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Expanding Economic Opportunities In Lebanon

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Olive Oil Market Outlook In The European Union

Prepared for:
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OLIVE OIL MARKET OUTLOOK IN THE EUROPEAN UNION

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Preface

This report outlines the olive oil market outlook in key countries of the European Union where key opportunities may exist for Lebanese olive oil producers, processors and exporters. The first section summarizes Production, Import and Consumption trends, followed by sections covering EU Quality Standards; Tariffs and Import Procedures; High Growth, High Value Niches; Principal Distribution Channels; and finally, Strategies for Lebanese Companies to Penetrate EU Markets. A companion report covers similar market outlook considerations for the U.S. market.

This market outlook was prepared in February and March 2003 by SRI International, prime contractor under the USAID/Lebanon program “Expanding Economic Opportunities in Lebanon.” Under USAID’s current Strategic Objective – Reconstruction and Expanded Economic Opportunity – the Mission seeks to achieve several goals that contribute to reconstruction and development of Lebanon nationally. A range of programs has been implemented by USAID in recent years. Several of these programs focus on working with two broad sets of partners – rural development clusters including NGOs, and industry clusters including private sector companies.

To enhance its outcomes, USAID is now placing a new focus on establishing collaborative linkages between rural and industry clusters, particularly in agro-industry, tourism, and information and communications technologies. This strategy would yield economies of scale and potentially greater impact in terms of increasing income-generating activities.

This report is intended to contribute to these goals, by providing a summary of market information, potential opportunities, and contact information for exporters to the EU. In addition, it will serve as a framework for discussions among Lebanese producers, processors and exporting companies in workshops to be held in Lebanon in March 2003.

I. Production, Import and Consumption Trends in the European Union

Overview

The European Union (EU)¹ is the world's major olive-producing region, accounting for about 75% of global production. It is also the largest exporter of olive oil, with a share of 65–70% of world exports in recent years. At the same time, the EU is the world's second largest importer of olive oil, after the United States. Moreover, the EU accounts for over 70% of global olive oil consumption. As a major importing and consuming region, the EU offers considerable opportunities for non-EU olive-oil producers, particularly neighboring Mediterranean countries, to export to EU markets both to meet EU demand and to re-export olive oil to other countries.

The main opportunities for exports to EU countries include retail opportunities growing in niche markets in the EU, particularly Northern Europe, and increasingly eastern and central Europe, for specialty imported olive oil products with distinctive geographic origins. This area appears likely to offer the strongest opportunities for Lebanese exports of olive oil. In addition, non-EU producers will find some opportunities in bulk olive oil shipments that are mainly blended for re-export by major exporters including Italy and Spain, and for domestic consumption to a lesser extent, depending on fluctuations in annual production. But to take advantage of increasing opportunities, Lebanese producers will need to closely follow and comply with evolving production and quality standards, as well as key marketing challenges in EU markets.

Production

In the EU, olives are grown mainly in Spain, Italy, Greece, Portugal and France, which rank from largest to smallest in production generally. EU production over the past decade (Table 1) has risen considerably, from 1.359 MMT in production year² 1993/94 to 2.420 MMT in 2002/03, due to increased production mainly in Spain. In 2002/03, EU olive oil production is estimated to decline to about 1.851 MMT, due again to Spanish fluctuations, but still account for a share of about 76% of total world output. Olives are grown on about 2 million farms throughout the EU. Small olive oil producers (those producing up to 500 kg annually) account for over 60 percent of producers but for about 20 percent of production.

¹ The 15 EU member countries are: France, Germany, Italy, Netherlands, Belgium, Luxembourg, Ireland, Denmark, the United Kingdom, Spain, Portugal, Greece, Austria, Sweden and Finland. Ten more nations are expected to join the EU in 2004: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, after which they will also be obliged to apply EU laws and rules pertaining to all sectors and commodities, including processed foods.

² Olive oil production and marketing years run from November 1 to October 31.

Table 1: EU Olive Oil Production ('000 tons)										
	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02*	02/03**
Spain	551	539	338	948	1,077	792	669	974	1,412	883
Italy	520	448	620	370	620	404	735	509	610	550
Greece	254	350	400	390	375	473	420	430	360	372
Portugal	32	32	44	45	42	35	50	25	34	42
France	2	2	2	3	3	3	4	3	3	4
Total	1,359	1,371	1,404	1,755	2,117	1,707	1,878	1,941	2,420	1,851

Source: International Olive Oil Council (IOOC) December, 2002

Import Trends

Imports from outside the EU (Table 2) represent only a small proportion of total domestic consumption, as the EU is self-sufficient in olive oil. It frequently has a considerable carryover or surplus of available supply over amounts consumed domestically and exported. Extra-EU imports (from third countries) are estimated at 73,000 MT in 02/03, or about 4% of total consumption. Since the mid-90s, imports have averaged about 150,000 MT annually, rising to 226,000 MT in 98/99 and falling to 32,000 MT in 01/02.

Table 2: EU Olive Oil Imports ('000 tons, extra-EU)										
	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02*	02/03**
Spain	54	62	24	36	28	82	13	16	2	2
Italy	92	108	46	107	89	136	102	111	30	70
Greece	0	0.2	0.1	0	0	0	0	0	0	0
Portugal	4	8	2	2	0	7	1	0	0	1
France	3	1	1	1	0	0.4	0	0.2	0.3	0.3
Total	153	179	74	146	118	226	117	127	32	73

Source: International Olive Oil Council (IOOC) December, 2002

Most olive oil imported by EU member states is intended for re-export in blended products, and amounts vary depending on fluctuations in domestic production. Internal EU trade accounts for much of this. For example, Italy imports bulk oil mainly from Greece and Spain for blending into exports often under Italian labels.

Export Trends

After the EU itself, the Middle East is the world's next largest region exporting olive oil (Table 3), and is the region with the largest olive oil exports to the EU. The largest exporters in the region in 02/03 include Turkey (80,000 MT), Tunisia (30,000 MT) and Syria (20,000 MT), with Morocco and Algeria exporting smaller amounts. Lebanon is not yet a major exporter, at about 0.5 MT annually.

EU	316.0
Turkey	80.0
Tunisia	30.0
Syria	20.0
Argentina	5.0
U.S.	4.0
Morocco	2.0
Jordan	1.5
Croatia	1.5
Cyprus	0.5
Lebanon	0.5
Egypt	0.5
Mexico	0.5
Misc.	0.5
Total	462.5
Source: International Olive Oil Council (IOOC) December, 2002, *estimated	

EU exports in recent years have been mostly to the U.S. (about 50% of total exports) with the rest to Japan, Australia, Brazil, Canada, and other countries. Global olive oil exports are expected to be on an upward trend in the next few years for several reasons. Among them are the gradual elimination of tariff barriers in countries where olive oil consumption is growing, moderating prices of olive oil and the increasing acceptance of olive oil as having health or nutritional benefits.

Consumption Trends

The EU is the world's largest consumer of oils and fats, accounting for over 17 million tons of global consumption in 2000. Per capita consumption of oils and fats in the EU reached 45.8 kilos in 1999, the third largest in the world after the United States and Canada. The share of oils in the total oils and fats retail market reached 80% of total consumption in 2000. The value of the world oils/fats retail market was about US\$38.5 billion in 2000, up 12.6% from 1994.³

EU consumption of olive oil (Table 4) is highest in Italy, Spain, Greece, Portugal and France - the largest producers - where olive oil has traditionally been an important part of the diet. In the EU, per capita levels of consumption are highest in producer countries such as Greece (18 kg/pa), Spain (10 kg/pa), and Italy (10 kg/pa), but below 1 kg in northern Europe.

Over the last five years, olive oil consumption in the EU has increased at an annual growth rate of 1-2 percent, mainly on account of Northern European countries. Relatively low olive oil prices, spurred by plentiful supplies, have resulted in increased demand. However, there has been a steady rising trend in olive oil consumption in EU countries over the past decade.

³ "EU Oilseeds and Products Annual, 2001, Foreign Agricultural Service, US Dept. of Agriculture.

Table 4: EU Olive Oil Consumption			
	93/94	98/99	02/03**
Italy	692	705	740
Spain	421	528	580
Greece	196	245	270
France	44	79	97
Portugal	59	66	66
Germany	13	30	37
U.K.	17	30	36
Belgium	n.a.	n.a.	14
Netherlands	3	6	10
Sweden	n.a.	3	5
Austria	n.a.	3	4
Denmark	3	2	3
Ireland	1	2	2
Finland	n.a.	1	1
Luxembourg	n.a.	n.a.	1
Total	1,368	1,709	1,864
Source: International Olive Oil Council (IOOC) December, 2002; ** Estimated			

II. Price Trends

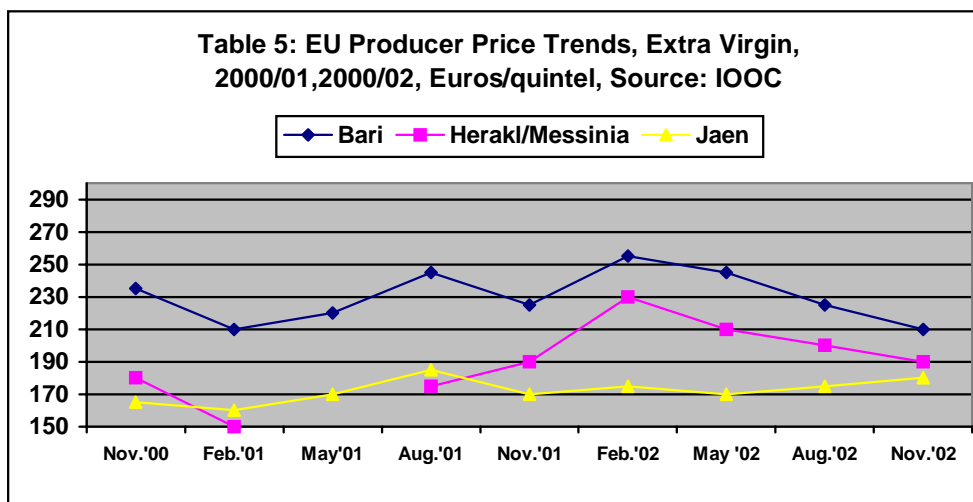
In 2002 producer prices for various EU olive oil grades (Table 5) declined slightly as production increased. A trend of relatively wide fluctuations in prices depending on annual production has been evident since the mid-90s through 01/02. More recently, prices have dipped, boosting demand as prices have become more attractive to consumers, leading to a narrowing of the price premium vis-a-vis other vegetable oils such as sunflower oil.

Producer prices for extra virgin olive oils (Bari, Herakli/Messinia and Jaen) over the last two years have fluctuated between about Euros 150/quintel to 230/quintel, with Bari commanding the highest prices, between Euros 210 and Euro 260, although all three have declined recently to around Euros 190/210.

