



Greece: Safety and Security equipment

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Summary

This report covers the safety and security equipment sector in Greece, including airport and port security but excluding military equipment such as weapons and vehicles. The terrorist attacks in New York, Madrid and London, increased attacks on businesses, and the attack on the U.S. Embassy in Athens, led to an important change in Greece's – and other countries' – attitudes towards security and counter-terrorism. Security is a prime concern at all levels by both the private and public sectors in Greece. Following the trend in other E.U. countries, legislation is expected to be introduced to cover all places of work and home life and many types of threats, such as immigration, organized crime, and terrorism and transportation safety.

The Greek market for safety and security equipment was valued at \$2 billion in 2007. The market is almost entirely dependent on imports, and primary suppliers of such equipment are manufacturers from the E.U. (United Kingdom, Germany, Italy), Israel, China and Taiwan and other East Asian countries. Specifically, U.S. suppliers account for approximately 2-3percent (\$54 million in 2007) of Greece's total imports in this sector. It should be noted that the actual share of U.S. imports is much higher than what is indicated in official statistics, since a large percentage of imported safety & security equipment is produced by European subsidiaries of U.S. firms, and thus registered as E.U. trade.

This market holds interesting prospects both in the private and public sectors as there is constant re-evaluation and upgrading of systems. Until recently, security and surveillance systems were mainly used for the protection of military facilities and borders. Given the increasing rate of crime, commercial fraud, wildfires and the new types of threats at the international level, more and better security is mandated. Increased market potential is associated with the upgrading of security systems at Greek ports and airports, to be funded from the Greek national budget, E.U. funds, the Interregional Plan, and public-private partnerships.

New-to-market U.S. exporters are in a good position to take advantage of the increasing number of opportunities as Greece continues to upgrade its safety and security equipment, particularly given that U.S. technology is well respected as a world leader in the global marketplace.

Market Demand

Now a union of 27 member states incorporating more than 450 million people, and representing a quarter of global GDP, the European Union must ensure conditions that will allow it to maintain and expand its development. Greece, in the E.U.-27, is one of the safest countries in Europe. Nevertheless, crime is increasing at a steady rate of 3 percent per annum over the last 12 years. Burglaries and robberies also increased substantially the last years. Drug crime, fraud and clandestine immigration have also been affected by the increasing crime rate. This increase, coupled with Greece following the international trends of abiding by newly established security standards, will result in procuring equipment and systems related to airport, port and border security.

With regard to port security, a legislative framework both at the community level (Regulation 725/2004 and Directive 2005/65) and at the international level (International Ship and Port Facility Security (ISPS) code-an International Maritime Organization (IMO) initiative) has been put forward for facing dangers originating from the threat of terrorist actions against vessels and ports. Significant developments that will influence demand for port safety and security equipment upgrades include the Container Security Initiative (CSI), and/or the International Ship and Port Facility Security Code (ISPS) requirements. The ISPS Code defines, among other things, a series of mandatory measures that must be taken by all countries, including Greece, in order to strengthen maritime security and prevent acts of terrorism against shipping and port facilities. A port that does not abide with the new

security standards might be excluded from international maritime transportation and, as a result, adverse consequences will result not only for the port itself, but for the greater region and national economy in total.

Greece has 123 cargo/passenger ports that handle passenger ships, cruise ships and cargo. The main ports, so-called national ports, are Piraeus and Thessaloniki, serving as a gateway to the Balkans. Presently, 83 Greek port facilities and 21 public ports have submitted projects identifying action plans for the security of port facilities in Greece. Greece is faced with monitoring 16,000 kilometers of coastline, the largest external sea border of any E.U. member state. As such, important opportunities will arise for the procurement of security systems designed to efficiently monitor clandestine immigration, pending the availability of Greek Coast Guard funds. Greece is a member of the E.U. Frontex agency, established to reduce costs to national governments and improve the surveillance of maritime borders.

Opportunities for U.S. firms also exist in the upgrading of safety and security systems at various Greek airports. The Greek civil aviation structure consists of 82 commercial airports, of which 38 are under the jurisdiction of the Hellenic Civil Aviation Authority (HCAA). According to HCAA, total airport traffic in Greece in 2006 reached 40 million travelers, and is expected to reach more than 50 million in 2010. HCAA plans to perform necessary security upgrades to abide by the latest standards for flight security.

