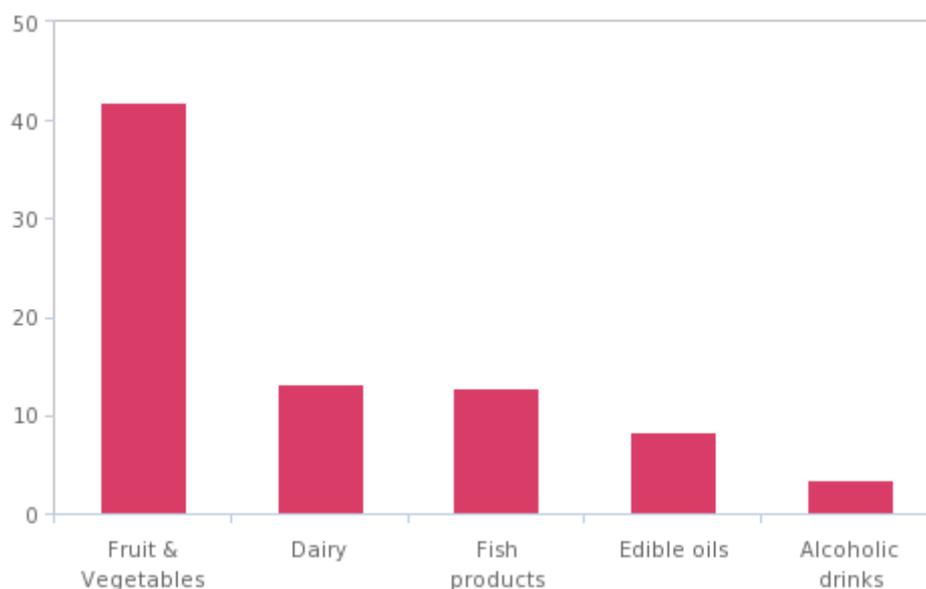


# European And SSA Market Opportunities For Greek Food & Drink Exporters

**Key View:** At Fitch Solutions, we highlight that significant opportunities exist for Greek food and drink (F&D) exporters, as they expand their role in the global F&D supply chain and increasingly compete with the well-established F&D Mediterranean export nations (e.g. Italy and Spain). To identify F&D export opportunities, we have created an indicator score table that highlights how attractive markets in Western Europe, Central and Eastern Europe and Sub-Saharan Africa are to Greek F&D exporters, post Covid-19. In this analysis, we shine the spotlight on Poland, Kenya and The Netherlands, as markets where Greek F&D exporters have the potential to increase their market share over the medium-term (2020-2024).

Food and agriculture products have traditionally been one of the major export sectors for Greece. While slowly declining, the share of food and drink (F&D) exports within Greece's total exports remains significant, at 15.4% in 2019 (compared to 17.6% in 2010). This segment is listed the nation's second largest export sector, after raw materials (which includes petroleum oils) at 29.1%. Greece's most significant food exports are fruit and vegetables (including olives, peaches, and citrus fruits) at 13.3% of total F&D exports in 2019, dairy (feta and yogurt) at 13.3%, fish products (sea bass and sea bream) at 12.9%, edible oils (olive oil) at 8.3% and alcoholic drinks (wine and ouzo) at 3.4%. We highlight that the vast majority of Greece's food and drink exports (82.1% in 2019) go to other European countries, supported by the EU common market. While only a minor share of Greece's food and drink exports go to Sub-Saharan Africa (SSA), at 0.2% in 2019, this region has been one of the fastest growing in terms of importing from Greece, expanding at a compound annual growth rate (CAGR) of 1.9% over 2015-2019, compared to 0.7% CAGR for F&D exports to Europe. In this analysis, we focus on Greek F&D export opportunities in both Europe and Sub-Saharan Africa.

