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Greece

CANNED DECIDUOUS FRUIT ANNUAL

Canned Deciduous Fruit Annual

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Report Highlights:
Greek cling peach production was slightly higher in 2009/10 than in previous years. High production combined with large carryover stocks from last year and low demand for canned peaches created a price crisis for Greek peach producers. The Greek government responded by maintaining its subsidies for peach farmers, however the newly decoupled system of payments will likely convince many Greek producers to switch from cling peach to table peach production in the near future. Greek peach subsidies have long been a contentious trade issue between the United States and Greece. The artificially low price of Greek cling peaches is effectively a subsidy for the canning industry, which subsequently produces a cheaper product. Greece remains the largest global exporter of canned peaches. Greece is a net-importer of canned pears and a net-exporter of canned peaches, canned fruit mixtures, and canned apricots.

Production:

Cling Peaches: Peach production is far less concentrated in Greece than in the United States. Greek farms are typically four or five hectares, much smaller than the average size in either the EU or the United States. Although there are no official statistics, cling peaches are grown on approximately 23,900 hectares in six territories of Central Macedonia and Thessaly, located in northern Greece. As a result of the downturn in the industry, some smaller growers reportedly are switching to apples, kiwis, or table peach production. There are about 17 peach processors in Greece, compared to four in the United States. Most Greek peach processors are located in Central Macedonia, particularly in Pella and Imathia counties.

MY 2009/10 Greek cling peach production is estimated at 450,000 metric tons (MT), up from the approximately 420,000 MT produced last year. An estimated 280,000 MT of the MY 2009/10 crop was harvested and sold to processors, with the remainder left on the farm. Table 1 shows the conversion rate for the amount of cling peaches needed to produce canned peaches and pure.

Greece: Table 1. Conversion Rates for Canned Peach Production
Average consumption to produce 1 standard case of canned peaches = 16 kg of grade I peaches + 2 kg of rejected peaches used for puree
1 case = 20.4 kg
1 MT = 45 standard cartons of 24 X 850 ML peaches

Canned Peaches: The Greek canned peach industry depends on domestic fresh peach production for all of its raw material. Of the 280,000 MT of cling peaches harvested and bought by processors, the industry will can 160,000 MT, puree 80,000 MT (for juice), dice 20,000 MT (for mixes), and freeze 20,000 MT.

The Greek canned peach industry has suffered several major setbacks. MY 2008/09 was the first year in which production exceeded demand due to increased competition from China, coupled with reduced demand due to the global financial crisis.   MY 2009/10 is expected to exhibit a similar trend, with a further decrease in demand, resulting in an increasingly burdensome build up of stocks. Processors have adjusted to this situation to some extent by limiting purchases of raw material and reducing prices. Additional demand, such as the pending 2 x 400,000 case deal with Russia, also would provide some temporary relief. Producers, especially marginal ones, do not have the same flexibility; some will opt out while others will continue to press the government for additional assistance. Observers expect the situation to continue for the foreseeable future, with access to the protected EU market maintaining the industry at a smaller level, especially as long as the Yuan remains overvalued and EU duties remain at 22%.

Canned Mixed Fruit: There are no official statistics for pear and apricot production.   Production of canned mixed fruit has steadily declined since 2005 due largely to competition from China, with production of 25,000 MT in 2008 and less than 20,000 MT for MY 2009/10. Greece is the second largest canned fruit mixtures producer in the EU behind Italy, and it accounts for about 26% of EU production. Canned fruit mixtures usually consist of peaches, pears, cherries, pineapples, and grapes. Greece is a minor producer of canned pears. It is the fourth largest canned pear producer in the EU behind Italy, Spain, and France, and it accounted for about 7% of EU production with 5,500 MT in 2006.

Considering the importance of fresh fruit production for the canned fruit industry, Table 2 shows Greece's annual harvested production of fresh peaches, pears, and apricots in 2007 and 2008. Full PS&D data for fresh pears and apricots is a little outdated, but it is available in Appendix 1.

Greece: Table 2. Annual Fresh Fruit Production			
Harvested production (MT)	**2007**	**2008**	**2009/10 (est.)**
Fresh Peaches	737,200	734,100	864,100
Fresh Pears	52,400	60,600	unavailable
Fresh Apricots	87,200	77,400	unavailable

Source: Eurostat and industry contacts

Prices

Farm Prices: The combination of increased production and decreased demand significantly depressed prices for cling peaches in 2009/10. Processors offered an initial price of about €0.18/kg, well below the historical averages shown in Table 3 (annual prices for cling peaches, which are primarily used for canning but often appear on the fresh market as well). Prices for cling peaches for other uses are lower. For example, in 2009/10, processors reportedly paid €0.07-0.10/kg for cling peaches for puree.

