CBI MARKET SURVEY

The pipes and process equipment market in Greece

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Introduction
This CBI market survey provides exporters in developing countries (DCs) with information on some of the main developments in the pipes and process equipment market in Greece. The information is complementary to the information provided in the CBI market survey 'The pipes and process equipment market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: industrial demand and production

This section discusses the industrial demand for and production of the six relevant product groups; instruments, pipes and fittings, process equipment, pumps, storage equipment and valves. Please note that industrial demand is calculated by using Prodcom data for production, exports and imports (demand = production + imports – exports). These are the best detailed data available.

Industrial demand
In 2006, the total demand value for pipes and process equipment in Greece amounted to €1 billion. Greece ranked seventeenth in the EU in 2006 with a share of 1% of total EU demand, behind Romania and Slovakia, but ahead of Portugal and Ireland. In the period 2002-2006, demand increased much faster (+18% per year) than in the EU on average (+3%). The demand for the various product groups, with the annual increase in the period 2002-2006, is as follows:

- Process equipment: €245 million (+18%).
- Pipes and fittings: €244 million (+19%).
- Storage equipment: €231 million (+17%).
- Pumps: €151 million (+19%).
- Valves: €94 million (+10%).
- Instruments: €69 million (+18%).

Production
Total production value of pipes and process equipment in Greece reached €738.9 million. Greece ranked nineteenth in the EU in 2006 with a share of 1% of total EU production, behind Romania and Portugal, but ahead of Slovenia and Luxemburg. Between 2002 and 2006, production increased much faster (+15% per year) than in the EU on average (+6%). Greek demand for pipes and process equipment is mostly covered by imports since domestic production is insufficient. Local production is mainly aimed at niche markets.

In 2006, the largest product groups in value were pipes and fittings (€348 million) and storage equipment (€239 million). Both groups recorded strong growth between 2002 and 2006 (+16% and +18% respectively). The position of Greece in the EU was strongest in the product groups pipes and fittings, ranking eleventh with a share of 2% of total EU production, behind Finland and Romania, but ahead of Poland and the Netherlands.

Some examples of producers are:

- Corinth Pipeworks - http://www.cpw.gr - pipes and fittings
- Emmanuel N. Kazis - http://www.kazis.gr - pumps and process equipment
- Exel Makmetal - http://www.exelmakmetal.gr - pipes

- Gemak - http://www.gemak.gr - valves, fittings and other water distribution equipment
- Mavisso - http://www.mavisso.gr - pipes
- Sinedor - http://www.sidenor.gr - pipes

Trends and characteristics

In addition to the trends that are common for Southern European countries, such as the growing demand for energy and the increasing specialisation of local manufacturers, some other major trends are:

- **Profitable metal industry.** In 2006, the largest 29 companies in the metal industry recorded profits of, in many cases, over 100%. The expected increase in demand will result in good investment opportunities in the year to come.
- **Increasing demand for energy results in large investments.** In Europe, investments in pipelines and infrastructure have to be made to meet increasing demand. The demand for oil in total Greek energy consumption is gradually declining as the country shifts towards natural gas. In Greece, investments will be related to both expanding the existing infrastructure as well as building new storage facilities and the construction of the Burgas-Alexandroupolis Pipeline (http://en.wikipedia.org/wiki/Burgas-Alexandroupoli_pipeline). Its construction began in 2008 and is estimated to be completed by the beginning of 2011.
- **Investment in water distribution and treatment.** At present, Greece has made large investments in wastewater treatment infrastructure. Efforts are also being made to limit the effects of agricultural pollution caused by the excessive use of fertilisers. Demand for pipes and process equipment will increase as Greece moves to comply with EU water directives. Moreover, efforts to update existing infrastructure, coupled with growth in the Greek industrial sector will boost demand levels.

Opportunities and threats

The main opportunities and threats for DC exporters are the following:

\+ The construction and operation of the wastewater treatment plants, the development of sewerage networks in many Greek cities as well as the introduction of water resource management programmes in the agricultural areas present large opportunities for pipes and process equipment manufacturers.

\+ The growing energy market will lead to an increasing demand for pipes and process equipment.

– Relatively strong competition from Greek pipe manufacturers.

– Growing demand for high value added products which require advanced technological skills. This development is driven by environmental legislation and government policy.

Refer to Section 7 of the CBI market survey covering the EU market for more information on opportunities and threats.

2 Trade channels for market entry

Trade channels

Importers are the most important trade channels for DC exporters. Importers play a more important role as regards standard products compared to complex products, but they also count as the most important channels with regard to complex products. Refer to the CBI market survey covering the EU market for a detailed explanation of relevant trade channels in this market. An example of an intermediary is Gioxas (http://www.gioxas.gr) which distributes pipes, fittings and valves.

Important end-users present in Greece are:

- DEPA - http://www.depa.gr - public gas cooperation
- Elinoil - http://www.elin.gr - oil
- Hellenic Petroleum (HP) – http://www.hellenic-petroleum.gr. HP conducts oil exploration, imports crude and petroleum products, operates three refineries that account for 73% of petroleum product output in Greece and distributes and markets petroleum products throughout Greece.
- Metka - http://www.metka.gr - power engineering services

- Motor Oil Hellas - http://www.moh.gr - petroleum refinery. This refinery has set up an expansion programme which consists of, among others, the engineering, procurement and construction management of a distillation unit at its Corinth refinery. This unit will have a production capacity of 60,000 bpd and will be operational by 2010.
- Public Power Corporation - http://www.dei.gr - energy distribution

Price structure
Prices and margins depend on many variables. For one thing, standard products have lower margins than complex products. Furthermore, important factors will be the price agreement made, the size of the order, and the terms of delivery. In general, margins in this country are the same as in other EU countries. Refer to the CBI market survey covering the EU market for common margins in this industry.

