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## Greece

## Fresh Deciduous Fruit

## Annual

## 2006

**Approved by:**

Robin Gray  
U.S. Embassy Rome

**Prepared by:**

Stamatis Sekliziotis

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**Report Highlights:**

While apple and pear production has improved, they are still below a good output. The final figures for 2005 Greek fresh apple and pear production slightly revise those reported in GR 5027. Grape production continues to climb.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
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## Executive Summary

### PRODUCTION

#### Apples

Output of apples in 2005 finally reached the satisfactory level of 263,000 MT. However, this quite a bit below what Greece would consider a good output, which can easily reach 300-320,000 MT. Greek apple production has been declining since 2000, largely due to adverse weather conditions. The bad weather conditions, which have prevailed annually in the production areas of Central Greece, have included hail, spring frosts, and extreme high temperatures before and during harvesting. The 2006 apple production in Greece is estimated to be at least 265,000 MT, and of good quality. Apple production in other EU member states is expected to be six percent lower than the 2005 harvest.

Farm prices in 2005, for Red Delicious and Granny Smith apples, fluctuated between 0.40-0.55 Euros/kg, based on quality and quantity. For the "Zagorin," a popular, local red delicious variety, prices have fluctuated between 0.75-1.20 Euro/kg, according to quality. As cited in GR3019, there is EU protection for apples of the Zagora region, under the name "Zagorin", a denomination of origin according to EU Regulation 1107/96. In a good year, the Zagora region produces about 15,000 MT of apples.

Almost 95 percent of the Zagora apples are handled by the Zagora Agricultural Cooperative located in the prefecture of Messinia, in Thessaly. The Cooperative is a "farmer's group" as classified under the new EU restructuring program. As such, it receives a fifty percent subsidy, provided that eighty percent of the group's revenue goes back into the coop. There are approximately 740 farmer members in the coop and the average farmer produces approximately 40 tons. A few of the larger farmers produce up to 100 tons. Ninety-five percent of the product handled by the coop is apples, but they also handle pears, kiwis, cherries and chestnuts. They have their own freezing facilities for up to 10,000 MT and a controlled environment for another 6,000 MT. Product that cannot be accommodated at the Coop's facilities is stored in private facilities in the city of Volos.

The coop requires that a farmer sign a contract to deliver their fruit to the coop for ten continuous years. Most of farmer groups in Greece operate under the same system, particularly within the fresh fruit and vegetable sector. EU regulations require that farmer groups contract for a minimum of five years. Farmers are paid in four to five installments, based on the quality of the fruit delivered and the prices received in trading. The fruit is sorted at the coop based on quality. There are two grades. The first grade is sold almost entirely in Europe. The second grade generally goes north to the Balkans.

Ninety-five percent of the Zagorin apple production is done under integrated pest management (IPM). Agrocert, an organization within Greece certifies that production is done within required standards to meet IPM standards as set by the GOG Ministry of Agriculture per EU specifications.

Among the Greek apple varieties that are promoted for both domestic use and exports, is the promising late Fuji Kiku – 8. This year, there is a limited Greek production of approximately 250 MT and total European production of approximately 5,000 MT. In the region of western Macedonia, a few orchards are expected to enter ongoing production. Greek Fuji Kiku producers organized a number of test events around the country, spending about 5% of their income on promotional activities. The late Fuji Kiku nursery stock in Greece is properly certified and distributed, under an agreement signed between Kiku Ltd. Italy and Kiku Hellas, both members of Kiku Pool Europe.

For other apple varieties grown in Greece, farmer prices fluctuated between 0.30 – 0.90 Euro/Kg according to variety, quality and total supply. In the Central Market of Athens prices have also fluctuated accordingly.

