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The Mediterranean Diet takes pride of place on UNESCO's intangible heritage list

We eat to live, so the saying goes, but in the Mediterranean there's so much more to eating than mere survival. The Mediterranean Diet is a lifestyle, an outlook on life where communal meals are a cornerstone of social customs and part and parcel of the cultural identity of the communities.

And now, after four years of concerted lobbying by Spain, Greece, Italy and Morocco, the Mediterranean Diet has been recognised for what it is, an intangible treasure that has to be preserved. The UN's culture and education agency gave the diet UNESCO ranking in Nairobi, Kenya, in November 2010 at the fifth session of its Intergovernmental Committee for the Safeguarding of Intangible Cultural Heritage.

So the Mediterranean world, and olive oil, has much cause for celebration.

The word 'heritage' tends to conjure up visions of ancient monuments or areas of outstanding natural beauty, but in 2003 UNESCO launched a drive to safeguard the much more elusive intangible cultural heritage of oral traditions, performing arts, festivities, rituals and traditions. The Mediterranean Diet has been given the seal of approval as a unique set of '… traditional practices, knowledge and skills passed on from generation to generation and providing a sense of belonging and continuity …'. It is also honoured to be the first national or regional diet to make the list. This is a historic milestone and a well deserved reward for the efforts of the four olive oil producing nations behind the nomination.

"If we are to safeguard this heritage, and olive oil, for the good of future generations, we at the International Olive Council must join forces with all the olive growing countries, not just in the Old World but in the New World too, …"

Obviously, this declaration is a deep source of satisfaction to the International Olive Council. For countless centuries, the peoples of the Mediterranean have known that their unique combination of eating habits and lifestyle is a precious asset that has to be promoted and preserved. For more than 50 years, the Council has been telling the world about the benefits of the Mediterranean Diet with its mix of olive oil and cereals, fresh and dried fruit and vegetables, olives included, fish, moderate amounts of dairy products and meat, and condiments and spices.

Olive oil deserves its part of this recognition. Geographically, its cradle is the Mediterranean. Historically, its life story merges with the history, myth and legends

of the Mediterranean, and its religious practices. Gastronomically, it is a staple ingredient of the cuisines of all the countries around the shores of the Mediterranean. And, what's even better, nutritionally, it's good for you, packed with heart-healthy monounsaturated fatty acids, antioxidants and vitamins.

At a time when eating habits are changing drastically for the worse, when people in the Mediterranean countries seem to be drifting away from the culinary wisdom of their ancestors and diet-related health problems are becoming rife in the developed and not-so-developed world with the growing popularity of unhealthy food and a sedentary life, this international recognition of the Mediterranean Diet comes as welcome news. But with this recognition come a duty and a challenge. It implies a commitment to take concrete measures to promote and protect this set of traditional practices. This onus should not be placed solely on the shoulders of the four proponent countries. If we are to safeguard this heritage, and olive oil, for the good of future generations, we at the International Olive Council must join forces with all the olive growing countries, not just in the Old World but in the New World too, which is fast becoming an impressive part of the olive oil story. For that reason we are very proud to include Argentina among the recent additions to our membership and hope to see other producing nations like the United States and Brazil follow suit, bringing with them fresh perspectives.

With so many assets to its credit, olive oil has everything going for it. It's up to us to promote its advancement, helped enormously by initiatives like the Mediterranean Diet heritage, and to make sure it gains growing numbers of followers across the globe.

Jean-Louis Barjol
Executive Director

New management team takes over at the IOC

This year brings changes in the management team heading the IOC Executive Secretariat. More changes and additions to staff will follow through the year as the new organisation chart takes shape.

After a six-year stint as alternating Executive Director and Deputy Director, Habib Essid and Mohammed Ouhmad Sbitri left the Organisation at the end of their term of office to return to their home countries, Tunisia and Morocco. Everyone at the Executive Secretariat wishes them the very best in the next stage of their long careers.

A Frenchman, Jean-Louis Barjol, is now at the helm as Executive Director since 1 January 2011. In his first missive to the IOC Members he said he took up his appointment "with great pride" and meant to continue "along the course initiated by my predecessors". He will lead the Organisation through to December 2014. Barjol is no newcomer to the Executive Secretariat, having previously overseen its Administrative & Financial Division and Survey & Assessment Division for two years. An agricultural economist, he has solid employment credentials in both the public and private sectors including service as French Agricultural Attaché to Spain and Director-General of the Europe-wide Sugar Industry Federation.

The next in command is Deputy Director Ammar Assabah, from Algeria, who was appointed at the 16th extraordinary session of the IOC Council of Members in February/March. From this year onwards, there will be only one Deputy Director at the Executive Secretariat.

Mr Assabah is the first Algerian-nationality official ever to serve at the IOC Executive Secretariat. An agronomist, he has a PhD in Rural Economics and a long career in the Algerian civil service, most recently as Director for Agricultural Production Regulation and Development at the agriculture ministry. He too is familiar with the Organisation through his past participation in IOC activities and technical projects.

On his first day on the job, 1 April, Mr Assabah attended a meeting with the Executive Director and the Heads of Unit and Department to show him the ropes. Later in the morning he shared a pleasant coffee break with all the staff and told them he hoped "to become a part of the team very quickly". He will be with the Organisation until December 2014. ■

New Executive Director Jean-Louis Barjol (*left*), and Deputy Director Ammar Assabah (*right*), with the acting IOC chairman for the session, H.E. Mr Hussam Edin Aala, Ambassador of Syria to Spain.

The IOC at work: 16th extraordinary session

Besides its regular yearly session the IOC Council of Members sometimes holds extraordinary sessions to discuss important business that cannot wait until the autumn.

At the beginning of the year delegations from the member countries assembled at the IOC headquarters in Madrid for the two-part 16th extraordinary session of the IOC Council of Members. The chief point on the table was the nomination of the new Deputy Director of the IOC although matters concerning the internal financial running of the Organisation, staff promotion policy and the schedule of upcoming meetings were also discussed.

A rigorous selection process preceded the session to choose the person for the job. Eight member countries –Algeria, Argentina, Croatia, Jordan, Lebanon, Tunisia, Turkey and Syria – put forward official candidates although Jordan and Tunisia eventually withdrew their nominees.

Candidates went through a two-step screening procedure. First, they were interviewed and appraised by head hunters from the reputed recruitment agency Korn/Ferry who analysed their experience, professional background and know-how and identified their skills, key competencies and personal fit to the role and to the Organisation. Next, they were interviewed by a special Selection Committee made up of the Heads of Delegation of all the Members and the Executive Director.

Once all the interviews were over, the Heads of Delegation set about the difficult task of choosing the next Deputy Director from among the six top-calibre candidates, drawn from the worlds of diplomacy, management, marketing and olive growing. By the end of the first part of the session, held on 11 February 2011, no definite preference had emerged from the tough, lengthy discussions.

A month later the Council of Members reconvened on 11 March 2011 for part two of the session. After further debate, the Selection Committee finally reached a consensus on the choice of the successful candidate, Mr Ammar Assabah, of Algerian nationality. The committee's proposal was endorsed by the Council of Members. ■

Turkey to host 17th extraordinary session of the IOC

Sessions are normally held in Madrid, Spain, where the IOC has its headquarters, but Members do sometimes host meetings of the Organisation.

This is to be the case of the upcoming 17th extraordinary session of the IOC Council of Members, which is to be held in Istanbul at the kind invitation of the Ministry of Industry and Commerce of Turkey and the Turkish associations MARMARA BIRLIK and TARIS.

The session is scheduled to take place from 27 June to 1 July 2011. In addition to the plenary sessions there will be meetings of the Economic, Technical, Promotion and Financial Committees. It will also be the backdrop for discussions with the private sector at the meetings of the IOC Advisory Committee on Olive Oil and Table Olives and the signatory associations of the quality control agreement on import markets.

Turkey first joined the International Agreement in 1963, later leaving in 1998. After a 12-year interlude, it rejoined in February 2010. ■

Official missions in brief

The first three months of 2011 saw new Executive Director Jean-Louis Barjol getting off to a brisk start with a string of trips on official business to achieve the goal he has set himself "of regaining for the IOC the central role it deserves in the olive industry".

January: UNITED STATES

Barjol chose the United States as the destination for his first trip abroad in mid-January due to the crucial part the U.S. plays in the world market for olives and olive oil. During his visit he addressed the mid-term meeting of the North American Olive Oil Association (NAOOA), a major partner in the IOC/private-sector olive oil quality control scheme on import markets. He also met with the UC Davis Olive Centre for a constructive exchange of views on olive oil tasting and the report released by the Centre on the testing results for imported extra virgin olive oils.

While across the Atlantic, he announced the upcoming launch of the IOC promotion campaign in the U.S./Canada in the second half of 2011.

February: RUSSIA

In March 2010 the IOC Executive Secretariat hired the services of the Moscow-based agency MARCOM to conduct a two-year campaign to promote olive oil and table olives in Russia (see article farther on). The prime object of the Executive Director's visit was to meet the agency team in person and discuss ongoing and future action. He was accompanied by the IOC's Financial Delegate and the external consultant hired to provide the Executive Secretariat with technical promotional assistance until further staff are employed.

Barjol's busy schedule additionally included contacts with the EU press and communications team to discuss the two institutions' campaigns and explore ways of combining efforts, meetings with the agricultural attachés of Spain, Italy and Greece and a working dinner with the Ambassador of Tunisia. He was also interviewed by the *Bread & Salt* magazine.

February: MALAYSIA

The 22nd session of the Codex Committee on Fats and Oils, held in Penang, Malaysia, was the reason for the next trip by Executive Director Barjol.

Recognised to be the benchmark organisation for olive oil, the IOC has a long track record of working closely with the Codex Alimentarius Commission on the harmonisation of the Codex food standard for olive oils with the IOC trade standard.

The limits for a number of parameters – linolenic acid, campesterol and delta-7-stigmastenol – were on the agenda and sparked lengthy and at times heated debate.

On the session sidelines Barjol held coordination meetings with the delegations of the IOC member countries present – Algeria, Argentina, Egypt, Iran, Morocco, Syria, Turkey and the European Union (Germany, France, Hungary, Italy) – in order to present a joint position on the discussion points. The IOC is an observer at CCFO meetings.

The outcome of the meeting is reported in an article in the *Standards and Guides* section of this issue.

March: PORTUGAL

The Common Fund for Commodities (CFC) is an intergovernmental financial institution based in Amsterdam, The Netherlands. Its many objectives include commodity development measures, via the funding of projects submitted by international commodity bodies (ICBs), to address structural market imbalances and reinforce long-term commodity competitiveness and prospects.

The Executive Director attended the meeting held by the CFC with ICBs in Lisbon on 7 March to discuss the ongoing review of the future role and mandate of the CFC and the future operational rules for the submission of project proposals seeking CFC funding.

The IOC has implemented several projects in the past in partnership with the CFC. An irrigation management project is underway at the moment and other projects are planned.

March: BELGIUM

Regular meetings with the European Commission are part of the IOC's working relations with the European Union, the major contributor to the IOC budget.

The Executive Director was in Brussels on 14 March to meet the new management team at the Directorate-General for Agriculture and to discuss a range of primarily financial matters. Talks also touched on the new organisation chart and the IOC promotional campaigns.

March: ITALY

Networking and forging closer ties with the public and private sector are high on the Executive Director's agenda. Italy was the first stop in what he intends to be a round of contacts with the authorities and private sector of all the member countries.

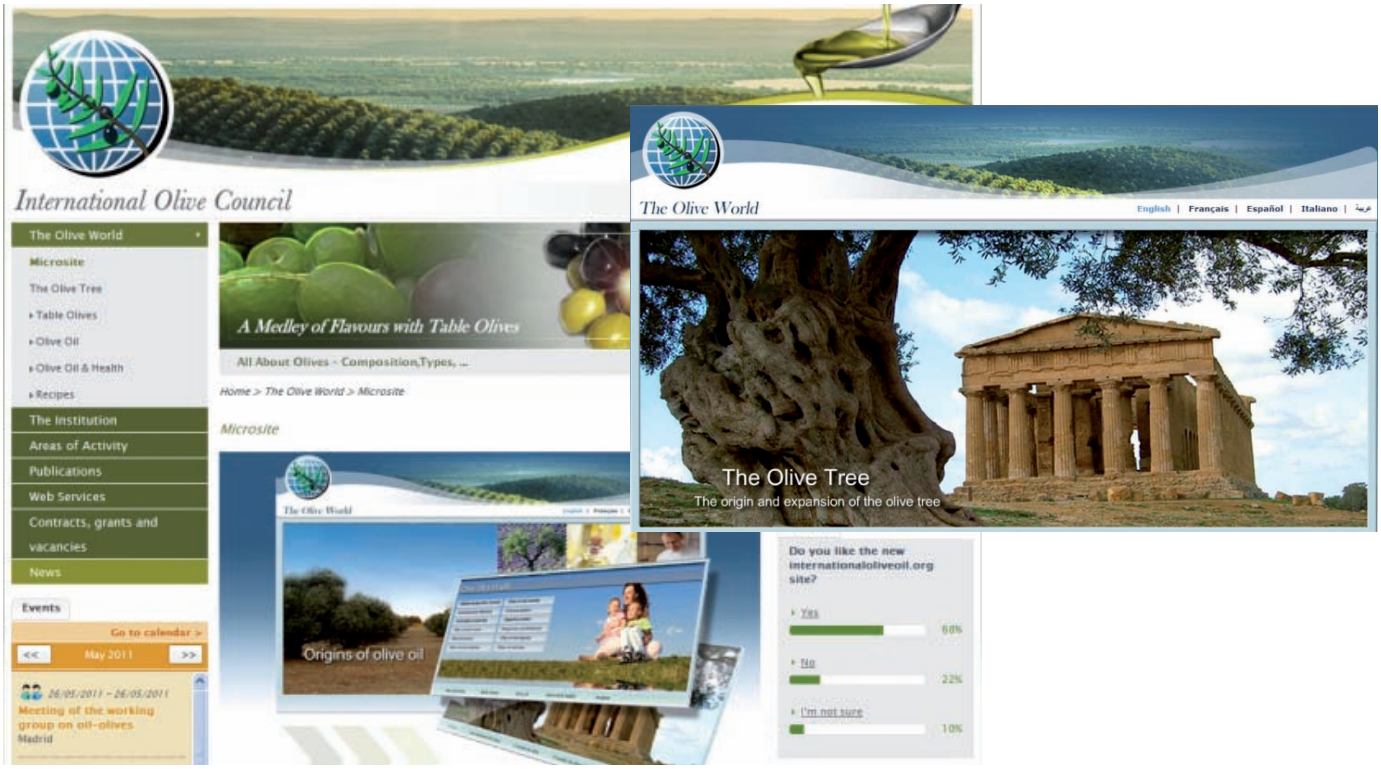
Barjol met in Rome with a 26-person group of representatives from ministries, the olive industry and the academic world. After outlining the changes underway at the IOC Executive Secretariat and urging greater Italian participation in applications for IOC grants and the *Mario Solinas* Quality Award, he heard Italy's specific concerns and listened to helpful feedback about IOC promotion, quality standards and relations with industry stakeholders.

March: SPAIN

At the end of the month the Executive Director attended a board meeting of the Spanish Olive Oil Exporters Association, ASOLIVA. He stressed that clear information about IOC promotion in China, Russia and elsewhere was available on the new IOC website and announced his willingness to hold a meeting with the whole sector on the future US/Canada campaign. He also reported the progress in fine-tuning the IOC-backed quality control agreement.

Matters broached by ASOLIVA included the concerns of the Spanish sector expressed in the position paper on the application of the IOC method for the organoleptic assessment of virgin olive oil and how to go about stimulating debate on this matter at the IOC. Barjol replied that this request could be channelled via the EU at the June meeting of the IOC Technical Committee or by the industry itself at the upcoming Advisory Committee meeting. ■

New IOC website opens to visitors



True to our announcement in the previous issue of OLIVAE, the new IOC website is now a fact. Its launch in January of this year culminated a lengthy process of modernisation and redesigning to turn it into an up-to-the minute and eminently practical and attractive site featuring easier browsing and information search facilities in general.

Besides being the image of the IOC and offering more information and content about the Organisation and what it does, this revamped site is intended to be a vital tool in the communications strategy of the IOC and in its relations with the member countries and expert groups as well as with the representatives of the Advisory Committee on Olive Oil and Table Olives, which is a fundamental talking partner for channelling the voice of the industry. The private zone of the site is meant to be the vector for this communications process as the different groups of users gradually log on and gain direct, instant access to all the documentation and information that serves as the basis for IOC work.

The aim is to make the web page a dynamic working tool that reflects what the IOC really is and allows it to interact with the public and all those who have ties with the Organisation.

Naturally, much remains to be done in a website of this magnitude. Its contents needs to be updated in the five official languages as the new organisation chart of the Executive Secretariat comes into force, plans are afoot to broaden the scope of the monthly newsletter to include topics additional to the market trends for olive oil and table olives, to facilitate the online purchase of official publications, …

We invite everyone to visit the site. We can assure you, any comments will be much welcomed! (contact address: siteweb@internationaloliveoil.org). ■

22nd meeting of ISO Subcommittee on Animal and Vegetable Fats and Oils (ISO TC34/SC11)

Madrid (Spain), 4–5 April 2011

For the first time ever, the Madrid headquarters of the International Olive Council in Spain was the venue for a meeting of ISO TC34/SC11, the Subcommittee on Animal and Vegetable Fats and Oils of the International Standardization Organisation. The subcommittee's 22nd meeting, held through 4 and 5 April, was organised by the IOC in cooperation with AENOR under the umbrella of the standardisation and harmonisation of international methods for olive oil.

