

Importers worried as olive oil prices zoom on shortage

Importers are bracing themselves for a rise in olive oil prices in view of production being estimated at a nine-year low in Spain and Italy.

The country sources about 95 per cent of its total olive oil requirement from the two European Union nations. Greece accounts for another three per cent.

“Production is likely to be 60-65 per cent of a normal year’s output. Forecasting is tricky but our next consignment is already quoted at 18 per cent more than the last one imported two months ago,” said Aseem Soni, Director, Consumer Pack Vertical, Cargill India, which owns the Leonardo brand.

Data published by the International Olive Council (IOC) in November pegged provisional output in the EU at 1.5 million tonnes (mt) for 2014-15, a million less than last year. Globally, production is reckoned to be 2.39 million tonnes in 2014-15, the lowest since 1995-96.

Spain, where drought conditions impacted autumn harvests, is expected to produce 8,25,700 tonnes of olive oil, about half of last year’s output.

Production in Italy is likely to be 30 per cent lower at 302.5 tonnes. Price have reportedly run to a decade’s high with wholesale bulk prices hovering around \$4,300/tonne earlier this week, up from the end-2013 price of \$3,613.

“There will be a time lag since it’s a new crop. Stock pipelines are depleting and replenishment will be at the higher price level,” said Yogesh Bellani, CEO, FieldFresh Foods, which sells olive oil under the Del Monte brand.

Import duty

Importers lamented the Centre’s recent decision to raise the import duty on crude and refined edible oils by five per cent to 7.5 per cent and 15 per cent, respectively.

Bellani called it a “double whammy” while Leonardo’s Soni said olive oil should have been exempted.

“We are requesting the Centre to exempt olive oil. The rationale for the duty hike was to protect Indian farmers. That’s not relevant in the case of olive oil as there’s no local production,” said Rajneesh Bhasin, President, Indian Olive Association (IOA) and also Managing Director of Borges India.

The olive oil market, comprising edible and cosmetic segments, was estimated at ₹400 crore in 2012.

The IOA estimates imports between April 2014 and March 2015 at around 10,500-11,000 tonnes. Prices per litre this fiscal for refined olive oil and olive pomace variants were ₹500-600 and ₹240-300 respectively.

“India is still a developing olive oil market and price-sensitive. The entire brunt cannot be passed on to consumers. Brands will have to strategise and price innovatively after volatility settles around late February or early March,” said Bellani.