

CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OIL SEEDS)
MARKET IN GREECE

Publication date: July, 2007

Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the vegetable oils & fats and oil seeds market in Greece. The information is complementary to the information provided in the CBI market survey 'The vegetable oils and fats (including oil seeds) 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*****Vegetable oils and fats***

- Greece is a small consumer of vegetable oils and fats (excluding olive oil), accounting for 2% of total EU25 consumption. Between 2001 and 2005, Greek consumption of vegetable oils and fats showed an annual average increase of 8%, amounting to 147 thousand tonnes in the latter year.
- Within the group of vegetable oils and fats (excluding olive oil), sunflower oil is the most popular oil among Greek consumers, accounting for 52% of total Greek consumption. Another important consumer product is palm oil, accounting for 36% of total Greek consumption.
- Greek is the third leading consumer of olive oil after Spain and Italy, accounting for 14% of total EU25 olive oil consumption. Between 2002 and 2006, Greek olive oil consumption showed a small average decrease of 1%, amounting to 288 thousand tonnes in 2006. The International Olive Oil Council expects Greek olive oil consumption to increase to 288 thousand tonnes for 2007.
- Trends influencing the market for vegetable oils and fats, including oil seeds, are health concerns (causing, among others, a shift away from fatty acids and hydrogenated fats towards more unsaturated fats), increasing demand for bio fuels and a growing interest in sustainably produced (i.e. organic) vegetable oils and fats. All these factors are expected to further boost future demand for the products discussed. For more information on trends in vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market.

Oil seeds

- Greece is a relatively small consumer of oil seeds, accounting for 2% of total EU25 oil seed consumption. According to Fediol (2006) a sunflower seed is the only product among the selected seeds consumed in Greece.
- In 2005, estimated consumption amounted to 54 thousand tonnes, representing an average annual decrease of 12% in terms of value since 2001.
- According to FAO data, Greece is the leading consumer of sesame seeds, accounting for 24% of total EU25 consumption. In 2005, consumption of sesame seeds amounted to 20 thousand tonnes, representing an annual average increase of 1% since 2001.

Production***Vegetable oils and fats***

- Greece is a relatively small producer of vegetable oils and fats (excluding olive oil), accounting for 1.4% of total EU25 production.

- Within the group of vegetable oils and fats, sunflower oil is the main product produced in Greece. Between 2001 and 2005, sunflower production in Greece showed an annual average decrease of 10%, amounting to 25 thousand tonnes in the latter year.
- According to the International Olive Oil Council, Greece is the third leading producer of olive oil, after Spain and Italy, accounting for 22% of total EU25 production. Between 2002 and 2006, olive oil production in Greece increased by an annual average rate of 4%, amounting to 424 thousand tonnes in the latter year.

Oil seeds

- Greece is a relatively small producer of sunflower seed, accounting for 0.7% of total EU25 production. Between 2001 and 2005, production of sunflower seed in Greece showed a stable amount of 26 thousand tonnes.

Opportunities and threats

- In Greece, the production of vegetable oils and fats as well as of oil seeds is not enough to meet domestic demand. This offers opportunities for developing country exporters of these products.
- However, please note that oil seed consumption decreased considerably, which could be a threat for exporters to Greece.
- Consumption of vegetable oils and fats, on the other hand, increased considerably between 2001 and 2005.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

2 Trade channels for market entry

The distribution of vegetable oils & fats and oil seeds in Greece does not differ substantially from the distribution as described in the CBI survey covering the EU market for vegetable oil and fats (including oil seeds). Please refer to the EU survey for a more comprehensive explanation of the main trade channels in the EU.

Vegetable oils and their raw materials can be traded directly from the source to the European processing industry or through one or more traders (agents, exporters, importers etc.). In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

The margins charged by the different intermediaries in the vegetable oil and oil seed trade are influenced by many different factors like the type of product, current and expected prices, cost of refining, availability, processing possibilities, etc. All these factors make it extremely difficult to provide information on typical margins in the trade of vegetable oils and fats and oil seeds.

Interesting companies in Greece are:

- Cargill <http://www.cargill.com>
- Nutria <http://www.nutria.gr>
- Widriss S.A. <http://www.widriss.gr>
- Minerva Edible Oils Enterprises S.A. <http://www.minerva.com.gr>

Good sources for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- Members list of the EU Oil and Protein-meal Industry (Fediol): <http://www.fediol.be/>
- Food world: <http://www.thefoodworld.com> (an extensive online food business directory, with full EU coverage. Please look under the categories: 'Oilseeds, Oilseed Products,' 'Vegetable Oils and Fats,' and 'Olives, Olive Oil')
- Europages: <http://www.europages.com> (online business directory, with full EU coverage. 'Oils and fats, edible' are a separate product group, falling under the category of 'Food & related products.')

