

## **The olive exporters, in a complicated situation, due to the high prices at origin**



**By Rafael Pico, director of the Spanish Association of the Industry and Exports of Olive Oil (Asoliva)**

The 2016/2017 season is characterized by low production in olive oil producing countries. Italy has a production of 170,000 tons, Tunisia 100,000, Greece 200,000, Turkey 140,000 and Morocco 90,000. Spain has an average production of 1,300,000 tonnes. Faced with this low production, lower than the world consumption, prices at home have increased significantly in all countries.

Since the only country that has production is Spain, all operators who need to buy oil come to Spain and this causes a strong demand for olive oils that is causing prices at source to be very high

For this reason, *when the export is analyzed in the first months of this season, there is an increase in exports which are caused by purchases, mainly from Italian companies, as they need to buy olive oils from Spain, because other producing countries (Greece, Tunisia ...) have no production to export to Italy.*

*This situation of high prices at origin will cause Spanish exports to decline significantly in the coming months, since the repercussion of current prices at source will be practically impossible, mainly because not all consumers are willing to pay current prices. This will cause current consumers of olive oils to buy other oils in the market much cheaper (canola, sunflower, soy, palm, etc.).*

All this will cause a transfer of consumption to other oils and fats, which is not desirable, taking into account that the world consumption of olive oil is only 3%, and recovering these consumers always has an added difficulty

From the point of view of Spanish exporters, *this campaign is very difficult because of the impossibility of passing prices at origin on the international market, which will cause big losses, since, logically, companies that have made large economic investments in their brands, during the last 15 years, they will not want to lose customers and market share, and they will do so with great economic sacrifices.*

Finally, to see the evolution in the second part of the campaign, we must take into account the prospects of the production of the 2017/2018 campaign, expecting in principle a very good production in Tunisia, Italy and Greece.