

Spain and Portugal are the countries where the annual production of oil will rise the most until 2030

The European Commission forecasts that the annual production of olive oil will grow at a rate of 2.3% per year until 2030 in Spain and Portugal, being the countries with the highest growth rates, according to its Prospects Report for the medium term regarding the main markets for agricultural products in the EU until 2030.

Regarding this report, in the olive oil sector, further structural improvements during the outlook period are expected, resulting in improved yields and higher production. The highest growth is expected in Spain and Portugal. This additional production will serve both growing world demand and increasing EU consumption, apart from in the main producing countries, i.e. Spain, Italy, Greece and Portugal, where consumption will decrease further. The EU will strengthen its position as the biggest world producer and exporter of olive oil.

The EU olive oil sector foresees further structural improvements over the outlook period such as the conversion of production into more productive production systems, in particular: (i) the increase of irrigated areas; and (ii) the extension of production areas replacing other crops in traditional producing regions. Production growth will serve both growing world demand and increasing EU consumption outside the main producing Member States.

In recent years, EU olive oil production has been characterised by high fluctuations despite significant investments in irrigated production systems. For example, in 2016/2017 production dropped by 25 % due to unfavourable climatic conditions and damage in olive groves caused by *Xylella fastidiosa*. Some production recovery is expected for the current campaign but the expected production level is still below the average level of the 2015/2016 campaign⁵⁵.

Given the high variability of production, projections are compared to the 2014-2016 average.

The EU production is dominated by four main producing countries: Spain, Italy, Greece and Portugal. These Member States represent together 99 % of EU production and more than two thirds of world production. On top of the economic benefits that olive farming generates, it also brings social and environmental benefits (particularly soil erosion prevention) to often remote or marginal territories.

Structural differences are noticeable in the main producing countries. Most the area is cultivated by small farmers in Italy and Greece, in contrast to a higher share of medium-sized and large farms in

Spain and Portugal, with a stronger supply and commercial concentration in cooperative structures in Spain. In the last decade, the faster restructuring of production systems in the Iberian Peninsula played a crucial role in the development of production.

By 2030, EU production is expected to rise by a third compared to the 2014-2016 average which was affected by two low production years (2014 and 2016). However, in 2030 the expected production is 5% above the 2015 production level.

It is expected to increase strongly in the Iberian Peninsula (by 2.3 % per year), driven by the expansion of irrigated and newly planted groves that generate higher yields. In Italy, growth could reach 2.0 % per year, whereas in Greece production is set to increase at a slower pace (+1.1 % per year). In Italy and Greece, growth will be based on yield improvements, while area is not expected to increase. However, this evolution might be affected by both climate conditions, rising concerns over water availability, and the possible outbreak of *Xylella fastidiosa*.

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