Buyers

FACTSHEET

FOOD AND AGRI-FOOD

in Greece

اتاق مشترک بازرگانی ایران و یونان

Iran-Greece Chamber of Commerce

Introduction

Agri-food is considered one of the most crucial sectors for the Greek economy, driving general production activity and economic growth. **High-quality raw materials and products**, a **globally recognized brand** name and **well-established distribution networks worldwide** represent the main competitive strengths of the sector, which has demonstrated strong and growing export activity that can further boost investments and trigger growth opportunities. Growth can be supported by growing consumer demand for healthy and natural foods worldwide.

Historically, Greek food and agricultural products have maintained a strong position in EU and international markets. Although there are several product categories with remarkable footprint in international markets and/or growth potential, **main contributors** and categories of focus are the following:

Fruits & vegetables

Dairy products

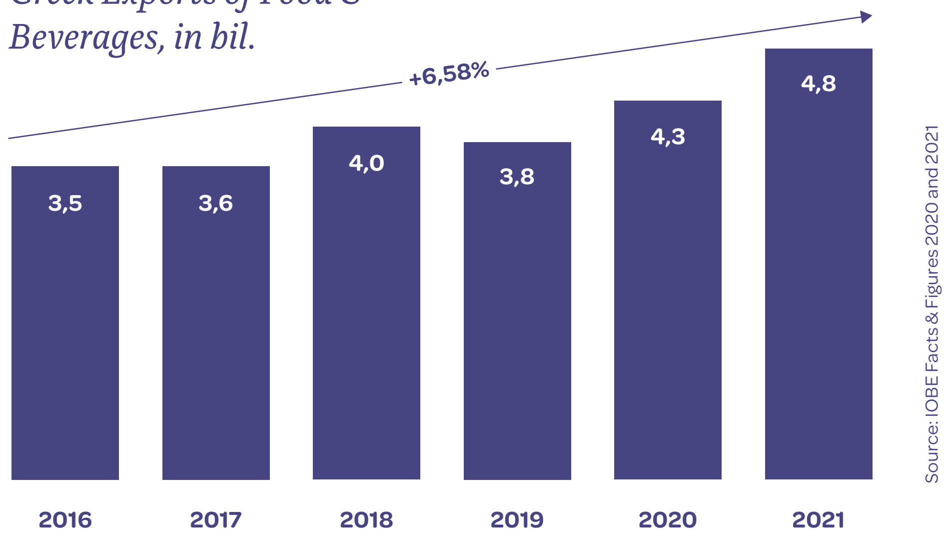
Olive oil

Current State

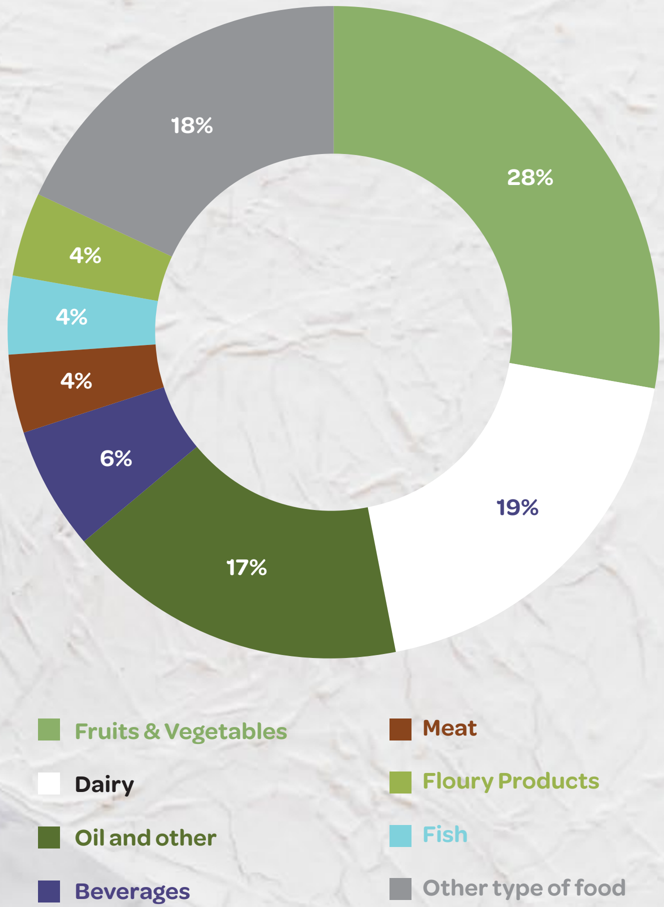
Greek food & beverage sector has historically been characterized by high exporting potential. Most of the Greek exports (67%) are exported to EU countries, while top destination countries are Germany, Italy and the UK.