### Pears

According to farmer sources, domestic pear production is still limited due to a variety of reasons including adverse weather and disease. This year, pear output will not exceed 45,000 MT. In 2005, a relatively good year for Greek pears, production was 56,000 MT. In 2003 and 2004, however, pear cultivation suffered because of a number of diseases, such as *Erwinia amylo-vora*, forcing farmers to uproot trees and consequently contributing to a reduction of fresh pear output.

Greek pear orchards, as they are structured today, can yield up to 65,000 MT of high quality fruit. However, a gradual increase in pear production is expected in the future. This will largely be achieved through new plantings and old orchard replacements, mostly with the popular Greek varieties such as "Kristalli" and "Kodoula." These two varieties represent 40-45 percent of Greek production. Potential Greek pear output, for all varieties, is estimated to reach 70-80,000 MT in the coming years. New plantings and replacements are expected to take place gradually over the next few years.

Greece is also experiencing a shift away from industrial varieties used by fruit processors to table varieties. This shift started occurring in response to the spectacular increase of industrial pear imports from China, currently estimated at 10,000 MT per annum. Also affecting the shift away from Greek production of industrial varieties is the growing domestic demand for certain varieties of fresh pears. The priorities of the Greek pear-packer industry is to satisfy the domestic urban markets at competitive quality and price, compared to the imported amounts from other EU-states and/or third countries.

The "Kodoula" variety production and new plantings, are located in the areas of Korinth, Tirnavos (Thessaly) and Tripoli in Lakonia prefecture of Peloponnese. They are grown in hilly lands, preferably in hedge form. They reach the fresh markets in July and stay in the market only for about 6 weeks due to high demand and limited availability. Kodoulas are tasty and highly demanded by the Greek consumers, resulting in high farmer prices. Consequently, farmers have restructured their orchards with the Kodoula variety. In 2005, farmers received 1.8 - 2.2 Euros/Kg for high quality grade Kodoulas. With Spain's smaller output this year, estimated down by about 20% from 2005, Greek pear producers will sell their fruit at prices 20-25% higher.

The Krystalli variety is also a dynamic and highly demanded fresh fruit crop for Greece. They are grown in the prefecture of Larissa in Thessaly. The Tirnavos region is considered to be the heart of Greek pear production, providing the best weather and soil conditions. Other varieties grown in Greece are the Williams BC, Passacrassana, and Cœscia, mostly cultivated in Central Macedonia, Thessaly and some southern pockets.

Farmer prices in 2006/2007 are expected to fluctuate between 0.55-0.70 Euros/kg for varieties such as Passacrassana and Abate F. and 0.75-1.25 Euros/kg for the Greek variety "Kristalli."

### Grapes

According to the Ministry of Agriculture and farmer organizations, the 2006/2007 table grape output is expected to reach 310,000 MT, compared to the 2005/06 output of 301,000

MT, a revised figure from that reported in last year's report. The larger output, reported for all varieties of table grapes, is mainly due to favorable rainy weather that prevailed in spring 2006. Moreover, the fresh grape quality is considered to be good. In the region of Peloponnese and Crete, where farmers face a biennial behavior of the vines, output in 2005/2006 was down and should therefore increase in 2006/2007. Most of Crete's Sultanas are used for dried fruit production. Wine-grape production in Greece is normally around 400,000 MT per annum.

The relatively slight increase of table grape yields this year will result in lower prices for Greek farmers. Farmer prices in MY 2005/2006 for fresh grapes fluctuated between 0.45 – 1.25 Euros/kg, with Sultanas garnering the highest price, followed by the Rozaki variety, grown mostly in Northern Greece. No significant price changes are expected during MY 2006/2007.

Recently, a new table grape variety called "Crimson," asserted a dynamic presence in Greece. With output and quality expected to be good this year, producers will be able to better evaluate the foreign and domestic marketability of "Crimson." Also, the Institute for Subtropical Horticultural Products in Hania – Crete, has recently promoted seedless table grape varieties in an attempt to help farmers restructure old vineyards and reorient toward production of fresh fruit demanded in the European markets, particularly off-season varieties.

