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Greece

Tree Nuts

Annual

2006

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Report Highlights:
Production of Greek almonds will remain high and Greek pistachio production will be good in 2006. However, even with the good domestic production, opportunities for growth of U.S. imports remain high due largely to increasing domestic demand and export potential for the Greek industry.

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

Almonds

Production

Favorable weather conditions prevailed in Greece in 2005 and 2006, positively affecting production. The output in 2005 totaled 14,000 MT (shelled basis), revising the estimate reported in GR 5026. Production this year is expected to reach 15,000 MT. Generally, Greek almonds are considered to be of excellent quality. The 2006 crop in particular is expected to range from very good to excellent, owing to the good weather. Production in 2007 is forecast at 14,000 tons (shelled basis), weather permitting.

Almond crop area in Greece has stabilized at approximately 40,000 hectares. This estimate includes cultivated orchards as well as a large number of older trees scattered throughout the country that produce local, traditional varieties. Of the total output, 8,000 - 10,000 MT come from irrigated and well-managed orchards, producing marketable varieties of almonds. Another 4,000 - 5,000 MT of almonds are harvested from older, non-irrigated orchards. These orchards, while not managed in any systematic way, can under favorable weather conditions, yield roughly 25-35% of the total Greek almond output.

During the period 1980 – 1985, annual Greek in-shell almond output from managed orchards was close to 55,000 MT, or approximately 12,000 MT shelled. Since then, the almond tree population has gradually declined, particularly in the Thessaly plains, formerly the region where the largest portion of Greek almond production occurred. Today only fifty percent of the orchards are in production. The remaining land has been converted to highly subsidized crops such as cotton, industrial tomatoes and cereals.

Under the new CAP, farmers are considering returning to high-valued crops such as almonds, particularly in central Greece. A number of other factors have also increased the incentive for returning to almond cultivation. These include: the EU is not self-sufficient in almonds, increased trade activity with the new EU member states, increased international demand for small tree nut packs, and high demand for the particular varieties grown in Greece. Greek tree nut processors believe that if Greek almond production were supported, it could recover to production levels which satisfy domestic demand and allow for some exports. If farmers applied irrigation and newer, higher-yield cultivation practices to areas abandoned since the early 1980's, Greece could experience as much as a thirty percent increase in production in the next three to five years.

Trade

Greeks have the largest per capita tree nut consumption. Traditionally, hazelnuts were cultivated and produced in Greece to satisfy the tree nut demand. However, the hazelnut crop has been declining and is largely being replaced by almonds and kiwis. Foreign supplies of various almond varieties, which differ from domestic varieties, are imported for the confectionary, ice cream, and chocolate industries. The domestic varieties are preferred by the snack food industries, because of taste differences. Almond trade is becoming more significant with both imports and exports on the rise. Almond import volumes have increased in the past five years, primarily due to the shortage of domestic production and the needs of domestic traders to satisfy clients in the neighboring Balkan countries. Greek almond imports climbed to over 9,600 MT in CY 2005 compared with 8,650 MT in CY 2004. In CY 2005, the National Statistical Service of Greece (NSS) reported the value of imported almonds at € 67.2 million, mostly from the U.S. Greek almond importers are not yet able to report bookings for this year.

During CY 2005 imports from the U.S. totaled over 7,500 MT, valued at U.S. $50.6 million. The largest volume of U.S. imports ever recorded was reached in CY 2004, totaling 7,582 MT. Moreover, U.S. almond imports into Greece may actually be larger than reported because many U.S. origin almonds enter Greece via Germany, UK and other EU member states. For CY 2005, these U.S. origin amounts are estimated to be somewhere between 400-500 MT per annum. Trade sources expect tree nut imports from the U.S. will continue to be high in the coming years for a variety of reasons, including the value of the U.S. Dollar against the Euro, the quantity of U.S. almonds, and enforcement of EU aflatoxin requirements. The aflatoxin certification provided by U.S. exporters has been more accurate than certifications from other almond import origins (mainly Iran, Syria and Turkey). GOG Ministry of Development's Food Control Agency (EFET) implements EU Regulations for aflatoxins (Council Regulation No 194/97 as amended by Commission Regulation No. 1525/98).

