Evolution of trade flows for sheep milk cheese: an empirical model for Greece

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Summary

This research examines Feta cheese trade flows, having as raw material sheep milk. The findings of the implementation of the gravity model demonstrate the significance of trade flows for Greek Feta worldwide. It will be a very useful instrument for examining the trading potential of Feta cheese, on the condition that there will be a positive outcome on the judicial and political level for the product in the WTO negotiations. The findings of the gravity model will be very helpful for an analysis which follows, in order to show off the strengths and weaknesses of the sector, as well as the opportunities and threats the market creates.
Finally, there is a list of proposals – suggestions which focus on increasing the competitiveness of the sector and on armouring it with all the essential quality and safety reassurances. This is done in order to avoid, in the future, attempts from competitors to jeopardize once more all this effort that has been done up till now. These proposals form an action plan which provides viable solutions to the quality and safety issue, as well as an aggressive marketing plan for gaining market shares in both EU and non-EU countries, utilizing the competitive advantage the product gains, as PDO.

KEYWORDS: Trade flows, quality, competitiveness

1. Introduction

The cheese sector is one of the most important productive procedures of the Greek primary sector. This importance is due to the fact that, the sheep and goat population is quite significant, not only for national, but for EU standards as well. The sheep and goat milk is the raw material for numerous types of cheese and the most popular and well known is Feta cheese. It is well known that there was a quite long litigation between Greece on the one hand and Denmark, Germany, UK and France on the other, regarding which country has the right or not to produce cheese named Feta. Finally, in 2002, Greece won the case and after October 2007, will have the exclusive right, in the EU, of producing white cheese named Feta from sheep and goat milk (R1829/2002).
The exclusive production rights in the EU are now a fact for Greece, but it is not a fact on an international level. On the ongoing negotiations of the Doha Round of the WTO, the EU made an official request for increased protection of products with *Geographical Indications (GI's).* For that reason, there is a wish list with wines and spirits and other products, being presented at the Cancun conference (WTO, 2005). These products have been already labelled as PDO in the EU, but on an international level up till now, there is no protection for these products from competitors who wish to produce them and take advantage of their reputation for their unique quality and flavour characteristics. In this wish list there are two Greek products, Ouzo (an aperitif) and Feta cheese. Up till to present, there are serious and quite strong oppositions for the EU demand, especially for wines and spirits on the list. This happens because the French want to have the exclusive rights of production and marketing of products like *Champagne, Bordeaux, Bourgogne,* etc, the Italians want the alcohol products *Chianti, Grappa* etc and other products like *Mortadella Bologna, Mozzarella, Parmigiano,* etc. All these products are recognisable worldwide with these

names and so far they have been produced not only at the specific European areas, but all over the world. For the Greek issue, regarding Feta cheese, serious reactions come from New Zealand, Canada and the US. In these countries there is a tradition of producing white cheese with cow milk as raw material and marketing it as Feta cheese. If the EU request is satisfied, this marketing practice will stop and this cheese will be in the market as *White cheese in curd* and not as Feta.
This study has as target to research the trade flows of Feta cheese world wide and show off the positive and negative parameters for this trade. The findings of the implementation of a gravity model, which is used for this research, are quite useful for the implementation of the SWOT analysis, in order to set off the strengths and weaknesses of the sector and the opportunities and threats of the trading environment of the product. Finally, there are some policy recommendations for the most serious obstacles the sector faces, during its development procedure.

