USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 5/3/2004

GAIN Report Number: GR4007

Greece

Citrus

Semi-Annual

2004

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Report Highlights:
Two frosts, one severe, reduced MY 2003/04 orange, tangerine, and lemon production and the fruit-bearing capacity of Greek citrus groves into the future. Orange production is cut to half of last year's yield, to 550,000 tons. Exports of fresh oranges have been reduced to 250,000 tons. Tangerine production for MY 2003/04 is estimated at 53,000 tons and lemon production at 70,000 tons. Imports of orange juice are forecast at 13,000 tons.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Rome [IT1]
[GR]

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Executive Summary

Oranges

Total fresh orange production for MY 2003/04 was initially forecast to reach approximately 870,000 tons. The January 24th frost, which prevailed mostly in the southern regions of Greece, has mainly affected orchards located on hilly grounds and caused a reduction in orange output production by approximately 100,000 tons. Unfortunately, a second disastrous frost which struck later in February affected the southern and western parts of the country, causing not only a serious reduction of orange production but also serious damage to trees. This reduction is estimated at approximately 50% compared to the output in MY 2002/03. Even though the Ministry of Agriculture in cooperation with the Agricultural Insurance Fund (ELGA) has not announced yet their official recording of reduction in the 2003/04 production, according to our sources and based on field observation, the citrus harvest was almost terminated after the February frost. All citrus producing zones, which are located in the southern and western areas of Greece, have suffered a nearly total disaster and farmers there have experienced the worst season in the last fifty years.

According to farm sources, in some cases in the southern regions some farmers and exporters acted very quickly after the frost, to harvest as many oranges as possible and to salvage fruit for trading and/or processing. This was very useful and saved the remaining "on tree" production, which also helped exports to reach the satisfactory level of 240,476 tons as of March 26th 2004. During the same period last year exports were 254,775 tons. According to exporters, although the quality of harvested oranges was low, Greek oranges were well accepted in the international markets without any complaints, due to the overall shortage of oranges in foreign markets. In the region of Peloponnesoss in the South of Greece, the remaining amounts of Merlin variety are estimated at about 200,000 tons while Valencias are at about 120,000 tons. In order to satisfy domestic demand, traders have imported significant quantities of oranges from Egypt, Turkey, Israel and Cyprus.

The only region in Greece that practically escaped the severe frost was the island of Crete. According to co-operatives located in Crete, the majority of Cretan oranges are already sold in the domestic and/or the international markets. Farm prices in Crete have reached record levels, reported to be at €0.8/kg compared to €0.17/kg in other regions of Greece which were severely hit by frost.

The criteria used by the Agricultural Insurance Fund (ELGA) evaluators are not based on a measurement of the crop lost on the day of the frost. Instead, ELGA takes a field survey and makes a measurement of fruit "on the tree", a few weeks after the frost and only for a certain percentage of the actual fruit loss (around 60% of the actual loss). The GOG Agricultural Insurance Fund (ELGA) has announced the compensation price to be paid to farmers. Due to the two successive frosts, ELGA has announced a package of measures according to the reduction in production. Farmers will receive €0.04/kg as a compensation for the January frost, while additionally they will receive another €0.07/kg for the damage caused by the February frost. Farmers who suffered a total loss of their orange output will receive prices ranging between €0.13-0.30/kg, depending on the variety. Higher compensations will be paid for Valencia varieties. These payments come from the Greek national budget and from yearly contributions by farmers to this Insurance Organization. No EU funding is involved in this compensation. However, the GOG needs EU commission permission before paying compensation.

According to co-operative sources in the regions most severely hit by frost, about 30% of citrus trees are not expected to recover. This loss is very serious for these areas, which are exclusively citrus producing regions. In the past farmers secured a relatively satisfactory income from citrus crops. These co-operatives are expected to submit applications to the GOG Agricultural Insurance Fund (ELGA) in order to receive special compensations from ELGA's emergency plan, for permanent losses of plant material & livestock due to extreme weather conditions and natural disasters. Apart from ELGA's compensation payments, co-operatives are hoping to incorporate their applications to the EU Third Support Framework for Agricultural Restructuring Plans for Countryside Development. In this way, farmers will be able to proceed with uprooting of damaged trees and replanting of their fields with new varieties, taking into account that the average age of the trees is now fifty years old. According to farm sources the cost of orchard rehabilitation (uprooting and replanting) is estimated at €6,600/ha. On the other hand adverse weather in recent years has discouraged farmers from restructuring their crop. It has to be taken into consideration that the restructured orchards, area wise, are not equal to those lost due to adverse weather.

