Olive growing in Italy

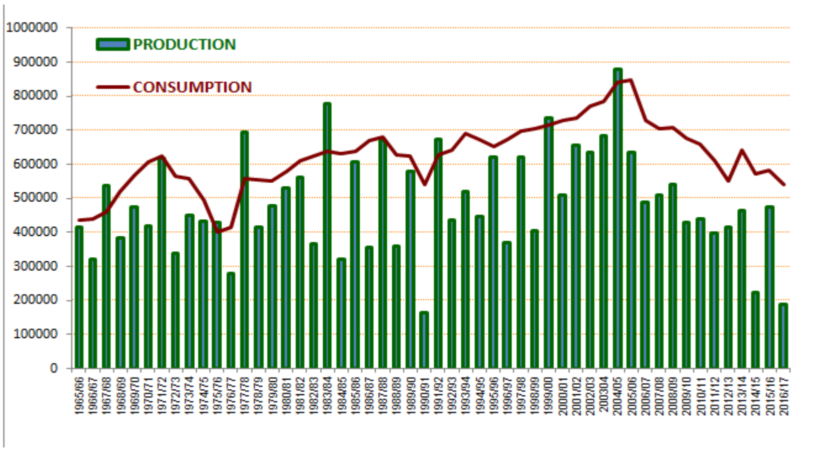
Map 1 – Distribution of olive production areas in Italy

At the invitation of the Italian authorities, the 105th session of the Council of Members of the International Olive Council (IOC) will be held in Rome (Italy) from 23 to 26 May 2017. Italy was a founding Member of the IOC in 1956, and it has been present since the first Agreement on Olive Oil that established the Organisation in 1959, at the initiative of a group of countries (Belgium, France, Greece, Israel, **Italy**, Libya, Morocco, Portugal, Spain, Tunisia and the United Kingdom). It has participated actively in the successive international agreements on olive oil and table olives and in the working groups to monitor the activities of the Organisation, contributing renowned experts and researchers. Italy was one of the founding Member States of the European Union, together with Belgium, France, Germany, Luxemburg and the Netherlands. On 25 March 1957, it acceded to the European Union (European Economic Community).

Italy has an olive growing area of 1 075 000 ha, of which 21% is irrigated while the rest is rain-fed. The most important olive growing areas are in the Apulia region, which accounts for 45% of the total olive growing area; Calabria (19%); Sicily (10%); Campania (7%), Lazio (5%), Tuscany and Sardinia (3% respectively), Basilicata and Umbria (2% respectively); with the rest of the surface area found in Molise, Liguria, Marche and Veneto. The classified organic area covers approximately 176 000 hectares, 16% of the national total. The region with the largest surface area is Apulia with 55 000 hectares, 32% of the national total and 15% of the total regional surface area covered by olive trees. The second region with the greatest surface area converted to organic farming is Calabria with 51 000 hectares.

In Italy there are over 500 varieties of olive trees and more than 90% of oil production is obtained from some 45 varieties. Eighty per cent of the production of olive oil in Italy is centred around three regions: Apulia, Calabria and Sicily, where the most widespread varieties are "Coratina", "Ogliarola" and "Cellina di Nardò", which are mainly found in the region of Apulia. The "Carolea", "Cassanese" and the "Ottobratica" varieties are found in the region of Calabria and the "Biancolilla", "Cerasuola", "Moresca", "Santagatese" and the "Tonda Iblea" varieties (the last two used for both oil and olives) are found in the region of Sicily. Other representative Italian varieties, which are mainly used for oil, are "Frantoio", "Leccino", "Moraiolo", "Taggiasca", "Canino" and "Dolce Agogia". Varieties used for table oils grown in the regions of Sicily and Apulia are "Bella di Cerignola", "Nocellara del Belice", "Ascolana tenera", "Giarraffa", "Sant'Agostino" and "Santa Caterina", which account for 70% of the Italian production of table olives.

