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Report Highlights:

In 2004 and 2005, U.S. genetics accounted for almost 70% of the total planted seed for all crops. Opportunities continue to exist for increased imports of seed of corn, durum wheat, alfalfa and other forage plants, tomato and some grass seed blends. Crop restructuring under the new CAP reform and new opportunities for biofuel crops are likely to affect seed trade and the demand for imports. Imports of corn seed and cottonseed continue to be down from the 2002 level due to testing by the government of Greece for the adventitious presence of biotech in conventional seeds. While this testing threatens seed imports, because of low tolerance levels, to date no shipments have been denied entry.

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PRODUCTION, SEED SUPPLY & DEMAND CHANGES

SECTION I: Situation and Outlook Narrative

Seed Production, Distribution and Usage (Key Crops)

Greek domestic production of seed (field crops, vegetables, grasses) is limited when compared to imported seed, based on value and volume. Private companies provide most domestic seed production, but a small share of production is also done by government organizations and institutions.

Tobacco seed is produced and distributed to farmers by the Tobacco Institute, part of the National Network of Institutes for Agricultural Research under the Ministry of Agricultural Development and Food (NAGREF). The Tobacco Institute renews its pro-basic and basic seed stock with selective imports from the EU and the U.S., respectively. The Tobacco Institute, located in the Prefecture of Drama (E. Macedonia region), cooperates with U.S. companies to obtain seed, particularly Flue Cured and Burley varieties. Moreover, the Institute certifies and provides to farmers all the needed seed for the Oriental Tobacco varieties grown in Greece. The supply of tobacco seed is free of charge. Greek tobacco farmers report that U.S. seeds provide good germination, uniformity, low labour requirements at transplantation, fast growth, and no plant loss in the fields. In addition, U.S. companies provide Greek farmers with planting know-how (i.e. floating tray system application) through farm coop groups.

Sugar beet seed is produced and distributed to beet farmers by the Hellenic Sugar Industry (HIS). As with the Tobacco Institute, HIS renews its seed stock with EU and U.S. imports. For propagation and genetic regeneration purposes, The Hellenic Sugar Industry periodically imports some sugar beet seed from the EU, generally less than one ton, and distributes it to farmers.

The new CAP reform system will be implemented for cotton, corn, tobacco, sugar and wheat starting with the 2006 planting season. Full decoupling will certainly impact land usage, with some crops replacing others, making planting seed usage for these crops unpredictable. It is likely that acreage for some of these crops will be reduced and some new crops will gradually appear in the following years. Reports indicate a high probability that in the 2006 crop year, significant irrigated acreage will be devoted to biofuel crop production, with plantings of sweet sorghum, soybeans, sunflower and rapeseed in a number of the south western regions of Peloponnesos, Thessaly and Macedonia. It is anticipated that in 2006, approximately four to five thousand hectares of bio energy crops will be planted in Greece. These new plantings will mostly replace cotton, sugar beets, tobacco and industrial tomatoes, as well as fallow lands. In addition, local cooperatives and farmer organizations are ready to take advantage of the new GOG legislation (in harmonization with the EU Directive No. 2003/30/EU), which provides incentives to farmer organizations and investors. These expected changes in the crop landscape would likely diversify the seed market demand in Greece. Already a number of seed trade firms are focusing on alternatives.

In December 2004, GOG published Common Ministerial Decision No 262021, in compliance with EU Council Regulation No 1782/2003 (L270) that established common rules for direct support schemes under the CAP and support schemes for farmers under the cross compliance principle with the presupposition to provide support payments under the new CAP. The GOG Ministerial Decision obliges Greek farmers to incorporate various leguminous crops (vetch, alfalfa, etc) at a minimum level of 20% of their main crop acreage. This requirement applies the EU Reg. No 1782/2003 standards for "good agricultural and environmental conditions," referred to as Article 5 of the regulation. Currently, the GOG

Ministry of Agriculture prepares a “zoning” plan, based on region and soil fertility. This plan is used to determine Greece’s actual acreage for calculation of the leguminous planting requirements to meet the 20% threshold to qualify for payment entitlements. According to seed trade sources, this new “compulsory” requirement will significantly increase demand for leguminous plant seeds, starting with the crop year 2005-2006.

Local varieties of cottonseed are produced by the Cotton Institute and sold to seed traders, also a part of NAGREF. However, the market segment for this seed is limited to a 5-10 percent, annually. In recent years, U.S. has produced the highest yields to Greek farmers, with farmers in many regions reporting yields in excesses of 4,000 Kg/Ha (seed cotton basis). Comparatively, cotton yields in the 1980s and the 1990s fluctuated around 3,000 Kg/Ha (seed cotton basis). During that time domestic cottonseed was produced in larger quantities in cooperation with the Hellenic Cotton Board, which was abolished in 2002 after the GOG’s decision to integrate its activities and responsibilities into the Field Crops Division of the Ministry of Agriculture and the OPEKEPE. The latter, an agency within the Ministry of Agriculture, is responsible for EU Policy implementation on Subsidies and Income Supports, handling EU - FEOGA funds.

