

## **US olive oil wholesaler has switched the sourcing of the EVOO from Italy to Greece**

Costco Wholesale has switched from Italy to Greece as the source of the extra-virgin olive oil for its Kirkland Signature 2-liter bottle, in what could be a big break for the economically battered cradle of Western Civilization and its relatively unheralded olive-oil industry.

The move comes amid an apocalyptic season for Italy's olive groves. A hot spring, a rainy summer and a pesky olive-eating fly conspired to create what Italian daily La Repubblica called "the black year of Italian olive oil."

Production in Italy is expected to drop 34 percent this year, according to the International Olive Oil Council.

Prices have gone up accordingly: Italian extra-virgin olive oil in March was sold by producers for about \$2.97 a pound, 84 percent more than a year earlier, according to the council.

That price hike must have been tough to swallow for Costco, a company that's always looking for a good deal.

Chief Financial Officer Richard Galanti said the availability of the extra-virgin olive oil Costco usually purchases is down to one-tenth of the normal level.

"We wanted to get a single source of good quality; for this year we went to Greece," he said.

While Spain, the world's foremost olive-oil producer, also suffered from some of the same weather events that befell Italy, Greece has been largely spared. Its production is expected to more than double this year, and prices for extra-virgin olive oil are up only 15 percent from last year, at a relatively humble \$1.45 a pound.

Greece is the third-largest producer of olive oil, after Spain and Italy. The liquid, long a pillar of Mediterranean cooking, is also a mainstay of the Greek economy. In 2013, Greece exported some \$602 million worth of olive oil, its third most valuable export after petroleum products and medicine, according to data from the World Bank.

Yet the majority of its olive oil is shipped in bulk to Italy. A 2012 report by global consultancy McKinsey says that allows Italian companies to capture an extra 50 percent premium on the value of the final product.

Packaging and branding its olive oil would greatly boost profits and help the Greece brand, McKinsey concluded.

Currently, only about 4 percent of Greek olive oil ends up in the U.S., the second-largest importer of olive oil in the world. Here its virtues are unsung, says David Neuman, CEO of the U.S. unit of Greek olive-oil company Gaea.

Americans “know about Greek yogurt, we know about good feta cheese, we don’t know much about good Greek olive oil,” Neuman says.

But that may change with the Costco deal; on the warehouse club’s cornucopian shelves, the formerly green label and cap of the 2-liter extra-virgin oil bottles are now blue and proudly display the oil’s Hellenic origin.

“Certainly it’s going to put Greece on the map, because people watch what Costco does,” Neuman says.

Source: <http://www.seattletimes.com/business/retail/costco-embraces-greek-extra-virgin-olive-oil-amid-italian-crops-woes/27> avril 2015