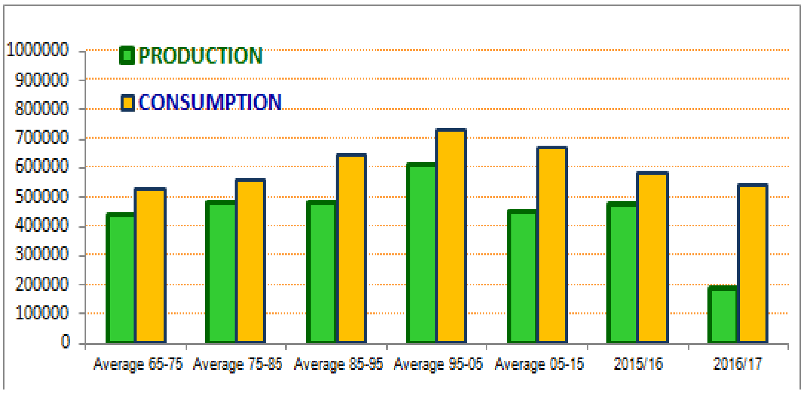
Olive growing is an important agricultural activity in Italy, generating 3 151 million euros in the olive oil sector, and accounting for 2.4% of the value of agrifood production. It has some 5 000 oil mills, 10 olive oil refineries and 38 olive-pomace oil extraction plants. *Source: Ismea*



Graph 1 – Production and Consumption of Olive Oil in Italy over the last five decades (tons)

Over the last five decades, the production of olive oil in Italy has followed an upward trend, which culminated at 879 000t in 2004/05, before entering a sharp decline down to 190 000 t, which was however not as low as production in 1990/91, which is considered the worst crop year with a production of 163 300 t. Production in 2016/17 is predicted at 190.000 t, which would be a 60% decrease compared to the previous crop year. Adverse weather conditions and olive tree diseases have led to a sharp fall in production illustrated in Graph I.

Graph II shows the average figures over the last five decades, with record average production and consumption figures of 611 220 t and 730 400 t in the 1995-2005 decade, respectively. The current average consumption per capita is 9.1kg/person/year. In terms of product type, in the 2015/16 crop year, 65% of production was extra virgin olive oil, 30% lampante virgin olive oil and 5% olive pomace oil.



Graph II –Average production and consumption of olive oil (t) in Italy over the last five decades

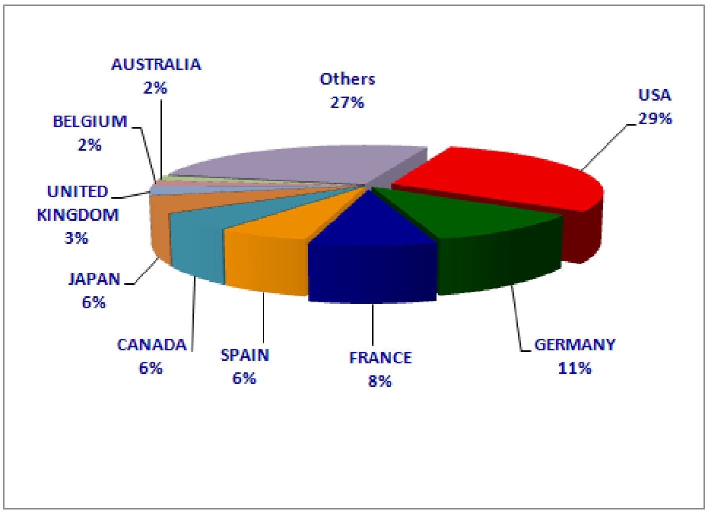
In order to address some of the sector's problems, the Italian Ministry of Agriculture has set out a programme of specific national and regional measures for the period 2016-2020, under the following five strategic objectives:

1. Increasing national production of extra virgin olive oil, without overstretching natural resources, in particular water resources, by streamlining the farming methods applied to traditional olive orchards; renewing olive tree plantations and introducing new farming systems enabling the sustainability of the environment while promoting economic development, thereby seeking to protect the landscape and historical value of olive growing areas;
2. Supporting and promoting research to increase and improve the capacity of Italian olive orchards;
3. Supporting initiatives to promote "*Made in Italy*" products of a certified superior quality category, such as extra virgin olive oil, through the promotion of the product on both the domestic and international markets;
4. Promoting the recovery of national cultivar varieties for table olives in new olive plantations that are entirely subject to mechanised processes;
5. Promoting and supporting the economic organisation of operators in the olive oil sector.