Greek exports of food & beverage products **have shown remarkable growth trajectory**, mainly driven by product quality. Export value has grown at a compound annual growth rate (**CAGR**) of **6,6%** within the 2016-2021 period. Despite a slight decrease due to the pandemic in 2019, exports quickly recovered in 2020 and further increased remarkably in 2021 to eventually exceed €4,8 bil.

Greek Exports of Food & Beverages, in bil.



Greek Food & Beverage Exports by product, as % on total exports



Source: IOBE Facts & Figures 2020 and 2021

Current State

Overall, sources of competitive advantage in food & beverage exports indicatively include:

Abundance of high-quality raw materials

- **Geography & climate**. Blessed by highly favorable climatic conditions and diverse geomorphology, Greece maintains a wide range of **top-quality, natural raw materials**, ranging from fruit and vegetables to special ingredients such as saffron and truffles, which can ensure high-quality produce.

- **Focus on organic**. Furthermore, a trend towards health consciousness has led to rising demand for **organic foods** globally. **Greek food producers** have managed to successfully **respond to this trend**, by increasing their organic production and exports accordingly, thanks to the exceptional quality of their raw materials and the long-standing application of environmental-friendly cultivation, harvesting and processing techniques.

  Typical is the example of the **Greek extra virgin olive oil**, a category associated with higher quality and healthier lifestyle, which is estimated to account for more than **80%** of total production in **Greece**, compared with **65%** in **Italy** (2nd largest producer worldwide) and **50%** in **Spain** (largest producer).

"Made in Greece" Branding

- **High-quality brand value**. The **Greek cuisine** and the connection with the **Mediterranean diet** acts as a **brand identity** for the Greek food products internationally and constitutes a first step towards a broad acceptance of the various product-specific brands abroad.

  In particular, the **Greek diet**, containing a broad mix of fruits, vegetables salads, fish, and meat, not only remains timeless value for the Greek households but is also closely associated with Greece's tourism brand, with millions of people around the world connecting the Greek cuisine with the country's natural beauty and the sense of hospitality and wellbeing experienced in Greece.

  Furthermore, several Greek products and brands are globally recognized for **exceptional quality**, as leading Greek food producers not only comply with international **certification standards**, such as ISO, but have also been won **multiple product awards** in international tasting competitions.

- **Recognized & protected products**. The quality of the Greek products is guaranteed by the EU indicators **Protected Designation of Origin** (PDO) and **Protected Geographical Indication** (PGI). Both indicators protect the names of products that originate from specific regions and have specific qualities or enjoy a reputation linked to their production territory. In total, Greece has certified more than 100 products and is ranked 5th in Europe in terms of number of products certified with PDO/PGI labels. Among the certified products are olive oils, cheeses, fruits & vegetables, dry nuts, legumes, wines, spirits, and others. For instance, there are 30 registered PDOs and PGIs for Greek olive oils, out of which several have also secured **international Intellectual Property protection** from bodies such as World Intellectual Property Organization (WIPO).

PDO label *PGI label*

It is important to note that, apart from holding PDO/PGI labels for its products and brands, Greece has also demonstrated the **ability to legally enforce its rights**, against efforts of replicating the original products. A recent example is that associated with the **feta PDO**, with the Court of Justice of the European Union (**CJEU**) agreed with Greece's assertion and **reprimanded Denmark** for violating EU regulations, as it did not block Danish companies from using the name "feta" for sales of white cheese outside the EU.

