

Ελληνικές Εξαγωγές
Greek Exports
Exportations Grécques
Griechische Exporte



1. RECENT DEVELOPMENTS IN GREEK ECONOMY

a) Economic adjustment during the past five years

Since the beginning of the crisis, five years ago, Greece has implemented a bold program of structural reforms, and has also made great efforts in adjusting its fiscal and external imbalances. Regarding the **Fiscal consolidation**, since 2013 Greece returned to a primary surplus in the general government, for the first time since 2002. Moreover, by achieving a primary surplus of 1.2% of GDP, it outperformed the program target of a balanced primary result in the general government. Fiscal consolidation achieved a significant improvement (more than 11 percentage point improvement in the primary budget as a percentage of GDP) over the period 2009-2013, despite the deep recession.

Furthermore, Greece has recovered all of the cost competitiveness it had lost relative to its trading partners, since joining the euro area. **Cost competitiveness** has improved by more than 25 per cent since 2009. This development reflects the effect of structural reforms in the labour market, which have allowed more flexibility in the process of wage bargaining, as well as the impact of the sharp rise in unemployment on labour costs.

It is worth mentioning that, during the last four years, exports of goods have rebounded, with growth rates of real exports outpacing those of the euro area average. Moreover, the share of goods exports in extra-EU trade has nearly doubled and the share in world trade has increased by about 30% since 2010. These developments have occurred despite the adverse liquidity and financial conditions faced by Greek exporters.

On the same time, the landscape of the banking system has changed significantly over the past few years, with the number of banks being reduced through mergers, takeovers and resolutions. Today the system comprises four core banks and a number of smaller banks. The four core banks, following recapitalization and the implementation of restructuring plans, were placed to meet the challenges that the banking system faces going forward.

As a result of the persistent efforts, after six years of recession, Greek economy has started to rebound since the second quarter of 2014. **Real GDP increased by 0.8% in 2014**, against a decrease by 4.0% in 2013. Specifically, real GDP growth rate turned positive in the second quarter of 2014 after 25 consecutive quarters of negative figures. Economic growth was rather weak in Q2 2014 (0.3% y-o-y), but since then gained speed and increased on the back of great tourism performance. In the last quarter of 2014, GDP registered a growth rate of 1.3%. The main drivers of the economy in 2014 were the pick-up in private consumption, which stands for almost 70% of GDP and, to a lesser extent, the positive contribution of net exports. In Q1 2015, GDP increased by 0.4% y-o-y (seasonally adjusted), though on a quarterly basis the economy slipped back into recession, as GDP decreased by 0.2% for the second consecutive quarter.

In the first quarter of 2015, the main driver of the economy was domestic demand, which contributed 2.7 bps to GDP growth. On the contrary, net exports made a negative contribution to growth by 2.8 bps, due to a significant increase of imports of goods and services which fully offset the slight increase registered in exports. The main underlying factors supporting the recovery in private consumption in both 2014 and Q1 2015, were the increase in consumer confidence, the stabilization of household disposable income

supported by negative consumer prices and the moderate improvements in the labour market.

b) Present situation – Escalating uncertainty driven by long-lasting negotiations hinders growth prospects

Despite the favourable international economic environment, economic recovery in Greece remained fragile. The political turmoil and the prolonged negotiations with the official creditors heightened uncertainty. This environment led to a re-escalation of Greek government bond yields, while economic sentiment and specifically consumer confidence indicators deteriorated in April and May 2015.

In the first quarter of 2015, GDP growth, although anemic, remained in positive territory (0.4% y-o-y). However, on a quarterly basis, the Greek economy is bucking the recovery trend, **shrinking by 0.2%**. Recovery is projected to suffer a new setback, as uncertainty weighs heavily on investment.

Inflation in 2015 is expected to remain in negative territory, reflecting weak domestic demand and low global oil prices. The slash of economic growth projections is expected to have a significant knock-on effect on public finances as well.

In the last months of 2014 low revenue collection resulted in a less-than-targeted general government primary balance of 0.3% of GDP. In the first quarter of 2015, general government primary surplus stood at 0.7% of GDP, lower than the 1.4% primary surplus registered in the respective period of 2014. Greece has entered a disadvantageous situation where new fiscal consolidation measures will be required.

Hence, reaching a sustainable agreement with EU partners to meet the financial needs in a long-term horizon, is imperative in order to restore business confidence and improve liquidity conditions for both the public and the banking sector.

Leading indicators now point to a GDP growth of less than 0.6% in 2015. European Commission forecasts, have been revised downwards in the Spring 2015. In the same context, the OECD real GDP forecasts for the Greek economy in 2015 were also revised to 0.1% (June 2015).

In 2015 as a whole, economic recovery will remain subdued. Considering that a lasting deal with the creditors has taken place and the Greek government will fully implement structural reforms, GDP growth is projected to reach 0.6% or less in 2015. Recovery is expected to gain strength next year, mainly driven by private consumption. The latter would be supported by low inflation expectations, stabilized disposable income, as well as, the use of precautionary savings held outside the banking system.

However, growth is still insufficient to make a large dent in the unemployment rate, which is estimated to remain high in 2015. Exports of services are anticipated to pick up further on the back of a new record year in tourism while exports of goods would be fuelled by euro depreciation. A lasting deal with the official creditors is set to rebuild confidence and reactivate investment projects, especially in infrastructure, that were put on hold. Accelerating investment is crucial to any sustainable economic recovery.

Inflation will remain negative throughout 2015 due to an expected setback in domestic demand. Negative inflation and specifically lower oil prices increase households' purchasing power and thus their disposable income. According to ELSTAT latest release, Greece's headline inflation stood at -2.4% in Q1 2015, against -1.3% in Q1 2014. The average inflation rate in 2014 fell at -1.3% and is expected to remain below zero, on average, in 2015 as well.

2. TRADE BALANCE

In 2014 the total value of exports registered a slight fall (of 1.5%) compared to 2013. However, in 2013 the upward trend in exports was halted, as there was a marginal decrease (-0.1%) which went in 2014. Particularly, the total exports of the country amounted to **€26.9 billion in 2014** versus **€27.3 billion** the previous year. Nevertheless, excluding oil products, exports of other products registered a marginal rise of 0.7%.

At the same time, the value of imported products increased (by 1.4%) in 2014, which brought about **deterioration of 5.5% in the trade balance** of the country, and the trade deficit increased by €19.9 billion in 2014 from €18.8 billion in 2013.

Despite the slight fall of Greek exports last year, the **increase in the extroversions** of Greek businesses over time should be mentioned as Greek exports within a period of ten years registered a rise of 80%. Exports have accounted for around **15% of GDP** in recent years, a percentage which has doubled over the last decade (2005: 7.7%).

