

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 10/31/2017

GAIN Report Number: IT1762

Italy

Post: Rome

Italian Olive Oil Update 2017

Report Categories:

Oilseeds and Products

Approved By:

Fred Giles

Prepared By:

Ornella Bettini

Report Highlights:

Italy is the second largest olive oil producer in the European Union (EU) after Spain and accounts for approximately one-quarter of the EU-28 olive acreage. According to the latest industry estimates, Italy's marketing year (MY) 2017/18 olive oil production is preliminarily forecast at 320,000 metric tons (MT) due to the summer drought that affected the Italian peninsula. However, beneficial rains occurred at the end of September in the main producing region Puglia and helped mitigate the drought effects, while guaranteeing a high quality product.

Italian Olive Oil Update 2017

Production

Italy is the second largest olive oil producer in the European Union (EU) after Spain and accounts for approximately one-quarter of the EU-28 olive acreage. According to the latest industry estimates, Italy's marketing year (MY) 2017/18 olive oil production is preliminarily forecast at 320,000 metric tons (MT) due to the summer drought that affected the Italian peninsula. However, beneficial rains occurred at the end of September in the main producing region Puglia and helped mitigate the drought effects, while guaranteeing a high quality product.

Italy's MY 2016/17 olive oil production is estimated at 182,326 MT, a 61.6 percent drop from the previous abundant campaign (474,620 MT) due to sudden alternations of hot, cold, and rainy weather that affected the country throughout the year, combined with the olive fruit fly attack in September. Overall, quality is reported to be good.

As reported by the industry, there are approximately 700,000 olive farms in Italy organized in 700 certified production chains, cultivating 1.1 million hectares (ha) of land and more than 250 million olive trees. Puglia and Calabria cover 68 percent of Italian olive oil production. The remainder of production is in the regions of Sicilia (8 percent), Campania (6 percent), Abruzzo (4 percent), Lazio (4 percent), Toscana (3 percent), and Umbria (2 percent). Thanks to approximately 538 different olive varieties, Italy is able to express many different flavors and fragrances that make the country a unique and exclusive olive grove. Leading olive varieties include *Ogliarola*, *Coratina*, *Cima*, and *Cellina* in Puglia; *Taggiasca* and *Lavagnina* in Liguria; *Frantoio* in Toscana; *Casaliva* by the Garda Lake; *Moraiolo* in Umbria; *Carboncella* in the area of Sabina mountains (Lazio); *Gentile* in Abruzzo; *Rotondella* in Campania; *Carolea* in Calabria; *Nocellara del Belice* in Sicily; and *Bosana* in Sardegna.

Nearly 60 percent of Italian olive oil production is extra virgin. Olive trees are slow to grow, taking four or five years to yield their first fruits and another 10 to 15 to reach their full capacity. Olive harvest occurs from October to December. Olives are mostly handpicked and the crop is pressed on the day of picking. This helps differentiate the Italian product by contributing to quality, but raises costs by limiting economies of scale.

Consumption

With approximately 11 liters per capita per year, Italy is a leading olive oil consumer. More than 80 percent of consumption is extra virgin. Household penetration of olive oil is 90 percent, while the remainder goes to canning and cosmetics industries. Traditional distribution channels where consumers purchase olive oil directly from producers account for one-fifth of Italian production. Local consumers generally focus on perceived quality rather than price in making their purchasing decisions. Product differentiation is important in Italy, with customers increasingly interested in Protected Designations of Origin (PDOs), Protected Geographical Indications (PGIs), and organic certifications.

Trade

Italy's MY 2015/16 olive oil imports (550,821 MT) decreased by 11.7 percent from MY 2014/15, mainly due to reduced volumes from Tunisia (-58 percent) and Spain (-6 percent), the leading suppliers. A significant share of imported oil is blended and bottled in Italy for export, although a certain quantity of imports is used for domestic consumption. Italy's MY 2015/16 olive oil exports reached 390,803 MT, 8 percent more than MY 2014/15, mainly due to increased volumes to Canada (+36 percent), Spain (+20 percent), the United States (+9 percent), and Japan (+3 percent).

Table 1: Italy's leading olive oil imports

Partner Country	Unit	Quantity			% Share			% Change 2016/2015
		2014	2015	2016	2014	2015	2016	
World	T	616,509	623,649	550,821	100.00	100.00	100.00	- 11.68
Spain	T	534,669	352,633	331,652	86.73	56.54	60.21	- 5.95
Greece	T	35,759	155,688	153,250	5.80	24.96	27.82	- 1.57
Tunisia	T	19,273	92,920	39,201	3.13	14.90	7.12	- 57.81
Portugal	T	17,918	14,700	20,973	2.91	2.36	3.81	42.67
Morocco	T	943	3,132	1,884	0.15	0.50	0.34	- 39.83
Cyprus	T	-	197	1,570	0.00	0.03	0.29	698.13
Germany	T	123	218	650	0.02	0.04	0.12	197.36
France	T	1,650	1,261	344	0.27	0.20	0.06	- 72.75
Australia	T	1,586	1,147	227	0.26	0.18	0.04	- 80.22
United States	T	143	25	199	0.02	0.00	0.04	682.68

Source: Global Trade Atlas (GTA)

Table 2: Italy's leading olive oil exports

Partner Country	Unit	Quantity			% Share			% Change 2016/2015
		2014	2015	2016	2014	2015	2016	

World	T	415,702	362,116	390,803	100.00	100.00	100.00	7.92
United States	T	117,358	104,550	114,113	28.23	28.87	29.20	9.15
Germany	T	44,313	42,909	43,091	10.66	11.85	11.03	0.42
France	T	32,901	31,917	31,798	7.91	8.81	8.14	- 0.37
Canada	T	26,961	18,154	24,698	6.49	5.01	6.32	36.05
Japan	T	25,381	21,932	22,648	6.11	6.06	5.80	3.26
Spain	T	8,019	17,568	21,019	1.93	4.85	5.38	19.64
United Kingdom	T	14,828	13,497	13,119	3.57	3.73	3.36	- 2.81
Belgium	T	8,294	7,071	7,214	2.00	1.95	1.85	2.03
Australia	T	7,900	5,523	7,132	1.90	1.53	1.82	29.14
Switzerland	T	7,166	6,971	7,088	1.72	1.93	1.81	1.68

Source: GTA

Abbreviations and definitions used in this report

MT: Metric Ton - 1MT = 1,000 kg

PDOs: Protected Designations of Origin

PGIs: Protected Geographical Indications

MY Marketing year: November/October

Harmonized System (HS) Codes: 1509, 1510