Producer prices for refined olive oil (Bari, Cordoba/Seville) have followed similar fluctuations but in a slightly lower price range, from between Euros 170 to Euros 210. Prices for the lowest priced category, refined olive pumace oil, have had a similar pattern, but at the much lower price range of Euros 70–110, over the last two years.

Retail prices vary considerably throughout the EU. In southern European producing countries such as Greece, Spain and Italy, prices tend to be among the lowest. Prices in February 2003 in major urban supermarkets in Italy were in the range of Euro 3.00 – 3.50 per litre (US\$3.25–3.75) for extra virgin Italian oil. Virgin olive oils tend to be priced slightly under Euro 3.00/litre, while “speciality” high-end extra-virgin oils for example, those sold with herbs or other flavorings, tend to be over Euro 4.00/litre. Prices for these varieties in northern European markets tend to range about 15–25% higher.

Prices in EU markets are significantly affected by EU pricing policies. The main objectives of the EU olive oil regime are the prevention of large price fluctuations, and providing income security to farmers in the poorer regions of the EU where olives are mainly grown. When olive oil prices within the EU are higher than world market prices, the difference may



be covered by an export refund. The EC decides on the level of the export refunds and the number of licenses to award. When EU prices are close to world market prices, the European Commission may opt for not setting any refunds and/or rejecting bids from exporters.

Since the implementation of the Uruguay Round in mid-1995, the support system in the olive oil sector has been based on a number of institutional prices. The European Commission has been considering reform proposals for the current production-based subsidy system in place to, for example, link subsidies to the number of productive trees verifiable by Geographic Information System (GIS) aerial photography to allow cross-checks between the area and production declared by growers and actual areas visible. Until this system is ready, the existing aid system has been extended through marketing year 2003/04, continuing EU support for producer prices and retail prices of olive oil in EU markets.

Exports since marketing years 1998/99 took place without making use of export subsidies, and it's expected that few export subsidies will be awarded in the near-term. EU levels of subsidies notified to the WTO amounted to about Euros 62 million in 1995/96, Euros 39 million in 96/97, but since then have been minimal.

III. EU Quality and Marketing Standards

The quality of olive oil - aroma, flavor, appearance, health benefits - is determined by the quality of the olives, the harvesting method, how the oil is pressed and by the region of its origin. Olive oil is classified primarily by its acidity level. The lower the acidity level, the better the quality and taste. In general terms olive oil grades include:

- **Extra Virgin Olive Oil:** Produced from the first cold pressing of olives without using any chemicals. Overall acidity generally must be 1% or less.
- **Virgin Olive Oil:** Produced from the second cold pressing of olives and left over pulp.
- **Olive Oil/Pure Olive Oil:** Produced by the chemical extraction of oil from the pulp remaining after cold pressing. Some extra virgin or virgin olive oil is added to give flavor but it has little or no health benefits and is generally tasteless.
- **Pomace Oil:** Olive oil without the addition of extra virgin or virgin olive oil, not consumed but used for making soap, lamp oil, or lubricating machinery.
- **Blended Olive Oils:** Produced by the blending of olive oils from different types of olives. The oils together are often inferior olive oils from poor or damaged olives. Bargain extra virgin olive oils are usually blended oils.

Olive oil quality standards are set by the European Commission (EC) through “directives” and “regulations.” In recent years, standards have been under review as a result of initiatives to promote sales both in EU markets and outside the EU, and to make standards clearer and more uniform in the process. The promotion strategy is described in Council Regulation (EC) 1513/2001 of 23 July 2001, which also extends the existing aid regime by three marketing years (01/02 to 03/04).

A key EU regulatory authority new on the scene is the European Food Safety Authority (EFSA). The directive establishing the Authority was adopted by the European Commission in January 2002, a Director of the Authority was installed in late 2002, and the EFSA is now likely to become increasingly active in implementing its mission to put in place a new European-wide food safety system.

In early 2003 the EC had under consideration a revision of its “Draft Standards for Olive Oil”⁴ in coordination with the IOOC and the UN FAO’s Codex Alimentarius system for food standards. The revisions are aimed at making key definitions of olive oil products more specific, and at setting key quality standards for marketing of oils. The EC’s current proposal for “Draft Revised Standards for Olive Oils and Olive Pomace Oils” as of December 13, 2002 includes the following key definitions:

⁴ See Annex IV.

- ***Olive oil*** is the oil obtained solely from the fruit of the olive tree (*Olea europaea* L), to the exclusion of oils obtained using solvents or re-esterification processes and of any mixture with oils of other kinds.
- ***Virgin olive oils are*** the olive oils obtained from the fruit of the olive tree solely by mechanical or other physical means under conditions, particularly thermal conditions, that do not lead to alterations in the oil, and which has not undergone any treatment other than washing, decanting, centrifuging and filtration.
- ***Olive-pomace oil*** is the oil obtained by treating olive pomace with solvents or in certain cases by physical treatments, to the exclusion of oils obtained by re-esterification processes and of any mixture with oils of other kinds.

The current EC draft standards also include the following on essential composition and quality factors:

- ***Virgin olive oils*** not suitable for human consumption and having certain characteristics to be laid down by the countries concerned, can be classified as olive-pomace oils.
- ***Extra virgin olive oil:*** virgin olive oil with a free acidity, expressed as oleic acid, of not more than 0.8 gram per 100 grams and whose other characteristics correspond to those laid down for this category.
- ***Virgin olive oil:*** virgin olive oil with a free acidity, expressed as oleic acid, of not more than 2.0 grams per 100 grams and whose other characteristics correspond to those laid down for this category.
- ***Ordinary virgin olive oil:*** virgin olive oil with a free acidity, expressed as oleic acid, of not more than 3.3 grams per 100 grams and whose other characteristics correspond to those laid down for this category.
- ***Refined olive oil:*** olive oil obtained from virgin olive oils by refining methods which do not lead to alterations in the initial glyceridic structure. It has a free acidity, expressed as oleic acid, of not more than 0.3 grams per 100 grams and its other characteristics correspond to those laid down for this category.
- ***Olive oil:*** oil consisting of a blend of refined olive oil and virgin olive oils suitable for human consumption, with a free acidity, (oleic acid) of not more than 1 grams per 100 grams and its other characteristics correspond to those laid down for this category.
- ***Refined olive-pomace oil:*** oil obtained from crude olive-pomace oil by refining methods, which do not lead to alterations in the initial glyceridic structure. It has a

free acidity, expressed as oleic acid, of not more than 0.3 grams per 100 grams and its other characteristics correspond to those laid down for this category.

- ***Olive-pomace oil***: oil consisting of a blend of refined olive-pomace oil and virgin olive oils . It has a free acidity, expressed as oleic acid, of not more than 1grams per 100 grams and its other characteristics correspond to those laid down for this category.

New EU marketing standards for olive oil

In June 2002 the European Commission adopted new rules laying down clearer marketing standards for olive oil. Commission Regulation (EC) No. 1019/2002 of 13 June 2002 on marketing standards for olive oil provides a framework for the labeling and presentation of olive oil in retail marketing. It also covers the presentation of mixes of olive oil with other vegetable oils as well as foodstuffs highlighting in the label the presence of olive oil. The Regulation is an implementation of the quality strategy launched by the Commission and is part of a package to consolidate the market for olive oil.

Key new standards on consumer protection include the requirements that olive oil:

- May not be sold in containers of more than five liters.
- Containers must have a closing system where the seal is broken after first use.
- Containers must have proper labeling including a description of the relevant category of olive oils (see more on labeling below).
- For mixtures of olive oil with other vegetable oils, the new regulation prohibits highlighting the presence of olive oil on the label, unless olive oil represents a minimum of 50% of the oil.
- For products containing olive oil (such as margarine, sauces, mayonnaise, canned products like vegetables and fish): If the manufacturer wants to highlight a reference to the product containing or being based on olive oil on the label, immediately following the reference to olive oil, the food manufacturer must either indicate the share of olive oil in the total weight of the product or the percentage of olive oil to total fat contained in the product.
- The new law applies as of November 1, 2002, but foresees a transition period of several months to allow existing containers and labels to be exhausted.
- The new labeling definitions and descriptions apply from November 1, 2003.

Labeling Requirements

General rules on labeling, and on presentation and advertising of foodstuffs marketed in the EU, in addition to newer regulations listed above, are laid down in European Parliament and Council Directive 2000/13/EC. Adopted in 2000, this directive consolidates general labeling directive 79/112/EEC and all its amendments in a single text. It applies to foodstuffs intended for supply to restaurants, hospitals and other similar mass caterers and to foodstuffs intended for sale to the ultimate consumer.

Compulsory labeling requirements: The indication of the following particulars is compulsory on the labeling of foodstuffs in the EU:

- The name under which the foodstuff is sold.
- The list of ingredients, in descending order of weight. Important derogations include compound ingredients, added water/concentrated foods, cheese (see art. 6 of 2000/13/EC). The following ingredients require a specific statement on the label: GMO's, packaging gases / sweeteners / aspartame & polyols (Directive 94/54/EC) / quinine & caffeine (Directive 2002/67/EC).
- The quantity of certain ingredients or categories of ingredients (QUID) (see art. 7 of 2000/13/EC).
- The net quantity of prepackaged foodstuffs expressed in metric units (liter, centiliter, milliliter, kilogram or gram). A small "e" on the label may be used to guarantee that the actual content corresponds to the quantity indicated.
- The date of minimum durability in a specific format or the "use by" date for highly perishable foodstuffs (see art. 9 of 2000/13/EC).
- Any special storage conditions or conditions of use.
- The name or business name and address of the manufacturer, packager or vendor established within the Community.
- Particulars of the place of origin or provenance in case absence of such information might mislead the consumer.
- Instructions for use.
- A mark to identify the lot to which a foodstuff belongs.
- Treatments undergone, with specific indications for irradiated foods (see art. 5 of 2000/13/EC), or deep-frozen foods.

Weight/Volume Indication: Council Directive 76/211/EEC (amended by Commission Directive 78/891/EEC) specifies the maximum tolerable error between the actual content and the quantity indicated on the label of prepackaged products. This directive applies to pre-packages containing products intended for sale in constant unit nominal quantities which are:

- Equal to values predetermined by the packer.
- Expressed in units of weight or volume.
- Not less than 5 g or 5 ml and not more than 10 kg or 10 l.

The nominal quantity (weight or volume) must be indicated on all prepackages made up in accordance with this directive. The EEC sign, a small "e" of at least 3 mm high placed in the same field of vision, constitutes a guarantee by the packer or importer that the prepackage meets the requirements of this directive. Compliance with this directive is not mandatory but free movement throughout the EU is guaranteed for prepackaged products that do comply with the provisions of the directive.

Quantitative Ingredients Declaration (QUID): The QUID requirement does not apply to constituents naturally present in foods and which have not been added as ingredients e.g. caffeine (in coffee) and vitamins and minerals (in fruit juices). QUID declarations are not needed in a number of cases, e.g., when products state the drained net weight or where an ingredient is used for purposes of flavoring.

