Statement of Karen Lee, Founder
Cowgirl Brands, LLC.
Before
The U. S. International Trade Commission

Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries (Docket Number 332-537)

My name is Karen Lee and I own Cowgirl Brands LLC, based in Kyle, Texas. I am also a partner in the Texas Olive Ranch and the managing administrator for the Texas Olive Oil Council.

Last year we wholesaled about $300,000 in Texas grown extra virgin olive oil. We could easily have sold much more if our pricing was more competitive with imports. Grocery buyers courting to the value price customer have told me that in order to hit the sweet spot where they will move the product, we must sell to them for less than $4 per 500ml/16.9 ounce bottle. If the bottle and label cost $1 and the labor and overhead factor are another $1, then 500mls of olive oil can't cost more than an additional $2. That means I can't spend more than about $15 per gallon when I buy it if I'm going to sell it to these stores—and please note that this is to break even, not to profit. The problem with that is that Texas producers' costs run on the order of $40/gallon and up at present due to the lack of contract services and infrastructure which is still being developed.

Regarding quality differences, Consumer Reports published the results of their latest olive oil taste test on August 15, 2012. They purchased 138 bottles of extra virgin olive oil from 23 manufacturers sourced from a variety of countries including the U.S., Argentina, Greece, Chile, and Italy, and the U.S.-produced oils outshined the imports on quality. The report stated: "OILS PRODUCED IN CALIFORNIA SURPASSED THOSE WITH AN ITALIAN HERITAGE." Of the eight extra virgins deemed "Excellent" or "Very Good," FIVE were California oils. Quoting Consumer Reports again: "Well-known brands, including Bertolli, Crisco, Filippo Berio, Goya, and Mazola tasted somewhat stale and had a variety of other flaws. Boticelli and Capatriti were described as old tasting and barnyardlike." Consumer Reports concluded that many so-called "extra virgin" olive oils don't taste good enough to merit that description, which is supposed to designate flawlessness and good flavor.

This is not fair to the value price customer who sees all olive oils as equal in a commodity sense. It preys on their ignorance and takes advantage of an economic disadvantage. How does it make sense that a bottle of olive oil made HERE costs twice as much as a bottle that traveled 2,500 miles to get here and is two or more years old when it gets here? If the imports can continue to sell olive oil that does not pass analytical and qualitative standards for extra virgin olive oil at prices that are heavily subsidized, the field will continue to be inherently skewed and the importers will continue to hold an unfair advantage over domestic production. We need better labeling standards and a way to equalize product quality and price points.

Given the great gap between the amount of extra virgin olive oil consumed by American consumers and the small percentage of that produced by American olive oil producers, there is enormous growth potential for American producers before anyone needs to get very worried about the domestic competition if we can overcome the issue with imports undercutting the market. To take a position that Americans can't produce enough olive oil so we should continue to import questionable quality olive oil with unreliable labeling is to throw in the towel and is the equivalent of being dependent on foreign crude oil. I see no difference.

We are looking three to five years down the road, and this is my concern for our growth: that we can grow our domestic olive oil market and provide better food quality and nutrition for Americans if we don't get submarined by cheap imports.