Greece: Table 3. Fresh peaches for canning: Grower prices received, 2003-09						
	2003	**2004**	**2005**	**2006**	**2007**	**2009**
Price paid by canners (€/kg)	0.60	0.22	0.19	0.23	0.23	**0.26**
Aid to grower (€/kg)	0.05	0.05	0.05	0.05	0.05	**0**
Total (€/kg)	0.65	0.27	0.24	0.28	0.28	**0.26**

Source: United States International Trade Commission and industry sources

Because support payments to farmers are full decoupled based on historic production, the decision to grow cling peaches is based solely on the profitability of that enterprise. Sources report that production costs for an average size (7-acre) cling peach farm is €0.16/kg and about €0.12/kg for larger (25-acre) producers. Since processors pay €0.18/kg, producers conceivably can make a profit even at this low price level. The problem is that processors pay €0.18/kg for only about 1/3 of production. Producers thus incur losses on the 30% of production sold at a lower price and the 40% of production that goes unsold. Unless demand for Greek canned peaches increases (which appears unlikely), there likely will be major long term changes in deciduous fruit production in Greece during the next several years as smaller, less efficient producers opt to produce other crops.

Several things may be done in the short term to ease this transition. Observers note that coops, which play a major role in marketing cling peaches, are inefficient and can cost producers as much as €0.05/kg. Reforming the coop system may make peach production more profitable for producers. Additionally, it may be possible to reduce costs for seasonal labor.

Retail Prices: Greek retail prices for canned peaches and apricots increased from 2008 to 2009. In the coming months, the price of canned peaches may fall to reflect lower input costs. Table 4 compares prices of canned peaches and apricots in Greek supermarkets between March 2008 and June 2009.

Greece: Table 4. Prices of canned peaches and apricots in Greece					
Brands	**Company name**	**Outlets**	**Pack size**	**March 2008 Price (€)**	**June 2009 Price (€)**
Del Monte Peach Halves	Del Monte International Inc	Supermarket/ hypermarket	420 g	1.06	1.04
Harvin Peach Halves	Lidl Hellas & Co	Discounter	470 g	1.25	0.89
Kyknos Peeled Apricots in Syrup	Kyknos Greek Canning Co SA	Supermarket/ hypermarket	825 g	1.85	1.90
Kyknos Yellow Cling Peaches in Syrup	Kyknos Greek Canning Co SA	Supermarket/ hypermarket	825 g	1.65	1.78

Source: Euromonitor

Trade:

Greek industry officials estimate that it costs roughly the same for Greek canners and California canners to ship their products to the east coast of the United States. It generally costs €2,000 per container to ship from Greece to New York. However, the EU canned fruit market is significantly larger than that of the United States, and Greece ships the majority of its products to other EU countries. Although Greece was in a competitive position to export canned fruit products to the United States, during the last several years Greek canned peaches faced stiff competition from other producers, especially China.

Canned Peaches: Greece is the largest exporter of canned peaches in the world, accounting for over one-third of global canned peach exports. Greece is a net-exporter of canned peaches and is the third largest exporter of canned peaches to the United States. Its market share of U.S. peach imports fell from 24% to 9% from 2006 to 2008, due to a decreasing volume of imports from Greece and rapidly increasing volume of imports from China. However, the United States is a minor trading partner for Greece, accounting for just 0.34% of Greek canned peach exports. A majority of 75% go to other EU countries. Table 6 shows Greek export data for canned peaches during 2007 and 2008, and Table 7 shows recent Greek export data for the first half of 2009.

Sources report that the reported deal to ship 2 x 400,000 (24 can cases) to Russia would be a boost to the industry but has still not materialized.

