

TESTIMONY OF ERYN BALCH
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before the
U.S. International Trade Commission

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Good morning Mr. Chairman, members of the Commission, and staff. My name is Eryn Balch, and I am the Executive Vice President of the North American Olive Oil Association. The NAOOA represents the leading importers and distributors of all types of olive oil in the U.S. market. I am grateful for the opportunity to appear before the Commission today, and would like to use the few minutes I have here to highlight some key facts and trends in the U.S. market. I would also like to summarize the NAOOA's ongoing work in pursuit of one of the Association's top goals – to promote enforceable standards of identity for olive oil and to ensure that olive oil of all grades is authentic and properly labeled.

Imports of olive oil account for the overwhelming majority – or about 98 percent – of growing U.S. consumption. The United States is far and away the world's largest olive oil importer, accounting for roughly 38 percent of global imports. And, the level of U.S. imports of all types of olive oil is growing to meet rising U.S. consumption. Since 2007, per capita olive oil consumption in the United States has increased by 8 percent, but is still only half of the level of consumption in the U.K., and a mere sixth of the level in Greece, which has the highest per capita olive oil consumption in the world. While this demonstrates huge category growth potential, it is important to note that U.S. household penetration has grown from about 30% only five years ago to more than 50% today. With this steadily rising U.S. demand, imports have

grown from under 150,000 metric tons annually in the late 1990s, to roughly 280,000 metric tons. With U.S. production remaining relatively tiny in the face of rising U.S. demand, it is clear that U.S. consumers will rely on imported olive oil for many years to come. The NAOOA's member companies are committed to meeting U.S. consumers' rising demand for this healthy alternative to saturated fats.

As I noted before, the NAOOA's member companies import all types of olive oil consumed in the United States. These imports fall into three of the types recognized by the International Olive Council, or "IOC" – extra virgin, olive oil, and olive-pomace oil. While characterized by different chemical criteria and production methods, all three of these types are made only from olives and contain the same proportion of healthy monounsaturated fats. It is important to understand that olive oil is an alternative to other cooking and seed oil, and all grades of olive oil are a healthful choice, with extra virgin being the healthiest. While extra virgin olive oil accounts for the majority of the market today, importers also supply roughly 90,000 metric tons annually of olive oil to the U.S. market.. Further, the U.S. olive oil market is not just about small containers of extra virgin olive oil such as you or I would keep in our own kitchens. Rather, to meet U.S. demand in the various segments of the U.S. market, our member companies import in both bulk and pre-packaged form, and sell to retailers, the food service industry, and as an ingredient to producers of downstream products such as dressings and sauces.

I'd like to share a few comments about the NAOOA's ongoing mission to ensure that imported olive oil is authentic and properly labeled. While this can be a complex area, it really boils down to two questions: (1) is the product made only from olives, and (2) is the oil of the quality, or grade, that the label represents. I want to be sure that the Commission understands that the NAOOA has been a vigorous advocate since its inception more than 20 years ago of

enforceable U.S. trade standards that address these two fundamental questions. These efforts are ongoing at both the federal and state levels.

The common denominator in all of the NAOOA's efforts in this respect is the international standards overseen by the IOC. Based on decades of peer-reviewed scientific work, the IOC has developed testing protocols that rely primarily on objective chemical tests that reliably produce the same results each time they are run. The IOC regularly reviews its standards and testing protocols to account for changes as the global industry evolves. As a signatory to the IOC's Quality Monitoring Agreement, both NAOOA member companies' and non-member brands are randomly tested in certified IOC laboratories.. As part of this ongoing program, the NAOOA has tested about 900 retail samples in the past 5 years alone, representing more than 700 companies and 800 brands.

The NAOOA has long attempted to work with other participants in the U.S. olive oil industry to clarify product standards and to promote olive oil. For example, the NAOOA reached out to U.S. olive oil producers to jointly develop a research and promotion order that would have promoted olive oil in the U.S. market regardless of its origin. Unfortunately, the domestic industry ultimately opposed this initiative. Subsequently, the NAOOA has urged the FDA and the USDA, to advance full and mandatory implementation of the current USDA/IOC standards in the United States. This ongoing work is described in our pre-hearing submission, but I want to stress here that the NAOOA sees FDA's role as critical because that is the federal agency entrusted with ensuring the safety of the U.S. food supply. I'd like to quote one sentence in particular from our recent petition to FDA that sums up what the NAOOA is trying to accomplish is -- "Considering the unique health benefits associated with olive oil, it is especially important to establish a consistent federally-recognized standard so that consumers can be

assured of the authenticity of olive oils purchased in the U.S.” We would very much like to see such a standard, made effective through objective testing in line with the IOC protocols. And while we applaud the USDA’s adoption of voluntary standards in line with IOC standards, the voluntary nature of those standards underscores the need for action by the FDA.

In the absence of mandatory standards, the NAOOA provides opportunities for its member companies to go “above and beyond” their own already self imposed testing criteria. For example, the NAOOA has instituted a Quality Seal Program. Under this program, member companies agree to participate in even more frequent random testing of retail samples under the established IOC criteria and testing methodology, including the sensory analysis for extra virgin olive oils. Products passing these tests earn the right to bear an NAOOA Quality Seal, thereby further assuring consumers of the purity and quality of the olive oil they purchase. The companies run by Frank and John, from whom you will hear next, both participate in this program.

The Commission and the general public are hearing a great deal about recent studies conducted by the UC Davis Olive Center that purport to survey the quality of imported extra virgin olive oil. It is important for the Commission to understand the limits of these studies. As an initial matter, it is telling that independent parties have been unable to replicate the UC Davis Olive Center testing results. The problem is that conclusions of the UC Davis studies rely primarily on sensory testing, which of all the test methods is the one that is subjective and can produce variable results. Nonetheless, as Ms. Wang of the Olive Center confirmed, 98 percent of the imported olive oil sampled by the Olive Center met the IOC chemical testing requirements. Finally, as you will hear from my colleagues Frank and John in a moment, U.S. importers are deeply concerned about purity and quality as an inherent attribute of doing

business in this industry. They have brands and reputations to uphold in a fiercely competitive industry, and the *only* way to do this is through providing high-quality products that earn – and keep – the trust of consumers.

Thank you. I look forward to answering any questions and the NAOOA also stands ready to assist the Commission as it continues its investigation.