CBI MARKET SURVEY

The spices and herbs market in Greece

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the spices and herbs market in Greece. The information is complementary to the information provided in the CBI market survey 'The spices and herbs market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

To give an idea of the demand for different product groups, apparent consumption (production + imports - exports) is calculated. Please apply these data with care, as they can only be used as an indication of the market. Also see chapter 1 of the CBI market survey covering the EU market.

Greece is a relatively small consumer of the selected spices and herbs in the EU, accounting for 1.4% of total EU consumption. In 2008, total consumption amounted to 4.7 thousand tonnes, signifying a small annual average increase of 1.6% in the period 2004-2008. However, the market in Greece has developed very differently for the various product groups described here.

The consumption of the largest product group, paprika, chillies & allspice increased by 7.3% in the period 2004-2008. In 2008 it amounted to 1.2 thousand tonnes. In contrast, apparent consumption of spice seeds and pepper both decreased somewhat, reaching 1.1 thousand tonnes each.

Of the product groups consumed in much smaller quantities, cinnamon (480 tonnes), mixtures (127 tonnes), ginger (67 tonnes), vanilla (65 tonnes) and turmeric (54 tonnes) all experienced increases in their apparent consumption. Demand for cloves (74 tonnes) and nutmeg, mace & cardamom (63 tonnes) both fluctuated and resulted in average annual decreases. Finally, other spices and herbs (415 tonnes) saw apparent consumption grow considerably from 2005 onwards.

However, Greek people use a lot of herbs of which no actual data are available. Most of these herbs are locally produced.

Industry sources indicate that there is still a lot of uncertainty on the market due to the recent economic crisis, and that traders are reluctant to build stocks. There is an overriding hesitance in making predictions on how the spices and herbs market will develop in the coming years.

Consumption trends

Consumer needs in Greece are dynamic and evolving, with purchasing patterns ever changing. Just like in many other European member countries, fast-paced lifestyles demand convenience food and frozen products beside the fresh food market. Increasing health awareness has lead Greeks to demand more organic goods and healthy alternatives. As the Greek organic farming industry is still relatively small, there is a potential for exporters in developing countries to export to Greece. However, Greeks tend to be very nationalistic when it comes to purchasing decisions, particularly when it involves food. This is mainly a result of quality and safety concerns, but also in support of national production.

Organic food has only recently been introduced in Greece. Most recent data is from 2006, indicating that the organic food market amounted to € 58 million (less than 1% of the total food market). This makes Greece still a relatively small market for organic food products. Yet, the organic market is growing and it is clear that demand is outnumbering the supply in Greece itself.

The economic crisis did result in a scaling back in consumption; however, this does not immediately translate into a fall in apparent consumption of spices and herbs. Spices and herbs are also used in cheaper food products.

For more information on consumption trends, please also refer to the CBI survey covering the EU market for spices and herbs.

Production
According to the statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT), Greece produced 850 tonnes of spices in 2008, constituted by spice seeds (500 tonnes) and paprika, chillies & allspice (350 tonnes), with annual average increases of 1.6% and 3.9% respectively. Total production of spices increased annually by 2.5% in the period 2004-2008.

Greece has a very long history of herb collection, also of the cultivation thereof. Examples are oregano, basil, thyme, which are traditional Greek spices and herbs. The country also has very considerable household production of herbs, especially for culinary purposes. According to the EU statistical office (Eurostat) Greece cultivated officinal herbs, aromatic plants and plants for seasoning on 3.5 thousand ha in 2007. This indicates a considerable increase in herbs cultivation between 2004 and 2007. Considerable wild collection of herbs also takes place in Greece.

Production trends
In 2007, the land area under organic management in Greece totalled more than 278 thousand hectares, accounting for approximately 3% of total agricultural land and numbering almost 24 thousand farms. This makes Greece both in absolute and in relative terms one of the more mature organic farming countries in the EU. However, organic production is apparently insufficient, as imports are needed to meet growing demand. Eurostat reports that the area used for the cultivation of officinal herbs, aromatic plants and plants for seasoning increased strongly and amounted to 694 ha in 2008. Another 48 ha is still under conversion.