Top Greek F&D Exports Globally  
Greece - % segment share out of total F&D exports (2019)



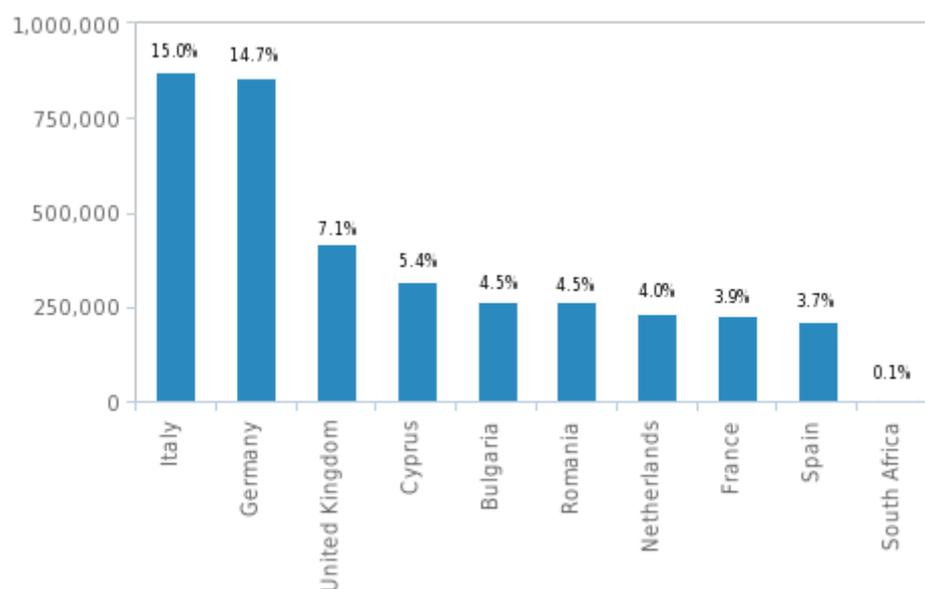
Source: TradeMap, Fitch Solutions

Membership of the European single market and its proximity, means Greece's most prominent F&D export partners are in the EU, with Italy, Germany and Cyprus accounting for over a third of Greece's total F&D exports in 2019. The UK, which formally left the EU in January 2020, is also a key trade partner, accounting for 7.1% of Greece's F&D exports.

Greece's F&D trade with SSA currently remains insubstantial, with South Africa being the only noteworthy trade partner in the

region, as of 2019 (with the nation accounting for 0.1% of Greece's total F&D exports). This trade connection has been driven by South Africa's developed economic openness, its regionally superior logistics infrastructure and its middle-class consumer base, which is the largest in the SSA region. Greece's leading F&D export products to SSA are fruit and vegetables, while its export portfolio to European markets is much more diversified, also including dairy, fish, and edible oils. We highlight that in both SSA and Europe, Greek F&D exporters face fierce competition from exporters from other Mediterranean countries, most notably Spain and Italy, which are both well integrated into global F&D supply chains.

Key Greek Export Partners  
Greece - F&D Exports, '000 USD (2019)



Note: percentages refer to share of Greece's total F&D exports. Source: Trademap, Fitch Solutions

To identify F&D export opportunities, we at Fitch Solutions have created an indicator score table that highlights how attractive markets in Western Europe, Central and Eastern Europe and Sub-Saharan Africa are to Greek F&D exporters, post Covid-19. The table below shows the top five markets per region. To create this indicator table we have utilised six data input pillars:

- **Reliance on Greece:** This indicator looks at the prominence of Greece within a country's import portfolio for F&D products that Greece produces and exports. This F&D import group comprises of olives, peaches, citrus fruits, feta, yogurt, fish products, olive oil, wine and spirits. A higher percentage share highlights that a country is more dependent on Greece for importing the aforementioned products.
- **Key Greek F&D Export Products - Import CAGR, 2015-2019:** This is the compound annual growth rate (CAGR) of the value of F&D imports typically produced and exported by Greece into a certain market over 2015-2019. A higher CAGR is an indicator that consumer demand for products that Greece typically exports is increasing.
- **Industry Rewards:** The evaluation of a country's F&D industry size and growth potential. It incorporates F&D spending per capita, the five-year growth rate (2020-2024) of household spending on F&D, and the total F&D expenditure. Scores out of 100, with higher scores indicating a more favourable profile. This is part of Fitch Solutions proprietary Risk/Reward Index.
- **Country Rewards:** The assessment of a country's characteristics that directly impact the size of F&D business opportunities. It incorporates a country's population, mass affluent class (households with a disposable income of over USD10,000), urban population, and spending population (generation aged between 20-39). Scores out of 100, with higher scores indicating a more favourable profile. This is part of Fitch Solutions proprietary Risk/Reward Index.
- **Industry Risks:** The evaluation of F&D industry specific characteristics, crucial for the industry to develop to its full potential. It includes a country's regulatory environment, the F&D formalisation, and logistics risks. Scores out of 100, with higher scores indicating a more favourable profile. This is part of Fitch Solutions proprietary Risk/Reward Index.

