OVERVIEW OF INTRA-EUROPEAN UNION TRADING BETWEEN 2007/08 AND 2010/11

The data on intra-EU trade reported in this month's newsletter have been taken from the EUROSTAT database. However, it is important to note that the figures for 2010/11 are likely to change.

- **INTRA- EU/27 IMPORTS**

Over the last four crop years, imports of olive oil (customs heading 1509) between the 27 Member States of the European Union have gone up by 23%, rising from 792 458.8 t in 2007/08 to 974 456.8 t in 2010/11. This translates into a yearly average of 867 098.8 t. When broken down by percentage share of cumulative intra-EU imports for the four seasons, Italy leads the way with 51%, followed by France (12%), Portugal (9%), the United Kingdom and Germany (7% each), Spain (3%), and Belgium and the Netherlands (2% each). Austria, Sweden, Poland, the Czech Republic, Ireland and Denmark each accounted for 1% of olive oil imports between EU countries.

How intra-EU imports of olive oil (customs heading 1509) by the EU olive oil producing nations have changed over the same four-season period is shown in the bar chart below (Chart I). Between 2007/08 and 2010/11 such imports by Italy, the leader in this category, climbed by 40.4% to reach 537 503 t. The same comparison reveals import volumes of 106 545 t (-0.5%) for France, 74 535.2 t (-1.5%) for Portugal and 25 189.5 t (+19.9%) for Spain. In short, the biggest change has been in the Italian market where intra-EU purchases have increased sharply over the last two crop years.

The volume of olive oil imported by non-EU producing countries is given in Chart II. Germany and the United Kingdom top the ranking with 63 542 t and 61 999.9 t of imports in 2010/11, representing +12% and +4% growth respectively versus 2007/08. The same comparison for the other countries reveals import volumes of 16 912.3 t (+14%) for the Netherlands, 16 856.1 t for Belgium (no change), 9 831.2 t (+100%) for Poland, which doubled its import volume over the four years. Moving further down the line, we find Austria with 9 657.6 t (-10%), Sweden with 8 312.9 t (+16%), Ireland with 6 385.9 t (+4%), the Czech Republic with 6 248.7 t (-6%), Denmark with 5 964.7 t (+33%), Romania with 5 810.7 t (+119%) and Finland with 2 597 t (+60%). The remaining countries import volumes less than 2 500 t. The most striking feature here is the predominant position of Germany and the UK, although import growth has been more marked in the former than in the latter.

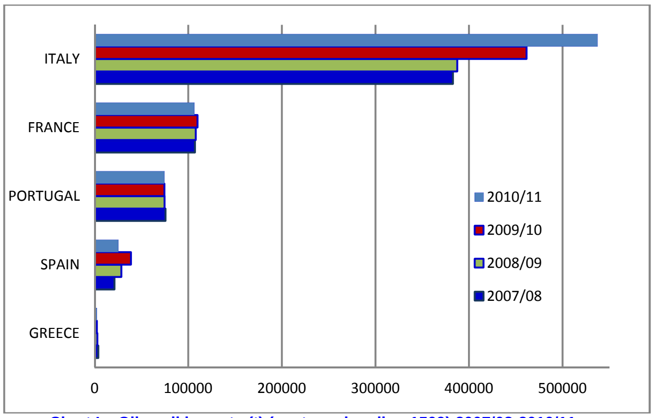


Chart I – Olive oil imports (t) (customs heading 1509) 2007/08-2010/11

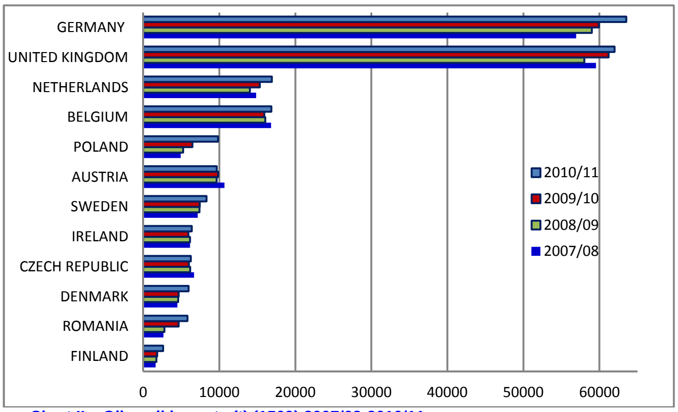


Chart II – Olive oil imports (t) (1509) 2007/08-2010/11

(Source: EUROSTAT)

Chart III plots the monthly trend of intra-EU imports over the last four crop years, itemised by product grade. It emerges that 80% is made up of virgin olive oil (falling under customs heading 150910), 13% is olive oil (covered by heading 150990) and 7% is olive pomace oil (heading 151000).