Farmers have already received compensations from ELGA after the first frost in January. The Greek Government has promised to farmers an amount in advance, part of the compensation announced after the frost in February, to be paid after Easter. Some delays have taken place due to the elections and the change of Government, but according to co-operatives, farmers are going to receive money within May 2004. Later in the year farmers, are going to receive the remaining amount.

In regard to the restructuring plans submitted by some co-operatives for funding by ELGA's emergency plan due to permanent loss, the GOG has not decided yet on the precise level of compensation that these co-operatives will finally receive. According to co-operative sources, the amount of €6,600/ha is extremely high and it is impossible for the GOG to cover this from the National budget. Instead, they hope to receive money partly from the EU Third Support Framework, on the premise that the commission will finally fund the above restructuring plan, and partly fund it from ELGA's emergency plan.

In view of the forthcoming Athens 2004 Olympic games, a shortage of citrus fruit is certain to cause problems in supplying the domestic market, in view of higher demand over the summer season. The increased number of visitors combined with the fact that the southern hemisphere's production has not started yet, causes anxiety to the traders.

Tangerines

Tangerines were also hit by the two consecutive frosts. In the most important tangerine-producing regions of Greece a serious reduction in tangerine output was reported. The production of tangerines up to the time of the first frost was reported to be at approximately 85,000 tons, but after the second frost in February the reduction is currently estimated at 37% compared to last year's output. Farmers have declared damages to the GOG Agricultural Insurance Fund and have applied for €0.35/kg as a compensation payment. For summer tangerine varieties such as Clementines and Ortanic, ELGA has not yet evaluated the exact extent of the damage and has not announced final compensation amounts, which will be paid to farmers.

Farm prices for MY 2003/04, during December 2003 before the frost, were at €0.4/kg for the Clementine variety and €0.45/kg for the Ortanic variety. Farm prices are expected to increase later in the summer period.

Lemons

Fresh lemon production for MY 2003/04 was also affected by the severe frost in February, which caused a 35% reduction compared to last year's output. A number of farmers who declared a total disaster of their lemon production will receive compensation payments from the Agricultural Insurance Fund as in the case of oranges and tangerines.

Lemon production has been declining, as farmers uproot trees and do not replants. This is due to increased competition from Turkey, where lemons are produced at a much lower cost due to cheap labor.

The low quality and high cost of packing materials used for all citrus products is the most critical issue for Greece. The industry needs further improvement, in order for Greek citrus to become more competitive.

Orange juice

In the current season MY 2003/04, the quantity of fresh oranges delivered for processing is estimated at 225,000 tons compared to 331,000 tons a year earlier. This reduction is due to the amount of oranges that were totally unsuitable for the processing sector. The average yield for the MY 2003/04 was reported at 20-21 kg of fresh fruit to produce 1 kg of orange juice (single strength basis) compared to 17-18 kg the previous season. Average price paid to farmers for fresh produce channeled to processing was €0.03 /kg. The EU subsidy paid to growers for oranges delivered to processors is the same as last year (€0.11/kg). The current ex-factory price for Greek OJC (60 Brix) is reported to be fluctuating between €1.180-1.260/ton.

The Greek juice industry this season has increased its imports of Brazilian orange juice concentrate (OJC) (66 Brix) in order to mix it with domestic OJC in a ratio 2:1 (1/3 Greek OJC) or 3:1 (1/4 Greek OJC). According to industry sources, the price of imported Brazilian orange juice concentrate has shown a remarkable decline in recent years, and is estimated at US $850/ton. The large-scale weather damage to orange trees due to frost, causes anxiety also to the juice sector for the coming season 2004/05, which may face a serious shortage of fresh fruit for a second year.

Lemon Juice

In MY 2003/04 fresh lemons delivered to processors amounted to 9,000 tons, a considerable reduction, taking into account the stable quantity of 12,000 tons channeled to the industry in the previous years. For this season, the average yield for lemon juice is reported at 16-17 kg of fresh lemons, needed to produce 1 kg of lemon juice, compared to 15-16 per kg a year earlier.

