



TRENDS IN WORLD OLIVE OIL CONSUMPTION

Between 1990/91 and 2014/15 world consumption of olive oil increased 1.7-fold. The most salient aspect of this trend is the regular growth of consumption in non-IOC member countries whose share of world consumption expanded from 11 pc to 24 pc between the starting and closing seasons of the reporting period (Chart 1).

During the same time span, EU consumption (Chart 1) climbed until it topped 2 000 000 t in 2004/05 after which it gradually dropped to around 1996/97 levels (1 600 000 t). As can be seen in Chart 2, consumption is concentrated in the producing countries. Italy has always been the biggest consumer in volume terms, but in 2006/07 its consumption started to dwindle until it fell to 520 000 t in 2014/15, the lowest level of the reporting period and on a par with consumption figures in Spain (this has to be viewed in the context of the major debate in the past on the representativity of the data that were processed). Consumption has likewise sunk in Greece, coinciding with the years of economic crisis at home. By 2014/15 it was standing at 160 000 t, showing a 22 pc decrease over two decades. In the case of Spain, the consumption curve is more erratic although it now seems to have steadied at above 500 000 t, i.e. the same level as in Italy. Although consumption is concentrated in these three EU countries, the *Others* group is noteworthy for its regular consumption growth until 2010/2011, since when it seems to have levelled off at around 300 000 t.

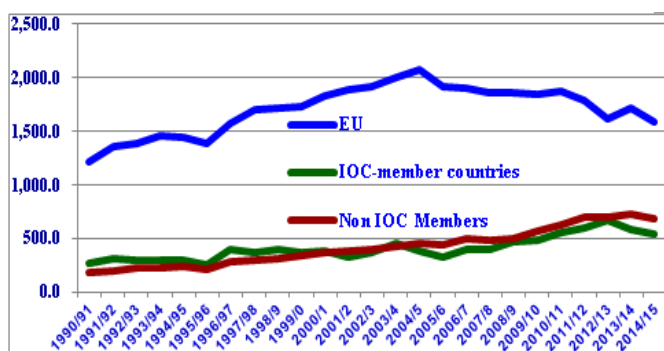


Chart 1: Trend of olive oil consumption (000 tonnes) in three sets of countries, 1990/91-2014/15

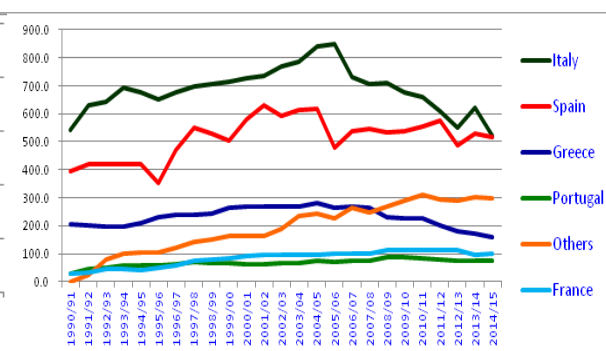


Chart 2: Trend of olive oil consumption (000 tonnes) by EU country, 1990/91-2014/15

Chart 3 plots annual per capita consumption of olive oil in the EU countries. Despite the decrease in total Greek consumption, Greece continues to lead the ranking with 16.3 kg, followed by Spain (10.4 kg), Italy (9.2 kg) and Portugal (7.1 kg); next come Cyprus and Luxembourg, with 5.5 and 5.3 kg respectively. A point to bear in mind is that there are more consumers than inhabitants in Luxembourg because of supermarket purchases by consumers from neighbouring countries. France follows at a great distance along with Malta, Croatia, Ireland and Belgium with consumption levels ranging from 1.2 to 1.7 kg. The rest of the EU members are split between countries where per capita consumption lies between 0.5 and 1 kg per year (in descending order: Finland Latvia, Germany, Netherlands, Sweden, Slovenia, Austria, United Kingdom and Denmark) and those where it is below 0.4 kg (Romania, Poland, Hungary, Bulgaria, Slovakia, Estonia and the Czech Republic).