Italian exports of olive oil over the 2015/16 crop year increased by 5% compared to the previous year, reaching a total volume of 387 366.40 t, 60% of which are extra-EU and mainly destined to the United States, with 29% of total exports, followed by Canada and Japan (6% respectively) and Australia (2%).

The remaining 40% is accounted for by intra-EU sales. As Graph II shows, the destinations of these intra-EU sales are mainly Germany (11%), France (8%), Spain (6%) and the United Kingdom (3%).

As regards product category, 72% of total exports are of virgin and extra virgin olive oil, 16% olive oil and 12% are olive-pomace oil.



Graph III – Italian exports of olive oil 2015/16 – main destinations

I. WORLD TRADE IN OLIVE OIL AND TABLE OLIVES

1. OLIVE OIL - 2016/17

Imports in olive oil and olive pomace oil over the first five months (October 2016–February 2017) of the 2016/17 crop year continue to report strong increases. The eight markets listed in the table below grew by 58% in Australia; 36% in Brazil; 34% in China; 9% in Canada; 8% in Japan; and 2% in the United States, compared to the same period the previous year. At the time of publishing this newsletter, data for Russia were only available for the month of January 2017, showing a 4% year-on-year increase.

EU[1] figures for the first three months of the current crop year (October–December 2016) report that intra-EU acquisitions and imports from outside the EU both rose by 11% compared to the same period of the previous crop year.

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

No	Importing country	October 15	October 16	November 15	November 16	December 15	December 16	January 16	January 17	February 16	February 17
1	Australia	1717,8	2295,4	1818,9	3524,7	1265,9	2510,3	2065,8	3516,9	2109,3	2376,7
2	Brazil	5529,5	5232,9	4853,6	6844,5	2689,6	7652,5	4394,6	4363,3	3169,2	3930,6
3	Canada	3092,5	3580,2	2875,6	4873,0	3193,2	2883,7	3015,8	3222,4	3835,0	2842,6
4	China	3106,7	4188,8	3219,6	8375,6	6015,2	4928,6	3067,6	2776,8	1501,0	2410,9
5	Japan	4492,0	3718,0	3791,0	5987,0	3097,0	3395,0	3402,0	4007,0	3916,0	3034,0
6	Russia	1785,8	2141,1	2084,0	2266,8	1940,6	1745,7	1390,1	1325,9	1765,0	nd
7	USA	28580,0	22315,9	20324,3	29150,7	23627,0	21996,1	26922,3	30428,7	22368,4	20021,8
8	Extra-EU/27	17568,3	7774,5	8433,7	8827,0	10600,9	23950,8	8787,2	nd	11346,1	nd
	Intra-EU/27	65823,0	81875,5	81263,5	93162,0	112768,4	113387,6	96573,4	nd	102171,0	nd
	Total	**131695,6**	**133122,3**	**128664,2**	**163011,3**	**165197,8**	**182450,3**	**149618,8**		**152181,0**	

2. ACEITUNAS DE MESA - 2016/17

Imports in table olives in the first five months of the 2016/17 crop year[2] (September 2016–February 2017) in the five markets that appear in the table below, report an increase of 24% in Brazil; 6% in Australia, and there was no year-on-year change in the United States. Imports however decreased in Canada by 1%.

EU[3] figures for the first five months of the 2016/17 crop year (September 2016 - January 2017) reported that intra-EU acquisitions decreased by 9% and that extra-EU imports increased by 6%, compared to the same period the previous crop year.