Current State

Well-established distribution networks worldwide

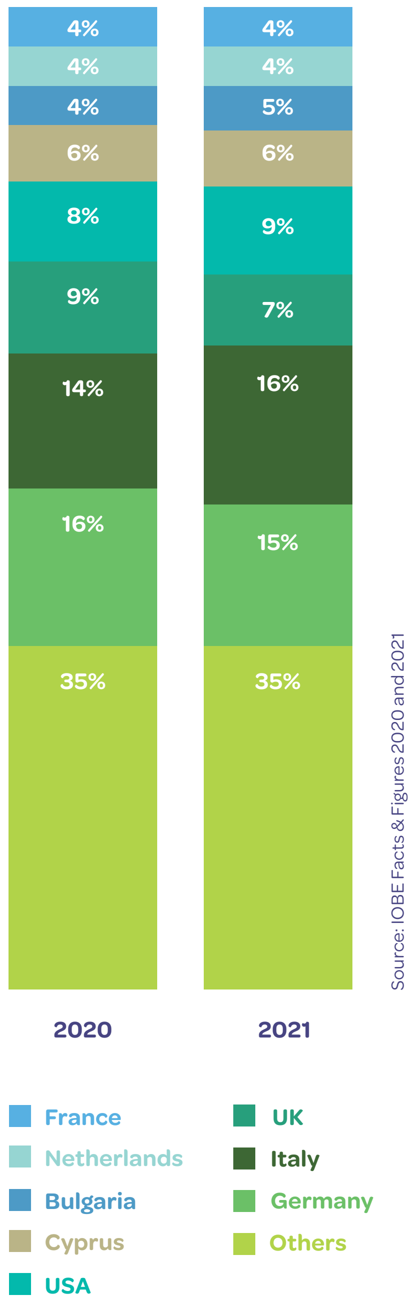
Currently, Greek food & beverage manufacturers maintain a strong export profile, facilitated by a robust and growing commercial network all over the world, with primary focus on Western European countries and the US, which are characterized by higher disposable income per capita, allowing for more premium product positioning. Middle East has been a new target of sales expansion recently.

- **Favorable export destinations**. Besides the growth trajectory, the country mix seems to be favorable for the Greek food & beverage sub-sector, as 2/3 of total value is exported to EU countries, with focus on Western Europe. Top five destinations for 2020 and 2021 were: **Germany, Italy, UK, USA and Cyprus**. This is favorable, as Greek food products are mainly targeted at countries where consumers enjoy higher disposable income and- thus- can be priced at a premium, given high quality. As several of the main export destinations are also represented in Greece's tourism traffic, the association with the Greek food brand is further strengthened.

- **Stable commercial relationships**. In addition, top destination countries for Greek food and beverage products seem to be constant between 2020 and 2021, thus indicating **stability in terms of key clients**.

- **Stable product mix**. In the same 2-year period, the contribution of each key product category on total exports has only marginally changed, further highlighting the **overall stability** of the sub-sector. As already mentioned, fruits & vegetables, dairy products and olives & related products constitute the top export contributors, representing ~65% of total food & beverage exports.

