



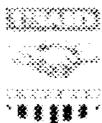
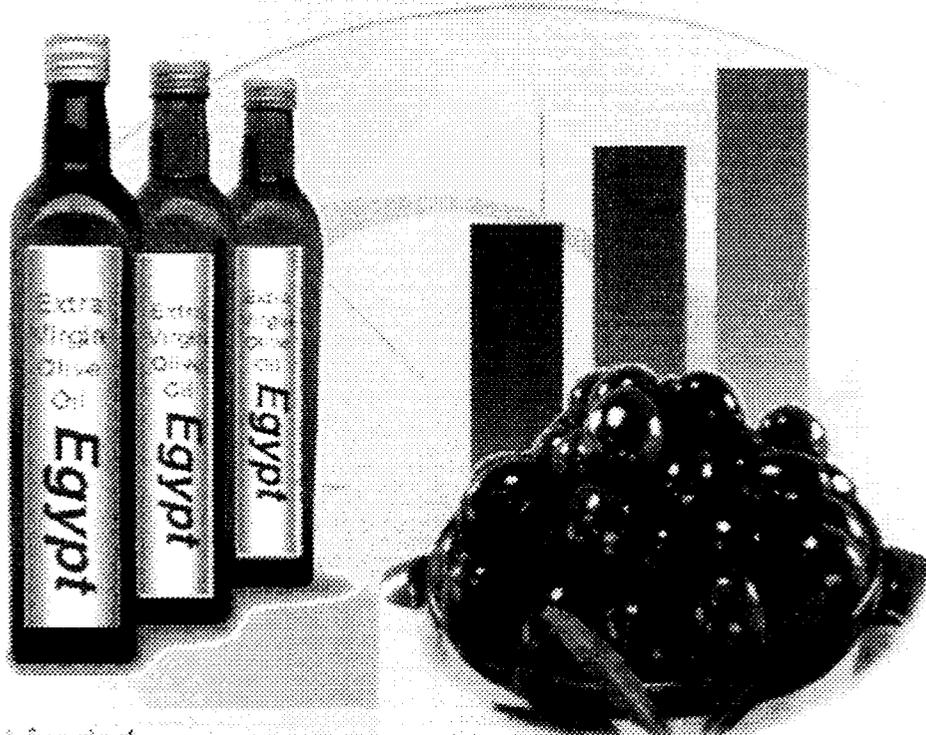
Agriculture-Led Export Businesses

Supporting Egypt's Processed Foods Export Industry

Olive Products

Olive Oil & Table Olives

Situation & Outlook



Project funded
by USAID



Implemented by
Abt Associates

2002

Processed Products 2

Olive Oil & Table Olives

**Export Market Potential
And Opportunities**

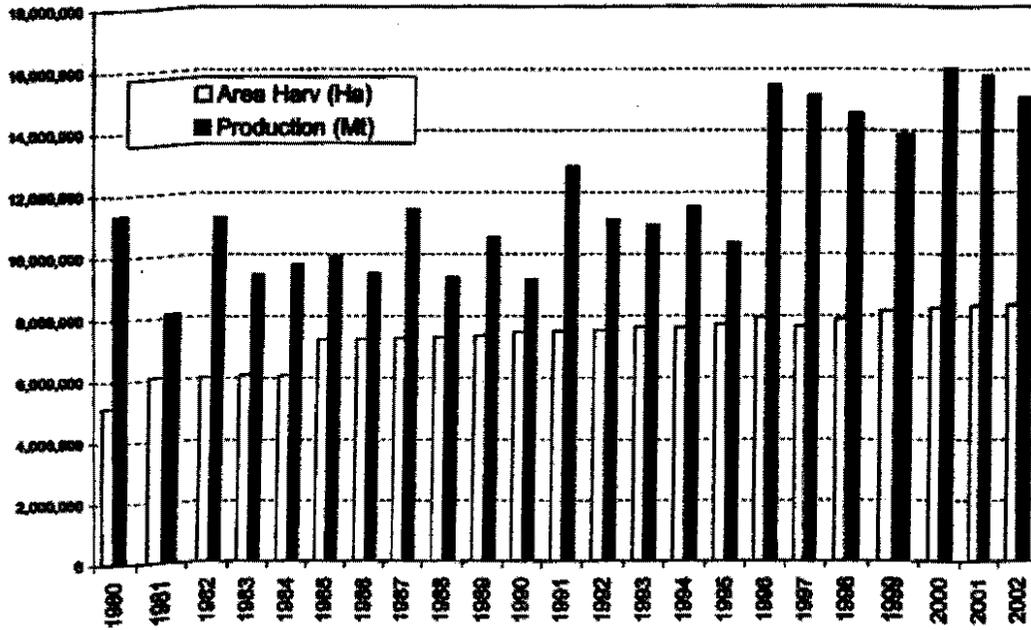


Export Market Potential for Egyptian Food Products
Investment rational

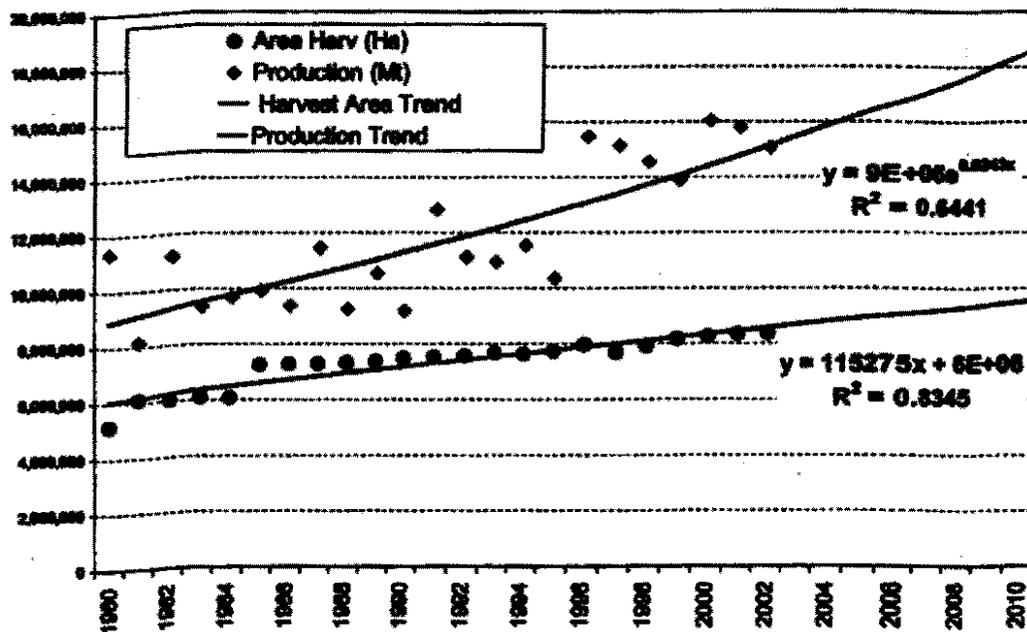
World Production of Raw Olives

World production of raw olives in 2002 reached a record level of more than 15 million tonnes. This record harvest was mainly the result of favourable weather in olive producing countries, particularly Spain. In 2002 production fell by 12.3 per cent; however it was still well above the 1995-2000 average.

World Raw Olive Production, 1980 - 2001



World Raw Olive Production Expected Growth Trend, 1980 - 2010



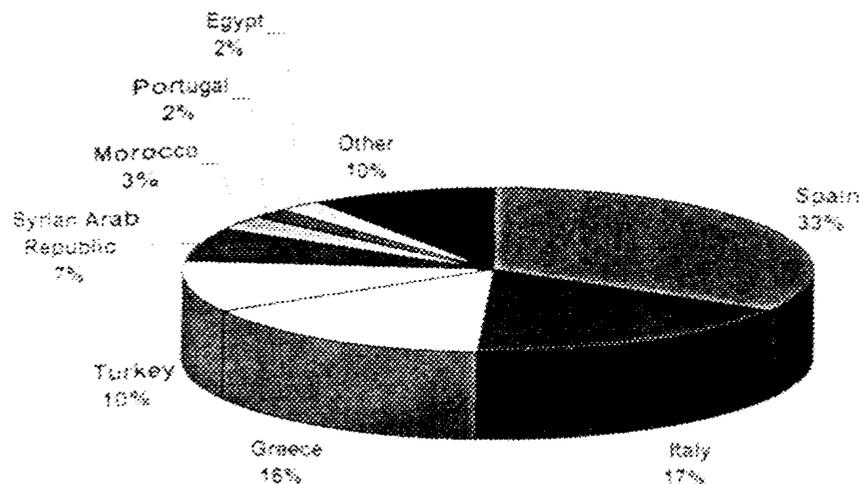
Export Market Potential for Egyptian Food Products Investment rational

According to this data it is expected for olive harvested area to reach a record of 9 million hectares by 2010 while production volume is expected to record a level of 19 million ton.

Spain and Italy are by far the major olive producing countries, with 33 per cent and 17 per cent respectively of total world production in 2002. Greece (16%), Turkey (10%) and Syrian Arab Republic (7%), Morocco (3%), Portugal (2%), and Egypt (2%) are also major producers. In terms of area harvested, Spain held first place in 2002 with 28 per cent of the total. Spain had more than 167 million trees planted in 1990.

World Raw Olives Major Producers in 2002

According to the IOOC there are 789 million trees worldwide, 95 per cent of them in the



Mediterranean region (Mesa). European estimates in 1998 indicate that there were 460 million productive trees in the European Union and around 2 million farms engaged mainly in olive growing (EU).

The European Commission recently expressed concern at the record levels of olive production. According to the Commission 'when new trees come into production (which can take three or four years), there is the serious risk that European production would outstrip demand at home and abroad' (Smith, EC).

Egypt Olive Production and Trends

Egypt is ranked number 8 in the top olive producer's world wide with a record of 318 thousand metric ton in 2002. Area harvested and production showed very rapid increase in the last few years and expected to increase significantly within the next few years. New olive cultivations, in the new land areas, are expected to place Egypt as the third most important producing country of olives by the year 2010.

Harvested area is expected to record a level of 100 thousand hectares and production volume is expected to reach more than 800 Thousand metric ton by the year 2010 as indicated the following graph. These expectations is supported by the following factors:

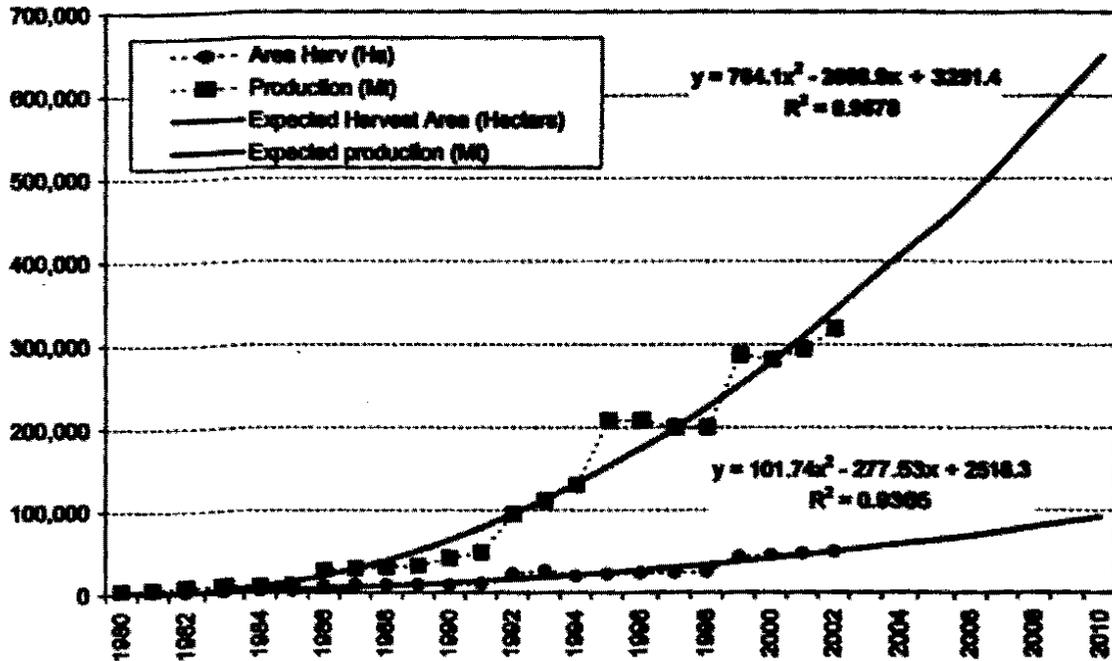
- Expected increase of land devoted for olive production in the new Meja projects in Tushkey and Awiant.



**Export Market Potential for Egyptian Food Products
Investment rational**

- Tendency of producers to grow new superior varieties with high yield

Egypt Olive Production and Expectations



Egypt has one of the highest olive yields in the region - about 5.37 t/ha (McEvoy et al.). The main olive-producing areas are in the north-west coastal region between Alexandria and Salum; the most popular variety is Chemlal, but some Kalamata, Hamid and Mission are also produced.

Olive yields per tree vary between 10 kg and 35 kg, depending on the system of irrigation used. Some areas in the Marthrug region reach 50 kg to 60 kg per tree (15-year-old trees under irrigation). In 2002 Egypt had 9.2 million trees, most of them producing table olives for local consumption.

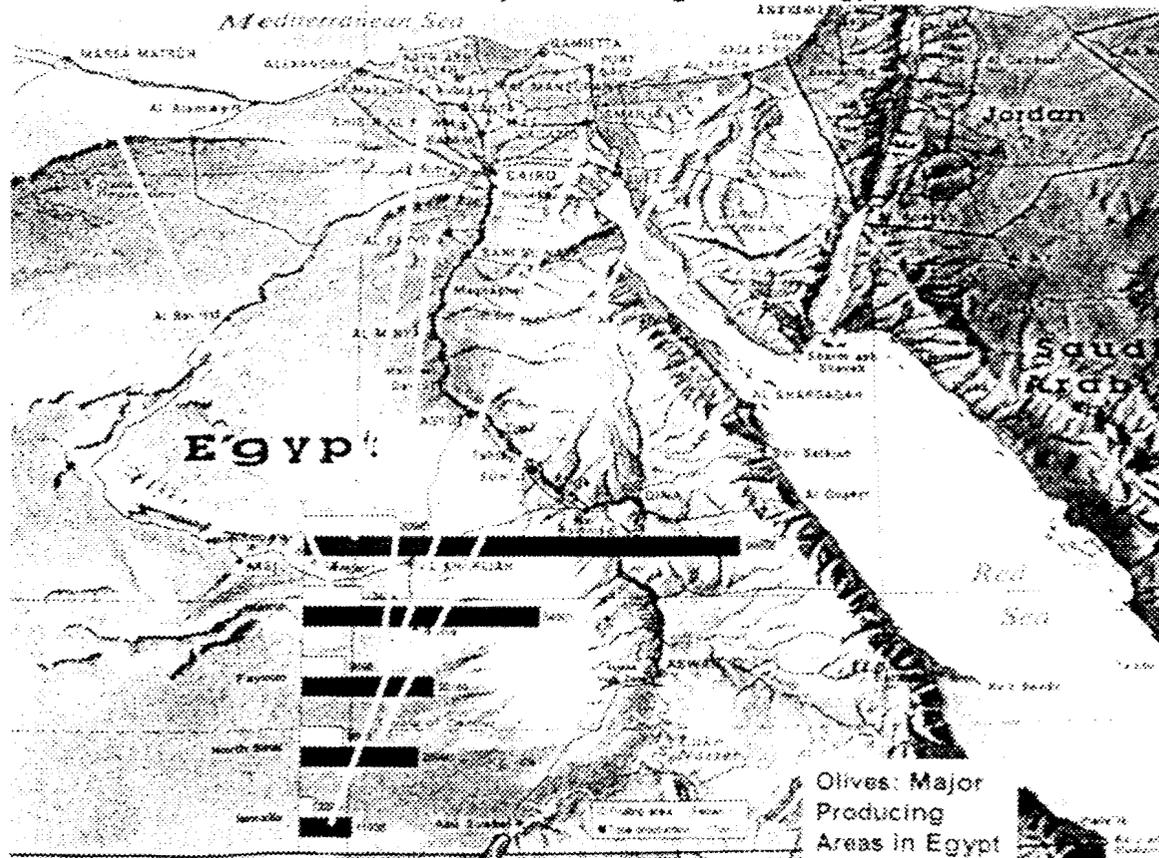
Egypt olive industry is oriented towards the production of table olives, mainly for the local market. On occasions, Egypt has also had to import olives to meet its requirements. Most of its olive product trade is in preserved olives, with Spain the main export market and France and Germany minor destinations.

The government has taken measures to improve olive cultivation. Amongst such measures are the new orchards being planted under the General Organization for the Development of the Desert programs. It is estimated that there are 8.4 million trees not yet of bearing age, and a further planting of around 1.4 million trees is planned in the near future.

The processing of olive still uses traditional methods and equipment. However, there is a trend towards modernisation of the processing sector and the construction of more modern facilities.



Olives Major Producing Areas in Egypt



The International Olive Oil market

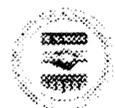
European countries, particularly those in the Mediterranean basin, dominate world production and consumption of olive oil. This region is home to the olive tree, with olive oil playing a major part in the Mediterranean diet and culture. Post Second World War migrants from this region have helped spread the tree's distribution and introduced olive oil to the diets of other countries. Now there is widespread interest in producing olives for import substitution and regional trade development.

Prices in the three representative markets of the European Union, namely Bari (Italy), Heraklion/Messina (Greece) and Jaen (Spain) are regarded as important as these three countries account for around 75% of world olive oil production. Their market performance has an impact on prices in other regions of the EU, as well as in other producing countries, especially on the prices of oils exported by these other countries to foreign markets.

Lower prices may lead to increased consumption, which is needed to avert an oversupply of olive oil in the future. The

European Union olive oil prices declined by 13% in 2001, (Agence Europe, Brussels), reaching their lowest levels in June. This was due to high EU stocks at the start of the 2000/01, combined with higher than estimated world production. Using Australia as an indicator market, international bulk (refined) olive oil prices recovered in July/August 2000 (\$A3.10/kg or US\$1.78/kg) but were still below the levels at the start of the crop year and throughout 1998/99.

Prices may also drop following the European Union's current market liberalization process. However, Brussels is proposing to extend the current common market organization (CMO) for olive oil for two years in line with requests from the Spanish government and parts of the olive-growing sector (El Pais).



Export Market Potential for Egyptian Food Products
Investment rational

International Olive Oil Council (IOOC) has addressed this need by launching promotional campaigns in countries where market opportunities have been recognized, such as Australia, Japan and the United States of America.

Projections indicate that due to new plantings around the world, there may be a surplus of olive oil in 2007/8. The potential surplus size is not yet established however increased consumption in major importing countries is important.

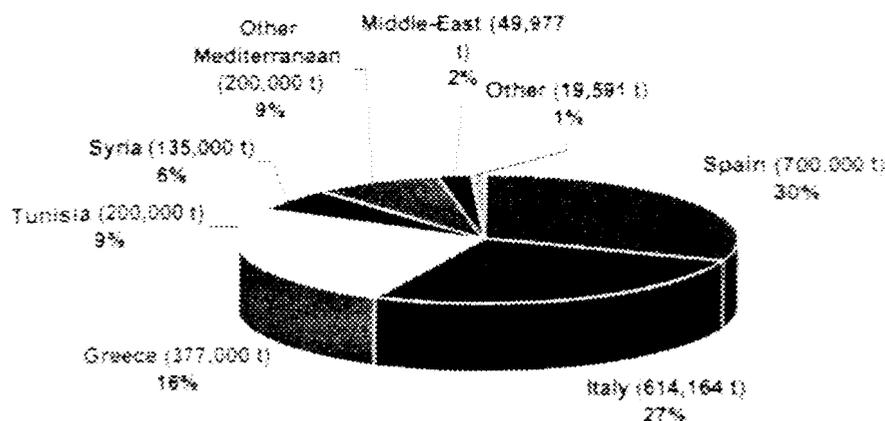
Production

Spain, Italy and Greece are the world's leading producers and exporters of olive oil, collectively representing nearly three-quarters of world production ranked respectively in 2001. World olive oil production has increased by an average of 11% per annum since 1995. The main contribution to this increase was in 1996, which followed a year of drought in the Mediterranean.

Olive oil production is concentrated in the Mediterranean basin countries: Spain, Portugal, Italy, Greece, Turkey, Tunisia and Morocco. These seven countries alone account for 90% of world production.

Olive oil production from trees planted prior to May 1998 in the European Union is currently subsidized at over US\$1.11/Litre. Advance aid for olive oil production has been set at 117.36 Euro/100kg for Spain, France and Portugal; 103.38 Euro/100 kg for Greece; and 84.98 Euro/100 kg for Italy (European Report). This is on top of EU aid for producing table olives.

World Olive Oil production, 2001
Total world 2,295,732 ton



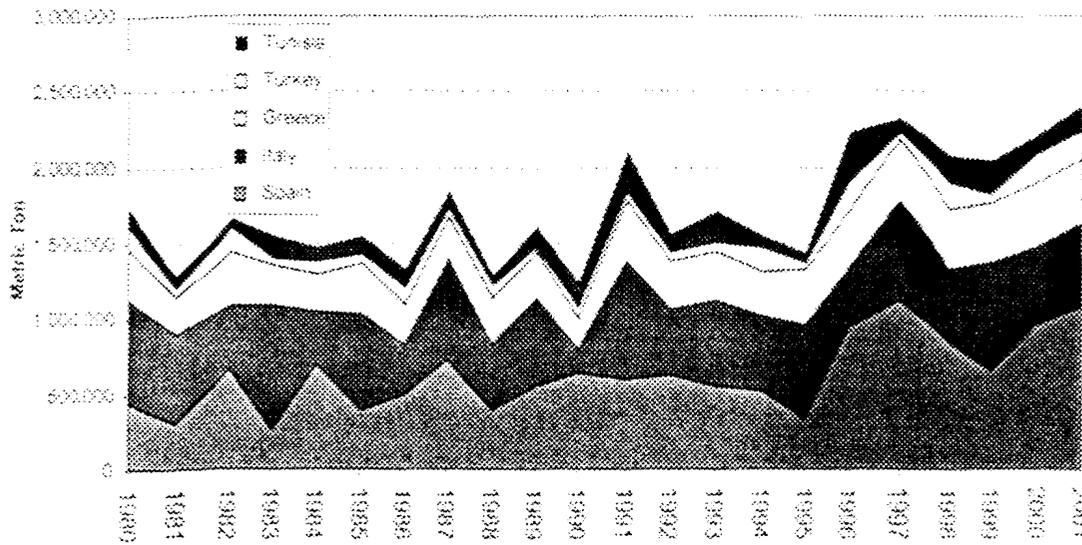
Other Mediterranean includes France, Morocco, Turkey, Algeria, and Portugal.
Middle East includes Libya, Israel, Afghanistan, Jordan, Palestine, Lebanon, Iran, and Egypt

The evolution of world production during the last ten years is shown in the graph below. Production trend by country is ascending but the great influence of the two major producing countries introduced a high level of uncertainty in the production level. Indeed, the fact that production in Italy and Spain changed much more than one of the other producing countries explains the high volatility of global production.