With regard to border surveillance, the European Border Fund for the period 2007-2013 will assist Member States to invest in new systems for border management. Demand for biometric technologies related to E.U. policy, and plans to include biometric identifiers in travel documents will push growth for systems that provide multiple functions in the collection of data. Opportunities for U.S. security firms in biometrics include:

- a. E.U. passports with a chip for two fingerprints by June 2009.
- b. Biometrics for the residence permits of immigrants.
- c. Biometrics for new driving licenses.

U.S. firms specializing in airport and port safety and security, as well as in biometrics and border control, are uniquely qualified for projects in the above-cited areas, as U.S. companies enjoy an excellent reputation for high-quality equipment, advanced technology, superior technical proficiency, and expertise in the design and execution of large-scale security projects. Security products with new, innovative and sophisticated features are in demand in this sector, which offers excellent growth potential over the next several years. Despite strong competition from European companies, U.S. companies have the potential to capture a significant share of this lucrative market.

Market Data

Market sources estimate that the market for safety and security equipment in Greece will reach to \$2.2 billion in 2008. The market consists of two principle segments: the private sector, mainly dealing with residential and/or commercial safety and surveillance, and the public sector which includes surveillance of mainly political targets, e.g., cities, ports airports, stations, and in general, public and crowded areas. As shown in the table below, the market has experienced steady growth and is forecasted to continue in the same manner.

Market Size of Safety & Security Equipment in Greece				
	2005	2006	2007	2008*
Total Market Size	\$1,395	\$1,619	\$2,037	\$2,259
Total Local Production	\$31	\$34	\$54	\$57
Total Exports	\$107	\$150	\$193	\$238
Total Imports	\$1,471	\$1,735	\$2,176	\$2,440
E.U. imports	\$1,111	\$1,254	\$2,231	\$2,376
U.S imports	\$31	\$34	\$54	\$57
Third Country Imports	\$329	\$446	\$574	\$690
Exchange rate: 1 USD	.807 EUR	.7947 EUR	.7284 EUR	.7398 EUR

(All figures in USD millions; *Estimations) - Sources: National Statistical Service of Greece and market sources

For the purpose of this report, safety and security equipment is defined as follows:

Safety headgear; padlocks and locks; armored or reinforced safes, strongboxes and doors and safe deposit lockers, cash or deed boxes of base metal; electromagnetic or permanent magnet chucks, clamps and similar holding devices; fire extinguishers, spray guns and similar appliances; steam or sand blasting machines and similar jet projecting machines; optical character recognition equipment (ADP); optical scanners and magnetic ink recognition devices, entered in the form of systems; video monitors, black and white monitor screens (color); closed circuit; electrical signaling, safety or traffic control equipment for railways, street car lines, subways, roads, inland waterways, parking facilities, port installations or airfields; burglar or fire alarm and similar apparatus; alarm systems, burglar, bells, sirens, indicator panels, electric or electronic (electric sound or visual signaling apparatus); smoke detectors (not incorporating radioactive elements); metal detectors, mine detectors, electrical detonators; electric fence controllers; ultrasonic scanning apparatus; breathing appliances and gas masks.

Best Prospects

Security and safety equipment with the greatest sales potential in Greece includes airport passenger and baggage screening equipment, cargo/container scanning equipment, access control systems, biometric identification systems, CCTV systems, perimeter protection systems, fire-fighting equipment and systems, personal protection equipment, anti-intrusion systems, burglar alarms and automated home protection solutions.

Major opportunities for U.S. companies include:

A. Security systems at the new airport in Crete island which will be developed at Kastelli (35 kms. from Heraklion Airport), most likely through Public Private Partnership (PPP) or the Athens Airport models. The preliminary study for the development of the airport is almost at the final stage.

The capacity of Kastelli Airport will be initially for 8 million passengers and will reach 12 million (the existing traffic of Heraklion airport, which is both a civil and military airport, is 6 million). Kastelli airport will absorb domestic flights and the majority of international charter flights. The value of this project is estimated at around 1.5 billion Euros (approximately \$2.1 billion). Market sources indicate that it will be ready by 2015.