The representatives of the ISO-member standards agencies present at the meeting (AENOR, AFNOR, ANSI, AOCS, BCI, etc.) were extended a welcome by IOC Executive Director Jean-Louis Barjol and Deputy Director Ammar Assabah, who had recently taken up his appointment at the IOC Executive Secretariat. The Head of the IOC Olive Oil Chemistry and Standardisation Unit, Mercedes Fernández Albaladejo, attended discussions and gave a presentation outlining IOC activities since the previous subcommittee meeting held in Sydney in 2009.

Among its activities the IOC lends great prominence to cooperating with standardisation bodies on the harmonisation of the methods of analysis cited in its trade standard with a view to protecting product quality, stimulating trade and preventing obstacles to international trade.

Previously, at the 19th meeting of ISO TC34/SC11 held in Buenos Aires (Argentina) in April 2007, ISO adopted Resolution 408/07 whereby ISO and IOC mutually agreed to strengthen their collaborative ties. One result of this intensified cooperation is that, as the international specialist organisation for olive oil, the IOC can put forward methods of analysis listed in its olive oil trade standard for ISO adoption and ensure that ISO standards are specifically applicable to olive oils. The Executive Secretariat takes an active part in subcommittee meetings. It arranges the necessary interlaboratory tests and ensures that methods are valid for olive oils, sometimes through the addition of specific sections or appendices. The subcommittee chairman (J.H. Fiebig) and secretary (J. Hancock) both attend the meetings of the IOC chemistry experts.

The IOC began by putting forward three COI-referenced methods to ISO TC/34 SC11, listed on the next page:

ISO TC34/SC11 at work.

– COI/T.20/Doc. No 18/Rev. 2, method for the determination of wax content by capillary column gas chromatography
– COI/T.20/Doc. No 23, method for the determination of the percentage of 2-glyceryl monopalmitate;
– COI/T.20/Doc. No 26, method for the determination of aliphatic alcohols content by capillary column gas chromatography.

View of the conference room during the meeting.

These were adopted under the fast track procedure and were published as ISO 12871, ISO 12872 and ISO 12873 on 1 May 2010.

As soon as it is definitively adopted, the IOC chemistry experts have recommended proposing to ISO the method for the determination of sterols (COI/T.20/Doc. No 30) for olive oils. Since the corresponding ISO standard is undergoing review, it will be harmonised with the IOC method in a section specific to olive oils.

Since most of the subcommittee participants were from countries that import olive oil the Executive Secretariat was keen for them to sample a range of this product's gastronomic and sensory attributes. It therefore hosted a dinner at the restaurant Viridiana featuring a menu crafted by chef Abraham García showcasing dishes representative of the Mediterranean Diet made with different extra virgin olive oil varietals. The meal was preceded by a tasting and a short explanation, given by chef García, about the organoleptic characteristics of the oils used for the dinner. ■

Chef Abraham García (*centre*) casts an eye over guests at the dinner hosted by the IOC at the restaurant Viridiana.

Sensory analysis as a quality criterion for virgin olive oils: past, present and future

The International Organization for Standardization (ISO) defines sensory analysis as the science which uses methods to examine the organoleptic attributes of a product via the sense organs. Its beginnings can be traced back to the 1940s. Since then, it has blossomed through the application of new statistical and mathematical techniques and the elaboration of standards on the physical conditions of sensory testing. It draws on the physiology of perception and memory to optimise the testing tool – the taster or assessor – and to eliminate all possible subjectiveness.

Sensory analysis is used across the food industry and has evolved to incorporate all the latest advances. Faced with the need to apply this science to olive oil, work began in the 1970s in studies carried out by the Seville Fats & Oils Institute. A decade later, in 1981, the IOC decided to undertake the development of a method based on internationally accepted standards and methods for the objective assessment of the olfactory/gustatory characteristics of olive oils, which were defined as flawless, acceptable, good or defective depending on the grade concerned.

Between 1982 and 1986 experts on olive oil sensory analysis from six countries

worked on a method, eventually adopted by the IOC in 1987 and incorporated into EU regulations in 1991. So, the standardisation of the organoleptic assessment of olive oil is 24 years old.

The first method adopted by the IOC for the organoleptic assessment and grade classification of virgin olive oils featured a series of norms, based in turn on international standards. These fixed the uniform physical conditions for performing sensory assessment: the kind of tasting glass to use, the testing room, the temperature of the oil, how to select and train the tasters, the ideal number of tasters on a panel, the specific tasting vocabulary, ….

Organoleptic assessment was included in the IOC trade standard and EU regulation as a quality grading criterion for virgin olive oil on a par with free acidity, peroxide value and ultraviolet absorbance. At the time, this caused disquiet in the olive oil industry and trade. Despite the fact that the precision values of the method were acceptable, the as yet short experience of the panels prompted talk of a lack of uniformity in the appraisals of the tasters.

Although only minimally so, this first method was subjective because tasters appraised the oil according to their perceptions of its fruitiness and defects. This moved the IOC to team with its experts in 1992 to review the method and remove all room for assessor subjectiveness. It therefore decided to establish a method for grading virgin olive oils based on the absence/presence of defects, the intensity of any defects and the perception of the oil's fruitiness, regardless of its description or intensity, as well as on the use of mathematical formulas (robust statistics based on the median, robust coefficients of variation and confidence intervals at 95%). The taster was used as an instrument for measuring the intensity of perceptions.

In November 1996 the IOC adopted this method, which remained in force until it was revised, first in November 2007 and again in November 2010. With the latest changes, tasters are merely part of an instrument – the panel – for measuring taste and smell sensations. They have to use a 10 cm, non-structured scale incorporated into a profile sheet. Using custom-made statistical software, it is the job of the panel leader to analyse the perceptions noted by the panel of tasters. The oil is graded extra virgin if it is perceived as fruity and free from defects. It is graded in the other categories if it has defects – in which case the median of the predominant defect is taken into account – or if it is not fruity.

"This method is acknowledged to be easier for properly trained panels to apply, and to apply more uniformly."

This method is acknowledged to be easier for properly trained panels to apply, and to apply more uniformly. Its precision values are very satisfactory, as good if not better than those of many chemical testing methods.

After it adopted the first organoleptic assessment method for virgin olive oils, the IOC started to include training courses in its technical cooperation programmes in order to teach panels to apply the method. It recommended the IOC Members to set up tasting panels in line with IOC standards and started organising annual panel proficiency tests and holding coordination meetings to unify application criteria.

It set up a recognition scheme similar to the one already in place for physico–chemical testing laboratories to increase industry confidence in laboratory sensory proficiency and mutual confidence between laboratories themselves. Under the scheme, IOC recognition is granted to tasting panels that comply with a series of requirements specified in an IOC Resolution (RES-2/90-IV/04). Panels must be designated by the authorities of their country and have to prove they apply the IOC method proficiently in two check tests organised every year by the IOC Executive Secretariat. Recog-

nition is reviewed annually. This setup gives the Council assurances not only about the proficiency of the panel, but also about its equipment, facilities and quality management and the skills of the tasters and panel leader.

In all, 47 tasting panels from a range of countries (Argentina, Australia, France, Germany, Greece, Israel, Italy, Jordan, Morocco, Portugal, Slovenia, Spain, Syria, Tunisia, Turkey and the United States) have earned IOC recognition for 2010/2011. At the beginning of each year the Executive Secretariat draws up the list of official panels that will take part in the two annual proficiency tests. The list of laboratories eventually recognised by the IOC is posted on the IOC web site and updated every year. Test certificates issued by recognised panels can carry legal weight in disputes.

Much has been achieved over the years and organoleptic assessment according to the IOC method has been included as a quality criterion in international and national standards. However, coinciding with the publication of reports questioning the sensory quality of certain oils, there has been recent talk of proposals to eliminate this assessment as a quality factor. It is vital, therefore, to continue working together to find the best way to improve matters.

Clearly, the IOC has worked alongside industry as a whole, and it will continue to do so even more intensely. However, at times, there may be inevitable discrepancies over aspects of standards, the application of methods or the establishment of limits to guarantee the quality and purity of oils. The questions raised by some associations about the sensory analysis of olive oils will be broached by the group of organoleptic assessment experts, and by the group of chemistry experts too, which includes industry representatives. The sector could also frame concrete proposals for the next meeting of the IOC Advisory Committee, on which it also has representatives.

The IOC is open, as always, to cooperating on and exploring potential solutions to the problems that arise on the different markets. For this reason, it has set up a discussion group to streamline the quality control programme which will be the venue for discussions about this and other issues of interest. Plans are also afoot to set up a further expert group in 2011 to review olive oil products labelling. Discussions will cover a range of aspects and industry representatives could be involved too.

In short, the IOC is the forum where its Members draft and adopt rules by consensus for the quality control and improvement of the products of the olive. The ultimate goal is to achieve a transparent international market for olive oil, olive pomace oil and table olives and higher product consumption.

Geographical indications for olive oils and table olives

As readers were told in our previous issue, at the request of the IOC member countries the Executive Secretariat commissioned a technical/legal review of geographical indications which culminated in an international seminar held in Villa San Giovanni, Reggio Calabria, Italy, on 21 October 2010 at the invitation of the Italian authorities. More than 100 participants attended from IOC member countries as well as from non-member countries like Australia, the United States, Brazil, Japan and Uruguay. The results of the review were presented at the seminar, which was also addressed by prestigious speakers from international organisations such as the World Intellectual Property Organisation (WIPO) and the World Trade Organisation (WTO) and speakers from IOC Members who described the GI experience in their countries. The seminar programme and presentations and the review are posted on the IOC website (http://www.internationaloliveoil.org/estaticos/view/388-geographical-indications).

The guest presentations were highly rated by the audience and the seminar demonstrated the clear value of the review to countries both with and without GI schemes in place or in the process of setting them up.

At discussions the next day at the 36th meeting of the IOC Advisory Committee (Reggio Calabria, 22 October 2010) a recommendation emerged to draw up a guide to good technical practice as opposed to technical/legal practice. After being discussed by the Economic Committee during the IOC's 98th session, the Council of Members gave the go-ahead to draft a guide to technical recommendations in 2011.

As a result, a group of experts from IOC member countries has been created to draft the technical guide. The first of its two meetings scheduled for 2011 took place on 25 March. The group's brief was to identify the key topics for inclusion in the guide and to fix the plan and calendar of work to be carried out by the second meeting, planned for October 2011. ■

More oils than ever compete for the IOC *Mario Solinas* Award

When it first got off the ground in 2001, the international competition newly created by the International Olive Council to reward the organoleptic quality of extra virgin olive oils drew 34 entries from 8 countries. Since then, this competition leading to the IOC *Mario Solinas* Quality Award has progressively gone from strength to strength. For the 2011 Award, 97 oils have been entered from Spain (43), Portugal (38), Greece (9), Italy (1), France (1), Morocco (1), Israel (1) and Turkey (3). Notably, it is the first time that oils from Turkey, the IOC's latest new Member since last year, are competing for the award. The rising number of contestants is an indication of the olive oil industry's growing interest in the competition and of its commitment to quality.

Experience over the years has also brought gradual changes to the competition rules. At first, participation was confined to oils from IOC member countries; now the competition is open to all the producing countries. The minimum size requirements have changed too – the oils have to be from a minimum batch of 3000 litres instead of the former 5000 litres – and the sections for classifying and selecting the oils have evolved into the current two categories of fruitiness: green with two subsections (intense and medium) and ripe.

The main purpose of the Award is:

- To acknowledge and publicise expertise in producing premium quality product and so enhance visibility at home and abroad
- To increase consumer awareness of the wide range of taste and smell characteristics of the extra virgin olive oils sold on the market
- To give an impetus and incentive to the production of outstanding oils that help to consolidate the image of the product and to raise consumption

The assessment process

The oils are assessed by tasting panels recognised by the IOC. The panels use a 100-point profile sheet to

score the oils for their taste, smell and retronasal sensations as well as their harmony, complexity and persistence.

The top six oils go through as finalists to the next stage where they are assessed by an international jury of experienced panel leaders who meet at the IOC headquarters for two days of judging.

By the time this issue goes to print, the international panel of judges will have chosen the winners of the first, second and third prizes in each category. Readers are recommended to visit the IOC website for full details about the oils that have won this much-deserved accolade. The IOC wants to encourage more and more producers, producer associations and packing companies to enter for the competition in the future so that the Award encompasses the entire olive oil producing panorama. In this way, they will help to consolidate the international reputation of extra virgin olive oil as a product that deserves the full confidence of consumers because of its excellent quality.

The winners will receive their prizes at an official ceremony to be held at the IOC headquarters on 17 June 2011. ■

Why call it the IOC *Mario Solinas* Award?

The name Mario Solinas does not probably ring a bell with many of our readers, especially outside Italy, yet he was one of the main driving forces behind the organoleptic assessment of extra virgin olive oil and a fierce champion of product quality.

Giving his name to the Award was a tribute to the memory of this researcher who did so much, side by side with the Council, to harmonise the quality criteria of olive oils.

Grant funding schemes for 2011

The promotion of olive oil and table olives is a key objective for the IOC. Action takes the form of promotional campaigns in target markets and more indirect initiatives such as providing grant funding for promotional events and activities organised by the member countries.

Since 2008, the IOC has been running two grant funding schemes for promotional events and activities, but in past years response has been poor to the annual invitations for applications for these co-financing grants.

That is why the Executive Secretariat is trying to publicise the calls more widely by circulating press releases, writing to the IOC Heads of Delegation, posting announcements in the *Contracts, grants and vacancies* section of the IOC website (www.internationaloliveoil.org) and featuring information in OLIVAE. In response to feedback, it is also exploring ways of simplifying the requirements to make them more flexible and so attract more applications from more countries.

Grants are given for two types of promotional event:

- Promotional and scientific events relating to olive oil and table olives in EU/IOC producer member countries
- National programmes to promote local consumption of olive oil and table olives in non-EU producing member countries of the IOC

Grant applications for 2011 were invited for these two categories at the end of December 2010. By the cut-off date of 14 February 2011, 16 proposals had been received in the first category for activities in Belgium (1), Cyprus (1), Greece (1), Italy (1), Luxembourg (1), Malta (1), Slovenia (1), Spain (8) and Portugal (1). Twelve have eventually been accepted while the others were rejected.

The turnout in the second category was lower, with only seven grant applications from non-EU/IOC member countries (Iran, 1; Egypt, 1; Jordan, 1; Morocco, 2; Lebanon, 1; Turkey, 1). Unfortunately, none of the proposals was accepted.

Second calls for grant applications were issued in mid April. To increase the application success rate, the Executive Secretariat shortly plans to draw up clear examples of what it is looking for in grant proposals.

Brazil next market research target for IOC

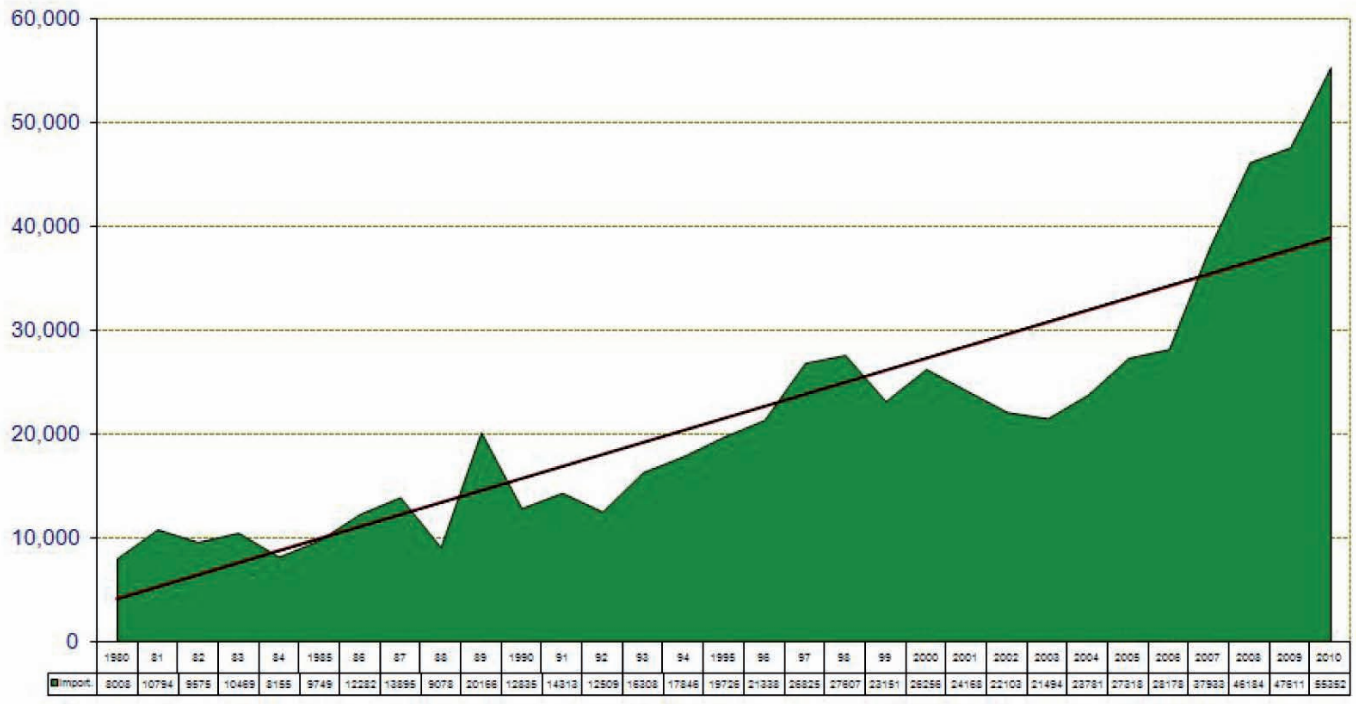
When it sets its sights on new markets for its promotional campaigns the Executive Secretariat first commissions market research to assess the real potential for expanding consumption of olive oil and table olives in the prospective target countries.

