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Greece

Tree Nuts

Annual

2007

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Report Highlights:
Tree nuts, and almonds in particular, are important to the Greek diet. High per capita consumption means stable and growing import demand for these products. Changes in the European CAP are leading to some growth in almond and pistachio production.

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

Almonds

Production

Favorable weather conditions prevailed in Greece in both 2005 and 2006, positively affecting almond production, which was 16,000 MT and 15,000 MT respectively (shelled basis). The almond output for 2007 is reported to be at 14,000 – 14,500 MT (shelled basis), slightly lower due to persistent drought conditions and frequent heat waves with extremely high temperatures from late June until late August. The 2007 almond crop will be harvested 2 to 3 weeks earlier than usual. Reportedly, during the recent wildfires that ravaged the regions of the Peloponnese and Evia, a limited number of trees were lost, mostly scattered and not in systematic orchards. Greek almonds harvested in 2007 are reported to be of excellent quality and will be almost totally absorbed by the local food industry with a few exports taking place.

Through 2006, the almond crop area in Greece was stabile at approximately 40,000 hectares mainly in the prefectures of Magnisia, Larissa, Katerini, Serres and Kavala, with a total number of 22,300 farmers engaged in almond cultivation. Magnisia and Larissa alone represent 30 percent of Greek production. 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 (drip irrigation systems) and well-managed orchards, producing marketable varieties of almonds like the Texas-Mission (54%), Feragnes (34%) and other new (12%) late flowering (frost avoiding) varieties. Another 4,000 - 5,000 MT of almonds are harvested from older, non-irrigated orchards or scattered trees. These orchards, while not managed in any systematic way, can, under favorable weather conditions, yield roughly 25-30% of the total annual Greek almond output, but are more susceptible to disease and to frost damage and thus, prove to be less reliable year to year.

During the period 1980 – 1985, annual Greek almond output from managed orchards was close to 55,000 MT on a shelled basis. 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 (over 45% in 1980). Today less than fifty percent of these orchards are in production. The remaining land has been converted to highly subsidized crops such as cotton, industrial tomatoes and cereals. Reportedly, after the new CAP Reform implementation in 2006, which caused a number of farm land use changes, a some farmers returned to almond cultivation with expansion of old orchards and also new plantings in areas like Thessaly, Central Greece and Western Macedonia (Amyntaion area) using new tree varieties tested in Spain and introduced in Greece by the National Agricultural Research Institute (NAGREF). These new cultivations and gradual expansions of acreage take place under a contracting arrangement with major Greek processors and packers. It is estimated that some 400 to 500 hectares of high output almond orchards were planted in 2007. This shift (or return) to almond production is also supported by market developments, characterized by a strong international demand for quality almonds destined not only for snack uses, but also for the confectionary and chocolate industries. Farm gate prices are set between the few almond farmer groups and traders, according to supply and demand based on quality and variety.

Trade

Greeks have a very high annual per capita tree nut consumption (over 2.0 kg/person) and yet are only 50% self-sufficient. Foreign supplies of various almond varieties (including US

almonds) differ from domestic varieties and 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 local consumption needs and clients in the neighboring Balkan countries. Greek almond imports reached 9,500 MT in CY 2006, compared to 9,700 MT in CY 2005 and 8,650 MT in CY 2004. In CY 2006, the National Statistical Service of Greece (NSS) reported the value of imported almonds at € 62.4 million (€ 67.2 million in CY 2005), mostly from the U.S.

During CY 2006 imports from the U.S. totaled more than 7,350 MT (compared to over 7,500 MT a year earlier), valued at U.S. $48 million. Greece's largest volume of U.S. almond imports was reached in CY 2004 totaling almost 7,600 MT. Greek imports from Spain have reached peaks of 1,500 MT. Moreover, U.S. almond imports into Greece may actually be larger than reported because many U.S. origin almonds enter Greece via Germany, The Netherlands, UK and other EU member states. For CY 2006, these U.S. origin amounts, entering Greece through Europe, are estimated to be somewhere between 200-250 MT. Trade sources expect tree nut imports from the U.S. will continue to grow in the coming years driven by a variety of reasons, including plenty of U.S. stocks, but mainly due to the falling value of the U.S. dollar against the Euro, and the enforcement of EU aflatoxin requirements which make purchases from other third countries more prohibitive than from the U.S. Reportedly, 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) and recently the EU Regulation No. 401/2006 which is laying down the methods of sampling and analysis for the official control of mycotoxins in foodstuffs, and provides guidance for lot size and sample frequency.

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. According to NSS official data, Greek almond exports in CY 2006 are just over 4,500 MT valued at US $ 26.5 million compared to CY 2005 exports which climbed above 5,600 MT with a value exceeding U.S. $47 million. Over 90 percent of the CY 2006 export volume was destined to EU–27. 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. Average farm gate prices are expected to fluctuate during the season from €5.5/kg to €6.5/Kg, for Texas Mission and Feragnes, the almond varieties predominately grown. These prices are considered good considering the ample US almond production this year, as well as in other European countries, and the weak dollar against the euro which favors US exports. Current Greek retail prices for almonds marketed in snack packages of 200, 250, 500 and 1,000 grams fluctuate between €13.0 -15.0/kg, according to quality. A variety of product lines are offered unsalted and/or salted and roasted or raw.