Table Olive Imports (t)

No	Importing country	September 15	September16	October 15	October 16	November 15	November 16	December 15	December 16	January 16	January 17	February 16	February 17
1	Australia	1376,0	1705,0	1156,0	1192,0	1469,0	1943,0	1682,0	1479,0	1355,0	1196,0	1116,0	1144,0
2	Brazil	7394,7	10420,7	7793,4	7994,2	9311,3	10718,4	8834,9	11311,1	6034,8	9330,4	7737,9	8466,5
3	Canada	2186,0	2237,0	2636,0	2225,0	3090,0	3037,0	3003,0	2864,0	1494,0	1790,0	1843,0	1943,0
4	USA	12256,0	13398,0	12738,0	11758,0	11635,0	12898,0	11997,0	10549,0	8133,0	10139,0	11348,0	9256,0
5	Extra-EU/27	5972,3	6570,8	6386,7	6858,6	7133,3	7302,6	7836,3	8074,8	7633,0	8325,0	7568,4	nd
	Intra-EU/27	26220,1	24999,2	30114,0	29334,5	31646,4	30830,4	30882,0	24038,1	21716,1	18792,9	22609,5	nd
	Total	**55405,1**	**59330,7**	**60824,1**	**59362,3**	**64285,0**	**66729,4**	**64235,2**	**58316,0**	**46365,9**	**49573,3**	**52222,8**	

[1] EU data for January and February 2017 were not available at the time of publishing this Newsletter.
[2] According to the new International Agreement on Olive Oil and Table Olives, 2015, which came into force on 1 January 2017, "table olive crop year" means the period of twelve months running between 1 September of one year until 31 August of the next. In the 2005 Agreement, the crop year for table olives was the same as that for olive oil (October to September).
[3] EU data for February 2017 were not available at the time of writing

II. PRODUCER PRICES – OLIVE OIL

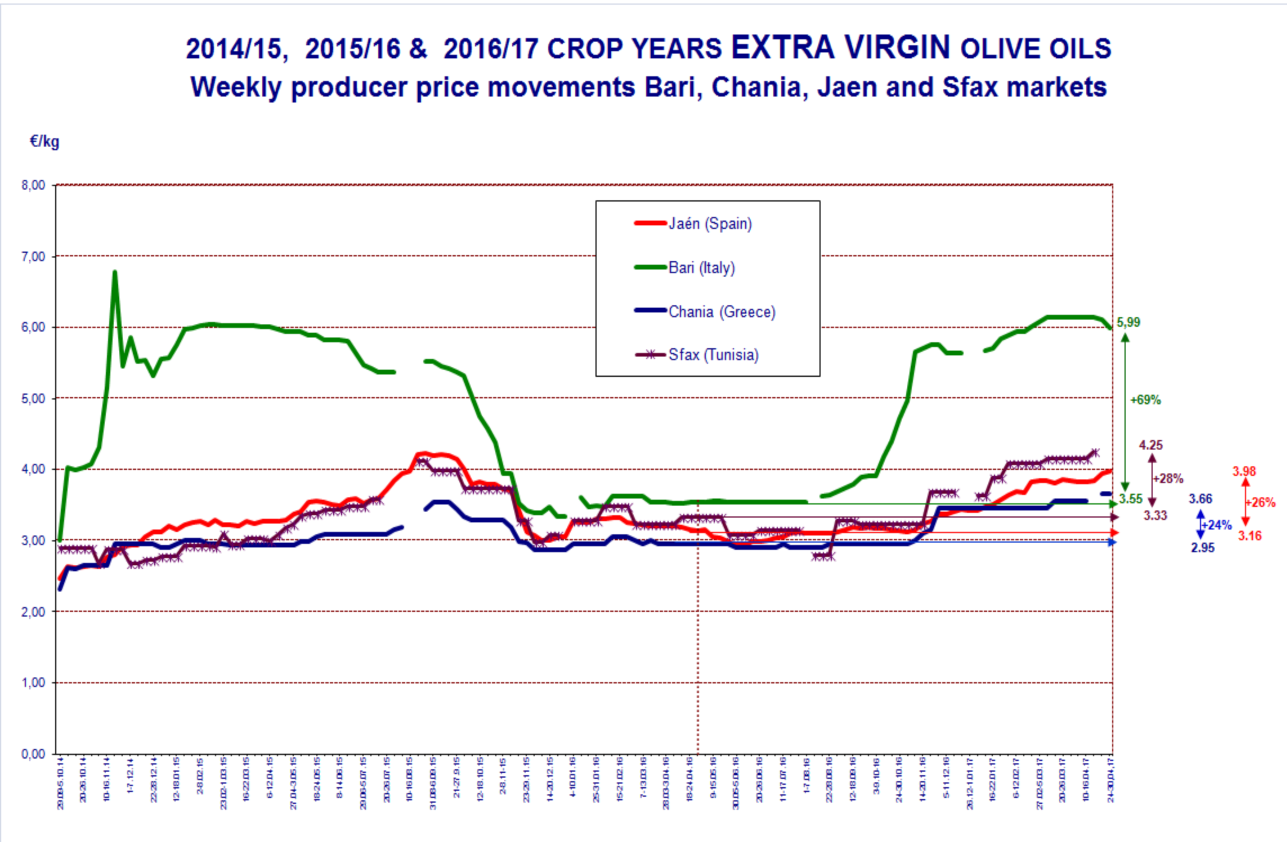
Graph 1 tracks the weekly movements in the prices paid to producers for extra virgin olive oil in the top three EU producing countries and in Tunisia, while graph 3 shows the weekly changes in producer prices for refined olive oil in the three main EU producer countries. The monthly price movements for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