This year the IOC promotion budget has earmarked funds for market research on Brazil to appraise local demand, supply, market shares, distribution, prices, customs duties, technical barriers and other factors.

A call for tenders was posted on the IOC website and announced in the print media. By the time this issue reaches readers the contract will have been awarded and the successful bidder will have to submit a full market research report by the early autumn of this year.

The Executive Secretariat intends to circulate the results via the IOC website to generate input from private and institutional stakeholders. ■

Brazil: olive oil imports



The IOC promotes olive oil and table olives in two major and strategic consumer countries: China and Russia

During 2010 – 2011, two strategic consumer countries have been under the spotlight of the International Olive Council: China and Russia.

The main objectives of these campaigns are:

- To promote a better understanding of the nutritional, therapeutic and organoleptic/gastronomic properties of olive oil and table olives
- To motivate the local media to distribute messages about the benefits of olive oil and table olives

These objectives are being accomplished in both countries through the following activities:

In China:

- It was necessary to build up media relations, so large amounts of press materials and content about olive oil and table olives have been released continuously to several Chinese media, allowing the campaign to register big impacts on the target audience.
- Media events: The first IOC events in China were a press conference in Beijing on 6 May, 2010 and a media gathering in Shanghai on 11 May. Both events were very successful in delivering messages to the media about the mission of the IOC and the benefits of olive oil and table olives and obtained impressive coverage.
- Trade exhibitions: The IOC participated in Oil China, a very specialised trade exhibition

Press conference, Beijing, May 2010

Press conference, Beijing, May 2010

held in Shanghai from 18 to 20 April 2011. It had a corporate stand and was actively involved in various satellite activities, i.e., a trade conference and media gatherings.

- Target chefs: Various activities were conducted in 2010 to convey the IOC messages to these specific target opinion leaders. Others are in the pipeline for 2011.
- Web and blogs: A website has been developed to tell the Chinese public more about the uses and benefits of olive oil and table olives (http://www.oliveandoilpromoinchina.org). Communications are being stretched through bloggers on health, food, recipe & lifestyle channels, which have published a constant stream of new content related to IOC promotion of olive oil and table olives in China.

National Edible Oil Expo, Beijing, May 2010

Website in Russia

In Russia:

- A website has been developed to promote olive oil and table olives in Russia. Some of the themes featured on the page are: Introduction to olive oil and table olives, History, Cooking, Classification of olive oil, Types of table olives, Uses, Notes, Medical research, Russian cuisine, Mediterranean Diet, Health and Nutrition, Disease Prevention: Cardiovascular Disease, Diabetes, Ageing, Cancer and Obesity, Comparison of oils, Beauty, Table Olive & Olive Oil Market in Russia (www.promooliveoilrussia.org).
- A recipe booklet has been designed and will be inserted in a major consumer magazine.
- Consumer events have been held at trade centres in Moscow and Saint Petersburg and contests have been held in online & offline media to familiarise Russian households with olive oil and table olives and to show them why they are good for you and how to use them.

Promotional activities in these two countries will continue through 2011.

Tender Activities for 2011 & 2012:

Besides commissioning market research in Brazil (see article in this issue and watch the IOC website), the IOC has published a call for tenders to conduct a campaign to promote olive oil and table olives in the USA and Canada in 2011–2012. ■

Recipe booklet

Consumer event, Moscow, 2010

Consumer event, Saint Petersburg, 2010

The world market in figures

OLIVE OILS

At their 98th session in November 2010 the Council of Members reviewed the position of the international olive oil market in the 2008/09, 2009/10 and 2010/11 crop years. The figures for the three years were final, provisional and estimated, respectively. They also discussed the levels of prices paid to producers in the European Union and the main factors on the world market.

2008/09 crop year (final data)

The season opened with 839,500 t in stocks, very much above the tonnage needed to bridge the transition into the crop year.

World production (2,669,500 t) was 2% lower than the season before while EU production was 8.5% lower. The IOC member countries accounted for 98% of the world's olive oil, 73% of which was produced by EU/27 countries.

At 2,831,500 t, **world consumption** was 3% above the level of the preceding crop year. The IOC member countries had an 82% share of this tonnage while the share of the EU countries came to 66%. Consumption outdistanced production by 162,000 t.

World imports (600,500 t) and **exports** (608,500 t) differed by a small tonnage of 8,000 t. Exports by the EU in 2008/09 (376,000 t, disregarding trading inside the EU) represented more than 61% of world exports.

The crop year closed at 31 October 2009 with **stocks of** 669,500 t. Eighty per cent of this tonnage was held by EU countries.

Available supplies (starting stocks plus production) in 2008/09 amounted to 3,509,000 t at world level and 2,672,500 t in the EU.

2009/10 crop year (provisional data)

The provisional figures for 2009/10 put **world production** at 3,024,000 t, equating with a rise of 354,500 t or 13% from the season before. Five countries – Morocco, Spain, Greece, Turkey and Syria – are behind this increase. If confirmed, this will be the second highest tonnage since the 2003/04 record (3,174,000 t).

The olive oil produced in the EU/27 accounted for close to 75% of world production. The breakdown of this percentage between its chief producing countries shows shares of 46% for Spain, 15% for Italy, 11% for Greece and 2% for Portugal.

According to the provisional figures, **consumption** (2,873,000 t) was 42,000 t higher than in 2008/09. Over 63% of this tonnage was consumed in the EU. Production outstripped consumption by 151,000 t.

World imports are provisionally assessed at 664,500 t and exports at 673,000 t. Like the season before, there is a small gap of 8,500 t between the two. Exports by the EU were equivalent to 63% of the world total.

Closing stocks (812,000 t) exceeded normal bridging requirements, repeating the scenario of the season before. The ending stocks of the EU/27 (635,000 t) would account for 78% of the world total.

Through 2009/10 aggregate imports of olive oils and

olive pomace oils into the five leading importing countries (Table 1) recorded a year-on-year increase of 6%. The breakdown shows increases of +24% for Australia, +20% for Brazil, +16% for Canada and +30% for Japan. In contrast, US imports fell by 2%.

TABLE 1
Olive oil imports
(including olive pomace oils) (1000 t)

Country	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Australia	30	27	32	31	29	33	42	28	29	36
Brazil	25	23	21	24	27	26	36	44	45	54
Canada	25	24	25	26	32	30	34	34	32	37
United States	215	218	216	248	247	243	262	264	277	272
Japan	30	32	31	33	33	30	32	30	33	43
Total	**325**	**324**	**325**	**362**	**368**	**362**	**406**	**400**	**416**	**442**

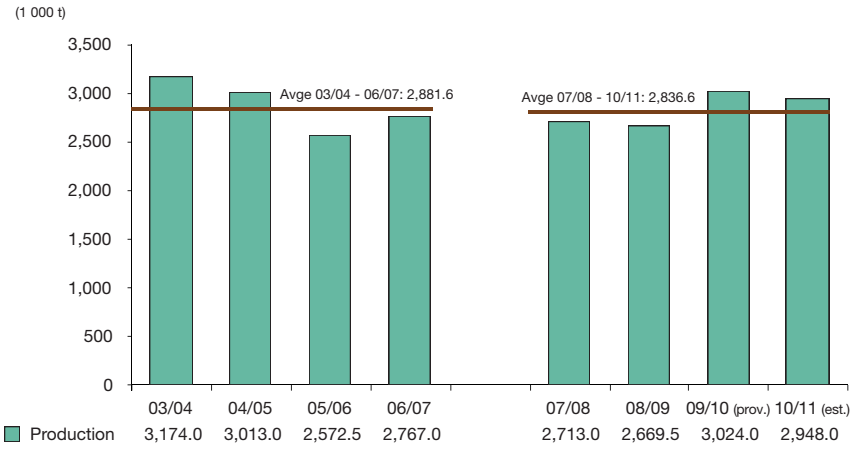
2010/11 crop year (estimated data)

Estimates for 2010/11 assess olive oil **production** at 2,948,000 t, slightly below the level of the previous season. **Consumption,** on the other hand, is expected to rise to 2,978,000 t. According to international trade forecasts, exports will come to 707,000 t. This figure is higher than the estimate for imports (684,000 t).

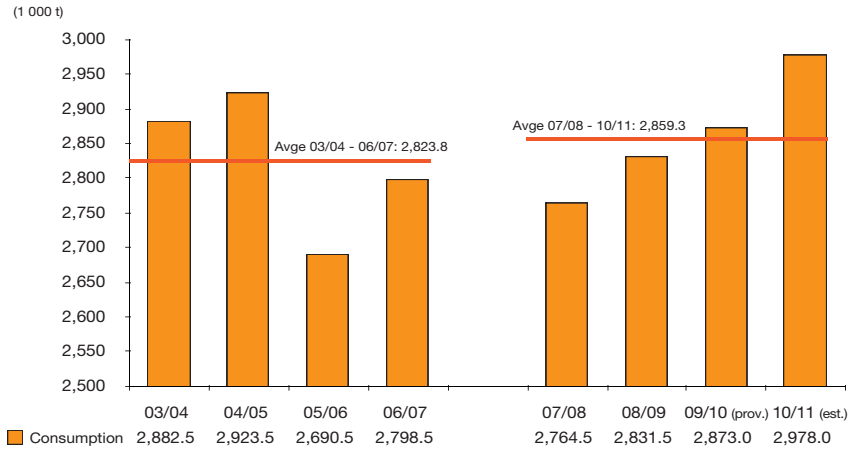
Crop year comparisons

Graphs 1 and 2 provide a comparison of world production and consumption of olive oil between two four-year periods and reveal a decrease of 2% in production versus a 1% increase in consumption.

Graph 1. Olive oil production: comparison of two four-season periods (2003/04–2006/07 and 2007/08–2010/11).



Graph 2. Olive oil consumption: comparison of two four-season periods (2003/04–2006/07 and 2007/08–2010/11).



Producer prices

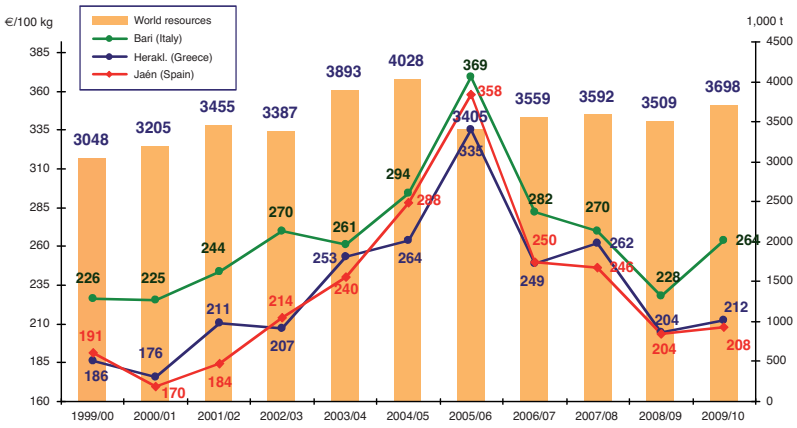
The prices paid to producers for extra virgin olive oil on the three key markets of the EU/27 –Bari (Italy), Heraklion/Messenia (Greece) and Jaén (Spain) – affect roughly 73% of the olive oil produced in the world. They also have an impact on the prices paid elsewhere in the EU and in other producing countries, particularly on export prices.

Compared with the previous crop year, average prices in 2008/09 dropped on all three markets, specifically by 16% in Bari, 22% in Heraklion/Messinia and 17% in Jaén.

The 2008/09 crop year opened with downward price movements on the three EU markets from October 2008 until May 2009 when they reached a low. From then onwards prices started to recover, reaching their highest level at the close of the season. At the time of writing this article (March 2011) prices on the Bari exchange were higher than usual, reaching €318.5/100 kg while those in Heraklion/Messenia and Jaén were lower (€196.5/100 kg and €201.3/100kg, respectively).

The prices and indices for extra virgin olive oil in 2008/09 are summarised in Table 2 and compared with the figures for the three preceding seasons and year after.

Graph 3. Average producer prices by crop year (1999/00 – 2009/10) for extra virgin olive oil.



Graph 5 gives the **prices paid to producers for refined olive oil** and shows the price movements on the two markets of Bari (Italy) and Córdoba/Seville (Spain).

In March 2011 prices fell by 4% to €177.7/100 kg in Córdoba (Spain) and by 6% to €186/100kg in Bari (Italy). No data are available for Greece. The moderate price recovery that began in October 2010 continued until mid-December, only then to reverse direction.

Graph 4. Movements in average monthly producer prices for extra virgin olive oil.

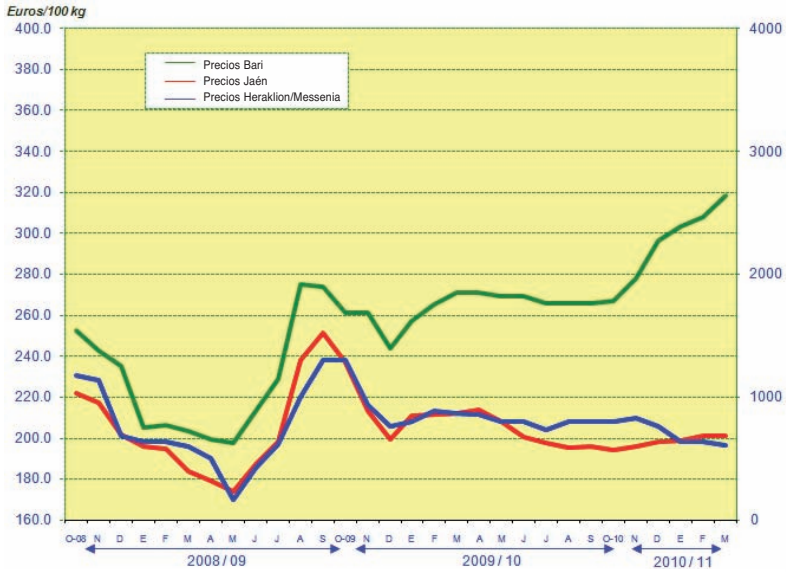


TABLE 2
Prices and price indices for extra virgin olive oil

Market	2005/06		2006/07		2007/08		2008/09		2009/10	
	€	I	€	I	€	I	€	I	€	I
Bari	369.6	**100**	281.9	**76**	269.9	**73**	227.7	**62**	264.0	**71**
Heraklion	335.0	**100**	249.0	**74**	261.7	**78**	204.3	**61**	212.0	**63**
Jaén	358.1	**100**	250.4	**70**	246.2	**69**	203.7	**57**	208.0	**58**
Average **index**	354.2 **100**		260.4 **74**		259.2 **73**		211.9 **60**		228.0 **64**	

Graph 5. Movements in average monthly producer prices for refined olive oil.

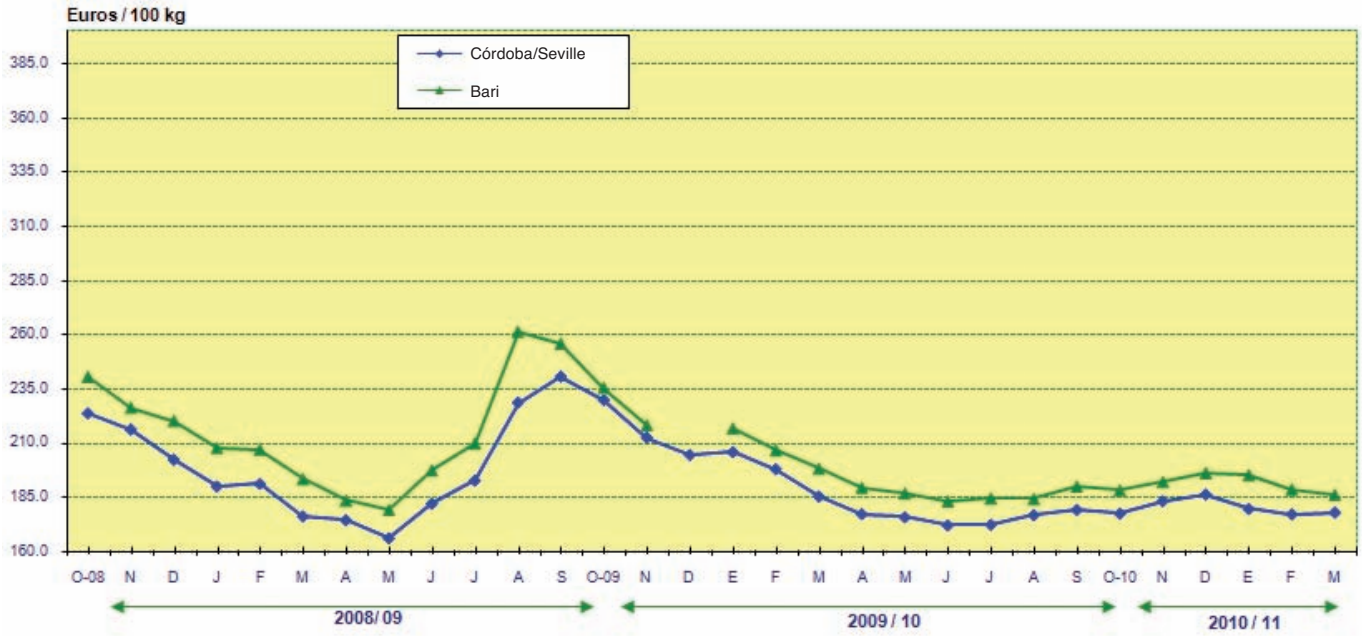


TABLE OLIVES

2008/09 crop year (final data)

The crop year opened with **stocks** of 440,500 t. Approximately 82% of this tonnage was held by IOC member countries. The EU/27 accounted for 47% of the world total.

World production (2,082,500 t) dropped by 69,000 t or 3% from the level of the year before. Ninety-four per cent of the world's table olives were produced by member countries of the IOC. The EU/27, Egypt, Turkey, Syria and Morocco are the main producers, with an aggregate 83% share of world production.

