UNITED STATES TARIFF COMMISSION

OLIVES

Report to the United States Senate on
Investigation No. 332-51 Under Section 332
of the Tariff Act of 1930

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UNITED STATES TARIFF COMMISSION

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C O N T E N T S

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Summary

This report is being submitted in response to a request by the U.S. Senate, which on October 17, 1966, adopted the following resolution:

> RESOLVED, That (a) the United States Tariff Commission is directed, pursuant to section 332 of the Tariff Act of 1930, to make an investigation with respect to the importation of olives into the United States, including (but not limited to) the conditions of competition in the United States between olives bottled or canned in the United States (whether or not grown in the United States) in containers suitable for retail sale and olives bottled or canned outside the United States and imported into the United States in containers suitable for retail sale.
>
> (b) For purposes of subsection (a), the Commission may utilize all information and data previously obtained or compiled by it in carrying out the duties and exercising the power conferred on it by section 332 of the Tariff Act of 1930.
>
> (c) The Commission shall report the results of the investigation made by it pursuant to subsection (a) to the Senate on or before March 31, 1967. 1/

For many years the United States has been the world's leading consumer of commercially processed table olives (hereinafter referred to simply as olives). 2/ Slightly more than half of the olives have

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1/ Public notice of the institution of the Commission's investigation was issued on Oct. 20, 1966. The notice was posted at the Commission's offices in Washington, D.C., and in New York City, and was published in the Federal Register (31 F.R. 13774) and in the Nov. 9, 1966, issue of Treasury Decisions. The Commission obtained information during this investigation from written briefs submitted by interested parties; through field visits and interviews by members of the Commission's staff with processors, importer-repackers, brokers, and agents; from other Government agencies; and from responses to questionnaires sent to processors of domestically grown olives and to importer-repackers of imported olives.

2/ For explanations of the term "table olives" and certain technical terms used in this report, see the glossary, appendix C.

been imported. Before 1966 virtually all imported olives entered in bulk containers (over 9 pounds) and were repacked by U.S. firms in nonbulk containers (not over 9 pounds) 1/ suitable for retail or institutional users. This pattern had persisted for more than half a century. During the last quarter of the 1965/66 marketing year, 2/ however, imports in retail containers, principally of glass, increased significantly.

Since World War II, U.S. olive importer-repackers have frequently predicted that substantial quantities of olives packed in nonbulk containers would be entering the United States. Recently they informed various Government agencies, including the Tariff Commission, that a large modern plant was about to be constructed in Spain for the purpose of packing olives in nonbulk containers. Domestic processors of California-style olives 3/ also made strong representations that the current rate of duty applicable to the major style of olive that they produce was insufficient to prevent large-scale importations.

Inasmuch as the rates of duty applicable to imports of olives are of the specific, rather than ad valorem, type and because such rates since 1930 have been identical irrespective of whether the olives are entered in so-called retail, institutional, or bulk

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1/ Containers holding less than 2 pounds of olives are generally referred to as retail containers, and those holding 2 pounds or more but not over 9 pounds, as institutional containers.

2/ The marketing year (Dec. 1-Nov. 30) used in this report corresponds to that used by processors of domestic olives and by exporters of Spanish olives.

3/ The familiar so-called ripe olives, which are usually sold in hermetically sealed metal containers; these olives are usually black in color. See description on p. 8.

containers, they have afforded no special protection to domestic packing operations. As facilities for packing olives in nonbulk containers abroad have increased, U.S. importer-repackers and domestic processors have sought measures to prevent an influx of olives imported in such containers. This led to the adoption of the Senate resolution calling for a Tariff Commission report on the situation.

The Spanish-style olive 1/ is the principal style of processed olive imported into the United States. In 1965/66, Spanish-style olives accounted for nearly 95 percent of the imports and for 50 percent of the olives consumed in the United States. Forty-five percent of the olives consumed domestically were accounted for by California-style olives, which are supplied exclusively by domestic processors. Domestic processors also produce limited quantities of Spanish-style olives; these are generally not directly comparable, however, with the imported Spanish-style olives. In recent years, Spanish- and California-style olives together have supplied about 95 percent of the olives consumed in the United States. U.S. processors also produce negligible quantities of other styles of olives and of olive oil.

Before 1966 virtually all of the Spanish-style olives imported into the United States entered in bulk containers; the preponderant share of such olives was repacked by U.S. firms for sale in retail

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1/ The familiar green olives frequently stuffed with pimiento and packed in glass containers. See description on p. 7.

and institutional containers. Approximately four-fifths of the olives repacked in retail containers are packed in glass containers by the thrown-packed method; the remainder are placed in such containers by the more expensive placed-packed method--i.e., each olive is individually placed.

The product sold by the importer-repacker embodies two principal components--namely, the bulk olives, which he imports, and the value added by repacking. It is this repacking function of the importer-repacker that could be adversely affected if imports of olives put up in retail and institutional containers were to increase substantially. Because the same tariff treatment has always applied under the Tariff Act of 1930 to imported Spanish-style olives regardless of the size of the container in which they are imported, the rates provided in the U.S. tariff have not afforded any special protection for the repacking operation.

In September 1966, imports of Spanish-style olives packed in retail containers began to enter in increased quantities. Nearly all of them were placed packed. These imports reflect primarily the operations of a new packaging plant in Spain, which is a subsidiary of a U.S. firm. Imports of Spanish-style olives in retail and institutional containers totaled approximately 1.2 million pounds in 1965/66 and 0.8 million pounds during the period from December 1, 1966, to late March 1967; about 0.3 million pounds of such olives had been entered during the marketing year 1964/65.

Prices quoted in northeastern U.S. markets for the recently imported Spanish-style placed-packed olives in retail containers have ranged from 8 to 18 percent lower than those for olives similarly packed in the United States. Since olives placed packed in Spain have been available in significant quantities for only a few months, information is lacking on the likely price response of domestic importer-repackers to such imports.

The aforementioned Spanish plant owned by a U.S. firm has sufficient capacity to supply the U.S. market with large quantities of Spanish-style olives packed in retail and institutional containers. Another Spanish packaging plant, which opened in early 1967, also has capacity to repack substantial quantities of olives in retail or institutional containers. Its plant is reported to be considerably larger than that owned by the U.S. firm. Insufficient information is available to evaluate the ability of foreign repackers to export to the United States.

Description and Uses

Olives are the fruit of a subtropical, broad-leaved evergreen tree, which has been cultivated extensively in the Mediterranean area for centuries. During the nineteenth century substantial acreages of olive trees were developed in the United States and several other non-Mediterranean countries as well. Because of their extreme bitterness, olives are not consumed fresh. Whereas in the Mediterranean countries and South America olives are used principally for oil, in the United States they are grown predominantly for processing as table olives. Few of the numerous varieties of olives grown are commercially important. Varieties cultivated for table use are generally larger and have a lower oil content than those crushed for oil.

In California, five varieties--Manzanillo, Mission, Sevillano, Ascolano, and Barouni--are processed into California-style olives. Manzanillo olives are crushed for oil as well as processed into Spanish-style olives. Mission olives not only are crushed but also are made into Greek-style olives. Sevillanos are processed into both Spanish and Sicilian styles, and (as with the Barouni variety) some are shipped fresh to eastern U.S. markets for home processing. The main varieties processed abroad for table use are Manzanilla 1/ and Sevillana 2/ in Spain; Voliotiki and Kalomata in Greece; Redondil and Manzanilla in Portugal; and Sigoise in Morocco.

Olives to be crushed for oil are ripened on the tree. Those to be preserved for table use are picked at various stages of maturity, depending on the final product desired; when picked, the olives range in color from pale green or straw yellow to reddish brown or black. In California, olives processed for table use are harvested from mid-September to early November, whereas olives destined for crushing may

1/ This type is known as Manzanillo in the United States and Macanilha in Portugal.

2/ Same as California Sevillano.

remain on the tree until January or February. In Mediterranean countries, the harvesting of olives for oil generally extends from mid-November to early March. For table use, green olives are harvested in September; black olives, in December. Spanish-style olives (supplied in the U.S. markets largely from foreign sources) and California-style olives (supplied exclusively by domestic processors) are the principal styles consumed in the United States; Greek and Sicilian styles and dried olives are consumed only in small quantities.

Spanish-style olives (item 148.44) 1/ are prepared from fully developed (but not ripe) fruit, which is green to straw yellow in color when picked. The olives are first treated with a weak caustic solution of sodium or potassium hydroxide to remove most of the bitter flavor. After a series of rinses to wash away the caustic solution, the fruit is packed in casks or barrels, covered with salt brine, and fermented for a period extending from 2 to 12 months. Thereafter, the olives may be pitted and stuffed with pimientos, almonds, or other delicacies (item 148.50). Spanish-style olives are always greenish in color when marketed. In the United States such olives are generally marketed either as Manzanilla olives or Queen olives. The Manzanilla grouping includes small- to medium-sized olives, which are most often the fruit of the Manzanilla variety, while the Queen grouping includes large-sized olives, which are most frequently the fruit of the Sevillana variety.

1/ Item number refers to the import classification in the Tariff Schedules of the United States (TSUS).

California-style olives (item 148.56), like Spanish-style olives, are prepared from fully developed (but not ripe) olives which are green to straw yellow in color when picked. The fruit is treated with a caustic solution to remove the bitter flavor; most of those so treated are then aerated to develop a deep brownish-black color, packed in a mild salt solution, and heat sterilized in hermetically sealed containers. The small share of California-style olives that is not aerated is green in color (frequently mottled) when marketed.

Greek-style olives (items 148.42 and 148.44) are also prepared from fully developed (but not ripe) olives, which are picked when reddish in color. The fruit is packed in vats or barrels with salt, which draws the juice from the olives and forms a brine. The olives are left to ferment in this brine for 60 days or more; they are then rebrined and packed in kegs. Greek-style olives are somewhat bitter; their color ranges from black (the most characteristic) to pale pink, depending on the extent of oxidation during processing.

Fully developed (but not ripe) olives are also used to prepare Sicilian-style olives (item 148.44). Such olives are prepared in a manner similar to that of preparing Spanish-style olives, except that the treatment with a caustic solution is omitted. They are green in color when marketed and have a somewhat bitter flavor, similar to that of the Greek style.

Mature olives preserved in brine (items 148.46 and 148.48) are prepared from olives picked after they have acquired a cherry-red to black color, but before they have become very soft. A caustic solution is used to remove most of the bitter flavor, after which the fruit is washed and preserved in a strong brine solution, which inhibits fermentation.

Dried olives (items 148.52 and 148.54) are prepared by mixing fresh olives in salt to remove part of their natural bitterness. During this process moisture is removed; after several weeks the olives become dried and shriveled. Frequently such olives are coated with olive oil to enhance their appearance.

Still other processed olives are preserved in oil or vinegar (item 148.56), rather than in brine.