Greece: Table 6. Greek exports of canned peaches, Annual				
	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Germany	83,591,460	74,775	88,401,964	69,479
United Kingdom	35,751,285	22,669	31,519,754	20,017
Italy	20,666,640	20,796	27,018,948	21,972
France	14,876,055	13,273	23,776,329	20,016
Russia	18,867,582	17,539	18,289,730	13,468
Poland	16,973,015	20,481	16,418,948	17,378
Austria	10,549,359	9,128	15,006,929	11,541
Thailand	16,749,175	18,678	9,712,928	9,054
Hungary	7,302,241	8,522	8,881,611	10,065
Netherlands	8,574,662	8,345	8,583,119	7,158

United States	6,923,404	7,856	1,132,315	1,352
World	**317,760,111**	**297,407**	**330,817,443**	**274,692**

Source: Global Trade Atlas

Greece: Table 7. Greek exports of canned peaches, Year-to-Date

	Year to date (Jan to June 2008)		**Year to date (Jan to June 2009)**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Germany	46,812,552	35,596	42,161,797	32,942
United Kingdom	16,205,700	10,150	13,286,019	8,443
France	10,600,684	8,494	11,651,723	11,709
Italy	11,872,403	10,230	8,390,072	7,562
Austria	8,008,808	5,998	6,881,813	5,857
Poland	7,649,931	7,711	5,479,987	6,577
Netherlands	3,393,199	2,849	4,834,447	3,800
Russia	13,551,316	8,826	4,670,271	4,879
Hungary	5,127,242	5,729	2,869,890	3,473
Saudi Arabia	3,711,289	2,490	2,578,587	2,675
United States	92,901	123	1,019,605	1,161
World	**175,090,179**	**140,150**	**129,532,731**	**113,789**

Source: Global Trade Atlas

The United States exports a limited amount of canned peaches to Greece. Given Greece's position as a major producer of canned peaches, the size of U.S. exports to Greece are small. In 2007 and 2008 the United States did not export canned peaches to Greece, but U.S. producers entered the market in the first half of 2009. Table 8 shows annual Greek import data for canned peaches, while Table 9 shows the entrance of U.S. exports during the first half of 2009.

Greece: Table 8. Greek imports of canned peaches, Annual

	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Germany	3,348,582	1,224	837,351	303
Italy	1,193,695	455	485,920	157
Austria	378,002	132	171,305	51
South Africa	1,283,448	1,218	99,296	133
Philippines	41,338	42	82,023	84
Cyprus	81,045	98	45,720	25
Spain	0	0	40,620	20
United Kingdom	79,685	74	27,379	5
Netherlands	12,436	3	21,996	20
Poland	14,988	18	10,980	6
World	**6,707,476**	**3,453**	**1,835,388**	**811**

Source: Global Trade Atlas

Greece: Table 9. Greek imports of canned peaches, Year-to-Date				
	Year to date (Jan to June 2008)		Year to date (Jan to June 2009)	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Germany	450,485	149	575,029	224
Italy	270,371	82	215,957	76
Austria	112,668	30	67,866	25
Poland	2,877	1	63,325	19
United States	0	0	15,219	19
France	4,213	3	7,359	6
Belgium	2,592	1	1,242	1
Canada	0	0	925	1
Cyprus	45,720	25	0	0
Czech Republic	0	0	0	0
World	**1,087,875**	**466**	**946,921**	**372**

Source: Global Trade Atlas

Canned Fruit Mixtures: Greece is a net-exporter of canned fruit mixtures. While far behind canned peaches in terms of value, canned fruit mixtures are Greece's second most important canned fruit export. About 80% of Greek canned fruit mixture exports go to other EU countries, and 0.05% went to the United States in 2008. Greece is the ninth largest exporter of canned fruit to the United States behind Thailand, Canada, Mexico, and others. Table 10 shows Greek export data for canned fruit mixtures during 2007 and 2008, and Table 11 shows recent Greek export data for the first half of 2009.

Greece: Table 10. Greek exports of canned fruit mixtures, Annual				
	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
United Kingdom	9,639,984	5,849	11,920,194	6,102
Belgium	4,769,254	2,633	5,124,215	2,643
Germany	7,653,929	6,321	5,095,792	3,048
Japan	3,058,317	2,343	3,114,430	1,895
Netherlands	726,481	639	2,001,456	1,527
Finland	1,210,731	1,138	1,621,491	1,139
Sweden	1,023,897	937	1,462,125	1,077
Canada	1,893,083	1,349	1,379,605	936
Denmark	72,621	64	1,307,870	980
France	693,319	497	1,112,182	894
United States	973,555	742	18,680	17
World	**41,516,975**	**29,621**	**38,783,267**	**23,241**

