



Investigation No. 332-537

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

U.S. International Trade Commission

Testimony of Jason Shaw, President

My name is Jason Shaw. Together with a brother, cousin, and family friend, I farm olives for the production of olive oil in the well-drained soils of the Lakeland, Georgia area near Valdosta. My family has farmed corn, cotton, peanuts, and wheat on the same land for decades. I appreciate the U.S. International Trade Commission conducting an investigation to determine the competitiveness of the U.S. olive oil industry. The importance of the Commission's study cannot be over emphasized since few agricultural industries in the United States face such severe foreign competition, with strong support from government programs, for sales in the expanding U.S. market for olive oil.

We currently produce high quality olive oil for local and regional small markets, but eventually produce for the expanding U.S. retail market. I would like to share with you some information concerning our operation. In 2009, we planted an estimated 17,000 olive tree seedlings on 28 acres and in 2011, we harvested two tons of olives yielding about 55 gallons of olive oil. Although small in quantity, our olive oil was judged by a number of experts to be a sweet, smooth, and soft extra virgin olive oil with a fruity olive aroma, all desirable characteristics of the best olive oils. We estimated our annual cost of production for 2012 at \$1,000 per acre, which does not include our initial three-year pre-productive period. We have invested over \$500,000 in our operation to date and expect to invest much more in the near future.

Within five years, it is estimated the over 500 acres of olive trees in Georgia should be producing olives for at least a dozen new growers. This year we invested in a small capacity olive oil mill at a cost of

\$35,000. We are making plans to construct a larger olive mill at a cost of \$750,000 next year to meet our anticipated 2012 harvest.

Throughout the United States and especially in Georgia, pecans and blueberries have experienced an increase in acres, rising dramatically in the last two decades. A similar expansion of olive trees for oil could result in an increase of 100,000 to 150,000 acres of olive trees, well above the 28,000 acres currently planted in the United States. Unfortunately, U.S. olive oil acreage has not shared in the same growth as pecans and blueberries because of foreign government support programs and outdated international regulations. 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 pecans and blueberries, with an accompanying increase in jobs, an expansion of associated service companies, and potentially exports. I can only speak to the conditions faced by Georgia growers but I am certain that olive oil producers in other states will testify to facing comparable challenges.

U.S. agriculture is known for its success in competing against imports in niche markets. In the last decade, U.S. olive growers have increased their supply of olive oil from one to two percent of all U.S. consumption. However, the EC has subsidized its domestic olive growers at a level in excess of two billion Euros annually. No U.S. agricultural products benefit from such trade-distorting direct government support. In short, the EC's program is preventing the U.S. olive oil industry from developing to its full potential.

In closing, the U.S. olive oil industry in states like Georgia, though currently small and vibrant, is being adversely impacted by imported olive oil from several foreign countries benefiting from olive oil subsidy programs which Georgia growers neither have nor want. We anticipate that the information provided by our U.S. olive oil industry will demonstrate the industry's potential for sales growth in the U.S. market and will show that the size and growth rate of the industry will be enhanced once the foreign government olive oil subsidy programs are reformed and imported olive oil products are more accurately monitored.