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Italy

Oilseeds and Products

Olive Oil Labeling Law to Identify Imported Oil

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SUMMARY

In response to pressure from producer organizations, precipitated by weak prices, Parliament passed a law requiring foreign olive oil bottled in Italy to be identified as such. Previously, identification of origin was not mandatory. The EU Commission may challenge this law as an impediment to trade within the EU since most of Italy's imports come from Spain and Greece.

This law was a response to Italian grower organizations, which have been extremely concerned about growing olive oil imports into Italy. These imports, in conjunction with strong domestic production, have put downward pressure on domestic prices this year, precipitating widespread farmer protests. In recent years, the domestic bottling industry has increased the share of imported olive oils in their blends to be either domestically consumed or exported. The main complaint from the Italian producers has been that such oils were being marketed as Italian olive oils even if they contained only a small proportion of the domestic product.

The main changes included in the new law are: olive oils (extra virgin, virgin or refined) can be sold and marketed with the labeling “produced in Italy”, only if the whole cycle of olive harvesting, oil production, processing and bottling takes place in Italy. The above information must appear on the label, in an easily readable way. The olive oils bottled in Italy by blending imported oils with domestic oils must include in their labels the statement “partially produced with oils imported from....” (names of the countries of origin), with the percentage of imported oils. If the blend does not include domestic oils, the label must say “wholly produced with oils imported from...”.

This new law has elicited diverse reactions. The major farm organizations are generally satisfied: “Italy is the first country in the world to implement clear and transparent regulation for olive oil labeling”, stated the President of UNAPROL, a leading Olive Producer Union. On the other hand, ASSITOL, the vegetable Oil Industry Association (which also represents the major Italian olive oil bottlers and exporters) expressed its strong concern over the implications of approval of this new legislation.

Moreover, the EU commission may call this new legislation into question. Last May, when the Italian Parliament started to discuss subject draft legislation, the EU Commission pointed out that the law would impose constraints against the free circulation of goods inside the EU. Based on this remark, the legislation was modified, but the Commission may still find the Italian law (now in force, after its publication on the August 29th Official Gazette)to be objectionable.

The effects of this new legislation on domestic consumption, as well as on Italian olive oil trade patterns, are hard to predict. A certain share of Italian and international consumers will likely be more attracted to the “made in Italy” olive oil, although more costly than the blended oils. However, the price differential with the blends will play an important role in determining the consumers' choices.

During 1996/97 (latest available data for the whole marketing year), domestic olive oil production was only 390,000 tons, while imports totaled 496,000 tons, mainly from Spain, Greece and Tunisia. Exports, on the other hand, were 208,000 tons, mainly represented, as said above, by blends between domestic and imported oils. Exports to the United States were 95,000 tons.