Useful sources
Some examples of available sources to find clients:
- Evresi - http://www.evresi.gr - Greek business directory.
- Europages - http://www.europages.com - search for a product, click on 'refine your search' on the results page to show Greek companies.

3 Trade: imports and exports

Imports
In 2006, Greece was a small importer of pipes and process equipment, ranking nineteenth in the EU, behind Portugal and Ireland, but ahead of Slovenia and Bulgaria. Between 2002 and 2006, total import value increased annually by 10% to €571 million in 2006 (EU: +8%). The product group shares were as follows:
- Pumps: 31% of total imports. Annual increase in import value of 13%.
- Process equipment: 21% of total. Annual increase of 12%.
- Valves: 17% of total. Annual increase of 8%.
- Pipes and fittings: 16% of total. Annual increase of 7%.
- Instruments: 8% of total. Annual increase of 1%.
- Storage equipment: 7% of total. Annual increase of 7%.

Between 2002 and 2006, imports from DCs increased annually by 21% in value. Compared to 2002, the total share of DCs in import value increased from 8% to 12% in 2006. DC shares in imports of some product groups showed better growth compared to other product groups, as can be seen below:
- Storage equipment: growing from 6% to 15% in value.
- Process equipment: growing from 3% to 5%.
- Valves: growing from 8% to 11%.
- Pipes and fittings: growing from 26% to 40%.
- Pumps: growing from 4% to 6%.
- Instruments: declining from 4% to 3%.

China accounted for 39% of all pipes and process equipment imports coming from DCs and for 5% of total imports. The only DC that accounted for a higher share was Turkey (47%). China was followed by Macedonia (5%), Egypt (3%), India (2%) and Brazil (1%). The Chinese share of DC exports to Greece did not grow as fast as in the EU on average (13%) compared to 100%). The DCs that saw a larger increase in their share to the country were Egypt, Macedonia, Brazil, India and Turkey.

Of all intra EU imports a small part may be re-exports, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Exports

In 2006, Greece was a small exporter, ranking twentieth in the EU, behind Portugal and Slovenia, but ahead of Luxembourg and Lithuania. Total export value of Greece showed an annual increase of 15% in the period 2002-2006, totalling €420 million in 2006. Exports consisted of:

- Pipes and fittings, accounting for 69% of total exports (€289 million). Annual increase in export value of 19%.
- Storage equipment, 11% of total exports (€48 million). Annual increase of 13%.
- Process equipment, 8% of total exports (€32 million). Annual increase of 19%.
- Pumps, 6% of total exports (€27 million). Annual decrease of 6%.
- Valves, 4% of total exports (€18 million). Annual increase of 29%.
- Instruments, 1% of total exports (€6 million). Annual decrease of 16%.

A small part of exports may consist of re-exports to other EU countries, mainly to neighbouring CEE countries, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Opportunities and threats

+ Total import value of all product groups increased in the period 2002-2006.
+ In 2006, Greece was a net-importer, running trade deficits for instruments (€41 million), valves (€80 million), process equipment (€89 million) and pumps (€148 million).
+ The import share of DCs increased from 8% in 2002 to 12% in 2006, above the EU average (9%).
+ The Chinese share of DCs exports to Greece did not increase much. Several DCs saw a larger increase in their share.
– China accounted for 39% of all imports coming from DCs, higher than in the EU on average (33%). Furthermore, imports from Turkey accounted for an even higher share (47%).
– Greece ran trade surpluses for pipes and fittings (€200 million) and storage equipment (€8 million).

Useful sources

- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu
- Eurostat - official statistical office of the EU - http://epp.eurostat.ec.europa.eu
- Understanding Eurostat: Quick guide to easy comext → http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

4 Price developments

2000-2004 saw a period of heavy price pressure which has eased since then. Prices have risen considerably as a result of rising raw material prices, in conjunction with longer lead-times due to demand exceeding supply. However, the global competitive pressure has remained very strong with regard to standard products. Importers, agents, subcontractors and system suppliers will, therefore, continue to keep on looking for opportunities to reduce sourcing costs for standard products. Although the share of wage costs has slightly decreased in recent years, wage costs still account for a large share of the cost price in the industry. Please refer to the CBI market survey covering the EU market for pipes and process equipment for a detailed explanation of these major trends.

Useful sources

- Eurostat – official statistical office of the EU – http://epp.eurostat.ec.europa.eu. By comparing import value and volume, it is possible to get an idea of import prices.
- London Metal Exchange – http://www.lme.co.uk

5 Market access requirements

As a manufacturer in a developing country preparing to access Greece, you should be aware of the market access requirements of your trading partners and the Greek government.
For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select pipes and process equipment sector and Greece in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found on the ITC website under export packaging: http://www.intracen.org/ep/packaging/packit.htm. Information on tariffs and quota can be found at http://exporthelp.europa.eu.

6 Doing business

Information on doing business, such as approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Greece, visit the following websites:

- Expolink - http://www.3eksa.gr - trade fair, held biennially (uneven years in April) in Thessaloniki.
- FETEC – http://www.fetec.gr - trade fair, held biennially (uneven years in October) in Athens.
- INFACOMA – http://www.helexpo.gr - trade fair for process equipment, held annually (February) in Thessaloniki.
- Ktirio Technical Magazine - http://www.ktirio.gr
- Metallon – http://www.helexpo.gr - technical trade fair, held biennially (even years in May) in Thessaloniki.

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