

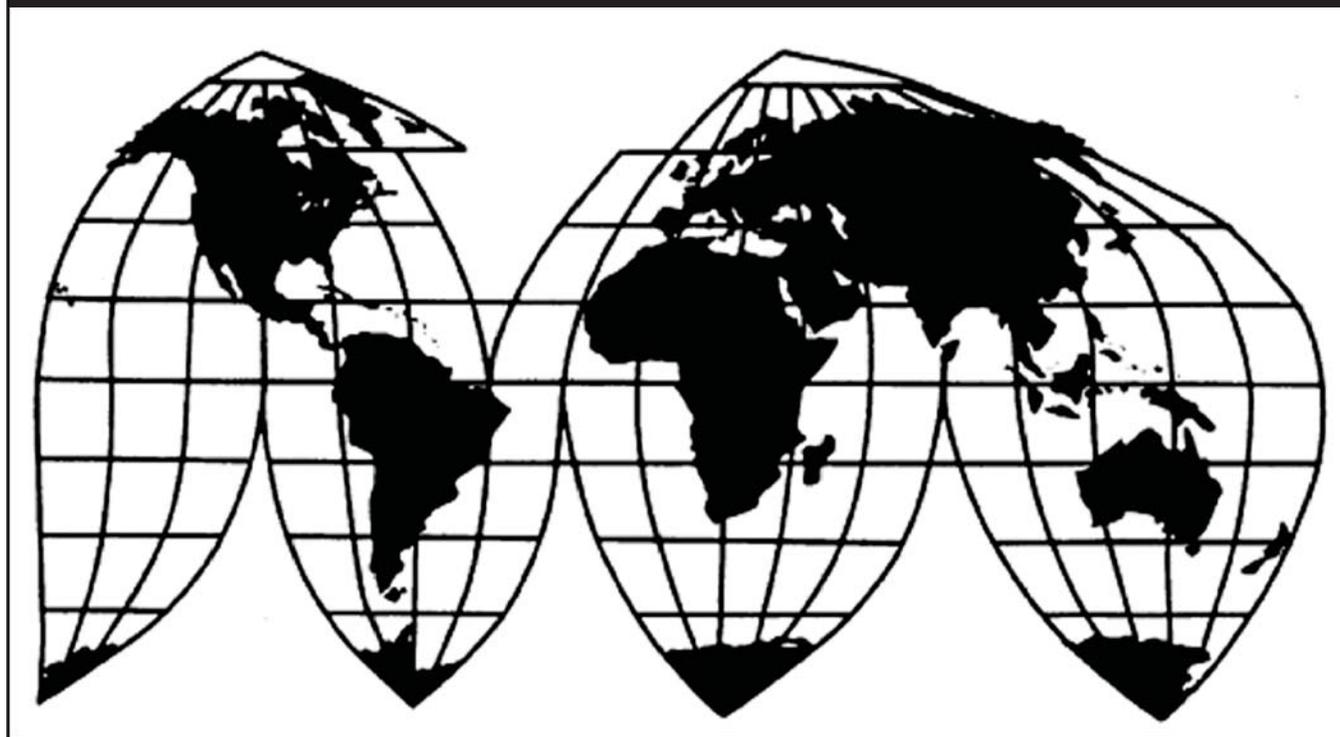
Ripe Olives from Spain

Investigation Nos. 701-TA-582 and 731-TA-1377 (Preliminary)

Publication 4718

August 2017

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-582 and 731-TA-1377 (Preliminary)

Ripe Olives from Spain

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of ripe olives from Spain, provided for in subheadings 2005.70.02, 2005.70.04, 2005.70.50, 2005.70.60, 2005.70.70, and 2005.70.75 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (“LTFV”) and to be subsidized by the government of Spain.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission’s rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission’s rules, upon notice from the Department of Commerce (“Commerce”) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On June 22, 2017, the Coalition for Fair Trade in Ripe Olives, consisting of Bell-Carter Foods, Walnut Creek, CA, and Musco Family Olive Company, Tracy, CA, filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of ripe olives from Spain. Accordingly, effective June 22, 2017, the Commission, pursuant to sections 703(a) and

¹ The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).

733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-582 and antidumping duty investigation No. 731-TA-1377 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 28, 2017 (82 FR 29327). The conference was held in Washington, DC, on July 12, 2017, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of ripe olives from Spain that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of Spain.

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.¹ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”²

II. Background

The petitions in these investigations were filed on June 22, 2017 by the Coalition for Fair Trade in Ripe Olives (“Petitioner”), which consists of the two largest domestic processors of ripe olives: (1) Bell-Carter Foods, Inc. (“Bell-Carter”) and (2) Musco Family Olive Company (“Musco”). Petitioner appeared at the conference and submitted a postconference brief.

Several respondent entities participated in these investigations. Representatives of the government of Spain and the European Commission appeared at the conference and filed postconference submissions. Industria Aceitunera Marciense, S.A., DCOOP S. COOP AND., Agro Sevilla Aceitunas, SOC. COOP. AND., Plasoliva S.L., Goya En Espana, S.U.A., Aceitunas Guadalquivir, S.L., Angel Camacho Alimentacion, S.L., International Oliverera, S.A., F.J. Sanchez, Sucesores, S.A.U., and Aceitunas Sevillanas, S.A., (collectively, “Asociación de Exportadores e Industriales de Aceitunas de Mesa” or “ASEMESA”), producers and exporters of the subject merchandise, submitted a joint postconference brief. Representatives of ASEMESA and Agro-Sevilla USA, Inc., an importer, appeared at the conference. The following importers of subject merchandise submitted a joint postconference brief: Acorsa, USA, Inc. (“Acorsa”); Acme Food Sales, Inc.; Atalanta Corporation (“Atalanta”); Camerican International; George DeLallo Company Inc.; Jack Foods, LLC; Mario Camacho Foods (“Mario Camacho”); Mitsui Foods, Inc.

¹ 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

² *American Lamb Co.*, 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

("Mitsui"); Orleans Packing Company; Rema Foods, Inc.; Schreiber Foods International, Inc. ("Schreiber"); The Pastene Companies Ltd.; and World Finer Foods (collectively, "AFI Group"). Industry representatives of several members of the AFI Group, including Acorsa, Atalanta, Mario Camacho, Mitsui, and Schreiber, also appeared at the staff conference.

U.S. processor data are based on the questionnaire responses of two firms that are believed to account for virtually all domestic production of ripe olives in 2016.³ U.S. import data and related information are based on the U.S. Department of Commerce's ("Commerce's") official import statistics.⁴ Foreign industry data and related information are based on publicly available data and the questionnaire response of ten producers/exporters of ripe olives in Spain, accounting for approximately 91.0 percent of U.S. imports of subject merchandise during the period of investigation (POI) and 46.7 percent of total production of ripe olives in Spain in 2016.⁵

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."⁶ Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."⁷ In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."⁸

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.⁹ No single factor is

³ Confidential Report ("CR") at I-5, Public Report ("PR"), at I-4. The Commission also collected data concerning U.S. growers' operations, including responses of 68 firms that provided usable data on their operations, and U.S. Department of Agriculture ("USDA") data on the U.S. olive industry. *Id.*

⁴ CR at I-5, PR at I-4.

⁵ CR at VII-5-6, PR at VII-4-5.

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(10).

⁹ See, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (Continued...)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹⁰ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹¹ Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,¹² the Commission determines what domestic product is like the imported articles Commerce has identified.¹³ The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.¹⁴

A. Scope Definition

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as:

. . . certain processed olives, usually referred to as "ripe olives." The subject merchandise includes all colors of olives; all shapes and sizes of olives, whether pitted or not pitted, and whether whole, sliced, chopped, minced, wedged, broken, or otherwise reduced in size; all types of packaging, whether for consumer (retail) or institutional (food service) sale, and whether canned or packaged in glass, metal, plastic, multi-layered airtight containers (including pouches), or otherwise; and all manners of preparation and preservation, whether low acid or acidified,

(...Continued)

(6) price. See *Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

¹⁰ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹¹ See, e.g., *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

¹² See, e.g., *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

¹³ *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

¹⁴ See, e.g., *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington*, 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

stuffed or not stuffed, with or without flavoring and/or saline solution, and including in ambient, refrigerated, or frozen conditions.

Included are all ripe olives grown, processed in whole or in part, or packaged in Spain. Subject merchandise includes ripe olives that have been further processed in Spain or a third country, including but not limited to curing, fermenting, rinsing, oxidizing, pitting, slicing, chopping, segmenting, wedging, stuffing, packaging, or heat treating, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in Spain.

Excluded from the scope are: (1) Specialty olives (including “Spanish-style,” “Sicilian-Style,” and other similar olives) that have been processed by fermentation only, or by being cured in an alkaline solution for not longer than 12 hours and subsequently fermented; and (2) provisionally prepared olives unsuitable for immediate consumption (currently classifiable in subheading 0711.20 of the Harmonized Tariff Schedule of the United States (HTSUS)).¹⁵

¹⁵ *Ripe Olives from Spain: Initiation of Countervailing Duty Investigation*, 82 Fed. Reg. 33050, 33054 (July 12, 2017); *Ripe Olives from Spain: Initiation of Less-Than-Fair-Value Investigation*, 82 Fed. Reg. 33054, 33058-59 (July 12, 2017) (footnote omitted). The notices list numerous HTSUS classifications under which subject merchandise may be entered. In a footnote, Commerce described the excluded “specialty” olives as follows:

Some of the major types of specialty olives and their curing methods are:

“Spanish-style” green olives. Spanish-style green olives have a mildly salty, slightly bitter taste, and are usually pitted and stuffed. This style of olive is primarily produced in Spain and can be made from various olive varieties. Most are stuffed with pimento; other popular stuffings are jalapeno, garlic, and cheese. The raw olives that are used to produce Spanish-style green olives are picked while they are unripe, after which they are submerged in an alkaline solution for typically less than a day to partially remove their bitterness, rinsed, and fermented in a strong salt brine, giving them their characteristic flavor.

“Sicilian-style” green olives. Sicilian-style olives are large, firm green olives with a natural bitter and savory flavor. This style of olive is produced in small quantities in the United States using a Sevillano variety of olive and harvested green with a firm texture. Sicilian-style olives are processed using a brine-cured method, and undergo a full fermentation in a salt and lactic acid brine for 4 to 9 months. These olives may be sold whole unpitted, pitted, or stuffed.

“Kalamata” olives: Kalamata olives are slightly curved in shape, tender in texture, and purple in color, and have a rich natural tangy and savory flavor. This style of olive is produced in Greece using a Kalamata variety olive. The olives are harvested after they are fully ripened on the tree, and typically use a brine-cured fermentation method over 4 to 9 months in a salt brine.

Other specialty olives in a full range of colors, sizes, and origins, typically fermented in a salt brine for 3 months or more.

Ripe olives are produced from raw olives.¹⁶ Since raw olives are inedible, they are primarily used for the production of either table olives (such as ripe olives and specialty olives) or olive oil.¹⁷ In the United States, the olive varieties grown for the production of ripe olives, primarily Manzanillo (or Manzanilla) and Sevillano, generally do not appear to be used for olive oil extraction in the United States.¹⁸

B. Arguments of the Parties

Petitioner argues that there is a single domestic like product consisting of all ripe olives that is coextensive with Commerce's scope.¹⁹ Respondents do not contest Petitioner's proposed domestic like product definition for purposes of the preliminary phase of these investigations.²⁰

C. Analysis

Based on the record in the preliminary phase of these investigations, we define a single domestic like product consisting of all ripe olives coextensive with the scope.

Physical Characteristics and Uses. All ripe olives within the scope are produced from raw olives and therefore share similar physical characteristics.²¹ All ripe olives typically are plump, have a mild, nut-like flavor, are consistently shaped and are usually black (but can also be green) in color.²² Ripe olives are often sold sliced, chopped, or wedged in cans and/or pouches.²³ All ripe olives within the scope are generally used as food ingredients in pizzas, salads, and sandwiches.²⁴

Common Manufacturing Facilities, Processes, and Employees. All domestically produced ripe olives are processed at the same facilities, which are dedicated only to ripe olive processing.²⁵ All ripe olives within the scope are processed using the same basic methods: they are harvested and picked from olive trees, cured for multiple days in a debittering solution (typically alkaline), rinsed, oxidized and stabilized to develop a black color by using an iron salt,

¹⁶ CR at I-9, PR at I-7.

¹⁷ CR at I-9, PR at I-7.

¹⁸ CR at I-10, PR at I-8.

¹⁹ Petitioner's Postconference Br. at 4-7.

²⁰ ASEMESSA Postconference Br. at 3; AFI Group Postconference Br., App. A (Answers to Staff Questions).

²¹ CR at I-9, PR at I-7; Petitioner's Postconference Br. at 4.

²² CR at I-10-11, PR at I-8; Petitioner's Postconference Br. at 4. Green ripe olives are cured and packed like black ripe olives but because they are not oxidized, they retain a green color and are marketed as having a buttery flavor. CR at I-11 n.25, PR at I-9 n.25.

²³ CR at I-11, PR at I-9; Petitioner's Postconference Br. at 4-5.

²⁴ CR/PR at I-3; Petitioner's Postconference Br. at 5.

²⁵ Petitioner's Postconference Br. at 6.

sorted, packed in a mild salt solution (brined), heat-treated, and then stored in inventory or canned for sale.²⁶

Interchangeability. All ripe olives within the scope are subject to a federal marketing order regulated by the U.S. Department of Agriculture (“USDA”), which creates mandatory uniform standards.²⁷ The USDA federal marketing order for ripe olives creates mandatory standards for both raw olives and processed ripe olives, thereby affecting both growers and processors.²⁸ The marketing order also designates grade, size, and quality criteria for all ripe olives.²⁹ Under its terms, all ripe olives are designated as Grades A, B, C, or substandard if they fail to meet the lowest standard (Grade C).³⁰ Raw olives cannot be processed into ripe olives if they are sourced from growers who do not participate in the USDA federal marketing order or if the raw olives themselves do not meet certain criteria for further processing.³¹

Channels of Distribution. During the period of investigation, domestically produced ripe olives were sold overwhelmingly to end users with the remainder sold to distributors.³²

Customer and Producer Perceptions. Notwithstanding any differences in size or presentation (e.g., whole or sliced), Petitioner maintains that producers and customers generally perceive all ripe olives to be the same product.³³ Further, the USDA federal marketing order discussed above, which applies to ripe olives but not specialty olives, would tend to reinforce any perception by producers that ripe olives and specialty olives are distinct products.

Price. The pricing data indicate some variations in prices for domestically produced product, depending on the type of olive sold, channel of distribution, and whether the product is branded or private label.³⁴

Conclusion. Based on the record in the preliminary phase of these investigations, we define a single domestic like product consisting of all ripe olives coextensive with the scope. All ripe olives within the scope have similar physical characteristics as they are produced from raw olives and are generally plump and consistently shaped, have a mild, nut-like flavor, and are usually black in color. All ripe olives have the same primary end use insofar as they are generally used as a food ingredient in pizzas, salads, and sandwiches. Information in the record indicates that all ripe olives generally use the same production facilities and manufacturing processes, and have the same channels of distribution. Notwithstanding differences in their size or presentation, all ripe olives within the scope are at least somewhat interchangeable, and are perceived to be the same product by market participants. Consequently, and in the absence of a contrary argument, we define a single domestic like product consisting of all ripe olives corresponding to Commerce’s scope definition.

²⁶ CR/PR at Figure I-2; CR at I-14, PR at I-11.

²⁷ CR at I-11-12, PR at I-9-10.

²⁸ CR at I-11-12, PR at I-9-10; Conf. Tr. at 21 (Gleason).

²⁹ CR at I-11-12, PR at I-9-10.

³⁰ CR at I-11-12, PR at I-9-10.

³¹ CR at I-11-12, PR at I-9-10.

³² CR/PR at Table II-1.

³³ Petitioner’s Postconference Br. at 6.

³⁴ CR/PR at Tables V-4-7.

IV. Domestic Industry

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³⁵ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

These investigations raise two domestic industry issues. The first issue is whether the domestic industry includes olive growers as well as the petitioning processors. The second is whether appropriate circumstances exist to exclude any firms from the domestic industry pursuant to the statutory related parties provision.

A. Whether the Domestic Industry Includes Olive Growers

In cases involving processed agricultural products, section 771(4)(E) of the Tariff Act authorizes the Commission to include growers of a raw agricultural input within the domestic industry producing the processed agricultural product if:

(a) the processed agricultural product is produced from the raw product through a single continuous line of production,³⁶ and

(b) there is a substantial coincidence of economic interest between the growers and producers of the processed product based upon the relevant economic factors.³⁷

³⁵ 19 U.S.C. § 1677(4)(A).

³⁶ The statute provides that the processed product shall be considered to be processed from the raw product in a single, continuous line of production if:

(a) the raw agricultural product is substantially or completely devoted to the production of the processed agricultural product; and

(b) the processed agricultural product is produced substantially or completely from the raw product.

19 U.S.C. § 1677(4)(E)(ii).

³⁷ In addressing coincidence of economic interest under the second prong of the test, the Commission may, in its discretion, consider price, added market value, or other economic interrelationships. Further:

(a) if price is taken into account, the Commission shall consider the degree of correlation between the price of the raw agricultural product and the price of the processed agricultural product; and

(b) if added market value is taken into account, the Commission shall consider whether the value of the raw agricultural product constitutes a significant percentage of the value of the processed agricultural product.

19 U.S.C. § 1677(4)(E)(iii).

Petitioner argues that both prongs of the grower/processor provision are satisfied and that the Commission therefore should include the olive growers in the domestic industry definition.³⁸ According to Petitioner, the first prong is satisfied because virtually all raw table olives are processed into ripe olives.³⁹ Petitioner contends that the second prong is satisfied because growers and processors are both susceptible to injury from dumped imports of ripe olives from Spain and therefore have a coincidence of economic interest.⁴⁰ It also asserts that the second prong of the grower/processor provision is satisfied by virtue of the fact that prices of raw olives and ripe olives both generally increased during the POI and that the value of the input (raw table olives) accounted for a substantial percentage of the processed product (ripe olives).⁴¹

Respondents argue that the Commission should not include the growers in the domestic industry.⁴² They argue that the first prong of the grower/processor provision is not satisfied, claiming that the growers can switch to devoting their acreage to olive oil production.⁴³ With respect to the second prong, they maintain that growers and processors do not share a coincidence of economic interest because growers generally are seeking the highest price for their olives while the processors are seeking to pay the lowest price.⁴⁴

We find that the first prong of the grower/processor provision is satisfied because ripe olives are produced from raw table olives through a single, continuous line of production. Raw table olives are substantially or completely devoted to the production of ripe olives. Petitioner estimates that approximately 94 percent of domestically grown raw table olives are processed into ripe olives and respondents have not proffered another estimate.⁴⁵ The percentage of the raw agricultural product devoted to the production of the processed agricultural product is sufficient to find the first prong of the grower/processor provision satisfied.⁴⁶

By contrast, we find that the second prong of the grower/processor provision is not satisfied (*i.e.*, whether there is a substantial coincidence of economic interests

³⁸ Petitioner's Postconference Br. at 8-10.

³⁹ Petitioner's Postconference Br. at 8.

⁴⁰ Petitioner's Postconference Br. at 9 and Answers' to Staff Questions at 4-5.

⁴¹ Petitioner's Postconference Br. at 9 and Answers' to Staff Questions at 4-5.

⁴² ASEMESA's Postconference Br. at 3-7; AFI Group Postconference Br. at 2-7.

⁴³ AFI Group Postconference Br. at 4-5.

⁴⁴ AFI Group Postconference Br. at 5-6.

⁴⁵ Petitioner's Postconference Br. at 8.

⁴⁶ See, e.g., *Certain Orange Juice from Brazil*, Inv. No. 731-TA-1089 (Final), USITC Pub. 3838 at (March 2006) (included growers in the domestic industry where approximately 95 percent of raw agricultural product was devoted to the production of the processed product); *Frozen and Canned Warmwater Shrimp and Prawns From Brazil, China, Ecuador, India, Thailand, and Vietnam*, Inv. Nos. 731-TA-1063-1068 (Final), USITC Pub. No. 3748 (January 2005) (included growers in the domestic industry where approximately 90 percent of raw agricultural product was devoted to the production of the processed product).

between olive growers and domestic producers of ripe olives). The “substantial coincidence” test requires more than the mere fact, even assuming it to be true in this particular instance, that growers and processors are both susceptible to injury from dumped imports. Rather, the Commission typically requires: (1) vertical integration between the growers and the processors (*i.e.*, common ownership) or (2) shared financial benefits/risks between the growers and processors, including cooperative arrangements or contracts which tie together the interests of the growers and processors, such as ones that make the growers’ compensation contingent on the price obtained by the processor for the processed product.⁴⁷ Neither of these considerations appears to be present here. Rather, the record indicates that the growers and processors are engaged in essentially arm’s-length negotiations concerning the price of the input (raw table olives) for the processed product (ripe olives).⁴⁸ Where the growers were merely arm’s-length suppliers of the raw agricultural product to the processors, we typically have found that the second prong of the grower/processor provision was not satisfied and therefore have not included the growers in the domestic industry.⁴⁹

⁴⁷ See generally, *Raw In-Shell Pistachios from Iran*, Inv. No. 731-TA-287 (Second Review), USITC Pub. 4701 at 7-8 (June 2017) (sufficient coincidence of economic interest where high degree of interlocking ownership between pistachio growers and processors); *Sugar from Mexico*, Inv. Nos. 701-TA-513 and 731-TA-1249 (Preliminary), USITC Pub. 4467 at 18-19 (May 2014) (sufficient coincidence of economic interest between sugarcane/beet growers and processors where growers and processors belonged to cooperatives that shared revenue); *Certain Orange Juice from Brazil*, Inv. No. 731-TA-1089 (Final), USITC Pub. 3838 at 11-12 (March 2006) (sufficient coincidence of economic interest between orange growers and processors when the vast majority of U.S. fresh oranges were sold through “participation plans,” with the remainder sold through cooperatives and the cash market.”

⁴⁸ Raw table olive prices are the result of negotiations between the two major domestic processors of ripe olives (Musco and Bell-Carter) and the California Olive Growers Council, a bargaining committee representing individual U.S. olive growers. These negotiations occur annually prior to the olive crop harvest, set different prices for different sizes of raw table olives, and are binding on all growers and processors. CR/PR at V-1; Conf. Tr. at 47 (Burreson) and 90, 101-02 (Silveira); Petitioner’s Postconference Br. at 9. At the conference, Michael Silveira, the current Chair of the California Olive Growers Council, conceded that in these annual negotiations olive growers generally are seeking the highest possible price for their raw table olives from the processors. Conf. Tr. at 90 (Silveira). Mr. Silveira also characterized the negotiations between the growers and processors as “. . . a little tense at time[s].” Conf. Tr. at 91 (Silveira). The processors subsequently negotiate with individual growers over quantity and delivery terms. CR/PR at VI-1 & n.3.

⁴⁹ See generally, *Kiwifruit from New Zealand*, Inv. No. 731-TA-516 (Final), USITC Pub. 2510 at 5-6 (May 1992) (insufficient coincidence of economic interest between kiwifruit growers and packers and handlers because there was a limited degree of vertical integration between growers and packers of the raw product and packer and handler charges were negotiated at arm’s-length and were independent of the ultimate selling price of the kiwifruit); *Certain Fresh Atlantic Groundfish from Canada*, Inv. No. 701-TA-257 (Final), USITC Pub. 1844 at 8 (May 1986) (insufficient coincidence of economic interest between harvesters and processors of fresh whole Atlantic groundfish because sales were done through arm’s- (Continued...)

As discussed above, the statute also provides that the Commission may, in its discretion, consider price, added market value, or other economic interrelationships in assessing the coincidence of economic interest under the second prong of the grower/processor provision.⁵⁰ The degree to which prices for the raw and processed products track each other is unclear. While prices for both raw and processed olives increased during the period of investigation, those for processed olives rose by a substantially greater amount.⁵¹ With respect to added market value, the information available in the record indicates that the value of raw table olives accounted for between *** percent and *** percent of the total cost of goods sold (COGS) of the processed ripe olives during the period of investigation.⁵² While this level is not insubstantial, we find it is not a significant percentage of the value of the processed agricultural product, ripe olives, in this case.⁵³ We do not find that these additional factors (price and added market value) are sufficient in light of the record as a whole, particularly the record evidence discussed above showing the lack of vertical integration in the industry and indicating that the growers are merely arm's-length suppliers to the processors.

(...Continued)

length supplier agreements and no evidence of interlocking ownership between harvesters and processors).

