

# **The Global Market for Olive Oil: Trends, Policies and Trade Liberalisation in the Mediterranean**

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# Outline

- **World Markets, Trade & Policies**
- **Euro-Med Trade Liberalisation: Scenarios & Estimates**
- **Potential Impacts on the EU (Quantitative + Qualitative)**
- **Concluding Remarks**

# World Olive Oil Market Aggregate Figures 1990-2008

	Av./ Campaign (1000 t)	% CV	Min (1000 t)	Max (1000 t)	Annual % Growth <sup>(2)</sup>
<b>Production</b>	2391.1	20.3	1453.0	3174.0	3.8
	<b>EU</b> 77%	22.5	993.7	2463.7	4.3
<b>Consumption</b>	2387.7	17.5	1666.5	2926.5	3.2
	<b>EU</b> 71%	16.3	1214.5	2078.9	2.9
<b>Exports</b> <sup>(1)</sup>	464.6	29.5	256.5	705.5	3.8
	<b>EU</b> 54%	28.5	146.1	335.9	4.7
<b>Imports</b> <sup>(1)</sup>	488.8	28.6	288.5	723.0	4.8
	<b>EU</b> 31%	37.6	42.4	231.8	3.1

(1) Only extra-EU trade (2) Average compound- rate

Source: Based on IOOC data

## Application of New CMO in EU Countries

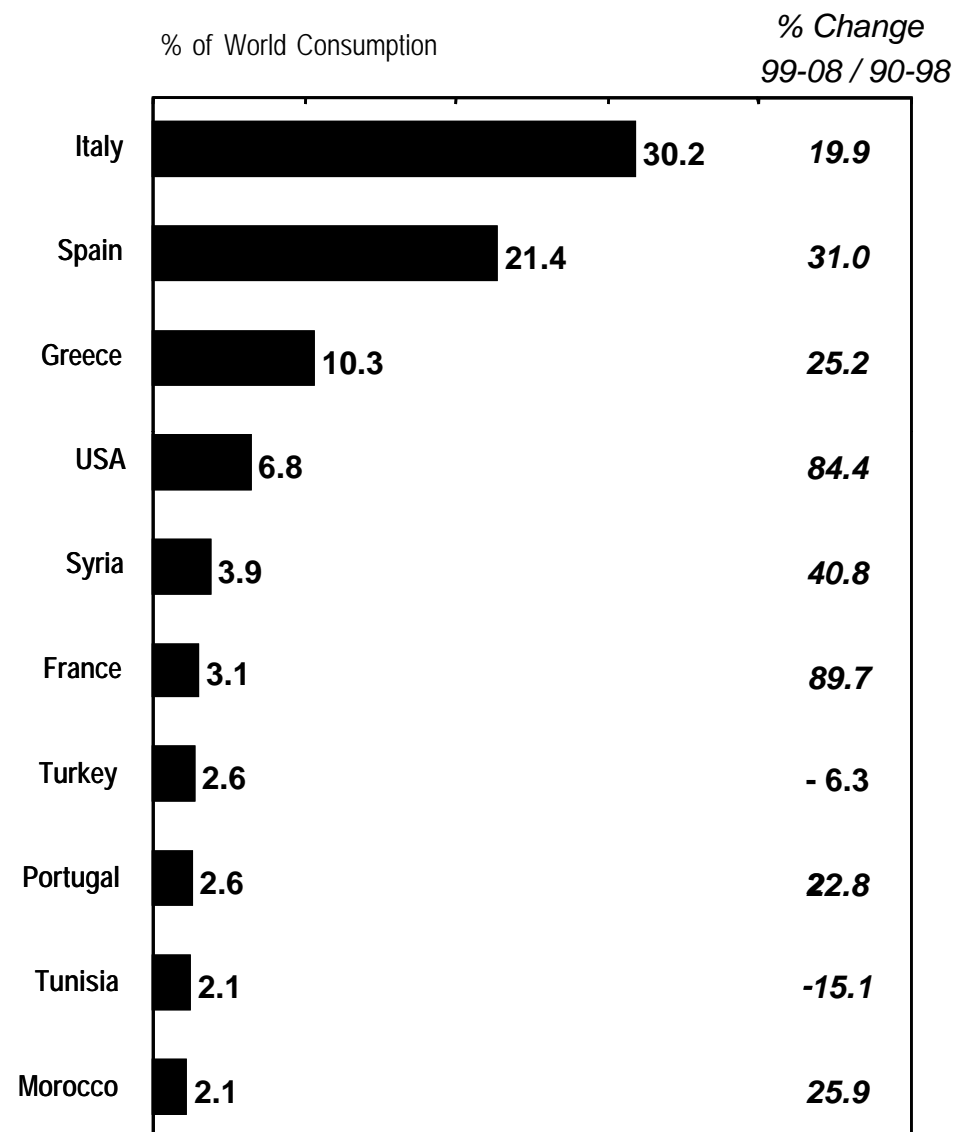
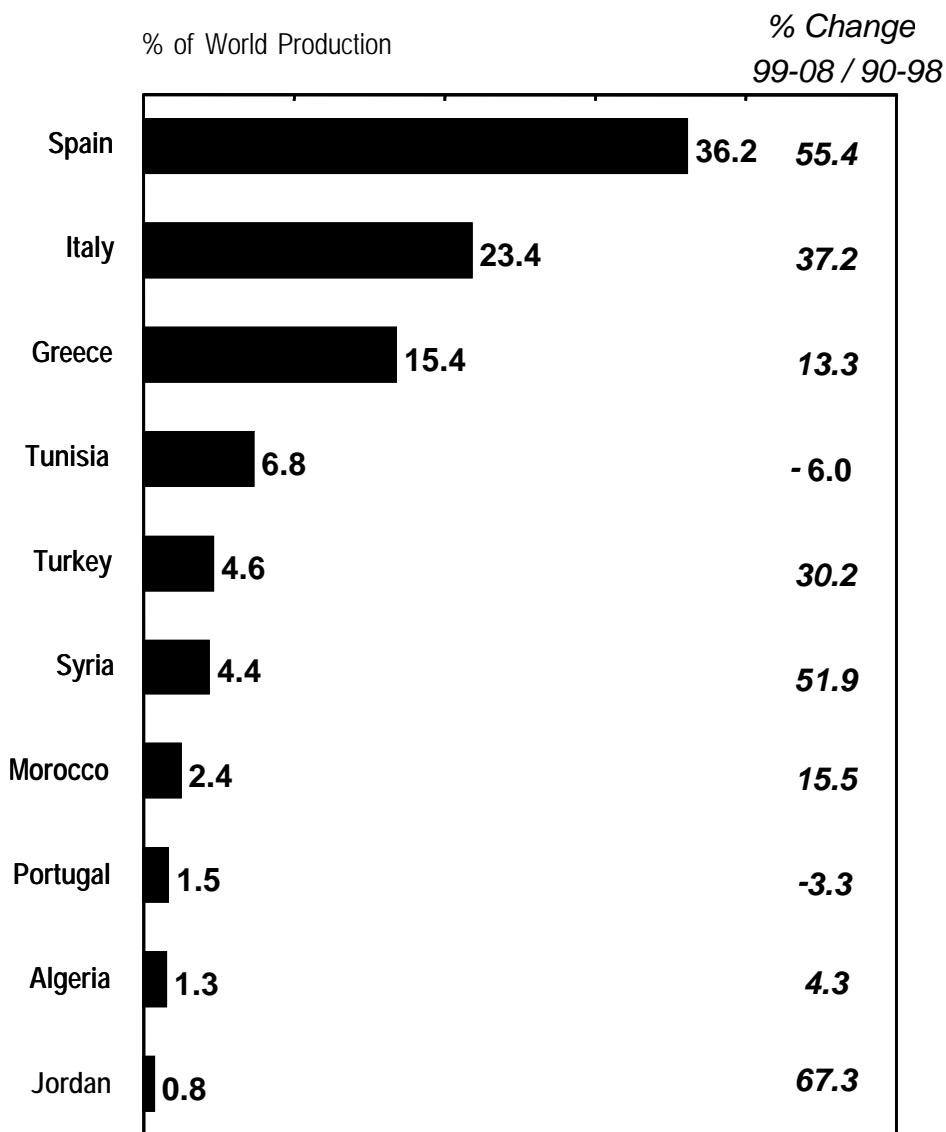
	<b>% Decoupling Rate</b>	<b>% Retention Art. 69</b>	<b>% Retention Operators' Org.</b>
<b>Spain</b>	<b>93.61</b>	<b>-</b>	<b>-</b>
<b>Italy</b>	<b>100</b>	<b>-</b>	<b>10</b>
<b>Greece</b>	<b>100</b>	<b>4</b>	<b>2</b>
<b>Portugal</b>	<b>100</b>	<b>10</b>	<b>-</b>
<b>France</b>	<b>100</b>	<b>-</b>	<b>10</b>
<b>Slovenia</b>	<b>100</b>	<b>-</b>	<b>-</b>
<b>Malta</b>	<b>100</b>	<b>-</b>	<b>-</b>

