The Portuguese Olive Sector

At the invitation of the Casa do Azeite, the Portuguese Olive Oil Association and the Portuguese authorities, the 49th meeting of the Advisory Committee will take place in Lisbon (Portugal) on 18 May 2017. Portugal is a founding Member of the IOC, since February 1956, and the first Agreement establishing the International Olive Council in 1959 at the initiative of a group of countries (Belgium, Spain, Greece, Israel, Italy, Libya, Morocco, **Portugal**, the United Kingdom and Tunisia). It has participated actively in all the international agreements on olive oil and table olives, as well as in the working groups set up to monitor the activities of the Organisation. On 1 January 1986, it joined the European Union and currently holds the status of a European Member State.

The olive growing area in Portugal is of 352 000 ha, of which 23% is irrigated while the rest is rain-fed. The largest olive tree domains are found in the Alentejo region, which accounts for 50% of the total olive growing area, followed by Tras-os-Montes (22%), Centro (18%); Ribatejo (7.7 %) and Algarve(2.3%). Close to 97.5% of the total surface area is used to grow olives for olive oil, while the rest is used for table olives. Six per cent of the olive growing area is used for organic olive farming.

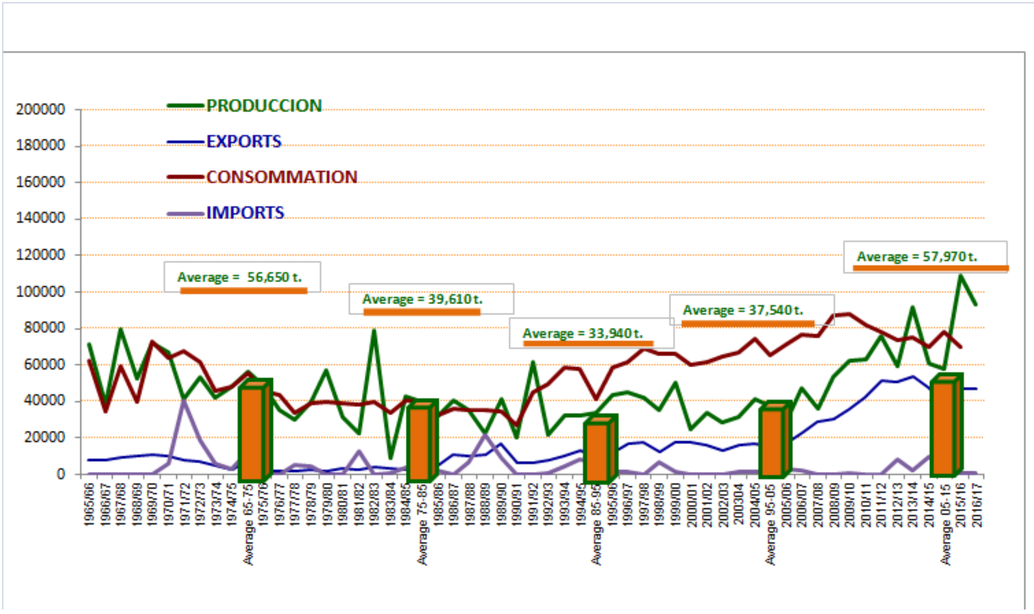
Map 1 – Distribution of the olive production areas in Portugal

The main olive varieties are the Galega Vulgar, which is the most common variety in Portugal, and the Cobrançosa, which is indigenous to the Tras-os-Montes region, even though it is found throughout the country. The Carrasquenha variety is mainly cultivated in the area of Alentejo, together with the Cordovil de Serpa variety; Verdeal and Madural are two varieties grown in the Tras-os-Montes area; and Cordovil de Castelo Branco is gorwn in the Beira Interior region. The varieties Maçanilha Algarvia, Negrinha de Freixo (Tras-os-Montes) and Conserva de Elvas are the main varieties used for table olives.

