

# An Analysis of Australian Imports of Packaged Virgin Olive Oil

**Definition**

This report covers an analysis of imports into Australia of Packaged Virgin Olive Oil.

<b>Harmonised Code Tree Structure</b>	
<b>1509100010 Packaged virgin olive oil</b>	
2 Digit	15 - Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes
4 Digit	- 1509 Olive oil and its fractions, whether or not refined, but not chemically modified
6 Digit	- 150910 Virgin olive oil and its fractions, not chemically modified
10 Digit	- 1509100010 Packaged virgin olive oil
<b>Other Related Australian Codes</b>	
1509100011	Virgin olive oil in bulk

**Key Statistics**

<b>Packaged virgin olive oil</b>					
	<b>Data to June</b>				
	2005	2006	2007	2008	2009
<b>Quantity (Tonnes)</b>	9,773	10,981	14,059	9,434	4,574
<b>Value FOB \$AUS*</b>	\$52,261,928	\$68,487,127	\$72,865,857	\$49,928,527	\$27,081,577
<b>Value CIF \$AUS**</b>	\$54,401,703	\$70,660,569	\$75,101,420	\$51,658,930	\$27,958,190
<b>Gross Weight (KGs)</b>	16,560,130	14,217,400	24,615,150	14,525,130	8,269,940
<b>Major Supply Countries - Quantity (Tonnes)</b>					
	<b>Data to June</b>				
<b>China</b>		48	2	26	
<b>Italy</b>	4,687	4,900	4,946	3,061	2,048
<b>Argentina</b>		3	35	1	
<b>Greece</b>	1,403	1,091	1,352	784	492
<b>Syria</b>	41	170	91	12	
<b>Spain</b>	3,025	4,163	6,479	4,958	1,820
<b>Lebanon</b>	211	119	311	30	19
<b>Turkey</b>	363	455	793	461	128
<b>Portugal</b>	17	22	18	21	
<b>Hong Kong (Sar of China)</b>			18	51	30
<b>Major Supply Countries - FOB \$AUS</b>					
	<b>Data to June</b>				
<b>Spain</b>	\$15,456,477	\$26,017,590	\$33,460,342	\$26,859,901	\$10,767,109
<b>Italy</b>	\$25,907,107	\$29,887,020	\$26,719,283	\$15,077,000	\$12,210,613
<b>Greece</b>	\$8,094,866	\$7,781,811	\$7,399,414	\$4,919,424	\$3,036,966
<b>Turkey</b>	\$1,628,024	\$2,746,768	\$3,564,966	\$2,324,009	\$662,637
<b>Lebanon</b>	\$827,741	\$627,668	\$1,003,351	\$103,248	\$118,568
<b>Syria</b>	\$120,474	\$953,058	\$247,380	\$59,606	
<b>Portugal</b>	\$103,568	\$156,846	\$103,192	\$133,229	
<b>Hong Kong (Sar of China)</b>			\$90,295	\$214,728	\$76,018
<b>China</b>		\$194,245	\$15,159	\$93,271	
<b>Australia (Re-imports)</b>	\$280	\$38,796	\$7,000		\$160,043
* FOB \$AUS = "Free on board" so does not include insurance or freight costs					
** CIF \$AUS = "Cost Insurance and Freight" so does include insurance or freight costs					

