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## Greece

## Raisins

## 2008

**Approved by:**

Robin Gray  
U. S. Embassy, Rome

**Prepared by:**

Stamatis Sekliziotis

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**Report Highlights:**

Raisin production in Greece continues to show declines in 2008. This trend can be substantially attributed to implementation of the CAP reform, several consecutive dry seasons and shifting interest to the production of fresh sultanas.

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

Sultana Cooperative Organizations, (KSOS) in Crete and the Peloponnesus report that the 2007 raisin production did not exceed 5,000 MT. Raisin production in 2006 was 16,000 MT and in 2005 production was 29,000 MT. Preliminary estimates for the 2008 crop indicate that production is not expected to exceed 4,500 MT. Implementation of the new CAP reform of the horticultural sector is scheduled to start with the 2008 crop harvest. This reform requires the implementation of a 100% decoupling system for raisins. Anticipation of the implementation of the CAP reform, consecutive dry summers, declining farmer interest in dried sultanas (most prefer fresh sultana production and trade) and the gradual loss of foreign markets have resulted in the dramatic shrinkage of Greek dried sultana production and vineyard abandonment by farmers. Greek 2008 sultana harvest is estimated at 70,000 – 75,000 MT (all kinds – fresh weight basis). From this total production, 40 - 45,000 MT will be destined for wineries, 15 - 20,000 MT will be sold at markets for fresh fruit consumption, and the remaining 5 - 10,000 MT will be dried. Farmers who delivered their sultana grapes to wineries in 2007 received about 0.30 Euro/Kg, which they consider beneficial when compared to quality-graded dried fruit prices and the expenses related to on-farm drying.

## Production

Total Greek sultana plantings cover some 24,000 hectares not all of them necessarily well managed and/or productive. Approximately 12 - 13,000 hectares are in Crete, most of which are used for dried fruit production. However, gradually production in Crete seems to be shifting to fresh sultana production. The remainder of Greece's sultana production is located in the mainland of the northern Peloponnesus and the Ionian Islands, where production for fresh consumption dominates. Most fresh sultanas are produced in the northern Peloponnesus in the prefectures of Corinth and Achaia. In the early 1990's, sultana acreage on the island of Crete alone exceeded 20,000 hectares. Total acreage in Greece dedicated to production of the sultana variety has declined approximately 10% per annum. The implementation of the new horticultural product CAP reform, discussed further under the policy section, is considered to be the main cause for a significant reduction of both acreage and output of sultanas in Greece.

Reduction in raisin output has adversely affected both the Coop packing facilities and the private packers. Packers may need to import dried sultanas from elsewhere to keep their plants operational. They are able to purchase easily from Turkey, Afghanistan, Iran, and the U.S. Greece's Coop packing facilities have already started to diversify their activities by shifting to other, mostly fresh fruit operations and by expanding their packing activities beyond the two-month raisin packing period. Reportedly, the largest facility for raisin processing, which belongs to the Cooperative of Heraklion in Crete (KSOS), has submitted a long term business plan to the EU and GOG. Their proposal is for the development and modernization of its infrastructure to support a fresh sultana packaging facility. KSOS will receive support for the outlay, estimated at approximately 1.6 million Euros. The investment proposal is approved and the decision was officially announced by the GOG Ministry of Agriculture in April 2008. The project is financed by EU and National budget funds and it is part of a 41.5 million Euros support program to farm groups and coops.

## Trade

Although the quantity of the 2007 crop production was small, the quality of Greek raisins was excellent. Almost 80% of the crop was graded No. 2 and 13% was graded No. 1. Only 7% of the crop was graded No. 4 and none of the crop was graded No. 5.

Pricing for dried sultanas, delivered to packers, fluctuated according to the season of delivery and quality, but generally farmers received between 1.0– 1.30 Euros/kg, considered to be very good prices for the farmers.

Greece exports only a small portion of its raisin production. It imports some to keep packing facilities busy and satisfy limited domestic demand. Most of the Greek sultana business is sifting toward fresh sultana production, packaging and trade. Greek raisin exports in CY 2007 totaled 8,716 MT for a value of \$15.7 million. Whereas in CY 2006, sultana exports totaled 30,000 MT for a value of \$43.5 million, in CY 2005 exports totaled over 28,00 MT with a value of \$40.3 million. The primary destinations for Greek raisin exports are Germany and the UK. In CY 2005, Greece imported almost 4,000 MT of sultanas, valued at \$4.9 million. The vast majority of these imports were sourced in Turkey.

