

4.4. External trade of agro-food products

Athanasios Chymis

4.4.1. Greece's overall external trade

In 2018, total exports (including petroleum products) significantly increased by 16.0%, reaching €33.46 billion, while total imports increased by 9.8%, reaching €55.19 billion. The total trade deficit increased by 1.4%, to €21.73 billion, up from €21.43 billion in 2017. The fact that the rate of growth of exports was much higher than that of imports is a positive development and it must remain this way if Greece does not want to repeat the rapid increase of its deficit every time there is economic growth.

Encouragingly, the data from ELSTAT show that the abovementioned increase of the total deficit (just €306 million) is due to the trade of petroleum products, the

deficit of which increased by €1.26 billion. In particular, petroleum products' imports rose to €15.99 billion, up from €12.21 billion in 2017, and their exports reached €11.49 billion, up from €8.97 billion in 2017. Given that a) Greece is a net importer of petroleum products and b) trade in petroleum products composes a big chunk (approx. 30%) of the total external trade, we are more interested in the Greek external trade after the trade of petroleum products has been excluded. This way, we can see the trade of all other products more clearly.

Total external trade (without petroleum products) seems to have a quite positive development in 2018. It is the first time in many years –probably decades– that the trade deficit does not increase during a year with a positive change of the GDP. It was only during the economic crisis that the Greek economy witnessed a decrease of the deficit as a result of the severe recession, which translated to a significant reduction of imports. Even the slight growth in 2014 (just 0.7%) triggered an increase of the trade deficit by €1.8 billion. Similarly, in 2017, when the economy grew by the modest rate of 1.5%, the trade deficit increased by €2.4 billion.

TABLE 4.4.1 Total trade and agro-food products trade (in billion €)*

	2008	2009	2011	2013	2015	2016	2017	2018	% annual change rate	% change 2017-2018
Imports										
Total	48.60	40.90	31.66	29.64	31.24	34.34	38.05	39.20	6.4 ('13-'17)**	3.0
Agro-food	7.05	6.40	6.46	6.54	6.31	6.62	7.00	7.05	1.5 ('10-'17)	0.7
Agro (%)	14.5	15.6	20.4	22.1	20.2	19.3	18.3	18.0		
Exports										
Total	15.46	13.03	15.89	16.67	17.90	18.53	19.86	21.97	5.4 ('09-'17)	10.6
Agro-food	4.01	4.00	4.50	5.42	5.72	6.14	6.10	6.49	5.4 ('09-'17)	6.4
Agro (%)	25.9	30.7	28.4	32.5	31.9	33.1	30.7	29.6		
Deficit										
Total	33.14	27.87	15.77	12.98	13.34	15.81	18.18	17.23	8.8 ('13-'17)	-5.3
Agro-food	3.04	2.40	1.96	1.12	0.60	0.49	0.90	0.55	-5.5 ('13-'17)	-38.1

Source: Hellenic Statistical Authority (ELSTAT), own calculations.

* Excluding petroleum.

** The annual rate is calculated based on the year with the lowest performance.

4.4.2. Total trade (excluding petroleum) and agro-food trade

Export growth is the most important factor for reducing the rate of growth of the trade deficit and even putting trade deficit on a decreasing path. Table 4.4.1 above shows that in 2018 total exports increased by 10.6%, or €2.11 billion. Total imports increased by only 3.0%, or €1.15 billion. Consequently, the trade deficit decreased by 5.3%, or €0.96 billion. It is crucial for the Greek economy to keep its exports growing at a much larger rate relative to the growth of imports. This is the only way to keep the trade deficit under control given the current significantly larger value of imports compared to exports. However, this is not an easy task. After so many years of recession, even a modest growth is expected to increase demand which, in turn, will push imports up.

Focusing on the agro-food products trade, 2018 was a good year. Agro-food imports increased by just 0.7%,

or €49 million, while agro-food exports increased by 6.4%, or €390 million. Consequently, the agro-food trade deficit shrank by 38.1% to €554 million, down from €895 million in 2017. As this column has noted, agro-food exports had a much better performance during the crisis relative to all other product exports. It is a positive development that exports of other products have recently improved and outperform agro-food products. As a consequence, the share of agro-food exports to total exports fell below 30% (Table 4.4.1).