Source: EC

## Main participants in the world olive oil market, 1990-2008

### Producer Countries

### Consumer Countries

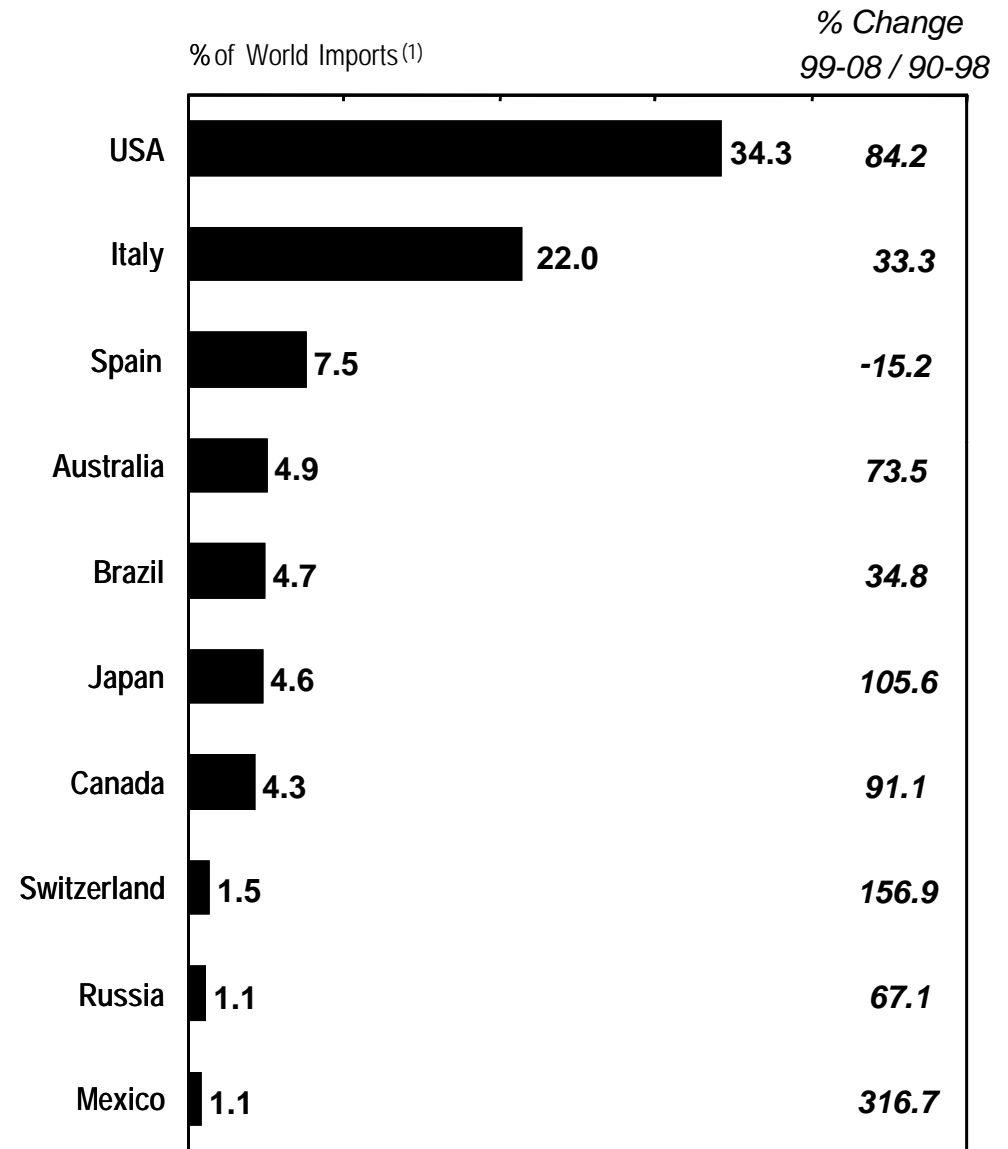
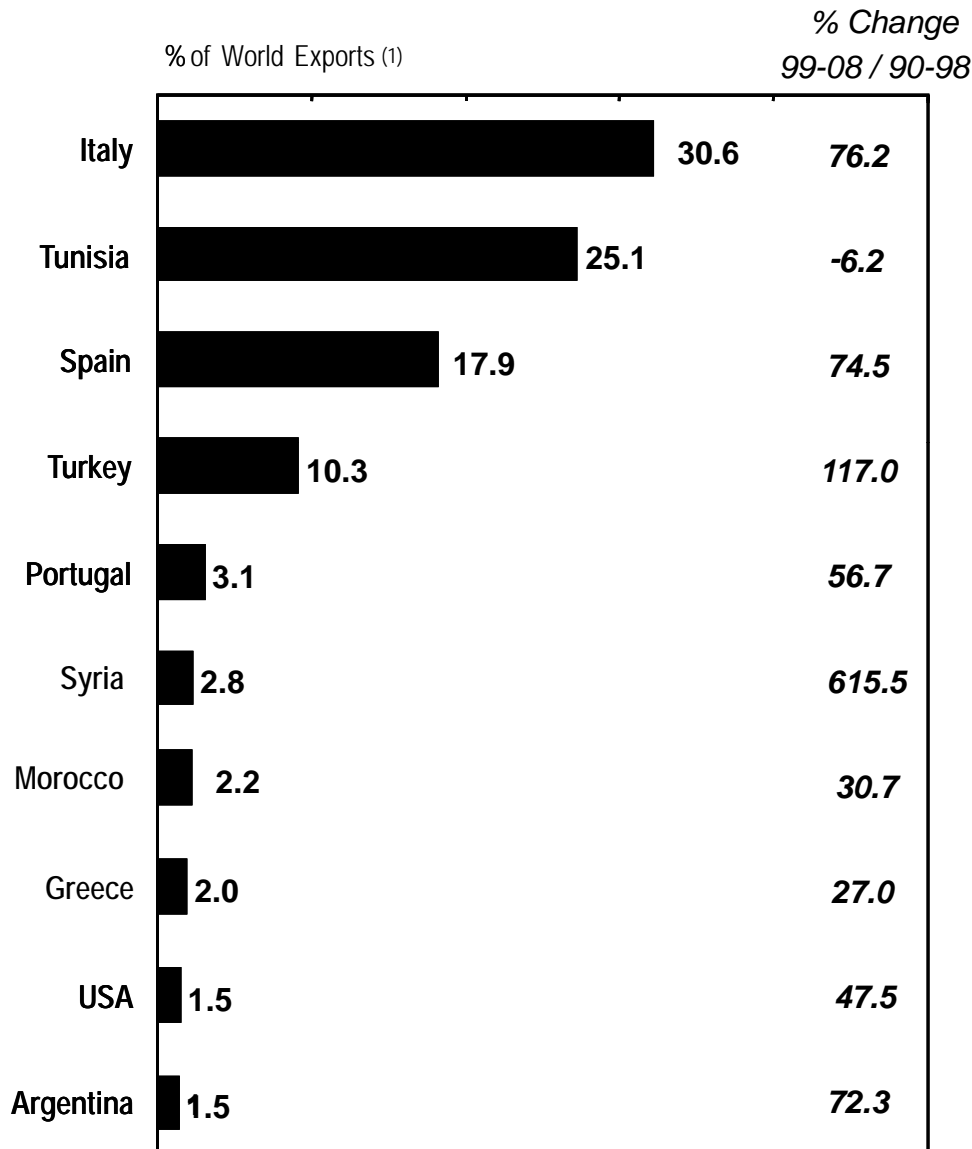