## Policy

The support payment system effective until this running year (2007) has been described and analyzed in previous AgAthens reports.

The new CAP policy pertaining to sultanas, mentioned in the production section above, have seriously affected Greek raisin production. Furthermore, it is anticipated that the new CAP on the horticultural sector will continue to negatively affect the production levels of dried sultanas in Greece. Trade sources anticipate that Greece will be transformed from a net exporter of raisins to a net importer and that it will shift production to fresh sultanas. They believe that only a few farmers will remain in the raisin business - those that are able to maintain high-quality production and utilize larger acreage. Currently the entire sector is affected by this transitional period as the new CAP is fully implemented. In the future, farmers who established their rights to receive single payments will be free to use their land as they like. It is likely that most of them will plant other crops, mainly trees and vegetables. Those who continue to plant grapes will likely produce for wine and table grapes.

According to a number of sources, the decision to implement 100 percent decoupling for dried raisins, marks the beginning of the end of production of this product. Sultana farmers will be eligible for single decoupled payments, effectively a 100 percent subsidy, based on average yields for a given (but not yet defined) period in the past. These farmers will be free to grow whatever they prefer. Farmers will take their 100 percent decoupled payment and will be permitted to grow some other crop which does not require as much labor or as many inputs. Sultanas are labor intensive and very susceptible to plant diseases. Olive trees are likely to be the most popular alternative, followed by certain table and wine grapes.

The old subsidy system was in effect through the 2007/2008 marketing year. Under the old CAP system, farmers received a subsidy of 3,700 Euros per hectare provided that their yields were not less than 3,050 kg per hectare. The problem with this support scheme for the Greek sultana farmer is that the yield threshold of 3,050 kilograms is achieved only by a small number of farms. The small size of farms or parcels (1/3 or 1/4 of a hectare) contributes to the lower yield. A Ministerial decision made in September, 2007, changed the threshold to 2,450 kg/ha a reduction from the previous threshold of 3,050. Farmers have been satisfied with this policy, with approximately 80% able to get the full subsidy. Previously in 2006, farmers received only 0.47 Euro/kg, while with this new arrangement for the 2007 crop, they receive over 0.60 Euro/kg. Comparatively, Turkish raisin producers get 0.680 - 0.697 Euros/Kg.

PS&D Table, Raisins

Raisins Greece	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Sep 2006			Market Year Begin: Sep 2007			Market Year Begin: Sep 2008		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	23600	23600	24000	23600	0	24000			23700
Area Harvested	16600	16800	15000	11500	0	11500			11100
Beginning Stocks	3980	2180	3980	1980	680	1980			780
Production	16000	30500	16000	6000	0	5000			4500
Imports	5500	1000	5600	6000	0	5000			4000
Total Supply	25480	33680	25580	13980	680	11980			9280
Exports	20000	28000	20000	10500	0	7500			4300
Domestic Consumption	3500	5000	3600	3000	0	3700			4000
Ending Stocks	1980	680	1980	480	0	780			980
Total Distribution	25480	33680	25580	13980	0	11980			9280
TS=TD			0			0			0
Comments									
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## Import Trade Matrix, Raisins

<b>Import Trade Matrix</b>	
<b>Country</b> Greece	
<b>Commodity</b> Raisins	
Time Period	Units: MT
Exports for:	<b>2007</b>
U.S.	0
Germany	25
Netherlands	16
Poland	10
Italy	1
Cyprus	1
EU Total	53
Turkey	2382
Iran	1407
China	40
Grand Total	3882

## Export Trade Matrix, Raisins

<b>Export Trade Matrix</b>	
<b>Country</b> Greece	
<b>Commodity</b> Raisins	
Time Period	Units: MT
Exports for:	<b>2007</b>
U.S.	379
Germany	3935
U.K.	2594
France	480
Netherlands	256
Poland	309
Cyprus	188
Czech Republic	158
Other EU	222
EU Total	8142
Australia	97
Others not Listed	98
Grand Total	8716