

How is the Olive Oil Campaign developing in the main producing countries?

Taking into account the vision of international olive oil consultants and experts, Mercacei has sought to know how the olive crop has evolved in the main producing countries as well as the production estimates in Italy, the United States, Tunisia, Greece, Portugal and Spain.

Decrease of 49% in Italy

The writer, journalist, oleologist and director of Olio Officina, Luigi Caricato, has pointed out that, compared to last year, it is estimated a decrease of 50% in the south of the country and of a 40% in the regions of central Italy, while in the north there is a slight increase, with the exception of Liguria, which has registered a fall of 50%.

Caricato explained that to get a general idea of the situation in Italy, it is noteworthy that the southern part of the country concentrates more than 80% of the national production, so that the decrease of the campaign there has a significant effect on the global figure.

In fact, in the whole country, according to data provided by the Italian Institute for Services to the Agricultural and Food Markets (Ismea), the production of olive oil should be at 243,000 tons, a “generous” data according to Caricato. Compared to the 2015/16 season, a decrease by 49% is expected (compared to the decrease of 45% expected in the October forecast), taking into account that the previous season's production amounted to 474,620 tons.

Regarding prices, Caricato has pointed out that they have been very high, some of them above 5 euros/kg., reaching in some cases even 7 euros/kg. This situation is due to the fact that there has not been a favorable weather, which has led to an important pathogen attack, with a massive presence of the olive fly. In addition, the *Xylella fastidiosa* has also caused a fall of the production, due to the decrease of the number of olive trees of Salento.

In his opinion, “the only way to follow is the plantation of new olive trees in Italy in a super intensive cultivation, although this is difficult due to the resistance of many companies linked to the past.”

Production of 13.2 million liters in California

The California Olive Oil Council (COOC) estimates that total production of extra virgin olive oil stands at 3.5 million gallons (13.2 million liters) in 2016, a figure similar to its estimates in October.

This entity has emphasized that Californian industry, with its "formidable" growth, currently provides 5.8% of the total of olive oil consumed in the United States (second largest consumer of this product behind the EU) and the forecasts point to a "considerable" increase in 2017. It is worth recalling that shortly California held only 1% of the US market, as detailed by the COOC.

In order to continue its work to increase the market share of Californian extra virgin olive oil within the United States, this organization has recently received a grant of 357,000 \$ from the California Department of Food and Agriculture (CDFA), with which it will continue to carry out its "innovative" educational and marketing programs, as well as its "strict" adherence to the norms.

Between 100,000 and 110,000 t. in Tunisia

Italian commercial agent and broker Adriano Caramia stressed that in the case of Tunisia the figures were confirmed a few months ago and aimed at producing between 100,000 and 110,000 tons of olive oil.

After a long spring and a very dry summer, the abundant rains of early autumn have alleviated the water stress of the plants in general, but have not increased the production values of this campaign.

For Caramia, the yields are not very good and the quality is not satisfactory.

Regarding geographic distribution, good production is expected in the north of the country, being "discrete" in the center and "lousy" in the south (Sfax) and Sahel.

Pessimistic forecasts confirmed in Greece

Regarding the evolution of the campaign in Greece, the broker specialized in the Greek market Luigino Mazzei has pointed out that in the Peloponnese region, in Messenia and in Elide has been registered, due to an early fall of the olive because of the “Leprosy”, a “clear” decrease in production and a lower analytical and organoleptic quality. Meanwhile, in Laconia, the campaign evolves well, with quality “in line with normal standards”.

In Crete, the situation confirms the prediction, since it is estimated around 40,000 tons, with a very good yield. According to Mazzei, the November rains have prevented a bad campaign from occurring during the next year.

Ultimately, “we can confirm the pessimistic forecasts made in October that indicate a total production of about 180,000 tons, in the best case, probably 10% lower, given the decline in the Peloponnese,” he concluded.

Drop in production and excellent quality in Portugal

In Portugal -as informs Alberto Serralha, CEO of Sociedade Agrícola Ouro Vegetal, S.A. (SAOV), an international producer and consultant for olive oil,- the harvest is almost complete, so that most mills with lower capacity have almost finished and the larger ones are processing at a low rate.

According to Serralha, the official pre-season estimates were too optimistic and did not consider the low productive uniformity of the irrigation olives, the “tremendous” production loss in the rainfed and the low accumulation of oil in the fruit. In the center and south of Portugal, the dryness of the olive grove of dry land is in the range of 70 to 80%. In this sense, he believes that Portuguese production will not exceed 80,000 tons of oil, between 30 and 40% less than the previous season. In addition, the yield will be between 2 and 3% lower than normal.

In his opinion, it has been a campaign of “magnificent” quality, with almost a total absence of pests and diseases, reason why it is “undoubtedly one of the best years of the last decades.”

On the other hand, Serralha has emphasized that, thanks to the great activity of the Italian agents, mills sold a significant part of their production, taking advantage of high prices and cash payments, which have been maintained during the last quarter of the year. In fact, there have been times during November when no sea freight tanks were available. In this regard, "until October 2017, the olive oil sector in Portugal will have to live with very low olive oil stocks," he said.

For this expert, the olive grove after this year of rest is very well prepared for the next season, "which can provide Portugal with a new production record if there are normal weather conditions."

Abnormal campaign in Spain

Regarding the current situation in Spain, José Maria Penco, agronomist and project director of the Spanish Association of Olive Municipalities (AEMO), stressed that the low fat yield is the great "Achilles heel" of the 2016/17 campaign. In fact, there has been a delay in harvesting, since producers were reluctant to harvest with yields that were significantly lower than usual.

José María Penco believes it is "very likely" that final production will be less than the estimated of 1,300,000 tons.

As for quality, "the first oils were of good quality since there have been no major olive fly attacks, but the abnormal maturation and general delay of the campaign can make the Spanish mills characterized this year by less intense fruity oils, more mature and in general, although with acceptable quality, they will not be as exceptional as in the last campaigns," he has detailed.

Shortly, according to Penco, "we are immersed in an abnormal campaign because the end of summer and beginning of autumn has been very hot and dry; we can confirm that lipogenesis did not finish the fruit properly and it is now (December, January and February) when the real potential of an anomalous campaign will really be seen."

The strategic consultant, professor at the University of Jaén (UJA) and Executive VP of GEA Iberia, Juan Vilar, pointed out that the late rains have saved the campaign in terms of supply,

ratifying the forecast of production for Spain in 1.4 million tons approximately, while the world does it in ranges of 2.9 million tons.

However, due to repeated delays caused by the weather conditions, the milling process is slowing down, and the oil currently obtained could represent between 15 and 18% of the total estimated for the current season -the accumulated delay regarding the last season is over 6%,- which added to the current constant evolution of demand, has triggered a stable and robust trend of origin prices.

Juan Vilar said that if we refer to industrial performance, this has been reduced compared to last season, and the decline is between 1.5 and 3%, depending on the zones; even though the extractability of the fruit is proving adequate, and the quality of both the fruits and the obtained oil is optimum.

“If we maintain the evolutionary trend of the forecast of world demand (around 3 million tons for the current season), in line with the estimated production, prices at origin should remain constant, at least until the middle of next summer, at which time the evolution of the next campaign could be glimpsed,” he has concluded..

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