Spain has been for many years a major world exporter of olives, although recently nearly 80% of Spain's olive exports have been shipped directly to the United States. In an effort to convert those exports from bulk to bottles, the Spanish government has moved into a comprehensive program of control. Under this program the government now determines what types and qualities of olives and olive containers may be exported to what markets, prescribes sales and payment methods and retains the right (recently exercised) to fix export prices.[1]

The Spanish olive bottling industry has been developed by a program of substantial subsidies—direct as well as indirect. This program is described in the Order of March 3, 1965, issued by the Spanish Ministry of Agriculture (as reported in the USDA Foreign Agricultural Service Report, AGR #65, dated March 29, 1966, and entitled "Spain: Government Programs for the Expansion of Spanish Agriculture"). Quoting from that publication, the benefits are listed as follows:

1. Freedom to amortize equipment in the first 5 years.
2. Government credit priority.
3. Compulsory expropriation of land (for erection of plants).
4. Reduction of up to 95 percent of Excise Tax (Licencia Fiscal) during the time of installation.
5. Reduction for 5 years of up to 50 per cent on tax levied on capital yields (Impuesto sobre las Rentas del Capital) derived from loans issued by Spanish and foreign banking and credit organizations, provided such yields are applied to the financing of new investments.
6. Reduction for 5 years of up to 95 per cent of Estate or Patrimonial Transfer Tax, (Impuesto General sobre Transmisiones Patrimoniales y Actos Juridicos) and legal documents thereto, as levied on establishment of firms or caiptal expansions.
7. Reduction for 5 years of up to 95 per cent of Turnover Tax (impuesto General sobre el Trafico de las Empresas) paid on sales which serve to acquire foreign equipment goods for establishment of new industries.
8. Reduction for 5 years of up to 95 per cent of import duties and compensatory duties (Derechos Arancelarios and Impuestos de Compensacion de Gravamenes Interiores) levied on imports of equipment goods and the materials and/or products incorporated into the equipment manufactured locally.
9. Up to 20 per cent subsidy on actual investments.
10. Reduction for 5 years of up to 95 per cent of Municipal taxes (Arbitrios o Tasas de las Corporaciones Locales) applied to the establishment of new industries or the expansion of existing ones.

The 1967 Tariff Commission Report[2] notes that these incentives have been granted to Libby Espana, CARESA, and Aceitunera del Aljarafe, and that the Spanish government also refunds the Spanish turnover tax and local indirect taxes previously paid on products that are exported. This tax refund amounts to 12% of the value of the exported goods, paid to the bottled olive exporters, and constitutes a direct export subsidy for bottled olives. Exports in bulk have received none of these subsidies during the period of spectacular growth of bottled olive exports to the United States.[3]

WHY LEGISLATION IS APPROPRIATE

American growers and processors of olives—a major agricultural industry in California—must inevitably confront the same threat to their existence. Although U.S. bottlers have borne the brunt of subsidized Spanish exports so far, our growers are equally vulnerable. Spain is already exporting California-style ripe olives to countries other than the United States, and has also sent samples of such olives to the United States. Should it begin a program of subsidizing canners of ripe olives as it did for bottlers of green olives it could take over the entire American market.

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[1] Through the use of an Exporter's Card (Carta del Exportador) and a cartel-like managing group for the entire Spanish olive industry (ACEMESA) the Spanish government has extended its control to the smallest details of olive packaging and export.

[2] United States Tariff Commission, *Olives,* Report to the United States Senate on Investigation No. 322–51, 1967, pp. 14–15.

[3] Late this Spring the Spanish government made a similar benefit (11% tax refund) available for bulk exports, but the government-established minimum prices prevent this from having any price reduction effect.