CIF Prices (\$/kg)	\$2.46	\$1.91	\$1.48	
Imports from Morocco	\$3,609	\$1,097	\$2,893	\$7,609
Average CIF Prices (\$/kg)	\$2.18	\$1.94	\$0.69	
Imports from Tunisia	\$3,255	\$368	\$928	\$4,551
Average CIF Prices (\$/kg)	\$2.36	\$1.80	\$1.59	

Source: STAT-USA@Internet™, a service of STAT-USA®, U.S. Department of Commerce, compiled by ALEB.