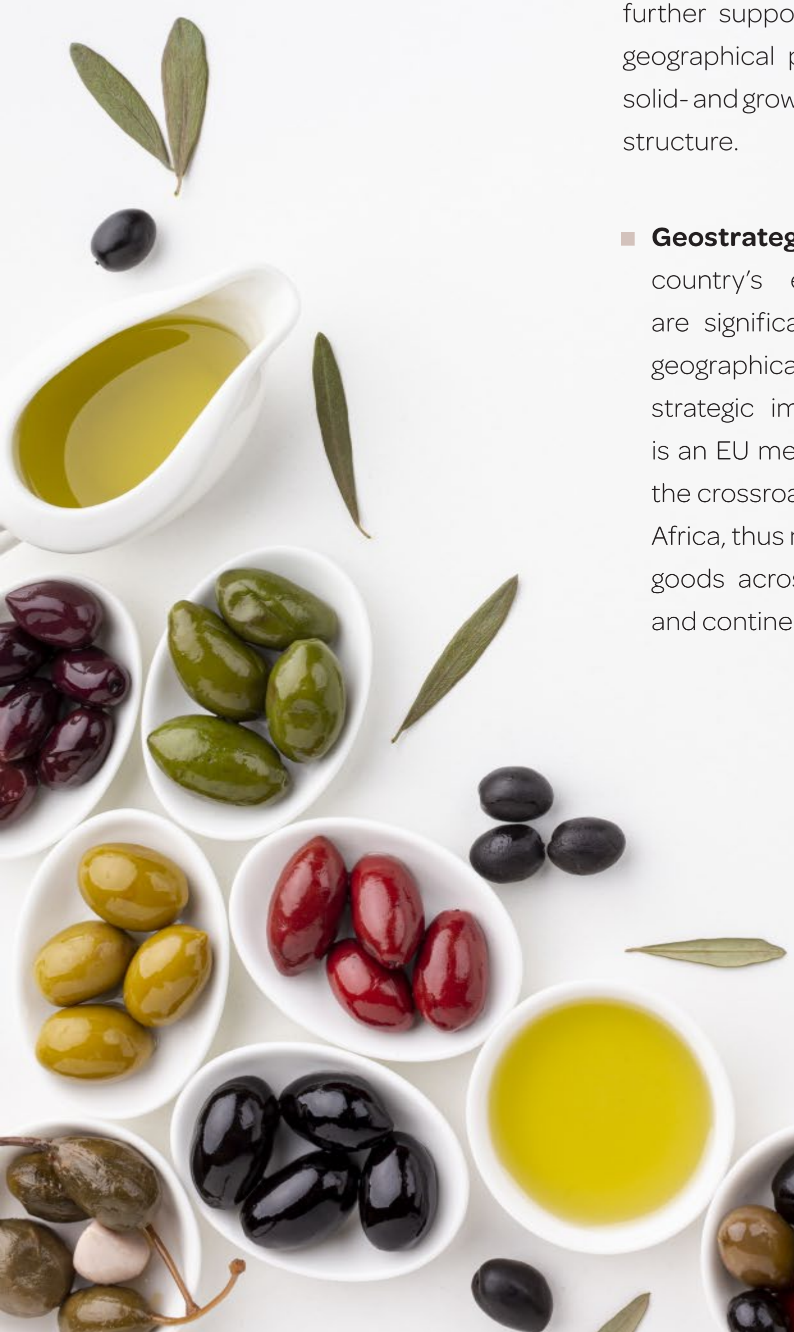
Greek Exports by destination country, as % on total



Source: IOBE Facts & Figures 2020 and 2021

Strategic location coupled with solid supply chain infrastructure

The positive export potential of the Greek food & beverage products is further supported by the country's geographical position as well as its solid- and growing- supply chain infrastructure.



- **Geostrategic location**. The country's exporting capabilities are significantly enhanced by its geographical location, which is of strategic importance, as Greece is an EU member state situated in the crossroads of Europe, Asia and Africa, thus make it easier to export goods across different directions and continents.

- **Solid road and maritime supply chain network**. Facilitated by solid infrastructure, the strong water and road transport activity of the country strengthen the country's efforts to enhance trade of goods. According to Eurostat, in 2019 over 194 million tons of goods handled in all **ports (#9 in the EU)** and approximately 354 mil. tons were handled in **road freight transport (#10 in the EU)** in Greece. It should be noted that Piraeus has been the fourth largest port in Europe, in terms of total container for three consecutive years (2019-2021), while privatizations have taken place for Thessaloniki port in 2018 and are planned for other main Greek ports. On the other hand, the road network of Greece is one of the most developed in Southeast Europe and has been recently enhanced, with construction of Ionian Highway (2017), connecting regions of Western Greece with the rest of the country, upgrade of the Athens-Thessaloniki section (2021) and several other planned projects in Central Greece, Crete and other regions.