It should be noted that since 2003/04 new areas have been planted in the Alentejo region, covering approximately 40% of the area, with varieties such as Arbequina, Arbosana, Koroneiki and Picual.

Olive growing is a significant agricultural activity in Portugal, generating €95.5 million and accounting for 1.36% of the value of agricultural production. The olive sector employs 1 431 people (1.6% of the agriculture and food industry total); it has more than 495 olive mills, 12 olive oil refineries and 17 olive pomace oil extractors.

Over the last five decades, olive growing in Portugal has gone through various different stages. From 1950-1998 there was a move to replace olive growing with other crops, resulting in the ageing of olive orchards and generating high production costs, which triggered a serious crisis in the olive sector. The year 1986, when Portugal became part of the European Union, marked the beginning of a period of modernisation in the sector, protecting olive orchards and providing incentives for the extension of olive growing areas. The trend, in recent years, has been one of modernisation, improvement in production procedures, planting of new intensive and super-intensive olive orchards, with a more productive profile through the modernisation of the traditional olive orchard (rejuvenation pruning, irrigation) as well as an increase in the transformation capacity of the olive mills.



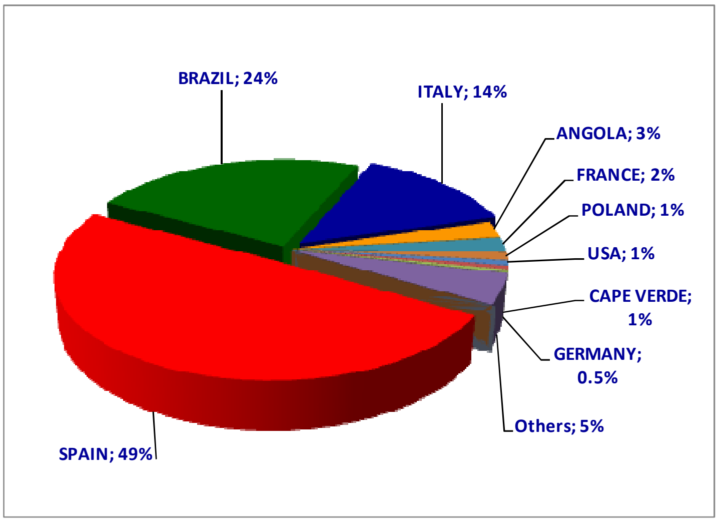
Graph I – Olive Oil in Portugal. Trends over the last five decades (tonnes)

Graph 1 shows the trends in the last five decades, achieving an average production in the last decade 2005-15 of 57 970 t. It achieved a production record in the 2015/16 crop year with 209 125 t, of which 78% of the production was extra virgin olive oil (85 285 t), 17% virgin olive oil (19 095 t) and 4% lampante virgin olive oil (4745 t).

Portuguese exports of olive oil during the 2015/16 crop year increased by 8% compared with the previous crop year, reaching a total volume of 137 145.10 t, of which 69% were intra-EU sales. As graph II indicates, the destination markets of these intra-EU sales are mainly Spain, Italy and France.

The main destination of extra-EU exports is Brazil with 24% of total exports, followed by Angola (3%).

In terms of product category, 81% of total exports are virgin and extra virgin olive oil, 11% olive oil and 8% olive pomace oil.



Graph II – Portuguese exports of olive oil 2015/16 - main destinations

CODEX ALIMENTARIUS

The Executive Secretariat of the International Olive Council participated in the 25th CODEX meeting, celebrated in Kuala Lumpur (Malaysia) from 27 February to 3 March. The Codex Committee on Fats and Oils (CCFO) agreed to incorporate the decision tree for campesterol up to 4.5% to the CODEX standard, with the same parameters as indicated in the IOC trade standard and other standards.

It was also agreed, pursuant to a proposal by the EU, to revise the CODEX standards applying to olive oils and olive pomace oils.The electronic working group will be chaired by Spain, with Argentina and Canada as vice-chairs. This new project will be a good opportunity to cooperate closely with our Members and with countries that are not yet members. These proposals will be officially adopted by the Codex Alimentarius Commission in July 2017.