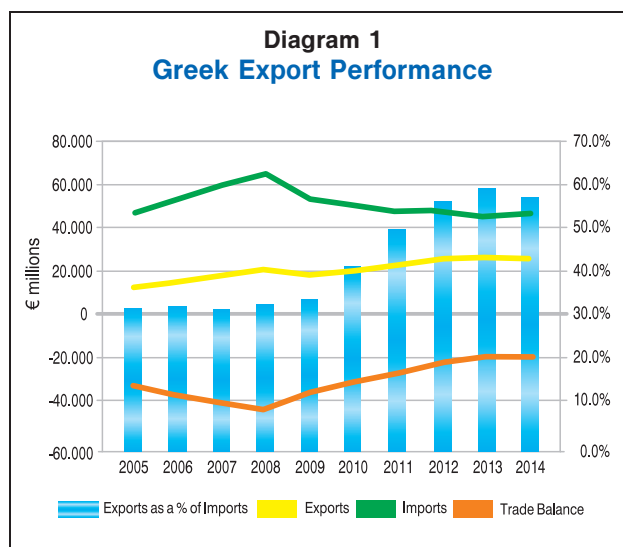
The fairly good performance of Greek exports, despite significant adversity, shows that Greek products can not only maintain but also conquer shares of the world market where the prevailing conditions favor international trade.

According to the latest (temporary) data of the Hellenic Statistical Authority (ELSTAT) over **the first quarter of 2015** the total value of exports (including oil products) reached €8.45 billion versus €8.44 billion during the respective period of 2014, registering a marginal rise of 0.1%. It is worth mentioning that excluding oil products, exports increased by 14.8% over the first quarter of the year.

Overall imports dropped by 4% while their value amounted to €14.8 billion in the first quarter of 2015. The aforementioned data show there is **improvement in trade deficit**, as this has registered a fall of 9%.

3. GEOGRAPHICAL EXPORT DISTRIBUTION

The total Greek exports reached €26.9 billion in 2014, registering a fall of 1.5% compared to the previous year. This is due to the fall of exports to Third Countries by 3.8%, while



Source: Hellenic Statistical Authority (ELSTAT)

exports to E.U.-27 countries increased, registering a rise of 1.5%.

The **European Union** increased its share in the total value of Greek exports in 2014, accounting for 45.1% of this, versus 43.8% in 2013. Certainly, its participation rate is much lower compared to previous years (2010: 62.8%). Exports to **Third countries** had a share of **54.9%** in 2014.

The value of exports to **EU - 27 countries** amounted to €12.13 billion in 2014 from €11.96 billion in 2013 (+1.5%). Among these countries **New Member States** (Cyprus, Poland etc.) have jointly reported a significant rise of 7.8%.

Exports to the **EU-15** registered a slight rise (+0.6%). Particularly, as regards the major export destinations (in terms of value) the following is observed: slight rise in exports to Italy (1.2%), marginal fall of exports to Germany (-0.6%), slight fall of exports to the United Kingdom (-1.9%), significant rise of exports to Spain (15.8%) and stagnation as regards exports to France.

Downward trends prevailed in the **Balkan** region (-0.8%) and in the **Middle East & North Africa** (-1.6%), regions which account for a significant part of the Greek total exports. Particularly, exports to the Middle East accounted for approximately 14% of the total value of exports during 2013-2014. However, there are significant differences be-

Table 1
Trade Balance
(€ mil.)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Exports	14,890.4	17,244.7	19,392.3	21,319.3	17,673.6	21,140.4	24,295.5	27,342.7	27,316.0	26,900.2
Imports	46,443.2	52,846.9	60,130.0	64,876.3	52,118.0	50,948.7	48,616.8	48,623.9	46,138.6	46,764.6
Trade Balance	-31,552.8	-35,602.2	-40,737.7	-43,557.0	-34,444.4	-29,808.3	-24,321.3	-21,281.2	-18,822.6	-19,864.4
Exports as % of imports	32.1%	32.6%	32.3%	32.9%	33.9%	41.5%	50.0%	56.2%	59.2%	57.5%

Source: Hellenic Statistical Authority (ELSTAT)

Table 2
Geographical export distribution
Share (%) in total exports

	2010	2011	2012	2013	2014
EU-27	62.8%	50.7%	43.0%	43.8%	45.1%
EU-15	41.4%	33.0%	27.2%	29.1%	29.7%
12 New Member states	21.4%	17.7%	15.8%	14.7%	15.4%
Balkans and Turkey ¹	11.9%	14.4%	17.5%	17.8%	18.3%
Central and Eastern Europe, CIS ²	2.9%	3.0%	3.0%	3.1%	3.1%
North America ³	5.2%	6.4%	4.5%	4.2%	4.0%
Northern Africa and Middle East ⁴	7.7%	9.2%	15.1%	13.9%	13.9%
East and South-East Asia ⁵	3.2%	5.3%	5.3%	4.0%	4.3%
Rest of the world	6.4%	11.0%	11.7%	13.2%	11.2%
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.

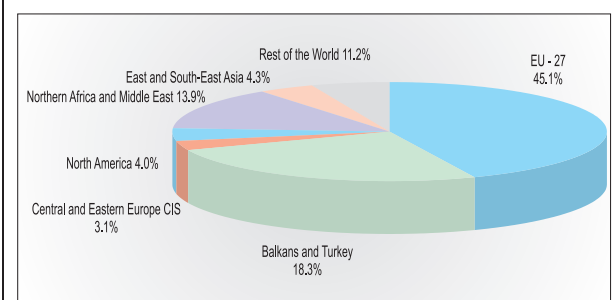
Sources: Hellenic Statistical Authority (ELSTAT)

Pan-Hellenic Exporters Association, Export Research Centre (KEEM)

tween individual countries. Particularly, there was a significant rise of exports to Saudi Arabia (by 94.6% i.e. from €403.5 million in 2013 to €785.2 million in 2014), Tunisia, Egypt and Lebanon. On the contrary, exports to Libya, Israel, Algeria and Morocco registered a fall.

As regards the countries of **Asia**, exports to China dropped (by 33.4% i.e. from €418 million in 2013 to €278.5 million in 2014), while there was an upward trend as regards exports to

Diagram 2
Geographical export distribution (2014)



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

Table 3
The 20 major export markets of Greece in 2014
(€ mil.)