Metric Labeling: European Parliament and Council Directive 1999/103/EC amending Council Directive 80/181/EEC on units of measurement, allows the use of both metric and imperial units on the same label until December 31, 2009 for products sold in the EU.

Lot Marking: Council Directive 89/396/EEC requires that foodstuffs carry a mark identifying the lot to which a foodstuff belongs. It defines "lot" as a batch of sales units of a foodstuff produced, manufactured or packaged under practically the same conditions. The indication to identify the lot should be determined by the producer, manufacturer or packager or by the first seller in the EU. The marking shall be preceded by the letter "L" except in cases when it is clearly distinguishable from other indications on the label. The lot identification is not necessary if the date (day and month) of minimum durability or "use by" date, appears in uncoded form on the label.

Medical claims: Claims attributing to a foodstuff the property of preventing, treating or curing human diseases, are explicitly prohibited in the EU general labeling directive. However, this directive does not provide any guidance on which health claims (e.g. "Aids Digestion") are allowed and which are not allowed. As a result, many EU Member States have developed separate initiatives in this area.

Stick-on Labels: EU legislation does not contain any reference to the use of stick-on labels. It is up to individual Member States whether to accept stick-on labels.

Samples: EU legislation covers all foods destined for consumption. It does not contain any specific labeling requirements or exceptions for samples

Language Requirements: As a general rule, labeling has to be in a language easily understood by consumers; this is in practice the official language(s) of the member state. As an exception to the general rule, it is also allowed to use another language, provided it can easily be understood by consumers, or other means depicting the content (e.g. pictures). Multi-language labeling is allowed throughout the EU.

Origin of imported ingredients: Several EU countries have certain requirements not followed by all members. For example, the Italian Parliament passed a law in 1998, in response to pressure from producers concerned by weak prices, requiring foreign olive oil bottled in Italy to be identified as such⁵. Previously, identification of origin was not mandatory. This law was a response to Italian grower organizations, which have been extremely concerned about growing olive oil imports into Italy. In recent years, the domestic bottling industry has increased the share of imported olive oils in their blends to be either domestically consumed or exported. A main complaint from Italian producers has been that oils were being marketed as Italian olive oils even if they contained only a small proportion of the domestic product.

The main changes included in the new law are: olive oils (extra virgin, virgin or refined) can be sold and marketed with the labeling “produced in Italy,” only if the whole cycle of olive harvesting, oil production, processing and bottling takes place in Italy. Easily readable information must appear on the label. Olive oils bottled in Italy by blending imported with domestic oils must state on their labels “partially produced with oils imported from...” (names of countries of origin), with the percentage of imported oils. If the blend does not include domestic oils, the label must say “wholly produced with oils imported from...”.

EU Protected Geographic Indication description: Extra virgin olive oils sold in the EU, mainly high-end specialty products, are covered by a system of geographic indications created in 1992 that are known as PDO (Protected Designation of Origin), PGI (Protected Geographical Indication) and TSG (Traditional Specialty Guaranteed). The main purposes of the designations are to protect food products produced in various regions of Europe from misuse and imitation, to help consumers by giving them information concerning the specific character of the products, and to encourage diverse agricultural production. Exporters to Europe of specialty products need to be aware that the system increasingly is being used as a marketing tool and that products with these designations are becoming more attractive to consumers of high-end products.

- *PDO (Protected Designation of Origin)* is used to describe foodstuffs, which are produced, processed and prepared in a given geographical area using recognized know-how. To qualify for a PGI or PDO designation, a product must comply with a specification containing the following: the name and description of the product; the definition of the geographical area; the methods of preparation; factors relating to the geographic area, environment; the inspection bodies; details of labeling and any legislative requirements that must be met.

⁵ EU Oilseeds and Products Annual, 2001, Foreign Agricultural Service, US Dept. of Agriculture.

- *PGI (Protected Geographical Indication)* describes the geographical link, which must occur in at least one of the stages of production processing or preparation. For a product to receive a PGI the product must be produced, processed or prepared in that geographical area. The product must be of a specific quality, reputation or have other characteristics attributable to that area alone and so different to similar products. The type of link between the product and the geographical location is less stringent for the PGI than the PDO designation, the quality or other characteristics being due essentially or exclusively to its geographical environment
- *TSG (Traditional Specialty Guaranteed)* does not refer to the origin but highlights traditional character, either in the product composition or in the way it is produced.

Packaging and container requirements: Requirements for container contents of pre-packaged products set out below are not a prerequisite for marketing a foodstuff. However, if these requirements are satisfied, free movement throughout the EU is guaranteed. The maximum tolerable error between the actual content and the quantity indicated on the label, and methods to check this are fixed in Council Directive 76/211/EEC, as amended. A small "e" of at least 3 mm on the label guarantees that the actual content corresponds to the quantity indicated. The size of the figures indicating the quantity depends on the nominal quantity. Container sizes for olive oil have no minimum requirement. But the directive of June 2002 requires that olive oil may not be sold in containers of more than five liters.

Packaging waste management: Member States are required to take measures to reduce packaging waste and must introduce systems for reuse, recovery and recycling of packaging materials (Council Directive 94/62/EC). To facilitate collection, reuse and recovery including recycling, an identification system for packaging has been drawn up (Commission Decision 97/129/EC). Its use is voluntary.

Materials in contact with foodstuffs: Council Directive 89/109/EEC specifies the common rules for all materials that come into contact with foodstuffs and provides for the adoption of specific directives including lists of authorized substances, conditions of use, migration limits, purity standards. To date, specific directives have not been issued for olive oil.

Pesticides: EU pesticide legislation has not been fully harmonized yet and is under review. Community maximum residue levels (MRLs) take into account the work done by Codex Alimentarius and by the OECD but exceptions exist. An overview of all compounds for which harmonized MRLs have been developed are available from our website. The complete list of MRL/commodity combinations can be downloaded from the EC at http://europa.eu.int/comm/food/fs/ph_ps/pest/index_en.htm. Pesticide MRLs for processed or composite products are based on the MRLs for the raw agricultural ingredients.

Organic food imports: Council Regulation 2092/91, as amended, on organic products covers the following requirements and definitions: production and processing methods, labeling and marketing, inspection and imports from third countries. It was supplemented by Regulation 1804/99 to include livestock production. The term "organic" on the label may only be used for product conforming these regulations.

While organic standards have been set at the EU level, implementation and enforcement of the regulation is the responsibility of the individual member states. This member state responsibility also extends to imports of organic products. In order to import organic products, EU importers must work through their designated member state authority to obtain an import authorization. These authorizations are granted on a case-by-case basis, subject to the member state's review of two main elements: the organic standards and inspection measures applied by the certifier of the product and the certifier's compliance with EN 45011 or ISO Guide 65.

The importer must demonstrate that the product was produced according to standards equivalent to the EU standards. In addition, the importer must provide evidence that the certifier of the product has been accredited to EN 45011/ISO 65 by an authority recognized by the member state. Individual member states may have different criteria for judging compliance with these requirements.

On September 7, 2001, the EU published Commission Regulation 1788/2001 laying down detailed rules for a certificate of inspection for imports of organic products from third countries. Scheduled to come into force on July 1, 2002, but postponed until November 2002, certifiers of organic products will have to use the EU certificate format for products to be exporter to the EU. An original certificate must accompany the good and will be verified at the border by the member state authorities. The goods will not be released until the authorities have verified that a valid import authorization has been granted for the consignment. Member states have several options for implementing the regulation, which means that procedures may differ from member state to member state. Depending on the procedure adopted by a particular member state, there is potential for delays at the border while verification of the import authorization takes place.

IV. EU Tariffs and Import Procedures

Olive oil imports into the EU have been subject to Common Customs Tariffs (CCT) since the second half of 2000 (Table 6). These have replaced the previous fixed tariff/duty system, which had been reduced by 20 percent from 1995 -mid-2001 under WTO/GATT provisions.

Preferential regimes with reduction of duties are in place for some Mediterranean basin countries. The Euro-Mediterranean Association Agreement between the EU and Tunisia provides a special regime for olive oil originating in Tunisia. As of calendar year 2001, further trade liberalization measures have been agreed on between the EU and Tunisia, allowing 50,000 MT of duty-free imports of untreated olive oil originating in Tunisia, whereby license issuance is subject to monthly quantitative limits during the period January-October. Details are in Commission Regulation 312/2001 of February 15, 2001.

Product	Import Duty (EUR/100 kg net, since July 1, 2000)
Lampante Virgin - 1509 10 10	122.6
Other Virgin - 509 10 90	124.5
Other olive oil - 1509 90 00	134.6
Other crude oil from olives - 1510 00 10	110.2
All other oil from olives 1510 00 90	160.3
Source: EU Tariff Schedule 2001, Official Journal of the European Communities, L 264 of October 18, 2000	

Comment: Please begin to type the body of the report. Typical steps you might do are:

1. Insert the standard sections headers. Use [Insert|File](#).
2. Insert a PSD table. Use [Insert|Spreadsheet|Create Link](#)
3. Insert a Trade Matrix or a Prices table. Use [Insert|Spreadsheet|Create Link](#)

Lebanon- European Union Association Agreement: Lebanon is eligible to receive trade benefits on imports into the EU under the Euro-Mediterranean Association Agreement between Lebanon and the European Union signed on June 17, 2002. At the same time, an Interim Agreement was signed to enable the immediate application (as of the second half of 2002) of the trade-related provisions before the Association Agreement goes through the lengthy ratification process by the European and Lebanese parliaments. The ratification process can take up to three years. So far, Association Agreements have been concluded with Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority (Interim Agreement) and Tunisia. Negotiations with Syria are at a less advanced stage. Lebanon's Association Agreement includes the following provisions for exports to the EU:

- **Agricultural Products:** The Agreement offers full liberalization (no duty, no quota) for all Lebanese agricultural products, with exceptions covering areas sensitive to the EU including potatoes, tomatoes, garlic, olives, citrus, table grapes, pears, apple and wine. Lebanon has been granted a range of reciprocal concessions in the form of gradual tariff cuts on EU agricultural exports, to be implemented five years after the date of entry into force of the Agreement. Tariffs will be completely removed for all the products subject to a 5% tariff and will reach a maximum of 30% reduction for all

the other products. The situation will be reviewed five years after entry into force of the Agreement.

- **Processed Agricultural Products:** The two parties also agreed to reduce tariffs on all processed agricultural products. The EU agreed to remove duties upon entry into force of the Agreement, on a broad range of food and other processed farm products from Lebanon and to maintain the agricultural element only on a restricted list of processed products, including buttermilk, cream yogurt, margarine, fructose, flour and cocoa products, sweet corn, pasta, tapioca, ice cream and certain alcohol.

Import licenses: A key requirement for importers is that licenses are mandatory for imports of olives and olive oil and are granted subject to the lodging of a security. The EU requires import licenses (AGRIM certificates) for most agricultural products for which it provides market support, including grains, milk, meat, olive oil, most fruits and vegetables, wine and sugar. In order to obtain a license an application form must be submitted and security fee must be paid to the issuing Member State. Licenses vary in validity with most expiring three months after the month of issuance.

