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Indian Olive Association

From the President's Desk



As you are aware, the Government has decided to impose a 2.5 per cent duty on imports of crude edible oils which will be applicable to imports of extra virgin olive oil effective from 23rd January 2013. The levy of import duty has been done with the objective to shore up the price payable to farmers for fresh fruit bunches of oil palm, which is linked to the landed price of crude palm oil (CPO). There is no change in import duty of refined oil. At present, all refined oil imports are taxed at 7.5 per cent.

In the Union Budget for fiscal year 2013-14, the government has withdrawn the exemption of Education Cess of 3% from olive oil and soya oil, etc. which will raise the effective rate of duty on olive oil and olive pomace oil by 0.225% and on extra virgin olive oil by 0.075%

I attended the OlioOfficina Food Festival, Milan from 24 - 26 January, 2013 in the capacity of President, IOA. The Conference had taken IOA as an institutional sponsor free of cost. During the Inaugural Session, I spoke about IOA and the various initiatives taken by our Association to promote olive oil in India, the growth scenario and use of olive oil in Indian cooking.

I am happy to mention that the organizers of the OlioOfficina Festival in Milan conferred the olive oil cultural award "Premio Cultura Dell'Olio" upon me. Premio Cultura Dell'Olio is the top award of the Festival.

We are happy to welcome M/s Modi Naturals Limited (Brands-Oleev and Tarai) as a new member of the Association.

V N Dalmia
 V N Dalmia

IOA Representation and Press Release on proposed new FSSAI Olive Oil Standards

To detect and prevent adulteration and rancidity and to safeguard consumer health, the Indian Olive Association (IOA) has submitted suggestions to amend the notification of the Food Safety and Standards Authority of India (FSSAI) proposing new trade standards for olive oil. IOA in a letter to the Chief Executive Officer of FSSAI, suggested that 4 items be added to the proposed new standards as per details below:

S. No.	Item	Reason	Codex/IOC Standards
1.	Fatty Acid composition	To detect and prevent adulteration.	(Codex Standards 3.9, IOC Standards 3.1)
2.	Peroxide Value	To detect rancidity.	(Codex Standards - 3.14, IOC Standards - 4.3)
3.	Pesticide Residue	To safeguard consumer health.	(Codex Standards - 5.2, IOC Standards - 6.2) and
4.	Composition characteristics	To detect and prevent adulteration.	(Codex Standards - 2.1)

The 4 items are an essential bare minimum for consumer health and safety, and are already part of Codex and International Olive Council (IOC) Standards. In order to conform to Codex standards in entirety, FSSAI would have had to add at least 15 items.

IOA had originally taken up with FSSAI the matter of amending trade standards for olive oil in 2007 and had proposed that Indian standards be amended to conform to IOC standards. Subsequently, FSSAI had accepted to consider

amendments based on the standards prevalent in Codex and not those of IOC. IOA had then proposed to FSSAI to amend the Indian standards based on Codex standards. While FSSAI's new standards incorporate some of IOA's suggestions, many items have been left out. IOA, while largely accepting the amendments proposed, has also pointed out a minor defect in regard to quality characteristics of olive pomace oil but, more importantly, proposed that at least the 4 additional standards previously mentioned be included in the amended standards.

The Press Release was widely covered by the media.

Increase of Olive Oil Prices

In January, the President of the Association issued a press release stating that Olive Oil prices are on the boil and have risen more than 50% compared to 6 months ago.

The Press Release stated that added to the depreciation of the rupee, costs have risen substantially and brands have begun hiking prices to meet costs. Raw material costs indicated on the commodity exchanges of Italy and Spain show the following trend:

	Price per Kg (in Euros)		% Increase
	July, 2012	January, 2013	
Olive Pomace Oil	1.25	1.90	52
Refined Olive Oil	2.00	2.95	47.5
Extra Virgin	2.22	2.94	32.54

(Sources: Extra Virgin - IndexMundi.com.Others - teatronaturale.it)

(Commodity prices at origin are indicative and do not include processing, packaging or transportation costs).