4.4.3. Geographical distribution of the agro-food trade

Table 4.4.2 presents the geographical structure of the agro-food trade. Imports have reached the pre-crisis (2008) levels, while exports have broken records many years since 2010. This translates to a cumulative growth of agro-food exports of 62% since 2009, the year with the lowest exports value. The direct results of these de-

TABLE 4.4.2 Geographical distribution of agro-food trade (in million €)

	2008	2009	2010	2012	2014	2016	2017	2018	% annual change rate 2008-2017	% change 2017-2018
Imports										
Total	7,054	6,396	6,299	6,335	6,488	6,621	6,998	7,047	-0.1	0.7
EU	5,295	5,042	4,947	4,903	5,102	5,086	5,382	5,369	0.2	-0.2
Non-EU	1,758	1,354	1,352	1,432	1,385	1,535	1,616	1,678	-0.9	3.8
% EU	75.1	78.8	78.5	77.4	78.6	76.8	76.9	76.2		
% Non-EU	24.9	21.2	21.5	22.6	21.4	23.2	23.1	23.8		
Exports										
Total	4,011	3,998	4,406	5,241	5,176	6,136	6,103	6,493	4.8	6.4
EU	2,783	2,741	2,954	3,424	3,539	4,422	4,372	4,653	5.2	6.4
Non-EU	1,228	1,257	1,452	1,817	1,636	1,715	1,731	1,839	3.9	6.2
% EU	69.4	68.6	67.1	65.3	68.4	72.0	71.6	71.7		
% Non-EU	30.6	31.4	32.9	34.7	31.6	28.0	28.4	28.3		
Balance										
Total	-3,043	-2,398	-1,893	-1,094	-1,312	-485	-895	-554	-12.7	-38.1
EU	-2,513	-2,300	-1,993	-1,479	-1,563	-664	-1,010	-716	-9.6	-29.1
Non-EU	-530	-97	100	385	251	180	115	161	*	39.9

Source: Hellenic Statistical Authority (ELSTAT), own calculations.

* Due to changes in the sign, calculating the rate of change is not possible.

velopments is the considerable decrease of the agro-food trade deficit by a cumulative 82%, to €554 million, down from its highest level of €3.04 billion in 2008. It is worth noting that during the last few years the petroleum products trade deficit has varied between €3 and €4 billion. It is remarkable that before the crisis, the Greek economy, a traditionally agro-food oriented economy, had an agro-food trade deficit similar to the petroleum trade deficit. This is indicative of the problems of the structure of the trade balance as well as the structure of the whole economy and the productive model followed prior to the crisis.

The European Union (EU) is by far the most important trade partner of Greece. Around 76% of imports and 72% of Greek exports take place with the EU member-states. In 2018 there was a slight increase of imports from third countries (non-EU countries)

while exports increased to a similar degree to both EU and non-EU countries. As a result, the trade surplus Greece has with its non-EU trade partners increased by 40%, or €46 million, while the deficit from EU trade decreased by 29%, or €294 million. (Table 4.4.2).

4.4.4. Structure of agro-food products trade

After a year (2017) of significant increase in agro-food imports, by 5.7%, in 2018 imports rose by just 0.7%, reaching the pre-crisis (2008) import level. Table 4.4.3 presents the evolution of imports of the main categories of the agro-food products. In 2018 the categories of fish, fruits and vegetables, coffee-tea-spices, feeding stuff, and tobacco had the most important increases in import value. Dairy, beverages, oils and fats, sugars, and hides had a decrease in import value.

TABLE 4.4.3 Imports of agro-food products categories in million € (M €)

