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Food Processing Ingredients

Report Categories:

Food Processing Ingredients

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Report Highlights:

In Greece, there are over 14,000 enterprises related to food processing producing goods valued at approximately $11 billion. Key market drivers include new economic austerity measures limiting Greek consumers' purchasing ability, an increasing interest in healthy and functional foods, an aging population, and a trend to follow the Mediterranean diet - mostly in order to save expenses and get the best price possible. The major imported ingredients for processing are meat products, milk and dairy products, cereal-based products, confectionary, and beverages and alcohols.

General Information:
Section I. Market Summary

Greek Economy Overview

Greece is the fifteenth largest economy in the EU-28, accounting for 1.2 percent of the EU's GDP for 2015. The Greek economy posted an annual economic deficit of 1.1 percent in 2015. Growth is projected to turn positive in the second half of 2016, after a deep and prolonged recession, as recovering confidence boosts investment and consumption and improved competitiveness raises exports. The Greek public sector accounts for approximately 40 percent of GDP. Tourism provides 18 percent of GDP. Greece is a major beneficiary of EU aid, equal to about 3.3 percent of annual GDP. With a population of 11 million and a gross domestic product (GDP) of approximately $286 billion, Greece is a relatively small country.
The country imports significantly more food and beverages than it exports and is reliant on imports to meet consumer demand for food products. Greek agricultural exports increased 12.4 percent in 2015 compared to the previous year, while the value of exports reached €5.3 billion versus €4.6 billion in 2014. Products with good sales potential include meat, feed, cheese, and dairy products.

The Greek Food Processing Sector

Food processing is a key sector in Greece, accounting for 10 percent of employment. Food processing also holds the biggest share in terms of value of production (19.8 percent) and gross value added (24.4 percent), while it ranks second in turnover (19.7 percent). Most of the food manufacturing companies are family-based with more than 97 percent of Greek enterprises categorized as "micro" (less than 10 people employed and an annual turnover under €2 million). Many specialize in the production of food from local agriculture.

The economy is highly dependent on the food and beverage industry. There are more than 14,000 enterprises in Greece's food processing sector, with an approximate product value of $12 billion. According to the Foundation for Economic and Industrial Research's (IOBE) latest study from March 2016, the turnover for the food sector increased 1.4 percent, while beverages increased 3.8 percent. The biggest annual turnover was registered in the dairy and bakery categories (each 16 percent), followed by beverages and fruits (each 13 percent). Employment for the food sector decreased 1.4 percent; beverages on the contrary employed 5.7 percent more personnel.

Imports of U.S. agricultural and fish products, Greece, 2015 figures, million $

Agricultural Products, total imports	6,114
Agricultural Products, imports from U.S.A.	73.5 *(-18.1%)*
Intermediate Agricultural Products, total imports	1,122
Intermediate Agricultural Products, imports from U.S.A.	14.1 *(-47.2%)*
Consumer-Oriented Agricultural Products, total imports	4,091
Consumer-Oriented Agricultural Products, imports from U.S.A.	41.8 *(-3.7%)*

Fish and Seafood Products, total imports	414
Fish and Seafood Products, imports from U.S.A.	3.2 *(-11.1%)*

Source: Global Trade Atlas and BICO

Greece's financial crisis is affecting all areas of the economy, including agriculture, which accounts for 3.5 percent of total GDP. Greece is an import-dependent country, with the EU countries supplying the majority of food products. Germany, the Netherlands, France, and Italy are the leading suppliers in the food trade. The leading importers of Greek goods are Germany, Italy, United Kingdom, and Bulgaria. Main agricultural imports include cheese, pork, beef, sugar, and wheat. Cheese and olives dominate Greece's food exports, followed by olive oil, canned peaches, grapes, and oranges. In 2015, tree nuts, soybeans, and distilled spirits were the leading U.S. agricultural exports to Greece, while processed fruits and vegetables, olive oil, seafood, and wine were the leading Greek agricultural exports to the United States.