A correction in Indian retail prices of about 35-40% is needed and imminent. Individual companies may decide to pass on increases at one time or in stages as they deem expedient. Stocks being despatched now from Italy and Spain are likely to carry new MRPs. These stocks with new prices are expected to reach retail stores in India sometime in March or April.

The reason for the cost increase is the immense failure this year of the crop in Spain due to drought. Spain, which produces 1.4 - 1.5 million tonnes yearly of olive oil will this year produce between 600,000 - 700,000 tonnes: a more than 50% drop. As the total production of olive oil in the world is only about 3 million tonnes, a loss of 700,000 - 800,000 tonnes is significant.

While Indian Olive Association (IOA) members will do their best to restrict price increases to the minimum, the fact that raw material costs are on fire has put everyone more or less in a compelling situation.

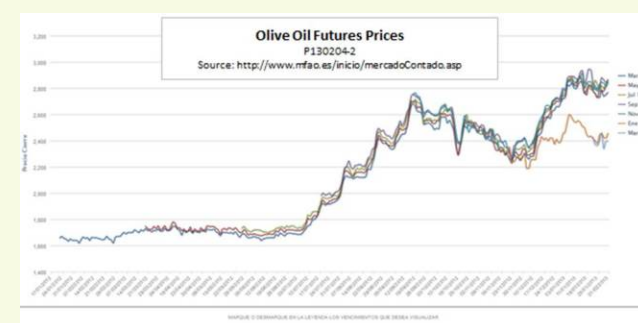
The press release was widely covered by all the leading news papers.

News from Olive World

Why Olive Oil, Good for the Body, is becoming bad for the Pocketbook

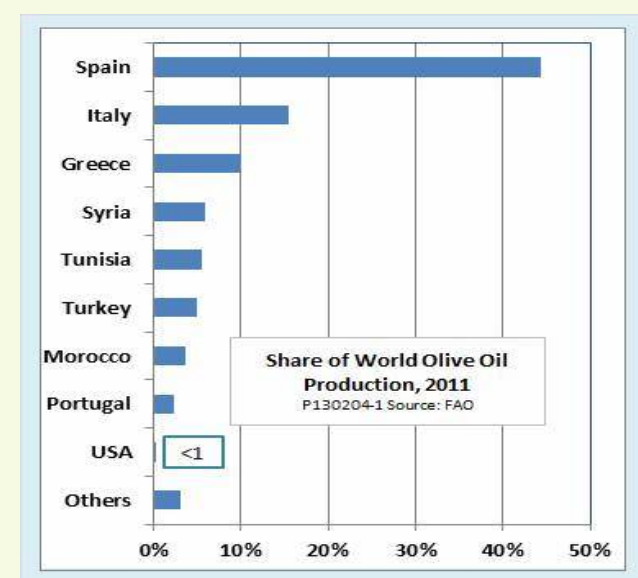
It seems there is almost nothing bad about olive oil. It is delicious, of course, and if you are a connoisseur, you can get as much pleasure from a fine bottle of olive oil as from a premium Brunello di Montalcino. A high content of monosaturated fats makes olive oil among the most heart-healthy of all cooking oils. It's great for your skin, too. Wrangler has introduced a line of olive-oil infused jeans designed to moisturize the wearer's legs.

In fact, the only bad thing about olive oil is that the price is going up, and fast. As the following chart shows, futures prices have risen 75 percent since mid-2012. Observers expect the increase to show up in retail prices soon. So what's behind the spike in olive oil prices?



Supply

There is little doubt about what is happening on the supply side of the market. The weather in Spain, the world's largest producer, was unusually bad last year. In the spring, an unexpected frost damaged the trees just as they were blossoming. Summer brought a prolonged drought. By December, which should be the height of the 2012/13 harvest, the Spanish crop was coming in at just 44 percent of the year before.