Compared with the season before **world consumption** (2,110,000 t) was slightly lower in 2008/09, down by 20,500 t (-1%). IOC member countries accounted for 72% of this consumption while the EU/27, Egypt, Turkey, Syria and the United States together accounted for 70% of the world total.

Looking at **international trade,** imports (546,000 t) dipped from the season-before level while exports came to 584,500 t. The EU/27, Egypt, Turkey and Morocco were the leading exporters, accounting for 77% of world exports, the bulk of which went to the United States, EU/27, Brazil and Russia.

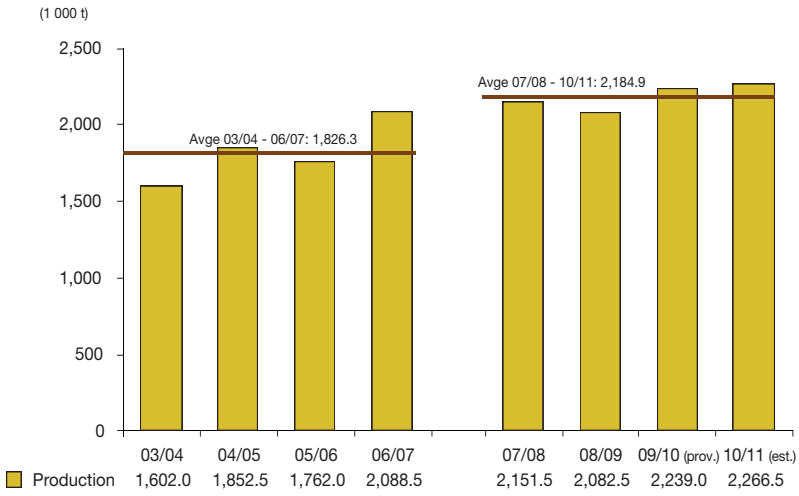
At 30 September 2009, **closing stocks** amounted to 374,500 t, representing a decrease of 66,000 t from the level at the start of the year. Ninety-six percent of these stocks were in the hands of IOC member countries, of which 58% corresponded to the EU/27.

2009/10 crop year (provisional data)

The provisional figures for 2009/10 assess **world production** at around 2 239 000 t. This reflects a season-on-season increase of 156,500 t (+8%), chiefly prompted by higher production in Turkey, Syria, Algeria and Argentina.

World consumption (2,136,500 t) of table olives is expected to be 26,500 t higher than the previous crop year. It is noteworthy that consumption has experienced constant growth in recent years.

Graph 6. World production of table olives: comparison of two four-season periods (2003/04–2007/07 and 2007/08–2010/11).



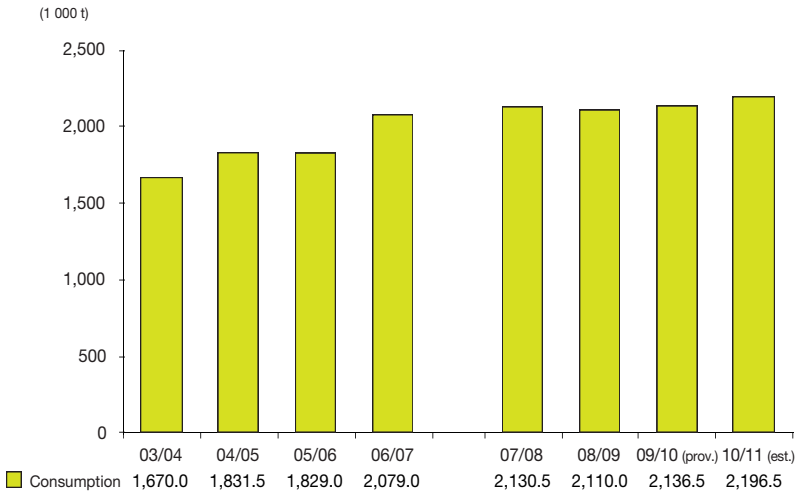
World **exports** are expected to reach 676,500 t and **imports** 630,000 t, thus showing an export lead.

The **ending carry-over** (430,500 t) is provisionally assessed at a tonnage 56,000 t above the level at the outset of the season.

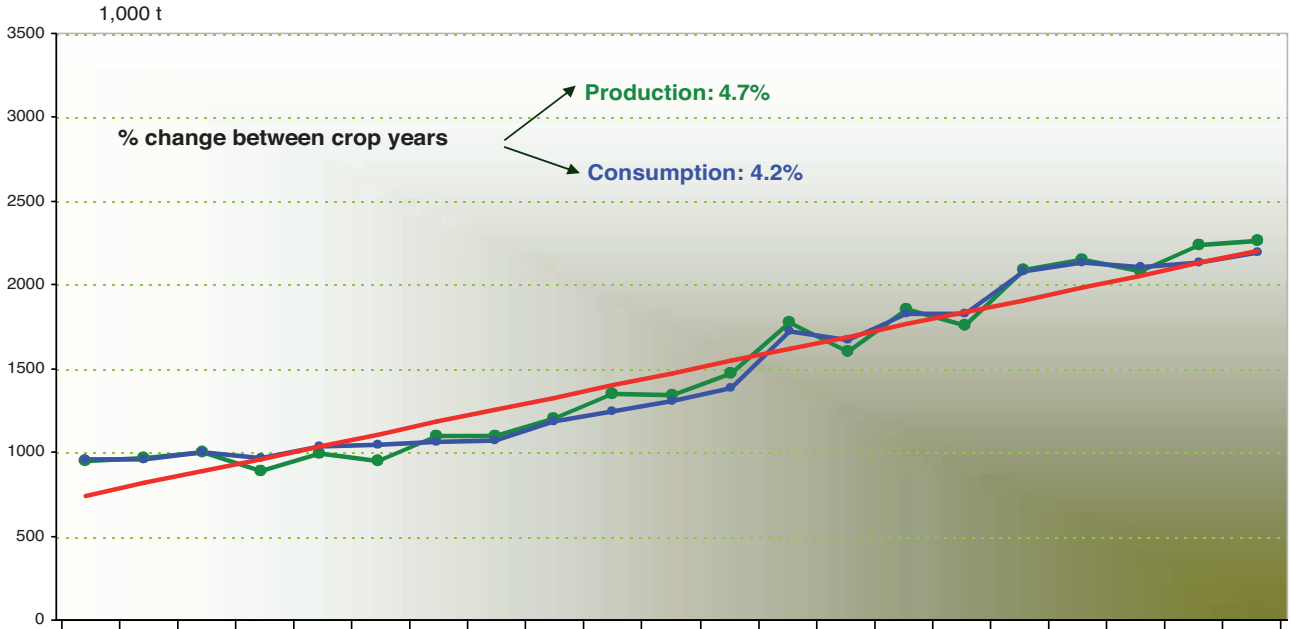
Average production between the 2007/08 and 2010/11 crop years is estimated at **2 184 900 t**, representing an increase of **+19**% with respect to the average for the preceding four seasons. It is striking that production topped the two-million-tonne mark from 2006/07 onwards, reflecting higher production in Egypt in particular.

Average table olive consumption in 2007/08– 2010/11 is estimated at 2 143 400 t, which works out 16% above the average for the four

Graph 7. World consumption of table olives: comparison of two four-season periods (2003/04–2007/07 and 2007/08–2010/11).



Graph 8. Trend of world production and consumption of table olives (1990/91–2010/11).



	1990/1	1991/2	1992/3	1993/4	1994/5	1995/6	1996/7	1997/8	1998/9	1999/0	2000/1	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/08	2008/9	2009/10 (prov.)	2010/11 (est.)
Production	950	968.5	1002.5	890	990	946.5	1093	1094	1201	1351	1343	1473.5	1773.5	1602	1852.5	1762	2088.5	2151.5	2082.5	2239	2266.5
Consumption	957	955	1004	969.5	1038.5	1042.8	1065.5	1073	1185.5	1241.5	1303.5	1382.5	1728	1670	1831.5	1829	2079	2130.5	2110	2134.5	2196.5

preceding crop years (Graph 7).

In the case of **international trade**, exports during the period 2007/08–2010/11 average 635,500 t, showing a 24% increase on the same previous period while the figure for imports is estimated at 586,600 t (+21% with respect to the same period).

Recent developments in the table olive market

The data available and Graph 8 confirm the expansion of the table olive sector. During the period between 2001/2 and 2010/11 world production of table olives grew by 77% and consumption expanded by 75% compared with the previous decade (1991/2–2000/1). ■

Olive oil as a tourist resource: conceptual boundaries

Ignacio Ruiz Guerra

1. CONCEPTUAL FUNDAMENT OF OLIVE OIL TOURISM

Spain is a country where the economic impact of the agricultural industry on GDP has gradually decreased percentage-wise in recent years. The olive oil sector generates a large percentage of wealth for the Spanish economy, not only financially but also culturally and in terms of Spain's international profile as the world's top producer of olive oil. Driven by the need to find new channels of financial diversification for rural communities in Spain, the possibility of exploiting olive oil production to attract tourism has emerged as a hitherto unexplored niche generated by the latest tourist trends.

For the traveller, olive oil tourism or 'oleotourism' is an opportunity to discover where and how olive oil is produced and to learn about its characteristics and its impact on the surrounding society. This learning process takes place far away from home, regardless of whether or not the travellers are tourists.

For the producer, it means demonstrating the process of making olive oil from farm to table – production, packing and retail sale – and its repercussions on the surrounding environment.

The starting premise is to raise the earnings of people in the rural areas where olive oil is produced through supplementary activities built around the concept of olive oil tourism and aimed at showcasing and tapping local olive growing resources. Tourism is not viewed as the principal financial source of these areas but as a source of additional earnings for the rural community. This starting point draws on the underlying concept of other tourism practices such as industrial tourism (it tells about the production process specific to olive oil; although technological practices have evolved over the centuries, the basis remains unchanged). Olive oil tourism will definitely boost sales and enhance the image of olive oil, with the ensuing direct repercussions on product marketing. By bringing potential clients into contact with the product and eliminating middlemen, tourism becomes a tool for marketing agricultural foodstuffs. Similarly, farm tourism where visitors see how olives are harvested in the orchard, in their natural habitat, also helps to attract visitors to olive oil tourism. The goal is to involve as many stakeholders as possible, to generate more jobs in rural areas and to improve the existing tourism supply.

Most olive oil mills are located in rural areas. This means that initiatives like rural tourism can be exploited as a complement to learn in depth about olive oil production, away from the everyday urban environment of its tourist patrons. However, it should be reiterated that tourism is not meant to be the main financial source of these rural areas, but a supplementary source of earnings for the rural communities where olive oil is produced.

Although very significant in its own right, culinary tourism is very closely intertwined with olive oil tourism. The current return to traditional culinary roots

and the inclusion of traditional cuisine as a facet of tourism not only lends added attraction to inland tourist destinations but also helps to keep alive a centuries-old cultural legacy. This is particularly true because olive oil is a staple of the Mediterranean Diet, a culinary pattern common to a broad geographical area where foods are identity factors of the peoples and regions. Well-being and health tourism is also tied up with olive oil, which is used in spa, massage, cosmetic or dietary treatments due to its beneficial effect on the digestive and circulatory systems.

Ethnographic tourism (see Table 1) is another type of tourism where permanent exhibitions showcase how olive oil fits in as a healthy, quality product characteristic of a specific lifestyle. It paints a picture of how olive oil is obtained, how it continues to hold special significance for the communities in a given region who have continued to use it over time despite the technological changes in its production methods. Archaeological tourism is another interrelated type of tourism in the case of archaeological sites showing evidence of olive and olive oil activity. One example is the *Monte Testaccio* in Rome, a hillock formed by the fragments of discarded amphoras in which olive oil was transported to the Imperial capital from the Roman provinces.

This practice would fall under cultural tourism, defined as:

> *"Tourism motivated by the desire to search for, understand and enjoy the set of distinctive factors and features, whether tangible or intangible, intellectual or emotional, that characterise a society or social group in a specific location."*

The interconnection with the concept of olive oil tourism is therefore quite clear.

TABLE 1

Category of tourism	Description (definition)	Connection with olive oil tourism
Industrial tourism	Tourism entailing visits to obsolete industrial facilities or modern working facilities to learn about production processes	Visits to olive oil mills to find out about olive oil production
Farm tourism	Tourism entailing direct contact with traditional agricultural and livestock activities in the rural environment that are of financial benefit to farmers through agriculture and tourism	Visits to olive orchards and hands-on experience of olive harvesting (in season)
Rural tourism	Type of tourism in the rural environment where tourists stay in non-conventional accommodation, usually cottages or rural hotels (with/without board) and can enjoy complementary activities, usually outdoors or also cultural activities	Visits to area where olive oil is produced; cultural or natural heritage in the rural environment
Culinary tourism	Tourism entailing visits to food producers (primary and secondary), food festivals, restaurants and specific venues where tastings of regional dishes and culinary attributes are the chief reason for the trip	Olive oil tastings: explanatory talks about the organoleptic characteristics of olive oil Food experiences: typical dishes in which the central ingredient is olive oil (Mediterranean Diet)
Ethnographic tourism	Tourism to discover intangible, cultural, social, subjective and quality features and to understand the reasons or beliefs underlying the way in which they interact	Visits to olive growing and olive oil museums showcasing the customs, lifestyles and implements used by communities over the centuries
Archaeological tourism	Tourism entailing tours of archaeological heritage and sites, associated interpretation centres and historical events and celebrations	Archaeological sites featuring traces of the olive oil production installations over 100 years old
Cultural tourism	Tourism motivated by the desire to search for, understand and enjoy the set of distinctive factors and features, whether tangible or intangible, intellectual or emotional, that characterise a society or social group in a specific location	Permanent or visiting cultural or artistic exhibitions showcasing the impact of olive oil on the various forms of artistic expression
Ecotourism	Responsible, environment-friendly tourism which contributes to the improved welfare of the local communities	Tourism in areas of natural olive landscape beauty or where activities are carried out outdoors and on olive farms
Urban tourism	Tourism entailing all the activities of tourists and visitors when staying in a town or city	Tourism to towns/cities boasting cultural tourist resources linked to olive growing heritage

Source: compiled by author.

2. BASIC ELEMENTS OF OLIVE OIL TOURISM

The very specific nature of olive oil tourism means very little research literature is available on this topic, especially since it is quite recent. Lately, however, an innovative initiative has had a major impact on areas sharing olive growing as their common denominator. This initiative was a local development project implemented in Mediterranean countries with funding from the European Regional Development Fund (ERDF) based on a similar conceptual approach to tourism. This project drew a series of conclusions, such as the singular elements necessary for olive oil tourism. It has also had an impact on European Union policy making in that the latest draft (2006) of the sections of the Common Market Organisation (CMO) and Common Agricultural Policy (CAP) concerning olive growing refers to the creation of tourist initiatives to optimise the olive sector as a financial tool for the diversification of the rural environment.

The proposed quality tourist resources relating to olive growing are:

- Olive oil mills open to the public;
- Ancient oil mills;
- Olive oil delicatessens/ gourmet stores;
- Olive and/or olive oil museums;
- Traditional farmhouses;
- Traditional olive landscapes;
- Organic olive orchards;
- Centuries-old olive groves;
- Olive oil festivals;
- Popular traditions;
- Gastronomic areas;
- Designations of origin;
- Olive and/or olive oil monuments;
- Olive oil trade fairs;
- Restaurants with olive oil lists;
- Archaeological sites;
- Other industries related to olive growing (cosmetics, canning, woodcrafts, seasoned olives, etc.).

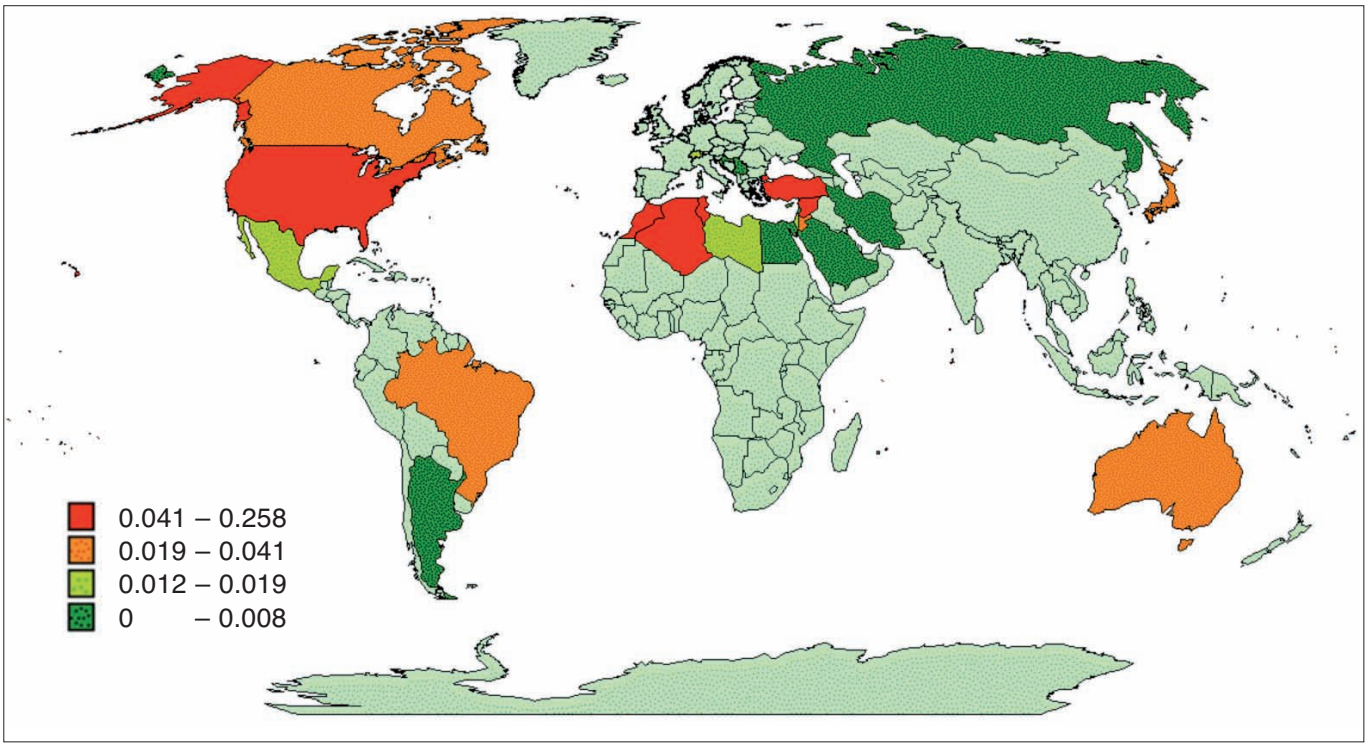
Hence, olive oil tourists are people who travel to a particular area to find out more about olive oil. They may not stay in a specific place but their visit is connected with the basic tourist services offered for olive oil tourism.