WORLD CUSTOMS ORGANISATION (WCO) –CUSTOMS CODE REFORM

The International Olive Council, with the approval of its member countries, (approximately 95% of international trade is conducted by IOC member countries), has presented the WCO with a reform proposal for the harmonisation of the customs codes in accordance with the definitions of the IOC Standard.The objective in submitting this proposal is, among others, to promote international trade, increase market transparency, prevent fraud and protect consumers.

I. WORLD TRADE IN OLIVE OIL AND TABLE OLIVES

1. OLIVE OIL- THE 2016/17 CROP YEAR CONTINUES WITH A ROBUST INCREASE IN IMPORTS

Imports in olive oil and olive-pomace oil in the 2016/17 crop year continue to report strong increases in certain markets. In the first four months (October 2016 - January 2017) the markets listed in the table below grew by 73% in Australia; 38% in Brazil; 32% in China; 20% in Canada; 16% in Japan; and by 4.5% in the United States, compared with the same period the previous year. At the time of publishing this newsletter, data for Russia were only available for the month of December 2016, showing a 9% 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
1	Australia	1717.8	2295.4	1818.9	3524.7	1265.9	2510.3	2065.8	3516.9
2	Brazil	5529.5	5232.9	4853.6	6844.5	2689.6	7652.5	4394.6	4363.3
3	Canada	3092.5	3580.2	2875.6	4873.0	3193.2	2883.7	3015.8	3222.4
4	China	3106.7	4188.8	3219.6	8375.6	6015.2	4928.6	3067.6	2776.8
5	Japan	4492.0	3718.0	3791.0	5987.0	3097.0	3395.0	3402.0	4007.0
6	Russia	1785.8	2141.1	2084.0	2266.8	1940.6	1745.7	1390.1	nd
7	USA	28580.0	22315.9	20324.3	29150.7	23627.0	21996.1	26922.3	30428.7
8	Extra-EU/27	17568.3	7774.5	8433.7	8827.0	10600.9	23950.8	8787.2	nd
	Intra-EU/27	65823.0	81875.5	81263.5	93162.0	112768.4	113387.6	96573.4	nd
	Total	**131695.6**	**133122.3**	**128664.2**	**163011.3**	**165197.8**	**182450.3**	**149618.8**	

2. TABLE OLIVES - BEGINNING OF THE 2016/17 CROP YEAR

Imports in table olives in the first five months of the 2016/17 crop year [2] (September 2016–January 2017) in the five markets that appear in the table below report an increase of 26% in Brazil; 7% in Australia and 4% in the United States, compared to the same period the previous year. Imports however decreased in Canada by 2%.

EU[3] figures for the first four months of the 2016/17 crop year (September - December 2016) reported that intra-EU acquisitions decreased by 6% and that extra-EU imports increased by 5%, compared to the same period of the previous crop year.

[1] EU data for January 2017 were not available at the time of writing.
[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 January 2017 were not available at the time of writing

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
1	Australia	1376.0	1705.0	1156.0	1192.0	1469.0	1943.0	1682.0	1479.0	1355.0	1196.0
2	Brazil	7394.7	10420.7	7793.4	7994.2	9311.3	10718.4	8834.9	11311.1	6034.8	9330.4
3	Canada	2186.0	2237.0	2636.0	2225.0	3090.0	3037.0	3003.0	2864.0	1494.0	1790.0
4	USA	12256.0	13398.0	12738.0	11758.0	11635.0	12898.0	11997.0	10549.0	8133.0	10139.0
5	Extra-EU/27	5972.3	6570.8	6386.7	6858.6	7133.3	7302.6	7836.3	8074.8	7633.0	nd
	Intra-EU/27	26220.1	24999.2	30114.0	29334.5	31646.4	30830.4	30882.0	26711.4	21716.1	nd
	Total	**55405.1**	**59330.7**	**60824.1**	**59362.3**	**64285.0**	**66729.4**	**64235.2**	**60989.3**	**46365.9**	

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.