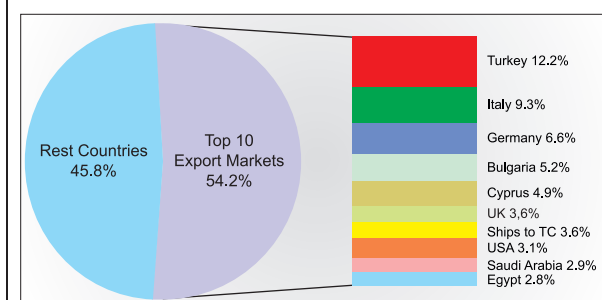
A/A	2014	2013	Countries	2014	Share %
1	1		Turkey	3,277.4	12.2%
2	2		Italy	2,488.4	9.3%
3	3		Germany	1,788.3	6.6%
4	4		Bulgaria	1,399.9	5.2%
5	5		Cyprus	1,325.5	4.9%
6	8		United Kingdom	976.4	3.6%
7	7		Ships with supplies to Third Countries	965.2	3.6%
8	9		USA	821.2	3.1%
9	21		Saudi Arabia	785.2	2.9%
10	14		Egypt	755.6	2.8%
11	11		FYROM	707.2	2.6%
12	16		Spain	672.7	2.5%
13	12		France	648.7	2.4%
14	13		Romania	647.1	2.4%
15	6		Gibraltar	641.4	2.4%
16	17		Lebanon	613.4	2.3%
17	15		Ships with supplies to E.E Countries	541.0	2.0%
18	18		Netherlands	420.9	1.6%
19	25		Albania	411.5	1.5%
20	23		United Arab Emirates	359.1	1.3%
Exports of the top 20 countries				20,245.9	75,3%
Total Greek exports				26,900.2	100,0%

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

countries of Southeast Asia (South Korea, Singapore, etc.). Exports to countries of **North America** (U.S.A.) registered a fall of 5.5%.

Twenty (20) countries accounted for **75.3%** of the total export value in 2014. The top five countries were the same during the two-year period 2013-2014. **Turkey** is the top export market for Greek products, ranking **first**. Exports to

Diagram 3
Top 10 export markets in 2014



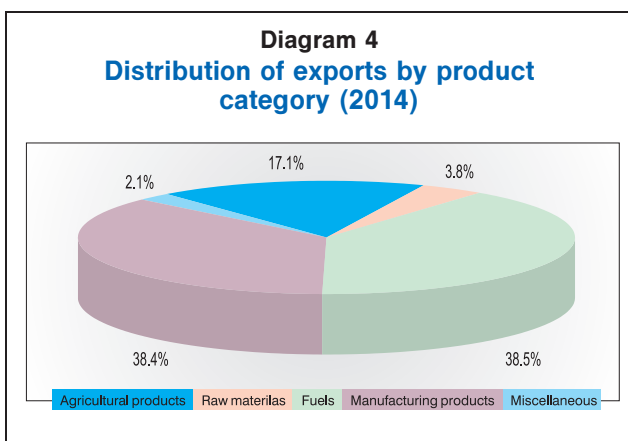
Sources: Hellenic Statistical Authority (ELSTAT), Pan-Hellenic Exporters Association, Export Research Centre (KEEM)

Turkey amounted to €3.3 billion in 2014, from €3.2 billion in 2013 registering a slight rise of 2.2%. Its percentage rate in the total Greek exports reached 12.2% in 2014 from 11.7% in 2013. **Italy** ranks 2nd, covering a share of 9.3% in 2014 versus 8.9% in 2013. Exports to Italy amounted to €2.5 billion in 2014 registering a slight rise (1.2%) compared to 2013. **Germany** follows with a share of 6.6%, **Bulgaria** with 5.2% and **Cyprus** with 4.9% in 2014.

The **five** aforementioned **countries** accounted for **38.2%** of the total export value in 2014 from 36.4% the previous year.

4. DISTRIBUTION OF EXPORTS BY PRODUCT CATEGORY

Four out of five major product categories registered a fall in their exports in 2014, excluding exports of **manufacturing products** (chemicals, machines etc.). Particularly, exports of manufacturing products, which (in terms of value) are the second major category of exports (after fuels), increased by 4.1% in 2014, amounting to €10.3 billion from €9.9 billion the previous year. Their participation rate in the total value of exports reached 38.4% in 2014 from 36.4% in 2013. Exports of **fuels** which have constituted the major exports category over time, dropped by 4.9%, reaching €10.4 billion in 2014 from €10.9 billion in 2013, accounting for 38.5% of the overall exports over the last year. The total exports of **agricultural**



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

products dropped by **3.8%** amounting to €4.6 billion in 2014 (2013: €4.8 billion). The fall in the exports of agricultural products was mainly due to the significant fall of exports of "animal or plant fats and oils" which offset the slight rise of exports (by 2.3%) of the major category "food and livestock". Exports of "beverages and tobacco" remained stagnant. Exports in the category of "raw materials" registered a fall of 8.9%. As regards individual product categories, after fuels (the exports of which rank first), the top ten include: medicines, olive oil, frozen - processed fish, cotton, processed - preserved vegetables, pipes, cheese products etc.

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

Product Category	2010	2011	2012	2013	2014
Agricultural products	24.0%	17.6%	16.8%	17.5%	17.1%
Food and livestock	18.9%	13.9%	13.0%	13.2%	13.7%
Beverages and Tobacco	3.3%	2.4%	2.3%	2.1%	2.2%
Animal or plant fats and oils	1.8%	1.3%	1.5%	2.1%	1.2%
Raw materials	5.8%	3.9%	4.6%	4.1%	3.8%
Non-food raw materials (excluding fuels)	5.8%	3.9%	4.6%	4.1%	3.8%
Fuels	11.2%	31.6%	38.9%	39.9%	38.5%
Minerals, fuels, lubricants etc.	11.2%	31.6%	38.9%	39.9%	38.5%
Manufacturing products	56.2%	44.3%	37.5%	36.4%	38.4%
Chemical and related products	14.4%	10.3%	8.9%	9.4%	9.8%
Industrial products classified by raw material	19.9%	17.8%	14.1%	13.5%	13.8%
Machinery and transport equipment	12.0%	9.3%	8.4%	7.3%	8.3%
Miscellaneous manufacturing products	9.9%	6.8%	6.0%	6.2%	6.4%
Miscellaneous	2.8%	2.5%	2.2%	2.2%	2.1%
Products and transactions without classification	2.8%	2.5%	2.2%	2.2%	2.1%
Total exports	100.0%	100.0%	100.0%	100.0%	100.0%

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

OLIVE OIL

SECTOR CHARACTERISTICS

A large number of companies operate in the sector of olive oil and pomace oil production. The production process, from receiving raw material (olives - olive pomace) to the disposal of the final product, consists of different phases.

