Key facts:

* Australia produced **63,000 tonnes** of olives which were available to the market during the year ending June 2013, 95% of which were used in the production of olive oil and the remaining 5% for table olives.
* **Tasmania** produced **126 tonnes** of olives which were used to press approximately **23,000 litres** of olive oil, as well as produce a small quantity of table olives.
* Tasmania currently has **60 growers** managing around **120,000 trees,** across a number of regions in the state.
* During the year ending June 2013, Australia **exported 3,025 tonnes** of olive oil and **242 tonnes** of table olives.
* During the year ending June 2013, Australia **imported 29,887 tonnes** of olive oil and **18,272 tonnes** of table olives.

Australian olive industry

The Australian olive industry has experienced rapid growth over the last 10-20 years, with around 10 million olive trees currently planted commercially, spread across 35,000-40,000ha. Australian olive production consists of 2,000 growers who supply both domestic and export markets.

The industry is made up of large scale corporate growers, who collectively represent the majority of the Australian industry, together with a large number of smaller 'boutique' or 'lifestyle' growers.

Growth within the industry was largely driven by the establishment of Managed Investment Schemes (MIS) during 2004 to 2007, which accounted for around 70% of the olive trees planted in Australia during this period. The industry, particularly the olive oil segment, is driven by world markets which influence prices received for Australian product. While a wide range of specialty products exist, much of the market is influenced by commodity-type conditions, influenced in part by bulk products and strong global supply.

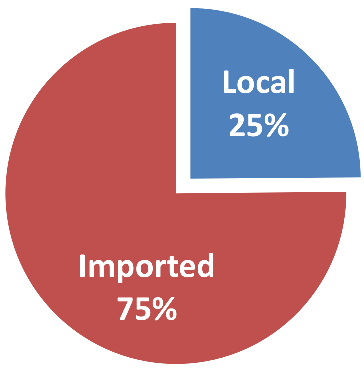
Australian production

In the 2012 olive harvest, which supplied the market with product during the year ending June 2013, Australia produced **63,000 tonnes** of olives, **95%** of which were used in the production of olive oil, with the remaining **5%** for table olives.

Australian production has fluctuated in recent years as a result of climatic conditions such as flooding, which had a significant effect on production during the 2012 harvest. These climatic impacts introduce a short-lived biennial bearing pattern in some production areas, reflected in the rebound of crop volumes during the 2013 Australian harvest to 126,000 tonnes and 19 million litres of olive oil.

For the year ending June 2013, Australia produced **11 million litres of olive oil** from **60,000 tonnes** of fruit, with about 95% of production being graded as high quality extra virgin olive oil. Approximately 75% of olive oil consumed within Australia for this year was imported, as highlighted in Figure 1, while the remaining 25% was supplied by the local market.

Figure 1 **Total Olive Oil Supply—44 million litres**



Approximately **3,000** tonnes of table olives were produced in Australia for 2012/13. Around **86%** of the table olives consumed in Australia were sourced from imported product, with the remaining **14%** sourced from locally produced product, as highlighted in Figure 2. As such, the domestic table olive market typically focuses on high quality or niche products.

represented. A small number of growers market bulk oil within the state.

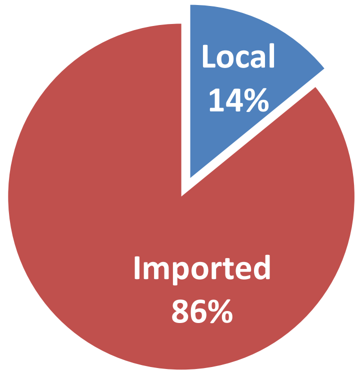
Tasmania's cooler climate allows for a longer growing season than the mainland, and while this often provides better quality fruit, it also typically generates lower yields.

The main production regions in Tasmania include the east coast, the south-east, as well as a strong presence in the north-west.

The majority of the production volume from Tasmania is sourced from smaller scale operations developed around key niche markets. Many of these products carry branding extensions which command premium prices in the market.

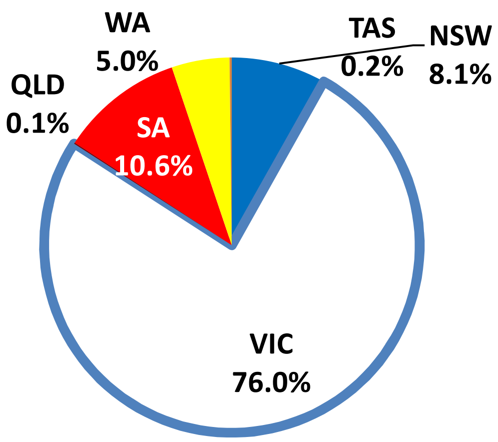
Most of the table olives and olive oil produced in Tasmania are sold within the state, with small volumes heading to the mainland.