Source: Global Trade Atlas

Greece: Table 11. Greek exports of canned fruit mixtures, Year-to-date

	2008 (January to June)		2009 (January to June)	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Germany	2,452,022	1,560	5,543,644	3,299
United Kingdom	6,492,281	3,515	3,118,258	1,785
Japan	1,586,959	948	1,251,081	781
Finland	871,529	612	1,023,409	689
France	593,059	469	788,822	554
Sweden	856,247	610	700,611	488
Netherlands	564,798	466	682,994	448
Belgium	3,666,394	1,913	584,211	296
Switzerland	448,144	286	336,351	214
Canada	679,404	445	307,018	224
United States	18,680	17	0	0
World	**20,664,047**	**12,457**	**16,028,922**	**9,718**

Source: Global Trade Atlas

While Greece did not import any canned fruit mixtures from the United States during the first half of 2009, it did import limited quantities during 2007 and 2008. In 2008, 94% of Greece's imported canned fruit mixtures came from other EU countries. Greece is a minor destination for U.S. exports of canned fruit mixtures, as the majority go to
Canada, the United Kingdom, Mexico, South Korea, and others. Table 12 shows annual Greek import data for canned fruit mixtures, while Table 13 shows the lack of U.S. exports during the first half of 2009.

Greece: Table 12. Greek imports of canned fruit mixtures, Annual				
	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Germany	1,353,107	796	2,422,641	884
United Kingdom	1,291,511	295	1,920,526	279
Belgium	981,535	216	1,532,286	280
Thailand	278,188	416	323,284	376
France	601,230	206	229,895	52
Italy	68,169	31	76,495	44
Vietnam	0	0	60,351	72
Netherlands	29,396	11	47,614	13
Austria	44,474	11	13,289	3
United States	4,413	1	11,608	2
World	**4,679,540**	**2,009**	**6,648,644**	**2,008**

Source: Global Trade Atlas

Greece: Table 13. Greek imports of canned fruit mixtures, Year-to-date				
	2008 (January to June)		**2009 (January to June)**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Germany	1,339,184	514	1,107,973	341

United Kingdom	1,307,839	186	994,257	167
France	111,151	23	325,453	62
Netherlands	13,312	4	213,608	101
Thailand	235,031	282	161,476	222
Poland	7,328	1	80,261	19
Belgium	1,321,007	201	78,094	11
Austria	3,196	1	27,825	8
Philippines	0	0	23,944	25
Italy	71,944	42	1,612	0
United States	11,608	2	0	0
World	**4,449,958**	**1,292**	**3,014,504**	**956**

Source: Global Trade Atlas

Canned Apricots: Greece is a net-exporter of canned apricots. Canned apricots are Greece's third most important canned fruit export. About 91% of Greek canned apricot exports go to other EU countries. The United States has not imported canned apricots from Greece since 2006. Table 14 shows Greek export data for canned apricots during 2007 and 2008, and Table 15 shows recent Greek export data for the first half of 2009.

Greece: Table 14. Greek exports of canned apricots, Annual

	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
France	7,756,705	6,460	10,386,544	6,828
Germany	8,530,805	7,531	5,340,074	4,207
Italy	4,051,566	4,113	1,353,373	904
United Kingdom	1,007,062	833	857,433	611
Czech Republic	574,853	704	801,701	854
Croatia	371,774	464	519,484	472
Russia	550,607	507	446,658	367
Netherlands	703,981	467	299,956	261
Austria	377,229	357	257,654	217
Poland	125,862	166	227,698	44
United States	0	0	0	0
World	**26,346,667**	**23,593**	**22,207,851**	**16,086**

Source: Global Trade Atlas

Greece: Table 15. Greek exports of canned apricots, Year-to-date

	2008 (January to June)		**2009 (January to June)**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
France	5,693,408	3,854	2,728,095	1,656
Germany	3,555,128	2,840	747,465	577
Italy	700,061	451	292,630	178
Libya	114,135	56	195,802	114
Czech Republic	441,975	481	193,451	205
Austria	122,561	105	126,977	109

Croatia	411,357	397	96,161	100
Albania	102,847	121	92,717	92
United Kingdom	724,651	514	65,796	41
Slovakia	131,409	134	59,271	73
World	**13,141,326**	**9,857**	**4,907,767**	**3,390**

Source: Global Trade Atlas

Greece began to import canned apricots from the United States during the first half of 2009. In 2008, 15% of Greece's imported canned apricots came from other EU countries. The vast majority, 76%, came from China. Table 16 shows annual Greek import data for canned apricots, while Table 17 shows the introduction of U.S. exports during the first half of 2009.