Petitioner references the 1987 original investigation in frozen concentrated orange juice ("FCOJ") from Brazil where the Commission included orange growers in the domestic industry along with extractors producing FCOJ. Petitioners' Postconference Br. at 8. In *FCOJ from Brazil*, however, the Commission observed that many of the large extractors owned their own orange groves and that consequently there was a sufficient degree of vertical integration between growers and extractors. *Frozen Concentrated Orange Juice from Brazil*, Inv. No. 731-TA-326 (Final), USITC Pub. 1970 at 13 (April 1987). Further, the Commission found that the vast majority of sales arrangements were not arm's-length transactions because the orange growers and FCOJ extractors used cooperatives, full and partial participation plans, and intracompany transfers to sell oranges for processing, which made the orange growers' compensation contingent upon the price obtained by the extractors for the processed product. *Id.* at 12-13. The record here is readily distinguishable from *FCOJ from Brazil* because the olive growers and processors of ripe olives are not vertically integrated and their sales arrangements are arm's-length transactions.

⁵⁰ 19 U.S.C. § 1677(4)(E)(i)-(iii).

⁵¹ Compare CR/PR at Table V-1 with CR/PR at Tables V-4-7 and OINV Worksheet (EDIS No. 618607). Moreover, the record contains pricing data for raw olives only on an annual basis thereby not permitting an evaluation of their correlation with fluctuations in the quarterly pricing data for ripe olives. *Id.*

⁵² CR/PR at Table VI-3.

⁵³ See, e.g., *Individually Quick Frozen Red Raspberries from Chile*, Inv. No. 731-TA-948 (Final), USITC Pub. 3524 (June 2002) (including growers in the domestic industry where, among other things, the cost of the raw product constituted between 50 percent and 64 percent of the value of the processed product); *Frozen Concentrated Orange Juice From Brazil*, 731-TA-326 (Final), USITC Pub. No. 1970 at 15 (April 1987) (including growers in the domestic industry where, among other things, 80 percent of cost of the processed product could be attributed to the raw product).

Accordingly, for the above reasons, we find that the first prong of the grower/processor provision is satisfied, but that the second prong is not satisfied. Therefore, we do not include the olive growers in the domestic industry, which is limited to the two U.S. processors of ripe olives.

B. Related Parties

We must also determine whether any producers of the domestic like product (*i.e.*, any processors of ripe olives) should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers. Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.⁵⁴

One domestic producer – *** – meets the statutory definition of a related party, because it ***.⁵⁵ No party advocated the exclusion of any domestic producer as a related party. As discussed below, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

*** accounted for *** percent of U.S. production of ripe olives in 2016.⁵⁶ As such, it was *** domestic producer.⁵⁷ As a petitioner, *** supports the petition.⁵⁸

*** imported very small quantities of subject merchandise from Spain throughout the POI.⁵⁹ As a ratio of U.S. production, its subject imports ranged from *** percent to *** percent during each year of the POI.⁶⁰

⁵⁴ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

⁵⁵ CR/PR at Table III-13.

⁵⁶ CR/PR at Table III-6.

⁵⁷ CR/PR at Table III-6.

⁵⁸ CR/PR at Table III-6.

⁵⁹ *** subject imports were *** short tons in 2014, *** short tons in 2015, and *** short tons in 2016. CR/PR at Table III-13.

⁶⁰ CR/PR at Table III-13. *** ratio of operating income to net sales was *** percent in 2014, *** percent in 2015, and *** percent in 2016. CR/PR at Table VI-5. Its operating performance was *** than the industry average throughout the POI. *Id.*

In view of these factors, that *** principal interest lies in domestic production, that excluding it would arguably skew the data given ***, and because no party has argued for its exclusion, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

Accordingly, we find that no domestic producer should be excluded as a related party, and define the domestic industry as all domestic processors of ripe olives.⁶¹

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.⁶²

Negligibility is not an issue in these investigations. U.S. imports from Spain, as measured by official U.S. import statistics, accounted for 78.7 percent of total imports of ripe olives by quantity from June 2016 to May 2017, the 12-month period preceding filing of the petition.⁶³

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁶⁴ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁶⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶⁶ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant

⁶¹ The two domestic processors that provided the Commission with data were petitioners Bell-Carter and Musco. CR at I-5 n.8, PR at I-4 n.8.

⁶² 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B).

⁶³ CR/PR at Table IV-4.

⁶⁴ 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

⁶⁵ 19 U.S.C. § 1677(7)(B). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁶⁶ 19 U.S.C. § 1677(7)(A).

economic factors that bear on the state of the industry in the United States.⁶⁷ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁶⁸

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,⁶⁹ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁷⁰ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁷¹

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁷² In performing its examination, however, the Commission need not isolate

⁶⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁸ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁹ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁷⁰ *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), *aff’g* 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁷¹ The Federal Circuit, in addressing the causation standard of the statute, has observed that “[a]s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also *Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

⁷² Uruguay Round Agreements Act Statement of Administrative Action (SAA), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which (Continued...)

the injury caused by other factors from injury caused by unfairly traded imports.⁷³ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁷⁴ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁷⁵

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to

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demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord *Mittal Steel*, 542 F.3d at 877.

⁷³ SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); *Taiwan Semiconductor Industry Ass’n*, 266 F.3d at 1345. (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing *Gerald Metals*, 132 F.3d at 722 (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁷⁴ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁷⁵ See *Nippon*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

the subject imports.”⁷⁶ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁷⁷

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases in which the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁷⁸ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission’s interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports,’” and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.⁷⁹ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.⁸⁰

⁷⁶ *Mittal Steel*, 542 F.3d at 877-78; see also *id.* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing *United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comports with the Court’s guidance in *Mittal*.

⁷⁷ *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also *Mittal Steel*, 542 F.3d at 879 (“*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁷⁸ *Mittal Steel*, 542 F.3d at 875-79.

⁷⁹ *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

⁸⁰ To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested (Continued...)

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.⁸¹ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁸²

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

U.S. demand for ripe olives depends on the demand for ripe olives in food uses.⁸³ Reported end uses include retail sales, food service, pizza topping, salad topping, and as an ingredient in other foods.⁸⁴

*** responding U.S. processors and 7 of 23 responding importers indicated in their questionnaire responses that the U.S. market for ripe olives was subject to business cycles or other distinctive conditions of competition.⁸⁵ Specifically, market participants reported that demand varies over the course of the year with somewhat higher demand around holidays (Christmas, Thanksgiving, and Easter) and the Super Bowl.⁸⁶ U.S. processors' responses regarding U.S. demand trends for ripe olives were ***.⁸⁷ Most importers, however, reported that U.S. demand for ripe olives fluctuated or was unchanged since 2013.⁸⁸

Ripe olives are often sold to retailers, including large retailers like Walmart and Kroger, for both branded and private label sales.⁸⁹ Large institutional customers, including restaurants, schools, and commercial food processors, also purchase ripe olives for use in their food products.⁹⁰

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information in the final phase of investigations in which there are substantial levels of nonsubject imports.

⁸¹ We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁸² *Mittal Steel*, 542 F.3d at 873; *Nippon*, 458 F.3d at 1350, citing *U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

⁸³ CR at II-8, PR at II-6.

⁸⁴ CR at II-8, PR at II-6.

⁸⁵ CR at II-9 PR at II-6.

⁸⁶ CR at II-9, PR at II-6.

⁸⁷ CR/PR at Table II-4; CR at II-10, PR at II-7.

⁸⁸ CR/PR at Table II-4; CR at II-10, PR at II-7.

⁸⁹ CR/PR at Table II-1; Conf. Tr. at 186-87 (Kaddoura).

⁹⁰ CR/PR at Table II-1; Conf. Tr. at 35 (Carter).

Apparent U.S. consumption of ripe olives fluctuated from 2013 to 2016, but fell overall by *** percent.⁹¹ Apparent U.S. consumption of ripe olives totaled *** short tons in 2013, *** short tons in 2014, *** short tons in 2015, and *** short tons in 2016.⁹²

2. Supply Conditions

The domestic industry was the largest supplier of ripe olives to the U.S. market throughout the POI, with subject imports being the second largest supplier followed by nonsubject imports. Together, the petitioning U.S. processors (Bell-Carter and Musco) accounted for virtually all domestic production of ripe olives during the POI.⁹³ In 2016, Bell-Carter accounted for *** percent of production of the domestic like product while Musco accounted for *** percent.⁹⁴ U.S. processors' U.S. market share increased slightly from *** percent in 2013 to *** percent in 2014, and then declined to *** percent in 2015 and *** percent in 2016.⁹⁵

Subject imports from Spain were the largest import source of supply over the period of investigation. Subject imports' market share increased steadily during the period of investigation, increasing from *** percent in 2013 to *** percent in 2014 to *** percent in 2015, and then to *** percent in 2016.⁹⁶

Nonsubject imports were the smallest source of supply over the period of investigation. Their market share was *** percent in 2013, *** percent in 2014, *** percent in 2015, and *** percent in 2016, for an overall decrease of *** percentage points between 2013 and 2016.⁹⁷ Morocco was the largest individual nonsubject source of supply to the U.S. market.⁹⁸

Processing of ripe olives requires raw or provisionally preserved olives. The size of the crop of raw olives available for processing depends on several factors, including the acreage of orchards dedicated to the production of raw olives, the amount and timing of water provided, weather during blooming periods, freezes, and labor availability during harvest.⁹⁹ While U.S. growers harvest most raw table olives by hand, olive growers in Spain generally use mechanical harvesting techniques.¹⁰⁰ Olive trees naturally have a two-year olive production cycle, with larger crop yields alternating with smaller crop yields; the size of the individual olive is typically

⁹¹ CR/PR at Table C-1.

⁹² CR/PR at Table IV-7. We have collected and examined data covering a four-year period of investigation (two two-year crop cycles) in the preliminary phase of these investigations (*i.e.*, January 2013-December 2016). In any final phase of these investigations, we invite the parties to address the appropriate period of investigation in their comments on the draft questionnaires.

⁹³ CR at III-11 & n.20, PR at III-9 n.20.

⁹⁴ CR/PR at Table III-6.

⁹⁵ CR/PR at Table IV-7.

⁹⁶ CR/PR at Table IV-7.

⁹⁷ CR/PR at Table IV-7.

⁹⁸ CR at VII-13 to VII-16, PR at VII-11-14; CR/PR at Table IV-2.

⁹⁹ CR at II-4-5, PR at II-3.

¹⁰⁰ Conf. Tr. at 116-17 (DeLeonardis); CR at VII-4, PR at VII-3.

larger when the crop yield is smaller.¹⁰¹ U.S. growers of raw table olives reportedly use various methods, including pruning, irrigation, spray thinning, and fertilizing techniques, in an effort to achieve relatively stable crop cycles.¹⁰² Nonetheless, the record indicates that there have been considerable year-to-year fluctuations in the crop yield for the U.S. raw table olives available to U.S. processors for their production of ripe olives.¹⁰³ Although U.S. processors report that they prefer to purchase raw olives from California, they supplement domestic raw olives with imported raw or provisionally preserved olives from other countries including Argentina, Mexico, and Spain, to maintain a stable supply of raw material for processing ripe olives.¹⁰⁴

3. Substitutability and Other Conditions

We find based on the record in the preliminary phase of these investigations that subject imports and the domestic like product have a high degree of substitutability.¹⁰⁵ The majority of U.S. importers responding to the Commission's questionnaire and both responding U.S. producers reported that subject imports from Spain are *** interchangeable with domestically produced ripe olives.¹⁰⁶

Purchasers have indicated that price is one of several factors that are important in purchasing decisions, although non-price factors are also important.¹⁰⁷ Purchasers responding to the Commission's lost sales/lost revenue survey most frequently cited quality and price as the factors affecting their purchasing decisions.¹⁰⁸

Raw olives are the main raw material used by U.S. processors for producing ripe olives.¹⁰⁹ The average price U.S. processors paid for raw olives fluctuated slightly during the period of investigation, but began and ended the period of investigation at virtually identical levels.¹¹⁰ As discussed above, the price of raw table olives used for processing into ripe olives

¹⁰¹ CR at II-4, PR at II-3.

¹⁰² CR at I-10, n.19, PR at I-8 n.19; Petitioner's Postconference Br. at 32-33; Conf. Tr. at 74 (Burreson) and 75 (Carter).

¹⁰³ CR/PR at Tables III-2, III-3, and III-4; Conf. Tr. at 49 (Silveira).

¹⁰⁴ CR at II-4, PR at II-3.

¹⁰⁵ CR at II-12, PR at II-8.

¹⁰⁶ CR/PR at Table II-6. Twelve of 17 U.S. importers reported that subject imports and the domestic like product were always or frequently interchangeable. *Id.* Four U.S. importers reported that subject imports and the domestic like product were sometimes interchangeable, and one importer reported that they were never interchangeable. *Id.*

¹⁰⁷ CR/PR at Tables II-5 and II-7.

¹⁰⁸ CR/PR at Table II-5. While most purchasers reported quality to be the most important factor, price and quality were ranked equally as the second most important factor, and most purchasers cited price as the third most important factor. *Id.*

¹⁰⁹ CR/PR at V-1.

¹¹⁰ CR/PR at Table V-1. The average price U.S. processors paid for raw olives was \$1,086 per short ton in crop year 2012/2013, \$1,060 per short ton in crop year 2013/2014, \$1,079 per short ton in crop year 2014/2015, and \$1,085 per short ton in crop year 2015/2016. *Id.* In any final phase of these investigations, we intend to collect information concerning raw material costs separately for U.S.-grown and imported raw olives.

are the result of negotiations between the two major domestic processors of ripe olives (Musco and Bell-Carter) and the California Olive Growers Council, a bargaining committee representing individual U.S. olive growers.¹¹¹ These negotiations occur annually prior to the olive crop harvest, set different prices for different sizes of raw table olives, and are binding on all growers and processors.¹¹² The processors subsequently negotiate with individual growers over quantity and delivery terms.¹¹³

U.S. processors reported selling ripe olives ***,¹¹⁴ while importers reported using mainly annual or long-term contracts for their sales of ripe olives.¹¹⁵

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”¹¹⁶

Subject imports had a significant and increasing presence in the U.S. market during the period of investigation. The volume of subject imports increased over the period of investigation from 26,549 short tons in 2013 to 29,735 short tons in 2014 to 35,037 short tons in 2015 and 35,139 short tons in 2016.¹¹⁷ As observed above, subject imports’ market share increased from *** percent in 2013 to *** percent in 2014 to *** percent in 2015 and *** percent in 2016.¹¹⁸

Subject imports’ market share increased by *** percentage points from 2013 to 2016, while the domestic industry’s market share declined by *** percentage points during the same period.¹¹⁹ Thus, subject imports’ increased market share at the direct expense of the domestic industry, as well as nonsubject imports,¹²⁰ in a declining U.S. market.

In light of the foregoing, we find that the volume of subject imports from Spain and the increase in that volume are significant in both absolute terms and relative to consumption in the United States.

¹¹¹ CR/PR at V-1.

¹¹² CR/PR at V-1; Conf. Tr. at 47 (Burreson) and 90, 101-102 (Silveira); Petitioner’s Postconference Br. at 9.

¹¹³ CR/PR at VI-1 & n.3; CR/PR at VI-2 & n.6.

¹¹⁴ CR/PR at Table V-3

¹¹⁵ CR/PR at Table V-3.

¹¹⁶ 19 U.S.C. § 1677(7)(C)(i).

¹¹⁷ CR/PR at Table IV-7.

¹¹⁸ CR/PR at Table IV-7.

¹¹⁹ CR/PR at Tables IV-7 and C-1.

¹²⁰ Nonsubject imports’ market share declined by *** percentage points during the period of investigation, declining from *** percent in 2013 to *** percent in 2016. CR/PR at Tables IV-7 and C-1.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹²¹

As discussed above, we find that the record demonstrates that there is a high degree of substitutability between subject imports and the domestic like product.¹²²

The Commission collected quarterly pricing data on four pricing products.¹²³ Two U.S. processors and eighteen importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹²⁴ Pricing data reported by these firms accounted for approximately 26 percent of U.S. processors' U.S. commercial shipments of ripe olives and approximately 54 percent of reported U.S. commercial shipments of subject imports from Spain in 2016.¹²⁵

The pricing data show that subject imports from Spain undersold the domestic like product in 29 of 59 quarterly price comparisons.¹²⁶ The margins of underselling ranged from 1.5 percent to 38.3 percent, with an average margin of underselling of 19.3 percent.¹²⁷ There were 6.2 million cases of subject merchandise involved in the underselling comparisons and

¹²¹ 19 U.S.C. § 1677(7)(C)(ii).

¹²² CR at II-12, PR at II-8.

¹²³ CR at V-5, PR at V-4. The four pricing products are as follows:

Product 1.-- (Retail Branded).--Medium pitted black ripe olives in 300 cans, 24 cans per case. Report BRANDED sales only. Can size is 300 x 407. Drain weight is 6 oz. per can, 144 oz. (4.08 kg) per case.

Product 2.-- (Retail Private Label).--Medium pitted black ripe olives in 300 cans, 24 cans per case. Report PRIVATE LABEL sales only. Can size is 300 x 407. Drain weight is 6 oz. per can, 144 oz. (4.08 kg) per case.

Product 3.-- (Retail Private Label).--Sliced black ripe olives in 211 cans, 24 cans per case. Report PRIVATE LABEL sales only. Can size is 211 x 200. Drain weight is 2.25 oz. per can, 54 oz. (1.53 kg) per case.

Product 4.— (Institutional).--Sliced black ripe olives in #10 cans, 6 cans per case. Can size is 603 x 700. Drain weight is 55 oz. per can, 330 oz. (9.36 kg) per case.

CR at V-5, PR at V-4.

¹²⁴ CR at V-5, PR at V-4.

¹²⁵ CR at V-5-6, PR at V-4. In any final phase of these investigations, we invite the parties in their comments on the draft questionnaires to address whether these are the appropriate pricing products for the Commission to consider.

¹²⁶ CR at V-14, PR at V-7; CR/PR at Table V-9.

¹²⁷ CR at V-14, PR at V-7; CR/PR at Table V-9.

324,442 cases of subject merchandise involved in the overselling comparisons.¹²⁸ The underselling by subject imports was overwhelmingly concentrated in Product 4, the pricing product involving the largest quantities of subject imports and for which the quantities of domestic product declined as the underselling continued over the period of investigation.¹²⁹ Other information in the record regarding lost sales and lost revenues provides further support for the proposition that subject imports were sold at low prices.¹³⁰

Considering all of the data in the record, the predominant underselling by subject imports on a volume basis, the high degree of substitutability between the domestic like product and subject imports, the importance of price in purchasing decisions, and the reports of lost sales and lost revenues, we find the underselling by subject imports to be significant for purposes of these preliminary determinations.

We do not find that subject imports depressed prices of the domestic like product to a significant degree. The pricing data indicate that from 2013 to 2016 prices for domestically produced ripe olives increased for all four pricing products, with price increases ranging from *** percent to *** percent.¹³¹

We also do not find that subject imports had the effect of preventing price increases which otherwise would have occurred to a significant degree. During the POI, the domestic industry's COGS to net sales ratio declined from *** percent in 2013 to *** percent in 2016.¹³² Given the domestic industry's improving COGS to net sales ratio, during a period of modestly declining apparent consumption, we do not find that subject imports had any significant price-suppressing effect.

Accordingly, based on the record in the preliminary phase of these investigations, we find that there was significant price underselling of the domestic like product by subject imports. As a result of this underselling, subject imports gained market share at the expense of the domestic industry. The low-priced subject imports consequently had significant adverse effects on the domestic industry, which are described further below.

¹²⁸ CR at V-14, PR at V-7; CR/PR at Table V-9.

¹²⁹ CR/PR at Tables V-7 and V-10.

¹³⁰ Of the twelve responding purchasers that responded to the Commission's lost sales and lost revenue survey, eight reported that they have purchased subject imports instead of domestically produced product since 2014. Six of these purchasers reported that subject import prices were lower than those for the domestically produced product and four of these purchasers reported that price was a primary reason for its decision to shift its purchases from the domestic like product to subject imports. Three of the 12 responding purchasers reported that U.S. producers had reduced prices in order to compete with subject imports, five reported that they did not know whether U.S. producers had lowered prices to compete with subject imports, and four reported that U.S. producers had not reduced prices in order to compete with subject imports. CR at V-16, PR at V-9; CR/PR at Tables V-12 and V-13.

¹³¹ CR/PR at Tables V-4 to V-8.

¹³² CR/PR at Table VI-3.

E. Impact of the Subject Imports¹³³

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on the state of the industry.” These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹³⁴

Most of the U.S. processors’ output indicia declined over the period of investigation.¹³⁵ U.S. processors’ production declined by *** percent, declining from *** short tons in 2013 to *** short tons in 2016.¹³⁶ Capacity utilization declined by *** percentage points, falling from *** percent in 2013 to *** percent in 2016.¹³⁷ By quantity, U.S. processors’ U.S. shipments fell by *** percent, declining from *** short tons in 2013 to *** short tons in 2016.¹³⁸ Inventories declined.¹³⁹ As discussed above, U.S. processors’ market share fell by *** percentage points overall during the period of investigation, declining from *** percent in 2013 to *** percent in 2016.¹⁴⁰

U.S. processors’ employment-related data were mixed. The number of production and related workers (“PRWs”) and worker productivity declined overall from 2013 to 2016.¹⁴¹ Total

¹³³ In its notice initiating the antidumping duty investigation, Commerce reported estimated dumping margins of 78.00 to 223.00 percent for imports of ripe olives from Spain. *Ripe Olives from Spain: Initiation of Less-Than-Fair-Value Investigation*, 82 Fed. Reg. 33054, 33057 (July 12, 2017).

¹³⁴ 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

¹³⁵ CR/PR at Table III-9.

¹³⁶ U.S. processors’ production was *** short tons in 2013, *** short tons in 2014, *** short tons in 2015, and *** short tons in 2016. CR/PR at Table III-9.

¹³⁷ U.S. processors’ capacity utilization was *** percent in 2013, *** percent in 2014, *** percent in 2015, and *** percent in 2016. U.S. processors’ capacity was constant throughout the POI, at *** short tons. CR/PR at Table III-9.

¹³⁸ U.S. processors’ U.S. shipments (by quantity) were *** short tons in 2013, *** short tons in 2014, *** short tons in 2015, and *** short tons in 2016. CR/PR at Table III-11. By value, U.S. processors’ U.S. shipments increased from \$*** in 2013 to \$*** in 2014 to \$*** in 2015 and \$*** in 2016. *Id.*

¹³⁹ U.S. processors’ end-of-period inventories fell by *** percent during the period of investigation, declining from *** short tons in 2013 to *** short tons in 2014 to *** short tons in 2015 and *** short tons in 2016. CR/PR at Table III-12.

¹⁴⁰ CR/PR at Table IV-7.

¹⁴¹ The number of PRWs declined from *** workers in 2013 to *** workers in 2014, *** workers in 2015, and *** workers in 2016. CR/PR at Table III-14. Worker productivity declined from *** short tons per thousand hours in 2013 and 2014 to *** short tons per thousand hours in 2015, and then increased to *** short tons per thousand hours in 2016. *Id.*

hours worked were stable, while hours worked per PRW, wages paid, and hourly wages each increased overall from 2013 to 2016.¹⁴²

Many of the U.S. processors' financial performance indicia deteriorated over the period of investigation.¹⁴³ Operating income fell by *** percent, declining from \$*** in 2013 to \$*** in 2016.¹⁴⁴ As a ratio to net sales, operating income dropped by *** percentage points, declining from *** percent in 2013 to *** percent in 2016.¹⁴⁵ Net income fell by *** percent, declining from \$*** in 2013 to \$*** in 2016.¹⁴⁶ Although capital expenditures increased irregularly from 2013 to 2016, research and development expenditures declined overall during the same period.¹⁴⁷ Although total net assets increased irregularly, the operating return on assets declined overall from 2013 to 2016.¹⁴⁸

For purpose of these preliminary determinations, we find that subject imports from Spain had a significant impact on the domestic industry. The significant and increasing volumes of subject imports that undersold the domestic like product took market share directly from U.S. processors of ripe olives during the period of investigation. Due to their loss of market share, several of the domestic producers' indicators were worse than they would have been otherwise.

