

## INDUSTRY UPDATES

HD **Chinese** acquire a taste for olive **oil**

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International olive **oil** producers are counting on **China** to increase their earning strength because the nation appears to have developed a taste for the healthy **oil**.

Because **China**'s climate is not suitable for mass olive production and more **Chinese** are realizing olive **oil** is generally healthier than most cooking oils, imports have surged in recent years, especially in top-tier cities such as Shanghai and Shenzhen, where 80 percent of olive **oil** shipped from Spain, Italy, Australia and Turkey is consumed.

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Jean-Louis Barjol, executive director of the Madrid-based International Olive Council, the world's only international intergovernmental organization in the field of olive **oil** and table olives, said because **China**'s huge middle class is very conscious about food quality and health issues, the Mediterranean diet, which uses plenty of olive **oil**, is a practical way to maintain health.

"The numerous television advertisements released recently by **Chinese** olive **oil** importers and the campaigns led by export countries' trade-promotion bodies to explain the uses of olive **oil** have resulted in a significant increase in sales, as well as the opening of hypermarkets in the nation's main cities selling imported foods," Barjol said.

"We found people in **China** are more inclined to buy extra-virgin olive **oil**, which does not require refining and is 20 percent more costly than refined olive **oil**," said Amparo Chozaz, assistant managing director of the Spanish Olive **Oil** Exporters Association in Madrid.

Eager to gain more market share from their already established rivals from Italy and Greece in the **China** market, Spanish olive **oil** companies chose to join together in promoting their products under the name Spanish olive **oil** in the **China** market.

Chozaz said they spent 4.5 **million** euros (\$6.19 **million**) on popular cooking programs featuring Spanish olive **oil** on **Chinese** TV stations, commercial websites and magazines. They also held national food events to boost their olive **oil** exports to **China** in 2013.

With 2.5 **million** hectares of planting area and 310 **million** olive trees, Spain contributes more than half of the world's total olive **oil** production. It shipped 18,700 metric tons of the **oil** to **China** in the first three quarters of 2013, up 13 percent from the same period a year earlier, according to the Beijing-based **China** Chamber of Commerce of Foodstuffs and Native Produce.

Despite the fact that olive **oil** accounts for only 1 percent of **China**'s total edible **oil** consumption, the country's olive **oil** imports remained strong and hit 43,400 metric tons in 2013, an increase of 5.8 percent from the previous year.

The growing trade figure has also pushed **Chinese** companies to seek takeover targets overseas that can help meet demand for olive **oil** back home.

In 2012, six investors from **China**'s textile, garment and agribusiness industries secured a \$15.47 **million** deal for the **purchase** of the olive **oil** company Kailis Organic Olive Groves, which owned 3,813 hectares of plantations in Western Australia.

Another major deal was sealed by Jiangxi Qinglong Group, which invested \$32 **million** in Australia to **purchase** 5,000 hectares of olive plantations last year, as well as half of the shares in Tatiara Olive Processing Pty, a major olive **oil** processing **company** in Keith, South Australia.

The **Chinese company** will invest another \$12 **million** to **purchase** new equipment and build needed infrastructure to ensure future production. This project is expected to produce 25,716 metric tons of extra virgin olive **oil** after 15 years and achieve sales revenue of \$157 **million** by then. Both Australia and **China** will be its main target markets.

"Although Australian olive **oil** is less renowned than that produced in Italy and Greece, local producers are carrying out strict quality standards to ensure the product's safety," said Shao Yufei, a researcher at the **Chinese** Academy of Tropical Agricultural Sciences in Beijing.

Shao said a well-developed logistics system, the closer distance to **China** and appropriate climate conditions are key elements to lure **Chinese** investment to operate an olive **oil** business in Australia.

"From a long-term perspective, rising per capita income, an increase in the number of middle-class people and growing demand for more sophisticated food will continue to increase in **China**," said Zhang Yuxin, a professor at the **Chinese** Agricultural University in Beijing.

"The biggest attraction of investing abroad is that domestic demand is strong for a number of agricultural products. Products such as olive and palm **oil**, soybean, beef and certain fruits to a certain extent have become more dependent on foreign markets," Zhang said.

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