Extra virgin olive oil – Producer prices in **Spain** over the last few weeks continued increasing steadily, coming in at **€3.98/kg** at the end of **April 2017**, which was a 28% increase compared to the same period the previous year. If we compare this price with the maximum price in the third week of August 2015 (€4.23/kg), it presents a 6% decrease (Graph 1).

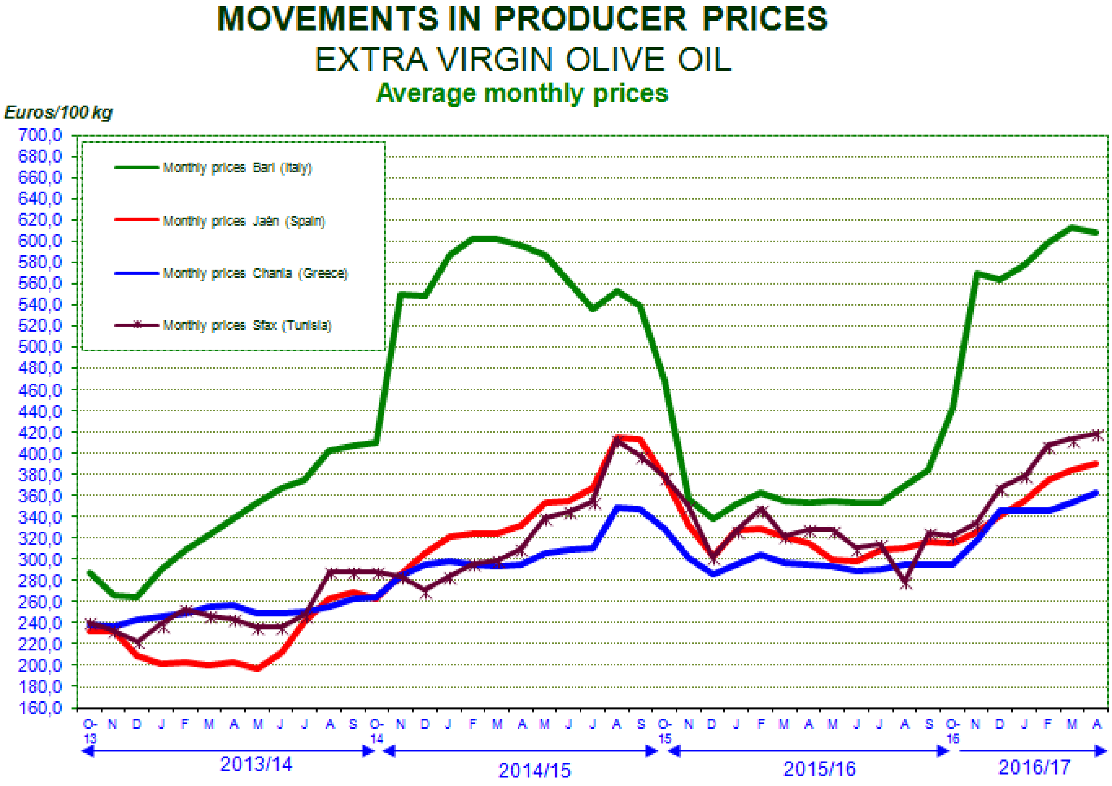
Italy – Producer prices in Italy began rising in mid-August 2016; in February 2017 they broke the €6/kg barrier, relenting somewhat in recent weeks and coming in at €**5.99/kg** at the end of April 2017, which is a 69% year-on-year increase. Graph 2 shows the movements in monthly prices for the extra virgin olive oil category in recent crop years.