Based on IOOC data

# Main participants in the world olive oil market, 1990-2008

## Exporter Countries

## Importer Countries



(1) Without intra EU trade

Based on IOOC data

# Principal Non-Traditional Purchasers of Olive Oil, 1990-2008

Country	Av./ campaign (1000 t)	% CV	Min (1000 t)	Max (1000 t)	Annual % growth
USA	167.9	34.3	87.5	260.0	6.1
UK <sup>(1)</sup>	30.1	58.6	6.8	71.6	8.4
Germany <sup>(1)</sup>	29.7	52.2	9.8	56.0	9.9
Australia	23.8	31.1	12.5	35.0	5.4
Brazil	22.9	27.1	11.0	34.0	5.3
Japan	22.7	50.6	4.0	34.0	12.1
Canada	20.9	35.9	10.0	32.0	6.4
Switzerland	7.1	49.2	3.0	12.0	8.0
Netherlands <sup>(1)</sup>	6.8	71.0	1.0	14.5	16.0
Russia	5.4	54.3	1.0	9.5	3.6
Mexico	5.2	72.4	1.0	10.5	11.4
Austria <sup>(1)(2)</sup>	4.3	54.2	0.2	7.3	31.7
Sweden <sup>(1)(2)</sup>	3.9	49.2	1.0	7.2	16.4
Denmark <sup>(1)</sup>	2.2	37.7	0.7	3.4	9.2
Ireland <sup>(1)</sup>	1.7	42.3	0.5	2.7	9.8
Finland <sup>(1)(2)</sup>	0.9	44.0	0.2	1.4	11.3

(1) Includes intra + extra EU imports, (2) 1994/95 – 2007/08  
Source: Based on IOOC, Eurostat, National Accounts data

# Euro-Med Production & Internationalisation Indicators, 1990-2008

	PRODUCTION		EXPORT INTENSITY (Export <sup>1</sup> / Prod.) %
	Annual % Growth	% CV	
<b>Tunisia</b>	<b>0.2</b>	<b>45.6</b>	<b>71.3</b>
<b>Turkey</b>	<b>3.9</b>	<b>50.0</b>	<b>43.6</b>
<b>Syria</b>	<b>1.0</b>	<b>36.1</b>	<b>12.5</b>
<b>Morocco</b>	<b>4.9</b>	<b>39.3</b>	<b>17.7</b>
<b>Jordan</b>	<b>5.6</b>	<b>46.7</b>	<b>10.8</b>
<b>Spain</b>	<b>3.7</b>	<b>35.2</b>	<b>9.6</b>
<b>Italy</b>	<b>6.4</b>	<b>28.8</b>	<b>25.4</b>
<b>Greece</b>	<b>4.3</b>	<b>19.6</b>	<b>2.5</b>
<b>Portugal</b>	<b>3.3</b>	<b>29.4</b>	<b>40.0</b>
<b>EU</b>	<b>4.3</b>	<b>22.5</b>	<b>13.7</b>
<b>WORLD</b>	<b>3.8</b>	<b>20.3</b>	<b>19.4</b>