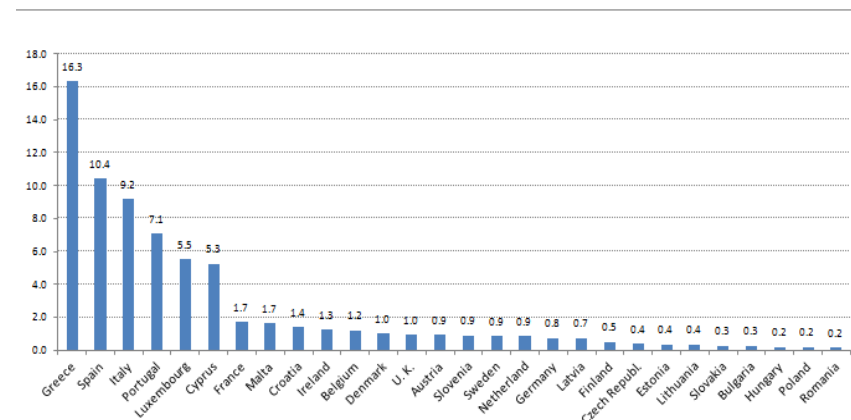


Chart 3: Per capita olive oil consumption in the EU countries in 2013 (kg/year)



Turning the spotlight now on the other IOC Members, consumption growth over the last 25 years has been strongest in Turkey and Morocco, where output has also risen, as well as in the *Others* group of countries. Because the figures plotted in Chart 4 are averages, Syrian consumption looks steady but it did in fact increase steeply although it has seen a sharp decrease in the last two seasons. Consumption in Algeria has gained whereas in Tunisia it has fallen. In 2013, per capita consumption in this set of countries was lower than in the EU. Only Syria's consumption is on a par with Portugal (7.0 kg) while the others record lower levels: Albania (4.7 kg), Lebanon (4.5 kg), Morocco (3.9 kg), Tunisia (3.7 kg), Jordan (3.1 kg), Israel and Libya (2.4 kg each) and Turkey (2.0 kg). Algerian consumption is much the same as in Croatia while in Montenegro it lies on a level with Germany. As for Argentina, Egypt, Iran and Iraq, their consumption lies around the levels of Hungary, Poland and Romania (see Table 1).

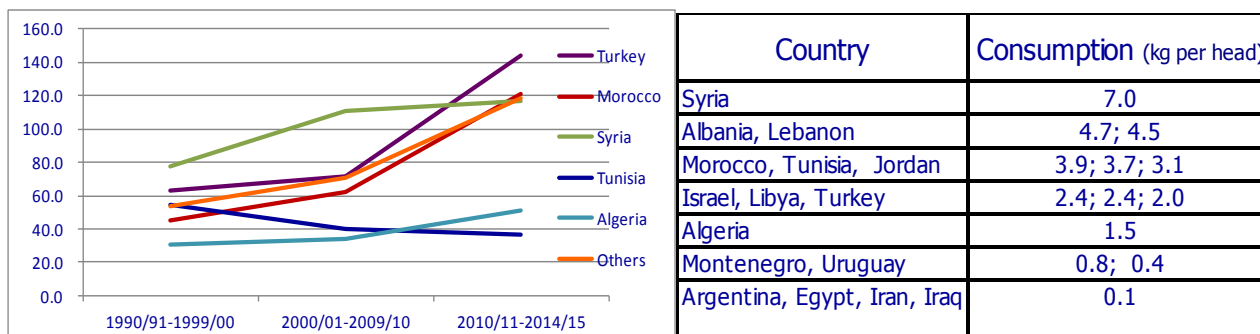


Chart 4: Trend of average consumption (000 tonnes) in non-EU, IOC Members in 2013

Table 1: Per capita consumption in non-EU IOC Members (2013)

Among non-IOC Members, the United States has seen the most spectacular consumption growth over the last 25 years (Chart 5) although U.S. per capita consumption in 2013 was only 0.9 kg, comparable to levels in the United Kingdom and Germany. During the reporting period, total consumption likewise increased in the other non-IOC countries albeit on a much lower scale. Chart 6 shows per capita consumption in the non-IOC countries where Palestine stands out with 3.2 kg. In the band between 1.7 and 1.1 kg lies Switzerland with 1.7 kg, Australia with 1.6 kg and Canada with 1.1 kg. Further down the line are Saudi Arabia and Norway, each with 0.7 kg, and the rest of the countries with lower figures.