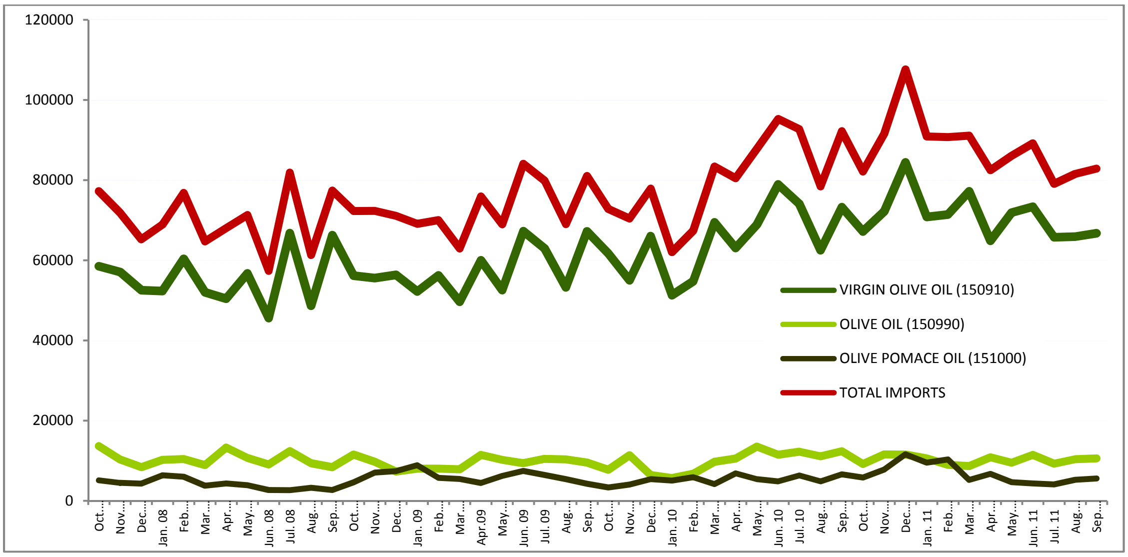


Chart III – Monthly imports (t) by grade (intra-EU) 2007/08-2010/11 (Source: EUROSTAT)

- ## INTRA-EU/27 EXPORTS

Through the last four seasons, intra-EU exports of olive oil classified under customs heading 1509 averaged 802 292.1 t. Review of the yearly figures shows that they went up by 17% from 751 438 t in 2007/08 to 882 735 t in 2010/11. Notably, the gap between intra-EU imports and exports has shot up from +41 021 t in 2007/08 to +172 165 t in 2010/11. Average exports of olive pomace oil during the same period came to 74 491 t.