Summary

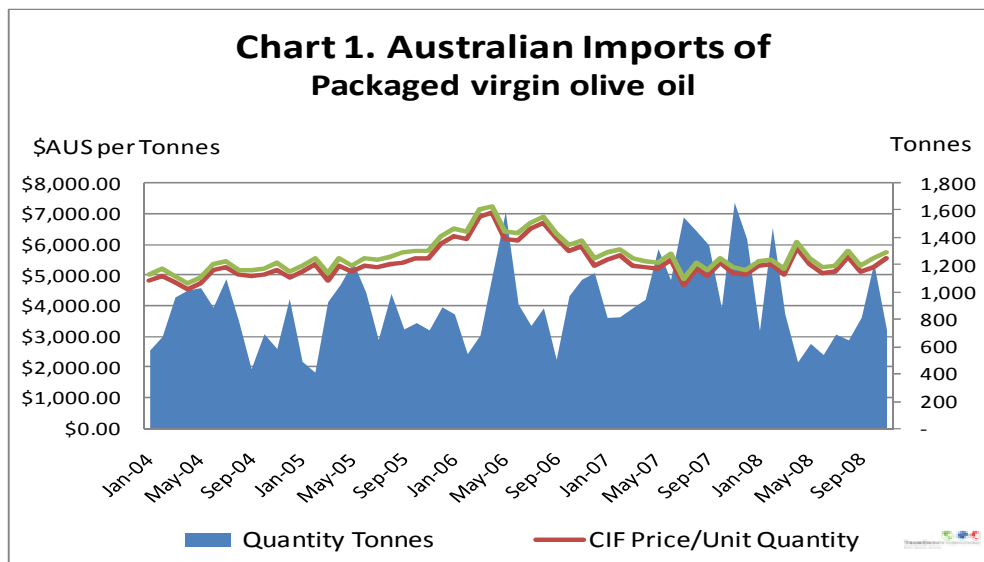
Virgin Olive Oil is imported into Australia in either packaged form or in bulk. This report deals with packaged virgin olive oils and these comprised 80 % of total virgin olive oil imports in 2008. In 2008, 9,434 tonnes of Packaged Virgin Olive Oil was imported into Australia. Import volumes have been generally increasing over time until early 2008 when import volumes declined substantially. Import volumes during 2008 were 38% lower than in 2007. Import volumes have recovered somewhat from April 2009. Imports of the bulk product are also down in 2008 compared to 2007.

Average import prices have been stable since early 2007 at between \$AUS 5,000 and \$AUS 5,500 per tonne. Italy and Spain dominate supply consisting of 85 per cent of imports in the first 6 months of 2009. Greece and Turkey comprise 11 and 3 per cent respectively. Italy has lost market share to Spain since 2005. During the first 6 months of 2009 Spain supplied at two principal price points – between \$AUS 5,300 and \$AUS 5,400 per tonne and at between \$AUS 6,000 and \$AUS 6,700 per tonne. Italy supplied at around \$AUS 5,600 and smaller volumes at between \$AUS 6,200 and \$AUS 6,600 per tonne.

Price and Quantity

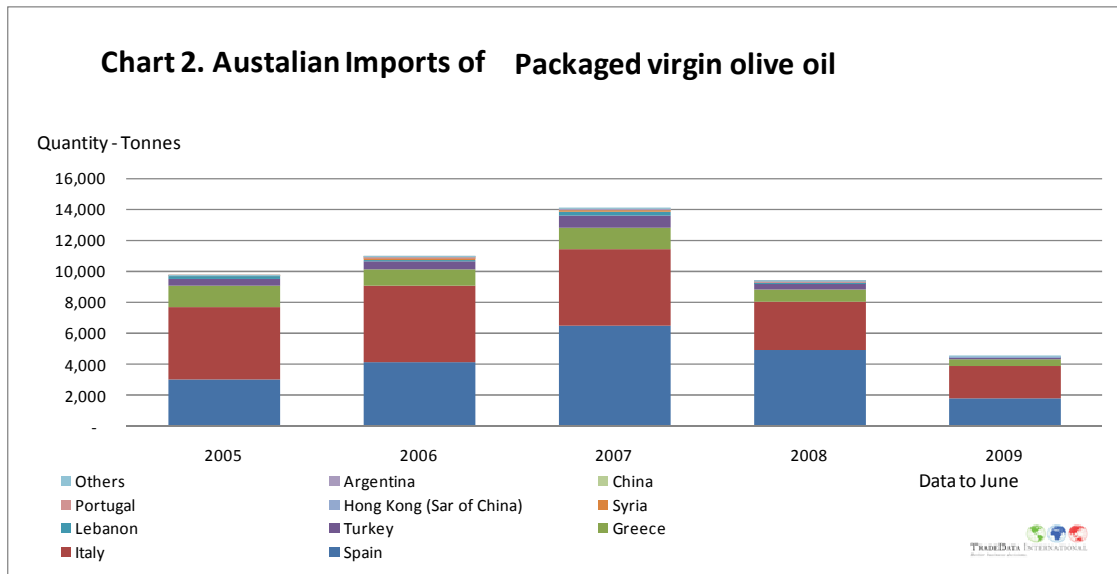
Chart 1 lists the average price and quantity of imports into Australia per month. Average prices landed in Australia have been stable during 2007 and 2008 at between \$AUS 5,000 and \$AUS 5,500 per tonne. Prices had increased from around \$AUS 5,000 in early 2005 to \$AUD 7,000 in early 2006 before declining to above \$AUS 5,000 during 2006. Typically transport and insurance costs amounted to around 3 to 3.5 per cent of the landed price.

