

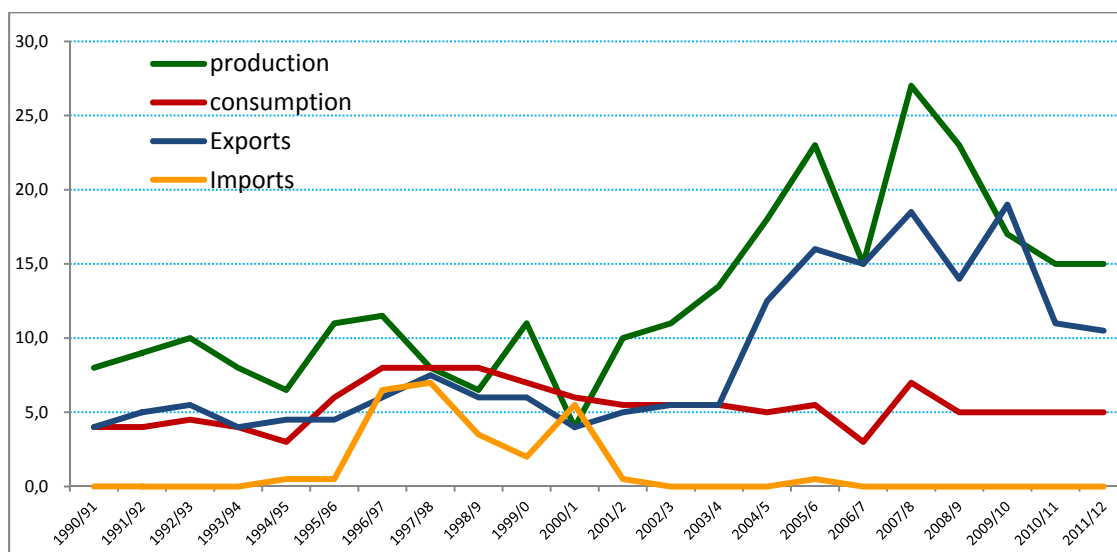


## ARGENTINA: THE EXPANSION OF OLIVE CULTIVATION

Argentina joined the ranks of the IOC Members three years ago. Since it will be hosting the 18<sup>th</sup> extraordinary session of the Council in Buenos Aires from 2 to 6 July 2012, this month's issue of the newsletter focuses on olive growing in this Latin American country.

Argentina offers excellent natural conditions for the development of olive cultivation. Two yardsticks can be used to measure its potential: the exponential growth in the number of advanced genetics trees and the growth in Argentine exports, particularly to the two key markets of the United States and Brazil. The Argentine olive industry saw a revival in the 1990s when new orchards were established with a range of varieties. Olives are cultivated on more than 100 000 ha of land, concentrated in three regions – 55 000 ha in the North-West region (provinces of Catamarca, La Rioja); over 9 500 ha in the Central region (provinces of Córdoba and Buenos Aires); and 40 000 ha in the Central-West region (provinces of Mendoza and San Juan) with 40 000 ha – which have been joined recently by Neuquén. The bulk of the oil produced in Argentina is extra virgin grade. The industry provides direct employment for more than 15 000 people and an estimated 45 000 indirect jobs.

Graph I shows how production, consumption, imports and exports have evolved over the last 20 years. *Olive oil* production has risen sharply in the last ten seasons (2000/01–2010/11)\* albeit more in relative terms than absolute terms (+275% = +11 000 t). However, in the last four crop years it has not managed to top the level recorded in 2007/08 (27 000 t). Exports have shot up by 175% in the last decade. The main destinations are the United States (50% of all Argentine exports), followed by Brazil (40%) and Uruguay and Chile. Eighty percent of exports are of bulk product while the remaining 20% is packed. Consumption has dropped by 17% over the last 10 crop years. This decrease expands to 39% when the averages for the last two decades are compared.



Graph I – Olive oil data for Argentina (10<sup>3</sup> t)

Table olive production has also experienced constant growth, rising from 30 000 t in 2000/01 to 250 000 t in 2010/11. According to industry sources, this increase can be attributed to the entry into crop production of new orchards established in the 1990s. Brazil is the top destination, followed by the United States. Other noteworthy destinations for Argentine table olive exports are Venezuela, Canada, Uruguay and Chile. Table olive consumption has soared by 180% in the last ten years, rising from 12 500 t in 2000/01 to 35 000 t in 2010/11, moving in the opposite direction to olive oil consumption.