Online market places such as the below are also useful:

- Agronetwork.com: <http://www.agronetwork.com/global>
- Organic Trade Services: <http://www.organicts.com> (also offering organic industry news)
- Ingridnet: <http://www.ingridnet.com> (for ingredient suppliers)

3 Trade: imports and exports

Imports

Vegetable oils and fats

- Greece is a small importer of vegetable oils and fats, accounting for 1% of total EU25 imports.
- In 2005, Greece imported € 86 million / 133 thousand tonnes of vegetable oils and fats, representing an average annual increase of 17% in terms of value and 12% in terms of volume since 2001.
- In 2005, developing countries supplied nearly 40% of all Greek imports. With a market share of 11%, Malaysia was the largest supplier. Other important suppliers are Papua New Guinea (6%) and Ukraine (5%). Imports from developing countries increased by an annual average rate of 12% in the period reviewed, amounting to € 34 million in 2005.
- Within the group of vegetable oils and fats, sunflower oil is the leading import product with a market share of 42%. Another relatively important import product is palm oil, representing a market share of 25%, followed by cocoa butter, fat & oil (13%) and olive oil (12%).

Oil seeds

- Greece is a medium-to-small importer of oil seeds in the EU25, with a total market share of 4%.
- In 2005, Greece imported € 27 million / 59 thousand tonnes of oil seeds representing an average annual decrease of 3% in terms of value and 8% in volume since 2001.
- In 2005, developing countries supplied 70% of all Greek oil seed imports, which is well above the EU average (36%).
- Imports from developing countries decreased by an annual average rate of 5% in the period reviewed, amounting to € 19 million in 2005. The main suppliers of vegetable oils and fats are India, Ethiopia and Sudan with market shares of 31%, 25% and 9% respectively.
- Within the group of oil seeds, sesame seed is by far the leading import product, representing a market share of 67%. Another relatively important import product for Greece is sunflower seed, with a market share of 33%. Imports of sunflower seed however, showed a decrease between 2001 and 2005 by an annual average rate of 12%.

Exports

Vegetable oils and fats

- Greece is a medium-to-large exporter of vegetable oils and fats, accounting for 6% of total EU25 exports.
- In 2005, Greece exported € 327 million / 103 thousand tonnes of vegetable oils and fats representing an average annual increase of 8% in terms of value and an average annual decrease of 13% in volume since 2001.
- Almost the entire export value (99%) of vegetable oils and fats consist of olive oil.

Oil seeds

- Greece is a relatively small exporter of oil seeds, accountable for 0.7% of total EU25 exports.
- In 2005, Greece exported € 2.9 million / 2.2 thousand tonnes of oil seeds representing an average annual increase of 12% in terms of value and 6% in volume since 2001.

Opportunities and threats

- The Greek market for palm oil is interesting for developing countries, since they supply 95% of Greek palm oil imports. The same applies to coconut oil, as 90% of the import value is supplied by developing countries.
- With respect to oil seeds, the Greek market for sesame seed is interesting for developing countries since they supply 98% of Greek sesame seed imports (in terms of value).
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

4 Price developments

The Chicago Board of Trade is the most important market for several vegetable oils and oil seeds. Prices established at this exchange largely determine prices for these and related products all over the world.

Due to improved technology, different vegetable oil products are substitutable; this has a major impact on price settings. For example, palm oil is becoming increasingly popular in the food industry and, consequently, the price rises.

Some other factors also influence prices of vegetable oils and oil seeds:

- The climatic conditions.
- Continuous demand for bio-fuels.
- Increased demand for vegetable oils and fats due to improved welfare world wide.
- Driven by health concerns, the substitution of animal fat to the advantage of vegetable oils and fats.

With regard to oil seeds, in general, the prices of large volumes of oil seeds depend on exchange rates, in which the value of the dollar is a dominant factor. Prices of most products are not fixed and may fluctuate strongly, depending on season and global yields. Furthermore, the price of the oil seeds is heavily dependent on their quality. Oil seeds are traded by standard contracts, in which the price for a particular quality is stated.

For information on prices for vegetable oils & fats and oil seeds, please refer to the CBI surveys covering the EU market for vegetable oils and fats (including oil seeds).

5 Market access requirements

As a manufacturer 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 vegetable oils & fats 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/packaging/packit.htm>

Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

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

- Eleorgiki (Greek Central Cooperative Union of Olive Oil): <http://www.pca.com.gr/elea/welcome-en.htm>
- Federation of Hellenic Food Industries: <http://www.sevt.gr/e/pro/syndesmos.htm>

Trade press

- Efzin: <http://www.efzin.gr/>
- Market Zoom: <http://www.marketzoom.gr/>

Trade fairs

- International exhibition for bakery and confectionery 2007 Athens: http://www.eventseye.com/fairs/trade_fair_event_9861.html
- Aptozyrna- international exhibition for bakery-confectionery-raw materials- equipment-products Thessaloniki: http://www.eventseye.com/fairs/trade_fair_event_5473.html

Other

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

This survey was compiled for CBI by ProFound – Advisers In Development

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>