## TRADE

A few of the more organized Coops and Farmer groups, Zagora included, which handle fresh products in Greece, facilitate trade through three venues. First, they have their own stands in the central fruit and vegetable (wholesale) markets in Athens and Thessaloniki. Particularly for apples, these stands serve as a price guide to traders and intermediaries. Second, they sell directly to supermarket chains, where they find that the profit margin between the wholesaler and the retailer/grocery store can be as high as forty percent. The wholesale profit margins, which are set by law, cannot exceed ten percent over the farmer prices, while retail price profit margins over wholesale prices must not exceed the 28 percent. The third channel is export sales.

Most of the fresh fruit importing activity begins in May and ends in late fall. Summer season, with approximately 10 million tourist arrivals, is a period of high-demand for fresh fruit and vegetables and fruit juices. In recent years, annual tourist arrivals in Greece reached 13 million, and are expected to climb to 14 million arrivals in 2006. Compared to other periods, consumption demand in CY 2004 was particularly high due to the 2004 Olympic games held in Athens.

## Apples

In CY 2005, Greece imported almost 23,000 MT of apples, for a total value over \$22 million. In CY 2004, Greece imported over 28,000 MT, for more than \$ 30.96. Of the CY 2005 imports, around 16,000 MT were purchased from the EU-25, with more than 10,000 MT originating in Italy. In CY 2005, no U.S. apples were purchased by Greece and in CY 2004 less than 500 metric tons were purchased from the U.S. Greek exports for CY 2005 are reported at just over 47,000 MT, valued at \$17 million, compared to 30,000 MT valued at \$11.4 million in CY 2004. Most of these exports were destined to Balkan countries and Russia. In fact, Russia alone has consumed almost 45,000 MT of Greek apples. These eastern bloc countries tend to purchase the lower quality, cheaper apples, while the better grades, which comprise five to ten percent of Greek apples, are sold to EU-member states, which demand higher quality fruit. According to Zagora Coop officials, Greece's apple

exports to other countries of Europe have declined dramatically, primarily due to cost competition with other European producers, especially France. One of Greece's best markets is Israel, where they are able to sell some of their high-cost varieties.

### **Pears**

Greece's pear production does not satisfy local demand. Pear imports in CY 2005 were over 16,000 MT, valued at almost \$16 million. In CY 2004, during the Olympics, imports climbed to over 19,000 MT, valued at almost \$20 million. Most of the imports originate from the EU – 25, with 50% of Greece's imports coming from Spain. The Conference variety, which is offered at good prices, dominates Greek imports. In CY 2005, Greek pear exports were limited to 1,200 MT, valued at \$1 million, while in CY 2004, Greece exported 1,500 MT, for a value of \$1 million. Greece exports most of its pears to the same Balkan countries where Greek apples are sold.

### **Grapes**

Greece's markets for grapes are different than those for apples and pears. Grape exports did well in 2005, with fresh sultanas leading. About 91,000 MT of fresh grapes were exported in CY 2005, for a value over \$134 million, compared to exports of 66,000 MT in CY 2004, valued at almost \$93 million. Of the 2005 exports, more than 74,000 MT were destined for the EU – 25, of which over 33,000 MT were forwarded to Germany and over 21,000 MT (mainly fresh Thomson Seedless Sultanas) to the UK.

Imports of grapes for CY 2005 are reported at only a little less than 2,500 (valued at just over \$4.1 million) compared to 2,000 MT (valued at almost \$3 million) in CY 2004. Of the 2005 Greek imports, more than 2,000 MT came from the EU, and the remainder came from Chile and South Africa.

Sultanas from Crete, Corinth in the south, and Kavala in the north, are leading among the Greek grape exports. The best market for fresh Greek Sultanas is the UK. However, the UK market is limited to the two-month period mid-August until mid-October. Problems and competition in the UK markets is extensively described in last year's report (GR 5027). Trade sources note that this year in particular UK supermarket chains are expected to increase pressure on Greek importers to achieve better prices.