Import prices during the CY 2006 were at US $ 6.6/Kg (average CIF basis). During 2005 the price fluctuated between € 6.90 – 6.95/kg. Import prices are strongly influenced by U.S. and Spanish production and Chinese and Russian demand, main destinations for U.S. almonds.

Consumption

The total Greek demand for almonds fluctuates between 20-23,000 MT/annum for both snack and confectionary uses. Information on almond consumption is provided in GR5026. No significant changes are reported since the last annual report.

Policy

The tree nut crops are fully decoupled and no price subsidies are paid to farmers. The 2004 CAP reform decision on tree crops (with focus on tree nuts) has been summarized in GR4019, GR5026, GR6014, while an extensive description of the 2008 expected CAP Implementation for tree crops in Greece is provided in GR7002 (Voluntary). The latter report covers in detail the CAP reforms pertaining to Greek horticultural sector. Under the new CAP, farmers are likely to return to "contracted" high-valued crops such as almonds, particularly in central Greece.

In 2007, the GOG Ministry of Agriculture has continued focusing its efforts on reorganizing the group farming system in Greece per EU Regulation 2200/1996 (Farmer Group regulation) and EU Reg. No 1257/1999 (Support of Rural Development through the FEOGA Fund).

Almonds, and tree nuts in general, are expected to expand production in areas of Greece where highly protected (subsidized crops) used to be grown before the new 2006 CAP Implementation steps were taken. Some of the new crops already in place, besides almonds, are pomegranates, figs, loquats, new citrus (mainly clementines), new apple varieties in selected pockets and many field vegetables (okra, potatoes, table tomatoes, melons) and forage plants (vetch, alfalfa, etc). All these new crops (most of them organically grown) are expected to continue to expand in the years to come.
After the recent wildfires which devastated huge crop and forested areas in Greece, GOG Ministry of Agriculture, NAGREF and Environmental Organizations support re-vegetation of burned grounds with less flammable species mostly deciduous trees, including almonds, plums, walnuts, chestnuts, figs and pistachio trees, which are well adapted to local bioclimatic conditions while the same time can operate as protective zones around villages. The typical highly flammable Mediterranean pine tree (Pinus halepensis), which was consumed in most of the wildfires in Greece, should be gradually replaced by such alternative species, mixed with other forest species like Mediterranean oak and non- conifer evergreens.

Pistachios

Production

Greek pistachio production totaled 9,500 MT in 2005. For 2006 and 2007, trade and farmer sources estimate production to be around 9,000 MT. 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 – 11,500 MT per annum, including those trees systematically cultivated and harvested and those scattered in less-intensively managed fields. Since late 90s, tree numbers have been reduced by disease, restructuring and uprooting of fields taken over by urban development, 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 western Attica (Megara area) and Central Greece (Prefecture of Fthiotis). Greek pistachio orchards are mostly irrigated with drip systems and cover high valued land in peri-urban and tourist development zones.

While strict controls are applied to all pistachio imports, particularly those originating in Iran and Turkey, the domestic product is also subject to frequent testing for aflatoxin content.

Most systematic 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. Thessaly and Halkidiki account for about 60 percent of Greek pistachio production.

Trade

Due to a shortage of Greek pistachios, and steadily increasing demand, particularly for confectionary use, imports exceeded 3,000 MT in 2004 and 2005 but dropped in CY 2006 reaching only a little more than 2,250 MT, valued at U.S. $ 12.9 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 with imports reaching 2,620 MT, valued at U.S. $ 14.9 million, while in CY 2006 the total dropped to 1,650 MT valued at U.S. $ 9.2 million. It is likely that some pistachios entering Greece from the EU also originated in the U.S.

In CY 2006 Greek pistachios exports reached just 881 MT, valued at U.S. $ 2.7 million, compared to exports in CY 2005 of around 1,300 MT. 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. The best quality is defined as pistachios delivered with 95% open nuts.

Grower prices in 2007 are expected to fluctuate between €6.0/Kg and €6.5/kg for the best quality pistachios. Retail prices are reported in the neighborhood of 7.50 – 8.00 €/Kg, varying according to quality, origin and package.

Consumption

Annual domestic consumption is estimated at 12,000 – 12,500 MT. Consumption is likely to grow 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 for 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.

