



## Letter of Introduction

**I**t is our pleasure to present the first edition of our joint newsletter, which we intend to bring to you every three months. During this latest phase of cooperation between ANIERAC (Association of Edible Oil Bottling and Refining Companies) and ASOLIVA (Spanish Olive Oil Exporters Association), which started three years ago, it seemed of vital importance, as part of the information activities undertaken by both associations in order to promote the industry's presence in all areas, to create our own publication to provide information and express our opinion.

*Opina: The Voice of the Olive Oil Industry* has been created as the mouthpiece for the olive oil industry, accessible to all interested parties: our own members, other sector agents, consumers, central and local administrations, the media etc., while never losing sight of the primary aim of both organisations which is to defend the interests of their members and promote olive oil consumption in Spain and abroad.

ANIERAC was created in 1963 by a group of Spanish industrialists who were convinced that oil bottling was vital if the full potential of the market was to be identified and exploited. Its members, 110 in total, include the most important bottlers in the Spanish market, both in terms of turnover and in their significance at national, regional or provincial

level. The members of ANIERAC accounted for 84% of the Spanish edible vegetable oil market in 2005, 69% of the olive oil market and 96% of the market for other vegetable oils.

ASOLIVA has been operating under its present name since 1985, although it has been active under different names since 1928. It encompasses 61 export companies which account for 85% of Spanish bottled oil exports and between 35% and 50% of bulk exports, depending on the season.

The edible oil industry is of vital importance in Spain where the consumption of solid or semi-solid vegetable fats, except liquid vegetable oils, is very low. Direct consumption is split between the different types of vegetable oil (in 2005 60% corresponded to olive oil and the remaining 40% to seed oils). Spain is the world's largest

producer and exporter of olive oil, a status that is not always reflected by its image in other countries. Therefore, we are confident that by raising the profile of our products and activities and putting forward our opinions on the different problems facing the sector to the greatest possible number of people, we will play our role in allowing the oil industry to occupy its rightful position.

This first edition will no doubt contain shortcomings that we will seek to rectify in future editions; we are consequently open to suggestions from readers including the information they are interested in while making clear the stance held by ANIERAC and ASOLIVA on the most important issues.

**Pedro Rubio**  
Chairman of ANIERAC  
**José Pont**  
Chairman of ASOLIVA



# What has happened to prices?

**T**he industrial olive oil sector in Spain is facing severe difficulties as a result of the increase in ex-mill prices which commenced in the spring of 2005.

Frosts, followed by drought affected Spanish production causing this situation. However, the projected harvest for this season of more than 800,000 tonnes – despite numerous estimates over the year that are substantially lower than this amount– plus the 200,000 tonne surplus from the previous harvest, mean product availability which does not justify this price increase.

Ex-mill prices increased by more than 70% in the 2004/2005 season to between 4 and 4.20 euros per kilo, depending on the quality of the oil. The direct consequence has been a reduction in oil released to

43.8% year-on-year, while Ministry of Agriculture, Fisheries and Food figures show a 55% increase in the prices obtained by olive growers in from March 2005 to March 2006.

EU sector regulations establish corrective mechanisms to maintain price stability during serious market disruptions such as these: the European Commission can authorise quotas for olive oil imports from third countries when ex-mill prices exceed an established alert threshold and this level has been exceeded by more than 70%. The aim of this measure is obviously to balance supply and demand in the market while at the same time safeguarding the interests of European consumers.

As the increase in prices was first noted after the summer, driven by forecasts of significantly lower harvests (the situation was

protection in the form of “production aid” (in Spain farmers receive more than a billion euros per year) and an ultra-protected internal market since the EU import duty on the different categories of olive oils ranges from 1.22 to 1.34 euros per kilo, effectively amounting to an import ban.

Higher-than-average prices directly affect the consumer, who is the first to feel the impact, and cause the sector’s market share to fall, with the cost involved in recovering these markets when prices stabilise again. This affects the health of the entire sector. It is regrettable that the Commission failed to listen to the industry’s requests. Had the import quota been approved at the time, the negative impact for the consumer would have been avoided or mitigated, as would the reduction in the share held by olive oil in the internal market and the fall in exports.

Although the market has been sluggish as a result of this, the price trend has been reversed since the middle of March. Although there have been few operations, a clear downward trend has been identified; this means uncertainty in the short term, difficulties in carrying out operations both in the domestic and foreign markets and losses for the economic agents in the value chain.

This situation contradicts the frequent championing of our food oil sector as world leader and confirms the short-term vision of some which does not take into account market stability, customer loyalty and the increasing competition from other producer countries.