2. Background

One of the major disagreements between the parties involved in the case of Feta *cheese* was that the northern European countries are using cow milk as raw material for the production of their Feta. Greece convinced the court that the name Feta is not a generic name for cheese, but it is a name for a traditional Greek cheese being produced by using a mixture of sheep and goat milk and not cow milk at all. That is the main argumentation for labelling the product as PDO (Product Designated of Origin), in 2002. This parameter is crucial for international trade of the product, because until now firms producing Feta outside Greece were using this name for promoting their product, without following the traditional recipe for preparing it. The first attempt from Greece to include the Feta cheese in the EU PDO list was in 1994. In the same year the committee which was responsible for this task adjudicated for the demand of the country. In 1996 the EU PDO committee reached the same conclusion and Feta cheese became a PDO product by laying into force the R1107/96. France, Denmark and Germany opposed immediately this Regulation, by using as argumentation that Feta is a generic name for cheese for the EU market and it is impossible for a product to be named as PDO referring to a region which is almost all the Greek territory. This litigation lasted until 2002 when the EU court adjudicated that Feta cheese is not a generic name and only continental Greece and the island of Lesvos will produce and trade Feta in the EU market. This decision established a transitional period of five years for the EU countries to fully comply with this decision and this period ends in October 2007. This decision enclosed in the EU legislation by the R1829/2002.
Since 1930, Denmark started to produce Feta cheese, using as raw material cow milk, mainly for exports, France started in 1931, using both sheep and cow milk, for domestic consumption and exports and Germany started in 1972, using basically cow milk, mainly for export reasons. In order to achieve considerable market shares globally, two countries, Denmark and Germany have used, the EU export subsidy mechanism for a long period of time. Target markets were mainly the US, Canada and Arabic countries, where the demand for the product was significant.
All the parties involved in the Feta production sector realised that the product was characterised by increased competitiveness and there was a great lose for the Greek economy, as a whole, when firms outside Greece were using the name of Feta to increase their sales, without producing following the traditional way. Another very important issue was that the consumers were misinformed about the ingredients and the original flavour of the product, the white cheese from cow milk tastes differently from the original Feta cheese and this situation creates an unfavourable trading environment for any attempt from the Greek side to gain market shares in these countries. The difficulty is based upon the perception the consumers already have about the product, and it is not an easy target to

convince them about which is the original product and which is an imitation (Babcock, 2003).
The implementation of the gravity model for Greek trade flows of sheep milk cheese appears as a crucial necessity for researching the trading environment of the product. This trading environment has two dimensions. The first one is the EU market, where there are no trade barriers and the second is the global market where there are numerous importing regulations (tariffs, TRQs, technical barriers etc) applied for the product by each country. In order to reach feasible policy recommendations in a heterogeneous trading environment, it is necessary to show the most important export destinations and estimate the significance of each factor affecting trade dealings and performances.

3. Objectives

The first objective of this research is to show the most important trade flows of Feta cheese worldwide. By applying a gravity model many parameters can be taken into account, affecting international trade. Studying the impact of each factor affecting international trade at this period of time, is essential for the implementation of a new trading policy for the product, given that soon enough there will be a new trading policy, under the WTO current negotiations,. In the EU market there will be serious changes too, because the transitional period for the name Feta to be used by other countries, except Greece, expires in October 2007 and a new status quo will be formatted afterwards.
The second objective is to measure the importance of each economic factor affecting Feta trade. The factors which have been studied for affecting Feta trade are distances, quantities exported and imported, total trading quantities, value of exports and imports, evolution of GDP per capita, and population.
The third objective is to evaluate the importance of the non economic parameters affecting Feta trade. Such parameters are the existence or not of Greek immigrant societies, cultural similarities with Mediterranean diet and evolution of tourism having Greece as their destination.
The forth objective is to verify which policy recommendations are most effective for a rapid improvement of international trading performances of Feta. This part of the research is crucial, because up till now there was not a total trading and exporting policy for Feta cheese in Greece. Responsible for this situation is mainly the EU CAP, as it was applied by the ministry of agriculture, because there was given priority for expansion of arable crops, which were tailored with subsidies. The animal production was isolated into mountainous areas only, where it was impossible to develop such cultivations. This situation lead the sector to be characterised by low productivity and to be incompatible to follow the contemporary trends related to food security, quality certification and animal welfare.

4. Data and methodology

In order to provide a comprehensive empirical analysis of Feta's trade flows world wide, the well-known gravity model has been used. This model developed simultaneously by Tinbergen (1962) as well as Pöyhönen (1963) and Pulliainen (1963) is actually considered as the most appropriate and popular instrument in order to explain bilateral trade flows. Even in 1979, Anderson affirms that "the gravity model is probably the most successful empirical trade device of the last twenty years". The interest of such an approach is effectively the existence of a vast literature and numerous empirical models based on gravity equations, investigating the main socio-economic and geographical determinants of international trade. From the beginning of the decade 1960, a lot of studies used the gravity model to estimate the total volume of bilateral trade (aggregated exports and imports). More recently, Bergstrand (1989) and other authors has specified the gravity equation in order to estimate bilateral trade flows of specific goods.