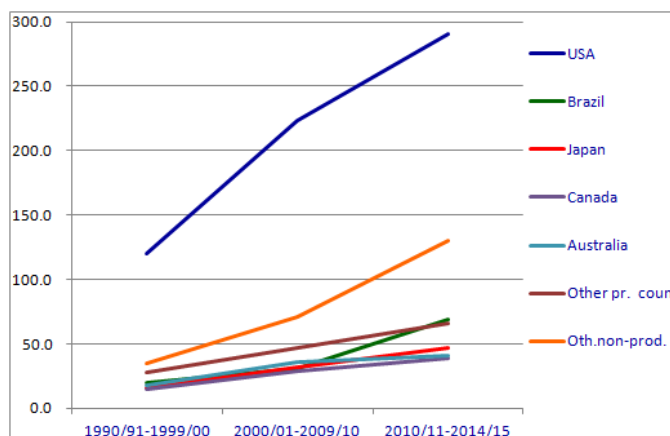


Chart 5: Olive oil consumption in non-IOC countries (000tonnes)

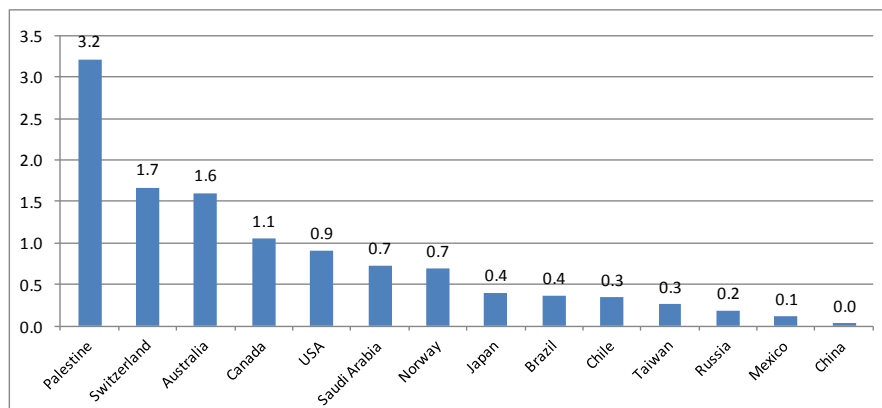


Chart 6: - Per capita consumption in 2013 in non-IOC Members (kg oil)

The snapshot that emerges is that there would still appear to be room for consumption growth in the leading importing countries like the United States, Brazil and Japan. Per capita consumption in China lies at the bottom of the ranking table but at this point in time future consumption in China appears to be more dependent on national regulations than anything else.



I. WORLD MARKET FOR OLIVE OIL AND TABLE OLIVES

1. WORLD PICTURE FOR OLIVE OIL SO FAR IN 2014/15

Trade in olive oil and olive pomace oil got off to a good start in 2014/15 in the majority of the countries listed in the table below. In the first three months of the crop year (October–December 2014), year-on-year imports were higher in Russia (+13 pc), Australia and Canada (+8 pc each), Japan (+6 pc) and Brazil (+3 pc) but lower in the United States (–2 pc, especially since December 2014) and China (–1 pc).

Comparison of the figures for December 2013 and 2014 (see table below) flags up large decreases in Australia (–18 pc), Russia (–16 pc), Brazil and the United States (–13 pc each) and China (–12 pc); only Canada records a gain (+15 pc) while the tonnage for Japan is virtually unchanged. An eye will have to be kept on developments over the coming months to see whether these decreases are one-off or whether they are riding on the back of the lower supply on the world market caused by this season's small harvest and higher prices.

The December 2014 data were not available for the EU at the time of publication but the October + November 2014 data show a 13 pc increase in intra-EU acquisitions and a decrease of 35 pc in extra-EU imports compared with the same period a season earlier. Owing to the hefty drop in Spain and Italy's output, imports from outside the EU will probably be considerably higher than last season, particularly imports from Tunisia where the harvest is up on last year's.