*Export Market Potential for Egyptian Food Products
Investment rational*

Olive Oil Production, Top 5 Producing Countries, 1980-2001

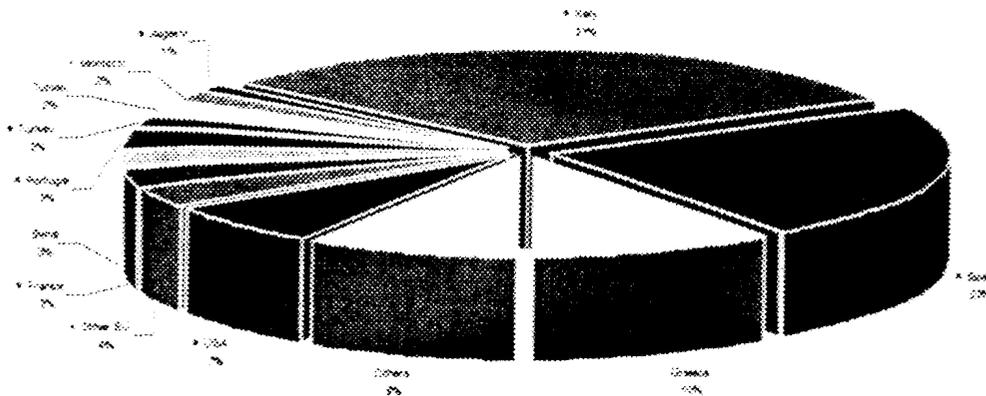


Finally, it should be mentioned that the production of other countries (not included in the graph), such as Australia and the United States, is increasing

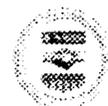
Consumption

Main consuming countries are also the main olive oil producers, as can be seen from next graph. European Union accounts for 71% of world consumption.

Olive Oil Main Consuming Markets 2001



Mediterranean basin countries represent 77% of world consumption. Other consuming countries are United States, Canada, Australia and Japan (see the Annex Table A1 on import trade flows).

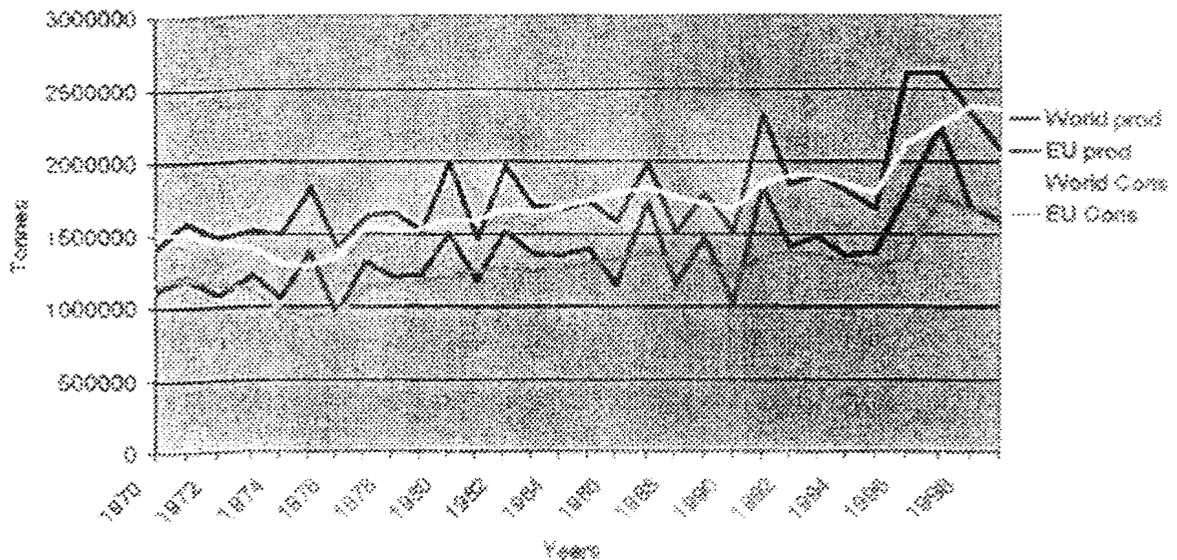


Export Market Potential for Egyptian Food Products
Investment rational

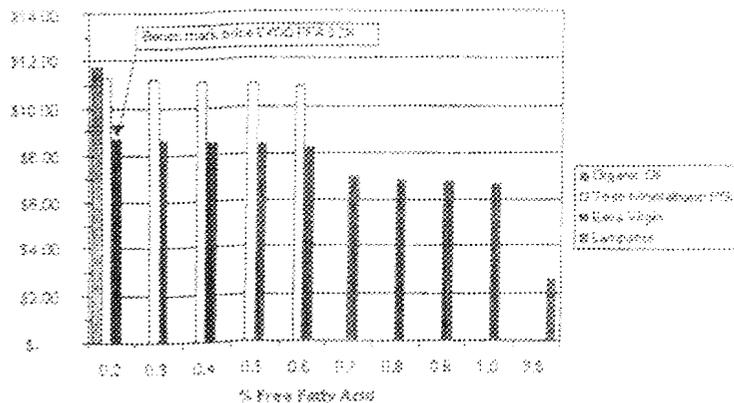
The evolution of production and consumption shows a slight growth from the 1970s to the early nineties. In the mid 1990s there was a strong increase both in production and consumption. Despite the production fall that came afterwards, consumption did not decrease.

The strong correlation between European and world consumption curves explains the significance of European consumption. However, the increasing convergence recently observed between the two curves (Production and Consumption) is the result of the emergence of new markets for olive oil.

Production and consumption of olive oil in the World and in the European Union



Organic Olive Oil



Vendors using olive oil in their products have increased demand for olive oil. Depending on the retail outlet, the price difference between organic and conventional olive oils can be slim to nearly 50%. Egyptian growers intending to follow this trend by producing organic oil, then they make sure they use recognized certification processes.

World consumption is expected to rise by 60,500mt from 2,422,000mt in 2000/01 to 2,482,500mt in 2001/02. End-of-season stocks are expected to reach 508,000mt, set against previous expectation of the IOCC of 443,500mt, and are the equivalent of world consumption requirements for two and a half months.



Export Market Potential for Egyptian Food Products
Investment rationale

World olive oil consumption volume grew by an average of 4% (approximately 74,000mt per annum) over the past five years (FAO and IOOC). The European Union and United States represented approximately 78% of olive consumption in 2000/01. If projected Asian consumption is included, then the EU, US and Asian markets represent 86% of world olive oil consumption.

Estimates indicate that olive oil consumption in the US increased by 56% between 1996 and 2001, with an average increase of 9% (9.3 million mt) per annum. Total US consumption was estimated at 1.58 million mt in 2000 and 1.6 million mt in 2001.

Asian imports increased by 63% over the same period (1996-2001), with an average increase of 15% (5.8 million mt) per annum. This may include re-exported olive oil, as consumption increased by 9% over the same period to 250,729mt in 1998 (FAO). If the 5% trend continues, consumption may rise to 267,891mt.

The percentage increase in olive oil consumption in the European Union was a lower than the US and Asia over this period (3% per annum), however the volumetric increase was larger than either region (20,506mt per annum). Total EU demand was 1,534,993mt in 1996. Estimated EU consumption for 2001 is 1.7 million mt. Actual consumption in the EU may be higher than this due to subsistence consumption (olive oil consumed by producers) in countries such as Morocco, Tunisia, Turkey, Egypt, and southern Italy and Spain, which represents an unknown level of latent demand.

New economic support systems are being established in the European farming sector. An increase in the overall quality of oils, due to EU aid to Spain this year being dedicated to quality improvement, could have a gradual effect on prices. Whether the increased supply of higher quality oils raises or lowers the average price will depend on changes in consumer preference for oil quality.

The North American Olive Oil Association recently released a study that indicates 56% of non-olive oil users do not use the oil because they feel they don't know how. The study also found that 48% don't buy the oil because it is expensive, while 44% consider it special occasion oil (percentages don't add up to 100% because survey participants were able to indicate more than one reason for not buying olive oil).

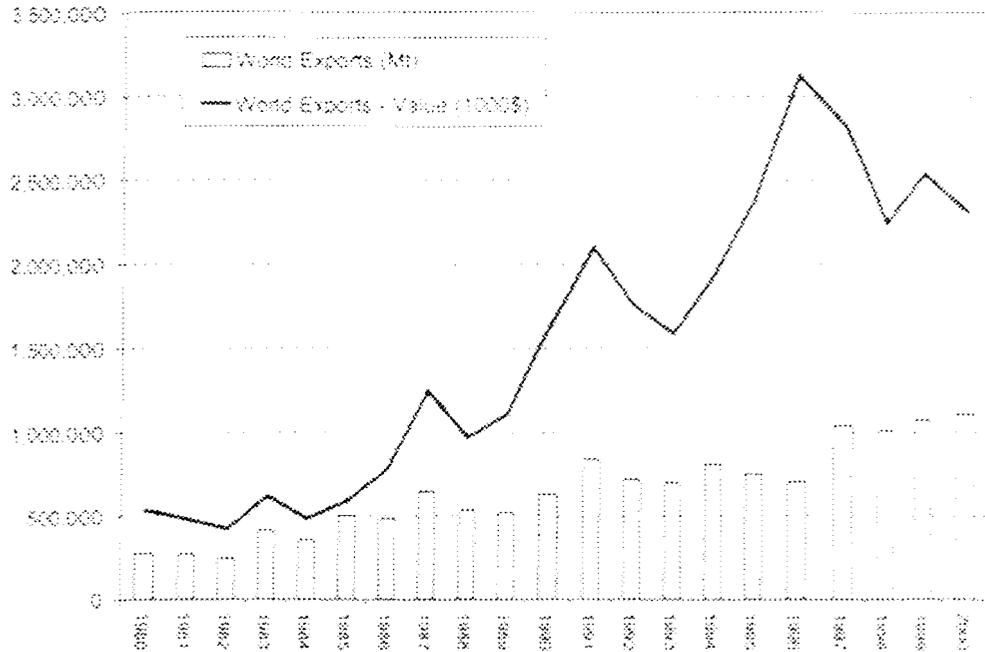
Despite this, US olive oil household penetration rose 2.4% in the past two years, when prices were at an all-time high. Olive oil accounts for 7% of all oil sold at retail in the US and 27% of all dollar sales in this category.



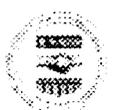
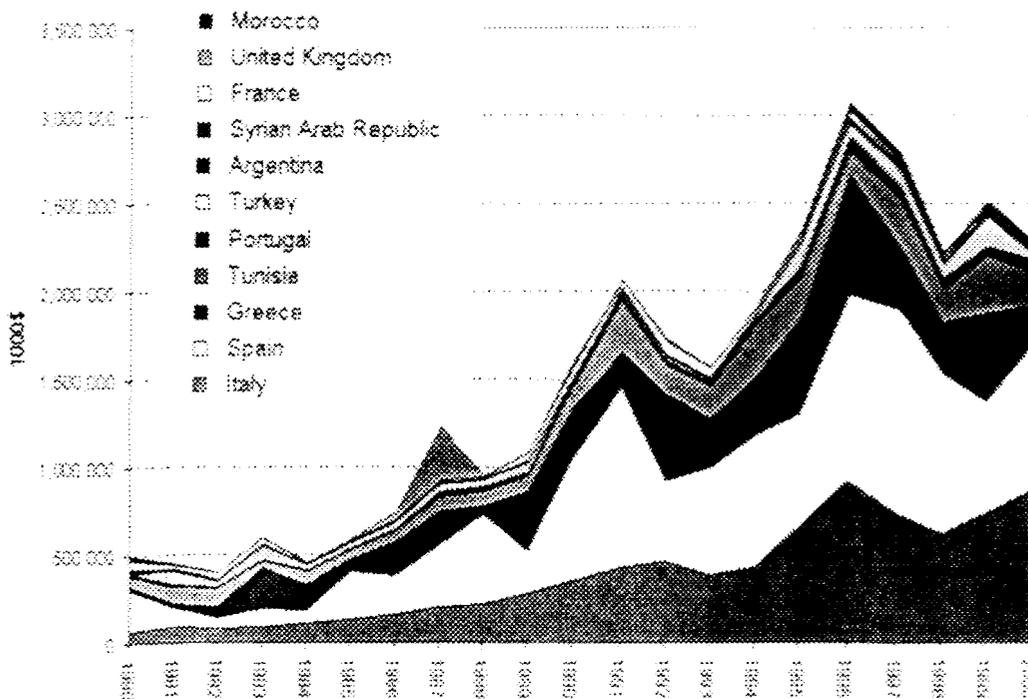
Export Market Potential for Egyptian Food Products
Investment rationale

World trade

Olive Oils World Exports, 1980-2000

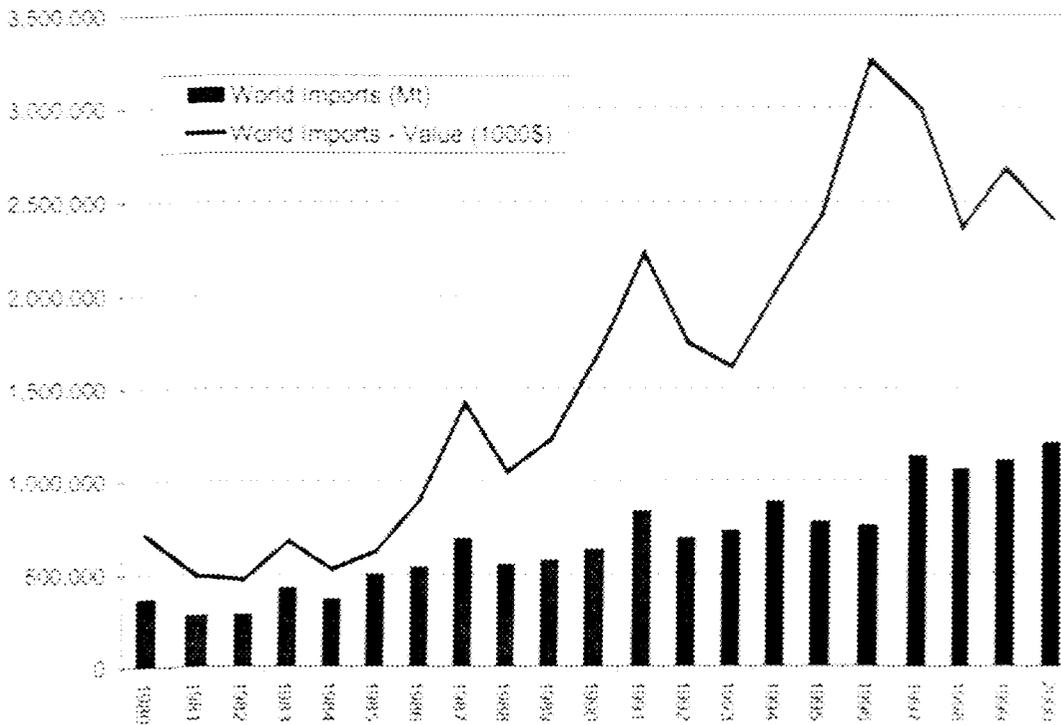


World Olive Oil Exports: Top 10 Exporting Countries, 1980-2000

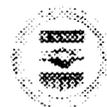
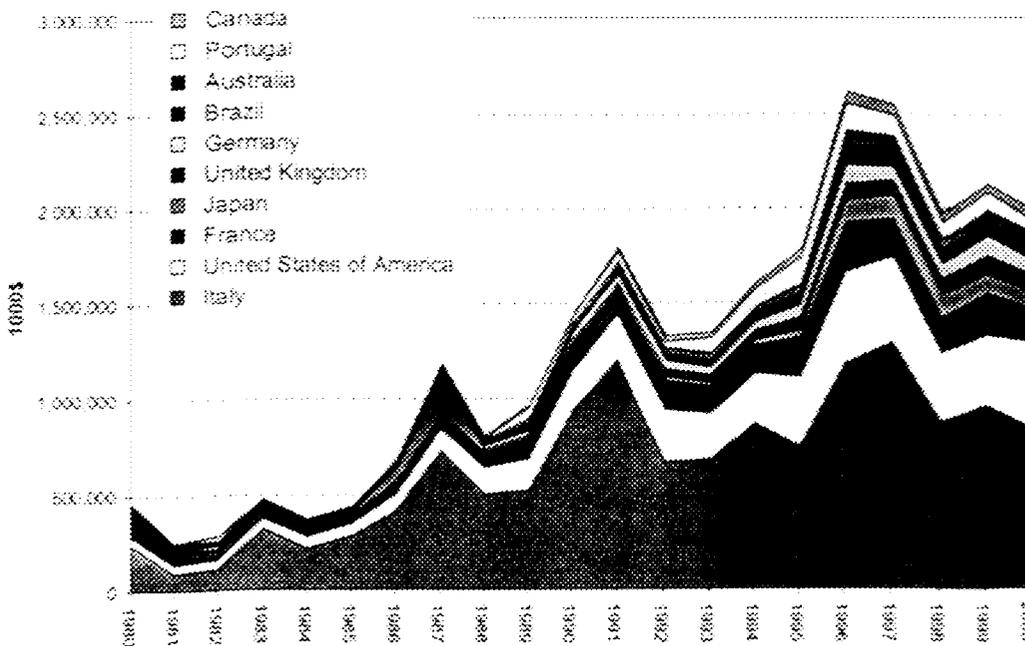


Export Market Potential for Egyptian Food Products
Investment rational

Olive Oils: World Imports, 1980-2000



World Olive Oil Imports: Top 10 Importing Countries, 1980-2000



*Export Market Potential for Egyptian Food Products
investment rational*

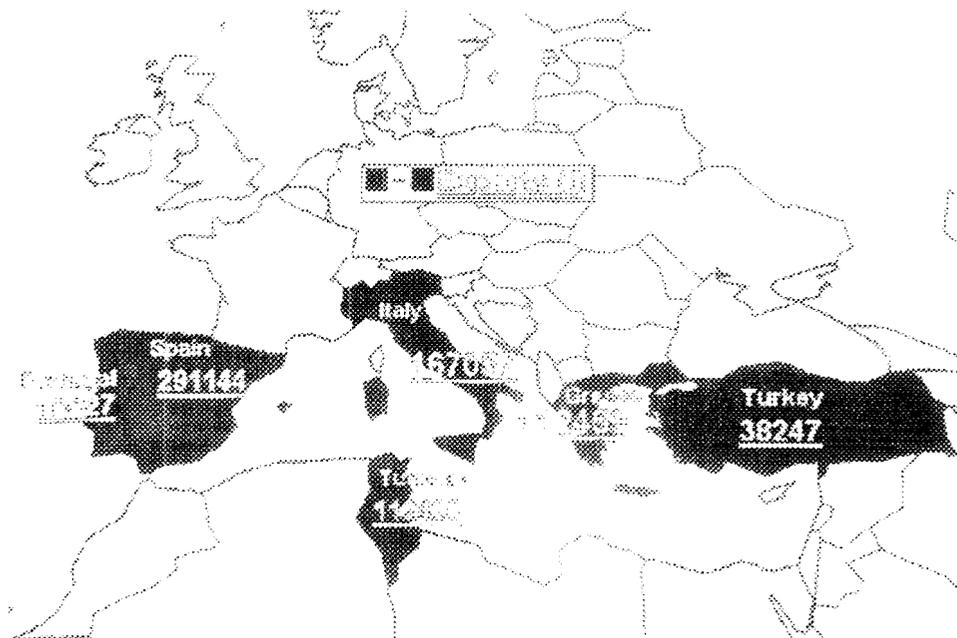
Prepared in cooperation with Agriculture-Led Export Businesses; USAID funded project; implemented by Abt Associates, Inc.

Trade Flow

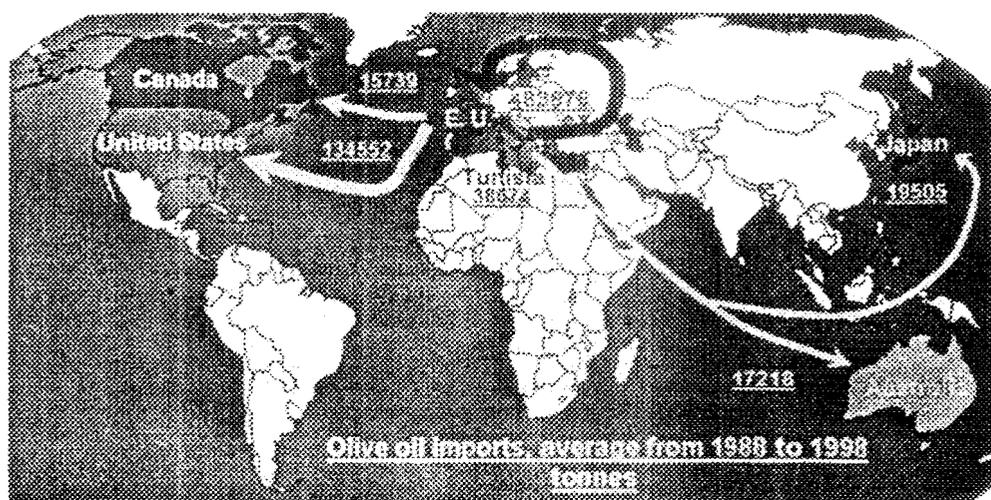
Main producing countries are also the main exporting countries as it can be seen from the graph below. Once again, the Mediterranean basin countries concentrate more than 95% of total exports.

The following map confirms the conclusions drawn from the analysis of world consumption. Olive oil trade is mainly an intra European trade, although there are also trade flows with industrialized countries out of the Mediterranean area.

Olive Oil Trade is mainly an inter-European Trade.



Trade flows with industrialized countries

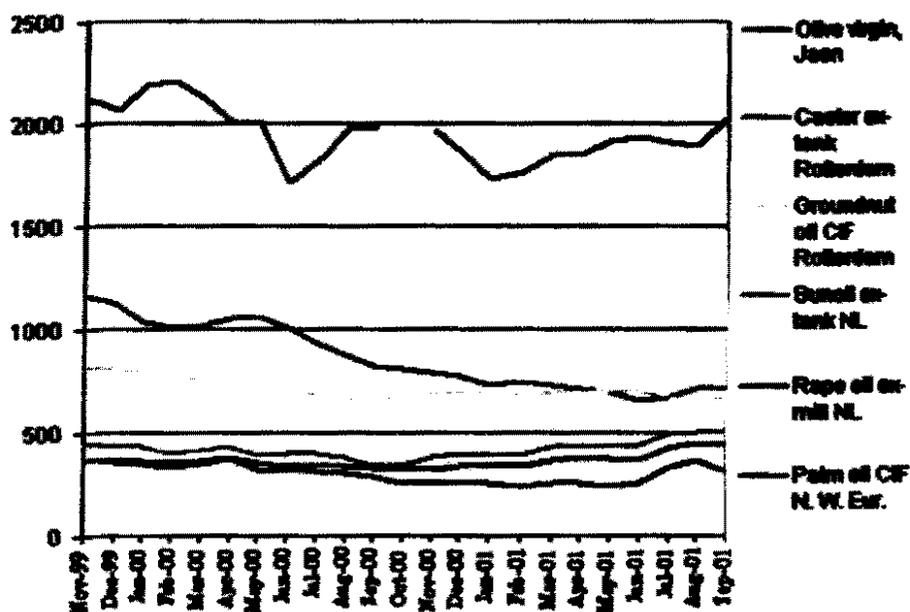


Olive Oil Prices

Olive oil is relatively expensive oil compared to other kinds of oil since it needs special production treatment: producing an olive crop is a long process (commercial yields are realized only after the maturity of the tree; that means after five years). Harvest is still made by hand in most of the regions. Finally, processing is an advanced technology, particularly in large producing areas.