Beyond the empirical interest of the gravity equation, Deardorff (1995) within the framework of the Heckscher-Ohlin model highlighted that the gravity equation not only characterized many empirical models but also can be justified from standard trade theories. In fact, since the end of the 1970s, several authors have developed alternative approaches so as to give theoretical support to the model. Anderson (1979) whose theoretical analysis was at the aggregate level develops a gravity model that assumes product differentiation, using a trade-share-expenditure system with Cobb-Douglas (or CES) preference functions for all countries while utility functions are weakly separable between traded and non-traded goods. Bergstrand (1985, 1989) proposed a theoretical approach of bilateral trade, giving a microeconomic foundation to the gravity model within the framework of a general equilibrium model of world trade. In this case, gravity equations are associated with simple monopolistic competition models.

If the gravity equation is generally a popular tool to characterize the pattern of bilateral trade flows (aggregated or not), on the contrary it has been scarcely used in the investigation of the determinants of agricultural trade in the world (Paiva, 2005). The following analysis is effectively focused on a specific livestock product, the Feta cheese, which is also a PDO (Protected Designation of Origin) for the EU market.

According to the law of universal gravitation discovered by Newton in 1687, the gravity model can be applied to a wide range of problems such as migrations, foreign direct investment, tourism etc. The gravity equation is often used in international economics especially in order to explain bilateral trade. It stipulates that the importance of trade flows between two countries is (a) positively related to their demographical and economic size and (b) negatively to the geographical distance between them. The population and the GDP can be interpreted as indexes of mass, in other terms as the potentiality to participate to international trade while the distance, as a measure of the geographical proximity, reflects the difficulties that countries can encounter in order to develop exchanges because of transport cost and duration as well as difficulty to access to the appropriate information. In other terms, the geographical distance captures the resistance factor for two countries to develop bilateral trade. In its initial form, the gravity equation is expressed as:

$$\mathrm{EXP}_{\mathrm{i,j}} = a_0 \frac{Y_i^{a_1} . Y_j^{a_2}}{D_{i,j}^{a_3}}$$

with $\mathrm{EXP}_{\mathrm{i,j}}$ is the volume of exports from the country i to the country j, $\mathrm{Y_i}$ and $\mathrm{Y_j}$ reflect the GDP of the two countries while $\mathrm{D_{i,j}}$ measures the geographical distance between the two countries' capitals.

Considering the extensive literature produced at least during the last 20 years and relative to the estimation of gravity equations, it appears that the econometric specification of the above gravity equation has been improved by the introduction of different explanatory variables as well as dummy variables[1]. Linnemann (1966) in the H-O framework considered that economies of scale and technology differences – instead of the well-known differences in factor endowments – are determinant factors in order to evaluate comparative advantages. In this context, the author postulated that potential trade is dependent on differences in population size. After Linnemann, most of the empirical studies will introduce variables relative to the population size of the countries. Tinbergen's model (1962) introduced dummy variables for neighbouring countries and membership to a preferential trade area. Aitken (1973) introduced a dummy variable to the above equation in order to measure the effect for trade partners to be member of Regional Trade Agreements as EEC. In most of cases, the addition of dummies variables reflecting historical, cultural

[1] An extensive review of the literature relative to the refinement of the explanatory variables and the addition of new ones is proposed by Martinez-Zarzoso and Nowak-Lehmann (2002).

and institutional characteristics of the specific trade flows analyzed, seems to improve appreciably the quality of the model.

In the case of Greek exports of Feta cheese, we consider that at least two dummy variables have to be introduced in order to take into account the two following facts:

- trade partners of Greece are or not members of E.U. This dummy variable can be interpreted as the existence of an institutional proximity and,
- some countries have for a long time an important Greek community. This dummy variable reflects the existence of an alternative form of proximity, not based on geographical criteria but on relational one. Different authors (Gould, 1996, Head and Ries, 1998, Dunlevy and Hutchinson, 1999, Belair, Gauthier, 2004) have put into evidence the relative importance of immigrant links to the home country that is the preference for typical home country's products. Feta cheese fits well in such a preference pattern for the Greek diaspora.