Greek exports to Western Europe are generally of the better quality nut, used predominately for snack foods. Secondary grades are channeled to the confectionary industry. In recent years, Greek suppliers have met increased demand from Bulgaria, Poland and Cyprus with either locally produced almonds or re-exports. Moreover, the opening of other markets (i.e. China and India) has resulted in a higher world demand for almonds and better prices to both farmers and packers/exporters. According to NSS official data, Greek almond exports in CY 2004 are just over 4,000 MT, more than double CY 2003. In CY 2005 exports climbed above 5,600 MT with a value exceeding U.S. $47 million. Over fifty percent of the CY 2005 export volume was destined for Germany, France and Italy, and more than 90 percent was exported to the EU–25. The remaining ten percent was exported largely to the Balkan countries. According to trade sources, a large amount of imported almonds are re-exported.

Prices

Greek almond farmers are expected to harvest and deliver in October. Farmer prices are expected to be at the 2005 level, which fluctuated during the season from 6.5 €/kg to 7.80 €/Kg, for Texas Mission and Feragnes, the almond varieties predominately grown in Greece. These prices dropped later in MY 2005 and MY 2006 to between 6.0 €/kg and 7.0 €/Kg. Current Greek retail prices for almonds marketed in snack packages of 200, 250, 500 and 1,000 grams fluctuate between €10.0 -14.0 per kg, according to quality.

Import prices during the second half of CY 2004 were just below € 5.0/Kg (CIF basis). Prices during 2005 fluctuated between € 5.0-5.3/kg. Import prices are strongly influenced by U.S. and Spanish production and Chinese and Russian demand, the main target of U.S. almond exporters. World demand has increased with the opening of large international markets in Asia. U.S. exporters usually sell most of their stocks and part of their new crop to satisfy Asian demand. Farm gate prices are set between farmer groups and traders, according to supply and demand based on quality and variety. The tree nut crops are fully decoupled and no price subsidies are paid to farmers.

Consumption

According to trade sources, domestic almond consumption has risen almost thirty percent in the past ten years and is expected to stabilize somewhere between 22,000 – 23,000 MT per annum. Greece's consumption of tree nuts is 6.0 kilograms per capita, annually. This includes all nut consumption: almonds, pistachios, hazelnuts, walnuts, groundnuts, pecans and other types of nuts. More information on almond consumption is provided in GR 5026. No significant changes are reported since last annual report.

Policy

The 2004 CAP reform decision on tree nuts was summarized in GR 4019 and GR 5026. The latter report covers in detail the CAP reforms pertaining to tree nuts. The GOG Ministry of Agriculture has focused efforts on reorganizing the group farming system in Greece under the EU Regulation 2200/1996 (Farmer Group regulation) and EU Reg. No 1257/1999 (Support of Rural Development through the FEOGA Fund). The FEOGA Fund provides incentives to farmers for improvement and modernization of cultivation, processing and marketing practices, methods and techniques to increase product competitiveness and supports the implementation of integrated crop management systems (reduction of chemical usage and application of Integrated Pest Management methods determined according to geographical zone and soil conditions). For agricultural practices which are connected and/or improve environmental quality (biological agriculture, integrated management etc.) farmers may be eligible to receive up to 900 €/Ha for all perennial crops, tree crops included. IOBC/WPRS standardization of testing methods are encouraged by the GOG Ministry of Agriculture local agencies International Organization for Biological and Integrated Control of noxious animals and plants.

Pistachios

Production

Greek pistachio production totaled 9,500 MT in 2005. For 2006, trade and farmer sources estimate production to be around 9,300 MT. No official output figures are available at this time. Because weather conditions during the 2006 blossoming period were normal, product quantity and quality is expected to be at satisfactory levels. Pistachio trees give a good harvest every second year. Weather permitting Greek pistachio output generally fluctuates between 8,000 – 10,000 MT per annum, including those trees systematically cultivated and harvested and those scattered in less-managed fields. Historically, the highest production was recorded in 1999 with 11,200 MT of pistachios harvested. Since that time, tree numbers were reduced due to disease, restructuring and uprooting of fields taken over by urban developments, particularly in the Attica region due to Olympic Games preparations. The pistachio crop on the island of Aigina, a traditional production region, has also experienced a reduction in area and yield due to crop abandonment as land is sold for tourist uses. This loss of orchard lands is compensated by increased nut production in central Greece.

In July 2005, the Prefecture of Piraeus withdrew approximately 21.5 tons of Greek pistachios from the warehouse of the Agricultural Cooperative of the island of Aigina due to aflatoxin above permitted levels. The tests performed by the National Chemical Laboratory showed aflatoxin levels ranging from 33.9 g/kg to 132 mg/kg. A small quantity of contaminated pistachios was already distributed in the market. Cooperative processing and storage conditions/facilities have been faulted for the increased aflatoxin levels. While strict controls are applied to all pistachio imports, particularly those originating in Iran and Turkey, domestic product is also subject to frequent testing for aflatoxin content.