Olive oil imports (including olive-pomace oils) (t)

No	Importing country	October 13	October 14	November 13	November 14	December 13	December 14
1	Australia	2169.9	3125.1	2461.2	2391.8	2004.0	1652.1
2	Brazil	9075.3	9584.6	6239.6	7269.9	7156.7	6249.3
3	Canada	4014.7	3985.0	2845.6	3257.6	2662.2	3069.3
4	China	2609.4	2410.8	3030.7	3651.5	4007.6	3530.5
5	Japan	4410.0	4776.0	4386.0	4735.0	3967.0	3965.4
6	Russia	2982.0	4259.5	2763.7	3192.4	3174.3	2653.1
7	USA	23274.0	23332.0	27163.1	28449.8	21455.9	18755.6
8	Extra-EU/27	14233.0	6722.0	6659.0	6801.8	5141.0	nd
	Intra-EU/27	88710.0	90272.0	75558.0	95363.3	98320.0	nd
	Total	151478.3	148467.0	131106.9	155113.1	147888.7	

2. WORLD PICTURE FOR TABLE OLIVES SO FAR IN 2014/15

In the first three months of the 2014/15 crop year, i.e. from October to December 2014, table olive imports (see table below) were higher in Russia (+18 pc) and Canada (+2 pc) than in the same period a year earlier but lower in Australia (–14 pc). In the United States and Brazil they held steady although the December increase in U.S. imports was noteworthy.

At the time of publishing this newsletter, the December 2014 data were not available for the EU but in October and November 2014, intra-EU acquisitions were 1 pc lower and extra-EU imports 34 pc higher than the same time the season before.

Table Olive Imports (t)

Nº	Importing country	October 13	October 14	November 13	November 14	December 13	December 14
1	Australia	1511.0	1547.0	1657.0	1234.0	1905.0	1580.0
2	Brazil	11769.2	12930.3	11299.5	10285.5	8721.4	8685.1
3	Canada	2795.0	2413.0	2656.0	2469.0	2070.0	2809.0
4	Russia	8882.2	11076.5	9073.0	8719.1	5026.1	7288.0
5	USA	11434.0	10367.0	10396.0	10164.0	10937.0	12219.0
6	Extra-EU/27	6204.0	8298.0	5459.0	7062.1	6404.0	nd
	Intra-EU/27	27012.0	26903.6	25216.0	22968.2	23898.0	nd
	Total	69607.4	73535.4	65756.5	62901.9	58961.5	



II. PRODUCER PRICES

Graph 1 tracks the weekly movements in the prices paid to producers for extra virgin olive oil in the three top EU producing countries plus Tunisia while Graph 3 shows the weekly changes in the producer prices for refined olive oil in the three main EU producers. The monthly price movements for the same two grades of oil are given in Graphs 2 and 4.

It is not the place of the IOC to judge whether these price levels reflect an adequate balance between production costs along the supply chain and the prices that consumers are prepared to pay to continue consuming olive oil but they are a concern that all the players will no doubt take into account for the long-term sustainable equilibrium and development of the sector (see comments in section I.1 regarding the December 2014 import figures for several countries).

Extra virgin olive oil: Producer prices in **Spain** started to rise constantly in the second half of 2014. After breaking the three-euro barrier in the second week of December 2014, they continued on their upward trajectory to peak at €3.29/kg in the second week of February 2015. They hovered around this level in the **last two weeks of February**, then closing at **€3.22/kg** at 60 pc higher than a year earlier and 65 pc above the low recorded in May 2014 (€1.96/kg) (Graph 1).