Scrutiny of the developments in both branches of the industry reveals that the downturn in olive oil production as of 2008/09 can very probably be explained in part by orchard conversion to production for table olives.

\* The crop year in Argentina is different to that in the Mediterranean region and runs from 1 April to 30 March.



## WORLD MARKET FOR OLIVE OIL AND TABLE OLIVES

### 1. OLIVE OIL: EARLY 2011/12

Imports of olive oil and olive pomace oil by the eight countries listed below showed increases in the first six months of 2011/12 (October–March) in China (+22%), Russia (+16%), Japan (+7%), Brazil (+6%), Australia (+2%) and the United States (+1%). In contrast, Canadian imports fell by 14%, although they did recover slightly in March. At the time of writing, the March figures for the European Union were not yet available, but when compared with the data for the first five months of 2010/11, the October 2011–February 2012 figures show a decrease of in extra-EU/27 imports (-15%), which comes as no surprise given the volume of EU production this season, as well as in intra-EU/27 imports (-1%).

Olive oil imports (including olive-pomace oils) (t)													
No	Importing country	October 10	October 11	November 10	November 11	December 10	December 11	January 11	January 12	February 11	February 12	March 11	March 12
1	Australia	2492,8	2571,2	3522,0	3027,0	3505,0	1580,0	1687,0	3060,0	1723,0	2289,0	2523,0	3491,0
2	Brazil	6852,5	5247,0	6461,1	8866,7	6002,8	6004,8	5280,8	6414,7	6343,5	6453,8	5559,1	5615,9
3	Canada	3511,0	2903,0	3520,0	4080,0	3704,0	2980,0	4402,0	2471,0	3210,0	2263,0	4469,0	4939,0
4	China	1073,1	2364,0	2657,5	2901,2	4439,8	5638,7	4125,6	3897,1	1233,4	2063,1	2332,7	2524,6
5	Japan	2911,0	3085,0	2651,0	3064,0	3181,0	3392,0	3254,0	3597,0	2785,0	3519,0	3206,0	2670,0
6	Russia	2354,0	2511,0	2151,0	3486,0	2749,0	2854,0	1703,0	1805,0	1972,0	1973,2	2423,9	2895,7
7	USA	25040,5	20939,5	20490,0	29832,0	27938,0	23574,0	19730,0	27739,0	26376,0	17383,0	31727,0	33277,0
8	Extra-EU/27	4869,0	6122,0	6586,0	4982,0	9821,0	6250,0	6519,3	5174,4	9943,3	9715,7	8172,0	nd
	Intra-EU/27	82141,7	86248,0	91566,6	87821,0	107612,0	99466,3	92897,2	86224,0	92365,0	100392,8	92284,6	nd
	<b>Total</b>	<b>131245,6</b>	<b>131990,7</b>	<b>139605,2</b>	<b>148059,9</b>	<b>168952,6</b>	<b>151739,8</b>	<b>139798,9</b>	<b>140382,2</b>	<b>145951,2</b>	<b>146052,6</b>	<b>152697,3</b>	

### 2. TABLE OLIVES: EARLY 2011/12

The figures reported in the next table show that table olive imports over the first six months of the 2011/12 season (October–March) increased solely in Brazil (+23%) and held steady in Canada. All the other countries saw their imports go down: United States (-9%), Russia (-4%) and Australia (-2%). At the time of publication, the March data were not available for the EU. Even so, when set against the data for the first five months of 2010/11, the October 2011–February 2012 data point to a decrease in extra-EU/27 imports (-4%) but an increase in intra-EU/27 imports (+5%).