3. OVERVIEW OF OLIVE OIL

Olive oil consumption has risen sharply in recent years, fuelled by growing health consciousness. This has worked greatly to the benefit of olive oil producers, but demand is exceeding supply, which pushes up prices. Olive oil thus becomes a semi-luxury good in many places while in its home producing areas it may be underrated and olive trees may even be pulled out (the case in Spain). This does away with channels for promoting olive oil and eliminates olive growing acreage and thereby financial aid for olive growers. Paradoxically, in Spain, the CAP fosters the expansion of olive acreage on the one hand while encouraging the grubbing of olive orchards on the other.

Consumption has seen exponential growth in some geographical regions without a former tradition of eating olive oil but where its health-promoting properties have generated import demand.

Map 1- Average olive oil consumption by country, except for Europe, 1990–2006 (thousand tonnes)



Source: compiled by the author.

The world pattern of olive oil consumption is not the only element that has changed. The rise in consumption has also prompted growing interest in olive cultivation in non-traditional areas accompanied by the exponential growth of production, which has had a direct impact on traditional marketing channels in the sector.

This shifting pattern of production can be seen in Charts 1 and 2 which show the change in the share of world olive growing held by specific traditional olive growing regions.

The ranking of the olive oil producing countries has

TABLE 2
Changes in average olive oil consumption, itemised by country, for 1990–2006 (thousand tonnes)

Country	Average consumption	Country	Average consumption
Algeria	35.3	Australia	31.9
Argentina	5.5	Brazil	24.1
Cyprus	5.5	Egypt	2.2
European Union	1,939.4	United States	202.3
Croatia	5.3	Libya	9.8
Iran	3.6	Mexico	10.3
Israel	14.9	Yugoslavia	0.5
Jordan	21.7	Other	49.1
Lebanon	5.8	Saudi Arabia	5.6
Morocco	54.7	Canada	26.3
Palestine	10.3	Japan	31
Syria	117.3	Russia	6
Tunisia	42.3	Switzerland	9.9
Turkey	55.6	**Total**	**2,721.7**

Source: International Olive Council, 2009.

TABLE 3
World olive oil production, 1990–2009 (thousand tonnes)

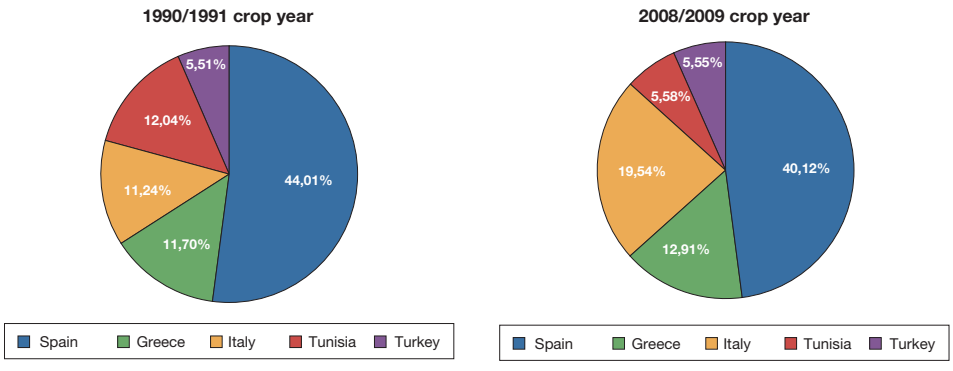
	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01
Spain	639.4	593	623.1	550.9	538.8	337.6	947.3	1077	791.9	669.1	973.7
Greece	170	385	310	254	350	400	390	375	473	420	430
Italy	163.3	674.5	435	520	448	620	370	620	403.5	735	509
Portugal	20	62	22	32.1	32.2	43.7	44.8	42	35.1	50.2	24.6
Morocco	36	50	38	40	45	35	110	70	65	40	35
Syria	83	42	86	65	90	76	125	70	115	81	165
Tunisia	175	250	120	235	100	60	270	93	215	210	130
Turkey	80	60	56	48	160	40	200	40	170	70	175
Others	32	9	6	7	7	6	8.5	7	7.5	6.5	7.5
WORLD TOTAL	**1,453**	**2,206**	**1,811.5**	**1,825**	**1,845.5**	**1,735.5**	**2,595**	**2,465.5**	**2,402.5**	**2,374.5**	**2,565.5**

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	% first year	% last year
Spain	1,411.4	861.1	1,412	989.8	826.9	1,111.4	1,221.8	1,150	44.01%	40.12%
Greece	358.3	414	308	435	424	370	307	370	11.70%	12.91%
Italy	656.7	634	685	879	636.5	490	470	560	11.24%	19.54%
Portugal	33.7	28.9	31.2	41.2	29.1	47.5	34.9	50	1.38%	1.74%
Morocco	60	45	100	50	75	75	80	90	2.48%	3.14%
Syria	92	165	110	175	100	154	100	125	5.71%	4.36%
Tunisia	35	72	280	130	220	160	170	160	12.04%	5.58%
Turkey	65	140	79	145	112	165	72	159	5.51%	5.55%
Others	7.5	7.5	7	7	8	15	15	18	2.20%	0.63%
WORLD TOTAL	**2,825.5**	**2,495.5**	**3,174**	**3,013**	**2,572.5**	**2,767**	**2,633**	**2,866.5**	**100%**	**100%**

Source: table compiled by the author from IOC data (2009).

also shifted in recent years due to the development of incentive policies to expand production and to the bright prospects at the time, which are now changing as non-traditional competitors such as Chile, the United States, Argentina, etc. enter marketing channels.

Charts 1 and 2 – World olive oil production (%), 1990/91–2008/09 crop years

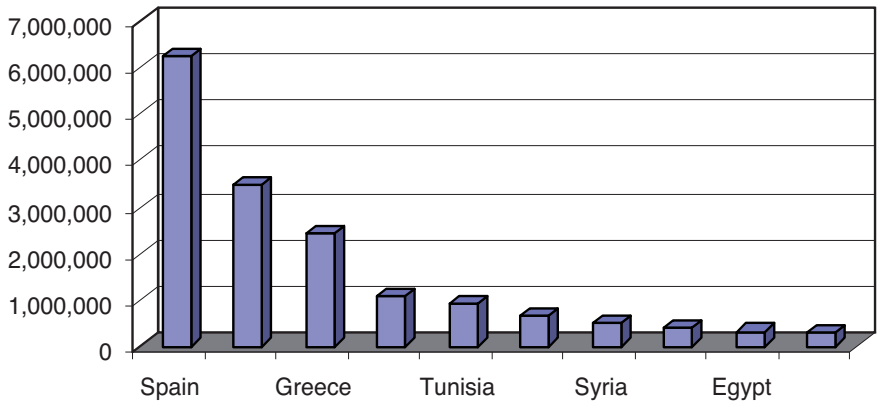


Source: charts compiled by the author from International Olive Council data (2009).

Italy and Spain have switched positions. Based on

its specific share, Spain should lead the way in the olive oil sector, but this is not the case. Traditionally, it has been dependent on Italy due to the ease with which this last country controls export distribution channels, so preventing Spain from showing the clear leadership in olive oil marketing that it does in production, policymaking, etc.

Chart 3 - Ranking of the top ten olive oil producers (thousand tonnes, 2007/08 crop year)



Source: chart compiled by the author from the United Nations agriculture and food report for 2008.

According to the data published in the Agri-foodstuffs Statistics Yearbook (2008), in Spain olives were grown for oil production on a total of 2,319,000 ha in 2008 versus 1,929,100 ha in 1985. This represents a steep 20% increase in olive crop area, which is split between two main and very characteristic types of holding:

– *Family olive holdings* which for years have been a supply source of olive oil for these households.

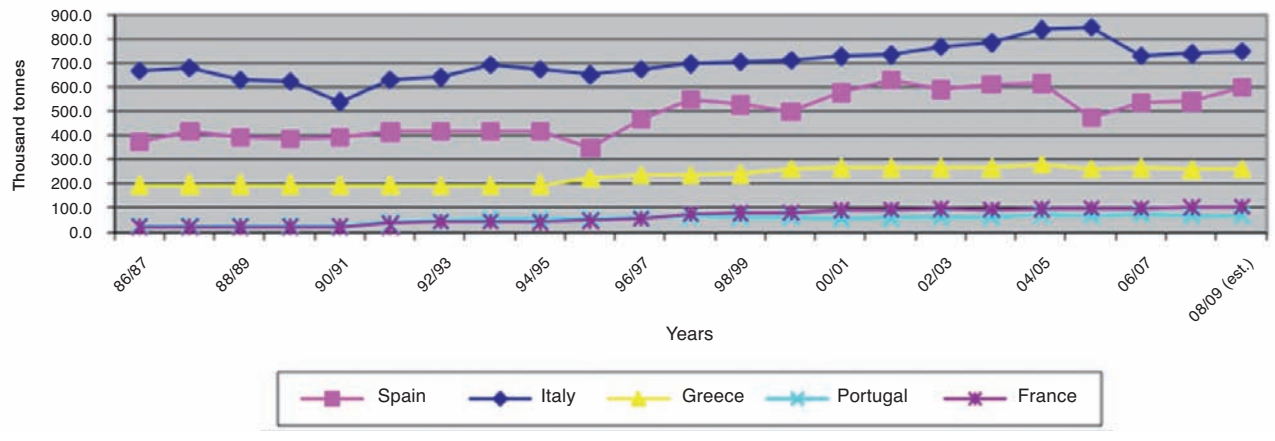
– *Extensive olive holdings* where olive trees are a distinctive feature of the landscape due to the large expanses of land dedicated to olive growing. This is the case of regions like Andalusia and the province of Jaén where olive growing accounts for 90% of the crops, or some districts of other Andalusian provinces that account for 80% of the olive oil produced in the whole of Spain.

Other authors have differentiated olive holdings on the basis of other factors such as yields and size (García Brenes, 2006):

– *Small holdings:* < 15 ha
– *Medium-sized holdings:* 15–100 ha
– *Large holdings:* > 100 ha

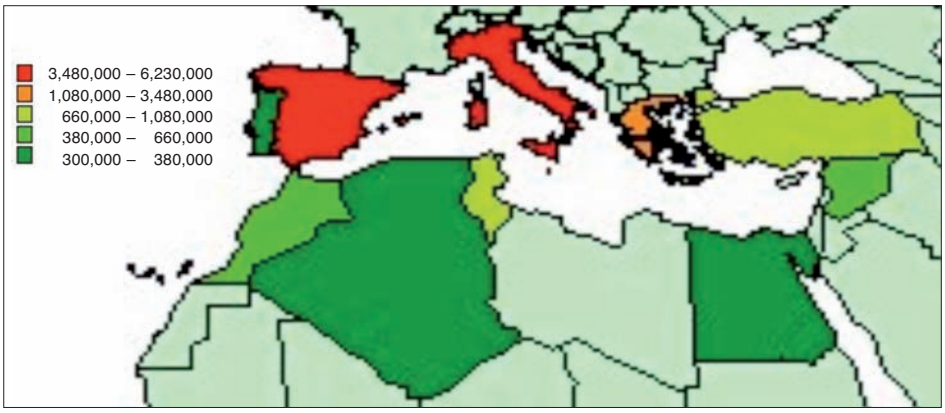
Comparison of the number of holdings with the olive crop area in each Autonomous Community

Chart 4 – Changes in consumption in the chief EU consumer countries, 1986–2009



Source: compiled by the author.

Map 2 - Ranking of the top ten olive oil producers
(tonnes, 2007/08 crop year)



Source: compiled by the author.

(Table 4) reveals an interesting picture.

Orchards growing oil olives are found in a very large number of municipalities. In the Autonomous Communities where olive oil is produced these orchards have a great impact on the regional economy. For instance, there are olive holdings in 769 or 80% of the municipalities in Castile-La Mancha, which has the second largest olive crop area and the second highest production in Spain. Although its production is much higher, Andalusia has fewer municipalities with olive holdings (736).

TABLE 4
Olive holdings and olive crop area in Spain

Autonomous Community	Olive crop area (ha)	Nr holdings
Andalusia	1,420,000	307,405
Aragon	46,672	28,143
Balearic Islands	8,022	857
Valencia	100,000	------
Castile-León	6,520	8,343
Castile-La Mancha	360,000	132,441
Catalonia	124,876	44,996
Extremadura	200,000	75,516
Madrid	25,000	8,443
Murcia	21,600	8,327
Basque Country	182	483
Rioja	5,528	4,451
TOTAL	**2,318,400**	**619,405**

Source: compiled by author from Agricultural Insurance 2007/2008.

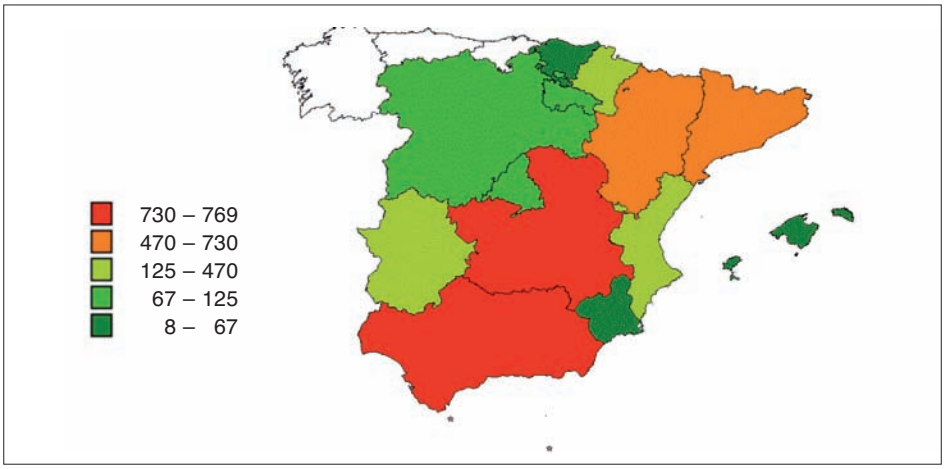
4. ENHANCEMENT OF OLIVE OIL VIEWED AS AN INTANGIBLE RESOURCE

For years, olive oil was the object of a campaign of fierce, intentional criticism of its organoleptic, quality and health characteristics. However, research has gradually proven the theories propounded by the Ancients many centuries ago about its myriad uses and intrinsic effects and benefits. Now, rural tourism is a potential tool for resolving the problems or challenges in the inland regions where olive growing is so characteristic. As early as the 1960s and 1970s studies pointed to the intangible assets of a number of products.

When establishing the broad conceptual base of olive oil it is necessary to bear in mind the multidimensional nature of this product, but this is something that has been lost over the years. It is a question of viewing the product from various angles: what it meant in the past, what it means now and what it could mean in the future.

Olive oil has a differing impact and significance in several fields. In some instances the differences may be smaller or greater, while in others an apparent difference may really be the same thing but in different guise.

Map 3 – Olive growing municipalities in Spain (2002/03 crop year)



Source: compiled by the author.

The fields covered by the conceptual definition of olive oil are:

– *Olive oil culture:* Olive oil is primarily viewed as part of the heritage of the Mediterranean region due to the important part it has played in its history since the Tertiary Age. Over the centuries, it has figured in literature and painting, sculpture and crafts, and it has left its mark in archaeology. Its sacred and religious significance is illustrated in many of the episodes narrated in the classics and in the chief monotheistic religions which likewise emerged in the Mediterranean region. Olive oil continues to feature in commemorative traditions and festivals and to be a symbol of cultural identity.

– *Olive growing:* This covers cultivation and market regulation. Stimulated by economic conditions, olive growing has expanded. Not only are olive farms getting bigger, they are also spreading to more and more countries outside the Mediterranean.

– *Olive oil and health:* Olive oil has been proven to have a positive effect on human health when consumed sensibly and regularly. This has prompted countries, for instance in northern Europe, to conduct dietary campaigns promoting the consumption of products like olive oil, which is an irreplaceable ingredient in Mediterranean cuisine.

– *Olive oil and the environment:* The large expanses of olive orchards can offer wide opportunity for lowering CO_2 levels, especially since pruning residue can be used as biomass for power generation from renewable sources of energy.

– *Olive oil and the economy:* This sphere encompasses production, consumption and marketing, changes in crop area, varieties and distribution channels. Producers need to become involved in marketing channels in order to omit middlemen and keep the added value for themselves.

– *Olive oil tourism:* The topic of this article, this kind of tourism has potential and allows tourists to travel to growing areas to see olive oil production at first hand.

None of these spheres is accidental or new, nor is it an abstract idea of olive oil. They are all the real, direct, overall expression of what olive oil means to society, first and foremost in Mediterranean society which has evolved around this product.

