

Ελληνικές Εξαγωγές
Greek Exports
Exportations Grécques
Griechische Exporte



1. RECENT DEVELOPMENTS IN GREEK ECONOMY

Greece is still facing a great challenge, two years after the implementation of the first Memorandum, a challenge which is crucial for the country's future. Despite the progress made, failure to act in a resolute and timely manner, along with the recession, resulted in a worsening of the dynamics of public debt, making a new agreement for financial support necessary. The size of the loan support package - taken together with the first Memorandum of May 2010 - is unprecedented in relation to the size of the Greek economy and covers borrowing needs up to 2015, provided that the accompanying reform program is implemented promptly and rigorously. The new loan agreement and the economic adjustment program for the period 2012-2014 create more favorable conditions for pursuing the required effort and are tangible proof of the country's partners' willingness to support. On the other hand, the international environment remains fluid and uncertainty continues to surround the course of the global economy and the unfolding of the sovereign debt crisis in European economies.¹

The recession and unemployment turned out worse than initially expected

Regarding the performance of the Greek economy, according to the Bank of Greece, the recession that began in 2008 continues irreducible. In 2011, real **GDP contracted further, by 6.9%**. The economy performed worse than expected, especially in the fourth quarter, reflecting (among other things) the fact that uncertainty remained high. The decline in GDP was driven by the fall in both consumption and investment, the latter dropping by more than 20%, i.e. much more than expected.

An additional reason for the decline in GDP in the fourth quarter of 2011 was the halt in the upward trend in real exports of goods, following four successive quarters of growth (on a national accounts basis). The decrease in exports in the fourth quarter can be attributed not only to the slowdown in economic activity noted in our trading partners, but also to financial constraints faced by exporting firms (in particular, limited access to bank and trade credit).

On the supply side, output of the secondary sector fell sharply (2011: -12%, almost twice as much as in 2010: -6.1%), mainly attributable to construction (-17.9%, against -8.1% the previous year) and industry including energy (-9.1%, against -5%). The decline in output of the tertiary sector intensified as well (-5.9%, against -3.1%). On the contrary, agricultural output increased by 2.5% but, given the sector's small size, this positive development had little effect on GDP formation as a whole.

The decline in production was the main cause for the net loss of some 298,000 jobs and the surge in unemployment by approximately 248,000 people in 2011.

Furthermore, the conditions in the financial sector deteriorated. The rate of credit expansion to the private sector,

which has been steadily decelerating since 2008, turned negative in 2011. While this development can be partly attributed to reduced demand for credit on account of the recession, an important factor was also the liquidity squeeze experienced by banks, resulting from the loss of confidence brought about by the fiscal crisis and the debt situation. Today many sound businesses are suffering the consequences of that squeeze and, as a result, are having difficulty staying afloat.

The general government deficit was reduced in 2011 as a percentage of GDP, but meeting the targets for 2012 will require a hard and persistent effort

According to estimates released by Eurostat in last April, the general government deficit was further reduced, by more than one percentage point in 2011, while the primary deficit was reduced by about **2.5%** of GDP. Furthermore, in the first quarter of 2012, the central government deficit, on a cash basis, decreased markedly year-on-year, while a primary surplus in the order of 0.5% of GDP was recorded, compared with a primary deficit of 0.5% of GDP over the corresponding period in 2011. Primary expenditure fell, albeit less than targeted, due to increased subsidies to social security funds. Attaining the full-year targets will obviously require a hard and persistent effort.

The recession is negatively affecting expectations and is fuelling the vicious circle

Delays with fiscal adjustment and the implementation of structural reforms, negative developments in the real economy and adverse conditions still surrounding the provision of bank finance to the economy, apart from their direct impact on incomes and especially unemployment, are also contributing to uncertainty about the economic outlook. As long as the vicious circle of fiscal contraction-recession uncertainty continues, the prospects for meeting deficit and debt targets will tend to weaken, thus re-fuelling negative expectations.

Some consider the vicious circle to be due to the tight fiscal policy pursued. Though not without foundation, this interpretation is incomplete. It fails to take into account that, while fiscal consolidation does bring about a decrease in aggregate demand, it also affects expectations. Positive expectations can be generated when:

- (i) a fiscal consolidation plan is able to convince that it forms part of a credible medium term program, aimed at reducing the share of the public sector in the total economy, frees up resources for the private sector and ensures a smooth servicing of public debt; and
- (ii) there is strong evidence that the economic adjustment program is likely to succeed and that its continuity is ensured, regardless of political developments.

When these two conditions are fulfilled, expectations of a positive final outcome can take hold, indirectly boosting consumption and investment. These indirect effects can, to a greater or lesser extent, offset the decline in demand brought

¹ Bank of Greece: Annual Report -April 2012

about by the fiscal deficit reduction and, after a year or two, lead to economic recovery.

2. GREEK EXPORT PERFORMANCE

The year 2011 was a record year regarding exports of goods from Greece, in terms of volume and value. According to data from the Hellenic Statistical Authority (ELSTAT), in 2011 the total value of Greek **exports** (including fuels) **increased by 36.8%**, reaching €22.45 billion, representing already 10.4% of GDP. Excluding fuels, the total value of Greek exports increased by **9.4%**, reaching a record of €16.01 billion.

Compared to 2009, the cumulative increase in exports (including fuels) over the period 2010-2011 reached **52.9%** (or 15.17% excluding fuels). At the same time Greek **imports shrank by 10%** approximately reaching €43.27 billion, resulting to an export/import ratio of 51.9% in 2011 (compared to 34.1% in 2010).

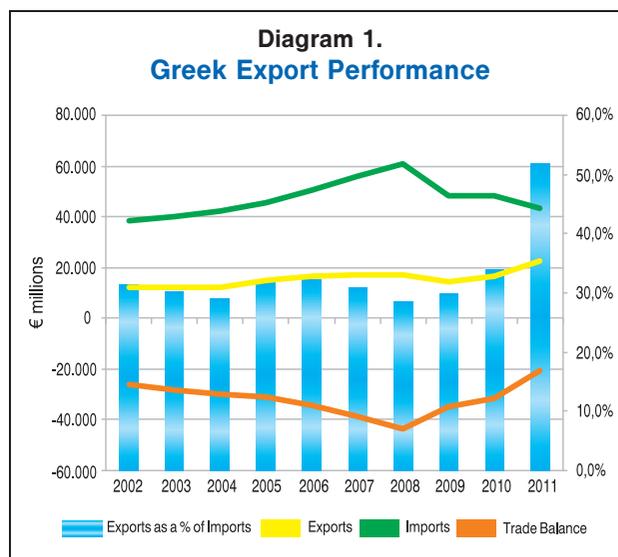
The sharp drop in imports over the last years is a direct reflection of the cumulative decline in domestic demand, as well as in investments (the drop of which exceeded 20%), as a result of the recession which continues unabated. This however can also be seen in a positive light, to the extent that lower consumer goods imports also reflect an adjustment in the consumption pattern of Greek households, capable of leading to a more permanent reduction in the trade deficit.