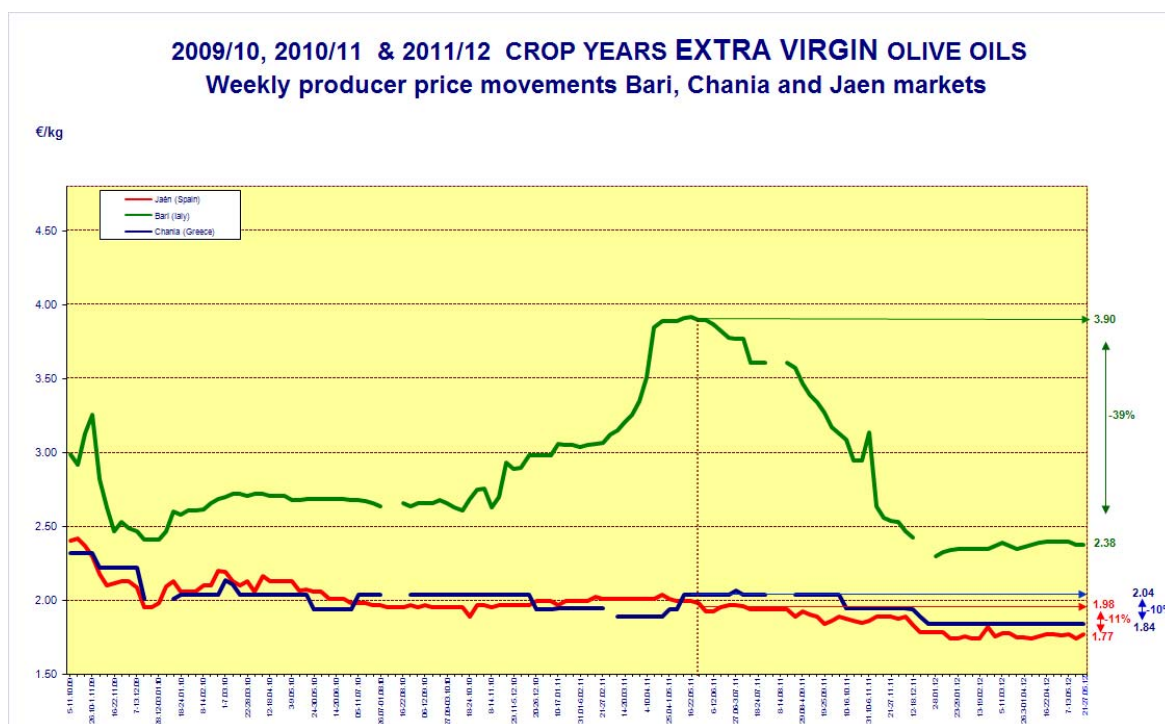
Table Olive Imports (t)													
Nº	Importing country	October 10	October 11	November 10	November 11	December 10	December 11	January 11	January 12	February 11	February 12	March 11	March 12
1	Australia	934,0	1072,0	1649,0	1734,0	2222,0	1613,0	1347,0	1510,0	1787,0	1515,0	1489,0	1768,0
2	Brazil	9168,4	9746,1	8854,5	12350,8	8209,1	10340,0	6227,5	7069,0	5001,2	5538,3	5455,6	7868,7
3	Canada	2346,0	2953,7	2401,4	2577,0	2023,9	2024,3	2165,0	1743,0	2029,0	2018,0	2610,0	2269,0
4	Russia	6955,0	7707,0	9345,0	9949,0	9763,0	7889,0	4867,9	3001,9	4778,9	5430,6	5521,4	5501,0
5	USA	10327,0	10492,0	12400,0	10928,0	13064,0	9927,0	10736,0	10015,0	9654,0	8512,0	11384,0	11674,0
6	Extra-EU/27	9375,1	9143,8	10030,9	8542,8	8674,8	8239,6	7412,0	8224,3	8843,7	8302,9	12280,3	nd
	Intra-EU/27	27096,4	25305,2	27003,6	27040,0	24003,5	22965,3	21276,9	33919,0	24855,8	21056,2	26687,5	nd
	<b>Total</b>	<b>66201,9</b>	<b>66419,8</b>	<b>71684,4</b>	<b>73121,6</b>	<b>67960,3</b>	<b>62998,2</b>	<b>54032,3</b>	<b>65482,2</b>	<b>56949,6</b>	<b>52373,0</b>	<b>65427,8</b>	



