



Greece

Agri-Food Country Profile

Statistical Overview

August 2004

Forward

This information piece is provided to update the statistical information of existing documents on Greece. Due to recent economic developments an update was deemed necessary.

Economy- Overview

Greece has a small but open and well established economy. The economy has been growing steadily in recent years and like other smaller EU members (ie. Ireland) has benefitted a great deal financially from EU inclusion. The country is not quite as strong or stable as the larger EU members, but recent economic performance has shown real promise. The government is currently engaged in a privatization program which is working towards lessening the states role in the country's activities.

In recent years, the Greek economy has experienced considerable economic success as it is no longer burdened by strict EU entry requirements or occupied by fears over the effects of war on its northern borders. Economic growth has also come as a direct result of major projects and infrastructure development being spurred by the Olympic games hosted in Greece in 2004.

Greece has established a strong international economy in shipping, transport and tourism. Due to its geographic location Greece has long been a very important shipment route and one of the most popular tourist destinations in the world attracting nearly 12.5 million visitors each year.

The Greek economy has been growing at a rate of twice that of the EU, and although negative macroeconomic indicators exist, such as inflation rates of 3.5%, these numbers mark remarkable improvements from the double digit burdens seen a decade ago, and are indicators of an overall trend toward economic improvement.

There remain challenges to address during this time of economic stability, such as reducing public debt, curbing ongoing inflation and unemployment, the continued restructuring of the economy which involves the privatization of many state owned establishments as well as the task of bringing bureaucratic inefficiencies down to a minimum.

Current Situation

A new government was elected in 2004 and focused its policies towards improving global competitiveness and economic growth acceleration. In addition, a main pillar of the government's platform continues to be to generate employment opportunities for the country's labour market as the unemployment rate has hovered in the 8 to 10% range over the past few years. Higher levels of foreign direct investment should help solve current fiscal problems, and guide the government through their mandate to increase economic growth with their policy of investment attraction and tourism attraction.

Greece's GDP grew by 4.7% in 2003, while per capita GDP is very healthy resting at roughly US\$16,000 in 2003. A recent forecast has projected that per capita GDP will jump to increase to US\$19,925 in 2004. These per capita figures put Greece into an upper income country status.

Inflation rates have remained consistent in the 3.5% range over 2002 and 2003. Greece has the highest levels of inflation in the EU. Also, Greek exports rose by 7.2 % in 2003 and the value of

Greek imports increased by almost 20%.

Economic Indicators	
GDP	US\$171 billion (2003) US\$212 billion (2004)
GDP Growth	4.7% (2003) 4.1% (2004)
GDP per capita	US\$16,040 (2003) US\$19,925 (2004)
GDP by Sector	
Agriculture	8%
Industry	22%
Services	69%

Forecast

The government deficit is forecast to be around 3% of GDP in 2004-05. Real GDP growth is forecast to fall to roughly 4.1% in 2004, which is slightly lower than 4.7% in 2003. Forecasts place GDP growth at 3.5% by 2005.

Inflation is expected to stay well above the estimated average for the European Union. Consumer prices should decrease from 3.5% in 2003 to 3.3% and 2.9% respectively in 2004 and 2005.

The arrival of the Summer Olympic Games in 2004 will inject interest and dollars into the Greek economy, as well as thrust the tourism industry into high levels of activity with nearly 25 million visitors. Concerns surrounding security as well as the ability for infrastructure and power supplies to support the games and the influx of visitors still persist, but this international event is likely to have positive influences on the economy.

Consumer Market

Greek consumer needs are continuously evolving, with purchasing patterns ever-changing. The average household is comprised of 2.6 persons, with 22% of the population over the age of 60 years. Increases in disposable incomes, increased occurrences of dual income households as well as an increase in single parent homes has resulted in a trend toward convenience goods.

Households spend roughly 17% of their incomes on food and beverages, 17% on rent or housing expenses, while dining and vacation accounts for 15% of income expenditure. In the past consumers generally stocked up on large amounts of food and other goods to compensate for the uncertainty caused by international turmoil. Now a shift in the opposite direction has occurred and a restraint on consumption has resulted. A Greek consumer on average shops 3.1 times per month - and looks for quality, convenience and ease of purchase as opposed to focusing on price.

Consumer loyalty has slowly shifted much like spending trends. Though price is not a main focus to consumers, an increase in private label products available to consumers has made saving while shopping a possibility - this trend towards private label goods proceeds at a slow pace as consumers tend to question quality, a product characteristic that heavily outweighs price at this point. However, this is a trend to monitor as chains continue to add to their private label items to push this market to explore its potential.

Main Cities	
Athens	4 million
Thessaloniki	1 million
Patras	300,000
Larissa	271,000
Iraklion	265,000

Greek eating habits emphasize a traditional diet comprised of foods such as barrel feta, Greek yellow cheeses, local desserts, olives, wine, traditional pasta products, butter, cod, oil and salt preserved products all which still represent a large part of purchases. However, eating habits outside the traditional realm are changing creating a growing demand for more convenient foods and diverse eating opportunities outside of the home. Expenses related to dining out represent roughly 15% of Greek household income. More than 50% of Greeks purchase ready-to-eat meals for consumption at home. The most popular ready made meals are pizza, souvlaki, chicken, hamburgers/fast food, pasta, and Greek cooked food. Greeks aged between 18 and 40 are most

likely to purchase ready-to-eat meals.