Greece – The prices in Greece from mid-August to the end of October remained stable but, as in other markets, they levelled off in November and have remained stable over the last few months, rising slightly as of mid-March and coming in at **€3.66/kg** at the end of April, which is a 24% increase compared to the same period the previous year.

Tunisia – Prices in Tunisia, following some weeks of relative stability, increased as of the third week of January, breaking the €4 barrier and coming in at **€4.25/kg** at the end of April 2017 for a 28% year-on-year increase.



Graph 1

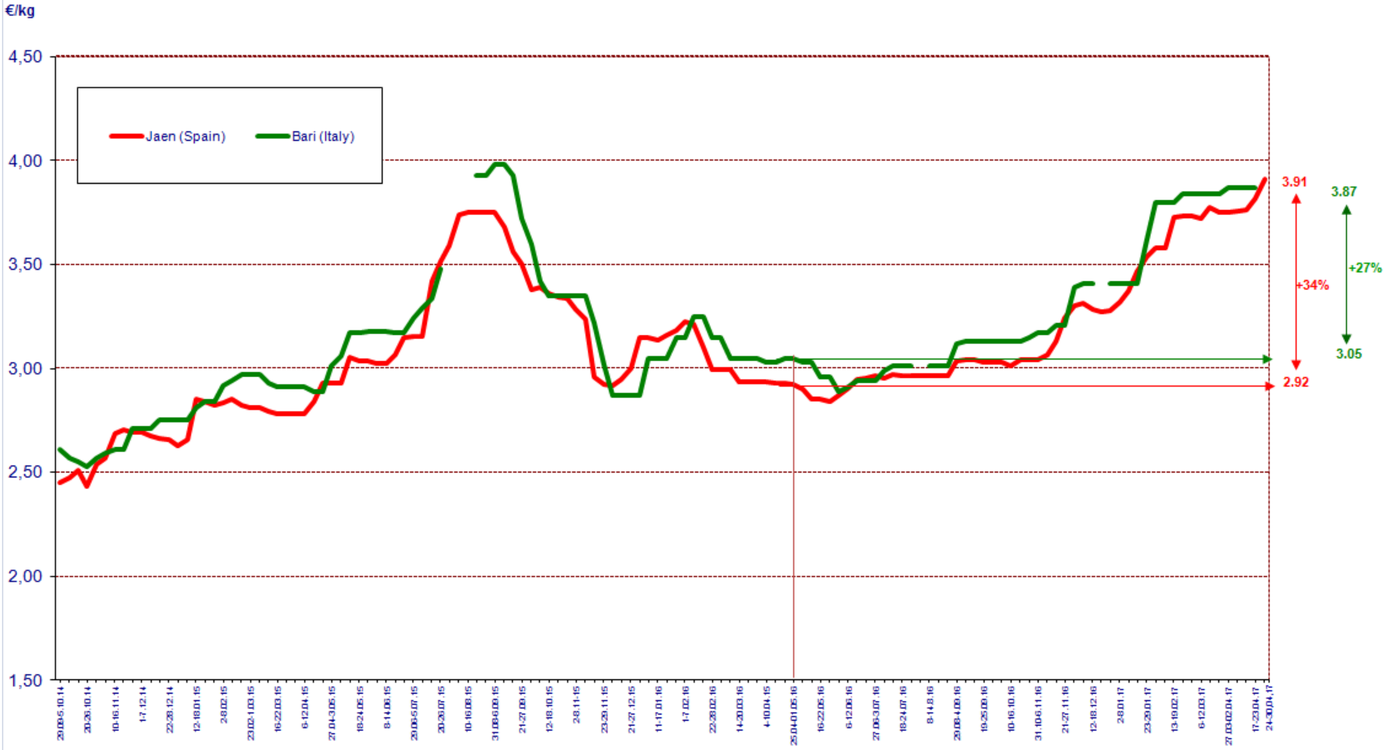


Graph 2

▪ **Refined olive oil**: The producer prices for refined olive oil in Spain and Italy generally follow the same trend as the prices for extra virgin olive oil. The price in **Spain** at the end of April 2017 stood at **€3.91/kg**, up by 34% compared to the previous year. In **Italy** it came in at **€3.87/kg,** which is a 27% year-on-year increase. No price data are available for this product category in Greece.

