



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Voluntary Report - public distribution

Date: 8/25/2004

GAIN Report Number: GR4020

Greece

HRI Food Service Sector

Market Opportunities in the

Mediterranean Cruise Ship Industry

2004

Approved by:

Ann Murphy

U.S. Embassy

Prepared by:

Joanna Apergis

Report Highlights:

As the second most popular cruise itinerary in the world, the majestic Mediterranean features Greece, the top cruise passenger destination in the European Union. The cruise industry overall is a major component of the foodservice industry serving over 2.3 million passengers in just the first quarter of 2004, a 14 percent increase from the previous year. A wide variety of cuisines offered on these cruise ships gives U.S. suppliers countless opportunities for market entry.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Rome [IT1]
[GR]

SECTION I. MARKET SUMMARY

Imagine a vision with deep blue waters contrasted with white-washed villas - and picture a window to ancient times yielding to a modern way of life. Greece has been attracting visitors from around the world for centuries. Naturally, for a traveler aspiring to visit this brilliant destination, there is no better way than by sea whether cruising the Mediterranean in a gigantic cruise ship or Greek island hopping in a small ferry boat.

Cruising the Mediterranean

Cruises have become synonymous with travel to regions like the Mediterranean. Trips featuring this region (including Greece Italy, France, and Spain) rank second most popular only to Caribbean cruises, which account for over half of all world voyages. Greece also boasts the highest embarking of all countries in the European Union (see Table 1). In 2002, nearly 800,000 of the passengers arriving to ports in Greece were foreign tourists, according to the Greek National Tourism Organization.

Table 1. Top Five Cruise Destinations, EU Member Countries

Country	Passengers Embarking, by Sea (in Millions)
Greece	50.6
Italy	41.3
Denmark	24.0
United Kingdom	17.8
Germany	16.7

Source: Eurostat, 2002

Cruise itineraries in the Mediterranean region can range from 3 to 14 days long, requiring that these ships remain self-sufficient while at sea. Between destinations, these modern cruise ships have become floating cities with lodging, food, and entertainment for hundreds - if not thousands - of passengers. An important part of these amenities are the thousands of meals that are carefully prepared by chefs each day to accommodate a variety of needs, tastes, and lifestyles. To further illustrate the magnitude of these vessels, in addition to 24-hour room service, some of the larger cruise ships boast four dining rooms, three restaurants and eight galleys (or kitchens).

Passengers are also diners on cruise ships; and, their culinary demands are given the utmost consideration. For most, it is an excellent opportunity to try new dishes and drinks and to enjoy old favorites as well. Meals served on cruise ships are offered 24 hours a day, taking many forms, from breakfast buffet to formal dinner, serving a wide range of food and beverages. Many ships from the same parent company will offer similar dishes, but also include some local tastes from the touring region and food prepared during special events with guest chefs. Apart from this, the majority of cruise guests, which are U.S. citizens, predictably prefer U.S. brands and products.

U.S. products are also preferred by the cruise line's purchasing division, which seeks to find the best prices and service for their ships, wherever they are traveling. Sending a shipment directly from the United States, for which they pay no duties, is often much less expensive than acquiring it from their local vendors. Also notable is that U.S. meat and poultry that is not regularly accepted by the European Union can otherwise be sent from the United States directly to the port of call where it can be loaded on the vessel as ship stores in transit (see Section IV, C).

Greek Island Hopping

Despite the stable client base that remains, few Greek-owned cruise ship companies are still in existence. Greek cruise ships are much smaller by industry standards, traveling mainly between the Greek islands, and to neighboring Cyprus, Italy, Egypt and Turkey. The number

of nights stayed on these ships is also much shorter, most from between 1 to 4 nights. Food is prepared on each ship and served in a main dining room with buffet, and many items are also available a la carte.