Product Inspection and Registration: Member States are responsible for carrying out inspections on a regular basis and in cases where non-compliance is suspected. Products can be checked at import or at all further stages of marketing. In case of non-compliance, the EU hygiene directive (Com. Reg. 93/43/EEC) allows the Commission to suspend imports from third countries or introduce special conditions for products from the third country concerned, applicable on the entire EU territory.

Criteria for laboratories conducting food controls have been harmonized but it is the Member States' responsibility to designate laboratories that are allowed to perform analyses (Council Directives 89/397/EEC and 93/99/EEC). Specific detailed inspection requirements exist for animal products. Inspections are done under supervision of a veterinarian at a limited list of ports and border inspection posts. The EC's current proposals for olive oil testing and certification are described in "Draft Revised Standards for Olive Oils and Olive Pomace Oils" issued December 13, 2002 (see Annex).

Customs classification: Council Regulation 2913/92 establishes the Community Customs Code, which lists all customs procedures applicable to the trade in goods with third countries. Import duties are determined by the tariff classification of goods and by the customs value. All the member states apply the same tariff on goods imported from outside the EU. Once an imported good is cleared in one member state, it can move freely throughout the EU.

The EU uses the Combined Nomenclature (CN) for the customs classification of goods. The CN eight digit code numbers are based on the Harmonized System (HS) nomenclature: the first six digits refer to the HS headings, the two following digits represent the CN subheadings. The EU's on-line customs database can be consulted to look up relevant import duties: http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm. It is also possible to obtain Binding Tariff Information (BTI) from a member state's customs authority to get the proper product classification. Through this system, traders know in advance the tariff

classification of the goods they intend to import. Goods are only released after payment of the import duty and other taxes that may be due. Duties payable on goods imported into the EU may include:

- Import duty (expressed as ad valorem tariffs or specific tariffs per unit weight/volume/number of pieces)
- Additional duties on flour and sugar (processed products)
- Entry price (fruit and vegetables)
- Environmental taxes - not harmonized
- Inspection fees - not harmonized
- Value Added Tax (VAT) - not harmonized

V. High-Growth, High-Value Niches

Key trends in EU consumer preferences have spurred the growth of oil consumption, and particularly olive oil, recently. These trends have created several new high-growth, high-value niches for products including olive oils. Trends include:

- Consumer concerns have increased about the negative impact animal fats have on health, leading to shift away from fats and toward oils such as olive and canola oils. As a result, butter consumption has been stagnant or falling recently
- Consumers in major markets are shifting towards oils that are particularly promoted as offering health benefits. The share accounted for by olive oil has been increasing in the most important markets due to promotion of the “healthy Mediterranean diet” and its mono-unsaturated fat content
- Olive oil consumption has also become more attractive recently due to oversupply, record stocks and low prices.
- Key trends in consumption in Northern Europe, traditionally dominated by fats, also include the growing use of oils for cooking purposes.
- There is also a growing demand for bottled specialty oils, from non-EU geographic origins with novelty appeal.
- Organic oils sales are expected to increase along with the increasing concern about genetically modified (GM) foods. Organic oils, however, are generally double the price of conventional oils.
- Recent declines in producer prices have translated into correspondingly lower retail prices in many markets, winning over new consumers on favorable price considerations.
- At the same time, a strong consumer segment is willing to pay relatively high prices for specialty or regional products including olive oils

High-Growth, High-Value Niches for olive oils, oil products, and olive products that offer increasing opportunities to exporters to the EU, mainly in northern and certain eastern and central European countries, include

- **Specialty and Regional Food Products:** Specialty food products, particularly those with little or no competition from EU production, have good sales potential in European markets. Quality olive oils originating outside the EU are increasingly considered to be “specialty” products or “luxury” items among higher income consumers. This is true particularly in non-producing countries of northern Europe, including UK, Germany, Belgium, the Netherlands and Scandinavian markets. More

consumers, having been introduced to olive oils and “Mediterranean” diets and cooking, are increasingly interested in trying olive oils from “new” countries of origin. This trend is similar to the recent inroads made in international wine markets by newer producers such as Chile, Australia, and South Africa, at the expense of more established producers in France or Italy. Exporters are likely to find this niche market to offer among the highest opportunities for export growth.

- **“Ethnic” Foods:** One of the fastest growing segments of the EU food trade is ethnic foods. European ethnic foods, for example Italian, Greek, and Spanish foods, have been popular in much of the rest of Europe for years. In recent years, Asian, African and Middle Eastern foods have experienced increasing popularity due in part to extensive international travel. Many ethnic products have become so popular, and sold in sufficient quantities, that they are now being produced by the EU food industry and adapted to local tastes. “Middle Eastern” or “Lebanese” olive oils, however, are among those food products that cannot be produced domestically. Instead, promoting them as “ethnic” foods and “new” tastes is likely to draw high-end consumers increasingly away from purchases of oils from the EU’s traditional countries of origin of Italy, Spain and Greece.
- **Targeting Lebanese and Middle Eastern Communities:** A key market to target for Lebanese olive oils is the “diaspora” of Lebanese overseas, particularly in France, given Lebanon’s French language and education affinities, as well as the U.K. and northern Europe. Many Lebanese families who have long been established in Europe tend to be upper-income professionals able to afford higher-priced imported products. Olive oils that are marketed as having a specific regional origin in Lebanon, e.g., Accar in the North, or Marjayoun in South Lebanon, may have particular appeal for Lebanese overseas whose families originated in those areas. However, the “diaspora” market is quite limited in size, compared to other market segments. To compensate, it may be worth targeting the wider Middle East community in Europe and Halal consumers. These market segments also offer strong opportunities, as many consider Lebanese food generally to represent the best of Arab cuisine.
- **Organic Products:** The organic market in the EU is another market segment with good potential for exporters. The EU’s largest market for organic food products is Germany, with retail organic sales of about DM 3 billion (\$1.7 billion), and with the market growing at nearly double-digit annual rates since 1990. Long available in smaller neighborhood health food stores, many German retailers of “conventional” products are devoting increased shelf space and in some cases entire stores to natural and organic products. Leading German retailers, including Rewe, Metro, and Tengelmann, are marketing their own lines of organic food. Good prospects exist for a wide range of organic products, either consumer-ready or as food ingredients. Organic olive oils fit both categories.

Competition is increasing from EU producers in organic olive oils who are boosting their output of organic products. A major example is the province of Puglia in Italy, which is the country’s largest producing area, accounting for over 40% of total Italian

oil and olive oil production. Puglia now has over 10% of its olive producing areas in organic production, or about 36,000 hectares of organic olive-groves that yield 85,000 tons of olives producing 15,000 tons of organic oil. These are produced by 4,280 certified olive growers of whom half are concentrated around Bari. Competition in organic oils is also growing from Spain, Greece, Argentina, Croatia, Israel, and Portugal

- **Related olive products:** Products with olive ingredients may be a growing area of opportunity. Among increasingly popular products are olive oil soaps, particularly handmade products. Marketing campaigns include a focus on the fact that Mediterranean population groups tend to have a lower incidence of skin cancer than West Europeans and Americans, despite higher sun exposure. This may be due to the antioxidant effects of olive oil consumed in their diet and applied externally to the skin. Olive oil soap is a natural moisturizer. It can be manufactured to be mild or gentle as well as long lasting. Olive oil soap is a natural moisturizer appropriate for most skin types, and is particularly suitable for sufferers of eczema and psoriasis. It contains no animal ingredients, preservatives or artificial coloring, all strong attributes that can benefit marketing campaigns.

VI. Principal Distribution Channels in Major Target Markets

Major import and distribution channels common to key EU Markets: In northern and central Europe, marketing channels are dominated more by large supermarket or hypermarket chains supplied by major agents, brokers and distributors, than in southern Europe (Italy, Spain, Greece, Portugal), where a higher share of retail purchases of olive oil takes place at the level of the small, neighborhood “alimentari” or grocery stores, supplied more by smaller local distributors (although supermarket chains are making inroads). In southern Europe, bulk purchases of imported oils for blending and re-export are handled by large associations of producers. But because bulk sales are not likely to offer major growth opportunities, and because retail sales in producer countries are dominated by local production, they are not the focus here.

This section covers distribution channels in key northern European markets for high-value, niche olive oil products. These include Germany, UK, France, the Netherlands, Scandinavia, and certain higher-income Central European and other EU Candidate States. Major import/distribution channels⁶ common to these key markets include:

- Specialized importers usually dominate the import and distribution of food and beverage products from countries outside the EU. Retail organizations rarely import directly from countries outside the EU, except for items, which they purchase in large quantities. These volume imports are often made through agents or brokers.
- Traditional importers normally specialize in products or product groups. Due to regular intensive contact with their customers, they usually have an in-depth knowledge of the requirements of individual retailers and of the market conditions. They source products; handle import (customs) formalities, logistics, supply maintenance and often even pricing and labeling. They also typically advise foreign exporters and insure that imported products meet food law, labeling, packaging and other market requirements.
- Importers can also arrange for consolidated shipments of products; for example, specialty foods to test the market in order to gain distribution. Importers normally distribute nation-wide, either through their own sales force or through a network of independent sales agents. Choosing the right partner and developing an appropriate marketing strategy is a key component in gaining access to and insuring success in EU food markets.
- Direct sales to the central purchasing organizations of food retailers may be the most desirable system for a foreign supplier. Due to their wide range of distribution, central buyers are generally flooded with offers from competing suppliers. Purchasing organizations often have only a limited interest in working with new

⁶ This section is based in part on “Exporter Guides”, Global Agricultural Information network (GAIN), Foreign Agricultural Service (FAS), USDA, 2001.

suppliers, unless particular advantages in quality, price or promotional support are offered.

- Many retailers have outlets and/or well-developed distribution networks in other EU countries and, increasingly, in Eastern Europe. Germany often serves as an intermediate destination for imported product that is subsequently shipped to other neighboring countries, either in its original form or following repackaging and/or further processing.
- Food promotions under a national banner have a solid founding within the trade and retail sectors and, when appropriately designed and stocked, can yield effective results for the exporter and the domestic sales partner. Third-country promotions for food products strongly focus on generic aspects. Examples of these types of promotions are: in-store promotions, special combined editorial and advertising sections in trade magazines and national exhibits at trade and consumer fairs. In department stores a country may be featured with a full line of food and non-food products as well as other economic segments, such as tourism.
- Branded advertisements under the logo/seal of a country's promotion agency are considered especially effective to 1) announce a "Country Promotion" in a retail store, 2) announce a country's participation in a trade fair, or 3) as part of a country feature in a trade magazine.
- EU import restrictions and food law requirements effectively act to limit the range of products imported from third countries. Thus, large promotion campaigns typically concentrate on products not available in the EU, or products not available in sufficient quantity because of season or climate.
- The EU food retail market is highly diversified and extremely price competitive, with domestic and foreign suppliers fiercely competing for shelf space. Staple foods are typically sold strictly on price, with extremely low margins. The higher mark-ups on these high-quality specialty items sometimes allow the more basic products to be sold at extremely low margins or to be "subsidized."