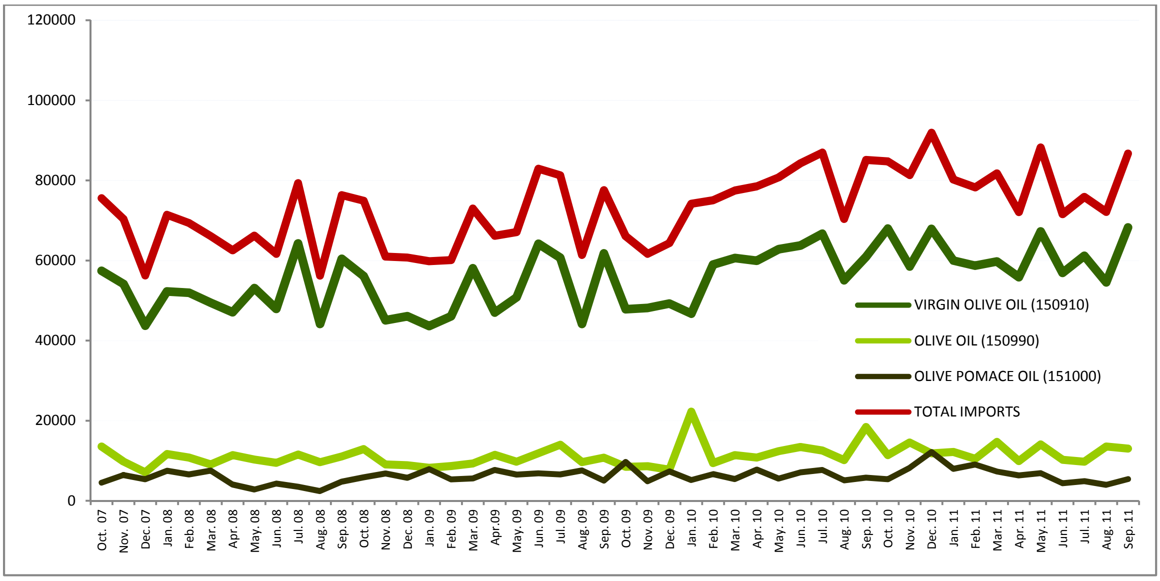


Chart IV – Monthly *exports* (t), by grade (intra-EU) 2007/08-2010/11 Source: EUROSTAT

The next chart (Chart V) gives the exports by the top three exporting countries over the last four seasons, showing Spain at the top of the league.

Spain is the leading exporter, accounting for 72% of total intra-EU exports. In 2010/11, its exports rose by 4% versus the season before and 17% versus 2007/08, reaching 627 043 t. The main destinations were Italy (65%), Portugal (13%), France (10%) and the United Kingdom (6%). The remainder of the 27 EU Member States imported smaller percentages.

Italy, the second biggest exporter, had a 16% share of total intra-EU exports in 2010/11 when it exported 141 560 t, representing an increase of 10% on 2009/10 and 19% on 2007/08. In 2010/11, 31% of its exports went to Germany, followed by France (23%), the United Kingdom (13%), Spain (6%), and Belgium and the Netherlands (4%). The rest of the EU/27 Members took smaller percentages of Italian exports.

Greece is the third biggest exporter, accounting for 9% of aggregate EU exports. In 2010/11 it exported 79 575 t. This reflects an increase of 31% on 2009/10 and 14% on 2007/08. Eighty-four per cent of its exports went to Italy, 7% to Germany, 2% to the United Kingdom. The rest of the countries imported smaller volumes of Greek exports.

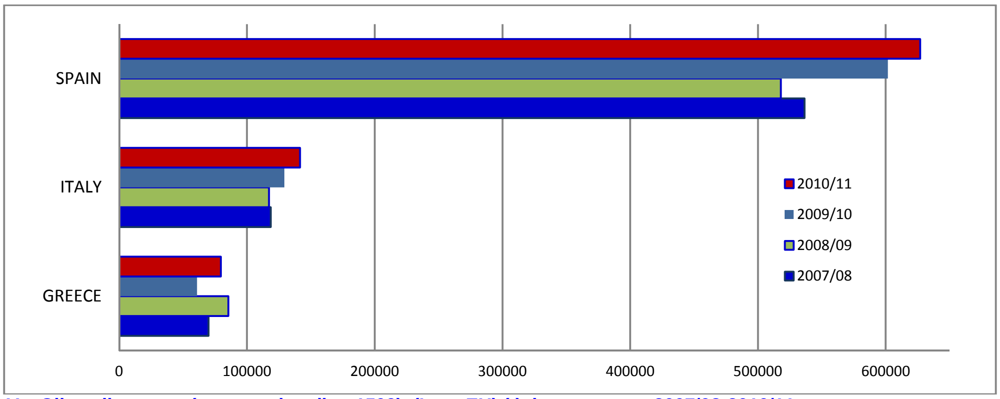


Chart V – Olive oil exports (customs heading 1509) (Intra-EU) (t), by crop year 2007/08-2010/11
Source: EUROSTAT

CHANGES IN OLIVE OIL AND TABLE OLIVE PRODUCTION: SPAIN 2011/12

According to Spain's *Agencia para el Aceite de Oliva*, so far through the 2011/12 season Spanish table olive production has reached a level of 510 130 t, which overtakes the estimate reported in November 2011 and reported in last month's newsletter. As a result of this new figure, Spain would slip back into top position among the table olive producers. Figures for the first quarter of 2011/12 put Spain's olive oil production at 829 700 t. This is 55% more than the amount produced in the same period the season before.