U.S. imports of olives have consisted primarily of Spanish-style olives. Notwithstanding that identical names are used in marketing both imported and domestically produced Spanish-style olives, the two are not usually directly comparable. The imports consist predominantly of pitted or stuffed olives, whereas the domestic Spanish-style olives are generally marketed whole. Small quantities of Greek- and Sicilian-style olives and of dried olives are also imported; their quality is generally considered superior to that of the comparable domestic product.

Imported olives enter the United States in various types of containers as here indicated: Spanish-style whole olives--in wooden casks containing about 900 pounds of olives (not including brine); Spanish-style pitted or stuffed olives--either in wooden half casks and barrels containing from 200 to 600 pounds or in institutional or retail containers holding 9 pounds or less; Greek-style olives--

either in wooden kegs containing about 100 pounds or in metal containers (usually not hermetically sealed) holding 30 pounds or less; and dried olives--in wooden cases containing from 50 to 100 pounds of fruit.

Most Spanish-style olives have been imported in bulk and repackaged in the United States into retail or institutional containers (usually glass containers) by repackers, who have generally been the importers. Two methods of packaging have been employed--place packing and throw packing. Place packing has been employed primarily with stuffed olives that have been carefully selected for uniformity and appearance; some whole olives also have been placed packed. In the placed pack, as the term implies, the olives are carefully positioned, usually by hand, against the wall of the glass container to present an attractive appearance. In the thrown pack, the olives are arranged at random, usually by machine. When repacked, Spanish-style olives are immersed in a fresh brine which has a lower salt content than that in which the olives were imported. Some of the bulk imports of other styles of olives (e.g., Greek style, Sicilian style, and dried) also have been repacked in the United States into smaller containers.

Use of the U.S. Department of Agriculture standards for California-style olives has been mandatory since September 1, 1966. 1/ The use of these standards for Spanish-style olives is not compulsory;

1/ See the section on marketing orders for California olives.

for a fee, however, the Department will grade olives for an importer-repacker or a U.S. processor requesting such service. Only small quantities of the Spanish-style olives consumed in the United States have been so graded. The grades for both California-style and Spanish-style olives are (1) Grade A (or Fancy), (2) Grade B (or Choice), (3) Grade C (or Standard), and (4) Substandard. Factors determining grade include color, uniformity of size, absence of defects, and character, i.e., firmness, crispness, texture, and condition of the epidermal tissue. Olive sizes, which relate to the number of olives in a pound, are designated by such terms as "Sub-Petite," "Small," "Jumbo," and "Super Colossal."

Foreign Production and Trade

Annual world production of olives for all uses has ranged from 12 billion to 21 billion pounds in recent years. It averaged 16 billion pounds during the period 1960-64, the latest years for which data are available. Spain, Italy, Greece, and Portugal produced about 70 percent of the total. Most of the world output was crushed for oil; less than 5 percent was processed as table olives.

Spain, Greece, Italy, and the United States produce the preponderant share of the world output of olives for table use (415 million pounds in 1965/66); only Spain and Greece, however, are important exporters of olives. The major producing countries also are the primary consumers. The United States, Italy, France, and Australia import large quantities of table olives to supplement domestic production. Other major importing nations are Canada, Rumania, Bulgaria, the U.S.S.R., Yugoslavia, Great Britain, Germany, and the United Arab Republic.

Spain

Spain is both the major processor and the leading exporter of table olives. Indeed, Spain's economic well-being depends to a considerable extent upon satisfactory olive production. Table olives account for approximately a quarter of the value of Spain's annual exports to the United States. Spanish Government policies are designed to encourage maximum production of table olives and to channel the best grades of olives into foreign trade, particularly to the markets of the United States (including Puerto Rico) and Canada.

Western Andalusia (including the Province of Seville) is the principal olive-producing area of Spain. Most of Spain's processing plants are also located in this region, where they have access to both the fresh olives and the exporting facilities in Seville.

During the years 1963/64 through 1965/66, Spain's annual production of olives for table use averaged about 113 million pounds (table 1)--which was roughly equal to 4 percent of Spain's average annual olive crop. The country's annual output of table olives varied materially with weather conditions, the amount of insect damage, and the alternate-bearing tendency of the olive trees.

In recognition of the importance of exports to the national economy, the Spanish Government has imposed various controls on the exportation of olives. Only Manzanillas and Queens--the varietal groupings having the highest quality for table use--may be exported to the United States and Canada. Under special conditions, exports of additional types may be authorized. Generally, Seville is the only port authorized to export table olives to the United States and Canada. As a consequence of these controls, substandard fruit seldom reaches these markets, although the U.S. Food and Drug Administration does reject some shipments, particularly in years of heavy insect infestation.

Spain's exports of olives during the period 1963/64 through 1965/66 averaged 86 million pounds annually. Nearly 80 percent of the olives exported in recent years have been shipped to the United States; Canada has generally taken about 6 percent. The following tabulation shows the percentage distribution of Spain's exports of olives, by type, during marketing years 1963/64 and 1964/65 and the first 8 months of 1965/66:

Marketing year	Whole	Stuffed	Pitted	Broken	Special	Total
1963/64--------	24	64	1	6	5	100
1964/65--------	22	61	2	6	9	100
1965/66 (December-July)----	30	56	2	6	6	100

Only a small portion of Spain's annual exports of olives were packed in retail containers; few such exports came to the United States.

It is reported that before 1966 there were 23 firms in the Seville area that packaged olives in metal or glass retail containers. About 17 of them packaged at least part of their output in glass containers; except for 2 or 3 of these firms, glass packing constituted but a small part of their total olive operations. During 1964/65 the 14 largest firms produced about 1.5 million pounds of glass-packed olives, 97 percent of which were placed packed. The quantity produced in 1964/65 is reported to have been comparable to that produced in earlier years during the 1960's.

In recent years the Spanish Government has encouraged the packaging of olives through programs for industrial development 1/ and export promotion. In this way, it hopes to increase foreign exchange earnings, increase the number of jobs in industry and thereby absorb surplus farm labor, and stabilize the export prices of bulk olives--which fluctuate considerably with changes in the size and quality of the olive crop. The Industrial Development Center in Seville has offered incentives to major industries, including olive-packaging firms. Incentives include low-cost credit, reductions in certain internal taxes, and reimbursement of up to 10 percent of the firm's

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1/ The Spanish Government has established industrial development centers in order to provide impetus to specific economic and social activities. The centers are located in areas where industrial activity had already existed, but at substantially lower levels than those attained in other industrialized areas of Spain. The centers generally are created in low-income regions that had been extremely dependent upon agriculture as a source of income.

original investment in new facilities. As part of its export promotion program, the Government refunds the Spanish turnover tax and local indirect taxes previously paid on products that are exported.

During 1966 Spain's capacity for producing olives in glass containers increased considerably, with the addition of two large, modern, well-equipped packaging plants: Libby España, S.A.--a wholly owned subsidiary of the U.S. corporation Libby, McNeill, and Libby; and Compañía Anónima de la Exportación de Aceitunas Sevillanas (CADESA)--a company formed by a number of Spanish exporters of bulk olives. Both Libby España and CADESA receive benefits under the Seville Industrial Center, as does a small packaging plant not yet in operation--Aceitunera del Aljarafe, S.A. Another small packing company, Villamarin Guillen, S.A., enlarged its operations during 1966 without Industrial Center benefits.

Libby España, S.A., began operating in April 1966 and has since exported significant quantities of olives packed in retail glass containers to the United States. It has produced only placed-packed Spanish-style olives for export to the United States. According to reports from the U.S. Foreign Service, Libby España's capacity is approximately 3 million pounds of placed-packed olives per year. Libby España procures its olives directly from the processor after they have been pitted and stuffed, and buys its bottles, caps, and cartons from Spanish suppliers (some of which are subsidiaries or licensees of U.S. firms). In January 1967, somewhat more than 100 persons were employed at the Libby plant; many of them were place packers, all women, working full time--6 days a week, 8 hours a day.

CADESA produces only thrown-packed olives, which thus far have been shipped to European markets only. CADESA started operating in early 1967. Although it has an annual capacity of 5.5 million pounds, its output will probably attain only 40 or 50 percent of capacity for some years until markets are developed.

In the latter half of 1965, when it appeared that an increasing number of producers in Spain would package olives for export in nonbulk containers, it was suggested that such exports might result in curtailment of imports of bulk olives into the United States (see appendix B). Imports of olives in bulk by the U.S. importer-repackers constitute a substantial share of the olives sold by the firms owning CADESA; indeed, such shipments account for the major part of exports of bulk olives from Spain. The U.S. importer-repackers' opposition to exports by CADESA to the United States was made known to CADESA and to officials of the Spanish Government by representatives of the association of the U.S. importer-repackers in meetings held in Seville, Spain, in September 1965. In November 1965 CADESA informed the association that it would not export nonbulk olives to the United States.

Data on exports of Spanish olives in glass containers are not available for years prior to 1964/65. In that year Spain exported 1.2 million pounds of olives in such containers; only 132,000 pounds of this total was shipped to the United States (table 2). Spain's exports of olives in glass containers between December 1, 1965, and September 30, 1966, increased to 2.0 million pounds, 839,000 pounds of which was shipped to the United States. The average unit value of olives shipped in glass to the United States was generally lower than that of olives shipped in glass to other countries; the difference is attributable largely to the fact that the olives exported to the United States are stuffed primarily with pimiento, whereas the olives shipped to other countries consist mostly of specialty olives, e.g., almond or onion stuffed.

Greece

Greece is an important processor and the second largest exporter of table olives. Roughly 5 percent of Greece's annual olive crop is utilized for the production of table olives; most of the remainder is crushed for oil. In recent years the annual consumption of olives for table use in Greece has amounted to approximately 46 million pounds, virtually all of which has been produced domestically.

Most of the country's olive crop is produced in central Greece and Euboea; other important growing areas are Thessaly, the Peloponnesus, Macedonia, and the Aegean Islands. Approximately 90 percent of the table olives produced in Greece are Greek style; about half of the 10 percent which are green consist of cracked olives consumed domestically. During the period 1963/64 to 1965/66, Greece produced an annual average of 93 million pounds of olives (table 1).

During the same period, Greece's annual exports of olives averaged 35 million pounds (table 1). The traditional Greek-style olives have accounted for the majority of such exports (70 percent in 1963/64). Soviet bloc countries, which generally buy small, inexpensive olives, were the market for about half of Greece's annual exports in the 3-year period mentioned above; the United States took somewhat more than a tenth of the total, generally purchasing the large, more expensive olives.

Recently, Greece's annual exports of olives in tin containers weighing about 30 pounds have increased, possibly to 40 percent of total shipments. Previously, exports of olives in containers of this size had constituted only 10 to 15 percent of the total; most were shipped in large wooden barrels. The primary cause of the shift to smaller containers has been the significant increase in the price of wooden barrels (imported primarily from Rumania).