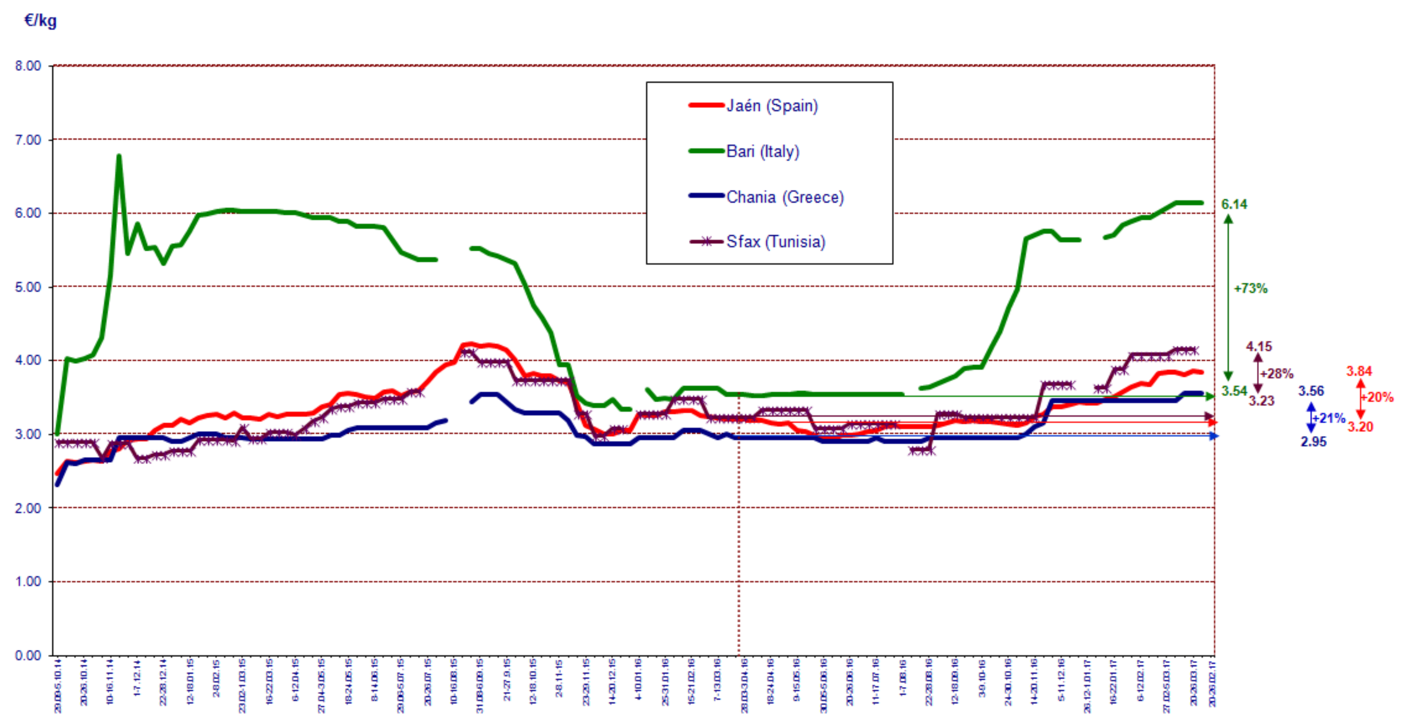
Extra virgin olive oil – Producer prices in **Spain** over the last few weeks continued increasing steadily, dropping off somewhat in the last week to come in at **€3.84/kg** at the end of **March 2017**, which was a 20% increase compared to the same period the previous year. If we compare this price with the maximum price in the third week of August 2015 (€4.23/kg), it presents a 9% decrease (Graph 1).