In addition, food trends show an increase demand for organic goods and healthy alternatives as these products tie into a perception of better quality, taste and health impacts on the consumer. With the Greek organic farming industry being so small, potential for exporters to penetrate this market exists. Nevertheless, convenience food and frozen as opposed to fresh goods will continuously be demanded as lifestyles become busier, likewise, their added shelf life is of benefit to food distributors. Frozen foods are one of the fastest growing markets in Greece, especially frozen vegetables, french fries, fish, and meat. About 25% of families in big cities have microwaves and freezers, which help create demand for convenience foods.

Higher demand for poultry continues as a result of a series of regional and international BSE scares and increased efficiencies in domestic poultry farming. However, demand for red meat still exists with more than 50% of the red meat consumed in Greece being imported from abroad. The market for meat has good potential to increase as Greek incomes grow. High quality beef has great potential for sales within the hotel and restaurant sector to increasingly affluent consumers. New trends in the meat market favour higher quality, labelled products, while organic meat is also gaining in popularity, although only a small portion of the population views this as a realistic regular purchase given the price premium.

Fish consumption in Greece has been increasing since 1995 due to the promotion of the healthful aspects of eating fish. Fish is increasingly being seen as a protein replacement for beef.

Greeks rank among the biggest cheese consumers in the world with an annual per capita consumption exceeding 26 kg. Feta cheese is the most popular type of cheese with annual sales totalling 140 000 metric tonnes.

Many opportunities for Canadian exporters exist within the Greek market. Niche markets for

Canadian exporters could include tree nuts as well as dry beans and lentils. Dry beans and lentils have good potential in the Greek market. Declining domestic production and the fact they are considered a healthy food, favour imports. Other products with good sales potential are frozen foods, frozen and salted fish, meat, alcoholic beverages, organic foods, and dairy products.

Demographics	
Total Population	10.6 million
Growth Rate	0.2%
Age Breakdown	
0-14 yrs	14.5%
15-64 yrs	67.0%
65 ys and over	18.6%
Life Expectancy	
Total	78.9 yrs
Male	76.4 yrs
Female	81.5 yrs

Agriculture

Farming in Greece contributes only 10% to the GDP even though the agricultural sector absorbs almost 20% of the Greek workforce. The agricultural sector is basically self-sufficient in crop production but it relies heavily on meat and dairy imports.

Fruit and vegetable production is more than adequate to meet domestic demand and constitutes 40 % of total agricultural exports. Olive oil, tobacco, cotton and hard-grain wheat account for an additional 40% of agricultural exports.

Meat is a staple of the Greek diet and constitutes a significant portion of the family food budget. The heavy reliance on imported meats has encouraged the government to attempt to diversify the Greek agricultural sector. Recent improvements in Greek poultry farming has boosted domestic production and consumption.

Pulses and grains are an important part of the Greek diet and their consumption has increased in recent years. These products are traditional

imports and are good opportunities for exporters. The animal feed market in Greece is being fueled by demand for non-meat protein sources such as soybean meal.

Greece is highly dependent on imports to meet its needs with approximately \$4.7 billion dollars worth of agricultural product imports in 2003. Most of Greece's food imports come from the EU.

The Greek government is placing a very strong emphasis on agricultural reforms. The government hopes to change the sector by increasing traditional exports of fruit, vegetables and oil. Revenues resulting from increased exports are being funneled into the reformulation of farm policies. Alternative farming methods have become popular in Greece in response to increasing concerns about the environment and government reform initiatives. Organic farming has been encouraged by both the EU and the Greek government.

Aquaculture plays a prominent role in the Greek agricultural sector. In addition to traditional catching methods, the fish farming industry has developed as a result of subsidies, including tax breaks on investments.

Trade

Greece is an import-dependent country, with imports of goods and services totaling roughly US\$33.2 billion in 2003. Greece's main import partners are Germany providing Greece with 12.2% of their imports, Italy at 11.5%, Russia at 7.4%, South Korea at 6%, and France at 5.7%.

The total amount of exports of goods and services amounted to roughly US\$5.9 billion in 2003. Greece's current account balance is -US\$27.4 billion. Greece's top export destinations are Germany at 10.4%, Italy 8.5%, UK 6.3%, Bulgaria 5.4%, US 5.3%, and Cyprus at 4.7%.

The manufacturing sector makes up over half of Greece's exports followed by the agricultural sector at 27% and the mining sector at 20%. In

terms of imports, again the manufacturing sector accounts for the majority at 68% followed by the mining sector at 18% and the agricultural sector at 13%.

Trade Agreements

As a member of the EU, Greece is party to all trade agreements made by the EU. The EU grants preferential tariffs to roughly 100 developing countries, mainly in Africa and the Middle East.