The harvest has been better elsewhere, but as the next chart shows, Spain dominates the world market no one else can really make up the loss. Tunisia is trying. The fifth largest producer and fourth largest exporter, its production is expected to rise by 27 percent in the 2012-13 season. California will also have a good year. Growers there hope to reach 3 percent of world output this year, up from the 1 percent or less reported by the FAO for 2011. But none of that is going to go far in replacing the hundreds of thousands of tons of lost Spanish production.

Demand

Homer called it "liquid gold." Greeks are still the largest per-capita consumers, going through an astonishing two liters a month for every man, woman, and child. Italian and Spanish consumers each lap up about half of that. Lately, though, Southern Europeans are tightening their belts, and even staples like olive oil are taking a hit. Over all, European consumption is down.

Meanwhile, health consciousness and the growing popularity of European foods are boosting consumption elsewhere. U.S. consumers are set to increase their olive oil purchases by 9 percent this year. Despite the best efforts of California producers to supply the domestic market, that will mean a big increase in imports.

China is becoming a factor in the market, too. Starting from a base of almost nothing, Chinese olive oil imports have been rising at a furious pace. They increased by 38 percent last year alone. One report out of China boldly predicts that country will soon become the world's biggest consumer. The popularity of olive oil is on the rise in Brazil and Russia, too.

On balance, growth of new markets is expected at least to balance out depressed European demand. That means there will be no relief in sight from the demand side of the market.

The Bottom Line

If this year's Spanish frost and drought are aberrations, and not signs of some longer climate trend, output should bounce back for the world's largest producer. Meanwhile, even one year of high prices will give a boost to hopeful growers in Tunisia, California, and other countries where production has not yet reached its potential.

Source : <http://www.economonitor.com/dolanecon/2013/02/04/why-olive-oil-good-for-the-body-is-becoming-bad-for-the-pocketbook/>

Olive Oil May Affect How Genes Function

A new Spanish study published in the Journal of Nutritional Biochemistry shows that olive oil consumption

may change the way genes function, reducing cardiovascular risk.

It is known that oleic acid, a fatty acid present in olive oil, and polyphenols may be able to raise high density cholesterol (HDL) also known as the "good cholesterol," because it carries cholesterol away from the arteries back to the liver.

For this study the researchers wanted to find out if olive oil polyphenols could affect the response of genes in relation to HDL, more specifically in relation to cholesterol efflux. Cholesterol efflux capacity is a direct measure of the efficiency by which HDL removes cholesterol from cells on the artery walls, and it appears that elevated efflux capacity can reduce the risk of coronary artery disease.

In this randomized, controlled trial, analysis of several measures showed that the consumption of polyphenol rich olive oil may have a positive effect on the genes involved in reducing circulating cholesterol and thus reducing cardiovascular risk.

Source : <http://www.oliveoiltimes.com/olive-oil-health-news/olive-oil-may-affect-how-genes-function/32628>

Europe Closer to Banning Refillable Olive Oil Cruets in Restaurants

Reusable olive oil cruets would effectively be banned in restaurants and cafes across the European Union from next year, under proposed changes before the European Commission. The draft amendments also show the EC favors new rules on when harvest dates can appear on olive oil labels and the minimum size of lettering for certain label details.

The moves are in a bill (in French) recently posted online by the EC. Covering changes to EU regulation 29/2012 on marketing standards for olive oil, its introduction says it's intended to "better protect and inform consumers...and improve the effective monitoring of compliance with these standards." It carries the disclaimer that it is still subject to internal consultation and will probably change.

Source : <http://www.oliveoiltimes.com/olive-oil-business/europe/europe-banning-olive-oil-cruets/32558>

Trade Group Sues Olive Oil Producer for Deceptive Labeling

In its first-ever legal action against an olive oil company, the North American Olive Oil Association (NAOOA) is suing the makers of the Capatriti brand of oil. The civil lawsuit filed claims that The Gourmet Factory falsely sells oil that is chemically extracted from leftover olive skins and pits as "100% Pure Olive Oil."