



TEXAS OLIVE RANCH

**Statement of Jim Henry
Before the
U.S. International Trade Commission
Olive Oil: Conditions of Competition between U.S. and Major
Foreign Supplier Industries
Investigation No. 332-537**

I am Jim Henry, and I farm and produce olive oil at my Texas Olive Ranch in Carrizo Springs Texas. I am also the founding director of the Texas Olive Oil Council. I am here today to tell you that we have succeeded in producing high quality extra virgin olive oil and this is only the beginning.

In 2005, I planted 40,000 olive trees on 67 acres in South Texas and installed an efficient drip irrigation system. In 2007, we harvested our first crop of 100 tons of olives and produced 3,000 gallons of high quality extra virgin olive oil, up to that time having spent approximately \$925,000 in orchard development, equipment, and labor to bring us to our first harvest. We experienced little success in selling most of our first production of Texas olive oil. One regional grocer agreed to sell our olive oil that first year. Also, we could not compete against imports based on pricing alone because of consumer expectations on price points for olive oil at retail stores. Our real success in selling our first year's harvest was at farmers markets by first

offering samples to customers so they could taste and feel the difference between our olive oils and imported oils. Since that time, my family has directed all of its time and energy into selling our olive oil principally at farmers markets and as we grow our business and consumers learn of the quality differences between Texas-produced olive oil and imported olive oil, we anticipate greater market share growth in larger markets. However, this very labor-intensive process is made more difficult because of price differences between our Texas oil and imports that are further exacerbated by foreign subsidies given to the olive oil industry.

Our trees are now producing 5-6 tons of olives per acre and, in an average year, we harvest and press about 250 tons of olives, which yield about 7,500 gallons of olive oil. After adding in harvesting and milling expenses, our cost per gallon is close to \$36, but we are able to sell all of our olive oil within our harvest year. We plan to grow 201,000 olive trees on 300 acres in Victoria Texas in the coming year. This new location has a more moderate climate that we believe will eliminate any chance of the extreme heat conditions we have experienced in southwest Texas. At maturity, trees in this orchard are expected to produce enough olives to generate olive oil with a retail value of up to \$10 million annually and, as our production volume and investment increases, our concerns about import pricing become much more critical. In addition, we are planning to participate in the installation of several more orchards in the Victoria area on a similar large scale, so that the region between Houston and Corpus Christi will become a significant olive production area in the coming years. We expect to install multiple presses and to process up to 8,000 tons of olives annually by 2018 at this new facility.

In conclusion, I would like to say that even though we continue to encounter challenges as our Texas industry grows to a much larger and more profitable scale we know we will ultimately be successful. We are putting our families' investments on the line, because we have a dream to become a major U.S. producer of olive oil and we have reasons to believe that we can be successful. We don't want government programs to hamper or interfere with our growth and development, nor do we want government support programs like they have in the EU. We will attain the status of a major olive oil producer if unfair trade practices associated with imported olive oil are eliminated.