Focus on olive oil

Contributed by:
Di Yang

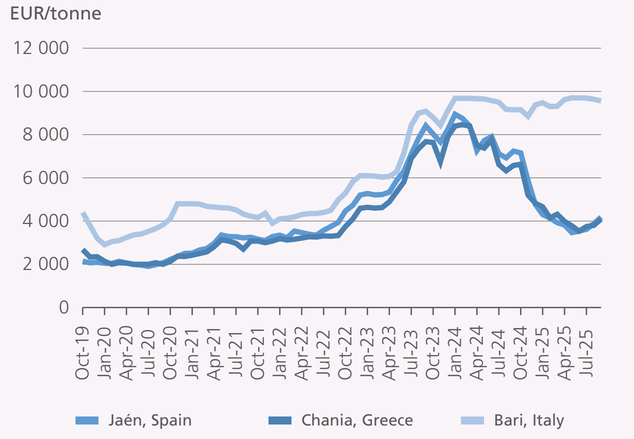
A feature article in the November 2024 edition of the Food Outlook offered an in-depth analysis of global olive oil production and examined conditions prevailing at that time. The current edition presents a market update and forecasts for the 2025/26 season.

International olive oil prices down markedly after reaching record highs in early 2024

Following a robust recovery in global olive oil production in the 2024/25 (October/September) marketing season, international prices declined significantly from their peak reached in early 2024. In Spain, the world's leading olive oil producer, wholesale prices of extra virgin olive oil (cold pressed from the fruit, without chemical or heat treatment) dropped sharply from nearly EUR 9 000 (USD 10 440) per tonne in January 2024 to EUR 4 180 (USD 4 849) per tonne in September 2025, which is 13.9 percent lower than the five-year average. Similarly, extra virgin olive oil prices in Greece also fell almost continuously from a historical high of EUR 8 460 (USD 9 814) per tonne in January 2024 to EUR 4 100 (USD 4 756) per tonne at the end of 2024/25 season.

An exception, however, was observed in Italy, one of the leading olive oil producers in the world. In contrast to recovering supplies in other major producing countries across the Mediterranean basin, Italy's 2024/25 harvest was severely affected by prolonged drought from June to August 2024, which hindered fruit development particularly in the southern growing regions. As a result, national olive harvest declined by nearly 25 percent from the previous season. Reflecting the lack of production recovery, prices of Italian extra virgin olive oil remained elevated and, unlike prices in Greece and Spain, reached record highs in mid-2025. At over EUR 9 500 (USD 11 020) per tonne in September 2025, quotations were 40.6 percent higher than the past five-year average.

Figure 2.4. Extra virgin olive oil prices (wholesale level)



Source: Author's own elaboration, based on International Olive Council data

Global olive oil production in 2025/26 to remain above past five-year average

As harvesting of the 2025/26 crop progresses, preliminary forecasts indicate a stable global olive oil output of 3.4 million tonnes, marginally below the level estimated for the previous season. Production in Spain is expected to trail marginally behind last year's level but still account for about 40 percent of global production. While beneficial rainfall from March to May 2025 in key growing regions supported favourable crop development during flowering and pollination stages, excessive heat and dryness since June 2025 have hampered yield prospects. Evidently, weather conditions in the coming months will remain critical in determining the final harvest outcome.

On the southern Mediterranean coast, Tunisia is anticipated to harvest a record-breaking crop, supported by ample precipitation throughout the growing season. At more than 400 000 tonnes, the preliminary forecast could position Tunisia as the world's second largest olive oil producer in 2025/26, accounting for 13 percent of global output. Meanwhile, production in Italy is expected to recover from the drought-reduced harvest of the previous season, largely underpinned by favourable conditions in the southern regions of the country.