Principal Distribution Outlets in Key Markets

Germany

- In Germany the import and distribution of food and beverage products, primarily from countries outside the EU, is most often handled by specialized importers, except for items purchased in large volumes usually made through agents/brokers.
- Germany is the largest retail food and beverage market in Europe and distribution and imports are dominated by a handful of large retailers and agents. In 1998, the top five food and beverage retailers accounted for nearly two-thirds of national sales, while

the top ten accounted for about 84%. Leading German retailers, include Rewe, Metro, Aldi and Tengelmann.

- With relatively flat domestic retail food sales, German retailers have sought to expand their sales -- and gain market share -- by buying-out their competitors and by focusing on markets outside of Germany. Germany's top retailers rank among the leading retailers in Western Europe, and are increasingly expanding in markets outside of Germany, particularly less developed East European markets.
- Many of the major German retailers generate a significant portion of their total sales from non-German operations. Tengelmann and Aldi, for example, are two leaders in this regard, with, respectively, one-half and one-third of their total sales (food and non-food) generated outside of Germany. In addition to outlets in many of the major markets of Europe, these two companies also have stores in the United States (Tengelmann with A&P, and Aldi with Aldi.)
- Perhaps the mostly closely watched development in the German retailing sector has been the 1997 entrance of U.S. retailer Wal-Mart in the German market, in 2000 the 13th largest retailer in Germany.

United Kingdom

- The distribution chain in the UK begins with the producer/manufacturer/exporter sending the product by sea or airfreight to a UK importer/agent. The importer will have responsibility for distribution to multiple retailers, independent retailers, foodservice chains or wholesalers as appropriate. For ingredient products destined for further processing it is most likely that these will be imported directly by the UK food manufacturing company, without the intermediary importer.
- The dominance of the five major UK supermarket chains has continued to rise year on year since 1995. In 1998, these five major retailers accounted for nearly 68.9 percent of total retail sales. Tesco is the leading UK supermarket, with 20.5 percent of the market, followed by Sainsbury (18.0 percent), ASDA/Wal-Mart (11.9 percent), Safeway (9.4 percent) and Somerfield (9.0 percent). Tesco is the strongest in the south of the country, Sainsbury in London, ASDA in the North East and Safeway in Scotland.
- UK vegetable and salad oils m sales increased 2 percent to \$300 million in 2000. Overall, the sector has grown significantly in the last 5 years, partly due to the increasing popularity of premium products such as olive and specialty oils. Olive oil now accounts for 40 percent of the oils market by value and is increasingly popular in the form of margarine/butter and blends.
- In volume terms, seed oils account for nearly 90 percent of the vegetable and salad oil market, although in value terms olive and specialty oils have a much larger share owing to their premium price. It is this added-value element of the market, which

presents most opportunity for U.S. product. Herb infused oils and vinegars have become immensely popular, as gift items, as kitchen decorations and as luxury accompaniments to a special occasion salad. Attractive packaging and the healthy perceptions about such products have helped to place these products in a gourmet category.

- The largest olive oil brand in the UK is Filippo Berio with 17.1% of the total olive oil market in 2000. In the UK bottled liquid oils were valued at £135 million in 2000. Of this, olive oil is worth at least £85 million according to industry sources. 70% of users of these types of oils purchase one liter or less per year, which means there is much scope for growth.
- A key way in which UK retailers stand out against their Continental counterparts is with their own brands. Each retailer looks on the business as a brand. All of the major multiples and some of the smaller retailers have a substantial number of private (or own) label lines. The market leader Tesco has 45.9 percent of its total product lineage as own label, with Sainsbury in front with 50.4 percent, Asda with 46.0 percent, Safeway with 40.5 percent and Somerfield with 37.4 percent.
- The wholesale market system is under considerable pressure, and has been for some time due to a number of factors, including the recent UK economic recession. The main cause of its decline, however, is the role that the multiple retailers play and their dominance. The role of the wholesale market has been reduced to supplying independent retailers and caterers. Increasingly, wholesalers handling specialty produce supply primarily to the catering trade.
- The UK's Hotel, Restaurant and Institution (HRI) sector is highly fragmented and is generally referred to as the foodservice or catering sector, and is segmented into both private (profit) and public (cost) outlets. Total consumer expenditure in the private sector came to \$65 billion in 1998, and is averaging 4-5% growth year on year. Most catering markets have benefited from increased spending generated by stronger consumer confidence and generally improved economic conditions. Increased branding, supported by more advertising support, and the launch of various new catering concepts have also generated interest in the market.

The Netherlands

- In the Netherlands, the distribution system is dominated by the major super-markets. About 75 percent of food sales take place in supermarkets, 15 percent in specialty stores and 10 percent via local markets, department stores, etc.
- There are supermarket chains with national coverage such as 'Albert Heijn', regional coverage such as members of 'Superunie', and independents who buy through Trade Service Nederland (TSN).

- Specialty stores are losing market-share to the supermarkets. The 26% share of the retail food market which specialty stores had in 1993 decreased to 16.5 % in 1999. Family operated specialty stores do not have the economies of scale.
- The majority of wine, liquor, and drug chain-stores are now owned by the large supermarkets, market share of these chains is growing at the expense of the privately owned stores in this market segment.
- Relatively new to the Netherlands is the concept of food retailing at gas stations, railway stations and airports. In general the bigger food retailers are the suppliers or owners of these new outlets.

France

- France has a highly-developed system of food distribution channels with a wide range of medium-to large scale wholesalers, importers and agents/distributors. Rather than selling directly to the major retailers, they are often the key to getting new food products into the market, particularly in French Hotel/Restaurant Institutions (HRI) sector which usually uses the services mainly of wholesalers or processed food buyers.
- There are currently 23 major food processors, and over 4,150 food industry companies in France. According to the French Food Industry Association (ANIA), in 2001 the food processing sector's turnover was Euros 131. 2 billion (\$ 117.6 billion), an increase of 4.4 percent from the 2000 level.
- The French market for food products is mature, sophisticated and well-served by suppliers from around the world. Generally, high quality food products can find a niche in the French market, particularly if they have access to stores and supermarkets that specialize in foreign foods. Niche market opportunities also exist for organic and health food products. The French food industry will move towards fresh consumer-ready products at the expense of frozen foods.
- The food industry is the largest French industrial sector, accounting for 19 percent of the GDP economy's added value. Its accounts for 10 percent of the world's value-added food trade. The French food processing industry is the largest in Europe with total sales of Euros 510 billion - \$457 billion in 2001. The food industry continued to restructure in 2001 due to greater competition from large multinational groups and of the globalizing effects of the Euro's introduction.
- Total food imports in 2001 were Euros 22.2 billion (\$19.9 billion), for a 3.9 percent increase in value over 2000. Total exports in 2001 were Euros 28.5 billion (\$25.5 billion), a 2.1 percent increase in value over 2000. The French food industry is the world's largest exporter of processed products with about 10 percent of the global market

- Significant market opportunities for consumer food products exist in a number of areas, including specialty products, "ethnic" products, innovative dietetic and health products, and organic products. Niche market opportunities for exporters also exist for oilseeds, protein meals and other health/nutrition oriented vegetable products.

Sweden/Finland

- The food retail sectors in both Sweden and Finland are largely integrated and concentrated. In both Sweden and Finland, the three largest import/wholesale groups in each country cover over 70% of their markets. Significant changes have affected the retail food market in Sweden and Finland over the past few years. In both countries, the general discount stores, hypermarkets and large supermarkets are increasing in sales volume, while small and medium-sized stores lag behind. Elements of the restructuring of the sector include the on-going move toward vertical integration, the increasingly common use of exclusive contracts, consolidation of purchasing and deliveries and the growth of private labels.
- The wholesale and retail food market in Sweden is dominated by three groups, ICA, KF and Axfood AB, which together account for over 70 percent of the commodity retail market.
- In Finland, a few central retail organizations, (K-Group, S-Group, Tradeka/Elanto, Spar Group, Wihuri and Stockmann/Sesto) together dominate the retail food sector with an aggregate market share of nearly 95%. They also handle non-food products and specialties trading. In addition, almost one-third of the total wholesale trade in Finland goes through these organizations.
- The Nordic chains have closely knit wholesale and retail arrangements comprising a compact and efficient goods delivery system and a nationwide network of retail shops as well as department stores and supermarkets. Some also have hotel, restaurant, and catering services. The centralized system provides economies of scale to make distribution and imports in larger quantities possible.
- There are a number of importers and distributors in Sweden and Finland specialized in certain product segments, such as organic products or ethnic foods. These importers/distributors in turn sell to the large retail chains in the markets. These importers are ideal for exporters who do not feel that they can meet the volume requirements of the large retailers when dealing with them directly. Some of these importers also supply the Hotel Restaurant and Institutional (HRI) sector.
- Recently, there has been a dramatic increase of low-price food stores in both Sweden and Finland. The large Nordic retail chains have developed discount store concepts in order to meet the increased competition from European discount chains such as German Lidl and Danish Netto, which either are already present in these markets or in the process of establishing themselves. In 2001, half of the newly built stores in Sweden were discount stores.

- The retailers are aggressively promoting their own private label brands through TV commercials and news paper ads. Two of the largest Swedish retailers have set a goal of 15 percent market share in each product segment for their private label products by 2005. This development spells good potential for suppliers with private label capacities.

VII. Strategies for Lebanese Companies to Penetrate the European Market

- **Target northern and central/eastern European markets**, more than southern European oil producing countries, as retail sales in southern producer countries are dominated by local production.
- **Aim at markets with the best opportunities** including Germany, UK, France, the Netherlands, Scandinavia, and the higher-income central and eastern European and other EU Candidate States due to become EU members in 2004.
- **Focus on bottled, high-quality, “specialty” olive oil**, rather than sales of bulk product for blending and re-export, a lower value market with wide annual fluctuations and prices depending on EU production levels.
- **Keep up-to-date on key trends in EU consumer preferences**, and adopt marketing campaigns emphasizing:
 - Health and nutrition benefits of olive oils and olive products.
 - The “specialty food” characteristics of non-EU olive oils, offering geographic origins with novelty appeal.
 - Consider promoting organic oils, as sales are likely to increase in the EU even more than in the US, given high EU concerns over GM foods.
 - Emphasize cost savings to consumers, now that recent declines in retail prices in many markets are winning over new consumers on favorable prices.
 - Exporters to Europe of specialty products need to be aware that the EU system of Protected Geographic Indications is being used increasingly as a marketing tool and that products with these designations are becoming more attractive to consumers of high-end products.
 - Do not be afraid to price products at the high-end, as a substantial consumer segment is willing to pay relatively high prices for specialty or regional products including olive oils.
- **Focus on new high-growth, high-value niches** for products including olive oils.
 - **Stress Specialty and Regional characteristics:** Specialty olive oils, from “new” countries of origin with little or no competition from EU production, have good sales potential.. Quality olive oils originating outside the EU are increasingly considered to be “specialty” products or “luxury” items among higher income consumers. Exporters are likely to find this niche market to offer among the highest opportunities for export growth.

