

OVERSEAS BUSINESS reports



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Selling in Greece

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Introduction

Greece is a moderately sized, but steadily expanding market for U.S. goods. It is a market in which good potential exists for the resourceful U.S. exporter who can tailor his approach to local business practices, and who fully realizes the importance of personal contact to a successful sales effort in Greece.

Commercial practices in this market quite different from those in the United States. For example, large volume purchasing by chain stores is a minor factor in Greece, where retail trade is conducted largely by small specialty shops. However, the Greek market is well organized, and the Greek banking system is geared to the expediting of foreign exchange transactions.

A significant portion of Greece's import needs—chiefly items for public utilities and military equipment—are purchased directly by Greek Government agencies. Information on Greek Government procurement priorities is contained in OBR 65-66 "Selling in Greece—Government Procurement Practices."

The Road to Selling

Import Channels

Merchandise is usually imported into Greece by sales agents, who operate on an indent basis

without effecting imports for their own account, or through specialized importers, who operate as wholesale (and in some cases, retail) distributors with exclusive sales rights for certain districts or for the entire country. They usually maintain headquarters in Athens, Pireaus or Thessaloniki, and cover the rest of the country through branch offices, sub-agents, or dealers. Recently, there have been instances of smaller importers joining to form cooperatives.

Import Requirements

Relatively few goods imported into Greece are quantitatively or qualitatively restricted. Items included in two lists (A and B), however, are subject to import licensing requirements.

The issuance of import licenses for list A goods is wholly at the discretion of the Ministry of Commerce. The principal products on that list of interest to U.S. exporters are milled rice, passenger cars, motor trucks, truck and bus chassis, cosmetics, and fabrics in general.

New machinery, mechanical equipment, and spare parts specified on list B are subject to import licensing contracts administered by the Ministry of Industry. Included in that list are such items as: tractor plows, incubators and poultry breeders, water pumps, numerous farm implements, and certain types of engines, motors and generators.

For additional data on Greece's foreign trade regulations, the reader may wish to consult the Department of Commerce publication, *Foreign Trade Regulations of Greece*, OBR 64-66, June 1964.

Distribution Practices

Although about 60 per cent of the Greek population of 8.5 million (1964 estimate) lives in rural areas, by far the most important concentration is in the Athens-Pireaus metropoli-

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Based largely on reports from the American Embassy, Athens.

tan area, where about 2 million people live. Thessaloniki, with a population of 374,000, is the next most important city, and is growing rapidly in size and influence. Other major cities are Patras (95,364), Iraklion (63,458), Larissa (55,891), Volos (49,221), Kavala (44,517), and Serres (40,063).

Importers-distributors and sales agents located in Athens often cover the entire country, whereas those located in other cities frequently cover only a particular area (e.g. Thessaloniki, Northern Greece; Patras, Peloponessus and Ionian Islands).

The distribution methods of U.S. firms selling in Greece vary somewhat with the products concerned and the nature of the market for them. Few U.S. firms maintain their own sales organizations in Greece, however, and most find it convenient to appoint a single distributor to cover the entire market.

There are many channels through which suitable agents or distributors may be located. The U.S. Department of Commerce, through its Field Offices, helps prospective American exporters in locating agents overseas. For a discussion of the various forms of assistance available from the Commerce Department, see "U.S. Aids to Exporters" below.

Transportation, Ports, and Storage

Greece has 20 commercial airports. Athens

Central Airport (Ellenikon) is Greece's main airport and is served by many international airlines. Daily flights to and from New York are offered by TWA. Greece has only one domestic airline, which has been granted exclusive rights to operate within Greece.

The total length of the railway system is approximately 1,700 miles. The main lines link the Athens-Piraeus area with Kalamata in the Peloponessus and with Thessaloniki in Northern Greece, where branches lead to the Yugoslav and Turkish borders. Almost the entire railway system—known as the Greek State Railways (S.E.K.)—is state-owned and operated.

