Indian Olive Association

From the President's Desk

Dear Friends,

The Association has several updates to share regarding the recent hike in import duty of olive oil and other issues with respect to olive oil and table olives concerning the industry.

On 1 February, 2018 the import duty rates were increased on crude olive oil from 12.5% to 30% and on refined from 20% to 35%. The Association has written to Finance Minister Shri Arun Jaitley to reverse the decision to increase the import duties on olive oil and increase the duty difference between crude and refined varieties. The request is to bring the duties down to 5% and 20% for crude and refined respectively. The details are given in the relevant item below.

The Association also organized an Interactive Meeting with the delegation from Tunisia led by Mr. Chokri Bayoudh, President, ONH, Tunisia on 13th March 2018 at New Delhi.

The Association has been playing an active role in representing the importers of olive and olive oils on various fronts and will continue strongly to represent the Olive Oil and Table Olives sector in India in order to improve awareness and to educate consumers about the numerous health benefits of these products. We seek your continued support.

We are happy to welcome Frigorifico Allana Private Limited as a new member of the Association.

V N Dalmia

Hike in Import Duty of Olive Oil

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The Indian Olive Association has written to the Hon'ble Finance Minister Shri Arun Jaitley and other relevant officials to reverse the decision to increase the import duties on olive oil and increase the duty difference between crude and refined varieties. The request is to bring the duties down to 5% and 20% for crude and refined respectively.

In the Representation, the Association requested to not increase further the import duties on Olive (1509) and Olive Pomace (1510) oils but in fact, reduce them to earlier levels. The rationale for this is that in value terms, the impact is huge as the base price of these oils is very high and they don't affect the oil economy of India (see Table 1). Neither do they substitute any other oils and nor is there any domestic crop such that it can affect the Indian farmers' income. In addition to that the duty difference between crude and refined may be increased as it is among the lowest of all oils (see Table 2). This will make refining in India viable and be in line with the Make in India programme.

News from Olive Oil World

Source: http://www.internationaloliveoil.org/news/view/698-year-2018-news/1049-ioc-data-for-the-2017-18-crop-year-show-a-year-on-year-increase-in-the-production-of-olive-oil

Tunisia: Olive oil production to hit new record in the 2017-18 season

In Tunisia, olive oil production will reach a new record during the 2017-18 season. Indeed, the national oil office (ONH) indicated that the oilseed's volume is expected to be 2,80,000 tons during the period under review, well beyond the 5-year average of 1,90,000 tons and the International Olive Oil Council's initial estimates of 2,20,000 tons.

Meanwhile, shipments should pursue the momentum recorded at the beginning of this year, reaching 2, 00, 000 tons by the end of the season, next October.

For the record, at the end of March, Tunisia exported 1, 10, 000 tons of olive oil in bulk and collected TND1.13 billion ($473 million) as revenue.

Let's note that Tunisia which is the second country in the world in terms of area devoted to olive tree growing, after Spain, exports about 80% of its yield.

Source: https://www.ecofinagency.com/agriculture/1604-38349-tunisia-olive-oil-production-to-hit-new-record-in-the-2017-18-season

Did You Know?

A nutritional component of olive oil is associated with processes that prevent the formation of tumors in the brain

A chemical compound found in olive oil can help prevent cancer that develops in the brain, according to a new study published in the Journal of Molecular Biology. The study on oleic acid (the main ingredient in olive oil) has shown how it can help prevent cancer-causing genes from being expressed in cells.

The researchers analyzed the effect of oleic acid on a cell molecule, known as miR-7, which is active in the brain and is known to suppress tumor formation. They found that oleic acid prevents a cellular protein, known as MSI2, from stopping the production of miR-7. In this way, oleic acid supports the production of miR-7, which helps to prevent tumors before formation.

Source: https://theweeklyobserver.com/nutritional-component-olive-oil-associated-processes-prevent-formation-tumors-brain/33171/

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Suggested duty structure – Refined: 20%, Crude 5% for HS codes 1509 and 1510

Table 1

Bulk Prices of various oils and duty impact (as of 1st March 2018)			
Oil	CIF Rs/kg	Duty % +Surcharge	Net Duty Rs/kg
Crude Palm	46	48.4%	22.26
Crude Soya	51	33.0%	16.83
Crude SFO	51	27.5%	14.03
Crude Canola	55	27.5%	15.13
Olive oil (1509)	275	38.5%	105.88
Olive Pomace oil (1510)	195	38.5%	75.08

Table 2

Duty (+ surcharge) difference on various oils			
Oil	Crude	Refined	Difference
Palm	48.4%	59.5%	11.1%
Soya	33.0%	38.5%	5.5%
SFO	27.5%	38.5%	11.0%
Canola	27.5%	38.5%	11.0%
Olive oil (1509 & 1510)	33.0%	38.5%	5.5%

India Increases Duties on Olive Oil Again

Olive Oil Times - 3 April 2018

On February 1, Indian finance minister Arun Jaitley announced that duties for extra virgin and virgin olive oil were increasing from 12.5 percent to a whopping 30 percent, while those for refined olive oil (olive oil and olive pomace oil) would jump from 20 to 35 percent.

"These duties are excessive looking at the fact that India doesn't produce any commercial level olive crop" - Rahul Upadhyay, Indian Olive Association

Olive oil was included in a long list of edible vegetable oils subject to the increase which also included groundnut (peanut), cottonseed, safflower seed, saffola, coconut, palm kernel, linseed, corn, castor and sesame oils.

