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Spain

Oilseeds and Products

Iberia

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Report Highlights:

The Spanish olive oil sector has sustained record-to-near record exports since marketing year 2002, and is making plans to continue that export pace even after Common Agriculture Policy (CAP) reform in the coming marketing year. New reform-based programs directed to product-quality improvement and promotion will support international marketing efforts. In neighboring Portugal, the newly elected Government will have until August 2005 to decide reform modalities that best meet development objectives. (LR28SH6)

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1]
[SP]

Spanish Olive Oil Sector Gears Up For Reform To Pursue World Market Dominance

Trade:

Exports: The Government of Spain (GOS) reports that Spanish olive oil exports in 2003/04 increased to € 605 million, 7 percent over previous year's level, which has local olive oil producers happy, but concerned. As CAP reform draws nearer, industry and Government officials are working to maximize producer incomes by developing new marketing strategies. They are also very concerned about future sales, because the Euro strength vis-à-vis the dollar. At about \$ 6 per liter currently, Dollar-prices are far above historic levels.

Imports: Along with the recent record export pace, Spanish olive oil importers have been busy setting record import levels. Trade and association agreements have facilitated recent olive oil imports. Spanish 2003/04 olive oil imports rose 64 percent from the previous year's imports with 81 percent (45 percent in 2002/03, and 31 percent in 2001/02), sourced essentially from Tunisia, Morocco, Turkey and Syria. Most of the imports from these origins are high-acidity olive oil, which under European Union (EU) legislation can be imported duty-free for re-exporting after processing.

Policy:

The EU-Tunisia association agreement and the new EU-Morocco free-trade agreement permit growing access to the EU olive oil market. The EU set up a preferential quota for Tunisian olive oil under the EU-Tunisia association agreement, enacted in 1996. Relevant dispositions are covered by three protocols: Protocol No. 1 set a tariff rate quota (TRQ) of 46,000 tons of untreated olive oil with an in-quota ad valorem tariff of 7,81 Euro/100 kg; No. 2, in 2000 when Tunisia secured a 56,000-ton TRQ, which was phased in from calendar year (CY) 2001 thru CY 2005 (50,000 tons in CY 2001 and a 1,500-ton installment each year starting from CY 2002); and, No. 3 stating that the EU and Tunisia will re-examine the olive oil access beyond that time period. Under the EU-Morocco Agreement, Morocco has a 3,710 metric ton, zero-tariff TRQ.

CAP reform strategies are reported to be structured to make farmers less subsidy-dependant and more dependent on the market. Spain has opted for decoupling 95 percent of subsidies paid under CAP reform, but will run a parallel coupled regime for five un-economic orchard categories, where farmers may be eligible to receive higher subsidies to keep low-yielding, traditional, organic orchards in production. However, the GOS reports that domestic olive oil producers will benefit from an average 5.6 percent subsidy increase under the CAP reform, relative to current levels, due to the "reference period" negotiated in Brussels as the basis for producers' "historic rights." The reference period includes 1999/00, a year of an above-average crop.

On the longer-term marketing front, however, the GOS and the olive oil industry plan to increase the production of high-quality bottled brands and introduce a generic "España" designation for export to high-income target markets like the United States, and Australia, as well as new emerging markets like China or India. The GOS will hold back 1.1 percent of producer subsidies to implement the new marketing program, budgeted for € 11 million, which will finance the effort between May 2005 and April 2006.

In addition, Spain will likely benefit from International Olive Oil Council (the IOOC) marketing programs. The IOOC (Algeria, Croatia, Egypt, EU Member States (Cyprus, France, Greece, Italy, Malta, Portugal, Slovenia and Spain), Iran, Israel, Jordan, Lebanon, Libya, Morocco, Serbia and Montenegro, Syria and Tunisia, has become active again since the EU reinstated

its financial contributions, originally suspended in 2002. The IOOC has just announced it will approve in March a new three-year marketing program to develop generic olive oil consumption in Russia, India, China and the Scandinavian countries, where per capita consumption is low. The program has a budget of € 15 million, of which the EU is the largest financial contributor.

