

Market Pointer

Olive oil, virgin [15 09 10] to **EGYPT**
FEB/2014

THE PRODUCT

Data provided is of the latest available (reliable) figure



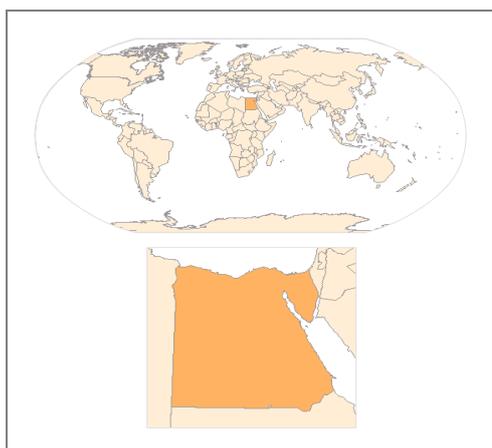
Olive oil that is classified as 'virgin' is that which has been extracted from the olive fruit with no synthetic or artificial treatment. 'Extra virgin' olive oil is an even higher quality grade. Palestinian virgin olive oil is known for its unique characteristics: vigorous, pleasant and herbaceous smell that's reminiscent of fresh green herbs, and a flavor suggestive of fresh fruit. Olive oil is used in cooking for many cuisines, pharmaceuticals, soaps, and cosmetics, a dressing for salads and as a final touch for meats, roasted vegetables, breads and rice.

The Mediterranean countries are the heaviest users of olive oil, but it is very commonly used across the globe. Virtually all of the olive oil extracted in Palestine is used for the production of virgin and extra virgin olive oil -approximately 95%. Otherwise, the oil is used for pickled vegetables (including pickled olives) and soaps.

Olive oil is known for its many health benefits from its anti-oxidative qualities to its high content of monounsaturated fatty acids. It has relatively high concentrations of vitamins A, D, E, and K as well as omegas 3 and 6. These characteristics contribute to the oil's therapeutic nature: shielding the body against viruses by strengthening the immune system, fighting/preventing cancer, diabetes, and heart disease.

Total national production:	15,500 tons (2012)
Total national exports :	3,830 tons (2011)
Average \$/ton value:	4,295 (2011)
HS Code:	15 09 10
National tariff line:	n/a
Tariff line in Egypt :	15 09 10 10 00 15 09 10 90 00

TARGET MARKET



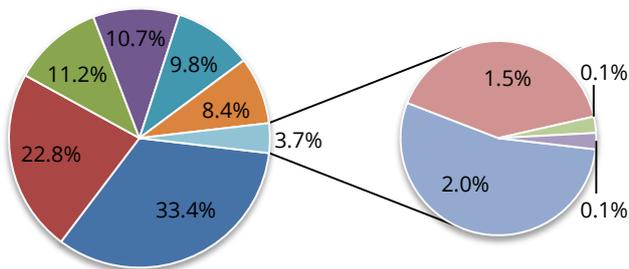
Population:	85.4 million	% Growth	1.78
GDP per Cap:	\$2,780	% Growth	1.8

Capital:	Cairo
Major cities:	Alexandria; Giza, Shubra Elkhema, Elqalubiya; Port Said
Currency:	Egyptian pound (EGP)
Languages:	Arabic; English (widely spoken in urban areas).
Religions:	Islam (85%); Christianity (15%)

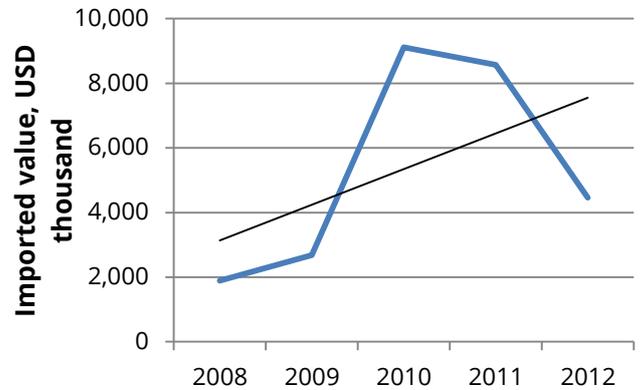
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Import share of partner countries in Egyptian virgin olive oil market



- Syria
- Spain
- Lebanon
- Italy
- Greece
- Tunisia
- Turkey
- Jordan
- France
- Germany



The available data provides import data for only five years: 2007-2011. There was no significant seasonal pattern, as import figures in some years completely opposed those of other years. However, in three of the five years, it was noticeable that spikes in import levels existed between certain months of the year: from February-March, June-July, and November-December the rate of imports of virgin olive oil in the Egyptian market was demonstrably positive and higher than other periods.