While some praised the government's move as a way to safeguard the interests of domestic producers, the Indian Olive Association (IOA) called the increase "exorbitant and extraordinary". "There is no domestic production of olive oil in India; hence there are no domestic farmers who are affected by olive oil imports or who need protection," the association stated in a press release dated February 1.

The IOA press release also points out other reasons the move is illogical when it comes to the olive oil industry. While prices of other types of edible oil have declined in India in recent years, the cost of olive oil from supplier countries like Spain and Italy has increased in the past two years because of a fall in production. Also, the appreciation of the Euro against the Rupee has resulted in an even higher cost for Indian importers.

Indian import duties imposed on olive oil have been steadily increasing since 2014 when the government launched its "Made in India" program with the aim to encourage domestically manufactured goods. Duties on olive oil increased from 0 percent for crude oil and 7.5 percent for refined oil in 2013, to 7.5 and 15 percent respectively in 2015, before further rising to 12.5 and 20 percent in 2017.

Olive oil body upset with import duty hike

Hindu Business Line - 2 February 2018

An ill-conceived move, says association chief V N Dalmia.

Even as the edible oil sector was all praise for the hike in the import duty to safeguard domestic industry, the Indian Olive Association strongly criticised the hike in the import duty on olive oil. Finance Minister Arun Jaitley has announced an increase in duty rates on crude (extra virgin) olive oil from 12.5 per cent to 30 per cent and on refined (olive oil and olive pomace oil) from 20 per cent to 35 per cent.

IOA President V N Dalmia reasoned the objection to Jaitley's proposal, citing the health benefits of olives, which is not an Indian crop and the country had to depend on imports for olive oil. The rate increases are exorbitant and extraordinary. These rates are even more unreasonable considering that there is no domestic production of olive oil in India. Hence, domestic farmers are not affected by olive oil imports.

"This is not a crop of India and farmers do not need protection by imposition of import duty. Prices of other edible oils may have declined, but olive oil prices have not experienced any such trend," said Dalmia. He added that successive droughts in the producer countries - mainly Spain and Italy - had seen the landed price of olive oil in India rise in the past few months.

"Landed prices have almost doubled in the last two years and this is expected to continue in the months to come. Prices of seed oils may have declined, but olive oil prices have shown an increasing trend," he added, underlining the need to relax import duty on olive oils, primarily in the backdrop of health needs, to minimise the risk of lifestyle diseases such as cancer, cholesterol and diabetes.

"The government's effort should be to make the product increasingly accessible to the Indian consumer given its overarching and universally accepted health benefits. Instead, its ill-conceived and misguided actions will result in exactly the opposite," added Dalmia.

Interactive Meeting with Chokri Bayoudh, President, ONH, Tunisia

The Indian Olive Association organized an Interactive Meeting with the delegation from Tunisia led by Mr. Chokri Bayoudh, President, Office National De L'Huile (ONH), Tunisia on Tuesday, 13th March 2018 at PHD House, New Delhi. Mr. Bayoudh was accompanied by H.E. Mr. Nejmeddine Lakhal, Ambassador of Tunisia to India and Mr. Jamal Boujdaria, Deputy Chief of Mission, Embassy of the Republic of Tunisia, New Delhi. They discussed ways to promote the use of olive oil in India and to increase awareness of Tunisian olive oil.

(L to R): Mr. Jamal Boujdaria, Deputy Chief of Mission, Embassy of the Republic of Tunisia; Mr. V N Dalmia, President, Indian Olive Association; Mr. Chokri Bayoudh, President, Office National De L'Huile (ONH), Tunisia; H.E. Mr. Nejmeddine Lakhal, Ambassador of Tunisia to India and Mr. Monsieur Badii Klibi.

FSSAI notifies table olive standards

Based on the representation from the Indian Olive Association, the Food Safety and Standards Authority of India (FSSAI) revised the Table Olives standards to maintain uniformity with CODEX as suggested. The new standards were notified by FSSAI on 2nd August 2017. The link to the notification is given below:

https://www.fssai.gov.in/dam/jcr:aae04153-2d86-4c96-ae4b-a1e84eaf2ba8/Gazette_Notification_Standards_Fruits_FPSFA_09_08_2017.pdf

News from Olive Oil World

IOC data for the 2017/18 crop year show a year-on-year increase in the production of olive oil

Performance figures for the 2017/18 crop year point to worldwide growth compared to the last crop year. IOC data for November 2017, estimate world production at 2,9,00,000 tonnes (t). This data is provisional and subject to further updates. As always, European production takes the lead, with the joint production of Spain, Italy, Greece and Portugal totallingto approximately 1,8,00,000 t. These countries are followed by Algeria, Argentina, Jordan, Morocco, Palestine, Tunisia and Turkey, estimated to have jointly produced over 8,00,000 t of olive oil, and by non-Member countries Syria, Australia and Chile, producing 1,77,000 t.

Given the abundant rainfall in many countries in the past autumn and winter, it is highly likely that this data will be revised up. In that case, increased production will contribute to stabilising product prices on the international market.

The main importer of olive oil continues to be the United States, accounting for 37% of the world market, followed by the European Union, which accounts for 16%.

The Executive Director of the IOC, Abdellatif Ghedira, said that "there is global demand for increased production, and our efforts must go towards sustaining growth within a framework of common regulations, to satisfy the international market's growing focus on quality products".

The IOC's current membership comprises Algeria, Argentina, Egypt, the European Union (and its 28 Member States), the Islamic Republic of Iran, Israel, Jordan, Libya, Montenegro, Morocco, Palestine, Tunisia, Turkey and Uruguay. These countries account for 94% of world olive oil production, 96% of the export market, and 72% of consumption.

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