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Tobacco and Products

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Report Highlights:

Tobacco production is an important socioeconomic factor in Greece. Of Greece's 10.5 million population, 2 million are in the agricultural labor force and 10 percent of those are in the tobacco producing sector. In 2002, attempts were made to eliminate subsidies for the tobacco sector. However, pressure from tobacco organizations thwarted efforts for any meaningful reforms. Tobacco leaf production, which is the largest component of tobacco cultivation in Greece, is forecast at 121,000 MT.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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SECTION I. SITUATION & OUTLOOK

Total 2002 Greek tobacco leaf production is presently estimated at 120,000 MT (dwb), slightly higher than 2001 levels. Sources within the Ministry of Agriculture and Tobacco Industry report that 2003 tobacco production is predicted to be near 121,000 MT (dwb), slightly above the EU guaranteed threshold, which is set at 120,953 MT for 2002 and 2003. 2002 oriental production, the major part of Greek tobacco production, accounted for 68,700 MT (dwb). Since the 90s, the production of oriental tobacco has trended downward due to a reduction in premium levels for certain unmarketable varieties. Today, tobacco farmers are shifting cultivation towards the production of flue cured tobacco, which is always within the EU production quota established for Greece. Tobacco is produced under a quota system which limits total output for individual varieties.

There are minimal changes reported for the EU tobacco thresholds and premiums. Over the years, EU policies have reduced premiums to farmers and have also affected production of oriental types and other varieties which are not easily marketable (premiums to be paid to farmers are reduced). At the same time EU Regulations pertaining to production quota levels are amended with the aim to redirect crop outputs from year to year. The regulations are also used to support those varieties that are mostly commercialized in the domestic and international markets. Flue cured, Basma and Katerini oriental types receive higher premiums annually while burley variety acreage and output remain stable.

Quota transfers for 2002 was set by EU Regulation 1501/8.22.2002 which amended article No.35 of Regulation 2848/98. The amended regulation shortens in half the period (from September 1 - December 31 to November 1 - December 31) in which member states make public, producers' intentions to sell their tobacco quotas and the opportunity for other producers to purchase them. At the end of the two-month period, any quotas which have not been purchased by other producers shall be permanently bought back by the Community.

The guarantee thresholds for the 2002 Greek crop were set at: Burley 12,117 MT, Flue Cured 40,603 MT and Oriental 68,233 MT. It should be noted that the previously mentioned EU regulations also included transfers from Italy, Germany, France and Spain. The key amendments and supplements are contained in Reg. No. 546/2002 and 1193/2002.

The National Statistical Service still has not released the official Greek tobacco trade data for CY 2001. The Hellenic Association of Tobacco Processing Industries, however, has estimated that the value of Greek leaf tobacco exports in 2001 reached US \$ 238 million while imports were at approximately US \$ 95.0 million. Top buyers of Greek tobacco are the EU countries, Russia, Georgia, USA, Japan, and the Middle East. A weighted average of export prices for Greek leaf tobacco is reported to be US \$ 2.97/Kg.

Greek cigarette production and trade has not changed over the past several years. Over 65% of cigarettes consumed are locally produced and 35% are imported. For the past four years, market shares have stabilized, following a rapid increase in the consumption of imported cigarettes (1999-2003).

Last year the Common Market Organization (C.M.O.) in raw Tobacco proposed to phase out subsidies to Greek farmers and processors. Greek Tobacco Farming Organizations and Tobacco Processing Industry protested against the proposal characterizing it as inconsistent, unfair and hypocritical. A statement was sent to the government of Greece and was published by the Greek daily and periodical press. The full text of the statement was translated and reported in last year's annual report GR 2008.

Given the negative reaction of Greece's tobacco industry, the EU Commission proposed to continue tobacco support for three years (until 2006) and gradually reduce subsidies in subsequent years. However, according to our sources in the Hellenic Association of Tobacco Processing Industries, pressure from tobacco organizations in Greece and in Europe compelled the European Parliament to categorically reject the proposal for the gradual elimination of the subsidies. The Council of Ministers, with the strong pro-tobacco stance of the Ministers of Agriculture from the Mediterranean countries, came to an acceptable compromise agreeing to eliminate financing of tobacco research from the Tobacco Fund.