(1) Without intra-EU trade

Source: Based on IOOC, National Accounts data

# Extra-EU Olive Oil Imports

(Eurostat Comext)

Main partners	Million Euro		%/ Total		Annual % growth
	1995	2005	1995	2005	
<b>Total Extra-EU</b>	<b>337</b>	<b>510</b>	<b>100</b>	<b>100</b>	<b>4.2</b>
<b>Tunisia</b>	<b>240</b>	<b>259</b>	<b>71</b>	<b>51</b>	<b>0.8</b>
<b>Turkey</b>	<b>80</b>	<b>114</b>	<b>24</b>	<b>22</b>	<b>3.6</b>
<b>Syria</b>	<b>4</b>	<b>75</b>	<b>1</b>	<b>15</b>	<b>34.1</b>
<b>Morocco</b>	<b>9</b>	<b>46</b>	<b>3</b>	<b>9</b>	<b>17.7</b>
<b>Rest</b>	<b>4</b>	<b>16</b>	<b>1</b>	<b>3</b>	<b>14.9</b>

# Importing Regimes

1. **Preferential Tariffs & Quotas Regime (TQR)**
2. **Inward Processing Regime (IPR)**
3. **Normal Regime (MFN)**

## Olive Oil Tariff Quotas Granted by EU to 3rd Countries

Third Countries	Code NC	Quota (tons)	Date of Application
Lebanon	150910	1000	March 2003
	15100010		
Palestine	150910	2000	January 2005
Tunisia	15091010	57167	May 2004
Algeria	1509	1000	October 2005
	1510	1000	
Morocco	1509	3500	September 2005
	151000		
	150910	2000	From 1 January to 31 December 2006
	150910	4500	From 1 January to 31 December 2007
	150910	7000	From 1 January to 31 December 2008
	150910	9500	From 1 January to 31 December 2009
	Jordan	150910	12000