Respondents argue that declines in domestic shipments of ripe olives and any losses suffered by U.S. processors of ripe olives stemmed from constraints to their supply of raw olives to process into ripe olives and other factors unrelated to subject imports. Specifically, they allege that the domestic processors' supply was negatively affected by the erratic and volatile domestic raw olive crop sizes and yields, adverse environmental factors (*i.e.*, California droughts), diminished acreage dedicated to growing raw table olives due to urban development or repurposing land use for oil olives and other more profitable agricultural products, and labor

¹⁴² Total hours worked remained constant, at *** hours, from 2013 to 2016. Hours worked per PRW were *** hours in 2013, *** hours in 2014, *** hours in 2015, and *** hours in 2016. Wages paid were \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. Hourly wages were \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. CR/PR at Table III-14.

¹⁴³ By contrast, net sales values increased from \$*** in 2013 to \$*** in 2016, and gross profits increased irregularly. CR/PR at Table VI-3. Gross profits were \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. *Id.*

¹⁴⁴ Operating income was \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. CR/PR at Table VI-3.

¹⁴⁵ As a ratio to net sales, operating income was *** percent in 2013, *** percent in 2014, *** percent in 2015, and *** percent in 2016. CR/PR at Table VI-3.

¹⁴⁶ Net income was \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. CR/PR at Table VI-3.

¹⁴⁷ Capital expenditures were \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. CR/PR at Table VI-6. Research and development expenses were \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. *Id.*

¹⁴⁸ U.S. processors' total net assets were \$*** in 2013, \$*** in 2014, \$*** in 2015, and \$*** in 2016. CR/PR at Table VI-7. U.S. processors' operating return on assets was *** percent in 2013, *** percent in 2014, *** percent in 2015, and *** percent in 2016. *Id.*

shortages.¹⁴⁹ We recognize that U.S. processors of ripe olives may have constraints regarding their supply of domestically grown raw olives available for processing. For instance, during the last three years of the period of investigation (2014-2016), the domestic harvest as indicated by the tonnage of raw olives processed into ripe olives was lower than in the previous two years (2012 and 2013).¹⁵⁰ Nevertheless, U.S. processors of ripe olives have the ability to import raw olives for processing or use inventories of ripe olives to supply the U.S. market with ripe olives.¹⁵¹ In any final phase of these investigations, we intend to examine the extent to which U.S. processors of ripe olives are able to supply the U.S. market at recent historical levels using domestically grown raw olives, imports of raw olives, or from inventories of ripe olives.¹⁵²

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. As discussed above, apparent U.S. consumption decreased by *** percent during 2013 to 2016.¹⁵³ However, this decline in apparent U.S. consumption was relatively modest compared to the declines in production, shipments, and sales experienced by the domestic industry.¹⁵⁴ While nonsubject imports had an appreciable presence in the U.S. market, their market share, unlike that of the subject imports, declined overall from 2013 to 2016.¹⁵⁵ Thus, other factors cannot explain the domestic industry's losses in market share and financial performance declines.

Accordingly, for purposes of these preliminary determinations, we conclude that subject Imports had a significant impact on the domestic industry.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of ripe olives from Spain that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of Spain.

¹⁴⁹ See e.g., ASEMESA'S Postconference Br. at 28-31; AFI Group Postconference Br. at 15-17

¹⁵⁰ CR/PR at Tables III-3 and III-4.

¹⁵¹ See e.g., Petitioner's Postconference Br. at 12-13.

¹⁵² In any final phase of these investigations, we intend to collect information pertaining to the volume and value of U.S. processors' direct imports of raw olives and their use of raw olives to supply the U.S. market with ripe olives.

¹⁵³ Apparent U.S. consumption of ripe olives totaled *** short tons in 2013, *** short tons in 2014, *** short tons in 2015, and *** short tons in 2016. CR/PR at Table IV-7.

¹⁵⁴ See CR/PR at Table C-1 (changes in indicators from 2013 to 2016).

¹⁵⁵ As measured by quantity, nonsubject import market share was *** percent in 2013, *** percent in 2014, *** percent in 2015, and *** percent in 2016. CR/PR at Table IV-7.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by the Coalition for Fair Trade in Ripe Olives, consisting of Bell-Carter Foods, Walnut Creek, California (“Bell-Carter”) and Musco Family Olive Company, Tracy, California (“Musco”), on June 22, 2017, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of ripe olives¹ from Spain. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
June 22, 2017	Petition filed with Commerce and the Commission; institution of Commission investigation (82 FR 29327, June 28, 2017)
July 12, 2017	Commission’s conference
July 12, 2017	Commerce’s notice of initiation of antidumping investigation (82 FR 33054, July 19, 2017)
July 12, 2017	Commerce’s notice of initiation of countervailing duty investigation (82 FR 33050, July 19, 2017)
August 4, 2017	Commission’s vote
August 7, 2017	Commission’s determination
August 14, 2017	Commission’s views

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

² Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

³ A list of witnesses appearing at the conference is presented in appendix B of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission—

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁴

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant. . . In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative

⁴ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—⁵

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy/dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission’s consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Ripe olives are generally used as ingredients in recipes, pizzas, salads, and sandwiches, but can also be eaten as snacks or appetizers.⁶ The leading U.S. processors of ripe olives are Bell-Carter and Musco, while leading producers of ripe olives outside the United States include Agro Sevilla Aceitunas, SOC. COOP. AND. (“Agro Sevilla”); Angel Camacho Alimentación, S.L. (“Angel Camacho”); DCOOP, S. COOP. AND. (“DCOOP”); and Aceitunas Guadalquivir, S.L. (“Aceitunas Guadalquivir”) of Spain. The leading U.S. importers of ripe olives from Spain are ***.⁷ Leading importers of product from nonsubject countries (primarily ***) include ***. U.S. purchasers of ripe olives are retailers and distributors; leading purchasers include ***. Leading growers of raw olives used for processing into ripe olives include J Garcia Olive Company, LLC (“J Garcia”); Genoa Farms (“Genoa”); Dennis and Mary Jo Burreson (“Burreson”); El Toro Ranches Inc. (“El Toro”); Elmac Industries Inc. (“Elmac”); and Lohse Ranch.

⁵ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

⁶ Petition, p. 14.

⁷ ***.

Apparent U.S. consumption of ripe olives totaled approximately *** short tons, drained weight (“short tons”) (\$***) in 2016. Currently, two firms are known to produce virtually all ripe olives in the United States. U.S. producers’ U.S. shipments of ripe olives totaled *** short tons (\$***) in 2016, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 35,139 short tons (\$80 million) in 2016 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 11,944 short tons (\$26 million) in 2016 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. processor data are based on questionnaire responses of two firms that accounted for virtually all of U.S. processing of ripe olives during 2016.⁸ U.S. grower data are based on responses of 68 firms that provide usable data on their operations, supplemented as indicated by U.S. Department of Agriculture (“USDA”) data on the U.S. olive industry. U.S. import data are based on official import statistics.

PREVIOUS AND RELATED INVESTIGATIONS

Ripe olives have not been the subject of any prior countervailing or antidumping duty investigations in the United States.⁹

⁸ These firms are identified as the only processors of black ripe olives and processors of ‘virtually all’ ripe olives produced in the United States. Petitioners identified Graber Olive House (“Graber”) as a small processor of green ripe olives, estimating that the firm produces about 150 tons per year (or *** percent of production reported by Bell-Carter and Musco). Petition, p. 5. A questionnaire was issued to Graber, but the Commission did not receive a response.

⁹ In 1984, pursuant to section 104 of the Trade Agreements Act of 1979, the Commission conducted an investigation to determine whether imports of bottled green olives from Spain would materially injure, threaten to injure, or materially retard the establishment of, an industry in the United States if the existing countervailing duty order on that product (issued by the Department of the Treasury under section 303 of the Tariff Act of 1930) were to be revoked. The Commission reached a negative determination in the case.

The domestic like product in the investigation was determined to be ‘bottled green olives’. While the staff report discussed ‘California-style green ripe olives’, it also noted that such olives are “...seldom, if ever, packed in glass containers.” *Bottled Green Olives from Spain, Inv. No. 104-TAA-22*, USITC Publication 1531, May 1984.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On July 19, 2017, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on ripe olives from Spain.¹⁰ Commerce identified the following programs on which it is initiating an investigation:¹¹

1. European Union (EU) Common Agricultural Policy (CAP) Pillar I: Basic Payment Scheme (BPS)—Direct Payment
2. EU CAP Pillar I—BPS—Greening Program
3. EU CAP Pillar I—BPS—Aid for Young Farmers
4. EU CAP Pillar II Agricultural Fund for Rural Development
5. EU Producer Organization Work Programs
6. Spanish Agricultural Insurance System

Alleged sales at LTFV

On July 19, 2017, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on product from Spain.¹² Commerce has initiated an antidumping duty investigation based on estimated dumping margins of 78.00 and 223.00 percent for ripe olives from Spain.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:

The products covered by this investigation are certain processed olives, usually referred to as "ripe olives." The subject merchandise includes all colors of olives; all shapes and sizes of olives, whether pitted or not pitted, and whether whole, sliced, chopped, minced, wedged, broken, or otherwise reduced in size; all types of packaging, whether for consumer (retail) or institutional (food service) sale, and whether canned or packaged in glass, metal, plastic, multi-layered airtight containers

¹⁰ *Ripe Olives from Spain: Initiation of Countervailing Duty Investigation*, 82 FR 33050, July 19, 2017.

¹¹ *Countervailing Duty Investigation Initiation Checklist: Ripe Olives from Spain*, C-469-818, July 12, 2017.

¹² *Ripe Olives from Spain: Initiation of Less-Than-Fair-Value Investigation*, 82 FR 33054, July 19, 2017.

(including pouches), or otherwise; and all manners of preparation and preservation, whether low acid or acidified, stuffed or not stuffed, with or without flavoring and/or saline solution, and including in ambient, refrigerated, or frozen conditions.

Included are all ripe olives grown, processed in whole or in part, or packaged in Spain. Subject merchandise includes ripe olives that have been further processed in Spain or a third country, including but not limited to curing, fermenting, rinsing, oxidizing, pitting, slicing, chopping, segmenting, wedging, stuffing, packaging, or heat treating, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in Spain.

Excluded from the scope are: (1) Specialty olives¹³ (including “Spanish-style,” “Sicilian-Style,” and other similar olives) that have been processed by fermentation only, or by being cured in an alkaline solution for not longer than 12 hours and subsequently fermented; and (2) provisionally prepared olives unsuitable for immediate consumption (currently classifiable in subheading 0711.20 of the Harmonized Tariff Schedule of the United States (HTSUS)).

The merchandise subject to this investigation is currently classifiable under subheadings 2005.70.0230, 2005.70.0260, 2005.70.0430,

¹³ Some of the major types of specialty olives and their curing methods are:

“Spanish-style” green olives. Spanish-style green olives have a mildly salty, slightly bitter taste, and are usually pitted and stuffed. This style of olive is primarily produced in Spain and can be made from various olive varieties. Most are stuffed with pimento; other popular stuffings are jalapeno, garlic, and cheese. The raw olives that are used to produce Spanish-style green olives are picked while they are unripe, after which they are submerged in an alkaline solution for typically less than a day to partially remove their bitterness, rinsed, and fermented in a strong salt brine, giving them their characteristic flavor.

“Sicilian-style” green olives. Sicilian-style olives are large, firm green olives with a natural bitter and savory flavor. This style of olive is produced in small quantities in the United States using a Sevillano variety of olive and harvested green with a firm texture. Sicilian-style olives are processed using a brine-cured method, and undergo a full fermentation in a salt and lactic acid brine for 4 to 9 months. These olives may be sold whole unpitted, pitted, or stuffed.

“Kalamata” olives: Kalamata olives are slightly curved in shape, tender in texture, and purple in color, and have a rich natural tangy and savory flavor. This style of olive is produced in Greece using a Kalamata variety olive. The olives are harvested after they are fully ripened on the tree, and typically use a brine-cured fermentation method over 4 to 9 months in a salt brine.

Other specialty olives in a full range of colors, sizes, and origins, typically fermented in a salt brine for 3 months or more.

2005.70.0460, 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, 2005.70.6070, 2005.70.7000, 2005.70.7510, 2005.70.7515, 2005.70.7520, and 2005.70.7525 HTSUS.

Subject merchandise may also be imported under subheadings 2005.70.0600, 2005.70.0800, 2005.70.1200, 2005.70.1600, 2005.70.1800, 2005.70.2300, 2005.70.2510, 2005.70.2520, 2005.70.2530, 2005.70.2540, 2005.70.2550, 2005.70.2560, 2005.70.9100, 2005.70.9300, and 2005.70.9700. Although HTSUS subheadings are provided for convenience and US Customs purposes, they do not define the scope of the investigation; rather, the written description of the subject merchandise is dispositive.¹⁴

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations are primarily imported under the following statistical reporting numbers of the Harmonized Tariff Schedule of the United States (“HTS”): 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, 2005.70.6070. The 2017 general rate of duty is 9.3 cents/kilogram on drained weight for HTS subheading 2005.70.50 and 10.1 cents/kilogram on drained weight for HTS subheading 2005.70.60. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications

Ripe olives are produced from raw olives.¹⁵ A raw olive is a type of fruit known as a “drupe,” which contains a pit. Raw olives are the fruit of *Olea europaea*, a subtropical evergreen tree. Raw olives can be used in the production of different downstream products and are primarily processed into either table olives or olive oil. Based on their physical traits, certain varieties of raw olives tend to be used in production of table olives while others are typically processed into olive oil.

Olive trees thrive in a Mediterranean-type climate with a long, warm, dry growing season and a mild winter. As a result of its unique climatic and growing conditions, California

¹⁴ *Ripe Olives from Spain: Initiation of Countervailing Duty Investigation*, 82 FR 33050, July 19, 2017; and *Ripe Olives from Spain: Initiation of Less-Than-Fair-Value Investigation*, 82 FR 33054, July 19, 2017.

¹⁵ Petition, p.2.

accounts for virtually all U.S. commercial production of raw olives.^{16 17} Olive trees take 5-7 years to become commercially bearing but once established can bear fruit for thousands of years.¹⁸ Olives are naturally an alternating type crop, meaning a large crop is usually followed by a small crop. Weather conditions and crop management techniques can affect the alternate bearing cycle of the olive tree.¹⁹ Among the various California tree crops, table olive groves have comparatively low water needs and withstand the lack of moisture well.²⁰

Table olives include both ripe olives and specialty olives. In the United States, the two main olive varieties used to produce ripe olives are the Manzanillo (or Manzanilla) and the Sevillano. Manzanillo olives are mostly processed into ripe olives; however, some are also used to produce fermented Spanish-style green olives (a kind of “specialty” olive). Sevillano olives are typically processed as either black ripe olives or as Sicilian-style fermented green olives.²¹ In the United States, the primary raw olive varieties grown for the production of table olives are not used for olive oil extraction.²² In contrast, Spain and some other nonsubject producers cultivate raw olive varieties that can be used to produce either ripe olives or olive oil.

There are numerous differences between ripe olives and specialty olives.²³ Ripe olives are considered to be a commodity product by the industry.²⁴ Ripe olives are almost always black, firm and plump, and have a mild, nut-like flavor, whereas specialty table olives are varied

¹⁶ Petition, Exhibit I-8. Also USDA NASS Statistical Bulletin 1043, “Noncitrus Fruits and Nuts Final Estimates,” 2007-2012, October 2013, p. 41.
<http://usda.mannlib.cornell.edu/usda/nass/SB985/sb1043.pdf>

¹⁷ Most U.S. commercial olive acreage is located in California’s Central Valley (specifically the Sacramento and San Joaquin Valleys). California Olive Committee Website, “About the Olive Industry,” <http://calolive.org/our-story/about-olive-industry/> accessed June 29, 2017.

¹⁸ USITC Industry and Trade Summary, “Olives,” USITC Publication 2636, May 1993, p. 1.

¹⁹ Pruning and spray-thinning accompanied with adequate fertilizer and irrigation are typical crop management techniques. Production management techniques can change this natural cycle to a 4-year cycle of 3 years of gradual increases in production followed by a sharp drop in the fourth year.

²⁰ Olive trees require approximately 36 inches of water per acre-foot while almonds and walnuts require around 40 inches of water per acre-foot. Petitioner’s post conference brief, Exhibit 1, p 4.

²¹ According to petitioners, there is a small amount of U.S. production of Sicilian-style olives which use only the Sevillano variety. Petition, p. 9.

²² Petitioners allege that U.S. grown raw table olives are not used to produce olive oil in the U.S. due to market dynamics and stated that “Olive oil varieties often produce 40 gallons of oil per ton of olives, whereas the table olive might be lucky to get 20,” making table olives unsuited for oil as a matter of economics.” Petitioner’s post conference brief, p. 10.

²³ Ripe olives are typically processed into a black color whereas Spanish-style and Sicilian-style olives are usually green in color when marketed. Spanish-style olives typically have a tart, mildly salty, slightly bitter flavor and are frequently pitted and stuffed with other ingredients. Greek-style (Kalamata) olives are known for their purple-black color, tender texture, and rich, smoky flavor. Sicilian-style olives are large, green olives that are crisp, crunchy and have a naturally bitter and savory flavor. Petition, p. 8.

²⁴ Conference transcript, p. 172 (Escudero); Petitioner’s post-conference brief, p 6.

in color, have higher levels of saltiness, different flavors, and different consistencies.²⁵ ²⁶ Ripe olives are not fermented, whereas specialty olives are typically fermented.²⁷ Ripe olives can be produced in several styles including whole, pitted, halved, segmented, sliced, chopped, and broken pitted.²⁸ Due to the convenience of segmented (i.e. sliced, wedged, and chopped) ripe olives, this category has accounted for all of the growth in ripe olive sales over the last 20 years.²⁹ Ripe olives are rarely stuffed while specialty olives are usually sold whole or stuffed. Ripe olives are often sold in cans (and also re-sealable pouches) while specialty olives are usually sold in glass jars.³⁰

Federal Marketing Order for Ripe Olives

Both domestically produced and imported ripe olives are regulated by a USDA federal marketing order that cover both the raw olive and the processed ripe olive, thereby affecting both growers and processors.³¹ The marketing order designates grade, size, and quality criteria. Under the terms of the marketing order, ripe olives are designated as Grades A, B, C, or as substandard if they fail to meet the lowest standard (Grade C).³² The U.S. standards for the size of whole or pitted olives are based on diameter and the average count of olives per container on a drained weight basis and include small, medium, large, extra large, jumbo, colossal, and super colossal (figure I-1).

²⁵ For example, Musco markets a “Fresh Cured Green Ripe Olive” while Bell-Carter markets Lindsay Naturals “California Green Ripe Olive.” Green ripe olives are cured and packed like black ripe olives but because they are not oxidized, they retain a green color. Musco Family Olive website accessed July 7, 2017 <http://www.olives.com/pearls/products.php>; Bell-Carter Foods Inc. website accessed July 7, 2017 <http://www.bellcarter.com/all-about-olives/curing-methods.html>; Lindsay website accessed July 7, 2017 <http://www.ilovelindsay.com/products/naturals/>

²⁶ Petitioner’s post-conference brief, p 4.

²⁷ Conference transcript, p. 105 (Carter) and Petitioner’s post conference brief, p.4.

²⁸ “Whole” olives are those that have not been pitted. “Pitted” olives in contrast have had the pit removed. Halved olives are pitted olives cut lengthwise into two approximately equal parts. Segmented olives are pitted olives that are cut lengthwise into three or more approximately equal parts. Chopped olives are random-size cut pieces of pitted olives. Broken pitted olives consist of substantially large pieces of olives that may have been broken in pitting but have not been sliced or cut. USDA “U.S. Standards for Grades of Canned Ripe Olives,” September 13, 1983, p. 2. Accessed July 5, 2017. <https://www.ams.usda.gov/sites/default/files/media/Canned%20Ripe%20Olives%20Standard.pdf>.

²⁹ Petition, p 18.

³⁰ Petitioner’s post-conference brief, p 4.

³¹ Conference transcript, p. 21 (Gleason).

³² For a complete description of these different grading standards, see USDA “U.S. Standards for Grades of Canned Ripe Olives,” September 13, 1983, p. 8. Accessed July 5, 2017. <https://www.ams.usda.gov/sites/default/files/media/Canned%20Ripe%20Olives%20Standard.pdf>.

Figure I-1

Ripe olives: USDA size designations for whole and pitted styles

DESIGNATION	COUNT PER POUND	APPROXIMATE DIAMETER RANGE ILLUSTRATED
SMALL	128 – 140	16 - 17 (mm)
MEDIUM	106 – 121	17 - 19 (mm)
LARGE	91 – 105	19 - 20 (mm)
EXTRA LARGE	65 – 88	20 - 22 (mm)
JUMBO	51 – 60	22 - 24 (mm)
COLOSSAL	41 – 50	24 - 26 (mm)
SUPER COLOSSAL	40 OR LESS	26 and over (mm)

Source: USDA “U.S. Standards for Grades of Canned Ripe Olives,” September 13, 1983, p. 4.

Domestically, olives cannot be processed into ripe olives if they are sourced from growers who do not participate in the federal marketing order or if the olives do not meet marketing order criteria for canning size (processed into whole or pitted olives) or limited size (processed as broken, sliced, wedged or chopped olives). Instead these olives may be crushed for oil, freeze dried, or placed in brine in anticipation of future processing as Spanish, Sicilian or Greek-style olives.

Imported ripe olives are also regulated by a U.S. federal marketing order.³³ Like domestically produced ripe olives, imported ripe olives have to meet quality requirements that apply to canned whole, pitted, sliced, segmented, halved, chopped and broken pitted olives.³⁴ Only canned ripe olives, or bulk olives for processing into canned, that are inspected and meet the specific minimum size and quality requirements set by the marketing order are allowed to be imported into the United States.^{35 36}

³³ Section 8e of the Agricultural Marketing Agreement Act of 1937 (AMAA) applies to specific fruit, vegetable, and specialty crop imports into the United States. Section 8e applies to imported olives other than Spanish style. USDA, AMS website <https://www.ams.usda.gov/rules-regulations/section8e>

³⁴ USDA, AMS website <https://www.ams.usda.gov/rules-regulations/section8e/olives>

³⁵ USDA, AMS website <https://www.ams.usda.gov/rules-regulations/section8e/olives>

³⁶ Spanish-style green olives are exempt from the marketing order. Spanish style green olives are defined as those table olives that are packed in brine and fermented and cured. They are otherwise known as “green olives” for the purposes of the federal marketing order. USDA, AMS website <https://www.ams.usda.gov/rules-regulations/section8e/olives>

Manufacturing processes

Ripe olives (as well as specialty olives) are all prepared from mature, semi-ripe raw green olives. Due to the presence of a bitter component (*oleuropein*), raw olives are generally not consumed fresh and need to be cured, with the exception of a few olive varieties which ripen on the tree.³⁷ Raw olives can be cured through the use of lye, brine, salt, or water and can be quick-processed or fermented. Each process confers different flavors on the raw olive.

The U.S. table olive industry relies largely on the “black ripe” curing method where ripe olives are quick-processed and not fermented.³⁸ This processing method begins with raw olives that are picked before they are ripe, when they are still green or straw yellow in color.³⁹ The California style of processing raw table olives into ripe olives is a multiple-day process that does not rely on fermentation (whereas methods of curing olives through fermentation can take 2 to 12 months). The raw olives are cured in a series of lye and oxygenated water baths for multiple days or until the solution penetrates to the olive pit.⁴⁰ The curing process removes the bitter flavor of the olive while exposure to oxygen changes the color of the olives to black.⁴¹ After a final rinse, an iron salt (ferrous gluconate) is usually added as a color stabilizer and carbon dioxide is introduced to neutralize the lye. The olives are then sorted to remove off-color, soft, or broken olives before being pitted and often sliced.⁴² The olives are then packed in a mild salt solution (brined) and heat processed in hermetically sealed airtight containers (canned) to destroy or inactivate micro-organism that could cause spoilage.⁴³ Green ripe olives are similarly processed with lye and brine but are not oxidized so they remain green after canning and when marketed. Figure I-2 illustrates the steps for processing ripe olives.

³⁷ International Olive Council Website, <http://www.internationaloliveoil.org/estaticos/view/77-about-olives>

³⁸ Domestically produced and imported ripe olives are produced in the same manner. Conference transcript, p. 172 (Escudero).

³⁹ In California, raw olives destined for processing into ripe olives are harvested from September through mid-October to avoid frost damage.