Some domestically produced field crop and vegetable seeds are distributed to farmers at relatively lower prices, by KESPY, the Central Cooperative Union for Supplying Agricultural Inputs. Although domestic seed is offered by KESPY at lower prices and with longer credit terms, private companies distribute the bulk of seed supplies because the majority of farmers prefer the better quality and consistent supplies provided by the private companies.

Farmers buy seed individually, or through farm or cooperative groups, the majority of which buy from the free trade and re – sell to their members. Seven private companies produce cotton and corn seed domestically. These firms produce domestic seed by licence, using local varieties, but mostly imported genetics, for their production needs. Their production is limited to supplementing the domestic market needs, which is mostly covered by imports.

In particular, cooperatives and farmer groups distribute most of the domestic varieties of cotton, corn and wheat seed. U.S. genetics for seeds and other propagation material for all crops accounted for almost 70% of the seed planted in 2004 and 2005.

The 2005 demand for cotton certified seed is estimated at 8,500 MT, corresponding to 22 Kg/ha of planted seed, covering acreage of 385,000 Ha. Reportedly, cottonseed supplies for 2005 planting are over 9,500 MT, including late purchases for replanting of fields damaged by spring rain and flooding. The following table uses rough estimates based on trade information to provide a break down of 2005 cottonseed plantings based on origin:

**TABLE 1: Cottonseed utilization for planting in Greece
Crop Year: 2005**

Cottonseed for Planting By Origin	Amount (In MT)	Imported within CY 2005 (In MT)	In stock from CY 2004 Purchases (In MT)
U.S. and/or U.S. Genetics produced Domestically or in neighboring countries under license	5,050	2,500	2,550
Australia	2,500	2,100	400
Domestic Varieties	1,300	-	500
Argentine, Israel, Spain, other	700	600	100

Total and Sub - totals	9,550	5,100	3,550
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Cottonseed imported from the U.S. is listed at 53 – 55 percent, according to GOG official trade statistics. In reality, the actual range is between 60 - 80 percent, depending on the year, due to the large amount of U.S. cottonseed produced and/or imported from origins outside the U.S. or produced domestically under license. In particular, a significant amount of U.S. cottonseed is imported from Turkey and corn hybrid seed is imported from Hungary and Romania. Between 2004 and 2005, prices paid by farmers for cottonseed have fluctuated between 6,20 - 7.50 Euros/Kg, according to variety and origin. Higher prices were paid for U.S. cottonseed varieties.

According to trade sources, domestic need for corn seed in 2005 is preliminarily estimated at 160,000 bags. These bags, which contain 75,000 seed kernels, cover approximately 150,000 Ha of planted area. Almost 100 thousand bags of the 160 thousand bag total are imported by Du Pont (Pioneer Hellas). Of the remaining 60 thousand bags, approximately 18 to 20 thousand bags are imported and distributed by Syngenta, 10 to 11 thousand bags are imported by Monsanto under the brand names Dekalb, Asgrow and Hartz, and a limited number of bags are domestically produced corn seed, distributed by KESPY. In 2005, growers paid between 150-170 Euros per bag, with prices varying according to variety. In recent years corn has resurfaced as a popular Greek crop, since farmers replaced significant cotton acreage with corn after their record 2001 cotton crop brought low grower prices and farmers were penalized for exceeding output thresholds set by the EU.

Durum Wheat Seed Certification developments

Total wheat seed demand in Greece is over 125 thousand MT. Of this, annual domestic production of durum wheat seed is estimated to be over 25 thousand MT and soft wheat seed production is approximately 48 thousand MT. The remainder comes from a rotation of seed. The main durum wheat seeds domestically produced are the FLAVIO, VAVAROS and MEXA varieties with an average 13% protein content in produced grain. These varieties yield up to 4,700 Kg/Ha in a good year. There are another five or six local durum wheat varieties well adapted and used in certain regions. Durum seed usage fluctuates around 160 kgs per hectare. Soft wheat varieties domestically produced are the YECORA, VERGINA SIETE and MYRTOS. Soft wheat seed yield reaches more than 2.5 thousand Kgs/Ha.

Annual imports of wheat seed (mostly of durum wheat varieties) are estimated at over ten thousand MT annually, mostly from EU member states. Some seed of U.S. origin reaches the Greek market through the EU.

Either the GOG Ministry of Agriculture and/or the competent authorities in the importing country of origin must certify all wheat seed for planting. The GOG Ministry of Agriculture's Centers of Quality Control (KEPYEL), scattered around the country, are responsible for seed certification procedures for both domestic and imported seed.