Figure 2 **Total Table Olives Supply—21,272 tonnes**



Victoria is the largest olive producer in Australia, accounting for **76%** of the total national production, as seen in Figure 3. The majority of Victorian production is supplied by larger enterprises (with 5,000+ trees), with one major supplier in particular comprising the bulk of the state's production.

Figure 3 **Australian Olive Production—by state**



Tasmanian production

The Tasmanian olive industry consists of 60 growers producing around 126 tonnes of olives, used to press around **23,000 litres** of olive oil, as well as produce a small quantity of table olives.

There are approximately 120,000 trees planted across the state, with a large percentage of these trees yet to reach full maturity.

Marketing and distribution of Tasmanian olive oil uses a combination of web based sales, as well as local and interstate specialty retailers. Combined, there are over 50 brands

International trade

Australia is a net importer of both olive oil and table olives. In 2012/13 approximately **54%** of the olive oil imports were graded as virgin olive oil, with the remainder being graded as standard olive oil.

Figure 4 outlines the trade profile for olive oil over the five years to 2012/13. It shows a small gradual increase in imports, with higher imports in 2009/10 and 2010/11.

Over the last 5 years olive oil exports averaged 5,123 tonnes. This was less than imports which averaged 31,101 tonnes over the same period. Internationally, the main olive oil producers are Spain, Italy and Greece.

Figure 4 **Olive Oil Annual Trade (tonnes)**

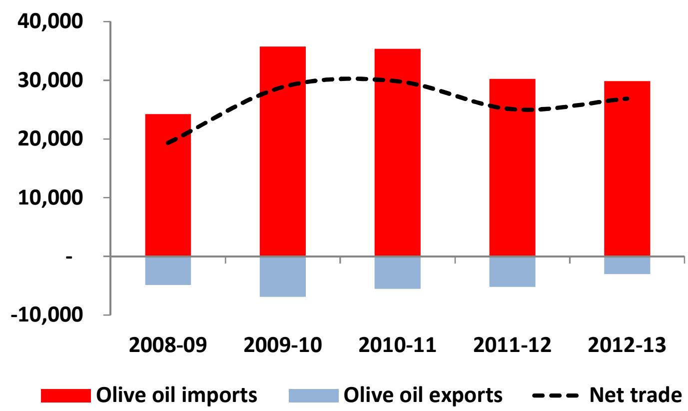
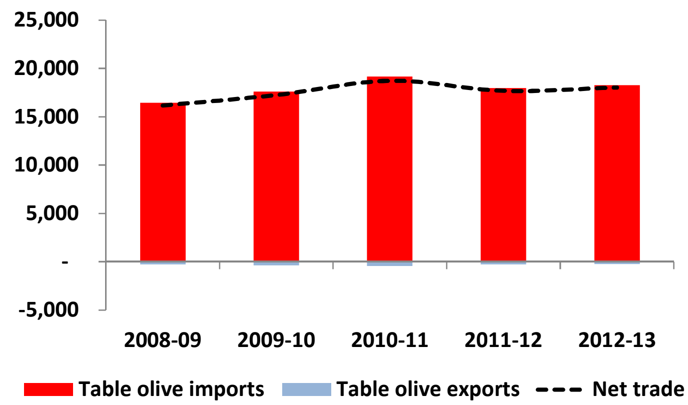


Figure 5 outlines the trade profile for table olives over the five years to 2012/13 and indicates a relatively consistent level of imports over this time, together with minimal exports. Over the last 5 years table olive exports averaged 328 tonnes. This was less than imports which averaged 17,900 tonnes.