Statistical Section

Iberian Olive Oil Production

Year:	1999/ 00	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05
Units: 1,000 Mt						
Production:						
Portugal	47	26	32	28	33	35
Spain	668	983	1,422	850	1,387	945
Total Iberia	715	1,009	1,454	878	1,420	980

Source: Statistics offices of Spain and Portugal.

Iberian Olive Oil Trade

Spanish Olive Oil Imports

Units: Mt

	Oct 99-Sep 00	Oct 00-Sep 01	Oct 01-Sep 02	Oct 02-Sep 03	Oct 03-Sep 04	Inc. (%)
Total	27,654	15,397	15,951	36,812	60,523	64.4
From EU-25:	4,264	3,234	11,074	20,229	11,415	-43.6
Italy	1,165	1,047	4,408	9,060	7,375	-18.6
Portugal	802	645	6,112	3,804	3,348	-12.0
Greece	1,785	1,038	285	6,953	363	-94.8
France	488	326	219	367	122	-66.8
Sweden	0	0	26	0	0	-
All Other	24	178	24	45	207	360.0
Other:	23,390	12,163	4,877	16,583	49,108	196.1
Tunisia	17,986	4,571	227	8,671	39,923	360.4
Morocco	0	16	0	0	3,999	-
Turkey	5,050	7,450	4,466	5,325	3,054	-42.6
Syria	229	0	40	2,203	1,964	-10.8
All Other	125	126	144	384	168	-56.3

Source: Spanish Statistics Office.

Spanish Olive Oil Exports

Units: Mt

	Oct 99-Sep 00	Oct 00-Sep 01	Oct 01-Sep 02	Oct 02-Sep 03	Oct 03-Sep 04	Inc. (%)
Total	367,531	488,163	623,172	564,367	604,836	7.2
Into the U.S.	21,244	21,349	32,002	29,002	28,673	-1.1
To the EU-25:	288,545	398,574	513,587	458,094	493,638	7.8
Italy	163,276	240,716	347,274	283,673	321,307	13.3
France	56,182	66,909	71,804	73,808	68,523	-7.2
Portugal	37,860	51,526	52,973	60,500	54,860	-9.3
U.K.	18,771	21,296	18,988	19,457	21,611	11.1
Greece	0	836	4,917	596	5,963	900.5
Belgium-Lux	3,396	5,117	5,797	5,494	5,367	-2.3
Netherlands	3,125	3,448	3,288	4,324	4,856	12.3
Germany	2,972	4,324	3,896	4,494	4,813	7.1
Poland	398	504	697	921	1,265	37.4
Ireland	528	966	937	1,272	1,237	-2.8
Denmark	325	485	451	658	795	20.8
Finland	236	233	178	449	596	32.7
Czech Republic	252	602	495	563	561	-0.4
Slovenia	107	265	388	353	503	42.5
Austria	303	296	302	384	418	8.9
Sweden	507	599	600	518	388	-25.1
Other EU-25	307	452	602	630	575	-8.7
Other:	57,742	68,240	77,583	77,271	82,525	6.8
Australia	12,876	14,519	12,725	15,415	15,116	-1.9
Japan	8,549	9,927	11,382	11,032	11,639	5.5
Mexico	1,814	2,691	4,982	5,887	8,887	51.0
Korea, South	695	1,222	1,794	3,531	8,302	135.1
Brazil	5,095	6,255	5,306	3,879	5,549	43.1
Russia	1,390	1,736	3,038	3,391	4,297	26.7
Switzerland	2,389	2,561	2,206	2,377	2,793	17.5
Norway	1,919	2,352	2,539	2,196	2,055	-6.4
Saudi Arabia	1,888	1,693	2,253	2,197	1,651	-24.9
Colombia	735	1,125	1,713	974	1,566	60.8
United Arab Emirates	662	876	1,659	1,355	1,378	1.7
New Zealand	926	896	1,319	1,137	1,365	20.1
Venezuela	788	1,032	944	611	1,240	102.9
Andorra	1,447	1,741	1,384	1,441	1,233	-14.4
South Africa	465	912	621	872	1,013	16.2
Dominican Rep.	1,003	1,459	1,067	1,180	965	-18.2
Taiwan	1,842	2,773	1,924	1,461	940	-35.7
Israel	1,288	1,655	1,786	903	920	1.9
Thailand	441	578	804	895	840	-6.1
Canada	2,288	2,273	2,382	1,726	834	-51.7
Cote d'Ivoire	352	64	1,696	165	641	288.5
China	39	88	106	311	612	96.8
India	199	354	307	324	574	77.2
Chile	677	768	688	557	518	-7.0
Ecuador	98	201	283	175	492	181.1