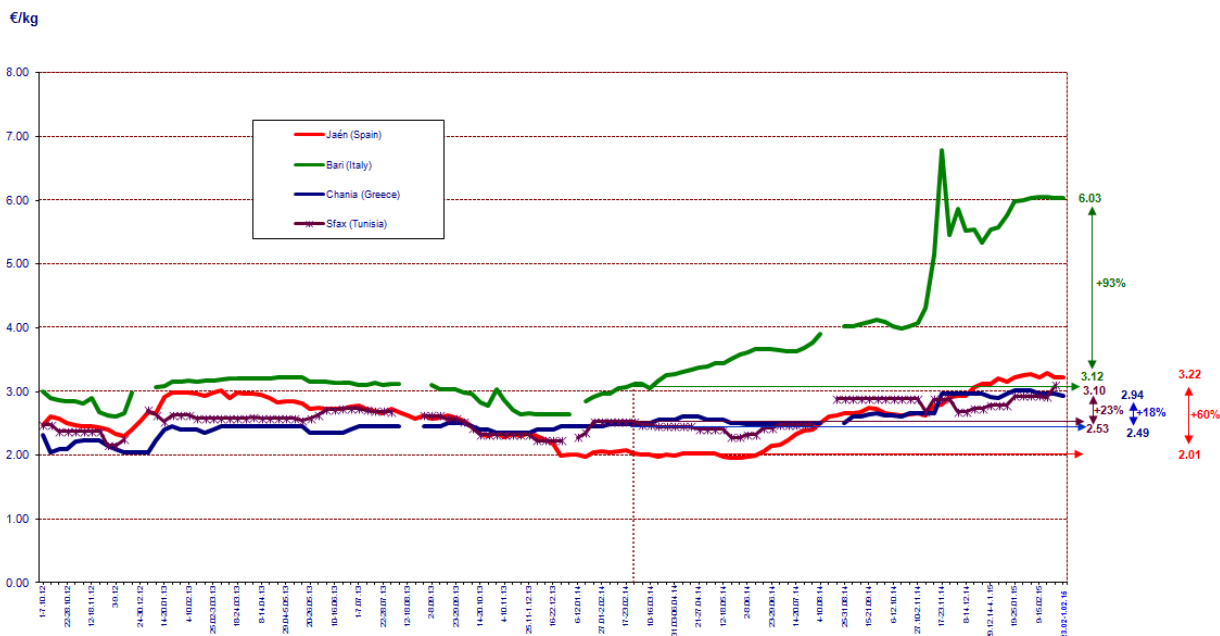
Italy: In recent months, producer prices in Italy have been on a very clear upward trend. In the week from 10 to 16 November 2014, they hit the highest level of both the period under review and the last decade, reaching €6.79/kg. After a small dip in the second last week of December 2014, prices switched back upwards and were lying at **€6.03/kg at the end of February 2015**, equating with an increase of 93 pc on a year earlier and 128 pc compared with the low recorded in the second week of December 2013 (€2.64/kg). Graph 2 shows how the monthly prices of extra virgin olive oil have changed in recent crop years.

Greece: Lately, prices have remained high and they broke the three-euro/kg barrier in the third week of January 2015; however, in the first three weeks of February they slipped to €2.96/kg and were standing at **€2.94/kg by the end of the month** (+18 pc on the same period a season earlier).

Tunisia: Towards the end of December 2014, producers were paid €2.73/kg for their extra virgin olive oil. Prices held steady for a few weeks but then started to move upwards and peaked at **€3.10/kg by the end of February** (+23 pc compared with a year earlier). In the coming months it will be interesting to see how and if prices are affected by the flexibility offered by the EU in the monthly quotas fixed for February and March for Tunisian tax-exempted olive oil exports to the EU.

