

TESTIMONY OF  
**MICHAEL O'HARA GARCIA**  
PRESIDENT, FLORIDA OLIVE COUNCIL, LAA  
Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier  
Industries

U.S. International Trade Commission  
Investigation No. 332-537

My name is Michael O'Hara Garcia and I represent the Florida Olive Council. We are a not-for-profit organization focused on developing a sustainable commercial olive industry in Florida.

Olives have been grown in Florida for over 300 years. Mediterranean Minorcans first planted olives at the Turnbull plantation near Daytona Beach in 1768 and there is a U.S. government report of bearing olive trees near Tampa in the 1930s. Florida's well-drained soils and relatively mild climate has much in common with the Mediterranean basin where olives have prospered for thousands of years.

Currently, there are three commercial olive groves in Florida of 10 acres or more and 15 smaller groves with between 50 and 300 trees. While Florida does not have a formal research facility, extension agents from the University of Florida's Institute of Food and Agricultural Sciences have been active in supporting Florida's small olive growing community.

In addition, we are particularly encouraged that Florida agricultural interests are taking an active interest in olive production. Lykes Brothers, a large Florida-based agricultural enterprise, has a test plot in central Florida and hopes to plant an adjoining significantly larger parcel as success in the test might dictate. I have spoken with a number of other large citrus growers and family grove owners who

have expressed interest in olives and are conducting similar experiments on their land.

One of the driving forces behind the increased interest in olives as an alternative crop for citrus growers is the dramatic increase in incidences of HLB disease in Florida citrus groves. University of Florida economists estimate that HLB disease has cost the state \$4 billion and six thousand jobs since the disease was first discovered in 2006.

This crippling disease, born of an imported pathogen, has rendered thousands of acres of Florida citrus land barren. Unfortunately, the disease is persistent in the soil and discourages replanting of new citrus trees. Olives and other commercially viable alternative crops are the only answer to revive the economies in these areas and to restore the thousands of jobs lost to HLB disease. However, investment in an olive grove is capital intensive and it takes at least three years before a crop can be harvested.

If imports were nominal... the competition not significantly subsidized... and domestic consumption balanced between domestic and imported olive oil.... the decision to plant olives in Florida would not even be a question. Unfortunately, substantial European olive oil subsidies make the decision to plant olive trees difficult. While it is hard to determine exact subsidy figures, we understand the European olive growers received in excess of €2 billion<sup>1</sup> until 2006 and Spanish

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<sup>1</sup> European Communities, Preliminary Draft General Budget of the European Communities for the financial year 2005, (June 15, 2004) at p. 237, *available at* [http://www.europarl.europa.eu/meetdocs/2004\\_2009/documents/com/COM\\_COM\(2004\)0350\(Vol4-2\)/COM\\_COM\(2004\)0350\(Vol4-2\)\\_EN.pdf](http://www.europarl.europa.eu/meetdocs/2004_2009/documents/com/COM_COM(2004)0350(Vol4-2)/COM_COM(2004)0350(Vol4-2)_EN.pdf)

olive oil growers received € 1.18 in 2011.<sup>2</sup> There are some estimates that this subsidy may amount to 40 percent of the cost of production. U.S. growers cannot compete in such an environment.

However, if the playing field were level...it is not unthinkable that U.S. olive growers might one day be exporting olive oil to the world. Double-digit growth of the olive oil market, particularly in Asia, offers outstanding opportunities for Florida growers. And, there are historical examples of how a U.S. industry can flourish if the playing field is level.

If Europe did not have the high tariffs and the numerous olive oil support programs, in twenty years we could envision exporting U.S.-produced olive oil not only to the growing markets of Asia but also to Europe. Since you are charged to determine if the U.S. is competitive, I suggest the disparity in European tariffs and support programs should be included as part of the study.

Here is an example. The U.S. Tariff rates for virgin olive oils, including extra virgin imported into the U.S. , are between three and five cents per kilogram.

The EU tariff rates for similar U.S. olive oils are almost one dollar and sixty cents per kilogram. (\$1.57/kg) If our domestic olive industry is to flourish and provide much-needed jobs, we must compete on a level playing field. I urge you to look into these tariff disparities as well as questionable labeling practices.

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<sup>2</sup> EFEAGRO, Olive Oil Will Receive an Injection of 40 Million Euros (El aceite de oliva recibirá una inyección de 40 millones de euros), (June 16, 2012), available at <http://81.25.115.131/especiales/la-agroalimentacion-en-andalucia/el-aceite-de-oliva-recibira-una-inyeccion-de-40-millones-de-euros/20-16-1551003-53.html>.

On behalf of the hardworking farmers of Florida, I want to thank you for this opportunity and encourage you to do all you might to ensure that our young Florida olive industry can succeed.