Olive oil mills realize the first phase of olive-oil production, which is then either marketed directly for consumption (edible) in bulk, or promoted to wholesalers for resale in Greece or abroad, or channeled to processing / standardization businesses. Pomace oil mills produce pomace oil in crude (not edible), which is either transferred to processing / standardization facilities in Greece or it is (mainly) exported.

Furthermore, many cooperatives as well as Agricultural Cooperatives Unions operate in the sector, the main activity of which is the collection of their members' products, their processing and standardization. Olive oil produced in certain regions of Greece is considered of high quality.

Nowadays, Greece ranks third globally as regards olive - oil production, following Spain and Italy. The domestic production exceeds demand, while significant exports are realized annually. However, the majority of exports regards olive oil in bulk, which is standardized and marketed abroad, under foreign trademarks. As a result the market share of Greek olive oil appears to be low.

Concerning pomace oil, consumption in Greece is low, while the largest part of production is exported in crude form.

PRODUCTION

Olive-oil production is far exceeding domestic demand. Thus, a large part of production is sold abroad. The volume of domestic olive-oil production has presented fluctuations in recent years. Particularly production quantity increased by 19.6% during 2012/13, while during 2013/14 production dropped by 42%. According to estimates, a significant rise in production is over 2014/15 (by 85%). It is pointed out that, olive oil production is inextricably linked to the cultivation of olive groves and therefore influenced by unpredictable factors such as weather conditions. Thus, there are significant fluctuations as regards the annual production.

According to estimates, only 20%-25% of the overall olive-oil production reaches the standardization phase, while the remaining is sold in bulk, either in the domestic market or abroad. The sector of olive oil production is characterized by high volume of stocks.

Pomace oil production which depends on olive oil production registered a rise of 44% during 2012/13, while during 2013/14 it registered a significant fall of 50%. On the contrary, a significant rise is expected for the period 2014/15 (by approximately 80%). The volume of pomace oil production has been low compared to olive oil.

FOREIGN TRADE

Annual imports of olive oil and pomace oil are very low as domestic production is high and exceeds demand. Usually imports of olive oil regard products with special characteristics intended for impurity.

Olive oil imports registered a significant fall during 2011-2012, while there was a significant rise in 2013 (they almost tripled) reaching the levels of 2010. Pomace oil imports have also fluctuated in recent years. Particularly, in 2012 imports (in quantity) increased by 27%, while in 2013 there was a significant fall of 38%.

According to the data of the Hellenic Statistic Bureau (EL.STAT.), **olive oil exports** registered a rise, both in terms of quantity and value. Particularly, exports in quantity increased by 33% in 2013 compared to 2012 while in value they increased by 53%.

According to estimates, 70%-75% of exported quantities regards bulk olive - oil, which is mainly channeled to Italy. The remaining 25%-30% regards exports of standardized olive-oil.

Regarding the destination countries of Greek olive oil, in 2013 Italy accounted for 71% of total exports in quantity followed by Spain which accounted for 12.3%.

Pomace oil exports increased by 18.7% in 2013, after a fall of 5.6% in 2012 and 5% in 2011. The largest portion (61.8% in 2013) of the total exports regarded crude pomace oil. Spain and Italy accounted for 58.9% and 25.4% respectively of the total exports of pomace oil in 2013.

DOMESTIC MARKET

The domestic consumption of olive oil has been in decline over the last six years, with an average annual reduction rate of 3.2%. The demand for standardized olive -oil also registered a fall, due to the difficult economic situation in Greece (the consumers' available income has been reduced), as well as the relatively high retail price of standardized olive-oil compared to that of seed oils.

Standardized olive oil accounts for approximately 25% of the overall consumption (the remaining regards bulk olive oil). Private label products have a significant share in the consumption volume of the standardized products and have been on the rise.

The value (wholesale prices) of the domestic olive oil consumption (bulk and standardized) increased by 3% in 2013/14.

The domestic production of pomace oil is mainly marketed in crude form abroad, while small quantities are processed, standardized and marketed in the domestic market.

Domestic consumption of refined pomace oil (in quantity) has been on the rise in the last three years, increasing by an average annual growth rate of 3%. The value of the domestic market (in bulk prices) is estimated to have increased by approximately 10% during 2013/14 compared to the previous period.

SWOT Analysis

Strengths

- The ideal weather conditions for olive tree cultivation.
- The excellent quality of the domestic virgin olive oil.
- The high nutritional value of olive oil.
- The high volume of production and per capita consumption of olive oil in Greece.
- Olive oil is a basic food product in Greece.

Weaknesses

- The significant quantities of olive oil marketed in bulk, prevent the development of standardization businesses.
- The unstable and variable market prices of olive -oil.
- The relatively low market share of the Greek olive oil in the international markets, due to large exports in bulk form (mainly to Italian industries etc.).
- The majority of exports are directed to one country (Italy).

Opportunities

- The growth of standardized olive oil exports to new developing markets (China, Japan etc.).
- The expansion of the "Mediterranean diet" that is based on olive oil.
- The development of innovative products (packaging etc, in order to further strengthen exports.
- Use of internet facilities (and alternative advertising means) in order to promote greek olive-oil in foreign markets.

Threats

- The difficult economic situation in Greece (sharp fall in the disposable household income etc.).

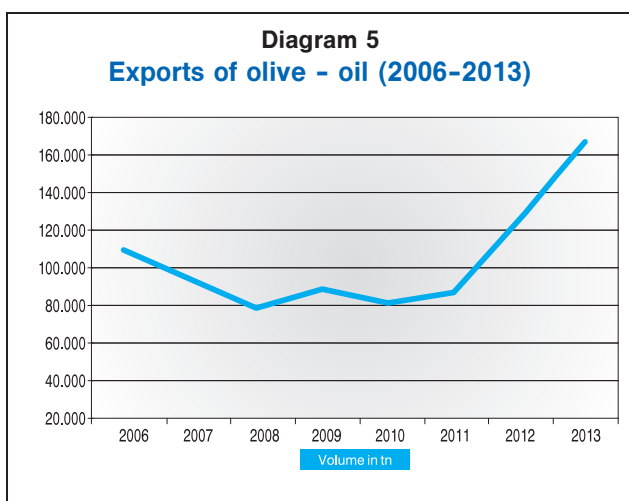
- Unpredictable weather conditions which influence the level of production and the quality of products.
- Increased competition from third countries which develop their olive industry.
- The tight bank financing and the general liquidity shortage, which increase bad debts.