Italy – Producer prices in Italy began rising in mid-August and this trend remains unchecked. They broke the €6 barrier in mid-February, coming in at **€6.14/kg** at the end of March 2017, which is a 73% year-on-year increase. Graph 2 shows the movements in monthly prices for the extra virgin olive oil category in recent campaigns.

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. In the middle of March they began rising again, settling at **€3.56/kg** at the end of March, which is a 21% increase compared to the same period the previous year.

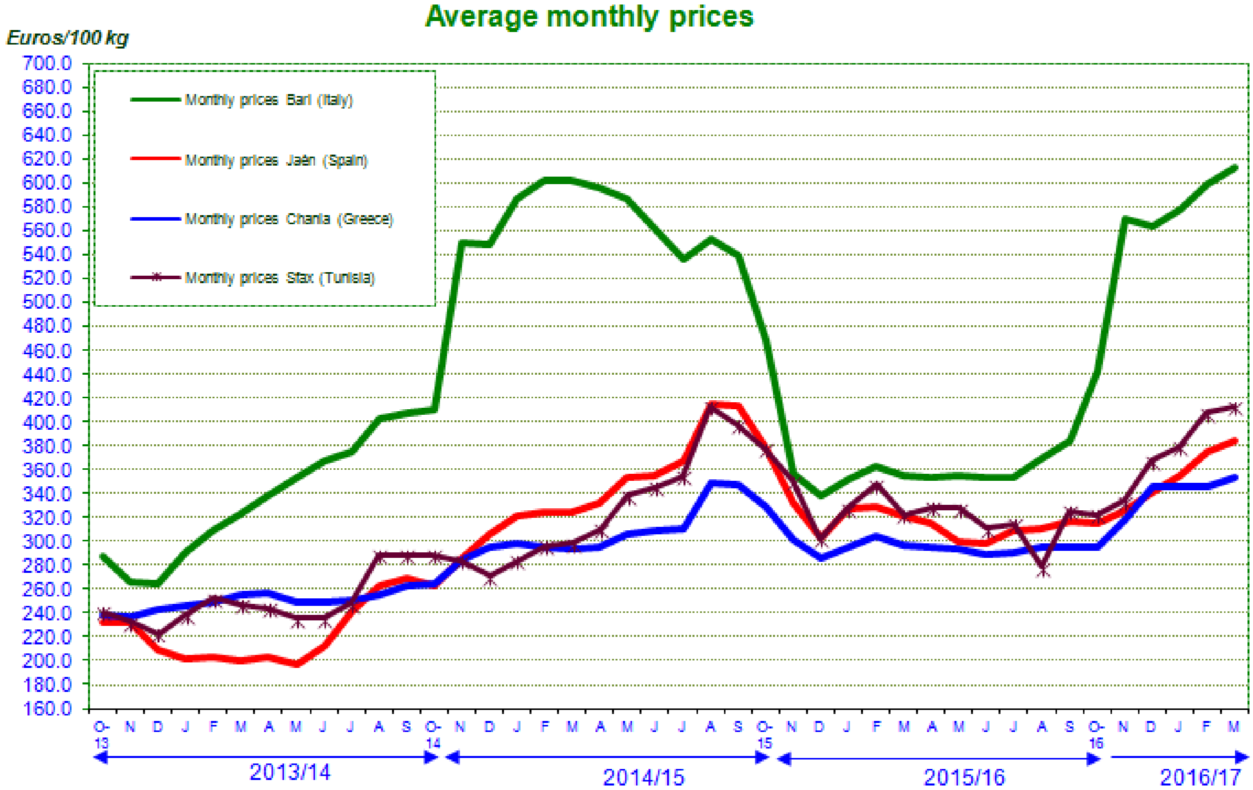
Tunisia – Prices in Tunisia, following some weeks of relative stability, increased as of the third week of January, breaking the €4 barrier and coming in at **€4.15/kg** at the end of March 2017 for a 28% year-on-year increase.

