Trends and consumption of the international market of olive oil

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Despite contributing only 3% of the world market for edible vegetable oils, olive oil is increasingly appreciated for its unique taste and health benefits.

The fact that science continues to confirm the positive characteristics of this "liquid gold" for several decades, and that consumers around the world are placing ever greater importance on the quality, health and organoleptic aspects of food, explains New countries are interested in this product.

In spite of the many opportunities that characterize it, however, this old culture is facing a series of challenges that we will analyze in this article.

The renewed interest in olive oil has led in recent years to a transformation of the structure of production in producing countries. *The most recent countries or investors in production have the advantage of being able to introduce the most advanced production techniques:* they have used adapted varieties in intensive or superintensive plantations that allow them to reduce production

costs and mechanize all agricultural operations; have installed ultra modern irrigation systems and their olive groves are large and often endowed with oil mills, packaging units and laboratories. This new configuration of the sector has allowed a higher average yield per hectare and a greater global production.

The increase in production has been accompanied, thanks to public and private sector promotion efforts, by an increase in consumption, from about 2 million tonnes in the mid-1990s to an average of 3 million tonnes today . Globalization is partly responsible for this increase in consumption.

> In the 2000s, non-IOC members accounted for 12.5 per cent of global consumption; Nowadays, consume more than 25% of the commercialized oil

The relative decline in consumption in producing countries, especially in the EU as a result of the recent rise in olive oil prices, and the results of the market studies carried out by the IOC in China, Russia, the United States, Canada, Brazil, Japan and Australia confirm this trend.

> Of regional product - almost strictly Mediterranean - only a few decades ago, olive oil has become a global product, sold on 5 continents and in more than 174 countries

This entails several challenges: the first is that today 82% of world imports are carried out by countries that are not members of the IOC, *ie countries that have no legal obligation to respect IOC standards in its international trade.*

At the end of October 2016, the price at origin of extra virgin olive oil was € 3.14 / kg in Spain; Of € 4.04 / kg in Italy; Of € 2.95 / kg in Greece and € 3.23 / kg in Tunisia *(these four countries account for 71% of global production and 58% of world exports).*

Although these prices are slightly higher than in recent years, they remain particularly low for farmers and are likely to question the profitability of this agricultural production in less competitive rural areas where, however, play an important role *(curbing rural exodus, desertification barrier, protection against erosion, carbon sink effect, etc.).*

Faced with this trend that threatens the survival of certain olive groves, *the players in the sector seek to ensure the reduction of production costs but also concentrate too fragmented a supply to adequately withstand the pressure of a highly concentrated demand at the level of large-scale distribution and of the packers.* Other efforts include collective actions based on quality labels, *making quality a key argument to justify the price difference between olive oil and other vegetable oils.*

The world olive-growing economy is experiencing a globalization of demand, while supply is

changing based on new models of agricultural production.

Although production will probably remain concentrated for a long time in IOC member countries, supply on the world market could be diversified with the emergence of new players alongside the three main traditional producers in Spain, Italy and Tunisia. We think of Turkey, Morocco, Algeria, Portugal, *and among the new producers, Chile, Saudi Arabia or China.*