Advantages and Challenges for U.S. Exporters to Greece

Advantages	**Challenges**
The scale of the U.S. food industry may offer price competitiveness on large volume orders.	Competition from EU member states is strong and U.S. products have import duties while competing EU goods do not.
U.S. has good brand image in Greece. The quality of U.S. food ingredients is highly appreciated.	Labels, including nutritional panels need to be changed. Pack size and pallet sizing may also need changing.
There are strong private sector trade ties between the U.S. and Greece for certain products.	There are widespread biases against U.S. food as inferior in favor of Greek and Mediterranean diets.
Strong interest in innovative products. Consumer demand for innovative, low fat, healthy, and organic products.	Taste buds differ in Greece. Greek food is not complicated with many herbs or ingredients, and spicy does not mean high chili content.
Food processing industry is one of the least affected sectors of the Greek economy, still showing growth.	Capital controls introduced in July 2015 are limiting imports and are severely hurting the food market.

Section II: Road Map For Market Entry

- **Entry Strategy**

Entering the Greek market, it is essential to have local and personal contacts. Local representatives provide up-to-date market information and guidance on business practices and trade laws. In general, Greek food processing industry players attend regional and international food ingredient trade shows. The DETROP exhibition and Food Expo Greece are held periodically in Thessaloniki and Athens, respectively. The next Food Ingredient Show will be held in Thessaloniki on March 3-6, 2017.

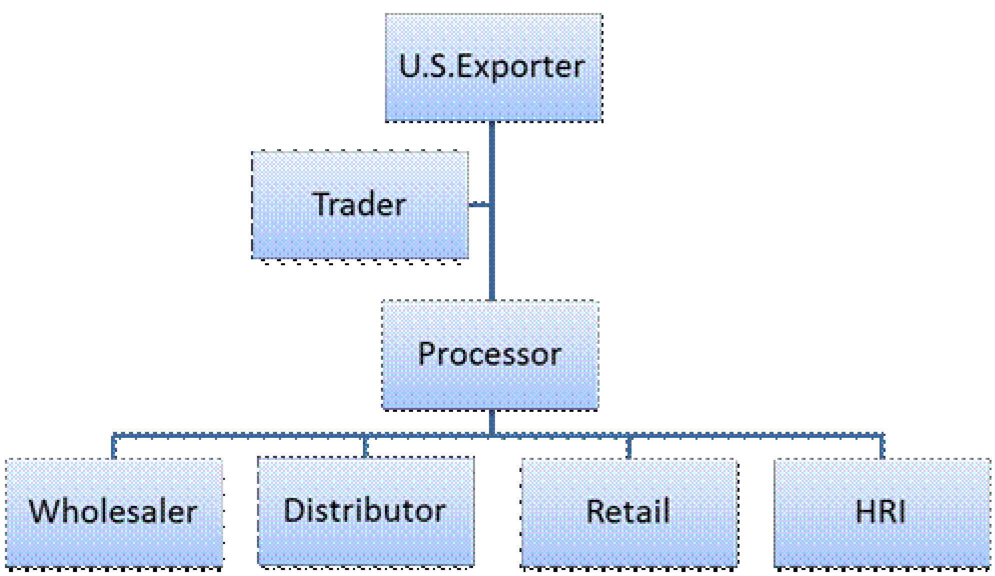
Eighty percent of Greece's import trade is handled through sales agents or distributors. Distributors generally supply the wholesale sector, and in some cases sell directly to the retail trade, usually based on exclusive sales rights for certain districts or for the entire country. There are over 14,000 food businesses in Greece, often small, family-owned and operated businesses, each of which deals in a narrow range of foods. For example, the bread and baked goods business is the leading category (61 percent), followed by oils and fats (10 percent), dairy products (6 percent), and all other food categories combined (remaining 23 percent).

Food and beverage products of U.S. origin, which comply with EU rules and regulations, do not require special permits for commercialization in Greece, since Greece applies EU-harmonized legislation. For more information please refer to Post's Food and Agricultural Import Regulations and Standards GAIN Report IT1586.

