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Greece

Dried Fruit

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Annual Report
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Executive Summary

Following several years of poor harvest and reduced acreage due to widespread infections of phylloxera, Greek sultana crops began returning to normal with an estimated 1997 production of 35,000 mt (revised from that reported in GR7035). In 1998, however, output is preliminary estimated to be only 28,500 mt. This drop is not related to problems with phylloxera but to high temperatures in Crete which affected yields. By the year 2000, between 85-90% of the existing vines will be replaced with root stock resistant to Phylloxera boosting yields to an estimated 55,000 to 60,000 mt.. To help maintain the improved orchards, the EU is now providing direct income support to the farmers based on their average production levels. By the year 2000, the subsidy program is expected to change drastically when the EU completes the phase out of minimum import prices (MIP) for raisins. In response, the local cooperatives are beginning to set minimum grower prices in a more market oriented fashion. Greek growers feel that the existing MIP is not helpful as low cost Turkish raisins, shipped as a combination of dried fruits and nuts, are already entering the EU and depressing prices. Raisin exports are expected to reach only 27,000 mt for MY 1998/99, reflecting the drop in production. Exports in MY 1997/98 are estimated at 33,000 MT.

Yields

KSOS (Central Union of Raisin Cooperatives) reports that the final output for the 1998 raisin crop is currently estimated to be 28,500 MT but may be revised upward slightly as final figures are reported. The quality level is considered to be satisfactory (dried fruit basis). Another 7,000-9,000 MT of Sultanas (fresh as opposed to dried/raisins) were harvested to be sold domestically and abroad (mainly Germany and England). Almost 90 percent of fresh Sultanas are produced and marketed in the Peloponnese area with only a few fresh amounts produced in Crete (1,000-1,500 mt). Approximately 4 kilograms of fresh Sultanas yield 1 kilogram of dried fruit.

The restructuring program (renewal of vineyards) continues with success. By the year 2000, 85-90 percent of the vines in Crete will be replaced by new plants tolerant to phylloxera. By then, the total output will likely recover to a level of 55,000 to 60,000 MT per year (dried fruit basis), under favorable weather conditions. The GOG hopes to stabilize output at that level, and re-establish ties with their old clients from before their phylloxera problems.

Crop Quality

There has been a gradual recovery of average Sultana yields in the past several years due to improved crop growing conditions including measures taken against phylloxera expansion on the island of Crete (see detailed analysis in previous reports). Product quality in 1997 was considered much better compared to that in 1996 due to favorable weather conditions. In 1998, the lack of heavy rains during the fruit drying period and high temperatures, helped in the production of good quality Sultanas with good color, and with a minimum moisture content during the packaging stage.

Consumption

Domestic consumption is limited to 3,500-4,000 MT annually, depending on availability of high quality raisins. Greeks consume Sultanas mostly as a snack with some consumption by the bakery and confectionary sectors. Amounts of raisins wasted during processing and packaging are included in the domestic consumption category in the PS&Ds. This amount does not exceed 1 percent of the total annual output (dried fruit basis). Wasted/rejected raisin after processing of limited tonnage, are usually channeled to feed and/or distillation.

Processing is done by both cooperatives and private packers with most located in the Island of Crete where 95 percent of the crop is produced. Approximately 30-35 percent of the crop is delivered to 3 cooperative packers (all located in Crete) and the remaining is delivered to 7 private packers (4 in Crete and 3 in Peloponnese who process mainly Cretan Sultanas).

Trade

Total sultanas exported in CY 1996 (the latest official statistics available) reached 29,939 MT, an increase of 5% from a year earlier, with a total value at 5.6 billion Drs (U.S. \$23.7 million). Some imports are reported (1,904 mt in CY 1996 from various origins) of which 20 MT were purchased from the U.S. in 1996, with a value of 6.9 million Drs (U.S. \$29,000).

There are significant amounts of fresh Sultanas which are sold abroad. The best quality fresh Sultanas are produced in Peloponnesos (seedless varieties) while the fresh product of Crete is smaller in quantity and of lower quality. In Peloponnesos the main fresh variety is the seedless Thomson while in Crete it is "a kind of Thomson" (a local hybrid). Many farmers feel that the fresh Sultana trade has a potential as an alternative crop to supplement their incomes (they can get approx 450 Drs or \$1.51 from 4 Kg of fresh grapes, equivalent to 210 Drs or \$0.7 for 1 Kg dried fruit of the best grade No 1-EXTRA quality). In 1998, prices for fresh Sultanas range from 80-110 Drs/kg (producer price) to 280-320 Drs/Kg retail (or \$0.27-\$0.37 and \$0.94-\$1.07 respectively).

Beginning with the 1997 crop, the EU system of minimum guaranteed grower price for Sultanas is not used any more. Instead, grower prices are set by Greek cooperative unions (mainly in Crete and Peloponnesos). The 1997 and 1998 minimum grower price set by the Cooperative Unions for dried Sultanas was at 170 Drs/kg (for grade No.4), 185 Drs/kg (for grade No.2) and 210 Drs/kg for EXTRA quality (or \$0.57, \$0.62 and \$0.70, respectively). For the 1997 and 1998 crops, quality Grade No.4 accounted for about 58-60 percent of the total crop. The above grower prices fluctuate, up or down, by 5-10 Drs/Kg (\$0.017-\$0.034) from packer to packer and for each quality grade separately.