Since 2002, GOG Ministry of Agriculture in compliance with relevant EU Regulations (1251/1999 - EEL160/99 and 2316/1999 -EEL280/99), required that durum wheat farmers use certified seed for every 150 kg/Ha out of a total 180 Kgs/Ha planted seed. Greek farmers customarily rotated the use of new wheat seed every 4-5 years, reducing sales of Greek certified seed produced domestically. This regulation prohibits the use of seed stored on the farm from previous harvests of all durum wheat varieties grown, starting with the 2002-planting season. The 150 kg/Ha certified seed requirement by the GOG Ministry of Agriculture was not accepted by farmers and, due to pressures from the wheat farming community, was later reduced to 80 kg/Ha. The GOG, elected in 2004, allows 80 kg/Ha and farmers continue planting 180 kg/Ha, of which only 80 Kg are certified. The Hellenic Seed

Trade Association (EEPES) asked the Ministry of Agriculture to exercise controls and impose a 100% certified wheat seed requirement, i.e., that all 180 kg be certified, for Greece. They complain that current practices downgrade Greek durum wheat production, making it less competitive in the EU because Italy and Spain have imposed a 100% certified seed usage requirement.

Under the new CAP reform, GOG Ministry of Agriculture provides a support payment of 40 Euros/ha to Greek durum wheat farmers to cover the cost of high quality certified seed for top durum wheat varieties. Only farmers satisfying this requirement are also eligible to receive the EU income support, which provides a grain subsidy per area unit cultivated with durum wheat, set at 145 Euro/Ha. From this income support of 145 Euro/Ha, the GOG withholds ten percent for a fund earmarked for environmental improvement, rural conservation planning, product quality improvements and other relevant purposes. The fund is currently estimated at over 43 million Euros per annum. This fund is used to finance a seed certification incentive program, which gives wheat farmers 40 Euro/Ha if they use a minimum of 80 ka/Ha of certified seed. Today, Greek farmers, using only 80 kg of certified seed, which is only 45% of total sowed seed, are qualified for the 40 Euros/Ha to cover involved costs. Seed trade sources report that the 40 Euro payment is more than enough to cover costs and provide a profit to farmers using 45% certified seed. Reportedly, GOG Ministry of Agriculture is working on a new support payment policy for certified seed usage. It is speculated that this year the 80 Kg/Ha threshold may increase to 120 Kg/Ha, without a change to the 40 Euro/Ha payment. These same seed sources report that under the current 80 Kg/Ha threshold, the volume of durum wheat seed trade has declined by almost 30 percent. Soft wheat seed usage is not affected by the above policies.

Industrial Tomato Seed

In recent years, industrial tomatoes and corn have mainly replaced cotton and sugar beet acreage. Farmers have demonstrated a strong preference for industrial tomatoes, with plantings in the 1998 – 2002 period increasing to the upper limit of the EU Quota levels. After 2002 stiff competition from Chinese products caused difficulties in commercializing tomato paste and other processed tomato products and the subsequent usage of industrial tomato planting seeds dropped. Today there is total acreage of over 15 thousand hectares with an average yield of 60 MT/ha, compared to 17,000 Hectares in late 90s. Planting needs are mostly covered by standard tomato seed varieties (80%) and tomato hybrids (20%), which are imported mainly from EU and the U.S.

Tomato hybrid seed purchases in 2004 and 2005 cost growers approximately 23 Euros per 5,000 seeds, 210,00 Euros per 50,000 seeds and 628,00 Euros per 150,000 seeds. Prices for standard varieties fluctuate from 36 - 120 Euros. The most common standard early tomato varieties used in Greece are the RIO GRANDE and the Missouri.

Other Seeds

Domestic production of other field crop seeds is improving, especially for sugar beet seed, tobacco seed, alfalfa and other forage seeds. Alfalfa and other forage crops are becoming important crop alternatives for Greek farmers utilizing irrigated acreage, mostly abandoned from cotton production. The Government of Greece has developed a national seed catalogue, or seed registry, which requires the listing of all varieties planted commercially. On average it takes two years to register a seed variety. Foreign and national companies that apply for seed registration must allow testing by the Greek Agricultural Research Foundation (NAGREF). Registration is completed if testing proves that new varieties are suitable for Greek conditions and the seed fulfils all required criteria. Seed varieties included

in catalogues of other EU Member States are automatically registered to the Greek catalogue.