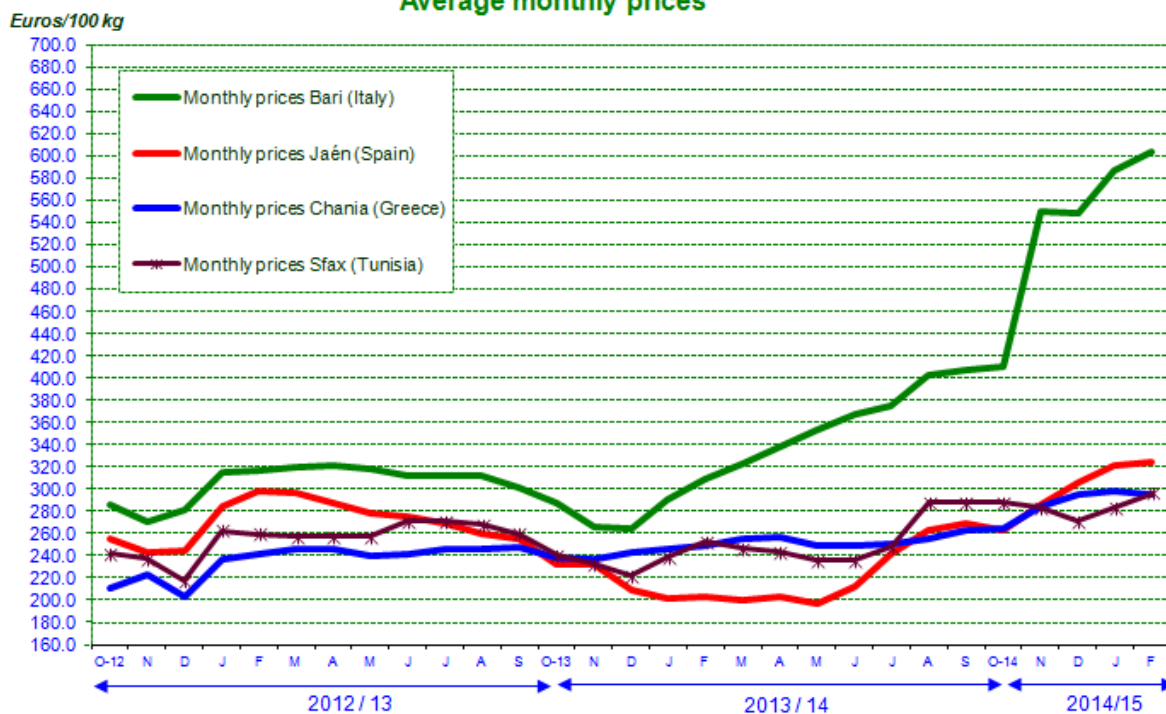


2012/13, 2013/14 & 2014/15 CROP YEARS EXTRA VIRGIN OLIVE OILS
Weekly producer price movements Bari, Chania and Jaen markets