PROSPECTS

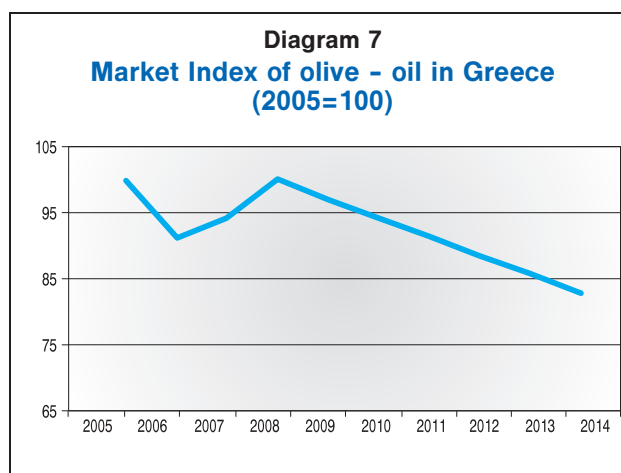
The domestic consumption of olive oil is considered "mature", thus it presents no significant changes annually. According to estimates, the volume of total consumption is expected to stabilize at the levels of 2013/14 in the next two years. The consumption of pomace oil has been low over time, as it is used as a substitute for olive oil, however an average annual increase of 3% is expected over the next few years

A further development of the sector may rely on the following main **axes**:

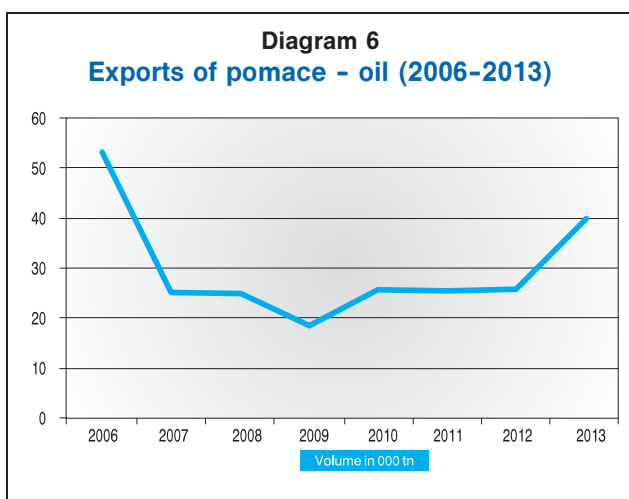
- ✓ the increase of business extroversion and their entrance in new markets abroad
- ✓ the increase of standardized olive oil market share both in the domestic and international market
- ✓ the potential of substitution of other crops with intensive olive cultivation.



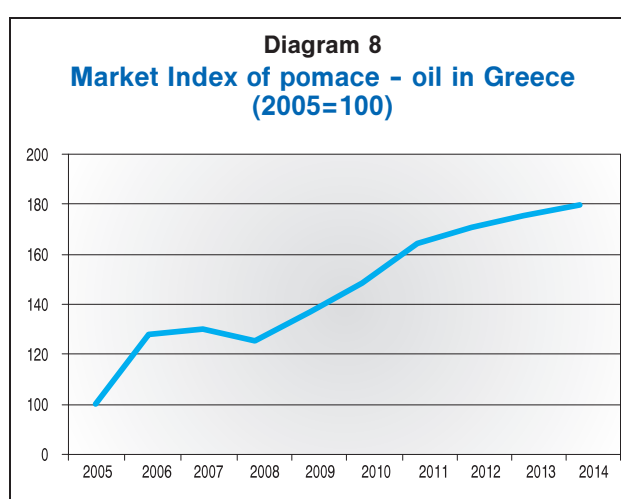
Source: Hellenic Statistical Authority (EL.STAT.)



Source: ICAP Group S.A., Market Estimates



Source: Hellenic Statistical Authority (EL.STAT.)



Source: ICAP Group S.A., Market Estimates

TABLE OLIVES

SECTOR CHARACTERISTICS

A large number of Greek companies operate in the table olive industry, being involved in table olive processing and/or standardization, either for own account or for third parties. Moreover, some companies are involved exclusively in the wholesale trade of table olives. The majority of these companies have developed a thriving export activity since the majority of their products are marketed to foreign markets (in bulk or as standardized products).

There are also many agricultural cooperatives or cooperative unions operating in the process, packaging and trade of table olives.

Despite the fact that table olives are among the basic and traditionally consumed food products in Greece, their promotion is limited. This is mainly due to the fact that the largest part of table olives is sold in bulk. Demand for olives mainly focuses on the different varieties of olives (Kalamata olives, dry olives etc.) and not on specific brands.

PRODUCTION

The domestic production of table olives exceeds demand, while large quantities are channeled abroad. The volume of domestic production presents annual fluctuations, as it depends largely on weather conditions in oil producing regions. Furthermore, table olive production is characterized by cyclical pattern (interchange between "good" and "bad" olive growing periods), the period of which is between two and three years. It is noted that the olive growing period begins on October 1st of each year and ends on September 30th next year.

According to the data of the International Olive Council, the overall production of table olives registered a rise of 51.5% during 2012/13. On the contrary, during the next olive growing period 2013/14 overall production is estimated to register a significant fall of approximately 49%. This period was "bad", because of adverse weather conditions that prevailed during the flowering of olive trees in many parts of the country, resulting in decreased production. According to estimates of the Ministry of Rural Development and Food production is expected to significantly increase in 2014/15.

FOREIGN TRADE

Imports of table olives are low and they mainly regard standardized olives. A significant part of imported quantities is

re-exported. As regards imports of olives over time, there are significant (percentage) fluctuations annually, however they are limited.

According to the data of EL.STAT., olive **imports** have registered a rise over time during 2010-2013, after a sharp fall in 2009. The majority of imports refer to prepared - preserved olives including table olives (98.5% in 2013).

Exports of Greek olives in contrast with imports, are on a high level. In 2013, total exports of olives registered an annual rise of 16.8%, in 2012 there was a slight fall (-0.9%), while in 2011 there was an annual rise of 7%. It is pointed out that the category of prepared - preserved olives (this category regards edible table olives), accounted for 85% of total exports in 2013. These exports registered a rise of 18.7% in 2013, while in 2012 the annual rise reached 3.5%.

Regarding the countries of destination, the USA accounted for 19.9% of the total exports (in quantity) followed by Italy and Germany which accounted for approximately 12% each.

DOMESTIC MARKET

According to the data of the International Olive Council, the domestic apparent consumption of table olives (in quantity) increased by 33% during 2012/13 compared to the previous fiscal year (2011/2012) during which there was a fall of 6%.

During 2013/14 consumption is estimated to fall by 25%. The largest part of table olives consumed in the domestic market, are available in bulk form.

