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Make Greek Yoghurt, Greek Again

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Key points

Greek yoghurt is dominating the milk industry during the last decade and the earnings of the industry have experienced an according growth. There are many products that carry the term Greek without having any kind of bond with the region, although obtaining an important share of the market. This situation sets obstacles to the Greek businesses producing yoghurt and the weak Greek economy. However, if the Greek products actually acquire the PDO or a PGI status, the domestic products can be protected and can have an advantage against the colossal milk industries.

So, this policy brief suggests:

- The renewal of the effort to acquire the PDO status for the Greek yoghurt
- A campaign to inform the European consumers for the difference between the Greek and the Greek-styled yoghurt.
- A concerted policy to promote the domestic products and boost the earnings of the companies.

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Introduction

The yoghurt consumption has experienced a massive growth through the last decade, surpassing the milk consumption for the first time. Especially, the Greek and the “Greek-styled” kind are covering a significant percentage of consumers’ preference. However, the Greek yoghurt does not have a Protected Designation of Origin (PDO) or Protected Geographical Indication (PGI), connecting it with Greece and limiting the imitation.

The European Union has a specific registration system for the PDO and PGI products as well as a structured legislation for the protection of these products. The Ministry of Rural Development and Food has tried in the past to ensure these registries for the Greek yoghurt industry but with no success, concluding to the Greek economy losing an important share of the market. The policy brief will refer to:

1. The alternation of the status of Greek yoghurt from non-PDO to PDO.
2. The economic loss of Greece by not claiming the Greek yoghurt as PDO.
3. The irresponsible marketing towards European consumers regarding the Greek-styled and “Greek” products.

Analysis

The kind of yoghurt that is referred, outside the Greek borders, as “Greek” is the “strained” of the whey yoghurt with thicker and solid texture. The Greek Yoghurt industries and the Ministry of Rural Development and Food could not disagree more. According to the later, the Greek yoghurt is any kind of yoghurt or yoghurt product that is produced in Greece. This may include strained, cow’s or sheep’s yoghurt or the traditional one. This situation is, unfortunately, not recognized by a certified status and is confusing customers all over the world.

The title PDO or PGI are yet to be given to the Greek yoghurt. According to the European Commission the registered names are used to “promote their unique characteristics, linked to their geographical origin as well as traditional know-how.” The registered names are also a way of informing the consumer for the origin of the product. PDO is the most closely linked with the geographical area while PGI is a certification of the origin. The statuses were adopted by the European Commission within the frame of the “EU agricultural product quality policy”.

These statuses are a reassurance of quality for the products. Since Greek yoghurt does not have a PDO or PGI status, there is no reassurance that the product with the “Greek” sign is in fact Greek or has the quality that is linked with the Greek yoghurt. This is confusing for consumers and sometimes a bad advertisement for milk industries.



The yoghurt industry has been very successful in the last decade and does not show intentions of stopping. Only the Greek yoghurt market is estimated in \$50 billion worldwide, while in Europe is in \$400 million. The Europeans consume the 39% of production of “Greek” yoghurt.

But the Greek milk industry is incapable of dealing with the big corporations. ‘Chompani’, a company producing only “Greek” yoghurt, is located in the United States with an annual income of 1.1\$ billion dollars and it comes second in the international market with 21,8% of the share. In Europe, first in yoghurt sales is Danone. ‘Fage’, the only international Greek yoghurt producer, is falling behind with only \$619,6 million dollars’ worth and a 6% of the market share.

Apart from ‘Fage’, the first in sales Greek milk industry, in Greece, there are several big or medium businesses that are oriented towards the European market. Kri-kri is the second in sales in Greece, but the company promotes its international profile through investments of 18 million euro. Following are Kolios, Mevgal and Delta. All these Greek industries have an international orientation and in the last year investments of 30 million euros have been made. However, it is impossible with these industries compete with the multinational giants.

The problem is not only international. In the European Union, have existed several cases where the yoghurt was not Greek but “Greek-styled” as the Czech yoghurt product case in 2016. The Greek Ministry acted in time to showcase the manipulation of the term to the European Institutions. The European Commission had intervened in the situation by warning Prague to withdraw the misleading products. They do not agree with the ‘EU Regulation on the provision of food information on consumers.’, as it was nowhere on the package clarified that there was no connection with Greece for that “Greek” yoghurt.

A similar policy has been obtained by ‘Arla’, a Belgium based industry, Danone’s subsidiary. However, the marketing is referring only to a recipe alike to taste and feel, but not to the way of producing, the yoghurt is still named “Greek.” This information, of course, is not given on the yoghurt package.

As the Europeans consume an average of 45 tons of yoghurt per year, it is clear that the yoghurt industry is capable of offering an important boost to the Greek economy. It is obvious, on the other hand, that many companies try to imitate the Greek recipe not in fair means. To protect the domestic production, from unfair competition, the Ministry should reelect a committee to register the Greek yoghurt term as PDO status. The PDO will promote security for the Greek corporations as well as a reassurance for consumers all over the European Union.



Recommendations

In 2016, the Ministry promoted a committee responsible for promoting Greek yoghurt for PDO status. Unfortunately, it had to face a handful of problems that today are solved or overcome. The economic situation of our country is more stable than in the past, and the enterprises are gaining back their place in the European market. Under these new circumstances our Federation would encourage the renewal of the effort to give the PDO status to Greek yoghurt, so it can take a place in the European Database of agricultural Products and Foods registered as PDO, PGI or TSG status.

Another point that should be promoted is the restoration of the term Greek yoghurt in the Union's market. The European consumers should be informed for the difference between Greek yoghurt and 'Greek' or 'Greek-styled' yoghurt.

Also, a concerted trade policy could help promote the domestic products and boost the sales of the Greek companies. Apart from the PDO status, advertisements that underline the authentic origin of the products would elevate the productivity, as well as, a law system that would help and not limit the capabilities of milk industries in Greece.

Conclusion

Since the Greek yoghurt boom through the last decade, the yoghurt sales are only rising. The PDO status will give the chance to the Greek milk industries being competitive and productive and will create an important industry bust that the Greek economy needs.

On the other hand, the committee that will be formed for claiming the PDO status should take under consideration special circumstances of the milk industry, Firstly the product range of our industries are big and the PDO status should not limit their possibilities. Additionally, the expansion of milk industries outside the Greek borders should be taken under consideration, so big Greek milk industries as Fage and Kri-Kri are also benefited and not harmed.



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