- **Country Risks:** The assessment of a country's political, economic and operational profile. It incorporates short-term and long-term economic and political risk, as well as operational risk. Scores out of 100, with higher scores indicating a more favourable profile. This is part of Fitch Solutions proprietary Risk/Reward Index.

GREEK EXPORT OPPORTUNITIES IN EUROPE AND SUB-SAHARAN AFRICA						
Country	Reliance on Greece, % share	Key Greek F&D Export Products - Import CAGR, 2015-2019	Industry Rewards	Country Rewards	Industry Risks	Country Risks
Germany	5.4%	-1.6%	68.9	67.6	79.0	87.2
UK	3.9%	-2.0%	59.7	71.9	84.1	86.2
<b>Netherlands</b>	1.8%	1.5%	64.8	52.6	<b>97.8</b>	93.3
France	3.1%	1.9%	67.3	66.4	78.1	79.3
Sweden	4.0%	-1.9%	64.8	50.2	92.7	95.8
Russia	0.7%	-3.4%	65.1	68.1	46.3	54.0
<b>Poland</b>	<b>6.2%</b>	1.4%	55.6	57.6	67.0	71.5
Czech	4.8%	1.7%	56.8	41.4	73.0	81.1
Slovakia	2.7%	-0.7%	60.6	32.1	57.1	70.9
Estonia	1.5%	-0.4%	56.8	21.7	67.6	87.9
<b>Kenya</b>	0.1%	<b>4.1%</b>	<b>68.9</b>	56.2	17.8	29.9
South Africa	3.0%	-4.3%	35.2	71.4	43.5	37.5
Nigeria	0.1%	-31.7%	60.0	60.0	13.3	18.0
Ethiopia	1.7%	-4.6%	60.0	59.3	6.7	12.7
Ghana	0.0%	na	43.2	53.1	34.3	40.3

Note: Industry Rewards, Country Rewards, Industry Risks and Country Risks scores are part of Fitch Solutions' Risk/Reward Index. Scores out of 100, with higher scores indicating a more favourable profile. Source: Trademap, Fitch Solutions

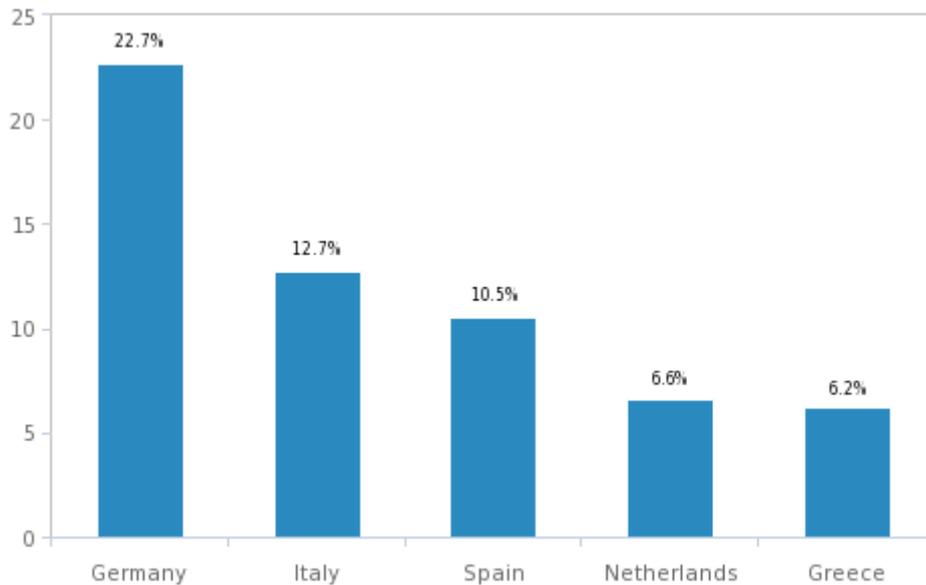
Using this indicator table we are able to spotlight one country from each region (Central and Eastern Europe, Sub-Saharan Africa, and Western Europe) that offers compelling opportunities for Greek F&D exporters over the medium-term (2020-2024).