- **Promote olive oil as an “Ethnic” specialty food:** Promoting Lebanese oils as “ethnic” foods and “new” tastes is likely to draw high-end consumers increasingly away from purchases of oils from the EU’s traditional countries of origin of Italy, Spain and Greece.
 - **Target Lebanese and Middle Eastern Communities:** The “diaspora” of Lebanese overseas, particularly in France, the U.K. and northern Europe is a strong, if limited market in size. Focus on “regional” oil origins within Lebanon. Supplement marketing to Lebanese communities with promotions to other Middle Eastern and Halal communities in the EU.
 - **Market more organic olive oil:** The EU market for organic products is growing faster than in the U.S. given the emphasis on environmental and “non-GM” concerns in Europe boosting prospects for organic oils. Focus on Germany, the EU’s largest organic market, as well as the UK and Scandinavia. Stress organic oils uses both as ready cooking oil and as food ingredients, in baked goods, etc.
 - **Related olive products:** Consider products with olive ingredients such as olive oil soaps, particularly handmade products. Emphasize health and beauty benefits, and the lack of animal ingredients, preservatives or artificial coloring
- **Build strategic alliances with EU olive oil producer companies** that are becoming increasingly interested in expanding their production outside the EU. The trend to internationalize has accelerated as a result of intensifying domestic competition, and is leading to more “corporate alliances” whether through mergers, acquisitions, or production or export agreements.
- Companies that are beginning to externalize their production, i.e. to set up manufacturing plants abroad include in particular Spanish olive oil producers.
 - Target countries include several in Latin America such as Argentina, as well as in Mediterranean North African countries such as Tunisia and Morocco.
 - Lebanese companies in other sectors, including banking, finance, and insurance and ICT are increasingly forming strategic alliances or partnerships. Many are expanding their economies of scale through local mergers, to obtain greater benefits.
 - Lebanese olive oil producers should increasingly consider similar opportunities for alliances, particularly with EU producers in Italy and Spain.

■ General Marketing Strategies

Exporters to the EU should consider:

- ***Consumer characteristics:*** Target dual income families, singles, senior citizens and health and environmentally-conscious consumers. Influence consumer choices mostly through advertising campaigns.
- ***Unique Lebanese product characteristics:*** Regional specialties (i.e., olive oils from various regions of Lebanon, Accar, Marjayoun, and the Chofu.).
- ***Image appeal:*** Packaging can help a product find a niche in EU markets, particularly if the importer has access to stores and supermarkets that specialize in Lebanese, Middle Eastern or other foreign foods.
- ***Trade Shows and In-Store Promotions:*** Trade shows, in-store product demonstrations and tastiness can help familiarize French consumers' with U.S. food products. Trade shows are an excellent way to introduce new products to the market.

Appendix 1

Major EU Food Sector Distributors and Importers

For contact information on individual olive oil producers, importers and distributors that are members of national trade associations, contact the national food sector, or olive oil producers, associations listed below under each country:

For additional contact information on corporate buyers of food products by country:

See the database of over 20,000 buyers of food, farm, fish and forest products in 80 countries is available from the US Dept. of Agriculture's Foreign Agricultural Service. Each Foreign Buyer List provides key contact information on the foreign firm such as contact person, address, telephone, fax and type of product (s) imported. Exporters may order Foreign Buyer Lists for a \$15 service fee in different formats: Lists are available by product for a specific country – all known buyers of a specific product identified in a specific country (1) hard copy (2) labels – only name and address available. To order, contact:

USDA/FAS/AGX
 1400 Independence Ave, Room 4640-S
 Washington, DC 20250
 Phone: (202) 690-3416
 Fax: (202) 690-4374 or (202) 690-0193
 Form is available on-line at:
<http://www.fas.usda.gov/exporter.htm>

Major multinational food industry companies based in the E.U.

MANUFACTURER	COUNTRY OF ORIGIN	TOTAL TURNOVER IN 2000 (billion USD)	SECTOR	TOTAL OF EMPLOYEES
UNILEVER	Netherlands/United Kingdom	48.7	Food processors	295,000
DIAGEO	United Kingdom	17.4	Distillers & vintners	66,668
DANONE	France	12.9	Food processors	NA
ERIDIANA BEGHIN SAY	France	8.9	Food processors	NA
HEINEKEN	Netherlands	7.3	Brewers	NA
INTERBREW	Belgium	7.2	Brewers	34,203
CADBURY SCHWEPES	United Kingdom	6.7	Food processors	NA
PARMALAT	Italy	6.6	Food processors	NA

MANUFACTURER	COUNTRY OF ORIGIN	TOTAL TURNOVER IN 2000 (billion USD)	SECTOR	TOTAL OF EMPLOYEES
ASSOCIATED BRITISH FOODS	United Kingdom	6.5	Food processors	34,372
SCOTTISH & NEWCASTLE	United Kingdom	5.2	Brewers	57,745

Source: CIAA

UNITED KINGDOM

Major UK Retail Food Companies

Retailer Name	Outlet Type	Operating name	Store Type	Ownership	Sales 1998 \$ mn	No. of Outlets	Location	Purchasing Agent Type
Tesco	Major Retailer	Tesco Superstore Tesco Express Tesco Metro Tesco Compact	Large Store Gas Mart Mini Metro Town Store	UK	24010	479 15 40 51	Nationwide South Nationwide Nationwide	Importer, Direct
Sainsbury	Major Retailer	Sainsbury's Sainsbury Local Savacentre	Large Store Mini Store Large Store	UK	20380	391 2 13	Nationwide London Nationwide	Importer, Direct
Asda/Wal-Mart	Major Retailer	Asda Dales	Large Store Discount Store	US	11401	210 7	Nationwide Nationwide	Importer, Direct
Somerfield	Major Retailer	Somerfield/Gateway Food Giant Kwik Save	Town Store Discount Store Discount Store	UK	10185	533 24 871	Nationwide Nationwide Nationwide	Importer, Direct
Safeway	Major Retailer	Safeway	Large Store	UK	9953	422	Nationwide	Importer, Direct
Marks & Spencer	Dept. Store	Food Section	Large Store	UK	5178	289	Nationwide	Importer, Direct
Morrisons	Minor Retailer	n/a	Large Store	UK	3765	95	England	Importer, Direct
Waitrose	Minor Retailer	n/a	Large Store	UK	2742	117	England	Importer, Direct
Iceland	Minor Retailer	n/a	Large Store	UK	2568	734	Nationwide	Importer, Direct
Aldi	Discounter	n/a	Large Store	Germany	1036	180	All but the South	Importer, Direct

Retailer Name	Outlet Type	Operating name	Store Type	Ownership	Sales 1998 \$ mn	No. of Outlets	Location	Purchasing Agent Type
Budgens	Minor Retailer	n/a	Large Store	UK	634	177	Midlands & South East	Importer, Direct
Netto	Discounter	n/a	Large Store	Denmark	486	113	England	Importer, Direct
Lidl	Discounter	n/a	Large Store	Germany	448	100+	Nationwide	Importer, Direct

UK Food and Drink Federation

6 Catherine Street, London WC2B 5JJ
 Tel: 011 44 20 7836 2460 Fax: 011 44 20 7836 0580
 Web: <http://www.fdf.org.uk>

Institute of Grocery Distribution

Letchmore Heath, Watford WD2 8DQ
 Tel: 011 44 1923 857141 Fax: 011 44 1923 852531
 Web: <http://www.igd.org.uk>

Fresh Produce Consortium

Importers Division, 266-270 Flower Market
 New Covent Garden Market, London SW8 5NB
 Tel: 011 20 7627 3391 Fax: 011 20 7498 1191
 Web: <http://www.freshproduce.org.uk>

UK Food Standards Agency (FSA)

Room 306C, Ergon House
 PO Box 31037
 London SW1P 3WG
 Telephone: 011 44 20 7238 6550
 Fax: 011 44 20 7238 6330
 Email: helpline@foodstandards.gsi.gov.uk
 Website: www.foodstandards.gov.uk

London Importer's Directory,

U.S. Embassy homepage: <http://www.usda.org.uk>

NETHERLANDS

Albert Heijn BV
Provinciale weg 11
1506 MA Zaandam
Tel: 075-65 99 111
Fax: 075-65 98 360
Website: www.ah.nl

Laurus N.V.
Parallelweg 64
5223 AL Den Bosch
Tel: 073- 62 23 622
Fax: 073 62 23 636
Website: www.laurus.nl

TSN
(Trade Service Nederland)
Plotterweg 4
3821 BB Amersfoort
Tel: 033-45 33 6 00
Fax: 033-45 50 172

Lidl Nederland
Huizermaatweg 45
1273 NA Huizen
Tel: 035-52 42 411
Fax: 035-52 64 139

Superunie, C.I.V
Industrieweg 22b
4153 BW Beesd
Tel: 0345-68 66 66
Fax: 0345-68 66 00
Website: www.superunie.nl

Aldi Nederland
Erasmusweg 3
4104 AK Culemborg
Tel: 0345-47 29 11
Fax: 0345-41 93 83
Website: www.aldi.nl

Koopconsult B.V.
Flemingweg 1
2408 AV Alphen aan de Rijn
Tel: 0172- 44 82 00
Fax: 0172- 47 46 36

ITALY

UNAPROL

(Olive Oil Producers Assoc)
Raniero Filo della Torre, Director
Via Rocca di Papa 12
00179 Roma
Tel: +39-06-784-6901
Fax: +39-06-7834-4373
unaprol@unaprol.it

Consorzio Nazionale degli Olivicoltori (CNO)

Dott. G. Mercuri, Presidente
Via Piave, 8
00187 ROMA (Italia)
Tel: 39 06 48 77 41
Fax: 39 06 488 33 09

Federazione Nazionale del Commercio Oleario (FEDEROLIO)

Dott. Tullio Forcella
Direttore Generale
Via delle Conce, 20
00154 ROMA (Italia)
Tel: 39 06 5754201
Fax: 39 06 5781813
e-mail: federoli@tin.it

FEDERAGROALIMENTARE

Francesco De Leo
Via Gigli d'Oro 21
00186 Roma
Tel: +39-06-689-341
Fax: +39-06-689-3409
Federagroalimentare@confcooperative.it
Deleo.f@confcooperative.it

ANIPO

(National Importers/Exporters Horticultural Association)
Fausto Ratto, Secretary General
Largo Brindisi 5
00182 Roma
Tel: +39-06-7726-401
Fax: +39-06-700-4428
anipo0@confcommercio.it