*“The projected harvest for this season, added to the surplus from the previous harvest do not justify these price increases.”*

the domestic market and for export which the Olive Oil Agency estimates at 30%.

It must be emphasised that the impact on retail prices has been less severe as bottlers have not passed on the entire increase in ex-mill prices to the final price of the product as they seek stability which will not jeopardise the market share of olive oil. According to March food product figures from the Ministry of Industry, Tourism and Trade, consumer olive oil prices rose

established, not temporary), in November 2005 ANIERAC, ASOLIVA and other Associations that represent the industry in EU producer countries requested that the Commission apply its own rules and establish an import quota to deal with the disproportionate price increase.

The Commission did not comply with this request, either at that time or in the following months, due to the opposition of European olive growers, who enjoy significant

# *ANIERAC accounts for 69% of olive oil consumed in Spain*

**I**n 2005, ANIERAC's bottling companies' sales accounted for 69% of olive oil consumption in Spain. According to the Ministry of Agriculture, Fisheries and Food (MAPA), each Spaniard consumed an average of almost thirteen litres of olive oil in the year, of which nine litres corresponded to ANIERAC member companies.

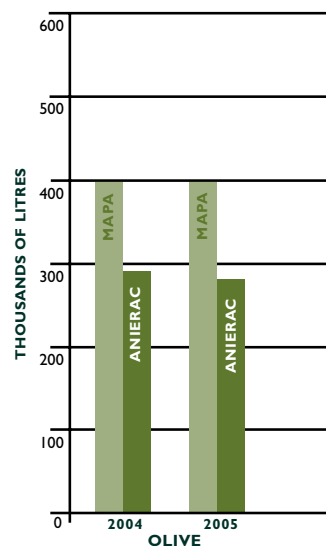
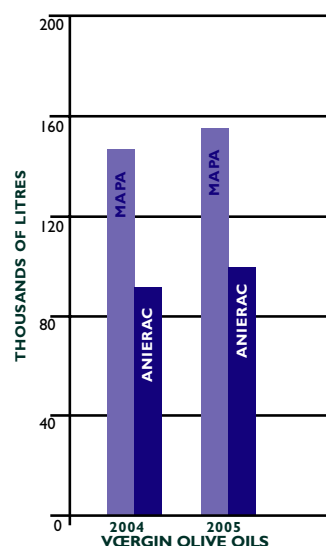
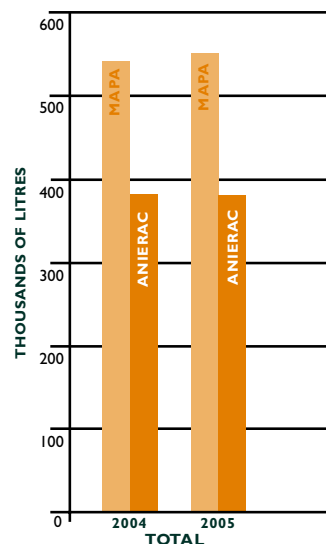
According to the Food Consumption Panel drawn up by MAPA, 917 million litres of oil were consumed in Spain in 2005, of which 553 million litres were olive oil. Sales recorded by ANIERAC member companies totalled 767 million litres (83.6% of the national

total) in 2005, of which 381 million litres were olive oil (68.9%).

Sales of "virgin" or "extra virgin" oils, at 154 million litres, account for just over 27% of total olive oil consumption. Two of every three litres of virgin olive oil were bottled by ANIERAC members.

ANIERAC has increased its share of the Spanish olive oil market to more than 70% with sales of 281 million litres.

The Food Consumption Panel is based on a monthly survey of 6,000 households a quarterly survey of 840 hotels and restaurants and a survey of 230 institutions, also quarterly.



# Interview with Elena Espinosa,

Minister of Agriculture, Fisheries and Food



Following your arrival at the Ministry the name of the Directorate General of Food was changed to the Directorate General for Agriculture and Food. What are the implications of this change?

The aim of the name change was to bolster the role of the Agriculture and Food industry; we want to make our industry more competitive and, with this aim in mind, we are promoting the need

is the largest producer in the EU and the quality of our oils is unquestionable.

Also, the European Union is the largest producer in the world: it accounts for 80% of world olive oil production and 70% of consumption. As Spain is the largest producer, our industry can draw on the experience and knowledge gained from many years of leadership.

