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## Greece

# Agricultural Situation and Crop Developments 2008

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**Report Highlights:**

Under normal conditions, December is a quiet month. Unfortunately, December 2008 has found the majority of Greek farmers unpaid with huge stocks of seed cotton, wheat, and corn. Prospects for the near future and for the next crop year are simply unpredictable. Current farm prices are not acceptable to the producers and generally range 50 percent or more below last year's levels.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
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[GR]

**GOOD PRODUCTION**

In 2008, Greek farmers planted 260,000 hectares (ha) of cotton, compared to 300,000 ha in 2007 (Note: Both figures are subject to further revision). 2008 cotton production is currently estimated at 750,000 metric tons (MT, seed cotton basis), compared to 900,000 MT a year earlier. Early forecasts do not expect 2009 planted area to exceed 250,000 ha.

GREECE - Key Field Crops: Area ('000 Ha) and Production ('000 MT)

Crop	2007 Area	2007 Prod	2008 Area	2008 Prod	2008 Stocks*	2009 Area	2009 Prod
Wheat	520	1,040	600	1,200	550	500	1,000
Corn	250	2,500	300	2,800	2,500	220	2,000
Cotton	300	900	260	750	600	250	800

\* Stocks as of Dec 2008 ('000 MT)

For a planted area of 250-260,000 ha. Greek cotton farmers will receive a coupled payment of Euros 805/ha. Beginning in January 1st 2009. Under the EU CAP reform Health Check, the same total amount (€200 million) will have to distribute for a smaller area, which will result in higher coupled payments per hectare. Under the framework of EU Reg. No. 637/2008, Greece will add €4 million per year until 2012 to support quality cotton (a total of €16 million) to be distributed to cooperatives and private cotton ginners under certain conditions. These measures must be included in the National Dossier for Cotton, which has to be presented to the EU Commission by December 31, 2008.

**BUT LOW PRICES and LARGE STOCKS**

Currently for 2008, cotton farmers are being offered a very low price of about €0.20/kilogram (seed cotton basis, which is equivalent to €600/ha) and most are not selling. Last year, they received twice this price. Adding the set subsidy (coupled payment) of €805/ha., the farmer would receive total revenues of €1,405/ha. Against an estimated cost of production of between €2,000–2,200/ha. As a result of this unprofitable situation, farmers are protesting in the streets and, in certain areas, have threatened to burn their crop and claim compensations from the Agricultural Insurance Fund of Greece (ELGA).

Turkey is the traditional buyer of Greek cotton lint. This year Turkey reportedly is experiencing problems, with 2 or 3 large spinning plants closed, so there is little demand from Turkey.

Sources report that this year's cotton price is below the price of wheat. Farm gate wheat prices range between €0.22–0.25/kg (compared to €0.50-0.60/kg in 2007). Corn growers in 2007 received €0.27/kg and this year are offered prices somewhere between €0.09 - 0.12/kg. Corn growers also are refusing to sell their crop and in some areas they have stopped harvesting due to cost.

Under normal conditions, December is a quiet month. Unfortunately, December 2008 has found the majority of Greek farmers unpaid with huge stocks of seed cotton, wheat, and corn. Prospects for the near future and for the next crop year are simply unpredictable. Current farm prices are not acceptable to the producers and generally range 50 percent or more below last year's levels.

Reportedly, there are more than 600,000 MT of seed cotton in stock (including about 10 percent of the 2007 cotton crop), together with about 2.5 million MT of corn and about 550,000 MT of wheat (mostly durum). Storage facilities are full. As a result, some seed

cotton is stored in the open under tarps and grains are being stored in old buildings and abandoned warehouses.

#### **LEADS TO PROTESTS and BAILOUT**

Farmers protest on daily basis by blocking highways and urging the government to adopt support measures. The Government of Greece (GOG) has promised to provide €150 million from the national budget to farm groups and coops in the form of an interest-free loan. Reportedly, priority will be given to durum wheat producers. Actual implementation of the plan has not occurred due to the difficulty in estimating the size of stocks kept in warehouses. Private traders in the grain business have strongly criticized the government's decision to provide interest-free loans and have asked the Minister of Agriculture for a similar program. Other sources report that some farming organizations are reporting higher unsold amounts from those actually in stock in an attempt to receive bigger loans.