For more information on production trends, please also refer to the CBI survey covering the EU market for spices and herbs.

Opportunities and threats
+/- Greece is a relatively small consumer of the selected spices and herbs. However, apparent consumption increased somewhat, as did apparent consumption of most product groups, including the largest, paprika, chillies & allspice. This might offer opportunities for developing country (DC) suppliers.
- Opportunities are limited on the Greek herb market. There is considerable demand for herbs used in the traditional kitchen; however, these are mostly produced in Greece itself.
- The markets for cloves and nutmeg, mace & cardamom do not seem to offer opportunities for DC suppliers as they are very small and declining.

+/- Although the organic market in Greece is still small, it is developing. At this moment demand for organic food outstrips supply; however, it is not clear if this is also true for organic herbs, as local production increased considerable.

For more information on opportunities for and threats to exporters in developing countries stemming from trends and patterns in consumption and production of spices and herbs, please refer to chapter 7 of the CBI market survey, covering the spices and herbs market for the EU.

2 Trade channels for market entry

Spices and herbs, mostly entering the EU as whole, un-ground products, share the same trade channels. The most important partners for developing country exporters to the EU are a small number of specialised importers and brokers. The Greek retail and wholesale trade is mostly characterised by small businesses. Organic spices and herbs are most often imported by importers specialised in organics. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, but here large and consistently high-quality volumes are relevant. The most important end-users are the retail sector and the catering sector, and especially the food-processing industry.

The main trade channels for spices and herbs are shown and further explained in the CBI market survey covering the EU market for spices and herbs. It should be noted that, throughout the various trade channels, different prices and margins apply to spices and herbs. There is no specific information about the prices and / or margins for spices and herbs in Greece.

Companies which could be of interest are:
- Aromatic Plants and Herbs from Thrace - http://www.oreganum.gr/en/index.html
- Alexopoulos Alexandros & Co - http://www.alexbaharika.gr/uk/home.html
- Trofotechniki S.A. - http://www.trofotechniki.gr/uk/index.php

Good Internet sources for encountering other trade partners in Greece, like importers, agents and processing industries are the following:
- Food world - http://www.thefoodworld.com - an extensive on-line food business directory, with full EU coverage. Condiments, spices and herbs are a separate product group.
- Europages - http://www.europages.com – on-line business directory, with full EU coverage. Condiments, extracts and spices are a separate product group, falling under the category of 'Food & related products'.
- HerbImporters.com - http://www.herbimporters.com - provides contact information of 135 European importers of herbs and herbal medicine products at a cost of US$15.
- SpiceImporters.com - http://www.spiceimporters.com - provides contact information of 220 European importers of spices, seasoning and flavouring at a cost of US$20.

On line market places such as those below are also useful:
- Agronetwork.com - http://www.agronetwork.com/global
- Organic-market.info - http://www.organic-market.info – on-line magazine for organic trade.
- Spices Trade world - http://spices.tradeworlds.com
- IngrIDnet - http://www.ingridnet.com - for ingredient suppliers.

3 Trade: imports and exports

Imports
In 2008, Greece ranked among the smaller importers of spices and herbs in the EU, accounting for 0.9% of total EU imports. In that year, Greek imports amounted to € 10 million/ 4.1 thousand tonnes, signifying an annual average increase of 10% in value, but remained stable in terms of volume during the review period.

The increase in import value was partly the result of increased imports from DCs, showing an annual average growth of 9.1% in the review period. EU countries also saw their supplies to Greece increase by 12% annually. The market share of developing countries remained stable throughout the review period, accounting for a share in imports of 49% in 2008.

Most imports came from Vietnam (18%), followed by The Netherlands (16%), Germany (14%) and India (11%). During the review period, imports from various DCs showed high annual average growth rates, including Vietnam (25%), India (26%) and Indonesia (12%). However, the imports from Turkey decreased by 7.4% annually.