### 1. Poland: Rising Incomes To Fuel Premiumisation Trend

In 2019, Greece exported USD154.1mn worth of F&D drink products to Poland, led by fruits and vegetables (including citrus fruits, kiwis and peaches), which made up the vast majority at 72.6%. This was followed by edible oils, accounting for 5.5% of total F&D exports to Poland, and dairy products at 4.7%. Poland's reliance on Greece for Mediterranean F&D products (which includes olives, peaches, citrus fruits, feta, yogurt, fish products, olive oil, wine and spirits) reached 6.2%, with Greece being Poland's fifth argest export source for these goods. Poland, however, sourced a higher percentage of these products from Italy and Spain, at 12.7% and 10.5% respectively (placing these nations in 2nd and 3rd place within Poland's import mix for these Mediterranean F&D products).

We note that consumer demand in Poland for these products has steadily been rising over our review period (2015-2019), growing at 1.4% CAGR. As a result, we believe that there is significant scope for Greek F&D exporters to increase their market share in Poland.

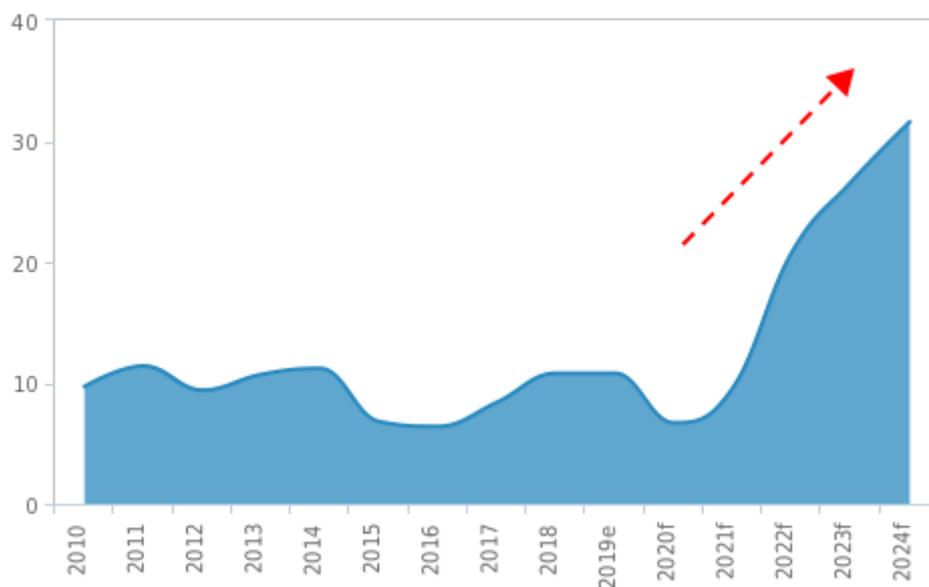
Scope For Greece To Increase Market Share  
 Poland - F&D Imports typically exported by Greece, % Share (2019)



Note: This graph shows Polish import reliance per country for the following food and drink group: olives, peaches, citrus fruits, feta, yogurt, fish products, olive oil, wine and spirits. Source: Trademap, Fitch Solutions

Polish consumers will witness rapid growth in disposable incomes over the forecast period (2020-2024), projected to expand at 7.6% CAGR (in USD terms), one of the fastest growing in Europe. As such, the average annual disposable income per household will grow from USD13,900 in 2020 to USD22,900 in 2024. This means that the country's socioeconomic middle and upper class (households with a disposable income of over USD25,000) will expand significantly, estimated to reach 31.6% of all households in Poland in 2024, up from 6.7% in 2020.

Rising Incomes To Fuel Premiumisation Trend  
 Poland - Household Disposable Income USD25,000+, % Total Households (2010-2024)



e/f = Fitch Solutions estimate/forecast. Source: National Sources, Fitch Solutions

Rapidly rising incomes will not only bode well for food and drink spending in the country over the forecast period, but will also engender a premiumisation trend. The emerging premiumisation trend is reflected in our food and drink spending forecast, which will grow at a faster pace over 2020-2024 (4.2% CAGR) when compared to 2015-2019 (2.6% CAGR), indicating that consumers will opt for higher value products. An increasing number of Polish consumers will have access to mass grocery retail (MGR) and will be able to afford more indulgent F&D items, beyond the Covid-19 pandemic.