Total imports of 150910 :	\$8.57 million USD (2011)
Imports of 150910 from PS:	None.
Average import \$/ton value:	3,930 (2012)

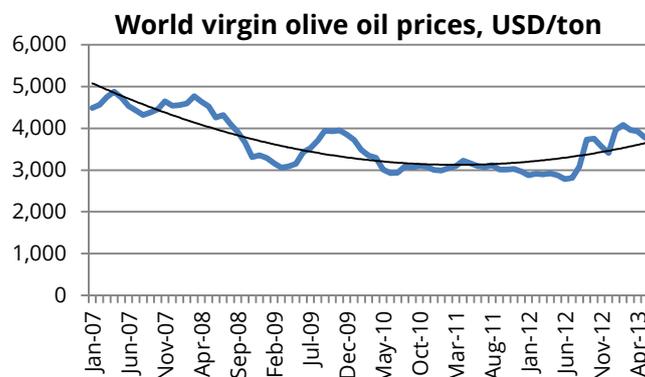
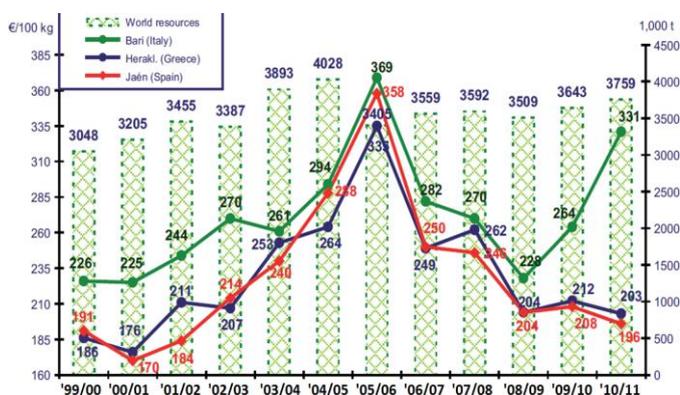
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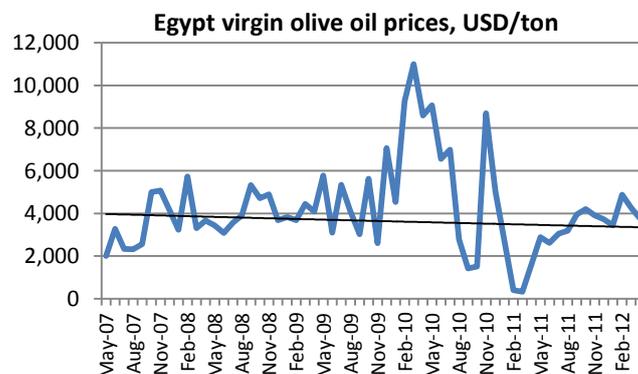
The Palestinian MoA issues an annual mandate for the olive harvest season that ranges between September and November. Olive oil has a practical expiry date of 2 years from the date of extraction from olives; however, most countries limit the expiry date to 1 year. Palestinian oil farmers heavily rely on rainfall for irrigation purposes; in rare cases are controlled irrigation techniques used. The earth needs a whole calendar year to regain its richness (harvest quality/quantity drop, and rise again, every other year).

The world supply of olive oil is highly concentrated, as the top three exporters (Spain, Italy, and Greece) supplied 84% of world exports in 2011. Other main exporters of olive oil include Morocco, Tunisia, Turkey. Palestine was ranked 20th in the world in terms of export supply in 2011 and had a share in world exports of 0.1%.

The graph below was produced by The International Olive Council. It demonstrates how the prices in Spain, Italy and Greece have been consistently dropping since 2006. The prices in Spain and Greece are shown to have bottomed out between 2009 and 2011, while prices in Italy have risen sharply in that same period. Logically and as shown in the same graph, the supply levels (quantities) have also been on the rise and are reaching pre-economic crisis levels, with a stocks of approximately 3,800,000 tons in 2011.