Greece: Table 16. Greek imports of canned apricots, Annual				
	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
China	1,169,064	1,433	760,583	728
Germany	27,887	8	92,919	32
Turkey	830	0	62,556	40
France	62,441	54	35,449	10
South Africa	103,716	92	30,854	31
Italy	564,199	679	12,747	13
Belgium	44,132	10	3,453	1
Bulgaria	0	0	977	0
Denmark	0	0	0	0
Austria	10,133	19	0	0
World	**2,001,819**	**2,315**	**999,538**	**855**

Source: Global Trade Atlas

Greece: Table 17. Greek imports of canned apricots, Year-to-date				
	2008 (January to June)		**2009 (January to June)**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
Turkey	0	0	791,205	497
China	38,834	38	166,001	152
Germany	45,377	13	120,911	96
Netherlands	0	0	57,237	46
Argentina	0	0	21,128	24
France	14,362	4	18,795	5
South Africa	30,854	31	18,009	16
Italy	0	0	10,940	6
United States	0	0	2,617	1
Belgium	3,453	1	192	0
World	**133,856**	**87**	**1,207,181**	**842**

Source: Global Trade Atlas

***Canned Pears*:** Greece is a net-importer of canned pears. Canned pears are Greece's least important canned fruit export. Greece exports a limited amount of canned pears, 90% of which go to other EU countries. Greece does not export canned pears to the United States. Tables 18 and 19 show Greek exports of canned pears on an annual and year-to-date basis.

Greece: Table 18. Greek exports of canned pears, Annual				
	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
United Kingdom	123,074	54	877,669	401
Italy	42,119	41	130,897	143
Canada	0	0	62,395	29
Portugal	0	0	41,091	43
Hungary	0	0	40,149	50
Albania	15,769	19	24,259	29
Ukraine	33,009	29	22,269	18
Slovenia	0	0	20,310	23
Czech Republic	18,595	16	20,087	14
Estonia	0	0	19,220	22
World	**316,656**	**232**	**1,283,471**	**786**

Source: Global Trade Atlas

Greece: Table 19. Greek exports of canned pears, Year-to-date				
	2008 (January to June)		**2009 (January to June)**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
United Kingdom	305,138	132	112,926	44
Germany	0	0	65,637	79
Angola	0	0	16,700	18
Albania	8,695	7	13,215	13
United Arab Emirates	0	0	6,654	5
Czech Republic	16,115	11	4,928	4
Canada	0	0	3,207	1
Bulgaria	12,711	4	825	1
Cyprus	2,599	2	0	0
Estonia	19,220	22	0	0
World	**626,796**	**461**	**224,091**	**165**

Source: Global Trade Atlas

Greece does not import canned pears from the United States. It imports the majority of its canned pears from China, followed by Italy and Argentina. Tables 20 and 21 show Greek imports of canned pears on an annual and year-to-date basis.

Greece: Table 20. Greek imports of canned pears, Annual				
	2007		**2008**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
China	3,519,478	4,847	3,816,943	4,954
Italy	322,634	252	880,742	806
Argentina	794,668	1,156	784,826	850
Bulgaria	39,980	21	270,931	92
Germany	112,757	36	130,861	79
Spain	0	0	35,308	7
France	14,512	7	9,904	4
United Kingdom	537	0	121	0
Senegal	0	0	29	0
South Africa	229,260	215	0	0
World	**5,033,827**	**6,533**	**5,929,666**	**6,792**

Source: Global Trade Atlas

Greece: Table 21. Greek imports of canned pears, Year-to-date				
	2008 (January to June)		**2009 (January to June)**	
Partner Country	**USD**	**Quantity (MT)**	**USD**	**Quantity (MT)**
China	2,041,709	2,683	1,796,135	2,515
Argentina	12,496	17	157,232	298
Germany	4,088	1	77,495	38
Italy	452,633	444	44,631	30
France	7,483	3	2,611	2
Spain	35,308	7	954	1
Belgium	0	0	269	0
Bulgaria	85,624	35	0	0
Senegal	29	0	0	0
South Africa	0	0	0	0
World	**2,639,491**	**3,190**	**2,079,325**	**2,884**

Source: Global Trade Atlas

Fresh Peaches, Fresh Apricots, and Fresh Pears: Greece does not import or export fresh peaches, fresh apricots, or fresh pears from or to the United States. Since Greece relies on domestic production of fresh fruit for its canned fruit industries, trade tables are not relevant here.