Trade Balance

The rise of exports in 2011 combined with the fall of imports, resulted in the **fall of trade deficit by 34.4%** or €10.9 billion (from €31.7 billion in 2010, to €20.8 billion in 2011). Furthermore, the trade deficit in 2011 shows a significant decrease, more than 50%, compared to the year 2008 (prior to the recession).

Furthermore, according to the latest (temporary) data presented by the Hellenic Statistical Authority (ELSTAT), the total value of exports (excluding fuels) amounted to €8,209.1 mn. over the first semester of 2012, versus €7,867.7 mn. in the first semester of 2011 (rise of 4.3%).

Imports shrank as their total value (excluding fuels) amounted to €15,182.3 mn. in 2012 (January - June), versus €16,857.7 mn. in the first semester of 2011 (fall of 9.9%). As a result, trade deficit dropped to €6,973.3 mn. over the first semester of 2012, versus €8,990.0 mn. during the first semester of 2011 (fall of 22.4%).



3. GEOGRAPHICAL EXPORT DISTRIBUTION

It is worth mentioning that the rise of Greek exports regards all geographical regions, while the most significant rise relates to the exports to the E.U.-27 countries, to North America, the Balkans, etc.

However, the largest portion (€17.22 billion) of Greek exports concerns exports to 20 countries, covering **76.7%** of total export value (€22.45 billion) the last year (table 2).

In 2011 the most important export market for Greece was Italy², surpassing Germany which ranks second. Furthermore Turkey emerged in the third place, followed by Cyprus and Bulgaria at the top of the list.

The value of exports to **E.U.-27** countries increased by 10.6% in 2011, reaching €11,380.6 mn. However their share in total Greek exports fell to **50.7%** in 2011, compared to 62.8% in 2010.

Particularly, exports to **E.U.-15** countries also registered a rise of 9.1% (amounting to €7,401.1 mn.), a fact attributed to the rise of exports to most countries of the region, excluding Germany (-2%), Sweden (-6.2%), and Ireland (-11.2%).

Furthermore, exports to the **12 New Member States** increased by 16.4% in 2011 reaching €3,979.6 mn. The rise

Table 1. Trade Balance (in million €)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Exports	12,057.3	12,084.8	12,357.3	14,731.6	16,447.0	17,222.8	17,333.1	14,392.9	16,391.8	22,451.0
Imports	38,303.7	40,101.5	42,402.4	45,756.9	50,723.0	55,719.7	60,679.5	48,087.5	48,106.6	43,272.6
Trade Balance	-26,246.4	-28,016.7	-30,045.1	-31,025.3	-34,276.0	-38,496.90	-43,346.4	-35,115.5	-31,714.8	-20,821.6
Exports as a % of imports	31.5%	30.1%	29.1%	32.2%	32.4%	30.9%	28.6%	29.9%	34.1%	51.9%

Source: Hellenic Statistical Authority (ELSTAT)

²Exports to Italy increased by 20% in 2011

Table 2.
The 20 major export markets of Greece in 2011
(€ mil.)

A/A		Countries	2011	Share %
2011	2010			
1	2	Italy	2,123.8	9.5%
2	1	Germany	1,763.5	7.9%
3	6	Turkey	1,752.3	7.8%
4	3	Cyprus	1,367.7	6.1%
5	13	Ships with supplies to Third Countries	1,348.6	6.0%
6	4	Bulgaria	1,239.2	5.5%
7	7	USA	1,191.8	5.3%
8	5	United Kingdom	890.6	4.0%
9	8	France	651.0	2.9%
10	9	Romania	596.5	2.7%
11	33	Singkapouri	587.2	2.6%
12	14	FYROM	527.6	2.4%
13	11	Spain	459.7	2.0%
14	12	Netherlands	458.2	2.0%
15	10	Albania	425.8	1.9%
16	15	Russia	394.3	1.8%
17	20	United Arab Emirates	379.8	1.7%
18	39	Gibraltar	358.6	1.6%
19	18	Algeria	355.1	1.6%
20	19	Egypt	346.1	1.5%
Exports of the top 20 countries			17,217.4	76.7%
Total Greek exports			22,451.0	100.0%

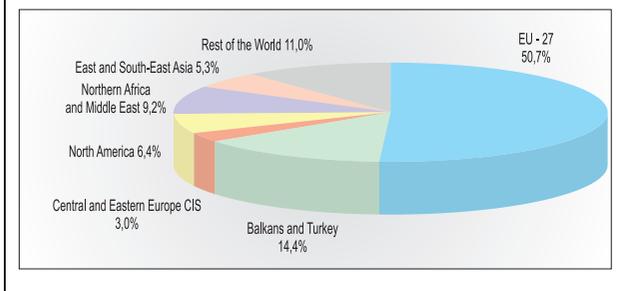
of exports to Cyprus (4th largest trading partner of Greece in 2011) was 15.8%, while the relative exports increased to €1,367.7mn., followed by exports to Bulgaria (€1,239.2 mn.).

Regarding the individual countries, the most impressive rise in exports during 2011 was noted in the exports directed to Turkey (rise of 104.2%, amounting to €1,752.3 mn.) and the USA (rise of 81%, amounting to €1,191.8 mn.).

As regards exports to **OECD countries**, they have increased by **23.1%** during the last year (reaching €11,523.2 mn in 2011). Exports to these countries jointly accounted for approximately 51.3% of the overall Greek exports.

Furthermore, exports to North America registered a strong

Diagram 2.
Geographical export distribution (2011)



Sources: Hellenic Statistical Authority (ELSTAT), Pan-Hellenic Exporters Association, Export Research Centre (KEEM)

Table 3.
Geographical export distribution
Share (%) in total exports

	2007	2008	2009	2010	2011
EU-27	64.9%	64.3%	62.6%	62.8%	50.7%
EU-15	43.5%	41.4%	40.9%	41.4%	33.0%
12 New Member states	21.3%	22.8%	21.7%	21.4%	17.7%
Balkans and Turkey ¹	11.3%	10.9%	12.1%	11.9%	14.4%
Central and Eastern Europe, CIS ²	3.2%	3.4%	2.7%	2.9%	3.0%
North America ³	4.7%	5.7%	5.7%	5.2%	6.4%
Northern Africa and Middle East ⁴	5.6%	5.5%	6.8%	7.7%	9.2%
East and South-East Asia ⁵	2.7%	1.9%	2.2%	3.2%	5.3%
Rest of the world	7.6%	8.4%	7.8%	6.4%	11.0%
Total exports	100.0%	100.0%	100.0%	100.0%	100.0%

1 Albania, Croatia, Bosnia-Herzegovina, Serbia - Kosovo, Montenegro, FYROM and Turkey.

2 Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan.