In the specification used in the present paper, the Greek exports of Feta cheese depend on the size of the partners' respective economies, their population, their geographical proximity to Greece (distance) and a set of dummies variables capturing the above mentioned institutional and cultural characteristics relative to the specific trade flows of Feta cheese. For estimation purposes, the exports of Feta cheese by Greece are expressed in log-linear form:

$$lEXP_{G,i} = b_0 + b_1.lY_i + b_2 lPop_i + b_3 lDis_{G,i} + \sum_k c_k.D_{i,k} + \varepsilon_{G,i}$$

where:
l denotes that variables are expressed in natural logs,
Y_i indicates the GDP per capita of the trade partner i. GDP per capita is based on purchasing-power-parity (PPP). The per capita GDP is usually chosen for the estimation of bilateral exports for specific products while total GDP is often used in the case of aggregated exports' estimation (Martinez-Zarzoso, Nowak-Lehmann, 2002). We are expecting a positive relation between the level of per capita GDP and the volume of trade flows (b_1 positive)
Pop_i is the population of the trade partner i. In this case, we are also expecting for a positive relationships (b_2 positive)[2].
$Dis_{G,i}$ indicates the geographical distance between Greece and its trade partners (from capital to capital)
The last term of the equation: $\sum_k c_k.D_{i,k}$ is a sum of dummy variables taking the value one when the specific condition (belonging to UE or belonging to countries with significant Greek diaspora) is satisfied and zero otherwise. The coefficients relative to these dummy variables are expected to be all positive.

The data set covers 23 trade partners (from which 13 are EU members) who imported during the period 1990-2004, cheese Feta from Greece. Since the data concerns two distinct periods – namely the average in 1990-1992 and the average over 1999-2001, a supplementary dummy variable has been introduced in order to specify the observations during the last period.

[2] Data for the two variables: per capita GDP based on PPP (billions international $) and population (000 persons) have been collected from the World Economic Outlook

5. Results

Estimation with SPSS software was done through Ordinary Least Squares (OLS). The main results are presented in the table 1. As it appears, the model has a relatively low explanatory power with R^2 of 0,60. In other words, only 60% of the variation in the exports of Feta is explained by our selected specification of the gravity equation. Comparatively to other empirical models of trade flows, the above power is effectively not so performing. Moreover, we have to take into account that Feta cheese for non Greek consumers is not a common product and in a certain sense, it can be considered as an "exotic" good, justifying the fact that non-economic factors can be as well as pure economic ones, determinant to measure such specific trade flows.

The results show that all the coefficients of the basic gravity equation are statistically significant at level less than 5% and have the expected sign:

- Exports of Feta to the trade partners of Greece are positively affected by their economic and demographic size. Exports flows of Feta cheese increase in a greater proportion compared to the change in GDP per capita (coefficient = 1,60) and in a lower proportion compare to the change in population (coefficient = 0,64). If we accept that Feta cheese is not for the majority of countries a common product, this result confirms that in countries with higher standard of life, the consumers are not only oriented towards subsistence products and they have the economic capacity to develop consumption of "exotic" products.
- The distance variable appears as a "resistance factor": Feta exports are negatively affected by the geographical distance and the magnitude of the coefficient is quite high in absolute value (-0,90). In fact, we can suggest that the negative impact of geographical distance is not only due to transport costs – even if this aspect is really important for fresh products as Feta – but indirectly reflects also a "cultural distance" and a lake of information.

Finally as regards the selected dummy variables, capturing institutional and geopolitical characteristics, it appears that the impact of EU is not significant for the exports of Feta: the fact that a partner is member of EU does not seem to be determinant and to contribute to more exports. At the contrary, the existence of an important Greek diaspora - as it is the case in countries as Germany, Australia or USA - has a positive and significant impact of trade flows. This point is particularly interesting because it shows that even if Greek emigration is a relatively old phenomenon, the links that the diaspora maintains with its country of origin remain quite strong while at the same time, it is possible to consider that this population mainly contributes to promote the "typical" Greek products.

Table 1: OLS Results for the gravity equation

Independent variables	Coefficients
Constant	-10,901
Per capita GDP (in PPP) of importer countries	+1,601 (2,137)**
Population of importer countries	+0,644 (2,134)**
Distance between Greece and importer countries	-0,900 (-2,015)**
EU members	0,164 (0,263)
Importer countries with significant Greek community	2,147 (2,171)**
Adjusted R^2 = 0,603, F-test = 7,681***, d = 2,175	

All variables except dummies are expressed in natural logarithms.
Estimations use White's heteroskedasticity-consistent covariance matrix estimator.
t- Statistics are in parentheses. ** denotes significance at 5% and
*** significance at 1%.

6. Final remarks

The results of the application of the gravity model mentioned above are quite supportive in forming policy recommendations which can improve the international trade of Feta. In order to complete the sheep milk production scheme, it is essential to include in this research some information referring to the internal environment of the sector. The internal environment is being characterised by positive and negative aspects with direct influence on the trading performance of the product in both the internal and external market.