Policy:

Background on EU Subsidies: For decades the US canned peach industry has sought relief from the EU's canned peach subsidies. The long history of the U.S. dispute with the EU over its canned fruit subsidy regime has included numerous U.S. government interventions at the very highest levels, even including a bilateral agreement under which the EU agreed to discontinue subsidizing its canned peach processors. Despite these efforts, subsidized EU canned peaches weaken the competitive position of U.S. canned peach growers and processors relative to their EU counterparts. Consumption of canned peaches within the United States has fallen alongside domestic production since 2002. While imports accounted for 8% of U.S. consumption in 2004, they rose to 18% of consumption in 2006, with similar trends in canned pears (12% to 16%) and in canned fruit mixtures (3% to 7%).

The United States is the largest producer of canned peaches in the world followed by Greece. Accession into the European Union greatly enhanced Greek peach production. When Greece entered the European Union, Greek producers received production subsidies, access to the EU market, and protection from foreign competition.

CAP Reforms: The aim of the Common Market Organization (CMO) reforms, which entered into force on January 1, 2008, was to bring the Fruits and Vegetable (F&V) sector in line with other agricultural sectors that have already been reformed under the Common Agricultural Policy (CAP) (Council Regulation 1182/2007). Under this reform, the old-style production-linked payments are being replaced by decoupled payments. The shift from production support to direct aid to producers is designed to improve the competitiveness, market orientation, and sustainability of the sector. Commission Regulation 1580/2007 lays down rules for the implementation of the reform.

The F&V sectors were integrated in the Single Payment Scheme (SPS), and land utilized for F&V production (including orchards and potatoes for human consumption) will be eligible for payments under the decoupled aid scheme, which already applies in other farm sectors. All existing support for processed F&V (tomatoes, citrus fruit, peaches, pears, prunes, figs, and dried grapes) has been decoupled and Member States' (MS) budgetary ceilings for the SPS were increased accordingly.

The MS have been allowed to apply transitional payments for a four-year transitional period (2008-2011) for tomatoes, provided that the coupled proportion of the payment does not exceed 50 percent of the national ceiling. The MS were allowed to apply a five-year transitional period (2008-2012) for multi-annual crops, provided that after December 31, 2010, the coupled portion does not exceed 75 percent of the national ceiling. MS may choose to postpone the distribution of F&V entitlements for up to three years.

Within the framework of the SPS, the calculation of the budget to be paid to the farmers is based on the historical average payments received by peach growers (see below). However, these amounts have been globally added to the SPS envelope, and they can be reattributed among farmers (in conformity with point A of annex IX of Regulation 73/2009 - previously point M of annex VII of Regulation 1973/2004).

Situation in Greece: Unlike the United States, Greece provides direct decoupled payments to peach and pear growers under the EU Common Agricultural Policy (CAP). In 2006, these payments equaled 18% of the price that growers of cling peaches received from processors. Of all EU recipients, Greece received the largest share of funding from the CAP proportional to the size of its economy in 2008, equaling 1.47% of GNI. Following the 2008 reforms of the CAP Common Market Organization for fruit and vegetable production, the Greek government announced that it would follow a fully decoupled payment scheme and will allocate €11.8 million of its awarded CAP subsidies to peach producers from 2008 to 2013. Processors, who no longer receive any aid under the SPS, anticipate that the full decoupling system will lead producers to switch from the production of cling peach to peaches for the fresh market, which almost always command a premium price compared to the price offered in the processing market.

Farmer Protests: Beginning July 16, 2009, more than one thousand peach farmers blockaded major roads outside Thessaloniki and Central Macedonia. Greek agriculture minister Sotiris Hatzigakis announced an aid deal on July 21 that strikes a compromise between industry representatives and the government, under which peach growers will receive €0.23/kg. Processors and the government will split the cost, with processors agreeing to pay €0.18/kg and the government providing a €0.05/kg (direct payment) subsidy.