3 USA, Canada, Mexico.

4 Morocco, Algeria, Tunisia, Libya, Egypt, Lebanon, Syria, Iraq, Iran, Israel, Jordan, Saudi Arabia, Kuwait, Bahrain, Qatar, UAE, Oman and Yemen.

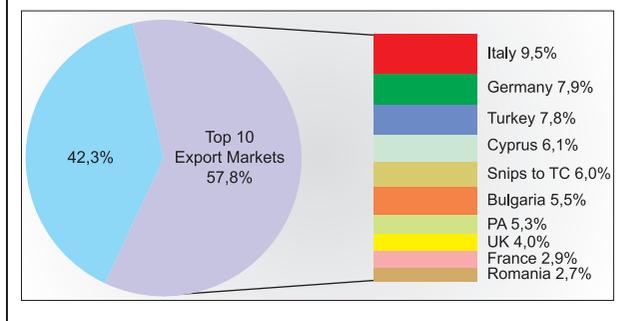
5 Thailand, Indonesia, Singapore, Philippines, South Korea, Taiwan, Hong Kong, Japan, India, China.

Sources: Hellenic Statistical Authority (ELSTAT), Pan-Hellenic Exporters Association, Export Research Centre (KEEM)

rise (67.6%, amounting to €1,434.5 mn.), mainly due to the significant growth (81.5%) of the respective exports to the U.S.A. Exports to the Balkans also increased, by 20.9% (amounting to €3,325.4 mn.), mainly due to the sharp increase of exports to Bulgaria and F.Y.R.O.M. (rise of 17% and 61.4% respectively). Regarding the evolution of exports to the region of Middle East and North Africa as an overall, there has been a rise of 63.9% (amounting to €2,066.9 mn. in 2011).

As regards exports to Commonwealth of Independent States (CIS), they have increased by 41.2% as a whole (reaching €662.6 mn. in 2011), mainly due to the respective rise of exports to Russia, and Ukraine.

Diagram 3.
Top 10 export markets in 2011



Sources: Hellenic Statistical Authority (ELSTAT), Pan-Hellenic Exporters Association, Export Research Centre (KEEM)

4. DISTRIBUTION OF EXPORTS BY PRODUCT CATEGORY

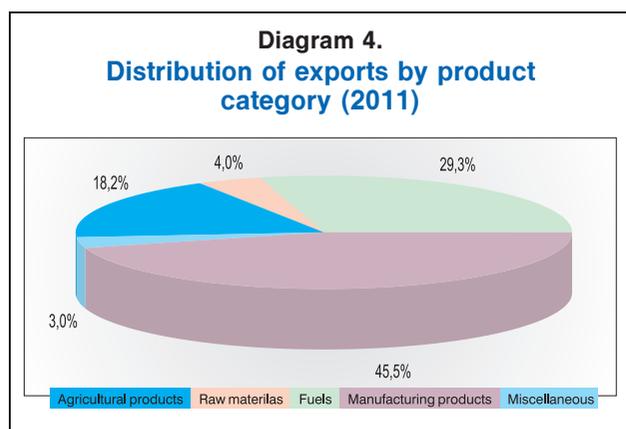
The strong grow of Greek exports in 2011 was a result of a rise in exports of all large individual product categories. The most significant rise relates to the exports of fuels, as well as the export of manufacturing products, which remains the major category of exported Greek products, holding a share of 45.5% in 2011.

Particularly, exports of manufacturing products registered a rise of 11%, (amounting to €10,230.5 mn. in 2011), a fact attributed mainly to the increased exports of "Industrial products classified by raw material" and "machinery & transport equipment", categories that registered a rise of 27% and 9% respectively.

The current distribution of Greek exports by (single-digit) product category is plotted on diagram 4.

Exports of fuels more than tripled over the last year (rise: 259%), reaching €6,568.5 mn. In fact fuels rank second among the major exported product categories in 2011, surpassing agricultural products.

Nevertheless, a considerable portion of the country's exports traditionally consists of agricultural products (includ-



Source: Hellenic Statistical Authority (ELSTAT), Pan-Hellenic Exporters Association, Export Research Centre (KEEM)

ing beverages and tobacco), which registered a rise of 4.2% in 2011 (amounting to €4,096 mn.).

Exports of raw material dropped to €889 mn. in 2011 (-6.6% compared to the previous year).

Table 4 offers a more detailed picture of individual product categories over the period 2007-2011.

Table 4.
Distribution of exports by product category
Share (%) in total exports

	2007	2008	2009	2010	2011
Agricultural products	19.8%	21.0%	25.5%	24.0%	18.2%
Food and livestock	14.8%	15.7%	19.4%	18.9%	14.4%
Beverages and Tobacco	2.9%	3.3%	4.1%	3.3%	2.5%
Animal or plant fats and oils	2.1%	1.9%	2.0%	1.8%	1.3%
Raw materials	4.5%	4.4%	4.9%	5.8%	4.0%
Non-food raw materials (excluding fuels)	4.5%	4.4%	4.9%	5.8%	4.0%
Fuels	12.3%	10.9%	9.3%	11.2%	29.3%
Minerals, fuels, lubricants etc.	12.3%	10.9%	9.3%	11.2%	29.3%
Manufacturing products	60.0%	61.1%	58.4%	56.2%	45.5%
Chemical and related products	13.9%	13.3%	14.4%	14.4%	10.4%
Industrial products classified by raw material	21.8%	22.7%	19.4%	19.9%	18.4%
Machinery and transport equipment	13.0%	14.0%	13.7%	12.0%	9.5%
Miscellaneous manufacturing products	11.3%	11.1%	11.0%	9.9%	7.2%
Miscellaneous	3.4%	2.6%	1.9%	2.8%	3.0%
Products and transactions without classification	3.4%	2.6%	1.9%	2.8%	3.0%
Total exports	100.0%	100.0%	100.0%	100.0%	100.0%

Sources: Hellenic Statistical Authority (ELSTAT), Panhellenic Exporters Association, Export Research Centre (KEEM)

SECTOR STUDIES

Below, general information is presented regarding certain sectors of the Greek economy maintaining strong exports, based on the conclusions of the respective Sector Studies of ICAP Group S.A.

CHEESE PRODUCTS

Features of the industry (branch)

The dairy industry is a traditional sector in Greece. Over the years, the sector recorded significant growth, increasing the degree of industrialization. Especially in the field of cheese production, there is the large number of production units, the majority of which are mainly small sized, supplying mainly local district markets. Large sized manufacturing units through their organized and wide distribution network cover the largest part of Greece. Some of these industries have developed significant exporting activity, carrying out the manufacturing procedure according to the European standards for quality assurance (HACCP, ISO, AGROCERT). Domestic dairy industry and dairy products (including cheese products) are subjected to a fairly strict operating framework with reference to hygiene and quality of products.