We therefore hold a positive view for consumer demand for branded and packaged food products over the coming years. As such, we foresee an increasing number of consumers opting for items such as olive oil instead of cheaper vegetable oils, and (international) spirits instead of beer (or domestically produced vodka). We highlight this is a trend that can be leveraged by Greek F&D exporters, by expanding their product offerings of olive oil within leading mass grocery retail chains in Poland, as well as partnering with on-trade channels to encourage the consumption of ouzo in the country.

Premiumisation To Drive F&D Spending  
Poland - Food & Drink Spending (2015-2019)

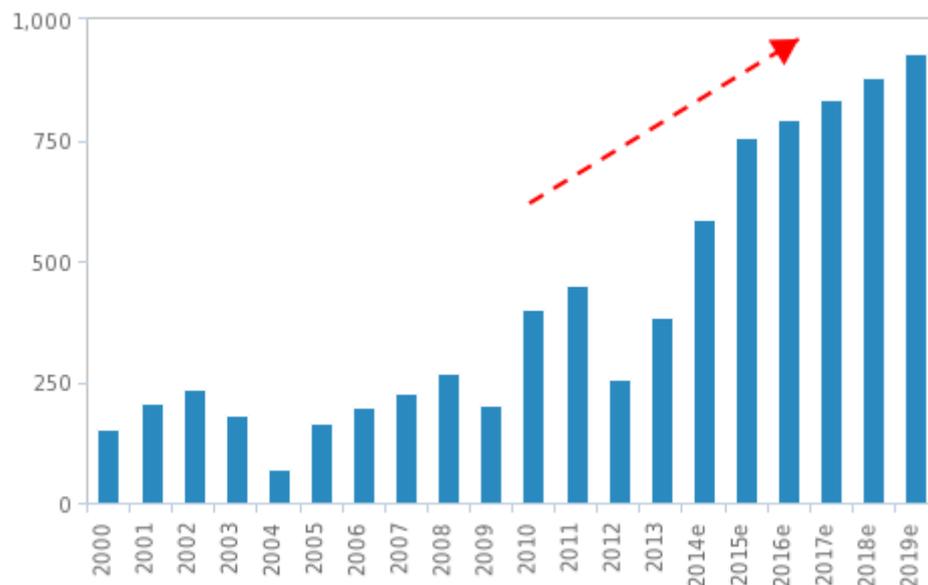


e/f = Fitch Solutions estimate / forecast. Source: Fitch Solutions

Poland has a sizable young adult demographic, accounting for 27.6%. This demographic is a key group to target for food and drink companies, as consumers aged between 20-39 years old boast a relatively high spending power and are more aware of international food and drink trends than older generations. We also note that a significant number of Poles live or have lived abroad, in countries such as Germany and the UK, making them more accustomed to international cuisine offerings and having introduced them to food and drink products that they wish to continue consuming in Poland. As a result, we believe there is significant scope for Greek F&D companies to increase their exports of products that are typically not consumed within the Polish cuisine, but are rapidly gaining popularity in Western Europe, such as feta cheese. We note the import of feta into Poland has expanded at 30.8% CAGR over 2015-2019, highlighting its growing popularity.

We also highlight that the number of Poles travelling to Greece (for tourism and business) has been steadily increasing in recent years, having expanded at 16.4% CAGR over 2010-2019 to reach 929,000 outbound departures to Greece in 2019. This has introduced many more Polish consumers to Greek F&D products, increasing the likelihood of them seeking out these products in Poland.

Increased Travel To Greece Introduces Poles To Greek F&D Products  
Poland - Outbound Departures To Greece, '000 (2000-2019)



e = Fitch Solutions Estimate. Source: SETE, Fitch Solutions

## 2. Kenya: Alcoholic Drinks Formalisation Offers Opportunities For Wine And Spirits Exporters

Greece's F&D exports to Kenya are negligible as of 2019, reaching USD113,000. We do believe, however, that there are significant opportunities for Greece to expand their F&D exports to Kenya. Spain (USD12.6mn in 2019), Italy (USD18.8mn), as well as South Africa (USD59.8mn) are much more integrated in Kenya's F&D supply chains and so offer case studies for how Greece can expand its role in Kenya as these are countries with similar F&D export portfolios to Greece.