Source: EC

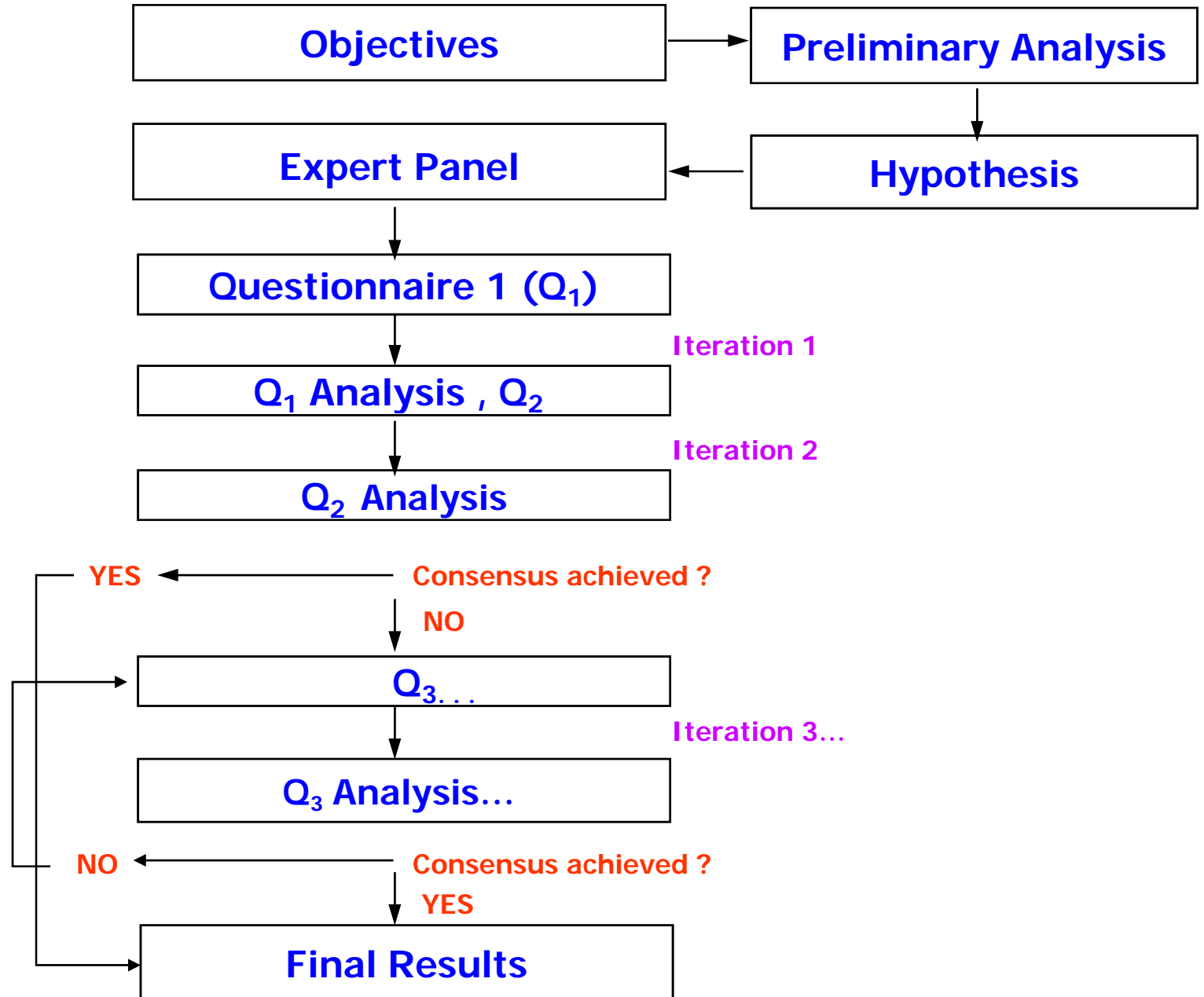
# **Euro-Med Trade Liberalisation : Tunisia Case Study**

(Karray & Mili, 2007)

## **Delphi Survey**

**Iterative questionnaires, anonymously addressed in 2 rounds to 24 experts from different backgrounds, to obtain consensus views and estimates about Tunisia olive oil production and export potential by 2010 and 2015, under different liberalisation scenarios**

# Methodological Framework



# Liberalisation Scenarios

<b>Scenario 1: Partial Liberalisation</b>	
<b>1. Quota</b>	<b>86,000 t</b>
<b>2. IPR</b>	<b>Maintained</b>
<b>3. MFN Regime</b>	<b>20% Reduction</b>
<b>Extra virgin</b>	<b>1245 Euro/t – 20%</b>
<b>Lampante</b>	<b>1226 Euro/t – 20%</b>
<b>Refined</b>	<b>1346 Euro/t – 20%</b>
<b>1 + 2 + 3</b>	
<b>Scenario 2: Full Liberalisation</b>	

## Results - 1/2

### Tunisia Olive Oil Production Potential (1000 t)

	<b>2001-05</b>	<b>2010</b>	<b>2015</b>
<b>Production Potential</b>	<b>142</b>	<b>190</b>	<b>250</b>
Increasing yields through good agricultural practices			<b>1</b>
Olive growing strategy based on scientific results and clear vision			<b>2</b>
Expanding areas of irrigated plantations			<b>3</b>
Reinforcing financial support to producers			<b>4</b>
Restructuring old plantations			<b>5</b>
Expanding olive cultivation in dry areas			<b>6</b>
Promoting hyper-intensive plantations			<b>7</b>
Encouraging selection of Tunisian varieties for intensive plantations			<b>8</b>