The exclusive rights of producing and trading Feta cheese in the EU market is a very important factor for the protection of the product against unfair or unethical competition and an essential precondition to incorporate the added value the product can gain from the market. It is now a fact, for the EU legislation, that the use of the name 'Feta', by firms that do not follow the traditional way of processing and use as raw material cow milk, misinforms the consumers, being at the same time an act of unfair competition.

After the recent structural changes of the EU CAP, where the vast majority of subsidy payments have been decoupled from the production procedure, there is a significant turn of farmers from crop production to animal production and especially to the sheep breeding sector. The reason for this turn is the lack of competitiveness of cultivations which, until recently, dominated the most fertile agricultural land, like durum wheat, cotton, corn, sugar beet etc.

Decoupled payments give the opportunity to market forces to shape a different primary production structure, where products with increased competitiveness gradually gain shares in agriculture. This tendency follows the sheep milk processors too, by investing in new infrastructure and in quality reassurances, with the latter action obligatory for them now and not voluntary.

Another very important factor is the existence of Greek sheep races with satisfactory productivity characteristics. One of the corner stones of the argumentation of the EU court naming Feta cheese as Greek PDO product, which is at the same time a crucial precondition as well, was that only Greek races of sheep have to be fed for the production of the product, because the milk they produce gives unique and special characteristics to the product. Even

nowadays the majority of Greek sheep populations have no pedigree, and only new investments use genetically grade up sheep. The most well known Greek sheep races are "Chiotiko" and "Karagouniko" which are now used for milk production with satisfactory productivity and quality characteristics (R1829/2002).

All the above advantages of the sector are not enough for a rapid increase of market shares on an international level. The most serious problems the sector faces create obstacles to the quality reassurance procedure, which is essential in the markets where there is demand for the product. The first problem is that the animal welfare preconditions are not fulfilled, at the majority of Greek sheep-folds. Until the end of 2007 every sheep-fold, which will remain in action, must satisfy these preconditions, otherwise it has to be demolished. Animal welfare is the first of a group of tasks that have to be fulfilled, in order the raw material of Feta cheese to be certified with a quality certification. This task is very important though, because if a sheep breeder does not have a legitimate sheep – fold, soon enough, he will not have the ability to sell the milk he produces to a processing unit. Since 2006 an animal breeder who does not have a legitimate sheep – fold cannot be subsidised by any investment program. Of course animal welfare does not refer only to the quality of the sheep – fold but it takes into account a series of subjects related to the quality of life the animals have. There are specific procedures for feeding, transporting, slaughtering, etc and EU legislation becomes stricter on this issue by 2010 (EU Commission, 2006). It must be understandable that this entire legal and regulation framework has to be a reality as soon as possible in Greece, otherwise both animal breeders and Greek state will face serious legal and market problems and will jeopardise the funds and credibility in the Feta case.

Not complying with the animal welfare issue has direct negative consequences to other important issues too. It is practically impossible in low quality sheep – fold the use of milking machine which gives the opportunity to the breeder to keep high quality standards the milk he produces. When such technology cannot be used the quality of milk is being downgraded quickly, especially when temperatures are high, and sometimes there is a danger that this milk will be in poor condition for processing. All these problems make impossible now the satisfaction of a total quality certification scheme from the sheep – fold to the market shelf, something that it is required, if the target is increased market shares where consumers are willing to pay for increased added value embodied in the product.

Until the recent changes of the EU CAP the majority of the processing units were focused on the Greek market, and only few of them had an exporting orientation. The decoupled of payments of subsidies, combined with the positive outcome of the litigation for the name issue, created increased anticipations for exports to both EU and non-EU countries. The target of a rapid increase of exports is quite complex and a series of obstacles related to this achievement have to be overcome first. One of the most difficult tasks to overcome is the rapid increase of production. If Feta producers want to gain market shares where non Greek cheese is being sold now under this name, they must have the ability to fulfil this demand with Feta. The current situation in both the milk production and processing sector does not give the ability such a target to be satisfied immediately. Another serious issue is the implementation and recognition of different quality certification protocols worldwide. If an exporting enterprise does not want to jeopardise non acceptance of Feta cheese, just because it has used for quality certification a protocol which is not recognisable, it must choose first the destination country and then use the appropriate quality reassurance protocol. This status quo creates administrative problems in enterprises with exporting orientation, because there might be a necessity for application of different and more than one quality protocols, when country destinations do not cooperate on that issue. It is a problem which affects many products traded internationally, and can be enclosed in the technical barriers to trade portfolio of the WTO. Non – Greek firms traditionally focused on exports of Feta cheese, have realised soon enough that serious changes on EU and non EU level have the impact to affect seriously enough market shares they possess up till now in high added value markets, like the US, Canada or Australia. Consumers in these countries