Tobacco cultivation in Greece is very important, both socially and economically. In 2002, it is estimated that 59,000 people were employed as tobacco growers generating a total gross income of 541.2 million Euros. Greece's tobacco farmers represent 48 percent all tobacco growers in the EU. Another 150,000 people are employed on a seasonal basis bringing the total workforce to 200,000 people. This represents 10 percent of the total Greek agricultural population which is eliminated at 2,000,000 people, the highest in the EU. Another 18,000 are employed in the processing and cigarette manufacturing sectors. The tobacco sector as a whole, employs 6.1 percent of the total labor force in Greece.

Exported Greek tobacco products represent a 4.9 percent of the total value of Greek exports, while the Greek state receives 7 percent of the total taxation, only from tobacco products.

According to the Ministry of Agriculture, 70 percent, of the Tobacco farmer's income in Greece is covered from EU inflow of FEOGA funds (supports and subsidies) which is estimated at \$ US 420 million in 2001. Since 1992, Greek tobacco farmers have received \$ US 4.7 billion from the EU, in the form of premiums, refunds, stockpiling and specifics, which were special supports to tobacco farmers willing to abandon non marketable varieties between 1993 and 1998.

PS&D Table, Tobacco Unmfg., Total

PSD Table						
Country	Greece					
Commodity	Tobacco, Unmfg., Total			(HA)(MT)		
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	57000	57000	57000	57000	0	57000
Beginning Stocks	17759	17759	25759	29998	20459	30998
Farm Sales Weight Prod	126000	126000	126200	123000	0	124000
Dry Weight Production	123500	118039	123700	120000	0	121000
U.S. Leaf Imports	4000	4000	3000	3000	0	2500
Other Foreign Imports	17000	17000	14000	14000	0	13000
TOTAL Imports	21000	21000	17000	17000	0	15500
TOTAL SUPPLY	162259	156798	166459	166998	20459	167498
Exports	90000	80300	100000	90000	0	98000
Dom. Leaf Consumption	35000	35000	36000	36000	0	37000
U.S. Leaf Dom. Consum.	5500	5500	4000	4000	0	2000
Other Foreign Consump.	6000	6000	6000	6000	0	3000
TOTAL Dom. Consumption	46500	46500	46000	46000	0	42000
TOTAL Disappearance	136500	126800	146000	136000	0	140000
Ending Stocks	25759	29998	20459	30998	0	27498
TOTAL DISTRIBUTION	162259	156798	166459	166998	0	167498

PS&D Table, Tobacco Unmfg., Oriental

PSD Table						
Country	Greece					
Commodity	Tobacco, Unmfg., Oriental					(HA)(MT)
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	0	50000	0	49000	0	49000
Beginning Stocks	0	5044	0	4788	0	6788
Farm Sales Weight Prod	0	75600	0	71500	0	72700
Dry Weight Production	0	70000	0	68700	0	71600
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	7000	0	8000	0	8000
TOTAL Imports	0	7000	0	8000	0	8000
TOTAL SUPPLY	0	82044	0	81488	0	86388
Exports	0	51256	0	53000	0	54000
Dom. Leaf Consumption	0	24000	0	20500	0	22500
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	2000	0	1200	0	2800
TOTAL Dom. Consumption	0	26000	0	21700	0	25300
TOTAL Disappearance	0	77256	0	74700	0	79300
Ending Stocks	0	4788	0	6788	0	7088
TOTAL DISTRIBUTION	0	82044	0	81488	0	86388

PS&D Table, Tobacco Unmfg., Burley

PSD Table						
Country	Greece					
Commodity	Tobacco, Unmfg., Burley				(HA)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	3650	3200	0	3180	0	3180
Beginning Stocks	2145	5745	1995	4055	0	2455
Farm Sales Weight Prod	14100	14000	0	13500	0	14000
Dry Weight Production	12350	12310	0	11900	0	12200
U.S. Leaf Imports	1500	1000	0	1000	0	1000
Other Foreign Imports	3000	3000	0	2000	0	2000
TOTAL Imports	4500	4000	0	3000	0	3000
TOTAL SUPPLY	18995	22055	1995	18955	0	17655
Exports	9200	8000	0	7000	0	7500
Dom. Leaf Consumption	6000	6500	0	6500	0	6800
U.S. Leaf Dom. Consum.	1000	2000	0	1500	0	1300
Other Foreign Consump.	800	1500	0	1500	0	1400
TOTAL Dom. Consumption	7800	10000	0	9500	0	9500
TOTAL Disappearance	17000	18000	0	16500	0	17000
Ending Stocks	1995	4055	0	2455	0	655
TOTAL DISTRIBUTION	18995	22055	0	18955	0	17655