WORLD MARKET FOR OLIVE OIL

INTERNATIONAL TRADING GETS UNDERWAY IN 2011/12

Trade in olive oil and olive pomace oil (intra-EU trade included) in the first two months of the 2011/12 crop year (October–November) is reported in the next table for eight importing countries. These figures reflect higher imports by China (+41%), the United States (+12%), Japan (+11%) and Brazil (+6%). Moving in the opposite direction, imports have gone down in Australia (-7%) and Canada (-1%). At the time of writing, November data were not available for Russia or the EU. Even so, when set against the data for the same month of 2010/11, the October figures show import growth for Russia (+5%) and the EU (+13% extra-EU/27 and +4% intra-EU/27).

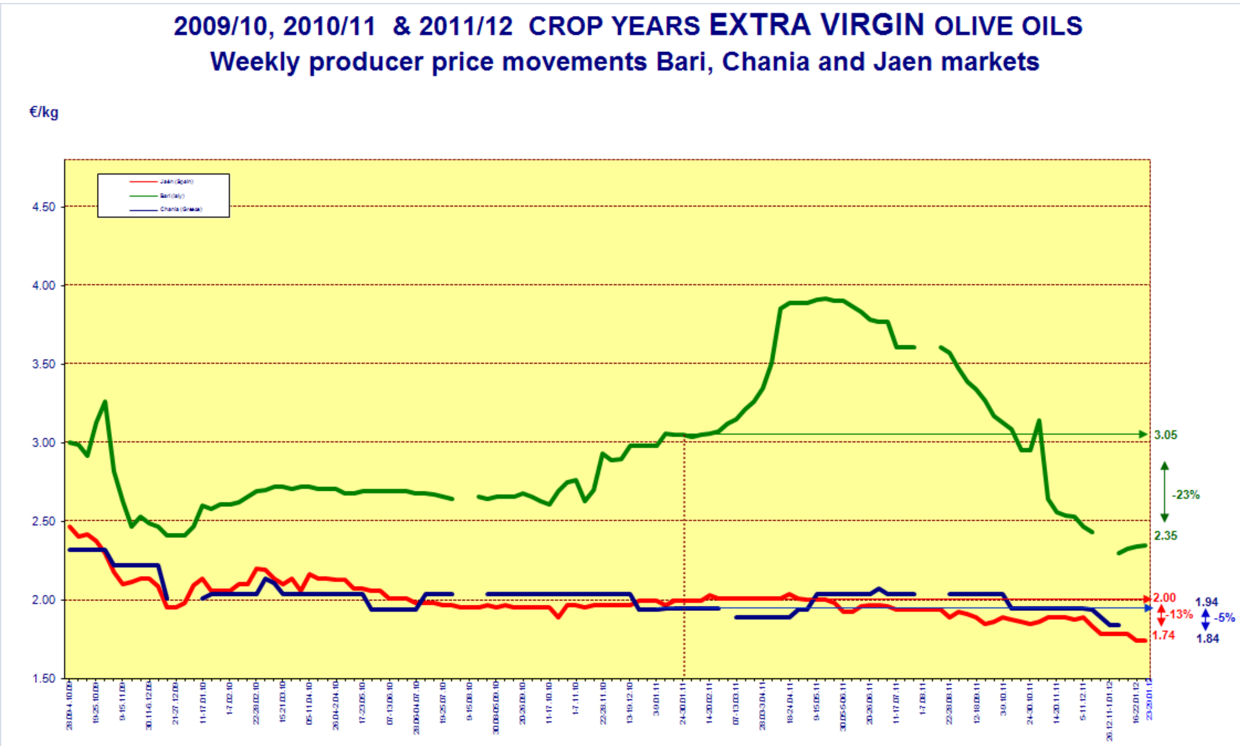
Olive oil imports (including olive pomace oils)

Nr	Importing country	October 10	October 11	November 10	November 11
1	Australia	2492.8	2571.2	3522.0	3027.0
2	Brazil	6852.5	5247.0	6461.1	8866.7
3	Canada	3511.0	2903.0	3520.0	4080.0
4	China	1073.1	2364.0	2657.5	2901.2
5	Japan	2911.0	3085.0	2651.0	3064.0
6	Russia	2354.0	2477.2	2151.0	nd
7	United States	25040.5	20939.5	20490.0	29832.0
	Extra-EU/27	5355.0	6059.4	7244.0	nd
8	Intra-EU/27	82141.7	85660.0	91566.6	nd
	Total	**131731.6**	**131306.3**	**140263.2**	