SWOT Analysis

Strengths

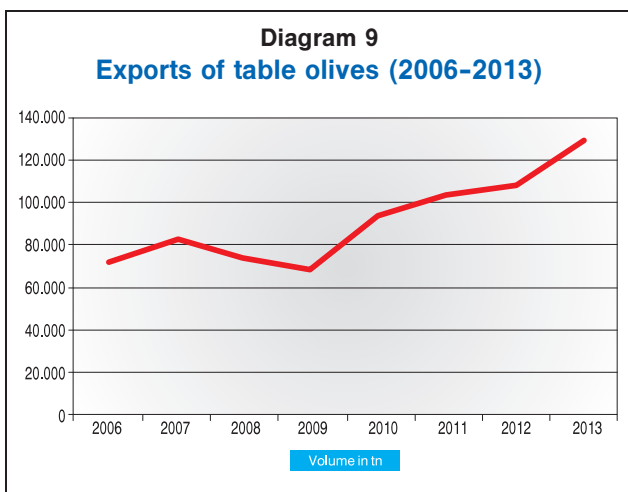
- The quality of Greek olives is considered very good.
- The large variety of domestic products, with different tastes - qualities.
- Long tradition in the cultivation of olives. Adequacy of domestic production.

Weaknesses

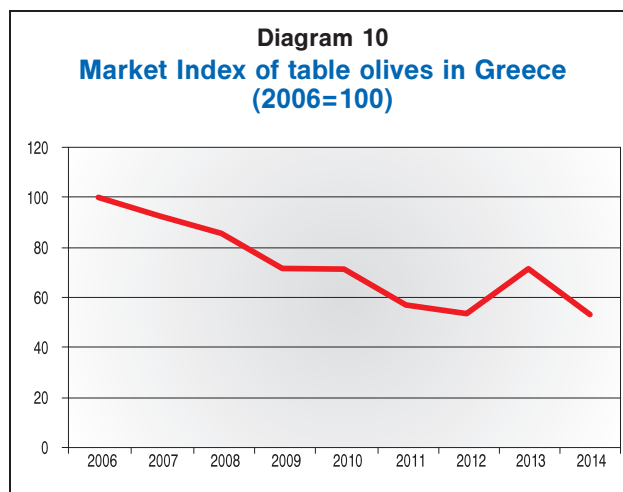
- The business profit margins are low.
- The majority of table olives are handled in bulk form (anonymous product) in Greece.

Opportunities

- Expansion into emerging markets (eg. China, Japan).
- The greater penetration of standardized products in the domestic market.



Source: Hellenic Statistical Authority (EL.STAT)



Source: International Olive Council

- The growing demand for organic products.
- The development of olive products with high added value (stuffed olives, olive paste in different flavors, etc.).

Threats

- The fall in real disposable household income in Greece, due to the economic situation.
- Unexpected and uncontrolled weather conditions which affect the level of production and quality of products.
- The expansion of shares of competitive countries in the global market of olive oil - olives.
- The tight bank financing and the general lack of liquidity that characterizes the market, leading to a rise in bad debts.

PROSPECTS

According to sector insiders, the size of the domestic consumption of olives (in quantity) is not expected to present significant changes in the next 1-2 years, and is estimated to be at approximately the same levels as during 2013/14.

The main line of the further sector development involves the following:

- ✓ Improvement of business' extroversion. Increase of exports and penetration in new markets abroad.
- ✓ The greater penetration of standardized products in the domestic market.
- ✓ The development of olive products with high added value.

STANDARDIZATION-PACKAGING OF FRESH FRUIT AND VEGETABLES

SECTOR CHARACTERISTICS

The sector of standardization-packaging of fresh vegetables in Greece consists of a great number of companies and many agricultural cooperatives, which own the appropriate facilities (sorting-standardization-packaging). The large number of sorting facilities indicates a low degree of concentration in the sector and is mainly due to the "fragmentation" of primary production

Given the export orientation of several businesses and the increased requirements as regards quality and appearance of products in developed markets of Europe, several companies own modern sorting lines and certified systems for standardization, packaging, quality assurance and hygiene.

According to the Association of Greek Export and Consignment Enterprises for Fruit, Vegetables & Juices (Incofruit), the number of sorting-packaging units is estimated at approximately 2,000 however "active" units are less than 1,000. The total production capacity of domestic standardization units is high, so that they can process at least three times the amount of the existing fresh vegetables. The total number of fresh fruit and vegetables wholesalers as regards the whole country is estimated at about 3,200 businesses.

PRODUCTION

The total domestic production of standardized - packaged fresh fruit and vegetables has been increasing over the last decade, presenting however annual fluctuations. The production of standardized fruit has accounted for most of the total production volume, with a share of 60% (average), compared to 40% of vegetables.

Citrus fruit account for most of the total production of standardized fruit covering 34% -36% in recent years. Stone

fruit follow with a share of 21% -24%.

Potatoes have accounted for the largest part of the total production of standardized vegetables through time (2013: 52.7%) followed by tomatoes. The fruit standardization shares vary by category. The standardization-packaging of oranges had a share of approximately 65% -70% of the quantities destined for fresh consumption. Stone fruit had a share of 90% -95%, table grapes 75% -80% and apples - pears 60% - 65%.

FOREIGN TRADE

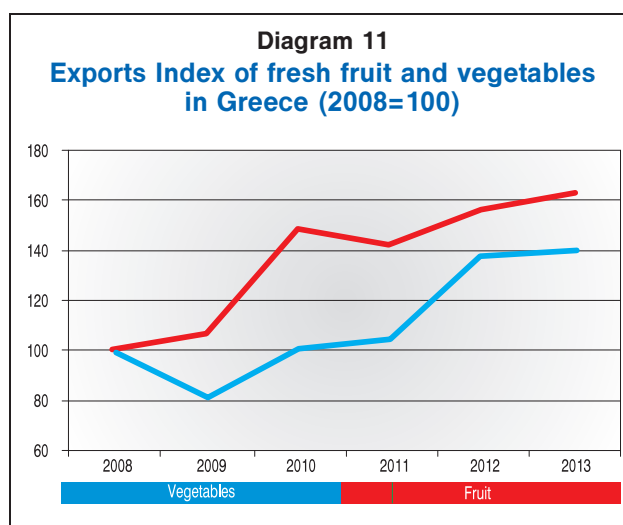
Greece is an exporting country as regards fresh fruit and vegetables (mainly fruit), leading to a positive foreign trade balance.

Overall **imports** of fresh fruit and vegetables presented fluctuations during the period 2008-2013. Fruit have accounted for the largest part of imports over time (both in terms of quantity and value). Their share in the total imports ranged between 52.5%-56.8%, while in terms of value it amounted to 59%-67%. Bananas are the dominant product category. Vegetables accounted for 43%-47.5% of total imports (33%-41% in terms of value). Potatoes are the major category of imported goods.