PS&D Table, Fresh Oranges

PSD Table

Country Greece

Commodity Fresh Oranges (HECTARES)(1000 TREES)(1000 MT)

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		09/2001		09/2002		09/2003	MM/YYYY
Area Planted	39650	39650	39650	39650	39650	39650	(HECTARES)
Area Harvested	39000	39000	39000	39000	39000	39000	(HECTARES)
Bearing Trees	17200	17200	17200	17200	17200	17200	(1000 TREES)
Non-Bearing Trees	260	260	260	260	260	260	(1000 TREES)
TOTAL No. Of Trees	17460	17460	17460	17460	17460	17460	(1000 TREES)
Production	1076	1076	1176	1145	870	550	(1000 MT)
Imports	1	1	1	1	1	3	(1000 MT)
TOTAL SUPPLY	1077	1077	1177	1146	871	553	(1000 MT)
Exports	282	282	338	267	250	250	(1000 MT)
Fresh Dom. Consumptior	503	476	519	548	341	78	(1000 MT)
Processing	292	319	320	331	280	225	(1000 MT)
TOTAL DISTRIBUTION	1077	1077	1177	1146	871	553	(1000 MT)

PS&D Table, Juice Orange

PSD Table

Country	**Greece**			Degrees Brix			
Commodity	**Juice, Orange**			(MT)			
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		09/2001		09/2002		09/2003	MM/YYYY
Deliv. To Processors	292000	319000	320000	331000	280000	225000	(MT)
Beginning Stocks	1044	1044	4544	3200	3177	3100	(MT)
Production	14500	16000	17333	19300	15200	12000	(MT)
Imports	18000	15000	10000	10000	13500	13000	(MT)
TOTAL SUPPLY	33544	32044	31877	32500	31877	28100	(MT)
Exports	9500	10500	9700	10500	9500	8000	(MT)
Domestic Consumption	19500	18344	19000	18900	19000	17600	(MT)
Ending Stocks	4544	3200	3177	3100	3377	2500	(MT)
TOTAL DISTRIBUTION	33544	32044	31877	32500	31877	28100	(MT)

PS&D Table, Fresh Tangerines

PSD Table

Country **Greece**

Commodity **Fresh Tangerines** (HECTARES)(1000 TREES)(1000 MT)

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		09/2001		09/2002		09/2003	MM/YYYY
Area Planted	7000	7000	7500	7500	7500	7500	(HECTARES)
Area Harvested	6800	6800	7000	7000	7000	7000	(HECTARES)
Bearing Trees	3170	3170	3300	3300	3300	3300	(1000 TREES)
Non-Bearing Trees	90	90	50	50	50	50	(1000 TREES)
TOTAL No. Of Trees	3260	3260	3350	3350	3350	3350	(1000 TREES)
Production	75	67	100	79	85	53	(1000 MT)
Imports	0	0	0	0	0	1	(1000 MT)
TOTAL SUPPLY	75	67	100	79	85	54	(1000 MT)
Exports	29	26	37	32	30	25	(1000 MT)
Fresh Dom. Consumptior	45	40	62	46	54	28	(1000 MT)
Processing	1	1	1	1	1	1	(1000 MT)
TOTAL DISTRIBUTION	75	67	100	79	85	54	(1000 MT)

PS&D Table, Fresh Lemons

PSD Table

Country Greece

Commodity Fresh Lemons (HECTARES)(1000 TREES)(1000 MT)

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		09/2001		09/2002		09/2003	MM/YYYY
Area Planted	12000	12000	11800	11800	11800	11800	(HECTARES)
Area Harvested	12000	12000	11800	11800	11800	11800	(HECTARES)
Bearing Trees	4200	4200	4150	4150	4150	4150	(1000 TREES)
Non-Bearing Trees	35	35	30	30	30	30	(1000 TREES)
TOTAL No. Of Trees	4235	4235	4180	4180	4180	4180	(1000 TREES)
Production	118	118	109	108	102	70	(1000 MT)
Imports	10	10	10	10	12	15	(1000 MT)
TOTAL SUPPLY	128	128	119	118	114	85	(1000 MT)
Exports	9	9	24	10	18	11	(1000 MT)
Fresh Dom. Consumptior	107	107	83	98	84	65	(1000 MT)
Processing	12	12	12	10	12	9	(1000 MT)
TOTAL DISTRIBUTION	128	128	119	118	114	85	(1000 MT)

PS&D Table, Juice Lemon

PSD Table

Country Greece

Commodity Juice, Lemon (MT)

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		09/2001		09/2002		09/2003	MM/YYYY
Deliv. To Processors	10000	12000	12000	10000	10000	9000	(MT)
Beginning Stocks	278	278	77	75	85	77	(MT)
Production	600	700	800	600	665	560	(MT)
Imports	300	250	320	300	320	330	(MT)
TOTAL SUPPLY	1178	1228	1197	975	1070	967	(MT)
Exports	1	1	2	1	1	1	(MT)
Domestic Consumption	1100	1152	1110	897	1000	898	(MT)
Ending Stocks	77	75	85	77	69	68	(MT)
TOTAL DISTRIBUTION	1178	1228	1197	975	1070	967	(MT)