B. The upgrading of security/safety systems at major Greek airports. The Hellenic Civil Aviation Authority is planning to announce relevant international tenders in the near future.

C. The Ministry of Merchant Marine will announce an international tender (through the Public Private Partnership (PPP) procedure), worth approximately \$496 million, for the design, implementation and operation of a fully integrated security systems for 12 Greek national ports. The systems will include surface, underwater and perimeter security according to the ISPS Code requirements. A draft of the procurement documents will be ready in early 2009 and the tender will be announced shortly thereafter. A second tender will follow for the remaining 68 Greek ports.

D. The Ministry of National Economy and Finance will announce an international tender, under the INTERREG program (financed 75 percent by the E.U., and 25 percent by the Greek government), for the protection of borders between Greece, Bulgaria, Albania and Italy for the period 2007-2013. The following equipment is expected to be procured:

One large high-energy container scanner; four self-moving X-ray system for the inspection of loaded trucks and containers; nine elf-moving X-ray system for the inspection baggage and packages; one large high energy container scanner; closed circuit for the automatic recording of incoming and departing vehicles; flexible probe with video; cars for transporting detecting dogs and enforcement teams; thermal imaging cameras; night vision cameras; image broadcasting systems (photo phones); automatic travel document readers (optical character recognition); document and security inspection devices for the emission of ultraviolet or infrared radiation with the use of a filter; portable devices for detecting falsified documents (bag type); fixed wide-range observation devices; devices for reading induction and extraction micro-processes

E. The Ministry of Defense, in cooperation with the Ministry of National Economy and Finance, will announce in the near future an international tender for the 10 year implementation of the design, installation and management of security systems at 23 outlying ammunition depots through the Public Private Partnership process. The ammunition depots are located in the following cities of Northern Greece: Ioannina, Kozani, Giannitsa, Kilkis, Serres, Drama, Kavala and Xanthi. The whole project will be financed by Greek State funds and is estimated at 30 million Euros (approximately \$38 million).

Other business opportunities include:

A. The private sector will require security products and equipment including CCTV, wireless surveillance systems, IT security, and access control systems. The home security market is another promising area. Home alarms are very popular, especially those that are connected with 24/7 call centers. About 250,000 homes in Greece have systems installed, 150,000 being in the Attica region including Athens.

B. Fire detection systems are a requirement for all buildings, regardless of their use, according to Presidential Decree 71/1998. In addition, high demand is shown by the transportation industry, hotel and recreation industry, governmental and law enforcement agencies.

Prospective Buyers

There are many important end-users of safety and security equipment in both the public and private sectors:

Public Sector: Hellenic Civil Aviation Authority (Airports); Ministry of Merchant Marine (Ports); Hellenic Coast Guard (Control/monitor of immigrants); Ministry of National Economy and Finance (Border Control); Ministry of Public Works (Highways); Ministry of Justice (Prisons and Courts); Ministry of Defense; Ministry of Interior/Public Order; Hellenic Police; and Hellenic Fire Brigade

Private Sector: Athens International Airport; Attiko Metro S.A.; Hellenic Railway Organization (Electric and Suburban Railways); Banks; Athletic Facilities and Stadiums; Electric Power Plants; Petroleum Distilleries; and other industrial plants

Market Entry

The most common methods of selling safety & security equipment in Greece are through a representative or distributor or by establishing a subsidiary.

While the Greek market is still characterized by small, often family-run businesses, distribution channels are transforming, slowly moving away from traditional regional distributors to a mixed structure with the establishment of company branch offices at important Greek cities, while keeping regional distributors for some areas. Entry is often by direct sales to end users through an agent/distributor, or through an indirect distribution channel (retailers, wholesale dealers, installers, etc.) Most manufacturers make use of a well-rooted distribution network that covers all related services as installation, routine maintenance and after-sales support.

Representatives generally work directly with retailers and end-users to promote the company's products. The representative works on a commission basis. While representative exclusivity is a current practice, some agents and distributors may sell competing products or a wide range of products. Consequently, these intermediaries may not allocate sufficient time or resources to promote a particular product. At the same time many U.S. and other foreign firms often use multiple distributors, resellers and representatives to maximize market exposure. It is therefore extremely critical to carefully choose a representative(s) or distributor(s) that most closely corresponds to the U.S. exporter's business strategy.