However, this situation can sometimes be counterproductive. The industry and the sector as a whole must be on guard. We should take into account the presence of other countries which are playing an increasingly important role in the market. For example, Chile, which in 2005 alone increased its production by 286% compared with 2004. Its lack of traditional consumption allows it to account for a significant share of foreign markets such as the

The industry must adapt to the tastes and demands of the consumer. A consumer who demands good quality food at reasonable prices that are healthy and easy to prepare.

To this end, business strategies must be based primarily on market research and investment in R&D.

With regard to foreign trade, the challenge is to consolidate the internationalisation process, growing our companies and cooperatives and creating joint initiatives aimed at improving olive oil awareness with partners such as the catering and distribution sectors.

In other emerging markets, we must continue to expand as we have done in eastern countries such as Japan and also try to gain a foothold in the US, which has great potential.

In the domestic market I think the main challenge is customer loyalty.

*In recent years olive oil has gained consumer trust as healthy products. How do you think this trust should be "exploited" to boost consumption?*

I have no doubt whatsoever that olive oil has gained the trust of Spanish consumers. Therefore, when promoting olive oil we must emphasise all the properties that make it a healthy product, as well as the quality factors that set it apart or tie it in with our way of life. We must therefore continue to carry out more in-depth research to meet the demands of an increasingly discerning consumer.

*"The industry and the sector as a whole must be on guard. We should take into account the presence of other countries which are playing an increasingly important role in the market."*

to invest in technological innovation and insisting on a commitment to quality as a differentiating factor.

*How do you view the situation of the oil industry in Spain? How would you compare it with other producer countries?*

The edible oil industry in Spain is growing. Don't forget that Spain

US, even though its production is lower than Spain's.

I think that the Spanish market is in a strong competitive position: it has high-quality products backed by an international reputation.

*What challenges does our industry face in the future, both on the domestic and export markets?*

We must also support and provide incentives for producers to use new technologies for olive harvesting and oil production to ensure that quality remains high.

We must take care with prices, however, as they have risen significantly in the past year and could cause the market to contract.

*How do you think we can promote the use of our oils on the domestic market?*

The sector overall, both producers and processors, have made a significant effort, resulting in an increase in the quantity and quality of our products. When speaking of olive oil, we must speak of a true oil culture, since it is used throughout the country and is a key ingredient of our Mediterranean diet.

Another key factor in recent years has been the improvement in the information provided to the consumer in the form of a change in the labelling of olive oils. Also, central and local administrations have promoted improved knowledge of the product and of the different qualities available on the market.

In recent years, the number of protected designations of origin for virgin olive oil has increased, highlighting all these characteristics and playing a vital role in transmitting the qualities of the oil to consumers. There has been a significant increase in the area of land allotted to organic olive cultivation. Further progress should be made in these areas in the future.

*And are there possible new export markets for Spanish olives?*



The International Olive Oil Council (IOOC) has been promoting Spanish olive oil in new foreign markets. The need to seek out new markets or retain existing markets is vital to ensuring the future health of the sector; therefore we regard it as essential that this work continues. We therefore consider it vital that the EU resumes its voluntary contribution to the IOOC budget to restart promotional activities that had come to a halt; we expressed this wish at the March Council of Agriculture Ministers and at numerous working meetings with the European Commission.

With regard to new export markets for our oils, we should underline the relative value of olive oil compared with other types of fats, both in terms of quality and price; the search for new markets must therefore be focused on countries with a high per capita income and those where concern about nutrition and health is high.

Of particular interest are the Asian countries where incomes have risen in recent years, as well as markets in which we are already present and where there is further scope for growth (the US, Japan, Australia, etc.).

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# A healthy food

**O**live oil has always featured prominently in the cuisines of the countries of the Mediterranean basin. Its virtues and value as a healthy, natural food have made it indispensable over the centuries. It seems, however, that in recent years the rest of the world has been discovering the virtues of this golden liquid, which, in addition to its culinary uses, has been used to anoint kings and athletes, as a beauty product and, more prosaically, to lubricate tools or weatherproof fibres.

Now that everything is analysed, studied and classified, the prestige of olive oil is increasing by the day. This is demonstrated by an article in the well-known US magazine "Health", which has a circulation of 1.4 million copies and a

readership of more than five million, primarily in North America, which listed the five most healthy foods in the world.

And top of this short list is Spanish olive oil. The article mentions how the product is eaten every day in Spanish homes and that Spain accounts for 40% of world production, although until recently most was sold and bottled outside the country; this means that the Italian oil bought by a US citizen could well be of Spanish origin. The article also highlights the wide variety of olives, 262 in total, which means Spain's olive oil production is far more diverse than any other country's.