Import volumes are moderately seasonal been higher in the middle of the year and lower at the start/end of each year. Import volumes have been generally increasing over time until early 2008 when import volumes declined substantially. Import volumes during 2008 were 38% lower than in 2007. Import volumes have recovered somewhat from April 2009.

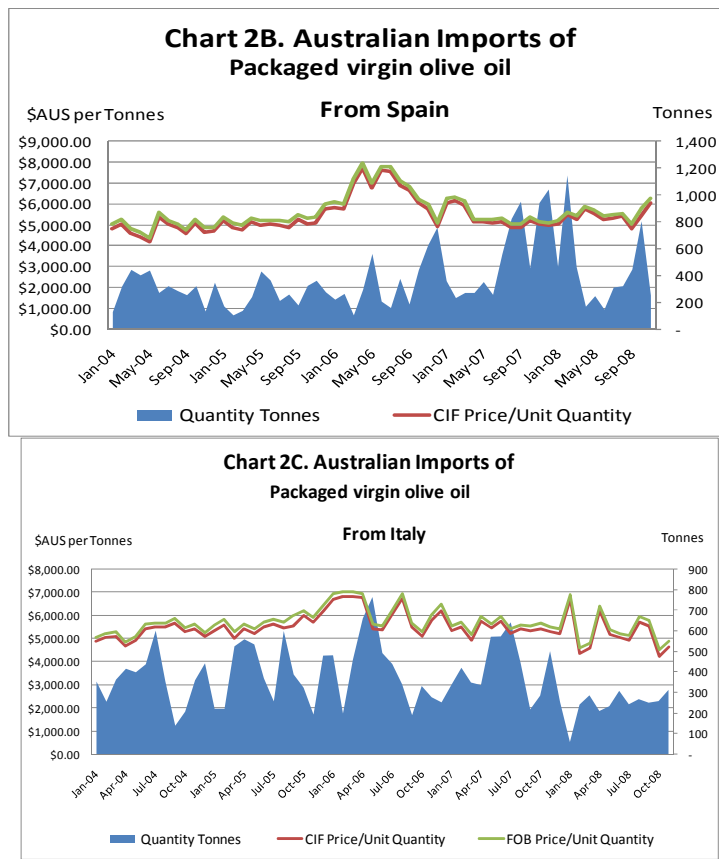


**Major Supplying Countries**

Italy and Spain dominate supply consisting of 85 per cent of imports thus far in 2009. Greece and Turkey comprise 11 and 3 per cent respectively. Italy has lost market share to Spain since 2005.