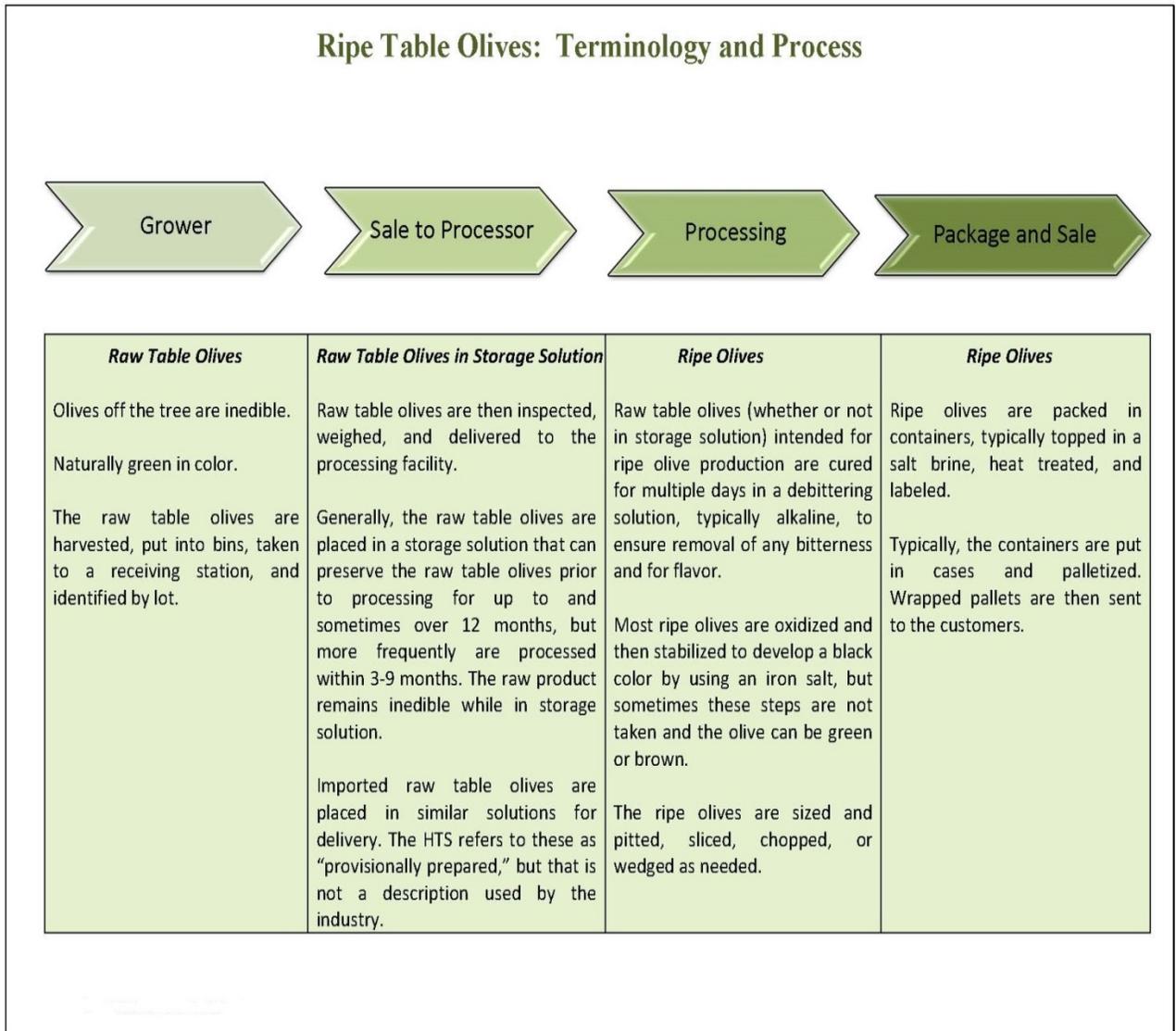
⁴⁰ Petition, p. 7. Also: USITC Industry and Trade Summary, “Olives,” USITC Publication 2636, May 1993, p. 2.

⁴¹ Petition, p. 7. Also: USITC Industry and Trade Summary, “Olives,” USITC Publication 2636, May 1993, p. 2.

⁴² Petition, p. 7. Also: USITC Industry and Trade Summary, “Olives,” USITC Publication 2636, May 1993, p. 2.

⁴³ Petition, p. 7. Also: USITC Industry and Trade Summary, “Olives,” USITC Publication 2636, May 1993, p. 2.

Figure I-2
Ripe olives: Production process



Source: Petitioners’ brief, exh. 19.

Specialty olives are processed and marketed differently than ripe olives. In contrast to ripe olives, Sicilian and Greek style olives have similar curing method that rely on fermentation.⁴⁴ Sicilian-style olives are green in color when marketed and may be packed in glass bottles or in plastic buckets while Greek-style (Kalamata) olives are typically black.⁴⁵ Spanish style olives are treated with a weak caustic solution of sodium or potassium hydroxide to remove most of the bitter flavor.⁴⁶ After a series of rinses to wash away the caustic solution, they are packed in casks, barrels, or vats, and soaked in salt brine for fermentation.⁴⁷ Most Spanish-style olives are pitted, or pitted and stuffed with pimientos or other ingredients such as almonds, before being marketed.⁴⁸

Since olives are typically harvested at one time each year, processors may place olives in brine to store the olives to be processed later in the year or held until the next year. The combination of canned ripe olives held in inventory and those held in storage for future processing is known as carry-out. Carry out levels can change in response to crop sizes of preceding years.

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. Respondents do not contest Petitioner's proposed like product definition for purposes of the preliminary phase of these investigations.⁴⁹

⁴⁴ Greek-style olives are usually prepared from fully developed olives, which are picked when red to black in color, whereas Sicilian-style olives are prepared from fully developed (but not ripe) olives that are picked when green in color. Some Greek style olives may be prepared from unripe olives that are later aerated to develop a dark color. The raw olives are packed in vats or barrels containing salt brine for 6-7 months for Greek-style. At the start of fermentation the tanks are tightly sealed because the olives must not be exposed to air. USITC Industry and Trade Summary, "Olives," USITC Publication 2636, May 1993, p. 2. The brine stimulates fermentation and reduces the bitterness of the *oleuropein*. International Olive Council website, "The Olive World, Table Olives, Ripe Olives," accessed July 3, 2017. <http://www.internationaloliveoil.org/estaticos/view/81-ripe-olives>. Sicilian-style olives are soaked in salt and lactic acid for 3 to 12 months. Petition, p. 7. The olives are then sorted and packaged for consumer use in the same brine in which they were processed.

⁴⁵ Musco claims to be the U.S.' "largest packer of Sicilian-style specialty olives." Musco Family Olive Website accessed July 7, 2017 <http://www.olives.com/pearls/about.php>

⁴⁶ USITC Industry and Trade Summary, "Olives," USITC Publication 2636, May 1993, p. 2

⁴⁷ Petition, p. 7

⁴⁸ USITC Industry and Trade Summary, "Olives," USITC Publication 2636, May 1993, p. 2

⁴⁹ Respondent party ASEMESA states that it agrees with Petitioner's proposed like product definition for purposes of this preliminary phase investigation, although it reserves the right to challenge Petitioner's proposed like product in any final phase investigation. ASEMESA's postconference brief at 3. Respondent party AFI Group does not contest Petitioner's proposed like product definition for purposes of this preliminary phase investigation, although it expresses concerns regarding the use the term "ripe" to describe the domestic like product observing that olives sometimes change color from green into black due to processing rather than natural ripening. AFI Group's postconference brief, App. A (Answers to Staff Questions).

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

In food service, ripe olives tend to be used for pizzas, sandwiches, salads and other food.¹ Retail consumers also use ripe olives for food and food preparation.² Ripe olives are sold in retail stores under either branded or private label.³

Apparent U.S. consumption of ripe olives decreased during 2013-16. Overall, apparent U.S. consumption in 2016 was *** percent lower than in 2013.

CHANNELS OF DISTRIBUTION

Most sales of domestic and imported ripe olives are to end-users. U.S. processors sold mainly to retailers, with the majority of retail sales under private labels. Importers of product from Spain reported that their ripe olives were mainly sold to institutional users (table II-1).

Table II-1
Ripe olives: U.S. processors' and importers' U.S. commercial shipments, by sources and channels of distribution, 2013-16

* * * * *

GEOGRAPHIC DISTRIBUTION

U.S. processors and importers reported selling ripe olives to all regions in the United States (table II-2). U.S. processors and importers of Spanish product reported that most sales were within 100 miles of their production facility/ U.S. point of shipment (table II-3).

¹ Petition, p. 2.

² Petition, p. 7.

³ Petition, p. 2.

Table II-2
Ripe olives: Geographic market areas in the United States served by U.S. processors and importers

Region	U.S. processors	Importers
Northeast	***	21
Midwest	***	17
Southeast	***	17
Central Southwest	***	14
Mountain	***	14
Pacific Coast	***	16
Other ¹	***	4
All regions (except Other)	***	12
Reporting firms	2	22

¹ All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-3
Ripe olives: Distances shipped within the United States

Distance shipped within the United States	U.S. producers	Subject U.S. importers
Zero to 100 miles	***	51.0
101 miles to 1,000 miles	***	27.1
Over 1,000 miles	***	22.0

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. processors of ripe olives have the ability to respond to changes in demand with moderate-to-high changes in the quantity of shipments of U.S.-produced ripe olives to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the ability to shift shipments from inventories. Factors mitigating responsiveness of supply include the limited ability to shift shipments from alternate markets and no ability to shift production to or from alternate products.

Industry capacity

Domestic capacity utilization decreased from *** percent in 2013 to *** percent in 2016. This relatively low level of capacity utilization suggests that U.S. processors may have substantial ability to increase production of ripe olives in response to an increase in prices. Processing capacity was unchanged between 2013 and 2016.

Production of ripe olives requires both processing facilities and raw or provisionally preserved olives.⁴ The processors report that they prefer to purchase raw olives from California. Processors supplement raw olives grown in California with imported raw or provisionally preserved olives from other countries including Argentina, Mexico, and Spain.⁵ ***.

Olive trees naturally have a two-year olive production cycle, with larger crops typically alternating with smaller crops. These alternative crops also affect the size of the olives produced (with larger olives when the crops are smaller). Since larger olives have higher prices than small, growers have an incentive to try to limit swings in crop sizes. Although olive growers may attempt to reduce this variation by growing techniques, these techniques can increase their costs.⁶

In recent years, large crops in one part of the olive growing region of California have been offset by small crops in other areas. The size of the crop available for processing also vary with the amount and timing of water provided, weather during blooming period, freezes,⁷ and labor availability during harvest.⁸ Olive trees typically only produce usable olives 4 to 7 years after the trees are planted and reach full production after 10 years, so increasing acreage will increase availability of olives for processing with a lag.⁹ According to respondents, olive trees are most productive at 35 years or older.¹⁰ Olive trees require maintenance to provide peak production, and can maintain peak production for decades, if not centuries.¹¹ In contrast, acreage for olive production can be reduced quickly as olive trees are removed.¹²

⁴ Olives grown for processing into table olives have some different attributes than olives grown for the purpose of olive oil extraction. First, particularly in the United States, table olives and olive oil tend to be produced from different olive cultivars. Second, irrigation and crop management styles differ for olive trees grown for olive oil production and table olive production. Finally, in the United States olives destined for olive oil are typically mechanically harvested while olives used in table olive production are typically hand harvested. Petition p. 10 and *Olives - UC Drought Management*, http://ucmanagedrought.ucdavis.edu/Agriculture/Crop_Irrigation_Strategies/Olives/, retrieved June 23, 2017.

⁵ Conference transcript, p. 146 (Kaddoura).

⁶ Conference transcript, p. 74 (Burreson).

⁷ "Despite Drought, Calif. Olive Growers Will See Good Return", <https://www.oliveoiltimes.com/olive-oil-business/north-america/despite-drought-calif-olive-growers-will-see-good-return/41014>, retrieved June 23 2017,

⁸ Petition, p. 10. Growers reported that for the majority of the olive picking period, there is relatively little competition for farm labor, but if olive prices are not high enough there may not be enough money to pay for olive pickers. Conference transcript p. 119 (Garcia). Respondents report labor shortages reduce harvests and contribute to olive growers shifting from olive production to alternative less labor intensive crops. ASEMESA postconference brief, pp. 35-37.

⁹ Conference transcript, p. 76 (Silveira).

¹⁰ AFI group postconference brief, exh. 11, question from p. 182, lines 8-12.

¹¹ Conference transcript, p. 76 (Silveira).

¹² "The Life Span of Olive Trees", <http://homeguides.sfgate.com/life-span-olive-trees-60048.html>, retrieved June 27, 2017.

Alternative markets

U.S. processors' exports, as a percentage of total shipments, increased slightly from *** percent in 2013 to *** percent in 2016 indicating that U.S. processors may have very limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. processors' inventories fluctuated, but declined overall between 2013 and 2016. Relative to total shipments, U.S. processors' inventory levels decreased from *** percent in 2013 to *** percent in 2016. These inventory levels suggest that U.S. processors may have substantial ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Musco reported that it processes specialty olives as well as ripe olives. It has specialty olive processing operations in Orland, California and processes ripe olives in Tracy, California.¹³

Supply constraints

The decline in table olive acreage in the United States has been supplemented with imported olives. Processors claim that imported provisionally prepared olives are more expensive and lead to greater supply chain uncertainties. They stated that the viability of the U.S. ripe olive processing industry would be undermined by increased dependence on imported raw olives.¹⁴ Respondents state that imports gained U.S. customers because of product shortage problems with one of the petitioners.¹⁵

Subject imports from Spain¹⁶

Based on available information, processors of ripe olives from Spain have the ability to respond to changes in demand with large changes in the quantity of shipments of ripe olives to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of some unused capacity, ability to shift shipments from alternate markets, and some ability to shift production to or from alternate products. Limited inventories may mitigate responsiveness of supply.

¹³ Conference transcript, p. 38 (Musco).

¹⁴ Conference transcript, pp. 40-41 (Musco).

¹⁵ Conference transcript, pp. 144-145 (Kaddoura).

¹⁶ For data on the number of responding foreign firms and their share of U.S. imports from Spain, please refer to *Part I*, "Summary Data and Data Sources."

Industry capacity

The Spanish industry's capacity utilization increased from 79.2 in 2013 to 85.9 percent in 2016. This moderate-to-high level of capacity utilization suggests that Spanish processors may have a moderate ability to increase production of ripe olives in response to an increase in prices. Both capacity and production increased between 2013 and 2016.

Alternative markets

Spanish processors' shipments to markets other than the United States, as a percentage of total shipments, decreased from 66.9 percent in 2013 to 60.7 percent in 2016. Shipments to the Spanish domestic market rose from 6.0 percent to 7.2 percent. Spanish exports indicate that processors may have substantial ability to shift shipments between other markets and the U.S. market in response to price changes.

Inventory levels

Responding Spanish foreign firms' inventories relative to total shipments decreased from 4.5 percent in 2013 to 3.7 percent in 2016. These inventory levels suggest that responding foreign firms may have limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Seven of the 10 responding foreign processors produced other products on the same equipment as ripe olives, and five processors stated that they could switch production from ripe olives to other products. Other products that responding foreign processors reportedly can produce on the same equipment are green olives (including green olives in cans), (pickled) capers, (pickled) cucumbers, and (pickled) onions. Factors affecting foreign processors' ability to shift production include sterilizing capacity and oxidation capacity.

Nonsubject imports

Nonsubject imports accounted for 25.4 percent of total U.S. imports in 2016. The largest sources of nonsubject imports during 2013-16 were Morocco and Portugal. Combined, these countries accounted for 72.3 percent of nonsubject imports in 2016.¹⁷

¹⁷ These data are from HTS numbers 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, and 2005.70.6070.

U.S. demand

Based on available information, the overall demand for ripe olives is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products and the small cost share of ripe olives in most of its end-use products.

End uses and cost share

U.S. demand for ripe olives depends on the demand for ripe olives in food uses. Ripe olives are a flavorful addition to many savory foods and also enjoyed on their own. Reported end uses include retail sales, food service, pizza topping, salad topping, and as an ingredient.

Ripe olives account for a small share of the cost of most end-use products in which they are used. Two importers estimated the cost shares of ripe olives for some end uses. One reported that for food service industry and retail customers the cost of the ripe olives were about 75 percent of total costs; the other reported that for pizza topping and as an ingredient, the cost was 5 percent, while for salad topping, the cost of ripe olives was 10 percent. Petitioners estimated the share of the costs of ingredients represented by olives in pizza (22 percent), enchiladas (23 percent), and chopped salad (19 percent).¹⁸

Business cycles

*** U.S. processors and 7 of 23 responding importers¹⁹ indicated that the market was subject to business cycles or conditions of competition. Specifically, firms reported that demand varies over the year with somewhat higher demand around holidays (Christmas, Thanksgiving, and Easter) and the Super Bowl. Both U.S. processors reported that the conditions of competition have changed since 2013 because of increased competition from Spanish product.²⁰

U.S. processors and importers were also asked about the impact of droughts in California and the Mediterranean in the U.S. market. *** U.S. processors reported that the drought has increased the cost of raw domestic olives.²¹ Most responding importers (7 of 9) reported that the drought in California had created either shortages, higher prices, or both. *** U.S. processors reported that the drought in the Mediterranean had no effect on the U.S. supply or price, with ***. Five of the nine responding importers reported that the drought in the Mediterranean did have an effect on the availability or price of ripe olives in the United States.

¹⁸ Petitioners' postconference brief, exh. 1, pp. 7-8.

¹⁹ One of these importers ***.

²⁰ One importer reported that importing ripe olives has become less profitable.

²¹ According to one processor, the increased cost of water increased cost of production and lead some smaller growers to irrigate so little that they had no crop.

Demand trends

U.S. processor's responses regarding U.S. demand trends for ripe olives ***. Most importers reported that demand for ripe olives both in the United States and outside the United States had fluctuated or was unchanged since January 1, 2013 (table II-4).

Table II-4
Ripe olives: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. processors	***	***	***	***
Importers	4	5	3	7
Demand outside the United States				
U.S. processors	0	0	0	0
Importers	1	3	1	5

Source: Compiled from data submitted in response to Commission questionnaires.

Respondent ASEMESA reported that world table olive consumption is growing. It cited data from the International Olive Oil Council that total world table olive consumption expanded by 4 percent between 2014/15 and 2015/16 and was expected to grow between 2015/16 and 2016/17.²² Respondent AFI group, however, reported that while specialty olive consumption is growing, ripe olive consumption is not growing, in spite of specialty olives being more expensive than ripe olives.²³

Substitute products

*** U.S. processor and only 2 of the 23 responding importers reported substitutes for ripe olives. The two importers reporting substitutes reported that "green olives" and Kalamata olives could be used in pizza, salad, and sandwiches.

Ripe green olives and ripe black olives have similar flavors textures and sizes.²⁴ Specialty olives typically have different flavors, textures, and may be different sizes than ripe olives and are therefore of limited use as substitutes.²⁵ In addition, specialty olives tend to be more expensive than ripe olives.²⁶ Specialty olives are typically fermented which typically takes longer

²² ASEMESA's postconference brief ex. 7, table 4. Total world table olive consumption increased from 2.48 million metric tons in 2014/15 to 2.5815 million metric tons in 2015/16 and was predicted to increase to 2.699 million metric tons in 2016/17. The International Olive Council's crop years are October through September while the U.S. industry's crop years are from August through July.

²³ AFI Group postconference brief, ex. 11, question from p. 182, lines 13-20.

²⁴ Conference transcript, pp. 95-96 (Carter).

²⁵ *Bottled green olives from Spain*, USITC Publication 1531, May 1984, p. A-10. Conference transcript, p. 96 (Carter).

²⁶ Conference transcript, p. 97 (Musco).

than the processing used for ripe olives.²⁷ Respondents explained that ripe olives are ready for shipment weeks after the fruit is harvested (October/November) while specialty olives are ready for shipment in March/April of the following year.²⁸

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported ripe olives depend upon such factors as relative prices, quality (e.g., reliability of supply, defect rates, etc.), packaging, and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced ripe olives and ripe olives imported from Spain.

Lead times

Ripe olives are primarily sold from U.S. inventories. Firms reported that *** percent of U.S. processors' and 59.4 percent of importers' commercial shipments were from U.S. inventories, with lead times averaging 5 days for U.S. processors and 8 days for importers. The remaining *** percent of U.S. processors' commercial shipments were produced-to-order, with lead times averaging 14 days. Importers sold 26.8 percent of their commercial shipments produced to order with lead times of 71 days and the remaining 13.8 percent from foreign inventories with lead times of 68 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations²⁹ were asked to identify the main purchasing factors their firm considered in their purchasing decisions for ripe olives. The major purchasing factors identified by firms include price, quality, availability, supply (transparency of supply chain/assurance of supply/continuity of supply), and demand (table II-5).

²⁷ Conference transcript, pp. 178-180 (Kaddoura, Valkai). Petitioners' postconference brief, responses to questions, p. 9.

²⁸ AFI Group postconference brief, exh 11, question from page 161, question 7.

²⁹ This information is compiled from responses by purchasers identified by Petitioners to the lost sales lost revenue allegations. See Part V for additional information.

Table II-5
Ripe olives: Top three purchasing factors reported by purchasers

Factor	First	Second	Third ¹	Total
Price	2	4	6	12
Quality	7	4	0	11
Availability	1	1	1	3
Supply	0	2	1	3
Demand	1	0	1	2
Other ²	1	1	1	3

¹ Two firms did not report a third factor.

² Other includes vendor capabilities and reliability for first factor, brand share for second factor, and supplier assessment for third factor.

Source: Compiled from data submitted in response to Commission questionnaires.

Comparison of U.S.-produced and imported ripe olives

Interchangeability between U.S. and imported ripe olives is increased because both sources must meet the Federal Marketing Order requirements on “minimum grade, size, quality and maturity requirements.”³⁰

In order to determine whether U.S.-produced ripe olives can generally be used in the same applications as imports from Spain, U.S. processors and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-6, most responding producers and importers reported that U.S. and Spanish producers were either frequently or always interchangeable. Most importers also reported product from other sources was either always or frequently interchangeable with U.S. or Spanish ripe olives. Some importers indicated that interchangeability was limited by slight differences between U.S. and Spanish product on flavor and texture, customers’ preference for California olives’ taste, poor texture and taste of olives from other countries (Morocco and Egypt), and food service preference for the small size material found overseas but rarely available from U.S. processors.

³⁰ Conference transcript, p. 173 (Escudero). AFI Group postconference brief, exh. 11, question from page 180, question 8.

Table II-6
Ripe olives: Interchangeability between ripe olives produced in the United States and in other countries, by country pair

Country pair	Number of U.S. processors reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. Spain	***	***	***	***	5	7	4	1
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	2	4	6	1
Spain vs. nonsubject	***	***	***	***	3	4	5	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition, processors and importers were asked to assess how often differences other than price were significant in sales of ripe olives from the United States, subject, or nonsubject countries (table II-7). Differences reported by importers included: some prefer the taste of California ripe olives; Spanish olives may be more suitable for some applications; Spanish olives are more plentiful requiring fewer suppliers, allowing long-term contracts, and allowing more food service sales; and ocean freight from Spain is less expensive than truck freight from California for the East Coast. U.S. processors both reported that Spanish ripe olives are superior to imports from other countries.

Table II-7
Ripe olives: Significance of differences other than price between ripe olives produced in the United States and in other countries, by country pair

Country pair	Number of U.S. processors reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. Spain	***	***	***	***	5	3	6	3
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	4	2	3	2
Spain vs. nonsubject	***	***	***	***	4	1	6	0

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of 68 U.S. growers and two U.S. processors. These firms account for 14.3 percent of U.S. production of raw olives in crop year 2015-16¹ and virtually all U.S. processing of ripe olives in 2016.²

BACKGROUND

Virtually all U.S. olive production is based in California.³ Both growers and processors are subject to a USDA federal marketing order for ripe olives established in 1965 under the Agricultural Marketing Act of 1937.⁴ The marketing order serves several functions. It establishes grade and size standards to ensure quality of olive shipments, and authorizes projects related to research and marketing. Further, pursuant to section 8e of the Agricultural Marketing Act, all imports of ripe olives must meet the same minimum standards for domestic ripe olives as established in the marketing order. The order applies only to ripe olives and not specialty olives.⁵

The marketing order's programs are administered by the California Olive Committee ("COC") which was established when the order went into effect. The COC is comprised of eight growers (from two districts, as defined in the regulations of the order) and eight "handlers,"

¹ In the U.S., the crop year for olives runs from August to July.