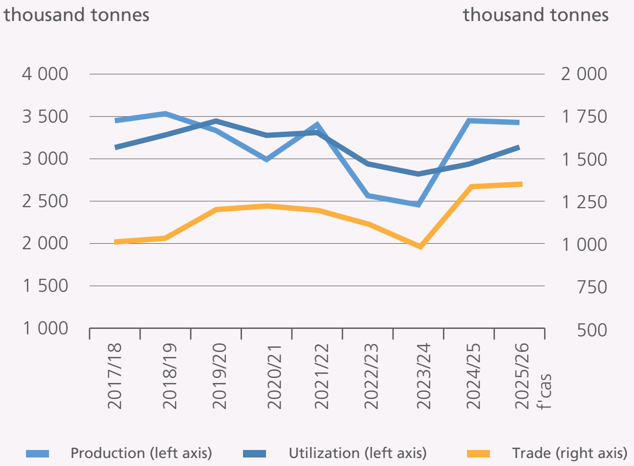
By contrast, olive oil production in Greece is expected to decline year on year. Besides the natural alternate bearing of olive trees – where a high-yield season is usually followed by a low-yield harvest – the crop has also been negatively affected by prolonged drought in parts of the main growing regions. Likewise, production in Türkiye is also forecast to decline from its record harvest registered in the previous season.

World olive oil consumption and trade expected to expand in 2025/26

Consumers had faced elevated olive oil prices since late 2022, as protracted droughts reduced global production, particularly in Spain, for two consecutive seasons. However, with benchmark prices in major exporting countries embarking on a declining trend in 2024 and falling sharply thereafter amid improving global supplies, world olive oil consumption is projected to continue recovering. Consumption already showed gradual recovery since early 2025 in response to more affordable prices. Yet, as the 2025/26 season starts with relatively low opening stocks, global utilization will unlikely recover fully to the record level reached before 2022/23.

In line with the anticipated recovery in consumption, global trade in olive oil is forecast to expand to over 1.3 million tonnes, potentially reaching a historical high. The European Union is anticipated to remain the world's leading exporter, largely supported by ample export availabilities in Spain – although higher import tariffs imposed by the United States of America may curb trade volumes. Meanwhile, preliminary forecasts of a record harvest in Tunisia could boost the country's share in global olive oil trade. By contrast, smaller expected production in Türkiye, traditionally one of the major olive oil exporters, is expected to limit its export capacity in 2025/26. On the import side, lower prices are expected to raise purchases across major markets, including Brazil, China, the European Union, and the United States of America.

Figure 2.5. World olive oil production, utilization and trade



Source: See References

Challenges for the olive oil sector remain

Although world olive oil production is expected to remain steady in 2025/26, producers continue to face several challenges that affect the sector's long-term profitability and sustainability. Irregular weather patterns and prolonged droughts across key producing regions represent the most pressing issues. In addition to reducing yields and compromising oil quality, overly warm conditions favour the spread of diseases such as Xylella fastidiosa. Rising production costs also pose another major challenge. As a labour-intensive industry, olive oil production is particularly sensitive to high labour and input costs, which make it difficult for smallholder producers to maintain profitability.

For exporters, stable trade relations and a predictable trading environment are essential for building and maintaining business with international buyers. Consistent trade policies and clear regulatory standards not only support exporters in developing long-term partnerships with distributors and retailers but also help them reduce compliance and transaction costs. In addition, effective regulations on border control and fraud prevention are particularly important for a product like olive oil, whose quality is closely linked to its origin and authenticity. Consistent product quality will strengthen consumer confidence and support steady demand from end users.

References

European Commission. 2025. Olive oil and table olives market observatory. Brussels. https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/olive-oil-and-table-olives_en

Food and Agriculture Organization of the United Nations. 2025. FAOSTAT. Rome. https://www.fao.org/faostat/en/#home

International Olive Council. 2025. IOC Statistics Dashboard. Madrid. https://www.internationaloliveoil.org/what-we-do/statistics/

Ministerio de Agricultura, Pesca y Alimentación. 2025. Aceite de oliva. Madrid. https://www.mapa.gob.es/en/agricultura/temas/producciones-agricolas/aceite-oliva-y-aceituna-mesa/aceite