The overall **exports** of fresh fruit and vegetables have been on the rise over the last years. Exports of vegetables are limited (in comparison with those of fruit) accounting for 8.5%-12% of the total volume of exports. In terms of value their share ranged between 12%-17%. Exports of vegetables regard certain products, the main ones of which are cucumbers, potatoes and peppers. Exports of fruit accounted for 89.5% of overall exports in 2013. Oranges have the lion's share as regards fruit exports (27.5%).

Ecuador is the main country of origin of imported fresh fruit and vegetables, accounting for 25% of total imports in 2013 (in terms of value: 21.2%). Egypt, Cyprus, Costa Rica and Germany follow.

The countries of Eastern Europe are the main destination countries for exported fresh fruit and vegetables. In 2013 Bulgaria accounted for 13.8% of total exports and Romania for 12.3%. Germany (12.5%) and Russia (9%) also hold an important position.



Source: Hellenic Statistical Authority (EL.STAT.)

DOMESTIC MARKET

The volume of total domestic consumption of standardized - packaged fresh fruit and vegetables fluctuated year by year. Particularly, the consumption of standardized-packaged fruit registered a fall during 2012-2013, while a rise is expected for 2014 of approximately 3.7%. The domestic consumption of standardized vegetables increased during 2013-2014, after a significant fall in 2012 (2014/2013:+4.3%).

Overall imports of standardized fresh fruit and vegetables accounted for approximately 22% of their total consumption in 2013. Exports are estimated to have had a share of about 49% in the total production of standardized fresh fruit and vegetables in 2013, registering a rise in recent years.

Citrus fruit account for the largest part of fruit consumption (share of approximately 30%). Oranges are the main category. As regards vegetables, in 2013 the consumption of standardized potatoes accounted for 61.5% of the total market of standardized vegetables. The second important category is that of tomatoes, with a share of 15.2% during the same year.

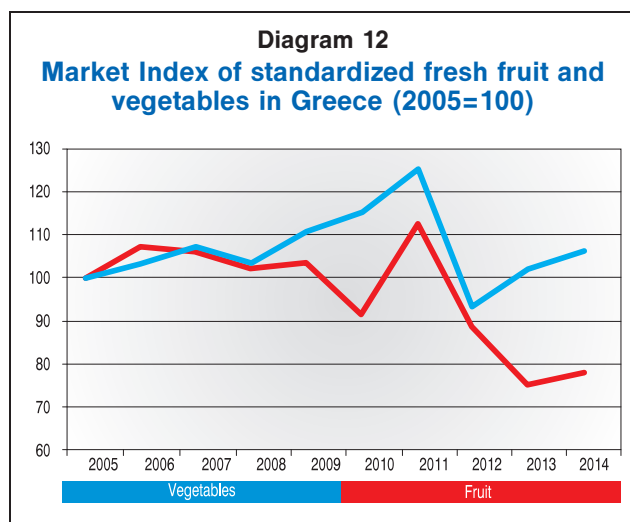
SWOT Analysis

Strengths

- Fresh fruit and vegetables are considered basic foodstuff of the daily diet.
- Consumers' shift to a healthier diet.
- The good quality of Greek fresh fruit and vegetables.
- The formation of consumer consciousness in favor of domestically produced goods over imported ones.

Weaknesses

- Fierce competition due to the abundance of companies. Operation of many small businesses which are not technologically advanced.
- Too many intermediaries.
- Lack of normal conditions for the formation of producer prices due to their non-organized action.
- High transportation costs for exporters.
- Lack of varieties to keep units operating all year long.
- Insufficient monitoring by the State regarding the implementation of applicable regulations.



Source: EL.STAT., INCOFRUIT, ICAP

Opportunities

- Further growth of exports (both in terms of quantity and offered varieties).
- Measures taken by the State to strengthen the competitiveness of products.
- Systematic promotion - advertising of Greek products in foreign markets.
- Better penetration of standardized-packaged products in the domestic market (more selling points).
- The expansion of the marketing year, through the implementation of cultivation programs and the creation of cultivation zones by product and region (improvement, enrichment of product varieties).

Threats

- The unexpected and uncontrolled weather conditions which affect both the volume of production as well as its quality.
- The rising imports of fresh fruit and vegetables from third countries, which have a low production cost, both to Greece and the EU, are threatening domestically-produced goods and therefore exported ones too.
- Unpredictable factors such as cases of food "crisis", which may influence Greek exports.
- The difficulty of business financing and the general liquidity and bad debt problems of the market due to economic recession.

PROSPECTS

According to estimates, the total domestic market of fresh fruit and vegetables is not expected to present significant changes in the next 1-2 years. The total consumption of these is expected to show a slight increase of 3% -5% in 2015. Prospects seem to be positive as regards exports, after Greece's entry into new markets (e.g. kiwi in China).

The businesses' goal is to increase competitiveness in order to maintain their share in the market and to achieve the continuation of the growth of exports. Under current market conditions, sector companies are estimated to revolve around the following main axes in order to increase their sales:

- ✓ Improvement of business' extroversion and penetration in new markets.
- ✓ Enrichment of product varieties.
- ✓ Systematic and targeted advertising of Greek agricultural products abroad, which will point out the "superiority" of their quality.
- ✓ Penetration in more retail outlets in the domestic market.
- ✓ Modernization and use of new technologies in processing - standardization of products to reduce their costs.

PHARMACEUTICAL COMPANIES

SECTOR CHARACTERISTICS

The pharmaceutical sector has been one of the most significant of the Greek economy. The assessed market consists of a significant number of companies, which operate either in manufacturing or imports of pharmaceutical and parapharmaceutical products. More than 100 pharmaceutical companies (manufacturers and importers) are estimated to

operate in the Greek market. Many firms have strong long lasting presence in the market, while some of them are subsidiary companies of strong multinational groups.

Pharmaceutical companies channel their products into hospitals and pharmaceutical warehouses which then channel sector products into pharmacies and (on a smaller scale) to other pharmaceutical warehouses.

The price fixing of pharmaceuticals is subject to a particular institutional framework and is controlled by the responsible state authorities which define the selling price of pharmaceuticals (Price Bulletin of Medicines).

PRODUCTION

The value of domestic **production** of pharmaceuticals increased by an average annual rate of 9.5% during 2004-2010. In recent years there was a slowdown in development, while in the next years 2011 and 2012 production dropped by 8.5% and 4.9% respectively.

However, the Greek pharmaceutical industry "adapted" quickly to the new conditions of the domestic market (growing demand for generics, exports, etc.). Thus, in 2013 the total value of domestically produced drugs registered a significant rise (by 12.5%).