Current State

Growing Investment Potential

- **Growing investment interest in the sector**. Rising attractiveness for foreign investors has been observed in the food & beverage sector recently and can be demonstrated by several important **M&A deals** such as the acquisition of **Chipita** by the global snack leader Mondelez International for approximately $2 bil. in total in January 2022, and the acquisition of both the Greek food conglomerate **Vivartia Holdings** (comprised of Delta and Barbastathis among others) from Marfin Investment Group as well as a majority stake in the Greek dairy producer **Dodoni** by **CVC Capital Partners** in 2021.

- **Promising investment opportunities**. Despite focus on organic production and export profile of the Greek food processing sector, it is observed that Greek companies are of smaller scale (average revenue per company is 1/3 of the European average), thus not always able to generate significant economies of scale from their operations. Such a combination can provide untapped opportunities for international groups and investors, such as Mondelez and CVC Capital Partners, to invest in the market and consolidate smaller businesses, ideally under the umbrella of larger flagship ones, to eventually increase productivity, boost product and technological innovation and expand to new international markets.

Fruits & Vegetables

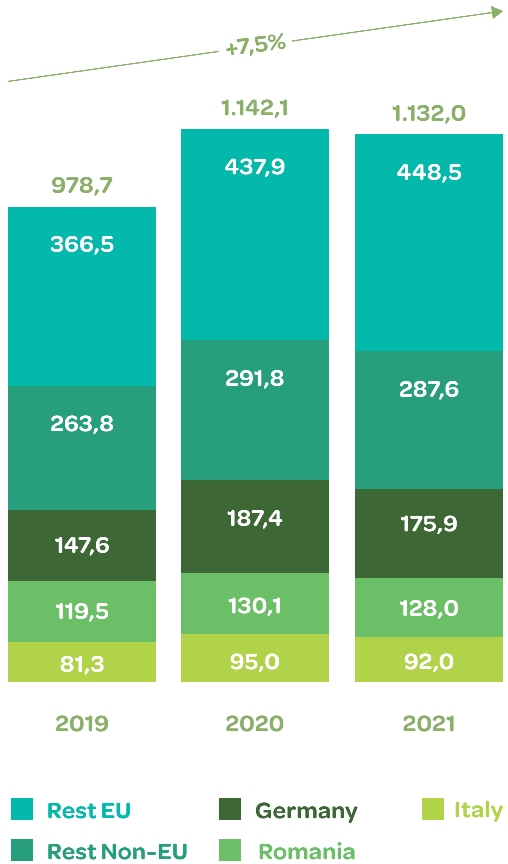
The main products exported are **raisins, kiwis, strawberries, cucumbers, watermelons, peaches, oranges, and tangerines** among others. Fruits & vegetables exports **exceeded €1,3 bil.** in 2021 in total.

Greece is exporting fruits & vegetables in a variety of countries, with focus on **Central and Western Europe**. This is of particular significance, given the **high disposable income per capita** in these regions, which is associated with their preference in high-quality products as those exported by Greece. Key milestone constitutes the expansion of the kiwi exports in the USA during 2021.

In terms of origin and quality of products, there are more than 30 products in the category Fruits & Vegetables labelled with **PDO/PGI labels**, including kiwi Spercheiou, dried figs of Kimi, apples of Kastoria and Corinthian Raisins Vostizza.

It should be noted that fruits export value was more than 5 times vegetables export value in 2021, with a very similar trend in 2019 and 2020. For both categories, top export destinations are Germany and Romania, which represented approximately close to 30% and 40% of exports in fruits and vegetables respectively in 2021, while all top 3 destinations remain fairly constant within the 2019-2021 period.

Exports of Fruits, in mil.



Source: Eurostat

Exports of Vegetables, in mil.

Source: Eurostat

Dairy & Honey

During the past years, there has been a significant increase in the value of dairy exports, which are mainly comprised of **cheese, milk, yoghurt, whipping cream, and butter**.