New four-lane highways are gradually going into place alongside the existing national highway system, which is two-lane and links the principal urban centers of Greece. The 350 mile Piraeus-Athens-Larissa-Thessaloniki highway, the principal artery of this road network to the north, hooks up with the Yugoslav highway system. Recent completion of the highway running the length of Yugoslavia has resulted in large numbers of trucks with West European registry appearing in Greece.

Greece is of necessity a maritime nation and is strategically located, including Greek-owned ships under "flags of convenience", Greece has the third largest maritime fleet in the world, after the United States and the United Kingdom. As of April 1966, the Greek-owned merchant marine included 2,679 ships totaling 19,723,452 gross tons.

The steamship lines operating between U.S. ports and Greece maintain regular cargo and passenger service to Piraeus, and occasional direct or transhipment service to the ports of Volos, Alexandroupolis, Kalamata, Khania (Crete), Iraklion (Crete), and many other mainland and island ports. Exporters are advised to consult with their freight forwarder or shipping company regarding sailing schedules to Greek ports.

For information on free zones and warehousing, see OBR 64-66, *Foreign Trade Regulations of Greece*.

Commercial Practices

Quotations and Terms of Payment

Greek importers generally expect c.i.f. quotations, except when the purchasing company does a large amount of direct buying and covers the insurance itself. American firms should be prepared to quote prices on any basis preferred by the prospective buyer. The terms of the offer should be presented in a clear and detailed manner.

Payments for imports may be made by letters of credit, by cash against shipping docu-

ments, or by acceptance of time drafts. The latter is permitted only for goods on specified lists, designated P-3 and P-6. The time limit is three months for List P-3, and one year for P-6. An exception is made for machinery and spare parts, in which case the time limit is three years.

Advance deposits are not required on imports for which payment is made by acceptance of time drafts. However, advance deposits, varying from 49 to 140 per cent of the invoice value, must be made in the case of certain lists of goods, designated F-50/1 to F-50/3, and F-100/1 to F-100/3, where payments are to be made against sight drafts. When a letter of credit is opened, the importer is required to deposit in drachmas at least the whole amount of the credit, and in some cases, depending on the item, an additional amount up to 40% of the invoice value. A recent requirement is that prepayment by importers for this order of certain goods on the above lists must be retained by the bank for at least two months instead of being refunded to the importer upon settlement of the shipping documents.

Obviously, because a supplier's insistence on a letter of credit means that the Greek importer's money will be tied up for a period of at least two months, Greek importers prefer sight drafts for goods where less than 100 per cent prepayment is required. The decision as to whether to request payment by sight draft or letter of credit depends, of course, on the supplier's experience with the individual Greek firms.

Advance payments may be made to foreign suppliers against delivery of shipping documents or against a letter of undertaking issued by a foreign bank.

Wholesale and Retail Channels

Retail and wholesale trade is dominated by small businesses, frequently family-owned and operated. As of 1962, the latest date for which statistics are available, there were 84,160 wholesale establishments, of which only 1,353 employed more than 10 people, and 67,408 retail establishments, of which only 530 employed more than 10 people. Of this number of persons employed in wholesale establishments, about 63 per cent were listed as working proprietors and non-paid family workers; for retail establishments, the figure was 74 per cent.

Trends show an increasing number of stores belonging to chains, but large department stores and supermarkets are few in number and do not appear to be catching on.

Retail profit margins generally range from 10% to as high as 30%. Maximum allowable wholesale profit margins range from 4% to 12% depending on the type of product in-

cluded; the higher rate of profit applies mainly to perishable foodstuffs. For a further discussion of retail and wholesale markups, and price controls, see OBR 66-15, *Establishing a Business in Greece*.

Consumer Financing

Installment selling has been practiced in Greece on an increasing scale since 1953. In 1964 and 1965, the Greek Government instituted certain controls over consumer financing as an anti-inflationary measure. Installment sales of private vehicles are prohibited, and limits have been set on the terms of sale for electrical appliances, furniture and other consumer durables. For sales under \$250, the minimum down payment may be 1/12 of the value, with a maximum of 12 monthly payments, 15 per cent with 18 monthly payments, or 25 per cent with 24 monthly payments. For sales over \$250, the minimum down payment is 25 per cent with a maximum of 30 monthly installments. Longer repayment terms are permitted for trucks, buses, agricultural machinery, marine diesel engines, and refrigerated cars.