A distributor purchases the products from the exporter and then adds a mark up, and is responsible for paying import tariffs and value added taxes. As with the representative, distributors generally seek exclusive

representation however, they often sell competing products. Exclusive representation or distribution rights are not a requirement in Greece.

Distribution practices and industrial competence play a fundamental role in the safety and security sector. Customer care and the appropriate skills required to install the products are very important requirements for a representative, while competitive prices, reliability, good performance and support are equally necessary on behalf of suppliers.

In addition to basic distributors or agent models, imports are also facilitated by specialized importers/distributors, local subsidiaries of foreign manufacturers, or domestic manufacturers with a distribution network seeking compatible products to broaden their line. It is important that agents, sales representatives or distributors have a good working relationship with technical personnel within the public and industrial sectors. Agent and distributor commissions normally are in the range of five- six percent.

The subsidiary represents the strongest commitment to entering a foreign market. It offers greater flexibility and control over operations in the Greek market. Distribution practices, adapting to new trends, better rapport with clients, customized service, after-sales service, direct influence over training of personnel, and control of proprietary information are just a few of the advantages offered by a subsidiary. However, this also requires a greater financial investment and a better understanding of Greek labor law and accounting practices. In general, a subsidiary is considered once the firm's products have gained a stronghold in the market.

Having some type of local presence or representation is critical. In addition to all the market entry approaches described above, belonging to the local industry community will also be of great importance. Therefore, U.S. firms should also consider joining a relevant industry-specific trade association.

Marketing of U.S. security products can be successful if there is a high technological content. Important technical aspects include interoperability and integrated, multifunctional solutions. Companies with new, innovative and sophisticated products are able to rapidly gain a large share of the market, but it is important to remain competitive in other ways. Market shares can also be lost quickly due to the strong competition that characterizes this industry sector. Experience, quality, performance, dependability, flexibility, ease of use, customization of application software and price are also determining factors for successful marketing. The presence of a nationwide service organization that can guarantee installation and maintenance will prove a definite advantage, especially because customers generally will require training, support and maintenance. Local manufacturers are often associated with installation, security, consulting and service firms.

In terms of marketing and distribution strategies for the public sector, a U.S. firm must be able to operate at three different levels: technical, business and political. It is important to demonstrate the advantages of security solutions through practical presentations highlighting applications running efficiently within the public administration in other countries. The public administration is quite open to in-office demonstrations/presentations; therefore, it may be very worthwhile to contact the various Greek ministries to inquire as to their interest in learning about new devices. To bid for government contracts, U.S. firms must offer the best possible package in terms of quality and price. A representative may offer a network of contacts at the political level. It is essential to market security equipment to political decision makers, who do not always decide based on technical specifications. Thus, foreign firms must either be legally established or have an authorized representative in Greece prior to bidding. This representation is required to provide installation, training and maintenance services, especially for complex equipment.

Education and training of end users is important. For this reason, it would be wise for U.S. companies wishing to enter the Greek market to seriously consider the translation of manuals, displays, brochures and other materials into Greek.

While some U.S. manufacturers request payment upon receipt of the goods, more successful sellers are offering terms allowing settlement of the account from 60 to 120 days following date of invoice, which is the most common practice in Greece. The use of irrevocable letters of credit for the Greek market has declined appreciably in recent years.

Credit and financing are critical to successfully doing business in Greece. Fortunately, the import payment process is similar to that used in the rest of Europe; the majority of financial transactions are handled through private agreements, such as cash against documents, sight drafts, time drafts, and irrevocable letters of credit. Greek banks also have extensive relationships with U.S. banks. Citicorp, Bank of America, and American Express have offices in Athens that can assist U.S. firms.

U.S. exporters, however, should be aware that letters of credit are very expensive in Greece. Greek banks usually require the cash equivalent on deposit before issuing any guarantees. In a country where working capital loans carry high interest rates, this creates a heavy economic burden for the importer. Therefore, Greek businesses often seek extended credit terms of 60-90 days or longer from their suppliers. U.S. suppliers unfamiliar with these practices and expenses, or who require more stringent payment terms may make their U.S. products less competitive.

Financing is a limiting factor, but procurements are feasible with delayed payments, leasing, etc.