U.S. Tariff Treatment

As indicated earlier, the preponderant share of U.S. imports of olives consists of Spanish-style olives. Such imports are dutiable exclusively under two TSUS categories--items 148.50, at 30 cents per gallon, and 148.44, at 20 cents per gallon. In recent years, about 75 percent of U.S. imports of olives were entered under item 148.50, and 20 percent, under item 148.44. Crucial to this study is the fact that under each of these categories (items 148.50 and 148.44), imported Spanish-style olives are dutiable at the same specific rate whether they enter in bulk, institutional, or retail containers; 1/ the rates, therefore, do not provide any special protection for domestic packers of olives in retail or institutional containers. The Congress provided no such protection in the Tariff Act of 1930.

If California-style olives were to be imported, they would be dutiable under item 148.56 at 5 cents per pound regardless of container size.

Imported olives are classified for tariff purposes under part 9B of schedule 1 of the Tariff Schedules of the United States (TSUS). 2/ The rates of duty currently applicable to imports from all countries other than those designated as being under Communist control, 3/ the ad valorem equivalents of the duties based on imports entered during the marketing year 1965/66, and the share of

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1/ The rate of duty applicable to imports of olives under item 148.48 is also the same (30 cents per gallon) regardless of the size of container in which the olives are entered. Imports under this item, however, have been negligible.

2/ Olives are presently imported in containers of types which, under general headnote 6(b)(i), are not subject to treatment as imported articles. Trade sources indicate, however, that reusable fiber glass containers and steel drums may be employed in the future as bulk containers. Such containers would be separately classifiable and subject to duty unless exempted from duty under the provisions of item 808.00 of the TSUS.

3/ Products of most Communist-controlled countries are dutiable at the statutory rates shown in column 2 of table 3 in appendix A.

U.S. total imports of olives that entered under each item in 1965/66, are as follows:

TSUS item	Commodity	Rate of duty	Ad valorem equivalent (percent)	Share of imports (percent)
	Olives, fresh, or prepared or preserved:			
148.40	Fresh	5¢ lb.	1/	1/
	In brine, whether or not pitted or stuffed:			
	Not ripe and not pitted or stuffed:			
148.42	Not green in color and not packed in airtight containers of glass and metal.	15¢ gal.	8	3
148.44	Other	20¢ gal.	17	20
	Ripe, but not pitted or stuffed:			
148.46	Not green in color and not packed in airtight containers of glass and metal.	15¢ gal.	8	1
148.48	Other	30¢ gal.	16	2
148.50	Pitted or stuffed	30¢ gal.	15	73
	Dried:			
148.52	Not ripe	5¢ lb.	1/	1/
148.54	Ripe	2.5¢ lb.	14	1
148.56	Otherwise prepared or preserved.	5¢ lb.	11	2/

1/ No imports.
2/ Less than 0.5 percent of total imports.

The rates of duty shown for items 148.42, 148.46, and 148.54 are reduced rates reflecting concessions granted by the United States, which were initially negotiated with Greece under the General Agreement on Tariffs and Trade; these reduced rates have been in effect since May 9, 1950. The remaining rates are the full rates originally provided in the Tariff Act of 1930 under paragraph 744; these have not been the subject of trade agreement concessions. All of the items shown in the tabulation above have been listed for possible trade agreement concessions in the Kennedy Round of trade negotiations. As a result of these negotiations, the rates of duty on these articles could be reduced by as much as 50 percent or, in certain circumstances, eliminated altogether.

The ad valorem equivalents presented in the tabulation do not adequately reflect the burden of the duties imposed on most of the categories shown. These "equivalents" were derived from averages computed from the trade data involved. For some categories, the volume of trade was too small to permit the "ad valorem equivalent" to be meaningful. For others, there was little concentration of values around the average. Imports classified under the major category (item 148.50), for example, include both pitted olives and stuffed olives in brine. Not only are the unit values of stuffed olives generally higher than those of pitted unstuffed olives, but the ingredients added when the olives are stuffed also vary widely in value. Moreover, such imports enter both in bulk and in retail containers; accordingly, their unit values differ widely. In 1965/66 the unit values of olives entered in bulk containers under this item (148.50) averaged only about 40 percent of those of olives placed packed and imported in retail containers.

The U.S. Food and Drug Administration regularly inspects imports of olives for infractions of its regulations. Shipments failing to meet its standards are not permitted entry until the prescribed standards have been met. In recent years, detentions of olives for failure to meet the regulations have been negligible.

U.S. consumption

U.S. consumption of table olives has increased substantially since World War II--reflecting the increased population, increased per capita disposable income, greater appreciation of relishes, and intensified promotional efforts by domestic processors. The annual quantity of Spanish-style olives consumed has increased by about 60 percent, and that of California-style olives has approximately doubled. The following tabulation shows U.S. consumption of olives, by principal styles, in 5-year averages for 1935-64 and in the marketing years 1963/64 to 1965/66 (in millions of pounds drained weight):

Period	California style	Spanish style	Other	Total
5-year average:				
1935-39	19	37	7	63
1940-44	27	50	9	86
1945-49	29	55	6	90
1950-54	42	72	10	124
1955-59	51	75	10	136
1960-64	58	85	8	151
Marketing year (Dec. 1-Nov. 30):				
1963/64	61	78	12	151
1964/65	65	79	9	153
1965/66	70	79	8	157

During the period 1963/64 to 1965/66, annual U.S. consumption of olives increased from 151 million to 157 million pounds (table 4), and averaged three quarters of a pound per capita. Spanish-style olives supplied 51 percent of the total during this period; California-style olives supplied 43 percent; and the Greek, dried, and other styles combined, 6 percent.

A large share of the processed olives consumed in the United States have been marketed to consumers in retail containers. About four-fifths of the Spanish-style olives consumed have been marketed in retail containers, principally glass (net contents of less than 2 pounds). As noted earlier, most of the Spanish-style olives have been imported in bulk containers and then repacked in the United States in retail and institutional containers.

Before World War II most of the Spanish-style olives sold in the United States in retail containers were placed packed. During the war, however, this pattern began to change, and in recent years the preponderant share of the olives marketed in retail containers have been thrown packed. In 1965/66 about 85 percent of those marketed in retail containers were thrown packed and 15 percent were placed packed.

About three-fourths of the California-style olives have been marketed in retail containers, principally metal containers holding net contents of 9 ounces or less. Nearly all of the remainder have been sold in metal containers containing about 4 pounds. Other processed olives (e.g., Greek style, dried) have generally been sold at retail, either by the pound from bulk containers, or in containers having 1 pound or less of fruit.

Imported Spanish-style olives are consumed principally in States east of the Rocky Mountains; in 1965/66 about 90 percent of them were consumed in this area. Spanish-style olives produced from domestically grown fruit have been consumed largely in the western States and in Puerto Rico; in 1965/66 about 70 percent of the domestic output of such olives went to these outlets. Although the consumption of California-style olives is widespread, in recent years California, New York, and Illinois have taken about half of the total output.

Domestic Producers

Three distinct groups of producers are responsible for most of the olives produced in the United States--namely, the importer-repackers, who prepare imported olives for distribution, the U.S. growers of olives, and the processors of domestically grown olives.

Importer-repackers

Importer-repackers generally receive olives in bulk containers and repackage them in retail and institutional containers; some, however, also repackage small quantities of domestically grown Spanish-style olives. In 1965/66 about 85 percent of the importer-repackers handled Spanish-style imported olives only; most of the remainder handled Spanish-style olives in conjunction with other styles of imported olives. More than three-fourths of the importer-repackers deal in products other than olives, such as maraschino cherries, olive oil, pickled onions, and capers. Although imported olives accounted in 1965/66 for less than 20 percent of the value of the aggregate sales of U.S. olive-repacking establishments, the repacking of imported olives was the principal source of income for about one-third of them.

In 1965/66 about 60 firms operated more than 70 establishments in which imported bulk olives were repacked. Most of these firms were engaged in small regional operations; at least 15 of them, however, operated as divisions of large multiproduct corporations (including 6 chainstore firms) and had interregional operations. In 1965/66 the 3 largest importer-repackers accounted for more than 20 percent of the imported olives sold in the United States, and the 10 largest, for about 50 percent.

Importer-repacker establishments are generally located near major U.S. population centers. About a third of the imported olives are repacked in the New York metropolitan area; large quantities are also put up in Chicago, Cincinnati, Detroit, Houston, and Philadelphia.

Ordinarily, the importer-repackers purchase their supplies of bulk olives through brokers representing foreign exporters. Contract specifications respecting grades and sizes generally utilize the aforementioned U.S. standards. The importer-repackers usually operate throughout the year; most of them make frequent purchases during the year and attempt to maintain an inventory of bulk olives (including those in transit and those under contract but not yet shipped) sufficient to sustain their operations for a period of 2 to 3 months.

Spanish style.--Spanish-style olives accounted for most of the olives sold by importer-repackers in 1965/66. About three-fourths of their sales of this style of olive were packed in retail containers; the remainder were packed in institutional and bulk containers.

Before World War II some 75 percent of the imported Spanish-style olives repacked in the United States were placed packed. Because of a shortage of skilled workers and the accompanying increased labor costs of producing placed-packed olives, increased quantities of imported bulk olives were thrown packed during the war. After the war, the demand for thrown-packed olives continued to increase as consumers found that such olives were more within their means. The sale of placed-packed olives, on the other hand, diminished both absolutely and relatively. With the introduction of technological advances during the early 1950's, the output of thrown-packed olives increased at a rapid rate until that pack soon accounted for the dominant share of repacked Spanish-style olives. Among the more important technological advances in olive packing introduced since World War II are the automatic tumbler-filler, the washer-briner, an improved vacuum capping machine, the automatic bulk-container dumper, and automatic brine-making equipment.

While minor innovations have been made in the process of place packing olives, none of them has substantially reduced the large amount of labor required to place pack olives by hand. Although several semiautomatic olive place-packing machines have been developed, they have not been widely adopted, not only because they are high in initial cost but also because they can be used with only a few sizes and types of glass containers.

In modern importer-repacker plants, olives are transferred from the bulk container by an automatic dumper to a hopper, from which they are picked up by a conveyor. There they are washed under a series of high-pressure water sprays and inspected to remove defective olives. During the dumping and washing process, all of the brine in which the olives were originally packed is drained away. 1/ The washed and inspected olives then proceed to a tumbler-filler machine which throw packs them in glass containers. The filled containers enter the washer-briner, where the packed olives are rinsed and covered with a salt brine, lactic acid solution. Next, they are automatically vacuum capped and labeled. Finally, the containers are packed in cardboard boxes ready to be marketed. Ordinarily, the line used for packaging thrown-packed olives is also used for placed-packed olives, except that the hand-packed container enters the line at the washer-briner machine. The machinery used in the importer-repacker establishments varies from simple equipment in the small establishments to complicated stainless-steel equipment in the

1/ This so-called mother-brine is discarded, inasmuch as it is too salty to please most consumers and would require considerable reconditioning to be suitable for use as brine for consumer packs.

large. Much of the modern labor-saving equipment in these plants was acquired during the 1950's.