In 2001, Greek cruise and ferry lines carried 75,655 passengers combined, about 95 percent of which were Greek citizens, according to the National Statistics Service of Greece. A significant and fast growing segment of the European cruise industry, ferryboats are the preferred method of travel for many Greek residents. Of the 48 passenger ships in Greece, 38 were short sea vessels. A far cry from cruise ships, these ferryboats range from large catamarans with only main passenger seating areas to smaller cruising ships with a number of cabins and car storage in the sub compartment. Most vessels have a modern look and provide a comfortable atmosphere, while keeping a regular schedule when weather permits. These trips do not require as many amenities because they rarely extend over several hours, simply luring travelers with quick and inexpensive trips to nearly all Greek islands.

The shorter length of ferryboat trips also calls for minimal food and beverage service, which is available on a much smaller scale than cruise ships. Pre-packaged foods are brought in for retail sale and sold at various points the main areas of the vessel.

**Table 3. Three Categories of Passenger Ships
Frequently Entering Common Greek Ports**

	U.S. Cruise Ships	Greek Cruise Ships	Greek Ferry Boats
Andros			X
Chania		X	X
Corfu	X	X	X
Igoumenitsa			X
Ios			X
Ios			X
Iraklion	X	X	X
Katakolo (Olympia)	X	X	X
Kefalonia			X
Kos		X	X
Mykonos	X	X	X
Mytilini		X	X
Naxos			X
Paros			X
Patmos			X
Piraeus	X	X	X
Rethimnos			X
Rhodes	X	X	X
Santorini	X	X	X
Thessaloniki		X	X
Tinos			X
Volos		X	X

Sources: an assortment of cruise industry companies

Table 2. Advantages and Challenges for U.S. Food Products for Cruise Industry

Advantages	Challenges
Lesser export restrictions for U.S. beef are applied if shipped to a Free Trade Zone port for transfer to vessel; ¹ and, no export duties or additional EU regulations are placed on "ship stores in transit."	New measures in 2005 will suspend the import of third country beef to Free Trade Zone facilities in the EU, unless stored or directly transshipped at the port. ²
Most ships cruising the Mediterranean are based out of the U.S. and have a majority of American passengers, which prefer U.S. food and beverage products.	The nature of perishables required from Greek ship chandlers means that they are sourcing them locally or through other EU countries.
More worldwide exposure to Greece through the 2004 Olympic Games is expected to boost tourism in the coming years.	Terrorism has played a role in the tourism sector, especially since Greece is located near the Middle East. Greek Customs authorities have been criticized for the lack of security on imports. ³
Some of the largest cruise lines are based out of the United States, particularly in Miami, Florida, where overseas shipping companies are also abundant.	Food and beverage products sourced from local Greek distributors and ship chandlers are mostly non-U.S. imports.

¹ Free Trade Zones in Greece: Ports of Piraeus and Thessaloniki

² Greek law along with EU law as of January 1st, 2005 will prohibit the import of non-EU approved third country beef and poultry into non-Free Trade Zones (see Section IV, C). (Ministry of Agriculture, Greece)

³ However, the port of Piraeus has recently obtained several non-intrusive imaging (NII) mobile units, which will be used to scan containers for hazardous materials.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

Although the cruise ship industry experienced a worldwide downturn in passenger numbers just after the events of September 11th, 2001, they have since regained the momentum of pre 9/11 occupancy rates for cruises in both the Caribbean and the Mediterranean. Confirming that cruise companies see a bright future on the horizon, recent industry trends include the introduction of newer, larger ships by competing brands, with more new ships to come.