2014/15, 2015/16 & 2016/17 CROP YEARS EXTRA VIRGIN OLIVE OILS
Weekly producer price movements Bari, Chania, Jaen and Sfax markets



Graph 1

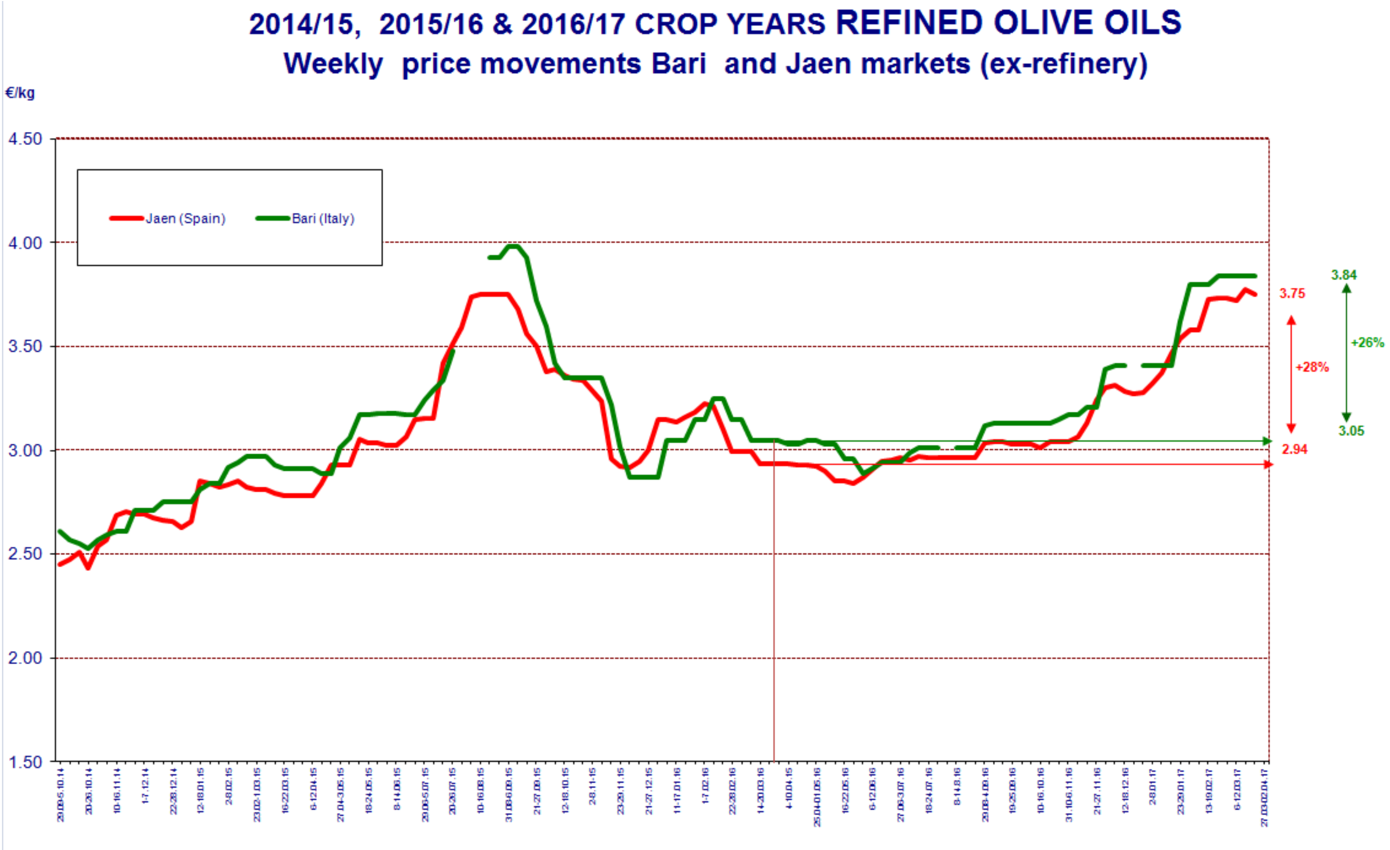
MOVEMENTS IN PRODUCER PRICES
EXTRA VIRGIN OLIVE OIL
Average monthly prices



