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Spanish drought hits our love affair with olive oil

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For 20 years, the mellifluous green liquid has taken pride of place in middle-class kitchens across the country, a product of the Italian food boom that swept Britain in the 1980s and never left.

But this autumn cooks will have to go easy on their drizzle due to an olive oil shortage. A severe drought in Spain this year - the worst since 1947 - has wrecked the crop of the biggest olive producer in the world, and the volume is estimated to be half that of last year. The knock-on effect means olive oil is in short supply and its price is likely to rise sharply within months as shops compete for dwindling supplies. To make matters worse, Spain suffered a drought last year too, after which producers exhausted reserves of olive oil.

So wholesale prices are up 60 per cent since January. Shop prices moved up 20 per cent, and a further 30 per cent spike is forecast in the next few months. No one can guess how high prices will eventually reach. "We are already in uncharted territory because olive oil prices are at record levels," said Walter Zanre, country manager of Filippo Berio, the UK's leading olive oil brand.

The International Olive Oil Council, the Madrid body which represents olive bottlers and exporters, will discuss the crisis at its annual meeting next month. British retailers such as Waitrose are "closely monitoring" the situation, as well they might, since demand for olive oil is rising steeply in this country.

Until 20 years ago, olive oil was an obscure epicurean product in the UK, bought from delicatessens by homesick southern Europeans and devotees of Elizabeth David.

Vegetable was the oil of the 1970s, when the diet encountered by package holidaymakers in Spain was often dismissed as "greasy". British shoppers knew olive oil best as a dissolver of ear wax, and it was sold for that purpose in small bottles by chemists.

But - helped by the rise of Italian cooking and by its comparative healthiness - olive oil snuck into our larders. And we like it more and more. We are getting through about 10 per cent more of the stuff each year, AC Nielsen, the market analyst, says. Sales have shot up from £1m 20 years ago to £107m now.

"There has been an explosion in terms of consumption. The great British public has a love affair with olive oil," Mr Zanre said. Publicity about the oil's health-giving properties, which researchers say includes a degree of protection against breast cancer, has spurred the oil's popularity. It has less harmful saturated fat than other oils and contains antioxidants and vitamins.

Cooks tends to favour top-grade extra virgin olive oil, which comes from the first pressings. Extra virgin accounts for about two-thirds of the British market and is used as a dressing for salads and for the finest cooking.

Ruth Rogers, who with Rose Gray founded the River Café, said olive oil as an "essential ingredient" in the restaurant's popular Italian fare. "We use olive oil very much like salt and pepper," she said. "We often blanch vegetables like spinach and chard and put olive oil and salt and pepper over them, and we use olive oil for bruschetta."

The shortage problem has its roots in the concentration of 95 per cent of the world's olive crop in the Mediterranean basin, mostly in Spain, Italy and Greece. The trees, among the hardiest, are unirrigated and left to the caprice of the clouds. So when

there is no rain in Spain, there is a knock-on effect on the yearly harvesting and pressing between September and March.

Because olive trees usually alternate good and bad years, reserves can usually compensate for a disappointing harvest. But two bad harvests spell problems. And this year severe frosts wiped out about 4 per cent of Spain's olive trees before the drought.

Instead of previous world production of 3.2 million tons two years ago, the crop for 2005-06 is predicted to come in at just 2.4 million tons. The world could be short of 150,000 tons after bottling next year, twice the 72,000 tons annually consumed in Britain.

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