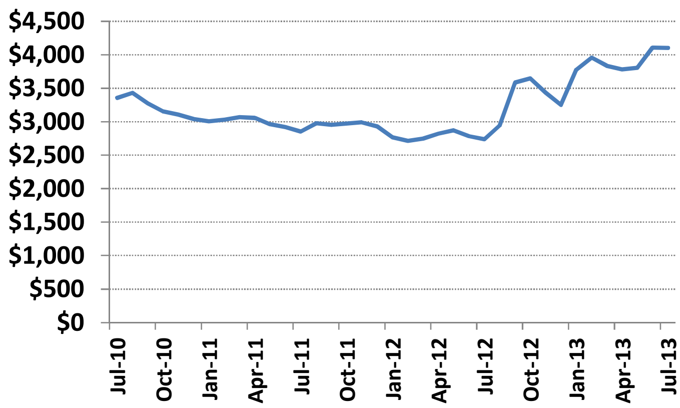
Figure 5 **Table Olives Annual Trade (tonnes)**



Pricing

As outlined in Figure 6, the world price for olive oil has started to recover since mid 2012 following a several years of relatively steady pricing, and by July 2013 the global price was A$4,101 per tonne.

Figure 6 **World Price of Extra Virgin Olive Oil—$A/t**



To put this recovery in context, prior to the relatively steady pricing period that started in 2011, the world price had been steadily declining for a number of years, down from a high of AU$7,896 per tonne in March 2006. That downward trend was influenced by a combination of increased global supply and associated strong competition.

Olive uses

Edible olive oil quality is framed globally in five basic grades, with several types within each grade. These grades vary from region to region and are influenced by climatic conditions and soil type, in a similar way to wine where climate and soil types play an important role in influencing the end product.

The quality of the oil is based on the level of acidity or Free Fatty Acid (FFA) found within the oil. This level of acidity is displayed as a percentage. A lower percentage indicates a higher quality product.

Extra virgin olive oil is produced using the best available fruit, containing no more than 0.8% acidity, offering a superior taste. Extra virgin olive oil is commonly used cold as a salad dressing or as an ingredient in salad dressings. It is also commonly used cold as a dip or spread, and eaten with bread or similar food. As with other olive oils, it is also used in a full range of recipes in a heated form. The product offers stronger flavour when it is consumed fresh and uncompromised by heat.

Virgin olive oil is sourced from lower quality olives with an acidity level between 0.8% and 2%. It is considered to have a good strong flavour.

Ordinary virgin olive oil is made from slightly lower quality than virgin oils, with acidity between 2% and 3.3%.

Olive oil, 100% pure olive oil or pure olive oil are lower quality refined olive oils, sometimes blended with some virgin olive oils. Refined olive oils have been treated to remove defects and achieve an acceptable taste.

Light olive oil or extra light olive oil are the same as the category immediately above, but undergo more processing, refining and filtering to retain only a very mild olive flavour. Here, light refers to “flavor” rather than any measure of contents.

Australia introduced a new standard for olive oil in mid-2011, specifying grades and clarifying what can be classed as extra virgin olive oil. The new standard appears to have had a positive influence on domestic sales of Australian olive oil.

The current domestic market consumes 44 million litres of olive oil, 25% of which is sourced from local production. Australia’s multi-cultural society and associated links to Mediterranean style diets, as well as a trend among some consumers towards healthier consumption patterns, has allowed olive oil to develop a strong position in Australian diets.

Personal care and health

Olive oil is promoted for its health benefits, which relate to its high content of monounsaturated fatty acids as well as the high level of antioxidants that are not found in other oils.

Due to its range of health benefits and moisturising attributes olive oil is also used in hair and skin care products, including some shampoo, conditioner, body lotions, soaps and hand lotions.

Outlook for sector

- The volume growth options centre around further development of export market opportunities, as well as targeting opportunities for import replacement.
- World prices have improved over the last two years. Commodity conditions still influence global and domestic prices, however, and mean that successful product differentiation is an important component to gaining and holding market acceptance.
- The development of niche specialty markets will be likely to generate more value for the category.
- The domestic market for boutique/branded olive oils is expected to remain competitive.
- Tasmania, with its cool climate, can generally produce extra virgin olive oil, with the lowest saturated fat (less than 0.8% free fatty acids) and highest levels of oleic acid. It can also provide a more complex flavour profile, adding to the product value.
- The value of this climate advantage is reflected in the better prices Tasmanian extra virgin olive oil attracts due to its quality. However, it is also costly to produce due to lower yields of fruit with a lower oil content compared to fruit produced in warmer climates.

Data sources

- DFAT import and export data
- ABS
- Freshlogic ThruChain™ model

Further information

1. Australian Olive Association

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2. Horticulture Australia Limited

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3. Freshlogic

www.freshlogic.com.au Ph. +613 9818 1588

4. Australian Bureau of Statistics (ABS)

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5. Department of Foreign Affairs and Trade (DFAT)

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