In addition, we note that Kenya has been ramping up their imports of F&D products that are typically produced and exported by Greece, having expanded at 4.1% CAGR over 2015-2019, showing that demand for Greek products exists. We note that import growth for spirits and wine has been particularly strong, expanding at 14.9% CAGR and 4.9% CAGR respectively, highlighting the opportunity for Greek alcoholic drink producers in particular to increase their exports to Kenya.

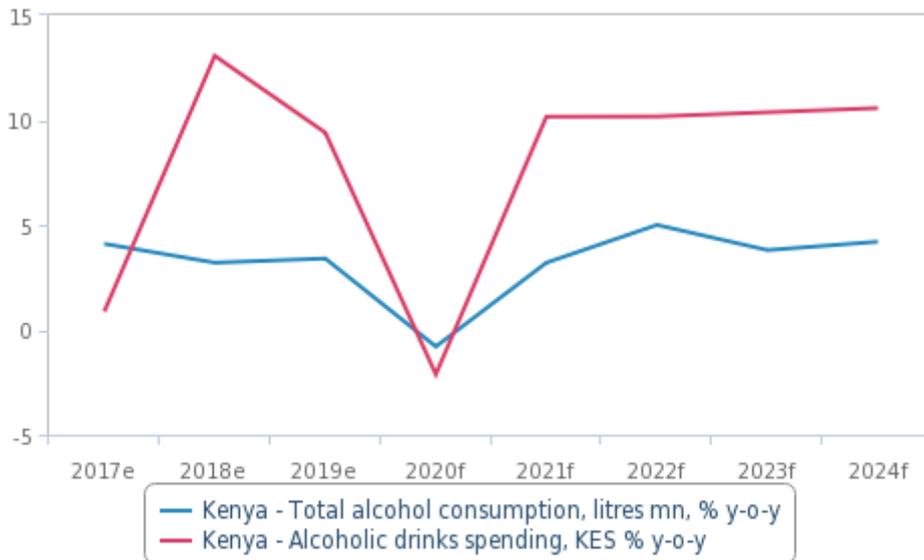
Growing Demand For Spirits Offers Opportunities For Greek Exporters  
Kenya - Alcoholic Drink Imports (2010-2019)



Source: Trademap, Fitch Solutions

We project total alcoholic drink consumption in Kenya to steadily grow over 2020-2024, at an average annual growth rate of 3.1%, while consumer spending on alcohol will expand significantly faster, at an annual growth rate of 7.8%. Stronger value than volume growth indicates that Kenya's alcoholic drinks sector is becoming increasingly formalized. This means that consumers are moving away from cheaper home brewed alternatives, into more expensive, branded alcoholic drink products. It also indicates that consumers are increasingly willing to spend more money on alcoholic drinks, which bodes well for more high-price point segments, such as wine and spirits. This creates significant opportunities for international wine and spirit exporters, with Greek wine and ouzo exporters in line to benefit should they explore the Kenyan market further.

Kenya's Alcohol Market Offers Formalisation And Premiumisation Opportunities  
Kenya - Alcoholic Drinks Consumption & Spending (2017 - 2024)



e/f = Fitch Solutions estimate/forecast. Source: National Statistics, Fitch Solutions

Furthermore, we highlight two facets that make Kenya an attractive trade destination for Greek alcoholic drink exporters:

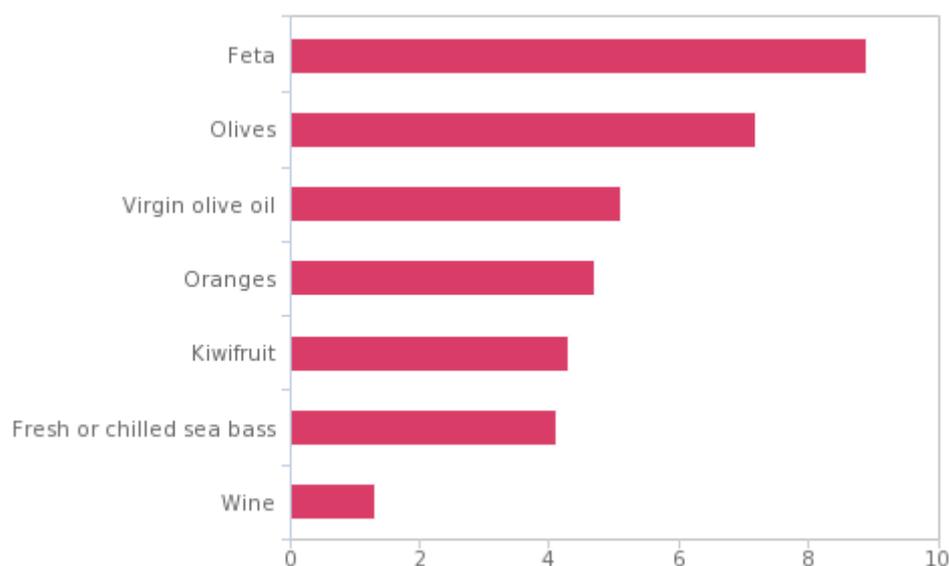
- Rising incomes:** While the Covid-19 pandemic will slow economic growth over 2020, we project the Kenyan economy to post solid growth over the medium-term, at an average annual growth rate of 4.2%. As such, we forecast the average disposable income per household to expand significantly over the coming years, growing from USD2,500 in 2020 to USD3,200 in 2024 (6.4% CAGR). The number of households expected to earn USD10,000 or above will account for 4.4% of all households 2024, an improvement on 2.8% in 2020. The country's middle class will remain small by international standards, however solid growth means that more consumers will be able to buy branded alcoholic drink products over the medium term.
- Solid Operating Environment, With Access To A Larger Regional Market:** In Fitch Solutions' Risk/Reward Index, Kenya has the fourth highest Operational Risk Score across SSA, at 21.1 out of 100 (Note: Scores out of 100; higher score = more attractive market). The country also scores well in our Logistics Risk index, with a score of 33.7 out of 100. After South Africa, this is the second highest score in SSA. In addition, as a member of the East African Community (EAC), Kenya has access to a free trade area with countries in the EAC, the Southern African Development Community and the Common Market for Eastern and Southern Africa. This is direct tariff-free access to a consumer market with an adult population (18+ years) of 430mn in 2020. By 2050, the adult population will more than double, to 1.2trn people.

### 3. Netherlands: Healthification Trend Fuels Consumer Spending On Fruit, Vegetables & Fish

Due to limited domestic production, the Netherlands is a net importer of Mediterranean F&D products. It imports a significant amount of peaches, olive oil, and oranges for its domestic market (net imports), with imports from France, Italy and Spain being well integrated into the country's F&D supply chains.

Greece F&D exports account for a smaller share, with the Netherlands only importing 1.8% (2019) of these Mediterranean F&D products from Greece. The limited reliance on Greece, in combination with the fact that the Netherlands has been increasing its imports of these products in recent years, especially for feta cheese (8.9% CAGR 2015-2019), olives (7.2% CAGR), virgin olive oil (5.1% CAGR) and oranges (4.7%), means that there is significant scope for Greek F&D producers to ramp up exports to the Netherlands over the coming years and expand their market share.

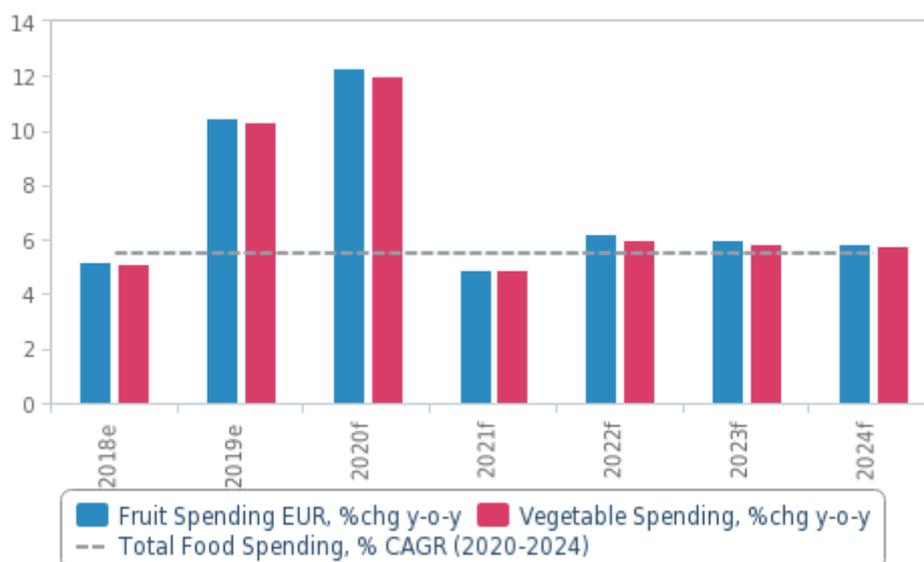
Rising Net Imports Of Mediterranean F&D Products  
Netherlands - Net Imports, 2015-2019 % CAGR