In 2008, turmeric was the largest product group imported (31%), followed by cloves (22%), cinnamon (15%) and pepper (10%). Of the largest product groups imported, cinnamon increased annually on average in both value (26%) and volume (17%), followed by cloves with an annual increase of 9.9% in terms of value and 7.5% in terms of volume. In contrast, turmeric and pepper showed a differing growth trend. In terms of value, both products groups showed an annual growth of 12% and 6.0% respectively, while indicating a decrease in terms of volume by 4.9% and 8.0% per annum respectively. Of all spices and herbs imported, imports of saffron increased the most during the review period, by 26% in terms of value and 19% in terms of volume. Imports of paprika, chillies and allspice by Greece decreased considerably in terms of value, by 46% annually. Furthermore, vanilla decreased in terms of value (-3.8%), due to heavily increasing prices in the early years of 2000, as a result of natural disasters and political instability in Madagascar, the main vanilla supplier.

Exports
Greece is a small exporter of spices and herbs, taking the 23rd place in the EU, accounting for 0.2% of total EU exports in 2008. Exports amounted to € 1.3 million / 252 tonnes, indicating an annual average decrease of 15% in terms of value and 8.8% in volume during the review period.

The majority of the exports was directed to other EU countries (73%). About 27% is exported to Cyprus, followed by Bulgaria (11%), Macedonia (11%) and Germany (10%).

Opportunities and threats
+ Imports from developing countries increased in both value and volume in the period reviewed. Furthermore, developing countries continue to supply almost half of spices and herbs imports into Greece and this share is slowly increasing.
- Greece is both a relatively small consumer and importer of spices and herbs. Therefore, it is not a very interesting market for developing country exporters.
- Two important product groups, paprika and spice seeds, have fared rather badly in terms of import and consumption. Demand for these product groups is to a large extent and increasingly satisfied by domestic production.
- Due to the economic crisis there are many uncertainties and this could lead to an overall scaling back on consumption. It is not clear how and to what extent this will affect the trade in spices and herbs to and within the EU.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey ‘The market for spices and herbs in the EU’ presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources
- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu
- Eurostat – official statistical office of the EU - http://epp.eurostat.ec.europa.eu
- Understanding Eurostat: Quick guide to easy Comext http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

Prices of spices and herbs can be found in the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in Greece. Prices of spices and herbs depend on origin and buyer preferences (demanded quality, order size etc.), and on negotiations with partner companies. Prices provided in the market survey covering the EU should be used as a reference point only. Margins charged by different intermediaries are influenced, among others, by the type of spice or herb, current and expected future harvest situation, availability and number of sources, the level of demand and trends in prices.

Useful sources for price information are:
- ITC Market News Service (MNS) - http://www.intracen.org/mas/mns.htm
- Public Ledger - http://www.agra-net.com
- International Pepper Community - http://www.ipcnet.org
- Indian Spices Board - http://www.indianspices.com

5 Market access requirements

As a manufacturer/ supplier in a developing country preparing to access Greece, you should be aware of the market access requirements of your trading partners and the Greek government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select spices and herbs and Greece in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm

Information on tariffs and quota can be found at http://exporthelp.europa.eu

Tariffs and quota applicable in Greece are the same as for the EU. Information regarding these market requirements can be found in the survey covering the EU market.

The standard VAT rate in Greece is 19%. The VAT rate generally applied to food products is 9%.

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Greece, visit the following websites:

Trade associations
- The Federation of Hellenic Food Industry (SEVT) - http://www.sevt.gr
- Union of Hellenic Chambers of Commerce and Industry - http://www.e-boss.gr
- Bio-Hellas, organic certification body - http://www.bio-hellas.gr
- DIO, organic certification body - http://www.dionet.gr

Trade press
- Gefsi - http://www.gefsi.gr
- Market Zoom - http://www.marketzoom.gr
- Trofima & Pota - http://www.triaina.com/EN

Trade fairs
- Detrop Food & Beverage EXPO - http://www.biztradeshows.com/trade-events/detrop.html
  The next event will be held in March 2011 in Thessaloniki, Greece.

Other
- A possible source of cultural specifics of Greece could be:
  http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/greece/greece.html

- Information on Greek business culture can be found at: http://www.businessculture.com/greece/index.html, or: http://www.worldwide-tax.com/greece/grepractice.asp

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