New Aid to Peach Growers: However, in December 2009, the new Greek government announced a program to provide an additional €10 million in income support to Greek cling peach producers. The proposed program has not yet been officially put in place, but sources believe it would provide another €0.04-0.07/kg to producers. The program would apparently be authorized by the EC Treaty state aid rules, adopted in December 2008, which provides Member States with additional possibilities to address the effects of the credit squeeze on the real economy. The Framework forms part of the measures announced by the Commission in its 26th November 2008 European Economic Recovery Plan. Thus far, the Commission has authorized Germany (€100 million) and France (€700 million) to grant limited amounts of aid to farmers who encounter difficulties as a result of the current economic crisis. The state aid would take the form of direct grants, interest rate subsidies, subsidized loans, and aid towards the payment of social security contributions.

Tariffs: Current tariff rates for canned peaches, pears, apricots, and mixtures are listed below in Table 5.

Greece: Table 5. Duties applied on goods exported from the U.S. to Greece, 2009				
	Canned peaches	**Canned pears**	**Canned apricots**	**Canned mixtures**
With added spirit in packages > 1kg	25.60 %	25.60 %	24.00 % - 25.60 %	15.00 % - 25.60 %
With added spirit in packages < 1kg	25.60 % + €4.20 / 100 kg	25.60 % + €4.20 / 100 kg	25.60 % + €4.20 /100kg	15.00 % - 25.60 %
Without added spirit	19.20 %	17.60 % - 19.20 %	17.60 % - 20.80 %	8.5% - 17.60%
No added sugar, in packages >5kg	15.20 %	16.80 %	13.60 %	11.50 – 18.40%
No added sugar, in packages <5kg	18.40 %	16.80 %	17.00 % - 18.40 %	11.50 % - 18.40 %

Source: TARIC

Marketing:

The purée market is quickly expanding in Greece, and most Greek peach producers have opened a purée line. The EU subsidizes approximately 40% of the financing for investment in new product lines, including for purée equipment which costs between €1.5 and €2 million to install. Purée production uses a large amount of fresh peaches, and as this market expands the cost of Greek cling peaches may rise.

Competition**:** Table 22 provides a list of top Greek fruit canners by share of retail value.

Greece: Table 22. Top Greek producers of canned/preserved fruit, by market share in retail value		
Fresh Del Monte Produce Inc	18.4	18.8
Kyknos Greek Canning Co SA	11.9	12.0
Heinz Co, HJ	5.5	5.6
Sarantis SA, Group	5.1	5.3
Media Ltd	5.1	5.0
Pappker KFT Hungary	1.5	1.2
Associated British Foods Plc (ABF)	1.0	1.1
Olympia-Xenia SA	-	-

Círio Del Monte Group	-	-
Costa & Co Ltd, G	-	-
Private Label	16.6	16.5
Others	34.9	34.5
Total	100.0	100.0

Production, Supply and Demand Data Statistics:
Appendix 1.

Greece: Table 2. PS&D, Canned Peaches

	2008/2009	2009/2010 (estimate)	2010/2011 (forecast)
Deliv. To Processors (MT)	250,000	170,000	150,000
Beginning Stocks (MT)	62,800	81,600	92,000
Production (MT)	275,000	216,750	191,250
Imports (MT)	700	700	700
Total Supply (MT)	338,500	299,050	283,950
Exports (MT)	246,400	197,050	190,000
Domestic Consumption (MT)	10,500	10,000	10,000
Ending Stocks (MT)	81,600	92,000	83,950
Total Distribution (MT)	338,500	299,050	283,950

Figures are unofficial Post estimates

Greece: Table 23. PS&D, Fresh Pears

	2004/2005	2005/2006
Commercial Production (MT)	40,000	52,500
Non-Comm. Production (MT)	1,000	3,500
Production (MT)	41,000	56,000
Imports (MT)	17,500	10,000
Total Supply (MT)	58,500	66,000
Fresh Dom. Consumption (MT)	49,500	54,000
Exports (MT)	1,400	2,500
For Processing (MT)	6,000	7,000
Withdrawal From Market (MT)	1,600	2,500
Total Distribution (MT)	58,500	66,000

Source: PSD Online

Greece: Table 24. PS&D, Fresh Apricots

	2007/2008	2008/2009

Commercial Production (MT)	74,400	74,400
Production (MT)	74,400	74,400
Imports (MT)	230	230
Total Supply (MT)	74,630	74,630
Fresh Dom. Consumption (MT)	58,450	58,530
Exports, Fresh (MT)	16,180	16,100
Total Distribution (MT)	74,630	74,630

Source: PSD Online