Tariffs are based on the Harmonized System, with duties levied on imports from non-European Union (EU) countries on an ad valorem cost, insurance, and freight (CIF) basis. On average, the import duty is five to seven percent for most products. Most raw materials for manufacturing input can be imported without duties, or with very minimal duties. Preferential tariffs and EU tariff rate quotas may apply. For more information, please refer to Post's Exporter Guide GAIN Report IT1553.

- **Market Structure**

The following diagram gives an overview of the distribution channels for imported food ingredients in Greece.



U.S. firms exporting food to the Greek market contact a trade agent that could be either a direct supplier to local processors or an import/export company that buys U.S. products and sells them to Greek distributors/retailers/wholesalers/HRI. In the Greek market, it is common for larger retailers and wholesalers to be present in more than one stage of the production chain at the same time.

- **Company Profiles**

The domestic food industry covers more than 26 percent of all businesses of Greece's manufacturing, which ranks food processors first among all Greek manufacturing sectors. At the same time, food processors are the largest employer of domestic processing, accounting for 27 percent of all employees.

Company	Turnover ($ million)	End-Use Channels	Product
Coca-Cola 3E Hellenic Bottling Company	461.1	Retail and HRI	Non-alcoholic beverages
Nestle Hellas S.A.	419.8	Retail and HRI	Coffee, ice cream. Bottling of natural mineral water
Athenian Brewery S.A.	322.8	Retail and HRI	Beer, beverages
Delta Foods S.A.	316.4	Retail and HRI	Dairy Products, fruit juices, chocolate drinks
Soya Hellas S.A.	254.3	Industry and Retail	Soybean and sunflower oils; soy meal and sun meal; lecithin, seed oils, tropical oils, vegetable fats, and margarine
Nitsiakos Poultry S.A.	233.0	Retail and HRI	Meat products
Soya Mills S.A.	229.2	Industry and Retail	Soybean and sunflower oils; soy meal and sun meal; lecithin, seed oils, tropical oils, vegetable fats, and margarine
Pindos Poultry Cooperative	208.9	Retail and HRI	Meat products
Fage Dairy Industry S.A.	199.0	Retail and HRI	Yogurt and cheese
Olympus Larisa Dairy Industry S.A.	177.9	Retail and HRI	Dairy products and cheese. Production of fruit juices
Nireus Aquaculture S.A.	172.2	Retail and HRI	Seafood products
Tyras S.A.	155.6	Retail and HRI	Yogurt and cheese
Papadopoulos Biscuits S.A.	145.7	Retail and HRI	Biscuits, bakery products, cereal bars
Mevgal S.A. Dairy Product Industry	137.0	Retail and HRI	Dairy products, fruit jelly, and ready-to-drink coffee
Seloda Aquaculture	128.5	Retail and	Seafood products

S.A.		HRI	
Creta Farm S.A.	114.0	Retail and HRI	Meat products
Greek Sugar Industry S.A.	110.6	Industry and Retail	Sugar and sugar products
ION S.A.	110.4	Retail and HRI	Cacao and chocolate products
Tasty Foods S.A.	108.3	Retail and HRI	Salty snacks, croissants, confectionery and bakery products
ELBISCO S.A.	106.6	Retail and HRI	Biscuits, bakery products, cereal bars

Source: Greek Industry Sources

- **Sector Trends**

Continuing efforts to reduce costs has resulted in an increasing number of Greek food processors going off-shore to source processed food items. Examples include Fage, the dairy giant for yogurt and dairy desserts, who moved its headquarters to Luxembourg from Greece. The move was considered a step for the company to reduce its exposure to the Greek financial crisis. Luxembourg also offers a favorable tax environment and better access to bank funding than Greece. Another is the world's second-largest Coca-Cola anchor bottler in terms of volume, Coca Cola Hellenic, with sales of more than 2 billion unit cases, which moved to Switzerland. The National Confederation of Hellenic Commerce (ESEE) estimates that more than 60,000 Greek companies, including food companies, are investigating moving to Bulgaria, a neighboring country which offers lower enterprise taxation.

- Quality, food safety, and health concerns of Greek consumers have pushed the food processing industry to continue their actions towards innovation.