Apart from the manufacturing units, the sector involves a large number of importers, which hold a remarkable position in the domestic dairy market. Some of them import well-known brands and types of cheese, which are well accepted by Greek consumers. Furthermore, smaller companies also import cheese products mainly addressed to the HO.RE.CA. sector for professional use (restaurants, catering etc.).

A significant development in the retail sector was the rapid growth of supermarkets, throughout the country. As a result, the manufacturing companies invested in standardization and packaging of cheese products, in order to respond to market trends.

Cheese products are being distributed through other distribution channels, such as mini markets, convenience stores, delicatessen stores, organic products stores etc.

Production

Greece is classified in the 9th place based on cheese production among the 27 countries of the E.U. The total domestic production of cheese products was, in general terms, ascending during 1993-2011, at an average annual rate of 2,4%. However, in 2011 the volume of total production remained almost stable, compared the previous year. Large industrial enterprises increased their output, against small cheese dairies. Dairy industries covered 73,2% of total cheese production in 2011, while the remaining was produced by small agricultural units and dairies.

The category of soft cheeses (especially feta) holds the largest share of total cheese production, possessing a 63% share in 2011, followed by the hard and semi-hard cheese, whose stake is estimated at 23,3% of production in the same year.

Foreign Trade

Imports of cheese products showed an upward trend over

the past decade, reaching (in 2009) the maximum level. However, the last two years the import volume fell (-5% in 2010/2009 and -4% in 2011/2010). Most of them relates to the "semi-hard cheese" category, which covered 54,4% of total imports in 2011, followed by the category of "hard cheese" (24,3% in the same year). Major countries of origin for imported cheese are the Netherlands and Germany, which accounted for 35,1% and 31,9% respectively, of the total import volume in 2011.

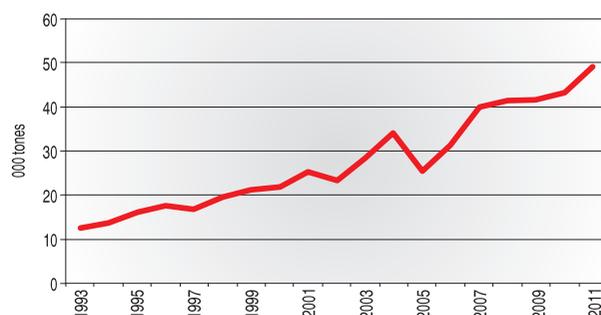
Exports of dairy products have increased the last years, reaching the highest level in 2011. Specifically, in 2011 the

Table 5.
Exports of cheese products (2007-2011)

Year	Quantity	Change	Value	Change
2007*	39,875	27.5%	172,66	17.5%
2008*	41,360	3.7%	198,33	14.9%
2009*	41,654	0.7%	204,38	3.0%
2010*	43,247	3.8%	219,63	7.5%
2011*	49,025	13.4%	237,52	8.1%

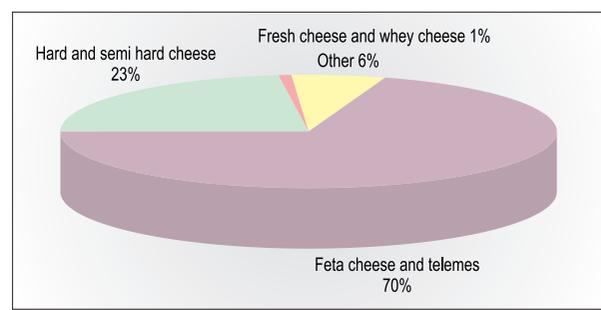
* Temporary data
Quantity in tons
Value in thousand €
Source: Hellenic Statistical Authority (EL.STAT.)

Diagram 5.
Exports of cheese products (1993-2011)



Source: Hellenic Statistical Authority (EL.STAT.)

Diagram 6.
Breakdown of cheese products exports based on volume (2011)



Source: Hellenic Statistical Authority (EL.STAT.)

volume of total exports increased by 13,4%. The largest share of exports is held by the category "feta and telemes", covering 69,4% of total exports volume in 2011, followed by the "hard and semi-hard" cheese, with a share of 23,4% in the same year.

The main country of destination is Germany, which absorbed 32,2% of total cheese exports in 2011, followed by the United Kingdom, Italy and Cyprus, holding shares of 11,5%, 9,1% and 8,1% respectively. Exports covered 17% of domestic production in 2011, as well as 15% in 2010.

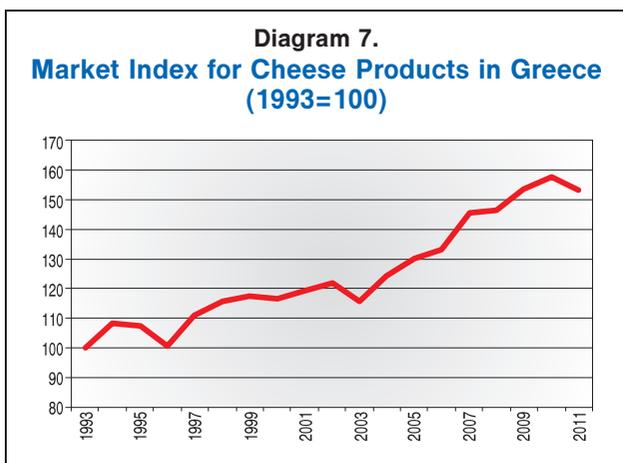
Regarding the increase in exports noted recently, a critical factor was the registration of 21 Greek cheeses (and particularly feta cheese) as a "Protected Designation of Origin" product (PDO) which, until their recognition by the European Commission, faced fierce competition mainly by white cheeses produced by other European countries.

The Market

The total domestic consumption of cheese products (in quantity) increased at an annual rate of 4,5% during the period 2004-2010. However, in 2011 domestic consumption decreased by 2,8% compared to the previous year. The import penetration (despite the relative reduction of imports in the last two years) remains relatively high (32,4% in 2011).

The bulk of total cheese consumption in Greece is being covered by local production, its share reaching 67,6% of the total market in 2011. Standardized and packaged products covered almost 14% of total cheese consumption in 2011.

The majority of dairy products is sold through supermarket chains and other retail shops (55% of total sales in 2011), while the remaining is sold to the HO.RECA. or the food-service sector.



Sources: ICAP Group S.A. , Market Estimates, Hellenic Ministry of Rural Development and Food, EL.STAT.