The IMF data shows that olive oil prices have been on a decline between 2007 and mid-2012. The prices bottomed out and dropped below \$3,000/ton between mid-2010 and mid-2012 and have started to climb back up ever since. The prices have hovered consistently around the \$3,700-\$4,000/ton range in the first and second quarters of 2013. The recent economic crisis caused a drop in demand in premium virgin and extra virgin oil, and consumers targeted cheaper alternatives; this drop produced a large surplus for olive growers, especially the world's largest -Spain. The EU has since intervened to "reduce the surplus amid worries about rural incomes"¹.



Prices in Egypt, with data only available up to mid-2012, have also dropped due to the recent economic crisis and the events of the recent Arab spring. Prices in Egypt, however, started to climb back a year earlier than world prices -in mid-2011. According to the latest data, prices in Egypt are near current world averages, as they averaged at \$4,000/ton in the first four months of 2012.

¹ "Olive oil price slide dents key southern European export", The Guardian. 2012. <http://www.guardian.co.uk/business/2012/may/29/olive-oil-prices-slide>

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MARKET ACCESS

Palestine and Egypt are part of the Greater Arab Free Trade Agreement (GAFTA) which established the Arab Common Market and reached full trade liberalization of goods through the full exemption of customs duties and charges, having equivalent effect between all members of the GAFTA.

General applied tariff:	7.5%
Tariff applied to Palestine:	0%
Tariff applied to main competitors:	Lebanon (0%), Greece (7.5%), Turkey (7.5%)
Other import duties to be paid:	None.

Certification:

1. Certificate of origin for Arab states
2. SPS certificate from Ministry of Health

Other regulatory requirements to comply with:
None.

Packaging requirements:

Olive oils intended for international trade shall be packed in containers complying with the General Principles of Food Hygiene recommended by the "Codex Alimentarius Commission" (CAC/RCP 1 - 1969, Rev. 3 -1997), and other relevant texts such as Codes of Hygienic Practice and Codes of Practice.

The containers used may be:

1. Tanks, containers, vats, which permit the transportation in bulk of olive oils and olive-pomace oils;
2. Metal drums, in good condition, hermetically-sealed, which should be internally covered with a suitable varnish;
3. Metal tins and cans, lithographed, new, hermetically-sealed, which should be internally covered with a suitable varnish;
4. Demi-johns, glass bottles or bottles made of suitable macromolecular material.

Labeling requirements:

1. Name of the product
2. Designations of olive oils (Extra virgin, virgin)
3. Net contents
4. Name and address
5. Country of origin
6. Indications of source and appellations of origin
7. Indications of source
8. Appellations of origin
9. Lot identification
10. Date marking and storage conditions
11. Date of minimum durability
12. Storage instructions

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Extra Virgin Olive Oil

The superb variety that gives this olive oil its unique flavour, aroma and hue.

Quality assurance.

World-famous region for the quality olive oil that it produces, officially recognized by the E.U. as Protected Domination of Origin.

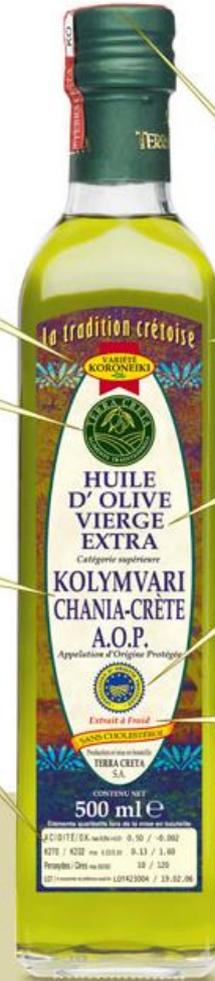
Innovation: automatically generated registration of all quality characteristics, individually for every batch of olive oil.

Acidity: the effect of hydrolysis and creation of free fatty acids.
Maximum permissible limit: 0.8%

K270, K232 and Δ.K: indexes showing presence of various types of oxidized substances in the olive oil. Maximum permissible limits: K270: 0.022 K232: 2.50 and Δ.K: +0.01

Hydroperoxides: index of oxidizing status of the olive oil (rancidness).
Maximum permissible limit: 20

Batch code number: the identity of every batch, 6-figure number that defines the olive oil producer, labelling date and customers receiving this specific batch.



Bottle Serial Number
The definite product ID!