² Coverage figures for production of raw olives are based on total olive harvest reported in questionnaire responses and data from *Noncitrus Fruits and Nuts 2016 Summary*, USDA, June 2017. For that USDA report, data reported per year was confirmed to mean reported production by December 31 of that year. So, production data in 2015 conforms with the 2015-16 crop year harvest, as harvest season generally runs from September to November of any given year. See petition, p. 10; and staff telephone interview with Fleming Gibson and Jennifer Van Court, USDA, July 28, 2017.

USDA reported 179,000 tons of total olive production in 2015, which includes olives intended to be 'crushed for oil'. If coverage is limited to USDA data reporting 74,600 tons of olives intended for 'canned' or 'limited' utilization in 2015, and with questionnaire data reporting 25,595 tons of table olives harvested in crop year 2015-16, then these responses represent 34.3 percent of U.S. production of olives for canned or limited utilization. (See Part I, p. I-12 for description of 'limited' utilization olives.)

³ Petition, p. 9.

⁴ The order was last amended under formal rulemaking on November 12, 1982. See "932 Olives", <https://www.ams.usda.gov/rules-regulations/moa/932-olives>, accessed July 20, 2017.

⁵ Petition, p. 9. Conference transcript, p. 120 (Silveira).

with each group (i.e. growers and handlers) having eight alternate members as well. Members serve 2-year terms.⁶

U.S. GROWERS

Raw olives in the United States can be organized into two main categories depending on their end use. Raw olives can be grown and harvested primarily to be processed into olive oil (“oil olives”), or to be processed into ripe olives or specialty olives as an ingredient or snack product (“table olives”).⁷ Growers covered in this report are almost entirely table olive growers.⁸ Petitioners contend that nearly all of the raw table olives grown in crop year 2016-2017 (94 percent) were processed into ripe olives.⁹

According to the petitioners and statements from the conference, there are 890 growers of table olives intended for eventual processing into ripe olives, possessing around 18,400 acres.¹⁰ The California Olive Grower’s Council, a cooperative price bargaining association authorized by California law and comprised of table olive growers, represents growers in price negotiations with U.S. processors. When the council and processors agree on a price for raw olives (which are negotiated annually), that price becomes the market price for the entire industry.¹¹

The Commission issued a U.S. grower questionnaire to 226 growers based on information contained in the petition. Sixty-eight firms provided usable data on their

⁶ “Handlers” includes processors of olives. See 7 C.F.R. § 932.16. The committee is barred from serving as the price bargainer on behalf of the growers. Programs under the order cannot be involved in political or legislative issues as well. The industry’s government advocacy arm is called the California Olive Association (COA). Conference transcript p. 21 (Gleason) p. 45 (Burreson); and “The Olive Branch” Summer 2016, Issue 10, accessible at <http://calolive.org/category/industry/news/newsletters/>. The COC and the COA represent both growers and processors. Conference transcript p. 45 (Burreson).

⁷ In the conference and their post-conference brief, the petitioners and a U.S. grower asserted that there is ‘virtually no overlap’ between oil olive growers and table olive growers, and that the different types of raw olive are harvested for a specific and exclusive processing function. Petitioner’s postconference brief, p. 10 and conference transcript pp. 108-109 (Garcia).

Respondent importers and foreign producers argue, however, that there is some overlap between the two types of raw olives, citing reports indicating that certain olives can be used for both processed olives and olive oil. Conference transcript, pp. 173-174 (McCullough and Kaddoura); respondent AFI Group’s postconference brief, p. 3. ASEMESA also uses USDA data comparing total olive acreage amounts from 2014 to 2016 with trends for processing to suggest that the same trees are capable of producing olives for either oil or table olive use. ASEMESA’s postconference brief, pp. 9-10.

⁸ Only one grower, ***, reported harvesting oil olives. The total oil olive harvest reported in crop year 2015-16 represented *** percent of the total olive harvest data gathered in questionnaire responses. Only four growers reported any oil olive acreage.

⁹ Petition, p. 17. Petitioners assert that those raw table olives which are not processed into ripe olives are ‘virtually all’ Sicilian-style olives, a type of specialty olive. Petitioners’ postconference brief, p. 4.

¹⁰ Conference transcript, p. 20 (Gleason) and p. 88 (Silveira).

¹¹ Conference transcript, p. 47 (Burreson).

productive operations.¹² These responses represent 14.3 percent of total U.S. production of olives and 16.7 percent of total U.S. bearing acreage of olives in crop year 2015-16.¹³

Table III-1 presents information on U.S. growers' table olive acreages, production, and yield per acre from crop years 2012-13 to 2015-16, based on questionnaire responses. Reported table olive acreage decreased 9.2 percent during this period, while yield per acre increased by 0.4 short tons per acre from crop year 2012-13 to crop year 2015-16.¹⁴

**Table III-1
Ripe olives: U.S. growers' acreages, production, and yield per acre, 2012-13 to 2015-16**

Item	Crop year			
	2012-13	2013-14	2014-15	2015-16
Orchard space (acres)				
J Garcia	***	***	***	***
Genoa	***	***	***	***
Burreson	***	***	***	***
El Toro	***	***	***	***
Elmac	***	***	***	***
Lohse Ranch	***	***	***	***
All other growers	***	***	***	***
Table olive acreage	6,619	6,356	6,371	6,007
Harvest (short tons)				
J Garcia	***	***	***	***
Genoa	***	***	***	***
Burreson	***	***	***	***
El Toro	***	***	***	***
Elmac	***	***	***	***
Lohse Ranch	***	***	***	***
All other growers	***	***	***	***
Table olive harvest	25,880	17,983	28,005	25,595

Table continued on next page.

¹² Responses were also received from ***, however due to various reporting issues their responses were not used in this report. As indicated in Part VI two growers did not provide usable financial data: ***.

¹³ Based on USDA data, which indicate that there were 36,000 total olive bearing acres in 2015. Petitioners assert that there are about 18,400 acres dedicated to table olive production. Using 18,400 as a denominator (and assuming this figure applies to crop year 2015-16), responses from U.S. growers represent 32.6 percent of table olive acreage. See *Noncitrus Fruits and Nuts 2016 Summary*, USDA, June 2017.

¹⁴ Numerous growers reported total harvest data in questions concerning yield per acre. For these growers, yield per acre was calculated by dividing total harvests per crop year by acreage for that year.

Table III-1—Continued

Ripe olives: U.S. growers' acreages, production, and yield per acre, 2012-13 to 2015-16

Item	Crop year			
	2012-13	2013-14	2014-15	2015-16
	Share of harvest (percent)			
J Garcia	***	***	***	***
Genoa	***	***	***	***
Burreson	***	***	***	***
El Toro	***	***	***	***
Elmac	***	***	***	***
Lohse Ranch	***	***	***	***
All other growers	***	***	***	***
Table olive harvest	100.0	100.0	100.0	100.0
	Yield per acre (short tons per acre)			
J Garcia	***	***	***	***
Genoa	***	***	***	***
Burreson	***	***	***	***
El Toro	***	***	***	***
Elmac	***	***	***	***
Lohse Ranch	***	***	***	***
All other growers	***	***	***	***
Yield per acre	3.9	2.8	4.4	4.3

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. olives: acreage, production and processing utilization

Table III-2 provides USDA data on total olive acreage and production from 2014 to 2016. This table confirms the primacy of California in U.S. production of olives. While bearing acreage has remained relatively consistent over the past three years, total production has swung considerably from 2014 to 2016.

Table III-2
Olives: Olive bearing acreage, yield, production, price, and value – states and United States: 2014-16

State	Bearing acreage			Yield per acre		
	2014	2015	2016	2014	2015	2016
	(acres)	(acres)	(acres)	(tons)	(tons)	(tons)
California	37,000	36,000	35,000	2.57	4.97	4.56
United States	37,000	36,000	35,000	2.57	4.97	4.56
State	Total production			Utilized production		
	2014	2015	2016	2014	2015	2016
	(tons)	(tons)	(tons)	(tons)	(tons)	(tons)
California	95,000	179,000	159,600	95,000	179,000	159,600
United States	95,000	179,000	159,600	95,000	179,000	159,600
State	Price per ton			Value of utilized production		
	2014	2015	2016	2014	2015	2016
	(dollars)	(dollars)	(dollars)	(1,000 dollars)	(1,000 dollars)	(1,000 dollars)
California	774.00	894.00	865.00	73,559	160,043	138,090
United States	774.00	894.00	865.00	73,559	160,043	138,090

Source: *Noncitrus Fruits and Nuts 2016 Summary*, USDA, June 2017.

Table III-3 provides USDA summary data on total U.S. olive production, value, and average price per ton marketing year¹⁵ from 2006 to 2015. The alternate bearing nature of olives is clear in this production data, with olive production levels over the time period ranging from a low of 23,500 tons in 2006 to a high of 206,000 tons in 2010. The data also show that while the amount of olives being processed into ‘canned’ olives has been variable over the period, the amount of olives being crushed for oil has risen steadily over the 10-year period. In 2006, 72.3 percent of produced olives were canned, while 17.0 percent were crushed for oil. In 2015, however, only 33.5 percent of olives were canned, while 56.4 percent were crushed for oil.

¹⁵ The marketing year is synonymous with the crop year—August through July.

Table III-3
Olives: Total production, marketing year average price, value, and processed utilization,
California, 2006-15

Year	Total Production	Marketing year average price per ton	Value	Processed utilization			
				Crushed for oil	Canned	Limited	Undersized
	<i>Tons</i>	<i>Dollars</i>	<i>1,000 dollars</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>
2006	23,500	771	18,119	4,000	17,000	1,500	500
2007	132,500	654	86,694	12,000	96,000	20,000	4,000
2008	66,800	697	46,587	14,000	45,500	6,000	1,300
2009	46,300	696	32,209	20,000	24,500	1,500	300
2010	206,000	664	136,796	36,000	125,000	37,000	8,000
2011	71,200	733	52,168	42,000	26,500	2,200	500
2012	160,000	813	130,038	74,000	78,500	6,400	1,100
2013	166,000	813	134,881	75,000	78,800	10,500	1,700
2014	95,000	774	73,559	57,700	30,500	5,900	900
2015	179,000	894	160,043	101,000	60,000	14,600	3,400

Source: *Agricultural Statistics 2016*, USDA National Agricultural Statistics Service ("NASS"), 2016.

Table III-4 shows olive production by variety and utilization (i.e. how the produced olives were processed), as well as price per ton for each utilization. Adding 2016 data shows that the trend of olives being utilized more for oil than for canned purposes has continued. Olive production by variety shows the popularity of Manzanillo olives overall, accounting for 37.8 of total olive production in 2016.

**Table III-4
Olives: Processed utilization and price by use and production by selected variety, California:
2014-16**

Utilization and State	Quantity			Price per ton		
	2014 (tons)	2015 (tons)	2016 (tons)	2014 (dollars)	2015 (dollars)	2016 (dollars)
Canned						
California	30,500	60,000	54,000	1,170.00	1,300.00	1,213.00
Crushed for Oil						
California	57,700	101,000	92,500	614.00	723.00	706.00
Limited						
California	5,900	14,600	11,100	415.00	619.00	657.00
Undersized						
California	900	3,400	2,000	-3.00	-5.00	-5.00

Variety	2014 (tons)	2015 (tons)	2016 (tons)
Manzanillo	33,000	71,000	60,300
Sevillano	4,000	9,000	7,700
All other ¹	58,000	99,000	91,600
Total	95,000	179,000	159,600

¹ Includes production for varieties that were or will be used for canned, oil, and other specialty products.

Source: *Noncitrus Fruits and Nuts 2016 Summary*, USDA, June 2017.

At the conference, U.S. growers discussed several issues relating to growing olives. While some growers stated that the impacts of California’s recent drought was minimal (and further that olives are not a highly water-intensive crop), they did note that the effect of the drought differed based on whether growers were located in northern or southern regions of the state.¹⁶ They also noted the difficulties of using their existing acreage to switch between different crops.¹⁷ At the conference, growers also discussed their efforts to smooth the inherently alternating bearing nature of olive yields. As one grower explained, “...what you really try to do as a grower... {is} that you even that out as much as you can...How you do that is through nutrients, through irrigation, through pruning, through spray thinning. But those things are all things, cultural things that cost monies. And those monies have not been forthcoming in the recent years, and so we, as growers, are not putting those monies into those things that we "should" be.”¹⁸

¹⁶ Conference transcript, pp. 77-78, 114-115 (Silveira, DeLeonardis).

¹⁷ Conference transcript, p. 76 (Silveira: “Basically, to convert a crop today, you're probably talking about \$6,000 U.S. to convert it, per acre. With that said, that's quite a financial burden, coupled with the economics of waiting for the crop to bearing, so it behooves us to keep those trees in the ground. We really don't want to do that.”)

¹⁸ Conference transcript, p. 74 (Burreson). U.S. processor Bell-Carter noted in their questionnaire response, “***”. Bell-Carter’s U.S. Producer questionnaire response.

U.S. growers' employment, wages, and productivity

Table III-5 shows U.S. growers' employment-related data. Responding U.S. growers' reported PRWs declined *** percent from 2012-13 to 2015-16, however the number of PRWs fell and peaked every other year (as did reported harvests, as reported in table III-1). A majority of usable grower's questionnaire responses indicate that most growers employ family members in their operations and that most growers employ seasonal workers in their operations.¹⁹

Table III-5
Ripe olives: U.S. growers' employment data, 2012-13 to 2015-16

Item	Crop year			
	2012-13	2013-14	2014-15	2015-16
	Quantity (short tons, pre-pitting)			
Est. domestic quantity used by U.S. processors ¹	***	***	***	***
Responding U.S. growers' net sales quantity	25,829	17,955	27,992	25,564
	Ratio (percent)			
Coverage	***	***	***	***
	Number of employees (number)			
Responding U.S. growers' reported PRWs	1,508	1,169	1,511	1,392
Total estimated PRWs for U.S. growers ²	***	***	***	***

¹ ***

² ***

Source: Compiled from data submitted in response to Commission questionnaires.

¹⁹ Fifty-three of 68 growers answered yes to the question "Do your employment data include work performed by grower's own family?" while 61 of 68 growers answered yes to the question "Do your employment data include work performed by seasonal workers?"

U.S. PROCESSORS

Bell-Carter and Musco are the two main processors in the ripe olives industry, accounting for virtually all processing of ripe olives in 2016.²⁰

Table III-6 lists U.S. processors of ripe olives, their production locations, positions on the petition, and shares of total production. Table III-7 presents information on U.S. producers' ownership and related and/or affiliated firms.

Table III-6
Ripe olives: U.S. processors, their positions on the petition, production locations, and shares of reported production, 2016

Firm	Position on petition	Production location(s)	Share of production (percent)
Bell-Carter	Petitioner	Corning, CA Walnut Creek, CA	***
Musco	Petitioner	Tracy, CA Orland, CA Lindsay, CA	***
Total			***

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-7
Ripe olives: U.S. processors' ownership, related and/or affiliated firms

* * * * *

Table III-8 presents U.S. producers' reported changes in operations since January 1, 2013.

Table III-8
Ripe olives: U.S. processors' reported changes in operations, since January 1, 2013

* * * * *

As discussed in greater detail below, *** directly imports the subject merchandise.

²⁰ Petitioners identified Graber Olive House as a small processor of green ripe olives, estimating that the firm produces about 150 tons per year (or *** percent of production reported by Bell-Carter and Musco). Petition, p. 5. A questionnaire was issued to this firm, but the Commission did not receive a response.

U.S. processors' production, capacity, and capacity utilization

Table III-9 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. While capacity was ***, production *** percent from 2013 to 2016. This has resulted in *** average capacity utilization figures, which *** percentage points from 2013 to 2016.

Discussing production constraints, Bell-Carter reported that "****," while Musco reported "****" as a constraint.

Table III-9
Ripe olives: U.S. processors' production, capacity, and capacity utilization, 2013-16

* * * * *

Figure III-1
Ripe olives: U.S. processors' production, capacity, and capacity utilization, 2013-16

* * * * *

Alternative products

As shown in table III-10, *** percent of the products produced during 2016 by U.S. processors was subject product. Musco *** reported producing other products, including Sicilian-style olives²¹ and ***.²²

Table III-10
Ripe olives: U.S. processors' overall plant capacity and production on the same equipment as subject production, 2013-16

* * * * *

²¹ Conference transcript, p. 122 (Musco).

²² Bell-Carter explains that they *** shift production capacity to different products because, "****." Although Musco ***. See processors' questionnaires.

U.S. processors' U.S. shipments and exports

Table III-11 presents U.S. processors' U.S. shipments, export shipments, and total shipments.²³ The majority of U.S. processors' shipments are U.S. shipments, accounting for *** percent of total shipments in 2016 by quantity, and *** percent of total shipments in 2016 by value. U.S. shipments by quantity peaked in 2014, however U.S. shipments fell *** percent by quantity from 2013 to 2016. Export shipments also peaked in 2014, but fell *** percent by quantity from 2013 to 2016. U.S. shipments increased *** percent by value from 2013 to 2016, while export shipments increased *** percent by value from 2013 to 2016. Export values peaked in 2015, while U.S. shipment values increased year over year from 2013 to 2016.

Similar trends apply to export unit values and U.S. shipment values as well. U.S. shipment unit values increased year over year from 2013 to 2016, with reported unit values in 2016 being *** percent higher than 2013. Export shipment unit values fluctuated between years but increased *** percent from 2013 to 2016.²⁴ *** was the main exporting processor, accounting for *** and *** percent of export shipments in 2013 and 2014, respectively, and *** exports in 2015 and 2016.

Table III-11
Ripe olives: U.S. processors' U.S. shipments, exports shipments, and total shipments, 2013-16

* * * * *

U.S. processors' inventories

Table III-12 presents U.S. processors' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. Overall inventories held by U.S. processors' decreased *** percent from 2013 to 2016, but consistently reflected *** ratios to processors' production and shipments. Inventories fluctuate between ratios of *** and *** percent of production from 2013 to 2016, and between ratios of *** and *** percent of U.S. shipments from 2013 to 2016.²⁵ *** possessed most of the inventory in 2016 (*** percent of the two processor's inventory).

²³ "U.S. shipments" refers only to U.S. commercial shipments. No firm reported internal consumption or transfers to related firms. *** initially reported internal consumption quantities of "****," however such activity is not meant to be captured as internal consumption, and so the firm removed that data.

²⁴ *** listed ***. *** listed *** as its primary export market.

²⁵ Bell-Carter notes in its U.S. processors' questionnaire: "****."

Table III-12
Ripe olives: U.S. processors' inventories, 2013-16

* * * * *

U.S. processors' imports and purchases

Table III-13 presents import data for ***, the only processor to report importing ripe olives directly. No processor reported purchases of ripe olives from importers or other sources. *** did not report any other sources of ripe olives besides *** in its importer's questionnaire.

Table III-13
Ripe olives: U.S. processors' U.S. production, imports and purchases, 2013-16

* * * * *

U.S. processors' employment, wages, and productivity

Table III-14 shows U.S. processors' employment-related data year over year from 2013 to 2016. The processors' PRWs, declined *** percent overall (by *** PRWs) from 2013 to 2016. Hourly wages and unit labor costs increased from 2013 to 2016 (by *** percent and *** percent, respectively), while productivity decreased *** percent from 2013 to 2016.

Table III-14
Ripe olives: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-16

* * * * *

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 55 firms believed to be importers of subject ripe olives, as well as to all U.S. producers of ripe olives.¹ Usable questionnaire responses were received from 25 companies, representing 90 percent of U.S. imports from Spain in 2016 under HTS subheadings 2005.70.50 and 2005.70.60.² Table IV-1 lists all responding U.S. importers of ripe olives from Spain and other sources, their locations, and their shares of U.S. imports, in 2016.

Table IV-1
Ripe olives: U.S. importers by source, 2016

Firm	Headquarters	Share of imports by source (percent)			
		Spain	Morocco	All other sources	All import sources
ACME Food	Seattle, WA	***	***	***	***
Acorsa USA Inc.	Fort Lee, NJ	***	***	***	***
Agro Sevilla USA Inc.	Herndon, VA	***	***	***	***
AGT Clic Foods USA	Edison, NJ	***	***	***	***
Atalanta Corporation	Elizabeth, NJ	***	***	***	***
Bell-Carter Foods, Inc.	Walnut Creek, CA	***	***	***	***
Blue Planet Foods Ltd.	Naperville, IL	***	***	***	***
Borges USA Inc.	Fresno, CA	***	***	***	***
Camerican Intl.	Paramus, NJ	***	***	***	***
DeLallo Company Inc.	Mount Pleasant, PA	***	***	***	***
Dolgen Corp, LLC	Goodlettsville, TN	***	***	***	***
Foodmatch Inc.	New York, NY	***	***	***	***

Table continued on next page.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total imports under HTS statistical reporting numbers 2005.70.0230, 2005.70.0260, 2005.70.0430, 2005.70.0460, 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, 2005.70.6070, 2005.70.7000, 2005.70.7510, 2005.70.7515, 2005.70.7520, and 2005.70.7525 from 2013 to 2017.

² Import data in this report are based on official import statistics reported under HTS statistical reporting numbers 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, 2005.70.6070. These reporting numbers fall under headings for canned olives in a saline solution, not green in color, and either not pitted (HTS subheading 2005.70.50) or whole pitted or prepared in different ways (i.e. sliced, chopped, minced, wedged, or broken; HTS subheading 2005.70.60).

Table IV-1—Continued
Ripe olives: U.S. importers by source, 2016

Firm	Headquarters	Share of imports by source (percent)			
		Spain	Morocco	All other sources	All import sources
Goya Foods, Inc.	Jersey City, NJ	***	***	***	***
Jack Foods LLC	Fort Lee, NJ	***	***	***	***
Limson Trading Inc.	Norwak, CT	***	***	***	***
Mario Camacho Foods LLC	Plant City, FL	***	***	***	***
Mitsui Foods Inc.	Norwood, NJ	***	***	***	***
National Food Trading Corp.	Ridgewood, NJ	***	***	***	***
Orleans Packing Company	Hyde Park, Ma, MA	***	***	***	***
The Pastene Companies Ltd.	Canton, MA	***	***	***	***
Rema Foods Inc.	Englewood Cliffs, NJ	***	***	***	***
Ron Son Foods Inc.	Swedesboro, NJ	***	***	***	***
Schreiber Foods Intl. Inc.	Upper Saddle River, NJ	***	***	***	***
Transmed Foods Inc.	Baltimore, MD	***	***	***	***
Transnational Foods Inc.	Miami, FL	***	***	***	***
Total		100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of ripe olives from Spain and all other sources from 2013 to 2016. Subject imports from Spain increased 32.4 percent by quantity from 2013 to 2016, while imports from nonsubject sources decreased 38.9 percent by quantity over the same time period. Among major nonsubject sources, imports from Portugal and Egypt increased the most by quantity from 2013 to 2016 (99.3 percent and 76.1 percent, respectively), while imports from Morocco decreased 61.3 percent from 2013 to 2016. Spain was responsible for most imports of ripe olives in 2016 (importing 74.6 percent share by quantity, a 17 percentage point increase from 2013), followed by Morocco (11.9 percent share by quantity, a decrease of 19.6 percentage points from 2013) and Portugal (6.4 share by quantity, an increase of 3.1 percentage points from 2013). Imports of ripe olives from all sources increased 2.1 percent from 2013 to 2016.

Subject imports from Spain increased 40.5 percent by value from 2013 to 2016, while imports from nonsubject sources decreased 43.8 percent by value from 2013 to 2016. Imports from Spain were responsible for most total imports of ripe olives by value (75.6 percent, an increase of 20.3 percentage points from 2013), followed by Morocco (11.3 percent, a decrease of 21.9 percentage points from 2013) and Portugal (5.9 percent, an increase of 2.9 percentage points from 2013).

The unit value for subject imports from Spain increased 6.1 percent from 2013 to 2016, while the unit value for imports from nonsubject countries decreased 7.9 percent from 2013 to 2016.

Imports of ripe olives from Spain by quantity were equivalent to *** percent of U.S. production (a *** percentage point increase from 2013), while nonsubject imports of ripe olives by quantity were equivalent to *** percent of U.S. production (a *** percentage point decrease from 2013).

