Statement of Kyle Sawatzky

President of Bari Olive Oil Company

Before

The U. S. International Trade Commission

Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries

Investigation Number 332-537

My name is Kyle Sawatzky. Along with my brother Ryan, I own the Bari Olive Oil Company in Dinuba, California. We are fifth generation farmers in the San Joaquin Valley and produce many types of crops including olives for olive oil production. As a family we produce around 70 acres of olives on our 700 acre family farm. We have ten employees at Bari and employ in excess of 150 seasonal employees.

We started producing olives in 2005 and in 2008 we purchased the Bari Olive Oil Company. As the Bari brand began to grow we were approached by several growers and agreed to represent them in the market place. To date Bari currently has a grower base of 32 growers and has grown from a humble production of 3,000 gallons of oil in 2009 to an estimated 50,000 gallons at the conclusion of the 2012 harvest.

With the rapid growth we have experienced over the last few years we are finding it much more difficult to compete in the market place due to two major factors: price and quality, which are obviously tied together. With regard to quality, in a niche market it seems fairly easy to compete. We offer a high quality product at a fair price to customers who desire something special. The problem is that as a mid-sized processor I simply have too much oil to move to solely rely on this market. This has forced me to look at marketing my oils in mainstream grocery stores where we've had some success but the low price points for low quality oil makes competition difficult. In a situation where companies are producing high quality oil we know that the American grower can compete. Higher sales prices are necessary and justified because the production of quality oil requires a higher price to cover the cost of production.

Our current contract pricing that is paid to the grower is still $3-$4 per gallon higher than what oil can be purchased for on the bulk foreign market, oil that is processed and ready to use. Bari must still make an investment of $3 per gallon above what is paid to the grower in order to process the olives into oil so we are ultimately looking at a product that costs $17 per gallon competing against foreign oils that can be purchased for $10- $12. In order for Bari to make it and be viable we need to sell the oil for $20 per gallon, which is difficult in the conventional market when faced with this price discrepancy.

In an effort to differentiate ourselves we have spent the last few years developing a line of certified organic oil as well as broadening our product line to include infused oils. A value added approach to our product line has allowed us the opportunity to better compete in the market place but even this will have its limits in a market dominated by price and quality that is often inconsistent.

We as processors and growers know that it will be difficult to compete against the subsidies which help prop up foreign producers. I don't know of any U.S. producers that want a hand out. What is simply needed to help the American producer compete in U.S. markets is a consistent and enforceable set of standards that everyone in the market place must adhere to. Every industry in the U.S. is governed by standards that provide consistency across the industry and protect the American public from any unsafe manufacturing processes; all we are asking for is that the olive oil industry be treated in the same manor.