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*for a sustainable future*

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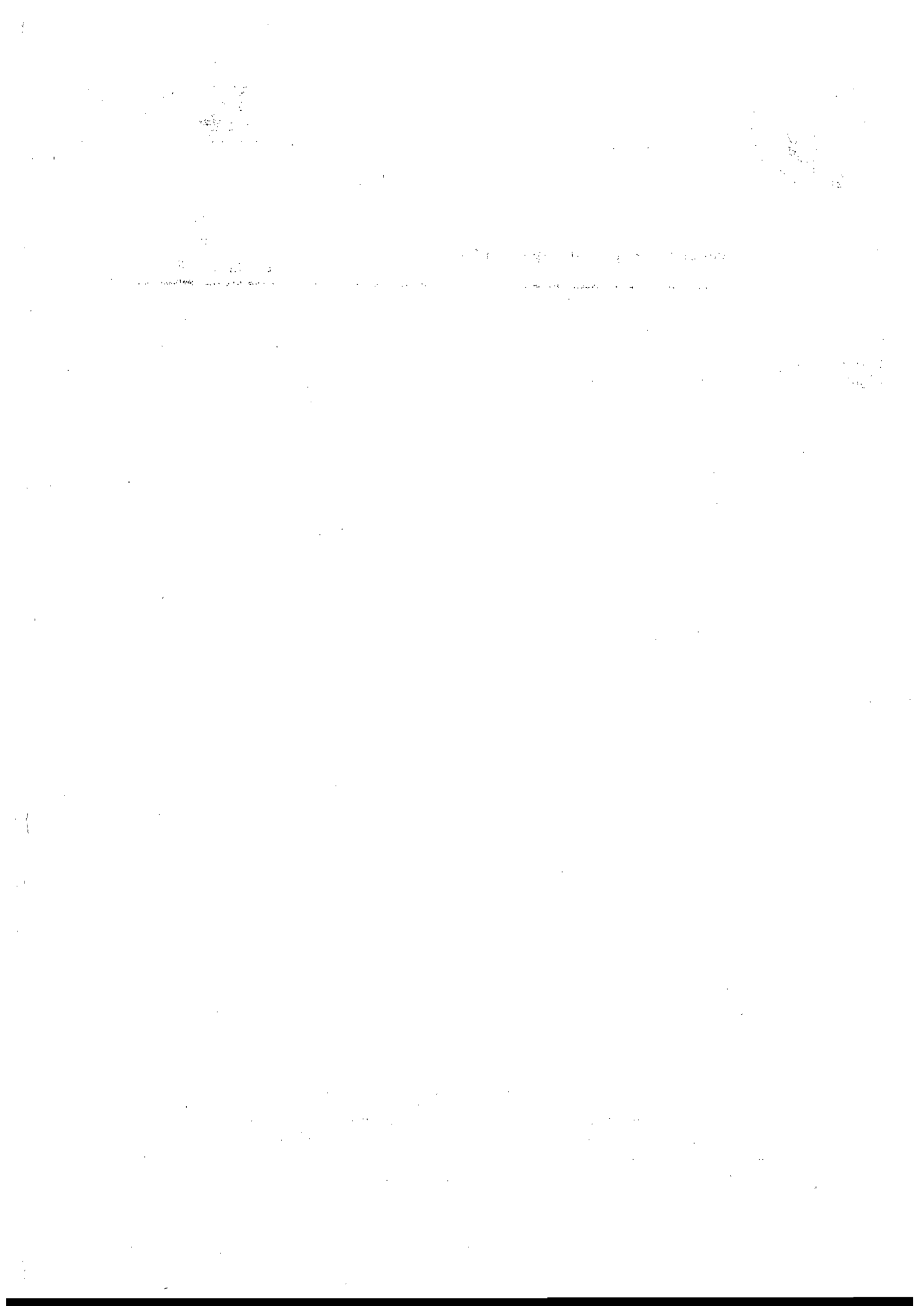
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## I.- INTRODUCTION

Since the end of world war II which practically finished in Greece only in the years 1948 -49 a huge effort has been made to develop the industrial sector and improve the standard of living in the country.

At the mean - time in the effort to increase industrial development and improve technological standards, as well as to ameliorate export figures, many measures have been imposed by Government and the export figures are since increasing steadily.

## II.- EXPORT INDUSTRIES

According to the official statistic records, export activity of industrial goods participation on the whole goods exported, increased from 3,4% on 1958 up to 34% for the year 1968 and is expected to arrive at 45,3% for the year 1972. Moreover, it is worth to mention that although exported goods ten years ago, were mostly textile and cement products, their participation in the 1968 figure shrunk down to only 22,2%. Despite these figures, exports of finished manufactured goods from Greece are still, according to OECD statistics at an unsatisfactory level. This lack of export oriented industries highlights the importance of attracting foreign investors who are geared to export markets and in giving greater incentives to local manufacturers to export.

The association with the Common market, the considerable assistance from the state organisations, the financing policies and the granting of incentives have already achieved considerable increase of foreign investment activity in the last 7 years. The establishment of foreign companies wholly owned or in partnership with local companies is particularly welcomed especially when foreign capital is involved.

Further trying to fill the existing technological gap between Greece and the technologically advanced industrial countries, jointventure companies on the know-how basis are also welcomed.

### III. INCENTIVES IN FAVOR OF EXPORT ENTERPRISES

In order to strengthen the competitive position of Greek products on an international level, special benefits are extended to export enterprises, principally by means of two pieces of legislation, notably Law 2861/1954 and L. D. 4231/1962. The principal benefits are summarized below:

1) Import duty exemptions and concomitant taxes if not produced in Greece.

