

Greek Olive Oil Producers Worry over Efficiency Drive

DEREK GATOPOULOS, Associated Press

SIMIZA, Greece (AP) — In the olive groves around Ancient Olympia, sanctuary of the Greek gods, the trees were once considered sacred, and in many ways they still are.

Carefully pruned and pampered, they are described by farmers with a reverence that could match the language used by makers of champagne or single malt whisky.

So plans to extend a brutal efficiency drive to [olive oil production](#) [1] have been met with anger and disbelief. If proposals from a government funded study are adopted, olive oil blended with cheaper vegetable oils will soon go on sale as part of an effort to modernize Greece's economy, which was rescued from near bankruptcy four years ago.

One pro-government lawmaker called the proposal a "cause of war," while olive producers in the fabled hills of the southern Peloponnese region worry that Greece could spoil its own signature product.

Illegal under current Greek law, the new product would need to prominently carry the label: "blended olive oil." EU law does not prohibit blends, which are sometimes used in canned food, including in Spain, the world's largest olive oil producer.

"Greece would lose its monopoly on quality," olive grower Aris Kolotouros said. "It would create a faceless product."

Kolotouros, 38, studied plant science in Italy before returning to look after the olive trees planted by his grandfather 80 years ago.

His 3,000-tree grove lies in Greece's olive belt that stretches from north of Olympia — home of the original Olympic games — southward past the city of Kalamata, nestling among ancient temples and mountains that were the landmarks of Greek mythology.

Mountain villages in this area didn't have electricity until the early 1970s, and older residents still remember operating horse-powered stone mills to crush olives.

"I don't agree with this proposal because our effort is based on a quality product," Kolotouros said, standing next to an enormous pile of pruned olive branches.

"This is our legacy."

[Greece is the world's No.3 olive oil producer](#) [2] but has been losing ground to

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leaders Spain and Italy where farmland is flatter and increasingly mechanized.

The government commissioned the efficiency study from the Paris-based Organization of Economic Cooperation and Development, or OECD, and it came back with a 328-page report of detailed recommendations to change regulations for commonly used products — from books to milk.

It's part of a relentless campaign to slash spending and boost competitiveness that has seen wages and benefits cut severely in a struggle to deal with decades of accumulated debt.

Olive oil, the OECD recommended, should be made available for retail in larger containers, while cheaper blends should be allowed for frying and for use by low-income families.

"I'm against the idea, because olive oil is totally different from other oils and it's good for you. So I don't really see the reason," said Anna Chrysafidou, 50, who runs a small grocery store in central Athens, selling olive oil from Crete and products made by small producers.

"It's hard to say if consumers would go for it. Some people just buy what's on the shelf, others check. And it would depend on how it was marketed. Maybe they'd present it as some great new product."

Despite six years of recession, Greeks still consume more olive oil per capita than anyone else on earth, a staggering 18 liters (4 gallons) per person each year, using up two-thirds of domestic production that averages an annual 300,000 tons, or 10 percent of the global total.

A bottle of oil is seen on most Greek dinner tables, and family connections to a good rural supplier are a source of pride for dwellers of the country's overcrowded cities.

Weak export branding, however, means most of Greece's surplus — much of it top-grade extra virgin oil — is pumped into container trucks and sold cheaply in bulk to nearby Italy to be bottled and branded there.

At Gaea Products, a high-end olive oil exporter in Agrinio, western Greece, production manager Thanasis Kerasiotis inspects operations at a bottling plant in a white coat and hairnet.

He argues that allowing the sale of blended oil would undermine an effort to build stronger Greek brands with this compelling selling point: most growers operate on a small scale and can keep a closer eye on quality.

"We think extra virgin olive oil has a market and can claim a larger share of (international) sales. Greece's competitive advantage compared to Spain or Italy ... is our quality," he said. "If we blend our olive oil, that advantage will be lost."

Not everyone is so pessimistic.

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Financial analyst Vangelis Agapitos said the idea could work as long as labeling is clear, and could even help Greek companies reach markets such as China where consumers are becoming more familiar with Western goods.

"We're in a situation where the market for olive oil is expanding dramatically, and I don't think the current supply of olive trees can match the additional demand for olive oil in the foreseeable future. So if that means blending it, that's not a problem providing it's properly labeled and priced," he said.

"The overall message throughout these last years of crisis is that the past can no longer be a guide for future. We need to change and adapt."

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AP Television's Theodora's Tongas and Raphael Kominis, and AP Photographer Petros Giannakouris contributed.

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Online:

OECD report: <http://goo.gl/PMn5m8> [3]

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