Among the many health benefits the article emphasises its antioxidant properties, providing protection against coronary

diseases, reducing bad cholesterol and increasing good cholesterol. In fact the US Food and Drug Administration permits this product to carry a label identifying it as beneficial for the heart. In addition, scientists from Philadelphia's Monell Chemical Senses Center have discovered a component in olive oil with the same structure as ibuprofen (an anti-inflammatory and analgesic drug), which suggests that consuming olive oil may offer the same benefits as low doses of this drug, such as reducing risk of heart attacks, some types of cancer and even Alzheimer's disease.

The other foods included on the list are Japanese tofu, Greek yoghurt, Indian lentils and Korean kimchi. The magazine can be viewed at [www.health.com](http://www.health.com).

## Olive oil exports\*

**T**he figures in the table show how bottled olive oil exports are increasing each year, especially in European Union countries. In fact, over the last three years (2002 to 2005), bottled olive oil exports have increased by more than 20% in total, a very positive figure which confirms the rises seen over

the preceding 15 years. Both the growing global demand and the increasing importance attached to exports by companies mean future forecasts continue to point to a steady rise in exports.

The table also shows how bottled olive exports, which contribute higher added value, are

approaching the level of bulk exports among ASOLIVA members in the period. In fact, while in 2002 exports of bottled olive oil accounted for 33.8% of total exports, by 2005 this proportion had risen to 41.7%. This trend is expected to continue until bottled olive oil and bulk each account for 50% of total exports.

	Figures in tonnes				2005 (% of variation)		
	2002	2003	2004	2005	2002	2003	2004
<b>Bottles containing less than 5 litres</b>							
U.E.	15.501	18.102	19.766	26.449	70,63	46,11	33,81
Third Countries	60.639	56.188	66.622	65.760	8,45	17,04	-1,29
<b>Total</b>	<b>76.140</b>	<b>74.290</b>	<b>86.388</b>	<b>92.209</b>	<b>21,10</b>	<b>24,12</b>	<b>6,74</b>
<b>Bottles containing more than 5 litres</b>							
U.E.	117.807	102.566	128.245	99.463	-15,57	-3,03	-22,44
Third Countries	31.470	22.891	32.485	29.628	-5,85	29,43	-8,79
<b>Total</b>	<b>149.277</b>	<b>125.457</b>	<b>160.730</b>	<b>129.091</b>	<b>-13,52</b>	<b>2,90</b>	<b>-19,68</b>
<b>Total Exports</b>	<b>225.417</b>	<b>199.747</b>	<b>247.118</b>	<b>221.300</b>	<b>-1,83</b>	<b>10,79</b>	<b>-10,45</b>

\* not including olive pomace oil



# Activities

## THE PATRIMONIO COMUNAL OLIVARERO FOUNDATION MEETING WITH THE MINISTRY

The Executive Committee of the "Patrimonio Comunal Olivarero" foundation (a non-profit organisation which promotes Spanish olive oil), of which ANIERAC and ASOLIVA are members, met on 9 February with the secretary general for Agriculture, Fisheries and Food to analyse the

current situation of the foundation and its immediate future. The Ministry encouraged the foundation to focus on its activities that support research and promotion and to abandon the commercial activities in which it is still involved. The Ministry will propose a candidate to replace the current chairman of the foundation.

## FIAB MEETING ON PACKAGING LAW

The member associations of the Spanish food and drink industries Federation (FIAB) agreed at its meeting on 19 January that there was no reason to review the principles of the Packaging Law or of the Ecoembes "integrated management system", which are operating perfectly and have adapted to the successive increases, recycling targets and valuation set by Brussels.

## MEETING OF THE IOC CONSULTATIVE COMMITTEE IN MARRAKECH

On 2 and 3 December representatives of farmers, cooperative and industrial olive oil mills, bottlers, exporters and consumers belonging to the International Olive Oil Council analysed the official information submitted by member states and the market outlook in the short term.



## ANIERAC AND ASOLIVA HOLD A MEETING WITH MINISTRY

On 30 November the boards of ANIERAC and ASOLIVA held a meeting with the undersecretary and general secretary for the Ministry of Agriculture, Fisheries and Food where they expressed their concern at the increase in ex-mill prices which is causing the domestic market and exports to contract. The Ministry undertook to monitor prices.

## MEETING OF THE CONSULTATIVE COMMITTEE IN BRUSSELS

On 7 November the Olive Oil and Table Olive Consultative Committee held its first meeting of the 2005/2006 season, attended by ANIERAC and ASOLIVA, which analysed the initial forecasts for the harvest in the European Union, the market situation and the possible application of export quotas. The entire European industry urged the Commission to approve these quotas immediately.