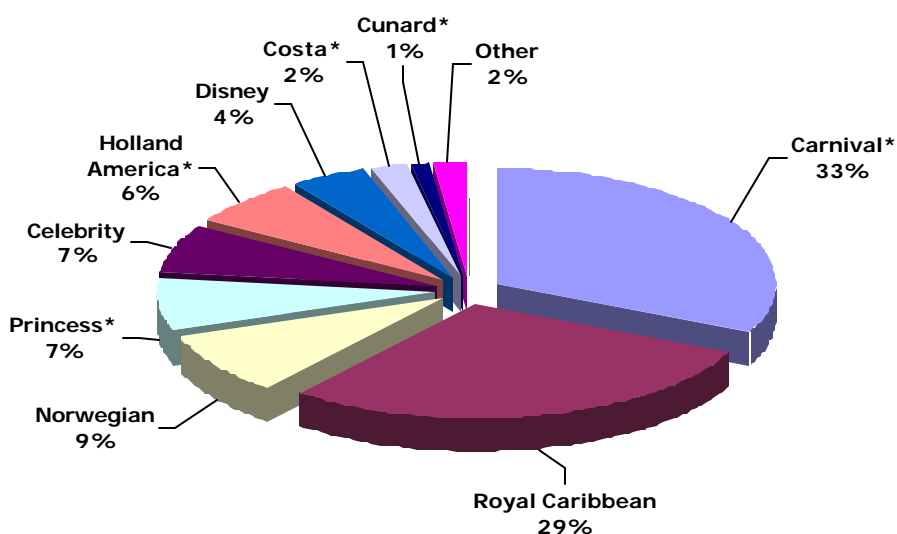
The planning for food and beverage on these large ships is done well in advance of each trip, and goods are often sourced more than four months ahead. A schedule of order and delivery dates for each type of product is used to keep inventory at optimal levels.

Cruise line purchasing managers are generally located in the main offices in the United States where they face the difficult task of procuring food and beverage for thousands of travelers each day. A unique challenge is that they are not present when a ship arrives at a foreign port of call and cannot actually see the shipments to be loaded onto the ship. The chef or provision master onboard is trusted to inspect the containers furnished by local ship

chandlers and European exporters for quality and food safety conditions. Cruise lines often prefer products packaged in containers that are space saving and environmentally friendly however, these features are not required. Ship chandlers, foodservice distributors and cruise lines all have the job of sourcing and packing products for cruise ships at port.

The approach to cruise cuisine varies from luxury lines like Silversea Cruises with traditional dining prepared by renowned chefs, to breakfast and lunch buffets and alternative dining in themed restaurants by industry giants like Carnival Cruise Lines (see Figure 1). Even the selection of cuisine onboard one ship can vary from champagne and lobster to lemonade and hot dogs. Some crewmembers are offered the same foods as passengers, while the remaining crew is served from a separate supply.

**Figure 1. Major Cruise Line Brands, by Passengers
First Quarter, 2004**



Source: U.S. Maritime Administration, Office of Statistical and Economic Analysis

* Carnival Corporation includes 12 brands: AIDA, Carnival, Costa, Cunard, Holland America, Ocean Village, P&O, P&O (Australia), Princess, Seabourn, Swan Hellenic and Windstar.

In addition to large quantities, a wide array of quality products is also in demand. The quality of food and beverage served on ships must remain high while keeping costs as low as possible. Cruise line companies have the privileged capability of finding the best prices for food and beverage due to their sizeable orders. Taking into account that the ratio of passengers to crew is usually around three to one, the total estimated budget for food and beverage on a large cruise ship is approximately \$20,000 each day.

The largest quantity of U.S. products that end up on cruise ships are ordered and sent directly by the U.S. cruise ship companies and stored onboard the ship or via a U.S.-based consolidator which will leave the shipment for direct loading at the port in Greece. Certainly, perishable items like fresh produce and meats will need to be replenished at the ports. Shipments to ports of call from other European countries and local ship chandlers enter into this process usually only when additional items are needed. All shipments destined for direct delivery to, or port storage for a cruise ship are called a ship stores in transit. As such, the shipment takes exception from all duties and additional regulations worldwide.

U.S. Cruise ship companies load onto the ship as much food and beverage as possible as it waits to depart the main port. The second option, when departing from a foreign port, is to send a consolidated shipment from a port in the United States, usually in Miami, Florida destined for the port of call, and then load it onto the vessel. The items placed on these consolidated shipments are dry, canned, and some refrigerated and frozen. Since dry and canned foods and most non-dairy beverages are not perishable, the U.S. companies take advantage and stock the ships with most of the supply that they will ultimately need, that is until another U.S. consolidated shipment arrives to meet it at another port.