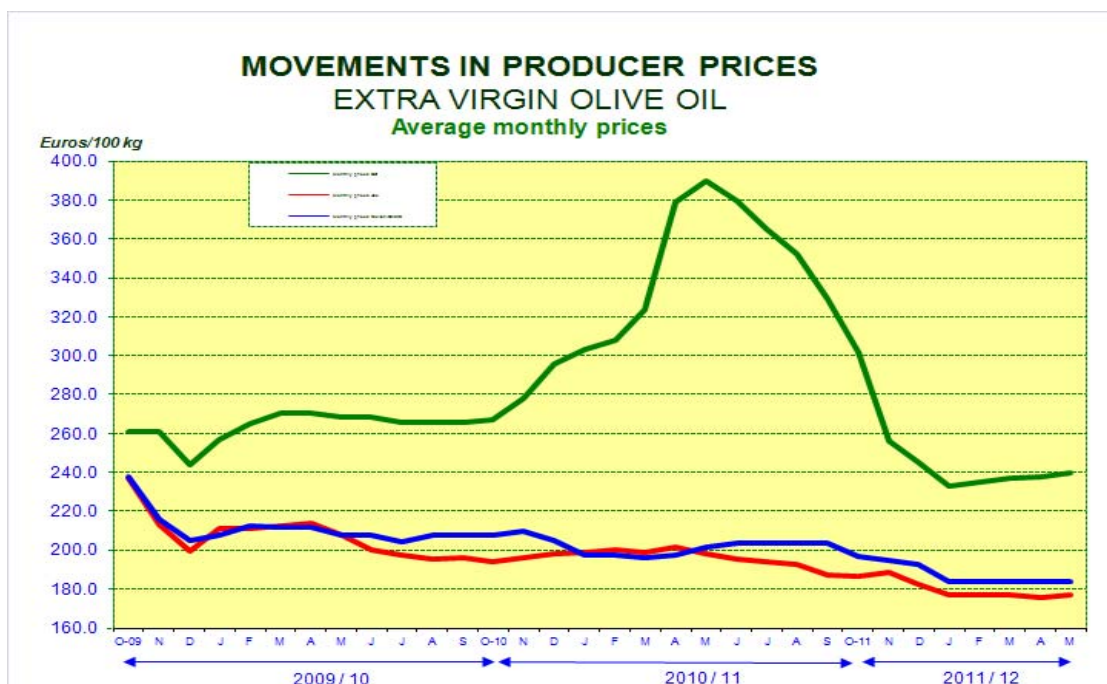
## CHANGES IN PRODUCER PRICES

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 are given in Graphs 2 and 4.

- Extra virgin olive oil: Comparison with the same period the year before shows that prices have dropped by 11% in Spain (€1.77/kg), 10% in Greece (€1.84/kg) and 39 % in Italy (€2.38/kg) (see Graph 1). In recent months, prices have flatlined in Greece and remained virtually steady in Spain while perking slightly in Italy. Even so, they are at their lowest levels since October 2009 in all three countries.