A comparison of six consumption oils prices is presented in this graph:

Prices for various edible oils, 1999-2001, in US\$ per tone



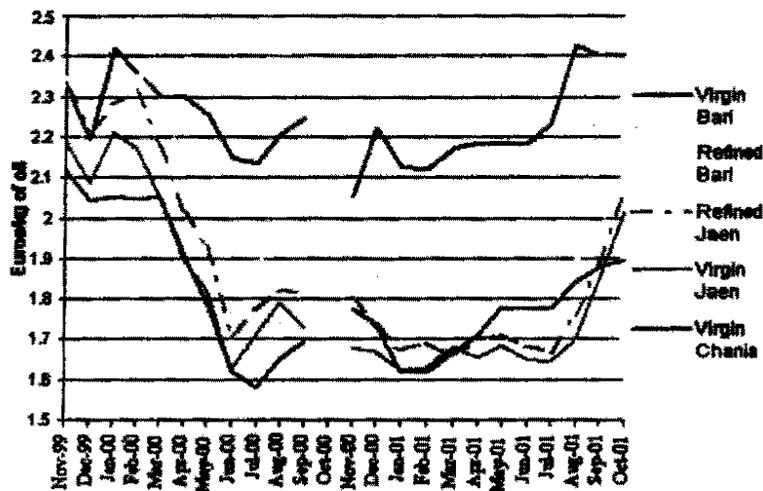
Source: UNCTAD, data from the International Olive Oil Council.

Prices paid to producers are quite unstable, mainly due to the change in the quantities produced from one year to another and the level of stocks. However, it is difficult to assess the price formation mechanism. Refined olive oils are generally less expensive than virgin oils. Refined olive oil from Jaen is an exception. A possible explanation would be an insufficient amount of lampante oil to meet demand of refining industry given the good quality of produced virgin oil and as a result an increase in lampante oil prices.



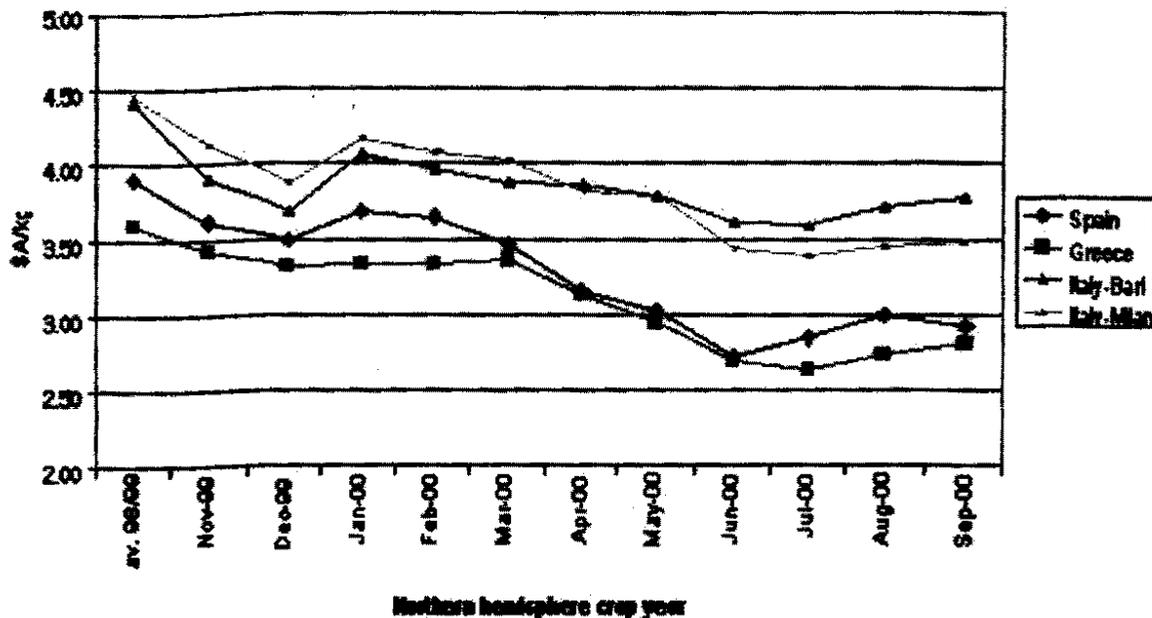
**Export Market Potential for Egyptian Food Products
Investment rational**

Price of olive oil paid to producers 1999 to 2001



Source: UNCTAD, data from the International Olive Oil Council.

Northern Hemisphere Prices Jan. 1999 –Sep 2000



Marketing Chain

The present structure of the production and marketing chain is influenced by the importance of olive oil crops in the Mediterranean area. Production is highly fragmented. It is divided into a number of small properties, which grow olives for oil production. This is particularly the case in Spain, Italy, Greece and Portugal. These farms are organized into cooperatives in order to process the olives and obtain oil or sell the olives directly to processing companies.



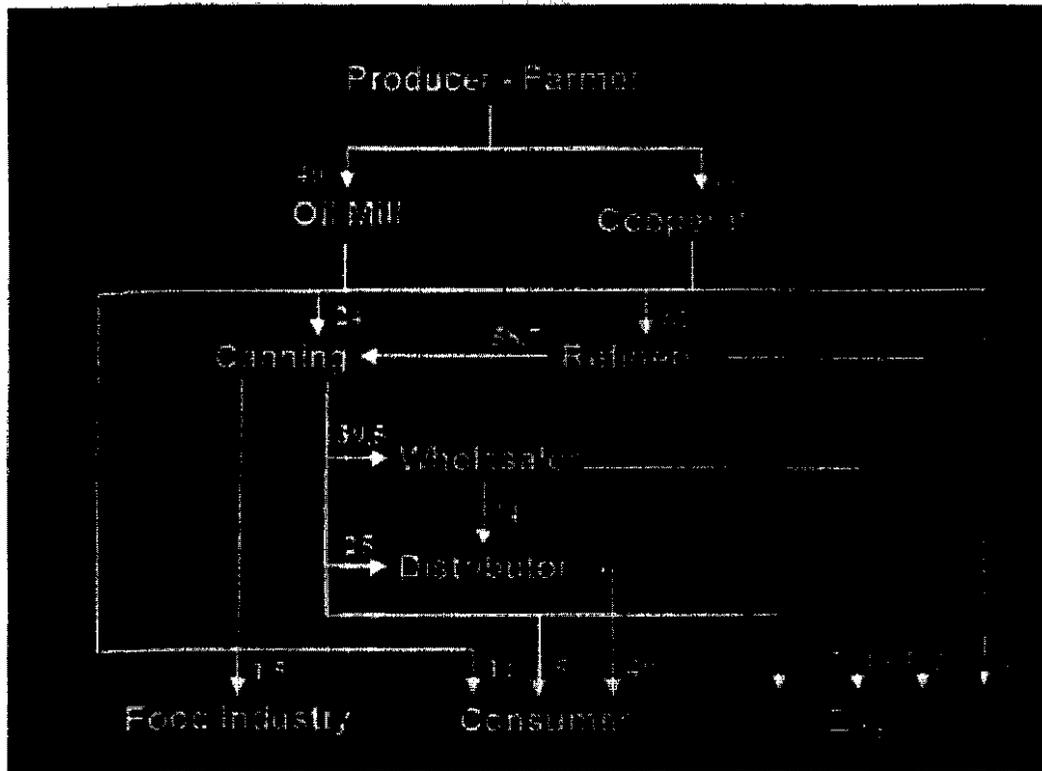
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Investment rational**

Refining operations are more concentrated. However, in the case of Spain there were 80 refining companies in 1995 (cooperatives included).

The market is very competitive and entry barriers are quite strong.

The following diagram represents Spanish marketing chain and a flow of an equivalent of 100 tonnes of oil.

Spanish marketing chain – Flow of equivalent 100 tonnes of oil



EU Common Market Organization for Olive Oil

On the following page is an example of an international policy with a strong influence on the olive oil market - the European Union Common Market Organization (CMO) for olive oil.

It was established by Regulation n° 136/66/CEE of 22 September 1966. This CMO had as its main objective the support of production and commercialization of olive oil, particularly by granting export restitutions, support production prices and consumption aids. The reform of this CMO became necessary taking into account the evolution of the oil market and prices and particularly as a result of World Trade Organization agreements, which stipulated a 20% reduction in the total support during the period 1996-2002.

Regulation (CE) n° 1638/98 of 20 July 1998 of the Council established a transition regime which was replaced by the new CMO regulation by 1 November 2001 at the latest.



EU Olive Oil Industry Organization

The Italian olive oil industry is at a competitive disadvantage in relation to the Spanish and Greek industries due to low productivity of groves and mills, and high production (labor) costs. They have identified the need for better organization of production and aggregation of supplies for processing in order to achieve their objectives of producing high-quality oils at competitive costs.

The Spanish and Greek industries are better positioned due to the aggregated nature of their production areas and smaller number but greater processing (throughput) capacity of their mills. The industries in these countries are looking at creating 'macro-business' organizations made up of associations of producers, processors/packers and marketers. These aim to create an integrated supply system from production to trading, and could help in adding value to products and avoiding costly supply fragmentation (Olivae, October 2000).

Egyptian Export Strategy

Marketing Aspects

The world's dominant olive oil consumers in the Mediterranean are very quality conscious, which explains why the best oil is retained in those countries (mainly Italy, Spain and Greece). Their exports often comprise aged, lesser quality and/or blended product.

Up to 80% of the retail value of a product is captured beyond the farm gate by processors, wholesalers, distributors and retailers (Davies & Cook). Vertically integrated enterprises control most aspects of the supply chain from production through to marketing and sometimes up to the retail level. Direct retail can take the form of mill door sales, mail order and Internet or electronic commerce.

The four recognized steps in marketing are pricing, product, placement and promotion. These points are outlined below along with the implications for growers and processors

Pricing

Pricing involves deciding whether the product is aimed at the low budget, mid-range or boutique market sectors. This decision will be influenced by the sufficiency of volumes to consistently supply these sectors and the availability of capital to develop different product lines and brand image.

Pricing will affect decisions regarding lifestyle and profits, as the approach to production will influence input costs and thus profit margins. The supermarket olive oil market dominant structure indicates the range of prices and market shares that marketers need to consider. High prices in 1996 were due to drought induced European supply shortages.

Growers should note that the wholesale price does not take into account the costs of processing and packaging. Packaging costs may range from US\$0.50 to US\$1.00 per package, depending on labels and bottle types. This price range represents the minimum expected cost.



Product

The product aspect covers variety, quality, packaging and branding. The relative importance of all these aspects differs significantly between target consumers. Smaller growers will find it hard to gain market leverage and capture value-added benefits with limited volumes. This is because the large volumes marketed by multinationals like Unilever and Bertolli allow them to make price sacrifices, enabling the retention of diverse market share. Therefore, marketing groups and processors with sufficient volumes to supply selected outlets with good consumer exposure will be at an advantage.

The International Olive Oil Council (IOOC) defines five grades of olive oil quality.

1. Virgin grade oils (3 quality levels) that can be used without further processing.

- **Extra virgin olive oil** is the highest quality olive oil and can be used without further processing. It has acidity not exceeding 1%, well-balanced flavors and no taste faults.
- **Virgin olive oil** is the next quality level than can be used without further processing. It has a higher acidity level than extra virgin grade and a few minor faults with its taste.
- **Ordinary virgin olive oil** is the lowest quality olive oil that can be used without further processing. It has an acidity level not exceeding 3.3% and more taste faults than either of the preceding oils.

2. Lampante virgin olive oil that is inedible without further processing due to its "off" flavours or acidity levels.

- **Olive Oil** results from Lampante grade oil that has been subjected to further processing to remove the "off" flavors or acidity that made it inedible. The refining usually involves neutralizing the acid, bleaching and deodorizing the oil so as to leave an oil that is basically, tasteless, colorless and odorless. It still has the same fat content as the virgin grade oils and there is growing medical evidence to suggest that it doesn't have the same health properties as the virgin grade oils.
- **Pure olive oil** is olive oil with a mix of virgin oil (10-30%) to improve the color and flavor. The left over paste (pomace) resulting from the virgin olive oil extraction process contains a small percentage of residual olive oil, which is extracted by refining.
- **Refined Olive-Pomace oil** is the oil extracted from the pomace using solvents. This oil is commonly used for manufacturing soap, lubrication and is sometimes used in cooking.
- **Olive-Pomace Oil** is refined olive-pomace oil with a mix of virgin olive oil and is used in cooking. Most olive oils found on non-producing (import) countries' supermarket shelves are likely to be varietal blends, while varietal oils are usually found in specialty and gourmet stores. Estimates of yields, oil content and oil quality of some varieties are given in the table below.



Processing

The freshness of fruit at processing and processing methods are the keys to producing high quality extra virgin olive oil (EVOO). The fastest oil extraction methods used by the major oil companies involve hammer mills and centrifugal separators. Hammer mills raise the temperature of the olive paste, with anything over 30°C having the potential to affect oil quality, depending on the variety of olive. Therefore the technique, and not necessarily the process used in extraction, is likely to influence the oil quality.

Consistencies of quality and food safety are issues of great importance to retailers and thus all supply chain participants including producers. Olive quality depends on:

- Tree variety
- Growing conditions
- Pests and diseases
- Maturation state of fruit when picked
- Post harvest handling
- Processing
- Storage

Fresh EVOO is generally fruity and aromatic with a low free fatty acid – about 0.2%. All olive oil declines in quality once it has been extracted from the fruit, however olive oil from poor quality fruit or that which is stored for prolonged periods under the wrong conditions (i.e. exposed to air and/or light) declines most rapidly.

The two main considerations for food retail outlets are consistency of quality and supply. The Hazard Analysis Critical Control Point (HACCP) quality management system has been introduced to the Egyptian Olive Industry, enabling the product to be traced back through the supply chain to the olive grove. This is required for independent auditors to assess food safety and for the product to be certified under quality assurance codes such as SQF2000CM. These quality assurance systems are increasingly in demand from retailers and represent a critical constraint (or opportunity) to Egyptian processors.

Placement

Placement is a broad issue covering areas of intermediate and end consumer location, as well as distribution channels through warehousing and transportation. Based on current capacity and low volumes, the major potential market segments for Egyptian olive oil are the ethnic aisles in supermarkets, ethnic grocery stores, the specialty food trade including delicatessens and the food service sector, which all require consistency of volume and safety. The trend towards globalization of supermarket chains and their expectations of consistently full product lines means that supply consolidation will be required to fulfill the demands of major export markets. The retail sector usually demands margins of 30% on wholesale price, however this varies according to proven sales volumes and supply competition. Proven high volume products may attract lower margins, but new product suppliers should expect retailers to retain at least 30% margin on sale price.

Market Research



**Export Market Potential for Egyptian Food Products
Investment rational**

The health benefits of olive oil and its distinctive taste were found to be the two main factors influencing olive oil consumption, and according to qualitative research they seem to be connected (McEvoy et al, 1999). This research found that consumers who buy olive oil because of its health benefits later become accustomed to its flavor. This implies possible consumer education in developing a taste for good quality oil. Oils with greater health benefits are those with bitter or pungent flavors, characteristic of the phenolic components in the oil. Consumers were unable to explain the differences between poly-unsaturated and mono-unsaturated fats and why certain types of fats are detrimental to their health.

Although some consumers knew of cold pressed virgin olive oil, they did not fully understand the implications of this process. However, the fact that consumer perception of olive oil as being 'healthy' provides the base for a promotional campaign emphasizing such benefits and possibly explaining the reasons for them.

Egypt Olive Oil Export: Challenges and Potential

The outlook for the industry is positive, with extensive plantings currently taking place. However, there are a number of challenges to be faced. Apart from the fact that unsubsidized Egyptian producers are disadvantaged by heavy European Union government subsidies to growers, processors and packers, they also face the challenge of inferior-quality imports brought in at low prices. However, as more and more consumers become informed, not only of the health benefits of olive oil, but of the meaning of terms like "extra virgin" and "virgin", and the quality difference from chemically-refined oils labeled "pure olive oil" and "olive oil", prospects for high-quality, locally produced oils should improve.

Implications. After all this, what does this mean to the Egyptian processor?

A case study of the Gulf market is indicative of the consumer awareness problem that Egyptian processors, and for that matter, all Maghreb producers, must overcome if they are to overcome dominant market share by the EU producers, primarily Italy, Spain and Greece. The Gulf is a price sensitive market and the Egyptian processors find themselves about 40% too high in price, attributing it to the EU subsidies. This is anecdotal as ALEB's market studies contradict this to a certain extent. World market prices for Extra Virgin Olive Oil consistently run around US\$1800/mt - US\$2100/mt bulk. ALEB's market basket survey in Saudi Arabia in April 2000 of various brands by country of origin shows packaged prices as follows. The wholesale prices below in US Dollars are predicated on about a 35% return on the retail price to the processor.

500 ml bottles

Country of Origin	US\$ Price per kilogram	US\$ Effective wholesale price to the processor/kg
Spain	\$5.34	\$1.87
Saudi Arabia	\$4.24	\$1.55
Spain	\$3.76	\$1.32
Saudi Arabia	\$5.36	\$1.88
Turkey	\$3.68	\$1.29
Spain	\$4.10	\$1.44

1 liter can

Country of Origin	US\$ Price per kilogram	US\$ Effective wholesale
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**Export Market Potential for Egyptian Food Products
Investment rationale**

		price to the processor/kg
Spain	\$3.95	\$1.38

4.7 liter can

Country of Origin	US\$ Price per kilogram	US\$ Effective wholesale price to the processor/kg
Spain	\$4.76 (\$21.94/4.7kg tin)	\$1.64

Virgin Olive Oil

Country of Origin	US\$ Price per kilogram	US\$ Effective wholesale price to the processor/kg
Spain	\$5.70	\$2.00

There are two provisos to the above, which may support the Egyptian processors' claims to their inability to compete:

- 1) Note that the olive oil is not virgin or extra virgin except for the last price. Spain is especially notorious for blending their olive oils, subsequently reducing their costs substantially. Moreover, the individual conducting our market basket surveys was not an olive oil expert and therefore may not have accurately reported the type. We suspect that the "olive oil" reported was a lesser grade, such as "pure" olive oil, which is actually pomace oil, or a fourth pressing which is achieved by mbing with benzine & firing to extract the last bit of oil. This is fourth-class oil. Our suspicions are validated by the boycott last year in the Gulf States & the Far East markets against Spanish olive oil due to high traces of benzine in the oil, which is toxic and a potential carcinogen.
- 2) Retail prices may be price points based on what the market will bear, rather than actual cost, supporting importers' resistance to price points offered by Egyptian processors, who only process Extra Virgin olive oil - a product that is more expensive than virgin or pure olive oil. Note the last price at \$2.00/kg is still just virgin, not extra virgin.

Our conclusions are that the Gulf market is price-sensitive based on lack of knowledge or lack of preference for a premium product. Unfortunately, based on consumer lack of awareness in this market as well as other importing countries concerning the various grades of quality coupled with lower price points for "pure" olive oil, which Egyptian olive oil processors do not process, the constraint to penetrating the market remains a consumer awareness issue - getting them to recognize superior oil and paying for it. Fortunately, there are olive oil purists that will pay for a high end product and the potential size of this market segment may fit the Egyptian olive oil industry's ability to produce.

Concerning the US market, there is a 4% duty on olive oil from the EU while Egypt enjoys zero tariffs under the General System of Preferences for a Developing Country (GSP/DC) into the USA. This is probably not enough to make a difference in terms of price competitiveness. The real opportunity lies in the size of the market in the USA. Given Egypt's capacity - presently about 5000mt but ability to go to 15000mt with little or no investment - they represent less than a 2% threat to the market share at current levels of production. Their opportunity lies in marketing their product as a premium product, as their peroxides and pH are low, meeting or beating the International Olive Oil Council's standards. Egyptian olive oil has a distinctive peppery taste and many are starting to do heat infusion with flavors or adding herbs and spices. This was initiated by the ALEB project. If Egyptian olive oil processors can get their packaging spruced up, differentiate their product & target their market, they could obtain a premium price for their product, which would offset their low volume constraints.

An excellent example of this is an Italian olive oil with the brand name Merlano. A small, family owned estate of 7.5ha between Florence & Rome produces this. They package in a



Export Market Potential for Egyptian Food Products
Investment rational

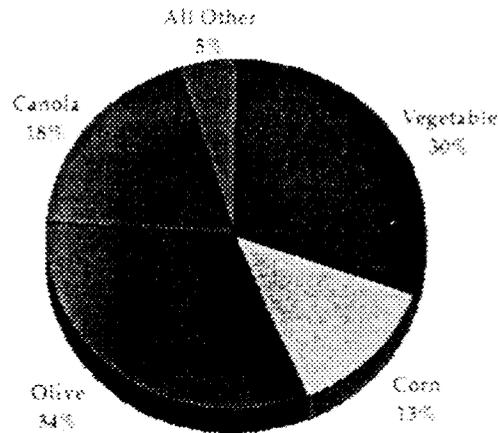
conventional shaped green bottle, with a distinctive black label and production dates & expiry entered by hand on the label. The bottle comes with a hangtag and a corked pour spout attached and packaged in a distinctive green gift box. A 500ml bottle wholesales for \$15.00. Their target market is the corporate gifts market in the specialty foods market segment.

The biggest constraint to this effort is the Egyptian import duties & tariffs for imported packaging. Little capacity exists here to produce the requisite packaging needed to target the specialty foods market for olive oil producers.

