

OLIVE OIL MARKET OVERVIEW

Olive oil is one of the fastest growing segments of the global food industry. As the main component of the Mediterranean diet, the health properties of olive oil make it a food product with a promising future.

REGULATION BY THE IOC

Regulated by the International Olive Council (IOC), olive oil must conform to defined quality standards and is subject to the same safety and quality regulations as other food products. Its reputation for health benefits and the globalisation of food supply chains means it is very much in demand by consumers.

QUALITY STANDARDS

The IOC defines quality standards and monitors the authenticity of products and their claims. Three different grades of olive oil are defined:

- Extra virgin olive oil – virgin olive oil that has a free acidity, expressed as oleic acid, of not more than 0.8 grams per 100 grams.
- Virgin olive oil – virgin olive oil that has a free acidity, expressed as oleic acid, of not more than 2 grams per 100 grams.

- Ordinary virgin olive oil – virgin olive oil that has free acidity, expressed as oleic acid, of not more than 3.3 grams per 100 grams.

If oil contains more than 3.3 grams of oleic acid per 100 grams, then the IOC defines it as 'not fit for consumption'. Misunderstandings abound among consumers about the use of the word 'Virgin' to describe olive oil. It simply means that the olives have been pressed to extract the oil. No heat or chemicals have been used during the extraction process, and the oil is pure and unrefined. However, it should be noted that the US Department of Agriculture (USDA) uses a different system to categorise the different oils.

PRODUCTIVE MARKETS

As may be expected, the main olive oil producing regions are to be found across the Mediterranean, in Europe and North Africa. Spain produces by far the most olive oil. Some 43.8% of the world's

production comes from Andalucía and Catalonia. Italy produces some 21.5%, Tunisia 17.7% and Greece about 12.2%. Serving domestic and international markets, these four countries are also among the highest exporters of olive oil.

PRESSURES ON PRODUCTION

With the olive growing industry restricted to specific geographies, crop yields and consequently prices can be subject to major fluctuations in years when production or cultivation is affected. For example, olive oil prices are expected to surge this year, as a direct result of drought in Spain during 2012. As the world's major olive producing nation, the reduced olive harvest will have a long-term impact on prices.

FRAUD AND ADULTERATION

A hot topic, one that has featured strongly in the meat and fish sectors in recent months, is fraud, specifically, the adulteration and mislabelling of olive oil products and the substitution of other oils to increase profits. The practice has become a major concern, especially in Italy and Spain.

In 2008, two investigations in Italy uncovered a large-scale scheme to re-label oils from other Mediterranean countries as Italian. In addition, the investigations discovered systematic adulteration of olive oil with sunflower and soybean oils, to then be sold as extra virgin olive oil.

A US study, made by UC Davis Olive Oil in July 2010, showed that 69% of imported oils and 10% of oils from California did not meet the USDA standard for extra virgin olive oil. This study was made on 52 products labelled as extra virgin olive oil purchased in Californian retail stores. Alarming, 11 of them even failed the USDA and IOC chemical tests.



In 2012, Operation Lucerna in Spain identified fraudulent activity in which blends of cheaper oils, such as palm and sunflower oil were passed off as olive oil. According to the Olive Oil Times, 14 February 2013, the scheme “allegedly involved a complex network of 30 companies and ‘straw men’ from Spain, Italy and Portugal, and sales tax evasion of at least EUR 3 million”.

Furthermore, the past few months has seen an increase in the adulteration of food grade oils. In 2013, many olive oils sold as ‘extra virgin’ are not meeting the rigid standards set forth by the IOC and USDA.

To identify this type of adulteration, testing parameters indicated in COI/T.15/ NC no. 3 – in point 3 ‘Purity Criteria’ have been selected to enable the detection of contamination or fraud in the different grades of olive oil.

For example:

- High values of stigmastadienes in an extra virgin olive oil indicates contamination with a refined oil (olive oil, seed oil or kernel oil), or an inappropriate method of extraction for extra virgin olive oil.
- High values of wax, erythrodiol and uvaol indicate that the olive oil has been mixed with a kernel olive oil.
- High values of ECN42 and sterol composition indicate that the olive oil has been mixed with seed oil.
- Methyl and ethyl esters determination has been included in order to detect de-odorised oil into extra virgin olive oil.
- 2-monopalmitate glycerol determination is used for the detection of animal fats and more.

Our ISO 17025 accredited laboratories in Spain and Tunisia, also recognised by the IOC, can make all of these analyses and provide assurance of the quality of samples analysed. Our 9001 certified lab in New Orleans, Louisiana, USA can also perform food grade oils testing.

ANALYSIS AND AUTHENTICATION

With unrivalled experience in the testing, analysis and authentication of olive oil products, SGS in Tunisia and in Spain manages the quality control of large quantities of the olive oil supply for clients. Working for some of the world biggest producers, exporters, manufacturers and private label businesses, our scientists test and authenticate samples based on the specifications set down by governing bodies including the IOC, USDA and AOCS (American Oil Chemists’ Society).

In Europe, the USA, or North Africa, if an oil sample fails to meet these standards our technical experts can help clients to identify and understand the issues involved, thereby saving them from potential claims and/or embarrassment. We can advise on the development of quality assurance programmes to monitor and guard against the risk of adulteration, focusing on purity as well as analytical tests to determine the grade and quality of olive oil.

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