New players are expected to show up in the trading of Greek table grapes in the 2006/2007 marketing year, according to trade sources. The Greek supermarket chain, MAKRO, has entered into export activities and has signed contracts with Eastern European buyers for an initial purchase of 2,000 MT of Victoria table grapes. A MAKRO representative in Athens has announced that they plan to expand their activities to include more Eastern European countries, selling more Greek Victoria grapes into these markets. CAPESPAN, a South African company, has also entered the market, purchasing considerable quantities of Greek fresh sultanas to be distributed within its own network under its own label.

### **POLICY**

The new CAP reform pertaining to horticultural products, EU policies and funding of promotion activities for fresh fruit and vegetables, as well as GOG policies on price controls in protecting the consumer, are described in detail in the policy section of last year's report (GR 5027). Discussions on the CAP on horticultural products continue between the EU and member states, and within Greece between farming organizations and the Ministry of Agriculture. The final legislation should be ready for application early in 2007. According to the Ministry of Agriculture and farmer organizations, indications are that full decoupling will

be followed for fresh fruit and vegetables. If so, this will likely result in better organization in the sector, including farmer initiated crop improvements, product-packaging improvements and environmental conservation practice improvements.

A small but significant recent change in the structure of Greek tree crops has been noted through farmer reports and fieldwork. Farmers, who traditionally grow common, old and less productive citrus varieties, some field crops and other crops not easily marketed, are expected to enter the full decoupling stage under the new CAP. Young farmers in particular, have shown a strong interest in shifting toward demanded deciduous fruit crops. Such fruit crops are likely to include pears, followed by new apple varieties (i.e. late varieties), seedless fresh grapes and newly promoted varieties of nectarines and citrus. Introduction of these new varieties will occur in various Greek regions as designated by the GOG Ministry of Agriculture and Rural Development.

Worth noting under the theme of product protection and policy, is a recent initiative by the Zagoran Apple Coop. The Zagoran product is recognized for its excellent quality and the coop has had problems with other wholesalers falsely claiming that they are also selling Zagoran apples. The Zagora Coop has found that there are not enough controls used by the Ministry of Agriculture or the Ministry of Public Order and that the Coop needed to take action on their own. They have invested in technology to apply a "tattoo" mark on the fruit that will identify it as a Zagoran product. This technology, which has been approved by the EU, was purchased in the U.S. and cost approximately 300,000 Euros for six machines. Fifty percent of the investment comes from EU funding. The new technology, used by produce distributors, employs lasers to tattoo fruits and vegetables with their names, identifying numbers, countries of origin and other information that helps speed distribution and prevent fraud. The tattoo also allows for traceability back to the producer. Once the EU approves an organization's tattoo usage, all cases of fraud can be litigated through the EU system. The Zagoran Coop has experienced some customer reluctance to accept the tattoo, but there does seem to be greater acceptance when the process is referred to as a "discoloration."

