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Greece

Dried Fruit

Annual

2005

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Report Highlights:
Greece had good raisin production in MY 2004. The projected level of production for 2005 is to meet or exceed the MY 04 level of 29,000 T. Viable acreage is decreasing as aging farmers cease working the orchards and few young farmers take their places.

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

Sultana Cooperative Organizations in Crete (KSOS) and in the Peloponnese report that in 2004, raisin production reached 28,000 MT following favorable weather conditions characterized by a mild summer. This figure is slightly revised downwards from that reported in GR4025. This output was the highest after many consecutive years of short output. For the 2005 crop output, although early, it is reported that production will reach or exceed the level of last year, 29,000 T (Sun Dried Fruit basis), provided that weather conditions will prevail favorably until the end of the growing period. Summer weather on the island of Crete where the largest percentage of Greek dry sultanas are produced is the decisive factor which determines final output and quality.

Of 24,000 hectares planted in Greece, the reported acreage cultivated with sultanas on Crete is 12-13,000 Ha (mostly for dried fruit product), and the remaining acreage lies in North Peloponnese and the Ionian Islands. In this acreage production of fresh sultanas is also included because sultanas are marketed as both dried and fresh, produced even on the same farm. Most fresh sultanas are produced in the Northern Peloponnese area in the prefectures of Corinth and Aigialis. In the early 90s, sultana acreage alone on the island of Crete exceeded 20,000 hectares. After the phylloxera disease, which hit the island in those years, vineyards were reduced significantly and abandoned vine orchards were planted mostly with olive trees. An additional reason for the acreage reduction utilized for dried raisin production is the fact that the average age of sultana farmers on Crete is over 55 years and the new generation does not work on the farms. Sultana orchards on slopes and in remote locations from villages are gradually being abandoned and replaced with olive trees. Competition in the EU and international markets from Turkey (a 250,000 MT raisin producing country at lower cost), have discouraged Greek farmers with small vineyards to continue with dried raisin production and they have preferred to shift to fresh table sultanas and/or land use changes from sultanas to olive trees. Income wise, these days, olive oil rivals raisins in Crete, due to less labor required in field management and production, high quality product produced (Cretan oil is famous for its quality and is highly prized), as well as better EU support when compared to dried fruit. Black currants, being a product produced only in Greece (Corinthian black currants) are surviving better, with a stable output and demand from international markets, better priced and offering higher income to farmers, compared to sultanas. A retail pack of black currants of 200 gr in gelatin pack is priced 1.18 €/item, while 200 gr of the same package of sultanas, is priced at 0.84 €/item, at equivalent quality grade.

The quality of dried raisins was excellent in 2004 with almost 65% graded No. 2, 10% as No.1, 20% as No 4 and 5% No. 5. For dried sultanas (grade No. 2) delivered to packers, farmers received 0.33 €/Kg but farmer prices fluctuate between 0.30 – 0.41 €/Kg according to the season of delivery and quality. Ag Cooperatives paid up to 0.41 €/kg, looking for better quality, in an attempt to sell better products to their traditional buyers in the markets (foreign and domestic). Private processors have purchased at later stages from farmers and have paid lower prices to them for medium to lower quality products, fluctuating between 0.38 – 0.39 €/kg. Export activity was slow in MY 2004/05 and as of this moment, there are 5,000 T reported to be in stock with difficulty to be absorbed by the international markets. Large stocks have depressed prices. Those packers who decided to purchased late from farmers, have paid lower prices, 0.32 €/kg.

There are 7 private sultana manufactures and packers in Greece of which 4 are in Peloponnese and 3 are in Crete. There are also another 7 smaller ones in Peloponnese who process mostly black currants. Traditionally, Cooperative organizations offer higher prices to farmers and manage to absorb 50 percent of delivered raisins. Sultana Cooperatives (KSOS) can pack over 13,000 MT of raisins annually and deliver the best quality. Retail packers of dried fruit, buy from KSOS and other processors and produce various value added product packs, delivered to either domestic or foreign markets. Dried black currants, figs, dates, peaches and apricots, together with mixed dried fruit packs (containing sultanas) are very popular and according to our trade sources, this is the best way to promote and sell sultanas.

Those farmers who are registered by name, acreage and output are eligible for income support payments, imposed by the CAP reform regulations on sultanas, implemented since 1990 (Basic EU Regulation No 2201 and Implementation EU Regulation No 1621). Until crop year 2003, farmer support was paid under the stipulation that yields per hectare met a threshold of 3,050 kg or more per hectare. This support equals to about 3,700 €/HA. The problem with Greek sultana farmers is that the yield threshold of 3,050 is achieved only by a small number of farms and not from all registered as sultana growers. Greek vineyards are small and ownership is not concentrated. Due to the age of orchards and unfavorable soil conditions in most parts of Crete, for many years Sultana Farmer Organizations were continuously protesting this requirement, and asked the Government of Greece to reduce the yield quota, so more farmers would become eligible for the income support payments. Starting with the 2004 crop, the Minister of Agriculture has signed a Decision for a reduction of the yield quota from 3,050 Kg/Ha down to 2,100 Kg/Ha, approved by the EU. This is the minimum quantity required for the EU support payment for dried fruit production only (not for fresh sultanas or sultana grapes destined to wineries) and only for farmers officially registered by acreage of cultivation in local Min Ag Authority records.