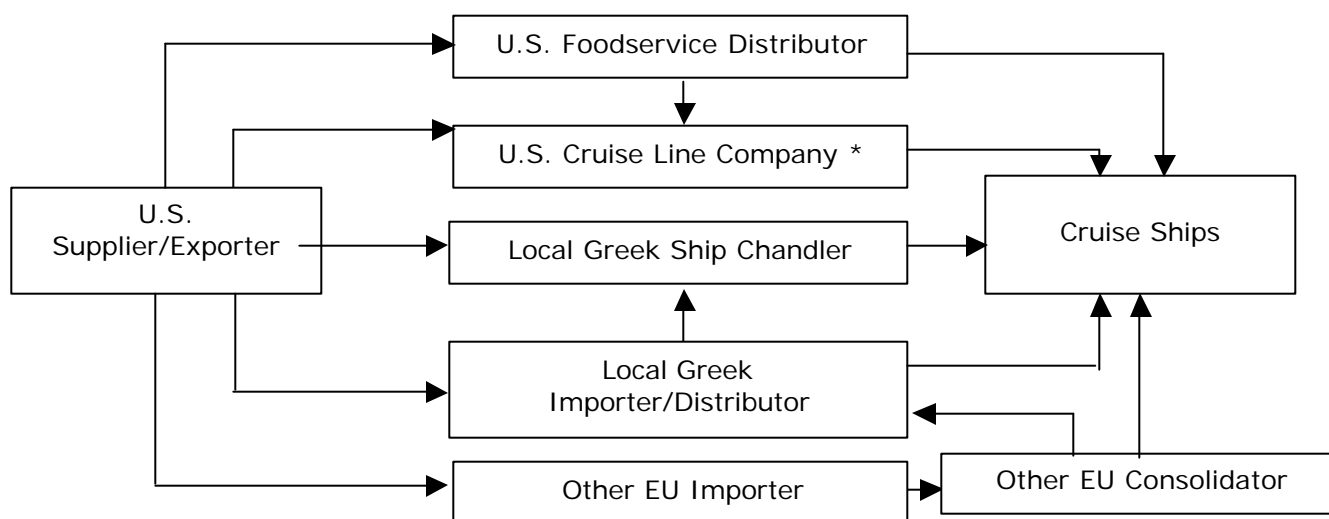
Endless varieties in every category of food and beverage are included, but some new trends have also emerged which follow American eating habits, including reduced carbohydrate breads, drinks, and snacks as well as some more mainstream varieties of reduced sodium and sugar-free products. As previously mentioned, the products supplied are methodically scheduled along with the meals well in advance and are ordered at least two weeks prior to the shipment's departure from the port where they have been consolidated. All other perishable items like meat, poultry and dairy products are also partially stored onboard the vessel, but in lesser quantities. For the remainder of these more perishable items, which eventually run out, the cruise lines turn to European consolidators. Large quantities of produce, dairy and meats are consolidated in other countries, most often Germany, and then brought to each port via truck.

Back at the office, most food and beverage purchasing agents are directed to the kind of products to order by the chefs onboard the vessels. If a chef finds a product he or she would like to incorporate, they will go through the main office to determine whether it is reasonable to purchase. If the product is selected, they then go through their local suppliers and distributors to find bids or prices for their orders.

Introduction of a product to a U.S. cruise line company would be easiest accomplished by exhibiting at cruise line and food and beverage trade shows located in the United States and around the world (see Section V). There, a U.S. supplier can meet with chefs from the cruise lines and possibly win their interest, which in turn influences the demand for that product. Purchasing agents also attend these trade shows and may not be looking for entirely new products or suppliers, but are always searching for quality foods with an economical price.

B. MARKET STRUCTURE

Flow of U.S. Exports to Cruise Ships:



* U.S. food and beverage direct shipments through the U.S. cruise line company's consolidator to an overseas port.