Source: Trademap, Fitch Solutions

Consumers in the Netherlands are becoming increasingly health conscious, which translates into growing consumer demand for healthier F&D products, especially fruit and vegetables. We project consumer spending on fruit in the Netherlands to grow at an average annual growth rate of 7.1% over 2020-2024, while spending on vegetables is forecast to expand at average growth rate of 6.9% per annum, both outpacing headline food spending, which will grow at 5.5% annually. As such, we believe that significant export opportunities exist for Greek fruit and vegetable producers, especially for products such as olives, oranges, kiwifruit and virgin olive oil.

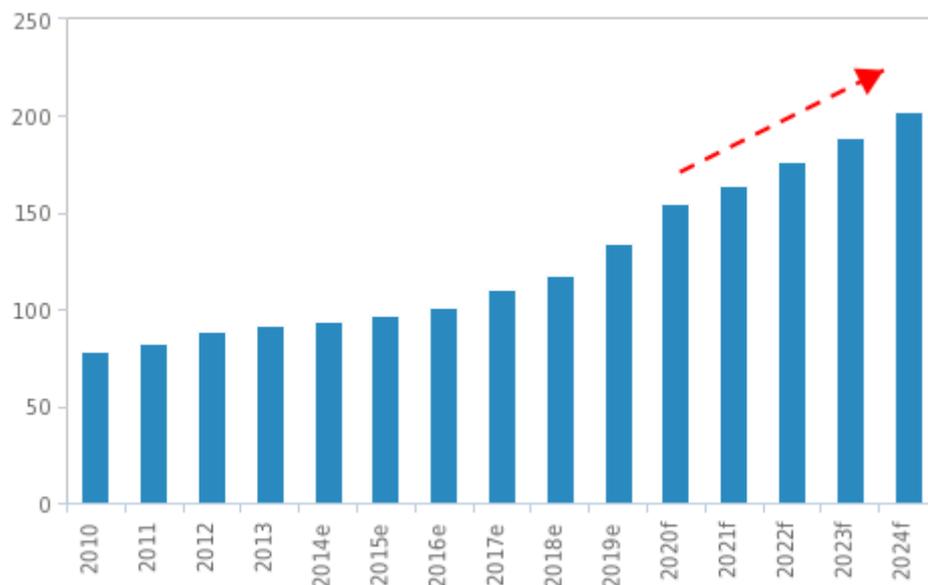
Dutch Consumers Becoming More Health Conscious  
Netherlands - Consumer Spending On Fruit & Vegetables (2018-2024)



e/f = Fitch Solutions estimate/forecast. Source: National Bureau of Statistics, Fitch Solutions

As part of the ongoing healthification trend (as well as rising environmental awareness), Dutch consumers are eating less meat, with Wageningen University & Research reporting that consumers in the Netherlands ate 77.2kg of meat per capita in 2018, down from 79.0kg in 2010. With meat consumption on a downward trajectory, we note that Dutch consumers are increasing their consumption of fish, which is viewed as a healthier and more sustainable alternative to meat. We forecast household spending on fish products to outperform total food and drink spending over the medium-term forecast period, with consumer spending on fish projected to grow at an average of 8.9% per year, significantly faster than headline food growth of 5.5%. In per capita terms, the Dutch consumer will spend almost EUR50 (USD59.20) more on fish over the forecast period, reaching EUR203 in 2024, up from EUR155 in 2020, highlighting that there are opportunities for Greek fish producers to increase their exports to the Netherlands over the medium-term.

Dutch Consumer To Spend More On Fish  
 Netherlands - Consumer Spending On Fish, EUR per capita (2010-2024)



e/f = Fitch Solutions estimate/forecast. Source: National Statistics, Fitch Solutions

The Netherlands is one of the highest performing countries globally in our Industry Risk indicator, scoring 97.8 out of 100. Because of this, many global brands develop and test their products on the Dutch consumer before launching it in other markets. This means that many Dutch consumers are willing to incorporate international and innovative food and drink items into their diets, which bodes well for international exporters.