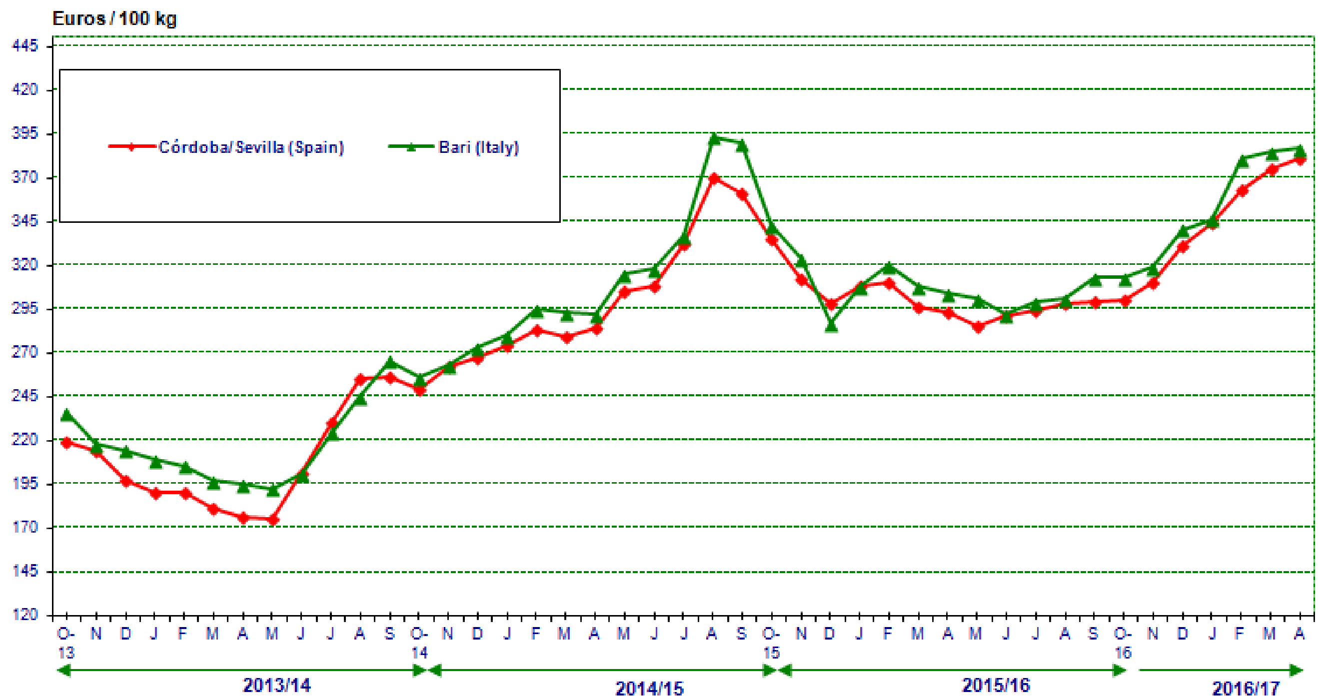
At the end of April 2017, the price difference in Spain between refined olive oil (€3.91/kg) and extra virgin oil (€3.98/kg) was of €0.07/kg. In Italy, the price difference between the two categories was greater than in Spain at €2.12/kg (Graph 3).

2014/15, 2015/16 & 2016/17 CROP YEARS REFINED OLIVE OILS
Weekly price movements Bari and Jaen markets (ex-refinery)



Graph 3

MOVEMENTS IN PRODUCER PRICES
REFINED OLIVE OIL
Average monthly prices



Graph 4

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