## PS&amp;D Table, Fresh Apples

Country Commodity	Greece Apples, Fresh								
	(HA)(1000 TREES)(MT)								
Market Year Begin	2004 USDA Official [	Revised Estimate[↑	New Estimate[↑	2005 USDA Official [	Estimate Estimate[↑	New Estimate[↑	2006 USDA Official [	Forecast Estimate[↑	New Estimate[↑
	07/2004	07/2004	07/2004	07/2005	07/2005	07/2005	07/2006	07/2006	07/2006
Area Planted	16235	16235	16235	16235	16235	16235	0	0	16236
Area Harvested	15938	15938	15938	15937	15937	15937	0	0	16000
Bearing Trees	6066	6066	6066	6068	6068	6068	0	0	6100
Non-Bearing Trees	50	50	50	48	48	48	0	0	35
Total Trees	6116	6116	6116	6116	6116	6116	0	0	6135
Commercial Production	270000	270000	277000	275000	275000	263000	0	0	267000
Non-Comm. Production	5000	5000	5000	5000	5000	2000	0	0	3000
Production	275000	275000	282000	280000	280000	265000	0	0	270000
Imports	23000	23000	23000	22000	22000	26000	0	0	25000
Total Supply	298000	298000	305000	302000	302000	291000	0	0	295000
Fresh Dom. Consumption	250000	250000	255000	252000	252000	245000	0	0	247000
Exports, Fresh	32000	32000	32000	35000	35000	39000	0	0	37000
For Processing	3000	3000	4000	3200	3200	2000	0	0	3000
Withdrawal From Market	13000	13000	14000	11800	11800	5000	0	0	8000
Total Distribution	298000	298000	305000	302000	302000	291000	0	0	295000

Export Trade Matrix, Fresh Apples

# Export Trade Matrix

Country Greece

Commodity Apples, Fresh

Time Period  Units:

Exports for:

U.S.  U.S.

Others Others

Cyprus	224	Cyprus	150
Poland	107	Poland	92
Netherlands	51	Germany	86
Slovakia	64	Spain	154
Spain	61	Other EU	178
Other EU	8	>EU Total	660
>EU Total	515	Albania	22844
Albania	18919	Bulgaria	16125
Bulgaria	8952	FYROM	1808
Russia	768	Russian Fed.	3347

Total for Others 29154 44784

Others not Listed

Grand Total 30741 47273

Import Trade Matrix, Fresh Apples

# Import Trade Matrix

Country Greece

Commodity Apples, Fresh

Time Period  Units:   
 Imports for:    
 U.S.  U.S.

Others		Others	
Italy	12021	Italy	10098
Germany	3537	Germany	2412
Netherlands	2563	Netherlands	1328
Spain	975	Spain	887
Austria	765	Belgium & Lux.	717
Belgium	706	Other EU	332
Other EU	709	>EU Total	15774
>EU Total	21276	Chile	4192
Chile	5540	Argentina	2409
Argentina	971	South Africa	256
Total for Others	27787		22631
Others not Listed	<input type="text" value="542"/>		<input type="text" value="183"/>
Grand Total	28664		22814

## PS&amp;D Table, Fresh Pears

## PSD Table

Country

Greece

Commodity

Pears, Fresh

Market Year Begin	(HA)(1000 TREES)(MT)								
	2004	Revised	New	2005	Estimate	New	2006	Forecast	New
	USDA Official [	Estimate[↑	Estimate[↑	USDA Official [	Estimate[↑	Estimate[↑	USDA Official [	Estimate[↑	Estimate[↑
	07/2004	07/2004	07/2004	07/2005	07/2005	07/2005	07/2006	07/2006	07/2006
Area Planted	0	0	0	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	40000	40000	0	42000	42000	0	0	0	0
Non-Comm. Production	1000	1000	0	1500	1500	0	0	0	0
Production	41000	41000	0	43500	43500	0	0	0	0
Imports	16000	16000	0	15000	15000	0	0	0	0
Total Supply	57000	57000	0	58500	58500	0	0	0	0
Fresh Dom. Consumption	48150	48150	0	48300	48300	0	0	0	0
Exports, Fresh	1200	1200	0	1600	1600	0	0	0	0
For Processing	6000	6000	0	6600	6600	0	0	0	0
Withdrawal From Market	1650	1650	0	2000	2000	0	0	0	0
Total Distribution	57000	57000	0	58500	58500	0	0	0	0

Export Trade Matrix, Fresh Pears

# Export Trade Matrix

Country Greece

Commodity Pears, Fresh

Time Period  Units:

Exports for:

U.S.  U.S.