Graph 2

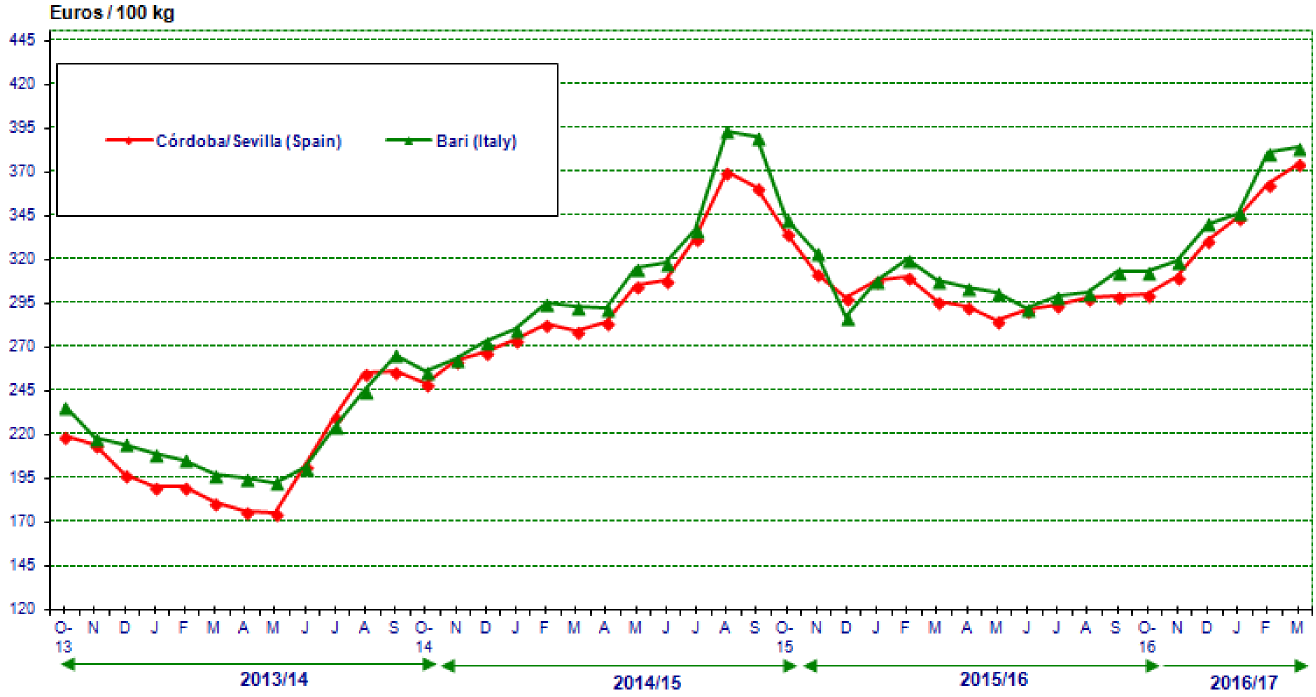
- **Refined olive oil**: The producer prices for refined olive oil in Spain and Italy generally follow the same trend as the prices for extra virgin olive oil. The price in **Spain** at the end of March 2017 stands at **€3.73/kg**, up by 28% compared to the previous year. In **Italy** it came in at **€3.84/kg,** which is a 26% year-on-year increase. No price data are available for this product category in Greece.

At the end of March 2017, the price difference in Spain between refined olive oil (€3.75/kg) and extra virgin oil (€3.84/kg) was of €0.09/kg. In Italy, the price difference between the two categories was greater than in Spain at €2.30/kg (Graph 3).



Graph 3

MOVEMENTS IN PRODUCER PRICES
REFINED OLIVE OIL
Average monthly prices



Graph 4

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