Devoted to traditional methods of cultivation and hand-harvesting.

100% pure olive juice of one variety, one production method and absolutely no additives!

Official European Union mark, indicating origin and quality.

Crushing of the olive fruit and overall production process in under 27°C, sustaining all nutritional and organoleptic elements.

Waxes: waxy substances that surround the olive fruit. During crushing, minute quantities mix with the olive oil.
Maximum permissible limit: 250

• The lower the rates in quality indexes the better the overall quality of the olive oil as well as its endurance in time.

• TERRA CRETA's olive oil quality indexes range to about 50% of the permissible rates set by the European Union regulations.

Expiration Date: indicates the time span during which the company guarantees its product will remain unaltered.

Distribution channels:

SEE PRICING INFO

Prices and pricing aspects in major distribution channels:

Brand	Company name	Distribution Channel	Packing size	Price (€€)
Asteria	Kavaknidis	MEMBERS ONLY	MEMBERS ONLY	MEMBERS ONLY
Asteria	Kavaknidis			
Asteria	Kavaknidis			
Borges	Maceites Borges Pont SA			
Borges Extra virgin	Aceites Borges Pont SA			
Wadi Food	Wadi food Industries Co			
Wadi Food	Wadi food Industries Co			
Wadi Food	Wadi food Industries Co			
Wadi Food	Wadi food Industries Co			
Wadi Food	Wadi food Industries Co			
Wadi Food	Wadi food Industries Co			
Wadi Food Extra virgin	Wadi food Industries Co			

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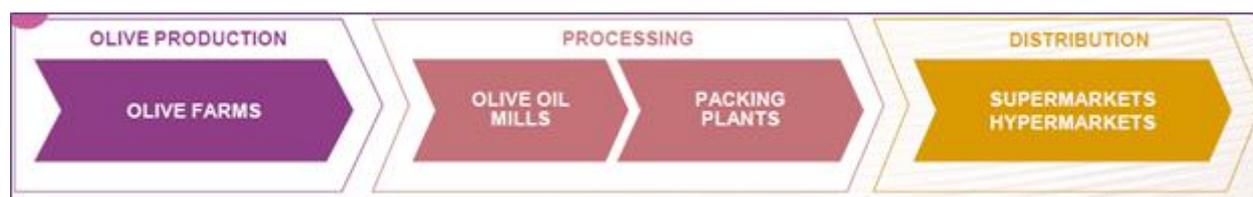
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Voluntary standards:

* According to the executive manager of a major Egyptian olive oil producer, distributor and marketer², consumers in Egypt are more interested in "pesticide-free" olive oil as opposed to organic.

-  – US National Organic Program
(http://search.standardsmap.org/assets/media/USNationalOrganicProgram/English/AtAGlance_EN.pdf)
-  – Fairtrade International
(http://search.standardsmap.org/assets/media/FairtradeInternational/English/AtAGlance_EN.pdf)
-  – GLOBAL G.A.P. (http://search.standardsmap.org/assets/media/GLOBALGAP/English/AtAGlance_EN.pdf)

Moving up the value chain:



- Virgin olive oil is not processed at any stage. Olives are picked from the orchards, crushed and pressed and the oil is packaged –oil is distributed mainly to supermarkets and hypermarkets.
- Italy is a major re-exporter. They typically repackage and re-label the oil and market it as an Italian brand. The value-add in this typical situation is the marketing aspect –the Italian “name” or brand which is heavily recognized and respected.
- Canaan Fair Trade (<http://www.canaanfairtrade.com/>) is an olive oil cooperative that produces and distributes Palestinian virgin olive oil. They have vast experience in exporting, and in the entire olive oil process.

Export development & export promotion:

1. Upcoming trade shows
 - 1.1. NASFT Fancy Food Show, USA. – July 2013 (<http://www.specialtyfood.com/fancy-food-show/>)
2. PalTrade-backed trade shows
 - 2.1. Moscow world food, Russia – September 2013 (<http://www.world-food.ru/en-GB/about.aspx>)
 - 2.2. Gulf food, UAE. – February 2014 (<http://www.gulfood.com/>)

For more information, please contact us.

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² “Egyptian Producer Sees More Demand for Pesticide-Free Olive Oil”, The Olive Oil Times. 2012. “<http://www.oliveoiltimes.com/olive-oil-making-and-milling/pesticide-free-olive-oil/25130>”