Table IV-2
Ripe olives: U.S. imports by source, 2013-16

Item	Calendar year			
	2013	2014	2015	2016
	Quantity (short tons drained weight)			
U.S. imports from.--				
Spain	26,549	29,735	35,037	35,139
Egypt	1,378	483	1,779	2,426
Morocco	14,544	14,452	5,584	5,624
Portugal	1,511	1,843	3,324	3,011
All other sources	2,122	1,398	1,066	882
Nonsubject soruces	19,556	18,176	11,754	11,944
All import sources	46,105	47,911	46,791	47,083
	Value (1,000 dollars)			
U.S. imports from.--				
Spain	57,068	64,044	71,535	80,174
Egypt	2,425	863	3,247	4,369
Morocco	34,210	33,920	12,574	11,970
Portugal	3,079	3,583	6,011	6,257
All other sources	6,356	4,680	3,778	3,310
Nonsubject soruces	46,070	43,046	25,610	25,906
All import sources	103,138	107,090	97,146	106,080
	Unit value (dollars per short ton drained weight)			
U.S. imports from.--				
Spain	2,150	2,154	2,042	2,282
Egypt	1,759	1,788	1,825	1,801
Morocco	2,352	2,347	2,252	2,128
Portugal	2,037	1,944	1,809	2,078
All other sources	2,996	3,347	3,544	3,752
Nonsubject soruces	2,356	2,368	2,179	2,169
All import sources	2,237	2,235	2,076	2,253
	Share of quantity (percent)			
U.S. imports from.--				
Spain	57.6	62.1	74.9	74.6
Egypt	3.0	1.0	3.8	5.2
Morocco	31.5	30.2	11.9	11.9
Portugal	3.3	3.8	7.1	6.4
All other sources	4.6	2.9	2.3	1.9
Nonsubject soruces	42.4	37.9	25.1	25.4
All import sources	100.0	100.0	100.0	100.0

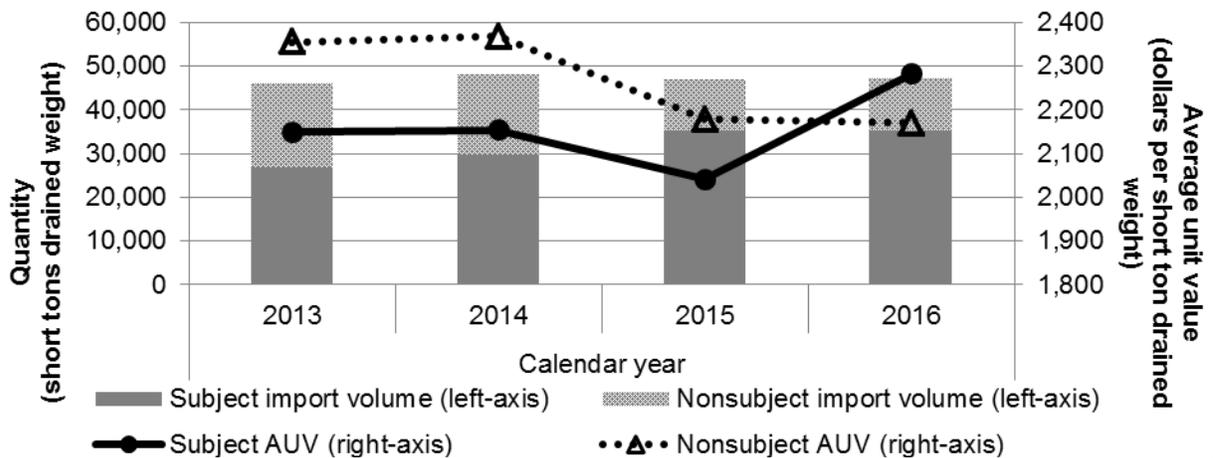
Table continued on next page.

Table IV-2—Continued
Ripe olives: U.S. imports by source, 2013-16

Item	Calendar year			
	2013	2014	2015	2016
	Share of value (percent)			
U.S. imports from.--				
Spain	55.3	59.8	73.6	75.6
Egypt	2.4	0.8	3.3	4.1
Morocco	33.2	31.7	12.9	11.3
Portugal	3.0	3.3	6.2	5.9
All other sources	6.2	4.4	3.9	3.1
Nonsubject soruces	44.7	40.2	26.4	24.4
All import sources	100.0	100.0	100.0	100.0
	Ratio to U.S. production			
U.S. imports from.--				
Spain	***	***	***	***
Egypt	***	***	***	***
Morocco	***	***	***	***
Portugal	***	***	***	***
All other sources	***	***	***	***
Nonsubject soruces	***	***	***	***
All import sources	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting numbers 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, and 2005.70.6070, accessed July 5, 2017.

Figure IV-1
Ripe olives: U.S. imports by source, 2013-16



Source: Official U.S. import statistics for HTS statistical reporting numbers 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, 2005.70.6070, accessed July 5, 2017.

Table IV-3 provides data compiled by USDA showing imports into the United States of different types of different kinds of olives from 2006 to 2015. While peaking in 2009, imports of olives ‘in brine’ or ‘dried’ increased by 6.8 percent from 2006 to 2015. Imports of olive oil, edible and inedible, increased by 26.1 percent from 2006 to 2015.

Table IV-3
Olives: U.S. imports by source, 2006-15

Year beginning October	Imports			
	Olives		Olive oil	
	In brine	Dried	Edible	Inedible
	<i>Metric tons</i>	<i>Metric tons</i>	<i>Metric tons</i>	<i>Metric tons</i>
2006	118,375	1,043	260,398	1,607
2007	118,085	133	262,716	1,575
2008	109,230	289	275,611	594
2009	137,533	184	268,069	114
2010	117,915	206	290,226	258
2011	118,614	145	314,937	788
2012	119,035	131	296,029	379
2013	118,729	202	311,142	351
2014	119,471	130	310,112	163
2015	127,508	48	330,319	153

Note.--Data presented in metric tons.

Source: *Agricultural Statistics 2016*, USDA NASS, 2016.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.³ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁴ Imports from Spain accounted

³ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

⁴ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

for 78.7 percent of total imports of ripe olives by quantity during June 2016 to May 2017, as presented in table IV-4.

Table IV-4

Ripe olives: U.S. imports in the twelve month period preceding the filing of the petition

Item	June 2016 through May 2017	
	Quantity (short tons drained weight)	Share of quantity (percent)
U.S. imports from.-- Spain	33,373	78.7
Nonsubject soruces	9,037	21.3
All import sources	42,411	100.0

Source: Official U.S. import statistics for HTS statistical reporting numbers 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, 2005.70.6070, accessed July 5, 2017.

U.S. SHIPMENTS BY OLIVE TYPE AND VARIETY

Tables IV-5 and IV-6 presents U.S. processors' and U.S. importers' shipments of ripe olives by preparation type (i.e. whole pitted, sliced, segmented, etc.) and olive variety in 2016. U.S. processors' U.S. shipments of ripe olives in 2016 were almost entirely prepared as whole pitted or sliced olives (***) and (***) percent share of U.S. shipments, respectively). The majority of importers' U.S. shipments of ripe olives from Spain in 2016 were prepared as sliced olives (***) percent), followed by whole pitted olives (***) percent) and segmented olives (***) percent). A majority of importers' U.S. shipments of nonsubject ripe olives were prepared as sliced olives (***) percent), followed by segmented olives (***) percent) and whole pitted olives (***) percent).

Concerning olive variety, U.S. processors' U.S. shipments of ripe olives in 2016 were almost entirely prepared Manzanilla olives (***) percent share) with the remainder prepared from Sevillano olives. In contrast, the majority of importers' U.S. shipments of ripe olives from Spain in 2016 were prepared from olive varieties identified as 'Other' varieties (***) percent), with the remainder of shipments prepared from the Manzanilla olive variety.⁵ Similarly, a majority of importers' U.S. shipments of nonsubject ripe olives were prepared from 'Other' olive varieties (***) percent), with the remainder of shipments prepared from the Manzanilla olive variety.⁶

⁵ 'Other' Spanish olive varieties reported shipped by importers include Hojiblanca and Cacarena.

⁶ Importer *** reported that for its shipments of imports from Morocco, "****", and for its shipments of imports from all other sources, "****". *** importer questionnaire response.

Table IV-5

Ripe olives: U.S. processors' and U.S. importers' U.S. shipments by type, 2016

* * * * *

Table IV-6

Ripe olives: U.S. processors' and U.S. importers' U.S. shipments by variety of olive, 2016

* * * * *

APPARENT U.S. CONSUMPTION

Table IV-7 and figure VI-2 present data on apparent U.S. consumption and U.S. market shares for ripe olives. U.S. processors' possessed *** percent of market share by quantity in 2016, a decrease of *** percentage points from 2013. Subject imports from Spain held *** percent market share by quantity in 2016, a *** percentage point increase from 2013. The market share held by nonsubject imports was *** percent by quantity in 2016, a decrease of *** percentage points from 2013.

U.S. processors' possessed *** percent of market share by value in 2016, an increase of *** percentage points from 2013. Subject imports from Spain held *** percent market share by value in 2016, a *** percentage point increase from 2013. The market share held by nonsubject imports was *** percent by value in 2016, a decrease of *** percentage points from 2013.

Table IV-7
Ripe olives: Apparent U.S. consumption, 2013-16

Item	Calendar year			
	2013	2014	2015	2016
	Quantity (short tons drained weight)			
U.S. processors' U.S. shipments	***	***	***	***
U.S. imports from.-- Spain	26,549	29,735	35,037	35,139
Nonsubject sources	19,556	18,176	11,754	11,944
All import sources	46,105	47,911	46,791	47,083
Apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
U.S. processors' U.S. shipments	***	***	***	***
U.S. imports from.-- Spain	57,068	64,044	71,535	80,174
Nonsubject sources	46,070	43,046	25,610	25,906
All import sources	103,138	107,090	97,146	106,080
Apparent U.S. consumption	***	***	***	***
	Share of quantity (percent)			
U.S. processors' U.S. shipments	***	***	***	***
U.S. imports from.-- Spain	***	***	***	***
Nonsubject sources	***	***	***	***
All import sources	***	***	***	***
	Share of value (percent)			
U.S. processors' U.S. shipments	***	***	***	***
U.S. imports from.-- Spain	***	***	***	***
Nonsubject sources	***	***	***	***
All import sources	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting numbers 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, and 2005.70.6070, accessed July 5, 2017.

Figure IV-2
Ripe olives: Apparent U.S. consumption, 2013-16

* * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The main raw material for the production of ripe olives is raw olives. Raw olive prices are negotiated between the Olive Growers Council and olive processors. Prices agreed to in these negotiations become “the base price of the entire industry.”¹ Prices are set annually with different prices for different sizes of olives. The average price of the olive crop was relatively stable, fluctuation in a narrow range between 2012-13 and 2015-16 (table V-1).²

For the growers, labor is the highest component of costs. Petitioners and respondents disagree about the availability of labor. The petitioners report that there is relatively little difficulty getting labor while the respondents cite reports of labor shortages.³

Table V-1

Raw olives: The average price processors paid for olive crops by year

	2012/2013	2013/2014	2014/2015	2015/2016
Average price paid for raw olives (dollars per short ton)	1,086	1,060	1,079	1,085

Source: Petitioners’ postconference brief, exh. 1 responses to staff questions, p. 8.

U.S. inland transportation costs

*** customers. Most importers (11 of 21) reported that their customers typically arrange transportation. Both U.S. processors reported that their U.S. inland transportation cost *** while importers reported costs of 1 to 7 percent.

Respondents report that the cost of supplying the East-coast customers is lower from Spain (\$1,500) than from California (\$3,000).⁴

¹ “Bargaining,” Olive Growers Council of California, <http://www.olivecouncil.com/Bargaining/Bargaining.html>, retrieved June 26, 2017

² Conference transcript, p. 102 (Silveira).

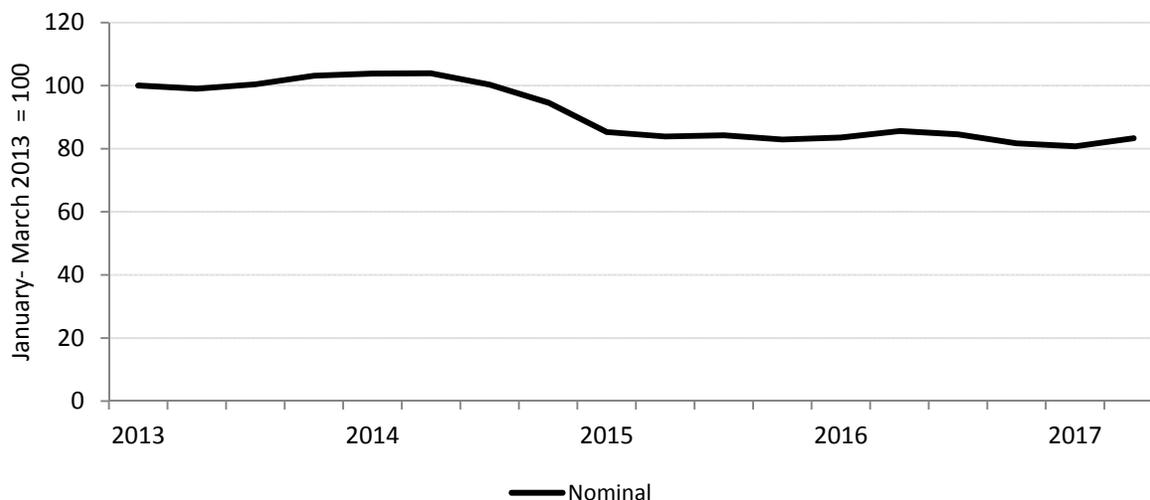
³ Conference transcript, pp. 118-19 (Garcia), and ASEMESA’s postconference brief, pp.36-37. Respondents contend that labor costs account for 81 percent of total operating costs for olives, while for almonds labor accounts for only 35-38 percent of total operating costs and 12 to 14 percent of costs for walnuts. AFI Group brief, p. 16.

⁴ Conference transcript, p. 141 (Escudero).

Exchange rates

The value of the dollar has appreciated almost 20 percent relative to the value of the euro since the beginning of 2014 (figure V-1). Petitioner stated that the “collapse of the Euro against the dollar and slow recovery has impacted the prices of ripe olives.”⁵

Figure V-1
Nominal value of the euro compared to the U.S. dollar, quarterly, January 2013 to June 2017



Source: <https://fred.stlouisfed.org/series/EXUSEU>, retrieved July 14, 2017.

PRICING PRACTICES

Pricing methods

U.S. processors and importers reported using a variety of methods including transaction-by-transaction negotiations, contracts, price lists, and other methods (table V-2). Other methods reported by *** and one importer included cost plus prices, competitive prices, and pricing methods that differ by channel and between customers. U.S. processors reported selling most of their ripe olives *** while importers sold most product using contracts that were at least a year long (table V-3).

⁵ Conference transcript, p. 27 (Ludwikowski).

Table V-2

Ripe olives: U.S. processors' and importers' reported price setting methods, by number of responding firms¹

Method	U.S. processors	Importers
Transaction-by-transaction	***	11
Contract	***	13
Set price list	***	11
Other	***	1
Total	2	24

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-3

Ripe olives: U.S. processors' and importers' shares of U.S. commercial shipments by type of sale, 2016

* * * * *

U.S. processors' responses on long-term contracts ***. *** U.S. processors' long-term contracts fix ***. ***. Nine importers reported using long-term contracts; four of these reported that prices were not renegotiated, four reported that price was fixed, four reported that both price and quantity were fixed, and seven reported that there was no meet-or-release provisions under these contracts.

Twelve purchasers responded to the lost sales lost revenue questionnaires. Eleven of these reported purchasing U.S. processed ripe olives, five reported purchasing ripe olives processed in Spain, and two reported purchasing ripe olives processed in other countries. The largest responding purchasers were *** percent of all the purchases reported in the purchaser questionnaires.

Sales terms and discounts

*** U.S. processors and 15 of 21 responding importers typically quote prices on an f.o.b. basis. *** Both processors reported other discounts.⁶ Seven importers offer quantity discounts, 3 offer total volume discounts, 12 reported no discount policy, and 7 reported other discounts.⁷ Both U.S. processors offered sales terms of 2/10 net 30. Eleven of the importers reported sales terms of net 30 days, and five offered 2/10 net 30.⁸

⁶ Bell-Carter reported that ***. Musco reported that ***

⁷ Other discounts reported by importers included: sales allowance to customer added to net sell price; discounts depend on customer; one customer has program sales discount; contract specific discounts; marketing program and early payment discount; and promotional time period discounts.

⁸ Other discounts reported included: net 15 days; net 14 days; net 10 days; net 60; 1/10 net 30; retailers request early payment discounts while food service sales are net; and cash discounts depending on customer.

PRICE DATA

The Commission requested U.S. processors and importers to provide quarterly data for the total quantity and f.o.b. value of the following ripe olives products shipped to unrelated U.S. customers during 2013-16.

Product 1.-- (Retail Branded).--Medium pitted black ripe olives in 300 cans, 24 cans per case. Report BRANDED sales only. Can size is 300 x 407. Drain weight is 6 oz. per can, 144 oz. (4.08 kg) per case.

Product 2.-- (Retail Private Label).--Medium pitted black ripe olives in 300 cans, 24 cans per case. Report PRIVATE LABEL sales only. Can size is 300 x 407. Drain weight is 6 oz. per can, 144 oz. (4.08 kg) per case.

Product 3.-- (Retail Private Label).--Sliced black ripe olives in 211 cans, 24 cans per case. Report PRIVATE LABEL sales only. Can size is 211 x 200. Drain weight is 2.25 oz. per can, 54 oz. (1.53 kg) per case.

Product 4.-- (Institutional).--Sliced black ripe olives in #10 cans, 6 cans per case. Can size is 603 x 700. Drain weight is 55 oz. per can, 330 oz. (9.36 kg) per case.

Two U.S. processors and 18 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁹ Pricing data reported by these firms accounted for approximately *** percent of U.S. processors' shipments of product and 54 percent of U.S. shipments of subject imports from Spain in 2016.

Price data for products 1-4 are presented in tables V-4 to V-7 and figures V-2 to V-5.

Table V-4

Ripe olives: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, 2013-16

* * * * *

⁹ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. processors and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and processor or importer estimates.

Table V-5

Ripe olives: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, 2013-16

* * * * *

Table V-6

Ripe olives: Weighted-average f.o.b. prices and quantities of domestic and imported product 3¹ and margins of underselling/(overselling), by quarters, 2013-16

Period	United States		Spain ²		
	Price (per case)	Quantity (cases)	Price (per case)	Quantity (cases)	Margin (percent)
2013:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2014:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2015:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	12.98	9,221	***
2016:					
Jan.-Mar.	***	***	8.72	26,141	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	8.28	27,176	***
Oct.-Dec.	***	***	8.52	31,315	***

¹ Product 3: (Retail Private Label).--Sliced black ripe olives in 211 cans, 24 cans per case. Report PRIVATE LABEL sales only. Can size is 211 x 200. Drain weight is 2.25 oz. per can, 54 oz. (1.53 kg) per case.

² The reduction in the Spanish price after the fourth quarter of 2015 reflects the ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-7

Ripe olives: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarters, 2013-16

Period	United States		Spain		
	Price (per case)	Quantity (cases)	Price (per case)	Quantity (cases)	Margin (percent)
2013:					
Jan.-Mar.	***	***	23.86	305,996	***
Apr.-June	***	***	24.01	335,403	***
July-Sept.	***	***	24.34	329,912	***
Oct.-Dec.	***	***	23.98	386,749	***
2014:					
Jan.-Mar.	***	***	25.10	347,034	***
Apr.-June	***	***	25.19	345,268	***
July-Sept.	***	***	25.02	398,467	***
Oct.-Dec.	***	***	25.28	412,355	***
2015:					
Jan.-Mar.	***	***	25.80	397,261	***
Apr.-June	***	***	25.55	376,290	***
July-Sept.	***	***	25.23	380,360	***
Oct.-Dec.	***	***	24.81	427,347	***
2016:					
Jan.-Mar.	***	***	26.13	381,700	***
Apr.-June	***	***	26.17	355,603	***
July-Sept.	***	***	26.25	399,192	***
Oct.-Dec.	***	***	25.42	371,189	***

¹ Product 4: (Institutional).--Sliced black ripe olives in #10 cans, 6 cans per case. Can size is 603 x 700. Drain weight is 55 oz. per can, 330 oz. (9.36 kg) per case.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-2

Ripe olives: Weighted-average prices and quantities of domestic and imported product 1, by quarters, 2013-16

* * * * *

Figure V-3

Ripe olives: Weighted-average prices and quantities of domestic and imported product 2, by quarters, 2013-16

* * * * *

Figure V-4

Ripe olives: Weighted-average prices and quantities of domestic and imported product 3, by quarters, 2013-16

* * * * *

Figure V-5
Ripe olives: Weighted-average prices and quantities of domestic and imported product 4, by quarters, 2013-16

* * * * *

Price trends

As shown in the table V-8, domestic price increased during 2013-16 for all products, increases ranged from *** percent to *** percent, while import prices decreased for three of the four products. Decreases ranged from 2.3 percent to 32.4 percent and one import product price increased by 6.5 percent.

Table V-8
Ripe olives: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and Spain

Item	Number of quarters	Low price (per unit)	High price (per unit)	Change in price ¹ (percent)
Product 1				
United States	16	***	***	***
Spain	16	19.86	26.63	(2.3)
Product 2				
United States	16	***	***	***
Spain	11	13.48	22.00	(32.4)
Product 3				
United States	16	***	***	***
Spain	16	7.70	12.98	(21.0)
Product 4				
United States	16	***	***	***
Spain	16	23.86	26.25	6.5

¹ Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

Source: Compiled from data submitted in response to Commission questionnaires.

Price comparisons

As shown in table V-9, prices for ripe olives imported from Spain were below those for U.S.-produced product in 29 of 59 instances (6,172,059 cases); margins of underselling ranged from 1.5 to 38.3 percent. In the remaining 30 instances (324,442 cases), prices for ripe olives from Spain were between 0.1 and 43.0 percent above prices for the domestic product. Table V-10 shows underselling and overselling by product; most underselling was in product 4 while most overselling was in products 1 and 3. In addition, most overselling occurred earlier in the period of the investigations.

Table V-9

Ripe olives: Instances of underselling/overselling and the range and average of margins, for Spain, 2013-16

Source	Underselling				
	Number of quarters	Quantity ¹ (number of cases)	Average margin (percent)	Margin range (percent)	
				Min	Max
Spain	29	6,172,059	19.3	1.5	38.3
Source	(Overselling)				
	Number of quarters	Quantity ¹ (number of cases)	Average margin (percent)	Margin range (percent)	
				Min	Max
Spain	30	324,442	(13.3)	(0.1)	(43.0)

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-10

Ripe olives: Instances of underselling/overselling and the range and average of margins, by product Spain, 2013-16

Product	Underselling				
	Number of quarters	Quantity ¹ (number of cases)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	2	51,975	3.1	1.5	4.6
Product 2	7	67,259	13.9	2.0	26.2
Product 3	4	102,699	34.4	29.8	38.3
Product 4	16	5,950,126	19.8	5.4	35.1
Product	(Overselling)				
	Number of quarters	Quantity ¹ (number of cases)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	14	233,233	(12.9)	(0.4)	(37.1)
Product 2	4	5,743	(32.2)	(5.9)	(43.0)
Product 3	12	85,466	(7.5)	(0.1)	(15.4)
Product 4	0	0	--	--	--

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUE

Both U.S. processors reported that they had to reduce prices, roll back announced price increases, and lost sales because of imports from Spain. Both U.S. processors submitted lost sales and lost revenue allegations, identifying 16 firms where they lost sales or revenue (10 consisting of lost sales allegations, 4 consisting of lost revenue allegations, and 2 consisting of

both types of allegations). Lost sales and revenue allegations occurred from 2014 to the present.

Staff contacted 16 purchasers and received responses from 12 purchasers. Responding purchasers reported purchasing and importing 26,594 short tons of ripe olives during 2016 (table V-11).

During 2016, responding purchasers purchased 84.9 percent from U.S. processors, 11.8 percent from Spain, and 3.2 percent from nonsubject countries. Of the responding purchasers, five reported decreasing purchases from domestic processors, two reported increasing purchases, three reported no change, one reported fluctuating purchases, and one did not purchase any domestic product.¹⁰ Explanations for increasing purchases of domestic product included: overall olive purchases have increased but not that of ripe olives; and sales increased with the number of stores. Explanations for decreasing purchases of domestic product included: began purchasing Spanish; customer purchases less because of higher prices; and lost customers that had purchased U.S. product.

Of the 12 responding purchasers, 8 reported that, since 2014, they had purchased imported ripe olives from Spain instead of U.S.-produced product. Six of these purchasers reported that subject import prices were lower than U.S.-produced product, and four of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Three purchasers estimated the quantity of ripe olives from Spain purchased instead of domestic product; quantities ranged from 15 short tons drained weight to 799 short tons drained weight (table V-12). Purchasers identified non-price reasons for purchasing imported rather than U.S. produced product including: quality, need for competition, being an importer, and the California supplier increasing prices and the purchaser was no longer able to sell U.S. produced product to one of its customer.