In 1965/66 about three-fourths of the importer-repackers packed imported Spanish-style olives in institutional containers (2 pounds through 9 pounds). Most of these containers are thrown packed by hand--the small volume involved does not justify separate packaging lines; however, at least one importer-repacker has developed enough volume in the institutional sizes to warrant setting up a partly automated packaging line. Most importer-repackers sell small quantities of imported Spanish-style olives in bulk containers holding more than 9 pounds--usually the container in which they were imported. Most bulk sales are made to food processors, such as luncheon meat manufacturers.

Other styles.--Other styles, mostly Greek-style and dried olives, accounted in 1965/66 for about 5 percent of the importer-repackers' sales of olives. About 15 percent of the importer-repackers handled these styles. Nearly half of the imports of these styles of olives were repacked, mainly in retail containers, before being sold. The remainder were marketed largely to retail specialty stores that sell the olives directly from the original container.

Growers

Virtually all olives grown commercially in the United States are grown in California, where about 2,500 growers devote approximately 32,000 acres to olives. Most olive growers derive a substantial part of their income from olives; they obtain much of the remainder from such crops as citrus fruits, nuts, cotton, and grapes. Many of the growers belong to one of three cooperatives which process, pack, and sell California olives; the rest sell to independent processors. During the period 1963/64 through 1965/66, the olive crop averaged 107 million pounds annually, having an average farm value of 10 million dollars. During this period farm employment ranged from some 2,000 permanent employees to a harvest peak of about 10,000 employees.

As occurs with many tree fruit crops, olive crops tend to be small following those that are large. This alternate-bearing tendency has been overcome to some extent in recent years, however, by use of chemical-spray thinning, irrigation, and other improved practices employed by the growers. Cultural conditions, particularly weather, affect both the quality of the crop and the size.

Both the size and quality of the olives harvested influence the income received by individual growers. The larger olives bring substantially higher prices than the smaller and the low-quality olives not suitable for California-style processing. In recent years the prices of olives sold for crushing have been only about a third of those received for olives to be processed California-style.

In the period 1963/64 to 1965/66, an annual average of some 8 million pounds of olives, or only about 8 percent of farm production, was sold for processing into Spanish-style olives. By contrast, an annual average of 76 million pounds, or about 71 percent, went to canners for processing as California-style olives (as indicated in table 5). In the early 1950's about 50 percent of the crop was processed as California-style olives. The increase in the share of the crop used for California-style olives was reflected by a decrease in the portion used for oil. During 1963/64 through 1965/66, an average of about 12 million pounds annually was used for this purpose. Sicilian-style olives (about 3 million pounds annually), Greek-style olives (about 1 million pounds annually), and olives otherwise processed or used on farms (about 6 million pounds annually) accounted for the balance of the aggregate U.S. output.

Processors of domestic olives

Largely as a result of mergers aimed to achieve economies of scale, the number of firms processing domestic olives declined from about 30 in the late 1950's to 17 in 1966 (3 grower-owned cooperatives and 14 independent canners). The trend toward mergers is expected to continue. Processing table olives is the main source of income for most of these firms, but a minor source for two large food processing firms. Of the 17 processors, all of which are located in California, 12 sold California-style olives during 1965/66; the 3 cooperatives accounted for approximately half of the quantity sold.

As noted, only 8 percent of the domestically produced olives are processed Spanish-style. They consist primarily of olives considered unsuitable for processing California-style. They are not stuffed and hence are not directly comparable with the bulk of the olives imported from Spain. In 1965/66, Spanish-style olives were produced by the three cooperatives, and seven other processors. Spanish-style olives accounted for the major share of the sales of only one small processor. Only two processors produced placed-packed olives.

The machinery and equipment used in processing domestic olives is similar to that used in other fruit- and vegetable-processing enterprises of comparable size. Machines, such as pitters, fillers, and washers, are generally modern. Such machinery and equipment constitute substantial investments.

U.S. Sales

Annual U.S. sales of both domestic and imported processed olives have increased substantially since World War II. Annual sales of California-style olives have approximately doubled, while those of imported olives have increased by about 60 percent. The relative importance of Spanish-style olives (domestic and imported), therefore, declined. Sales of other processed table olives, notably Greek style, Sicilian style, and dried, have been small. Sales of all styles of olives increased from about 154 million pounds in 1963/64 to 160 million pounds in 1965/66 (table 4). The following tabulation shows the percentage distribution of sales, by style of olive, in 1965/66 (by volume):

Item	Percent of total sales
Imported:	
Spanish style	45
All other	4
Domestically grown:	
California style	45
Spanish style	4
All other	2
Total	100

The aggregate sales of domestic and imported Spanish-style olives accounted for about half of the total U.S. sales of processed olives.

Imported olives

Nearly all imported olives have consisted of the Spanish style. Annual sales of imported Spanish-style olives in the period 1963/64 to 1965/66 are estimated to have averaged some 74 million pounds (based on table 6). The following tabulation shows the percentage distribution of such sales, by type of pack, in the period 1963/64 to 1965/66 (by volume):

Type of pack	Percent of sales
Retail:	
Thrown	68
Placed	14
Institutional	14
Bulk	4
Total	100

Olives packed in retail containers accounted for more than four-fifths of the total sales in this period; annual sales of imported Spanish-style olives that were thrown packed averaged about 50 million pounds, and sales of those that were placed packed, about 10 million pounds.

Sales of miscellaneous styles of processed imported olives (mostly Greek-style and dried olives) have been small compared with sales of Spanish-style olives.

Domestically grown processed olives

Annual U.S. sales of California-style olives increased from 61 million pounds in 1963/64 to 70 million pounds in 1965/66 (table 7); in the latter year they were 65 percent greater than a decade earlier. In 1965/66 approximately 95 percent of the U.S. output of California-style olives was sold in either the United States or Puerto Rico; the remainder was exported. The following tabulation shows the percentage distribution of sales of California-style olives, by type of pack, in the period 1963/64 to 1965/66 (by volume):

Type	Percent of sales
Black:	
Whole-------------------------	54
Pitted------------------------	39
Green, whole or pitted---------	3
Chopped, sliced, broken, etc---	4
Total----------------------	100

Sales of black olives comprised more than nine-tenths of the above total. Sales of California-style pitted olives, both black and green, increased more rapidly during the past decade than did those of whole olives. Virtually all California-style olives have been packed in metal containers, which are economical and easy to handle; moreover, the brine solution required darkens with time and becomes unattractive in glass containers.

Sales of Spanish-style olives processed from domestically grown fruit have been small relative to those either of imported olives of that style or of California-style olives. Spanish-style olives were not processed commercially in California until about 1935, and annual sales have not changed materially since 1940. In the period 1963/64 to 1965/66, annual sales of Spanish-style olives by domestic processors ranged from about 6 million to 7 million pounds (table 6). About 60 percent of the total output of domestic Spanish-style olives during those years was sold in bulk containers; 30 percent, in retail containers; and 10 percent, in institutional containers. Processors' sales of Spanish-style olives in retail containers in 1965/66 amounted to some 2 million pounds, which is about one-half million pounds more than in 1963/64. Virtually all such olives were thrown packed rather than placed packed.

During the period 1963/64 through 1965/66, annual U.S. sales of Sicilian-style and Greek-style olives processed from domestically grown fruit averaged some 2 million pounds, about two-thirds of which were of the Sicilian style.

Inventories

In the period 1963/64 to 1965/66, yearend inventories of imported Spanish-style olives held by importer-repackers were equivalent to about a fourth of their annual sales. On November 30, 1966, about 65 percent of such olives in inventory were held in bulk containers, and 25 percent, in thrown-packed retail containers. The inventories of placed-packed olives in retail containers on that date, accounting for about 10 percent of the total inventories, were more than twice those of a year earlier. It appears that a substantial share of the placed-packed olives in inventory on November 30, 1966, had been packaged abroad, principally at the new plant in Spain owned by a U.S. firm; they probably account for a large share of the U.S. imports of placed-packed olives in 1965/66.

Yearend inventories of Spanish-style olives processed from domestically grown fruit did not vary materially during the period 1963/64 to 1965/66. On November 30, 1966, such inventories were equivalent to 50 percent of the domestic sales of such olives in 1965/66. A large share of these were in bulk containers. Those in retail containers were equivalent to 14 percent of such sales in like containers by domestic producers in 1965/66, and those in placed-packed retail containers, to 20 percent of the corresponding sales.

Yearend inventories of California-style olives have declined in recent years. On November 30, 1966, such inventories were equivalent to about 10 percent of the sales of such olives in 1965/66. Most of the inventories consisted of whole, black olives packed in retail containers.

Marketing Orders for California Olives

Currently, both State and Federal marketing orders are operative for California olives. These orders implement programs adopted by growers and processors to facilitate the marketing of olives. Whereas the State order is concerned principally with research and promotion, the Federal order deals primarily with quality control.

California

The marketing of California olives has been regulated by State marketing orders since 1948 (except for the period June 1955-September 1957), pursuant to the California Marketing Act of 1937. The current Marketing Order for California Canned Olives (California style)--issued on June 1, 1964, and extended in June 1966 for a period of 2 years--is similar to its predecessors. It establishes an Olive Advisory Board, composed of producers and processors, to administer the provisions of the order, subject to approval by the Director of Agriculture. These provisions authorize the board to prepare and administer advertising and sales-promotion plans, to establish minimum quality and size regulations, and to undertake research. The order also requires processors to report their receipts of olives from producers. To finance its operations, the board is authorized to assess both producers and processors up to

$3.00 each per ton of olives delivered for processing into canned olives. The portion of the assessment relating to advertising and sales promotion, however, can be levied only on olives processed as black California-style olives.

Advertising has been the most important feature of the California program; the advisory board has been very active in both this area and that of research. In the 4 years 1963-66, the board's annual budget for advertising and promotion averaged $142,000; that for research averaged $50,000. In the field of research, particular emphasis was placed on mechanical harvesting.

The authority to regulate quality and size, however, has not been exercised. Moreover, the State orders, which apply only to intrastate marketing activities, have had little direct effect on interstate or foreign commerce. For these reasons, interest developed in obtaining a Federal marketing order.

Federal

The Federal marketing order for California olives became effective on October 2, 1965, pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended. 1/ Certain sections of the order, which deal with inspection and certification, however, did not take effect until September 1, 1966. The 1937 act declares it to be the policy of Congress to establish and maintain

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1/ 50 Stat 246, 7 U.S.C. 601 et seq.

orderly marketing conditions for agricultural commodities in interstate commerce to assure parity prices to farmers 1/ and at the same time to protect the interest of the consumer by not authorizing actions designed to maintain prices above the parity level. The Secretary of Agriculture is authorized--

> to establish and maintain such minimum standards of quality and maturity and such grading and inspection requirements for agricultural commodities . . . in interstate commerce as will effectuate such orderly marketing . . . as will be in the public interest.