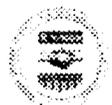


US Olive Oil Market Brief

Total US Retail Grocery Dollar Sales in 2001
(AC Nielson June 9, 2000 - June 9, 2001)



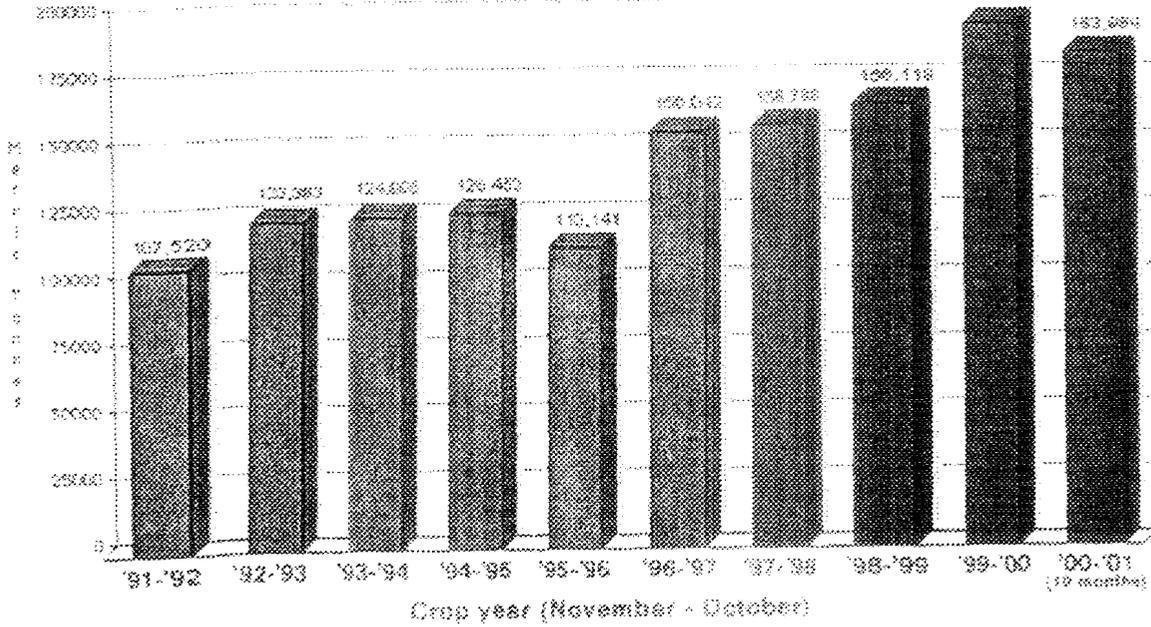
1. Olive oil has taken the lead in the pourable oils industry with over \$386 million in retail sales — overtaking vegetable oil, the traditional leader.
2. Since 1995, sales of olive oil in the U.S. have grown more than 35% from \$258 million to almost \$400 million.
3. Since 1995, the volume of olive oil imported into the U.S. has increased 64%.
4. The average growth rate of olive oil imports from 1966-1983 was 0.5%. The average growth rate from 1984-2000 was 8.2%. IOOC promotional activities began in 1983.
5. In 2001 it is estimated that 225 metric tons of olive oil were imported into the U.S. — an 11% increase over year 2000.
6. The Northeast U.S. accounts for 50% of U.S. grocery store retail volume for olive oil products.
7. Extra-virgin olive oil accounted for an estimated 40% of olive oil retail volume sales in the U.S. in 2001.



Export Market Potential for Egyptian Food Products
Investment rational

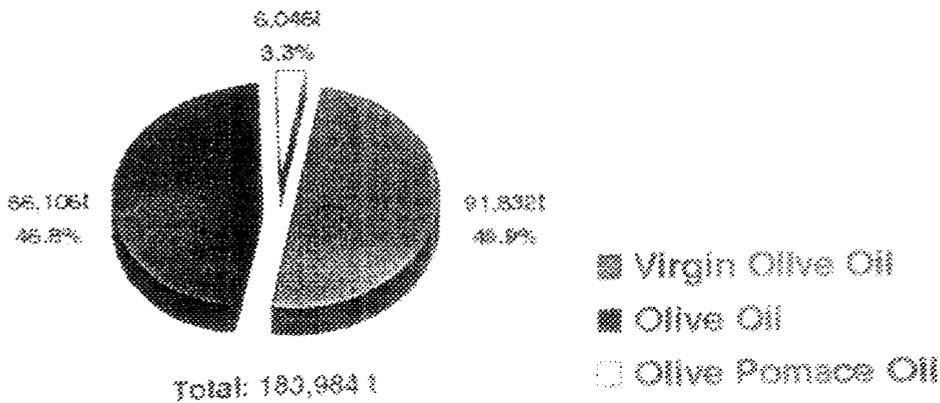
US Olive Oil import Trends

Crop Years 1991/1992 through August 2000/2001
(Source: U.S. Customs Statistics)



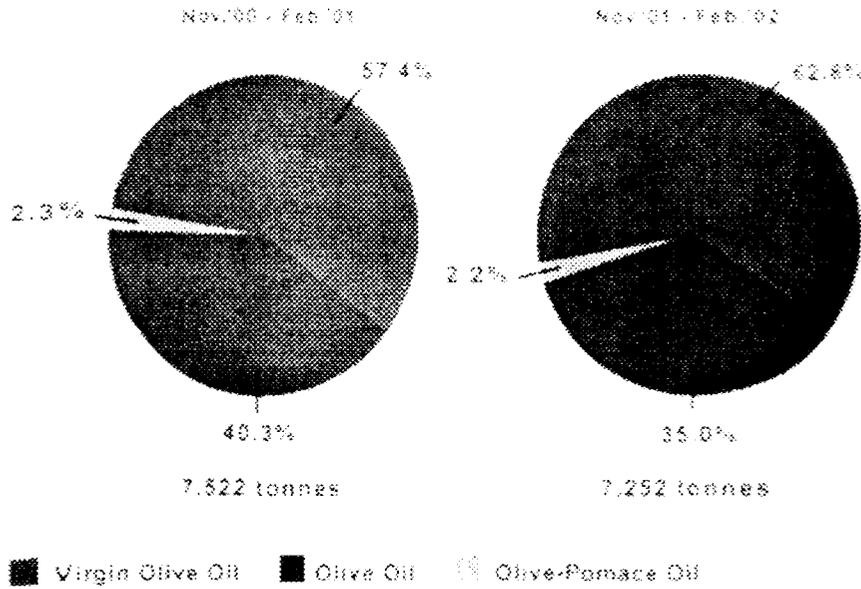
Structure of imports of olive oils and olive-pomace oils into the U.S.A
Based on Department of Commerce statistics (General Imports) – Washington, DC

November 2000 - August 2001

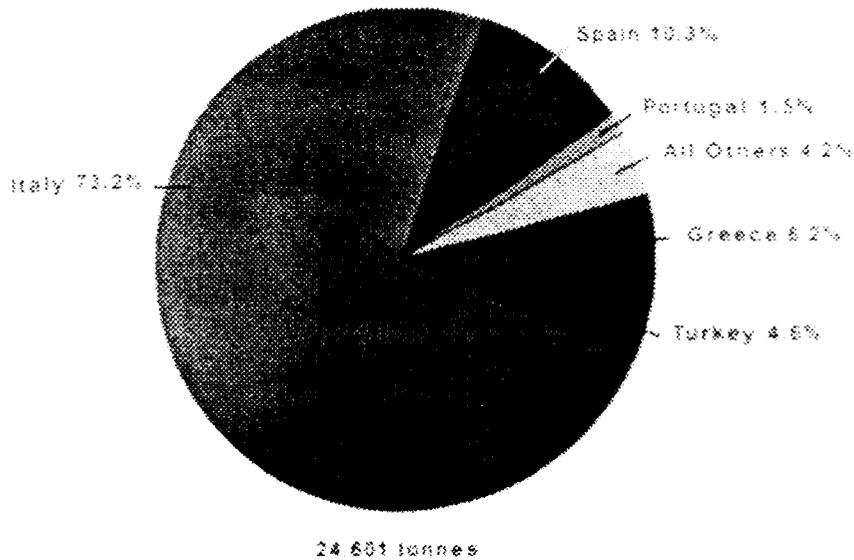


Canadian Olive Oil Market Overview

Structure of Imports - Olive Oils and Olive-Pomace Oils, four-month comparison



Canada Olive Oil Imports by Country of Origin, 2000/2001



World markets and Export Opportunities for Table Olives

World Table Olive Market

The market for table olives during the last few years exhibited significant increase in both production and consumption. Production reached 1 082 500 tonnes, 20 per cent above the average for the period 1992-2002 to 1990-91. World consumption has risen 20 per cent above the 1990s average. Production of table olives in 2002 exceeded consumption. However, according to the IOOC this is not likely to continue as the increase in consumption of the past 6 years is expected to continue.

In the 1990-2002 crop year world production of table olives was dominated by Spain (23.7%). Other significant producers were Turkey (18%), the United States (13.3%) and Morocco (9.7%). The major consuming countries were the United States and Turkey each 15%, Italy (11%) and Spain (10%).

Traditionally, green olives are the main type of table olive produced worldwide, followed by black olives and olives turning colour. Although world production of table olives was expected to fall during the 2001/2002 crop year, production of green olives was forecast to increase by 2.5 per cent. Consumption of olives turning colour was expected to remain constant in 2001/2002, while consumption of black olives and green olives was expected to rise by 10.2 per cent and 1.7 per cent respectively, compared with the previous levels.

A closer examination of the production figures indicates that world production of green olives is dominated by Spain (39%), Syria (12%) and Morocco (10%). Turkey (43%), Morocco (12%), Greece (10%) and Italy (10%) dominate production of black olives. The main producers of olives turning colour are the United States (56%) and Spain (25%).

Table Olive Production by Country.

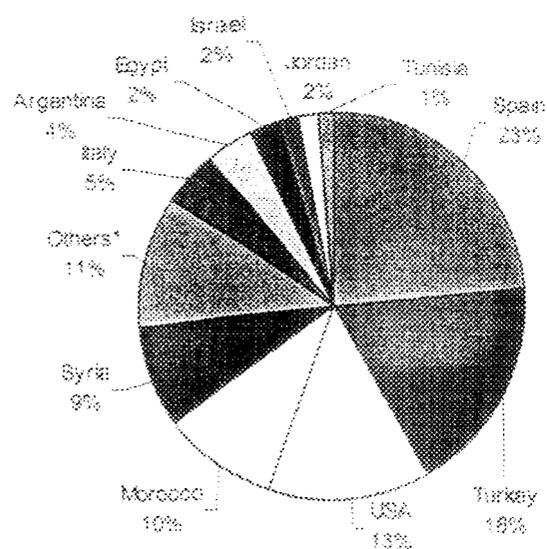
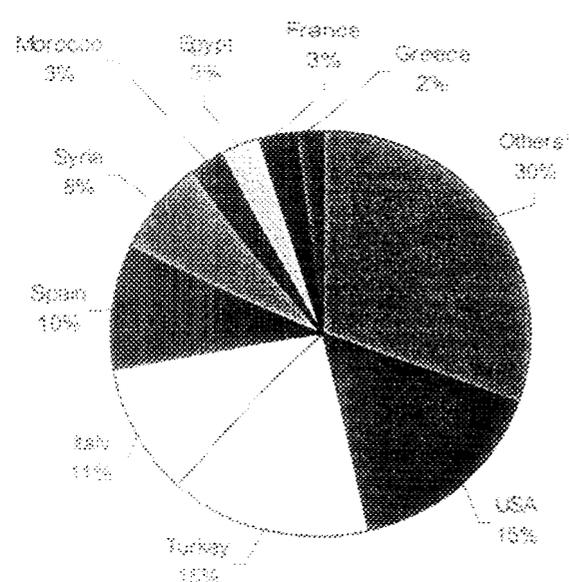
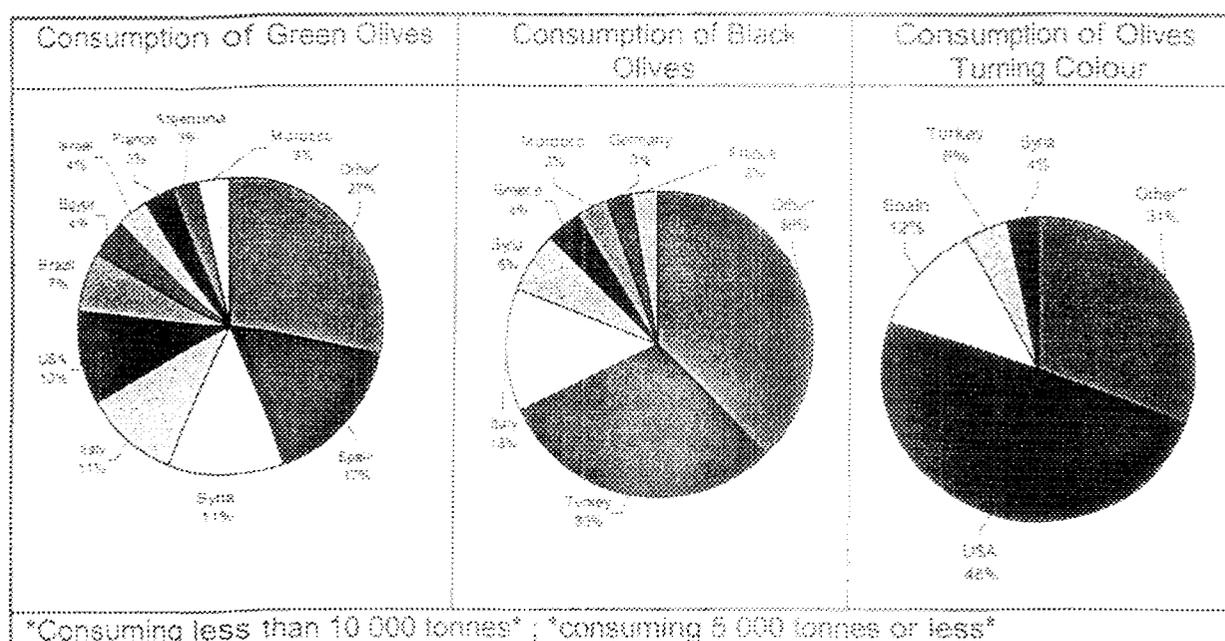


Table Olive Consumption by Country



* Producing/consuming less than 15 000 tonnes

Export Market Potential for Egyptian Food Products
Investment rational



On a per capita basis Syria dominates world consumption of table olives, followed by Spain, Greece, Italy and Turkey. The United States, Australia and Canada have recorded modest increases in per capita consumption.

Per Capita Consumption of Table Olives (kg)					
Country	1987	1998	1999	2001 (prov.)	2002 (est.)
Syria	5.56	5.42	6.07	5.49	5.02
Spain	3.04	2.98	2.83	2.52	2.77
Greece	2.03	2.88	2.87	1.91	2.38
Italy	2.27	1.98	2.19	1.87	2.27
Turkey	1.51	2.25	2.12	2.46	2.12
Morocco	1.43	1.31	1.09	1.07	1.06
USA	0.61	0.62	0.67	0.59	0.60
Australia	0.51	0.67	0.53	0.55	0.60
Canada	0.47	0.55	0.48	0.57	0.57
Japan	0	0	0.01	0.02	0.02

World Trade in Table Olives

For the 2001/2002 crop year, exports of table olives were expected to total more than 480 000 tonnes. Spain is by far the largest exporting country (39%), followed by Morocco (19%).



*Export Market Potential for Egyptian Food Products
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Main Table Olive Exporting Countries (tonnes x 1000)							
Country	1995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
	6	7	8	9	0	1 (prov.)	2 (est.)
Spain	134.5	135.9	113.8	107.8	119.3	130.0	135.0
Morocco	50.0	46.0	50.0	71.0	60.0	68.0	65.0
Greece	35.0	35.0	30.0	40.0	55.0	50.0	45.0
Argentina	20.0	25.0	25.0	28.0	20.0	24.0	20.0
a							
Turkey	12.0	13.0	15.0	29.0	22.0	26.0	26.0
Mexico	14.0	6.5	6.5	0.5	5.0	5.0	6.0
USA	3.0	1.0	9.0	10.0	4.0	10.0	6.0
Others	11.7	17.4	20.7	22.4	37.8	28.9	36.7
Total	280.2	279.8	270.0	308.7	322.8	341.9	337.7

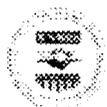
The main importing countries are the United States (25%) and Italy (14%).

Main Table Olive Importing Countries (tonnes x 1000)							
Country	1995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
	6	7	8	9	0	1 (prov.)	2 (est.)
USA	76.0	75.0	71.0	69.0	72.5	77.0	86.5
Italy	51.7	76.3	49.2	48.0	47.5	57.0	50.0
Brazil	20.0	21.0	30.0	32.0	25.0	35.0	35.0
France	35.4	26.5	25.1	31.9	30.5	28.0	28.0
Germany	16.5	16.5	17.0	18.7	23.5	23.3	24.0
Canada	10.5	13.0	13.5	16.0	14.5	17.0	17.0
Australia	6.0	6.5	7.0	8.0	7.5	8.0	9.0
Others	67.4	36.6	75.2	86.4	101.2	104.7	100.8
Total	283.5	271.4	288.0	310.0	322.2	350.0	350.5

United States is the most important market for table olives:

Market Brief

United States of America's imports of table olives represent 36% of world imports, its ranking in world imports is 1 with Spain the major supplier. The Spanish table olive exports into the USA market in 2001 is amounted for US\$ 157,000 million (102 thousand tones) represent almost 72% of total USA imports of this product. The second largest two exporting countries are by far Greece and Morocco with market share of 14 and 9 percent respectively. Total USA table olive import market according to Comtrade is estimated to US\$ 220.8 million as detailed in the following table.



*Export Market Potential for Egyptian Food Products
Investment rational*

List of supplying markets for a product imported by United States of America in 2001
Product : 200570 Olives prepared or preserved, other than by vinegar or acetic acid, not frozen
United States of America's imports represent 36% of world imports for this product, its ranking in world imports is 1

Exporters	Imported value 2001 in US\$ thousand	Share in United States of America's imports, %	Imported quantity 2001	Quantity unit	Unit value (US\$/unit)	Import trend in value between 1997-2001, % p.a.	Import trend in quantity between 1997-2001, % p.a.	Import growth in value between 2000-2001, % p.a.	Ranking of partner countries in world exports	Share of partner countries in world exports, %	Total export growth in value of partner countries between 1997-2001, % p.a.
World	220,761	100	101,852	Tons	2,167	3	7	8			-1
Spain	157,110	71	71,510	Tons	2,197	3	8	5	1	57	4
Greece	31,713	14	13,744	Tons	2,307	6	16	16	2	13	-9
Morocco	19,782	9	10,519	Tons	1,881	-3	-2	15	3	12	-5
Italy	3,678	2	1,186	Tons	3,101	6	11	7	6	2	20
Turkey	3,057	1	2,545	Tons	1,201	-3	4	105	5	4	1
France	2,152	1	651	Tons	3,306	5	7	-5	7	2	0
Israel	902	0	401	Tons	2,249	-2	3	-7	13	0	-6
Portugal	745	0	498	Tons	1,498	-25	-19	-1	8	1	-7
Peru	459	0	247	Tons	1,858	10	9	10	21	0	-2
Mexico	128	0	67	Tons	1,910			36	33	0	-7
Chile	121	0	71	Tons	1,704	-7	-7	-60	27	0	-33
Lebanon	110	0	63	Tons	1,746	7	9	233	25	0	6
United Kingdom	76	0	12	Tons	6,333	49	38	130	20	0	11
Syrian Arab Republic	67	0	51	Tons	1,314	-16	-5	16	15	0	23
Jordan	66	0	58	Tons	1,138	206	183	560	17	0	10
Honduras	64	0	69	Tons	928	3	3	-14	35	0	3
Argentina	53	0	26	Tons	2,038	-3	-4	-46	4	6	-15
Croatia	46	0	16	Tons	2,875	53	56	0	18	0	20
Tunisia	35	0	5	Tons	7,000	41	44	25	23	0	-8



US Imports of Table Olives by Type

HS Commodity	Year	2001		2002		2003		2004		2005	
		Value (Dollars)	Quantity								
2005700250 Olive Grn Hl Ptd Ripe Cntr Ct # in Saln Hl Ct 750 Y (Kg)		113,501	42,478	12,495	8,320	0	0	28,098	21,404	3,860	2,198
2005700280 Olive Grn Hl Ptd Cr # Kg/Less Saline Hl Ct 750 Hl (Kg)		48,829	25,783	4,378	1,182	80,758	26,470	10,072	4,868	78,310	22,278
2005700430 Olive Grn Hl Ptd Ripe Cntr Lt # in Sal Nosal Hl Ft (Kg)		151,542	114,999	75,654	41,076	187,880	123,080	37,057	15,502	17,731	3,473
2005700480 Olive Green Not Ptd Cr # Kg/Less, Saline, Nosal (Kg)		288,068	131,741	183,467	90,137	217,988	71,779	178,115	59,119	127,724	28,920
2005700800 Olive Grn Not Ptd in Saline Ct # Kg Addl Note 4 (Kg)		638,841	340,655	1,349,736	975,783	1,853,501	904,201	1,887,132	1,093,173	1,858,481	1,188,308
2005700800 Olive Grn Hl Ptd Cntr > # Kg Saline Nosal (Kg)		648,873	648,139	280,789	100,823	278,812	82,480	188,119	58,861	140,278	42,748
2005701130 Olive Grn Hl Ptd Ripe Cntr > # in Saline Hl > 750 Y (Kg)		0	0	0	0	0	0	0	0	0	0
2005701180 Olive Grn Hl Ptd Cr # Kg/Less, Saline Hl > 750 Hl (Kg)		0	0	0	0	0	0	0	0	0	0
2005701260 Olive, Green, Not Ptd, in Saline, Nosal, Hl Ft (Kg)		7,724,819	3,744,287	8,843,878	3,844,419	5,817,430	2,384,288	4,198,621	1,889,282	4,083,121	1,723,888
2005701300 Olive Green Hl Ptd in Saline Nosal, Per Us Note 4 (Kg)		0	0	0	0	0	0	0	0	0	0
2005701500 Olive, Green, Not Ptd, in Saline, Nosal (Kg)		0	0	0	0	0	0	0	0	0	0
2005701800 Olive Grn Solid Pckd Saline Not Ct 750 Y/Hl (Kg)		3,931,252	790,601	4,402,293	970,290	5,172,289	1,040,204	4,847,372	1,189,238	5,158,944	1,018,888
2005701800 Olives Green Ptd/Solid in Cntrs Lt 1Kg Grd Wght (Kg)		872,432	229,922	278,404	68,807	288,908	70,881	243,028	82,288	288,878	74,908
2005702100 Olive Green Stuffed Piece Pckd Saline Hl > 750 Y (Kg)		0	0	0	0	0	0	0	0	0	0
2005702200 Olive Green Ptd/Solid Piece Pckd Saline, Nosal (Kg)		0	0	0	0	0	0	0	0	0	0
2005702300 Olive Green Ptd/Solid Piece Pckd Saline, Nosal (Kg)		871,092	281,141	724,802	289,854	828,898	183,082	1,148,231	442,898	842,837	234,837
2005702510 Olives, Green, Whole, Ptd, Cntr Cr # Kg, Saline (Kg)		3,428,813	1,327,483	4,042,030	1,513,733	3,884,282	1,370,428	2,188,838	1,083,148	2,888,920	1,174,190
2005702530 Olive Green Whole Stuffed Cr Over # Kg, in Saline (Kg)		8,247,148	8,578,818	8,104,070	5,703,888	11,238,448	8,228,873	8,987,861	8,877,084	9,198,588	5,707,887
2005702530 Olive Green Broken/Sliced/Solid Cntr Cr # Kg Saline (Kg)		1,887,894	2,008,341	1,713,831	1,824,248	2,388,458	2,138,308	1,997,988	2,018,433	2,128,098	1,881,300
2005702540 Olive Green Whole Ptd Cntr Less Than # Kg Saline (Kg)		2,782,830	1,108,291	2,880,070	1,188,804	3,081,884	1,043,701	2,088,172	891,418	2,282,887	872,080
2005702580 Olive Green Whole Stuffed Cntr Less Than # Kg Saline (Kg)		71,231,912	29,013,883	89,288,348	28,340,848	78,487,438	27,904,850	82,128,843	34,888,783	63,440,971	22,781,284
2005702580 Olive Green Broken/Sliced/Solid Less Than # Kg Saline (Kg)		13,208,824	7,831,442	12,888,388	7,882,412	18,888,410	7,807,841	14,301,240	7,417,434	18,338,172	7,208,727
2005702600 Olive Hl Green Hl Ptd, Canned Cr # Kg, in Saline (Kg)		787,888	428,038	478,038	281,408	878,202	274,800	388,418	170,897	738,403	288,883
2005702680 Olive Hl Green Hl Ptd Canned Hl Cr # Kg, Saline (Kg)		112,464	82,884	88,911	44,718	48,988	19,328	184,121	88,358	92,887	41,048
2005702800 Olive Hl Green Whole Ptd Canned Cr # Kg Saline (Kg)		8,338,184	3,283,313	3,998,442	2,887,748	3,838,240	2,178,248	4,944,878	2,828,013	6,382,838	2,424,888
2005702800 Olive Hl Green Whole Ptd Canned Lt # Kg Saline (Kg)		2,818,384	1,810,838	2,217,487	1,318,818	1,848,127	888,878	1,248,287	823,431	978,188	447,188



**Export Market Potential for Egyptian Food Products
Investment rational**

Spain Table Olive Exports into USA Market by Type .