C. SUB-SECTOR PROFILES

1. U.S. Foodservice Distributors

Cruise lines often rely on foodservice distributors, which perform the task of sourcing much of their food and beverage supply. For example, one of the largest foodservice marketing and distribution organizations in the United States is Sysco Corporation. U.S. cruise line companies may have an extensive purchasing department, but many items are often purchased through intermediaries like Sysco which will search through their vendors to find items of interest, and afterward return bids to the purchasing agent for selection. In order to become a vendor, a U.S. supplier must be selected by the distributor using the distributor's criteria. For U.S. supplier contact information on supplier, visit the U.S. Department of Agriculture's Foreign Agricultural Service U.S. Supplier database at: <http://www.fas.usda.gov/buying.html> and select "U.S. Suppliers List."

The foodservice distributors offer cruise lines a broad range of categories including dry, fresh and frozen food and beverage products. The broker will put together a shipment and deliver it to the cruise line's own consolidator for travel to the port of call where they will be loaded onto the vessel, once it arrives.

Apart from dealing directly with cruise line purchasing, entry into the cruise line food service market is best done through brokers. A cruise line will usually only purchase directly from large companies offering a wide range of products, otherwise they turn to their distributors. The largest distributors also host their own events, where approved suppliers can promote their products to cruise lines and other foodservice companies.

2. Local Ship Chandlers

The shipping industry in Greece is notably large, so it is no surprise that numerous local companies are in the business of supplying food and beverage to cruise ships from all over the world. Most ship chandlers are based at Piraeus, a major port for both the shipping and tourism industry near the city of Athens. The U.S. cruise line companies are often their main customers. Although cruise lines do not purchase the majority of their inventory from chandlers, these ships are often running out of supplies while at sea, and need some additional supplies besides those shipped from the United States, already at the port.

The cruise line purchasing department in the United States begins the process of procurement with a call or fax of an order to the chandler for delivery of certain items to the port on certain dates. The chandler will search its own stock or amongst its local suppliers, usually distributors or foreign exporters, and respond with a bid or price quote. As can be expected, the largest of ship chandelling companies have annual contracts with the major cruise lines.

Local ship chandlers are sourcing many U.S. name brands and dry goods from local distributors as well as from other EU suppliers. Products that they believe will be sold to ships regularly will be held in stock, otherwise chandlers must work quickly to source the requested items locally. EU suppliers and local distributors serve as the source of the local ship chandler's stock. For local flavor, the chandlers carry a number of local products to offer ships, such as feta cheese and olives. Any unusual, last minute food and beverage requests due to lack of supply will most likely be filled with local or EU produced products of all kinds.

For U.S. exporters, reaching local ship chandlers can be a difficult task. The largest importers attend U.S. trade shows and events, and also visit their U.S. vendors once a year. Another method to introduce products is through e-mail or fax. When interested the

chandler will ask for a price quote on a specified quantity. If the price is agreeable, the chandler may want a sample of the product to be sent to their office. Since ship chandlers also use U.S. consolidators, it is best to send smaller shipments through them.

3. Local Distributors

Although they are not on the forefront of supplying cruise ships in the area, local Greek distributors still play an important role in the placement of U.S. food and beverage imports on cruise ships. Ship chandlers depend on them for much of their stocked and less frequently ordered items.

In contrast, Greek cruise lines and ferryboats depend more on distributors than any other source. One ferryboat line features a sandwich and snack bar using nearly 20 tons of food and beverage products monthly. However, it should be noted that most of the Greek-owned ships use U.S. imports only rarely due to lesser overall demand and less expensive alternative products from other EU countries.

U.S. imports supplied by local distributors include dry, canned and seafood products. The EU regulations on meat and poultry are changing and will require all local importers to either stop or scale back their imports for cruise ships by January 2005 or sooner. Prior regulations provided ship storage areas with less stringent EU requirements for foods to be consumed on cruise ships than for food imports to be consumed within the EU (see Section IV, C).

III. COMPETITION

The competition for U.S. imports on cruise ships depends on the kind of ship to be supplied. U.S. cruise line companies are carrying mainly food and beverage products directly from their U.S. suppliers. The products they receive from ship chandlers will depend on ever changing needs, but less than half will be composed of U.S. imports, the balance would be from neighboring EU suppliers and consolidators and a modest amount from countries in the Middle East as well. Domestically bottled beverages are often supplied without the need for imports from other countries. For local cruise and ferry lines, most products used onboard are of domestic Greek or EU origin.