The Olive Administrative Committee, comprised of eight producers and eight processors, administers the Federal order. The regulatory provisions require that olives destined for processing as California style (black or green) must be weighed and size-graded (incoming inspection) upon arrival at a processing plant. Olives that do not meet the minimum size regulations specified in the order may not be processed into California-style olives. After processing, the olives must again be inspected (outgoing inspection); processors may package or ship only those olives that meet or exceed U.S. Grade C requirements and certain specified size designations. Currently, olives to be packaged as Spanish-style olives are not subject to incoming or outgoing regulations, although the order does authorize such regulation.

1/ The "parity price" of individual commodities is determined by the U.S. Secretary of Agriculture according to a statutory formula. In effect, it is the price that a certain quantity of the commodity would have to command in order to give the grower purchasing power equivalent to that during a statutory base period.

Incoming inspection is handled by the Federal-State Fresh Products Inspection Service, and outgoing inspection, by the Processed Products Inspection Service of the U.S. Department of Agriculture. The costs of inspection are prorated among the processors according to the share of olives handled by each.

U.S. Employment

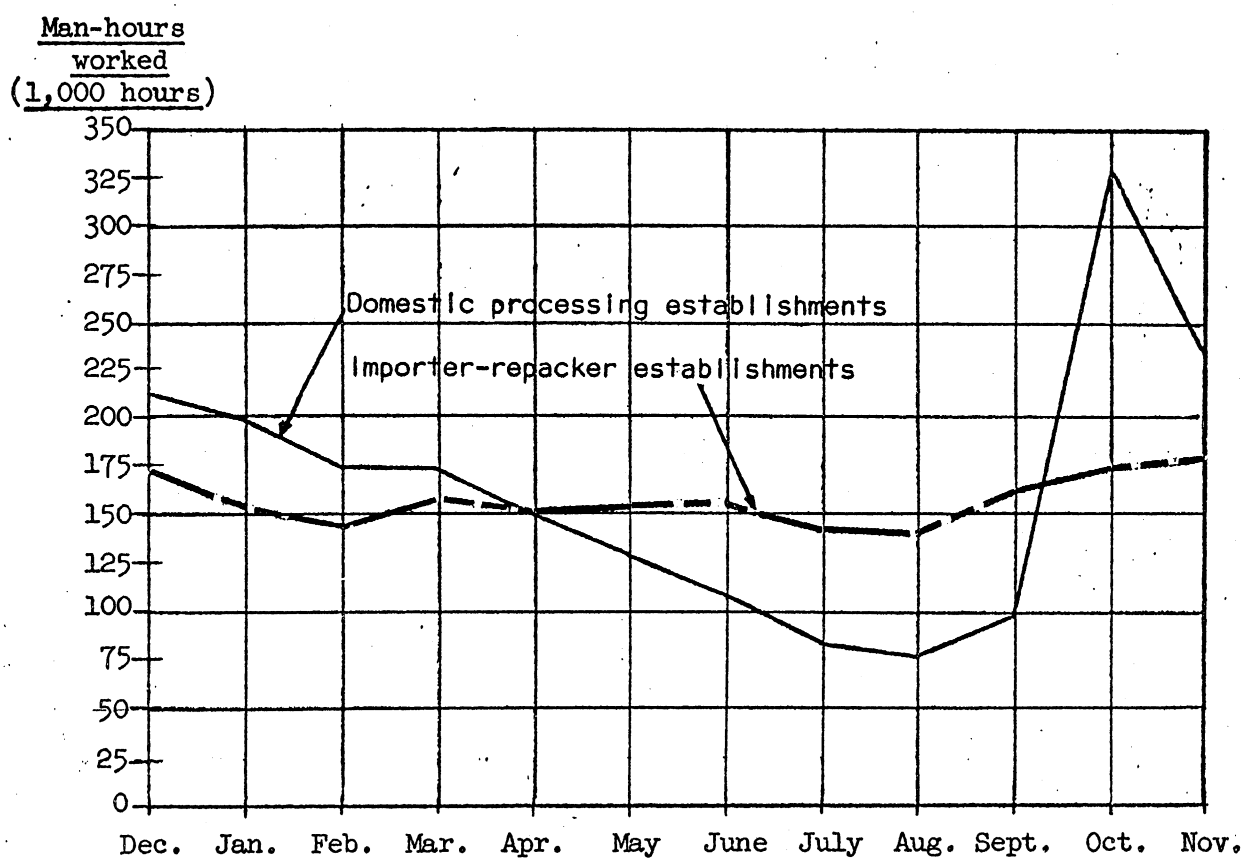
Some 2,200 workers were employed in repacking imported olives and in processing domestically grown olives in 1965/66. About half of them were employed by the importer-repackers.

Repacking imported olives

Throughout 1965/66 an average of some 1,100 production and related workers were employed by importer-repackers to repack olives. About 700 of them were engaged chiefly in throw-packing operations and about 400 in place-packing. Most of the place packers were engaged full time in that operation. In 1965/66, throw-packing operations accounted for about 70 percent of the man-hours worked by production and related workers in packing imported olives; place packing accounted for about 30 percent (as indicated in table 8).

While it is estimated that the total number of production and related workers employed and the total man-hours worked in the importer-repacker establishments increased by 13 percent from 1963/64 to 1965/66, the total man-hours worked by production and related workers on olive operations only are believed to have changed little. According to the trade, the monthly distribution of man-hours worked by production and related workers on olives in the importer-repacker establishments in 1965/66 is typical of the distribution in other recent years. The man-hours so worked remained fairly constant throughout 1965/66; nevertheless, they increased somewhat during the fall of 1966, when increased quantities of imported olives were packed for the holiday season (see figure below).

Man-hours worked monthly by production and related workers on olives in importer-repacker establishments and in domestic olive processing establishments in the United States, marketing year 1965/66



Source: Compiled from data supplied the U.S. Tariff Commission by importer-repackers that accounted for about 85 percent of the U.S. sales of imported olives and by the processors of domestic olives that accounted for virtually all of the sales of domestically produced olives.

The monthly average number of place packers employed by importer-repackers is estimated to have declined from some 600 in 1949/50 to about 400 in 1965/66.

Processing domestic olives

The average monthly number of production and related workers employed, as well as man-hours worked by such employees, in the establishments in which domestic olives were processed increased by 11 percent from 1963/64 to 1965/66. An average of about 2,000 production and related workers were employed in these establishments in 1965/66 (table 8); roughly half of these workers were engaged in olive operations. During the years 1963/64 through 1965/66, about 80 percent of the man-hours worked by production and related workers on domestically grown olives were devoted to processing California-style olives.

Trade sources indicate that the monthly distribution of man-hours worked by production and related workers on olives in the establishments processing domestic olives during 1965/66 is typical of that in other recent years. Until September of that year the man-hours worked monthly declined in all but one month; it increased to a yearly high in October and declined in November (see figure on p. 40). The large number of man-hours worked in October reflects the extra labor needed to put the new crop in temporary preservative.

U.S. Exports

Annual U.S. exports of processed olives have varied little in recent years (table 9). In the years 1963/64 through 1965/66, annual exports averaged about 3 million pounds, valued at $1 million. During this period, exports were equivalent, in terms of quantity, to about 4 percent of the sales of processed domestically grown olives and to 2 percent of U.S. aggregate consumption of both domestic and imported olives. The exports consisted predominantly of California-style olives, those of the Spanish-style being negligible. Canada, the principal market for U.S. exports of olives, took nearly 70 percent of such exports during 1963/64 through 1965/66.

U.S. Imports

U.S. imports of olives vary considerably from year to year. Annual imports were materially higher in the years immediately following World War II than they had been during and before it; they remained fairly steady during the 1950's and then increased during the early 1960's (table 10). From 1963/64 through 1965/66, annual imports ranged from 70 million to 91 million pounds (table 11) and averaged 82 million pounds, valued at $25 million. Olives prepared or preserved in brine accounted for nearly all of the olives imported. 1/ In 1964/65, aggregate imports were about 20 million

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1/ Pitted or stuffed olives in brine (item 148.50) and not-ripe whole olives in brine (item 148.44) accounted for about 75 percent and 20 percent, respectively, of such imports.

pounds lower than those in the preceding year; the decline reflected largely a reduced crop in Spain.

Spain, and to a lesser extent Greece, have generally supplied most of the U.S. imports of olives. In the period 1963/64 through 1965/66, imports from Spain accounted for 91 percent of the total U.S. imports, 97 percent of the pitted or stuffed olives in brine (table 12), and about 90 percent of the whole olives in brine that are green in color or packed in airtight containers (tables 13 and 14). Imports from Greece supplied the preponderant share of the whole olives in brine that are neither green in color nor packed in airtight containers (tables 15 and 16). Virtually all imports of dried olives came from Morocco (table 17). Most of the processed olives not preserved in brine or dried (largely olives in oil and vinegar) were imported from Greece and Spain (table 18).

For many years imports of olives (all styles) have supplied about half of the olives consumed domestically. Whereas imports have supplied most of the Spanish-style olives so consumed, domestic processors have supplied all of the California style and most of the miscellaneous styles of table olives.

The following tabulation shows imports of Spanish-style olives from 1963/64 through 1965/66:

Marketing year (December-November)	Quantity (million pounds)	Value (million dollars)
1963/64	89	20
1964/65	69	23
1965/66	83	27

Virtually all imports of Spanish-style olives came from Spain; imports of this style from Portugal and Greece were small. Most of the Spanish-style olives entered in large wooden casks or barrels; imports of olives in retail or institutional containers in the period 1963/64 to 1965/66 were minor in comparison. The following tabulation shows the approximate imports of Spanish-style olives packed in retail or institutional containers in recent years:

Marketing year (December-November)	Quantity (million pounds)
1963/64------------------	1/ 0.2
1964/65------------------	1/ .3
1965/66------------------	2/ 1.2
1966/67 (December-late March)-----------------	3/ .8

1/ Estimated from data supplied the Tariff Commission by U.S. importers.
2/ Exports from Spain to the United States as reported by the Association of Exporters of Spanish Table Olives, Seville, Spain, and the U.S. Embassy in Madrid, Spain, plus estimated exports from Portugal to the United States.
3/ Based on exports from Spain to the United States as reported by Informaciones y Estadisticas Sobre La Aceituna, plus estimated exports from Portugal to the United States.

The small imports of Spanish-style olives put up in retail containers before 1965/66 consisted chiefly of specialty packs and sample shipments.

Beginning in September 1966, however, imports of Spanish-style olives packed abroad in retail containers increased significantly; the increased imports reflected primarily the operations of the aforementioned new packaging plant in Spain. Although increased quantities of such olives had entered the United States by the close of 1965/66, a substantial portion of the total was still in domestic warehouses at the close of the year and, hence, had not entered retail channels. Most of the Spanish-style olives imported in glass containers in the period September 1966 to late March 1967 were placed packed. Imports of such olives are estimated to have been equivalent to about 4 percent of total U.S. imports of Spanish-style olives during that period; they were equivalent to somewhat less than 4 percent of the domestic consumption of imported and domestically processed Spanish-style olives, and to about 2 percent of the aggregate domestic consumption of both Spanish- and California-style olives.