This applies on raw materials, liquid and solid fuels, and in certain cases packing materials, imported and used for the production of manufactured mine and quarry products intended for export. Paid stamp duties are refunded. Special regulations apply if a product is destined to EEC Countries with raw materials provenance from ~~other~~ countries.

2) Deductions for Taxable Profits

To determine their taxable net profits, exporters are authorised to make the following deductions on their gross proceeds from exports:

- 4% for manufactured and handicraft products and fresh fruit and vegetables
- 3% for mine and quarry products
- 2% for farm, poultry and fishery products
- 1% for all other products.

3) Exemption from turn - over tax

According to the Laws 660/1937, 2861/1954 and L. O. 4231/1962 the following items are exempted from turn - over tax.

- Gross proceeds from the sale of products exported to foreign countries.
- Manufactured and handicraft products of domestic production used for the production of export products and imported raw materials and fuel. Any turn-over tax paid is refunded.

4) Refund of 6% tax on wages and salaries.

5) Exemption from revenue stamp tax

All vouchers or documents required for the exportation of domestic products and for purposes of duty and tax drawbacks are free of stamp tax.

6) Reduction of social insurance contributions

7) Preference accorded to products of export industries

In procurement tenders held by the Government, Municipalities or Communities and by any other organisation under public or private law that enjoys total or partial exemption from import duties, preference is given, in case similar products are offered to products of a manufacturing or handicraft company which in the year in which the tender takes place, or in the year preceding such a tender, realised, in terms of value, the highest level of exports for the same or similar products.

8) Export quarry enterprises

Quarry enterprises which export to foreign destinations at least one - half of their output, are entitled to a tax-free deduction of up to 50, on their net profits to cover new investment outlays.

9) Credit incentives

Special reduced interest rates for export industries and handicraft operations are granted according to the following table:

6,5%	per annum	if exports are less than 5% of total sales.
5,5%	" " " " " "	at least 5% " " "
4,5%	" " " " " "	" " 10% " " "
3,5%	" " " " " "	" " 15% " " "
3,0%	" " " " " "	" " 20% " " "

In addition there are incentives to facilitate financing of different enterprises which may attract foreign currency, such as Hotels, foreign engineering and technical companies, shipping enterprises etc.

#### IV.- INDUSTRIAL AREAS

Following the experiences and policies of other countries on industrial estates it has been decided in the year 1964 the creation of some industrial areas in the main urban centers of the country. Actually the industrial areas of Salonica, Volos and Heraklion are ready or on the way of construction and planning. Other four are on the way. Among them all Salonica industrial area is the biggest one. Laying close to the second large in population and industrial activity city of the country with plentiful of manpower availability and excellent transportation facilities, it is expected that the area is going soon to be developed in one of the most important industrial poles of the whole country. The erection of a Free Customs Zone within the industrial areas is hoped to attract even more export oriented enterprises.

As labour shortage becomes more and more apparent in western European countries, there is a trend to postpone units with high labour demand southwards, instead of moving labour masses northwards, avoiding so, the social and ethnological difficulties which are not easy to face. In aspect of that, it is estimated that for the next decades it is going to be a "transplantation" of factories to

the south. The erection of Free Customs Zones would just be ideal for such purposes, where merchandises will be manufactured in the Zone and wholly exported to the northern countries. Industries of textiles, leather, shoe-manufacturing are expected to be among the first.

In addition, export activities with the neighbor countries as well as middle East and Africa countries is quite strong. That could also appeal to any kind of industries running in parallel with the local market.

This would necessitate the elaboration of adequate custom regulations for the smooth operation of such activities. As no experience on such fields is available until now the training workshop of Taiwan would be extremely interesting.

#### V.- LOCATION AND PLANNING ASPECTS WITHIN THE INDUSTRIAL AREA

As proximity to good transportation facilities is among the basic requirements of any Free Customs Zone, the decision on the Salonica Free Customs Zone within the industrial area fills this requirement on the best possible way. Accessibility by road, rail, sea and air is available and Salonica lies in the cross-way between east and west, north and south.

It is planned that the zone will be directly connected by road and railway but connections with the existing airport of Salonica and the harbour existing free zone are possible.

Actually the Zone area is planned to cover 60 hectares approx-



ximately but there is possibility for further extension. Concerning the facilities that the Zone would provide are :

- Warehouses for leasing or renting.
- Boundary posts to ensure successful operation.
- Custom offices for housing the administration facilities of the custom authorities.
- Industrial area company office to house the administration and planning offices of the Free Customs Zone department.
- Facilities for security personnel.
- Small service-centre to provide essential services to employees in the zone.
- Transportation network. Container terminal or facilities for loading and off-loading goods.
- Vehicle park to provide parking facilities for lorries and trucks.

There is a strong possibility that specific industries in the major growth sectors in Salonica will prove attractive to foreign investors and that investment will be made in export-oriented industries in the light to medium range such as those established in the Kaoshiung export processing zone.

The development of the Free Customs Zone in Salonica is dependant upon a number of policies being adopted to create the right conditions for the attraction of potential investors, primarily in the matter of incentives, administration and promotion. However, the successful outcome for the establishment of the Free Customs Zone and the industrial estate must, in the long-run, depend upon the completion of plans for infrastructure, communications

and social facilities which have not yet been completed.

The law on organization of the Free Customs Zone will be published soon, the study of the Zone is near its completion and what essentially remains is the elaboration of the special regulations of the Free Customs Zone which will be done after the completion of the Training workshop in Kaoshiung. Information on the following particular points will be highly estimated.

1. Specific incentives.
2. Organization and administration of the zone.
3. Industrial pattern and intra-area zoning.
4. Physical planning of the zone.
5. Relations with the ministry of finance (customs).
6. Export organization and marketing activities within the zone.