As in the case of other agricultural foodstuffs, there have been moves to promote, spread and create awareness

about olive oil, amongst other things in the tourist industry. This has not been merely by imitation, but as a determined exercise to secure the sustainability, enhancement and recognition of a product so closely entwined with the roots of our way of life.

For many years there has been talk of the need to adapt agriculture and the European rural environment to a new model, particularly given the Old World's difficulty in maintaining the average earnings of farmers in rural regions of the EU. This was one of the chief working premises of the EU when adjusting the Common Agricultural Policy (CAP) and when adapting EU agricultural supply capacity to the differing realities in Europe and the world.

During the course of this process, the EU has converted to the services or tertiary sector. Formerly supplying and exporting agricultural products, European countries now demand and import raw materials, so much so that in this article we report that tourism is turning into a tool for the promotion and marketing of quality agricultural foodstuffs.

In point of fact, a dedicated project to develop olive oil tourism was set up with funding from the ERDF and under the supervision and oversight of the EU. This project has highlighted the need for action in several areas: to consolidate cooperation between Mediterranean countries in order to pool rural tourism experience by exchanging working methods and developing common models; to unify the criteria for designing and promoting tourist products with guaranteed success; and to increase the earnings of the rural population in olive oil producing areas through complementary activities related to the enhancement and optimisation of local olive growing resources. It is also necessary to educate markets about olive oil by building social links and adding a cultural dimension to consumer tastes.

A list is given below of the kinds of initiatives that could be implemented as a starting point for developing olive oil tourism. Given the scant research literature on olive oil tourism, these draw on the experience of other similar industries such as wine tourism and on the vision of producers and rural tourism public planners:

- Tours of olive farms: tours of olive orchards equipped with pathways suitable for visitors of all ages, physical fitness, etc. This means that a road infrastructure has to be in place to allow tourists to access the farm in their own or other vehicles or, if the distance is not too great, on foot.
- Old olive oil mills adapted for visitors that can be viewed from different angles, with accompanying explanatory information (vertical, horizontal or multimedia posters).
- Olive oil delicatessens and gourmet shops specialising in olive oil products and derivatives.
- Olive and/or olive oil museums.
- Traditional farmhouses.
- Gastronomic areas.
- Olive and/or olive oil monuments.
- Olive oil trade fairs.
- Archaeological sites.
- Other industries connected with the olive (cosmetics, canning, woodcrafts, seasoned olives, etc.).

All of this has to be underpinned by a strategy which should be implemented by the Olive Oil Interbranch Association and the Olive Oil Agency in conjunction with the International Olive Council to use olive oil tourism to promote the con-

sumption of extra virgin olive oil, the benefits of which were presented in an article published in the prestigious US digital newspaper *The Olive Oil Times*, and which we have summed up below:

- It tastes good and more people are discovering its organoleptic characteristics.
- It can help you lose weight because it is a monounsaturated fat.
- You may live longer. Because it is rich in monounsaturated fats and antioxidants, it has been shown to help prevent the effects of cardiovascular disease, diabetes, …
- You might get smarter because it can prevent diseases like Alzheimer's.
- You will glow from inside out. Olive oil contains vitamins A, D, K and E, which help protect against free radicals and cell oxidation.
- Your children may be born healthier. Consumption of olive oil during pregnancy can improve a child's psychomotor reflexes.
- You will feel less pain. Olive oil contains oleocanthal, a substance with anti-inflammatory agents.
- You will have more energy thanks to better blood flow.
- You may be more resistant to infection.
- You could be having better sex as olive oil has been shown to improve circulation.

A spectrum of projects aimed at boosting tourism in olive oil producing areas have been carried out through district, regional, national and supranational institutions. Some examples of EU projects are:

- Oleo youthstart.
- Oleointegra.
- Oleoadapt.
- Oleoturismo.

Other multi-country projects have been implemented to exchange experiences in tapping olive growing and olive oil resources in order to showcase the distinctive characteristics of a product like olive oil with a major potential that is not being put to full advantage.

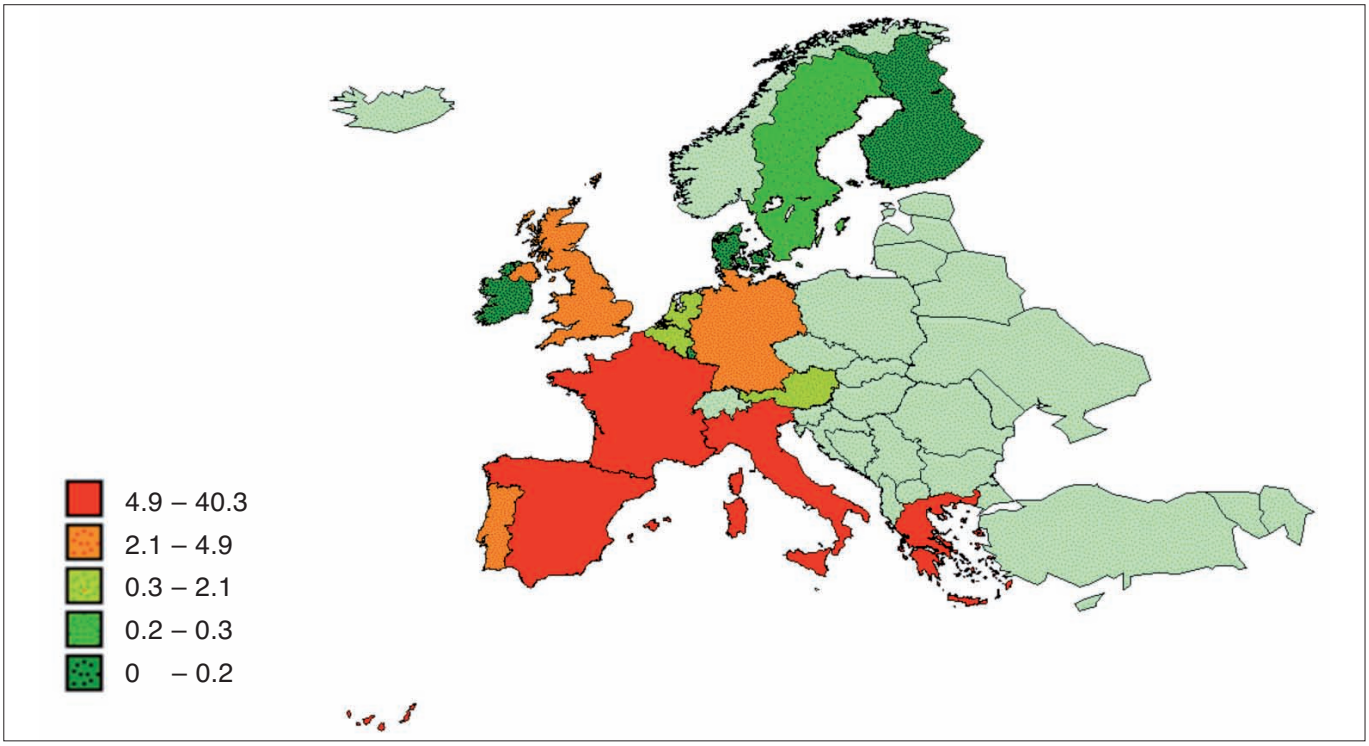
5. TOURIST PULL OF THE OLIVE OIL SECTOR: PROSPECTS

Olive oil is gaining in importance, it is versatile and above all it is widely known across the globe. Hence, in an innovative tourist development model like the one outlined here it is merely a question of identifying and highlighting the grey areas in what society knows about olive oil and taking an integral educational approach for all the segments of the population. This diversification provides a tool that offers the olive oil sector more business alternatives and an idea of the different prior possibilities.

The answers to a consumer survey are revealing in this respect: more than 60% of respondents thought it would be interesting to find out about something different – olive oil production – while on holiday or a break. Of the 704 respondents, 276 said they were not willing to travel to learn about olive oil production. In contrast, 195 said it sounded interesting, 131 said the idea attracted them a little and 102 said it attracted them a lot.

This does not mean that anyone prepared to travel to find out about something new is interested in paying an entrance fee to do so. That is why the last questions in the survey revolved around this matter. Most of the respondents in the survey sample were not willing to pay to learn about how olive oil is produced. Hence, this is one handicap to the strategy

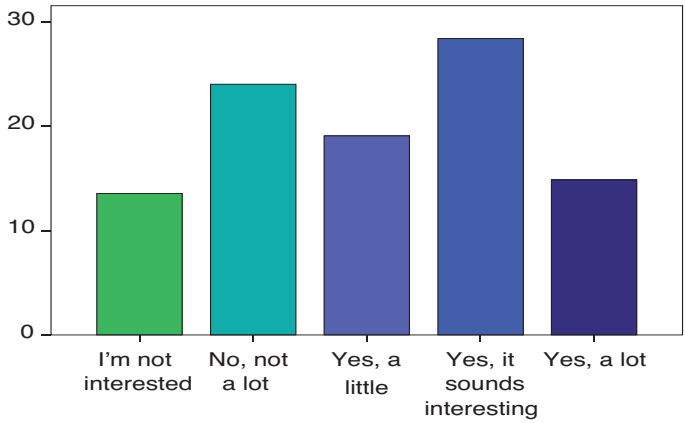
Map 4 – Average olive oil consumption by European country (% of total), 1990–2006



Source: compiled by the author.

Are you attracted by the idea of finding out about olive harvesting and olive oil production and marketing (olive oil tourism)?
Yes, a lot
Yes, it sounds interesting
Yes, a little
No, not a lot
I'm not interested

Chart 6 – Tourist pull of olive oil



aimed at promoting olive oil tourism; however, it is intrinsic to the population in general. Culture is not an essential in the lives of most people and they are not prepared to pay for it. Another option might be to open olive oil mills to the public, which would mean setting aside a part of the facilities for a shop where visitors could buy the products on site. ■

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CAP 2014–2020: implications and strategies for traditional olive growing in Spain

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ABSTRACT

The new European setting in which the Common Agricultural Policy (CAP) is evolving amid the economic crisis and budget cuts will have implications for a sector of such strategic importance as agriculture and more particularly for olive oil production. The purpose of this article is to analyse the extent of the impact on the olive growing sector of the restructuring of CAP payments for the six-year period between 2014 and 2020 and to put forward a set of strategies or measures to help boost and revitalise this sector in the approaching hard times.

Key words: Common Agricultural Policy, traditional olive growing, farm aid.

1. INTRODUCTION

Ever since the European Union was set up, its Member States have considered the agricultural industry to be of strategic importance for three basic reasons: the need to keep self supply at adequate levels, the cornerstone role of agriculture in the food industry and nature conservation concerns.

Three economic laws explain the reasons for the limitations to the growth and expansion of agriculture:

- King's Law according to which a small increment in the supply of a given agricultural product could give rise to a large drop in price;
- Engel's Law which states that as income rises, the proportion of income spent on food falls.
- Turgot's law or the law of diminishing returns which states that in the agricultural sector the addition of a factor of production to the productive process will lead at some point to lower yields.

These laws justify the fact that the agricultural industry needs some degree of protection. Consequently, most of the advanced economies have created a series of support mechanisms, including aid or subsidies (Table 1).

By establishing such protective mechanisms for agriculture, the original Common Agricultural Policy written into the 1958 Treaty of Rome caused a veritable production revolution in Europe. When the Community was first set up, Europe had a shortage of many agricultural products and had to import food in the 1960s. Later, however, it was to become self-sufficient food-wise.

Other mechanisms such as guaranteed prices ensured that producers were able to sell their goods on the market or to the Community at the intervention price. As a result, farmer income was directly proportional to the volume of production, which meant that the bulk of aid went to the most intensive farms. Consequently, 80 per cent of the aid from the European Agricultural Guidance and Guarantee Fund (EAGGF) went to no more than 20 per cent of the existing holdings. EAGGF spending climbed by an annual rate of 17 per cent through the 1980s and first two years of the 1990s and eventually accounted for 75–80 per cent of the aggre-

TABLE 1
Farm aid by economic unit

	Farm aid		
2010	**Million euros**	**% GDP**	**Euros/ha farm land**
EU	50,000	0.5	371
USA	73,276	0.9	90
Japan	45,481	1.4	7,468
Mexico	6,070	1.3	46
Canada	3,964	0.7	41
Switzerland	3,512	1.9	2,051
Norway	1,793	1.4	1,604
Australia	885	0.3	1.6

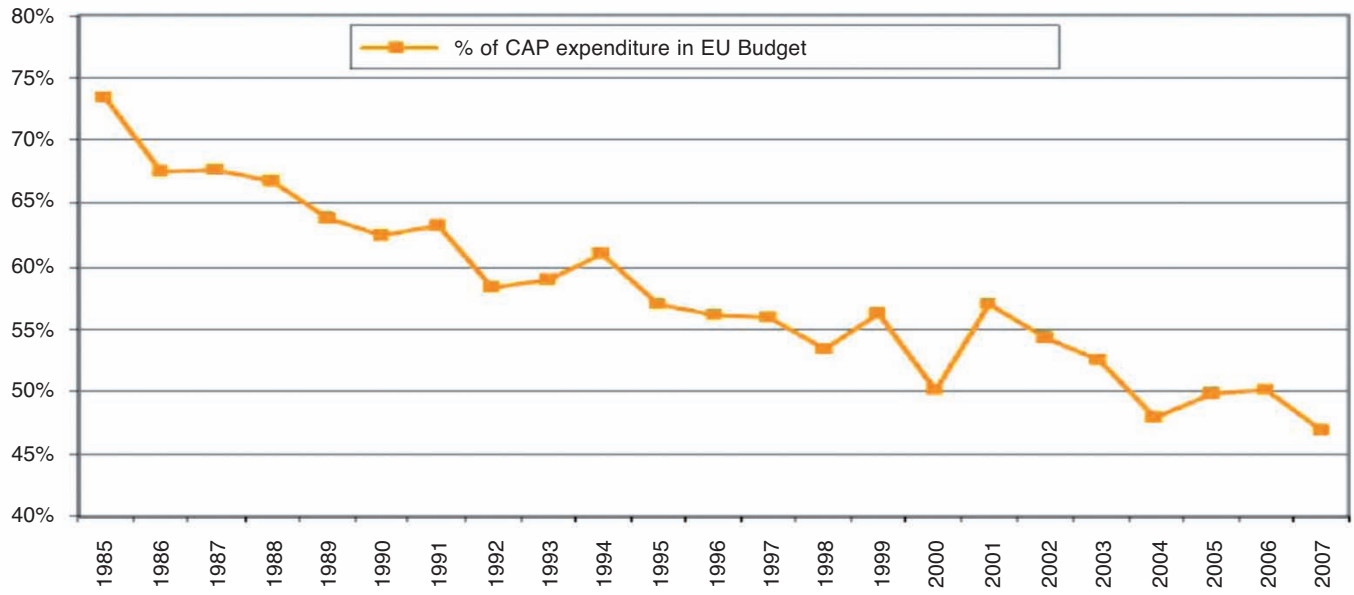
Source: compiled by authors from EUROSTAT data, 2009.

gate EC budget (Figure 1). As it had become impossible to reduce or contain EU spending, the only solution for the agricultural policy was to initiate successive waves of reforms.

The first was the 1992 reform, aimed at achieving international competitiveness and productive efficiency. The United States levelled harsh criticism at this reform, which did however get off to a good start in working towards a number of objectives, i.e. to enhance the competitiveness of EU agriculture, to stabilise production and to start addressing environmental concerns.

This process of change featured the gradual introduction of measures to reduce the excessive agricultural protectionism. Here the new 2003 reform should be singled out. It was warranted by the environmental deterioration, the differences in the distribution of aid, the expected new additions to the EU (which would have 27 Members, a population of 493 million and 172 million hectares of agricultural land - Table 2) and the problems

Figure 1. Change in CAP share of GDP



Source: compiled by authors from data of the *European Commission – Directorate General for Agriculture and Rural Development,* 2009.

with agrifoods quality and safety, which were rife with fraud. The starting goals of this latest reform were to increase competitiveness, improve quality, make production market-oriented, comply with environmental and agrifoods safety rules and regulations, make agriculture sustainable and multifunctional and decouple aid. A major change was made to the way in which support was granted to agriculture, an activity which, while accounting for only 1.8 per cent of GDP, took up 50 per cent of the EU budget.

The successive reforms of the CAP have also entailed continuous budgetary cuts. As can be seen from Figure 2, in 1993 the agricultural budget accounted for less than 0.5 per cent of the GDP of the European Union compared with 0.43 per cent in 2009 (i.e. around 50,000 million euros, which works out at a contribution of 109 euros per capita and year or 2 euros per person and week). For 2013, spending on agriculture – for 50 million farmers in 90 per cent of the whole EU territory – is anticipated to account for around 22.4 per cent of the EU budget (Figure 2).

This new panorama was the end result of the virtual freezing of the budget for 2007–2013 proposed by the Council. The budget was to be split between 27 as opposed to 15 Member States (Table 3) and mechanisms would be introduced to adjust direct aid automatically if it was expected to be excessive. At that point in time, the average aid per agricultural holding dropped to no more than 4,000 euros.