Inasmuch as the recent increase in imports of placed-packed Spanish-style olives reflects the initial output of a new plant, the quantities entered are not necessarily indicative of future imports. The firm has yet to demonstrate that its new marketing venture will prove to be successful. Indeed, such importations are of too recent origin to permit an assessment of their probable impact on domestic importer-repackers. Inasmuch as wage rates in Spain are lower than those in the United States, placed-packed olives, which require a substantial labor input, are the type put up in retail containers most likely to enter in increased quantities from Spain.

Channels and Methods of Distribution

Olives in both metal and glass containers are usually marketed as grocery items, in much the same manner as are pickles, canned fruits and vegetables, and packaged cereals. Not being perishable, they can be warehoused until needed.

Imported processed olives

The following tabulation shows the estimated percentage distribution of sales (by quantity) of imported olives (consisting predominantly of Spanish style) by the importer-repackers to their outlets in 1965/66:

Outlet	Percent
Chainstores and retail group buyers----	50
Jobbers and wholesalers----------------	37
Manufacturers--------------------------	4
Restaurants and institutions-----------	4
Federal, State, and local governments--	3
All other------------------------------	2
Total----------------------------------	100

The most important outlets for imported processed olives were chainstores and retail group buyers, and jobbers and wholesalers. The aforementioned six chainstore firms that repack imported olives market virtually all of their output through their own stores. In 1965/66 they accounted for about 22 percent of all imported olives sold in retail containers.

Domestically processed olives

The estimated percentage distribution of the sales (by quantity) of olives by domestic processors, by principal types of outlets in 1965/66, is as follows:

Outlet	California-style olives (percent)	Spanish-style olives (percent)
Jobbers and wholesalers----------------	48	44
Chainstores and retail group buyers----	42	16
Federal, State, and local governments--	5	6
Restaurants and institutions-----------	4	1/
Manufacturers--------------------------	1/	5
All other 2/---------------------------	1	29
Total------------------------------	100	100

1/ Less than 0.5 percent.
2/ Includes shipments to unspecified outlets in Puerto Rico.

Jobbers and wholesalers, chainstores, and other group buyers were the outlets for 90 percent of California-style olives in 1965/66. Jobbers and wholesalers were by far the most important outlets through which domestic Spanish-style olives were sold (principally in the Western United States).

Prices

In view of the many differences in the styles of olives involved, types of pack, uses, and sources of supply, the prices of imported repacked Spanish-style olives and domestically processed California-style olives bear no close relationship to one another. Factors affecting the price structure of each style, therefore, are discussed separately.

Prices received by importer-repackers

Average prices received by importer-repackers on June 1 and December 1 of the years 1964 to 1966 are shown in table 19. Primarily because of the greater labor costs involved, placed-packed olives (both Queens and Manzanillas) were higher priced than the thrown-packed, and stuffed Queens were more expensive than whole Queens.

Average prices received by importer-repackers in December 1966 for domestically placed-packed imported olives sold in the Northeast United States, as well as the prices quoted in the same region by the major importer for olives that had been packed abroad in retail containers, 1/ are listed in the tabulation below:

Description	Price per case		Price differential, "imported" under "repacked"	
	Repacked	Imported	Amount	Percent
Stuffed Manzanillas:				
Case of 24/2 to $2\frac{1}{4}$ oz----	$5.10	$4.20	$0.90	18
Case of 24/3 to $3\frac{1}{2}$ oz----	6.52	5.40	1.12	17
Stuffed Queens:				
Case of 24/$4\frac{1}{2}$ to 4-3/4 oz----------------	8.76	8.05	.71	8
Case of 12/7-1/8 to $7\frac{1}{4}$ oz-----------------	6.18	5.50	.68	11

Inasmuch as the prices for the olives packed abroad in retail containers are the first to have been quoted by this importer for such olives, they may not be indicative of future prices.

1/ As revealed by the importer's price list of January 1967; these prices are identical with those first quoted for these olives in November 1966.

The net contents, even of identical-size containers, vary according to the size of the olives and whether they are placed packed or thrown packed; hence, it is difficult to make precise comparisons of prices of the two types of packs. Nevertheless, it is estimated that the prices quoted recently for domestically placed-packed imported olives have been about a third higher than those for comparable quantities of domestically thrown-packed imported olives. As shown in the tabulation on p. 48, the prices of imported placed-packed stuffed Manzanillas were nearly 20 percent lower than the prices of Manzanillas domestically placed packed. The major importer of olives placed packed in retail containers has confirmed this price relationship by advertising that its imported placed-packed olives are now "only pennies more than thrown packed."

Prices received by importer-repackers reflect the cost of the olives received in bulk containers plus the value added by the repacking service (e.g., costs of labor, containers, and marketing). Similarly, prices at which olives packed in retail containers in Spain are offered in the U.S. market also reflect the cost of the olives plus the value of the repacking service in Spain. Olives placed-packed in Spain have been available to U.S. distributors in significant quantities for only a few months. If they continue to enter the U.S. market at the initial price levels, they will probably affect the price structure for domestically packed Spanish-style olives and thereby reduce the importer-repackers' margin. Because of the short time that olives placed packed in Spain have been available in the United States, information is lacking on the likely price response to recent changes in competitive conditions; these circumstances preclude analysis at this time of the effect of such imports.

Prices received by processors of domestic olives

Table 20 lists the average prices received on June 1 and December 1 of the years 1964 to 1966 by processors of California-style olives. Available information does not provide a basis for concluding that there is a close relationship between the prices of California-style and Spanish-style olives.

Appendix A

Statistical Tables

Table 1.--Table olives: Commercial production and exports, by specified countries, marketing years 1963/64 to 1965/66

(In thousands of pounds)

Country	Marketing year (Dec.-Nov.)			Average, 1963/64 to 1965/66
	1963/64	1964/65	1965/66	
	Production			
Spain	141,595	90,389	106,041	112,675
Italy 1/	12,000	6,500	12,400	10,300
Greece	118,030	63,268	99,139	93,479
United States	92,000	88,500	85,500	88,667
	Exports 2/			
Spain	100,243	74,956	83,775	86,325
Greece	37,730	37,227	30,864	35,274
United States	3,367	2,353	3,032	2,917

1/ Estimated.
2/ Italian exports have been negligible.

Source: Production and exports of Spain and Greece compiled from official statistics of the U.S. Department of Agriculture; U.S. exports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Spanish-style olives: Exports from Spain, by specified markets, and by type of container, marketing year 1964/65 and Dec. 1, 1965-Sept. 30, 1966

(In thousands of pounds)

Period and market	Bulk	Glass	Tin	Total
Marketing year (Dec.-Nov.) 1964/65:				
United States and Puerto Rico	62,522	132	139	62,793
Italy	935	4	4,166	5,105
Canada	5,026	2	8	5,036
England	1,189	53	19	1,261
Germany	188	616	247	1,051
All other	3,096	444	928	4,468
Total	72,956	1,251	5,507	79,714
Dec. 1, 1965-Sept. 30, 1966:				
United States and Puerto Rico	71,889	839	154	72,882
Italy	1,193	7	4,052	5,252
Canada	6,251	73	13	6,337
England	1,418	41	21	1,480
Germany	125	580	240	945
All other	11,033	473	1,407	12,913
Total	91,909	2,013	5,887	99,809

Source: Association of Exporters of Spanish Table Olives, Seville, Spain.

Table 3.--Olives, fresh, or prepared or preserved: U.S. rates of duty, March 1967

TSUS 1/ item	Description	Rate of duty 2/	
		1	2
	Olives, fresh, or prepared or preserved:		
148.40	Fresh	5¢ per lb.	5¢ per lb.
	In brine, whether or not pitted or stuffed:		
	Not ripe and not pitted or stuffed:		
148.42	Not green in color and not packed in airtight containers of glass, metal, or glass and metal.	15¢ per gal.	20¢ per gal.
148.44	Other	20¢ per gal.	Do.
	Ripe, but not pitted or stuffed:		
148.46	Not green in color and not packed in airtight containers of glass, metal, or glass and metal.	15¢ per gal.	30¢ per gal.
148.48	Other	30¢ per gal.	Do.
148.50	Pitted or stuffed	Do.	Do.
	Dried:		
148.52	Not ripe	5¢ per lb.	5¢ per lb.
148.54	Ripe	2.5¢ per lb.	Do.
148.56	Otherwise prepared or preserved.	5¢ per lb.	Do.

1/ Tariff Schedules of the United States.

2/ The rates in column 1 apply to all products except (a) Philippine articles, which receive preferential treatment, (b) products of most Communist-controlled countries, which are dutiable at the rates shown in column 2, and (c) certain products of insular possessions.

Table 4.--Olives, processed: U.S. sales of the domestic and the imported product, exports of domestic merchandise, and apparent consumption, marketing years 1963/64 to 1965/66

Marketing year (December-November)	Sales of U.S. product	Sales of imported product 1/	Exports	Apparent consumption 2/	Ratio of sales of imported olives to consumption
	Million pounds	Million Pounds	Million pounds	Million pounds	Percent
1963/64------	70	84	3	151	56
1964/65------	75	80	2	153	52
1965/66------	80	80	3	157	51

1/ Partly estimated.
2/ Sales of U.S. and imported products minus exports.

Source: Sales compiled from data supplied by domestic processors and importer-repackers; exports compiled from official statistics of the U.S. Department of Commerce.

Table 5.--Olives, fresh: Production and use of the crop grown in California, crop years 1963/64 to 1965/66

(In millions of pounds)

Item	Crop year (October-September)		
	1963/64	1964/65	1965/66
Farm production, total	114	108	100
Shipped fresh 1/	1	1	1
Processed, total	113	107	99
California-style	78	75	76
Oil	15	12	8
Spanish-style	9	10	6
Sicilian-style	3	2	2
Greek-style	1	2	1
Other 2/	7	6	6

1/ Most of these olives were shipped to markets outside California for processing.

2/ Includes miscellaneous styles and quantities used on farms where grown.

Source: Compiled from data supplied by the California Olive Association.

Note.--Olives are grown commercially in the United States only in California and Arizona; output in Arizona is negligible.

Table 6.--Spanish-style olives: U.S. sales of the imported and the domestic product, by 11 processors and 42 importer-repackers, by type of pack, marketing years 1963/64 to 1965/66 1/

Item	Marketing year (December-November)		
	1963/64	1964/65	1965/66
	Quantity (million pounds)		
Imported, total	66.2	65.0	66.8
Retail, total	54.3	53.4	53.3
Thrown	45.9	44.9	44.2
Placed	8.4	8.5	9.1
Institutional	8.1	8.6	9.8
Bulk	3.8	3.0	3.7
Domestically grown, total	6.2	7.0	7.4
Retail, total 2/	1.8	2.3	2.4
Institutional	.6	.6	.6
Bulk	3.8	4.1	4.4
Imported and domestically grown, total	72.4	72.0	74.2
Retail, total	56.1	55.7	55.7
Thrown 3/	45.9	44.9	44.2
Placed 3/	8.4	8.5	9.1
Institutional	8.7	9.2	10.4
Bulk	7.6	7.1	8.1

See footnotes at end of table.