HS Commodity	Year	2001		2000		1999		1998		1997		1996
		Value (Dollars)	Quantity	Value (Dollars)								
2008700230 Olive Grn Nt Ptd Ripe Cntr Gr 4 In Saln Nt Gr 730T (Kg)		0	0	0	0	0	0	12,898	9,856	0	0	5,041
2008700280 Olive Grn Nt Ptd Ctr 8 Kg/Less Saline Nt Gr 730 Nt (Kg)		19,518	17,136	0	0	5,015	2,087	4,327	2,131	0	0	17,282
2008700430 Olive Grn Nt Ptd Ripe Cntr Lt 8 In Sal Nsal Nt Pz (Kg)		49,953	21,412	21,338	11,418	5,582	1,889	12,560	5,859	0	0	9,080
2008700480 Olive Green Not Ptd Ctr 8 Kg/Less, Saline, Nsal (Kg)		59,838	42,923	66,295	38,439	35,495	12,688	42,003	25,142	18,301	5,858	58,981
2008700500 Olive Grn Not Ptd In Saline Gr 8 Kg Addtl Nots 4 (Kg)		138,489	73,328	453,251	326,975	1,135,012	485,776	780,430	590,881	835,427	482,357	928,886
2008700600 Olives Grn Nt Ptd Cntr > 8 Kg Saline Nsal (Kg)		280,334	190,187	152,294	50,383	143,204	50,054	46,358	17,054	89,077	33,156	235,763
2008701130 Olive Grn Nt Ptd Ripe Cntr > 6 In Saline Nt >730T (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008701180 Olive Grn Nt Ptd Ctr 5 Kg/Less, Saline Nt >730 Nt (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008701200 Olive, Green, Not Ptd, In Saline, Nsal, Nt Frz (Kg)		3,018,085	1,718,527	3,347,814	2,089,801	2,948,190	1,236,947	2,151,751	1,073,717	1,821,645	840,415	2,177,011
2008701300 Olive Green Nt Ptd In Saline Nsal, Par Us Nsal (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008701500 Olive, Green, Not Ptd, In Saline, Nsal (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008701600 Olives Grn 500g Packed-Saline Not Gr 730 T/Yr (Kg)		3,688,182	782,748	4,285,481	920,440	5,083,728	987,194	4,722,192	1,139,954	5,014,906	979,773	5,112,454
2008701800 Olives Green Ptd/Stfd In Cntrs Lt 16g Dtd Wght (Kg)		387,197	153,051	231,834	51,559	198,152	50,783	195,470	50,744	138,649	36,172	198,581
2008702100 Olives Green Stuffed Piece Packed Saline Nt >2700T (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008702200 Olives Green Ptd/500g Piece Packed Saline, Nsal (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008702300 Olives Green Ptd/Stfd Piece Packed Saline, Nsal (Kg)		98,670	60,330	99,452	52,817	32,150	17,781	255,151	117,426	453,327	164,776	680,985
2008702510 Olives, Green, Whole, Ptd, Cntr Ov 8 Kg, Saline (Kg)		2,176,280	834,838	3,385,457	1,208,028	2,999,295	953,470	1,989,197	948,628	2,388,582	964,180	1,535,784
2008702520 Olive Green Whole Stuffed Ctr Over 8 Kg, in Saline (Kg)		7,903,200	5,886,428	7,848,024	5,553,527	10,849,516	5,978,275	8,985,113	6,568,238	8,877,148	5,481,413	12,881,715
2008702530 Olive Green Broken/Sliced/Saltd Cntr Ov 8Kg Saline (Kg)		1,224,723	1,565,912	1,507,797	1,890,214	1,782,985	1,809,232	1,820,208	1,805,987	1,665,800	1,480,722	3,091,528
2008702540 Olive Green Whole Ptd Cntr Less Than 8 Kg Saline (Kg)		2,282,075	852,383	2,130,815	897,561	2,382,257	794,858	1,701,562	698,859	1,888,595	724,828	1,787,288
2008702590 Olive Green Whole Stuffed Cntr Less Than 8Kg Saline (Kg)		70,852,015	28,884,441	68,193,270	27,812,478	77,260,816	27,448,691	61,827,365	24,495,081	83,030,831	22,532,244	61,382,853
2008702595 Olive Green Broken/Sliced/Saltd Less Than 8Kg Saline (Kg)		11,987,774	7,119,269	11,203,525	6,595,249	14,112,176	6,810,153	13,337,666	6,809,176	13,609,216	6,212,152	12,721,853
2008706000 Olive Nt Green Nt Ptd, Canned Ov .3Kg, In Saline (Kg)		298,137	177,068	74,369	56,802	22,951	25,599	54,798	33,803	133,572	61,798	88,500
2008708000 Olive Nt Green Nt Ptd Canned Nt Ov .3 Kg, Saline (Kg)		22,832	17,488	59,121	42,300	11,684	4,322	71,248	36,071	52,834	26,962	3,530
2008708020 Olives Nt Green Whole Ptd Canned Ov .3Kg Saline (Kg)		4,568,121	2,852,617	3,436,667	2,293,662	3,185,730	1,823,100	3,801,618	2,082,840	3,918,940	1,773,457	3,141,815
2008708030 Olive Nt Green Whole Ptd Canned Lt .3 Kg Saline (Kg)		2,489,133	1,478,863	2,180,847	1,303,008	1,537,888	798,024	1,152,384	574,788	698,840	312,845	1,122,224
2008708080 Olives Not Green, Sliced Canned In Saline Solution (Kg)		22,940,439	17,310,077	20,044,651	15,105,921	19,206,998	12,166,134	17,400,357	10,887,182	18,280,458	9,636,225	20,982,272
2008708085 Olives Not Green Chopped/Mined, Canned, In Saline (Kg)		13,308	9,430	63,036	42,688	5,889	2,441	22,656	13,563	22,399	16,640	0
2008708090 Olives Nt Green, Wedged or Broken Canned In Saline (Kg)		1,308,232	893,343	1,888,888	1,289,870	800,801	540,240	1,613,864	958,722	1,952,851	977,271	888,351
2008707000 Olive Nt Green Nt Canned, Glass Metal Airbrs Ctr (Kg)		183,748	113,058	200,798	131,779	87,276	52,308	189,084	78,127	128,286	58,850	198,599
2008707500 Olives Not Green, Not Canned, In Saline, Nsal (Kg)		284,711	215,134	208,355	137,361	130,857	87,594	118,170	87,723	125,489	60,510	78,777
2008708100 Olive Prep/Pres Cntr Tho Saline Cntr <13 Kg Etc (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008708300 Olives Prep/Pres Except In Saline, Nt Frzn, Nsal (Kg)		0	0	0	0	0	0	0	0	0	0	0
2008708500 Olive Prep/Pres Cntr Tho Saline Cntr Lt 13 Kg Etc (Kg)		11,990	4,978	17,948	3,822	16,128	9,434	70,487	31,814	5,771	1,078	4,174
2008708500 Olives Prep/Pres Except In Saline, Nt Frzn, Nsal (Kg)		0	0	0	0	32,447	18,968	0	0	0	0	0
2008708700 Other Vgts, Otherwise Prep/Pres, Not Frzn, Nsal (Kg)		81,600	56,207	13,054	9,435	169,724	95,261	96,430	73,383	0	0	88,200



**Export Market Potential for Egyptian Food Products
Investment rational**

Italy Table Olive Exports into USA Market by Type

HS Commodity	1991		1992		1993		1994		1995		1996	
	Value (Dollars)	Quantity										
2005700225 Olive Grn Hl Ptd Ripe Cntr Ct 8 In Saln Hl Ct 750 T (Kg)	80,510	10,074	0	0	0	0	0	0	0	0	0	0
2005700230 Olive Grn Hl Ptd Ctr 8 Kg/Loss Saline Hl Ct 750 Hl (Kg)	0	0	0	0	0	0	0	0	62,860	10,728	25,708	8,897
2005700430 Olive Grn Hl Ptd Ripe Cntr Lt 8 In Sal Hest Hl Ft (Kg)	0	0	0	0	12,131	3,211	8,744	568	2,578	850	0	0
2005700480 Olive Green Hl Ptd Ctr 8 Kg/Loss, Saline, Hest (Kg)	112,800	37,605	84,483	25,368	93,972	23,000	115,154	26,216	55,344	7,137	37,347	5,768
2005700500 Olive Grn Hl Ptd In Saline Ct 8 Kg Adst Hest 4 (Kg)	5,811	4,400	24,390	10,972	2,335	600	52,489	19,922	21,260	11,397	84,858	36,477
2005700550 Olives Grn Hl Ptd Cntr > 8 Kg Saline Hest (Kg)	89,794	36,928	28,091	9,538	118,565	34,167	56,682	17,148	38,311	5,848	0	0
2005701130 Olive Grn Hl Ptd Ripe Cntr > 8 In Saline Hl > 750 T (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005701180 Olive Grn Hl Ptd Ctr 8 Kg/Loss, Saline Hl > 750 Hl (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005701300 Olive, Green, Hest Ptd, In Saline, Hest, Hl Frz (Kg)	934,538	382,923	777,420	298,477	810,287	218,751	862,408	281,108	675,018	150,338	720,762	188,029
2005701350 Olive Green Hl Ptd In Saline Hest, Ptd Lt Hest 4 (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005701380 Olive, Green, Hest Ptd, In Saline, Hest (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005701800 Olives Grn Hl Ptd Packed Saline Hest Ct 2708 T/Hr (Kg)	18,403	3,900	0	0	8,873	1,700	11,510	2,903	5,643	1,808	1,340	85
2005701850 Olive Green Ptd/Hest In Cntrs Lt 1 Kg Dvl Wght (Kg)	3,900	1,388	0	0	0	0	0	0	0	0	3,367	382
2005702100 Olives Green Stuffed Place Packed Saline Hl > 2708 T (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005702300 Olive Green Ptd/Stfd Place Packed Saline, Hest (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005702500 Olive Green Ptd/Stfd Place Packed Saline, Hest (Kg)	498,341	126,808	470,517	130,798	535,665	123,063	568,488	168,188	12,837	4,301	2,774	824
2005702550 Olives, Green, Whole, Hest, Cntr Ct 8 Kg, Saline (Kg)	57,248	30,000	0	0	4,688	2,328	2,400	800	0	0	5,783	1,384
2005702600 Olive Green Whole Stuffed Ctr Over 8 Kg, In Saline (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005702830 Olive Green Broken/Stcd/Salnt Cntr Ct 8 Kg Saline (Kg)	0	0	14,400	14,060	16,220	8,937	0	0	4,071	3	3,458	3,358
2005702840 Olive Green Whole Ptd Ctr Less Than 8 Kg Saline (Kg)	14,278	3,288	27,860	6,902	216,548	51,782	90,684	25,858	32,382	20,572	175,767	38,888
2005702900 Olive Green Whole Stuffed Cntr Less Than 8 Kg Saline (Kg)	47,880	28,897	26,131	9,319	129,785	38,488	168,421	47,918	43,371	13,428	29,885	18,337
2005702950 Olive Green Broken/Stcd/Salnt Less Than 8 Kg Saline (Kg)	81,474	24,418	113,868	38,064	66,183	17,323	105,778	17,878	40,813	8,362	107,088	23,432
2005703000 Olive Hl Green Hl Ptd, Canned Ct 8 Kg, In Saline (Kg)	148,738	48,075	134,087	49,898	77,720	22,174	52,784	8,833	41,888	14,288	90,871	19,131
2005703050 Olive Hl Green Hl Ptd Canned Hl Ct 3 Kg, Saline (Kg)	18,088	11,882	2,844	363	0	0	22,334	8,420	0	0	0	0
2005703100 Olive Hl Green Whole Ptd Canned Ct 8 Kg Saline (Kg)	13,342	8,278	27,422	11,828	3,640	1,843	30,818	12,132	13,331	6,921	24,721	4,000
2005703150 Olive Hl Green Whole Ptd Canned Lt 3 Kg Saline (Kg)	18,812	3,903	10,180	2,718	0	0	0	0	12,318	3,328	12,882	4,372
2005703200 Olives Hest Green, Hest Canned In Saline Solution (Kg)	23,864	18,808	24,888	18,883	26,548	18,874	48,417	28,748	68,812	38,884	11,340	4,717
2005703250 Olive Hest Green Chopped/Hest, Canned, In Saline (Kg)	0	0	8,888	1,711	0	0	0	0	0	0	0	0
2005703300 Olive Hl Green, Wgtd or Broken Canned In Saline (Kg)	13,122	3,780	0	0	21,390	4,484	32,881	8,384	25,888	21,818	10,881	3,780
2005703350 Olive Hl Green In Canned, Glass/ Hest Olive Ct (Kg)	84,183	17,883	88,184	21,878	47,723	8,788	95,481	13,940	28,844	8,812	279,480	71,888
2005703400 Olives Hest Green, Hest Canned, In Saline, Hest (Kg)	785,272	328,078	833,711	318,823	1,132,184	390,810	1,267,388	408,488	914,518	313,887	843,888	211,878
2005703450 Olive Prep/Free Cntr Hl Saline Cntr 4 Lt 8 Kg Hl (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005703500 Olive Prep/Free Except In Saline, Hl Frz, Hest (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
2005703550 Olive Prep/Free Cntr Hl Saline Cntr Lt 18 Kg Hl (Kg)	72,884	18,888	140,870	28,304	73,838	14,384	84,888	14,084	44,372	8,108	88,181	18,188
2005703600 Olive Prep/Free Except In Saline, Hl Frz, Hest (Kg)	0	0	33,828	7,038	38,888	8,380	28,214	4,878	49,722	12,812	83,172	8,188
2005703700 Other Vegs, Otherwise Prep/Free, Hest Frz, Hest (Kg)	288,888	78,387	323,338	88,882	384,878	78,788	311,188	87,881	180,143	28,731	182,577	27,830



**Export Market Potential for Egyptian Food Products
Investment rational**

Morocco Table Olive Exports into USA Market

HS Commodity	2001		2000		1999		1998		1997		1996
	Value (Dollars)	Quantity	Value (Dollars)								
2005700230 Olive Grn Nt Ptd Ripe Cntr Gr 8 in Saln Nt Gr 750 T (Kg)	0	0	7,815	5,720	0	0	0	0	0	0	0
2005700280 Olive Grn Nt Ptd Ctr 8 Kg/Less Saline Nt Gr 750 Mt (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005700450 Olive Grn Nt Ptd Ripe Cntr Lz 8 in Sal Nceol Nt Pz (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005700480 Olive Green Not Ptd Ctr 8 Kg/Less, Saline, Nceol (Kg)	0	0	0	0	0	0	0	0	0	0	1,884
2005700800 Olive Grn Not Ptd in Saline Gr 8 Kg Addtl Nese 4 (Kg)	12,060	7,612	66,435	67,220	44,846	57,792	27,864	24,573	106,918	103,060	295,056
2005700900 Olives Grn Nt Ptd Cntr > 8 Kg Saline Nceol (Kg)	8,040	6,800	0	0	0	0	0	0	0	0	0
2005701130 Olive Grn Nt Ptd Ripe Cntr > 8 in Saline Nt >750 T (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005701180 Olive Grn Nt Ptd Ctr 8 Kg/Less, Saline Nt >750 Mt (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005701200 Olive, Green, Not Pitted, in Saline, Nceol, Nt Pz (Kg)	176,633	184,840	138,448	138,448	63,257	55,875	14,560	11,200	38,294	30,345	5,138
2005701300 Olive Green Nt Ptd in Saline Nceol, Per Lz Nese 3 (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005701500 Olive, Green, Not Pitted, in Saline, Nceol (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005701600 Olives Grn Stiffd Packed Saline Not Gr 2700 T/Yr (Kg)	0	0	0	0	0	0	0	0	21,773	9,663	0
2005701600 Olives Green Ptd/Stiff in Cntrs Lz 1kg Dtd Wght (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005702100 Olives Green Stuffed Place Packed Saline Nt >2700 T (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005702200 Olives Green Ptd/Stiff Place Packed Saline, Nceol (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005702300 Olives Green Ptd/Stiff Place Packed Saline, Nceol (Kg)	0	0	3,718	2,840	0	0	0	0	0	0	0
2005702510 Olives, Green, Whole, Pitted, Cntr Ov 8 Kg, Saline (Kg)	11,339	11,000	30,344	30,174	247,063	187,980	130,158	100,772	165,861	142,800	372,700
2005702520 Olive Green Whole Stuffed Ctr Over 8 Kg, in Saline (Kg)	12,320	11,200	29,197	30,385	122,870	98,050	0	0	209,434	159,821	270,845
2005702530 Olive Green Broken/Stuffed/Salad Cntr Ov 8kg Saline (Kg)	48,721	48,195	44,590	70,112	144,364	122,660	68,958	83,923	273,271	266,114	193,203
2005702640 Olive Green Whole Ptd Cntr Less Than 8 Kg Saline (Kg)	64,979	59,582	64,586	79,100	69,820	55,835	60,769	52,164	3,100	854	94,930
2005702650 Olive Green Whole Stuffed Cntr Less Than 8kg Saline (Kg)	0	0	0	0	77,183	60,900	6,103	805	145,712	149,040	180,947
2005702680 Olive Green Broken/Stuff/Salad Less Than 8kg Saln (Kg)	465,677	267,333	590,011	380,994	919,778	554,514	431,482	273,991	1,262,157	729,528	987,014
2005706000 Olive Nt Green Nt Ptd, Canned Ov .3kg, in Saline (Kg)	5,826	5,100	11,340	8,316	37,536	26,957	5,510	3,940	92,868	57,532	93,565
2005706080 Olive Nt Green Nt Ptd Canned Nt Ov .3 kg, Saline (Kg)	15,000	12,375	0	0	5,208	3,772	2,316	1,850	16,128	8,534	0
2005706020 Olives Nt Green Whole Pitted Canned Ov .3kg Saline (Kg)	326,440	185,030	174,013	112,289	383,332	214,182	401,298	240,111	781,212	385,217	1,082,742
2005706030 Olive Nt Green Whole Pitted Canned Lz .3 kg Saline (Kg)	0	0	13,104	9,430	94,387	54,442	51,838	29,201	202,648	98,203	78,216
2005706250 Olives Not Green, Stiffd Canned in Saline Solution (Kg)	12,495,465	6,896,932	11,838,645	6,661,815	10,188,899	5,873,781	10,194,780	5,867,455	13,297,842	8,864,358	8,935,571
2005706060 Olives Not Green Chopped/Wnted, Canned, in Saline (Kg)	0	0	6,532	4,715	0	0	0	0	0	0	0
2005706070 Olives Nt Green, Wnted or broken Canned in Saline (Kg)	2,859,008	1,948,214	1,496,934	973,823	3,380,029	2,217,180	2,705,168	1,603,928	4,045,674	2,128,348	4,071,991
2005706090 Olive Nt Green Nt Canned, Glass/ Metal Artile Ctr (Kg)	0	0	5,625	4,125	44,828	27,493	28,804	16,911	17,040	10,309	43,982
2005707900 Olives Not Green, Not Canned, in Saline, Nceol (Kg)	958,683	811,670	781,564	657,012	1,348,102	1,127,151	672,478	472,764	991,150	821,364	807,343
2005708100 Olive Prep/Pres Olives Thr Saline Cntr < 19 kg Etc (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005708300 Olives Prep/Pres Except in Saline, Nt Pz, Nceol (Kg)	0	0	0	0	0	0	0	0	0	0	0
2005708180 Olive Prep/Pres Cntr Thr Saline Cntr Lz 19 kg Etc (Kg)	0	0	0	0	0	0	0	0	185,678	108,485	108,043
2005708380 Olives Prep/Pres Except in Saline, Nt Pz, Nceol (Kg)	2,272	886	0	0	0	0	0	0	0	0	0
2005708700 Other Vega, Otherwise Prep/Pres, Not Frozen, Nceol (Kg)	516,803	270,810	178,795	187,062	364,273	253,046	60,978	46,300	312,571	225,263	224,346



**Export Market Potential for Egyptian Food Products
Investment rational**

Greece Table Olive Exports into USA Market by Type.