The pistachio growing areas now include new orchards in full production in Thessally and the peninsula of Halkidiki in central Macedonia, along with pre-existing orchards that have remained disease free. In these regions there is some organic tree nut production practiced within the framework of relevant EU Directives. At the same time, old orchards in other regions around the country are being abandoned and/or uprooted due to disease and/or adverse local weather conditions. The regions of Attica, Sperhiada (Central Greece), Thessaly and Halkidiki seem to represent 60 percent of the Greek Pistachio production. In a

good year, the island of Aigina produces about 450-500 MT of superior quality pistachios, of a local variety that differs from the varieties imported or produced in other regions of Greece.

Trade

Prior to CY 2003, imported pistachios were purchased mostly from Iran and Turkey. Due to a shortage of Greek pistachios, coupled with steadily increasing demand, imports exceeded 3,000 MT in 2004 and 2005. In CY 2005, imports of pistachios were just over 3,200 MT, valued at U.S. $18.0 million, compared with imports in CY 2004 near 3,500 MT, valued at U.S. $15.0 million and CY 2003 imports which reached 2,982 MT valued at U.S. $8.9 million.

U.S. pistachios virtually vanished from the Greek market for nearly a decade. In CY 2004, following the significant drop of Iranian imports, there was a good indication that U.S. product could regain ground in Greece when almost 350 MT of U.S. pistachios were imported at a value of € 1 Million. In CY 2005, U.S. pistachios experienced a spectacular increase of imports reaching 2,620 MT, valued at U.S. $ 14.9 million. Moreover, it is likely that some pistachios entering Greece through the EU also originated in the U.S.

In CY 2005, Greek pistachios exports reached just over 1,200 MT, valued at U.S. $6.3 million, compared to exports in CY 2004 of around 1,000 MT, valued at U.S. $ 4.2 million. Export trade for Greek pistachios is secondary to the fulfillment of domestic consumption needs.

Prices

Prices depend on the size of harvest, quality and the availability of imported pistachios from various origins. Generally, imported pistachios are offered in the Greek market at much lower prices. Quality greatly affects price, with the best quality defined as pistachios delivered with 95% open nuts. When a large percentage of nuts remain closed, farmers receive a lower price from traders and processors because they incur the costs of mechanical shelling, which is then incorporated into the final price paid by the consumer.

Grower prices in 2005 fluctuated between 5.50 €/Kg and 6.00 €/Kg for the best quality pistachios. In MY 2006/07 the farm gate prices for pistachios are at the same level cited above for MY 2005/06 due to the expected high quality of the harvest. Retail prices per Kg. are reported in the neighborhood of 7.48 €/Kg, varying according to quality, origin and package.

In CY 2003 and before, Greek importers purchased large quantities of Iranian pistachios, between 600 and 1,000 MT per annum, at competitive prices, reportedly 3.0 €/Kg. to 3.5 €/Kg., CIF basis. Iranian pistachio prices in 2005 were between 3.7 €/Kg and 3.8 €/kg. However, the high aflatoxin content found in these imports has discouraged Greek traders. In CY 2005 and CY 2004, imports from Iran dropped to only 163 MT and 166 MT, respectively.

Consumption

Annual domestic consumption is estimated at 12,000 – 12,500 MT. Consumption is likely to increase over the next several years due to both the increased usage of pistachios in the confectionary and ice cream sectors and to export prospects to neighboring countries. Imported pistachios, including U.S. product, are mostly destined to the confectionary and ice cream sectors, while domestic production is packed as snack food.

Policy

Issues pertaining to trade policy and public health, cited in the almond section above, equally pertain to the pistachio sector.

P&D Table, Almonds, Shelled Basis

PSD Table

Country Greece

Commodity Almonds, Shelled Basis (HA)(1000 TREES)(MT)

	2005 Revised	2006 Estimate	2007 Forecast	UOM
	USDA Official [	Estimate[NA Official [	Estimate[NA Official [	Estimate[New]
Market Year Begin	09/2005	09/2006	09/2007	MM/YYYY
Area Planted	40100	40100	40100	40100	0	40100	(HA)
Area Harvested	40015	40015	40050	40050	0	40060	(HA)
Bearing Trees	14040	14040	14060	14060	0	14070	(1000 TREES)
Non-Bearing Trees	20	20	30	30	0	25	(1000 TREES)
Total Trees	14060	14060	14090	14090	0	14095	(1000 TREES)
Beginning Stocks	3823	3823	5023	1823	4723	2023	(MT)
Production	16000	14000	17000	15000	0	14000	(MT)
Imports	9000	9000	8500	10000	0	10000	(MT)
TOTAL SUPPLY	28823	26823	30523	26823	4723	26023	(MT)
Exports	2800	5000	3800	4800	0	4000	(MT)
Domestic Consumption	21000	20000	22000	20000	0	20500	(MT)
Ending Stocks	5023	1823	4723	2023	0	1523	(MT)
TOTAL DISTRIBUTION	28823	26823	30523	26823	0	26023	(MT)