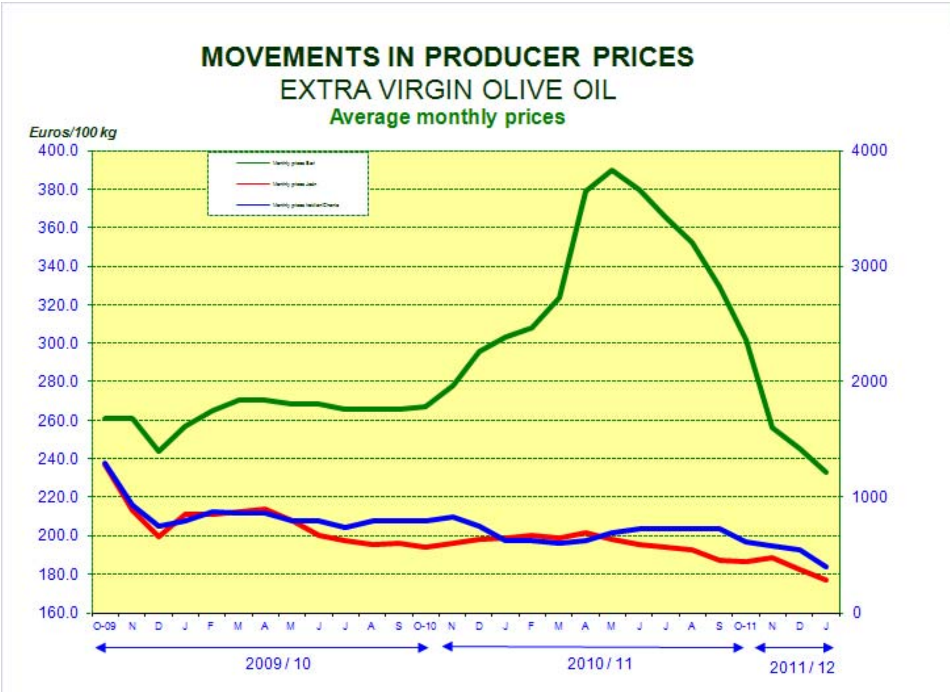
MOVEMENTS IN PRODUCER PRICES

Graphs 1 and 3 track the weekly movements in the prices paid to producers for extra virgin olive oil and refined olive oil in the top EU producing countries. The monthly price movements for the same two grades of oil plus refined olive pomace oils are shown in Graphs 2, 4 and 5, respectively.

- Extra virgin olive oil: Comparison with the same period the year before (Graph 1) shows that prices have dropped by 13% in Spain (€1.74/kg), 5% in Greece (€1.84/kg) and 23% in Italy (€2.35/kg). Most recently, after peaking at €3.92/kg in Week 20 of 2011 and then dropping sharply, prices in Italy seem to have recovered somewhat. In Spain and Greece, on the other hand, prices continue to drop by stages.