FOREIGN TRADE

The total value of **imported** pharmaceutical products registered a fall during 2009-2013, with an average annual rate of -8.7%. Imports of medicines from E.U. countries account for the majority of imports (2013:84.4%).

The total **exports** of pharmaceutical products (in value) presented fluctuations during 2009-2013. Particularly, in 2013 the value of exports increased by 9.1% compared to 2012.

It is pointed out that, the low prices of medicines that come from Greece (domestic/imported), make them highly competitive in the global market.

Throughout the period under review (2009-2013) it is observed that the majority of exports went to EU countries. Specifically, in 2013 the EU countries accounted for 87.1% of the total value of exported medicines.

The trade balance of medicines was in deficit during 2009-2013, since the value of imports more than offset the respective value of exports. However, the deficit of trade balance shows a downward trend in the last five years.

DOMESTIC MARKET

The **value** of the **domestic market** of medicines (sales of pharmaceutical companies to hospitals and pharmaceutical warehouses/pharmacies, in wholesale prices) increased over the decade 2000-2009, with an average annual growth rate of 14.1%. However, the course of the Greek economy in recent years, characterized by recession and successive reductions in medicine prices, resulted in a reduction in market value from 2010 onwards. Particularly, in 2013 the market under review dropped by 10% and in 2012 by 8%. A further fall is expected in 2014, of approximately 4.5%. During 2013 approximately 33% of the overall market value regards medicines sold directly to hospitals.

Nevertheless, the Greek pharmaceutical industry shows a remarkable improvement in economic efficiency as a result of the increasing use of domestically produced generics and the expansion of export activity.

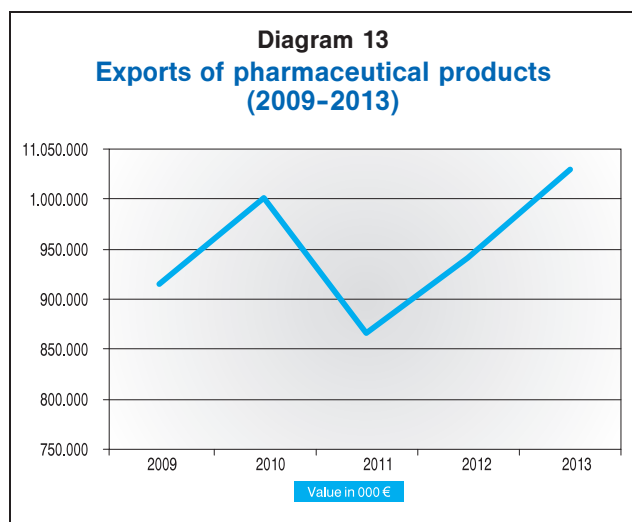
SWOT Analysis

Strengths

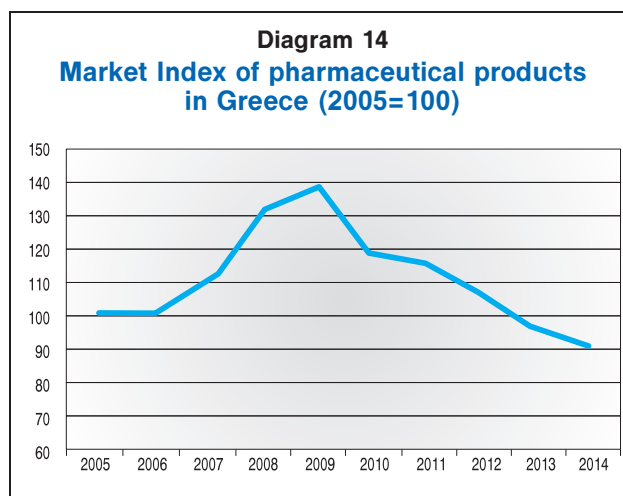
- The "nature" of the examined products, since medicines are indispensable products with stable demand.
- The international pharmaceutical industry includes powerful business groups, including international groups that systematically invest in research and development (R&D).
- The cooperation with developed and well-established distribution channels (pharmaceutical warehouses) with wide geographic coverage.
- The increasing demographic ageing ratios .

Weaknesses

- Controlled profit, as the price which is defined by law restricts the growth of the examined companies.
- Long payment delays and accumulated debts on behalf of the Public Sector (hospitals, social Security funds etc.).
- Continuous changes in legislation (implementation of new provisions, delay in approving new medicines, etc.).
- High administrative costs / fees.



Source: Hellenic Statistical Authority (EL.STAT.)



Source: National Organization for Medicines, ICAP GROUP S.A

Opportunities

- Evolution of biotechnology and promotion of new pharmaceutical products.
- The expansion of export activity and improvement of business' extroversion.
- The further penetration of generics in the domestic market in the coming years.
- The expansion of the list of OTC medicines (over-the-counter medicines) and liberalization of their sales channels.
- Strengthening of the brand names of the pharmaceutical companies and their products.

Threats

- The "Memorandum obligations" of the State for cuts in public pharmaceutical expenditure in order to rationalize expenditure on health.
- Revaluation of medicines affects their availability and consequently the revenues / profitability of businesses.
- The accumulated debts of hospitals and social security funds to pharmaceutical companies.
- Imposing high rebate/escalated clawback mechanisms.
- The bad debt and market liquidity problems.

PROSPECTS

The recessionary trend of the Greek economy in recent years has inevitably had a negative impact on the dynamic pharmaceutical sector. Compliance with the obligations, under the Economic Adjustment Programme for the rationa-

lization of pharmaceutical expenditure, created new circumstances and conditions in the market of medicines.

Reductions in medicine prices in order to reduce public pharmaceutical expenditure, led to a decrease in the total value of the assessed market. According to declarations of competent bodies, the State is oriented towards the maintenance of public pharmaceutical expenditure in 2015 at the same levels with 2014. Sector insiders estimate that if that decision is implemented by the state and given that the "medicines" have "steady demand", the domestic market of medicines (in value) in 2015 may tend to stabilize after a period of downward trend and intense upheaval. The share of generics in total domestic consumption of medicines is expected to register a significant rise.

Under current market conditions, sector companies are estimated to revolve around the following main axes in order to strengthen or even maintain their position in the market:

- ✓ Redesign of the strategy (e.g. strengthening of brands, promotion of new pharmaceutical products).
- ✓ Making investment movements (mainly in Research and Development), to develop innovative products and production processes.
- ✓ Improvement of business' extroversion via the expansion of export activity (for domestic manufacturing units).
- ✓ Rationalization of operating expenditure and reduction of bad debt risks which results from transactions with customers (hospitals, pharmaceutical warehouses etc.).