Table 6.--Spanish-style olives: U.S. sales of the imported and the domestic product, by 11 processors and 42 importer-repackers, by type of pack, marketing years 1963/64 to 1965/66 1/--Continued

Item	Marketing year (December-November)		
	1963/64	1964/65	1965/66
	Value (million dollars)		
Imported, total	45.2	49.5	53.6
Retail, total	38.5	42.1	44.8
Thrown	30.4	33.3	35.4
Placed	8.1	8.8	9.4
Institutional	4.9	5.8	6.9
Bulk	1.8	1.6	1.9
Domestically grown, total	1.8	2.2	2.5
Retail, total 2/	.9	1.2	1.3
Institutional	.3	.3	.4
Bulk	.6	.7	.8
Imported and domestically grown, total	47.0	51.7	56.1
Retail, total	39.4	43.3	46.1
Thrown 3/	30.4	33.3	35.4
Placed 3/	8.1	8.8	9.4
Institutional	5.2	6.1	7.3
Bulk	2.4	2.3	2.7

1/ These concerns accounted for virtually all of the domestic output and for about 85 percent of the output of imported Spanish-style olives.

2/ Data on shares thrown and placed are not shown because publication would reveal the operations of individual concerns.

3/ Imported only.

Source: Compiled from data supplied by domestic producers and importer-repackers.

Table 7.--Olives, processed: U.S. sales of the domestic product by 17 domestic processors and of the imported product by 43 importer-repackers, by principal styles, marketing years 1963/64 to 1965/66 1/

Item	Marketing year (December-November)		
	1963/64	1964/65	1965/66
	Quantity (million pounds)		
Imported:			
Spanish-style	66.2	65.0	66.8
All other	1.4	1.7	1.5
Total	67.6	66.7	68.3
Domestically grown:			
California-style	60.9	65.1	69.8
Spanish-style	6.2	7.0	7.4
All other	2.5	2.5	2.4
Total	69.6	74.6	79.6
Grand total	137.2	141.3	147.9
	Value (million dollars)		
Imported:			
Spanish-style	45.2	49.5	53.6
All other	.6	.8	.7
Total	45.8	50.3	54.3
Domestically grown:			
California-style	24.7	26.6	29.4
Spanish-style	1.8	2.3	2.5
All other	.6	.6	.6
Total	27.1	29.5	32.5
Grand total	72.9	79.8	86.8

1/ These concerns accounted for virtually all of the output of domestic olives and for about 85 percent of the output of processed imported olives.

Source: Compiled from data supplied by domestic processors and importer-repackers.

Table 8.--Average monthly number of employees and man-hours worked by production and related workers in U.S. establishments engaged in processing domestic olives and repacking imported olives, by type of establishment, marketing years 1963/64 to 1965/66

Type of establishment, and marketing year (December-November)	All employees	Production and related workers	Man-hours worked by production and related workers on--					
			All products	Olives				
				California-style	All other styles (by type of pack)			Total
					Placed	Thrown	Total	
	Average number	Average number	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Processors of domestic olives: 1/								
1963/64	2,100	1,843	3,341	1,430	2/	2/	290	1,720
1964/65	2,146	1,888	3,362	1,482	2/	2/	308	1,790
1965/66	2,279	2,001	3,650	1,632	2/	2/	334	1,966
Repackers of imported olives: 3/								
1963/64	7,598	5,978	11,469	-	571	1,295	1,866	1,866
1964/65	8,079	6,355	12,258	-	572	1,276	1,848	1,848
1965/66	9,368	7,480	14,503	-	609	1,277	1,886	1,886

1/ The data shown are for 16 firms that accounted for virtually all of the U.S. sales of processed domestically grown olives in the 1965/66 marketing year.
2/ Separate data are not shown because publication would reveal the operations of individual concerns.
3/ The data shown are for 38 firms that accounted for more than 80 percent of the estimated U.S. sales of imported olives in the 1965/66 marketing year.

Source: Compiled from information supplied by processors of domestic olives and importer-repackers of imported olives.

Table 9.--Olives, prepared or preserved: U.S. exports of domestic merchandise, by principal markets, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Canada	2,428	1,493	2,024
Panama	103	124	139
All other	836	2/ 736	869
Total	3,367	2,353	3,032
	Value (1,000 dollars)		
Canada	783	509	813
Panama	55	75	90
All other	377	2/ 400	495
Total	1,215	984	1,398

1/ Preliminary.
2/ Includes 105 thousand pounds, valued at 44 thousand dollars, exported to the Philippine Republic and 46 thousand pounds, valued at 43 thousand dollars, to Venezuela.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Some 250 thousand pounds of foreign-produced olives were exported annually in addition to exports of domestic merchandise.

Table 10.--Olives, processed: U.S. production of California-style olives and imports of all olives for consumption, 5-year averages 1935-64, annual 1950-66

(In millions of pounds drained weight)

Period	Production of California-style olives 1/	Imports of all olives
5-year average:		
1935-39	19.1	36.5
1940-44	27.0	40.9
1945-49	30.7	50.2
1950-54	45.3	72.0
1955-59	57.4	70.5
1960-64	63.8	80.4
Annual:		
1950	37.5	75.3
1951	47.5	61.6
1952	60.1	80.3
1953	47.1	71.4
1954	34.5	71.5
1955	55.2	77.4
1956	50.5	60.0
1957	70.0	68.3
1958	51.3	73.2
1959	59.8	73.8
1960	43.5	86.4
1961	77.5	86.9
1962	54.6	72.0
1963	67.3	64.1
1964	76.2	92.5
1965	67.7	67.3
1966	69.1	86.0

1/ Includes production of California-style olives in first 9 months of the year indicated and in last 3 months of the preceding year. The production data shown vary from the data shown for domestic consumption in the text largely because the output in some 5-year periods expanded more rapidly than did consumption; the differences between production and consumption are reflected by increased inventories.

Source: Production compiled from data supplied by the California Olive Association; imports compiled from official statistics of the U.S. Department of Commerce.

Table 11.--Olives: U.S. imports for consumption, by kinds, marketing years 1963/64 to 1965/66

Item	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
In brine:			
Whole, not ripe:			
Not green in color (item 148.42)	3,910	2,787	2,547
Other (item 148.44)	17,467	12,291	17,323
Whole, ripe:			
Not green in color (item 148.46)	622	493	387
Other (item 148.48)	1,543	810	1,491
Pitted or stuffed (item 148.50)	66,030	53,242	61,940
Dried, ripe (item 148.54)	1,117	717	1,018
Otherwise prepared or preserved (item 148.56)	16	28	70
Total	90,705	70,368	84,776
	Value (1,000 dollars)		
In brine:			
Whole, not ripe:			
Not green in color (item 148.42)	878	716	711
Other (item 148.44)	2,730	3,160	3,664
Whole, ripe:			
Not green in color (item 148.46)	149	131	109
Other (item 148.48)	380	239	486
Pitted or stuffed (item 148.50)	17,458	20,467	23,013
Dried, ripe (item 148.54)	195	130	182
Otherwise prepared or preserved (item 148.56)	7	14	31
Total	21,797	24,857	28,196

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--During the period under review there were no imports of fresh olives (item 148.40) or dried, not-ripe olives (item 148.52).

Table 12.--Olives in brine, pitted or stuffed (item 148.50): U.S. imports for consumption, by principal sources, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Spain	64,465	51,588	60,582
Portugal	1,282	1,445	1,060
All other	283	209	298
Total	66,030	53,242	61,940
	Value (1,000 dollars)		
Spain	16,999	19,897	22,502
Portugal	387	481	403
All other	72	89	108
Total	17,458	20,467	23,013
	Unit value (cents per pound) 2/		
Spain	26.4	38.6	37.1
Portugal	30.2	33.3	38.1
All other	25.5	42.7	36.3
Average	26.4	38.4	37.2

1/ Preliminary.
2/ Calculated from the unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Quantity data converted from gallons to pounds at the rate of 5.4 pounds per gallon.

Table 13.--Olives in brine, not pitted or stuffed, not ripe, and green in color or packed in airtight containers (item 148.44): U.S. imports for consumption, by principal sources, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Spain	16,469	11,546	15,965
Greece	665	574	635
Italy	84	48	114
All other	249	123	2/ 609
Total	17,467	12,291	17,323
	Value (1,000 dollars)		
Spain	2,531	2,947	3,368
Greece	155	174	185
Italy	22	11	28
All other	22	28	2/ 83
Total	2,730	3,160	3,664
	Unit value (cents per pound) 3/		
Spain	15.4	25.5	21.1
Greece	23.4	30.3	29.2
Italy	25.7	23.7	24.2
All other	9.0	22.4	2/ 13.8
Average	15.6	25.7	21.2

1/ Preliminary.
2/ Includes 477 thousand pounds, valued at 52 thousand dollars, imported from Mozambique, with a unit value of 10.9 cents per pound.
3/ Calculated from the unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Quantity data converted from gallons to pounds at the rate of 5.7 pounds per gallon.

Table 14.--Olives in brine, not pitted or stuffed, ripe, and green in color or packed in airtight containers (item 148.48): U.S. imports for consumption, by principal sources, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Spain	1,306	658	1,351
Portugal	146	110	89
Greece	82	33	38
All other	9	9	13
Total	1,543	810	1,491
	Value (1,000 dollars)		
Spain	312	195	446
Portugal	39	28	21
Greece	24	13	15
All other	5	3	4
Total	380	239	486
	Unit value (cents per pound) 2/		
Spain	23.9	29.7	33.0
Portugal	26.9	25.1	23.3
Greece	29.1	38.3	39.1
All other	52.1	39.9	37.6
Average	24.6	29.5	32.6

1/ Preliminary.
2/ Calculated from the unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Quantity data converted from gallons to pounds at the rate of 5.7 pounds per gallon.

Table 15.--Olives in brine, not pitted or stuffed, not ripe, not green in color, and not packed in airtight containers (item 148.42): U.S. imports for consumption, by principal sources, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Greece	3,525	2,324	2,249
Chile	38	224	204
Spain	283	130	23
All other	64	109	71
Total	3,910	2,787	2,547
	Value (1,000 dollars)		
Greece	806	582	612
Chile	12	76	63
Spain	42	32	7
All other	18	26	29
Total	878	716	711
	Unit value (cents per pound) 2/		
Greece	22.9	25.0	27.2
Chile	30.9	34.0	31.0
Spain	14.9	24.9	30.3
All other	28.3	23.7	40.3
Average	22.4	25.7	27.9

1/ Preliminary.
2/ Calculated from the unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Quantity data converted from gallons to pounds at the rate of 6.5 pounds per gallon.