PS&D Table, Tobacco Mfg., Cigarettes

PSD Table						
Country	Greece					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Filter Production	36000	36000	36100	36100	0	36100
Non-Filter Production	300	300	250	250	0	220
TOTAL Production	36300	36300	36350	36350	0	36320
Imports	12500	12500	12500	12500	0	12600
TOTAL SUPPLY	48800	48800	48850	48850	0	48920
Exports	18000	18000	18000	18000	0	18200
Domestic Consumption	30800	30800	30850	30850	0	30720
TOTAL DISTRIBUTION	48800	48800	48850	48850	0	48920

Export Trade Matrix, Tobacco, Unmfg., Total

Export Trade Matrix			
Country	Greece		
Commodity	Tobacco, Unmfg., Total		
Time period		Units:	MT
Exports for:	2000		2001
U.S.	5665	U.S.	7095
Others		Others	
Germany	9859	Germany	6091
Italy	1780	Italy	1170
Netherlands	2275	Netherlands	2587
U.K.	1520	U.K.	2934
Other EU	3766	Other EU	4544
>EU Total	19200	>EU Total	17326
Russia	10915	Russia	8520
Egypt	11184	Egypt	8167
Algeria	5986	Algeria	3400
Japan	4240	Japan	5540
Total for Others	51525		42953
Others not Listed	28199		30252
Grand Total	85389		80300

* Trade data cited in trade matrix for Y 2001 are preliminary estimates subject to further revision.

Import Trade Matrix, Tobacco, Unmfg., Total

Import Trade Matrix			
Country	Greece		
Commodity	Tobacco, Unmfg., Total		
Time period		Units:	MT
Imports for:	2000		2001
U.S.	326	U.S.	4000
Others		Others	
Netherlands	4977	Netherlands	5200
Germany	547	Germany	640
Italy	1966	Italy	2050
Spain	99	Spain	100
Belgium	79	Belgium	95
Other EU	1167	Other EU	1250
>EU Total	8835	>EU Total	9255
Zimbabwe	4063	Zimbabwe	4120
Brazil	2365	Brazil	2440
Total for Others	15263		15895
Others not Listed	3755		1505
Grand Total	19344		21400

* Trade data cited in trade matrix for Y 2001 are preliminary estimates subject to further revision.

Export Trade Matrix, Tobacco, Mfg., Cigarettes

Export Trade Matrix			
Country	Greece		
Commodity	Tobacco, Mfg., Cigarettes		
Time period		Units:	MT
Exports for:	2000		2001
U.S.	743	U.S.	760
Others		Others	
Italy	74	Italy	76
Germany	59	Germany	60
Belgium	37	Belgium	35
Netherlands	18	Netherlands	19
Other EU	21	Other EU	20
>EU Total	209	>EU Total	210
Turkey	4144	Turkey	4200
Cyprus	2608	Cyprus	2650
Jordan	2041	Jordan	2000
Bulgaria	912	Bulgaria	1100
Total for Others	9914		10160
Others not Listed	7093		7080
Grand Total	17750		18000

* Trade data cited in trade matrix for Y 2001 are preliminary estimates subject to further revision.

Import Trade Matrix, Tobacco, Mfg., Cigarettes

Import Trade Matrix			
Country	Greece		
Commodity	Tobacco, Mfg., Cigarettes		
Time period		Units:	MT
Imports for:	2000		2001
U.S.	11	U.S.	12
Others		Others	
Germany	2886	Germany	2950
Denmark	726	Denmark	730
France	326	France	320
Netherlands	5881	Netherlands	5890
U.K.	2092	U.K.	2100
Austria	102	Austria	110
>EU Total	12013	>EU Total	12100
Total for Others	12013		12100
Others not Listed			388
Grand Total	12024		12500

* Trade data cited in trade matrix for Y 2001 are preliminary estimates subject to further revision.