SWOT ANALYSIS

Strengths

- The dairy products are considered as a basic food category participating in the Greek daily menu
- Cheese products present (in total) a relatively low elasticity of demand to price and disposable income, factors affecting demand mainly between different types of cheeses.

- The establishment of feta and other Greek cheeses as PDO products.

Weakness

- The fragmentation of the Greek agricultural production, as well as milk production, resulting in high costs related to the collection and transportation of milk to the dairy industries.

Opportunities

- The expansion of exports to "new" geographic markets (e.g. Asia, Middle East).
- The registration of feta and other cheeses as PDO can provide a further boost to exports.

Threats

- Possible future food crisis due to livestock diseases.
- The liquidity problems in the Greek economy, the increase in bad debt and the reduction of consumer's disposable income, due to the prolonged economic crisis.
- Competition caused by white cheeses which are sold abroad as an "imitation" of feta.

PROSPECTS

The dairy market in general is considered as a "mature" market in Greece, (per capita consumption is high) and therefore no significant changes in the size of domestic consumption is expected shortly.

Greek dairy industries intensify their efforts to increase their exports, by seeking new markets for their products (e.g. Asia, Middle East), as well as by increasing their penetration in countries where they are already exporting products (countries of Europe, USA, Canada e.g.).

STANDARDIZATION-PACKAGING OF FRESH FRUIT AND VEGETABLES

Features of the Sector

The fruits & vegetables sorting-standardization-packaging activity involves a large number of companies in Greece. The standardization of the products differs depending on the product category. Regarding fresh fruits as a whole, they enjoy a higher rate of standardization compared to fresh vegetables. Furthermore all imported and exported products are sorted & packaged.

Many of the companies in the industry are export-oriented and some have made considerable investments in the last decade, applying the Community standardization rules concerning the hygiene of products and consumer's safety.

The large number of sorting-packaging units/enterprises indicates a low degree of concentration in the industry, a fact attributed mainly to the fragmentation of primary agricultural production, as well as to the relatively low level of investment required for a company to enter the industry. Due to the fact that quality requirements and standards are high in E.U., several companies have invested in new production lines while most of them have applied management system certification/verification (regarding quality assurance and hygiene standards).

According to the Federation of Greek Export Enterprises of Fruits, Vegetable and Juices (Incofruit Hellas), the number of

"active" units in the industry (sorting - packing) is estimated to approximately 1,000. There is an excessive production capacity installed by the companies in the sector, which is considered sufficient to process at least three times the current production of fresh fruits & vegetables.

Production

The total output of the fruits & vegetables sorting/packaging sector, has increased during period 2004-2011, at an average annual rate of 3%. Fruits accounted (on average) 61% of total production, the remaining covered by vegetables.

In 2011 supply of sorted/packaged fruits grew by 9% compared to 2010. Citrus and stone fruits (especially peaches) covered approximately 63% of the volume related to fruits over the last three (3) years, followed by pome fruit (share 11% -13%). The grapes also covered a share between 7% -10%, while the remaining refers to other kind of fruits (kiwi, melons, etc.).

Furthermore, the output of sorted/packaged vegetables increased in 2011. Out of the total volume, 52% was covered by potatoes, followed by tomatoes (share: 26%).

Foreign Trade

Greece is an exporting country of fresh fruits and vegetables maintaining a positive foreign trade balance. Imports concern mostly products or varieties which are not produced locally (e.g. tropical fruits), as well as fruits & vegetables that are produced locally, however their availability in the market is subjected to seasonal fluctuations or significant price differences.

Total imports of fresh vegetables have fluctuated over the last five years. Fruits cover about 55% of total imports volume, the remaining being covered by vegetables. Among fruits, the largest volume of imports relates to bananas (52% in 2010). On the other hand, the largest volume of vegetable imports is covered by potatoes (60% in 2010).

As regards to the countries of origin, the most important supplier was Ecuador, as it covered 19% of total imports (in volume), followed by Egypt and Italy, each one participating by a percentage of 15-16%.

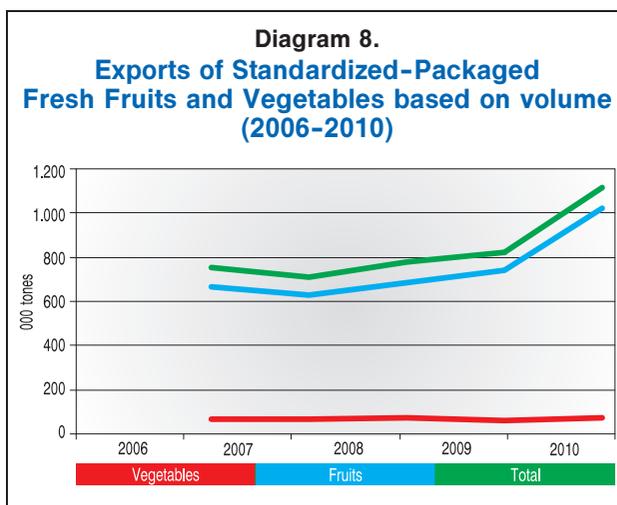
Exports of fresh vegetables showed an upward trend in the recent years. Exports of vegetables is rather limited (compared to the fruits), concerning mainly a few kinds of vegetables, the main ones being cucumbers, potatoes and asparagus. Taking into consideration the total output of sorted/packaged vegetables, the exported products accounted for almost 20% of the total volume in the period 2010-2011.

On the contrary, exported fruits covered 64-66% of sorted/packaged fruit production in the last two years. The largest share is held by oranges (37% of fruit exports in 2010), and watermelons (17.5%), followed by kiwis and peaches.

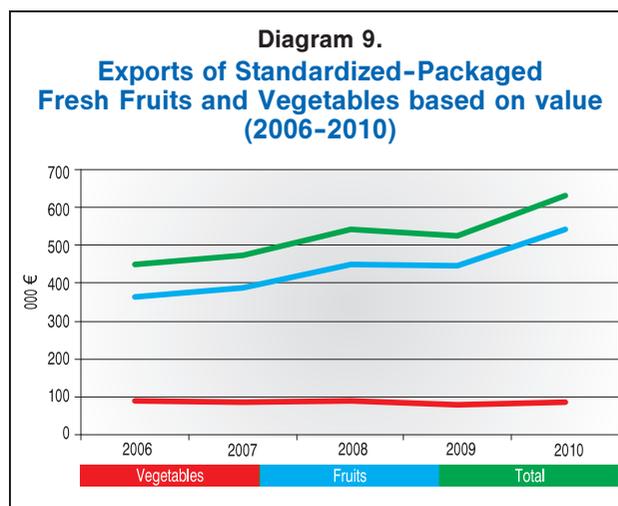
Major countries of destination were Romania, Germany and Bulgaria, followed by Poland and Russia.