Export Trade Matrix, Almonds, Shelled Basis

Export Trade Matrix

Country Greece

Commodit Almonds, Shelled Basis

Time Period		Units:	
Exports for:	2004		**2005**
U.S.		U.S.	
Others		Others	
Italy	1220	Italy	751
Germany	804	Germany	1535
France	257	France	923
Spain	521	Spain	491
Austria	131	U.K.	554
Poland	113	Cyprus	144
Cyprus	183	Other EU	766
Other EU	360	>EU Total	5164
>EU Total	3589	Bulgaria	197
Bulgaria	293	FYROM	66
Total for Others	3882		5427
Others not Liste	224		183
Grand Total	4106		5610

Import Trade Matrix, Almonds, Shelled Basis

Import Trade Matrix

Country Greece

Commodit Almonds, Shelled Basis

Time Period		Units:	
Imports for:	2004		**2005**
U.S.	7582	U.S.	7542
Others		Others	
Spain	523	Spain	1134
Germany	282	Germany	148
Italy	79	Italy	267
France	112	Netherlands	56
Netherlands	18	Other EU	235
U.K.	27	>EU Total	1840
>EU Total	1041	Turkey	145
Bulgaria	26	Tunisia	85
Turkey	1	Bulgaria	31
		Afghanistan	24
Total for Others	1068		2125
Others not Listed			15
Grand Total	8650		9682

PS&D Table, Pistachios, Inshell Basis

PSD Table

Country **Greece**

Commodity **Pistachios, Inshell Basis** (HA)(1000 TREES)(MT)

	2005 USDA Official [	Revised Estimate[N	2006 A Official [	Estimate Estimate[N	2007 A Official [	Forecast Estimate[New]	UOM
Market Year Begin		09/2005		09/2006		09/2007	MM/YYYY
Area Planted	5122	5122	0	5122	0	5125	(HA)
Area Harvested	5022	5022	0	5022	0	5055	(HA)
Bearing Trees	1300	1300	0	1305	0	1320	(1000 TREES)
Non-Bearing Trees	15	15	0	12	0	8	(1000 TREES)
Total Trees	1315	1315	0	1317	0	1328	(1000 TREES)
Beginning Stocks	3090	1610	3240	1210	0	610	(MT)
Production	9500	9500	0	9300	0	9700	(MT)
Imports	3000	3300	0	3000	0	3000	(MT)
TOTAL SUPPLY	15590	14410	3240	13510	0	13310	(MT)
Exports	350	1200	0	900	0	800	(MT)
Domestic Consumption	12000	12000	0	12000	0	12200	(MT)
Ending Stocks	3240	1210	0	610	0	310	(MT)
TOTAL DISTRIBUTION	15590	14410	0	13510	0	13310	(MT)
			TS=TD				
			-3240				

Export Trade Matrix, Pistachios, Inshell Basis

Export Trade Matrix

Country Greece

Commodit Pistachios, Inshell Basis

Time Period		Units:	
Exports for:	2004		**2005**
U.S.		U.S.	
Others		Others	
Italy	163	Italy	59
Spain	47	Netherlands	278
France	364	France	257
Luxemburg	81	Luxemburg	80
Cyprus	54	Cyprus	216
U.K.	27	U.K.	196
Other EU	20	Germany	87
>EU Total	756	Other EU	9
Yugoslavia	103	>EU Total	1182
Bulgaria	105	Yugoslavia	56
Total for Others	964		1238
Others not Liste	58		30
Grand Total	1022		1268

Import Trade Matrix, Pistachios, Inshell Basis

Import Trade Matrix

Country Greece

Commodit Pistachios, Inshell Basis

Time Period		Units:	
Imports for:	2004		**2005**
U.S.	343	U.S.	2620
Others		Others	
Germany	1522	Germany	213
Spain	448	Cyprus	55
U.K.	645	U.K.	80
Netherlands	17	Netherlands	19
Luxemburg	22	Luxemburg	23
Cyprus	43	France	20
>EU Total	2697	Italy	1
Turkey	219	>EU Total	411
Syria	23	Turkey	15
Iran	166	Iran	163
Total for Others	3105		589
Others not Liste	19		23
Grand Total	3467		3232