Free trade agreements have been developed between the EU and the European Economic Area (EEA), which includes Norway, Iceland, Liechtenstein, and Switzerland. Under terms of these agreements, most industrial products and certain processed agricultural products are exempt from import duties if sold within this trading bloc. This has resulted in an open trading area for most industrial products of 19 nations. Israel has negotiated a free trade agreement with the EU that does not include agricultural goods.

To combat marginalization within the EU, Greece has taken a special interest in the Balkans. Bilateral trade and investment are expanding in the shipping industry. Greek ports and infrastructure are highly dependent on trade with the Balkans. Greece has taken on a major role in the area as a key negotiator. In addition, Greece has special trade interests in Turkey and the Middle East as a result of long-standing economic and political ties.

Market Access

Roughly 80 % of Greece's import trade is handled through sales agents and distributors. Distributors operate on a wholesale basis, occasionally on a retail basis, with exclusive sales rights within certain districts.

The key to success in the Greek market is to have an experienced agent with suitable experience and an extensive sales network. Most hypermarkets and supermarkets act as importers/agents for some products.

Retail and wholesale trade is mostly characterized by small businesses, each of which deals in a narrow range of goods. There are over 300,000 trading establishments in Greece.

All procedures for payment and transfer of royalties to EU and non-EU residents are handled by commercial banks operating in Greece. No foreign exchange regulations apply to royalties. In general, Greek regulations are in compliance with their corresponding EU regulations.

Canada - Greece Investment and Trade

Canada and Greece have a longstanding relationship which has always been bolstered by a very large Greek community in Canada. Overall trade between Canada and Greece has increased in the past decade, with bilateral trade totaling \$288.1 million in 2003. Canadian investment in Greece has fluctuated recently, but Canadian investment amounted to \$157 million in 2002 up from \$116 million in 2001 and has reached as high as \$1 billion in 1999.

Canadian exports to Greece have increased considerably in recent years. In 2003, Canadian exports to Greece increased 20%, reaching \$174.8 million. The top Canadian export to Greece in 2003 was wheat at \$72 million up 780% from 2002. Paper mill products exported to Greece had a value of \$12 million. Leather and hide products were up 20% from 2002. There was strong growth in the export of pulp mill products with \$9 million in exports up 80% from 2002. The coming Olympic Games in Greece have seen exports of construction machinery jump from roughly \$100,000 in 2002 to \$9 million in 2004.

Canadian imports from Greece reached \$113.3 million, an increase of more than 7%. The leading import from Greece was fruit and vegetable products at \$29 million. Aluminum products were the second largest import at \$13 million up roughly 78% from 2002. Imports of starch and vegetable fat and oils were up 16% from 2002 at to \$9 million. Finally, imports of non-metallic materials were up 78% for a value of \$7 million.

Greece - Canada Bilateral Trade	
Greece Total	US \$39 billion
Exports	US \$5.9 billion
Imports	US \$33.2billion
Trade Balance	US -\$27.4billion
Total Canadian	\$288.1million
Exports to Greece	\$174.8 million
Imports from Greece	\$113.3 million
Trade Balance	\$61.5 million
Canadian Agricultural	\$145.3 million
Exports to Greece	\$91.7million
Imports from Greece	\$53.6 million
Trade Balance	\$38.1million
Top 5 Ag Exports to Greece	
Grains	
Edible vegetables	\$72.8 million
Furskins	\$7.7 million
Beverages	\$7.6 million
Grains products	\$0.8 million
	\$0.6 million
Top 5 Ag Imports from Greece	
Preparations of vegetables	
Animal/Vegetable fats	
Edible vegetables	\$21.2 million
Beverages	\$8.9 million
Dairy products	\$6.9 million
	\$6.2 million
	\$3.9 million

Canada's agri-food exports to Greece totaled \$43.1 million in 2001 and fell to \$34.7 million in 2002. In 2003, Canadian exports rebounded strongly, more than doubling in value from the previous year to over \$81 million. This growth can be attributed to a surge in the export of wheat from \$9.2 million in 2002 to over \$70 million in 2003. Wheat represents the single largest agri-food export to Greece. Imports from Canada account for less than 1% of Greece's total agri-food imports, illustrating the country's potential. Other top exports to Greece were raw mink furskins at 7.1% of the total export market, lentils at 4.6% and beans at 3.3%

The main imports from Greece were olives accounting for nearly 28% of the total import market, and valued at \$14.9 million, olive oil represented 14.8% of the import market and imports were valued at \$7.9 million. Peaches

represented 9.2% of all imports and were valued at 4.9 million, while grape wines held 7.5% of the market and were valued at \$4 million.

In 2003, bulk agri-food exports to Greece were \$73 million or 79% of total agri-food exports, up over \$60 million from 2002. Intermediate exports were down slightly at \$16 million, but consumer goods showed a pleasant increase of 2% and settled at \$2 million.

For more information on Greece

Agri-Food Canada At a Glance Fact Sheet:
http://ats.agr.ca/stats/greece_e.htm

Canadian Trade Commissioner Service - Market
Information on Greece:
<http://www.infoexport.gc.ca>