## Results - 2/2

### Tunisia Olive Oil Export Potential (1000 t)

	01-05	2010	2015
<b>Scenario 1: Partial Liberalisation</b>	<b>83.5</b>	<b>186</b>	<b>224</b>
<b>1. Quota</b>			
With increasing J- F- M quantities	-	85	84
Without increasing J- F- M quantities	-	83	84
<b>2. IPR</b>	<b>46.8</b>	<b>100</b>	<b>130</b>
If suspended		50	65
<b>3. MFN Tariffs</b>	-	12	18
<b>Scenario 2: Full Liberalisation</b>	<b>83.5</b>	<b>153</b>	<b>206</b>

## **Main Conclusions from Tunisia Study - 1/2**

- **Potential quantitative impacts are limited overall**
- **Almost all Tunisian export potential is bulk**
- **Monthly in-quota quantity changes almost have no impact on exports, while quota increase has a clear effect**
- **IP regime will continue to be determinant for Tunisian exports**

## **Main Conclusions from Tunisia Study - 2/2**

- **MFN regime will continue to be residual (even with 20% reduction under current CMO provisions)**
- **Export potential under total lib. scenario is less than under the partial : Partial lib. assumes Tunisia keeps its preferential quota, lost under total lib. Experts assumed that Tunisia would loose market share to competitors like Turkey, Morocco and Syria**

## Qualitative Impacts (Potential Competition on Domestic EU Production)

### Limited overall :

- **Two operating levels (few big /medium sized companies + many small enterprises) : imperfectly competitive industry**
- **Growing horizontal concentration (primary production - cooperatives) and vertical integration (Sos...)**

# Business Structure - Market Concentration in the Spanish Olive Oil Industry

Source: Based on Alimarket 1998, 2008

1997			2007		
Firm / Group	Market share (%)	Major capital ownership	Firm / Group	Market share (%)	Major capital ownership
1. Koipe Group	33.0	Eridaria Beghin-Say	1. Sos-Cuetara Group	21.3	Nnal Private Cap.
2. Agra	9.7	Unilever	2. Sovena	15.4	Sovena (Portugal)
3. Aceites Toledo	7.0	Nnal Private Cap.	3. Migasa Group	10.2	Nnal Private Cap.
4. Agribetica	6.0	Frint-Frahuil	4. Acesur Group	9.3	Nnal Private Cap.
5. Aceites del Sur	5.9	Nnal Public Cap.	5. Urzante	6.0	Nnal Private Cap.
6. Ybarra	4.6	Nnal Private Cap.	6. Oleo Martos	6.0	Nnal Private Cap.
7. Borges-Pont	3.7	Nnal Private Cap.	7. Hojiblanca	5.0	Cooperative
8. Mueloliva	2.8	Nnal Private Cap.	8. Aceites Toledo	3.8	Nnal Private Cap.
9. Uteco-Jaen	2.3	Nnal Private Cap.	9. Eroski Group	3.0	Nnal Private Cap.
10. Maleva	2.7	Nnal Private Cap.	10. Cargill Oil Packers	3.0	Cargill (USA)
<b>C2</b>	<b>42.7</b>		<b>C2</b>	<b>36.7</b>	
<b>C4</b>	<b>55.7</b>		<b>C4</b>	<b>56.2</b>	
<b>C10</b>	<b>77.7</b>		<b>C10</b>	<b>83.0</b>	

## Concluding Remarks - 1/2

- **Key market features: Growing but still low internationalisation ; Relative saturation of domestic demand in main producing countries ; Higher growth rates for world supply than for potential demand ; Substitute oils competition; Growing bargaining power of distribution sector**
- **International olive oil competitive scenario will be shaped by 1) Developments in demand and business strategies, 2) Changes in agricultural and trade policies**

## Concluding Remarks - 2/2

- Mediterranean trade flows (and presumably the impacts) are potentially more important for Med countries than for the EU
- Scope for further liberalisation (political will, feasibility!)
- Growing influence of NTMs (safety measures, quality certification, labelling, rules of origin...)

***Areas in which more research is needed***

**Thank you**