Of the 12 responding purchasers, 3 reported that U.S. processors had reduced prices in order to compete with lower-priced imports from Spain (table V-13; five reported that they did not know). The reported estimated price reduction ranged from 6.9 to 17.0 percent. Two purchasers described the price reductions. ***.

Table V-11
Ripe olives: Purchasers' responses to purchasing patterns

* * * * *

¹⁰ None of the purchasers indicated that they did not know the source of the ripe olives they purchased.

Table V-12

Ripe olives: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Purchased imports instead of domestic (Y/N)	Imports priced lower	If purchased imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity purchased instead of domestic (short tons)	If No, non-price reason
***	Yes	---	No	***	We are a food importer. We don't know domestic sources well and we don't monitor domestic price. This is why we can't answer the above question.
***	No	---	---	***	---
***	No	---	---	***	---
***	Yes	Yes	Yes	***	---
***	Yes	Yes	Yes	***	---
***	No	---	---	***	---
***	Yes	Yes	No	***	Quality
***	Yes	Yes	Yes	***	---
***	Yes	No	No	***	California supplier raised price significantly after we lost Private Label business that we used to purchase from them.
***	Yes	Yes	Yes	***	---
***	No	---	---	***	---
***	Yes	Yes	No	***	Need for competition--the California market is comprised of two companies. There is an overall lack of competitiveness in the marketplace, so *** chose to bring in a Spanish supplier to get closer to the source of the product.
Total	Yes--8; No--4	Yes--6; No--1	Yes--4; No--4	***	

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-13
Ripe olives: Purchasers' responses to U.S. processor price reductions

Purchaser	U.S. processors reduced priced to compete with subject imports (Y/N)	If U.S. processors reduced prices	
		Estimated U.S. price reduction (percent)	Additional information, if available
***	Don't Know	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	No	***	---
***	Don't Know	***	n/a
***	Don't Know	***	---
***	Yes	***	---
***	Yes	***	***
***	No	***	---
***	No	***	---
***	No	***	---
***	Yes	***	***
Total / average	Yes--3; No--4	***	NA

Source: Compiled from data submitted in response to Commission questionnaires.

Responding U.S. purchasers identified various methods they use in purchasing ripe olives. Eight purchasers reported using bids for contracts. Other purchase methods included: contracts, purchasing directly from processors, contract and spot purchases, purchasing private label through a brand consolidator and ***.

In responding to the lost sales lost revenue survey, some purchasers provided additional information on purchases and market dynamics. ***. ***. ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Sixty-six U.S. growers and two U.S. processors provided usable financial data for the crop years (growers) or calendar years (processors) from 2012 to 2016.¹ Fifty-two growers reported their financial results on a cash basis and seven growers reported on a tax basis.² Five growers and both responding processors reported on an accrual basis in conformance with generally accepted accounting principles (“GAAP”). The two responding U.S. processors are contractually obligated to purchase raw olives from their growers based on total acreage of raw olives produced.³

¹ Only firms that provided usable financial information and/or whose data were corrected/clarified pursuant to staff follow-up questions are included in this section of the report. Two growers *** did not provide usable financial data. Processors presented in this section are the two petitioners, Bell-Carter and Musco. A third processor, Graber Olive House (“Graber”), was identified in the petition and estimated to account for less than 0.5 percent of ripe olives production each year in the United States. Graber’s webpage states that it was established in 1894 and is the oldest existing business in Ontario, California. “Graber Olives” are sold in 7.5 ounce drained weight tins. The petitioner noted that Graber grows and processes green ripe olives. Petition, p. 5 and *Graber’s webpage*, <http://www.graberolives.com>, retrieved July 25, 2017.

² Cash/tax basis accounting generally recognizes revenue and expenses when received/incurred and does not necessarily match revenue with the related expenses. In contrast, accrual respondents recognize revenue and the related expenses when a harvested payable weight is established. Reported volume, for both cash basis and accrual respondents, reflects that year’s harvest.

³ ***. Conference transcript, p. 135 (Musco), petitioners postconference brief, p. 15, and ***, email to USITC staff, July 24, 2017.

U.S. GROWERS' OPERATIONS ON RAW OLIVES

Table VI-1 presents aggregated data on U.S. growers' operations in relation to raw olives. Table VI-2 shows the change in average unit values ("AUVs") of select financial indicators of U.S. growers. Based on USDA volume data, it is estimated that almost 35 percent of total U.S. raw olive harvest used for ripe olives is accounted for in table VI-1.⁴ Growers reported using between one-fourth and one-third of their acreages for crops of raw olives used for ripe olives, with the remaining acreage primarily used for growing citrus and various nuts.⁵

Two growers (***) represent approximately *** percent of cumulative reported sales revenue for growers in crop year 2015-16. Yield and corresponding raw olives revenue for growers fluctuated from year to year due to the alternate bearing cycle of raw olives crops.⁶ Growers reported net losses for all four crop years because growing costs are only somewhat variable with respect to changes in yield.⁷ Accordingly when net sales were at their lowest in crop year 2013-14, growers reported the highest net losses.

The vast majority of growers provided data separately for direct labor costs and other operating expense.⁸ These other operating expenses include: water, fertilizers, insecticides, herbicide & fungicides, thinning agent, mechanical (e.g. shredding, spraying, tractor work), and general maintenance.

⁴ This estimate is based on information available from *Noncitrus Fruits and Nuts 2016 Summary*, USDA, June 2017. See *Part III* for additional details on U.S. growers' coverage.

⁵ These crops included: alfalfa, almonds, beans, cotton, grapes, kiwi, lemons, oranges, pecans, pomegranates, persimmons, pistachios, plums, rice, walnuts, and wheat. Growers reported that less than 0.01 percent of their acreages were used to grow oil olives.

⁶ ***, ***, ***, *** email to USITC staff, July 25, 2017, *** email to USITC staff, July 24, 2017, and *** email to USITC staff, July 25, 2017.

⁷ The grower with the highest share of net sales in crop year 2015-16, ***, reported that its financial data ***'s U.S. grower questionnaire, III-6 and *** email to USITC staff, July 25, 2017.

⁸ A few small growers did not allocate operating expenses separately for direct labor costs and other operating expenses. *** did not report other operating expenses while *** did not report direct labor costs but reported other operating expenses.

Table VI-1
Raw olives: Results of operations of U.S. growers, 2012-13 to 2015-16

Item	Crop years			
	2012-13	2013-14	2014-15	2015-16
	Quantity (short tons)			
Total net sales	25,829	17,955	27,992	25,564
	Value (1,000 dollars)			
Total net sales	25,214	18,214	28,845	29,097
Salaries and labor costs	14,755	12,506	17,610	16,748
Other operating expenses	9,679	7,796	9,106	8,696
Total operating costs	24,434	20,302	26,716	25,444
Operating income or (loss)	780	(2,088)	2,129	3,653
All other expenses	4,366	4,235	4,364	4,254
TAP and other government revenue	440	645	257	52
All other income	35	119	20	96
Other expense / (income), net	3,891	3,471	4,087	4,106
Net income or (loss)	(3,111)	(5,559)	(1,958)	(453)
	Ratio to net sales (percent)			
Salaries and labor costs	58.5	68.7	61.1	57.6
Other operating expenses	38.4	42.8	31.6	29.9
Total operating costs	96.9	111.5	92.6	87.4
Operating income or (loss)	3.1	(11.5)	7.4	12.6
All other expenses	17.3	23.3	15.1	14.6
TAP and other government revenue	1.7	3.5	0.9	0.2
All other income	0.1	0.7	0.1	0.3
Other expense / (income), net	15.4	19.1	14.2	14.1
Net income or (loss)	(12.3)	(30.5)	(6.8)	(1.6)
	Ratio to total operating cost (percent)			
Total operating cost.--				
Salaries and labor cost	60.4	61.6	65.9	65.8
Other operating expenses	39.6	38.4	34.1	34.2
Total operating costs	100.0	100.0	100.0	100.0

Table continued on next page.

Table VI-1--Continued**Raw olives: Results of operations of U.S. growers, 2012-13 to 2015-16**

Item	Crop years			
	2012-13	2013-14	2014-15	2015-16
	Unit value (dollars per short ton)			
Total net sales	976	1,014	1,030	1,138
Salaries and labor costs	571	697	629	655
Other operating expenses	375	434	325	340
Total operating costs	946	1,131	954	995
Operating income or (loss)	30	(116)	76	143
All other expenses	169	236	156	166
TAP and other government revenue	17	36	9	2
All other income	1	7	1	4
Other expense / (income), net	151	193	146	161
Net income or (loss)	(120)	(310)	(70)	(18)
	Number of firms reporting			
Operating losses	19	45	17	27
Net losses	28	49	33	40
Data	60	60	64	66

Note.--The number firms reporting in each crop year varied due to several U.S. growers who did not report any net sales in those crop years. These firms are: ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-2**Raw olives: Changes in AUVs, between crop years**

Item	Between crop years			
	2012-13 to 2015-16	2012-13 to 2013-14	2013-14 to 2014-15	2014-15 to 2015-16
	Changes in AUVs (dollars per short ton)			
Total net sales	162	38	16	108
Total operating costs	84	125	(67)	26
Salaries and labor costs	(35)	59	(109)	15
Total operating costs	49	185	(176)	41
Operating income or (loss)	113	(146)	192	67
Operating income or (loss)	(3)	67	(80)	11
All other expenses	(15)	19	(27)	(7)
TAP and other government revenue	2	5	(6)	3
All other income	10	43	(47)	15
Other expense / (income), net	103	(189)	240	52
Net income or (loss)	162	38	16	108

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PROCESSORS' OPERATIONS ON RIPE OLIVES

Table VI-3 presents aggregated data on U.S. processors' operations in relation to ripe olives. Table VI-4 shows U.S. processors' changes in AUVs of select financial indicators. Table VI-5 presents selected company-specific financial data of U.S. processors. No processor reported internal consumption or transfers to related firms. *** reported that ripe olives accounted for all of its net sales and *** reported that ripe olives accounted for *** percent of its net sales, with *** percent of its net sales accounted for by processing Kalamata and Spanish-style olives.⁹

Table VI-3
Ripe olives: Results of operations of U.S. processors, 2013-16

* * * * * * *

Table VI-4
Ripe olives: Changes in AUVs of U.S. processors, between calendar years

* * * * * * *

Table VI-5
Ripe olives: Select results of operations of U.S. processors, by company, 2013-16

* * * * * * *

Revenue

As seen in tables VI-3 and VI-5, net sales volume irregularly decreased from 2013 to 2016 while net sales value consistently increased. On a per-short ton basis for the industry, net sales revenue increased from \$*** in 2013 to \$*** in 2016. ***'s net sales quantity *** from 2013 to 2014 then *** from 2014 to 2016 while its net sales value *** consistently each year from 2013 to 2016. ***'s net sales quantity *** each year while its net sales value *** from 2013 to 2016.

COGS and gross profit or (loss)

As seen in table VI-3 and VI-5, raw materials represent the largest component of overall COGS for processors.¹⁰ Raw olives accounted for the largest share of overall COGS, ranging from

⁹ ***.

¹⁰ Raw material costs include raw olives and various other raw materials such as curing agents; packaging materials for preservation (including cans, metal, plastic, and other airtight containers; and packaging costs for shipping (including cardboard, filler, and strapping). In 2016, packaging materials for preservation accounted for the *** of other raw material costs.

*** to *** percent in the 2013 to 2016 period. Other raw materials costs ranged from *** to *** percent as a share of overall COGS. The total cost of raw materials increased by *** percent from 2013 to 2016. ***.¹¹ ¹² These ***.¹³ ***.¹⁴

As a share of COGS, other factory costs were the second largest component, ranging from *** to *** percent in the 2013 to 2016 period. Overall, *** unit prices, lower labor costs, and is *** on a per unit basis. ***.¹⁵ ***.¹⁶ Lastly, direct labor accounted for the smallest share of COGS, ranging from *** to *** percent during the period examined. Other factory costs include ***.¹⁷

Processors' *** in 2016. Average per-short ton COGS *** by \$*** per short ton and net sales unit value *** \$*** from 2013 to 2016.

SG&A expenses and operating income or (loss)

SG&A expenses ***, with an *** of *** percent from 2013 to 2016. As a share of net sales, SG&A expenses were *** percent in 2013 and 2014, *** percent in 2015, and *** percent in 2016.

The industry's aggregate operating income *** from \$*** in 2013 to \$*** in 2014 *** to \$*** in 2015 then *** in 2016. From 2013 to 2016, operating income *** by *** percent.

Other expenses and net income or (loss)

Other expenses, including interest expenses and all other expenses, fluctuated from year to year, but increased from 2013 to 2016. Only ***. ***.¹⁸ ***. Following a similar trend as operating income, net income *** from \$*** in 2013 to \$*** in 2014, before *** in 2015, then *** in 2016. From 2013 to 2016, net income *** by *** percent.

¹¹ ***. ***'s U.S. processor questionnaire, III-9c and ***.

¹² ***. ***'s U.S. processor questionnaire, III-9c.

¹³ Petitioners contend that declining U.S. raw olives acreage by growers caused U.S. processors to "supplement California supply with non-US-origin raw olives." They argued that "imported raw olives cost about 30% more than California-sourced raw olives due to costs of transportation and packaging for bulk olives (barrels, bins, flexitanks, etc.); margins for the two processors have been further squeezed." Petition, p. 29.

¹⁴ ***.

¹⁵ ***.

¹⁶ ***'s U.S. processor questionnaire, II-14 and III-18.

¹⁷ *** email message to USITC staff, July 24, 2017 and ***'s U.S. processor questionnaire, II-7.

¹⁸ ***'s U.S. processors' questionnaire, III-11.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-6 presents capital expenditures and research and development (“R&D”) expenses by firm. ***. ***.

Table VI-6

Ripe olives: Capital expenditures and R&D expenses for U.S. processors, by firm, 2013-16

* * * * *

ASSETS AND RETURN ON ASSETS

Table VI-7 presents data on the U.S. processors’ total assets and their return on assets (“ROA”). The average ROA fluctuated, falling from 2013 to 2014, increasing from 2014 to 2015, and modestly decreasing from 2015 to 2016. ***’s total assets ***. *** reported *** and ***.

Table VI-7

Ripe olives: Value of assets used in production, warehousing, and sales, and return on investment for U.S. processors by firm, 2013-16

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. growers of raw olives and U.S. processors of ripe olives to describe any actual or potential negative effects of imports of ripe olives from Spain on their firms’ growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-8 tabulates the responses of the two responding U.S. processors and table VI-9 presents the detailed narrative responses of U.S. processors regarding actual and anticipated negative effects of subject imports. The comments/responses of U.S. growers of raw olives are presented in appendix D.

Table VI-8

Ripe olives: U.S. processors’ actual and anticipated negative effects of imports on investment and growth and development

* * * * *

Table VI-9

Ripe olives: U.S. processors’ narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2013

* * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
- (V) inventories of the subject merchandise,*

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

- (VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,*
- (VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*
- (VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and*
- (IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²*

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV and V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN SPAIN

Spain is the world's top producer and exporter of table olives. Spain accounts for about half of the EU's total olive area.³ Olives are Spain's second largest crop in terms of acreage, grown in more than half of the country's provinces, with the greatest concentration in the southern half of Spain. About 60 percent of total olive acreage is in Andalusia.⁴

In 2016, there were almost 2.6 million hectares of olive orchards in Spain, of which about 152,000 hectares (5.8 percent) were devoted to table olive production.⁵ In crop year 2013-14 Spain's total table olive production was around 572,000 metric tons ("MT"). Production grew to 602,000 MT in 2015-16, and is expected to fall to 491,000 MT in 2016-17.⁶ Spain's olive production in 2016-17 is expected to be lower due to less precipitation.⁷

Several olive varieties predominate in Spain. The Manzanilla and Gordal varieties are cultivated primarily in the province of Sevilla (for table processing), while the Hojiblanca is the predominant variety grown in Malaga and Cordoba (and can be used for both table and oil processing). The Caceres and Carrasquena are sub-varieties of the Manzanilla grown in Caceres and Badajoz.⁸ Hojiblanca's account for 40 percent of Spain's table olive production, followed by Manzanilla (35 percent) and a mix of others.⁹ Responses from respondent interested parties indicate that much of the Spanish crop is harvested mechanically.¹⁰

Spain has 412 table olive processing plants.¹¹ Andalusia, particularly the province of Seville, has the greatest number of processing facilities (55 percent and 35 percent of the total, respectively) and level of production (79 percent and 58 percent respectively).¹²

³ International Olive Council, Spain Country Profile, 2012, p. 5.

<http://www.internationaloliveoil.org/estaticos/view/136-country-profiles>

⁴ International Olive Council, Spain Country Profile, 2012, p. 1.

<http://www.internationaloliveoil.org/estaticos/view/136-country-profiles>

⁵ Asociacion Espanola de Exportadores e Industriales de Aceituna de Mesa website, accessed July 17, 2017. http://www.asesmesa.es/content/datos_generales_del_sector

⁶ International Olive Council ("IOC"), EU Table Olive Production Data, accessed July 17, 2017. <http://www.internationaloliveoil.org/estaticos/view/132-world-table-olive-figures>. The IOC counts crop years as October 1 through September 30 of the following year.

⁷ Prolonged dryness and insect pressure have also affected yields in Italy and Greece. USDA, FAS, "Oilseeds: World Markets and Trends," November 2016. <http://usda.mannlib.cornell.edu/usda/fas/oilseed-trade//2010s/2016/oilseed-trade-11-09-2016.pdf>

⁸ International Olive Council, Spain Country Profile, 2012, p. 11.

<http://www.internationaloliveoil.org/estaticos/view/136-country-profiles>

⁹ Based on an average of Spanish olive production in 2008-2011. ASEMESA, "Table Olives Consumers Profiles in Spain," 2011.

¹⁰ See AFI Group postconference brief, p. 16; and ASEMESA'S and Spanish Producers' Post-Conference Brief, exh. 1, pp. 2-3.

¹¹ International Olive Council, Spain Country Profile, 2012, p. 11. <http://www.internationaloliveoil.org/estaticos/view/136-country-profiles>

¹² Ibid.

While Spain is the second largest per capita consumer of table olives, much of its table olive production is destined for the export market. Of the 602,000 MT of table olives produced in CY 2015-16, Spain exported 165,000 MT.¹³ In comparing green and black table olives, industry sources report that almost all black olives are sold on the export market, with limited domestic consumption of black olives.¹⁴

Most domestic sales of table olives in Spain occur in the retail sector (over 75%) with the remainder in food service and are used most in salads and snacks.¹⁵ According to market reports, only a small minority of Spanish consumers used olives as an ingredient.¹⁶

Responses from the industry in Spain

The Commission issued foreign producers' or exporters' questionnaires to 34 firms believed to produce and/or export ripe olives from Spain.¹⁷ Usable responses to the Commission's questionnaire were received from ten firms: Aceitunas Guadalquivir; Agro Sevilla; Aceitunas Sevillanas S.A.; Angel Camacho; DCOOP; F.J. Sanchez Sucesores, S.A.U.; GOYA en Espana, S.A.U. ("Goya Spain"); Industria Aceitunera Marciense ("Marciense"); S.A Internacional Olivarera S.A. ("Inter Oliva"); and Plasoliva, S.L.¹⁸ These firms' exports to the United States accounted for approximately 91.0 percent of U.S. imports of ripe olives from Spain over the period being examined. According to estimates requested of the responding Spanish producers, the production of ripe olives in Spain reported in this Part of the report accounts for approximately 46.7 percent of overall production of ripe olives in Spain. Table VII-1 presents information on the ripe olives operations of the responding producers in Spain for the aggregate period covering 2013 to 2016. Table VII-2 presents additional information on ripe olives which were exported, but not produced, by Spanish firms.

¹³ International Olive Council, Table Olive Export Data, November 2016. Accessed July 17, 2017. <http://www.internationaloliveoil.org/estaticos/view/132-world-table-olive-figures>

¹⁴ ASEMESA, "Table Olives Consumers Profiles in Spain," 2011.

¹⁵ ASEMESA, "Table Olives Consumers Profiles in Spain," 2011.

¹⁶ ASEMESA, "Table Olives Consumers Profiles in Spain," 2011.

¹⁷ These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

¹⁸ The Commission received a response from *** certifying that it had not produced or exported ripe olives from Spain since January 1, 2013.

Table VII-1
Ripe olives: Summary data on processors in Spain, aggregate January 2013 through December 2016

Firm	Production (short tons drained weight)	Share of reported production (percent)	Exports to the United States (short tons drained weight)	Share of reported exports to the United States (percent)	Total shipments (short tons drained weight)	Share of firm's total shipments exported to the United States (percent)
Agro Sevilla	***	***	***	***	***	***
Plasoliva	***	***	***	***	***	***
Inter Oliva	***	***	***	***	***	***
Marciense	***	***	***	***	***	***
FJ Sanchez	***	***	***	***	***	***
Dcoop	***	***	***	***	***	***
Aceitunas Guadalquivir	***	***	***	***	***	***
Angel Camacho	***	***	***	***	***	***
Total	393,078	100.0	115,075	100.0	393,019	29.3

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-2
Ripe olives: Summary data on exporters in Spain, January 2013 through December 2016 aggregated

* * * * *

Changes in operations

As presented in table VII-3 producers in Spain reported several operational and organizational changes since January 1, 2013.

Table VII-3
Ripe olives: Reported changes in operations by producers in Spain, since January 1, 2013

* * * * *

Operations on ripe olives

Table VII-4 presents information on the ripe olives operations of the responding producers and exporters in Spain. Responding Spanish firms' capacity increased by 2.1 percent from 2013 to 2016, while production increased by 10.7 percent over the same period. Capacity utilization increased by 6.6 percentage points from 2013 to 2016.

Total home market shipments increased by 34.1 percent from 2013 to 2016, while export shipments to the United States increased 31.8 percent over the same time period. Export shipments to all other countries besides the U.S. peaked in 2014 before falling steadily year over year until 2016, and overall increased by 1.2 percent from 2013 to 2016.

Table VII-4
Ripe olives: Data on industry in Spain, 2013-16 and projection calendar years 2016 and 2017

Item	Actual experience				Projections	
	Calendar year				Calendar year	
	2013	2014	2015	2016	2017	2018
	Quantity (short tons drained weight)					
Capacity	115,253	113,527	115,925	117,685	123,617	123,617
Production	91,309	100,464	100,244	101,061	99,642	101,570
End-of-period inventories	4,078	4,574	3,952	3,720	4,131	3,949
Shipments:						
Home market shipments:						
Internal consumption/ transfers	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***
Total home market shipments	5,412	6,055	8,120	7,259	7,209	7,272
Export shipments to:						
United States	24,666	27,512	30,389	32,508	28,852	29,407
All other markets	60,812	66,401	62,358	61,527	63,170	65,073
Total exports	85,478	93,913	92,747	94,035	92,022	94,480
Total shipments	90,890	99,968	100,867	101,294	99,231	101,752
	Ratios and shares (percent)					
Capacity utilization	79.2	88.5	86.5	85.9	80.6	82.2
Inventories/production	4.5	4.6	3.9	3.7	4.1	3.9
Inventories/total shipments	4.5	4.6	3.9	3.7	4.2	3.9
Share of shipments:						
Home market shipments:						
Internal consumption/ transfers	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***
Total home market shipments	6.0	6.1	8.1	7.2	7.3	7.1
Export shipments to:						
United States	27.1	27.5	30.1	32.1	29.1	28.9
All other markets	66.9	66.4	61.8	60.7	63.7	64.0
Total exports	94.0	93.9	91.9	92.8	92.7	92.9
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
	Quantity (short tons drained weight)					
Resales exported to the United States	***	***	***	***	***	***
Total exports to the United States	***	***	***	***	***	***
	Shares (percent)					
Share of total exports to the United States.--						
Exported by producers	***	***	***	***	***	***
Exported by resellers	***	***	***	***	***	***
Adjusted share of total shipments exported to US	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Alternative products

As shown in table VII-5, responding Spanish firms produced other products on the same equipment and machinery used to produce ripe olives. Responding firms reported devoting most of their production to ripe olives from 2013 to 2016. This share was 3.6 percentage points higher in 2013 than in 2016 (from 75.6 percent to 79.2 percent). Most of the other production reported by Spanish firms was devoted to Spanish-style or similar style olives, and the share devoted to those products was *** percentage points lower in 2013 than in 2016 (from *** percent to *** percent).