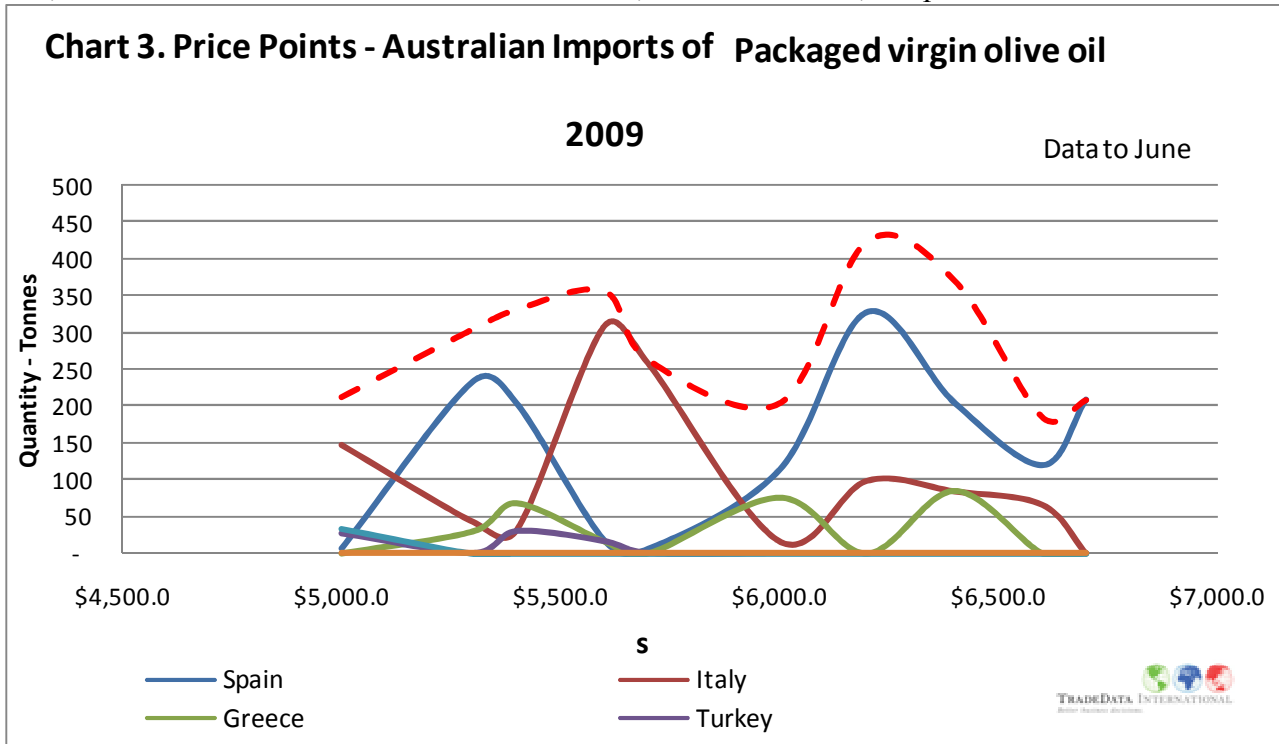


Charts 2B and 2C show that the increase in imports in 2007 and subsequent decline in 2008 was from both Spain and Italy but more concentrated from Spain. Imports from Spain increased more in 2007 and subsequently declined more in 2008. Likewise the subsequent growth in import volumes in the second quarter of 2009 has come from increased imports from Spain and not Italy.



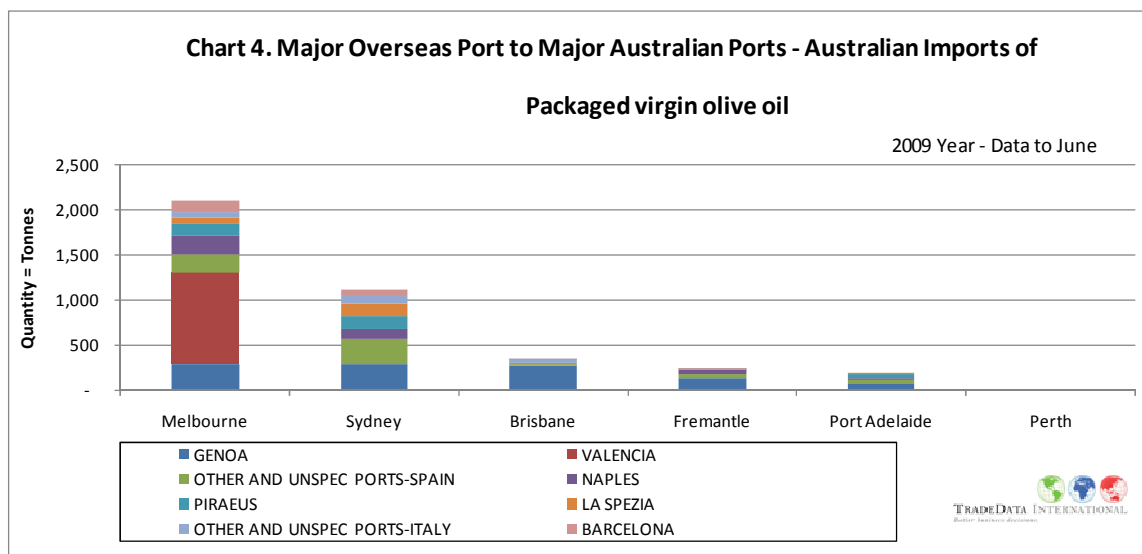
**Product Price Segments (CIF Prices)**

During the first 6 months of 2009 Spain supplied at two principal price points – between \$AUS 5,300 and \$AUS 5,400 per tonne and at between \$AUS 6,000 and \$AUS 6,700 per tonne. Italy supplied at around \$AUS 5,600 and smaller volumes at between \$AUS 6,200 and \$AUS 6,600 per tonne.



**Ports of Entry**

The major ports of entry are Melbourne (53%), Sydney (28%), Brisbane (9%) and Fremantle (6%). Melbourne is mostly supplied from Valencia and a lesser extent Genoa and unspecified Spanish ports. Valencia is not a major supplier to Sydney - Unspecified Spanish ports and Genoa are important. 58 per cent of imports through the port of Melbourne come from Spain and 29 per cent from Italy. For the Sydney ports 53 per cent comes from Italy and 26 per cent from Spain.