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Spanish Olive Oil Exports (Cont'd)

Units: Mt

	Oct 99-Sep 00	Oct 00-Sep 01	Oct 01-Sep 02	Oct 02-Sep 03	Oct 03-Sep 04	Inc. (%)
Nigeria	342	171	378	483	431	-10.8
Croatia	0	3	210	501	400	-20.2
Costa Rica	252	278	406	334	364	9.0
Panama	235	251	342	304	321	5.6
Singapore	154	226	341	382	302	-20.9
Guatemala	182	293	345	324	292	-9.9
Philippines	370	308	357	441	273	-38.1
Morocco	1,167	1,814	3,208	5,787	263	-95.5
Uruguay	451	602	459	184	253	37.5
Kuwait	293	221	514	337	251	-25.5
Hong Kong	90	102	111	114	241	111.4
All Other	4,341	4,220	6,004	4,088	3,714	-9.1

Source: Spanish Statistics Office.

Portuguese Olive Oil Imports

Units: Mt

	Oct 99-Sep 00	Oct 00-Sep 01	Oct 01-Sep 02	Oct 02-Sep 03	Oct 03-Sep 04	Inc. (%)
Total	36,766	51,774	47,370	58,074	55,206	-4.9
Total EU-25:	34,349	51,755	47,354	57,868	53,803	-7.0
Spain	34,318	51,572	47,272	56,546	53,792	-4.9
France	31	130	52	9	7	-22.2
Italy	0	4	5	8	4	-50.0
Greece	0	21	0	0	0	-
Sweden	0	0	0	1,305	0	-
All Other	0	28	25	0	0	-
Total Non-EU	2,417	19	16	206	1,403	581.1
Tunisia	1,712	0	0	0	800	-
Morocco	0	0	0	0	366	-
Syria	0	0	0	0	151	-
Turkey	702	0	0	166	30	-81.9
All Other	3	19	16	40	56	40.0

Source: Portuguese Statistics Office.

Portuguese Olive Oil Exports

Units: Mt

	Oct 99-Sep 00	Oct 00-Sep 01	Oct 01-Sep 02	Oct 02-Sep 03	Oct 03-Sep 04	Inc. (%)
Total	17,201	22,370	19,144	18,122	19,659	8.5
Into the U.S.	762	964	1,408	1,949	1,568	-19.5
Into the EU-25:	1,353	4,597	3,167	2,960	3,888	31.4
Italy	428	3,726	2,418	2,280	3,131	37.3
France	686	590	479	467	508	8.8
Spain	14	23	49	39	71	82.1
UK	71	63	53	23	30	30.4
Greece	18	16	35	29	20	-31.0
Belgium-Lux	12	63	5	13	12	-7.7
Other EU-25	124	116	128	109	116	6.4
Other:	15,086	16,809	14,569	13,213	14,203	7.5
Brazil	11,849	13,330	11,147	10,141	10,674	5.3
Venezuela	1,205	1,257	1,218	690	948	37.4
Angola	377	539	603	596	721	21.0
Cape Verde	470	549	520	540	682	26.3
Canada	293	307	386	377	431	14.3
South Africa	358	228	238	294	202	-31.3
Mozambique	183	224	103	271	170	-37.3
Macau	64	59	63	58	82	41.4
Switzerland	55	37	53	50	55	10.0
Switzerland	55	37	53	50	55	10.0
Japan	56	34	21	23	53	130.4
Australia	23	50	11	45	25	-44.4
New Zealand	0	0	0	0	10	-
All Other	98	158	153	78	95	21.8

Source: Portuguese Statistics Office.