PS&D Table, Almonds

PSD Table

Country	**Greece**									
Commodity	**Almonds, Shelled Basis**						(HA)(1000 TREES)(MT)			
	2006	Revised		2007	Estimate		2008	Forecast		U
	USDA Official	Post Estimate 09/2006	Post Estimate New 09/2006	USDA Official	Post Estimate 09/2007	Post Estimate New 09/2007	USDA Official	Post Estimate 09/2008	Post Estimate New 09/2008	MM
Market Year Begin										
Area Planted	40100	40100	40100	0	40100	40000	0	0	40000	(HA
Area Harvested	40050	40050	40050	0	40060	40000	0	0	40000	(HA
Bearing Trees	14060	14060	14060	0	14070	0	0	0	0	(10(
Non-Bearing Trees	30	30	30	0	25	0	0	0	0	(10(
Total Trees	14090	14090	14090	0	14095	0	0	0	0	(10(
Beginning Stocks	1823	1823	1823	0	2023	2023	0	1523	1023	(MT
Production	15000	15000	15000	0	14000	14000	0	0	15500	(MT
Imports	10000	10000	10000	0	10000	9500	0	0	9000	(MT
Total Supply	26823	26823	26823	0	26023	25523	0	1523	25523	(MT
Exports	4800	4800	4800	0	4000	4500	0	0	4000	(MT
Domestic Consumption	20000	20000	20000	0	20500	20000	0	0	20000	(MT
Ending Stocks	2023	2023	2023	0	1523	1023	0	0	1523	(MT
Total Distribution	26823	26823	26823	0	26023	25523	0	0	25523	(MT
								TS=TD -1523		

Export Trade Matrix, Almonds

Export Trade Matrix

Country Greece

Commodit Almonds, Shelled Basis

Time Period		Units:	MT
Exports for:	2005		**2006**
U.S.		U.S.	
Others		Others	
Germany	1535	Germany	2013
France	923	France	660
Italy	751	Italy	638
U.K.	554	U.K.	400
Spain	491	Spain	80
Cyprus	144	Cyprus	146
Other EU	766	Other EU	242
>EU Total	5164	>EU Total	4179
Bulgaria	197	Bulgaria	199
FYROM	66		
Total for Others	5427		4378
Others not Liste	183		187
Grand Total	5610		4565

Import Trade Matrix, Almonds

Import Trade Matrix

Country Greece

Commodit Almonds, Shelled Basis

Time Period		Units:	MT
Imports for:	2005		**2006**
U.S.	7542	U.S.	7356
Others		Others	
Spain	1134	Spain	1501
Italy	267	Italy	64
Germany	148	Germany	121
Netherlands	56	Netherlands	34
Other EU	235	France	315
>EU Total	1840	U.K.	40
Turkey	145	Cyprus	17
Tunisia	85	>EU Total	2092
Bulgaria	31	China	31
Afganistan	24	Turkey	27
Total for Others	2125		2150
Others not Liste	15		
Grand Total	9682		9506

PS&D Table, Pistachios

PSD Table

Country Greece

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

	2006 Revised			2007 Estimate			2008 Forecast			U
Market Year Begin	USDA Official	Post Estimate 09/2006	Post Estimate New 09/2006	USDA Official	Post Estimate 09/2007	Post Estimate New 09/2007	USDA Official	Post Estimate 09/2008	Post Estimate New 09/2008	MM
Area Planted	5122	5122	5122	0	5125	5122	0	0	5122	(HA
Area Harvested	5022	5022	5022	0	5055	5122	0	0	5122	(HA
Bearing Trees	1305	1305	1305	0	1320	0	0	0	0	(10
Non-Bearing Trees	12	12	12	0	8	0	0	0	0	(10
Total Trees	1317	1317	1317	0	1328	0	0	0	0	(10
Beginning Stocks	1560	1210	1560	0	610	560	0	310	560	(MT
Production	9000	9300	9000	0	9700	9000	0	0	9000	(MT
Imports	3500	3000	2700	0	3000	3000	0	0	3500	(MT
Total Supply	14060	13510	13260	0	13310	12560	0	310	13060	(MT
Exports	700	900	700	0	800	500	0	0	600	(MT
Domestic Consumption	12000	12000	12000	0	12200	11500	0	0	12000	(MT
Ending Stocks	1360	610	560	0	310	560	0	0	460	(MT
Total Distribution	14060	13510	13260	0	13310	12560	0	0	13060	(MT
								TS=TD -310		

Export Trade Matrix, Pistachios

Export Trade Matrix

Country Greece

Commodit Pistachios, Inshell Basis

Time Period		Units:	MT
Exports for:	2005		**2006**
U.S.		U.S.	
Others		Others	
U.K.	196	U.K.	20
France	257	France	57
Netherlands	278	Netherlands	343
Cyprus	216	Cyprus	92
Germany	87	Germany	66
Italy	59	Italy	102
Luxemburg	80	Poland	71
Other EU	9	Other EU	94
>EU Total	1182	>EU Total	845
Yugoslavia	56	Bulgaria	11
Total for Others	1238		856
Others not Liste	30		25
Grand Total	1268		881

Import Trade Matrix, Pistachios

Import Trade Matrix

Country Greece

Commodit Pistachios, Inshell Basis

Time Period		Units:	MT
Imports for:	2005		**2006**
U.S.	2620	U.S.	1649
Others		Others	
Germany	213	Germany	114
U.K.	80	U.K.	85
Cyprus	55	Cyprus	54
Lyxemburg	23	Luxemburg	36
Netherlands	19	Netherlands	4
France	20	Spain	1
Italy	1	Italy	15
>EU Total	411	>EU Total	309
Iran	163	Iran	10
Turkey	15	Turkey	296
Total for Others	589		615
Others not Liste	23		
Grand Total	3232		2264