Others Others

Cyprus	37	Cyprus	147
Netherlands	8	Spain	23
Italy	8	Italy	5
Poland	10	Poland	10
Slovenia	4	Germany	4
Other EU	4	Hungary	3
>EU Total	71	>EU Total	192
Albania	849	Albania	264
Bulgaria	300	Russian Fed.	126
FYROM	166	FYROM	333

Total for Others 1386 915

Others not Listed

Grand Total 1557 1188

Import Trade Matrix, Fresh Pears

# Import Trade Matrix

Country Greece

Commodity Pears, Fresh

Time Period  Units:   
 Imports for:    
 U.S.  U.S.

Others		Others	
Spain	10416	Spain	8147
Italy	2286	Italy	1983
Germany	1191	Germany	996
Netherlands	619	Netherlands	565
France	291	France	207
Other	187	Belgium & Lux.	35
>EU Total	14990	Ireland	15
Argentina	1516	>EU Total	11948
South Africa	1046	Argentina	2184
Chile	965	South Africa	1273
Total for Others	18517		15405
Others not Listed	497		725
Grand Total	19014		16130

## PS&amp;D Table, Fresh Table Grapes

## PSD Table

Country

Greece

Commodity

Grapes, Table, Fresh

Market Year Begin	(HA)(MT)								
	2004 USDA Official [	Revised Estimate[↑	New Estimate[↑	2005 USDA Official [	Estimate Estimate[↑	New Estimate[↑	2006 USDA Official [	Forecast Estimate[↑	New Estimate[↑
	01/2005	01/2005	01/2005	01/2006	01/2006	01/2006	01/2007	01/2007	01/2007
Area Planted	19500	19500	19500	19500	19500	19500	0	0	19500
Area Harvested	19500	19500	19500	19500	19500	19500	0	0	19500
Commercial Production	276000	276000	276000	260000	260000	280000	0	0	275000
Non-Comm. Production	28000	28000	25000	20000	20000	30000	0	0	25000
Production	304000	304000	301000	280000	280000	310000	0	0	300000
Imports	1200	1200	2500	2000	2000	1500	0	0	2000
Total Supply	305200	305200	303500	282000	282000	311500	0	0	302000
Fresh Dom. Consumption	173000	173000	170000	170000	170000	175000	0	0	172000
Exports, Fresh	70000	70000	91000	55000	55000	85000	0	0	83000
For Processing	62200	62200	42500	57000	57000	51500	0	0	47000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	305200	305200	303500	282000	282000	311500	0	0	302000

Export Trade Matrix, Fresh Table Grapes

# Export Trade Matrix

Country Greece

Commodity Grapes, Table, Fresh

Time Period		Units:	MT
Exports for:	2004		2005
U.S.		U.S.	32
Others		Others	
Germany	25263	Germany	33392
U.K.	14203	U.K.	21855
Netherlands	4395	Netherlands	7414
Poland	5860	Poland	5019
Sweden	1168	Czech Repub.	1790
Other EU	2508	Other EU	5138
>EU Total	53397	>EU Total	74608
Bulgaria	2619	Bulgaria	3080
Albania	1832	Ukraine	2430
Romania	2109	Romania	5562
Total for Others	59957		85680
Others not Listed	5659		5120
Grand Total	65616		90832

Import Trade Matrix, Fresh Table Grapes

# Import Trade Matrix

Country Greece

Commodity Grapes, Table, Fresh

Time Period  Units:   
 Imports for:    
 U.S.  U.S.   
 Others Others

Germany	895	Germany	138
Netherlands	268	Netherlands	249
Italy	347	Italy	778
Spain	88	Spain	83
France	72	Sweden	200
Czech Repub.	39	U.K.	572
Other	48	Other	63
>EU Total	1757	>EU Total	2083
Chile	247	Chile	241
South Africa	162	South Africa	62
Total for Others	2166		2386
Others not Listed	<input type="text" value="44"/>		<input type="text" value="74"/>
Grand Total	2210		2460