Associazione Italiana Industria Olearia (ASSITOL)

(Veg Oil)
Giorgio Cilenti, Director General
Piazza Campitelli 3
00186 Roma
Tel: +39-06-6994-0058
Fax: +39-06-6994-0118
<http://www.foodarea.it/associazioni/assitol>
assitol.it@iol.it

Unione Nazionale Associazioni Produttori Olivicoli (UNAPOL)

Dott. Giuseppe Ardito, Direttore
Via San Damaso, 13
00165 ROMA (Italia)
Tel.: 39 06 39365210
Fax.: 39 06 39365211

GERMANY

BVE - National Federation of the German Food Industry

BE Godesberger Allee 132 – 148
53175 Bonn, Germany
Tel: (0228) 30829 - 0
Fax: (0228) 30829 – 99
Bve@be-online.de
www.be-online.de

National Federation of German Wholesale and Foreign Trade

www.bga.de

SPAIN

**Asociación Española de la Industria y
Comercio Exportador de Aceite de Oliva (ASOLIVA)**

Sr. D. Juan Vicente Gómez Moya
Directorc/ José Abascal,
4028003 MADRID (España)
Tel: 34 91 4468812
Fax: 34 91 5931918
e-mail: direccion@asoliva.com

PORTUGAL

CASA DO AZEITE Associação do Azeite de Portugal
M. J. Arouca, Président
1250 LISBOA (Portugal)
Tel: 351 1 3863054/38633633
Fax: 351 1 3861970

GREECE

Greek Association of Industries and Processors of Olive Oil (SEVITEL)

Dr. Gregory Antoniadis
President
15a, Xenophontos Street
10557 ATHENS (Greece)
Tel: 30 1 3238856 / 3223165/ 3223402
Fax: 30 1 3246408
e-mail: sevitel@oliveoil.gr

Hellenic Association of Olive Oil Packers (ESVITE)

Mr Panayotis Dimitropoulos, President
64, L. Riancour Str.
Ampelokipi
11523 ATHENS (Greece)
Tel.: 30 1 6924086/6912422
Fax: 30 1 6912935

FRANCE

Agency responsible for French label/product ingredient regulations:

Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes (DGCCRF)

Ministère de l'Economie, des Finances et de l'Industrie
59, boulevard Vincent Auriol
75703 Paris Cedex 13
Tel: (33-1) 44 87 1717/Fax: (33-1) 44 97 3031
Internet:

Agency responsible for promotion and control of food quality:

Direction Générale de l'Alimentation (DGAL)

Ministère de l'Agriculture et de la Pêche
251, rue de Vaugirard - 75015 Paris
Tel: (33-1) 49 55 4955 Fax: (33-1) 49 55 4850
Internet: www.agriculture.gouv.fr

For information on duties, taxes, and documentation:

Centre de Renseignements Douaniers

84, rue d'Hauteville

75010 Paris

Tel: (33-1) 53 24 6818/Fax: (33-1) 53 24 6830

Email:

SWEDEN

Swedish Board of Agriculture

S-551 82 JONKOPING

Sweden

Tel: (46-36) 15 50 00

Fax: (46-36) 19 05 46

E-mail: jordbruksverket@sjv.se

www.sjv.se

National Food Administration

Box 622

S-751 26 UPPSALA

Sweden

Tel: (46-18) 17 55 00

Fax: (46-18) 10 58 48

www.slv.se

Swedish Customs

Box 12854

S-112 98 STOCKHOLM

Sweden

Tel: (46-771) 23 23 23

Fax: (46-8) 20 80 12

www.tullverket.se

Statistics Sweden

Box 24300

S-104 51 STOCKHOLM

Sweden

Tel: (46-8) 506 940 00

Fax: (46-8) 661 5261

E-mail: scb@scb.se

www.scb.se

Association of Swedish Chambers of Commerce

Box 16050
S-103 21 STOCKHOLM
Sweden
Tel: (46-8) 555 100 00
Fax: (46-8) 566 316 35
www.cci.se

Swedish Federation of Trade

S-103 29 STOCKHOLM
Sweden
Tel: (46-8) 767 7700
Fax: (46-8)767 7777
www.svenskhandel.se

FINLAND

Finnish Food and Drink Industries' Federation

PL 115
FIN-00241 HELSINKI
Finland
Tel: (358-9) 148 871
Fax: (358-9) 1488 7201
Email: info@etl.fi
www.etl.fi

National Veterinary and Food Research Institute (EELA)

P.O. Box 45
FIN-00580 HELSINKI
Finland
Tel: (358-9) 393 101
Fax: (358-9) 393 1811
Email: webmaster@eela.fi
www.eela.fi

Plant Production Inspection Centre

P.O. Box 42
FIN-00501 HELSINKI
Finland
Tel: (358-9) 5765 111
Fax: (358-9)5765 2734
www.kttk.fi

Ministry of Agriculture & Forestry

Food and Health Department

P.O. Box 30

FIN-00230 HELSINKI

Finland

Tel: (358-9) 1605 3336

Fax: (358-9) 1605 3338

www.mmm.fi

National Board of Customs

P.O. Box 512

FI-00101 Helsinki

Finland

Tel: (358-9) 6141

Fax: (358-9)20492 2852

www.tulli.fi

National Food Administration

P.O. Box 28

FIN-00581 HELSINKI

Finland

Tel: (358-9)3931 500

Fax: (358-9) 3931 590

www.elintarvikevirasto.fi

Appendix 2

Key EU Trade Show Information

FRANCE

SIAL 2002

Paris-Nord Villepinte
October 20-24, 2003
Tel: (704) 365 0041
Fax: (704) 365 8426
Internet: <http://www.sial.fr> - Biennial Show
Email: exposium@imexmg.com

International Food Products
Show

SIRHA INTERNATIONAL FOOD TRADE EXHIBITION

Lyon - Eurexpo
January 25-29, 2003
Organizer: SEPELCOM
Tel: (33-4) 72 22 3255
Fax: (33-4) 72 22 3218
Internet: www.sirha.com
Contact: Marie-Odile Fondeur
Email: mofondeu@sepelcom.com

International Food &
Gastronomy
Trade Show

SALON INTERNATIONAL DE L'AGRICULTURE

Paris Porte de Versailles
February 22-March 2, 2003
Organizer: Comite des Expositions de Paris
Tel: (33-1) 49 09 6000
Fax: (33-1) 49 09 6158
E-mail: agriculture@comite-expo-paris.asso.fr
Internet: <http://www.comite-expo-paris-asso.fr>
Annual Show

Int'l. Agricultural Show

FOIRE INTERNATIONALE DE PARIS

Paris Porte de Versailles
April 30-May 11, 2003
Organizer: Comite des Expositions de Paris
Tel: (33-1) 49 09 6000
Fax: (33-1) 49 09 6003
E-Mail: info@comite.expo.paris.asso.fr
Internet: www.foiredeparis.fr
Annual Fair

International Food, Beverages &
Tourism Fair

WORLD ETHNIC FOOD & SPECIALTY SHOW

International Ethnic & Specialty
Foods

Porte de Versailles, Paris

June 3-4, 2003

Organizer: Algodoal

Tel: (33-1) 44 74 5010

Fax: (33-1) 44 74 5067

E-mail: ABonnel@aol.com

Internet: www.ethnicfoodshow.com

Annual Show

VINEXPO

International Wine & Spirits
Exhibition

Bordeaux-Lac

June 22-26, 2003

Organizer: Vinexpo

Contact: Philippe Dufan

Tel: (33-5) 56 56 0022

Fax: (33-5) 56 56 0000

E-mail: info@vinexpo.fr

Internet: <http://www.vinexpo.fr>

ITALY

QUALITY SHOW - FIERA AGRICOLA

Gourmet Foods Show

Location: Verona, Italy

Date: March 6-10, 2003

Frequency: Annual

Organizer: Verona Fiere

Contact: Flavio Piva, Assistant to the General Director - Planning
and Development

E-mail: piva@veronafiere.it

Website: www.veronafiere.it

Tel: (011) (39) 045 829 8178

Fax: (011) (39) 045 829 8174

**9th INTERNATIONAL EXHIBITION OF
EXTRA-VIRGIN AND VIRGIN OLIVE OIL**

Olive Oil Show

April 10 - 14, 2003

Organizer: Veronafiere

Verona, Italy

Tel: (011) (39) 045 829 8178

Fax: (011) (39) 045 829 8174

website: veronafiere.it/sol

MEDITERRANEAN SEAFOOD SHOW (MIA)

Food and Drink Show

Location: Rimini, Italy
Date: February 25-26, 2003
Frequency: Annual
Organizer: Ente Fiera di Rimini
Via della Fiera, 52-C.P. 300
47037 Rimini
Tel. (011) (39) 541 711711
Fax: (011) (39) 541 786686
Website: www.fierarimini.it

VINITALY

International Wine and Spirits Show

Location: Verona, Italy
Date: April 10-14, 2003
April 8-12, 2004
Frequency: Annual
Organizer: Veronafiere
Website: www.vinitaly.it
Tel: (011) (39) 045 829 8178
Fax: (011) (39) 045 829 8174

SALONE DEL GUSTO

Food & Beverage Show

Location: Turin, Italy
Date: October 2003
Frequency: Biannual
Organizer: Slow Food Italia
Tel: (011) (39) 0172 436711
Fax: (011) (39) 0172 411299
Website: www.slowfood.com

EXPO FOOD

Food & Beverage Show

Location: Milan, Italy
Date: November, 2003
Frequency: Annual
Organizer: Expo CTS
Via Londonio 2
20154 Milan
Tel. (011) (39) 02 349841 Fax: (011) (39) 02 33600493

SANA

Organic / Health Food Show

Location: Bologna, Italy
Date: September 12-15, 2002
September 11-14, 2003
Organizer: Fiere e Comunicazione srl
Via S. Vittore 14
20123 Milan Tel. (011) (39) 02 86451078

GERMANY

Additional information about the following and other German exhibitions and trade shows can be found under the following Internet address: <http://www.auma.de> .