HS Commodity	2001		2002		2003		2004		2005		2006	
	Value (Dollars)	Quantity	Value (Dollars)	Quantity								
200270020 Olive Grn Hl Pkd Ripe Ctr Gr 3 in Saln Hl Gr 750 Y (Kg)	7,983	4,925	0	0	0	0	18,400	11,548	3,980	2,198	2,514	0
200270030 Olive Grn Hl Pkd Ctr 8 Kg/Less Saline Hl Gr 750 Hl (Kg)	0	0	4,378	1,152	28,851	10,271	2,800	1,800	0	0	4,808	0
200270040 Olive Grn Hl Pkd Ripe Ctr Lr 8 in Sal Nosal Hl P1 (Kg)	44,928	27,041	54,318	29,890	6,480	2,160	12,287	5,550	0	0	14,280	0
200270050 Olive Green Hl Pkd Ctr 8 Kg/Less, Saline, Nosal (Kg)	39,183	24,272	40,942	19,933	75,141	28,997	14,431	3,838	24,368	3,950	18,280	0
200270060 Olive Grn Hl Pkd in Saline Gr 8 Kg Addl Hl 4 (Kg)	288,553	181,555	704,580	505,133	550,548	295,333	686,981	388,914	621,987	271,923	470,448	0
200270080 Olives Grn Hl Pkd Ctr > 8 Kg Saline Nosal (Kg)	429,878	291,211	58,421	34,822	5,105	3,900	43,314	23,115	0	0	85,173	0
200270130 Olive Grn Hl Pkd Ripe Ctr > 8 in Saline Hl > 750 Y (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270140 Olive Grn Hl Pkd Ctr 8 Kg/Less, Saline Hl > 750 Hl (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270150 Olive, Green, Hl Pkd, in Saline, Nosal, Hl Pz (Kg)	2,176,380	852,990	1,181,240	520,604	775,881	297,088	383,382	188,373	487,688	177,687	512,988	0
200270160 Olive Green Hl Pkd in Saline Nosal, Per Us Note 4 (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270180 Olive, Green, Hl Pkd, in Saline, Nosal (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270190 Olive Grn Hl Pkd Packed Saline Hl Gr 3700 Y/rv (Kg)	7,881	1,512	94,181	44,144	98,988	51,310	49,687	11,482	73,407	16,388	44,788	0
200270195 Olive Green Pkd/Blnd in Cntrs Lr 1 Kg Grd Wght (Kg)	280,982	82,318	28,871	11,818	88,883	19,273	48,378	8,878	87,323	8,428	0	0
200270210 Olives Green Stuffed Pkce Packed Saline Hl > 750 Y (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270220 Olive Green Pkd/Blnd Pkce Packed Saline, Nosal (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270230 Olive Green Pkd/Blnd Pkce Packed Saline, Nosal (Kg)	2,588	1,200	8,432	1,058	22,847	4,787	114,280	20,210	4,548	977	0	0
200270240 Olives, Green, Whole, Pkd, Ctr Gr 8 Kg, Saline (Kg)	1,085,414	405,528	552,788	222,127	38,417	18,474	8,310	2,730	78,458	24,888	87,002	0
200270250 Olive Green Whole Stuffed Ctr Over 8 Kg, in Saline (Kg)	842,287	380,731	142,843	72,784	87,888	28,337	0	0	17,801	4,200	7,388	0
200270260 Olive Green Broken/Blnd/Stated Ctr Gr 8 Kg Saline (Kg)	173,788	114,848	71,302	82,817	88,448	48,728	33,210	19,720	80,788	34,782	108,088	0
200270270 Olive Green Whole Pkd Ctr Less Than 8 Kg Saline (Kg)	188,788	81,888	171,481	82,184	188,882	78,883	43,820	28,137	80,371	38,234	8,080	0
200270280 Olive Green Whole Stuffed Ctr Less Than 8 Kg Saline (Kg)	187,188	44,182	821,358	418,811	882,800	318,087	88,828	8,328	84,084	13,487	57,712	0
200270290 Olive Green Broken/Blnd/Stated Less Than 8 Kg Saline (Kg)	183,708	88,780	88,483	38,870	38,880	28,708	108,078	83,311	98,987	61,770	51,473	0
200270300 Olive Hl Green Hl Pkd, Canned Gr .5kg, in Saline (Kg)	148,488	88,288	108,888	88,828	284,578	108,888	104,240	42,700	120,883	42,271	200,972	0
200270310 Olive Hl Green Hl Pkd Canned Hl Gr .3 Kg, Saline (Kg)	17,728	10,183	0	0	28,087	10,212	34,388	28,688	0	0	14,888	0
200270320 Olives Hl Green Whole Pkd Canned Gr .5kg Saline (Kg)	128,288	72,128	184,828	77,191	178,813	82,812	188,881	48,838	93,807	22,841	222,281	0
200270330 Olive Hl Green Whole Pkd Canned Lr .3 Kg Saline (Kg)	77,880	17,088	8,348	1,888	3,081	1,888	0	0	21,371	3,488	1,888	0
200270340 Olives Hl Green, Blnd Canned in Saline Solution (Kg)	0	0	12,888	6,188	0	0	0	0	28,987	7,700	108,870	0
200270350 Olives Hl Green Chopped/Blnd, Canned, in Saline (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270360 Olive Hl Green, Wedged or Broken Canned in Saline (Kg)	4,713	3,280	21,870	8,380	38,242	13,888	43,887	18,380	20,127	8,832	0	0
200270370 Olive Hl Green Hl Canned, Glass/ Metal Airtite Ctr (Kg)	483,512	128,888	712,287	302,388	887,804	148,880	372,413	84,888	528,324	188,721	440,088	0
200270380 Olive Hl Green, Hl Canned, in Saline, Nosal (Kg)	13,482,888	7,822,208	13,704,884	7,888,987	19,802,472	8,888,271	19,080,888	7,888,872	15,197,914	5,488,988	14,712,882	0
200270390 Olive Prep/Froz Olives Hl Saline Ctr < 18 Kg Hl (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270400 Olive Prep/Froz Except in Saline, Hl Frz, Nosal (Kg)	0	0	0	0	0	0	0	0	0	0	0	0
200270410 Olive Prep/Froz Ctr Hl Saline Ctr Lr 18 Kg Hl (Kg)	384,720	187,288	888,888	251,180	228,144	148,437	273,280	132,888	831,474	228,843	183,011	0
200270420 Olive Prep/Froz Except in Saline, Hl Frz, Nosal (Kg)	2,813	288	88,128	51,207	87,234	40,882	8,213	2,382	148,287	38,881	88,018	0
200270430 Other Vegs, Othwtd Prep/Froz, Not Frozen, Nosal (Kg)	7,888,801	2,888,884	8,888,888	1,870,781	4,288,888	1,288,882	3,882,188	822,308	3,888,831	808,388	3,178,341	0



United States olive growers cannot supply the domestic demand for olives. More than ninety-nine percent (99%) of the table olives grown in the United States are produced in California. There were one thousand two hundred twenty-five (1225) California olive growers in 1997. Over two thirds of these growers have less than two acres. Only five growers have more than five hundred acres. The value of California olives produced in 1997 reached \$66.8 million - less than twenty-five percent (25%) of the domestic demand for olives. In the face of increasing demand for table olives in the United States, California olive producers' market share continues to decline. These producers have carved a high premium niche for themselves, selling their California olives to the high-end markets under recognized, high value brand names.

Total U.S. imports of olives reached a level of \$224.3 million (CIF value) in 1999, up 12 percent over the 1998 level of \$200.1 million. This increase was due to higher average CIF import values and a slight increase in the total quantity imported during CY 1999, compared to year earlier levels. Total quantities of olives imported into the U.S. market have increased 20 percent over the last five years to 94,245 MT in CY 1999.

U.S. imports of olive products are classified under the U.S. Harmonized Tariff Schedule into 34 different categories. Green, whole stuffed olives in containers less than 8 kg represented almost 39 percent of total U.S. imports of olives, totalling \$86.9 million in CIF value during 1999. The second largest category of import trade on the U.S. market is for sliced black olives in a can. These totalled \$32.6 million in CIF value during 1999, representing 14.5 percent of total U.S. imports of olives.

Black whole olives and green broken or sliced, salad style olives were the third and fourth largest import categories, totalling \$26.5 million and \$17.5 million respectively. Whole green stuffed olives in HRI packs (larger than 8 kg) totaled \$12.2 million.

These five import categories accounted for 78 percent of the total CIF value of U.S. imports of olives during CY 1999.

Spain is the dominant supplier of olives to the U.S. market, exporting \$164.6 million (CIF value) and representing 73.4 percent market share of total U.S. imports of olives. Greece was the second largest supplier of olives to the U.S. market, with trade valued on a CIF value basis at \$31.9 million during 1999. This represented a CIF market share in CY 1999 of 14.2 percent.

Morocco was the third leading exporter of olives to the U.S. market during CY 1999. Last year, the U.S. imported \$24.3 million (CIF value) in olives from Morocco. During CY 1999, Morocco's CIF value market share of the total U.S. olive import market was 10.8 percent.

These top three supplying countries therefore supplied 98.4 percent of total U.S. imports of all olive products, on a CIF value basis. The volume of their CY 1999 exports of olive products to the U.S. market totaled 84,065 MT, which accounted for 89.2 percent of the total tonnage imported last year.

Egypt has shipped only very limited quantities of olives to the U.S. market over the five-year period covering calendar years 1995 through 1999. The largest shipments over this period occurred in CY 1996, when 17 MT were exported at a CIF value of \$37,000. Shipments amounting to only a few thousand Dollars took place in calendar years 1995, 1997 and 1999.



But the Egyptian export market for olives is growing, albeit not to the United States. One major classification accounted for 86% of the total exports by volume and 75% by value, increasing by 14% in value and 15% by volume over 1998.

It is clear that Egypt has the capacity to produce olives in sufficient quantities to at least attempt to gain entry in the US market. Only a 1% market share of the US imports represents a 943MT export potential, but represents less than one half of 1% of Egyptian production. At an average price of \$1.75/kg, a 1% market share would represent olive export sales from Egypt in excess of \$1,650,000.

One area where Egypt is faring well is with pitted green olives sold to Spain at an average price of \$1.00 kg. But these same olives are sold by Spain, depending on HTS code, to the United States at considerably higher price points.

Based on this preliminary analysis of the U.S. import trade in olives, Egyptian olive exporters will have to aggressively market their products on the U.S. market, and will most probably need to offer delivered export price levels that are highly competitive with those from Spain, Greece, and Morocco. Since Egypt is not currently a player on the U.S. market for olives, exporters will most likely need to be in a position to offer landed export prices at levels below those of their competitor companies in Spain, Greece and Morocco, in order to develop any significant new long-term export business.

Then they must be prepared to back up their pricing with desirable packaging and customer relations. Getting the olives to market at a competitive price, in a master container that does not fall apart, in a package the consumer wants and with vigorous follow-up and after sales service should be a winning combination to sustainable olive sales to the United States of America!

U.S. Market Dynamics for Olives and Potential For Egypt

According to official calendar year (CY) 1999 import statistics, total U.S. imports of olives reached a level of \$224.3 million (CIF value) last year, up 12 percent over the CY 1998 level of \$200.1 million. This increase was due to higher average CIF import values and a slight increase in the total quantity imported during CY 1999, compared to year earlier levels. Total quantities of olives imported into the U.S. market have increased 20 percent over the last five years, from a level of 78,291 metric tons (MT) during CY 1995 to 94,245 MT in CY 1999.

The largest category of import trade on the U.S. market is for Olives, Green, Whole, Stuffed, In Containers Less Than 8 KG, In Saline Solution, Not Frozen, which totaled \$86.9 million in CIF value during CY 1999, representing almost 39 percent of total U.S. imports of olives.

The second largest category of import trade on the U.S. market is for Olives, Not Green In Color, Sliced, Canned In A Saline Solution, Not Frozen, which totaled \$32.6 million in CIF value during CY 1999, representing 14.5 percent of total U.S. imports of olives.

These two largest import categories are followed by: Olives, Not Green In Color, Not Canned, In Saline Solution, Not Frozen, NESOI (\$26.5 million); Olives, Green, Broken, Sliced Or Salad Style, Containers Holding Less Than 8 KG, In A Saline Solution, Not Frozen (\$17.5 million); and Olives, Green, Whole, Stuffed, In Saline Solution, In Containers Holding More Than 8 KG Each, Not Frozen (\$12.2 million).



These five import categories accounted for 78 percent of the total CIF value of U.S. imports of olives during CY 1999.

U.S. imports of olive classified under the U.S. Harmonized Tariff Schedule into 34 different categories. The total CIF values of U.S. imports during CY 1999 by tariff classification categories are given below. The rankings are offered as a quick guide for the purposes of Egyptian olive exporters to determine market potential for their product.



USHTS Code	Product Description	1999 Imports (\$1000 CIF)	Ranking (Value)
0709903500	Olives, Fresh Or Chilled	\$ 2,463	13
0711201800	Olives, Not Pitted, Green In Color, In A Saline Solution > 8 Kg, Drained Weight, Used For Repacking Or Sale, Described In Additional U.S. Note 5 To This Chapter 7 And Entered Pursuant To Its Provisions	118	29
0711202800	Olives, Not Pitted, Green In Color, In A Saline Solution, In Containers > 8 KG, Drained Weight, To Be Used As Repacking Or Sale As Green Olives, NESOI	55	31
0711203800	Olives, Not Pitted, NESOI	1,073	16
0711204000	Olives, Pitted Or Stuffed, NESOI, Provisionally Preserved, But Unsuitable In That State For Immediate Consumption	321	23
0712901500	Olives, Not Ripe, Dried, Whole, Cut, Sliced, Broken Or In Powder, But Not Further Prepared	271	26
0712902000	Olives, Ripe, Dried, Whole, Cut, Sliced, Broken Or In Powder, But Not Further Prepared	497	21
2005700230	Olives, Green, Not Pitted, In A Saline Solution, Ripe, Containers > 8 KG But < 13 KG Each, In An Aggregate Quantity Not To Exceed 730 Metric Tons Any Year	0	34
2005700260	Olives Green In Color Not Pitted, In Solution, Ripe, In Containers Holding 8 KG Or Less, In An Aggregate Quantity Not To Exceed 730 Metric Tons In Year	57	30
2005700430	Olives, Green, Not Pitted, In A Saline Solution, Ripe, In Containers Each Holding < 8 KG But < 13 KG, Drained Weight, NESOI, Not Frozen	190	28
2005700460	Olives Green In Color Not Pitted, In Saline Solution, In Containers Holding 8 KG Or Less, NESOI	212	27
2005700600	Olives, Green, Not Pitted, In Saline Solution, In Containers Each Holding > 8 KG, Described In Additional Note U.S. Note 4 To This Chapter 20 And Entered Pursuant To Its Provisions	2,005	14
2005700800	Olives Green In Color, Not Pitted, In Containers Each Holding More Than 8 KG, NESOI	300	25
2005701200	Olives, Green, Not Pitted, In Saline Solution, NESOI, Not Frozen	6,161	6
2005701600	Olives, Green In Color Piece, Packed Stuffed In Saline Solution, Containers Each Holding Not More Than 1 KG, In An Aggregated Quantity < 2700 Metric Tons Each Year	5,624	7
2005701800	Olives, Green In Color, Pitted Or Stuffed, Piece Packed, In Saline Solution, Stuffed, In Containers Each Holding Not More Than 1 KG, Drained, NESOI	309	24
2005702300	Olives, Green In Color, Pitted Or Stuffed, Piece Packed, In A Saline Solution, NESOI	648	18
2005702510	Olives, Green, Whole, Pitted, In Saline Solution,	3,933	10



	In Containers Holding More Than 8 KG Each, Not Frozen		
2005702520	Olives, Green, Whole, Stuffed, In Saline Solution, In Containers Holding More Than 8 KG Each, Not Frozen	12,174	5
2005702530	Olives, Green, Broken, Sliced Or Salad Style, In Containers Holding More Than 8 KG Drained Weight, In A Saline Solution	2,695	12
2005702540	Olives, Green, Whole, Pitted, In Containers Holding Less Than 8 KG, In Saline Solution, Not Frozen	3,335	11
2005702550	Olives, Green, Whole, Stuffed, Containers Less Than 8 Kg, In Saline Solution, Not Frozen	86,881	1
2005702560	Olives, Green, Broken, Sliced Or Salad Style, Containers Holding Less Than 8 KG, In A Saline Solution, Not Frozen	17,488	4
2005705030	Olives, Not Green In Color, Not Pitted, Canned In Saline Solution, Containers Holding More Than 0.3 KG Each	632	19
2005705060	Olives, Not Green In Color, Not Pitted, Canned In Saline Solution, Containers Holding 0.3 KG Or Less, Not Frozen	49	32
2005706020	Olives, Not Green In Color, Whole Pitted, Canned In Saline Solution, Containers Holding More Than 0.3 KG Each, Not Frozen	4,237	9
2005706030	Olives, Not Green In Color, Whole Pitted, Canned In Saline Solution, Containers Holding 0.3 KG Or Less, Not Frozen	1,837	15
2005706050	Olives, Not Green In Color, Sliced, Canned In A Saline Solution, Not Frozen	32,552	2
2005706060	Olives, Not Green In Color, Chopped Or Minced, Canned In A Saline Solution, Not Frozen	7	33
2005706070	Olives, Not Green In Color, Other, Including Wedged Or Broken, Canned in Saline Solution, Not Frozen	4,704	8
2005707000	Olives, Not Green In Color, Other Than Canned, In Airtight Containers Of Glass Or Metal, In Saline Solution, Not Frozen	948	17
2005707500	Olives, Not Green In Color, Not Canned, In Saline Solution, Not Frozen, NESOI	26,501	3
2005709100	Olives, Green, Prepared/Preserved Otherwise Than In Saline Solution, Not Frozen, Each Container Holding Less Than 13 KG, In An Aggregate Quantity > 550 Metric Tons A Year	626	20
2005709300	Olives, Prepared Or Prepared Otherwise Than In Saline Solution, Not Frozen, NESOI	434	22
	TOTAL	\$224,317	

Major Suppliers of Olives to the U.S. Market

Spain is by far the dominant supplier of olives to the U.S. market. During CY 1999, Spain exported \$164.6 million (CIF value) of olives to the U.S. market, representing 73.4 percent of total U.S. imports of olives. During CY 1999, this trade increased 15 percent, up from \$142.1 million during CY 1998. In terms of tonnage, Spain exported 62,098 MT during CY 1999, accounting for almost 66 percent of the total 94,245 MT the U.S. imported from all sources.



Greece was the second largest supplier of olives to the U.S. market, with trade valued on a CIF value basis at \$31.9 million during CY 1999, up 8.8 percent over year earlier levels. This represented a CIF market share in CY 1999 of 14.2 percent of the total U.S. import market for olives. In terms of tonnage, Greece exported 11,008 MT, representing 11.7 percent of the total quantity imported by the U.S. in CY 1999.

Morocco was the third leading exporter of olives to the U.S. market during CY 1999. Last year, the U.S. imported \$24.3 million (CIF value) in olives from Morocco, which was up 12.1 percent over the level of \$21.7 million imported by the U.S. during CY 1998. During CY 1999, Morocco's CIF value market share of the total U.S. olive import market was 10.8 percent. Total tonnage of olives exported by Spain to the U.S. market during CY 1999 was 10,961 MT, representing 11.6 percent of the total quantity imported by the U.S. during CY 1999.

These top three supplying countries therefore supplied 96.4 percent of total U.S. imports of all olive products, on a CIF value basis. The volume of their CY 1999 exports of olive products to the U.S. market totaled 84,065 MT, which accounted for 89.2 percent of the total tonnage imported last year.

Spain

The U.S. import market for olives is dominated by Spain, which supplied 73.4 percent of the total trade in these products. During CY 1999, the U.S. imported 62,098 MT of olives Spain, at a CIF value of \$164.6 million, which represented an increase of 15 percent in terms of CIF value over the CY 1998 trade level.

The largest product in Spain's olive trade with the U.S. during CY 1999 was Olives, Green, Whole, Stuffed, In Containers Less Than 8 Kg, In Saline Solution, Not Frozen. Spain was also the dominant supplier to the U.S. market within this tariff classification category, shipping 96.5 percent of total U.S. imports of this olive product, at a CIF value of \$85.6 million. Average CIF import prices from Spain during CY 1999 for this olive product were \$3.12 per kilogram.

The second leading olive product shipped by Spain to the U.S. market during CY 1999 was Olives, Not Green In Color, Sliced, Canned In A Saline Solution, Not Frozen. Spain was also the dominant supplier to the U.S. market within this tariff classification category, shipping 65.7 percent of total U.S. imports of this olive product, at a CIF value of \$21.4 million. Average CIF import prices from Spain during CY 1999 for this olive product were \$1.76 per kilogram.

The third leading olive product shipped by Spain to the U.S. market during CY 1999 was Olives, Green, Broken, Sliced Or Salad Style, Containers Holding Less Than 8 KG, In A Saline Solution, Not Frozen. Here again, Spain was also the dominant supplier to the U.S. market within this tariff classification category, shipping 90.4 percent of total U.S. imports of this olive product, at a CIF value of \$15.8 million. Average CIF import prices from Spain during CY 1999 for this olive product were \$2.32 per kilogram.

The fourth leading olive product shipped by Spain to the U.S. market during CY 1999 was Olives, Green, Whole, Stuffed, In Saline Solution, In Containers Holding More Than 8 KG Each, Not Frozen. As in the above three product categories, Spain was again the dominant supplier to the U.S. market within this tariff classification category, shipping 96.6 percent of



total U.S. imports of this olive product, at a CIF value of \$11.8 million. Average CIF import prices from Spain during CY 1999 for this olive product were \$1.97 per kilogram.

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

Greece

The second leading supplier of olives to the U.S. market is Greece, which had a market share on a CIF value basis of 14.2 percent last year. During CY 1999, the U.S. imported 11,006 MT of olives from Greece, at a CIF value of \$31.9 million, which represented an increase of 8.8 percent in terms of CIF value over the CY 1998 trade level.

Even though Greece ships olives that enter the U.S. under many different tariff classification categories, most of this trade with the U.S. during CY 1999 was Olives, Not Green in Color, Not Canned, In Saline Solution, Not Frozen, NESOI. Total U.S. imports from Greece under this product category were \$21.5 million during CY 1999, representing almost 77 percent of the total Greek olive trade with the U.S. last year. Greece was also the dominant exporter of this product category to the U.S. market last year, supplying almost 82 percent of total U.S. imports during CY 1999. Average CIF import prices from Greece during CY 1999 for this olive product were \$2.42 per kilogram.

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

Morocco

The third leading supplier of olives to the U.S. market is Morocco, which had a market share on a CIF value basis of 10.8 percent last year. During CY 1999, the U.S. imported 10,961 MT of olives from Morocco, at a CIF value of \$24.3 million, which represented an increase of 12.1 percent in terms of CIF value over the CY 1998 trade level.

The largest product in Morocco's olive trade with the U.S. during CY 1999 was Olives, Not Green in Color, Sliced, Canned In A Saline Solution, Not Frozen. Morocco was the second leading supplier to the U.S. market within this tariff classification category after Spain, shipping 34 percent of total U.S. imports of this olive product, at a CIF value of \$11.1 million. Average CIF import prices from Morocco during CY 1999 for this olive product were \$1.95 per kilogram, which was higher than the average CIF import price for this product from Spain last year, valued at \$1.76 per kilogram on average.

The second leading olive product shipped by Morocco to the U.S. market during CY 1999 was Olives, Not Green In Color, Other, Including Wedged Or Broken, Canned In A Saline Solution, Not Frozen. Within this tariff classification category, Morocco was the leading supplier to the U.S. market, shipping 78.6 percent of total U.S. imports of this olive product, at a CIF value of \$3.7 million. Average CIF import prices from Morocco during CY 1999 for this olive product were \$1.67 per kilogram.

The third leading olive product shipped by Morocco to the U.S. market during CY 1999 was Olives, Not Green in Color, Not Canned, In A Saline Solution, Not Frozen, NESOI. Morocco's share of the U.S. import market within this tariff classification category was 5.6 percent of total U.S. imports of this olive product, with exports valued at \$1.5 million on a CIF basis. Average CIF import prices from Morocco during CY 1999 for this olive product were



\$1.31 per kilogram. Within this product category, Greece is the leading supplier of this olive product to the U.S. market, with a market share of 81 percent on a CIF value basis during CY 1999. Average CIF import prices for this olive product from Greece last year were \$2.42 per kilogram, significantly higher (85 percent) than the average CIF import price for this olive product from Morocco during CY 1999.

The fourth leading olive product shipped by Morocco to the U.S. market during CY 1999 was Olives, Green, Broken, Sliced Or Salad Style, In Containers Holding Less Than 8 KG, In A Saline Solution, Not Frozen. The total CIF value of Morocco's CY 1999 exports to the U.S. market for this olive product reached almost \$1 million, up 108 percent over the level of CY 1998. This level of trade accounted for 5.7 percent of total U.S. imports of this olive product last year. Within this tariff classification category, Spain is the dominant supplier to the U.S. market, accounting for 90 percent of total U.S. imports on a CIF value basis during CY 1999. Average CIF import prices from Morocco during CY 1999 for this olive product were \$1.80 per kilogram. Spain's average price, at \$2.32 per kilogram, was significantly higher (29 percent) last year than Morocco's average CIF import price for this olive product.

