

# World News: 'Green Gold' Rush Eludes Greeks --- Branded olive oil is where the money is, but lack of investment holds back third-biggest producer

Stamouli, Nektaria . Wall Street Journal , Eastern edition; New York, N.Y. [New York, N.Y]. 19 Dec 2017:  
A.7.

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## FULL TEXT

STREFI, Greece – Workers at Yiannis Skiadas's mountainside mill pressed prized Kalamata olives on a recent day to extract the thick, fragrant oil known regionally as "green gold" -- most of which would be shipped abroad in bulk and blended with Italian olive oil.

Mr. Skiadas could earn almost three times as much by branding his oil and selling it himself. But that would require investing in every step from cultivation to marketing, and quick cash from Italian customers is appealing after a decade of economic pain in Greece.

"Thank God for the Italians," he said.

Greek olive oil should be a shining example of the country's export sector. Instead, it offers a lesson in why Greece remains deeply uncompetitive despite years of pressure to fix its economy.

Greece has what should be significant competitive advantages, including a climate that is favorable for agriculture and a 22% drop in labor costs since 2010, around the start of the Greek debt crisis.

But the country has been unable to leverage its low cost base to pull itself out of economic malaise. The value of Greek exports fell last year, despite years of efforts aimed at promoting export-led growth. Just 2.5% of Greek enterprises are involved in export activity, according to a recent survey by Ernst & Young.

Bank lending is scarce in a country mired in debt. And Greece's notoriously inefficient bureaucracy makes it time-consuming to secure health-and-safety approvals and export paperwork, according to Greek exporters.

Similar problems affect other Greek agricultural products from peaches to wine. Exports of textiles and household appliances have also slipped in recent years.

The failure of Greece's olive-oil makers to break into the international market for branded oil is especially painful. Greece is the world's No. 3 producer of olive oil after Spain and Italy, according to Eurostat, but just 4% of branded olive oil sold world-wide is Greek, according to a 2015 report by the National Bank of Greece.

The reason: Greek olive-oil producers have mostly stuck to making bulk oil, unable or unwilling to invest in making the branded product that can command lofty prices in foreign markets. Only 27% of Greek olive oil is exported as a branded product, compared with 50% from Spain and 80% from Italy.

"Greece hasn't invested to create a brand name, as have Italy and Spain," says Christina Sakellaridi, who heads the Greek Exporters Association. "Now it's difficult to compete with them."

By sticking with bulk oil rather than branded oil, Greece is forgoing about 250 million euros (\$294 million) in revenue each year, according to the National Bank of Greece report, money the capital-starved country desperately needs.

Many Greek olive farms and mills are family-operated and have fewer than 10 employees, according to olive-growers' associations. Their small size leaves them with little of the money and management skill needed to upgrade their products and establish a brand name.

For those who do invest, the payoff can be significant. Before the crisis, Georgios Skarpalezos sank money into

new machinery for his mill. Now he makes extra virgin olive oil that he sells in, among other places, London's Harrods department store. He makes as much as 4 euros a liter, while a middleman, usually an oil-mill owner, might make as little as 10 to 20 euro cents a liter on bulk oil.

"I cannot produce huge quantities, because I have to focus on the quality of the product," said Mr. Skarpalezos, showing dark glass bottles designed to safeguard the oil.

Olive-oil producers also often need to import products such as Mr. Skarpalezos' glass bottles and plastic caps. Because of the difficulty in borrowing money, Mr. Skiadas said he and his suppliers can't spend to upgrade their final product.

Mr. Skiadas also shuns the cold-press method that mills must use to label their product virgin or extra virgin olive oil, instead pressing the olives at high temperatures because that yields up to twice as much oil.

Credit: By Nektaria Stamouli

## DETAILS

<b>Subject:</b>	Olive oil; Farms; Brand names; Exports
<b>Business indexing term:</b>	Subject: Brand names Exports
<b>Location:</b>	Italy; Spain; Greece
<b>Publication title:</b>	Wall Street Journal, Eastern edition; New York, N.Y.
<b>Pages:</b>	A.7
<b>Publication year:</b>	2017
<b>Publication date:</b>	Dec 19, 2017
<b>Publisher:</b>	Dow Jones & Company Inc
<b>Place of publication:</b>	New York, N.Y.
<b>Country of publication:</b>	United States, New York, N.Y.
<b>Publication subject:</b>	Business And Economics--Banking And Finance
<b>ISSN:</b>	00999660
<b>Source type:</b>	Newspaper
<b>Language of publication:</b>	English
<b>Document type:</b>	News
<b>ProQuest document ID:</b>	1978204751
<b>Document URL:</b>	<a href="https://www.proquest.com/newspapers/world-news-green-gold-rush-eludes-greeks-branded/docview/1978204751/se-2?accountid=11225">https://www.proquest.com/newspapers/world-news-green-gold-rush-eludes-greeks-branded/docview/1978204751/se-2?accountid=11225</a>

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**Last updated:** 2021-09-26

**Database:** The Wall Street Journal

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