ENZO OLIVE OIL COMPANY

The U.S. International Trade Commission
Hearing on
Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries,
Inv. No. 332-537

Testimony of Pat Ricchuiti

My name is Pat Ricchiuti, I am a California grower of almonds, and olives for the production of olive oil for Enzo Olive Oil Company. I also serve as the Vice-Chair of the American Olive Oil Producers Association. Our family has farmed in the San Joaquin Valley of California for over 90 years. Our operation is vertically integrated, allowing us to provide consumers with high quality almonds and olive oil straight from our farm to the market. I would like to thank the U.S. International Trade Commission for opening an investigation to determine the competitiveness of the U.S. olive oil industry.

As a grower, I continue to look at ways to diversify my family's farming operation. As experienced tree crop farmers, we decided to plant olive trees for oil production given the relatively low water requirements, lack of pest pressure, and potential market growth. The U.S. has a large tree nut and fruit industry in the same areas where olive trees grow. In the last two decades, both crops have experienced significant increases in acreage - from 120,000 acres to 722,000 acres for almonds and from 104,000 acres to 240,000 for walnuts. The same type of expansion of olive acreage for oil production could have resulted in an increase of 100,000 to 150,000 acres of olive trees but currently there are only

28,000 acres in the U.S. There is a reason why olive oil acreage has not shared in this growth – foreign government support programs.

Since I have planted both almond and olive trees, I would like to share with you my experience. Both crops come into production after three years and share approximately the same pre-production costs and both require processing. After this stage, however, the two crops differ and while olive oil could easily have the same comparative advantage as almonds, the U.S. olive oil industry has to compete against significant EC support programs.

The European Commission and its member countries have supported olive growers at levels in excess of 2 Billion Euros, which has resulted in them supplying 98 percent of U.S. olive oil consumption. We believe that if the European olive oil support programs were to end, the U.S. olive oil industry would follow the same expansion of planting programs as did the almond and walnut growers. The U.S. would experience an olive oil planting investment of approximately $10,000 per acre, an increase in jobs, and an expansion of service companies and exports. In short the EC's programs are preventing the U.S. olive oil industry from developing to its full potential.

In the last decade, U.S. olive growers have increased their supply of olive oil from one percent of U.S. consumption to two percent but the pricing of the subsidized European olive oil prevents us from increasing beyond this. We estimate an acre can produce five tons. If we could increase the percentage of our share of domestic consumption we would also increase our acreage and investment.

In closing, the new U.S. olive oil industry, though small and vibrant is being adversely influenced by several European olive oil programs. We anticipate our U.S. olive oil industry's information will demonstrate that our industry will not fully develop until the EC support programs are reformed.