Products Imported to Greece by Competing Countries:

Fresh Vegetables and Produce: Italy and other EU countries and South America

Dairy: Cyprus, France, Germany, and Great Britain

Rice: Belgium*, Germany*, Pakistan

Seafood: China, Germany, Indonesia, North Africa, Spain, Thailand and Turkey

Meat and Poultry: Argentina, Belgium, Brazil and Holland

* Mostly re-exports

IV. BEST PRODUCT PROSPECTS

A. Products Present in the Market Which Have Good Sales Potential

All categories of U.S. food and beverage products are potential sales for cruise ships with U.S. based companies. U.S. dry and canned foods as well as non-perishable beverages make up most of the provisions stored on these ships.

B. Products Not Present in Significant Quantities But Which Have Good Sales Potential

U.S. seafood, especially lobster and shrimp are always in demand, though in low quantities. At times, re-export of U.S. products such as seafood is better handled through consolidators from other EU countries.

C. Products Not Present Because They Face Significant Barriers

U.S. beef and poultry exports to Greece and all EU countries face strict regulations. Only hormone free beef from EU approved plants can be imported into Greece, other beef which has been fed growth hormones is restricted, and U.S. poultry is also banned due to EU restriction on U.S. poultry processing practices. In the past, U.S. exporters could nevertheless ship beef and poultry to Greek ports if they were considered only as stock for cruise ships.

However, beginning January 1st, 2005, land transits of U.S. poultry for cruise ships or other transshipment are prohibited. Also prohibited are land transits of beef from non-EU approved facilities in third countries including the United States. (Restrictions are based on EU decisions 79/542 amended by 2004/212, 2004/372 for meat products and EU decisions 94/984, amended by 2004/436 for poultry products.) This effectively means all shipments of U.S. poultry and unapproved beef products must be sent by ship and transferred from one vessel to another, as done with ship stores in transit. Until recently, ship chandlers could accept some shipments for cruise ships at the port as ship stores in transit and bring them to their own warehouses for storage. However, due to new regulations, this is no longer an option. Containers with beef and poultry can be shipped and left at the Free Trade Zones in Piraeus and Thessaloniki, though as of yet, no refrigerated facilities are offered at either port. As with any export situation, it is important to keep current all information on EU regulations on beef and poultry (see Section VI, U.S. Mission to the European Union).

For export through local chandlers and distributors, U.S. fresh produce, vegetables and dairy products are not in demand due to sufficient local supply at lower costs with ease of procurement.

SECTION V. TRADE SHOWS AND EVENTS

Seatrade Conventions

- **Seatrade Mediterranean Cruise and Ferry Convention**
November 3-5, 2004
 Fiera di Genova
 Genoa, Italy
<http://www.seatrade-events.com/>
- **Seatrade Cruise Shipping Convention**
March 14-17, 2005
 Miami Beach Convention Center
 Miami Beach, Florida
<http://www.seatrade-events.com/>
- **Seatrade Europe**
November 1-2, 2005
 CCH-Congress Centrum
 Hamburg, Germany
<http://www.seatrade-events.com/>

**Marine Hotel Association
20th Annual Conference & Trade Show**
Westin Diplomat Resort
Hollywood, Florida
<http://mhaweb.org/conference/>

April 10-12, 2005

**Local Food and Beverage Trade Shows
(Attended by local chandlers and distributors)**

International Exhibition of Food and Beverages
International Exhibition Center of Thessaloniki
Thessaloniki, Greece
<http://www.detrop.helexpo.gr>

March 4-7, 2005

International Food and Drinks Exhibition
Expo Athens
Athens, Greece
<http://www.treaf.gr>

February 17-21, 2005

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

Agricultural Affairs Office (Covering Italy, Greece and Malta)