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

The Competitive Intelligence Analysis

Although there has been an increase in olive production (and consumption) around the world, production is still highly concentrated in the Mediterranean region. The region is responsible for more than 95 per cent of world production and 90 per cent of total consumption. The crop generates regional employment and is an important source of income in rural areas, thereby reducing migration to urban areas. It also provides ecological benefits by contributing to soil retention and reducing erosion. Traditionally, olive cultivation has been practised by small family-owned holdings on non-irrigated land, using inefficient cultivation practices. This has resulted in low yields. However, in recent years governments, the EU and the IOOC have taken measures to modernise the industry

This section briefly introduces a description of the competitive position of the main olive producing countries. The section pays particular attention to the levels of production, trade and government assistance of the countries examined.

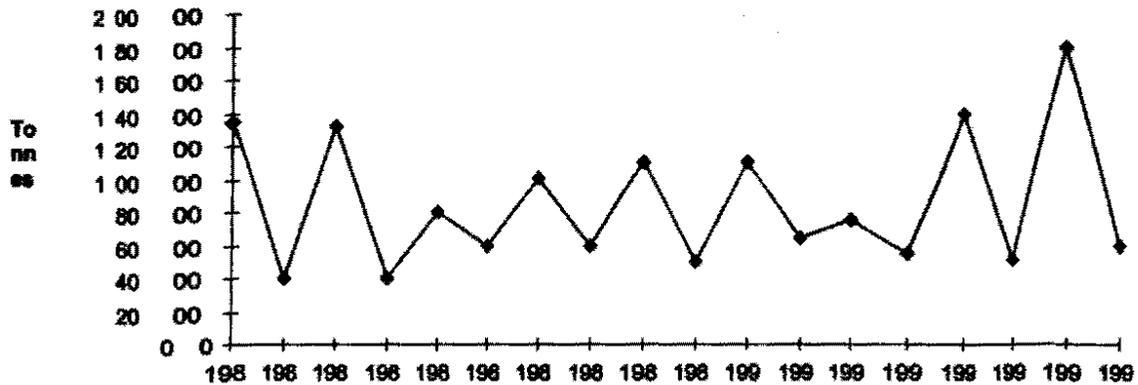
Turkey

Olive Production

Olives have always been an important industry in Turkey. Olive production in Turkey has varied significantly from year to year over the past 15-year period. Some have attributed these fluctuations to changing weather patterns, poorly managed olive groves, inefficient processing techniques and, more recently, inadequate marketing organisations (Akay and Dizdaroglu). Turkey's production of table olive more than doubled - from 100 000 to 216 000 tonnes in the past 5 years.



Turkey Olive Production

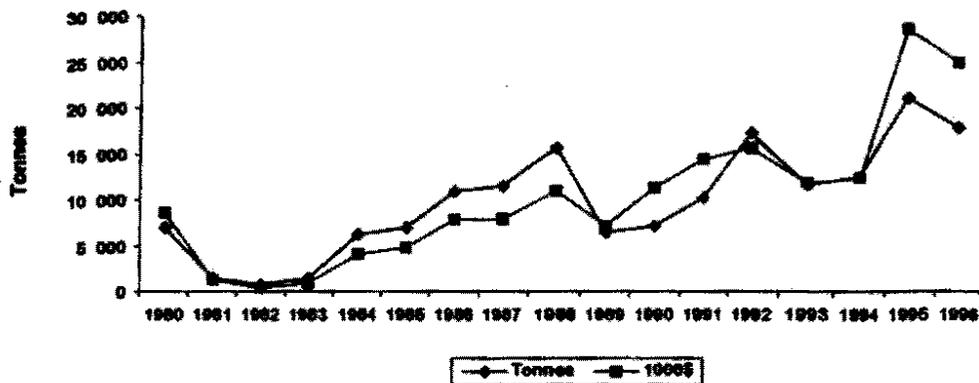


It is estimated that Turkey has about 100 million trees in 323 986 holdings totalling 880 000 hectares, representing about 4 per cent of the country's agricultural land (Tunalioglu 1997). More than 60 per cent of olive plantations are between 10 and 80 years old; 30 per cent are more than 80 years old and the remaining 10 per cent are less than 10 years old (Sahinalp 1997). Most of the olive production occurs around the Aegean area, which has 75 per cent of the olive groves. The latest figures suggest that approximately 3 000 000 new trees will be planted in the near future, of which 83 per cent will be of the dual-purpose variety (IOOC 1997e). This will make Turkey a bigger player in the international market.

Trade: Turkey is one of the leading exporters of olive products. In 1996, it exported 17 700 tonnes (US\$24.8 million) of olives. During the 1980s, Romania, Germany, Spain and Bulgaria have been the major export markets, while the United States is emerging as an important market.

The government has established an export tax refund system, whereby all taxes and duties paid on exports from the olive grove are refunded. Turkey enjoys preferential treatment with the EU, which entitles its products to enter the EU market at a much lower rate of duty.

Turkey Exports of Table Olive



The Industry

Most of Turkey's olive holdings are family-run enterprises. There are also approximately 1 000 small mills and about 10 refining plants. It is believed that the olive sector uses inefficient production methods and produces a poor quality product (Tunalioğlu). Although there are some quality standards that producers must meet, it is reported that these are not strictly adhered to.

The industry is perceived as being fragmented: only 17.7 per cent of table olive producers belong to a cooperative. The two major cooperatives are the Marmara Birlik (Marmara Union) with 12 per cent of olive producers, and Taris with 5.7 per cent. Although the government is responsible for the development of the country's olive policy, these cooperatives play an important role in the sector, being responsible for the purchasing operations, storage and trade activities.

Recent Developments

There has been a process of technology transfer to Turkey from the industry in other European countries.

The government has actively promoted the industry. For example, it has established a program encouraging the development of various olive growing areas, mainly in Akhisar and Aydin. It has also applied a minimum export price for black and green olives, to prevent the export of unprocessed table olives and thus retain value-adding activities in the country. Another important development is the growth of a strong nursery sector that produces 3.5 million trees per year. The government has also established olive growing areas to demonstrate increased efficiencies through proper maintenance of groves resulting in increased olive yield. Courses and information programs are being conducted to educate growers on pruning techniques, the latest available technology and production techniques, and to provide products for pest and disease control.

Consumption of table olives has also increased from 90 000 tonnes in 1992-93 to 160 000 tonnes in 1996-97. During the 1996-97 crop year Turkey was the major consumer of black olives, accounting for 30 per cent of total world consumption (IOOC 1997b).

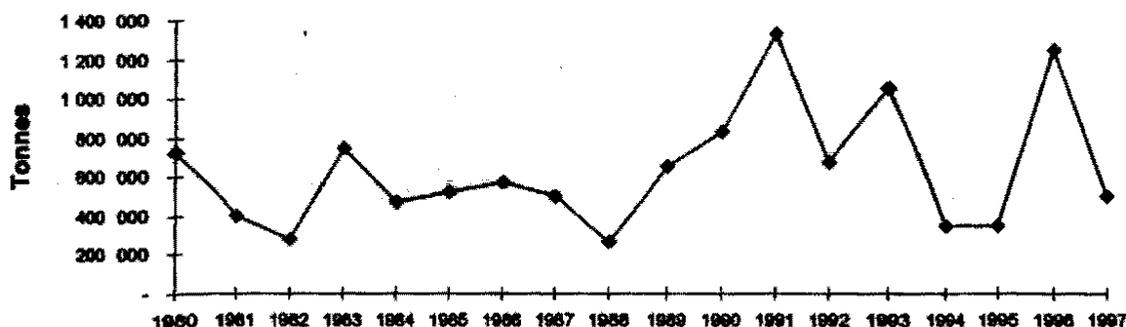
Tunisia

Olive Production

Tunisia is one of the major olive-producing countries



Tunisia Olive Production



Olive production has fluctuated over the years due to weather conditions, the alternate bearing nature of the olive tree, and cultivation practices. For example, after a near record production of 1 250 000 tonnes in 1996, Tunisia produced only 500 000 tonnes in 1997. Environmental factors such as limited water resources, deforestation, overgrazing, soil erosion and desertification, and the fact that most of the olive groves are in dryland situations, accentuate the effect. Table olive production experienced a similar pattern where: 9 000 tonnes in 1995-96 and 15 000 tonnes in 1996-97.

The production of olives is the main activity of the 87 880 agricultural holdings in the country, employing almost 1 million people. Most of the groves are located in the centre of Tunisia, which has 37 per cent of all holdings.

There are approximately 57 million olive trees planted on an area of 1.5 million hectares. Seventy-four per cent of trees are of bearing age, 17.5 per cent are young groves and the balance are described as old groves. There are also about 17 000 hectares recently planted with 2 million trees for table olive production. Approximately 60 per cent of these trees are not yet bearing and 28 per cent are on irrigated land. The two most popular olive varieties planted are Chimlali and Chetoui.

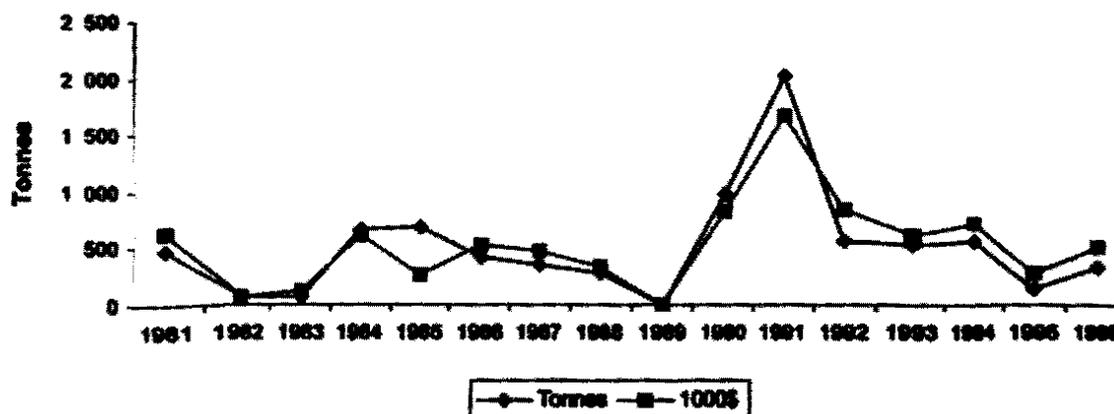
Productivity is relatively low due to the unsuitability of land used for production and the poor management practices employed (DGPA/ONH 1996). Holdings are getting smaller and production costs, mainly labour, are increasing. Producers tend to use traditional harvesting and production techniques, being slow to embrace modern practices.

Olive Trade

Olives are Tunisia's main agricultural export, accounting for 5.5 per cent of total exports (47 per cent of agricultural exports). They are the country's fifth most important source of foreign earnings. In 1996 Tunisia exported 337 tonnes (US\$0.5 million) of olives.



Tunisia Exports of Table Olives



Tunisia recently gained 'favoured country status' from the EU, which entitles it to duty free access to European markets. Tunisia has a fixed import quota into the EU of 46 000 tonnes per year (Polidori, Rocchi and Stefani 1997). The *Office National de l'Huile* (ONH) has offices in France and Italy, its main objective being to promote Tunisian olive in the European markets and to promote technical and scientific collaboration between EU producers and Tunisian producers. Traditionally, olive has been bought by Italy and re-processed for sale. Lately, Tunisia has been looking for new markets outside the Mediterranean region. The government has adopted a range of export-oriented strategies. The objective is to produce 250 000 tonnes of olive by the year 2010, of which 50 per cent will be for Australian consumption and 50 per cent for export.

The Industry

There are 87 880 olive holdings and 1 400 operating olive processing plants in Tunisia. Approximately 27 per cent of the processing plants are super-presses, 27 per cent continuous process facilities and 7.5 per cent combined systems. Traditional plants account for only 39 per cent of the processing operations. There are 13 refineries and 10 packing plants (DGPA/ONH 1996).

The government recently designed a series of schemes to restructure and modernise olive production and improve quality. For example, it has developed programs to improve quality control standards in accordance with IOOC practices, and to modernise the existing refineries and mills. It has fostered the development of plants in areas of limited processing capability and has introduced subsidies for restructuring olive groves. Furthermore, olive production has received substantial financial assistance from the World Food Program and the government (ibid.).

Up to 1994 the ONH was the only organisation involved in the collection and marketing of olive. Although the government has permitted some competition in the industry, the ONH is the principal channel for Tunisia's olive exports. It is responsible for setting quality standards, promoting grove protection, encouraging improved cultivation practices and representing the industry.

There are about 19 cooperatives or associations involved in processing and selling olive. There are only about 50 private exporters, who work in close collaboration with the ONH. There are no established producer representative organisations in the industry.



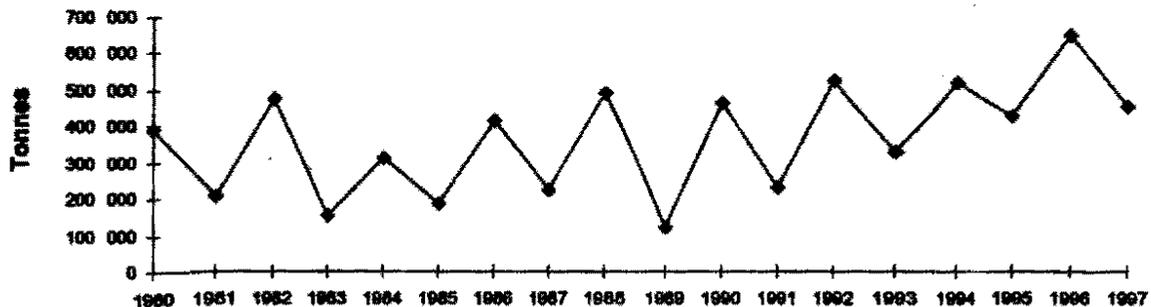
Local consumption to 1993 was subject to consumption restrictions whereby a family was allocated a maximum quota. With the liberalisation of the industry, the quota no longer applies. Despite these changes, less than 28 per cent of Tunisia's production is consumed locally as consumption has slowly decreased during the past 20 years

Syria

Olive Production

Syria is the second largest olive producer in the Arab world after Egypt. It has 57 million trees, of which only 30 million are productive. The groves occupy 405 000 hectares of mainly non-irrigated land. Production of olives has fluctuated over the years. During the 1996-97 crop year Syria produced 85 000 tonnes of table olives. Syria has the highest per capita consumption of table olives in the world (5 kg).

Syria Olive Production, 1980-1997



Trade

Traditionally most of Syria's olive products are consumed in the local market. In 1996-97 only 10 000 tonnes of olive less than 10 per cent of production was exported. Almost all Syria's table olive production is for local consumption; small quantities are exported to Germany and the United Kingdom. Syria imports minimal quantities of table olives.

Recent Developments

The government's objective is to increase production of raw olives to 680 000 tonnes by the year 2005. This would be achieved through the development of nurseries for plant propagation, provision of machinery for improved cultural operations, and implementation of plant protection schemes to control pests and diseases. The government has constructed two main dams to boost agricultural production, reducing crop dependence on rainfall. It aims to have 63 million olive trees planted by the year 2005.



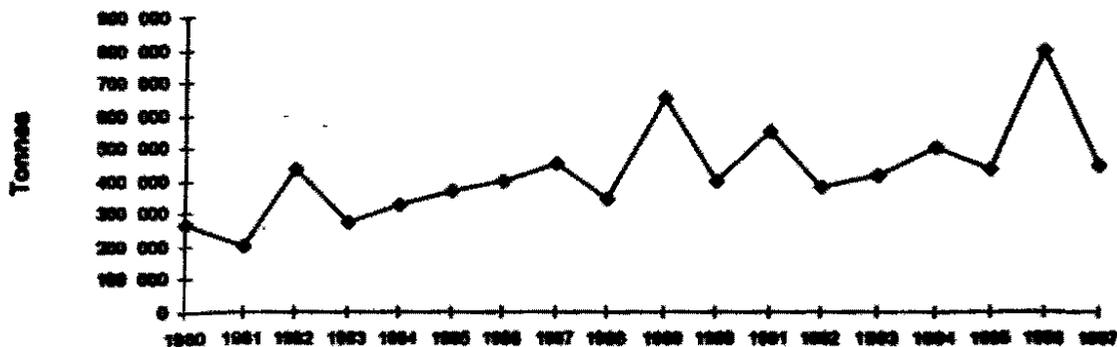
Morocco

Olive Production

In 1995-96, Morocco had an estimated 45 million olive trees, of which 11 per cent were of non-bearing age. More than 95 per cent of trees are of dual-purpose varieties and further plantings are planned.

The two main olive regions are located in Fáz (centre) and Marrakesh (south), each producing about a quarter of the country's olives. Average olive yield is only 1.67 tonnes/ha. Most of Morocco's olive production is from non-irrigated land, and rainfall variation cause production variations from one year to the next. For example, production fell in 1995 when Morocco experienced one of its worst droughts in 30 years; the following year, there was a record harvest of approximately 800 000 tonnes. In 1997 production again fell to 1995 levels. In spite of these weather related factors average production has increased during the past decade, mainly due to Government's support to modernise and develop the olive industry. Table olive production increased: from 80 000 tonnes in 1992-93 to 100 000 tonnes in 1996-97.

Morocco Olive Production, 1990-1997

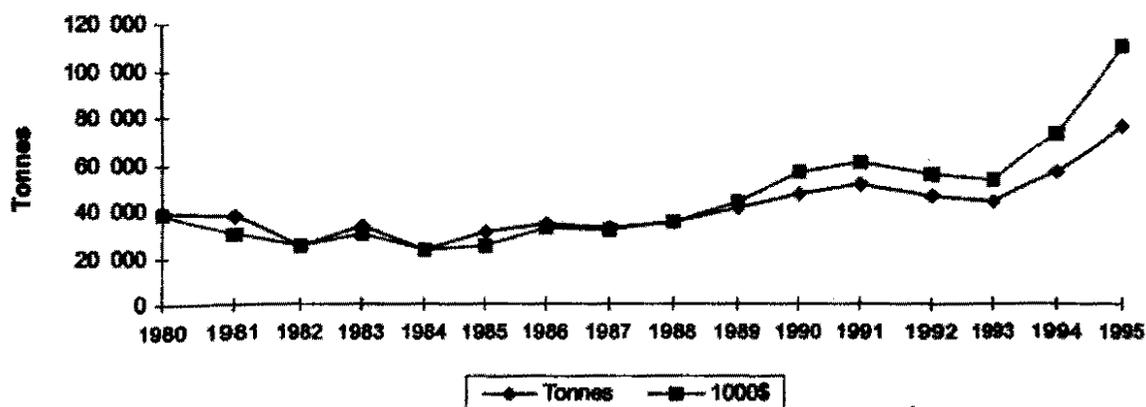


Trade

Most olive is consumed locally; exports occur sporadically following high production years. The main market is Italy, and to a lesser extent Spain and France. A characteristic of olive exports is that they tend to fluctuate depending on the availability of supply and demand on international markets. Morocco's strength in the olive trade lies with table olives. It exports approximately half of its table olive production and is one of the world's largest exporters of table olives, particularly of black olives. Its main markets are France, Italy, Spain and Belgium.



Morocco Table Olive Exports



Recent Developments

The government has established a series of programs to assist the development of the olive industry. They include subsidies for pest control, the free distribution of olive seedlings, and the provision of technical information and training in olive production. At the beginning of the 1990s, more than 500 000 olive trees were distributed. As a consequence of these olive plantings, table olive production increased from 70 000 tonnes in 1986-87 to 100 000 tonnes in 1996-97. Exports of table olives have also risen significantly.

Local consumption of table olives increased: from 19 500 tonnes in 1986-87 to 29 000 tonnes in 1996-97.

Morocco is likely to continue to consume almost all its production of olive, exporting only when there is a production surplus. However, it is likely that to become a significant exporter of table olives.

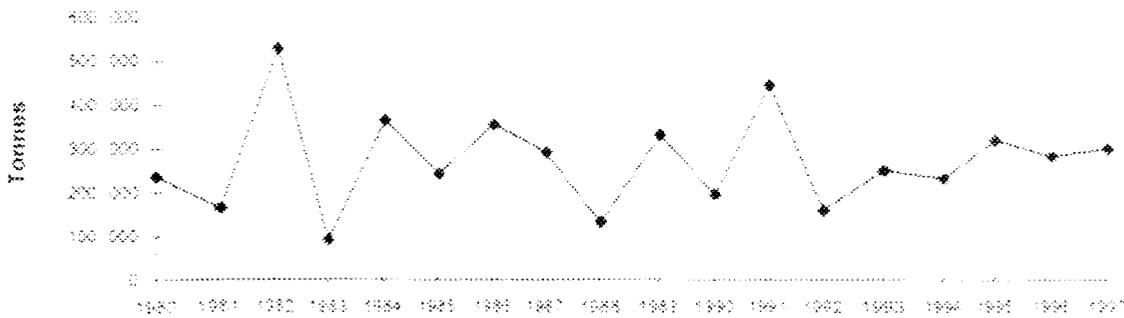
Portugal

Olive Production

Portugal is the fourth largest European producer of olive products. There has however been a marked decrease in olive production since the beginning of the 1980s, when output reached more than 500 000 tonnes. In 1997, production amounted to only 300 000 tonnes



Portugal Olive Production, 1980-1997



According to EU estimates, in 1996 Portugal had 38 million olive trees cultivated on an area of 319 790 hectares (EC 1998). There are around 1.1 million trees of non-bearing age and it is planned to plant a further 375 000 trees in the near future.

The major areas of production are Alentejo (43%), Tras-os-Montes (20%) and Beira Interior (16%). The variety 'Galega' accounts for 80 per cent of the total olive groves. Olive production in Portugal is characterised by traditional family-owned holdings with an average area of less than 2 hectares, with the exception of Alentejo where the average area is 5.4 hectares. There are 80 to 100 trees per hectare (Castro et al. 1997). Less than 10 per cent of area harvested is devoted to table olives.

On average, EU yields for table olive production are 1 218 tonnes/ha and 2 339 tonnes/ha for production (EC 1998). Portuguese olive yields for table olives are 0.995 tonnes/ha, and 0.603 tonnes/ha for olive, well below the European averages (EC 1998).

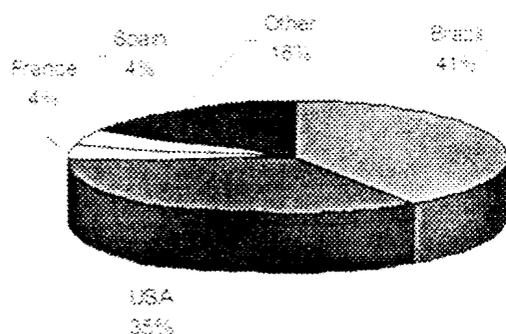
Olive Trade

Portugal exports about 30 per cent of its total production. Exports of olive products represent not only economic value but also have a traditional significance, as they are mostly exported to countries with strong cultural and historic links to Portugal. In 1996 most went to Brazil (64%), Spain (12%) and Portuguese-speaking African countries.