Graph 1

MOVEMENTS IN PRODUCER PRICES
EXTRA VIRGIN OLIVE OIL
Average monthly prices

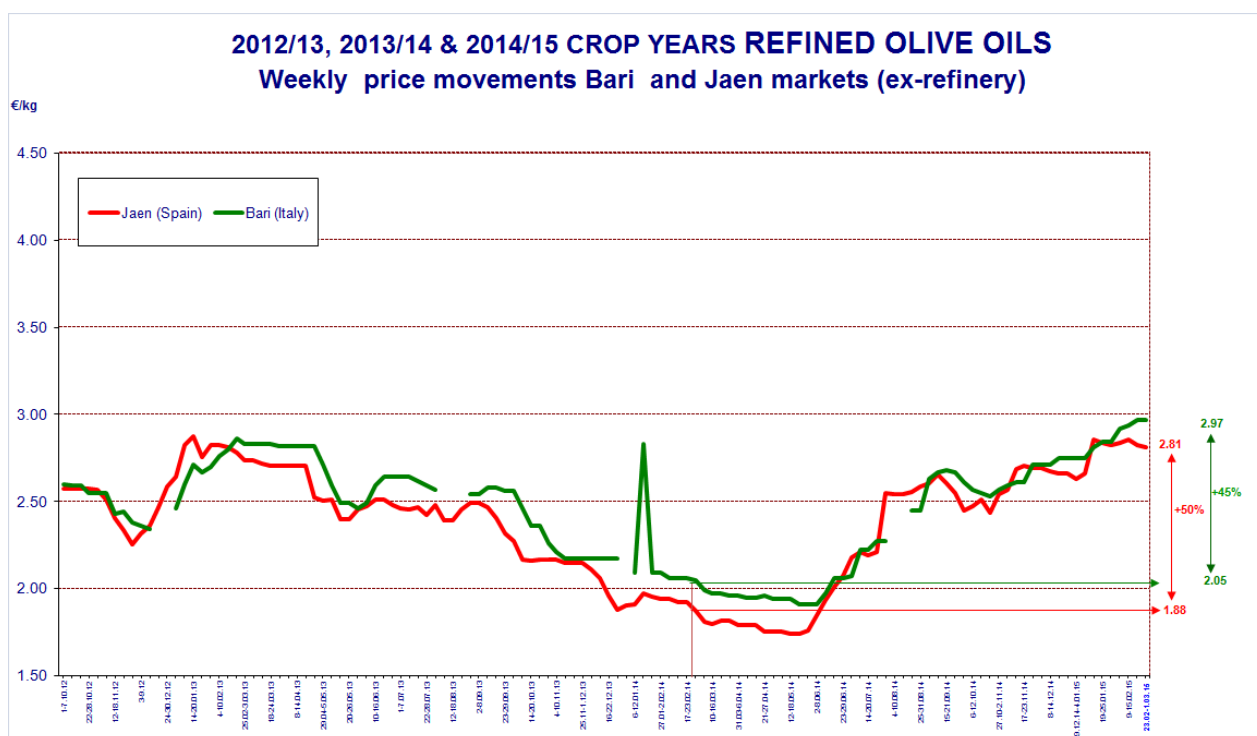


Graph 2



- **Refined olive oil:** After moving in a similar upward direction, producer prices for refined olive oil in Spain and Italy seem to have been drifting apart in recent weeks. In Spain they have dipped slightly to **€2.82/kg** at the end of February 2015, up by 50 pc on the same period of the preceding crop year. In contrast, in Italy prices have continued moving up and peaked at **€2.97/kg** at the end of February 2015, translating into a period-on-period increase of 45 pc which restores Italian prices to their usual position above Spanish prices. No price data are available for this product category in Greece.

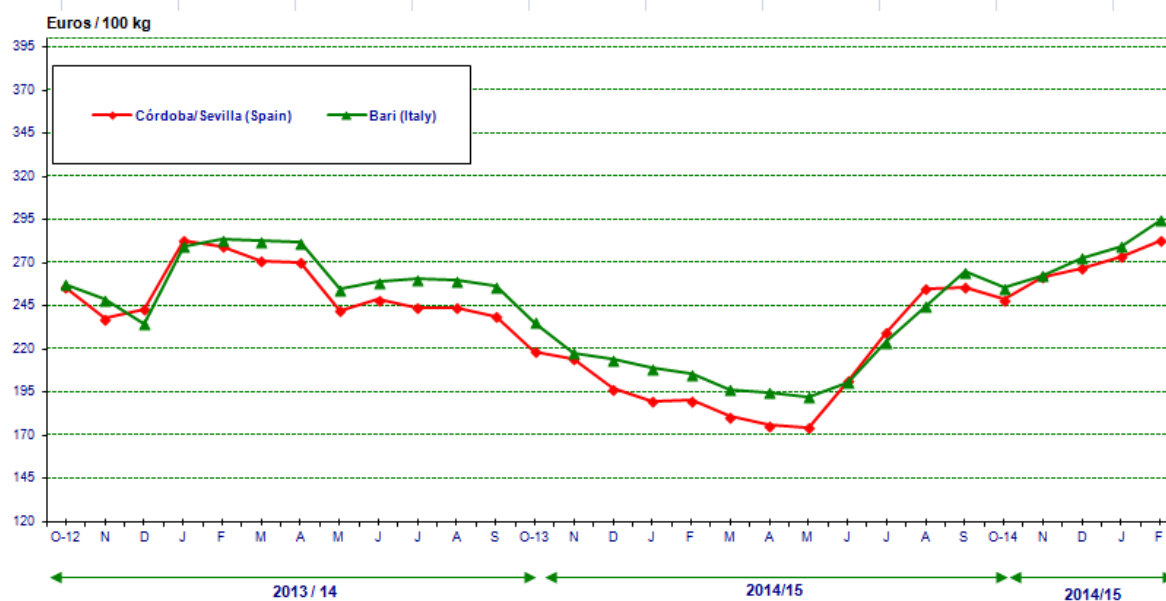
At the end of February 2015, the price of refined olive oil and extra virgin olive oil in Spain differed by €0.41/kg, with €2.82/kg being paid for the first category and €3.23/kg for the second. In Italy, the difference in price between the two categories is quite a lot wider than in Spain (€3.06/kg - Graph 3).



Graph 3



MOVEMENTS IN PRODUCER PRICES
REFINED OLIVE OIL
Average monthly prices



Graph 4

Keep track of what's going on in the sector and at the IOC:

Visit <http://www.scoop.it/t/olive-news>

and

<http://www.linkedin.com/company/international-olive-council>