	2008		2010		2012		2014		2016		2017		2018	
	M €	%	M €	%	M €	%	M €	%	M €	%	M €	%	M €	%
<i>Meat products^a</i>	1,211	17.2	1,160	18.4	1,199	18.9	1,162	17.9	1,150	17.4	1,242	17.7	1,242	17.6
<i>Dairy</i>	808	11.5	770	12.2	772	12.2	842	13.0	749	11.3	856	12.2	829	11.8
<i>Fruits-Vegetables</i>	786	11.1	672	10.7	635	10.0	663	10.2	748	11.3	812	11.6	827	11.7
<i>Cereals</i>	681	9.7	541	8.6	560	8.8	532	8.2	615	9.3	673	9.6	682	9.7
<i>Fish</i>	428	6.1	384	6.1	373	5.9	378	5.8	432	6.5	489	7.0	521	7.4
<i>Feeding stuff</i>	406	5.8	371	5.9	345	5.4	403	6.2	423	6.4	407	5.8	462	6.6
<i>Coffee, tea, etc.</i>	365	5.2	376	6.0	411	6.5	442	6.8	547	8.3	425	6.1	453	6.4
<i>Various foodstuff</i>	344	4.9	356	5.7	333	5.3	367	5.7	354	5.3	347	5.0	358	5.1
<i>Tobacco</i>	335	4.7	310	4.9	234	3.7	236	3.6	323	4.9	305	4.4	347	4.9
<i>Beverages</i>	436	6.2	370	5.9	267	4.2	248	3.8	281	4.2	318	4.5	309	4.4
<i>Oils and fats</i>	290	4.1	232	3.7	286	4.5	274	4.2	244	3.7	291	4.2	256	3.6
<i>Oil seeds</i>	224	3.2	173	2.7	219	3.5	220	3.4	193	2.9	203	2.9	202	2.9
<i>Sugars</i>	225	3.2	220	3.5	295	4.7	227	3.5	231	3.5	251	3.6	196	2.8
<i>Wood</i>	262	3.7	148	2.3	128	2.0	118	1.8	135	2.0	127	1.8	140	2.0
<i>Raw materials</i>	130	1.8	111	1.8	111	1.8	121	1.9	132	2.0	142	2.0	140	2.0
<i>Hides-skins</i>	93	1.3	76	1.2	146	2.3	116	1.8	46	0.7	86	1.2	62	0.9
Total	7,054^b		6,299		6,335		6,488		6,621		6,998		7,047	

Source: Hellenic Statistical Authority (ELSTAT), own calculations.

a. Includes live animals and meat products.

b. The sum of values for each product may not equal to 'Total' because some categories with insignificant values such as cotton, natural rubber, other natural textile fibers, wool, and jute are not included.

ΠΙΝΑΚΑΣ 4.4.4 Exports of agro-food products categories in million € (M €)

	2008		2010		2012		2014		2016		2017		2018	
	M €	%	M €	%	M €	%	M €	%	M €	%	M €	%	M €	%
<i>Fruits-Vegetables</i>	1,346	33.6	1,485	33.7	1,771	33.8	1,826	35.3	1,966	32.0	1,969	32.3	2,086	32.1
<i>Oils and fats</i>	333	8.3	287	6.5	393	7.5	322	6.2	674	11.0	570	9.3	704	10.8
<i>Fish</i>	449	11.4	541	12.3	613	11.7	556	10.7	661	10.8	674	11.0	689	10.6
<i>Dairy</i>	275	6.9	301	6.8	372	7.1	483	9.3	593	9.7	634	10.4	672	10.3
<i>Tobacco</i>	416	10.4	374	8.5	428	8.2	386	7.5	524	8.5	484	7.9	489	7.5
<i>Cereals</i>	315	7.9	292	6.6	330	6.3	338	6.5	421	6.9	361	5.9	402	6.2
<i>Cotton</i>	236	5.9	391	8.9	442	8.4	310	6.0	316	5.1	355	5.8	342	5.3
<i>Various foodstuff</i>	124	3.1	161	3.7	191	3.6	221	4.3	253	4.1	282	4.6	307	4.7
<i>Beverages</i>	163	4.1	166	3.8	202	3.9	198	3.8	205	3.3	222	3.6	223	3.4
<i>Meat products^a</i>	76	1.9	67	1.5	78	1.5	84	1.6	95	1.5	109	1.8	125	1.9
<i>Sugars</i>	54	1.3	129	2.9	119	2.3	71	1.4	91	1.5	96	1.6	91	1.4
<i>Coffee, tea, etc.</i>	30	0.7	34	0.8	54	1.0	60	1.2	86	1.4	80	1.3	80	1.2
<i>Feeding stuff</i>	51	1.3	41	0.9	47	0.9	58	1.1	58	0.9	61	1.0	80	1.2
<i>Oil seeds</i>	76	1.9	64	1.5	78	1.5	86	1.7	81	1.3	75	1.2	76	1.2
<i>Hides-skins</i>	38	0.9	40	0.9	80	1.5	64	1.2	69	1.1	73	1.2	63	1.0
<i>Raw materials</i>	18	0.4	20	0.5	30	0.6	34	0.7	35	0.6	46	0.8	51	0.8
<i>Wood</i>	9	0.2	7	0.2	8	0.2	10	0.2	6	0.1	10	0.2	11	0.2
Total	4,011^b		4,406		5,415		5,176		6,136		6,103		6,493	