The average export price for raisins, this time of the year, is reported to be in the neighborhood of 305-315

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Drs/kg FOB or \$1.02-\$1.05 (indicative price for grade No.2 12.5-14.0 Kg carton box) with no hope for an increase due to stiff competition from the Turkish product which is offered with 250-290 Drs/Kg FOB (\$0.84-\$0.97). Smaller Greek packages (retail sizes of 500 grams up to 1 or 2 Kg) are priced between 310-320 Drs/kg FOB(\$1.04-\$1.07). Orders usually take place early after harvest. No old crop stocks are reported, mainly due to small crops for a series of years. There are negligible carry-over stocks, with almost the entire 1996 and 1997 crops having been sold.

The high 1998 production of Sultanas in Turkey (estimated at 260,000 mt) and Iran (estimated at 125,000 mt, plus a carry over of 30,000 mt) is expected to create an over supply for the EU. This oversupply has already held current prices to 1997 levels. Greek farmers lobbied for a 10 percent increase in the minimum grower prices but were not successful. Due to these developments, Greek sales of the 1998 crop are facing problems and transactions will be delayed. Most of the 1997 crop is already sold to traditional clients (U.K., Germany and France absorb 85 percent of the Greek crop).

Marketing

An EU funded program, inaugurated in 1996 with a total budget U.S.\$1.6 million is operated by KSOS the raisin Cooperative Organizations in Crete to improve product quality and sales. The program includes the introduction of new packing systems (abandoning the use of sacks) and utilization of plastic containers of 35, 45 and 450 Kg for dried fruit. These containers which contribute to a better quality of dried fruit delivered to packers, were first used with the 1997 crop. This year, over 100,000 containers have been distributed to farmers. Other activities in the program are: training of producers and traders, advertisement procedures, any alternative methods in production and research.

In addition, the GOG is willing to promote Greek raisins through its Export Promotion Organization (OPE) but will face tough competition, particularly from Turkey and Iran.

Policy

According to the Ministry of Agriculture, the income support (direct payments to farmers which replaced the guaranteed price system) per area unit in 1997 was 1,030,000 Drs/Ha (\$3,791) for farms with a minimum yield of 2,800 Kg/Ha (mainly re-planted orchards due to Phylloxera) and 700,000 -720,000 Drs/Ha (\$2,577-\$2,650) for farms with a minimum yield of 1,300 Kg/Ha (mainly old orchards). For 1998, the income supports were set at 1,110,000 Drs/Ha (\$3,716) and 800,000-840,000 Drs/Ha (\$2,679-\$2,813), respectively. Low yield orchards in remote/mountainous areas are being abandoned while most/other acreage left is being replanted with healthy root stock and irrigated. According to various sources, the area unit income support system seems to be well accepted by the farmer. The most recent estimate by KSOS is that 75 percent of the total crop area will be returned to normal production after the replanting of vineyards. This will result in higher yields and better quality allowing Greece to try and reestablish markets which were lost during the years of reduced production.

There is no processing subsidy system in effect any more for raisins and minimum import price (MIP) is not helpful for Greek Sultanas. The MIP is reduced every year by 5 percent and will be phased out by the year

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2000. For the 1997/98 Marketing Period the MIP was set at 299 Drs/Kg (\$1.00). However this price, according to trade sources does not prevent the import of cheaper Turkish raisins which enter the EU sold together with hazelnuts or other dried fruit in common shipments.

Exchange Rates:

1995	\$ 1.00 US = 231.67 Drachmas
1996	\$ 1.00 US = 240.62 Drachmas
1997	\$ 1.00 US = 271.67 Drachmas
1998	\$ 1.00 US = 298.66 Drachmas (Jan-Sep 1998)

PS&D Table, Raisins

PSD Table						
Country:	Greece					
Commodity:	Raisins					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		09/1997		09/1998		09/1999
Area Planted	0	23000	0	24000	0	26000
Area Harvested	0	23000		24000	0	25000
Beginning Stocks	1930	3930	3930	3230	3530	2530
Production	33000	35000	40000	28500	0	42000
Imports	500	1000	300	1500	0	500
TOTAL SUPPLY	35430	39930	44230	33230	3530	45030
Exports	28500	33000	37000	27000	0	37000
Domestic Consumption	3000	3700	3700	3700	0	4000
Ending Stocks	3930	3230	3530	2530	0	4030
TOTAL DISTRIBUTION	35430	39930	44230	33230	0	45030

Export Trade Matrix, Raisins

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Exports for	1997		1998
U.S.		U.S.	
Others		Others	
>EU	25349		
Germany	15093		
France	3511		
Italy	1149		
Other EU	815		
Australia	480		
Serbia	236		
U.K.	4781		
Total for Others	26065		0
Others not listed	874		
Grand Total	26939		0

Import Trade Matrix, Raisins

Import Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Imports for	1997		1998
U.S.	20	U.S.	
Others		Others	
>EU	161		
U.K.	100		
Germany	61		
Turkey	1138		
Total for Others	1299		0
Others not listed	585		
Grand Total	1904		0