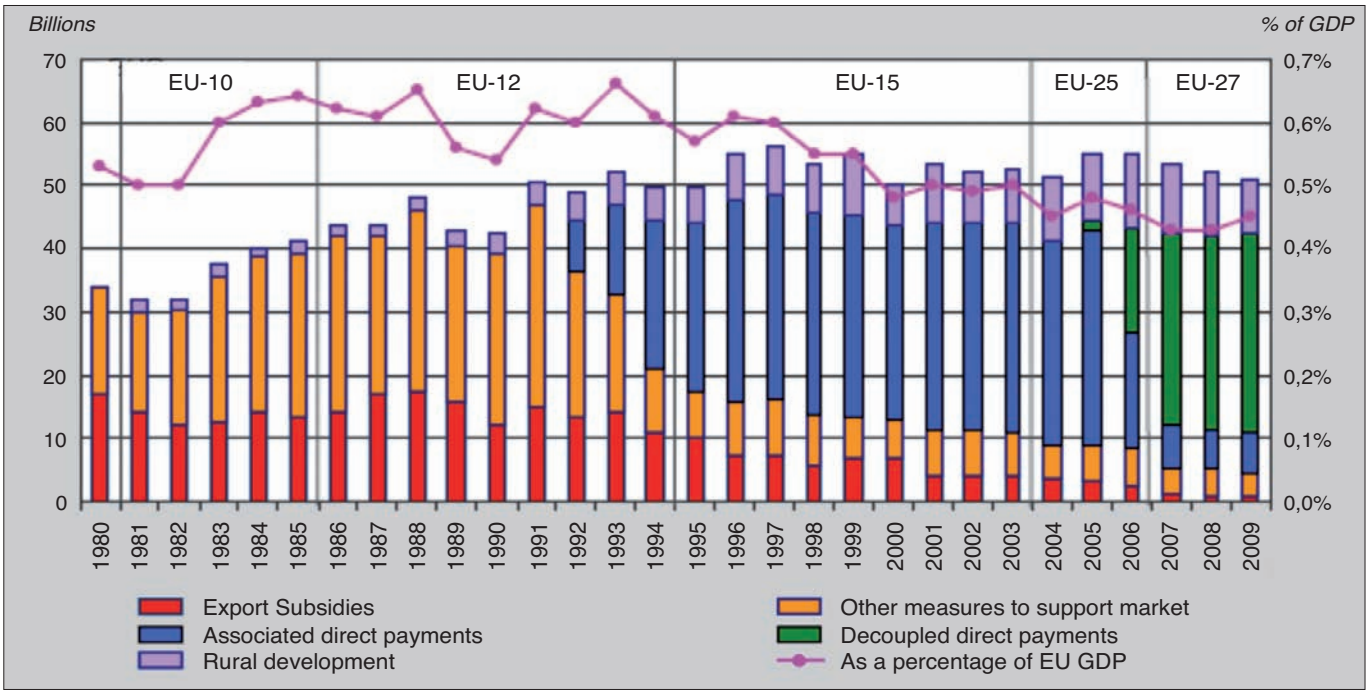
TABLE 2
Number of hectares in agriculture per EU/27 member state

EU-27	**171,878,310**
Spain	**24,855,130**
France	27,590,940
Germany	17,035,220
United Kingdom	15,956,960
Poland	14,754,880
Romania	13,906,700
Italy	12,707,850
Hungary	4,266,550
Ireland	4,219,380
Greece	3,983,790
Portugal	3,679,590
Czech Republic	3,557,790
Austria	3,266,240
Sweden	3,192,450
Lithuania	2,792,040
Bulgaria	2,729,390
Denmark	2,589,800
Finland	2,263,560
Netherlands	1,958,060
Slovakia	1,879,490
Latvia	1,701,680
Belgium	1,385,580
Estonia	828,930
Slovenia	485,430
Cyprus	151,500
Luxembourg	129,130
Malta	10,250

Source: compiled by authors from EUROSTAT data, 2009.

Consequently, since 1985, the resources available have gradually been run down. Moreover, the number of beneficiaries has increased, which has meant that aid has decreased in both percentage and absolute terms (see Figure 1). From the 2003 reform onwards, the aim was to use these resources to guarantee

Figure 2. CAP breakdown



Source: compiled by authors from data of the *European Commission – Directorate-General for Agriculture and Rural Development,* 2009.

TABLE 3
Number of agricultural holdings (thousands) in each Member State of the EU/27

EU-27	**14,478.60**
Spain	**1,079.42**
Romania	4,256.15
Poland	2,476.47
Italy	1,728.53
Greece	833.59
Hungary	714.79
France	567.14
Bulgaria	534.61
Germany	389.88
Portugal	323.92
United Kingdom	286.75
Lithuania	252.95
Austria	170.64
Ireland	132.67
Latvia	128.67
Netherlands	81.83
Slovenia	77.17
Sweden	75.81
Finland	70.62
Slovakia	68.49
Belgium	51.54
Denmark	48.27
Cyprus	45.17
Czech Republic	42.25
Estonia	27.75
Malta	11.07
Luxembourg	2.45

Source: compiled by authors from EUROSTAT data, 2009.

minimum farmer income, develop rural development policies, respect the environment and protect the ecosystem.

The principles established in 2003 served as the basis for the subsequent reforms of the CAP, which chiefly moved further towards total decoupling of aid and strengthening of rural development as the second pillar of the policy.

A further reform began in 2008, known as the CAP health check, aimed at adapting the budget to beneficiaries. In a nutshell, it is the first mechanism for the redistribution or partial reallocation of CAP income, the ultimate goal being to move towards

a territorial model of regional payment where all hectares and sectors receive the same aid. In other words, the objective is to achieve equal distribution and sectorial and geographical uniformity of aid by doing away with what are known as historic entitlements. These measures were meant to be consolidated through the period 2008–2013 and to emerge as the future support frame upon the expiry of this period.

2. FUTURE OF THE CAP: 2014–2020

The strategic goals of the future CAP in 2014–2020 are:

1. To preserve the agricultural production potential of the EU in order to guarantee the long-term food supply of the EU population and to help satisfy the global demand for food, which FAO expects to increase by 70 per cent by 2050.

2. To support agricultural communities that sustainably generate healthy, quality food in order to combat biodiversity loss and help to mitigate climate change.

3. To ensure the continuing viability of rural communities for which agriculture is the central economic activity for creating local employment.

The first pillar of the future CAP will be 'greener' and aimed at more equal distribution. The second pillar will be centred on competitiveness and innovation, climate change and the environment, with an eye to achieving higher productivity, particularly in the new Member States, so helping to attain the objectives of Europe 2020.

Aid will be aimed exclusively at working farmers who will be remunerated for the collective services they provide for society. This will make aid more effective and efficient, and will legitimise the CAP.

This will take place against a backdrop of limited budgetary resources and the severe impact of the economic crisis, particularly on agriculture.

The implementation of these strategic objectives will make it possible to meet the following challenges:

a) **Economic challenges:**

The prime role of agriculture is to supply the EU population with a broad range of top quality foods, including local products. Agricultural holdings need to be competitive, given the current market situation and the fact that the post–2014 period comes in the wake of a severe economic crisis.

b) **Environmental challenges:**

More efforts will be needed to boost gradual environmental conservation and to halt climate change.

c) **Territorial challenges:**

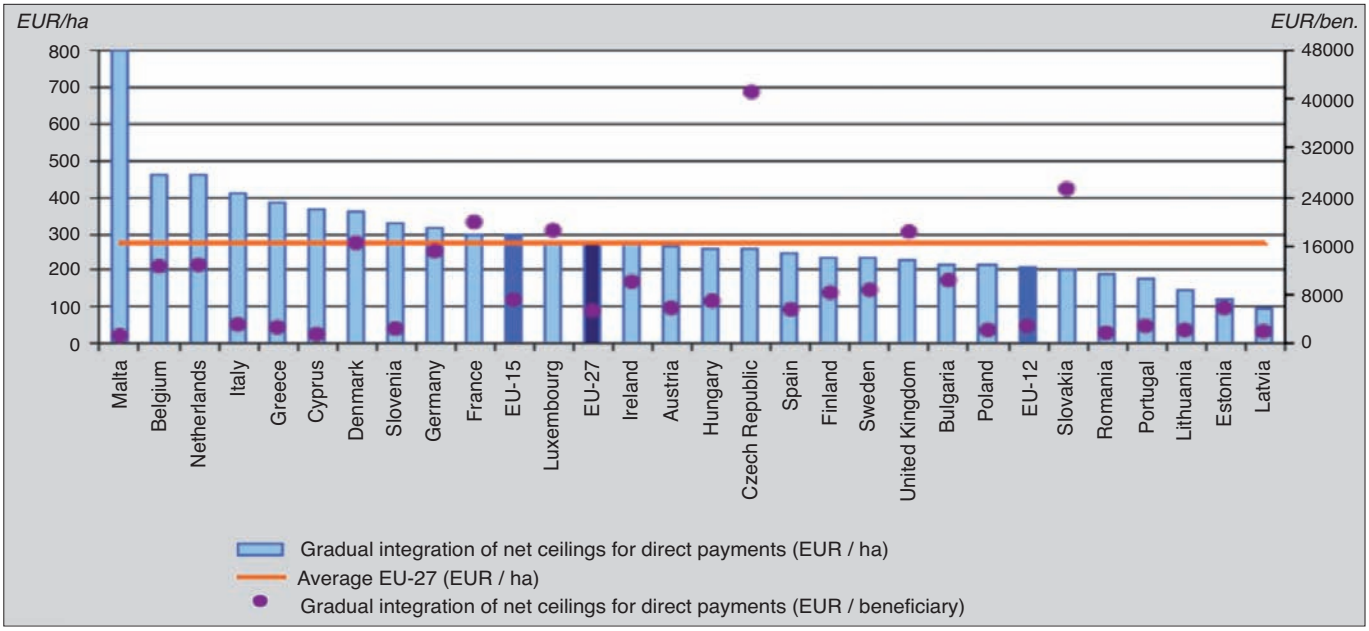
Equilibrium and sustainability will be sought in rural areas through a competitive, dynamic agricultural sector.

There are three general options for the implementation of the future CAP. The most likely option is designed to make support more balanced, more focused and more sustainable, and will involve the following measures:

1. <u>Direct payments:</u>

- Introduction of greater equity, balance and uniformity in the distribution of direct payments among the Member States (Figure 3) and of a

Figure 3. Average direct payments/area for each member state of the EU/27



Source: compiled by authors from data of the *European Commission – Directorate- General for Agriculture and Rural Development,* 2010.

significant change in the design of direct payments with the focus on 'active' or working farmers.

- According to the most likely scenario based on prior events and after allowing for the expected budgetary cuts (from an average of 371 euros/hectare in 2010 to 300 euros/ha in the post-2014 period), direct payments would comprise:

  i. Basic income support representing around 50 per cent of direct payments, i.e. 150 euros.

  ii. Additional compulsory aid for specific "green" public goods ("greening") through simple, generalised, non-contractual and annual environmental actions based on the supplementary costs entailed in their implementation. This would represent some 20 per cent of direct payments, i.e. 60 euros.

  iii. Additional voluntary, cofinanced support to compensate for specific natural constraints, dependent on each Member State. This would represent 10 per cent of the direct payment under the CAP (30 euros) over and above the concrete support provided by the recipient country.

  iv. Voluntary coupled support for certain regions and sectors, representing 20 per cent of the direct payment (60 euros).

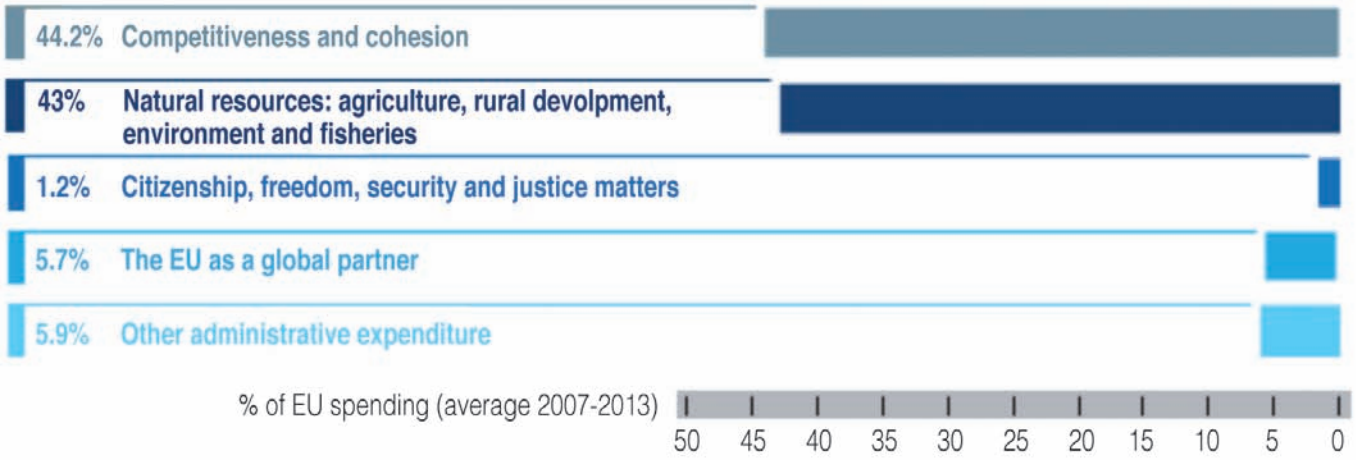
- Introduction of a support scheme for small farmers.

- Introduction of an upper ceiling ('capping') to allow for large individual farms supplying large numbers of jobs.

2. *Market measures:*

- Rationalisation, simplification and streamlining of existing market mechanisms where necessary.

Figure 4. Budget composition for 2007–2013



Source: compiled by authors from data of the Ministry of Environmental, Rural and Maritime Affairs of Spain, 2009.

3. *Rural development measures:*

- Adjustment and supplementation of existing instruments to achieve better alignment with EU priorities by providing aid focused on the environment and/or restructuring and innovation, and reinforcement of regional/local initiatives.

- Strengthening of the existing risk management toolkit and introduction of a new WTO green box compatible income stabilisation tool to offset substantial income losses.

- Potential inclusion of some degree of redistribution of funds among Member States based on objective criteria.

3. THE OLIVE GROWING SECTOR IN SPAIN: LOOKING AHEAD TO 2014–2020

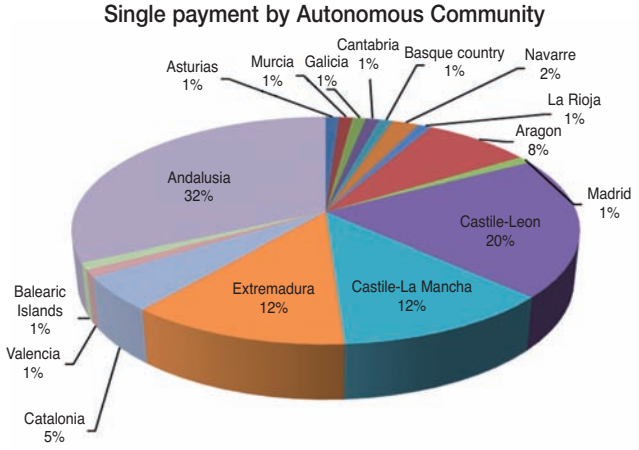
On average, the PAC has a 43 per cent share of the budgets for 2007–2013 (Figure 4), equivalent to approximately 50,000 million euros. The next 2014–2020 period will follow in the wake of one of the toughest economic crises the EU has ever had to handle. Part of the budget will be allocated to ease the effects of the crisis, particularly the bail-out of Member States like Ireland or Greece. For this reason, and in the light of the data outlined in the previous section, the EU budget will probably be cut by between 5 and 15 per cent in terms of volume as well as of the budgetary destination of aid.

As a result, the average aid per hectare in the EU would range from 250 to 300 euros, which works out at 2,830 – 2,410 euros per agricultural holding.

There is no political or economic defence for assigning 800 euros/ha to Member States like Malta and only 80 euros/ha to others like Lithuania. The average aid received by the former EU/15 Member States is around 371 euros, compared with 180 euros for the 12 latest newcomers, translating into a difference of 52 per cent.

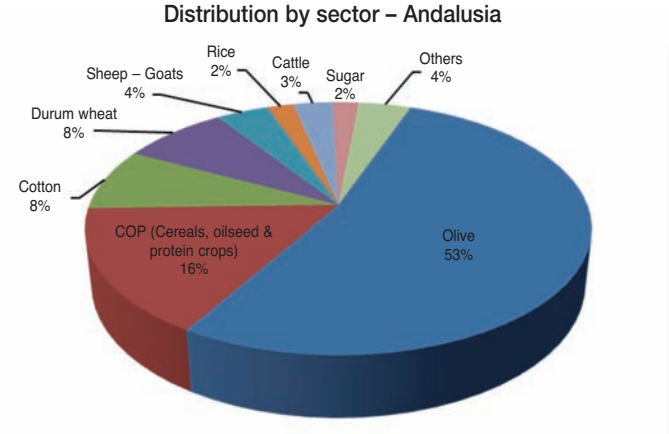
In 2010, the aid received by Spain averaged 346 euros per productive hectare (for a total of 25,000 ha in agriculture). If the expected 5–15 per cent reduction materialises, the average amount of aid would be around 245 euros/ha. This is just over 9 per cent less than the European average and 30 per cent

Figure 5. Budget breakdown of aid in Spain



Source: compiled by authors from data of the Ministry of Environmental, Rural and Maritime Affairs of Spain, 2009.

Figure 6. Budget breakdown of aid in Andalusia



Source: compiled by authors from data of the Ministry of Environmental, Rural and Maritime Affairs of Spain, 2009.

TABLE 4
Breakdown of single payments by province of Andalusia

Province	Unit amount (Euros/ha)
Almeria	401.38
Cadiz	369.26
Cordoba	556.45
Granada	512.09
Huelva	230.56
Jaén	690.13
Malaga	485.91
Seville	397.00
Andalusia	**570.66**

Source: compiled by authors from data of the Department of Agriculture, Fisheries and Food.