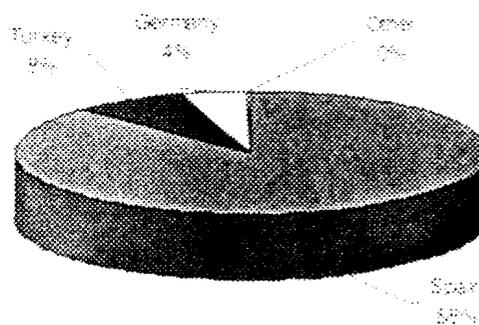
In 1996, Portugal exported 9 000 tonnes of table olives, mainly to Brazil (41%) and the United States (35%). Portugal also imported almost 7 000 tonnes, mainly from Spain (88%).



Portugal Exports of Table Olives



Portugal Imports of Table Olives



Recent Developments

Due to the socio-economic and cultural importance of the olive industry, the government has designated the olive industry as a priority and has drawn up the *Plano Nacional para a Desenvolvimento da Fileira Oleícola* (National Plan for the Development of the Olive Industry). The goals of this plan are to increase the productivity of the industry, establish environmentally sound practices and improve the quality. It is expected that approximately 20 per cent of the processing plants that currently use traditional methods will be modernised. The major production area of Alentejo has invested in the modernisation of olive groves and processing plants.

More than 15 000 hectares of intensive olive plantations were established during the period 1987-1996 in an attempt to check the downward trend in Portuguese olive production. Quality assurance programs were also established for the olive (Castro).

The Portuguese Department of Agriculture has expressed concern at the proposed modifications to the Common Market Organisation (CMO) subsidies scheme. It is believed that the changes will promote unemployment, may induce abandonment of existing groves and may indirectly cause soil erosion.

Greece

Olive Production

In 1996 there were approximately 689 000 hectares under olive groves (EC 1998), the majority being small, family-owned enterprises. In 1993 there were just under 136.7 million olive trees (National Statistics Service of Greece 1996). In 1997 Greece produced 1 600 000 tonnes of olives, of which more than 95 per cent was destined for olive production.



Developments

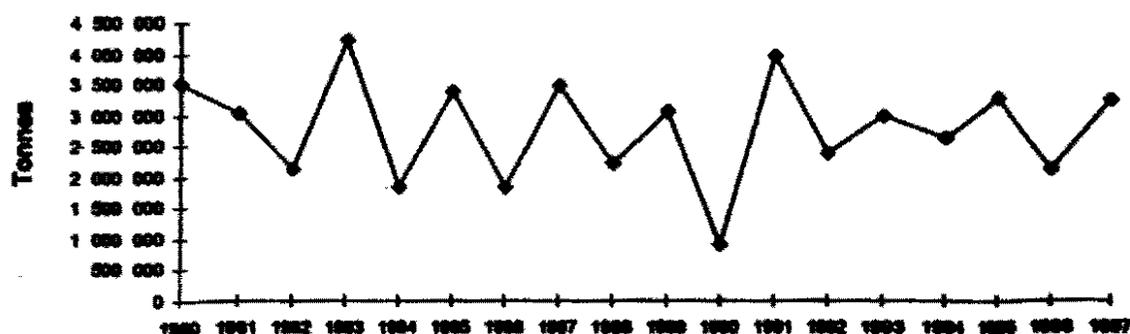
Greek producers believe that the proposed CMO changes and the application of subsidies on a per-tree basis, will mean a considerable loss to Greek producers, as their trees are more productive than Italian and Spanish trees. They also claim that Spanish and Italian producers have embarked in a 'race' by planting millions of trees, sometimes in areas unsuitable for olive growing. Greek authorities fear that producers may only consider planting new trees, without taking care of established groves or caring for quality (Maraveyas and Mermigas).

Italy

Olive Production

Italy is a leading olive producer and in 1995 had 1 119 255 hectares dedicated to olive cultivation. The main producing regions are Puglia, Calabria, Sicily and Campania. Production of raw olives in 1997 was expected to be 3 255 800 tonnes

Italy Olive Production, 1990-1997

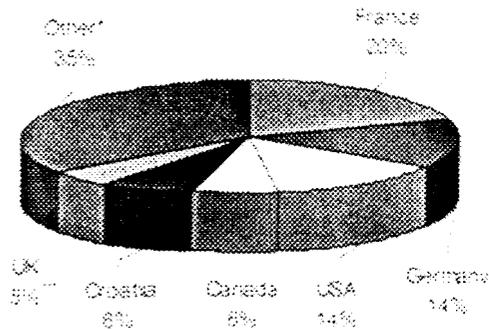


Trade

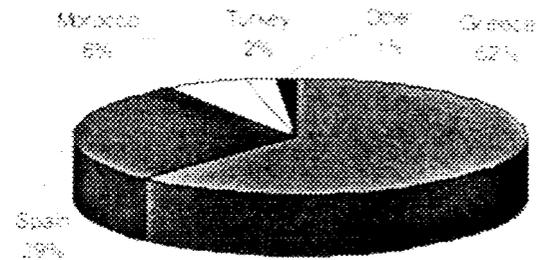
Italy is a net importer of table olives, importing close to 81 000 tonnes and exporting only 2 700 tonnes in 1996. In that year France (20%), Germany (14%) and the United States (14%) were the main markets for Italian table olives. Greece (62%) and Spain (29%) were the main suppliers.



Italy Exports of Table Olives



Italy Imports of Table Olives

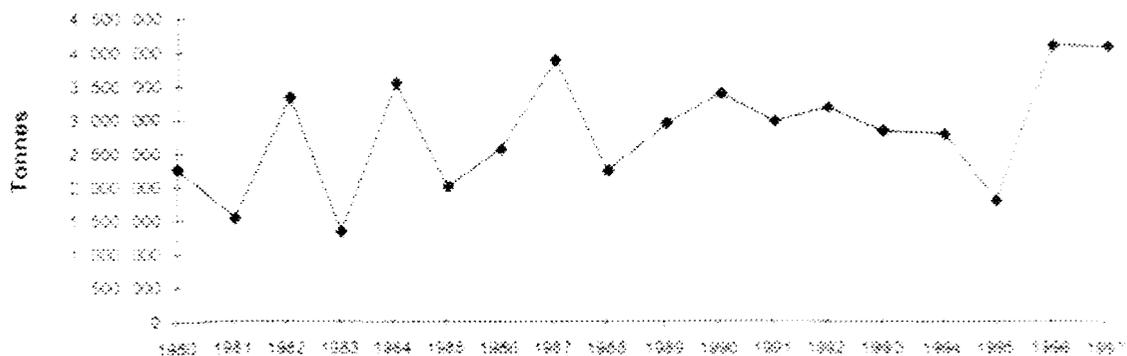


Spain

Olive Production

According to recent estimates, Spain has at least 180 million trees planted on 2 250 000 hectares. In 1997 Spain produced a record harvest of 4 081 500 tonnes of olives. Table olive production for the crop year 1996-97 reached a record level of more than 244 000 tonnes.

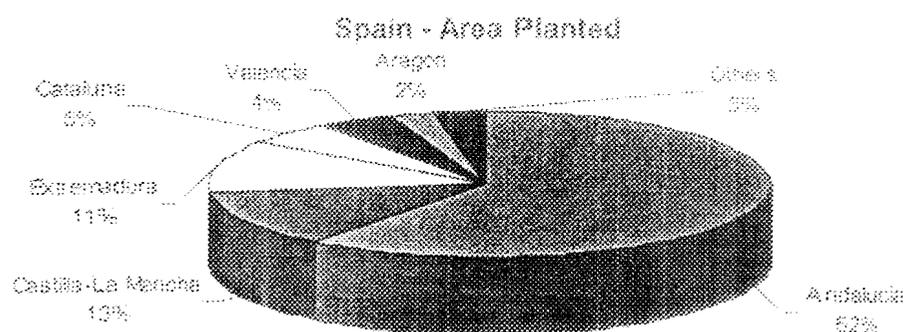
Spain Olive Production



There is a disagreement on the number of trees planted. The European Commission figure is 180 million, while the Spanish Ministry of Agriculture indicates that there are 215 million and the Spanish olive sector has estimated that there are as many as 250 million. If proposed changes to the CMO are accepted, such variation in the estimates may cause disharmony among the interested stakeholders.

In the south of the country is the centre of Spanish olive production, with 60 per cent of groves and accounting for 80 per cent of total Spanish olive production. Within Andalucía, the provinces of Jaén and Córdoba alone account for 40 per cent and 20 per cent respectively of Spain's production. Other important regions are Castilla-La Mancha, Extremadura and Cataluña (Tardaguila).





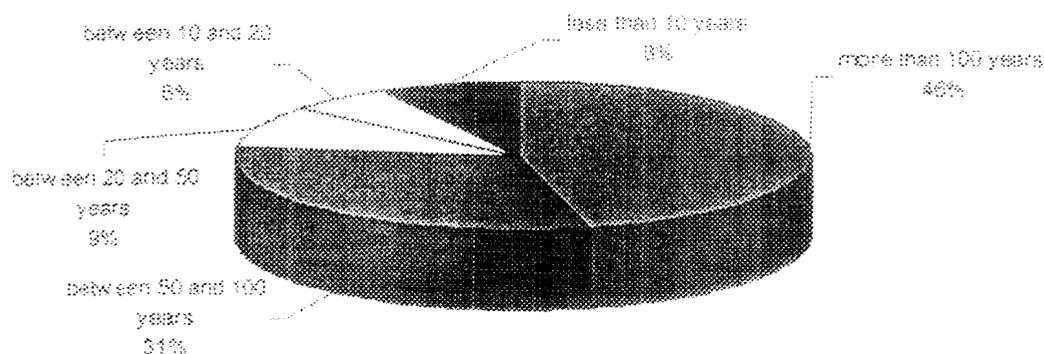
The importance of the olive sector in Spain is such that around 300 towns rely principally on olive production, the industry providing approximately 46 million days of work (Lpez 1997). In Andalusia olive production represents 30 per cent of total agricultural output and in Jaén it represents 80 per cent. In some Andalusian cities, particularly Jaén, the economy relies mainly on olive and olive production. This intense regional specialisation in olive production helps explain the demonstrations against changes to the CMO (Castillo-Quero).

Crop production in Spain is fragmented and characterised by the existence of a considerable number of small to medium-size enterprises and by few larger firms. Approximately 90 per cent of all olive groves are family holdings of less than 30 hectares, the average size being only 3.8 hectares (Castillo-Quero 1997). Intensive plantations comprise about 2.5 to 3 per cent of total groves. Only 10 per cent of existing olive groves are on irrigated land. Approximately 46 per cent of the Spanish olive groves are more than 100 years of age.

The Spanish Olive Industry (hectares)			
Condition	For Olive Oil	For Table Olives	Total
Producing	1 966 186	126 240	2 094 426
No yet producing	81 160	1 747	82 907
Total	2 047 346	129 987	2 177 333
Non-irrigated	1 917 147	109 456	2 026 606
Irrigated	130 199	20 528	150 727

Source: MAPA 1996

Spain - Age of Olive Groves



Olive growing in Spain has changed significantly in the past three decades. In 1962, 2.42 million hectares were dedicated to olive growing; in 1985, the area had declined to 2.06 million hectares and in 1996 it had risen again to 2.17 million hectares.

The decline in the area planted during the 1970s and 1980s can be attributed to the policies of ordering and reconversion aimed at farm improvement, which in some cases led to the clearance of old olive groves, particularly in Andalucía and Castilla-La Mancha. During the 1990s new groves have been established on good quality irrigated land, resulting in increases in efficiency and, consequently, in production (Castillo-Quero 1997). According to the latest figures, during the 1990s around 173 000 hectares have been planted, mainly in the Andalusian region.

Region	Area (ha)	%
Andalucía	128 116	74.0
Castilla-La Mancha	24 857	14.4
Extremadura	9 678	5.6
Valenciana	6 474	3.7
Aragón	1 598	0.9
Región de Murcia	1 151	0.7
Navarra	909	0.5
Madrid	242	0.1
Baleares	70	0.04
Total	173 096	100.0

Source: Lopez-Villalta 1997

According to official figures, the tree density in olive groves is an average of 99 trees/hectare. Navarra (150), La Rioja (150), Basque country (150) and Andalucía (105) have the highest density levels. There are also approximately 100 000 hectares with more than 200 trees/ha (Lopez-Villalta 1997). Although olives are planted mainly in non-irrigated areas, the number of irrigated groves has increased from 100 000 in 1985 to 150 000 in 1994, and is likely to continue to rise.

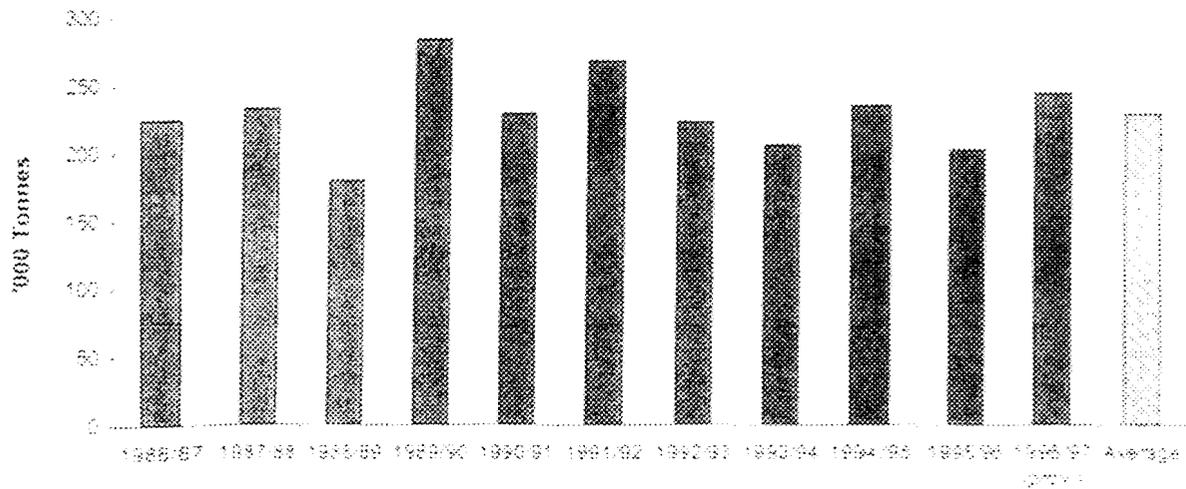
Province	No. of trees (million)	Density
Andalucía	138.7	105
Castilla-La Mancha	26.6	96
Extremadura	23.6	94
Canarias	10.6	91
Valencia	7.3	77
Aragón	3.6	64
Madrid	1.9	88
Murcia	1.1	52
Baleares	0.7	64
Castilla y León	0.6	60
La Rioja	0.3	150
Navarra	0.3	150
The Basque Country	0.01	150
Total	215.31	99

Source: MAPA 1996



Table olive production has been relative stable at around 230 000 tonnes per year

Spanish Production of Table Olives

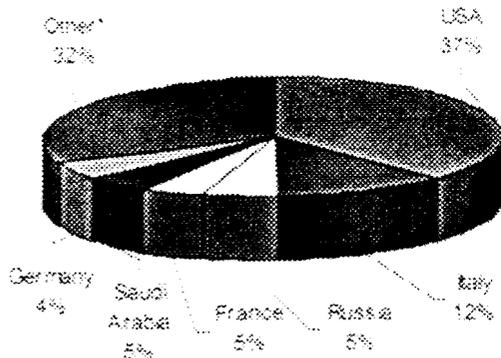


Source: IOOC 1996a, 1996b, 1997c, 1997d

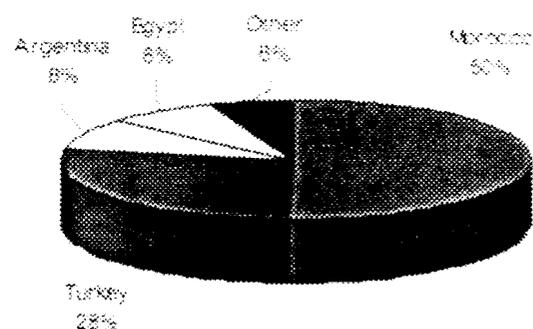
Trade

In 1996-97, approximately 130 000 tonnes of table olives were exported, the main markets being the United States (37%) and Italy (12%). Less than 1 800 tonnes of table olives were imported, the major suppliers being Morocco (50%), Turkey (28%) and Argentina (8%).

Spain Exports of Table Olives



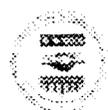
Spain Imports of Table Olives



* less than 7 500 tonnes

The Industry

Spain is the leader in the production and export of table olives, particularly of green table olives. The sector provides more than 10 000 jobs, contributing 27 per cent of total employment in the canned and prepared food products industry (de Mora). Per capita



consumption of table olives has fallen from 3.04 kg in 1993 to 2.77 kg in 1997, a phenomenon attributed to higher prices.

There are also two non-profit associations of olive exporters, ASEMESA and ASOLVA. The Table Olive Exporters' Association, ASEMESA, is a non-profit organisation established to represent the interest of the table olive sector and implements coordinated growing, processing and marketing policies (de Mora 1995). It represents firms responsible for 80 per cent of Spanish exported table olives

Recent Developments

Multinational companies have acquired a significant share of the Spanish market. Acelas Españoles (Carbonell and Elosua) controls 28 per cent of the Australian market; Feruzzi (Salgado and Koipe) has 14 per cent; Unilever (Lince, La Masia, Lindolive) 8.5 per cent and Uteco-Jaén 7.9 per cent (Parras-Rosa 1997).

Concluding Remarks

This analysis has alluded to the importance of olive production in the countries examined. In many cases, the industry is experiencing significant changes such as expansion, modernisation of harvesting and processing techniques, rationalisation, and improvement in quality standards. These changes are likely have a substantial impact on productivity and levels of production. The IOOC and the European Commission have recognised this and have initiated campaigns to increase consumption. If consumption does not keep pace with production, oversupply in the world market for olive products will occur, resulting in depressed prices worldwide.

Egypt Export Situation and Opportunities

Egypt has shipped only very limited quantities of olives to the U.S. market over the five-year period covering calendar years 1995 through 1999. The largest shipments over this period occurred in CY 1996, when 17 MT were exported at a CIF value of \$37,000. Shipments amounting to only a few thousand Dollars took place in calendar years 1995, 1997 and 1999.

Does Egypt have the capability and capacity to be a player in the US olive market?

For the purposes of this market opportunity report, we are assuming that the olives shipped from Egypt under the classification 2001.90.1010 are not capers (capers are not grown in Egypt) but whole olives packed in bulk containers weighing more than 3.4 kg. One has no way of knowing if these are green or black in color.

Under the 0711 classification, we assume that the reported exports are "not-pitted, green olives" in bulk packaging of more than 8 kg. We are unclear as to whether these are raw or ready for consumption.

If one were to interpolate the CAPMAS data, perhaps one could conclude that the 2001.90.10.10 classifications are "not-pitted olives", green or black. The 2001.90.10.20 classification is for "pitted olives", green or black. Both classifications would be in packaging between 3.4 kg and 8 kg.



Perhaps the 0711.20.00.10 olives are green olives with pits shipped in packages weighing more than 8 kg. Perhaps the 0711.20.00.90 are green olives in more than 8 kg packages but converted in some way – pitted, sliced, diced, stuffed, etc. It is apparent that for statistical gathering purposes, customs has contracted the HTS codes to a relatively few categories, mixing colors and/or converted (added value) product. At the time of this writing, ALEB could not gain more information from olive shippers that would clarify this issue.

What is clear from these two sets of figures is that the Egyptian export market for olives is growing. Classification 2001901010 "Olives prepared or preserved by vinegar or other" in 1999 accounted for 86% of the total by volume and 75% by value. This classification grew by 14% in value and 15% by volume over 1998.

But it is unsettling to see the volatility in the customer base. Egypt exported olives to thirteen countries in 1998. They exported to nine countries in 1999. Of the nine countries in the last year, four were new, representing a "swing" of eight markets, or almost two thirds of the 1998 market base. Further, an unhealthy dependency existed in 1999 on two countries: Israel accounted for 71% of the total volume and India accounted for 75% of the total value. The dependency is serious when one looks at the prices. Israel paid 19% of the average price and 16% of the weighted average price for this predominant classification. India paid 388% of the average price and 332% of the weighted average price. Yet India absorbed only 6% of the volume.

It is clear that Egyptian olive producers are seriously losing price negotiations in Palestine and Israel, only marginally improving in francophone Europe, holding the line in the Gulf markets and competing well on price in the United States, but with low volumes.

One area where Egypt is faring well is with pitted green olives sold to Spain at an average price of \$1.00 kg. But these same olives are sold by Spain, depending on HTS code, to the United States at considerably higher price points. The value of knowing ones' market and building customer relations is the moral of the above scenarios.

Following tables show all Egyptian shipments of olives, by USHTS product categories, to the U.S.A. market over the CY 1995 through 1999 period.

Summary and Recommendations

The Spanish are by far the dominant player on the U.S. import market for olives, holding an amazing market share of 73.4 percent based on CIF value. In addition to this dominant market share position, it appears from analyzing U.S. import statistics that Spain also appears to command premium prices in some product categories over olive products from their two distant competitor countries, Greece and Morocco.

The overall U.S. import market for olives appears to be growing, both in terms of value and volume. The total volume of olives imported has increased 20.4 percent over the five-year period from 1995 to 1999. U.S. imports of olives from these top three supplying countries all registered significant increases, in terms of CIF values, during CY 1999. Spain's trade led the pack with a 15 percent increase, followed by Morocco (the 3rd leading supplier), which registered a 12.1 percent increase, with Greece also posting a healthy 8.8 percent gain in exports.

It is clear that Egypt has the capacity to produce olives in sufficient quantities to at least attempt to gain entry in the US market. Only a 1% market share of the US imports represents a 943MT



export potential, but represents less than one half of 1% of Egyptian production. At an average price of \$1.75/kg, a 1% market share would represent olive export sales from Egypt in excess of \$1,650,000. During the study tour to the Food Marketing Institute exhibition in Chicago in May 2000, there was substantial interest voiced in Egyptian olives by potential buyers in the US. It became apparent that an Egyptian producer of olives sold to a Spanish company, who in turn sold to a particular buyer in the States. If Egypt were to target 1% of the US import market by bypassing Spanish resellers, this would only represent a 1.5% portion of Spain's exports -- not a large enough erosion of market share to instigate retaliatory or predatory measures by Spanish suppliers. Even if Egypt were to inadvertently take Greek or Moroccan market share, the "tail", if singly apportioned, would represent 8.5% of a single country's market share. Divided proportionately, the erosion in Greek or Moroccan market share would be slightly more than 4%. In any scenario, this would certainly be attainable in the first year.

Based on this preliminary analysis of the U.S. import trade in olives, Egyptian olive exporters will have to aggressively market their products on the U.S. market, and will most probably need to offer delivered export price levels that are highly competitive with those from Spain, Greece, and Morocco. Since Egypt is not currently a player on the U.S. market for olives, exporters will most likely need to be in a position to offer landed export prices at levels below those of their competitor companies in Spain, Greece and Morocco, in order to develop any significant new long-term export business.