Most merchants in Greece use roughly the same type of contract: the seller keeps the title to the articles sold until the purchaser acquires ownership with the final payment.

Trade Customs

Business Etiquette.—Greek businessmen are astute bargainers, and success in business dealings depends on a combination of patience, quick judgment, and flexibility. Greeks are warm and cordial in their personal relationships, and business is usually conducted over a cup of Greek (Turkish) coffee, if not actually in a coffee house or taverna. The wealth of good restaurants and places of entertainment make it easy for the visiting businessman to reciprocate the courtesies shown him.

Commercial Language.—Greek is spoken by 96 per cent of the people and is used for all business and official purposes. Language is not a major barrier for the foreign businessman, however, as a relatively high percentage of local officials and businessmen are acquainted with the English language.

Business Hours.—Normal business hours in Greece are 8:00 a.m. to 1:30 p.m. and 5:00 to 8:00 p.m. During the winter months (October to May) most businesses operate from 8:30 a.m. to 1:30 p.m. and 4:00 to 7:30 p.m.

Holidays.—New Year's Day, January 1; Epiphany, January 6; Whit Monday, Good Friday, and Easter Monday, varying each year according to the occurrence of Greek Orthodox Easter; Greek Independence Day, March

25; Labor Day, May 1; St. Constantine Day, May 21; Assumption of the Blessed Mother; August 15; "Ohi" Day, October 28; Christmas and Boxing Day, December 25 and 26, and New Year's Eve (half holiday) December 31.

System of Weights and Measures.—The metric system is used in Greece. One kilogram equals 2.204 pounds; 1 meter equals 39.37 inches, and one liter equals 1.056 quarts. An exception is gasoline, which is sold for vehicles by the Imperial Gallon (1 Imperial Gallon equals 1.209 U.S. gallons). The metric system should be used, if at all possible, in every quotation where measurement or weight is involved.

Electric current in Athens, Thessaloniki, and most major cities of Greece is 220 volts, 50 cycles. However, it is wise to check on local current characteristics, if not clearly stated by the prospective Greek importer, as 127 volt current is also widely used, and direct current is frequently employed on the islands.

Marketing Aids

Advertising Media

A U.S. exporter can choose between advertising by means of newspapers, periodicals, motion picture theater, direct mail, and radio. Advertising in motion picture theaters is becoming increasingly popular as a promotional technique. Advertising by direct mail has some drawbacks in that good mailing lists are hard to obtain and there are no preferential postage rates for advertising material. Radio advertising, although a good medium for reaching the higher-income portion of the population, must be booked well in advance. Television is still in the prototype stage, and sets are owned by only a very small fraction of the population.

A number of qualified Greek advertising agencies exist, and a few are members of the European Association of Advertising Agencies. They usually ask a 20% commission.

Market Research and Trade Organizations

Although there are some market research organizations, this field is relatively underdeveloped in Greece.

The private American-Hellenic Chamber of Commerce is in a good position to help American Firms interested in doing business in Greece. The Chamber and the U.S. Embassy are publishing jointly an expanded and improved Commercial Newsletter "Greek-American Trade." The Chamber's address is 4 Stadiou Street, Athens 133, Greece. There is also a branch in Thessaloniki.

Semi-official Chambers of Commerce and Industry exist in each of Greece's major cities. Membership is compulsory, and in addition to their officially assigned duties, they also assist their membership in various ways as do private chambers, e.g., handling trade inquiries from abroad. The most important Chambers are, of course, those for Athens and Piraeus. Correspondence may be addressed simply: The Chamber of Commerce and Industry, (City), Greece. No street address is necessary.

U.S. Aids to Exporters

The U.S. Department of Commerce, primarily through its Bureau of International Commerce, operates and offers to U.S. businessmen a variety of programs and services designed to provide assistance in expanding export sales or in introducing U.S. goods into Greece and other foreign countries. A description of these aids is included in *What You Should Know About Exporting—A How to Get Started Handbook*, published by the Department of Commerce and available for 25 cents from the Superintendent of Documents.