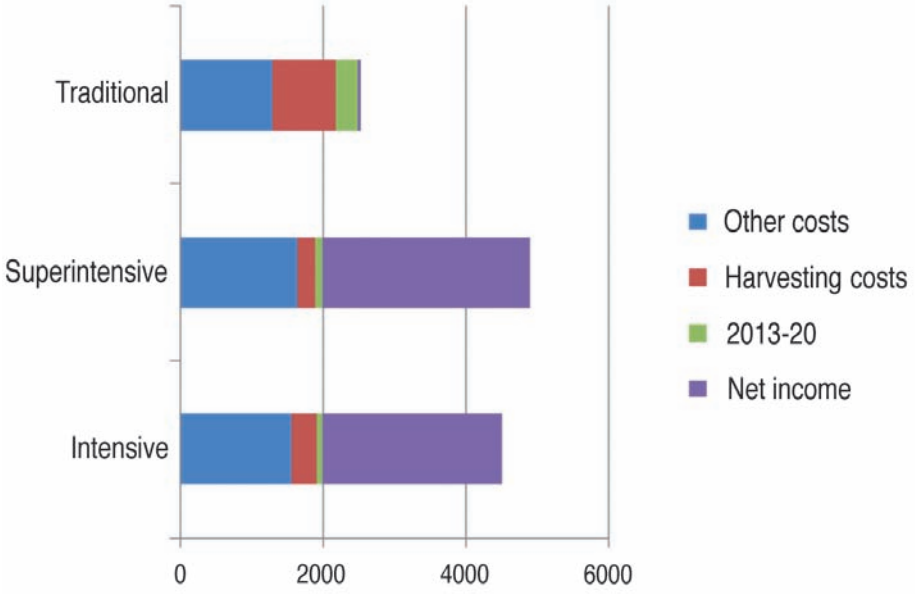
less than the amount received in 2010.

When broken down by Autonomous Community (see Figure 5), it emerges that Andalusia receives the biggest slice of aid, followed by Castile-León, Castile-La Mancha and Extremadura.

Figure 6 shows the distribution of aid by sector in the Autonomous Community of Andalusia. Olive growing stands out with a 53 per cent share of the total amount received for single payments, thus confirming the position of Andalusia as the major producing region of Spain, in turn the world's top producer. This aid is allocated on the basis of historical entitlements. Averaging 571 euros/ha (Table 4), this is 56 per cent higher than the average for the whole of Spain and 52 per cent higher than the European average. When compared with the average received by the latest 12 new Member States of the EU, it is 217 per cent higher.

In view of these data and of the assumptions outlined earlier, it would be only reasonable to expect these amounts to draw closer to the average received in 2010–2013 and even to be cut in the same way as the rest. The fact is that the principles underlying the forthcoming reform are to ensure the equal distribution,

Figure 7. Breakdown of revenue and expenditure by type of farming in 2009



Source: compiled by authors.

uniformity and equity of aid, by geographical area and sector. In other words, the move would tend towards approximately 300 euros/ha at the most, inclusive of all the items of CAP aid.

Hence, taking the recent market price for olive oil and the returns for the different types of olive farming (traditional, intensive and superintensive – see Figure 7), traditional olive farms in Andalusia, and Spain as a whole, would be barely profitable (net margin of less than 3 per cent) even if they were to receive the full aid (300 euros) while the other two types would receive solely the basic 50 per cent income support (150 euros). Without this aid, traditional olive farming, which is preponderant in Andalusia and Spain, would no longer be financially profitable.

This makes it particularly necessary to take immediate urgent action to improve the net income of traditional olive farmers, who are preponderant in olive growing in Spain.

4. TRADITIONAL OLIVE GROWING IN 2014–2020: CHALLENGES AND STRATEGIES

The challenges or alternatives now proposed can be classified in one of two broad types, namely those designed to raise the price of the olive oils produced and those intended to join forces to lower the costs generated during olive and olive oil production.

1.4.1. Cost impact strategies:

1. Orchard restructuring:

This would entail increasing the density of traditional olive farms, converting the trees to single trunks, optimising the orchards, particularly in terms of harvesting costs, and achieving a small increase in production. However, this has limitations:

- Size: over 80 per cent of the holdings in Spain are not more than 15 ha.
- Relief: holdings cannot always be oriented North–South, they sometimes lack water, are on a slope of +15 per cent, the trees are scattered, etc.
- Property: olive growing is a secondary activity for 80 per cent of the olive growers in Andalusia.

2. Subcontracted or communal farming:

This strategy encompasses two alternatives. The first is where secondary olive growers employ persons, companies or other entities (via leasing, sharecropping or merely contracting) with sufficient human and mechani-

cal resources, which are dedicated to extensive or traditional olive growing as their main activity but have idle resources because they do not farm enough holdings to reach an optimal level of activity.

This approach would do away with orchard dispersion and would help to reach the optimal profitability level through the growth effect. Hence, its effectiveness and efficiency are greater, the greater the concentration or proximity of the holdings or farms.

The second alternative is for holdings to club together to farm traditional orchards communally by pooling the assets available.

3. Mill integration or concentration:

This strategy entails concentrating olive oil mills and searching for economies of scale or a growth effect. It comprises **horizontal integration** to make oil production less seasonal and **vertical integration** to improve the management of the integrated activities. The immediate end result is the reduction of production costs, which leads in turn to improved purchase and sales positioning vis-à-vis clients and providers.

Nevertheless, both processes can be carried out together to produce additional synergy.

These steps are prior to the necessary restructuring of traditional olive growing. Professional capacity-building is needed before putting into effect either of the two proposed processes.

1.4.2. Price impact strategies

(a) Quality: Quality is a prerequisite for success in an ever more turbulent agri-food market where the growing complexity of production processes obliges agricultural entrepreneurs to be competitive and to use standardisation and quality control systems similar to those employed by other businesses for their product, processes and procedures.

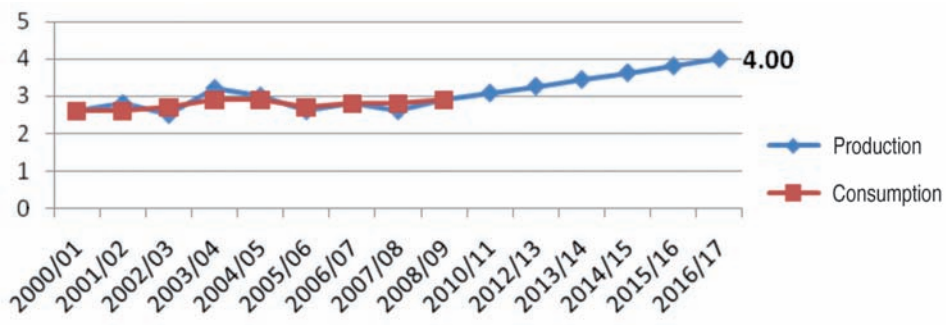
This equates with competitive edge, which should be both an end in itself for companies and a means of trying to meet social needs as best as possible. Generally, qualitative differences do not only generate bigger margins; they are also an essential factor in building customer loyalty.

(b) Food safety: This is very important for both the individual company and the sector or market as a whole in terms of guaranteeing that the product is 100% safe. If it is not, the resultant impact would be harsh not only on the offending company but also on the rest of the industry, leading to possible decreases in demand and prices, loss of image, etc. This would be worsened by the very slow demand-elasticity of the market, which would make the situation even more serious.

(c) Supply concentration or joint marketing: Currently, Spain consumes some 537 million kg of olive oil, produced by 1,734 mills, most of which are poorly market-oriented. These facilities need to undertake an urgent process of adaptation, professionalisation and concentration of supply. They must follow in the steps of demand operators, who have been highly integrated for many years, which has given them strong leverage when bargaining the price paid to producers for their olive oil.

This would give mills increased negotiating power. Surprisingly, at present, when demand and consumption are balanced, the price paid to some traditional producers for their olive oil does not even cover marginal costs.

Figure 8. Changes in world supply and demand of olive oil



Source: compiled by authors from IOC data, 2009.

This is a price impact strategy but, if an integrated approach is taken, it could also have a cost impact on net income.

(d) Promotion: In recent years the world economy has experienced deep ranging changes, which have converted purely domestic trade into global trade, i.e. the market is practically the whole world given that there are now more than 30 countries that supply olive oil, Spain particularly as it is the world's leading producer.

From the market standpoint, the olive oil production sector is balanced. Moreover, as can be seen from Figure 8, both production and consumption have climbed by almost 30 per cent in the last decade.

Taking into account the number of hectares and olive trees that start to bear their first crops each season (between 150,000 and 300,000 hectares), production is forecast to rise by around 38 per cent (4 million tonnes, see Figure 8) over the next ten years. However, consumption is subject to a number of economic, social and political variables such as price, demand patterns, consumer preferences, etc., which make it unpredictable.

Aggregate olive oil consumption accounts for 2.07 per cent of the consumption of vegetable and animal fats and oils. In other words, 2 of every 100 g of world demand for animal and vegetable fats are for olive oil. Annual per capita consumption of olive oil works out at 417 g, contrasting sharply with the 21 kg of annual per capita consumption of seed oil, a figure which rises to 24 kg if animal fats are added.

Coupled with the current level of producer prices and the shift in consumption to healthier oils in the last two decades, consumption can be expected to adjust to production. This expectation is not only reasonable but feasible.

Promotion is believed to be a strategy of major importance for the traditional sector. If consumption were to drop or stand still, the pressure of supply on demand would trigger a drop in prices. Only more competitive oils from intensive and superintensive orchards would be able to cope with such a decrease because they have much bigger margins than extensive or traditional olive farms, which would be pushed into negative margins. It would be impossible for them to survive in such a potential scenario.

Hence, it is crucial to promote olive oil consumption in emerging economies as well as in the rest of the world in order to secure a lasting future for traditional olive oil production, viewed as a strategic factor that must be given an impetus now and in the years to come.

The fact that the profitability of the sector is determined by the gap between the price and cost of olive oil is food for thought. Due to recent circumstances and the possible reorientation of aid, profitability is narrower for production from traditional or extensive olive growing.

These strategies fall into two price-impact groups for long-term application. When applied immediately, they need to be combined with cost impact strategies, the implementation of which has positive effects in shorter time frames.

5. CONCLUSIONS

A number of conclusions or thoughts bring this article to a close:

1. Agriculture, olive growing included, is of strategic importance for socio-economic reasons (employment, demography, rural development, etc.) in Spain and Andalusia, which are the world's leading olive oil producing country and region, respectively.
2. For reasons written into current EU regulations, the reference period regulated under the CAP finishes in late 2013. The period 2014–2020 is under review and discussion against a troubled background due to the economic recession. Coupled with the principle of the equal, uniform geographical and sectorial distribution of aid, this suggests that aid will be redistributed. In some cases, this would equate with less aid, particularly for areas where the quota amply exceeds the EU average.
3. Traditional olive growing in Spain, and particularly in Andalusia where a large part of net farmer income comes from CAP aid, will start to experience a critical situation for the six-year period between 2014 and 2020. For this reason, it needs urgent, strategic measures to guarantee its survival.
4. It is necessary to achieve a direct impact on two factors – output and costs of production – to boost farmer income. It is a question of raising the price of the output – in this particular case olive oil – and of lowering its costs of production.
5. In the light of these comments, it is urgently needed to implement seven strategies with an impact on cost (restructuring of traditional olive orchards, subcontracted or communal farming, vertical/horizontal business integration) and price (quality, food safety, supply concentration and promotion) in order to ease the current situation in the sector generated by the devastating plummeting of the prices paid to producers and the potentially harmful effects of the restructuring of CAP aid. ■

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The IOC, a neutral forum for harmonisation

The IOC is a non-profit organisation. Created under the auspices of the United Nations, its task is to manage the International Agreement on Olive Oil and Table Olives. Its list of priorities has always included the harmonisation and fulfilment of the official standards developed to achieve the three key objectives of fair transparent trading, fraud prevention and consumer protection. To realise these objectives, it intends to continue its drive to improve the quality of olive oil products with the utmost scientific rigour and objectiveness, and to team with all countries to bring about this harmonisation and to prevent potential obstacles to trade.

In recent years the IOC Executive Secretariat has urged the authorities of the olive oil producing countries to take the necessary measures to improve the quality of their products. In tandem, it has urged importing countries to comply and align their standards with those of the IOC, the benchmark organisation in the olive world. All the producing countries are either members of the Organisation, who account for 97% of world production, or send observers to its meet-

ings. The IOC is the forum where official methods of analysis are discussed and tested to establish their precision values and they are validated by consensus to preclude any situations that might seriously damage the image of olive oil products. For this work to be as effective as possible the IOC believes it is vital for it to be an all-round, combined effort where each and every country and each and every branch of the world olive oil sector is involved and sets aside its own particular interests.

After the media stir caused by the release of its first report in July 2010, the UC Davis Olive Centre has now brought out a second report. The team of authors and contributors, who had already released similar reports in other countries, is the same as for the first report. The IOC does not mean to question its contents or methodology – it has already voiced its comments – even less so does it wish to spark a controversy. The second report does address some of the questions raised after the publication of the first study. However, both reports have the same evident undercurrent of aggressive, inexplicable criticism of the quality of imported olive oils. This could cause irreparable damage to the reputation of olive oil, which it has taken so much time and effort to achieve and maintain, and consequently of all of us who work with this product.

"… it continues to offer its cooperation to carry out as many objective and constructive studies or tests as are needed to improve product quality…"

The IOC is not aware of the intent of these reports. Even so, it continues to offer its cooperation to carry out as many objective and constructive studies or tests as are needed to improve product quality and to prevent the occurrence of situations that might call into question that quality.

It was with this kind of cooperation in mind that it accepted the application for sensory testing recognition submitted by the Olive Centre tasting panel, which did the organoleptic testing for the Davis study and which earned recognition for 2010/11. It has done the same in the past for physico–chemical testing laboratories from other non-IOC member countries. It has met with associations, representatives of the Centre and the parties concerned by the reports and was invited to visit the Centre by the authors of the study. The desire for transparency and objectiveness that has always characterised the Organisation prompted the IOC to invite the authors of the reports to attend the meeting of the IOC chemistry experts on 7 and 8 April 2011; unfortunately, they were unable to do so. It is noteworthy that the USDA, COOC (Californian Olive Oil Council), AOCS, ISO and representatives from Australia are part of the IOC expert group and are kept permanently informed about all developments.

Back in 2005–2006 the IOC chemistry experts exhaustively reviewed the testing methods applied in the UC Davis reports but decided to advise against their adoption. Although the experts are unanimously opposed to their adoption due to their limited applicability, it was decided to conduct an interlaboratory test in 2011 to re-examine them in the search for an objective, scientific solution and, after any necessary adjustments, to determine their field of application and make them useful for private contracts, although not for inclusion in official methods.

It is crucial to harmonise standards in order to facilitate international trade, to enhance and guarantee fair trading practices and to protect the health of consumers and make sure they get what they buy. This is the rationale for the IOC's close tracking of domestic and international standards for olive and olive oil products. If it detects discrepancies, it alerts the authorities and submits comments aimed at achieving much-desired harmonisation.

"The Codex Alimentarius considers the IOC to be the international specialist in matters to do with standards and testing methods for olive and olive oil products."

Ever since product standardisation first made its appearance the IOC has cultivated a solid cooperative relationship with the Codex Alimentarius Commission, working together on aligning the Codex food standards with the IOC trade standards for olive products.

The Codex Alimentarius Commission is responsible for the joint FAO–WHO programme for the development of food standards specifying minimum quality, hygiene, health and safety requirements for consumer health protection and fair trading. The World Trade Organisation (WTO) takes into account the standards and recommendations of the Codex Alimentarius Commission in the application of the WTO Agreements on Sanitary and Phytosanitary Measures (SPS Agreement) and Technical Barriers to Trade (TBT Agreement). At present the Codex Alimentarius Commission has more than 160 member countries.

Codex standards are currently under revision to separate the minimum compositional and quality requirements for compulsory application by governments from the requirements intended for voluntary application in trade.

– The Codex standard for olive oils and olive-pomace oils has been revised to bring it into line with the IOC trade standard. It establishes the essential purity and quality criteria for oils intended for direct human consumption, which therefore excludes lampante virgin olive oil and crude olive-pomace oil.

– The Codex standard for table olives fixes the essential quality criteria for table olives and sets the minimum defect tolerances by type cited in the IOC trade standard. Its revision has been accepted on the basis of a proposal framed by the IOC, and a working group including the IOC has been set up to review the comments made by delegations.

The Codex Alimentarius considers the IOC to be the international specialist in matters to do with standards and testing methods for olive and olive oil products. The IOC plays a key role in the revision of Codex standards despite the opposition of certain countries reluctant to adopt IOC standards.

At the 22nd session of the Codex Committee on Fats and Oils (CCFO) held in Penang, Malaysia, from 21 to 25 February 2011, the Australian delegation, backed by the U.S. delegation, questioned the role and representativity of the IOC and levelled fierce attacks at the Organisation. They even went so far as to consider the presence of the IOC to be unjustified at Codex deliberations. This prompted a letter of protest about this inexplicable attitude, which was

signed by all the heads of delegation of the IOC member countries present at the session and delivered to the committee chair.

As for the technical outcome of the session, despite numerous discussions and the proposals framed by delegations, no agreement was reached on the question of linolenic acid content (C18:3). Consequently, work on this matter has been suspended. No limit has been established for this parameter for which national limits will therefore be applied. At recent meetings the IOC has presented the conclusions of the first survey commissioned on this subject by the Codex Alimentarius, as well as of the ongoing IOC study of anomalous parameters and the data submitted by Australia, all of which show that the percentage of oils with linolenic acid values outside the IOC limit is minimal and does not at all warrant modification of this ceiling.

Future work on delta-7-stigmastenol and campesterol, proposed by Syria and Australia respectively, has been postponed until 2013 by the CCFO. This will allow the IOC to carry on with its survey of the exceptions to IOC limits and to assemble data on both parameters as well as to work on the application of decision trees.

The IOC is the forum where any aspect or issue of concern to the olive oil industry is discussed. It therefore invites all the producing countries to join the ranks of its membership in order to handle this kind of situation together and to find satisfactory solutions through constructive, all-round cooperation. This is exactly what Albania, Argentina and Turkey have done by recently joining the IOC. We hope other countries will follow suit. ■


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