Important German Food/Agricultural Trade Shows		
<p>ANUGA 2003 Cologne, Germany,(Interval: 2 years) Information on ANUGA can be viewed at Target Market: Europe/International</p> <p>One of the leading international trade shows for food and beverages and the premier show of its kind held in Germany.</p>	October	U.S. Pavilion Organizer: B*FOR International, Tel: (540) 373-9935 Fax: (540) 372-1414 http://www.koelnmesse.de/anuga
<p>Fruit Logistica 2003 Berlin, Germany (Interval: yearly)</p> <p>Target Market: Germany/Central & Eastern Europe Good venue for exhibiting fresh and dried fruit, nuts and related products. The trade-only show is held in conjunction with the International Green Week .</p>	January	U.S. Pavilion Organizer: B-For: Tel: (540) 372-3777 Fax: (540) 372-1411. http://www.fruitlogistica.de
<p>IPM 2001 (International Plant Show) Essen, German ,(Interval: yearly)</p> <p>Target Market: Germany/Europe European trade fair for the horticultural and nursery industry.</p>	February	U.S. Pavilion Organizer: Essen fairground's U.S. office: Tel: (212) 356-0406 Fax: (212) 356-0404. http://www.messe-essen.de
<p>Bio Fach 2003 Nuremberg, Germany (Interval: yearly)</p> <p>Target Market: Germany/Europe The leading European trade show for organic food and non-food products.</p>	February	U.S. Pavilion Organizer: Nuremberg fairground's U.S. representative Tel: (978) 371-2203 Fax: (978) 371-7121 http://www.biofach.de
<p>Internorga 2003 Hamburg, Germany, (Interval: yearly)</p> <p>Target Market: Northern Germany Show for the hotel, restaurant, catering, baking and confectionery trades.</p>	March	Show Organizer: Tel: (49-40) 35 69 0 Fax: (49-40) 36 69 21 80 http://www.hamburg-messe.de

Important German Food/Agricultural Trade Shows		
<p>InterCool 2004 Dusseldorf, Germany, (Interval: 2 years)</p> <p>Target Market: Germany/Europe Trade show for frozen foods, ice cream, and refrigeration technology. Held in conjunction with InterMeat and InterMopro.</p>	<p>September</p>	<p>Show Organizer: Tel: (49-211) 45 60 01 Fax: (49-211) 45 60 668</p>

Appendix 3 LINKS

The European Commission's Eur-lex website is <http://europa.eu.int/eur-lex/> which provides updated listings of all EU Directives/Regulations related to the EU food industry. Full texts in the 11 official languages of the European Union, including tables and graphics, are available on the "Eur-lex" website

EU legislation in force can be found at <http://europa.eu.int/eur-lex/en/lif/index.html>

The EC Official Journal is <http://europa.eu.int/eur-lex/en/oj/index.html> The Official Journal is the EU equivalent to the U.S. Government's "Federal Register". The L (Legislation) and C (Information and Notices) series of the Official Journal appear daily.

The "EU Practical Guide" explaining packaging directives can be downloaded from www.useu.be/agri/packaging.html.

Useful summaries of information on EU food import rules as well as general information on EU import duties and quotas can also be found on the USDA / FAS website at <http://www.useu.be/agri/usda.html>. The website also links to additional sources of useful information.

FAIRS reports prepared by USDA Offices of Agricultural Affairs in each Member State are sources of information on member state specific rules and can be found at www.useu.be/agri/fairs.html.

Organic food requirements are summarized at www.useu.be/agri/organic.html.

Association Agreement between the EU and Lebanon The text of the Association Agreement between the EU and Lebanon is available on-line at www.dellbn.cec.eu.int/english/text.htm. The Interim Agreement was published in Official Journal L 262, 9/30/02 and is available on-line at http://europa.eu.int/eur-lex/en/oj/2002/L_26220020930en.html.

Mailing Addresses:

Commission of the European Communities

Rue de la Loi 200
1049 Brussels, Belgium
Tel: (32-2) 299 11 11

Office for Harmonization in the Internal Market

Avenida de Aguilera, 20
03080 Alicante, Spain
Tel. (34-96) 513 92 43 Fax. (34-96) 513 91 73

Appendix 4

13/12/2002

**EUROPEAN COMMUNITY COMMENTS
ON CODEX CIRCULAR LETTER CL 2002/49-FO****DRAFT REVISED STANDARD FOR OLIVE OILS AND
OLIVE POMACE OILS
(At Step 6 of the Procedure)**

At the 16 th CCFO session the Secretariat of CCFO noted that the classification of olive oils was under review in the IOOC and the EC and the Draft Standard for Olive Oil was returned to Step 6 as no consensus could be reached in London (2001). The European Community would like to submit some amendments to the Revised Standard which are a compromise between the IOOC Standard and the European legislation.

The Appendix to this standard contains provisions which are intended for voluntary application by commercial partners, with the exception of section 1.4 peroxide value; section 2.1 palmitic acid in the 2- position and section 3.6, absorbency in ultra-violet, and not for application by governments.

1. SCOPE

This standard applies to olive oils and olive-pomace oils described in Section 2 presented in a state for human consumption.

2. DESCRIPTION

2.1 *Olive oil* is the oil obtained solely from the fruit of the olive tree (*Olea europaea* L), to the exclusion of oils obtained using solvents or re-esterification processes and of any mixture with oils of other kinds.

2.2 *Virgin olive oils are* the olive oils obtained from the fruit of the olive tree solely by mechanical or other physical means under conditions, particularly thermal conditions, that do not lead to alterations in the oil, and which has not undergone any treatment other than washing, decanting, centrifuging and filtration 1.

2.3 *Olive-pomace oil* is the oil obtained by treating olive pomace with solvents or in certain cases by physical treatments, to the exclusion of oils obtained by re-esterification processes and of any mixture with oils of other kinds 1.

3. ESSENTIAL COMPOSITION AND QUALITY FACTORS

1 Virgin olive oils non suitable for human consumption and having certain characteristics to be laid down by the countries concerned, can be classified as olive-pomace oils. 3.1 *Extra virgin olive oil*: virgin olive oil with a free acidity, expressed as oleic acid, of not more than 0.8 gram per 100 grams and whose other characteristics correspond to those laid down for this category.

3.2 **Virgin olive oil:** virgin olive oil with a free acidity, expressed as oleic acid, of not more than 2.0 grams per 100 grams and the whose other characteristics correspond to those laid down for this category.

3.3 **Ordinary virgin olive oil:** virgin olive oil with a free acidity, expressed as oleic acid, of not more than 3.3 grams per 100 grams and whose other characteristics correspond to those laid down for this category 2.

3.4 **Refined olive oil:** olive oil obtained from virgin olive oils by refining methods which do not lead to alterations in the initial glyceridic structure. It has a free acidity, expressed as oleic acid, of not more than 0.3 grams per 100 grams and its other characteristics correspond to those laid down for this category 2.

3.5 **Olive oil:** oil consisting of a blend of refined olive oil and virgin olive oils suitable for human consumption,. It has a free acidity, expressed as oleic acid, of not more than 1 grams per 100 grams and its other characteristics correspond to those laid down for this category 3.

3.6 **Refined olive-pomace oil:** oil obtained from crude olive-pomace oil by refining methods which do not lead to alterations in the initial glyceridic structure. It has a free acidity, expressed as oleic acid, of not more than 0.3 grams per 100 grams and its other characteristics correspond to those laid down for this category 2.

3.7 **Olive-pomace oil:** oil consisting of a blend of refined olive-pomace oil and virgin olive oils . It has a free acidity, expressed as oleic acid, of not more than 1 grams per 100 grams and its other characteristics correspond to those laid down for this category 3.

4. FOOD ADDITIVES

4.1 Virgin olive oils

No additives are permitted in these products.

4.2 Refined olive oil, olive oil, refined olive-pomace oil and olive-pomace oil

The addition of alpha-tocopherol to the above products is permitted to restore natural tocopherol lost in the refining process. The concentration of alpha-tocopherol in the final product should not exceed 200 mg/kg.

5. CONTAMINANTS

5.1 Heavy metals

The products covered by the provisions of this standard shall comply with maximum limits being established by the Codex Alimentarius Commission but in the meantime the following limits will apply:

MAXIMUM PERMISSIBLE CONCENTRATION

Lead (Pb) 0.1 mg/kg

Arsenic (As) 0.1 mg/kg

5.2 Pesticide residues

The products covered by the provisions of this standard shall comply with those maximum residue limits established by the Codex Alimentarius Commission for these commodities.

5.3 Halogenated solvents

Maximum concentration of individual halogenated solvents 0.1 mg/kg

Maximum sum of concentration of all halogenated solvents 0.2 mg/kg

6. HYGIENE

6.1 It is recommended that the products covered by the provisions of this Standard be prepared and handled in accordance with the appropriate sections of the Recommended International Code of Practice - General Principles of Food Hygiene (CAC/RCP 1-1969, Rev. 3-1997), and other relevant Codex texts such as Codes of Hygienic Practice and Codes of Practice.

6.2 The products should comply with any microbiological criteria established in accordance with the Principles for the Establishment and Application of Microbiological Criteria for Foods (CAC/GL 21-1997).

7. LABELING

The products shall be labeled in accordance with the Codex General Standard for Labeling of Prepackaged Foods (CODEX STAN 1 - 1985, Rev. 1-1991).

7.1 Name of the food

The name of the product shall be consistent with the descriptions as shown in Section 3 of this standard. In no case shall the designation 'olive oil' be used to refer to olive-pomace oils.

7.3 Labeling of Non-Retail Containers

Information on the above labeling requirements shall be given either on the container or in accompanying documents, except that the name of the food, lot identification and the name and address of the manufacturer or packer shall appear on the container. However, lot identification and the name and address of the manufacturer or packer may be replaced by an identification mark, provided that such a mark is clearly identifiable with the accompanying documents.

8. METHODS OF ANALYSIS AND SAMPLING

8.1 Determination of the organoleptic characteristics

According to COI/T.20/Doc. no. 15.

8.2 Determination of free acidity

According to IUPAC 2.201 or ISO 660: 1996.

8.3 Determination of the fatty acid composition

According to IUPAC 2.301, 2.302 and 2.304 or ISO 5508: 1990 and 5509: 2000 or AOCS Ce 2-66, Ch 2-91.

8.4 Determination of *trans* fatty acids content

According to COI/T.20/Doc no. 17 or IUPAC 2.304 or ISO 15304: 2001 or AOCS Ce 1f-96.

8.5 Determination of wax content

According to COI/T.20/Doc. no. 18.

8.6 Calculation of the difference between the real and theoretical ECN 42 triglyceride content

According to IUPAC 2.507 (for purification of oils prior to triglyceride analysis) and IUPAC 2.324 and COI/T.20/Doc. no. 20.

8.7 Determination of sterols composition and content

According to COI/T.20/Doc. no. 10, or IUPAC 2.403 or ISO 12228: 1999.

8.8 Determination of erythrodiol content

According to IUPAC 2.431.

8.9 Detection of refined vegetable oils

According to COI/T.20/Doc. no. 11 and COI/T.20/Doc. no. 16 or ISO 15788-1: 1999.

8.10 Determination of alpha-tocopherol

According to IUPAC 2.432 or ISO 9936-1997.

8.11 Determination of arsenic

According to AOAC 952.13, IUPAC 3.136, AOAC 942.17, or AOAC 985.16.

8.12 Determination of lead

According to IUPAC 2.632, AOAC 994.02 or ISO 12193: 1994.

8.13 Detection of traces of halogenated solvents

According to COI/T.20/Doc. no. 8, Corr.1, 1990.

8.14 Sampling

According to ISO 661: 1989 and ISO 5555: 2001.

APPENDIX:

OTHER QUALITY AND COMPOSITION FACTORS