



The EC foresees that the European production of olive oil will increase by 2% in the 2018/19 campaign

The European Commission (EC) forecasts that the olive oil production will reach 2.2 million tons (+2%), mainly due to a recovery in Spain (with an estimated production of 1.6 million tons) and a sustained production in Portugal (130,000 tons).

Regarding the EC report, the EU production of olive oil in the 2017/2018 campaign, which has just ended,⁸ is 24 % higher than in the previous season, which was badly affected by adverse weather, and 18% higher than the last five-year average.⁹ The strongest recovery was seen in Italy (+135 %, 429 000 t), followed by Portugal (+94 %, 135 000 t) and Greece (+77 %, 346 000 t). On the other hand, Spain's production dropped by 3 %.

Ample supply on the world market pushed prices down. In the period to August, average EU producer prices for virgin olive oil dropped by 10 % compared with the last campaign, to EUR 277/100 kg, but they are still 12 % above the last five-year average.

Slowdown of EU exports

Despite the drop in prices, EU exports continue to lag behind last year's level (-1 %, from October to July). To some extent, this is due to the significant available quantities on the market outside the EU. For example, in July EU exports to the USA, the biggest EU export market, were almost 29 000 t below last year's level (-15 % year-on-year).

At the same time, exports from Tunisia and Turkey to the USA increased markedly (+178 % and +83 % respectively), more than compensating for the decline in US imports from the EU. Besides abundant supply, lower production costs and good quality¹⁰ could be considered the main driving forces of the expansion of Tunisian exports.

Despite growing shipments to Brazil (+48 %), Australia (+8 %) and Canada (+13 %), EU exports are likely to reach only 555000t for the whole campaign (-1 % compared with last year).



EU imports and consumption up

Despite the good harvest, EU olive oil imports continue to grow. In the period to July, they had already doubled compared with the same period last year. Tunisia is the EU's main supplier, with a 70 % share (including inward processing). In the past, it exported around 45-55 % of its total production to the EU. The proportion is likely to be less this year, due to the good EU harvest and Tunisia's increased shipments to other countries, but the EU is still expected to import around 166000t, well above (+46 %) the last five-year average.

This will result in higher availabilities on the EU market in the current campaign. However, not all imports will be consumed domestically, as those imported under the inward processing arrangements will be re-exported. From the beginning of the campaign until July, more than three times as much olive oil was imported under inward processing than in the same period last year. On the other hand, 'normal' imports (i.e. not for re-export) grew by +32 %.

This will result in an overall consumption recovery in the 2017/2018 campaign (5% above the last five-year average), due also to consumer responsiveness to the lower prices (as seen in the past).

Stocks are likely to recover significantly, to 430 000 t (8 % above the last five-year average).

Expectations for 2018/2019

Production in the next campaign is estimated at 2.2 million t (+2 % year-on-year), mainly driven by a recovery in Spain (to an estimated 1.6 million t) and sustained production in Portugal (130 000 t). In Italy, bad weather (especially spring frosts and short but intense rains in the summer) and the incidence of Xylella in the Salento region could severely restrict production, to 270 000 t (down by a third year-on-year). A drop of 30 % is also expected in Greece, bringing production down to 240 000 t.

EU exports could strengthen in the next campaign (+6 % year-on-year) and return to trend, given the main competitors' lower availabilities after a good campaign this year, and EU exporters' promotion activities on Asian markets. Increased production may mean that the EU imports up to 40 % less.

Rapport complet : https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/short-term-outlook-autumn-2018_en.pdf

Lien article : <https://en.mercacei.com/noticia/1829/news/the-ec-foresees-that-the-european-production-of-olive-oil-will-increase-by-2-in-the-2018/19-campaign.html>