Trade Missions.—Trade Missions consist of U.S. businessmen who carry specific business proposals to foreign markets and, through talks with foreign businessmen, develop opportunities for trade or investment which are subsequently published in *International Commerce* magazine. Industry and trade association groups may qualify for Government assistance in mounting these missions provided their objective is to increase the sales of U.S. products and services abroad. For further details contact the Trade Missions Division, Bureau of International Commerce, or any of the Department's Field Offices.

Trade Contact Surveys.—Trade Contact Surveys are offered as a special service to help U.S. traders find agents, or purchasers in Greece. U.S. Foreign Service Officers make local canvasses in order to locate firms which meet the exporter's requirements and which express an interest in his proposals. The report on the survey's results includes pertinent marketing data as well as names, addresses, and brief descriptions of the prospects. Each survey takes about 60 days to complete and costs \$50. Surveys are undertaken only at the recommendation of the Department of Commerce Field Offices.

The Agency Index.—An agency index containing the names and addresses of foreign representatives of U.S. firms is maintained at U.S. Foreign Service posts throughout the world. The index enables U.S. commercial officers abroad to direct inquirers quickly to local agents of U.S. products. There is no charge for this service.

Business Travel Service.—The Commercial Intelligence Division of the Bureau of International Commerce will, on request, alert the appropriate U.S. Foreign Service posts of the arrival of a U.S. trader. The posts will arrange appointments with persons likely to be helpful in planning commercial endeavors. This service should be requested from the nearest Department of Commerce Field Office at least 2 weeks before departure on a business trip abroad.

Notes for Business Travellers

Entrance Requirements

U.S. citizens may enter Greece with a valid U.S. passport and may stay for up to two months without a visa. Persons expecting to remain in Greece for a longer period of time should apply for an entry visa, issued free of charge, at the nearest Royal Greek Consulate.

Foreign Exchange Requirements

There are no restrictions on the amount of U.S. dollars which may be brought into Greece, but any unusually large sum of cash and credit documents, not issued in the traveler's own name, should be declared upon entry. The traveler should keep documentary evidence of his currency transactions in order to avoid difficulty when taking out unspent balances.

The amount of local currency which visitors are allowed to carry with them when entering or leaving Greece is 200 drachmas per person. (\$1 U.S. equals 30 Drachmas).

Customs Procedures

In general, travellers to Greece are permitted to bring in, duty free, clothing and personal effects contained in their luggage and intended for personal use.

Government Representation

Greece is represented in the United States by an Embassy at 2211 Massachusetts Avenue

N.W., Washington, D.C. 20008; Consulates General at 69 East 79th Street, New York, N.Y. 10021; 2441 Gough Street, San Francisco, California 94123; and 415 Surf Street, Chicago, Illinois 60614; and Consulates at Park Square Building, 31 St. James Ave., Boston, Massachusetts 02116; and Whitney Building, New Orleans, Louisiana 70112.

The U.S. is represented in Greece by an Embassy at Athens and a Consulate General at Thessaloniki. The Embassy's address is 91 Queen Sophia Avenue (telephones 712-951 and 718-401). The Consulate General's address is 59 King Constantine Street (telephone 73-941).

Accommodations

Hotel facilities in Athens are reasonably modern and comfortable. A considerable increase in tourist traffic in recent years has resulted in a scarcity of hotel accommodations in the capital area during the height of the tourist season (late spring and summer). Rates at the leading hotels for a single room with bath, and without meals, range from 180 to 300 Drachmas a day.

The leading hotels in Athens offer table d'hôte meals at from 90 to 120 drachmas per meal. An excellent meal can be had at any of the good restaurants for about the same amount.

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Market Factors In Greece, OBR 65-5, January 1965

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American Hellenic Chamber of Commerce Directory, 1965-1966, American Hellenic Chamber of Commerce, Athens



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P.S. If you don't have agents abroad, ask about that, too.

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- CLEVELAND, OHIO**, 44101, 4th Floor, Federal Reserve Bank Building, East 6th St. and Superior Ave. Area Code 216 Tel. 241-7900.
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