- Greece is a net exporter of processed fruits and vegetables, mainly olives, peaches, and tomato paste. In 2015, total Greek exports of processed fruits and vegetables were valued at $1.1 billion, a decrease of 12 percent from 2014.

Consumption trends

- The economic crisis and the decrease in Greek household purchasing power have led to increased consumer demand for cheaper food products. Also, the change in lifestyles and demographic changes have resulted in growth in the consumption of processed products.
- Demographic trends are affecting consumer buying habits, due to bigger households. Single and two-person households are shrinking and households of four or more persons are increasing.

Also, the increasing percentage of elderly people is another trend that should be considered.

- Private labels are gaining market share, mostly due to the economic difficulties but also due to aggressive promotions carried out by retailers.
- Consumers are increasingly buying healthy and functional foods, and 'superfruits' are gaining popularity in Greece. Superfruits are a marketing term first used in the food and beverage industry in 2005. The fruits may have nutritional significance due to their nutrient content, antioxidant value or anticipated health benefits and commercial significance associated with novelty of taste and color. Superfruits include chokeberries, sea-buckthorn, goji berry, blueberries, cranberries, and myrtle.
- 47 percent of meat consumers in Greece say that they have not reduced the quantity of meat for the last two years, while 80 percent would prefer to buy meat from a small retail meat shop rather than large super markets.

Recent trends suggest that 60 percent of Greek consumers prefer to eat more and more fruit and vegetables, while consuming ever less meat, eggs and milk. This shift in eating habits comes due to the drop in household spending because of the continued crisis.

Section III. Competition

Greece's main trading partner is the European Union. The Netherlands, Germany, France, and Italy are the leading suppliers in the food and agricultural trade. The leading importers of Greece's goods are Italy, Germany, Turkey, Bulgaria, and United Kingdom. The EU single market makes European products more competitive, particularly for price sensitive goods as even modest duties can affect margins.

Product Category (MT; USD)	**Major Supply Sources in 2015 (in volume)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Food preparations containing milkfat, sucrose, glucose or starch *Net Imports:30,000 MT* *Value:$104 million*	1. Italy - 23% 2. Bulgaria - 16% 3. Germany - 16% USA is an insignificant supplier (0.3%)	More than 97 percent of these products are supplied by EU countries having the advantage of proximity and availability.	There is a developed local food processing industry for food preparations containing milkfat, sucrose, glucose or starch.
Cane or Beet Sugar and chemically pure sucrose *Net Imports:233,000*	1. France - 22% 2. Denmark - 18% 3. Germany -	Prices from non-EU suppliers are low, making Mauritius and Serbia the only third countries holding a significant	The Greek sugar industry is struggling to reorganize. Local production cannot meet demand.

MT *Value:$119 million*	15% USA is an insignificant supplier (0.01%)	market share, 12% and 7% respectively.	
Mixtures of Odoriferous Substances *Net Imports:5,500 MT* *Value:$100 million*	1. Germany - 21% 2. Ireland - 17% 3. France - 13% USA is a minor supplier (3%)	EU countries are holding the lion's share with more than 96 percent of these products. Proximity and availability are the key advantages.	Local production is limited.
Bread, Pastry, Cakes, Biscuits And Other Bakers' Wares *Net Imports:52,000 MT* *Value:$119 million*	1. Germany - 21% 2. Bulgaria - 13% 3. Romania - 12% 4. Italy - 11% USA is an insignificant supplier (0.04%)	EU countries are holding the lion's share with more than 96 percent of these products. Distance and availability are the key advantages.	Bakery is the leading food processing industry in Greece. There are 9,000 local companies with more than 55,000 employees.
Almonds *Net Imports:6,000 MT* *Value:$58 million*	1. USA - 52% 2. Spain - 31% 3. Australia - 4% 4. Germany - 4%	Competition from Spain is high, but Greek demand for almonds is also robust and production in other EU countries is not sufficient to meet demand.	Locally produced almonds are mostly used as a roasted snack. U.S. almonds are further processed domestically, both for sale to Greek industry and re-exported.
Walnuts *Net Imports: 2,800 MT Value:$21 million*	1. Ukraine - 45% 2. Moldova - 19% 3. Romania - 11% 4. Bulgaria - 6% 5. USA - 5%	Ukraine and Moldova are traditional suppliers of walnuts. Balkan countries have lower transportation costs.	Greek production is insignificant at the quality level needed. Greece is an attractive market for U.S. walnuts but the competition is tough.
Alcohol Beverages	1. UK - 48%	EU countries are the	Greek distilled spirits have