Source: Hellenic Statistical Authority (ELSTAT), own calculations.

a. Includes live animals and meat products.

b. The sum of values for each product may not equal to 'Total' because some categories with insignificant values such as wool, natural rubber, other natural textile fibers, and jute are not included.

Note that, in general, the per-unit prices, in most cases, decreased (dairy, sugars, coffee-tea, hides, and raw materials). Increases in per-unit prices were observed in tobacco, fish, cereals, and feeding stuff. Changes in per-unit prices can considerably affect the change in import and export value. For example, although the imported quantity of sugars increased by 3%, their import value declined by 22% due to a sharp fall in prices. On the contrary, the imported quantity of cereals decreased by 3%; however, their import value increased by 1% due to a slight increase in prices.

The structure of agro-food imports does not change overtime and this is expected unless there is a shift in the eating habits of Greeks. Meat and dairy products have, as usual, the largest share of agro-food imports, namely 30%, or €2 billion. This column always underlines the importance of developing the bovine and por-

cine sector not only for economic reasons (limiting the trade deficit), but also for social reasons. It is not wise for the population of a country to be so dependent on imports, especially for basic food items, such as milk and meat.

Table 4.4.4 presents the evolution of exports of the main agro-food product categories. Fruits and vegetables, as usual, capture the largest share (32.1%) of all agro-food exports. Moreover, in 2018, the export value of fruits and vegetables exceeded €2 billion for the first time. It was also a good year for oils (mostly olive oil), which reached more than €700 million following a year of very high olive oil production. This is not expected to continue in 2019, especially after the very low production of 2018. Fish (mostly aquaculture products) had a small increase in export value, but it is worth noting that the capacity of the sector, par-

ticularly after solving many of its financial problems, is promising for the future growth of fish exports. Dairy exports (mostly feta cheese and yogurt) continue to grow. However, the decline of the per-unit price of dairy offset part of the significant increase (15%) of exported quantities. The same happened for olive oil, the exported quantity of which increased by 46%, but the exported value increased by only 23% due to the decline of the per-unit price.

In general, most of the agro-food categories increased their export value in 2018. Only cotton, hides and sugars had a decrease in export value. The increase of cotton prices partly offset the decline of export value, while the decrease of the prices of hides and sugars more than offset the increase by 12.5% of the exported quantities. All the above resulted in the considerable increase of the share of olive oil exports, which now rank second behind fruits and vegetables.

4.4.5. Concluding remarks

Regarding export performance, 2018 was a good year. It was a surprisingly good year for total exports, the rate of growth of which far surpassed the rate of growth of

imports, resulting in a deficit decline— something rare for the Greek economy during periods of positive GDP change. It was a remarkably good year for the agro-food sector, the deficit of which fell by 38.1%.

Most economies that are characterized by a developed agricultural sector have a surplus in their agro-food trade balance. Greece has managed (thanks to the crisis?) to slash its agro-food deficit by an astonishing 82% since 2008, mainly by expanding its exports rather than limiting its imports. Olive oil had a major contribution in the reduction of the deficit in 2018. However, this year olive oil exports seem to be significantly reduced due to a very bad production year. In 2017 a decrease in olive oil exports resulted in a deficit increase. Unless all other agro-food sectors considerably increase their exports, we can expect an increase in the trade deficit in 2019. It is highly important for the olive oil industry to improve the processing of olive oil rather than directly selling it in bulk at a relatively low price. It is true that there have been some steps toward this direction, but there is a lot yet to be done if we want a) to significantly increase the export value of olive oil and b) minimize its year-to-year large variation due to the natural phenomenon of the annual production variation.