Table VII-5
Ripe olives: Overall capacity and production on the same equipment as in-scope production by producers in Spain, 2013-16

Item	Actual experience				Projections	
	2013	2014	2015	2016	2017	2018
	Quantity (short tons drained weight)					
Overall capacity	163,048	163,122	167,279	171,002	176,734	176,734
Production:						
Ripe Olives	91,309	100,464	100,244	101,061	99,642	101,570
Spanish style and similar	***	***	***	***	***	***
Other products	***	***	***	***	***	***
Out-of-scope production	29,476	27,529	24,152	26,479	22,973	23,373
Total production on same machinery	120,785	127,993	124,396	127,540	122,615	124,943
	Ratios and shares (percent)					
Overall capacity utilization	74.1	78.5	74.4	74.6	69.4	70.7
Production:						
Ripe Olives	75.6	78.5	80.6	79.2	81.3	81.3
Spanish style and similar	***	***	***	***	***	***
Other products	***	***	***	***	***	***
Out-of-scope production	24.4	21.5	19.4	20.8	18.7	18.7
Total production on same machinery	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Exports

According to GTA, the leading export markets for ripe olives from Spain are the United States, Italy, Germany, Saudi Arabia, and France. (table VII-6). During 2016, the United States was the top export market for ripe olives from Spain, accounting for 26.3 percent, followed by Italy, accounting for 9.5 percent.

Table IV-6
Ripe olives: Spain exports by destination market, 2013-16

Destination market	Calendar year			
	2013	2014	2015	2016
	Quantity (short tons drained weight)			
Spain exports to the United States	74,089	75,835	81,768	82,966
Spain exports to other major destination markets.--				
Italy	28,555	33,972	32,813	29,966
Germany	18,765	20,687	23,908	23,228
Saudi Arabia	18,015	18,810	20,316	19,889
France	17,491	21,911	21,063	19,773
Russia	24,000	25,500	18,474	19,299
United Kingdom	12,861	13,851	14,818	15,974
Canada	9,935	10,507	9,849	9,772
Poland	9,910	6,904	6,884	6,703
All other destination markets	86,722	125,640	96,752	87,537
Total Spain exports	300,343	353,617	326,646	315,108
	Value (1,000 dollars)			
Spain exports to the United States	196,161	217,141	199,255	215,743
Spain exports to other major destination markets.--				
Italy	65,346	76,683	63,631	66,544
Germany	47,348	52,908	50,225	50,879
Saudi Arabia	40,889	41,156	41,166	42,454
France	46,891	54,057	44,716	45,969
Russia	77,438	81,824	51,080	57,452
United Kingdom	40,777	41,320	33,407	40,451
Canada	19,298	20,245	16,917	20,673
Poland	21,132	19,445	17,628	18,633
All other destination markets	221,088	270,250	202,371	206,215
Total Spain exports	776,368	875,029	720,396	765,013

Table continued on next page.

Table VII-6—Continued
Ripe olives: Spain exports by destination market, 2013-16

Destination market	Calendar year			
	2013	2014	2015	2016
	Unit value (dollars per short ton drained weight)			
Spain exports to the United States	2,648	2,863	2,437	2,600
Spain exports to other major destination markets.--				
Italy	2,288	2,257	1,939	2,221
Germany	2,523	2,558	2,101	2,190
Saudi Arabia	2,270	2,188	2,026	2,135
France	2,681	2,467	2,123	2,325
Russia	3,227	3,209	2,765	2,977
United Kingdom	3,171	2,983	2,255	2,532
Canada	1,942	1,927	1,718	2,115
Poland	2,132	2,816	2,561	2,780
All other destination markets	2,549	2,151	2,092	2,356
Total Spain exports	2,585	2,475	2,205	2,428
	Share of quantity (percent)			
Spain exports to the United States	24.7	21.4	25.0	26.3
Spain exports to other major destination markets.--				
Italy	9.5	9.6	10.0	9.5
Germany	6.2	5.9	7.3	7.4
Saudi Arabia	6.0	5.3	6.2	6.3
France	5.8	6.2	6.4	6.3
Russia	8.0	7.2	5.7	6.1
United Kingdom	4.3	3.9	4.5	5.1
Canada	3.3	3.0	3.0	3.1
Poland	3.3	2.0	2.1	2.1
All other destination markets	28.9	35.5	29.6	27.8
Total Spain exports	100.0	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 2005.70 as reported by Eurostat in the GTA database, accessed July 13, 2017.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-7 presents data on U.S. importers' reported inventories of ripe olives. Importers' inventories ripe olives from Spain increased *** percent from 2013 to 2016, while inventories of ripe olives from Morocco increased by *** percent from 2013 to 2016. Inventories of ripe olives from all other sources increased by *** percent from 2013 to 2016.

Table VII-7
Ripe olives: U.S. importers' end-of-period inventories of imports by source, 2013-16

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of ripe olives from Spain after December 31, 2016 (table VII-8).

Table VII-8
Ripe olives: Arranged imports, January 2017 through December 2017

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on ripe olives in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

The Industry in Morocco

Morocco is the leading source of nonsubject ripe olive imports. Approximately 75 percent of olives grown in Morocco are pressed for oil, while the rest are processed into table olives.¹⁹ Based on the most recent data available, Morocco produced 1.6 million metric tons of olives in 2014²⁰ and had 946.8 thousand hectares of olives.²¹ By 2020, the target for planted olive acreage is 1.2 million hectares²² with expected olive production of 2.5 million metric tons.²³ By 2020, Morocco forecasts table olive production of 320,000 metric tons, almost half of which (150,000 metric tons) will be designated for the export market.²⁴

Overall, the olive-growing industry in Morocco consists of many small-scale growers using traditional plantings and hand harvesting, which occurs between November and

¹⁹ USITC Publication 4419, "Olive Oil," August 2013, p. 7-15.

²⁰ FAOSTAT Crop Database (accessed July 13, 2017).

²¹ FAOSTAT Crop Database (accessed July 13, 2017).

²² Bourinat, Benjamin. "Morocco Becomes a Major Olive Producer," Sopexa, June 24, 2015. Website accessed July 31, 2017. <https://globoNewsWire.com/news-release/2015/06/24/747251/10139620/en/Morocco-Becomes-A-Major-Olive-Oil-Producer.html>

²³ Kingdom of Morocco, Ministry of Agriculture (accessed July 13, 2017). <http://www.agriculture.gov.ma/pages/acces-fillieres/filiere-oleicole>

²⁴ Kingdom of Morocco, Ministry of Agriculture (accessed July 13, 2017). <http://www.agriculture.gov.ma/pages/acces-fillieres/filiere-oleicole>

February.²⁵ Almost all of Morocco's olives (over 96 percent) are the Picholine Marocaine variety.²⁶ This cultivar is a dual use variety which can be used to produce both table olives and olive oil.²⁷ Most of Morocco's olive harvest is consumed domestically as olive oil or as table olives.

Table VII-9 presents data on exports from Morocco. The majority of Moroccan table olives are produced for export and only modern intensive growers have the ability to sell into this segment.²⁸ The U.S. is a leading export market for Moroccan ripe olives after the EU, and the second largest single country market after France. Almost all Moroccan ripe olives have had duty-free access to the U.S. market since 2006 under the U.S.-Morocco Free Trade Agreement (FTA).²⁹ In 2016, the last duties were eliminated on imports of pitted, canned (not green) olives in saline solution.³⁰ Ripe olives from the EU are not eligible for duty-free treatment.

²⁵ USITC Publication 4419, "Olive Oil," August 2013, p. 7-16. Nearly 60 percent of olive plots are under five hectares.

²⁶ There are some differences in the reporting of other olive varieties. According to Morocco's Ministry of Agriculture, the main olive varieties include Picholine d Languedoc, Manzanille, Picual, Hojiblanca, Arbequine, Ascolana Dura, Frontoio, and Gordal. Kingdom of Morocco, Ministry of Agriculture (accessed July 13, 2017). <http://www.agriculture.gov.ma/pages/acces-fillieres/filiere-oleicole>. In contrast, Musco includes only the Picholine and Zitoun olive cultivars. Musco website (accessed July 13, 2017). <http://www.olives.com/musco/world.html>

²⁷ Musco website (accessed July 13, 2017). <http://www.olives.com/musco/world.html>

²⁸ USITC Publication 4419, "Olive Oil," August 2013, p. 7-17.

²⁹ The U.S. and Morocco signed an FTA on June 15, 2004 and the agreement entered into force on January 1, 2006. U.S. tariffs on all but one product were eliminated entirely upon the date of entry. However, tariffs on Moroccan imports of 2005.70.60 "Olives (not green) in saline solution, canned, pitted" were removed incrementally over a ten year period and became duty-free in 2016. USTR website (accessed July 31, 2017).

https://ustr.gov/sites/default/files/uploads/agreements/fta/morocco/asset_upload_file933_3872.pdf

³⁰ USTR and also ASEMSEA post-conference brief at page 5.

Table VII-9

Ripe olives: Morocco exports by destination market, 2013-16

Destination market	Calendar year			
	2013	2014	2015	2016
	Quantity (short tons drained weight)			
Morocco exports to the United States	17,911	21,790	8,922	14,024
Morocco exports to other major destination markets.--				
France	30,021	36,568	34,240	38,694
Belgium	11,663	11,396	11,605	13,060
Italy	4,729	6,072	5,793	6,282
Spain	2,468	3,347	4,916	5,460
Algeria	812	4,337	900	5,328
United Kingdom	2,582	2,853	2,547	2,926
Germany	1,256	1,398	1,501	2,902
Canada	1,410	1,743	2,253	1,854
All other destination markets	6,668	8,375	9,242	8,947
Total Morocco exports	79,521	97,878	81,919	99,477
	Value (1,000 dollars)			
Morocco exports to the United States	35,993	40,869	14,700	23,088
Morocco exports to other major destination markets.--				
France	48,439	62,013	47,591	51,787
Belgium	15,687	15,609	13,245	14,614
Italy	6,516	8,910	6,643	7,500
Spain	3,276	4,793	5,150	5,483
Algeria	1,183	4,124	1,049	4,571
United Kingdom	5,914	6,881	5,485	5,918
Germany	2,520	2,829	2,341	3,776
Canada	2,558	3,454	4,003	3,061
All other destination markets	12,442	14,749	14,445	13,822
Total Morocco exports	134,528	164,233	114,652	133,621

Table continued on next page.

Table VII-9—Continued

Ripe olives: Morocco exports by destination market, 2013-16

Destination market	Calendar year			
	2013	2014	2015	2016
	Unit value (dollars per short ton drained weight)			
Morocco exports to the United States	2,010	1,876	1,648	1,646
Morocco exports to other major destination markets.--				
France	1,613	1,696	1,390	1,338
Belgium	1,345	1,370	1,141	1,119
Italy	1,378	1,467	1,147	1,194
Spain	1,327	1,432	1,048	1,004
Algeria	1,458	951	1,165	858
United Kingdom	2,290	2,412	2,153	2,023
Germany	2,006	2,023	1,560	1,301
Canada	1,813	1,982	1,777	1,651
All other destination markets	1,866	1,761	1,563	1,545
Total Morocco exports	1,692	1,678	1,400	1,343
	Share of quantity (percent)			
Morocco exports to the United States	22.5	22.3	10.9	14.1
Morocco exports to other major destination markets.--				
France	37.8	37.4	41.8	38.9
Belgium	14.7	11.6	14.2	13.1
Italy	5.9	6.2	7.1	6.3
Spain	3.1	3.4	6.0	5.5
Algeria	1.0	4.4	1.1	5.4
United Kingdom	3.2	2.9	3.1	2.9
Germany	1.6	1.4	1.8	2.9
Canada	1.8	1.8	2.7	1.9
All other destination markets	8.4	8.6	11.3	9.0
Total Morocco exports	100.0	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 2005.70 as reported by Morocco's Office des Changes in the GTA database, accessed July 13, 2017.

Global olive production

Tables VII-10 and VII-11 provide data on global total olive production and global table olive production. The largest olive producing countries in the world are Spain, Italy, and Greece.³¹ Spain is the largest olive producer and exports both olive oil and ripe olives. Italy and Greece are leading producers and exporters of olive oil rather than ripe olives, although Greece is a significant source of U.S. imports of specialty (out of scope) olives.

The world's largest producers of table olives by volume are the Spain, Egypt and Turkey. Morocco, which is the world's fifth largest olive producer³² on a volume basis, is the leading source of nonsubject ripe olive imports. Morocco is also the world's seventh largest table olive producer, producing between 100,000 to 120,000 metric tons of table olives annually.³³

Table VII-10
Olives: Global olive production

Country	Calendar Year				
	2010	2011	2012	2013	2014
	Production Quantity (metric tons)				
Spain	7,197,600	7,820,060	3,849,300	9,250,610	4,560,400
Italy	3,170,700	3,182,204	3,017,537	2,940,545	1,963,676
Greece	1,809,900	1,873,900	2,825,320	1,917,623	1,780,560
Turkey	1,415,000	1,750,000	1,820,000	1,676,000	1,768,000
Morocco	1,506,473	1,415,902	1,315,794	1,181,676	1,573,206
Egypt	390,932	459,650	563,070	541,790	565,669
Algeria	311,252	610,776	393,840	578,740	482,860
Portugal	445,301	443,800	429,922	651,741	455,373
Syria	960,403	1,095,043	1,049,761	842,098	392,214

Source: FAOSTAT Crop database (accessed July 13, 2017)

³¹ FAOSTAT Crop database (accessed July 13, 2017).

³² FAOSTAT Crop database (accessed July 13, 2017).

³³ International Olive Council, Global Table Olive Production Data, accessed July 10, 2017.
<http://www.internationaloliveoil.org/estaticos/view/132-world-table-olive-figures>

Table VII-11**Olives: Global table olive production**

Country	IOC Crop Year (Oct. 1--Sept. 30)			
	2013/14	2014/15	2015/16	2016/17
	Table Olive Production Quantity (1,000 metric tons)			
Spain	572.2	555.6	601.8	490.8
Egypt	400.0	450.5	470.0	500.0
Turkey	430.0	390.0	397.0	433.0
Algeria	208.0	233.5	233.0	234.0
Greece	130.0	249.0	166.5	204.0
Syria	120.0	75.0	150.0	190.0
Morocco	120.0	100.0	120.0	100.0
Iran	67.5	68.0	68.5	75.5
Italy	69.3	42.0	66.0	50.5
USA	82.5	33.5	54.0	59.0
All Other	460.9	384.0	323.0	363.3
Total	2,660.5	2,581.0	2,665.0	2,700.0

Note: 2015/2016 and 2016/17 data are not final.

Source: International Olive Council, November 2016.

Global exports

Table VII-12 presents data on global exports by exporter. Spain accounted for the largest share of global exports of olives reported under HS subheading 2005.70 in 2016. (36.3 percent) followed by Greece, Morocco, Argentina, and Egypt. The United States was responsible for 1.0 percent of global exports of olives in 2016.

Table VII-12

Olives: Global exports by exporter, 2013-16

Exporter	Calendar year			
	2013	2014	2015	2016
	Quantity (short tons drained weight)			
United States	7,277	10,331	8,722	8,660
Spain	300,343	353,617	326,646	315,108
All other major reporting exporters.--				
Greece	115,273	91,184	121,291	146,391
Morocco	79,521	97,878	81,919	99,477
Argentina	83,927	50,585	47,777	67,479
Egypt	40,060	54,647	37,107	67,234
Turkey	76,206	76,533	68,472	57,260
Italy	13,284	15,647	15,691	18,998
Portugal	16,003	15,167	13,947	16,157
Peru	12,192	24,789	15,180	14,629
Belgium	10,183	11,156	10,480	12,282
Jordan	5,570	7,288	6,448	7,119
All other exporters	46,663	43,682	38,114	37,687
Total global exports	806,503	852,503	791,795	868,482
	Value (1,000 dollars)			
United States	13,920	18,549	16,748	17,884
Spain	776,368	875,029	720,396	765,013
All other major reporting exporters.--				
Greece	375,721	402,940	385,332	404,502
Morocco	134,528	164,233	114,652	133,621
Argentina	110,073	77,530	62,008	86,561
Egypt	51,077	64,695	60,128	85,084
Turkey	115,450	115,608	107,362	100,737
Italy	57,843	62,305	56,036	64,982
Portugal	31,072	31,759	24,036	30,323
Peru	22,047	36,087	25,011	24,390
Belgium	46,565	51,921	41,921	50,239
Jordan	6,767	9,013	8,271	9,252
All other exporters	105,201	104,763	94,747	91,140
Total global exports	1,846,633	2,014,432	1,716,649	1,863,729

Table continued on next page.

Table VII-12—Continued

Olives: Global exports by exporter, 2013-16

Exporter	Calendar year			
	2013	2014	2015	2016
	Unit value (dollars per short ton drained weight)			
United States	1,913	1,796	1,920	2,065
Spain	2,585	2,475	2,205	2,428
All other major reporting exporters.--				
Greece	3,259	4,419	3,177	2,763
Morocco	1,692	1,678	1,400	1,343
Argentina	1,312	1,533	1,298	1,283
Egypt	1,275	1,184	1,620	1,265
Turkey	1,515	1,511	1,568	1,759
Italy	4,354	3,982	3,571	3,420
Portugal	1,942	2,094	1,723	1,877
Peru	1,808	1,456	1,648	1,667
Belgium	4,573	4,654	4,000	4,090
Jordan	1,215	1,237	1,283	1,300
All other exporters	2,254	2,398	2,486	2,418
Total global exports	2,290	2,363	2,168	2,146
	Share of quantity (percent)			
United States	0.9	1.2	1.1	1.0
Spain	37.2	41.5	41.3	36.3
All other major reporting exporters.--				
Greece	14.3	10.7	15.3	16.9
Morocco	9.9	11.5	10.3	11.5
Argentina	10.4	5.9	6.0	7.8
Egypt	5.0	6.4	4.7	7.7
Turkey	9.4	9.0	8.6	6.6
Italy	1.6	1.8	2.0	2.2
Portugal	2.0	1.8	1.8	1.9
Peru	1.5	2.9	1.9	1.7
Belgium	1.3	1.3	1.3	1.4
Jordan	0.7	0.9	0.8	0.8
All other exporters	5.8	5.1	4.8	4.3
Total global exports	100.0	100.0	100.0	100.0

Note.--HS subheading 2005.70 covers more olive products than the seven HTS numbers used as primary HTS numbers for import data in Part IV.

Source: Official exports statistics under HS subheading 2005.70 as reported by various national statistical authorities in the GTA database, accessed July 14, 2017.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
82 FR 29327, June 28, 2017	<i>Ripe Olives From Spain; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2017-06-28/pdf/2017-13510.pdf
82 FR 33050, July 19, 2017	<i>Ripe Olives From Spain: Initiation of Countervailing Duty Investigation</i>	https://www.gpo.gov/fdsys/pkg/FR-2017-07-19/pdf/2017-15143.pdf
82 FR 33054, July 19 2017	<i>Ripe Olives From Spain: Initiation of Less-Than-Fair-Value Investigation</i>	https://www.gpo.gov/fdsys/pkg/FR-2017-07-19/pdf/2017-15142.pdf

APPENDIX B

CALENDAR OF THE PUBLIC STAFF CONFERENCE

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Ripe Olives from Spain
Inv. Nos.: 701-TA-582 and 731-TA-1377 (Preliminary)
Date and Time: July 12, 2017 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

EMBASSY APPEARANCES:

**The Embassy of Spain
Washington, DC**

Elisa García Grande, Economic and Commercial Counselor (Head of the Office)

**Delegation of the European Commission
Washington, DC**

Jesus Zorilla, Agricultural Counselor

OPENING REMARKS:

Petitioner (**Carolyn Gleason**, McDermott Will & Emery LLP)
Respondents (**Mark Ludwikowski**, Sandler, Travis & Rosenberg, P.A.)

**In Support to the Imposition of
Antidumping and Countervailing Duty Orders:**

McDermott Will & Emery LLP
Washington, DC
on behalf of

Coalition for Fair Trade in Ripe Olives

Timothy Carter, Chief Executive Officer, Bell-Carter Foods, Inc.

**In Support to the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Felix Musco, President and Chief Executive Officer, Musco
Family Olive Company

Dennis Burreson, Vice President of Field Operations, Musco
Family Olive Company; *and* Independent Table Olive
Grower, Orland, CA

J. Scott Hamilton, Chief Financial Officer & Vice President
of Supply Chain, Musco Family Olive Company

Bill J. McFarland, Chairman Emeritus, California Olive Association

Edward Garcia, Independent Table Olive Grower, Stockton, CA

Michael Silveira, Independent Table Olive Grower, Orland, CA

Vito DeLeonardis, Independent Table Olive Grower, Visalia, CA

Jennifer Lutz, Economist, Economic Consulting Services, LLC

Bruce Malashevich, President, Economic Consulting Services, LLC

Carolyn Gleason)
David Levine)
) – OF COUNSEL
Raymond Paretzky)
Ben Kostrzewa)

**In Opposition of the Imposition of
Antidumping and Countervailing Duty Orders:**

Sandler, Travis & Rosenberg, P.A.
Miami, FL
on behalf of

Association of Food Industries, Inc.; Acorsa, USA;
Acme Food Sales; Atalanta Camerican; Gus Sclafani
Corp.; Jack Foods, LLC; Mario Camacho Foods;
Mitsui; Oesse Foods; Rema Foods; Ron-Son;
Schreiber Foods International; The Pastene Co.;
Transmed; and World Finer Foods

Joe DeNicholas, Vice President, Operations and Logistics,
Atlanta Corporation

Enrique Escudero, CEO, Acorsa USA Inc.

Shawn Kaddoura, President and CEO, Mario Camacho Foods

Agnes Valkai, Vice President of Purchasing, Schreiber Foods
International, Inc.

Stephen Devine, Senior Purchasing Manager, Mitsui Foods, Inc.

Kristen Smith)
) – OF COUNSEL
Mark Ludwikowski)

APPENDIX C
SUMMARY DATA

Table C-1

Ripe olives: Summary data concerning the U.S. market, 2013-16

(Quantity=short tons drained weight; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton drained weight; Period changes=percent--exceptions noted)

	Reported data				Period changes			
	Calendar year				Calendar year			
	2013	2014	2015	2016	2013-16	2013-14	2014-15	2015-16
U.S. consumption quantity:								
Amount.....	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***
Importers' share (fn1):								
Spain.....	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***
U.S. consumption value:								
Amount.....	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***
Importers' share (fn1):								
Spain.....	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***
U.S. imports from:								
Spain:								
Quantity.....	26,549	29,735	35,037	35,139	32.4	12.0	17.8	0.3
Value.....	57,068	64,044	71,535	80,174	40.5	12.2	11.7	12.1
Unit value.....	\$2,150	\$2,154	\$2,042	\$2,282	6.1	0.2	(5.2)	11.8
Ending inventory quantity.....	***	***	***	***	***	***	***	***
Nonsubject sources:								
Quantity.....	19,556	18,176	11,754	11,944	(38.9)	(7.1)	(35.3)	1.6
Value.....	46,070	43,048	25,610	25,906	(43.8)	(6.6)	(40.5)	1.2
Unit value.....	\$2,356	\$2,368	\$2,179	\$2,169	(7.9)	0.5	(8.0)	(0.5)
Ending inventory quantity.....	***	***	***	***	***	***	***	***
All import sources:								
Quantity.....	46,105	47,911	46,791	47,083	2.1	3.9	(2.3)	0.6
Value.....	103,138	107,090	97,146	106,080	2.9	3.8	(9.3)	9.2
Unit value.....	\$2,237	\$2,235	\$2,076	\$2,253	0.7	(0.1)	(7.1)	8.5
Ending inventory quantity.....	***	***	***	***	***	***	***	***
U.S. producers:								
Average capacity quantity.....	***	***	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***	***	***
U.S. shipments:								
Quantity.....	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***
Export shipments:								
Quantity.....	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***	***	***
Hourly wages (dollars).....	***	***	***	***	***	***	***	***
Productivity (short tons drained weight per 1,000 hours).....	***	***	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***	***	***
Net sales:								
Quantity.....	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting numbers 2005.70.5030, 2005.70.5060, 2005.70.6020, 2005.70.6030, 2005.70.6050, 2005.70.6060, and 2005.70.6070, accessed July 5, 2017.

APPENDIX D

ALLEGED EFFECTS OF IMPORTS FROM SPAIN ON U.S. GROWERS OF RAW OLIVES

Table D-1

Ripe olives: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development by growers, since January 1, 2013

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