The Market

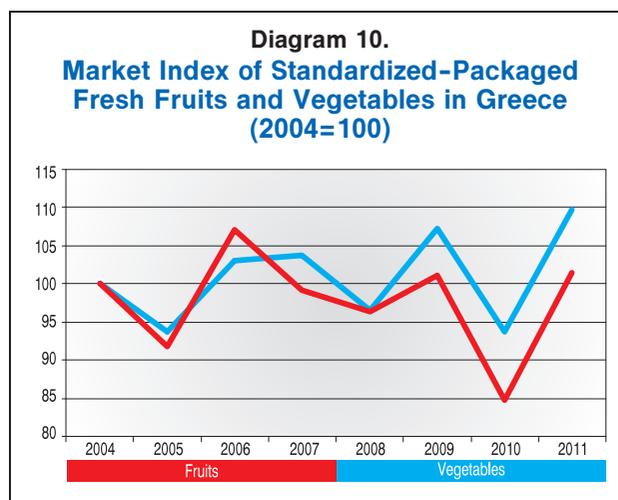
The volume of the domestic apparent consumption for sorted-packaged fresh fruits & vegetables varies from year to year. It is estimated that 42% of total consumption relates to fresh fruits, the remaining being covered by fresh vegetables (data 2011). The rate of import penetration for fruits is estimated at 27%-29% in the last years, while the relative percentage for vegetables was 16%-18%.



Source: Hellenic Statistical Authority (EL.STAT.)



Source: Hellenic Statistical Authority (EL.STAT.)



Sources: ICAP Group S.A., Incofruit, EL.STAT.

The Greek fruits and vegetables market is supplied mainly by wholesale companies (other than central markets) whose share is estimated to 35%-40%, followed by the super market chains (25% -30%), the central (wholesale) markets operating in Athens and Thessaloniki (16% -20%) and small farmers' markets (17%).

SWOT ANALYSIS

Strengths

- The fruits & vegetables are considered as a basic food category enjoying a very good share in the Greek daily menu.
- The fact that fruits & vegetable constitute a basic ingredient for most of the healthy diets reinforces the demand for the products concerned.
- The large variety and high quality of the Greek agricultural products, as well as the strong preference of Greek consumers for local fruits & vegetables.

Weakness

- The fragmentation of the Greek agricultural production in general, resulting in high costs related to the collection and transportation of fruits & vegetables.
- Intense competition due to the existence of too many units in the sector.
- High transportation costs for exporters.
- Many sorting/packaging plants are dealing with few product categories, thus operating on a seasonal basis only.
- Lack of strong promotion strategy for Greek products abroad.

Opportunities

- The further expansion of exports, both by volume and variety.
- Organized promotion and advertising of Greek agricultural products abroad.

Threats

- The fact that agricultural production in general is strongly depended on weather conditions, which may affect both production volume as well as product quality.
- Rising imports (at EU level) of fruits and vegetable from countries with low production costs, threatening the locally produced fruits & vegetables.
- The liquidity problems in the Greek market and the increase of bad debt.

PROSPECTS

Fresh fruits & vegetables are basic food categories which are essential for the daily diet of consumers.

Regarding the prospects of the sector for the next two years (2012-2013), no major changes are expected in the total volume of domestic consumption (low annual change rates). Total exports are expected to increase at an average annual rate of 7-8%, while imports will slow down at the same time, thereby improving the trade balance of fruits and vegetables.

Sector companies' are aiming to improve competitiveness, in order to maintain their market shares, also seeking to increase their exports in order to achieve better results.

FISH FARMING

Features of the Sector

The sector of marine aquaculture (sea farming) is among the most dynamic sectors of the Greek economy. The sector is export-oriented, contributing to the balance of payments. The largest proportion of its production is exported mainly to European countries.

The Greek aquaculture included a large number of fish-farming units/enterprises in the last two decades. However, in the last years a consolidation trend has prevailed in the industry, which is still on-going (through absorption/acquisitions of SMEs by large groups, or closing down of units). The industry includes a few large group of cos, vertically integrated, being engaged in both the production of fish fry (juvenile), as well as the on-growing of fish, while most companies in the sector are engaged only in fish breeding (on-growing activities). The leading companies in the sector are pursuing vertical integration in their operations (aiming to increase their competitiveness), as well as the organization and expansion of their distribution networks, both locally and abroad.

Greece maintains the leading position in Mediterranean aquaculture, based on the production of sea bream and sea bass, as well as in their juvenile. During the last years investments were made by some companies in order to develop "new species", however the production in this field is still on a low scale.

Production

The main products of marine aquaculture in Greece are the sea bream and sea bass. Total production of sea bream and sea bass increased significantly over the last two decades in Greece. Specifically, during the period 1993-2005, production volume increased at an average annual rate of 20%. A remarkable increase was also recorded in the period 2006-2008 (average annual rate of 17.5%). However, in the last 2 years (2009-2011) the volume of production has been declining, at an average annual rate of 5% approximately. Sea bream covers the largest share of domestic production (60% in 2011), the remaining mostly covered by Sea bass.

The value of the aquaculture output followed an upward trend at an average annual growth rate of 7%, over the period 2006-2011.

Foreign Trade

Imports of sea bream & sea bass followed a strong downward trend in the period 2008-2011, at an average annual rate of 34%, regarding imported quantities. The largest volume of imports is covered by sea bass, covering 66.4% of total imports, in 2011.

The main supplier for aquaculture products is Turkey, covering (in 2011) 61.7% of the total imports, followed by France (20.1%) and Albania (6.6%).

On the other hand, exports of sea bream and sea bass (in general) followed an upward trend in the period 2005-2010, at an average annual rate of 20% approximately. However, in 2011 exports showed a significant decrease compared with the previous year.

On the contrary, the total value of exports for the above products increased, by 11% in 2011/10. The above fact indicates the increase in the average selling price of exported quantities that period.

The larger part of exports is covered by sea bream, the share of which amounted to 54.2% in 2011.

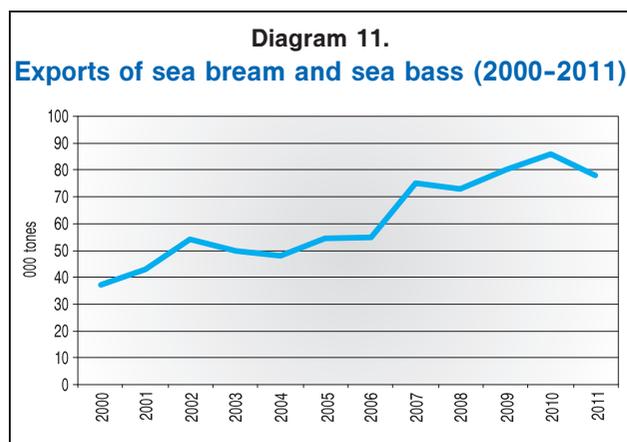
Italy is the main country of destination absorbing almost 46% of total exports in 2011, followed by France (13.2%), Spain (12.5%)", Portugal (8.7%), the UK (6,6%), etc.