Greek dairy producers have leveraged on the **local market**, which has always been a solid commercial base. In a market valued at around €3 bil. in sales, **cheese** represents **50%** of total value, with **feta** for example accounting for **~1/4 of total cheese sales** in the Greek supermarkets, according to IRI data.

Strong local demand, in combination with **market concentration** observed to a certain extent, can offer **potential for generation of economies of scales** for Greek companies. In particular, 40% of the total market value is controlled by **6 major players** which maintain strong branding and distribution networks. It should also be noted that **consolidation is a major trend** in the sector, with CVC Capital Partners for example currently holding a majority share in both Delta and Dodoni, and Delta further controlling more than 40% of MEVGAL. If continued, M&A activity could further strengthen competitiveness of the Greek dairy producers.

In terms of origin and quality certifications, typical **cheese products** that maintain the **PDO label** include Greek feta, manouri cheese and others.

Exports of Dairy & Honey by country, in mil. €

Source: Eurostat
Note: Dairy products sales are reported together with honey by Eurostat.

- Overall, the dairy & honey categories have grown at a CAGR of 15,1% within the 2019-2021 period.
- Top destination countries are **Germany, Italy, and the UK** throughout the period, with all of them being **Western European countries** with **high income** per capita.

Olive Oil

Olive oil is a product highly associated with the **Greek and Mediterranean food lifestyle** and is considered of the healthier products to consume. A fact supporting the high quality and authenticity of the Greek olive oil is that **extra virgin olive oil** accounts for more than **80%** of total production in **Greece**, against 65% and 50% for Italy and Spain respectively.

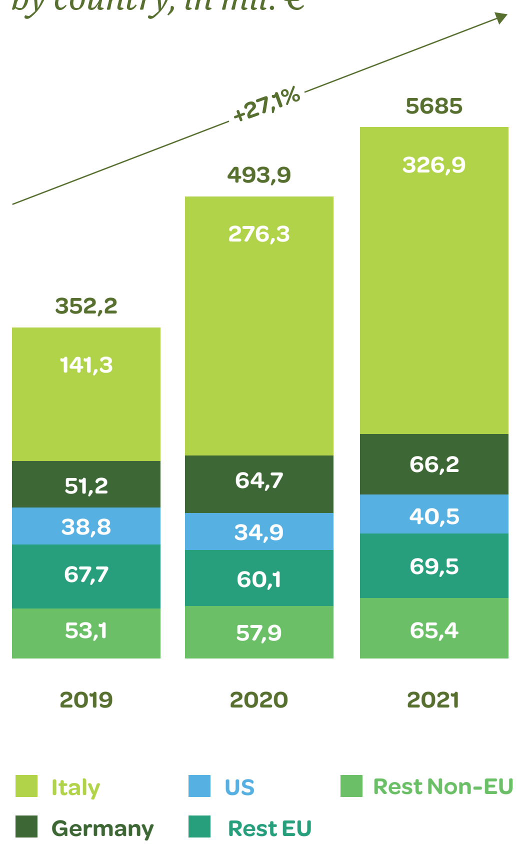
In terms of the product protection, there are 30 registered **PDOs and PGIs for Greek olive oils** that guarantee the products' origin. Furthermore, four of the Greek extra virgin olive oils with protected geographical indicators from the EU, i.e. Kalamata PDO, Sitia Lasithiou Crete PDO, Kolymvari Chania Crete PDO and Lakonia PGI, have also been registered with the **World Intellectual Property Organization** (WIPO).

The Greek olive oil sector has grown at a **remarkable CAGR of 27,1%** between 2019-2021, demonstrating the highest growth in the past years among the top-3 Greek export categories.

Top export destinations have consistently been **Italy, Germany, and the US** for the past 3 years. These are all countries with high disposable income per capital, allowing for more **premium product positioning**.

Greece ranks **3rd among the EU olive oil producers**, accounting for **13%** of total production value, **after Spain** (66%) and **Italy** (15%). EU countries are the biggest consumers, absorbing 50% of world production.

Exports of Olive Oil by country, in mil. €



Source: Eurostat