**Volatility Rating**

This product is highly volatile in terms of the volume of imports and moderately volatile in terms of average prices.

<b>Volatility</b>		<b>Volatility Rating</b>	
	<b>Per Cent</b>		
<b>Volume - Tonnes - Highly Volatile</b>	64.6%	Not Volatile	less than 10%
<b>CIF Price - Tonnes - Moderately Volatile</b>	14.4%	Moderately Volatile	10% - 20%
		Volatile	20% - 40%
		Highly Volatile	over 40%

**Shipment Size**

Imports are primarily from Italy and Spain and to a lesser extent Greece. Shipments are in two broad sizes:

1. The first at between 12 and 66 tonnes, 61.5 % of sales occur at these shipment size levels. Italy and to a lesser extent Greece is the major shipper here;
2. The second were shipments between 160 and 226 tonnes and these large shipments all come from Spain.

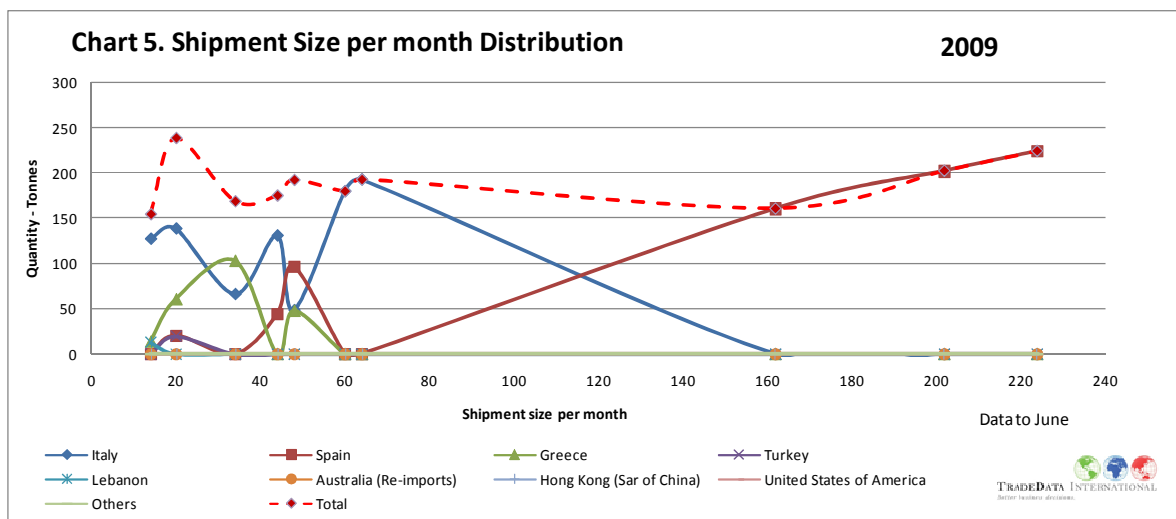
Spain supplies in large shipment sizes whereas all the other supplies supply in much smaller shipment sizes.

**Shipments Size Distribution 2009 Tonnes**

**Packaged virgin olive oil**

Data to June 2009

	<b>Quantity</b>	<b>Per Cent</b>
<b>Less than 12</b>	299	6.5%
<b>Between 12 and 66</b>	2,811	61.5%
<b>Between 66 and 226</b>	1,464	32.0%
<b>More than 226</b>	-	0.0%



### Potential Data Errors

Data errors can occur at the collection point and can show themselves as exceeding large/small unit prices. For example if a quantity has been incorrectly entered as a tonne instead of a kilogram the associated unit price will be one thousand times larger/smaller than it should be. This study has analysed all transactions related to this report and has concluded that potential errors are small and equate to less than 1.5 per cent of the volume of total imports in any particular year.

<b><u>Estimated Potential Data Errors</u></b>		
<b>Percentage Potential Error</b>	<b>Air Transport Contribution</b>	<b>Sea Transport Contribution</b>
<b>2005</b>	0.09%	-7%
<b>2006</b>	-0.14%	107%
<b>2007</b>	-0.53%	104%
<b>2008</b>	-1.21%	100%
<b>2009</b>	0.29%	98%

### Acknowledgements

This report was prepared by TradeData International Pty Ltd and sourced using statistics from the Australian Bureau of Statistics covering the period from January 2005 to June 2009.

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