

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Greece Sugar 2012 Annual

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Sugar

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Report Highlights:

Following recent signals from the European Commission that sugar production quotas will be phased out by 2015/16, MY 2012/13 Greece's sugar production is forecast to increase slightly. The Hellenic Sugar Industry (HSI) is the only sugar producer in Greece and one of the most significant agricultural industries of the country. Thus far, Greece does not produce bioethanol from sugar or other crops.

Sugar

Production, Consumption, and Trade

Table 1: Production, Supply and Demand (ha) (MT)

Sugar	2010	2011	2012
	Estimates 2010/2011	Estimates 2011/2012	Forecast 2012/2013
	Post Data	Post Data	Post Data
Area Harvested	13,400	10,000	13,200
Beet Sugar Production	83,897	91,308	100,439
Total Sugar Production	83,897	91,308	100,439
Raw Imports	8,400	43,315	44,000
Refined Imp. (Raw Val)	260,836	318,971	313,200
Total Imports	269,236	362,286	357,200
Total Supply	353,133	453,594	457,639
Raw Exports	837	5,298	5,100
Refined Exp. (Raw Val)	127,132	115,587	116,640
Total Exports	127,969	120,885	121,740
Human Dom. Consumption	225,164	332,709	335,899
Total Distribution	353,133	453,594	457,639

Source: Unofficial estimates; GTA

Following recent signals from the European Commission that sugar production quotas will be phased out by 2015/16, MY 2012/13 Greece's sugar production is forecast to increase slightly. Even so, the current economic situation will make it difficult for the next couple of years. The main producing areas include the prefectures of Imathia and Serres in Macedonia; Evros and Xanthi in Thrace; Larissa in Thessaly. Greek sugar production is mainly destined for the confectionary, canning, and food processing industry. MY 2012/2013 sugar consumption is forecast to remain flat. Greece imports the majority of its sugar from Serbia, Belgium, Mauritius, Croatia, France, and Denmark. Bulgaria continues to be the main destination for Greek sugar exports.

The Hellenic Sugar Industry

The Hellenic Sugar Industry (HSI) is the only sugar producer in Greece and one of the most significant agricultural industries of the country. HSI mainly produces and trades white crystal sugar and its by-products: molasses, sugar-beet pulp pellets, Nutrica 135, and fresh pulp. Specifically, molasses is a sugar by-product used as a raw material to produce alcohol, yeasts, and cattle feed. Sugar beet pulp pellets - prepared with dry pulp and molasses - are almost entirely used for cattle feed. Nutrica 135 -

prepared with dry pulp and molasses, with the addition of trace elements and vitamins - is used mainly for fattening calves. Fresh pulp - prepared with a bigger content of water than the sugar beet pulp pellets – is used for cattle feed.

The Hellenic Sugar Industry under the new CAP

In MY 2006/07, the EU launched a new CAP (Common Agricultural Policy) reform for the sugar sector, in order to ensure a long-term sustainable future for sugar production and enhance the competitiveness of the sector. Specifically, the reform cut by 36 percent the guaranteed minimum sugar price (from 631.9 €/MT in 2006/2007 to 404.4 €/MT in 2009/2010) and reduced domestic production quotas, providing compensations to growers and processors.

By implementing the CAP reform, Greece reduced its sugar quota by 50.1 percent from 317,502 MT to 158,702 MT. Consequently, the Hellenic Sugar Industry closed Larissa and Xanthi plants, receiving a compensation of €118 million.

Since May 2007, HSI has sought international investors providing capital to convert the sugar factories in Larissa and Xanthi into bioethanol production units, at an estimated cost of €200 million. HSI aimed at producing 300,000 cubic meters of bioethanol annually, in conformity with the European Commission Directive N. 2003/30 setting at 5.7 percent by the end of 2010 the share of energy from renewable sources consumed by the transport sector (set at 10 percent by 2020 - EU Renewable Energy Directive N. 2009/28).

To date, negotiations to convert the two plants in Larissa and Xanthi have not been successful, due to the current economic climate.

Abbreviations and definitions used in this report

The PSD in this report only pertains to sugar as defined by HS 170111, 170112, 170191, 170199. It hence excludes sugar beet production destined for fermentation or other industrial purposes.

Conversion factors and methods used in this report:

MY = marketing year for sugar October - September

Raw cane sugar = 1,07 X Refined cane sugar

Raw beet sugar = 1,087 X White (refined) beet sugar