

Call for olive oil's anti-subsidy duty

South Africa's olive industry has applied for a countervailing duty on imported olive oil, claiming cheap, low-quality product coming into the country costs 30000 jobs.

Countervailing duty is also known as an anti-subsidy duty. The application is directed at neutralising the effect of large subsidies paid to European Union farmers by their governments.

"Their landed prices in SA are lower than our production costs," says Andries Rabie, chairman of industry body SA Olive. The effect of cheap imports on domestic prices has forced farmers to lay off workers because of low profit margins, he adds.

"We have applied to the International Trade Administration Commission of SA to level the playing field with regard to the subsidies they get."

Rabie says the SA industry could create 30000 jobs over time and with appropriate investment. He also believes the cheap imports are not always what they claim to be. "Customers have no guarantee that the products they buy are what is stated on the labels."

And though SA Olive has received written support from the department of trade & industry and from the National Agricultural Marketing Council, its application suffered a setback last week.

"Our application has expired through no fault of our own because more than six months have elapsed since we submitted it," Rabie says.

"The SA authorities have been focusing fully on the World Trade Organisation and the dispute over Brazilian chicken imports. Our application did not receive any attention and lapsed. It means we now have to submit it again."

However, he says all indications are that the application for countervailing duty will succeed.

A statutory levy of 40c/l on extra virgin olive oil and 8c/kg on table olives was introduced at the beginning of July. Rabie hopes it will provide the industry with funds for a generic marketing campaign.

The SA olive industry has plenty of scope to grow if it can get onto a competitive footing with imported product.

According to Rabie, SA imports almost 7m litres of olive oil and production this year is expected to be just 1,5m litres, or only 20% of local consumption.

"If farmers could expect a fair price for their extra virgin olive oil, I believe production would increase exponentially and the industry would easily create those 30000 jobs," he says.

A trade & industry department spokesman was asked to confirm the claimed support for SA Olive's application, but had not done so at the time of going to press.

Source: *Financial Mail*

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