Table 16.--Olives in brine, not pitted or stuffed, ripe, not green in color, and not packed in airtight containers (item 148.46): U.S. imports for consumption, by principal sources, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Greece	594	461	359
Chile	11	12	20
All other	17	20	8
Total	622	493	387
	Value (1,000 dollars)		
Greece	140	116	101
Chile	3	4	6
All other	6	11	2
Total	149	131	109
	Unit value (cents per pound) 2/		
Greece	23.6	25.2	28.0
Chile	25.9	29.8	32.7
All other	33.2	53.9	26.0
Average	23.9	26.5	28.2

1/ Preliminary.
2/ Calculated from the unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Quantity data converted from gallons to pounds at the rate of 6.5 pounds per gallon.

Table 17.--Olives, dried ripe (item 148.54): U.S. imports for consumption, by principal sources, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Morocco	1,105	708	1,013
Greece	12	-	5
All other	-	9	-
Total	1,117	717	1,018
	Value (1,000 dollars)		
Morocco	193	128	181
Greece	2	-	1
All other	-	2	-
Total	195	130	182
	Unit value (cents per pound) 2/		
Morocco	17.4	18.1	17.8
Greece	20.8	-	30.5
All other	-	17.2	-
Average	17.5	18.1	17.9

1/ Preliminary.
2/ Calculated from the unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 18.--Olives, otherwise prepared or preserved (item 148.56): U.S. imports for consumption, by principal sources, marketing years 1963/64 to 1965/66

Country	Marketing year (December-November)		
	1963/64	1964/65 1/	1965/66 1/
	Quantity (1,000 pounds)		
Spain	2	5	25
Greece	9	19	39
France	1	3	1
All other	4	1	5
Total	16	28	70
	Value (1,000 dollars)		
Spain	1	3	15
Greece	4	8	13
France	1	2	1
All other	1	1	2
Total	7	14	31
	Unit value (cents per pound) 2/		
Spain	47.2	59.9	59.4
Greece	42.7	44.9	34.2
France	72.5	76.6	81.0
All other	24.3	23.3	43.7
Average	41.2	49.9	44.5

1/ Preliminary.
2/ Calculated from the unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 19.--Spanish-style olives: Average prices per case received by importer-repackers, by variety, type of pack, and size of container, on specified dates, 1964-66

Date	Pimiento-stuffed Manzanillas				Pimiento-stuffed Queens			Plain whole Queens, thrown, case of 12 10 oz.
	Placed		Thrown		Placed		Thrown, case of 12 10 oz.	
	Case of 24 2 oz.	Case of 24 3 oz.	Case of 12 7 oz.	Case of 12 10 oz.	Case of 24 4-3/4 oz.	Case of 12 7 oz.		
1964:								
June 1	$4.21	$5.52	$3.63	$5.05	$7.14	$5.30	$5.40	$4.01
December 1	4.64	5.98	3,92	5.65	7.81	5.73	6.11	4.62
1965:								
June 1	5.01	6.45	4.34	6.15	8.20	6.01	6.19	4.81
December 1	5.23	6.69	4.63	6.16	8.54	6.15	6.41	4.99
1966:								
June 1	5.17	6.51	4.51	6.14	8.02	5.18	5.87	4.55
December 1	5.36	6.84	4.82	6.67	8.95	6.73	7.63	5.42

Source: Compiled from data supplied by importer-repackers.

Table 20.--California-style whole black olives: Average prices per case received by processors, by size of container, on specified dates, 1964-66

Date	Case of 24 No. 1 tall cans		Case of 6 No. 10 cans	
	Select	Medium	Select	Medium
1964:				
June 1	$4.24	$4.66	$6.54	$7.56
December 1	4.13	4.44	6.27	6.66
1965:				
June 1	4.26	4.75	6.38	6.45
December 1	4.67	5.04	6.96	7.13
1966:				
June 1	4.97	5.32	7.51	7.61
December 1	5.29	5.49	7.92	8.19

Source: Compiled from data supplied by domestic processors.

Appendix B

Letter from American Agents of the Spanish Green Olive Exporters Section of the Association of Food Distributors, Inc. and Information from the U.S. Embassy in Madrid, Spain

AMERICAN AGENTS OF SPANISH GREEN OLIVE EXPORTERS
SECTION OF THE ASSOCIATION OF FOOD DISTRIBUTORS, INC.
100 HUDSON STREET, NEW YORK 13, N. Y.

November 2, 1965.

His Excellency
Conde de San Roman
Minister of Economic Affairs
of the Spanish Embassy
Spanish Embassy
Washington, D. C.

Your Excellency:

The members of this association feel that they would be remiss in their duties to their shippers and to the industry in Seville, if they did not comment on your address on October 22, to the Association of American and Canadian Importers of Green Olives, Inc.

The concluding statement in that address disturbs us. It looses sight of the sacrifices and efforts by traditional importers and agents who have made Spanish olives, as stated by you, "The largest single export item that Spain sells in this country." It also seems oblivious to the inherent dangers of the proposed modification of the traditional methods of selling which far from helping equalize the balance of payments, would unquestionably contribute toward a greater imbalance. It also ignores the more than 50 years of untiring, continuous efforts by importers and agents, which has resulted in raising the volume of imports to its present level.

Importers have invested heavily in packing plants; in a constant replacement of more and efficient machinery; in training andequipping salesmen with material, and the know-how to successfully approach buyers, enabling them to secure preferential displays and shelf space for Spanish olives at supermarkets, delicatessens, etc. The American industry continuously conceives, at considerable expense, new and interesting promotions which increase the sale of Spanish olives.

Also, the agents are constantly opening new channels, inducing important new factions of the food industry to import, package, and market these olives. No mean achievement. They have successfully negotiated for advertising funds and public relations publicity which has forcibly brought this item to the attention of the American consuming public; they have negotiated and secured the liberalization of certain regulations of the Food & Drug Administration as they affect Spanish olives, and they have been most, effective in keeping the Spanish exporters constantly aware of the requirements of the American industry, brought about by mechanization.

It is inconceivable to us that the Spanish authorities are not aware of the aforegoing and would wish to disrupt the traditional method of selling and importing Spanish Green Olives. It is inconceivable that they wish to encourage this change with subsidies and liberalization of payment terms not available to the exporters in bulk. You are no doubt aware that a very large percentage of glass-packed olives are sold under the private brands of supermarkets and institutional wholesalers. Their requirements vary and frequently change with very little notice. This is true not only of the size of the container but also of the olive in that container. Only certain sizes of olives are used for place-packing. What are place-packers in Spain to do with the sizes that they cannot place-pack?

The distribution system in this country is very complex and a packer, to be successful, must be fully versed with it. Do you know that shipping a barrel of olives from New York to Philadelphia is more expensive than from Seville to New York?

While we are convinced that the sale of Spanish glass-packed olives will fail, our concern is that the mere threat is enough to destroy the confidence and security of the established importers.

The conversion from bulk to glass-packed shipments need many years. Considering the exportation of glass-pack to the United States a threat to their very existence, importers have stated unequivocably that they cannot and will not tolerate it.

We are convinced that given peace of mind to develop new practical ideas, the established importers and agents can definitely achieve a substantial increase in tonnage. The importers can never feel secure as long as Spain promotes the export of glass-packed olives to North America.

We would like to call to your attention certain available statistics. It is known that out of every $20 spent by the American housewife for groceries, only 2-1/2 cents are spent for Spanish Green Olives. To get these 2-1/2 cents from the American housewife olive packers here are continuously racking their brains. What do these 2-1/2 cents represent? They represent roughly 25 million cases of olives packed in jars, 25 million cases that Spain cannot possibly produce today, and certainly needs many years to prepare for, and while Spain prepares, with every shipment that they make, the consumption here will go down, because the members of the Association of American and Canadian Importers of Green Olives do not want them here and one of the ways of fighting available to them is to build a wall, and the wall is going to be a slow down of distribution.

They will lie low, they will not expand; on the contrary they will restrict consumption and by the time production has been developed in Spain the market here, instead of having developed further, will have become a market for California olives, to the exclusion of Spanish Green Olives.

The above can easily be avoided and consumption in America can be increased by restricting exports to bulk shipments only and by reaching a trade agreement with the American industry. The climate is favorable.

We are convinced that the established importers and agents can move the whole crop each and every year at remunerative prices for the growers and exporters. May we suggest that the exporters in Spain concentrate on glass-packed exclusively for the rest of the world, where in order to increase consumption you yourselves are required to glass-pack these olives in Spain.

Won't you please study the text of this letter, and bring it to the attention of those in charge of this article in Madrid and Seville.

Time is of the essence and unless something is done soon, we feel that the Spanish industry will be committing commercial suicide and, unfortunately, will carry with them those of us who have so markedly and substantially contributed to the development of this industry.

The Tariff Commission requested the U.S. Embassy in Madrid to ascertain why so few firms in Spain have exported olives in retail containers to the United States. The Embassy received the following responses:

> . . . it is due to the permanent menace of a boycott that the Association of American and Canadian Importers of Spanish Green Olives in New York has held over the Spanish exporters. 1/

> . . . the problem of marketing is the reason that few Spanish firms have exported bottled table olives to the United States. . . . an exporter of packaged and labelled olives must have an established outlet for these products prior to packing the numerous sizes and items involved in the retailing of olives. . . . 2/

> In order to avoid friction with U.S. importers of bulk olives. 3/

1/ Response attributed to an official of the Spanish Government. The U.S. Embassy in Madrid commented on this response as follows: "There may be considerable truth in this allegation since most of the Spanish packers of olives in retail-size containers are also large exporters of olives in bulk which collectively constitutes approximately 90 percent of their business with the United States."

2/ Opinion of a representative of Libby España, S.A.

3/ Translation of a statement in a letter to the U.S. Embassy from the National Olive Syndicate in Madrid.

Appendix C

Glossary

<u>BULK CONTAINERS</u>.--Containers holding more than 9 pounds (drained weight) of processed olives. Most imported olives in brine enter in such containers and are either repacked in smaller containers or used by food manufacturers directly from the container.

<u>IMPORTER-REPACKER</u>.--An importer of processed olives. Inasmuch as virtually all olive importers repack most of the olives they import into smaller containers, all olive importers are identified as "importer-repackers" in this report.

<u>INSTITUTIONAL CONTAINERS</u>.--Containers holding 2 through 9 pounds (drained weight) of processed olives. Most of these container sizes are sold to restaurants, cafeterias, hospitals, hotels, and other institutions that feed large numbers of people.

<u>PLACED-PACKED OLIVES</u>.--Olives packaged in glass containers in such a manner as to indicate that the individual olives have been carefully positioned in a definite pattern.

<u>PROCESSED OLIVES</u>.--Olives which have been prepared for table use by any process (e.g., Spanish style, California style, Greek style, or Sicilian style).

<u>PROCESSOR</u>.--A firm operating one or more establishments in which domestic olives are processed for table use.

<u>RETAIL CONTAINERS</u>.--Containers holding less than 2 pounds (drained weight) of processed olives. Most of these sizes are sold to individual consumers through retail outlets such as chainstores.

<u>TABLE OLIVES</u>.--Olives grown and processed for human consumption in forms other than oil.

<u>THROWN-PACKED OLIVES</u>.--Olives packaged without regard to placement or arrangement within the container.