Table 6.
Exports of sea bream and sea bass (2000-2011)

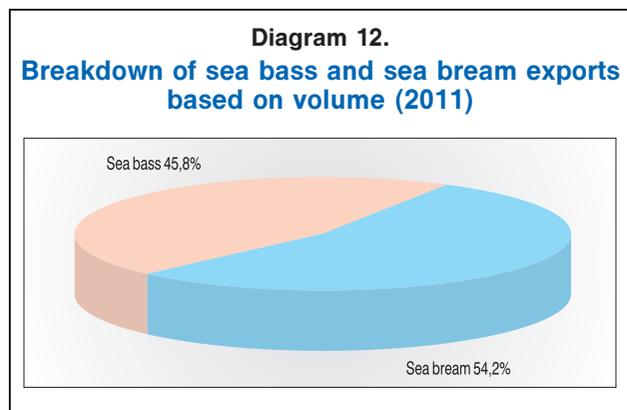
Year	Quantity	Change
2000	37.212	-
2001	43.000	15,6%
2002	54.000	25,6%
2003	50.000	-7,4%
2004	48.000	-4,0%
2005	54.500	13,5%
2006	55.000	0,9%
2007	75.000	36,4%
2008	73.000	-2,7%
2009	80.000	9,6%
2010	86.000	7,5%
2011	78.000	-9,3%

Quantity in tones

Sources: ICAP Group S.A. , Market Estimates.



Sources: ICAP Group S.A. , Market Estimates.



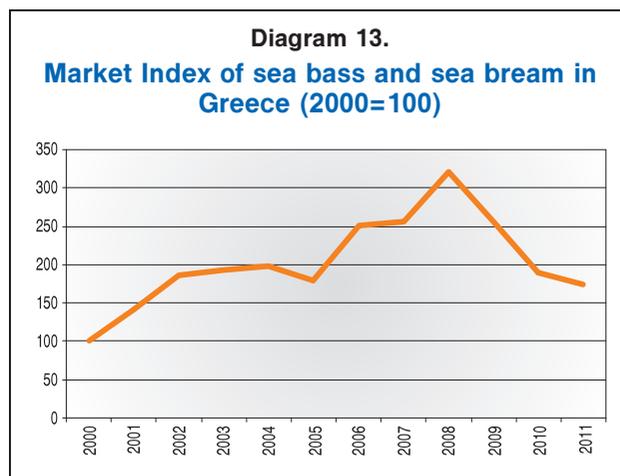
Sources: ICAP Group S.A. , Market Estimates.

The Market

The aquaculture industry has developed a strong export activity, as the bulk of domestic production is directed to foreign markets. Exported quantities of sea bream and sea bass (following six years of significant growth) declined in 2011/10, still covering however, 70% of total production. Major destinations are the European markets (Italy, Spain, France, etc.).

The size of the domestic consumption of sea bream and sea bass (in quantity) declined in 2009-2011, at an average annual rate of 18.4%. Imports in general remain on a low level, covering only 4.4% of domestic consumption in 2011.

Several companies in the industry (especially small and medium size), due to the fact that they have no access to the important distribution networks, offer most of their production to the large aquaculture groups operating in Greece. Then, these quantities are either exported (mainly), or sold on the domestic market.



Sources: ICAP Group S.A. , Market Estimates

SWOT ANALYSIS

Strengths

- The favorable geographical and climatic conditions in Greece and the leading position that the country has in Mediterranean aquaculture.
- Competitive prices of the aquaculture products compared to those of free fishing
- The significant decrease in the fish inventories of free fishing.
- The operation of large-scale and organized groups in the sector, who promote and strongly support export activities.

Weakness

- The long duration of the (on-growing) production process.
- The high requirements for working capital and capital expenditure, resulting in heavy reliance on bank lending.
- The lack of full spatial planning.
- Insufficient advertising & promotional strategy for Greek fish farming products.

Opportunities

- The development of "organic" fish, as many consumers are turning to healthier diets.
- The expansion of the activities of the leading companies in processing of fresh fish - offer of added-value products (fish fillets, etc.).

Threats

- The economic crisis affecting business in every sector (liquidity problems, reduced bank financing, etc.).
- The reduction of consumer's disposable income, due to the prolonged economic crisis.
- The oversupply of fish farming products, which led to a drop of the prices in the industry.
- The increasing competition from aquaculture products of other Mediterranean countries.

PROSPECTS

Under the current conditions and trends, only minor changes are expected in the domestic production of sea bream and sea bass, while for the year 2012 a slight decrease is expected (about 2% -3%) compared to the previous year. Hopefully, production is expected to recover in the coming years (2013-2014), on a rather low growth rate however (2% -4%).

On the other hand, the total domestic consumption for aquaculture products is projected to decline further in 2012, as a result of the economic recession in the country.

WINE INDUSTRY

Features of the Sector

The wine industry in Greece includes a small number of large industries, as well as many small wineries, agricultural cooperatives and import companies. Large industries hold a significant share of the local bottled wine market, covering through extensive distribution network the country. Regarding smaller enterprises, some produce wine in bulk and some bottled wine, sold mainly to local districts, while others produce only quality bottled wine with specific characteristics (so-called "small producers wine"), the distribution of which is usually done by specialized companies. A substantial part of domestic production is carried out by agricultural cooperatives. The market also includes a few importing companies, selling not only wine but a wide range of alcoholic beverages.

Large wine industries have a strong export orientation. Major foreign markets for the Greek wines are Germany, USA, Canada, France and Belgium, where there are strong Greek communities.

The demand for wine is affected by seasonality; with the highest consumption taking part particularly during the winter holidays. The price and disposable income also influence demand, as competition from substitute products is very strong.

The structure of distribution varies according to the producer's size. Large industries have developed their own networks supplying directly the main outlets (super markets chains, major points in the HO.RE.CA. market). Furthermore, the wholesalers - dealers are the main distribution channel especially for small and medium-sized enterprises, while covering most of the market in areas outside urban centers and especially in the islands.

Production

The domestic wine production declined in the last five years at an average annual rate of 6.7%. In particular, the total wine production is estimated to have declined by 9% in the last wine period (2010/11) compared to the previous period (2009/10). The geographical region of the Peloponnese is the main wine productive region, covering 21% of total production (the wine year 2010/11). The Central Mainland of Greece represents 18.2%, followed by Crete (14.9%).

According to data from the Ministry of Agriculture, white wines are the most important category, as they represent a share between 66% and 72% of total domestic production volume, in the last five years. Similarly, red and rose wines covered shares between 28% and 34% over the same period.