Net Imports: 27,500 MT *Imports Value:$153 million*	2. Italy - 9% 3. Spain - 12% USA is a minor supplier (4%)	major distilled spirits suppliers to the Greek market. Scotch whisky remains very popular and UK dominates the market.	gained popularity in recent years, affected by tradition but also the economic crisis.
Fish and Seafood *Imports: 92,500 MT* *Value:$414 million*	1. Spain - 16% 2. China - 10% 3. Italy - 10% USA is a minor supplier (1.5%)	The major suppliers offer good quality fish products at competitive prices.	Large competition from local suppliers and producers. Greek domestic consumption and exports surpass local supply.
Pulses *Imports:30,000 MT* *Value:$35 million*	1. Canada - 49% 2. Mexico - 13% 3. USA - 9% 4. China - 8%	Strong competition from Canada, who increased its presence in recent years, and Mexico, a traditional supplier to the Greek market.	Greece is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

Section IV. Best Product Prospects

- **U.S. products in the Greek market that have good sales potential:**
  - Nuts (almonds, walnuts, pistachios) for pastries, confectionary, breakfast
  - Frozen and salted fish (cuttlefish and squid, mollusks, salmon)
  - Alcohol beverages and distilled spirits
  - Pulses

Product Category	2015 Greek Imports ($)	5 Year Average Import Growth (%)	Key Constraints Over Market Development	Market Attractiveness for USA
Almonds	$58 million (imports from USA $29M)	16%	Transition from VASP to PEC certificates for aflatoxins. High competition from Spain.	U.S. products are considered as high quality and safe products. Average consumption of almonds in Greece is among the highest in the world. Confectionary industry use has increased, as almonds are an ingredient in many traditional food products.

Walnuts	$22 million (imports from USA $1.1M)	-1%	Ukraine and Moldova offer competitive prices.	U.S. walnuts, both shelled and in-shell, are known in Greece for their excellent quality. The known health benefits of tree nuts have boosted walnut consumption.
Pistachios	$10 million (imports from USA $0.6M)	6%	Competition from Iran, who dominates the Greek pistachio market. Greek exports to EU enhance market growth.	U.S. pistachios have a higher quality image than Iran, the major competitor.
Frozen and salted fish	$62 million (imports from USA: $2.3M)	-1%	Heavy competition from EU countries, China, India and domestic suppliers.	Good reputation and reliability of U.S. squid and mollusks. Seasonal consumption increased due to record tourism in 2015, and religious traditions.
Alcohol beverages and distilled spirits	$365 million ($69 million in whiskies; imports from USA: $5.8M)	-3%	Competition from EU countries, with the UK being the major supplier in the case of whisky.	Increasing interest in U.S. distilled drinks. Despite a negative growth rate for the sector, whisky imports from the United States grew 71 percent in the first three quarters of 2016.
Pulses	$35 million; imports from USA $2.7M	-3%	Strong competition from Canada, China, and Mexico.	Greece is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand. 2016 is the international year of pulses.

*tariff rates can be found at European Commission's Online Services

- **Products not present in significant quantities, but which have good sales potential:**

- Processed fruit (dried fruits, especially dried prunes)
- Chocolate, dairy for yogurt or ice cream, and confectionary ingredients
- Cereals for snack foods
- Organic foods

- **Products not present because they face significant trade barriers:**
  - Turkey and other poultry products
  - Beef meat and products
  - Food products containing biotech ingredients
  - Corn oil

Section V. Post Contact and Further Information

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