Market Issues & Obstacles

There are no formal restrictions or non-tariff barriers affecting imports of Safety and Security equipment into Greece. As a member of the E.U., Greece applies the E.U. common tariff schedule on products imported from non-E.U. countries. Duties vary depending on product classification. All products, regardless of origin, are subject to the value-added tax (VAT) of 19 percent. The VAT on non-E.U. products is applied to the total CIF (Crate, Insurance, and Freight) value plus the import duty. All imported equipment, accessories, and parts must conform to E.U. standards. This means that safety and security equipment being shipped into Greece must have a CE mark certificate and conform to E.U. Regulations. UCL and TUV certificates are essential. The Greek Standards Organization (ELOT) is responsible for issuing specifications on imported equipment, parts, and accessories. ELOT states that imported equipment is evaluated and tested by government experts, and tendency is to closely follow the standards of the European Union.

The "CE" (Conformité Européenne) mark is mandatory for a wide range of products sold in the E.U.. As a member of the E.U., Greece applies the product standards and certification approval process developed by the European Community. The European Commission describes the CE mark as a "passport" that allows manufacturers to trade industrial products freely within the internal market of the E.U.. The CE mark is not a quality mark and does not indicate conformity to a standard; rather, it indicates conformity to the legal requirements of E.U. directives. The applicable product testing and certification requirements for individual product categories are specified in the various E.U. directives. The CE mark relates only to the mandatory health, safety, and environmental requirements established by the E.U.; it does not indicate conformity to European product standards. Thus, national marks of conformity with product standards remain compatible with the CE mark, and both may be applied to the product. It should be noted, however, that the CE mark does replace all national safety marks for the regulated products.

As of August 2005, companies selling a broad range of electrical goods in Europe need to conform to WEEE (Waste Electrical and Electronic Equipment Directive) and as of July 2006, those same companies also must conform to RoHS (Restriction of Use of certain Hazardous Substances Directive). For information on these Directives, producer requirements and links to additional information resources please see: <http://www.buyusa.gov/europeanunion/weee.html>

Safety and security equipment must comply with the official technical standards pertaining to electrical and electronic equipment by various Greek public and private agencies, which include ISO (International Organization for Standardization) 9000 standards. ANSI is the official U.S. depository for all ISO member-countries and has English translations of foreign standards. U.S. firms may request a standard search of standards for a fee.

Other issues to bear in mind include the use of 220 voltage and 50 Hz in Greece. In addition, there are high voltage and vibration standards of the International Electrotechnical Commission (IEC) to be adhered to for certain projects in the marine and railways sectors.

Certifying authorities that can provide further information are listed in the key contacts section.

Trade Events

EXPOSEC – Homeland & Corporate Security Conference & Exhibition – Website: www.tsomokos.gr
March 17-18, 2009, Zappeion Megaron, Athens

Athens International 2009 – Defense, Security Technology & Civil Aviation Exhibition (for SE Europe and the Middle East) – Website: www.athensint.gr
May 21-24, 2009, Athens International Airport

Safety & Security 2009 - Website www.helexpo.gr
November 2009, Athens

DEFENDORY - 2010 International Defense and Security Exhibition - Website: www.defendory.gr
October 5-9, 2010, Hellenikon Exhibition Center, Athens

Resources & Contacts

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Ministry of Interior/Public Order
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GR-101 77 Athens, Greece
Tel: (30) (210) /697-7505 - Fax: (30) (210) 692-9764
Email elasgrty@mopo.gr – Website: www.ypes-dt.gr

Greek Fire Brigade Department
4 Mourouzi Street
GR-101 72 Athens, Greece
Tel: (30) (210) 741-6245
Website: www.fireservice.gr

Ministry of Merchant Marine, Aegean, and Island Policy
Akti Vassiliadi (Between E1 and E2 Gates of the Piraeus Port)
GR-185 10 Piraeus, Greece
Tel: (30) (210) 4121-211 - Fax: (30) (210) 4191-561
Website: www.yen.gr

Hellenic Civil Aviation Authority (HCAA)
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GR-166 04 Elliniko, Greece
Tel: (30) (210) 894-4263 - Fax: (30) (210) 894-4279
E-mail: hcaasdts@otenet.gr – Website: www.hcaa.gr

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