Post reports that Greek sultana exports this year (MY 2004/2005) are expected to reach 22,000 MT (valued at approximately €18 million), although the expectations in the beginning of the marketing period were for 25,000 T. Exports are mainly destined to EU (old and new) member states. Greek products face stiff competition from Turkish sultanas, which for the MY 2004-2005 have entered the European markets (mainly sold to UK) at 650 – 720 €/T (FOB Basis), compared to 820- 830 €/T for Greek sultanas (FOB Basis Crete). These figures revise those reported in GR4025).

The Turkish product sold to the EU markets is grade No.9 (equivalent to the Greek No.2), of a different type, good quality but better cleaned. The Turkish sultana processing Industry is better adapted to the International markets. Thus have better profit margins (low operational and raw material costs), which allow investments in further modernization of the industry and market development and promotion activities. Greece's product, however, is a different product. It is well packed and usually of good quality but comparatively highly priced. These market developments have an adverse impact on the Greek crop and exports, characterized by a gradual loss of traditional clients in both EU and third Countries. Trade sources report that Greek exporters have lost a great number of buyers in Europe with whom their relationship was based on personal trust for many years, due to high selling prices compared to the Turkish product. Turkish exports to third world markets and new EU member states (not yet, part of the EU monetary system) have the additional advantage of the cheap dollar.

The best Greek markets today are Germany followed by France and Italy and the Czech Republic and Poland among the new EU members. The European market segment for Greek sultanas is very limited, taking into consideration that EU-25 demand is approximately 400,000 MT. Turkey's annual market share in the EU is 250-260,000 MT, followed by Iran with about 80-90,000, while California, Australia and Greece cover the remaining imported amounts.

The trade matrix below is composed using preliminary trade estimates provided by trade sources for the current MY 2004/2005. CY 2004 official National Statistical Service figures (provided only on calendar year basis), are not used or reported in a matrix form in this report, due to serious discrepancies. Reliable trade sources and Cooperative Organizations have instructed Ag Athens, not to use NSS figures at this time.

Trade figures cited on PSD attached are also rough estimates based on crosschecked trade sources. This year, National Statistical Service of Greece (NSS) has provided a set of trade data (CY 2004) that need to be verified with this agency again. NSS figures differ from that reported from the Cooperative Organizations and trade, by almost 16,000 T. So, reliable official data for 2004 are not yet available to be reported. Trade matrices reported until 2003, included in last year's Annual report No. GR4005, were reported on Calendar Year basis. The figures on trade table below, are reported on Marketing Year Basis.

Significant stocks of 5,000 T are reported this year. It is expected that an amount of 3,000 T (out of 5,000 T) will be destined to EU Intervention with an intervention price of about € 0.35/Kg.

Greek Ag Cooperatives handling sultanas have proposed and guided farmers towards a triple management system of sultana production in Greece with Dried fruit, Fresh fruit and wine production activities, which can balance losses of income for those farmers who exclusively produce dried sultanas.

The same sources opined that in the long term, if Turkey becomes a member of the EU, it will surely benefit the Greek dry sultana production and export trade, taking into consideration that Turkey will have to act not as an independent state (in a totally free market environment), but under certain EU policy conditions pertaining to all levels in the agricultural economy (primary, processing and trading sectors). If Turkey adheres to the same production regulations, Greece will be on equal floating. Between two equal EU members, a compromise is expected and balancing.

PS&D Table, Raisins

PSD Table

Country Greece

Commodity Raisins

	(HA)(MT)						
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		09/2003		09/2004		09/2005	MM/YYYY
Area Planted	26000	26000	24000	20000	0	24000	(HA)
Area Harvested	26000	26000	24000	16000	0	24000	(HA)
Beginning Stocks	3580	3580	580	580	1280	5000	(MT)
Production	9000	9000	30000	28000	0	29000	(MT)
Imports	3000	3000	500	2900	0	2000	(MT)
TOTAL SUPPLY	15580	15580	31080	31480	1280	36000	(MT)
Exports	11000	11000	25000	22000	0	26000	(MT)
Domestic Consumption	4000	4000	4800	4480	0	5500	(MT)
Ending Stocks	580	580	1280	5000	0	4500	(MT)
TOTAL DISTRIBUTION	15580	15580	31080	31480	0	36000	(MT)

Statistical Trade Data

GREECE: RAISINS
MY 2004/2005 EXPORTS (in MT)

COUNTRY OF DESTINATION	AMOUNT Tons
Germany	11,500
UK	5,100
Italy	1,800
France	1,200
Poland	1,000
Czech Republic	800
Other	600
TOTAL EXPORTS	**22,000**

GREECE: RAISINS
MY 2004/2005 IMPORTS (in MT)

COUNTRY OF ORIGIN	AMOUNT Tons
Afghanistan	1,250
US	380
South Africa	480
Turkey	650
Other	140
TOTAL IMPORTS	**2,900**