Foreign Agricultural Service
Geoffrey Wiggin, Minister Counselor
Via Vittorio Veneto 119/A
00187 Rome, Italy
Phone: 011-390-6-4674-2362
Fax: 011-390-6-478-87008
Email: agrome2001@yahoo.com
Website: <http://www.usembassy.it/agtrade/>
Also visit the Foreign Agricultural Service's website at: www.fas.usda.gov

Agricultural Affairs Office

Foreign Agricultural Service
Danae-P. Synodinou, Agricultural Marketing Specialist
Address: 8 Makedonon Str.
GR-101 60 Athens, Greece
Phone: 011-30-21-720-2233
Fax: 011-30-21-721-5264
Email: fasgr@ath.forthnet.gr
Website: <http://athens.usembassy.gov/us/agriculture/index.html>
Please visit our website for promotional activities, trade statistics and more reports on the retail and food service sectors and on food import regulations for Greece.

U.S. Mission to the European Union

Foreign Agricultural Service
This website has links to all of the requirements of E.U. member countries.
<http://www.useu.be/agri/>

Basic country information may be found in the **Central Intelligence Agency's** World Fact Book under the country of interest.

<http://www.odci.gov/cia/publications/factbook>

Department of State

Bureau of Consular Affairs

Links to United States Embassies and Consulates Worldwide

<http://travel.state.gov/links.html>

Foreign Agricultural Service, USDA

BICO Reports

Provides bulk, intermediate, and consumer-oriented agricultural product data per calendar or fiscal year.

http://www.fas.usda.gov/scriptsw/bico/bico_frm.asp

Animal and Plant Health Inspection Service, USDA**Veterinary Services**

Animal and Plant Health Inspection Service, USDA

Miami, Florida

Phone: 305-526-2825

Fax: 305-871-4205

<http://www.aphis.usda.gov/vs/>

U.S. Department of Transportation – Maritime Administration

400 7th Street, SW

Washington, D.C. 20590

Phone: 800-996-2723

E-mail: pao.marad@marad.dot.gov

Website: <http://www.marad.dot.gov/>

B. Other sources of Information on the Cruise Industry:**Greek National Tourism Organization**

Tsoha 7 Street

115 21 Athens, Greece

Tel.: + 30 210 8707000

E-mail: info@gnto.gr

Website: <http://www.gnto.gr/>

Piraeus Port Authority S.A.

10 Akti Miaouli

185 38 Piraeus

Phone: 210 42 86842

Fax: 210 42 86843

E-mail: olpdsx@otenet.gr

Website: <http://www.olp.gr/>

Thessaloniki Port Authority S.A.

P.O. Box 10467

GR-541 10 Thessaloniki, Greece

Tel: +30 2310593129

Fax: +30 31 0 510500

Telex: 412536 THPA GR

E-mail: info@thpa.gr/en

Website: <http://www.thpa.gr/en/>

Iraklion Port Authority

Central Harbor Office
711 10 Iraklion
Tel: (281) 226110 & 226024
Fax: (281) 226176

International Council of Cruise Lines

2111 Wilson Boulevard, 8th Floor
Arlington, VA 22201
Tel: 703.522.8463
Toll-Free: 800.595.9338
Fax: 703.522.3811
E-mail: info@iccl.org
Website: <http://www.iccl.org/>

IFDA

International Foodservice Distributors Association
201 Park Washington Court
Falls Church, VA 22046
Phone: 703-532-9400
Fax: 703-538-4673
Website: <http://www.ifdaonline.org>

ISSA

International Ship Suppliers Association
The Baltic Exchange, St Mary Axe
London, EC3A 8BH, United Kingdom
Phone: 44-20-7626-6236
Fax: 44-20-7626-6234
E-mail: issa@dial.pipex.com
Website: <http://www.shipsupply.org>
Click on *Find an ISSA Member* for ship suppliers around the world.

Cruise Industry News

441 Lexington Avenue, Suite 1209
New York, NY 10017
Phone: 212-986-1025
Fax: 212-986-1033
E-mail: info@cruiseindustrynews.com
Website: <http://www.cruiseindustrynews.com>