## FIRST VIRGIN OLIVE OIL AND TABLE OLIVE FESTIVALS

The first Virgin Olive Oil and Table Olive festival, promoted by the publisher of Oleo magazine, was held in Madrid from 23 to 25 February. Pedro Rubio, chairman of ANIERAC, participated in the inaugural round table, which debated the sector's pending issues with the consumer.

## FEDOLIVE MEETING

The European Union Olive Oil Industry Federation (FEDOLIVE), of which ANIERAC and ASOLIVA are members, held a meeting in Madrid on 27 February to analyse the current market situation and discuss the projected European rules on statements about the nutritional and health benefits of olive oil.

## IBERIA-ASOLIVA-MAPA PROMOTION CAMPAIGN

As a result of the Annual Agreement signed by ASOLIVA with Iberia and the Ministry of Agriculture, Fisheries and Food, 203,000 bottles of oil accompanied by an information leaflet were distributed in the second half of the year on flights to Miami, Rio de Janeiro, Sao Paulo, Quito, Mexico City, Lima, Caracas and Oslo.

## 93rd IOC ASSEMBLY IN MADRID

The International Olive Oil Council met from 14 to 18 November in Madrid to analyse the sector's current situation. Production for the 2005/2006 season is estimated at 2,529,500 tonnes, 15.9% less than the previous season, and normal consumption at 2,769,500 tonnes, 4% less than the previous year. The 240,000-tonne difference between production and consumption will reduce world stocks.

# Promotion abroad in 2006

**T**he 2006 Olive Oil Sector Plan, drawn up by ICEX, ASOLIVA and Spanish export companies, plans to invest around 550,000 euros, of which ASOLIVA and its member companies will contribute at least 30%. The aims of the plan are to promote Spanish olive oil overseas, to improve its image and contribute to improving knowledge of the product and of Spain as the largest producer and exporter in the world.

The campaign is expected to focus on the US, Russia, Brazil, Australia, India and China; other countries such as Japan, France and Germany will also be targeted. Investment in generic promotion is largely in public relation activities in the broadest sense (seminars, point-of-sale tastings, newsletters, leaflets, etc.). In some countries initiatives are grouped under a kind of friends of Spanish olive oil "club", such as the "discussion" club in Australia or the "Casa do Azeite Espanhol" ("House of Spanish Olive Oil") in Brazil. In other countries more specific commercial activities are carried out with brand promotions, such as the "gourmet plan" in the US, which includes tastings.

A second extraordinary campaign promoting Spanish olive oil will be carried out in the US in 2006. This will have a budget of two million euros and consist of a series of advertising and public relations initiatives, as well as brand promotion activities.

Generic plans also include the production of different materials relating to Spanish olive oil tailored to each country (posters, leaflets,



brand guides, photographs, recipe books using Spanish olive oil, newsletters, information for nutritionists, etc.).

ASOLIVA regularly takes part in initiatives organised by ICEX as part of its Multisector Initiatives programme. However, as an association, it does not participate in commercial exhibitions as participation by individual companies is much more effective.

It is hoped that the agreement which has been in force since 1998 with the Ministry of Agriculture, Fisheries and Food and Iberia Líneas Aéreas de España, SA will be renewed in 2006. The agreement covers a promotion campaign that involves distributing a small bottle of olive oil to passengers on several international flights.

It is hoped that the 2006 generic plan will be as successful as last year's, which saw promotion activities carried out in seven countries.

Excellent results were achieved in Brazil, with a record number of mentions in the press, joint media promotions, website visits and distribution of brochures. The seminars held were extremely well attended.

In the US 12 brands took part in the gourmet plan. Promotions were carried out at points of sale over the course of the year and festivals and conferences for professionals were organised. There were also collaborations with chefs and authors of books on Spanish cuisine, not to mention advertising campaigns and contacts with food journalists.

A promotional campaign was carried out in Australia for which materials were produced (gastronomic brochure, free postcards, book marks), information was distributed and tastings organised at points of sale.

In France, efforts were concentrated on the creation of a website for Spanish Olive Oil, which will be launched in the spring.

A small budget was allocated for Japan, which was used for advertising, seminars/tastings and other promotional activities.

In China, the campaign was aimed at the end consumer, with infomercials and advertisements, as the groundwork had already been carried out with professionals.

In Germany it was decided to focus on a different target public for the first time, students in cookery schools, to increase their knowledge of Spanish olive oil through seminars/tastings. Promotional material aimed at the end consumer in points of sale was also reprinted and distributed.

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