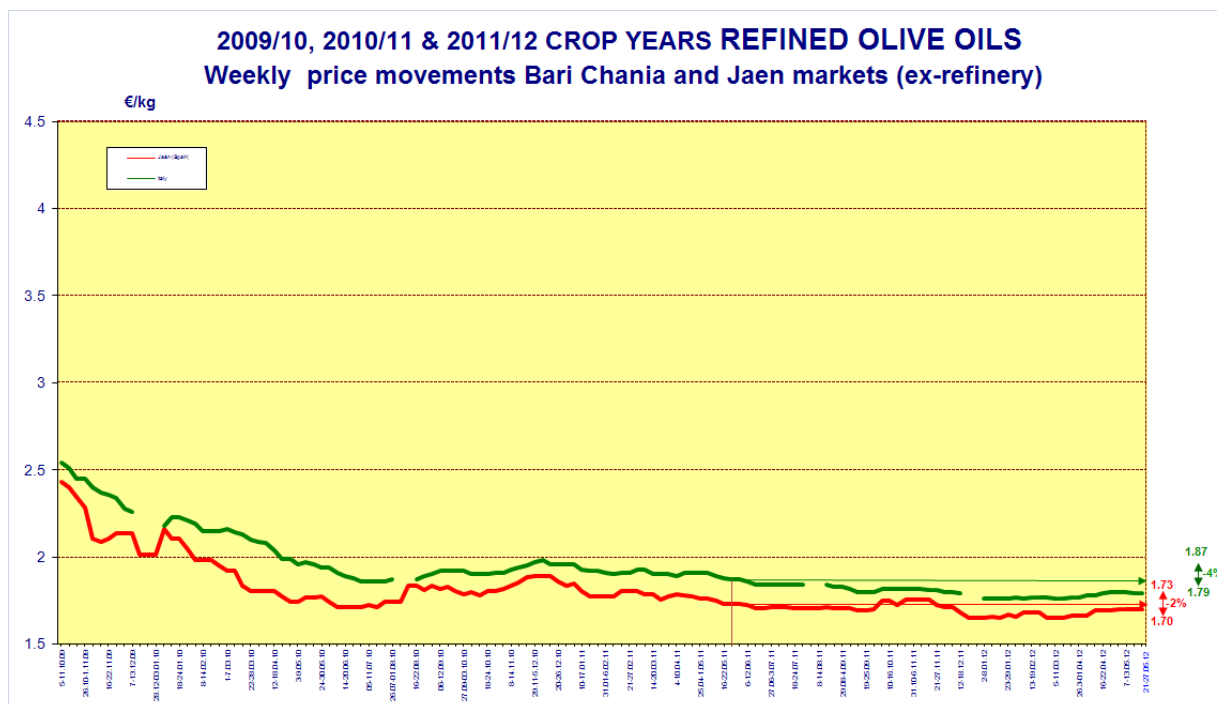
Graph 1



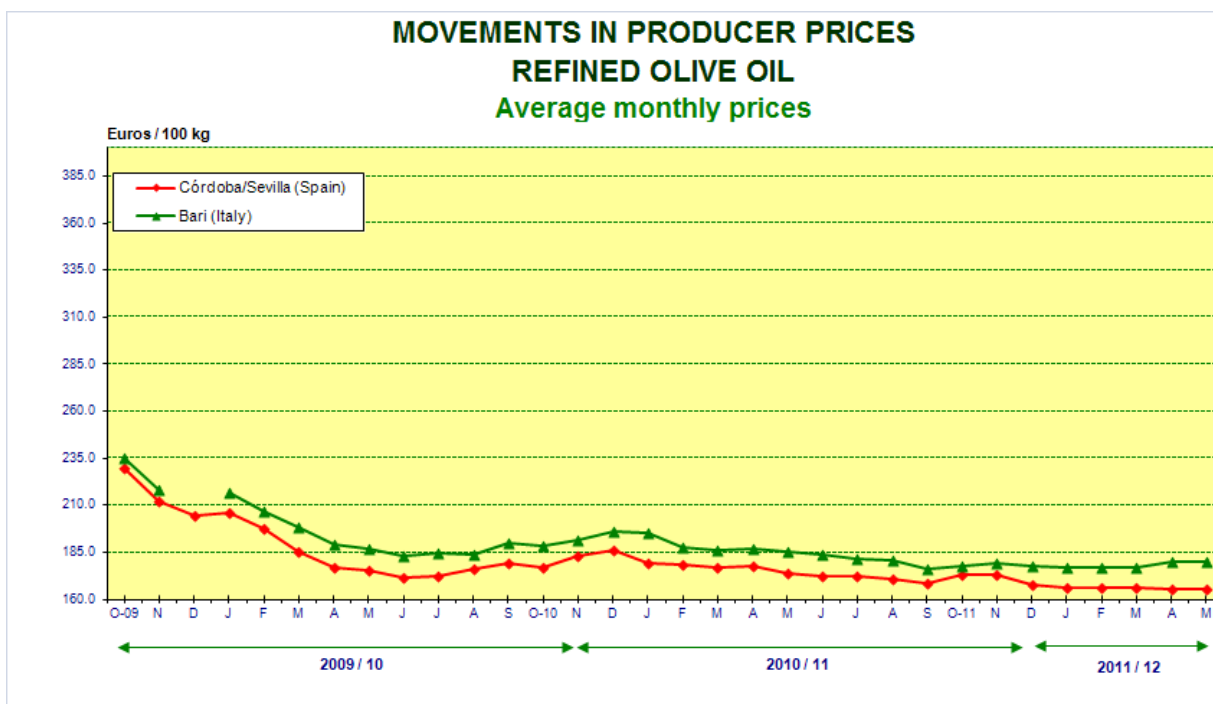
Graph 2



- Refined olive oil: Over the last 12 months, the prices of refined olive oil have fallen by 2% (€1.70/kg) in Spain and 4% (€1.79/kg) in Italy (Graph 3). These prices are at their lowest levels of the last three crop years. No price data are available for Greece. The gap between the price 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



Graph 4