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Greece

Trade Policy Monitoring

Horticultural Product CAP Reform Developments - Greece

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Report Highlights:

This report encapsulates the state of policy debate among producers and processors of each of the important horticultural product sectors in Greece as EU reform is in the offing.

Includes PSD Changes: No
Includes Trade Matrix: No
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The GOG Ministry of Agriculture has recently come under fire from opposition parties for not yet having made clear what position the GOG will take at the EU level on CAP reform for the horticulture sector. The situation is not simple, however, and preliminary discussions and position preparations have gone through a number of phases. Ministry of Agriculture officials have met separately with fruit and vegetable producers and processors (peaches, pears and industrial tomatoes), with dried fruit and fig producers and packers and with the citrus industry. During these meetings it was obvious and widely accepted by most parties, that the while producers may welcome 100% decoupling of farmer support from production, the processors are not of the same mind.

Industrial tomato producers and their farmer organizations are in favor of a full decoupling scheme, while processors are lobbying for maintaining a high percentage of a coupled payments as the only way to ensure enough production to keep their processing plants in operation. Tomato processors are particularly concerned that full decoupling would result in a dramatic reduction in Greek industrial tomato production (currently occupying some 20,000 ha. of irrigated land). Their fears are not misplaced.

The Panhellenic Confederation of Agricultural Cooperatives (PASEGES) supports a full decoupling scheme and proposes that the reference period be the crop years 2000, 01 and 02, with decoupling in 2007. PASEGES has also proposed that when calculating farmer organizations' annual turnover for the managerial programs, the value of the decoupled payments to industrial tomato farmers should be included, and only for those who are members of the organization.

Most of the players in the canned peach sector (cling peach sector) are favoring the maintenance of the status quo. They believe that this would best protect local production with special quality characteristics, as well as protect production from competition and from high costs. Also, the processors point out that the sizable expansion and modernization investments, which took place in the sector since the 1980s, must be considered. Only the Panhellenic Union of Farmers (GESASE) has come out against the status quo and in favor of a full decoupling. Among their proposals and views, are an increase of thresholds for pears from 5.155 MT to 10.000 MT and for peaches from 300.000 MT to 400.000 MT with the objective of fulfilling production requirements for frozen peaches and peach juice. It must be noted that all in the sector agree that the probability of adhering to the status quo is virtually zero.

For raisins and black currants, the decoupling scheme seems to be accepted as the only path forward. Farmers are happy but processors and packers are not, for reasons already explained above. Almost 60 percent of EU funds paid to Greek horticulture are absorbed by the dried fruit sector.

The picture in the citrus sector is almost identical to that of cling peaches. Producers, processors, traders and juice producers agree that a full decoupling will badly affect production in Greece and the crop will virtually vanish in a matter of time. All involved parties propose to maintain the status quo with an increase of support payments for fruit channeled to processors, a unification of thresholds of various types of citrus fruit, and with a parallel increase in the threshold at the national level. The Union of Fresh Fruit Exporters of Greece (INCOFRUIT - HELLAS) opine that whatever system applies and considering that farmers will get some kind of a "single payment" in the end (which they call the "farmer's unemployment benefit"), it will lead to a gradual abandonment of citrus with significant reduction of acreage and deterioration of quality.

Other Considerations:

Some sources report that following the experience gained from the tobacco, cotton, cereal and olive oil sectors, wherein numerous questions related to decoupling (rates of decoupling, periods of reference, years and types of crop cover required, etc.) resulted in debate and unhappiness (a natural Greek state, it must be noted, particularly among farmers) that it would be better if the Commission were to determine any percentages and periods of reference. That way, problems of negotiating within the country (by sector) and with local political interests could be avoided, to the benefit of the Greek farmer and to horticultural products.

According to various sources and the press, the new CAP for fruits and vegetables is expected to encourage more Greek growers to join producer organizations. Currently, only 13 percent of Greek horticultural farmers are organized in agricultural coops and farmer groups, compared to 80 percent in the Netherlands. Under the CAP reform proposal, Greek farmer organizations (50% financed by the community budget) will be offered additional managerial tools for handling and managing crises.

Finally, some sources indicate that full decoupling and the subsequent decline in production of a number of fruit and vegetable crops may represent an opportunity for Greece to revitalize its livestock sector, in particular sheep and goats, as demand for their products (feta cheese and yogurt, for example) is expected to be strong and irrigated acreage would become available for fodder.