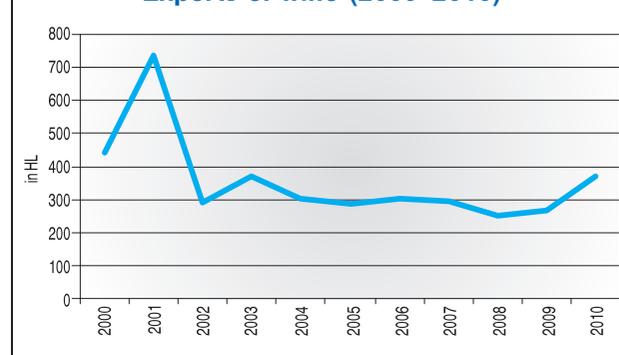
Wine products registered as PDO (Protected Designation of Origin) accounted for nearly 11.4%, while wines registered as PGI product (Protected Geographical Indication) covered 17.1% of total wine production in the last wine period.

Table 7.
Exports of wine (2000-2010)

Year	Value	Change	Quantity	Change
2000	67,400	-	443,633	-
2001	81,408	20.8%	735,855	65.9%
2002*	50,378	-38.1%	290,713	-60.5%
2003*	65,320	29.7%	370,023	27.3%
2004*	63,278	-3.1%	300,685	-18.7%
2005*	58,100	-8.2%	288,018	-4.2%
2006*	55,728	-4.1%	302,413	5.0%
2007*	55,126	-1.1%	295,393	-2.3%
2008*	53,303	-3.3%	252,135	-14.6%
2009*	56,964	6.9%	266,533	5.7%
2010*	57,039	0.1%	369,732	38.7%

*Temporary data
Quantity in HL
Value in thousand €
Source: Hellenic Statistical Authority (EL.STAT.)

Diagram 14.
Exports of wine (2000-2010)



Source: Hellenic Statistical Authority (EL.STAT.)

Foreign Trade

Greece is a traditionally wine producing country, thus the local wine production covers demand. Import penetration remains generally low. The evolution of total wine imports fluctuates, especially in terms of quantity.

Import volume fell by 34.6% in 2010, following a decrease (-8%) registered in 2009. Imports breakdown shows that the largest contribution relates to the category "Other white wine" covering 19.7% of total imports, followed by the category "Other red wines" holding a share of 16.2%, in 2010.

E.U. countries accounted for nearly 95% of total imports in 2010, Italy being the largest supplier, holding a 64.6% share (in quantity) in 2010. France ranks second having a share of 12.8%.

Total wine exports in the decade 2000-2010 fluctuated. In 2010, export volumes increased by 38.7%. Most important exported products are the "other red wines", covering 33.9% of total wine exports in 2010, followed by "other white wines" (21.2%). Bottled wine exports overmatch, compared to exports of wines in "bulk" form.

Germany has traditionally been the main destination for Greek wines, covering (in 2010) nearly 54.1% of the total exported volume. This is mainly due to a significant number of Greek immigrants living in Germany, and the existence of many Greek restaurants.

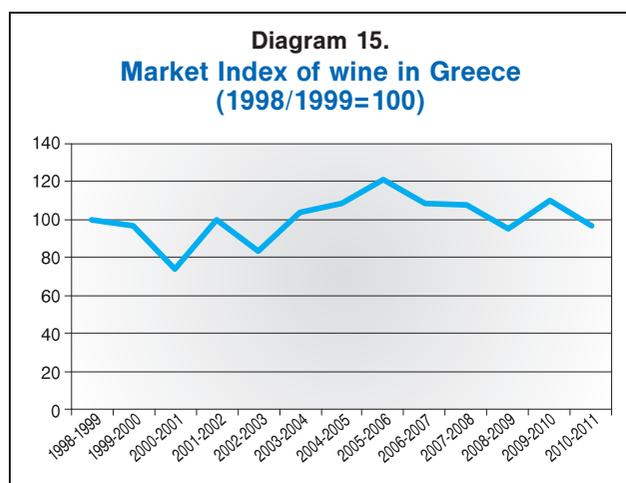
Among other E.U. countries, France comes second, followed by Belgium. Overall, EU countries absorbed 85.6% of total wine exported in 2010. Excluding E.U. countries, the U.S.A. appears to be the major importer of Greek wines, covering 5.4% of total exports.

The Market

The domestic human consumption of wine dropped the last five years, at an average annual rate of 2.9%. In particular, during wine period 2010/2011 consumption declined by almost 12%, compared to the period 2009/2010.

During the last years consumption of bulk wine (un-branded) is estimated to cover 65% of total, while the bottled wine holds a share of 35% approximately, as the crisis affected demand for bottled wine.

Domestic demand is supplied mainly by Greek wines, while import penetration is low (between 4.5% and 5% in the last two years).



Source: Hellenic Ministry of Rural Development and Food.

Wine market is distinguished in the so-called "cold" market, which includes clubs, taverns restaurants, etc, as well as the "warm" market, which refers to household consumption. Supermarkets and liquor stores are the main retail outlets, estimated to represent more than 70% of total sales, a share which is increasing.

SWOT ANALYSIS

Strengths

- The upgraded and recognized quality of Greek wines, especially in recent years.
- Favorable weather conditions in the country and appropriate (for cultivation) soils.
- The beneficial effects of moderate wine consumption on human health.

Weakness

- The fragmentation of the domestic wine cultivation and wine producing sector.
- The high cost of production due to lack of economies of scale.
- Lack of strong promotion strategy for Greek wine abroad.

Opportunities

- Organized promotion of Greek wines abroad. Intense efforts for penetration in new markets (China, Russia, India).
- Cost reduction aiming to increase competitiveness of Greek wines.
- The development of alternative forms of tourism (agro tourism, Wine tourism).

Threats

- The imposition of excise duty on wine.
- The on-going economic crisis affecting consumer's disposable income.
- The liquidity problems in the Greek market and the increase of bad debt.

PROSPECT

The recession in the Greek economy continues unabated, therefore domestic wine consumption is expected to be affected in the next two years. Particularly in the bottled wine, market size is expected to fall (5-10%), due to increased demand for (cheaper) bulk wine, as well as lower consumption in general.

The Greek wine market is characterized by intense competition. The extend offer in the industry both in volume of products, and a variety of labels (brands) of all categories of wine, forming an intensely competitive landscape, influenced by the existence of many substitute products (alcoholic drinks, soft drinks, etc.). The competition, in fact, is increasing as the market faces lower demand.

Large companies seek to increase their exports and several companies, mostly small, are trying to diversify and improve the quality of their wines, investing in new modernized wineries. Also, they invest in research to add new varieties to their product range.