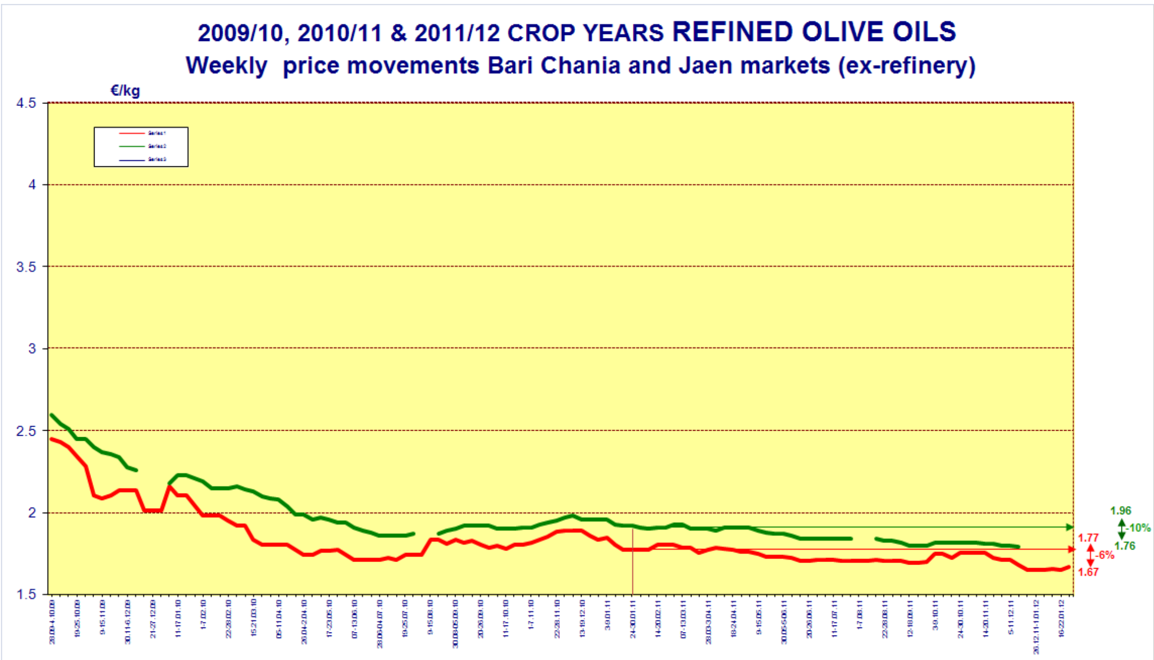


Graph 1

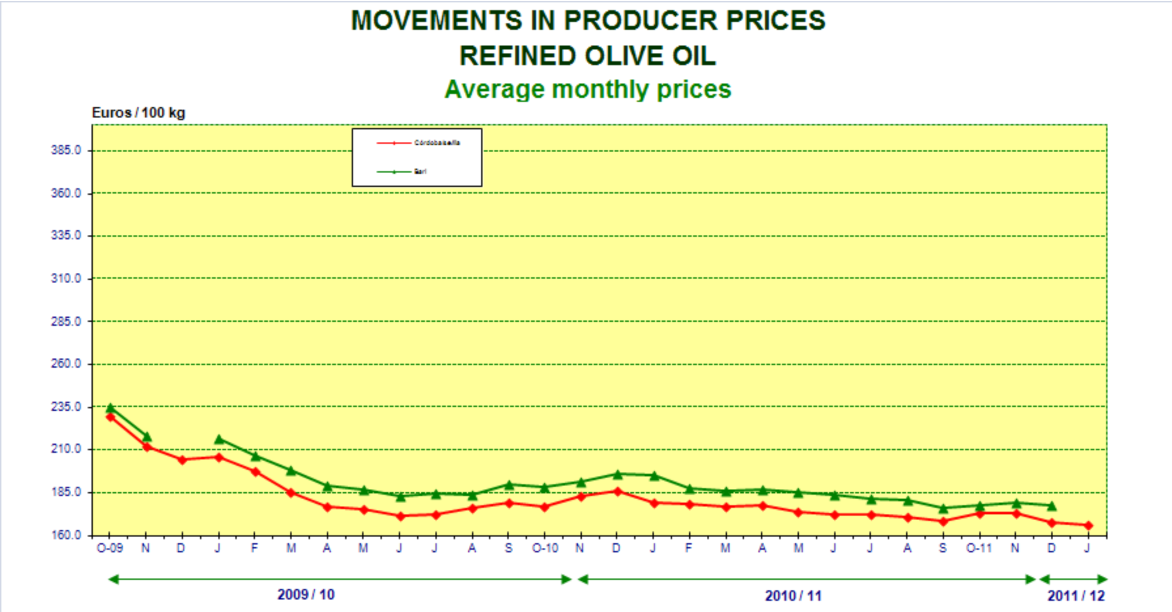


Graph 2

- Refined olive oil: Over the last 12 months, the prices of refined olive oil have fallen by 6% in Spain (€1.67/kg) and by 10% in Italy (€1.76/kg) (Graph 3). No data are available for Greece. The gap between the prices of refined olive oil and extra virgin olive oil is currently around €0.07/kg in Spain and €0.59/kg in Italy.



Graph 3


MOVEMENTS IN PRODUCER PRICES
REFINED OLIVE OIL
Average monthly prices
Euros / 100 kg
385.0
360.0
335.0
310.0
285.0
260.0
235.0
210.0
185.0
160.0
Bari
O-09 N D J F M A M J J A S O-10 N D J F M A M J J A S O-11 N D J
2009 / 10
2010 / 11
2011 / 12

Graph 4