Plant Health Regulations

Greece follows the EU Phytosanitary regulations, fully complying with EU Reg. No. 2204/1999, which amended EU Reg. No. 2658/87. U.S. traders attempting and/or willing to sell U.S. durum wheat seed to Greece must seriously consider the karnal bunt issue, well in advance. All wheat, both grain and seed, are subject to laboratory testing upon arrival in Greece. Since MY 2003, imports of U.S. wheat seed originating in California, with negative laboratory mycological tests for karnal bunt, have been imported smoothly. More information on the current Greek seed phytosanitary and certification system is extensively described in previous reports (see GR 3023 and GR 4030). Discussions with Greek officials over karnal bunt and ways to facilitate further imports of U.S. wheat seeds and grain into the Greek market are still in progress. Wheat sampling and testing developments and procedures are among the most critical issues for the abrogation of this restriction. Durum wheat seeds of U.S. origin (Mexicalli variety) continue to remain highly preferred by a number of importers.

INTELLECTUAL PROPERTY RIGHTS (PLANT VARIETY PROTECTION/PLANT PATENTS AND VARIETY APPROVAL)

Intellectual property rights are covered within the framework of EU Regulation No. 2100/94. Registration procedures for new varieties to either the EU or national variety catalogues are already described in a number of previous reports from AgAthens.

MARKET DEVELOPMENT OPPORTUNITIES

With a proper market development plan a number of seed types show a promising future in the Greek market. There is a gradual, but steady increase in demand for field crops like durum wheat seed, forage plants seeds, and landscape development seeds, such as urban landscape grasses, environmental grasses, flowerbed seeds and other seeds. Vegetable seeds, particularly field vegetables, beans, onions, pulses and others, show significant potential.

In view of the new CAP reform implementation procedures, starting in 2006, the Greek countryside is likely to experience a crop restructuring, which will certainly affect future seed trade and demand, as well as other forms of propagation planting material, such as nursery stock, for fruit crops and vegetables.

TRADE

In Table Two, below, total Imports and Exports of seeds for the year 2004 (calendar year basis) are provided by Quantity and Value. Approximately 50,000 MT of seeds are imported into Greece from various origins and a wide spectrum of cultivated species. The value of imports in 2004 reached almost \$73 million, led by imports of maize, cottonseed and potato seed.

Until 2005, the total quantity of field crop seed utilized from year to year did not vary much because planting areas were predetermined under the EU crop area quota system. There were some year-to-year variations in variety and land use. Moreover, there has been an increase in demand for vegetable seeds as a result of the domestic increase in vegetable consumption, and an increase in demand for grass seed blends (Fescues) because of an increase in domestic landscaping projects. Most vegetable seed imports come from Europe.

Non-biotech seed cotton and corn hybrids have been approved for field trials in Greece since the 1999 EU-wide moratorium began. Field crop seeds, especially cotton and corn, are imported mainly from the United States. Since 2002 there has been a decrease in imports from the U.S., compared to imports in previous years. This is particularly true for cottonseed where a Ministerial Decision in affect requires the "non presence" of biotech in imported seed. This year, despite this ministerial directive, no shipments of U.S. cottonseed have been turned back due to the presence of GM material, although testing continues to take place. Samples of both imported and domestically produced cottonseed are routinely tested for quality and purity. Testing for the presence of biotech material takes place randomly, and no GM contaminated seed lots have been found.

Table 2: TOTAL IMPORTS/EXPORTS OF SEEDS AND BULBS (CY 2004)		
IMPORTS (CY2004)		
Product	Quantity	Value
	(Kg)	(\$)
Bulbs, tubers and tuberous roots, etc.	1,700,072	4,480,343
Potato seed	22,662,728	13,428,059
Onions	138,208	148,966
Peas	141,533	309,018
Kidney beans	177,801	591,250
Wheat seed	10,553,150	2,590,160
Barley seed	317,584	148,177
Maize seed	4,581,244	24,701,776
Rice seed	1,451,587	841,409
Sorghum seed	153,571	139,615
Ground-nuts in shell	14,062	25,802
Seeds Other Total	88,324	35,945
Sunflower seeds	10,986	73,293
Cotton seed	4,948,440	16,676,099
Tirfolium seeds	253,093	631,340
Grass seeds (Fescue)	884,034	1,774,986
Ryegrass seeds	120,205	178,492
Forage plant seeds	953,767	1,632,313
Other Seeds	491,890	4,080,750
Total Value of Imported Seeds & Bulbs	49,642,279	72,487,793
EXPORTS (CY 2004)		
Product	Quantity	Value
	(Kg)	(\$)
Bulbs, tubers and tuberous roots, etc.	71,765	124,365
Potato seed	130,216	69,184
Peas	6,781	6,336
Kidney beans	405	1,150
Wheat seed	19,000	8,098

Barley seed	5,000	2,242
Maize seed	150,189	494,294
Sorghum seed	2,250	4,793
Sunflower seed	373	599
Cotton seed	7,710,079	6,786,990
Fescue seeds	1,000	5,730
Forage plant seeds	151,100	80,681
Other Seeds	47,243	142,679
Total Value of Exported Seeds & Bulbs	8,295,401	7,727,141