have accepted that Feta cheese must have the specific flavour and it is not an easy task to persuade them that this flavour is not the original one, because the raw material for this cheese is cow milk and not sheep milk. These enterprises are trying to prolong consumers' loyalty to their product by gradually change the package, having as target to make them familiar with the brand name of the enterprise than with the name "Feta" (Kerr, 2006). The significant difference in flavour between the two products, in accordance with the above marketing strategy, require an equivalent marketing strategy from the Greek side, capable enough to reverse the current market structure. The implementation of such a strategy is not an easy task, being at the same time costly. Greek enterprises, as units, cannot afford such costs and the only feasible alternative is a joint attempt which can gather more funds and epimerise cost and anticipations for better exporting performance.

From the above analysis, combined with the information extracted from the implementation of the gravity model, it is obvious that the inclusion of Feta in the EU PDO list and in the WTO wish list, cannot satisfactorily account for a rapid increase of exports. The serious problems the sheep milk production sector faces must be solved as soon as possible. Until the end of 2007 every sheep – fold must fulfil the animal welfare conditions being described by the EU legislation. In legitimate sheep – folds genetically grade up sheep can be bred which are more productive, increasing by this way profitability of breeding units. The quality certification issue is another task that has to be faced immediately. The establishment of producer groups can help in various ways the certification procedure with the most important ones being the decreased certification cost per unit, as well as useful consultancy services which will help them add to their product desired characteristics by the processing units and the final consumers. All these actions have to be finished in a short period of time, because while they exist as weaknesses, they can be the corner stone of a new argumentation in litigation against Greece for Feta cheese, on a different level this time, examining the food security issue for the product.

The other important parameter is the implementation of an exporting policy, combined with aggresive marketing strategy. The major foreign markets for Feta cheese is the US, Canada, Australia, the Middle east and Arabic countries as well as EU countries like Germany, France and UK. The reasoning for these strong trade flows for Greek and non Greek Feta, is the existence of Greek immigrants, cultural similarities with the Greek diet and increased number of tourists visiting Greece for vacation and getting familiar with the product. The marketing strategy must be based upon these elements, as well as promoting the positive influence of Greek diet to human health. The marketing strategy must have as target to coincide Greece and Feta to the consumers' perception. Another task is to convince consumers about the originality of the product. The promotion strategy, as part of the marketing mix which will be implied, must show off the traditional way of breeding sheep, producing milk and processing it for Feta production, in accordance with the highest food security standards requested in these markets. Consumers not familiar with the product and with no linkages, like the ones mentioned above, request more intensive promotion strategy, providing information about the unique flavour and nutrient characteristics the product has, presenting it as an integral part of Greek and Mediterranean diet, which is better advertised worldwide and consumers are more familiar with it. An additional important task is the increase of use of Feta in foreign markets. Until now the dominant use of Feta is as a part of Greek salad. Increased selling price can be achieved if the product is in a cube shape and top quality product is the one which is sold in perfect cubes, without missing any corners. Increased consumption can be achieved by providing the consumers with new ways of using it, these ways are traditional recipes in Greece, presenting them on the packaging of the product, by distributing leaflets with relevant information at the selling points, or by using the internet, something which is being done today at many gourmet sites. Always there is space for improvement, for promoting these recipes.

It is obvious, that Feta cheese is a product with great potential for the Greek primary sector, especially now, after the implementation of the EU CAP changes. This research proves that

many issues in both the internal and the external environment have to be improved and an advanced synchronism of all the relevant parties is now more important than ever. Animal breeders must comply immediately with the EU legislation and in close cooperation with all the other parties being involved in the marketing channels the product follows, must armour Feta with the necessary quality reassurances, because now, this is the most important weakness the product faces. The PDO identity is quite useful, but is not enough on its own to improve the product's competitiveness on an international basis. This is the reason for all the above policy recommendations, which have the ability, in cooperation with the high protection of the name, to increase exports and strengthen and expand the current trade flows the gravity model showed.

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